

G53 Business combinations

Business combinations refer to acquisitions of businesses in which the parent company directly or indirectly obtains control of the acquired business.

Business combinations in 2014

On 20 May 2014 Swedbank AB acquired 100 per cent of the shares in Sparbanken Öresund AB. Sparbanken Öresund AB owned 100 per cent of the shares in the subsidiaries Sparbanken Öresund Fastighetsbyrå AB and FriSparbar Företagskredit AB as well as 80 per cent of the subsidiary Cerdo Bankpartner AB. On the same date, directly after the acquisition, Sparbanken Öresund AB sold a number of bank branches to Sparbanken Skåne AB. Because certain assets and liabilities were acquired with the intent of being immediately resold, they have been classified as of the acquisition date as held for sale. The recognised gain from the acquisition was due to the fact that Swedbank has to make extensive changes to the acquired operations, including the elimination of offices and related systems. Consequently, a restructuring reserve of SEK 591m was recognised in the income statement for this purpose directly after the acquisition.

	Carried in the Group on acquisition date
Cash and balances with central banks	20
Loans to credit institutions	4461
Loans to the public	16331
Interest-bearing securities	1973
Shares and participating interests	33
Investments in associates	60
Derivatives	26
Intangible fixed assets	205
Tangible assets	113
Other assets	219
Prepaid expenses and accrued income	134
Group of assets classified as held for sale	10503
Total assets	34 078
Amounts owed to credit institutions	2 841
Deposits and borrowings from the public	11 596
Debt securitised in issue	2 028
Derivatives	49
Deferred tax liabilities	176
Other liabilities	1 625
Subordinated liabilities	947
Liabilities directly associated with group of assets classified as held for sale	11 417
Total liabilities	30 679
Subsidiary's net assets	3 399
Acquisition cost. Cash	2 938
Bargain purchase, reported as other income	461
Cash flow	
Acquired cash and cash equivalents in subsidiary	20
Cash paid	-2 938
Net	-2 918
Acquired loans, fair value	16 331
Acquired loans, gross contractual amounts	16 654
Acquired loans, best estimate of the contractual cash	258

Excluding the bargain purchase gain on the acquisition, the acquired company contributed SEK 489m to income and SEK 75m profit after tax from the acquisition date. If the company had been acquired at the beginning of the financial year 2014, the Group's income for 2014 would have been SEK 39 653m instead of SEK 39 304m. The Group's profit after tax would have been SEK 16 457m instead of SEK 16 463m.

Business combinations in 2013

Swedbank Franchise AB acquired 100 per cent of the shares in Svensk Fastighetsförmedling AB at the end of 2013. Svensk Fastighetsförmedling AB owns 25 per cent of Hemnet AB.

	Carried in the Group on acquisition date
Cash and balances with central banks	41
Shares and participating interests	125
Other assets	25
Total assets	191
Total liabilities	36
Subsidiary's net assets	155
Acquisition cost. Cash	80
Cash flow	
Acquired cash and cash equivalents in subsidiary	254
Cash paid	19
Net	0

The acquisition took place during the latter part of December and the acquired company did not contribute to profit for 2013 after its acquisition date. If the company had been acquired at the beginning of the financial year, it would have contributed approximately SEK 96m to income and SEK 8m to profit.