

# Press Release

March 6, 2009

## Swedbank has been granted permission to use IRB in Baltic Banking

Finansinspektionen (Swedish financial supervisory authority) has granted Swedbank permission to use the internal ratings-based (IRB) approach in its calculation of risk-weighted assets in AS Hansabank and its consolidation group (Swedbank Baltic Banking).

The implementation of IRB approach in Swedbank Baltic Banking will only marginally affect the Group's capital requirement on total. In the calibration of the IRB system, Swedbank has chosen to be conservative and made sure to include also the risk for currently un-known major negative shocks to the credit portfolio. This has lead to that the average IRB risk weight of the portfolio as a whole is roughly in line with that of the standardised approach.

The IRB approach will be applied to around 90% of total Swedbank Baltic Banking risk exposure. The risk-weighted assets for the remaining part – consisting mainly of exposures to sovereigns and other public sector entities as well as non-profit organizations - are calculated in accordance with standardised approach.

The IRB approach is a credit risk assessment approach under the Capital Requirement directive (Basel 2), according to which banks are allowed to calculate capital requirements for credit risk based on own risk estimates. The approach is more risk sensitive and derives more accurate estimates of capital requirement than the standardised approach.

Decision to grant permission to Swedbank Baltic Banking business unit was made jointly between the Swedish and Baltic financial supervisory authorities after a comprehensive review process.

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