

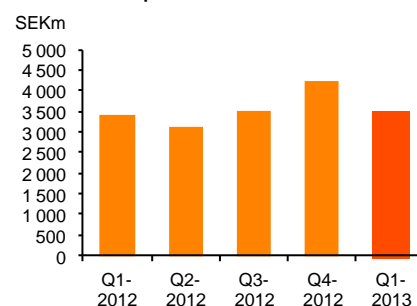


## First quarter 2013

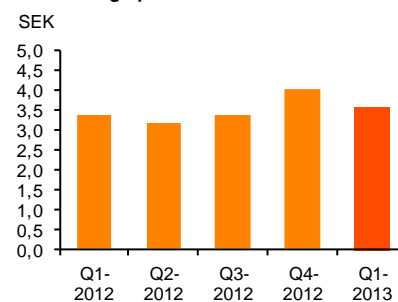
Compared with fourth quarter 2012

- The result for the quarter amounted to SEK 3 525m (4 252)
- Earnings per share for total operations amounted to SEK 3.21\* (3.87) before dilution and SEK 3.19\* (3.86) after dilution
- Earnings per share for continuing operations\*\* after dilution amounted to SEK 3.54\* (4.01)
- The return on equity was 13.8 per cent (16.9) and the return on equity for continuing operations\*\* was 15.3 per cent (17.5)
- The cost/income ratio was 0.45 (0.44)
- Net interest income amounted to SEK 5 353m (5 346)
- Profit before impairments decreased by 5 per cent to SEK 5 039m (5 295)
- Swedbank reported net credit impairments of SEK 60m (net recoveries of SEK 76m)
- The Common Equity Tier 1 ratio was 17.3 per cent according to Basel 2 (16.7 per cent on 31 December 2012). The Common Equity Tier 1 ratio according to Basel 3 was 16.4\*\*\* per cent (15.4 per cent on 31 December 2012).

Profit for the quarter



Earnings per share after dilution\*, continuing operations

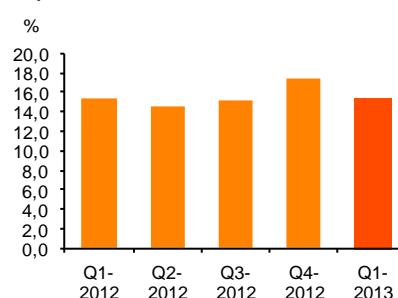


## First quarter 2013

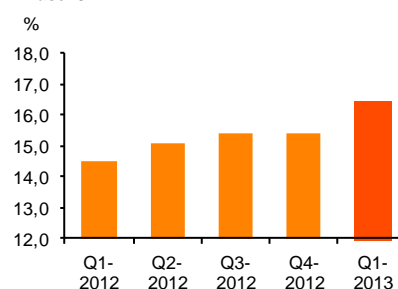
Compared with first quarter 2012

- The result for the period amounted to SEK 3 525m (3 410)
- Earnings per share for total operations amounted to SEK 3.21\* (3.11) before dilution and SEK 3.19\* (3.10) after dilution
- Earnings per share for continuing operations\*\* after dilution amounted to SEK 3.54\* (3.35)
- The return on equity was 13.8 per cent (14.1) and the return on equity for continuing operations\*\* was 15.3 per cent (15.3)
- The cost/income ratio was 0.45 (0.48)
- Net interest income increased by 9 per cent to SEK 5 353m (4 895)
- Profit before impairments increased by 6 per cent to SEK 5 039m (4 745)
- Swedbank reported net credit impairments of SEK 60m (net recoveries of SEK 96m)

Return on equity, continuing operations\*\*



Common Equity Tier 1 ratio, %, Basel 3\*\*\*



\* After deducting the preference share dividend, earnings per share for the first quarter 2013 were SEK 1.63 for total operations. The calculations are specified on page 49.

\*\* Russia and Ukraine are reported as discontinued operations.

\*\*\* According to Swedbank's interpretation of future regulations.

## CEO Comment

The year has begun with cautiously positive expectations regarding global economic development. At the same time a stable and economically secure Europe is a long way off. The Swedish and Baltic economies are strong, but are not unaffected by the turbulence. As expected, credit demand has been limited, especially in terms of new investment. We continue to plan for an environment with low interest rates and weak credit demand in the foreseeable future. At the same time we continue to streamline operations in order to achieve our financial goals.

### Continued robust result

Swedbank reported a continued robust result for the first quarter. The return on equity for continuing operations was 15 per cent and net interest income was stable in all business areas. The repricing of loans to small and medium-sized enterprises based on risk and cost of capital continued during the quarter and offset lower deposit margins. Our Common Equity Tier 1 capital ratio continued to strengthen during the quarter and is now 16.4 per cent, according to Basel 3\* (15.4 as of 31 December 2012).

Swedbank's focus is on taking advantage of the opportunities that exist in our four home markets. During the quarter we signed an agreement to sell our Ukrainian subsidiary and decided to discontinue the remaining operations in Russia. Ukraine and Russia are now reported as discontinued operations.

### Better banking experience for customers

I am strongly convinced that the new organisation that took effect on 1 January of this year is the right first step in a multi-year journey to improve customer satisfaction and efficiency as well as deepen and broaden our relationship with existing customers. We will offer a better banking experience. The goal is to strengthen our market position and put a stop to a multi-year decline in market share. We are already seeing how the new organisation accentuates opportunities and challenges. We will capitalise on the economies of scale in our digital channels and at the same time free up time at the branches for advisory services.

We believe that our operating environment and the way in which banking is conducted will undergo major change in the next few years. Right now we are seeing a mobile revolution, where customer demand for increased accessibility and simplicity is forcing us to adapt quickly. In just two years the Mobile Bank has gone from an insignificant channel to the most common way customers reach the bank. During the first quarter 13 per cent of all equity transactions were executed through the Mobile Bank. The number of Internet Bank customers continues to rise, but the number of logins is declining slightly as customers discover the

convenience of the mobile channel for their day-to-day banking. Swedbank recently launched two mobile banking apps for young people and for businesses and will continue to improve functionality and user friendliness at a rapid rate going forward.

Increased transparency, in combination with a growing number of knowledgeable customers, technological developments and new regulations, is creating cracks in old business models and leading to greater competition. To be profitable as a bank with a large, diverse customer base like ours, it is important to constantly improve efficiency and that every customer and product group is correctly priced.

### Credit quality

Swedbank's credit quality remains good. The economic outlook in Sweden has brightened slightly at the beginning of the year, but is sensitive to negative changes in global conditions. The Baltic countries continue to report good economic development.

A positive trend with lower absolute and relative funding costs has continued as more investors recognise Swedbank's low risks and robust results. We expect to improve our credit rating during the year and are working actively with ratings agencies to ensure they have an updated view of the bank.

### Outlook

We continue to plan for an environment with low interest rates and weak credit demand. Our intent is to maintain total expenses at the same level in 2013 as in 2012, with slightly lower expenses during the first half-year compared with the second. We continue to focus on profitability and capital efficiency at the same time that we will invest in a better customer experience and development opportunities for our employees.



Michael Wolf  
President and CEO

\* According to Swedbank's interpretation of future regulations

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

## Financial summary

Income statement SEKm	Q1 2013	Q4 2012	%	Q1 2012	%
Net interest income	5 353	5 346	0	4 895	9
Net commissions	2 388	2 502	-5	2 398	0
Net gains and losses on financial items at fair value	557	830	-33	979	-43
Other income	784	759	3	800	-2
<b>Total income</b>	<b>9 082</b>	<b>9 437</b>	<b>-4</b>	<b>9 072</b>	<b>0</b>
Staff costs	2 358	2 264	4	2 409	-2
Other expenses	1 685	1 878	-10	1 918	-12
<b>Total expenses</b>	<b>4 043</b>	<b>4 142</b>	<b>-2</b>	<b>4 327</b>	<b>-7</b>
<b>Profit before impairments</b>	<b>5 039</b>	<b>5 295</b>	<b>-5</b>	<b>4 745</b>	<b>6</b>
Impairment of intangible assets		17			
Impairment of tangible assets	85	141	-40	40	
Credit impairments	60	-76		-96	
<b>Operating profit</b>	<b>4 894</b>	<b>5 213</b>	<b>-6</b>	<b>4 801</b>	<b>2</b>
Tax expense	976	786	24	1 108	-12
<b>Profit for the period from continuing operations</b>	<b>3 918</b>	<b>4 427</b>	<b>-11</b>	<b>3 693</b>	<b>6</b>
Profit for the period from discontinued operations, after tax	-390	-174		-279	40
Profit for the period	3 528	4 253	-17	3 414	3
<b>Profit for the period attributable to the shareholders of Swedbank AB</b>	<b>3 525</b>	<b>4 252</b>	<b>-17</b>	<b>3 410</b>	<b>3</b>

Key ratios and data per share	Q1 2013	Q4 2012	Q1 2012
Return on equity, continuing operations, %	15.3	17.5	15.3
Return on equity, total operations, %	13.8	16.9	14.1
Earnings per share before dilution, continuing operations, SEK <sup>1)</sup>	3.57	4.03	3.36
Earnings per share after dilution, continuing operations, SEK <sup>1)</sup>	3.54	4.01	3.35
Cost/income ratio	0.45	0.44	0.48
Equity per share, SEK <sup>1)</sup>	84.57	91.02	80.91
Loan/deposit ratio, %	188	212	202
Common Equity Tier 1 ratio, %, Basel 3 <sup>2)</sup>	16.4	15.4	14.5
Tier 1 capital ratio, %, Basel 3 <sup>2)</sup>	17.8	16.8	16.0
Capital adequacy ratio, %, Basel 3 <sup>2)</sup>	19.4	18.5	18.2
Common Equity Tier 1 ratio, %, Basel 2	17.3	16.7	15.6
Tier 1 capital ratio, %, Basel 2	18.3	18.1	17.1
Capital adequacy ratio, %, Basel 2	19.5	19.0	18.6
Credit impairment ratio, %	0.02	-0.02	-0.03
Share of impaired loans, gross, %	0.77	1.05	1.67
Total provision ratio for impaired loans, %	57	62	65

Balance sheet data SEKbn	31 Mar 2013	31 Dec 2012	%	31 Mar 2011	%
Loans to the public	1 237	1 239	0	1 213	2
Deposits and borrowings from the public	650	580	12	604	8
Shareholders' equity	96	103	-7	94	2
Total assets	1 917	1 847	4	1 888	2
Risk weighted assets, Basel 3 <sup>2)</sup>	465	487	-5	515	-10
Risk weighted assets, Basel 2	457	464	-2	495	-8

<sup>1)</sup> After deducting the preference share dividend, earnings per share for the first quarter 2013 were SEK 1.63 for total operations (SEK 1.99 for continuing operations) after dilution. The calculations are specified on page 49.

<sup>2)</sup> According to Swedbank's interpretation of future regulations.

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

## Overview

### Market

Despite weaker global economic conditions and declining Swedish confidence indicators, Sweden's GDP rose by 0.5 per cent at an annual rate during the fourth quarter. Resilient exports and higher private consumption contributed to growth. The Swedish economy began 2013 positively, with convincing retail sales and service production. Household expectations strengthened as labour market prospects improved at the same time that low inflation is strengthening household purchasing power.

Weaker global demand led to slowing growth in the Baltic economies in the fourth quarter, particularly for exporters. Domestic demand was bolstered by increased consumption and investment. At the start of 2013 household confidence rose at the same time that retailers continued to report positive growth. Manufacturers have also expressed increased confidence after a decline at the end of last year.

The Riksbank maintained the repo rate at 1 per cent in February and in April, despite low inflation and high unemployment. Growing household debt was cited as an increasingly important factor in its rate decision not to jeopardise financial stability. Positive signals from the Swedish economy at the start of 2013, together with the Riksbank's forecast of no more rate cuts, strengthened the Swedish krona. In trade-weighted terms, the krona has reached its strongest level since the early 1990s.

The Stockholm stock exchange (OMXSPI) rose by 9 per cent during the quarter. The Tallinn stock exchange (OMXT) rose by 14 per cent, the Vilnius stock exchange (OMXV) by 11 per cent and the Riga stock exchange (OMXR) by 6 per cent.

### Important events during the quarter

Swedbank has decided to discontinue its remaining operations in Ukraine and Russia and has signed an agreement to sell its Ukrainian subsidiary. The operations in Ukraine and Russia are reported as of the first quarter 2013 as discontinued operations. Comparable figures for historical periods have been restated. For more information, see pages 18 and 30 as well as note 24.

Swedbank has changed its recognition of trade-related income in the Large Corporates & Institutions (LC&I) business area. As of the first quarter 2013 interest income and expenses from financial instruments held for trading are recognised in net gains and losses on financial transactions. Comparable figures for historical periods have been restated. For more information, see pages 13 and 30.

Swedbank has a new organisation as of 1 January, which has resulted in transfers between the business areas. Comparable figures for historical periods have been restated. For more information, see each business area.

## First quarter 2013

Compared with fourth quarter 2012

### Result

Profit before impairments decreased by 5 per cent to SEK 5 039m (5 295). Profit for the fourth quarter 2012 was affected positively by a net of approximately SEK 330m<sup>1</sup> related to one-off items. Profit for Retail and Baltic Banking increased during the quarter, while profit for LC&I decreased slightly.

<b>Profit before impairments by business area</b>	<b>Q1</b>	<b>Q4</b>	<b>Q1</b>
<b>SEKm</b>	<b>2013</b>	<b>2012</b>	<b>2012</b>
Retail	2 971	2 781	2 917
Large Corporates & Institutions	1 080	1 111	1 302
Baltic Banking	695	650	811
Group Functions & Other	293	744	-318
<b>Total excl FX effects</b>	<b>5 039</b>	<b>5 286</b>	<b>4 712</b>
FX effects		9	33
<b>Total</b>	<b>5 039</b>	<b>5 295</b>	<b>4 745</b>

The quarterly result amounted to SEK 3 525m (4 252), of which the result for continuing operations was SEK 3 918 (4 427). The result for discontinued operations was SEK -390m (-174), of which write-downs related to the sale of the operations in Ukraine amounted to SEK 340m. The result for the fourth quarter 2012 was affected positively by approximately SEK 330m<sup>1</sup> (before tax) related to one-off items and by approximately SEK 410m due to the reduction in the Swedish corporate tax rate to 22 per cent. Credit impairments amounted to SEK 60m (net recoveries of SEK 76m) and impairments of tangible assets to SEK 85m (141). The return on equity was 13.8 per cent (16.9). For the continuing operations the return on equity was 15.3 per cent (17.5). The cost/income ratio was 0.45 (0.44).

Income decreased by 4 per cent to SEK 9 082m (9 437). One-off events affected income for the fourth quarter 2012 positively by approximately SEK 330m<sup>1</sup>. Net interest income was stable, while net gains and losses on financial items at fair value and net commission income decreased.

Net interest income was stable at SEK 5 353m (5 346). In the fourth quarter 2012 Group Treasury's net interest income was affected positively by a one-off adjustment of SEK 78m. The business areas reported stable net interest income, while net interest income in Group Treasury rose slightly. Group Treasury's net interest income was temporarily strengthened by positions benefitting from lower market rates. In addition, the fee for state-guaranteed funding decreased by SEK 32m due to maturities during the quarter. Lower deposit margins due to falling Stibor and Euribor rates, as well as increased competition for deposits in Sweden, affected net interest income negatively. This was largely offset by the repricing of commercial lending. The shorter quarter affected net interest income negatively.

Net commission income decreased by 5 per cent to SEK 2 388m (2 502), mainly due to seasonally lower payment commissions and lower income from corporate

<sup>1</sup> Refers to items in Group Treasury of SEK 328m net, LC&I SEK 37m, Baltic Banking SEK -35m.



finance. Income from asset management was stable. Stock market gains, combined with a positive net flow, increased asset management income, while the shorter quarter had a negative effect. The fourth quarter 2012 contained performance-related income of SEK 49m.

Net gains and losses on financial items at fair value decreased by 33 per cent to SEK 557m (830). The fourth quarter was affected positively by a net of approximately SEK 250m from one-off items within Group Treasury. Earnings from fixed income and currency trading within LC&I increased slightly during the quarter mainly in currency trading.

Expenses decreased by 2 per cent from the previous quarter to SEK 4 043m (4 142). The decrease was mainly due to seasonally lower IT and marketing costs. Variable staff costs rose mainly because a new share-based programme for 2013 was added to accruals of previous share-based programmes for 2010, 2011 and 2012.

Expense analysis			
Group	Q1	Q4	Q1
SEKm	2013	2012	2012
Retail	2 406	2 474	2 429
Large Corporates & Institutions	734	738	757
Baltic Banking	586	628	606
Group Functions & Other and Eliminations	317	291	501
<b>Total excl FX effects</b>	<b>4 043</b>	<b>4 131</b>	<b>4 293</b>
FX effects		11	34
<b>Total expenses</b>	<b>4 043</b>	<b>4 142</b>	<b>4 327</b>

The number of full-time positions decreased during the quarter by 448, to 14 413, of which 363 refer to Russia and Ukraine, which are now reported as discontinued operations.

Credit impairments amounted to SEK 60m (net recoveries of SEK 76m). LC&I and Retail reported credit impairments, while Baltic Banking reported net recoveries.

Tangible asset writedowns amounted to SEK 85m (141) due to property revaluations within Ektornet.

The result from discontinued operations (Ukraine and Russia) amounted to SEK -390m (-174). A writedown of SEK 340m was recognised during the quarter related to the sale in Ukraine. For more information, see note 24.

The tax expense amounted to SEK 976m (786), corresponding to an effective tax rate of 19.9 per cent (15.1). The low effective rate in the fourth quarter 2012 was due to a one-off effect from the reduction of the Swedish corporate tax rate.

## First quarter 2013

### Compared with first quarter 2012

#### Result

Profit before impairments increased by 6 per cent to SEK 5 039m (4 745). The first quarter 2012 was affected negatively by SEK 250m from a one-off adjustment within Group Treasury. Stronger net interest income and lower expenses affected profit positively,

while net gains and losses on financial items at fair value were lower than in the same period in 2012.

The result for the period increased by 3 per cent to SEK 3 525m (3 410), of which the result for continuing operations was SEK 3 918m (3 693). The result for discontinued operations amounted to SEK -390m (-279). Credit impairments amounted to SEK 60m (net recoveries of 96) and tangible asset writedowns to SEK 85m (40). Changes in exchange rates, primarily the appreciation of the Swedish krona against the euro and the Baltic currencies, reduced profit by SEK 34m. The return on equity was 13.8 per cent (14.1). The return on equity for continuing operations was 15.3 per cent (15.3). The cost/income ratio was 0.45 (0.48).

Income was largely unchanged at SEK 9 082m (9 072). Income in Retail was stable compared with the previous year. Baltic Banking reported lower income mainly due to falling market interest rates. Income in LC&I decreased from fixed income and currency trading. Group Treasury reported higher income year-on-year. Changes in exchange rates reduced income by SEK 66m.

Net interest income increased by 9 per cent to SEK 5 353m (4 895). The repricing of lending within Retail and LC&I affected net interest income positively. Expenses related to the bank's funding decreased. The fee for state-guaranteed funding decreased by SEK 84m due to maturities. Lower deposit margins due to falling Stibor and Euribor rates as well as increased competition for deposits in Sweden affected net interest income negatively. Changes in exchange rates reduced net interest income by SEK 36m.

Net commission income was stable at SEK 2 388m (2 398). Lower income from corporate finance affected net commission income negatively, while higher commission income from asset management had a positive impact due to higher assets under management.

Net gains and losses on financial items at fair value decreased by 43 per cent to SEK 557m (979). The first quarter 2012 was affected negatively by SEK 250m from a one-off adjustment within Group Treasury. Results in equity, fixed income and currency trading were lower than in the same period in 2012, when the first-quarter results were very strong due to good market conditions.

Expenses decreased by 7 per cent to SEK 4 043m (4 327). IT expenses decreased by SEK 75m and fixed staff costs decreased by SEK 68m. Variable staff costs rose to SEK 225m (208). Changes in exchange rates reduced expenses by SEK 34m.

The number of full-time positions has decreased in one year by 1 637, of which 1 048 were in Ukraine and Russia, 196 in Retail and 202 in Ektornet (Group Functions & Other).

Since 1 July 2010 Swedbank pays parts of its variable remuneration in the form of shares. This remuneration is accrued as an expense until the shares are settled. As a result variable remuneration allocated to employees during the period differs from the recognised amount. During the period recognised variable remuneration was

SEK 225m (208). A more detailed analysis of variable remuneration is provided on page 14 of the fact book<sup>2</sup>.

Credit impairments of SEK 60m were recognised in the first quarter 2013 (net recoveries of SEK 96m). LC&I and Retail reported credit impairments, while Baltic Banking reported net recoveries.

Tangible asset writedowns rose by SEK 45m to SEK 85m attributable to Ektornet.

The result from discontinued operations (Ukraine and Russia) amounted to SEK -390m (-279). During the quarter impairments of SEK 340m were recognised from the sale of the operations in Ukraine. For more information, see note 24.

The tax expense amounted to SEK 976m (1 108), corresponding to an effective tax rate of 19.9 per cent (23.1). The lower effective tax rate in 2013 was mainly due to the reduction of the Swedish corporate tax rate as of 1 January. In the medium term the effective tax rate is estimated at 19-21 per cent.

### Credit and asset quality

Swedbank's credit and asset quality remains strong. The volume of problem loans in the Baltic operations continues to decline and new credit impairments are low. At the same time the Baltic countries continue to report recoveries from previous provisions, though lower than the previous year's. The Swedish operations remain stable with low credit impairments and an increase in lending to low-risk customers. Swedbank has decided to discontinue its remaining operations in Ukraine and Russia and during the quarter signed an agreement to sell the Ukrainian subsidiary (including all loans). In Russia, Swedbank has ceased all new business and is winding down its existing operations. The lending portfolio in Russia, consisting mainly of performing corporate loans, will decrease as customers amortise their loans.

Swedbank underwent a thorough credit analysis. Due to global turbulence, special assessments of the potential impact on our customers are conducted periodically. In the Internal Capital Adequacy Assessment Process (ICAAP), the Swedish Financial Supervisory Authority's stress test and the Riksbank's Stability Report, Swedbank's resilience was considered good should the situation in Europe deteriorate significantly. Because asset quality improved in 2012, the results of the 2013 ICAAP are expected to show that Swedbank's resilience has further increased.

In early March the Swedish Financial Supervisory Authority published its annual mortgage survey. The conclusions were as follows:

- The trend of rising loan-to-value ratios on new lending has been broken. The average loan-to-value ratio for new mortgages is about 70 per cent. The corresponding figure for Swedbank was 68 per cent in 2012.
- Nearly nine out of ten new household mortgages with loan-to-value ratios of over 75 per cent have an amortisation plan. For Swedbank the share was 93 per cent in 2012. Remaining customers have an amortisation plan that starts within two years.

Swedbank's lending decreased during the quarter by SEK 1.5bn to SEK 1 183bn, where SEK 4.2bn refers to Russia and Ukraine. Lending to Swedish mortgage customers (including housing cooperatives) rose by SEK 2.2bn. Corporate lending within LC&I and Retail increased by SEK 3.3bn. The lending portfolio in Baltic Banking rose slightly in local currency, mainly due to a few large corporate customers with low risk. The Swedish krona appreciated against the euro during the quarter, which led to less SEK lending in Baltic Banking.

The stable trend in house prices in major Baltic cities continued. The average loan-to-value ratio on 31 March was 67 per cent in Estonia (68 as of 31 December 2012), 133 per cent in Latvia (128) and 91 per cent in Lithuania (88). Within Baltic Banking the share of the mortgage portfolio where exposures exceed the current market value of the underlying collateral was SEK 4.7bn (5.5). The average loan-to-value ratio in Swedbank Mortgage was 61 per cent (60) on 31 March based on property level.

Mortgages in Sweden past due by more than 60 days, which had trended slightly higher in the last two years, were unchanged during the first quarter at 0.13 per cent (0.13) of the portfolio. The share of overdue loans stabilised in Baltic Banking with the biggest improvement in Estonia. The share of overdue mortgages was 1.1 per cent (1.3) in Estonia, 10.5 per cent (10.7) in Latvia and 5.4 per cent (5.6) in Lithuania. Further improvements are expected in 2013.

Impaired loans decreased during the quarter to SEK 10bn (14) with the discontinued operations in Russia and Ukraine contributing SEK 3bn. In Baltic Banking impaired loans decreased by SEK 1bn, mainly due to write-offs and improved quality in the loan portfolio. Within LC&I impaired loans increased by SEK 0.4bn related to a few large commitments, while in Retail they were unchanged during the quarter. Impaired loans in Baltic Banking related to problem loans from the crisis years, at its peak at SEK 27bn, has gradually declined to SEK 8bn as the loans are restructured, amortised or written off.

Credit impairments, net by business area SEKm	Q1 2013	Q4 2012	Q1 2012
Retail	55	91	21
Large Corporates & Institutions	74	162	17
Baltic Banking	-70	-329	-134
Estonia	-54	-242	-78
Latvia	4	86	-21
Lithuania	-20	-173	-35
Group Functions & Other	1		
<b>Total</b>	<b>60</b>	<b>-76</b>	<b>-96</b>

Credit impairments for the quarter amounted to SEK 60m (net recoveries of SEK 76m for the fourth quarter 2012). Credit impairments within Retail and LC&I remain very low and are related to a few corporate commitments. Recoveries in the Baltic countries primarily relate to a limited number of corporate commitments.

The value of repossessed assets in the Group fell by SEK 987m to SEK 4 079m during the quarter. During the first quarter Ektornet acquired properties for SEK 202m mainly related to the discontinued operations in

<sup>2</sup> More detailed information can be found in Swedbank's fact book, [www.swedbank.com/ir](http://www.swedbank.com/ir), under Financial information and publications.

Ukraine, while properties with a book value of SEK 990m were sold.

For more information on Ektornet, see page 18.

Assets taken over and cancelled leases by business area SEKm	31 Mar 2013	31 Dec 2012	31 Mar 2012
Retail	9	9	6
Baltic Banking	253	169	199
Estonia	10	11	8
Latvia	182	97	121
Lithuania	61	61	70
Group Functions & Other	3 817	4 888	6 043
Ektornet	3 630	4 606	5 751
Sweden	51	377	312
Norway			89
Finland		281	374
Estonia	305	340	592
Latvia	1 546	1 665	1 903
Lithuania	263	351	675
USA	1 079	1 228	1 409
Ukraine	386	364	397
Other	187	282	292
<b>Total</b>	<b>4 079</b>	<b>5 066</b>	<b>6 248</b>

Swedbank's exposure to counterparties in the GIIPS countries (Greece, Ireland, Italy, Portugal and Spain) remains low, totalling SEK 401m as of 31 March 2013 (396). The direct effect on Swedbank of the reconstructions and capital controls of Cypriot banks is negligible. Swedbank has derivative exposures with a current market value of SEK 187m with counterparties domiciled in Cyprus but with operations in other countries. Moreover, there is a position of SEK 44m in a bond issued by a company domiciled in Cyprus but with operations elsewhere. Swedbank otherwise has no exposures to the Cypriot financial system.

GIIPS exposure 31 Mar 2013 SEKm	Greece	Ireland	Italy	Portugal	Spain	Total
Bonds			82	26	5	113
of which sovereign			82	26	5	113
of which held to maturity <sup>1</sup>			82	26	5	113
Loans (money market and commercial paper)			14			14
Loans (credit facilities)						
Derivatives net <sup>2</sup>	50	7			101	158
Other <sup>3</sup>	12	18	2	84		116
<b>Total</b>	<b>0</b>	<b>62</b>	<b>121</b>	<b>28</b>	<b>190</b>	<b>401</b>

<sup>1</sup> Current market values are approximately SEK 12m below the carrying amounts.

<sup>2</sup> Derivatives at market value taking into account netting and collateral agreements. The derivatives gross value i.e. market value plus internal add-ons, amount to: Ireland SEK 71m, Italy SEK 363m and Spain SEK 218m. Total SEK 686m.

<sup>3</sup> Includes trade finance and mortgage loans.

## Funding and liquidity

The strong demand from domestic and international debt investors in 2012 continued during the first quarter 2013. During the quarter the bank attracted new investors, especially from Asia and the US, and thereby broadened its investor base. In the first quarter 2013 Swedbank issued a total of SEK 40bn in long-term debt instruments. Covered bond issuance during the quarter amounted to SEK 23bn, while issued senior debt amounted to SEK 16bn. The bank saw continued high demand for private placements during the quarter. In total Swedbank plans to issue around SEK 120bn in 2013 to meet maturing long-term funding with a nominal

value of SEK 86bn as of the beginning of the year. Swedbank's financing costs have decreased in absolute and relative terms. For the most important financing source, covered bonds, the cost of new financing was about 40bp lower during the first quarter compared with the existing portfolio.

The average maturity of all capital market funding arranged through the bank's short- and long-term programmes was 31 months as of 31 March 2013 (33). The average maturity of long-term funding issued during the first quarter was 55 months (69). The bank's short-term funding is used mainly as a cash management tool, not to finance lending to the public. The outstanding volume increased during the quarter to SEK 147bn (116) mainly due to increased demand at attractive prices.

As central banks increased support to southern European banks and the debate on the new bail-in rules intensified, the market increasingly turned its focus to the asset encumbrance level of the banks. To increase transparency in this area, Swedbank has reported not only encumbered assets in its fact book but also assets available to be pledged. Swedbank considers increased transparency to be an important element to improve its relative position and pricing in the capital market.

Due to the composition of its assets, Swedbank has limited structural needs for senior funding. The share of senior funding is mainly determined by the bank's liquidity needs and the buffer it wants to maintain in its cover pool in the form of overcollateralisation in order to withstand fluctuations in house prices.

Issued long-term debt SEKbn	Q1 2013
Covered bonds	23
of which SEK	13
of which EUR	1
of which USD	7
of which Other	2
Senior unsecured bonds	16
Structured retail bonds (SPAX)	1
<b>Total</b>	<b>40</b>

Swedbank's liquidity reserve, which is reported in accordance with the Swedish Bankers' Association's definition, amounted to SEK 300bn on 31 March 2013 (216). In addition to the liquidity reserve, liquid securities in other parts of the Group amounted to SEK 56bn (58). The liquidity reserve and the Liquidity Coverage Ratio (LCR) will fluctuate over time depending, among other things, on the maturity structure of the bank's issued securities. According to current Swedish regulations, which came in to effect as of 1 January 2013, the Group's LCR amounted to 139 per cent as of 31 March (139). Distributed by USD and EUR, LCR was 248 per cent and 196 per cent, respectively. In early 2013 the Basel Committee published a new recommendation on the definition of LCR. According to Swedbank's interpretation of the new definition, LCR would be 183 per cent.

According to Swedbank's interpretation of the current draft regulation, the Group's NSFR amounted to 93 per cent on 31 March (91). The main liquidity measure used by the Board of Directors and executive management is the so-called survival horizon, which shows how long the bank can manage long periods of stress in capital



markets, where access to new financing would be limited. At present the bank would be able to survive for more than 12 months with the capital markets completely shut down. This applies to the Group's total liquidity as well as liquidity in USD and EUR.

For more information on Swedbank's funding and liquidity (including the survival horizon), see pages 56-70 of the fact book.

## Ratings

No rating events that directly affect Swedbank occurred during the period.

## Capital and capital adequacy

The Common Equity Tier 1 ratio according to Basel 2 continued to strengthen during the first quarter 2013 to 17.3 per cent on 31 March (16.7 per cent on 31 December 2012).

Common Equity Tier 1 capital increased by SEK 1.4bn from the beginning of the year to SEK 78.9bn. The increase was mainly due to the first quarter's profit (after the anticipated dividend).

As of 1 January 2013 new rules have entered into force on the recognition of pensions (accounting standard IAS 19). As a result, Common Equity Tier 1 capital decreased by approximately SEK 3.2bn. The amendments to IAS 19 have been included in the comparative figures for 2012. During the first quarter Common Equity Tier 1 capital increased by approximately SEK 0.5bn due to rising discount rates. The revisions to IAS 19 will continue to create volatility in the estimated pension liability and, consequently, in equity as well.

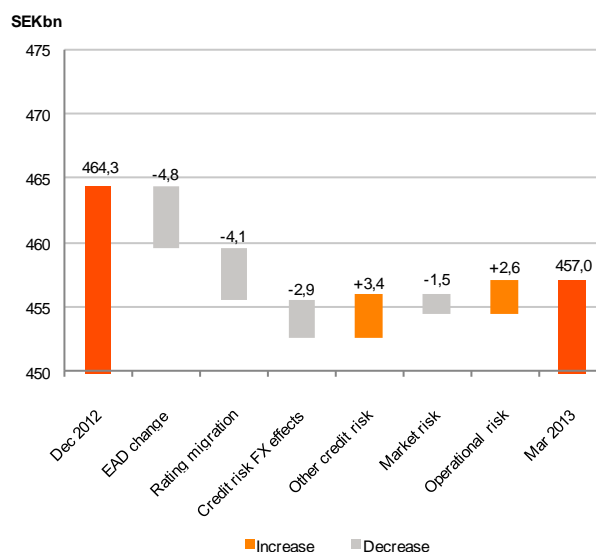
The exception Sweden has chosen, whereby insurance holdings in Swedish banks have been deducted from the total capital base rather than deducting half from Tier 1 capital and half from Tier 2 capital in accordance with the directive's main rule, expired on 1 January 2013. Half of Swedbank's deduction for insurance holdings, which amounted to SEK 2.9bn as of 31 March 2013, comes from Tier 1 capital as of the first quarter 2013. The future Basel 3 rules will treat insurance holdings differently and the deduction from the capital base will be replaced by a risk weight. The effect attributable to insurance holdings calculated according to Basel 3 is included in the bank's estimated Basel 3 figures.

Risk weighted assets decreased by SEK 7.3bn from the beginning of the year to SEK 457.0bn. The risk weighted amount for credit risks decreased by SEK 8.4bn, partly due to lower institutional exposures, which reduced the risk weighted amount by SEK 3.5bn, and positive rating migrations mainly for private individuals and housing cooperatives in Retail, which reduced the risk weighted amount by SEK 2.3bn. Changes in exchange rates, mainly attributable to the Baltic credit portfolio, reduced the risk weighted amount for credit risks by SEK 2.9bn due to the appreciation of the Swedish krona against the euro.

The risk weighted amount for market risks has decreased by SEK 1.5bn since the turn of the year. The risk weighted amount for operational risks for 2013 has increased by SEK 2.6bn compared with the previous year, because Swedbank's income was higher in 2012

than 2009. This affects the capital requirement for operational risks, which is calculated on a rolling three-year average.

## Change in risk weighted assets 2013, Swedbank financial companies group



Risk-weighted assets by business area	31 Mar 2013	31 Dec 2012	31 Mar 2012
Retail	204	202	221
Large Corporates & Institutions	130	134	135
Baltic Banking	89	95	99
Estonia	36	38	39
Latvia	28	31	33
Lithuania	25	26	27
Group Functions & Other	34	33	40
Group Products	4	4	3
Treasury	16	15	15
Ektornet	5	6	7
Other	9	8	15
<b>Total risk-weighted assets</b>	<b>457</b>	<b>464</b>	<b>495</b>

The Common Equity Tier 1 ratio according to Basel 3 was 16.4 per cent (15.4), according to Swedbank's interpretation of future regulations. Swedbank estimates that the Basel 3 regulations will negatively affect its Common Equity Tier 1 ratio by 0.9 percentage points (1.3) when introduced. An agreement was reached in March in the EU's negotiations on future regulations. Clarifications in the final version with regard to capital requirements for small and medium-sized enterprises (SME) and OTC derivatives explain the lower negative effect compared with the assessment reported on 31 December. Certain details still remain before a decision can be finalised. The new rules are expected to take effect on 1 January 2014.

## Market risk

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

for the portfolio, based on historical data, will exceed VaR on one day of 100.

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

VaR by risk category SEKm	Jan-Mar 2013 (2012)			31 Mar	31 Dec
	Max	Min	Average	2013	2012
Interest risk	97 (114)	64 (76)	80 (94)	80	71
Currency rate risk	12 (10)	2 (3)	5 (6)	6	5
Stock price risk	9 (11)	3 (6)	5 (8)	6	4
Diversification			-15 (-21)	-19	-14
<b>Total</b>	<b>87 (114)</b>	<b>59 (69)</b>	<b>75 (87)</b>	<b>73</b>	<b>66</b>

\*) VaR here excludes strategic currency rate risks, since a VaR measurement based on a time horizon of one day is not relevant.

For individual risk types, VaR is supplemented with risk measurements and limits based on sensitivity to changes in various market prices. Risk-taking is also monitored with stress tests.

An increase in all market interest rates of one percentage point as of 31 March 2013 would have increased the value of the Group's assets and liabilities, including derivatives, by SEK 70m, compared with a decrease of SEK -117m as of 31 December 2012. This calculation includes the portion of the bank's deposits assigned a duration of between two and three years. The decrease in the value of positions in Swedish kronor would have been SEK 83m (-267), while positions in foreign currency would have increased in value by SEK 153m (150).

With an interest rate increase of one percentage point, the Group's net gains and losses on financial items at fair value would have decreased by SEK 257m as of 31 March 2013, compared with a decrease of SEK 52m as of 31 December 2012.

### Operational risks

Swedbank has implemented extensive stabilisation measures to safeguard its IT operations and accessibility through the Internet Bank and ATMs, where risk management is now well-integrated in daily operations. In connection with the replacement of the ATMs by Bankomat AB, which is cooperatively owned by Sweden's largest banks, accessibility to a number of ATMs was adversely affected during the first quarter. Additional measures were taken to improve accessibility, but limited disruptions may occur until the

replacement is completed. The Baltic banking operations were affected by two disruptions in March. In both cases it took about three hours to restore operations, which affected customers in the form of limited accessibility to our banking services. Work to modernise, consolidate and improve efficiency in the bank's IT infrastructure is continuing according to plan. The costs attributable to operational risk events remained low during the quarter.

### Other events

Swedbank's Annual General Meeting on 20 March elected Anders Sundström as the new Chair of the Board of Directors. Board members Olav Fjell, Ulrika Francke, Göran Hedman, Lars Idermark, Anders Igel, Pia Rudengren, Anders Sundström, Charlotte Strömberg, Karl-Henrik Sundström and Siv Svensson were re-elected.

The Annual General Meeting approved a dividend to the shareholders for the financial year 2012 of SEK 9.90 per preference share and SEK 9.90 per ordinary share. The dividend was paid on 28 March 2013.

The Annual General Meeting renewed the Board of Directors' authorisation to decide to acquire the bank's own shares. The aggregate holding of own shares (including shares acquired for the bank's trading stock) may not amount to more than one tenth of all shares in the bank.

The Annual General Meeting granted the Board of Directors a mandate to issue convertibles in the form of subordinated loans which can be converted to shares, so-called cocos. Not more than 100 000 000 new common shares may be issued upon conversion or a corresponding number as a result of a bonus or rights issue, convertible conversions, share split or reverse split, or similar corporate events.

Swedbank's preference shares have been converted to common shares in accordance with Swedbank AB's articles of association. After conversion, Swedbank has only common shares in issue. The total number of shares is unchanged at 1 132 005 722.

### Events after 31 March 2013

No significant events have occurred since 31 March 2013.

## Retail

- Stable net interest income
- Good cost control
- Development of digital services

### Income statement

SEKm	Q1 2013	Q4 2012	%	Q1 2012	%
Net interest income	3 332	3 353	-1	3 371	-1
Net commissions	1 589	1 554	2	1 538	3
Net gains and losses on financial items at fair value	34	37	-8	44	-23
Share of profit or loss of associates	204	153	33	203	0
Other income	218	158	38	190	15
<b>Total income</b>	<b>5 377</b>	<b>5 255</b>	<b>2</b>	<b>5 346</b>	<b>1</b>
Staff costs	871	844	3	873	0
Variable staff costs	47	20		34	38
Other expenses	1 458	1 579	-8	1 490	-2
Depreciation/amortisation	30	31	-3	32	-6
<b>Total expenses</b>	<b>2 406</b>	<b>2 474</b>	<b>-3</b>	<b>2 429</b>	<b>-1</b>
<b>Profit before impairments</b>	<b>2 971</b>	<b>2 781</b>	<b>7</b>	<b>2 917</b>	<b>2</b>
Credit impairments	55	91	-40	21	
<b>Operating profit</b>	<b>2 916</b>	<b>2 690</b>	<b>8</b>	<b>2 896</b>	<b>1</b>
Tax expense	635	458	39	744	-15
Profit for the period	2 281	2 232	2	2 152	6
<b>Profit for the period attributable to the shareholders of Swedbank AB</b>	<b>2 279</b>	<b>2 232</b>	<b>2</b>	<b>2 148</b>	<b>6</b>
Non-controlling interests	2			4	-50
Return on allocated equity, %	27.9	28.0		28.4	
Loan/deposit ratio, %	246	242		250	
Credit impairment ratio, %	0.02	0.04		0.01	
Cost/income ratio	0.45	0.47		0.45	
Loans, SEKbn	915	912	0	896	2
Deposits, SEKbn	371	377	-2	359	3
Full-time employees	4 872	4 922	-1	5 068	-4

Asset management income related to Retail is reported in its entirety as of the first quarter in Retail, since Asset Management is no longer reported as a separate business area. During the quarter the retail operations in Norway and Finland, together with several large corporate customers in Sweden, were transferred from Retail to the LC&I business area. Certain staff units and subsidiaries have been moved as well. Comparative figures have been restated.

#### Development January-March

Weaker global conditions impacted the Swedish economy in 2012 as well, which led to lower credit growth, mainly with respect to corporate lending but also in mortgage lending. For the first quarter 2013 the Purchasing Managers Index points to a recovery in industry. In spite of this, commercial lending continues to decline, which suggests that corporate investment plans are being postponed. At the same time households have become more optimistic as the labour market improved. Low inflation and a strong krona also helped to boost household purchasing power during the first months of the year.

As of 1 January 2013 Retail has a new operational organisation to better serve customers through the digital channels and give the branches and regions greater independence. The new organisation is flatter than before. The upper layer has been removed and the six regional managers report directly to the CEO and are part of the Group Executive Committee. At the same time a new business-driven unit, Channels & Concepts, has been created to develop, manage and

drive business in the digital channels and Telephone Bank in Sweden.

Profit for the first quarter amounted to SEK 2 279m, compared with SEK 2 148m in the previous year. Income, expenses and credit impairments were stable, while the lower Swedish corporate tax rate affected the results positively.

Net interest income decreased by 1 per cent year-on-year. The repricing of corporate credit largely offset the lower deposit margins, which were affected negatively by declining interest rates. The first quarter was also affected by lower interest rates at the same time that the repricing of corporate credit continued. Lending margins on new mortgages were slightly lower in the quarter while the stock margin was stable. The shorter quarter had a negative impact on net interest income.

Household deposit volume decreased by 1 per cent from the beginning of the year. At the same time fund inflow increased. Swedbank's share of household deposits was 22 per cent (22 per cent as of 31 December 2012).

Deposits from corporate customers decreased by 3 per cent from the beginning of the year. Swedbank's market share strengthened in a declining market to 17 per cent (16 per cent as of 31 December 2012).

Market growth for household mortgage lending was 5 per cent on an annual basis, Swedbank's share of growth was 4 per cent during the period January-February, while its share of the total market was 26 per cent (26 per cent as of 31 December 2012). Corporate lending volume increased by SEK 2bn from the turn of the year. The market share was 17 [per cent (17)].

Risk weighted assets amounted to SEK 204bn, an increase of SEK 2bn from the beginning of the year. The increase is attributable to credit risk. Changes in collateral values account for the large part of the increase, while the effects of increased lending and positive rating migrations offset each other.

Net commission income increased by 3 per cent year-on-year with payment commissions accounting for the largest increase. Higher average assets under management due to the stronger stock market as well as positive net flows affected net commission income positively. Compared with the previous quarter fund volumes continued to increase with mixed funds targeting customers in specific segments e.g. private banking, having the largest inflows.

As Bankomat AB takes over responsibility for Swedbank's ATMs, reported maintenance costs will decrease by approximately SEK 150m in 2013. At the same time Swedbank will pay commissions in a corresponding amount to Bankomat AB, which will reduce income. As of 31 March 35 per cent of ATMs have been replaced.

Expenses fell by 1 per cent year-on-year. As a result of efforts to reduce manual cash handling, 265 branches, or just over 80 per cent of the total number, have now stopped handling cash manually, which has reduced transport and security expenses. During the first quarter expenses decreased.

As part of the ongoing review of the retail network, two branches were merged with larger units during the

quarter. There are now 308 branches. The cost/income ratio was 0.45 (0.45).

Insurance-related income for the period amounted to SEK 439m (397). The increase was primarily due to an improved risk result, where the number of claims has declined in pace with lower morbidity rates. This facilitated a reversal of reserves during the quarter. Assets under management amounted to SEK 109bn, an increase of SEK 6bn from 31 December 2012. Of the assets under management, SEK 96bn relates to unit linked and variable universal life insurance.

Credit quality remained good. Credit impairments are still at low levels and the inflow of impaired loans is low despite the slowing economy. The bank is well prepared for an economic decline, and its continuous credit analysis contains an assessment of business cycle impacts. Migrations to better risk classes continue. The share of impaired loans was 0.19 per cent (0.19).

Like most Swedish banks, Swedbank is gradually replacing its ATMs with new ones from Bankomat AB. In certain cases the replacements have caused problems with ATMs that did not work during the transition period. This resulted in an increased number of customer complaints during the quarter.

#### **Channels & Concepts**

Digital channels continue to increase in importance and Swedbank is rapidly introducing new applications. The number of Mobile Bank users has nearly doubled in one year to 1.3 million. In March Mobile Bank Corporate was launched for large and small businesses, as was Mobile Bank Young, which targets young customers under the age of 18. Mobile Bank Corporate has a large number of business-related functions such as a brokerage service, an auto leasing calculator and an option to countersign transfers and payments. Through Mobile Bank Young, customers can access a function to obtain advice and suggestions. Swedbank's iPad app now has 213 000 users, surpassing expectations. The number of users of the Swish app for mobile transfers between private customers is also quickly growing and now exceeds 300 000 for participating banks, of whom around 100 000 are customers of Swedbank and the savings banks.

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



## Large Corporates & Institutions

- High business activity in Large Corporates
- Continued good activity in bond issues
- Continued challenges in equity trading

### Income statement

SEKm	Q1 2013	Q4 2012	%	Q1 2012	%
Net interest income	783	795	-2	728	8
Net commissions	419	536	-22	485	-14
Net gains and losses on financial items at fair value	579	492	18	847	-32
Share of profit or loss of associates				6	
Other income	33	34	-3	5	
<b>Total income</b>	<b>1 814</b>	<b>1 857</b>	<b>-2</b>	<b>2 071</b>	<b>-12</b>
Staff costs	287	278	3	305	-6
Variable staff costs	88	75	17	105	-16
Other expenses	346	377	-8	345	0
Depreciation/amortisation	13	13	0	11	18
<b>Total expenses</b>	<b>734</b>	<b>743</b>	<b>-1</b>	<b>766</b>	<b>-4</b>
<b>Profit before impairments</b>	<b>1 080</b>	<b>1 114</b>	<b>-3</b>	<b>1 305</b>	<b>-17</b>
Credit impairments	74	162	-54	17	
<b>Operating profit</b>	<b>1 006</b>	<b>952</b>	<b>6</b>	<b>1 288</b>	<b>-22</b>
Tax expense	217	84		439	-51
Profit for the period	789	868	-9	849	-7
<b>Profit for the period attributable to the shareholders of Swedbank AB</b>	<b>789</b>	<b>868</b>	<b>-9</b>	<b>849</b>	<b>-7</b>
Return on allocated equity, %	16.7	18.3		18.9	
Loan/deposit ratio, %	185	209		187	
Credit impairment ratio, %	0.13	0.23		0.03	
Cost/income ratio	0.40	0.40		0.37	
Loans, SEKbn	150	149	1	144	4
Deposits, SEKbn	81	71	14	77	5
Full-time employees	1 040	1 043	0	1 073	-3

During the quarter the retail operations in Norway and Finland, together with several large corporate customers in Sweden, were transferred from Retail to the LC&I business area. Since Asset Management is no longer reported as a separate business area as of the first quarter, asset management income related to large corporates and financial institutions is now recognised exclusively within LC&I. Interest income and interest expenses attributable to equity, fixed income and currency trading are recognised as of the first quarter 2013 as Net gains and losses on financial items at fair value. Comparative figures have been restated.

#### Development January-March

The start of the year saw an increased risk appetite and leading European and US stock indices rose significantly during the quarter. The Italian elections and political negotiations on Cyprus created turmoil in the financial markets as well, reducing the risk appetite. Long-term Swedish government bond yields rose during the first half of the quarter before retreating during the second half.

The result for the quarter amounted to SEK 789m, compared with SEK 849m in the same period of 2012. The decrease was mainly due to lower income in corporate finance as well as in equity, fixed income and currency trading.

Net interest income increased by 8 per cent year-on-year. The lending volume rose by 4 per cent or SEK 6bn. The lending margin widened through the repricing of loans, partly as a result of stricter requirements from the authorities on capital adequacy and liquidity. Compared with the previous quarter net interest income decreased by 2 per cent to SEK 783m. The margin on the loan portfolio was stable during the quarter. Lower deposit margins due to falling interest rates, a stronger

krona and fewer interest days had a negative effect on net interest income.

Despite signs of hesitancy in the market associated with the prevailing macroeconomic conditions, business activity among large corporates was good, especially in the area of acquisition financing. Lending volume increased by SEK 1bn from the beginning of the year to SEK 150bn. A slightly lower utilisation rate among customers and the effects of a strong krona were offset by good business growth. Deposit volume rose by SEK 10bn from the turn of the year to SEK 81bn.

Risk weighted assets decreased by SEK 4bn from the turn of the year to SEK 130bn on 31 March. Risk weighted assets for credit risk decreased by SEK 4.2bn, primarily due to lower institutional exposures. Risk weighted assets for market risk decreased by SEK 1.4bn, but increased for operational risk by SEK 1.6bn because income was higher in 2012 than in 2009, which affects the capital requirement for operational risks.

Net commission income decreased by 14 per cent year-on-year to SEK 419m, mainly due to slower activity within Corporate Finance. Compared with the previous

quarter net commission income decreased by 22 per cent. The fourth quarter 2012 included one-off revenue of SEK 37m from a VAT refund for the Norwegian corporate finance operations and SEK 49m in performance-related asset management income from institutional services. The structural problems in the stock market remained. Low commissions make it difficult to achieve satisfactory profitability with the current level of activity in the market. Total income from equity trading decreased from the previous year, but increased slightly compared with the fourth quarter 2012.

Net gains and losses on financial items at fair value decreased by 32 per cent to SEK 579m compared with 2012, when the result from equity, fixed income and currency trading was very strong due to positive market conditions. Compared with the previous quarter net gains and losses on financial items at fair value rose by 18 per cent. Currency customer activity and earnings were good, while customer activity in interest rate derivatives was slightly lower than in the previous quarter. Market uncertainty and a lower risk appetite during the second half of the quarter adversely affected opportunities for risk management, which in turn limited earnings in fixed income trading.

Bond issuance activity remained good in Sweden and Norway. Swedbank's market share for issues by Nordic customers was 7 per cent, making it the second largest player.

Total expenses decreased by 4 per cent compared with 2012. Excluding variable staff costs, total expenses fell by 2 per cent. After adjustments to operations a lower cost level has been established with lower staff costs, among other things. The number of full-time positions has decreased by 33 year-on-year.

Credit quality in the loan portfolio remained good. The share of impaired loans increased slightly but is still at a low level, 0.25 (0.10). Credit impairments amounted to SEK 74m in the first quarter. The increases in impaired loans and credit impairments were attributable to a few previously identified problem loans managed by the Group's Financial Restructuring & Recovery (FR&R) units.

In TNS SIFO Prospera's ranking of credit institutions in Norway, Swedbank came first in the High Yield area. In the Investment Grade area Swedbank advanced two spots to second place.

**Large Corporates & Institutions** is responsible for large corporates, financial institutions and banks as well as for trading and capital market products. Operations are carried out by the parent bank in Sweden, branch offices in Norway, Denmark, Finland, the US and China, and through the trading and capital market operations in subsidiary banks in Estonia, Latvia and Lithuania.

## Baltic Banking

- Continued low interest rates affected net interest income negatively
- Positive effect from the acquired loan portfolios in Latvia
- Focus on costs and capital efficiencies

### Income statement

SEKm	Q1 2013	Q4 2012	%	Q1 2012	%
Net interest income	742	760	-2	910	-18
Net commissions	388	366	6	386	1
Net gains and losses on financial items at fair value	62	80	-23	66	-6
Other income	89	83	7	106	-16
<b>Total income</b>	<b>1 281</b>	<b>1 289</b>	<b>-1</b>	<b>1 468</b>	<b>-13</b>
Staff costs	188	193	-3	192	-2
Variable staff costs	17	16	6	20	-15
Other expenses	351	394	-11	381	-8
Depreciation/amortisation	30	30	0	36	-17
<b>Total expenses</b>	<b>586</b>	<b>633</b>	<b>-7</b>	<b>629</b>	<b>-7</b>
<b>Profit before impairments</b>	<b>695</b>	<b>656</b>	<b>6</b>	<b>839</b>	<b>-17</b>
Impairment of tangible assets	4	8	-50	-2	
Credit impairments	-70	-329	-79	-134	-48
<b>Operating profit</b>	<b>761</b>	<b>977</b>	<b>-22</b>	<b>975</b>	<b>-22</b>
Tax expense	61	155	-61	77	-21
Profit for the period	700	822	-15	898	-22
<b>Profit for the period attributable to the shareholders of Swedbank AB</b>	<b>700</b>	<b>822</b>	<b>-15</b>	<b>898</b>	<b>-22</b>
Return on allocated equity, %	12.6	13.3		14.6	
Loan/deposit ratio, %	109	108		120	
Credit impairment ratio, %	-0.25	-1.15		-0.45	
Cost/income ratio	0.46	0.49		0.43	
Loans, SEKbn	113	115	-2	116	-3
Deposits, SEKbn	104	107	-3	96	8
Full-time employees	4 142	4 155	0	4 143	0

Since Asset Management is no longer reported as a separate business area as of the first quarter, all asset management income associated with customers in the Baltic countries is now recognised exclusively within Baltic Banking. Certain staff units have been moved as well. Comparative figures have been restated.

#### Development January-March

Despite the slowdown in many European economies, growth continued in the Baltic countries during the fourth quarter 2012. GDP rose by 3.7 per cent in Estonia, 5.1 per cent in Latvia and 4.1 per cent in Lithuania compared with the previous year. The three Baltic countries were the fastest-growing in the EU in 2012. Economic growth is expected to slow during the first half of 2013 due to stiff competition combined with weak demand from abroad. Credit demand is still relatively weak in the Baltic countries, with businesses and consumers cautious about taking on more debt due to global market uncertainty.

The result for the first quarter 2013 amounted to SEK 700m, against SEK 898m for the first quarter the previous year. The decrease was mainly due to lower net interest income. In addition, net recoveries were lower than in the previous year.

Net interest income decreased by 15 per cent in local currency compared with 2012. Lower market rates affected net interest income negatively, while increased deposit volumes and positive effects from the loan portfolios acquired from Hipoteku Bank had a positive impact during the second half of 2012. Fluctuations in exchange rates reduced net interest income by SEK

30m. Compared with the previous quarter net interest income fell by 1 per cent in local currency.

Lending volumes increased by 4 per cent in local currency from the previous year and by 1 per cent since the previous quarter. The increase is attributable to the corporate segment, while new household lending volumes remain low. During the second half 2012 loan portfolios were acquired from Hipoteku Bank in Latvia with a volume of SEK 1.6bn, the large part of which was transferred in November. Swedbank's market share in lending was 28 per cent as of 28 February (27 per cent as of 30 November 2012).

Deposits increased by 14 per cent in local currency from the first quarter the previous year and were stable since the previous quarter. Corporate and private deposits increased significantly compared with the previous year. The Latvian deposit portfolio increased the most, with the acquisition of Hipoteku Bank accounting for SEK 1.8bn of the increase. Swedbank's market share for deposits was 31 per cent as of 28 February (30 per cent as of 30 November 2012).

The loan-to-deposit ratio was 109 per cent (108 per cent as of 31 December 2012).

Net commission income increased by 5 per cent in local currency compared with the first quarter 2012. The increase was due primarily to higher commissions from payment services, the result of increased customer activity. The number of active customers has grown by 100 000 since the first quarter 2012 and now stands at 2.5 million. Compared with the previous quarter net commission income increased by 7 per cent in local currency. During the fourth quarter 2012 Swedbank in Lithuania was fined EUR 4m (SEK 35m) when the competition authority ruled that its cash management agreement with G4S adversely affected competition in the market.

Expenses decreased by 3 per cent in local currency from the previous year, mainly due to lower IT and other expenses. The cost/income ratio was 0.46 (0.43). Keeping costs in check was a priority in 2012. Except for costs, the priority for 2013 is to review the organisational structure and key processes in order to increase efficiencies. The bank is continuing to review its retail network at the same time that the level of service in the digital channel is being further improved.

Net recoveries amounted to SEK 70m, compared with SEK 134m for the first quarter 2012. Recoveries were generated in the corporate portfolios in all three countries, while the mortgage portfolios generated additional impairments. Impaired loans continued to decrease during the first quarter in all three Baltic countries, though at a slower pace than in the fourth quarter. Impaired loans, gross, amounted to SEK 8bn (SEK 15bn on 31 March 2012). The decrease was primarily due to amortisation, write-offs, to certain commitments no longer being impaired and to a lower inflow of new impaired loans. Credit quality has strengthened through a gradual increase in new lending which carries a lower risk.

Risk weighted assets decreased by SEK 6bn during the first quarter to SEK 89bn. Risk weighted assets have stabilised or decreased in most lending portfolios due to an improved risk profile, where improved ratings and collateral had a positive effect. Exchange rate effects contributed nearly SEK 3bn to the decrease.

Insurance-related income amounted to SEK 85m (112) during the period. Assets under management amounted to SEK 3.1bn (3.3). Assets under management increased by 1 per cent in local currency compared with the previous year, but were affected negatively by fluctuations in exchange rates. Income from life insurance operations was lower due to lower returns, while premium income and the risk result were stable. Income from P&C insurance operations was affected negatively by an increased number of damages due to a long winter.

In 2013 Baltic Banking will continue to implement a customer-oriented business model based on long-term, full-service relationships. During the quarter Swedbank Private Banking in Estonia and Latvia was ranked number one by the global financial magazine Euromoney. Latvia received the award for the second consecutive year.

Latvia is preparing for a conversion to the euro on 1 January 2014. A decision on euro accession will be made in June 2013 based on whether Latvia meets the so-called Maastricht criteria. The likelihood that Latvia will be admitted to the eurozone is considered very high.

**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.



## Group Functions & Other

### Income statement

SEKm	Q1 2013	Q4 2012	%	Q1 2012	%
Net interest income	495	452	10	-113	
Net commissions	-25	27		-23	9
Net gains and losses on financial items at fair value	-118	221		22	
Share of profit or loss of associates	2	1	100		
Other income	297	404	-26	350	-15
<b>Total income</b>	<b>651</b>	<b>1 105</b>	<b>-41</b>	<b>236</b>	
Staff costs	787	805	-2	831	-5
Variable staff costs	73	46	59	49	49
Other expenses	-600	-625	-4	-472	27
Depreciation/amortisation	98	135	-27	144	-32
<b>Total expenses</b>	<b>358</b>	<b>361</b>	<b>-1</b>	<b>552</b>	<b>-35</b>
<b>Profit before impairments</b>	<b>293</b>	<b>744</b>	<b>-61</b>	<b>-316</b>	
Impairment of intangible assets		17			
Impairment of tangible assets	81	133	-39	42	93
Credit impairments	1				
<b>Operating profit</b>	<b>211</b>	<b>594</b>	<b>-64</b>	<b>-358</b>	
Tax expense	63	89	-29	-152	
<b>Profit for the period from continuing operations</b>	<b>148</b>	<b>505</b>	<b>-71</b>	<b>-206</b>	
Profit for the period from discontinued operations, after tax	-390	-174		-279	40
Profit for the period	-242	331		-485	-50
<b>Profit for the period attributable to the shareholders of Swedbank AB</b>	<b>-243</b>	<b>330</b>		<b>-485</b>	<b>-50</b>
Non-controlling interests	1	1	0		
Full-time employees	4 359	4 741	-8	5 766	-24

During the quarter a number of staff units were moved between Group Functions & Other and the business areas. Comparative figures have been restated.

#### Development January-March

Group Functions & Other comprises the bank's group functions (including Group Products) and Ektornet. Group Functions & Other also includes the banking operations in Russia and Ukraine, which are reported as discontinued operations as of the first quarter 2013.

Income for Group Functions & Other consists of net interest income and net gains and losses on financial items at fair value, which mainly come from Group Treasury. Other income primarily consists of revenue from the savings banks as well as sales gains from Ektornet. Income amounted to SEK 651m (236).

Expenses for Group Functions & Other decreased by 35 per cent compared with the previous year to SEK 358m (552). Excluding the net of services purchased and sold internally, expenses fell by 11 per cent to SEK 1 689m (1 906). The decrease was mainly due to lower staff costs as a result of a reduction in the number of employees as well as lower costs for IT operations and depreciation.

#### Group Products

Established on 1 January 2013, Group Products (GP) consists of around 1 800 employees in Sweden, Estonia, Latvia and Lithuania. GP is responsible for a large part of Swedbank's product areas with a strategy to support the business areas by reducing complexity in the product range and simplifying sales in the various distribution channels. The product areas GP is responsible for – cards, payments, lending, deposits, insurance and asset management – are described in more detail on page 20. GP also comprises the

subsidiary Swedbank Franchise AB, which in turn includes real estate and business brokerages and a legal service provider.

In GP's revenue and expense model, revenue from Swedbank's customers is posted by each business area and GP receives compensation from the business area to cover its expenses. GP's external revenue comes largely from the savings banks for the products their customers use.

Expenses (excluding the net of services purchased and sold internally) amounted to SEK 770m (865) in the first quarter 2013. The decrease was mainly due to lower costs for IT operations thanks to increased efficiencies as well as lower mailing costs as a result of increased digitalisation.

#### Group Treasury

Group Treasury is responsible for the bank's funding, liquidity and capital planning, including internal control and pricing. The Group's equity is allocated to each business area on the basis of capital adequacy rules and how much capital will be needed according to the bank's Internal Capital Adequacy Assessment Process (ICAAP).

Group Treasury prices funding and liquidity in an internal pricing system, where the most important parameters for setting internal rates are maturity, interest fixing period, currency and the need for liquidity reserves. Swedbank is conducting a project to further refine internal rate setting during 2013.

Group Treasury's result over time shall be nearly nil, with the exception of earnings that may arise in debt and liquidity management within the given risk mandate. The fee paid to the Swedish National Debt Office for state guaranteed funding is charged against Group Treasury. Risk hedging by Group Treasury is generally achieved with financial derivatives. The volatility in results over time is largely due to accounting-based fluctuations in these hedges.

Net interest income for the quarter amounted to SEK 525m, compared with SEK -78m in the same period of 2012. Of the SEK 603m change, SEK 84m is due to lower fees for state guaranteed funding. Treasury's net interest income has been temporarily strengthened by positions that have benefited from lower market rates and to a certain extent by credit and basis swap spreads. Consequently, net interest income is likely to trend lower in 2013, as position extensions are made at lower interest rates and spreads.

Net gains and losses on financial items at fair value amounted to SEK -118m in the first quarter, compared with SEK 7m in the previous year. Management of the bank's liquidity portfolio reduced net gains and losses on financial items at fair value by SEK -67m, in part because the surplus values in of certain holdings in the portfolio are declining in pace with the remaining maturities. The liquidity portfolio has an average remaining maturity of about 2 years.

#### Russia and Ukraine

Swedbank decided during the quarter to discontinue its remaining operations in Ukraine and Russia and has signed an agreement to sell its Ukrainian subsidiary. The sale is expected to be completed during the second quarter 2013 and is subject to regulatory approval. Swedbank's Ukrainian and Russian operations will be reported as of the first quarter 2013 as discontinued operations. Once the sale of the Ukrainian subsidiary is completed, a negative cumulative exchange difference of SEK 1.9bn (due to the Ukrainian hryvnia's depreciation against the Swedish krona) will be reclassified on the income statement under discontinued operations. When the cumulative exchange difference arose, mainly from 2007 to 2009, equity was impacted directly through Other comprehensive income. The reclassified item therefore does not affect Swedbank's equity, capitalisation or cash flow and will have no bearing on the Board of Directors' 2013 dividend proposal. Following completion of the sale, the remaining exposure in Ukraine will comprise real estate assets managed by Swedbank's subsidiary Ektornet with a book value of approximately SEK 600m which will be sold in due course.

Swedbank will cease all new business in Russia and wind down its existing operations. Swedbank's net lending in Russia (including leasing) is approximately SEK 2bn. The lending portfolio in Russia, consisting mainly of performing corporate loans, will decrease through amortisation. Swedbank has real estate assets worth SEK 132m in Russia, which also will be sold.

The result in Ukraine, which is recognised in discontinued operations, amounted to SEK -383m (-336), of which SEK 340m is a write-down due to the discontinuation of the Ukrainian operations. The result for Russia, which is recognised in discontinued operations, amounted to SEK -15m (57).

#### Ektornet

Ektornet manages and develops Swedbank's repossessed assets to recover as much value as possible. The takeover phase is largely complete. The focus going forward is on selling the property holdings.

The value of repossessed assets decreased during the period to SEK 3 630m (SEK 4 606m as of 31 December 2012).

Assets taken over SEKm	31 Mar 2013	31 Dec 2012
Sweden	48	374
Finland		281
Estonia	269	304
Latvia	1 546	1 665
Lithuania	263	351
USA	1 068	1 217
Ukraine	386	364
<b>Total properties</b>	<b>3 580</b>	<b>4 556</b>
Shares	50	50
<b>Total</b>	<b>3 630</b>	<b>4 606</b>

During the quarter properties with a book value of SEK 990m were sold with an aggregate capital gain of SEK 57m. The properties included a shopping centre in Sweden (Västerås), two office buildings in Finland, a housing complex in the US and apartments in Latvia. During the quarter properties were acquired for SEK 202m (524) mainly in Ukraine as a result of the discontinuation of Swedbank's operations in Ukraine. Property values were written down by SEK 81m (42). The result for the first quarter amounted to SEK -89m (-69). Expenses amounted to SEK 129m (162)

## Eliminations

### Income statement

SEKm	Q1 2013	Q4 2012	Q1 2012
Net interest income	1	-14	-1
Net commissions	17	19	12
Net gains and losses on financial items at fair value			
Other income	-59	-74	-60
<b>Total income</b>	<b>-41</b>	<b>-69</b>	<b>-49</b>
Staff costs		-13	
Variable staff costs			
Other expenses	-41	-56	-49
Depreciation/amortisation			
<b>Total expenses</b>	<b>-41</b>	<b>-69</b>	<b>-49</b>

Group eliminations mainly consist of eliminations of internal transactions between Group Functions and the other business areas.

**Group Functions & Other** comprises, in addition to Group Functions, Ektornet and the banking operations in Russia, Ukraine which are being wound down. Group Functions operates across the business areas and serve as strategic and administrative support for them. Group Functions include Group Products, Accounting & Finance (including Group Treasury), Risk (including Compliance), Corporate Affairs (communications, strategic marketing and community affairs), HR and Legal. The Group Executive Committee and Internal Audit are also included in Group Functions.

## Product areas

Swedbank intends to gradually expand its product reporting. This is being done outside the consolidated accounts, which means that the figures cannot be traced to specific lines in the financial statements. Responsibility for the product units currently rests with Group Products within Group Functions & Other, but the results are reported in several legal units and in the three business areas.

### Card business

Swedbank issues cards and acquires card payments from merchants in all its home markets as well as in Denmark and Norway. All card operations are handled within Swedbank, with the exception of the credit card operations in Sweden, Denmark and Norway, which are conducted through Entercard AB, a joint venture with Barclays Bank. In its four home markets as a whole, Swedbank has a market share for payment acquisitions and issuing of nearly 50 per cent.

As a card payment acquirer, Swedbank enables retailers to accept payment through card terminals and online. Revenue comes mainly from the transaction prices retailers pay for administration and a payment guarantee. Part of this revenue is passed on as commissions to the issuers whose cards are used in the stores. Swedbank is Europe's fifth largest card payment acquirer measured in number of transactions.

As a card issuer, the bank generates revenue from fees charged to customers for access to a card, foreign exchange fees for foreign purchases and interest income from outstanding credit card balances. Transaction revenue is also generated from payment acquisitions when sales are made with a Swedbank card.

The number of transactions made by card versus cash is increasing in all of Swedbank's home markets. Card volumes are also growing as a function of underlying economic growth. A large share of Swedbank's transaction revenue is based on the number of transactions, not solely on the transactions' value, which makes issuing and acquiring revenue less volatile during periods of slower economic growth.

In Sweden nearly 80 per cent of store purchases are made by card, giving it one of the highest levels of card usage in the world, with volume growth of about 5 per cent per year. In Estonia the percentage of card transactions is also high (55 per cent), with an annual growth rate of about 8 per cent. In Latvia and Lithuania card use is lower (35 and 20 per cent respectively), but the growth rate is expected to be higher than in Sweden and Estonia.

Swedbank's total card revenue amounted to SEK 936m during the first quarter, an increase of 2 per cent year-on-year. The positive revenue trend was mainly due to an increase in the number of transactions (both card acquiring and card issuing) as well as higher credit volumes in EnterCard. Owing to negative exchange rate effects brought on by a stronger Swedish krona, the Nordic payment acquiring operations reported lower revenue year-on-year.

Card related income SEKm	Jan-Mar 2013	Jan-Mar 2012	%
Card acquiring	160	171	-7
of which Nordic countries	134	147	-9
of which Baltic countries	26	24	5
Card issuing	385	368	5
of which Sweden	262	244	8
of which Baltic countries	123	124	-1
Net interest income, credit cards	71	70	2
of which Sweden	15	14	7
of which Baltic countries	56	56	1
Entercard*	320	312	3
<b>Total Card related income</b>	<b>936</b>	<b>922</b>	<b>2</b>

\* Swedbank's share of Entercard's total income. Entercard is consolidated into Swedbank Group by the equity method.

The volume of processed payments increased by 8 per cent to SEK 96bn compared with the previous year, whilst the market as a whole grew by 6 per cent. The number of transactions processed rose by 11 per cent to 401 million, whilst the market as a whole rose by 8 per cent. Income is not growing at the same rate as the volume of acquired payments or the number of transactions because of price pressure from increased competition and tighter regulations. The expansion of the payment business to Norway and Denmark is generating a significant share of the total inflow of new acquiring customers, transactions and income.

Growth is higher in the Baltic countries than in Sweden, but the Nordic countries still account for about 90 per cent of card processing volumes. In the Baltic countries the fees paid by card acquirers to issuers have been renegotiated, resulting in lower compensation, which explains the lower Baltic card issuance revenue.

Within card payments one of Swedbank's most important growth areas is the rapidly growing e-commerce, where we as acquirer have a slightly lower market share than, for example, in the grocery and retail sectors due to competition and other payment instruments. The volume of online purchases by Swedbank's cardholders increased by 14 per cent year-on-year.

The number of card purchases increased by 9 per cent during the first quarter to 266 million. In Latvia and Lithuania the increases were 18 and 15 per cent respectively. The number of cards issued by Swedbank rose by 1.6 per cent till 7.8 million compared with the first quarter 2012. In card issuance, Swedbank sees growth opportunities in corporate cards, where we have historically been weaker and where our large base of small business customers offers significant potential. As a first step an improved business debit card was launched in Sweden in 2012. A long-term agreement was signed as well with MasterCard as the main card network supplier for both private and corporate services, which has resulted in better customer offerings and lower production costs. Swedbank is currently the tenth largest card issuer in Europe.



Key ratios, cards	Jan-Mar 2013	Jan-Mar 2012	%
Card acquiring transactions, millions	401	363	11
Card acquiring volume, SEKbn	96	89	8
Issued cards, millions	7.8	7.7	2
Card purchases (POS), millions	266	245	9
POS/total card turnover, %	65	63	

### Insurance business

Swedbank has life insurance operations in Sweden as well as life and non-life operations in the Baltic countries. In addition, Swedbank offers non-life insurance in Sweden through a third-party solution with the insurance company Tre Kronor. Insurance products are sold through the distribution channels of Swedbank and the savings banks.

Premium payments SEKm	Jan-Mar 2013	Jan-Mar 2012	%
Sweden	5 401	5 652	-4
of which collective occupational pension	2 526	2 798	-10
of which endowment insurance	2 087	2 154	-3
of which occupational pension	468	387	21
of which risk insurance	185	152	21
of which other	136	161	-16
Baltic countries	241	242	0
of which life insurance	149	150	-1
of which property insurance	92	92	0

#### Sweden

Swedbank Försäkring AB, the Group's Swedish life insurance company, is the sixth largest company in the Swedish life insurance market, with a market share of about 8 per cent in terms of premium income. Assets under management increased during the first quarter by 6 per cent to SEK 109bn compared with the same period in 2012. At the same time premium income decreased by 4 per cent to SEK 5.4bn.

An ageing population and shift in responsibility from society to the individual is sparking demand for pension and insurance products. The largest potential for Swedbank in Sweden today is considered to be in risk products such as life and health insurance as well as occupational pensions. Today only 20 per cent of Swedbank's and the savings banks' corporate customers have an occupational pension solution for their employees from Swedbank Försäkring.

Premium income from occupational pensions amounted to SEK 3.0bn (3.2), of which occupational pensions excluding collective occupational pensions increased by 21 per cent to SEK 468bn. To increase sales of occupational pensions, Swedbank Försäkring will launch a new, updated pension plan package during the year.

During the quarter Swedbank Försäkring and four other companies became the companies of choice for the collectively negotiated occupational pension plan (ITPK) for 2013-2018. The fees are low, but Swedbank and the savings banks consider it important to be able to offer contractual pensions as part of the total offering to 1.5 million private sector customers. Swedbank Försäkring offers 22 funds with the highest aggregate ratings of the companies. Half of the funds are from Robur.

Demand for risk protection insurance remains high. During the quarter sales of Swedbank private protection concept reached over 25 000 pension and insurance products, an increase of 52 per cent year-on-year.

Assets under management SEKbn	31 Mar 2013	31 Dec 2012	%
Sweden	109.4	103.4	6
of which collective occupational pension	43.4	38.2	14
of which endowment insurance	47.3	48.6	-3
of which occupational pension	10.5	8.7	21
of which other	8.2	8.0	3
Baltic countries	3.1	3.3	-5
of which life insurance	3.1	3.3	-5

#### Baltic countries

In Estonia, Latvia and Lithuania the market shares for life insurance are 39, 15 and 23 per cent respectively, making Swedbank the largest life insurer in the Estonian and Lithuanian markets. Life insurance operations are divided into risk insurance and savings products. Swedbank focuses mainly on risk insurance for existing private customers with loans, where it sees great growth potential due to an inadequate social welfare system.

Premium income for risk insurance rose by 8 per cent in local currency compared with 2012 to SEK 27m. Premium payments for the total Baltic life insurance operations increased by 3 per cent in local currency to SEK 149m compared with the previous year mainly due to a shift from insurance savings to risk insurance, where the premiums, but not necessarily the earnings, are lower.

The market shares for non-life insurance in Estonia, Latvia and Lithuania are 14, 3 and 1 per cent respectively. In non-life insurance Swedbank offers mainly insurance solutions for private customers. The largest product areas are auto and homeowners insurance. Since auto and home sales have fallen in recent years, the focus has been on boosting sales to new segments beyond the bank's existing loan and leasing customers. The focus is also launching new and simpler products in other areas such as travel insurance. Premium payments for non-life insurance in the Baltic countries amounted to SEK 92m during the period, an increase of 4 per cent in local currency.

#### Revenue

Swedbank's aggregate insurance revenue amounted to SEK 524m (509) during the quarter. The revenue increase in the Swedish life insurance operations during the period was mainly due to an improved risk result. Swedbank Försäkring continuously allocates a portion of its risk insurance premiums to cover future claims. The provisions are based on assumptions about unreported claims that have occurred and expectations about future claims, among other things. An extensive analysis primarily of unreported claims that have occurred has led to changes in assumptions. These changes facilitated a reversal from reserves during the quarter, which led to increased insurance revenue.

Non-life insurance revenue in Sweden increased as well. There are now nearly 210 000 contracts, an increase of 10 per cent since the previous year.

Revenue for the Baltic life- and property insurance operations decreased due to falling interest rates, which

led to a lower return on assets. Revenue for the Baltic non-life insurance operations decreased by 30 per cent to SEK 38m. The decrease is mainly the result of an increase in claims.

Insurance related income SEKm	Jan-Mar 2013	Jan-Mar 2012	%
Sweden	439	397	11
of which life insurance	415	388	7
of which property insurance	25	10	
Baltic countries	85	112	-24
of which life insurance	47	57	-19
of which property insurance	38	55	-30
<b>Total insurance related income</b>	<b>524</b>	<b>509</b>	<b>3</b>

### Asset management operations

Swedbank's asset management operations are conducted through the Swedbank Robur group in Swedbank's four home markets and Norway. In total, Swedbank Robur offers around 130 funds as well as discretionary asset management services, including management of pension assets. Fund assets under management amounted to SEK 555bn, of which SEK 536bn was in Sweden, where the market share was 24.5 per cent. Discretionary assets under management amounted to SEK 259bn.

During the quarter the total net inflow to funds in Sweden was SEK 26.5bn, with net inflows to equity and mixed funds, while fixed income funds had a net outflow. The total net inflow to Swedbank Robur's funds in Sweden was SEK 5.0bn, where the largest inflow, SEK 3.4bn, was to mixed funds within Private Banking. Measured in terms of net inflow, Swedbank Robur's market share was 19 per cent during the quarter. The positive net flow was mainly due to a high level of activity at Swedbank's and the savings banks' branches, where flows went to investment solutions, short-term fixed income funds and contractual pensions.

Measures to clarify and simplify the customer offering continue in 2013. During the quarter two funds, Banco Etisk Europe and Ethica Sweden Global, were merged.

The share of funds with returns surpassing their comparative indices during the quarter was 42 per cent (53 per cent for the same period in 2012). The average rating according to Morningstar has improved and is now 3.36 (3.31), the second best among comparable companies.

Asset management Key ratios, SEKbn	Q1 2013	Q4 2012	Q1 2012
Total income, SEKm	962	968	925
Asset under Management	555	529	476
of which Sweden	536	510	458
of which Baltics	17	17	16
of which Norway	2	2	2
Discretionary Asset Management	259	253	274
of which Sweden	257	252	273
of which Baltics	2	1	1

Income for capital market products amounted to SEK 962m, which is 4 per cent higher than the same period in 2012. The improvement was mainly from an increase in average capital as a result of gains in equities, but also from the positive net flows. Compared with the previous quarter income decreased by SEK 6m. During the fourth quarter 2012 performance related income

from institutional management services amounted to SEK 49m. Income in the first quarter was affected by the fewer number of calendar days compared with the previous quarter (90 vs. 92).

Income from institutional management excluding Swedbank Robur's funds amounted to SEK 27m. Compared with the previous quarter income decreased by SEK 47m, mainly due to performance-related income recognised during the fourth quarter 2012.

The magazine Aktiespararen and fund analysis firm Citywire named Fredrik Myrén, manager of the Swedbank Robur Eastern Europe Fund, the best Sweden-based manager in the premium pension system in 2012. Fredrik also ranked second overall among all managers. During the quarter Swedbank Robur's Humane Fund was named the best fund in 2012 in the category of ethical funds by Fondmarknaden.se.

### Payment operations

Swedbank is the market leader in payment and cash management products in its four home markets.

Growth in the payment area is based on economic growth and on customers increasingly using means of payment other than cash.

The payment area is strongly affected by changes in the operating environment, partly due to technological developments but also to European legislation, where the aim is to facilitate cross-border trade in products and services. The development of a common payment zone for the euro enables the bank to offer services to customers with European operations without having to set up business in every country. At the same time a common payment zone leads to increased competition.

Online payment services are an important growth area for Swedbank. Nearly 2.9 million customers in Sweden and 2.2 million in the Baltic countries already have access to payment services through the Internet Bank and Mobile Bank. The number of transactions increased by 6 per cent in 2012.

Several new solutions for the digital channels have been developed in Sweden. To facilitate payments through the Internet Bank and Mobile Bank, Swedbank introduced a mobile BankID in autumn 2012. The service has quickly grown and the number of users is now over 400 000. Swish, a solution shared with other Swedish banks that makes it easy to send and receive money by mobile phone, was also introduced last autumn. The number of users is rapidly growing and now totals over 300 000 for the participating banks, of which over 100 000 are customers of Swedbank and the savings banks. Together with the savings banks, Swedbank has also developed a mobile payment service, Bart, for use in stores.

For companies that import and export to countries where delivery or payment can be unreliable, Swedbank offers trade finance products.

Payments Key ratios	Jan-Mar 2013	Jan-Mar 2012	%
International Payments (millions)	2.3	2.2	7
of which Sweden	1.0	1.0	2
of which Baltic countries	1.3	1.2	12
Domestic payments (millions)	213.1	202.9	5
of which Sweden	154.6	148.3	4
of which Baltic countries	58.5	54.6	7
E-services payments (millions)	30.3	16.3	86
of which Sweden	24.7	11.4	
of which Baltic countries	5.6	4.9	15
Trade Finance, new deals	8 509	9 357	-9
of which Sweden	5 274	6 003	-12
of which Baltic countries	3 235	3 354	-4
Factoring portfolio, SEKm	3 709	3 713	0
of which Sweden	1 965	1 985	-1
of which Baltic countries	1 744	1 728	1

Domestic payments includes salary and mass payments, giro payments, direct debit payments, internet payments.

E-services payments includes E-invoices, Bank link payments, Mobile phone top-up transactions, number of signing-transactions and ID-transactions through E-ID/BankID.

### Lending/deposits

Swedbank's lending operations are concentrated in Sweden, Estonia, Latvia and Lithuania. In addition, lending is provided in Norway and to a lesser extent in certain other countries such as Finland, Denmark and the US. Loan products account for about 70 per cent of Swedbank's assets on the balance sheet.

Swedbank's total private and corporate lending amounts to SEK 1 183bn (1 184). The largest part consists of household lending, with mortgages in Sweden to private customers and housing cooperative association accounting for about 50 per cent of total lending. Swedbank's market share for mortgages in Sweden is

about 26 per cent. Over one million customers obtain their mortgages through Swedbank Mortgage, and lending is geographically distributed throughout the country.

Swedbank is also a major player in corporate lending in Sweden, with lending of SEK 333bn and a market share of 17 per cent. Major sectors in Sweden include property-related lending accounting for SEK 130bn as well as the forestry and agricultural sector, where Swedbank has a dominant position, accounting for SEK 63bn. Swedbank is the largest lender in the Baltic countries, with market shares of 20-40 per cent. Estonia accounts for nearly half of Swedbank's Baltic loan portfolio and there Swedbank has a market share of nearly 40 per cent. Total lending in the Baltic countries amounts to SEK 113bn, half of which is to households and half to corporates. Major sectors for corporate lending in the Baltic countries include commercial real estate and manufacturing. The Baltic portfolio has shrunk in the last three years, but since the first quarter 2012 has again begun to grow slightly in local currency.

Swedbank is also a dominant player in its home markets in terms of deposits. The total deposit volume amounts to SEK 628bn (558), of which SEK 328bn (332) is to private customers and SEK 300bn (226) is to corporate customers.

For more information on Swedbank's lending and deposit, see each business area.

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More detailed information can be found in Swedbank's fact book, [www.swedbank/se/ir](http://www.swedbank/se/ir), under Financial information and publications.

## Income statement, condensed

Group SEKm	Q1 2013	Q4 2012	%	Q1 2012	%
Interest income	11 069	11 738	-6	13 364	-17
Interest expenses	-5 716	-6 392	-11	-8 469	-33
<b>Net interest income (note 5)</b>	<b>5 353</b>	<b>5 346</b>	<b>0</b>	<b>4 895</b>	<b>9</b>
Commission income	3 420	3 596	-5	3 350	2
Commission expenses	-1 032	-1 094	-6	-952	8
<b>Net commissions (note 6)</b>	<b>2 388</b>	<b>2 502</b>	<b>-5</b>	<b>2 398</b>	<b>0</b>
Net gains and losses on financial items at fair value (note 7)	557	830	-33	979	-43
Insurance premiums	498	494	1	429	16
Insurance provisions	-305	-367	-17	-271	13
<b>Net insurance</b>	<b>193</b>	<b>127</b>	<b>52</b>	<b>158</b>	<b>22</b>
Share of profit or loss of associates	206	154	34	209	-1
Other income	385	478	-19	433	-11
<b>Total income</b>	<b>9 082</b>	<b>9 437</b>	<b>-4</b>	<b>9 072</b>	<b>0</b>
Staff costs	2 358	2 264	4	2 409	-2
Other expenses (note 8)	1 514	1 669	-9	1 695	-11
Depreciation/amortisation	171	209	-18	223	-23
<b>Total expenses</b>	<b>4 043</b>	<b>4 142</b>	<b>-2</b>	<b>4 327</b>	<b>-7</b>
<b>Profit before impairments</b>	<b>5 039</b>	<b>5 295</b>	<b>-5</b>	<b>4 745</b>	<b>6</b>
Impairment of intangible assets (note 14)		17			
Impairment of tangible assets	85	141	-40	40	
Credit impairments (note 9)	60	-76		-96	
<b>Operating profit</b>	<b>4 894</b>	<b>5 213</b>	<b>-6</b>	<b>4 801</b>	<b>2</b>
Tax expense	976	786	24	1 108	-12
<b>Profit for the period from continuing operations</b>	<b>3 918</b>	<b>4 427</b>	<b>-11</b>	<b>3 693</b>	<b>6</b>
Profit for the period from discontinued operations, after tax	-390	-174		-279	40
Profit for the period	3 528	4 253	-17	3 414	3
<b>Profit for the period attributable to the shareholders of Swedbank AB</b>	<b>3 525</b>	<b>4 252</b>	<b>-17</b>	<b>3 410</b>	<b>3</b>
Profit for the period from continuing operations	3 916	4 426	-12	3 689	6
Profit for the period from discontinued operations	-391	-174		-279	40
Non-controlling interests	3	1		4	-25
Profit for the period from continuing operations	2	1	100	4	-50
Profit for the period from discontinued operations	1				



## Statement of comprehensive income, condensed

Group SEKm	Q1 2013	Q4 2012	%	Q1 2012	%
<b>Profit for the period reported via income statement</b>	<b>3 528</b>	<b>4 253</b>	<b>-17</b>	<b>3 414</b>	<b>3</b>
<b>Items that will not be reclassified to the income statement</b>					
Remeasurements of defined benefit pension plans	674	-209		371	82
Share related to associates	-16	-9	78	8	
Income tax	-145	-15		-100	45
<b>Total</b>	<b>513</b>	<b>-233</b>		<b>279</b>	<b>84</b>
<b>Items that may be reclassified to the income statement</b>					
Exchange differences, foreign operations					
Gains/losses arising during the period	-1 347	837		-273	
Reclassification adjustments to income statement, net gains and losses on financial items at fair value		1		-1	
Hedging of net investments in foreign operations:					
Gains/losses arising during the period	1 085	-668		140	
Cash flow hedges:					
Gains/losses arising during the period	-40	-116	-66	-429	-91
Reclassification adjustments to income statement, net interest income	22	29	-24	73	-70
Share of other comprehensive income of associates	-53	22		18	
Income tax relating to components of other comprehensive income	-236	296		57	
<b>Total</b>	<b>-569</b>	<b>401</b>		<b>-415</b>	<b>37</b>
<b>Other comprehensive income for the period, net of tax</b>	<b>-56</b>	<b>168</b>		<b>-136</b>	<b>-59</b>
<b>Total comprehensive income for the period</b>	<b>3 472</b>	<b>4 421</b>	<b>-21</b>	<b>3 278</b>	<b>6</b>
<b>Total comprehensive income attributable to the shareholders of Swedbank AB</b>	<b>3 469</b>	<b>4 420</b>	<b>-22</b>	<b>3 274</b>	<b>6</b>
Non-controlling interests	3	1		4	-25

## Key ratios

Group SEKm	Q1 2013	Q4 2012	Q1 2012
Earnings per share, continuing operations, SEK <sup>1)</sup>	3.57	4.03	3.36
after dilution <sup>1)</sup>	3.54	4.01	3.35
Earnings per share, discontinued operations, SEK <sup>1)</sup>	-0.36	-0.16	-0.25
after dilution <sup>1)</sup>	-0.35	-0.15	-0.25
Earnings per share, total operations, SEK <sup>1)</sup>	3.21	3.87	3.11
after dilution <sup>1)</sup>	3.19	3.86	3.10
Equity per share, SEK	84.57	91.02	80.91
Return on equity, continuing operations, %	15.3	17.5	15.3
Return on equity, total operations, %	13.8	16.9	14.1
Credit impairment ratio, %	0.02	-0.02	-0.03

<sup>1)</sup> After deducting the preference share dividend, earnings per share for the first quarter 2013 were SEK 1.63 for total operations (SEK 1.99 for continuing operations) after dilution. The calculations are specified on page 49.

## Balance sheet, condensed

Group SEKm	31 Mar 2013	31 Dec 2012	%	31 Mar 2012	%
<b>Assets</b>					
Cash and balance with central banks	210 251	130 058	62	169 795	24
Loans to credit institutions (note 10)	86 932	85 480	2	98 373	-12
Loans to the public (note 10)	1 236 583	1 238 864	0	1 212 564	2
Value change of interest hedged item in portfolio hedge	16				
Interest-bearing securities	137 859	135 807	2	151 678	-9
Financial assets for which customers bear the investment risk	109 307	104 194	5	103 014	6
Shares and participating interests	6 552	8 106	-19	8 400	-22
Investments in associates	3 602	3 552	1	3 223	12
Derivatives (note 18)	83 960	102 265	-18	88 697	-5
Intangible fixed assets (note 14)	13 123	13 440	-2	13 702	-4
Investment properties	1 512	2 393	-37	3 788	-60
Tangible assets	4 210	4 638	-9	4 580	-8
Current tax assets	580	1 082	-46	1 401	-59
Deferred tax assets	500	657	-24	820	-39
Other assets	7 904	8 380	-6	19 046	-59
Prepaid expenses and accrued income	8 391	7 736	8	9 153	-8
Group of assets classified as held for sale	5 945	208		248	
<b>Total assets</b>	<b>1 917 227</b>	<b>1 846 860</b>	<b>4</b>	<b>1 888 482</b>	<b>2</b>
<b>Liabilities and equity</b>					
Amounts owed to credit institutions (note 15)	137 198	122 202	12	130 000	6
Deposits and borrowings from the public (note 16)	650 480	579 663	12	603 773	8
Debt securities in issue (note 17)	779 751	767 454	2	784 607	-1
Financial liabilities for which customers bear the investment risk	111 512	105 104	6	105 428	6
Derivatives (note 18)	75 126	92 141	-18	80 365	-7
Current tax liabilities	885	1 378	-36	1 357	-35
Deferred tax liabilities	2 827	2 641	7	2 365	20
Short positions, securities	14 763	18 229	-19	22 398	-34
Other liabilities	11 453	16 624	-31	20 484	-44
Accrued expenses and prepaid income	16 101	16 782	-4	19 525	-18
Provisions	6 268	7 073	-11	5 340	17
Subordinated liabilities	13 827	14 307	-3	18 659	-26
Liabilities directly associated with group of assets classified as held for sale	1 149	76		96	
Equity	95 887	103 186	-7	94 085	2
of which non-controlling interests	157	154	2	144	9
of which equity attributable to shareholders of Swedbank AB	95 730	103 032	-7	93 941	2
<b>Total liabilities and equity</b>	<b>1 917 227</b>	<b>1 846 860</b>	<b>4</b>	<b>1 888 482</b>	<b>2</b>

# Statement of changes in equity, condensed

Group SEKm	Shareholders' equity				Non-controlling interests			Total equity	
	Share capital	Other contri- buted equity*	Exchange differences, subsidiaries and associates	Hedging of net investments in foreign operations**	Cash flow hedges	Retained earnings	Total		
<b>January-March 2012</b>									
<b>Closing balance 31 December 2011</b>	<b>24 383</b>	<b>17 187</b>	<b>-2 389</b>	<b>136</b>	<b>268</b>	<b>58 408</b>	<b>97 993</b>	<b>140</b>	<b>98 133</b>
Change in accounting policy regarding defined benefit pension plans according to IAS 19						-1 582	-1 582		-1 582
<b>Opening balance 1 January 2012</b>	<b>24 383</b>	<b>17 187</b>	<b>-2 389</b>	<b>136</b>	<b>268</b>	<b>56 826</b>	<b>96 411</b>	<b>140</b>	<b>96 551</b>
Dividends						-5 825	-5 825		-5 825
Share based payments to employees						87	87		87
Associates' acquisition of shares in Swedbank AB						-6	-6		-6
Total comprehensive income for the period			-258	104	-261	3 689	3 274	4	3 278
<b>Closing balance 31 March 2012</b>	<b>24 383</b>	<b>17 187</b>	<b>-2 647</b>	<b>240</b>	<b>7</b>	<b>54 771</b>	<b>93 941</b>	<b>144</b>	<b>94 085</b>
<b>January-December 2012</b>									
<b>Closing balance 31 December 2011</b>	<b>24 383</b>	<b>17 187</b>	<b>-2 389</b>	<b>136</b>	<b>268</b>	<b>58 408</b>	<b>97 993</b>	<b>140</b>	<b>98 133</b>
Change in accounting policy regarding defined benefit pension plans according to IAS 19						-1 582	-1 582		-1 582
<b>Opening balance 1 January 2012</b>	<b>24 383</b>	<b>17 187</b>	<b>-2 389</b>	<b>136</b>	<b>268</b>	<b>56 826</b>	<b>96 411</b>	<b>140</b>	<b>96 551</b>
Dividends						-5 825	-5 825	-6	-5 831
Decrease in share capital	-611					611			
Bonus issue	1 132					-1 132			
Reversal of VAT costs incurred on rights issues in 2008 and 2009		88					88		88
Share based payments to employees						314	314		314
Deferred tax related to share based payments to employees						19	19		19
Associates' acquisition of shares in Swedbank AB						-54	-54		-54
Changes in ownership interest in subsidiary						1	1	-2	-1
Business disposals								-2	-2
Contribution								16	16
Total comprehensive income for the period			-1 459	865	-310	12 982	12 078	8	12 086
<b>Closing balance 31 December 2012</b>	<b>24 904</b>	<b>17 275</b>	<b>-3 848</b>	<b>1 001</b>	<b>-42</b>	<b>63 742</b>	<b>103 032</b>	<b>154</b>	<b>103 186</b>
<b>January-March 2013</b>									
<b>Opening balance 1 January 2013</b>	<b>24 904</b>	<b>17 275</b>	<b>-3 848</b>	<b>1 001</b>	<b>-42</b>	<b>63 742</b>	<b>103 032</b>	<b>154</b>	<b>103 186</b>
Dividends						-10 880	-10 880		-10 880
Share based payments to employees						107	107		107
Deferred tax related to share based payments to employees						16	16		16
Associates' acquisition of shares in Swedbank AB						-14	-14		-14
Total comprehensive income for the period			-1 400	846	-15	4 038	3 469	3	3 472
<b>Closing balance 31 March 2013</b>	<b>24 904</b>	<b>17 275</b>	<b>-5 248</b>	<b>1 847</b>	<b>-57</b>	<b>57 009</b>	<b>95 730</b>	<b>157</b>	<b>95 887</b>

In connection to the rights issues in 2008 and 2009 an assessment was made on the non-deductible VAT Swedbank AB would have to pay on the transaction costs. This assessment was partly changed in the second quarter 2011 based on a new tax case ruling. The VAT expense decreased by SEK 35m after income tax. The income tax expense on the VAT amount was SEK 12m. After a reassessment made by the Swedish Tax Agency, the VAT expense was further decreased by SEK 88m after income tax during the third quarter 2012. The income tax expense on the VAT amount was SEK 31m.

\*Other contributed equity consists mainly of share premiums.

\*\* The Group hedges in principle all foreign net investments except goodwill.

## Cash flow statement, condensed

Group SEKm	Jan-Mar 2013	Full-year 2012	Jan-Mar 2012
<b>Operating activities</b>			
Operating profit	4 894	19 466	4 801
Profit for the period from discontinued operations	-390	-997	-279
Adjustments for non-cash items in operating activities	-2 190	-460	601
Taxes paid	-773	-3 202	-258
Increase/decrease in loans to credit institutions	-3 949	10 760	-1 452
Increase/decrease in loans to the public	-5 645	-32 215	-2 414
Increase/decrease in holdings of securities for trading	264	-6 334	-22 965
Increase/decrease in deposits and borrowings from the public including retail bonds	75 198	21 504	42 861
Increase/decrease in amounts owed to credit institutions	20 256	-15 011	-9 004
Increase/decrease in other assets	16 571	610	4 125
Increase/decrease in other liabilities	-21 045	-2 202	-20 923
<b>Cash flow from operating activities</b>	<b>83 191</b>	<b>-8 081</b>	<b>-4 907</b>
<b>Investing activities</b>			
Business combinations		-6	
Business disposals		2	
Acquisitions of and contributions to associates	-2	-30	-2
Acquisitions of other fixed assets and strategic financial assets	-55	-1 842	-170
Disposals/maturity of other fixed assets and strategic financial assets	1 097	3 796	1 226
<b>Cash flow from investing activities</b>	<b>1 040</b>	<b>1 920</b>	<b>1 054</b>
<b>Financing activities</b>			
Issuance of interest-bearing securities	24 583	142 962	56 262
Redemption of interest-bearing securities	-47 373	-155 970	-55 397
Issuance of commercial paper etc.	131 766	485 486	101 529
Redemption of commercial paper etc.	-101 560	-494 412	-92 974
Dividends paid	-10 880	-5 831	
Changes in ownership interest in subsidiary		-1	
Contribution		16	
New share issue			
Repurchased shares			
<b>Cash flow from financing activities</b>	<b>-3 464</b>	<b>-27 750</b>	<b>9 420</b>
<b>Cash flow for the period</b>	<b>80 767</b>	<b>-33 911</b>	<b>5 567</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>130 058</b>	<b>164 307</b>	<b>164 307</b>
Cash flow for the period	80 767	-33 911	5 567
Exchange rate differences on cash and cash equivalents	-574	-338	-80
<b>Cash and cash equivalents at end of the period</b>	<b>210 251</b>	<b>130 058</b>	<b>169 794</b>

## Note 1 Accounting policies

The interim report has been prepared in accordance with IAS 34, Interim Financial Reporting. The consolidated financial statements have also been prepared in accordance with the recommendations and statements of the Financial Reporting Council, the Annual Accounts Act for Credit Institutions and Securities Companies and the directives of the Swedish Financial Supervisory Authority.

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

The accounting policies applied in the interim report conform to the accounting policies applied in the preparation of the consolidated financial statements and

the annual report for 2012 with the exceptions and new standard below.

### Revised IAS 19 Employee Benefits

The revised IAS 19 is applied as of 2013. This means that statement UFR 4 from the Financial Reporting Council on accounting for the special employer's contribution and tax on returns is no longer applied. Instead the revised IAS 19 describes how taxes on pension benefits should be reported. In accounting for the tax on returns statement UFR 9 from the Financial Reporting Council UFR 9 on accounting for tax on returns is applied as well. The application of the revised IAS 19 means that the so-called corridor approach has been abolished in accounting for defined benefit pensions. Actuarial gains and losses on the pension debt are instead recognised directly when they arise in other comprehensive income as a revaluation of defined benefit pension plans. Revaluations recognised in other comprehensive income may not be reversed to profit or

loss in subsequent periods. In calculating the pension expense recognised through profit or loss one's own assumed return on assets under management is no longer used. Instead interest income is calculated with the same interest rate used in the calculation of the interest expense for the pension debt. The difference between the estimated interest income and the actual return on assets under management is recognised immediately in Other comprehensive income as a revaluation of defined-benefit pension plans. Comparative figures have been restated for 2012, which means that the opening equity balance as of 1 January 2012 has been adjusted due to the revised accounting policies, which also resulted in adjustments to the reported values of equity shares in associates. In total, the revised accounting policies reduce the opening equity balance as of 1 January 2012 by SEK 1 582m. The effect is recognised separately in equity. Other changes between previously reported amounts and new comparative figures are reported in note 27 Effects of changes in accounting policies.

#### **Revised IAS 1 Presentation of Financial Statements**

As of 2013 Other comprehensive income is divided into two parts: components that are no longer reclassified to profit or loss and components that have been or will be reclassified to profit or loss.

#### **Revised IFRS 7 Financial Instruments: Disclosures**

As of 2013 disclosures are provided on financial assets and financial liabilities which are offset in the balance sheet or are subject to various legally binding netting arrangements or other similar risk-reducing agreements. See note 21.

#### **IFRS 13 Fair Value Measurement**

The new standard IFRS 13 replaces the guidance on fair value measurement which had been found in each IFRS standard. The standard defines fair value and how it is determined. It also includes new disclosure requirements, due to which IAS 34 Interim reporting has been expanded and interim reports issued as of 2013 will include specific disclosures on financial instruments measured at fair value and whose fair value is calculated in accordance with level 3 in the fair value hierarchy. The revision to IAS 34 also means that disclosures on the fair value of financial instruments recognised at amortised cost will be provided in interim reports see note 19. The introduction of the standard has otherwise had no material impact on how the Group measures fair values or on its financial position or results.

#### **Other IFRS changes**

No new or revised IFRS and IFRIC interpretations besides the above have been applied or had a significant effect on the financial position, results or disclosures pertaining to the Group or parent company.

#### **Discontinued operations**

Discontinued operations refer to the part of the Group which has been classified as held for sale and constitute operations conducted within a geographical area as well as subsidiaries acquired solely for the purpose of resale. Net profit from discontinued operations, including future gains or losses on divestments and reversals of exchange rate differences for foreign net investments from other comprehensive income, is presented as a single amount after net profit from continuing operations. During the first quarter 2013 the operations in Russia and Ukraine were classified as held for sale, since they are available for immediate sale in their

current condition and it is very likely that a sale will take place within one year. Comparative income statement figures have been restated. See note 27 Effects of changes in accounting policies.

Assets classified as held for sale and liabilities attributable to these assets are reported in the balance sheet on separate lines as of the classification date.

#### **Change in value of interest rate-hedged items in portfolio hedges**

As of the first quarter 2013 fair values are hedged for the interest rate exposure in any portfolio with financial assets where the hedged portion is identified as a single amount rather than for individual assets. Because the hedge relates to a portfolio rather than individual balance sheet items, the change in value is recognised for the hedged items on a separate line in the balance sheet called Change in value of interest rate-hedged items in portfolio hedges. Portfolio hedges are otherwise recognised in the same way as individual balance sheet items that are recognised as hedges at fair value.

#### **Trading-related interest income and interest expenses**

As of 2013 interest income and interest expenses from financial instruments are recognised as available for trading within the LC&I unit as well as related interest within net gains and losses on financial transactions. Comparative figures have been restated. See note 27 Effects of changes in accounting policies.

#### **Commission income and commission expenses**

As of 2013 a revised distribution is applied between commission income and commission expenses, asset management commissions, related to compensation for mutual fund sales. Comparative figures have been restated. See note 27 Effects of changes in accounting policies.

#### **Operating segments**

The distribution into operating segments has been changed as of 2013. The changes follow the organisational changes that have been made in Swedbank's business area organisation.

Responsibility for the retail operations in the Nordic branches, with the exception of the branch in Denmark, has been transferred from Retail to LC&I. A large number of customers has also been transferred from Retail to LC&I. Asset Management is no longer reported as a separate segment and instead is included in Group Functions & Other. Income, business volumes and cost-based compensation related to asset management are reported within Retail, LC&I and Baltic Banking based on where each customer belongs. Group Shared Services and a number of small support functions have been moved from Group Functions & Other to Retail. Comparative figures have been restated.

#### **Future changes to IFRS**

Revisions which have been issued but not yet applied are being evaluated in terms of how they are expected to affect the financial reports of the Group and parent company. Thus far they are not considered to have a material impact on the financial position or results. More disclosures will be required, however. The revisions that have been issued to date are also not expected either to materially affect capital requirements, the capital base and large exposures. A number of draft revisions have been issued as well e.g. concerning the impairment of financial assets in the category amortised cost, hedge



accounting and leasing. These will affect Swedbank's financial reporting. Their scope cannot be determined,

## Note 2 Critical accounting estimates

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

### Provisions for impairments

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

The Group's provisions in the Baltic operations decreased during the first quarter from SEK 4 578m to SEK 4 097m. The changes were based on the losses

## Note 3 Changes in the Group structure

### Internal structural changes

In March 2013, Swedbank AS Estonia acquired the minority share (49.67%) in the company Swedbank Life Insurance SE from Swedbank AS Latvia.

however, until the rules are finalised.

that executive management judged as most likely against the backdrop of the current economic outlook within a reasonable assumption range.

### Impairment testing of goodwill

When goodwill is tested for impairment, future cash flows are estimated for the cash-generating unit that the goodwill refers to and has been allocated to. As far as possible, the assumptions that are used, or part of those assumptions, are based on outside sources. Nevertheless, the calculation largely depends on the executive management's own assumptions. The assumptions are made based on indefinite ownership of the asset.

The Group's goodwill amounted to SEK 11 176m as of 31 March 2013, of which SEK 8 468m related to investment in the Baltic operations. There were no indications to warrant impairment testing as of the closing day.

Upon the acquisition, Swedbank Life Insurance SE is fully owned by Swedbank AS Estonia. The segment reporting is not affected by this change.

## Note 4 Operating segments (business areas)

Jan-Mar 2013 SEKm	Retail	Large Corporates & Institutions	Baltic Banking	Group Functions & Other	Eliminations	Group
<b>Income statement</b>						
Net interest income	3 332	783	742	495	1	5 353
Net commissions	1 589	419	388	-25	17	2 388
Net gains and losses on financial items at fair value	34	579	62	-118		557
Share of profit or loss of associates	204	0		2		206
Other income	218	33	89	297	-59	578
<b>Total income</b>	<b>5 377</b>	<b>1 814</b>	<b>1 281</b>	<b>651</b>	<b>-41</b>	<b>9 082</b>
of which internal income	40	10	1	-151	100	
Staff costs	871	287	188	787		2 133
Variable staff costs	47	88	17	73		225
Other expenses	1 458	346	351	-600	-41	1 514
Depreciation/amortisation	30	13	30	98		171
<b>Total expenses</b>	<b>2 406</b>	<b>734</b>	<b>586</b>	<b>358</b>	<b>-41</b>	<b>4 043</b>
<b>Profit before impairments</b>	<b>2 971</b>	<b>1 080</b>	<b>695</b>	<b>293</b>		<b>5 039</b>
Impairment of intangible assets						
Impairment of tangible assets			4	81		85
Credit impairments	55	74	-70	1		60
<b>Operating profit</b>	<b>2 916</b>	<b>1 006</b>	<b>761</b>	<b>211</b>		<b>4 894</b>
Tax expense	635	217	61	63		976
Profit for the period from continuing operations	2 281	789	700	148		3 918
Profit for the period from discontinued operations, after tax				-390		-390
Profit for the period	2 281	789	700	-242		3 528
<b>Profit for the period attributable to the shareholders of Swedbank AB</b>	<b>2 279</b>	<b>789</b>	<b>700</b>	<b>-243</b>		<b>3 525</b>
Non-controlling interests	2			1		3
<b>Balance sheet, SEKbn</b>						
Cash and balances with central banks	0	6	2	202		210
Loans to credit institutions	40	279	1	185	-418	87
Loans to the public	915	203	113	6	0	1 237
Bonds and other interest-bearing securities		55	1	88	-6	138
Financial assets for which customers bear inv. risk	107		2			109
Investments in associates	3			1		4
Derivatives		109		32	-57	84
Total tangible and intangible assets	3	2	9	11		25
Other assets	7	17	2	671	-674	23
<b>Total assets</b>	<b>1 075</b>	<b>671</b>	<b>130</b>	<b>1 196</b>	<b>-1 155</b>	<b>1 917</b>
Amounts owed to credit institutions	80	197		273	-413	137
Deposits and borrowings from the public	371	105	104	76	-6	650
Debt securities in issue		16	1	772	-9	780
Financial liabilities for which customers bear inv. risk	110		2			112
Derivatives		105		27	-57	75
Other liabilities	481	229	1	12	-670	53
Subordinated liabilities				14		14
<b>Total liabilities</b>	<b>1 042</b>	<b>652</b>	<b>108</b>	<b>1 174</b>	<b>-1 155</b>	<b>1 821</b>
Allocated equity	33	19	22	22		96
<b>Total liabilities and equity</b>	<b>1 075</b>	<b>671</b>	<b>130</b>	<b>1 196</b>	<b>-1 155</b>	<b>1 917</b>
<b>Key figures</b>						
Return on allocated equity, continuing operations, %	27.9	16.7	12.6	2.1		15.3
Return on allocated equity, total operations, %	27.9	16.7	12.6	-3.4		13.8
Cost/income ratio	0.45	0.40	0.46	0.55		0.45
Credit impairment ratio, %	0.02	0.13	-0.25	0.01		0.02
Loan/deposit ratio, %	246	185	109	6		188
Loans, SEKbn	915	150	113	5		1 183
Deposits, SEKbn	371	81	104	72		628
Risk-weighted assets, SEKbn	204	130	89	34		457
Full-time employees	4 872	1 040	4 142	4 359		14 413

Jan-Mar 2012 SEKm	Retail	Large Corporates & Institutions	Baltic Banking	Group Functions & Other	Eliminations	Group
<b>Income statement</b>						
Net interest income	3 371	728	910	-113	-1	4 895
Net commissions	1 538	485	386	-23	12	2 398
Net gains and losses on financial items at fair value	44	847	66	22		979
Share of profit or loss of associates	203	6				209
Other income	190	5	106	350	-60	591
<b>Total income</b>	<b>5 346</b>	<b>2 071</b>	<b>1 468</b>	<b>236</b>	<b>-49</b>	<b>9 072</b>
of which internal income	58	1	1	-255	195	
Staff costs	873	305	192	831		2 201
Variable staff costs	34	105	20	49		208
Other expenses	1 490	345	381	-472	-49	1 695
Depreciation/amortisation	32	11	36	144		223
<b>Total expenses</b>	<b>2 429</b>	<b>766</b>	<b>629</b>	<b>552</b>	<b>-49</b>	<b>4 327</b>
<b>Profit before impairments</b>	<b>2 917</b>	<b>1 305</b>	<b>839</b>	<b>-316</b>		<b>4 745</b>
Impairment of intangible assets						
Impairment of tangible assets			-2	42		40
Credit impairments	21	17	-134			-96
<b>Operating profit</b>	<b>2 896</b>	<b>1 288</b>	<b>975</b>	<b>-358</b>		<b>4 801</b>
Tax expense	744	439	77	-152		1 108
Profit for the period from continuing operations	2 152	849	898	-206		3 693
Profit for the period from discontinued operations, after tax				-279		-279
Profit for the period	2 152	849	898	-485		3 414
<b>Profit for the period attributable to the shareholders of Swedbank AB</b>	<b>2 148</b>	<b>849</b>	<b>898</b>	<b>-485</b>		<b>3 410</b>
Non-controlling interests	4					4
<b>Balance sheet, SEKbn</b>						
Cash and balances with central banks	1	6	2	161		170
Loans to credit institutions	33	286		204	-425	98
Loans to the public	896	185	116	16		1 213
Bonds and other interest-bearing securities		78	2	83	-11	152
Financial assets for which customers bear inv. risk	101		2			103
Investments in associates	2			1		3
Derivatives		105		31	-47	89
Total tangible and intangible assets	3	1	10	8		22
Other assets	8	23	2	670	-665	38
<b>Total assets</b>	<b>1 044</b>	<b>684</b>	<b>134</b>	<b>1 174</b>	<b>-1 148</b>	<b>1 888</b>
Amounts owed to credit institutions	69	223		258	-420	130
Deposits and borrowings from the public	359	102	96	53	-6	604
Debt securities in issue		18	1	779	-13	785
Financial liabilities for which customers bear inv. risk	103		2			105
Derivatives		103		24	-47	80
Other liabilities	482	218	9	24	-662	71
Subordinated liabilities				19		19
<b>Total liabilities</b>	<b>1 013</b>	<b>664</b>	<b>108</b>	<b>1 157</b>	<b>-1 148</b>	<b>1 794</b>
Allocated equity	31	20	26	17		94
<b>Total liabilities and equity</b>	<b>1 044</b>	<b>684</b>	<b>134</b>	<b>1 174</b>	<b>-1 148</b>	<b>1 888</b>
<b>Key figures</b>						
Return on allocated equity, continuing operations, %	28.4	18.9	14.6	-3.5		15.3
Return on allocated equity, total operations, %	28.4	18.9	14.6	-8.2		14.1
Cost/income ratio	0.45	0.37	0.43	2.34		0.48
Credit impairment ratio, %	0.01	0.03	-0.45	0.00		-0.03
Loan/deposit ratio, %	250	187	120	27		202
Loans, SEKbn	896	144	116	13		1 169
Deposits, SEKbn	359	77	96	48		580
Risk-weighted assets, SEKbn	221	135	99	40		495
Full-time employees	5 068	1 073	4 143	5 766		16 050

## Operating segments' accounting policies

The operating segment reporting is based on Swedbank's accounting policies, organisation and management accounts. Market-based transfer prices are applied between operating segments, while all expenses within Group Business Support and other Group Functions are transfer priced at cost to the operating segments. Executive management expenses are not distributed. The net of services purchased and sold internally is recognised as other expenses in the income statements of the operating segments. Cross-border transfer pricing is applied according to OECD transfer pricing guidelines.

The Group's equity attributable to shareholders is allocated to each operating segment based on capital adequacy rules and estimated capital requirements based on the bank's Internal Capital Adequacy Assessment Process (ICAAP).

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

During the first quarter 2013 the assumptions for the internal capital allocation were changed due to expected changes in capital adequacy requirements. This change has had a marginal impact on the allocation of capital between the business areas.

## Note 5 Net interest income

Group SEKm	Q1 2013	Q4 2012	%	Q1 2012	%
<b>Interest income</b>					
Loans to credit institutions	213	285	-25	423	-50
Loans to the public	10 498	11 255	-7	12 404	-15
Interest-bearing securities	522	541	-4	747	-30
Derivatives	93	-65		256	-64
Other	118	114	4	161	-27
<b>Total interest income</b>	<b>11 444</b>	<b>12 130</b>	<b>-6</b>	<b>13 991</b>	<b>-18</b>
of which interest income reported in net gains and losses on financial items at fair value	375	392	-4	627	-40
<b>Interest income according to income statement</b>	<b>11 069</b>	<b>11 738</b>	<b>-6</b>	<b>13 364</b>	<b>-17</b>
<b>Interest expenses</b>					
Amounts owed to credit institutions	-173	-236	-27	-319	-46
Deposits and borrowings from the public	-1 330	-1 571	-15	-2 033	-35
of which deposit guarantee fees	-138	-146	-5	-134	3
Debt securities in issue	-4 838	-5 016	-4	-5 689	-15
of which commissions for government guaranteed funding	-49	-81	-40	-133	-63
Subordinated liabilities	-189	-192	-2	-275	-31
Derivatives	720	487	48	-418	
Other	-147	-179	-18	-165	-11
of which government stabilisation fund fee	-138	-147	-6	-144	-4
<b>Total interest expenses</b>	<b>-5 957</b>	<b>-6 707</b>	<b>-11</b>	<b>-8 899</b>	<b>-33</b>
of which interest expense reported in net gains and losses on financial items at fair value	-241	-315	-23	-430	-44
<b>Interest expense according to income statement</b>	<b>-5 716</b>	<b>-6 392</b>	<b>-11</b>	<b>-8 469</b>	<b>-33</b>
<b>Net interest income</b>	<b>5 353</b>	<b>5 346</b>	<b>0</b>	<b>4 895</b>	<b>9</b>
<b>Net interest margin</b>	<b>1.16</b>	<b>1.14</b>		<b>1.10</b>	

## Note 6 Net commissions

Group SEKm	Q1 2013	Q4 2012	%	Q1 2012	%
<b>Commission income</b>					
Payment processing	1 311	1 421	-8	1 277	3
Service concepts	108	91	19	77	40
Asset management	1 237	1 245	-1	1 156	7
Life insurance	124	125	-1	133	-7
Brokerage and custody fees	162	130	25	161	1
Corporate finance	43	124	-65	111	-61
Lending	167	181	-8	166	1
Guarantees	47	44	7	52	-10
Deposits	17	5		19	-11
Real estate brokerage	31	44	-30	33	-6
Non-life insurance	28	15	87	17	65
Other commission income	145	171	-15	148	-2
<b>Total commission income</b>	<b>3 420</b>	<b>3 596</b>	<b>-5</b>	<b>3 350</b>	<b>2</b>
<b>Commission expenses</b>					
Payment processing	-586	-639	-8	-552	6
Service concepts	-4	-5	-20	-4	0
Asset management	-275	-277	-1	-231	19
Life insurance	-54	-53	2	-49	10
Brokerage and custody fees	-70	-67	4	-65	8
Lending and guarantees	-11	-13	-15	-13	-15
Other commission expenses	-32	-40	-20	-38	-16
<b>Total commission expenses</b>	<b>-1 032</b>	<b>-1 094</b>	<b>-6</b>	<b>-952</b>	<b>8</b>
<b>Total net commissions</b>	<b>2 388</b>	<b>2 502</b>	<b>-5</b>	<b>2 398</b>	<b>0</b>



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

Group SEKm	Q1 2013	Q4 2012	%	Q1 2012	%
<b>Valuation category, fair value through profit or loss</b>					
Shares and related derivatives	21	39	-46	-26	
of which dividend	70	8		94	-26
Interest-bearing securities and related derivatives	-1 772	4 562		-1 021	74
Loans	-1 345	450		-826	63
Financial liabilities	3 313	-4 652		2 253	47
Other financial instruments	-1	-2	-50	1	
<b>Total fair value through profit or loss</b>	<b>216</b>	<b>397</b>	<b>-46</b>	<b>381</b>	<b>-43</b>
<b>Hedge accounting</b>					
Ineffective part in hedge accounting at fair value	-5	53		-30	-83
of which hedging instruments	-3 158	-1 111		-1 242	
of which hedged items	3 153	1 164		1 212	
Ineffective part in hedging of net investments in foreign operations	-52	-19		-4	
<b>Total hedge accounting</b>	<b>-57</b>	<b>34</b>		<b>-34</b>	<b>68</b>
<b>Loan receivables at amortised cost</b>	<b>26</b>	<b>34</b>	<b>-24</b>	<b>21</b>	<b>24</b>
<b>Financial liabilities valued at amortised cost</b>	<b>-13</b>	<b>47</b>		<b>3</b>	
<b>Trading related interest</b>					
Interest income	372	392	0	627	0
Interest expense	-238	-315	0	-430	0
<b>Total trading related interest</b>	<b>134</b>	<b>77</b>	<b>0</b>	<b>197</b>	<b>0</b>
<b>Change in exchange rates</b>	<b>251</b>	<b>241</b>	<b>4</b>	<b>411</b>	<b>-39</b>
<b>Total net gains and losses on financial items at fair value</b>	<b>557</b>	<b>830</b>	<b>-33</b>	<b>979</b>	<b>-43</b>
<b>Distribution by business purpose</b>					
<b>Financial instruments for trading related business</b>	<b>613</b>	<b>605</b>	<b>1</b>	<b>724</b>	<b>-15</b>
<b>Financial instruments intended to be held to contractual maturity</b>	<b>-56</b>	<b>225</b>		<b>255</b>	
<b>Total</b>	<b>557</b>	<b>830</b>	<b>-33</b>	<b>979</b>	<b>-43</b>

## Note 8 Other expenses

Group SEKm	Q1 2013	Q4 2012	%	Q1 2012	%
Premises and rents	289	318	-9	315	-8
IT expenses	353	415	-15	429	-18
Telecommunications and postage	41	56	-27	62	-34
Advertising, PR and marketing	70	120	-42	69	1
Consultants	50	62	-19	73	-32
Compensation to savings banks	170	165	3	152	12
Other purchased services	159	150	6	140	14
Security transport and alarm systems	81	93	-13	99	-18
Supplies	29	34	-15	39	-26
Travel	46	51	-10	45	2
Entertainment	11	14	-21	11	0
Repair/maintenance of inventories	36	29	24	40	-10
Other expenses	179	162	10	221	-19
<b>Total other expenses</b>	<b>1 514</b>	<b>1 669</b>	<b>-9</b>	<b>1 695</b>	<b>-11</b>

## Note 9 Credit impairments

Group SEKm	Q1 2013	Q4 2012	%	Q1 2012	%
<b>Provision for loans individually assessed as impaired</b>					
Provisions	170	-161		48	
Reversal of previous provisions	-58	-282	-79	-199	-71
Provision for homogenous groups of impaired loans, net	-46	-146	-68	-72	-36
<b>Total</b>	<b>66</b>	<b>-589</b>		<b>-223</b>	
<b>Portfolio provisions for loans individually assessed as not impaired</b>	<b>-55</b>	<b>-217</b>	<b>-75</b>	<b>-29</b>	<b>90</b>
<b>Write-offs</b>					
Established losses	534	2 016	-74	744	-28
Utilisation of previous provisions	-365	-1 148	-68	-484	-25
Recoveries	-68	-68	0	-115	-41
<b>Total</b>	<b>101</b>	<b>800</b>	<b>-87</b>	<b>145</b>	<b>-30</b>
<b>Credit impairments for contingent liabilities and other credit risk exposures</b>	<b>-52</b>	<b>-70</b>	<b>-26</b>	<b>11</b>	
<b>Credit impairments</b>	<b>60</b>	<b>-76</b>		<b>-96</b>	
Credit impairment ratio, %	0.02	-0.02		-0.03	

## Note 10 Loans

Group	31 Mar 2013			31 Dec 2012		31 Mar 2012	
	Loans before provisions	Provisions	Loans after provisions Carrying amount	Loans after provisions Carrying amount	%	Loans after provisions Carrying amount	%
SEKm							
<b>Loans to credit institutions</b>							
Banks	74 605	61	74 544	68 886	8	59 944	24
Repurchase agreements, banks	9 544		9 544	4 975	92	17 163	-44
Other credit institutions	217		217	671	-68	675	-68
Repurchase agreements, other credit institutions	2 627		2 627	10 948	-76	20 591	-87
<b>Loans to credit institutions</b>	<b>86 993</b>	<b>61</b>	<b>86 932</b>	<b>85 480</b>	<b>2</b>	<b>98 373</b>	<b>-12</b>
<b>Loans to the public</b>							
Private customers	755 763	2 103	753 660	754 791	0	739 408	2
Private, mortgage	639 258	1 603	637 655	638 884	0	630 175	1
Housing cooperatives	83 497	67	83 430	82 131	2	72 706	15
Private, other	33 008	433	32 575	33 776	-4	36 527	-11
Corporate customers	432 939	3 685	429 254	429 652	0	429 523	0
Agriculture, forestry, fishing	66 440	239	66 201	65 835	1	63 469	4
Manufacturing	43 483	541	42 942	44 997	-5	40 983	5
Public sector and utilities	21 318	48	21 270	19 613	8	18 035	18
Construction	14 718	232	14 486	14 046	3	16 794	-14
Retail	29 515	344	29 171	28 506	2	28 803	1
Transportation	14 038	176	13 862	14 145	-2	13 943	-1
Shipping and offshore	23 190	225	22 965	21 157	9	20 803	10
Hotels and restaurants	5 980	77	5 903	6 056	-3	6 433	-8
Information and communications	2 717	34	2 683	2 710	-1	2 407	11
Finance and insurance	19 292	17	19 275	18 595	4	19 454	-1
Property management	156 472	1 141	155 331	158 680	-2	153 702	1
Residential properties	43 156	277	42 879	47 924	-11		
Commercial	73 473	209	73 264	76 196	-4		
Industrial and Warehouse	24 351	214	24 137	24 286	-1		
Other	15 492	441	15 051	10 274	46		
Professional services	12 163	363	11 800	11 594	2	11 605	2
Other corporate lending	23 613	248	23 365	23 718	-1	33 092	-29
<b>Loans to the public excluding the Swedish National Debt Office and repurchase agreements</b>	<b>1 188 702</b>	<b>5 788</b>	<b>1 182 914</b>	<b>1 184 443</b>	<b>0</b>	<b>1 168 931</b>	<b>1</b>
Swedish National Debt Office	3 406		3 406	6 470	-47	5 667	-40
Repurchase agreements, Swedish National Debt Office				7 957		2 268	
Repurchase agreements, public	50 263		50 263	39 994	26	35 698	41
<b>Loans to the public</b>	<b>1 242 371</b>	<b>5 788</b>	<b>1 236 583</b>	<b>1 238 864</b>	<b>0</b>	<b>1 212 564</b>	<b>2</b>
<b>Loans to the public and credit institutions</b>	<b>1 329 364</b>	<b>5 849</b>	<b>1 323 515</b>	<b>1 324 344</b>	<b>0</b>	<b>1 310 937</b>	<b>1</b>

## Note 11 Impaired loans etc.

Group SEKm	31 Mar 2013	31 Dec 2012	%	31 Mar 2012	%
Impaired loans, gross	10 258	13 938	-26	22 139	-54
Provisions for individually assessed impaired loans	2 497	4 942	-49	8 575	-71
Provision for homogenous groups of impaired loans	1 932	2 135	-10	3 340	-42
<b>Impaired loans, net</b>	<b>5 829</b>	<b>6 861</b>	<b>-15</b>	<b>10 224</b>	<b>-43</b>
of which private customers	2 605	3 046	-14	4 416	-41
of which corporate customers	3 224	3 815	-15	5 808	-44
Portfolio provisions for loans individually assessed as not impaired	1 420	1 545	-8	2 478	-43
Share of impaired loans, gross, %	0.77	1.05		1.67	
Share of impaired loans, net, %	0.44	0.52		0.78	
Provision ratio for impaired loans, %	43	51		54	
Total provision ratio for impaired loans, % *	57	62		65	
<b>Past due loans that are not impaired</b>	<b>6 377</b>	<b>6 633</b>	<b>-4</b>	<b>7 797</b>	<b>-18</b>
of which past due 5-30 days	3 977	4 188	-5	4 684	-15
of which past due 31-60 days	1 464	1 408	4	2 274	-36
of which past due 61 days or more	936	1 037	-10	839	12

\* Total provision i.e. all provisions for claims in relation to impaired loans, gross.

## Note 12 Assets taken over for protection of claims and cancelled leases

Group SEKm	31 Mar 2013	31 Dec 2012	%	31 Mar 2012	%
Buildings and land	3 925	4 905	-20	6 019	-35
Shares and participating interests	51	50	2	87	-41
Other property taken over	17	16	6	19	-11
<b>Total assets taken over for protection of claims</b>	<b>3 993</b>	<b>4 971</b>	<b>-20</b>	<b>6 125</b>	<b>-35</b>
Cancelled leases	86	95	-9	123	-30
<b>Total assets taken over for protection of claims and cancelled leases</b>	<b>4 079</b>	<b>5 066</b>	<b>-19</b>	<b>6 248</b>	<b>-35</b>
of which acquired by Ektornet	3 630	4 606	-21	5 751	-37

## Note 13 Credit exposures

Group SEKm	31 Mar 2013	31 Dec 2012	%	31 Mar 2012	%
<b>Assets</b>					
Cash and balances with central banks	210 251	130 058	62	169 795	24
Interest-bearing securities	137 859	135 807	2	151 678	-9
Loans to credit institutions	86 932	85 480	2	98 373	-12
Loans to the public	1 236 583	1 238 864	0	1 212 564	2
Derivatives	83 960	102 265	-18	88 697	-5
Other financial assets	14 775	14 547	2	26 446	-44
<b>Total assets</b>	<b>1 770 360</b>	<b>1 707 021</b>	<b>4</b>	<b>1 747 553</b>	<b>1</b>
<b>Contingent liabilities and commitments</b>					
Loan guarantees	22 311	22 342	0	23 394	-5
Loan commitments	185 180	188 176	-2	179 039	3
<b>Total contingent liabilities and commitments</b>	<b>207 491</b>	<b>210 518</b>	<b>-1</b>	<b>202 433</b>	<b>2</b>
<b>Total credit exposure</b>	<b>1 977 851</b>	<b>1 917 539</b>	<b>3</b>	<b>1 949 986</b>	<b>1</b>

## Note 14 Intangible assets

Group SEKm	31 Mar 2013	31 Dec 2012	%	31 Mar 2012	%
<b>With indefinite useful life</b>					
Goodwill	11 176	11 452	-2	11 695	-4
<b>Total</b>	<b>11 176</b>	<b>11 452</b>	<b>-2</b>	<b>11 695</b>	<b>-4</b>
<b>With finite useful life</b>					
Customer base	846	876	-3	964	-12
Other	1 101	1 112	-1	1 043	6
<b>Total</b>	<b>1 947</b>	<b>1 988</b>	<b>-2</b>	<b>2 007</b>	<b>-3</b>
<b>Total intangible assets</b>	<b>13 123</b>	<b>13 440</b>	<b>-2</b>	<b>13 702</b>	<b>-4</b>

	Jan-Mar 2013	Full-year 2012	Jan-Mar 2012
<b>Goodwill</b>			
<b>Cost</b>			
<b>Opening balance</b>	<b>15 682</b>	<b>15 996</b>	<b>15 996</b>
Translation differences	-369	-314	-55
<b>Closing balance</b>	<b>15 313</b>	<b>15 682</b>	<b>15 941</b>
<b>Accumulated amortisation and impairments</b>			
<b>Opening balance</b>	<b>-4 230</b>	<b>-4 234</b>	<b>-4 234</b>
Impairments		-3	
Translation differences	93	7	-12
<b>Closing balance</b>	<b>-4 137</b>	<b>-4 230</b>	<b>-4 246</b>
<b>Carrying amount</b>	<b>11 176</b>	<b>11 452</b>	<b>11 695</b>

### Impairment testing of intangible assets

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

In 2012 a minor goodwill item was impaired by SEK 3m. There were otherwise no indications to necessitate a new impairment test of goodwill during the year. The annual test did not lead to any impairment. As of March 2013 there were no indications that warranted a new impairment test of goodwill as of March 2013.



## Note 15 Amounts owed to credit institutions

Group SEKm	31 Mar 2013	31 Dec 2012	%	31 Mar 2012	%
<b>Amounts owed to credit institutions</b>					
Central banks	8 983	3 574		2 280	
Banks	114 269	106 262	8	104 508	9
Other credit institutions	3 284	3 656	-10	3 821	-14
Repurchase agreements - banks	7 563	5 976	27	11 239	-33
Repurchase agreements - other credit institutions	3 099	2 734	13	8 152	-62
<b>Amounts owed to credit institutions</b>	<b>137 198</b>	<b>122 202</b>	<b>12</b>	<b>130 000</b>	<b>6</b>

## Note 16 Deposits from the public

Group SEKm	31 Mar 2013	31 Dec 2012	%	31 Mar 2012	%
<b>Deposits from the public</b>					
Private customers	327 656	332 264	-1	316 370	4
Corporate customers	299 888	225 633	33	263 676	14
<b>Deposits from the public excluding the Swedish National Debt Office and repurchase agreements</b>	<b>627 544</b>	<b>557 897</b>	<b>12</b>	<b>580 046</b>	<b>8</b>
Swedish National Debt Office	1	1	0	2	-50
Repurchase agreements - Swedish National Debt Office		7 107		2 268	
Repurchase agreements - public	22 935	14 658	56	21 457	7
<b>Deposits and borrowings from the public</b>	<b>650 480</b>	<b>579 663</b>	<b>12</b>	<b>603 773</b>	<b>8</b>

## Note 17 Debt securities in issue

Group SEKm	31 Mar 2013	31 Dec 2012	%	31 Mar 2012	%
Commercial paper	145 964	115 135	27	129 873	12
Covered bonds	510 582	518 238	-1	530 069	-4
Government guaranteed bonds	19 562	30 392	-36	46 709	-58
Senior unsecured bonds	89 347	88 747	1	59 741	50
Structured retail bonds	14 296	14 942	-4	18 215	-22
<b>Total debt securities in issue</b>	<b>779 751</b>	<b>767 454</b>	<b>2</b>	<b>784 607</b>	<b>-1</b>
Turnover during the period	Jan-Mar 2013	Full-year 2012	%	Jan-Mar 2012	%
<b>Opening balance</b>	<b>767 454</b>	<b>781 458</b>	<b>-2</b>	<b>781 458</b>	<b>-2</b>
Issued	171 283	628 448		157 791	
Repurchased	-11 484	-76 725		-24 438	
Repaid	-137 450	-572 509		-123 597	
Change in market value	-8 285	12 329		-2 300	
Change in exchange rates	-1 768	-5 547		-4 307	
<b>Closing balance</b>	<b>779 751</b>	<b>767 454</b>	<b>2</b>	<b>784 607</b>	<b>-1</b>

## Note 18 Derivatives

The Group trades derivatives in the normal course of business and to hedge certain positions with regard to the value of equities, interest rates and currencies.

Group SEKm	Nominal amount 31 Mar 2013			Nominal amount		Positive fair value		Negative fair value	
	Remaining contractual maturity			31 Mar	31 Dec	31 Mar	31 Dec	31 Mar	31 Dec
	< 1 yr.	1-5 yrs.	> 5 yrs.	2013	2012	2013	2012	2013	2012
Derivatives in fair value hedges	43 589	312 109	35 231	390 929	428 808	19 259	23 649	341	56
Derivatives in portfolio fair value hedges		9 600		9 600				20	
Derivatives in cash flow hedges	1 165	13 343	9 287	23 795	34 463			4 226	5 289
Derivatives in hedges of net investment in foreign operations	1 670			1 670	1 698	41			75
Other derivatives	7 107 559	3 726 738	601 215	11 435 512	11 208 258	71 591	81 140	77 470	89 245
Netting agreements						-6 931	-2 524	-6 931	-2 524
<b>Total</b>	<b>7 153 983</b>	<b>4 061 790</b>	<b>645 733</b>	<b>11 861 506</b>	<b>11 673 227</b>	<b>83 960</b>	<b>102 265</b>	<b>75 126</b>	<b>92 141</b>
of which cleared	2 243 969	784 873	6 000	3 034 842	3 828 786	1 901	2 530	2 579	3 142

## Note 19 Financial instruments carried at fair value

Group SEKm	31 Mar 2013			31 Dec 2012		
	Fair value	Carrying amount	Difference	Fair value	Carrying amount	Difference
<b>Assets</b>						
<b>Financial assets covered by IAS 39</b>						
Cash and balances with central banks	210 251	210 251		130 058	130 058	
Treasury bills etc.	22 421	22 387	34	20 557	20 483	74
Loans to credit institutions	86 931	86 932	-1	85 479	85 480	-1
Loans to the public	1 241 357	1 236 583	4 774	1 245 755	1 238 864	6 891
Value change of interest hedged item in portfolio hedge	16	16				
Bonds and interest-bearing securities	115 456	115 472	-16	115 320	115 324	-4
Financial assets for which the customers bear the investment risk	109 307	109 307		104 194	104 194	
Shares and participating interest	6 552	6 552		8 106	8 106	
Derivatives	83 960	83 960		102 265	102 265	
Other financial assets	14 775	14 775		14 547	14 547	
<b>Total</b>	<b>1 891 026</b>	<b>1 886 235</b>	<b>4 791</b>	<b>1 826 281</b>	<b>1 819 321</b>	<b>6 960</b>
<b>Investment in associates</b>	<b>3 602</b>	<b>3 602</b>		<b>3 552</b>	<b>3 552</b>	
<b>Non-financial assets</b>	<b>27 390</b>	<b>27 390</b>		<b>23 987</b>	<b>23 987</b>	
<b>Total</b>	<b>1 922 018</b>	<b>1 917 227</b>	<b>4 791</b>	<b>1 853 820</b>	<b>1 846 860</b>	<b>6 960</b>
<b>Liabilities</b>						
<b>Financial liabilities covered by IAS 39</b>						
Amounts owed to credit institutions	137 221	137 198	23	122 202	122 202	
Deposits and borrowings from the public	650 456	650 480	-24	579 663	579 663	
Debt securities in issue	784 118	779 751	4 367	774 152	767 454	6 698
Financial liabilities for which the customers bear the investment risk	111 512	111 512		105 104	105 104	
Subordinated liabilities	13 106	13 827	-721	14 077	14 307	-230
Derivatives	75 126	75 126		92 141	92 141	
Short positions securities	14 763	14 763		18 229	18 229	
Other financial liabilities	23 773	23 773		29 762	29 762	
<b>Total</b>	<b>1 810 075</b>	<b>1 806 430</b>	<b>3 645</b>	<b>1 735 330</b>	<b>1 728 862</b>	<b>6 468</b>
<b>Non-financial liabilities</b>	<b>14 910</b>	<b>14 910</b>		<b>14 812</b>	<b>14 812</b>	
<b>Total</b>	<b>1 824 985</b>	<b>1 821 340</b>	<b>3 645</b>	<b>1 750 142</b>	<b>1 743 674</b>	<b>6 468</b>

Group 31 Mar 2013 SEKm	Instruments with quoted market prices in active markets (Level 1)	Valuation techniques using observable market data (Level 2)	Valuation techniques using non- observable market data (Level 3)	Total
<b>Determination of fair value from quoted market prices or valuation techniques</b>				
<b>Assets</b>				
Treasury bills and other bills eligible for refinancing with central banks	20 383	1 457		21 840
Loans to credit institutions	63	12 171		12 234
Loans to the public		465 541		465 541
Bonds and other interest-bearing securities	79 519	34 884		114 403
Financial assets for which the customers bear the investment risk	109 307			109 307
Shares and participating interests	6 356	137	14	6 507
Derivatives	29	83 736	195	83 960
<b>Total</b>	<b>215 657</b>	<b>597 926</b>	<b>209</b>	<b>813 792</b>
<b>Liabilities</b>				
Amounts owed to credit institutions		10 684		10 684
Deposits and borrowings from the public		46 294		46 294
Debt securities in issue	31 090	26 542		57 632
Financial liabilities for which the customers bear the investment risk		111 512		111 512
Derivatives	711	74 389	26	75 126
Short positions, securities	14 763			14 763
<b>Total</b>	<b>46 564</b>	<b>269 421</b>	<b>26</b>	<b>316 011</b>

The table above contains financial instruments measured at fair value by valuation level. The Group uses various methods to determine the fair value for financial instruments depending on the degree of observable market data in the valuation and activity in the market. Activity is continuously evaluated by analysing factors such as trading volumes and differences in bid and ask prices.

The methods are on three different levels:

- Level 1: Unadjusted, quoted price on an active market
- Level 2: Adjusted, quoted price or valuation model with valuation parameters derived from an active market
- Level 3: Valuation model where a majority of valuation parameters are non-observable and based on internal assumptions.

When financial assets and financial liabilities in active markets have market risks that offset each other, an average of bid and ask prices is used as a basis to determine the fair values of the risk positions that offset each other. For any open net positions, bid rates are applied for long positions and ask rates for short positions.

The Group has a continuous process whereby financial instruments that indicate a high level of internal estimates or low level of observable market data are captured. The process determines the way to calculate how the internal assumptions affect the valuation of the financial instruments. In cases where internal assumptions have a material impact on fair value, the financial instrument is reported in level 3. The process also includes an analysis and evaluation based on the quality of the valuation data, if a type of financial instrument is to be transferred between levels.

There were no transfers of financial instruments between valuation levels 1 and 2 during the quarter.

Group 31 Dec 2012 SEKm	Instruments with quoted market prices in active markets (Level 1)	Valuation techniques using observable market data (Level 2)	Valuation techniques using non- observable market data (Level 3)	Total
<b>Determination of fair value from quoted market prices or valuation techniques</b>				
<b>Assets</b>				
Treasury bills and other bills eligible for refinancing with central banks	17 812	1 846		19 658
Loans to credit institutions	60	15 923		15 983
Loans to the public		489 126		489 126
Bonds and other interest-bearing securities	83 263	30 182	342	113 787
Financial assets for which the customers bear the investment risk	104 194			104 194
Shares and participating interests	7 866	160	14	8 040
Derivatives	7	102 195	63	102 265
<b>Total</b>	<b>213 202</b>	<b>639 432</b>	<b>419</b>	<b>853 053</b>
<b>Liabilities</b>				
Amounts owed to credit institutions		8 710		8 710
Deposits and borrowings from the public		46 865		46 865
Debt securities in issue	33 900	39 360		73 260
Financial liabilities for which the customers bear the investment risk		105 104		105 104
Derivatives	625	91 516		92 141
Short positions, securities	18 229			18 229
<b>Total</b>	<b>52 754</b>	<b>291 555</b>		<b>344 309</b>

Changes in level 3 Group SEKm	Assets				Liabilities
	Debt securities	Equity instruments	Derivatives	Total	Derivatives
<b>January-March 2013</b>					
<b>Opening balance 1 January 2013</b>	<b>342</b>	<b>14</b>	<b>63</b>	<b>419</b>	
Maturities	-342			-342	
Transferred from Level 2 to Level 3			120	120	26
Gains or losses			12	12	
of which in the income statement, net gains and losses on financial items at fair value			12	12	
<b>Closing balance 31 March 2013</b>		<b>14</b>	<b>195</b>	<b>209</b>	<b>26</b>

Level 3 contains primarily illiquid options. Some of the illiquid options with a positive value hedge changes in the market value of hybrid debt instruments, so-called structured products. The structured products consist of a corresponding option element as well as a host contract, which in principle is an ordinary interest-bearing bond. When the Group determines the level on which the financial instruments will be reported, they are measured in their entirety on an individual basis. Since the option portion of the structured products is essentially the financial instrument's fair value, the internal assumptions normally used to value the illiquid option element do not have a material impact on the valuation. The financial instrument is then reported on level 2. Internal assumptions are of greater importance to individual options that hedge structured products, because of which several are reported as derivatives on level 3. In general the Group always hedges market risks that arise in structured products, because of which differences between the carrying amount of assets and liabilities on level 3 do not reflect differences in the use of internal assumptions in valuations.

During the first quarter 2013 derivatives with a positive fair value of SEK 120m and derivatives with a negative fair value of SEK 26m were transferred from level 2 to level 3 because the internal assumptions took on greater importance to the valuation.

The sensitivity to changes in market value of derivatives on level 3 has been calculated by shifting the internal assumptions regarding volatility. The changes are based on product type and are considered reasonable. A reasonable positive change would improve the fair value of all derivatives on level 3 by approximately SEK 54m. A reasonable negative change would reduce the fair value of all derivatives and structured products on level 3 by approximately SEK 51m.

Changes in level 3 Group SEKm	Assets				Liabilities
	Debt securities	Equity instruments	Derivatives	Total	Derivatives
<b>January-March 2012</b>					
<b>Opening balance 1 January 2012</b>	<b>390</b>	<b>71</b>		<b>461</b>	
Sale of assets		-7		-7	
Settlements		-12		-12	
Gains or losses	-47			-47	
of which in the income statement, net gains and losses on financial items at fair value	-47			-47	
of which changes in unrealised gains or losses for items held at closing day		-2		-2	
<b>Closing balance 31 March 2012</b>	<b>343</b>	<b>52</b>		<b>395</b>	

## Note 20 Pledged collateral

Group SEKm	31 Mar	31 Dec	%	31 Mar	%
	2013	2012		2012	
Loan receivables	707 577	700 907	1	682 038	4
Financial assets pledged for policyholders	109 813	103 432	6	103 823	6
Other assets pledged	59 180	54 369	9	69 847	-15
<b>Pledged collateral</b>	<b>876 570</b>	<b>858 708</b>	<b>2</b>	<b>855 708</b>	<b>2</b>

## Note 21 Offsetting financial assets and liabilities

The disclosures below refer to reported financial instruments that have been offset in the balance sheet or are subject to legally binding netting agreements, even when they have not been offset in the balance sheet, as well as related rights to financial collateral. As of the closing day these financial instruments related to derivatives, repos (including reverse) and securities lending.

Group SEKm	Assets			Liabilities		
	31 Mar 2013	31 Dec 2012	%	31 Mar 2013	31 Dec 2012	%
<b>Financial instruments presented in the balance sheet</b>						
Recognised gross amounts	156 545	172 637	-9	117 257	128 644	-9
Recognised gross amounts offset in the balance sheet	-8 456	-6 027	40	-8 456	-6 027	40
<b>Net amounts presented in the balance sheet</b>	<b>148 089</b>	<b>166 610</b>	<b>-11</b>	<b>108 801</b>	<b>121 638</b>	<b>-11</b>
<b>Related amounts not offset in the balance sheet</b>						
Financial instruments, netting arrangements	57 023	70 640	-19	57 023	70 640	-19
Financial Instruments, collateral	62 255	63 954	-3	33 554	31 550	6
Cash, collateral	16 246	17 182	-5	13 977	14 678	-5
<b>Total</b>	<b>135 525</b>	<b>151 776</b>	<b>-11</b>	<b>104 554</b>	<b>116 868</b>	<b>-11</b>
<b>Net Amount</b>	<b>12 564</b>	<b>14 833</b>	<b>-15</b>	<b>4 247</b>	<b>4 770</b>	<b>-11</b>

## Note 22 Capital adequacy

Swedbank financial companies group SEKm	31 Mar 2013	31 Dec 2012	% or pp	31 Mar 2012	% or pp
Shareholders' equity according to the Group's balance sheet	95 730	103 032	-7	93 941	2
Non-controlling interests	157	154	2	144	9
Anticipated dividend	-2 644	-10 880	-76	-1 750	51
Deconsolidation of insurance companies	-2 760	-2 444	-13	-2 104	-31
Associated companies consolidated according to purchase method	2 083	1 864	12	1 630	28
Unrealised value changes in financial liabilities due to changes in own creditworthiness	95	92	3	4	
Cash flow hedges	57	42	36	-7	
Goodwill	-10 616	-10 894	3	-11 018	4
Deferred tax assets	-414	-567	27	-799	48
Intangible assets	-1 865	-1 880	1	-1 731	-8
Net provisions for reported IRB credit exposures	-895	-938	5	-897	0
Shares deducted from Tier 1 capital*		-36		-34	
<b>Common Equity Tier 1 capital</b>	<b>78 928</b>	<b>77 545</b>	<b>2</b>	<b>77 379</b>	<b>2</b>
Tier 1 capital contributions	6 090	6 270	-3	7 306	-17
of which undated Tier 1 instruments that must be converted in a critical situation					
of which undated Tier 1 instruments without incentives to redeem	530	528	0	536	-1
of which fixed-term Tier 1 instruments or undated Tier 1 instruments with incentives to redeem	5 560	5 742	-3	6 770	-18
Shares deducted from Tier 1 capital*	-1 481				
<b>Total Tier 1 capital</b>	<b>83 537</b>	<b>83 815</b>	<b>0</b>	<b>84 685</b>	<b>-1</b>
Undated subordinated loans	27	28	-4	1 148	-98
Fixed-term subordinated loans	7 731	8 028	-4	10 233	-24
Net provisions for reported IRB credit exposures	-895	-938	5	-897	0
Shares deducted from Tier 2 capital*	-1 481	-36		-34	
<b>Total Tier 2 capital</b>	<b>5 382</b>	<b>7 082</b>	<b>-24</b>	<b>10 450</b>	<b>-48</b>
Deduction of shares in insurance companies*		-2 894		-2 906	
<b>Total capital base</b>	<b>88 919</b>	<b>88 003</b>	<b>1</b>	<b>92 229</b>	<b>-4</b>
Capital requirement for credit risks, standardised approach	2 094	2 276	-8	2 432	-14
Capital requirement for credit risks, IRB	28 332	28 819	-2	30 822	-8
Capital requirement for settlement risks	2	3	-33	6	-67
Capital requirement for market risks	1 600	1 723	-7	1 985	-19
of which risks in the trading book outside VaR	483	526	-8	712	-32
of which currency risks outside VaR	676	695	-3	800	-16
of which risks where VaR models are applied	441	502	-12	473	-7
Capital requirement for operational risks	4 534	4 326	5	4 326	5
<b>Capital requirement</b>	<b>36 562</b>	<b>37 147</b>	<b>-2</b>	<b>39 571</b>	<b>-8</b>
RWA credit risks	380 316	388 688	-2	415 679	-9
RWA settlement risks	32	26	23	75	-57
RWA market risks	20 003	21 544	-7	24 799	-19
RWA operational risks	56 673	54 081	5	54 081	5
<b>Risk-weighted assets</b>	<b>457 024</b>	<b>464 339</b>	<b>-2</b>	<b>494 634</b>	<b>-8</b>
<b>Common Equity Tier 1 ratio, %, Basel 2</b>	<b>17.3</b>	<b>16.7</b>	<b>0.6</b>	<b>15.6</b>	<b>1.6</b>
<b>Tier 1 capital ratio, %, Basel 2</b>	<b>18.3</b>	<b>18.1</b>	<b>0.2</b>	<b>17.1</b>	<b>1.2</b>
<b>Total capital adequacy ratio, %, Basel 2</b>	<b>19.5</b>	<b>19.0</b>	<b>0.5</b>	<b>18.6</b>	<b>0.8</b>
<b>Capital quotient, Basel 2</b>	<b>2.43</b>	<b>2.37</b>	<b>0.06</b>	<b>2.33</b>	<b>0.10</b>
<b>Capital adequacy Basel 2 transition rules</b>	<b>31 Mar</b>	<b>31 Dec</b>	<b>% or</b>	<b>31 Mar</b>	<b>% or</b>
<b>SEKm</b>	<b>2013</b>	<b>2012</b>	<b>pp</b>	<b>2012</b>	<b>pp</b>
Capital requirement	36 562	37 147	-2	39 571	-8
Complement during transition period	24 876	24 382	2	21 185	17
<b>Capital requirement including complement</b>	<b>61 438</b>	<b>61 529</b>	<b>0</b>	<b>60 756</b>	<b>1</b>
<b>Common Equity Tier 1 ratio, %, transition rules</b>	<b>10.3</b>	<b>10.1</b>	<b>0.2</b>	<b>10.2</b>	<b>0.1</b>
<b>Tier 1 capital ratio, %, transition rules</b>	<b>10.9</b>	<b>10.9</b>	<b>0.0</b>	<b>11.2</b>	<b>-0.3</b>
<b>Total capital adequacy ratio, %, transition rules</b>	<b>11.6</b>	<b>11.4</b>	<b>0.1</b>	<b>12.1</b>	<b>-0.6</b>
<b>Capital quotient, transition rules</b>	<b>1.45</b>	<b>1.43</b>	<b>0.02</b>	<b>1.52</b>	<b>-0.07</b>
<b>Capital adequacy Basel 3**</b>	<b>31 Mar</b>	<b>31 Dec</b>	<b>% or</b>	<b>31 Mar</b>	<b>% or</b>
<b>SEKm</b>	<b>2013</b>	<b>2012</b>	<b>pp</b>	<b>2012</b>	<b>pp</b>
<b>Common Equity Tier 1 capital, Basel 3</b>	<b>76 135</b>	<b>75 242</b>	<b>1</b>	<b>74 932</b>	<b>2</b>
<b>Tier 1 capital, Basel 3</b>	<b>82 711</b>	<b>81 661</b>	<b>1</b>	<b>82 379</b>	<b>0</b>
<b>Total capital base, Basel 3</b>	<b>90 357</b>	<b>89 917</b>	<b>0</b>	<b>93 949</b>	<b>-4</b>
<b>Risk-weighted assets, Basel 3</b>	<b>464 899</b>	<b>487 105</b>	<b>-5</b>	<b>515 325</b>	<b>-10</b>
<b>Common Equity Tier 1 ratio, %, Basel 3</b>	<b>16.4</b>	<b>15.4</b>	<b>0.9</b>	<b>14.5</b>	<b>1.8</b>
<b>Tier 1 capital ratio, Basel 3</b>	<b>17.8</b>	<b>16.8</b>	<b>1.0</b>	<b>16.0</b>	<b>1.8</b>
<b>Total capital adequacy ratio, %, Basel 3</b>	<b>19.4</b>	<b>18.5</b>	<b>1.0</b>	<b>18.2</b>	<b>1.2</b>

\* Earlier rule that insurance holdings be deducted from the total capital base expired on 1 January 2013. From the first quarter 2013 half of the deduction therefore comes from Tier 1 capital and half from Tier 2 capital.

\*\* According to Swedbank's interpretation of future regulations.



The Internal Ratings-Based approach (IRB) is applied to the Swedish parts of Swedbank financial companies group, including the branch offices in New York and Oslo, but excluding EnterCard and certain exposure classes such as the Swedish state and Swedish municipalities, where the method is considered less suitable. The IRB approach is also applied to the majority of Swedbank's exposure classes in the Baltic countries.

As of 31 March 2013 the Swedbank financial companies group included the Swedbank Group, the EnterCard Group, Sparbanken Rekarne AB, Färs och Frosta Sparbank AB, Swedbank Sjuhärad AB, Vimmerby Sparbank AB and Bankernas Depå AB. The insurance companies are included in the Group but not in the financial companies group under the capital adequacy rules.

Swedbank financial companies group Credit risks, IRB SEKm	Exposure after credit risk protection			Average risk weighting, %		Capital requirement		
	31 Mar	31 Dec		31 Mar	31 Dec	31 Mar	31 Dec	
	2013	2012	%	2013	2012	2013	2012	%
Institutional exposures	128 295	147 467	-13	14	15	1 454	1 757	-17
of which repurchase agreements	1 068	631	69	7	8	6	4	50
of which other lending	127 227	146 836	-13	14	15	1 448	1 753	-17
Corporate exposures	423 133	421 781	0	58	58	19 570	19 540	0
of which repurchase agreements	54	63	-14	0	40	0	0	
of which other lending	423 079	421 718	0	58	58	19 570	19 539	0
Retail exposures	868 349	868 307	0	9	10	6 360	6 592	-4
of which repurchase agreements	11	13	-15	114	0	1	0	
of which mortgage lending	796 235	794 944	0	6	7	4 042	4 220	-4
of which other lending	72 103	73 350	-2	40	40	2 317	2 372	-2
Securitisation	1 043	1 122	-7	11	11	9	10	-10
Exposures without counterparties	14 134	13 993	1	83	82	939	920	2
<b>Total credit risks, IRB</b>	<b>1 434 954</b>	<b>1 452 670</b>	<b>-1</b>	<b>25</b>	<b>25</b>	<b>28 332</b>	<b>28 819</b>	<b>-2</b>

## Capital base

A deduction was made from the capital base for the difference between expected losses and provisions in the accounts for the part of the portfolio calculated according to IRB. These expected losses are estimated in accordance with legislative and regulatory requirements and using information drawn from Swedbank's internal risk classification system. The calculations are based on the prudence concept, so that risks are overestimated rather than underestimated. The Swedish Financial Supervisory Authority's interpretation of legislation and regulations has, furthermore, built additional safety margins into the risk classification system. As a result, expected losses calculated in accordance with the new capital adequacy rules exceed Swedbank's best estimate of loss levels and required provisions.

## Capital requirements for credit risks according to standardised approach

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

## Capital requirements for credit risks according to IRB

The capital adequacy requirement for the portion of the portfolio calculated according to IRB has decreased by SEK 487m compared with the previous quarter. The average risk weight for retail exposures was 9 per cent, of which 37 per cent was in the portfolios in the Baltic countries and 7 per cent in other portfolios. The risk weight for corporate exposures was 58 per cent, of which 94 per cent was in the portfolios in the Baltic countries and 52 per cent for other portfolios. For institutional exposures, the average risk weight was 29 per cent in the portfolios in the Baltic countries and 14 per cent in other portfolios, in total 14 per cent.

## Market risks

Under current regulations, capital adequacy for market risks can be based either on a standardised approach or on an internal Value at Risk model, which requires the approval of the Swedish Financial Supervisory Authority.

The parent company has received such approval and uses its own internal VaR model for general interest rate risks, general and specific share price risks as well as currency risks in the trading book.

The approval also comprises the operations in the Baltic countries, Swedbank Estonia AS, Swedbank Latvia AS and Swedbank Lithuania AB, with respect to general interest rate risks and currency risks in the trading book. Exchange rate risks outside the trading book i.e. in other operations, are mainly of a structural and strategic nature and are less suited to a VaR model. These risks are instead estimated according to the standardised approach, as per the Group's internal approach to managing these risks.

## Operational risk

Swedbank calculates operational risk using the standardised approach. The Swedish Financial Supervisory Authority has stated that Swedbank meets the qualitative requirements to apply this method.

## Transition rules

The transition rules, which state that the capital requirement may not fall below 80 per cent of the requirement according to the Basel 1 rules, have been extended with no expiry date yet decided.

## Note 23 Risks and uncertainties

Swedbank's earnings are affected by changes in the global marketplace over which it has no control, including macroeconomic factors such as GDP, asset prices and unemployment as well as changes in interest rates, stock prices and exchange rates.

Swedbank has subsidiaries with operations in countries with currencies other than Swedish kronor. Moreover, in Latvia and Lithuania, a significant share of lending is in euros. In the event of a devaluation of the domestic currency in any of these countries, three main factors would affect the Group's income statement and balance sheet. First, a gain on financial items at fair value would generally arise due to the impact of changes in exchange rates on the assets and liabilities of the subsidiary. Normally, this would produce an exchange rate gain, since the company has larger assets than liabilities in foreign currencies (euro or dollar). Secondly, a negative translation effect

would arise on the parent company's net investment in the subsidiary, since the subsidiary's equity would be worth less when expressed in Swedish kronor. This negative exchange rate effect is recognised on a continuous basis in Other comprehensive income rather than immediately in the consolidated income statement. Thirdly, it would be more difficult for domestic customers to pay the interest and principal on their loans in foreign currency, which would become higher in the local currency. This would eventually lead to higher impairment losses in the subsidiary.

In addition to what is stated in this interim report, detailed descriptions are provided in Swedbank's 2012 annual report and in the annual disclosure on risk management and capital adequacy according to the Basel 2 rules, available on [www.swedbank.com](http://www.swedbank.com).

## Note 24 Discontinued operations

Group SEKm	Jan-Mar 2013				Jan-Mar 2012			
	Russia	Ukraine	Lithuania	Total	Russia	Ukraine	Lithuania	Total
<b>Profit from discontinued operations</b>								
Income	42	22	77	141	51	63		114
Expenses	39	63	68	170	46	65		111
Profit before impairments	3	-41	9	-29	5	-2		3
Impairments	-15	-2		-17	65	-334		-269
Operating profit	-12	-43	9	-46	70	-336		-266
Tax expense	-3		-1	-4	-13			-13
<b>After-tax profit for the period of discontinued operations</b>	<b>-15</b>	<b>-43</b>	<b>8</b>	<b>-50</b>	<b>57</b>	<b>-336</b>		<b>-279</b>
After-tax profit for the period recognised on the measurement at fair value less sale costs				-340				
<b>Profit for the period from discontinued operations</b>	<b>-15</b>	<b>-383</b>	<b>8</b>	<b>-390</b>	<b>57</b>	<b>-336</b>		<b>-279</b>

Group of assets classified as held for sale	31 Mar 2013			Total
	Russia	Ukraine	Lithuania	
Loans to the public	2 238	1 132		3 370
of which impaired loans	390	2 474		2 864
of which provisions	240	1 958		2 198
Non-current tangible assets	6	5	103	114
Other assets	2 133	205	123	2 461
<b>Total assets</b>	<b>4 377</b>	<b>1 342</b>	<b>226</b>	<b>5 945</b>
<b>Liabilities directly associated with group of assets classified as held for sale</b>				
Amounts owed to credit institutions	74		33	107
Other liabilities	842	140	60	1 042
<b>Total liabilities</b>	<b>916</b>	<b>140</b>	<b>93</b>	<b>1 149</b>

During the first quarter 2013 the Group's operations in Russia and Ukraine were classified as discontinued operations. The entities' assets and related liabilities are reported as assets and liabilities held for sale. The Russian part consists of the companies OAO Swedbank, OOO Leasing, FRiR RUS OOO and Ektornet Kr. Valdemāra 27/29 Latvia SIA, which has approximately 100 employees. The Ukrainian part consists of JSC Swedbank where a sale agreement has been signed with Mykola Lagun, the majority owner in Delta Bank. The sale is expected to be finalised during the first half year of 2013 and is subject to approval from authorities. The operation in Ukraine has approximately 150 employees. As previously the Alita Group, which operates in Lithuania, is reported as discontinued operations.

## Note 25 Related-party transactions

During the period normal business transactions were executed between companies in the Group, including other related companies such as associates. Significant associates include the partly owned savings banks. Färs & Frosta Sparbank AB holds 5 330 000 shares in Swedbank AB. The Group's share of these shares has

reduced equity in the consolidated statements by SEK 116m.

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

## Note 26 Swedbank's share

	31 Mar 2013	31 Dec 2012	%	31 Mar 2012	%
<b>SWED A</b>					
Share price, SEK	148.20	127.00	17	102.80	44
Number of outstanding ordinary shares	1 099 005 722	918 149 816	20	909 616 963	21
<b>Market capitalisation, SEKm</b>	<b>162 873</b>	<b>116 605</b>	<b>40</b>	<b>93 509</b>	<b>74</b>
<b>SWED PREF</b>					
Share price, SEK		126.80		102.00	
Number of outstanding preference shares	0	180 855 906		189 388 759	
<b>Market capitalisation, SEKm</b>	<b>0</b>	<b>22 933</b>		<b>19 318</b>	
<b>SWED C</b>					
Share price, SEK					
Number of outstanding shares	0	0		0	
<b>Market capitalisation, SEKm</b>	<b>0</b>	<b>0</b>		<b>0</b>	
<b>Total market capitalisation, SEKm</b>	<b>162 873</b>	<b>139 538</b>	<b>17</b>	<b>112 827</b>	<b>44</b>

Repurchased shares have been taken into consideration when calculating the market capitalisation.

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

	31 Mar 2013	31 Dec 2012	31 Mar 2012
<b>Number of outstanding shares</b>			
<b>Issued shares</b>			
SWED A	1 132 005 722	951 149 816	966 785 777
SWED PREF	0	180 855 906	192 804 400
SWED C	0	0	1 500 000
<b>Repurchased shares</b>			
SWED A	-33 000 000	-33 000 000	-57 168 814
SWED PREF	0	0	-3 415 641
SWED C	0	0	-1 500 000
<b>Swedbank's share of associates' holding of shares</b>			
SWED A	-1 689 000	-600 000	-600 000
SWED PREF	0	-999 000	-999 000
<b>Number of outstanding shares on the closing day</b>	<b>1 097 316 722</b>	<b>1 097 406 722</b>	<b>1 097 796 722</b>

During the first quarter 2013 180 855 906 preference shares were converted to ordinary shares. Following the conversion Swedbank has solely have ordinary shares in issue.

	Q1 2013	Q4 2012	Q1 2012
<b>Earnings per share</b>			
<b>Average number of shares</b>			
Average number of shares before dilution	1 097 366 722	1 097 479 079	1 097 836 122
Weighted average number of shares for potential ordinary shares that incur a dilutive effect due to share-based compensation programme	6 915 406	4 973 985	2 526 221
Average number of shares after dilution	1 104 282 128	1 102 453 064	1 100 362 343
<b>Profit, SEKm</b>			
Profit for the period attributable to shareholders of Swedbank	3 525	4 252	3 410
Preference dividends on non-cumulative preference shares declared in respect of the period			
Earnings for the purpose of calculating earnings per share	1 803	4 252	2 406
<b>Earnings per share, SEK</b>			
Earnings per share before dilution without dividends on non-cumulative preference shares	3.21	3.87	3.11
Earnings per share after dilution without dividends on non-cumulative preference shares	3.19	3.86	3.10
Earnings per share before dilution	1.64	3.87	2.19
Earnings per share after dilution	1.63	3.86	2.19

\* When calculating earnings per share according to IAS 33, the non-cumulative preference share dividend is deducted from profit in the period the dividend is declared.

## Note 27 Effects of changes in accounting policies

Income statement, condensed											
Group SEKm	New			Transfer of interest and commissions	Previous reporting Q4 2012	New			Transfer of interest and commissions	Previous reporting Q1 2012	
	reporting Q4 2012	Revised IAS 19	Discontinued operations			reporting Q1 2012	Revised IAS 19	Discontinued operations			
Interest income	11 738		-41	-392	12 171		13 364		-130	-627	14 121
Interest expenses	-6 392		-1	315	-6 706		-8 469		14	430	-8 913
<b>Net interest income (note 5)</b>	<b>5 346</b>		<b>-42</b>	<b>-77</b>	<b>5 465</b>		<b>4 895</b>		<b>-116</b>	<b>-197</b>	<b>5 208</b>
Commission income	3 596		-3	237	3 362		3 350		-10	204	3 156
Commission expenses	-1 094		1	-237	-858		-952		3	-204	-751
<b>Net commissions (note 6)</b>	<b>2 502</b>		<b>-2</b>		<b>2 504</b>		<b>2 398</b>		<b>-7</b>		<b>2 405</b>
Net gains and losses on financial items at fair value (note 7)	830		1	77	752		979		23	197	759
Insurance premiums	494				494		429				429
Insurance provisions	-367				-367		-271				-271
<b>Net insurance</b>	<b>127</b>				<b>127</b>		<b>158</b>				<b>158</b>
Share of profit or loss of associates	154	-2			156		209	1			208
Other income	478		-9		487		433		-10		443
<b>Total income</b>	<b>9 437</b>	<b>-2</b>	<b>-52</b>		<b>9 491</b>		<b>9 072</b>	<b>1</b>	<b>-110</b>		<b>9 181</b>
Staff costs	2 264	-12	-79		2 355		2 409	21	-52		2 440
Other expenses (note 8)	1 669		-43		1 712		1 695		-48		1 743
Depreciation/amortisation	209		-11		220		223		-7		230
<b>Total expenses</b>	<b>4 142</b>	<b>-12</b>	<b>-133</b>		<b>4 287</b>		<b>4 327</b>	<b>21</b>	<b>-107</b>		<b>4 413</b>
<b>Profit before impairments</b>	<b>5 295</b>	<b>10</b>	<b>81</b>		<b>5 204</b>		<b>4 745</b>	<b>-20</b>	<b>-3</b>		<b>4 768</b>
Impairment of intangible assets (note 14)	17				17						
Impairment of tangible assets	141		-58		199		40				40
Credit impairments (note 9)	-76		-87		11		-96		-268		172
<b>Operating profit</b>	<b>5 213</b>	<b>10</b>	<b>226</b>		<b>4 977</b>		<b>4 801</b>	<b>-20</b>	<b>265</b>		<b>4 556</b>
Tax expense	786	98	48		640		1 108	-5	-14		1 127
<b>Profit for the period from continuing operations</b>	<b>4 427</b>	<b>-88</b>	<b>178</b>		<b>4 337</b>		<b>3 693</b>	<b>-15</b>	<b>279</b>		<b>3 429</b>
Profit for the period from discontinued operations, after tax	-174		-178		4		-279		-279		
Profit for the period	4 253	-88			4 341		3 414	-15			3 429
<b>Profit for the period attributable to the shareholders of Swedbank AB</b>	<b>4 252</b>	<b>-88</b>			<b>4 340</b>		<b>3 410</b>	<b>-15</b>			<b>3 425</b>
Profit for the period from continuing operations	4 426	-88	178		4 336		3 689	-15	279		3 425
Profit for the period from discontinued operations	-174		-178		4		-279		-279		
Non-controlling interests	1				1		4				4
Profit for the period from continuing operations	1				1		4				4
Profit for the period from discontinued operations											
Earnings per share, total operations, SEK	4.03	-0.08	0.16		3.95		2.44	-0.02	0.24		2.21
after dilution	4.01	-0.08	0.15		3.94		2.44	-0.01	0.25		2.20
Earnings per share, continued operations, SEK	-0.16		-0.16		0.00		-0.25		-0.25		0.00
after dilution	-0.15		-0.15		0.00		-0.25		-0.25		0.00
Earnings per share, discontinued operations, SEK	3.88	-0.08			3.95		2.19	-0.02			2.21
after dilution	3.86	-0.08			3.94		2.19	-0.01			2.20
Equity per share, SEK	91.02	-2.68			93.70		80.91	-1.13			82.04
Return on equity, %	17.5	0.2	0.7		16.7		15.3	0.1	1.2		14.0

Statement of comprehensive income						
Group SEKm	New reporting		Previous reporting		Previous reporting	
	Q4 2012	Revised IAS 19	Q4 2012	Q1 2012	Revised IAS 19	Q1 2012
<b>Profit for the period reported via income statement</b>	<b>4 253</b>	<b>-88</b>	<b>4 341</b>	<b>3 414</b>	<b>-15</b>	<b>3 429</b>
<b>Items that will not be reclassified to the income statement</b>						
Remeasurements of defined benefit pension plans	-209	-209		371	371	
Share related to associates	-9	-9		8	8	
Income tax	-15	-15		-100	-100	
<b>Total</b>	<b>-233</b>	<b>-233</b>		<b>279</b>	<b>279</b>	
<b>Items that will not be reclassified to the income statement</b>						
Exchange differences, foreign operations						
Gains/losses arising during the period	837		837	-273		-273
Reclassification adjustments to income statement, net gains and losses on financial items at fair value	1		1	-1		-1
Hedging of net investments in foreign operations:						
Gains/losses arising during the period	-668		-668	140		140
Cash flow hedges:						
Gains/losses arising during the period	-116		-116	-429		-429
Reclassification adjustments to income statement, net interest income	29		29	73		73
Share of other comprehensive income of associates	22		22	18		18
Income tax relating to components of other comprehensive income	296		296	57		57
<b>Total</b>	<b>401</b>		<b>401</b>	<b>-415</b>		<b>-415</b>
<b>Other comprehensive income for the period, net of tax</b>	<b>168</b>	<b>-233</b>	<b>401</b>	<b>-136</b>	<b>279</b>	<b>-415</b>
<b>Total comprehensive income for the period</b>	<b>4 421</b>	<b>-321</b>	<b>4 742</b>	<b>3 278</b>	<b>264</b>	<b>3 014</b>
<b>Total comprehensive income attributable to the shareholders of Swedbank AB</b>	<b>4 420</b>	<b>-321</b>	<b>4 741</b>	<b>3 274</b>	<b>264</b>	<b>3 010</b>
Non-controlling interests	1		1	4		4

Balance sheet, condensed						
Group SEKm	New reporting		Previous reporting		Previous reporting	
	Q4 2012	Revised IAS 19	Q4 2012	Q4 2012	Revised IAS 19	Q4 2012
<b>Assets</b>						
Cash and balance with central banks	130 058		130 058	169 795		169 795
Loans to credit institutions (note 10)	85 480		85 480	98 373		98 373
Loans to the public (note 10)	1 238 864		1 238 864	1 212 564		1 212 564
Value change of interest hedged item in portfolio hedge						
Interest-bearing securities	135 807		135 807	151 678		151 678
Financial assets for which customers bear the investment risk	104 194		104 194	103 014		103 014
Shares and participating interests	8 106		8 106	8 400		8 400
Investments in associates	3 552	-81	3 633	3 223	-38	3 261
Derivatives (note 18)	102 265		102 265	88 697		88 697
Intangible fixed assets (note 14)	13 440		13 440	13 702		13 702
Investment properties	2 393		2 393	3 788		3 788
Tangible assets	4 638		4 638	4 580		4 580
Current tax assets	1 082		1 082	1 401		1 401
Deferred tax assets	657		657	820		820
Other assets	8 380		8 380	19 046		19 046
Prepaid expenses and accrued income	7 736		7 736	9 153		9 153
Group of assets classified as held for sale	208		208	248		248
<b>Total assets</b>	<b>1 846 860</b>	<b>-81</b>	<b>1 846 941</b>	<b>1 888 482</b>	<b>-38</b>	<b>1 888 520</b>
<b>Liabilities and equity</b>						
Amounts owed to credit institutions (note 15)	122 202		122 202	130 000		130 000
Deposits and borrowings from the public (note 16)	579 663		579 663	603 773		603 773
Debt securities in issue (note 17)	767 454		767 454	784 607		784 607
Financial liabilities for which customers bear the investment risk	105 104		105 104	105 428		105 428
Derivatives (note 18)	92 141		92 141	80 365		80 365
Current tax liabilities	1 378		1 378	1 357		1 357
Deferred tax liabilities	2 641	-835	3 476	2 365	-457	2 822
Short positions, securities	18 229		18 229	22 398		22 398
Other liabilities	16 624		16 624	20 484		20 484
Accrued expenses and prepaid income	16 782		16 782	19 525		19 525
Provisions	7 073	3 792	3 281	5 340	1 737	3 603
Subordinated liabilities	14 307		14 307	18 659		18 659
Liabilities directly associated with group of assets classified as held for sale	76		76	96		96
Equity	103 186	-3 038	106 224	94 085	-1 318	95 403
of which non-controlling interests	154		154	144		144
of which equity attributable to shareholders of Swedbank AB	103 032	-3 038	106 070	93 941	-1 318	95 259
<b>Total liabilities and equity</b>	<b>1 846 860</b>	<b>-81</b>	<b>1 846 941</b>	<b>1 888 482</b>	<b>-38</b>	<b>1 888 520</b>

# Swedbank AB

## Income statement, condensed

Parent company SEKm	Q1 2013	Q4 2012	%	Q1 2012	%
Interest income	5 091	5 640	-10	6 654	-23
Interest expenses	-2 317	-2 851	-19	-3 980	-42
<b>Net interest income</b>	<b>2 774</b>	<b>2 789</b>	<b>-1</b>	<b>2 674</b>	<b>4</b>
Dividends received	88	5 989	-99	114	-23
Commission income	1 556	1 637	-5	1 595	-2
Commission expenses	-305	-299	2	-308	-1
<b>Net commissions</b>	<b>1 251</b>	<b>1 338</b>	<b>-7</b>	<b>1 287</b>	<b>-3</b>
Net gains and losses on financial items at fair value	426	602	-29	1 336	-68
Other income	303	370	-18	290	4
<b>Total income</b>	<b>4 842</b>	<b>11 088</b>	<b>-56</b>	<b>5 701</b>	<b>-15</b>
Staff costs	1 827	1 752	4	1 829	0
Other expenses	955	1 079	-11	1 084	-12
Depreciation/amortisation	130	136	-4	146	-11
<b>Total expenses</b>	<b>2 912</b>	<b>2 967</b>	<b>-2</b>	<b>3 059</b>	<b>-5</b>
<b>Profit before impairments</b>	<b>1 930</b>	<b>8 121</b>	<b>-76</b>	<b>2 642</b>	<b>-27</b>
Impairment of financial fixed assets	425	743	-43	19	
Credit impairments	131	227	-42	18	
<b>Operating profit</b>	<b>1 374</b>	<b>7 151</b>	<b>-81</b>	<b>2 605</b>	<b>-47</b>
Appropriations	3	3 539	-100	29	-90
Tax expense	412	1 170	-65	640	-36
<b>Profit for the period</b>	<b>959</b>	<b>2 442</b>	<b>-61</b>	<b>1 936</b>	<b>-50</b>

## Statement of comprehensive income, condensed

Parent company SEKm	Q1 2013	Q4 2012	%	Q1 2012	%
<b>Profit for the period reported via income statement</b>	<b>959</b>	<b>2 442</b>	<b>-61</b>	<b>1 936</b>	<b>-50</b>
Cash flow hedges:					
Gains/losses arising during the period	-5	-13	-62	-23	-78
Reclassification adjustments to income statement, net interest income	22	29	-24	72	-69
Income tax relating to components of other comprehensive income	-4	-3	-33	-13	69
<b>Other comprehensive income for the period, net of tax</b>	<b>13</b>	<b>13</b>	<b>0</b>	<b>36</b>	<b>-64</b>
<b>Total comprehensive income for the period</b>	<b>972</b>	<b>2 455</b>	<b>-60</b>	<b>1 972</b>	<b>-51</b>



## Balance sheet, condensed

Parent company SEKm	31 Mar 2013	31 Dec 2012	%	31 Mar 2012	%
<b>Assets</b>					
Cash and balance with central banks	196 307	109 898	79	163 355	20
Loans to credit institutions	352 688	350 439	1	326 405	8
Loans to the public	347 319	347 233	0	340 789	2
Interest-bearing securities	134 692	131 593	2	151 986	-11
Shares and participating interests	63 753	66 245	-4	67 373	-5
Derivatives	108 735	125 926	-14	106 829	2
Other assets	14 999	18 393	-18	29 570	-49
<b>Total assets</b>	<b>1 218 493</b>	<b>1 149 727</b>	<b>6</b>	<b>1 186 307</b>	<b>3</b>
<b>Liabilities and equity</b>					
Amounts owed to credit institutions	206 499	195 584	6	203 342	2
Deposits and borrowings from the public	547 707	473 104	16	507 955	8
Debt securities in issue	262 796	242 295	8	245 977	7
Derivatives	96 999	117 471	-17	100 275	-3
Other liabilities and provisions	29 338	35 947	-18	48 077	-39
Subordinated liabilities	14 135	14 522	-3	18 995	-26
Untaxed reserves	6 301	6 299	0	2 701	
Equity	54 718	64 505	-15	58 985	-7
<b>Total liabilities and equity</b>	<b>1 218 493</b>	<b>1 149 727</b>	<b>6</b>	<b>1 186 307</b>	<b>3</b>
Pledged collateral	64 761	62 375	4	74 035	-13
Other assets pledged	2 233	1 090		2 290	-2
Contingent liabilities	536 177	546 571	-2	569 721	-6
Commitments	163 264	166 087	-2	155 776	5

## Statement of changes in equity, condensed

Parent company  
SEKm

	Share capital	Share premium reserve	Statutory reserve	Cash flow hedges	Retained earnings	Total
<b>January-March 2012</b>						
<b>Opening balance 1 January 2012</b>	<b>24 383</b>	<b>13 118</b>	<b>6 489</b>	<b>-123</b>	<b>18 884</b>	<b>62 751</b>
Dividend					-5 825	-5 825
Share based payments to employees					87	87
Total comprehensive income for the period				36	1 936	1 972
<b>Closing balance 31 March 2012</b>	<b>24 383</b>	<b>13 118</b>	<b>6 489</b>	<b>-87</b>	<b>15 082</b>	<b>58 985</b>
<b>January-December 2012</b>						
<b>Opening balance 1 January 2012</b>	<b>24 383</b>	<b>13 118</b>	<b>6 489</b>	<b>-123</b>	<b>18 884</b>	<b>62 751</b>
Dividend					-5 825	-5 825
Decrease share capital	-611				611	
Bonus issue	1 132		-521		-611	
Reversal of VAT costs incurred on rights issues in 2008 and 2009		88				88
Share based payments to employees					314	314
Deferred tax related with share based payments to employees					16	16
Total comprehensive income for the period				91	7 070	7 161
<b>Closing balance 31 December 2012</b>	<b>24 904</b>	<b>13 206</b>	<b>5 968</b>	<b>-32</b>	<b>20 459</b>	<b>64 505</b>
<b>January-March 2013</b>						
<b>Opening balance 1 January 2013</b>	<b>24 904</b>	<b>13 206</b>	<b>5 968</b>	<b>-32</b>	<b>20 459</b>	<b>64 505</b>
Dividend					-10 880	-10 880
Share based payments to employees					107	107
Deferred tax related with share based payments to employees					14	14
Total comprehensive income for the period				13	959	972
<b>Closing balance 31 March 2013</b>	<b>24 904</b>	<b>13 206</b>	<b>5 968</b>	<b>-19</b>	<b>10 659</b>	<b>54 718</b>

In connection with the rights issues in 2008 and 2009 an assessment was made on the non-deductible VAT Swedbank AB would have to pay on the transaction costs. This assessment was partly changed in the second quarter 2011 based on a new tax case ruling. The VAT expense decreased by SEK 35m after income tax. The income tax expense on the VAT amount was SEK 12m. After a reassessment made by the Swedish Tax Agency, the VAT expense was further decreased by SEK 88m after income tax during the third quarter 2012. The income tax expense on the VAT amount was SEK 31m.

## Cash flow statement, condensed

Parent company SEKm	Jan-Mar 2013	Full-year 2012	Jan-Mar 2012
Cash flow from operating activities	69 712	-25 955	12 665
Cash flow from investing activities	5 605	3 891	1 413
Cash flow from financing activities	11 092	-22 430	-5 115
<b>Cash flow for the period</b>	<b>86 409</b>	<b>-44 494</b>	<b>8 963</b>
Cash and cash equivalents at beginning of period	109 898	154 392	154 392
Cash flow for the period	86 409	-44 494	8 963
<b>Cash and cash equivalents at end of period</b>	<b>196 307</b>	<b>109 898</b>	<b>163 355</b>

## Capital adequacy

Parent company SEKm	31 Mar 2013	31 Dec 2012	% or pp	31 Mar 2012	% or pp
Common Equity Tier 1 capital	54 844	55 945	-2	56 497	-3
Tier 1 capital	59 475	62 215	-4	63 803	-7
Total capital base	65 590	67 020	-2	71 693	-9
Capital requirement	26 095	26 387	-1	28 930	-10
Capital requirement including complement	26 095	26 387	-1	28 930	-10
Risk-weighted assets	326 183	329 837	-1	361 625	-10
Common Equity Tier 1 ratio, %*	16.8	17.0	-0.1	15.6	1.2
Tier 1 capital ratio, %*	18.2	18.9	-0.6	17.6	0.6
Total capital adequacy ratio, %*	20.1	20.3	-0.2	19.8	0.3
Capital quotient*	2.51	2.54	-0.03	2.48	0.04

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

## Signatures of the Board of Directors and the President

The Board of Directors and the President certify that the interim report for January-March 2013 provides a fair and accurate overview of the operations, financial position and results of the parent company and the Group and describes the significant risks and uncertainties faced by the parent company and the companies in the Group.

Stockholm, 22 April 2013

Anders Sundström  
Chair

Lars Idermark  
Deputy Chair

Olav Fjell  
Board Member

Ulrika Francke  
Board Member

Göran Hedman  
Board Member

Anders Igel  
Board Member

Pia Rudengren  
Board Member

Charlotte Strömberg  
Board Member

Karl-Henrik Sundström  
Board Member

Siv Svensson  
Board Member

Kristina Janson  
Board Member  
Employee Representative

Jimmy Johnsson  
Board Member  
Employee Representative

Michael Wolf  
President

## Review report

### Introduction

We have reviewed the interim report for Swedbank AB (publ) for the period 1 January to 31 March 2013. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies. Our responsibility is to express a conclusion on this interim report based on our review.

### Scope of review

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

### Conclusion

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

Stockholm, 22 April 2013

Deloitte AB

Svante Forsberg  
Authorised Public Accountant

## Publication of financial information

The Group's financial reports can be found on [www.swedbank.com/ir](http://www.swedbank.com/ir) or [www.swedbank.com](http://www.swedbank.com)

Swedbank will publish financial results on the following dates in 2013:

Interim report for the second quarter 2013 on 16 July 2013  
Interim report for the third quarter 2013 on 22 October 2013

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Information on Swedbank's strategy, values and shares is also available on [www.swedbank.com](http://www.swedbank.com)

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