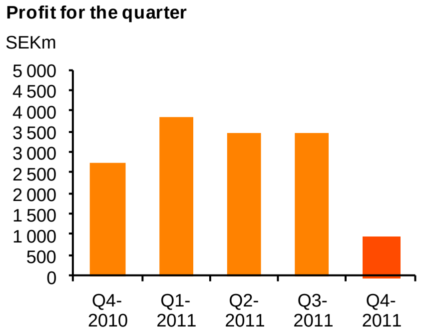
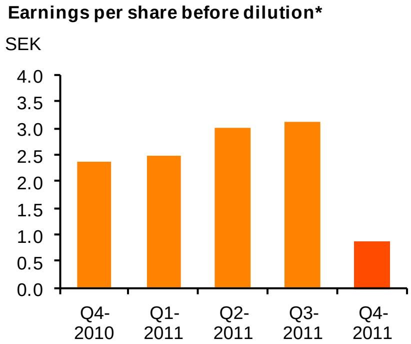
Swedbank

Fourth quarter 2011

Compared with the third quarter 2011

- The result for the quarter amounted to SEK 965m (3 475)
- Earnings per share before dilution amounted to SEK 0.88* (3.12) and earnings per share after dilution amounted to SEK 0.88* (3.11)
- The return on equity was 3.9 per cent (14.4)
- The cost/income ratio was 0.56 (0.53)
- Net interest income was SEK 4 994m (4 857)
- Profit before impairments decreased by 4 per cent to SEK 3 709m (3 859)
- Swedbank reported net recoveries of SEK 174m (441)
- Swedbank's goodwill related to Latvia was written down by SEK 1 913m to SEK 1 955m
- The core Tier 1 capital ratio was 15.7 per cent according to Basel 2 (13.9 per cent on 31 December 2010). The core Tier 1 capital ratio according to Basel 3 was 14.7** per cent.

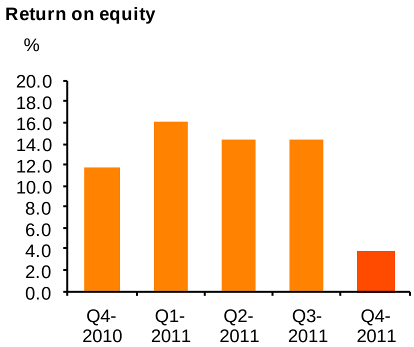


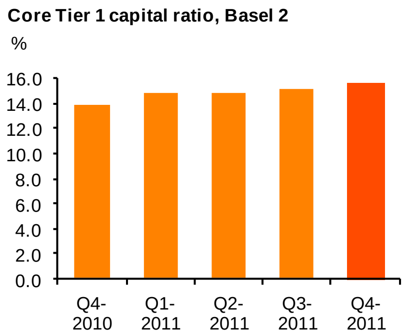


Full-year 2011

Compared with full-year 2010

- The result for the period amounted to SEK 11 744m (7 444)
- Earnings per share before dilution amounted to SEK 9.53* (6.43) and earnings per share after dilution amounted to SEK 9.52* (6.43)
- The return on equity was 12.2 per cent (8.1)
- The cost/income ratio was 0.53 (0.57)
- Net interest income increased by 17 per cent to SEK 19 118m (16 329)
- Profit before impairments increased by 17 per cent to SEK 15 646m (13 402)
- Swedbank reported net recoveries of SEK 1 911m (credit impairments of 2 810)
- Swedbank's goodwill related to Latvia was written down by SEK 1 913m to SEK 1 955m during the fourth quarter.
- The proposed dividend per share is SEK 5.30 for both the common shares and preference shares.





* The calculation of earnings per share is specified on page 43.

** Swedbank's estimate based on current knowledge of future regulation.

CEO Comment

2011 has again been an eventful year. It began with a strong belief in the economic recovery despite uncertainties regarding public finances particularly in a number of European countries. During the summer, the anticipated macroeconomic developments changed dramatically as more and more people questioned Europe's economic sustainability. Once autumn arrived, anticipated growth worldwide as well as in Europe and Sweden was gradually downgraded resulting in expectations of lower interest rates. During the year, there was significant focus on regulatory developments, not least regarding future capital and liquidity requirements. Given this situation, we stopped our buy-back programme. The Swedish authorities detailed their future capital requirements at the end of November. These were somewhat tougher than expected and immediately resulted in having to write down goodwill in Latvian operations, by SEK 1.9bn. New banking rules are welcome and they form a basis for attaining a more stable financial sector in the future. In the short term, higher capital requirements affect all stakeholders in the bank - customers, shareholders and employees. Customers note that the price of money has become more expensive, shareholders see their return on equity decrease compared to before the fiscal crisis and employees note efficiency measures and tougher requirements regarding variable pay.

Swedbank has generally delivered on the outlook we had stated a year ago when we said we would see a gradual improvement in profit before impairments. We posted a profit of SEK 11.7bnfor the year against SEK 7.4bnin 2010. The improvement is mainly the result of recoveries and a stronger net interest income at the same time as costs remained stable. We have increased our core Tier 1 capital ratio by 1.8 percentage points to 15.7 per cent Basel 2) in respect of buybacks and dividends.

OUR PRIORITY AREAS IN 2011

At the beginning of 2011, we presented four areas of priority which at that time were thought to contribute the most to long-term profitability and our desired position in the future: customer in focus, quality and effectiveness, growth in selected segments, and a robust balance sheet with low risk. We have made progress; however, there is still a lot to be done.

Customer in focus

To remain competitive and profitable in the long term, we must diversify our offering and provide competitive services for each customer segment. In Sweden, our service concepts have been well received and more than half a million new customers came on board by the end of 2011. Customers who have selected a service concept on average buy more products, are slightly more profitable for the bank, and have a higher customer satisfaction level than customers who have not yet chosen to subscribe to a concept. In the Baltic countries, the new customer service model has led to greater confidence in the bank, which is expected to enable us to win a larger share of our customers' overall banking business. In 2011 we received several domestic and international awards in the Baltic countries, including as the most respected company in the financial sector in Estonia, Latvia and Lithuania. To meet customer demand for advice, extensive training was conducted during the year. In Baltic Banking, 1 400 advisors, customer service representatives and line managers participated in training programmes to meet these new customer requirements. Extensive training was conducted in Sweden as well.

Quality and effectiveness

Our aim in 2011 was to keep costs (excluding variable staff costs) flat against 2010 figures. Excluding one-off restructuring costs in the third and fourth quarters totalling SEK 430m, costs were reduced by about SEK 200m (SEK 250m excluding variable staff costs). The reduction was mainly due to lower costs in Russia and Ukraine, as well as lower consulting costs particularly in the risk organisation. In order to spread a sound cost culture and increase awareness of what drives the bank's long-term profitability, we are focusing more on Eken, our general remuneration programme, where allocation is in the form of restricted shares. At the same time individually allocated variable pay decreased by over 25 per cent in 2011 despite the 58 per cent improvement in results. Group Business Support was formed on 1 January 2011 to rationalise, standardise and simplify processes in IT, support and product development. Initial steps have been taken; however, there remains much work to be done within GBS. It will take many years of dedicated work to attain our maximum efficiencies.

Growth in selected segments

Swedbank saw generally low lending growth during the year, and we remained restrictive in our mortgage lending in Sweden. We have strengthened our position among midcorps and in private banking in Sweden. Growth has been solid in terms of both customers and volumes, particularly in the fourth quarter. As part of our aim to grow in the premium segment, new staff were recruited and training provided during the year. However, new-customer growth in the service concept did not meet expectation. The measures being taken to ensure that the risk-adjusted margin from larger companies reaches a targeted minimum level continued during the year with good results. In many cases, cooperation with customers has been intensified, however, in some cases customers have chosen to take their business elsewhere.

Robust balance sheet with low risk

The risks in Swedbank's balance sheet were further reduced in 2011 on both the asset and liability sides. We have issued approximately SEK 250bn in long-term bonds, compared with maturities of SEK 180bn. By doing so we extended the average maturity of our capital market funding, increased our liquidity reserves and made ourselves structurally independent of short-term funding. The state guaranteed funding that matured during the year has been largely replaced by covered bonds. Going forward our annual issuing needs will be significantly lower compared with our average bond issues in the last two years. This positive development has been confirmed by the ratings agencies. Moody's upgraded Swedbank's financial strength rating in June and Standard and Poor's raised Swedbank's rating in December. We expect the lower risk level will pay for itself since our relative costs of capital market funding will decrease over time.

OUR PRIORITY AREAS IN 2012

Our priorities for 2012 are quite similar to those of the previous year, with operational effectiveness increasing in importance, not least in the wake of macroeconomic developments and higher capital requirements.

Improve customer satisfaction
We will continue to adjust our offering to different customer groups so that each customer gets the right offering at the right price. At the same time, the number of employees who work with advisory services will be increased and their competence will be enhanced.

Increase decision-making close to our customers
We will clarify and continue to implement our common framework. This framework will facilitate decision-making close to customers as well as providing better means of evaluation. At the same time we need to strengthen local business acumen and increase knowledge on how we create long-term profitability.

Grow with existing customers
Our ambition is to be responsible for a larger part of our customers' banking business - regarding both companies and private individuals. We will continue to review the pricing of our products and services. The aim is risk-based pricing that corresponds to the value provided to customers and covers the bank’s costs of doing business.

Improve quality and cost effectiveness
The current economic conditions and increased capital requirements mean we have to further reduce our costs. Responsibility for this rests with all Swedbank managers and we are actively working to further raise the cost consciousness of everyone in the Group. The revised general remuneration programme, Eken, is being used as support where remuneration requirements will be tougher. At the same time, the permitted amount allocated to Eken will be raised (from 1 to 1.5 months’ salary for employees in Sweden and from 2 to 3 months’ salary in the Baltic countries). The allocation primarily depends on the Group's performance adjusted for risk and capital costs, and is set by the Board of Directors. Eken will function as cultural agent for cost consciousness in the bank, The number of employees with individual variable pay will decrease. In the long term, we will reduce our costs and improve quality by using our economies of scale and by reducing complexity not least through the work of GBS. Reducing operational risks is a priority, done by improving processes and investing in systems.

Capital and liquidity management
To reduce unnecessary tied-up capital, we are continuing to improve knowledge of risk-weighted assets and capital efficiency within the organisation. The organisation will be well-prepared for the effects of the new risk weightings for mortgages. We are also continuing to monitor regulatory developments and adjust our capital, liquidity and funding structures accordingly. By continuing to increase transparency and regularly meeting with our investors, we will ensure that our relative cost of capital market funding further improves.

CAPITAL AND DIVIDEND

Capital target
The Board o Directors has decided to withdraw its capital target as regards the long-term core Tier 1 capital ratio of at least 10 per cent and at least 13 per cent until 2013. The Board of Directos will decide on a new target once the regulatory situation is deemed more stable. Swedbank's executive management currently believes that in the long term we will require a core Tier 1 capital ratio of 13.5 to 14.5 per cent, including our own risk tolerance buffer, because of the proposed Swedish capital requirements. Swedbank's core Tier 1 capital ratio was 15.7 (Basel 2) per cent at year-end. New legal requirements related to Basel 3 and IAS19 that will come into force are currently estimated to negatively affect the future core Tier 1 capital ratio by around 1.4 percentage points. In addition, new risk weights on mortgages in Sweden may have a negative effect at the same time as our internal work with capital efficiency is expected to have a positive impact. We currently already fulfil Basel 3 capital requirements.

Dividend in line with dividend policy
Swedbank's Board has recommended a dividend of SEK 5.30 per common share and preference share respectively for 2011 in line with the bank's dividend policy to distribute 50 per cent of the profit for the year..

OUTLOOK

The current macroeconomic outlook is very uncertain and there is a clear risk of recession in Europe. We are planning a weak scenario and are focusing on cost development. Our aim is to decrease costs in 2012, against 2011, by around SEK 1bn excluding variable staff costs. Net interest income will be positively affected by guaranteed state funding maturing; at the same time lower interest rates may affect net interest income negatively. For the last three years we have been working towards a sound balance between risk and capitalisation, liquidity and funding needs, as well as growth and sustainability. In this way, we can develop our core business in the long term – a sound and sustainable financial situation for the many households and businesses. Today, it is strength for us that we were out early with restructuring. We are thus well placed to meet our customer’s future financial needs.

Michael Wolf
President and CEO

Table of contents

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	Q4 2011	Q3 2011	%	Q4 2010	%	Full-year 2011	Full-year 2010	%
Net interest income	4 994	4 857	3	4 527	10	19 118	16 329	17
Net commissions	2 126	2 292	-7	2 538	-16	8 963	9 525	-6
Net gains and losses on financial items at fair value	559	259		357	57	1 584	2 400	-34
Other income	839	782	7	536	57	3 850	2 790	38
Total income	**8 518**	**8 190**	**4**	**7 958**	**7**	**33 515**	**31 044**	**8**
Staff costs	2 651	2 409	10	2 314	15	9 917	9 392	6
Other expenses	2 158	1 922	12	2 276	-5	7 952	8 250	-4
Total expenses	**4 809**	**4 331**	**11**	**4 590**	**5**	**17 869**	**17 642**	**1**
Profit before impairments	**3 709**	**3 859**	**-4**	**3 368**	**10**	**15 646**	**13 402**	**17**
Impairment of intangible assets	1 960					1 960	37	
Impairment of tangible assets	170	-13		406	-58	174	600	-71
Credit impairments	-174	-441	-61	-483	-64	-1 911	2 810	
Operating profit	**1 753**	**4 313**	**-59**	**3 445**	**-49**	**15 423**	**9 955**	**55**
Tax expense	790	834	-5	693	14	3 669	2 472	48
Profit for the period from continuing operations	**963**	**3 479**	**-72**	**2 752**	**-65**	**11 754**	**7 483**	**57**
Profit for the period from discontinued operations, after tax	4					4		
Profit for the period	967	3 479	-72	2 752	-65	11 758	7 483	57
Profit for the period attributable to the shareholders of Swedbank AB	**965**	**3 475**	**-72**	**2 750**	-65	**11 744**	**7 444**	**58**

Key ratios and data per share	Q4 2011	Q3 2011	Q4 2010	Full-year 2011	Full-year 2010
Return on equity, %	3.9	14.4	11.7	12.2	8.1
Earnings per share before dilution, SEK [1)]	0.88	3.12	2.37	9.53	6.43
Earnings per share after dilution, SEK [1)]	0.88	3.11	2.37	9.52	6.43
Cost/income ratio	0.56	0.53	0.58	0.53	0.57
Equity per share, SEK [1)]	84.40	83.72	81.84	84.40	81.84
Capital quotient, Basel 2	2.37	2.33	2.30	2.37	2.30
Core Tier 1 capital ratio, %, Basel 2	15.7	15.1	13.9	15.7	13.9
Tier 1 capital ratio, %, Basel 2	17.2	16.6	15.2	17.2	15.2
Capital adequacy ratio, %, Basel 2	18.9	18.7	18.4	18.9	18.4
Capital quotient, transition rules	1.54	1.52	1.66	1.54	1.66
Core Tier 1 capital ratio, %, transition rules	10.2	9.9	10.1	10.2	10.1
Tier 1 capital ratio, %, transition rules	11.2	10.9	11.0	11.2	11.0
Capital adequacy ratio, %, transition rules	12.3	12.2	13.3	12.3	13.3
Credit impairment ratio, %	-0.05	-0.13	-0.14	-0.14	0.20
Share of impaired loans, gross, %	1.87	2.05	2.53	1.87	2.53
Total provision ratio for impaired loans, %	62	60	63	62	63

[1)] The number of shares and the calculation of earnings per share are specified on page 43.

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

Balance sheet data SEKbn	31 Dec 2011	31 Dec 2010	%
Loans to the public	1 211	1 187	2
Deposits and borrowings from the public	562	534	5
Shareholders' equity	98	95	3
Total assets	1 857	1 716	8
Risk weighted assets, Basel 2	492	541	-9
Risk weighted assets, transition rules	757	750	1
Risk weighted assets, Basel 1	969	955	2

Overview

Market

The Swedish economy continued to report a high growth rate in the third quarter of 2011 despite a slowing global economy. GDP rose at a year on year, calendar-adjusted rate of 4.6 per cent driven by increased exports and investments. During the fourth quarter it became increasingly clear that the Swedish economy had weakened at the same time that consumer and business expectations had declined. The recovery in the Baltic countries continued as a result of stronger domestic demand at the same time that exports still maintained a high growth rate. Unemployment continued to fall, which contributed to higher consumer spending. Estonia had the fastest growth during the third quarter, with GDP climbing by 8.5 per cent year on year. In Lithuania and Latvia, GDP rose by 6.7 and 6.6 per cent, respectively, during the same period. Growth slowed at the end of 2011 particularly in the export-oriented industrial sector, at the same time that households and businesses became less optimistic.

Due to the weaker global economy and dampened growth prospects for the Swedish economy, the Riksbank cut the repo rate by 25bp to 1.75 per cent in December. Additional rate cuts are expected in 2012, when GDP growth in the Swedish economy is expected to slow and inflation pressures to ease. The Swedish krona strengthened against the euro during the fourth quarter, while weakening against the dollar.

The Stockholm stock exchange (OMXSPI) fell by 17 per cent during the year. The Tallinn stock exchange (OMXT) and the Vilnius stock exchange (OMXV) fell by 24 per cent and 27 per cent, respectively, while the Riga stock exchange (OMXR) lost 6 per cent.

Important events during the quarter

Swedbank's goodwill related to Latvia was written down by SEK 1 913m to SEK 1 955m.

As a result of slower global economic activity, Swedbank has increased its focus on efficiency. Swedbank booked an expense of SEK 330m during the fourth quarter related to staff restructurings in 2012 in Sweden and the Baltic countries.

The Board of Directors has resolved to withdraw the previous capital targets and await further details on the new capital requirements before a new target figure is announced; see also page 12.

The Board of Directors recommends a dividend of SEK 5.30 (2.10) per common share and SEK 5.30 (4.80) per preference share for the financial year 2011.

In December 2011, false rumours appeared in the social media that Swedish banks in Latvia were unstable. This led to increased cash withdrawals from ATMs and from branches. The situation was managed by longer opening times, continuously filling up the ATMs and by communication via Swedbank's own channels as well as via the news media. The situation returned to normal within two days.

The rating agency Standard & Poor's (S&P) raised Swedbank's credit rating from A till A+ with a stable outlook; see also page 13.

The Swedish government, the Swedish Financial Supervisory Authority and Riksbank clarified the new minimum capital levels for major Swedish banks. As of 1 January 2013 the minimum core Tier 1 capital ratio will be 10 per cent and as of 1 January 2015 it will be 12 per cent.

The Riksbank's stability report (Financial stability 2011:2) showed that Swedbank is adequately capitalised even in a stressed scenario and has solid liquidity relative to the average for Sweden's major banks.

Swedbank passed the European Banking Authority's (EBA) stress test by a wide margin.

Fourth quarter 2011

Compared with the third quarter 2011

Result

Profit before impairments decreased by 4 per cent to SEK 3 709m (3 859). The decrease was mainly due to a staff restructuring expense in 2012 of SEK 330m that was reported in the fourth quarter.

The quarterly result attributable to the shareholders decreased by 72 per cent from the previous quarter to SEK 965m (3 475). The result was charged with total goodwill impairment of SEK 1 930m. Net recoveries amounted to SEK 174m (441). The return on equity was 3.9 per cent (14.4). The cost/income ratio was 0.56 (0.53).

Profit before impairments by business area SEKm	**Q4 2011**	**Q3 2011**	**Q4 2010**
Retail	2 412	2 601	2 126
Large Corporates & Institutions	718	542	896
Baltic Banking	794	949	922
Asset Management	148	185	188
Russia & Ukraine	26	-78	-118
Ektornet	10	-30	-35
Group Functions	-399	-310	-626
Total excl FX effects	**3 709**	**3 860**	**3 353**
FX effects		-1	15
Total	**3 709**	**3 859**	**3 368**

Income for the fourth quarter rose by 4 per cent to SEK 8 518m (8 190). Net interest income and net gains and losses on financial items increased, while net commission income decreased. Changes in exchange rates, primarily the appreciation of the Swedish krona against the euro, Latvian lats and Lithuanian litas, reduced reported income by SEK 9m.

Net interest income increased by 3 per cent to SEK 4 994m (4 857). Net interest income included SEK 206m in one-off revenue related to the US commercial real estate loans Swedbank took over when Lehman Brothers filed for bankruptcy protection in autumn 2008. The repricing of mortgages within Retail and increased corporate volumes and margins within Large Corporates & Institutions (LC&I) affected net interest income positively. Lower lending volumes within Baltic Banking contributed negatively. During the quarter a one-off adjustment was also made for accrued interest on impaired loans in Baltic Banking, which reduced net interest income by SEK 47m. Net interest income within Group Treasury (Group Functions) was charged with SEK 57m related to changed accrual.

Net commission income decreased by 7 per cent to SEK 2 126m (2 292), mainly due to lower income from corporate finance and payment processing, which was affected by the lower economic activity. Commission income from Asset Management was adversely affected by lower average stock prices.

Net gains and losses on financial items at fair value increased by 116 per cent to SEK 559m (259), mainly due to better trading results within LC&I and funding-related valuation effects in Group Treasury (Group Functions), including more expensive basis swaps between euro and kronor.

Expenses increased by 11 per cent compared with the previous quarter to SEK 4 809m (4 331). During the fourth quarter SEK 330m was expensed for staff restructurings in 2012 in Sweden and the Baltic countries. The third quarter includes an expense of SEK 100m for the transformation of the Ukrainian operations. Expenses for IT, marketing and premises increased on a seasonal basis.

The number of full-time employees decreased during the quarter by 526 to 16 287. The decrease was primarily in Baltic Banking and in Russia & Ukraine.

Expense analysis Group SEKm	**Q4 2011**	**Q3 2011**	**Q4 2010**
Retail	2 283	2 082	2 223
Large Corporates & Institutions	932	777	877
Baltic Banking	736	643	688
Asset Management	233	186	238
Russia & Ukraine	128	251	208
Ektornet	188	166	75
Group Functions and eliminations	309	218	265
Total excl FX effects	**4 809**	**4 322**	**4 574**
FX effects		9	16
Total	**4 809**	**4 331**	**4 590**
of which variable pay	47	73	101
of which non-recurring expenses	330	100	

Net recoveries of SEK 174m (441) were reported during the fourth quarter. Recoveries were generated primarily from Baltic Banking and Russia & Ukraine.

The tax expense amounted to SEK 790m (834), corresponding to an effective tax rate of 45.1 per cent (19.3). The higher effective tax rate during the quarter is due to non-deductible goodwill write-down in the Latvian operations. Excluding one-off impairments, the effective tax rate for the quarter would have been 21.6 per cent.

Full-year 2011

Compared with full-year 2010

Result

Profit before impairments increased by 17 per cent to SEK 15 646m (13 402). Higher net interest income due to generally higher interest rates affected the result positively. During the year Swedbank received one-off revenue totalling SEK 922m related to the US commercial mortgages Swedbank took over when Lehman Brothers filed for bankruptcy protection in autumn 2008. One-off transition costs totalled SEK 430m during the year, of which SEK 330m in the fourth quarter and SEK 100m in the third quarter.

Profit for the period attributable to the shareholders was SEK 11 744m, compared with SEK 7 444m in the previous year. The result was charged with goodwill write-down of total SEK 1 930m. Net recoveries amounted to SEK 1 911m (credit impairments of SEK 2 810m). The return on equity was 12.2 per cent (8.1). The cost/income ratio was 0.53 (0.57).

Profit before impairments by business area SEKm	**Full-year 2011**	**Full-year 2010**
Retail	9 571	7 533
Large Corporates & Institutions	3 379	2 967
Baltic Banking	3 480	3 250
Asset Management	727	750
Russia & Ukraine	4	-204
Ektornet	57	-152
Group Functions	-1 572	-1 096
Total excl FX effects	**15 646**	**13 048**
FX effects		354
Total	**15 646**	**13 402**

Income increased by 8 per cent to SEK 33 515m (31 044). Net interest income increased primarily in Retail and LC&I. Net gains and losses on financial items at fair value decreased in LC&I and Group Treasury (Group Functions). Commission income was 3 per cent lower during the year. Changes in the exchange rates, especially the appreciation of the Swedish krona against the euro and the Baltic currencies, reduced reported income by SEK 665m.

Net interest income increased by 17 per cent to SEK 19 118m (16 329). The factors positively affecting net interest income were higher interest rates in Sweden and slightly higher Euribor rates during the first half-year. Moreover, the fee for the state-guaranteed funding decreased by SEK 421m due to the state guaranteed funding maturities during the year. The stability fee doubled from the previous year to SEK 545m (223) and is in line with the prevailing regulations. Increased expenses for liquidity reserves and lower returns on the investment portfolio used to hedge interest rates on current accounts and equity also adversely affected net interest income.

Net commission income fell by 6 per cent to SEK 8 963m (9 525). The decrease was mainly the result of lower commission income from corporate finance, securities trading, asset management and payment processing due to lower economic activity, as well as lower average stock values.

Net gains and losses on financial items at fair value fell by 34 per cent to SEK 1 584m (2 400). LC&I reported lower net gains and losses on financial items at fair value due to weaker trading related income. Within Group Functions, Group Treasury reported a lower result due to negative funding related valuation effects.

Expenses increased to SEK 17 869m (17 642). One-off transition expenses totalled SEK 430m during the year, of which SEK 330m in the fourth quarter and SEK 100m in the third quarter. Consulting expenses decreased by SEK 374m of which lower consultancy fees in Swedbank's risk organisation accounted for SEK 170m. Variable staff costs rose to SEK 395m (340).

Since 1 July 2010 Sweden pays parts of its variable remuneration in the form of shares. This remuneration is accrued until such time that the shares are settled. As a result, variable remuneration allocated to employees during the period may differ from the recognised amount. During the year recognised variable remuneration was SEK 395m, while the allocated variable remuneration was SEK 818m. During the first quarter SEK 54m from previous years' provisions for variable remuneration was reversed within LC&I. A more detailed analysis of variable remuneration is provided on page 13 of the fact book[1].

The number of full-time positions was reduced by 937 from the beginning of the year, including 633 in Russia & Ukraine, 195 in Baltic Banking and 238 in Retail.

Expense analysis Group SEKm	Full-year 2011	Full-year 2010
Retail	8 795	8 670
Large Corporates & Institutions	3 397	3 171
Baltic Banking	2 696	2 570
Asset Management	840	855
Russia & Ukraine	705	803
Ektornet	550	270
Group Functions and eliminations	886	994
Total excl FX effects	**17 869**	**17 333**
FX effects		309
Total	**17 869**	**17 642**
of which variable pay	395	340
of which non-recurring expenses	430	

Net recoveries for the year amounted to SEK 1 911m, (net credit impairments of SEK 2 810m). Recoveries were generated primarily from Baltic Banking and Russia & Ukraine.

The tax expense amounted to SEK 3 669m (2 472), corresponding to an effective tax rate of 23.8 per cent (24.8). In the medium term the effective tax rate is estimated at 21-22 per cent. The higher effective tax rate during the year is due to non-deductible goodwill impairment in the Latvian operations. Excluding this one-off write-down, the effective tax rate for the quarter would have been 21.2 per cent.

Credit and asset quality

Swedbank's credit and asset quality continued to improve in 2011. The bank is of the opinion that the turbulent market conditions to date have not had a major impact on its balance sheet. The mortgage portfolios in Latvia and Ukraine showed signs of weakness during the year, and additional provisions were allocated.

Swedbank's total lending increased by SEK 20bn to SEK 1 166bn in 2011. Lending to private customers in Sweden continued to grow, but at a slower pace. The growth rate in 2011 was significantly lower than the average annual rate in the latest ten-year period. Swedish corporate lending also rose, mainly to large corporates during the latter part of the year. Lending in the Baltic countries, Russia and Ukraine decreased.

In 2011 housing prices in large Baltic cities were stable or trended higher, especially in Estonia. This has to a large extent affected the average loan-to-value ratio, which fell to 75 per cent in Estonia as of 31 December (86 per cent as of 31 December 2010), 149 per cent (161) in Latvia and 96 per cent (97) in Lithuania. Within Baltic Banking the share of the mortgage portfolio that exceeds current market value was SEK 6.3bn (8.8).

The average loan-to-value ratio in Swedbank Mortgage was 60 per cent as of 31 December calculated by property level (45 per cent by loan level). Nearly two thirds of the households that are Retail customers amortise their first mortgages. For new lending in 2011, 95 per cent of households with loan-to-value over 75 per cent amortise their housing.

The stabilisation of loans past due by more than 60 days continued in 2011. Private mortgage loans within Baltic Banking past due by more than 60 days stabilised in Estonia and Latvia back in the second half of 2010 and has begun decreasing, especially in Estonia. In Lithuania, the increase came to an end during the latter part of 2011. Within the Retail business area, private mortgage loans past due by more than 60 days increased during the year but remain at very low levels.

Impaired loans decreased by a total of SEK 10.0bn during the year and included every business area except Retail, where impaired loans increased marginally, but is still on a low level. The decrease was partly due to a slower inflow of new impaired loans during the period and partly to certain large corporate commitments that are no longer impaired. Write-offs also contributed to the decrease in impaired loans.

The portfolio provisions are related to the portion of the portfolio that does not contain individually assessed impaired loans. Portfolio provisions fell during the 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 contributed to the decrease as well. Of the total provisions of SEK 15.3bn as of 31 December 2011, 84 per cent was at the individual level, compared with 85 per cent as of 31 December 2010.

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

Credit impairments, net by business area SEKm	Q4 2011	Q3 2011	Q4 2010
Retail	216	106	136
Large Corporates & Institutions	4	-66	65
Baltic Banking	-117	-361	-163
Estonia	-55	-125	24
Latvia	157	-190	-57
Lithuania	-257	-46	-130
Other	38		
Russia & Ukraine	-260	-119	-521
Russia	-269	-59	-144
Ukraine	9	-60	-377
Group Functions	-17	-1	
Total	**-174**	**-441**	**-483**

Net recoveries totalled SEK 1 911m (net credit impairments of SEK 2 810m) during the year, of which SEK 174m in the fourth quarter. Credit impairments within Retail and LC&I remain very low despite rising in Retail during the second half-year. The majority of the losses relate to a few companies. Recoveries in the Baltic countries came mainly from restructurings related to large corporates. Private lending produced additional credit impairments. The recoveries in Russia and Ukraine were related to corporate lending and consisted primarily of amortisations and repayments of impaired loans or solutions reached for certain distressed 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 31 December 2011 the Group's restructured loans totalled SEK 20.2bn (SEK 27.9bn as of 31 December 2010). The majority relates to Baltic Banking (78 per cent) and Ukraine (14 per cent). Of Swedbank's restructured loans, those classified as impaired amounted to SEK 10.9bn (15.0), while those classified as non-impaired totalled SEK 9.3bn (12.9).

Repossessed assets increased by 66 per cent during the year. Before 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 SEKm	31 Dec 2011	31 Dec 2010
Retail	44	11
Baltic Banking	216	429
Estonia	9	42
Latvia	117	184
Lithuania	90	203
Russia & Ukraine	296	351
Russia	10	4
Ukraine	286	347
Ektornet	5 819	3 055
Sweden	305	270
Norway	102	116
Finland	709	765
Estonia	569	469
Latvia	1 721	851
Lithuania	448	206
USA	1 522	305
Ukraine	443	73
Total	**6 375**	**3 846**

During the year Ektornet repossessed properties valued at SEK 3 440m, the majority of which were in Latvia and the US. For more information on Ektornet, see page 22.

During the summer Swedbank completed its Internal Capital Adequacy Assessment Process (ICAAP) for 2011, in which 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 comprises a multi-year period with substantially reduced economic activity and significantly higher unemployment. In the scenario it is assumed that housing prices will decline significantly at the same time that the economic situation in the eurozone worsens. As a whole, Swedbank generates a cumulative loss (before dividends) during the forecast period of SEK 9bn after total credit impairments of SEK 62bn. The core Tier 1 capital ratio decreases at most from 14.97 per cent in 2011 to 12.04 per cent in 2013 (according to Basel 2) in the scenario. This is in line with Swedbank's risk tolerance, which limits any decrease in the core Tier 1 capital ratio to 3 percentage points. For more details on Swedbank's ICAAP for 2011, see the interim report for January-June 2011, page 8.

During the second half-year Swedbank underwent new stress tests and reviews of its credit portfolio in order to work proactively with risk management. A new stress test of the Swedish mortgage portfolio indicated strong resiliency in a hypothetical scenario with greatly deteriorating macroeconomic conditions. Retail and LC&I underwent reviews of their major commitments in sectors that are considered especially sensitive to an economic slowdown in order to initiate a dialogue with at-risk customers on potential measures. Swedbank has also undergone reviews of its mortgage portfolio in Latvia, which led to supplementary provisions of SEK 450m in the third and fourth quarters. In Baltic Banking, a review was made of major customers whose loans have been restructured. The impact of these commitments on the portfolio under deteriorating macroeconomic conditions is considered limited. In Ukraine, a review of the mortgage portfolio as well as model updates were made and led to supplementary increased net portfolio provisions of SEK 173m for private customers as well as resolution of portfolio provisions for corporate portfolios. Swedbank has also conducted a special review of exposures and limits to banks and financial companies within selected countries.

In autumn 2008 Swedbank had an outstanding repurchase agreement of USD 1 350m with a subsidiary of Lehman Brothers. Shortly after Lehman Brothers filed for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code, Swedbank took possession of the approximately 50 commercial real estate loans that were underlying security for the repurchase agreement. During the year Swedbank reported one-off revenue totalling SEK 922m related to these commercial real estate loans. The remaining carrying amount of loans relating to the repurchase agreement has now been reduced by more than half since the repossession of the collateral for the repurchase agreement in fall 2008. As of 31 December 2011 the book value amounted to USD 566m, corresponding to SEK 3.9bn.

The large part of Swedbank's lending to credit institutions consists of money market loans and commercial paper with very short maturities.

Swedbank's total lending to credit institutions with maturities of over 3 months amounted to SEK 7.1bn, of which SEK 3.2bn related to banks in Sweden and SEK 0.7bn to banks in the rest of the Nordic region. Lending to credit institutions and the rest of Europe amounted to SEK 1.3bn as of 31 December 2011, of which SEK 1.2bn related to countries within the eurozone.

Swedbank's exposure to counterparties in Greece, Ireland, Italy, Portugal and Spain as of 31 December 2011 totalled SEK 763m, of which SEK 33m related to Greece.

GIIPS exposure 31 Dec 2011 SEKm	Greece[1]	Ireland	Italy	Portugal	Spain	Total
Bonds	15		158	27	10	**210**
of which soveriegn	15		158	27	10	**210**
of which held to maturity[2]	15		101	27	5	**148**
Loans (money market and certificates)			9		89	**98**
Loans (committed credit facilities)						**0**
Derivatives net[3]		53	193		67	**313**
Other[4]	18		41		83	**142**
Total	**33**	**53**	**401**	**27**	**249**	**763**

[1] Greek sovereign bonds are netted, i.e. after provisions of SEK 35m.
[2] Current market values are below the carrying amounts by approximately SEK 44m.
[3] 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: Ireland SEK 87m, Italy SEK 447m and Spain SEK 217m. Total SEK 751m.
[4] Includes trade finance and mortgage loans.

Funding and liquidity

Despite volatile markets in 2011, Swedbank has continued to see strong demand from debt investors domestically and internationally.

In 2011 Swedbank issued a total of SEK 254bn in long-term debt, including SEK 44bn in the fourth quarter, to offset maturing government guaranteed funding and to continue to build up its liquidity reserve. In the process the average maturity of all its capital market funding has been extended. Maturing long-term funding will drop significantly in coming years. The bank estimates its long-term issuance volume in 2012 at SEK 90–110bn. Total maturing long-term funding for all of 2011 had a nominal value of SEK 180bn. A total of SEK 86bn in nominal debt matures in 2012.

Issued long term debt SEKbn	**Q4 2011**	**Full-year 2011**
Covered bonds	38	232
of which SEK	33	157
of which EUR	3	42
of which USD	0	19
of which CHF	1	10
of which Other	1	4
Senior unsecured bonds	6	18
Structured retail bonds (SPAX)	0	4
Total	**44**	**254**

The average maturity of all capital market funding arranged through the bank's short- and long-term programmes was 35 months as of 31 December 2011. The average maturity of covered bonds was 43 months. The average maturity of long-term funding issued during the fourth quarter was 52 months.

Swedbank's low volume of lending in USD limits its need for funding in USD. To reduce liquidity risk in USD, the bank during the year utilised its new funding programme for covered bonds, which primarily targets US investors. As of 31 December Swedbank had covered its USD needs for more than 12 months in advance.

Short-term funding rose in 2011 to a total of SEK 123bn, mainly due to increased demand from foreign investors. Swedbank's short-term funding needs are limited, however, as confirmed by the fact that reserves with central banks as of 31 December 2011 are as large as outstanding short-term funding.

At year-end Swedbank had a liquidity reserve within Group Treasury of SEK 247bn, as reported in accordance with the Swedish Bankers' Association's guidelines for liquidity reporting. In addition, liquid securities in other parts of the Group amounted to SEK 62bn.

The liquidity reserve and liquidity coverage ratio (LCR) will fluctuate over time depending on the maturity structure of the bank's securities in issue. Since mid-year 2011 the bank reports its monthly LCR to the Financial Supervisory Authority. Swedbank's LCR measure has averaged more than 150 per cent.

For further information and data on Swedbank's funding and liquidity, see the fact book.

Capital and capital adequacy

The core Tier 1 capital ratio according to Basel 2 increased to 15.7 per cent on 31 December (13.9 per cent on 31 December 2010). The core Tier 1 capital ratio according to Basel 3 was 14.7 per cent according to Swedbank's estimate based on prevailing knowledge of future regulations.

As of 31 December shareholders' equity amounted to SEK 98.0bn, an increase of SEK 3.1bn from the beginning of the year.

In Swedbank's financial companies group, core Tier 1 capital increased by SEK 1.8bn from the beginning of the year to SEK 77.3bn. Core Tier 1 capital was positively affected by SEK 5.6bn by including profit for the year (after the anticipated dividend). Goodwill write-down related to the bank's Latvian subsidiary negatively affected profit for the year by SEK 1.9bn, but did not affect core Tier 1 capital, since the deduction for goodwill decreased at the same amount. During the year Swedbank repurchased 62.1 million shares, which reduced core Tier 1 capital by slightly over SEK 6.1bn.

Swedish capital adequacy regulation was updated at year-end affecting, among other things, how preference shares are calculated in Tier 1 capital. The preference shares Swedbank issued in 2008 are included in core Tier 1 capital in the amount of SEK 8.8bn, corresponding to 1.8 percentage points of the core Tier 1 capital ratio as of 31 December 2011. Since the regulatory amendment does not change the loss-absorbing capacity of the preference shares, Swedbank will continue to include them in core Tier 1 capital in its reporting. Swedbank's preference shares will be converted to common shares no later than the first half of 2013.

Tier 2 capital decreased from the beginning of the year, mainly due to redemptions and repurchases of undated and fixed-term subordinated loans of SEK 9.0bn, to SEK 11.2bn. The repurchases, which amounted to SEK 4.3bn, were made at market prices, which generated a negative realised net result of SEK 10.6m. The decrease in Tier 2 capital is an element in the active management of Swedbank's 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.

The risk weighted amount decreased by SEK 49.0bn or nearly 9.0 per cent from the beginning of the year to SEK 492.3bn. The risk weighted amount for credit risks decreased by 8.6 per cent or SEK 39.1bn, mainly attributable to corporate exposures. The average risk weighting for all credit risks in the financial companies group according to the IRB approach decreased slightly to 27.2 per cent as of 31 December. The risk weighted amount decreased by SEK 0.7bn due to exchange rate effects. The implementation of CRD III (often referred to Basel 2.5) in Sweden on 31 December increased the risk weighted amount for market risks by SEK 4.6bn. The risk weighted amount for market risks decreased by a total of around 25.2 per cent or SEK 7.4bn, however, 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 SEK 2.6bn.

For further details on capital adequacy, see note 21.

Risk-weighted assets by business area SEKbn	31 Dec 2011	31 Dec 2010
Retail	216	222
Large Corporates & Institutions	132	156
Baltic Banking	102	136
Estonia	41	57
Latvia	33	39
Lithuania	28	32
Investment & Other		8
Asset Management	3	3
Russia & Ukraine	15	18
Russia	6	8
Ukraine	9	10
Ektornet	7	4
Group Functions	17	2
Total risk-weighted assets	**492**	**541**

New Basel capital rules and their impact on Swedbank

On 20 July the EU Commission published a new proposal on capital requirements, which is expected to be adopted in 2012. The proposal conforms to the previously published Basel 3 regulation. Swedbank believes the new rules in place from 2013 will negatively affect Swedbank's core Tier 1 capital ratio by approximately 1.0 percentage points and the proposed leverage ratio requirement (Tier 1 capital/total assets) will not restrict its capital planning.

Changes in the calculation of Swedbank's core Tier 1 capital primarily related to non-controlling interests, investments in shares in unconsolidated financial institutions and deferred tax assets are expected to reduce core Tier 1 capital by slightly over 2 per cent. Swedbank's risk weighted amount is expected to rise by slightly below 5 per cent under Basel 3 compared with Basel 2 due to the increased capital requirements for credit risks and because certain asset items that are currently deducted from the capital base will be risk weighted going forward. The new rules contain some uncertainty, however, as to their ultimate impact once in place. This applies, for example, to the credit risk in OTC derivatives, or more specifically the Credit Value Adjustment (CVA), where the reported effect of the new rules on the risk-weighted amount is based on today's exposure and does not account for the fact that a larger share of derivative transactions going forward will be settled through clearing institutions. Consequently, the ultimate effect owing to CVA is expected to be less than reported above.

Supervisory authorities in Sweden and at the European level have made note of the major differences between the average risk weights institutions use for credit risks in the IRB, especially as regards mortgage lending within the retail exposure class. The authorities are therefore planning to review risk weights in 2012. Although the final outcome is uncertain, an increase in Swedbank's average risk weights for mortgage lending in Sweden to a level of 10 - 15 per cent would negatively affect Swedbank's core Tier 1 capital ratio by 1.0-1.9 percentage points. Swedbank already allocates additional capital to its mortgage business and therefore expects that a possible increase in capital requirements for mortgage lending will not significantly affect its internal allocation of capital between business units.

Swedbank is in the process of introducing an advanced method to calculate credit risks according to advanced IRB approach for corporate exposures. Approval by the Financial Supervisory Authority is expected in 2013 at the earliest. Swedbank considers it likely that the risk-weighted amount for credit risks will be reduced due to the implementation of the advanced IRB method and some model updates regarding SMEs, which would somewhat offset the negative effect of the higher risk weights on mortgage lending.

Amendments to the accounting standard IAS 19 are expected to be implemented as of 2013, which will affect the bank's reported pension obligations. The elimination of the so-called corridor rules means that actuarial losses, which under current rules do not have to be fully recognised in the balance sheet, will fully affect equity. Today, Swedbank's estimations that the amendment could represent a negative one-time effect on equity estimated at approximately SEK 2bn as of 31 December 2011, which corresponds to a negative effect of 0.4 percentage points on the core Tier 1 capital ratio. Further, the elimination of the corridor rules will increase future volatility in equity, and hence in core Tier 1 capital. The effect of the anticipated changes in IAS19 has been incorporated into Swedbank's capital planning

During the fourth quarter the EU agreed to require banks to maintain a so-called core Tier 1 capital ratio of at least 9 per cent after the revaluation of sovereign exposures. The banks in question will have to meet this requirement by 30 June 2012 at the latest. Swedbank already meets the new capital requirement by a wide margin and therefore does not expect any restriction on its capital planning.

On 25 November the Ministry of Finance, the Riksbank and the Financial Supervisory Authority announced at a joint press conference that the government will propose higher capital adequacy requirements for system-critical banks in order to strengthen the stability of the Swedish banking system and reduce the vulnerability of the Swedish economy. The proposal means that the banks must have core Tier 1 capital corresponding to at least 10 per cent of their risk-weighted assets by 2013 and 12 per cent of risk-weighted assets by 2015.

The Board of Directors has resolved to withdraw the previous capital target and await further details on the new requirements before announcing a new target. In the opinion of Swedbank's management, Swedbank currently need a long-term core Tier 1 capital ratio of 13.5 to 14.5 per cent. A decision to acquire the Bank's own shares will only be made if the Board of Directors assesses that Swedbank's long-term core Tier 1 capital ratio is above desirable level and after the new capital requirements have become clear.

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.

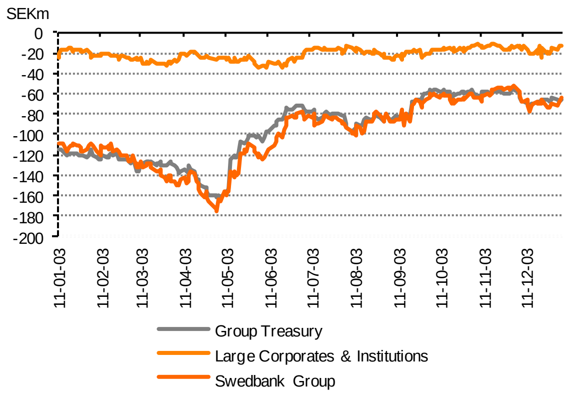
The table below shows Swedbank's VaR*) performance during the year.

VaR by risk category

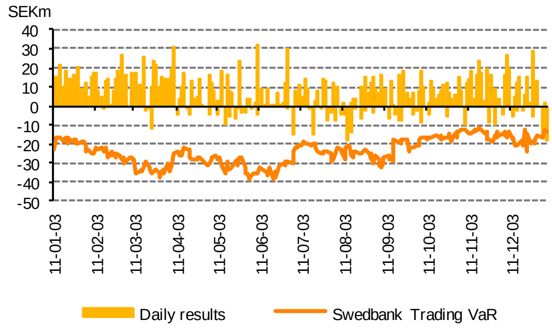
	Jan-Dec 2011 (2010)			31 Dec	31 Dec
SEKm	**Max**	**Min**	**Average**	**2011**	**2010**
Interest risk	186 (127)	56 (50)	108 (81)	91	110
Currency rate risk	29 (19)	2 (2)	7 (7)	7	7
Stock price risk	14 (12)	2 (2)	6 (6)	5	6
Diversification			-20 (-12)	-19	-14
Total	**175 (126)**	**52 (52)**	**101 (82)**	**84**	**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 31 December 2011 would have reduced the value of the Group's assets and liabilities, including derivatives, by SEK 988m, 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 656m (499m). Positions in foreign currency would have decreased in value by SEK 332m (278m).

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 434m as of 31 December 2011, compared with a decrease of SEK 213m as of 31 December 2010.

Operational risks

Operational risks in the Group decreased in 2011, but are still considered higher than normal. The principal risks are related to extensive organisational changes and risks in the Swedish IT operations as well as external risks owing to the geopolitical uncertainty in the world. The rising trend from previous years has been broken, however, and the risk level is expected to further decline in 2012.

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 Master Cards. 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.

Management changes were made during the year. Magnus Gagner Geeber was appointed the Head of the Large Corporates & Institutions business area. Göran Bronner was appointed as the Chief Financial Officer, Håkan Berg as the Chief Risk Officer and Birgitte Bonnesen as the Head of Baltic Banking.

The Board of Directors proposes a dividend of SEK 5.30 (2.10) per common share and SEK 5.30 (4.80) per preference share for the financial year 2011, corresponding to SEK 5 825m and a payout ratio of 50 per cent. The proposed record day for the 2011 dividend is 30 March 2012. The last day for trading in the bank's shares with the right to the dividend will be 27 March 2012. If the Annual General Meeting accepts the Board's proposal, the cash dividend is expected to be paid out by Euroclear on 4 April 2012.

The 2012 Annual General Meeting will be held on Tuesday, 27 March 2012 at Dansens hus (Folkets hus) in Stockholm.

Ratings events during the period

On 1 December 2011 Standard & Poor's (S&P) upgraded Swedbank's long-term rating to A+ from A and affirmed its A-1 short-term rating. The upgrade reflects S&P's view of Swedbank's position as a market leader in mortgages, deposits from the public and asset management. The assessment comprises, among other things, the bank's capital situation, profitability, risk, funding and liquidity, where Swedbank surpasses S&Ps criteria in every area.

On 16 September 2011 Fitch affirmed Swedbank's rating of A/F1 with a stable outlook. The affirmation reflects Swedbank AB's strong financial position, capitalisation and solid asset quality.

On 8 June 2011 Moody's upgraded Swedbank's standalone bank financial strength rating (BFSR) one notch from D+ to C-. The A2 long-term debt rating was affirmed with a positive outlook.

Events after 31 December 2011

The Board of Directors has resolved to withdraw its previous capital target of a long-term core Tier 1 capital ratio of at least 10 per cent as well as at least 13 per cent until 2013. The Board will decide on a new capital target when the regulatory environment is considered more stable. The executive management is of the view that the bank currently needs a long-term core Tier 1 capital ratio of 13.5 to 14.5 per cent as a result of the proposed Swedish capital adequacy requirements.

Swedbank's Board will propose that the Annual General Meeting modify both the general and individual performance and share-related programmes for 2012. As proposed, the 2012 general programme will be based solely on Swedbank's consolidated results and not like before on the results for both the Group and the business areas. The number of employees included in the individual programme has decreased from 1 200 to around 800.

The bank's business activities and external market conditions are changing continuously. Thus there may arise a need to increase or decrease the capital base or change the allocation between core Tier 1 capital and other capital e.g. through the buy-back of shares, the raising of loans which can be included in the capital base, or a combination of different measures. The Board of Directors therefore proposes that the AGM shall authorise the Board of Directors to decide on the buy-back of shares up to a limit of one tenth of all Swedbank shares. The authorisation may be utilised on one or several occasions up to the 2013 AGM. In addition, it is proposed that the AGM authorises the Board of Directors to decide on the issuance of promissory notes with the possibility of conversion to shares, if deemed necessary, to effectively manage the capital base. The share buy-back decision is only intended to be taken if the Board of Directors assesses that Swedbank has a long-term core Tier 1 capital ratio that exceeds the desirable level and once the new capital requirements have been clarified.

Swedbank's Nomination Committee proposes Charlotte Strömberg as new member of the Board. The Nomination Committee further suggests re-election of Board members Olav Fjell, Ulrika Francke, Göran Hedman, Lars Idermark, Anders Igel, Pia Rudengren, Anders Sundström, Karl-Henrik Sundström and Siv Svensson. Helle Kruse Nielsen has declined re-election.

On 26 January Swedbank issued a 5-year senior unsecured bond for EUR 1bn with an interest rate corresponding to the 6-month Euribor +183bp.

On 9 February, Swedbank concluded an agreement to sell its remaining retail loan portfolio in Russia with a book value as of 1 February 2012 of approximately SEK 650m, in line with Swedbank's strategy to discontinue Retail operations in Russia.

Retail

- Solid earnings
- Stable cost trend
- More customer select service concepts

Income statement

SEKm	Q4 2011	Q3 2011	%	Q4 2010	%	Full-year 2011	Full-year 2010	%
Net interest income	3 246	3 143	3	2 752	18	12 340	10 100	22
Net commissions	1 016	1 089	-7	1 132	-10	4 229	4 292	-1
Net gains and losses on financial items at fair value	56	53	6	74	-24	201	184	9
Share of profit or loss of associates	158	217	-27	127	24	768	624	23
Other income	219	181	21	264	-17	828	1 003	-17
Total income	**4 695**	**4 683**	**0**	**4 349**	**8**	**18 366**	**16 203**	**13**
Staff costs	1 048	973	8	967	8	4 022	3 921	3
Variable staff costs	14	29	-52	17	-18	101	43	
Other expenses	1 150	1 012	14	1 137	1	4 401	4 421	0
Depreciation/amortisation	71	68	4	102	-30	271	285	-5
Total expenses	**2 283**	**2 082**	**10**	**2 223**	**3**	**8 795**	**8 670**	**1**
Profit before impairments	**2 412**	**2 601**	**-7**	**2 126**	**13**	**9 571**	**7 533**	**27**
Credit impairments	216	106		136	59	332	272	22
Operating profit	**2 196**	**2 495**	**-12**	**1 990**	**10**	**9 239**	**7 261**	**27**
Tax expense	535	643	-17	499	7	2 275	1 951	17
Profit for the period	1 661	1 852	-10	1 491	11	6 964	5 310	31
Profit for the period attributable to the shareholders of Swedbank AB	**1 660**	**1 848**	**-10**	**1 489**	**11**	**6 951**	**5 301**	**31**
Non-controlling interests	1	4	-75	2	-50	13	9	44
Return on allocated equity, %	25.9	28.9		26.9		28.6	24.0	
Credit impairment ratio, %	0.09	0.05		0.06		0.04	0.03	
Total provision ratio for impaired loans, %	90	87		99		90	99	
Share of impaired loans, gross, %	0.19	0.19		0.18		0.19	0.18	
Cost/income ratio	0.49	0.44		0.51		0.48	0.54	
Full-time employees	5 333	5 374	-1	5 571	-4	5 333	5 571	-4

Development January-December
The Swedish economy has withstood the global turmoil relatively well, but during the autumn there were increasing signs that growth will be significantly weaker in coming quarters. Increased household savings and lower lending to households have been followed by lower lending in the corporate sector as investments are postponed.

Profit for the year increased by 31 per cent year-on-year, mainly due to improved net interest income.

Net interest income increased by 22 per cent compared with the previous year, primarily as a result of higher interest rates and the repricing of lending. The positive trend in net interest income continued during the fourth quarter. The repricing of mortgages positively affected net interest income, while the repricing of corporate lending did not offset higher funding costs. Net interest income on deposits was affected positively by higher interest rates and negatively because more customers chose to transfer their deposits to fixed-rate accounts. Net interest income was also affected negatively by lower returns on the investment portfolio used to hedge interest rates on current accounts.

Total deposit volume increased by 5 per cent to SEK 365bn during the year. Household deposits rose by 5 per cent, while corporate volume increased by 6 per cent after a strong fourth quarter with an increase of 8 per cent. Swedbank's share of household deposits was 23 per cent (24 per cent as of 31 December 2010), while its share of corporate deposits was 16 per cent (17).

Household lending increased by 3 per cent to SEK 596bn during the year. The slowdown in the housing market continued during the fourth quarter and annual growth in Swedbank's mortgage portfolio fell to 2 per cent (6 per cent in 2010). Swedbank strengthened its share of new lending during the fourth quarter, giving it a market share of 26 per cent (27 per cent as of 31 December 2010).

Corporate lending volume increased by 1 per cent in 2011. The bank's market share was 17 per cent (17 per cent as of 31 December 2010).

The loan-to-deposit ratio was 245 (251).

Net commission income was in line with the previous year. Increased income from insurance operations was offset by a weaker performance by the mutual fund operations due to the stock market's decline during the year.

The priority given in 2011 to customers in Private Banking and MidCorps (companies with revenues of at least SEK 100m) generated a positive response, while the Premium segment's performance was slower tha n expectations. With new hires, training and an extended offering, the potential is there to increase the customer base. The broad-market offerings have continued to find acceptance at a rapid rate. In total, more than a half million private customers now utilise a service concept. Customers who have selected a service concept use more of the bank's products and services and report higher satisfaction.

Expenses increased by 1 per cent from the previous year. During the fourth quarter SEK 94m was expensed for staff restructurings. Higher variable remuneration adversely affected expenses, while the continuing efforts to improve efficiencies in cash handling and internal processes contributed positively. The amount of cash handled decreased by 16 percent during the year and by more than one third in the last three years. Around a hundred branches have stopped manually handling cash altogether, a process which will continue in 2012 as well.

Credit impairments increased during the latter part of the year due to a limited number of corporate commitments. The levels of credit impairments and impaired loans are still low. The share of credit impairments was 0.19 per cent (0.18).

Swedbank Försäkring posted profit after tax of SEK 364m (249), an increase of 46 per cent. The figure was affected by the dissolution of a provision for possible income tax relating to fund discounts of SEK 72m. The company’s assets under management totalled SEK 95bn (99).

Generational change and competence renewal are continuing. Approximately 450 people left the branch network during the year, of whom more than 200 retired. At the same time we recruited around 150 new employees to strengthen expertise in our priority segments: Affluent, SMEs (small and medium-sized enterprises) and Midcorps (companies with a turnover of at least SEK 100m). The cost/income ratio improved compared with the 2010 to 0.48 (0.54).

During the year 23 branches were merged into larger units and one new branch was opened as part of the ongoing review of the retail network.

***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

- Continued solid earnings and business volumes in Large Corporates
- Reduced risk level in fixed income and foreign exchange trading due to market concerns and volatility
- One-off revenue affected quarterly net interest income by SEK 206m

Income statement

SEKm	Q4 2011	Q3 2011	%	Q4 2010	%	Full-year 2011	Full-year 2010	%
Net interest income	1 074	778	38	733	47	3 586	2 817	27
Net commissions	348	399	-13	575	-39	1 664	1 955	-15
Net gains and losses on financial items at fair value	228	98		439	-48	720	1 446	-50
Share of profit or loss of associates	-4					-2		
Other income	4	36	-89	25	-84	808	88	
Total income	**1 650**	**1 311**	**26**	**1 772**	**-7**	**6 776**	**6 306**	**7**
Staff costs	453	358	27	342	32	1 491	1 235	21
Variable staff costs	13	6		69	-81	152	254	-40
Other expenses	447	404	11	450	-1	1 706	1 658	3
Depreciation/amortisation	19	10	90	16	19	48	55	-13
Total expenses	**932**	**778**	**20**	**877**	**6**	**3 397**	**3 202**	**6**
Profit before impairments	**718**	**533**	**35**	**895**	**-20**	**3 379**	**3 104**	**9**
Impairment of intangible assets	17					17		
Credit impairments	4	-66		65	-94	-186	-1	
Operating profit	**697**	**599**	**16**	**830**	**-16**	**3 548**	**3 105**	**14**
Tax expense	257	296	-13	213	21	1 140	768	48
Profit for the period	440	303	45	617	-29	2 408	2 337	3
Profit for the period attributable to the shareholders of Swedbank AB	**440**	**303**	**45**	**617**	**-29**	**2 408**	**2 307**	**4**
Non-controlling interests							30	
Return on allocated equity, %	12.4	7.5		14.9		15.5	13.8	
Credit impairment ratio, %	0.00	-0.10		0.07		-0.06	0.00	
Total provision ratio for impaired loans, %	135	103		106		135	106	
Share of impaired loans, gross, %	0.13	0.12		0.25		0.13	0.25	
Cost/income ratio	0.56	0.59		0.49		0.50	0.51	
Full-time employees	1 197	1 179	2	1 229	-3	1 197	1 229	-3

Development January-December

The fourth quarter was defined by continued concerns and turbulence in the financial markets and an increasingly negative outlook for the global economy. Major concerns about interest rates starting in the middle of the quarter led to volatility in sovereign debt in several eurozone countries. The yields on Swedish long-term government bonds, which are considered safe harbours by risk-averse investors, remained at historically low levels.

Profit for the year increased by 4 percent to SEK 2 408m (2 307). During the year one-off revenue of SEK 922m was received from the US commercial real estate loans Swedbank took over when Lehman Brothers filed for bankruptcy protection in autumn 2008. Net credit recoveries amounted to SEK 186m during the year.

Net interest income increased by 27 per cent compared to 2010. One-off interest income of SEK 206m related to assigned loans from Lehman Brothers was posted in the fourth quarter.

Lending increased by SEK 9bn to SEK 139bn from the beginning of the year as well as from the third quarter. The repricing of lending contributed positively to net interest income during the year.

Deposits decreased by SEK 9bn from the beginning of the year, but increased by SEK 2bn during the fourth quarter to SEK 65bn at year-end 2011.

The performance in the large corporate sector remained positive during the fourth quarter. A customer centric business model that utilises greater cooperation with other parts of the bank has developed the customer offering and generated good business growth during the quarter. Although the market was slowed by concerns about macroeconomic conditions, there was still solid business activity. The uncertainty could adversely affect business growth in coming quarters.

Net commission income fell by 15 per cent compared with 2010. During the fourth quarter corporate finance activity in Sweden and Norway remained low, as it had been in the previous quarter, mainly due to a cautious market. During the fourth quarter a one-off negative income of SEK 48m was posted for VAT owed for property syndicates in the Norwegian corporate finance operations - net commission income accounted for SEK 35m and net interest income for SEK 13m.

Net gains and losses on financial items at fair value decreased by 50 percent compared with 2010. Earnings in fixed income and currency trading declined compared with 2010, but increased during the fourth quarter from the previous quarter. Earnings from customer-related business continued to develop positively, especially in interest rate derivatives and corporate bond brokerage. Increased activity in specialised interest rate protection resulted in higher volumes of interest rate derivatives in Sweden and the Baltic countries. Conditions for proprietary risk management were difficult during the quarter due to the market's turmoil in combination with high volatility and major currency fluctuations. A reduced risk level in the fixed income and foreign exchange area limited income from proprietary risk management during the quarter.

Expenses increased by 6 per cent compared with 2010. During the fourth quarter SEK 89m was expensed for employee restructuring in 2012. Additional one-off expenses totalling SEK 67m were posted during the quarter. A cost analysis is under way in the areas of staffing, premises and IT in order to adapt the business area's operations and cost structure to current market conditions. Variable staff costs decreased by SEK 102m from 2010 due to lower risk-adjusted results.

Goodwill impairment of SEK 17m was recognised during the quarter for the company First Asset Management.

The higher tax expense for the year is mainly due to income from the settlement with the Lehman Brothers bankruptcy estate which was taxed at the US tax rate which is much higher than the Swedish rate.

During the fourth quarter Swedbank participated as a financial advisor in the property company Klövern's acquisition of Dagon.

In TNS SIFO Prospera's survey on firms active in acquisition finance, Swedbank moved up one spot to third place.

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

- Net recoveries
- New customer-centric business model implemented
- Goodwill impairment related to Latvian operations

Income statement

SEKm	Q4 2011	Q3 2011	%	Q4 2010	%	Full-year 2011	Full-year 2010	%
Net interest income	902	994	-9	1 168	-23	3 910	3 771	4
Net commissions	380	392	-3	383	-1	1 454	1 533	-5
Net gains and losses on financial items at fair value	84	80	5	119	-29	280	341	-18
Other income	164	140	17	-38		532	542	-2
Total income	**1 530**	**1 606**	**-5**	**1 632**	**-6**	**6 176**	**6 187**	**0**
Staff costs	299	242	24	261	15	1 054	1 032	2
Variable staff costs	7	16	-56			46	-13	
Other expenses	394	351	12	398	-1	1 449	1 546	-6
Depreciation/amortisation	36	40	-10	38	-5	147	164	-10
Total expenses	**736**	**649**	**13**	**697**	**6**	**2 696**	**2 729**	**-1**
Profit before impairments	**794**	**957**	**-17**	**935**	**-15**	**3 480**	**3 458**	**1**
Impairment of intangible assets	1 913					1 913	23	
Impairment of tangible assets	21	-11		73	-71	34	261	-87
Credit impairments	-117	-361	-68	-163	-28	-1 002	3 363	
Operating profit	**-1 023**	**1 329**		**1 025**		**2 535**	**-189**	
Tax expense	68	124	-45	35	94	435	-182	
Profit for the period	-1 091	1 205		990		2 100	-7	
Profit for the period attributable to the shareholders of Swedbank AB	**-1 091**	**1 205**		**990**		**2 100**	**-7**	
Return on allocated equity, %	-19.0	19.6	0.0	11.4	0.0	8.0	0.0	0.0
Credit impairment ratio, %	-0.37	-1.15	0.00	-0.51	0.00	-0.76	2.05	0.00
Total provision ratio for impaired loans, %	55	54	0	58	0	55	58	0
Share of impaired loans, gross, %	12.57	14.32	0.00	15.54	0.00	12.57	15.54	0.00
Cost/income ratio	0.48	0.40	0.00	0.43	0	0.44	0.44	0.00
Full-time employees	5 221	5 450	-4	5 416	-4	5 221	5 416	-4

Development January-December

The Baltic countries continued to post strong economic growth. In the third quarter of 2011 GDP grew by 8.5 per cent in Estonia, 6.6 per cent in Latvia and 6.7 per cent in Lithuania compared to previous year. Overall economic growth is becoming more broad-based. Strong export growth has led to increased investments and lower unemployment. GDP growth is expected to slow in the fourth quarter of 2011 and in 2012 due to the deteriorating global outlook, which is adversely impacting Baltic export performance as well as domestic demand.

Baltic Banking reported a profit of SEK 2 100m for 2011, against a loss of SEK 7m in 2010. The result was charged with a goodwill impairment of SEK 1 913m related to Latvia. Net recoveries amounted to SEK 1 002m during the year.

Net interest income increased by 9 per cent in local currency compared with 2010. Lower costs for deposits and higher Euribor rates had a positive effect on net interest income in the first half-year, while lower lending volumes affected net interest income negatively. During the second half of the year the positive effect of lower deposit interest rates disappeared. In the fourth quarter net interest income fell by 8 per cent in local currency from the previous quarter. A change in accounting policies for interest accruals of impaired loans led to a downward adjustment of SEK 47m during the fourth quarter.

Lending volumes decreased by 8 per cent in local currency compared with year-end 2010. This was mainly due to amortisations and limited new lending demand. Corporate lending, leasing and consumer financing decreased the most, while mortgages fell less. With growing macroeconomic uncertainties and slowing foreign demand, companies are being more cautious in their investment decisions. Swedbank's market share in lending decreased during the year to 27 per cent as of 30 November (29 per cent as of 31 December 2010).

Deposits increased by 6 per cent in local currency in 2011. The positive trend is evident in all three Baltic countries, although growth was higher in Estonia and Lithuania than in Latvia. Private deposits increased more than corporate deposits. In December, false rumours were spread through social media that Swedish banks in Latvia were unstable. The rumours led to increased withdrawals through ATMs and branches. The situation was handled through extended business hours, continuous ATM refills and communication through Swedbank's own channels as well as the news media. Within two days conditions had normalised. Swedbank's market share for deposits rose to 29 per cent as of 30 November (27 per cent as of 31 December 2010). The loan-to-deposit ratio fell to 121 per cent (141 per cent as of 31 December 2010).

Net commission income was stable in local currency compared with 2010. Excluding penalties of EUR 4m (SEK 35m) related to card fees in Latvia in the first quarter, the increase was 3 per cent year-on-year in local currency. The increase was largely driven by higher commission income from payment services. This reflects a larger number of active customers and more customer transactions. During the year the number of active customers increased by more than 120 000.

Net gains and losses on financial items at fair value declined by 14 per cent in local currency compared with 2010. The decrease was the result of transaction-related exchange rate differences.

Expenses increased by 5 per cent in local currency from the previous year. One-off staff restructuring costs raised staff costs by SEK 21m in the fourth quarter. The increase was otherwise primarily driven by higher variable remuneration as well as higher marketing and IT expenses, while consulting costs decreased due to FR&R (the bank's special unit for risk management) using fewer consultants.

The number of full-time employees decreased during the year by 195 to 5 221, mainly in the fourth quarter, as a result of organisational adjustments to lower anticipated growth. The cost/income ratio was 0.44 (0.44).

Net recoveries for 2011 amounted to SEK 1 002m, compared with SEK 3 363m in credit impairments in 2010. The recoveries in 2011 came mainly from the corporate portfolios in Latvia and Lithuania. Impaired loans, gross, continued to decline throughout the year and amounted to SEK 16bn (SEK 23bn on 31 December 2010).

Growth in the Baltic countries is expected to slow in the short term, because of which Swedbank is taking measures to mitigate the expected negative effects of lower income. Cost cutting remains a high priority. Activities are under way to increase customer satisfaction, which is expected to create further opportunities to maintain profitability. The bank's focus in Estonia, Latvia and Lithuania in 2012 will be on strengthening a customer-centric business model based on long-term, full-service relationships while maintaining efficiency.

Swedbank's position as a Baltic banking leader was reaffirmed in 2011 by several local and international awards. In all three countries, Swedbank was recognised as the most reputable company 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

- Major fluctuations in the financial markets
- Investors are reducing their risks

Income statement

SEKm	Q4 2011	Q3 2011	%	Q4 2010	%	Full-year 2011	Full-year 2010	%
Net interest income		-4		-2			-17	
Net commissions	380	374	2	415	-8	1 560	1 592	-2
Net gains and losses on financial items at fair value	-1	-3	-67	2		-9	9	
Other income	2	4	-50	11	-82	16	24	-33
Total income	**381**	**371**	**3**	**426**	**-11**	**1 567**	**1 608**	**-3**
Staff costs	113	90	26	101	12	396	391	1
Variable staff costs	9	6	50	18	-50	42	49	-14
Other expenses	99	77	29	106	-7	353	366	-4
Depreciation/amortisation	12	13	-8	13	-8	49	50	-2
Total expenses	**233**	**186**	**25**	**238**	**-2**	**840**	**856**	**-2**
Profit before impairments	**148**	**185**	**-20**	**188**	**-21**	**727**	**752**	**-3**
Impairment of intangible assets	30					30		
Operating profit	**118**	**185**	**-36**	**188**	**-37**	**697**	**752**	**-7**
Tax expense	28	48	-42	47	-40	176	177	-1
Profit for the period	90	137	-34	141	-36	521	575	-9
Profit for the period attributable to the shareholders of Swedbank AB	**90**	**137**	**-34**	**141**	**-36**	**521**	**575**	**-9**
Return on allocated equity, %	21.2	32.3		26.1		27.9	26.6	
Cost/income ratio	0.61	0.50		0.56		0.54	0.53	
Full-time employees	286	276	4	313	-9	286	313	-9
Fund assets under management, SEKbn	446	421	6	484	-8	446	484	-8
Discretionary assets under mangement, SEKbn	271	256	6	252	8	271	252	8
Total assets under mangement, SEKbn	717	677	6	736	-3	717	736	-3

Development January-December
Global political unrest resulted in turbulent financial markets during the year and clearly affected fund flows. Active investors switched from equity funds, mainly emerging market funds, to mixed and money market funds. In 2011 the total inflow to Swedish funds was SEK 16bn (86), which included an outflow of SEK 53.5bn from equity funds and an inflow of SEK 29.2bn to mixed funds and SEK 39.9bn to fixed income funds.

The total gross inflow to Swedbank Robur's funds was SEK 118.5bn, while the net flow was SEK -2.4bn. The biggest inflow was in mixed funds, primarily through the premium pension authority, PPM.

The net inflow from institutional management was mainly due to inflows from a large customer and ended the year at SEK 8.1bn.

Profit for the period amounted to SEK 521m, a decrease of 9 per cent from the previous year. The three Baltic countries accounted for 6 per cent of operating profit.

Commission income decreased compared with the previous year mainly due to the weak market during the second half of 2011, which resulted in lower average assets under management than in 2010. The shift away from equity to fixed income funds negatively affected income as well.

The increase in net commission income from the previous quarter was due to higher income from institutional asset management. Income from institutional asset management excluding Swedbank Robur's funds amounted to SEK 140m, an increase compared with the previous year.

Total assets under management at the end of the period amounted to SEK 717bn, compared with SEK 736bn at the beginning of the year. The market share measured as assets under management was 23.6 per cent (23.6).

Expenses decreased by 2 per cent compared with the previous year. During the fourth quarter SEK 16m was expensed for employee restructuring. A current IT development project was impaired by SEK 30m during the quarter after it was terminated in advance and the investment decision was postponed.

During the period Swedbank Robur received a number of nominations, including four nominations in three categories for best risk-adjusted return from Lipper. The US rating firm Citywire named Swedbank Robur's America Fund one of 20 best US funds among 500 funds in Europe, and in its latest three-year ranking the Swedbank Robur Eastern Europe Fund was number one among a total of 74 funds. In addition, Swedbank Robur was ranked as one of the best fund management companies in 2011 by Morningstar.

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

- New strategy for the Ukrainian market
- Net recoveries of SEK 1 038m

Income statement

SEKm	Q4 2011	Q3 2011	%	Q4 2010	%	Full-year 2011	Full-year 2010	%
Net interest income	126	124	2	159	-21	566	638	-11
Net commissions	9	21	-57	20	-55	60	81	-26
Net gains and losses on financial items at fair value	7	14	-50	-96		42	-71	
Other income	12	13	-8	12	0	41	32	28
Total income	**154**	**172**	**-10**	**95**	**62**	**709**	**680**	**4**
Staff costs	60	124	-52	81	-26	333	377	-12
Variable staff costs				-9			-9	
Other expenses	61	62	-2	110	-45	272	425	-36
Depreciation/amortisation	7	64	-89	29	-76	100	78	28
Total expenses	**128**	**250**	**-49**	**211**	**-39**	**705**	**871**	**-19**
Profit before impairments	**26**	**-78**		**-116**		**4**	**-191**	
Impairment of intangible assets							14	
Impairment of tangible assets	9	4		250	-96	14	254	-94
Credit impairments	-260	-119		-521	-50	-1 038	-859	21
Operating profit	**277**	**37**		**155**	**79**	**1 028**	**400**	
Tax expense	30	-2		13		27	-19	
Profit for the period	247	39		142	74	1 001	419	
Profit for the period attributable to the shareholders of Swedbank AB	**247**	**39**		**142**	**74**	**1 001**	**419**	
Return on allocated equity, %	29.3	4.3		15.6		30.4	11.0	
Credit impairment ratio, %	-9.54	-4.23		-14.00		-6.87	-4.35	
Total provision ratio for impaired loans, %	67	66		64		67	64	
Share of impaired loans, gross, %	44.04	46.02		46.20		44.04	46.20	
Cost/income ratio	0.83	1.45		2.22		0.99	1.28	
Full-time employees	1 214	1 530	-21	1 847	-34	1 214	1 847	-34

Development January-December

The Russian and Ukrainian economies continued to show positive growth during 2011, but at a slower pace. GDP grew by 5.3 per cent in Ukraine and by 4.1 per cent in Russia during the first nine months compared with the same period in 2010. The labour market improved in both countries, albeit at a modest pace.

Swedbank has altered its strategy for the Ukrainian market and will exit the retail segment to focus solely on corporate customers. The new strategy will be implemented over a two-year period, during which existing private customer operations will gradually be phased out and the number of branches reduced from 84 to 10. During the fourth quarter 25 branches were closed.

Profit for the period amounted to SEK 1 001m, compared with a profit of SEK 419m in 2010. The improvement was primarily due to credit quality stabilisation and cost cutting in both Ukraine and Russia.

Net interest income dropped by 11 per cent compared with 2010. The positive impact on net interest income from the restructuring of impaired loans was offset by rapid amortisation of the performing part of the loan portfolio, which has not been replaced with new lending in either country. Since the beginning of 2011 the loan portfolio in local currency decreased by 26 per cent in Ukraine and by 19 per cent in Russia.

Net commission income remained modest as a result of slow business activity.

Total expenses decreased by SEK 166m year-on-year as a result of the ongoing focus on costs in both countries. In Ukraine, a one-off restructuring cost of SEK 100m was posted in the third quarter related to the Q3 change in strategy. The number of full-time employees was reduced from 1 554 at the end of last year to 1 037 in Ukraine and from 284 to 174 in Russia. The cost/income ratio was 0.99 (1.28).

Credit quality was stable during the period. Impaired loans decreased by 33 per cent in 2011. Net recoveries of SEK 1 038m were due to successful restructurings of the impaired corporate portfolio and a change in the calculation of collective provisions. In Russia, net recoveries amounted to SEK 512m in 2011. In Ukraine, a review of the mortgage portfolio as well as model updates were made and led to supplementary increased net portfolio provisions of SEK 173m for private customers as well as some resolutions of portfolio provisions for corporate portfolios. Net recoveries in Ukraine amounted to SEK 526m. The provision ratio for impaired loans in the business area was 67 per cent (64).

*The **Russia & Ukraine** business area comprises the banking operations of Swedbank Group in Russia and Ukraine. As from the first quarter 2012, the business area Russia & Ukraine will be reported under Group Functions.*

Ektornet

- The value of repossessed properties amounted to SEK 5 819m
- During the fourth quarter 353 apartments were sold in Latvia with a capital gain of SEK 36m
- Net operating income from properties and hotels improved to SEK 61m, compared with a net operating deficit of SEK 15m in the previous year

Income statement

SEKm	Q4 2011	Q3 2011	%	Q4 2010	%	Full-year 2011	Full-year 2010	%
Net interest income	-25	-11		-8		-62	-21	
Net gains and losses on financial items at fair value	56	21		18		163	31	
Share of profit or loss of associates	1					1		
Other income	166	126	32	30		505	108	
Total income	**198**	**136**	**46**	**40**		**607**	**118**	
Staff costs	27	26	4	20	35	102	74	38
Variable staff costs	4					4		
Other expenses	115	108	6	48		322	172	87
Depreciation/amortisation	42	32	31	7		122	24	
Total expenses	**188**	**166**	**13**	**75**		**550**	**270**	
Profit before impairments	**10**	**-30**		**-35**		**57**	**-152**	
Impairment of tangible assets	140	-6		83	69	126	85	48
Operating profit	**-130**	**-24**		**-118**	**10**	**-69**	**-237**	**-71**
Tax expense	-3	-3	0	-16	-81	52	-25	
Profit for the period from continuing operations	**-127**	**-21**		**-102**	**25**	**-121**	**-212**	**-43**
Profit for the period from discontinued operations, after tax	4					4		
Profit for the period	-123	-21		-102	-21	-117	-212	-45
Profit for the period attributable to the shareholders of Swedbank AB	**-124**	**-21**		**-102**	**-22**	**-118**	**-212**	**-44**
Non-controlling interests	1					1		
Full-time employees	216	206	5	150	44	216	150	44

Development January-December

The result for the year was SEK -118m (-212). Net interest income, the large part of which relates to loan interest, amounted to SEK -62m. Net gains and losses on financial items at fair value amounted to SEK 163m (31). This includes income of SEK 105m (14) received from condominium sales in the US as well as exchange rate differences. Other income amounted to SEK 505m (108) and includes capital gains on property sales of SEK 173m (3) and operating income of SEK 323m (99). In total, properties were sold for SEK 571m (84) in 2011. Other expenses during the period amounted to SEK 322m (172), of which direct property and hotel expenses accounted for SEK 262m (114). Net operating income amounted to SEK 61m (-15). The improvement is the product of active property management, which has resulted in fewer vacancies.

Write-offs amounted to SEK 122m (24), the large part of which relates to properties. In addition to the appraisal made in connection with repossessions, Ektornet makes quarterly appraisals of its properties. In total, impairment losses of SEK 126m (85) were charged against profit during the year. The appraisals also indicated surplus values in certain properties, which are not recognised through profit or loss, however.

A large part of the property portfolio consists of non-income-generating assets, which is why Ektornets total cash flow and result are expected to remain negative in the next few years. However, this is expected to be partly compensated by gradually increasing asset sales.

Properties taken over excl shares in apartment projects SEKm	31 dec 2011	31 dec 2010
Sweden	305	270
Norway	102	116
Finland	709	765
Estonia	569	469
Latvia	1 721	851
Lithuania	448	206
USA	1 415	122
Ukraine	443	73
Total	**5 712**	**2 872**

During the fourth quarter properties were acquired for SEK 614m. As of 31 December Ektornet managed properties with a book value of SEK 5 712m (2 872) after currency translation, ongoing depreciation, write-downs and investments. Ektornet also has shares in a US apartment project with a book value of SEK 60m (183) which is being sold in stages, as well as a repossessed shareholding valued at SEK 47m (-). Total repossessed assets amount to SEK 5 819m (3 055). Moreover, SEK 316m (255) has been paid to acquire properties still awaiting closure, mainly in Latvia. Reposession is expected to continue during 2012, mainly in Latvia. The estimated value of repossessed assets up to 2013 is SEK 10bn.

__Ektornet__ and FR&R Invest, both independent subsidiaries of Swedbank AB, comprise the business area. The aim is to manage and develop the Group's __repossessed assets__ taken over in order to minimise losses and if possible recover value in the long term. As from the first quarter 2012, the business area Ektornet will be reported under Group Functions.

Group Functions

Income statement

SEKm	Q4 2011	Q3 2011	%	Q4 2010	%	Full-year 2011	Full-year 2010	%
Net interest income	-318	-167	-90	-268	19	-1 207	-942	28
Net commissions	-25			6		-62	31	
Net gains and losses on financial items at fair value	129	-4		-199		187	460	-59
Other income	1 191	1 099	8	1 068	12	4 625	4 333	7
Total income	**977**	**928**	**5**	**607**	**61**	**3 543**	**3 882**	**-9**
Staff costs	614	523	17	449	37	2 134	2 030	5
Variable staff costs		16		6		50	16	
Other expenses	672	637	5	696	-3	2 657	2 644	0
Depreciation/amortisation	90	61	48	81	11	274	294	-7
Total expenses	**1 376**	**1 237**	**11**	**1 232**	**12**	**5 115**	**4 984**	**3**
Profit before impairments	**-399**	**-309**	**29**	**-625**	**-36**	**-1 572**	**-1 102**	**43**
Credit impairments	-17	-1				-17	35	
Operating profit	**-382**	**-308**	**24**	**-625**	**-39**	**-1 555**	**-1 137**	**37**
Tax expense	-125	-272	-54	-98	-28	-436	-198	
Profit for the period	-257	-36		-527	-51	-1 119	-939	19
Profit for the period attributable to the shareholders of Swedbank AB	**-257**	**-36**		**-527**	**-51**	**-1 119**	**-939**	**19**
Full-time employees	2 820	2 798	1	2 698	5	2 820	2 698	5

Development January-December
Group Functions operates across the business areas and serves as strategic and administrative support for them. The Group Functions are: Group Finance (including Group Treasury), Risk, Compliance, Corporate Affairs (communication, strategic marketing and community relations), HR, Legal and Group Business Support. The Group Executive Committee and Internal Audit are also included in Group Functions. Among the tasks of the Group Functions are to capitalise on economies of scale in the bank's business operations. They also develop Group-level guidelines and processes as well as compile, analyse and provide information to the CEO and the Board of Directors.

Income for the Group Functions consists of net interest income and net gains on financial items attributable to Group Treasury, as well as other income. Three fourths of other income consists of services invoiced internally, while the rest is income from the savings banks.

Expenses for Group Functions increased by 3 per cent from the previous year to SEK 5 115m (4 984). In 2011 employee restructuring expenses amounted to SEK 112m. Group Functions comprises 2 820 full-time positions.

Group Business Support
Group Business Support (GBS) comprises the Swedbank Group's business support units. Its purpose is to provide efficient business support to the business areas and give them more time to focus on customer relations.

GBS was established in 2010 and will gradually be built up and developed over the next two years. At the same time efficiency improvements will be realised. At present GBS consists of around 2 300 employees in Group IT, Group Products, Group Shared Services and Group Transformation.

Income for GBS consists mainly of intra-Group invoicing. External income consists largely of income from sales to the savings banks, primarily related to IT services.

Total expenses for GBS amounted to SEK 4 025m in 2011. Group IT accounts for 63 per cent of expenses within GBS. Group IT manages all of Swedbank's IT operations, including maintenance and development. In addition, it provides services to many of the savings banks. Group Products accounts for 28 per cent of expenses and is responsible for developing and maintaining products for large parts of the bank. Group Shared Services accounts for 8 per cent of expenses and provides Group-wide services to Swedbank's business areas e.g. procurements through a centralised purchasing function.

Expenses within GBS consist primarily of staff costs and IT expenses for maintenance and development.

Group Treasury
Group Treasury has overarching responsibility for managing the Group's liquidity and funding.

Over time Group Treasury is expected to report net interest income of nearly nil. Since internal interest rates at any given time may not fully reflect the Group's funding costs, net interest income will fluctuate. In the medium term net interest income within Group Treasury is affected negatively by the fee for the state guaranteed funding, which cannot be allocated within the organisation through internal interest rates. Expenses for state guaranteed funding are expected to decrease in 2012. The liquidity reserve is expected to shrink as the state guaranteed funding matures.

Group Treasury's reported net interest income during the fourth quarter of SEK -313m and SEK -1 145m for the full-year 2011. The fee for state guaranteed funding was SEK 245m during the fourth quarter and SEK 1 163m for the full-year. During the fourth quarter net interest income was affected negatively because Group Treasury maintained a larger liquidity reserve to offset maturing state guaranteed funding during the period December 2011 to April 2012. During the fourth quarter net interest income was also charged with SEK 57m for a correction of an accrual.

Over time Group Treasury is expected to report net gains and losses on financial items nearer nil. There could be significant volatility between quarters, however, mainly due to changes in value not reflected in hedge accounting.

Net Gains and losses amounted to SEK 129m during the fourth quarter and SEK 187m for the full-year 2011. During the fourth quarter net gains on financial items were affected positively by changes in value, mainly revaluations of basis swaps (outside hedge accounting).

Expenses within Group Treasury consist primarily of staff costs and IT expenses. Total expenses amounted to SEK 298m for full-year 2011. The number of full-time employees was 64.

Other Group Functions
The other Group Functions are Group Finance, Risk, Compliance, Corporate Affairs (communication, strategic marketing and community relations), HR and Legal. The Group Executive Committee and Internal Audit are included as well. The number of full-time employees was 452 (433).

Eliminations

Income statement

SEKm	Q4 2011	Q3 2011	%	Q4 2010	%	Full-year 2011	Full-year 2010	%
Net interest income	-11			-7	57	-15	-17	12
Net commissions	18	17	6	7		58	41	41
Net gains and losses on financial items at fair value								
Other income	-1 074	-1 034	-4	-963	-12	-4 272	-3 964	-8
Total income	**-1 067**	**-1 017**	**-5**	**-963**	**-11**	**-4 229**	**-3 940**	**-7**
Staff costs	-10			-8	25	-10	-8	25
Variable staff costs								
Other expenses	-1 057	-1 017	-4	-955	-11	-4 219	-3 932	-7
Depreciation/amortisation								
Total expenses	**-1 067**	**-1 017**	**-5**	**-963**	**-11**	**-4 229**	**-3 940**	**-7**

Group eliminations consist mainly of internal transaction eliminations between Group Functions and the business areas. The rise in eliminations is mainly due to a rising number of business support functions being moved to Group Functions and that Group Functions' expenses are allocated to the business areas at full-cost-based internal prices.

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

Financial information - contents

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	Q4 2011	Q3 2011	%	Q4 2010	%	Full-year 2011	Full-year 2010	%
Interest income	14 387	13 983	3	10 952	31	53 681	39 531	36
Interest expenses	-9 393	-9 126	3	-6 425	46	-34 563	-23 202	49
Net interest income (note 5)	**4 994**	**4 857**	**3**	**4 527**	**10**	**19 118**	**16 329**	**17**
Commission income	3 097	3 190	-3	3 477	-11	12 655	13 099	-3
Commission expenses	-971	-898	8	-939	3	-3 692	-3 574	3
Net commissions (note 6)	**2 126**	**2 292**	**-7**	**2 538**	**-16**	**8 963**	**9 525**	**-6**
Net gains and losses on financial items at fair value (note 7)	559	259		357	57	1 584	2 400	-34
Insurance premiums	346	239	45	375	-8	1 341	1 536	-13
Insurance provisions	-212	-142	49	-228	-7	-835	-924	-10
Net insurance	**134**	**97**	**38**	**147**	**-9**	**506**	**612**	**-17**
Share of profit or loss of associates	155	217	-29	127	22	767	624	23
Other income	550	468	18	262		2 577	1 554	66
Total income	**8 518**	**8 190**	**4**	**7 958**	**7**	**33 515**	**31 044**	**8**
Staff costs	2 651	2 409	10	2 314	15	9 917	9 392	6
Other expenses (note 8)	1 881	1 634	15	1 990	-5	6 941	7 300	-5
Depreciation/amortisation	277	288	-4	286	-3	1 011	950	6
Total expenses	**4 809**	**4 331**	**11**	**4 590**	**5**	**17 869**	**17 642**	**1**
Profit before impairments	**3 709**	**3 859**	**-4**	**3 368**	**10**	**15 646**	**13 402**	**17**
Impairment of intangible assets (note 14)	1 960					1 960	37	
Impairment of tangible assets	170	-13		406	-58	174	600	-71
Credit impairments (note 9)	-174	-441	-61	-483	-64	-1 911	2 810	
Operating profit	**1 753**	**4 313**	**-59**	**3 445**	**-49**	**15 423**	**9 955**	**55**
Tax expense	790	834	-5	693	14	3 669	2 472	48
Profit for the period from continuing operations	**963**	**3 479**	**-72**	**2 752**	**-65**	**11 754**	**7 483**	**57**
Profit for the period from discontinued operations, after tax	4	0		0		4	0	
Profit for the period	967	3 479	-72	2 752	-65	11 758	7 483	57
Profit for the period attributable to the shareholders of Swedbank AB	**965**	**3 475**	**-72**	**2 750**	**-65**	**11 744**	**7 444**	**58**
Profit for the period from continuing operations	962	3 475	-72	2 750	-65	11 741	7 444	58
Profit for the period from discontinuing operations	3					3		
Non-controlling interests	2	4	-50	2	0	14	39	-64
Profit for the period from continuing operations	1	4	-75	2	-50	13	39	-67
Profit for the period from discontinuing operations	1					1		
Earnings per share, total operations, SEK[1]	0.88	3.12		2.37		9.53	6.43	
after dilution[1]	0.88	3.11		2.37		9.52	6.43	
Earnings per share, continued operations, SEK[1]	0.88	3.12		2.37		9.53	6.43	
after dilution[1]	0.88	3.11		2.37		9.52	6.43	
Earnings per share, discontinuing operations, SEK[1]	0.00	0.00		0.00		0.00	0.00	
after dilution[1]	0.00	0.00		0.00		0.00	0.00	
Equity per share, SEK	84.40	83.72		81.84		84.40	81.84	
Return on equity, %	3.9	14.4		11.7		12.2	8.1	
Credit impairment ratio, %	-0.05	-0.13		-0.14		-0.14	0.20	

1) The number of shares and the calculation of earnings per share are specified on page 43.

Statement of comprehensive income, condensed

Group SEKm	Q4 2011	Q3 2011	%	Q4 2010	%	Full-year 2011	Full-year 2010	%
Profit for the period reported via income statement	**967**	**3 479**	**-72**	**2 752**	**-65**	**11 758**	**7 483**	**57**
Exchange differences, foreign operations	-1 310	528		-549		-284	-4 218	-93
Hedging of net investments in foreign operations:								
Gains/losses arising during the period	1 138	-351		317		379	2 420	-84
Cash flow hedges:								
Gains/losses arising during the period	304	64		-71		78	149	-48
Reclassification adjustments to income statement, net interest income	77	79	-3	194	-60	345	806	-57
Share of other comprehensive income of associates	-18	-6		8		-2	-30	-93
Income tax relating to components of other comprehensive income	-396	54		-117		-210	-890	-76
Other comprehensive income for the period, net of tax	**-205**	**368**		**-218**	**-6**	**306**	**-1 763**	
Total comprehensive income for the period	**762**	**3 847**	**-80**	**2 534**	**-70**	**12 064**	**5 720**	
Total comprehensive income attributable to the shareholders of Swedbank AB	**759**	**3 844**	**-80**	**2 533**	**-70**	**12 049**	**5 693**	
Non-controlling interests	3	3	0	1		15	27	-44

Balance sheet, condensed

Group SEKm	31 Dec 2011	31 Dec 2010	%
Assets			
Cash and balance with central banks	164 307	17 109	
Loans to credit institutions (note 10)	97 195	166 417	-42
Loans to the public (note 10)	1 211 454	1 187 226	2
Interest-bearing securities	138 311	131 576	5
Financial assets for which customers bear the investment risk	95 747	100 628	-5
Shares and participating interests	2 015	6 181	-67
Investments in associates	3 111	2 710	15
Derivatives (note 18)	103 726	65 051	59
Intangible fixed assets (note 14)	13 799	15 794	-13
Investment properties	3 910	2 165	81
Tangible assets	4 383	3 514	25
Current tax assets	2 083	1 156	80
Deferred tax assets	872	1 218	-28
Other assets	7 531	8 611	-13
Prepaid expenses and accrued income	8 371	6 325	32
Group of assets classified as held for sale	250		
Total assets	**1 857 065**	**1 715 681**	**8**
Liabilities and equity			
Amounts owed to credit institutions (note 15)	139 598	136 766	2
Deposits and borrowings from the public (note 16)	561 696	534 237	5
Debt securities in issue (note 17)	781 458	686 517	14
Financial liabilities for which customers bear the investment risk	96 449	100 988	-4
Derivatives (note 18)	90 484	65 935	37
Current tax liabilities	472	317	49
Deferred tax liabilities	3 183	1 734	84
Short positions, securities	30 603	34 179	-10
Other liabilities	13 059	13 625	-4
Accrued expenses and prepaid income	18 612	15 074	23
Provisions	3 690	4 087	-10
Subordinated liabilities	19 531	27 187	-28
Liabilities directly associated with group of assets classified as held for sale	97		
Equity	98 133	95 035	3
of which non-controlling interests	140	138	1
of which equity attributable to shareholders of Swedbank AB	97 993	94 897	3
Total liabilities and equity	**1 857 065**	**1 715 681**	**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
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	-15	-3 010
New share issue	32						32		32
Reversal of VAT costs incurred on rights issue 2009		35					35		35
Repurchased shares						-6 180	-6 180		-6 180
Share based payments to employees						159	159		159
Associates' acquisition of shares in Swedbank AB						-4	-4		-4
Business combinations								2	2
Total comprehensive income for the period			-287	280	312	11 744	12 049	15	12 064
Closing balance 31 December 2011	**24 383**	**17 187**	**-2 389**	**136**	**268**	**58 408**	**97 993**	**140**	**98 133**

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	Full-year 2011	Full-year 2010
Operating activities		
Operating profit	15 423	9 955
Profit for the period from discontinued operations	4	
Adjustments for non-cash items in operating activities	-17	4 969
Taxes paid	-2 456	-3 368
Increase/decrease in loans to credit institutions	69 012	-81 818
Increase/decrease in loans to the public	-23 100	57 969
Increase/decrease in holdings of securities for trading	-467	21 040
Increase/decrease in deposits and borrowings from the public including retail bonds	28 222	68 270
Increase/decrease in amounts owed to credit institutions	3 448	-78 287
Increase/decrease in other assets	-32 139	1 726
Increase/decrease in other liabilities	22 655	-14 243
Cash flow from operating activities	**80 585**	**-13 787**
Investing activities		
Business combinations	-2	
Business disposals	6	140
Acquisitions of and contributions to associates	-50	
Acquisition of other fixed assets and strategic financial assets	-4 396	-2 411
Disposals of/matured other fixed assets and strategic financial assets	4 544	3 463
Cash flow from investing activities	**102**	**1 192**
Financing activities		
Issuance of interest-bearing securities	253 855	261 697
Redemption of interest-bearing securities	-237 487	-222 899
Issuance of certificates etc.	319 621	284 652
Redemption of certificates etc.	-260 254	-329 099
Dividends	-3 010	-75
Change in ownership interest in subsidiaries		-621
New share issue	32	
Repurchased shares	-6 184	
Cash flow from financing activities	**66 573**	**-6 345**
Cash flow for the period	**147 260**	**-18 940**
Cash and cash equivalents at the beginning of the period	**17 109**	**37 879**
Cash flow for the period	147 260	-18 940
Exchange rate differences on cash and cash equivalents	-62	-1 830
Cash and cash equivalents at end of the period	**164 307**	**17 109**

Note 1 Accounting policies

The year-end 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 year-end 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 expense, respectively.

Previously, derivative interest was presented as interest income or interest expense depending on whether the contract's net interest was an income or 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.

New reporting of interest Group SEKm	**Q4 2010**	**Full-year 2010**
Derivatives	-4	-272
Interest income	10 952	39 531
Derivatives	747	5 583
Interest expenses	-6 425	-23 202
Net interest income	**4 527**	**16 329**
Previous reporting of interest Group SEKm	**Q4 2010**	**Full-year 2010**
Derivatives	989	6 066
Interest income	11 945	45 869
Derivatives	-246	-755
Interest expenses	-7 418	-29 540
Net interest income	**4 527**	**16 329**

New or revised IFRS and IFRIC interpretations have not had a significant effect on the financial position, results or disclosures pertaining to the Group or parent company.

The operating segments were changed in 2011 to coincide with the organisational changes implemented in Swedbank's business area organisation. The internal bank and the internal banking operations in 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.

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 8 819m. Provisions in the Ukrainian operations decreased from SEK 5 196m to SEK 3 856m. The changes were based on the losses that management 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 11 762m as of 31 December, of which SEK 9 044m related to the investment in the Baltic operations. The most recent test led to SEK 1 913m in impairment losses related to the investment in the Latvian operations as well as SEK 17m in impairment losses in the Norwegian operations.

Note 3 Changes in the Group structure

Internal structural changes

The jointly owned franchise company Swedbank Franchise AB acquired Swedbank Fastighetsbyrå AB, Swedbank Juristbyrå AB and Swedbank Företagsförmedling AB from Swedbank on 31 May 2011.

On 1 July 2011 Swedbank implemented changes to the Baltic group with the parent company Swedbank AS of

Estonia. On that date Swedbank AB acquired all of Swedbank AS's shares in the Latvian group with the parent company Swedbank AS as well as all the shares in the Lithuanian group with the parent company Swedbank AB. The changes to the legal structure have no impact on the segment reporting.

Note 4 Business segments (business areas)

Jan-Dec 2011 SEKm	Retail	Large Corporates & Institutions	Baltic Banking	Asset Management	Russia & Ukraine	Ektornet	Group Functions	Eliminations	Group
Income statement									
Net interest income	12 340	3 586	3 910		566	-62	-1 207	-15	19 118
Net commissions	4 229	1 664	1 454	1 560	60		-62	58	8 963
Net gains and losses on financial items at fair value	201	720	280	-9	42	163	187		1 584
Share of profit or loss of associates	768	-2				1			767
Other income	828	808	532	16	41	505	4 625	-4 272	3 083
Total income	**18 366**	**6 776**	**6 176**	**1 567**	**709**	**607**	**3 543**	**-4 229**	**33 515**
of which internal income	106	61	29				3 802	-3 999	
Staff costs	4 022	1 491	1 054	396	333	102	2 134	-10	9 522
Variable staff costs	101	152	46	42		4	50		395
Other expenses	4 401	1 706	1 449	353	272	322	2 657	-4 219	6 941
Depreciation/amortisation	271	48	147	49	100	122	274		1 011
Total expenses	**8 795**	**3 397**	**2 696**	**840**	**705**	**550**	**5 115**	**-4 229**	**17 869**
Profit before impairments	**9 571**	**3 379**	**3 480**	**727**	**4**	**57**	**-1 572**		**15 646**
Impairment of intangible assets		17	1 913	30					1 960
Impairment of tangible assets			34		14	126			174
Credit impairments	332	-186	-1 002		-1 038		-17		-1 911
Operating profit	**9 239**	**3 548**	**2 535**	**697**	**1 028**	**-69**	**-1 555**		**15 423**
Tax expense	2 275	1 140	435	176	27	52	-436		3 669
Profit for the period from continuing operations	6 964	2 408	2 100	521	1 001	-121	-1 119		11 754
Profit for the period from discontinued operations, after tax						4			4
Profit for the period	6 964	2 408	2 100	521	1 001	-117	-1 119		11 758
Profit for the period attributable to the shareholders of Swedbank AB	**6 951**	**2 408**	**2 100**	**521**	**1 001**	**-118**	**-1 119**		**11 744**
Non-controlling interests	13					1			14
Balance sheet, SEKbn									
Cash and balances with central banks	1	7	3		1		152		164
Loans to credit institutions	32	297		2	2	1	213	-450	97
Loans to the public	894	184	119		10		11	-7	1 211
Bonds and other interest-bearing securities		63	2				82	-9	138
Financial assets for which customers bear inv. risk	94		2						96
Investments in associates	2						1		3
Derivatives		122					36	-54	104
Total tangible and intangible assests	3		10	1	1	6	1		22
Other assets	9	13	2	1		0	656	-659	22
Total assets	**1 035**	**686**	**138**	**4**	**14**	**7**	**1 152**	**-1 179**	**1 857**
Amounts owed to credit institutions	75	233			6	5	269	-448	140
Deposits and borrowings from the public	365	79	98		2		24	-6	562
Debt securities in issue		18	1				775	-13	781
Financial liabilities for which customers bear inv. risk	94		2						96
Derivatives		120					25	-55	90
Other liabilities	465	217	12	2	1		28	-655	70
Subordinated liabilities	10	6	4		2			-2	20
Total liabilities	**1 009**	**673**	**117**	**2**	**11**	**5**	**1 121**	**-1 179**	**1 759**
Allocated equity	26	13	21	2	3	2	31		98
Total liabilities and equity	**1 035**	**686**	**138**	**4**	**14**	**7**	**1 152**	**-1 179**	**1 857**
Key figures									
Return on allocated equity, %	28.6	15.5	8.0	27.9	30.4	-6.1	-4.8		12.2
Loan/deposit ratio, %	245	214	122		544		24		213
Credit impairment ratio, %	0.04	-0.06	-0.76		-6.87				-0.14
Share of impaired loans, gross, %	0.19	0.13	12.57		44.04				1.87
Cost/income ratio	0.48	0.50	0.44	0.54	0.99	0.91	1.44		0.53
Risk-weighted assets, SEKbn	216	132	102	3	15	7	17		492
Full-time employees	5 333	1 197	5 221	286	1 214	216	2 820		16 287

Jan-Dec 2010 SEKm	Retail	Large Corporates & Institutions	Baltic Banking	Asset Management	Russia & Ukraine	Ektornet	Group Functions	Eliminations	Group
Income statement									
Net interest income	10 100	2 817	3 771	-17	638	-21	-942	-17	16 329
Net commissions	4 292	1 955	1 533	1 592	81		31	41	9 525
Net gains and losses on financial items at fair value	184	1 446	341	9	-71	31	460		2 400
Share of profit or loss of associates	624								624
Other income	1 003	88	542	24	32	108	4 333	-3 964	2 166
Total income	**16 203**	**6 306**	**6 187**	**1 608**	**680**	**118**	**3 882**	**-3 940**	**31 044**
of which internal income	110	29	12				3 572	-3 723	
Staff costs	3 921	1 235	1 032	391	377	74	2 030	-8	9 052
Variable staff costs	43	254	-13	49	-9		16		340
Other expenses	4 421	1 658	1 546	366	425	172	2 644	-3 932	7 300
Depreciation/amortisation	285	55	164	50	78	24	294		950
Total expenses	**8 670**	**3 202**	**2 729**	**856**	**871**	**270**	**4 984**	**-3 940**	**17 642**
Profit before impairments	**7 533**	**3 104**	**3 458**	**752**	**-191**	**-152**	**-1 102**		**13 402**
Impairment of intangible assets			23		14				37
Impairment of tangible assets			261		254	85			600
Credit impairments	272	-1	3 363		-859		35		2 810
Operating profit	**7 261**	**3 105**	**-189**	**752**	**400**	**-237**	**-1 137**		**9 955**
Tax expense	1 951	768	-182	177	-19	-25	-198		2 472
Profit for the period from continuing operations	5 310	2 337	-7	575	419	-212	-939		7 483
Profit for the period from discontinued operations, after tax									
Profit for the period	5 310	2 337	-7	575	419	-212	-939		7 483
Profit for the period attributable to the shareholders of Swedbank AB	**5 301**	**2 307**	**-7**	**575**	**419**	**-212**	**-939**		**7 444**
Non-controlling interests	9	30							39
Balance sheet, SEKbn									
Cash and balances with central banks	2	2	12		1				17
Loans to credit institutions	31	358	19	2	3	1	265	-513	166
Loans to the public	873	171	130		13		12	-12	1 187
Bonds and other interest-bearing securities		78	12				69	-27	132
Financial assets for which customers bear inv. risk	99		2						101
Investments in associates	1						2		3
Derivatives		72					17	-24	65
Total tangible and intangible assests	3		13	1	1	3			21
Other assets	8	17	3	1	2	1	605	-613	24
Total assets	**1 017**	**698**	**191**	**4**	**20**	**5**	**970**	**-1 189**	**1 716**
Amounts owed to credit institutions	72	223	54		11	3	284	-510	137
Deposits and borrowings from the public	347	93	93		3		5	-7	534
Debt securities in issue		84	1				634	-32	687
Financial liabilities for which customers bear inv. risk	99		2						101
Derivatives		72					18	-24	66
Other liabilities	463	203		2			11	-610	69
Subordinated liabilities	13	6	7		2		5	-6	27
Total liabilities	**994**	**681**	**157**	**2**	**16**	**3**	**957**	**-1 189**	**1 621**
Allocated equity	23	17	34	2	4	2	13		95
Total liabilities and equity	**1 017**	**698**	**191**	**4**	**20**	**5**	**970**	**-1 189**	**1 716**
Key figures									
Return on allocated equity, %	24.0	13.8	0.0	26.6	11.0	-25.2	-9.5		8.1
Loan/deposit ratio, %	251	176	141		378				222
Credit impairment ratio, %	0.03	0.00	2.05		-4.35				0.20
Share of impaired loans, gross, %	0.18	0.25	15.54		46.20				2.53
Cost/income ratio	0.54	0.51	0.44	0.53	1.28	2.29	1.28		0.57
Risk-weighted assets, SEKbn	222	156	136	3	18	4	2		541
Full-time employees	5 571	1 229	5 416	313	1 847	150	2 698		17 224

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 based on the bank's Internal Capital Adequacy Assessment Process (ICAAP).

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. Comparable figures for 2010 have been restated as per the new presentation method.

Note 5 Net interest income

Group SEKm	Q4 2011	Q3 2011	%	Q4 2010	%	Full-year 2011	Full-year 2010	%
Interest income								
Loans to credit institutions	436	533	-18	175		1 805	785	
Loans to the public	12 770	12 302	4	10 372	23	47 613	37 518	27
Interest-bearing securities	916	879	4	373		3 429	1 295	
Derivatives[1]	-6	97		-4	50	283	-272	
Other	271	172	58	36		551	205	
Total interest income	**14 387**	**13 983**	**3**	**10 952**	**31**	**53 681**	**39 531**	**36**
Interest expenses								
Amounts owed to credit institutions	-345	-330	5	-269	28	-1 305	-1 244	5
Deposits and borrowings from the public	-2 197	-2 053	7	-1 239	77	-7 585	-4 272	78
of which deposit guarantee fees	-131	-127	3	-104	26	-506	-431	17
Debt securities in issue	-5 965	-5 898	1	-5 274	13	-22 847	-21 576	6
of which commissions for funding with government guarantee	-245	-280	-13	-363	-33	-1 163	-1 584	-27
Subordinated liabilities	-341	-294	16	-329	4	-1 244	-1 408	-12
Derivatives	-348	-400	-13	747		-945	5 583	
Other	-197	-151	30	-61		-637	-285	
of which government stabilisation fund fee	-159	-133	20	-47		-545	-223	
Total interest expenses	**-9 393**	**-9 126**	**3**	**-6 425**	**46**	**-34 563**	**-23 202**	**49**
Net interest income	**4 994**	**4 857**	**3**	**4 527**	**10**	**19 118**	**16 329**	**17**
Net interest margin	**1.07**	**1.09**		**1.04**		**1.08**	**0.92**	

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

Note 6 Net commissions

Group SEKm	Q4 2011	Q3 2011	%	Q4 2010	%	Full-year 2011	Full-year 2010	%
Commission income								
Payment processing	1 400	1 415	-1	1 427	-2	5 454	5 541	-2
Asset management	930	946	-2	1 063	-13	3 928	4 076	-4
Life insurance	135	121	12	128	5	521	479	9
Brokerage	101	113	-11	162	-38	483	587	-18
Other securities	13	41	-68	61	-79	115	191	-40
Corporate finance	-14	42		85		154	314	-51
Lending	185	166	11	230	-20	670	670	0
Guarantees	49	43	14	50	-2	195	216	-10
Deposits	6	25	-76	6	0	67	65	3
Real estate brokerage	35	42	-17	40	-13	160	164	-2
Non-life insurance	25	21	19	18	39	59	54	9
Other commission income	232	215	8	207	12	849	742	14
Total commission income	**3 097**	**3 190**	**-3**	**3 477**	**-11**	**12 655**	**13 099**	**-3**
Commission expenses								
Payment processing	-601	-538	12	-554	8	-2 228	-2 195	2
Asset management	-31	-30	3	-53	-42	-120	-110	9
Life insurance	-48	-48	0	-54	-11	-208	-209	0
Brokerage	-5	-3	67	-4	25	-13	-10	30
Other securities	-61	-63	-3	-51	20	-220	-227	-3
Lending and guarantees	-17	-11	55	-14	21	-62	-77	-19
Other commission expenses	-208	-205	1	-209	0	-841	-746	13
Total commission expenses	**-971**	**-898**	**8**	**-939**	**3**	**-3 692**	**-3 574**	**3**
Total net commissions	**2 126**	**2 292**	**-7**	**2 538**	**-16**	**8 963**	**9 525**	**-6**

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

Group SEKm	Q4 2011	Q3 2011	%	Q4 2010	%	Full-year 2011	Full-year 2010	%
Valuation category, fair value through profit or loss								
Shares and related derivatives	73	352	-79	122	-40	666	853	-22
of which dividend	7	6	17	14	-50	148	207	-29
Interest-bearing instruments and related derivatives	-5 550	1 941		-322		326	-11 609	
Loans	379	3 276	-88	-3 540		3 114	-5 417	
Financial liabilities	5 252	-5 592		3 727	41	-3 907	16 744	
Other financial instruments	45	-50		16		10	-16	
Total fair value through profit or loss	**199**	**-73**		**3**		**209**	**555**	-62
Hedge accounting								
Inefficiency in hedge accounting at fair value	5	-194		-14		-93	231	
of which hedging instruments	1 868	10 728	-83	-5 786		11 208	-1 348	
of which hedged items	-1 863	-10 922	-83	5 772		-11 301	1 579	
Total hedge accounting	**5**	**-194**		**-14**		**-93**	**231**	
Loan receivables at amortised cost	**25**	**55**	**-55**	**19**	**32**	**80**	**106**	**-25**
Financial liabilities valued at amortised cost	**-9**	**-15**	**-40**	**-113**	**-92**	**-63**	**9**	
Change in exchange rates	**339**	**486**	**-30**	**462**	**-27**	**1 451**	**1 499**	**-3**
Total net gains and losses on financial items at fair value	**559**	**259**		**357**	**57**	**1 584**	**2 400**	**-34**
Distribution by business purpose								
Financial instruments for trading related business	**235**	**255**	**-8**	**659**	**-64**	**1 232**	**2 307**	**-47**
Financial instruments intended to be held to contractual maturity	**324**	**4**		**-302**		**352**	**93**	
Total	**559**	**259**		**357**	**57**	**1 584**	**2 400**	**-34**

Note 8 Other expenses

Group SEKm	Q4 2011	Q3 2011	%	Q4 2010	%	Full-year 2011	Full-year 2010	%
Premises and rents	350	313	12	354	-1	1 337	1 379	-3
IT expenses	518	377	37	457	13	1 696	1 634	4
Telecommunications and postage	52	71	-27	63	-17	251	271	-7
Advertising, PR and marketing	139	84	65	131	6	401	360	11
Consultants	112	101	11	244	-54	530	904	-41
Other purchased services	214	220	-3	211	1	821	793	4
Security transport and alarm systems	107	108	-1	125	-14	436	440	-1
Supplies	49	50	-2	66	-26	201	248	-19
Travel	67	49	37	78	-14	239	229	4
Entertainment	24	18	33	39	-38	86	98	-12
Repair/maintenance of inventories	36	28	29	56	-36	168	200	-16
Other expenses	213	215	-1	166	28	775	744	4
Total other expenses	**1 881**	**1 634**	**15**	**1 990**	**-5**	**6 941**	**7 300**	**-5**

Note 9 Credit impairments

Group SEKm	Q4 2011	Q3 2011	%	Q4 2010	%	Full-year 2011	Full-year 2010	%
Provision for loans individually assessed as impaired								
Provisions	299	257	16	274	9	1 415	3 507	-60
Reversal of previous provisions	-958	-769	25	-582	65	-3 481	-1 605	
Provision for homogenous groups of impaired loans, net	-160	64		-391	-59	-27	1 235	
Total	**-819**	**-448**	**83**	**-699**	**17**	**-2 093**	**3 137**	
Portfolio provisions for loans individually assessed as not impaired	**-55**	**-131**	**-58**	**-308**	**-82**	**-829**	**-1 738**	**-52**
Write-offs								
Established losses	1 049	1 900	-45	2 274	-54	4 882	4 373	12
Utilisation of previous provisions	-264	-1 636	-84	-1 440	-82	-3 300	-2 410	37
Recoveries	-81	-81	0	-179	-55	-364	-558	-35
Total	**704**	**183**		**655**	**7**	**1 218**	**1 405**	**-13**
Credit impairments for contingent liabilities and other credit risk exposures	**-4**	**-45**	**-91**	**-131**	**-97**	**-207**	**6**	
Credit impairments	**-174**	**-441**	**-61**	**-483**	**-64**	**-1 911**	**2 810**	
Credit impairment ratio, %	-0.05	-0.13		-0.14		-0.14	0.20	

Note 10 Loans

Group	31 Dec 2011			31 Dec 2010	
SEKm	Loans before provisions	Provisions	Loans after provisions Carrying amount	Loans after provisions Carrying amount	%
Loans to credit institutions					
Banks	63 749	63	63 686	126 034	-49
Repurchase agreements, banks	6 856		6 856	27 233	-75
Other credit institutions	1 052		1 052	386	
Repurchase agreements, other credit institutions	25 601		25 601	12 764	
Loans to credit institutions	**97 258**	**63**	**97 195**	**166 417**	**-42**
Loans to the public					
Private customers	670 858	4 675	666 183	656 351	1
Private, mortgage	632 035	3 212	628 823	616 440	2
Private,other	38 823	1 463	37 360	39 911	-6
Corporate customers	510 616	10 518	500 098	489 645	2
Agriculture, forestry, fishing	62 630	407	62 223	59 091	5
Manufacturing	31 611	1 866	29 745	29 329	1
Public sector and utilities	15 007	65	14 942	16 171	-8
Construction	13 903	712	13 191	12 749	3
Retail	25 187	1 620	23 567	22 990	3
Transportation	11 957	268	11 689	13 061	-11
Shipping and offshore	23 669	378	23 291	15 605	49
Hotels and restaurants	6 646	234	6 412	6 910	-7
Information and communications	2 483	71	2 412	2 216	9
Finance and insurance	16 774	112	16 662	10 694	56
Property management	148 026	3 362	144 664	148 196	-2
Housing cooperatives	71 556	89	71 467	71 829	-1
Professional services	30 921	578	30 343	28 012	8
Other corporate lending	50 246	756	49 490	52 792	-6
Loans to the public excluding the Swedish National Debt Office and repurchase agreements	**1 181 474**	**15 193**	**1 166 281**	**1 145 996**	**2**
Swedish National Debt Office	2 776		2 776	1	
Repurchase agreements, Swedish National Debt Office	13 834		13 834	19 778	-30
Repurchase agreements, public	28 563		28 563	21 451	33
Loans to the public	**1 226 647**	**15 193**	**1 211 454**	**1 187 226**	**2**
Loans to the public and credit institutions	**1 323 905**	**15 256**	**1 308 649**	**1 353 643**	**-3**

Note 11 Impaired loans etc.

Group SEKm	31 Dec 2011	31 Dec 2010	%
Impaired loans, gross	24 805	34 778	-29
Provisions for individually assessed impaired loans	9 246	14 444	-36
Provision for homogenous groups of impaired loans	3 575	4 050	-12
Impaired loans, net	**11 984**	**16 284**	**-26**
of which private customers	4 889	6 055	-19
of which corporate customers	7 095	10 229	-31
Portfolio provisions for loans individually assessed as not impaired	2 435	3 297	-26
Share of impaired loans, gross, %	1.87	2.53	
Share of impaired loans, net, %	0.92	1.20	
Provision ratio for impaired loans, %	52	53	
Total provision ratio for impaired loans, % *	62	63	
Past due loans that are not impaired	**6 884**	**7 017**	**-2**
of which past due 5-30 days	4 510	4 131	9
of which past due 31-60 days	1 637	2 035	-20
of which past due 61 days or more	737	851	-13

* 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	31 Dec 2011	31 Dec 2010	%
Buildings and land	6 067	3 299	84
Shares and participating interests	107	184	-42
Other property taken over	54	30	78
Total assets taken over for protection of claims	**6 228**	**3 513**	**77**
Cancelled leases	147	333	-56
Total assets taken over for protection of claims and cancelled leases	**6 375**	**3 846**	**66**
of which buildings and land acquired by Ektornet	5 712	2 872	99

Note 13 Credit exposures

Group SEKm	31 Dec 2011	31 Dec 2010	%
Assets			
Cash and balances with central banks	164 307	17 109	
Interest-bearing securities	138 311	131 576	5
Loans to credit institutions	97 195	166 417	-42
Loans to the public	1 211 454	1 187 226	2
Derivatives	103 726	65 051	59
Other financial assets	14 357	13 324	8
Total assets	**1 729 350**	**1 580 703**	**9**
Contingent liabilities and commitments			
Loan guarantees	24 251	25 321	-4
Loan commitments	185 959	175 382	6
Total contingent liabilities and commitments	**210 210**	**200 703**	**5**
Total credit exposure	**1 939 560**	**1 781 406**	**9**

Note 14 Intangible assets

Group SEKm	31 Dec 2011	31 Dec 2010	%
With indefinite useful life			
Goodwill	11 762	13 733	-14
Total	**11 762**	**13 733**	**-14**
With finite useful life			
Customer base	992	1 105	-10
Other	1 045	956	9
Total	**2 037**	**2 061**	**-1**
Total intangible assets	**13 799**	**15 794**	**-13**

Goodwill	Full-year 2011	Full-year 2010
Cost		
Opening balance	**16 026**	**17 765**
Translation differences	-30	-1 739
Closing balance	**15 996**	**16 026**
Accumulated amortisation and impairments		
Opening balance	**-2 293**	**-2 397**
Impairments	-1 930	-37
Translation differences	-11	141
Closing balance	**-4 234**	**-2 293**
Carrying amount	**11 762**	**13 733**

Impairment testing of intangible assets

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

The test as of year-end 2011 led to goodwill impairment of SEK 1 913m related to the Latvian operations and SEK 17m in the Norwegian operations.

Estimated future cash flows are affected by the level of equity required in the cash-generating unit for continuing operations. After capital adequacy requirements were raised during the year, impairment tests were updated accordingly. The increase was the main driver behind a write-down of the investment in the Latvian operations.

Note 15 Amounts owed to credit institutions

Group SEKm	31 Dec 2011	31 Dec 2010	%
Amounts owed to credit institutions			
Central banks	3 665	116	
Banks	109 559	113 123	-3
Other credit institutions	3 789	3 765	1
Repurchase agreements, banks	17 174	14 132	22
Repurchase agreements, other credit institutions	5 411	5 630	-4
Amounts owed to credit institutions	**139 598**	**136 766**	**2**

Note 16 Deposits from the public

Group SEKm	**31 Dec 2011**	**31 Dec 2010**	**%**
Deposits from the public			
Private customers	319 123	302 851	5
Corporate customers	228 254	214 234	7
Deposits from the public excluding the Swedish National Debt Office and repurchase agreements	**547 377**	**517 085**	**6**
Swedish National Debt Office	1	6	-83
Repurchase agreements, Swedish National Debt Office	12 163	7 764	57
Repurchase agreements, public	2 155	9 382	-77
Deposits and borrowings from the public	**561 696**	**534 237**	**5**

Note 17 Debt securities in issue

Group SEKm	**31 Dec 2011**	**31 Dec 2010**	**%**
Other commercial paper	122 970	64 375	91
Covered bonds	525 892	410 369	28
Government guaranteed bonds	75 568	156 045	-52
Other interest-bearing bonds	39 440	35 196	12
Structured retail bonds	17 588	20 532	-14
Total debt securities in issue	**781 458**	**686 517**	**14**

Turnover during the period	**Full-year 2011**	**Full-year 2010**	
Opening balance	**686 517**	**703 257**	**-2**
Issued	573 476	549 902	4
Repurchased	-110 790	-62 569	77
Repaid	-378 875	-480 934	-21
Change in market value	11 663	-7 671	
Changes in exchange rates	-533	-15 468	-97
Closing balance	**781 458**	**686 517**	**14**

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	**Nominal amount 31 Dec 2011 Remaining contractual maturity**			**Nominal amount**		**Positive fair value**		**Negative fair value**	
SEKm	**< 1 yr.**	**1-5 yrs.**	**> 5 yrs.**	**31 Dec 2011**	**31 Dec 2010**	**31 Dec 2011**	**31 Dec 2010**	**31 Dec 2011**	**31 Dec 2010**
Derivatives in hedge accounting	56 994	276 698	65 409	399 101	153 371	19 026	4 986	2	
Derivatives in cash flow hedges	3 941	25 249	9 364	38 554	42 049			3 949	3 939
Derivatives in hedges of net investment in foreign operations					915		6	0	
Other derivatives	8 737 864	3 312 311	602 012	12 652 187	10 577 476	88 012	62 955	89 845	64 892
Netting agreements						-3 312	-2 896	-3 312	-2 896
Total	**8 798 799**	**3 614 258**	**676 785**	**13 089 842**	**10 773 811**	**103 726**	**65 051**	**90 484**	**65 935**
of which cleared				3 038 232	236 119	3 587	2 979	3 838	3 589

Note 19 Financial instruments carried at fair value

Group 31 Dec 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	24 402	209		24 611
Loans to credit institutions	160	32 309		32 469
Loans to the public		508 682		508 682
Bonds and other interest-bearing securities	80 606	28 762	390	109 758
Financial assets for which the customers bear the investment risk	95 747			95 747
Shares and participating interests	1 768	112	71	1 951
Derivatives	337	103 389		103 726
Total	**203 020**	**673 463**	**461**	**876 944**
Liabilities				
Amounts owed to credit institutions		22 585		22 585
Deposits and borrowings from the public		50 402		50 402
Debt securities in issue	79 709	32 813		112 522
Financial liabilities for which the customers bear the investment risk		96 449		96 449
Derivatives	619	89 865		90 484
Short positions securities	30 603			30 603
Total	**110 931**	**292 114**		**403 045**

The table above contains financial instruments measured at fair value as of 31 December 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	31 Dec 2011	31 Dec 2010	%
Loan receivables	673 410	640 207	5
Financial assets pledged for policyholders	94 971	99 475	-5
Other assets pledged	67 313	52 428	28
Pledged collateral	**835 694**	**792 110**	**6**

Note 21 Capital adequacy

Swedbank financial companies group SEKm	31 Dec 2011	31 Dec 2010	% or pp
Shareholders' equity according to the Group's balance sheet	97 993	94 897	3
Non-controlling interests	140	138	1
Anticipated dividend	-5 825	-2 995	-94
Deconsolidation of insurance companies	-1 980	-1 395	-42
Associated companies consolidated according to purchase method	1 742	1 332	31
Unrealised value changes in financial liabilities due to changes in own creditworthiness	-23	-10	
Cash flow hedges	-268	44	
Goodwill	-11 085	-12 966	15
Deferred tax assets	-843	-1 213	31
Intangible assets	-1 767	-1 794	2
Net provisions for reported IRB credit exposures	-748	-534	-40
Shares deducted from Tier 1 capital	-34	-34	0
Total core Tier 1 capital	**77 302**	**75 470**	**2**
Tier 1 capital contributions	7 553	6 915	9
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.	535	535	0
of which Fixed-term Tier 1 instruments or undated Tier 1 instruments with incentives to redeem.	7 018	6 380	10
Total Tier 1 capital	**84 855**	**82 385**	**3**
Undated subordinated loans	1 616	2 458	-34
Fixed-term subordinated loans	10 389	18 313	-43
Net provisions for reported IRB credit exposures	-748	-534	-40
Shares deducted from Tier 2 capital	-34	-34	0
Total Tier 2 capital	**11 223**	**20 203**	**-44**
Deduction of shares in insurance companies	-2 905	-2 901	0
Total capital base	**93 173**	**99 687**	**-7**
Risk-weighted assets	**492 337**	**541 327**	**-9**
Capital requirement for credit risks, standardised approach	2 427	2 723	-11
Capital requirement for credit risks, IRB	30 850	33 678	-8
Capital requirement for settlement risks	1	0	
Capital requirement for market risks	1 750	2 340	-25
of which risks in the trading book outside VaR	455	638	-29
of which currency risks outside VaR	766	1 443	-47
of which risks where VaR models are applied	529	259	
Capital requirement for operational risks	4 359	4 565	-5
Capital requirement	**39 387**	**43 306**	**-9**
Complement during transition period	21 154	16 729	26
Capital requirement including complement	**60 541**	**60 035**	**1**
Capital quotient, Basel 2	2.37	2.30	0.06
Core Tier 1 capital ratio, %, Basel 2	15.7	13.9	1.8
Tier 1 capital ratio, %, Basel 2	17.2	15.2	2.0
Total capital adequacy ratio, %, Basel 2	18.9	18.4	0.5
Capital quotient, transition rules	1.54	1.66	-0.12
Core Tier 1 capital ratio, %, transition rules	10.2	10.1	0.2
Tier 1 capital ratio, %, transition rules	11.2	11.0	0.2
Total capital adequacy ratio, %, transition rules	12.3	13.3	-1.0

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 31 December 2011 the Swedbank financial companies group included the Swedbank Group, the EnterCard Group, Sparbanken Rekarne AB, Färs och Frosta Sparbank AB, Swedbank Sjuhärad 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 31 Dec 2011	31 Dec 2010	%	Average risk weighting, % 31 Dec 2011	31 Dec 2010	Capital requirement 31 Dec 2011	31 Dec 2010	%
Institutional exposures	131 337	146 519	-10	13	14	1 357	1 630	-17
of which repurchase agreements	805	2 228	-64	6	9	4	16	-74
of which other lending	130 532	144 291	-10	13	14	1 353	1 614	-16
Corporate exposures	413 739	397 770	4	64	75	21 232	23 800	-11
of which repurchase agreements	41	673	-94	14	7	0	4	-88
of which other lending	413 698	397 097	4	64	75	21 232	23 796	-11
Retail exposures	855 675	845 823	1	10	10	6 983	7 059	-1
of which repurchase agreements	1	15	-94	0	59	0	1	
of which mortgage lending	777 816	762 666	2	7	7	4 447	4 359	2
of which other lending	77 858	83 142	-6	41	41	2 536	2 699	-6
Securitisation	1 598	3 535	-55	11	12	15	33	-56
Exposures without counterparties	17 726	16 080	10	89	90	1 263	1 156	9
Total credit risks, IRB	**1 420 075**	**1 409 727**	**1**	**27**	**30**	**30 850**	**33 678**	**-8**

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 8 per cent from the beginning of the year. The average risk-weighting for retail exposures was 10 per cent, of which 38 per cent in the Baltic portfolios and 8 per cent for other portfolios. The risk weighting for corporate exposures was 64 per cent, of which 100 per cent in the Baltic portfolios and 58 per cent for other portfolios. For institutional exposures, the average risk-weighting was 26 per cent in the Baltic portfolios and 13 per cent for other portfolios, in total 13 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 Estonia AS, Swedbank Latvia AS and Swedbank Lithuania AB 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 Estonia AS, Swedbank Latvia AS and Swedbank Lithuania AB, share price risk in Swedbank Estonia AS, Swedbank Latvia AS and Swedbank Lithuania AB 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 prolonged and their expiry date are not yet decided.

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 the 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 is reported in other comprehensive income, not 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 year-end 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

	31 Dec 2011	31 Dec 2010	%
SWED A			
Share price, SEK	89.15	93.80	-5
Number of outstanding ordinary shares	907 421 303	951 723 439	-5
Market capitalisation, SEKm	**80 897**	**89 272**	**-9**
SWED PREF			
Share price, SEK	89.15	95.90	-7
Number of outstanding preference shares	190 434 519	206 750 738	-8
Market capitalisation, SEKm	**16 977**	**19 827**	**-14**
SWED C			
Share price, SEK			
Number of outstanding preference shares	0		
Market capitalisation, SEKm	**0**	**0**	
Total market capitalisation, SEKm	**97 874**	**109 099**	**-10**

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.

Number of outstanding shares	31 Dec 2011	31 Dec 2010
Issued shares		
SWED A	965 190 117	952 323 439
SWED PREF	194 400 060	207 266 738
SWED C	1 500 000	
Repurchased shares		
SWED A	-57 168 814	
SWED PREF	-3 415 641	
SWED C	-1 500 000	
Associates' holding of shares	-1 149 900	-1 116 000
Number of outstanding shares on the closing day	**1 097 855 822**	**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 12 866 678 preference shares have been converted to ordinary shares.

Earnings per share	Q4 2011	Q3 2011	Q4 2010	Full-year 2011	Full-year 2010
Average number of shares					
Average number of shares before dilution	1 097 855 822	1 113 057 146	1 158 474 177	1 128 159 473	1 158 474 177
Weighted average number of shares for dilutive potential ordinary shares resulting from share-based compensation programme	1 825 007	2 581 299		1 406 573	
Average number of shares after dilution	1 099 680 829	1 115 638 445	1 158 474 177	1 129 566 046	1 158 474 177
Profit, SEKm					
Profit for the period attributable to shareholders of Swedbank	965	3 475	2 750	11 744	7 444
Preference dividends on non-cumulative preference shares declared in respect of the period				995	
Earnings for the purpose of calculating earnings per share	965	3 475	2 750	10 749	7 444
Earnings per share, SEK					
Earnings per share before dilution	0.88	3.12	2.37	9.53	6.43
Earnings per share after dilution	0.88	3.11	2.37	9.52	6.43

Swedbank AB

Income statement, condensed

Parent company SEKm	Q4 2011	Q3 2011	%	Q4 2010	%	Full-year 2011	Full-year 2010	%
Interest income	6 969	6 853	2	5 267	32	26 419	18 211	45
Interest expenses	-4 436	-4 480	-1	-3 182	39	-16 822	-10 877	55
Net interest income	**2 533**	**2 373**	**7**	**2 085**	**21**	**9 597**	**7 334**	**31**
Dividends received*	2 593	6		3 440	-25	5 003	6 230	-20
Commission income	1 421	1 454	-2	1 667	-15	5 831	6 149	-5
Commission expenses	-304	-230	32	-344	-12	-1 241	-1 314	-6
Net commissions	**1 117**	**1 224**	**-9**	**1 323**	**-16**	**4 590**	**4 835**	**-5**
Net gains and losses on financial items at fair value	-791	-369		356		-102	1 182	
Other income	436	343	27	377	16	2 118	1 333	59
Total income	**5 888**	**3 577**	**65**	**7 581**	**-22**	**21 206**	**20 914**	**1**
Staff costs	1 828	1 658	10	1 594	15	6 852	6 540	5
Other expenses	1 260	1 074	17	1 341	-6	4 621	4 785	-3
Depreciation/amortisation	107	82	30	95	13	350	350	0
Total expenses	**3 195**	**2 814**	**14**	**3 030**	**5**	**11 823**	**11 675**	**1**
Profit before impairments	**2 693**	**763**		**4 551**	**-41**	**9 383**	**9 239**	**2**
Impairment of financial fixed assets	63	297	-79	365	-83	137	394	-65
Credit impairments	168	6		182	-8	-8	-11	-27
Operating profit	**2 462**	**460**		**4 004**	**-39**	**9 254**	**8 856**	**4**
Appropriations	1 867			-10		1 867	-10	
Tax expense	218	204	7	1 173	-81	1 629	1 794	-9
Profit for the period	**377**	**256**	**47**	**2 841**	**-87**	**5 758**	**7 072**	**-19**

* During the second quarter of 2011 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 subject to any further taxation.

Previous reporting of interest Parent company SEKm	Q4 2010	Full-year 2010
Interest income	6 264	24 428
Interest expenses	-4 179	-17 094
Net interest income	**2 085**	**7 334**

See note 1, Accounting policies, for more information.

Statement of comprehensive income, condensed

Parent company SEKm	Q4 2011	Q3 2011	%	Q4 2010	%	Full-year 2011	Full-year 2010	%
Profit for the period reported via income statement	**377**	**256**	**47**	**2 841**	**-87**	**5 758**	**7 072**	**-19**
Cash flow hedges:								
Gains/losses arising during the period	-58	-35	66	-87	-34	-97	-214	55
Reclassification adjustments to income statement, net interest income	77	79	-3	194	-60	345	806	-57
Group contributions paid				3				
Income tax relating to components of other comprehensive income	-5	-12	58	-28	82	-65	-155	58
Other comprehensive income for the period, net of tax	**14**	**32**	**-56**	**82**	**-83**	**183**	**437**	**-58**
Total comprehensive income for the period	**391**	**288**	**36**	**2 923**	**-87**	**5 941**	**7 509**	**-21**

Balance sheet, condensed

Parent company SEKm	31 Dec 2011	31 Dec 2010	%
Assets			
Loans to credit institutions	325 896	478 941	-32
Loans to the public	342 394	324 662	5
Interest-bearing securities	136 530	156 196	-13
Shares and participating interests	60 711	55 307	10
Derivatives	119 320	80 325	49
Other assets	170 327	23 073	
Total assets	**1 155 178**	**1 118 504**	**3**
Liabilities and equity			
Amounts owed to credit institutions	200 430	190 710	5
Deposits and borrowings from the public	459 720	437 870	5
Debt securities in issue	251 764	273 819	-8
Derivatives	111 752	72 639	54
Other liabilities and provisions	46 256	49 241	-6
Subordinated liabilities	19 833	27 661	-28
Untaxed reserves	2 672	805	
Equity	62 751	65 759	-5
Total liabilities and equity	**1 155 178**	**1 118 504**	**3**
Pledged collateral	74 479	78 346	-5
Other assets pledged	3 249	2 589	25
Contingent liabilities	560 835	457 321	23
Commitments	161 709	147 217	10

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**
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					-6 180	-6 180
Share based payments to employees					159	159
Total comprehensive income for the period				183	5 758	5 941
Closing balance 31 December 2011	**24 383**	**13 118**	**6 489**	**-123**	**18 884**	**62 751**

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	Full-year 2011	Full-year 2010
Cash flow from operating activities	181 337	10 707
Cash flow from investing activities	6 111	49 011
Cash flow from financing activities	-37 758	-74 254
Cash flow for the period	**149 690**	**-14 536**
Cash and cash equivalents at beginning of period	4 702	19 238
Cash flow for the period	149 690	-14 536
Cash and cash equivalents at end of period	**154 392**	**4 702**

Capital adequacy

Parent company SEKm	31 Dec 2011	31 Dec 2010	% or pp
Core Tier 1 capital	57 521	61 471	-6
Tier 1 capital contribution	7 553	6 915	9
Total Tier 1 capital	**65 074**	**68 386**	**-5**
Tier 2 capital	11 572	19 685	-41
Settlements, equities, etc.	-2 902	-2 901	0
Total capital base	**73 744**	**85 170**	**-13**
Risk-weighted assets	**365 013**	**409 740**	**-11**
Capital requirement	**29 201**	**32 779**	**-11**
Capital requirement including complement	**29 201**	**32 779**	**-11**
Capital quotient*	2.53	2.60	-0.07
Core Tier 1 capital ratio, %*	15.8	15.0	0.8
Tier 1 capital ratio, %*	17.8	16.7	1.1
Total capital adequacy ratio, %*	20.2	20.8	-0.6

* 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 year-end report for January- December 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, 13 February 2012

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

Jimmy Johnsson
Board Member
Employee Representative

Michael Wolf
President

Review report

Introduction

We have reviewed the year-end report for Swedbank AB (publ) for the period 1 January to 31 December 2011. The Board of Directors and the President are responsible for the preparation and presentation of this year-end 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 year-end 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 year-end 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, 13 February 2012

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 2012:

Interim report for the first quarter on 25 April 2012
Interim report for the third quarter on 18 July 2012
Interim report for the third quarter on 23 October 2012

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

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