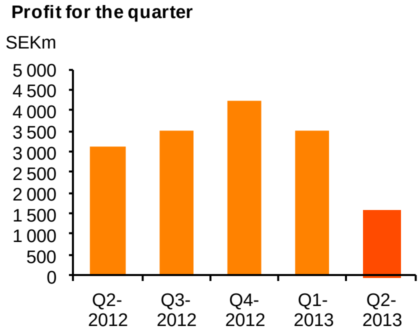
Interim report January – June 2013

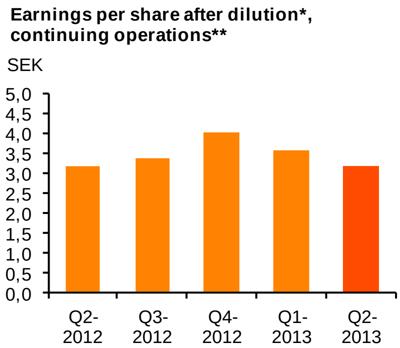
Stockholm, 16 July, 2013

Second quarter 2013

Compared with first quarter 2013

- The result for the quarter amounted to SEK 1 592m (3 525), of which the result for continuing operations** was SEK 3 478m (3 916)
- Earnings per share for total operations amounted to SEK 1.45 (3.21*) before dilution and SEK 1.44 (3.19*) after dilution
- Earnings per share for continuing operations** after dilution amounted to SEK 3.15 (3.54*)
- The return on equity was 6.5 per cent (13.8) and the return on equity for continuing operations** was 14.1 per cent (15.3)
- The cost/income ratio was 0.46 (0.45)
- Net interest income amounted to SEK 5 409m (5 353)
- Profit before impairments decreased by 4 per cent to SEK 4 853m (5 039)
- Swedbank reported net credit impairments of SEK 88m (60)
- The Common Equity Tier 1 ratio was 18.0 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 17.2*** per cent (15.4 per cent on 31 December 2012).

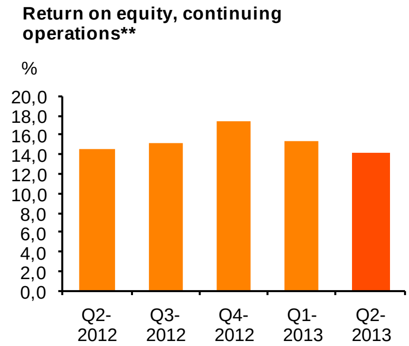


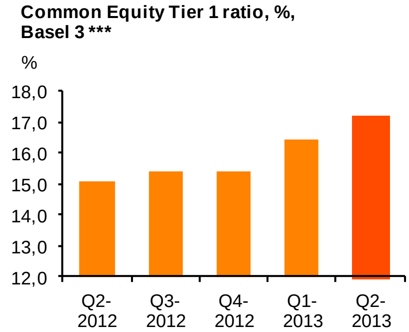


January-June 2013

Compared with January-June 2012

- The result for the period amounted to SEK 5 117m (6 557), of which the result for continuing operations** was SEK 7 394m (7 177)
- Earnings per share for total operations amounted to SEK 4.66* (5.97) before dilution and SEK 4.63* (5.95) after dilution
- Earnings per share for continuing operations** after dilution amounted to SEK 6.69* (6.51)
- The return on equity was 10.1 per cent (13.6) and the return on equity for continuing operations** was 14.7 per cent (14.9)
- The cost/income ratio was 0.45 (0.48)
- Net interest income increased by 8 per cent to SEK 10 762m (9 930)
- Profit before impairments increased by 6 per cent to SEK 9 892m (9 362)
- Swedbank reported net credit impairments of SEK 148m (net recoveries of SEK 145m)





* 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 50.

** Russia and Ukraine are reported as discontinued operations.

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

CEO Comment

Cautiously positive economic development at the start of the year in large parts of the world continued during the second quarter. Several central banks have begun to announce that they are nearing the point when they will gradually scale back their stimulus measures, which has periodically led to increased volatility in the financial markets.

Stable result

Swedbank continued to report a stable result. The return on equity for continuing operations was 14 per cent for the second quarter. Net interest income rose slightly, mainly as a result of stronger net interest income from corporate lending. Margins on new mortgages in Sweden continued to fall during the second quarter and had a slightly negative impact on net interest income. At the same time we have gradually increased our share of new lending during the year. Deposit margins were stable due to unchanged short-term market interest rates. In the Baltic countries we are continuing to actively reassess our loan pricing to better reflect risk as well as capital and return. Strong business activity, especially as regards LC&I's financing solutions, contributed to improved net commission income. Repurchases of outstanding government guaranteed bonds and rising long-term interest rates produced negative valuation effects. Expenses were stable. I see cost efficiencies as an increasingly important long-term competitive factor that at the same time facilitate future investments. The second quarter result was negatively affected by larger than usual writedowns within Ektornet as well as IT writedowns.

In May we finalised the sale of the Ukrainian subsidiary. As previously announced, the earnings impact was SEK -1.9bn within discontinued operations and does not affect the bank's equity, since a corresponding positive amount is recognised in other comprehensive income. The Board of Directors will not take this into account in its dividend proposal for 2013.

Focus on business

It is gratifying to see the LC&I business area further strengthen its position. Our strategy of sector teams, with focus on selected customers for whom the bank is most appropriate, has led to improved growth and profitability. The customer-driven portion of trading operations has gradually grown in recent years, which has meant more stable revenue. Increased activity in corporate advice during the second quarter largely offset a lower result in fixed income and currency trading.

Our customers increasingly use digital channels, which over time will entail a new relationship with the bank. This confirms that we have made the right decision to gradually increase investments in these channels. We will continue to simplify and improve the digital channels with the goal that our customers will choose them for practically all their daily transactions. This will free up more time for proactive customer contacts and qualified advice at the branches. At the same time the advice we provide in our digital channels will be improved and become more proactive. The goal is to create a better, more personal experience for every customer, at the same time that we become more efficient. A recent example is the option to trade mutual funds through the Mobile Bank, which was introduced in June. On the very first trading day 13 per cent of fund purchases and 8 per cent of sales were made through the Mobile Bank. With the reorganisation of the Retail business area at the beginning of the year, when the Channel & Concepts unit was established, we have taken another step in this direction.

Continued focus on capital

Swedbank's capitalisation was further strengthened during the second quarter. The Common Equity Tier 1 capital ratio is now 17.2 per cent (Basel 3*). We are awaiting approval from the Swedish Financial Supervisory Authority to use an advanced model to calculate risk weights for our Swedish corporate lending, which will further strengthen the Common Equity Tier 1 capital ratio.

The Board of Directors has not yet decided on the bank's capital objectives, since several new regulations that will affect them have not been finalised. Based on the Swedish Financial Supervisory Authority's final proposal on mortgage risk weights, Swedbank's executive management today believes that the Common Equity Tier 1 capital ratio needs to be around 15 per cent according to Basel 3*.

Swedbank has continued to reduce its risks in the last year, as confirmed by our new scenario-based stress tests for 2013. The stress test in the Riksbank's most recent stability report also underscored Swedbank's low risks.

On 4 June the credit rating agency Moody's raised Swedbank's long-term rating from A2 to A1. We are working actively for further recognition of the extensive risk reduction Swedbank has made and expect over time that this will continue to positively affect our ratings. Relative funding costs will continue to decline and will be a sustainable competitive advantage for the bank.

On 9 July Latvia received final approval to adopt the euro on 1 January 2014, which demonstrates how well it has managed the crisis. For Swedbank it also means a reduction in currency risks.

Outlook

We continue to plan for an environment with low interest rates and weak credit demand, even though there are positive signs in the markets. Our intent is to maintain total expenses at the same level in 2013 as in 2012. We continue to focus on profitability and capital efficiency at the same time that we 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, under Financial information and publications.

Financial summary

Income statement SEKm	Q2 2013	Q1 2013	%	Q2 2012	%	Jan-Jun 2013	Jan-Jun 2012	%
Net interest income	5 409	5 353	1	5 035	7	10 762	9 930	8
Net commissions	2 525	2 388	6	2 339	8	4 913	4 737	4
Net gains and losses on financial items at fair value	296	557	-47	577	-49	853	1 556	-45
Other income	749	784	-4	837	-11	1 533	1 637	-6
Total income	**8 979**	**9 082**	**-1**	**8 788**	**2**	**18 061**	**17 860**	**1**
Staff costs	2 391	2 358	1	2 336	2	4 749	4 745	0
Other expenses	1 735	1 685	3	1 835	-5	3 420	3 753	-9
Total expenses	**4 126**	**4 043**	**2**	**4 171**	**-1**	**8 169**	**8 498**	**-4**
Profit before impairments	**4 853**	**5 039**	**-4**	**4 617**	**5**	**9 892**	**9 362**	**6**
Impairment of intangible assets	170			4		170	4	
Impairment of tangible assets	202	85		124	63	287	164	75
Credit impairments	88	60	47	-49		148	-145	
Operating profit	**4 393**	**4 894**	**-10**	**4 538**	**-3**	**9 287**	**9 339**	**-1**
Tax expense	913	976	-6	1 047	-13	1 889	2 155	-12
Profit for the period from continuing operations	**3 480**	**3 918**	**-11**	**3 491**	**0**	**7 398**	**7 184**	**3**
Profit for the period from discontinued operations, after tax	-1 887	-390		-341		-2 277	-620	
Profit for the period	1 593	3 528	-55	3 150	-49	5 121	6 564	-22
Profit for the period attributable to the shareholders of Swedbank AB	**1 592**	**3 525**	**-55**	**3 147**	-49	**5 117**	**6 557**	**-22**

Key ratios and data per share	Q2 2013	Q1 2013	Q2 2012	Jan-Jun 2013	Jan-Jun 2012
Return on equity, continuing operations, %	14.1	15.3	14.6	14.7	14.9
Return on equity, total operations, %	6.5	13.8	13.2	10.1	13.6
Earnings per share before dilution, continuing operations, SEK [1]	3.16	3.57	3.17	6.73	6.53
Earnings per share after dilution, continuing operations, SEK [1]	3.15	3.54	3.16	6.69	6.51
Cost/income ratio	0.46	0.45	0.47	0.45	0.48
Equity per share, SEK [1]	89.44	84.57	85.18	89.44	85.18
Loan/deposit ratio, %	186	188	216	186	216
Common Equity Tier 1 ratio, %, Basel 3 [2]	17.2	16.4	15.1	17.2	15.1
Tier 1 capital ratio, %, Basel 3 [2]	18.6	17.8	16.6	18.6	16.6
Capital adequacy ratio, %, Basel 3 [2]	19.6	19.4	18.5	19.6	18.5
Common Equity Tier 1 ratio, %, Basel 2	18.0	17.3	16.2	18.0	16.2
Tier 1 capital ratio, %, Basel 2	19.0	18.3	17.8	19.0	17.8
Capital adequacy ratio, %, Basel 2	19.5	19.5	19.0	19.5	19.0
Credit impairment ratio, %	0.03	0.02	-0.01	0.02	-0.02
Share of impaired loans, gross, %	0.76	0.77	1.53	0.76	1.53
Total provision ratio for impaired loans, %	54	57	64	54	64

Balance sheet data SEKbn	30 Jun 2013	31 Dec 2012	%	30 Jun 2012	%
Loans to the public	1 246	1 239	1	1 228	1
Deposits and borrowings from the public	673	580	16	560	20
Shareholders' equity	101	103	-2	96	5
Total assets	1 883	1 847	2	1 834	3
Risk weighted assets, Basel 3 [2]	459	487	-6	508	-10
Risk weighted assets, Basel 2	455	464	-2	485	-6

[1] 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 50.
[2] 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

The Swedish economy grew more than expected during the first quarter. GDP rose by 1.7 per cent at an annual rate, compared with a decline of slightly over 1 per cent for the EMU countries as a whole. Sweden's growth was driven by rising inventories and increased private consumption. Investment fell at the same time that exports were hampered by weak demand and a relatively strong krona. It will probably take time before investment picks up. The strong krona and growing domestic competition contributed to negative inflation in April and May, which strengthens household purchasing power. Unemployment rose during the first months of the year due to an increased labour supply. However, on the positive side, the number of people employed continues to rise, indicating a recovery in the Swedish economy.

Growth in the Baltic economies slowed during the first quarter, especially in Estonia, which faced weak external demand. GDP rose by 3.6 per cent in Latvia, 3.5 per cent in Lithuania, and 1.1 per cent in Estonia compared with the previous year. Private consumption accounts for a growing share of growth, while businesses are putting off investing.

Signals that the US Federal Reserve may taper its bond buying during the second quarter, along with weaker Chinese growth, led to increased volatility in the global financial markets, which weakened the Swedish krona during the spring and summer months at the same time that bond yields rose. The Riksbank maintained the repo rate at 1 per cent at its recent monetary policy meetings in April and July.

The Stockholm stock exchange (OMXSPI) gained 5 per cent during the first half-year. The Tallinn stock exchange (OMXTGI) rose by 11 per cent, the Vilnius stock exchange (OMXVGI) by 14 per cent and the Riga stock exchange (OMXRGI) by 10 per cent.

Important events during the quarter

In early May Swedbank completed the sale of its Ukrainian subsidiary. As previously announced, the sale generated a cumulative negative exchange rate difference of SEK 1 875m, which was reclassified to the income statement during the second quarter. These and the remaining Russian operations are recognised as discontinued operations. The reclassification does not affect Swedbank's capital, capitalisation or cash flow and will be excluded from the Board of Directors' dividend proposal for 2013, and when calculating variable remuneration. For more information, see page 9.

In June Moody's Investor Service upgraded Swedbank's long-term credit rating from A2 to A1 with a stable outlook. For more information, see page 9.

Swedbank announced a tender offer to the holders of outstanding government guaranteed bonds. Government guaranteed debt amounted to SEK 8bn on 30 June. For more information, see page 9.

Second quarter 2013

Compared with first quarter 2013

Result

Profit before impairments decreased by 4 per cent to SEK 4 853m (5 039). Profit for Retail and Group Treasury in Group Functions & Other decreased, while Baltic Banking accounted for the largest increase.

Profit before impairments by business area SEKm	**Q2 2013**	**Q1 2013**	**Q2 2012**
Retail	2 914	2 971	2 941
Large Corporates & Institutions	1 092	1 078	828
Baltic Banking	785	700	823
Group Functions & Other	62	293	-18
Total excl FX effects	**4 853**	**5 042**	**4 574**
FX effects		-3	43
Total	**4 853**	**5 039**	**4 617**

The second quarter result amounted to SEK 1 592m (3 525) and the result for continuing operations was SEK 3 478m (3 916). The result for discontinued operations was SEK -1 887m (-390), of which SEK 1 875m is a cumulative negative exchange rate difference that was reclassified to the income statement in connection with the sale of the Ukrainian operations (due to the depreciation of the Ukrainian hryvnia against the Swedish krona). When the cumulative exchange rate difference arose, mainly between 2007 and 2009, it directly affected equity through other comprehensive income. Consequently, the reclassification does not affect Swedbank's capital, capitalisation or cash flow and will not be taken into account when the Board of Directors announces its dividend proposal for 2013. Credit impairments amounted to SEK 88m (60). Tangible asset writedowns amounted to SEK 202m (85), of which SEK 200m related to Ektornet's properties. Intangible asset writedowns of SEK 170m (0) related to IT systems within Swedbank Finance AB and LC&I. The return on equity was 6.5 per cent (13.8). For the continuing operations the return on equity was 14.1 per cent (15.3). The cost/income ratio was 0.46 (0.45).

Income decreased by 1 per cent to SEK 8 979m (9 082). Net interest income was stable, while net gains and losses on financial items at fair value decreased. Net commission income increased during the quarter.

Net interest income was stable at SEK 5 409m (5 353). Net interest income was slightly higher for Retail and Baltic Banking, but rose more for LC&I, mainly due to increased volumes and margins. Group Treasury's net interest income has decreased as earlier positions have matured. Stibor and Euribor rates were unchanged during the quarter and the previous pressure on deposit margins in Retail and Baltic Banking ended. The repricing of corporate lending continued within LC&I during the second quarter, but at a slightly slower pace, at the same time that new business generated higher margins. The margin on new mortgages continued to decline, while the stock margin declined slightly. A stability fee refund had a positive effect of SEK 37m.

Net commission income increased by 6 per cent to SEK 2 525m (2 388), mainly due to increased activity in financing solutions and corporate finance as well as higher income from card operations. Asset management also contributed positively, as a result of higher average assets under management following a rise in share prices and positive net flows, while income from brokerage services and other securities decreased. The outsourcing of Retail's ATMs has reduced payment commissions and expenses. For more information, see page 13.

Net gains and losses on financial items at fair value fell by 47 per cent to SEK 296m (557). The tender offer to repurchase government guaranteed bonds negatively affected net gains and losses on financial items at fair value by SEK 107m and other repurchases by SEK 103m. Trading-related income within LC&I was lower than in the previous quarter.

Expenses increased by 2 per cent from the previous quarter to SEK 4 126m (4 043,) mainly due to higher expenses for IT, consultants and personnel.

Expense analysis Group SEKm	**Q2 2013**	**Q1 2013**	**Q2 2012**
Retail	2 398	2 406	2 411
Large Corporates & Institutions	834	733	754
Baltic Banking	593	589	571
Group Functions & Other and Eliminations	301	318	402
Total excl FX effects	**4 126**	**4 046**	**4 138**
FX effects		-3	33
Total expenses	**4 126**	**4 043**	**4 171**

The number of full-time positions decreased during the quarter by 62, to 14 351, of which 89 relate to Baltic Banking and 57 relate to Ektornet. Retail increased by 49.

Credit impairments amounted to SEK 88m (60). LC&I and Retail reported credit impairments, while Baltic Banking reported slightly lower net recoveries than in the first quarter.

Tangible asset writedowns amounted to SEK 202m (85), of which SEK 200m related to Ektornet's property holdings. Intangible asset writedowns amounted to SEK 170m and related to IT systems within Swedbank Finance AB and LC&I.

The result from discontinued operations (Ukraine and Russia) amounted to SEK -1 887m (-390). The sale of the Ukrainian operations was finalised during the quarter, at which point a cumulative negative exchange rate difference of SEK 1 875m (due to the depreciation of the Ukrainian hryvnia against the Swedish krona) was reclassified from other comprehensive income to the income statement. The reclassification does not affect Swedbank's capital, capitalisation or cash flow and will not be taken into account when the Board of Directors announces its dividend proposal for 2013, and when calculating variable remuneration.

The tax expense amounted to SEK 913m (976), corresponding to an effective tax rate of 20.8 per cent (19.9). The higher effective rate during the quarter compared with the first quarter was due to a non-deductible property writedown of SEK 200m by Ektornet. No deferred tax assets were booked in connection with the writedown, since it is doubtful whether these deficits can be offset against future income.

January-June 2013

Compared with January-June 2012

Result

Profit before impairments increased by 6 per cent to SEK 9 892m (9 362). The first quarter 2012 was negatively affected by SEK 250m by 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.

Profit before impairments by business area SEKm	**Jan-Jun 2013**	**Jan-Jun 2012**	**Δ SEKm**
Retail	5 885	5 858	27
Large Corporates & Institutions	2 172	2 126	46
Baltic Banking	1 480	1 634	-154
Group Functions & Other	355	-334	689
Total excl FX effects	**9 892**	**9 284**	**608**
FX effects		78	-78
Total	**9 892**	**9 362**	**530**

The result for the period decreased by 22 per cent to SEK 5 117m (6 557), of which the result for continuing operations was SEK 7 394m (7 177). The result for discontinued operations was SEK -2 277m (-620), of which SEK 1 875m is a cumulative negative exchange rate difference that was reclassified to the income statement in connection with the sale of the Ukrainian operations (due to the depreciation of the Ukrainian hryvnia against the Swedish krona). Credit impairments amounted to SEK 148m (net recoveries of 145), tangible asset writedowns to SEK 287m (164) and intangible asset writedowns to SEK 170m (4). Fluctuations in exchange rates, primarily the strengthening of the Swedish krona against the euro and the Baltic currencies, decreased profit by SEK 69m. The return on equity was 10.1 per cent (13.6). The return on equity for continuing operations was 14.7 per cent (14.9). The cost/income ratio was 0.45 (0.48).

Income increased slightly to SEK 18 061m (17 860). Income in Retail and LC&I 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. Fluctuations in exchange rates reduced income by SEK 141m.

Net interest income increased by 8 per cent to SEK 10 762m (9 930). The repricing of corporate lending within Retail and LC&I affected net interest income positively. Treasury's net interest income has been temporarily strengthened by positions that have benefitted from falling market interest rates. The fee for government guaranteed funding decreased by SEK 133m. Lower deposit margins due to falling Stibor and Euribor rates as well as increased competition for deposits in Sweden negatively affected net interest income. Fluctuations in exchange rates reduced net interest income by SEK 77m.

Net commission income improved to SEK 4 913m (4 737). Higher commission income from asset management owing to increased assets under management, higher income from card operations and greater activity in financing solutions positively affected net commission income, while corporate finance income was lower. The outsourcing of ATMs by Retail has reduced payment commissions and expenses. For more information, see page 13.

Net gains and losses on financial items at fair value decreased by 45 per cent to SEK 853m (1 556). The first quarter 2012 was negatively affected by SEK 250m by a one-off adjustment within Group Treasury. The tender offer during the second quarter 2013 to repurchase government guaranteed bonds negatively affected net gains and losses on financial items at fair value by SEK 107m and other repurchases by SEK 103m. The results from 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 favourable market conditions.

Expenses decreased by 4 per cent to SEK 8 169m (8 498). The largest decrease was in depreciation and amortisation, mainly from a reclassification within Swedbank Finance AB (Group Functions & Other), which at the same time reduced net interest income. Moreover, depreciations decreased as a result of lower depreciation in Ektornet. Expenses for transports and security fell by SEK 59m, IT expenses by SEK 44m and fixed staff costs by SEK 56m. Variable staff costs rose to SEK 457m (397), mainly because a new share-based programme for 2013 was added to the accruals of previous share-based programmes for 2010, 2011 and 2012. Changes in exchange rates reduced expenses by SEK 63m.

Expense analysis Group SEKm	Jan-Jun 2013	Jan-Jun 2012	Δ SEKm
Retail	4 804	4 840	-36
Large Corporates & Institutions	1 568	1 515	53
Baltic Banking	1 179	1 177	2
Group Functions & Other and Eliminations	618	903	-285
Total excl FX effects	**8 169**	**8 435**	**-266**
FX effects		63	-63
Total expenses	**8 169**	**8 498**	**-329**

The number of full-time positions has decreased in one year by 1 337, of which 808 were in Ukraine and Russia, 50 in Retail and 370 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. A more detailed analysis of variable remuneration is provided on page 14 of the fact book[1].

Credit impairments of SEK 148m were recognised in the first half-year 2013 (net recoveries of SEK 145m). LC&I and Retail reported credit impairments, while Baltic Banking reported net recoveries.

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

Tangible asset writedowns rose by SEK 123m to SEK 287m, of which SEK 281m related to Ektornet. Intangible asset writedowns amounted to SEK 170m (4) and mainly related to a writedown of IT systems within Swedbank Finance AB and LC&I.

The result from discontinued operations (Ukraine and Russia) amounted to SEK -2 277m (-620), of which SEK 2 236m related to the sale of the Ukrainian operations. For more information, see note 24.

The tax expense amounted to SEK 1 889m (2 155), corresponding to an effective tax rate of 20.3 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 2013.

Credit and asset quality

Despite weak economic development in the eurozone, there are no signs of problems in the bank's credit portfolios. Credit impairments remain low and impaired loans are gradually decreasing. The economic situation in Swedbank's home markets has been stronger than in the rest of Europe. In the Baltic countries economic conditions have stabilised. In Sweden the situation is stable, although a slight increase in bankruptcies is evident among small businesses. This has not led to an increase in credit impairments in Swedbank's portfolio, however.

Swedbank's lending increased during the first half-year by SEK 9.2bn, where SEK 2.2bn is attributable to currency effects. Lending to Swedish mortgage customers (including tenant-owner associations) rose by SEK 6.5bn. Corporate lending within LC&I and Retail increased by SEK 4.0bn. The lending portfolio in Baltic Banking rose slightly in local currency, mainly due to a few large corporate customers with low risk. In Estonia loan demand increased during the first half-year, including from private customers. In Latvia amortisations still exceed new lending, which is why the portfolio has shrunk slightly. The discontinuation of the operations in Russia and Ukraine has reduced lending volume by SEK 4.2bn.

The average loan-to-value ratio of Swedbank's mortgages in Sweden was 62.7 per cent (63.5) as of 30 June, based on property level. The average loan-to-value ratio for new mortgages in Sweden is 69.0 per cent in 2013. House prices in major Baltic cities have stabilised, with a clear rise in Estonia. Baltic Banking's new lending has an average loan-to-value ratio of about 70 per cent.

Impaired loans fell by SEK 4bn during the first half-year to SEK 10bn, with the discontinued operations in Russia and Ukraine accounting for SEK 3bn of the decrease. In Baltic Banking impaired loans fell by SEK 1.6bn, mainly due to write-offs and improved quality in the loan portfolio. Impaired loans within LC&I increased by SEK 0.9bn related to a few large commitments, while in Retail they decreased by SEK 0.2bn during the period. Impaired loans to private customers decreased during the first half-year. The share of Swedish mortgages past due by more than 60 days is stable at 0.12 per cent of the portfolio (0.13). The share of impaired loans in Baltic Banking has fallen, with the largest decrease in Latvia. The share of mortgages past due by more than 60 days was 1.0 per cent in Estonia (1.1), 9.8 per cent in Latvia (10.5) and 5.2 per cent in Lithuania (5.4). Further improvements are expected during the second half of 2013.

Credit impairments, net by business area SEKm	Q2 2013	Q1 2013	Q2 2012
Retail	37	55	102
Large Corporates & Institutions	94	74	53
Baltic Banking	-43	-70	-204
Estonia	-36	-54	-25
Latvia	18	4	-197
Lithuania	-25	-20	18
Group Functions & Other		1	
Total	**88**	**60**	**-49**

Credit impairments for the first half-year amounted to SEK 148m (recoveries of SEK 145m). Credit impairments within Retail and LC&I remain low and are related to a few corporate commitments. The 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 1.4bn to SEK 3.7bn during the first half-year, of which SEK 200m related to a property writedown by Ektornet during the second quarter. Ektornet acquired properties for SEK 180m mainly in Ukraine. Properties with a book value of SEK 1 501m were sold during the first half-year. For more information on Ektornet, see page 19.

Swedbank's exposure to counterparties in the GIIPS countries (Greece, Ireland, Italy, Portugal and Spain) remains low. The exposures totalled SEK 251m as of 30 June 2013 (401).

GIIPS exposure 30 Jun 2013 SEKm	Greece	Ireland	Italy	Portugal	Spain	Total
Bonds			85	27	5	**117**
of which sovereign			85	27	5	**117**
of which held to maturity[1]			85	27	5	**117**
Loans (money market and commercial paper)			9	5		**14**
Loans (credit facilities)						
Derivatives net[2]		7	7		71	**85**
Other[3]			24	2	9	**35**
Total	**0**	**7**	**125**	**34**	**85**	**251**

[1] Current market values are approximately SEK 9m below the carrying amounts.
[2] Derivatives at market value taking into account netting and collateral agreements. The derivatives gross value i.e. market value plus internal add-ons, amounts to: Ireland SEK 10m, Italy SEK 374m and Spain SEK 203m. Total SEK 588m.
[3] Includes funds, trade finance and mortgage loans.

Stress test – Internal Capital Adequacy Assessment Process 2013

Swedbank has worked actively to reduce risk on its balance sheet since 2009. As a result of this and the more normalised macroeconomic climate, the Internal Capital Adequacy Assessment Process (ICAAP) for 2013 shows Swedbank has limited risks. The bank is well capitalised for the effects of a potentially negative scenario, even when taking into account future regulatory changes.

A recession scenario extending over five years was selected as the main scenario in the 2013 ICAAP. The five-year macro scenario shows negative growth for three consecutive years and high unemployment throughout the scenario period in Sweden and the Baltic countries. Confidence in politicians and the market is low, leading to a weaker euro and protracted recession, where the strong krona prevents Sweden from pulling itself out of the crisis through increased exports. The Baltic economies and export industry experience slower demand.

In this scenario net interest income falls by 15 per cent to end 2015 before rising in the last two years. Total credit impairments amount to SEK 31.6bn, where LC&I and Retail together account for 76 per cent of the losses.

Swedbank has incorporated future regulatory changes into this year's ICAAP. The changes include the pending Basel 3/CRD IV rules and revisions to the reporting standard for pensions (IAS 19). During the first year future regulations would impact the Common Equity Tier 1 ratio by nearly 2 percentage points. In the results of the stress test, Swedbank's Common Equity Tier 1 ratio is strengthened throughout the scenario period. The scenario results do not take into account measures taken by Swedbank's executive management. If the executive management's expected measures are included in the stress scenario, the Common Equity Tier 1 ratio would be even stronger.

The Baltic countries today have a significantly better macroeconomic balance and resilience compared with a few years ago. The work done in 2009-2012 to improve credit quality in the lending portfolios and strengthen the capital base in the Baltic subsidiaries has made them more resilient, as also evident in the 2013 ICAAP. This is also evident in the years with the highest stress level.

Swedbank's resilience in a stress scenario is confirmed by the Riksbank's most recent stability report, where Swedbank is the only one of the four major Swedish banks with a positive result throughout the scenario period and where its Common Equity Tier 1 ratio does not decrease.

For more information on Swedbank's scenario simulation and its outcome, see pages 56-57 of the fact book.

Funding and liquidity

During the first half-year Swedbank issued a total of SEK 68bn in long-term debt instruments, of which SEK 46bn was covered bonds and SEK 20bn was senior debt. Issuance during the second quarter amounted to SEK 29bn, of which covered bonds accounted for SEK 23bn and senior debt for SEK 5bn. The bank saw continued high demand for private placements during the first half-year. 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. Liquidity in excess of its refinancing needs will be used to repurchase bonds maturing in 2014.

The average maturity of all capital market funding arranged through the bank's short- and long-term programmes was 33 months as of 30 June 2013 (31). The average maturity of long-term funding issued during the first half-year was 74 months (55). The bank's short-term funding is mainly used as a cash management tool, not to finance lending to the public. Outstanding volume decreased during the quarter to SEK 134bn (147).

Swedbank completed its last issuance as part of the government guarantee programme in the summer of 2009 and subsequently left the programme in April 2010. Since then government guaranteed bonds have filled no purpose in the bank's funding structure. As part of its ongoing liquidity management, the bank announced a tender offer during the second quarter to repurchase certain series of government guaranteed bonds. Swedbank repurchased a total of SEK 9bn, or 53 per cent of the volume. After the repurchase, the state-guaranteed debt as of 30 June 2013 was SEK 8bn.

The repurchase negatively affected net gains and losses on financial items by SEK 107m during the second quarter and is expected to positively affect net interest income by approximately SEK 146m in the next year. As a whole, this represents savings of about SEK 40m.

Due to the composition of its assets, Swedbank has a limited structural need 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	**Q2 2013**	**Q1 2013**
Covered bonds	23	23
of which SEK	14	13
of which EUR	9	1
of which USD		7
of which Other		2
Senior unsecured bonds	5	15
Structured retail bonds (SPAX)	1	1
Total	**29**	**39**

Swedbank's liquidity reserve, which is reported in accordance with the Swedish Bankers' Association's definition, amounted to SEK 289bn on 30 June 2013 (300). In addition to the liquidity reserve, liquid securities in other parts of the Group amounted to SEK 35bn (57). The liquidity reserve and the Liquidity Coverage Ratio (LCR) fluctuate over time depending, among other things, on the maturity structure of the bank's issued securities. According to current Swedish regulations in effect as of 1 January 2013, the Group's LCR was 129 per cent as of 30 June (139). Distributed by USD and EUR, LCR was 295 per cent and 207 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 have been 166 per cent as of 30 June.

According to Swedbank's interpretation of the current draft regulation, the Group's Net Stable Funding Ratio (NSFR) was 95 per cent on 30 June (93). 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 could manage long periods of stress in capital markets, where access to new financing would be limited. At present the bank would survive 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 58-72 of the fact book.

Ratings

On 4 June Moody's Investor Service upgraded Swedbank's long-term credit rating to A1 from A2 with a stable outlook. Moody's said the upgrade was due to Swedbank's improved credit profile as a result of 1) a sustainable reduction of its risk profile and strengthening of the bank's corporate governance; 2) the continued reduction of problem loans and stabilisation of revenues; and 3) enhanced capital levels and improved funding profile.

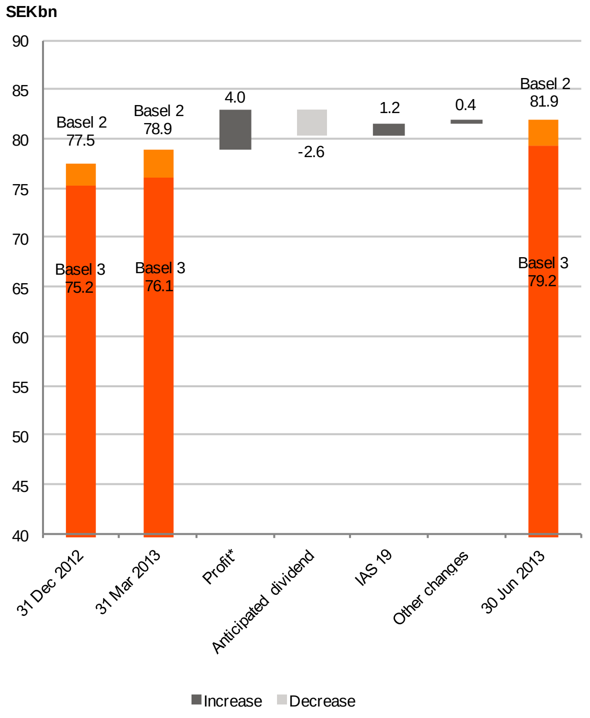
Capital and capital adequacy

The Common Equity Tier 1 ratio according to Basel 3 continued to strengthen during the second quarter 2013 to 17.2 per cent, according to Swedbank's calculation based on current knowledge of future regulations (16.4 per cent on 31 March 2013 and 15.4 per cent on 31 December 2012). The new regulations were adopted by the EU in June and take effect on 1 January 2014. The Common Equity Tier 1 ratio according to Basel 2 was 18.0 per cent on 30 June (17.3 and 16.7 respectively).

Common Equity Tier 1 capital (Basel 2) increased by SEK 3.0bn during the second quarter to SEK 81.9bn. The increase was mainly due to the second quarter profit, after deducting the anticipated dividend, and includes a dividend of EUR 75m from Swedbank's Baltic life insurance company. The sale of Swedbank's Ukrainian operations was finalised in late April, in connection with which a negative cumulative exchange rate difference of SEK 1.9bn was reclassified from other comprehensive income to the result for the period. Common Equity Tier 1 capital is not affected, and it will have no bearing on the Board of Directors' dividend proposal for 2013.

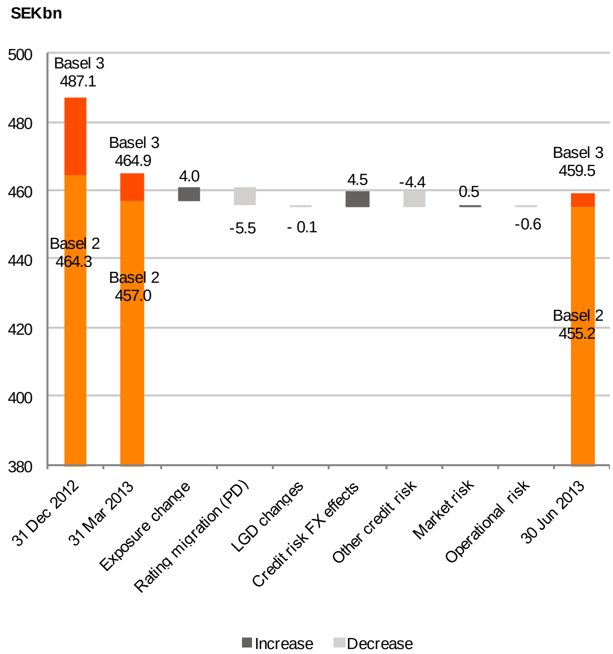
As of 1 January 2013 new rules have entered into force on the recognition of pensions (accounting standard IAS 19). The revisions to IAS 19 will continue to create volatility in the estimated pension liability, which also affects equity through other comprehensive income. During the second quarter Common Equity Tier 1 capital increased by approximately SEK 1.2bn due to rising discount rates.

Change in Common Equity Tier 1 capital 2013, Swedbank financial companies group



* Profit for financial companies group excl reclassification effect due to the Ukrainian divestment.

Change in risk weighted assets 2013, Swedbank financial companies group



Subordinated loans that may be included in the capital base decreased by SEK 3.3bn mainly due to the redemption of a EUR 400m subordinated loan at the end of June.

Risk weighted assets (Basel 2) decreased by about SEK 2bn during the second quarter to SEK 455bn. The risk weighted amount for credit risks decreased by nearly SEK 2bn. Increased exposures, mainly to customers in Sweden, have raised the risk weighted amount by SEK 6.8bn, while the sale of Swedbank's Ukrainian operations decreased the risk weighted amount for credit risks by SEK 1.7bn and the reduction in credit exposures in Russia decreased the risk weighted amount by SEK 1.2bn. Positive rating migrations reduced the risk weighted amount by SEK 5.5bn, while exposures with corrected exposure classes reduced the risk weighted amount by SEK 3.7bn. Fluctuations in exchange rates, mainly attributable to the Baltic credit portfolio, increased the risk weighted amount for credit risks by SEK 4.5bn due to the depreciation of the Swedish krona against the euro.

The risk weighted amount for market risks was essentially unchanged as of 30 June compared with 31 March. The sale of Swedbank's Ukrainian operations decreased the risk weighted amount for market risks by SEK 1.2bn, while market risks within Large Corporates & Institutions increased. The capital requirement for operational risks in the Ukrainian operations was removed after the disposal, which reduced the risk weighted amount for operational risks by SEK 0.6bn.

The reduced Basel 3 effect on the risk weighted amount compared with 31 March is due to a clarification from the European Banking Authority (EBA) with regard to the capital requirement for currency risks.

On 21 May the Swedish Financial Supervisory Authority (FI) announced its decision to introduce a risk weight floor of 15 per cent for the Swedish mortgage portfolio, in accordance with the proposal announced in November 2012. The floor will be implemented as a supervisory measure within Pillar 2. Consequently, the reported capital ratios will not be affected, since these calculations are made according to the rules for Pillar 1.

Based on an average risk weight in Swedbank's Swedish mortgage portfolio of 4.4 per cent as of 30 June according to Pillar 1 and the Swedish Common Equity Tier 1 capital requirement of 12 per cent (as of 2015), Swedbank, as per FI's decision, has to maintain additional Common Equity Tier 1 capital of SEK 9.6bn for Swedish mortgages, corresponding to 2.1 percentage points of the Common Equity Tier 1 ratio according to Pillar 1. In its internal controls, Swedbank has for some time allocated additional capital to its mortgage business equivalent to the risk weight floor that has now been announced.

Risk-weighted assets by business area, Basel 2 SEKbn	**30 Jun 2013**	**31 Dec 2012**	**30 Jun 2012**
Retail	201	202	214
Large Corporates & Institutions	133	134	135
Baltic Banking	92	95	98
Estonia	37	38	39
Latvia	29	31	33
Lithuania	26	26	26
Group Functions & Other	29	33	38
Group Products	4	4	3
Treasury	17	15	16
Ektornet	5	6	7
Other	3	8	12
Total risk-weighted assets	**455**	**464**	**485**

Discussions among regulators and other interested parties on the harmonisation of risk weights have intensified in the last quarter. One topic of discussion is how the leverage ratio can be used to ensure a minimum capital level in relation to the size of the balance sheet. When the EU's new capital adequacy rules (CRD IV/CRR) take effect on 1 January 2014, banks will be obligated to report their leverage ratios to the supervisory authority. Swedbank's leverage ratio (according to CRR) was 4.5 per cent on 30 June. The Basel Committee has recently issued a draft of revised rules on calculating the leverage ratio. Swedbank's leverage ratio would only be marginally affected if the Basel Committee's proposal became EU law.

Market risk

The majority of the Group's market risks are of a structural or strategic nature and are managed by Group Treasury. Structural interest rate risks arise when the maturity of the Group's assets and liabilities, such as deposits and lending, do not coincide. These differences are managed by Group Treasury within given mandates by matching the maturities directly or through the use of various derivatives such as interest rate swaps. Net interest income sensitivity is also affected by the structural risks in the bank's deposit operations, where various products show different sensitivity to changes in market interest rates.

Strategic currency risks arise primarily through risks tied to holdings in foreign subsidiaries and their financing.

In Swedbank market risks also arise in LC&I's trading operations in connection with customer transactions and by maintaining a secondary market for various types of securities.

Swedbank measures market risks with a Value-at-Risk (VaR) model, among other things. 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					
	Jan-Jun 2013 (2012)			**30 Jun**	**31 Dec**
SEKm	**Max**	**Min**	**Average**	**2013**	**2012**
Interest risk	97 (131)	65 (76)	80 (102)	65	71
Currency rate risk	17 (14)	2 (3)	7 (6)	6	5
Stock price risk	9 (14)	2 (4)	5 (8)	4	4
Diversification			-16 (-21)	-16	-14
Total	**89 (123)**	**59 (69)**	**76 (95)**	**60**	**66**

**) 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 measures 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 would have reduced the Group's net gains and losses on financial items at fair value by SEK 783m as of 30 June 2013, compared with a decrease of SEK 52m as of 31 December 2012.

Operational risks

Swedbank's measures to stabilise and safeguard IT operations in the Internet Bank and Telephone Bank have resulted in fewer disruptions and improved accessibility. In comparison with the first five months of 2012, the number of major IT-related incidents decreased by 39 per cent at the same time that the time it took to address the incidents decreased by 55 per cent. The long-term work to improve the bank's IT infrastructure is continuing according to plan.

In connection with the replacement of old ATMs by new ones by Bankomat AB, which is jointly owned by Sweden's largest banks, accessibility to a number of ATMs was adversely affected during the first quarter. During the second quarter accessibility again improved.

External fraud attempts against the bank's customers have continued, but through its active efforts the bank has been able to prevent money from being embezzled. We are also working to inform our customers about security improvements.

Operational risks in the Group were also reduced as a result of the Ukrainian bank sale. Expenses associated with operational risk events have remained low.

Other events

Peter Borsos, previously head of Communications for the Swedish operations, succeeds Thomas Backteman as Group head of Communications on 16 July.

Jonas Erikson, head of Group Treasury, will be part of the Group Executive Committee as from 16 July.

Gregori Karamouzis, head of Debt IR, will as of 1 September also be responsible for Investor Relations. Johannes Rudbeck, present head of Investor Relations, will become CFO of Baltic Banking.

Events after 30 June 2013

In July the European Central Bank and the EU Commission confirmed that Latvia meets the Maastricht criteria for euro accession. Latvia will convert to the euro on 1 January 2014.

Retail

- Stable net interest income
- Stable deposit and lending volumes
- Continued improvements to digital services

Income statement

SEKm	Q2 2013	Q1 2013	%	Q2 2012	%	Jan-Jun 2013	Jan-Jun 2012	%
Net interest income	3 367	3 332	1	3 362	0	6 699	6 733	-1
Net commissions	1 536	1 589	-3	1 531	0	3 125	3 069	2
Net gains and losses on financial items at fair value	33	34	-3	41	-20	67	85	-21
Share of profit or loss of associates	197	204	-3	209	-6	401	412	-3
Other income	179	218	-18	209	-14	397	399	-1
Total income	**5 312**	**5 377**	**-1**	**5 352**	**-1**	**10 689**	**10 698**	**0**
Staff costs	866	871	-1	852	2	1 737	1 725	1
Variable staff costs	68	47	45	42	62	115	76	51
Other expenses	1 434	1 458	-2	1 485	-3	2 892	2 975	-3
Depreciation/amortisation	30	30	0	32	-6	60	64	-6
Total expenses	**2 398**	**2 406**	**0**	**2 411**	**-1**	**4 804**	**4 840**	**-1**
Profit before impairments	**2 914**	**2 971**	**-2**	**2 941**	**-1**	**5 885**	**5 858**	**0**
Credit impairments	37	55	-33	102	-64	92	123	-25
Operating profit	**2 877**	**2 916**	**-1**	**2 839**	**1**	**5 793**	**5 735**	**1**
Tax expense	586	635	-8	733	-20	1 221	1 477	-17
Profit for the period	2 291	2 281	0	2 106	9	4 572	4 258	7
Profit for the period attributable to the shareholders of Swedbank AB	**2 290**	**2 279**	**0**	**2 103**	**9**	**4 569**	**4 251**	**7**
Non-controlling interests	1	2	-50	3	-67	3	7	-57
Return on allocated equity, %	28.1	27.9		26.3		28.0	27.4	
Loan/deposit ratio, %	243	246		246		243	246	
Credit impairment ratio, %	0.02	0.02		0.04		0.02	0.03	
Cost/income ratio	0.45	0.45		0.45		0.45	0.45	
Loans, SEKbn	919	915	0	902	2	919	902	2
Deposits, SEKbn	378	371	2	367	3	378	367	3
Full-time employees	4 921	4 872	1	4 971	-1	4 921	4 971	-1

Development January-June
The Swedish economy improved in the spring and early summer. Order bookings for Swedish manufacturing rose from both domestic and export markets. Investment plans are less than ambitious, however, and point to a continued decline in 2013. Despite a pickup in the economy, the number of corporate bankruptcies has risen. Swedish household optimism about their own finances grew in recent months. Low interest rates, increased real incomes and rising asset prices are benefitting Swedish households, but to date have not accelerated lending, which in March rose by 4.6 per cent at an annual rate.

Profit for the period amounted to SEK 4 569m, compared with SEK 4 251m in the first half of 2012. Both income and expenses were stable and credit impairments decreased. The result was positively affected by the lower Swedish corporate tax rate.

Net interest income was stable during the period compared with the first half of 2012. A stability fee refund had a positive effect of SEK 31m. The repricing of corporate credit largely offset the lower deposit margins, which were adversely affected by declining market interest rates. Stibor was unchanged during the second quarter and deposit margins were stable. The margin on new mortgages fell during the quarter, while the stock margin declined slightly since the beginning of the year. The margin on new loans was 10-15bp lower than the stock margin as of 30 June.

Household deposit volume grew by 0.4 per cent from the beginning of the year. At the same time fund inflow increased. Swedbank's share of household deposits was 21 per cent (22 per cent as of 31 December 2012). Retail's deposits from corporate customers are unchanged from the beginning of the year. Swedbank's market share was 17 per cent as of 31 May (16 per cent as of 31 December 2012).

Mortgage lending has gradually increased in recent months, and Swedbank's share of the net growth was 8 per cent during the period January-May 2013. In May its share of new sales was 14 per cent. Swedbank's share of the total market was unchanged at 26 per cent (26 per cent as of 31 December 2012). Corporate lending volume has increased by SEK 1bn from the beginning of the year. The market share was 17 per cent (17).

Risk weighted assets amounted to SEK 201bn, a decrease of SEK 1bn from the beginning of the year. Increased exposures were offset by positive rating migrations and by exposures with revised exposure classes.

Net commission income increased by 2 per cent compared with the first half of 2012. The increase was mainly due to higher income in card payment acquiring and increased activity in Fastighetsbyrån AB (real estate brokerage), while payment commissions saw the biggest decrease. As of January 2013 Bankomat AB is gradually taking over responsibility for Swedbank's ATMs. Swedbank pays a commission to Bankomat AB for this service. As a result, both net payment commissions and expenses will decrease. During the second quarter commissions paid to Bankomat AB amounted to approximately SEK 53m. In 2013 commissions of approximately SEK 300m are expected to be paid to Bankomat AB, with expenses decreasing by approximately the same amount. As of 30 June, 78 per cent of ATMs had been replaced. Fund volumes increased during the first half-year, with the largest inflow to private banking investment solutions, short-term fixed income funds and collective occupational pensions.

Expenses for the first half-year fell by 1 per cent year-on-year. Following work to reduce manual cash handling, 277 branches, or 90 per cent of the total number, have now stopped handling cash, which has reduced transport and security expenses. Retail now has 308 branches. Expenses were unchanged during the second quarter. The cost/income ratio was 0.45 (0.45).

Credit quality has remained good. Credit impairments decreased during the period, and the inflow of impaired loans is low. 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 0.18 per cent (0.19).

Channels & Concepts
Swedbank continues to improve its digital offering and during the second quarter introduced several new mobile features, including an OCR bill scanning, new functionality for savings and investments, and a first version of a mobile notification system when, for example, a new e-bill has arrived. In June Swedbank also launched a service where customers can call for help to get started with the Mobile Bank.

Use of Swedbank's digital services has continued to grow. The Internet Bank now has 3.5 million users (an increase of 21 000 in the second quarter), while the Mobile Bank has 1.3 million (+63 000) and the iPad Bank has 260 000 (+47 000).

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 our digital channels such as the Telephone Bank, Mobile Bank and Internet Bank as well as through Swedbank's own branch network and the savings banks' distribution network. Retail includes Channels & Concepts, which is responsible for developing, managing and driving business in our digital channels in Sweden. The various product areas are described on page 21.*

Large Corporates & Institutions

- High business activity in Large Corporates
- Increased activity in Corporate Finance
- Weak fixed income trading and equity trading remains slow

Income statement

SEKm	Q2 2013	Q1 2013	%	Q2 2012	%	Jan-Jun 2013	Jan-Jun 2012	%
Net interest income	851	783	9	750	13	1 634	1 478	11
Net commissions	523	419	25	396	32	942	881	7
Net gains and losses on financial items at fair value	503	579	-13	443	14	1 082	1 290	-16
Share of profit or loss of associates							6	
Other income	49	33	48	12		82	17	
Total income	**1 926**	**1 814**	**6**	**1 601**	**20**	**3 740**	**3 672**	**2**
Staff costs	292	287	2	290	1	579	595	-3
Variable staff costs	104	88	18	120	-13	192	225	-15
Other expenses	426	346	23	339	26	772	684	13
Depreciation/amortisation	12	13	-8	11	9	25	22	14
Total expenses	**834**	**734**	**14**	**760**	**10**	**1 568**	**1 526**	**3**
Profit before impairments	**1 092**	**1 080**	**1**	**841**	**30**	**2 172**	**2 146**	**1**
Impairment of intangible assets	56			4		56	4	
Credit impairments	94	74	27	53	77	168	70	
Operating profit	**942**	**1 006**	**-6**	**784**	**20**	**1 948**	**2 072**	**-6**
Tax expense	256	217	18	262	-2	473	701	-33
Profit for the period	686	789	-13	522	31	1 475	1 371	8
Profit for the period attributable to the shareholders of Swedbank AB	**686**	**789**	**-13**	**522**	**31**	**1 475**	**1 371**	**8**
Return on allocated equity, %	14.5	16.7		10.3		15.6	14.4	
Loan/deposit ratio, %	219	185		224		219	224	
Credit impairment ratio, %	0.17	0.13		0.09		0.14	0.06	
Cost/income ratio	0.43	0.40		0.47		0.42	0.42	
Loans, SEKbn	151	150	1	150	1	151	150	1
Deposits, SEKbn	69	81	-15	67	3	69	67	3
Full-time employees	1 031	1 040	-1	1 049	-2	1 031	1 049	-2

Development January-June
The global economy is split. US growth has strengthened, while business cycle conditions in the eurozone remain weak. Several emerging markets also saw weaker than expected growth rates. Signals from the US Federal Reserve that it may taper its bond buying have led to increased volatility in the global financial markets at the same time that concerns about the Chinese economy have grown. After rising earlier in the year, stocks fell broadly in June at the same time that the bond yields have risen significantly.

The result for the period was SEK 1 475m, an increase of 8 per cent year-on-year. Higher lending income in LC&I and higher income from fund and card products contributed to the improvement. The result was negatively affected by slower activity and earnings in fixed income, currency and equity trading. During the second quarter IT investments were written down by SEK 56m. The return on allocated equity was 15.6 per cent.

Net interest income increased by 11 per cent compared with the first half of 2012. Lending volume rose by 1 per cent or SEK 1bn. The lending margin has expanded over time, and we are still seeing the effects of the earlier repricing of corporate loans, including after stricter regulatory requirements were introduced on capital adequacy and liquidity. Compared with the previous quarter net interest income rose by 9 per cent to SEK 851m. The margin on the loan portfolio and volumes increased slightly during the quarter. Deposit margins were stable. Business activity in LC&I remained good during the second quarter. Business volumes mainly increased in the Energy, Shipping & Offshore, and Telecoms sectors. M&A financing also had a strong second quarter.

Risk weighted assets increased by SEK 2.9bn during the quarter to SEK 133.4bn. Risk weighted assets for credit risk increased by SEK 1.4bn, mainly due to increased corporate lending volumes. Risk weighted assets related to market risk increased by SEK 1.5bn, mainly due to higher currency trading activity.

Net commission income increased by 7 per cent year-on-year to SEK 942m. Compared with the first quarter net commission income increased by 25 per cent to SEK 523m. A high level of corporate finance activity in Norway at the end of the quarter contributed to the increase, as did higher income from card and fund products. Continued low turnover and activity in equity markets during the quarter led to continued weak earnings in this area. Bond issuance activity remained good in both Sweden and Norway. May was an especially strong month for SEK in terms of both number of issues and volume. Swedbank's market share for issuances by Swedish customers was 19.6 per cent for the first half-year. The corresponding figure in Norway was 16.8 per cent, making the bank the third largest player in Sweden and the second largest in Norway.

Net gains and losses on financial items at fair value decreased by 16 per cent to SEK 1 082m compared with 2012, when the result from equity, fixed income and currency trading was very strong due to positive market conditions. Net gains and losses on financial items at fair value decreased by 13 per cent compared with the previous quarter as a result of continued low interest rates and low customer activity in fixed income derivatives. Moreover, risk management was complicated at the end of the quarter by turbulence in the financial markets after indications by the Federal Reserve that it may taper its bond buying, which negatively affected earnings.

Total expenses increased by 3 per cent compared with 2012. Other expenses rose by 13 per cent. The increase was due to higher expenses for funds and card product sales, which were previously recognised within Retail.

Intangible asset writedowns relate to IT systems and amounted to SEK 56m.

Credit impairments amounted to SEK 168m in the first half-year. The share of impaired loans increased to 0.49 per cent (0.10). The increases in impaired loans and credit impairments are attributable to a few previously identified problem loans managed by the Group's Financial Restructuring & Recovery (FR&R) unit. Credit quality in the loan portfolio remains good.

Reorganisation to increase customer satisfaction and strengthen profitability

LC&I is implementing a reorganisation to increase customer satisfaction and raise profitability. The organisational goal is to further develop customer relations and create new business through a more distinctive product offering. The new organisation, which took effect on 1 July 2013, is divided into the following units.

Two existing units, **Large Corporates** and **Financial Institutions**, are responsible for bank lending and deposits and have overarching responsibility for customer contact. These units account for half of the business area's revenues. Customers are served by teams of specialists in various sectors, types of companies and institutions. The **Investment Banking** unit, which supports customers with strategic advice and financing solutions, consists of Corporate Finance, Structured & Acquisition Finance and Debt Capital Markets units. The unit accounts for around 10 per cent of the business area's revenue.

Product responsibility for fixed income, currency and equity products has been consolidated in the **Markets** unit, which is responsible for trading in these products and creating a strong sales force for the various customer segments. The unit accounts for about 30 per cent of the business area's revenue.

Global Transaction Services (GTS) has been responsible since the beginning of 2013 for the bank's transaction services for large corporate and institutional customers. It is responsible for driving and developing solutions for document payments, bank guarantees, payment services, cash management, custodial services, card management and leasing across national borders. The unit accounts for about 10 per cent of the business area's revenue.

During the quarter a new **global analysis unit** was created within LC&I. In addition to analysis units for fixed income, equity and credit products, it includes the Economic Research Department. This will ensure that the bank's customers are provided a uniform macro view.

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

- Good activity in the daily banking business
- Net interest income increased compared with the first quarter
- New operating model to achieve efficiencies

Income statement

SEKm	Q2 2013	Q1 2013	%	Q2 2012	%	Jan-Jun 2013	Jan-Jun 2012	%
Net interest income	763	742	3	868	-12	1 505	1 778	-15
Net commissions	445	388	15	394	13	833	780	7
Net gains and losses on financial items at fair value	72	62	16	75	-4	134	141	-5
Other income	98	89	10	111	-12	187	217	-14
Total income	**1 378**	**1 281**	**8**	**1 448**	**-5**	**2 659**	**2 916**	**-9**
Staff costs	189	188	1	187	1	377	379	-1
Variable staff costs	9	17	-47	15	-40	26	35	-26
Other expenses	366	351	4	364	1	717	745	-4
Depreciation/amortisation	29	30	-3	28	4	59	64	-8
Total expenses	**593**	**586**	**1**	**594**	**0**	**1 179**	**1 223**	**-4**
Profit before impairments	**785**	**695**	**13**	**854**	**-8**	**1 480**	**1 693**	**-13**
Impairment of tangible assets	2	4	-50	4	-50	6	2	
Credit impairments	-43	-70	-39	-204	-79	-113	-338	-67
Operating profit	**826**	**761**	**9**	**1 054**	**-22**	**1 587**	**2 029**	**-22**
Tax expense	68	61	11	96	-29	129	173	-25
Profit for the period	758	700	8	958	-21	1 458	1 856	-21
Profit for the period attributable to the shareholders of Swedbank AB	**758**	**700**	**8**	**958**	**-21**	**1 458**	**1 856**	**-21**
Return on allocated equity, %	13.4	12.6		15.0		12.7	14.8	
Loan/deposit ratio, %	108	109		115		108	115	
Credit impairment ratio, %	-0.15	-0.25		-0.69		-0.20	-0.57	
Cost/income ratio	0.43	0.46		0.41		0.44	0.42	
Loans, SEKbn	119	113	5	115	3	119	115	3
Deposits, SEKbn	110	104	6	100	10	110	100	10
Full-time employees	4 053	4 142	-2	4 123	-2	4 053	4 123	-2

Development January-June
The Baltic countries are feeling the bite of recession, although growth remained among the strongest in the EU in the first quarter of 2013. GDP rose by 3.6 per cent in Latvia, 3.5 per cent in Lithuania, and 1.1 per cent in Estonia compared with the previous year. Growth was slowed by weaker foreign demand and lower investments. Household consumption is still strong, especially in Latvia and Estonia, due to rising incomes and robust confidence. The export sector is slightly stronger in Lithuania.

The result amounted to SEK 1 458m for the first half-year, against SEK 1 856m in the same period a year earlier. The decrease was mainly due to lower net interest income.

Net interest income declined by 12 per cent in local currency compared with 2012. Lower market rates negatively affected net interest income, while increased deposit volumes and a slightly larger loan portfolio had a positive impact. Fluctuations in exchange rates reduced net interest income by SEK 60m. Compared with the previous quarter net interest income rose by 2 per cent in local currency.

Work has been initiated to reprice business that does not meet the desired risk-adjusted returns. Exposures whose returns requirements cannot be met will be divested when possible.

Lending volumes increased by 3 per cent in local currency from the previous year. The increase is mainly attributable to the corporate segment. During the second half of 2012 loan portfolios with a volume of SEK 1.6bn were acquired from Hipoteku Bank in Latvia. The first signs of improvement in new household lending have been seen in Estonia and Lithuania in recent months. Swedbank's market share in lending was 28 per cent as of 31 May (28 per cent as of 31 December 2012).

Deposits increased by 9 per cent in local currency from the previous year. Corporate and private deposits both increased significantly year-on-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 30 per cent as of 31 May (31 per cent as of 31 December 2012).

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

Net commission income increased by 11 per cent in local currency compared with the first half of 2012. The increase was mainly due to higher payment commissions, supported by increased customer activity and retail revenue. The number of active customers has grown by 115 000 in the last year to nearly 2.6 million. Higher commission income from fund management also contributed to net commission income growth.

Compared with the previous quarter net commission income rose by 14 per cent in local currency.

Expenses stayed flat in local currency from the previous year, including euro transition costs of SEK 11m in Latvia. The cost/income ratio was 0.44 (0.42). To increase efficiencies, a new Baltic Banking operating model has been created and launched in 2013. The new model will improve collaboration across the region. In addition, the bank is looking into the possibility of reducing the number of branches while at the same time improving service in digital channels.

Net recoveries amounted to SEK 113m, compared with SEK 338m for the first half-year 2012. Recoveries were generated in the corporate portfolios in all three countries, while the mortgage portfolios generated minor impairments. Impaired loans continued to decrease during the first half-year in all three Baltic countries. Impaired loans, gross, amounted to SEK 7.3bn (SEK 12.8bn on 30 June 2012). The decrease was due to amortisations, write-offs and loans that have started to perform, while the inflow of new impaired loans was limited. Credit quality has strengthened through a gradual increase in new lending, which carries a lower risk.

Risk-weighted assets decreased by SEK 3bn during the first half-year to SEK 92bn, mainly driven by the corporate portfolio. Risk-weighted assets have stabilised or decreased in most of the lending portfolios due to an improved risk profile, where improved ratings and collateral have had a positive effect. Exchange rate effects increased risk-weighted assets by SEK 2bn.

During the quarter Swedbank received recognition in all three Baltic countries. In Estonia it was named the most reputable large company for the sixth consecutive year. In similar surveys in Latvia and Lithuania Swedbank ranked second and third, respectively.

Latvia is preparing to convert to the euro on 1 January 2014. In June the European Central Bank and the EU Commission confirmed that Latvia fulfils the Maastricht criteria. The bank's expenses related to the euro transition are estimated at SEK 90m.

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. The various product areas are described on page 21.*

Group Functions & Other

Income statement

SEKm	Q2 2013	Q1 2013	%	Q2 2012	%	Jan-Jun 2013	Jan-Jun 2012	%
Net interest income	426	495	-14	56		921	-57	
Net commissions	1	-25		-4		-24	-27	-11
Net gains and losses on financial items at fair value	-312	-118		18		-430	40	
Share of profit or loss of associates		2		1		2	1	100
Other income	303	297	2	348	-13	600	698	-14
Total income	**418**	**651**	**-36**	**419**	**0**	**1 069**	**655**	**63**
Staff costs	812	787	3	818	-1	1 599	1 649	-3
Variable staff costs	51	73	-30	12		124	61	
Other expenses	-604	-600	1	-540	12	-1 204	-1 012	-19
Depreciation/amortisation	97	98	-1	148	-34	195	292	-33
Total expenses	**356**	**358**	**-1**	**438**	**-19**	**714**	**990**	**-28**
Profit before impairments	**62**	**293**	**-79**	**-19**		**355**	**-335**	
Impairment of intangible assets	114					114		
Impairment of tangible assets	200	81		120	67	281	162	73
Credit impairments		1				1		
Operating profit	**-252**	**211**		**-139**	**81**	**-41**	**-497**	**-92**
Tax expense	3	63	-95	-44		66	-196	
Profit for the period from continuing operations	**-255**	**148**		**-95**		**-107**	**-301**	**-64**
Profit for the period from discontinued operations, after tax	-1 887	-390		-341		-2 277	-620	
Profit for the period	-2 142	-242		-436		-2 384	-921	
Profit for the period attributable to the shareholders of Swedbank AB	**-2 142**	**-243**		**-436**		**-2 385**	**-921**	
Non-controlling interests		1				1		
Full-time employees	4 346	4 359	0	5 545	-22	4 346	5 545	-22

Development January-June

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, which mainly come from Group Treasury. Other income primarily consists of revenue from the savings banks as well as sales revenue and operating income from Ektornet. Income amounted to SEK 1 069m (655).

Expenses for Group Functions & Other decreased by 28 per cent from the previous year to SEK 714m (990). Excluding the net of services purchased and sold internally, expenses fell by 7 per cent to SEK 3 408m (3 674). 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 the complexity of 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 21. GP also comprises the subsidiary Swedbank Franchise AB, which in turn includes the 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 largely comes from the savings banks for the products their customers use.

Expenses, excluding the net of services purchased and sold internally, amounted to SEK 1 583m (1 689) in the first half year 2013. The decrease was mainly due to lower IT maintenance expenses thanks to increased efficiencies as well as lower mailing costs resulting from increased digitalisation.

Group Treasury

Group Treasury is responsible for the bank's funding, liquidity and capital planning, including internal control and pricing within these areas. The Group's equity is allocated to each business area on the basis of capital adequacy rules and how much capital is needed based on 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 control during 2013.

Group Treasury's result over time should be nearly nil, with the exception of earnings that may arise in debt and liquidity management within given risk mandates. The fee paid to the Swedish National Debt Office for government 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 first half-year amounted to SEK 990m, compared with SEK 18m in the same period of 2012. Of the SEK 972m change, SEK 133m is due to lower fees for the government guaranteed funding. Repurchases of covered bonds in particular and the fact that the bank's internal prices better reflect its funding costs have positively affected net interest income. Treasury's net interest income has been temporarily strengthened by positions that have benefitted from lower market rates and to a certain extent by falling 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. The tender offer during the second quarter to repurchase outstanding government guaranteed bonds is expected to positively affect net interest income by about SEK 146m in the year ahead.

Net gains and losses on financial items at fair value amounted to SEK -462m in the first half-year, compared with SEK 16m in the previous year. The first half year 2012 net gains and losses on financial items was negatively affected by SEK 250m due to a correction related to outstanding subordinated loans. The result for the period was negatively affected by SEK 362m by repurchases of covered and senior bonds. Management of the bank's liquidity portfolio reduced net gains and losses on financial items at fair value by SEK 55m, partly because the surplus values in certain portfolio holdings are declining in pace with their remaining maturities. The liquidity portfolio has an average remaining maturity of about 2 years. Net gains and losses on financial items amounted to SEK -343m during the second quarter, of which the tender offer for outstanding government guaranteed bonds had a negative effect of SEK 107m and other repurchases had a negative effect of SEK 103m. Interest rate fluctuations accounted for most of the remaining valuation effects during the quarter.

Russia and Ukraine

During the second quarter Swedbank finalised the sale of its Ukrainian subsidiary, which was reported together with the Russian operations as discontinued operations during the first quarter. This is part of the process of concentrating Swedbank's operations in Sweden and the three Baltic countries. As previously announced, the sale generated a negative cumulative exchange difference of SEK 1 875m (due to the Ukrainian hryvnia's depreciation against the Swedish krona), which was reclassified to the income statement during the second quarter as discontinued operations. When the cumulative exchange difference arose, mainly from 2007 to 2009, equity was directly impacted through other comprehensive income. The reclassified item therefore does not affect Swedbank's capital, capitalisation or cash flow and will not be taken into account when the Board of Directors announces its dividend proposal for 2013.

The result in Ukraine, which is recognised in discontinued operations, amounted to SEK -2 236m during the first half-year (-668), of which SEK 340m is a writedown due to the divestment and SEK 1 875m relates to the reclassification. The result for Russia amounted to SEK -44m (48) during the period. Following the sale of the subsidiary, the remaining exposure in Ukraine consists of properties managed by Swedbank's subsidiary Ektornet; see below.

Swedbank has ceased accepting new business in Russia and is winding down its remaining operations. Swedbank's net lending in Russia (including leasing) is approximately SEK 2bn. The lending portfolio in Russia, consisting mainly of good quality corporate loans, will decrease through amortisation. Swedbank has real estate assets worth about SEK 128m in Russia, which also will be sold.

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 226m (SEK 4 606m as of 31 December 2012).

Assets taken over SEKm	30 Jun 2013	31 Dec 2012
Sweden	48	374
Finland		281
Estonia	243	304
Latvia	1 354	1 665
Lithuania	237	351
USA	881	1 217
Ukraine	410	364
Total properties	**3 173**	**4 556**
Shares	53	50
Total	**3 226**	**4 606**

During the first half-year properties were sold for SEK 1 501m (846) with an aggregate capital gain of SEK 128m (107). Sales proceeds during the second quarter amounted to SEK 511m (349) with a gain of SEK 71m (53). The sales during the quarter mainly consisted of a hotel in the US, a commercial property in Ukraine and a large holding of apartments in Latvia. During the period properties were acquired for SEK 180m (765), mainly in Ukraine as part of the discontinuation of Swedbank's operations there. Property values were written down by SEK 281m (162), of which SEK 200m (120) in the second quarter. The result for the period was SEK -281m (-206). Expenses amounted to SEK 229m (324).

The number of employees at the end of the period decreased to 138, compared with 508 (of which 305 hotel employees) as of 30 June 2012. The number of properties, including condominiums and the like, was 2 367 (2 528 at the beginning of the year), of which 1 392 were in Latvia (1 695 at the beginning of the year).

***Group Functions & Other** comprises, in addition to Group Functions, Ektornet and the banking operations in Russia and Ukraine which are being wound down. Group Functions operate across the business areas and serve as strategic and administrative support for them. Group Functions include Group Products, Group IT, 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.*

Eliminations

Income statement

SEKm	Q2 2013	Q1 2013	Q2 2012	Jan-Jun 2013	Jan-Jun 2012
Net interest income	2	1	-1	3	-2
Net commissions	20	17	22	37	34
Net gains and losses on financial items at fair value					
Other income	-77	-59	-53	-136	-113
Total income	**-55**	**-41**	**-32**	**-96**	**-81**
Staff costs					
Variable staff costs					
Other expenses	-55	-41	-32	-96	-81
Depreciation/amortisation					
Total expenses	**-55**	**-41**	**-32**	**-96**	**-81**

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

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 the bank, 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 card 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 card payment acquisition companies 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 1 970m during the first half-year, an increase of 7 per cent year-on-year. The positive revenue trend was mainly due to an increase in transactions (both card acquiring and card issuing) as well as higher credit volumes in EnterCard.

Card related income SEKm	**Jan-Jun 2013**	**Jan-Jun 2012**	**%**
Card acquiring	373	354	5
of which Nordic countries	315	301	5
of which Baltic countries	58	53	9
Card issuing	796	708	12
of which Sweden	527	461	14
of which Baltic countries	269	247	9
Net interest income, credit cards	146	142	3
of which Sweden	32	29	10
of which Baltic countries	114	113	1
Entercard*	655	632	4
Total Card related income	**1 970**	**1 836**	**7**

* 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 9 per cent to SEK 208bn compared with the first half of 2012, the market as a whole also grew by 9 per cent. The number of transactions processed rose by 11 per cent to 850 million, the market as a whole also grew by 11 per cent. Income is not growing at the same pace as the volume of acquired payments or the number of acquired 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 card issuers have been renegotiated, resulting in lower compensation.

In card payment acquisitions, one of Swedbank's most important growth areas is rapidly expanding 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. Swedbank is focused on expanding and improving its e-commerce offering, where its processing volume increased by over 50 per cent compared with the first half of 2012.

The number of card purchases increased by 11 per cent during the first half-year to 570 million. In Latvia and Lithuania the increases were 18 and 15 per cent, respectively. The number of cards issued by Swedbank rose by 1 per cent to 7.8 million compared with the first half of 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. To date two thirds of our corporate customers have chosen the new card. In 2012 a long-term agreement was signed 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 based on number of transactions.

Key ratios, cards	Jan-Jun 2013	Jan-Jun 2012	%
Card acquiring transactions, millions	850	764	11
Card acquiring volume, SEKbn	208	191	9
Issued cards, millions	7.8	7.7	1
Card purchases (POS), millions	570	515	11
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-Jun 2013	Jan-Jun 2012	%
Sweden	8 450	7 930	7
of which collective occupational pension	2 833	3 120	-9
of which endowment insurance	3 984	3 340	19
of which occupational pension	976	852	15
of which risk insurance	347	326	7
of which other	310	292	6
Baltic countries	489	484	1
of which life insurance	303	301	1
of which non-life insurance	186	183	2

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 7 per cent in terms of premium income. Assets under management increased during the period by 6 per cent to SEK 110bn, of which SEK 96bn relates to unit linked insurance and custody insurance. At the same time premium income rose by 7 per cent to SEK 8.4bn.

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 in risk products such as life and health insurance as well as in occupational pensions. Today only 20 per cent of Swedbank's and the savings banks' corporate customers with revenues of SEK 1-100m have an occupational pension solution for their employees from Swedbank Försäkring.

Premium income from occupational pensions amounted to SEK 3.8bn (4.0) during the first half-year, of which occupational pensions excluding collective pensions increased by 15 per cent year-on-year to SEK 976bn. To increase sales of occupational pensions, Swedbank Försäkring will launch an updated pension plan package during the year.

As of 1 July Swedbank Försäkring is a company of choice for the collectively negotiated occupational pension plan (ITP) for 2013-2018. The fees for ITP are low, but it is important to be able to offer collective occupational pensions as part of a total offering to the 1.5 million private sector employees. 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 period sales of the Swedbank private protection concept reached over 51 000 insurance products, an increase of 35 per cent year-on-year.

We are in the process of simplifying processes and routines and improving efficiencies. For example, administrative paperwork has now been completely digitised, and simplified risk rules have made it easier and more expedient to manage customers. An automated sales workflow for risk protection insurance means that 75 per cent of cases can be processed at the time of sale.

From March to June 140 000 customers of the bank who previously had free loan protection were offered a new, fee-based life insurance product. Over 95 000 have been sold, representing an annual premium of nearly SEK 75m.

Assets under management SEKbn	30 Jun 2013	31 Dec 2012	%
Sweden	109.5	103.4	6
of which collective occupational pension	43.7	38.2	14
of which endowment insurance	46.8	48.6	-4
of which occupational pension	10.9	8.7	25
of which other	8.1	8.0	2
Baltic countries	3.2	3.3	-3
of which life insurance	3.2	3.3	-3

Baltic countries

In Estonia, Latvia and Lithuania the market shares for life insurance as of 31 May are 39, 14 and 22 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 mainly focuses on risk insurance for existing loan customers, where it sees great growth potential due to an inadequate social welfare system.

Premium income from risk insurance rose by 8 per cent in local currency compared with 2012 to SEK 55m. Sales were especially strong for credit life, a life insurance product tied to a bank loan, which increased by 5 per cent in local currency. Around 32 per cent of the bank's borrowers currently have credit life. Premium payments for the total Baltic life insurance operations increased by 4 per cent in local currency to SEK 303m compared with the previous year. Assets under management decreased by 1 per cent in local currency to SEK 3.2bn, of which SEK 1.8bn relates to unit linked insurance.

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 mainly offers 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 by launching new and simpler products. During the second quarter, for example, a loan protection product was launched to cover loan expenses in the event of a customer's illness or job loss. Total premium income for non-life insurance in the Baltic countries amounted to SEK 186m during the period, an increase of 6 per cent in local currency.

Revenue
Swedbank's aggregate insurance revenue amounted to SEK 935m (964) during the first half-year. Swedish life insurance accounts for SEK 728m (719). The increase in Sweden was mainly due to an improved risk result. A portion of the risk insurance premium is continuously allocated to cover future claims. 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 first half-year, which led to increased insurance revenue. Falling interest rates have reduced the return on shareholders´ equity, however, which has led to lower revenue. As a result, the total increase for Swedish life insurance is 1 per cent. Revenue from non-life operations in Sweden also rose, and there are now nearly 215 000 contracts, an increase of 9 per cent year-on-year.

Revenue for the Baltic life and non-life operations decreased during the first half-year. Falling interest rates have led to a lower return on assets, primarily for life insurance operations, while the risk result there was stable. Revenue for Baltic non-life operations fell by 28 per cent in local currency to SEK 79m. The decrease was mainly due to a lower risk result as a result of higher claims than in the previous year. Claims during the period are in line with the average for previous years, while the level of claims in the previous year was relatively low.

Insurance related income SEKm	**Jan-Jun 2013**	**Jan-Jun 2012**	**%**
Sweden	766	740	4
of which life insurance	728	719	1
of which non-life insurance	38	21	78
Baltic countries	169	224	-25
of which life insurance	90	110	-19
of which non-life insurance	79	114	-30
Total insurance related income	**935**	**964**	**-3**

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 120 funds as well as discretionary asset management, including management of pension assets. Fund assets under management amounted to SEK 561bn, of which SEK 541bn was in Sweden, where the market share was 24 per cent in terms of assets under management. Discretionary assets under management amounted to SEK 257bn.

During the first half-year the total net inflow was primarily to mixed funds, while fixed income funds had a net outflow. The total net inflow to Swedbank Robur's funds in Sweden was SEK 7.7bn, corresponding to a market share of 16 per cent during the first half-year. The positive net flow was mainly due to a high level of activity at Swedbank's and the savings banks' branches, where flows mainly went to private banking investment solutions, short-term fixed income funds and collective occupational pensions.

Measures to clarify and simplify the customer offering are continuing in 2013. During the first half-year seven funds were either merged or shut down.

The share of funds with returns surpassing their comparative indices during the first half-year was 32 per cent (30 per cent for the same period in 2012). The average rating according to Morningstar has improved and is now 3.36 (3.11), the second best among comparable companies.

Asset management Key ratios, SEKbn	**Jan-Jun 2013**	**Jan-Jun 2012**	**%**
Total income, SEKm	1 972	1 834	8
Asset under management	561	465	21
of which Sweden	541	447	21
of which Baltics	18	16	13
of which Norway	2	2	0
Discretionary asset management	257	275	-6
of which Sweden	255	274	-7
of which Baltics	2	1	100

Income for capital market products amounted to SEK 1 972m, which is 8 per cent higher than the same period in 2012. The improvement was mainly from an increase in average capital as a result of higher equity prices, but also from the positive net flows. Excluding the Folksam LO funds consolidated in the fourth quarter of 2012, average fund assets grew by 10 per cent. Income, which increased by SEK 48m from the previous quarter, was positively affected by the market's development at the beginning of the quarter. Despite a weaker finish, average assets under management rose by 3 per cent.

Income from institutional management, excluding Swedbank Robur's funds, amounted to SEK 46m. Compared with the same period in 2012 income fell by SEK 23m, mainly because the Folksam LO funds are managed by Swedbank Robur since the fourth quarter. Performance-related income received during the first half of 2013 decreased by SEK 7m year-on-year.

In June the Mobile Bank added a new savings and investment functionality, allowing users to easily buy, sell and trade fund shares, track their holdings and maintain an overview of their savings.

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 creates greater competition.

Online payment services are an important growth area for Swedbank. Today over 2.9 million customers in Sweden and 2.1 million in the Baltic countries have access to payment services through the Internet Bank and the Mobile Bank. During the first half of 2013 the number of transactions through these channels grew by 7.8 per cent year-on-year.

Several new solutions for the digital channels have been developed in Sweden. One example is OCR bill scanning. To facilitate payments through the Internet Bank and the Mobile Bank, Swedbank also introduced a mobile BankID in autumn 2012. The service has quickly grown and now has over 460 000 users. Swish, a solution shared with other Swedish banks that makes it easy to send and receive money by mobile phone, was introduced last autumn. The number of users has rapidly grown to over 400 000 for the participating banks, of which over 150 000 are customers of Swedbank and the savings banks.

When doing business abroad, companies face very different risks than at home. Trade Finance gives importers and exporters the opportunity to minimise financial risk and improve liquidity in markets where normal means of payment do not work. Its principal products are cash against documents (CAD), letters of credit and bank guarantees. Customers increasingly demand customised solutions.

Payments **Key ratios**	**Jan-Jun 2013**	**Jan-Jun 2012**	**%**
International payments (millions)	4.8	4.5	8
of which Sweden	2.2	2.1	4
of which Baltic countries	2.7	2.4	12
Domestic payments (millions)	432.0	408.8	6
of which Sweden	312.1	297.3	5
of which Baltic countries	119.9	111.5	8
E-services payments (millions)	89.4	52.3	71
of which Sweden	78.4	42.5	84
of which Baltic countries	11.0	9.8	13
Trade Finance, new deals	11 906	11 673	2
of which Sweden	5 640	5 020	12
of which Baltic countries	6 266	6 653	-6
Factoring portfolio, SEKm	8 279	8 263	0
of which Sweden	4 261	4 260	0
of which Baltic countries	4 018	4 003	0

Domestic payments include 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.

Since Bankomat AB took over responsibility for Swedbank's ATMs, Swedbank pays Bankomat AB a commission, which explains the lower net commission income. During the second quarter commissions paid to Bankomat AB amounted to approximately SEK 53m. In 2013 commissions of approximately SEK 300m are expected to be paid to Bankomat AB with expenses decreasing by about the same amount.

Payments **Income, SEKm**	**Jan-Jun 2013**	**Jan-Jun 2012**	**%**
Net commission income	512	576	-11
of which Nordic countries	271	337	-19
of which Baltic countries	241	239	1

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 194bn (1 184 as of 31 December 2012). The large part consists of household lending, with mortgages to Swedish private customers and tenant-owner associations accounting for about 50 per cent of the total. Swedbank's market share for mortgages in Sweden is 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 332bn and a market share of 17 per cent. Major sectors in Sweden include property-related lending, which accounts for SEK 128bn, and the forestry and agricultural sector, where Swedbank has a dominant position, accounting for SEK 64bn. 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 119bn, 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 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 642bn (558), of which SEK 336bn (332) is to private customers and SEK 306bn (226) to corporate customers.

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

Financial information - contents

More detailed information can be found in Swedbank's fact book, www.swedbank/se/ir, under Financial information and publications.

Income statement, condensed

Group SEKm	Q2 2013	Q1 2013	%	Q2 2012	%	Jan-Jun 2013	Jan-Jun 2012	%
Interest income	11 113	11 069	0	12 958	-14	22 182	26 322	-16
Interest expenses	-5 704	-5 716	0	-7 923	-28	-11 420	-16 392	-30
Net interest income (note 5)	**5 409**	**5 353**	**1**	**5 035**	**7**	**10 762**	**9 930**	**8**
Commission income	3 632	3 420	6	3 366	8	7 052	6 716	5
Commission expenses	-1 107	-1 032	7	-1 027	8	-2 139	-1 979	8
Net commissions (note 6)	**2 525**	**2 388**	**6**	**2 339**	**8**	**4 913**	**4 737**	**4**
Net gains and losses on financial items at fair value (note 7)	296	557	-47	577	-49	853	1 556	-45
Insurance premiums	419	498	-16	499	-16	917	928	-1
Insurance provisions	-275	-305	-10	-336	-18	-580	-607	-4
Net insurance	**144**	**193**	**-25**	**163**	**-12**	**337**	**321**	**5**
Share of profit or loss of associates	197	206	-4	210	-6	403	419	-4
Other income	408	385	6	464	-12	793	897	-12
Total income	**8 979**	**9 082**	**-1**	**8 788**	**2**	**18 061**	**17 860**	**1**
Staff costs	2 391	2 358	1	2 336	2	4 749	4 745	0
Other expenses (note 8)	1 567	1 514	4	1 616	-3	3 081	3 311	-7
Depreciation/amortisation	168	171	-2	219	-23	339	442	-23
Total expenses	**4 126**	**4 043**	**2**	**4 171**	**-1**	**8 169**	**8 498**	**-4**
Profit before impairments	**4 853**	**5 039**	**-4**	**4 617**	**5**	**9 892**	**9 362**	**6**
Impairment of intangible assets (note 14)	170			4		170	4	
Impairment of tangible assets	202	85		124	63	287	164	75
Credit impairments (note 9)	88	60	47	-49		148	-145	
Operating profit	**4 393**	**4 894**	**-10**	**4 538**	**-3**	**9 287**	**9 339**	**-1**
Tax expense	913	976	-6	1 047	-13	1 889	2 155	-12
Profit for the period from continuing operations	**3 480**	**3 918**	**-11**	**3 491**	**0**	**7 398**	**7 184**	**3**
Profit for the period from discontinued operations, after tax	-1 887	-390		-341		-2 277	-620	
Profit for the period	1 593	3 528	-55	3 150	-49	5 121	6 564	-22
Profit for the period attributable to the shareholders of Swedbank AB	**1 592**	**3 525**	**-55**	**3 147**	**-49**	**5 117**	**6 557**	**-22**
of which profit for the period from continuing operations	3 478	3 916	-11	3 488	0	7 394	7 177	3
of which profit for the period from discontinued operations	-1 886	-391		-341		-2 277	-620	
Non-controlling interests	1	3	-67	3	-67	4	7	-43
of which profit for the period from continuing operations	2	2	0	3	-33	4	7	-43
of which profit for the period from discontinued operations	-1	1						

Statement of comprehensive income, condensed

Group SEKm	Q2 2013	Q1 2013	%	Q2 2012	%	Jan-Jun 2013	Jan-Jun 2012	%
Profit for the period reported via income statement	**1 593**	**3 528**	**-55**	**3 150**	**-49**	**5 121**	**6 564**	**-22**
Items that will not be reclassified to the income statement								
Remeasurements of defined benefit pension plans	1 402	674		-831		2 076	-460	
Share related to associates	25	-16		-21		9	-13	
Income tax	-312	-145		224		-457	124	
Total	**1 115**	**513**		**-628**		**1 628**	**-349**	
Items that may be reclassified to the income statement								
Exchange differences, foreign operations								
Gains/losses arising during the period	2 089	-1 347		-344		742	-617	
Reclassification adjustments to income statement, net gains and losses on financial items at fair value or profit for the period from discontinued operation	1 875					1 875	-1	
Hedging of net investments in foreign operations:								
Gains/losses arising during the period	-1 644	1 085		313		-559	453	
Cash flow hedges:								
Gains/losses arising during the period	-26	-40	-35	-32	-19	-66	-461	86
Reclassification adjustments to income statement, net interest income	25	22	14	48	-48	47	121	-61
Share of other comprehensive income of associates	-9	-53	-83	-1		-62	17	
Income tax	361	-236		-88		125	-31	
Total	**2 671**	**-569**		**-104**		**2 102**	**-519**	
Other comprehensive income for the period, net of tax	**3 786**	**-56**		**-732**		**3 730**	**-868**	
Total comprehensive income for the period	**5 379**	**3 472**	**55**	**2 418**		**8 851**	**5 696**	**55**
Total comprehensive income attributable to the shareholders of Swedbank AB	**5 378**	**3 469**	**55**	**2 415**		**8 847**	**5 689**	**56**
Non-controlling interests	1	3	-67	3	-67	4	7	-43

During the first half year of 2013 a revenue was recognized in other comprehensive income amounting to SEK 1 628m (-349) after tax and associates included related to remeasurements of defined benefit pension plans. The revenue arose due to the increase of the discount rate that is used in the calculation of the pension obligation, from 2.84% to 3.49%.

During the first half year of 2013 a positive exchange difference was also recognized related to the Group's foreign net investments amounting to SEK 742m (-617). The revenue arose due to that the Swedish Krona was weakened against mainly the euro and the other Baltic currencies that are correlated with the euro. The revenue is not taxable. Because the main part of the Group's net investments are hedged against currency risk an expense arose related to hedging instruments amounting to SEK -559m (453) before tax.

Remeasurement of defined benefit pension plans and translation of net investments in foreign operation could be volatile individual periods based on how the discount rate and exchange rates respectively are changing.

Key ratios

Group SEKm	Q2 2013	Q1 2013	Q2 2012	Jan-Jun 2013	Jan-Jun 2012
Earnings per share, continuing operations, SEK[1)]	3.16	3.57	3.17	6.73	6.53
after dilution[1)]	3.15	3.54	3.16	6.69	6.51
Earnings per share, discontinued operations, SEK[1)]	-1.71	-0.36	-0.31	-2.07	-0.56
after dilution[1)]	-1.71	-0.35	-0.31	-2.06	-0.56
Earnings per share, total operations, SEK[1)]	1.45	3.21	2.86	4.66	5.97
after dilution[1)]	1.44	3.19	2.85	4.63	5.95
Equity per share, SEK	89.44	84.57	85.18	89.44	85.18
Return on equity, continuing operations, %	14.1	15.3	14.6	14.7	14.9
Return on equity, total operations, %	6.5	13.8	13.2	10.1	13.6
Credit impairment ratio, %	0.03	0.02	-0.01	0.02	-0.02

[1)] 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 50.

Balance sheet, condensed

Group SEKm	30 Jun 2013	31 Dec 2012	%	30 Jun 2012	%
Assets					
Cash and balance with central banks	199 879	130 058	54	132 028	51
Loans to credit institutions (note 10)	73 100	85 480	-14	94 083	-22
Loans to the public (note 10)	1 245 820	1 238 864	1	1 228 494	1
Value change of interest hedged item in portfolio hedge	-234				
Interest-bearing securities	135 550	135 807	0	131 525	3
Financial assets for which customers bear the investment risk	110 780	104 194	6	101 273	9
Shares and participating interests	4 600	8 106	-43	1 684	
Investments in associates	3 267	3 552	-8	3 346	-2
Derivatives (note 18)	71 470	102 265	-30	98 070	-27
Intangible fixed assets (note 14)	13 485	13 440	0	13 621	-1
Investment properties	1 439	2 393	-40	3 249	-56
Tangible assets	3 904	4 638	-16	5 097	-23
Current tax assets	629	1 082	-42	1 447	-57
Deferred tax assets	484	657	-26	770	-37
Other assets	8 319	8 380	-1	11 207	-26
Prepaid expenses and accrued income	7 742	7 736	0	7 877	-2
Group of assets classified as held for sale	2 388	208		245	
Total assets	**1 882 622**	**1 846 860**	**2**	**1 834 016**	**3**
Liabilities and equity					
Amounts owed to credit institutions (note 15)	124 002	122 202	1	128 657	-4
Deposits and borrowings from the public (note 16)	673 175	579 663	16	559 955	20
Debt securities in issue (note 17)	746 252	767 454	-3	786 460	-5
Financial liabilities for which customers bear the investment risk	111 680	105 104	6	101 837	10
Derivatives (note 18)	59 862	92 141	-35	90 179	-34
Current tax liabilities	635	1 378	-54	1 176	-46
Deferred tax liabilities	2 645	2 641	0	2 270	17
Short positions, securities	15 649	18 229	-14	17 272	-9
Other liabilities	18 752	16 624	13	12 254	53
Accrued expenses and prepaid income	12 676	16 782	-24	14 088	-10
Provisions	4 931	7 073	-30	6 167	-20
Subordinated liabilities	10 585	14 307	-26	17 023	-38
Liabilities directly associated with group of assets classified as held for sale	375	76		95	
Equity	101 403	103 186	-2	96 583	5
of which non-controlling interests	153	154	-1	155	-1
of which attributable to shareholders of Swedbank AB	101 250	103 032	-2	96 428	5
Total liabilities and equity	**1 882 622**	**1 846 860**	**2**	**1 834 016**	**3**

Statement of changes in equity, condensed

Group SEKm	Share capital	Other contri-buted equity*	Exchange differences, subsidiaries and associates	Hedging of net investments in foreign operations**	Cash flow hedges	Retained earnings	Total	Non-controlling interests	Total equity
	Shareholders' equity								
January-June 2012									
Closing balance 31 December 2011	**24 383**	**17 187**	**-2 389**	**136**	**268**	**58 408**	**97 993**	**140**	**98 133**
Change in accounting policy regarding defined benefit pension plans according to IAS 19						-1 582	-1 582		-1 582
Opening balance 1 January 2012	**24 383**	**17 187**	**-2 389**	**136**	**268**	**56 826**	**96 411**	**140**	**96 551**
Dividends						-5 825	-5 825	-6	-5 831
Decrease in share capital	-611					611			
Bonus issue	1 132					-1 132			
Share based payments to employees						158	158		158
Associates' acquisition of shares in Swedbank AB						-6	-6		-6
Changes in ownership interest in subsidiary						1	1		1
Business disposals								-2	-2
Contribution								16	16
Total comprehensive income for the period			-602	333	-250	6 208	5 689	7	5 696
Closing balance 30 June 2012	**24 904**	**17 187**	**-2 991**	**469**	**18**	**56 841**	**96 428**	**155**	**96 583**
January-December 2012									
Closing balance 31 December 2011	**24 383**	**17 187**	**-2 389**	**136**	**268**	**58 408**	**97 993**	**140**	**98 133**
Change in accounting policy regarding defined benefit pension plans according to IAS 19						-1 582	-1 582		-1 582
Opening balance 1 January 2012	**24 383**	**17 187**	**-2 389**	**136**	**268**	**56 826**	**96 411**	**140**	**96 551**
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
Closing balance 31 December 2012	**24 904**	**17 275**	**-3 848**	**1 001**	**-42**	**63 742**	**103 032**	**154**	**103 186**
January-June 2013									
Opening balance 1 January 2013	**24 904**	**17 275**	**-3 848**	**1 001**	**-42**	**63 742**	**103 032**	**154**	**103 186**
Dividends						-10 880	-10 880	-5	-10 885
Share based payments to employees						212	212		212
Deferred tax related to share based payments to employees						39	39		39
Associates' acquisition of shares in Swedbank AB						-14	-14		-14
Associates' disposal of shares in Swedbank AB						14	14		14
Total comprehensive income for the period			2 553	-436	-15	6 745	8 847	4	8 851
Closing balance 30 June 2013	**24 904**	**17 275**	**-1 295**	**565**	**-57**	**59 858**	**101 250**	**153**	**101 403**

In connection to the rights issues in 2008 and 2009 an assessment was made on the non-deductable VAT Swedbank AB would have to pay on 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-Jun 2013	Full-year 2012	Jan-Jun 2012
Operating activities			
Operating profit	9 287	19 466	9 339
Profit for the period from discontinued operations	-2 277	-997	-620
Adjustments for non-cash items in operating activities	-2 403	-460	-5 196
Taxes paid	-1 736	-3 202	-3 057
Increase/decrease in loans to credit institutions	11 686	10 760	2 666
Increase/decrease in loans to the public	-11 219	-32 215	-19 219
Increase/decrease in holdings of securities for trading	2 514	-6 334	4 894
Increase/decrease in deposits and borrowings from the public including retail bonds	91 961	21 504	-86
Increase/decrease in amounts owed to credit institutions	1 216	-15 011	-10 220
Increase/decrease in other assets	26 750	610	5 648
Increase/decrease in other liabilities	-25 491	-2 202	-12 097
Cash flow from operating activities	**100 288**	**-8 081**	**-27 948**
Investing activities			
Business combinations		-6	
Business disposals		2	2
Acquisitions of and contributions to associates	-2	-30	-30
Acquisitions of other fixed assets and strategic financial assets	-164	-1 842	-323
Disposals/maturity of other fixed assets and strategic financial assets	1 082	3 796	1 576
Cash flow from investing activities	**916**	**1 920**	**1 225**
Financing activities			
Issuance of interest-bearing securities	68 314	142 962	96 440
Redemption of interest-bearing securities	-103 194	-155 970	-91 879
Issuance of commercial paper etc.	255 734	485 486	248 299
Redemption of commercial paper etc.	-241 597	-494 412	-252 503
Dividends paid	-10 885	-5 831	-5 831
Changes in ownership interest in subsidiary		-1	1
Contribution		16	16
New share issue			
Repurchased shares			
Cash flow from financing activities	**-31 628**	**-27 750**	**-5 457**
Cash flow for the period	**69 576**	**-33 911**	**-32 180**
Cash and cash equivalents at the beginning of the period	**130 058**	**164 307**	**164 307**
Cash flow for the period	69 576	-33 911	-32 180
Exchange rate differences on cash and cash equivalents	245	-338	-99
Cash and cash equivalents at end of the period	**199 879**	**130 058**	**132 028**

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 standards 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 the statement UFR 9 on accounting for tax on returns from the Financial Reporting Council 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 Income statement in subsequent periods. When calculating the pension expense recognised through Income statement, an employer may no longer use its own assumed return on assets under management. 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 reduced 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 will not be reclassified to the Income statement and components that have been or will be reclassified to the Income statement.

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 constitutes 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 interest rate exposure in any portfolio with financial assets where the hedged portion is identified as a single amount rather than as individual assets. Because the hedge relates to a portfolio rather than individual balance sheet items, the hedged items' change in value is recognised 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 branch offices, with the exception of the branch office 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. Nor are the revisions that have been issued to date expected 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. They will affect Swedbank's financial reporting. Their scope cannot be determined, however, until the rules are finalised.

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 half-year 2013 from SEK 4 578m to SEK 3 794m. The changes were based on the losses 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 620m as of 30 June 2013, of which SEK 8 913m related to the investment in the Baltic operations. There were no indications to warrant impairment testing as of the closing day.

Note 3 Changes in the Group structure

External

During the first quarter of 2013 an agreement was signed to sell the Ukrainian subsidiary JSC Swedbank to Mykola Lagun, the majority owner of Delta Bank in Ukraine. The sale was finalised during the second quarter of 2013, when the necessary regulatory approval was received and control of the company was transferred to the buyer. As a result, the operations have been derecognised from the balance sheet. In note 24 Discontinued operations, the financial effects are disclosed.

Internal

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

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-Jun 2013 SEKm	Retail	Large Corporates & Institutions	Baltic Banking	Group Functions & Other	Eliminations	Group
Income statement						
Net interest income	6 699	1 634	1 505	921	3	10 762
Net commissions	3 125	942	833	-24	37	4 913
Net gains and losses on financial items at fair value	67	1 082	134	-430		853
Share of profit or loss of associates	401			2		403
Other income	397	82	187	600	-136	1 130
Total income	**10 689**	**3 740**	**2 659**	**1 069**	**-96**	**18 061**
of which internal income	108	4	2	-318	204	
Staff costs	1 737	579	377	1 599		4 292
Variable staff costs	115	192	26	124		457
Other expenses	2 892	772	717	-1 204	-96	3 081
Depreciation/amortisation	60	25	59	195		339
Total expenses	**4 804**	**1 568**	**1 179**	**714**	**-96**	**8 169**
Profit before impairments	**5 885**	**2 172**	**1 480**	**355**		**9 892**
Impairment of intangible assets		56		114		170
Impairment of tangible assets			6	281		287
Credit impairments	92	168	-113	1		148
Operating profit	**5 793**	**1 948**	**1 587**	**-41**		**9 287**
Tax expense	1 221	473	129	66		1 889
Profit for the period from continuing operations	4 572	1 475	1 458	-107		7 398
Profit for the period from discontinued operations, after tax				-2 277		-2 277
Profit for the period	4 572	1 475	1 458	-2 384		5 121
Profit for the period attributable to the shareholders of Swedbank AB	**4 569**	**1 475**	**1 458**	**-2 385**		**5 117**
Non-controlling interests	3			1		4
Balance sheet, SEKbn						
Cash and balances with central banks		4	2	194		200
Loans to credit institutions	30	311	1	188	-457	73
Loans to the public	919	203	119	5		1 246
Bonds and other interest-bearing securities		45	1	95	-5	136
Financial assets for which customers bear inv. risk	109		2			111
Investments in associates	2			1		3
Derivatives		89		27	-45	71
Total tangible and intangible assets	3		10	8		21
Other assets	7	15	1	689	-690	22
Total assets	**1 070**	**667**	**136**	**1 207**	**-1 197**	**1 883**
Amounts owed to credit institutions	74	196		306	-452	124
Deposits and borrowings from the public	378	101	110	89	-5	673
Debt securities in issue		15	1	739	-9	746
Financial liabilities for which customers bear inv. risk	110		2			112
Derivatives		84		21	-45	60
Other liabilities	475	252	1	14	-686	56
Subordinated liabilities				11		11
Total liabilities	**1 037**	**648**	**114**	**1 180**	**-1 197**	**1 782**
Allocated equity	33	19	22	27		101
Total liabilities and equity	**1 070**	**667**	**136**	**1 207**	**-1 197**	**1 883**
Key figures						
Return on allocated equity, continuing operations, %	28.0	15.6	12.7	-0.8		14.7
Return on allocated equity, total operations, %	28.0	15.6	12.7	-18.1		10.1
Cost/income ratio	0.45	0.42	0.44	0.67		0.45
Credit impairment ratio, %	0.02	0.14	-0.20	0.01		0.02
Loan/deposit ratio, %	243	219	108	6		186
Loans, SEKbn	919	151	119	5		1 194
Deposits, SEKbn	378	69	110	85		642
Risk-weighted assets, SEKbn	201	133	92	29		455
Full-time employees	4 921	1 031	4 053	4 346		14 351

Jan-Jun 2012 SEKm	Retail	Large Corporates & Institutions	Baltic Banking	Group Functions & Other	Eliminations	Group
Income statement						
Net interest income	6 733	1 478	1 778	-57	-2	9 930
Net commissions	3 069	881	780	-27	34	4 737
Net gains and losses on financial items at fair value	85	1 290	141	40		1 556
Share of profit or loss of associates	412	6		1		419
Other income	399	17	217	698	-113	1 218
Total income	**10 698**	**3 672**	**2 916**	**655**	**-81**	**17 860**
of which internal income	126	-6	-3	-564	447	
Staff costs	1 725	595	379	1 649		4 348
Variable staff costs	76	225	35	61		397
Other expenses	2 975	684	745	-1 012	-81	3 311
Depreciation/amortisation	64	22	64	292		442
Total expenses	**4 840**	**1 526**	**1 223**	**990**	**-81**	**8 498**
Profit before impairments	**5 858**	**2 146**	**1 693**	**-335**		**9 362**
Impairment of intangible assets		4				4
Impairment of tangible assets			2	162		164
Credit impairments	123	70	-338			-145
Operating profit	**5 735**	**2 072**	**2 029**	**-497**		**9 339**
Tax expense	1 477	701	173	-196		2 155
Profit for the period from continuing operations	4 258	1 371	1 856	-301		7 184
Profit for the period from discontinued operations, after tax				-620		-620
Profit for the period	4 258	1 371	1 856	-921		6 564
Profit for the period attributable to the shareholders of Swedbank AB	**4 251**	**1 371**	**1 856**	**-921**		**6 557**
Non-controlling interests	7					7
Balance sheet, SEKbn						
Cash and balances with central banks	2	6	2	122		132
Loans to credit institutions	29	269		195	-399	94
Loans to the public	902	196	115	15		1 228
Bonds and other interest-bearing securities		59	2	81	-10	132
Financial assets for which customers bear inv. risk	99		2			101
Investments in associates	2			1		3
Derivatives		113		33	-48	98
Total tangible and intangible assets	3	1	10	8		22
Other assets	10	15	2	649	-652	24
Total assets	**1 047**	**659**	**133**	**1 104**	**-1 109**	**1 834**
Amounts owed to credit institutions	71	209		243	-394	129
Deposits and borrowings from the public	367	83	100	14	-4	560
Debt securities in issue		19	1	780	-14	786
Financial liabilities for which customers bear inv. risk	100		2			102
Derivatives		112		26	-48	90
Other liabilities	476	215	5	7	-649	54
Subordinated liabilities				17		17
Total liabilities	**1 014**	**638**	**108**	**1 087**	**-1 109**	**1 738**
Allocated equity	33	21	25	17		96
Total liabilities and equity	**1 047**	**659**	**133**	**1 104**	**-1 109**	**1 834**
Key figures						
Return on allocated equity, continuing operations, %	27.4	14.4	14.8	-2.8		14.9
Return on allocated equity, total operations, %	27.4	14.4	14.8	-8.7		13.6
Cost/income ratio	0.45	0.42	0.42	1.51		0.48
Credit impairment ratio, %	0.03	0.06	-0.57	0.00		-0.02
Loan/deposit ratio, %	246	224	115	110		216
Loans, SEKbn	902	150	115	12		1 179
Deposits, SEKbn	367	67	100	11		545
Risk-weighted assets, SEKbn	214	135	98	38		485
Full-time employees	4 971	1 049	4 123	5 545		15 688

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 Functions are transfer priced at cost to the operating segments. 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 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	Q2 2013	Q1 2013	%	Q2 2012	%	Jan-Jun 2013	Jan-Jun 2012	%
Interest income								
Loans to credit institutions	193	213	-9	359	-46	406	782	-48
Loans to the public	10 377	10 498	-1	12 057	-14	20 875	24 461	-15
Interest-bearing securities	504	522	-3	823	-39	1 026	1 570	-35
Derivatives	129	93	39	85	52	222	341	-35
Other	116	118	-2	126	-8	234	287	-18
Total interest income	**11 319**	**11 444**	**-1**	**13 450**	**-16**	**22 763**	**27 441**	**-17**
of which interest income reported in net gains and losses on financial items at fair value	206	375	-45	492	-58	581	1 119	-48
Interest income according to income statement	**11 113**	**11 069**	**0**	**12 958**	**-14**	**22 182**	**26 322**	**-16**
Interest expenses								
Amounts owed to credit institutions	-180	-173	4	-277	-35	-353	-596	-41
Deposits and borrowings from the public	-1 278	-1 330	-4	-1 889	-32	-2 608	-3 922	-34
of which deposit guarantee fees	-149	-138	8	-135	10	-287	-269	7
Debt securities in issue	-4 813	-4 838	-1	-5 547	-13	-9 651	-11 236	-14
of which commissions for government guaranteed funding	-39	-49	-20	-88	-56	-88	-221	-60
Subordinated liabilities	-187	-189	-1	-278	-33	-376	-553	-32
Derivatives	626	720	-13	-130		1 346	-548	
Other	-127	-147	-14	-172	-26	-274	-337	-19
of which government stabilisation fund fee	-108	-138	-22	-144	-25	-246	-288	-15
Total interest expenses	**-5 959**	**-5 957**	**0**	**-8 293**	**-28**	**-11 916**	**-17 192**	**-31**
of which interest income reported in net gains and losses on financial items at fair value	-255	-241	6	-370	-31	-496	-800	-38
Interest expense according to income statement	**-5 704**	**-5 716**	**0**	**-7 923**	**-28**	**-11 420**	**-16 392**	**-30**
Net interest income	**5 409**	**5 353**	**1**	**5 035**	**7**	**10 762**	**9 930**	**8**
Net interest margin	**1.12**	**1.16**		**1.12**		**1.14**	**1.11**	

Note 6 Net commissions

Group SEKm	Q2 2013	Q1 2013	%	Q2 2012	%	Jan-Jun 2013	Jan-Jun 2012	%
Commission income								
Payment processing	423	416	2	445	-5	839	869	-3
Card commissions	1 029	895	15	938	10	1 924	1 791	7
Service concepts	108	108	0	81	33	216	158	37
Asset management and custody fees	1 226	1 237	-1	1 149	7	2 463	2 305	7
Life insurance	131	124	6	132	-1	255	265	-4
Brokerage and other securities	128	162	-21	98	31	290	259	12
Corporate finance	90	43		78	15	133	189	-30
Lending	248	167	49	179	39	415	345	20
Guarantees	43	47	-9	44	-2	90	96	-6
Deposits	15	17	-12	18	-17	32	37	-14
Real estate brokerage	49	31	58	43	14	80	76	5
Non-life insurance	17	28	-39	15	13	45	32	41
Other commission income	125	145	-14	146	-14	270	294	-8
Total commission income	**3 632**	**3 420**	**6**	**3 366**	**8**	**7 052**	**6 716**	**5**
Commission expenses								
Payment processing	-220	-186	18	-175	26	-406	-351	16
Card commissions	-473	-400	18	-438	8	-873	-814	7
Service concepts	-4	-4	0	-4	0	-8	-8	0
Asset management and custody fees	-216	-275	-21	-240	-10	-491	-471	4
Life insurance	-57	-54	6	-53	8	-111	-102	9
Brokerage and other securities	-86	-70	23	-73	18	-156	-138	13
Lending and guarantees	-17	-11	55	-11	55	-28	-24	17
Other commission expenses	-34	-32	6	-33	3	-66	-71	-7
Total commission expenses	**-1 107**	**-1 032**	**7**	**-1 027**	**8**	**-2 139**	**-1 979**	**8**
Total net commissions	**2 525**	**2 388**	**6**	**2 339**	**8**	**4 913**	**4 737**	**4**

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

Group SEKm	Q2 2013	Q1 2013	%	Q2 2012	%	Jan-Jun 2013	Jan-Jun 2012	%
Valuation category, fair value through profit or loss								
Shares and related derivatives	148	21		136	9	169	110	54
of which dividend	165	70		157	5	235	251	-6
Interest-bearing securities and related derivatives	8 822	-1 772		-512		7 050	-1 533	
Loans	-1 377	-1 345	2	310		-2 722	-516	
Financial liabilities	-7 455	3 313		-41		-4 142	2 212	
Other financial instruments	10	-1		-2		9	-1	
Total fair value through profit or loss	**148**	**216**	**-31**	**-109**		**364**	**272**	34
Hedge accounting								
Ineffective part in hedge accounting at fair value	-17	-5		183		-22	153	
of which hedging instruments	-3 862	-3 158	22	3 136		-7 020	1 894	
of which hedged items	3 845	3 153	22	-2 953		6 998	-1 741	
Ineffective part in hedging of net investments in foreign operations	16	-52		57	-72	-36	53	
Total hedge accounting	**-1**	**-57**	**-98**	**240**		**-58**	**206**	
Loan receivables at amortised cost	**32**	**26**	**23**	**26**	**23**	**58**	**47**	**23**
Financial liabilities valued at amortised cost	**-118**	**-13**		**3**		**-131**	**6**	
Trading related interest								
Interest income	209	372	-44	492	-58	581	1 119	-48
Interest expense	-258	-238	8	-370	-30	-496	-800	-38
Total trading related interest	**-49**	**134**		**122**		**85**	**319**	**-73**
Change in exchange rates	**284**	**251**	**13**	**295**	**-4**	**535**	**706**	**-24**
Total net gains and losses on financial items at fair value	**296**	**557**	**-47**	**577**	**-49**	**853**	**1 556**	**-45**

Distribution by business purpose

Financial instruments for trading related business	**508**	**613**	**-17**	**668**	**-24**	**1 121**	**1 392**	**-19**
Financial instruments intended to be held to contractual maturity	**-212**	**-56**		**-91**		**-268**	**164**	
Total	**296**	**557**	**-47**	**577**	**-49**	**853**	**1 556**	**-45**

Note 8 Other expenses

Group SEKm	Q2 2013	Q1 2013	%	Q2 2012	%	Jan-Jun 2013	Jan-Jun 2012	%
Premises and rents	292	289	1	300	-3	581	615	-6
IT expenses	402	353	14	371	8	755	799	-6
Telecommunications and postage	33	42	-21	51	-35	75	113	-34
Advertising, PR and marketing	99	70	41	87	14	169	156	8
Consultants	79	50	58	63	25	129	136	-5
Compensation to savings banks	162	170	-5	159	2	332	311	7
Other purchased services	153	159	-4	166	-8	312	306	2
Security transport and alarm systems	60	81	-26	101	-41	141	200	-30
Supplies	30	29	3	33	-9	59	72	-18
Travel	51	45	13	46	11	96	91	5
Entertainment	10	11	-9	14	-29	21	25	-16
Repair/maintenance of inventories	35	36	-3	37	-5	71	77	-8
Other expenses	161	179	-10	188	-14	340	410	-17
Total other expenses	**1 567**	**1 514**	**4**	**1 616**	**-3**	**3 081**	**3 311**	**-7**

Note 9 Credit impairments

Group SEKm	Q2 2013	Q1 2013	%	Q2 2012	%	Jan-Jun 2013	Jan-Jun 2012	%
Provision for loans individually assessed as impaired								
Provisions	91	170	-46	309	-71	261	357	-27
Reversal of previous provisions	-132	-58		-212	-38	-190	-411	-54
Provision for homogenous groups of impaired loans, net	-45	-46	-2	-196	-77	-91	-268	-66
Total	**-86**	**66**		**-99**	**-13**	**-20**	**-322**	**-94**
Portfolio provisions for loans individually assessed as not impaired	**-20**	**-55**	**-64**	**-118**	**-83**	**-75**	**-147**	**-49**
Write-offs								
Established losses	807	534	51	1 012	-20	1 341	1 756	-24
Utilisation of previous provisions	-513	-365	41	-779	-34	-878	-1 263	-30
Recoveries	-97	-68	43	-87	11	-165	-202	-18
Total	**197**	**101**	**95**	**146**	**35**	**298**	**291**	**2**
Credit impairments for contingent liabilities and other credit risk exposures	**-3**	**-52**	**-94**	**22**		**-55**	**33**	
Credit impairments	**88**	**60**	**47**	**-49**		**148**	**-145**	
Credit impairment ratio, %	0.03	0.02		-0.01		0.02	-0.02	

Note 10 Loans

Group	30 Jun 2013			31 Dec 2012		30 Jun 2012	
SEKm	Loans before provisions	Provisions	Loans after provisions Carrying amount	Loans after provisions Carrying amount	%	Loans after provisions Carrying amount	%
Loans to credit institutions							
Banks	59 005	64	58 941	68 886	-14	64 783	-9
Repurchase agreements, banks	12 338		12 338	4 975		10 537	17
Other credit institutions				671		1 135	
Repurchase agreements, other credit institutions	1 821		1 821	10 948	-83	17 628	-90
Loans to credit institutions	**73 164**	**64**	**73 100**	**85 480**	**-14**	**94 083**	**-22**
Loans to the public							
Private customers	762 946	2 035	760 911	754 791	1	749 388	2
Private, mortgage	645 241	1 562	643 679	638 884	1	633 254	2
Housing cooperatives	84 276	53	84 223	82 131	3	79 872	5
Private,other	33 429	420	33 009	33 776	-2	36 262	-9
Corporate customers	436 125	3 347	432 778	429 652	1	429 599	1
Agriculture, forestry, fishing	67 287	238	67 049	65 835	2	64 263	4
Manufacturing	41 566	513	41 053	44 997	-9	44 487	-8
Public sector and utilities	20 747	42	20 705	19 613	6	18 144	14
Construction	14 436	167	14 269	14 046	2	15 304	-7
Retail	30 202	290	29 912	28 506	5	28 712	4
Transportation	13 752	164	13 588	14 145	-4	14 432	-6
Shipping and offshore	26 101	265	25 836	21 157	22	23 471	10
Hotels and restaurants	6 147	61	6 086	6 056	0	6 548	-7
Information and communications	3 191	34	3 157	2 710	16	2 258	40
Finance and insurance	17 733	16	17 717	18 595	-5	19 323	-8
Property management	157 215	910	156 305	158 680	-1	157 001	0
Residential properties	45 242	224	45 018	47 924	-6		
Commercial	69 923	234	69 689	76 196	-9		
Industrial and Warehouse	25 667	53	25 614	24 286	5		
Other	16 383	399	15 984	10 274	56		
Professional services	14 507	372	14 135	11 594	22	11 341	25
Other corporate lending	23 241	275	22 966	23 718	-3	24 315	-6
Loans to the public excluding the Swedish National Debt Office and repurchase agreements	**1 199 071**	**5 381**	**1 193 689**	**1 184 443**	**1**	**1 178 987**	**1**
Swedish National Debt Office	2 565		2 565	6 470	-60	6 483	-60
Repurchase agreements, Swedish National Debt Office	837		837	7 957	-89	289	
Repurchase agreements, public	48 728		48 728	39 994	22	42 735	14
Loans to the public	**1 251 201**	**5 381**	**1 245 820**	**1 238 864**	**1**	**1 228 494**	**1**
Loans to the public and credit institutions	**1 324 365**	**5 445**	**1 318 920**	**1 324 344**	**0**	**1 322 578**	**0**

Note 11 Impaired loans etc.

Group SEKm	30 Jun 2013	31 Dec 2012	%	30 Jun 2012	%
Impaired loans, gross	10 111	13 938	-27	20 394	-50
Provisions for individually assessed impaired loans	2 188	4 942	-56	7 761	-72
Provision for homogenous groups of impaired loans	1 858	2 135	-13	3 190	-42
Impaired loans, net	**6 065**	**6 861**	**-12**	**9 443**	**-36**
of which private customers	2 511	3 046	-18	4 191	-40
of which corporate customers	3 554	3 815	-7	5 252	-32
Portfolio provisions for loans individually assessed as not impaired	1 399	1 545	-9	2 040	-31
Share of impaired loans, gross, %	0.76	1.05		1.53	
Share of impaired loans, net, %	0.46	0.52		0.71	
Provision ratio for impaired loans, %	40	51		54	
Total provision ratio for impaired loans, % *	54	62		64	
Past due loans that are not impaired	**7 071**	**6 633**	**7**	**6 806**	**4**
of which past due 5-30 days	4 511	4 188	8	4 153	9
of which past due 31-60 days	1 730	1 408	23	1 645	5
of which past due 61 days or more	830	1 037	-20	1 008	-18

* 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	30 Jun 2013	31 Dec 2012	%	30 Jun 2012	%
Buildings and land	3 495	4 905	-29	6 028	-42
Shares and participating interests	53	50	6	50	6
Other property taken over	18	16	13	20	-8
Total assets taken over for protection of claims	**3 566**	**4 971**	**-28**	**6 098**	**-42**
Cancelled leases	97	95	2	110	-12
Total assets taken over for protection of claims and cancelled leases	**3 663**	**5 066**	**-28**	**6 208**	**-41**
of which acquired by Ektornet	3 226	4 606	-30	5 625	-43

Note 13 Credit exposures

Group SEKm	30 Jun 2013	31 Dec 2012	%	30 Jun 2012	%
Assets					
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	14 001	14 547	-4	17 414	-20
Total assets	**1 769 586**	**1 707 021**	**4**	**1 738 521**	**2**
Contingent liabilities and commitments					
Loan guarantees	22 311	22 342	0	23 394	-5
Loan commitments	185 180	188 176	-2	179 039	3
Total contingent liabilities and commitments	**207 491**	**210 518**	**-1**	**202 433**	**2**
Total credit exposures	**1 977 077**	**1 917 539**	**3**	**1 940 954**	**2**

Note 14 Intangible assets

Group SEKm	30 Jun 2013	31 Dec 2012	%	30 Jun 2012	%
With indefinite useful life					
Goodwill	11 620	11 452	1	11 622	0
Total	**11 620**	**11 452**	**1**	**11 622**	**0**
With finite useful life					
Customer base	902	876	3	936	-4
Internally developed software	553	590	-6	595	-7
Other	410	522	-21	468	-12
Total	**1 865**	**1 988**	**-6**	**1 999**	**-7**
Total intangible assets	**13 485**	**13 440**	**0**	**13 621**	**-1**

Goodwill	Jan-Jun 2013	Full-year 2012	Jan-Jun 2012
Cost			
Opening balance	**15 682**	**15 996**	**15 996**
Disposals	-2 394		
Translation differences	253	-314	-128
Closing balance	**13 541**	**15 682**	**15 868**
Accumulated amortisation and impairments			
Opening balance	**-4 230**	**-4 234**	**-4 234**
Impairments		-3	
Disposals	2 394		
Translation differences	-85	7	-12
Closing balance	**-1 921**	**-4 230**	**-4 246**
Carrying amount	**11 620**	**11 452**	**11 622**

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 30 June 2013 there were no indications that warranted a new impairment test of goodwill.

In the second quarter 2013, internally developed software was impaired by SEK 170m.

Note 15 Amounts owed to credit institutions

Group SEKm	30 Jun 2013	31 Dec 2012	%	30 Jun 2012	%
Amounts owed to credit institutions					
Central banks	6 336	3 574	77	631	
Banks	104 859	106 262	-1	108 629	-3
Other credit institutions	2 960	3 656	-19	2 894	2
Repurchase agreements - banks	8 106	5 976	36	8 106	0
Repurchase agreements - other credit institutions	1 741	2 734	-36	8 397	-79
Amounts owed to credit institutions	**124 002**	**122 202**	**1**	**128 657**	**-4**

Note 16 Deposits from the public

Group SEKm	30 Jun 2013	31 Dec 2012	%	30 Jun 2012	%
Deposits from the public					
Private customers	336 056	332 264	1	324 164	4
Corporate customers	306 025	225 633	36	220 898	39
Deposits from the public excluding the Swedish National Debt Office and repurchase agreements	**642 081**	**557 897**	**15**	**545 062**	**18**
Swedish National Debt Office	1	1	0	2	-50
Repurchase agreements - Swedish National Debt Office	2 001	7 107	-72		
Repurchase agreements - public	29 092	14 658	98	14 891	95
Deposits and borrowings from the public	**673 175**	**579 663**	**16**	**559 955**	**20**

Note 17 Debt securities in issue

Group SEKm	30 Jun 2013	31 Dec 2012	%	30 Jun 2012	%
Commercial paper	131 952	115 135	15	121 861	8
Covered bonds	498 606	518 238	-4	530 304	-6
Government guaranteed bonds	9 288	30 392	-69	38 111	-76
Senior unsecured bonds	92 651	88 747	4	77 766	19
Structured retail bonds	13 755	14 942	-8	18 418	-25
Total debt securities in issue	**746 252**	**767 454**	**-3**	**786 460**	**-5**

Turnover during the period	Jan-Jun 2013	Full-year 2012	%	Jan-Jun 2012	%
Opening balance	**767 454**	**781 458**	**-2**	**781 458**	**-2**
Issued	324 048	628 448		345 897	
Repurchased	-37 831	-76 725		-30 666	
Repaid	-303 470	-572 509		-312 564	
Change in market value	-4 330	12 329		1 035	
Change in exchange rates	381	-5 547		1 300	
Closing balance	**746 252**	**767 454**	**-3**	**786 460**	**-5**

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	Nominal amount 30 Jun 2013 Remaining contractual maturity			Nominal amount		Positive fair value		Negative fair value	
SEKm	< 1 yr.	1-5 yrs.	> 5 yrs.	30 Jun 2013	31 Dec 2012	30 Jun 2013	31 Dec 2012	30 Jun 2013	31 Dec 2012
Derivatives in fair value hedges	81 920	261 366	52 161	395 447	428 808	13 885	23 649	1 453	56
Derivatives in portfolio fair value hedges	5 000	38 100	450	43 550		196		11	
Derivatives in cash flow hedges	136	14 328	9 286	23 750	34 463			3 273	5 289
Derivatives in hedges of net investment in foreign operations	1 637			1 637	1 698	60			75
Other derivatives	7 890 053	2 970 452	581 883	11 442 388	11 208 258	62 515	81 140	60 311	89 245
Netting agreements						-5 186	-2 524	-5 186	-2 524
Total	**7 978 746**	**3 284 246**	**643 780**	**11 906 772**	**11 673 227**	**71 470**	**102 265**	**59 862**	**92 141**
of which cleared	3 169 591	780 512	14 274	3 964 376	3 828 786	1 719	2 530	2 565	3 142

Note 19 Financial instruments carried at fair value

Group	30 Jun 2013			31 Dec 2012		
SEKm	Fair value	Carrying amount	Difference	Fair value	Carrying amount	Difference
Assets						
Financial assets covered by IAS 39						
Cash and balances with central banks	199 879	199 879		130 058	130 058	
Treasury bills etc.	21 739	21 703	36	20 557	20 483	74
Loans to credit institutions	73 100	73 100		85 479	85 480	-1
Loans to the public	1 249 815	1 245 820	3 995	1 245 755	1 238 864	6 891
Value change of interest hedged item in portfolio hedge	-234	-234				
Bonds and interest-bearing securities	113 840	113 847	-7	115 320	115 324	-4
Financial assets for which the customers bear the investment risk	110 780	110 780		104 194	104 194	
Shares and participating interest	4 600	4 600		8 106	8 106	
Derivatives	71 470	71 470		102 265	102 265	
Other financial assets	14 001	14 001		14 547	14 547	
Total	**1 858 990**	**1 854 966**	**4 024**	**1 826 281**	**1 819 321**	**6 960**
Investment in associates	**3 267**	**3 267**		**3 552**	**3 552**	
Non-financial assets	**24 389**	**24 389**		**23 987**	**23 987**	
Total	**1 886 646**	**1 882 622**	**4 024**	**1 853 820**	**1 846 860**	**6 960**
Liabilities						
Financial liabilities covered by IAS 39						
Amounts owed to credit institutions	124 002	124 002	0	122 202	122 202	
Deposits and borrowings from the public	673 157	673 175	-18	579 663	579 663	
Debt securities in issue	750 390	746 252	4 138	774 152	767 454	6 698
Financial liabilities for which the customers bear the investment risk	111 680	111 680		105 104	105 104	
Subordinated liabilities	10 064	10 585	-521	14 077	14 307	-230
Derivatives	59 862	59 862		92 141	92 141	
Short positions securities	15 649	15 649		18 229	18 229	
Other financial liabilities	27 398	27 398		29 762	29 762	
Total	**1 772 202**	**1 768 603**	**3 599**	**1 735 330**	**1 728 862**	**6 468**
Non-financial liabilities	**12 616**	**12 616**		**14 812**	**14 812**	
Total	**1 784 818**	**1 781 219**	**3 599**	**1 750 142**	**1 743 674**	**6 468**

Group 30 Jun 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
Determination of fair value from quoted market prices or valuation techniques				
Assets				
Treasury bills and other bills eligible for refinancing with central banks	20 144	1 011		21 155
Loans to credit institutions	270	14 159		14 429
Loans to the public		391 854		391 854
Bonds and other interest-bearing securities	83 194	29 815		113 009
Financial assets for which the customers bear the investment risk	110 780			110 780
Shares and participating interests	3 992	82	14	4 088
Derivatives	14	71 297	159	71 470
Total	**218 394**	**508 218**	**173**	**726 785**
Liabilities				
Amounts owed to credit institutions		9 847		9 847
Deposits and borrowings from the public		31 382		31 382
Debt securities in issue	28 304	23 634		51 938
Financial liabilities for which the customers bear the investment risk		111 680		111 680
Derivatives	861	58 979	22	59 862
Short positions, securities	15 649			15 649
Total	**44 814**	**235 522**	**22**	**280 358**

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 first half-year.

Group 31 Dec 2012 SEKm	Instruments with quoted market prices in an active market (Level 1)	Valuation techniques using observable market data (Level 2)	Valuation techniques using non-observable market data (Level 3)	Total
Determination of fair value from quoted market prices or valuation techniques				
Assets				
Treasury bills and other bills eligible for refinancing with central banks	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
Total	**213 202**	**639 432**	**419**	**853 053**
Liabilities				
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
Total	**52 754**	**291 555**		**344 309**

Changes in level 3	Assets				Liabilities
Group SEKm	Debt securities	Equity instruments	Derivatives	Total	Derivatives
January-June 2013					
Opening balance 1 January 2013	**342**	**14**	**63**	**419**	
Maturities	-342			**-342**	
Transferred from Level 2 to Level 3			120	**120**	26
Gains or losses			-24	**-24**	-4
of which in the income statement, net gains and losses on financial items at fair value			-24	**-24**	-4
of which are changes in unrealised gains or losses for items held at closing day			-24	**-24**	-4
Closing balance 30 June 2013		**14**	**159**	**173**	**22**

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 half of 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 53m. A reasonable negative change would reduce the fair value of all derivatives and structured products on level 3 by approximately SEK 48m.

Changes in level 3	Assets				Liabilities
Group SEKm	Debt securities	Equity instruments	Derivatives	Total	Derivatives
January-June 2012					
Opening balance 1 January 2012	**390**	**71**		**461**	
Sale of assets		-7		**-7**	
Settlements		-51		**-51**	
Gains or losses	-56	2		**-54**	
of which in the income statement, net gains and losses on financial items at fair value	-56	2		**-54**	
Closing balance 30 June 2012	**334**	**15**		**349**	

Note 20 Pledged collateral

Group SEKm	30 Jun 2013	31 Dec 2012	%	30 Jun 2012	%
Loan receivables	724 664	700 907	3	689 965	5
Financial assets pledged for policyholders	109 954	103 432	6	100 295	10
Other assets pledged	35 885	54 369	-34	64 501	-44
Pledged collateral	**870 503**	**858 708**	**1**	**854 761**	**2**

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 to related rights to financial collateral. As of the closing day these financial instruments related to derivatives, repos (including reverse) and securities lending.

	Assets			Liabilities		
Group SEKm	30 Jun 2013	31 Dec 2012	%	30 Jun 2013	31 Dec 2012	%
Financial instruments presented in the balance sheet						
Recognised gross amounts	142 835	172 637	-17	109 483	128 644	-15
Recognised gross amounts offset in the balance sheet	-10 060	-6 027	67	-10 060	-6 027	67
Net amounts presented in the balance sheet	**132 775**	**166 610**	**-20**	**99 423**	**121 638**	**-18**
Related amounts not offset in the balance sheet						
Financial instruments, netting arrangements	44 485	70 640	-37	44 485	70 640	-37
Financial Instruments, collateral	64 333	63 954	1	42 894	31 550	36
Cash, collateral	13 891	17 182	-19	8 967	14 678	-39
Total	**122 709**	**151 776**	**-19**	**96 346**	**116 868**	**-18**
Net amount	**10 066**	**14 833**	**-32**	**3 077**	**4 770**	**-35**

Note 22 Capital adequacy

Capital adequacy, Basel 2 Swedbank financial companies group SEKm	30 Jun 2013	31 Dec 2012	% or pp	30 Jun 2012	% or pp
Shareholders' equity according to the Group's balance sheet	101 250	103 032	-2	96 428	5
Non-controlling interests	153	154	-1	155	-1
Anticipated dividend	-5 245	-10 880	-52	-3 294	59
Deconsolidation of insurance companies	-2 285	-2 444	7	-2 336	2
Associated companies consolidated according to purchase method	2 136	1 864	15	1 893	13
Unrealised value changes in financial liabilities due to changes in own creditworthiness	81	92	-12	43	88
Cash flow hedges	58	42	38	-19	
Goodwill	-11 060	-10 894	-2	-11 064	0
Deferred tax assets	-437	-567	23	-720	39
Intangible assets	-1 840	-1 880	2	-1 701	-8
Net provisions for reported IRB credit exposures	-893	-938	5	-724	-23
Shares deducted from Tier 1 capital*		-36		-34	
Common Equity Tier 1 capital	**81 918**	**77 545**	**6**	**78 627**	**4**
Tier 1 capital contributions	6 027	6 270	-4	7 550	-20
of which undated Tier 1 instruments that must be converted in a critical situation	0				
of which undated Tier 1 instruments without incentives to redeem	527	528	0	535	-1
of which fixed-term Tier 1 instruments or undated Tier 1 instruments with incentives to redeem	5 500	5 742	-4	7 015	-22
Shares deducted from Tier 1 capital*	-1 495				
Total Tier 1 capital	**86 450**	**83 815**	**3**	**86 177**	**0**
Undated subordinated loans	27	28	-4	1 211	-98
Fixed-term subordinated loans	4 534	8 028	-44	8 289	-45
Net provisions for reported IRB credit exposures	-893	-938	5	-724	-23
Shares deducted from Tier 2 capital*	-1 495	-36		-34	
Total Tier 2 capital	**2 173**	**7 082**	**-69**	**8 742**	**-75**
Deduction of shares in insurance companies*		-2 894		-2 898	
Total capital base	**88 623**	**88 003**	**1**	**92 021**	**-4**
Capital requirement for credit risks, standardised approach	2 008	2 276	-12	2 286	-12
Capital requirement for credit risks, IRB	28 283	28 819	-2	30 468	-7
Capital requirement for settlement risks	13	3		1	
Capital requirement for market risks	1 629	1 723	-5	1 750	-7
Trading book	1 040	1 028	1	1 011	3
of which VaR	519	502	3	495	5
of which risks outside VaR	521	526	-1	516	1
Other operations	589	695	-15	739	-20
Capital requirement for operational risks	4 486	4 326	4	4 326	4
Capital requirement	**36 419**	**37 147**	**-2**	**38 831**	**-6**
RWA credit risks	378 637	388 688	-3	409 421	-8
RWA settlement risks	163	26		13	
RWA market risks	20 361	21 544	-5	21 872	-7
RWA operational risks	56 077	54 081	4	54 081	4
Risk-weighted assets	**455 238**	**464 339**	**-2**	**485 387**	**-6**
Common Equity Tier 1 ratio, %, Basel 2	**18.0**	**16.7**	**1.3**	**16.2**	**1.8**
Tier 1 capital ratio, %, Basel 2	**19.0**	**18.1**	**0.9**	**17.8**	**1.2**
Total capital adequacy ratio, %, Basel 2	**19.5**	**19.0**	**0.5**	**19.0**	**0.5**
Capital quotient, Basel 2	**2.43**	**2.37**	**0.06**	**2.37**	**0.06**

Capital adequacy Basel 2 transition rules SEKm	30 Jun 2013	31 Dec 2012	% or pp	30 Jun 2012	% or pp
Capital requirement	36 419	37 147	-2	38 831	-6
Complement during transition period	24 901	24 382	2	22 854	9
Capital requirement including complement	**61 320**	**61 529**	**0**	**61 685**	**-1**
Common Equity Tier 1 ratio, %, transition rules	**10.7**	**10.1**	**0.6**	**10.2**	**0.5**
Tier 1 capital ratio, %, transition rules	**11.3**	**10.9**	**0.4**	**11.2**	**0.1**
Total capital adequacy ratio, %, transition rules	**11.6**	**11.4**	**0.1**	**11.9**	**-0.4**
Capital quotient, transition rules	**1.45**	**1.43**	**0.01**	**1.49**	**-0.05**

Capital adequacy Basel 3** SEKm	30 Jun 2013	31 Dec 2012	% or pp	30 Jun 2012	% or pp
Common Equity Tier 1 capital, Basel 3	**79 197**	**75 242**	**5**	**76 579**	**3**
Tier 1 capital, Basel 3	**85 387**	**81 661**	**5**	**84 277**	**1**
Total capital base, Basel 3	**90 164**	**89 917**	**0**	**93 973**	**-4**
Risk-weighted assets, Basel 3	**459 470**	**487 105**	**-6**	**508 300**	**-10**
Common Equity Tier 1 ratio, %, Basel 3	**17.2**	**15.4**	**1.8**	**15.1**	**2.2**
Tier 1 capital ratio, Basel 3	**18.6**	**16.8**	**1.8**	**16.6**	**2.0**
Total capital adequacy ratio, %, Basel 3	**19.6**	**18.5**	**1.2**	**18.5**	**1.1**

* 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 Kingdom of Sweden 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 30 June 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, Bankernas Depå AB and Bankernas Automatbolag 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, Basel 2, IRB SEKm	**Exposure after credit risk protection**			**Average risk weighting, %**		**Capital requirement**		
	30 Jun 2013	**31 Dec 2012**	**%**	**30 Jun 2013**	**31 Dec 2012**	**30 Jun 2013**	**31 Dec 2012**	**%**
Institutional exposures	125 341	147 467	-15	14	15	1 402	1 757	-20
of which repurchase agreements	1 194	631	89	6	8	6	4	50
of which other lending	124 147	146 836	-15	14	15	1 396	1 753	-20
Corporate exposures	422 730	421 781	0	58	58	19 593	19 540	0
of which repurchase agreements	89	63	41	14		1		
of which other lending	422 641	421 718	0	58	58	19 592	19 540	0
Retail exposures	883 395	868 307	2	9	9	6 320	6 592	-4
of which repurchase agreements	14	13	8	89		1		
of which mortgage lending	810 547	794 944	2	6	7	3 976	4 220	-6
of which other lending	72 834	73 350	-1	40	40	2 343	2 372	-1
Securitisation	1 063	1 122	-5	11	11	9	10	-10
Exposures without counterparties	14 443	13 993	3	83	82	959	920	4
Total credit risks, IRB	**1 446 972**	**1 452 670**	**0**	**24**	**25**	**28 283**	**28 819**	**-2**

Capital base

A deduction was made from the capital base for the difference between expected losses and provisions in the accounts for the part of the portfolio calculated according to IRB. These expected losses are estimated in accordance with legislative and regulatory requirements and using information drawn from Swedbank's internal risk classification system. The calculations are based on the prudence concept, so that risks are overestimated rather than underestimated. The 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 49m 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 93 per cent was in the portfolios in the Baltic countries and 53 per cent for other portfolios. For institutional exposures, the average risk weight was 32 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.

Strategic currency risks arise mainly through risks associated with the holdings in foreign operations.

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 foreign currency loans, since they 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.

Note 24 Discontinued operations

Group	Jan-Jun 2013				Jan-Jun 2012			
SEKm	Russia	Ukraine	Lithuania	Total	Russia	Ukraine	Lithuania	Total
Profit from discontinued operations								
Income	81	22	116	**219**	106	118		**224**
Expenses	69	65	112	**246**	86	128		**214**
Profit before impairments	12	-43	4	**-27**	20	-10		**10**
Impairments	-56	-2		**-58**	41	-658		**-617**
Operating profit	-44	-45	4	**-85**	61	-668		**-607**
Tax expense		24	-1	**23**	-13			**-13**
Post-tax profit for the period of discontinued operations	**-44**	**-21**	**3**	**-62**	**48**	**-668**		**-620**
Post-tax profit for the period recognised on the measurement at fair value less sale costs		-340		**-340**				
Reclassification to the income statement of cumulated exchange differences		-1 875		**-1 875**				
Profit for the period from discontinued operations	**-44**	**-2 236**	**3**	**-2 277**	**48**	**-668**		**-620**

	30 Jun 2013			
Group of assets classified as held for sale	**Russia**	**Ukraine**	**Lithuania**	**Total**
Loans to the public	1 653			**1 653**
of which impaired loans	387			**387**
of which provisions	267			**267**
Non-current tangible assets	5		103	**108**
Other assets	496		131	**627**
Total assets	**2 154**		**234**	**2 388**
Liabilities directly associated with group of assets classified as held for sale				
Amounts owed to credit institutions	79		33	**112**
Other liabilities	190		73	**263**
Total liabilities	**269**		**106**	**375**

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 with Mykola Lagun, the majority owner in Delta Bank, was signed during the first quarter 2013. The disposal was finalized during the second quarter of 2013 after approval from the authorities. 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 are 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 Sparinstitutens Pensionskassa SPK, which safeguard employees' post-employment benefits. These related parties use Swedbank for customary banking services.

Note 26 Swedbank's share

	30 Jun 2013	31 Dec 2012	%	30 Jun 2012	%
SWED A					
Share price, SEK	153.80	127.00	21	108.60	42
Number of outstanding ordinary shares	1 099 005 722	918 149 816	20	909 616 963	21
Market capitalisation, SEKm	**169 027**	**116 605**	**45**	**98 784**	**71**
SWED PREF					
Share price, SEK		126.80		107.90	
Number of outstanding preference shares		180 855 906		189 388 759	
Market capitalisation, SEKm		**22 933**		**20 435**	
Total market capitalisation, SEKm	**169 027**	**139 538**	**21**	**119 219**	**42**

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.

Number of outstanding shares	30 Jun 2013	31 Dec 2012	30 Jun 2012
Issued shares			
SWED A	1 132 005 722	951 149 816	942 616 963
SWED PREF		180 855 906	189 388 759
Repurchased shares			
SWED A	-33 000 000	-33 000 000	-33 000 000
Swedbank's share of associates' holding of shares			
SWED A	-1 599 000	-600 000	-600 000
SWED PREF		-999 000	-609 000
Number of outstanding shares on the closing day	**1 097 406 722**	**1 097 406 722**	**1 097 796 722**

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

Earnings per share	Q2 2013	Q1 2013	Q2 2012	Jan-Jun 2013	Jan-Jun 2012
Average number of shares					
Average number of shares before dilution	1 097 346 722	1 097 366 722	1 097 796 722	1 097 356 722	1 097 816 422
Weighted average number of shares for potential ordinary shares that incur a dilutive effect due to share-based compensation programme	8 068 879	6 915 406	3 626 454	7 715 503	3 325 491
Average number of shares after dilution	1 105 415 601	1 104 282 128	1 101 423 176	1 105 072 225	1 101 141 913
Profit, SEKm					
Profit for the period attributable to shareholders of Swedbank	1 592	3 525	3 147	5 117	6 557
Preference dividends on non-cumulative preference shares declared in respect of the period		1 722		1 722	1 004
Earnings for the purpose of calculating earnings per share	1 592	1 803	3 147	3 395	5 553
Earnings per share, SEK					
Earnings per share before dilution without dividends on non-cumulative preference shares	1.45	3.21	2.87	4.66	5.97
Earnings per share after dilution without dividends on non-cumulative preference shares	1.44	3.19	2.86	4.63	5.95
Earnings per share before dilution *	1.45	1.64	2.87	3.09	5.06
Earnings per share after dilution *	1.44	1.63	2.86	3.07	5.04

* 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 reporting Q2 2012**	**Revised IAS 19**	**Discontinued operations**	**Transfer of interest and commissions**	**Previous reporting Q2 2012**	**New reporting Jan-Jun 2012**	**Revised IAS 19**	**Discontinued operations**	**Transfer of interest and commissions**	**Previous reporting Jan-Jun 2012**
Interest income	12 958		-108	-492	13 558	26 322		-238	-1 119	27 679
Interest expenses	-7 923		13	370	-8 306	-16 392		27	800	-17 219
Net interest income (note 5)	**5 035**		**-95**	**-122**	**5 252**	**9 930**		**-211**	**-319**	**10 460**
Commission income	3 366		-9	205	3 170	6 716		-19	409	6 326
Commission expenses	-1 027		2	-205	-824	-1 979		5	-409	-1 575
Net commissions (note 6)	**2 339**		**-7**		**2 346**	**4 737**		**-14**		**4 751**
Net gains and losses on financial items at fair value (note 7)	577			122	455	1 556		23	319	1 214
Insurance premiums	499				499	928				928
Insurance provisions	-336				-336	-607				-607
Net insurance	**163**				**163**	**321**				**321**
Share of profit or loss of associates	210	1			209	419	2			417
Other income	464		-8		472	897		-18		915
Total income	**8 788**	**1**	**-110**		**8 897**	**17 860**	**2**	**-220**		**18 078**
Staff costs	2 336	22	-52		2 366	4 745	43	-104		4 806
Other expenses (note 8)	1 616		-44		1 660	3 311		-92		3 403
Depreciation/amortisation	219		-6		225	442		-13		455
Total expenses	**4 171**	**22**	**-102**		**4 251**	**8 498**	**43**	**-209**		**8 664**
Profit before impairments	**4 617**	**-21**	**-8**		**4 646**	**9 362**	**-41**	**-11**		**9 414**
Impairment of intangible assets (note 14)	4				4	4				4
Impairment of tangible assets	124		-1		125	164		-1		165
Credit impairments (note 9)	-49		-349		300	-145		-617		472
Operating profit	**4 538**	**-21**	**342**		**4 217**	**9 339**	**-41**	**607**		**8 773**
Tax expense	1 047	-6	1		1 052	2 155	-11	-13		2 179
Profit for the period from continuing operations	**3 491**	**-15**	**341**		**3 165**	**7 184**	**-30**	**620**		**6 594**
Profit for the period from discontinued operations, after tax	-341		-341			-620		-620		
Profit for the period	3 150	-15			3 165	6 564	-30			6 594
Profit for the period attributable to the shareholders of Swedbank AB	**3 147**	**-15**			**3 162**	**6 557**	**-30**			**6 587**
of which profit for the period from continuing operations	3 488	-15	341		3 162	7 177	-30	620		6 587
of which profit for the period from discontinued operations	-341		-341			-620		-620		
Non-controlling interests	3				3	7				7
of which profit for the period from continuing operations	3				3	7				7
of which profit for the period from discontinued operations										
Earnings per share, continued operations, SEK	3.17	-0.02	0.31		2.88	6.53	-0.04	0.56		6.01
after dilution	3.16	-0.02	0.31		2.87	6.51	-0.04	0.56		5.99
Earnings per share, discontinued operations, SEK	-0.31		-0.31			-0.56		-0.56		
after dilution	-0.31		-0.31			-0.56		-0.56		
Earnings per share, total operations, SEK	2.86	-0.02			2.88	5.97	-0.04			6.01
after dilution	2.85	-0.02			2.87	5.95	-0.04			5.99
Equity per share, SEK	85.18	-1.74			86.92	85.18	-1.74			86.92
Return on equity, continuing operations, %	14.6	0.2	1.4		13.0	14.9	0.1	1.3		13.5
Return on equity, total operations, %	13.2	0.2			13.0	13.6	0.1			13.5

Statement of comprehensive income Group SEKm	New reporting Q2 2012	Revised IAS 19	Previous reporting Q2 2012	New reporting Jan-Jun 2012	Revised IAS 19	Previous reporting Jan-Jun 2012
Profit for the period reported via income statement	**3 150**	**-15**	**3 165**	**6 564**	**-30**	**6 594**
Items that will not be reclassified to the income statement						
Remeasurements of defined benefit pension plans	-831	-831		-460	-460	
Share related to associates	-21	-21		-13	-13	
Income tax	224	224		124	124	
Total	**-628**	**-628**		**-349**	**-349**	
Items that may be reclassified to the income statement						
Exchange differences, foreign operations						
Gains/losses arising during the period	-344		-344	-617		-617
Reclassification adjustments to income statement, net gains and losses on financial items at fair value or profit for the period from discontinued operation				-1		
Hedging of net investments in foreign operations:						
Gains/losses arising during the period	313		313	453		453
Cash flow hedges:						
Gains/losses arising during the period	-32		-32	-461		-461
Reclassification adjustments to income statement, net interest income	48		48	121		121
Share of other comprehensive income of associates	-1		-1	17		17
Income tax	-88		-88	-31		-31
Total	**-104**		**-104**	**-519**		**-519**
Other comprehensive income for the period, net of tax	**-732**	**-628**	**-104**	**-868**	**-349**	**-519**
Total comprehensive income for the period	**2 418**	**-643**	**3 061**	**5 696**	**-379**	**6 075**
Total comprehensive income attributable to the shareholders of Swedbank AB	**2 415**	**-643**	**3 058**	**5 689**	**-379**	**6 068**
Non-controlling interests	3		3	7		7

Balance sheet, condensed Group SEKm	New reporting 31 Dec 2012	Revised IAS 19	Previous reporting 31 Dec 2012	New reporting 30 Jun 2012	Revised IAS 19	Previous reporting 30 Jun 2012
Assets						
Cash and balance with central banks	130 058		130 058	132 028		132 028
Loans to credit institutions (note 10)	85 480		85 480	94 083		94 083
Loans to the public (note 10)	1 238 864		1 238 864	1 228 494		1 228 494
Value change of interest hedged item in portfolio hedge						
Interest-bearing securities	135 807		135 807	131 525		131 525
Financial assets for which customers bear the investment risk	104 194		104 194	101 273		101 273
Shares and participating interests	8 106		8 106	1 684		1 684
Investments in associates	3 552	-81	3 633	3 346	-54	3 400
Derivatives (note 18)	102 265		102 265	98 070		98 070
Intangible fixed assets (note 14)	13 440		13 440	13 621		13 621
Investment properties	2 393		2 393	3 249		3 249
Tangible assets	4 638		4 638	5 097		5 097
Current tax assets	1 082		1 082	1 447		1 447
Deferred tax assets	657		657	770		770
Other assets	8 380		8 380	11 207		11 207
Prepaid expenses and accrued income	7 736		7 736	7 877		7 877
Group of assets classified as held for sale	208		208	245		245
Total assets	**1 846 860**	**-81**	**1 846 941**	**1 834 016**	**-54**	**1 834 070**
Liabilities and equity						
Amounts owed to credit institutions (note 15)	122 202		122 202	128 657		128 657
Deposits and borrowings from the public (note 16)	579 663		579 663	559 955		559 955
Debt securities in issue (note 17)	767 454		767 454	786 460		786 460
Financial liabilities for which customers bear the investment risk	105 104		105 104	101 837		101 837
Derivatives (note 18)	92 141		92 141	90 179		90 179
Current tax liabilities	1 378		1 378	1 176		1 176
Deferred tax liabilities	2 641	-835	3 476	2 270	-681	2 951
Short positions, securities	18 229		18 229	17 272		17 272
Other liabilities	16 624		16 624	12 254		12 254
Accrued expenses and prepaid income	16 782		16 782	14 088		14 088
Provisions	7 073	3 792	3 281	6 167	2 588	3 579
Subordinated liabilities	14 307		14 307	17 023		17 023
Liabilities directly associated with group of assets classified as held for sale	76		76	95		95
Equity	103 186	-3 038	106 224	96 583	-1 961	98 544
of which non-controlling interests	154		154	155		155
of which attributable to shareholders of Swedbank AB	103 032	-3 038	106 070	96 428	-1 961	98 389
Total liabilities and equity	**1 846 860**	**-81**	**1 846 941**	**1 834 016**	**-54**	**1 834 070**

Swedbank AB

Income statement, condensed

Parent company SEKm	Q2 2013	Q1 2013	%	Q2 2012	%	Jan-Jun 2013	Jan-Jun 2012	%
Interest income	4 883	5 091	-4	6 276	-22	9 974	12 930	-23
Interest expenses	-2 345	-2 317	1	-3 629	-35	-4 662	-7 609	-39
Net interest income	**2 538**	**2 774**	**-9**	**2 647**	**-4**	**5 312**	**5 321**	**0**
Dividends received	4 591	88		190		4 679	304	
Commission income	1 588	1 556	2	1 519	5	3 144	3 114	1
Commission expenses	-373	-305	22	-315	18	-678	-623	9
Net commissions	**1 215**	**1 251**	**-3**	**1 204**	**1**	**2 466**	**2 491**	**-1**
Net gains and losses on financial items at fair value	367	426	-14	544	-33	793	1 880	-58
Other income	341	303	13	322	6	644	612	5
Total income	**9 052**	**4 842**	**87**	**4 907**	**84**	**13 894**	**10 608**	**31**
Staff costs	1 845	1 827	1	1 786	3	3 672	3 615	2
Other expenses	1 008	955	6	1 023	-1	1 963	2 107	-7
Depreciation/amortisation	129	130	-1	146	-12	259	292	-11
Total expenses	**2 982**	**2 912**	**2**	**2 955**	**1**	**5 894**	**6 014**	**-2**
Profit before impairments	**6 070**	**1 930**		**1 952**		**8 000**	**4 594**	**74**
Impairment of financial fixed assets	1 548	425		356		1 973	375	
Credit impairments	114	131	-13	134	-15	245	152	61
Operating profit	**4 408**	**1 374**		**1 462**		**5 782**	**4 067**	**42**
Appropriations	-5	3		29		-2	58	
Tax expense	790	412	92	551	43	1 202	1 191	1
Profit for the period	**3 623**	**959**		**882**		**4 582**	**2 818**	**63**

Statement of comprehensive income, condensed

Parent company SEKm	Q2 2013	Q1 2013	%	Q2 2012	%	Jan-Jun 2013	Jan-Jun 2012	%
Profit for the period reported via income statement	**3 623**	**959**		**882**		**4 582**	**2 818**	**63**
Items that may be reclassified to the income statement								
Cash flow hedges:								
Gains/losses arising during the period	-18	-5		-10	80	-23	-33	-30
Reclassification adjustments to income statement, net interest income	25	22	14	49	-49	47	121	-61
Income tax	-3	-4	25	-10	70	-7	-23	70
Total	**4**	**13**	**-69**	**29**	**-86**	**17**	**65**	**-74**
Other comprehensive income for the period, net of tax	**4**	**13**	**-69**	**29**	**-86**	**17**	**65**	**-74**
Total comprehensive income for the period	**3 627**	**972**		**911**		**4 599**	**2 883**	**60**

Balance sheet, condensed

Parent company SEKm	30 Jun 2013	31 Dec 2012	%	30 Jun 2012	%
Assets					
Cash and balance with central banks	183 221	109 898	67	125 207	46
Loans to credit institutions	327 805	350 439	-6	326 967	0
Loans to the public	347 264	347 233	0	349 927	-1
Interest-bearing securities	130 866	131 593	-1	131 779	-1
Shares and participating interests	60 499	66 245	-9	60 708	0
Derivatives	89 051	125 926	-29	116 898	-24
Other assets	15 075	18 393	-18	18 962	-20
Total assets	**1 153 781**	**1 149 727**	**0**	**1 130 448**	**2**
Liabilities and equity					
Amounts owed to credit institutions	157 323	195 584	-20	192 757	-18
Deposits and borrowings from the public	562 222	473 104	19	460 261	22
Debt securities in issue	242 735	242 295	0	251 639	-4
Derivatives	78 233	117 471	-33	111 262	-30
Other liabilities and provisions	37 993	35 947	6	34 424	10
Subordinated liabilities	10 510	14 522	-28	17 408	-40
Untaxed reserves	6 296	6 299	0	2 730	
Equity	58 469	64 505	-9	59 967	-2
Total liabilities and equity	**1 153 781**	**1 149 727**	**0**	**1 130 448**	**2**
Pledged collateral	44 790	62 375	-28	64 452	-31
Other assets pledged	1 519	1 090	39	1 993	-24
Contingent liabilities	525 648	546 571	-4	574 986	-9
Commitments	169 798	166 087	2	163 436	4

Statement of changes in equity, condensed

Parent company
SEKm

	Share capital	Share premium reserve	Statutory reserve	Cash flow hedges	Retained earnings	Total
January-June 2012						
Opening balance 1 January 2012	**24 383**	**13 118**	**6 489**	**-123**	**18 884**	**62 751**
Dividend					-5 825	-5 825
Decrease share capital	-611				611	
Bonus issue	1 132		-521		-611	
Share based payments to employees					158	158
Total comprehensive income for the period				65	2 818	2 883
Closing balance 30 June 2012	**24 904**	**13 118**	**5 968**	**-58**	**16 035**	**59 967**
January-December 2012						
Opening balance 1 January 2012	**24 383**	**13 118**	**6 489**	**-123**	**18 884**	**62 751**
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
Closing balance 31 December 2012	**24 904**	**13 206**	**5 968**	**-32**	**20 459**	**64 505**
January-June 2013						
Opening balance 1 January 2013	**24 904**	**13 206**	**5 968**	**-32**	**20 459**	**64 505**
Dividend					-10 880	-10 880
Share based payments to employees					212	212
Deferred tax related with share based payments to employees					33	33
Total comprehensive income for the period				17	4 582	4 599
Closing balance 30 June 2013	**24 904**	**13 206**	**5 968**	**-15**	**14 406**	**58 469**

In connection with the rights issues in 2008 and 2009 an assessment was made on the non-deductable VAT Swedbank AB would have to pay on 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-Jun 2013**	**Full-year 2012**	**Jan-Jun 2012**
Cash flow from operating activities	80 925	-25 955	-24 938
Cash flow from investing activities	5 364	3 891	2 916
Cash flow from financing activities	-12 966	-22 430	-7 163
Cash flow for the period	**73 323**	**-44 494**	**-29 185**
Cash and cash equivalents at beginning of period	109 898	154 392	154 392
Cash flow for the period	73 323	-44 494	-29 185
Cash and cash equivalents at end of period	**183 221**	**109 898**	**125 207**

Capital adequacy

Parent company SEKm	30 Jun 2013	31 Dec 2012	% or pp	30 Jun 2012	% or pp
Common Equity Tier 1 capital	**56 047**	**55 945**	**0**	**59 803**	**-6**
Tier 1 capital	**60 615**	**62 215**	**-3**	**66 579**	**-9**
Total capital base	**63 150**	**67 020**	**-6**	**77 083**	**-18**
Capital requirement	**26 104**	**26 387**	**-1**	**30 177**	**-13**
Capital requirement including complement	**26 104**	**26 387**	**-1**	**30 177**	**-13**
Risk-weighted assets	**326 302**	**329 837**	**-1**	**377 207**	**-13**
Common Equity Tier 1 ratio, %*	**17.2**	**17.0**	**0.2**	**15.9**	**1.3**
Tier 1 capital ratio, %*	**18.6**	**18.9**	**-0.3**	**17.7**	**0.9**
Total capital adequacy ratio, %*	**19.4**	**20.3**	**-1.0**	**20.4**	**-1.1**
Capital quotient*	**2.42**	**2.54**	**-0.12**	**2.55**	**-0.14**

* 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-June 2013 provides a fair and accurate overview of the operations, 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, 15 July 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 Kjell 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 30 June 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, 15 July 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 or www.swedbank.com

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

Interim report for the third quarter 2013 on 22 October 2013

Swedbank will publish financial results on the following dates in 2014:

Year-end report for 2013 on 28 January 2014

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Information on Swedbank's strategy, values and shares is also available on www.swedbank.com

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