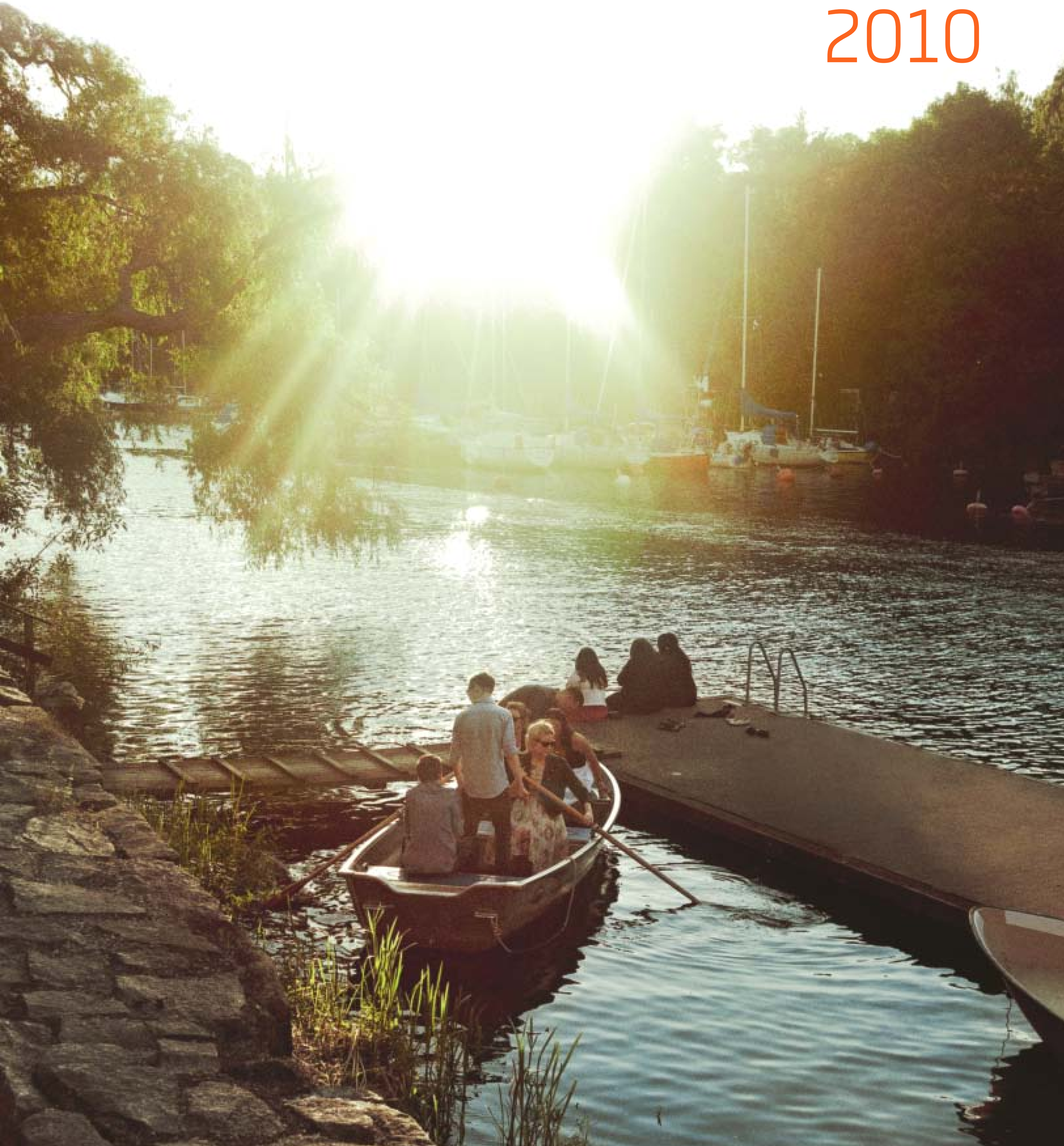
Swedbank

Annual Report 2010



Contents

Financial information 2011

Q1 interim report	28 April
Q2 interim report	21 July
Q3 interim report	25 October

Annual General Meeting

The 2011 Annual General Meeting will be held at Cirkus in Stockholm on Friday 25 March.

Swedbank's annual report is offered to all new shareholders and distributed to those who have requested it.
The interim reports are not printed, but are available at www.swedbank.se/ir, where the annual report can be ordered as well.

While every care has been taken in the translation of this annual report, readers are reminded that the original annual report, signed by the Board of Directors, is in Swedish.

Financial summary 2010

The result for the year amounted to SEK 7 444m (–10 511).

Earnings per share were SEK 6.43 (–10.66).

The return on equity was 8.1 per cent (–12.5).

Net interest income decreased by 21 per cent to SEK 16 329m (20 765).

Net commission income increased by 22 per cent to SEK 9 525m (7 825).

Net gains and losses on financial items decreased by 13 per cent to SEK 2 400m (2 770).

Expenses decreased by 1 per cent to SEK 17 642m (17 848).

Net credit impairments amounted to SEK 2 810m (24 641).

Business volumes

- Lending to the public* decreased by 4 per cent to SEK 1 146bn.
- Deposits from the public* increased by 4 per cent to SEK 517bn.
- Assets under management increased by 11 per cent to SEK 755bn.

Risk-weighted assets decreased by 10 per cent to SEK 541bn.

The core Tier 1 capital ratio increased according to Basel 2 to 13.9 per cent (12.0).

The Board of Directors recommends a dividend of SEK 2.10 per common share and SEK 4.80 per preference share for the financial year 2010 (0).

*Excluding the Swedish National Debt Office and repos.

Important events 2010

1st quarter The 2010 Annual General Meeting elected Lars Idermark as the new Chair and Siv Svensson and Göran Hedman as new members of the Board of Directors.

The Large Corporates & Institutions business area was created to strengthen the offering and better capitalise on business opportunities in these customer groups.

2nd quarter Swedbank left the state guarantee programme.

Catrin Fransson was appointed head of the Retail business area.

3rd quarter Swedbank's Board of Directors resolved to amend the performance-based remuneration programme for 2010. The new programme is the first of its kind in the Swedish banking market.

Thomas Eriksson was appointed CEO of Swedbank Robur.

Mikael Björknert was appointed head of the new Group function, Group Business Support, and a member of the Group Executive Committee.

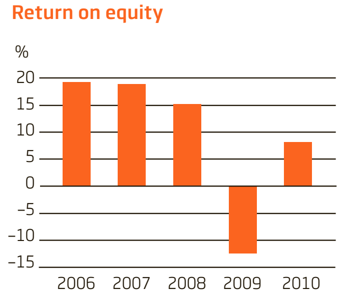
Swedbank and the savings banks, together with Danske Bank, Handelsbanken, Nordea and SEB, decided to establish a company responsible for a common infrastructure for the bank's ATMs in Sweden.

Baltic Banking reported a profit for the first time since the fourth quarter of 2008.

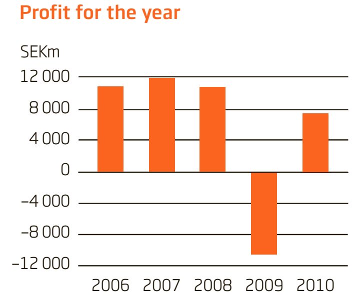
4th quarter Swedbank acquired the remaining 49 per cent of First Securities in Norway.

New cooperation agreements were reached with the savings banks. The agreement takes effect on 1 July 2011.

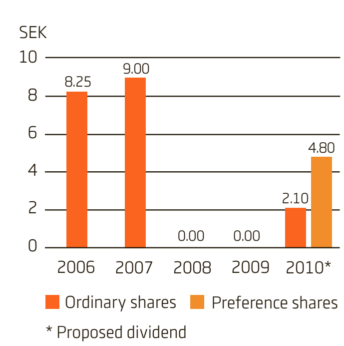
Return on equity



Profit for the year

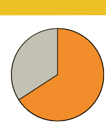
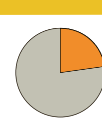
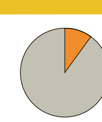
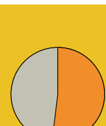
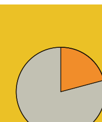
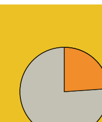


Dividend



Swedbank in brief

Swedbank is a bank for the many households and businesses, offering a wide range of financial products and services. The key is a traditional banking model that focuses on close customer relationships and advisory services, where customer needs are the top priority. We are dedicated to help customers achieve a stable and sustainable financial situation.

	Retail		Large Corporates & Institutions		Baltic Banking	
Operations	Sweden is Swedbank's largest market. Our customers are offered a wide range of financial products and services through more than 340 branches and teller services through a large number of stores. The cooperation with the savings banks adds another 260 branches. Through the Internet Bank, with over 20 million visits a month, the Telephone Bank and the mobile bank, Swedbank is open 24 hours a day. Swedbank Mortgage as well as the subsidiary bank in Luxembourg and the representative office in Spain are part of the business area.		In Large Corporates & Institutions we have consolidated our Nordic and Baltic offering for companies, financial institutions, organisations and banks. Large companies are defined as those with annual sales of over SEK 2bn or with more complex needs. Formed in 2010, the new business area has fully integrated the former Swedbank Markets. The same applies to First Securities, which has been wholly owned by Swedbank since November 2010. The business area has a strong position in equities, fixed income and currencies and is a major provider of financing solutions.		Baltic Banking offers a complete range of financial products and banking services to private and corporate customers in Estonia, Latvia and Lithuania. Baltic Banking offers services through an extensive retail network as well as through the Telephone bank and the Internet bank. Swedbank holds leading positions in several key market segments in the Baltic markets, with its largest market share in Estonia.	
Markets	Sweden, Luxembourg and Spain		Sweden, Norway, Denmark, Finland, Estonia, Latvia, Lithuania, the US, Russia and China		Estonia, Latvia and Lithuania	
Volumes*	Lending SEK 873bn (of which private SEK 583bn)	Deposits SEK 347bn (of which private SEK 250bn)	Lending SEK 130bn	Deposits SEK 74bn	Lending SEK 130bn (of which private SEK 65bn)	Deposits SEK 93bn (of which private SEK 52bn)
Income and profit	Income SEK 16 203m	Profit for the year SEK 5 301m	Income SEK 6 306m	Profit for the year SEK 2 307m	Income SEK 6 187m	Profit for the year SEK -7m
Customers	Private 4.1 million	Corporate and organisations 419 000			Private 5.4 million	Corporate and organisations 269 000
Branches	Around 600 (including savings banks)				220	
Share of Swedbank's total lending	 66%		 23%		 10%	
Share of Swedbank's profit before impairments**	 52%		 21%		 24%	

* Loans to and deposits from the public excluding the Swedish National Debt Office and repos.
** Based on above-mentioned business areas, i.e. excluding Group Functions.

Swedbank has over 9.6 million private customers and more than 700 000 corporate and organisational customers served through more than 900 branches in 13 countries, principally the four home markets of Sweden, Estonia, Latvia and Lithuania. Swedbank is a full-service bank whose operations are concentrated in traditional products and services. Swedbank is the largest bank in Sweden based on number of customers and is the leader in many market segments.

The bank consists of six business areas supported by Group functions.

For more information on market shares, see page 168.

Key figures	**2010**	**2009**
Return on equity, %	8.1	–12.5
Tier 1 capital ratio (Basel 2), %	15.2	13.5
Core Tier 1 capital ratio (Basel 2), %	13.9	12.0
Cost/income ratio	0.57	0.51
Credit impairment ratio, %	0.20	1.74
Share of impaired loans, gross, %	2.53	2.85
Profit for the year attributable to:		
Shareholders of Swedbank AB, SEKm	7 444	–10 511
Risk-weighted assets (Basel 2), SEKbn	541	603
Total assets, SEKbn	1 716	1 795
Lending to the public, SEKbn*	1 146	1 192
Deposits from the public, SEKbn*	517	497

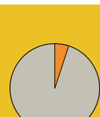
*Excluding the Swedish National Debt Office and repos.

Asset Management

Asset Management comprises the subsidiary group Swedbank Robur, which offers over 150 funds, discretionary asset management and pension management and is by far Sweden's biggest player in socially responsible investments. Customers include private customers, businesses, institutions, municipalities, county councils, foundations and insurance companies. The products are sold and distributed primarily by Retail and Baltic Banking as well as the savings banks in Sweden, but also through third-party distributors and directly to institutional customers. The market share in Sweden is 24 per cent.

Sweden, Estonia, Latvia and Lithuania

Assets under management SEK 736bn	
Income SEK 1 608m	Profit for the year SEK 575m
Private 3.9 million	Corporate and organisations 25 000



5%

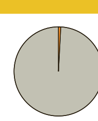
Russia & Ukraine

The business area was formed in April 2010 as a result of organisational changes in the Swedbank Group and comprises Swedbank's banking operations in Russia and Ukraine. Swedbank's products and services are offered to both private and corporate customers. The decision to change the focus of the Russian business to supporting corporate customers from the bank's home markets means that the private customer offering will be gradually phased out. At the end of 2010 Swedbank had 5 branches in Russia and 92 in Ukraine.

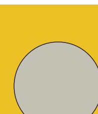
Russia and Ukraine

Lending SEK 13bn (of which private SEK 4bn)	Deposits SEK 3bn (of which private SEK 1bn)
Income SEK 680m	Profit for the year SEK 419m
Private 103 000	Corporate and organisations 18 000

97



1%



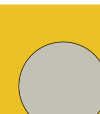
–1%

Ektornet

An independent subsidiary of Swedbank AB, Ektornet acquires, manages and develops the bank's repossessed assets, mainly properties. Its mission is to recover as much value as possible over time, while minimising the cost of ownership of the assets. A significant share of the holdings is located in the Baltic countries, though also in the Nordic region, the US and Ukraine. The head office is located in Stockholm, and repossessed properties are managed through local subsidiaries with their own resources and real estate expertise.

Sweden, Estonia, Latvia, Lithuania, Norway, Finland, Ukraine and the US

Income SEK 118m	Profit for the year SEK –212m



–1%

President's statement

When 2010 began, we looked to the future with humility and confidence. Our goal was to lay the foundation of a customer-focused and long-term sustainable bank and to report a profit for the full-year.

I am therefore very proud of what we succeeded in achieving together and that we have been able to draw constructive lessons from the crisis and build anew for the future. I would like to thank all and each one of the bank's employees for their individual contributions to what can be summed up as follows:

- We have maintained a high level of confidence in the bank among customers with a personal advisor.
- We reversed a loss of over SEK 10bn to a profit of SEK 7.4bn.
- We have significantly reduced our risk level, and today Swedbank is one of Europe's most highly capitalised banks.
- Based on the dialogue with employees, we have reformulated the bank's purpose, values and vision.
- Swedbank and the savings banks now have a new contractual foundation for a sustainable, dynamic collaboration.
- We are becoming an increasingly customer-oriented organisation that can better serve customers wherever they are.

Swedbank is now stronger than in a long time, with greater opportunity to choose its own path and carve out its own identity. We are working resolutely and with conviction on a number of issues that will continue into 2011.

Sustainable, stress-resistant financing

We have worked hard to regain the market's confidence, and today Swedbank is a stronger, more resilient bank than in several years. An important lesson from the financial crisis for Swedbank and other banks is to maintain full control over liquidity risks and ensure long-term financing, rather than maximise profitability from a short-term perspective. The banking sector should do more itself to strengthen long-term stability and transparency. We otherwise run the risk of recurring crises entailing more regulation that could impede the industry as well as the real economy.

The Board of Directors has adopted new goals for the bank's risk appetite and risk tolerance, which serve as cornerstones to ensure that Swedbank remains a robust bank going forward. Our stress tests confirm the bank's resiliency and that it is sufficiently capitalised, even under very weak macroeconomic conditions. During the last year Swedbank has been among the European banks with good access to international funding markets. We stand strong today, and the bank's relative funding costs have improved compared with other Nordic banks. Given the bank's risk level and large, stable base of deposits, not least among private customers, our goal is to have the lowest funding costs compared with our peers over time.

> "We stand strong today, and Swedbank's relative funding costs have improved compared with other Nordic banks."

We meet our customers' needs

Customers with a personal banking contact have maintained confidence in the bank through the crisis. We are now working on several fronts to further increase the general confidence in the bank. We are doing so by safeguarding our customers' long-term interests, even when we have to make tough decisions. This means that we sometimes call for public debate on certain issues, as was the case with mortgage loans. It is disquieting that the credit expansion among Swedish households in the last ten years has been four times greater than the country's economic growth. Buying a home is the biggest financial decision many households make. A high loan-to-value ratio and variable-rate mortgages can then cause problems when interest rates rise, unless borrowers have built up a buffer by consistently amortising and saving. In the Baltic countries, the safety net for the infirm, elderly and unemployed is weaker than in Sweden. Consequently, the risk of over-indebtedness is higher, especially if falling prices, higher interest rates and income loss all coincide.

While encouraging a debate on mortgage loans in Sweden, Swedbank also raised the loan-to-value ratio requirement on its loan applications. As a result, the bank lost nearly half of its share of loan sales for a period of time. Now that our arguments have gained a foothold and a mortgage cap has been introduced in Sweden, more prudent lending practices have become more accepted and widespread.



President and CEO Michael Wolf

For business customers with more complex needs, the bank has consolidated its competence in one business area – Large Corporates & Institutions – where we can offer sector-specific expertise and a wide range of capital market services that support other customer segments as well.

Efficient organisation

We are working resolutely to improve the organisation and increase its earnings capacity. The bank's governance model and organisational structure have been reassessed to create more rational processes.

The transition from a product to an advisory organisation requires that every frontline employee has the right support and competence. In the end, however, it is the commitment of employees that will determine our success. At Swedbank, employees should be able to grow professionally and as individuals. Employee surveys and student rankings of the most popular places to work indicate that the bank is headed in the right direction.

A bank's core competency is assessing and pricing risk. If the price is too high, customers will go to competitors. And if it is too low, it could set an unsustainable precedent that later hurts customers and the bank. The effectiveness and reliability of the bank's risk processes are critical. A combination of risk control and professional judgment is needed, which is made easier by close customer relationships.

Swedbank's broad customer base gives it the critical mass needed to develop innovative solutions and automate everyday transactions, for example. For a bank that wants to welcome everyone, it is especially important to free up as much time as possible for personal interaction with customers.

> "The transition from a product to an advisory organisation requires that every frontline employee has the right support and competence. In the end, however, it is the commitment of employees that will determine our success."

The savings banks are Swedbank's largest partner, with around 30 per cent of the bank's Swedish business volumes. Therefore, I am especially pleased with the new cooperation agreements the bank signed with them and am convinced that it will increase the professional dynamic between us. Our shared history, goals and business strategy will strengthen us and benefit our customers.

Swedbank – part of the community

Swedbank gets its unique strength from a combination of corporate responsibility and business practices. Swedbank has been part of the local community and has operated close to its customers for two centuries. In Sweden, for example, the Young Jobs project contributed to 1 500 trainee positions with Swedbank, the savings banks and our corporate customers in 2010. Swedbank supports the organisation Ung Företagsamhet, which was among the first to distribute economic textbooks in Estonia, Latvia and Lithuania. In Estonia and Latvia, the bank is also playing a role in supporting graduates who want to teach in neighbourhoods with deprived children as part of the Teach First charity. Other examples include the bank's support for youth sports and participation in arena construction. For Swedbank, which reaches so many people, community development is critical to its own development. Swedbank can certainly do even more and be even better. The willingness is there, from the smallest branch to the executive management and the Board.

Outlook for 2011

In 2010 we built for the future. 2011 will be an exciting year in many ways. The economies in Swedbank's home markets have begun to recover after the crisis. Estonia joined the eurozone on 1 January 2011. Demand for corporate credits is expected to increase in the Nordic and Baltic regions. However, a worsening global business cycle could change this picture.

The debate on adequate debt levels and increased savings is likely to continue, as will the discussion on the right financial regulations.

"Based on a dialogue with employees, we reformulated the bank's purpose, values and vision during the year."

A continued economic recovery will benefit Swedbank through higher interest rate levels and further strenghtened credit quality. In 2011 Swedbank expects Swedish mortgage loans to grow in line with or to slightly exceed nominal GDP growth. Moreover, we expect that corporate lending in Sweden will grow modestly and that lending volumes in Baltic Banking will bottom out during the year. The repricing of corporate loans that do not reach our desired return, together with maturing state guaranteed funding, will give support to net interest income. Expenses excluding staff costs are expected to stay stable.

We expect a gradual improvement in profit before impairments. Credit impairments are expected to remain low with the potential for recoveries in the Baltic countries, Russia and Ukraine.

We are nearly halfway through the comprehensive cultural change that was initiated when I took over as CEO. The work will continue for a number of years to ensure stable, sustainable profitability.

I would like to extend a warm thanks to all employees, shareholders, Board members and others who make our future possible and promising.

Stockholm, February 2011

Michael Wolf
President and CEO

Financial targets

Swedbank's Board of Directors decided in early 2011 to introduce a profitability target and a capitalisation target as well as to amend the bank's dividend policy. The new dividend policy takes effect in the financial year 2011.

Swedbank's financial targets

Return on equity

The return on equity shall amount to 15 per cent.

After reporting a loss in 2009, Swedbank's results gradually improved in 2010. For the full-year, the return was 8.1 per cent. To reach its profitability goal, the bank has to increase revenue and be more effective. The return on equity is also affected by the bank's capitalisation. The profitability goal is adapted to Swedbank's market position, risk profile and conditions in our home markets.

Capitalisation

The core Tier 1 capital ratio will remain above 13 per cent until 2013. Long-term, the core Tier 1 capital ratio will not be below 10 per cent.

Due to uncertainties in the current economic and regulatory environment, the bank will maintain a core Tier 1 capital ratio of above 13 per cent until 2013. Based on the Group's risk appetite, the long-term core Tier 1 capital ratio will not fall below 10 per cent. This is deemed sufficient to withstand a severely stressed scenario according to the bank's annual Internal Capital Adequacy Assessment Process (ICAAP) while at the same time maintaining sufficient capital to secure the bank's access to wholesale funding. As of 31 December 2010 the bank's core Tier 1 capital ratio was 13.9 per cent.

Dividend

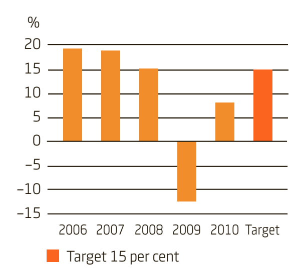
The dividend will correspond to 50 per cent of after-tax profit, provided that the bank meets its capitalisation goals.

After 2008 future prospects looked bleak and Swedbank had just completed a new share issue. In 2009 Swedbank reported a loss. As a result, Swedbank did not pay a dividend for 2008 and 2009. In early 2011 the Board of Directors changed its dividend policy to amount to 50 per cent of profit for the year from 40 per cent previously. The policy was changed against the backdrop of Swedbank's strong capitalisation, expectations of modest credit demand and a continued focus on capital efficiency.

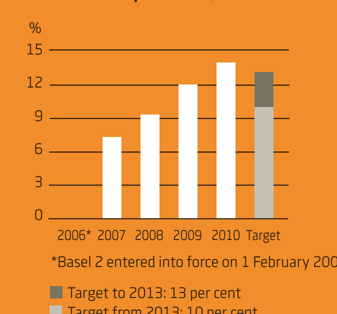
The Board of Directors proposes that the Annual General Meeting resolve on a cash dividend of SEK 4.80 per preference share and SEK 2.10 per common share for 2010, corresponding to a payout ratio of 40 per cent (0).

Performance

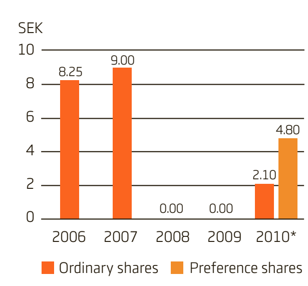
Return on equity, %



Core Tier 1 capital ratio, %



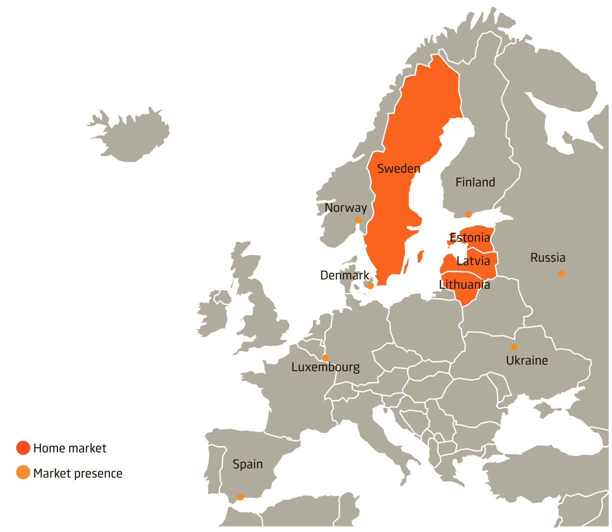
Dividend



A sound and sustainable financial situation for the many households and businesses

Our purpose

There has been a consistent theme throughout the bank's history, from the first Swedish savings bank in 1820 through the local agricultural credit societies of the early 20th century to today's bank built on relationships with people and businesses. Close contact with the customer and local community has been our focus since the very beginning. When the savings banks were founded, their mission was to promote prosperity and security through financial planning. Swedbank's purpose today is to promote a sound and sustainable financial situation for many households and businesses. This means that by being proactive, offering advice and educating the public, we encourage a sound financial situation among our customers and in society in general. By a sound financial situation we mean achieving a balance in the short and long term. By sustainability we mean acting in a way that ensures long-term social, economic and environmental benefits for people, ourselves and society as a whole.



Swedbank currently has four geographical home markets: Sweden, Estonia, Latvia and Lithuania. To support business in these markets, Swedbank is also established in neighbouring markets such as Finland, Norway, Denmark and Russia as well as certain other countries such as the US , China, Luxembourg and Spain. Swedbank also conducts banking operations in Ukraine.

Our values

Simple
Our services and employees must be easily accessible and easy to understand. Everything we do, we do with the customer in mind. Our advice is adapted to each customer's needs, and we provide them the financial tools to handle life's challenges and opportunities. We want to create a friendly, uncomplicated banking experience for everyone.

Open
We shall be a straightforward, honest and reliable partner. Customers and other stakeholders should feel comfortable and secure with our services and how we act. We like being challenged by new ideas, new people and new ways to serve our customers and communities.

Caring
We are committed to improving the long-term financial health of people, businesses and society. We offer innovative and sustainable financial solutions. Our employees are helpful and reliable. We shall keep our promises. We help our customers to make sound decisions and to achieve their goals in a sustainable way.

Vision

We make it possible for people, businesses and society to grow

Swedbank – beyond financial growth

Our strategy

Swedbank – a bank for the many

Swedbank is a bank for the many, meaning an inclusive rather than exclusive bank. Our aim is to maintain large customer bases, long-term customer relationships and high market shares in our home markets. Swedbank serves many households and businesses. We achieve cost efficiencies through large customer bases and business volumes, coordination and efficient processes. Our goal is to deliver service in the most effective way possible in terms of quality and cost.

Close to our customers

We firmly believe that a traditional banking model focused on close customer relationships and advisory services best promotes Swedbank's purpose. This advice is always based on customers' needs, not the bank's products.

Close customer relationships and a high level of service are enabled by a widespread branch network, coupled with highly advanced Internet, Telephone and Mobile banks as well as ATMs. Always being available for customers on their terms through a variety of channels is strategically more important than whether or not we manage every financial service ourselves. Mutual funds, property insurance and debit and credit cards are among the financial services Swedbank offers Swedish customers from other suppliers. This service is enhanced through collaboration with the savings banks and franchises of Swedbank Fastighetsbyrå (real estate brokerage), Swedbank Juristbyrå (legal services) and Swedbank Företagsförmedling (company sales) as well as alliances with other suppliers.

Decentralised decision-making

All of Swedbank's business operations are managed locally with decentralised decision-making as close to the customer as possible. Local organisations with responsibility for customers and credit are supported by shared product systems, decision support systems as well as rules and regulations. Coordinating product development and production between business areas and throughout the Group is an important part of this.

Decentralised decisionmaking puts stringent demands on governance and monitoring as well as continuous competence development and considerable investment in ongoing staff training.

A low risk level

Swedbank shall maintain a low risk level. Swedbank's long-term risk profile shall be managed so that the core Tier 1 ratio impact from a severely stressed scenario, defined in the annual Internal Capital Adequacy Assessment Process (ICAAP), shall be no more than three percentage points. A vast majority of exposures shall be in mature markets such as Sweden. Good risk diversification is achieved through a broad base of customers and businesses from many different industries. The bank is also to maintain a sustainable balance between lending and deposits in all its markets. Customers' cash flow, solvency and collateral are always the key lending variables. Strong internal control of credit, market and operational risks ensures the desired long-term risk profile.

Follow-up of priorities 2010

Our priorities in 2010 were to reduce risks in the bank, adapt operations to lower business volumes and take a comprehensive approach to responsibilities, governance and control. Increasing customer satisfaction, which declined during the financial crisis, was also a top priority.

More details on page 10

Priorities 2011

Our priorities in 2011 shifts focus from crisis management to optimising operating effectiveness at the same time that we will grow in areas where we see growth potential.

- Customer focus
- Growth in selected segments
- Quality and effectiveness
- Robust balance sheet with low risk

More details on page 11

Follow-up of 2010 priorities

Customer satisfaction

After the significant decline in 2009, customer satisfaction rose slightly in most of our markets in 2010. However, there is still great potential for improvement before we reach desired levels.

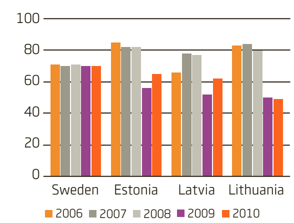
Through our new service concepts within Retail, we improve service and give customers a better overview of their financial situation. In the same way, we have consolidated our best and most useful services for small businesses. The concept has produced a clearer customer offering with higher sales and revenue.

In Baltic Banking, the organisation has gradually transitioned from a product focus to a customer focus.

To better meet the demand from large companies and institutions with more complex needs, the Large Corporates & Institutions business area was formed during the year. Here a new sector-oriented organisation has been created to enhance our competitive edge. In November the remaining 49 per cent of the Norwegian investment bank First Securities was acquired. This strengthens our competence and offering of capital market-related services for private customers, companies and institutions.

Measures to improve governance and monitoring have facilitated a more decentralised organisation where decision-making authority, with a larger mandate and faster decisions, has shifted closer to customers.

Customer satisfaction index, private



Lower risk level

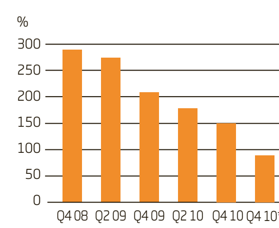
Improved macroeconomic conditions, coupled with active efforts to reduce credit and liquidity risks, led to a significant reduction in the total risk level during the year. Since the end of 2008 the exposure to Eastern Europe has been reduced by more than SEK 100bn. At the same time corporate lending to other countries (primarily Sweden) has decreased by about SEK 60bn, while Swedish residential mortgage lending increased by SEK 65bn. This has significantly lowered credit risk, and the dependence on unsecured funding has been reduced by about SEK 150bn.

In addition, risks were further reduced when Estonia joined the EMU.

Lending in Sweden accounted for 86 per cent of total lending on 31 December 2010, compared with 83 per cent on 31 December 2009.

Because the inflow of new impaired loans during the year was low, credit impairments gradually decreased to the point where net recoveries were reported during the fourth quarter.

CEE lending/total equity



* Exclusive Estonia

Earnings

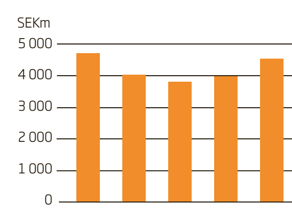
Profit for the year increased by approximately SEK 18bn mainly due to lower credit impairments.

Profit before impairments decreased by 21 per cent during the year. Net interest income was under pressure due to low interest rates and a decline in lending volumes mainly in the Baltic countries, Russia and Ukraine. In addition, trading-related income was unusually high in 2009 due to very favourable market conditions. During the second quarter 2010 Swedbank's net interest income bottomed out. The Riksbank has begun to raise its repo rate, which primarily helped net interest income in Retail.

Baltic Banking has also seen a positive trend in net interest income as local interest rates have fallen. Credit demand among Swedish companies gradually increased during the year. Rising demand is also evident in the Baltic countries.

During the year expenses decreased by SEK 200m at the same time that variable staff costs rose by SEK 323m. The decrease mainly consists of currency effects and further capacity adjustments to lower business volumes in the Baltic countries, Russia and Ukraine. The number of employees was reduced by 2 053 during the year to 17 224.

Net interest income

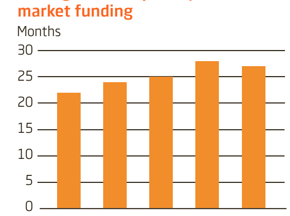


Liquidity and capitalisation

The average maturity of capital market funding was extended by another 6 months and at year-end was 27 months. During the year Swedbank also strenghtened its liquidity buffer significantly. The bank's lower risk level, combined with active measures to inform the market, has led to great investor interest in Swedbank's bonds. In April the bank left the state guarantee programme. No funding has been arranged under the state guarantee since summer 2009. All repos with central banks expired during the year at the same time that the state guaranteed funding was reduced from about SEK 240bn to SEK 150bn, half of which matures in 2011. Today Swedbank's dependence on capital market funding largely consists of covered bonds, which have been a relatively stable funding source through the crisis. The bank's strong deposit base limits its dependence on unsecured funding. This provides predictability, security and competitive strength.

The core Tier 1 capital ratio rose from 12.0 to 13.9 per cent during the year (Basel 2). This was the result of net profit for the year and because risk-weighted assets decreased by SEK 62bn.

Average maturity of capital market funding



Priorities 2011

Customer focus

- Improve customer satisfaction
- Actively match our employee competence mix with customer demand

Swedbank strives for mutually beneficial long-term customer relationships. To increase the customer value of our services, we invest in the breadth and depth of our financial advisors' skills. We will be even better at advising our customers with more advanced needs. With offerings adapted to customers' needs and situations, Swedbank will be able to meet a larger share of their total banking needs. To make it easier for customers to do their daily banking, we will further improve our internet- and telephone-based services. By further formalising governance, we are decentralising business decisions as close to the customer as possible.

Growth in selective segments

- Increase market share in new sales to mid-sized companies and private banking customers
- Reduce the number of exposures with risk-adjusted returns below the hurdle rate

Swedbank strives for sustainable growth. This means that Swedbank will not grow faster than what we feel is sustainable for our customers and ourselves, regardless of market growth. We will continue to emphasise our service concepts in Retail. By investing in capital markets, competence and products, we will broaden and strengthen our offerings for corporates as well as private customers. This will facilitate deeper and broader customer relationships, and increase our share of the non-lending-based services. We will also broaden the bank's offerings in the savings market to include more insurance and investment solutions.

Quality and effectiveness

- Reduce operational risks
- Keep operating expenses (excluding variable pay) flat

With high market shares in all four home markets, we have the opportunity to utilise economies of scale. We will exploit this by further integrating various parts of the Group, whose history includes different banks, segments and geographies. By rationalising, standardising and simplifying processes within IT, support, and product development, we will be able to improve quality and efficiency while reducing complexity and operational risks. A new organisation, Group Business Support, which is fully active from 1 January 2011, has responsibility for consolidating these units in the Group. In addition, we will continue our cost focus and seek ways to do business more cost-effectively.

Robust and low-risk balance sheet

- Replace maturing state guaranteed funding primarily with covered bonds
- Improve ratings

As a wholesale funding dependent bank, we will maintain assets of indisputable quality at a high-level. We continue to cement a homogenous credit culture across the Group to large degree based on our Swedish credit management. Enhanced portfolio management will help to further reduce asset risks. Wholesale funding is arranged primarily through stable funding sources such as AAA-rated covered bonds. Ensuring the quality of our cover pool is therefore a high priority. Swedbank has the largest deposit base in all home markets. The size of our deposits will limit potential lending growth. The dependence on unsecured funding is to be limited, and matched against assets of corresponding maturity.

Our brand

The bank has been part of the local community and worked closely with its customers for two centuries. It is in these interactions with customers that our values are reflected and the bank's brand is shaped.

In an increasingly competitive marketplace, the importance of a clearly communicated and well differentiated brand increases. Consequently, the associations that set the Swedbank brand apart are important in determining which customers the bank can attract, as well as our ability to build loyalty to the bank among existing customers.

Swedbank has a unique experience from combining social benefits with professionalism. We demonstrate our community engagement on a broad as well as local basis. Our customer relations must be distinguished by openness, simplicity and caring. This is the image we want to project in Swedbank's current branding efforts.

Life under the oak – our new communication concept

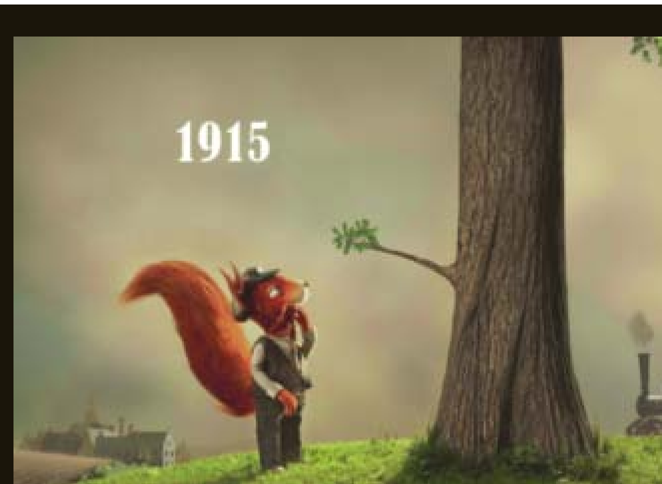
Based on its purpose, values and vision, Swedbank developed a new communication concept during the year, "Life under the Oak," to reinforce its image as a stable bank with a strong heritage and one that, like an oak, stands for sustainable growth. The various characters used in the campaign symbolise the bank's broad-based target groups. Initial ads stress the bank's long tradition as an educator of the public. By tying into the needs customers have of financial services to live a secure life, we let the characters in the modern version dramatise our service promise as a modern relationship bank. The bank's purpose is further underscored by sponsorship activities that support children and young adults.

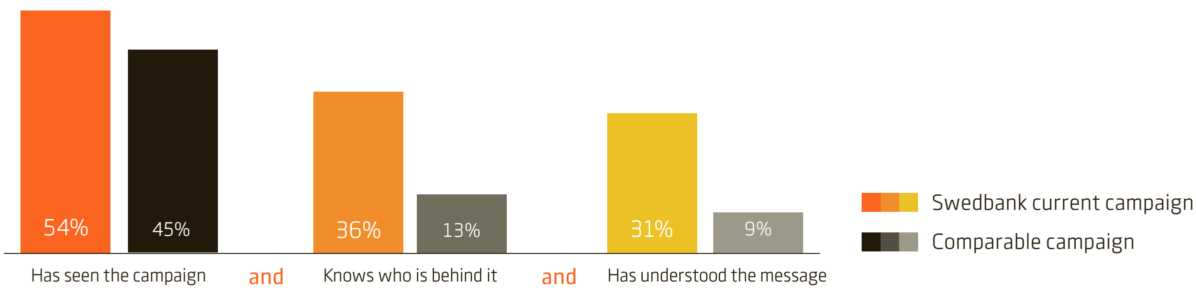
For more information on Swedbank's community engagement, see page 42.

The campaign message

The new branding concept initially underscored the bank's purpose and vision. Going forward the focus of the stories in the animated world of "Life under the Oak" will be on the modern advisory bank.

Understanding of the message in the initial branding campaign was high and conformed well to the bank's overarching message strategy.





Compared with similar branding campaigns, the “Life under the Oak” concept generated significantly higher share (31%) of people who noticed the campaign, could say who was behind it and understood the message than is normally the case in Sweden (9%).

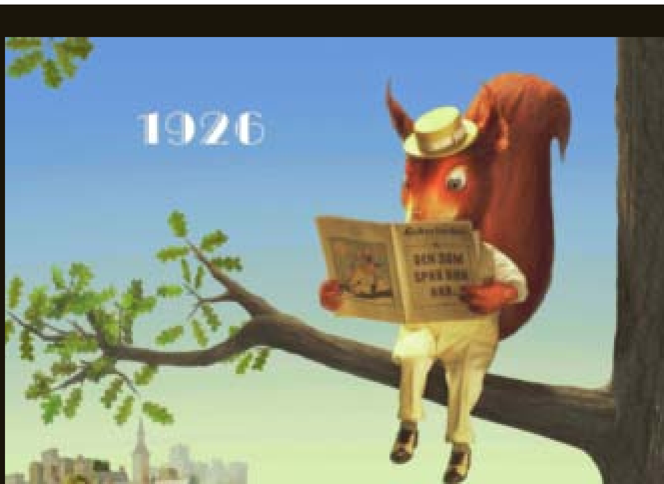
Examples of sponsorships

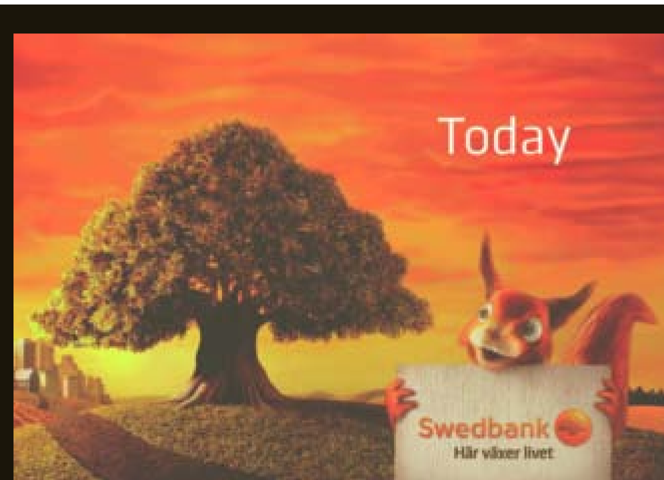
Swedbank sponsors sports, cultural activities and communities locally as well as regionally.

Teach First is a national initiative to improve the quality of education in Estonia and Latvia. Through Teach First school children meet young, enthusiastic teachers recruited among college graduates for a commitment of two years.

Angels over Latvia. Every December Swedbank supports “Angels over Latvia,” a charity that attracts gifts and donations for children who, due to a hereditary disease or accident, are in need of long-term treatment or rehabilitation whose cost is not covered by state health programmes.

Through an entrepreneurial programme called **Make the Stars Shine**, Swedbank identifies and supports young business leaders in starting up projects. The bank also supports companies founded by students by passing on business experience in all its home markets.





How we govern the bank

Extensive measures were taken by the bank during the year to get a better holistic approach on responsibilities, governance and control. This is rooted in the bank's purpose: to promote a sound and sustainable financial situation for the many households and companies – and for the bank itself. The holistic approach includes risk control, sustainability work and human resource development.

Financial soundness and sustainability

Swedbank's purpose is to promote sound and sustainable financial development for the many households and businesses.

To do so, the bank must be financially sound and sustainable in the long term itself. Swedbank has long played an active role as a positive force in society, not least in the local community. By striving to fulfil our purpose on a consistent basis, we will continue to play an important and dynamic role.

Our fundamental values have not changed much over the years. We are simple, open and caring. This makes it possible to live up to our purpose every day. The world in which we operate, on the other hand, is complex and constantly changing. As a guiding principle in our daily operations, we have clarified how to act through the bank's Code of Conduct.

Swedbank's Code of Conduct governs our interactions with customers, shareholders and the companies we own, employees and colleagues, partners and suppliers, competitors and authorities as well as the public and the community. The code is not a tool to build the bank's culture, but a tool to maintain it.

Governance and responsibility

In addition to the legal responsibility of the Board of Directors and the CEO in the Group and in the various subsidiaries, there is a new governance model now being implemented. By combining clear job descriptions with decentralisation, it is designed to delegate a larger share of decision-making authority as close to each transaction and customer as possible.

The governance model requires clearly defined goals, strategies, policies and guidelines that explain how the bank works in various respects, an effective operating structure and a simple, unambiguous reporting structure. The goal is an organisation that quickly and effectively responds to changing customer needs and market conditions and thereby better serves the bank's purpose. Our reporting routines ensure that we receive the necessary information to navigate effectively in a changing world.

The bank is organised into six business areas that are a blend of geographical areas and market areas: Retail, Large Corporates & Institutions, Baltic Banking, Asset Management, Russia & Ukraine and Ektornet. The heads of the business areas report to the CEO on an ongoing basis, are responsible for implementing strategies and business plans, and have full operating responsibility within these parameters.

In addition, the following seven Group functions span across all business areas: Group Finance, Risk, Compliance, Corporate Affairs, HR, Legal and Group Business Support (GBS), which will be fully operational from 1 January 2011. The Group functions ensure that effective, uniform standards and routines are maintained within the various areas of responsibility. Furthermore, GBS will promote operational excellence within the bank.

The Group Executive Committee (GEC) and Senior Management ensure that the organisation as a whole accomplishes its goals, strategies and policies. The former plays an advisory role, while the latter serves as a forum for discussion and validation. Also important are the Asset and Liability Committee (ALCO), which addresses issues concerning the balance sheet, liquidity and financial risk; the Group's Risk and Compliance Committee, which is responsible for efficiency improvements and issues involving operational risks and compliance; and the GEC's Remuneration Committee, which proposes compensation systems and proposes variable remuneration for employees to the Board's Compensation Committee.

To balance the delegation of authority, rules for "escalation" have been established to clarify the circumstances when various issues should be referred to the next level, or to the CEO and the Board of Directors to review the goals and strategies. This ensures that those ultimately responsible for the bank's operations retain the necessary overall control.

In addition to the CEO's management model, Internal Audit serves as an auditing function independent from the CEO directly subordinate to the Board of Directors.

Responsible risk management

Risk management is the core of all banking, and maintaining well-balanced risk exposure is a fundamental strategic issue crucial to Swedbank's earnings. The financial crisis made it clear that risk exposure had become unhealthy in the industry.

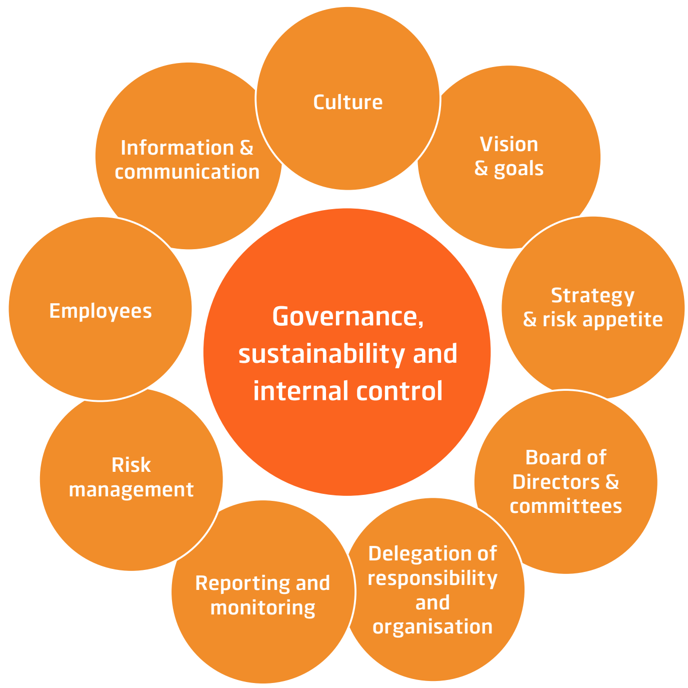
This was also the case for Swedbank, which underwent a major international expansion in the years prior to the crisis. Based on a low risk strategy (see page 9), Swedbank worked

Information & communication We will maintain an ongoing dialogue with our stakeholders and provide reliable reports with operational, financial and compliance related information.

Culture We will build on a corporate culture based on our values and purpose. Every employee will have the opportunity to develop and will be encouraged to report any wrongdoings without fear of reprisal.

Vision & goals Swedbank was founded to promote prosperity and security through financial planning. This is still the platform for all our operations, and the goals we formulate are with this in mind.

Employees We promote a culture of commitment, where every employee understands the company, our purpose and goals, the industry as a whole, the markets we operate in, and the challenges and risks we face.



Strategy & risk appetite Our strategies are the choices we make to reach our goals. The framework for business planning is determined by our risk appetite, which ensures that our decisions and actions optimise risks and business opportunities.

Risk management Risk management is part of the day-to-day work of every bank. We identify, monitor and respond to risks within the framework of the risk appetite we have defined.

Board of Directors & committees Overall responsibility for Swedbank rests with the Board of Directors. The Board sets goals and establishes strategies and guidelines on how operations are run. To optimise the Board's work, a number of committees have been established for especially important issues.

Reporting and monitoring Maintaining an effective monitoring system gives our employees a sense of security and is a sign of quality for the bank as a whole. The reports make it possible to monitor progress in meeting business goals and other important changes required for evaluations and decisions in the event of a change in direction.

Delegation of responsibility and organisation Delegation is an important part of Swedbank's control model. The branches have a clear mandate to effectively respond to customers' needs and wishes. Considerable emphasis is placed on bridging complex structures and promoting collaboration and an exchange of knowledge between units and business areas.

---

in 2010 on reducing risk (see page 10), which led to a better risk balance. With lower credit risk in the bank, our focus is now on operational risk. By rationalising, standardising and simplifying processes within IT, support and product development, we will be able to improve quality and efficiency, and also reduce the complexity. The organisational changes with clear and uniformed guidelines, together with effective control functions when business decisions are moved closer to the customer, also lower operational risk. Remuneration programmes have been established for the same purpose (see page 46).

As with risk management, we see our sustainability work as an integral part of business operations. Swedbank is strongly committed to various social issues and has, for example, joined the industry in establishing responsible mortgage lending policies and has taken various initiatives to create jobs for young people (see page 42).

Ensuring that it has the right competencies is one of Swedbank's most important future issues, and is critical if the bank is to live up to its purpose, goals and strategies. The transition from a product-oriented organisation to an advisory organisation entail major challenges. Maintaining the commitment, focus and motivation of all our employees is based in this process on a thorough understanding of the bank's purpose and strategies (see pages 8–9).

See also:
- Operating purpose, vision and values – page 8
- Priorities 2010 and 2011 – pages 10–11
- Sustainability – page 42
- Our employees and information on performance-based remuneration – page 44
- Risk management – page 35 and separate Risk report 2010, www.swedbank.com/ir
- Corporate governance report – page 154

Market overview

The global economy recovered more quickly than expected in 2010. The European debt crisis and risk of renewed concerns in global financial markets, rising commodity prices and overheating risks in emerging economies mean, however, that the global economy still rests on shaky ground.

Widespread improvement but persistent concerns

In 2010 the global economy recovered more quickly than expected from the financial crisis and its effects on the real economy. The strongest expansion was in emerging economies led by China. In countries with a mountain of private or public debt such as Ireland, Greece and Portugal, GDP growth has been modest and will remain weak going forward when extensive spending cuts are made in 2011 to reduce rapidly rising government debts. The economies in the Nordic countries and Germany have generated growth rates exceeding the EU average. Fiscal challenges and the risk of renewed concerns in global financial markets, rising commodity prices and overheating risks in emerging economies mean, however, that global economic growth still rests on shaky ground.

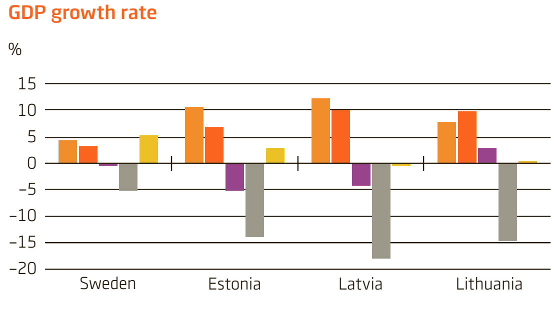
Uneven recovery in Swedbank's home markets

After major production losses in 2009, the Swedish and Baltic economies have begun to improve. The strongest recovery during the year was in Sweden, where GDP rose by slightly over 5 per cent, essentially recouping all the production that had previously been lost. The Baltic countries, on the other hand, still have a long way to go to return to earlier production levels, and debt and/or budget consolidation are keeping down the recovery.

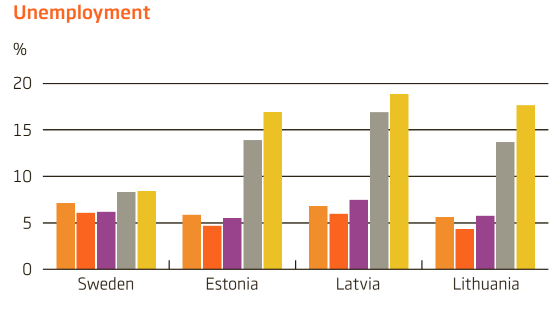
The main drivers behind the strong growth in the Swedish economy come from the industrial sector, which is benefitting from growing global demand for input and investment goods. A strong increase in export volumes and substantial growth in industrial production have also given corporate investment a kick-start. The high level of business activity has been followed by increased hiring needs in the private service sector and industry, as unemployment dropped to 7.1 per cent at year-end. Sweden's finances improved in 2010, and today they are among the strongest in the EU. Due to increased resource utilisation and growing household debt, the Riksbank decided to gradually raise its benchmark interest rate from 0.25 per cent to 1.25 per cent in December 2010. Higher debt levels create the risk of lower future consumption when interest rates rise in the years ahead. Monetary tightening and sound government finances have strengthened the Swedish krona, which could hurt export companies in 2011, at the same time that global growth is expected to slow compared with the previous year.

Growth in the Baltic countries is primarily driven by an export-led recovery, at the same time that the countries have become stronger competitively due to declining labour costs and increased productivity. However, domestic demand – consumption and investment – remained weak. Fiscal austerity and high unemployment are hurting consumer spending notwithstanding a slight improvement in retail sales in late 2010. Higher food and energy prices could limit household spending. The introduction of the euro in Estonia at the start of 2011 is having a positive effect in the form of lower business risks and increasing confidence in the Estonian economy. In Latvia and Lithuania, further budget cuts are planned in the years ahead to meet the Maastricht criteria and qualify for EMU membership in 2014.

GDP growth rate



Unemployment



Developments in the banking sector

The financial crisis damaged confidence in the banking sector around the world. During the year the role of banks was called into question and debated more than before. In the early summer 2010, the European Banking Authority, CEBS, conducted stress tests of European banks. All four major Swedish banks passed the tests.

Right before the financial crisis the Nordic banking industry showed high profitability, in many cases with returns on equity of over 20 per cent. This was the product of efficient banks with competitive cost/income ratios and low credit impairments. The financial crisis led to substantially higher credit impairments and in combination with record-low interest rates dramatically affected profitability, particularly for banks with heavy exposure in the Baltic region, Eastern Europe and to some extent Denmark. As a reaction, Nordic banks have strengthened their capitalisation, and in Sweden the majority of banks have issued stock. Today Swedish banks have among the highest Tier 1 capital ratios in Europe. The international capital adequacy requirements will increase after the introduction of Basel 3, which will be phased in starting in 2013. This, together with the risk of further volatility in global capital markets, makes strong capitalisation necessary if the banks are to remain stable and be able to guarantee financing in a scenario with slower economic growth.

Beginning in the middle of 2010 interest rates began to rise. This paves the way for gradually improving profitability for the banking sector as a whole. In October the loans Swedish banks received from the Riksbank at fixed interest rates began to mature. The fact that none of them were extended reflects the reduction in risks in the Swedish banking sector.

Competition in Swedbank's home markets

In an international comparison, the banking sector is fairly concentrated in Swedbank's home markets.

In Sweden, Swedbank, Handelsbanken, Nordea, SEB and Danske Bank accounted for about 85 per cent of deposits and lending in 2010, according to the Riksbank. These major banks offer a wide range of financial products and services and compete in all key product segments. Swedbank is the biggest in retail banking and has a leading market position in mortgage loans (27 per cent), deposits from private customers (24 per cent) and fund management (24 per cent). In the Swedish corporate market, the bank's share was 17 per cent for lending as well as for deposits at the end of 2010. Consumers have been more willing to change banks in recent years in an otherwise generally stable market. In the last year banking customers have shown a tendency to turn to the major banks due to turbulence among the smaller players.

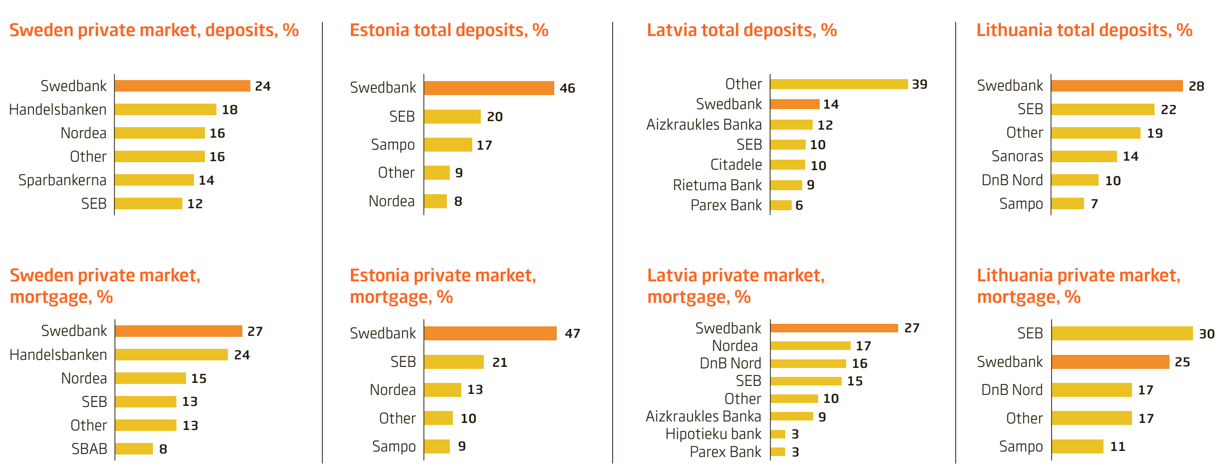
The Estonian banking sector is even more concentrated than Sweden's. The market is dominated by foreign companies. Together, Swedbank, SEB, Nordea and Sampo (Danske Bank) control around 90 per cent. Swedbank had a market share of 55 per cent for deposits from private customers and 47 per cent for lending. In the Estonian corporate market, the bank's share is 40 per cent for both lending and deposits.

Latvia has a more fragmented market where local banks account for 30 to 50 per cent of the various segments. In 2010 Swedbank accounted for 23 per cent of household deposits and 27 per cent of household lending. In the corporate market, Swedbank's share is 21 per cent for lending and 10 per cent for deposits.

Like Sweden, the banking market in Lithuania is dominated by a few major players. Swedbank accounted for 32 per cent of household deposits and 26 per cent of household lending. In the corporate market, the bank's share was 21 per cent for lending and 22 per cent for deposits.

In all the Baltic countries, competition has begun to increase again as the economy recovers and profitability improves on the heels of considerably lower credit impairments.

Market shares



Sources: Statistics Sweden, Estonian Central Bank, Association of Commercial Banks of Latvia, The Financial and Capital Market Commission (Latvia), Association of Lithuanian Banks, public interim reports and Swedbank estimates

Financial analysis

Swedbank's profit amounted to SEK 7.4bn for the full-year, an increase of SEK 18bn compared with 2009. The improvement was mainly due to significantly lower credit impairments in the Baltic countries, Russia and Ukraine. During the second half of 2010 higher interest rates had a positive impact on Swedbank's net interest income. The trend remains positive.

Economic development 2010

Swedbank reported a profit for the year of SEK 7 444m, compared with a loss of SEK 10 551m in the previous year. Significantly lower credit impairments were the main reason for the improved result. The return on equity was 8.1 per cent (–12.5). The cost/income ratio was 0.57 (0.51).

Profit before impairments excluding non-recurring items decreased by 20 per cent to SEK 13 344m. Retail reported lower profit before impairments and non-recurring items due to lower market interest rates and lower corporate lending. The largest decrease among the business areas was in Large Corporates & Institutions, where income was unusually high in 2009 as a result of very favourable market conditions. Baltic Banking was largely successful in compensating for lower income from smaller business volumes and lower market interest rates with cost cuts. Asset Management reported a higher profit before one-offs as a result of increased assets under management. Group functions reported an improved result from Group Treasury, partly due to valuation effects from basis spreads and repurchased subordinated loans. When arranged in euro, capital market funding is usually swapped into SEK. These swaps are marked to market. Historically the volatility in the swap cost has been low. In 2010 the cost increased significantly but also produced a positive valuation effect, while funding costs in SEK increased.

Income excluding non-recurring items amounted to SEK 30 986m, a decrease of 11 per cent. Fluctuations in exchange rates, primarily the rise in the Swedish krona against the euro and the Baltic currencies, reduced reported income by SEK 923m.

Profit before impairments, excluding non-recurring items, by business area, SEKm	2010	2009
Retail	7 530	7 820
Large Corporates & Institutions	3 104	5 070
Baltic Banking	3 403	3 391
Russia & Ukraine	–191	623
Asset Management	752	553
Ektornet	–152	–26
Group functions	–1 102	–1 310
Total excl. FX effects	**13 344**	**16 121**
FX effects		491
Total	**13 344**	**16 612**

Net interest income decreased by SEK 4 436m or 21 per cent mainly due to lower net lending volumes, extended durations of wholesale funding, higher costs for liquidity reserves and lower market interest rates. Net interest income was also adversely affected by a lower return on the investment portfolio used to hedge interest rates of low-yielding deposit accounts and equity, a mismatch between funding and lending (nose and tail effects) and less favourable trading conditions. However, the net interest income trend turned during the second half of the year.

Lending has decreased by SEK 46bn or 4 per cent in one year. Volumes fell in the Baltic countries, Russia and Ukraine. In Sweden and the other Nordic countries, corporate lending decreased, while mortgage lending to private customers rose. This shift resulted in lower net interest income, since interest margins are lower in Sweden than in the other countries and lower on mortgages than on corporate lending.

Non-recurring items by business area (BA) SEKm	BA	2010 full-year	2009 full-year
Income			
Branch sales	R	3	397
VISA Sweden	R		322
Refund of fund fees	AM		–540
Refund of fund fees	BB		–88
Tallinn Stock Exchange	BB		15
EADR	R&U		–6
Aktia	GSST		24
MasterCard	BB	55	
Total income		**58**	**124**
Expenses			
Withdrawal from bonus reserve	BB		–198
Total expenses		**0**	**–198**
Impairments			
Impairment of goodwill	LC&I		5
Impairment of goodwill	R&U	14	1 300
Total amortisation		**14**	**1 305**
Tax expense			
Branch sales	R	1	105
Refund of fund fees	AM		–150
Withdrawal from bonus reserve	BB		28
MasterCard	BB	2	
Total tax		**3**	**–17**
Profit for the period		**41**	**–966**

Income analysis Group, SEKm	2010	2009
Lending and deposits	16 690	17 628
Treasury, trading and capital market products	3 871	7 091
Asset management	3 966	3 237
Payment and cards	3 346	3 258
Insurance	936	915
Associates	624	544
Other income	1 776	1 286
Stability fee	–223	–224
Non-recurring items	58	124
Total excl. FX effects	**31 044**	**33 859**
FX effects		923
Total income	**31 044**	**34 782**

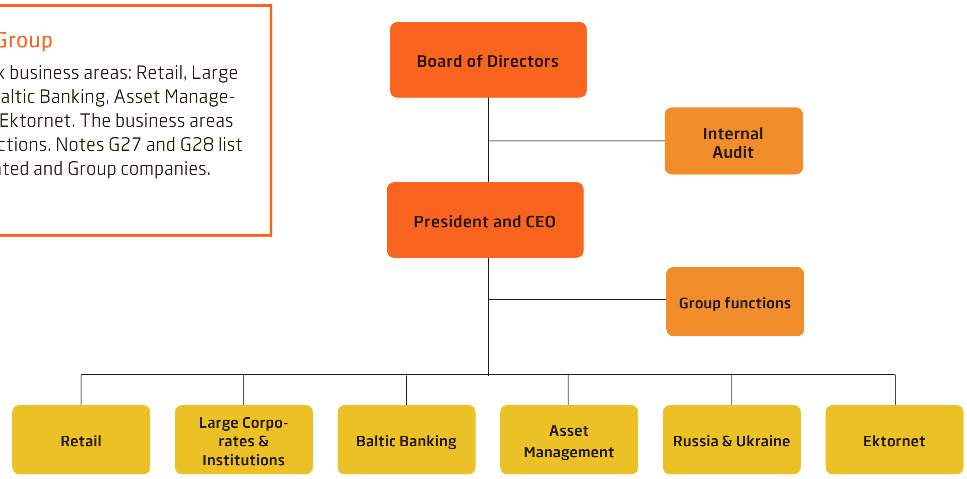
Net commission income increased by 14 per cent excluding the non-recurring expense for refunded fund management fees in Asset Management last year. Asset management commissions increased by 25 per cent due to an equity-related appreciation in assets under management.

Net gains and losses on financial items at fair value decreased by 13 per cent. However, the trading result in Large Corporates & Institutions was very high in 2009 due to very favourable market conditions. Within Group Treasury (Group functions) the market valuation of funding operations positively affected net gains and losses on financial items at fair value as partly mentioned earlier. The impact on earnings of these changes in value will be small over time, although there could be considerable volatility between quarters.

Expenses were unchanged last year excluding both dissolved bonus reserves in Baltic Banking and exchange rate effects. Variable staff costs amounted to SEK 340m (215). Of the variable staff costs, the costs associated with the "Remuneration program 2010" accounted for SEK 255m. The provision is based on an estimated performance amount of SEK 386m, including social insurance expenses, of which SEK 214m in cash and SEK 172m for deferred remuneration in the form of shares. Of the latter amount, 12/50, i.e. SEK 41m, has been charged against profit for the year. The remaining SEK 131m will be accrued through February 2014.

Operational structure Group

Swedbank is organised in six business areas: Retail, Large Corporates & Institutions, Baltic Banking, Asset Management, Russia & Ukraine and Ektornet. The business areas are supported by Group functions. Notes G27 and G28 list the shareholdings in associated and Group companies.



Expenses for problem loans and repossessed collateral in FR&R and Ektornet amounted to SEK 714m (427). Expenses in Baltic Banking excluding FR&R decreased by SEK 605m or 20 per cent in local currency. In Russia & Ukraine, expenses excluding FR&R fell by SEK 318m or 28 per cent in local currency. In one year the number of full-time employees was reduced by 2 049, of whom 1 625 were in Russia & Ukraine, 508 in Baltic Banking and 167 in Retail. At the same time the number of employees rose by 111 in Ektornet, by 92 in Large Corporates & Institutions, by 22 in Group Functions and by 22 in Asset Management.

Expense analysis Group, SEKm	2010	2009
Reversal of bonus reserve		**–198**
FR&R och Ektornet	714	427
Swedish Banking	8 616	8 592
Large Corporates & Institutions	3 151	2 805
Baltic Banking	2 472	3 077
Russia & Ukraine	814	1 132
Asset Management	856	753
Other and eliminations	1 019	827
Current franchise	**16 928**	**17 187**
Total excl. FX effects	**17 642**	**17 416**
FX effects		432
Total expenses	**17 642**	**17 848**

Impairment of intangible assets attributable to Russian Banking operations amounted to SEK 14m during the first quarter and SEK 23m for a subsidiary of the Baltic group during the third quarter. In the previous year impairment losses of SEK 1 300m were attributable to Ukrainian Banking and SEK 5m to Russian investment banking.

Net credit impairments fell to SEK 2 810m (24 641), of which Baltic Banking accounted for SEK 3 363m (14 888). Of the reported credit impairments, SEK 1 405m (21 794) related to net provisions, of which individual provisions for impaired loans amounted to SEK 3 143m (17 042) and portfolio provisions for loans individually deemed not to be impaired were SEK –1 738m (4 752). Net write-offs amounted to SEK 1 405m (2 847). The credit impairment ratio decreased to 0.20 per cent (1.74).

The tax expense amounted to SEK 2 472m, corresponding to an effective tax rate of 25 per cent.

Other events

Swedbank's Annual General Meeting on 26 March elected Lars Idermark, Siv Svensson and Göran Hedman as new members of the Board of Directors. Board members Ulrika Francke, Berith Hägglund-Marcus, Anders Igel, Helle Kruse Nielsen, Pia Rudengren, Anders Sundström and Karl-Henrik Sundström were re-elected. Lars Idermark was elected as the new Chair, succeeding Carl Eric Stålberg, who had been Chair since 2002.

Proposed appropriation of profit

According to Swedbank's dividend policy, the dividend shall amount to around 40 percent of profit for 2010 excluding one-off items. The size of the annual dividend is based on the latest dividend and is determined with reference to expected profit trends, the capital considered necessary to develop operations and the market's required return. The Board of Directors recommends that the Annual General Meeting approve a dividend of SEK 2.10 (0) per ordinary share and 4.80 (0) per preference share. If a dividend is paid, the preference share has the preferential right to a dividend of SEK 4.80. For more information about the preference rights, see page 48.

The following amounts are at the disposal of the Annual General Meeting (SEKm):

Profit for the financial year attributable to shareholders	7 072
Retained earnings	15 038
Total available	22 110

The Board of Directors recommends that shareholders receive cash dividend of (SEKm):

SEK 2.10 per ordinary share	2 000
and SEK 4.80 per preference share	995
To be carried forward	19 115

The proposal is based on all ordinary and preference shares outstanding as of 31 December 2010.

Unrealised changes in the value of assets and liabilities at fair value have had a net effect on equity of SEK –871m.

Outlook for 2011

A continued economic recovery will benefit Swedbank through higher interest rate levels and strong credit quality. In 2011 Swedbank expects Swedish mortgage loans to grow in line with or to slightly exceed nominal GDP growth. Moreover, we expect that corporate lending in Sweden will grow modestly and that lending volumes in Baltic Banking will bottom out during the year. The repricing of corporate loans that do not reach our desired return, together with maturing state guaranteed funding, will give support to net interest income. Expenses excluding staff costs are expected to stay stable.

We expect a gradual improvement in profit before impairments. Credit impairments are expected to remain low with the potential for recoveries in the Baltic countries, Russia and Ukraine.

Ratings

On 23 February 2010, Standard & Poor's Ratings Services affirmed Swedbank AB's and Swedbank Mortgage AB's long-term ratings of A and short-term ratings of A-1. Standard & Poor's changed its outlook from negative to stable.

On 22 June Moody's confirmed Swedbank AB's and Swedbank Mortgage AB's ratings of A2 long-term and P-1 short-term and changed its outlook from negative to stable.

SWEDBANK'S RATINGS

	Swedbank AB		Swedbank Mortgage AB		Covered bonds	
	Rating	Outlook	Rating	Outlook	Rating	Outlook
Standard & Poor's						
Short	A-1	Stable	A-1	Stable		
Long	A	Stable	A	Stable	AAA	Stable
Moody's						
Short	P-1	Stable	P-1	Stable		
Long	A2	Stable	A2	Stable	Aaa	-*
Financial strength (BFSR)	D+	Stable				
Fitch						
Short	F1	Stable				
Long	A	Stable				

BFSR = Bank Financial Strength Rating

* Based on Moody's rating methodology for covered bonds no outlook is assigned.

On 16 August Standard & Poor's affirmed its AAA rating on Swedbank Mortgage's covered bond programme with a stable outlook. At the same time the covered bonds were removed from Standard & Poor's watch list.

On 6 October the ratings agency Fitch restored its monitoring of Swedbank AB at the bank's request. Fitch assigned Swedbank AB a long-term rating of A, a short-term rating of F1 and a stable outlook.

At the bank's request Moody's removed its rating on the bank's subsidiaries in Russia and Ukraine on 12 October.

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

Events after 31 December 2010

Swedbank's Board of Directors decided in early 2011 to introduce a profitability target and a capitalisation target and to amend the bank's dividend policy.

For more information on the new financial targets, see page 7.

In order to effectively manage Swedbank's capitalisation within the bank's risk appetite and capitalisation target, the Board has proposed that the Annual General Meeting authorise the Board to decide to acquire of the Bank's own ordinary and/or preference shares of up to 10 per cent of the total number of shares (including acquisitions of own shares through the securities operations).

Retail

Retail posted a strong result for 2010. Activities to strengthen the bank's advisory services and offerings were in focus during the year.

Priorities 2010

- Strengthened local decision-making authority and increased customer focus
- Sustainable lending
- Segmentation in order to be able to offer service promises

Strengthened local decision-making authority and increased customer focus

In 2010 portions of local retail administration were centralised in order to free up time and resources for more customer-oriented work with greater decision-making authority. The basis for increasing local decision-making authority is the belief that decisions are best made locally, as close to customers as possible. The mandate for branch managers has therefore been increased and clarified. The decentralisation that began in 2009 and was completed in 2010 means that every branch manager reports directly to an immediate regional manager, who in turn is a member of the Swedish management.

Sustainable lending

We have a responsibility to illuminate the risks facing our customers' long-term financial situation. In 2009 we therefore took a clear stand in the Swedish mortgage market by getting involved in the debate on risk-taking by customers when they take on mortgage lending. At the same time we introduced tighter requirements on, among other things, loan-to-value ratios for mortgages by generally capping first mortgages at 75 per cent of the property value and second mortgages at 10 per cent. This led to a lower share of new sales. Since a nationwide mortgage cap was introduced in autumn 2010, forcing all lenders to follow the same rules, our share of new sales has recovered. At the same time, extended mortgage advice has resulted in many positive discussions with customers. The credit quality of our mortgage portfolio is satisfactory. To continue providing adequate mortgage advice and at the same time take macro- economic variables into consideration will be just as important in the years to come, even if it could mean lower market shares.

Segmentation of customer offerings

To give our customers advice on their overall financial situation, we need more time with each customer. Through a clear segmentation with different concepts for different customer groups, all of which include a service promise from the bank, we will be able to better help customers achieve a sustainable financial situation – businesses and individuals. A key customer concept launched in 2010 has been very well received and attracted over 200 000 key customers.

Swedbank has a strong tradition of social responsibility and ethical standards. Together with the savings banks, we launched an initiative called Young Jobs, which has generated over 1 500 trainee positions for young people around the country with Swedbank and the savings banks as well as with our customers.

Other events

During the year the agreements with the independent savings banks were extended. Cooperation with the savings banks is important to our joint distribution and means that together we are present in over 600 locations in Sweden. The agreements take effect on 1 July 2011.

The branch structure was modified during the year by consolidating 42 branches into larger units.

Together with a number of other major banks, Swedbank and the savings banks have formed a company to create a common ATM infrastructure in Sweden.

Catrin Fransson was appointed head of the business area during the year.

In the annual Universum Swedish Student Survey, Swedbank ranked fifth among prospective employers. Among companies in the financial industry, Swedbank was first.

Priorities 2011

The shift from transactions to customer relationships remains a priority. Through segmentation and by offering concepts such as Key Customer, Premium and Private Banking for private customers, as well as Better Business for corporate customers we can deepen our customers' relationships with Swedbank. Special emphasis will be placed on affluent and private banking customers, as well as on small and medium-sized enterprises (SME) and midcorps (companies with sales of at least SEK 100m).

As part of our effort to provide more time for advice and relationship building with customers, we will work actively to reduce cash handling in Sweden. In many cases today there are simple and widely available alternatives to cash. Reduced cash handling is also in line with Swedbank's vision of a sustainable society, since environmental impact is reduced, and security for employees and customers is increased.

Financial overview

Profit for 2010 amounted to SEK 5 301m (5 710).

Net interest income decreased by 10 per cent compared with the previous year. The decline was mainly due to lower interest rates, but also to higher funding costs and a decrease in corporate lending.

The total volume of deposits increased by 9 per cent. Swedbank's share of household deposits was unchanged compared with the beginning of the year at 24 per cent. Swedbank's share of corporate deposits improved. In a market with declining volumes, the bank's share increased to 17 per cent (16).

Swedbank's lending to private customers increased by nearly 5 per cent, while the total market growth was 9 per cent. Growth related exclusively to mortgages. Since the latter part of 2009 there has been a gradual increase in new lending at interest rates fixed for longer than 3 months. Swedbank's market share for residential mortgages was 27 per cent (28) at year-end. The bank's credit policy remains restrictive.

Corporate lending volume decreased by 2 per cent and the market share for corporate lending was 17 per cent (18 per cent).

Net commission income was 17 per cent higher than last year. Higher stock prices and better defined customer offerings, which resulted in strong sales, contributed to the increase. Customers who signed up for Swedbank's new service concepts have utilised the bank's products and services to a larger extent than earlier.

Swedbank Insurance had one of its best years ever in 2010 in terms of profitability and premium income. The company's assets under management amounted to nearly SEK 100bn on 31 December 2010 (80).

Expenses were in line with the same period last year. The number of employees was reduced during the year by 167.

Credit quality remained good in both the private and corporate markets. Credit impairments remained low, decreasing against the previous year. The share of impaired loans was 0.18 per cent and the credit impairment ratio was 0.03 per cent.

Share of Swedbank's profit before impairments 52%

Business volumes

SEKbn	2010	2009
Lending	897	876
Deposits	347	318
Mutual funds and insurance	275	253
Other investment volume	17	22
Risk-weighted assets (Basel 2)	222	244
Total assets	1 006	956

Condensed income statement

SEKm	2010	2009
Net interest income	10 100	11 166
Net commission income	4 292	3 672
Net gains and losses on financial items at fair value	184	150
Other income	1 627	2 209
Total income	**16 203**	**17 197**
Staff costs	3 964	3 972
Other expenses	4 706	4 686
Total expenses	**8 670**	**8 658**
Profit before impairments	**7 533**	**8 539**
Impairment of intangible assets		
Impairment of tangible assets		
Credit impairments	272	833
Operating profit	**7 261**	**7 706**
Tax expense	1 951	1 988
Profit for the year attributable to: Shareholders in Swedbank AB	**5 301**	**5 710**
Non-controlling interests	9	8

Key ratios

	2010	2009
Return on allocated equity, %	24.0	27.8
Cost/income ratio	0.54	0.50
Credit impairment ratio, %	0.03	0.10
Share of impaired loans, %	0.18	0.23
Customer satisfaction*		
Satisfied private customers, %	70	70
Satisfied corporate customers, %	68	65
VOICE index	783	785
Full-time employees	5 571	5 738

* According to SKI.

Retail

Sweden is Swedbank's largest market, with 4.1 million private customers and over 400 000 corporate and organisational customers. Through the 340 branches of Swedbank and 257 branches of the savings banks, we offer our customers a complete range of financial products and services. The retail network is complemented by teller services at a large number of stores. Through the Internet Bank, which generates over 20 million visits a month, as well as the Telephone Bank and Mobile bank, Swedbank is open 24 hours a day. Swedbank Mortgage as well as the subsidiary bank in Luxembourg and representative office in Spain are part of the business area.

For more information on market shares, see page 168.

Large Corporates & Institutions

To strengthen the offering for large customers, the Large Corporates & Institutions business area was formed in 2010. The business area is comprised of a number of teams of specialists in various sectors. The purpose of the reorganisation is to increase expertise and better meet the diverse needs of customers.

Priorities 2010

- Stronger offering for customers with more complex needs
- Increased focus on advice
- Further development of the Nordic/Baltic offering as well as expanded sector competence

Stronger offering for customers with more complex needs

As an element in the bank's efforts to strengthen its offering for large companies and institutions, the Large Corporates & Institutions business area was formed in March 2010. It consists of all the operations that were previously part of Swedbank Markets as well as Large Corporates, Trade Finance and Swedbank's branch offices outside Sweden and the Baltic countries. Large corporates are defined as companies with sales over SEK 2bn per year or companies with more complex needs. This could, for example, mean a company that operates in more than one country or that needs more sophisticated currency, option or structured financing solutions.

Increased focus on advice

Swedbank's new business model shifts the emphasis from individual product areas to value-creating advice. In Large Corporates & Institutions this means strengthening customer relationships through improved sales work with customer teams specialised in various sectors as well as more customised business development and follow-up. To do so we have to clearly define roles and responsibilities and structure operations based on each customer's needs and situation. By increasing the mandate of customer service representatives and at the same time strengthening administrative support in the form of better processes and IT systems, we can now offer customised solutions that are more adaptable to changes in the marketplace.

Further development of our Nordic/Baltic offering and expanded sector competence

The work to further improve service for businesses and institutions by strengthening the Nordic/Baltic product and customer offering continued in 2010. The objective is to significantly increase the number of customer relationships where Swedbank is the principal banking partner. A business presence was established in Finland already in late 2009, when a team of stockbrokers and analysts was recruited. In 2010 the Helsinki office was expanded to include a trading team focused on customer trading in the fixed income and currency markets. This, together with the acquisition of the remainder of the Norwegian investment bank First Securities, which had previously been partly owned, has strengthened the bank's Nordic/Baltic offering. Today we can offer customers advice and expertise covering the entire Nordic and Baltic equity, derivative and capital markets.

A new management has been recruited for the research operations with the aim of further strengthening Swedbank's research product. These operations cover over 170 companies in the Nordic and Baltic markets. In the company Starmine's ranking of recommendation and forecast accuracy in the area of small and mid caps, Swedbank ranked high. In addition, Swedbank was named the winner of AQ Research's survey on the accuracy of recommendations on the 30 most heavily traded companies on NASDAQ OMX Stockholm. During the year First Securities received the six top rankings in the business periodical Kapital's ranking of Norwegian players, including best macro, strategy and credit analysts.

To ensure a thorough understanding of various industries and offer more proactive advice, the customer organisation in Large Corporates has been organised in the following sectors: Real Estate, Industry, Shipping & Offshore, Services, Retail, Telecoms, Energy and Healthcare. The Institutions area comprises three sectors: Financial Institutions, Banks and Organisations. This creates a larger product offering better designed to generate higher advice-based income.

Priorities 2011

The implementation of the advisory-focused business model will continue. Distribution capacity will be expanded and offerings, routines and processes will be further developed with the goal of creating value for customers and their businesses. The ambition is to both deepen and broaden the relationship with companies and institutions in the Nordic/Baltic financial and capital markets, but also to attract international investors who wish to invest in these markets. The acquisition of First Securities has brought the business area cutting-edge competence and experience in the Norwegian market as well as in research, investment banking and marketing in general. The integration of First Securities will continue in 2011.

Financial overview

Profit for 2010 amounted to SEK 2 307m (2 946).

Net interest income decreased by 24 per cent compared with the previous year largely due to a decline in net interest income related to trading and capital market products and lower lending volumes.

Lending decreased by SEK 20bn. Lending to large corporates decreased during the first three quarters as Swedbank focused on risk-adjusted return. Exposures where the desired returns could not be achieved have been eliminated whenever possible. Activities targeting both current and new customers increased during the fourth quarter, and new lending grew compared with the previous quarter.

Net commissions rose by 22 per cent during the year mainly due to an increase in loan syndications and after M&A activity stabilised at a higher level than the previous year, which has raised demand for acquisition financing.

Net gains and losses on financial items at fair value decreased by 44 per cent. Trading and capital market income was earned in 2009 in exceptionally favourable market conditions, with interest rates clearly trending lower and substantially lower credit spreads. This led to a significant increase primarily in net gains and losses on financial items at fair value, though also in net interest income.

Total expenses excluding provisions for profit-based compensation rose by SEK 242m. The increase was mainly due to the higher number of employees and higher IT costs. Provisions for variable staff costs increased by SEK 58m.

Risk-weighted assets attributable to the business area decreased by SEK 7.9bn to SEK 156.3bn on 31 December.

Share of Swedbank's profit before impairments 21%

Business volumes

SEKbn	2010	2009
Lending*	130	150
Deposits*	74	69
Mutual funds and insurance	15	16
Other investment volume	23	28
Risk-weighted assets (Basel 2)	156	164
Total assets	430	438

*Excl. Swedish Nat'l Debt Office & repurchase agreements

Condensed income statement

SEKm	2010	2009
Net interest income	2 817	3 712
Net commission income	1 955	1 609
Net gains and losses on financial items at fair value	1 446	2 583
Other income	88	108
Total income	**6 306**	**8 012**
Staff costs	1 489	1 316
Other expenses	1 713	1 586
Total expenses	**3 202**	**2 902**
Profit before impairments	**3 104**	**5 110**
Impairment of intangible asset		5
Impairment of tangible assets		7
Credit impairments	–1	1 093
Operating profit	**3 105**	**4 005**
Tax expense	768	996
Profit for the year attributable to: Shareholders in Swedbank AB	**2 307**	**2 946**
Non-controlling interests	30	63

Key ratios

	2010	2009
Return on allocated equity, %	13.8	19.7
Cost/income ratio	0.51	0.36
Credit impairment ratio, %	0.00	0.39
Share of impaired loans, gross, %	0.25	0.34
VOICE index	764	782
Full-time employees	1 229	1 137

Large Corporates & Institutions

In Large Corporates & Institutions Swedbank has consolidated its offering for large Nordic and Baltic companies, financial institutions, organisations and banks with sales exceeding SEK 2bn or more complex needs. Formed in 2010, the new business area has fully integrated the former Swedbank Markets. The same applies to First Securities, which has been wholly owned by Swedbank since November 2010.

To guarantee maximum customer focus and high quality services, the business area is organised in 11 sectors. At the same time that the team is building unique industry competence, cutting-edge skills are continuously added through the business area's product specialists in cash management, trade finance, corporate finance, securities services and asset management. The business area has a strong position in equities, fixed income and foreign exchange in terms of brokerage services and research. The bank is also a major provider of financing solutions.

The business area's responsibility also includes serving Retail, Baltic Banking and the savings banks.

Baltic Banking

The Baltic economies have begun to recover after the severe recession. The priorities shifted during the year from crisis management to developing and implementing a sustainable strategy focused on profitability. Strong customer relationships and proximity to customers are the cornerstones of this strategy.

Priorities 2010

- Risk management
- Implementation of the new sales and customer service organisation
- Productivity improvements

In 2010 the focus gradually shifted from crisis management, with emphasis on credit quality and cost savings, to building a long-term sustainable bank with improved profitability. Increasing customer confidence in the bank and strengthening its positions in key segments were the highest priorities.

The European Union's Economic and Financial Affairs Council (ECOFIN) decided during the year to admit Estonia to the EMU on 1 January 2011. Swedbank has been preparing for Estonia's accession since 2009.

Risk management

In 2010 the risk management organisation primarily focused on restructuring loans to borrowers who had payment problems. In cases where restructurings were not deemed successful, the bank has tried to recover as much value as possible by selling collateral.

During the recession Swedbank's Baltic Financial Restructuring and Recovery teams (BFR&R) have been responsible for managing a large number of business loans where the borrowers have had financial problems, especially in the real estate sector. The organisation has tried to find financial solutions that are sustainable for both the customer and the bank. In 2010 a number of loans that had been handled and reconstructed by the BFR&R teams during crisis were transferred back to ordinary banking operations. This process will continue in 2011.

New sales and customer service organisation

The introduction of a more customer-oriented business model continued during the year. Stronger internal processes, common throughout the Group, combined with an increased degree of formalisation and monitoring, allow greater decision-making authority to those who have direct customer contact.

In order to contribute to our customers' sustainable financial development, Swedbank set up the Institute of Private Finances in Estonia, Latvia and Lithuania in 2010. Through educating the public, these institutes enable customers to better understand their financial situation.

Productivity improvements

In 2009 significant capacity adjustments were made due to the slowdown in economic activity. Staff reductions were made and the number of branches was reduced.

In 2010 productivity and quality improvements were prioritised activities – such as standardisation of products, services, processes and job descriptions.

Priorities 2011

Baltic Banking's strategic priorities are designed to enable customer-oriented operations based on long-term holistic relationships. This represents a shift from transactions to relationships, where advice is the key. To reach our desired long-term positioning, we will strive to better understand customers and their needs, so that we can provide them with the right offerings. The competence of our advisors will also be strengthened.

Meeting customers' needs and behaviours through the right type of channel is important in order to offer the right type of service. Consequently, we will reassess the structure of distribution channels, and investments will be made in electronic channels.

Swedbank will continue to work closely with the Estonian, Latvian and Lithuanian governments, central banks and capital markets to promote financial sustainability and increase confidence in the region. Building strong relationships at different levels of society remains a top priority.

Financial overview

Baltic Banking reported a loss of SEK 7m for 2010, compared with a loss of SEK 9 758m in 2009. In local currency the business area reported a profit of EUR 10m. The improved result was mainly due to significantly lower credit impairments.

Net interest income was unchanged from 2009 in local currency. In the fourth quarter fee income was reclassified in line with Group accounting principles. The change increased net interest income by SEK 191m while reducing other income correspondingly. The annual decline in net interest income excluding the reclassification was 5 per cent. Baltic Banking continues to benefit from low local interest rates and a stronger Euribor rate.

Lending volumes decreased by 12 per cent in local currency. Despite the increase in new sales activity during the second half of 2010, the general deleveraging trend in the Baltic countries continued.

Deposits increased by 3 per cent in local currency, with the largest increase in Lithuania.

Net commission income improved by 3 per cent in local currency compared with 2009. Payment commissions increased the most, in line with the economic recovery.

Net gains and losses on financial items at fair value fell in local currency by 47 per cent year-on-year. This was mainly due to the unrealised decline in the fair value of interest-bearing securities.

Expenses declined by 9 per cent in local currency. In 2009 accrued bonus reserves of SEK 198m were reversed. Without the reversal, expenses declined by 14 per cent in local currency. In 2010 the focus was on continuous productivity improvements. As a result of more efficient operations, the decrease in expenses was higher than the decrease in total income during the year. The credit impairment level decreased significantly, fluctuating around zero for all three countries during the second half of 2010.

Share of Swedbank's profit before impairments 24%

Business volumes

SEKbn	2010	2009
Lending*	130	170
Deposits*	93	103
Mutual funds & insurance	20	19
Risk-weighted assets (Basel 2)	136	165
Total assets	172	224

*Excluding Swedish National Debt Office and repos.

Condensed income statement

SEKm	2010	2009
Net interest income	3 771	4 235
Net commission income	1 533	1 655
Net gains and losses on financial items at fair value	341	719
Other income	542	763
Total income	**6 187**	**7 372**
Staff costs	1 032	1 361
Other expenses	1 697	1 973
Total expenses	**2 729**	**3 334**
Profit before impairments	**3 458**	**4 038**
Impairment of intangible assets	23	
Impairment of tangible assets	261	223
Credit impairments	3 363	14 888
Operating profit	**–189**	**–11 073**
Tax expense	–182	–1 315
Profit for the year attributable to: Shareholders in Swedbank AB	**–7**	**–9 758**

Key ratios

	2010	2009
Return on allocated equity, %	–0.0	–31.6
Cost/income ratio	0.44	0.45
Credit impairment ratio, %	2.05	6.67
Share of impaired loans, gross, %	15.54	14.23
Customer satisfaction*		
Private index, Estonia	6.5	5.6
Corporate index, Estonia	6.1	6.0
Private index, Latvia	6.2	5.2
Corporate index, Latvia	5.3	4.9
Private index, Lithuania**	49	50
Corporate index, Lithuania**	59	51
VOICE index	831	796
Full-time employees	5 416	5 924

*Source TRIM index. Scale 1–10, were 10 is highest score. **Scale 1–100.

Baltic Banking

Baltic Banking offers a broad range of products and banking services, including mortgages, business and consumer loans, savings and current accounts, life insurance and leasing in Estonia, Latvia and Lithuania. The Baltic operations have about 5.7 million private and corporate customers and offer services through an extensive retail network comprising 220 branches as well as the Telephone Bank and the Internet Bank.

Swedbank holds leading positions in several key market segments in the Baltic markets, with its largest market share in Estonia.

For more information on market shares, see page 168.

Asset Management

Swedbank Robur is one of the largest asset managers in the Nordic region. In 2010 the business area built on the organisational changes initiated in 2009. The purpose is to simplify internal processes and routines and making them more efficient, while also clarifying the customer offering.

Priorities 2010

- More distinctive product offering and improved management process
- Integration of the Baltic operations
- Continued focus on risk control

More distinctive product offering

Swedbank Robur's goal is to increase the value of its customer offering and thereby strengthen its market position as a leading player both among current customers and in terms of the growth of new assets under management. To achieve this, management expertise and the fund offering will be clairfied.

Swedbank Robur mainly works with three categories of customers: institutional investors, retail customers of Swedbank and the savings banks, and third-party distributors. Every customer group has its own specific needs, and during the year intensive work was done to adapt product offerings, packaging and services for the various groups. The aim is to increase sales and profitability in all distribution channels.

A reassessment of the management process was launched at the start of the year. Asset management today utilises what is called alpha-beta separation. The aim of an active alpha philosophy is to generate a higher return after fees than a given comparative index. The goal of beta management is to generate a return after fees corresponding to a relevant index. Previously the process was divided by market and geographical area.

In order to explain the range of investment options in a way that enables customers to understand what to expect, funds are now being categorised by accessibility, predictability and solid risk-adjusted returns. Accessibility refers to holdings in emerging markets or difficult-to-access markets e.g. due to restrictions. Beta investing offers predictability; while alpha investing is associated with good risk-adjusted returns and higher yield requirements. The categorisation will be completed in 2011, and the asset management organisation is gradually being adapted to reflect the new product categories.

Pending European mutual fund rules will make it possible in the second half of 2011 to offer the same fund in different countries and to combine funds more simply than before. This will make it easier to adapt supply to demand. Swedbank Robur manages over 150 funds, and its goal is to reduce this number by about 30 per cent, which is expected to take a few years.

Integration of Baltic operations

An organisational change implemented in 2009 consolidated all of Swedbank's asset management operations in Swedbank Robur. The focus in 2010 was on integrating management services and various administrative systems in the Swedish operations, where asset management will be handled. Latvia and Lithuania are integrated, while the integration of the Estonian fund management company will take place in 2011, after Estonia joins the EMU. The goal of the reorganisation is to coordinate the customer offering, improve risk control and take advantage of economies of scale.

Continued focus on risk control

We will further strengthen governance and controls. The risk control work that began in 2009 was therefore a focus in 2010 as well. A number of processes have been reviewed to create methods that will improve efficiency and quality as well as reduce operational risk. This has led to changes in the processes, strengtened control functions and automated controls.

Other events

In the autumn Thomas Eriksson was appointed CEO of Swedbank Robur and head of the Asset Management business area.

Swedbank Robur received a number of awards in 2010. "Banco Ideell Miljö" was named socially responsible fund of the year by fondmarknaden.se. In the annual awards for analysts of the year presented by Dagens Industri and Morningstar, Robur finished second in the category small and mid-cap Sweden funds and third in the category Nordic funds.

Priorities 2011

Measures to adapt the management organisation to the new processes will continue in 2011. This includes adapting the product range, packaging and services to various customer categories. One of the priorities is to increase sales outside home markets and the Nordic region. Measures to attract and retain talented employees and develop leadership will continue with a focus on developing the corporate culture.

Financial overview

Profit for the year amounted to SEK 575m (–50).

Measured in gross investments, the Swedish mutual fund market grew by SEK 110bn year-on-year to SEK 709bn. Net contributions to the Swedish fund market amounted to SEK 86bn, a decrease of 22 per cent compared with 2009. The total gross inflow to Swedbank Robur was SEK 96bn, while the net flow was SEK –3.8bn. Retail accounted for a negative net inflow of SEK 4.5bn, including insurance savings and PPM, while third-party sales contributed a net inflow.

In the discretionary management, Swedbank Robur had positive net flows from institutional clients of SEK 12.3bn.

Income increased by 22 per cent excluding refunded management fees of SEK 628m resulting from incorrect charges in the previous year. The increase in income was due to higher assets under management, largely due to increased market values. Positive net flows from institutional and third-party sales also contributed to the increase in income. Income from discretionary management excluding Swedbank Robur's funds amounted to SEK 139m (119).

In 2009 SEK 20m was reserved for possible penalties to the Swedish Financial Supervisory Authority for violating flagging rules. The penalties were in fact less than SEK 1m, due to which the difference, SEK 19m, affected net commissions positively during the year. Five per cent of operating income was attributable to operations in the Baltic countries.

Expenses increased by 13 per cent in 2010 compared with the previous year. This was due to the additional resources allocated to compliance, risk management and control. Aside from expenses for new services, IT investments increased.

Share of Swedbank's profit before impairments 5%

Market data

SEKbn	2010	2009
Net fund contributions, Sweden	–4	20
Market share, net fund contributions, Sweden, %	neg.	15
Mutual funds	484	448
Market share, assets under management, Sweden, %	24	27
Total assets under management, incl. discretionary	736	670

Condensed income statement

SEKm	2010	2009
Net interest income	–17	–23
Net commission income	1 592	655
Net gains and losses on financial items at fair value	9	42
Other income	24	16
Total income	**1 608**	**690**
Staff costs	440	340
Other expenses	416	416
Total expenses	**856**	**756**
Profit before impairments	**752**	**-66**
Impairment of intangible assets		
Impairment of tangible assets		
Credit impairments		
Operating profit	**752**	**-66**
Tax expense	177	–16
Profit for the year attributable to: Shareholders in Swedbank AB	**575**	**-50**

Key ratios

	2010	2009
Return on allocated equity, %	35.4	–3.3
Cost/income ratio	0.53	1.10
VOICE index	n.a.	744
Full-time employees	313	291

Asset Management

Swedbank Robur is a wholly owned subsidiary of Swedbank. Formed in 1967, it is one of the oldest fund management companies in Sweden. Swedbank Robur is represented in Swedbank's home markets and offers over 150 funds, discretionary asset management and pension management. Swedbank Robur is by far Sweden's biggest player in socially responsible investments. At year-end assets under management with some form of ethical criteria amounted to SEK 280 billion, corresponding to more than one third of total assets under management. Swedbank Robur's customers include private customers, companies, institutions, municipalities, county councils, foundations and insurance companies. With some 2.8 million customers in Sweden, Swedbank Robur has a market share of 24 per cent. In the Baltic countries Swedbank Robur had around 1.1 million customers. Total assets under management amounted to SEK 736 billion.

Swedbank Robur has received environmental certification and has adopted environmental and ethical criteria in its ownership policy. In addition, it has signed the UN's Principles for Responsible Investment. Corporate governance is an integral part of Swedbank Robur's investment process, where a strong commitment to ethical and environmental issues is a key element.

Russia & Ukraine

In line with our overall strategy to focus on our home markets, the restructuring of the operations in Russia and Ukraine continued in 2010. As a result, the focus in Russia has shifted primarily to supporting the bank's corporate customers in home markets. In Ukraine, operations have been adapated to lower business volumes.

Priorities 2010

- Change in operating focus in Russia
- Changes in the organisation and costs to adapt to lower business volumes
- Risk management

The economies in Russia and Ukraine showed signs of recovery in 2010. Industrial production increased and unemployment fell in both countries. The recovery is also visible in the banking sector, where lending volumes rose, especially corporate lending. Swedbank has acted very restrictively. New lending has been modest, and the focus has instead been on adapting the organisation in Ukraine and Russia to lower business volumes by adjusting its structure and costs. Further strengthening of the risk organisation and efforts to recover anticipated credit impairments have been the priorities.

Change of operating focus in Russia

A decision was made in early 2010 to change the operating focus of Swedbank Russia to primarily supporting Swedbank's corporate customers from its home markets: Sweden, Estonia, Latvia and Lithuania. Implementation of the change began during the second quarter. Private customer operations will gradually be phased out and lending in the corporate segment will increasingly shift primarily to home-market customers. As a result, lending to private customers decreased by 15 per cent or SEK 257m during the year.

To adapt costs to the new, more focused strategy, the number of employees was reduced by 50 per cent to 284 and the number of branches was cut from 8 to 5. Adjustments will continue in 2011.

Elena Lozovaya was named the new CEO of Swedbank in Russia in 2010.

Adjustment to lower business volumes in Ukraine

The organisational adjustments in Ukraine are now nearly completed. The number of branches has been reduced from over 200 in early 2009 to 92 at year-end 2010. The number of employees has been reduced during the year by 1 326 people to 1 554.

Risk management

During the year, Swedbank's special risk team for restructuring and recovery, FR&R, was established in Ukraine. The team has been restructuring loans, in the process helping the bank to recover previous provisions.

Credit quality in the loan portfolio is expected to further improve as Swedbank places high quality requirements on new lending to small and medium-sized companies.

Priorities 2011

The ongoing change in operating focus in Russia, where the private customer offering is gradually being phased out and the corporate offering is primarily targeting customers in home markets, will continue in 2011.

In Ukraine, the work to optimise the current structure and improve process efficiency and quality is continuing.

The work to restructure loans and recover debts by the FR&R teams remains a top priority for the business area.

Financial overview

Profit for the period amounted to SEK 419m, compared with a loss of SEK 8 423m for the same period the previous year. The improvement was primarily due to the stabilisation of credit quality and cost cutting in both Ukraine and Russia.

Impairment of tangible assets of SEK 254m for property taken over and closed branches was taken in the fourth quarter in line with the strategic repositioning during the year in both markets.

Net interest income for the period was 64 per cent lower than the previous year as a result of loan portfolio amortisation, impaired loans and limited new lending.

To adjust to lower business volumes, expenses were reduced by 28 per cent compared with the same period last year.

Net recoveries of SEK 859m from a number of successful restructurings and decrease in portfolio provisions offset the impairment of tangible assets, primarily assets taken over in Ukraine.

Business volumes

SEKbn	2010	2009
Lending*	15	20
Deposits*	3	7
Risk-weighted assets (Basel 2)	18	23
Total assets	17	24

*Excluding Swedish National Debt Office and repos.

Condensed income statement

SEKm	2010	2009
Net interest income	638	1 766
Net commission income	81	101
Net gains and losses on financial items at fair value	–71	–44
Other income	32	14
Total income	**680**	**1 837**
Staff costs	368	511
Other expenses	503	701
Total expenses	**871**	**1 212**
Profit before impairments	**–191**	**625**
Impairment of intangible assets	14	1 300
Impairment of tangible assets	254	219
Credit impairments	–859	7 782
Operating profit	**400**	**–8 676**
Tax expense	–19	–251
Profit for the year attributable to: Shareholders in Swedbank AB	**419**	**–8 423**
Non-controlling interests		–2

Key ratios

	2010	2009
Return on allocated equity, %	11.0	–230.5
Cost/income ratio	1.28	0.66
Credit impairment ratio, %	–4.35	21.72
Share of impaired loans, gross, %	46.2	37.69
VOICE index	718	694
Full-time employees	1 847	3 472

Share of Swedbank's profit before impairments –1%

Russia & Ukraine

The Russia & Ukraine business area comprises Swedbank's banking operations in Russia and Ukraine and was formed in April 2010 as a result of organisational changes in the Swedbank Group. Before the changes the business area was called International Banking and included the branches in the Nordic region, US and China, which have now been transferred to Large Corporates & Institutions.

Swedbank currently offers products and services for both private and corporate customers in Russia and Ukraine. Because of the decision to change the focus of the Russian business to supporting corporate customers from the bank's home markets, the bank will gradually phase out its private customer offering.

At the end of 2010 Swedbank had five branches in Russia and 92 in Ukraine.

Ektornet

Ektornet is an independent subsidiary of Swedbank tasked to manage the Group's repossessed assets, which are mainly comprised of real estate. The business area also serves an advisory function for other parts of Swedbank on matters involving, for example, reconstructions.

Property repossessions in 2010

Ektornet's operations in 2010 were primarily focused on creating an efficient organisation with functioning processes, mainly for property repossessions. Ektornet is represented in the Nordic region, the Baltic countries, the US and Ukraine, and is preparing an organisation in Russia. Different laws, tax regulations and limitations on repossessions, as well as the fact that these markets are in different stages of recovery, make it difficult to provide an overall valuation of the property portfolio. Each market sector is therefore assessed individually. At year-end Ektornet had taken over properties valued at SEK 2 872m (517); see the market specification on the next page. Properties worth an additional SEK 255m had been acquired but not yet registered, mainly in Latvia. Further, shares in a US apartment project valued at SEK 183m were taken over. In total, repossessed assets amounted to SEK 3 310m. Property repossessions are expected to continue until 2013, at which point the value of the repossessed assets will reach an estimated SEK 5–10bn, of which the Baltic countries are expected to account for about two thirds.

The property holdings in the three Baltic countries mainly consist of smaller units, primarily residential apartments, along with a number of larger project properties. The process for these holdings is to manage them and in some cases finalise the projects.

The Swedish property portfolio currently consists of a large retail property in Västerås and a number of residential apartments in Karlskrona, which are gradually being sold off. In Norway, the holding consists of a hotel and golf resort in Kragerö, southwest of Oslo, which includes condominiums, land, a golf course and hotel. The land and condominiums are being sold, while the hotel is being managed in partnership with Choice Hotels. A reassessment of the business model is under way. The Finnish portfolio consists of five large office buildings, three of which are in Helsinki, one in Tampere and one in Oulu.

In the US, Ektornet has a development property with attractive construction rights in central Los Angeles that is currently leased out for parking, as well as shares in a condominium consortium in Miami. Both units are for sale.

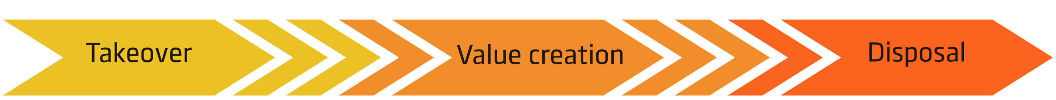
The Ukrainian portfolio consists of a retail/office property.

Operating results

A large part of the property portfolio consists of apartments, project properties and other non-income generating assets. Cash flow and operating income are therefore expected to be negative in the years to come. The result for 2010 was SEK –212m (–20) and is expected to remain negative in 2011 at about SEK 200–300m. The result is largely dependent on sales activities, which are expected to increase. During the year, properties mainly consisting of small and singular assets were sold for SEK 84m with a gain of SEK 17m.

Ektornet reports its properties at cost rather than fair value, and only impairments are recognised. The properties are

Long-term approach to managing repossessed assets



Ektornet takes over the properties, often through foreclosures. This is done on market terms based on an external or in some cases an internal valuation, which takes into consideration the properties' development potential from a five-year perspective.

During the value-creating stage Ektornet uses various methods to recoup as much value as possible, including marketing, leasing, sales and real estate development. At the same time an exit strategy is prepared.

A recovery is made when Ektornet has managed to create value and sell the asset.

The total recovery is maximised at the original loan amount and the bank's costs as well as overhead and investments during the time Ektornet has held the property.

Ektornet manages repossessed assets with a long-term aim of recouping the value that was written down when the bank took over and transferred the assets to Ektornet appraised annually, which means that properties acquired in previous years are revalued. For properties acquired during the current year, the acquisition valuation is used unless important events have affected it. The values are based on the properties' development potential from a five-year perspective. Impairments during the year totalled SEK 85m, which was charged against profit. The valuations also indicated surplus values, which are not recognised against profit.

Development of the property portfolio in 2011

The focus in 2011 will be on developing and managing the portfolio through value-creation measures. The aim is to raise the value of each asset through marketing, leasing and property development. This could also include completing the construction of unfinished properties so that they can be sold at a higher value once the market becomes more liquid. The goal, as far as possible, is to offset the losses that the bank realised when each loan became impaired and to cover investment and development costs to manage the properties. Recoveries will thus be possible over time.

Ektornet

Ektornet acquires, manages and develops the bank's repossessed properties in order to recover as much value as possible over time, while minimising the cost of ownership of the assets. This is done through development and other value-creation measures. A significant share of the holdings is located in the Baltic countries, though also in the Nordic region, US and Ukraine.

Ektornet works closely with the bank's local FR&R teams and contributes real estate expertise to create proactive solutions e.g. early advice in reconstructions. The aim is to avoid situations that lead to a repossession.

Ektornet was officially formed in 2009 and functions as an independent business area within Swedbank. The head office is located in Stockholm. Repossessed properties are managed through local subsidiaries with their own resources and real estate expertise.

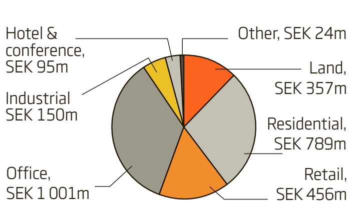
Key ratios

	2010	2009
Book value, SEKm	2 872	517
- Estonia	469	150
- Latvia	851	64
- Lithuania	206	–
- Sweden	270	–
- Norway	116	173
- Finland	765	–
- USA	122	130
- Ukraine	73	–
Surface area, hectares	563	
Project properties (IAS 2), area, sq.m.	257 510	
Management properties (IAS 40), area, sq.m.	339 029	
Number of properties	1 951	198
Vacancy rate (IAS 40), %	50	
Number of employees	150	39

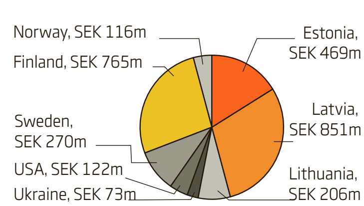
Condensed income statement

SEKm	2010	2009
Net interest income	–21	–1
Net commission income		
Net gains and losses on financial items at fair value	31	2
Other income	108	
Total income	**118**	**1**
Staff costs	74	2
Other expenses	196	25
Total expenses	**270**	**27**
Profit before impairments	**–152**	**–26**
Impairment of intangible assets		
Impairment of tangible assets	85	
Credit impairments		
Operating profit	–237	–26
Tax expense	–25	–6
Profit for the year attributable to: Shareholders of Swedbank AB	**–212**	**–20**

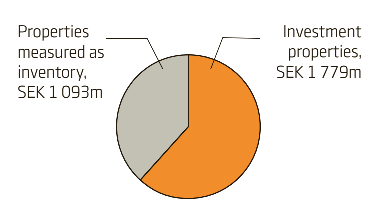
Book value by property category, SEKm



Book value by country, SEKm



Book value by IAS, SEKm



Group functions

Group functions are an independent unit that serves as administrative support for other parts of the bank. During the year Group Business Support, which is responsible for the bank's products and production, was formed.

Priorities 2010

- Establishment of Group Business Support
- Strengthening of Group Treasury

Establishment of Group Business Support

Group functions consist of Group Finance, Risk, Corporate Affairs (communication, strategic marketing and community relations), Human Resources, Legal, Compliance and Group Business Support, fully operational from 1 January 2011.

The purpose of the Group functions is to support and capitalise on economies of scale in the bank's business operations. They also develop Group-level guidelines and processes as well as compile, analyse and provide information to the CEO and Board of Directors. Group functions comprise 2 698 full-time positions.

During the year Swedbank implemented several organisational changes, the most extensive of which was the creation of Group Business Support, which will be responsible for the bank's products and production, IT, internal services and process efficiencies. The purpose of the new Group-level organisation is to serve as a business support, which in turn will raise the quality of services and improve efficiencies in the Group.

In 2010 the Group-level IT organisation and the two product units for cards and payments were integrated in Group Business Support. Other units will be integrated in 2011.

Following the reorganisation, Group IT is one of the largest IT operations in the Nordic and Baltic regions, with around 1 650 employees and revenues of SEK 2.8bn. Swedbank's total IT expenses amounted to SEK 3.4bn in 2010, or 19 per cent of total expenses. Of the IT expenses, 27 per cent related to systems development.

Strengthening of Group Treasury

Group Treasury, which is part of Group Finance, ensures that the Group has sufficient liquidity to contribute to financial stability, setting internal interest rates as a basis for business operations, and, through capital market funding, covering the financing needs of Swedbank and its subsidiaries. Moreover, it manages and finances the Group's strategic shareholdings and interest-bearing holdings while also evaluating the Group's capital needs and preparing proposals for future capitalisation e.g. through share buyback programmes or subordinated loan issues. Group Treasury's organisation and processes were substantially strengthened during the year. As of year-end Group Treasury managed capital market funding of SEK 762bn.

Other

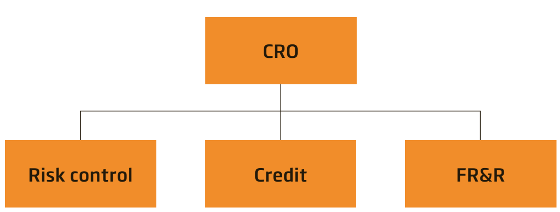
The representaive office in Japan was closed during the year.

Risk management at Swedbank

Preventing and managing risk is central to Swedbank's operations. Risk management begins with our business operations – in meetings with customers, for example – and encompasses every employee. Within Swedbank, a separate risk organisation ensures that risk management is conducted efficiently and in accordance with Group-wide procedures.

Risks arise in all financial operations. Swedbank shall have a low risk level. A strong common risk culture within the bank, with decision-making and responsibility kept close to the customer, serves as the foundation for efficient risk management and, by extension, a strong risk-adjusted return. A clear majority of credit exposures should be in mature markets such as Sweden. Swedbank achieves a favourable risk distribution by means of a broad customer base among private individuals and companies in many different industries.

As a financial partner, it is in the bank's interest that its customers do not take unnecessary risks. This is why meeting with them is so important. Personal meetings provide an opportunity to give the customer advice on their entire financial situation. The customer's solvency is analysed primarily with a focus on cash flow as well as collateral, and forms the basis for all lending. The long-term risk profile that the bank aims for is ensured by means of a favourable risk culture, clear operating guidelines and strong internal control of credit, market and operational risks.

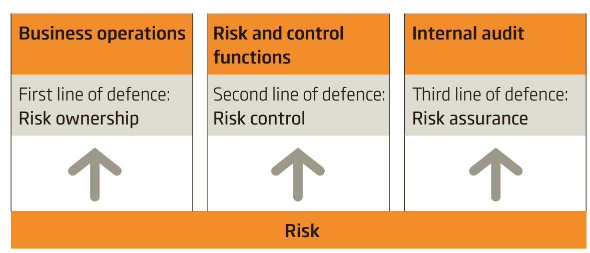


The risk organisation, which is organised under the Chief Risk Officer (CRO), is comprised of three specialised units: the risk control organisation, the credit organisation and Swedbank's special units to handle problem loans (FR&R).

Swedbank's risk management builds on three lines of defence

Successful risk management requires a strong risk culture and common approach throughout the bank. Swedbank's risk management is built on three lines of defence and a sophisticated risk process. The Board of Directors has adopted an Enterprise Risk Management (ERM) policy detailing the risk framework, as well as risk management roles and responsibilities. In addition to this framework, and as protection against unforeseen losses, Swedbank maintains a capital buffer. The ERM policy also includes guidelines on the size of this buffer based on the level of risk currently being taken by the bank.

Three levels of risk management



First line of defence – Risk management by operations

Swedbank's business units and subsidiaries bear full responsibility for the risks their operations create. Our local branches are the closest to customers and therefore know the customer and specific market best. They are also in the best position to assess risk. By delegating responsibility, the organisation can more quickly respond if problems arise. Clear procedures and processes are in place for how credit is approved, reviewed and managed in the event a borrower incurs problems meeting payments. The bank's special units for problem loans work with individual companies considered to be at risk of encountering financial problems, in order to find a solution that both helps the customer and mitigates the bank's risk as early as possible.

Risk management is based on clear targets and strategies, policies and guidelines explaining how the bank operates in various regards, an efficient operating structure and a simple, clear reporting structure. Standardised risk classification tools are in place to support the lending process.

Second line of defence – Credit, Risk Control and Compliance

The second line of defence consists of the Credit, Risk Control and Compliance organisations.

These functions shall uphold principles and frameworks for risk management and facilitate risk assessment. They shall also promote a sound risk culture and in this way strengthen business operations by supporting and training employees of the bank's business areas. These functions have been reinforced in the wake of the financial crisis. Risk Control and Compliance also conduct independent reviews.

The Credit organisation issues internal regulations, such as mandate structures for credit decisions, or minimum requirements for customer cash flow and collateral. There is business expertise in the Group that supports the business organisation and the risk assessment, e.g. for larger credit exposures. For exposures above certain sizes, the decisions are taken in credit committees headed by someone from the Credit organisation. These decisions are taken in credit committees in order to create a duality with the business organisation.

The independent risk function, Group Risk Control, is responsible for identification, quantification, analysis and reporting of all risks. Group Risk Control conducts regular analyses of how external and socio-economic events might impact the Group. This work is done within a matrix organisation, where specialized units for each risk type work with methodology development and consolidation on Group level, and local Risk Control units in each business area identify, analyse and report risks. All risks are assessed based on the likelihood that a particular event will occur and its consequences.

To complement these, stress tests are carried out to assess the effects of more dramatic, but possible, external changes, such as the effects of falling home prices, increased unemployment and low or negative economic growth. These stress tests contribute to the assessment of whether or not measures need to be taken to mitigate the Group's risk.

Each large business unit has a local compliance function that identifies and reports compliance risks and helps management address these risks.

Third line of defence – Internal Audit

The Internal Audit, an independent review board directly subordinate to the Board of Directors, conducts regular reviews of management and risk control, as well as other internal controls. The purpose of the Internal Audit is also to generate value by contributing to lasting improvements in operations.

Risk	Description
Credit risk	The risk that a counterparty, or obligor, fails to meet contractual obligations to Swedbank and the risk that collateral will not cover the claim.
Market risk	The risk that changes in interest rates, exchange rates and equity prices will lead to a decline in the value of Swedbank's net assets, including derivatives.
Liquidity risk	The risk that Swedbank cannot fulfil its payment commitments on any given due date without significantly raising the cost of obtaining means of payment.
Operational risk	The risk of losses resulting from inadequate or failed internal processes or routines, human error, incorrect systems or external events.
Other risks	Includes earnings volatility risk, insurance risk, pension risk, strategic risk, reputational risk and security risk.

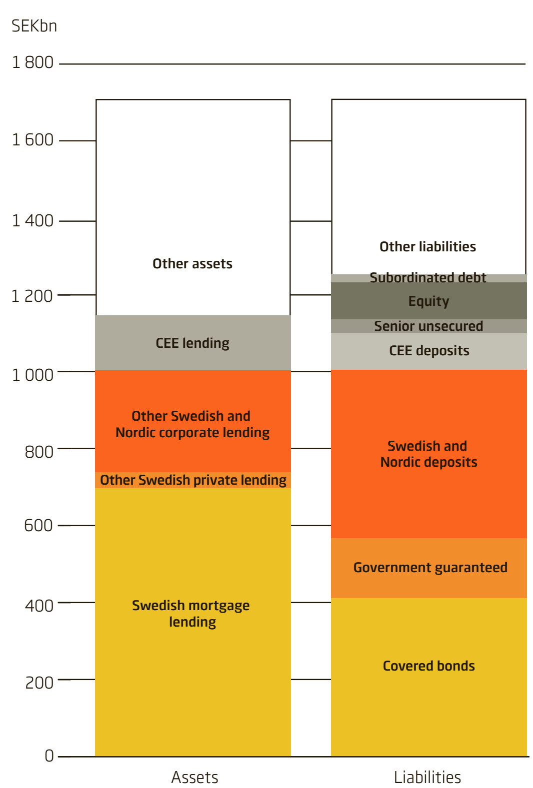
The bank's risk assumption

A number of different types of risk arise within the framework of a bank's operations, including credit risk, operational risk, market risk and liquidity risk. For Swedbank, whose customer base mainly consists of private individuals and small and medium-sized companies, credit risk is the dominant type.

Credit risks are included on the asset side of the balance sheet. Every time the bank lends money, it incurs a risk that the customer will have difficulty fulfilling its commitment to the bank. The bank's profitability and financial position are affected by the risks inherent in its customers' operations. In turn, customers' operations are dependent on macroeconomic and political conditions. Consequently, credit losses fluctuate in accordance with the business cycle.

Swedbank's lending to the public consists largely of residential mortgages in Sweden, with very low risk. They are primarily financed through borrowing from the capital market in the form of covered bonds. Corporate lending is dominated by small and medium-sized companies in Sweden and is largely financed through funds deposited by the public. The level of risk here is somewhat higher, though still relatively low. The risk in the bank's other lending (in the Baltic countries, Russia and Ukraine) is higher, but with differences between countries. Estonia, which joined the euro zone in 2011, has recovered the fastest of the Baltic countries and is considered to have a lower risk profile than Latvia and Lithuania. The risk level in Russia and Ukraine is considered to be higher than in the Baltic countries.

Swedbank – simplified balance sheet



In relation to lending, deposits remain relatively low in certain of these countries, and we are working actively to improve the balance between lending and deposits to achieve sustainable growth in all markets.

The bank works with operational risks on an ongoing basis, improving processes, accessibility and security. Established methods are employed to identify operational risks and follow up on action plans.

Swedbank's market risks arise mainly in connection with the financial products that the bank offers to meet customer needs and to finance operations. Interest rate risk, relatively speaking the greatest market risk, arises as a natural element on both the asset and liability sides of the bank's operations through, for example, customer demands for different fixed interest terms on deposits and loans. The bank centralises all interest rate risk to a limited number of business units for the purpose of managing this risk efficiently, partly by matching of maturities and partly using derivative instruments. Currency risk mainly arises through the bank's international operations.

Access to long-term financing is imperative to adequately manage Swedbank's liquidity risks. Consequently, Swedbank has established well-diversified operations through a number of short- and long-term borrowing programmes in a number of capital markets. Swedbank's covered bonds, which are directly secured through the bank's low-risk Swedish mortgage lending, contributes strongly to the bank's financing. In addition, a liquidity reserve consisting of securities with a high level of creditworthiness can be pledged to central banks or divested on very short notice. The financial crisis underscored the importance of liquidity management and financing strategy and that the public view of the level of risk in the credit portfolio has a major influence over a bank's opportunities to finance itself.

Development 2010

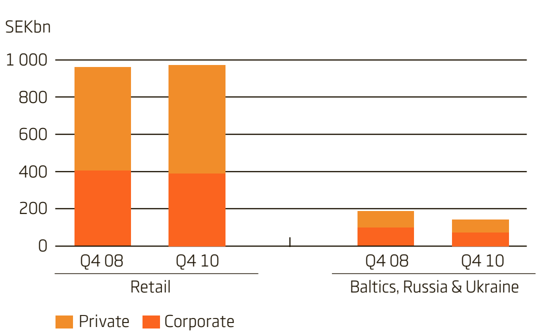
The overall risk level in Swedbank was further reduced in 2010. Since the end of 2008 the exposure to Eastern Europe has declined by more than SEK 100bn. At the same time corporate lending to other countries (mainly Sweden) has been reduced by about SEK 60bn, while Swedish residential mortgage lending has increased by about SEK 65bn. As a result, the credit risk has been reduced significantly. Moreover, the bank's funding and liquidity situation has improved, its need for unsecured funding has declined by about SEK 150bn. The average duration of its capital market funding has been extended. Measures to clarify Swedbank's risk appetite toward the Board of Directors and the CEO were a priority during the year. Within the credit organisation, processes have been developed to determine levels of risk that will improve control of the loan portfolio. In addition, methods to connect the bank's assets and liabilities from a risk standpoint have been refined.

Credit risk

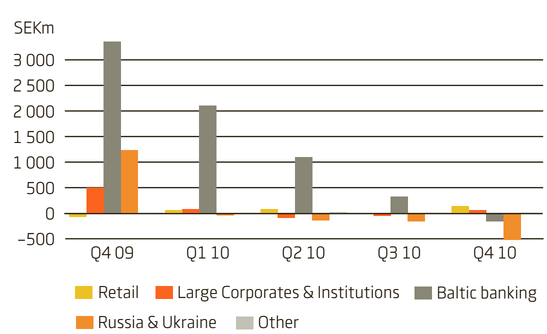
Measures introduced in 2009 to reduce risks in the Group continued in 2010. This was primarily done by reducing the Group's lending outside Sweden, i.e. in the Baltic countries, Ukraine and Russia. Risk reduction continued more selectively in 2010 as the bank's credit quality stabilised. Corporate lending in Sweden decreased in 2010, but the slowdown gradually eased during the year. At the same time lending continued to increase in segments with historically lower risk, especially residential mortgage lending in Sweden.

As the situation has stabilised and improved, Swedbank has become more willing to selectively increase its corporate lending, primarily in the Nordic region as well as in certain areas in the Baltic countries. Demand in the Baltic countries

Lending to the public



Credit impairments



remains limited, however, while the Swedish market is showing signs of higher activity.

Swedbank's mortgage loans in Sweden are the part of the credit portfolio that generated the strongest growth in 2010. Swedish mortgage regulations were tightened during the year when the Swedish Financial Supervisory Authority introduced a mortgage cap of 85 per cent of a property's value. Although its credit policy was already restrictive, Swedbank further tightened its mortgage requirements in December 2010 in addition to the SFSA's new rules. For example, the interest expenses households must be able to afford in relation to current interest rates and the amortisation requirements on second mortgages were both raised. More than half of Swedbank Mortgages' customers amortise their first mortgages. The repayment rating score of customers who were granted mortgages in 2009 and 2010 is higher on average than between 2004 and 2008.

Swedbank measures the customers' repayment ability with an internal rating. In Sweden, the internal rating improved among corporate customers during the latter part of the year. In the Baltic countries, the internal rating declined in early 2010, but stabilised during the second half of the year.

A number of stress tests conducted during the year showed that the bank as a whole and its credit portfolio are highly resilient to a major slowdown in economic conditions. In its Internal Capital Adequacy Assessment Process (ICAAP) for 2010, Swedbank exceeded the minimum required core Tier 1 capital ratio by a significant margin. The Committee of European Banking Supervisors' (CEBS) stress tests of European banks came up with similar results for Swedbank as well as for other major Swedish banks. In addition to these stress tests, Swedbank conducted a number of internal tests. In terms of real estate, the bank tested its Swedish mortgage portfolio and portfolio for commercial properties, which resulted in low credit impairments.

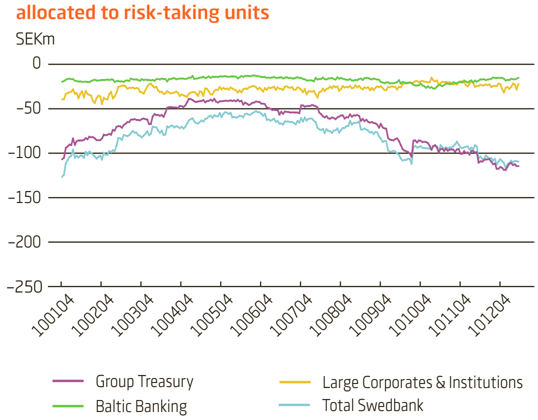
Impaired loans decreased in 2010 in all three Baltic countries as well as in Russia and Ukraine. The trend was most evident during the second half-year as impaired loans declined due to amortisations by customers, restructurings and write-offs. The lower intake of new impaired loans, along with the fact that the bank has now worked its way through the entire credit portfolio, especially its high-risk commitments, affected FR&R's work, which is being adapted to the improved credit quality.

Credit impairments decreased significantly in the Baltic countries in 2010, with a gradual improvement during the year. In Russia and Ukraine, net recoveries were made throughout 2010, which contributed positively to results in these countries. This was due to improved macroeconomic conditions as well as active efforts to deal with problem loans. Impaired loans as well as credit impairments in the Swedish operations remained very low.

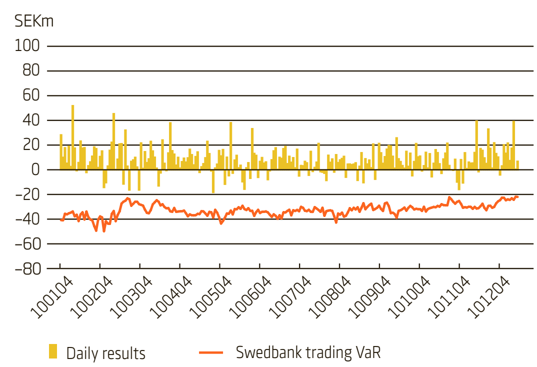
The bank is improving its management of the credit portfolio. A unit for this purpose was established during the year, and processes have been developed to set risk-taking levels in relation to the bank's risk appetite. This is being done through restrictions to reduce the exposure to various types of risk as well as by implementing processes to mitigate excessive risk-taking. Another measure to improve credit quality has been the continued focus on risk-adjusted return on capital (RAROC).

In 2010 efforts to harmonise Group-wide rules and work processes within the bank continued. To improve and adapt the credit approval process to the new business structure, a new credit committee structure was created during the year. In this new structure, duality is ensured between units engaged in restructuring work (FR&R) and the credit organisation in connection with FR&R cases.

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



Swedbank trading, daily result and VaR



Market risk

Swedbank's market risks are considered low. Its dominant market risks are of a structural or strategic nature and relate primarily to interest rate risk in Swedbank's lending operations and to currency risk tied to Swedbank's holdings in the Baltic countries, Russia and Ukraine. Devaluation risk decreased during the year in pace with the recovery in the Baltic countries. When the Estonian currency (EEK) was converted to EUR in January 2011, the bank's open currency position decreased, which also meant a lower capital requirement for market risks. Swedbank's trading operations generated a good result owing to successful risk assumption and solid earnings in customer-related trading.

Liquidity risk

The creditworthiness problems faced by a number of European governments in 2010 created concern in the international financial markets. In contrast, Sweden's position in credit markets improved thanks to the government's robust, well-balanced finances. Together with other Nordic market participants, Swedbank has withstood the turbulence and benefitted from operating primarily in the Nordic markets. The improved quality of its assets, the reduction in risk-weighted assets and a strong capital base significantly reduced the bank's risk level during the year. Swedbank strengthened its liquidity by continuing to expand its liquidity reserve and extending the average maturity of all capital market funding. Swedbank decided to leave the state guarantee program in April 2010, but has not issued any funding through the programme since the summer of 2009. In late 2010 the rating agency Moody's placed Swedbank AB and Swedbank Mortgage AB on review for a possible upgrade.

Swedbank issued a total of SEK 265bn in long-term debt instruments in 2010. The bank has remained active in several capital markets in order to diversify its funding. The large part of the issues was covered bonds. In total, 10 public issues were offered on international markets, including four covered bond issues in the euro market, five covered bond issues in the Swiss market and one senior unsecured bond issue in the euro market. Issues were also offered on a continuous basis in the Swedish market. In addition to the public issues, private placements in various currencies and maturities were arranged.

Total maturities in 2010 had a nominal value of SEK 137bn. Over the course of the year the bank continued to refinance maturing covered bonds in advance in the Swedish market.

The average maturity of all capital market funding, including short-term funding and interbank deposits, was extended from about 22 months as of 31 December 2009 to 27 months as of 31 December 2010. The average maturity of the covered bonds was 38 months.

In 2011 a total of SEK 180bn in nominal long-term funding expires, of which SEK 80bn relates to funding arranged through the state guarantee programme. Maturities in the Swedish covered the bond market amount to SEK 71bn. In addition, a nominal SEK 7bn subordinated funding is maturing or will be redeemed in advance.

At year-end Swedbank had a liquidity reserve of about SEK 369bn, of which SEK 109bn consisted of AAA-rated liquid instruments and deposits in central banks. About SEK 200bn of the reserve was the unutilised portion of the collateral pool for covered bond issues. In addition to its liquidity reserve, the bank maintains significant liquidity in the interbank market. All securities in the reserve can be pledged to central banks.

When evaluating its liquidity situation, the bank analyses not only the liquidity reserve but also a survival period in a stress scenario. The survival period is defined as a period of time with positive cumulative cash flows and takes into account the Group's total contractual cash flows. As of 31 December 2010 the bank had a sufficient liquidity buffer to meet its cash flows for more than 24 months. In calculating the survival period, it is assumed that the bank does not have access to the capital markets, i.e. no long- or short-term debt can be issued or refinanced. The calculations also include cash flows from the Group's holdings of securities that are liquid on capital markets and eligible for refinancing with central banks.

Operational risk

The aggregated risk level in the Group remained higher than normal during 2010. The main reasons were extensive organisational changes, risks in the Swedish IT operations and external risks, primarily in Eastern Europe. Extensive measures to reduce the risk level have been successful. In 2011, the risk level is expected to normalise.

Two major incidents occurred during the year. In May Swedbank discovered a case of large-scale fraud in Estonia. The loss amounts to SEK 68m. In November an extensive computer disruption occurred which mainly affected Swedbank's Swedish systems (including branch systems, ATMs, card systems and the Internet bank). When the disruption occurred, the bank's crisis groups and backup routines were activated. Customers were indemnified. Swedbank has since made a thorough review, and improvement needs have been identified.

A number of external events during the year had a limited impact on the bank, including the ash cloud from the volcano in Iceland, increased terrorist threats against, e.g. Sweden and temporary changes in travel recommendations from the Swedish Ministry for Foreign Affairs. All these events were handled within the bank's ordinary routines.

Swedbank is working proactively with security work and continuity planning to raise the level of protection and its ability to handle extraordinary events. Swedbank's crisis groups conducted crisis management exercises in 2010.

Capital planning

Major macroeconomic changes have an impact on all banks. It is not possible to fully guard against such changes by means of a sound risk culture and good risk management. The financial crisis has dramatically changed how supervisory authorities, ratings agencies and debt investors view banks' capitalisation, e.g.:

- Focus on core Tier 1 capital when assessing the banks' capability to survive.
- Non-core capital (Tier 1 and Tier 2 subordinated debt) will be more strictly regulated.
- Capital regulation will be more dynamic and introduce various types of capital buffers that will be permitted to fluctuate over time.
- Increased focus on stress tests of the balance sheet as a tool to assess capital needs (similar to the internal capital assessment according to Pillar 2).

To ensure that the bank functions well even under such conditions, Swedbank maintains an extra capital buffer in addition to that required by law. Capital planning and efforts to sustain satisfactory capitalisation are decisive in being able to maintain the market's confidence in the bank and consequently in retaining access to financing in the capital market. Swedbank conducts stress tests to identify the potential effects of possible, though unlikely, negative scenarios and to assess whether the capital buffer is satisfactory at any given point in time. The bank also initiates measures to manage or mitigate the negative effects.

To maintain sustainable financial stability in the balance sheet Swedbank's capital targets and capital planning is focusing on core Tier 1 capital (equity less certain deductions), while subordinated loans can be viewed more as protection for debt investors (and taxpayers) in the event of liquidation. The level of non-core capital will therefore be a function of the equity buffer that the bank feels it needs to ensure financial stability even in an adverse scenario.

In the beginning of 2011, Swedbank's board decided that tha Group's long-term risk profile shall be managed so that the core Tier 1 ratio impact from a severely stressed scenario, defined in the annual Internal Capital Adequacy Assessment Process (ICAAP), shall be no more than three percentage points.

Based on the Group's risk appetite, the Board of Directors also, in their financial targets, decided on a long-term target for the core Tier 1 ratio of 10 per cent, which is deemed sufficient to withstand a severely stressed scenario (ICAAP), while also securing the bank's access to wholesale funding.

Due to current uncertainties in the economic and regulatory environments, the bank will maintain a core Tier 1 ratio above 13 per cent until 2013.

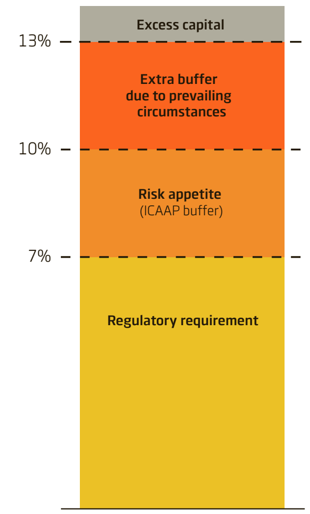
Capital and capital adequacy

In Swedbank's financial companies group, core Tier 1 capital increased by SEK 3.0bn to SEK 75.5bn during the year. Following the redemption of hybrid loans during the first quarter, hybrid capital decreased by SEK 2.3bn to SEK 6.9bn, and accounted for 8 per cent of Tier 1 capital at year-end 2010. Tier 2 capital decreased by SEK 5.9bn to SEK 20.2bn due to redemptions and repurchases of undated and fixed-term subordinated loans. The decrease in subordinated liabilities, i.e. hybrid capital and Tier 2 capital, is an element in the active efforts to manage Swedbank's 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.

The core Tier 1 capital ratio according to Basel 2 increased to 13.9 per cent as of 31 December (12.0 per cent on 31 December 2009) and the Tier 1 capital ratio improved to 15,2 per cent (13.5). The capital adequacy ratio was 18.4 per cent (17.5). According to the transition rules, the core Tier 1 capital ratio was 10.1 per cent (9.2), the Tier 1 capital ratio was 11,0 per cent (10.4) and the capital adequacy ratio was 13.3 per cent (13.5).

Risk-weighted assets decreased by SEK 62bn or 10 per cent from the beginning of the year to SEK 541bn. This was mainly due to a decrease in risk-weighted assets for credit risks of 12 per cent, or SEK 63bn, of which SEK 25bn relates to corporate exposures in the Swedish operations and SEK 22bn to corporate exposures in the Baltic operations. Lower exposure volumes, migration between risk classes and new defaults contributed to the decrease. Of the total change in risk-weighted volumes, SEK -25.6bn is due to exchange rate effects.

Capital management – core Tier 1



Regulatory development

Two main developments affect Swedish financial institutions and financial markets. The first is Basel 3, a set of regulations developed by the Basel Committee and the Financial Stability Board to avoid a new banking crisis. A stronger capital base with more capital of higher quality than currently required and explicit requirements on the bank's liquidity reserves and funding profile are the major building blocks of the framework, which will be phased in over six years starting in 2013.

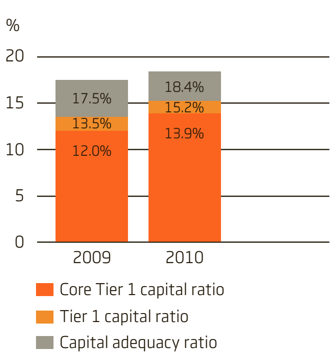
The second area is the development of a single financial market within the EU. This encompasses harmonised banking, insurance and financial regulations and the development of new EU institutions for comprehensive oversight of the financial system and coordinated supervision. The integration has accelerated in recent years, as a consequence of which the implementation of Basel 3 is primarily being driven by the EU institutions.

New Basel rules on capital and the effects on Swedbank

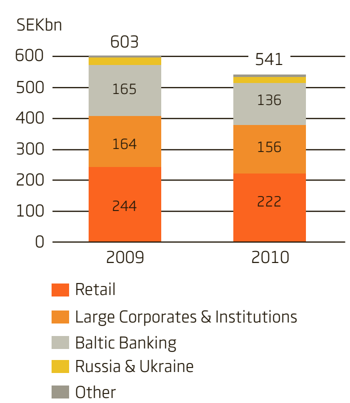
The final proposal for Basel 3 was announced in December. Due to increased capital requirements for trading books and counterparty risks, Swedbank's RWAs are expected to increase by nearly 3 per cent under Basel 3 compared with Basel 2. Changes in the core Tier 1 capital calculation, primarily related to non-controlling interests, investments in the common shares of unconsolidated financial institutions and deferred tax assets are expected to reduce the Group's core Tier 1 capital by less than 1 per cent.

The estimated negative impact on Swedbank's core Tier 1 should not exceed 0.5 percentage points. Swedbank does not regard the proposed leverage ratio as a de facto restriction on its capital planning.

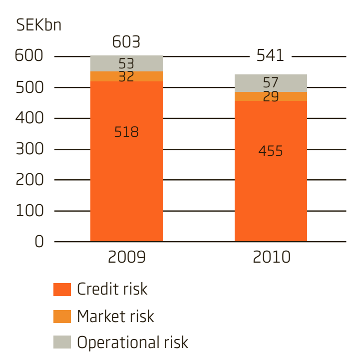
Capital base (Basel 2)



Risk-weighted assets (Basel 2)



Risk-weighted assets by type of risk (Basel 2)



Swedbank's sustainability work

Swedbank's purpose is to promote a sound and sustainable financial situation for the many households and businesses. The inclusion of sustainability in the bank's purpose is just as much a reflection of its history as a declaration for the future. With roots in the Swedish savings bank movement and agricultural credit societies, Swedbank has a strong tradition of corporate social responsibility and ethical standards.

Swedbank's sustainability work is manifested in, among other things, its lending to private customers. As a bank for the many households and companies, we have a responsibility to clarify any risks that could affect our customers' long-term finances. In spring 2009 we therefore introduced stricter requirements on loan-to-value ratios for mortgages and took part in the debate on risk-taking by customers who borrow to buy their homes. As a result of this debate, we have seen a shift in customer behaviour towards longer fixed rate periods and a greater willingness to amortise.

Institute of Private Finances in Estonia, Latvia and Lithuania

For several decades the Personal Finance Institute in Sweden has analysed personal finance issues and in various ways provided information to the public in this area. In 2010 similar institutes were established in Estonia, Latvia and Lithuania. The operations have the same purpose in all four of the bank's home markets: to analyse factors that affect private finances from an individual and household perspective and educate people. The institute's vision is to help people improve their private finances by better understanding their needs and opportunities at different stages of life.

Young Jobs and regional development

Unemployment among young people has risen in the wake of the financial crisis at the same time that the gap between young people entering the job market and older workers facing retirement is expected to grow in the 2010s. During the year Swedbank and the savings banks therefore launched an initiative called Young Jobs to utilise their extensive network of contacts to offer trainee positions to young people between the ages of 18 and 24. Through the initiative, Swedbank encourages all its branch managers to identify trainee opportunities at their own branches as well as with the bank's business customers. Since the start, the initiative has resulted in 1 500 trainee positions with outside companies and 150 within Swedbank.

Swedbank's strong local presence and tradition of social responsibility often give it a central position in local business development. One example of how the bank supports local businesses is Arena for Growth, an alliance with Sweden's municipalities and county councils as well as ICA supermarkets. Arena for Growth promotes local and regional growth through knowledge transfers and by offering process support. All projects are demand driven and are owned by the principals. Since its start ten years ago, Arena for Growth has conducted activities of various sizes in around 150 of Sweden's 290 municipalities.

Responsible asset management

Swedbank Robur is a Nordic leader in socially responsible investing. Thanks to the attention it gave to research and asset management early on, the company today is able to offer a wide range of products that emphasise responsible business and environmental technology. Swedbank Robur's socially responsible funds offer investments in companies that have clearly demonstrated that they can manage social, ethical and environmental risks.

"More than a quarter million sustainability analyses are conducted annually among Swedbank's corporate customers."

Swedbank Robur has signed the UN's global Principles for Responsible Investments (PRI). This requires it to contribute to greater transparency on environmental and social issues as well as in terms of corporate governance in the companies in which it invests. Swedbank Robur's stance on responsible business is also expressed in its ownership policy.

Swedbank Robur decided in August 2010 that its socially responsible funds will not invest in companies that extract oil from tar sands, since it does not consider the current technology a sustainable alternative.

Swedbank and climate change

The financial sector plays a decisive role in mitigating climate change and designing solutions for sustainable development. The financial industry evaluates and prices risks and is an important channel for investment. Swedbank has been working actively for many years to take responsibility for the environment, which also is part of the bank's business.

Swedbank's private customers in Sweden are offered loans on beneficial terms for investments in energy savings. Corporate customers are offered loans for eco-friendly cars. During 2009 and 2010 private customers in Estonia were offered loans on beneficial terms to buy energy efficient homes. For Swedbank's corporate customers, all loans over SEK 1m must first undergo a systematic sustainability analysis. More than 250 000 analyses are conducted annually. The bank's Swedish operations present an annual sustainability award. In 2010 Inrego which recycles and resells personal computers received the award.

Through its WWF affinity card, Swedbank donates SEK 0.50 to the WWF every time a customer pays with the card, while the cardholder contributes SEK 25 of the annual fee. In total SEK 7.1m was donated to the WWF.

Since 2003, Swedbank has been the first and thus far the only listed bank in the Nordic region to receive ISO 14001 environmental certification. The bank has issued environmental or corporate responsibility reports since 1995. During the years 2000–2003 and 2009–2010 Swedbank utilised the internationally recognised Global Reporting Initiative (GRI) reporting framework. In 2009 an environmental audit of Swedbank's Baltic and international operations was begun using the Group's standard routines. The audit willl continue until 2013. The environmental goals below therefore relate strictly to the Swedish operations. For more information see, www.swedbank.com/csr.

Environmental impact through internal activities, Sweden

	2010	2009	2008	2007
Number of employees in environmental-certified entities	8 203	9 025	9 408	9 551
Purchases of paper, envelopes and forms (tons)	557	912	1 157	1 146
Purchases of paper, envelopes and forms (tons CO_2e)**	279	456	578	573
Green electricity (GWh)	66,8	69,3	71,1	73,6
Electricity consumption as well as cooling and heating, tons CO_2e**	11 761	12 201	12 484	12 975
Travel by air (tons CO_2e)**	8 195	8 257	7 175	6 219
Travel by car (tons CO_2e)**	1 745	1 923	1 886	1 897
Travel by rental car (ton CO_2e)	259	301	324	341
Travel by taxi (ton CO_2e)	229	239	232	245
Travel by train (tons CO_2e)	2	2	2	3
Security transports (tons CO_2e)**	635	560	406	566
Totalt CO_2e	**23 105**	**23 939**	**23 087**	**22 819**

* In addition to electricity consumption charges, this includes an estimation of consumption when Swedbank does not have a contract with the energy provider. Around two thirds of the contracts Swedbank has signed use only renewable sources.

** Since 2010 the lifecycle emissions of all greenhouse gases are taken into account. Earlier figures have been revised.

*** CO_2e, or carbon dioxide equivalents, measure greenhouse gases expressed as the equivalent amount of carbon dioxide. This is a standard measure that makes it possible to compare the climate impact of various greenhouse gases.

In Sweden, Swedbank has purchased carbon offsets for its business travel in 2009 through the Gold Standard and CDM certified wind power project Yangjiayao in China. In the table, gross emissions are presented without regard to the carbon offsets.

Environmental impact through products and services, Sweden

Product	Product description	2010	2009	2008
Environmental analysis in connection with loan evaluations	The bank conducts environmental analyses of every loan over SEK 1m	277 150 corporate customers	276 653 corporate customers	287 400 corporate customers
Environmental and socially responsible funds	Evaluations of social, ethical and environmental aspects affect the choice of investments	SEK 280bn***	SEK 248bn*	SEK 50bn
Energy loans	Energy loans offer beneficial terms for investments in energy-saving heating systems, e.g. geothermal or solar	1 075 loan volume SEK 80m	916 loan volume SEK 69m	818 loans volume SEK 60.7m
WWF affinity card	Part of the annual fee and a contribution from the bank go to WWF	SEK 7.1m	SEK 6.6m	SEK 5.8m

* Total number of corporate customers in Swedish operations.

** Volume increase mainly due to good returns, the acquisition of Banco Fonder AB and discretionary asset management assignments.

*** Assets under management in funds with extensive corporate responsibility and sustainability requirements slightly exceeded SEK 26bn.

Our employees

Ensuring that Swedbank has the right competencies is one of the most important issues going forward. The challenge is also to reposition the focus of the organisation from products to advisory services for customers. In this process, the ability to maintain commitment, focus and motivation in our employees is based on their understanding of the bank's purpose and strategies.

Work in 2010 and future challenges

Swedbank implemented a new business model in 2010 with a clearer focus on advisory services. The purpose of the model is to place decision-making authority as close to each transaction and customer as possible. It is based on decentralisation with clearer job descriptions and delegation of authority and responsibility. This management model contains clear goals and strategies and places new demands on leadership and competence among employees. The change in management structure that began in 2009 to place decision-making authority closer to customers has now been implemented through much of the bank. Substantial work to formulate new job descriptions and clarify responsibilities for employees on other levels has also begun. The goal is an organisation that quickly and effectively responds to changes in customer needs and market conditions.

An important aspect in developing the new business model has been the strategic work on Swedbank's values initiated in 2009. Three words – simple, open and caring – are the core of the new values and come from our employees, who have shared their opinions and ideas through surveys, which then served as the basis of a new platform comprising the bank's vision, purpose and values. The Board of Directors approved the new values last summer, and implementation began in the fall with the help of ambassadors throughout the organisation.

As a bank where customer relationships and advice hold centre stage, it is important that our employees are attentive to customers' needs and wishes, and not focus solely on the bank's products. The goal is even more involved and committed employees, who take a holistic approach to the customer's situation. Employees have to understand how this role is tied to the bank's purpose and future challenges and how they personally add value in working to achieve its overarching goals. To ensure consistency and help employees in their daily work, a code of conduct has been established that contains guidelines on how we expect our employees to act with customers and with each other. Training in the code of conduct will be offered online and in dialogue between employees and their managers in 2011.

As an element in the strategic work and the shift to a more decentralised business model, we analysed current competencies in the organisation during the year and identified skills and recruitment needs going forward. Previous management development programmes have been evaluated, and a new programme more focused on values and communicative leadership will be implemented for all managers in the bank in 2011.

Swedbank's home markets – Sweden and the Baltic countries – are in different stages of the economic cycle, which poses different HR challenges. In Sweden, one of the big challenges in the years ahead will be to replace the large generation of those born in the 1940s who are coming into retirement . This has increased competition for manpower in the market. In the Baltic countries, the competition is already significant despite widespread unemployment. In the wake of the recent recession, many well-educated, working age people have left the Baltic countries for better opportunities outside the region. At the same time the regional banking and financial sector is growing, unlike the more mature Swedish market. This adds to the difficulties in finding people with the right education.

Successful recruiting and an effective recruiting process are vital to Swedbank's continued success. It is important that we identify the competencies essential to the bank's development in our various markets and adapt our messages accordingly. To increase our attractiveness as an employer and reach out to future employees, we utilise various social media. During the year a function was established within the leadership development unit that will work actively to seek out key competencies within and outside Swedbank, in Sweden, Estonia, Latvia and Lithuania.

Swedbank as a workplace

Successful HR work means more than just attracting the right talents but also retaining your best people. Swedbank is convinced that employees with ability, desire and conviction produce lasting results and a positive atmosphere where people flourish. We are creating a stimulating work environment where initiative, openness and taking responsibility are encouraged. At a time when financial products are becoming more generic, we will attract our customers with competence, consideration and sustainable advice.

Opportunities for employees and their managers to perform well and develop on the job are created through continuous monitoring and goal-oriented employee reviews. Every employee should feel that they have the potential to realise their goals within the bank. Swedbank offers a large internal job market with good development opportunities. In 2010 job rotation among managers and specialists increased and more of the bank's employees gained international skills by working across borders. This benefits the bank as well as the individual employees.

To inspire young employees of Swedbank to discuss career issues and develop as individuals, they have access to a network called Young Professionals, where they can make new contacts, build a network and learn more about the bank.

For the fifth consecutive year the employee survey Voice was conducted throughout the Group (excluding Swedbank Robur in 2010). The rating of 786 (776) was the best since Swedbank began conducting the survey. The average in Europe's financial sector was 700. The survey showed that confidence in management has increased and that employees feel more motivated. The response rate among all 17 000 employees was 88 per cent, slightly better than the previous year.

Swedbank considers diversity and gender equality to be success factors and a natural part of its operations. We strive to maintain an even distribution between women and men with different experience and backgrounds. One example is the Swedish Telephone Bank, where around 30 languages are spoken. Cultivating differences among employees creates an environment where everyone has an opportunity to maximise their full potential. This is a competitive advantage that supports Swedbank's goal to be a force for good in society. In 2010 Swedbank ranked highest among Swedish banks in the insurance company Folksam's annual gender equality Index. The award confirms that the bank has a diverse staff in terms of gender, age and education as well as adequate job rotation among various positions in both the Group Executive Committee and the Board of Directors. Swedbank has also received the Anna Collert gender equality award, which is presented to a company in the financial services industry for outstanding work in supporting gender equality.

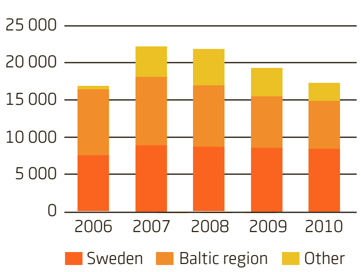
Swedbank actively participates in various networks for young people and students. This creates important contacts while also giving us the opportunity to support young people in their development and career choices. In partnership with the Savings Banks, Swedbank launched an initiative called Young Jobs in 2009. see page 42. In the Baltic countries we support a programme for young entrepreneurs that was among the first to distribute economic textbooks in the region. In Estonia and Latvia the bank also supports students who want to teach in areas with deprived children as part of the project Teach First. In Universum's annual Corporate Barometer survey, Swedbank ranked fifth among the top choices of Swedish students, best in the industry for the year.

Group	2010	2009
Average number of employees	19 542	22 350
Number of employees at year-end	20 639	21 770
Number of full-time positions	17 224	19 277
Absenteeism, % *	2.8	3.1
Long-term healthy employees, % *	77.1	74.8
Employee turnover Swedish Banking, %	7.9	6.7
Employee turnover Large Corporates & Institutions, %	9.5	8.2
Employee turnover Baltic Banking, %	11.1	16.0
Employee turnover Russia & Ukraine, %	44.2	26.0
Employee turnover Asset Management, %	5.0	3.4
Employee turnover Shared Services, %	6.7	4.5
Total employee turnover, %	15.7	13.9

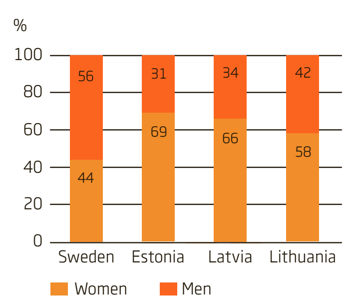
* Refers to the Swedish operations.

Results of VOICE survey	2010	2009	2008
Swedish Banking	783	785	781
Large Corporates & Institutions	764	782	782
Baltic Banking	831	796	737
Russia & Ukraine	718	694	694
Swedbank Robur	n.a.	744	722
Group Business Support	753	800	n.a.
Group functions	770	803	n.a.
Internal audit	730	710	n.a.
Average Swedbank	786	776	752
Financial sector average (Europe)	700	700	n.a.
Best performers	820	820	n.a.

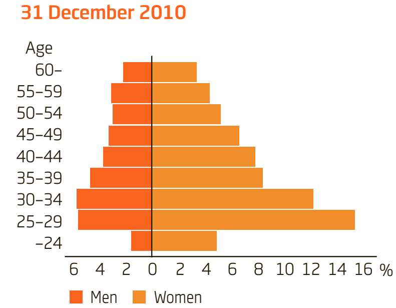
Number of full-time positions in the Group



Managers in Swedbank 2010



Group employees by age and gender, 31 December 2010



Performance-based remuneration within Swedbank

Following the financial crisis Swedbank's Board of Directors has focused a great deal on the question of variable remuneration and its impact on the bank's results and risk-taking. In 2010 the Board approved extensive changes to the bank's performance-based remuneration programme, which converts a portion of variable remuneration to restricted shares.

A well-functioning market-based remuneration structure is an important component for stability and sound risk-taking in the bank. A remuneration model should be unambiguous, consistent and performance-based, in addition to creating favourable conditions to recruit and retain talented employees. It should also harmonise the bank's values. The purpose is to encourage results that create value for the bank, our shareholders, employees and customers.

Work on variable remuneration

Swedbank realised early on that the variable remuneration systems used in the financial sector were in need of reform. In September 2009 the Board approved a new incentive policy for variable remuneration that took into consideration the bank's long-term business strategy and risk tolerance as well as the interests of shareholders. In January 2010 the Board made an unprecedented decision to revoke all variable remuneration for 2009 against the backdrop of the bank's losses and the need for state support.

On 1 January 2010 the Financial Supervisory Authority's new rules on variable remuneration (FFFS 2009:6) entered into force. During the summer the EU also presented new rules on variable remuneration, which will take effect in Sweden on 1 March 2011. Both sets of rules require, among other things, that a portion of variable remuneration be paid out in shares or other financial instruments. We share the opinion that the shareholders' and the employees' interests are connected, and that incentives that clearly illustrate this connection need to be developed. Based on these new rules, the Board in August 2010 approved a new performance and share based remuneration programme, called Programme 2010. It applies retroactively as of 1 January 2010 pending the approval of the 2011 AGM. With this new programme, which replaces older programmes, we go further than regulations require – e.g. by deferring the share based portion for those who both qualify as risk-takers and those who do not. The goal has been to combine regulatory requirements with our values, which serve as part of the qualitative evaluation criteria. For more information on the programme, see note G14.

Scope of the programmes

Programme 2010 covers around 6 400 participants, who are evaluated based on predetermined performance targets. In Programme 2011 around 10–20 per cent of employees will be evaluated based on predetermined individual performance targets, while broader personnel categories will be covered by a collective variable remuneration programme based on general performance criteria.

Profit sharing plan

The Kopparmyntet profit sharing plan for the bank's Swedish employees is one of the Swedbank's largest shareholders. No contributions will be made to Kopparmyntet for 2010.

FFFS 2009:6 prescribes that companies maintain remuneration policies that promote effective risk management and avoid excessive risk-taking, while specifying which individuals in the company qualify as risk-takers. The rules require that part of the variable remuneration for these risk-takers is deferred and that the company has the option to revoke it.

The Financial Supervisory Authority is expected to clarify and complement its existing rules by directing that corporate remuneration systems integrate risks and introduce a requirement that at least half of the variable remuneration for certain categories of personnel consist of shares or other financial instruments.

The shares and owners

2010 was a turbulent year for the NASDAQ OMX Stockholm, where the large part of trading in Swedbank's shares takes place. The A share had a good turnover rate during the year, and interest from international investors grew significantly.

Swedbank has two classes of shares: common shares (A shares) and preference shares. Swedbank's A shares have been listed on NASDAQ OMX Stockholm's Large Cap segment since 1995. The preference shares were issued in connection with the 2008 rights issue. The A and preference shares have equal voting rights. The A shares account for 82 per cent of the total number of shares. In the US, an American Depositary Receipt (ADR) programme has been established together with the investment bank JP Morgan. This allows US investors to invest in Swedbank's A share on the US OTC market without having to register with VPC, the Swedish central securities depository, or buy Swedish kronor.

Market information

In 2010 the OMX Stockholm 30 index rose by 21 per cent and OMX Nordic Banks by 23 per cent. Swedbank's A share rose by 32 per cent and its preference share by 36 per cent during the year. At year-end 2010 Swedbank's market capitalisation had increased to SEK 109bn (82). Swedbank was one of the most heavily traded companies on NASDAQ OMX Stockholm during the year, with a turnover rate for the A share of 172 per cent (445 per cent). The turnover rate for NASDAQ OMX Stockholm as a whole was 95 per cent (119 per cent). Since Sweden's stock exchange monopoly was abolished in November 2007, a growing percentage of trading in the Swedbank share takes place outside NASDAQ OMX Stockholm. In 2010 27.8 per cent of trading turnover in the A share and 17.3 per cent of trading in the preference share took place outside the primary market, of which Boat, Chi-X, Bats Europe and Burgundy were among the marketplaces with the highest turnover. The total turnover in Swedbank's A share was SEK 212bn, while turnover in the preference share was SEK 5.2bn in 2010.

Swedbank's share capital as of 31 December 2010 amounted to SEK 24 351m, distributed among 952 323 439 A shares and 207 266 738 preference shares.

Ethical investors

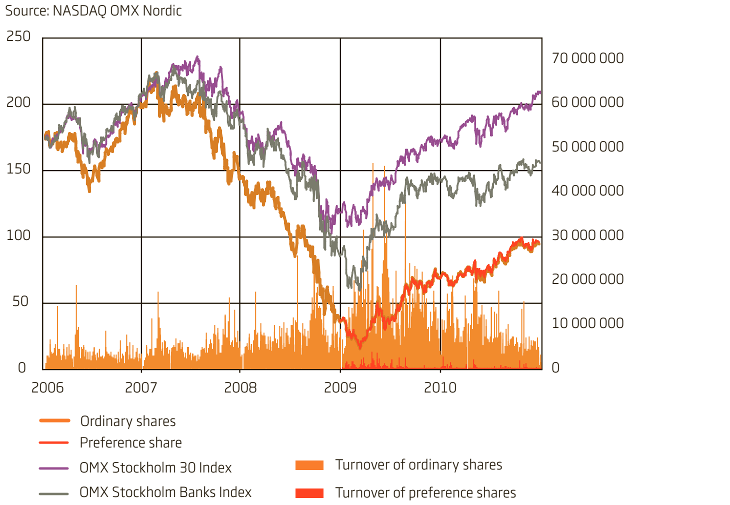
Ethical investors focus on various aspects of a company's sustainability work, including how it handles environmental issues, human rights and risks. There are currently a number of mutual funds and stock indices for companies that meet certain sustainability criteria. Swedbank's A share is listed, for example, on FTSE4Good, an index of ethically responsible and sustainable investments. In 2010 Swedbank received 68 points out of a possible 100 from the Dow Jones Sustainability Index; the industry average was 50.

Dividend

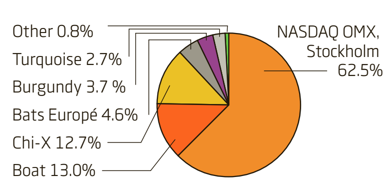
According to Swedbank's current dividend policy, the dividend shall correspond to around 40 per cent of after-tax profit,

Swedbank share performance NASDAQ OMX, Stockholm compared with bank index

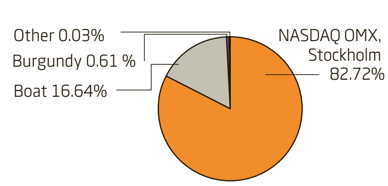
Source: NASDAQ OMX Nordic



Share of turnover 2010 in Swedbank ordinary share, %



Share of turnover 2010 in Swedbank preference share, %



Source: Fidessa Fragmentation Index

excluding one-off items. The size of the dividend is based on the latest dividend and is determined with reference to expected profit trends, the capital considered necessary to develop operations and the market's required return. All dividends are conditional on the approval of the Annual General Meeting, which requires that distributable funds are available. The Board of Directors has proposed a dividend for the financial year 2010 of SEK 2.10 (0) per A share and SEK 4.80 (0) per preference share. In early 2011 the Board of Directors changed its dividend policy to amount to 50 per cent of profit for the year. The policy was changed against the backdrop of Swedbank's strong capitalisation, expectations of modest credit demand and a continued focus on capital efficiency.

The preference shares have preference to an annual, noncumulative dividend of up to SEK 4.80 per preference share. In the event that there remain funds to be distributed, A shares get a dividend up to the amount preference shares receive. Thereafter, any remaining dividend is divided equally between all shares irrespective of the type. Non-cumulative means that any dividend that is omitted in a particular year cannot be added to the dividend in subsequent years. Shareholders are free to request that their preference shares be converted to A shares in February and August of each year. All outstanding preference shares will automatically be converted to A shares in 2013. In all, 12 362 751 preference shares were converted to A shares in February 2010 and 7 105 were converted in August.

For more information on conversions, visit www.swedbank.com/ir under the Swedbank share.

Ownership structure

As of 31 December 2010 Swedbank had 333 145 shareholders (346 272), 91.5 per cent of whom had holdings of 1 000 shares or less. Just under 0.1 per cent of the shareholders owned slightly over 80 per cent of the company. Swedbank's largest shareholder as of 31 December 2010 was an ownership group consisting of Folksam Försäkring, KPA and Förenade Liv. International ownership in Swedbank increased during the year and now accounts for 34.2 per cent (23.8), of which the US and the UK represent the largest interests at 11.9 and 9.8 per cent, respectively.

Share statistics	2010**	2009**	2008	2007	2006
Swedbank A (ordinary)					
High price*, SEK	99.50	77.10	148.74	226.69	202.83
Low price*, SEK	61.45	14.72	24.82	136.41	133.23
Closing price, 31 Dec.*, SEK	93.80	71.00	36.73	145.56	197.66
Daily turnover, millions of shares	10.7	14.5	6.5	4.1	2.9
Daily turnover, SEKm	838	751	773	949	627
Turnover rate, %	283	544	302	195	140
Swedbank preference					
High price*, SEK	99.60	76.60	39.04		
Low price*, SEK	62.50	14.89	35.24		
Closing price, 31 Dec.*, SEK	95.90	70.50	36.73		
Daily turnover, millions of shares	0.25	0.50	0.24		
Daily turnover, SEKm	20.4	22.3	10.7		
Turnover rate, %	31	45	23		
Market capitalisation, 31 Dec., SEKbn	109	82	32	94	128
ISIN-code: SE0000242455					
ISIN-kod Preferensaktien: SE0002687749					

* Adjusted for rights issue.
** Turnover data include turnover on all marketplaces, including OTC trading.
Source of shareholder statistics: Nasdaq OMX, www.nasdaqomxnordic.com and Fidessa Fragmentation Index, http://fragmentation.fidessa.com/fragulator/

Data per share, SEK	2010	2009	2008	2007	2006
Earnings per share before and after dilution [1] [2]	6.43	–10.66	16.51	18.52	16.80
Equity per share before and after dilution	81.84	77.33	121.39	131.96	116.37
Net asset value per share before and after dilution [1]	81.55	79.58	125.78	129.66	115.29
Cash flow per share [1]	1.45	64.56	–66.15	31.70	–10.86
Cash dividend per ordinary share	2.10 [3]	0.00	0.00	9.00	8.25
Cash dividend per preference share	4.80 [3]	0.00	0.00		
Yield, %, ordinary share	2.2	0.0	0.00	4.9	3.3
Yield, %, preference share	5.0	0.0	0.00		
P/E [1] [2]	14.6	–6.7	2.7	7.9	11.8
Price/equity per share, %	114.60	91.80	36.60	138.70	213.50

[1] Since the terms to convert the preference shares to ordinary shares are mandatory, the preference shares are included in the calculation of key ratios .
[2] Comparative figures have been restated due to the rights issue. [3] Board of Directors' proposal.

Other

In its capacity as a financial services provider, Swedbank engages in securities operations, including trading in financial instruments on its own account. Here there is a need to acquire the bank's own shares to facilitate operations. Accordingly, the 2010 AGM resolved that the bank, until the 2011 AGM, may acquire its own shares such that the total holding of such shares at any given time does not exceed 1 per cent of all shares in the bank and that this is done at a price corresponding to the market price. In order to effectively manage Swedbank's capitalisation within the bank's risk appetite and capitalisation target the Board has proposed that the AGM 2011 authorise the Board to decide to acquire the Bank's own A and/or preference shares of up to 10 per cent of the total number of shares (including acquisitions of own shares through the securities operations).

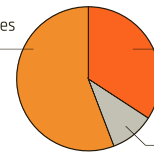
During the year the Board of Directors resolved on a new performance- and share-based remuneration programme pending the approval of the 2011 AGM. If so, the programme will apply retroactively to 1 January 2010. See also page 46 and note G14.

Information for shareholders

Swedbank offers its annual report to all new shareholders and distributes it to those who chose to receive it. Interim reports are not printed, but are available at www.swedbank.se/ir together with other information released in connection with quarterly reports. The annual report can also be ordered from this site.

Shareholder categories

31 December 2010



Source: Euroclear Sweden AB

Largest shareholders (grouped according to Euroclear*), 31 December 2010 % of capital and votes	2010
Folksam - KPA - Förenade Liv	9.3
Sparbanks-Gruppen - Members	7.4
Swedbank Robur Funds	4.4
ALECTA PENSIONSFÖRSÄKRING	3.1
CEVIAN CAPITAL II MASTER FUND L P	3.0
AMF - Insurance and funds	2.3
Sparbanks-Gruppen - Foundations - Non-members	2.3
JPM CHASE NA	2.0
Nordea Investment Funds	2.0
FSPA Resultatandelsstiftelser	1.9
CBLDN-LIVFORSAKRINGSAB SKANDIA (PUBL)	1.8
Afa Försäkring	1.8
Handelsbanken funds	1.6
SEB Investment Management	1.5
JPM CHASE NA	1.3
15 largest shareholders	**45.8**
Number of shareholders	333 145

Source: Euroclear Sweden AB

Number of shareholders, 31 December 2010

Size of holding	No. of shareholders	Share, %	No. of shares	Share, %
1–100	151 171	45.4	7 414 590	0.6
101–500	122 548	36.8	29 113 383	2.5
501–1 000	30 951	9.3	22 650 733	2.0
1 001–2 000	15 989	4.8	22 502 257	1.9
2 001–5 000	8 268	2.5	25 635 585	2.2
5 001–10 000	2 033	0.6	14 672 603	1.3
10 001–100 000	1 629	0.5	45 087 820	3.9
100 001–500 000	266	0.1	63 274 652	5.5
500 001–	290	0.1	929 238 554	80.1
Total	**333 145**	**100**	**1 159 590 177**	**100**

Source: Euroclear Sweden AB

Changes in share capital

Year	Transaction	Quota value per share, SEK	Added/ repurchased shares	No. of preference shares	No. of A shares	Share capital SEKm
1999	Bonus issue	20	175 936 281		527 808 843	10 556
2004	Share repurchase	20	–14 937 531		512 871 312	10 556
2005	New share issue	20	2 502 100		535 373 412	10 606
2006	Withdrawal of shares	20			515 373 412	10 307
2006	Bonus issue	21			515 373 412	10 823
2008	New share issue	21	257 686 706*	257 686 706	515 373 412	16 234
2009	Conversion of preference shares to ordinary shares	21	38 050 112	219 636 594	553 423 524	16 234
2009	New share issue	21	386 530 059	219 636 594	939 953 583	24 351
2010	Conversion of preference shares to ordinary shares	21	12 369 856	207 266 738	952 323 439	24 351

* Subscribed and paid preference shares amouted to 194 985 456 at year-end 2008.

Financial statements and notes | Group

Income statement, Group

SEKm	Note	2010	2009
Interest income		45 869	56 399
Interest expenses		–29 540	–35 634
Net interest income	**9**	**16 329**	**20 765**
Commission income		13 099	11 397
Commission expenses		–3 574	–3 572
Net commissions	**10**	**9 525**	**7 825**
Net gains and losses on financial items at fair value	11	2 400	2 770
Insurance premiums		1 536	1 617
Insurance provisions		–924	–970
Net insurance	**12**	**612**	**647**
Share of profit or loss of associates	28	624	866
Other income	13	1 554	1 909
Total income		**31 044**	**34 782**
Staff costs	14	9 392	9 201
Other general administrative expenses	15	7 300	7 758
Total general administrative expenses		**16 692**	**16 959**
Depreciation/amortisation of tangible and intangible fixed assets	16	950	889
Total expenses		**17 642**	**17 848**
Profit before impairments		**13 402**	**16 934**
Impairments of intangible assets	30	37	1 305
Impairments of tangible assets	17	600	449
Credit impairments	18	2 810	24 641
Operating profit		**9 955**	**–9 461**
Tax expense	19	2 472	981
Profit for the year		**7 483**	**–10 442**
Profit for the year attributable to:			
Shareholders of Swedbank AB		**7 444**	**–10 511**
Non-controlling interests		39	69

SEK	Note	2010	2009
Earnings per share	20	6.43	–10.66

Statement of comprehensive income, Group

SEKm	Note	2010	2009
Profit for the period reported via income statement		**7 483**	**–10 442**
Exchange differences, foreign operations		–4 218	–1 852
Hedging of net investments in foreign operations:			
Gains/losses arising during the period		2 420	1 312
Cash flow hedges:			
Gains/losses arising during the period		149	–574
Reclassification adjustments to income statement,net interest income		806	817
Reclassification adjustments to income statement, net gains and losses on financial items at fair value			37
Share of other comprehensive income of associates:			
Exchange differences, foreign operations		–39	57
Cash flow hedges		9	–15
Income tax relating to components of other comprehensive income	21	–890	–397
Other comprehensive income for the period, net of tax		**–1 763**	**–615**
Total comprehensive income for the period		**5 720**	**–11 057**
Profit for the year attributable to:			
Shareholders of Swedbank AB		**5 693**	**–11 138**
Non-controlling interests		27	81

Balance sheet, Group

SEKm	Note	2010	2009	1/1/2009
Assets				
Cash and balances with central banks		17 109	37 879	29 060
Treasury bills and other bills eligible for refinancing with central banks, etc.	22	34 924	88 724	27 978
Loans to credit institutions	23	166 417	92 131	128 536
Loans to the public	24	1 187 226	1 290 667	1 287 424
Bonds and other interest-bearing securities	25	96 652	81 891	105 716
Financial assets for which the customers bear the investment risk	26	100 628	78 194	51 638
Shares and participating interests	27	6 181	9 505	6 557
Investments in associates	28	2 710	2 740	1 987
Derivatives	29	65 051	72 969	128 055
Intangible fixed assets	30	15 794	17 555	19 577
Tangible assets	31	5 679	3 815	3 274
Current tax assets		1 156	881	1 718
Deferred tax assets	19	1 218	1 209	62
Other assets	32	8 611	9 806	13 619
Prepaid expenses and accrued income	33	6 325	6 721	6 489
Total assets		**1 715 681**	**1 794 687**	**1 811 690**
Liabilities and equity				
Liabilities				
Amounts owed to credit institutions	34	136 766	231 687	316 730
Deposits and borrowings from the public	35	534 237	504 424	508 456
Financial liabilities for which the customers bear the investment risk	36	100 988	80 132	52 074
Debt securites in issue	37	686 517	703 258	593 365
Short positions securities	38	34 179	40 411	53 172
Derivatives	29	65 935	72 172	116 720
Current tax liabilities		317	1 495	1 190
Deferred tax liabilities	19	1 734	720	1 769
Pension provisions	39	1 342	1 735	1 853
Insurance provisions	40	2 100	4 160	3 734
Other liabilities and provisions	41	14 270	12 136	18 348
Accrued expenses and prepaid income	42	15 074	14 400	13 062
Subordinated liabilities	43	27 187	37 983	44 755
Total liabilities		**1 620 646**	**1 704 713**	**1 725 228**
Equity	**44**			
Non-controlling interests		138	304	232
Equity attributable to shareholders of the parent company		94 897	89 670	86 230
Total equity		**95 035**	**89 974**	**86 462**
Total liabilities and equity		**1 715 681**	**1 794 687**	**1 811 690**

The balance sheet and income statement will be adopted at the Annual General Meeting on 25 March 2011.

Statement of changes in equity, Group

	Equity attributable to shareholders of Swedbank AB								Non-controlling interests	Total equity
SEKm	Share capital	Other contributed equity*	Non-registered shares	Exchange differences, subsidiaries and associates	Hedging of net investments in foreign operations	Cash flow hedges	Retained earnings	Total		
Opening balance 1 January 2009	**14 918**	**8 939**	**3 010**	**3 951**	**–2 905**	**–958**	**59 275**	**86 230**	**232**	**86 462**
Dividend									–45	–45
Registration of shares	1 316	1 694	–3 010							
Rights issue	8 117	6 957						15 074	39	15 113
Costs in connection with rights issue		–438						–438		–438
Contribution									3	3
Associates' acquisition of shares in Swedbank AB							–58	–58		–58
Business disposal									–6	–6
Total comprehensive income for the year				–1 808	978	203	–10 511	–11 138	81	–11 057
of which reported through profit or loss							–10 511	–10 511	69	–10 442
of which reported through other comprehensive income, before tax				–1 808	1 312	266		–230	12	–218
of which tax reported through other comprehensive income					–334	–63		–397		–397
Closing balance 31 December 2009	**24 351**	**17 152**		**2 143**	**–1 927**	**–755**	**48 706**	**89 670**	**304**	**89 974**
Opening balance 1 January 2010	**24 351**	**17 152**		**2 143**	**–1 927**	**–755**	**48 706**	**89 670**	**304**	**89 974**
Dividend									–75	–75
Share based payments to employees							31	31		31
Associates' acquisition of shares in Swedbank AB							–50	–50		–50
Associate's disposal of shares in Swedbank AB							50	50		50
Changes in ownership interest in subsidiary							–497	–497	–124	–621
Contribution									6	6
Total comprehensive income for the year				–4 245	1 783	711	7 444	5 693	27	5 720
of which reported through profit or loss							7 444	7 444	39	7 483
of which reported through other comprehensive income, before tax				–4 245	2 420	964		–861	–12	–873
of which tax reported through other comprehensive income					–637	–253		–890		–890
Closing balance 31 December 2010	**24 351**	**17 152**		**–2 102**	**–144**	**–44**	**55 684**	**94 897**	**138**	**95 035**

* Other contributed equity consists mainly of share premiums. Expenses in connection with new share issue includes a positive tax effect of SEK 156m in 2009.

Statement of cash flow, Group

SEKm	Note	2010	2009
Operating activities			
Operating profit		9 955	–9 461
Adjustments for non-cash items in operating activities	47	4 969	26 624
Taxes paid		–3 368	–2 204
Increase/decrease in loans to credit institution		–81 818	55 188
Increase/decrease in loans to the public		57 969	–20 765
Increase/decrease in holdings of securities for trading		20 965	–88 307
Increase/decrease in deposits and borrowings from the public including retail bonds		68 270	–2 846
Increase/decrease in amounts owed to credit institutions		–78 287	–80 967
Increase/decrease in other assets		1 726	47 587
Increase/decrease in other liabilities		–14 243	–51 509
Cash flow from operating activities		**–13 862**	**–126 660**
Investing activities			
Business combinations			–52
Business disposals		140	59
Acquisition of other fixed assets and strategic financial assets		–2 411	–751
Disposals of other fixed assets and strategic financial assets		3 463	26
Cash flow from investing activities		**1 192**	**–718**
Financing activities			
Issuance of interest-bearing securities		261 697	332 568
Redemption of interest-bearing securities		–222 899	–191 640
Issuance of certificates etc.		284 652	366 267
Redemption of certificates etc.		–329 099	–387 040
Change in ownership interest in subsidiary		–621	
New rights issue			17 252
Cash flow from financing activities		**-6 270**	**137 407**
Cash flow for the year		**–18 940**	**10 029**
Cash and cash equivalents at the beginning of the year		**37 879**	**29 060**
Cash flow for the year		–18 940	10 029
Exchange rate differences on cash and cash equivalents		–1 830	–1 210
Cash and cash equivalents at the end of the year		**17 109**	**37 879**

Comments on the consolidated cash flow statement
The cash flow statement shows receipts and payments during the year as well as cash and cash equivalents at the beginning and end of the year. The cash flow statement is reported using the indirect method and is divided into receipts and payments from operating activities, investing activities and financing activities.

Operating activities
Cash flow from operating activities is based on operating profit for the year. Adjustments are made for items not included in cash flow from operating activities. Changes in assets and liabilities from operating activities consist of items which are part of normal business activities, such as loans to and deposits and borrowings from the public and credit institutions, and which are not attributable to investing and financing activities. Cash flow includes interest receipts of SEK 45 835m (55 072) and interest payments of SEK 30 817m (38 817). Capitalised interest is included.

Investing activities
Investing activities consist of purchase and sale of businesses and other fixed assets such as investment properties, owner-occupied properties and equipment, and strategic financial assets. Holdings of interest bearing securities held for maturity as well as share holdings in other companies than subsidiaries and associated companies are recognized as strategic financial assets. During 2010 other tangible assets were acquired to an amount of SEK 2 411m. Holdings of bonds were matured with SEK 3 463m. Also Bergslagens Sparbank AB was sold for SEK 140m. In 2009 financial fixed assets were acquired for SEK 91m. The most significant acquisition was Banco Fonder AB, which was purchased in January for SEK 87m in cash. The acquisition included SEK 35m in cash and cash equivalents, which are netted on the line business combinations. In 2009 shares were sold for SEK 59m in total proceeds. The sales included Privatgirot, SEK 7m; EADR, SEK 2m; and Aktia, SEK 50m.

Cash and cash equivalents
Cash and cash equivalents consist of cash and balances with central banks, which corresponds to the balance sheet item Cash and balances with central banks. Cash and cash equivalents are defined according to IAS 7, and do not correspond to what the Group consider as liquidity. In previous financial statements net claim of overnight deposit receivables and overnight deposit liabilities with maturities up to five days, and treasury bills, other bills and mortgage bonds eligible for refinancing with central banks taking into account repos and short-selling also were included. Comparative figures are restated.

Notes

All amounts in the notes are in millions of Swedish kronor (SEKm) and represent carrying amounts unless indicated otherwise. Figures in parentheses refer to the previous year.

G1 Corporate information

The consolidated financial statements and the annual report for Swedbank AB (publ) for the financial year 2010 was approved by the Board of Directors and the CEO for publication on 22 February 2011. The Parent Company, Swedbank AB, maintains its registered office in Stockholm with adress Brunkebergstorg 8 10534 Stockholm, Sweden. The company's share is traded on the Nasdaq OMX Nordic Exchange in Stockholm in the Nordic Large Cap segment. The Group offers financial services and products in the home markets Sweden, Estonia, Latvia and Lithuania. The operations are described more extensively in the Board of Directors' report.

The consolidated financial statements and the annual report will ultimately be adopted by the Parent Company's Annual General Meeting on 25 March 2011.

G2 Accounting policies

CONTENTS

1 BASIS OF ACCOUNTING

The financial reports and the consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and interpretations of them. The standards are issued by the International Accounting Standards Board (IASB) and the interpretations by the International Financial Reporting Interpretations Committee (IFRIC). The standards and interpretations become mandatory for listed companies' consolidated financial statements concurrently with their approval by the EU. Complete financial reports refer to:

- balance sheet at the conclusion of the period,
- statement of comprehensive income for the period,
- statement of changes in equity for the period,
- cash flow statement for the period, and
- notes, comprising a summary of significant accounting policies and other explanatory information.

The consolidated financial statements also apply recommendation RFR 1 Complementary accounting rules for groups, issued by the Swedish Financial Reporting Board, the pronouncements of the Swedish Financial Reporting Board, certain complementary rules in the Annual Accounts Act for Credit Institutions and Securities Companies and the regulations and general advice of the Swedish Financial Supervisory Authority, FFFS 2008:25.

The financial statements are based on the historical cost basis. Subsequent measurements of financial instruments are mainly made at fair value. The carrying amounts of financial assets and liabilities subject to hedge accounting at fair value have been adjusted for changes in fair value attributable to the hedged risk. The financial statements are presented in Swedish kronor and all figures are rounded to millions of kronor (SEK m) unless indicated otherwise.

2 CHANGES IN ACCOUNTING POLICIES

In 2008 IASB issued a revised IFRS 3 Business Combinations and an amended IAS 27 Consolidated and Separate Financial Statements, IAS 28 Investments in Associates and IAS 31 Interests in Joint Ventures. The amendments were adopted by the EU 2009 and will be applied at the latest to acquisitions of ownership interests in financial years beginning on or after 1 July 2009.

The revised standard IFRS 3 continues to require application of the purchase method to business combinations, but with several significant changes. For example, all the costs associated with acquiring a business are recognised at fair value on the acquisition date, including any contingent consideration initially recognised as a liability and subsequently revalued with its effect on profit or loss. Holdings that do not affect control in the acquired business can be valued for each acquisition at either fair value or the proportionate share of the acquired business's net assets. According to the revised standard, all acquisition-related costs will be expensed, whereas in the previous policies such costs increased the cost of the acquired business. The amendments to IAS 27 continue to require that changes in ownership interests in subsidiaries where the majority owner does not lose control are recognised as equity transactions with owners, i.e., in equity. The standard also states that when a parent company loses control, its remaining ownership interest must be re-measured at fair value and any gain or loss recognised through profit or loss. The amendments to the standards are not applied retroactively, because of which restatements were been permitted.

Swedbank did not make any acquisitions in 2010, due to which the revised IFRS 3 did not have any effect on the Group's financial reports for 2010. However, the Group did apply the amendments to IAS 27 in 2010 in connection with Swedbank AB's acquisition of interests without control in the subsidiary First Securities AS. The acquisition, amounting to SEK 621m, has been recognised in accordance with the new rules in IAS 27 as an equity transaction with owners. This reduced retained earnings in equity attributable to the Parent Company's shareholders, with SEK 497m. According to the previous accounting policies, a corresponding item would have instead been recognised as an increase in goodwill. The effects of the acquisition are shown in note G52.

Other new, revised or amended standards from IASB or interpretations from IFRIC have not had any effect on the Group's financial reports.

Swedbank has previously presented the financial reports for the Group and the Parent Company beside each other. Beginning with the 2010 annual report, the financial reports for the Group and the Parent Company are instead presented in separate sections, first the Group and then the Parent Company. The new presentation is intended to increase clarity and the opportunity to use relevant headings based on the presentation of the Group and the Parent Company. As a result, a number of new lines have been added to the consolidated balance sheet for liabilities at the amounts reclassified from previously presented balance sheet items. Notes to current lines have been adapted. Due to these changes, the balance sheet is also presented at the beginning of the most recent comparative period, i.e., as per 1 January 2009.

The order in which the notes are listed has also been changed in the 2010 annual report. Notes relating to risk and capital disclosures have generally been moved to the beginning, while those that are not directly related to individual balance sheet or income statement items have been shifted to the end. The notes have also been revised and complemented to some extent in order to improve information disclosures.

In the financial statements from December 2008 certain debt issuances subject to hedging instruments were incorrectly presented in the notes as held-for-trading. These should have been disclosed as designated as hedged items in fair value hedge relationships. Despite the presentation in the notes to the financial statements, these transactions were properly accounted for and therefore this reclassification did not have any effect on profit or loss, balance sheet or equity. Accordingly, the comparative information has been reclassified as necessary.

		New presentation form		Previous presentation form	
SEKm	**Note**	**2009**	**2009-01-01**	**2009**	**2009-01-01**
Liabilities					
Short positions securities	G38	40 411	53 172		
Pension provisions	G39	1 735	1 853		
Insurance provisions	G40	4 160	3 734		
Other liabilities and provisions	G41	12 136	18 348		
Other liabilities				52 230	71 335
Provisions				6 212	5 772
Total		**58 442**	**77 107**	**58 442**	**77 107**

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Presentation of financial statements (IAS 1)

Financial statements provide a structured representation of a company's financial position and financial results. The purpose is to provide information on the company's financial position, financial results and cash flows useful in connection with financial decisions. The financial statements also indicate the results of management's administration of the resources entrusted to them. Complete financial statements consist of a balance sheet, statement of comprehensive income, statement of changes in equity, cash flow statement and notes. Swedbank presents the statement of comprehensive income in the form of two statements. A separate income statement contains all revenue and expense items in profit provided that a special IFRS does not require or allow otherwise. Such other revenue and expense items are recognised in other total comprehensive income. The statement of comprehensive income contains the profit recognised in the income statement as well as the components included in other total comprehensive income.

3.2 Consolidated financial statements (IFRS 3, IAS 27)

The consolidated financial statements comprise the Parent Company and those entities (including special purpose vehicles) in which the Parent Company has control, i.e., the power to govern a company's financial and operating strategies to obtain economic benefits. These entities, subsidiaries, are included in the consolidated financial statements in accordance with the purchase method from the day that control is obtained and are excluded from the day that control ceases. According to the purchase method, the acquired unit's identifiable assets, liabilities and contingent liabilities that satisfy the recognition criteria are recognised and valued at fair value upon acquisition. The surplus between the cost of the business combination, transferred consideration measured at fair value on the acquisition date, and the fair value of the acquired share of identifiable assets, liabilities and reported contingent liabilities is recognised as goodwill. If the amount is less than the fair value of the acquired company's net assets, the difference is recognised directly through profit or loss. The transferred consideration (purchase price) includes the fair value of transferred assets, liabilities and shares which, in applicable cases, have been issued by the Group as well as the fair value of all assets or liabilities that are the result of an agreement on contingent consideration. Acquisition-related costs are recognised when they arise. For each acquisition, the Group determines whether all non-controlling holdings in the acquired company should be recognised at fair value or at the holding's proportionate share of the acquired subsidiary's net assets. A subsidiary's contribution to equity includes only the equity that arises between acquisition and disposal. All intra-Group transactions and intra-Group gains are eliminated.

Transactions with non-controlling owners are recognised as equity transactions with the Group's owners. In the case of acquisitions of interests from non-controlling owners, the difference between the price paid for the interests and the acquired share of the carrying amount of the subsidiary's net assets is recognised in equity attributable to the Parent Company's shareholders as retained earnings. The carrying amounts of holdings with and without control are adjusted to reflect the changes in their relative holdings. Gains and losses on the sale of interests to non-controlling owners are also recognised in equity. If, following a sale of its interests, the Group no longer has control, its remaining holding is revalued at fair value and the change is recognised in its entirety through profit or loss. This fair value subsequently serves as the cost of the remaining holding in the former subsidiary for reporting purposes. All amounts related to the divested unit that were previously recognised in other comprehensive income are recognised as if the Group directly divested the related assets or liabilities, due to which amounts previously recognised in other comprehensive income may be reclassified as profit or loss. If the interest in an associate is reduced but control is retained, only a proportionate share of the amount previously recognised in other comprehensive income is reclassified as profit or loss.

3.3 Assets and liabilities in foreign currency (IAS 21)

The consolidated financial statements are presented in SEK, which is also the Parent Company's functional currency and presentation currency. Functional currency refers to the main currency used in an entity's cash flows. Each entity within the Group determines its own functional currency. Transactions in a currency other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing at the transaction day. Monetary assets and liabilities in foreign currency and non-monetary assets in foreign currency measured at fair value are translated at the rates prevailing at the closing day. Outstanding forward exchange contracts are translated at closing day forward rates. Holdings of foreign bank notes are translated at the buying rates for the notes as of the closing day. All gains and losses on the translation of monetary items, including the currency component in forward exchange contracts, and non-monetary items measured at fair value are recognised through profit or loss as changes in exchange rates in net gains and losses on financial items at fair value.

Assets and liabilities in subsidiaries and associates with a functional currency other than SEK are translated to the presentation currency at the closing day exchange rate. The income statement is translated at the exchange rate for each transaction. For practical purposes, the average rate for the financial year is generally used. Exchange rate differences that arise are recognised in other total comprehensive income. As a result, exchange rate differences attributable to currency hedges of investments in foreign operations are also taken to other total comprehensive income, taking into account deferred tax. This is applied when the requirements for hedge accounting are met. Ineffectiveness in hedges is recognised directly through profit or loss in net gains and losses on financial items at fair value. When subsidiaries and associates are divested, cumulative translation differences and exchange rate differences are recognised through profit or loss.

3.4 Financial instruments (IAS 32, IAS 39)

The large part of the Group's balance sheet items refers to financial instruments. A financial instrument is any form of agreement which gives rise to a financial asset in one company and a financial liability or equity instrument in another.

Cash is an example of a financial asset, while financial liabilities might include an agreement to pay or receive cash or other financial assets. Financial instruments are classified on various lines of the balance sheet such as loans to the public or credit institutions depending on the counterparty. If the financial instrument does not have a specific counterparty when it is listed on the market, it is classified on the balance sheet among various types of securities. Financial liabilities where the creditor has a lower priority than others are classified on the balance sheet as Subordinated liabilities. A derivative is a financial instrument that is distinguished by the fact that its value changes, for example, due to exchange rates, interest rates or share prices, at the same time that little or no initial net investment is required. The agreement is settled on a future date. Derivatives are reported on separate lines of the balance sheet, either as assets or liabilities depending on whether the contract has a positive or negative fair value. Contractually accrued interest is recognised on separate lines on the balance sheet. Financial assets are recognised on the balance sheet on the trade day when an acquisition agreement has been entered into, with the exception of loans and receivables, which are recognised on the settlement day. Financial assets are derecognised when the right to obtain the cash flows from a financial instrument has expired or essentially been transferred to another party. Financial liabilities are removed from the balance sheet when the obligation in the agreement has been discharged, cancelled or expired.

Embedded derivatives

An embedded derivative is a component of a hybrid instrument that includes a non-derivative host contract, with the effect that some of the cash flows varies in a way similar to a stand-alone derivative. An embedded derivative is separate from the host contract and is recognised separately among Derivatives on the balance sheet when its financial features are not closely related to the host contract's, provided that the combined financial instrument is not recognised at fair value through profit or loss.

Repos

A genuine repurchase transaction (repo) is defined as a contract where the parties have agreed on the sale of securities and the subsequent repurchase of corresponding assets at a predetermined price. In a repo, the sold security remains on the balance sheet, since the Group is exposed to the risk that the security will fluctuate in value before the repo expires. The payment received is recognised as a financial liability on the balance sheet based on who the counterparty is. Sold securities are also recognised as a pledged asset. The proceeds received for acquired securities, so-called reverse repos, are recognised on the balance sheet as a loan to the selling party.

Security loans

Securities that have been lent out remain on the balance sheet, since the Group remains exposed to the risk that they will fluctuate in value. Securities that have been lent out are recognised on the trade day as assets pledged, while borrowed securities are not reported as assets. Securities that are lent out are carried in the same way as other security holdings of the same type. In cases where the borrowed securities are sold, i.e., short-selling, an amount corresponding to the fair value of the security is recognised in other liabilities on the balance sheet.

3.5 Financial instruments, recognition (IAS 39)

The Group's financial instruments are divided into the following valuation categories: financial instruments at fair value through profit or loss,
• loans and receivables,
• held-to-maturity investments, and
• other financial liabilities.

A few individual holdings of insignificant value have been categorised as available-for-sale financial assets in the valuation category available-for-sale. All financial instruments are initially recognised at fair value. The best evidence for fair value at initial recognition is the transaction price. For financial instruments that subsequently are not measured at fair value through profit or loss, supplementary entries are also made for additions or deductions of direct transaction expenses to acquire or issue the financial instrument. Subsequent measurements depend on the valuation category to which the financial instrument is attributed. Notes to items in the balance sheet with financial instruments indicate how the carrying amount is divided between valuation categories.

Valuation category at fair value through profit or loss

Financial instruments at fair value through profit or loss comprise instruments held for trading and all derivatives, excluding those designated for hedge accounting. Financial instruments held for trading have been acquired for the purpose of selling or repurchasing in the near term or are part of a portfolio for which there is evidence of a pattern of short-term profit-taking. In the notes to the balance sheet, these financial instruments are classified at fair value through profit or loss, trading. This category also includes other financial instruments that upon initial recognition have irrevocably been designated as at fair value, the so-called fair value option. The option to irrevocably measure financial instruments at fair value is used in the Group for individual portfolios of loans, securities in issue and deposits, when they together with derivatives essentially eliminate the portfolio's aggregate interest rate risk. Typical of these financial instruments is that they have a fixed contractual interest rate. The option is used to eliminate the accounting volatility that would otherwise arise because different measurement principles are normally used for derivatives and other financial instruments. Financial liabilities in insurance operations, where the customer bears the investment risk, are categorised in the same way when corresponding assets are also measured at fair value. the Group has chosen to categorise holdings of shares and

Financial assets **Valuation categories 2010**	**Hedging instruments**	**Fair value through profit or loss**		**Loans and receivables**	**Held to maturity**	**Total**
SEKbn	**Derivatives**	**Trading**	**Other**			
Cash and balances with central banks				17		17
Treasury bills and other bills eligible for refinancing with central banks		34			1	35
Loans to credit institutions		40		126		166
Loans to the public		41	505	641		1 187
Bonds and other interest-bearing securities		92			5	97
Fund shares for which customers bear the investment risk			101			101
Shares and participating interests		6	0			6
Derivatives	5	60				65
Other financial assets				14		14
Total	**5**	**273**	**606**	**798**	**6**	**1 688**

Financial liabilities

Valuation categories 2010	**Hedging instruments**	**Fair value through profit or loss**		**Other financial liabilities**	**Total**
SEKbn	**Derivatives**	**Trading**	**Other**		
Amounts owed to credit institutions		20		117	137
Deposits and borrowings from the public		17	11	506	534
Financial liabilities for which customers bear the investment risk			101		101
Debt securites in issue, etc.		72	108	507	687
Short positions securities		34			34
Derivatives	4	62			66
Subordinated liabilities				27	27
Other financial liabilities				25	25
Total	**4**	**205**	**220**	**1 182**	**1 611**

participating interests that are not associates or intended for trading at fair value through profit or loss since they are managed and evaluated based on fair value. In the notes to the balance sheet, these financial instruments are classified at fair value through profit or loss, other. The fair value of financial instruments is determined based on quoted prices on active markets. When such market prices are not available, generally accepted valuation models such as discounting of future cash flows are used. The valuation models are based on observable market data, such as quoted prices on active markets for similar instruments or quoted prices for identical instruments on inactive markets. Differences that arise at initial recognition between transaction price and fair value according to a valutation model, so called day 1-profits or losses, are recognised in the income statement only when the valuation model entirely has been based on observable market data. In all other cases the differnce is amortised during the financial instrument's remaining maturity. For loans measured at fair value where observable market data on the credit margin are not available at the time of measurement, the credit margin for the most recent transaction with the same counterparty is used. Changes in value are recognised through profit or loss in net gains and losses on financial items at fair value. For financial instruments in trading operations, the Group's profit or loss item also includes share dividends. Changes in value owing to changes in exchange rates are recognised as changes in exchange rates in the same profit or loss item. Changes in the value of financial liabilities owing to changes in the Group's credit worthiness are also recognised separately when they arise. Decreases in value attributable to debtor insolvency are attributed to credit impairments.

Valuation category loans and receivables

Loans to credit institutions and the public, categorised as loans and receivables, are recognised on the balance sheet on the settlement day. These loans are measured at amortised cost as long as there is no objective evidence indicating that a loan or Group of loans is impaired.

Loans are initially recognised at cost, which consists of the loan amount paid out less fees received and any costs that constitute an integral part of the return. The interest rate that produces the loan's cost as a result of the calculation of the present value of future payments is considered the effective interest rate. The loan's amortised cost is calculated by discounting the remaining future payments by the effective interest rate. Interest income includes interest payments received and the change in the loan's amortised cost during the period, which produces a consistent return.

On the closing day, it is determined whether there is objective evidence to indicate an impairment need for a loan or Group of loans. If, after the loan is initially recognised, one or more events have occurred that negatively impact estimated future cash flows, and the impact can be estimated reliably, impairment is made. The impairment is calculated as the difference between the loan's carrying amount and the present value of estimated future cash flows discounted by the loan's original effective interest rate. The Group determines first whether there is objective evidence for impairment of each individual loan. Loans for which such evidence is lacking are included in portfolios with similar credit risk characteristics. These portfolios are subsequently measured collectively in the event objective evidence of impairment exists. Any impairment is then calculated for the portfolio as a whole. Homogenous groups of loans with limited value and similar credit risk that have been individually identified as having objective evidence of impairment are measured individually based on the loss risk in the portfolio as a whole. If the impairment decreases in subsequent periods, previously recognised impairment losses are reversed. Loans are never recognised at a value higher than what the amortised cost would have been if the write-down had not occurred, however.

Loan impairments are recognised through profit or loss as credit impairments, which is done either as provisions for individually impaired loans, portfolio provisions or write-offs of impaired loans. Repayments of write-offs and recovery of provisions are recognised within credit impairments. The carrying amount of loans is amortised cost less write-offs and provisions. Provisions for assumed losses on guarantees and other contingent liabilities are recognised on the liability side.

Impaired loans are those for which it is likely that payment will not be received in accordance with the contract terms. A loan is not impaired if there is collateral that covers the principal, unpaid interest and any late fees by a satisfactory margin.

Valuation category held-to-maturity

Certain financial assets acquired to hold to maturity have been categorised as held-to-maturity investments. They have fixed maturities, are not derivatives and are quoted on an active market. These investments are initially recognised on their trade day at cost and subsequently at amortised cost less any impairment. Measurements are made in the same way as for loans and receivables.

Reclassification of financial assets

Financial assets, excluding derivatives, which no longer meet the criteria for trading, may be reclassified as of 1 July 2008 from the valuation category Financial instruments at fair value, provided extraordinary circumstances exist. A reclassification to the valuation category Held-to-maturity investments also requires an intention and ability to hold the investment until maturity. The fair value of the assets at the time of reclassification is still considered to be their acquisition cost.

Valuation category other financial liabilities

Financial liabilities that are not recognised as financial instruments at fair value through profit or loss are initially recognised on the trade day at cost and subsequently at amortised cost. Amortised cost is calculated in the same way as for loans and receivables.

Hedge accounting at fair value

Hedge accounting at fair value is applied in certain cases when the interest rate exposure in a recognised financial asset or financial liability is hedged with derivatives. With hedge accounting, the hedged risk in the hedged instrument is also measured at fair value. Both the change in the value of the hedging instrument, the derivative, and the change in the value of the hedged risk are recognised through profit or loss in net gains and losses on financial items at fair value.

One requirement to apply hedge accounting is that the hedge has been formally identified and documented. The hedge's efficiency must be measurable in a reliable way and must be expected to be and during reported periods have been very effective in offsetting changes in value.

Cash flow hedges

Derivative transactions are sometimes entered into to hedge the exposure to variations in future cash flows resulting from changes in interest rates. These hedges can be recognised as cash flow hedges, whereby the effective portion of the change in the value of the derivative, the hedging instrument, is recognised directly in other total comprehensive income.

Any ineffective portion is recognised through profit or loss in net gains and losses on financial items at fair value. When a projected cash flow leads to the recognition of a non-financial item, any gains or losses on the hedging instrument are eliminated from other total comprehensive income and recognised through profit or loss in the same periods that the hedged item affects profit or loss. One of the prerequisites of hedge accounting is that the hedge is formally identified and documented. Its effectiveness must be measurable in a reliable way and be expected to remain, and during reported periods have been, very effective in offsetting changes in value.

Hedging of net investments in foreign operations

Hedges of net investments in foreign operations are applied to protect the Group from translation differences that arise when operations in a functional currency other than the presentation currency are translated. Financial liabilities reported in the foreign operation's functional currency are valued at the closing-day exchange rate. The portion of the exchange rate result from hedging instruments that are determined to be effective is recognised in other total comprehensive income. Any ineffective portion is recognised in profit or loss in net gains and losses on financial items at fair value. One requirement to apply hedge accounting is that the hedge has been formally identified and documented. The effectiveness of the hedge must be measurable in a reliable way and must be expected to be and during reported periods have been very effective in offsetting changes in value.

3.6 Leases (IAS 17)

The Group's leasing operations consist of finance leases and are therefore recognised as loans and receivables. The carrying amount corresponds to the present value of future leasing payments. The difference between all future leasing payments, the gross receivable, and the present value of future leasing payments constitutes unearned income. This means that lease payments received are recognised in part through profit or loss as interest income and in part in the balance sheet as instalments, so that the financial income corresponds to an even return on the net investment. In a finance lease, the economic risks and benefits associated with ownership of an asset are essentially transferred from the lessor to the lessee. When the lessor bears the economic risks and benefits, the lease is classified as operating. The Group is the lessee in operating leases. Lease payments for these agreements are expensed linearly over the lease term. The Group is also the lessor in a few operating leases of insignificant amount.

3.7 Investment in associates (IAS 28)

Investments in associates, entities where the owner has significant influence but not control, are consolidated according to the equity method. The equity method means that the participating interests in an entity are recognised at cost at the time of acquisition and subsequently adjusted for the owned share of the change in the associate's net assets.

Goodwill attributable to the associate is included in the carrying amount of the participating interests and is not amortised. The carrying amount of the participating interests is subsequently compared with the recoverable amount of the net investment in the associate to determine whether an impairment need exists. The owned share of the associate's profit according to the associate's income statement, together with any impairment, is recognised on a separate line. The share of the associate's tax is recognised in the income statement as tax. The associates' reporting dates and accounting policies conform to the Group's.

3.8 Joint ventures (IAS 31)

Investments in joint ventures are recognised in the balance sheet as Investments in associates according to the equity method; see Investment in associates above. A joint venture is a contractually based relationship where the Group, together with another party, jointly manages an economic activity and where the parties jointly control that activity.

3.9 Intangible assets (IAS 38)

Goodwill

Goodwill acquired through a business combination is initially measured at cost and subsequently at cost less accumulated impairment. Goodwill is tested annually for impairment or if events or circumstances indicate a decrease in value.

In order to test goodwill from business combinations for impairment, it is allocated upon acquisition to the cash-generating unit or units that are expected to benefit from the acquisition. Identified cash-generating units correspond to the lowest level in the entity for which the goodwill is monitored in the internal control of the entity. A cash-generating unit is not larger than a business segment in the segment reporting.

Impairment needs are determined by estimating the recoverable amount of the cash-generating unit to which the goodwill is allocated. When the recoverable amount is lower than carrying amount, impairment is recognised. Recognised impairment is not reversed.

Other intangible assets

Intangible assets are initially measured at cost. The cost of intangible assets in a business combination corresponds to fair value upon acquisition. They are subsequently measured at cost less accumulated amortisation and accumulated impairment. The useful life of an intangible asset is considered either finite or indefinite. Intangible assets with a finite useful life are amortised over their useful life and tested for impairment when impairment needs are indicated. Useful life and amortisation methods are reassessed and adapted when needed in connection with each closing day. Development expenses whose cost can be calculated in a reliable way and for which it is likely that future economic benefits attributable to the assets will accrue to the Group are recognised in the balance sheet. In other cases, development is expensed when it arises.

3.10 Tangible assets (IAS 2, 16, 40)

For own use

Tangible fixed assets such as equipment and owner-occupied properties are initially recognised at cost. They are subsequently measured at cost less accumulated depreciation and impairments. Depreciation begins when an asset is ready for use and is reported systematically over each component's useful life down to its estimated residual value. The depreciation method reflects how the asset's value is gradually consumed. The useful life, residual value and depreciation method are periodically reassessed and changed when needed in connection with each closing day. The carrying amount is tested for impairment when events or circumstances indicate a lower recoverable amount. Owner-occupied properties are reclassified as investment properties when no longer used by the Group.

For protection of claims

Tangible assets acquired or recovered to protect claims are recognised as inventory, provided they do not refer to investment properties. Investment properties are properties held for the purpose of generating rental income or appreciation in value, or a combination of both, rather than for own use or for sale in the normal course of operations. Inventories are measured at the lower of cost and net realisable value. Cost includes all expenses for purchasing and/or manufacturing and other costs to bring the goods to their current location and condition. Net realisable value refers to the amount that is expected to be realised from a sale. Investment properties are initially recognised at cost. Cost consists of the purchase price or fair value if a purchase price is unavailable, as well as costs directly attributable to the purchase. The asset is subsequently measured at cost less accumulated depreciations and impairments as for owner-occupied properties.

3.11 Borrowing costs (IAS 23)

Borrowing costs are capitalised when directly attributable to the purchase, construction or production of a qualified asset. Borrowing costs refer to interest and other costs that arise in obtaining a loan. A qualified asset is one that takes considerable time to finish and is intended for use or sale. Qualified assets can be intangible assets or investment properties. Other borrowing costs are expensed in the period in which they arise.

3.12 Provisions (IAS 37)

A provision is recognised in the balance sheet when the Group has a legal or constructive obligation arising from past events and it is likely that an outflow of resources will be required to settle the obligation. In addition, a reliable estimation of the amount must be made. Estimated outflows are calculated at present value. Provisions are tested on each closing day and adjusted when needed, so that they correspond to the current estimate of the value of the obligations.

3.13 Pensions (IAS 19)

The Group's post-employment benefits, which consist of pension obligations, are classified as either defined contribution plans or defined benefit plans. In defined contribution plans, the Group pays contributions to separate legal entities, and the risk of a change in value until the funds are paid out rests with the employee. Thus, the Group has no further obligations once the fees are paid. Other pension obligations are classified as defined benefit plans. Premiums for defined contribution plans are expensed when an employee has rendered his/her services. In defined benefit plans, the present value of pension obligations is calculated and recognised as a provision. Both legal and constructive obligations that arise as a result of informal practices are taken into account. The calculation is made according to the Projected Unit Credit Method. As such, future benefits are attributed to periods of service. The fair value of the assets (plan assets) that are allocated to cover obligations and the unrecognised actuarial net loss are deducted from the provision. Profit or loss (staff costs) is charged with the net of service costs, interest on obligations and the anticipated return on plan assets. The calculations are based on the Group's actuarial assumptions, i.e., the Group's best estimate of future developments. If the actual outcome deviates or the assumptions change, so-called actuarial gains and losses arise. The net of actuarial gains and losses is not recognised through profit or loss until it exceeds ten per cent of the higher of the present value of the obligations or the value of plan assets. The excess is recognised through profit or loss over the employees' remaining working lives. Provisions for payroll tax are allocated on a nominal basis based on the difference between the Group's pension cost and the pension cost that serves as the basis for actual payroll tax.

3.14 Insurance contracts (IFRS 4)

In the financial statements, insurance policies refer to policies where significant insurance risk is transferred from insured to insurer. The majority of the Group's insurance policies do not transfer significant insurance risk, due to which they are instead recognised as financial instruments. For insurance policies with significant insurance risk, actuarial provisions are allocated corresponding to pledged obligations. In the income statement, premiums received and provisions are reported on separate lines.

3.15 Revenues (IAS 18)

The principles of revenue recognition for financial instruments are described in a separate section, Financial instruments, recognition (IAS 39). Interest income and interest expenses for financial instruments calculated according to the effective interest method are recognised as Net interest income. Changes in value and dividends on shares in the valuation category Financial instruments at fair value through profit or loss as well as all changes in exchange rates between functional and other currencies are recognised in Net gains and losses on financial items at fair value. Fees for various services provided to customers are recognised as income when the services rendered. Such income is recognised in both Commission income and Other income. Commission income includes payment processing, asset management and brokerage commissions. Commission expenses are transaction-dependent and are directly related to income in Commission income. Other income includes capital gains and losses on the sale of ownership interests in subsidiaries and associates to the extent they do not represent an independent service line or a significant business conducted within a geographical area. Other income also includes capital gains and losses on the sale of tangible assets.

3.16 Share-based payment (IFRS 2)

Since the Group receives services from its employees and assumes an obligation to settle the transactions with equity instruments, this is recognised as share-based payment. This means that the fair value of the services that entitle the employees to an allotment of equity instruments is expensed at the time the services are rendered. At the same time a corresponding increase in equity is recognised as retained earnings. For share-based payment to employees settled with equity instruments, the services rendered are valued with reference to the fair value of the allotted equity instruments. The fair value of the equity instruments is calculated as per the allotment date, i.e., the date when a contract was entered into and the parties agreed on the terms of the share-based payment. On the allotment date, the employees are allotted rights to share-based payment. Since the allotted equity instruments are not vested until the employees have fulfilled a period of service, it is assumed that the services are rendered during the vesting period. This means that the cost and corresponding increase in equity are recognised over the entire vesting period. Non market based vesting terms, such as a requirement that a person remain employed, are taken into account in the assumption of how many equity instruments are expected to be vested. At the end of each report period the Group reassesses its judgments of how many shares it expects to be vested based on the non market based vesting terms. Any deviation from the original judgment is recognised through profit or loss and a corresponding adjustment is recognised in retained earnings within equity. Related social insurance charges are recognised as cash-settled share-based payment, i.e., as a cost during the corresponding period, but based on the fair value that at any given time serves as the basis for a payment of social insurance charges.

3.17 Impairment (IAS 36)

For assets that are not tested for impairment according to other standards, the Group periodically determines whether there are indications of diminished value. If such indications exist, the asset is tested for impairment by estimating its recoverable amount. Assets with indefinite useful life are periodically assessed for impairment regardless of whether or not there are indications that they have decreased in value. An asset's recoverable amount is the higher of its selling price less costs to sell and its value in use. If the carrying amount exceeds the recoverable amount, the asset is reduced to its recoverable amount. When estimating value in use, estimated future cash flows are discounted using a discount rate before tax that includes the market's estimate of the time value of money and other risks associated with the specific asset. An assessment is also made on each reporting date whether there are indications that the need for previous impairments has decreased or no longer exists. If such indications exist, the recoverable amount is determined. Previous impairment losses are reversed only if there were changes in the estimates made when the impairment was recognised. Goodwill impairment is not reversed. Impairments are recognised separately through profit or loss for tangible or intangible assets.

3.18 Tax (IAS 12)

Current tax assets and tax liabilities for current and previous periods are measured at the amount expected to be obtained from or paid to tax authorities. Deferred taxes refer to tax on differences between the carrying amount and the tax base, which in the future serves as the basis for current tax. Deferred tax liabilities are tax attributable to taxable temporary differences and must be paid in the future. Deferred tax liabilities are recognised on all taxable temporary differences with the exception of the portion of tax liabilities attributable to the initial recognition of goodwill or to certain taxable differences owing to holdings in subsidiaries. Deferred tax assets represent a reduction in future tax attributable to deductible temporary differences, tax loss carry-forwards or other future taxable deductions. Deferred tax assets are tested on each closing day and recognised to the extent it is likely on each closing day that they can be utilised. As a result, a previously unrecognised deferred tax asset is recognised when it is considered likely that a sufficient surplus will be available in the future. Confirmed tax rates on the closing day are used in the calculations. The Group's deferred tax assets and tax liabilities are estimated at nominal value using each country's tax rate in effect in subsequent years. Deferred tax assets are netted against deferred tax liabilities for Group entities that have offsetting rights. All current and deferred taxes are recognised through profit or loss as Tax with the exception of tax attributable to items recognised directly in Other total comprehensive income or Equity.

3.19 Cash and cash equivalents (IAS 7)

Cash and cash equivalents consist of cash and balances with central banks, when the central bank is domiciled in a country where Swedbank has a valid banking licence and the balance is readily available at any time.

3.20 IFRS 8 Operating segments

Segment reporting (IAS 14)

Segment reporting is presented on the basis of management's perspective and relates to the parts of the Group that are defined as operating segments. Operating segments are identified on the basis of internal reports to the company's chief operating decision maker. The Group has identified the Chief Executive Officer as its chief operating decision maker, while the internal reports used by the CEO to oversee operations and make decisions on allocating resources serve as the basis of the information presented. The accounting policies for an operating segment consist of the above accounting policies and policies that specifically refer to segment reporting. Market-based compensation is applied between operating segments, while all costs for IT, other shared services and Group Staffs are transferred at full cost-based internal prices to the operating segments. Group Executive Management expenses are not distributed. Cross-border services are invoiced according to the OCED's guidelines on internal pricing. The Group's equity attributable to the shareholders is allocated to each operating segment based on the capital adequacy rules according to Basel 2 and estimated utilised capital. The return on equity for the business segments is based on operating profit less estimated tax and non-controlling interests in relation to average allocated equity.

4 NEW STANDARDS AND INTERPRETATIONS

The International Accounting Standard Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC) have issued the following standards, amendments to standards and interpretations that apply in or after 2011. The IASB permits earlier application. For Swedbank to apply them also requires that they be approved by the EU if the amendments are not consistent with previous IFRS rules. Consequently, Swedbank has not applied the following amendments in the 2010 annual report.

Amendment to Financial Instruments: Disclosures (IFRS 7)

The amendment will apply to financial years beginning on or after 1 July 2011. The EU has not yet approved the amendment, which establishes additional requirements on quantitative and qualitative disclosures of the derecognition of financial assets from the balance sheet when the company retains a continued involvement in the derecognised financial assets. If a transfer of financial assets does not result in a derecognition in its entirety, an additional disclosure is required.

Financial Instruments: Recognition and Measurement (IFRS 9)

The new standard on the recognition and measurement of financial instruments has not been adopted by the EU, nor is there a timetable when an approval can be expected.

The standard is a complete revision and will replace the current standard IAS 39, Financial Instruments: Recognition and Measurement. The standard reduces the number of valuation categories for financial assets. The main reporting categories are now amortised cost and fair value through profit or loss. The rules for financial liabilities correspond to the existing rules in IAS 39 plus a supplement on how credit risk is presented when financial liabilities are measured at fair value. The change in the credit risk for financial liabilities designated at fair value according to the so-called fair value option is normally presented in other comprehensive income and not in the traditional income statement. This is provided that further inconsistencies do not arise in presentation of any eliminated changes in value.

The standard will be complemented by new rules for impairment of financial assets that are categorized as financial assets at amortised cost, new rules for hedge accounting and new rules on derecognition from the balance sheet.

IFRS 9 will probably be applied to financial years beginning on or after 1 January 2013.

Amendment to Income Taxes (IAS 12)

The amendment will apply to financial years beginning on or after 1 January 2012. The EU has not yet approved the amendment, which describes how deferred taxes are measured when management properties are measured at fair value.

Amendment to Related Party Disclosures (IAS 24)

The amendment was approved by the EU in 2010 and applies to financial years beginning on or after 1 January 2011. The amendment clarifies the definition of related parties to facilitate the identification of such relationships and eliminate inconsistencies in its application.

Amendment to Financial Instruments: Disclosures (IAS 32)

The amendment was approved by the EU in 2009 and will apply to financial years beginning on or after 1 January 2011. The amendment relates to the classification of rights issues and has changed the definition of liabilities. Rights issues that are denominated in a currency other than a company's functional currency would be an equity instrument if issued pro rata to existing shareholders.

Amendment to Prepayments of a Minimum Funding Requirement (IFRIC 14)

The amendment was approved by the EU in 2010 and will apply to financial years beginning on or after 1 January 2011. The amendment provides guidance in determining the recoverable amount of a net pension asset.

Extinguishing Financial Liabilities with Equity Instruments (IFRIC 19)

The interpretation was approved by the EU in 2010 and will apply to financial years beginning on or after 1 July 2010. The interpretation explains how a company recognises renegotiated terms for a financial liability that results when the company issues equity instruments to a creditor to extinguish the financial liability wholly or in part.

Improvements to IFRS

The improvements will be applied at various points in time, though no earlier than financial years beginning on or after 1 July 2010. The amendments have (not) been approved by the EU. The improvements comprise additions to current standards, primarily to remove inconsistencies and clarify formulations.

Effect on Swedbank's financial reports

The new IFRS 9 Financial Instruments will affect Swedbank's financial reporting. The scope of the effect cannot be determined at present, since the valuation of Swedbank's financial assets is largely dependent on how the rules on hedge accounting and on the impairment of financial assets in the valuation category amortised cost are eventually worded. A judgment cannot be made until the remaining sections are issued. The other changes that have been issued and which apply to financial years beginning on or after 1 July 2010 are not expected to have a significant effect on Swedbank's financial reports.

5 CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

Presentation of consolidated financial statements in conformity with IFRS requires management to make judgments and estimates that affect the recognised amounts for assets, liabilities and disclosures of contingent assets and liabilities as of the closing day as well as recognised income and expenses during the report period. Management continuously evaluates these judgments and estimates, including those that affect the fair value of financial instruments, provisions for impaired loans, impairments of intangible and tangible assets, deferred taxes, pension provisions and shared-based payment. Management bases its judgments and assumptions on previous experience and several other factors that are considered reasonable under the circumstances. Actual results may deviate from judgments and estimates.

5.1 Judgments

Investment funds

Entities in the Group have established investment funds for their customers' savings needs. The Group manages the assets of these funds on behalf of customers in accordance with predetermined provisions approved by the Swedish Financial Supervisory Authority. The return generated by these assets, as well as the risk of a change in value, accrues to customers. Within the framework of the approved fund provisions, the Group receives management fees as well as in certain cases application and withdrawal fees for the management duties it performs. Because decisions regarding the management of an investment fund are governed by the fund's provisions, the Group is not considered to have the opportunity to control or dominate decision-making in the investment funds in order to obtain economic benefits. The Group's compensation and risk are limited to fee charges. In certain cases, Group entities also invest in investment funds to fulfil their obligations to customers. Shares in the investment funds do not represent any influence in the Group's judgment, regardless of whether the holding exceeds 50 per cent or not. Taken together, the above-mentioned conditions are the basis for not consolidating the investment funds. Assets in funds where the Group's interest exceeded 50 per cent amounted to SEK 34bn as of year-end. On the same date the Group recognised an asset for these funds corresponding to the Group's interest, SEK 22bn, in the balance sheet as Fund shares for which the customers bear the investment risk. If the Group instead had determined that it had control, assets corresponding to SEK 34bn would have been consolidated and recognised in the Group's balance sheet based on the type of asset.

Financial instruments

When financial instruments are valued at fair value, quoted prices on active markets are primarily used. When financial assets and financial liabilities on active markets have offsetting market risks, the average of bid and sell prices is used as a basis for determining the fair value of the offsetting risk positions.

For any open net positions, bid and sell prices are applied as appropriate, i.e., bid prices for long positions and sell prices for short positions. Management has determined the method for which market risks offset each other and how the net positions are calculated. When quoted prices on active markets are not available, various valuation models are used instead. Management determines when the markets are considered inactive and when quoted prices no longer correspond to fair value, requiring valuation models to be used. Management determines which valuation model and which pricing parameters are most appropriate for the individual instrument. All the valuation models Swedbank uses are generally accepted and are subject to independent risk control.

Management has determined that the option to measure financial instruments at fair value provides the fairest account for certain portions of the Group's loan portfolios with fixed interest rates, since the interest rate risk is hedged with the help of securities in issue and derivatives. A determination is also made for which financial instruments hedge accounting will be used. In both cases the determination is made to avoid accounting volatility as far as possible. Accounting volatility lacks economic relevance and arises when financial instruments are measured with different measurement principles despite that they financially hedge each other.

Tax

For the Parent Company's Estonian subsidiary, Swedbank AS, income taxation is triggered only if dividends are paid.

Because the Parent Company controls when dividends are paid and it has determined that no dividends will be paid for the foreseeable future, no provisions have been allocated for deferred tax. When it is determined that a dividend will be paid, deferred tax will be allocated on the anticipated dividend. If the largest possible dividend is approved for the subsidiary, the Group would face an estimated tax charge of SEK 1 676m.

5.2 Estimates

The Group uses various estimates and assumptions about the future to determine the value of certain assets and liabilities.

Provisions for credit impairments

Receivables measured at amortised cost are tested if loss events have occurred. Individual loans are tested initially, followed by groups of loans with similar credit terms and which are not identified individually. A loss event refers to an event that occurred after the loan was paid out and which has a negative effect on projected future cash flows. Determining loss events for groups of loans carries greater uncertainty, since a number of different events, such as macroeconomic factors, may have had an impact. Loss events include late or non-payments, concessions granted due to the borrower's financial difficulties, bankruptcy or other financial reconstructions, and local economic developments tied to non-payments, such as an increase in unemployment or decreases in real estate or commodity prices. Where a loss event has occurred, individual loans are classified as impaired loans. Management feels that loans whose terms have been significantly changed due to the borrower's economic difficulties and loans that have been non-performing for more than 60-90 days should automatically be treated as impaired. The number of days varies in the Group based on the customer's payment habits and the collection processes used in various markets.

Such a loan is not considered impaired if there is collateral which covers the capital, accrued and future interest and fees by a satisfactory margin. When a loss event has occurred, a determination is made when in the future the loan's cash flow will be received and its probable size. For impaired loans, interest is not considered to be received, only capital or portions thereof. For groups of loans, estimates are based on historical values and experience-based adjustments to the current situation.

Provisions for impaired loans are made on the difference between estimated value, i.e., estimated future cash flows discounted by the loan's original effective interest rate, and carrying amounts according to contractual cash flows.

Assumptions about when in time a cash flow will be received as well as its size determine the size of the provisions. Decisions on provisions are therefore based on various calculations and management's assumptions of current market conditions.

Management is of the opinion that provision estimates are important because of their significant size as well as the complexity of making these estimates.

In 2010 economic condition stabilised in the Baltic countries and Ukraine. The Group's provisions in the Baltic operations decreased during the year from SEK 15 276m to SEK 13 082m and in the Ukrainian operations during the year from SEK 6 390m to SEK 5 196m. The changes in provisions are based on the losses that management assumed were likely against the current economic outlook within the interval for reasonable assumptions. Impaired loans, gross, decreased during the year in the Baltic operations from SEK 26 571m to SEK 22 510m and in the Ukrainian operations during the year from SEK 8 180m to SEK 7 957m. Due to more stable economic conditions, the subjectivity in the determination of the value of the collateral for these loans was significantly higher than usual determining the value of collateral was slightly lower than in 2009. An overall decrease in customers' payment ability of an additional 10 per cent would have increased provisions by SEK 2 179m, of which SEK 293m in Estonia, SEK 632m in Latvia, SEK 383m in Lithuania, SEK 520m in Ukraine and SEK 111m in Russia. The Group's portfolio provision for loans that are not classified as impaired amounted to SEK 3 297m (5 135) at year-end.

Impairment testing of goodwill

Goodwill is tested annually for impairment. Testing is conducted by calculating the recoverable amount, i.e., the higher of value in use or the realisable value. If the recoverable amount is lower than the carrying amount, the asset is reduced to its recoverable amount. Management's tests are done by calculating value in use.

The calculation is based on estimated future cash flows from the cash-generating unit that the goodwill relates to and has been allocated to as well as when the cash flows are received. The first three years' cash flows are determined on the basis of the financial plans management has established. Subsequent determinations of the size of future cash flows require more subjective estimates of future growth, margins and profitability levels. In addition, a discount rate is determined that in addition to reflecting the time value of money also reflects the risk that the asset is associated with. Different discounting factors are used for different time periods. As far as possible, the discount rate and assumptions, or portions of the assumptions, are based on external sources. Nevertheless, the calculation is dependent in large part on management's own assumptions.

The Group's goodwill amounted to SEK 13 733m (15 368) at year-end, of which SEK 11 005m (12 624) relates to the investment in the Baltic operations.

Due to the stabilisation of the Baltic economy in 2010, the calculation for this part is based on more stable future forecasts than was the case in 2009. Management feels that the estimates it has made are significant to the Group's results and financial position. However, goodwill impairment does not affect either cash flow or the capital adequacy ratio, since goodwill is a deduction in the calculation of the capital base. Through 2001, 60 per cent of the Baltic operations had been acquired. In 2005 the remaining 40 per cent was acquired. The majority, or SEK 9 771m (11 186) of the goodwill rose through the acquisition of the remaining non-controlling interest and at the time and corresponded to 40 per cent of the operation's total value. Management's assumptions in the calculation of value in use as of year-end 2010 did not lead to any impairment losses. If the discount rate had been increased by one percentage point or the growth assumption had been reduced by one percentage point, it would not have created any impairment, except for the investment in Latvia. If the discount rate is changed as above an impairment arise for the investment in Latvia amounting to SEK 725m.

Impairment testing of investment properties and owner-occupied properties

Investment properties and owner-occupied properties are measured at cost less depreciation. When there is an indication of diminished value, impairment is tested. The test is done by calculating the recoverable amount, i.e., the higher of value in use and fair value less costs to sale. The value in use of investment properties and owner-occupied properties has been determined by independent external appraisers. Properties valued based on external appraisals amounted to SEK 2 165m (842) at year-end.

Net realisable value of properties recognised as inventory

Properties recognised as inventory are measured at the lower of cost and net realisable value. Net realisable value has been determined by independent appraisers. The carrying amount for properties recognised as inventory amounted to SEK 1 172m (220) at year-end.

Valuation of deferred tax assets

Deferred tax assets represent a reduction in future tax attributable to temporary deductible differences, tax loss carry-forwards or other unused tax deductions. Deferred tax assets can be recognised only to the extent they can be offset against future taxable income. Management therefore makes assumptions of the size of this future taxable income.

The assumptions affect the Group's results and financial position. On the other hand, carrying amounts do not affect the capital adequacy ratio, since deferred tax assets are a deduction in the calculation of the capital base. Due to the economic, and to some extent tax law uncertainty, in Ukraine, management has felt that the most realistic assumption is to only recognise deferred tax assets to the extent they offset deferred tax liabilities in the Ukrainian operations. Unrecognised deferred tax assets amounted to SEK 890m (1 264) at year-end, of which SEK 806m (1 104) relates to deductible temporary differences. Unrecognised deferred tax assets in other parts of the Group amounted to SEK 248m (373), of which SEK 124m (275) related to Lithuania. Deferred tax assets for deductible temporary differences have been recognised in the amount of SEK 1 026m (1 030). Recognized deferred tax assets are motivated by management's judgment that current operations will create sufficient taxable surpluses within the not too distant future. After the management's measures, such as cost reductions, to improve the profitability the current operations report profits already for the second half of 2010. Based on the current operation the main part of unused tax losses are expected to be utilised within the Group's financial three year plans.

Financial instruments at fair value

When financial instruments are measured at fair value according to valuation models, a determination is made which observable market data should be used in those models. The assumption is that quoted prices for financial instruments with similar turnover will be used. When such prices or components of prices cannot be identified, management must make its own assumptions. Note G45 shows financial instruments at fair value divided into three valuation levels: quoted prices, valuation models with observable market inputs and valuation models with significant assumptions. As of year-end the value of financial instruments valued with significant assumptions amounted to SEK 700m (711). A change in an own assumption with 10 bp the value has changed with SEK 1m.

Defined benefit pensions

For pension provisions for defined benefit obligations, management uses a number of actuarial assumptions to estimate future cash flows. The assumptions are revised each year or when a significant change has occurred. Important estimates are made with regard to the final salary the employee has at the time of retirement, the size of the benefit when it relates to the income base amount and the payment period and economic life. Estimated future cash flows are projected at present value using an assumed discount rate. When actual outcomes deviate from the assumptions made, an experience-based actuarial gain or loss arises. Cumulative net experience-based actuarial gains and losses amounted to a gain of SEK 765m (346) at year-end. When the assumptions change, actuarial gains or losses arise. In total, the Group's actuarial gains and losses amounted to a loss of SEK 2 265m (2 006). The increase in the actuarial loss arose mainly because the discount rate was cut by 25 bp to 3.50 per cent at the same time that an actuarial gain arose when the actual return exceeded the assumed return on assets under management. A 25 bp reduction in the discount rate would increase the pension provision by approximately SEK 715m. Since it applies the so-called corridor rule, the Group recognises only the portion of the net exceeding 10 per cent of the higher of assets under management or pension liabilities. The excess is recognised over the employees' remaining years of service. A further cut in the discount rate therefore had only a marginal impact on profit in 2011.

Share-based payment

In calculating the cost which is recognised as employee benefits ultimately settled in the form of common shares in Swedbank AB, management estimates how many common shares will be settled. Employees are allotted contingent rights to receive common shares, which require, for example, that they remain employed on the settlement date; otherwise the rights expire. Management also estimates the fair value of the rights allotted to employees and which gives them the conditional right to receive common shares in Swedbank AB at no cost. The estimation is based on the quoted price of the common share, since the right essentially has the same terms as a common share. The estimated costs associated with Program 2010 total SEK 109m, of which SEK 31m was recognised in 2010. This is in addition to social insurance charges, which will finally be calculated on the fair value of the settled shares.

G3 Risks

Risk is defined as a potentially negative impact on a company that can arise due to current internal processes or future internal or external events. The concept of risk comprises the probability that an event will occur and the impact it would have on the company.

The Board of Directors has adopted an Enterprise Risk Management (ERM) policy detailing the risk framework, as well as roles and responsibilities in risk management. Swedbank continuously identifies the risks its operations generate and has designed a process to manage them. The process is described in the bank's ERM policy. The risk process includes eight steps: prevent risks, identify risks, quantify risks, analyse risks, suggest measures, control and monitor, report risks, and, lastly, follow up. The process is general, encompassing all of the risk areas, at the same time that concrete activities are adapted to each risk area to protect the bank against unwanted risk-taking. The risk process also provides a description of Swedbank's risk profile, which then serves as the basis of the internal capital adequacy assessment process. This process entails an evaluation of capital needs based on Swedbank's overall risk level and business strategy. The aim is to ensure efficient use of capital and that Swedbank at the same time meets the minimum legal capital requirement and maintains access to domestic and international capital markets even under adverse market conditions.

Risk	Description
Credit risks	The risk that a counterparty, or obligor, fails to meet contractual obligations to Swedbank and the risk that collateral will not cover the claim.
Liquidity risks	The risk that Swedbank cannot fulfil its payment commitments on any given due date without significantly raising the cost of obtaining means of payment.
Market risks	The risk that changes in interest rates, exchange rates and equity prices will lead to a decline in the value of Swedbank's net assets, including derivatives.
Operational risks	The risk of losses resulting from inadequate or failed internal processes or routines, human error, incorrect systems or external events.
Other risks	Includes earnings volatility risk, insurance risk, pension risk, strategic risk, reputational risk and security risk.

Credit risks

Credit risks refer to the risk that a counterparty will not fulfil its contractual obligations to the Group and that the assets pledged do not cover claims. Counterparty risk arises if a business counterparty in a financial transaction cannot fulfil its commitment. The risk is often expressed as the present market value of the contract in addition to a premium for potential future fluctuations in the underlying risk factors. Credit risk also includes concentration risk, which comprises large exposures or concentrations in the credit portfolio to certain regions or industries, among other things. Concentration risk is managed in Swedbank's internal capital adequacy assessment process (ICAAP), see further note G4 Capital. The Group analyses and monitors credit risks on the basis of an internal risk classification system to ensure that they do not exceed desired levels.

The risk classification system is a key part of the credit process and comprises work and decision-making processes for lending, credit monitoring and quantification of credit risk. The risk classification system thus serves as a business-support tool to facilitate effective decision-making. The Group analyses and monitors credit risks on the basis of an internal risk classification system to ensure that they do not exceed desired levels.

Swedbank's internal risk classification system is the basis for:

- Risk assessment and credit decisions
- Monitoring and managing credit risks
- Calculating risk-adjusted profitability
- Analysis of the risk profile in Swedbank's credit portfolios
- Developing credit strategies and associated risk management activities
- Reporting credit risks to the Board of Directors, the CEO and the Group Executive Management
- Calculating capital requirements and capital allocation.

Risk class is tested and determined in connection with credit decisions. It also affects the requirements on depth of analysis and documentation and governs the way in which customers are monitored. As a result, low-risk transactions can be approved through a simpler and faster credit process. Risk classification is also a key element in monitoring individual credit exposures. The system governs the monitoring processes in various ways, ensuring, for example, that a weak risk class is tested separately, followed by a decision on possible measures. The risk classification is a key element in the monitoring of credit exposures. Swedbank has received approval from the Financial Supervisory Authority to apply the so-called IRB approach, which is used to calculate the majority of the capital requirement for credit risks. The IRB approach is applied to the large part of lending to the public, with the exception of lending to national governments and the credit portfolios in Ukraine and Russia. For exposures that do not apply the IRB approach, an external classification is used instead, primarily the Financial Supervisory Authority's standard method, or they are none-rated. The goal of the risk classification is to predict defaults within 12 months. The classification is expressed on a scale of 23 classes, where 0 represents the greatest risk and 21 represents the lowest risk of default, with one class for defaulted loans. The subsequent table describes the Group's risk classification and how it relates to the probability of default within 12 months (PD) as well as an indicative rating from Standard & Poor's. Of the total IRB-assessed exposures, 74 per cent falls into the risk classes 13–21, so-called investment grade, where the risk of default is considered low. Of the exposures 40 per cent have been assigned a risk class of 18 or higher, which corresponds to a rating of A from the major ratings agencies. The exposures relate to financial companies group, why the total amount also differs against the Group's carrying amounts.

Risk grade according to the IRB methodology

Internal rating		PD (%)	Indicative rating Standard & Poor's
Default	Default	100	D
High risk	0–5	>5.7	C to B
Augmented risk	6–8	2.0–5.7	B+
Normal risk	9–12	0.5–2.0	BB– to BB+
Low risk	13–21	<0.5	BBB– to AAA

To achieve as much precision in the measurement as possible, a number of different models have been developed for risk classification of counterparties/borrowers or contracts. The tests that have been conducted have shown that the models offer high reliability. There are also methods and routines to design and maintain the models as well as routines for risk classification in credit operations needed to provide an overview. The three elements, the design methods, models and routines for assigning risk classes are held together by a number of governing documents issued by the Board of Directors, the CEO, the Chief Credit Officer and the head of Group Risk Control. Risk classification models refer to rules on how a customer/counterparty is assigned a risk class. There are primarily two types of models. One is based on a statistical method, which presumes access to a large amount of information on counterparties and a sufficiently large share of information on counterparties that have defaulted. In cases where the statistical method is not applied, models are created where evaluation criteria are based on expert opinions. The models are validated in connection with new constructions on an ongoing basis. The validation ensures that each model measures risk in a satisfactory manner. Moreover, the models are validated in day-to-day credit operations. The models normally indicate the likelihood of default in one year's time. Considering that credit commitments usually involve longer periods of time, the models are also evaluated in the longer term. In summary, the validations made to date have shown that the models are highly reliable. A risk class that has deteriorated can also mean that an impairment has occurred and been accounted for.

Maximum credit risk exposure distributed by rating 2010	Low risk PD <0,5	Normal risk PD 0.5–2.0	Augmented risk PD 2.0–5.7	High risk PD >5.7	Default PD 100.0	Non-rated exposures	Standardised methodology	EAD
	Risk grade according to the IRB methodology							
Total exposure	**1 026 465**	**198 927**	**92 351**	**39 403**	**23 624**	**28 957**	**163 413**	**1 573 140**

	Retail	%	Large corporates & Institutions	%	Baltic Banking	%	Russia & Ukraine	%	Other	%	Total	%
EAD												
Low risk	734 693	46.6	247 822	15.7	43 693	2.8			257	0.0	1 026 465	65.1
Normal risk	133 645	8.5	42 555	2.7	22 724	1.4			3	0.0	198 927	12.6
Augmented risk	52 027	3.3	10 196	0.6	30 127	1.9			1	0.0	92 351	5.9
High risk	18 591	1.2	579	0.0	20 233	1.3					39 403	2.5
Defaults	3 319	0.2	3 198	0.2	17 107	1.1					23 624	1.5
Non-rated exposures	5 154	0.3	8 554	0.5	10 086	0.6			5 163		28 957	1.8
Standardised method	41 354	2.6	80 636	5.1	22 400	1.4	16 624	1.1	2 399	0.2	163 413	10.4
Total	**983 629**	**62.4**	**384 986**	**24.4**	**156 284**	**9.9**	**16 624**	**1.1**	**2 660**	**0.2**	**1 573 140**	**100.0**

	Public	%	Corporates	%	Institutions	%	States	%	Other	%	Total	%
EAD												
Low risk	704 062	44.7	177 447	11.3	144 956	9.2					1 026 465	65.1
Normal risk	82 997	5.3	115 262	7.3	668	0.0					198 927	12.6
Augmented risk	31 400	2.0	60 434	3.8	517	0.0					92 351	5.9
High risk	18 122	1.1	21 201	1.3	80	0.0					39 403	2.5
Defaults	9 241	0.6	14 084	0.9	299	0.0					23 624	1.5
Non-rated exposures									28 957	1.8	28 957	1.8
Standardised method	10 776	0.7	5 595	0.4	3 124	0.2	61 151	3.9	82 767	5.2	163 413	10.4
Total	**856 598**	**54.3**	**394 023**	**25.0**	**149 644**	**9.5**	**61 151**	**3.9**	**115 370**	**7.3**	**1 573 140**	**100.0**

Maximum credit risk exposure distributed by rating 2009	Risk grade according to the IRB methodology: Low risk PD <0.5	Normal risk PD 0.5–2.0	Augmented risk PD 2.0–5.7	High risk PD >5.7	Default PD 100.0	Non-rated exposures	Standardised methodology	EAD
Total exposure	**943 855**	**216 590**	**112 470**	**49 447**	**22 725**	**36 288**	**236 371**	**1 617 746**

	Retail	%	Large corporates & Institutions	%	Baltic Banking	%	Russia & Ukraine	%	Other	%	Total	%
EAD												
Low risk	697 249	43.1	184 514	11.4	61 730	3.8			362	0.0	943 855	58.3
Normal risk	141 805	8.8	45 631	2.8	29 154	1.8					216 590	13.4
Augmented risk	58 638	3.6	14 559	0.9	39 271	2.4			2	0.0	112 470	7.0
High risk	21 643	1.3	2 512	0.2	25 292	1.6					49 447	3.1
Defaults	3 212	0.2	2 408	0.1	17 105	1.1					22 725	1.4
Non-rated exposures											36 288	2.2
Standardised method	130 572	8.1	49 111	3.0	28 826	1.8	22 196	1.4	5 666	0.4	236 371	14.6
Total	**1 053 119**	**65.1**	**298 735**	**18.5**	**201 378**	**12.4**	**22 196**	**1.4**	**6 030**	**0.4**	**1 617 746**	**100.0**

	Public	%	Corporates	%	Institutions	%	States	%	Other	%	Total	%
EAD												
Low risk	678 097	41.9	192 279	11.9	73 479	4.5					943 855	58.3
Normal risk	89 886	5.6	124 430	7.7	2 274	0.1					216 590	13.4
Augmented risk	35 250	2.2	75 178	4.6	2 042	0.1					112 470	7.0
High risk	21 683	1.3	26 984	1.7	780	0.0					49 447	3.1
Defaults	8 306	0.5	13 983	0.9	436	0.0					22 725	1.4
Non-rated exposures											36 288	2.2
Standardised method	10 789	0.7	8 180	0.5	4 559	0.3	187 022	11.6	25 821	1.6	236 371	14.6
Total	**844 011**	**52.2**	**441 034**	**27.3**	**83 570**	**5.2**	**187 022**	**11.6**	**62 109**	**3.8**	**1 617 746**	**100.0**

Maximum credit risk exposure, geographical distribution 2010

	Sweden	Estonia	Latvia	Lithuania	Russia	Ukraine	Norway	Denmark	Finland	USA	Other	Total
Assets												
Cash and balances with central banks	2 614	2 948	4 982	3 381	611	398	1 745	275	90	25	39	17 109
Treasury bills and other bills eligible for refinancing with central banks	24 243		117	893		380	1 280				8 011	34 924
Loans to credit institutions	99 320	10	62	231	1 350	352	4 962	10 351	14 402	17 567	17 810	166 416
Loans to the public	1 015 013	57 919	37 023	35 477	6 220	6 337	16 968	5 845	5 363	1 005	56	1 187 226
Bonds and other interest-bearing securities	72 310	288	20	7		2	8 907	92	409	3 702	10 915	96 652
Derivatives*	27 320	75	221	85	13		3 569	3 909	379	6 147	23 335	65 051
Other financial assets	7 032	948	734	499	86	75	4 269	1	27	11	4	13 687
Contingent liabilities and commitments												
Guarantees	17 829	2 106	768	633	569	153	1 140	14	249	60	1 799	25 321
Commitments	142 451	6 180	3 018	3 259	480	485	8 608	126	5 483	466	4 825	175 382
Total	**1 408 131**	**70 475**	**46 945**	**44 466**	**9 329**	**8 182**	**51 449**	**20 612**	**26 402**	**28 983**	**66 794**	**1 781 768**
% of total	79	4	3	2	1	0	3	1	1	2	4	100

* By Swedbank AB, open netting agreements reduce the credit exposure to SEK 16 368m.

Maximum credit risk exposure, geographical distribution 2009

	Sweden	Estonia	Latvia	Lithuania	Russia	Ukraine	Norway	Denmark	Finland	USA	Other	Total
Assets												
Cash and balances with central banks	17 912	7 275	5 083	3 414	2 343	437	1 033	219	105	10	49	37 879
Treasury bills and other bills eligible for refinancing with central banks	72 920		180	2 271		208	3 949		411		8 785	88 724
Loans to credit institutions	19 815		971	19	2 246	545	9 612	12 573	542	12 692	33 116	92 131
Loans to the public	1 065 790	72 156	51 391	45 551	9 793	8 676	17 006	3 274	6 094	2 032	8 904	1 290 667
Bonds and other interest-bearing securities	62 654	271	12	31		12	3 691		355	3 832	11 033	81 891
Derivatives*	36 647	377	2 193	168			2 825	1 116	1 042	7 320	21 282	72 970
Other financial assets	10 620	774	648	1 218	174	377	1 191	1	15	9	11	15 038
Contingent liabilities and commitments												
Guarantees	19 754	2 352	1 148	628	1 017		1 625	21	241	19	2 383	29 188
Commitments	138 473	7 628	4 659	5 240	1 174	1 232	9 577	816	5 960	1 746	5 617	182 122
Total	**1 444 585**	**90 833**	**66 285**	**58 540**	**16 747**	**11 487**	**50 509**	**18 019**	**14 764**	**27 660**	**91 180**	**1 890 610**
% of total	76	5	4	3	1	1	3	1	1	1	5	100

* By Swedbank AB, open netting agreements reduce the credit exposure to SEK 15 417m.

Interest-bearing securities, geographical distribution 2010

	Sweden	Estonia	Latvia	Lithuania	Ukraine	Norway	Denmark	Finland	USA	Other	Total
Treasury bills and other bills eligible for refinancing with central banks	24 243		117	893	380	1 280				8 011	34 924
States	23 452		117	893		1 252				7 747	33 461
Municipalities	791					28					819
Other					380					264	644
Bonds and other interest-bearing securities	72 310	288	20	7	2	8 907	92	409	3 702	10 915	96 652
Housing finance institution	60 904									3 335	64 239
Banks	2 940		7	2		6 500	92	211	951	6 568	17 271
Other financial companies	3 463								2 335	516	6 314
Non-financial companies	5 003	288	13	5	2	2 407		198	416	496	8 828
Total	**96 553**	**288**	**137**	**900**	**382**	**10 187**	**92**	**409**	**3 702**	**18 926**	**131 576**
% of total	74	0	0	1	0	8	0	0	3	14	100

Interest-bearing securities, geographical distribution 2009

	Sweden	Estonia	Latvia	Lithuania	Ukraine	Norway	Denmark	Finland	USA	Other	Total
Treasury bills and other bills eligible for refinancing with central banks	72 920		180	2 271	208	3 949		411		8 785	88 724
States	72 909		180	2 271		3 922		411		8 785	88 478
Municipalities	11					27					38
Other					208	0					208
Bonds and other interest-bearing securities	62 654	271	12	31	12	3 691		355	3 832	11 033	81 891
Housing finance institution	48 315									6 371	54 686
Banks	6 405	17	12	31		1 873		242	1 280	3 458	13 318
Other financial companies	2 060	91			12	128			1 452	1 029	4 772
Non-financial companies	5 874	163				1 690		113	1 100	175	9 115
Total	**135 574**	**271**	**192**	**2 302**	**220**	**7 640**		**766**	**3 832**	**19 818**	**170 615**
% of total	80	0	0	1	0	5		0	2	12	100

Loans to the public and credit institutions, carrying amount 2010

	Loans which are not impaired				Impaired loans			Total
	Before portfolio provisions		Portfolio provisions	After portfolio provisions	Before provisions	Provisions	After provisions	
	Performing	Past due						
Geographical distribution								
Sweden	975 878	1 708	992	976 594	1 882	1 100	782	977 376
Estonia	54 300	1 827	633	55 494	4 722	2 297	2 425	57 919
Latvia	30 876	1 209	724	31 361	11 259	5 597	5 662	37 023
Lithuania	30 638	2 120	337	32 421	6 529	3 494	3 035	35 456
Russia	5 356	30	121	5 265	1 939	984	955	6 220
Ukraine	3 468	108	490	3 086	7 957	4 706	3 251	6 337
Norway	16 798	5		16 803	403	238	165	16 968
Denmark	2 253	10		2 263	12	3	10	2 273
Finland	5 363			5 363				5 363
USA	1 005			1 005				1 005
Other	56			56				56
Loans to the public excluding the Swedish National Debt Office and repurchase agreements	**1 125 992**	**7 017**	**3 297**	**1 129 712**	**34 703**	**18 418**	**16 285**	**1 145 996**
Sector/industry								
Private customers	646 945	3 885	534	650 296	9 799	3 744	6 055	656 351
Mortgage loans, private	609 263	3 219	264	612 218	6 834	2 612	4 222	616 440
Other, private	37 682	666	270	38 078	2 965	1 132	1 833	39 911
Corporate customers	479 047	3 132	2 763	479 416	24 904	14 674	10 230	489 646
Agriculture, forestry, fishing	58 706	96	86	58 716	710	335	375	59 091
Manufacturing	27 591	214	519	27 286	5 138	3 095	2 043	29 329
Public sector and utilities	15 805	318	46	16 077	133	39	94	16 171
Construction	11 971	114	159	11 926	2 325	1 502	823	12 749
Retail	22 083	170	307	21 946	2 862	1 818	1 044	22 990
Transportation	12 013	554	137	12 430	1 182	551	631	13 061
Shipping	15 719		120	15 599	40	34	6	15 605
Hotels och restaurants	6 700	57	87	6 670	530	290	240	6 910
Information and communications	2 209	5	33	2 181	66	31	35	2 216
Finance and insurance	10 681	5	31	10 655	148	109	39	10 694
Property management	144 818	534	829	144 523	8 766	5 093	3 673	148 196
Housing cooperatives	71 880		64	71 816	32	19	13	71 829
Professional services	27 860	92	158	27 794	747	528	219	28 013
Other corporate lending	51 010	974	187	51 797	2 225	1 230	995	52 792
Loans to the public excluding the Swedish National Debt Office and repurchase agreements	**1 125 992**	**7 017**	**3 297**	**1 129 712**	**34 703**	**18 418**	**16 285**	**1 145 996**
Collateral held as security								
Residential properties incl. Condominiums	727 847	3 247	327	730 767	10 370	4 349	6 021	736 788
Other real estate	154 019	1 464	1 174	154 309	14 117	7 666	6 451	160 760
Municipalities etc.	23 427	40	4	23 463	41	6	35	23 498
Chattel mortgages	11 976	14	54	11 936	1 226	659	566	12 502
Guarantees	22 703	31	48	22 686	989	678	311	22 997
Unsecured	97 849	346	108	98 087	2 533	1 942	591	98 678
Other collateral	88 172	1 875	1 583	88 464	5 428	3 119	2 309	90 773
Loans to the public excluding the Swedish National Debt Office and repurchase agreements	**1 125 992**	**7 017**	**3 297**	**1 129 712**	**34 703**	**18 418**	**16 285**	**1 145 996**
Swedish National Debt Office	1			1				1
Loans to Swedish credit institutions	51 285			51 285				51 285
Loans to foreign credit institutions	75 136			75 136	75	76	–1	75 135
Loans to Swedish National Debt Office, repurchase agreements	19 778			19 778				19 778
Loans to Swedish credit institutions, repurchase agreements	14 705			14 705				14 705
Loans to Foreign credit institutions, repurchase agreements	25 291			25 291				25 291
Loans to Swedish public, repurchase agreements	15 666			15 666				15 666
Loans to Foreign public, repurchase agreements	5 785			5 785				5 785
Loans to the public and credit institutions	**1 333 639**	**7 017**	**3 297**	**1 337 359**	**34 778**	**18 494**	**16 284**	**1 353 643**

Loans to the public and credit institutions, carrying amount 2009

	Loans which are not impaired				Impaired loans			Total
	Before portfolio provisions		Portfolio provisions	After portfolio provisions	Before provisions	Provisions	After provisions	
	Performing	Past due						
Geographical distribution								
Sweden	973 852	2 017	1 144	974 726	2 444	1 208	1 237	975 960
Estonia	66 977	2 967	740	69 204	5 465	2 513	2 952	72 156
Latvia	42 898	2 438	1 157	44 179	13 401	6 189	7 212	51 391
Lithuania	39 806	2 717	668	41 855	7 705	4 009	3 696	45 551
Russia	8 940	99	257	8 782	2 238	1 227	1 011	9 793
Ukraine	6 698	188	1 162	5 724	8 180	5 228	2 952	8 676
Norway	16 834			16 834	498	326	172	17 006
Denmark	3 258		2	3 256	20	2	18	3 274
Finland	6 094			6 094				6 094
USA	2 032			2 032				2 032
Other	264			264				264
Loans to the public excluding the Swedish National Debt Office and repurchase agreements	**1 167 653**	**10 426**	**5 129**	**1 172 950**	**39 951**	**20 702**	**19 250**	**1 192 198**
Sector/industry								
Private customers	633 805	5 925	780	638 950	9 585	3 689	5 896	644 845
Mortgage loans, private	585 534	4 248	447	589 335	5 867	1 925	3 942	593 277
Other, private	48 270	1 677	333	49 614	3 718	1 764	1 954	51 568
Corporate customers	533 848	4 501	4 349	534 000	30 366	17 013	13 353	547 353
Agriculture, forestry, fishing	57 183	300	111	57 372	790	338	452	57 825
Manufacturing	32 675	445	1 152	31 968	4 911	2 817	2 094	34 062
Public sector and utilities	15 710	90	28	15 772	72	52	20	15 792
Construction	12 585	220	232	12 573	2 972	1 903	1 069	13 642
Retail	27 217	381	621	26 977	3 345	2 057	1 288	28 265
Transportation	14 895	580	253	15 222	1 478	713	765	15 988
Shipping	13 417	0	11	13 406	37	36	1	13 407
Hotels och restaurants	7 240	77	126	7 191	679	318	361	7 552
Information and communications	1 805	16	9	1 812	60	26	34	1 845
Finance and insurance	9 931	8	39	9 900	108	72	36	9 936
Property management	160 773	776	895	160 654	12 207	6 481	5 726	166 380
Housing cooperatives	70 872			70 872	41	23	18	70 890
Professional services	37 577	426	196	37 807	808	638	170	37 977
Other corporate lending	71 967	1 182	676	72 473	2 858	1 539	1 319	73 792
Loans to the public excluding the Swedish National Debt Office and repurchase agreements	**1 167 653**	**10 426**	**5 129**	**1 172 950**	**39 951**	**20 702**	**19 250**	**1 192 198**
Collateral held as security								
Residential properties incl. Condominiums	706 866	4 385	1 870	709 381	11 147	4 476	6 671	716 052
Other real estate	160 906	2 433		163 339	16 937	7 776	9 161	172 501
Municipalities etc.	27 704	60	7	27 757	29	1	28	27 785
Chattel mortgages	14 784	18	352	14 450	1 294	601	693	15 143
Guarantees	26 787	78		26 865	1 344	612	732	27 597
Unsecured	124 646	611	1 386	123 871	2 665	2 119	546	124 417
Other collateral	105 961	2 841	1 514	107 287	6 534	5 117	1 418	108 703
Loans to the public excluding the Swedish National Debt Office and repurchase agreements	**1 167 653**	**10 426**	**5 129**	**1 172 950**	**39 951**	**20 702**	**19 250**	**1 192 198**
Swedish National Debt Office	60 001			60 001				60 001
Loans to Swedish credit institutions	40 924			40 924				40 924
Loans to foreign credit institutions	30 745			30 745	181	181		30 745
Loans to Swedish National Debt Office, repurchase agreements	19 235			19 235				19 235
Loans to Swedish credit institutions, repurchase agreements	9 041		4	9 037				9 037
Loans to Foreign credit institutions, repurchase agreements	11 421			11 421				11 421
Loans to Swedish public, repurchase agreements	10 594			10 594				10 594
Loans to Foreign public, repurchase agreements	8 643			8 643				8 643
Loans to the public and credit institutions	**1 358 257**	**10 426**	**5 133**	**1 363 550**	**40 132**	**20 883**	**19 250**	**1 382 798**

Impaired, past due and restructured loans 2010

	Sweden	Estonia	Latvia	Lithuania	Russia	Ukraine	Norway	Denmark	Total
Impaired loans									
Carrying amount before provisions	1 956	4 722	11 259	6 529	1 939	7 958	403	12	34 778
Provisions	1 176	2 297	5 596	3 494	984	4 706	238	3	18 494
Carrying amount after provisions	781	2 425	5 662	3 035	955	3 251	165	10	16 284
Share of impaired loans, net %	0.08	4.15	15.20	8.51	12.68	42.87	0.97		1.20
Share of impaired loans, gross %	0.20	7.69	25.85	16.52	22.44	62.26	2.34		2.53
Carrying amount of impaired loans that returned to a status as normal during the period	2	433	252	485	120				1 292
Past due loans that are not impaired									
Valuation category, loans and receivables									
Loans with past due amount,	752	1 827	1 209	2 120	30	108	5	10	6 061
5–30 days	249	779	856	1 681	18	67	5	10	3 665
31–60 days	306	734	317	384	6	41			1 787
more than 60 days	197	314	37	55	6				609
Valuation category, fair value through profit or loss									
Loans with past due amount,	956								956
5–30 days	466								466
31–60 days	248								248
more than 60 days	242								242
Total	**1 708**	**1 827**	**1 209**	**2 120**	**30**	**108**	**5**	**10**	**7 017**
Loans which were restructured during the period and which are not impaired or past due									
Carrying amount before restructuring	452	1 776	2 841	1 122	176				6 367
Carrying amount after restructuring	409	1 776	2 840	1 122	176				6 323

Impaired loans are those for which it is likely that payment will not be received in accordance with the contract terms. A loan is not impaired if there is collateral that covers the principal, unpaid interest and any late fees by a satisfactory margin. Specified above are the reserves allocated for impaired loans as well as for other lending where loss events have occurred but where individual loans have not yet been identified. Loss events include late or non-payments, situations where the borrower is likely to go bankrupt and domestic or local economic developments tied to non-payments, such as diminished asset values. The carrying amount for impaired loans generally corresponds to the value of the collateral. Restructured loans refer to loans whose contractual terms have been amended due to the customer's reduced ability to pay. Common changes of contractual terms are different forms of respite for payments. The changes of contractual terms can be so significant that the loans also are considered as impaired loans, which is the case if the restructuring results in a decrease of the loan's carrying amount, one-off concessions excluded.

Impaired, past due and restructured loans 2009

	Sweden	Estonia	Latvia	Lithuania	Russia	Ukraine	Norway	Denmark	Total
Impaired loans									
Carrying amount before provisions	2 625	5 465	13 401	7 705	2 238	8 180	498	20	40 132
Provisions	1 389	2 513	6 189	4 009	1 227	5 228	326	2	20 883
Carrying amount after provisions	1 236	2 952	7 212	3 696	1 011	2 952	172	18	19 249
Share of impaired loans, net %	0.13	4.01	13.97	8.10	9.31	33.13	1.01	0.56	1.39
Share of impaired loans, gross %	0.27	7.11	22.72	15.32	18.13	53.46	2.87	0.62	2.85
Carrying amount of impaired loans that returned to a status as normal during the period	174	99	54	20					347
Past due loans that are not impaired									
Valuation category, loans and receivables									
Loans with past due amount,	995	2 968	2 438	2 717	99	188			9 404
5–30 days	239	1 924	1 121	1 872	57	118			5 332
31–60 days	673	919	1 065	711	31	70			3 469
more than 60 days	83	126	252	133	10				603
Valuation category, fair value through profit or loss									
Loans with past due amount,	1 022								1 022
5–30 days	542								542
31–60 days	222								222
more than 60 days	258								258
Total	**2 017**	**2 968**	**2 438**	**2 717**	**99**	**188**			**10 426**
Loans which were restructured during the period and which are not impaired or past due									
Carrying amount before restructuring	2 131	2 725	4 415	4 106	865	2 120			16 362
Carrying amount after restructuring	2 131	2 725	4 415	4 106	865	2 120			16 362

Provisions loans 2010

	Sweden	Estonia	Latvia	Lithuania	Russia	Ukraine	Norway	Denmark	Total
Opening balance	**2 538**	**3 253**	**7 346**	**4 677**	**1 484**	**6 390**	**326**	**4**	**26 017**
New provisions	1 025	415	1 373	1 253	56	627			4 749
Utilisation of previous provisions	–356	–124	–1 099	–702		–128			–2 410
Reversal of previous provisions	–80	–239	–96	–574		–536	–80	–1	–1 606
Portfolio provisions for loans that are not impaired	–59	–107	–433	–331	–136	–672			–1 738
Change in exchange rates	–899	–269	–769	–491	–299	–486	–8		–3 220
Closing balance	**2 167**	**2 930**	**6 321**	**3 831**	**1 105**	**5 196**	**238**	**3**	**21 791**
Total provision ratio for impaired loans, % (Including portfolio provision in relation to loans that individually are assessed as impaired)	115	62	56	59	57	65	59	21	63
Provision ratio for individually assessed impaired loans, %	58	49	50	54	51	59	59	21	53

Provisions loans 2009

	Sweden	Estonia	Latvia	Lithuania	Russia	Ukraine	Norway	Denmark	Total
Opening balance	**1 856**	**1 299**	**1 566**	**710**	**218**	**572**	**132**	**1**	**6 354**
New provisions	1 678	1 381	5 939	2 909	567	4 484	202	1	17 159
Utilisation of previous provisions	–172	–63	–116	–113			–3		–468
Reversal of previous provisions	–119	–53	–65	–5		–51	–10		–303
Portfolio provisions for loans that are not impaired	48	893	621	1 421	136	1 633		1	4 752
Change in exchange rates	–752	–204	–598	–245	564	–247	5	1	–1 477
Closing balance	**2 538**	**3 253**	**7 346**	**4 677**	**1 484**	**6 390**	**326**	**4**	**26 017**
Total provision ratio for impaired loans, % (Including portfolio provision in relation to loans that individually are assessed as impaired)	96	60	55	61	66	78	65	18	65
Provision ratio for individually assessed impaired loans, %	49	46	46	52	55	64	65	10	52

Concentration risk, customer exposure

	2010	2009
Number	1	
Exposures > 20 % of the capital base		
Exposures between 10 % and 20 % of the capital base	10 124	
Total	**10 124**	
Usage of the 800 % limit, %	10	

Collateral that can be sold or pledged even if the counterparty fulfills its contractual obligations

When it grants repos, the Group receives securities that can be sold or pledged. The fair value of these securities corresponds to the carrying amount of the repos. The Group also receives collateral in the form of securities that can be sold or pledged for derivatives and other exposures. The fair value of such collateral as of year-end amounted to SEK 0m (1 300). None of this collateral has been sold or pledged.

Assets taken over for protection of claims and cancelled leases

The Group takes over property to minimise credit impairments. Repossessed properties are either divested immediately or held long-term to generate rental income and appreciate in value.

2010	Operating income	Operating expenses	Depreciation	Impairment	Gains/losses at disposal	Net profit
Properties recognised as inventory				47	107	60
Investment properties	100	81	21	204		–206
Vehicles		41		219	–1	–261
Total	**100**	**122**	**21**	**470**	**106**	**–407**

	2010			2009		
	Number	Carrying amount	Fair value	Number	Carrying amount	Fair value
Estonia						
Properties recognised as inventory	495	256	259			
Investment properties	55	214	215	106	152	152
Vehicles	318	41	41	278	37	37
Total	**868**	**511**	**515**	**384**	**189**	**189**
Latvia						
Properties recognised as inventory	1 173	646	648	1	50	50
Investment properties	53	283	288	73	64	64
Vehicles	456	82	82	1 168	132	132
Other	13	25	25			
Total	**1 695**	**1 035**	**1 043**	**1 242**	**246**	**246**
Lithuania						
Properties recognised as inventory	194	92	92			
Investment properties	83	114	114			
Vehicles	723	203	285	275	679	679
Total	**1 000**	**410**	**491**	**275**	**679**	**679**
Russia						
Properties recognised as inventory	2	1	1			
Vehicles	4	3	3	96	22	22
Total	**6**	**4**	**4**	**96**	**22**	**22**
Ukraine						
Investment properties	888	419	419	710	11	11
Total	**888**	**419**	**419**	**710**	**11**	**11**
Sweden						
Properties recognised as inventory	18	55	55	2	84	84
Investment properties	1	216	216			
Shares and other participating interests	1	2	2		207	207
Vehicles	20	4	4			
Other	24	6	6			
Total	**64**	**282**	**282**	**2**	**291**	**291**
Other countries						
Properties recognised as inventory	43	122	122	2	64	64
Investment properties	8	880	948	79	239	239
Shares and other participating interests	1	183	183			
Total	**52**	**1 185**	**1 252**	**81**	**303**	**303**
Total	**4 573**	**3 846**	**4 007**	**2 790**	**1 741**	**1 741**

Liquidity risks

Liquidity risks arise because the maturity structures of the Group's assets and liabilities, including derivatives, do not coincide. The Group defines liquidity risk as the risk of payment commitments remaining unfulfilled on each maturity date without a significant increase in the cost of obtaining payment. The Group actively manages its liquidity in order to avoid these risks.

Managing liquidity risks is a significant aspect of Swedbank's operations. These risks are therefore measured, controlled and forecasted continuously. Liquidity risks are managed centrally at Swedbank. Group Treasury has overarching responsibility for managing the Group's liquidity within the limits established by the Board of Directors. This management includes maintaining a liquidity reserve, which was expanded during the year, in order to prepare for payment commitments on such days and over the longer term. The liquidity reserve consists of liquid means and high-quality liquid securities eligible for refinancing with central banks as well as other liquid assets. Furthermore, the Group's liquidity situation is continuously monitored and its funding is planned in such a way as to avoid excessive short-term financing needs.

An improved internal pricing method reflecting liquidity risk was developed in 2010. In addition, a project designed to improve Swedbank's liquidity management was started during the year.

Monitoring and limiting of liquidity risks is done at a Group level and by individual unit and currency. At the Group level Swedbank uses limits based on survival periods, i.e., the period during which the cumulative cash flow is positive, including the liquidity reserve, without access to the capital market. Individual currencies are limited in terms of how large negative cash flows are allowed to be during a single day or other predetermined period of time. Swedbank regularly stress tests its liquidity to better prepare for and ensure that the bank can handle situations where various financing sources are unavailable.

Good relations with lenders and active marketing of the Group as a borrower in the world's most important capital markets are also strategically important to the Group's liquidity situation. Swedbank therefore works actively to maintain and further develop a well-diversified funding base with regard to the number of markets and the number of investors. By actively using different funding programmes in different currencies and different maturities in large parts of the world, Swedbank can offer debt investors many alternative investments, and thus maintain the funding base. During the year, Swedbank has significantly strengthened its liquidity and extended the maturity structure of its liabilities through active efforts in various funding markets.

Summary of maturities

In the summary of maturities, undiscounted contractual cash flows are distributed on the basis of remaining maturities until the agreed time of maturity. For lending to the public amortising loans are distributed based on the amortisation schedule. Liabilities whose repayment date may depend on various options are distributed based on the earliest date on which repayment could be demanded. Differences between nominal amount and carrying amount, the discount effect, are reported together with items without an agreed maturity date where the anticipated realisation date has not been determined in the column, Without maturity date/change in value.

	Undiscounted contractual cash flows							
Remaining maturity 2010	**Payable on demand**	**< 3 mths.**	**3 mths.–1 yr**	**1–5 yrs**	**5–10 yrs**	**> 10 yrs**	**No maturity discount effect**	**Total**
Assets								
Cash and balances with central banks	17 109							17 109
Treasury bills and other bills eligible for refinancing with central banks		14 312	5 665	4 485	5 622	1 551	3 289	34 924
Loans to credit institutions	40 857	115 288	2 167	6 459	114	603	929	166 417
Loans to the public	33 540	121 708	65 538	170 432	90 347	707 114	–1 453	1 187 226
Bonds and other interest-bearing securities		7 666	24 259	58 784	4 240	34	1 669	96 652
Financial assets for which the customers bear the investment risk		436	1 111	5 943	6 101	26 648	60 389	100 628
Shares and participating interests							8 891	8 891
Derivatives	8	21 740	13 806	17 244	1 661	73	10 519	65 051
Intangible fixed assets							15 794	15 794
Tangible assets							5 679	5 679
Other assets		17 280	30					17 310
Total	**91 514**	**298 430**	**112 576**	**263 347**	**108 085**	**736 023**	**105 706**	**1 715 681**
Liabilities								
Amounts owed to credit institutions	55 208	69 864	8 971	2 880	391	13	–561	136 766
Deposits and borrowings from the public	441 015	63 165	23 492	6 219	256	90		534 237
Debt securities in issue, etc.		93 774	150 389	388 992	45 557	13 207	–5 402	686 517
Financial liabilities where customers bear the investment risk		483	1 325	6 973	7 358	31 818	53 031	100 988
Derivatives	8	19 653	14 471	26 256	7 310	1 922	–3 685	65 935
Other liabilities		63 571	2 467	1 310	1 668			69 016
Subordinated liabilities					17 364	8 942	881	27 187
Equity							95 035	95 035
Total	**496 231**	**310 510**	**201 115**	**432 630**	**79 904**	**55 992**	**139 299**	**1 715 681**

The large part of deposits from the public is contractually payable on demand. Despite the contractual terms, the deposits are essentialy a stable and a long-term source of funding.

Remaining maturity 2009	Payable on demand	< 3 mths.	3 mths.–1 yr	1–5 yrs	5–10 yrs	> 10 yrs	No maturity/ discount effect	Total
	Undiscounted contractual cash flows							
Assets								
Cash and balances with central banks	37 879							37 879
Treasury bills and other bills eligible for refinancing with central banks		68 807	5 769	1 116	4 145	5 902	2 985	88 724
Loans to credit institutions	18 017	61 726	6 989	3 274	117	690	1 318	92 131
Loans to the public	33 797	188 270	61 090	199 735	106 511	692 364	8 900	1 290 667
Bonds and other interest-bearing securities		10 405	25 594	41 537	2 119	98	2 138	81 891
Financial assets for which the customers bear the investment risk		178	987	4 862	4 776	21 914	45 477	78 194
Shares and participating interests							12 245	12 245
Derivatives	4 116	29 419	27 778	24 783	2 997	832	–16 956	72 969
Intangible fixed assets							17 555	17 555
Tangible assets							3 815	3 815
Other assets		15 480	3 136	1				18 617
Total	**93 809**	**374 285**	**131 343**	**275 308**	**120 665**	**721 800**	**77 477**	**1 794 687**
Liabilities								
Amounts owed to credit institutions	105 592	20 648	102 123	1 979	497	80	768	231 687
Deposits and borrowings from the public	413 940	49 472	33 300	7 260	225	227		504 424
Debt securities in issue, etc.		80 758	169 542	399 930	27 347	14 785	10 896	703 258
Financial liabilities where customers bear the investment risk		186	1 073	5 276	5 287	23 489	44 821	80 132
Derivatives	–180	34 761	26 454	28 496	3 709	–117	–20 951	72 172
Other liabilities		58 342	10 152	1 979	2 351	2 233		75 057
Subordinated liabilities			1 259		22 403	12 992	1 329	37 983
Equity							89 974	89 974
Total	**519 352**	**244 167**	**343 903**	**444 920**	**61 819**	**53 689**	**126 837**	**1 794 687**

The large part of deposits from the public is contractually payable on demand. Despite the contractual terms, the deposits are essentialy a stable and a long-term source of funding.

Debt securities in issue

Turnover during the year	2010	2009
Commercial papers with state guarantee		
Opening balance	**60 689**	**79 472**
Issued		140 406
Repaid	–60 689	–160 574
Change in market values		156
Change in exchange rates		1 229
Closing balance		**60 689**
Other commercial papers		
Opening balance	**49 884**	**60 458**
Issued	284 652	215 133
Repaid	–268 179	–226 466
Change in market values	–1 519	23
Change in exchange rates	–463	736
Closing balance	**64 375**	**49 884**
Covered bond loans		
Opening balance	**341 372**	**271 236**
Issued	237 958	169 962
Repurchased	–57 635	–80 348
Repaid	–103 351	–19 275
Change in market values	–7 975	–203
Closing balance	**410 369**	**341 372**

Turnover during the year	2010	2009
Bond loans with state guarantee		
Opening balance	**181 587**	**60 295**
Issued		131 301
Repaid	–14 035	–921
Change in market values	342	1 004
Change in exchange rates	–11 849	–10 092
Closing balance	**156 045**	**181 587**
Other interest-bearing bond loans		
Opening balance	**32 721**	**86 530**
Issued	23 524	3 622
Repurchased	–33	
Repaid	–18 128	–56 169
Change in market values	264	–580
Change in exchange rates	–3 152	–682
Closing balance	**35 196**	**32 721**
Structured products		
Opening balance	**37 004**	**35 374**
Issued	3 768	14 637
Repurchased	–4 901	–10 522
Repaid	–16 552	–2 431
Change in market values	1 217	–4
Change in exchange rates	–4	–50
Closing balance	**20 532**	**37 004**
Total debt securities in issue	**686 517**	**703 258**

Market risks

Market risks refer to interest rate, currency and share price risks. The risks are measured by means of model-based risk measurement and traditional sensitivity measures.

Management of market risks

The primary objective of Swedbank's activity in various financial markets is the desire to satisfy customers' long-term needs and facilitate Swedbank's own financing. The secondary objective is to create additional income by taking positions. Risk taking is always weighed against expected return. Market risks arise in Swedbank's trading operations (in conjunction with trading on financial markets) as well as structurally in its other operations. Consequently, the management of market risks can be divided into these two main areas. Swedbank's total risk-taking is governed by limits set by the Board on the nature and size of financial risk-taking. Only so-called risk-taking units, i.e., units assigned a risk mandate by the CEO, are permitted to take financial risks. Risks in these units are measured, monitored and reported daily to the CEO and senior executives in Swedbank. Every risk-taking unit has limits for various types of risks, which are monitored systematically using a daily routine. The dominant market risks within Swedbank are of a structural or strategic nature and are managed centrally by Group Treasury, which is responsible for minimising possible negative impacts on Swedbank's net income and equity. One example of structural risks include interest rate risks, which arise when the interest fixing periods in Swedbank's lending operations do not precisely correspond with the interest fixing periods in its financing. Another example is currency risks which arise when deposits and lending are conducted in different currencies. Strategic risks mainly comprise currency risks associated with holdings in foreign operations where it is not possible to hedge these risks. Swedbank's international expansion in recent years has resulted in an increase in currency risk, including strategic currency risk. However, the currency exposure has decreased during the year as the devaluation risk in the Baltic currencies has decreased in line with an economic recovery, and became even lower after the Estonian Kroon was converted to euro in January 2011. Market risks in Swedbank's trading operations are low in relation to Swedbank's total risks as illustrated by the fact that their share of the total risk-weighted amount in the calculation of capital adequacy is about 5.4 per cent as of 31 December 2010.

Risk measurement

Swedbank measures market risks – those that arise in trading operations but also some of the risks of more structural nature, such as interest rate risk in the mortgage portfolio – with a Value-at-Risk (VaR) model. VaR expresses a possible loss level for the current portfolio which is so high there is little likelihood it can be exceeded during a specific time horizon. Swedbank uses a 99-percent 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.

Swedbank's VaR model complies with regulatory requirements. VaR involves using a model for movements in interest rates, stock prices and exchange rates to estimate a probability distribution for the change in value of Swedbank's total portfolio. Volatilities are also risk factors in the model:for exemple, interest rate VaR includes both the impacts of interest rate level changes and changes in the interest rate implied volatilities. VaR is based on the hypothetical assumption that the portfolio will remain unchanged over a specific time horizon. In Swedbank's VaR model the probability distribution is estimated daily with a Monte Carlo simulation, where the scenarios are based on historical market price changes over the last year. The horizon is one trading day. VaR is then calculated using the probability distribution as a basis. Scenarios are based on historical market data, including historical risk factor correlation. Thus, the model provides a richer and more balanced risk measure than single sensitivities. Also, different types of market risk figures can be compared as well aggregated into one reflecting the overall risk.

Swedbank's VaR model is continuously evaluated through "hypothetical backtesting", a systematic method of assessing the accuracy of the probability distribution of the possible portfolio results generated by the model. In trading operations, daily results are also used to assess VaR through so-called "actual backtesting". The hypothetical backtesting result is calculated as the change in the value of the portfolio over one day, during which positions are kept constant while market prices are updated. The results of the backtesting are then compared with VaR and, by carrying out this calculation for a large number of days, it is possible to assess the reliability of the model. Hypothetical backtesting is carried out daily for Swedbank as a whole and for individual risk-taking units. The backtesting results are analyzed, commented and reported to the CEO on a monthly basis. All breaches of VaR for positions in the trading book are reported to the Swedish Financial Supervisory Authority.

Occasionally, the historical correlations on which the VaR calculation is based do not apply, e.g. in stressful situations in the financial markets. For the individual types of risk, interest rate, equity price and currency risks, complementary risk measures and limits are therefore used based on sensitivity to changes in various market prices. In addition, stress tests are carried out to estimate potential losses in case of extraordinary market conditions, based on a number of scenarios where interest rates, equity prices, exchange rates and corresponding volatilities are shifted. This is done both regularly as well as ad-hoc based on identified risk scenarios, whenever needed.

Here, VaR excludes market risks in Swedbank Ukraine and strategic currency risks. In the case of Swedbank Ukraine, VaR is misleading due to the illiquid and undeveloped financial markets in Ukraine. For strategic currency risks, a VaR measure that is based on a one-day horizon is not a relevant measure. The extension of the wholesale funding maturity profile reduced interest rate risk (and thus VaR) during the first half of 2010. During the latter part of the year, the building up of a liquidity reserve, and an extended duration in the mortgage portfolio, brought the risk level in terms of VaR back to approximately the same level as during the beginning of the year. Due to poorer liquidity in the Swedish equity derivatives market, the position taking has been slightly more conservative in equity derivatives 2010, which is also reflected in the adjacent table. Furthermore it is evident that Swedbank's VaR during 2010 was slightly lower than it was for the corresponding period in 2009.

VaR by risk category

	Jan.–Dec. 2010 (2009)			31 Dec.	31 Dec.
SEKm	**Max**	**Min**	**Average**	**2010**	**2009**
Interest-rate risk	127 (129)	50 (83)	81 (108)	110	120
Currency risk	19 (14)	2 (1)	7 (7)	7	7
Share price risk	12 (25)	2 (7)	6 (14)	6	8
Diversification	–32 (–33)	–2 (–8)	–12 (–19)	–14	–14
Total	**126 (135)**	**52 (83)**	**82 (110)**	**109**	**121**

The reported risks include positions that are not marked-to-market and consequently have no direct impact on the Group's results.

Market risks in trading operations

Trading operations are conducted mainly by Swedbank Markets for the primary purpose of satisfying customer demand for transactions in the financial market. Position-taking is limited in scope and the risk level in these operations is low.

Swedbank's trading operations had a good year. Despite relatively difficult market conditions, trading operations have managed to keep risks at a stable level with few large scale losses combined with good earnings. This is typical for trading operations conducted with a low level of risk based on customer demand for financial solutions and investments. Over the year, VaR in trading operations was at most SEK 50m, at least SEK 19m and averaged SEK 32m. The number of days on which losses were reported amounted to 48.

Derivatives

Derivatives are financial instruments whose value is mainly dependent on an underlying asset, and in the Group are used by Swedbank Markets, Group Treasury and certain subsidiaries, particularly Swedbank Mortgage. In Swedbank Markets, derivatives are used to meet customer needs and in market-maker activities to cover and take market risk positions. Equity-related derivatives are used to, among other things, cover risks associated with warrants and index-linked bonds that have been issued. In other units, derivatives are used primarily to reduce interest-rate and currency risks associated with the services the Group offers customers or with funding its operations. Derivatives impact the Group's financial risks because the value of the instruments is affected by movements in interest rates and the price of currencies and equities. Financial risks associated with derivatives are limited and monitored as part of the overall management of financial risks. The cash flows that arise from the Group's derivative transactions are monitored and followed up in the same way as other cash flows within the Group. In note G29 Derivatives, the Group's total derivative positions as of 31 December 2010 are divided into interest, currency and equity derivatives, etc. Contracts with positive and negative market values are summarised separately. The table also indicates how large a share of the Group's derivatives is settled via clearing organisations. In contracts with positive market values, the Group has a receivable from the counterparty. To the extent a contract is settled via a clearing organisation, the bank has a receivable from it. The clearing organisation manages and reduces counterparty risks through the use of margin security and continuous settlements. As a result, the counterparty risk in these contracts is negligible and is not considered a credit risk for the Group. Nor are these contracts included in the risk-weighted amount when calculating the bank's capital requirements for counterparty risks. With other contracts, so-called OTC derivatives, a positive market value can be said to entail a credit risk. To reduce the credit risk in OTC derivatives, the Group generally signs agreements with counterparties that contain a clause on netting, i.e., in the event of the counterparty's insolvency, any transactions by the Group with negative market values can be netted against transactions with positive market values and in that way reduce the credit exposure to the total net value of the derivatives.

Interest-rate risks

Interest-rate risk refers to the risk that the value of the Group's assets, liabilities and interest-related derivatives are negatively affected by changes in interest rates or other relevant risk factors.

The Group's interest rate risks arise when interest fixing periods on assets and liabilities, including derivatives, do not coincide. The Group's fixed-rate assets consist primarily of loans. The interest rate risk in these assets is largely eliminated either because they are financed with fixed-term funding or because the Group has arranged swap contracts where it pays a fixed interest rate. The vast majority of Swedbank's fixed interest rate loans have credit agreements that do not permit prepayment without compensating Swedbank for any losses that may arise due to changes in the interest rates since the loan was paid out, so-called prepayment fee. Demand deposits can also be seen as partially interest linked as there are large volumes of deposits with a floating interest rate so low it is unlikely it can be further reduced even if Swedish repo rates are cut. This may affect net interest negatively, but the Parent Company has chosen to position itself to reduce these negative effects.

The interest-rate related risk is measured in the Group for all positions, both those recorded at fair value in the accounts and those recorded at amortised cost. The Group has also decided to assign part of the lending a duration of between two and three years in its risk measurement.

An increase in market interest rates (including real interest rates) of one percentage point as of 31 December 2010 would have reduced the value of the Group's interest-bearing assets and liabilities, including derivatives, by SEK 777m (SEK 226m). The decrease in the value of positions in SEK would have been SEK 499m (SEK –167m), while positions in foreign currency would have decreased in value by SEK 278 (SEK 393m). Changes in the interest-rate risk are attributable to an extended duration in Swedbank Mortgage and the built up liquidity reserve.

An interest rate increase of one percentage point would have reduced the Group's net gains and losses on financial transactions by SEK 213m (SEK 173m) as of 31 December 2010. There are also derivatives that are reported as hedging instruments according to cash flow hedges. An increase in interest rates of one percentage point would increase the value of these derivatives recognised in other comprehensive income by SEK 188m (341).

Changes in interest rates also affect net interest income. The extent of this impact depends in part on the remaining interest fixing period for the Group's fixed-rate assets, liabilities and derivatives and in part on the extent to which the bank is able to adapt the interest rates on variable-rate lending and deposits. A review of net interest risk (measured as the sensitivity to a lasting change in all interest rates by one percentage point) is shown in note G54.

Change in value if the market interest rate rises by one percentage point

The impact on the value of assets and liabilities, including derivatives, (SEKm) when market interest rates rise by one percentage point.

2010	< 3 mths.	3–6 mths.	6–12 mths.	1–2 yrs	2–3 yrs	3–4 yrs	4–5 yrs	5–10 yrs	> 10 yrs	Total
SEK	–104	–120	–672	–422	995	–128	–11	–91	54	–499
Foreign currency	–165	89	61	–2	29	3	27	–196	–124	–278
Total	**–269**	**–31**	**–611**	**–424**	**1 024**	**–125**	**16**	**–287**	**–70**	**–777**

In the table above, part of deposits frm the public that are payable on demand have been assigned a fixed interest period of between 2 and 3 years.

of which financial instruments measured at fair value through profit or loss

	< 3 mths.	3–6 mths.	6–12 mths.	1–2 yrs	2–3 yrs	3–4 yrs	4–5 yrs	5–10 yrs	> 10 yrs	Total
SEK	63	–102	–287	–9	–37	–99	2	–65	54	–480
Foreign currency	–188	85	72	98	116	16	77	–29	20	267
Total	**–125**	**–17**	**–215**	**89**	**79**	**–83**	**79**	**–94**	**74**	**–213**

2009	< 3 mths.	3–6 mths.	6–12 mths.	1–2 yrs	2–3 yrs	3–4 yrs	4–5 yrs	5–10 yrs	> 10 yrs	Total
SEK	–347	66	101	–255	883	–262	6	–66	41	167
Foreign currency	–54	–100	77	29	–44	–16	66	–201	–150	–393
Total	**–401**	**–34**	**178**	**–226**	**839**	**–278**	**72**	**–267**	**–109**	**–226**

In the table above, part of deposits frm the public that are payable on demand have been assigned a fixed interest period of between 2 and 3 years.

of which financial instruments measured at fair value through profit or loss

	< 3 mths.	3–6 mths.	6–12 mths.	1–2 yrs	2–3 yrs	3–4 yrs	4–5 yrs	5–10 yrs	> 10 yrs	Total
SEK	–142	–65	–82	14	7	–116	129	72	39	–144
Foreign currency	–77	–94	16	36	8	6	74	–10	12	–29
Total	**–219**	**–159**	**–66**	**50**	**15**	**–110**	**203**	**62**	**51**	**–173**

Currency risks

Currency risk refers to the risk that the Group's assets and liabilities, including derivatives, may fluctuate due to changes in exchange rates or other relevant risk factors. The Group's currency risks are managed by adapting the total value of assets and liabilities, including derivatives, in the same currency to the desired level. This is mainly done using derivatives, such as cross currency interest rate swaps and forward exchange agreements.

A large part of Swedbank AS's lending is denominated in euro, while deposits (approx. 2/3 before the Estonian kroon conversion) are mainly denominated in the local currency (the Estonian kroon, the Latvian lat and the Lithuanian litas). In addition, a large part of Swedbank AS's liquidity reserves are placed in euro-denominated securities, which produces an asset position in euro and an approximately equally large liability position in the local currencies. On 31 December this position amounted to SEK 48bn. The currencies in the Baltic countries are pegged against the euro (the Latvian lat is allowed to fluctuate by two per cent against the euro). The value of the Estonian currency was based on a currency board with the euro, and the exchange rate against the euro was fixed according to Estonian law, while awaiting the planned entry to the euro zone at year-end. Similar arrangements exist in Latvia and Lithuania. The parent company of Swedbank AS also holds strategic positions in Latvian lats and Lithuanian litas due to investments in subsidiaries in Latvia and Lithuania.

Swedbank Ukraine has currency exposures owing to the fact that its deposits and lending are distributed differently between currencies. A large part of lending is in U.S. dollar, a smaller share in Ukrainian hryvnia and a small percentage in euro. The bank's deposits are mainly denominated in hryvnia, but with a significant share in U.S. dollar. Swedbank Russia's lending is also largely denominated in US dollar, while deposits are mainly denominated in Russian rouble. Swedbank Mortgage's funding in foreign currency is swapped to Swedish kronor in its entirety.

To reduce the currency risk, the Group's strategic foreign holdings are generally financed in each country's currency or a currency that is linked to the country's currency. The exceptions are the holdings in Swedbank Ukraine, which is denominated in the Ukrainian hryvnia and is financed in Swedish kronor, and Swedbank Russia, which is denominated in Russian roubles but partly financed with Swedish kronor. To some degree the currency risk in these strategic holdings is limited by the debt positions in local currency in each foreign unit. The Group's exposure to profit-impacting currency risks, i.e., excluding exposures related to investments in foreign operations and associated hedging instruments, is limited. A change in exchange rates between the Swedish krona and foreign currencies of +/–5 per cent would, have a direct effect on the Group's reported profit of SEK 60m (SEK –5m) at year-end. A change in exchange rates between the Swedish krona and foreign currencies of +/–5 per cent regarding net investments in foreign operations as well as related hedging instruments would have a direct effect in other comprehensive income of –/+ SEK 877m after-tax.

Currency distribution

2010	SEK	EUR	USD	GBP	EEK	LVL	LTL	RUB	UAH	Other	Total
Assets											
Cash and balances with central banks	2 522	666	192	32	2 695	4 719	3 254	614	331	2 084	17 109
Loans to credit institutions	87 649	61 247	12 727	127	104	207	166	1 112	1 259	1 819	166 417
Loans to the public	978 616	128 344	40 418	716	5 620	2 948	7 063	1 379	901	21 221	1 187 226
Interest-bearing securities	104 247	13 709	2 918		29	45	365		381	9 882	131 576
Other assets, not distributed	213 353										213 353
Total	**1 386 387**	**203 966**	**56 255**	**875**	**8 448**	**7 919**	**10 848**	**3 105**	**2 872**	**35 006**	**1 715 681**
Liabilities											
Amounts owed to credit institutions	78 898	24 560	26 399	341		355	189	11	4	6 009	136 766
Deposits and borrowings from the public	412 340	36 939	14 893	848	24 410	10 571	25 588	968	968	6 712	534 237
Debt securities in issue, etc.	380 204	189 883	103 857	5 477			420			33 863	713 704
Other liabilities, not distributed	235 939										235 939
Equity	95 035										95 035
Total	**1 202 416**	**251 382**	**145 149**	**6 666**	**24 410**	**10 926**	**26 197**	**979**	**972**	**46 584**	**1 715 681**
Other assets and liabilities, including positions in derivatives		79 701	89 045	5 876	10 164	2 736	895	−1 958	−982	11 761	
Net position in currency		32 285	151	85	−5 798	−271	−14 454	168	918	183	13 267

Net funding in foreign currency with a corresponding fair value of SEK 18 431m (19 862) is used as a hedging instrument to hedge the net investment in foreign operations. The above net position in currencies pertains mainly to parts of net investments in foreign operations that are not hedged. Exchange rate changes on this position are recognised directly in equity as translation differences.

Currency distribution

2009	SEK	EUR	USD	GBP	EEK	LVL	LTL	RUB	UAH	Other	Total
Assets											
Cash and balances with central banks											
Loans to credit institutions	54 261	21 737	8 337	217	1 920	185	85	156	28	5 205	92 131
Loans to the public	1 025 282	169 162	49 912	914	9 202	3 991	8 091	201	265	23 647	1 290 667
Interest-bearing securities	135 525	24 583	2 080		201	163	298		220	7 545	170 615
Other assets, not distributed	241 274										241 274
Total	**1 456 342**	**215 482**	**60 329**	**1 131**	**11 323**	**4 339**	**8 474**	**357**	**513**	**36 397**	**1 794 687**
Liabilities											
Amounts owed to credit institutions	184 742	5 989	28 523	882	955	112		24	2	10 458	231 687
Deposits and borrowings from the public	373 855	35 824	15 027	1 555	33 173	9 797	26 505	2 183	1 243	5 262	504 424
Debt securities in issue, etc.	386 601	183 258	135 547	7 569	834		326			27 106	741 241
Other liabilities, not distributed	227 361										227 361
Equity	89 974										89 974
Total	**1 262 533**	**225 071**	**179 097**	**10 006**	**34 962**	**9 909**	**26 831**	**2 207**	**1 245**	**42 826**	**1 794 687**
Other assets and liabilities, including positions in derivatives		40 881	118 613	8 913	18 532	5 651	4 077	2 899	2 184	6 429	
Net position in currency		31 292	–155	38	–5 107	81	–14 280	1 049	1 452		14 370

Net funding in foreign currency with a corresponding fair value of SEK 19 862m (20 711) is used as a hedging instrument to hedge the net investment in foreign operations. The above net position in currencies pertains mainly to parts of net investments in foreign operations that are not hedged. Exchange rate changes on this position are recognised directly in equity as translation differences.

Share price risks

Share price risk refers to the risk that the value of the Group's holdings of shares and share-related derivatives may be affected negatively by changes in share prices or other relevant risk factors. Exposure to share price risks arises in the Group due to holdings in equities and equity-related derivatives. The Group's equity trading is primarily customer-related. Positions in the Group's trading operations are in Swedbank Markets and are normally such that only limited losses can arise from large share price movements. The purpose of these positions is, among other things, to create liquidity for the bank's customers. Share price risk is measured and limited in the Group with respect to the worst possible outcomes in 63 different scenarios where share prices and implicit volatilities change. In these scenarios, the share prices change by a maximum of +/– 20 per cent and the implicit volatilities by a maximum of +/– 30 per cent. The outcomes for the various combinations form a risk matrix for the share price risk, and the worst-case scenario is limited. As of year-end the worst-case scenario would conceivably have reduced the value of the trading operations' positions by SEK –13m (–21).

Operational risks

Operational risk refers to the risk of losses resulting from inadequate or failed internal processes or routines, human errors, incorrect systems or external events.

Management of operational risks

Operational risk
Group Risk Control is responsible for a uniform Group-wide operational risk reporting to the Board of Directors, the CEO and the Group Risk and Compliance Committee (GRCC). An analysis of the risk level in all large business units is performed quarterly and reported to each local management as well as to the Board of Directors and the CEO. The Board's operational risk policy requires that a low operational risk level is maintained. Risk-taking should be limited within the framework of what is economically feasible. Operational risks that can damage Swedbank's reputation and brands should be limited and given special consideration. Measures are implemented to reduce all risks not considered acceptable. The central components of these regulations consist of the Board's enterprise risk management policy, its operational risk policy and the CEO's instructions for operational risk management. Since operational risk is an extensive discipline, operational risks are also addressed in other disciplines' instructions such as security management, continuity management, incidents management, crisis management and compliance.

Among other things, the operational risk regulations include:
• Basic principles
• Swedbank's risk tolerance
• Description of organisation and responsibilities
• Reporting requirements
• Operational risk management methods and techniques.

Compliance
Compliance risk concerns the risk that the Group due to breach of laws, regulations and policies (internal or external) fails to meet the standards and behavior expected by clients and financial regulators.

Swedbanks internal regulation comprises principles for managing compliance risk. The central component of the internal regulation is the compliance instruction issued by the CEO. The aim of the Group's internal regulation is to ensure that the Group always meets the standards and behavior expected (whether prescribed or otherwise) by customers and financial regulators.

Security and Continuity
Security and Continuity Management comprises the analyses, planning and mitigating actions that are made throughout the organisation to control and manage risk. Swedbank works proactively with security management to protect all types of assets, i.e. personnel, tangible and intangible assets, by utilizing measures both of technical and organizational and administrative nature. Swedbank's security management model is derived from the international standard ISO/IEC 27002:2005 Code of Practice for Information Security Management. The Swedbank Group also coordinates efforts to prevent and/or strengthen our ability to manage serious events, i.e. resilience, such as IT disruptions, natural disasters, financial disturbances and pandemics - that may affect the bank's ability to maintain services and offerings. The principles for security, continuity, incident and crisis management are defined in a Group level framework. A Group level crisis management team is available for high level coordination and communication internally and externally. In addition, continuity plans are in place for business-critical operations and services that are critical for society. The plans describe how the bank operates in the event of a serious disruption. The Group also has insurance protection, with an emphasis on catastrophe protection, for significant parts of its operations. The goal of continuous risk reduction work within the Group is to maintain and reinforce the Group's trust and reputation by, among other things, protecting life, health, values and information.

Capital requirements for operational risks
Swedbank applies the standardised approach to calculate the capital requirement for operational risk. Swedbank's capital requirement for operational risk was SEK 4 565m (4 244).

Other risks

Swedbank has well established processes for monitoring, managing and preventing other risks for which the bank is exposed. For some of the risks that have been identified Swedbank has calculated the risks and allocated capital, see further note G4 Capital, Internal capital assessment.

G4 Capital

Internal capital assessment

Purpose
The aim of the internal capital adequacy assessment process is to ensure that the Group is adequately capitalised to cover its risks and to carry on and develop its operations.

Measurement
Swedbank prepares and document its own methods and processes to evaluate its capital requirements. Internal capital adequacy assessment therefore takes into account all relevant risks that arise within the Group.
Risks that have been identified and for which Swedbank has allocated capital are:

- Credit risk (incl. concentration risk)
- Market risk (incl. interest rate risk outside trading activities)
- Operational risk
- Earnings volatility risk
- Insurance risk
- Pension risk
- Strategic risk

Other risks are also taken into account. To ensure efficient use of capital, meet minimum legal capital requirements and maintain access to capital markets even under adverse market conditions, the Group regularly conducts scenario-based simulations and stress tests. The analyses provide an overview of the most important risks that the Group is exposed to by quantifying the impact on the statement of total comprehensive income and balance sheet as well as the capital base and risk-weighted assets calculated according to the capital adequacy rules. The business units are engaged in the estimation of risks and in incorporating the results into business strategies.

Given the major uncertainties in the global economy, the 2010 evaluation was based on exceptionally negative scenarios . The method serves as a basis for proactive risk and capital management.

The internal capital adequacy assessment process is based on two different methods: the Building Block model and the Scenario model. The former is a static model with an evaluation horizon of one year, while the Scenario model is a dynamic model with a multi-year horizon. The two models represent Swedbank's estimation of its requirement and may therefore deviate from legal capital adequacy requirements.

The ultimate requirement according to the internal capital adequacy assessment is given through a combination of both models and qualitative aspects.

Internal capital requirement
As of year-end 2009 the total capital requirement according to these models was SEK 87.6bn. Total capital amounted to SEK 105.8bn on the corresponding date.
The conclusion of the evaluation in 2010 was that the Group's capital buffer was sufficient to maintain a Tier 1 capital ratio above the minimum capital requirements even in the unlikely but possible event of macroeconomic developments unfavourable to the Group. Economic conditions remain highly uncertain and market players are increasingly focusing attention on banks' capital needs.

Capital adequacy analysis

The capital adequacy regulations express the legislator's perception of how much capital, designated as the capital base, a bank must have in relation to the size of the risks it faces. The new rules strengthen the connection between risk exposure and capital requirements in the bank's operations. In accordance with the Capital Adequacy and Large Exposures Act (2006:1371), the capital base must at a minimum correspond to the sum of the capital requirement for credit risks, market risks and operating risks. Accordingly, the capital quotient, i.e., the capital base divided by the capital requirement, must be greater than 1.0. The rules apply for banks on a individual basis and, in appropriate cases, financial companies groups. More detailed information (Pillar 3) on Swedbank's capital adequacy in 2010 is provided at www.swedbank.com.

On 31 December 2010 the financial companies group Swedbank comprised the Swedbank Group with the following exceptions. In the consolidated accounts, the associated companies EnterCard (group), Sparbanken Rekarne AB, Färs och Frosta Sparbank AB, Swedbank Sjuhärad AB, Vimmerby Sparbank AB, Bankernas Depå AB and Bankernas automatbolag AB are consolidated in accordance with the equity method. In the financial companies group, these companies are consolidated fully in accordance with the purchase method, apart from EnterCard, which is consolidated in accordance with the proportional method. The insurance companies that are included in the consolidated accounts, Swedbank Försäkrings AB, Sparia Försäkrings AB, Swedbank Life Insurance SE and Swedbank Varakindlustus AS, are not included in the financial companies group. These companies are subject to solvency rules rather than capital adequacy rules.

	Financial companies Group	
Capital adequacy	**2010**	**2009**
Capital base	99 687	105 785
Capital requirement	60 035	62 757
Capital surplus or deficit	39 652	43 028
Capital quotient	1.66	1.69
Risk-weighted amount	750 440	784 469
Core Tier 1 capital ratio, %	10.1	9.2
Tier 1 capital ratio, %	11.0	10.4
Capital adequacy ratio, %	13.3	13.5

	Financial companies Group	
Capital base	**2010**	**2009**
Tier 1 capital	82 385	81 689
Tier 2 capital	20 203	26 062
of which, undated subordinated loans	2 458	4 273
Total Tier 1 and Tier 2 captial	102 588	107 751
Shareholdings deducted*	–2 901	–1 966
Total	**99 687**	**105 785**

* Specification of companies that provide deductions from the capital base. Sparia Försäkrings AB, Swedbank Försäkrings AB, Swedbank Life Insurance SE and Swedbank Varakindlustus AS.

	Financial companies Group	
Tier 1 capital	**2010**	**2009**
Equity attributable to the shareholders according to balance sheet in annual report	94 897	89 670
Non-controlling interests	138	304
Proposed dividend	–2 995	
Adjustment for the financial companies Group		
Deconsolidation of insurance companies	–1 395	–1 130
Associated companies consolidated according to the purchase method	1 332	1 659
Change in the value of own credit rating		
Goodwill	–12 966	–14 594
Other deductions		
Deferred tax assets	–1 213	–1 206
Intangible assets	–1 794	–2 352
Deduction internal risk classification, provisions surplus/deficit	–534	–309
Cash flow hedges	44	769
Shareholdings deducted**	–34	–340
Total core Tier 1 capital	75 470	72 471
Tier 1 capital contribution*	6 915	9 218
Total Tier 1 capital	**82 385**	**81 689**

* Tier 1 capital contributions are perpetual debenture loans whose terms are such that they may be included after approval from the Swedish Financial Supervisory Authority. The contributions' preferential rights are subordinate to all other deposits and lending. Interest payment is set in accordance with the agreement, but may only occur if there are distributable funds. The contribution is reported in the balance sheet as a liability. All tier 1 capital contributions are based on transition rules according to FFFS 2010:10

** Companies that provide deductions from Tier 1 Capital are BGC Holding AB and International Credit Bureau.

Capital requirement	Financial companies Group 2010	2009
Credit risks	36 401	41 451
Market risks	897	1 111
Settlement risks	0	0
Currency risks	1 443	1 468
Operational risks	4 565	4 244
Supplement, transition rules	16 729	14 483
Total	**60 035**	**62 757**

Capital requirement for market risks	Financial companies Group 2010	2009
Interest-rate risks	611	711
of which for specific risk	611	711
of which for general risk		
Share price risk	25	73
of which for specific risk	2	19
of which for general risk	16	54
of which positions in CIUs	6	
of which options for which the capitalrequirementis equal to the option's market value	**1**	
Commodity risk	2	
Capital requirement according to VaR calculation*	259	327
Total	**897**	**1 111**

* The parent company's capital requirement for general interest-rate risk, share price risk and currency risk in the trading-book as well as Swedbank AS' capital requirement for general interest-rate risk and currency risk in the trading-book are calculated in accordance with the VaR model.

Capital requirement for credit risks	Financial companies Group 2010	2009
Credit risks according to the standardised approach	2 723	3 454
Credit risks according to IRB	33 678	37 997
of which institutional exposures	1 630	1 834
of which corporate exposures	23 800	27 581
of which retail exposures	7 059	7 407
of which securitisation	33	64
of which non-credit-obligation asset exposures	1 156	1 111
Total	**36 401**	**41 451**

Capital requirement for operational risks	Financial companies Group 2010	2009
Corporate finance	1	
Trading and sales	60	285
Retail banking	2 987	2 660
Commercial banking	987	860
Payment and settlement	263	247
Agency services	28	38
Asset management	239	149
Retail brokerage		5
Total	**4 565**	**4 244**

The standard approach is used for calculating capital requirments for operational risk.

Credit risks acording to IRB Financial companies Group	2010		
	Exposure after credit risk mitigation	Average risk weight	Capital requirement
Institutional exposures	146 519	14%	1 630
Corporate exposures	397 770	75%	23 800
Retail exposures	845 823	10%	7 059
Securitisations	3 535	12%	33
Exposures without counterparties	16 080	90%	1 156
Total	**1 409 727**	**30%**	**33 678**

Credit risks acording to IRB Financial companies Group	2009		
	Exposure after credit risk mitigation	Average risk weight	Capital requirement
Institutional exposures	79 011	29%	1 834
Corporate exposures	447 223	77%	27 581
Retail exposures	833 222	11%	7 407
Securitisations	6 753	12%	64
Exposures without counterparties	48 381	29%	1 111
Total	**1 414 590**	**34%**	**37 997**

G5 Operating segments

2010	Retail	Large corporates & Institutions	Baltic Banking	Russia & Ukraine	Asset Management	Ektornet	Group Functions	Eliminations	Total
Net interest income	10 100	2 817	3 771	638	–17	–21	–942	–17	16 329
Net commissions	4 292	1 955	1 533	81	1 592		31	41	9 525
Net gains and losses on financial items at fair value	184	1 446	341	–71	9	31	460		2 400
Share of the profit or loss of associates	624								624
Other income	1 003	88	542	32	24		4 333	–3 964	2 166
Total income	**16 203**	**6 306**	**6 187**	**680**	**1 608**	**118**	**3 882**	**–3 940**	**31 044**
of which internal income	1 491	408	1 047		–1 711		1 663	–2 898	
Staff costs	3 964	1 489	1 019	368	440	74	2 046	–8	9 392
Other expenses	4 421	1 658	1 546	425	366	172	2 644	–3 932	7 300
Depreciation/amortisation	285	55	164	78	50	24	294		950
Total expenses	**8 670**	**3 202**	**2 729**	**871**	**856**	**270**	**4 984**	**–3 940**	**17 642**
Profit before impairments	**7 533**	**3 104**	**3 458**	**–191**	**752**	**–152**	**–1 102**		**13 402**
Impairment of intangible assets			23	14					37
Impairment of tangible assets			261	254		85			600
Credit impairments	272	–1	3 363	–859			35		2 810
Operating profit	**7 261**	**3 105**	**–189**	**400**	**752**	**–237**	**–1 137**		**9 955**
Tax expense	1 951	768	–182	–19	177	–25	–198		2 472
Non-controlling interests	9	30							39
Profit for the year attributable to the shareholders of Swedbank AB	**5 301**	**2 307**	**–7**	**419**	**575**	**–212**	**–939**		**7 444**
Loans*	896 876	309 854	131 794	15 119					1 353 643
Investments in associates*	1 350	61	4				1 295		2 710
Other assets*	107 567	120 105	40 663	2 341	1 873	3 410	83 369		359 328
Total assets*	**1 005 793**	**430 020**	**172 461**	**17 460**	**1 873**	**3 410**	**84 664**		**1 715 681**
Deposits, from the public*	347 027	91 127	92 783	3 300					534 237
Other liabilities*	636 170	322 334	45 264	10 658	–300	1 776	70 645		1 086 547
Total liabilities*	**983 197**	**413 461**	**138 047**	**13 958**	**–300**	**1 776**	**70 645**		**1 620 784**
Allocated equity	22 596	16 559	34 414	3 502	2 173	1 634	14 019		94 897
Total liabilities and equity	**1 005 793**	**430 020**	**172 461**	**17 460**	**1 873**	**3 410**	**84 664**		**1 715 681**
Impaired loans, gross	**1 602**	**770**	**22 510**	**9 896**					**34 778**
Risk-weighted assets	**221 974**	**156 315**	**135 642**	**17 966**	**3 358**	**3 634**	**2 438**		**541 327**
Return on allocated equity, %	24.0	13.8	–0,0	11.0	35.4	–25.2	–9.5		8.1
Loans/deposits	251	176	141	378					222
Credit impairment ratio, %	0.03	0.00	2.05	–4.35					0.20
Total provision ratio for impaired loans, %	99	106	58	64					63
Share of impaired loans, %	0.18	0.25	15.54	46.20					2.53
Cost/income ratio	0.54	0.51	0.44	1.28	0.53	2.29	1.28		0.57
Full-time employees	5 571	1 229	5 416	1 847	313	150	2 698		17 224

* Excluding intra-Group transactions

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 shared services and Group staffs are transfer priced at full cost. Executive management expenses are not distributed. Cross-border transfer pricing is applied according to OECD transfer pricing guidelines.

The Group's equity attributable to shareholders is allocated to each 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.

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

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 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.

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.

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.

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, mainly in the Baltic countries but also in the Nordic region, the US and Ukraine.

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

The operating segments have been changed in 2010 to coincide with the organisational changes implemented in Swedbank's business area organisation. Comparative figures have been restated. The largest corporate customers have been moved from Retail to the new business area Large Corporates & Institutions. At the same time the finance department within Swedbank Mortgage has been moved to Group Treasury within Group Functions. Swedbank Babs' card processing business has been divided between Large Corporates & Institutions and Retail instead of being reported in its entirety within Retail. Supporting card and payment operations have been transferred from Retail and Baltic Banking to Group Functions. In addition to the large corporate customers from Retail, Large Corporates & Institutions includes the international branch offices from the old business areas International Banking and Swedbank Markets. The new business area Russia & Ukraine includes the operations in those countries.

2009	**Retail**	**Large corporates & Institutions**	**Baltic Banking**	**Russia & Ukraine**	**Asset Management**	**Ektornet**	**Group Functions**	**Eliminations**	**Total**
Net interest income	11 166	3 712	4 235	1 766	–23	–1	–80	–10	20 765
Net commissions	3 672	1 609	1 655	101	655		86	47	7 825
Net gains and losses on financial items at fair value	150	2 583	719	–44	42	2	–683	1	2 770
Share of the profit or loss of associates	864		1				1		866
Other income	1 345	108	762	14	16		4 456	–4 145	2 556
Total income	**17 197**	**8 012**	**7 372**	**1 837**	**690**	**1**	**3 780**	**–4 107**	**34 782**
of which internal income	1 318	462	1 207		–1 676		1 882	–3 193	
Staff costs	3 972	1 316	1 158	511	340	2	1 912	–10	9 201
Other expenses	4 505	1 550	1 978	618	368	25	2 811	–4 097	7 758
Depreciation/amortisation	181	36	198	83	48		343		889
Total expenses	**8 658**	**2 902**	**3 334**	**1 212**	**756**	**27**	**5 066**	**–4 107**	**17 848**
Profit before impairments	**8 539**	**5 110**	**4 038**	**625**	**–66**	**–26**	**–1 286**		**16 934**
Impairment of intangible assets		5		1 300					1 305
Impairment of tangible assets		7	223	219					449
Credit impairments	833	1 093	14 888	7 782			45		24 641
Operating profit	**7 706**	**4 005**	**–11 073**	**–8 676**	**–66**	**–26**	**–1 331**		**–9 461**
Tax expense	1 988	996	–1 315	–251	–16	–6	–415		981
Non-controlling interests	8	63		–2					69
Profit for the year attributable to the shareholders of Swedbank AB	**5 710**	**2 946**	**–9 758**	**–8 423**	**–50**	**–20**	**–916**		**–10 511**
Loans*	876 418	315 181	171 432	19 767					1 382 798
Investments in associates*	1 425		5	1			1 309		2 740
Other assets*	78 528	122 418	52 895	4 459	1 883	713	148 253		409 149
Total assets*	**956 371**	**437 599**	**224 332**	**24 227**	**1 883**	**713**	**149 562**		**1 794 687**
Deposits, from the public*	317 811	76 813	103 100	6 700					504 424
Other liabilities*	618 083	347 294	91 866	14 702	358	421	127 869		1 200 593
Total liabilities*	**935 894**	**424 107**	**194 966**	**21 402**	**358**	**421**	**127 869**		**1 705 017**
Allocated equity	20 477	13 492	29 366	2 825	1 525	292	21 693		89 670
Total liabilities and equity	**956 371**	**437 599**	**224 332**	**24 227**	**1 883**	**713**	**149 562**		**1 794 687**
Impaired loans, gross	**2 062**	**1 081**	**26 571**	**10 418**					**40 132**
Risk-weighted assets	**243 742**	**164 178**	**165 417**	**23 600**	**2 465**	**526**	**3 503**		**603 431**
Return on allocated equity, %	27.8	19.7	–31.6	–230.5	–3.3	–117.6	–7.3		–12.5
Loans/deposits	269	217	164	276					240
Credit impairment ratio, %	0.10	0.39	6.67	21.72					1.74
Total provision ratio for impaired loans, %	98	78	57	76					65
Share of impaired loans, %	0.23	0.34	14.23	37.69					2.85
Cost/income ratio	0.50	0.36	0.45	0.66	1.10	27.00	1.34		0.51
Full-time employees	5 738	1 137	5 924	3 472	291	39	2 676		19 277

* Excluding intra-Group transactions

G6 Geographical distribution

2010	Sweden	Estonia	Latvia	Lithuania	Russia	Ukraine	Other	Total
Net interest income	10 840	1 609	1 121	1 077	210	428	1 044	16 329
Net commissions	7 202	706	495	505	32	48	537	9 525
Net gains and losses on financial items at fair value	1 761	210	233	114	–95	26	151	2 400
Share of the profit or loss of associates	355						269	624
Other income	1 499	1	242	326	3	30	65	2 166
Total income	**21 657**	**2 526**	**2 091**	**2 022**	**150**	**532**	**2 066**	**31 044**
Staff costs	7 114	566	329	406	166	182	629	9 392
Other expenses	5 525	157	605	585	164	184	80	7 300
Depreciation/amortisation	536	169	61	54	26	52	52	950
Total expenses	**13 175**	**892**	**995**	**1 045**	**356**	**418**	**761**	**17 642**
Profit before impairments	8 482	1 634	1 096	977	–206	114	1 305	13 402
Impairment of intangible assets		23			14			37
Impairment of tangible assets	2	31	61	207	–3	256	46	600
Credit impairments	275	968	1 720	676	–271	–588	30	2 810
Operating profit	**8 205**	**612**	**–685**	**94**	**54**	**446**	**1 229**	**9 955**
Tax expense	2 339	–3	–89	–64	8	4	277	2 472
Non-controlling interests	37						2	39
Profit for the year attributable to the shareholders of Swedbank AB	**5 829**	**615**	**–596**	**158**	**46**	**442**	**950**	**7 444**
Loans*	1 164 424	58 636	37 504	35 807	7 536	7 589	42 147	1 353 643
Investments in associates*	1 896	4					810	2 710
Other assets*	291 671	23 222	9 210	11 288	806	1 610	21 521	359 328
Total assets*	**1 457 991**	**81 862**	**46 714**	**47 095**	**8 342**	**9 199**	**64 478**	**1 715 681**
Deposits from the public*	423 370	42 447	20 397	32 383	1 072	2 022	12 546	534 237
Other liabilities*	979 534	27 656	12 696	4 739	5 896	5 022	51 004	1 086 547
Total liabilities*	**1 402 904**	**70 103**	**33 093**	**37 122**	**6 968**	**7 044**	**63 550**	**1 620 784**
Allocated equity	55 087	11 759	13 621	9 973	1 374	2 155	928	94 897
Total liabilities and equity	**1 457 991**	**81 862**	**46 714**	**47 095**	**8 342**	**9 199**	**64 478**	**1 715 681**
Impaired loans, gross	**1 957**	**4 722**	**11 259**	**6 529**	**1 939**	**7 957**	**415**	**34 778**
Risk-weighted assets	**357 377**	**61 099**	**43 655**	**34 556**	**7 918**	**10 139**	**26 583**	**541 327**
Return on allocated equity, %	12.1	5.0	–4.2	1.5	2.8	19.9	36.0	8.1
Cost/income ratio	0.61	0.35	0.48	0.52	2.37	0.78	0.37	0.57
Full-time employees	8 401	2 514	1 724	2 228	287	1 565	505	17 224

The geographical distribution have been allocated to the country where the business was carried out and it is not comparable to the business segment reporting.

* Excluding intra-Group transactions.

2009	Sweden	Estonia	Latvia	Lithuania	Russia	Ukraine	Other	Total
Net interest income	13 429	1 339	1 533	1 382	743	1 030	1 309	20 765
Net commissions	5 414	672	550	533	27	70	559	7 825
Net gains and losses on financial items at fair value	1 497	293	463	265	97	–133	288	2 770
Share of the profit or loss of associates	650	1					215	866
Other income	1 799	66	255	442	9	10	–25	2 556
Total income	**22 789**	**2 371**	**2 801**	**2 622**	**876**	**977**	**2 346**	**34 782**
Staff costs	6 564	527	418	509	220	254	709	9 201
Other expenses	5 578	155	791	748	223	233	30	7 758
Depreciation/amortisation	423	211	75	65	20	63	32	889
Total expenses	**12 565**	**893**	**1 284**	**1 322**	**463**	**550**	**771**	**17 848**
Profit before impairments	10 224	1 478	1 517	1 300	413	427	1 575	16 934
Impairment of intangible assets					5	1 300		1 305
Impairment of tangible assets	6	5	63	154		221		449
Credit impairments	1 602	2 646	6 891	5 355	1 326	6 455	366	24 641
Operating profit	**8 616**	**–1 173**	**–5 437**	**–4 209**	**–918**	**–7 549**	**1 209**	**–9 461**
Tax expense	2 206	6	–836	–454	–11	–178	248	981
Non-controlling interests	5						64	69
Profit for the year attributable to the shareholders of Swedbank AB	**6 405**	**–1 179**	**–4 601**	**–3 755**	**–907**	**–7 371**	**897**	**–10 511**
Loans*	1 145 998	74 071	51 672	45 692	11 438	8 910	45 017	1 382 798
Investments in associates*	2 087	5				1	647	2 740
Other assets*	333 954	29 007	9 630	15 534	2 671	1 800	16 553	409 149
Total assets*	**1 482 039**	**103 083**	**61 302**	**61 226**	**14 109**	**10 711**	**62 217**	**1 794 687**
Deposits from the public*	384 597	47 902	20 785	34 191	3 555	2 830	10 564	504 424
Other liabilities*	1 040 401	43 553	31 593	18 094	9 264	6 405	51 283	1 200 593
Total liabilities*	**1 424 998**	**91 455**	**52 378**	**52 285**	**12 819**	**9 235**	**61 847**	**1 705 017**
Allocated equity	57 041	11 628	8 924	8 941	1 290	1 476	370	89 670
Total liabilities and equity	**1 482 039**	**103 083**	**61 302**	**61 226**	**14 109**	**10 711**	**62 217**	**1 794 687**
Impaired loans, gross	**2 627**	**5 465**	**13 401**	**7 705**	**2 238**	**8 180**	**516**	**40 132**
Risk-weighted assets	**383 902**	**67 821**	**53 801**	**45 480**	**11 396**	**12 215**	**28 816**	**603 431**
Return on allocated equity, %	13.7	–10.4	–45.9	–38.9	–55.7	–362.3	32.5	–12.5
Cost/income ratio	0.55	0.38	0.46	0.50	0.53	0.56	0.33	0.51
Full-time employees	8 461	2 613	1 857	2 490	570	2 880	406	19 277

The geographical distribution have been allocated to the country where the business was carried out and it is not comparable to the business segment reporting.

* Excluding intra-Group transactions.

G7 Products

2010	Financing	Savings & Investments	Payments & Cards	Trading & Capital market	Other	Total
Net interest income	11 671	1 966	3 652	1 268	–2 228	16 329
Net commissions	182	4 279	3 347	1 154	563	9 525
Net gains and losses on financial items at fair value	–1	23	60	2 128	190	2 400
Share of the profit or loss of associates	428		30		166	624
Other income	304	663	634	36	529	2 166
Total income	**12 584**	**6 931**	**7 723**	**4 586**	**–780**	**31 044**
Total expenses	**5 076**	**4 171**	**4 704**	**2 892**	**799**	**17 642**
Profit before impairments	7 508	2 760	3 019	1 694	–1 579	13 402
Impairment of intangible assets					37	37
Impairment of tangible assets	471				129	600
Credit impairments	2 823		–7	–1	–5	2 810
Operating profit	**4 214**	**2 760**	**3 026**	**1 695**	**–1 740**	**9 955**
Tax expense	1 167	665	617	309	–286	2 472
Non-controlling interests	3	–11		41	6	39
Profit for the year attributable to the shareholders of Swedbank AB	**3 044**	**2 106**	**2 409**	**1 345**	**–1 460**	**7 444**
Loans	1 145 891		548	207 204		1 353 643
Deposits		285 592	231 493	153 918		671 003
Mutual funds		503 713				503 713
Retail bonds and index-linked bonds				23 925		23 925
Discretionary asset management		251 580				251 580
Allocated equity	50 084	3 798	6 710	5 555	28 750	94 897
Return on allocated equity, %	6.6	63.6	41.6	25.6	–4.8	8.1
Cost/income ratio	0.40	0.60	0.61	0.63	–1.02	0.57

2009	Financing	Savings & Investments	Payments & Cards	Trading & Capital market	Other	Total
Net interest income	13 176	1 503	4 949	2 095	–958	20 765
Net commissions	9	3 586	3 488	629	113	7 825
Net gains and losses on financial items at fair value		42	13	3 007	–292	2 770
Share of the profit or loss of associates	328		25		513	866
Other income	507	620	630	–5	804	2 556
Total income	**14 020**	**5 751**	**9 105**	**5 726**	**180**	**34 782**
Total expenses	**5 611**	**4 264**	**4 967**	**2 565**	**441**	**17 848**
Profit before impairments	8 409	1 487	4 138	3 161	–261	16 934
Impairment of intangible assets					1 305	1 305
Impairment of tangible assets	197				252	449
Credit impairments	24 383		191	67		24 641
Operating profit	**–16 171**	**1 487**	**3 947**	**3 094**	**–1 818**	**–9 461**
Tax expense	–592	317	816	551	–111	981
Non-controlling interests	–7	–9		82	3	69
Profit for the year attributable to the shareholders of Swedbank AB	**–15 572**	**1 179**	**3 131**	**2 461**	**–1 710**	**–10 511**
Loans	1 192 198		376	190 224		1 382 798
Deposits		256 211	240 525	239 375		736 111
Mutual funds		458 318				458 318
Retail bonds and index-linked bonds				30 371		30 371
Discretionary asset management		222 222				222 222
Allocated equity	40 362	2 228	4 957	2 476	39 647	89 670
Return on allocated equity, %	–36.7	52.9	63.2	99.4	–5.3	–12.5
Cost/income ratio	0.40	0.74	0.55	0.45	2.45	0.51

In the geographical distribution, intangible assets, primarily goodwill, attributable to business combinations have been allocated to the country in which the operations were acquired.

In the product area report, profit and volumes have been distributed among five principal product areas.

(1) Financing:
- private residential lending
- consumer finance
- credit cards (including EnterCard)
- corporate lending
- leasing
- credit guarantees
- other financing products

(2) Savings & Investments
- savings accounts
- mutual funds
- insurance savings
- pension savings
- other life insurance products
- institutional asset management
- other savings and investment products

(3) Payments & Cards
- current accounts (incl. cash management)
- cash handling
- domestic payments
- international payments
- document payments
- debit cards
- card transaction processing
- other payment products

(4) Trading & Capital market products
- equity trading
- structured products
- corporate finance
- custody services
- fixed income trading
- foreign currency trading
- other capital market products

(5) Other
- real estate brokerage
- real estate management
- non-life insurance
- legal services
- safe deposit boxes
- administrative services
- treasury operations
- share of the profit or loss of associates
- capital gains
- goodwill
- other

Non-recurring items are generally included in Other despite the fact that these items could be distributed to the product areas.

Impairment of tangible assets is reported within Financing when the impairment refers to repossessed collateral. Impairment of the Group's own properties is included in Other.

G8 Customers

2010	Private	Corporate	Credit institutions	Other	Total
Net interest income	7 177	8 751	2 213	–1 812	16 329
Net commissions	5 123	3 265	453	684	9 525
Net gains and losses on financial items at fair value	247	682	1 479	–8	2 400
Share of the profit or loss of associates			135	489	624
Other income	469	350	868	479	2 166
Total income	**13 016**	**13 048**	**5 148**	**–168**	**31 044**
Total expenses	**8 660**	**5 336**	**2 860**	**786**	**17 642**
Profit before impairments	4 356	7 712	2 288	–954	13 402
Impairment of intangible assets				37	37
Impairment of tangible assets	11	395	93	101	600
Credit impairments	965	1 878	–33	0	2 810
Operating profit	**3 380**	**5 439**	**2 228**	**–1 092**	**9 955**
Tax expense	692	1 236	609	–65	2 472
Non-controlling interests	0	29	6	4	39
Profit for the year attributable to the shareholders of Swedbank AB	**2 688**	**4 174**	**1 613**	**–1 031**	**7 444**
Loans	523 651	488 196	341 796		1 353 643
Deposits	302 851	223 615	144 537		671 003
Mutual funds	220 680	201 122	81 911		503 713
Retail bonds and index-linked bonds	15 104	8 821			23 925
Discretionary asset management	158 916	91 411	1 253		251 580
Allocated equity	10 332	38 299	13 617	32 649	94 897
Return on allocated equity, %	22.4	11.9	12.1	–3.2	8.1
Cost/income ratio	0.67	0.41	0.56	–4.68	0.57

In the breakdown by customer category, results and business volumes have been divided into four categories:

(1) Private customers
- Private customers with Private Banking agreement or personal banker
- Other private customers (mass market)

(2) Corporate customers
- Small businesses including one-man businesses
- Small and middle-sized companies including organizations, municipalities and county councils with personal banker
- Large companies tied to the organisational unit Large Corporates

(3) Credit institutions
- Banks and other credit institutions
- The trading and capital markets operations including result from positioning
- Savings bank business including administrative services as well the Savings banks businiesses through Swedbank Mortgage. Swedbank Robur, Swedbank Insurance etc.

(4) Other
- Treasury operations
- Real estate brokerage
- Legal services
- EnterCard

- Goodwill and other impairment of the Group's own assets
- Non-recurring items
- Other where income and expenses cannot be reported at the customer level.

G9 Net interest income

	2010			2009		
	Average balance	Interest rate	Average annual interest rate, %	Average balance	Interest rate	Average annual interest rate, %
Loans to credit institutions	182 678	785	0.43	139 081	684	0.49
Loans to the public*	1 222 955	37 518	3.07	1 270 736	46 943	3.69
Interest-bearing securities	129 977	1 295	1.00	126 290	2 447	1.94
Total interest-bearing assets	**1 535 610**	**39 598**	**2.58**	**1 536 107**	**50 074**	**3.26**
Derivatives	81 333	6 066		103 385	6 167	
Other assets	161 855	205		141 874	158	
Total assets	**1 778 798**	**45 869**	**2.58**	**1 781 366**	**56 399**	**3.17**
Amounts owed to credit institutions	212 367	1 244	0.59	307 713	3 207	1.04
Deposits and borrowings from the public	520 004	4 272	0.82	484 842	6 341	1.31
of which deposit guarantee fees		431			417	
Debt securities in issue	711 066	21 576	3.03	653 456	21 756	3.33
of which commissions for funding with state guarantee		1 584			1 802	
Subordinated liabilities	32 374	1 408	4.35	42 749	1 970	4.61
Interest-bearing liabilities	**1 475 811**	**28 500**	**1.93**	**1 488 760**	**33 274**	**2.24**
Derivatives	76 921	755		97 543	2 094	
Other liabilities	134 586	285		110 891	266	
of which stability fee		223			224	
Total liabilities	**1 687 318**	**29 540**	**1.75**	**1 697 194**	**35 634**	**2.10**
Equity	**91 480**			**84 172**		
Total liabilities and equity	**1 778 798**	**29 540**	**1.66**	**1 781 366**	**35 634**	**2.00**
Net interest income		**16 329**			**20 765**	
Net interest margin			**0.92**			**1.17**
Interest income impaired loans		535			505	
Interest income on financial assets at amortised cost		14 504			11 519	
Interest expenses on financial liabilities at amortised cost		23 645			22 978	

Interest-bearing securities are reported net in this note less short positions in securities.
Contractual accrued interest on impaired loans is not accrued.

* In 2010, penalities related income in the Baltic countries amounting to SEK 191m were reclassified from other income to net interest income, in line with Group accounting principles.

G10 Net commissions

	2010	2009
Commission income		
Payment processing	2 530	2 710
Cards	3 011	2 764
Asset management	4 076	2 714
Life insurance	479	390
Brokerage	587	652
Other securities	191	143
Corporate finance	314	221
Lending	670	563
Guarantee	216	278
Deposits	65	70
Real estate brokerage	164	146
Non-life insurance	54	32
Other commission income	742	714
Total	**13 099**	**11 397**

	2010	2009
Commission expenses		
Payment processing	–783	–801
Cards	–1 412	–1 285
Asset management	–110	–77
Life insurance	–209	–160
Brokerage	–10	–24
Other securities	–227	–271
Lending and guarantees	–77	–93
Other commission expenses	–746	–861
Total	**–3 574**	**–3 572**

	2010	2009
Net commissions		
Payment processing	1 747	1 909
Cards	1 599	1 479
Asset management	3 966	2 637
Life insurance	270	230
Brokerage	577	628
Other securities	–36	–128
Corporate finance	314	221
Lending	593	470
Guarantee	216	278
Deposits	65	70
Real estate brokerage	164	146
Non-life insurance	54	32
Other commission income	–4	–147
Total	**9 525**	**7 825**

Commission income from asset management was charged with SEK 540m in 2009 for compensation to Swedish customers because the fund management fees charged since 2004 were not in compliance with the terms of two of Swedbank Robur's funds (Russia Fund and Blend Fund). Moreover, commission income from asset management was charged with SEK 88m in the fourth quarter 2009 for compensation to Estonian customers of the Private Debt Fund due to unclear rules on resolving conflicts of interest.

G11 Net gains and losses on financial items at fair value

	2010	2009
Valuation category, fair value through profit or loss		
Trading and derivatives		
Shares and related derivatives	792	1 195
of which dividend	201	197
Interest-bearing instruments and related derivatives*	–11 609	–9 523
Other financial instruments	–16	14
Total	**–10 833**	**–8 314**
Other financial instruments		
Shares and related derivatives	61	16
of which dividend	6	5
Loans	–5 417	45
Financial liabilities	16 744	10 046
Total	**11 388**	**10 107**
Hedge accounting at fair value*		
Hedging instruments*	–1 348	908
Hedged item*	1 579	–1 112
Total	**231**	**–204**
Ineffective part in hedging of net investments in foreign operations		3
Ineffective part in cash flow hedge		–37
Financial liabilities valued at amortised cost	9	71
Loan receivables at amortised cost	106	161
Change in exchange rates	1 499	983
Total	**2 400**	**2 770**
Distribution by business purpose		
Financial instruments for trading related business	2 307	3 087
Financial instruments intended to be held until contractual maturity	93	–317
of which change in the value of open interest position, Swedbank Mortgage	–312	–293
Total	**2 400**	**2 770**

* According to description within changes in accounting policies, note G2, there has been a transfer between these rows regarding historical figures. The table below express the amounts that has been transferred for these rows.

	2009		
Adjustments according to description in accounting princples	**Before adjustment**	**Adjustment**	**After adjustment**
Valuation category, fair value through profit or loss			
Trading and derivatives			
Interest-bearing instruments and related derivatives	–9 722	199	–9 523
Total	**–9 722**	**199**	**–9 523**
Hedge accounting at fair value			
Hedging instruments	–340	1 248	908
Hedged item	335	–1 447	–1 112
Total	**–5**	**–199**	**–204**

G12 Net insurance

	2010	2009
Insurance premiums		
Life insurance	1 150	1 184
of which loan protection	221	247
of which other	929	937
Non-life insurance	386	433
Total	**1 536**	**1 617**

	2010	2009
Insurance provisions		
Life insurance	–739	–733
of which loan protection	–150	–144
of which other	–589	–589
Non-life insurance	–185	–237
Total	**–924**	**–970**

	2010	2009
Net insurance		
Life insurance	411	451
of which loan protection	71	103
of which other	340	348
Non-life insurance	201	196
Total	**612**	**647**

G13 Other income

	2010	2009
Profit from sale of subsidiaries and associates		3
Branch sales		397
Income from real estate operations	124	13
Sold inventories	105	54
of which revenues	1 391	743
of which carrying amount	–1 286	–689
IT services	818	821
Other operating income	507	621
Total	**1 554**	**1 909**

In 2009 Swedbank AB sold the European Agency for Debt Recovery in Ukraine to TAS Group. The sale generated a capital loss of SEK 6m.

In 2009 Swedbank AB, together with other Swedish banks, sold its shareholding in Privatgirot AB to Banc Tec. The capital gain amounted to SEK 2m.

In 2009 Swedbank AB sold four branches to Sparbanken Nord, three branches to Sparbanken Dalsland, two branches to Sparbanken Rekarne, one branch to Tidaholms Sparbank and one branch to Sparbanken 1826. The sales generated capital gains of SEK 397m.

G14 Staff costs

	2010	2009
Salaries and remuneration	6 182	6 062
Compensation through shares in Swedbank AB	31	
Social insurance charges	1 839	1 827
Pension costs*	1 019	980
Allocation to profit-sharing funds		2
Training costs	88	99
Other staff costs	233	231
Total	**9 392**	**9 201**
of which variable staff costs	340	17
of which personnel redundancy costs	173	106

* The Group's pension cost for the year is specified in note G39.

Salaries and remuneration	2010					2009				
	Board, President, EVPs and other senior executives	Number of persons	Bonuses	Other employees	Total	Board, President, EVPs and other senior executives	Number of persons	Bonuses	Other employees	Total
Sweden	88	76		4 420	4 508	76	73	1	3 928	4 005
Denmark				20	20				24	24
Estonia	4	7		412	416	3	8		417	420
Finland				31	31				9	9
Latvia	4	6		253	257	5	4		316	321
Lithuania	5	8		285	290	4	5		342	346
Luxembourg	2	1		48	50	1	1		53	54
Norway	7	3	6	273	286	6	1	2	437	445
Russia	20	12		117	137	24	16		166	190
Ukraine	14	13		130	144	33	23		167	200
USA	2	1		30	32	6	2		29	35
Other countries				11	11				13	13
Total	**146**	**127**	**6**	**6 030**	**6 182**	**158**	**133**	**3**	**5 901**	**6 062**

Directors, deputies, President and EVPs, present and previous	2010	2009
Cost for the year related to pensions and similar remunerations	18	30
No. of persons	19	27
Granted loans	181	240
No. of persons	75	88

Pension costs exclude payroll tax. Pension obligations for current and former Presidents and Executive Vice President have been secured through insurance and pension funds. The obligations secured by pension funds amounted to SEK 456m (456). The Group has not pledged any assets or other collateral or committed to contingent liabilities on behalf of any of the above-mentioned group of senior executives.

Information regarding senior executives

Senior executives refer to members of the Board Directors, the President and CEO, and members of the Group Executive Management. Other senior executives refer here to members of the Group Executive Management who are reporting directly to the president and CEO.

The Board's Remuneration Committee, consisting of at least two and not more than five Board members, annually reviews the remuneration guidelines for senior executives and prepares a proposal for the Board. Using this proposal as a basis, the Board proposes annual remuneration guidelines for senior executives for approval by the AGM. Based on the guidelines resolved by the AGM, the Board decides each year on the remuneration terms for the CEO, other senior executives and the head of Internal Audit.

When determining the individual remuneration, each top executive shall be evaluated in accordance with an acknowledged structured benchmark procedure for establishing and comparing salaries and benefit data. The remuneration package for the top executives may include the following main compensation components, base salary, STI programme, LTI programme, benefits and pension.

Variable remuneration in the form of short-term and long-term incentive (STI and LTI) programmes must be tied to relevant, predetermined and measurable criteria designed to promote the Group's long-term value creation. For variable remuneration paid in cash, the limits on the maximum outcome are determined for each senior executive. The Board will also consider conditions that will allow it to reclaim such remuneration to the extent it was paid based on information that later proved to be blatantly incorrect. At least 60 per cent of variable remuneration will be deferred for at least three years and will be contingent on whether the criteria on which the remuneration is based have proven to be sustainable long-term and that the Group's position has not deteriorated significantly. If the terms for payment have not been met, the deferred remuneration will be revoked wholly or in part. At the time of the 2010 AGM no STI programmes had been adopted. The Board has the right, however, to decide on STI programmes for each senior executive. At present the Group has not adopted any LTI programmes. Every LTI programme must be approved by the AGM. All fixed remuneration is paid out by the Parent Company in accordance with sound contracts. Fees paid to the CEO and other senior executives for Board assignments are deducted against salaries, unless otherwise agreed. Payment of variable remuneration in accordance with each STI or LTI programme must be approved by the Board.

Total compensation to senior executives (key management)	2010	2009
Short-term employee benefits	57	49
Post-employment benefits	20	20
Termination benefits	4	
Total	**81**	**69**
Related party transactions with senior executives (key management)		
Granted loans	67	47

Board of Directors, SEK thousands	2010 Board fees	2010 of which committee work	2009 Board fees	2009 of which committee work
Board fees and compensation				
Annual Board fee set by the Annual General Meeting				
Carl Erik Stålberg, Chair 2010-01-01–2010-03-26			1 700	350
Lars Idermark, Chair as from 2010-03-26	1 700	350		
Anders Sundström, Deputy Chair	1 025	350	1 025	350
Ulrika Francke, Director	825	425	825	425
Göran Hedman, Director (elected 2010)	650	250		
Berith Hägglund-Marcus, Director	525	125	525	125
Anders Igel, Director	500	100	500	100
Helle Kruse Nielsen, Director	500	100	500	100
Pia Rudengren, Director	650	250	650	250
Karl-Henrik Sundström, Director	525	125	525	125
Siv Svensson, Director (elected 2010)	525	125		
Total	**7 425**	**2 200**	**6 250**	**1 825**

No expenses were recognised during the year for previous Board members other than what is stated below. The Group does not have any pension obligations for Board members other than Carl Erik Stålberg.

Compensation to the Chair, 2010-01-01–2010-03-26, SEK thousands	2010	2009
To Carl Eric Stålberg		
Fixed compensation, salary	769	3 075
Within framework of Board fees set by the Board	464	1 700
Other compensation/benefits	15	60
Total	**1 248**	**4 835**
of which pension-based compensation	769	3 075
Pension cost, excluding payroll tax	638	2 556

Carl Eric Stålberg is entitled to a defined benefit pension from the age of 60. His pension entitlement is the vested portion of 75 per cent of his previous salary. The vested portion is based on the length of his employment in months divided by 360. The Parent Company also pays a pension premium of SEK 360 000 per year. Previously vested pension benefits remain unaffected. When Carl Eric Stålberg stepped down as Chair of the Board, he received severance of SEK 4 256 000.

Compensation to the Chair, as from 2010-03-26, SEK thousands	2010	2009
To Lars Idermark		
Within framework of Board fees set by the Board	1 275	
Other compensation/benefits		
Total	**1 275**	
of which pension-based compensation		
Pension cost, excluding payroll tax		

Compensation to the President, 2009-01-01–2009-04-30 SEK thousands	2010	2009
To Jan Lidén		
Fixed compensation, salary		2 667
Other compensation/benefits		79
Total		**2 746**
Pension cost, excluding payroll tax		1 277

Jan Lidén stepped down as President on 28 February 2009. After his retirement on 30 April 2009 the bank has no further obligations to Jan Lidén.

Compensation to the President, as from 2009-03-01 SEK, thousands	2010	2009
To Michael Wolf		
Fixed compensation, salary	8 000	8 000
Other compensation/benefits	160	188
Total	**8 160**	**8 188**
Pension cost, excluding payroll tax	3 200	3 200

Michael Wolf took over as President on 1 March 2009. His compensation consists of an annual base salary of SEK 8m with no variable compensation in the form of bonuses, etc. His ordinary retirement age is 60 and he receives an annual premium of SEK 3 200 thousands for defined-contribution pension purposes. If terminated by the Parent Company, Michael Wolf will receive a salary during a 12-month term of notice. To this is added severance pay for 12 months. A deduction is made for income earned from new employment. If Michael Wolf resigns, the term of notice is six months and there is no severance.

Remuneration to the other senior executives, SEKm	2010	2009
Fixed compensation, salary	39	28
Variable compensation, bonuses		
Other compensation/benefits	1	1
Total	**40**	**29**
Pension cost, excluding payroll tax	16	13
No. of persons as of 31 December	11	8

The table includes compensation paid by all Group companies, Swedish as well as foreign, and refers to compensation for the time these individuals were members of Group Executive Management, excluding the CEO. For 2010 Thomas Backteman, Håkan Berg, Göran Bronner, Marie Hallander Larsson, Cecilia Hernqvist, Erkki Raasuke and Annika Wijkström were members of Group Executive Management for the entire year. Mikael Björknert, Stefan Carlsson, Kjell Hedman, Catrin Fransson and Magnus Geeber were members of Group Executive Management for parts of the year. On 31 December 2010 Group Executive Management was comprised of Thomas Backteman, Håkan Berg, Mikael Björknert, Göran Bronner, Stefan Carlsson, Catrin Fransson, Magnus Geeber, Marie Hallander Larsson, Cecilia Hernqvist, Erkki Raasuke and Annika Wijkström. Variable remuneration for other senior executives of SEK 0 (–955) was charged against income.

Pension obligations

Among the other eleven senior executives as of year-end, two are entitled to a lifetime defined-benefit pension from age 60, six others are entitled to a lifetime defined-benefit pension from age 62. One person has a retirement age of 62 and a premium of 35% of the salary up to a maximum of 80 income base amounts to a defined contribution insurance. For one senior executive, the Group pays a predetermined amount of SEK 945 000 per year to a defined contribution insurance. For one senior executive, there is no pension commitment. For eight persons, a deduction is made for previously vested pension entitlements. Benefits are accrued continuously until retirement and are vested after they have been accrued.

For two of the eight individuals with defined-benefit pension entitlements, the pensionable salary for 2004 in the defined-benefit pension plan has been locked in terms of income base amounts, in addition to which they receive a supplementary defined-contribution pension where the Parent Company has committed to pay the premiums for a company-owned endowment insurance for the equivalent of 35 per cent of salary segments not secured by the defined-benefit entitlement.

Six of the eight individuals with defined-benefit pension entitlements receive a supplementary defined-contribution pension where the Parent Company has committed to pay the premiums for company-owned endowment insurance for the equivalent of 35 per cent of salary segments between 30 and 80 income base amounts.

Termination conditions

If terminated by the company, salary is payable during the term of notice of 6–12 months. In addition to severance pay for 12 months. A deduction is made for any income earned from new employment. For two senior executives, the severance is pensionable. If a senior executive resigns, the term of notice is not more than 12 months and severance cannot be paid unless they are terminated due to a serious breach of contract on the part of the bank.

Limits due to agreement with National Debt Office

According to its agreement with the National Debt Office, Swedbank AB has pledged, among other things, to ensure that the following applies to the five highest paid senior executives:

* The base salary or other fixed compensation paid to any executive may not exceed the compensation level determined prior to 20 October 2008.

* Variable compensation, including options, may not be determined during the time period during which the bank's contract with the National Debt Office applies ("the contractual period"), and circumstances related to the contractual period may not be considered when variable compensation is calculated due to previous contracts and no variable compensation determined before the contractual period may be executed or paid during the contractual period.

* With regard to severance, the terms may not be more favourable than stipulated in the employment terms for senior executives of state-owned companies.

Information according to the Financial Supervisory Authority's regulations and general guidelines (FFFS 2009:6), will be published on Swedbank's website under corporate governance.

Short-term incentive program: Programme 2010

Terms

Swedbank's Board of Directors resolved in 2010 on a performance-based remuneration programme for 2010 ("Programme 2010"), where the remuneration is divided into cash and shares. The programme includes broad-based personnel categories and is a result of the Group's efforts to adapt its remuneration structure to a new view of variable compensation that has taken shape following the financial crisis. The programme does not include senior executives. The employees included in Programme 2010 can qualify, to the extent certain predetermined performance targets are reached in 2010, for additional remuneration in early 2011. The equivalent of 40-60 per cent of the remuneration will be issued in the form of cash, which will be paid out in early 2011. The remaining remuneration is intended to be allotted in the form of contingent rights, performance rights, which give participants the opportunity to receive ordinary shares in Swedbank AB without cost in February 2014. Programme 2010 distinguishes risk-takers from non-risk-takers, where risk-takers are proposed to receive 60 per cent of their remuneration in the form of performance rights, while for non-risk-takers this portion is 40 per cent.

Each performance right entitles the holder to receive one ordinary share in Swedbank AB without cost on the delivery date, in February 2014, provided that the participant remains an employee. Since the performance rights are entitled to dividends, holders will be compensated with additional performance rights corresponding to dividends that the ordinary shares qualify for until the delivery date. Deferring the remuneration to 2014 facilitates a later evaluation of whether the outcome that the remuneration was based on was sustainable long-term. If not, the Board has the right, at its discretion, to amend the terms and reduce the number of ordinary shares that the performance rights entitle their holders to. The value of the estimated remuneration for Programme 2010, cash as well as performance rights, amounted to SEK 388m social charges included, of which recognised expense in 2010 amounted to SEK 255m. The allotment of the share-based is estimated to result in a dilution of approximately 0,1 %. The Board's resolution that part of the remuneration will be deferred and eventually paid in the form of shares was made contingent on the approval of the 2011 AGM. If the AGM does not approve the share-based payment, remuneration may be paid in cash.

C-shares

Swedbank intends to fulfil its obligation to ensure that ordinary shares are transferred without cost to those who qualify according to Programme 2010 by introducing a special class of shares, C shares. The C shares will be issued with the approval of the 2011 AGM through a directed issue to a financial institution engaged specifically for this purpose, after which Swedbank AB will repurchase the shares and convert them to ordinary shares followed by delivery to qualified holders of performance rights.

Reporting of share-based payment

Since the delivery of ordinary shares in Swedbank AB is contingent on the holder of the performance rights remaining an employee on the delivery date, the share-based payment is accrued for approximately 50 months, from 2010 through February 2014.

Each performance right has been valued based on the anticipated price of the common share on the allotment date 2011, since each performance right entitles its holder to one ordinary share in addition to compensation for dividends that the performance rights do not qualify for. The reported cost of Program 2010 may change during period extending until February 2014, since the performance rights' value are finally determined at the AGM 2011 and since the number of perfomance rights are continuously reassessed. Social insurance charges are calculated and recognised continuously based on market value and ultimately determined at the time of settlement.

Compensation Program 2010	2010
Recognised expense for compensation that is settled with shares in Swedbank AB	31
Recognised expense for social charges	10
Recognised expense for cash settled compensation	140
Recognised expense for payroll overhead costs related to the cash settled compensation	74
Total recognised expense	**255**
Total estimated number of performance rights to grant, millions	1.3
Estimated number of performance rights that are forfeited due to employee turnover, millions	0.0
Number of performance rights that establish the recognised expense, millions	1.3
Estimated fair value of the performance right at measurement date, SEK	102

The fair value of one performance right corresponds to estimated stock-exchange rate for one ordinary share at grant date, since one performance right entitles to one ordinary share with additional ordinary shares that compensate the value of the dividends the ordinary shares have been entitled to during the vesting period.

Average number of employees based on 1 585 hours per employee	2010	2009
Swedbank AB	8 352	8 454
Swedbank Hypotek AB	173	165
Swedbank Finans AB	301	276
Swedbank Robur AB	117	123
Swedbank Juristbyrå AB	6	5
Swedbank Fastighetsbyrå AB	39	28
Swedbank Företagsförmedling AB	3	4
Swedbank Card Services AB	82	79
Ölands Bank AB	59	59
Ektornet AB	160	15
Swedbank Luxembourg S.A.	70	71
Swedbank Baltikum	7 441	8 250
Swedbank Russia	327	573
JSC Swedbank Ukraine	2 135	3 915
EADR Ukraine		69
First Securities ASA	267	251
Swedbank First LLC	10	13
Total	**19 542**	**22 350**
of which in		
Sweden	8 960	9 025
Denmark	34	37
Estonia	2 827	3 015
Finland	31	9
Japan	1	2
China	19	20
Latvia	1 893	2 312
Lithuania	2 811	2 965
Luxembourg	70	71
Norway	403	300
Russia	330	576
Ukraine	2 137	3 988
USA	26	30
Total	**19 542**	**22 350**
Number of hours worked (thousands)	30 971	35 417
Number of Group employees at year-end excluding long-term absentees in relation to hours worked expressed as full-time positions	17 224	19 277

Employee turnover, %	2010	2009
Retail	7,9	6,7
Large Corporates & Institutions	9,5	8,2
Baltic Banking	11,1	16,0
Russia & Ukraine	44,2	26,0
Asset Management	5,0	3,4
Ektornet	84,6	0,0
Shared Services & Group Staffs	6,7	4,5
Total employee turnover	**15,7**	**13,9**

Distribution by gender	2010		2009	
Per cent	Female	Male	Female	Male
All employees	67	33	64	36
Directors	32	68	28	72
Other senior executives, incl. President	19	81	30	70

Distribution by gender	2010		2009	
Per cent	Female	Male	Female	Male
Sweden	55	45	55	45
Denmark	53	47	51	49
Estonia	75	25	75	25
Finland	39	61	53	47
Japan			50	50
China	53	47	63	37
Latvia	75	25	75	25
Lithuania	76	24	78	22
Luxembourg	33	67	35	65
Norway	27	73	20	80
Russia	63	37	65	35
Ukraine	69	31	66	34
USA	29	71	37	63

G15 Other general administrative expenses

	2010	2009
Expenses for premises	55	50
Rents, etc.	1 324	1 522
IT expenses	1 634	1 818
Telecommunications, postage	271	321
Consulting and outside services	1 698	1 654
Travel	229	217
Entertainment	98	104
Office supplies	248	258
Advertising, public relations, marketing	360	433
Security transports, alarm systems	440	480
Maintenance	200	186
Other administrative expenses	400	445
Other operating expenses	343	270
Total	**7 300**	**7 758**

Consulting and other services related to the management of problem loans and repossessed collateral amounted to SEK 261m in 2010 and SEK 240m in 2009. Expenses for properties taken over are included in other expenses amounted to SEK 122m in 2010 and SEK 67m in 2009. Other operating expenses in 2010 include a capital loss of SEK 3m on the sale of shares in the associate Bergslagen Sparbank AB.

Remuneration to auditors	2010	2009
Remuneration to auditors elected by Annual General Meeting, Deloitte		
Statutory audit	33	32
Other audit	7	10
Tax advisory	1	1
Other	1	2
Remuneration to other		
Statutory audit	2	3
Other audit	1	1
Tax advisory	0	0
Other	1	4
Total	**46**	**53**
Internal Audit	67	69

G16 Depreciation/amortisation of tangible and intangible fixed assets

Depreciation/amortisation	2010	2009
Equipment	511	510
Owner-occupied properties	51	62
Investment properties	21	2
Intangible fixed assets	367	315
Total	**950**	**889**

G17 Impairments of tangible assets including repossessed lease assets

Impairments	2010	2009
Owner-occupied properties	130	221
Investment properties	204	64
Properties measured as inventory	47	24
Repossessed leasing assets	219	140
Total	**600**	**449**

Repossessed lease assets are recognised in the balance sheet as other assets. Impairments of operating properties were primarily in Ukraine in connection with operating cutbacks.

G18 Credit impairments

	2010	2009
Provisions for loans that individually are assessed as impaired		
Provisions	3 507	14 505
Reversal of previous provisions	–1 605	–303
Provision for homogenous groups of impaired loans, net	1 235	2 654
Total	**3 137**	**16 856**
Portfolio provisions for loans that individually are not assessed as impaired	**–1 738**	**4 752**
Write-offs		
Established losses	4 373	3 531
Utilisation of previous provisions	–2 410	–468
Recoveries	–558	–216
Total	**1 405**	**2 847**
Credit impairments for contingent liabilities and other credit risk exposures	**6**	**186**
Credit impairments	**2 810**	**24 641**
Credit impairments by valuation category		
Loans and receivables	2 709	24 599
Fair value through profit or loss	101	42
Total	**2 810**	**24 641**
Credit impairments by borrower category		
Credit institutions	–32	181
General public	2 842	24 460
Total	**2 810**	**24 641**

Credit impairments decreased by SEK 21 831m (increase of 21 485), of which SEK 11 526m (13 088) was in Baltic Banking, SEK 1 597m (1 201) in Russian Banking and SEK 7 044m (6 107) in Ukrainian Banking.

G19 Tax

Tax expense	2010	2009
Tax related to previous years	106	–13
Current tax	2 455	4 001
Deferred tax	–89	–3 007
Total	**2 472**	**981**

Positive current tax recognised directly in equity amounted to SEK 156m 2009.

The difference between the Group's tax expense and the tax expense based on current tax rates is explained below:

	2010		2009	
	SEKm	per cent	SEKm	per cent
Results	2 472	24.8	981	–10.4
26.3% of pre-tax profit	2 618	26.3	–2 488	–26.3
Difference	**146**	**1.5**	**–3 469**	**–36.7**
The difference consists of the following items:				
Tax previous years	–106	–1.1	13	0.1
Tax -exempt income/non-deductible expenses	–61	–0.6	–230	–2.4
Unrecognised portion of deferred tax assets	168	1.7	–1 566	–16.6
Non-deductible goodwill impairment	–3		–315	–3.3
Tax-exempt capital gains and appreciation in value of shares and participating interests	–1		–1	
Not previously recognised unused tax losses			3	
Other tax basis in insurance operations	22	0.2	25	0.3
Deviating tax rates in other countries	109	1.1	–1 268	–13.4
Standard income tax allocation reserve	–4		–31	–0.3
Credit impairements in Russia and Ukraine	3			
Revaluation of deferred taxes due to changed tax rate in Lithuania			–157	–1.7
Other, net	19	0.2	58	0.6
Total	**146**	**1.5**	**–3 469**	**–36.7**

2010

Deferred tax assets	Opening balance	Income statement	Other comprehensive income	Exchange rate differences	Closing balance
Deductible temporary differences					
Provision for credit impairments	433	–221			212
Other	115	–73			42
Unused tax losses	2 253	–24		–169	2 060
Unused tax credits	45	–3			42
Unrecognised deferred tax assets	–1 637	499			–1 138
Total	**1 209**	**178**		**–169**	**1 218**

Deferred tax liabilities	Opening balance	Income statement	Other comprehensive income	Exchange rate differences	Closing balance
Taxable temporary differences					
Untaxed reserves	1 613	–4		–29	1 580
Hedge of net investment in foreign operations	–421		672		251
Provision for pensions	–451	27			–424
Cash flow hedges	–265	118	251		104
Intangible fixed assets	296	7			303
Tax loss carry-forwards	–8	8			
Other	–44	–67		31	–80
Total	**720**	**89**	**923**	**2**	**1 734**

Deferred tax related to hedging of net investments in foreign operations and cash flow hedging is recognised in Other comprehensive income only, as the change in value of the hedging instrument is recognised directly in Other comprehensive income. Deferred tax related to untaxed reserves in associates is included in the balance sheet line Investments in associates.

Swedbank AS pays income tax in Estonia only upon distribution of its earnings as dividends. The tax rate for 2010 is 21 per cent. Retained earnings in Swedbank AS, if distributed, would result in a tax expense of SEK 1 676m. No related deferred tax liability has however been recognised in the accounts as the Parent Company can control the timing when dividends are to be paid out and no distribution is expected to be made during the foreseeable future. Future dividends, if any, are expected to be paid from future earnings.

The major part of Unrecognised portion of deferred tax assets refers to Ukraine SEK 890m (1 264), Lithuania SEK 124m (275) and Russia SEK 77m (89). The assets are not recognised due to uncertainty when sufficient taxable earnings will be generated and uncertainty about the fiscal system in Ukraine . See also note G2, Accounting policies.

Unused tax losses and unused tax credits according to tax calculation

	Total deduction	Parts of deduction for which deferred tax is recognised		Parts of deduction for which deferred tax is not recognised
Maturity		Latvia	Lithuania	
2013	3 199			3 199
2017	4 213	4 213		
2018	688	688		
2019	126			126
2020	229			229
Without maturity	2 647		1 937	710
Total	**11 102**	**4 901**	**1 937**	**4 264**

In order to determine how much of the deferred tax assets that are to be recognised in accounting, the group regularly forecasts expected future taxable profits. Deferred tax assets are recognised only to the extent such profits can be forecasted with a reasonable level of comfort. Out of the currently recognised deferred tax assets almost 70 per cent are expected to be utilised against taxable profits before the end of 2013, i.e. within the group's three-year Midterm plan. All of the losses for which deferred tax assets are recognised derive from the Group's home markets. Each business unit reports a gain during the second half of 2010.

2009

Deferred tax assets	Opening balance	Income statement	Other comprehensive income	Exchange rate differences	Closing balance
Deductible temporary differences					
Provision for credit impairments		433			433
Other	62	57		–4	115
Unused tax losses		2 253			2 253
Unused tax credits		45			45
Unrecognised deferred tax assets		–1 637			–1 637
Total	**62**	**1 151**		**–4**	**1 209**

Deferred tax liabilities	Opening balance	Income statement	Other comprehensive income	Exchange rate differences	Closing balance
Taxable temporary differences					
Untaxed reserves	3 167	–1 554			1 613
Hedge of net investment in foreign operations	–1 044		623		–421
Provision for pensions	–483	32			–451
Cash flow hedges	–332		67		–265
Intangible fixed assets	250	46			296
Tax loss carry-forwards		–8			–8
Other	211	–372		117	–44
Total	**1 769**	**–1 856**	**690**	**117**	**720**

Unused tax losses and unused tax credits according to tax calculation

	Total deduction	Parts of deduction for which deferred tax is recognised			Parts of deduction for which deferred tax is not recognised
Maturity		Latvia	Lithuania	Russia	
2013	3 689				3 689
2017	4 824	4 824			
2018	39			39	
2019	135				135
Without maturity	2 128		1 989		139
Total	**10 815**	**4 824**	**1 989**	**39**	**3 963**

G20 Earnings per share

Earnings per share are calculated by dividing the profit for the year attributable to the shareholders of the Parent Company by a weighted average number of ordinary sharesoutstanding. Earnings per share after dilution is calculated by dividing the profit for the year attributable to the shareholders of the Parent Company by the average of the number of ordinary shares outstanding over the year, adjusted for the dilution effect of potential shares.

	2010	2009
Profit for the period attributable to the shareholders of Swedbank	7 444	-10 511
Weighted average number of shares before adjustments for rights issue, bonus element and holdings of treasury shares, before and after dilution	1 159 590 177	773 060 118
Effect of bonus selement 2009 (1.21)		161 056 891
Effect of rights issue 2009		53 125 185
Effect of associates' holdings of Swedbank's shares	–1 116 000	–771 608
Weighted average number of shares used for calculation of earnings per share, before and after dilution	1 158 474 177	986 470 586
Earnings per share before and after dilution, SEK	6.43	–10.66

During 2009 the Parent Company issued ordinary shares. The issue was fully subscribed and a total of 386 530 059 shares were issued with a quota value of SEK 21 each. A bonus issue factor was identified in connection with the rights issue, due to which the weighted average number of shares used in the calculation of earnings per share has been adjusted. In 2008 the Parent Company issued preference shares. A total of 257 686 706 preference shares were issued with a quota value of SEK 21 each. 62 701 250 were registered on 19 January 2009. Other preference shares were registered as of year-end 2008. Since the preference shares call for a mandatory conversion to ordinary shares, the preference shares are included in the calculation of earnings per share before dilution for ordinary shares outstanding at the time the contract is entered into. Hence, the conversion has no effect on the calculation of earnings per share. Swedbank's share-related compensation programme, Programme 2010, gives rise to potential ordinary shares from the grant date. Because the compensation programme is contingent an approval from the AGM 2011the performance rigths that entitle to ordinariy shares are considered to be granted first after the AGM's decision. When calculating earnings per share after dilution these potential ordinary shares will be included first during 2011, hence they have not affected earnings per share after dilution at end of 2010. Estimated number of potential ordinary shares as a result of Programme 2010 will affect the key ratio insignificant.

G21 Tax for each component in other comprehensive income

	2010				2009			
	Pre-tax amount	Deferred tax	Current tax	Net-of-tax amount	Pre-tax amount	Deferred tax	Current tax	Net-of-tax amount
Exchange differences, foreign operations	–4 218			–4 218	–1 852			–1 852
Hedging of net investments in foreign operations	2 420	–679	42	1 783	1 312	–623	289	978
Cash flow hedges	955	–251		704	280	–67		213
Share of other comprehensive income of associates	–30	–2		–32	42	4		46
Other comprehensive income	**-873**	**-932**	**42**	**-1 763**	**-218**	**-686**	**289**	**-615**

G22 Treasury bills and other bills eligible for refinancing with central banks, etc.

	Carrying amount			Amortised cost			Nominal amount		
	2010	2009	1/1/2009	2010	2009	1/1/2009	2010	2009	1/1/2009
Valuation category, fair value through profit or loss									
Trading									
Swedish government	23 454	72 909	19 995	23 227	72 681	19 748	20 182	69 957	16 790
Swedish municipalities	792	11	643	794	11	630	842	11	635
Foreign governments	8 741	14 408	5 385	8 749	14 403	5 298	8 697	14 241	5 217
Other non-Swedish issuers	671	235	662	672	235	670	666	250	672
Total	**33 658**	**87 563**	**26 685**	**33 442**	**87 330**	**26 346**	**30 387**	**84 459**	**23 314**
Valuation category, held to maturity*									
Foreign governments	1 266	1 161	1 293	1 266	1 161	1 293	1 233	1 113	1 241
Total	**1 266**	**1 161**	**1 293**	**1 266**	**1 161**	**1 293**	**1 233**	**1 113**	**1 241**
Total	**34 924**	**88 724**	**27 978**	**34 708**	**88 491**	**27 639**	**31 620**	**85 572**	**24 555**

* The fair value of held-to-maturity investments amounted to SEK 1 242m (1 160).

G23 Loans to credit institutions

	2010	2009	1/1/2009
Valuation category, loans and receivables			
Swedish banks	50 849	39 458	55 575
Swedish credit institutions	435	1 142	
Swedish credit institutions, repurchase agreements			5 746
Foreign banks	74 582	30 626	33 344
Foreign banks, repurchase agreements			5 032
Foreign credit institutions		19	298
Foreign credit institutions, repurchase agreements			1 544
Total	**125 866**	**71 245**	**101 539**
Valuation category, fair value through profit or loss			
Trading			
Swedish banks	2	18	3 378
Swedish banks, repurchase agreements	1 942	8 564	204
Swedish credit institutions		305	
Swedish credit institutions, repurchase agreements	12 763	477	1 373
Foreign banks	553	101	
Foreign banks, repurchase agreements	25 291	11 421	22 042
Total	**40 551**	**20 886**	**26 997**
Total	**166 417**	**92 131**	**128 536**

	2010	2009	1/1/2009
Subordinated loans			
Associates	120	320	200
Other companies	57	62	56
Total	**177**	**382**	**256**

G24 Loans to the public

	2010	2009	1/1/2009
Valuation category, loans and receivables			
Swedish public	448 142	412 274	439 980
Swedish public, repurchase agreements			7 082
Foreign public	193 353	241 837	317 836
Foreign public, repurchase agreements		1 295	3 730
Total	**641 495**	**655 406**	**768 628**
Valuation category, fair value through profit or loss			
Trading			
Swedish public	4		7 069
Swedish public, repurchase agreements	35 444	29 829	23 126
Foreign public	2	3 882	
Foreign public, repurchase agreements	5 785	7 347	2 953
Other			
Swedish public	504 496	594 203	485 648
Total	**545 731**	**635 261**	**518 796**
Total	**1 187 226**	**1 290 667**	**1 287 424**

The maximum credit risk exposure for lending measured at fair value corresponds to the carrying amount

	2010	2009	1/1/2009
Subordinated loans			
Other		308	348
Total		**308**	**348**

Finance lease agreements distributed by maturity

	2010 < 1 yr.	2009 < 1 yr.	2010 1–5 yrs.	2009 1–5 yrs.	2010 > 5 yrs.	2009 > 5 yrs.	2010 Total	2009 Total
Gross investment	10 544	14 177	14 862	22 088	2 926	3 585	28 332	39 850
Unearned finance income	826	1 489	759	1 151	423	1 710	2 008	4 350
Net investment	9 718	12 688	14 103	20 937	2 503	1 874	26 324	35 499
Provisions for impaired claims related to minimum lease payments							952	2 087

The residual value of the leases in all cases are guaranteed by the lessees. Finance leasing are included in Loans to the public and relates to vehicles, machinery, boats etc.

G25 Bonds and other interest-bearing securities

	Carrying amount			Amortised cost			Nominal amount		
	2010	2009	1/1/2009	2010	2009	1/1/2009	2010	2009	1/1/2009
Valuation category, fair value through profit or loss									
Trading									
Swedish mortgage institutions	60 904	48 315	50 531	61 566	47 976	49 137	61 780	46 187	48 396
Swedish financial entities	6 402	7 494	3 373	6 413	7 249	3 443	6 402	6 997	3 280
Swedish non-financial entities	5 005	6 823	22 007	4 992	6 777	22 029	5 002	6 813	22 203
Foreign financial entities	16 291	9 372	19 791	16 103	9 386	19 991	16 204	9 350	20 191
Foreign non-financial entities	3 539	2 239	1 545	3 441	2 234	1 662	3 590	2 253	1 757
Total	**92 141**	**74 243**	**97 247**	**92 515**	**73 622**	**96 262**	**92 978**	**71 600**	**95 827**
Valuation category, held to maturity*									
Foreign mortgage institutions	3 335	6 371	7 579	3 335	6 371	7 579	3 335	6 446	7 730
Foreign financial entities	892	1 224	867	891	1 224	867	892	1 250	917
Foreign non-financial entities	284	53	23	284	53	23	285	53	23
Total	**4 511**	**7 648**	**8 469**	**4 510**	**7 648**	**8 469**	**4 512**	**7 749**	**8 670**
Total	**96 652**	**81 891**	**105 716**	**97 025**	**81 270**	**104 731**	**97 490**	**79 349**	**104 497**
of which subordinated		200	200						
of which listed	114 328	40 942	98 023						

* The fair value of held-to-maturity investments amounted to SEK 4 456m (7 321). Carrying amount is below nominal amount for all securities.

G26 Financial assets for which the customers bear the investment risk

	2010	2009	1/1/2009
Valuation category, fair value through profit or loss			
Other			
Fund units	91 218	72 507	50 176
Interest-bearing securities	1 315	919	373
Shares	8 095	4 768	1 089
Total	**100 628**	**78 194**	**51 638**

G27 Shares and participating interests

	Carrying amount			Cost		
	2010	2009	1/1/2009	2010	2009	1/1/2009
Valuation category, fair value through profit or loss						
Trading						
Trading stock	5 333	5 511	3 936	5 200	5 623	4 126
Fund shares	164	3 811	2 300	160	3 698	2 591
For protection of claims	570	108	190	575	108	191
Other						
Credit institutions	24	25	79	25	27	35
Other shares	34	1	2	36		4
Total	**6 125**	**9 456**	**6 507**	**5 996**	**9 456**	**6 947**
Valuation category, available for sale						
Condominiums	29	30	31	29	30	30
Other	27	19	19	27	16	15
Total	**56**	**49**	**50**	**56**	**46**	**45**
Total	**6 181**	**9 505**	**6 557**	**6 052**	**9 502**	**6 992**
of which unlisted	295	441	282			

Unlisted holdings are valued at their last transaction price. Holdings in the valuation category available for sale have been estimated at acquisition cost, since a more reliable fair value is not considered to be available.

G28 Investments in associates

	2010	2009	1/1/2009
Fixed assets			
Credit institutions	2 384	2 195	1 867
Other associates	326	545	120
Total	**2 710**	**2 740**	**1 987**
Opening balance	**2 740**	**1 987**	
Additions during the year	34	100	
Change in accumulated profit shares	218	603	
Impairment losses during the year			
Disposals during the year	–243	–7	
Translation difference equity in associates	–39	57	
Closing balance	**2 710**	**2 740**	

2010 Corporate identity, domicile	Corporate identity number	Number	Carrying amount	Cost	Share of capital, %	Year's share of associate's pre-tax profit
Credit institutions						
EnterCard Holding AB, Stockholm	556673-0585	3 000	1210	420	50.00	409
Färs & Frosta Sparbank AB, Lund	516401-0091	1 478 700	408	257	30.00	59
Sparbanken Rekarne AB, Eskilstuna	516401-9928	865 000	176	125	50.00	24
Swedbank Sjuhärad AB, Borås	516401-9852	950 000	523	287	47.50	86
Vimmerby Sparbank AB, Vimmerby	516401-0174	340 000	67	41	40.00	6
Other						4
Total			**2 384**	**1 130**		**588**
Other associates						
BDB Bankernas Depå AB, Stockholm	556695-3567	13 000	7	3	20.00	
BGC Holding AB, Stockholm	556607-0933	29 177	56	10	29.18	6
Finansiell ID-Teknik BID AB, Stockholm	556630-4928	12 735	16	4	28.30	4
Rosengård Invest AB, Malmö	556756-0528	2 500	4	5	25.00	–1
VISA Sweden, Stockholm	801020-5097		143		39.10	–1
BAB Bankernas Automatbolag AB, Stockholm	556817-9716	750	14	15	20.00	
UC AB, Stockholm	556137-5113	2 000	19		20.00	20
Owned by subsidiaries						
AS Sertifitseerimiskeskus, Tallin	10747013	5 918	4		25.00	
Babs Paylink AB, Stockholm	556567-2200	4 900	62		49.00	25
Hemnet Sverige AB, Stockholm	556536-0202	25	1		25.00	
Övriga						–17
Total			**326**	**37**		**36**
Total			**2 710**	**1 167**		**624**

The share of the voting rights in each entity corresponds to the share of its equity. All shares are unlisted. The holding in EnterCard Holding AB is a joint venture. As of 31 december 2010 the assoicates' total assets and liabilities amounted to SEK 59 072m (48 019) and SEK 51 595m (43 418), respectively, while income and profit for 2010 amounted to SEK 5 088m (4 656) and SEK 1 386m (917), respectively.

G29 Derivatives

The Group trades in derivatives in the normal course of business and for the purpose of hedging certain positions that are exposed to share, interest rate and currency risks. Interest rate swaps that safeguard the interest rate risk associated with certain loans and subordinated liabilities are sometimes recognised as hedging instruments in hedge accounting at fair value. The derivatives are recognised at fair value with changes in value through profit or loss in the same manner as for other derivatives. In note G11 Net gains and losses on financial items at fair value, any ineffectiveness of the hedges is recognised as the change in value of the derivative together with the change in value of the hedged risk component. Interest rate- and currency swaps sometimes also hedge projected future interest payments, so-called cash flow hedges. Future estimated cash flows that are hedged by the swaps are disclosed below. Since the derivatives are recognised as hedging instruments, their fair value is recognised in the statement of Other comprehensive income. Value changes of derivatives that are used as hedging instruments for investments in foreign operations are also recognised in the statement of Other comprehensive income. Any ineffectiveness is recognised in Net gains and losses on financial items at fair value. The carrying amount of derivatives included in hedge accounting is reported separately below. The carrying amounts of all derivatives refer to fair value including accrued interest.

	Nominal amount 2010 Remaining contractual maturity			Nominal amount		Positive fair value			Negative fair value		
	< 1 yr.	1–5 yrs.	> 5 yrs.	2010	2009	2010	2009	1/1/2009	2010	2009	1/1/2009
Derivatives in hedge accounting											
Fair value hedges											
Interest-rate-related											
Swaps*	58 408	66 188	5 072	129 667	226 065	2 938	4 963	2 798		185	
Currency-related											
Swaps*	4 746	17 619	1 340	23 704	24 385	2 048	351	440		790	
Total	**63 154**	**83 807**	**6 412**	**153 371**	**250 450**	**4 986**	**5 314**	**3 238**		**975**	
Cash flow hedges											
Interest-rate-related											
Swaps	2 849	6 527		9 376	18 801				328	798	902
Currency-related											
Swaps		10 453	22 220	32 673					3 611		
Total	**2 849**	**16 980**	**22 220**	**42 049**	**18 801**				**3 939**	**798**	**902**
Hedges of net investment in foreign operations											
Currency-related											
Swaps	915			915		6		186			
Total	**915**			**915**		**6**		**186**			
Other derivatives											
Interest-rate-related contracts											
Options held	974 037	300 315	48 882	1 323 233	834 907	1 279	1 039	871	1 264	776	464
Forward contracts	4 324 091	1 314 541		5 638 632	5 330 042	4 067	6 261	20 507	3 854	5 946	21 245
Swaps*	638 051	1 238 798	397 503	2 274 353	2 153 949	33 274	46 599	59 830	35 150	47 336	56 415
Other	10			10		93					
Currency-related contracts											
Options held	37 806	44		37 852	33 463	396	275	264	355	398	220
Forward contracts	922 506	7 336	7	929 849	739 708	10 250	9 108	37 891	12 052	13 240	38 343
Swaps*	7 437	200 928	57 474	265 839	250 502	10 193	4 458	10 577	9 765	4 458	7 585
Other	773	92		865	26	14	3	4	10	3	4
Equity-related contracts											
Options held	41 862	10 144	45 605	97 611	170 556	2 312	3 274	4 112	1 683	1 597	1 019
Forward contracts	482	3		484	296	3	4	66	10	12	4
Swaps	259	13	7 478	7 750		1 005			679		
Other	999			999	303	69	12	36	70	11	35
Total	**6 948 313**	**3 072 214**	**556 949**	**10 577 477**	**9 513 752**	**62 955**	**71 033**	**134 158**	**64 892**	**73 777**	**125 334**
Netting agreements						–2 896	–3 378	–9 516	–2 896	–3 378	–9 516
Total				**10 773 811**	**9 783 003**	**65 051**	**72 969**	**128 066**	**65 935**	**72 172**	**116 720**
of which cleared				236 119	2 133 210	2 979	3 804	10 470	3 589	4 108	9 650

* According to description within changes in accounting policies, note G2, there has been a transfer between these rows regarding historical figures. The below table express the amounts that has been transferred for these rows.

Adjustment according to description under accounting policies	Nominal amount 2009			Positive fair value 2009			Negative fair value 2009		
Interest-rate-related contracts within Fair value hedges	Before adjustment	Adjustment	After adjustment	Before adjustment	Adjustment	After adjustment	Before adjustment	Adjustment	After adjustment
Swaps	136 175	89 890	226 065	2 455	2 508	4 963			
Currency-related contracts within Fair value hedges									
Swaps	1 053	23 332	24 385	62	289	351		790	790
Interest-rate-related contracts within Other derivatives									
Swaps	2 243 839	–89 890	2 153 949	49 107	–2 508	46 599			
Currency-related contracts within Other derivatives									
Swaps	273 834	–23 332	250 502	4 747	–289	4 458	5 248	–790	4 458

Maturity distribution regarding future hedged cash flows in cash flow hedge accounting

	< 1 yrs.	1–3 yrs.	3–5 yrs.	5–10 yrs.	> 10 yrs.
Negative cash flows (liabilities)	507	10 566	1 611	14 442	9 496

Future cash flows above, expressed in SEK, are exposured to variablity attibutable to changed interest rates and/or changed currency rates. These future cash flows are hedged with derivatives, recognised as cash flow hedges, with opposite cash flows that eliminate the variability.

G30 Intangible fixed assets

2010	Indefinite useful life Goodwill	Definite useful life Customer base	Internally developed software	Other	Total
Cost, opening balance	**17 765**	**2 048**	**617**	**765**	**21 195**
Additions through business combinations					
Additions through internal development			131		131
Additions through separate acquisitions				211	211
Sales and disposals				–77	–77
Exchange rate differences	–1 739	–128		–20	–1 887
Cost, closing balance	**16 026**	**1 920**	**748**	**879**	**19 573**
Amortisation, opening balance		**–658**	**–191**	**–280**	**–1 129**
Amortisation for the year		–122	–87	–158	–367
Sales and disposals			9	30	39
Exchange rate differences		79		6	85
Amortisation, closing balance		**–701**	**–269**	**–402**	**–1 372**
Impairments, opening balance	**–2 397**	**–114**			**–2 511**
Impairments for the year	–37				–37
Sales and disposals					
Exchange rate differences	141				141
Impairments, closing balance	**–2 293**	**–114**			**–2 407**
Carrying amount	**13 733**	**1 105**	**479**	**477**	**15 794**

2009	Indefinite useful life Goodwill	Definite useful life Customer base	Internally developed software	Other	Total
Cost, opening balance	**18 711**	**1 843**	**529**	**863**	**21 946**
Additions through business combinations		87			87
Additions through internal development			92		92
Additions through separate acquisitions		181			181
Sales and disposals	–2			–63	–65
Exchange rate differences	–944	–63		–35	–1 046
Cost, closing balance	**17 765**	**2 048**	**617**	**765**	**21 195**
Amortisation, opening balance		**–554**	**–111**	**–301**	**–966**
Amortisation for the year		–144	–80	–91	–315
Sales and disposals				63	63
Exchange rate differences		40		49	89
Amortisation, closing balance		**–658**	**–191**	**–280**	**–1 129**
Impairments, opening balance	**–1 403**				**–1 403**
Impairments for the year	–1 191	–114			–1 305
Sales and disposals					
Exchange rate differences	197				197
Impairments, closing balance	**–2 397**	**–114**			**–2 511**
Carrying amount	**15 368**	**1 276**	**426**	**485**	**17 555**

For intangible assets with a finite useful life, the amortisable amount is allocated systematically over the useful life. Systematic amortisation relates to both straight line and increasing or decreasing amortisation. The original useful life is between 3 and 15 years. The useful life and amortisation schedule of certain assets were changed during the year, which resulted in an additional expense at SEK 49m. There was no need for impairment. A portion of the cost of the 2007 acquisition of JSC Swedbank was considered the value of the acquired company's customer base. The value was written down in 2009 by SEK 114m to SEK 0m.

Specification of intangible assets with indefinite useful life	Acquisition year	Carrying amount 2010	2009	1/1/2009
Goodwill				
Swedbank Robur AB	1995	328	328	328
Föreningsbanken AB	1997	1 342	1 342	1 342
Swedbank Försäkring AB	1998	651	651	651
Kontoret i Bergsjö	1998	13	13	13
Ölands Bank AB	1998	9	9	9
FSB Bolåndirekt Bank AB	2002	159	159	159
Svenska kyrkans fondaktiebolag	2005	3	3	3
Söderhamns Sparbank AB	2007	24	24	24
Sweden		**2 529**	**2 529**	**2 529**
of which banking operations		2 198	2 198	2 198
of which other		331	331	331
Swedbank AS	1999	1 088	1 245	1 324
Swedbank AS	2000	11	13	13
Swedbank AB	2001	135	147	156
Swedbank Liising AS	2004		14	15
Swedbank AS	2005	9 771	11 186	11 897
AS Hansa Leasing Russia	2005		19	21
Baltic countries		**11 005**	**12 624**	**13 426**
of which allocated to:				
banking operations in Estonia		3 814	4 399	4 680
banking operations in Latvia		3 849	4 407	4 686
banking operations in Lithuania		3 342	3 818	4 060
JSC Swedbank	2007			1 150
European Agency for Debts Recovery	2008			2
Ukraine				**1 152**
OAO Swedbank	2005		13	15
ZAO Swedbank Markets	2008			5
Russia			**13**	**20**
First Securities ASA	2005	199	202	181
Norway		**199**	**202**	**181**
Total		**13 733**	**15 368**	**17 308**

Value in use

Goodwill acquired in business combinations has been allocated to the lowest possible cash-generating unit. The recoverable amount has been determined based on value in use. This means that the asset's estimated future cash flows are calculated at present value using a discount rate. Estimated future cash flows are based on the Group's established three-year financial plans. The most important assumptions in the three-year plan are management's estimate of net profit, including credit impairments, growth in each economy, both GDP and industry growth, and the trend in risk-weighted assets. Financial planning is done at a lower level than the cash-generating unit with a complete balance sheet, income statement, statement of cash flow and relevant financial ratios. The necessary assumptions in the planning are based as far as possible and appropriate on external information. Future cash flows are subsequently estimated with the help of long-term assumptions on growth in risk-weighted assets as well as on net profit in relation to risk-weighted assets. Due to the long-term nature of the investments, cash flow is expected to continue indefinitely. Net cash flow refers to the amount that theoretically could be received as dividends or must be contributed as capital to comply with capital adequacy or solvency rules. The Group believes that a Core Tier 1 capital ratio of 10% is reasonably the lowest level for the cash-generating unit, because of which any surpluses or deficits calculated in relation to this level are theoretically considered to be payable as dividends or will have to be contributed as capital and therefore constitute net cash flow. The discount rate is determined based on the market's risk-free rate of interest and the market's yield requirements, the unit's performance in the stock market in relation to the entire market, and the asset's specifik risks. The discount rate is adapted to various periods if needed. Assumed growth in risk-weighted assets corresponds to estimated inflation and real GDP growth and any further expected growth in the banking sector. In accordance with IAS 36, the long-term growth estimate does not include any expected increase in market share. Long-term growth estimates are based on external projections as well as the Group's experience and assessment of growth in the banking sector in relation to GDP growth and inflation. Estimated net profit in relation to risk-weighted assets is based on historical earnings levelsand adjusted based on the economic stage that the cash-generating unit is in. The adjustment is also based on how the composition of the cash-generating unit's balance sheet is expected to change. The parameters are based as far as possible on external sources. The most important assumptions and their sensitivity are described in the following table. The model for calculating value in use has been modified compared with the model used last year, which also means that the assumptions used in the model have consequently been adjusted. The assumptions have also been adjusted based on conditions at year end 2010.

Cash-generating unit	Goodwill carrying amount, SEKm	RWA growth 2011–2013, %	RWA growth 2014–2048, %	Average RWA growth 2014–2048, %	RWA growth 2049-, %
Banking operations					
Estonia	3 814	5.4	7.0–3.1	4.9	3.0
Latvia	3 849	0.2	7.0–3.1	4.1	3.0
Lithuania	3 342	11.1	7.0–3.1	4.9	3.0
Sweden	2 198	1.4	3.0–3.0	3.0	3.0
		Discount rate 2011–2013. %	Discount rate 2014–2048. %	Average discount rate 2014–2048. %	Discount rate 2049-. %
Banking operations					
Estonia		10.3	10.3–9.0	9.4	9.0
Latvia		12.0	12.0–9.0	10.0	9.0
Lithuania		11.3	11.3–9.0	9.8	9.0
Sweden		9.0	9.0–9.0	9.0	9.0

Sensitivity analysis, change in recovarable amount

Cash-generating unit	Net asset including goodwill, carrying amount, SEKm	Recoverable amount, SEKm	Decrease in assumption of yearly growth by 1 percentage point	Increase in discount rate by 1 percentage point
Banking operations				
Estonia	9 229	15 244	–1 136	–2 110
Latvia	10 078	10 391	–429	–1 038
Lithuania	8 639	13 046	–894	–1 715
Sweden*	23 763	31 289	132	–2 757

* The cash-generating unit is part of the segment Retail.

Given a reasonable change in the above assumptions in accordance with the above information, there would be no impairment loss, except for Latvia. Given a reasonable change in the discount rate (+1 percentage point) an impairment at SEK 725m would arise for Latvia. With regard to the other cash-generating units, there is still room left even if such a reasonable change in assumptions were to occur as indicated in the table, i.e. both an increase in discount rate (+1 percentage point) and a decrease in growth assumption (–1 % percentage point). A reasonable change in the expected net profit margin in Latvia would give rise to an impairment loss. With regard to the other cash-generating units, the Group is confident that there is room for a reasonable change in this assumption without giving rise to any impairment loss.

Baltic countries

Recognised goodwill totalled at SEK 11 005m. Goodwill is tested for impairment separately for each country. No impairments were identified on the closing day. The countries' economies have stabilised and recovered in 2010. The countries' economies are expected to continue to recover in 2011–2013. This means that the units' profits are planned to follow the development from 2010 and to continue to be normalised during the financial three year plans, inclusive a normalization of margins and credit impairment ratio. Risk weighted assets in the Latvian business are assessed to be unchanged during the planning period. Initial assumed growth after the Group's three years financial plans is based on the management's best estimate of inflation, real GDP growth and growth in the banking industry for each market. The assessments are based on external sources. After the planning period a linear reduction of annual growth are assumed during the period between year 2014 to year 2048 from 7 per cent down to 3 per cent, that is considered as being a sustainable growth for a mature market. Initial discount rate for each period reflects country specific risk premium that will converge linear to 5 per cent that is considered as relevant for a mature market. Risk premiums are derived from external sources. The discount rate before taxe was approximately 12 per cent.

Ukraine

Recognised goodwill from JSC Swedbank amounted to SEK 0m after impairment of SEK 1 191m in 2009. The impairment was explained of a significant deterioration in profitability, because of the financial turbulence in the country during 2009. The holding in the European Agency for Debts Recovery was sold in 2009.

Other cash-generating units

Other recognised goodwill totalled SEK 530m. No impairments were needed as of the closing day. Average annual growth has been assumed to be 3 per cent and the average discount rate was 9 per cent, or 12 per cent before tax.

G31 Tangible assets

2010	Current assets Properties	Fixed assets Equipment	Owner-occupied properties	Investment properties	Total
Cost, opening balance	**220**	**4 367**	**1 913**	**935**	**7 435**
Additions	1 141	494	47	1 337	3 019
Sales and disposals	–181	–368	–204	–1	–754
Exchange rate differences	–8	–164	–238	33	–377
Cost, closing balance	**1 172**	**4 329**	**1 518**	**2 304**	**9 323**
Amortisation, opening balance		**–3 047**	**–259**	**–2**	**–3 308**
Amortisation for the year		–511	–51	–21	–583
Sales and disposals		238	9		247
Exchange rate differences		107	9	–3	113
Amortisation, closing balance		**–3 213**	**–292**	**–26**	**–3 531**
Impairments, opening balance			**–221**	**–91**	**–312**
Impairments for the year	–47		–130	–204	–381
Sales and disposals	47		351	182	580
Impairments, closing balance				**–113**	**–113**
Carrying amount	**1 172**	**1 116**	**1 226**	**2 165**	**5 679**

The useful life of the equipment is deemed to be five years on average and its residual value is deemed to be zero as in previous years. The depreciable amount is recognized on a straight-line basis in profit or loss during the useful life. No indications of impairment were identified on the balance sheet date. Equipment includes operating leases, mainly motor vehicles, with an accumulated cost of SEK 271m (213) and accumulated depreciation of SEK 131m (73). Future minimum lease payments amount to SEK 102m (89), of which SEK 91m (84) will be received after more than one year but within five years. Individual structural components are deemed to have useful lives of between 12 and 25 years. The residual value is deemed to be zero. The depreciable amount is recognized linearly in profit or loss during the useful life. Land is deemed to have an indefinite useful life and therefore is not depreciated. Estimated useful lives have been changed in individual cases. Impairments for the year were mainly for owner-occupied properties in Ukraine in connection with operating cutbacks. Investment properties managed by Ektornet amounted to SEK 1 779m (517).

2009	Current assets Properties	Fixed assets Equipment	Owner-occupied properties	Investment properties	Total
Cost, opening balance	**2**	**4 679**	**2 041**	**59**	**6 781**
Additions	218	566	232	876	1 892
Sales and disposals		–768	–188		–956
Exchange rate differences		–110	–172		–282
Cost, closing balance	**220**	**4 367**	**1 913**	**935**	**7 435**
Amortisation, opening balance		**–3 128**	**–352**		**–3 480**
Amortisation for the year		–510	–62	–2	–574
Sales and disposals		531	107		638
Exchange rate differences		60	48		108
Amortisation, closing balance		**–3 047**	**–259**	**–2**	**–3 308**
Impairments, opening balance				**–27**	**–27**
Impairments for the year	–24		–221	–64	–309
Sales and disposals	24				24
Impairments, closing balance			**–221**	**–91**	**–312**
Carrying amount	**220**	**1 320**	**1 433**	**842**	**3 815**

G32 Other assets

	2010	2009	1/1/2009
Security settlement claims*	1 361	4 884	7 720
Other**	7 250	4 922	5 899
Total	**8 611**	**9 806**	**13 619**
Gross, security settlement claims	9 856	6 951	9 563

* Recognised on the balance sheet according to current netting rules.

** Includes credit impairment reserve of SEK 108m (93) in the Group related primarily to accounts receivable. Property taken over to protect claims amounted to SEK 30m (1) in the Group.

G33 Prepaid expenses and accrued income

	2010	2009	1/1/2009
Accrued interest income	5 076	5 232	3 984
Other	1 249	1 489	2 505
Total	**6 325**	**6 721**	**6 489**

G34 Amounts owed to credit institutions

	2010	2009	1/1/2009
Valuation category, loans and receivables			
Swedish banks	100 886	132 443	191 673
Swedish credit institutions	2 061	3 422	7 361
Foreign banks	12 479	76 768	89 323
Foreign credit institutions	1 577	770	2 444
Total	**117 003**	**213 403**	**290 801**
Valuation category, fair value through profit or loss			
Trading			
Swedish banks		39	41
Swedish banks, repurchase agreements	2 677	5 730	8 624
Swedish credit institutions, repurchased agreements	5 630	1 335	
Foreign banks, repurchase agreements	11 456	11 180	17 264
Total	**19 763**	**18 284**	**25 929**
Total	**136 766**	**231 687**	**316 730**

G35 Deposits and borrowings from the public

	2010	2009	1/1/2009
Valuation category, other financial liabilities			
Deposits from Swedish public	392 301	356 145	324 035
Deposits from foreign public	112 830	121 819	125 298
Other	732	187	17
Total	**505 863**	**478 151**	**449 350**
Valuation category, fair value through profit or loss			
Trading			
Deposits from Swedish public, repurchase agreements	17 146	7 689	30 940
Other*			
Deposits from Swedish public	11 228	18 584	28 166
Total	**28 374**	**26 273**	**59 106**
Total	**534 237**	**504 424**	**508 456**
*nominal amount amounts to	11 269	18 332	27 794

G36 Financial liabilities for which the customers bear the investment risk

	2010	2009	1/1/2009
Valuation category, fair value through profit or loss			
Other			
Investment contracts, unit-link	94 153	78 300	51 653
Investment contracts, life	6 835	1 832	421
Total	**100 988**	**80 132**	**52 074**

G37 Debt securities in issue

	2010	2009	1/1/2009
Valuation category, other financial liabilities			
Commercial papers	11 532	62 780	16 170
Covered bonds	304 617	143 991	10
Change in value due to hedge accounting at fair value		153	
Other interest-bearing bond loans*	190 842	211 786	145 743
Change in value due to hedge accounting at fair value*	224	1 990	561
Other	41	542	807
Total	**507 256**	**421 242**	**163 291**
Valuation category, fair value through profit or loss			
Trading			
Commercial papers	51 423	28 001	87 691
Other	20 491	36 424	34 523
Other **			
Commercial papers	1 420	19 792	36 069
Covered bonds	105 752	197 229	271 226
Other interest-bearing bond loans*	175	532	523
Other		38	43
Total	**179 261**	**282 016**	**430 075**
Total	**686 517**	**703 258**	**593 366**
of which state-guaranteed	156 045	242 275	139 767
** nominal amount amounts to	111 490	209 705	265 848

Turnover of debt securities in issue is reported in note G3, Risks.

* According to description in accounting principles, note G2, SEK 172 473m has been moved from the comparative figures for Other interest-bearing bond loans within the Trading category. SEK 170 467m has been moved to Other interest-bearing bond loans and SEK 2 007m has been moved to Change in value due to hedge accounting at fair value within the Other financial liabilities category.

G38 Short positions securities

	2010	2009	1/1/2009
Valuation category, fair value through profit or loss			
Trading			
Shares	183	192	112
Interest-bearing securities	33 996	40 219	53 060
Total	**34 179**	**40 411**	**53 172**
of which own issued shares	62	48	30
of which own issued interest-bearing securities	1 106	4 292	10 372

G39 Pension provisions

Defined benefit pension plans are recognised in the consolidated balance sheet as a provision and in the income statment as staff costs. The Group calculates provisions and costs for defined benefit pension obligations based on the obligations' significance and assumptions related to future development. The fair value of plan assets is deducted from provisions. If the actual outcome deviates from the assumptions in the calculation or if assumptions change, actuarial gains or losses arise. Actuarial gains and losses are not recognised until the opening value exceeds 10 per cent of the greater value of either pension obligations or plan assets. The Group also reports a provision for payroll tax on the difference between the Group's pension cost and the pension cost that serves as the basis for the year's payroll tax calculation.

Due to the difficulty in determining when the difference is subject to an actual payroll tax payment, the provision is measured at nominal value. Nearly all employees in the Swedish part of the Group are covered by the BTP defined benefit pension plan (a multi-employer occupational pension for Swedish banks). The pension plan means that employees are guaranteed a certain lifetime pension corresponding to a specific percentage of their salary and comprising primarily retirement pension, disability pension and survivor's pension. The pension plan also contains a supplementary retirement pension that is defined contribution rather than defined benefit. For individuals in executive positions, there are individual defined benefit pension obligations. The Group's pension obligations are funded mainly through the purchase of occupational pension insurance from insurance entities, though also through pension funds. In addition, there is a smaller defined benefit pension plan for employees in the Norwegian subsidiary, First Securities ASA. The plan's closing pension liability at the end of the year was SEK 69m (64). Plan assets amounted to SEK 44m (50). The amount is reported below together with the Swedish pension plan. The Group has no other defined benefit plans.

	2010	2009	1/1/2009
Provisions for pensions	1 341	1 400	1 495
Deferred payroll tax for pension provisions	321	335	358
Total	**1 662**	**1 735**	**1 853**

Amount reported in balance sheet for defined benefit pension plans	2010	2009	1/1/2009
Funded pension obligations	16 286	15 146	15 243
Fair value of plan assets	–12 680	–11 740	–10 798
Total	**3 606**	**3 406**	**4 445**
Unrecognised actuarial net loss	–2 265	–2 006	–2 950
Provisions for pensions	**1 341**	**1 400**	**1 495**

Pension cost reported in income statement	2010	2009
Current service cost	513	491
Interest on pension obligations	569	572
Expected return on plan assets	-475	-546
Recognised actuarial gains and losses	33	93
Pension cost defined benefit pension plans	**640**	**610**
Premiums paid for defined contribution pension plans	210	202
Payroll tax and tax on return on pension assets	192	167
Total pension cost	**1 042**	**979**

Changes in funded defined benefit pension plans	2010	2009
Opening obligations	**15 146**	**15 243**
Current service cost	513	491
Interest on pension obligations	569	572
Actuarial gains and losses, net	551	–696
Pension payments	–488	–472
Exchange rate differences	–5	8
Closing obligations	**16 286**	**15 146**

Changes in plan assets	2010	2009
Opening fair value	**11 740**	**10 798**
Current service cost	475	546
Interest on pension obligations	258	155
Actuarial gains and losses, net	698	708
Pension payments	–488	–472
Exchange rate differences	–3	5
Closing fair value	**12 680**	**11 740**

The actual return on plan assets amounted to SEK 733m (701). The Group expects to contribute approximately SEK 700m (720) in 2011 to fund defined benefit pension plans. Closing plan assets include shares in Swedbank AB of SEK 0m (179), bank balances of SEK 996m (577) and interest-bearing securities issued by the Group of SEK 43m (37).

Unrecognised actuarial net loss	2010	2009
Opening actuarial net loss	**2 006**	**2 950**
Pension obligations		
Actuarial net loss for the year due to changed assumptions	715	
Actuarial net gain for the year based on experience	–164	–696
Actuarial net loss recognised in the income statement	–33	–93
Plan assets		
Actuarial net gain for the year based on experience	–258	–155
Exchange rate differences	–1	
Closing actuarial net loss	**2 265**	**2 006**

The Group applies the so-called corridor rule. This means that actuarial net losses are recognised when the opening actuarial net loss exceeds 10 per cent of the highest value of obligations or plan assets. Surplus amounts are reported under the employees' projected remaining working lives. As the Group's actuarial net loss at the end of 2010 exceeded the limit, the consolidated income statement for 2011 will be charged with 1/14 of the surplus amount or SEK 46m.

Corridor rule	2011	2010	2009
Opening actuarial loss, net	2 265	2 006	2 950
Limits on coridor	1 629	1 515	1 524
Surplus	636	492	1 426
Expected average remaining working lives of employees	14 yrs.	15 yrs.	15 yrs.
Actuarial gains and losses recognised in profit or loss	46	33	95

Actuarial assumptions, per cent	2010	2009
Discount rate, 1 January	3.75	3.75
Discount rate, 31 December	3.50	3.75
Projected return on plan assets	4.00	5.00
Future annual salary increases, 1 January	4.00	4.00
Future annual salary increases, 31 December	4.00	4.00
Future annual pension indexation/inflation	2.00	2.00
Future annual changes in income base amount, 1 January	3.00	3.00
Future annual changes in income base amount, 31 December	3.00	3.00
Employees who choose early retirement option	20.00	20.00
Employee turnover	3.50	3.50

When the cost of defined benefit pension plans is calculated, future assumptions are required for factors that affect the size of future pension payments. The discount rate is the interest rate used to discount the value of future payments. The interest rate is based on a market rate of interest with remaining maturities and currencies matched to those of the pension obligations. The Group bases its interest rate assumption for the Swedish defined benefit obligations on the inflation-linked bond 3104 as the security is traded actively and has a maturity close to that of the pension obligations. An increase in the discount rate of 0.25 percentage points would increase the pension provision by SEK 715m and the pension cost by SEK 24m. lIf the increase results in an actuarial loss above the corridor limit, an actuarial loss of SEK 51m is recognised. Assets allocated to fund pension obligations are invested in various financial instruments. The expected return on plan assets reflects the projected average annual return these financial instruments are expected to have through maturity.

The assumption is based on the combination of financial instruments that should be available and is calculated after deductions for expenses and tax on returns. The assumption was reduced for 2010 from 5 per cent to 4 per cent because the planned investment strategy includes a smaller share of equity investments. In 2010, 28 per cent (41) of the assets were invested in equities, 72 per cent (59) in fixed income securities. The calculation of the projected return, which is recognised through profit or loss, also takes into account changes in the assets due to contributions and pension payments during the year. Future annual salary increases reflect projected future salary increases as an aggregate effect of both contractual wage increases and wage drift. The final benefits under BTP are determined on the basis of different income base amounts.

Therefore, the future change in the income base amount has to be taken into account. Annual pension indexation also has to be determined, since indexation historically has always been necessary. BTP gives employees the option to choose a slightly earlier retirement age than normal in exchange for a slightly lower level of benefit. Since this option is totally voluntary on the part of the employee, an assumption is made for the actual outcome.

Early retirements jointly agreed to by the employer and employee are recognised as they arise rather than estimated among actuarial assumptions. The assumption of the remaining lifetime of beneficiaries is updated annually.

History	2010	2009	2008	2007	2006	2005
Funded pension obligations	16 286	15 146	15 243	15 018	13 691	12 939
Fair value of plan assets	–12 680	–11 740	–10 798	–10 380	–10 213	–9 670
Total	**3 606**	**3 406**	**4 445**	**4 638**	**3 478**	**3 269**
Actuarial net gain (+)/ net loss (–) for the year based on experience						
Pension obligations	164	696	396	–6	175	70
Plan assets	258	155	–324	–581	–124	153

G40 Insurance provisions

	Life insurance		Non-life insurance		Total	
	2010	2009	2010	2009	2010	2009
Opening balance	**4 029**	**3 627**	**131**	**107**	**4 160**	**3 734**
Provisions	739	733	185	237	924	970
Payments	–2 514	–309	–191	–212	–2 732	–521
Exchange rate differences	–237	–22	–15	–1	–252	–23
Closing balance	**1 990**	**4 029**	**110**	**131**	**2 100**	**4 160**

Provisions for insurance contracts

The Group makes provisions for the insurance contracts or parts of contracts where significant insurance risks are transferred from the policyholder to the Group. Insurance risks are different than financial risks and mean that the Group compensates the policyholder if a specified uncertain future event has a negative impact on the policyholder. The Group is compensated through premiums received from policyholders.

Provisions are made for established claims and correspond to the amount that will be paid out. Provisions are also made for claims that have not yet been reported. A statistical assessment of anticipated claims based on previous years' experience with each type of insurance contract is used as a basis for the amount of the provision. Assumptions are made with regard to interest rates, sickness, mortality and expenses.

G41 Other liabilities and provisions

	2010	2009	1/1/2009
Security settlement liabilities*	5 007	763	5 364
Unregistered shares	34 179	40 411	53 172
Other liabilities	8 618	11 056	12 799
Provisions for guarantees	311	204	74
Other provisions	14	113	111
Total	**48 129**	**52 547**	**71 520**
Gross, security settlement liabilities	7 613	2 830	7 208

* Recognised on the balance sheet according to current netting rules.

G42 Accrued expenses and prepaid income

	2010	2009	1/1/2009
Accrued interest expenses	11 773	11 069	8 107
Other	3 301	3 331	4 955
Total	**15 074**	**14 400**	**13 062**

G43 Subordinated liabilities

	2010	2009	1/1/2009
Valuation category, other financial liabilities			
Subordinated loans	17 273	23 551	29 326
Change in the value due to hedge accounting at fair value	567	885	904
Total subordinated loans	**17 840**	**24 436**	**30 230**
Undated subordinated loans	8 940	12 961	13 471
of which Tier 1 capital contribution	6 915	9 218	9 709
Change in the value due to hedge accounting at fair value	407	586	1 054
Total undated subordinated loans	**9 347**	**13 547**	**14 525**
Total	**27 187**	**37 983**	**44 755**

G44 Equity

	2010	2009	1/1/2009
Restricted equity			
Share capital, common shares	19 999	19 739	10 823
Share capital, preference shares	4 352	4 612	4 095
Statutory reserve	9 848	9 749	9 362
Other reserve	9 439	10 108	9 854
Unregistered shares			3 010
Total	**43 638**	**44 208**	**37 144**
Non-restricted equity			
Currency translation from foreign operations	–2 246	216	1 046
Cash flow hedges	–44	–755	–958
Share premium reserve	13 083	13 083	4 871
Retained earnings	40 466	32 918	44 127
Total	**51 259**	**45 462**	**49 086**
Non-controlling interest	138	304	232
Total equity	**95 035**	**89 974**	**86 462**

Changes in equity for the period and the distribution according to IFRS are indicated in the statement of changes in equity. In the Parent Company, unregistered shares are recognised as a liability according to FFFS 2008:25. In connection with the issuance of preference shares in 2008, SEK 3 101m was debited through settlement notices. These funds were paid in cash on 7 January, three business days after the settlement date, an registered on 19 January 2009.

Common shares

Number of shares	2010	2009	1/1/2009
Number of shares approved and issued	952 323 439	939 953 583	515 373 412
Associate's holdings in shares	–600 000	–300 000	
Number of outstanding shares	**951 723 439**	**939 653 583**	**515 373 412**
Opening balance	**939 653 583**	**515 373 412**	
Conversion from preference shares	12 369 856	38 050 112	
Rights issue		386 530 059	
Associate's acquisition of shares	–300 000	–300 000	
Closing balance	**951 723 439**	**939 653 583**	

The quote value per share is SEK 21.

Preference shares

Number of shares	2010	2009	1/1/2009
Approved	207 266 738	219 636 594	257 686 706
of which issued and fully paid	207 266 738	219 636 594	194 985 456
of which issued, unregistered and debited through settlement notice			62 701 250
Associate's holdings in shares	–516 000	–816 000	
Number of outstanding shares	**206 750 738**	**218 820 594**	**257 686 706**
Opening balance	**218 820 594**	**257 686 706**	
Conversion to A shares	–12 369 856	–38 050 112	
Associate's acquisition of shares		–816 000	
Associate's disposal of shares	300 000		
Closing balance	**206 750 738**	**218 820 594**	

The quote value per share is SEK 21.

Rights issue 2009

Holders of shares in Swedbank AB as of 18 September 2009 were offered the opportunity to subscribe for 386 530 059 ordinary shares at a price of SEK 39 per share during the period 22 September to 6 October 2009. The issue was fully subscribed and concluded on 26 November 2009.

Preference shares

During 2008 holders of ordinary shares in Swedbank AB were offered the opportunity to subscribe for 257 686 706 preference shares at a price of SEK 48 per share. Holders of preference shares have preference to an annual, non-cumulative dividend of up to SEK 4.80 per preference share, provided that the AGM resolves to pay a dividend. If a higher dividend is declared on the ordinary shares, the equivalent dividend will also be paid on preference shares. 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 preference shares outstanding will be converted to ordinary shares in the month immediately after the month in which the AGM is held in 2013. Preference shares carry the same voting rights as ordinary shares.

G45 Fair value of financial instruments

Carrying amounts and fair values of financial instruments

A comparison between the carrying amount and fair value of the Group's financial assets and financial liabilities according to the definition in IAS 39 is presented below.

Determination of fair values of financial instruments

When the Group determines fair value for financial instruments different methods are used depending on the grade of observable market data. The methods are divided in three different levels. Fair value for financial instruments that are classified to level 1 is determined based on quoted market prices on an active market. Fair value for financial instruments that are classified as level 2 is determined based on observable market data. When interest-related and currency-related derivatives, lending and deposits are measured at fair value future cash flows from the financial instruments are discounted. Used interest yield in the discounting is based on observable market data, i.e. derived from quoted market rates for each maturity in which the cash flows will be received or paid. The measurement of options is done according to generally accepted valuation models, such as Black & Scholes. The models are updated with for the measurement observable market data for, among other things, interest rates, currency rates, credit risks, volatilities, correlations and market liquidity. Fair value for financial instruments that are classified as level 3 is also determined mainly based on observable market data, but there are inputs from own assumptions that are viewed as significant for the measurement.

For variable-rate lending and deposits, the carrying amount is assessed to coincide with the fair value. The carrying amounts and fair values coincide for the most part because of the large share of financial instruments recognised at fair value.

	2010			2009			1/1/2009		
	Fair value	Carrying amount	Difference	Fair value	Carrying amount	Difference	Fair value	Carrying amount	Difference
Assets									
Financial assets covered by IAS 39									
Cash and balances with central banks	17 109	17 109		37 879	37 879		29 060	29 060	
Treasury bills etc.	34 900	34 924	–24	88 724	88 724		27 849	27 978	–129
of which fair value through profit or loss	33 658	33 658		87 563	87 563		26 686	26 686	
of which held to maturity	1 242	1 266	–24	1 161	1 161		1 164	1 293	–129
Loans to credit institutions	166 417	166 417		92 131	92 131		128 536	128 536	
of which loans receivables	125 866	125 866		71 245	71 245		101 539	101 539	
of which fair value through profit or loss	40 551	40 551		20 886	20 886		26 997	26 997	
Loans to the public	1 185 826	1 187 226	–1 400	1 292 807	1 290 667	2 140	1 289 675	1 287 424	2 251
of which loan receivables	640 095	641 495	–1 400	657 546	655 406	2 140	770 879	768 628	2 251
of which fair value through profit or loss	545 731	545 731		635 261	635 261		518 796	518 796	
Bonds and interest-bearing securities	96 597	96 652	–55	82 214	81 891	323	105 716	105 716	
of which fair value through profit or loss	92 141	92 141		74 243	74 243		97 247	97 247	
of which investments held to maturity	4 456	4 511	–55	7 971	7 648	323	8 469	8 469	
Financial assets for which the customers bear the investment risk	100 628	100 628		78 194	78 194		51 638	51 638	
Shares and participating interest	6 181	6 181		9 505	9 505		6 576	6 557	19
of which fair value through profit or loss	6 124	6 124		9 456	9 456		6 527	6 508	19
of which available for sale	57	57		49	49		49	49	
Derivatives	65 051	65 051		72 969	72 969		128 055	128 055	
Other financial assets	13 687	13 687		15 038	15 038		17 604	17 604	
Total	**1 686 396**	**1 687 875**	**–1 479**	**1 769 461**	**1 766 998**	**2 463**	**1 784 709**	**1 782 568**	**2 141**
Investment in associates	2 710	2 710		2 740	2 740		1 987	1 987	
Non-financial assets	25 096	25 096		24 949	24 949		27 135	27 135	
Total	**1 714 202**	**1 715 681**	**–1 479**	**1 797 150**	**1 794 687**	**2 463**	**1 813 831**	**1 811 690**	**2 141**

	2010			2009			1/1/2009		
	Fair value	Carrying amount	Difference	Fair value	Carrying amount	Difference	Fair value	Carrying amount	Difference
Liabilities									
Financial liabilities covered by IAS 39									
Amounts owed to credit institutions	136 770	136 766	4	231 687	231 687		316 721	316 730	–9
of which other financial liabilities	117 007	117 003	4	213 403	213 403		290 792	290 801	–9
of which fair value through profit or loss	19 763	19 763		18 284	18 284		25 929	25 929	
Deposits and borrowings from the public	534 237	534 237		504 424	504 424		508 456	508 456	
of which other financial liabilities	505 863	505 863		478 151	478 151		449 350	449 350	
of which fair value through profit or loss	28 374	28 374		26 273	26 273		59 106	59 106	
Debt securities in issue	687 451	686 517	934	704 336	703 258	1 078	593 286	593 365	–79
of which other financial liabilities	508 190	507 256	934	422 320	421 242	1 078	163 212	163 291	–79
of which fair value through profit or loss	179 261	179 261		282 016	282 016		430 074	430 074	
Financial liabilities for which the customers bear the investment risk	100 988	100 988		80 132	80 132		52 074	52 074	
Subordinated liabilities	25 845	27 187	–1 342	37 983	37 983		47 001	44 755	2 246
of which other financial liabilities	25 845	27 187	–1 342	37 983	37 983		47 001	44 755	2 246
Derivatives	65 935	65 935		72 172	72 172		116 720	116 720	
Short positions securities	34 179	34 179		40 411	40 411		53 172	53 172	
of which fair value through profit or loss	34 179	34 179		40 411	40 411		53 172	53 172	
Non-financial liabilities	25 397	25 397		22 888	22 888		26 269	26 269	
Total	**1 610 802**	**1 611 206**	**-404**	**1 694 033**	**1 692 955**	**1 078**	**1 660 527**	**1 658 369**	**2 158**
Non-financial liabilities	9 440	9 440		11 758	11 758		13 687	13 687	
Total	**1 620 242**	**1 620 646**	**-404**	**1 705 791**	**1 704 713**	**1 078**	**1 674 214**	**1 672 056**	**2 158**

Financial instruments recognised at fair value

Following tables describe fair values divided on the three different valuation levels for financial instruments that are recognised at fair value.

Level 1 contains primarily stocks, fund shares, bonds, treasury bills, commercial paper and standardised derivatives, where the quoted price is used in the valuation. Securities in issue that are traded on an active market are included in this category as well.

Level 2 contains primarily less liquid bonds, loans to the public, deposits, investment contracts which are directly linked to certain assets and derivatives measured on the basis of observable prices. For less liquid bond holdings, an adjustment is made for the credit spread based on observable market inputs such as the market for credit derivatives. For loans to the public where there are no observable market inputs for credit margins at the time of measurement, the credit margin of the last transaction executed with the same counterparty is used. This includes the majority of mortgage lending and certain other fixed-rate lending in Retail at fair value. Securities in issue that are not quoted but measured according to quoted prices for similar quoted bonds are also included in Level 2.

Level 3 contains primarily corporate bonds and securities in issue. For corporate bonds where there is no observable quote for the credit spread in question, a reasonable assumption is used, such as a comparison with similar counterparties where there is an observable quote for the credit spread. An increase in the assumed credit spread with 10 bp would lead to a negative impact with SEK 1m.

When valuation models are used to determine fair value for financial instrument in level 3 the consideration that has been paid or received is assessed to be the best evidence of fair value at initial recognition. Because it is possible that a difference could arise between this consideration and the fair value calculated at that time in the valuation model, so called day 1– profit or loss, the Group adjusts the valuation models to avoid such differences. As of year-end there were no cumulative differences not recognised through profit or loss.

The change in the value of loans to the public, measured according the fair value option, attributable to changes in credit risk amounted to SEK –101m (-8) during the period and is recognised as a credit impairment. Accumulated value changes of that kind amounted to SEK –125m (–16). The amount is determined as the difference between current estimated creditworthiness and estimated creditworthiness of the borrower at lending date. Other changes in fair value are considered to be attributable to changes in market risks.

The change in the value of securities in issue in level 2 that are measured according to fair value option attributable to changes in own credit worthiness amounted to SEK –81m (71) during the period. The value change is recognised in net gains and losses on financial items at fair value. Accumulated changes amounted to SEK –13 (71). The value change in own credit worthiness has been determined by calculating the difference between the value based on current prices from external dealers for own credit worthiness and the value based on own credit worthiness in own not quoted issues at the origination date.

The table shows financial instruments measured at fair value as per 31 December 2009 distributed by valuation method.

	2010			
	Level 1	Level 2	Level 3	Total
Assets				
Treasury bills and other bills eligible for refinancing with central banks, etc	33 658			33 658
Loans to credit institutions	6	40 545		40 551
Loans to the public	24	545 707		545 731
Bonds and interest-bearing securities	69 126	22 324	691	92 141
Shares and participating interest	5 801	323		6 124
Financial assets for which the customers bear the investment risk	100 628			100 628
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, etc	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**

	2009			
	Level 1	Level 2	Level 3	Total
Assets				
Treasury bills and other bills eligible for refinancing with central banks, etc	87 563			87 563
Loans to credit institutions		20 886		20 886
Loans to the public		635 261		635 261
Bonds and interest-bearing securities	68 649	4 933	661	74 243
Shares and participating interest	9 323	133		9 456
Financial assets for which the customers bear the investment risk	78 194			78 194
Derivatives	3 850	69 110		72 969
Total	**247 579**	**730 323**	**670**	**978 572**
Liabilities				
Amounts owed to credit institutions		18 284		18 284
Deposits and borrowings from the public		26 273		26 273
Debt securities in issue, etc*	111 468	170 548		282 016
Financial liabilities for which the customers bear the investment risk		80 132		80 132
Derivatives	4 118	68 013	41	72 172
Short positions securities	40 411			40 411
Total	**155 997**	**363 250**	**41**	**519 288**

*According to the description in change in accounting policies, note K2, the comparative figures for the row Debt securities in issue have been adjusted with SEK 142 332m in level 3 above and SEK 30 143m in level 2 above.

Level 3	2010 Assets	2010 Liabilities
Opening balance	**670**	**41**
Purchase for the year	37	
Sales/maturities during the year	–14	
Transferred from Level 3	–48	–75
Gains or loss	46	43
of which in profit or loss	46	43
Closing balance	**691**	**9**
Total recognised result in Net gains and losses on financial items at fair value	46	43
of which financial instruments held on closing day	15	7

Level 3	2009 Assets	2009 Liabilities
Opening balance	**664**	**2**
Purchase for the year	6	
Issued		32
Gains or loss		7
of which in profit or loss		7
Closing balance	**670**	**41**
Total recognised result in Net gains and losses on financial items at fair value		7
of which financial instruments held on closing day		7

Adjustments according to description in accounting policies	2009 Before adjustment	2009 Adjustment	2009 After adjustment
Opening balance	**60 743**	**–60 741**	**2**
Issued	82 836	–82 804	32
Gains or loss	–1 247	1 254	7
of which in profit or loss	–1 247	1 254	7
Closing balance	**142 332**	**–142 291**	**41**
Total recognised result in Net gains and losses on financial items at fair value	–1 247	1 254	7
of which financial instruments held on closing day	–1 247	1 254	7

G46 Reclassification of financial assets

Swedbank chose as of 1 July 2008 to reclassify certain interest-bearing securities which, owing to extraordinary market conditions, had become illiquid. Market conditions at the time were distinguished by extreme turbulence, a shortage of liquidity and a lack of quoted prices on active markets. The holdings listed in the table below were reclassified from Trading to the category Held to Maturity since the instruments are no longer held for trading purposes. Instead, management intends and is able to hold them to maturity. Financial instruments in the category Trading are recognised at fair value with changes in value recognised through profit or loss. Financial instruments in the category Held to Maturity are recognised at amortised cost less impairments. No impairments were needed as of 31 December 2009, which means that all contractual cash flows are expected to be received. Of the holdings listed below, Residential Mortgage Backed Securities (RMBS) and Commercial Mortgage Backed Securities (CMBS) account for 90 per cent of the exposure, while the remaining 10 per cent consists of a bond issued by companies controlled by the U.S. government.

	2010	2009	2008	30/6/2008	2007
Carrying amount	4 287	7 203	8 138	7 376	7 563
Nominal amount	4 332	7 306	8 328	7 558	7 618
Fair value	4 140	6 872	7 988	7 376	7 563
Gains/loss recognised through profit or loss				–187	–56
Gains/loss that would be recognised through profit or loss if the asses were not reclassified	–147	–332	–150	–187	–56
Effective interest rate on day of reclassification, %				5.62	
Recognised interest income after reclassification	70	185	160		

The decrease in the value of the first half year of 2008 amounted to SEK 187m. The decrease in the value of the second half year of 2008 amounted to SEK 150m.

Nominal amounts and carrying amounts are affected by changes in exchange rates. Carrying amounts are also affected by the allocations of discounts in accordance with the effective interest method.

G47 Specification of adjustments for non-cash items in operation activities

	2010	2009
Amortised origination fees	498	497
Unrealised changes in value/currency changes	630	–1 302
Capital gains on sales of subsidiaries and associates	3	–3
Capital gains/losses on property and equipment	–2	–397
Undistributed share of equity in associates	–441	–822
Depreciation and impairment of tangible fixed assets including repossessed leased assets	1 183	572
Amortisation and impairment of goodwill and other intangible fixed assets	404	1 620
Credit impairment	3 370	24 857
Changes to provisions for insurance contracts	–1 994	453
Prepaid expenses and accrued income	288	–377
Accrued expenses and prepaid income	1 039	1 566
Other	–9	–40
Total	**4 969**	**26 624**

G48 Dividend paid and proposed

	2010		2009	
Ordinary shares	**SEK per share**	**Total**	**SEK per share**	**Total**
Dividend paid				
Proposed dividend	2.10	2 000		

	2010		2009	
Preference shares	**SEK per share**	**total**	**SEK per share**	**Total**
Proposed dividend	4.80	995		

Preference shares have a preferential right to the dividend for 2010 corresponding to SEK 4,80 per share .The Board of Directors recommends that shareholders receive a dividend of SEK 2.10 per common share and SEK 4.80 per preference share for the financial year 2010, corresponding to SEK 2 995m.

G49 Assets pledged, contingent liabilities and commitments

Assets pledged

Assets pledged for own liabilities	**2010**	**2009**	**1/1/2009**
Government securities and bonds pledged with the Riksbank		27 926	23 678
Government securities and bonds pledged with foreign central banks	3 611		7 185
Government securities and bonds pledged for liabilities credit institutions	17 759	12 126	22 902
Government securities and bonds pledged for deposits from the public	17 146	6 635	11 214
Government securities and bonds pledged for derivatives			425
Loans pledged for securities in issue *	640 207	610 456	567 363
Financial assets pledged for investment contracts	99 475	80 647	52 904
Cash	12 038	9 065	7 847
Total	**790 236**	**746 856**	**693 518**

The carrying amount of liabilities for which assets are pledged amounted to SEK 563 284m (477 210) for the Group in 2010.

* The pledge is defined as the borrower's nominal debt including accrued interest.

Other assets pledged	**2010**	**2009**	**1/1/2009**
Security loans	521	593	347
Government securities and bonds pledged for other commitments	1 079	1 742	2 908
Cash	274	265	164
Total	**1 874**	**2 600**	**3 420**

Collateral is pledged in the form of government securities or bonds to central banks in order to execute transactions with the central banks. In so-called genuine repurchase transactions, where the Group sells a security and at the same time agrees to repurchase it, the sold security remains on the balance sheet. The carrying amount of the security is also recognised as a pledged asset. Collateral in the form of loans and receivables consists of loans granted against property mortgages. The loans serve as collateral for covered bonds in issue. The Group buys fund units to secure identical obligations to customers. The fund units are pledged on behalf of customers. In principle, the Group cannot dispose of pledged collateral. Generally, the assets are also separated on behalf of the beneficiaries in the event of the Group's insolvency.

Contingent liabilities

Nominal amount	**2010**	**2009**	**1/1/2009**
Loan guarantees	7 742	12 457	16 825
Other guarantees	15 415	16 504	22 864
Accepted and endorsed notes	171	227	235
Letters of credit granted but not utilised	1 672	1 878	3 138
Other contingent liabilities	321	349	799
Total	**25 321**	**31 415**	**43 860**
Provision for anticipated credit impairments	–311	–224	–74

Commitments

Nominal amount	**2010**	**2009**	**1/1/2009**
Loans granted but not paid	114 920	126 190	131 361
Overdraft facilities granted but not utilised	60 462	55 932	68 282
Total	**175 382**	**182 122**	**199 643**

The nominal amount of interest.-, equity- and currency-related contracts is shown in note G29 Derivatives.

G50 Operational leasing

The agreements relate mainly to premises in which the Group is the lessee. The terms of the agreements comply with customary practices and include clauses on inflation and property tax. The combined amount of future minimum lease payments that relate to non-cancellable agreements is allocated on the due dates as follows.

2010	Expenses	Income subleasing	Total
2011	765	22	743
2012	566	36	530
2013	461	48	413
2014	275	24	251
2015	229	5	224
2016	114		114
2017	77		77
2018	75		75
2019 or later	70		70
Total	**2 632**	**135**	**2 497**

2009	Expenses	Income subleasing	Total
2010	767	19	748
2011	562	10	552
2012	460	92	368
2013	268	5	263
2014	226	4	222
2015	114		114
2016	109		109
2017	76		76
2018	71		71
2019 or later	68		68
Total	**2 721**	**130**	**2 591**

G51 Business combinations

Business combinations refer to acquisitions of businesses in which the Parent Company directly or indirectly obtains control of the acquired business.

Business combinations in 2009
Banco Fonder AB
On 20 January 2009 Swedbank Robur AB acquired all the shares in Banco Fonder AB. The acquisition was settled in cash.

	Carried in the Group on acquisition date	Carried in the acquired entity on acquisition date
Assets	52	52
Liabilities	22	22
Subsidiary's net assets	**30**	**30**
Intangible fixed assets, fund management assignments	78	
Deferred taxes	–21	
Total	**87**	
Purchase price paid in cash	**87**	
Cash flow		
Acquired cash and cash equivalents in subsidiary	35	
Cash paid	–87	
Net	–52	

From the acquisition date the acquired company contributed SEK 16m to profit for the year and SEK 89m to revenues in 2009.

G52 Change in ownership interest in subsidiary

The Group's equity has due to the transaction been affected as follow:	2010
Non-controlling interest, carrying amount, 49 %, before the acquisition	124
Non-controlling interest, carrying amount, 0 %, after acquisition	0
Change in retained earnings attributable to shareholders of Swedbank AB	–497
Cost, cash	**621**
Cashflow	**621**

G53 Related parties and other significant relationships

	Associates	
Assets	**2010**	**2009**
Loans to credit institutions	8 497	7 778
Loans to the public	1 466	1 357
Bonds and other interest-bearing securities	200	200
Other assets	9	26
Prepaid expenses and accrued income		9
Total assets	**10 172**	**9 370**
Liabilities		
Amount owed to credit institutions	3 054	3 951
Deposits and borrowing from the public	36	13
Debt securities in issue, etc.	3 600	
Accrued expenses and prepaid income	127	160
Total liabilities	**6 817**	**4 124**
Contingent liabilities		
Guarantees	123 500	93 500
Income and expenses		
Interest income	151	35
Interest expenses	105	25
Dividends received	42	44
Commission income	20	1
Commission expenses	300	448
Other income	129	-26
Other general administrative expenses		29

Associates

Each note to the balance sheet specifies assets and liabilities between the Group and its associates. Investments in associates are specified in note G28. During the year the Group has provided capital injections of SEK 4.8m (50) to associates and issued guarantees and pledged assets of SEK 115m (538) on behalf of associates.

The Group has sold services to associates primarily in the form of the development of products and systems and some marketing. The Group's expenses to other associates mainly consist of payment services. The partly owned banks sell products that are provided by the Group and receive commissions for servicing the products. The co-operation between the partly owned banks and Swedbank is based on the agreements described in the section on Savings banks and partly owned banks.

Senior executives etc.

Information is provided in note G14 Staff costs.

Swedbank's pension funds and Sparinstitutens Pensionskassa secure employees' post-employment benefits. These related parties rely on Swedbank for traditional banking services.

Savings banks operations and partly owned banks

The co-operation between Swedbank and the 64 savings banks, including six of Swedbank's partly owned banks, in Sweden is governed by a master agreement to which a number of other agreements are attached regarding specific activities. In 2006 the agreement was updated and adapted. The new agreement extends through March 2012 and presumes that the savings banks have a certain basic offering of services and products as well as access to competency in certain areas. A few small savings banks currently do not fulfill the requirements. These savings banks have instead signed clearing agreements with Swedbank.

Through the co-operation, Swedbank's Swedish customers gain access to a nationwide network. At the same time the savings banks and partly owned banks have the possibility to offer the products and services of Swedbank and its subsidiaries to their customers. Together, the savings banks and partly owned banks account for about 30 per cent of the Group's product sales in the Swedish market. In addition to marketing and product issues, a close co-operation exists in a number of administrative areas. Swedbank is the clearing bank for the savings banks and partly owned banks and provides a wide range of IT services. The co-operation also offers the possibility to distribute development costs over a larger business volume.

Savings banks, the Savings banks foundations and partly owned banks together represent one of the largest shareholder groups in Swedbank, with a total of 9.7 per cent of the voting rights.

Färs & Frosta Sparbank AB

The associated company Färs & Frosta Sparbank AB holds 3 720 000 shares in Swedbank AB, including in connection with the two rights issues. The Group's share of these shares has reduced equity by SEK 58m in the consolidated statements.

Swedish Savings Banks Academy

Swedbank has 17.5 per cent of the voting rights in the non-profit association, the Swedish Savings Banks Academy. The Group has no loans to the association, nor has it issued any guarantees or pledged assets for the benefit of the association.

G54 Sensitivity analysis

	Change	2010	2009
Net interest income, 12 months [1]			
Increased interest rates	+ 1 % point	1 413	1 720
Decreased interest rates	– 1 % point	–1 730	–584
Change in value [2]			
Market interest rate	+ 1 % point	–213	–173
	– 1 % point	–49	195
Stock prices	+10%	16	12
	–10%	5	–6
Exchange rates	+5%	60	–5
	–5%	91	29
Other			
Stock market performance [3]	+/– 10 %	+/–287	+/–259
Staff changes	+/– 100 persons	+/–51	+/–45
Payroll changes	+/– 1 % point	+/–85	+/–88
Impaired loans [4]	+/– 1 SEK bn	+/–40	+/–35
Credit impairment ratio	+/– 0.1 % point	+/–1 354	+/–1 383

1) The calculation is based on the assumption that market interest rates rise (fall) by one percentage point and thereafter remain at this level for one year and that the consolidated balance sheet remains essentially unchanged during the period. The calculation also presumes that deposit rates are slow moving in connection with changes in market rates, which better reflects actual conditions.

2) The calculation refers to the immediate effect on profit of each scenario for the Group's interest rate positions at fair value and its equity and currency positions.

3) Refers to the effect on net commission income from a change in value of Swedbank Robur's equity funds.

4) The interest rate for the calculation in 2010 is 4.00 per cent (3,50).

G55 Events after 31 December 2010

Swedbank's Board of Directors decided in early 2011 to introduce a profitability goal and a capitalisation goal and to amend Swedbank's dividend policy.

In order to effectively manage Swedbank's capitalisation within capitalisation target the Board has proposed the Annual General Meeting to authorise the Board to decide on acquisition of own ordinary- and/or preference shares of up to 10 per cent of the total number of shares (including acquisition of own shares through the securities operations).

Financial statements and notes | Parent company

Initial Notes

Income statement

Comrehensive income

Balance sheet

Statement of cash flow

Other Notees

Income statement, parent company

SEKm	Note	2010	2009
Interest income		24 428	31 498
Interest expenses		–17 094	–21 936
Net interest income	**5**	**7 334**	**9 562**
Dividends received	6	6 230	1 493
Commission income		6 149	5 522
Commission expenses		–1 314	–1 562
Net commissions	**7**	**4 835**	**3 960**
Net gains and losses on financial items at fair value	8	1 182	587
Other income	9	1 333	1 709
Total income		**20 914**	**17 311**
Staff costs	10	6 540	6 136
Other general administrative expenses	11	4 785	4 880
Total general administrative expenses		**11 325**	**11 016**
Depreciation/amortisation of tangible asseets and intangible fixed assets	12	350	359
Total expenses		**11 675**	**11 375**
Profit before impairments		**9 239**	**5 936**
Impairments of tangible assets	27		2
Credit impairments	13	–11	2 536
Impairments of financial fixed assets	14	394	7 114
Operating profit		**8 856**	**-3 716**
Appropriations	15	–10	–5 039
Tax expense	16	1 794	2 155
Profit for the year		**7 072**	**-832**

Statement of comprehensive income, parent company

SEKm	Note	2010	2009
Profit for the year reported via income statement		**7 072**	**–832**
Cash flow hedges			
Gains/losses arising during the year		–214	–573
Reclassification adjustments to income statement, net interest income		806	790
Reclassification adjustments to income statement, net gains and losses on financial items at fair value			37
Group contributions paid			–9
Income tax relating to components of other comprehensive income	17	–155	–64
Other comprehensive income for the year, net of tax		**437**	**181**
Total comprehensive income for the year		**7 509**	**–651**

Balance sheet, parent company

SEKm	Note	2010	2009	1/1/2009
Assets				
Cash and balances with central banks		4 702	19 238	8 561
Treasury bills and other bills eligible for refinancing with central banks, etc.	18	25 539	76 866	24 056
Loans to credit institutions	19	478 941	464 458	522 327
Loans to the public	20	324 662	413 350	397 515
Bonds and other interest-bearing securities	21	130 657	185 985	237 610
Shares and participating interests	22	5 306	5 227	4 132
Investments in associates	23	1 168	1 271	1 266
Investments in Group entities	24	48 833	44 492	43 379
Derivatives	25	80 325	80 438	133 982
Intangible fixed assets	26	882	1 034	1 186
Tangible assets	27	450	528	558
Current tax assets		1 075	665	1 693
Deferred tax assets	16	196	349	365
Other assets	28	7 563	5 918	9 993
Prepaid expenses and accrued income	29	8 205	11 038	15 197
Total assets		**1 118 504**	**1 310 857**	**1 401 820**
Liabilities and equity				
Liabilities				
Amounts owed to credit institutions	30	190 710	339 875	425 284
Deposits and borrowings from the public	31	437 870	394 054	393 079
Debt securites in issue	32	273 819	340 929	278 051
Derivatives	25	72 639	82 460	136 639
Current tax liabilities		758	1 091	195
Other liabilities	33	43 630	50 431	71 447
Accrued expenses and prepaid income	34	4 647	5 060	7 234
Provisions	35	206	772	135
Subordinated liabilities	36	27 661	37 151	42 677
Total liabilities		**1 051 940**	**1 251 823**	**1 354 741**
Untaxed reserves	37	805	816	5 855
Equity	**38**			
Share capital		24 351	24 351	14 918
Other funds		6 489	6 489	6 489
Retained earnings		34 919	27 378	19 817
Total equity		**65 759**	**58 218**	**41 224**
Total liabilities and equity		**1 118 504**	**1 310 857**	**1 401 820**
Pledged asstes, contingent liablilities and commitments	42			

The balance sheet and income statement will be adopted at the Annual General Meeting on 25 March 2011.

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 2009	**14 918**	**4 871**	**6 489**	**–930**	**15 876**	**41 224**
Rights issue	9 433	8 650				18 083
Costs in connection with rights issue		–438				–438
Total comprehensive income for the year				187	–838	–651
of which through the Profit and loss acount					–832	–832
of which through other comprehensive income for the year before tax				254	–9	245
of which tax through other comprehensive income for the year				–67	3	–64
Closing balance 31 December 2009	**24 351**	**13 083**	**6 489**	**–743**	**15 038**	**58 218**
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 year				437	7 072	7 509
of which through the Profit and loss acount					7 072	7 072
of which through other comprehensive income for the year before tax				592		592
of which tax through other comprehensive income for the year				–155		–155
Closing balance 31 December 2010	**24 351**	**13 083**	**6 489**	**–306**	**22 142**	**65 759**

Expenses in connection with rights issue 2009 includes a positive tax effect of SEK 156m.

Statement of cash flow, parent company

SEKm	Note	2010	2009
Operating activities			
Operating profit		8 856	–3 716
Adjustments for non-cash items in operating activities	41	1 358	10 728
Taxes paid		–2 383	–214
Increase/decrease in loans to credit institution		–44 961	–8 684
Increase/decrease in loans to the public		75 081	5 250
Increase/decrease in holdings of securities for trading		100 464	–7 564
Increase/decrease in deposits and borrowings from the public including retail bonds		26 516	30 102
Increase/decrease in amounts owed to credit institutions		–142 875	–90 963
Increase/decrease in other assets		–984	59 265
Increase/decrease in other liabilities		–10 365	–63 578
Cash flow from operating activities		**10 707**	**–69 374**
Investing activities			
Acquisiton of/contribution to Group entities and associates		–5 097	–7 015
Disposal of Group entities and associates		140	135
Acquisition of other fixed assets and strategic financial assets		–121	–34 901
Disposals of other fixed assets and strategic financial assets		52 828	42 408
Dividends and Group contributions received		1 261	194
Cash flow from investing activities		**49 011**	**821**
Financing activities			
Issuance of interest-bearing securities		27 025	147 986
Redemption of interest-bearing securities		–72 180	–71 928
Issuance of certificates etc.		252 177	265 276
Redemption of certificates etc.		–281 276	–279 356
New rights issue			17 252
Cash flow from financing activities		**–74 254**	**79 230**
Cash flow for the year		**–14 536**	**10 677**
Cash and cash equivalents at the beginning of the year		19 238	8 561
Cash flow for the year		–14 536	10 677
Cash and cash equivalents at end of the year		4 702	19 238

Comments on the consolidated cash flow statement
The cash flow statement shows receipts and payments during the year as well as cash and cash equivalents at the beginning and end of the year. The cash flow statement is reported using the indirect method and is divided into receipts and payments from operating activities, investing activities and financing activities.

Operating activities
Cash flow from operating activities is based on operating profit for the year. Adjustments are made for items not included in cash flow from operating activities. Changes in assets and liabilities from operating activities consist of items which are part of normal business activities, such as loans to and deposits and borrowings from the public and credit institutions, and which are not attributable to investing and financing activities. Cash flow includes interest receipts of SEK 27 154m (35 056) and interest payments of SEK 16 524m (21 147). Capitalised interest is included.

Investing activities
Investing activities consist of acquisitions and disposals of strategic financial assets, contributions to subsidiaries and associates, and other fixed assets. In 2010 Swedbank Försäkring AB was acquired for SEK 1 996m. Remaining non-controlling interest in First Securities AS was acquired for SEK 621m and remaining non-controlling interest in OAO Swedbank was acquired for SEK 137m. Contributions given to subsidiaries totalled SEK 2 320m. Shareholdings in the associate Bergslagens Sparbank AB was sold for SEK 140m.

Cash and cash equivalents
Cash and cash equivalents consist of cash and balances with central banks, which corresponds to the balance sheet item Cash and balances with central banks. Cash and cash equivalents are defined according to IAS 7, and do not correspond to what the Group consider as liquidity. In previous financial statements net claim of overnight deposit receivables and overnight deposit liabilities with maturities up to five days, and treasury bills, other bills and mortgage bonds eligible for refinancing with central banks taking into account repos and short-selling also were included. Comparative figures are restated.

Notes

All amounts in the notes are in millions of Swedish kronor (SEKm) and represent carrying amounts unless indicated otherwise. Figures in parentheses refer to the previous year.

P1 Accounting policies

BASIS OF ACCOUNTING

As a rule, the Parent Company follows IFRS and the accounting principles applied in the consolidated financial statements, as reported on pages 56-63. In addition, the Parent Company is required to consider and prepare its annual report in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies, the regulations and general advice of the Swedish Financial Supervisory Authority and recommendation RFR 2 Reporting for Legal Entities issued by the Swedish Financial Reporting Board. The Parent Company's annual report is therefore prepared in accordance with IFRS to the extent the standards are compatible with the Annual Accounts Act for Credit Institutions and Securities Companies, RFR 2 and the Swedish Financial Supervisory Authority regulations. The most significant differences in principle between the Parent Company's accounting and the Group's accounting policies relate to the recognition of:

- The currency component in currency hedges of investments in foreign subsidiaries and associates
- Associates
- Goodwill and internally generated intangible assets
- Untaxed reserves and Group contributions, and
- Operating segments.

The headings in the financial statements follow the Annual Accounts Act for Credit Institutions and Securities Companies and the Swedish Financial Supervisory Authority regulations, due to which they differ in certain cases from the headings in the Group's accounts.

SIGNIFICANT DIFFERENCES IN THE PARENT COMPANY'S ACCOUNTING POLICIES COMPARED WITH THE GROUP'S ACCOUNTING POLICIES

Hedging of net investment in foreign operations

The currency component of liabilities that constitute currency hedges of net investments in foreign subsidiaries and associates is valued in the Parent Company at cost.

Investments in associates

Investments in associates are recognised in the Parent Company at cost less any impairment. All dividends received are recognised through profit and loss in Dividends received.

Investments in subsidiaries

Investments in subsidiaries are recognised according to the acquisition cost method. In case of an indication of value decrease the investment's value is tested for impairment. When the Group value is lower than carrying amount, impairment is recognised. All dividends received are recognised through profit and loss in Dividends received.

Intangible assets

The Parent Company amortises goodwill systematically based on estimated useful life. All expenditures, including for development, which are attributable to internally generated intangible assets are expensed through profit and loss.

Pensions

The Parent Company recognises pension expenses in accordance with the Act on Safeguarding Pension Benefits, which means that defined benefit pension plans are also recognised as defined contribution plans. Premiums paid to defined contribution plans are expensed when an employee has rendered his/her services.

Untaxed reserves and Group contributions

Due to the connection between reporting and taxation, the deferred tax liability attributable to untaxed reserves is not recognised separately in the Parent Company. The reserves are therefore recognised in their gross amounts in the balance sheet and income statement. Group contributions received are recognised through profit and loss in Dividends received.

Operating segments

The Parent Company does not provide segment information, since the information is provided for the Group. A geographical distribution of revenue is provided, however.

P2 Risks

Swedbank's risk management is described in note G3. Specific information on the Parent Company's risks is presented in the following tables.

Credit risks

Impaired, past due and restructured loans

	2010	2009
Impaired loans		
Carrying amount before provisions	2 054	3 619
Provisions	1 288	2 533
Carrying amount after provisions	766	1 086
Share of impaired loans, net %	0.16	0.22
Share of impaired loans, gross %	0.43	0.28
Carrying amount of impaired loans that returned to a status as normal during the period	146	133
Past due loans that are not impaired		
Valuation category, loans and receivables		
Loans with past due amount,		
5-30 days	117	65
31-60 days	199	618
more than 60 days	24	25
Total	**340**	**708**
Loans which were restructured during the period and which are not impaired or past due		
Carrying amount before restructuring	316	2 131
Carrying amount after restructuring	314	2 131

Impaired loans are those for which it is likely that payments will not be fulfilled in accordance with the terms of the contract. A loan is not impaired if there is collateral which covers capital, interest and payment for any delays by a satisfactory margin. Provisions for impaired loans as well as other elements of lending where losses have occurred but individual claims have not yet been identified are specified below. Loss events include non-payments or delayed payments where it is likely the borrower will go into bankruptcy and domestic or local economic conditions that are tied to non-payments, such as declines in asset values. The carrying amount of impaired loans largely corresponds to the value of collateral in cases where collateral exists. Restructured loans refer to loans where a change has been made to the terms of the contract as a result of the client's reduced ability to pay.

Provisions

	2010	2009
Opening balance	**2 533**	**1 671**
New provisions	301	848
Utilisation of previous provisions	–344	–163
Recoveries of previous provisions	–156	–88
Portfolio provisions for loans that are not impaired	–323	272
Change in exchange rates	–35	–7
Closing balance	**1 976**	**2 533**
Total provision ratio for impaired loans, % (Including portfolio provision in relation to loans that individually are assessed as impaired)	96	103
Provision ratio for individually assessed impaired loans, %	63	57

Concentrations risk

	2010	2009
Number	1	1
Exposures > 20 % of the capital base		
Exposures between 10 % and 20 % of the capital base	10 045	9 302
Total	**10 045**	**9 302**
Usage of the 800 % limit, %	12	10

Collateral that can be sold or pledged even if the counterparty fulfills its contractual obligations

When it grants repos, the parent company receives securities that can be sold or pledged. The fair value of these securities corresponds to the carrying amount of the repos. The parent company also receives collateral in the form of securities that can be sold or pledged for derivatives and other exposures. The fair value of such collateral as of year-end amounted to SEK 0m (1 300). None of this collateral has been sold or pledged.

Liquidity risks

In the summary of maturities, undiscounted contractual cash flows are distributed on the basis of remaining maturities until the agreed time of maturity. For lending to the public amortising loans are distributed based on the amortisation schedule. Liabilities whose repayment date may depend on various options,have been distributed based on the earliest date on which repayment could be demanded. Differences between nominal amount and carrying amount, undiscounted cash flows, are reported together with items without an agreed maturity date where the anticipated realisation date has not been determined in the column, No maturity/discount effect.

	Undiscounted contractual cash flows							
Remaining maturity 2010	**Payable on demand**	**< 3 mths.**	**3 mths.–1 yr**	**1–5 yrs**	**5–10 yrs**	**> 10 yrs**	**No maturity/ discount effect**	**Total**
Assets								
Cash and balances with central banks	4 702							4 702
Treasury bills and other bills eligible for refinancing with central banks		7 869	4 223	3 527	5 365	1 266	3 289	25 539
Loans to credit institutions	41 050	254 283	68 002	113 142	1 861	603		478 941
Loans to the public	30 873	86 053	28 076	95 908	30 413	53 339		324 662
Bonds and other interest-bearing securities		9 247	29 346	84 923	4 514		2 627	130 657
Shares and participating interests							55 307	55 307
Derivatives		22 253	17 412	25 343	3 563	753	11 001	80 325
Intangible fixed assets							882	882
Tangible assets							450	450
Other assets		10 929	2 684				3 426	17 039
Total	**76 625**	**390 634**	**149 743**	**322 843**	**45 716**	**55 961**	**76 982**	**1 118 504**
Liabilities								
Amounts owed to credit institutions	55 116	108 458	19 324	7 812				190 710
Deposits and borrowings from the public	380 066	44 373	8 603	4 789	16	23		437 870
Debt securities in issue		81 794	74 143	114 650	160		3 072	273 819
Derivatives		19 711	17 189	29 366	7 492	1 759	–2 878	72 639
Other liabilities		44 703	3 300	144			1 899	50 046
Subordinated liabilities					17 364	8 942	1 355	27 661
Equity							65 759	65 759
Total	**435 182**	**299 039**	**122 559**	**156 761**	**25 032**	**10 724**	**69 207**	**1 118 504**

The large part of deposits from the public is contractually payable on demand. Despite the contractual terms, the deposits are essentialy a stable and a long-term source of funding.

	Undiscounted contractual cash flows							
Remaining maturity 2009	**Payable on demand**	**< 3 mths.**	**3 mths.–1 yr**	**1–5 yrs**	**5–10 yrs**	**> 10 yrs**	**No maturity/ discount effect**	**Total**
Assets								
Cash and balances with central banks	19 238							19 238
Treasury bills and other bills eligible for refinancing with central banks		62 584	1 439	432	3 982	5 444	2 985	76 866
Loans to credit institutions	17 144	215 237	178 513	52 176	698	690		464 458
Loans to the public	32 775	174 215	29 745	83 114	37 242	56 259		413 350
Bonds and other interest-bearing securities		19 145	76 203	83 788	3 915	444	2 490	185 985
Shares and participating interests							50 990	50 990
Derivatives	295	30 969	30 361	30 141	4 163	1 408	–16 899	80 438
Intangible fixed assets							1 034	1 034
Tangible assets							528	528
Other assets		13 733	2 972				1 265	17 970
Total	**69 452**	**515 883**	**319 233**	**249 651**	**50 000**	**64 245**	**42 393**	**1 310 857**
Liabilities								
Amounts owed to credit institutions	104 710	93 113	119 109	22 943				339 875
Deposits and borrowings from the public	357 567	14 851	16 579	5 039	10	8		394 054
Debt securities in issue		64 776	76 644	197 855	879		775	340 929
Derivatives	–180	34 880	32 362	32 501	3 969	–125	–20 947	82 460
Other liabilities		51 485	4 770	2			1 913	58 170
Subordinated liabilities			1 259		22 403	12 992	497	37 151
Equity							58 218	58 218
Total	**462 097**	**259 105**	**250 723**	**258 340**	**27 261**	**12 875**	**40 456**	**1 310 857**

The large part of deposits from the public is contractually payable on demand. Despite the contractual terms, the deposits are essentialy a stable and a long-term source of funding.

Debt securities in issue

Turnover during the year	2010	2009
Commercial papers with state guarantee		
Opening balance	**52 642**	**64 701**
Issued		93 134
Repaid	–52 642	–106 353
Change in market values		–69
Change in exchange rates		1 229
Closing balance		**52 642**
Other commercial papers		
Opening balance	**38 139**	**39 160**
Issued	252 177	171 221
Repaid	–226 901	–173 003
Change in market values	3	26
Change in exchange rates	–463	735
Closing balance	**62 955**	**38 139**
Bond loans with state guarantee		
Opening balance	**181 588**	**61 522**
Issued		130 074
Repaid	–14 035	–921
Change in market values	341	1 004
Change in exchange rates	–11 849	–10 091
Closing balance	**156 045**	**181 588**

Turnover during the year	2010	2009
Other interest-bearing bond loans		
Opening balance	**32 137**	**78 145**
Issued	23 281	4 849
Repaid	–18 378	–50 103
Change in market values	706	–590
Change in exchange rates	–3 418	–164
Closing balance	**34 328**	**32 137**
Structured products		
Opening balance	**36 424**	**34 522**
Issued	3 745	13 063
Repurchased	–4 896	–10 262
Repaid	–15 999	–899
Change in market values	1 217	
Closing balance	**20 491**	**36 424**
Total debt securities in issue	**273 819**	**340 929**

Market risks

Interest risks

Change in value if the market interest rate rises by one percentage point

The impact on the value of assets and liabilities, including derivatives, when market interest rates rise by one percentage point.

2010	< 3 mths.	3–6 mths.	6–12 mths.	1–2 yrs	2–3 yrs	3–4 yrs	4–5 yrs	5–10 yrs	> 10 yrs	Total
SEK	–227	–92	–221	–254	1 242	–15	–161	–90	23	205
Foreign currency	–105	120	28	–4	59	12	64	–64	20	130
Total	**–332**	**28**	**–193**	**–258**	**1 301**	**–3**	**–97**	**–154**	**43**	**335**

In the table above, part of deposits from the public that are payable on demand have been assigned a fixed interest period of between 2 and 3 years.

of which financial instruments measured at fair value through profit or loss										
SEK	11	5	–52	114	–7	–18	–161	–89	23	–174
Foreign currency	–171	90	74	97	116	15	69	–48	20	262
Total	**–160**	**95**	**22**	**211**	**109**	**–3**	**–92**	**–137**	**43**	**88**

2009	< 3 mths.	3–6 mths.	6–12 mths.	1–2 yrs	2–3 yrs	3–4 yrs	4–5 yrs	5–10 yrs	> 10 yrs	Total
SEK	–300	–99	–221	–2	960	–202	110	10	–1	255
Foreign currency	5	–36	20	31	1	4	72	–11	12	98
Total	**–295**	**–135**	**–201**	**29**	**961**	**–198**	**182**	**–1**	**11**	**353**

In the table above, part of deposits from the public that are payable on demand have been assigned a fixed interest period of between 2 and 3 years.

of which financial instruments measured at fair value through profit or loss										
SEK	–70	–64	–75	249	55	–139	114	11	–1	80
Foreign currency	–1	–87	19	33	4	6	74	–10	12	50
Total	**–71**	**–151**	**–56**	**282**	**59**	**–133**	**188**	**1**	**11**	**130**

Currency risks

Currency distribution

2010	SEK	EUR	USD	GBP	EEK	LVL	LTL	RUB	UAH	Other	Total
Assets											
Cash and balances with central banks	2 491	152	10	4						2 045	4 702
Loans to credit institutions	342 253	111 507	22 944	51		69	3	253		1 861	478 941
Loans to the public	248 546	23 468	28 623	707		1 184	297	62		21 775	324 662
Interest-bearing securities	130 574	12 801	2 863							9 959	156 197
Other assets, not distributed	154 002										154 002
Total	**877 866**	**147 928**	**54 440**	**762**		**1 253**	**300**	**315**		**35 640**	**1 118 504**
Liabilities											
Amounts owed to credit institutions	116 344	39 583	28 077	572						6 134	190 710
Deposits and borrowings from the public	414 290	8 328	7 967	563				143		6 579	437 870
Debt securities in issue and subordinated liabilities	79 437	97 504	102 579	5 477						16 484	301 481
Other liabilities, not distributed	122 684										122 684
Equity	65 759										65 759
Total	**798 514**	**145 415**	**138 623**	**6 612**				**143**		**29 197**	**1 118 504**
Other assets and liabilities, including positions in derivatives		–18 500	84 282	5 935	27 600	–1 243	–297	151	975	–6 443	
Net position in currency		–15 987	99	85	27 600	9	3	323	975		13 107

Currency distribution

2009	SEK	EUR	USD	GBP	EEK	LVL	LTL	RUB	UAH	Other	Total
Assets											
Cash and balances with central banks	3 152	14 788	11	5						1 282	19 238
Loans to credit institutions	336 350	99 971	22 657	257	15	4	2	394		4 808	464 458
Loans to the public	320 678	34 336	33 121	886				4		24 325	413 350
Interest-bearing securities	217 065	34 772	1 897							9 117	262 851
Other assets, not distributed	150 960										150 960
Total	**1 028 205**	**183 867**	**57 686**	**1 148**	**15**	**4**	**2**	**398**		**39 532**	**1 310 857**
Liabilities											
Amounts owed to credit institutions	246 294	52 317	29 727	1 280		27	7			10 223	339 875
Deposits and borrowings from the public	372 958	7 638	7 308	1 237	1			50		4 862	394 054
Debt securities in issue and subordinated liabilities	102 735	116 505	133 847	7 087						17 906	378 080
Other liabilities, not distributed	140 630										140 630
Equity	58 218										58 218
Total	**920 835**	**176 460**	**170 882**	**9 604**	**1**	**27**	**7**	**50**		**32 991**	**1 310 857**
Other assets and liabilities, including positions in derivatives		–11 890	113 228	8 496	31 474	23	5	706	1 042	–5 259	
Net position in currency		–19 271	21	35	31 488			1 054	1 042		14 369

P3 Capital adequacy analysis

Capital adequacy	2010	2009
Capital base	85 170	91 992
Capital requirement	32 779	37 204
Capital surplus or deficit	52 391	54 788
Capital quotient	2.60	2.47
Risk-weighted amount	409 740	465 046
Core Tier 1 capital ratio, %	15.0	12.3
Tier 1 capital ratio, %	16.7	14.3
Capital adequacy ratio, %	20.8	19.8

Capital base	2010	2009
Tier 1 capital	68 386	66 595
Tier 2 capital	19 685	25 952
of which, undated subordinated loans	2 431	4 243
Total Tier 1 and Tier 2 captial	88 071	92 547
Less shares *	–2 901	–555
Total	**85 170**	**91 992**

* Companies where deductions for Tier 1 capital are brought are Sparia Försäkrings AB and Swedbank Försäkring AB.

Tier 1 capital	2010	2009
Equity attributable to the shareholders according to balance sheet in annual report	65 759	58 218
Proposed dividend	–2 995	
74 per cent of accrual reserve	535	526
Goodwill	–689	–813
Other deductions		
Deferred tax assets	–196	–349
Intangible assets	–192	–220
Deduction internal risk classification, provisions surplus/deficit	–1 053	–723
Cash flow hedges	307	743
Shareholdings deducted from Tier 1 capital*	–5	–5
Total core Tier 1 capital	**61 471**	**57 377**
Tier 1 capital contribution**	6 915	9 218
Total Tier 1 capital	**68 386**	**66 595**

* Company where deduction for Tier 1 capital is brought is BGC Holding.

** Tier 1 mainly comprises equity, with adjustments for certain assets that may not be included and certain deductions. Tier 1 capital contributions are perpetual debenture loans whose terms are such that they may be included after approval from the Swedish Financial Supervisory Authority. The contributions' preferential rights are subordinate to all other deposits and lending. Interest payment is set in accordance with the agreement, but may only occur if there are distributable funds. The contribution is reported in the balance sheet as a liability. All tier 1 capital contributions are based on transition rules according to FFFS 2010:10.

Capital requirement	2010	2009
Credit risks	28 733	33 017
Market risks	853	893
Currency risks	730	840
Operational risks	2 463	2 454
Total	**32 779**	**37 204**

Capital requirement for credit risks	2010	2009
Credit risks according to the standardised approach	9 032	10 941
Credit risks according to IRB	19 701	22 076
of which institutional exposures	1 736	2 324
of which corporate exposures	15 350	16 915
of which retail exposures	2 128	2 273
of which securitisation	33	64
of which non-credit-obligation asset exposures	454	500
Total	**28 733**	**33 017**

Capital requirement for market risks	2010	2009
Interest-rate risks, specific risk	587	568
Share price risk, generel risk	1	1
Commodity risk	2	
Capital requirement according to VaR calculation *	263	324
Total	**853**	**893**

* Capital requirement for general interest-rate risk, share price risk and currency risk in the trading-book are calculated in accordance with the VaR model.

Capital requirement for operational risks	2010	2009
Trading and sales	691	811
Retail banking	1 433	1 341
Commercial banking	269	231
Payment and settlement	55	51
Agency services	15	15
Asset management		5
Total	**2 463**	**2 454**

The standard approach is used for calculating capital requirments for operational risk.

	2010			2009		
Credit risks acording to IRB	Exposure after credit risk mitigation	Average risk weight	Capital requirement	Exposure after credit risk mitigation	Average risk weight	Capital requirement
Institutional exposures	152 312	14%	1 736	87 218	33%	2 324
Corporate exposures	281 280	68%	15 350	299 866	71%	16 915
Retail exposures	94 033	28%	2 128	97 415	29%	2 273
Securitisations	3 535	12%	33	6 753	12%	64
Exposures without counterparties	5 686	100%	454	8 552	73%	500
Total	**536 846**	**46%**	**19 701**	**499 804**	**55%**	**22 076**

P4 Geographical distribution of revenue

2010	Sweden	Norway	Denmark	Finland	USA	Other	Total
Interest income	21 991	1 918	35	27	423	34	24 428
Dividends received	6 230						6 230
Commission income	6 020	62	9	14	41	3	6 149
Net gains or losses on financial items at fair value	1 106	18		–1	57	3	1 182
Other income	1 332	1					1 333
Total income	**36 679**	**1 999**	**44**	**40**	**520**	**40**	**39 322**

2009	Sweden	Norway	Denmark	Finland	USA	Other	Total
Interest income	27 624	3 002	44	120	663	45	31 498
Dividends received	1 493						1 493
Commission income	5 357	80	12	4	63	7	5 522
Net gains or losses on financial items at fair value	386	107	1		93		587
Other income	1 706	3					1 709
Total income	**36 567**	**3 191**	**56**	**124**	**819**	**52**	**40 809**

The geographical distribution has been allocated to the country where the business was carried out.

P5 Net interest income

	2010			2009		
	Average balance	Interest rate	Average annual interest rate, %	Average balance	Interest rate	Average annual interest rate, %
Loans to credit institutions	517 860	6 988	1.35	585 326	10 439	1.78
Loans to the public	356 527	8 379	2.35	381 336	10 235	2.68
Interest-bearing securities	205 292	3 032	1.48	232 156	6 030	2.60
Total interest-bearing assets	**1 079 679**	**18 399**	**1.70**	**1 198 819**	**26 704**	**2.23**
Derivatives	95 607	5 923		110 967	4 757	
Other assets	76 720	106		78 672	37	
Total assets	**1 252 006**	**24 428**	**1.95**	**1 388 457**	**31 498**	**2.27**
Amounts owed to credit institutions	296 629	1 553	0.52	432 912	3 920	0.91
Deposits and borrowings from the public	416 538	2 295	0.55	374 891	2 776	0.74
of which deposit guarantee fees		213			223	
Debt securities in issue	304 326	8 242	2.71	346 553	10 201	2.94
of which commissions for funding with state guarantee		3 276			1 696	
Subordinated liabilities	32 302	1 405	4.35	41 195	1 949	4.73
Interest-bearing liabilities	**1 049 795**	**13 495**	**1.29**	**1 195 551**	**18 846**	**1.58**
Derivatives	89 595	3 427		113 134	2 911	
Other liabilities	51 089	172		33 596	179	
of which stability fee		147			161	
Total liabilities	**1 190 479**	**17 094**	**1.44**	**1 342 281**	**21 936**	**1.63**
Equity	**61 527**			**46 176**		
Total liabilities and equity	**1 252 006**	**17 094**	**1.37**	**1 388 457**	**21 936**	**1.58**
Net interest income		**7 334**			**9 562**	
Net interest margin			0.59			0.69
Interest income impaired loans		21			26	
Interest income on financial assets at amortised cost		15 785			20 837	
Interest expenses on financial liabilities at amortised cost		12 722			16 624	

P6 Dividends received

	2010	2009
Shares and participating interests	382	178
Investments in associates	42	44
Investments in Group entities*	5 806	1 271
Total	**6 230**	**1 493**
* of which, through Group contributions	3 427	1 218

P7 Net commissions

Commission income	2010	2009
Payment processing	1 836	1 822
Asset management	1 537	1 337
Life insurance	549	431
Brokerage	363	389
Other securities	187	122
Corporate finance	46	43
Lending	451	305
Guarantee	184	179
Cards	497	473
Deposits	63	68
Non-life insurance	37	2
Other commission income	399	351
Total	**6 149**	**5 522**

Commission expenses	2010	2009
Payment processing	–639	–585
Asset management	–51	–44
Life insurance	–4	–5
Other securities	–378	–724
Lending and guarantees	–65	–70
Cards	–97	–83
Other commission expenses	–80	–51
Total	**–1 314**	**–1 562**

Net commissions	2010	2009
Payment processing	1 197	1 237
Asset management	1 486	1 293
Life insurance	545	426
Brokerage	363	389
Other securities	–191	–602
Corporate finance	46	43
Lending	386	235
Guarantee	184	179
Cards	400	390
Deposits	63	68
Non-life insurance	37	2
Other commission income	319	300
Total	**4 835**	**3 960**

P8 Net gains and losses on financial items at fair value

	2010	2009
Valuation category, fair value through profit or loss		
Trading and derivatives		
Shares and related derivatives	542	891
Interest-bearing instruments and related derivatives	–526	697
Total	**16**	**1 588**
Other financial instruments		
Shares		–6
Loans	–198	–345
Financial liabilities	289	120
Total	**91**	**–231**
Hedge accounting at fair value		
Hedging instruments	–335	786
Hedged item	564	–959
Total	**229**	**–173**
Ineffective part in hedging of net investments in foreign operations		**131**
Ineffective part in cash flow hedge		**–37**
Financial liabilities valued at amortised cost	**120**	**71**
Change in exchange rates	**726**	**–762**
Total	**1 182**	**587**

Comparing figures have been adjusted according to description in the Group's accounting policies, which is shown in Changes in accounting policies page 56.

	2009		
Adjustment	Before adjustment	Adjustment	After adjustment
Valuation category, fair value through profit or loss			
Trading and derivatives			
Interest-bearing instruments and related derivatives	498	199	697
Total	**498**	**199**	**697**
Hedge accounting at fair value			
Hedging instruments	–462	1 248	786
Hedged item	488	–1 447	–959
Total	**26**	**–199**	**–173**

P9 Other income

	2010	2009
Profit from sale of subsidiaries and associates	22	13
Branch sales	5	434
Income from real estate operations	1	1
Capital gains on sales of properties, equipment, etc.	1	
IT services	1 074	1 051
Other operating income	230	210
Total	**1 333**	**1 709**

In 2010 Swedbank AB disposed the shareholdings in the associate Bergslagens Sparbank AB with a capital gain of SEK 22m in 2009 the shareholdings in the associate NCSD Holding AB was dipsosed for SEK 6m and the associate Privatgirot AB for SEK 7m.

P10 Staff costs

	2010	2009
Salaries and remuneration	3 984	3 717
Compensation through shares in Swedbank AB	25	
Social insurance charges	1 320	1 201
Pension costs	987	988
Training costs	67	74
Other staff costs	157	156
Total	**6 540**	**6 136**
of which variable staff costs	201	18
of which personnel redundancy costs	111	37

	2010		
Salaries and remuneration	**Board, President, EVPs and other senior executives**	**Other employees**	**Total**
Sweden	61	3 816	3 877
Denmark		20	20
Norway		31	31
USA		14	14
Finland		32	32
Other countries		10	10
Total	**61**	**3 923**	**3 984**

	2009		
Salaries and remuneration	**Board, President, EVPs and other senior executives**	**Other employees**	**Total**
Sweden	47	3 562	3 609
Denmark		24	24
Norway		34	34
USA		22	22
Finland		10	10
Other countries		18	18
Total	**47**	**3 670**	**3 717**

Compensation Program 2010	**2010**
Recognised expense for compensation that is settled with shares in Swedbank AB	25
Recognised expense for social charges	8
Recognised expense for cash settled compensation	115
Recognised expense for payroll overhead costs related to the cash settled compensation	61
Total recognised expense	**209**
Total estimated number of performance rights to grant, million	1.0
Estimated number of performance rights that are forfeited due to employee turnover, million	0.0
Number of performance rights that establish the recognised expense, million	1.0
Estimated fair value of the performance right at measurement date, SEK	102

The fair value of one performance right corresponds to estimated stock-exchange rate for one ordinary share at grant date, since one performance right entitles to one ordinary share with additional ordinary shares that compensate the value of the dividends the ordinary shares have been entitled to during the vesting period.

Board members, President, EVPs, current and former and similar employees	**2010**	**2009**
Costs during the year for pensions and similar benefits	18	37
No. of persons	13	13
Granted loans	80	64
No. of persons	17	15

Sick leave, %	**2010**	**2009**
Total sick leave	2.9	3.0
of which long-term sick leave as proportion of total sick leave	45.1	52.3
Sick leave for female emloyees	3.7	3.8
Sick leave for male emloyees	1.8	1.9
Sick leave for age group 29 and below	2.6	2.3
Sick leave for age group 30-49	2.5	2.7
Sick leave for age group 50 and above	3.4	3.5

	2010		2009	
Distribution by gender, %	**Female**	**Male**	**Female**	**Male**
All employees	55	45	56	44
Directors	50	50	58	42
Other senior executives, incl. President	33	67	45	55

More information on remuneration to senior executives and on the Program 2010 remuneration program can be found in note G14.

P11 Other general administrative expenses

	2010	2009
Rents, etc.	840	873
IT expenses	1 288	1 276
Telecommunications, postage	158	175
Consulting and outside services	946	955
Travel	148	147
Entertainment	42	41
Office supplies	211	213
Advertising, public relations, marketing	215	244
Security transports, alarm systems	378	409
Maintenance	154	158
Other administrative expenses	277	279
Other operating expenses	128	110
Total	**4 785**	**4 880**

Remuneration to Auditors elected by Annual General Meeting, Deloitte AB	**2010**	**2009**
Statutory audit	16	15
Other audit	5	6
Tax advisory		1
Other		1
Total	**21**	**23**
Internal Audit	52	48

P12 Depreciation/amortisation of tangible assets and intangible fixed assets

Depreciation/amortisation	2010	2009
Equipment	192	200
Owner-occupied properties	1	1
Intangible fixed assets	157	158
Total	**350**	**359**

P13 Credit impairments

	2010	2009
Provisions for loans that individually are assessed as impaired		
Provisions	299	831
Reversal of previous provisions	–156	–88
Provision for homogenous groups of impaired loans, net	2	17
Total	**145**	**760**
Portfolio provisions for loans that individually are not assessed as impaired	**–323**	**272**
Write-offs		
Established losses	734	1 058
Utilisation of previous provisions	–344	–163
Recoveries	–139	–63
Total	**251**	**832**
Credit impairments for contingent liabilities and other credit risk exposures	**–84**	**672**
Credit impairments	**–11**	**2 536**
Credit impairments by valuation category		
Loans and receivables	–69	2 500
Fair value through profit or loss	58	36
Total	**–11**	**2 536**
Credit impairments by borrower category		
Credit institutions	–32	167
General public	21	2 369
Total	**–11**	**2 536**

P14 Impairments of financial fixed assets

	2010	2009
Investments in Group entities		
Ektornet AB, Stockholm	222	
JSC Swedbank, Kiev		5 814
Nordic Foodservice Investment, Stockholm	1	
OAO Swedbank, Moskva	492	
Swedbank First Securities LLC, New York	19	
Swedbank Juristbyrå AB, Stockholm	3	
Swedbank Företagsförmedling AB, Stockholm	4	
ZAO Swedbank, Moskva		14
Loans comprising net investment		
JSC Swedbank	–347	1 286
Total	**394**	**7 114**

The size of recognized impairments reflects the difference between the carrying amount before impairment and the investments' value in use. In these cases value in use corresponds to the investments' group value.

P15 Appropriations

Untaxed reserves	2010	2009
Accelerated depreciation, equipment	10	13
Accelerated depreciation, operation properties		2
Tax allocation reserve, withdrawal		5 024
Total	**10**	**5 039**

P16 Tax

Tax expense	2010	2009
Tax related to previous years	13	–216
Current tax	1 784	2 422
Deferred tax	–3	–51
Total	**1 794**	**2 155**

Positive current tax recognised directly in equity amounted 2009 to SEK 156 m.

	2010		2009	
	SEKm	per cent	SEKm	per cent
Results	1 794	20.2	2 155	162.8
26.3% of pre-tax profit	2 332	26.3	348	26.3
Difference	**538**	**6.1**	**–1 807**	**–136.5**
The difference consists of the following items				
Tax previous years	–13	–0.1	216	16.3
Tax -exempt income/non-deductible expenses	–30	–0.3	–168	–12.7
Non-taxable dividends	685	7.7	26	2.0
Non-deductible goodwill impairment	–32	–0.4	–32	–2.4
Tax-exempt capital gains and apprecia-tion in value of shares and participating interests	5	0.1	1	0.1
Standard income tax allocation reserve	–4	–0.1	–31	–2.3
Non-deductable impairment of shares	–195	–2.2	–1 869	–141.3
Credit impairments Ukraine and Russia	105	1.2		
Group contributions	17	0.2		
Other, net			50	3.8
Total	**538**	**6.1**	**–1 807**	**–136.5**

2010

Deferred tax assets	Opening balance	Income statement	Other comprehensive income	Closing balance
Deductible temporary differences				
Cash flow hedges	265		–156	109
Provisions for pensions	89	2		91
Other	–5	1		–4
Total	**349**	**3**	**–156**	**196**

2009

Deferred tax assets	Opening balance	Income statement	Other comprehensive income	Closing balance
Deductible temporary differences				
Cash flow hedges	332		–67	265
Provisions for pensions	77	12		89
Other	–44	39		–5
Total	**365**	**51**	**–67**	**349**

P17 Tax for each component in other comprehensive income

	2010				2009			
	Pre-tax amount	Deferred tax	Current tax	Bet-of-tax amount	Pre-tax amount	Deferred tax	Current tax	Bet-of-tax amount
Cash flow hedges	592	–155		437	254	–67		187
Group contribution					–9		3	–6
Other comprehensive income	**592**	**–155**		**437**	**245**	**–67**	**3**	**181**

P18 Treasury bills and other bills eligible for refinancing with central banks, etc.

	Carrying amount			Amortised cost			Nominal amount		
	2010	2009	1/1/2009	2010	2009	1/1/2009	2010	2009	1/1/2009
Valuation category, fair value through profit or loss									
Trading									
Swedish government	23 089	72 864	19 870	22 864	72 637	19 624	19 821	69 913	16 668
Swedish municipalities	722	6	643	724	6	630	772	6	635
Foreign governments	1 700	3 969	3 130	1 712	3 969	3 032	1 678	3 936	2 923
Other non–Swedish issuers	28	27	413	28	27	421	28	26	421
Total	**25 539**	**76 866**	**24 056**	**25 328**	**76 639**	**23 707**	**22 299**	**73 881**	**20 647**

P19 Loans to credit institutions

	2010	2009	1/1/2009
Valuation category, loans and receivables			
Swedish banks	48 903	37 118	60 328
Swedish credit institutions	216 333	181 877	181 019
Swedish credit institutions, repurchased agreements		66 230	5 746
Foreign banks	126 233	114 773	138 714
Foreign banks, repurchase agreements			823
Foreign credit institutions		668	290
Foreign credit institutions, repurchase agreements			1 544
Total	**391 469**	**400 666**	**388 464**
Valuation category, fair value through profit or loss			
Trading			
Swedish banks			3 378
Swedish banks, repurchase agreements	1 942	8 564	204
Swedish credit institutions	45 579	43 330	
Swedish credit institutions, repurchased agreements	14 112	477	108 239
Foreign banks	548		
Foreign banks, repurchase agreements	25 291	11 421	22 042
Total	**87 472**	**63 792**	**133 863**
Total	**478 941**	**464 458**	**522 327**

Subordinated loans	2 010	2 009	1/1/2009
Subsidiaries	5 930	6 995	7 202
Associates	120	320	200
Other companies	57	62	56
Total	**6 107**	**7 377**	**7 458**

P20 Loans to the public

	2010	2009	1/1/2009
Valuation category, loans and receivables			
Swedish public	161 193	203 760	242 175
Swedish public, repurchase agreements			7 082
Foreign public	57 714	70 440	90 780
Total	**218 907**	**274 200**	**340 037**
Valuation category, fair value through profit or loss			
Trading			
Swedish public	4		7 069
Swedish public, repurchase agreements	35 444	29 829	23 126
Foreign public		3 882	
Foreign public, repurchase agreements	5 764	7 347	2 953
Other			
Swedish public	64 543	98 092	24 330
Total	**105 755**	**139 150**	**57 478**
Total	**324 662**	**413 350**	**397 515**

The maximum credit risk exposure for lending measured at fair value corresponds to the carrying amount.

Subordinated loans	2010	2009	1/1/2009
Other		308	348
Total		**308**	**348**

P21 Bonds and other interest-bearing securities

Issued by other than public agencies	Carrying amount			Amortised cost			Nominal amount		
	2010	2009	1/1/2009	2010	2009	1/1/2009	2010	2009	1/1/2009
Valuation category, fair value through profit or loss									
Trading									
Swedish mortgage institutions	88 333	76 064	124 318	89 165	75 728	122 338	85 958	73 941	121 683
Swedish financial entities	6 049	7 280	3 094	6 060	7 037	3 168	6 016	6 784	2 998
Swedish non-financial entities	4 580	6 318	21 621	4 567	6 274	21 652	4 565	6 313	21 827
Foreign financial entities	13 445	5 054	12 600	13 258	5 080	12 820	13 331	5 072	12 871
Foreign non-financial entities	3 463	2 131	1 292	3 364	2 125	1 383	3 472	2 145	1 416
Total	**115 870**	**96 847**	**162 925**	**116 414**	**96 244**	**161 361**	**113 342**	**94 255**	**160 795**
Valuation category, held to maturity*									
Swedish mortgage institutions	10 500	81 819	63 943	10 500	81 819	63 943	10 500	81 819	64 006
Foreign financial entities	3 335	6 371	7 579	3 335	6 371	7 579	3 364	6 446	7 725
Foreign non-financial entities	952	948	3 163	952	948	3 163	967	976	3 207
Total	**14 787**	**89 138**	**74 685**	**14 787**	**89 138**	**74 685**	**14 831**	**89 241**	**74 938**
Total	**130 657**	**185 985**	**237 610**	**131 201**	**185 382**	**236 046**	**128 173**	**183 496**	**235 733**
of which subordinated		200	200						
of which listed	124 957	176 581	230 209						

* The fair value of held-to-maturity investments amounted to SEK 14 728m (89 455). Carrying amount is below or corresponds with nominal amount for all securities.

P22 Shares and participating interests

	Carrying amount			Cost		
	2010	2009	1/1/2009	2010	2009	1/1/2009
Valuation category, fair value through profit or loss						
Trading						
Trading stock	5 198	5 055	3 826	5 064	5 156	3 965
For protection of claims	2	103	186	2	103	186
Other						
Credit institutions	24	25	79	25	27	35
Other shares	31			33		
Total	**5 255**	**5 183**	**4 091**	**5 124**	**5 286**	**4 186**
Valuation category, available for sale						
Condominiums	28	28	28	28	28	28
Other	23	16	13	23	16	13
Total	**51**	**44**	**41**	**51**	**44**	**41**
Total	**5 306**	**5 227**	**4 132**	**5 175**	**5 330**	**4 227**
of which unlisted	53	147	227			

Unlisted holdings are valued at their last transaction price. Holdings in the valuation category available for sale have been estimated at acquisition cost, since a more reliable fair value is not considered to be available.

P23 Investments in associates

Fixed assets	2010	2009	1/1/2009
Credit institutions	1 130	1 248	1 248
Other associates	38	23	18
Total	**1 168**	**1 271**	**1 266**
Opening balance	**1 271**	**1 266**	
Additions during the year	15	6	
Disposals during the year	–118	–1	
Closing balance	**1 168**	**1 271**	

2010 Corporate identity, domicile	Corporate identity number	Number	Carrying amount	Cost	Share of capital, %
Credit institutions					
EnterCard Holding AB, Stockholm	556673–0585	3 000	420	420	50.00
Färs & Frosta Sparbank AB, Lund	516401–0091	1 478 700	257	257	30.00
Sparbanken Rekarne AB, Eskilstuna	516401–9928	865 000	125	125	50.00
Swedbank Sjuhärad AB, Borås	516401–9852	950 000	287	287	47.50
Vimmerby Sparbank AB, Vimmerby	516401–0174	340 000	41	41	40.00
Total			**1 130**	**1 130**	
Other associates					
Bankernas Automatbolag AB, Stockholm	556817–9716	15 000 000	15	15	20.00
BDB Bankernas Depå AB, Stockholm	556695–3567	13 000	3	7	20.00
BGC Holding AB, Stockholm	556607–0933	29 177	11	11	29.18
Finansiell ID–Teknik BID AB, Stockholm	556630–4928	12 735	4	23	28.30
Rosengård Invest AB, Malmö	556756–0528	2 500	5	5	25.00
Upplysningscentralen, Stockholm	556137–5113	2 000	0	0	20.00
Total			**38**	**61**	
Total			**1 168**	**1 191**	

P24 Investments in Group entities

Fixed assets	2010	2009	1/1/2009
Swedish credit institutions	14 898	14 898	14 898
Foreign credit institutions	26 014	25 633	24 499
Other entities	7 921	3 961	3 982
Total	**48 833**	**44 492**	**43 379**
Opening balance	**44 492**	**43 379**	
Additions during the year	5 082	6 990	
Impairments during the year	–741	–5 828	
Disposals during the year		–49	
Closing balance	**48 833**	**44 492**	

2010 Corporate name, domicile	Corporate identity number	Number	Carrying amount	Cost	Share of capital, %
Swedish credit institutions					
Swedbank Finans AB, Stockholm	556131–3395	345 000	415	415	100
Swedbank Företagskredit AB, Stockholm	556204–2340	200 000	20	120	100
Swedbank Hypotek AB, Stockholm	556003–3283	23 000 000	14 328	14 328	100
Ölands Bank AB, Borgholm	516401–0034	780 000	135	135	60
Total			**14 898**	**14 998**	
Foreign credit institutions					
Swedbank AS, Tallinn	10060701	943 232 436	22 919	22 919	100
First Securities AS, Oslo	980645487	1 560 021	934	1 000	100
OAO Swedbank, Moskva	1027739131529	28 000 000	969	1 460	100
JSC Swedbank, Kiev	19356840	544 091 614 703	1 080	9 858	100
Swedbank First Securities LLC, New York	20–416–7414	67	18	37	67
Swedbank (Luxembourg) S.A., Luxemburg	302018–5066	299 999	94	138	100
Total			**26 014**	**35 412**	
Other entities					
Ektornet AB, Stockholm	556788–7152	5 000 000	1 433	1 655	100
FR & R Invest, Stockholm	556815–9718	10 000 000	10	10	100
FRiR RUS OOO, Moskva	11107746962377	1	166	166	100
OOO Leasing, Moskva	1047796412531	2	139	139	100
Mandab AB, Stockholm	556318–3119	500	5	230	100
Sparia Försäkrings AB, Stockholm	516401–8631	30 000	555	595	100
Swedbank Administration AB, Stockholm	556284–5387	10 000	6	6	100
Swedbank BABS Holding AB, Stockholm	556691–3579	1 000	55	55	100
Swedbank Fastighetsbyrå AB, Stockholm	556090–2115	130 000	5	5	100
Swedbank Företagsförmedling AB, Stockholm	556184–2120	20 000	2	6	100
Swedbank Försäkring AB, Stockholm	516401–8292	150 000	2 346	2 346	100
Swedbank Juristbyrå AB, Stockholm	556576–8891	5 000	1	9	100
Swedbank Robur AB, Stockholm	556110–3895	10 000 000	3 197	3 197	100
Other			1	20	100
Total			**7 921**	**8 439**	
Total			**48 833**	**58 849**	

The share of the voting rights in each entity corresponds to the share of its equity. All entities are unlisted.

P25 Derivatives

Principles and managing of derivatives in the parent company are the same as the Group's, which is shown in note G29.

	Nominal amount/ remaining contractual maturity			Nominal amount			Positive fair value			Negative fair value		
	< 1 yr.	1-5 yrs.	> 5 yrs.	2010	2009	1/1/2009	2010	2009	1/1/2009	2010	2009	1/1/2009
Derivatives in hedge accounting												
Fair value hedges												
Interest-rate-related												
Swaps	58 408	66 188	5 072	129 667	110 602	72 866	2 938	3 910	2 798			
Currency-related												
Swaps	4 746	17 619	1 340	23 704	24 385	1 558	2 048	351	429		790	
Total	**63 154**	**83 806**	**6 411**	**153 371**	**134 987**	**74 424**	**4 986**	**4 261**	**3 228**		**790**	
Cash flow hedges												
Interest-rate-related												
Swaps	2 849	6 527		9 376	18 801	26 577				328	798	902
Total	**2 849**	**6 527**		**9 376**	**18 801**	**26 577**				**328**	**798**	**902**
Hedges of net investment in foreign operations												
Currency-related												
Swaps	915			915		993	6		186			
Total	**915**			**915**		**993**	**6**		**186**			
Other derivatives												
Interest-rate-related contracts												
Options held	974 037	298 299	48 882	1 321 217	828 079	160 428	1 279	1 034	868	1 264	776	466
Forward contracts	4 321 591	1 314 533		5 636 124	5 186 013	5 982 882	4 062	6 252	20 445	3 849	5 946	21 245
Swaps	704 498	1 456 005	459 583	2 620 086	2 569 878	2 784 088	38 471	54 115	66 568	40 239	54 931	65 029
Currency-related contracts												
Options held	37 670	44		37 715	33 436	12 026	393	275	247	352	398	205
Forward contracts	926 060	7 407	7	933 474	745 865	782 658	10 304	9 118	37 737	12 091	13 283	39 047
Swaps	41 780	236 049	104 716	382 545	348 565	252 720	20 478	5 602	10 447	15 072	7 330	18 252
Equity-related contracts												
Options held	41 441	9 571	45 605	96 618	169 318	75 414	2 234	3 155	3 746	1 650	1 574	1 005
Forward contracts	481	3		483	296	431	3	4	27	10	12	4
Swaps	259	13	7 478	7 750			1 005			679		
Total	**7 047 816**	**3 321 923**	**666 272**	**11 036 011**	**9 881 450**	**10 050 647**	**78 229**	**79 555**	**140 084**	**75 207**	**84 250**	**145 253**
Total	**7 114 734**	**3 412 257**	**672 683**	**11 199 674**	**10 035 238**	**10 152 641**	**83 220**	**83 816**	**143 498**	**75 534**	**85 838**	**146 155**
of which cleared				236 119	2 133 210	165 548	2 979	3 804	10 470	3 589	4 108	9 650

Maturity distribution regarding future hedged cash flows in cash flow hedge accounting

	< 1 yr.	1-3 yrs.	3-5 yrs.
Negative cash flows (liabilities)	23	56	74

Future cash flows above, expressed in SEKm, are exposured to variablity attibutable to changed interest rates and/or changed currency rates.

These future cash flows are hedged with derivatives, recognised as cash flow hedges, with opposite cash flows that eliminate the variability.

Comparing figures have been adjusted according to description in the Group's accounting policies, which is shown in Changes in accounting policies page 56.

Adjustment	Nominal amount 2009			Positive fair value 2009			Negative fair value 2009		
	Before adjustment	Adjustment	After adjustment	Before adjustment	Adjustment	After adjustment	Before adjustment	Adjustment	After adjustment
Interest-rate-related contracts within Fair value hedges									
Swaps	20 712	89 890	110 602	1 402	2 508	3 910			
Currency-related contracts within Fair value hedges									
Swaps	1 053	23 332	24 385	62	289	351		790	790
Interest-rate-related contracts within Other derivatives									
Swaps	2 659 768	−89 890	2 569 878	56 623	−2 508	54 115			
Currency-related contracts within Other derivatives									
Swaps	371 897	−23 332	348 565	5 891	−289	5 602	8 120	−790	7 330

P26 Intangible fixed assets

	2010				2009			
	Goodwill	Customer base	Other	Total	Goodwill	Customer base	Other	Total
Cost, opening balance	**2 202**	**41**	**324**	**2 567**	**2 202**	**41**	**314**	**2 557**
Additions through separate acquisitions			7	7			11	11
Sales and disposals							–3	–3
Exchange rate differences			–3	–3			2	2
Cost, closing balance	**2 202**	**41**	**328**	**2 571**	**2 202**	**41**	**324**	**2 567**
Amortisation, opening balance	**–1 389**	**–19**	**–125**	**–1 533**	**–1 266**	**–13**	**–92**	**–1 371**
Amortisation for the year	–123	–6	–28	–157	–123	–6	–29	–158
Exchange rate differences			1	1			–4	–4
Amortisation, closing balance	**–1 512**	**–25**	**–152**	**–1 689**	**–1 389**	**–19**	**–125**	**–1 533**
Carrying amount	**690**	**16**	**176**	**882**	**813**	**22**	**199**	**1 034**

Goodwill is amortised over an estimated useful life of 5 to 20 years. For other intangible assets with a finite useful life, the amortisable amount is divided systematically over the useful life. Systematic amortisation refers to both straight–line and increasing or decreasing amortisation. The original useful life is between 3 and 15 years. No need for impairment was found.

P27 Tangible assets

	2010				2009			
	Current assets	Fixed assets			Current assets	Fixed assets		
	Properties recognised as inventory	Equipment	Owner–occupied properties	Total	Properties recognised as inventory	Equipment	Owner–occupied properties	Total
Cost, opening balance	**5**	**2 443**	**24**	**2 472**		**2 486**	**24**	**2 510**
Additions	1	121		122	5	181		186
Sales and disposals	–5	–77		–82		–223		–223
Exchange rate differences		–1		–1		–1		–1
Cost, closing balance	**1**	**2 486**	**24**	**2 511**	**5**	**2 443**	**24**	**2 472**
Amortisation, opening balance		**–1 932**	**–10**	**–1 942**		**–1 942**	**–10**	**–1 952**
Amortisation for the year		–192	–1	–193		–200	–1	–201
Sales and disposals		75		75		211		211
Exchange rate differences		–1		–1		–1	1	
Amortisation, closing balance		**–2 050**	**–11**	**–2 061**		**–1 932**	**–10**	**–1 942**
Impairments, opening balance	**2**			**2**				
Impairments for the year					2			2
Sales and disposals	–2			–2				
Impairments, closing balance					**2**			**2**
Carrying amount	**1**	**436**	**13**	**450**	**3**	**511**	**14**	**528**

The useful life of the equipment is deemed to be five years on average and its residual value is deemed to be zero as in previous years. The depreciable amount is recognized on a straight–line basis in profit or loss during the useful life. No indications of impairment were identified on the balance sheet date. Individual structural components concerning owneroccupied properties are depreciated during the useful life. The residual value is deemed to be zero. Land is deemed to have an indefinite useful life and therefore is not depreciated.

P28 Other assets

	2010	2009	1/1/2009
Security settlement claims *	87	3 928	7 259
Group contributions	3 427	1 265	830
Other	4 049	725	1 904
Total	**7 563**	**5 918**	**9 993**
Gross, security settlement claims	2 693	5 995	9 103

* Recognised in the balance sheet according to current netting rules.

P29 Prepaid expenses and accrued income

	2010	2009	1/1/2009
Accrued interest income	7 063	9 788	13 346
Other	1 142	1 250	1 851
Total	**8 205**	**11 038**	**15 197**

P30 Amounts owned to credit institutions

	2010	2009	1/1/2009
Valuation category, loans and receivables			
Swedish banks	99 708	131 200	191 032
Swedish credit institutions	39 906	102 459	116 013
Foreign banks	31 282	87 311	92 048
Foreign credit institutions	51	660	303
Total	**170 947**	**321 630**	**399 396**
Valuation category, fair value through profit or loss			
Trading			
Swedish banks, repurchase agreements	2 677	5 730	8 624
Swedish credit institutions, repurchased agreements	5 630	1 335	
Foreign banks, repurchase agreements	11 456	11 180	17 264
Total	**19 763**	**18 245**	**25 888**
Total	**190 710**	**339 875**	**425 284**

P31 Deposits and borrowings from the public

	2010	2009	1/1/2009
Valuation category, other financial liabilities			
Deposits from Swedish public	396 310	357 213	325 682
Deposits from foreign public	13 186	10 568	8 292
Total	**409 496**	**367 781**	**333 974**
Valuation category, fair value through profit or loss			
Trading			
Deposits from Swedish public, repurchase agreements	17 146	7 689	30 939
Other *			
Deposits from Swedish public	11 228	18 584	28 166
Total	**28 374**	**26 273**	**59 105**
Total	**437 870**	**394 054**	**393 079**
* nominal amount amounts to	11 269	18 332	27 794

P32 Debt securities in issue

	2010	2009	1/1/2009
Valuation category, other financial liabilities			
Commercial papers	11 532	62 780	16 170
Other interest-bearing bond loans *	190 149	211 734	139 107
Change in value due to hedge accounting at fair value *	224	1990	561
Total	**201 905**	**276 504**	**155 838**
Valuation category, fair value through profit or loss			
Trading			
Commercial papers	51 423	28 001	87 691
Other	20 491	36 424	34 522
Total	**71 914**	**64 425**	**122 213**
Total	**273 819**	**340 929**	**278 051**

Turnover of debt securities in issue is reported in note P2 Liquidity risks, page 131.

* Comparing figures have been adjusted according to description in the Group's accounting policies, which is shown in Changes in accounting policies page 56. For 2009 SEK 172 473m has been moved from Other interest-bearing bond loans within the Trading category. SEK 170 467m has been moved to Other interest-bearing bond loans and SEK 2 007m has been moved to Change in value due to hedge accounting at fair value within the category Other financial liabilities.

P33 Other liabilities

	2010	2009	1/1/2009
Security settlement liabilities *	3 341	470	4 956
Unregistered shares			3 009
Group liabilities	1 093	1 098	1 681
Short position in shares	183	192	112
of which own issued shares	62	48	30
Short position in interest-bearing securities	33 996	40 218	53 060
of which own issued interest-bearing securities	1 106	4 292	10 372
Other	5 017	8 453	8 629
Total	**43 630**	**50 431**	**71 447**
Gross, security settlement liabilities	5 947	2 537	6 800

* Recognised in the balance sheet according to current netting rules.

P34 Accrued expenses and prepaid income

	2010	2009	1/1/2009
Accrued interest expenses	3 306	3 876	5 261
Other	1 341	1 184	1 973
Total	**4 647**	**5 060**	**7 234**

P35 Provisions

	2010	2009	1/1/2009
Provisions for pensions	1	2	3
Provisions for guaranties	143	702	68
Other	62	68	64
Total	**206**	**772**	**135**

P36 Subordinated liabilities

	2010	2009	1/1/2009
Valuation category, other financial liabilities			
Subordinated loans	17 747	22 803	27 248
Change in the value due to hedge accounting at fair value	567	885	904
Total subordinated loans	**18 314**	**23 688**	**28 152**
Undated subordinated loans	8 940	12 877	13 471
of which Tier 1 capital contribution	6 915	9 218	9 709
Change in the value due to hedge accounting at fair value	407	586	1 054
Total undated subordinated loans	**9 347**	**13 463**	**14 525**
Total	**27 661**	**37 151**	**42 677**

Specification of subordinated liabilities

Fixed-term subordinated loans

Maturity	Right to prepayment for Swedbank AB	Currency	Nominal amount, million	Carrying amount, SEKm	Coupon interest, %
1989/2019		SEK	111	133	11.00
2006/2016	2011	SEK	685	685	variable
2006/2016	2011	SEK	89	90	4.23
2006/2016	2011	SEK	1890	1 890	variable
2006/2016	2011	SEK	600	600	variable
2006/2016	2011	GBP	120	1 279	5.25
2006/2016	2011	USD	75	507	variable
2006/2016	2011	EUR	136	1294	variable
2007/2017	2012	SEK	725	753	5.9
2007/2017	2012	SEK	374	374	variable
2007/2017	2012	USD	400	2 704	variable
2007/2017	2012	EUR	382	3 730	5.57
2007/2017	2012	NOK	156	187	5.36
2008/2018	2013	EUR	400	4 088	7.38
Total				**18 314**	

Undated subordinated loans

Maturity	Right to prepayment for Swedbank AB	Currency	Nominal amount, million	Carrying amount, SEKm	Coupon interest, %
1996/undated	2011	JPY	10 000	844	4.35
1997/undated	2012	USD	50	364	8.01
1997/undated	2012	USD	105	780	7.50
1998/undated	2028	JPY	5 000	444	5.00
Total				**2 432**	

Undated subordinated loans approved by the Financial Supervisory Authority as tier 1 capital contribution

Maturity	Right to prepayment for Swedbank AB	Currency	Nominal amount, million	Carrying amount, SEKm	Coupon interest. %
2004/undated	2016	GBP	200	2 270	5.75
2005/2035 *	2015	JPY	14 000	1 110	4.00
2007/undated	2017	SEK	2 000	2 145	6.67
2008/undated	2018	SEK	873	855	8.28
2008/undated	2013	SEK	536	535	variable
Total				**6 915**	

* Interest in USD.

Certain subordinated loans are used as hedging instruments to hedge the net investment in foreign operations. The currency component of these liabilities is recognised at cost.

P37 Untaxed reserves

	Accumulated accelerated depreciation	Tax allocation reserve	Total
Opening balance 2009	**100**	**5 755**	**5 855**
Reversal	–15	–5 024	–5 039
Closing balance 2009	**85**	**731**	**816**
Opening balance 2010	**85**	**731**	**816**
Reversal	–10		–10
Closing balance 2010	**74**	**731**	**805**

Tax allocation reserve	2010	2009	1/1/2009
Allocation 2004			3 000
Allocation 2007			2 024
Allocation 2008	731	731	731
Total	**731**	**731**	**5 755**

P38 Equity

	2010	2009	1/1/2009
Restricted equity			
Share capital, common shares	19 999	19 739	10 823
Share capital, preference shares	4 352	4 612	4 095
Statutory reserve	6 489	6 489	6 489
Total	**30 840**	**30 840**	**21 407**
Non-restricted equity			
Cash flow hedges	–306	–743	–930
Share premium reserve	13 083	13 083	4 871
Retained earnings	22 142	15 038	15 876
Total	**34 919**	**27 378**	**19 817**
Total equity	**65 759**	**58 218**	**41 224**

Changes in equity for the period and the distribution according to IFRS are indicated in the statement of changes in equity. In the Parent Company, unregistered shares are recognised as a liability according to FFFS 2008:25. In connection with the issuance of preference shares in 2008, SEK 3 009m was debited through settlement notices. These funds were paid in cash on 7 January, three business days after the settlement date, an registered on 19 January 2009.

P39 Fair value of financial instruments

Carrying amounts and fair values of financial instruments
A comparison between the carrying amount and fair value of the parent company's financial assets and financial liabilities according to the definition in IAS 39 is presented below.

Determination of fair values of financial instruments
When the parent company determines fair value for financial instruments different methods are used depending on the grade of observable market data. The methods are divided in three different levels. Fair value for financial instruments that are classified to level 1 is determined based on quoted market prices on an active market. Fair value for financial instruments that are classified as level 2 is determined based on observable market data. When interest-related and currency-related derivatives, lending and deposits are measured at fair value future cash flows from the financial instruments are discounted. Used interest yield in the discounting is based on observable market data, i.e. derived from quoted market rates for each maturity in which the cash flows will be received or paid. The measurement of options is done according to generally accepted valuation models, such as Black & Scholes. The models are updated with for the measurement observable market data for, among other things, interest rates, currency rates, credit risks, volatilities, correlations and market liquidity. Fair value for financial instruments that are classified as level 3 is also determined mainly based on observable market data, but there are inputs from own assumptions that are viewed as significant for the measurement.

For variable-rate lending and deposits, the carrying amount is assessed to coincide with the fair value. The carrying amounts and fair values coincide for the most part because of the large share of financial instruments recognised at fair value.

	2010			2009			1/1/2009		
Assets	**Fair value**	**Carrying amount**	**Difference**	**Fair value**	**Carrying amount**	**Difference**	**Fair value**	**Carrying amount**	**Difference**
Financial assets covered by IAS 39									
Treasury bills etc.	25 539	25 539		76 866	76 866		24 056	24 056	
of which fair value through profit or loss	25 539	25 539		76 866	76 866		24 056	24 056	
Loans to credit institutions	478 941	478 941		464 458	464 458		522 327	522 327	
of which loans receivables	391 469	391 469		400 666	400 666		388 464	388 464	
of which fair value through profit or loss	87 472	87 472		63 792	63 792		133 863	133 863	
Loans to the public	324 662	324 662		413 350	413 350		397 515	397 515	
of which loan receivables	218 907	218 907		274 200	274 200		340 037	340 037	
of which fair value through profit or loss	105 755	105 755		139 150	139 150		57 478	57 478	
Bonds and interest-bearing securities	130 598	130 657	-59	186 302	185 985	317	238 847	237 610	1 237
of which fair value through profit or loss	115 870	115 870		96 847	96 847		162 925	162 925	
of which investments held to maturity	14 728	14 787	-59	89 455	89 138	317	75 922	74 685	1 237
Shares and participating interest	5 306	5 306		5 227	5 227		4 132	4 132	
of which fair value through profit or loss	5 255	5 255		5 183	5 183		4 091	4 091	
of which available for sale	51	51		44	44		41	41	
Derivatives	80 325	80 325		80 438	80 438		133 982	133 982	
Other financial assets	19 328	19 328		34 944	34 944		33 958	33 958	
Total	**1 064 699**	**1 064 758**	**-59**	**1 261 585**	**1 261 268**	**317**	**1 354 817**	**1 353 580**	**1 237**
Investment in associates	**1 168**	**1 168**		**1 271**	**1 271**		**1 266**	**1 266**	
Investment in subsidiaries	**48 833**	**48 833**		**44 492**	**44 492**		**43 379**	**43 379**	
Non-financial assets	**3 745**	**3 745**		**3 826**	**3 826**		**3 595**	**3 595**	
Total	**1 118 445**	**1 118 504**	**-59**	**1 311 174**	**1 310 857**	**317**	**1 403 057**	**1 401 820**	**1 237**

	2010			2009			1/1/2009		
Liabilities	**Fair value**	**Carrying amount**	**Difference**	**Fair value**	**Carrying amount**	**Difference**	**Fair value**	**Carrying amount**	**Difference**
Financial liabilities covered by IAS 39									
Amounts owed to credit institutions	190 710	190 710		339 875	339 875		425 284	425 284	
of which other financial liabilities	170 947	170 947		321 630	321 630		399 396	399 396	
of which fair value through profit or loss	19 763	19 763		18 245	18 245		25 888	25 888	
Deposits and borrowings from the public	437 870	437 870		394 054	394 054		393 079	393 079	
of which other financial liabilities	409 496	409 496		367 781	367 781		333 974	333 974	
of which fair value through profit or loss	28 374	28 374		26 273	26 273		59 105	59 105	
Debt securities in issue	274 989	273 819	1 170	340 929	340 929		277 885	278 051	-166
of which other financial liabilities	203 075	201 905	1 170	276 504	276 504		155 672	155 838	-166
of which fair value through profit or loss	71 914	71 914		64 425	64 425		122 213	122 213	
Subordinated liabilities	26 290	27 661	-1 371	37 151	37 151		44 924	42 677	2 247
of which other financial liabilities	26 290	27 661	-1 371	37 151	37 151		44 924	42 677	2 247
Derivatives	72 639	72 639		82 460	82 460		136 639	136 639	
Short position in Securities	34 179	34 179		40 410	40 410		53 172	53 172	
of which fair value through profit or loss	34 179	34 179		40 410	40 410		53 172	53 172	
Other financial liabilities	13 514	13 514		14 988	14 988		23 539	23 539	
Total	**1 050 191**	**1 050 392**	**-201**	**1 249 867**	**1 249 867**		**1 354 522**	**1 352 441**	**2 081**
Non-financial liabilities	**2 353**	**2 353**		**2 772**	**2 772**		**8 155**	**8 155**	
Total	**1 052 544**	**1 052 745**	**-201**	**1 252 639**	**1 252 639**		**1 362 677**	**1 360 596**	**2 081**

Financial instruments that are recognised at fair value

Following tables describe fair values divided on the three different valuation levels for financial instruments that are recognised at fair value.

Level 1 contains primarily stocks, bonds, treasury bills, commercial paper and standardised derivatives, where the quoted price is used in the valuation. Securities in issue that are traded on an active market are included in this category as well.

Level 2 contains primarily less liquid bonds, loans to the public, deposits and derivatives measured on the basis of observable prices. For less liquid bond holdings, an adjustment is made for the credit spread based on observable market inputs such as the market for credit derivatives. For loans to the public where there are no observable market inputs for credit margins at the time of measurement, the credit margin of the last transaction executed with the same counterparty is used. Securities in issue that are not quoted but measured according to quoted prices for similar quoted bonds are also included in Level 2.

Level 3 contains primarily corporate bonds and securities in issue. For corporate bonds where there is no observable quote for the credit spread in question, a reasonable assumption is used, such as a comparison with similar counterparties where there is an observable quote for the credit spread. An increase in the assumed credit spread with 10 bp would lead to a negative impact with SEK 1m.

When valuation models are used to determine fair value for financial instrument in level 3 the consideration that has been paid or received is assessed to be the best evidence of fair value at initial recognition. Because it is possible that a difference could arise between this consideration and the fair value calculated at that time in the valuation model, so called day 1– profit or loss, the parent company adjusts the valuation models to avoid such differences.

As of year–end there were no cumulative differences not recognised through profit or loss.

The table shows financial instruments measured at fair value as per 31 December 2010 distributed by valuation method.

	2010				2009			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Treasury bills and other bills eligible for refinancing with central banks, etc	25 539			25 539	76 866			76 866
Loans to credit institutions		87 472		87 472		63 792		63 792
Loans to the public		105 755		105 755		139 150		139 150
Bonds and interest–bearing securities	92 244	22 935	691	115 870	72 502	23 684	661	96 847
Shares and participating interest	5 135	120		5 255	5 055	128		5 183
Derivatives	2 997	77 328		80 325	3 850	76 579	9	80 438
Total	**125 915**	**293 610**	**691**	**420 216**	**158 273**	**303 333**	**670**	**462 276**
Liabilities								
Amounts owed to credit institutions		19 763		19 763		18 245		18 245
Deposits and borrowings from the public		28 374		28 374		26 273		26 273
Debt securities in issue		71 914		71 914		64 425		64 425
Derivatives	3 615	69 015	9	72 639	4 118	78 301	41	82 460
Short Position in Securities	34 162	17		34 179	40 410			40 410
Total	**37 777**	**189 083**	**9**	**226 869**	**44 528**	**187 244**	**41**	**231 813**

	2010		2009	
	Assets	Liabilities	Assets	Liabilities
Opening balance	**670**	**41**	**664**	**2**
Purchase for the year	37		6	
Issued				32
Sales/maturities during the year	–14			
Transferred from Level 3	–48	–75		
Gains or loss	46	43		7
of which in profit or loss	46	43		7
Closing balance	**691**	**9**	**670**	**41**
Total recognised result in Net gains and losses on financial items at fair value	46	43		7
of which financial instruments held on closing day	15	7		7

Comparing figures have been adjusted according to description in the Group's accounting policies, which is shown in Changes in accounting policies page 56.

Adjustment	Liablilites 2009		
	Before adjustment	Adjustment	After adjustment
Opening balance	**60 845**	**–60 843**	**2**
Issued	82 868	–82 836	32
Gains or loss	–1 240	1 247	7
of which profit or loss	–1 240	1 247	7
Closing balance	**142 474**	**–142 433**	**41**
Total recognised result in Net gains and losses on financial items at fair value	–1 240	1 247	7
of which financial instruments held on closing day	–1 240	1 247	7

P40 Reclassification of financial assets

Swedbank chose as of 1 July 2008 to reclassify certain interest–bearing securities which, owing to extraordinary market conditions, had become illiquid. Market conditions at the time were distinguished by extreme turbulence, a shortage of liquidity and a lack of quoted prices on active markets. The holdings listed in the table below were reclassified from Trading to the category Held to Maturity since the instruments are no longer held for trading purposes. Instead, management intends and is able to hold them to maturity. Financial instruments in the category Trading are recognised at fair value with changes in value recognised through profit or loss. Financial instruments in the category Held to Maturity are recognised at amortised cost less impairments. No impairments were needed as of 31 December 2010, which means that all contractual cash flows are expected to be received. Of the holdings listed below, Residential Mortgage Backed Securities (RMBS) and Commercial Mortgage Backed Securities (CMBS) account for 80 per cent of the exposure, while the remaining 20 per cent consists of a bond issued by companies controlled by the U.S. government.

	2010	2009	2008	30/6/2008	2007
Carrying amount	4 287	7 203	8 138	7 376	7 563
Nominal amount	4 332	7 306	8 328	7 558	7 618
Fair value	4 140	6 872	7 988	7 376	7 563
Gains/loss recognised through profit or loss				–187	–56
Gains/loss that would be recognised through profit or loss if the assets were not reclassified	–147	–332	–150	–187	–56
Effective interest rate on day of reclassification, %				5.62	
Recognised interest income after reclassification	70	185	160		

The decrease in the value of the first half year of 2008 amounted to SEK 187m and the decrease in the value of the secound half year of 2008 amounted to SEK 150m.

Nominal amounts and carrying amounts are affected by changes in exchange rates. Carrying amounts are also affected by the allocations of discounts in accordance with the effective interest method.

P41 Specification of adjustments for non-cash items in operating activities

	2010	2009
Amortised origination fees	216	174
Unrealised changes in value/currency changes	1 293	158
Capital gains/losses on sales of subsidiaries and associates	–22	–15
Capital gains/losses on property and equipment	–7	–433
Depreciation and impairment of tangible fixed assets	193	201
Amortisation and impairment of financial fixed assets	394	7 114
Amortisation and impairment of goodwill and other intangible fixed assets	157	158
Credit impairment	149	2 599
Dividend Group entities *	–3 427	–1 217
Prepaid expenses and accrued income	2 833	4 160
Accrued expenses and prepaid income	–415	–2 176
Other	–6	4
Total	**1 358**	**10 728**

* Refers to the net between the unpaid dividend recognised as income during the financial year and the dividend paid this year for the previous financial year.

P42 Assets pledged, contingent liabilities and commitments

Assets Pledged

Assets pledged for own liabilities	2010	2009	1/1/2009
Government securities and bonds pledged with the Riksbank	17 749	137 998	227 405
Government securities and bonds pledged with foreign central banks	11 539	25 403	12 105
Government securities and bonds pledged for liabilities credit institutions	19 874	12 148	25 343
Government securities and bonds pledged for deposits from the public	17 146	7 689	31 034
Government securities and bonds pledged for derivatives			425
Cash	12 038	9 065	7 847
Total	**78 346**	**192 303**	**304 160**

The carrying amount of liabilities for which assets are pledged amounted to SEK 78 346m (192 303) in 2010.

Other assets pledged	2010	2009	1/1/2009
Security loans	521	593	347
Government securities and bonds pledged for other commitments	1 897	1 737	2 838
Cash	171	185	164
Total	**2 589**	**2 515**	**3 350**

Collateral is pledged in the form of government securities or bonds to central banks in order to execute transactions with the central banks. In so-called genuine repurchase transactions, where the parent company sells a security and at the same time agrees to repurchase it, the sold security remains on the balance sheet. The carrying amount of the security is also recognised as a pledged asset. In principle, the parent company cannot dispose of pledged collateral. Generally, the assets are also separated on behalf of the beneficiaries in the event of the parent company's insolvency.

Contingent liabilities

Nominal amount	2010	2009	1/1/2009
Loan guarantees	440 288	387 025	11 361
Other guarantees	15 308	19 082	22 740
Accepted and endorsed notes	171	227	235
Letters of credit granted but not utilised	1 492	1 616	2 213
Other contingent liabilities	62	96	314
Total	**457 321**	**408 045**	**36 862**
Provision for anticipated credit impairments	–143	–702	–68

Commitments

Nominal amount	2010	2009	1/1/2009
Loans granted but not paid	90 331	92 346	85 719
Overdraft facilities granted but not utilised	56 886	59 180	71 606
Total	**147 217**	**151 526**	**157 325**

The nominal amount of interest-, equity- and currency related contracts are shown in note P25 Derivatives.

P43 Operational leasing

The agreements relate mainly to premises in which the parent company is the lessee. The terms of the agreements comply with customary practices and include clauses on inflation and property tax. The combined amount of future minimum lease payments that relate to non-cancellable agreements is allocated on the due dates as follows.

2010	Expenses	Income subleasing	Total
2011	653	59	594
2012	500	46	454
2013	406	38	368
2014	227	21	206
2015	189	18	171
2016	79		79
2017	80		80
2018	80		80
2019	77		77
2020 or later	9		9
Total	**2 300**	**182**	**2 118**

2009	Expenses	Income subleasing	Total
2010	641	57	584
2011	491	44	447
2012	401	37	364
2013	222	21	201
2014	184	17	167
2015	76		76
2016	76		76
2017	76		76
2018	73		73
2019 or later	68		68
Total	**2 308**	**176**	**2 132**

P44 Related parties and other significant relationships

	Subsidiaries		Associates	
	2010	**2009**	**2010**	**2009**
Assets				
Loans to credit institutions	319 267	377 862	8 497	7 778
Loans to the public	12 790	16 842	1 466	1 357
Bonds and other interest-bearing securities	38 122	109 985	200	200
Derivatives	15 743	8 176		
Other assets	3 488	9 260	6	24
Prepaid expenses and accrued income	5 869	487		9
Total assets	**395 279**	**522 612**	**10 169**	**9 368**
Liabilities				
Amount owed to credit institutions	58 647	114 799	3 054	3 951
Deposits and borrowing from the public	6 743	3 442	30	
Derivatives	6 967	10 454		
Other liabilities	1 522	1 594		
Accrued expenses and prepaid income	4			
Total liabilities	**73 883**	**130 289**	**3 085**	**3 951**
Contingent liabilities				
Guarantees	435 452	381 982	123 500	93 500
Derivatives, nominal amount	479 997	152 812		
Income and expenses				
Interest income	8 262	13 075	73	15
Interest expenses	3 306	2 285	52	13
Dividends received	2 379	53	42	44
Commission income	853	700	10	
Commission expenses	232	525		
Other income	323	286	186	201
Other general administrative expenses	23	19		29

Signatures of the Board of Directors and the President

The Board of Directors and the President hereby affirm that the annual report has been prepared in accordance with the Act on Annual Accounts in Credit Institutions and Securities Companies (ÅRKL), the instructions and general guidelines of the Swedish Financial Supervisory Authority (FFFS 2008:25) and the Swedish Financial Accounting Standards Council's recommendation RFR 2 Accounting for Legal Entities, and provides an accurate portrayal of the Parent Company's position and earnings and that the Board of Directors' Report provides an accurate review of trends in the company's operations, position and earnings, as well as describes significant risks and instability factors faced by the company.

The Board of Directors and the President hereby affirm that the consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and provide an accurate portrayal of the Group's position and earnings and that the Board of Directors' report for the Group provides an accurate review of trends in the Group's operations, position and earnings, as well as describes significant risks and instability factors faced by the company.

Stockholm 22 February 2011

Lars Idermark
Chair

Anders Sundström
Vice Chair

Ulrika Francke

Göran Hedman

Berith Hägglund-Marcus

Anders Igel

Helle Kruse Nielsen

Pia Rudengren

Karl-Henrik Sundström

Siv Svensson

Kristina Janson
Employee representative

Jimmy Johnsson
Employee representative

Michael Wolf
President

Our auditors' report was submitted on 22 February 2011

Deloitte AB

Svante Forsberg
Authorised Public Accountant

Auditors' report

To the Annual General Meeting of Swedbank AB (publ).
Corporate registration number 502017-7753.

We have audited the annual report, the consolidated accounts, the accounting records and the administration of the Board of Directors and the President of Swedbank AB (publ) for the financial year 2010. The annual accounts and the consolidated accounts of the company are included in the printed version of this document on pages 18–152. The Board of Directors and the President are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act for Credit Institutions and Securities Companies when preparing the annual accounts and the application of the International Financial Reporting Standards (IFRS) as adopted by the EU and the Annual Accounts Act for Credit Institutions and Securities Companies when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

The audit was conducted in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the President and significant estimates made by the Board of Directors and the President when preparing the annual accounts and the consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company to be able to determine the liability, if any, to the company of any Board member or the President. We also examined whether any Board member or the President has, in any other way, acted in contravention of the Companies Act, Banking and Financing Business Act, the Annual Accounts Act for Credit Institutions and Securities Companies or the company's Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and the Annual Accounts Act for Credit Institutions and Securities Companies and give a true and fair view of the Group's financial position and results of operations. The statutory Board of Directors' report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the Annual General Meeting that the income statements and the balance sheets of the Parent Company and the Group be adopted, that the profit of the Parent Company be dealt with in accordance with the proposal in the Board of Directors' report and that the members of the Board of Directors and the President be discharged from liability for the fiscal year.

Auditors' report on the corporate governance statement

It is the Board of Directors and the President who are responsible for the corporate governance statement on pages 154–165 and that it has been prepared in accordance with the Annual Accounts Act.

As a basis for our opinion that the corporate governance statement has been prepared and is consistent with the other parts of the annual accounts and the consolidated accounts, we have read the corporate governance statement and assessed its statutory content based on our knowledge of the company.

A corporate governance statement has been prepared and its statutory content is consistent with the other parts of the annual accounts and the consolidated accounts.

Stockholm 22 February 2011

Deloitte AB

Svante Forsberg
Authorised Public Accountant

Corporate governance report

The purpose of Swedbank's corporate governance is to strenghtened profitability and ensure that the bank is governed with a focus on close customer relationships and advisory services. This is achieved through a decentralised business model where business decisions are made as close to the customer as possible. Corporate governance at Swedbank comprises carefully considered rules and principles on management, control and delegation of responsibility between the shareholders, the Board of Directors and the CEO. The goal is to maintain the trust of customers and the public, and to help the many households and businesses achieve a sound and sustainable financial situation.

Swedbank is a bank for the many. In other words, an inclusive rather than an exclusive bank whose core business offers a wide spectrum of financial products and services to individuals and businesses. Swedbank is firmly convinced that a traditional banking model focused on close customer relationships and advisory services best serves its purpose. Such advice is always based on customers' needs, not the bank's products.

The Swedbank Group has four geographical home markets – Sweden, Estonia, Latvia and Lithuania – in addition to operations in Finland, Norway, Denmark, the US, China, Luxembourg, Spain, Russia and Ukraine. Swedbank has over 9.6 million private customers and over 700 000 corporate customers and about 600 branches in Sweden (including the saavings banks) and over 220 branches in the Baltic countries.

Swedbank's shares have been listed on NASDAQ OMX Stockholm since 1995. As of 31 December 2010 there were 333 145 shareholders, the largest of which was an ownership group comprised of the insurance companies Folksam, KPA and Förenade Liv, with 9.3 per cent of the capital and votes. A total of 304 670 shareholders, or 91.5 per cent, had 1 000 shares or fewer. International shareholders owned 34.2 per cent of the shares. More information on shareholders and their holdings can be found on pages 47–49.

Corporate governance at Swedbank

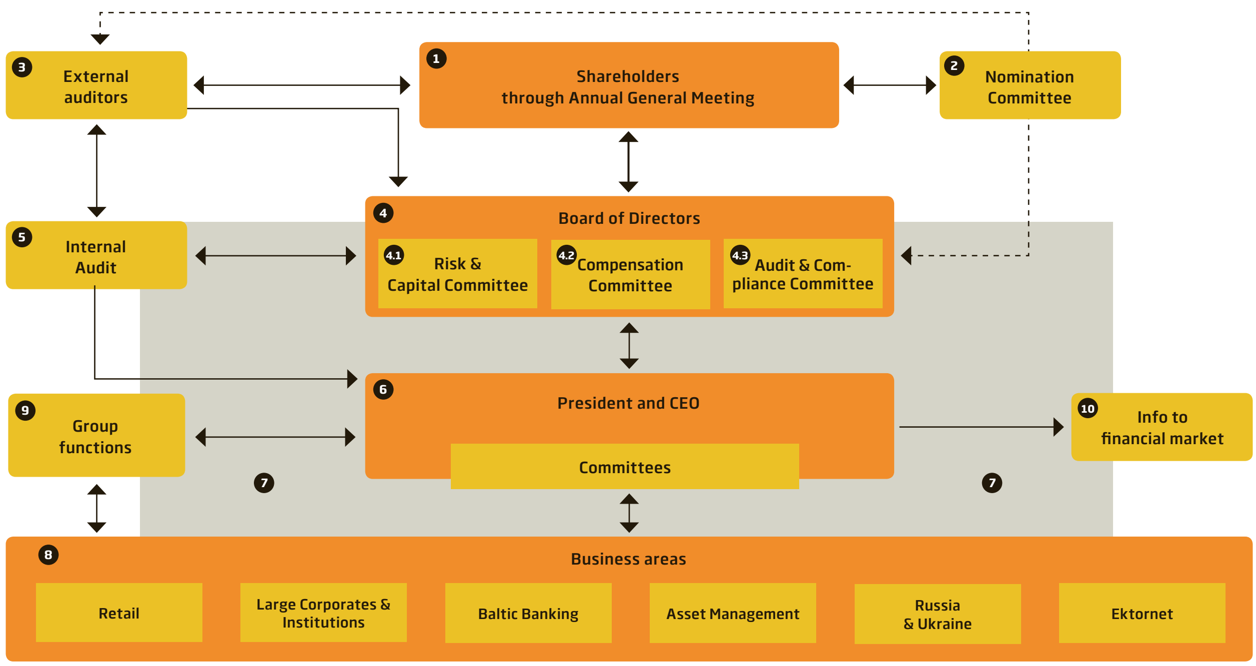
Good corporate governance is necessary in order to attain and retain public confidence in Swedbank. Its values – simplicity, openness and consideration – are the foundation for creating trust in the bank. These values are tied to the bank's purpose, goals and strategies, and provide guidance on how it is governed and how employees act on a day-to-day basis.

Corporate governance at Swedbank is based on current external regulations such as the Swedish Companies Act, the Annual Accounts Act and the Banking and Financing Business Act, the bank's Articles of Association, the Swedish Code of Corporate Governance ("the Code"), the Swedish financial supervisory authority's rules as well as internal policies and instructions. These specify the delegation of responsibility for governance, control and monitoring of operations between the shareholders, the Board of Directors and the CEO. The Board has established the principles of corporate governance, which are reviewed annually to ensure that they are appropriate, effective and compatible with the latest developments in this area. The Board and the CEO in turn govern operations through a clearly-defined governance model that includes a number of policies and instructions. Their purpose is to describe the delegation of responsibilities in order to create strong, intra-Group processes whose goal is to maintain the trust of customers and the public and to help many households and businesses attain a sound and sustainable financial situation.

The structure for corporate governance and governance philosophy comprises:

- Shareholders through the Annual General Meeting
- Board of Directors
- CEO
- Business areas
- Group functions such as independent risk control and compliance
- Internal Audit

See the illustration on the next page for a more detailed description.



1. Annual General Meeting
The shareholders of Swedbank exercise their influence at the Annual General Meeting (AGM), which is the bank's highest decision-making body. In addition, Extraordinary General Meetings can be called.

The AGM resolves, among other things, to:
- elect the Board of Directors and set their compensation,
- discharge the members of the Board and the CEO from responsibility,
- amend the Articles of Association
- elect the auditors
- adopt the income statement and balance sheet,
- dispose of the bank's profit or loss, and
- approve the compensation principles for the CEO and certain other senior executives by adopting the compensation guidelines for them.

2. Nomination Committee
The members of the Board, including the Chair and Auditors, are nominated through the Nomination Committee. The Nomination Committee, which represents the AGM, is comprised of the Chair of the Board and ordinarily the four largest shareholders.

3. External Auditor
The External Auditor is elected by the AGM and nominated by the Nomination Committee. The Auditor reviews Swedbank's annual report, corporate governance report and the administration of the Board and the CEO and prepares the Board of Directors' report. At the AGM, the Auditor presents the Auditor's report and describes the audit work.

4. Board of Directors
The Board of Directors is elected by the shareholders at the AGM for a mandate of one year. The Board has overarching responsibility for managing Swedbank's affairs in the interests of the company and all shareholders. The Board's tasks include setting operational goals and strategies, appointing and evaluating the CEO, and ensuring that effective systems are in place to monitor and control operations, that laws and regulations are followed, and that the information released to the public is distinguished by transparency and accuracy.

The overarching responsibility of the Board cannot be delegated. On the other hand, the Board has committees that monitor, prepare and evaluate issues within their respective areas for resolution by the Board.

4.1 RISK AND CAPITAL COMMITTEE
prepares issues involving market risk, credit risk, liquidity, funding and capital.

4.2 COMPENSATION COMMITTEE
prepares compensation issues and ensures, among other things, that compensation systems comply with effective risk management and do not encourage exaggerated risk-taking.

4.3 AUDIT AND COMPLIANCE COMMITTEE
gives the Board, through its work and in dialogue with the External Auditor, the head of Internal Audit and the Group Executive Committee, greater access to information on any deficiencies in routines and organisation from the standpoint of corporate governance, risk management and control.

5. Internal Audit
The Internal Auditor, directly subordinated to the Board, reviews and evaluates efficiency, governance, risk management and control in the Group. Internal Audit reports regularly to the Board, the Audit Committee, the CEO and the External Auditor, and takes preventive measures by suggesting improvements to internal control.

6. President and Chief Executive Officer
The President and CEO is responsible for operating management of Swedbank in accordance with laws and regulations and within the framework established by the Board. Aside from the stipulations of the Swedish Companies Act, the delegation of responsibility between the Board and the CEO is mandated by the Board's rules of procedure and its instruction for the CEO, among other things. The CEO leads the work of the Group Executive Committee and makes decisions after consulting its members. The Group Executive Committee consists of the heads of Swedbank's business areas and Group functions.

7. Corporate Culture
Swedbank's culture is based on simplicity, openness and caring. The business model focuses on advisory services, where decisions are made as close to customers and business as possible. The model is based on decentralisation with clear job descriptions and a delegation of authority and responsibility.

8. Business areas
The CEO has decided that Swedbank will be organised in the above-mentioned six business areas. The head of each business area is responsible for its operations with the support of, among others, Group functions.

9. Group functions
This includes the Group Executive Committee. The purpose of the Group functions is to draft Group-wide policies for decision by the Board and instructions for approval by either the Board or the CEO. The purpose of the Group-wide rules and processes is to support the CEO and the Group's business operations and to clarify Swedbank's vision, purpose and values. The Group functions are also responsible for compiling, analysing and providing information to the CEO and the Board. The control functions include Group Finance, Risk and Compliance, which continuously monitor operations.

10. Information to the capital market
Swedbank shall provide shareholders, analysts and other stakeholders prompt, accurate, consistent and simultaneous information on the Group's operations and financial position. The Group's information policy includes the internal control environment and ensures that Swedbank meets the requirements for listed companies. Interim reports, annual reports, year-end reports and press releases are published on the Group's website.

The policies laid down by the Board apply to all companies in the Group after adoption by each company. The Board has established a comprehensive code of conduct and guidelines for internal governance and control. Policies and instructions at the Board and CEO level follow an established structure. The same applies to regulations issued by Swedbank's Group functions. In addition, the Board has established policies on ethics, financial reporting, risk management, and communication. A Group-wide system is in place for internal accounting principles, planning and monitoring processes, and reporting routines.
At the company level, detailed instructions regulate practical account registration and reconciliation routines.

Annual General Meeting

The Annual General Meeting (AGM) is the bank's highest decision-making body, where the shareholders exercise their rights.

The 2010 AGM was held on Friday 26 March in Stockholm. In total, 726 shareholders attended personally or by proxy. They represented nearly 53 per cent of the votes in the bank.

The AGM is normally held before the end of April, or under special circumstances not later than 30 June. The AGM is normally held in Stockholm. The time and location are published in Swedbank's year-end report and on its website. The notice of the AGM is usually published five weeks in advance in the Swedish dailies Dagens Nyheter and Svenska Dagbladet, as well as Post och Inrikes Tidningar (Official Swedish Gazette) and at least one other newspaper, usually Dagens Industri. The notice is also made available on the bank's website. The latest AGMs have also been announced in Göteborgs-Posten and Sydsvenska Dagbladet.

Swedbank is a VPC company, which means that its share register is maintained by Euroclear Sweden AB. All shareholders who are directly recorded in the register five working days prior to the meeting and who have notified Swedbank in time of their intention to participate are entitled to attend the meeting. Shareholders may attend the meeting in person or by proxy and may be accompanied. Shareholders are able to register for the meeting in several different ways: by telephone, email or letter. Swedbank has two classes of shares, common shares and preference shares, which carry equal voting rights.

Shareholders wishing to have an issue discussed at the AGM must submit a written request to that effect to the Board. Any such requests must reach the Board no later than seven weeks prior to the AGM.

The AGM is held in Swedish and interpreted to English. The material released prior to and in connection with the meeting is in Swedish, but is translated to English, including the minutes. The documents are posted on the website.

Among the resolutions passed by the 2010 AGM are the following:

- Adoption of the annual report
- That no dividend be paid to the shareholders for the financial year 2009
- Election of the Board members and the Chair
- Election of Auditor
- Remuneration for the Board members and Auditor
- Share repurchases for securities operations
- Remuneration guidelines for senior executives
- Principles for appointment of the Nomination Committee

The 2010 AGM was attended by all the Board members and all members of the Group Executive Committee as well as the Chief Auditor.

Nomination Committee

The Nomination Committee is the AGM's governing body, which nominates Board members and proposes remuneration, among other things. The 2010 AGM decided on the principles for the appointment of the Nomination Committee for the 2011 AGM. They include that the Committee will be comprised of five members: the Chair of the Board and one representative of each of the four largest shareholders based on known data on the last business day in August 2010. This assumes, however, that they wish to appoint a member. The largest shareholders may also consist of groups of shareholders under certain circumstances. If a member leaves the Nomination Committee before its work is completed, the Committee may decide to replace them with a another person representing the same shareholder or with a person representing the next largest shareholder in size that has not already appointed a member to the Committee. The Nomination Committee appoints a Chair from among its members. The Chair of the Board may not be Chair of the Nomination Committee. The Committee's mandate is for the period until a new Nomination Committee has been constituted. Members of the Nomination Committee are not remunerated for their work or costs incurred. However, the Nomination Committee has the right, at the bank's expense, to engage a recruitment consultant or other external consultants which it deems necessary to fulfil its assignment.

The duties of the Nomination Committee, where applicable, are to submit proposals to the AGM for resolutions regarding:

- The election of a Chair of the AGM
- Fees for the Board members and Auditors
- The election of the Board members, Chair and Auditors
- Principles for appointing the Nomination Committee

In essence, the composition of the Board should reflect diversity and breadth regarding the competence, experience and background of its members. The composition also takes into account the bank's operations, stage of development and future direction. While it is important that the Board has the support of shareholders, the need for independence in relation to the bank and its management, as well as major shareholders, is important.

The Nomination Committee for the 2011 AGM consists of Lennart Anderberg, appointed by the owner-group Föreningen Sparbanksintressenter and Chair of the Nomination Committee; Christer Gardell, appointed by the owner-group Cevian; Anders Sundström, appointed by the owner-group Folksam and Board member of Swedbank; Rose Marie Westman, appointed by Alecta Pensionsförsäkring, and Lars Idermark, Chair of Swedbank's Board of Directors. Committee members have had numerous contacts in addition to their 10 meetings.

The Nomination Committee's work during its mandate

- Studied an evaluation of the Board's work based on conversations between the Chair and each Board member as well as a written questionnaire.
- The auditor in charge has presented his view on the bank, the Board and the Group Executive Committee.
- Three Board members have separately, without the presence of the Chair of the Board or the Deputy Chair, presented their view on the business and the work of the Board of Directors.
- The Nomination Committee has reviewed competence needs and discussed the Board's composition in the light of Swedbank's strategies.
- Nominated Board members, including the Chair.
- Determined the candidates' independence.
- Presented remuneration proposals for the Board and Auditors.
- Reviewed and issued a proposal on the principles for appointing the Nomination Committee.

Board of Directors

The Board of Directors has overall responsibility for managing Swedbank's affairs in the interests of the company and the shareholders. The Board consists of ten members elected by the AGM. The composition of the Board meets the requirements of the Code with respect to its members' independence. This means that the majority of members elected by the AGM are independent in relation to Swedbank and the Group Executive Committee and that at least two of the members who are independent in relation to Swedbank and the Group Executive Committee are also independent in relation to Swedbank's major shareholders. An ongoing even gender distribution is desirable; the distribution of the current Board is 50/50. The 2010 AGM resolved to expand the Board by two members compared with the number elected by the 2009 AGM. The 2010 AGM elected three new members: Lars Idermark, Göran Hedman and Siv Svensson. Lars Idermark was named the Chair of the Board of Directors by the AGM. The Board also includes two employee representatives and deputies in accordance with special agreements with the Financial Sector Union of Sweden and Akademikerföreningen. Both unions also have one deputy member each.

The CEO is not a member of the Board, but attends the Board's meetings except when issues are discussed where the CEO has vested interests, or it is otherwise unsuitable that he attends, e.g. when the CEO's work is evaluated. The Head of Internal Audit and the Company Secretary, also Chief Legal Officer, attend the Board's meetings too. The deputies (employee representatives) normally do not.

For more information on the Board's composition, see pages 162–165.

Delegation of responsibilities

The Board appoints/dismisses the CEO and is the ultimate decision-making body as regards the appointment/dismissal of the CFO and the CRO. The delegation between the Board, the Chair of the Board and the CEO is stipulated in the Board's rules of procedure and its instruction for the CEO. In addition, special instructions are in place for the Board's committees. More information on the work of these committees can be found in this report. The Board also has at its disposal an independent audit function, Internal Audit, directly subordinated to the Board.

The Chair of the Board has specific responsibilities, including:

- Overseeing the CEO's work and providing a discussion partner and support, as well as monitoring to ensure that the Board's decisions and instructions are implemented.
- Organising and managing the Board's work, encouraging an open, constructive dialogue within the Board and initiating the development of the Board's competence on issues of importance to operations, including the evaluation of the Board's work.

Evaluation of the Board and the Chair of the Board

The Board conducts an annual evaluation of its work, working arrangements and related issues. The evaluation 2010 was conducted through a written questionnaire and in-depth interviews with the Chair of the Board and each Board member. The results are compiled and presented to the Board.

The Board's work

In 2010 the Board had 19 meetings, three of which were held per capsulam. All the meetings except one were held in Stockholm. Each year the Board establishes an annual plan for its work, where it decides which issues will be treated in depth. The major issues in 2010 included the following:

- Remuneration issues with the goal of adopting a long-term focus.
- Further development of the bank's strategy for decentralisation, customer focus and the brand platform.
- The Groups's ongoing risks and capital situation, where the Internal Capital Adequacy Assessment Process (ICAAP) was a key element. This process ensures that Swedbank is adequately capitalised to cover risks and to manage and develop operations.
- A review of general corporate governance documents to further underscore the importance of internal control and risk management.
- The evaluation of the CEO, performance and results.

No objections were were noted to any of the decisions during the year. Göran Hedman has chosen not to attend the Board discussions on the new savings bank agreement. In 2010 the

Auditor reported at four of the Board's meetings. At one of these meetings neither the CEO nor other members of the Group Executive Committee were present.

Prior to each meeting the proposed agenda is distributed together with detailed material. The documents are normally distributed one week in advance. The material from Board meetings is saved electronically, including documents that were not enclosed with the minutes.

The new members elected by the 2010 AGM – Göran Hedman, Lars Idermark and Siv Svensson – have undergone Swedbank's introductory training and attended stock market training.

Risk and Capital Committee

The role of the Risk and Capital Committee is to support the Board in its risk management work. However, the Board has ultimate responsibility for the risks taken by the bank and for assessing its capital requirements. The Board ensures that operational risks are identified and defined and that risk-taking is measured and controlled according to current laws and the Group's policies on risks and capital. Through the risk and capital policy, the Board establishes guidelines for the CEO regarding risk control and management, risk and capital evaluation, and capital management within the bank. The policy describes the connection between risk and capital as well as how risk and capital management support the business strategy. The Committee's role is to prepare cases in these areas for resolution by the Board. In addition, the Committee recommends strategies in risk areas for resolution by the Board. The Committee monitors, prepares and decides, where appropriate, the following areas:

- Market risk
- Credit risk
- Liquidity and funding (e.g. limits on liquidity risk)
- Capital (e.g. monitoring the capital base, risk-weighted assets and related control models)

A more detailed description of the various risk areas can be found in the risk section beginning on page 35.

The Risk and Capital Committee consists of not more than five members appointed from among the Board's members. The CEO is not a member of the Committee, but normally attends the Committee's meetings. If any of those present expresses reservations about a decision, it is referred to the Board for a ruling.

When electing members of the Committee, special consideration is given to competence and experience with risks. For information on the members of the Committee, see pages 162–165.

Issues in 2010

- Internal Capital Adequacy Assessment Process (ICAAP)
- Stress tests conducted on various loan portfolios
- Funding related issues
- Capital related issues

Compensation Committee

The Board's Compensation Committee monitors, evaluates and prepares compensation issues for resolution by the Board. In addition, the Committee ensures that compensation models comply with effective risk management and are designed to reduce the risk of exaggerated risk-taking, and that they comply with the Code, current regulations from the Swedish Financial Supervisory Authority and other applicable rules.

The work of the Compensation Committee includes as follows:

- Salary, pension, variable staff costs and other benefits for senior executives according to the guidelines adopted by the AGM and for the Head of Internal Audit.
- The Board's proposal to the AGM with compensation guidelines for senior executives.
- The Board's remuneration policy for the Group and other related documents.
- Decisions according to policies in the compensation area.
- Other compensation issues that deviate from established policies or questions of principle.

The Committee consists of no fewer than two and no more than four Board members. For information on the members of the Committee, see pages 162–165.

Issues in 2010

In 2010 the Committee dealt with the issue of introducing a performance and share based remuneration programme in order to harmonise the interests of employees with those of shareholders, encourage long-term value creation in the bank and create the conditions necessary to recruit and retain competent personnel. The Board has accepted the programme. Pending the approval of the 2011 AGM, the programme will apply from 1 January 2010. For more information, see page 46 and note G14. Further, the Committee treated issues concerning:

- A new remuneration policy for the Group
- Leadership planning and questions of principle concerning pensions and collective wage negotiations

For information on compensation to members of the Board of Directors, the CEO and other members of the Group Executive Committee, see pages 162–165 and note G14.

Audit and Compliance Committee

The Audit and Compliance Committee is a drafting committee for the Board. The Committee's main task is to provide the Board with increased access to information on operations through its work and in consultation with the outside auditor, the Head of Internal Audit and the Group Executive Committee. The focus is on whether internal control and governance processes are sufficient and monitoring the effectiveness of Swedbank's internal audit. The information also comprises financial reporting, including the quality of the financial reports and that they are prepared in accordance with current laws, applicable accounting standards and other requirements for listed companies. In the area of compliance, the information includes activities within Swedbank and whether they comply with external laws and regulations as well as internal policies and instructions. The focus is primarily on identifying any deficiencies in routines and organisation in terms of governance, risk management and control. The Audit and Compliance Committee also reviews the Auditors' work to ensure that it has been conducted efficiently and in an otherwise satisfactory manner. Based on its review, the Committee proposes measures that are voted on by the Board where deemed necessary.

The Audit and Compliance Committee consists of not more than four Board members. The Head of Internal Audit is a co-opted member of the Committee. When selecting the members of the Committee, special consideration is given to competence and experience in the accounting field. Two members have specific accounting expertise through previous experience. For information on the members of the Committee, see pages 162–165.

Internal Audit

Internal Audit, directly subordinated to the Board, is an audit function independent of the Group Executive Committee, which reports directly to the Board. Its purpose is to review and evaluate efficiency, governance, risk management and control in the Group. The function works proactively to propose improvements to internal control. Reviews are summarised quarterly in reports to the Board, the Audit Committee, the CEO and the external Auditor.

All auditing activities in the Group are coordinated, i.e. reviews are planned, implemented and reported using the same approaches and methods.

Auditors

The external Auditor is elected by the AGM after being nominated by the Nomination Committee. The Auditor presented his review and comments to the Board four times during the current mandate, one of which was in the CEO's absence. In addition, the Auditor regularly meets the Chair of the Board and the Chair of the Audit and Compliance Committee. Swedbank's interim reports are reviewed by the bank's Auditor.

In accordance with its Articles of Association, Swedbank shall have no less than one and no more than two authorised public accountants. The appointed auditor is Deloitte AB, Sweden, with Authorised Public Accountant Svante Forsberg as Chief Auditor. Svante Forsberg has been in charge of auditing duties for Swedbank since 2010. Aside from Swedbank, he has auditing assignments for primarily the following companies: Alliance Oil, Black Earth Farming, Fabege, Lannebo Fonder, Max Matthiessen and Skandia Liv. Svante Forsberg has no assignments for other companies that affect his independence as an auditor of Swedbank. Compensation for the Group's auditors is reported in note G15. The Swedish Financial Supervisory Authority, under whose jurisdiction Swedbank lies, did not appoint an auditor for 2010.

CEO and Group Executive Committee

The CEO is responsible for managing Swedbank's operations. The delegation of responsibility between the Board and the CEO is stipulated in, among other places, the Board's rules of procedure, the Board's instruction for the CEO, external rules and internal policies and regulations.

The CEO also establishes Group-level rules on internal control. To support internal control, the CEO has a number of monitoring units within the Group, mainly Group Finance, Risk and Compliance. Follow-ups are done monthly through written reports and detailed meetings with the heads of the various functions and with the business areas. For more information, see the Board of Directors' report on internal control of financial reporting on page 161.

The CEO leads the work of the Group Executive Committee and makes decisions after consulting its members. The Group Executive Committee consists of (I) the CEO, (II) the Head of Baltic Banking, (III) the Head of Retail, (IV) the Head of Large Corporates & Institutions, (V) the Head of Large Corporates & Institutions, (VI) the Head of Russia & Ukraine, (VII) the Head of Group Business Support, (VIII) the Chief Financial Officer, (IX) the Chief Risk Officer, (X) the Head of Human Resources, (XI) the Head of Corporate Affairs and (XII) the Chief Legal Officer, totalling twelve members. The Head of Group Compliance is a co-opted member of the Group Executive Committee. The Group Executive Committee normally meets four times a month.

The CEO ensures that an evaluation of other senior executives is performed as well as being responsible for and ensuring that the Group has a strategy for competence management.

In late 2009 Swedbank introduced a new management structure as a step towards shifting responsibility and authority closer to the bank's customers and thus making Swedbank a more customer-oriented bank.

At Group level there is also an Asset and Liability Committee, which handles issues concerning the balance sheet, liquidity and financial risk; a Group Risk and Compliance Committee, whose task is to improve efficiencies and handle operational risk issues; as well as a Remuneration Committee, GecRemco, which drafts proposals of remuneration systems and recommends variable compensation for employees to the Board's Compensation Committee.

Major issues in 2010

- Strategy process for the bank as a whole and at the business area level.
- Lowering the risk level by reducing the share of lending in Russia, Ukraine and the Baltic countries.
- Continued work with the decentralised business model, which requires a higher level of governance and monitoring, efficient processes and stronger administrative support.
- A future funding strategy that reflects Basel 3 rules.
- Implementation of the purpose and values.
- Increased focus on the quality and effectiveness of products and IT by creating Group Business Support.

Business areas

The CEO decided that Swedbank would be organised in the following six business areas: Retail, Large Corporates & Institutions, Baltic Banking, Asset Management, Russia & Ukraine and Ektornet. The head of each business area is responsible for the business area's operations. The business areas receive support from a number of Group functions. Retail, Swedbank's dominant business area, is responsible for all Swedish customers except large companies and financial institutions. The bank's services are sold through its branch network, the Telephone Bank and the Internet Bank, as well as the savings banks' distribution network. The business area also includes a number of subsidiaries. In Large Corporates & Institutions, Swedbank has consolidated its offering for large Nordic and Baltic companies, financial institutions, organisations and banks. The business area offers products and services in the equity, fixed income and currency areas, as well as various financing solutions. First Securities, which has been wholly owned by Swedbank since November 2010, is part of the business area. Baltic Banking is responsible for private and corporate customers in the Baltic countries: Estonia, Latvia and Lithuania. The bank's products and services are offered through the bank's branch network, the Telephone Bank and the Internet Bank. Asset Management comprises the Swedbank Robur group with operations in fund management, institutional and discretionary asset management. Asset Management is represented in Swedbank's four home markets. The Russia & Ukraine business area comprises the Group's Russian and Ukrainian banking operations. Ektornet, which is also an independent subsidiary of Swedbank, acquires, manages and develops the bank's repossessed assets, primarily real estate. The head office is located in Stockholm, and the repossessed properties are managed by local subsidiaries. For more information on Swedbank's business areas, see pages 22–33.

Group functions

Swedbank has Group functions in Accounting & Finance, Risk, Corporate Affairs (communication, strategic marketing and community affairs), HR, Legal Affairs, Compliance and Group Business Support, fully operational from 1 January 2011. Group Business Support, which will be responsible for the bank's products and production, IT, internal services and process efficiencies.

Among the roles of the Group functions are to create and monitor Group-wide processes. They are also responsible for compiling and analysing reports to the CEO and the Board. In this way the Group functions support the CEO in his efforts to ensure that governance and monitoring are based on, among other things, Swedbank's vision, purpose and values. Shared procedures provide support to business operations and facilitate knowledge transfers between the bank's various markets.

Part of the work of the Group functions is to draft written frameworks for operations. Group-wide frameworks are established by the Board or the CEO. More detailed rules are based on the bank's Code of Conduct, which was established by the Board. The rules are available to all employees on the intranet and are updated continuously.

Further information on corporate governance

On Swedbank's website, www.swedbank.com, under the tab "About Swedbank", is a separate section on corporate governance that includes:

- Swedbank's Articles of Association,
- The Nomination Committee's principles and work,
- Information on Swedbank's Annual General Meetings since 2002,
- Information on policies and guidelines,

The Board of Directors' report on internal control of financial reporting

The Board of Directors' responsibility for internal control is governed by the Swedish Companies Act, the statutes of the Swedish Financial Supervisory Authority and the Swedish Code of Corporate Governance. The code requires an annual independent report on how the internal control of financial reporting is organised. The purpose of the control is to provide reasonable certainty about the financial reporting, which comprises Swedbank's interim reports, year-end report and a large part of the annual report. The following information does not describe the quality of the control, however.

Regulatory framework

Swedbank's internal control of financial reporting is based on the COSO model (The Committee of Sponsoring Organisations of the Treadway Commission), which comprises five internal control components: control environment, risk assessment, control activities, information and communication, as well as monitoring.

Control environment

Ultimate responsibility for internal control of financial reporting rests with Swedbank's Board of Directors. The Board's Audit and Compliance Committee is tasked with monitoring the financial reporting and the effectiveness of Swedbank's internal control, internal audit and risk management. The Board reviewed the bank's policy documents covering corporate governance during the year to underscore the importance of good internal control and risk management. There is a special Group-level instruction for internal control established by the CEO, who is responsible for ensuring that the required organisation is in place. This, together with other operating governance documents, constitutes the bank's framework for the internal control of financial reporting.

Risk assessment

The purpose of risk assessment of financial reporting is to identify significant risks that affect reporting in the Group's companies, business areas and processes. The key to risk assessment, from a balance sheet and income statement perspective, is materiality. From a process perspective, it is complexity. The risk assessment serves as the basis of measures to improve internal control over financial reporting processes. Based on the risk assessment, the control environment is reviewed through self-evaluations.

Control activities

The Group has overarching control activities that are shared by several processes. Continuous work is done to evaluate, improve and document control activities in all significant processes. Control activities associated with financial reporting are performed on several levels. Group-level rules are in place for internal accounting principles, planning and monitoring processes, and reporting routines. The central accounting department is responsible for updating the bank's accounting instructions and for communicating and making them available to reporting units.

To ensure the correct application of the bank's accounting rules, finance managers regularly meet with local accounting managers, at which time current accounting and reporting issues are addressed as well. Swedbank has a central valuation group whose purpose is to ensure the consistent and accurate valuation of assets and liabilities at fair value. Local and central controller and accounting departments perform controls mainly through reconciliations between sub-ledgers and ledgers, through routines to ensure the existence of assets and liabilities and that assets, liabilities and business transactions have been correctly recorded. Analyses of financial results against budgeted figures are presented monthly to Swedbank's management.

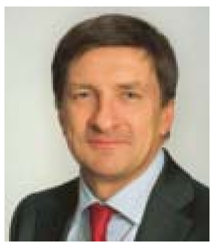
Information and communication

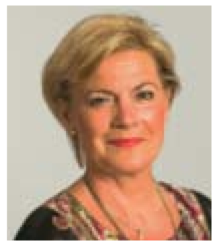
The main communication channel within Swedbank is its intranet, where the Group publishes policies, instructions, directives and manuals. The rules for financial reporting are available on the intranet. Each country also has its own intranet, where national accounting routines are available. A whistleblower procedure is in place for employees to anonymously report suspicions of fraud or other wrongdoing. Reports are handled by Group Compliance.

Monitoring

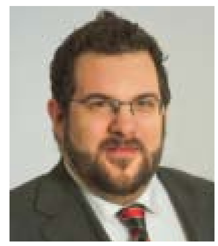
Profitability, efficiency, risk, sales and market shares, customer satisfaction and employeeship are reported and evaluated. In addition, in-depth monitoring meetings are held monthly between the reporting units and the CEO, the CFO and the Chief Risk Officer. The internal control over financial reporting is monitored by Group Finance. The other control functions within Swedbank are Group Compliance and Group Risk Control, which regularly monitor internal control. On behalf of the Board, Internal Audit also reviews and evaluates how governance, risk management and internal control are organised and how well they work.

Board of Directors

	Lars Idermark	Anders Sundström	Ulrika Francke
			
Born	Born 1957 Chair since 2010	Born 1952 Deputy chair since 2009	Born 1956 Board Member since 2002
Shareholding	Own and kindred's shareholding in Swedbank: 143 A shares and 0 preference shares	Own and kindred's shareholding in Swedbank: 11 000 A shares and 16 000 preference shares	Own and kindred's shareholding in Swedbank: 10 050 A shares and 3 300 preference shares
In Swedbank as	■ Board of Directors, Chair ■ Compensation Committee, Chair ■ Risk and Capital Committee, Chair **Attendance:** ■ 13/13 ■ 8/8 ■ 9/9 **Total fees:** ■ 1 350 000 ■ 100 000 ■ 250 000	■ Board of Directors, Deputy Chair ■ Compensation Committee, member ■ Risk and Capital Committee, member **Attendance:** ■ 17/19 ■ 10/12 ■ 10/12 **Total fees:** ■ 675 000 ■ 100 000 ■ 250 000	■ Board of Directors, member ■ Audit and Compliance Committe, Chair ■ Risk and Capital Committee, member **Attendance:** ■ 18/19 ■ 7/7 ■ 12/12 **Total fees:** ■ 400 000 ■ 175 000 ■ 250 000
Board member's independence	Independent in relation to the bank and the management of the bank and independent in relation to the bank's major shareholders	Anders Sundström is CEO in Folksam ömsesidig sakförsäkring and Folksam ömsesidig livförsäkring, The Nomination Committee is of the view that Anders Sundström – all aspects considered, and also taking into consideration the co-operation agreement between the bank and Folksam regarding property insurance and asset management among other things as well as the particular extent and nature and way in which these business relations are managed – is considered to be independent in relation to the bank, the management of the bank and the bank's major shareholders.	Independent in relation to the bank and the management of the bank and independent in relation to the bank's major shareholders
Education	Master Business Administration	University studies in Social Sciences	University studies
Bank specific experience	Operative: 7 years. Board: 10 years	Operative: 3 years. Board: 8 years	Board: 16 years
Employment experience	**President and CEO, Posten AB from 1 March 2011** President and CEO, KF/Coop. • President and CEO, Second Swedish National Pension Fund • Deputy President and CEO, Capio AB • Executive Vice President and Deputy President and CEO, FöreningsSparbanken (Swedbank) • CFO and Executive Vice President, Föreningsbanken AB • President and CEO, LRF Holding AB	**CEO Folksam ömsesidig sakförsäkring and Folksam ömsesidig livförsäkring** • Minister for Employment, Minister for Enterprise and Energy and Minister for Social Affairs • Local Government Commissioner, Piteå municipality • Member of Parliament • Chair of the Board of Directors, Sparbanken Nord (the Savings bank Nord) • CEO, Sparbanken Nord (the Savings bank Nord)	**President and CEO, Tyréns AB** President and CEO, SBC Sveriges Bostadsrättscentrum AB • City of Stockholm municipal government, Deputy • President, Fastighets AB Brommastaden
Other assignments	The foundation Chalmers University of Technology, Board member	Forsikrings-Aktieselskabet ALKA (DK), Board member • Bommersvik AB, Chair • Förenade Liv Gruppförsäkrings AB (Group insurances for employees and for members of trade unions), Chair • Försäkringsförbundets Serviceaktiebolag SFAB (The Swedish Insurance Federation), Board member • The Swedish Insurance Federation, Board member • ICMIF (Great Britain), Board member • Arbetsgivarföreningen KFO, Board member • KFO-Service Aktiebolag, Board member • Konsumentkooperationens pensionsstiftelse, Chair • KPA AB, Chair • KPA Pensionsförsäkring AB, Chair • The foundation Nils Adlers Stipendiefond, Board Member	Hexagon AB, Board member • STD Svensk Teknik och Design (Swedish Technology and Design), Board member • Stockholm Stads Brandförsäkringskontor, Board member • The foundation Nils Adlers Stipendiefond, Board member • Stockholms Stadsteater (The Stockholm City Theatre), Chair • The City Council of Stockholm, Deputy • Tyréns AB, Board member

	Göran Hedman	Berith Hägglund-Marcus	Anders Igel
			
Born	Born 1954 Board member since 2010	Born 1950 Board member since 2005	Born 1951 Board member since 2009
Shareholding	Own and kindred's shareholding in Swedbank: 85 A shares and 24 preference Shares	Own and kindred's shareholding in Swedbank: 450 A shares and 0 preference shares	Own and kindred's shareholding in Swedbank: 7500 A shares and 0 preference shares
In Swedbank as	■ Board of Directors, member ■ Risk and Capital Committee, member **Attendance:** ■ 13/13 ■ 9/9 **Total fees:** ■ 400 000 ■ 250 000	■ Board of Directors, member ■ Audit and Compliance Committee, member **Attendance:** ■ 17/19 ■ 5/7 **Total fees:** ■ 400 000 ■ 125 000	■ Board of Directors, member ■ Compensation Committee, member **Attendance:** ■ 19/19 ■ 12/12 **Total fees:** ■ 400 000 ■ 100 000
Board member's independence	Göran Hedman is the CEO of Sparbanken in Enköping. All aspects considered, Göran Hedman is not considered to be independent in relation to Swedbank based on the fact that the cooperation agreement signed between Swedbank and Sparbanken in Enköping was taken into account when making the assessment. Göran Hedman is considered to be independent in relation to the management of the bank and the bank's major shareholders.	Independent in relation to the Bank and the Bank's senior management and independent in relation to the Bank's major shareholders	Independent in relation to the bank and the management of the bank and independent in relation to the bank's major shareholders
Education	High school degree	B.Sc. Business Administration and Economics	M. Sc. M Sc Electrical Engineering and B. Sc. Business and Economics
Bank specific experience	Operative: 36 years, Board: 8 years	Board: 17 years	Board: 2 years
Employment experience	**CEO, Sparbanken in Enköping** • Head of analysis at Group Credit, FöreningsSparbanken AB (Swedbank) • Deputy Chief Credit Officer, Föreningsbanken AB • Leading management positions, Föreningsbanken AB	**Director HR Group Staff & Functions AB Electrolux** • Executive Vice President Electrolux IT • President and Board member Electrolux IT Solutions Sverige AB • Organisation and marketing manager Nordic region, Electrolux-Euroclean • Logistics manager Nordic region, Electrolux-Euroclean • Market support manager Nordic region, Electrolux-Euroclean • Finance and administration manager, Swedish Association of Graduate Engineers • Financial controller Bonnier Group - Åhlen&Åkerlunds Förlag AB	**Self-employed** • President and CEO, Telia Sonera AB • President and CEO, Esselte AB • Executive Vice President, Telefonaktiebolaget LM Ericsson
Other assignments	Sparbanken i Enköping, Board member • Handelskammaren Uppsala, Board member	Muscito Group AB, Board member • The foundation Nils Adlers Stipendiefond, Board member	The foundation Nils Adlers Stipendiefond, Board member • Consultancy business in Telecom • Industrial advisor to EQT • Own business under development

Board of Directors, cont.

	Kristina Janson	Jimmy Johnsson	Helle Kruse Nielsen
			
Born	Born 1953 Employee representative since 2009	Born 1976. Employee representative since 2010	Born 1953 Board member since 2008
Shareholding	Own and kindred's shareholding in Swedbank: 700 A shares and 200 preference shares	Own and kindred's shareholding in Swedbank: 75 A shares and 0 preference shares	Own and kindred's share holding in Swedbank: 2 500 A shares, 5 000 preference shares
In Swedbank as	Board of Directors, member. Employee representative since 2009. Deputy member, employee representative 2007–2009 **Total fees:** No fees	Board of Directors, member. Employee representative since 2009. **Total fees:** No fees	Board of Directors, member Compensation Committee, member **Attendance:** 19/19 12/12 **Total fees:** 400 000 100 000
Board member's independence	Not applicable	Not applicable	Independent in relation to the bank and the management of the bank and independent in relation to the bank's major shareholders
Education	Upper Secondary School	Upper Secondary School	B. Sc. Economics and Business Administration
Bank specific experience	Operative: 38 years	Operative: 11 years	Board: 3 years
Employment experience		**Swedbank Försäkring AB, systems manager** Swedbank Robur AB, systems manager • Lux Svenska AB, sales manager • AB Norrtälje Bilcentral, sales manager	**Self-employed** Head of the European division "Food", Mars Inc • President of the Scandinavian companies within the Mars Group • Head of Marketing, Denofa and Lilleborg, Norway
Other assignments		FöreningsSparbanken ABs resultatandels-stiftelse Kopparmyntet, Board member • Stiftelsen Guldeken, Board member • SPK Sparinstitutens Pensionskassa, Board member	Aker BioMarine ASA, Board member • Oriflame Cosmetics SA, Board member • Gumlink A/S, Board member • New Wave Group AB, Board member • The foundation Nils Adlers Stipendiefond, Board member • Lantmännen, Board member

	Pia Rudengren	Karl-Henrik Sundström	Siv Svensson
			
Born	Born 1965 Board member since 2009	Born 1960 Board member since 2009	Born 1957 Board member since 2010.
Shareholding	Own and kindred's shareholding in Swedbank: 0 A shares, 0 preference shares	Own and kindred's shareholding in Swedbank: 9 750 A shares through Alma Patria AB and 0 preference shares	Own and kindred's shareholding in Swedbank: 1 500 A shares and 0 preference shares
In Swedbank as	Board of Directors, member Risk and Capital Committee, member **Attendance:** 17/19 11/12 **Total fees:** 400 000 250 000	Board of Directors, member Audit and Compliance Committee, member **Attendance:** 17/19 5/7 **Total fees:** 400 000 125 000	Board of Directors, member Audit and Compliance Committee, member **Attendance:** 11/13 4/6 **Total fees:** 400 000 125 000
Board member's independence	Independent in relation to the bank and the management of the bank and independent in relation to the bank's major shareholders	Independent in relation to the bank and the management of the bank and independent in relation to the bank's major shareholders	Independent in relation to the bank and the management of the bank and independent in relation to the bank's major shareholders
Education	B. Sc. Business and Economics	B. Sc. Business Administration	B. Sc. International economy
Bank specific experience	Board: 2 years	Board: 2 years	Operative: 25 years, Board: 1 year
Employment experience	**Self-employed** • Vice President W Capital Management AB • CFO Investor AB	**CFO and Vice President, NXP Semiconductors** • CFO and Vice President, Telefonaktiebolaget LM Ericsson • Head of Global Services, Telefonaktiebolaget LM Ericsson • Head of Australia and New Zeeland, Telefonaktiebolaget LM Ericsson	**President and CEO, Sefina Finance AB** • President and CEO, Sefina Svensk Pantbelåning AB • Vice President and Regional Head, Nordea AB • Group controller and Nordic Head of Global Operation Services, Nordea AB • Group Controller, Merita Nordbanken AB • Administrative Head, PK Fondkommission AB
Other assignments	Duni AB, Board member • Metso Oyj, Board member • Social Initiative AB, Board member • Tikkurila Oyj, Board member • WeMind Digital Psykologi AB, Board member • The foundation Nils Adlers Stipendiefond, Board member	Exencotech AB, Board member • The foundation Nils Adlers Stipendiefond, Board member	Svenska Pantbanksföreningen, Deputy Chair

Group Executive Committee

Michael Wolf

Born 1963
Employed since 2008

In Swedbank as:
President and CEO

Shareholding:
Own and kindred's share holding in Swedbank: 38 500 A shares and 43 000 preference shares

Education:
M Sc in Business administration and Economics

Mikael Björknert

Born 1966
Employed since August 2010

In Swedbank as:
Head of Group Business Support

Shareholding:
Own and kindred's shareholding in Swedbank: 1 500 A shares and 0 preference shares

Education:
B Sc in Business Administration and Economics

Catrin Fransson

Born 1962
Employed since 1987

In Swedbank as:
Head of Retail

Shareholding:
Own and kindred's share holding in Swedbank: 3 150 A shares and 300 preference shares

Education:
B Sc Economics

Cecilia Hernqvist

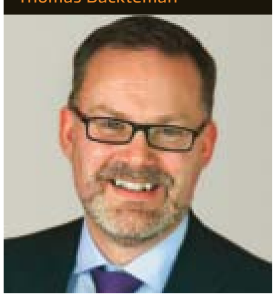
Born 1960
Employed since 1990

In Swedbank as:
Head of Group Legal

Shareholding:
Own and kindred's shareholding in Swedbank: 3 937 A shares and 1 125 preference shares

Education:
LL M degree

Thomas Backteman



Born 1965
Employed since 2009

In Swedbank as:
Head of Corporate Affairs

Shareholding:
Own and kindred's share holding in Swedbank: 4 000 A shares and 12 000 preference shares

Education:
B Sc in Business Administration and Economics

Göran Bronner

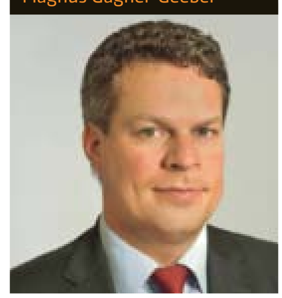
Born 1962
Employed since 2009

In Swedbank as:
Group Chief Risk Officer (CRO)

Shareholding:
Own and kindred's share holding in Swedbank: 110 000 A shares and 90 000 preference shares via companies

Education: B Sc in Business Administration and Economics

Magnus Gagner-Geeber



Born 1969
Employed since 1990

In Swedbank as:
Head of Large Corporates

Shareholding:
Own and kindred's shareholding in Swedbank: 0 A shares and 0 preference shares

Education:
Business administration at upper secondary school level

Erkki Raasuke

Born 1971
Employed in Swedbank Group since 1994

In Swedbank as:
Group Chief Financial Officer (CFO)

Shareholding:
Own and kindred's shareholding in Swedbank: 24 000 A shares and 0 preference shares

Education:
M Sc in Business Administration and Economics

Håkan Berg

Born 1955
Employed since 1985

In Swedbank as:
Head of Baltic Banking

Shareholding:
Own and kindred's shareholding in Swedbank: 21 500 A shares and 3 500 preference shares

Education:
LL M degree

Stefan Carlsson

Born 1961
Employed since 2009

In Swedbank as:
Head of Large Corporates & Institutions

Shareholding:
Own and kindred's shareholding in Swedbank: 8 000 A shares and 0 preference shares

Education:
MBA och B Sc

Marie Hallander Larsson

Born 1961
Employed since 2009

In Swedbank as:
Head of Group Human Resources

Shareholding:
Own and kindred's share holding in Swedbank: 0 A shares and 0 preference shares

Education:
Diploma in Business Administration, IHM B Sc Psychology and Pedagogy

Annika Wijkström

Born 1951
Employed since 1986

In Swedbank as:
Head of Russia & Ukraine

Shareholding:
Own and kindred's shareholding in Swedbank: 6 500 A shares and 1 000 preference shares

Education:
BA in Language and Economics

Annual General Meeting

The Annual General Meeting will be held at Cirkus in Stockholm on Friday 25 March 2011.

Notification of attendance

Shareholders who wish to attend the Annual General Meeting must:

- be recorded in the share register maintained by Euroclear Sweden AB (Euroclear) on 19 March 2011. Since the record day is a Saturday, shareholders must ensure that they are recorded in the share register by Friday, 18 March 2011;
- notify the company of their intention to participate and the number of persons who will accompany them (max. 2) well before and preferably not later than 21 March 2011.

Notification may be submitted in writing to Swedbank's head office, Box 7839, SE-103 98 Stockholm, Sweden or by telephone +46 8 402 90 60, labelled "Swedbank's Annual General Meeting" or online at www.swedbank.se/ir under Årsstämma (Annual General Meeting). When notifying the company, please indicate your name, personal/company registration number (for Swedish citizens or companies), address and telephone number. Participation by proxy is permitted, provided the proxy is no more than one year old and is submitted to Swedbank well in advance of the meeting, preferably not later than 21 March 2011. If issued by a legal entity, the proxy must be accompanied by a certified registration certificate or other document attesting to the authority of the signatory.

Nominee-registered shares

To be entitled to attend the meeting, shareholders whose shares are nominee-registered must request to have them temporarily re-registered in their own names in the shareholders' register maintained by Euroclear. The re-registration process must be completed by the nominee well in advance of the record day. Since the record day is a Saturday, shareholders should advise their nominees well in advance of this date so that re-registration is completed by 18 March 2011.

Notice and agenda

A list of the matters on the agenda for the Annual General Meeting will be included in the notice of the meeting, which will be published at the latest on 25 February in, among others, the dailies Dagens Nyheter, Svenska Dagbladet, and Dagens Industri. As of the same date, the notice will also be available online at http://www.swedbank.com/ir under the heading Årsstämma (Annual General Meeting).

Dividend

The Board of Directors recommends that shareholders receive a dividend of SEK 2.10 per common share and SEK 4.80 per preference share. The proposed record day for the dividend is 30 March, 2011. The last day for trading in Swedbank's shares including the right to the dividend is 25 March 2001. If the Annual General Meeting adopts the Board of Directors' recommendation, the dividend is expected to be paid by Euroclear on 4 April 2011.

Market shares

Sweden	Market shares, per cent 2010	2009	2008	2007	Volumes, SEKbn 2010	2009	2008	2007
Private market								
Deposits	24	24	24	26	245	223	216	215
Lending	26	26	27	26	642	609	571	498
of which mortgage lending	27	28	29	29	549	519	483	444
Individual pension savings *	44	41	36	36	26	24	18	23
SPAX**	16	22	24	27	19	28	28	29
Bank cards (thousands)	n.a.	n.a.	n.a.	n.a.	3 751	3 715	3 637	3 498

* Excluding savings banks' investments in Swedbank Robur
** Including issued from Svensk Exportkredit during 2010.

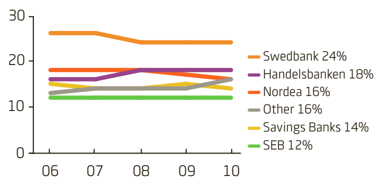
Corporate market								
Deposits	17	16	14	16	123	115	96	94
Lending	17	18	18	19	308	324	347	328

Baltic countries	Market shares, per cent 2010	2009	2008	2007	Volumes, SEKbn 2010	2009	2008	2007
Private market								
Estonia								
Deposits	55	55	56	62	20	21	22	19
Lending	47	48	49	49	29	34	38	31
of which mortgage lending	47	47	48	49	26	31	34	28
Bank cards (thousands)	62	63	64	65	1 123	1 165	1 187	1 151
Latvia								
Deposits	23	23	24	28	10	11	13	13
Lending	27	27	28	27	20	25	28	23
of which mortgage lending	27	27	27	28	16	19	21	18
Bank cards (thousands)	39	38	37	37	938	941	931	892
Lithuania								
Deposits	32	32	32	36	25	24	26	24
Lending	26	26	26	29	21	22	24	18
of which mortgage lending	25	25	25	28	18	19	20	16
Bank cards (thousands)	40	39	35	34	1 719	1 671	1 497	1 310

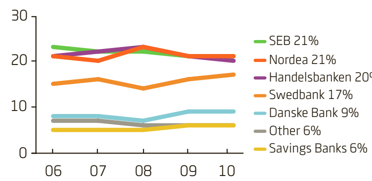
Baltic countries	Market shares, per cent 2010	2009	2008	2007	Volumes, SEKbn 2010	2009	2008	2007
Corporate market								
Estonia								
Deposits	40	43	43	48	21	25	25	24
Lending	40	41	42	44	31	40	48	41
Latvia								
Deposits	10	11	11	11	9	8	10	9
Lending	21	24	26	26	24	34	44	34
Lithuania								
Deposits	22	21	21	21	12	9	9	10
Lending	21	22	23	25	26	30	39	33

Market shares Sweden

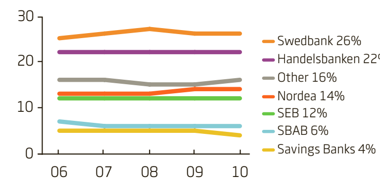
Private market, deposits



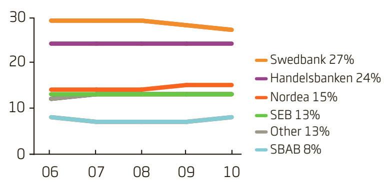
Corporate market, deposits



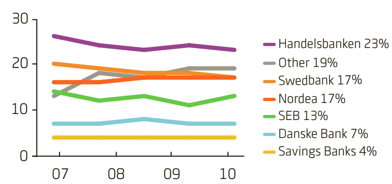
Private market, lending



Private market, mortgage lending

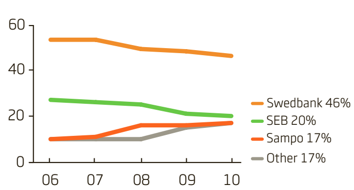


Corporate market, lending

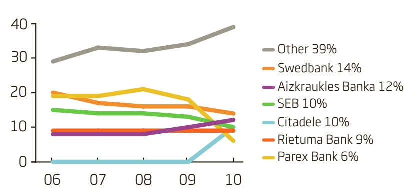


Market shares Baltic countries

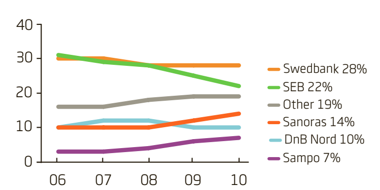
Estonia, deposits



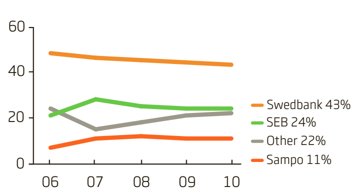
Latvia, deposits



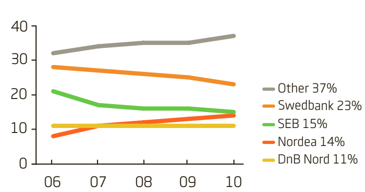
Lithuania, deposits



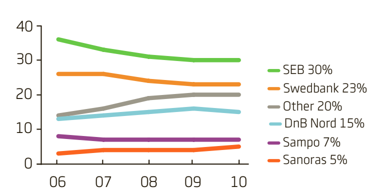
Estonia, lending



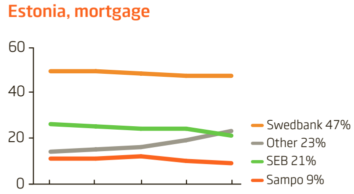
Latvia, lending



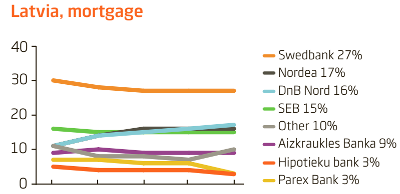
Lithuania, lending



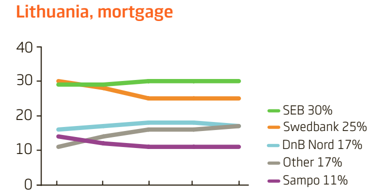
Estonia, mortgage



Latvia, mortgage



Lithuania, mortgage



Sources: Statistics Sweden, Estonian Central Bank, Association of Commercial Banks of Latvia, The Financial and Capital Market Commission (Latvia), Association of Lithuanian Banks, public interim reports and Swedbank estimates.

Five-year summary

Key ratios	2010	2009	2008	2007	2006
Profit					
Return on equity, %	8.1	–12.5	15.2	18.9	19.3
Return on total assets, %	0.40	–0.58	0.64	1.02	1.10
Cost/income ratio	0.57	0.51	0.50	0.51	0.52
Net interest margin, %	0.92	1.17	1.33	1.25	1.23
Capital adequacy [1]					
Tier 1 capital ratio, Basel 2, %	15.2	13.5	11.1	8.5	6.5
Capital adequacy ratio, Basel 2, %	18.4	17.5	15.2	12.7	9.8
Total capital quotient, Basel 2	2.30	2.19	1.90	1.59	1.22
Tier 1 capital ratio, %	11.0	10.4	8.4	6.2	6.5
Capital adequacy ratio, %	13.3	13.5	11.6	9.3	9.8
Tier 1 capital, SEKm	82 385	81 689	74 155	50 920	47 497
Capital base, SEKm	99 687	105 785	102 943	76 456	70 930
Risk-weighted assets, SEKm	750 440	784 469	916 113	822 363	726 712
Credit quality					
Credit impairment ratio, %	0.20	1.74	0.24	0.07	–0.02
Share of impaired loans, gross, %	2.53	2.85	0.74	0.23	0.15
Provision ratio for individually identified impaired loans, %	53	52	30	43	50
Total provision ratio for impaired loans, %	63	65	60	120	195
Customer satisfaction					
Percentage of satisfied private customers, Sweden, % [2]	70	70	71	70	71
Percentage of satisfied corporate customers, Sweden, % [2]	68	65	71	71	68
Index private customers, Estonia [3]	6.5	5.6	8.2	8.2	8.5
Index corporate customers, Estonia [3]	6.1	6.0	8.2	8.4	8.1
Index private customers, Latvia [3]	6.2	5.2	7.7	7.8	6.6
Index corporate customers, Latvia [3]	5.3	4.9	9.0	9.0	6.5
Index private customers, Lithuania [3]	49	50	80	84	83
Index corporate customers, Lithuania [3]	59	51	87	89	89

Other data	2010	2009	2008	2007	2006
Private customers, million	9.6	9.5	9.4	9.3	8.9
Corporate customers, thousands	710	670	660	512	459
Internet banking customers, million [4]	6.4	5.6	5.2	4.8	4.3
Telephone banking customers, million [4]	3.9	3.8	3.8	3.5	3.0
Employees	17 224	19 277	21 280	22 148	17 399
Branches [4]	924	1 020	1 181	1 213	1 051
ATMs [4]	2 633	2 421	2 361	2 562	2 376

[1] Including total paid-in capital, 2008. As of 2007 according to new rules. 2005–2006 according to old rules. [2] According to SKI.
[3] According to TRIM Scale 1 to 10 and 1 to 100. [4] Including savings banks and partly owned banks.

Income statement SEKm	2010	2009	2008	2007	2006
Net interest income	16 329	20 765	21 702	19 157	15 977
Net commissions	9 525	7 825	8 830	9 880	8 869
Net gains and losses on financial items at fair value	2 400	2 770	2 351	1 691	2 738
Net insurance	612	647	452	548	264
Share of profit or loss of associates	624	866	512	424	222
Other income	1 554	1 909	2 616	1 224	1 127
Total income	**31 044**	**34 782**	**36 463**	**32 924**	**29 197**
Staff costs	9 392	9 201	10 092	9 792	8 560
Other expenses	7 300	7 758	6 994	6 222	5 920
Depreciation/amortisation of tangible and intangible fixed assets	950	889	972	705	659
Total expenses	**17 642**	**17 848**	**18 058**	**16 719**	**15 139**
Profit before impairments	**13 402**	**16 934**	**18 405**	**16 205**	**14 058**
Impairments of intangible fixed assets	37	1 305	1 403		
Impairments of tangible fixed assets	600	449	27		
Credit impairments	2 810	24 641	3 156	619	–205
Operating profit	**9 955**	**–9 461**	**13 819**	**15 586**	**14 263**
Tax expense	2 472	981	2 880	3 450	3 211
Profit from continuing operations	**7 483**	**–10 442**	**10 939**	**12 136**	**11 052**
Profit for the year attributable to: Shareholders in Swedbank AB	**7 444**	**–10 511**	**10 887**	**11 996**	**10 880**
Non-controlling interests	39	69	52	140	172

Balance sheet SEKm	2010	2009	2008	2007	2006
Loans to credit institutions	166 417	92 131	128 536	174 014	161 097
Loans to the public	1 187 226	1 290 667	1 287 424	1 135 287	946 319
Interest-bearing securities					
Treasury bills and other bills eligible for refinancing with central banks	34 924	88 724	27 978	37 134	23 024
Bonds and other interest-bearing securities	96 652	81 891	105 716	78 358	76 576
Shares and participating interests					
Financial assets for which customers bear the investment risk	100 628	78 194	51 638	69 324	65 008
Shares and participating interests	12 852	9 505	6 557	6 101	5 610
Shares and participating interests in associates	2 710	2 740	1 987	2 193	1 971
Derivatives	65 051	72 969	128 055	36 984	23 864
Others	55 892	77 866	73 799	68 589	49 520
Total assets	**1 715 681**	**1 794 687**	**1 811 690**	**1 607 984**	**1 352 989**
Amounts owed to credit institutions	136 766	231 687	316 730	163 785	130 642
Deposits and borrowings from the public	534 237	504 424	508 456	458 375	400 035
Debt securities in issue	686 517	703 258	593 365	673 116	561 208
Financial liabilities for which customers bear the investment risk	100 988	80 132	52 074	69 819	65 289
Derivatives	65 935	72 172	116 720	36 267	31 607
Other	69 016	75 057	93 128	98 563	69 506
Subordinated liabilities	27 187	37 983	44 755	39 736	34 425
Equity	95 035	89 974	86 462	68 323	60 277
Total liabilities and equity	**1 715 681**	**1 794 687**	**1 811 690**	**1 607 984**	**1 352 989**

Two-year summary

Retail

SEKm	2010	2009
Net interest income	10 100	11 166
Net commissions	4 292	3 672
Net gains and losses on financial items at fair value	184	150
Net insurance	274	267
Share of profit or loss of associates	624	864
Other income	729	1 078
Total income	**16 203**	**17 197**
Staff costs	3 921	3 965
Profit-based staff costs	43	7
IT costs	715	807
Other general administrative expenses	3 706	3 698
Depreciation/amortisation	285	181
Total expenses	**8 670**	**8 658**
Profit before impairments	**7 533**	**8 539**
Impairments of intangible fixed assets		
Impairments of tangible fixed assets		
Credit impairments	272	833
Operating profit	**7 261**	**7 706**
Tax expense	1 951	1 988
Profit for the year attributable to:		
Shareholders of Swedbank AB	**5 301**	**5 710**
Non-controlling interests	9	8
Income items		
Income from external customers	14 712	15 879
Income from transactions with other business areas	1 491	1 318
Business volumes, SEKbn		
Lending	897	876
Deposits	347	318
Mutual funds and insurance	275	253
Other investment volume	17	22
Risk-weighted assets	222	244
Total assets	1 006	956
Total liabilities	983	936
Allocated equity, SEKm	22 596	20 477
Full-time employees	5 571	5 738
Key ratios		
Return on allocated equity, %	24.0	27.8
Cost/income ratio	0.54	0.50
Credit impairment ratio, %	0.03	0.10
Share of impaired loans, gross, %	0.18	0.23

Two-year summary

Large Corporates & Institutions

SEKm	2010	2009
Net interest income	2 817	3 712
Net commissions	1 955	1 609
Net gains and losses on financial items at fair value	1 446	2 583
Net insurance		
Share of profit or loss of associates		
Other income	88	108
Total income	**6 306**	**8 012**
Staff costs	1 235	1 120
Profit-based staff costs	254	196
IT costs	424	370
Other general administrative expenses	1 234	1 180
Depreciation/amortisation	55	36
Total expenses	**3 202**	**2 902**
Profit before impairments	**3 104**	**5 110**
Impairments of intangible fixed assets		5
Impairments of tangible fixed assets		7
Credit impairments	–1	1 093
Operating profit	**3 105**	**4 005**
Tax expense	768	996
Profit for the year attributable to: Shareholders of Swedbank AB	**2 307**	**2 946**
Non-controlling interests	30	63
Income items		
Income from external customers	5 898	7 550
Income from transactions with other business areas	408	462
Business volumes, SEKbn		
Lending	130	150
Deposits	74	69
Mutual funds and insurance	15	16
Other investment volume	23	28
Risk-weighted assets	156	164
Total assets	430	438
Total liabilities	413	424
Allocated equity, SEKm	16 669	14 962
Full-time employees	1 229	1 137
Key ratios		
Return on allocated equity, %	13.8	19.7
Cost/income ratio	0.51	0.36
Credit impairment ratio, %	0.00	0.39
Share of impaired loans, gross, %	0.25	0.34

Two-year summary

Baltic Banking

SEKm	2010	2009
Net interest income	3 771	4 235
Net commissions	1 533	1 655
Net gains and losses on financial items at fair value	341	719
Net insurance	317	368
Share of profit or loss of associates		1
Other income	225	394
Total income	**6 187**	**7 372**
Staff costs	1 032	1 361
Profit-based staff costs	–13	–203
IT costs	379	495
Other general administrative expenses	1 167	1 483
Depreciation/amortisation	164	198
Total expenses	**2 729**	**3 334**
Profit before impairments	**3 458**	**4 038**
Impairments of intangible fixed assets	23	
Impairments of tangible fixed assets	261	223
Credit impairments	3 363	14 888
Operating profit	**–189**	**–11 073**
Tax expense	–182	–1 315
Profit for the year attributable to: Shareholders of Swedbank AB	**–7**	**–9 758**
Non-controlling interests		
Income items		
Income from external customers	5 140	6 165
Income from transactions with other business areas	1 047	1 207
Business volumes, SEKbn		
Lending to the public	130	170
Deposits	93	103
Mutual funds and insurance	20	19
Risk-weighted assets	136	165
Total assets	172	224
Total liabilities	138	195
Allocated equity annual average, SEKm	35 950	30 912
Full-time employees	5 416	5 924
Key ratios		
Return on allocated equity, %	0.0	–31.6
Cost/income ratio	0.44	0.45
Credit impairment ratio, %	2.05	6.67
Share of impaired loans, gross, %	15.54	14.23

Two-year summary

Asset Management

SEKm	2010	2009
Net interest income	–17	–23
Net commissions	1 592	655
Net gains and losses on financial items at fair value	9	42
Net insurance		
Share of profit or loss of associates		
Other income	24	16
Total income	**1 608**	**690**
Staff costs	391	340
Profit-based staff costs	49	
IT costs	117	98
Other general administrative expenses	249	270
Depreciation/amortisation	50	48
Total expenses	**856**	**756**
Profit before impairments	**752**	**-66**
Impairments of intangible fixed assets		
Impairments of tangible fixed assets		
Credit impairments		
Operating profit	**752**	**-66**
Tax expense	177	–16
Profit for the year attributable to: Shareholders of Swedbank AB	**575**	**-50**
Non-controlling interests		
Income items		
Income from external customers	3 319	2 366
Income from transactions with other business areas	–1 711	–1 676
Business volumes, SEKbn		
Mutual funds and insurance	484	448
Other investment volume	252	222
Risk-weighted assets	3	2
Total assets	2	2
Total liabilities		
Allocated equity, SEKm	2 163	1 532
Full-time employees	313	291
Key ratios		
Return on allocated equity, %	35.4	–3.3
Cost/income ratio	0.53	1.10

Two-year summary

Russia & Ukraine

SEKm	2010	2009
Net interest income	638	1 766
Net commissions	81	101
Net gains and losses on financial items at fair value	–71	–44
Net insurance		
Share of profit or loss of associates		
Other income	32	14
Total income	**680**	**1 837**
Staff costs	377	511
Profit-based staff costs	–9	
IT costs	23	32
Other general administrative expenses	402	586
Depreciation/amortisation	78	83
Total expenses	**871**	**1 212**
Profit before impairments	**–191**	**625**
Impairments of intangible fixed assets	14	1 300
Impairments of tangible fixed assets	254	219
Credit impairments	–859	7 782
Operating profit	**400**	**–8 676**
Tax expense	–19	–251
Profit for the year attributable to: Shareholders of Swedbank AB	**419**	**–8 423**
Non-controlling interests		–2
Income items		
Income from external customers	680	1 837
Income from transactions with other business areas		
Business volumes, SEKbn		
Lending	15	20
Deposits	3	7
Risk-weighted assets	18	23
Total assets	17	24
Total liabilities	14	21
Allocated equity annual average, SEKm	3 814	3 655
Full-time employees	1 847	3 472
Key ratios		
Return on allocated equity, %	11	–230
Cost/income ratio	1.28	0.66
Credit impairment ratio, %	–4.35	21.72
Share of impaired loans, gross, %	46.20	37.69

Two-year summary

Ektornet

SEKm	2010	2009
Net interest income	–21	–1
Net commissions		
Net gains and losses on financial items at fair value	31	2
Net insurance		
Share of profit or loss of associates		
Other income	108	
Total income	**118**	**1**
Staff costs	74	2
Profit-based staff costs		
IT costs		
Other general administrative expenses	172	25
Depreciation/amortisation	24	
Total expenses	**270**	**27**
Profit before impairments	**–152**	**–26**
Impairments of intangible fixed assets		
Impairments of tangible fixed assets	85	
Credit impairments		
Operating profit	–237	–26
Tax expense	–25	–6
Profit for the year attributable to: Shareholders of Swedbank AB	**–212**	**–20**
Non-controlling interests		
Income items		
Income from external customers	118	1
Income from transactions with other business areas		
Business volumes, SEKbn		
Risk-weighted assets	4	1
Total assets	3	1
Total liabilities	2	
Allocated equity, SEKm	842	17
Full-time employees	150	39
Key ratios		
Return on allocated equity, %	–25.2	–117.6
Cost/income ratio	2.29	27.00

Definitions

Capital adequacy ratio
The capital base in relation to risk-weighted assets.

Capital base
The sum of Tier 1 (primary) and Tier 2 (supplementary) capital. To obtain the capital base for capital adequacy purposes, deduction is made for capital contributions in insurance companies.

Capital quotient
The capital base in relation to the capital requirement.

Cash flow per share
Cash flow for the year in relation to the number of shares outstanding during the year.

Core Tier 1 capital
Tier 1 capital excluding hybrid capital.

Core Tier 1 capital ratio
Core Tier 1 capital in relation to the risk-weighted assets.

Cost/income ratio
Expenses in relation to income.

Credit impairments, net
Established losses and provisions for the year less recoveries related to loans as well as the year's net expenses for guarantees and other contingent liabilities.

Credit impairment ratio
Credit impairments on loans and other credit risk provisions, net, in relation to the opening balance of loans to credit institutions and loans to the public.

Duration
The average weighted maturity of payment flows calculated at present value and expressed in number of years.

Earnings per share after dilution
Profit for the year allocated to shareholders in relation to the weighted average number of shares outstanding during the year, rights issue adjustment factor included, adjusted for the dilution effect of potential shares.

Earnings per share before dilution
Profit for the year allocated to shareholders in relation to the weighted average number of shares outstanding during the year, rights issue adjustment factor included.

Equity per share
Shareholders' equity in relation to the number of shares outstanding.

Impaired loans
Loans where there is, on individual level, objective evidence of a loss event, and where this loss event has an impact on the cash flow of the exposure. Impaired loans, gross, less specific provisions for loans assessed individually and provisions for homogenous loans assessed collectively constitute impaired loans, net.

Interest fixing period
Contracted period during which interest on an asset or liability is fixed.

Net interest margin
Net interest income in relation to average total assets.

Loan/deposit ratio
Lending to the public excluding Swedish Nat'l Debt Office and repurchase agreements in relation to deposits from the public excluding Swedish Nat'l Debt Office and repurchase agreements

Net asset value per share
Shareholders' equity according to the balance sheet and the equity portion of the difference between the book value and fair value of the assets and liabilities divided by the number of shares outstanding at year-end.

Number of employees
The number of employees at year-end, excluding long-term absences, in relation to the number of hours worked expressed in terms of full-time positions.

P/E ratio
Market capitalisation at year-end in relation to Profit for the financial year allocated to shareholders.

Price/equity
The share price at year-end in relation to the closing-day equity per share.

Provision ratio for individually identified impaired loans
Provisions for impaired loans assessed individually in relation to impaired loans, gross.

Restructured loan
A loan where the terms have been modified to more favourable for the debtor, due to the debtor's financial difficulties.

Return on equity
Profit for the financial year allocated to shareholders in relation to average shareholders' equity.

Return on total assets
Profit for the financial year in relation to average total assets.

Risk-weighted assets
Capital requirement for credit risk, market risk and operational risk according to the capital adequacy rules multiplied by 12.5.

Share of impaired loans, gross
Carrying amount of impaired loans, gross, in relation to the carrying amount of loans to credit institutions and the public excluding provisions.

Share of impaired loans, net
Carrying amount of impaired loans, net, in relation to the carrying amount of loans to credit institutions and the public.

Tier 1 capital
Shareholders' equity less proposed dividend, deduction for intangible assets, deferred tax assets and certain other adjustments. Hybrid capital (equity contribution and reserves) may be included in the capital base as Tier 1 capital with an approval from the supervisory authority.

Tier 1 capital ratio
Tier 1 capital in relation to the risk-weighted assets.

Tier 2 capital
Fixed-term subordinated liabilities, less a certain reduction if their remaining maturity is less than five years, and undated subordinated liabilities.

Total provision ratio for impaired loans
All provisions for loans in relation to impaired loans, gross.

Yield
Dividend per share in relation to the share price at year-end.

Addresses

HEAD OFFICE

Swedbank AB
Corp. identity no. 502017–7753
Registered office: Stockholm
Visiting address: Brunkebergstorg 8
Mailing address: SE-105 34 Stockholm
Telephone: +46 8 585 900 00
Card blocking: +46 8 411 10 11
Telephone bank: +46 771-22 11 22
Fax: +46 8 796 80 92
Swift: SWEDSESS
E-mail: info@swedbank.se
www.swedbank.se

CHINA

Swedbank
Citigroup Tower 601
No. 33 Huayuanshiqiao Road
200122 Shanghai
Telephone: +86 21 386 126 00
Fax: +86 21 386 127 11
Swift: SWEDCNSH
www.swedbank.cn

DENMARK

Swedbank
Kalvebod Brygge 45
DK-1560 Copenhagen V
Telephone: +45 88 97 9000
Swift: SWEDDKKK
E-mail: info@swedbank.dk
www.swedbank.dk

ESTONIA

Swedbank AS
Liivalaia 8
EE-150 40 Tallinn
Telephone: +372 6310 310
Fax: +372 6310 410
Swift: HABAEE2X
E-mail: info@swedbank.ee
www.swedbank.ee

FINLAND

Swedbank
Visiting address:
Mannerheimintie 14 B
Mailing address: P.O. Box 1107
FIN-00101 Helsinki
Telephone: +358 20 74 69 100
Fax: +358 20 74 69 101
Swift: SWEDFIHH
E-mail: info@swedbank.fi
www.swedbank.fi

LATVIA

AS Swedbank
Balasta dambis 1A
LV-1048 Riga
Telephone: +371 67 444 444
Fax: +371 67 444 344
Swift: HABALV22
E-mail: info@swedbank.lv
www.swedbank.lv

LITHUANIA

Swedbank AB
Konstitucijos pr. 20A
LT-03502 Vilnius
Telephone: +370 5 268 4444
Fax: +370 5 268 4700
Swift: HABALT22
E-mail: info@swedbank.lt
www.swedbank.lt

LUXEMBOURG

Swedbank S.A.
Visiting address:
8–10 Avenue de la Gare
Luxembourg
Mailing address: P.O. Box 1305
L-1013 Luxembourg
Telephone: +352 404 94 01
Fax: +352 40 49 07
Swift: BNELLULL
E-mail: info@swedbank.lu
www.swedbank.lu

NORWAY

Swedbank
Visiting address: Filipstad Brygge 1,
Aker Brygge
Mailing address:
P.O. Box 1441 Vika
N-0115 Oslo
Telephone: +47 23 11 62 00
Fax: +47 23 11 62 01
Swift: SWEDNOKK
E-mail: post@swedbank.no
www.swedbank.no

First Securities AS
Visiting address:
Filipstad Brygge 1, Aker Brygge
Mailing address:
P.O. Box 1441 Vika
N-0115 Oslo
Telephone: +47 23 23 80 00
Fax: +47 23 23 80 01
Swift: FISANOK1
www.first.no

RUSSIA

OAO Swedbank
5 Lesnaya
125047 Moscow
Telephone: +7 495 777 63 63
Fax: +7 495 777 63 64
Swift: HABARUMM
E-mail: info@swedbank.ru
www.swedbank.ru

SPAIN

Swedbank S.A.
Representative Office Spain
Centro Comercial Plaza, Oficina 16
ES-29660 Nueva Andalucia (Marbella)
Telephone: +34 952 81 48 62
Fax: +34 952 81 93 86
E-mail: spanien@swedbank.lu
www.swedbank.lu

SWEDEN

Large Corporates & Institutions
Visiting address: Regeringsgatan 13
Mailing address: SE-105 34 Stockholm
Telephone: +46 8 585 918 00
E-mail:
info.lci@swedbank.se
www.swedbank.se

Swedbank Fastighetsbyrå AB
Visiting address:
Klarabergsviadukten 80
Mailing address: Box 644,
SE-101 32 Stockholm
Telephone: +46 8 545 455 00
E-mail: info@fastighetsbyran.se
www.fastighetsbyran.se

Swedbank Finans AB
Visiting address: Junohällsvägen 1
Mailing address: SE-105 34 Stockholm
Telephone: +46 8 585 922 00
E-mail: info.finans@swedbank.se
www.swedbankfinans.se

Swedbank Företagsförmedling AB
Visiting address:
Södra Hamngatan 19–21
Mailing address:
SE-411 14 Göteborg
Telephone: +46 31 739 01 70
E-mail:
foretagsformedling@swedbank.se
www.swedbankff.se

Swedbank Juristbyrå AB
Visiting address:
Klarabergsviadukten 80, 6 tr
Mailing address: Box 371,
SE-101 27 Stockholm
Telephone: +46 8 545 451 00
www.juristbyran.com

Swedbank Mortgage AB
Visiting address: Brunkebergstorg 8
Mailing address: SE-105 34 Stockholm
Telephone: +46 8 585 900 00
www.swedbank.se/mortgage

Swedbank Robur AB
Visiting address:
Malmskillnadsgatan 32
Mailing address: SE-105 34 Stockholm
Telephone: +46 8 585 924 00
E-mail:
fonder.forsakringar@swedbank.se
www.swedbankrobur.se

UKRAINE

JSC Swedbank
30 S Petlyura street
UA-010 32 Kiev
Telephone: +38 044 590 00 00
Swift: KPRVUAUK
E-mail: info@swedbank.ua
www.swedbank.ua

USA

Swedbank New York Branch
One Penn Plaza, 15th floor
New York, NY 10119
Telephone: +1 212 486 8400
Fax: +1 212 486 3220
Swift: SWEDUS33
www.swedbank.us

Swedbank First Securities LLC
570 Lexington Avenue, 35th floor
New York, NY 10022
Telephone: +1 212 906 0800
Fax: +1 212 759 9205

Production: Intellecta Corporate • Photography: Tina Axelsson and Björn Terring/Link Image • Print: Intellecta Infolog, Solna

Swedbank AB Annual Report 2010

CONTACTS

Anna Sundblad
Press officer
Telephone: +46 8 585 921 07
E-mail: anna.sundblad@swedbank.com

Johannes Rudbeck
Head of Investor Relations
Telephone: +46 8 585 933 22
E-mail: johannes.rudbeck@swedbank.com

51810001