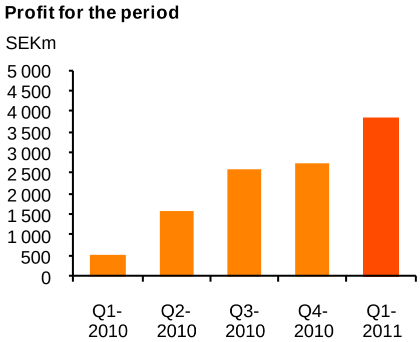
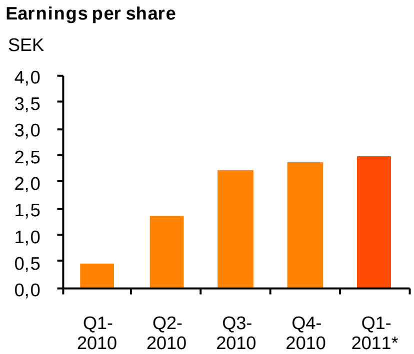
Swedbank

First quarter 2011

Compared with the fourth quarter 2010

- The quarterly result amounted to SEK 3 852m (2 750)
- Earnings per share amounted to SEK 2.47* (2.37)
- The return on equity was 16.1 per cent (11.7)
- The cost/income ratio was 0.52 (0.58)
- Net interest income was unchanged at SEK 4 527m (4 527)
- Profit before impairments increased by 21 per cent to SEK 4 068m (3 368)
- Swedbank reported net recoveries of SEK 972m (483)
- The core Tier 1 capital ratio was 14.9 per cent (13.9 per cent on 31 December 2010) according to Basel 2 and 10.4 per cent (10.1) according to transition rules. The Tier 1 capital ratio according to Basel 2 increased to 16.2 per cent (15.2). According to transition rules, the Tier 1 capital ratio increased to 11.2 per cent (11.0).

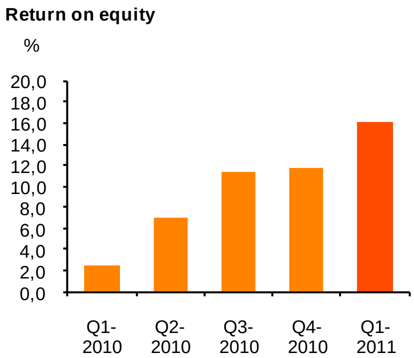


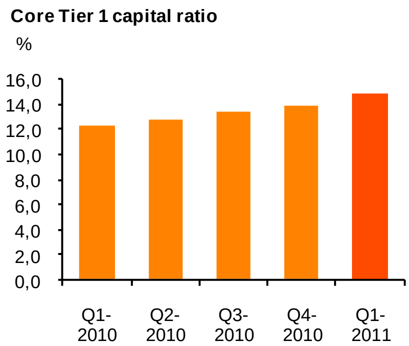


First quarter 2011

Compared with the first quarter 2010

- The quarterly result amounted to SEK 3 852m (536)
- Earnings per share amounted to SEK 2.47* (0.46)
- The return on equity was 16.1 per cent (2.4)
- The cost/income ratio was 0.52 (0.57)
- Net interest income increased by 13 per cent till 4 527m (4 023)
- Profit before impairments increased by 24 per cent to SEK 4 068m (3 276)
- Swedbank reported net recoveries of SEK 972m (credit impairments of 2 210).





*) Earnings for the purpose of calculating earnings per share is specified on page 41.

CEO Comment

Swedbank has had a good start to 2011. First quarter profit amounted to SEK 3.9bn, bolstered by one-off revenue from a settlement with Lehman Brothers' bankruptcy estate and recoveries from the Baltic countries, Russia and Ukraine.

The trends from recent quarters are continuing. Higher market interest rates are supporting net interest income. Credit quality continues to improve at the same time that risk-weighted assets are declining. Expenses have been maintained at the same level as last year.

All in all, we were able to strengthen our capital base significantly. At the end of the quarter the core Tier 1 capital ratio was 14.9 per cent. This enables us to begin exercising the share repurchase mandate that the Board of Directors received from the Annual General Meeting. During the period until the next Annual General Meeting we will steer the core Tier 1 capital ratio towards our short-term target of 13 per cent. This means that as of 31 March we had nearly SEK 10bn to repurchase shares. Our long-term measures to be more capital effective launched in 2009 are continuing. As part of this work, we are further increasing transparency, partly with regard to stress tests and risk weights.

We are focusing our energy primarily on developing the business and improving customer experience.

Our long-term work to become a more relationship-oriented bank is a priority in all our business areas and we are continually making progress in this regard. Our goal is for Swedbank to be the bank with the most satisfied customers and the best customer offerings, and thereby with the highest share of customers who recommend the bank to friends and business acquaintances. It is a realistic goal that I am convinced we will achieve. The challenge is significant and will take several years of dedicated effort where we focus long-term on our business and on building a strong, unified culture within the bank.

In Retail, our service concepts have generated solid sales growth. Over 90 000 customers signed up for various private customer concepts during the first quarter. Sales to financially strong customers are increasing, though at a slower pace than other segments, and we are now taking measures to improve the sales trend. Resources are increasing and competence is being improved at the same time that marketing and customer activities are being intensified. The number of midcorps where Swedbank is the main banking provider is increasing, as is the level of activity among existing customers, in turn contributing to an improved risk-adjusted return.

The level of activity within Large Corporates & Institutions is high. Competence within the sector team is gradually increasing, and we can see an increased interest in Swedbank as an alternative. For example, we are seeing an increase in the number of queries about participating in financing solutions. We are continuing to adjust the margins on exposures where our risk-adjusted return is too low; this means that some exposures are still being wound down. At the same time our goal is to further develop existing business relationships, so that a larger share of our customers' business is done with Swedbank. The integration of First Securities is progressing according to plan, and the majority of managerial positions in the new organisation have now been filled with a combination of individuals from First and Swedbank. We are continuing to harmonise the research products within the business area, an important step in attracting customers.

Baltic Banking has successfully concluded the first phase of a major training programme on procedures and customer responsibility. The aim is to increase efficiency and customer satisfaction in the long term. In total, the training programme will include around 2 500 employees in 2011. During the quarter the Internet Bank's functionality was improved. Credit demand is gradually rising, but at a slightly slower-than-expected pace. The areas where new lending has been good are largely related to infrastructure projects and to some extent the export industry.

As part of the effort to increase quality and efficiency in the organisation, we have identified areas where we have an opportunity to free up around one million man-hours. The biggest potential for efficiency improvements is in the credit area in Sweden. Several projects to realise this potential have begun.

During the quarter we took advantage of favourable funding conditions for the bank and raised more funding than planned. This has resulted in slightly higher funding costs as a result of larger short-term liquidity reserves with limited returns. Since actual funding costs are not fully reflected in the internal interest rate, net interest income in the business areas was slightly stronger during the quarter, while Treasury had a corresponding negative impact.

Swedbank was again named Sweden's most popular workplace within the financial sector by Universum, in a survey among business students. At the same time Global Finance named Swedbank as the best bank in Estonia and Latvia.

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

Michael Wolf
President and Chief Executive Officer

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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	Q1 2011	Q4 2010	%	Q1 2010	%
Net interest income	4 527	4 527	0	4 023	13
Net commissions	2 301	2 538	-9	2 282	1
Net gains and losses on financial items at fair value	255	357	-29	647	-61
Other income	1 369	536		715	91
Total income	**8 452**	**7 958**	**6**	**7 667**	**10**
Staff costs	2 467	2 314	7	2 375	4
Other expenses	1 917	2 276	-16	2 016	-5
Total expenses	**4 384**	**4 590**	**-4**	**4 391**	**0**
Profit before impairments	**4 068**	**3 368**	**21**	**3 276**	**24**
Impairment of intangible assets				14	
Impairment of tangible assets	2	406	-100	36	-94
Credit impairments	-972	-483		2 210	
Operating profit	**5 038**	**3 445**	**46**	**1 016**	
Tax expense	1 182	693	71	469	
Profit for the period	3 856	2 752	40	547	
Profit for the period attributable to the shareholders of Swedbank AB	**3 852**	**2 750**	**40**	**536**	

Key ratios and data per share	Q1 2011	Q4 2010	Q1 2010
Return on equity, %	16.1	11.7	2.4
Earnings per share before dilution, SEK [1) 2)]	2.47	2.37	0.46
Earnings per share after dilution, SEK [1) 2)]	2.47	2.37	0.46
Cost/income ratio	0.52	0.58	0.57
Equity per share, SEK [1)]	82.39	81.84	77.04
Capital quotient, Basel 2	2.34	2.30	2.19
Core Tier 1 capital ratio, %, Basel 2	14.9	13.9	12.3
Tier 1 capital ratio, %, Basel 2	16.2	15.2	13.5
Capital adequacy ratio, %, Basel 2	18.7	18.4	17.5
Capital quotient, transition rules	1.63	1.66	1.68
Core Tier 1 capital ratio, %, transition rules	10.4	10.1	9.4
Tier 1 capital ratio, %, transition rules	11.2	11.0	10.3
Capital adequacy ratio, %, transition rules	13.0	13.3	13.4
Credit impairment ratio, %	-0.29	-0.14	0.64
Share of impaired loans, gross, %	2.28	2.53	2.89
Total provision ratio for impaired loans, %	61	63	66

[1)] The number of shares is specified on page 40.
[2)] Earnings for the purpose of calculating earnings per share is specified on page 41.

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

Balance sheet data SEKbn	31 Mar 2011	31 Dec 2010	%	31 Mar 2010	%
Loans to the public	1 174	1 187	-1	1 214	-3
Deposits and borrowings from the public	524	534	-2	511	3
Shareholders' equity	96	95	1	89	7
Total assets	1 745	1 716	2	1 890	-8
Risk weighted assets, Basel 2	519	541	-4	596	-13
Risk weighted assets, transition rules	747	750	0	777	-4
Risk weighted assets, Basel 1	953	955	0	977	-2

Overview

Market

The global economy has strengthened more than expected, because of which growth projections for 2011 have been revised upward in Sweden, Estonia, Latvia and Lithuania. This has led to accelerated export growth for Swedish and Baltic companies, which will eventually increase the need for investment. The outlook for the labour market has improved as well, and unemployment is expected to continue to decline in upcoming quarters. Rising global commodity prices, especially crude oil, present an economic risk, however, at the same time that inflation is expected to be higher than previously predicted.

According to the latest available data, Sweden's GDP grew by 7.3 per cent calendar-adjusted during the fourth quarter year-on-year. In Estonia, GDP grew by 6.7 per cent, while Latvia's GDP grew by 3.6 per cent and Lithuania's GDP grew by 4.8 per cent during the same period.

The Swedish Riksbank raised the repo rate by 25bp in February to 1.50 per cent at the same time that the repo rate path was revised upward. This was the fifth consecutive rate hike and means that the rate has been raised by 125bp since the Riksbank began tightening monetary policy in July of last year. The increase in interest rates and Sweden's sound finances have strengthened the krona against both the euro and the US dollar.

The Stockholm stock exchange (OMXSPI) fell by 2 per cent during the first quarter. The Tallinn stock exchange (OMXT) added 6 per cent, while the Riga stock exchange (OMXR) rose by 6 per cent and the Vilnius stock exchange (OMXV) fell by 2 per cent.

Important events during the quarter

Swedbank's Board of Directors decided on 27 April 2011 to buy back ordinary and/or preference shares. The buy-back programme will be initiated during the second quarter of 2011; see also page 11.

Swedbank received one-off revenue of SEK 716m from a settlement with the bankruptcy estate of Lehman Brothers; see also page 8.

Swedbank reported net recoveries equivalent of SEK 972m as a result of further improved credit quality in the credit portfolio in the Baltic countries and eastern Europe.

A new covered bond programme for US investors (144A) was finalised during the quarter. As of 31 March 2011 Swedbank had issued SEK 2bn under the programme; see also page 9.

The Annual General Meeting approved the Board's resolution on remuneration programme 2011; see also page 10.

First quarter 2011

Compared with the fourth quarter 2010

Result

Quarterly profit attributable to the shareholders increased by 40 per cent from the previous quarter to SEK 3 852m. The main reasons for the improvement were larger recoveries and higher income, primarily through the settlement with Lehman Brothers' bankruptcy estate. The return on equity was 16.1 per cent (11.7). The cost/income ratio was 0.52 (0.58).

Profit before impairments increased by 21 per cent to SEK 4 068m (3 368).

Profit before impairments by business area SEKm	Q1 2011	Q4 2010	Q1 2010
Retail	2 202	2 126	1 750
Large Corporates & Institutions	1 612	831	692
Baltic Banking	814	903	636
Asset Management	191	187	207
Russia & Ukraine	47	-111	16
Ektornet	12	-35	-37
Group Functions	-810	-625	-225
Total excl FX effects	**4 068**	**3 276**	**3 039**
FX effects		92	237
Total	**4 068**	**3 368**	**3 276**

Income excluding the SEK 716m settlement with Lehman Brothers' bankruptcy estate decreased by 3 per cent to SEK 7 736m (7 958), mainly due to lower commission income. Changes in the exchange rates, especially the appreciation of the Swedish krona against the euro and the Baltic currencies, reduced reported income by SEK 141m.

Net interest income was unchanged at SEK 4 527m. During the fourth quarter net interest income was positively affected by SEK 191m by the reclassification of overdue payments previously recognised as other income in Baltic Banking. During the first quarter 2011 interest income from overdue payments in Baltic Banking amounted to SEK 29m. The stability fee doubled during the first quarter to SEK 121m. Higher short-term interest rates and the related adjustments in terms, primarily in Sweden, contributed positively to net interest income, as did slightly higher Euribor rates in the Baltic countries. Slightly lower lending volumes and a higher share of mortgage lending in relation to corporate lending affected net interest income negatively. Since actual funding costs are not fully reflected in the internal interest rate, net interest income in the business areas was slightly stronger during the quarter, while Treasury had a corresponding negative impact.

Net commission income decreased by 9 per cent to SEK 2 301m. Payment commissions decreased by SEK 148m due to seasonally higher commission income during the fourth quarter, while corporate finance income decreased by SEK 36m.

Net gains and losses on financial items at fair value fell by 29 per cent. In Group Functions, Group Treasury reported lower profit due to negative valuation effects e.g. from basis spreads. Capital market funding in euro is often swapped to SEK. These swaps are marked to market. In 2010 swap costs increased significantly, which at the same time had a positive valuation effect. During the first quarter 2011 the situation was the opposite, resulting in a negative effect on net gains and losses on financial items at fair value. The effect on earnings of these changes in value is small over time, but volatility can be high between quarters.

Expenses decreased by 4 per cent from the previous quarter. On a seasonal basis, expenses are slightly higher in the fourth quarter. Variable staff costs increased by SEK 45m, mainly due to provisions to the new collective remuneration programme. Depreciation decreased by SEK 62m due to an adjustment of the depreciation schedule during the fourth quarter. Operating expenses to manage distressed loans and repossessed collateral in Swedbank's Financial Restructuring and Recovery teams (FR&R) and Ektornet amounted to SEK 178m (188).

The number of full-time positions decreased during the quarter by 78, to 17 146. The decrease was primarily in Baltic Banking and in Ukraine.

Expense analysis Group SEKm	Q1 2011	Q4 2010	Q1 2010
Retail*	2 185	2 209	2 117
Large Corporates & Institutions*	845	859	747
Baltic Banking*	631	606	580
Asset Management	211	238	196
Russia & Ukraine*	162	182	211
Other and eliminations*	173	259	229
FR&R and Ektornet	178	188	166
Total excl FX effects	**4 384**	**4 541**	**4 246**
FX effects		49	145
Total	**4 384**	**4 590**	**4 391**

* Excluding FR&R

Net recoveries of SEK 972m (483) were reported during the first quarter. Baltic Banking reported net recoveries of SEK 382m (163), while Russia & Ukraine had net recoveries of SEK 490m (521). Of the reported net recoveries, SEK -1 184m (-1 138) represented net provisions, of which individual provisions for impaired loans amounted to SEK -577m (-830) and portfolio provisions for loans individually deemed not to be impaired were SEK -607m (-308). Net write-offs amounted to SEK 212m (655).

The tax expense amounted to SEK 1 182m (693), corresponding to an effective tax rate of 23.5 per cent (20.1). As in previous quarters, the low effective tax rate is mainly because Estonia, Russia and Ukraine post profits without a tax expense. In Estonia, income tax is payable only if there is a dividend to shareholders, and since the parent company does not plan any dividend from its Estonian subsidiary, no tax expense is posted. The profits in Russia and Ukraine can be offset against existing loss carry forwards, on which no deferred tax assets have previously been claimed. The main reason why the tax expense was higher than the previous quarter was the revenue from the settlement with Lehman Brothers' bankruptcy estate, which was recorded in the first quarter and is attributable to the US branch office, which is subject to a US tax rate that is significantly higher than the Swedish rate. In the long term the effective tax rate for the Group is estimated at 21-22 per cent.

Other comprehensive income after tax amounted to SEK -265m (-218) in the quarter and was affected mainly by exchange rate differences on the translation of foreign operations and cash flow hedges.

First quarter 2011

Compared with the first quarter 2010

Result

Quarterly profit was SEK 3 852m, compared with SEK 536m in the previous year. Net recoveries and higher income had the biggest positive effect on profit, while expenses were unchanged. The return on equity was 16.1 per cent (2.4). The cost/income ratio was 0.52 (0.57).

Profit before impairments increased by 24 per cent to SEK 4 068m (3 276).

Income excluding the SEK 716m settlement with Lehman Brothers' bankruptcy estate was stable and amounted to SEK 7 736m (7 667). Net interest income increased mainly in Retail, while net gains and losses on financial items at fair value decreased in Group Treasury. Changes in the exchange rates, especially the appreciation of the Swedish krona against the euro and the Baltic currencies, reduced reported income by SEK 382m.

Net interest income increased by 13 per cent to SEK 4 527m (4 023). The main factors positively affecting net interest income were higher interest rates in Sweden, with the accompagnying adjustments in terms, lower expenses for deposits in local currency in the Baltic countries and slightly higher Euribor rates. In the fourth quarter, interest on overdue payments totalling SEK 191m, that was previously recorded as Other income in the Baltic Banking business area, was reclassified as net interest income. In Q1 2011, interest on overdue payments totalled SEK 29m. The stability fee has been doubled to SEK 121m. Lower lending volumes and a higher share of mortgage lending in relation to corporate lending affected net interest income negatively. Increased expenses for liquidity reserves and lower returns on the investment portfolio used to hedge interest rates on current accounts and equity also affected net interest income negatively. Since actual funding costs are not fully reflected in the internal interest rate, net interest income in the business areas was slightly stronger during the quarter, while Treasury had a corresponding negative impact.

Net commission income increased marginally to SEK 2 301m (2 282). The increase was mainly due to higher income from lending commissions.

Net gains and losses on financial items at fair value fell by 61 per cent to SEK 255m (647). In Group Functions, Group Treasury reported lower profit due to negative valuation effects e.g. from basis spreads. Capital market funding in EUR is often swapped to SEK. These swaps are marked to market. In 2010 swap costs increased significantly, which at the same time had a positive valuation effect. During the first quarter 2011 the situation was the opposite, which had a negative effect on net gains and losses on financial items at fair value. The effect on earnings of these changes in value is small over time, but volatility can be high between quarters, which affects earnings.

Expenses excluding exchange rate effects were unchanged at SEK 4 384m (4 391). Consulting expenses decreased, while variable staff costs rose to SEK 118m (79).

Since 1 July 2010 the portion of the variable remuneration comprising deferred remuneration in the form of shares is accrued. As a result, variable remuneration allocated during the period may differ from the booked amount. During the first quarter the earnings impact of variable remuneration was SEK 146m, while allocated variable remuneration was SEK 326m. During the quarter SEK 54m from previous years' provisions for variable remuneration within Large Corporates & Institutions was reversed. A more detailed analysis of variable remuneration is provided on page 21 of the Fact book.

Operating expenses for distressed loans and repossessed collateral in Ektornet amounted to SEK 178m (166). Expenses in Baltic Banking excluding FR&R increased by SEK 51m or 9 per cent in local currency. In Russia & Ukraine expenses excluding FR&R decreased by SEK 43m or 21 per cent in local currency.

The number of full-time positions has been reduced by 1 117 in one year, mainly in Russia & Ukraine and Baltic Banking.

Net credit recoveries amounted to SEK 972m during the first quarter, against year-earlier impairments of SEK 2 210m. Baltic Banking reported net recoveries of SEK 382m (credit impairments of 2 103), while Russia & Ukraine reported net recoveries of SEK 490m (41). Of the reported net recoveries, SEK -1 184m (1 781) was net provisions, of which individual provisions for impaired loans amounted to SEK -577m (2 132) and portfolio provisions for loans individually deemed not to be impaired were SEK -607 m (-351). Net write-offs amounted to SEK 212m (429).

The tax expense amounted to SEK 1 182m (469), corresponding to an effective tax rate of 23.5 per cent (46). In the long term the effective tax rate is estimated at 21-22 per cent.

Other comprehensive income after tax amounted to SEK -265m (-869) in the quarter and was affected mainly by exchange rate differences on the currency translation of foreign operations and cash flow hedges.

Credit and asset quality

Swedbank's lending[1] decreased by 0.4 per cent during the quarter to SEK 1 141bn on 31 March 2011. Lending in the Baltic countries, Russia & Ukraine and corporate lending in Sweden decreased during the period, while Swedish mortgage lending rose, albeit at a slower rate.

Loans to the public[1] by business area SEKm	**31 Mar 2011**	**31 Dec 2010**	**%**
Retail	876 478	872 617	0
Large Corporates & Institutions	121 266	130 427	-7
Baltic Banking	126 576	130 396	-3
Estonia	*55 814*	*57 528*	*-3*
Latvia	*35 586*	*37 022*	*-4*
Lithuania	*34 818*	*35 456*	*-2*
Investment	*358*	*390*	*-8*
Russia & Ukraine	10 937	12 556	-13
Russia	*5 489*	*6 219*	*-12*
Ukraine	*5 448*	*6 337*	*-14*
Group Functions	5 849		
Total	**1 141 106**	**1 145 996**	**0**

Excluding exchange rate effects, lending decreased by 3 per cent in the Baltic countries, by 8 per cent in Ukraine and by 12 per cent in Russia.

Corporate loan demand in the Baltic countries was low during the period, and amortisations among Swedbank's corporate customers exceeded new lending. In the Baltic countries, corporate lending in Estonia is expected to stabilise first. Corporate lending in Sweden also decreased during the period. Loan demand among small and medium-sized companies in Sweden produced some volume growth during the first quarter. Lending continued to increase in segments with lower risk, primarily private mortgage lending in Sweden.

Lending by Swedbank Mortgage increased during the period by SEK 5bn to SEK 701bn. The average loan-to-value ratio in Swedbank Mortgage was 60 per cent on 31 March calculated by property level (45 per cent by loan level).

In Baltic Banking, the portion of the mortgage portfolio exceeding current market value amounted to SEK 8.6bn on 31 March 2011 (SEK 8.8bn on 31 December 2010). Since the second half of 2009 residential real estate markets in major Baltic cities have been stable or grown, especially in Estonia. As a result, the average loan-to-value ratio has begun to fall.

As of 31 March Swedbank's net recoveries totalled SEK 972m (credit impairments of SEK 2 210m). Recoveries were generated during the first quarter in all three Baltic countries, Russia, Ukraine as well as in Large Corporates & Institutions. Credit impairments in Retail remained very low.

[1] Loans to the public excluding the Swedish National Debt Office and repos

Credit impairments by business area SEKm	Q1 2011	Q4 2010	Q1 2010
Retail	5	136	88
Large Corporates & Institutions	-105	65	45
Baltic Banking	-382	-163	2 103
Estonia	*-9*	*24*	*593*
Latvia	*-135*	*-57*	*954*
Lithuania	*-238*	*-130*	*556*
Russia & Ukraine	-490	-521	-41
Russia	*-171*	*-144*	*-15*
Ukraine	*-319*	*-377*	*-26*
Group Functions			15
Total	**-972**	**-483**	**2 210**

Recoveries in the Baltic countries were mainly due to updated valuations of collateral related to large corporates. Private lending led to certain credit impairments. Recoveries in Russia and Ukraine were related to corporate lending and primarily consisted of amortisations and repayments of loans or solutions achieved for certain distressed loans.

The portfolio provisions are related to the portion of the portfolio that does not contain impaired loans. Portfolio provisions fell during the first quarter. This was mainly related to volume decreases and improved internal ratings in the Baltic countries, Russia and Ukraine. A slight improvement in the internal rating among some of Swedbank's Swedish corporate customers also contributed to the decrease.

Of the total provisions of SEK 19.4bn, 86 per cent was at the individual level as of 31 March 2011, compared with 85 per cent as of 31 December 2010.

Credit impairments Group SEKm	Q1 2011	Q4 2010	Q1 2010
Provisions			
Individual provisions, gross	347	-248	2 670
Reversal of individual provisions no longer required	-924	-582	-538
Portfolio provisions	-607	-308	-351
Provisions, net	**-1 184**	**-1 138**	**1 781**
Write-offs			
Write-offs, gross	831	2 274	807
Utilisation of previous provisions	-554	-1 440	-258
Recovered from previous write-offs	-65	-179	-120
Write-offs, net	**212**	**655**	**429**
Total	**-972**	**-483**	**2 210**

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

During the first quarter impaired loans decreased by a total of SEK 3.0m, declining in every business area. This was partly due to a slower inflow of new impaired loans during the period and partly because certain large corporate commitments were no longer impaired. In addition, write-offs and exchange rate effects contributed to the reduction in impaired loans.

Restructured loans refer to loans whose terms have changed as a result of deterioration in the customer's actual and/or anticipated ability to pay interest and/or principal. As of 31 March 2011 the Group's restructured loans totalled SEK 26.7bn (SEK 27.9bn as of 31 December 2010). The majority relates to Baltic Banking (80 per cent) and Ukraine (11 per cent). Of Swedbank's restructured loans, those classified as impaired amounted to SEK 14.1bn (SEK 15.0bn as of 31 December 2010), while those classified as non-impaired totalled SEK 12.6bn (12.9).

Repossessed assets increased marginally during the first quarter. At the end of the period the majority of the repossessed assets were in the Baltic countries and the Nordic region. In cases where assets are repossessed, Swedbank tries to reach a voluntary agreement with the customer. If an agreement cannot be reached, legal proceedings are launched.

In the autumn of 2008 Swedbank had an outstanding repurchase agreement of USD 1.35bn 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. In accordance with the terms of the repurchase agreement, Swedbank valued the commercial real estate loans at market value as of the time of the bankruptcy, which constituted the foundation for a collateral deficiency claim and subsequent negotiations where the parties have come to an agreement. This agreement provides for the exchange of a number of loans and for Swedbank to receive two approved non-secured claims against the Lehman Brothers bankrupcy estate, which have subsequently been sold. As a result, Swedbank reported one-off pre-tax income of USD 114m (SEK 716m). The after-tax income amounted to SEK 361m.The remaining carrying amount of loans relating to the repurchase agreement amounted to USD 923m (SEK 5.8bn) as of 31 March.

Assets taken over and cancelled leases by business area SEKm	31 Mar 2011	31 Dec 2010	31 Mar 2010
Retail	11	11	293
Large Corporates & Institutions			
Baltic Banking	392	429	798
Estonia	*32*	*42*	*60*
Latvia	*166*	*184*	*152*
Lithuania	*194*	*203*	*586*
Russia & Ukraine	295	351	30
Russia	*5*	*4*	*22*
Ukraine	*290*	*347*	*8*
Ektornet	3 416	3 055	784
Sweden	*268*	*270*	*240*
Norway	*116*	*116*	*169*
Finland	*751*	*765*	
Estonia	*498*	*469*	*178*
Latvia	*1 083*	*851*	*60*
Lithuania	*223*	*206*	*7*
USA	*276*	*305*	*130*
Ukraine	*201*	*73*	
Total	**4 114**	**3 846**	**1 905**

During the first quarter Ektornet took over assets worth SEK 435m, the large part of which related to Latvia and Ukraine. For more information on Ektornet, see page 21.

Funding and liquidity

Swedbank issued a total of SEK 91bn in long-term debt instruments during the first quarter 2011. Long-term debt maturing during the same period totalled SEK 44bn in nominal value. The majority of the first quarter's issues were covered bonds, including SEK 45bn in the Swedish market. Among the issues in the international market two were public covered bonds totalling EUR 2.5bn maturing in September 2014 and January 2016.

During the period Swedbank finalised a new covered bond programme for US investors (144A). Swedbank issued USD 2bn in the first quarter under the programme in the form of a three-year floating rate note and a five-year fixed-rate bond. Over the course of the quarter the bank continued to refinance maturing covered bonds in advance in the Swedish market.

The average maturity of all capital market funding arranged through the bank's short- and long-term programmes[1] has been extended from around 29 months as of 31 December 2010 to 30 months as of 31 March 2011. The average maturity of covered bonds was 39 months. The average maturity of long-term funding issued during the first quarter was 45 months.

Changes in outstanding debt Jan-Mar 2011 SEKbn	Changes since 31 Dec 2010
Commercial paper	21
Covered bonds	66
State guaranteed bonds	-30
Senior unsecured bonds	-3
Structured retail bonds (SPAX)	-1

State guaranteed funding Maturity distribution	SEK billion
2011	53
2012	37
2013	11
2014	25
Total	**126**

During the remainder of 2011 long-term funding with a nominal value of about SEK 121bn will mature, of which SEK 53bn relates to funding arranged through the state guarantee programme. Maturities in the Swedish covered bond market amount to SEK 47bn. In addition, a nominal value of approximately SEK 4.3bn in subordinated debt can be prepaid.

Swedbank repurchased a total of SEK 2.7bn in Tier 2 bonds during the first quarter 2011. The loans were repurchased at market rates, which generated a capital loss of SEK 3.4m. The Swedish Financial Supervisory Authority's approval to repurchase Tier 2 bonds up to a limit of SEK 10bn expired on 15 April 2011.

At the end of the first quarter Swedbank had a liquidity reserve in Group Treasury of SEK 148bn, reported in accordance with the Swedish Financial Supervisory Authority's new liquidity regulations. SEK 146bn consisted of AAA-rated liquid instruments and deposits in central banks. In addition to the liquidity reserve, the bank had SEK 137bn in overcollateralisation in the collateral pool for covered bond issues and SEK 104bn in assets eligible for refinancing and/or liquid assets within the Group.

Capital and capital adequacy

As of 31 March 2011 equity amounted to SEK 95 536m, an increase of SEK 639m from the beginning of the year.

In Swedbank's financial companies group, core Tier 1 capital increased by SEK 1.9bn to SEK 77.3bn during the first quarter. Tier 2 capital decreased by SEK 4.1bn to SEK 16.1bn due to redemptions and repurchases of undated and fixed-term subordinated loans. The decrease in Tier 2 capital is an element in Swedbank's active focus on managing its capital structure and is consistent with the bank's focus on core Tier 1 capital to ensure the long-term stability of its balance sheet.

Risk-weighted assets decreased by SEK 22bn or 4 per cent from the beginning of the year to SEK 519bn. Risk-weighted amount for credit risks decreased by 2.4 per cent or SEK11bn during the quarter, predominantly related to corporate exposures. The average risk weighting for all credit risks in the financial companies group were stable at 29 per cent as of 31 March 2011. Of the total change in risk-weighted amount, SEK -1.6bn is due to exchange rate effects. Risk-weighted amount for market risks decreased by almost 30 per cent or just below SEK 9bn, mainly due to Estonia's adoption of the

[1] The calculation method has changed to include subordinated debt and exclude interbank deposits.

euro and the subsequent decrease of Swedbank's open currency positions. Risk-weighted amount for operational risks decreased by 4.5 per cent or SEK 3bn.

The core Tier 1 capital ratio according to Basel 2 increased to 14.9 per cent as of 31 March (13.9 per cent on 31 December 2010) and the Tier 1 capital ratio improved to 16.2 per cent (15.2). The capital adequacy ratio was 18.7 per cent (18.4). According to the transition rules, the core Tier 1 capital ratio was 10.4 per cent (10.1), the Tier 1 capital ratio was 11.2 per cent (11.0) and the capital adequacy ratio was 13.0 per cent (13.3).

For further details on capital adequacy, see note 21.

Risk-weighted assets by business area SEKbn	**31 Mar 2011**	**31 Dec 2010**	**31 Mar 2010**
Retail	224	222	233
Large Corporates & Institutions	149	156	173
Baltic Banking	120	136	160
Estonia	*45*	*57*	*64*
Latvia	*45*	*39*	*49*
Lithuania	*30*	*32*	*38*
Investment		*8*	*9*
Asset Management	3	3	3
Russia & Ukraine	16	18	23
Russia	*7*	*8*	*10*
Ukraine	*8*	*9*	*10*
Investment	*1*	*1*	*3*
Ektornet	4	4	1
Group Functions	3	2	3
Total risk-weighted assets	**519**	**541**	**596**

New Basel rules on capital and their effect on Swedbank

As previously announced, Swedbank does not expect its core Tier 1 capital ratio to decrease by more than 50bp due to Basel III and that the proposed leverage ratio (Tier 1 capital/total assets) requirement will not pose any restrictions on Swedbank's capital planning.

Market risk

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

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

VaR by risk category					
	Jan-Mar 2011 (2010)			**31 Mar**	**31 Dec**
SEKm	**Max**	**Min**	**Average**	**2011**	**2010**
Interest risk	158 (127)	103 (66)	125 (90)	156	110
Currency rate risk	29 (19)	3 (2)	8 (7)	11	7
Stock price risk	9 (7)	5 (2)	6 (5)	6	6
Diversification			-16 (-11)	-22	-14
Total	**151 (126)**	**108 (69)**	**124 (91)**	**151**	**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.*

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 March 2011 would have reduced the value of the Group's assets and liabilities, including derivatives, by SEK 831m, 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 473m (499). Positions in foreign currency would have decreased in value by SEK 358m (278).

With an interest rate increase of one percentage point, the Group's net gains and losses on financial items at fair value would have decreased by SEK 205m as of 31 March 2011, compared with a decrease of SEK 213m as of 31 December 2010.

Operational risks

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

Other events

Swedbank's Annual General Meeting on 25 March elected Olav Fjell as a new member of the Board of Directors. Board members Ulrika Francke, Göran Hedman, Lars Idermark, Anders Igel, Helle Kruse Nielsen, Pia Rudengren, Anders Sundström, Karl Henrik Sundström and Siv Svensson were re-elected. Lars Idermark was elected as Chair.

The Annual General Meeting approved the Board's recommendation to pay a dividend for the financial year 2010 of SEK 4.80 per preference share and SEK 2.10 per ordinary share.

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

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

Ratings

On 16 November 2010 Moody's placed Swedbank AB and Swedbank Mortgage AB on review for a possible upgrade.

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

Events after 31 March 2011

On 27 April 2011 Swedbank's Board resolved to begin buying back ordinary and/or preference shares. The repurchases will begin during the second quarter 2011.

Retail

- Continued positive trend in net interest income
- High acceptance rate for service concepts

Income statement

SEKm	Q1 2011	Q4 2010	%	Q1 2010	%
Net interest income	2 925	2 752	6	2 433	20
Net commissions	1 073	1 132	-5	1 041	3
Net gains and losses on financial items at fair value	40	74	-46	33	21
Share of profit or loss of associates	171	127	35	146	17
Other income	186	264	-30	228	-18
Total income	**4 395**	**4 349**	**1**	**3 881**	**13**
Staff costs	1 013	967	5	1 002	1
Variable staff costs	23	17	35	21	10
Other expenses	1 092	1 137	-4	1 056	3
Depreciation/amortisation	65	102	-36	52	25
Total expenses	**2 193**	**2 223**	**-1**	**2 131**	**3**
Profit before impairments	**2 202**	**2 126**	**4**	**1 750**	**26**
Credit impairments	5	136	-96	88	-94
Operating profit	**2 197**	**1 990**	**10**	**1 662**	**32**
Tax expense	577	499	16	426	35
Profit for the period	1 620	1 491	9	1 236	31
Profit for the period attributable to the shareholders of Swedbank AB	**1 616**	**1 489**	**9**	**1 235**	**31**
Non-controlling interests	4	2	100	1	
Return on allocated equity, %	28.7	26.9		22.3	
Credit impairment ratio, %	0.00	0.06		0.04	
Total provision ratio for impaired loans, %	97	99		98	
Share of impaired loans, gross, %	0.18	0.18		0.19	
Cost/income ratio	0.50	0.51		0.55	
Full-time employees	5 572	5 571	0	5 677	-2

Development January - March
The recovery in the Swedish economy remained strong, and GDP grew by 7.3 per cent during the fourth quarter compared with the same period in 2010. Growth is being driven by increased domestic demand – consumption and investment - and continued strong export growth. Broad-based economic growth is helping the labour market to continue to improve. Unemployment fell to 7.6 per cent in February.

Profit for the period increased by 31 per cent year-on-year. The improvement was mainly due to higher income, primarily resulting from improved net interest income. Expenses were 3 per cent higher than the same quarter in 2010.

Net interest income increased by 20 per cent compared with the previous year, mainly as a result of higher interest rates. Higher deposit and lending margins relative to Stibor during the first quarter 2011 affected net interest income positively. Compared with the previous quarter net interest income improved by 6 per cent. The positive impact of higher interest rates on net interest income was partly offset by an increased share of fixed-rate savings with lower margins and a lower return on the investment portfolio used to hedge interest rates on current accounts.

The total volume of deposits decreased by 3 per cent from the beginning of the year. Deposit volumes from corporate customers accounted for the entire decrease. Swedbank has a stable share of household deposits, 24 per cent (24 per cent). In the market as a whole, corporate deposits fell, while Swedbank's share was unchanged at 17 per cent.

The annual growth rate for private mortgages has gradually fallen during the last year to 8 per cent as of February (10 as of February 2010). Swedbank's lending growth to private customers fell to 6 per cent during the same period. During the last half-year there has been a gradual increase in the share of new fixed-rate lending for periods of longer than 3 months. The share of new loans fixed for 1-3 years has increased from 22 per cent in the fourth quarter 2010 to 32 per cent in the first quarter 2011. Swedbank's market share in mortgage lending was 27 per cent (28 per cent).

Corporate lending volume increased during the quarter by 0.5 per cent. The market share for corporate lending was 17 per cent (18 per cent for the first quarter 2010). Increased credit demand from potential customers within the midcorp segment is evident.

The loan-to-deposit ratio increased to 261 (251 at the beginning of the year) mainly as a result of a lower deposit volume.

Net commission income was 3 per cent higher year-on-year, mainly due to increased income from insurance operations. Stock markets declined slightly. The service concepts introduced in 2010 have been well received by customers. Since the start of the year the number of customers with service concepts in targeted segments has increased by 90 000. Customers who signed up for the service concepts are utilising the bank's products and services to a larger extent than before and are reporting higher customer satisfaction.

Expenses were 3 per cent higher than in the same quarter last year. The number of employees has been reduced by 105 against the same period of 2010. New professional roles and procedures have resulted in higher efficiency and reduced staffing. The cost/income ratio improved compared with the first quarter 2010 to 0.50 (0.55), mainly due to higher income.

During the period six branches were merged into larger units as part of the ongoing review of the retail structure.

Credit quality remained good in both the private and corporate markets. Impaired loans decreased by 5 per cent compared with the same quarter of 2010. The share of impaired loans was 0.18 per cent. Credit impairments remained at a low level and amounted to SEK 5m (88).

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

Large Corporates & Institutions

- Stable income and results
- Continued high activity and good earnings in structured financing and syndicated loans
- Settlement with Lehman Brothers' administrator

Income statement

SEKm	Q1 2011	Q4 2010	%	Q1 2010	%
Net interest income	850	733	16	704	21
Net commissions	505	575	-12	417	21
Net gains and losses on financial items at fair value	369	439	-16	440	-16
Other income	747	25		20	
Total income	**2 471**	**1 772**	**39**	**1 581**	**56**
Staff costs	349	342	2	300	16
Variable staff costs	83	69	20	69	20
Other expenses	418	450	-7	397	5
Depreciation/amortisation	9	16	-44	9	0
Total expenses	**859**	**877**	**-2**	**775**	**11**
Profit before impairments	**1 612**	**895**	**80**	**806**	**100**
Credit impairments	-105	65		45	
Operating profit	**1 717**	**830**		**761**	
Tax expense	454	213		166	
Profit for the period	1 263	617		595	
Profit for the period attributable to the shareholders of Swedbank AB	**1 263**	**617**		**585**	
Non-controlling interests				10	
Return on allocated equity, %	31.1	14.9		13.7	
Credit impairment ratio, %	-0.14	0.07		0.06	
Total provision ratio for impaired loans, %	116	106		110	
Share of impaired loans, gross, %	0.21	0.25		0.35	
Cost/income ratio	0.35	0.49		0.49	
Full-time employees	1 214	1 229	-1	1 147	6

Development January - March

Growth in the global economy was relatively good during the first quarter 2011. There are large differences between emerging economies and more developed countries, however. Stockmarkets and long-term interest rates initially continued to rise. Political unrest in a number of Arab countries, in combination with the natural disaster in Japan during the latter part of the quarter, affected most stockmarkets negatively. US long-term interest rates fell, while European rates remained high after the European Central Bank signalled it would begin raising rates to offset rising inflation. This, coupled with some political progress in resolving most pressing financing crisis for Europe's fiscally weak countries, caused the euro to appreciate substantially during the quarter mainly against the dollar.

Profit for the first quarter 2011 amounted to SEK 1 263m (585). A settlement was reached during the quarter with Lehman Brothers' bankruptcy estate, which increased profit before tax by SEK 716m through other income. Recoveries amounted to SEK 105m, of which SEK 39m was portfolio provisions and the remaining SEK 66m was individual provisions. Profit excluding the Lehman Brothers settlement amounted to SEK 862m, which is higher than both the first and fourth quarters of 2010.

Net interest income increased by 21 per cent compared with the same period of 2010 due to solid earnings in currency and fixed income trading.

Net commissions were slightly higher than during the first quarter 2010, but lower compared with the fourth quarter, which was largely the result of lower income in Corporate Finance. Activity in loan syndications and acquisition financing remained high.

Net gains and losses on financial items at fair value decreased during the quarter in comparison with 2010 despite strong earnings in fixed income and currency trading, which instead impacts net interest income.

Total expenses increased by SEK 84m compared with the first quarter 2010. The increase is primarily due to higher staff costs. Compared with the fourth quarter expenses decreased by SEK 18m due to slower IT project activity. The provision for variable staff costs increased by SEK 14bn compared with the first quarter of 2010. During the first quarter 2010, a reversal of SEK 54m of previous years' provisions was made. Excluding the reversal, variable staff costs increased by SEK 68m due to the higher profit.

Risk-weighted assets attributable to the business area decreased by SEK 6.7bn compared with 31 December 2010 and amounted to SEK 149bn on 31 March.

Operations

Lending decreased by SEK 9bn during the quarter, of which lending to subsidiaries internally transferred to Group Functions accounted for SEK 4.3bn. Deposits decreased by SEK 6bn.

The lending volume to large customers was slightly lower than in the previous quarter. Volume was limited by the appreciation of the Swedish krona mainly against the US dollar and euro as well as lower utilisation of approved limits. The trend among large Nordic customers, especially Swedish, to refinance their loans in advance continued during the first quarter, due to which Swedbank's margins continued to rise against Stibor. Despite strong demand for financing solutions, margins are decreasing due to continued strong international competition.

Acquisition financing arranged for Munters during the previous quarter has continued to generate revenue in 2011. During the period LC&I participated in various roles in the refinancing of syndicated loans for TeliaSonera, Vattenfall, Holmen, Scania, Hexagon, Saab and Trelleborg, among other companies.

Fixed income and currency trading were affected during the first quarter by higher short-term interest rates and a stronger krona. The unrest in the Middle East and the earthquake disaster in Japan increased volatility in the market. Customer activity was good and earnings were stable, with a strong performance especially in the fixed income area. Half of income for the quarter was from customer trading.

In Investment Banking, equity operations and trading on the bank's own account were the biggest income generators during the period. Swedbank's aggregate market share, based on turnover on NASDAQ OMX Stockholm and Burgundy, was 5.3 per cent (5.7) for the period.

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

- Improved profit before impairments
- Net recoveries
- Continuing deleveraging

Income statement

SEKm	Q1 2011	Q4 2010	%	Q1 2010	%
Net interest income	997	1 168	-15	821	21
Net commissions	317	383	-17	376	-16
Net gains and losses on financial items at fair value	55	119	-54	72	-24
Other income	103	-38		218	-53
Total income	**1 472**	**1 632**	**-10**	**1 487**	**-1**
Staff costs	258	261	-1	285	-9
Variable staff costs	7			-13	
Other expenses	357	398	-10	423	-16
Depreciation/amortisation	36	38	-5	45	-20
Total expenses	**658**	**697**	**-6**	**740**	**-11**
Profit before impairments	**814**	**935**	**-13**	**747**	**9**
Impairment of tangible assets	5	73	-93	31	-84
Credit impairments	-382	-163		2 103	
Operating profit	**1 191**	**1 025**	**16**	**-1 387**	
Tax expense	121	35		-161	
Profit for the period	1 070	990	8	-1 226	
Profit for the period attributable to the shareholders of Swedbank AB	**1 070**	**990**	**8**	**-1 226**	
Return on allocated equity, %	13.9	11.4		-12.5	
Credit impairment ratio, %	-1.18	-0.51		5.07	
Total provision ratio for impaired loans, %	56	58		60	
Share of impaired loans, gross, %	15.38	15.54		15.50	
Cost/income ratio	0.45	0.43		0.50	
Full-time employees	5 383	5 416	-1	5 719	-6

Development January - March
The economic situation gradually improved in all three Baltic countries – in 2010 GDP grew by 3.1 per cent in Estonia and 1.3 per cent in Lithuania, while in Latvia GDP growth was -0.3 per cent due to negative carryover effects. The main contributor to economic growth was strong exports. At the same time inflation started to pick up, mostly due to external factors such as worldwide food and oil prices, which continued to increase.

In the first quarter of 2011 Fitch Ratings raised Latvia's credit rating one notch to BBB-, from BB+.

Baltic Banking reported a profit of SEK 1.1bn in the first quarter, compared with a loss of SEK 1.2bn in the same period a year before. The improved result is mainly due to net recoveries.

The first quarter results were positively affected by Treasury's exclusion from Baltic Banking results as of 2011, with no historical data restated. The Treasury exclusion improved Baltic Banking's profit before impairments by SEK 60m during the first quarter, of which SEK 34m affected net interest income.

In local currency, total income increased by 12 per cent from the previous year mainly due to improvements in net interest income.

Net interest income increased by 37 per cent in local currency compared with the same period last year. A reclassification of interest on overdue payments positively affected net interest income by SEK 191m in the fourth quarter 2010 and decreased other income correspondingly. The reclassification had a positive effect on net interest income of SEK 29m during the first quarter 2011. Excluding both the transfer of Treasury from Baltic Banking and the reclassification, net interest income increased by 29 per cent. Lower local deposit costs and increasing Euribor rates boosted net interest income. Lower income due to declining lending volumes was partly offset by higher new lending margins. Net interest income decreased by 11 per cent in local currency from the previous quarter. Excluding the Treasury effect and the reclassification, the decrease was 1 per cent.

Lending volumes in local currency decreased by 10 per cent compared with the same period last year and by 2 per cent compared with the previous quarter. The largest volume decreases were in the leasing portfolio, while the largest new sales were in the corporate segment. Overall demand remains low, holding back new lending volumes in the first quarter as well. Compared with the same period last year, the largest decrease in the lending portfolio was in Latvia (-16 per cent), followed by Estonia (-8 per cent) and Lithuania (-7 per cent). Swedbank's market share in lending was 43 per cent in Estonia (43), 23 per cent in Latvia (25) and 23 per cent in Lithuania (23) as of 28 February 2011.

In the upcoming quarters, an increase in new sales activity is expected, while loan portfolio amortisation is expected to be slower. The lending portfolio's performance going forward will also be affected by the restructuring of impaired loans.

Deposits increased by 1 per cent in local currencies compared with a year ago, with the largest increase coming from Latvia. Swedbank's deposit market share was 46 per cent in Estonia (48), 14 per cent in Latvia (15) and 27 per cent in Lithuania (28) at the end of February. The loan-to-deposit ratio decreased to 142 per cent (159).

In the first quarter, the Competition Council in Latvia announced its decision on the Multilateral Interchange Fee (MIF) agreement of 2002. It found that 22 banks operating in Latvia were guilty of prohibited price-fixing agreements, which had distorted competition in the card payments market between 2002 and 2010. Swedbank was fined EUR 4m (SEK 35m), which affected net commission income negatively during the first quarter. The MIF agreement in question was terminated by the participating banks in November 2010. Swedbank appealed against the decision on 18 April 2011.

Net commission income decreased by 5 per cent in local currencies compared with the same period a year ago. Excluding the imposed fine of EUR 4m net commission income increased by 6 per cent. Payment processing related commissions increased as a result of higher customer activity, and securities-related commissions grew following improvements in financial markets.

Net gains and losses on financial items at fair value decreased by 14 per cent in local currencies from the same period a year ago. This was mainly due to revaluation effects in the securities portfolio.

Expenses increased by 1 per cent in local currencies compared with the same period last year. Investments in e-channels increased costs, while loan recovery related costs were lower.

The number of full-time employees was reduced by 33 during the quarter, mainly in Lithuania. However, during the quarter the number of employees increased in the Estonian unit to meet increased demand for our services. The cost/income ratio was 0.45 (0.50).

Net recoveries in the first quarter amounted to SEK 382m compared to SEK 2 103m in reported credit impairments a year ago, in line with the improving economic situation. Impaired loans, gross, amounted to SEK 21bn on 31 March 2011 (SEK 23bn on 31 December 2010).

The economic recovery in the Baltic countries is creating new growth opportunities. In 2011 Baltic Banking is shifting towards a more customer-centric business model, which requires higher competence levels and front line empowerment. Baltic Banking Compass – a new business model and structured approach to work with customers – is in the process of being implemented in all three countries.

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

Asset Management

- Savers reduce their risk exposure
- Award-winning fund management

Income statement

SEKm	Q1 2011	Q4 2010	%	Q1 2010	%
Net interest income		-2		-7	
Net commissions	403	415	-3	398	1
Net gains and losses on financial items at fair value	-4	2		11	
Other income	3	11	-73	3	0
Total income	**402**	**426**	**-6**	**405**	**-1**
Staff costs	96	101	-5	100	-4
Variable staff costs	14	18	-22		
Other expenses	89	106	-16	84	6
Depreciation/amortisation	12	13	-8	13	-8
Total expenses	**211**	**238**	**-11**	**197**	**7**
Profit before impairments	**191**	**188**	**2**	**208**	**-8**
Operating profit	**191**	**188**	**2**	**208**	**-8**
Tax expense	47	47	0	50	-6
Profit for the period	144	141	2	158	-9
Profit for the period attributable to the shareholders of Swedbank AB	**144**	**141**	**2**	**158**	**-9**
Return on allocated equity, %	26.9	26.1		29.2	
Cost/income ratio	0.52	0.56		0.49	
Full-time employees	311	313	-1	284	10
Fund assets under management, SEKbn	477	484	-1	464	3
Discretionary assets under mangement, SEKbn	255	252	1	231	10
Total assets under mangement, SEKbn	732	736	-1	695	5

Development January - March
Global political unrest caused volatile financial markets during the quarter, which also affected fund flows. To diversify their risks, active investors fled equity funds, mainly in emerging markets, in favour of mixed and money market funds. Net contributions to the Swedish fund market amounted to SEK 7.7bn (24.9) during the period.

The total gross inflow to Swedbank Robur's funds was SEK 30.7bn, while the net flow was SEK -1.7bn.

The net flow from institutional management was positive during the period at SEK 3.2bn, mainly due to positive flows through a large mandate.

Measures to better distinguish the range of funds through various categories and a separation into active management (alpha) and index management (beta) continue and are beginning to show results. Actively managed funds have generated higher relative returns, although the measurement period is short at this point.

Profit for the period amounted to SEK 144m, in line with the fourth quarter 2010, but a decrease of 9 per cent compared with the first quarter 2010.

Commission income rose somewhat compared with the same period last year due to a larger base of assets under management, mainly due to favourable market conditions as well as positive net flows from institutional and third-party sales in 2010. Compared with the fourth quarter 2010 income was lower as a result of the stockmarket's performance in 2011, which reduced assets under management. Income from discretionary management excluding Swedbank Robur's funds amounted to SEK 33m during the period. Total assets under management at the end of the quarter amounted to SEK 732bn, against SEK 736bn at the beginning of the year.

Expenses increased by 7 per cent compared with the same period last year due to increased IT investments and provisions for profit based remuneration.

Swedbank Robur received four awards in three categories from the fund rating agency Lipper for best risk-adjusted returns over 3, 5 and 10 years. Further, Folksam received a Group Award in the class "Bond Small" – 3 years. This fund has been managed by Swedbank Robur for the last three years. The website Fondmarknaden.se named Banco ideell Miljö the best ethical fund in 2010. Swedbank Robur was one of the top ranked fund managers during the period.

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

Russia & Ukraine

- Net recoveries
- Focus on costs

Income statement

SEKm	Q1 2011	Q4 2010	%	Q1 2010	%
Net interest income	188	159	18	211	-11
Net commissions	15	20	-25	14	7
Net gains and losses on financial items at fair value	9	-96		27	-67
Other income	7	12	-42	5	40
Total income	**219**	**95**		**257**	**-15**
Staff costs	79	81	-2	112	-29
Variable staff costs		-9			
Other expenses	77	110	-30	102	-25
Depreciation/amortisation	16	29	-45	16	0
Total expenses	**172**	**211**	**-18**	**230**	**-25**
Profit before impairments	**47**	**-116**		**27**	**74**
Impairment of intangible assets				14	
Impairment of tangible assets	-2	250		5	
Credit impairments	-490	-521	-6	-41	
Operating profit	**539**	**155**		**49**	
Tax expense	1	13	-92	20	-95
Profit for the period	538	142		29	
Profit for the period attributable to the shareholders of Swedbank AB	**538**	**142**		**29**	
Return on allocated equity, %	74.1	15.6		2.7	
Credit impairment ratio, %	-12.96	-14.00		-0.83	
Total provision ratio for impaired loans, %	63	64		72	
Share of impaired loans, gross, %	46.20	46.20		40.25	
Cost/income ratio	0.79	2.22		0.89	
Full-time employees	1 787	1 847	-3	2 658	-33

Development January - March
Profit for the period amounted to SEK 538m, compared with a profit of SEK 29m for the same period the previous year. The improvement was primarily due to credit quality stabilisation and cost cutting in both Ukraine and Russia. Net interest income for the period was 11 per cent lower than in the previous year as a result of loan portfolio amortisations, impaired loans and limited new lending. Net interest income increased by 18 per cent quarter-on-quarter. This was primarily due to a change in liabilities during the fourth quarter (which had a negative valuation effect) to reduce interest expenses. Moreover, one-off interest income from restructured loans positively affected net interest income during the first quarter 2011. In response to lower business volumes, expenses were reduced by 25 per cent compared with the same period last year. Net recoveries of SEK 490m were primarily due to several restructurings in Ukraine.

Ukrainian Banking
The Ukrainian economy had a strong start to the year. According to National Bank of Ukraine estimate, GDP increased by 6.5 per cent in the first two months of the year compared with the same period last year. Unemployment has stabilised and increased by 0.2 percentage points during the first two months of the year. Some increase in confidence is also evident in the banking sector, where corporate loans and total deposits both grew by 1.3 per cent since the beginning of the year.

Profit before impairments in Ukrainian Banking increased by 8 per cent compared with the same period last year. Net interest income dropped 16 per cent in local currency year-on-year. The positive impact on interest income from the restructuring of impaired loans was offset by amortisation of the performing portfolio, which had not been replaced with new lending. The loan portfolio decreased by 8 per cent in local currency since the beginning of the year. Total costs decreased by SEK 27m during the period. The number of full-time employees was reduced by 51 to 1 503 during the quarter. The cost/income ratio was 0.65 (0.73).

Credit quality remained stable during the period. Impaired loans decreased by 21 per cent. Net recoveries of SEK 319m were due to a number of successful restructurings and a decrease in portfolio provisions due to a shrinking loan portfolio. The provision ratio for impaired loans was 64 per cent (74).

Profit for the period amounted to SEK 365m (60m).

Russian Banking
The Russian economic outlook is stabilising, supported by rising global oil prices. During the first two months of the year industrial production rose by 6.3 per cent and GDP increased by 4.4 per cent. Unemployment was stable at 7.6 per cent. The main macroeconomic risk is inflation. In an attempt to control inflation, the Central Bank of Russia increased the refinancing rate by 25 percentage points.

Net interest income in the Russian operations was 18 per cent higher in local currency year-on-year. The loan portfolio has declined by 12 per cent in local currency since the beginning of the year as the portfolio is gradually shifted from Russian customer lending to servicing home market customers. Impaired loans decreased by 35 per cent year-on-year due to a number of successful restructurings at end-2010. The provision ratio for impaired loans remained stable at 58 per cent (63).

Total expenses declined by 17 per cent in local currency compared with the same period last year due to the retail network closure. The number of full-time employees at the end of the period was 277, compared with 284 at the end of last year. Expenses are expected to decline further in coming quarters as a result of the customer strategy shift.

Profit for the period amounted to SEK 189m (-16), primarily due to net recoveries of SEK 171m.

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

Ektornet

- The value of repossessed properties amounted to SEK 3 416m
- Property repossessions in Estonia are decreasing, while the volume in the US is expected to rise

Income statement

SEKm	Q1 2011	Q4 2010	%	Q1 2010	%
Net interest income	-13	-8	-63	-5	
Net gains and losses on financial items at fair value	62	18		4	
Other income	59	30	97	14	
Total income	**108**	**40**		**13**	
Staff costs	20	20	0	5	
Other expenses	53	48	10	44	20
Depreciation/amortisation	23	7		1	
Total expenses	**96**	**75**	**28**	**50**	**92**
Profit before impairments	**12**	**-35**		**-37**	
Impairment of tangible assets	-1	83			
Operating profit	**13**	**-118**		**-37**	
Tax expense	21	-16			
Profit for the period	-8	-102	92	-37	78
Profit for the period attributable to the shareholders of Swedbank AB	**-8**	**-102**	**92**	**-37**	**78**
Full-time employees	175	150	17	103	70

Development January - March
During the first quarter properties were acquired for SEK 435m, primarily in Latvia and Ukraine. The market showed improvement, especially in Estonia, where property prices rose, resulting in fewer repossessions for Ektornet. As of 31 March Ektornet managed properties with a book value of SEK 3 253m (after currency translation and current depreciation).

Properties taken over excl shares in apartment projects SEKm	31 mar 2011	31 dec 2010
Estonia	498	469
Latvia	1 083	851
Lithuania	223	206
Sweden	268	270
Norway	116	116
Finland	751	765
USA	113	122
Ukraine	201	73
Total	**3 253**	**2 872**

Further, Ektornet has shares in a US apartment project with a book value of SEK 163m which is gradually being sold. In total, repossessed assets amount to SEK 3 416m. Further, properties worth an additional SEK 342m have been acquired but not yet taken over, mainly in Latvia. Ektornet is expected to continue to repossess properties until 2013.

In addition to the appraisal made in connection with repossessions, Ektornet also makes quarterly appraisals of its properties. This includes properties acquired during the same quarter last year and properties where something significant has happened or new information has come to light that may have affected their value. Since Ektornet reports its properties at cost rather than fair value, only impairments are recognised. The revaluations during the first quarter led to marginal reversals and also indicated other surplus values.

During the quarter properties mainly consisting of small and singular assets and shares were sold for SEK 19m with a reported gain of SEK 4m, in addition to which the apartment project in the US reported sales gains of SEK 18m.

The value of repossessed assets is estimated at SEK 5-10bn by 2013. Due to positive market development in Estonia and an expected increase in repossessions in the US, the Baltic countries now account for about half of the repossessed properties, against two thirds previously. The majority of the properties in the Baltic countries are residential apartments or projects which will not generate any income until they are sold. During the year the Baltic countries will therefore be Ektornet's highest priority. The Nordic and US property holdings currently consist primarily of a few high-value commercial properties.

A large part of the portfolio consists of non-income-generating properties, including available-for-sale residential apartments and projects in various stages, as well as commercial properties with large vacancies. The properties are also burdened with operating and maintenance costs, due to which earnings and cash flow are expected to be negative in the next few years, excluding eventual sales. The loss for 2010 was SEK 212m, and a loss of about SEK 200-300m is projected in 2011 before eventual property sales.

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

Group Functions

Income statement

SEKm	Q1 2011	Q4 2010	%	Q1 2010	%
Net interest income	-408	-268	-52	-136	
Net commissions	-23	6		23	
Net gains and losses on financial items at fair value	-276	-199	-39	60	
Other income	1 140	1 068	7	1 098	4
Total income	**433**	**607**	**-29**	**1 045**	**-59**
Staff costs	506	449	13	492	3
Variable staff costs	19	6		2	
Other expenses	655	696	-6	704	-7
Depreciation/amortisation	63	81	-22	72	-13
Total expenses	**1 243**	**1 232**	**1**	**1 270**	**-2**
Profit before impairments	**-810**	**-625**	**-30**	**-225**	
Credit impairments				15	
Operating profit	**-810**	**-625**	**-30**	**-240**	
Tax expense	-39	-98	-60	-32	-22
Profit for the period	-771	-527	-46	-208	
Profit for the period attributable to the shareholders of Swedbank AB	**-771**	**-527**	**-46**	**-208**	
Full-time employees	2 704	2 698	0	2 675	1

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

Eliminations

Income statement

SEKm	Q1 2011	Q4 2010	%	Q1 2010	%
Net interest income	-12	-7	-71	2	
Net commissions	11	7	57	13	-15
Net gains and losses on financial items at fair value					
Other income	-1 047	-963	-9	-1 017	-3
Total income	**-1 048**	**-963**	**-9**	**-1 002**	**-5**
Staff costs		-8			
Variable staff costs					
Other expenses	-1 048	-955	-10	-1 002	-5
Total expenses	**-1 048**	**-963**	**-9**	**-1 002**	**-5**

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	Q1 2011	Q4 2010	%	Q1 2010	%
Interest income	12 101	10 952	10	9 634	26
Interest expenses	-7 574	-6 425	18	-5 611	35
Net interest income (note 5)	**4 527**	**4 527**	**0**	**4 023**	**13**
Commission income	3 195	3 477	-8	3 136	2
Commission expenses	-894	-939	-5	-854	5
Net commissions (note 6)	**2 301**	**2 538**	**-9**	**2 282**	**1**
Net gains and losses on financial items at fair value (note 7)	255	357	-29	647	-61
Insurance premiums	367	375	-2	415	-12
Insurance provisions	-253	-228	11	-295	-14
Net insurance	**114**	**147**	**-22**	**120**	**-5**
Share of profit or loss of associates	171	127	35	146	17
Other income	1 084	262		449	
Total income	**8 452**	**7 958**	**6**	**7 667**	**10**
Staff costs	2 467	2 314	7	2 375	4
Other expenses (note 8)	1 693	1 990	-15	1 808	-6
Depreciation/amortisation	224	286	-22	208	8
Total expenses	**4 384**	**4 590**	**-4**	**4 391**	**0**
Profit before impairments	**4 068**	**3 368**	**21**	**3 276**	**24**
Impairment of intangible assets (note 14)				14	
Impairment of tangible assets	2	406	-100	36	-94
Credit impairments (note 9)	-972	-483		2 210	
Operating profit	**5 038**	**3 445**	**46**	**1 016**	
Tax expense	1 182	693	71	469	
Profit for the period	3 856	2 752	40	547	
Profit for the period attributable to the shareholders of Swedbank AB	**3 852**	**2 750**	**40**	**536**	
Non-controlling interests	4	2	100	11	-64
Earnings per share before dilution, SEK [1)]	2.47	2.37		0.46	
Earnings per share after dilution, SEK [1)]	2.47	2.37		0.46	
Equity per share, SEK	82.39	81.84		77.04	
Return on equity, %	16.1	11.7		2.4	
Credit impairment ratio, %	-0.29	-0.14		0.64	

[1)] Earnings for the purpose of calculating earnings per share is specified on page 41.
See page 40 for number of shares.

Statement of comprehensive income, condensed

Group SEKm	Q1 2011	Q4 2010	%	Q1 2010	%
Profit for the period reported via income statement	**3 856**	**2 752**	**40**	**547**	
Exchange differences, foreign operations	-194	-549	-65	-1 633	-88
Hedging of net investments in foreign operations:					
Gains/losses arising during the period	71	317	-78	1 017	-93
Cash flow hedges:					
Gains/losses arising during the period	-264	-71		-161	64
Reclassification adjustments to income statement, net interest income	101	194	-48	189	-47
Share of other comprehensive income of associates	-3	8		-6	-50
Income tax relating to components of other comprehensive income	24	-117		-275	
Other comprehensive income for the period, net of tax	**-265**	**-218**	**22**	**-869**	**-70**
Total comprehensive income for the period	**3 591**	**2 534**	**42**	**-322**	
Total comprehensive income attributable to the shareholders of Swedbank AB	**3 587**	**2 533**	**42**	**-330**	
Non-controlling interests	4	1		8	-50

Balance sheet, condensed

Group SEKm	31 Mar 2011	31 Dec 2010	%	31 Mar 2010	%
Assets					
Cash and balance with central banks	11 297	17 109	-34	31 621	-64
Loans to credit institutions (note 10)	198 682	166 417	19	152 780	30
Loans to the public (note 10)	1 173 981	1 187 226	-1	1 214 007	-3
Interest-bearing securities	149 628	131 576	14	275 266	-46
Financial assets for which customers bear the investment risk	102 071	100 628	1	85 023	20
Shares and participating interests	4 457	6 181	-28	11 350	-61
Investments in associates	2 835	2 710	5	2 662	6
Derivatives (note 18)	60 558	65 051	-7	76 524	-21
Intangible fixed assets (note 14)	15 707	15 794	-1	16 902	-7
Tangible assets	5 915	5 679	4	3 937	50
Current tax assets	1 306	1 156	13	1 135	15
Deferred tax assets	1 099	1 218	-10	1 302	-16
Other assets	9 245	8 611	7	10 237	-10
Prepaid expenses and accrued income	7 750	6 325	23	7 308	6
Total assets	**1 744 531**	**1 715 681**	**2**	**1 890 054**	**-8**
Liabilities and equity					
Amounts owed to credit institutions (note 15)	119 204	136 766	-13	259 782	-54
Deposits and borrowings from the public (note 16)	524 107	534 237	-2	511 142	3
Debt securities in issue (note 17)	738 618	686 517	8	723 596	2
Financial liabilities for which customers bear the investment risk	102 601	100 988	2	90 186	14
Derivatives (note 18)	69 782	65 935	6	73 364	-5
Current tax liabilities	669	317		750	-11
Deferred tax liabilities	1 569	1 734	-10	972	61
Short positions, securities	23 583	34 179	-31	62 929	-63
Other liabilities	23 177	13 625	70	21 038	10
Accrued expenses and prepaid income	18 399	15 074	22	18 432	0
Provisions	4 065	4 087	-1	4 361	-7
Subordinated liabilities	23 079	27 187	-15	33 922	-32
Equity	95 678	95 035	1	89 580	7
of which non-controlling interests	*142*	*138*	*3*	*240*	*-41*
of which equity attributable to shareholders of Swedbank AB	*95 536*	*94 897*	*1*	*89 340*	*7*
Total liabilities and equity	**1 744 531**	**1 715 681**	**2**	**1 890 054**	**-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								-72	-72
Total comprehensive income for the period			-1 637	750	21	536	-330	8	-322
Closing balance 31 March 2010	**24 351**	**17 152**	**506**	**-1 177**	**-734**	**49 242**	**89 340**	**240**	**89 580**
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 subsidiary						-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		-2 995
Share based payments to employees						47	47		47
Total comprehensive income for the period			-200	53	-118	3 852	3 587	4	3 591
Closing balance 31 March 2011	**24 351**	**17 152**	**-2 302**	**-91**	**-162**	**56 588**	**95 536**	**142**	**95 678**

*Other contributed equity consists mainly of share premiums.

Cash flow statement, condensed

Group SEKm	Jan-Mar 2011	Full-year 2010	Jan-Mar 2010
Operating activities			
Operating profit	5 038	9 955	1 016
Adjustments for non-cash items in operating activities	1 861	4 969	4 138
Taxes paid	-870	-3 368	-1 485
Increase/decrease in loans to credit institutions	-32 480	-81 818	-63 424
Increase/decrease in loans to the public	10 985	57 969	32 202
Increase/decrease in holdings of securities for trading	-16 867	20 965	-101 281
Increase/decrease in deposits and borrowings from the public including retail bonds	-9 439	68 270	54 168
Increase/decrease in amounts owed to credit institutions	-16 565	-78 287	37 692
Increase/decrease in other assets	-680	1 726	-5 038
Increase/decrease in other liabilities	-1 778	-14 243	11 259
Cash flow from operating activities	**-60 795**	**-13 862**	**-30 753**
Investing activities			
Business disposals		140	
Acquisition of other fixed assets and strategic financial assets	-110	-2 411	-172
Disposals of other fixed assets and strategic financial assets	296	3 463	1 233
Cash flow from investing activities	**186**	**1 192**	**1 061**
Financing activities			
Issuance of interest-bearing securities	90 641	261 697	102 863
Redemption of interest-bearing securities	-56 088	-222 899	-35 598
Change in other borrowings	20 381	-44 447	-42 936
Change in ownership interest in subsidiary		-621	
Cash flow from financing activities	**54 934**	**-6 270**	**24 329**
Cash flow for the period	**-5 675**	**-18 940**	**-5 363**
Cash and cash equivalents at the beginning of the period	**17 109**	**37 879**	**37 879**
Cash flow for the period	-5 675	-18 940	-5 363
Exchange rate differences on cash and cash equivalents	-137	-1 830	-895
Cash and cash equivalents at end of the period	**11 297**	**17 109**	**31 621**

Note 1 Accounting policies

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

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

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

Previously, derivative interest was presented as interest income or interest expense depending on whether the contract's net interest was an income or an expense. In the new presentation as of the first quarter 2011, interest on all derivatives that economically hedge funding are 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, of 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**	**Q1** **2010**
Derivatives	-4	-13
Interest income	10 952	9 634
Derivatives	747	1 713
Interest expenses	-6 425	-5 611
Net interest income	**4 527**	**4 023**
Previous reporting of interest **Group** **SEKm**	**Q4** **2010**	**Q1** **2010**
Derivatives	989	2 303
Interest income	11 945	11 950
Derivatives	-246	-603
Interest expenses	-7 418	-7 927
Net interest income	**4 527**	**4 023**

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

The operating segments have been changed in Q1 2011 to coincide with the organisational changes implemented in Swedbank's business area organisation. The internal bank and the internal bank operations within the New York branch office were moved from Large Corporates & Institutions to Group Treasury in Group Functions. The Baltic treasury operations were moved from Baltic Banking to Group Treasury.

Note 2 Critical accounting estimates

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

Provisions for loan losses

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

In 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 082m to SEK 11 932m. Provisions in the Ukrainian operations decreased from SEK 5 196m to SEK 4 317m. 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 13 680m as of 31 March 2011, of which SEK 10 804m relates to the investment in the Baltic operations. Up to 2001, 60 per cent of the Baltic operations had been acquired. In 2005 the remaining 40 per cent was acquired. SEK 9 722m of the goodwill arose in connection with the acquisition of the remaining non-controlling interest, which at the time corresponded to 40 per cent of the operations' total value. The most recent test was conducted as of year-end 2010 and did not necessitate any impairment.

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

Note 3 Changes in the Group structure

Internal structural changes

No changes in the legal organisational structure were made in the first quarter of 2011.

Note 4 Business segments (business areas)

Jan-Mar 2011 SEKm	Retail	Large Corporates & Institutions	Baltic Banking	Asset Management	Russia & Ukraine	Ektornet	Group Functions	Eliminations	Group
Net interest income	2 925	850	997		188	-13	-408	-12	4 527
Net commissions	1 073	505	317	403	15		-23	11	2 301
Net gains and losses on financial items at fair value	40	369	55	-4	9	62	-276		255
Share of profit or loss of associates	171								171
Other income	186	747	103	3	7	59	1 140	-1 047	1 198
Total income	**4 395**	**2 471**	**1 472**	**402**	**219**	**108**	**433**	**-1 048**	**8 452**
Staff costs	1 013	349	258	96	79	20	506		2 321
Variable staff costs	23	83	7	14			19		146
Other expenses	1 092	418	357	89	77	53	655	-1 048	1 693
Depreciation/amortisation	65	9	36	12	16	23	63		224
Total expenses	**2 193**	**859**	**658**	**211**	**172**	**96**	**1 243**	**-1 048**	**4 384**
Profit before impairments	**2 202**	**1 612**	**814**	**191**	**47**	**12**	**-810**		**4 068**
Impairment of tangible assets			5		-2	-1			2
Credit impairments	5	-105	-382		-490				-972
Operating profit	**2 197**	**1 717**	**1 191**	**191**	**539**	**13**	**-810**		**5 038**
Tax expense	577	454	121	47	1	21	-39		1 182
Profit for the period	1 620	1 263	1 070	144	538	-8	-771		3 856
Profit for the period attributable to the shareholders of Swedbank AB	**1 616**	**1 263**	**1 070**	**144**	**538**	**-8**	**-771**		**3 852**
Non-controlling interests	4								4
Loans	898 226	277 681	126 735	12	12 637	52	57 320		1 372 663
Investments in associates	1 613	66					1 156		2 835
Other assets	109 384	123 873	19 652	1 802	2 158	3 840	108 324		369 033
Total assets*	**1 009 223**	**401 620**	**146 387**	**1 814**	**14 795**	**3 892**	**166 800**		**1 744 531**
Deposits**	371 364	147 906	88 478		2 573	32	32 958		643 311
Other liabilities	615 575	238 195	29 101	-310	9 544	2 254	111 325		1 005 684
Total liabilities*	**986 939**	**386 101**	**117 579**	**-310**	**12 117**	**2 286**	**144 283**		**1 648 995**
Allocated equity	22 284	15 519	28 808	2 124	2 678	1 606	22 517		95 536
Total liabilities and equity	**1 009 223**	**401 620**	**146 387**	**1 814**	**14 795**	**3 892**	**166 800**		**1 744 531**
Impaired loans, gross	**1 581**	**586**	**21 330**		**8 250**				**31 747**
Risk-weighted assets	**223 520**	**149 045**	**119 866**	**3 238**	**15 945**	**4 298**	**3 159**		**519 070**
Return on allocated equity, %	28.7	31.1	13.9	26.9	74.1	-2.0	-15.8		16.1
Loans/deposits	261	177	142		471		114		227
Credit impairment ratio, %	0.00	-0.14	-1.18		-12.96				-0.29
Total provision ratio for impaired loans, %	97	116	56		63				61
Share of impaired loans, gross, %	0.18	0.21	15.38		46.20				2.28
Cost/income ratio	0.50	0.35	0.45	0.52	0.79	0.89	2.87		0.52
Full-time employees	5 572	1 214	5 383	311	1 787	175	2 704		17 146

* Excluding intra-Group transactions

** Deposits from the public and amounts owed to credit institutions

Jan-Mar 2010 SEKm	Retail	Large Corporates & Institutions	Baltic Banking	Asset Management	Russia & Ukraine	Ektornet	Group Functions	Eliminations	Group
Net interest income	2 433	704	821	-7	211	-5	-136	2	4 023
Net commissions	1 041	417	376	398	14		23	13	2 282
Net gains and losses on financial items at fair value	33	440	72	11	27	4	60		647
Share of profit or loss of associates	146								146
Other income	228	20	218	3	5	14	1 098	-1 017	569
Total income	**3 881**	**1 581**	**1 487**	**405**	**257**	**13**	**1 045**	**-1 002**	**7 667**
Staff costs	1 002	300	285	100	112	5	492		2 296
Variable staff costs	21	69	-13				2		79
Other expenses	1 056	397	423	84	102	44	704	-1 002	1 808
Depreciation/amortisation	52	9	45	13	16	1	72		208
Total expenses	**2 131**	**775**	**740**	**197**	**230**	**50**	**1 270**	**-1 002**	**4 391**
Profit before impairments	**1 750**	**806**	**747**	**208**	**27**	**-37**	**-225**		**3 276**
Impairment of intangible assets					14				14
Impairment of tangible assets			31		5				36
Credit impairments	88	45	2 103		-41		15		2 210
Operating profit	**1 662**	**761**	**-1 387**	**208**	**49**	**-37**	**-240**		**1 016**
Tax expense	426	166	-161	50	20		-32		469
Profit for the period	1 236	595	-1 226	158	29	-37	-208		547
Profit for the period attributable to the shareholders of Swedbank AB	**1 235**	**585**	**-1 226**	**158**	**29**	**-37**	**-208**		**536**
Non-controlling interests	1	10							11
Loans	876 604	314 553	156 535		19 095				1 366 787
Investments in associates	1 194		5		1		1 462		2 662
Other assets	96 339	332 105	48 585	1 916	2 951	937	37 772		520 605
Total assets*	**974 137**	**646 658**	**205 125**	**1 916**	**22 047**	**937**	**39 234**		**1 890 054**
Deposits**	352 144	311 795	99 675		7 113	197			770 924
Other liabilities	599 638	317 588	66 297	-270	10 489	34	36 014		1 029 790
Total liabilities*	**951 782**	**629 383**	**165 972**	**-270**	**17 602**	**231**	**36 014**		**1 800 714**
Allocated equity	22 355	17 275	39 153	2 186	4 445	706	3 220		89 340
Total liabilities and equity	**974 137**	**646 658**	**205 125**	**1 916**	**22 047**	**937**	**39 234**		**1 890 054**
Impaired loans, gross	**1 666**	**1 109**	**26 740**		**10 813**				**40 328**
Risk-weighted assets	**231 707**	**173 191**	**160 447**	**3 415**	**23 140**	**954**	**2 847**		**595 701**
Return on allocated equity, %	22.3	13.7	-12.5	29.2	2.7	-25.1	-21.0		2.4
Loans/deposits	272	180	159		272				236
Credit impairment ratio, %	0.04	0.06	-0.47		-0.83				0.64
Total provision ratio for impaired loans, %	98	110	60		72				66
Share of impaired loans, gross, %	0.19	0.35	15.50		40.25				2.89
Cost/income ratio	0.55	0.49	0.50	0.49	0.89	3.85	1.22		0.57
Full-time employees	5 677	1 147	5 719	284	2 658	103	2 675		18 263

* Excluding intra-Group transactions

** Deposits from the public and amounts owed to credit institutions

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 full cost. Executive management expenses are not distributed. Cross-border transfer pricing is applied according to OECD transfer pricing guidelines.

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

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

Note 5 Net interest income

Group SEKm	Q1 2011	Q4 2010	%	Q1 2010	%
Interest income					
Loans to credit institutions	347	175	98	188	85
Loans to the public	10 828	10 372	4	9 053	20
Interest-bearing securities	619	373	66	348	78
Derivatives[1]	245	-4		-13	
Other	62	36	72	58	7
Total interest income	**12 101**	**10 952**	**10**	**9 634**	**26**
Interest expenses					
Amounts owed to credit institutions	-270	-269	0	-289	-7
Deposits and borrowings from the public	-1 482	-1 239	20	-1 110	34
of which deposit guarantee fees	*-108*	*-104*	*4*	*-105*	*3*
Debt securities in issue	-5 206	-5 274	-1	-5 444	-4
of which commissions for funding with state guarantee	*-345*	*-363*	*-5*	*-437*	*-21*
Subordinated liabilities	-317	-329	-4	-405	-22
Derivatives	-29	747		1 713	
Other	-270	-61		-76	
of which stability fee	*-121*	*-47*		*-57*	
Total interest expenses	**-7 574**	**-6 425**	**18**	**-5 611**	**35**
Net interest income	**4 527**	**4 527**	**0**	**4 023**	**13**
Net interest margin	**1.06**	**1.04**		**0.90**	

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

Note 6 Net commissions

Group SEKm	Q1 2011	Q4 2010	%	Q1 2010	%
Commission income					
Payment processing	1 268	1 427	-11	1 312	-3
Asset management	1 032	1 063	-3	1 003	3
Life insurance	131	128	2	114	15
Brokerage	152	162	-6	169	-10
Other securities	37	61	-39	38	-3
Corporate finance	49	85	-42	61	-20
Lending	214	230	-7	134	60
Guarantees	54	50	8	65	-17
Deposits	20	6		25	-20
Real estate brokerage	35	40	-13	33	6
Non-life insurance	7	18	-61	17	-59
Other commission income	196	207	-5	165	19
Total commission income	**3 195**	**3 477**	**-8**	**3 136**	**2**
Commission expenses					
Payment processing	-543	-554	-2	-533	2
Asset management	-27	-53	-49	-19	42
Life insurance	-56	-54	4	-48	17
Brokerage		-4		-2	
Other securities	-49	-51	-4	-60	-18
Lending and guarantees	-16	-14	14	-30	-47
Other commission expenses	-203	-209	-3	-162	25
Total commission expenses	**-894**	**-939**	**-5**	**-854**	**5**
Total net commissions	**2 301**	**2 538**	**-9**	**2 282**	**1**

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

Group SEKm	Q1 2011	Q4 2010	%	Q1 2010	%
Valuation category, fair value through profit or loss					
Shares and related derivatives	94	122	-23	410	-77
of which dividend	*16*	*14*	14	*40*	-60
Interest-bearing instruments and related derivatives	-327	-322	2	-5 624	-94
Loans	-1 861	-3 540	-47	-319	
Financial liabilities	1 933	3 727	-48	5 621	-66
Other financial instruments	12	16	-25	-15	
Total fair value through profit or loss	**-149**	**3**		**73**	
Hedge accounting					
Inefficiency in hedge accounting at fair value	27	-14		154	-82
of which hedging instruments	-5 170	-5 786	-11	1 864	
of which hedged item	5 197	5 772	-10	-1 710	
Total hedge accounting	**27**	**-14**		**154**	**-82**
Loan receivables at amortised cost	**9**	**19**	**-53**	**29**	**-69**
Financial liabilities valued at amortised cost	**-26**	**-113**	**-77**		
Change in exchange rates	**394**	**462**	**-15**	**391**	**1**
Total net gains and losses on financial items at fair value	**255**	**357**	**-29**	**647**	**-61**
Distribution by business purpose					
Financial instruments for trading related business	**495**	**659**	**-25**	**440**	**13**
Financial instruments intended to be held to contractual maturity	**-240**	**-302**	**-21**	**207**	
of which change in the value of open interest position, Swedbank Mortgage	*-302*	*-232*	*30*	*10*	
Total	**255**	**357**	**-29**	**647**	**-61**

Note 8 Other expenses

Group SEKm	Q1 2011	Q4 2010	%	Q1 2010	%
Premises and rents	339	354	-4	361	-6
IT expenses	399	457	-13	396	1
Telecommunications and postage	76	63	21	75	1
Advertising, PR and marketing	72	131	-45	74	-3
Consultants and purchased services	334	455	-27	411	-19
Security transport and alarm systems	108	125	-14	108	0
Supplies	55	66	-17	66	-17
Travel	59	78	-24	50	18
Entertainment	21	39	-46	23	-9
Repair/maintenance of inventories	47	56	-16	51	-8
Other expenses	183	166	10	193	-5
Total other expenses	**1 693**	**1 990**	**-15**	**1 808**	**-6**

Note 9 Credit impairments

Group SEKm	Q1 2011	Q4 2010	%	Q1 2010	%
Provision for loans individually assessed as impaired					
Provisions	476	274	74	1 300	-63
Reversal of previous provisions	-924	-582	59	-538	72
Provision for homogenous groups of impaired loans, net	-115	-391	-71	1 364	
Total	**-563**	**-699**	**-19**	**2 126**	
Portfolio provisions for loans individually assessed as not impaired	**-607**	**-308**	**97**	**-351**	**73**
Write-offs					
Established losses	831	2 274	-63	807	3
Utilisation of previous provisions	-554	-1 440	-62	-258	
Recoveries	-65	-179	-64	-120	-46
Total	**212**	**655**	**-68**	**429**	**-51**
Credit impairments for contingent liabilities and other credit risk exposures	**-14**	**-131**	**-89**	**6**	
Credit impairments	**-972**	**-483**		**2 210**	
Credit impairment ratio, %	-0.29	-0.14		0.64	

Note 10 Loans

Group	31 Mar 2011			31 Dec 2010		31 Mar 2010	
SEKm	Loans before provisions	Provisions	Loans after provisions Carrying amount	Loans after provisions Carrying amount	%	Loans after provisions Carrying amount	%
Loans to credit institutions							
Banks	126 305	74	126 231	126 034	0	104 467	21
Repurchase agreements, banks	28 935		28 935	27 233	6	47 200	-39
Other credit institutions	426		426	386	10	433	-2
Repurchase agreements, other credit institutions	43 090		43 090	12 764		680	
Loans to credit institutions	**198 756**	**74**	**198 682**	**166 417**	**19**	**152 780**	**30**
Loans to the public							
Private customers	660 750	3 956	656 794	656 351	0	644 285	2
Private mortgage	*620 462*	*2 722*	*617 740*	*616 440*	*0*	*600 360*	*3*
Private other	*40 288*	*1 234*	*39 054*	*39 911*	*-2*	*43 925*	*-11*
Corporate customers	499 649	15 337	484 312	489 645	-1	523 696	-8
Agriculture, forestry, fishing	*60 176*	*415*	*59 761*	*59 091*	*1*	*57 658*	*4*
Manufacturing	*32 434*	*3 127*	*29 307*	*29 329*	*0*	*34 260*	*-14*
Public sector and utilities	*15 874*	*79*	*15 795*	*16 171*	*-2*	*15 803*	*0*
Construction	*13 973*	*1 323*	*12 650*	*12 749*	*-1*	*13 551*	*-7*
Retail	*26 345*	*1 930*	*24 415*	*22 990*	*6*	*26 353*	*-7*
Transportation	*12 833*	*500*	*12 333*	*13 061*	*-6*	*14 889*	*-17*
Shipping	*15 076*	*140*	*14 936*	*15 605*	*-4*	*12 802*	*17*
Hotels and restaurants	*7 154*	*369*	*6 785*	*6 910*	*-2*	*7 435*	*-9*
Information and communications	*2 092*	*54*	*2 038*	*2 216*	*-8*	*1 557*	*31*
Finance and insurance	*16 784*	*101*	*16 683*	*10 694*	*56*	*17 400*	*-4*
Property management	*149 327*	*5 603*	*143 724*	*148 196*	*-3*	*160 491*	*-10*
Housing cooperatives	*71 301*	*81*	*71 220*	*71 829*	*-1*	*68 510*	*4*
Professional services	*28 390*	*470*	*27 920*	*28 012*	*0*	*35 373*	*-21*
Other corporate lending	*47 890*	*1 145*	*46 745*	*52 792*	*-11*	*57 614*	*-19*
Loans to the public excluding the Swedish National Debt Office and repurchase agreements	**1 160 399**	**19 293**	**1 141 106**	**1 145 996**	**0**	**1 167 981**	**-2**
Swedish National Debt Office	1		1	1	0	1	0
Repurchase agreements, Swedish National Debt Office	5 123		5 123	19 778	-74	20 776	-75
Repurchase agreements, public	27 751		27 751	21 451	29	25 249	10
Loans to the public	**1 193 274**	**19 293**	**1 173 981**	**1 187 226**	**-1**	**1 214 007**	**-3**
Loans to the public and credit institutions	**1 392 030**	**19 367**	**1 372 663**	**1 353 643**	**1**	**1 366 787**	**0**

Note 11 Impaired loans etc.

Group SEKm	31 Mar 2011	31 Dec 2010	%	31 Mar 2010	%
Impaired loans, gross	31 747	34 778	-9	40 328	-21
Provisions for individually assessed impaired loans	12 777	14 444	-12	17 419	-27
Provision for homogenous groups of impaired loans	3 821	4 050	-6	4 470	-15
Impaired loans, net	**15 149**	**16 285**	**-7**	**18 439**	**-18**
of which private customers	*5 895*	*6 055*	*-3*	*6 194*	*-5*
of which corporate customers	*9 254*	*10 230*	*-10*	*12 245*	*-24*
Portfolio provisions for loans individually assessed as not impaired	2 769	3 297	-16	4 685	-41
Share of impaired loans, gross, %	2.28	2.53		2.89	
Share of impaired loans, net, %	1.10	1.20		1.35	
Provision ratio for impaired loans, %	52	53		54	
Total provision ratio for impaired loans, % *	61	63		66	
Past due loans that are not impaired	**5 422**	**7 017**	**-23**	**9 797**	**-45**
of which past due 5-30 days	*4 005*	*4 131*	*-3*	*6 904*	*-42*
of which past due 31-60 days	*1 288*	*2 035*	*-37*	*2 205*	*-42*
of which past due 61 days or more	*129*	*851*	*-85*	*688*	*-81*

* 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 Mar 2011	31 Dec 2010	%	31 Mar 2010	%
Buildings and land	3 628	3 299	10	922	
Shares and participating interests	165	184	-10	208	-21
Other property taken over	27	30	-11	5	
Total assets taken over for protection of claims	**3 820**	**3 513**	**9**	**1 135**	
Cancelled leases	294	333	-12	770	-62
Total Assets taken over for protection of claims and cancelled leases	**4 114**	**3 846**	**7**	**1 905**	
of which buildings and land acquired by Ektornet	*3 253*	*2 872*	*13*	*784*	

Note 13 Credit exposures

Group SEKm	31 Mar 2011	31 Dec 2010	%	31 Mar 2010	%
Assets					
Cash and balances with central banks	11 297	17 109	-34	31 621	-64
Interest-bearing securities	149 628	131 576	14	275 266	-46
Loans to credit institutions	198 682	166 417	19	152 780	30
Loans to the public	1 173 981	1 187 226	-1	1 214 007	-3
Derivatives	60 558	65 051	-7	76 524	-21
Other financial assets	15 401	13 687	13	15 655	-2
Total assets	**1 609 547**	**1 581 066**	**2**	**1 765 853**	**-9**
Contingent liabilities and commitments					
Loan guarantees	24 626	25 321	-3	31 312	-21
Loan commitments	182 011	175 382	4	175 187	4
Total contingent liabilities and commitments	**206 637**	**200 703**	**3**	**206 499**	**0**
Total credit exposure	**1 816 184**	**1 781 769**	**2**	**1 972 352**	**-8**

Note 14 Intangible assets

Group SEKm	31 Mar 2011	31 Dec 2010	%	31 Mar 2010	%
With indefinite useful life					
Goodwill	13 680	13 733	0	14 690	-7
Total	**13 680**	**13 733**	**0**	**14 690**	**-7**
With finite useful life					
Customer base	1 075	1 105	-3	1 221	-12
Other	952	956	0	991	-4
Total	**2 027**	**2 061**	**-2**	**2 212**	**-8**
Total intangible assets	**15 707**	**15 794**	**-1**	**16 902**	**-7**

Goodwill	Jan-Mar 2011	Full-year 2010	Jan-Mar 2010
Cost			
Opening balance	**16 026**	**17 765**	**17 765**
Translation differences	-16	-1 739	-617
Closing balance	**16 010**	**16 026**	**17 148**
Accumulated amortisation and impairments			
Opening balance	**-2 293**	**-2 397**	**-2 397**
Impairments		-37	-14
Translation differences	-37	141	-47
Closing balance	**-2 330**	**-2 293**	**-2 458**

Impairment testing of intangible assets

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

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

Note 15 Amounts owed to credit institutions

Group SEKm	31 Mar 2011	31 Dec 2010	%	31 Mar 2010	%
Amounts owed to credit institutions					
Central banks	267	116		107 702	-100
Banks	94 566	113 123	-16	117 754	-20
Other credit institutions	3 640	3 765	-3	2 705	35
Repurchase agreements, banks	13 323	14 132	-6	26 821	-50
Repurchase agreements, other credit institutions	7 408	5 630	32	4 800	54
Amounts owed to credit institutions	**119 204**	**136 766**	**-13**	**259 782**	**-54**

Note 16 Deposits from the public

Group SEKm	31 Mar 2011	31 Dec 2010	%	31 Mar 2010	%
Deposits from the public					
Private customers	299 469	302 851	-1	282 337	6
Corporate customers	202 189	214 234	-6	213 521	-5
Deposits from the public excluding the Swedish National Debt Office and repurchase agreements	**501 658**	**517 085**	**-3**	**495 858**	**1**
Swedish National Debt Office	22	7		19	16
Repurchase agreements, Swedish National Debt Office	4 912	7 764	-37	4 340	13
Repurchase agreements, public	17 515	9 381	87	10 925	60
Deposits and borrowings from the public	**524 107**	**534 237**	**-2**	**511 142**	**3**

Note 17 Debt securities in issue

Group SEKm	31 Mar 2011	31 Dec 2010	%	31 Mar 2010	%
Commercial paper with state guarantee				27 716	
Other commercial paper	84 893	64 375	32	44 004	93
Covered bond loans	476 548	410 369	16	389 404	22
Bond loans with state guarantee	125 555	156 045	-20	175 994	-29
Other interest-bearing bond loans	32 152	35 196	-9	52 182	-38
Structured retail bonds	19 470	20 532	-5	34 296	-43
Total debt securities in issue	**738 618**	**686 517**	**8**	**723 596**	**2**

Turnover during the period	Jan-Mar 2011	Full-year 2010	%	Jan-Mar 2010	%
Opening balance	**686 517**	**703 257**	**-2**	**703 257**	**-2**
Issued	239 331	549 902	-56	135 420	77
Repurchased	-18 056	-62 569	-71	-31 212	-42
Repaid	-161 869	-480 934	-66	-75 708	
Change in market value	-3 339	-7 671	-56	-3 092	8
Changes in exchange rates	-3 966	-15 468	-74	-5 069	-22
Closing balance	**738 618**	**686 517**	**8**	**723 596**	**2**

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.

	Nominal amount 31 Mar 2011 Remaining contractual maturity			Nominal amount		Positive fair value		Negative fair value	
Group SEKm	**< 1 yr.**	**1-5 yrs.**	**> 5 yrs.**	**31 Mar 2011**	**31 Dec 2010**	**31 Mar 2011**	**31 Dec 2010**	**31 Mar 2011**	**31 Dec 2010**
Derivatives in hedge accounting	73 562	60 600	6 246	140 408	153 371	3 017	4 986	69	
Cash flow hedges	2 685	16 004	22 220	40 909	42 049			4 414	3 939
Hedges of net investment in foreign operations					915		6		
Other derivatives	7 355 458	3 172 320	546 767	11 074 545	10 577 477	60 101	62 955	67 859	64 892
Netting agreements						-2 560	-2 896	-2 560	-2 896
Total	**7 431 705**	**3 248 924**	**575 233**	**11 255 862**	**10 773 811**	**60 558**	**65 051**	**69 782**	**65 935**
of which cleared				*246 119*	*236 119*	*2 501*	*2 979*	*3 278*	*3 589*

Note 19 Financial instruments carried at fair value

Group 31 Mar 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	40 686			40 686
Loans to credit institutions	157	72 162		72 319
Loans to the public	25	529 128		529 153
Bonds and other interest-bearing securities	75 094	27 713	685	103 492
Financial assets for which the customers bear the investment risk	102 071			102 071
Shares and participating interests	11 568	298		11 866
Derivatives	2 550	58 008		60 558
Total	**232 151**	**687 309**	**685**	**920 145**
Liabilities				
Amounts owed to credit institutions		20 731		20 731
Deposits and borrowings from the public		43 617		43 617
Debt securities in issue	88 270	102 852		191 122
Financial liabilities for which the customers bear the investment risk		102 601		102 601
Derivatives	3 340	66 434	8	69 782
Short positions securities	23 583			23 583
Total	**115 193**	**336 235**	**8**	**451 436**

The table above contains financial instruments measured at fair value as of 31 March 2011 distributed by valuation level. Level 1 contains financial instruments where fair value is determined on the basis of quoted market prices on an active market. Level 2 contains financial instruments where fair value is determined on the basis of valuation models based on observable market data. Level 3 contains financial instruments where fair value is determined on the basis of valuation models based primarily on observable market data, but in this case also using internal estimates. Level 3 principally contains corporate bonds. For corporate bonds where there is no observable quoted price for the current credit spread, a reasonable assumption is used, such as a comparison with similar counterparties where there is an observable quoted price of credit spread.

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 Mar 2011	31 Dec 2010	%	31 Mar 2010	%
Loan receivables	645 750	640 207	1	615 352	5
Financial assets pledged for policyholders	101 090	99 475	2	88 771	14
Other assets pledged	68 801	52 428	31	107 089	-36
Pledged collateral	**815 641**	**792 110**	**3**	**811 212**	**1**

Note 21 Capital adequacy

Swedbank financial companies group SEKm	31 Mar 2011	31 Dec 2010	% or pp	31 Mar 2010	% or pp
Shareholders' equity according to the Group's balance sheet	95 536	94 897	1	89 340	7
Non-controlling interests	142	138	3	240	-41
Anticipated dividend	-1 925	-2 995	-36		
Deconsolidation of insurance companies	-1 307	-1 395	-6	-966	-35
Associated companies consolidated according to purchase method	1 356	1 332	2	1 362	0
Unrealised value changes in financial liabilities due to changes in own creditworthiness	-9	-10	-10	-45	-80
Cash flow hedges	162	44		733	-78
Goodwill	-13 005	-12 966	0	-13 927	7
Deferred tax assets	-1 097	-1 213	-10	-541	
Intangible assets	-1 888	-1 794	5	-2 292	18
Net provisions for reported IRB credit exposures	-600	-534	12	-191	
Shares deducted from Tier 1 capital	-36	-34	6	-392	91
Total core Tier 1 capital	**77 329**	**75 470**	**2**	**73 321**	**5**
Tier 1 capital contributions	6 642	6 915	-4	7 046	-6
of which undated Tier 1 instruments that must be converted in a critical situation.					
of which Undated Tier 1 instruments without incentives to redeem.	*536*	*535*	*0*	*535*	*0*
of which Fixed-term Tier instruments or undated Tier 1 instruments with incentives to redeem.	*6 106*	*6 380*	*-4*	*6 511*	*-6*
Total Tier 1 capital	**83 971**	**82 385**	**2**	**80 367**	**4**
Undated subordinated loans	2 250	2 458	-8	4 267	-47
Fixed-term subordinated loans	14 507	18 313	-21	22 379	-35
Net provisions for reported IRB credit exposures	-600	-534	12	-191	
Shares deducted from Tier 2 capital	-36	-34	6	-392	91
Total Tier 2 capital	**16 121**	**20 203**	**-20**	**26 063**	**-38**
Deduction of shares in insurance companies	-2 901	-2 901	0	-1 950	-49
Total capital base	**97 191**	**99 687**	**-3**	**104 480**	**-7**
Risk-weighted assets	**519 070**	**541 327**	**-4**	**595 701**	**-13**
Capital requirement for credit risks, standardised approach	2 483	2 723	-9	3 199	-22
Capital requirement for credit risks, IRB	33 038	*33 678*	-2	*37 175*	-11
Capital requirement for settlement risks	0	0		0	
Capital requirement for market risks	1 646	2 340	-30	2 717	-39
of which risks in the trading book outside VaR	*688*	*638*	*8*	*745*	*-8*
of which currency risks outside VaR	*697*	*1 443*	*-52*	*1 643*	*-58*
of which risks where VaR models are applied	*261*	*259*	*1*	*329*	*-21*
Capital requirement for operational risks	4 359	4 565	-5	4 565	-5
Capital requirement	**41 526**	**43 306**	**-4**	**47 656**	**-13**
Complement during transition period	18 244	16 729	9	14 520	26
Capital requirement including complement	**59 770**	**60 035**	**0**	**62 176**	**-4**
Capital quotient, Basel 2	2.34	2.30	0.04	2.19	0.15
Core Tier 1 capital ratio, %, Basel 2	14.9	13.9	1.0	12.3	2.6
Tier 1 capital ratio, %, Basel 2	16.2	15.2	1.0	13.5	2.7
Total capital adequacy ratio, %, Basel 2	18.7	18.4	0.3	17.5	1.2
Capital quotient, transition rules	1.63	1.66	-0.03	1.68	-0.05
Core Tier 1 capital ratio, %, transition rules	10.4	10.1	0.3	9.4	0.9
Tier 1 capital ratio, %, transition rules	11.2	11.0	0.3	10.3	0.9
Total capital adequacy ratio, %, transition rules	13.0	13.3	-0.3	13.4	-0.4

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 March 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 Mar 2011	31 Dec 2010	%	Average risk weighting, % 31 Mar 2011	31 Dec 2010	Capital requirement 31 Mar 2011	31 Dec 2010	%
Institutional exposures	145 359	146 519	-1	13	14	1 555	1 630	-5
of which repurchase agreements	*4 543*	*2 228*		*7*	*9*	*24*	*16*	*50*
of which other lending	*140 816*	*144 291*	*-2*	*14*	*14*	*1 532*	*1 614*	*-5*
Corporate exposures	393 025	397 770	-1	74	75	23 151	23 800	-3
of which repurchase agreements	*1 230*	*673*	*83*	*28*	*7*	*27*	*4*	
of which other lending	*391 795*	*397 097*	*-1*	*74*	*75*	*23 124*	*23 796*	*-3*
Retail exposures	847 209	845 823	0	11	10	7 276	7 059	3
of which repurchase agreements	*6*	*15*	*-60*	*59*	*59*	*0*	*1*	
of which mortgage lending	*765 769*	*762 666*	*0*	*8*	*7*	*4 583*	*4 359*	*5*
of which other lending	*81 434*	*83 142*	*-2*	*41*	*41*	*2 692*	*2 699*	*0*
Securitisation	3 357	3 535	-5	12	12	31	33	-6
Exposures without counterparties	14 492	16 080	-10	88	90	1 025	1 156	-11
Total credit risks, IRB	**1 403 442**	**1 409 727**	**0**	**29**	**30**	**33 038**	**33 678**	**-2**

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

Capital requirements for credit risks according to the standardised approach

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

Capital requirements for credit risks according to IRB

The capital adequacy requirement for the portion of the portfolio calculated according to IRB decreased by 2 per cent since the start of the year. The average risk-weighting for retail exposures was 11 per cent, of which 42 per cent in the Baltic portfolios and 8 per cent for other portfolios. The risk weighting for corporate exposures was 74 per cent, of which 105 per cent in the Baltic portfolios and 68 per cent for other portfolios. For institutional exposures, the average risk-weighting was 36 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 Finansinspektionen.

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

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

Operational risk

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

Transition rules

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

Note 22 Risks and uncertainties

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

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

In addition to what is stated in this interim report, 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 3 720 000 shares in Swedbank AB. The Group's share of these shares has reduced equity in the consolidated statements by SEK 58m.

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

Note 24 Swedbank's share

SWED A and SWED PREF	31 Mar 2011	31 Dec 2010	%	31 Mar 2010	%
SWED A					
Share price, SEK	108.00	93.80	15	74.10	46
Number of outstanding ordinary shares	952 325 992	952 323 439	0	952 316 334	0
Market capitalisation, SEKm	**102 851**	**89 328**	**15**	**70 567**	**46**
SWED PREF					
Share price, SEK	107.90	95.90	13	70.75	53
Number of outstanding preference shares	207 264 185	207 266 738	0	207 273 843	0
Market capitalisation, SEKm	**22 364**	**19 877**	**13**	**14 665**	**52**
Total market capitalisation, SEKm	**125 215**	**109 205**	**15**	**85 232**	**47**

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

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

Number of outstanding shares	31 Mar 2011	31 Dec 2010	31 Mar 2010
Ordinary shares	952 325 992	952 323 439	952 316 334
Preference shares	207 264 185	207 266 738	207 273 843
Associates' holding of shares	-1 116 000	-1 116 000	-1 116 000
Total number of outstanding shares on the closing day	**1 158 474 177**	**1 158 474 177**	**1 158 474 177**

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

Earnings per share	Q1 2011	Q4 2010	Q1 2010
Average number of outstanding shares			
Average number of outstanding shares before dilution	1 158 474 177	1 158 474 177	1 158 474 177
Weighted average number of shares for dilutive potential ordinary shares resulting from share-based compensation programme	20 301		
Average number of outstanding shares after dilution	1 158 494 478	1 158 474 177	1 158 474 177
Profit, SEKm			
Profit for the period attributable to shareholders of Swedbank	3 852	2 750	536
Preference dividends on non-cumulative preference shares declared in respect of the period	995		
Earnings for the purpose of calculating earnings per share	2 857	2 750	536
Earnings per share, SEK			
Earnings per share before dilution	2.47	2.37	0.46
Earnings per share after dilution	2.47	2.37	0.46

Swedbank AB

Income statement

Parent company SEKm	Q1 2011	Q4 2010	%	Q1 2010	%
Interest income	6 137	5 267	17	4 359	41
Interest expenses	-3 906	-3 182	23	-2 504	56
Net interest income	**2 231**	**2 085**	**7**	**1 855**	**20**
Dividends received	16	3 440	-100	2 592	-99
Commission income	1 554	1 667	-7	1 483	5
Commission expenses	-307	-344	-11	-324	-5
Net commissions	**1 247**	**1 323**	**-6**	**1 159**	**8**
Net gains and losses on financial items at fair value	1 013	356		271	
Other income	1 007	377		288	
Total income	**5 514**	**7 581**	**-27**	**6 165**	**-11**
Staff costs	1 679	1 594	5	1 671	0
Other expenses	1 116	1 341	-17	1 133	-2
Depreciation/amortisation	80	95	-16	83	-4
Total expenses	**2 875**	**3 030**	**-5**	**2 887**	**0**
Profit before impairments	**2 639**	**4 551**	**-42**	**3 278**	**-19**
Impairment of financial fixed assets	-223	365		417	
Credit impairments	-121	182		-141	-14
Operating profit	**2 983**	**4 004**	**-25**	**3 002**	**-1**
Appropriations		10			
Tax expense	896	1 173	-24	253	
Profit for the period	**2 087**	**2 841**	**-27**	**2 749**	**-24**

Previous reporting of interest Parent company SEKm	Q4 2010	Q1 2010
Interest income	6 264	6 213
Interest expenses	-4 179	-4 358
Net interest income	**2 085**	**1 855**

See note 1, Accounting policies, for more information.

Statement of comprehensive income

Parent company SEKm	Q1 2011	Q4 2010	%	Q1 2010	%
Profit for the period reported via income statement	**2 087**	**2 841**	**-27**	**2 749**	**-24**
Cash flow hedges:					
-Gains/losses arising during the period	35	-87		-161	
-Reclassification adjustments to income statement, net interest income	101	194	-48	189	-47
Group contributions paid		3			
Income tax relating to components of other comprehensive income	-36	-28	29	-7	
Other comprehensive income for the period, net of tax	**100**	**82**	**22**	**21**	
Total comprehensive income for the period	**2 187**	**2 923**	**-25**	**2 770**	**-21**

Balance sheet

Parent company SEKm	31 Mar 2011	31 Dec 2010	%	31 Mar 2010	%
Assets					
Loans to credit institutions	449 019	478 941	-6	527 339	-15
Loans to the public	313 272	324 662	-4	347 334	-10
Interest-bearing securities	157 302	156 196	1	332 065	-53
Shares and participating interests	53 648	55 307	-3	53 469	0
Derivatives	78 815	80 325	-2	88 263	-11
Other assets	20 876	23 073	-10	31 875	-35
Total assets	**1 072 932**	**1 118 504**	**-4**	**1 380 345**	**-22**
Liabilities and equity					
Amounts owed to credit institutions	166 502	190 710	-13	388 170	-57
Deposits and borrowings from the public	434 588	437 870	-1	405 845	7
Debt securities in issue	260 083	273 819	-5	319 770	-19
Derivatives	74 711	72 639	3	85 201	-12
Other liabilities and provisions	47 870	49 241	-3	85 890	-44
Subordinated liabilities	23 375	27 661	-15	33 666	-31
Untaxed reserves	805	805	0	815	-1
Equity	64 998	65 759	-1	60 988	7
Total liabilities and equity	**1 072 932**	**1 118 504**	**-4**	**1 380 345**	**-22**
Pledged collateral	86 196	78 346	10	202 305	-57
Other assets pledged	2 666	2 589	3	2 646	1
Contingent liabilities	529 073	457 321	16	448 397	18
Commitments	155 440	147 217	6	144 552	8

Statement of changes in equity

Parent company SEKm	Share capital	Share premium reserve	Statutory reserve	Cash flow hedges	Retained earnings	Total
Opening balance 1 January 2010	**24 351**	**13 083**	**6 489**	**-743**	**15 038**	**58 218**
Total comprehensive income for the period				21	2 749	2 770
Closing balance 31 March 2010	**24 351**	**13 083**	**6 489**	**-722**	**17 787**	**60 988**
Opening balance 1 January 2010	**24 351**	**13 083**	**6 489**	**-743**	**15 038**	**58 218**
Share based payments to employees					32	32
Total comprehensive income for the period				437	7 072	7 509
Closing balance 31 December 2010	**24 351**	**13 083**	**6 489**	**-306**	**22 142**	**65 759**
Opening balance 1 January 2011	**24 351**	**13 083**	**6 489**	**-306**	**22 142**	**65 759**
Dividend					-2 995	-2 995
Share based payments to employees					47	47
Total comprehensive income for the period				100	2 087	2 187
Closing balance 31 March 2011	**24 351**	**13 083**	**6 489**	**-206**	**21 281**	**64 998**

Cash flow statement

Parent company SEKm	Jan-Mar 2011	Full-year 2010	Jan-Mar 2010
Cash flow from operating activities	10 573	10 707	-10 534
Cash flow from investing activities	4 032	49 011	31 920
Cash flow from financing activities	-16 111	-74 254	-23 775
Cash flow for the period	**-1 506**	**-14 536**	**-2 389**
Cash and cash equivalents at beginning of period	4 702	19 238	19 238
Cash flow for the period	-1 506	-14 536	-2 389
Cash and cash equivalents at end of period	**3 196**	**4 702**	**16 849**

Capital adequacy

Parent company SEKm	31 Mar 2011	31 Dec 2010	% or pp	31 Mar 2010	% or pp
Core Tier 1 capital	61 960	61 471	1	59 531	4
Tier 1 capital contribution	6 642	6 915	-4	7 046	-6
Total Tier 1 capital	**68 602**	**68 386**	**0**	**66 577**	**3**
Tier 2 capital	15 876	19 685	-19	25 236	-37
Settlements, equities, etc.	-2 901	-2 901	0	-1 652	76
Total capital base	**81 577**	**85 170**	**-4**	**90 161**	**-10**
Risk-weighted assets	**381 493**	**409 740**	**-7**	**442 494**	**-14**
Capital requirement	**30 519**	**32 779**	**-7**	**35 400**	**-14**
Capital requirement including complement	**30 519**	**32 779**	**-7**	**35 400**	**-14**
Capital quotient*	2.67	2.60	0.07	2.55	0.13
Core Tier 1 capital ratio, %*	16.2	15.0	1.2	13.5	2.8
Tier 1 capital ratio, %*	18.0	16.7	1.3	15.0	2.9
Total capital adequacy ratio, %*	21.4	20.8	0.6	20.4	1.0

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

Signatures of the Board of Directors and the President

The Board of Directors and the President certify that the interim report for January-March 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, 27 April 2011

Lars Idermark Chair	Anders Sundström Deputy Chair

Olav Fjell Board Member	Ulrika Francke Board Member	Göran Hedman Board Member
Anders Igel Board Member	Helle Kruse Nielsen Board Member	Pia Rudengren Board Member
Karl-Henrik Sundström Board Member	Siv Svensson Board Member	Kristina Janson Board Member Employee Representative
Jimmy Johnsson Board Member Employee Representative	Michael Wolf President	

Review report

Introduction

We have reviewed the interim report for Swedbank AB (publ) for the period 1 January to 31 March 2011. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

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

Conclusion

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

Stockholm, 27 April 2011

Deloitte AB

Svante Forsberg
Authorised Public Accountant

Publication of financial information

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

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

Interim report for the second quarter on 21 July 2011
Interim report for the third quarter on 25 October 2011

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