

Press Release

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Changes to legal structure and reduced capital in Swedbank AS

Swedbank AB has decided to undertake changes to its legal structure in reference to the bank's three Baltic subsidiaries and make these directly owned by Swedbank AB. As a consequence, Swedbank in Estonia, the previous parent company of the subsidiaries in Latvia and Lithuania will sell its shares in these to Swedbank AB. The changes have no impact on Swedbank Group's profit or financial position.

After the transaction, Swedbank in Estonia (Swedbank AS) will no longer act as consolidating entity of the Latvian and Lithuanian subsidiaries, instead these will have the same position within the Group as Swedbank in Estonia.

As a consequence of the new structure, Swedbank AS will become overcapitalised and to correct this will reduce its share capital by cancelling 517 835 300 shares to lower its long-term capital ratios. After the transaction and planned capital reduction the capital adequacy of Swedbank AS will be 20 percent on consolidated basis and 15 percent on solo basis. The new share capital of Swedbank AS will amount to EUR 85m. The transactions are expected to be completed on 1 July 2011.

Erkki Raasuke, CFO of Swedbank AB, comments the transaction:

"It is more efficient for the Group to consolidate the Latvian and Lithuanian subsidiaries with the parent company Swedbank AB. Through the transaction, we will create a more efficient and simplified capital management, and the Estonian FSA can now focus solely on our Estonian operations".

"We will keep the capitalisation levels of our Baltic subsidiaries high, continuing the strategy we have exercised over the last two years. The reduction of the share capital in the Estonian operation is being made as it is no longer needed after the legal restructuring", Erkki Raasuke continued.

The change of legal structure will not impact the management structure of Swedbank Group. The Baltic Banking business unit headed by Håkan Berg will continue its current work in line with the set long-term strategy.

Swedbank AS will in connection to the transactions pay dividends to Swedbank AB, totaling EUR 242.9m. These dividends have previously been received from the Latvian and Lithuanian subsidiaries' retained earnings and have already been taxed in Latvia and Lithuania.

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