

Interim report January – June

Stockholm, 21 July 2011

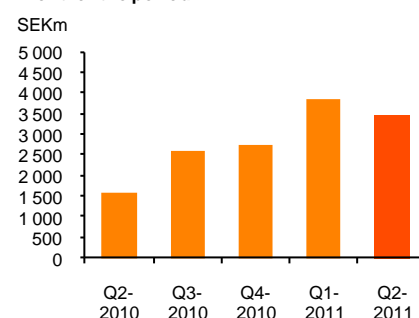


Second quarter 2011

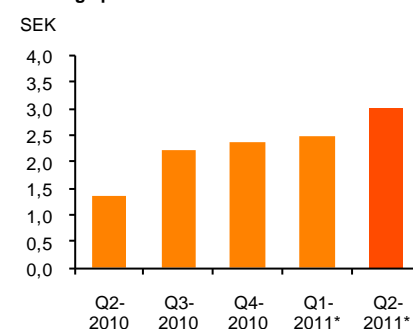
Compared with the first quarter 2011

- The result for the quarter amounted to SEK 3 452m (3 852)
- Earnings per share before dilution amounted to SEK 3.02* (2.47) and earnings per share after dilution amounted to SEK 3.01* (2.47)
- The return on equity was 14.4 per cent (16.1)
- The cost/income ratio was 0.52 (0.52)
- Net interest income was SEK 4 740m (4 527)
- Profit before impairments decreased by 1 per cent to SEK 4 010m (4 068)
- Swedbank reported net recoveries of SEK 324m (972)
- The core Tier 1 capital ratio was 14.8 per cent according to Basel 2 (13.9 per cent on 31 December 2010) and 10.1 per cent (10.1) according to transition rules. The Tier 1 capital ratio according to Basel 2 increased to 16.1 per cent (15.2). According to transition rules, the Tier 1 capital ratio was 11.0 per cent (11.0).

Profit for the period



Earnings per share before dilution

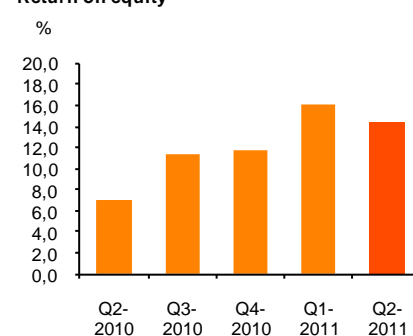


January - June 2011

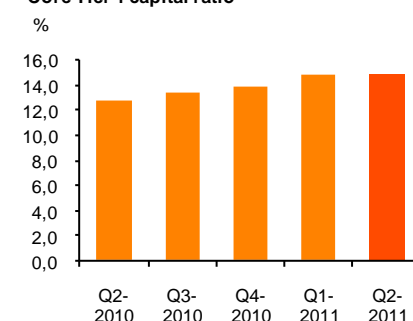
Compared with January - June 2010

- The result for the period amounted to SEK 7 304m (2 103)
- Earnings per share before dilution amounted to SEK 5.48* (1.82) and earnings per share after dilution amounted to SEK 5.48* (1.82)
- The return on equity was 15.3 per cent (4.7)
- The cost/income ratio was 0.52 (0.57)
- Net interest income increased by 18 per cent to SEK 9 267m (7 822)
- Profit before impairments increased by 22 per cent to SEK 8 078m (6 625)
- Swedbank reported net recoveries of SEK 1 296m (credit impairments of 3 173).

Return on equity



Core Tier 1 capital ratio



* Earnings used to calculate earnings per share are specified on page 41.

CEO Comment

Swedbank's earnings remain stable. Net interest income strengthened for the fourth consecutive quarter and credit quality continues to improve. I am confident that Swedbank continues to develop in the right direction and that the great potential available in the bank is starting to provide a return. At a time of increased macroeconomic uncertainty, Swedbank's balance sheet is becoming more robust.

In the Retail business area, more customers, both private and corporate, are joining our loyalty programmes. These customers are guaranteed a high level of service, proven by their higher-than-average level of satisfaction. They also use more products on average. In Large Corporates & Institutions, we are expanding our efforts targeted at large companies, and lending volumes are again increasing, even though trading-related operations were weaker than in the first quarter. The Mobile Bank, which was launched in 2010, has been well received by customers. In June, over 500 000 customers had registered for mobile banking, up nearly 70 per cent since the beginning of the year. The Mobile Bank is currently also being launched in the Baltic countries. In Baltic Banking, customer-related work has produced dividends. Swedbank has been named the most respected company in Estonia as well as the company with the strongest reputation in the financial sector in Latvia and Lithuania*. Among fund management companies, Swedbank Robur has the most funds (60) with four or five stars in MoneyMate's rating. In addition, Swedbank's work with investor relations has been named "Best IR in Sweden" and "Best IR in the Banking & Finance Sector in Europe" by IR Magazine.

We are steadily improving our efficiency. During the second quarter a new approach to selling life insurance helped us to reduce the average time for a new sale from 2.5 weeks to 2-3 days. We have centralised invoice management in a single service centre in Vilnius, which has improved both quality and efficiencies. Swedbank has also signed a new agreement with MasterCard that will create major efficiency gains in the years ahead.

Together with customers, authorities and local organisations, we are working to reduce cash management in society and the bank. The advantages are mainly associated with security and the environment, at the same time that there are cost savings for all parties involved. In the Swedish retail operations, the cash volume has decreased by over 9 per cent since the beginning of the year.

We are well prepared for the funding that matures in the next twelve months. Swedbank issued SEK 153bn in long-term funding during the first half year, compared with maturities of about SEK 180bn for the full year 2011. In July the Swedish Financial Supervisory Authority approved Swedbank's internal stress test for 2011. This shows that we are well capitalised even under highly stressed conditions and that we are staying within the risk tolerance of 3 per cent established by the Board of Directors, as previously announced. Stress tests by the Riksbank and the European Banking Authority (EBA) also indicate that Swedbank has low risks and is strongly capitalised.

During the second quarter we began repurchasing shares according to the mandate from the Annual General Meeting in March. By midyear 33.3 million shares had been repurchased, or about 2.9 per cent of the outstanding shares. The repurchases are being made to calibrate the core Tier 1 capital ratio to 13 per cent. As of 30 June the ratio was 14.8 per cent, so the bank plans to continue buying back shares until the next AGM.

We continue to work with capital efficiency, including through a continuous focus on risk-adjusted returns and internal training on capital issues. In addition, long-term efforts are under way to implement more advanced and better calibrated models to calculate capital requirements.

Thanks to a solid position, we can now fully focus on our priority areas: Quality and effectiveness, Robust balance sheet with low risk, Customer focus, and Growth in selected segments.

We expect a gradual improvement in profit before credit impairments, excluding one-off items. Impairments are expected to remain low with good potential for recoveries in the Baltic countries, Russia and Ukraine.



Michael Wolf
President and Chief Executive Officer

* According to TNS Emor and the annual survey TOP.

Table of contents

	Page
Financial summary	4
Overview	5
Market	5
Important events during the quarter	5
Second quarter 2011 compared with the first quarter 2011	5
Result	5
January - June 2011 compared with January - June 2010	6
Result	6
Credit and asset quality	7
Funding and liquidity	9
Capital and capital adequacy	10
Market risk	11
Operational risks	11
Other events	11
Rating	12
Events after 30 June 2011	12
Business areas	
Retail	13
Large Corporates & Institutions	15
Baltic Banking	17
Asset Management	19
Russia & Ukraine	20
Ektornet	21
Group Functions	22
Eliminations	22
Financial information	
Group	
Income statement, condensed	24
Other comprehensive income, condensed	24
Balance sheet, condensed	25
Statement of changes in equity, condensed	26
Cash flow statement, condensed	27
Notes	28
Parent company	42
Signatures of the Board of Directors and the President	45
Review report	45
Contact information	46

More detailed information can be found in Swedbank's fact book, www.swedbank.com/ir, under Financial information and publications.

Financial summary

Income statement SEKm	Q2 2011	Q1 2011	%	Q2 2010	%	Jan-Jun 2011	Jan-Jun 2010	%
Net interest income	4 740	4 527	5	3 799	25	9 267	7 822	18
Net commissions	2 244	2 301	-2	2 395	-6	4 545	4 677	-3
Net gains and losses on financial items at fair value	511	255		822	-38	766	1 469	-48
Other income	860	1 369	-37	756	14	2 229	1 471	52
Total income	8 355	8 452	-1	7 772	8	16 807	15 439	9
Staff costs	2 390	2 467	-3	2 423	-1	4 857	4 798	1
Other expenses	1 955	1 917	2	2 000	-2	3 872	4 016	-4
Total expenses	4 345	4 384	-1	4 423	-2	8 729	8 814	-1
Profit before impairments	4 010	4 068	-1	3 349	20	8 078	6 625	22
Impairment of intangible assets							14	
Impairment of tangible assets	15	2		128	-88	17	164	-90
Credit impairments	-324	-972	-67	963		-1 296	3 173	
Operating profit	4 319	5 038	-14	2 258	91	9 357	3 274	
Tax expense	863	1 182	-27	672	28	2 045	1 141	79
Profit for the period	3 456	3 856	-10	1 586		7 312	2 133	
Profit for the period attributable to the shareholders of Swedbank AB	3 452	3 852	-10	1 567		7 304	2 103	

Key ratios and data per share	Q2 2011	Q1 2011		Q2 2010		Jan-Jun 2011	Jan-Jun 2010
Return on equity, %	14.4	16.1		7.0		15.3	4.7
Earnings per share before dilution, SEK ^{1) 2)}	3.02	2.47		1.36		5.48	1.82
Earnings per share after dilution, SEK ^{1) 2)}	3.01	2.47		1.36		5.48	1.82
Cost/income ratio	0.52	0.52		0.57		0.52	0.57
Equity per share, SEK ¹⁾	82.61	82.39		78.48		82.61	78.48
Capital quotient, Basel 2	2.28	2.34		2.23		2.28	2.23
Core Tier 1 capital ratio, %, Basel 2	14.8	14.9		12.7		14.8	12.7
Tier 1 capital ratio, %, Basel 2	16.1	16.2		14.0		16.1	14.0
Capital adequacy ratio, %, Basel 2	18.2	18.7		17.9		18.2	17.9
Capital quotient, transition rules	1.56	1.63		1.68		1.56	1.68
Core Tier 1 capital ratio, %, transition rules	10.1	10.4		9.5		10.1	9.5
Tier 1 capital ratio, %, transition rules	11.0	11.2		10.5		11.0	10.5
Capital adequacy ratio, %, transition rules	12.5	13.0		13.4		12.5	13.4
Credit impairment ratio, %	-0.09	-0.29		0.28		-0.19	0.46
Share of impaired loans, gross, %	2.20	2.28		2.90		2.20	2.90
Total provision ratio for impaired loans, %	60	61		64		60	64

¹⁾ The number of shares is specified on page 40.

²⁾ Earnings used to calculate earnings per share are specified on page 41.

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

Balance sheet data SEKbn	30 Jun 2011	31 Dec 2010	%	30 Jun 2010	%
Loans to the public	1 175	1 187	-1	1 239	-5
Deposits and borrowings from the public	529	534	-1	529	0
Shareholders' equity	96	95	1	91	5
Total assets	1 758	1 716	2	1 905	-8
Risk weighted assets, Basel 2	509	541	-6	579	-12
Risk weighted assets, transition rules	745	750	-1	772	-4
Risk weighted assets, Basel 1	955	955	0	969	-1

Overview

Market

The global economy showed signs of a slowdown during the second quarter. Swedish growth remains high, but its pace is declining as household consumption slows. During the first quarter 2011 calendar-adjusted GDP rose at an annual rate of 6.5 per cent, from the fourth quarter's 7.7 per cent. The recovery in the Baltic economies further accelerated during the first quarter as domestic demand strengthened at the same time that export growth remains high. Estonia and Lithuania had the fastest growth, with GDP climbing by 8.5 per cent and 6.9 per cent, respectively. In Latvia, GDP increased by 3.5 per cent during the same period.

The Swedish Riksbank raised the repo rate by 25bp in April to 1.75 per cent (After the report period, on 6 July, the repo rate was raised by an additional 25bp to 2.0 per cent). The increase in interest rates, together with Sweden's sound finances, has kept the krona stable despite increased uncertainty in the global financial markets.

The Stockholm stock exchange (OMXSPI) fell by 4 per cent during the first half year. The Tallinn stock exchange (OMXT) dropped by 8 per cent, while the Riga stock exchange (OMXR) rose by 13 per cent and the Vilnius stock exchange (OMXV) fell by 3 per cent.

Important events during the second quarter

On 29 April Swedbank began to buy back its own shares as per the authorisation of the 2011 Annual General Meeting. During the quarter 2.9 per cent was repurchased, corresponding to about 33.3 million of the company's shares (including the issue and repurchase of C shares to hedge the company's incentive programme); see also pages 10 and 11.

Swedbank has entered into a Group-wide card service agreement with MasterCard Europe; see also page 11.

Second quarter 2011

Compared with the first quarter 2011

Result

Second quarter profit attributable to the shareholders decreased by 10 per cent from the previous quarter to SEK 3 452m (3 852). Profit for the first quarter was affected positively by SEK 361m after tax by the settlement with the bankruptcy estate of Lehman Brothers. Recoveries amounted to SEK 324m (972). The return on equity was 14.4 per cent (16.1). The cost/income ratio was 0.52 (0.52).

Profit before impairments decreased by 1 per cent to SEK 4 010m (4 068).

Profit before impairments by business area SEKm	Q2 2011	Q1 2011	Q2 2010
Retail	2 356	2 202	1 776
Large Corporates & Institutions	516	1 622	728
Baltic Banking	915	823	767
Asset Management	203	191	176
Russia & Ukraine	9	46	-50
Ektornet	65	12	-46
Group Functions	-54	-809	-90
Total excl FX effects	4 010	4 087	3 261
FX effects		-19	88
Total	4 010	4 068	3 349

Income for the second quarter decreased by 1 per cent to SEK 8 355m (8 452). Excluding the SEK 716m settlement with Lehman Brothers' bankruptcy estate during the first quarter, income rose by 8 per cent. This was mainly due to generally higher interest rates and lending margins as well as positive valuation effects within Group Treasury. Changes in exchange rates, primarily the weakening of the Swedish krona against the euro, Latvian lats and Lithuanian litas, increased reported income by SEK 25m.

Net interest income increased by 5 per cent to SEK 4 740m. Higher Stibor and Euribor rates, increased margins and maturing government guaranteed funding contributed positively to net interest income, while lower lending volumes in the Baltic countries affected net interest income negatively. Since the guarantee fees for Swedbank's government guaranteed funding are not reflected in the internal rate of interest, net interest income in the business areas has risen slightly, with an offsetting decline in Group Treasury within Group Functions.

Net commission income decreased by 2 per cent to SEK 2 244m. Payment commissions and income from corporate finance increased, while commission income from equity trading and lending commissions decreased during the quarter. During the second quarter the method for accruing commission income was changed within Large Corporates & Institutions. A larger share of income than before is accrued to reflect the underlying transaction. The change was implemented as of 2011, because of which commission income fell during the second quarter by SEK 68m, which was recognised as revenue during the first quarter.

Net gains and losses on financial items at fair value increased by 100 per cent to SEK 511m. Within Group Functions, Group Treasury reported higher gains due to positive valuation effects, mainly from basis swaps. When capital markets funding is arranged in EUR, it is often swapped to SEK. These swaps are marked to market. During the first quarter swap costs decreased, which at the same time had a negative valuation effect. During the second quarter 2011 the situation was the opposite, resulting in a positive effect on net gains and losses on financial items at fair value. The effect on earnings of these changes is small over time, but volatility can be high between quarters. Positive valuation effects within Swedbank Mortgage also contributed to the strong profit.

Expenses decreased by 1 per cent from the previous quarter to SEK 4 345m (4 384). Fixed and variable staff

costs decreased, mainly due to a slightly lower number of employees and lower variable costs within Large Corporates & Institutions. In the first quarter, a SEK 54m reversal was made regarding excessive provisions for 2010 performance-related remuneration within LC&I. Operating expenses to manage distressed loans and repossessed collateral in Swedbank's Financial Restructuring and Recovery teams (FR&R) and Ektorner amounted to SEK 164m (178).

The number of full-time employees decreased during the quarter by 138 to 17 008. The decrease was primarily in Ukraine.

Expense analysis			
Group	Q2	Q1	Q2
SEKm	2011	2011	2010
Retail*	2 228	2 185	2 202
Large Corporates & Institutions*	816	845	795
Baltic Banking*	625	638	562
Asset Management*	210	211	212
Russia & Ukraine*	146	159	191
Other and eliminations*	156	175	182
FR&R and Ektorner	164	178	174
Total excl FX effects	4 345	4 390	4 319
FX effects		-6	104
Total	4 345	4 384	4 423

* Excluding FR&R

Net recoveries of SEK 324m (972) were reported during the second quarter. Baltic Banking reported net recoveries of SEK 142m (382), while Russia & Ukraine had net recoveries of SEK 169m (490). Of the reported net recoveries, SEK -443m (-1 184) represented net provisions, of which individual provisions for impaired loans amounted to SEK -407m (-577) and portfolio provisions for loans individually deemed not to be impaired were SEK -36m (-607). In Baltic Banking, an updated estimation method for evaluating residential properties had a negative effect. Recoveries would have otherwise been SEK 225m higher. Net write-offs amounted to SEK 119m (212).

The tax expense amounted to SEK 863m (1 182), corresponding to an effective tax rate of 20.0 per cent (23.5). The low effective tax rate is mainly because the Estonian, Russian and Ukrainian operations as well as the Lithuanian leasing company post profits without any tax expense as well as because the SEK 82m tax provision related to the Group's Swedish life insurance operations was reversed following a positive Supreme Administrative Court judgement. The main reason why the tax expense was higher than in the previous quarter was that the income from the settlement with the bankruptcy estate of Lehman Brothers' was subject to a higher tax rate. In the medium term the effective tax rate for the Group is estimated at 21-22 per cent.

Other comprehensive income after tax amounted to SEK 408m (-265) in the quarter and was affected mainly by exchange rate differences on the translation of foreign operations and cash flow hedges.

January - June 2011

Compared with January - June 2010

Result

Profit for the period attributable to the shareholders was SEK 7 304m, compared with SEK 2 103m in the previous year. Net recoveries and higher income, including the one-off revenue from the settlement with the bankruptcy estate of Lehman Brothers' during the first quarter, had a positive effect on profit, while expenses declined marginally. The return on equity was 15.3 per cent (4.7). The cost/income ratio was 0.52 (0.57).

Profit before impairments increased by 22 per cent to SEK 8 078m (6 625).

Profit before impairments by business area		
SEKm	Jan-Jun 2011	Jan-Jun 2010
Retail	4 558	3 526
Large Corporates & Institutions	2 128	1 463
Baltic Banking	1 729	1 403
Asset Management	394	383
Russia & Ukraine	56	-29
Ektorner	77	-83
Group Functions	-864	-314
Total excl FX effects	8 078	6 349
FX effects		276
Total	8 078	6 625

Income increased by 9 per cent to SEK 16 807m (15 439). Net interest income increased in all major business areas, while net gains and losses on financial items at fair value decreased in Group Treasury (Group Functions) and LC&I. Changes in the exchange rates, especially the appreciation of the Swedish krona against the euro and the Baltic currencies, reduced reported income by SEK 527m.

Net interest income increased by 18 per cent to SEK 9 267m (7 822). The main factors positively affecting net interest income were higher interest rates in Sweden, with accompanying adjustments in terms, lower expenses for deposits in local currency in the Baltic countries and slightly higher Euribor rates. Interest on overdue payments previously recorded as other income in the Baltic Banking business area has been reclassified as net interest income. The stability fee doubled from the previous year to SEK 253m. Lower lending volumes and a higher share of mortgage lending in relation to corporate lending affected net interest income negatively. Increased expenses for liquidity reserves and lower returns on the investment portfolio used to hedge interest rates on current accounts and equity also affected net interest income negatively. Since the guarantee fees for Swedbank's government guaranteed funding are not reflected in the internal rate of interest, net interest income in the business areas has risen slightly, with an offsetting decline in Group Treasury within Group Functions.

Net commission income decreased to SEK 4 545m (4 677). The decrease was mainly due to lower commission income from payment processing, stock trading and corporate finance.

Net gains and losses on financial items at fair value fell by 48 per cent to SEK 766m (1 469). In Group Functions, Group Treasury reported lower profit due to negative valuation effects e.g. from basis swaps. Capital market funding in EUR is often swapped to SEK. These swaps are marked to market. In 2010 swap costs increased significantly, which at the same time had a positive valuation effect. During the first six months 2011 the situation was the opposite, which had a negative effect on net gains and losses on financial items at fair value. The effect on earnings of these changes in value is small over time, but volatility can be high between quarters, which impacts earnings.

Expenses decreased slightly to SEK 8 729m (8 814). Consulting expenses decreased by SEK 147m, while variable staff costs rose to SEK 275m (220).

Since 1 July 2010 Sweden pays parts of the variable remuneration in the form of shares. This remuneration is accrued until such time as the shares are settled. As a result, variable remuneration allocated during the period may differ from the booked amount. During the first half year the earnings impact of variable remuneration was SEK 275m, while the provision for variable remuneration was SEK 597m. During the first quarter SEK 54m from previous years' provisions for variable remuneration was reversed within Large Corporates & Institutions. A more detailed analysis of variable remuneration is provided on page 16 of the fact book¹.

Operating expenses for distressed loans and repossessed collateral in Ektornet amounted to SEK 343m (341).

The number of full-time positions has been reduced by 521 in one year, mainly in Russia & Ukraine and Baltic Banking.

Expense analysis		
Group	Jan-Jun	Jan-Jun
SEKm	2011	2010
Retail*	4 412	4 320
Large Corporates & Institutions*	1 661	1 547
Baltic Banking*	1 256	1 142
Asset Management*	421	408
Russia & Ukraine*	308	396
Other and eliminations*	328	410
FR&R and Ektornet	343	341
Total excl FX effects	8 729	8 563
FX effects		251
Total	8 729	8 814

* Excluding FR&R

Net credit recoveries amounted to SEK 1 296m during the first half year, against net credit impairments of SEK 3 173m in the previous year. Baltic Banking reported net recoveries of SEK 524m (net credit impairments of 3 199), while Russia & Ukraine reported net recoveries of SEK 659m (180). Of the reported net recoveries, SEK -1 627m (2 627) was net provisions, of which individual provisions for impaired loans amounted to SEK -984m (3 559) and portfolio provisions for loans individually deemed not to be impaired were SEK -643m (-932). Net write-offs amounted to SEK 331m (546).

¹ More detailed information can be found in Swedbank's fact book, www.swedbank.com/ir, under Financial information and publications.

The tax expense amounted to SEK 2 045m (1 141), corresponding to an effective tax rate of 21.9 per cent (34.9). In the medium term the effective tax rate is estimated at 21-22 per cent.

Other comprehensive income after tax amounted to SEK 143m (-771) for the period and was affected mainly by exchange rate differences on the currency translation of foreign operations as well as cash flow hedges.

Credit and asset quality

Swedbank's lending increased by SEK 1bn during the first half year to SEK 1 147bn on 30 June 2011. During the period lending in the Baltic countries, Russia and Ukraine continued to decrease. During the second quarter corporate lending again increased in Sweden. Mortgage lending in Sweden increased as well, though at a slower pace than before.

Excluding exchange rate effects, lending decreased by 6 per cent in the Baltic countries, by 14 per cent in Ukraine and by 19 per cent in Russia.

Loans to the public ²			
by business area	30 Jun	31 Dec	
SEKm	2011	2010	%
Retail	880 907	872 617	1
Large Corporates & Institutions	125 825	130 427	-4
Baltic Banking	125 339	130 396	-4
Estonia	55 073	57 528	-4
Latvia	34 859	37 022	-6
Lithuania	35 069	35 456	-1
Investment	338	390	-13
Russia & Ukraine	10 223	12 556	-19
Russia	5 154	6 219	-17
Ukraine	5 069	6 337	-20
Group Functions	4 513		
Total	1 146 807	1 145 996	0

² Loans to the public excluding the Swedish National Debt Office and repos.

Corporate loan demand in the Baltic countries was low during the period, and amortisations among Swedbank's corporate customers exceeded new lending. The increase in corporate lending in Sweden was due to higher loan demand from large companies during the second quarter. Lending volumes to small and medium-sized Swedish companies were more or less unchanged during the period.

Lending continued to increase in segments with lower risk, primarily mortgage lending to private customers in Sweden. Lending by Swedbank Mortgage increased during the period by SEK 8bn to SEK 705bn on 30 June. The average loan-to-value ratio in Swedbank Mortgage was 60 per cent calculated by property level (45 per cent by loan level).

In Baltic Banking, the portion of the mortgage portfolio exceeding current market value amounted to SEK 8.2bn on 30 June 2011 (SEK 8.8bn on 31 December 2010). Since the second half of 2009 housing prices in major Baltic cities have been stable or have grown, especially in Estonia. As a result, the average loan-to-value ratio has begun to fall.

In Swedbank's Internal Capital Adequacy Assessment Process (ICAAP) for 2011, the core Tier 1 capital ratio exceeded the internal minimum requirements in a stressed scenario as well as the regulatory requirements for total and Tier 1 capital. Swedbank's ICAAP for 2011 is conservative, and the economic assumptions in the stress tests are in line with Swedbank's ICAAP for 2010. Swedbank's ICAAP for 2011 comprises a multi-year period with substantially reduced economic activity. In Sweden, GDP would decline by 7 per cent in real terms during the three-year period 2012 to 2014, while in the Baltic countries real GDP would fall by between 9 and 11 per cent during the four-year period 2011 to 2014. During the scenario period it is assumed that unemployment would rise substantially, reaching as high as 16.9 per cent in Sweden in 2014 and between 19.5 and 21.5 per cent in the Baltic countries in 2013 and 2014. It is also assumed that residential property prices would fall by 33 per cent in Sweden and by between 15 and 24 per cent in the Baltic countries, which have recently undergone a major price correction. The economic situation in the eurozone would worsen significantly at the same time as the krona appreciates by 31 per cent against the US dollar, which would presumably hit Swedish exporters especially hard. In addition, Latvia and Lithuania would be forced to devalue their currencies by 30 per cent. As a whole, Swedbank would generate a cumulative loss (before dividends) during the forecast period of SEK 9bn after total impairments of SEK 62bn. The core Tier 1 capital ratio would decline at most from 14.97 per cent to 12.04 per cent in 2013 (according to full Basel 2) in the scenario. This is in line with the risk tolerance established by the Board of Directors, corresponding to a decrease in the core Tier 1 capital ratio of up to 3 percentage points. The economic scenarios in Swedbank's ICAAP for 2011 generally have a significantly greater impact on the bank than the scenarios that are included in the stress tests for European banks carried out by the European Banking Authority (EBA), of which Swedbank is a member.

For the first half year 2011 Swedbank reported net recoveries totalling SEK 1 296m, against net credit impairments of SEK 3 173m a year earlier. Net recoveries were generated in Latvia, Lithuania, Russia and Ukraine as well as in Large Corporates & Institutions. The majority of the net recoveries were attributable to the first quarter. Credit impairments in Retail remain very low.

Credit impairments by business area	Q2	Q1	Q2
SEKm	2011	2011	2010
Retail	5	5	51
Large Corporates & Institutions	-19	-105	-56
Baltic Banking	-142	-382	1 096
Estonia	136	-9	348
Latvia	-164	-135	453
Lithuania	-114	-238	295
Russia & Ukraine	-169	-490	-139
Russia	-13	-171	-29
Ukraine	-156	-319	-110
Group Functions	1		11
Total	-324	-972	963

Recoveries in the Baltic countries were mainly due to updated valuations of collateral from large corporates. Private lending produced additional credit impairments.

Latvia's credit impairments were affected negatively by SEK 225m during the second quarter due to an adjustment of the provision ratio for mortgage loans that are considered impaired. The recoveries in Russia and Ukraine were related to corporate lending and consisted primarily of amortisations and repayments of impaired loans or solutions for certain distressed loans.

The portfolio provisions relate to the portion of the portfolio that does not contain impaired loans. Portfolio provisions fell during the first half year, mainly due to volume decreases and improved internal ratings in the Baltic countries, Russia and Ukraine. A slight improvement in internal ratings among Swedish corporate customers also contributed to the decrease.

Of the total provisions of SEK 18.4bn, 87 per cent was at the individual level as of 30 June 2011, compared with 85 per cent as of 31 December 2010.

Credit impairments	Q2	Q1	Q2
Group	2011	2011	2010
SEKm			
Provisions			
Individual provisions, gross	423	347	1 716
Reversal of individual provisions no longer required	-830	-924	-289
Portfolio provisions	-36	-607	-581
Provisions, net	-443	-1 184	846
Write-offs			
Write-offs, gross	1 102	831	642
Utilisation of previous provisions	-846	-554	-345
Recovered from previous write-offs	-137	-65	-180
Write-offs, net	119	212	117
Total	-324	-972	963

Loans past due by more than 60 days continued to stabilise during the first half year. Private mortgage loans in Baltic Banking past due by more than 60 days started to stabilise in Estonia and Latvia already in the second half of 2010, but are still increasing in Lithuania.

Impaired loans decreased by a total of SEK 4.1bn during the first half year and included every business area. The decrease was partly due to a slower inflow of new impaired loans during the period and partly because certain large corporate commitments are no longer impaired. Write-offs and exchange rate effects also contributed to the reduction in impaired loans.

Restructured loans refer to loans whose terms have changed as a result of deterioration in the customer's actual and/or anticipated ability to pay interest and/or principal. As of 30 June 2011 the Group's restructured loans totalled SEK 26bn (SEK 27.9bn as of 31 December 2010). The majority relates to Baltic Banking (79 per cent) and Ukraine (11 per cent). Of Swedbank's restructured loans, those classified as impaired amounted to SEK 13.9bn (SEK 15.0bn as of 31 December 2010), while those classified as non-impaired totalled SEK 12.1bn (12.9).

Repossession assets increased by 24 per cent during the first half year. At the end of the period the majority of the repossessed assets were in the Baltic countries and the Nordic region. Before a repossession, Swedbank tries to reach a voluntary agreement with the customer.

If one cannot be reached, legal proceedings are launched.

Assets taken over and cancelled leases			
by business area	30 Jun	31 Dec	30 Jun
SEKm	2011	2010	2010
Retail	10	11	202
Baltic Banking	367	429	587
Estonia	19	42	42
Latvia	155	184	157
Lithuania	193	203	388
Russia & Ukraine	215	351	34
Russia	12	4	25
Ukraine	203	347	9
Ektornet	4 177	3 055	1 010
Sweden	271	270	239
Norway	117	116	176
Finland	756	765	
Estonia	561	469	293
Latvia	1 373	851	121
Lithuania	252	206	41
USA	619	305	140
Ukraine	228	73	
Total	4 769	3 846	1 833

During the first half year Ektornet repossessed properties valued at SEK 1 317m, the majority of which are in Latvia and the US. For more information on Ektornet, see page 21.

Swedbank reported one-off pre-tax income of USD 114m (SEK 716m) from the Lehman Brothers bankruptcy estate during the first quarter. After-tax income amounted to SEK 361m. The remaining carrying amount of loans relating to the repurchase agreement amounted to USD 794m, equivalent to SEK 5.0bn, as of 30 June 2011.

Swedbank's exposure to counterparties in Greece, Ireland, Italy, Portugal and Spain as of 30 June 2011 totalled SEK 1.2bn, of which SEK 67m related to Greece. The main part of the exposures to these countries, money market loans and commercial paper, has very short maturities.

GIIPS exposure						
30 June 2011						
SEKm	Greece	Ireland	Italy	Portugal	Spain	Total
Bonds	51	2	243	27	20	343
of which sovereign	51		234	27	10	322
of which held to maturity ¹	51		102	27	6	186
Loans (money market and certificates)			330		303	633
Loans (committed credit facilities)						0
Derivatives net ²		14			43	57
Other ³	16		59	10	89	174
Total	67	16	632	37	455	1 207

¹ Actual market values are below the carrying amounts by approximately SEK 51m.

² Derivatives at market value taking into account netting and collateral agreements. Considering the bank's internal risk add-ons for counterparty risk at potential future change in prices, the derivative exposures amount to: Greece SEK 72m, Italy SEK 437m and Spain SEK 196m. Total SEK 705m.

³ Trade finance and mortgage loans.

Funding and liquidity

Swedbank issued a total of SEK 153bn in long-term debt instruments during the first half of 2011, of which SEK 63bn during the second quarter. The majority of

the second quarter's issues were covered bonds, including SEK 43bn in the Swedish market. Total maturing long-term funding amounted to a nominal value of SEK 79bn during the six-month period.

During the next 12 months, until end June 2012, Swedbank has a total of SEK 180bn in nominal value of maturing term funding, of which SEK 83bn in government guaranteed debt. To offset its refinancing risk, the bank has continuously increased its liquidity reserves. After June 2012 the annual maturities will decrease significantly.

The average maturity of all capital market funding arranged through the bank's short- and long-term programmes has been extended from around 29 months as of 31 December 2010 to 34 months as of 30 June 2011. The average maturity of covered bonds was 42 months. The average maturity of long-term funding issued during the second quarter was 47 months.

Changes in outstanding debt	Changes
Jan-Jun 2011	since
SEKbn	31 Dec 2010
Commercial paper	31
Covered bonds	78
Government guaranteed bonds	-36
Senior unsecured bonds	
Structured retail bonds (SPAX)	-1

Government guaranteed funding	
Maturity distribution	SEK billion
2011	46
2012	37
2013	11
2014	26
Total	120

During the second half of 2011 long-term funding with a nominal value of SEK 80bn will mature, of which SEK 46bn relates to funding through the government guarantee programme. Maturities in the Swedish covered bond market amount to a nominal value of SEK 30bn. In addition, subordinated debt with a nominal value of SEK 2.1bn is subject to early redemption during the same period.

Swedbank repurchased a total of SEK 4bn in subordinated Tier 2 bonds during the first half of 2011, of which SEK 1.4bn during the second quarter. The bonds were repurchased at market rates, which generated a positive realised net result of SEK 2.6m. The Swedish Financial Supervisory Authority's (SFSA) approval to repurchase Tier 2 bonds up to a limit of SEK 5bn expires on 31 August 2011. In addition, a total of SEK 1.7bn in subordinated Tier 2 bonds were early redeemed during the first half of 2011, of which SEK 1.0bn during the second quarter. The early redemptions were completed according to the terms and conditions of the securities in question.

At the end of the second quarter Swedbank had total liquid and/or pledgeable reserves of SEK 415bn. SEK 203bn of these consisted of the liquidity reserve within Group Treasury, which is reported in accordance with the Swedish FSA's new liquidity regulations (see Liquidity & Funding section in the Fact book for more information on the liquidity reserve). Liquid securities in other parts of the Group accounted for SEK 65bn and

the overcollateralisation in the collateral pool for covered bonds amounted to SEK 147bn.

Swedbank's most important internal metric to limit and manage liquidity risk is the survival horizon, a stress test measuring how long the bank can meet its contractual cash flows without access to capital market financing. The measurement assumes that the bank can pledge high-quality assets with central banks. Securities with low credit rating or those issued by the bank are not included. The liquidity reserve within Group Treasury currently consists almost exclusively of AAA-rated securities. Swedbank's Board of Directors has established a minimum survival horizon limit for the Group.

The Board of Directors has also set a floor for Group Treasury's liquidity portfolio. The portfolio needs to exceed a certain volume, and has to be invested in liquid and pledgeable assets (not to be confused with the liquidity reserve, which in addition to the liquidity portfolio includes liquidity placed with central banks and in the overnight market). The minimum size of the liquidity portfolio is merely a complementary measure to the survival horizon, since it does not provide any information on how the liquidity portfolio is financed.

Swedbank's Board of Directors has also established a minimum overcollateralisation level in the cover pool, to ensure that sufficient collateral is available to protect covered bond investors even in the event of house price fluctuations. At the end of the quarter overcollateralisation was 29 per cent. Swedbank has additional eligible assets which at present are not included in the cover pool.

Swedbank's funding strategy is based on its business model, which is focused on Swedish retail banking. Apart from being the largest deposit bank in its home markets more than half of Swedbank's loan book is made up of Swedish mortgages, which means that nearly all of the bank's need for wholesale funding can be supplied by the covered bond markets.

As a consequence of the bank's business model and strong position in the funding market, Swedbank has the option to choose between funding itself with covered or unsecured bonds. From a liquidity risk perspective Swedbank considers this a strength, given the uncertainty surrounding the unsecured markets in regards to upcoming bail-in and resolution regime proposals. Swedbank strives to offset all unsecured financing against assets of an equivalent amount and equivalent maturity. Swedbank will mainly issue unsecured funding as a complement to its covered bond financing.

Swedbank has a low reliance on short-term funding. At half-year end, the total outstanding amount of short-term funding through various CP and CD programmes amounted to SEK 93bn, which corresponds to approximately the same amount of central bank reserves the bank held at the same point in time.

Capital and capital adequacy

As of 30 June shareholders' equity amounted to SEK 95 923m, an increase of SEK 1 026m from the beginning of the year. In Swedbank's financial companies group, core Tier 1 capital was unchanged during the first half year and amounted to SEK 75.5bn. Core Tier 1 capital was positively affected by the

period's profit (after the anticipated dividend). On 29 April Swedbank began repurchasing its shares based on the resolution by the Annual General Meeting. During the second quarter 33.3 million shares were repurchased, corresponding to 2.9 per cent of the total number of shares outstanding (including the issue and repurchase of C shares). Core Tier 1 capital decreased by around SEK 3.5bn due to the share repurchases.

Tier 2 capital decreased, mainly due to redemptions and repurchases of undated and fixed-term subordinated loans by SEK 6.7bn to SEK 13.5bn in the first half of the year. The decrease in Tier 2 capital is an element in Swedbank's active management of its capital structure and is consistent with the bank's focus on core Tier 1 capital to ensure the long-term stability of the balance sheet.

Risk-weighted assets decreased by SEK 32.0bn or slightly less than 6 per cent from the beginning of the year to SEK 509.3bn. The risk-weighted amount for credit risks decreased during the first half year by just under 5 per cent or SEK 21.5bn, mainly related to corporate exposures. The average risk weighting for all credit risks in the financial companies group according to the IRB approach decreased slightly to 28.6 per cent as of 30 June. Of the total change in the risk-weighted amount for credit risks, SEK 1.7bn is due to exchange rate effects. The risk-weighted amount for market risks fell by around 27 per cent or almost SEK 8bn, mainly due to Estonia's adoption of the euro and the subsequent decrease in Swedbank's open currency positions. The risk-weighted amount for operational risks decreased by 4.5 per cent or nearly SEK 3bn.

The core Tier 1 capital ratio according to Basel 2 increased to 14.8 per cent on 30 June (13.9 per cent on 31 December 2010) and the Tier 1 capital ratio improved to 16.1 per cent (15.2). The capital adequacy ratio was 18.2 per cent (18.4). According to the transition rules, the core Tier 1 capital ratio was 10.1 per cent (10.1), the Tier 1 capital ratio was 11.0 per cent (11.0) and the capital adequacy ratio was 12.5 per cent (13.3).

For further details on capital adequacy, see note 21.

Risk-weighted assets by business area			
SEKbn	30 Jun 2011	31 Dec 2010	30 Jun 2010
Retail	219	222	229
Large Corporates & Institutions	147	156	167
Baltic Banking	108	136	152
Estonia	42	57	61
Latvia	36	39	45
Lithuania	30	32	37
Investment		8	9
Asset Management	3	3	3
Russia & Ukraine	16	18	23
Russia	7	8	11
Ukraine	9	10	12
Ektornet	5	4	2
Group Functions	11	2	3
Total risk-weighted assets	509	541	579

New Basel capital rules and their impact on Swedbank

On 20 July 2011 the EU Commission published its proposed capital requirements, which are expected to be adopted in 2012. The proposal conforms with the previously published Basel III regulation. Swedbank estimates that the negative impact on its core Tier 1 capital ratio as a result of the new rules will be around 0.5 percentage points and that the proposed leverage ratio requirement (Tier 1 capital/total assets) will not restrict Swedbank's capital planning.

Market risk

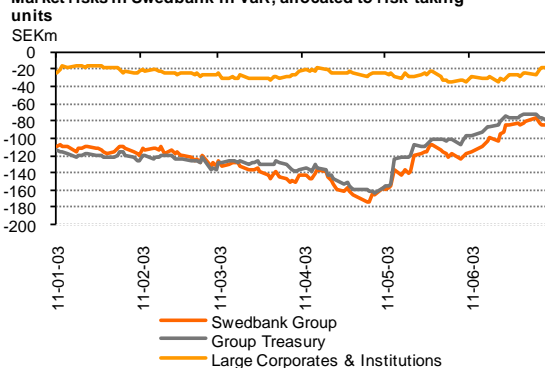
Swedbank measures market risks – those of a structural nature and those that arise in trading operations – with a Value-at-Risk (VaR) model. For a given portfolio, VaR expresses a loss level that statistically is exceeded by a specific probability during a specific time horizon. Swedbank uses a 99 per cent probability and a time horizon of one day. This means that the potential loss for the portfolio statistically will exceed the VaR amount one day out of 100.

The table below shows Swedbank's VaR*) performance during the year.

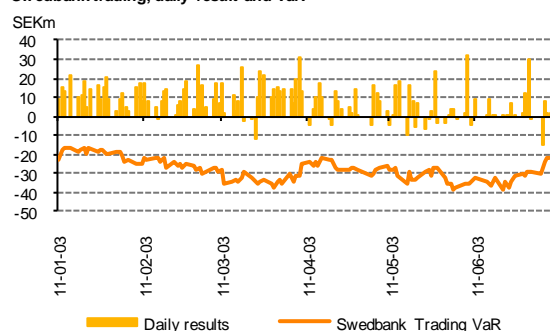
VaR by risk category					
SEKm	Jan-Jun 2011 (2010)			31 Jun 2011	31 Dec 2010
	Max	Min	Average		
Interest risk	186 (127)	83 (50)	130 (74)	86	110
Currency rate risk	29 (19)	3 (2)	8 (7)	4	7
Stock price risk	11 (7)	2 (2)	6 (5)	3	6
Diversification			-18 (-10)	-7	-14
Total	175 (126)	83 (52)	126 (76)	84	109

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

Market risks in Swedbank in VaR, allocated to risk-taking units



Swedbank trading, daily result and VaR



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

An increase in all market interest rates of one percentage point as of 30 June 2011 would have reduced the value of the Group's assets and liabilities, including derivatives, by SEK 875m, compared with a decrease of SEK 777m as of 31 December 2010. 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 744m (499). Positions in foreign currency would have decreased in value by SEK 131m (278).

With an interest rate increase of one percentage point, the Group's net gains and losses on financial items at fair value would have decreased by SEK 502m as of 30 June 2011, compared with a decrease of SEK 213m as of 31 December 2010.

Operational risks

The aggregate risk level in the Group remained higher than normal during the second quarter 2011. The main reasons were extensive organisational changes, risks in the Swedish IT operations and external risks primarily in Eastern Europe.

Other events

Swedbank has entered into a Group-wide card service agreement with MasterCard Europe. Previous agreements were limited primarily to a single market. The new agreement will strengthen Swedbank's card services and generate major efficiency gains in the charge card area. As a result of the agreement, Swedbank will increase its issuance of MasterCards. The agreement took effect on 3 May 2011 and extends until 31 December 2016, with the option of yearly extensions of up to five years.

To effectively manage Swedbank's capitalisation within the framework of its risk appetite and capitalisation targets, the Annual General Meeting authorised the Board of Directors to decide until the 2012 AGM to buy back ordinary and/or preference shares up to 10 per cent of all the shares (including acquisitions of the bank's shares by securities operations). The authorisation may be utilised on one or more occasions. Acquisitions may only be made through purchases on NASDAQ OMX Stockholm at the current market price.

The Annual General Meeting approved the Board's resolution on remuneration programme 2011. The Board has decided to establish a two-part performance and share based remuneration programme for 2011 consisting of a collective programme and an individual programme. The collective programme ("CP 2011") essentially covers all employees of the Group and consists of deferred variable remuneration made up entirely of shares. The individual programme ("IP 2011"), which covers around 1 200 Group employees, comprises variable remuneration in two parts: cash remuneration and deferred variable remuneration consisting of shares.

Ratings

On 2 March 2011 S&P affirmed Swedbank's long-term rating of A and short-term rating of A-1 while raising Swedbank AB's standalone credit profile (SACP) one notch to a- and the rating on its hybrid capital by two notches to BBB-. The ratings improvements reflect Swedbank's improved funding position and reduced credit risks.

On 8 June 2011 Moody's upgraded Swedbank's standalone bank financial strength rating one notch to C-, equivalent to a standalone rating of Baa2, and raised its junior subordinated debt and Tier 1 hybrid securities one notch to Baa3 and Ba2 respectively with a positive outlook. The A2 long-term debt rating and A3 subordinated debt rating were affirmed with a stable outlook. The upgrade reflects Moody's view on the stabilisation of asset quality in the Baltic operations as

well as Swedbank's improving financial strength and good capital and liquidity levels. Moody's sees upside pressure on Swedbank's Baa2 standalone credit rating.

Events after 30 June 2011

Swedbank has implemented changes in its legal structure with regard to Estonia, Latvia and Lithuania. Previously the three Baltic units were included in a group whose parent company was Swedbank in Estonia. The change means that the three Baltic companies are now directly owned by Swedbank AB. The change has no impact on the Group's results or financial position. The new legal structure took effect on 1 July 2011.

Retail

- Stable result with continued positive trend driven by net interest income
- Continued growth for service concept

Income statement

SEKm	Q2 2011	Q1 2011	%	Q2 2010	%	Jan-Jun 2011	Jan-Jun 2010	%
Net interest income	3 026	2 925	3	2 416	25	5 951	4 849	23
Net commissions	1 051	1 073	-2	1 100	-4	2 124	2 141	-1
Net gains and losses on financial items at fair value	52	40	30	41	27	92	74	24
Share of profit or loss of associates	222	171	30	159	40	393	305	29
Other income	242	186	30	276	-12	428	504	-15
Total income	4 593	4 395	5	3 992	15	8 988	7 873	14
Staff costs	988	1 013	-2	966	2	2 001	1 968	2
Variable staff costs	35	23	52	28	25	58	49	18
Other expenses	1 147	1 092	5	1 160	-1	2 239	2 216	1
Depreciation/amortisation	67	65	3	62	8	132	114	16
Total expenses	2 237	2 193	2	2 216	1	4 430	4 347	2
Profit before impairments	2 356	2 202	7	1 776	33	4 558	3 526	29
Credit impairments	5	5	0	51	-90	10	139	-93
Operating profit	2 351	2 197	7	1 725	36	4 548	3 387	34
Tax expense	520	577	-10	523	-1	1 097	949	16
Profit for the period	1 831	1 620	13	1 202	52	3 451	2 438	42
Profit for the period attributable to the shareholders of Swedbank AB	1 827	1 616	13	1 200	52	3 443	2 435	41
Non-controlling interests	4	4	0	2	100	8	3	
Return on allocated equity, %	31.1	28.7		21.6		29.9	22.0	
Credit impairment ratio, %	0.00	0.00		0.02		0.00	0.03	
Total provision ratio for impaired loans, %	92	97		84		92	84	
Share of impaired loans, gross, %	0.17	0.18		0.23		0.17	0.23	
Cost/income ratio	0.49	0.50		0.56		0.49	0.55	
Full-time employees	5 494	5 572	-1	5 573	-1	5 494	5 573	-1

Development January - June

The recovery in the Swedish economy slowed during the first quarter after last year's strong gains. GDP grew by 0.8 per cent between the fourth and first quarters, which meant that the annual GDP rate fell to 3.3 per cent, half that of 2010. The decline was mainly in private consumption, which has fallen in the wake of higher interest rates and rising energy prices. At the same time lending to Swedish households has slowed. Commercial lending, on the other hand, has increased as companies have again begun to invest. The labour market continues to improve, and unemployment fell in May to 7.5 per cent on a seasonally adjusted basis.

Profit for the period increased by 41 per cent year-on-year, mainly due to improved net interest income. Expenses were in line with the first half of 2010.

Net interest income increased by 23 per cent compared with the previous year, primarily as a result of higher deposit and lending margins relative to Stibor. Mortgage margins (in relation to Stibor) rose during the first half year, partly due to funding costs. Increased competition for savings put pressure on deposit margins during the second quarter. Higher interest rates again affected net interest income positively compared with the previous quarter. The increase was offset slightly by a lower return on the investment portfolio used to hedge interest rates on current accounts.

Total deposit volume was unchanged during the six-month period. Household deposits increased by 2 per cent, while corporate volume decreased by 5 per cent. During the second quarter, household deposits increased by 3 per cent and the corporate volume increased by 1 per cent. Swedbank's share of household deposits was stable at 24 per cent (24 per cent as of 31 December 2010). Corporate deposit volume has declined for the market as a whole. Swedbank's market share was 16 per cent (17 per cent as of 31 December 2010).

Market growth for private mortgages continued to decline during the quarter to 7 per cent as of 31 May (10 per cent as of May 2010). The growth rate for Swedbank's lending to private customers fell to 5 per cent during the same period. Lending to households increased by 1 per cent during the period. Swedbank's market share for mortgage lending was 27 per cent (27 per cent as of 31 December 2010).

Corporate lending volume was unchanged during the period. The bank's market share was 16 per cent (17 per cent as of 31 December 2010).

The loan-to-deposit ratio increased to 254 (251 at the beginning of the year).

Net commission income was in line with the same period in 2010. Increased income from insurance operations was offset by a weaker performance by the

mutual fund operations due to the stock market's slight decline during the first half year.

A previous tax provision of SEK 82m was reversed by Swedbank Insurance after a positive ruling by the Supreme Administrative Court on the taxation of fund discounts.

The service concepts introduced in 2010 have been well received by customers. Since the start of the year the number of customers with service concepts in targeted segments has increased by 162 000. Customers who signed up for the service concepts are utilising the bank's products and services to a larger extent than before and are reporting higher customer satisfaction. The Mobile Bank, which was launched in 2010, has also been well received by customers. In June, over 500 000 customers registered for mobile banking, up nearly 70 per cent since the beginning of the year. Usage has also increased greatly, and the number of logins was about 60 per cent higher in June than in January.

Expenses were in line with the same period last year. Continuing work to improve efficiency, including cash handling and credit administration, are expected to continue to impact expenses. The number of employees has been reduced by 79 in one year. The cost/income ratio improved compared with the same period in 2010 to 0.49 (0.55), due to higher income.

During the period 20 branches were merged into larger units as part of the ongoing review of the retail structure. A new branch was opened in Gothenburg.

Credit impairments remained very low and were affected during the quarter by recoveries from previous nonperforming commitments. The share of impaired loans was 0.17 per cent (0.23).

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

Large Corporates & Institutions

- High activity and good earnings in structured financing and syndicated loans
- Lower activity and earnings in fixed income and currency trading during the second quarter

Income statement

SEKm	Q2 2011	Q1 2011	%	Q2 2010	%	Jan-Jun 2011	Jan-Jun 2010	%
Net interest income	884	850	4	738	20	1 734	1 442	20
Net commissions	412	505	-18	482	-15	917	899	2
Net gains and losses on financial items at fair value	25	369	-93	308	-92	394	748	-47
Share of profit or loss of associates	2					2		
Other income	21	747	-97	36	-42	768	56	
Total income	1 344	2 471	-46	1 564	-14	3 815	3 145	21
Staff costs	331	349	-5	279	19	680	579	17
Variable staff costs	50	83	-40	116	-57	133	185	-28
Other expenses	437	418	5	418	5	855	815	5
Depreciation/amortisation	10	9	11	12	-17	19	21	-10
Total expenses	828	859	-4	825	0	1 687	1 600	5
Profit before impairments	516	1 612	-68	739	-30	2 128	1 545	38
Credit impairments	-19	-105	-82	-56	-66	-124	-11	
Operating profit	535	1 717	-69	795	-33	2 252	1 556	45
Tax expense	133	454	-71	193	-31	587	359	64
Profit for the period	402	1 263	-68	602	-33	1 665	1 197	39
Profit for the period attributable to the shareholders of Swedbank AB	402	1 263	-68	585	-31	1 665	1 170	42
Non-controlling interests				17			27	
Return on allocated equity, %	10.2	31.1		13.8		20.7	13.8	
Credit impairment ratio, %	-0.03	-0.14		-0.07		-0.08	-0.01	
Total provision ratio for impaired loans, %	125	116		112		125	112	
Share of impaired loans, gross, %	0.17	0.21		0.25		0.17	0.25	
Cost/income ratio	0.62	0.35		0.53		0.44	0.51	
Full-time employees	1 189	1 214	-2	1 166	2	1 189	1 166	2

Development January – June

Macro indicators during the second quarter pointed to a slowdown in growth in the US and Europe, among other places. Due to economic concerns and growing uncertainty about the creditworthiness of Europe's fiscally most troubled countries, long-term interest rates fell substantially in countries such as the US, Germany and Sweden, which are considered safe harbours by risk-averse investors. Weaker US growth and the troubles in Greece caused volatility during the quarter in both the euro and the dollar.

Profit for the period amounted to SEK 1 665m (1 170), an increase of 42 per cent. Excluding the impact on earnings of the SEK 361m settlement with the bankruptcy estate of Lehman Brothers during the first quarter (SEK 716m before tax), profit amounted to SEK 1 304m, which was 11 per cent higher than in the first half of 2010. Recoveries during the period amounted to SEK 124m.

Net interest income increased by 20 per cent compared with the same period in 2010. Net interest income for large corporates and institutions rose during the period and accounts for about SEK 450m per quarter. Earnings in fixed income and currency trading declined compared with the previous year. The large part of earnings was booked as net interest income, which rose compared with the previous year, while net gains and losses on financial items at fair value decreased. A jittery market led to a lower risk appetite during the second quarter. The market expected interest rates to rise, but the opposite occurred, creating large fluctuations in the

fixed income and currency markets. The majority of second quarter income was from customer trading.

Net commission income for the period was slightly higher than in the first half year 2010, but the second quarter was lower than the previous quarter. Activity in loan syndications and acquisition financing remained high. Corporate finance earnings in Norway increased slightly during the second quarter. During the second quarter the method for accruing commission income was changed within Large Corporates & Institutions. A larger share of income than before is accrued to reflect the underlying transaction. The change was implemented as of 2011, because of which commission income fell during the second quarter by SEK 68m, which was recognised as revenue during the first quarter.

Total expenses increased by SEK 87m compared with the same period last year. The increase was primarily due to higher staff costs related to retraining and expenses in connection with the acquisition of First Securities. Compared with the first quarter expenses decreased by SEK 31m, mainly due to a decrease in provisions for variable staff costs of SEK 52m year-on-year.

Risk-weighted assets attributable to the business area decreased by SEK 9bn during the period and amounted to SEK 147bn on 30 June.

Operations

Lending to large companies increased by slightly over SEK 4bn compared with the previous quarter and by over SEK 1bn from the beginning of the year. Margins have stabilised at a slightly higher level since the beginning of the year and new lending has risen, primarily in the industrial, real estate, service and shipping sectors. Investments made in the Large Corporates segment are beginning to show results. Increased sector focus is producing new customer relationships as well as more extensive strategic discussions with – and business from – existing customers. Work with the customer team model continues, with the goal of creating better coordinated specialist and product units with attractive customer offerings.

Deposits decreased by SEK 11bn in the quarter, the large part of which was in Financial Institutions. The decrease, which was the result of temporary customer movements at the end of the quarter, had a limited impact on earnings.

During the quarter many large Nordic companies in various sectors refinanced their loan facilities and extended credit terms by an additional 3 to 5 year period, as planned. LC&I participated or was the lead bank in several loan transactions, including for Intrum Justitia, Meda, Tieto, Sanoma, Scania and Elisa.

The addition of fixed income and currency operations in Helsinki is producing positive results. By quickly building a strong position in the domestic commercial paper market, several new relationships have been established in the corporate sector. This in turn has had an impact on the currency area.

In Norway, the acquisition of First Securities further strengthened Swedbank's position in the capital market. Thanks to a combination of qualified advice and balance sheet capacity, a number of corporate bond issues were finalised and a leading position was attained in the area. In the currency market, there is increased demand for Swedbank's electronic trading and for qualified advice.

Market activity in Investment Banking was cautious during the period. Activity remained low in Sweden, while in Norway it remained high, principally in corporate finance. Income from Norwegian equity trading and corporate finance improved slightly during the second quarter.

Work to develop the brokerage operations in New York continue, and a new management has been appointed. Swedbank is focused on, among other things, high-yield Nordic bonds, at the same time that the number of equity customers is growing.

Swedbank's aggregate market share of turnover on NASDAQ OMX Stockholm was 4.4 per cent (4.6) during the period.

Magnus Gagner Geeber was appointed head of the business area during the second quarter. He was previously deputy head of LC&I with responsibility for large corporates.

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

Baltic Banking

- Strong operating results
- Lending portfolio declines while deposit base increases

Income statement

SEKm	Q2 2011	Q1 2011	%	Q2 2010	%	Jan-Jun 2011	Jan-Jun 2010	%
Net interest income	1 017	997	2	863	18	2 014	1 684	20
Net commissions	365	317	15	388	-6	682	764	-11
Net gains and losses on financial items at fair value	61	55	11	102	-40	116	174	-33
Share of profit or loss of associates				1			1	
Other income	125	103	21	153	-18	228	371	-39
Total income	1 568	1 472	7	1 507	4	3 040	2 994	2
Staff costs	255	258	-1	254	0	513	539	-5
Variable staff costs	16	7				23	-13	
Other expenses	347	357	-3	372	-7	704	795	-11
Depreciation/amortisation	35	36	-3	42	-17	71	87	-18
Total expenses	653	658	-1	668	-2	1 311	1 408	-7
Profit before impairments	915	814	12	839	9	1 729	1 586	9
Impairment of tangible assets	19	5		118	-84	24	149	-84
Credit impairments	-142	-382	-63	1 096		-524	3 199	
Operating profit	1 038	1 191	-13	-375		2 229	-1 762	
Tax expense	122	121	1	-63		243	-224	
Profit for the period	916	1 070	-14	-312		1 986	-1 538	
Profit for the period attributable to the shareholders of Swedbank AB	916	1 070	-14	-312		1 986	-1 538	
Return on allocated equity, %	13.5	13.9		-3.3		13.6	-8.1	
Credit impairment ratio, %	-0.44	-1.18		2.83		-0.80	3.90	
Total provision ratio for impaired loans, %	55	56		59		55	59	
Share of impaired loans, gross, %	15.34	15.38		16.81		15.34	16.81	
Cost/income ratio	0.42	0.45		0.44		0.43	0.47	
Full-time employees	5 419	5 383	1	5 590	-3	5 419	5 590	-3

Development January – June

The economic recovery continues in all three countries, but has been faster in Estonia and Lithuania than in Latvia. In the first quarter of 2011, Estonia's GDP increased by 8.5 per cent from the previous year, Lithuania's by 6.9 per cent, and Latvia's by 3.5 per cent. Economic growth is supported by exporting sectors, mainly manufacturing, as well as increased investment activity and slowly recovering household consumption. At the same time there is an increased risk of slower growth in the main trading partners, which could impact Baltic exports. Developments in recent years have confirmed the resiliency of the Baltic countries, however, as well as their ability to adapt.

In all three countries, labour markets are slowly improving, as are consumer expectations. At the same time job creation is still slow and there are signs of structural imbalances in the labour markets (e.g. skill mismatches). These factors, together with continuous deleveraging and rising consumer prices, are making households less willing to spend.

Baltic Banking reported a profit for the first half year of SEK 1 986m, compared with a loss of SEK 1 538m a year ago. The improved result was mainly due to net recoveries and stronger operating results.

Profit before credit impairments increased by 20 per cent in local currency compared with the same period last year. Income improved by 12 per cent mainly due to higher net interest income.

Net interest income rose by 32 per cent in local currency against January-June last year, supported by lower deposit costs resulting from falling local interest rates as well as higher euro market rates. While the negative impact from impaired loans is gradually subsiding, declining lending volumes are adversely affecting net interest income. In the first six months of 2011 the effect of the reclassification of penalty fees as net interest income was SEK 70m (in 2010 penalty fees were classified as other income).

Lending volumes decreased by another 6 per cent in local currency from 31 December 2010. This is mainly due to amortisation as customers chose to save through paying back on their loans, and to limited demand for new credits. However, loan requests are gradually increasing, particularly among corporate customers in Estonia and Lithuania. Lending volumes are expected to trough in Estonia and Lithuania during 2011 and in Latvia during 2012. Swedbank's market share in lending was 28 per cent on 31 May (29 per cent as of 31 December 2010).

Deposits increased by 0.3 per cent in local currency since 31 December 2010. Swedbank's market share for deposits has remained stable at 27 per cent since the beginning of the year. The loan-to-deposit ratio decreased to 133 per cent (141 per cent as of 31 December 2010).

Net commission income decreased by 2 per cent in local currency compared with the same period a year ago.

The competition authorities in Latvia and Lithuania have questioned the industry's interchange fees on cards. In Latvia, Swedbank was fined EUR 4m (SEK 35m) in the first quarter of 2011, a decision which Swedbank appealed against in April 2011. The amount was fully provisioned under net commission income in the first quarter.

Payment processing-related commissions excluding one-off provisions rose by 6 per cent in local currency from the previous year, reflecting a stronger retail network and growing number of active customers and customer transactions. In one year the number of active customers has risen by almost 55 000. Securities-related commissions improved following the rebound in the financial markets.

Net gains and losses on financial items at fair value decreased by 27 per cent in local currency from the same period a year ago. This was mainly due to lower securities income and transaction related exchange rate differences.

Expenses increased by 3 per cent in local currency from the same period last year. Staff costs rose due to provisions for variable compensation. Marketing expenses rose as well, due to the launch of a new branding concept. The number of full-time employees was reduced by 171 in one year, mainly in Latvia and Lithuania. The cost income ratio was 0.43 (0.47).

Net recoveries for the period amounted to SEK 524m compared with SEK 3 199m in credit impairments a year ago. The recoveries are primarily due to the revaluation of collateral and rating upgrades following successful restructuring activities in the corporate portfolio.

Net recoveries in the corporate portfolio amounted to SEK 898m. The household portfolio continues to stabilise. In the private portfolio, credit impairments amounted to SEK 374m, including SEK 225m from an increase in the provision ratio for residential mortgages in Latvia from 30 per cent to 37 per cent. This was a consequence of a back-testing in the first quarter 2011 which showed that realised losses from collateral sales in 2010-2011 exceeded established provisions. Recoveries were noted in Latvia and Lithuania, while credit impairments were reported in Estonia, mainly owing to a few individual cases rather than as part of a continuing trend.

Impaired loans decreased due to write-offs and as a result of workouts and migrations to better risk classes. Most of the write-offs were from the corporate portfolio as the workout process is proceeding at a slower pace for the private portfolio. Impaired loans, gross, amounted to SEK 21bn as of 30 June 2011 (SEK 23bn on 31 December 2010).

In light of improving risk levels and slowly recovering customer demand as reflected by rising investor and consumer confidence, the focus is now on new lending quality along with credit portfolio management activities to ensure well-balanced, sustainable growth. To support the real estate market and avoid selling assets at distressed levels, Ektorner is continuing its real estate intake, mainly in Latvia.

Swedbank has achieved excellent results in recently published reputation surveys. In Estonia, the bank has the best reputation among all companies for the fourth consecutive year, while in Latvia and Lithuania Swedbank is ranked first in the financial sector.

Baltic Banking has business operations in Estonia, Latvia and Lithuania. The bank's services are sold through Swedbank's own branch network, the Telephone Bank and the Internet Bank.

Asset Management

- Investors are seeking safe alternatives
- Award-winning fund management

Income statement

SEKm	Q2 2011	Q1 2011	%	Q2 2010	%	Jan-Jun 2011	Jan-Jun 2010	%
Net interest income	4			-3		4	-10	
Net commissions	403	403	0	386	4	806	784	3
Net gains and losses on financial items at fair value	-1	-4	-75	1		-5	12	
Other income	7	3		5	40	10	8	25
Total income	413	402	3	389	6	815	794	3
Staff costs	97	96	1	99	-2	193	199	-3
Variable staff costs	13	14	-7	1		27	1	
Other expenses	88	89	-1	100	-12	177	184	-4
Depreciation/amortisation	12	12	0	12	0	24	25	-4
Total expenses	210	211	0	212	-1	421	409	3
Profit before impairments	203	191	6	177	15	394	385	2
Operating profit	203	191	6	177	15	394	385	2
Tax expense	53	47	13	38	39	100	88	14
Profit for the period	150	144	4	139	8	294	297	-1
Profit for the period attributable to the shareholders of Swedbank AB	150	144	4	139	8	294	297	-1
Return on allocated equity, %	31.3	26.9		25.5		29.2	27.4	
Cost/income ratio	0.51	0.52		0.54		0.52	0.52	
Full-time employees	306	311	-2	289	6	306	289	6
Fund assets under management, SEKbn	475	477	0	453	5	475	453	5
Discretionary assets under management, SEKbn	263	255	3	231	14	263	231	14
Total assets under management, SEKbn	738	732	1	684	8	738	684	8

Development January - June

Global political unrest caused volatility in the financial markets during the first half year, which also affected fund flows. As indicated by new fund contributions during the period, investors are seeking safer alternatives. Active investors fled equity funds, mainly in emerging markets, in favour of mixed and money market funds. Net contributions to the Swedish fund market amounted to SEK 12.6bn (42.8) during the period.

The total gross inflow to Swedbank Robur's funds was SEK 51.6bn, while the net flow was SEK -4.5bn.

The net flow from institutional management was positive during the period at SEK 5.5bn, mainly due to positive flows due to a large mandate. As part of a joint procurement by seven municipalities in the province of Skåne, Swedbank Robur received a prestigious assignment during the period to continue to manage Swedish equities as well as a new mandate for Swedish fixed income instruments.

Profit for the period amounted to SEK 294m, a decrease of 1 per cent compared with the first half of 2010.

Commission income rose slightly compared with the first half of last year due to a larger base of assets under management, mainly because of favourable market conditions in 2010. Compared with the first quarter commission income was unchanged. Income from

discretionary management excluding Swedbank Robur's funds amounted to SEK 59m during the period, an increase of 78 percent. Five per cent of operating income is attributable to the three Baltic countries. Total assets under management at the end of the period amounted to SEK 738bn, against SEK 736bn at the beginning of the year.

Expenses increased by 3 per cent compared with the first half of 2010 due to increased IT investments and provisions for profit based remuneration. No provision was allocated in the first half of 2010. Compared with the previous quarter expenses were largely unchanged.

During the period three Private Banking portfolios with different risk profiles were launched: Safe, Core and Edge.

According to MoneyMate's fund rating, Swedbank Robur has the most (60) four or five star funds. This means it comes top, way ahead of the second company with 39 funds. Swedbank Robur's work in the area of sustainable investments has been recognised by CFA Sweden (Chartered Financial Analyst society), which awarded Anna Nilsson, head of sustainability analysis at Swedbank Robur, a share of first prize given to the person/organisation that has done the most to raise awareness of Environmental, Social and Governance (ESG) issues.

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

Russia & Ukraine

- Net recoveries of SEK 659m
- Improving cost-income ratio

Income statement

SEKm	Q2 2011	Q1 2011	%	Q2 2010	%	Jan-Jun 2011	Jan-Jun 2010	%
Net interest income	128	188	-32	122	5	316	333	-5
Net commissions	15	15	0	28	-46	30	42	-29
Net gains and losses on financial items at fair value	12	9	33	23	-48	21	50	-58
Other income	9	7	29	8	13	16	13	23
Total income	164	219	-25	181	-9	383	438	-13
Staff costs	70	79	-11	104	-33	149	216	-31
Variable staff costs								
Other expenses	72	77	-6	108	-33	149	210	-29
Depreciation/amortisation	13	16	-19	16	-19	29	32	-9
Total expenses	155	172	-10	228	-32	327	458	-29
Profit before impairments	9	47	-81	-47		56	-20	
Impairment of intangible assets							14	
Impairment of tangible assets	3	-2		10	-70	1	15	-93
Credit impairments	-169	-490	-66	-139	22	-659	-180	
Operating profit	175	539	-68	82		714	131	
Tax expense	-2	1		-28	-93	-1	-8	-88
Profit for the period	177	538	-67	110	61	715	139	
Profit for the period attributable to the shareholders of Swedbank AB	177	538	-67	110	61	715	139	
Return on allocated equity, %	22.7	74.1		10.1		46.5	6.3	
Credit impairment ratio, %	-5.36	-12.96		-2.91		-8.72	-1.82	
Total provision ratio for impaired loans, %	64	63		66		64	66	
Share of impaired loans, gross, %	47.24	46.20		44.98		47.24	44.98	
Cost/income ratio	0.95	0.79		1.26		0.85	1.05	
Full-time employees	1 662	1 787	-7	2 085	-20	1 662	2 085	-20

Development January - June

The Russian and Ukrainian economies performed strongly at the beginning of 2011. GDP grew by 5.0 per cent in Ukraine and by 3.9 per cent in Russia during the first five months compared with the same period in 2010. The labour markets improved in both countries, albeit at a modest pace. In Ukraine, the unemployment rate fell to 9.5 per cent in the first quarter 2011 from 9.8 per cent last year. Unemployment in Russia fell by 0.6 percentage points to 7.2 per cent since January.

Profit for the period amounted to SEK 715m, compared with a profit of SEK 139m for the same period in 2010. The improvement was primarily due to credit quality stabilisation and cost cutting in both Ukraine and Russia.

Net interest income dropped by 5 per cent compared to the same period a year ago. The positive impact on net interest income from the restructuring of impaired loans was offset by rapid amortisation of the performing portfolio, which has not been replaced with new lending in either country.

Net commission income stayed modest due to slow new business activity.

Total expenses decreased by SEK 131m year-on-year as a result of the ongoing focus on costs in both countries. The number of full-time employees was reduced from 1 554 at the end of last year to 1 410 in Ukraine and from 284 to 245 in Russia. The cost/income ratio was 0.85 (1.05).

Since the beginning of the year the loan portfolio in local currency decreased by 14 per cent in Ukraine and by 19 per cent in Russia, as new lending remained modest and did not offset amortisations in the lending portfolio. Credit quality was stable during the period. The volume of impaired loans decreased by 38 per cent from the first half of 2010. Net recoveries of SEK 659m were due to successful restructurings, primarily in Ukraine. The provision ratio for impaired loans was 64 per cent (66).

*The **Russia & Ukraine** business area comprises the banking operations of Swedbank Group in Russia and Ukraine.*

Ektornet

- The value of total repossessed properties amounted to SEK 4 177m
- Large volume of property repossessions in Latvia and the US
- Successful sale of US property for SEK 196m with a capital gain of SEK 82m

Income statement

SEKm	Q2 2011	Q1 2011	%	Q2 2010	%	Jan-Jun 2011	Jan-Jun 2010	%
Net interest income	-13	-13	0	-2		-26	-7	
Net gains and losses on financial items at fair value	24	62	-61			86	4	
Other income	154	59		28		213	42	
Total income	165	108	53	26		273	39	
Staff costs	29	20	45	28	4	49	33	48
Variable staff costs								
Other expenses	46	53	-13	40	15	99	84	18
Depreciation/amortisation	25	23	9	4		48	5	
Total expenses	100	96	4	72	39	196	122	61
Profit before impairments	65	12		-46		77	-83	
Impairment of tangible assets	-7	-1				-8		
Operating profit	72	13		-46		85	-83	
Tax expense	37	21	76	-6		58	-6	
Profit for the period	35	-8		-40		27	-77	
Profit for the period attributable to the shareholders of Swedbank AB	35	-8		-40		27	-77	
Full-time employees	197	175	13	123	60	197	123	60

Development January - June

During the second quarter properties were acquired for SEK 882m, primarily in Latvia and the US. The market showed improvement, especially in Estonia, where property prices rose, resulting in fewer repossessions by Ektornet. Thanks to Ektornet's close cooperation with local FR&R teams in connection with potential problem loans, on several occasions existing borrowers have paid their principal or new owners have stepped in. This has helped to avoid repossessions by Ektornet or other measures by the bank. As of 30 June Ektornet managed properties with a book value of SEK 4 040m (after currency translation and current depreciation).

Properties taken over excl shares in apartment projects	30 Jun 2011	31 dec 2010
SEKm		
Sweden	271	270
Norway	117	116
Finland	756	765
Estonia	561	469
Latvia	1 373	851
Lithuania	252	206
USA	482	122
Ukraine	228	73
Total	4 040	2 872

Further, Ektornet has shares in a US apartment project with a book value of SEK 137m which are gradually being sold. In total, repossessed assets amount to SEK 4 177m (1 010). Moreover, properties worth an additional SEK 411m have been acquired but not yet taken over, mainly in Latvia and the US. The value of repossessed assets in 2013 is estimated at SEK 5-10bn. The Baltic countries are expected to account for about half of the repossessed properties.

Ektornet is an independent subsidiary of Swedbank AB. Its aim is to manage and develop the Group's repossessed assets in order to minimise losses and if possible recover value in the long term.

In addition to the appraisal made in connection with repossessions, Ektornet makes quarterly appraisals of its properties. Since they are reported at cost less write-downs rather than at fair value, only impairments are recognised.

During the first half year properties were sold for SEK 255m (18) with an aggregate profit before tax of SEK 96m. During the second quarter a US property was successfully sold for SEK 196m with a capital gain of SEK 82m. In the Baltic and Nordic regions, apartments, properties and singular assets were sold for SEK 59m with a reported gain of SEK 14m. In addition, the apartment project in the US generated a gain of SEK 44m during the first half year, of which SEK 26m was during the second quarter. The Nordic and US property holdings currently consist primarily of a few high-value commercial properties with relatively low vacancy rates and in most cases positive yields. The majority of the properties in the Baltic countries are residential apartments or projects which will not generate any income until they are sold, as well as commercial properties with high vacancy rates. These properties are burdened with operating and maintenance costs, due to which earnings and cash flow excluding any sales are expected to be negative in the next few years. It is anticipated that sales will be arranged on a continual basis going forward. At present it is estimated that there are surplus values in the property portfolio.

Peter Buttenschön took over as acting CEO and head of the Ektornet business area during the second quarter.

Group Functions

Income statement

SEKm	Q2 2011	Q1 2011	%	Q2 2010	%	Jan-Jun 2011	Jan-Jun 2010	%
Net interest income	-314	-408	23	-329	-5	-722	-465	55
Net commissions	-14	-23	-39	2		-37	25	
Net gains and losses on financial items at fair value	338	-276		347	-3	62	407	-85
Other income	1 195	1 140	5	1 104	8	2 335	2 202	6
Total income	1 205	433		1 124	7	1 638	2 169	-24
Staff costs	491	506	-3	552	-11	997	1 044	-5
Variable staff costs	15	19	-21	-4		34	-2	
Other expenses	693	655	6	594	17	1 348	1 298	4
Depreciation/amortisation	60	63	-5	71	-15	123	143	-14
Total expenses	1 259	1 243	1	1 213	4	2 502	2 483	1
Profit before impairments	-54	-810	93	-89	-39	-864	-314	
Credit impairments	1			11	-91	1	26	-96
Operating profit	-55	-810	93	-100	-45	-865	-340	
Tax expense		-39		15		-39	-17	
Profit for the period	-55	-771	93	-115	-52	-826	-323	
Profit for the period attributable to the shareholders of Swedbank AB	-55	-771	93	-115	-52	-826	-323	
Full-time employees	2 741	2 704	1	2 703	1	2 741	2 703	1

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

Eliminations

Income statement

SEKm	Q2 2011	Q1 2011	%	Q2 2010	%	Jan-Jun 2011	Jan-Jun 2010	%
Net interest income	8	-12		-6		-4	-4	0
Net commissions	12	11	9	9	33	23	22	5
Net gains and losses on financial items at fair value								
Other income	-1 117	-1 047	-7	-1 014	-10	-2 164	-2 031	-7
Total income	-1 097	-1 048	-5	-1 011	-9	-2 145	-2 013	-7
Staff costs								
Variable staff costs								
Other expenses	-1 097	-1 048	-5	-1 011	-9	-2 145	-2 013	-7
Depreciation/amortisation								
Total expenses	-1 097	-1 048	-5	-1 011	-9	-2 145	-2 013	-7

Financial information - contents

Group	Page
Income statement, condensed	24
Statement of comprehensive income, condensed	24
Balance sheet, condensed	25
Statement of changes in equity, condensed	26
Cash flow statement, condensed	27
Notes	
Note 1 Accounting policies	28
Note 2 Critical accounting estimates	28
Note 3 Changes in the Group structure	29
Note 4 Business segments (business areas)	29
Note 5 Net interest income	31
Note 6 Net commissions	31
Note 7 Net gains and losses on financial items at fair value	32
Note 8 Other expenses	32
Note 9 Credit impairments	33
Note 10 Loans	33
Note 11 Impaired loans etc.	34
Note 12 Assets taken over for protection of claims and cancelled leases	34
Note 13 Credit exposures	34
Note 14 Intangible assets	35
Note 15 Amounts owed to credit institutions	35
Note 16 Deposits from the public	35
Note 17 Debt securities in issue	36
Note 18 Derivatives	36
Note 19 Financial instruments carried at fair value	37
Note 20 Pledged collateral	37
Note 21 Capital adequacy	38
Note 22 Risks and uncertainties	40
Note 23 Related-party transactions	40
Note 24 Swedbank's share	40
Parent company	
Income statement, condensed	42
Statement of comprehensive income, condensed	42
Balance sheet, condensed	43
Statement of changes in equity, condensed	43
Cash flow statement, condensed	44
Capital adequacy	44

More detailed information can be found in Swedbank's fact book, www.swedbank/se/ir, under Financial information and publications.

Income statement, condensed

Group SEKm	Q2 2011	Q1 2011	%	Q2 2010	%	Jan-Jun 2011	Jan-Jun 2010	%
Interest income	13 210	12 101	9	9 188	44	25 311	18 822	34
Interest expenses	-8 470	-7 574	12	-5 389	57	-16 044	-11 000	46
Net interest income (note 5)	4 740	4 527	5	3 799	25	9 267	7 822	18
Commission income	3 173	3 195	-1	3 297	-4	6 368	6 433	-1
Commission expenses	-929	-894	4	-902	3	-1 823	-1 756	4
Net commissions (note 6)	2 244	2 301	-2	2 395	-6	4 545	4 677	-3
Net gains and losses on financial items at fair value (note 7)	511	255		822	-38	766	1 469	-48
Insurance premiums	389	367	6	389	0	756	804	-6
Insurance provisions	-228	-253	-10	-216	6	-481	-511	-6
Net insurance	161	114	41	173	-7	275	293	-6
Share of profit or loss of associates	224	171	31	160	40	395	306	29
Other income	475	1 084	-56	423	12	1 559	872	79
Total income	8 355	8 452	-1	7 772	8	16 807	15 439	9
Staff costs	2 390	2 467	-3	2 423	-1	4 857	4 798	1
Other expenses (note 8)	1 733	1 693	2	1 781	-3	3 426	3 589	-5
Depreciation/amortisation	222	224	-1	219	1	446	427	4
Total expenses	4 345	4 384	-1	4 423	-2	8 729	8 814	-1
Profit before impairments	4 010	4 068	-1	3 349	20	8 078	6 625	22
Impairment of intangible assets (note 14)							14	
Impairment of tangible assets	15	2		128	-88	17	164	-90
Credit impairments (note 9)	-324	-972	-67	963		-1 296	3 173	
Operating profit	4 319	5 038	-14	2 258	91	9 357	3 274	
Tax expense	863	1 182	-27	672	28	2 045	1 141	79
Profit for the period	3 456	3 856	-10	1 586		7 312	2 133	
Profit for the period attributable to the shareholders of Swedbank AB	3 452	3 852	-10	1 567		7 304	2 103	
Non-controlling interests	4	4	0	19	-79	8	30	-73
Earnings per share before dilution, SEK ¹⁾	3.02	2.47		1.36		5.48	1.82	
Earnings per share after dilution, SEK ¹⁾	3.01	2.47		1.36		5.48	1.82	
Equity per share, SEK	82.61	82.39		78.48		82.61	78.48	
Return on equity, %	14.4	16.1		7.0		15.3	4.7	
Credit impairment ratio, %	-0.09	-0.29		0.28		-0.19	0.46	

¹⁾ Earnings used to calculate earnings per share are specified on page 41.
See page 40 for number of shares.

Statement of comprehensive income, condensed

Group SEKm	Q2 2011	Q1 2011	%	Q2 2010	%	Jan-Jun 2011	Jan-Jun 2010	%
Profit for the period reported via income statement	3 456	3 856	-10	1 586		7 312	2 133	
Exchange differences, foreign operations	692	-194		-595		498	-2 228	
Hedging of net investments in foreign operations:								
Gains/losses arising during the period	-479	71		399		-408	1 416	
Cash flow hedges:								
Gains/losses arising during the period	-26	-264	90	337		-290	176	
Reclassification adjustments to income statement, net interest income	88	101	-13	214	-59	189	403	-53
Share of other comprehensive income of associates	25	-3		-7		22	-13	
Income tax relating to components of other comprehensive income	108	24		-250		132	-525	
Other comprehensive income for the period, net of tax	408	-265		98		143	-771	
Total comprehensive income for the period	3 864	3 591	8	1 684		7 455	1 362	
Total comprehensive income attributable to the shareholders of Swedbank AB	3 859	3 587	8	1 667		7 446	1 337	
Non-controlling interests	5	4	25	17	-71	9	25	-64

Balance sheet, condensed

Group SEKm	30 Jun 2011	31 Dec 2010	%	30 Jun 2010	%
Assets					
Cash and balance with central banks	11 954	17 109	-30	19 833	-40
Loans to credit institutions (note 10)	202 527	166 417	22	204 327	-1
Loans to the public (note 10)	1 174 938	1 187 226	-1	1 239 104	-5
Interest-bearing securities	148 436	131 576	13	215 569	-31
Financial assets for which customers bear the investment risk	104 255	100 628	4	85 181	22
Shares and participating interests	2 878	6 181	-53	10 230	-72
Investments in associates	3 019	2 710	11	2 486	21
Derivatives (note 18)	60 371	65 051	-7	89 199	-32
Intangible fixed assets (note 14)	15 980	15 794	1	16 592	-4
Tangible assets	6 739	5 679	19	4 195	61
Current tax assets	1 682	1 156	46	1 307	29
Deferred tax assets	1 023	1 218	-16	1 335	-23
Other assets	15 579	8 611	81	9 438	65
Prepaid expenses and accrued income	8 136	6 325	29	5 792	40
Total assets	1 757 517	1 715 681	2	1 904 588	-8
Liabilities and equity					
Amounts owed to credit institutions (note 15)	130 175	136 766	-5	243 947	-47
Deposits and borrowings from the public (note 16)	528 992	534 237	-1	529 048	0
Debt securities in issue (note 17)	757 203	686 517	10	710 509	7
Financial liabilities for which customers bear the investment risk	104 499	100 988	3	90 892	15
Derivatives (note 18)	60 901	65 935	-8	76 950	-21
Current tax liabilities	572	317	80	947	-40
Deferred tax liabilities	1 857	1 734	7	1 104	68
Short positions, securities	28 342	34 179	-17	90 661	-69
Other liabilities	15 770	13 625	16	19 363	-19
Accrued expenses and prepaid income	8 206	15 074	-46	12 966	-37
Provisions	4 131	4 087	1	4 304	-4
Subordinated liabilities	20 811	27 187	-23	32 630	-36
Equity	96 058	95 035	1	91 267	5
of which non-controlling interests	135	138	-2	260	-48
of which equity attributable to shareholders of Swedbank AB	95 923	94 897	1	91 007	5
Total liabilities and equity	1 757 517	1 715 681	2	1 904 588	-8

Statement of changes in equity, condensed

Group SEKm	Shareholders' equity					Non-controlling interests		Total equity	
	Share capital	Other contri- buted equity*	Exchange differences, subsidiaries and associates	Hedging of net investments in foreign operations	Cash flow hedges	Retained earnings	Total		
Opening balance 1 January 2010	24 351	17 152	2 143	-1 927	-755	48 706	89 670	304	89 974
Dividends								-75	-75
Contribution								6	6
Total comprehensive income for the period			-2 237	1 044	427	2 103	1 337	25	1 362
Closing balance 30 June 2010	24 351	17 152	-94	-883	-328	50 809	91 007	260	91 267
Opening balance 1 January 2010	24 351	17 152	2 143	-1 927	-755	48 706	89 670	304	89 974
Dividends								-75	-75
Share based payments to employees						31	31		31
Associates' disposal of shares in Swedbank AB						50	50		50
Associates' acquisition of shares in Swedbank AB						-50	-50		-50
Contribution								6	6
Changes in ownership interest in subsidiaries						-497	-497	-124	-621
Total comprehensive income for the period			-4 245	1 783	711	7 444	5 693	27	5 720
Closing balance 31 December 2010	24 351	17 152	-2 102	-144	-44	55 684	94 897	138	95 035
Opening balance 1 January 2011	24 351	17 152	-2 102	-144	-44	55 684	94 897	138	95 035
Dividends						-2 995	-2 995	-12	-3 007
New share issue	32							32	32
Reversal of VAT costs incurred on rights issue 2009		35						35	35
Repurchased shares						-3 580	-3 580		-3 580
Share based payments to employees						92	92		92
Associates' acquisition of shares in Swedbank AB						-4	-4		-4
Total comprehensive income for the period			516	-302	-72	7 304	7 446	9	7 455
Closing balance 30 June 2011	24 383	17 187	-1 586	-446	-116	56 501	95 923	135	96 058

In connection to the rights issue in 2009 an assessment was made on the VAT Swedbank AB would have to pay on the transaction costs. This assessment has been changed in the second quarter 2011 based on a new tax case ruling. The VAT provision decreased by SEK 35m. The amount includes increased income tax SEK 12m.

*Other contributed equity consists mainly of share premiums.

Cash flow statement, condensed

Group SEKm	Jan-Jun 2011	Full-year 2010	Jan-Jun 2010
Operating activities			
Operating profit	9 357	9 955	3 275
Adjustments for non-cash items in operating activities	-10 010	4 969	7 119
Taxes paid	-1 651	-3 368	-2 098
Increase/decrease in loans to credit institutions	-35 853	-81 818	-69 046
Increase/decrease in loans to the public	14 304	57 969	36 717
Increase/decrease in holdings of securities for trading	-13 205	20 965	-55 852
Increase/decrease in deposits and borrowings from the public including retail bonds	-6 840	68 270	65 024
Increase/decrease in amounts owed to credit institutions	-7 186	-78 287	-4 391
Increase/decrease in other assets	-3 229	1 726	-15 740
Increase/decrease in other liabilities	-3 821	-14 243	8 229
Cash flow from operating activities	-58 134	-13 862	-26 763
Investing activities			
Business disposals		140	140
Acquisition of other fixed assets and strategic financial assets	-254	-2 411	-284
Disposals of other fixed assets and strategic financial assets	474	3 463	1 502
Cash flow from investing activities	220	1 192	1 358
Financing activities			
Issuance of interest-bearing securities	153 171	261 697	150 398
Redemption of interest-bearing securities	-124 504	-222 899	-84 791
Change in other borrowings	30 532	-44 447	-55 059
Dividends	-3 007		-75
Change in ownership interest in subsidiaries		-621	-621
New share issue	32		
Repurchased shares	-3 584		
Cash flow from financing activities	52 640	-6 270	9 852
Cash flow for the period	-5 274	-18 940	-15 553
Cash and cash equivalents at the beginning of the period	17 109	37 879	37 879
Cash flow for the period	-5 274	-18 940	-15 553
Exchange rate differences on cash and cash equivalents	119	-1 830	-2 493
Cash and cash equivalents at end of the period	11 954	17 109	19 833

Note 1 Accounting policies

The interim report has been prepared in accordance with IAS 34, Interim Financial Reporting.

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

The accounting policies applied in the interim report conform to the accounting policies applied in the preparation of the consolidated financial statements and the annual report for 2010 with the exception of the presentation of derivative interest as interest income and interest expenses, respectively.

Previously, derivative interest was presented as interest income or interest expense depending on whether the contract's net interest was an income or an expense. In the new presentation as of the first quarter 2011, interest on all derivatives that economically hedge funding is recognised as an interest expense regardless of whether the contract's net interest is a gain or loss. The aim is to better illustrate the funding's interest expenses after considering the economic hedges. Other derivative interest, trading derivatives and derivatives that financially hedge assets are recognised as interest income.

Comparative figures have been restated - see table. The change affects both interest income and interest expenses, but not net interest income in its entirety.

Note 2 Critical accounting estimates

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

Provisions for impairments

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

In 2011 economic conditions stabilised in the Baltic countries, as well as in Ukraine. The Group's provisions in the Baltic operations decreased from SEK 13 083m to SEK 11 469m. Provisions in the Ukrainian operations decreased from SEK 5 196m to SEK 4 011m. The changes were based on the losses that management

New reporting of interest		
Group	Q2	Jan-Jun
SEKm	2010	2010
Derivatives	-160	-173
Interest income	9 188	18 822
Derivatives	1 610	3 323
Interest expenses	-5 389	-11 000
Net interest income	3 799	7 822

Previous reporting of interest		
Group	Q2	Jan-Jun
SEKm	2010	2010
Derivatives	1 381	3 684
Interest income	10 729	22 679
Derivatives	69	-534
Interest expenses	-6 930	-14 857
Net interest income	3 799	7 822

New or revised IFRS as well IFRIC interpretation statements have not had any significant effect on the financial position, income or information pertaining to the Group or parent company.

The operating segments have been changed in 2011 to coincide with the organisational changes implemented in Swedbank's business area organisation. The internal bank and the internal bank operations within the New York branch office were moved from Large Corporates & Institutions to Group Treasury in Group Functions. The Baltic treasury operations were moved from Baltic Banking to Group Treasury.

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

Impairment testing of goodwill

When goodwill is tested for impairment, future cash flows are estimated for the cash-generating unit that the goodwill refers to and has been allocated to. As far as possible, the assumptions that are used, or part of those assumptions, are based on outside sources. Nevertheless, the calculation largely depends on management's own assumptions. The assumptions are made based on indefinite ownership of the asset. The Group's goodwill amounted to SEK 13 933m as of 30 June, of which SEK 11 054m relates to the investment in the Baltic operations. By end 2001, 60 per cent of the Baltic operations had been acquired. In 2005 the remaining 40 per cent was acquired. SEK 9 947m of the goodwill arose in connection with the acquisition of the remaining non-controlling interest, which at the time corresponded to 40 per cent of the operations' total value. The most recent test was conducted as of year-end 2010 and did not necessitate any impairment.

There have been no indications in 2011 that signified the need for new impairment testing.

Note 3 Changes in the Group structure

Internal structural changes

The jointly owned franchise company Net Trade Swedbank AB (the name of which is being changed to Swedbank Franchise AB) acquired

Swedbank Fastighetsbyrå AB, Swedbank Juristbyrå AB and Swedbank Företagsförmedling AB from Swedbank on 31 May 2011.

Note 4 Business segments (business areas)

Jan-Jun 2011 SEKm	Large Corporates & Baltic Banking						Group		Group
	Retail	Institutions	Banking	Asset Management	Russia & Ukraine	Ektornet	Functions	Eliminations	
Income statement									
Net interest income	5 951	1 734	2 014	4	316	-26	-722	-4	9 267
Net commissions	2 124	917	682	806	30		-37	23	4 545
Net gains and losses on financial items at fair value	92	394	116	-5	21	86	62		766
Share of profit or loss of associates	393	2							395
Other income	428	768	228	10	16	213	2 335	-2 164	1 834
Total income	8 988	3 815	3 040	815	383	273	1 638	-2 145	16 807
Staff costs	2 001	680	513	193	149	49	997		4 582
Variable staff costs	58	133	23	27			34		275
Other expenses	2 239	855	704	177	149	99	1 348	-2 145	3 426
Depreciation/amortisation	132	19	71	24	29	48	123		446
Total expenses	4 430	1 687	1 311	421	327	196	2 502	-2 145	8 729
Profit before impairments	4 558	2 128	1 729	394	56	77	-864		8 078
Impairment of tangible assets			24		1	-8			17
Credit impairments	10	-124	-524		-659		1		-1 296
Operating profit	4 548	2 252	2 229	394	714	85	-865		9 357
Tax expense	1 097	587	243	100	-1	58	-39		2 045
Profit for the period	3 451	1 665	1 986	294	715	27	-826		7 312
Profit for the period attributable to the shareholders of Swedbank AB	3 443	1 665	1 986	294	715	27	-826		7 304
Non-controlling interests	8								8
Balance sheet, SEKbn									
Cash and balances with central banks	2	1	2		1		6		12
Loans to credit institutions	31	328		2	3	1	321	-483	203
Loans to the public	881	154	125		10		10	-5	1 175
Bonds and other interest-bearing securities		70	2				89	-13	148
Financial assets for which customers bear inv. risk	102		2						104
Derivatives		68					17	-25	60
Other assets	13	11	15	2	3	5	662	-655	56
Total assets	1 029	632	146	4	17	6	1 105	-1 181	1 758
Amounts owed to credit institutions	75	261			9	4	268	-487	130
Deposits and borrowings from the public	347	68	95		2		24	-7	529
Debt securities in issue		19	1				758	-21	757
Financial liabilities for which customers bear inv. risk	102		2						104
Derivatives		66					20	-25	61
Other liabilities	471	195	18	2	1		13	-640	60
Subordinated liabilities	9	7	5		1			-1	21
Total liabilities	1 004	616	121	2	13	4	1 083	-1 181	1 662
Allocated equity	25	16	25	2	4	2	22		96
Total liabilities and equity	1 029	632	146	4	17	6	1 105	-1 181	1 758
Key figures									
Return on allocated equity, %	29.9	20.7	13.6	29.2	46.5	3.3	-8.0		15.3
Loan/deposit ratio, %	254	219	133		484				221
Credit impairment ratio, %	0.00	-0.08	-0.80		-8.72				-0.19
Total provision ratio for impaired loans, %	92	125	55		64				60
Share of impaired loans, gross, %	0.17	0.17	15.34		47.24				2.20
Cost/income ratio	0.49	0.44	0.43	0.52	0.85	0.72	1.53		0.52
Impaired loans, gross, SEKbn	1.6	0.4	21.0		7.7				30.7
Risk-weighted assets, SEKbn	219	147	108	3	16	5	11		509
Full-time employees	5 494	1 189	5 419	306	1 662	197	2 741		17 008

Jan-Jun 2010 SEKm	Large Corporates & Banking						Group		
	Retail	Institutions	Baltic Banking	Asset Management	Russia & Ukraine	Ektornet	Functions	Eliminations	Group
Income statement									
Net interest income	4 849	1 442	1 684	-10	333	-7	-465	-4	7 822
Net commissions	2 141	899	764	784	42		25	22	4 677
Net gains and losses on financial items at fair value	74	748	174	12	50	4	407		1 469
Share of profit or loss of associates	305		1						306
Other income	504	56	371	8	13	42	2 202	-2 031	1 165
Total income	7 873	3 145	2 994	794	438	39	2 169	-2 013	15 439
Staff costs	1 968	579	539	199	216	33	1 044		4 578
Variable staff costs	49	185	-13	1			-2		220
Other expenses	2 216	815	795	184	210	84	1 298	-2 013	3 589
Depreciation/amortisation	114	21	87	25	32	5	143		427
Total expenses	4 347	1 600	1 408	409	458	122	2 483	-2 013	8 814
Profit before impairments	3 526	1 545	1 586	385	-20	-83	-314		6 625
Impairment of intangible assets					14				14
Impairment of tangible assets			149		15				164
Credit impairments	139	-11	3 199		-180		26		3 173
Operating profit	3 387	1 556	-1 762	385	131	-83	-340		3 274
Tax expense	949	359	-224	88	-8	-6	-17		1 141
Profit for the period	2 438	1 197	-1 538	297	139	-77	-323		2 133
Profit for the period attributable to the shareholders of Swedbank AB	2 435	1 170	-1 538	297	139	-77	-323		2 103
Non-controlling interests	3	27							30
Balance sheet, SEKbn									
Cash and balances with central banks	3	1	14		2				20
Loans to credit institutions	27	605	12	2	3	1	357	-803	204
Loans to the public	859	218	146		17		12	-13	1 239
Bonds and other interest-bearing securities		199	14				22	-19	216
Financial assets for which customers bear inv. risk	83		2						85
Derivatives		96					25	-32	89
Other assets	17	9	22	2	5	1	699	-703	52
Total assets	989	1 128	210	4	27	2	1 115	-1 570	1 905
Amounts owed to credit institutions	77	493	66		13	1	354	-760	244
Deposits and borrowings from the public	325	85	96		7		20	-4	529
Debt securities in issue		72	1				701	-63	711
Financial liabilities for which customers bear inv. risk	89		2						91
Derivatives		91					18	-32	77
Other liabilities	464	359		2			9	-705	129
Subordinated liabilities	12	11	8		3		5	-6	33
Total liabilities	967	1 111	173	2	23	1	1 107	-1 570	1 814
Allocated equity	22	17	37	2	4	1	8		91
Total liabilities and equity	989	1 128	210	4	27	2	1 115	-1 570	1 905
Key figures									
Return on allocated equity, %	22.0	13.8	-8.1	27.4	6.3	-24.7	-11.9		4.7
Loan/deposit ratio, %	266	173	151		255				229
Credit impairment ratio, %	0.03	-0.01	3.90		-1.83				0.46
Total provision ratio for impaired loans, %	84	112	59		66				64
Share of impaired loans, gross, %	0.23	0.25	16.81		44.98				2.90
Cost/income ratio	0.55	0.51	0.47	0.52	1.05	3.13	1.14		0.57
Impaired loans, gross, SEKbn	2.0	1.0	27.3		12.4				42.7
Risk-weighted assets, SEKbn	229	167	152	3	23	2	3		579
Full-time employees	5 573	1 166	5 590	289	2 085	123	2 703		17 529

Business area accounting policies

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

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

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

As of the second quarter 2011, operating segment balance sheets are presented in more detail. Each operating segment's balance sheet now also contains transactions with other business segments. Comparison figures for 2010 have been recalculated as per the new presentation method.

Note 5 Net interest income

Group SEKm	Q2 2011	Q1 2011	%	Q2 2010	%	Jan-Jun 2011	Jan-Jun 2010	%
Interest income								
Loans to credit institutions	489	347	41	221		836	409	
Loans to the public	11 713	10 828	8	8 778	33	22 541	17 831	26
Interest-bearing securities	1 015	619	64	315		1 634	663	
Derivatives ¹	-53	245		-160	-67	192	-173	
Other	46	62	-26	34	35	108	92	17
Total interest income	13 210	12 101	9	9 188	44	25 311	18 822	34
Interest expenses								
Amounts owed to credit institutions	-360	-270	33	-375	-4	-630	-664	-5
Deposits and borrowings from the public	-1 853	-1 482	25	-934	98	-3 335	-2 044	63
of which deposit guarantee fees	-140	-108	30	-101	39	-248	-206	20
Debt securities in issue	-5 778	-5 206	11	-5 286	9	-10 984	-10 730	2
of which commissions for funding with government guarantee	-293	-345	-15	-400	-27	-638	-837	-24
Subordinated liabilities	-292	-317	-8	-330	-12	-609	-735	-17
Derivatives	-168	-29		1 610		-197	3 323	
Other	-19	-270	-93	-74	-74	-289	-150	93
of which government stabilisation fund fee	-132	-121	9	-58		-253	-115	
Total interest expenses	-8 470	-7 574	12	-5 389	57	-16 044	-11 000	46
Net interest income	4 740	4 527	5	3 799	25	9 267	7 822	18
Net interest margin	1.09	1.06		0.83		1.07	0.87	

¹ See note 1, Accounting policies, for more information.

Note 6 Net commissions

Group SEKm	Q2 2011	Q1 2011	%	Q2 2010	%	Jan-Jun 2011	Jan-Jun 2010	%
Commission income								
Payment processing	1 371	1 268	8	1 377	0	2 639	2 689	-2
Asset management	1 020	1 032	-1	1 020	0	2 052	2 023	1
Life insurance	134	131	2	120	12	265	234	13
Brokerage	117	152	-23	161	-27	269	330	-18
Other securities	24	37	-35	61	-61	61	99	-38
Corporate finance	77	49	57	111	-31	126	172	-27
Lending	105	214	-51	153	-31	319	287	11
Guarantees	49	54	-9	52	-6	103	117	-12
Deposits	16	20	-20	17	-6	36	42	-14
Real estate brokerage	48	35	37	47	2	83	80	4
Non-life insurance	6	7	-14	9	-33	13	26	-50
Other commission income	206	196	5	169	22	402	334	20
Total commission income	3 173	3 195	-1	3 297	-4	6 368	6 433	-1
Commission expenses								
Payment processing	-546	-543	1	-547	0	-1 089	-1 080	1
Asset management	-32	-27	19	-29	10	-59	-48	23
Life insurance	-56	-56	0	-66	-15	-112	-114	-2
Brokerage	-5			-2		-5	-4	25
Other securities	-47	-49	-4	-63	-25	-96	-123	-22
Lending and guarantees	-18	-16	13	-5		-34	-35	-3
Other commission expenses	-225	-203	11	-190	18	-428	-352	22
Total commission expenses	-929	-894	4	-902	3	-1 823	-1 756	4
Total net commissions	2 244	2 301	-2	2 395	-6	4 545	4 677	-3

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

Group SEKm	Q2 2011	Q1 2011	%	Q2 2010	%	Jan-Jun 2011	Jan-Jun 2010	%
Valuation category, fair value through profit or loss								
Shares and related derivatives	147	94	56	337	-56	241	747	-68
of which dividend	119	16		148	-20	135	188	-28
Interest-bearing instruments and related derivatives	4 262	-327		-2 302		3 935	-7 926	
Loans	1 320	-1 861		-288		-541	-607	-11
Financial liabilities	-5 500	1 933		2 610		-3 567	8 231	
Other financial instruments	3	12	-75	-1		15	-16	
Total fair value through profit or loss	232	-149		356	-35	83	429	-81
Hedge accounting								
Inefficiency in hedge accounting at fair value	69	27		78	-12	96	232	-59
of which hedging instruments	3 782	-5 170		2 036	86	-1 388	3 900	
of which hedged items	-3 713	5 197		-1 958	90	1 484	-3 668	
Total hedge accounting	69	27		78	-12	96	232	-59
Loan receivables at amortised cost	-9	9		30			59	
Financial liabilities valued at amortised cost	-13	-26	-50			-39		
Change in exchange rates	232	394	-41	358	-35	626	749	-16
Total net gains and losses on financial items at fair value	511	255		822	-38	766	1 469	-48
Distribution by business purpose								
Financial instruments for trading related business	247	495	-50	703	-65	742	1 143	-35
Financial instruments intended to be held to contractual maturity	264	-240		119		24	326	-93
Total	511	255		822	-38	766	1 469	-48

Note 8 Other expenses

Group SEKm	Q2 2011	Q1 2011	%	Q2 2010	%	Jan-Jun 2011	Jan-Jun 2010	%
Premises and rents	335	339	-1	347	-3	674	708	-5
IT expenses	402	399	1	410	-2	801	806	-1
Telecommunications and postage	52	76	-32	63	-17	128	138	-7
Advertising, PR and marketing	106	72	47	88	20	178	161	11
Consultants	166	151	10	232	-28	317	464	-32
Other purchased services	204	183	11	204	0	387	382	1
Security transport and alarm systems	113	108	5	73	55	221	181	22
Supplies	47	55	-15	51	-8	102	117	-13
Travel	64	59	8	60	7	123	110	12
Entertainment	23	21	10	20	15	44	43	2
Repair/maintenance of inventories	57	47	21	44	30	104	95	9
Other expenses	164	183	-10	189	-13	347	384	-10
Total other expenses	1 733	1 693	2	1 781	-3	3 426	3 589	-5

Note 9 Credit impairments

Group SEKm	Q2 2011	Q1 2011	%	Q2 2010	%	Jan-Jun 2011	Jan-Jun 2010	%
Provision for loans individually assessed as impaired								
Provisions	383	476	-20	1 158	-67	859	2 458	-65
Reversal of previous provisions	-830	-924	-10	-289		-1 754	-827	
Provision for homogenous groups of impaired loans, net	184	-115		451	-59	69	1 815	-96
Total	-263	-563	-53	1 320		-826	3 446	
Portfolio provisions for loans individually assessed as not impaired	-36	-607	-94	-581	-94	-643	-932	-31
Write-offs								
Established losses	1 102	831	33	642	72	1 933	1 449	33
Utilisation of previous provisions	-846	-554	53	-345		-1 400	-603	
Recoveries	-137	-65		-180	-24	-202	-300	-33
Total	119	212	-44	117	2	331	546	-39
Credit impairments for contingent liabilities and other credit risk exposures	-144	-14		107		-158	113	
Credit impairments	-324	-972	-67	963		-1 296	3 173	
Credit impairment ratio, %	-0.09	-0.29		0.28		-0.19	0.46	

Note 10 Loans

Group SEKm	30 Jun 2011			31 Dec 2010	30 Jun 2010		
	Loans before provisions	Provisions	Loans after provisions Carrying amount	Loans after provisions Carrying amount	%	Loans after provisions Carrying amount	%
Loans to credit institutions							
Banks	144 117	76	144 041	126 034	14	142 359	1
Repurchase agreements, banks	39 748		39 748	27 233	46	60 710	-35
Other credit institutions	555		555	386	44		
Repurchase agreements, other credit institutions	18 183		18 183	12 764	42	1 258	
Loans to credit institutions	202 603	76	202 527	166 417	22	204 327	-1
Loans to the public							
Private customers	665 058	4 156	660 902	656 351	1	648 959	2
Private, mortgage	624 764	2 973	621 791	616 440	1	605 790	3
Private, other	40 294	1 183	39 111	39 911	-2	43 169	-9
Corporate customers	500 061	14 156	485 905	489 645	-1	510 336	-5
Agriculture, forestry, fishing	61 262	413	60 849	59 091	3	58 184	5
Manufacturing	32 460	2 663	29 797	29 329	2	32 457	-8
Public sector and utilities	14 555	77	14 478	16 171	-10	14 975	-3
Construction	13 922	1 277	12 645	12 749	-1	13 513	-6
Retail	25 835	1 838	23 997	22 990	4	24 859	-3
Transportation	12 168	349	11 819	13 061	-10	14 488	-18
Shipping	16 993	300	16 693	15 605	7	16 268	3
Hotels and restaurants	7 082	366	6 716	6 910	-3	7 299	-8
Information and communications	2 341	53	2 288	2 216	3	1 439	59
Finance and insurance	16 489	97	16 392	10 694	53	17 182	-5
Property management	144 374	5 045	139 329	148 196	-6	155 926	-11
Housing cooperatives	72 077	98	71 979	71 829	0	67 436	7
Professional services	32 943	580	32 363	28 012	16	35 123	-8
Other corporate lending	47 560	1 000	46 560	52 792	-12	51 187	-9
Loans to the public excluding the Swedish National Debt Office and repurchase agreements	1 165 119	18 312	1 146 807	1 145 996	0	1 159 295	-1
Swedish National Debt Office	1 445		1 445	1		1	
Repurchase agreements, Swedish National Debt Office	7 722		7 722	19 778	-61	23 087	-67
Repurchase agreements, public	18 964		18 964	21 451	-12	56 721	-67
Loans to the public	1 193 250	18 312	1 174 938	1 187 226	-1	1 239 104	-5
Loans to the public and credit institutions	1 395 853	18 388	1 377 465	1 353 643	2	1 443 431	-5

Note 11 Impaired loans etc.

Group SEKm	30 Jun 2011	31 Dec 2010	%	30 Jun 2010	%
Impaired loans, gross	30 669	34 778	-12	42 719	-28
Provisions for individually assessed impaired loans	11 979	14 444	-17	18 092	-34
Provision for homogenous groups of impaired loans	3 973	4 050	-2	4 936	-20
Impaired loans, net	14 717	16 285	-10	19 691	-25
of which private customers	5 709	6 055	-6	6 564	-13
of which corporate customers	9 008	10 230	-12	13 127	-31
Portfolio provisions for loans individually assessed as not impaired	2 436	3 297	-26	4 104	-41
Share of impaired loans, gross, %	2.20	2.53		2.90	
Share of impaired loans, net, %	1.07	1.20		1.36	
Provision ratio for impaired loans, %	52	53		54	
Total provision ratio for impaired loans, % *	60	63		64	
Past due loans that are not impaired	5 018	7 017	-28	6 525	-23
of which past due 5-30 days	3 302	4 131	-20	3 853	-14
of which past due 31-60 days	1 132	2 035	-44	1 826	-38
of which past due 61 days or more	584	851	-31	846	-31

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

Note 12 Assets taken over for protection of claims and cancelled leases

Group SEKm	30 Jun 2011	31 Dec 2010	%	30 Jun 2010	%
Buildings and land	4 332	3 299	31	1 139	
Shares and participating interests	137	184	-26	108	27
Other property taken over	28	30	-8	18	54
Total assets taken over for protection of claims	4 497	3 513	28	1 265	
Cancelled leases	271	333	-18	568	-52
Total assets taken over for protection of claims and cancelled leases	4 769	3 846	24	1 833	
of which buildings and land acquired by Ektornet	4 040	2 872	41	1 010	

Note 13 Credit exposures

Group SEKm	30 Jun 2011	31 Dec 2010	%	30 Jun 2010	%
Assets					
Cash and balances with central banks	11 954	17 109	-30	19 833	-40
Interest-bearing securities	148 436	131 576	13	215 569	-31
Loans to credit institutions	202 527	166 417	22	204 327	-1
Loans to the public	1 174 938	1 187 226	-1	1 239 104	-5
Derivatives	60 371	65 051	-7	89 199	-32
Other financial assets	21 555	13 687	57	13 853	56
Total assets	1 619 781	1 581 066	2	1 781 885	-9
Contingent liabilities and commitments					
Loan guarantees	22 563	25 321	-11	28 688	-21
Loan commitments	189 699	175 382	8	179 485	6
Total contingent liabilities and commitments	212 262	200 703	6	208 173	2
Total credit exposure	1 832 043	1 781 769	3	1 990 058	-8

Note 14 Intangible assets

Group SEKm	30 Jun 2011	31 Dec 2010	%	30 Jun 2010	%
With indefinite useful life					
Goodwill	13 933	13 733	1	14 416	-3
Total	13 933	13 733	1	14 416	-3
With finite useful life					
Customer base	1 053	1 105	-5	1 183	-11
Other	994	956	4	993	0
Total	2 047	2 061	-1	2 176	-6
Total intangible assets	15 980	15 794	1	16 592	-4

	Jan-Jun 2011	Full-year 2010	Jan-Jun 2010
Goodwill			
Cost			
Opening balance	16 026	17 765	17 765
Translation differences	350	-1 739	-685
Closing balance	16 376	16 026	17 080
Accumulated amortisation and impairments			
Opening balance	-2 293	-2 397	-2 397
Impairments	0	-37	-14
Translation differences	-150	141	-253
Closing balance	-2 443	-2 293	-2 664
Carrying amount	13 933	13 733	14 416

Impairment testing of intangible assets

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

There have been no indications in 2011 that signified the need for new impairment testing.

Note 15 Amounts owed to credit institutions

Group SEKm	30 Jun 2011	31 Dec 2010	%	30 Jun 2010	%
Amounts owed to credit institutions					
Central banks	3 525	116		89 177	-96
Banks	104 171	113 123	-8	88 328	18
Other credit institutions	3 580	3 765	-5	40 251	-91
Repurchase agreements, banks	11 758	14 132	-17	18 767	-37
Repurchase agreements, other credit institutions	7 141	5 630	27	7 424	-4
Amounts owed to credit institutions	130 175	136 766	-5	243 947	-47

Note 16 Deposits from the public

Group SEKm	30 Jun 2011	31 Dec 2010	%	30 Jun 2010	%
Deposits from the public					
Private customers	309 788	302 851	2	293 007	6
Corporate customers	209 569	214 234	-2	212 142	-1
Deposits from the public excluding the Swedish National Debt Office and repurchase agreements	519 357	517 085	0	505 149	3
Swedish National Debt Office	2	7	-71	9	-78
Repurchase agreements, Swedish National Debt Office	2 685	7 764	-65	4 358	-38
Repurchase agreements, public	6 948	9 381	-26	19 532	-64
Deposits and borrowings from the public	528 992	534 237	-1	529 048	0

Note 17 Debt securities in issue

Group SEKm	30 Jun 2011	31 Dec 2010	%	30 Jun 2010	%
Other commercial paper	94 907	64 375	47	61 772	54
Covered bonds	488 046	410 369	19	406 707	20
Government guaranteed bonds	119 832	156 045	-23	175 866	-32
Other interest-bearing bonds	35 298	35 196	0	35 011	1
Structured retail bonds	19 120	20 532	-7	31 153	-39
Total debt securities in issue	757 203	686 517	10	710 509	7

Turnover during the period	Jan-Jun 2011	Full-year 2010		Jan-Jun 2010	
Opening balance	686 517	703 257	-2	703 257	-2
Issued	377 060	549 902	-31	263 263	43
Repurchased	-42 286	-62 569	-32	-39 790	6
Repaid	-265 982	-480 934	-45	-207 802	28
Change in market value	3 789	-7 671		-7 670	
Changes in exchange rates	-1 895	-15 468	-88	-749	
Closing balance	757 203	686 517	10	710 509	7

Note 18 Derivatives

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

Group SEKm	Nominal amount 30 Jun 2011			Nominal amount		Positive fair value		Negative fair value	
	Remaining contractual maturity			30 Jun	31 Dec	30 Jun	31 Dec	30 Jun	31 Dec
	< 1 yr.	1-5 yrs.	> 5 yrs.	2011	2010	2011	2010	2011	2010
Derivatives in hedge accounting	77 605	57 842	4 288	139 734	153 371	2 471	4 986	5	
Derivatives in cash flow hedges	4 420	13 701	22 238	40 359	42 049	3		3 610	3 939
Derivatives in hedges of net investment in foreign operations					915		6		
Other derivatives	8 249 266	3 302 716	565 717	12 117 699	10 577 477	60 161	62 955	59 550	64 892
Netting agreements						-2 264	-2 896	-2 264	-2 896
Total	8 331 291	3 374 259	592 243	12 297 792	10 773 811	60 371	65 051	60 901	65 935
of which cleared				734 525	236 119	2 205	2 979	2 869	3 589

Note 19 Financial instruments carried at fair value

Group 30 Jun 2011 SEKm	Instruments with quoted market prices in active markets (Level 1)	Valuation techniques using observable market data (Level 2)	Valuation techniques using non- observable market data (Level 3)	Total
Determination of fair value from quoted market prices or valuation techniques				
Assets				
Treasury bills and other bills eligible for refinancing with central banks	33 883	1 476		35 359
Loans to credit institutions	179	110 297		110 476
Loans to the public	3	513 517		513 520
Bonds and other interest-bearing securities	82 050	25 488	644	108 182
Financial assets for which the customers bear the investment risk	104 255			104 255
Shares and participating interests	2 215	244		2 459
Derivatives	2 263	58 108		60 371
Total	224 848	709 130	644	934 622
Liabilities				
Amounts owed to credit institutions		18 899		18 899
Deposits and borrowings from the public		38 371		38 371
Debt securities in issue	68 181	127 867		196 048
Financial liabilities for which the customers bear the investment risk		104 499		104 499
Derivatives	2 955	57 941	5	60 901
Short positions securities	28 342			28 342
Total	99 478	347 577	5	447 060

The table above contains financial instruments measured at fair value as of 30 June 2011 by valuation level. Level 1 contains financial instruments where fair value is determined on the basis of quoted market prices on an active market. Level 2 contains financial instruments where fair value is determined on the basis of valuation models based on observable market data. Level 3 contains financial instruments where fair value is determined on the basis of valuation models based primarily on observable market data, but in this case also using internal estimates. Level 3 principally contains corporate bonds. For corporate bonds where there is no observable quoted price for the current credit spread, a reasonable assumption is used, such as a comparison with similar counterparties where there is an observable quoted credit spread price.

Group 31 Dec 2010 SEKm	Instruments with quoted market prices in active markets (Level 1)	Valuation techniques using observable market data (Level 2)	Valuation techniques using non- observable market data (Level 3)	Total
Determination of fair value from quoted market prices or valuation techniques				
Assets				
Treasury bills and other bills eligible for refinancing with central banks	33 658			33 658
Loans to credit institutions	6	40 545		40 551
Loans to the public	24	545 707		545 731
Bonds and other interest-bearing securities	69 126	22 324	691	92 141
Financial assets for which the customers bear the investment risk	100 628			100 628
Shares and participating interests	5 801	323		6 124
Derivatives	2 997	62 054		65 051
Total	212 240	670 953	691	883 884
Liabilities				
Amounts owed to credit institutions		19 763		19 763
Deposits and borrowings from the public		28 374		28 374
Debt securities in issue	72 880	106 381		179 261
Financial liabilities for which the customers bear the investment risk		100 988		100 988
Derivatives	3 615	62 311	9	65 935
Short positions securities	34 162	17		34 179
Total	110 657	317 834	9	428 500

Note 20 Pledged collateral

Group SEKm	30 Jun 2011	31 Dec 2010	%	30 Jun 2010	%
Loan receivables	655 716	640 207	2	620 417	6
Financial assets pledged for policyholders	102 992	99 475	4	84 094	22
Other assets pledged	52 854	52 428	1	81 665	-35
Pledged collateral	811 562	792 110	2	786 176	3

Note 21 Capital adequacy

Swedbank financial companies group SEKm	30 Jun 2011	31 Dec 2010	% or pp	30 Jun 2010	% or pp
Shareholders' equity according to the Group's balance sheet	95 923	94 897	1	91 007	5
Non-controlling interests	135	138	-2	260	-48
Anticipated dividend	-3 652	-2 995	22	-812	
Deconsolidation of insurance companies	-1 579	-1 395	13	-1 128	-40
Associated companies consolidated according to purchase method	1 500	1 332	13	1 255	20
Unrealised value changes in financial liabilities due to changes in own creditworthiness	-2	-10	-80	-49	-96
Cash flow hedges	116	44		167	-31
Goodwill	-13 375	-12 966	3	-13 638	2
Deferred tax assets	-1 016	-1 213	-16	-1 337	-24
Intangible assets	-1 788	-1 794	0	-1 899	6
Net provisions for reported IRB credit exposures	-754	-534	41	-113	
Shares deducted from Tier 1 capital	-45	-34	32	-31	-45
Total core Tier 1 capital	75 463	75 470	0	73 682	2
Tier 1 capital contributions	6 776	6 915	-2	7 489	-10
of which undated Tier 1 instruments that must be converted in a critical situation.	0				
of which Undated Tier 1 instruments without incentives to redeem.	536	535	0	535	0
of which Fixed-term Tier instruments or undated Tier 1 instruments with incentives to redeem.	6 240	6 380	-2	6 954	-10
Total Tier 1 capital	82 239	82 385	0	81 171	1
Undated subordinated loans	1 481	2 458	-40	4 537	-67
Fixed-term subordinated loans	12 846	18 313	-30	20 626	-38
Net provisions for reported IRB credit exposures	-754	-534	41	-113	
Shares deducted from Tier 2 capital	-45	-34	32	-31	-45
Total Tier 2 capital	13 528	20 203	-33	25 019	-46
Deduction of shares in insurance companies	-2 907	-2 901	0	-2 668	-9
Total capital base	92 860	99 687	-7	103 522	-10
Risk-weighted assets	509 326	541 327	-6	579 391	-12
Capital requirement for credit risks, standardised approach	2 549	2 723	-6	3 541	-28
Capital requirement for credit risks, IRB	32 126	33 678	-5	35 548	-10
Capital requirement for settlement risks	2	0		1	100
Capital requirement for market risks	1 711	2 340	-27	2 696	-37
of which risks in the trading book outside VaR	620	638	-3	812	-24
of which currency risks outside VaR	796	1 443	-45	1 550	-49
of which risks where VaR models are applied	295	259	14	334	-12
Capital requirement for operational risks	4 359	4 565	-5	4 565	-5
Capital requirement	40 747	43 306	-6	46 351	-12
Complement during transition period	18 843	16 729	13	15 422	22
Capital requirement including complement	59 590	60 035	-1	61 773	-4
Capital quotient, Basel 2	2.28	2.30	-0.02	2.23	0.05
Core Tier 1 capital ratio, %, Basel 2	14.8	13.9	0.9	12.7	2.1
Tier 1 capital ratio, %, Basel 2	16.1	15.2	0.9	14.0	2.1
Total capital adequacy ratio, %, Basel 2	18.2	18.4	-0.2	17.9	0.4
Capital quotient, transition rules	1.56	1.66	-0.10	1.68	-0.12
Core Tier 1 capital ratio, %, transition rules	10.1	10.1	0.1	9.5	0.6
Tier 1 capital ratio, %, transition rules	11.0	11.0	0.1	10.5	0.5
Total capital adequacy ratio, %, transition rules	12.5	13.3	-0.8	13.4	-0.9

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

As of 30 June 2011 the Swedbank financial companies group included the Swedbank Group, the EnterCard Group, Sparbanken Rekarne AB, Färs och Frosta Sparbank AB, Swedbank Sjuhärads AB, Vimmerby Sparbank AB, Bankernas Depå AB and Bankernas automatbolag AB. The insurance companies are included in the Group but not in financial companies groups under the capital adequacy rules.

Swedbank financial companies group Credit risks, IRB SEKm	Exposure after credit risk protection			Average risk weighting, %		Capital requirement		
	30 Jun	31 Dec	%	30 Jun	31 Dec	30 Jun	31 Dec	%
	2011	2010		2011	2010	2011	2010	
Institutional exposures	133 282	146 519	-9	12	14	1 306	1 630	-20
of which repurchase agreements	3 805	2 228	71	6	9	19	16	19
of which other lending	129 477	144 291	-10	12	14	1 287	1 614	-20
Corporate exposures	399 020	397 770	0	71	75	22 509	23 800	-5
of which repurchase agreements	435	673	-35	17	7	6	4	50
of which other lending	398 585	397 097	0	71	75	22 503	23 796	-5
Retail exposures	852 670	845 823	1	10	10	7 100	7 059	1
of which repurchase agreements	7	15	-53	0	59	0	1	
of which mortgage lending	771 955	762 666	1	7	7	4 446	4 359	2
of which other lending	80 708	83 142	-3	41	41	2 654	2 699	-2
Securitisation	3 259	3 535	-8	12	12	30	33	-9
Exposures without counterparties	16 515	16 080	3	89	90	1 181	1 156	2
Total credit risks, IRB	1 404 746	1 409 727	0	29	30	32 126	33 678	-5

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 Financial Supervisory Authority's interpretation of legislation and regulations has, furthermore, built additional safety margins into the risk classification system. As a result, expected losses calculated in accordance with the new capital adequacy rules exceed Swedbank's best estimate of loss levels and required provisions.

Capital requirements for credit risks according to the standardised approach

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

Capital requirements for credit risks according to IRB

The capital adequacy requirement for the portion of the portfolio calculated according to IRB decreased by 5 per cent since the start of the year. The average risk-weighting for retail exposures was 10 per cent, of which 39 per cent in the Baltic portfolios and 8 per cent for other portfolios. The risk weighting for corporate exposures was 70 per cent, of which 101 per cent in the Baltic portfolios and 65 per cent for other portfolios. For institutional exposures, the average risk-weighting was 20 per cent in the Baltic portfolios and 12 per cent for other portfolios, in total 12 per cent.

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 Financial Supervisory Authority.

The parent company has received such approval and uses its own internal VaR model for general interest rate risks, general and specific share price risks in the trading book, and currency risks throughout its operations.

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

Operational risk

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

Transition rules

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

Note 22 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 Latvia, Lithuania, Russia and Ukraine, a significant share of lending is in foreign currencies 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 other comprehensive income, but in the consolidated income statement. Thirdly, it would become more difficult for domestic customers to pay the interest and principal on their loans in foreign currencies, which would become higher in the local currency. This would eventually lead to higher impairment losses in the subsidiary.

In addition to what is stated in this interim report, detailed descriptions are provided in Swedbank's annual report for 2010 and in the annual disclosure on risk management and capital adequacy according to the Basel 2 rules, available on www.swedbank.com.

Note 23 Related-party transactions

During the period normal business transactions were executed between companies in the Group, including other related companies such as associates. Significant associates are the partly owned savings banks. Färs & Frosta Sparbank AB holds 3 833 000 shares in Swedbank AB. The Group's share of these shares has reduced equity in the consolidated statements by SEK 62m.

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

Note 24 Swedbank's share

	30 Jun 2011	31 Dec 2010	%	30 Jun 2010	%
SWED A					
Share price, SEK	106.30	93.80	13	72.55	47
Number of outstanding ordinary shares	922 018 080	951 723 439	-3	952 016 334	-3
Market capitalisation, SEKm	98 011	89 272	10	69 069	42
SWED PREF					
Share price, SEK	105.80	95.90	10	73.05	45
Number of outstanding preference shares	204 668 968	206 750 738	-1	206 457 843	-1
Market capitalisation, SEKm	21 654	19 827	9	15 082	44
SWED C					
Share price, SEK					
Number of outstanding preference shares	0				
Market capitalisation, SEKm	0	0		0	
Total market capitalisation, SEKm	119 665	109 099	10	84 151	42

Repurchased shares have been taken into consideration when calculating the market capitalisation.

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

The Annual General Meeting approved the Board's recommendation to pay a dividend for the financial year 2010 of SEK 4.80 per preference share, in total SEK 995m, and SEK 2.10 per ordinary share, in total SEK 2 000m. The total amount of SEK 2 995m (0) was reported as a liability as of 31 March 2011 and reduced the Group's retained earnings. The dividend was paid out to the shareholders on 4 April 2011.

Number of outstanding shares	30 Jun 2011	31 Dec 2010	30 Jun 2010
Issued shares			
SWED A	952 325 992	952 323 439	952 316 334
SWED PREF	207 264 185	207 266 738	207 273 843
SWED C	1 500 000		
Repurchased shares			
SWED A	-29 707 912		
SWED PREF	-2 045 317		
SWED C	-1 500 000		
Associates' holding of shares	-1 149 900	-1 116 000	-1 116 000
Number of outstanding shares on the closing day	1 126 687 048	1 158 474 177	1 158 474 177

In February and August of each year, starting in August 2009, holders of preference shares may request to convert their preference shares to ordinary shares. The request must pertain to the shareholder's entire holding. If the shareholder previously has not requested a conversion, all their outstanding preference shares will be converted to ordinary shares in the month immediately after the month in which the Annual General Meeting is held in 2013. Preference shares carry the same voting rights as ordinary shares. During the year 2 553 preference shares have been converted to ordinary shares.

Earnings per share	Q2 2011	Q1 2011	Q2 2010	30 Jun 2011	30 Jun 2010
Average number of outstanding shares					
Average number of outstanding shares before dilution	1 144 082 842	1 158 474 177	1 158 474 177	1 151 238 754	1 158 474 177
Weighted average number of shares for dilutive potential ordinary shares resulting from share-based compensation programme	924 941	20 301		451 489	
Average number of outstanding shares after dilution	1 145 007 783	1 158 494 478	1 158 474 177	1 151 690 244	1 158 474 177
Profit, SEKm					
Profit for the period attributable to shareholders of Swedbank	3 452	3 852	1 567	7 304	2 103
Preference dividends on non-cumulative preference shares declared in respect of the period		995		995	
Earnings for the purpose of calculating earnings per share	3 452	2 857	1 567	6 309	2 103
Earnings per share, SEK					
Earnings per share before dilution	3.02	2.47	1.36	5.48	1.82
Earnings per share after dilution	3.01	2.47	1.36	5.48	1.82

Swedbank AB

Income statement, condensed

Parent company SEKm	Q2 2011	Q1 2011	%	Q2 2010	%	Jan-Jun 2011	Jan-Jun 2010	%
Interest income	6 460	6 137	5	4 128	56	12 597	8 487	48
Interest expenses	-4 000	-3 906	2	-2 481	61	-7 906	-4 985	59
Net interest income	2 460	2 231	10	1 647	49	4 691	3 502	34
Dividends received*	2 388	16		180		2 404	2 772	-13
Commission income	1 402	1 554	-10	1 546	-9	2 956	3 029	-2
Commission expenses	-400	-307	30	-324	23	-707	-648	9
Net commissions	1 002	1 247	-20	1 222	-18	2 249	2 381	-6
Net gains and losses on financial items at fair value	45	1 013	-96	184	-76	1 058	455	
Other income	332	1 007	-67	360	-8	1 339	648	
Total income	6 227	5 514	13	3 593	73	11 741	9 758	20
Staff costs	1 687	1 679	0	1 695	0	3 366	3 366	0
Other expenses	1 171	1 116	5	1 153	2	2 287	2 286	0
Depreciation/amortisation	81	80	1	83	-2	161	166	-3
Total expenses	2 939	2 875	2	2 931	0	5 814	5 818	0
Profit before impairments	3 288	2 639	25	662		5 927	3 940	50
Impairment of financial fixed assets		-223		-255		-223	162	
Credit impairments	-61	-121	-50	-2		-182	-143	27
Operating profit	3 349	2 983	12	919		6 332	3 921	61
Appropriations								
Tax expense	311	896	-65	196	59	1 207	449	
Profit for the period	3 038	2 087	46	723		5 125	3 472	48

* During the quarter the Estonian subsidiary Swedbank AS approved a one-off distribution to the parent company of profits originally attributable to the operations in Latvia and Lithuania, and which were taxed there. Such a distribution is not liable to any further taxation.

Parent company SEKm	Q2 2010	Jan-Jun 2010
Interest income	5 452	11 665
Interest expenses	-3 805	-8 163
Net interest income	1 647	3 502

See note 1, Accounting policies, for more information.

Statement of comprehensive income, condensed

Parent company SEKm	Q2 2011	Q1 2011	%	Q2 2010	%	Jan-Jun 2011	Jan-Jun 2010	%
Profit for the period reported via income statement	3 038	2 087	46	723		5 125	3 472	48
Cash flow hedges:								
Gains/losses arising during the period	-39	35		107		-4	-54	93
Reclassification adjustments to income statement, net interest income	88	101	-13	214	-59	189	403	-53
Group contributions paid				-1			-1	
Income tax relating to components of other comprehensive income	-12	-36	67	-85	86	-48	-92	48
Other comprehensive income for the period, net of tax	37	100	-63	235	-84	137	256	-46
Total comprehensive income for the period	3 075	2 187	41	958		5 262	3 728	41

Balance sheet, condensed

Parent company SEKm	30 Jun 2011	31 Dec 2010	%	30 Jun 2010	%
Assets					
Loans to credit institutions	480 322	478 941	0	535 655	-10
Loans to the public	311 276	324 662	-4	375 022	-17
Interest-bearing securities	146 243	156 196	-6	260 296	-44
Shares and participating interests	52 186	55 307	-6	51 745	1
Derivatives	73 041	80 325	-9	103 956	-30
Other assets	21 143	23 073	-8	17 059	24
Total assets	1 084 211	1 118 504	-3	1 343 733	-19
Liabilities and equity					
Amounts owed to credit institutions	183 423	190 710	-4	325 188	-44
Deposits and borrowings from the public	431 769	437 870	-1	423 375	2
Debt securities in issue	267 397	273 819	-2	296 651	-10
Derivatives	66 812	72 639	-8	90 862	-26
Other liabilities and provisions	48 324	49 241	-2	112 270	-57
Subordinated liabilities	21 076	27 661	-24	32 625	-35
Untaxed reserves	805	805	0	815	-1
Equity	64 605	65 759	-2	61 947	4
Total liabilities and equity	1 084 211	1 118 504	-3	1 343 733	-19
Pledged collateral	61 789	78 346	-21	171 800	-64
Other assets pledged	1 911	2 589	-26	2 247	-15
Contingent liabilities	528 570	457 321	16	451 438	17
Commitments	163 125	147 217	11	149 008	9

Statement of changes in equity, condensed

Parent company SEKm	Share capital	Share premium reserve	Statutory reserve	Cash flow hedges	Retained earnings	Total
Opening balance 1 January 2010	24 351	13 083	6 489	-743	15 038	58 218
Total comprehensive income for the period				21	2 749	2 770
Closing balance 30 June 2010	24 351	13 083	6 489	-722	17 787	60 988
Opening balance 1 January 2010	24 351	13 083	6 489	-743	15 038	58 218
Share based payments to employees					32	32
Total comprehensive income for the period				437	7 072	7 509
Closing balance 31 December 2010	24 351	13 083	6 489	-306	22 142	65 759
Opening balance 1 January 2011	24 351	13 083	6 489	-306	22 142	65 759
Dividend					-2 995	-2 995
New share issue	32					32
Reversal of VAT costs incurred on rights issue 2009		35				35
Repurchased shares					-3 580	-3 580
Share based payments to employees					92	92
Total comprehensive income for the period				137	5 125	5 262
Closing balance 30 June 2011	24 383	13 118	6 489	-169	20 784	64 605

In connection to the rights issue in 2009 an assessment was made on the VAT Swedbank AB would have to pay on the transaction costs. This assessment has been changed in the second quarter 2011 based on a new tax case ruling. The VAT provision decreased by SEK 35m. The amount includes increased income tax SEK 12m.

Cash flow statement, condensed

Parent company SEKm	Jan-Jun 2011	Full-year 2010	Jan-Jun 2010
Cash flow from operating activities	2 712	10 707	-9 000
Cash flow from investing activities	13 021	49 011	41 065
Cash flow from financing activities	-16 773	-74 254	-47 592
Cash flow for the period	-1 040	-14 536	-15 527
Cash and cash equivalents at beginning of period	4 702	19 238	19 238
Cash flow for the period	-1 040	-14 536	-15 527
Cash and cash equivalents at end of period	3 662	4 702	3 711

Capital adequacy

Parent company SEKm	30 Jun 2011	31 Dec 2010	% or pp	30 Jun 2010	% or pp
Core Tier 1 capital	59 803	61 471	-3	59 984	0
Tier 1 capital contribution	6 776	6 915	-2	7 489	-10
Total Tier 1 capital	66 579	68 386	-3	67 473	-1
Tier 2 capital	13 406	19 685	-32	24 174	-45
Settlements, equities, etc.	-2 902	-2 901	0	-2 651	9
Total capital base	77 083	85 170	-9	88 996	-13
Risk-weighted assets	377 207	409 740	-8	428 603	-12
Capital requirement	30 177	32 779	-8	34 288	-12
Capital requirement including complement	30 177	32 779	-8	34 288	-12
Capital quotient*	2.55	2.60	-0.04	2.60	-0.04
Core Tier 1 capital ratio, %*	15.9	15.0	0.9	14.0	1.9
Tier 1 capital ratio, %*	17.7	16.7	1.0	15.7	1.9
Total capital adequacy ratio, %*	20.4	20.8	-0.4	20.8	-0.3

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

Signatures of the Board of Directors and the President

The Board of Directors and the President certify that the interim report for January-June 2011 provides a fair and accurate overview of the operations, financial position and results of the parent company and the Group and describes the significant risks and uncertainties faced by the parent company and the companies in the Group.

Stockholm, 20 July 2011

Lars Idermark
Chair

Anders Sundström
Deputy Chair

Olav Fjell
Board Member

Ulrika Francke
Board Member

Göran Hedman
Board Member

Anders Igel
Board Member

Helle Kruse Nielsen
Board Member

Pia Rudengren
Board Member

Karl-Henrik Sundström
Board Member

Siv Svensson
Board Member

Kristina Janson
Board Member
Employee Representative

Camilla Linder
Deputy Board Member
Employee Representative

Michael Wolf
President

Review report

Introduction

We have reviewed the interim report for Swedbank AB (publ) for the period 1 January to 30 June 2011. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

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

Conclusion

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

Stockholm, 20 July 2011

Deloitte AB

Svante Forsberg
Authorised Public Accountant

Publication of financial information

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

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

Interim report for the third quarter on 25 October 2011

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Information on Swedbank's strategy, values and shares is also available on www.swedbank.com

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