

# Q2 2015

## Interim report for the second quarter 2015

Second quarter compared with first quarter 2015

- Resilient result in low interest rate environment
- Good cost development
- Lending growth in all home markets
- Stable net interest income but pressure from lower market interest rates
- High customer activity strengthened net commission income
- Net gains and losses on financial items at fair value weighed down by valuation effects in Group Treasury
- Continued good credit quality
- One-off tax effects resulted in extra tax expense of SEK 447m
- Higher capitalisation mainly due to revaluation of pension liability
- Accelerated pace of long-term funding
- Ratings upgrades by Moody's (Aa3) and S&P (A+)

“The dialogue with customers is driving our digital offering. Through stable profit, low risk and high cost efficiency, we create the capacity to invest in our customers.”

Michael Wolf,  
President and CEO

Financial information	Q2	Q1		Jan-Jun	Jan-Jun	
SEKm	2015	2015	%	2015	2014	%
Total income	9 315	9 618	-3	18 933	19 775	-4
of which net interest income	5 704	5 719	0	11 423	11 004	4
Total expenses	4 047	4 168	-3	8 215	9 145	-10
Profit before impairments	5 268	5 450	-3	10 718	10 630	1
Credit impairments	6	59	-90	65	-70	
Tax expense	1 538	1 101	40	2 639	2 137	23
Profit for the period attributable to the shareholders of Swedbank AB	3 666	4 320	-15	7 986	8 092	-1
Earnings per share total operations, SEK, after dilution	3,30	3,88		7,18	7,30	
Return on equity, total operations, %	13,4	14,9		14,1	15,1	
Return on equity, total operations, excl one-off effect tax expense, %	15,0	14,9		14,8	15,1	
C/I-ratio	0,43	0,43		0,43	0,46	
Common Equity Tier 1 capital ratio, %	22,4	20,5		22,4	20,9	
Credit impairment ratio, %	0,00	0,02		0,01	-0,01	

## CEO Comment

### **Increased uncertainty created high market volatility**

Discussions, speculation and expectations about political, regulatory and monetary decisions contributed to considerable market movement during the quarter. In Europe the situation in Greece took centre stage, while expectations of a rate hike by the Federal Reserve affected economic expectations globally. In Sweden negative interest rates continued to impact customer activity. Prices of several asset classes continued to rise, in many cases financed by growing debt. After the end of the quarter the Riksbank decided to cut its discount rate by an additional 10 basis points. There is a risk that the negative rates will increase risk-taking and contribute to imbalances. In our metropolitan areas urbanisation and population growth are causing more people to take on more debt with housing in such short supply – a risk for these individuals personally and for society as a whole. Here our politicians have to step up in terms of housing construction and infrastructure investment. At Swedbank we are doing what we can to protect our customers in this environment. In the area of mortgages we recommend that our customers amortise their loans down to a loan-to-value ratio of 50 per cent and require higher income buffers to ensure they can handle higher future interest rates. In the areas of savings the bank's advisors are focused on investments with lower risk, and we have seen a clear shift in our customers' risk appetite, with a larger share of savings moving to structured products and deposit accounts.

### **High activity among our customers**

Market volatility led to robust activity in FX and fixed income trading, with more customers hedging their positions. In the capital market our customers were active in financing in terms of both preference shares and more traditional debt instruments. The corporate bond market gained pace again in Norway after a long period of sluggish activity. We led our first Nordic euro transaction in the form of covered bonds for a Norwegian client. The annual Prospera survey shows that we strengthened our position among corporate customers and institutions.

Lending growth remained stable in the Swedish operations, and for the first time since 2008 we saw lending growth in the quarterly in our three Baltic home markets. Though the growth was modest, it is a sign of strength, especially in light of the situation in Russia. It is impressive how the Baltic countries have successfully diversified and found alternative markets and trading partners. Through our strong balance sheet and close relationships, we have been able to assist customers in this transition.

In asset management our net sales have trended lower. The industry is undergoing change, accelerated by the current low interest rate environment and increased competitive pressures. We are adapting our fund business to the new environment in order to strengthen our offering. We have simplified our range of funds and through modifications to our investment approach have

improved returns. Swedbank's good cost efficiency has also made it possible to strengthen our offering by cutting fund fees in the last year. The measures we have taken have not yet produced the desired inflow of new savings capital.

### **Digitisation creates a more efficient society**

Our customers continue to drive digital development, with our digital channels continuing to attract new customers. The total number of Swish users among private individuals has now reached 3 million, with over 5 000 new customers a day among the participating banks. Our mobile bank for corporate customers has been updated with requested functions to make it easier for customers to manage their finances, including better monitoring of cash flows and transactions. In the Baltic countries customers increasingly choose our digital solutions and a large share of sales is through digital channels. Digitisation is creating faster and less expensive distribution forms and more meeting places at the same time that society becomes more efficient. The demands on us as a provider of digital services are growing significantly, and operational and security issues are high on our agenda. At the same time that greater efficiency facilitates further IT investment in our offerings, more IT development is also needed to meet increased regulatory requirements.

### **Higher credit ratings will benefit customers**

The bank's low risk has again led to positive reviews by rating agencies. Our rating outlook is stable or positive from all three major agencies. During the quarter Moody's raised the bank's rating, which will mean lower relative funding costs. Low risk and low funding costs are an important competitive advantage in order to create more attractive offers for our customers. Maintaining this low risk level is one of our top strategic priorities. During the first half-year we capitalised on favourable market conditions to increase our long-term funding and build buffers at a time of uncertainty, which during the quarter led to higher funding costs.

I look forward to the rest of the year with confidence. The challenges we have to navigate should equally be seen as opportunities. My focus going forward is to motivate, inspire and support my colleagues so that we work together to maximise the bank's full potential. With uncertainty in the financial markets and the negative interest rate environment, bank profits are under renewed pressure. It is also important therefore that we stay consistent in working with cost efficiencies.

Enjoy your summer!



Michael Wolf  
President and CEO

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

## Financial summary

Income statement SEKm	Q2 2015	Q1 2015	%	Q2 2014	%	Jan-Jun 2015	Jan-Jun 2014	%
Net interest income	5 704	5 719	0	5 521	3	11 423	11 004	4
Net commission income	2 842	2 744	4	2 813	1	5 586	5 506	1
Net gains and losses on financial items at fair value	82	320	-74	773	-89	402	1 118	-64
Other income	687	835	-18	1 348	-49	1 522	2 147	-29
<b>Total income</b>	<b>9 315</b>	<b>9 618</b>	<b>-3</b>	<b>10 455</b>	<b>-11</b>	<b>18 933</b>	<b>19 775</b>	<b>-4</b>
Staff costs	2 375	2 472	-4	2 901	-18	4 847	5 338	-9
Other expenses	1 672	1 696	-1	2 018	-17	3 368	3 807	-12
<b>Total expenses</b>	<b>4 047</b>	<b>4 168</b>	<b>-3</b>	<b>4 919</b>	<b>-18</b>	<b>8 215</b>	<b>9 145</b>	<b>-10</b>
<b>Profit before impairments</b>	<b>5 268</b>	<b>5 450</b>	<b>-3</b>	<b>5 536</b>	<b>-5</b>	<b>10 718</b>	<b>10 630</b>	<b>1</b>
Impairment of intangible assets				1			1	
Impairment of tangible assets	22	15	47	69	-68	37	204	-82
Credit impairments	6	59	-90	30	-80	65	-70	
<b>Operating profit</b>	<b>5 240</b>	<b>5 376</b>	<b>-3</b>	<b>5 436</b>	<b>-4</b>	<b>10 616</b>	<b>10 495</b>	<b>1</b>
Tax expense	1 538	1 101	40	1 063	45	2 639	2 137	23
<b>Profit for the period from continuing operations</b>	<b>3 702</b>	<b>4 275</b>	<b>-13</b>	<b>4 373</b>	<b>-15</b>	<b>7 977</b>	<b>8 358</b>	<b>-5</b>
Profit for the period from discontinued operations, after tax	-32	49		-230	-86	17	-257	
Profit for the period	3 670	4 324	-15	4 143	-11	7 994	8 101	-1
<b>Profit for the period attributable to the shareholders of Swedbank AB</b>	<b>3 666</b>	<b>4 320</b>	<b>-15</b>	<b>4 139</b>	<b>-11</b>	<b>7 986</b>	<b>8 092</b>	<b>-1</b>

Key ratios and data per share	Q2 2015	Q1 2015	Q2 2014	Jan-Jun 2015	Jan-Jun 2014
Return on equity, continuing operations, %	13.5	14.8	16.6	14.0	15.5
Return on equity, total operations, %	13.4	14.9	15.8	14.1	15.1
Earnings per share before dilution, continuing operations, SEK <sup>1)</sup>	3.34	3.87	3.96	7.21	7.58
Earnings per share after dilution, continuing operations, SEK <sup>1)</sup>	3.32	3.84	3.94	7.16	7.53
Cost/income ratio	0.43	0.43	0.47	0.43	0.46
Equity per share, SEK <sup>1)</sup>	103.1	96.7	97.6	103.1	97.6
Loan/deposit ratio, %	172	182	189	172	189
Common Equity Tier 1 capital ratio, %	22.4	20.5	20.9	22.4	20.9
Tier 1 capital ratio, %	25.0	23.1	22.1	25.0	22.1
Total capital ratio, %	28.2	26.2	25.3	28.2	25.3
Credit impairment ratio, %	0.00	0.02	0.01	0.01	-0.01
Share of impaired loans, gross, %	0.36	0.39	0.44	0.36	0.44
Total provision ratio for impaired loans, %	55	54	56	55	56
Liquidity coverage ratio (LCR), %	136	140	123	136	123
Net stable funding ratio (NSFR), % <sup>2)</sup>	101	101	102	101	102

Balance sheet data SEKbn	30 Jun 2015	31 Dec 2014	%	30 Jun 2014	%
Loans to the public, excluding the Swedish National Debt Office and repurchase agreements	1 358	1 325	2	1 266	7
Deposits and borrowings from the public, excluding the Swedish National Debt Office and repurchase agreements	791	661	20	669	18
Shareholders' equity	114	117	-3	108	6
Total assets	2 299	2 121	8	2 052	12
Risk exposure amount	407	414	-2	407	0

<sup>1)</sup> The number of shares and calculation of earnings per share are specified on page 51.

<sup>2)</sup> NSFR according to Swedbank's best understanding of the Basel Committee's new recommendation (BCBS295).

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

Key ratios and text comments regarding lending and deposits relate to volumes excluding Swedish National Debt Office and repos.

## Overview

### Market

The recovery in the eurozone is gaining a stronger foothold and GDP rose preliminarily by 1 per cent on an annualised basis during the first quarter. Confidence indicators point to continued economic growth supported by low lending rates, rising asset prices, low oil prices and the euro's depreciation in the last year. Late in the quarter some confidence indicators showed a dampening outlook, however, in the wake of growing concerns about Greece. Fixed income and equity markets were highly volatile after the European Central Bank said it would accelerate monthly bond purchases during the summer and after the Greek crisis escalated in late June.

US growth slowed in the first quarter, but economic indicators at the end of the second quarter offer some hope that the economy will again pick up. A rate hike by the Federal Reserve later this year is expected despite uncertainty about the strength of the US recovery. Among major emerging markets, Russia was weighed down by low oil prices, political uncertainty and international sanctions. In China growth slowed at the start of the year, mainly due to weak domestic demand. The Shanghai Stock Exchange began the second quarter much higher, but has fallen from mid-June.

The Swedish economy grew by 2.5 per cent on an annualised basis during the first quarter, driven by domestic demand, not least increased housing construction. Household consumption began the year strongly but stagnated in recent months. The underlying trend in the labour market was good, but unemployment remains high at just under 8 per cent. The Riksbank has continued its expansive monetary policy in the wake of low inflation and the ECB's aggressive monetary policy. On 2 July the Riksbank decided to cut the repo rate to -0.35 per cent and expand its bond buying by SEK 45bn for the period September-December 2015. This creates the risk of higher Swedish credit growth and increased household debt.

Growth in the Baltic countries eased during the first quarter, with weaker exports and/or dampened investment activity. In Lithuania growth fell due to lower exports. Estonia also saw declining exports, which, together with lower investment activity, kept economic growth in check. In Latvia restored production in the country's largest steel mill contributed positively to exports. Consumer spending rose marginally, while investment growth remained weak. Annual growth in the Baltic countries is estimated at around 2 per cent.

The Stockholm stock exchange (OMXSPI) gained 7 per cent during the first half-year. The Tallinn stock exchange (OMXTGI) rose by 12 per cent, the Riga stock exchange (OMXRGI) by 8 per cent, while the Vilnius stock exchange (OMXVGI) by 10 per cent.

## Second quarter 2015

Compared with first quarter 2015

### Result

The quarterly result decreased by 15 per cent to SEK 3 666m (4 320), mainly due to a tax expense of a one-off nature. Income and expenses decreased and credit impairments were lower. Profit before impairments decreased by 3 per cent to SEK 5 268m (5 450). The result increased in every business area, mainly in Swedish Banking, but decreased in Group Functions & Other, where Group Treasury's result declined. The return on equity decreased to 13.4 per cent (14.9). Excluding the one-off tax effect, the return was 15.0 per cent. The cost/income ratio was unchanged at 0.43.

<b>Profit before impairments by business segment excl FX effects</b>	<b>Q2</b>	<b>Q1</b>	<b>Q2</b>
<b>SEKm</b>	<b>2015</b>	<b>2015</b>	<b>2014</b>
Swedish Banking	3 172	2 970	3 056
Baltic Banking	925	879	998
Large Corporates & Institutions	1 126	1 102	1 142
Group Functions & Other	45	490	363
<b>Total excl FX effects</b>	<b>5 268</b>	<b>5 441</b>	<b>5 559</b>
FX effects		9	-23
<b>Total</b>	<b>5 268</b>	<b>5 450</b>	<b>5 536</b>

Income decreased by 3 per cent to SEK 9 315m (9 618). Net interest income was stable, while net commission income increased. Net gains and losses on financial items at fair value and other income decreased.

Net interest income was stable at SEK 5 704m (5 719). Net interest income increased in Swedish and Baltic Banking and was stable in Large Corporates & Institutions (LC&I), but decreased in Group Treasury within Group Functions & Other, mainly because of a less positive effect from covered bond repurchases and lower contributions from the liquidity portfolio due to lower market interest rates. Deposit margins decreased in all business areas due to lower interest rates, while higher lending volumes contributed positively. Lending margins for Swedish mortgages increased. An extra day during the quarter affected net interest income positively.

Net commission income increased by 4 per cent to SEK 2 842m (2 744). Swedish and Baltic Banking contributed to the increase. Net commission income was stable in LC&I. Net commission income from cards and payments was seasonally higher. Corporate finance and insurance commissions also raised net commission income. Lending related commissions fell somewhat. The extra day during the quarter had a positive effect.

Net gains and losses on financial items at fair value were down 74 per cent to SEK 82m (320), mainly due to a lower result in Group Treasury within Group Functions & Other, which was weighed down by the effects of increased credit spreads and large covered bond repurchases. Net gains and losses in LC&I was stable.



Other income decreased by 18 per cent to SEK 687m (835). Other income increased excluding one-off effects in the first quarter from the sale of written-off debt in the associated company Entercard and capital gains on sales of branches in Sparbanken Skåne. The sale of Svensk Fastighetsförmedling and a property sale by Sparbanken Öresund also contributed positively in the first quarter.

Expenses decreased by 3 per cent to SEK 4 047m (4 168), mainly in Swedish Banking and LC&I. Staff costs decreased the most, due to a lower number of full-time positions. The decrease in variable compensation was mainly due to a lower share price, which resulted in a lower market value of social insurance costs for the share-based programmes for 2012-2014. The number of full-time employees decreased by 310, mainly in Swedish Banking and Group Functions & Other.

Credit impairments decreased to SEK 6m (59). LC&I and Swedish Banking both reported lower credit impairments, while recoveries in Baltic Banking were higher.

The tax expense amounted to SEK 1 538m (1 101), corresponding to an effective tax rate of 29.4 per cent (20.5). The quarter was affected by some large one-off items. The decision to take an extra dividend of SEK 3 695m from the Estonian sub-group generated a tax expense of SEK 929m, since profit in Estonia is first taxed upon distribution. At the same time structural changes in the US operations, which affect Ektornet and the New York branch, have made it possible to tax the net result from Swedbank's entire US operations. In addition, a change in method was made with respect to deductible expenses in the US. As a whole, this produced a positive US tax effect of SEK 482m. The one-off effects raised the tax expense by a net SEK 447m. Excluding these one-off effects, the quarterly effective tax rate would have been 20.8 per cent. As previously forecasted, the effective tax rate is estimated at 19-21 per cent in the medium term.

The result from discontinued operations decreased to SEK -32m (49).

## January-June 2015

Compared with January-June 2014

### Result

The result for the period decreased by 1 per cent to SEK 7 986m (8 092), mainly due to an increased tax expense of a one-off nature. Income and expenses both decreased. Minor credit impairments were posted during the first half-year 2015, compared with minor recoveries in the same period in 2014. Impairments were lower. Currency fluctuations, primarily the depreciation of the Swedish krona against the euro, raised profit by SEK 45m. Profit before impairments was stable at SEK 10 718m (10 630). The result increased within Swedish Banking and Group Functions & Other but was lower in other business areas. The return on equity decreased to 14.1 per cent (15.1). Excluding the one-off tax effect, the return was 14.8 per cent. The cost/income ratio improved to 0.43 (0.46).

Profit before impairments by business segment excl FX effects SEKm	Jan-Jun 2015	Jan-Jun 2014	Δ SEKm
Swedish Banking	6 142	6 043	99
Baltic Banking	1 812	1 903	-91
Large Corporates & Institutions	2 229	2 407	-178
Group Functions & Other	535	359	176
<b>Total excl FX effects</b>	<b>10 718</b>	<b>10 712</b>	<b>6</b>
FX effects		-82	82
<b>Total</b>	<b>10 718</b>	<b>10 630</b>	<b>88</b>

Income decreased by 4 per cent to SEK 18 933m (19 775). Income decreased in all business areas, particularly in Swedish Banking and Group Treasury within Group Functions & Other. However, net interest income and commission income rose, while net gains and losses on financial items at fair value and other income fell. Changes in exchange rates increased income by SEK 138m.

Net interest income rose by 4 per cent to SEK 11 423m (11 004). Group Treasury's net interest income improved thanks to falling market interest rates. Net interest income decreased within Swedish Banking. Lower market interest rates adversely affected deposit margins, while increased lending volumes and higher mortgage margins contributed positively. Net interest income within Baltic Banking was pressured by lower deposit volumes. Net interest income was stable within LC&I, where lower deposit margins were offset by higher lending volumes. Higher stability fees reduced net interest income by SEK 95m. Fluctuations in exchange rates raised net interest income by SEK 88m.

Net commission income was stable at SEK 5 586m (5 506). Insurance related income and income from card commissions and asset management contributed positively, while income from corporate finance and payment commissions fell. The latter dropped partly due to the introduction of the euro in Lithuania. Commission income from asset management and life insurance increased, mainly due to higher equity prices.

Net gains and losses on financial items at fair value decreased by 64 per cent to SEK 402m (1 118). The lower result is mainly due to the negative effects of covered bond repurchases and increased credit spreads, which reduced the result in Group Treasury within Group Functions & Other. Net gains and losses on financial items were stable within LC&I.

Other income decreased by 29 per cent to SEK 1 522m (2 147), mainly within Swedish Banking due to one-off income of SEK 461m in the first half-year 2014 related to the acquisition of Sparbanken Öresund. Within Group Functions & Other income related to Ektornet decreased.

Expenses decreased by 10 per cent to SEK 8 215m (9 145). The biggest decrease was in Swedish Banking, where one-off expenses of SEK 615m were recognised in connection with the acquisition of Sparbanken Öresund in 2014, but also due to efficiency improvements. Expenses decreased within Group Functions & Other as a result of efficiency improvements and one-off expenses in 2014 related to

the move of the head office. Expenses decreased somewhat within Baltic Banking in local currency. Changes in exchange rates increased expenses by SEK 56m.

The number of full-time employees decreased. In Swedish Banking the number fell mainly as a result of the integration of Sparbanken Öresund. In Group Products within Group Functions & Other the decrease was due to efficiencies and digitised processes. In other business areas the number of full-time employees increased somewhat.

Credit impairments increased to SEK 65m (recoveries of 70), mainly because Baltic Banking reported lower net recoveries. Within Swedish Banking and LC&I credit impairments remained at low levels, though somewhat higher than in 2014. Impairments of tangible asset decreased to SEK 37m (204), attributable to Ektornet.

The tax expense amounted to SEK 2 639m (2 137), corresponding to an effective tax rate of 24.9 per cent (20.4). The effective tax rate was affected by one-off effects in Estonia and the US operations, which increased the net tax expense by SEK 447m. Excluding this net effect, the effective tax rate would have been 20.6 per cent. According to an earlier forecast, the effective tax rate is estimated at 19-21 per cent in the medium term.

The result for discontinued operations amounted to SEK 17m (-257). A reclassification of SEK -223m was recognised in the first half-year 2014 to wind down the Russian operations.

### Volume trends

Swedbank's lending increased by SEK 33bn or 2 per cent during the first half-year, of which SEK 16bn relates to the second quarter. Fluctuations in exchange rates reduced lending by SEK 1bn in the first half-year and by SEK 3bn in the second quarter.

Lending to mortgage customers in Sweden increased during the six-month period by SEK 20bn to SEK 658bn, of which SEK 11bn during the second quarter. Swedbank's market share of net growth was 22 per cent during the first five months of the year, compared with a total market share of 25 per cent (25 per cent as of 31 December). Mortgage volume in Baltic Banking increased by 1 per cent in local currency to a total of SEK 54bn. In Estonia and Lithuania the portfolios grew by 2 per cent, while it decreased by 1 per cent in Latvia.

Private lending other than mortgages grew by SEK 4bn during the six-month period to SEK 137bn. The biggest increase was in lending to tenant-owner associations, which rose by SEK 3bn to SEK 101bn. In Baltic Banking volumes grew by 4 per cent in local currency to SEK 11bn. All countries saw growth.

Corporate lending within Swedish Banking and LC&I rose by SEK 11bn during the first half-year to SEK 444bn. The growth rate decreased compared with the second half-year 2014. Swedbank's market share of net growth was 28 per cent. The total market share was stable at 18.9 per cent (18.7) as of 31 May. In Baltic Banking corporate lending increased by 4 per cent in local currency to SEK 62bn. The lending portfolio grew by 7 per cent in Lithuania, 3 per cent in Estonia and 1 per cent in Latvia.

Swedbank's deposits grew during the first half-year by SEK 130bn to a total of SEK 791bn. The increase was mainly due to higher deposits in Group Treasury from US money market funds. In Swedish Banking volumes increased by SEK 16bn, of which SEK 13bn was from private customers, with tax refunds and transfers from fixed income funds among the positive contributors during the second quarter. In LC&I volumes were stable. In Baltic Banking deposits increased by 2 per cent in local currency. Deposits increased in Estonia, but decreased somewhat in Latvia and Lithuania. Market shares in Sweden declined somewhat as of 31 May to 20.9 per cent (21.1) for household deposits and 17.5 per cent (18.7) for corporate deposits.

Fund assets under management amounted to SEK 760bn (715), of which SEK 729bn is attributable to the Swedish operations. Discretionary assets under management amounted to SEK 350bn (337). The increase in assets under management was mainly due to positive market performance. During the first half-year Swedbank Robur had a net outflow of SEK 4bn in the Swedish market, where the outflow was SEK 6bn in the second quarter. The trend from the first quarter with outflows from fixed income funds and inflows to mixed funds continued. Equity funds also reported large outflows; the net outflow from Swedbank Robur's equity funds was SEK 11bn, of which SEK 10bn was in the second quarter. Discretionary management saw a net inflow of SEK 9bn during the first half-year. Swedbank Robur's market share for net inflows was negative (13 per cent for 2014). Swedbank is also a distributor of other management companies' funds. Swedbank's share of total net sales in the Swedish fund market was 0.1 per cent during the first half-year (22 per cent for 2014).

For more information on the product areas, see page 19.

### Credit and asset quality

Macroeconomic and political concerns mainly related to the crisis in Greece and sanctions against Russia continued to dampen economic conditions in Swedbank's four home markets. The bank's credit and asset quality has not been affected, however. Direct exposures to Greece amounted to SEK 2m and to Russia SEK 141m. Swedbank works continuously to analyse the direct and indirect effects of actual and anticipated global changes. This includes a Greek exit from the eurozone. The assessment is that a Grexit would have little impact on the bank. Moreover, the bank dialogues continuously with customers that could be affected, for example, by trade restrictions against Russia. Oil prices rose after plummeting in late 2014, but are still significantly lower than before. The bank and its customers have taken measures to adjust to the prevailing low oil prices.

The bank's mortgages in Sweden grew during the first half-year. The increase was mainly in locations where the economy is growing. Low risk is maintained in the mortgage portfolio through good controls and monitoring as well as strict credit terms, part of which includes encouraging borrowers to amortise. Such measures have become even more important given the continued rise in house prices. Lending to non-housing related property companies in Sweden rose by SEK 5.9bn

during the half-year. Risk in the portfolio remained low thanks to solvent customers with low loan-to-value ratios.

During the second quarter 94 per cent of new mortgages granted in Sweden with a loan-to-value ratio over 70 per cent were being amortised, as were 53 per cent of those with a loan-to-value ratio between 50 and 70 per cent. Amortisations in the Swedish mortgage portfolio during the latest 12-month period amounted to about SEK 10.7bn. The average loan-to-value ratio for Swedbank's mortgages in Sweden was 59.2 per cent (60.1 as of 31 December 2014). In Estonia it was 50.9 per cent (53.9), in Latvia 104.3 per cent (108.2) and in Lithuania 78.7 per cent (84.8), based on property level. For more information, see page 56 of the fact book.

Impaired loans decreased during the first half-year by SEK 0.7bn to SEK 5.6bn and correspond to 0.36 per cent (0.41) of total lending. The provision ratio for impaired loans was 37 per cent (35) and including portfolio provisions was 55 per cent (53). Impaired loans continued to fall in Baltic Banking and now amount to SEK 3.6bn. The share of Swedish mortgages past due more than 60 days remained low at 0.06 per cent of the portfolio (0.07). For more information on credit risk, see pages 48-55 of the fact book.

Impaired loans, by business segment SEKm	Jun 30 2015	Dec 31 2014	Jun 30 2014
Swedish Banking	1 548	1 661	1 522
Baltic Banking	3 585	3 646	4 511
Estonia	1 217	1 241	1 297
Latvia	1 279	1 368	1 837
Lithuania	1 089	1 037	1 377
Large Corporates & Institutions	447	583	279
<b>Total</b>	<b>5 580</b>	<b>5 890</b>	<b>6 312</b>

Credit impairments amounted to SEK 65m during the first half-year (419 for the full-year 2014) and mainly related to provisions for anticipated credit impairments in Sweden and Lithuania. Baltic Banking reported further net recoveries, but at a lower level. Repossessed assets continued to decrease to SEK 708m (933). For more information on repossessed assets, see page 35 of the fact book.

Credit impairments, net by business segment SEKm	Q2 2015	Q1 2015	Q2 2014
Swedish Banking	48	52	25
Baltic Banking	-49	-9	-16
Estonia	-9	14	-25
Latvia	-95	-10	12
Lithuania	55	-13	-4
Other			1
Large Corporates & Institutions	7	16	22
Group Functions & Other			-1
<b>Total</b>	<b>6</b>	<b>59</b>	<b>30</b>

### Stress test – Internal Capital Adequacy Assessment Process 2015

The bank continuously undergoes a number of stress tests, both internal and external, by for example the Swedish Financial Supervisory Authority (SFSA) and the Riksbank. They demonstrate the bank's strong resilience to potentially very negative changes in the operating environment such as negative growth, high unemployment and significantly lower house prices in

the bank's home markets. Swedbank's Internal Capital Adequacy Assessment Process (ICAAP) indicates that the impact on the bank's results and capitalisation is limited. The aggregate credit impairment ratio for the three years in the recession scenario is 1.1 per cent, and after capitalisation has decreased in the first year it strengthens in the second year with the help of the bank's profits. For more information on Swedbank's ICAAP 2015 and its outcome, see page 64 in the fact book.

### Operational risks

The bank's direct losses attributable to operational risks remained low during the second quarter. The trend from the previous year is continuing and the number of IT incidents is on the decline. A major incident occurred in early June, however, when the bank's digital channels shut down.

In the last two years work has been done to improve Swedbank's operational risk management. During the quarter Swedbank applied to the SFSA to use the Advanced Measurement Method (AMA) to calculate operational risks. The application is now being evaluated by the SFSA.

### Funding and liquidity

Demand for Swedbank's bonds and private placements remained high during the first half-year. In 2015 Swedbank has issued larger volumes of long-term bonds and taken advantage of favourable market conditions partly to pre-finance upcoming maturities, but also to match higher lending volumes. During the second quarter the bond markets reacted to the economic and political uncertainty, which led to high market volatility and higher credit spreads. During the first half-year Swedbank issued SEK 133bn in long-term debt, of which SEK 68bn related to the second quarter. Covered bonds were the most important source of financing for the bank, accounting for SEK 88bn. The higher share of senior unsecured funding contributed positively to the Net Stable Funding Ratio (NSFR). According to the updated definition (Basel 3) of how to calculate NSFR, a larger share of assets has to be financed with long-term financing. According to Swedbank's interpretation of the update, the bank's NSFR amounts to 101 per cent as of 30 June.

On 30 June the total volume of short-term funding amounted to SEK 157bn (195 as of 31 December 2014) at the same time that SEK 238bn was placed with central banks.

Swedbank's most important liquidity measure is the survival horizon, which showed that the bank as of 30 June would survive more than 12 months with the capital markets completely shut down. This applies to total liquidity as well as liquidity in USD and EUR. For more information on the bank's funding and liquidity, see pages 66-82 of the fact book.

### Ratings

Moody's upgraded Swedbank's rating by one step in the second quarter to Aa3 with a stable outlook. Swedbank's individual rating was upgraded as well, from baa1 to a3. The upgrade was motivated by Swedbank's strong earnings generation and high asset quality, which is underpinned by the bank's long-term strategy and strong brand.



S&P also upgraded Swedbank's individual rating one step, to a+, and raised its ratings outlook to stable from negative. Its final rating of A+ was confirmed. The upgrade was motivated by Swedbank's governance continuity, stable profitability and high efficiency.

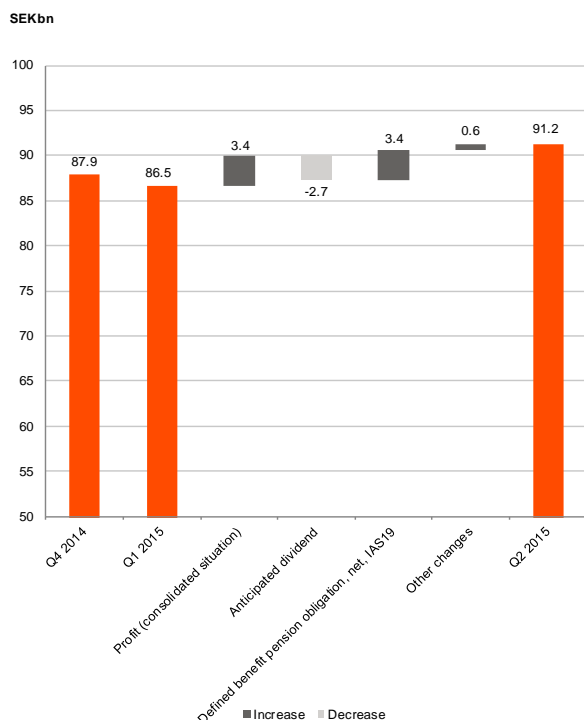
The result from Fitch Ratings affirmed Swedbank's A+ rating with a positive outlook. The high rating and positive outlook were motivated by the bank's high capital ratios, strong profitability and low credit impairments.

### Capital and capital adequacy

The Common Equity Tier 1 capital ratio was 22.4 per cent on 30 June 2015 (20.5 per cent as of 31 March 2015 and 21.2 per cent as of 31 December 2014).

Common Equity Tier 1 capital increased by SEK 4.7bn during the quarter to SEK 91.2bn. The change was mainly due to the revaluation of the estimated pension liability according to IAS 19. This increased Common Equity Tier 1 capital by about SEK 3.4bn, mainly due to a higher discount rate caused by rising long-term interest rates. During the quarter the SFSA approved a reduction of the upper limit on the bank's holding of treasury shares. This positively affected equity by SEK 0.4bn. The bank's profit after deducting anticipated dividends positively affected Common Equity Tier 1 capital by SEK 0.7bn.

#### Change in Common Equity Tier 1 capital, 2015, Swedbank consolidated situation

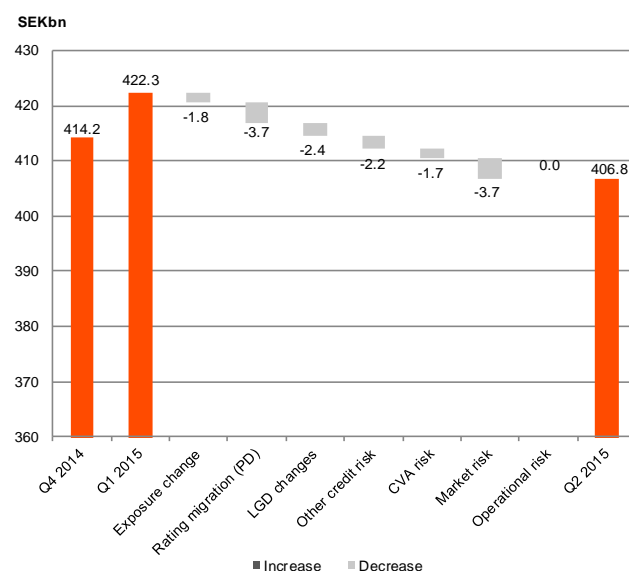


The risk exposure amount (REA) decreased by just over SEK 15.6bn during the second quarter to SEK 406.8bn as of 30 June (422.3 as of 31 March). REA for credit risks decreased by SEK 10.1bn. Increased exposures to mortgages and corporate customers mainly in Sweden raised REA. This was offset by lower liquidity placements and lower market values on derivatives, due to rising interest rates and a stronger krona, which decreased counterparty credit risk. Improved customer creditworthiness contributed to positive PD migrations,

which reduced REA by SEK 3.7bn. Better data processes and increased collateral values had a positive effect on LGD, which helped to reduce REA by SEK 2.4bn.

REA for credit valuation adjustment (CVA risk) decreased by SEK 1.7bn as a result of lower market values. REA for market risks decreased by SEK 3.7bn. This was mainly because the SFSA approved a modification of one of the bank's valuation models, so that they could handle negative interest rates. REA for operational risks was unchanged during the quarter.

#### Change in REA, 2015, Swedbank consolidated situation



#### Uncertainty about capital regulations remains

In May 2015 the SFSA published standardised methods for assessing capital requirements within Pillar 2 for three types of risk: credit-related concentration risk, interest rate risk in the banking book and pension risk. The SFSA will implement the methods in the supervisory capital assessment it publishes in the third quarter 2015. In June it decided to raise the countercyclical buffer to 1.5 per cent. The increase, which will apply from 27 June 2016, also affects Swedbank's capital requirement through the risk weight floor of 25 per cent for the Swedish mortgage portfolio.

Swedbank's capital requirement increased during the quarter to a Common Equity Tier 1 capital ratio corresponding to 19.6 per cent as of 30 June. The capital requirement is, among other things, increasing because the capital requirement for the risk weight floor for mortgages in Pillar 2 is increasing in relation to the total risk exposure amount. The requirement has also taken into account the increased countercyclical buffer (2016) and Swedbank's assumed capital requirement for individual Pillar 2 risks of 1.1 per cent in accordance with the SFSA's publication. Swedbank's Common Equity Tier 1 capital ratio was 22.4 per cent as of 30 June.

At the same time that the Swedish capital requirements are being clarified, international work is underway regarding future capital requirements for banks. Among other things, the Basel Committee is trying to improve the comparability of banks' capital ratios. The work covers future standard methods for calculating capital requirements for credit, market and operational risks,

including the possibility of a capital floor for banks that use internal models. Due to uncertainty about the specifics of the new regulations and how and when they will be implemented, it is still too early to draw any conclusions about the potential impact on Swedbank.

An evaluation of the leverage ratio is also underway ahead of the possible introduction of a minimum requirement in 2018. Swedbank's leverage ratio as of 30 June was 4.5 per cent (4.4 per cent on 31 March).

### Events after 30 June 2015

In December 2014 the Swedish Shareholders' Association (Aktiespararna) submitted a claim to the National Board for Consumer Disputes (ARN) against Swedbank Robur. Aktiespararna claimed that two funds, Allemansfond Komplet and Kapitalinvest, were not actively managed for an extended period and that

Swedbank Robur therefore should repay a portion of the management fee. Swedbank countered that it has been an active manager and has been clear in explaining its management approach and the fees it charged. On 1 July ARN rejected the claim, stating that the dispute is not suitable for the ARN to try. The funds have previously been investigated by the Swedish Financial Supervisory Authority and the Swedish Consumer Agency, which dropped the cases.

Swedbank received an award as best bank in Sweden by the leading financial magazine Euromoney. One reason stated was its use of digital channels. Other areas that were mentioned were the bank's profitability, capital base and improved lending position despite maintaining low risk.

## Swedish Banking

- Lower market interest rates affected net interest income negatively...
- ...while higher lending volumes and margins contributed positively
- Lower cost level

### Income statement

SEKm	Q2 2015	Q1 2015	%	Q2 2014	%	Jan-Jun 2015	Jan-Jun 2014	%
Net interest income	3 281	3 190	3	3 361	-2	6 471	6 677	-3
Net commission income	1 916	1 781	8	1 777	8	3 697	3 410	8
Net gains and losses on financial items at fair value	63	54	17	52	21	117	103	14
Share of profit or loss of associates	228	278	-18	409	-44	506	665	-24
Other income	180	226	-20	609	-70	406	759	-47
<b>Total income</b>	<b>5 668</b>	<b>5 529</b>	<b>3</b>	<b>6 208</b>	<b>-9</b>	<b>11 197</b>	<b>11 614</b>	<b>-4</b>
Staff costs	883	919	-4	1 315	-33	1 802	2 189	-18
Variable staff costs	34	54	-37	51	-33	88	100	-12
Other expenses	1 552	1 558	0	1 770	-12	3 110	3 251	-4
Depreciation/amortisation	27	28	-4	16	69	55	32	72
<b>Total expenses</b>	<b>2 496</b>	<b>2 559</b>	<b>-2</b>	<b>3 152</b>	<b>-21</b>	<b>5 055</b>	<b>5 572</b>	<b>-9</b>
<b>Profit before impairments</b>	<b>3 172</b>	<b>2 970</b>	<b>7</b>	<b>3 056</b>	<b>4</b>	<b>6 142</b>	<b>6 042</b>	<b>2</b>
Credit impairments	48	52	-8	25	92	100	56	79
<b>Operating profit</b>	<b>3 124</b>	<b>2 918</b>	<b>7</b>	<b>3 031</b>	<b>3</b>	<b>6 042</b>	<b>5 986</b>	<b>1</b>
Tax expense	676	611	11	563	20	1 287	1 198	7
Profit for the period	2 448	2 307	6	2 468	-1	4 755	4 788	-1
<b>Profit for the period attributable to the shareholders of Swedbank AB</b>	<b>2 444</b>	<b>2 303</b>	<b>6</b>	<b>2 464</b>	<b>-1</b>	<b>4 747</b>	<b>4 780</b>	<b>-1</b>
Non-controlling interests	4	4	0	4	0	8	8	0
Return on allocated equity, %	18.9	17.9		30.0		18.4	29.3	
Loan/deposit ratio, %	245	260		246		245	246	
Credit impairment ratio, %	0.02	0.02		0.01		0.02	0.01	
Cost/income ratio	0.44	0.46		0.51		0.45	0.48	
Loans, SEKbn	1 050	1 039	1	986	6	1 050	986	6
Deposits, SEKbn	428	400	7	401	7	428	401	7
Full-time employees	4 651	4 898	-5	5 047	-8	4 651	5 047	-8

### Development January - June

The result for the period was stable at SEK 4 747m (4 780). Income and expenses both decreased, mainly due to larger one-off items in the second quarter 2014 in connection with the acquisition of Sparbanken Öresund. Income during the first half-year was pressured by lower deposit margins, while the focus on further cost efficiencies reduced the number of employees and resulted in lower staff costs.

Net interest income decreased by 3 per cent compared with the first half-year 2014 as a result of lower deposit margins, which were adversely affected by lower market interest rates. This was partly offset by higher lending volumes and higher mortgage margins on both new lending and the existing portfolio. Margins have gradually risen since mid-year 2014 to compensate for higher capital adequacy requirements in the form of higher risk weights for mortgages. As of the fourth quarter 2014 capital equivalent to a 25 per cent risk weight floor for Swedish mortgages is allocated to the business area, which increases allocated capital and reduces its profitability. Compared with the first quarter net interest income rose somewhat. Increased lending volumes and improved mortgage margins contributed positively, while deposit margins continued to decline.

Household deposit volumes increased by SEK 13bn from the beginning of the year, of which SEK 15bn in the second quarter, when tax refunds and transfers from fixed income funds were among the positive contributors. Swedbank's share of household deposits was 20.9 per cent as of 30 June (21.1 per cent as of 31 December 2014). Corporate deposits within Swedish Banking increased by SEK 3bn from the beginning of the year. Swedbank's market share, including corporate deposits within LC&I, decreased to 17.5 per cent as of 31 May (18.7 per cent as of 31 December 2014).

Swedbank's household mortgage lending volume increased by SEK 19bn from the beginning of the year. Swedbank's market share of net growth was unchanged compared with the previous quarter at 22 per cent. Swedbank's share of the total market was 25 per cent (25 per cent as of 31 December 2014). Since the beginning of the year corporate lending increased by SEK 4bn, but decrease by SEK 1bn during the quarter. The market share, including corporate lending within LC&I, was stable at 18.9 per cent (18.7 per cent as of 31 December 2014).

Net commission income rose by 8 per cent during the first half-year compared with the same period in 2014. The increase was mainly due to increased income from structured products as well as card and payment commissions as a result of higher volumes. Fund management income was stable. Rising equity prices contributed positively. Reductions in fund fees, which were implemented primarily in the fourth quarter 2014 and first quarter 2015 to create a more attractive customer offering and adapt the fees to a low interest rate environment, adversely affected income. Swedbank's market share in terms of total assets under management was 22 per cent (23 per cent as of 31 December 2014). Total new savings were higher during the first half-year 2015 than in the same period in 2014. A larger share of the savings related to deposit accounts and a significantly smaller share to funds. During the second quarter net commission income rose by 8 per cent, mainly due to seasonally higher card and payment commissions as well as increased fund management income. The trend away from equity and fixed income funds toward mixed funds continued, as did inflows to investment savings accounts driven by favourable tax effects and the reduced deductibility of individual pension savings. A clear shift was also evident in customers' risk appetite, with the bank's advice in this low interest rate environment focused more on savings with lower risk. A larger share of savings was invested during the quarter in structured products and deposit accounts.

The share of associates' profit decreased compared with both the previous year and the first quarter 2015, mainly due to one-off effects. The positive effects of the sale of written-off debt by Entercard and a capital gain reported by Sparbanken Skåne in connection with branch sales were recognised in the first quarter 2015. One-off income of SEK 230m related to Entercard was recognised during the first half-year 2014.

Other income was lower than in the previous year and the first quarter 2015 due to one-off income. Income of SEK 461m related to the acquisition of Sparbanken Öresund was recognised during the first half-year 2014. One-off income totalling SEK 90m was recognised during the first quarter 2015 for Sparbanken Öresund's property sales and the sale of Svensk Fastighetsförmedling.

Expenses decreased during the first half-year compared with the same period in 2014, when one-off expenses in connection with the acquisition of Sparbanken Öresund contributed to higher overall expenses. The increased focus on efficiencies has also reduced expenses, mainly related to staff. Expenses fell compared with the first quarter as well, mainly due to lower staff costs and marketing expenses. Increased customer activity in digital channels has changed the way customers interact with the bank and is gradually reducing staff costs.

During the second quarter Swedbank tightened its mortgage requirements in Sweden to ensure its customers can handle an economic slowdown. The requirements include, among other things, the size of the loan in relation to income and the interest rate borrowers have to be able to manage in the bank's "left-to-live-on" calculation being raised to at least 7 per cent. Swedbank also continues to promote the benefits of amortisation and recommends that mortgage customers amortise down to a loan-to-value of 50 per cent.

The number of customers who use Swedbank's digital channels continues to grow. The Internet Bank had 3.8 million users as of 30 June, an increase of 69 000 during the year. The Mobile Bank had 2.2 million (+225 000) and the iPad Bank had 0.6 million (+58 000). During the quarter the mobile bank for corporate customers was updated with requested functions to make it easier for customers to manage their finances, including better monitoring of cash flows and transactions. Sweden is seeing a major increase in Swish users. The number of payments is increasing every month and the number of total users among the participating banks now tops 3 million private individuals. On average more than two Swish payments are made per user and month. Increasing digitisation strongly contributed to a year-on-year decrease of 16 per cent in the number of teller transactions in branches. At the same time the number of advisory meetings decreased by 16 per cent.

**Sweden is Swedbank's largest market**, with around 4 million private customers and more than 250 000 corporate customers. This makes it Sweden's largest bank by number of customers. Through our digital channels (Telephone Bank, Internet Bank, Mobile Bank and iPad Bank) and branches, and with the support of savings banks and franchisees, we are always available. Swedbank is part of the local community. The bank's branch managers have a strong mandate to act in their local communities. The bank's presence and engagement are expressed in various ways. A project called "Young Jobs", which has created several thousand trainee positions for young people, has played an important part in recent years. Swedbank has 296 branches in Sweden. The various product areas are described on page 19.

## Baltic Banking

- Positive growth in lending volumes
- One-off tax effect from extra dividend
- Higher customer activity strengthens commission income

### Income statement

SEKm	Q2 2015	Q1 2015	%	Q2 2014	%	Jan-Jun 2015	Jan-Jun 2014	%
Net interest income	865	831	4	894	-3	1 696	1 768	-4
Net commission income	524	469	12	522	0	993	951	4
Net gains and losses on financial items at fair value	45	50	-10	62	-27	95	115	-17
Other income	102	149	-32	118	-14	251	227	11
<b>Total income</b>	<b>1 536</b>	<b>1 499</b>	<b>2</b>	<b>1 596</b>	<b>-4</b>	<b>3 035</b>	<b>3 061</b>	<b>-1</b>
Staff costs	209	210	0	193	8	419	380	10
Variable staff costs	18	19	-5	19	-5	37	39	-5
Other expenses	350	345	1	373	-6	695	737	-6
Depreciation/amortisation	34	38	-11	35	-3	72	71	1
<b>Total expenses</b>	<b>611</b>	<b>612</b>	<b>0</b>	<b>620</b>	<b>-1</b>	<b>1 223</b>	<b>1 227</b>	<b>0</b>
<b>Profit before impairments</b>	<b>925</b>	<b>887</b>	<b>4</b>	<b>976</b>	<b>-5</b>	<b>1 812</b>	<b>1 834</b>	<b>-1</b>
Impairment of intangible assets				1			1	
Impairment of tangible assets	1	-2		3	-67	-1	-2	-50
Credit impairments	-49	-9		-16		-58	-117	-50
<b>Operating profit</b>	<b>973</b>	<b>898</b>	<b>8</b>	<b>988</b>	<b>-2</b>	<b>1 871</b>	<b>1 952</b>	<b>-4</b>
Tax expense	1 064	131		158		1 195	295	
Profit for the period	-91	767		830		676	1 657	-59
<b>Profit for the period attributable to the shareholders of Swedbank AB</b>	<b>-91</b>	<b>767</b>		<b>830</b>		<b>676</b>	<b>1 657</b>	<b>-59</b>
Return on allocated equity, %	-1.8	15.0		15.6		6.7	15.3	
Loan/deposit ratio, %	92	92		99		92	99	
Credit impairment ratio, %	-0.16	-0.03		-0.06		-0.09	-0.20	
Cost/income ratio	0.40	0.41		0.39		0.40	0.40	
Loans, SEKbn	126	125	1	122	3	126	122	3
Deposits, SEKbn	138	135	2	122	13	138	122	13
Full-time employees	3 841	3 811	1	3 829	0	3 841	3 829	0

### Development January - June

Profit for the first six months of 2015 amounted to SEK 676m, a decrease of 59 per cent compared with the same period in 2014. The decrease is due to a higher tax expense caused by an extra dividend from the Estonian sub-group during the second quarter. Changes in exchange rates raised profit by SEK 30m.

Net interest income in local currency decreased by 8 per cent compared with the first half-year 2014. Low market interest rates pressured deposit margins. Changes in exchange rates improved net interest income by SEK 65m. Compared with the previous quarter net interest income increased by 5 per cent in local currency, supported by higher lending volumes.

Lending volumes increased by 3 per cent in local currency compared with 31 December 2014, driven by increased credit demand in light of stable macroeconomic conditions in the Baltic countries despite external uncertainties. The positive trend was seen in all major portfolios: corporate lending, leasing, consumer finance and mortgages. Lending volume grew in Estonia, where the bank strengthened its market position, and in Lithuania, where growth opportunities were good. In Latvia lending volume has been stable since the beginning of the year but increased somewhat in local currency during the second quarter. Swedbank's

market share for lending was 29 per cent as of 31 March 2015 (29 per cent as of 31 December 2014).

Deposit volumes in local currency increased by 2 per cent from 31 December 2014. Deposits increased in Estonia, but decreased somewhat in Latvia and Lithuania. Swedbank's market share in deposits was 28 per cent as of 31 March 2015 (28 per cent as of 31 December 2014). The loan-to-deposit ratio was 92 per cent (91 per cent as of 31 December 2014).

Net commission income was stable in local currency compared with the first half-year 2014. Higher customer activity increased commissions related to cards, asset management and lending. The number of card transactions rose by 13 per cent. Payment commissions decreased due to Lithuania's adoption of the euro and a reversal of a previous fine (SEK 35m) last year. Compared with the previous quarter net commission income increased by 13 per cent in local currency, mainly due to seasonally higher card and payment commissions. Changes in the reporting of insurance income increased net commission income by SEK 22m during the quarter and reduced other income correspondingly.



Net gains and losses on financial items at fair value decreased by 20 per cent in local currency compared with the first half-year 2014. The decrease was mainly due to lower income from the Lithuanian FX trading business as a result of the euro adoption.

Other income increased by 6 per cent in local currency compared with the first half-year 2014. Income increased due to higher insurance-related income, which rose mainly due to changes in the assumptions for calculating provisions for guaranteed return products in traditional life during the first quarter. Premium income increased by 15 per cent for life insurance products and by 14 per cent for non-life products. Other income was negatively affected by a reversal of a previously recognised VAT refund of SEK 16m for intra-Group invoicing in Latvia.

Total expenses decreased by 4 per cent in local currency compared with the first half-year 2014, mainly as a result of lower expenses for premises and IT. Staff costs rose due to wage increases. With customers increasingly choosing the digital services, the bank has been able to reduce its number of branches by 25 to 149 in the last year, of which 52 are cash-smart branches that focus on advisory services. The emphasis on digital sales is continuing through automated campaigns and specifically targeted offers. Over 40 per cent of new sales to private customers are made through the bank's digital channels. IT expenses decreased after work related to the euro transition in Lithuania was completed. Compared with the previous quarter expenses were largely unchanged.

Net recoveries amounted to SEK 58m (117 in the first six months of 2014). Latvia reported net recoveries, mainly from a few large commitments, while Estonia reported marginal credit impairments and Lithuania reported credit impairments related to a few customers.

No financial impact is evident owing to the situation in Russia. The sectors most affected by the Russian recession are agriculture and transportation, but Swedbank's exposure to them directly or indirectly is limited. Swedbank continues to take preventive measures to help customers that could be affected by the Russian situation. No major spillover effects have been observed on customers' finances or business activity.

Impaired loans amounted to SEK 3.6bn (4.0 as of 31 December 2014). The share of impaired loans was 2.8 per cent (3.1 as of 31 December 2014). Credit quality has improved to such a level that impaired loans are now decreasing at a more moderate pace.

Last year Europe's capital adequacy requirements (CRR/CRD IV) were clarified, which made it possible to further optimise the Group's capital structure. Swedbank's Baltic operations are very well capitalised after a long period of robust profitability. During the second quarter Swedbank therefore decided to take an extra dividend from the Estonian sub-group of SEK 3.7bn to the parent company. Since profits in Estonia are first taxed upon distribution, this generated an extra tax expense of SEK 929m. Swedbank's normal dividend policy with respect to the Baltic operations is that around 60 per cent of profits generated by the Baltic subsidiaries since 2014 will be distributed to the parent company, Swedbank AB. Swedbank is also reviewing the possibility to optimise the capital structure in the Latvian and Lithuanian subsidiaries. Distributions in Latvia and Lithuania do not produce similar tax effects, since company tax is paid on an ongoing basis.

**Swedbank is the largest bank** by number of customers in Estonia, Latvia and Lithuania, with around 4 million private customers and more than 250 000 corporate customers. According to surveys, Swedbank is also the most respected company in the financial sector. Through its digital channels (Telephone Bank, Internet Bank and Mobile Bank) and branches, the bank is always available. Swedbank is part of the local community. Its local social engagement is expressed in many ways, with initiatives to promote education, entrepreneurship and social welfare. Swedbank has 38 branches in Estonia, 43 in Latvia and 68 in Lithuania. The various product areas are described on page 19.

## Large Corporates & Institutions

- Lower market interest rates continued to pressure net interest income
- Stable earnings in volatile fixed income and FX markets
- Stronger role in euro bond issues

### Income statement

SEKm	Q2 2015	Q1 2015	%	Q2 2014	%	Jan-Jun 2015	Jan-Jun 2014	%
Net interest income	862	862	0	849	2	1 724	1 717	0
Net commission income	491	496	-1	505	-3	987	1 133	-13
Net gains and losses on financial items at fair value	576	587	-2	577	0	1 163	1 141	2
Other income	39	35	11	28	39	74	65	14
<b>Total income</b>	<b>1 968</b>	<b>1 980</b>	<b>-1</b>	<b>1 959</b>	<b>0</b>	<b>3 948</b>	<b>4 056</b>	<b>-3</b>
Staff costs	363	359	1	331	10	722	657	10
Variable staff costs	72	82	-12	74	-3	154	149	3
Other expenses	390	420	-7	396	-2	810	815	-1
Depreciation/amortisation	17	16	6	16	6	33	38	-13
<b>Total expenses</b>	<b>842</b>	<b>877</b>	<b>-4</b>	<b>817</b>	<b>3</b>	<b>1 719</b>	<b>1 659</b>	<b>4</b>
<b>Profit before impairments</b>	<b>1 126</b>	<b>1 103</b>	<b>2</b>	<b>1 142</b>	<b>-1</b>	<b>2 229</b>	<b>2 397</b>	<b>-7</b>
Credit impairments	7	16	-56	22	-68	23	-8	
<b>Operating profit</b>	<b>1 119</b>	<b>1 087</b>	<b>3</b>	<b>1 120</b>	<b>0</b>	<b>2 206</b>	<b>2 405</b>	<b>-8</b>
Tax expense	16	251	-94	223	-93	267	513	-48
Profit for the period	1 103	836	32	897	23	1 939	1 892	2
<b>Profit for the period attributable to the shareholders of Swedbank AB</b>	<b>1 103</b>	<b>836</b>	<b>32</b>	<b>897</b>	<b>23</b>	<b>1 939</b>	<b>1 892</b>	<b>2</b>
Return on allocated equity, %	21.2	16.9		22.9		19.1	24.6	
Loan/deposit ratio, %	172	152		162		172	162	
Credit impairment ratio, %	0.01	0.02		0.04		0.02	-0.01	
Cost/income ratio	0.43	0.44		0.42		0.44	0.41	
Loans, SEKbn	182	178	2	158	15	182	158	15
Deposits, SEKbn	106	117	-9	98	8	106	98	8
Full-time employees	1 201	1 209	-1	1 138	6	1 201	1 138	6

### Development January - June

The result for the first half-year 2015 was stable compared with the same period in 2014, influenced by a positive tax effect during the second quarter 2015 at the same time that the operating result for 2014 was strong.

Net interest income was stable compared with the first half-year 2014. Lower deposit margins were offset by increased volumes and stable lending margins. Lending volumes increased by SEK 24bn compared with the first half-year 2014, of which SEK 6bn was attributable to changes in exchange rates. The strategy to gradually grow the business with existing customers and selectively expand the customer base contributed to increased lending volumes. The biggest increase was in the property sector. Deposit volumes increased by SEK 8bn. Net interest income was also stable compared with the previous quarter. Deposit margins continued to shrink, however, at the same time that deposit volumes decreased after large one-off deposits were made at the end of the first quarter. Despite the negative interest rate environment, Swedbank has decided to charge only financial institutions in a few currencies. Lending volumes grew by SEK 4bn in the quarter, mainly in the retail and energy sectors. In addition, credit demand remained low due to good liquidity and relatively low investments among large corporate customers. The lending margin on the existing portfolio was stable, while the margins on new lending were pressured by increased competition.

Net commission income decreased by 13 per cent year-on-year to SEK 987m. The decrease is mainly related to lower income from bond issues in Norway and IPOs in Sweden. Compared with the first quarter net commission income was stable. Funding activity increased, and the market for high-yield corporate bond issues in Norway improved as uncertainty about oil prices eased. In Sweden preference share issues contributed to higher income, while lending commissions and various types of securities commissions decreased. M&A activity remained high, which also positively affected income. During the quarter Swedbank strengthened its presence in the euro market through its leading role in euro issues for borrowers in Finland, Norway and Sweden. Swedbank remains a leader in debt issues, where it participated in a number of benchmark issues during the quarter. Swedbank's market share for Swedish bond issues (SEK) was 26 per cent in 2015 (20 per cent as of 31 December) and in Norway (NOK) was 16 per cent (18 per cent as of 31 December). This made Swedbank the largest player in Sweden and the third largest in Norway.

Net gains and losses on financial items at fair value were stable compared with both the first half-year 2014 and the previous quarter. The quarter began strongly in both risk management and with respect to customer activity, while the second half was distinguished by

uncertainty in the financial markets, significant increases in interest rates and low liquidity, resulting in lower customer activity.

Total expenses for the first half-year rose by 4 per cent compared with the same period in 2014. The increase was mainly due to higher staff costs as a result of deliberate investments. Compared with the previous quarter total expenses fell by 4 per cent, mainly due to temporarily lower IT and consulting expenses.

Structural changes in the US operations have made it possible to tax the net result in the business, which produced a positive one-off effect of SEK 230m in the second quarter.

Credit impairments amounted to SEK 23m (-8) for the first half-year 2015. The share of impaired loans was 0.15 per cent (0.22 as of 31 December 2014).

Credit quality in the loan portfolio is good. Oil prices stabilised slightly in the second quarter and companies in the offshore and other oil-related sectors took measures to adapt to a lower investment level. Swedbank closely dialogues with customers in these sectors, which mainly consists of listed companies with high credit ratings and long-term customer contracts. These customers presumably can handle an extended period of low oil prices despite the financial constraints.

Raising customer satisfaction is one of the bank's strategic priorities. During the second quarter Prospera presented the results of its surveys, which showed that Swedbank had strengthened its position in several product areas, including bond issues and FX trading.

**Large Corporates & Institutions** is responsible for Swedbank's offering to customers with revenues above SEK 2 billion and those whose needs are considered complex due to multinational operations or a need for sophisticated financing solutions. They are also responsible for developing corporate and capital market products for other parts of the bank and the Swedish savings banks. LC&I works closely with customers, who receive advice on decisions that create sustainable profits and growth. LC&I is represented in Sweden, Norway, Estonia, Latvia, Lithuania, Finland, Luxembourg, China, the US and South Africa.

# Group Functions & Other

## Income statement

SEKm	Q2 2015	Q1 2015	%	Q2 2014	%	Jan-Jun 2015	Jan-Jun 2014	%
Net interest income	696	836	-17	417	67	1 532	838	83
Net commission income	-109	-20		-12		-129	-24	
Net gains and losses on financial items at fair value	-600	-372	61	82		-972	-241	
Share of profit or loss of associates		1		1		1	1	0
Other income	188	189	-1	252	-25	377	577	-35
<b>Total income</b>	<b>175</b>	<b>634</b>	<b>-72</b>	<b>740</b>	<b>-76</b>	<b>809</b>	<b>1 151</b>	<b>-30</b>
Staff costs	748	746	0	856	-13	1 494	1 707	-12
Variable staff costs	48	83	-42	62	-23	131	117	12
Other expenses	-760	-782	-3	-645	18	-1 542	-1 240	-24
Depreciation/amortisation	94	97	-3	105	-10	191	210	-9
<b>Total expenses</b>	<b>130</b>	<b>144</b>	<b>-10</b>	<b>378</b>	<b>-66</b>	<b>274</b>	<b>794</b>	<b>-65</b>
<b>Profit before impairments</b>	<b>45</b>	<b>490</b>	<b>-91</b>	<b>362</b>	<b>-88</b>	<b>535</b>	<b>357</b>	<b>50</b>
Impairment of intangible assets								
Impairment of tangible assets	21	17	24	66	-68	38	206	-82
Credit impairments				-1			-1	
<b>Operating profit</b>	<b>24</b>	<b>473</b>	<b>-95</b>	<b>297</b>	<b>-92</b>	<b>497</b>	<b>152</b>	
Tax expense	-218	108		119		-110	131	
<b>Profit for the period from continuing operations</b>	<b>242</b>	<b>365</b>	<b>-34</b>	<b>178</b>	<b>36</b>	<b>607</b>	<b>21</b>	
Profit for the period from discontinued operations, after tax	-32	49		-230	-86	17	-257	
Profit for the period	210	414	-49	-52		624	-236	
<b>Profit for the period attributable to the shareholders of Swedbank AB</b>	<b>210</b>	<b>414</b>	<b>-49</b>	<b>-52</b>		<b>624</b>	<b>-237</b>	
Non-controlling interests							1	
Full-time employees	4 331	4 416	-2	4 668	-7	4 331	4 668	-7

Net interest income and net gains and losses on financial items mainly stem from Group Treasury. Other income mainly refers to income from the savings banks. Expenses mainly relate to Group Products and Group staffs and are allocated to a large extent. The product areas are described in more detail starting on page 19.

### Development January - June

The result for continuing operations amounted to SEK 607m in the first half-year (21), mainly due to lower write-offs in Ektornet and lower expenses. The result for Group Treasury increased to SEK 627m (547) thanks to a positive one-off tax effect of SEK 252m related to a change in the method for deducting expenses in the US operations.

Net interest income increased to SEK 1 532m (838) compared with the first half-year 2014. This is mainly due to Group Treasury, where net interest income rose to SEK 1 565m (904) as a result of falling market interest rates, which led to lower funding costs, among other things. During the second quarter Group Treasury's net interest income decreased to SEK 717m, compared with SEK 848m in the first quarter. The decrease mainly related to a less positive effect from covered bond repurchases and lower contributions from the liquidity portfolio due to lower market interest rates.

Net gains and losses on financial items at fair value for the first half-year decreased to SEK -972m (-241). Net gains and losses on financial items within Group Treasury decreased to SEK -986m (-166). The main reasons for the negative result were the effects of covered bond repurchases, which are reflected correspondingly in net interest income over time, as well as increased credit spreads. During the second quarter

Group Treasury's result decreased to SEK -600m (-386), weighed down by the effects of increasing credit spreads as well as large covered bond repurchases.

Other income decreased year-on-year due to lower income in Ektornet. Also, one-off income of SEK 82m was recognised during the first quarter 2014 for a property sale.

Expenses decreased year-on-year to SEK 274m (794). Excluding the net of services purchased and sold internally, expenses fell by 12 per cent to SEK 3 143m (3 563). Lower expenses were recognised as a result of efficiency improvements. Ektornet reduced expenses due to lower operating expenses as its portfolio is sold off. During the first half-year 2014 one-off expenses of SEK 136m were recognised in connection with the move of the head office.

Ektornet's property values were written down by SEK 38m (204).

### Discontinued operations

The result for discontinued operations amounted to SEK 17m (-257). During the first half-year 2014 SEK -223m related to the discontinuation of the Russian operations was reclassified. Swedbank's net lending in Russia continued to decrease during the second quarter and amounted to SEK 0.1bn (0.5).

**Group Functions & Other** consists of centralised business support units and the product organisation Group Products. The centralised units serve as strategic and administrative support and comprise Accounting & Finance, Communication, Risk, IT, Compliance, Public Affairs, HR and Legal. Group Products' purpose is to improve efficiency in the development and maintenance of Swedbank's products. Group Treasury is responsible for the bank's funding, liquidity and capital planning. Group Treasury sets the prices on all internal deposit and loan flows in the Group through internal interest rates, where the most important parameters are maturity, interest fixing period, currency and need for liquidity reserves.

## Eliminations

### Income statement

SEKm	Q2 2015	Q1 2015	%	Q2 2014	%	Jan-Jun 2015	Jan-Jun 2014	%
Net interest income							4	
Net commission income	20	18	11	21	-5	38	36	6
Net gains and losses on financial items at fair value	-2	1				-1		
Other income	-50	-43	-16	-69	28	-93	-147	37
<b>Total income</b>	<b>-32</b>	<b>-24</b>	<b>-33</b>	<b>-48</b>	<b>-33</b>	<b>-56</b>	<b>-107</b>	<b>48</b>
Staff costs								
Variable staff costs								
Other expenses	-32	-24	-33	-48	-33	-56	-107	48
Depreciation/amortisation								
<b>Total expenses</b>	<b>-32</b>	<b>-24</b>	<b>-33</b>	<b>-48</b>	<b>-33</b>	<b>-56</b>	<b>-107</b>	<b>48</b>

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



## Product areas

Responsibility for the product areas rests with Group Products (GP) within Group Functions & Other. GP's assignment is to increase efficiency in the development and maintenance of Swedbank's products and to ensure that the customer offering is relevant in terms of content, competitive pricing and high quality. This means a priority on harmonising, improving efficiencies and digitising the processes for every product. The number of products will be reduced to make it easier for the bank's customers while also increasing cost efficiencies. The number of funds is being reduced and efficiencies are being achieved in the mortgage lending process at the same time that digital availability is improved. In mobile e-commerce new card payment solutions are being introduced to meet increased demand for e-commerce solutions. The product areas' results are reported in several legal units and in the three business segments. For more information, see below and in the three business segment descriptions

Swedbank is a leader in a number of product areas, including asset management, cards and payments, mortgage lending and deposits. Demand for digital banking services is rising. Most customers want more digital solutions and the increased availability they provide. Digitisation is therefore an important area for Swedbank. The number of customers connected to the bank's digital channels and their usage continue to increase.

Trend number of customers, millions	Jan-Jun 2015	Jan-Jun 2014	%
Internet Bank	6.8	6.6	3
of which Sweden	3.8	3.6	4
of which Baltic countries	3.0	3.0	1
Mobile Bank	3.1	2.4	28
of which Sweden	2.2	1.8	25
of which Baltic countries	0.9	0.7	35
Mobile Bank ID, Sweden	1.7	1.1	57
Teller transactions in branches	3.3	4.4	-24
of which Sweden	1.6	1.9	-16
of which Baltic countries	1.7	2.5	-31

## Lend and finance

### Market factors

Mortgage demand remained high, partly because the persistent housing shortage continued to drive up house prices, but also as a result of low interest rates. This increased credit demand within the property sector, which accounted for the most of the growth in corporate lending since 2014. To slow the pace of price increases and the build-up of household debt, amortisation requirements and revised interest deductions are being discussed. However, none of these proposals solves the fundamental problem in the housing market of too little supply relative to demand.

Higher capital requirements for mortgages and growing demands for transparency from customers and authorities are creating new opportunities for Swedish mortgage lenders. At the same time digitisation makes it easier for customers to compare offers from different providers, while also increasing their digitalisation expectations. The market for consumer credit is a clear example where simplicity and speed have taken precedence in recent years and where Swedbank has to be better at promoting its offerings to customers whenever they make a purchase.

### Operations and market position

Swedbank's lending operations are concentrated in its home markets as well as in Norway. Lending products account for the majority of the assets on the balance sheet, and lending amounted to SEK 1 358bn as of 30 June (1 325 as of 31 December 2014). The largest share was lending to households, mainly mortgages to private customers and tenant owner associations in Sweden. The market share for mortgages was 25 per

cent as of 31 May (25 per cent as of 31 December 2014). Swedbank is also a major player in corporate lending in Sweden, with a market share of 19 per cent. The bank has a strong position in property management, services and retail as well as in forestry and agriculture. In Swedish consumer credit Swedbank has a market share of about 10 per cent, corresponding to a volume of SEK 25bn.

In the Baltic countries Swedbank is the largest lender, with market shares of 20-45 per cent. The Baltic countries account for 9 per cent of Swedbank's total lending, about half of which is lending to private individuals and half is corporate lending. Estonia accounts for nearly half of the Baltic loan portfolio.

Loans SEKbn	30 Jun 2015	31 Dec 2014	30 Jun 2014
Loans, private mortgage	715	696	674
of which Sweden	658	639	619
of which Baltic countries	54	54	52
Loans, private other incl tenant owner associations	137	134	127
of which Sweden	125	122	116
of which Baltic countries	11	10	10
Loans, corporate	506	495	465
of which Sweden	392	381	359
of which Baltic countries	62	61	60
of which Norway	37	37	33
<b>Total</b>	<b>1 358</b>	<b>1 325</b>	<b>1 266</b>

### 📌 Lending to private individuals – development

Lending to private individuals amounted to SEK 852bn, an increase of SEK 22bn during the first half-year, of which SEK 12bn during the second quarter. The largest share of the volume consists of Swedish mortgages, totalling SEK 658bn. Growth in the Swedish mortgage market remained high, with a growth rate (12 months) of 7.1 per cent as of May 2015. Swedbank's market share of net growth was 22 per cent for the first five months of the year. Margins increased somewhat during the quarter. The mortgage portfolio in the Baltic countries increased by 1 per cent in local currency.

Since 1 June Swedish banks report the average rates their mortgage customers actually pay as a complement to the previous model with list prices. This information between the various banks is not fully comparable, since their geographical distribution and customer mix differ, which affects the price customers pay. In the first months of reporting no lender has stood out in terms of average prices. It is still too early to say what impact this will have on the mortgage market. As support for individual pricing of mortgages Swedbank uses a model that suggests a price based, among other things, on each customer's loan-to-value and debt-to-income ratios and amortisation. The pricing model will contribute to greater transparency and understanding of the factors that affect pricing for each customer.

During the second quarter Swedbank tightened its mortgage requirements in Sweden to ensure that customers can handle an economic slowdown. The requirements include, among other things, the size of the loan in relation to income and the interest rate borrowers have to be able to manage in the bank's "left-to-live-on" calculation being raised to at least 7 per cent. Swedbank also recommends that customers amortise down to a 50 per cent loan-to-value ratio. During the second quarter 94 per cent of new mortgages in Sweden with a loan-to-value ratio over 70 per cent were being amortised, as were 53 per cent of those with a loan-to-value ratio between 50 and 70 per cent. Amortisations in the Swedish mortgage portfolio amounted to about SEK 10.7bn in the last 12-month period.

The process of converting loans from Sparbanken Öresund to Swedbank is continuing. A large share of customers from Sparbanken Öresund have obtained their mortgages from another lender based on a previous broker contract. Activities are now under way for these customers to switch to Swedbank.

After previously declining, Swedbank's consumer credit volume in Sweden levelled off in late 2014 and has since rebounded slightly. A review is underway of product terms and processes in order to provide a faster, more efficient offering. The Baltic consumer credit portfolio grew by 2 per cent in local currency during the first half-year at the same time that margins improved.

#### Corporate lending – development

Corporate lending amounted to SEK 506bn, an increase of SEK 11bn during the first half-year, of which SEK 4bn was in the second quarter. Market growth in Sweden was somewhat lower than in the first quarter 2015 at about 2 per cent on an annualised basis. Swedbank's share of new corporate lending was somewhat higher than its underlying market share of 18.9 per cent. Corporate lending in the Baltic countries grew by 4 per cent in local currency during the first half-year to SEK 62bn. The lending portfolio grew by 7 per cent in Lithuania, 3 per cent in Estonia and 1 per cent in Latvia.

The negative repo rate affects a number of corporate loan products and meant that loans tied to Stibor periodically had a negative reference rate (base rate), during the first quarter. During the second quarter interest rate floors were introduced on new corporate loans, due to which the reference rate (Stibor) is not allowed to drop below 0.

## Save and invest

### Market factors

The savings market is undergoing change. A demographic structure with an ageing population, coupled with greater individual responsibility for pensions and other long-term savings, is creating higher demand for savings and investment products and a great need for advice. Increasing digitisation and changing regulations have contributed to transparency and competition as well as more standardised products, leading to price pressure. Upcoming regulations in Sweden that would prohibit commissions are one example and would mean that commissions can no longer be paid to distributors that sell products on an advisory basis. The regulations are expected to be introduced in 2017. Another trend is that customers are

more willing to switch savings providers now that transfers are much easier and that they are now reacting faster to changes in the market than previously. Swedbank is positive to the debate on freer transfers of pension savings and is not averse to increased regulation to create an efficient transfer market with greater transparency for customers. A higher share of new savings is being placed in pension products and passively managed funds with lower margins. At the same time deposit margins are under pressure from low interest rates and the prices of other investments such as equities, fixed income funds and index-linked bonds. Swedbank is addressing margin pressure mainly through efficiencies and cost savings.

### Operations and market position

Swedbank is the leader in deposits in its home markets. Its market share in Sweden was 20.9 per cent for private deposits and 17.5 per cent for corporate deposits. The market shares in the Baltic countries for private deposits ranged between 27 and 54 per cent and for corporate deposits between 11 and 36 per cent. The shares were highest in Estonia.

Asset management is provided through Swedbank Robur in Swedbank's four home markets as well as in Norway. In Sweden Swedbank Robur is the largest player with a market share of 22.2 per cent based on fund assets under management.

Swedbank is the sixth largest life insurance company in Sweden, with a market share of about 6 per cent in terms of premium payments. In the Baltic countries Swedbank is the largest life insurance company in Estonia, with increasing market share in 2015, and the second largest in Lithuania. As of 31 May, their market shares were 40 and 22 per cent respectively. The market share in Latvia is just over 20 per cent. The market shares for Baltic non-life insurance operations based on total premium income ranged between 2 and 15 per cent, with the largest share in Estonia. In homeowner's and vehicle insurance in Estonia, the market shares were 29 per cent and 20 per cent, respectively. Non-life insurance in Sweden is offered through the insurance company Tre Kronor.

### Deposits – development

Deposits SEKbn	30 Jun 2015	31 Dec 2014	30 Jun 2014
Deposits, private	385	372	357
of which Sweden	302	289	285
of which Baltic countries	82	82	72
Deposits, corporate	406	289	312
of which Sweden	219	211	205
of which Baltic countries	64	62	55
of which other countries	123	16	52
<b>Total</b>	<b>791</b>	<b>661</b>	<b>669</b>

The increase in deposits was mainly due to higher deposits in Group Treasury for US money market funds. In Swedish Banking volumes increased by SEK 16bn, of which SEK 13bn from private customers, with tax refunds contributing positively in the second quarter. In LC&I volumes were stable. In Baltic Banking deposits in local currency increased by 2 per cent. Deposits increased in Estonia, but fell somewhat in Latvia and Lithuania. Market shares in Sweden dropped somewhat as of 31 May to 20.9 per cent (21.1) for household deposits and 17.5 per cent (18.7) for corporate deposits. Sweden accounts for 65 per cent of Swedbank's total deposit volume.

The product range in deposits is being simplified by reducing the number of savings account options. Preparations to convert volumes from Sparbanken Öresund are being made as well.

### Asset management – development

Fund assets under management amounted to SEK 760bn (786), of which SEK 729bn is attributable to the Swedish operations. Discretionary assets under management amounted to SEK 350bn (360).

Robur had a net outflow of SEK 4bn in the Swedish fund market in the first half-year, of which the second quarter had a net outflow of SEK 6bn. The trend from the first quarter with outflows from fixed income funds and inflows to mixed funds continued. Equity funds also saw large outflows. The net outflow from Swedbank Robur's equity funds was SEK 11bn during the first half-year, of which SEK 10bn was in the second quarter.

Net inflow Swedish fund market, SEKbn	Of which			Of which
	Q2 2015	Robur Q2 2015	Total Q1 2015	Robur Q1 2015
Fixed income funds	13	-2	-2	-4
Mixed funds	20	6	33	6
Equity funds	-29	-10	6	-1
of which index funds	0	-1	9	1
Other funds	6	0	4	0
<b>Total net sales</b>	<b>10</b>	<b>-6</b>	<b>41</b>	<b>2</b>

Swedbank Robur's market share of the net flow in the second quarter was negative (4). Swedbank is also a distributor of other funds, and its share of total net sales in the Swedish fund market was 0.1 per cent (22 per cent for 2014). Lower total sales are also due to lower sales of external funds.

To strengthen the fund offering and increase sales, management fees have been reduced on 23 actively managed funds in 2015. Measures to simplify and develop the offering, reduce the number of funds and improve management performance are continuing. Changes were made earlier in the management process to streamline the selection of companies that the funds invest in and add a larger share of global investments. A new policy for responsible investing adopted during the quarter will gradually be implemented by the funds this autumn. The main goal is to influence companies in a sustainable direction, but also to eliminate companies that do not meet Swedbank Robur's sustainability criteria. Special funds are available for customers who prioritise sustainability in their investment decisions. During the first half-year returns have improved with more funds outperforming their indices.

Asset management Key ratios, SEKbn	Jan-Jun 2015	Jan-Jun 2014	%
Total income, SEKm	2 260	2 206	2
Assets under management	760	666	14
of which Sweden	729	640	14
of which Baltic countries	27	22	21
of which Norway	4	3	26
Discretionary asset management	350	297	18
of which Sweden	348	295	18
of which Baltic countries	2	2	0

Asset management income increased by 5 per cent during the first half-year compared with the same period in 2014. Price cuts implemented during the year have put pressure on income, while bullish market conditions led to an increase in average assets under management of 23 per cent. Compared with the previous quarter

income rose by 3 per cent. The increase was mainly due to higher assets under management as well as an extra day during the quarter.

### Insurance – development

Premium payments SEKm	Jan-Jun 2015	Jan-Jun 2014	%
Sweden	9 973	8 892	12
of which collective occupational pensions	2 906	3 066	-5
of which endowment insurance	5 288	4 028	31
of which occupational pensions	1 073	1 086	-1
of which risk insurance	410	380	8
of which other	295	333	-11
Baltic countries	705	590	19
of which life insurance	443	369	20
of which non-life insurance	263	221	19

During the first half-year life insurance premium payments in Sweden rose by 12 per cent year-on-year. Within savings products the improvement relates to corporate endowment insurance, where new policies contributed positively, as did higher volumes from existing contracts. Contractual and occupational pensions decreased. In contractual pensions the decrease mainly relates to the SAF-LO collective agreement, where expiring contracts were not renewed after Swedbank decided to no longer offer traditional management products. At the same time capital transferred from other insurers more than doubled for contractual pensions, though it decreased by 17 per cent for occupational pensions. This explains the lower premium volume in occupational pensions compared with the same period in 2014. Sales of life and health insurance increased.

Premium payments in the Baltic life insurance business rose by 15 per cent in local currency year-on-year, with the biggest gain in risk products such as life insurance. The increase is due to a higher number of contract renewals in the previous year and a further increase in new policies in the first half-year 2015. Customer demand for life insurance products and self-service options through digital channels is on the rise. Thanks to Swedbank's internet-based solution for electronic identification, which allows customers to obtain and revise insurance policies and file claims online, around 30 per cent (0) of claims and 42 per cent (36) of all insurance transactions are now being handled online.

The positive trend for premium payments in Baltic non-life insurance continued as well. In total, premiums increased by 14 per cent in local currency. The increase related to all products, but especially homeowner's insurance, where advertising and active sales by bank branches led to higher volumes. Gradually increasing online sales contributed to higher premium payments primarily for travel and vehicle insurance.

Assets under management SEKbn	30 Jun 2015	31 Dec 2014	30 Jun 2014
Sweden	148	136	129
of which collective occupational pensions	64	58	54
of which endowment insurance	58	54	53
of which occupational pensions	16	15	14
of which other	9	9	9
Baltic countries	4	4	4

Assets under management in the Swedish insurance operations decreased by SEK 3bn during the second quarter to SEK 148bn due to lower equity prices. At the same time assets under management rose by 15 per cent year-on-year due to earlier stock market gains, combined with a net inflow. Assets under management in the Baltic life insurance business rose by 12 per cent in local currency, mainly owing to a positive net inflow.

Insurance related income SEKm	Jan-Jun 2015	Jan-Jun 2014	%
Sweden	724	717	1
of which life insurance	698	692	1
of which non-life insurance	26	25	3
Baltic countries	272	202	34
of which life insurance	157	96	63
of which non-life insurance	115	106	9
<b>Total insurance related income</b>	<b>996</b>	<b>920</b>	<b>8</b>

Swedbank's total insurance related income rose by 8 per cent year-on-year. Income from the Swedish life insurance business rose by 1 per cent. Increased assets under management led to a higher result for savings products, while the risk result rose due to increased volumes and fewer claims in the group life business. Lower market interest rates had a negative effect on the result. Income from Baltic life insurance rose by 57 per cent in local currency compared with the same period in 2014.

The increase is mainly due to changes in the assumptions for calculating provisions for guaranteed return products in traditional life. Income from the Baltic non-life business increased mainly due to rising premium volumes, while a lower return on equity due to lower interest rates as well as increased claims adversely affected income. The claims ratio for the period rose to 56.1 per cent (52.9), which is still low compared with the competition.

## Pay

### Market factors

The payment and card areas in the bank's home markets and internationally are undergoing major change in terms of regulations and customer preferences. Retail sales are shifting from brick-and-mortar and traditional e-commerce to mobile solutions. The differences between physical payments and online and mobile payments are being erased as more payments are made by mobile device, regardless of the sales channel. This trend is reinforced by the growth of mobile identification (Mobile Bank ID) in Sweden. The number of customers with Bank ID has risen from 1.1 million to 1.7 million in the last 12 months, while the number of transactions has increased by 139 per cent to 41 million per month. The changing landscape will place tougher demands on payment providers, which will have to make their services available in every retail sales channel. At the same time customers want easy and convenient ways to pay. Structurally there is also price pressure in cards and payments, which has been offset to date by volume growth. Taken together, this places demands on Swedbank's cash management business as well, which is offering new payment solutions and consolidated reporting for online retailers, at the same time that it poses challenges in the form of increased competition mainly from payment institutions that specialise in retail services.

In Sweden about 80 per cent of all store payments are made by card, an increase of about 2 percentage points in 2015. In Estonia the corresponding figure is 50 per cent and in Latvia and Lithuania it is lower but steadily rising. Market growth in Sweden and Estonia is expected to remain good, with annual growth of about 9 per cent. In Latvia and Lithuania, where cash use is higher, future growth is estimated at between 20 and 30 per cent annually. In the retail trade the growth rate in e-commerce greatly surpasses that of brick-and-mortar stores. Swedbank is well-equipped to meet the demand from e-commerce providers in terms of infrastructure, economies of scale and consumer protection.

### Operations and market position

Swedbank is a leader in payment and cash management products in its four home markets. In Sweden it has a market share of 34 per cent for bank giro payments. In the Baltic countries its market shares for domestic payments range between 42 and 59 per cent and for international payments between 23 and 35 per cent, with the highest share in Estonia. In Sweden there has been a significant increase in Swish users. The number of payments is increasing every month and the total number of users among the banks now tops 3 million private individuals. On average more than two Swish payments are made per user and month.

Swedbank issues cards to the public (card issuance) and acquires card payments from merchants via card terminals and online payments (card acquiring) in all its home markets as well as in Norway, Denmark, Finland and Poland. Online payments are acquired in a number of other EU countries. Swedbank is Europe's fifth largest acquirer based on the number of acquired card purchases. Market shares in the bank's home markets range between 33 and 64 per cent. Based on number of transactions Swedbank is the 11th largest card issuer in Europe, with market shares of between 45 and 60 per cent.

### Payments – development

Payments Number	Jan-Jun 2015	Jan-Jun 2014	%
International payments (million)	5.1	5.1	0
of which Sweden	2.3	2.3	0
of which Baltic countries	2.8	2.7	4
Domestic payments (million) <sup>1)</sup>	452.6	442.1	2
of which Sweden	336.7	329.1	2
of which Baltic countries	115.9	113.0	3
E-services payments (million) <sup>2)</sup>	33.2	21.7	53
of which Sweden	20.9	10.6	97
of which Baltic countries	12.3	11.1	11
Other Digital solutions (million) <sup>3)</sup>	288.7	137.8	
of which Sweden	279.6	130.6	
of which Baltic countries	9.1	7.2	26

<sup>1)</sup> Domestic payments include salary payments, giro payments, direct debit payments, internet payments.

<sup>2)</sup> E-payments include direct debit payments, Swish, Top-up

<sup>3)</sup> Other digital solutions include e-invoices, ID transactions through E-ID and BankID

The payment business continued to steadily improve during the first half-year. Growth in payments is a combination of economic growth and a shift by consumers from cash to cards and e-payments. The increase in e-payments was also the result of more companies offering online and mobile solutions and the increasing usage of mobile solutions.



In May the EU adopted the Payment Services Directive (PSD2) to increase competition, especially in e-commerce payment services. Among other things, the directive paves the way for new companies, which have the right to link their payment services directly to customers' bank accounts. This will affect the business model for payment services and place new demands on banks' infrastructures. The directive is scheduled to take effect in every EU country in September 2017.

Payments	Jan-Jun	Jan-Jun	
Net commission income, SEKm	2015	2014	%
Net commission income	418	491	-15
of which Nordic countries	190	206	-7
of which Baltic countries	227	286	-20

Net payment commissions decreased by 15 per cent year-on-year. In the Nordic region income decreased somewhat, mainly due to lower income from domestic payments. In the Baltic countries income decreased in Lithuania due to the euro adoption as well as a one-off effect of SEK 35m during the first half-year 2014. In Estonia and Latvia income was stable.

### Cards – development

Key ratios, cards	Jan-Jun	Jan-Jun	%
	2015	2014	
Acquired transactions, million	1 069	935	14
of which Nordic countries	919	793	16
of which Baltic countries	150	143	5
Acquired volumes, SEKbn	261	227	15
of which Nordic countries	239	207	15
of which Baltic countries	22	20	10
Issued cards, million	7.6	7.8	-2
of which Nordic countries	3.9	3.9	0
of which Baltic countries	3.7	3.9	-5
Number of card purchases, million	694	634	9
of which Nordic countries	507	468	8
of which Baltic countries	187	166	13

Increased card usage is the main reason for transaction growth in the Nordic and Baltic regions, along with declining cash withdrawals. During the first half-year the value of payments with Swedbank cards in Sweden rose by 8 per cent at the same time that ATM withdrawals were down 6 per cent. The trend was similar in Estonia. In Lithuania, where Swedbank is encouraging card payments, they increased by 23 per cent. In Latvia the increase was 16 per cent.

The card issuance business saw growth of 11 per cent in corporate cards in Sweden compared with the first half-year 2014, with increases in both transaction volume and number of cards. The bank's many small corporate customers offer good potential to increase this business. The number of cards issued to private customers increased by 2 per cent in Sweden and decreased slightly in the Baltic countries. E-payments with Swedbank's debit cards in Sweden increased by 16 per cent during the first half-year, compared with a gain of 8 per cent for brick-and-mortar purchases.

The EU's payment regulation, which entered into force in June, requires capital expenditure on the part of both

merchants and banks, but will not fully take effect until 2016. The aim of regulators is to strengthen the position of consumers by increasing competition and speeding up the transition from cash to electronic payments. The regulation generally reduces what the acquirer pays to the card issuer and increases price competition in the acquiring business. In Sweden the interchange fee that the acquirer pays the issuer is expected to drop from about 0.9 per cent to 0.3 per cent of the credit card transaction value. The effect is expected to be minor for debit cards. The regulation initially means a slight increase in income, since Swedbank is a net acquirer and the compensation it pays to card issuers is lower. Although price pressure in the acquiring business may increase over time, the exact financial impact of the new regulation is difficult to assess.

Interchange fees in the Baltic countries are expected to be halved on both debit and credit cards, which will put income pressure on card issuers. Swedbank is therefore reassessing its pricing in the card area. The bank is also a net acquirer in the Baltic countries, which it benefits from.

The regulation is creating consolidation pressure among small companies in the EU. For example, a couple of Nordic acquiring businesses have been acquired in the last year. At the same time competition is increasing from other EU countries, which has given Swedbank the opportunity to expand its business. One example is the card acquiring agreement signed with Finland's largest retailer, the cooperative organisation SOK, which represents 25 per cent of all card purchases in Finland. The agreement is expected to increase the total number of transactions Swedbank acquires by 15 per cent when all of SOK's operations are transferred to Swedbank in 2016. The bank's pricing models and product range are being reassessed to compensate for the regulation's effects and to capitalise on new business opportunities.

Card related income	Jan-Jun	Jan-Jun	%
SEKm	2015	2014	
Total income, SEKm	1 648	1 746	-6
of which Nordic countries	882	845	4
of which Baltic countries	434	392	11
of which Entercard <sup>1)</sup>	333	510	-35

<sup>1)</sup> Swedbank's share of the profit or loss of Entercard.

Total card income decreased by 6 per cent compared with the first half-year 2014 due to one-off income of SEK 230m in Entercard in 2014. The card business grew by 4 per cent in the Nordic region and by 11 per cent in the Baltic countries. Income in Sweden rose somewhat less than the transaction volume due to price pressure in the acquiring business. The higher income in the Baltic countries is due to the issuance of more debit and credit cards and increased usage. Card acquiring income rose somewhat owing to increased card usage in all four home markets and as a result of new business internationally and in the Nordic region. At the same time earnings were squeezed by continued margin pressure and higher interchange fees. An increased number of credit card purchases, with higher fees to Visa and MasterCard, also put some pressure on earnings.



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

## Income statement, condensed

Group SEKm	Q2 2015	Q1 2015	%	Q2 2014	%	Jan-Jun 2015	Jan-Jun 2014	%
Interest income	8 819	9 416	-6	10 461	-16	18 235	21 000	-13
Interest expenses	-3 115	-3 697	-16	-4 940	-37	-6 812	-9 996	-32
<b>Net interest income (note 5)</b>	<b>5 704</b>	<b>5 719</b>	<b>0</b>	<b>5 521</b>	<b>3</b>	<b>11 423</b>	<b>11 004</b>	<b>4</b>
Commission income	4 240	4 034	5	4 060	4	8 274	7 934	4
Commission expenses	-1 398	-1 290	8	-1 247	12	-2 688	-2 428	11
<b>Net commission income (note 6)</b>	<b>2 842</b>	<b>2 744</b>	<b>4</b>	<b>2 813</b>	<b>1</b>	<b>5 586</b>	<b>5 506</b>	<b>1</b>
Net gains and losses on financial items at fair value (note 7)	82	320	-74	773	-89	402	1 118	-64
Insurance premiums	504	527	-4	471	7	1 031	964	7
Insurance provisions	-337	-342	-1	-337	0	-679	-680	0
<b>Net insurance</b>	<b>167</b>	<b>185</b>	<b>-10</b>	<b>134</b>	<b>25</b>	<b>352</b>	<b>284</b>	<b>24</b>
Share of profit or loss of associates	228	279	-18	410	-44	507	666	-24
Other income	292	371	-21	804	-64	663	1 197	-45
<b>Total income</b>	<b>9 315</b>	<b>9 618</b>	<b>-3</b>	<b>10 455</b>	<b>-11</b>	<b>18 933</b>	<b>19 775</b>	<b>-4</b>
Staff costs	2 375	2 472	-4	2 901	-18	4 847	5 338	-9
Other expenses (note 8)	1 500	1 517	-1	1 846	-19	3 017	3 456	-13
Depreciation/amortisation	172	179	-4	172	0	351	351	0
<b>Total expenses</b>	<b>4 047</b>	<b>4 168</b>	<b>-3</b>	<b>4 919</b>	<b>-18</b>	<b>8 215</b>	<b>9 145</b>	<b>-10</b>
<b>Profit before impairments</b>	<b>5 268</b>	<b>5 450</b>	<b>-3</b>	<b>5 536</b>	<b>-5</b>	<b>10 718</b>	<b>10 630</b>	<b>1</b>
Impairment of intangible assets (note 14)				1			1	
Impairment of tangible assets	22	15	47	69	-68	37	204	-82
Credit impairments (note 9)	6	59	-90	30	-80	65	-70	
<b>Operating profit</b>	<b>5 240</b>	<b>5 376</b>	<b>-3</b>	<b>5 436</b>	<b>-4</b>	<b>10 616</b>	<b>10 495</b>	<b>1</b>
Tax expense	1 538	1 101	40	1 063	45	2 639	2 137	23
<b>Profit for the period from continuing operations</b>	<b>3 702</b>	<b>4 275</b>	<b>-13</b>	<b>4 373</b>	<b>-15</b>	<b>7 977</b>	<b>8 358</b>	<b>-5</b>
Profit for the period from discontinued operations, after tax	-32	49		-230	-86	17	-257	
Profit for the period	3 670	4 324	-15	4 143	-11	7 994	8 101	-1
<b>Profit for the period attributable to the shareholders of Swedbank AB</b>	<b>3 666</b>	<b>4 320</b>	<b>-15</b>	<b>4 139</b>	<b>-11</b>	<b>7 986</b>	<b>8 092</b>	<b>-1</b>
of which profit for the period from continuing operations	3 698	4 271	-13	4 369	-15	7 969	8 349	-5
of which profit for the period from discontinued operations	-32	49		-230	-86	17	-257	
Non-controlling interests	4	4	0	4	0	8	9	-11
of which profit for the period from continuing operations	4	4	0	4	0	8	9	-11
of which profit for the period from discontinued operations								
<b>SEK</b>								
Earnings per share, continuing operations, SEK	3.34	3.87		3.96		7.21	7.58	
after dilution	3.32	3.84		3.94		7.16	7.53	
Earnings per share, discontinued operations, SEK	-0.02	0.04		-0.21		0.02	-0.23	
after dilution	-0.02	0.04		-0.21		0.02	-0.23	
Earnings per share, total operations, SEK	3.32	3.91		3.75		7.23	7.35	
after dilution	3.30	3.88		3.73		7.18	7.30	

## Statement of comprehensive income, condensed

Group SEKm	Q2 2015	Q1 2015	%	Q2 2014	%	Jan-Jun 2015	Jan-Jun 2014	%
<b>Profit for the period reported via income statement</b>	<b>3 670</b>	<b>4 324</b>	<b>-15</b>	<b>4 143</b>	<b>-11</b>	<b>7 994</b>	<b>8 101</b>	<b>-1</b>
<b>Items that will not be reclassified to the income statement</b>								
Remeasurements of defined benefit pension plans	4 192	-2 450		337		1 742	116	
Share related to associates	122	-73		-6		49	-13	
Income tax	-949	555		-72		-394	-22	
<b>Total</b>	<b>3 365</b>	<b>-1 968</b>		<b>259</b>		<b>1 397</b>	<b>81</b>	
<b>Items that may be reclassified to the income statement</b>								
Exchange differences, foreign operations								
Gains/losses arising during the period	-257	-1 070	-76	1 065		-1 327	1 222	
Reclassification adjustments to income statement, profit for the period from discontinued operation				508			508	
Hedging of net investments in foreign operations:								
Gains/losses arising during the period	242	839	-71	-853		1 081	-1 001	
Reclassification adjustments to income statement, profit for the period from discontinued operations				-365			-365	
Cash flow hedges:								
Gains/losses arising during the period	36	112	-68	3		148	-76	
Reclassification adjustments to income statement, net interest income	-3	3		4			9	
Share of other comprehensive income of associates	-24	24		1			29	
Income tax								
Income tax	-64	-208	-69	179		-272	234	
Reclassification adjustments to income statement, tax	1	-1		-1	0		-2	
Reclassification adjustments to income statement, profit for the period from discontinued operations				80	0		80	
<b>Total</b>	<b>-69</b>	<b>-301</b>	<b>-77</b>	<b>621</b>		<b>-370</b>	<b>638</b>	
<b>Other comprehensive income for the period, net of tax</b>	<b>3 296</b>	<b>-2 269</b>		<b>880</b>		<b>1 027</b>	<b>719</b>	<b>43</b>
<b>Total comprehensive income for the period</b>	<b>6 966</b>	<b>2 055</b>		<b>5 023</b>	<b>39</b>	<b>9 021</b>	<b>8 820</b>	<b>2</b>
<b>Total comprehensive income attributable to the shareholders of Swedbank AB</b>	<b>6 962</b>	<b>2 050</b>		<b>5 019</b>	<b>39</b>	<b>9 012</b>	<b>8 811</b>	<b>2</b>
Non-controlling interests	4	5	-20	4	0	9	9	0

In the first six months 2015 income of SEK 1 397m (81) was recognised in other comprehensive income after tax, including remeasurements of defined benefit pension plans in associates. The 2015 income arose primarily because market interest rates rose from the beginning of the year. During the period as a whole interest rates were volatile and reached very low levels soon after the first quarter ended. As of 30 June, however, the discount rate, which is used to calculate the closing pension obligation, was raised to 3.00% from 2.29%. The market's future inflation expectations also rose and the inflation assumption was raised to 1.62% from 1.28%. The changes in both of these assumptions were the main reason why the defined benefit pension obligation decreased.

For 2015 an exchange difference of SEK -1 327m (1 222) was recognised for the Group's foreign net investments in subsidiaries. In addition, an exchange rate difference of SEK -1m for the Group's foreign net investments in associates is included in Share related to associates. The losses related to subsidiaries mainly arose because the Swedish krona appreciated against the euro. The total loss of SEK 1 328m is not taxable. The large part of the Group's foreign net assets is hedged against currency risk, a gain of SEK 1 081m (-1 001) before tax arose related to the hedging instruments.

The revaluation of defined benefit pension plans and translation of net investments in foreign operations can be volatile in certain periods due to movements in the discount rate, inflation and exchange rates.

## Key ratios

Group	Q2 2015	Q1 2015	Q2 2014	Jan-Jun 2015	Jan-Jun 2014
Equity per share, SEK	103.08	96.75	97.65	103.08	97.65
Return on equity, continuing operations, %	13.5	14.8	16.6	14.0	15.5
Return on equity, total operations, %	13.4	14.9	15.8	14.1	15.1
Credit impairment ratio, %	0.00	0.02	0.01	0.01	-0.01

## Balance sheet, condensed

Group SEKm	30 Jun 2015	31 Dec 2014	Δ SEKm	%	30 Jun 2014	%
<b>Assets</b>						
Cash and balance with central banks	237 956	113 768	124 188		158 671	50
Loans to credit institutions (note 10)	102 613	113 820	-11 207	-10	97 869	5
Loans to the public (note 10)	1 426 815	1 404 507	22 308	2	1 322 785	8
Value change of interest hedged item in portfolio hedge	1 194	1 291	-97	-8	788	52
Interest-bearing securities	210 604	170 680	39 924	23	199 288	6
Financial assets for which customers bear the investment risk	155 387	143 319	12 068	8	134 553	15
Shares and participating interests	10 365	9 931	434	4	9 993	4
Investments in associates	5 234	4 924	310	6	4 853	8
Derivatives (note 18)	95 640	123 202	-27 562	-22	75 794	26
Intangible fixed assets (note 14)	13 986	14 319	-333	-2	13 966	0
Investment properties	70	97	-27	-28	388	-82
Tangible assets	2 199	2 653	-454	-17	3 102	-29
Current tax assets	1 444	1 304	140	11	1 068	35
Deferred tax assets	184	638	-454	-71	681	-73
Other assets	28 688	10 103	18 585		19 999	43
Prepaid expenses and accrued income	6 613	6 126	487	8	6 694	-1
Group of assets classified as held for sale (note 26)	207	615	-408	-66	1 251	-83
<b>Total assets</b>	<b>2 299 199</b>	<b>2 121 297</b>	<b>177 902</b>	<b>8</b>	<b>2 051 743</b>	<b>12</b>
<b>Liabilities and equity</b>						
Amounts owed to credit institutions (note 15)	148 685	171 453	-22 768	-13	149 863	-1
Deposits and borrowings from the public (note 16)	816 255	676 679	139 576	21	697 168	17
Debt securities in issue (note 17)	846 428	835 012	11 416	1	800 419	6
Financial liabilities for which customers bear the investment risk	158 872	146 177	12 695	9	136 843	16
Derivatives (note 18)	75 903	85 694	-9 791	-11	57 129	33
Current tax liabilities	570	1 477	-907	-61	641	-11
Deferred tax liabilities	2 299	1 684	615	37	2 288	0
Short positions, securities	33 716	27 058	6 658	25	30 405	11
Other liabilities	60 219	20 768	39 451		31 205	93
Accrued expenses and prepaid income	13 719	13 071	648	5	13 856	-1
Provisions	3 569	5 855	-2 286	-39	5 615	-36
Subordinated liabilities	24 829	18 957	5 872	31	18 377	35
Liabilities directly associated with group of assets classified as held for sale (note 26)	12	39	-27	-69	134	-91
Equity	114 123	117 373	-3 250	-3	107 800	6
of which non-controlling interests	174	170	4	2	169	3
of which attributable to shareholders of Swedbank AB	113 949	117 203	-3 254	-3	107 631	6
<b>Total liabilities and equity</b>	<b>2 299 199</b>	<b>2 121 297</b>	<b>177 902</b>	<b>8</b>	<b>2 051 743</b>	<b>12</b>

### Balance sheet analysis

Total assets increased by SEK 178bn from 1 January 2015. Assets increased mainly due to higher cash and balances with central banks, which rose by SEK 124bn. The increase is mainly attributable to higher deposits with the US Federal Reserve after deposits from US money market funds rose by SEK 109bn. This also increased deposits and borrowings from the public, which rose by a total of SEK 140bn. Debt securities in issue increased by SEK 11bn. The increase was because Swedbank issued large volumes of long-term funding to capitalise on favourable market conditions, pre-finance upcoming maturities and to match increased lending volumes to the public. Interest-bearing securities increased by SEK 40bn mainly due to increased liquidity reserves within Group Treasury. Lending to credit institutions decreased by SEK 11bn at the same time that amounts owed to them decreased by SEK 23bn. Balance sheet items related to credit institutions fluctuate over time depending on repos, among other things. The market value of derivatives decreased on both the asset and liability side, mainly due to large movements in interest rates and currencies. The increase in financial assets and liabilities for which customers bear the investment risk was mainly due to rising equity prices. Excluding the National Debt Office and repos, lending volumes increased by SEK 30bn during the first half-year and related to mortgages and corporate lending in Sweden. The increase in other assets and liabilities was mainly due to higher security settlement claims and liabilities compared with the beginning of the year. The increase in subordinated liabilities was due to an issuance of USD 750m in Additional Tier 1 capital to optimise the capital structure in accordance with the new European capital requirements. The change in equity was a net of the dividend of SEK 12.5bn regarding 2014 and profit for the year.

# Statement of changes in equity, condensed

Group SEKm	Shareholders' equity					Non-controlling interests		Total equity	
	Share capital	Other contributed equity <sup>1)</sup>	Exchange differences, subsidiaries and associates	Hedging of net investments in foreign operations	Cash flow hedges	Retained earnings	Total		
<b>January-June 2014</b>									
<b>Opening balance 1 January 2014</b>	<b>24 904</b>	<b>17 275</b>	<b>-833</b>	<b>293</b>	<b>-139</b>	<b>68 040</b>	<b>109 540</b>	<b>165</b>	<b>109 705</b>
Dividends						-11 133	-11 133	-5	-11 138
Share based payments to employees						233	233		233
Deferred tax related to share based payments to employees						14	14		14
Associates' disposal of shares in Swedbank AB						166	166		166
Total comprehensive income for the period			1 758	-1 068	-52	8 173	8 811	9	8 820
of which reported through profit or loss						8 092	8 092	9	8 101
of which reported through other comprehensive income			1 758	-1 068	-52	81	719		719
<b>Closing balance 30 June 2014</b>	<b>24 904</b>	<b>17 275</b>	<b>925</b>	<b>-775</b>	<b>-191</b>	<b>65 493</b>	<b>107 631</b>	<b>169</b>	<b>107 800</b>
<b>January-December 2014</b>									
<b>Opening balance 1 January 2014</b>	<b>24 904</b>	<b>17 275</b>	<b>-833</b>	<b>293</b>	<b>-139</b>	<b>68 040</b>	<b>109 540</b>	<b>165</b>	<b>109 705</b>
Dividends						-11 133	-11 133	-9	-11 142
Share based payments to employees						459	459		459
Deferred tax related to share based payments to employees						16	16		16
Current tax related to share based payments						50	50		50
Repurchase of own shares for trading purposes						-32	-32		-32
Associates' disposal of shares in Swedbank AB						166	166		166
Total comprehensive income for the period			3 397	-2 094	34	16 800	18 137	14	18 151
of which reported through profit or loss						16 447	16 447	16	16 463
of which reported through other comprehensive income			3 397	-2 094	34	353	1 690	-2	1 688
<b>Closing balance 31 December 2014</b>	<b>24 904</b>	<b>17 275</b>	<b>2 564</b>	<b>-1 801</b>	<b>-105</b>	<b>74 366</b>	<b>117 203</b>	<b>170</b>	<b>117 373</b>
<b>January-June 2015</b>									
<b>Opening balance 1 January 2015</b>	<b>24 904</b>	<b>17 275</b>	<b>2 564</b>	<b>-1 801</b>	<b>-105</b>	<b>74 366</b>	<b>117 203</b>	<b>170</b>	<b>117 373</b>
Dividends						-12 539	-12 539	-5	-12 544
Share based payments to employees						227	227		227
Deferred tax related to share based payments to employees						-42	-42		-42
Current tax related to share based payments to employees						63	63		63
Disposal of own shares for trading purposes						33	33		33
Acquired non-controlling interest						-8	-8		-8
Total comprehensive income for the period			-1 328	841	116	9 383	9 012	9	9 021
of which reported through profit or loss						7 986	7 986	8	7 994
of which reported through other comprehensive income			-1 328	841	116	1 397	1 026	1	1 027
<b>Closing balance 30 June 2015</b>	<b>24 904</b>	<b>17 275</b>	<b>1 236</b>	<b>-960</b>	<b>11</b>	<b>71 483</b>	<b>113 949</b>	<b>174</b>	<b>114 123</b>

<sup>1)</sup> Other contributed equity consists mainly of share premiums.



## Cash flow statement, condensed

Group SEKm	Jan-Jun 2015	Full-year 2013	Jan-Jun 2014
<b>Operating activities</b>			
Operating profit	10 616	21 026	10 495
Profit for the period from discontinued operations	17	-262	-257
Adjustments for non-cash items in operating activities	-379	-555	-591
Taxes paid	-2 707	-5 494	-3 723
Increase/decrease in loans to credit institutions	10 968	-26 662	-10 831
Increase/decrease in loans to the public	-27 201	-115 813	-37 278
Increase/decrease in holdings of securities for trading	-41 680	12 925	-16 666
Increase/decrease in deposits and borrowings from the public including retail bonds	143 373	34 957	60 123
Increase/decrease in amounts owed to credit institutions	-21 588	45 468	25 461
Increase/decrease in other assets	11 888	-41 353	-15 445
Increase/decrease in other liabilities	22 986	84 693	36 536
<b>Cash flow from operating activities</b>	<b>106 293</b>	<b>8 930</b>	<b>47 824</b>
<b>Investing activities</b>			
Business combinations		-2 918	-2 918
Business disposals	245	-590	-744
Acquisitions of and contributions to associates	-10	-814	-814
Acquisitions of other fixed assets and strategic financial assets	-211	-1 111	-805
Disposals/maturity of other fixed assets and strategic financial assets	526	362	505
<b>Cash flow from investing activities</b>	<b>550</b>	<b>-5 071</b>	<b>-4 776</b>
<b>Financing activities</b>			
Issuance of interest-bearing securities	133 237	114 936	68 812
Redemption of interest-bearing securities	-70 551	-139 976	-91 021
Issuance of commercial paper etc.	396 982	730 879	325 725
Redemption of commercial paper etc.	-428 764	-646 040	-236 809
Dividends paid	-12 545	-11 138	-11 138
<b>Cash flow from financing activities</b>	<b>18 359</b>	<b>48 661</b>	<b>55 569</b>
<b>Cash flow for the period</b>	<b>125 202</b>	<b>52 520</b>	<b>98 617</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>113 768</b>	<b>59 382</b>	<b>59 382</b>
Cash flow for the period	125 202	52 520	98 617
Exchange rate differences on cash and cash equivalents	-1 014	1 866	672
<b>Cash and cash equivalents at end of the period</b>	<b>237 956</b>	<b>113 768</b>	<b>158 671</b>

During the first half-year 2014 Sparbanken Öresund AB was acquired for SEK 2 938m. Acquired cash and cash equivalents amounted to SEK 20m. In connection with the acquisition a number of bank branches were sold to Sparbanken Skåne AB. The proceeds, together with payment of the net debt assumed by the acquirer, amounted to a cash disbursement of SEK 913m.

## Note 1 Accounting policies

The interim report has been prepared in accordance with IAS 34, Interim Financial Reporting. The condensed 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 SFSA.

The Parent Company report has been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies, the directives of the SFSA and recommendation RFR 2 of the Financial Reporting Council.

The accounting policies applied in the interim report conform to those applied in the Annual Report for 2014, which was prepared in accordance with International Financial Reporting Standards as adopted by the European Union and interpretations thereof. There have been no significant changes to the Group's Accounting policies set out in the 2014 Annual Report, except for the adoption of new standards as set out below.

### Other IFRS changes

Other new or amended standards or interpretations which have been adopted have not had a significant effect on the financial position, results or disclosures of the Group or the parent company. For more information, refer to page 72 of the 2014 Annual Report.

## Note 2 Critical accounting estimates

Presentation of consolidated financial statements in conformity with IFRS requires the executive management to make judgments and estimates that affect the recognised amounts for assets, liabilities and disclosures of contingent assets and liabilities as of the closing day as well as the recognised income and expenses during the report period. The executive management continuously evaluates these judgments and estimates, including assessing control over investment funds, the fair value of financial instruments, provisions for credit impairments, impairment testing of goodwill, investment properties and owner-occupied properties, net realisable value of properties recognised as inventory, deferred taxes, defined benefit pension provisions and share-based payment costs. With the exception of tax for the Estonian subgroup as outlined below, there have been no significant changes to the basis upon which the critical accounting policies and judgments have been determined compared to 31 December 2014.

### Tax

For the parent company's Estonian subgroup, Swedbank AS, income taxation is triggered only if dividends are paid. The parent company determines the dividend payment and has established a specific dividend policy that a portion of the profit will be distributed; therefore a deferred tax liability is recognised based on this dividend policy. During the second quarter 2015 the decision was taken by the parent company to take an extra dividend of SEK 3 695m, which generated a tax expense of SEK 929m. Further dividends are not expected to be paid in the foreseeable future and the Group continues not to recognise a deferred tax liability on undistributed profits. If the largest possible dividend were to be distributed, the Group would face an estimated tax charge of SEK 2 312m.

## Note 3 Changes in the Group structure

### External

During the first quarter 2015 the wholly owned subsidiary Svensk Fastighetsförmedling AB was sold. The proceeds from the sale amounted to SEK 245m and a capital gain of SEK 51m was recognised.

During the second quarter the wholly owned subsidiary Swedbank Juristbyrå AB was sold for SEK 1m and a capital gain of SEK 9m was recognised. The divested subsidiary contributed with 5m to the Group's total income for 2015.

## Note 4 Operating segments (business areas)

Jan-Jun 2015 SEKm	Swedish Banking	Baltic Banking	Large Corporates & Institutions	Group Functions & Other	Eliminations	Group
<b>Income statement</b>						
Net interest income	6 471	1 696	1 724	1 532		11 423
Net commission income	3 697	993	987	-129	38	5 586
Net gains and losses on financial items at fair value	117	95	1 163	-972	-1	402
Share of profit or loss of associates	506			1		507
Other income	406	251	74	377	-93	1 015
<b>Total income</b>	<b>11 197</b>	<b>3 035</b>	<b>3 948</b>	<b>809</b>	<b>-56</b>	<b>18 933</b>
of which internal income	87		60	-277	130	
Staff costs	1 802	419	722	1 494		4 437
Variable staff costs	88	37	154	131		410
Other expenses	3 110	695	810	-1 542	-56	3 017
Depreciation/amortisation	55	72	33	191		351
<b>Total expenses</b>	<b>5 055</b>	<b>1 223</b>	<b>1 719</b>	<b>274</b>	<b>-56</b>	<b>8 215</b>
<b>Profit before impairments</b>	<b>6 142</b>	<b>1 812</b>	<b>2 229</b>	<b>535</b>		<b>10 718</b>
Impairment of intangible assets						
Impairment of tangible assets		-1		38		37
Credit impairments	100	-58	23			65
<b>Operating profit</b>	<b>6 042</b>	<b>1 871</b>	<b>2 206</b>	<b>497</b>		<b>10 616</b>
Tax expense	1 287	1 195	267	-110		2 639
Profit for the period from continuing operations	4 755	676	1 939	607		7 977
Profit for the period from discontinued operations, after tax				17		17
Profit for the period	4 755	676	1 939	624		7 994
<b>Profit for the period attributable to the shareholders of Swedbank AB</b>	<b>4 747</b>	<b>676</b>	<b>1 939</b>	<b>624</b>		<b>7 986</b>
Non-controlling interests	8					8
<b>Balance sheet, SEKbn</b>						
Cash and balances with central banks		2	5	231		238
Loans to credit institutions	45		312	185	-439	103
Loans to the public	1 050	126	251			1 427
Bonds and other interest-bearing securities		1	69	150	-9	211
Financial assets for which customers bear inv. risk	154	3			-2	155
Investments in associates	3			2		5
Derivatives			103	49	-56	96
Total tangible and intangible assets	3	11		2		16
Other assets	5	18	35	719	-729	48
<b>Total assets</b>	<b>1 260</b>	<b>161</b>	<b>775</b>	<b>1 338</b>	<b>-1 235</b>	<b>2 299</b>
Amounts owed to credit institutions	83		229	268	-431	149
Deposits and borrowings from the public	433	138	126	125	-6	816
Debt securities in issue	2		17	843	-16	846
Financial liabilities for which customers bear inv. risk	156	3				159
Derivatives			99	33	-56	76
Other liabilities	534		283	23	-726	114
Subordinated liabilities				25		25
<b>Total liabilities</b>	<b>1 208</b>	<b>141</b>	<b>754</b>	<b>1 317</b>	<b>-1 235</b>	<b>2 185</b>
Allocated equity	52	20	21	21		114
<b>Total liabilities and equity</b>	<b>1 260</b>	<b>161</b>	<b>775</b>	<b>1 338</b>	<b>-1 235</b>	<b>2 299</b>
<b>Key figures</b>						
Return on allocated equity, continuing operations, %	18.4	6.7	19.1	5.6		14.0
Return on allocated equity, total operations, %	18.4	6.7	19.1	5.8		14.1
Cost/income ratio	0.45	0.40	0.44	0.34		0.43
Credit impairment ratio, %	0.02	-0.09	0.02	0.00		0.01
Loan/deposit ratio, %	245	92	172			172
Loans, SEKbn	1 050	126	182			1 358
Deposits, SEKbn	428	138	106	119		791
Risk exposure amount, Basel 3, SEKbn	186	76	125	20		407
Full-time employees	4 651	3 841	1 201	4 331		14 024

Jan-Jun 2014 SEKm	Swedish Banking	Baltic Banking	Large Corporates & Institutions	Group Functions & Other	Eliminations	Group
<b>Income statement</b>						
Net interest income	6 677	1 768	1 717	838	4	11 004
Net commission income	3 410	951	1 133	-24	36	5 506
Net gains and losses on financial items at fair value	103	115	1 141	-241		1 118
Share of profit or loss of associates	665			1		666
Other income	759	227	65	577	-147	1 481
<b>Total income</b>	<b>11 614</b>	<b>3 061</b>	<b>4 056</b>	<b>1 151</b>	<b>-107</b>	<b>19 775</b>
of which internal income	87		-1	-216	130	
Staff costs	2 189	380	657	1 707		4 933
Variable staff costs	100	39	149	117		405
Other expenses	3 251	737	815	-1 240	-107	3 456
Depreciation/amortisation	32	71	38	210		351
<b>Total expenses</b>	<b>5 572</b>	<b>1 227</b>	<b>1 659</b>	<b>794</b>	<b>-107</b>	<b>9 145</b>
<b>Profit before impairments</b>	<b>6 042</b>	<b>1 834</b>	<b>2 397</b>	<b>357</b>		<b>10 630</b>
Impairment of intangible assets		1				1
Impairment of tangible assets		-2		206		204
Credit impairments	56	-117	-8	-1		-70
<b>Operating profit</b>	<b>5 986</b>	<b>1 952</b>	<b>2 405</b>	<b>152</b>		<b>10 495</b>
Tax expense	1 198	295	513	131		2 137
Profit for the period from continuing operations	4 788	1 657	1 892	21		8 358
Profit for the period from discontinued operations, after tax				-257		-257
Profit for the period	4 788	1 657	1 892	-236		8 101
<b>Profit for the period attributable to the shareholders of Swedbank AB</b>	<b>4 780</b>	<b>1 657</b>	<b>1 892</b>	<b>-237</b>		<b>8 092</b>
Non-controlling interests	8			1		9
<b>Balance sheet, SEKbn</b>						
Cash and balances with central banks		2	4	153		159
Loans to credit institutions	42		279	141	-364	98
Loans to the public	985	122	215	1		1 323
Bonds and other interest-bearing securities	2	1	65	138	-7	199
Financial assets for which customers bear inv. risk	134	2			-1	135
Investments in associates	3			1		4
Derivatives			88	35	-47	76
Total tangible and intangible assets	3	11		3		17
Other assets	7	9	4	653	-632	41
<b>Total assets</b>	<b>1 176</b>	<b>147</b>	<b>655</b>	<b>1 125</b>	<b>-1 051</b>	<b>2 052</b>
Amounts owed to credit institutions	81		218	209	-358	150
Deposits and borrowings from the public	405	122	123	52	-5	697
Debt securities in issue	2	1	16	792	-11	800
Financial liabilities for which customers bear inv. risk	134	3				137
Derivatives			84	20	-47	57
Other liabilities	518		196	1	-630	85
Subordinated liabilities				18		18
<b>Total liabilities</b>	<b>1 140</b>	<b>126</b>	<b>637</b>	<b>1 092</b>	<b>-1 051</b>	<b>1 944</b>
Allocated equity	36	21	18	33		108
<b>Total liabilities and equity</b>	<b>1 176</b>	<b>147</b>	<b>655</b>	<b>1 125</b>	<b>-1 051</b>	<b>2 052</b>
<b>Key figures</b>						
Return on allocated equity, continuing operations, %	29.3	15.3	24.6	0.1		15.5
Return on allocated equity, total operations, %	29.3	15.3	24.6	-1.3		15.1
Cost/income ratio	0.48	0.40	0.41	0.69		0.46
Credit impairment ratio, %	0.01	-0.20	-0.01	0.00		-0.01
Loan/deposit ratio, %	246	99	162	1		189
Loans, SEKbn	986	122	158			1 266
Deposits, SEKbn	401	122	98	48		669
Risk exposure amount, Basel 3, SEKbn	178	83	118	28		407
Full-time employees	5 047	3 829	1 138	4 668		14 682

## Operating segments' accounting policies

The operating segment reporting is based on Swedbank's accounting policies, organisation and management accounting. 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 taking into account capital adequacy rules and estimated capital requirements based on the bank's Internal Capital Adequacy Assessment Process (ICAAP), all equity is allocated.

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

## Note 5 Net interest income

Group SEKm	Q2 2015	Q1 2015	%	Q2 2014	%	Jan-Jun 2015	Jan-Jun 2014	%
<b>Interest income</b>								
Loans to credit institutions	97	83	17	222	-56	180	422	-57
Loans to the public	8 386	8 813	-5	9 864	-15	17 199	19 685	-13
Interest-bearing securities	361	418	-14	642	-44	779	1 208	-36
Derivatives	-145	144		-42		-1	-183	-99
Other	224	256	-13	176	27	480	347	38
<b>Total interest income</b>	<b>8 923</b>	<b>9 714</b>	<b>-8</b>	<b>10 862</b>	<b>-18</b>	<b>18 637</b>	<b>21 479</b>	<b>-13</b>
of which interest income reported in net gains and losses on financial items at fair value	104	298	-65	401	-74	402	479	-16
<b>Interest income according to income statement</b>	<b>8 819</b>	<b>9 416</b>	<b>-6</b>	<b>10 461</b>	<b>-16</b>	<b>18 235</b>	<b>21 000</b>	<b>-13</b>
<b>Interest expenses</b>								
Amounts owed to credit institutions	-83	-65	28	-177	-53	-148	-307	-52
Deposits and borrowings from the public	-333	-460	-28	-964	-65	-793	-1 948	-59
of which deposit guarantee fees	-155	-155	0	-138	12	-310	-282	10
Debt securities in issue	-3 553	-3 874	-8	-4 321	-18	-7 427	-8 801	-16
of which commissions for government guaranteed funding				-12			-31	
Subordinated liabilities	-271	-221	23	-201	35	-492	-342	44
Derivatives	1 309	1 060	23	670	95	2 369	1 300	82
Other	-204	-188	9	-144	42	-392	-287	37
of which government stabilisation fund fee	-185	-175	6	-133	39	-360	-265	36
<b>Total interest expenses</b>	<b>-3 135</b>	<b>-3 748</b>	<b>-16</b>	<b>-5 137</b>	<b>-39</b>	<b>-6 883</b>	<b>-10 385</b>	<b>-34</b>
of which interest income reported in net gains and losses on financial items at fair value	-20	-51	-61	-197	-90	-71	-389	-82
<b>Interest expense according to income statement</b>	<b>-3 115</b>	<b>-3 697</b>	<b>-16</b>	<b>-4 940</b>	<b>-37</b>	<b>-6 812</b>	<b>-9 996</b>	<b>-32</b>
<b>Net interest income</b>	<b>5 704</b>	<b>5 719</b>	<b>0</b>	<b>5 521</b>	<b>3</b>	<b>11 423</b>	<b>11 004</b>	<b>4</b>
<b>Net interest margin</b>	<b>0.99</b>	<b>1.05</b>		<b>1.13</b>		<b>1.02</b>	<b>1.12</b>	



## Note 6 Net commission income

Group SEKm	Q2 2015	Q1 2015	%	Q2 2014	%	Jan-Jun 2015	Jan-Jun 2014	%
<b>Commission income</b>								
Payment processing	420	417	1	438	-4	837	878	-5
Card commissions	1 215	1 060	15	1 107	10	2 275	2 091	9
Service concepts	123	134	-8	122	1	257	247	4
Asset management and custody fees	1 462	1 461	0	1 442	1	2 923	2 778	5
Life insurance	182	155	17	128	42	337	252	34
Brokerage and other securities	197	198	-1	180	9	395	368	7
Corporate finance	83	50	66	124	-33	133	250	-47
Lending	250	269	-7	242	3	519	497	4
Guarantees	57	60	-5	58	-2	117	104	13
Deposits	39	44	-11	12		83	59	41
Real estate brokerage	71	71	0	83	-14	142	149	-5
Non-life insurance	18	17	6	21	-14	35	38	-8
Other commission income	123	98	26	103	19	221	223	-1
<b>Total commission income</b>	<b>4 240</b>	<b>4 034</b>	<b>5</b>	<b>4 060</b>	<b>4</b>	<b>8 274</b>	<b>7 934</b>	<b>4</b>
<b>Commission expenses</b>								
Payment processing	-254	-260	-2	-224	13	-514	-477	8
Card commissions	-616	-493	25	-520	18	-1 109	-998	11
Service concepts	-4	-4	0	-4	0	-8	-8	0
Asset management and custody fees	-337	-326	3	-309	9	-663	-573	16
Life insurance	-51	-49	4	-61	-16	-100	-115	-13
Brokerage and other securities	-79	-71	11	-85	-7	-150	-160	-6
Lending and guarantees	-19	-19	0	-11	73	-38	-25	52
Other commission expenses	-38	-68	-44	-33	15	-106	-72	47
<b>Total commission expenses</b>	<b>-1 398</b>	<b>-1 290</b>	<b>8</b>	<b>-1 247</b>	<b>12</b>	<b>-2 688</b>	<b>-2 428</b>	<b>11</b>
<b>Total Net commission income</b>	<b>2 842</b>	<b>2 744</b>	<b>4</b>	<b>2 813</b>	<b>1</b>	<b>5 586</b>	<b>5 506</b>	<b>1</b>

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

Group SEKm	Q2 2015	Q1 2015	%	Q2 2014	%	Jan-Jun 2015	Jan-Jun 2014	%
<b>Valuation category, fair value through profit or loss</b>								
Shares and share related derivatives	287	-73		185	55	214	149	44
of which dividend	226	84		187	21	310	296	5
Interest-bearing securities and interest related derivatives	155	218	-29	0		373	-13	
Loans to the public	-1 137	-151		687		-1 288	1 142	
Financial liabilities	233	-173		-275		60	-429	
Other financial instruments	3	6	-50	-1		9	-2	
<b>Total fair value through profit or loss</b>	<b>-459</b>	<b>-173</b>		<b>596</b>		<b>-632</b>	<b>847</b>	
<b>Hedge accounting</b>								
Ineffective part in hedge accounting at fair value	21	-22		-52		-1	-43	-98
of which hedging instruments	-4 991	1 445		2 755		-3 546	4 326	
of which hedged items	5 012	-1 467		-2 807		3 545	-4 369	
Ineffective part in hedging of net investments in foreign operations	-6	13		8		7	10	-30
<b>Total hedge accounting</b>	<b>15</b>	<b>-9</b>		<b>-44</b>		<b>6</b>	<b>-33</b>	
<b>Loan receivables at amortised cost</b>	<b>34</b>	<b>46</b>	<b>-26</b>			<b>80</b>		
<b>Financial liabilities valued at amortised cost</b>	<b>-21</b>			<b>36</b>		<b>-21</b>	<b>64</b>	
<b>Trading related interest</b>								
Interest income	104	298	-65	402	-74	402	480	-16
Interest expense	-20	-51	-61	-197	-90	-71	-389	-82
<b>Total trading related interest</b>	<b>84</b>	<b>247</b>	<b>-66</b>	<b>205</b>	<b>-59</b>	<b>331</b>	<b>91</b>	
<b>Change in exchange rates</b>	<b>429</b>	<b>209</b>		<b>-20</b>		<b>638</b>	<b>149</b>	
<b>Total net gains and losses on financial items at fair value</b>	<b>82</b>	<b>320</b>	<b>-74</b>	<b>773</b>	<b>-89</b>	<b>402</b>	<b>1 118</b>	<b>-64</b>
<b>Distribution by business purpose</b>								
<b>Financial instruments for trading related business</b>	<b>424</b>	<b>768</b>	<b>-45</b>	<b>804</b>	<b>-47</b>	<b>1 192</b>	<b>1 322</b>	<b>-10</b>
<b>Financial instruments intended to be held to contractual maturity</b>	<b>-342</b>	<b>-448</b>	<b>-24</b>	<b>-31</b>		<b>-790</b>	<b>-204</b>	
<b>Total</b>	<b>82</b>	<b>320</b>	<b>-74</b>	<b>773</b>	<b>-89</b>	<b>402</b>	<b>1 118</b>	<b>-64</b>

## Note 8 Other expenses

Group SEKm	Q2 2015	Q1 2015	%	Q2 2014	%	Jan-Jun 2015	Jan-Jun 2014	%
Premises and rents	271	280	-3	422	-36	551	786	-30
IT expenses	433	449	-4	463	-6	882	902	-2
Telecommunications and postage	37	44	-16	42	-12	81	84	-4
Advertising, PR and marketing	67	85	-21	104	-36	152	177	-14
Consultants	70	74	-5	188	-63	144	252	-43
Compensation to savings banks	214	179	20	180	19	393	349	13
Other purchased services	145	154	-6	159	-9	299	327	-9
Security transport and alarm systems	21	18	17	19	11	39	40	-3
Supplies	32	27	19	26	23	59	64	-8
Travel	52	41	27	57	-9	93	110	-15
Entertainment	11	10	10	11	0	21	22	-5
Repair/maintenance of inventories	26	24	8	33	-21	50	62	-19
Other expenses	121	132	-8	142	-15	253	281	-10
<b>Total other expenses</b>	<b>1 500</b>	<b>1 517</b>	<b>-1</b>	<b>1 846</b>	<b>-19</b>	<b>3 017</b>	<b>3 456</b>	<b>-13</b>

## Note 9 Credit impairments

Group SEKm	Q2 2015	Q1 2015	%	Q2 2014	%	Jan-Jun 2015	Jan-Jun 2014	%
<b>Provision for loans individually assessed as impaired</b>								
Provisions	144	151	-5	164	-12	295	211	40
Reversal of previous provisions	-77	-84	-8	-68	13	-161	-171	-6
Provision for homogenous groups of impaired loans, net	1	-10		-101		-9	-191	-95
<b>Total</b>	<b>68</b>	<b>57</b>	<b>19</b>	<b>-5</b>		<b>125</b>	<b>-151</b>	
<b>Portfolio provisions for loans individually assessed as not impaired</b>	<b>-26</b>	<b>-19</b>	<b>37</b>	<b>-18</b>	<b>44</b>	<b>-45</b>	<b>-19</b>	
<b>Write-offs</b>								
Established losses	243	241	1	351	-31	484	663	-27
Utilisation of previous provisions	-128	-149	-14	-208	-38	-277	-396	-30
Recoveries	-149	-71		-78	91	-220	-154	43
<b>Total</b>	<b>-34</b>	<b>21</b>		<b>65</b>		<b>-13</b>	<b>113</b>	
<b>Credit impairments for contingent liabilities and other credit risk exposures</b>	<b>-2</b>	<b>0</b>		<b>-12</b>	<b>-83</b>	<b>-2</b>	<b>-13</b>	<b>-85</b>
<b>Credit impairments</b>	<b>6</b>	<b>59</b>	<b>-90</b>	<b>30</b>	<b>-80</b>	<b>65</b>	<b>-70</b>	
Credit impairment ratio, %	0.00	0.02		0.01		0.01	-0.01	

## Note 10 Loans

Group SEKm	30 Jun 2015			31 Dec 2014	30 Jun 2014		
	Loans before provisions	Provisions	Loans after provisions Carrying amount	Loans after provisions Carrying amount	%	Loans after provisions Carrying amount	%
<b>Loans to credit institutions</b>							
Banks	72 080	22	72 058	87 302	-17	69 884	3
Repurchase agreements, banks	18 877		18 877	12 473	51	12 510	51
Other credit institutions	8 822		8 822	9 049	-3	9 393	-6
Repurchase agreements, other credit institutions	2 856		2 856	4 996	-43	6 082	-53
<b>Loans to credit institutions</b>	<b>102 635</b>	<b>22</b>	<b>102 613</b>	<b>113 820</b>	<b>-10</b>	<b>97 869</b>	<b>5</b>
<b>Loans to the public</b>							
Private customers	853 300	1 177	852 123	830 158	3	801 219	6
Private, mortgage	716 007	823	715 184	696 398	3	674 198	6
Housing cooperatives	100 834	38	100 796	98 258	3	92 232	9
Private, other	36 459	316	36 143	35 502	2	34 789	4
Corporate customers	507 901	1 893	506 008	495 181	2	464 815	9
Agriculture, forestry, fishing	73 862	112	73 750	72 623	2	70 615	4
Manufacturing	42 876	525	42 351	42 335	0	39 470	7
Public sector and utilities	26 844	31	26 813	21 951	22	21 920	22
Construction	17 405	76	17 329	16 325	6	16 305	6
Retail	34 348	237	34 111	30 759	11	30 410	12
Transportation	12 339	48	12 291	11 926	3	12 433	-1
Shipping and offshore	29 590	60	29 530	30 302	-3	24 362	21
Hotels and restaurants	7 651	43	7 608	6 739	13	6 250	22
Information and communications	5 500	12	5 488	5 562	-1	5 788	-5
Finance and insurance	11 281	40	11 241	10 264	10	12 121	-7
Property management	209 203	383	208 820	205 295	2	185 994	12
Residential properties	53 958	95	53 863	53 003	2	50 524	7
Commercial	91 027	97	90 930	89 144	2	79 396	15
Industrial and Warehouse	41 616	39	41 577	40 919	2	32 999	26
Other	22 602	152	22 450	22 229	1	23 075	-3
Professional services	17 237	192	17 045	16 867	1	15 325	11
Other corporate lending	19 765	134	19 631	24 233	-19	23 822	-18
<b>Loans to the public excluding the Swedish National Debt Office and repurchase agreements</b>	<b>1 361 201</b>	<b>3 070</b>	<b>1 358 131</b>	<b>1 325 339</b>	<b>2</b>	<b>1 266 034</b>	<b>7</b>
Swedish National Debt Office	1 925		1 925	16 556	-88	2 221	-13
Repurchase agreements, Swedish National Debt Office	1 755		1 755	3 449	-49	68	
Repurchase agreements, public	65 004		65 004	59 163	10	54 462	19
<b>Loans to the public</b>	<b>1 429 885</b>	<b>3 070</b>	<b>1 426 815</b>	<b>1 404 507</b>	<b>2</b>	<b>1 322 785</b>	<b>8</b>
<b>Loans to the public and credit institutions</b>	<b>1 532 520</b>	<b>3 092</b>	<b>1 529 428</b>	<b>1 518 327</b>	<b>1</b>	<b>1 420 654</b>	<b>8</b>

## Note 11 Impaired loans etc.

Group SEKm	30 Jun 2015	31 Dec 2014	%	30 Jun 2014	%
Impaired loans, gross	5 580	6 281	-11	6 312	-12
Provisions for individually assessed impaired loans	1 367	1 306	5	1 255	9
Provision for homogenous groups of impaired loans	674	891	-24	1 088	-38
<b>Impaired loans, net</b>	<b>3 539</b>	<b>4 084</b>	<b>-13</b>	<b>3 969</b>	<b>-11</b>
of which private customers	1 606	1 833	-12	1 989	-19
of which corporate customers	1 933	2 251	-14	1 980	-2
Portfolio provisions for loans individually assessed as not impaired	1 051	1 133	-7	1 211	-13
Share of impaired loans, gross, %	0.36	0.41	-12	0.44	-18
Share of impaired loans, net, %	0.23	0.27	-15	0.28	-18
Provision ratio for impaired loans, %	37	35	6	37	
Total provision ratio for impaired loans, % <sup>1)</sup>	55	53	4	56	-2
<b>Past due loans that are not impaired</b>	<b>4 430</b>	<b>4 362</b>	<b>2</b>	<b>4 123</b>	<b>7</b>
of which past due 5-30 days	2 603	2 409	8	2 780	-6
of which past due 31-60 days	964	1 100	-12	1 008	-4
of which past due 61-90 days <sup>2)</sup>	380	n.a		n.a	
of which past due more than 90 days <sup>2)</sup>	483	853		335	

<sup>1)</sup> Total provision i.e. all provisions for claims in relation to impaired loans, gross.

<sup>2)</sup> New intervals from Q1 2015. The split between the new intervals for previous periods are not available. For periods prior to 31 March 2015, the row of which past due more than 90 days also includes the interval 61-90 days.

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

Group SEKm	30 Jun 2015	31 Dec 2014	%	30 Jun 2014	%
Buildings and land	624	874	-29	1 466	-57
Shares and participating interests	19	13	46	19	0
Other property taken over	13	13	0	14	-7
<b>Total assets taken over for protection of claims</b>	<b>656</b>	<b>900</b>	<b>-27</b>	<b>1 499</b>	<b>-56</b>
Cancelled leases	52	33	58	59	-12
<b>Total assets taken over for protection of claims and cancelled leases</b>	<b>708</b>	<b>933</b>	<b>-24</b>	<b>1 558</b>	<b>-55</b>
of which acquired by Ektornet	476	778	-39	1 382	-66

## Note 13 Credit exposures

Group SEKm	30 Jun 2015	31 Dec 2014	%	30 Jun 2014	%
<b>Assets</b>					
Cash and balances with central banks	237 956	113 768		158 671	50
Interest-bearing securities	210 604	170 680	23	199 288	6
Loans to credit institutions	102 613	113 820	-10	97 869	5
Loans to the public	1 426 815	1 404 507	2	1 322 785	8
Derivatives	95 640	123 202	-22	75 794	26
Other financial assets	32 764	14 712		25 195	30
<b>Total assets</b>	<b>2 106 392</b>	<b>1 940 689</b>	<b>9</b>	<b>1 879 602</b>	<b>12</b>
<b>Contingent liabilities and commitments</b>					
Guarantees	25 876	27 259	-5	26 504	-2
Commitments	255 552	237 007	8	220 344	16
<b>Total contingent liabilities and commitments</b>	<b>281 428</b>	<b>264 266</b>	<b>6</b>	<b>246 848</b>	<b>14</b>
<b>Total credit exposures</b>	<b>2 387 820</b>	<b>2 204 955</b>	<b>8</b>	<b>2 126 450</b>	<b>12</b>



## Note 14 Intangible assets

Group SEKm	30 Jun 2015	31 Dec 2014	%	30 Jun 2014	%
<b>With indefinite useful life</b>					
Goodwill	12 076	12 344	-2	12 014	1
<b>Total</b>	<b>12 076</b>	<b>12 344</b>	<b>-2</b>	<b>12 014</b>	<b>1</b>
<b>With finite useful life</b>					
Customer base	805	857	-6	902	-11
Internally developed software	623	536	16	502	24
Other	482	582	-17	548	-12
<b>Total</b>	<b>1 910</b>	<b>1 975</b>	<b>-3</b>	<b>1 952</b>	<b>-2</b>
<b>Total intangible assets</b>	<b>13 986</b>	<b>14 319</b>	<b>-2</b>	<b>13 966</b>	<b>0</b>

Goodwill	Jan-Jun 2015	Full year 2014	%	Jan-Jun 2014	%
<b>Cost</b>					
<b>Opening balance</b>	<b>14 668</b>	<b>13 701</b>	<b>7</b>	<b>13 701</b>	<b>7</b>
Additions through business combinations					
Disposals					
Exchange rate differences	-607	967		333	
<b>Closing balance</b>	<b>14 061</b>	<b>14 668</b>	<b>-4</b>	<b>14 034</b>	<b>0</b>
<b>Accumulated amortisation and impairments</b>					
<b>Opening balance</b>	<b>-2 324</b>	<b>-1 941</b>	<b>20</b>	<b>-1 941</b>	<b>20</b>
Impairments					
Disposals					
Exchange rate differences	339	-383		-79	
<b>Closing balance</b>	<b>-1 985</b>	<b>-2 324</b>	<b>-15</b>	<b>-2 020</b>	<b>-2</b>
<b>Carrying amount</b>	<b>12 076</b>	<b>12 344</b>	<b>-2</b>	<b>12 014</b>	<b>1</b>

## Impairment testing of intangible assets

Goodwill and other intangible assets are tested for impairment annually or when there are indications that the recoverable amount of the assets is lower than their carrying amount. The recoverable amount is the highest of either value to sell or 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 executive management's own assumptions. Executive management also determines whether there is any need for a new test during the year.

The annual test in 2014 did not lead to any impairment.

## Note 15 Amounts owed to credit institutions

Group SEKm	30 Jun 2015	31 Dec 2014	%	30 Jun 2014	%
<b>Amounts owed to credit institutions</b>					
Central banks	13 328	11 159	19	9 736	37
Banks	127 939	150 435	-15	122 984	4
Other credit institutions	1 784	4 112	-57	6 578	-73
Repurchase agreements - banks	4 416	3 839	15	9 246	-52
Repurchase agreements - other credit institutions	1 218	1 908	-36	1 319	-8
<b>Amounts owed to credit institutions</b>	<b>148 685</b>	<b>171 453</b>	<b>-13</b>	<b>149 863</b>	<b>-1</b>

## Note 16 Deposits and borrowings from the public

Group SEKm	30 Jun 2015	31 Dec 2014	%	30 Jun 2014	%
<b>Deposits from the public</b>					
Private customers	384 668	371 877	3	357 302	8
Corporate customers	406 776	289 034	41	311 665	31
<b>Deposits from the public excluding the Swedish National Debt Office and repurchase agreements</b>	<b>791 444</b>	<b>660 911</b>	<b>20</b>	<b>668 967</b>	<b>18</b>
Swedish National Debt Office	1	1		1	
Repurchase agreements - Swedish National Debt Office		2 965			
Repurchase agreements - public	24 810	12 802	94	28 200	-12
<b>Deposits and borrowings from the public</b>	<b>816 255</b>	<b>676 679</b>	<b>21</b>	<b>697 168</b>	<b>17</b>

## Note 17 Debt securities in issue

Group SEKm	30 Jun 2015	31 Dec 2014	%	30 Jun 2014	%
Commercial paper	156 550	195 191	-20	183 567	-15
Covered bonds	537 221	511 666	5	489 719	10
Senior unsecured bonds	138 275	114 840	20	113 333	22
Structured retail bonds	14 382	13 315	8	13 800	4
<b>Total debt securities in issue</b>	<b>846 428</b>	<b>835 012</b>	<b>1</b>	<b>800 419</b>	<b>6</b>

Turnover during the period	Jan-Jun 2015	Full year 2014	%	Jan-Jun 2014	%
<b>Opening balance</b>	<b>835 012</b>	<b>726 275</b>	<b>15</b>	<b>726 275</b>	<b>15</b>
Issued	523 925	838 981	-38	387 703	35
Business combination		2 028		2 028	
Repurchased	-21 377	-44 924	-52	-25 215	-15
Repaid	-477 938	-741 088	-36	-302 614	58
Change in market value or in hedged item in fair value hedge accounting	-13 552	22 224		7 431	
Changes in exchange rates	358	31 516	-99	4 811	-93
<b>Closing balance</b>	<b>846 428</b>	<b>835 012</b>	<b>1</b>	<b>800 419</b>	<b>6</b>

## Note 18 Derivatives

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

Group SEKm	Nominal amount 30 Jun 2015			Nominal amount		Positive fair value		Negative fair value	
	Remaining contractual maturity			2015	2014	2015	2014	2015	2014
	< 1 yr.	1-5 yrs.	> 5 yrs.	30 Jun	31 Dec	30 Jun	31 Dec	30 Jun	31 Dec
Derivatives in fair value hedges	82 888	325 366	59 273	467 527	418 889	19 167	23 235	879	340
Derivatives in portfolio fair value hedges	31 000	70 650	7 800	109 450	73 700	86	1	1 660	1 752
Derivatives in cash flow hedges		13 291	8 948	22 239	22 697		10	2 167	1 793
Derivatives in hedges of net investment in foreign operations					153				9
Other derivatives	6 997 694	3 202 324	738 019	10 938 037	11 833 956	89 641	110 915	85 602	94 097
Offset amount						-13 254	-10 959	-14 405	-12 297
<b>Total</b>	<b>7 111 582</b>	<b>3 611 631</b>	<b>814 040</b>	<b>11 537 253</b>	<b>12 349 395</b>	<b>95 640</b>	<b>123 202</b>	<b>75 903</b>	<b>85 694</b>

The amounts offset for derivative assets and derivative liabilities include cash collateral offsets of SEK 1 852m and SEK 701m, respectively.

## Note 19 Financial instruments carried at fair value

Group SEKm	30 Jun 2015			31 Dec 2014		
	Fair value	Carrying amount	Difference	Fair value	Carrying amount	Difference
<b>Assets</b>						
<b>Financial assets covered by IAS 39</b>						
Cash and balances with central banks	237 956	237 956		113 768	113 768	
Treasury bills etc.	93 877	93 870	7	45 904	46 225	-321
Loans to credit institutions	102 613	102 613		113 820	113 820	
Loans to the public	1 434 030	1 426 815	7 215	1 412 718	1 404 507	8 211
Value change of interest hedged items in portfolio hedge	1 194	1 194		1 291	1 291	
Bonds and interest-bearing securities	116 732	116 734	-2	121 189	124 455	-3 266
Financial assets for which the customers bear the investment risk	155 387	155 387		143 319	143 319	
Shares and participating interest	10 365	10 365		9 931	9 931	
Derivatives	95 640	95 640		123 202	123 202	
Other financial assets	32 764	32 764		14 712	14 712	
<b>Total</b>	<b>2 280 558</b>	<b>2 273 338</b>	<b>7 220</b>	<b>2 099 854</b>	<b>2 095 230</b>	<b>4 624</b>
<b>Investment in associates</b>		<b>5 234</b>			<b>4 924</b>	
<b>Non-financial assets</b>		<b>20 627</b>			<b>21 143</b>	
<b>Total</b>		<b>2 299 199</b>			<b>2 121 297</b>	
<b>Liabilities</b>						
<b>Financial liabilities covered by IAS 39</b>						
Amounts owed to credit institutions	148 792	148 685	107	171 457	171 453	4
Deposits and borrowings from the public	816 253	816 255	-2	676 662	676 679	-17
Debt securities in issue	850 504	846 428	4 076	842 238	835 012	7 226
Financial liabilities for which the customers bear the investment risk	158 872	158 872		146 177	146 177	
Subordinated liabilities	24 853	24 829	24	18 932	18 957	-25
Derivatives	75 903	75 903		85 694	85 694	
Short positions securities	33 716	33 716		27 058	27 058	
Other financial liabilities	69 271	69 271		30 096	30 096	
<b>Total</b>	<b>2 178 164</b>	<b>2 173 959</b>	<b>4 205</b>	<b>1 998 314</b>	<b>1 991 126</b>	<b>7 188</b>
<b>Non-financial liabilities</b>		<b>11 117</b>			<b>12 798</b>	
<b>Total</b>		<b>2 185 076</b>			<b>2 003 924</b>	

Group 30 Jun 2015 SEKm	Instruments with quoted market prices in active markets (Level 1)	Valuation techniques using observable market data (Level 2)	Valuation techniques using non- observable market data (Level 3)	Total
<b>Assets</b>				
Treasury bills etc.	30 379	63 006		93 385
Loans to credit institutions		21 693		21 693
Loans to the public		299 303		299 303
Bonds and other interest-bearing securities	73 840	41 752		115 592
Financial assets for which the customers bear the investment risk	155 387			155 387
Shares and participating interests	10 280	28	58	10 366
Derivatives	41	95 418	180	95 639
<b>Total</b>	<b>269 927</b>	<b>521 200</b>	<b>238</b>	<b>791 365</b>
<b>Liabilities</b>				
Amounts owed to credit institutions		5 634		5 634
Deposits and borrowings from the public		25 050		25 050
Debt securities in issue	738	30 911		31 649
Financial liabilities for which the customers bear the investment risk		158 872		158 872
Derivatives	78	75 825		75 903
Short positions, securities	33 702	14		33 716
<b>Total</b>	<b>34 518</b>	<b>296 306</b>		<b>330 824</b>

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

The methods are divided into 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 and how the internal assumptions are expected to affect the valuation. 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 as well as whether a type of financial instrument is to be transferred between levels. There were no transfers of financial instruments between valuation levels 1 and 2 during the quarter.

Group 31 Dec 2014 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
<b>Assets</b>				
Treasury bills etc.	32 587	13 137		45 724
Loans to credit institutions		17 469		17 469
Loans to the public		340 771		340 771
Bonds and other interest-bearing securities	75 188	47 982		123 170
Financial assets for which the customers bear the investment risk	143 319			143 319
Shares and participating interests	9 681	173	77	9 931
Derivatives	5 399	117 722	81	123 202
<b>Total</b>	<b>266 174</b>	<b>537 254</b>	<b>158</b>	<b>803 586</b>
<b>Liabilities</b>				
Amounts owed to credit institutions		5 746		5 746
Deposits and borrowings from the public		16 149		16 149
Debt securities in issue	17 768	31 763		49 531
Financial liabilities for which the customers bear the investment risk		146 177		146 177
Derivatives	6 925	78 769		85 694
Short positions, securities	27 024	34		27 058
<b>Total</b>	<b>51 717</b>	<b>278 638</b>		<b>330 355</b>

Changes in level 3 Group SEKm	Assets				Liabilities
	Debt securities	Equity instruments	Derivatives	Total	Derivatives
<b>January-June 2015</b>					
<b>Opening balance 1 January 2015</b>	<b>0</b>	<b>77</b>	<b>81</b>	<b>158</b>	<b>0</b>
Purchases		4		4	
Sale of assets		-18		-18	
Maturities			-18	-18	
Issues			5	5	
Transferred from Level 2 to Level 3			158	158	
Transferred from Level 3 to Level 2		-2	-36	-38	
Gains or losses		-3	-10	-13	
of which in the income statement, net gains and losses on financial items at fair value			-10	-10	
of which changes in unrealised gains or losses for items held at closing day		-3		-3	
<b>Closing balance 30 June 2015</b>	<b>0</b>	<b>58</b>	<b>180</b>	<b>238</b>	<b>0</b>

Level 3 primarily contains unlisted equity instruments and illiquid options. The options 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 bond part 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 thus 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.

Given historical movements in the underlying prices for options on level 3, it is unlikely that future price movements will affect the market value by more than SEK +/- 35m. The corresponding pair of value changes arises for financial instruments reported in level 2.

Financial instruments are transferred to or from level 3 depending on whether the internal assumptions have changed in significance to the valuation.

Changes in level 3 Group SEKm	Assets				Liabilities
	Debt securities	Equity instruments	Derivatives	Total	Derivatives
<b>January-June 2014</b>					
<b>Opening balance 1 January 2014</b>	<b>0</b>	<b>57</b>	<b>133</b>	<b>190</b>	<b>19</b>
Purchases		21		21	
Transferred from Level 2 to Level 3			34	34	
Transferred from Level 3 to Level 2			-98	-98	-25
Gains or losses		-1	31	30	6
of which in the income statement, net gains and losses on financial items at fair value		-1	31	30	6
of which changes in unrealised gains or losses for items held at closing day		-1	13	12	
<b>Closing balance 30 June 2014</b>	<b>0</b>	<b>77</b>	<b>100</b>	<b>177</b>	<b>0</b>



## Note 20 Pledged collateral

Group SEKm	30 Jun		%	30 Jun	
	2015	2014		2014	%
Loan receivables	801 783	780 213	3	752 899	6
Financial assets pledged for policyholders	148 910	136 529	9	129 578	15
Other assets pledged	57 067	53 415	7	60 604	-6
<b>Pledged collateral</b>	<b>1 007 760</b>	<b>970 157</b>	<b>4</b>	<b>943 081</b>	<b>7</b>

## Note 21 Offsetting financial assets and liabilities

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

Group SEKm	Assets			Liabilities		
	30 Jun 2015	31 Dec 2014	%	30 Jun 2015	31 Dec 2014	%
<b>Financial assets and liabilities, which have been offset or are subject to netting or similar agreements</b>						
Gross amount	205 424	213 414	-4	133 812	120 623	11
Offset amount	-25 035	-14 735	70	-26 186	-16 073	63
<b>Net amounts presented in the balance sheet</b>	<b>180 389</b>	<b>198 679</b>	<b>-9</b>	<b>107 626</b>	<b>104 550</b>	<b>3</b>
<b>Related amounts not offset in the balance sheet</b>						
Financial instruments, netting arrangements	78 217	78 707	-1	78 217	78 707	-1
Financial Instruments, collateral	56 258	66 997	-16	13 350	10 844	23
Cash, collateral	19 410	29 717	-35	14 625	11 907	23
<b>Total amount not offset in the balance sheet</b>	<b>153 885</b>	<b>175 421</b>	<b>-12</b>	<b>106 192</b>	<b>101 458</b>	<b>5</b>
<b>Net amount</b>	<b>26 504</b>	<b>23 258</b>	<b>14</b>	<b>1 434</b>	<b>3 092</b>	<b>-54</b>

The amounts offset for derivative assets and derivative liabilities include cash collateral offsets of SEK 1 852m and SEK 701m, respectively.

## Note 22 Capital adequacy, consolidated situation

Capital adequacy SEKm	30 Jun 2015	31 Dec 2014	30 Jun 2014		
Shareholders' equity according to the Group's balance sheet	113 949	117 203	107 631		
Non-controlling interests	51	46	35		
Anticipated dividend	-5 989	-12 511	-6 068		
Deconsolidation of insurance companies	-949	-692	-1 694		
Value changes in own financial liabilities	-7	74	80		
Cash flow hedges	-11	103	189		
Additional value adjustments <sup>1)</sup>	-484				
Goodwill	-12 166	-12 434	-12 104		
Deferred tax assets	-81	-166	-218		
Intangible assets	-1 629	-1 698	-1 674		
Net provisions for reported IRB credit exposures	-1 433	-1 599	-1 279		
Shares deducted from CET1 capital	-44	-410			
<b>Common Equity Tier 1 capital</b>	<b>91 207</b>	<b>87 916</b>	<b>84 898</b>		
Additional Tier 1 capital	10 495	4 998	5 024		
<b>Total Tier 1 capital</b>	<b>101 702</b>	<b>92 914</b>	<b>89 922</b>		
Tier 2 capital	12 969	12 674	12 765		
<b>Total capital</b>	<b>114 671</b>	<b>105 588</b>	<b>102 687</b>		
Capital requirement for credit risks, standardised approach	3 913	4 295	3 797		
Capital requirement for credit risks, IRB	21 535	21 988	21 900		
Capital requirement for credit risk, default fund contribution	4	3	3		
Capital requirement for settlement risks	0	2	5		
Capital requirement for market risks	1 412	1 525	1 478		
Trading book	1 379	1 335	1 263		
of which VaR and SVaR	704	711	616		
of which risks outside VaR and SVaR	675	624	647		
FX risk other operations	33	190	215		
Capital requirement for credit value adjustment	605	579	607		
Capital requirement for operational risks	5 071	4 745	4 745		
<b>Capital requirement</b>	<b>32 540</b>	<b>33 137</b>	<b>32 535</b>		
Risk exposure amount credit risks	318 147	328 574	321 250		
Risk exposure amount settlement risks	3	30	57		
Risk exposure amount market risks	17 648	19 059	18 475		
Risk exposure amount credit value adjustment	7 567	7 241	7 582		
Risk exposure amount operational risks	63 389	59 310	59 310		
<b>Risk exposure amount</b>	<b>406 754</b>	<b>414 214</b>	<b>406 674</b>		
<b>Common Equity Tier 1 capital ratio, %</b>	<b>22.4</b>	<b>21.2</b>	<b>20.9</b>		
<b>Tier 1 capital ratio, %</b>	<b>25.0</b>	<b>22.4</b>	<b>22.1</b>		
<b>Total capital ratio, %</b>	<b>28.2</b>	<b>25.5</b>	<b>25.3</b>		
<b>Capital buffer requirement <sup>2)</sup></b>	<b>30 Jun</b>	<b>31 Dec</b>	<b>30 Jun</b>		
<b>%</b>	<b>2015</b>	<b>2014</b>	<b>2014</b>		
CET1 capital requirement including buffer requirements	10.1	7.0			
of which minimum CET1 requirement	4.5	4.5			
of which capital conservation buffer	2.5	2.5			
of which countercyclical capital buffer <sup>3)</sup>	0.1				
of which systemic risk buffer	3.0				
CET 1 capital available to meet buffer requirement <sup>4)</sup>	17.9	16.4			
<b>Capital adequacy Basel 1 floor</b>	<b>30 Jun</b>	<b>31 Dec</b>	<b>% or</b>	<b>30 Jun</b>	<b>% or</b>
<b>SEKm</b>	<b>2015</b>	<b>2014</b>	<b>pp</b>	<b>2014</b>	<b>pp</b>
Capital requirement Basel 1 floor	70 531	69 557	1	65 853	7
Own funds Basel 3 adjusted according to rules for Basel 1 floor	116 104	107 187	8	103 966	12
<b>Surplus of capital according to Basel 1 floor</b>	<b>45 573</b>	<b>37 630</b>	<b>21</b>	<b>38 113</b>	<b>20</b>
<b>Leverage ratio <sup>5)</sup></b>	<b>30 Jun</b>	<b>31 Dec</b>	<b>30 Jun</b>		
	<b>2015</b>	<b>2014</b>	<b>2014</b>		
Tier 1 Capital, SEKm	101 702	92 914	89 922		
Leverage ratio exposure, SEKm	2 264 851	2 066 385	2 073 597		
Leverage ratio, %	4.5	4.5	4.3		

1) Adjustment due to the implementation of EBA's technical standards on prudent valuation. The objective of these standards is to determine prudent values of fair valued positions.

2) Buffer requirement according to Swedish implementation of CRD IV

3) Calculated to 0.06% based on Swedbank's relevant credit exposures applied with recognized rate in Norway of 1.0%.

4) CET1 capital ratio as reported, less minimum requirement of 4.5% (excluding buffer requirements) and less any CET1 items used to meet the Tier 1 and total capital requirements

5) Calculated according to applicable regulation at each respective reporting date.

The consolidated situation for Swedbank as of 30 June 2015 comprised the Swedbank Group with the exception of insurance companies. The Entercard Group was included as well through the proportionate consolidation method.

In February 2015 Swedbank issued USD 750m in Additional Tier 1 capital with a contractually optional annual coupon rate of 5.5 per cent. The issuance was in the form of a perpetual subordinated debt instrument, which has a call option in 5 years. The instrument also has a mandatory conversion to a variable number of ordinary shares if Swedbank's regulatory capital base falls below a certain level. Swedbank classifies the instrument as Subordinated liabilities in the consolidated

balance sheet, even though it is considered part of Tier 1 capital in the capital adequacy report.

The note contains the information made public according to the Swedish Financial Supervisory Authority Regulation FFFS 2014:12, chap. 8. Additional periodic information according to Regulation (EU) No 575/2013 of the European Parliament and of the Council on supervisory requirements for credit institutions and Implementing Regulation (EU) No 1423/2013 of the European Commission can be found on Swedbank's website: <http://www.swedbank.com/investor-relations/risk-and-capital-adequacy/risk-report/index.htm>

Swedbank Consolidated situation Credit risk, IRB SEKm	Exposure value		Average risk weighting, %		Capital requirement	
	30 Jun 2015	31 Dec 2014	30 Jun 2015	31 Dec 2014	30 Jun 2015	31 Dec 2014
Institutional exposures	115 223	136 263	15	15	1 382	1 666
Corporate exposures	476 158	461 567	36	37	13 620	13 616
Retail exposures	955 268	931 884	8	8	5 913	6 110
of which mortgage	860 749	839 420	6	6	3 836	4 001
of which other	94 519	92 464	27	29	2 077	2 109
Securitisation	612	763	10	11	5	7
Non credit obligation	56 418	75 078	14	10	615	589
<b>Total credit risks, IRB</b>	<b>1 603 679</b>	<b>1 605 555</b>	<b>17</b>	<b>17</b>	<b>21 535</b>	<b>21 988</b>

## Risk exposure amount and Own funds requirement, consolidated situation

30 Jun 2015 SEKm	Risk exposure amount	Own funds requirement
<b>Credit risks, STD</b>	<b>48 918</b>	<b>3 913</b>
Central government or central banks exposures	364	29
Regional governments or local authorities exposures	274	22
Public sector entities exposures	56	4
Multilateral development banks exposures	0	0
International organisation exposures		
Institutional exposures	1 154	92
Corporate exposures	9 854	788
Retail exposures	16 273	1 302
Exposures secured by mortgages on immovable property	1 289	103
Exposures in default	477	38
Exposures associated with particularly high risk	7	1
Exposures in the form of covered bonds	4	0
Items representing securitisation positions		
Exposures to institutions and corporates with a short-term credit assessment		
Exposures in the form of units or shares in collective investment undertakings		
Equity exposures	14 697	1 176
Other items	4 469	358
<b>Credit risks, IRB</b>	<b>269 184</b>	<b>21 535</b>
Institutional exposures	17 264	1 381
Corporate exposures	170 252	13 620
of which specialized lending in category 1	18	1
of which specialized lending in category 2	506	40
of which specialized lending in category 3	473	38
of which specialized lending in category 4	1 017	81
of which specialized lending in category 5		
Retail exposures	73 911	5 913
of which mortgage lending	47 945	3 836
of which other lending	25 966	2 077
Securitisation	65	5
Non-credit obligation	7 693	615
<b>Credit risks, Default fund contribution</b>	<b>44</b>	<b>4</b>
<b>Settlement risks</b>	<b>4</b>	<b>0</b>
<b>Market risks</b>	<b>17 648</b>	<b>1 412</b>
Trading book	17 239	1 379
of which VaR and SVaR	8 804	704
of which risks outside VaR and SVaR	8 435	675
FX risk other operations	409	33
<b>Credit value adjustment</b>	<b>7 567</b>	<b>605</b>
<b>Operational risks</b>	<b>63 389</b>	<b>5 071</b>
of which Basic indicator approach	1 527	122
of which Standardised approach	61 862	4 949
<b>Total</b>	<b>406 754</b>	<b>32 540</b>

### Credit risks

The Internal Ratings-Based Approach (IRB) is applied within the Swedish part of Swedbank's consolidated situation, including the branch offices in New York and Oslo but excluding EnterCard, several small subsidiaries and certain exposure classes such as exposures to national governments and municipalities. IRB is also applied for the majority of Swedbank's exposure classes in the Baltic countries.

When it acts as clearing member, Swedbank calculates a capital base requirement for its pre-financed contributions to the default fund of qualified and unqualified central counterparty funds.

The standardised approach is applied for exposures, excluding capital requirements for default fund contribution, which are not calculated according to IRB.

### Market risks

Under current regulations, capital adequacy for market risks can be based on either a standardised approach or an internal Value at Risk model, which requires the approval of the SFSA. The parent company has received such approval and uses its internal VaR model for general interest rate risks, general and specific share price risks and currency risks in the trading book. The approval also covers operations in the Baltic countries with respect to general interest rate risks and currency risks in the trading book. Exchange rates 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 mainly arise through risks associated with holdings in foreign operations.

### Credit valuation adjustment

The risk of a credit valuation adjustment is estimated according to the standardised approach and was added after the implementation of the new EU regulation (CRR).

## Note 23 Internal capital requirement

This note provides information on the internal capital assessment according to chapter 8, section 5 of the SFSA's regulation on prudential requirements and capital buffers (2014:12). The internal capital assessment is published in the interim report according to chapter 8, section 4 of the SFSA's regulation and general advice on annual reports from credit institutions and investment firms (2008:25).

A bank must identify measure and have control over the risks with which its activities are associated and have sufficient capital to cover these risks. The purpose of the Internal Capital Adequacy Assessment process (ICAAP) is to ensure that the bank is sufficiently capitalised to cover its risks and to carry on and develop its activities. Swedbank applies its own models and processes to evaluate its capital requirements for all relevant risks. The models that serve as a basis for the internal capital assessment evaluate the need for economic capital over a one year horizon at a 99.9% confidence level for each type of risk. Diversification effects between various types of risks are not taken into account in the calculation of economic capital.

As a complement to the economic capital calculation, scenario-based simulations and stress tests are conducted at least once a year. The analyses provide an overview of the most important risks Swedbank is exposed to by quantifying their impact on the income

## Note 24 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, equity prices and exchange rates.

### Operational risk

Swedbank calculates operational risk mainly using the standardised approach. SFSA has stated that Swedbank meets the qualitative requirements to apply this method.

### Basel 1 floor

The transition rules state that the minimum capital requirement must not fall below 80 per cent of the requirement according to the Basel 1 rules.

statement and balance sheet as well as the capital base and risk-weighted assets. The purpose is to ensure efficient use of capital. The methodology serves as a basis of proactive risk and capital management.

As of 30 June 2015 the internal capital assessment for Swedbank's consolidated situation amounted to SEK 31.5bn (32.3bn as of 31 March). The capital to meet the internal capital assessment, i.e. the capital base, amounted to SEK 114.7bn (110.5bn as of 31 March) (see Note 22). Swedbank's internal capital assessment with own models are not comparable with the estimated capital requirement that the SFSA will release quarterly.

The internally estimated capital requirement for the Parent Company is SEK 24.7 (26.9bn as of 31 March) and the capital base is SEK 90.8bn (87.8bn as of 31 March) (see Note Capital adequacy for parent company).

In addition to what is stated in this interim report, risk management and capital adequacy according to the Basel 3 framework are described in more detail in Swedbank's annual report for 2014 as well as in Swedbank's yearly Risk and Capital Adequacy Report, available at [www.swedbank.com](http://www.swedbank.com).

In addition to what is stated in this interim report, detailed descriptions are provided in Swedbank's 2014 annual report and in the annual disclosure on risk management and capital adequacy according to Basel 2 rules, available on [www.swedbank.com](http://www.swedbank.com).

**Effect on value of assets and liabilities in SEK and foreign currency, including derivatives if interest rates increase by 100bp, 30 Jun 2015**

<b>Group</b>		<b>&lt; 5 years</b>	<b>5-10 years</b>	<b>&gt;10 years</b>	<b>Total</b>
<b>SEKm</b>					
<b>Swedbank, the Group</b>		<b>-1 264</b>	<b>-370</b>	<b>361</b>	<b>-1 272</b>
of which SEK		-1 129	-370	372	-1 127
of which UVAL		-135	0	-11	-146
<b>Of which financial instruments at fair value reported through profit or loss</b>		<b>-521</b>	<b>31</b>	<b>1</b>	<b>-489</b>
of which SEK		-608	-3	-8	-619
of which UVAL		87	34	10	130

## Note 25 Business combinations 2014

On 20 May 2014 Swedbank AB acquired all the shares in Sparbanken Öresund AB. On the same date, immediately after the share purchase, Sparbanken Öresund AB sold a number of bank branches to

Sparbanken Skåne AB. Because certain assets and liabilities in the combination were acquired to be immediately divested, they were classified as held for sale on the acquisition date.

<b>Group</b>	<b>Carrying amount in the Group at acquisition date</b>
<b>SEKm</b>	<b>20 May 2014</b>
Cash and balances with central banks	20
Loans to credit institutions	4 461
Loans to the public	16 331
Interest-bearing securities	1 973
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	10 503
<b>Total assets</b>	<b>34 078</b>
Amounts owed to credit institutions	2 841
Deposits and borrowings from the public	11 596
Debt securities in issue	2 028
Derivatives	49
Deferred tax liabilities	176
Other liabilities	1 626
Subordinated liabilities	947
Liabilities directly associated with group of assets classified as held for sale	11 417
<b>Total liabilities</b>	<b>30 679</b>
<b>Total identifiable net assets</b>	<b>3 398</b>
<b>Acquisition cost, cash</b>	<b>2 938</b>
<b>Bargain purchase, reported as other income</b>	<b>461</b>

The gain recognised on the acquisition was a result of the fact that Swedbank had to make extensive changes in the acquired operations, including the divestment of branches and associated system solutions. For this

reason, a restructuring reserve has been recognised and immediately after the acquisition amounted to SEK 591m.



Group SEKm	Carrying amount in the Group at acquisition date 20 May 2014
<b>Cash flow</b>	
Cash and cash equivalents in the acquired company	20
Acquisition cost, cash	-2 938
<b>Net</b>	<b>-2 918</b>
Acquired loans, fair value	16 331
Acquired loans, gross contractual amounts	16 654
Acquired loans, best estimate of the contractual cash	258

From the acquisition date the acquired company contributed SEK 489m to income and SEK 75m to profit after tax, excluding the bargain purchase gain. If the company had been acquired at the beginning of the 2014 financial year, consolidated income to 31

December 2014 would have amounted to SEK 39 653m instead of SEK 39 304m. The Group's profit after tax would have amounted to SEK 16 457m instead of SEK 16 463m.

## Note 26 Discontinued operations

Group SEKm	Jan-Jun 2015		Jan-Jun 2014		
	Russia	Total	Russia	Lithuania	Total
<b>Profit from discontinued operations</b>					
Income	-56	-56	44	139	183
Expenses	13	13	53	134	187
Profit before impairments	-69	-69	-9	5	-4
Impairments	-28	-28	-20		-20
Operating profit	-97	-97	-29	5	-24
Tax expense	114	114	-10		-10
<b>Post-tax profit for the period of discontinued operations</b>	<b>17</b>	<b>17</b>	<b>-39</b>	<b>5</b>	<b>-34</b>
Disposal result					
Reclassification adjustments to income statement			-223		-223
of which exchange differences foreign operations			-508		-508
of which hedging of net investments in foreign operations			365		365
of which income tax			-80		-80
<b>Profit for the period from discontinued operations, after tax</b>	<b>17</b>	<b>17</b>	<b>-262</b>	<b>5</b>	<b>-257</b>

Group of assets classified as held for sale	30 Jun 2015		30 Jun 2014		
	Russia	Total	Russia	Lithuania	Total
Loans to the public	141	141	915		915
of which impaired loans, gross	287	287	403		403
of which individual provisions	-199	-199	-227		-227
of which impaired loans, net	88	88	176		176
of which portfolio provisions			-19		-19
Non-current tangible assets				100	100
Other assets	66	66	129	107	236
<b>Total assets</b>	<b>207</b>	<b>207</b>	<b>1 044</b>	<b>207</b>	<b>1 251</b>
<b>Liabilities directly associated with group of assets classified as held for sale</b>					
Amounts owed to credit institutions					
Other liabilities	12	12	59	75	134
<b>Total liabilities</b>	<b>12</b>	<b>12</b>	<b>59</b>	<b>75</b>	<b>134</b>

## Note 27 Related-party transactions

During the period normal business transactions were executed between companies in the Group, including other related companies such as associates. Partly-owned savings banks are major associates. During the second quarter 2014 the former Färs & Frosta Sparbank AB sold its entire holding of Swedbank shares. The Group's interest in these shares increased equity in the consolidated statements by SEK 166m. The holding generated a net gain of SEK 50m.

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

## Note 28 Swedbank's share

	30 Jun 2015	31 Dec 2014	%	30 Jun 2014	%
<b>SWED A</b>					
Share price, SEK	193.30	195.50	-1	177.20	9
Number of outstanding ordinary shares	1 105 403 324	1 102 088 935	0	1 102 253 996	0
<b>Market capitalisation, SEKm</b>	<b>213 674</b>	<b>215 458</b>	<b>-1</b>	<b>195 319</b>	<b>9</b>

	30 Jun 2015	31 Dec 2014	30 Jun 2014
<b>Number of outstanding shares</b>			
<b>Issued shares</b>			
SWED A	1 132 005 722	1 132 005 722	1 132 005 722
<b>Repurchased shares</b>			
SWED A	-26 602 398	-29 750 577	-29 751 726
<b>Repurchase of own shares for trading purposes</b>			
SWED A		-166 210	
<b>Number of outstanding shares on the closing day</b>	<b>1 105 403 324</b>	<b>1 102 088 935</b>	<b>1 102 253 996</b>

Within Swedbank's share-based compensation programme, Swedbank AB has during Q1 2015 transferred 2 524 289 shares, and during Q2 2015 transferred 623 890 shares at no cost to employees.

	Q2 2015	Q1 2015	Q2 2014	Jan-Jun 2015	Jan-Jun 2014
<b>Earnings per share</b>					
<b>Average number of shares</b>					
Average number of shares before dilution	1 105 122 231	1 103 628 010	1 101 384 228	1 104 379 248	1 100 279 445
Weighted average number of shares for potential ordinary shares that incur a dilutive effect due to share-based compensation programme	8 470 089	8 369 723	7 370 491	9 187 405	8 271 614
Average number of shares after dilution	1 113 592 320	1 111 997 733	1 108 754 719	1 113 566 653	1 108 551 059
<b>Profit, SEKm</b>					
Profit for the period attributable to shareholders of Swedbank	3 666	4 320	4 139	7 986	8 092
Earnings for the purpose of calculating earnings per share	3 666	4 320	4 139	7 986	8 092
<b>Earnings per share, SEK</b>					
Earnings per share before dilution	3.32	3.91	3.75	7.23	7.35
Earnings per share after dilution	3.30	3.88	3.73	7.18	7.30

# Swedbank AB

## Income statement, condensed

Parent company SEKm	Q2 2015	Q1 2015	%	Q2 2014	%	Jan-Jun 2015	Jan-Jun 2014	%
Interest income	3 785	4 467	-15	4 560	-17	8 252	8 830	-7
Interest expenses	-927	-1 195	-22	-2 012	-54	-2 122	-3 929	-46
<b>Net interest income</b>	<b>2 858</b>	<b>3 272</b>	<b>-13</b>	<b>2 548</b>	<b>12</b>	<b>6 130</b>	<b>4 901</b>	<b>25</b>
Dividends received	5 057	1 652		2 629	92	6 709	7 698	-13
Commission income	2 418	2 265	7	1 710	41	4 683	3 491	34
Commission expenses	-893	-797	12	-389		-1 690	-791	
<b>Net commission income</b>	<b>1 525</b>	<b>1 468</b>	<b>4</b>	<b>1 321</b>	<b>15</b>	<b>2 993</b>	<b>2 700</b>	<b>11</b>
Net gains and losses on financial items at fair value	-73	-66	11	165		-139	794	
Other income	295	254	16	319	-8	549	654	-16
<b>Total income</b>	<b>9 662</b>	<b>6 580</b>	<b>47</b>	<b>6 982</b>	<b>38</b>	<b>16 242</b>	<b>16 747</b>	<b>-3</b>
Staff costs	1 954	2 019	-3	1 953	0	3 973	3 899	2
Other expenses	1 053	1 091	-3	1 105	-5	2 144	2 173	-1
Depreciation/amortisation	1 016	1 077	-6	129		2 093	265	
<b>Total expenses</b>	<b>4 023</b>	<b>4 187</b>	<b>-4</b>	<b>3 187</b>	<b>26</b>	<b>8 210</b>	<b>6 337</b>	<b>30</b>
<b>Profit before impairments</b>	<b>5 639</b>	<b>2 393</b>		<b>3 795</b>	<b>49</b>	<b>8 032</b>	<b>10 410</b>	<b>-23</b>
Impairment of financial fixed assets	65	37	76	23		102	223	-54
Impairment of tangible assets	4	17	-76			21		
Credit impairments	43	38	13	34	26	81	37	
<b>Operating profit</b>	<b>5 527</b>	<b>2 301</b>		<b>3 738</b>	<b>48</b>	<b>7 828</b>	<b>10 150</b>	<b>-23</b>
Appropriations	-17	-16	6	-16	6	-33	-31	6
Tax expense	-42	214		607		172	1 127	-85
<b>Profit for the period</b>	<b>5 586</b>	<b>2 103</b>		<b>3 147</b>	<b>78</b>	<b>7 689</b>	<b>9 054</b>	<b>-15</b>

## Statement of comprehensive income, condensed

Parent company SEKm	Q2 2015	Q1 2015	%	Q2 2014	%	Jan-Jun 2015	Jan-Jun 2014	%
<b>Profit for the period reported via income statement</b>	<b>5 586</b>	<b>2 103</b>		<b>3 147</b>	<b>78</b>	<b>7 689</b>	<b>9 054</b>	<b>-15</b>
<b>Items that will not be reclassified to the income statement</b>								
Remeasurements of defined benefit pension plans	-1	1		-3	-67		-3	
Income tax				1			1	
<b>Total</b>	<b>-1</b>	<b>1</b>		<b>-2</b>	<b>-50</b>		<b>-2</b>	
<b>Items that may be reclassified to the income statement</b>								
Cash flow hedges:								
Gains/losses arising during the period	5	-3		-5		2	-9	
Reclassification adjustments to income statement, net interest income	4	3	33	4	0	7	9	-22
Income tax	-2					-2		0
<b>Total</b>	<b>7</b>			<b>-1</b>		<b>7</b>		
<b>Other comprehensive income for the period, net of tax</b>	<b>6</b>	<b>1</b>		<b>-3</b>		<b>7</b>	<b>-2</b>	
<b>Total comprehensive income for the period</b>	<b>5 592</b>	<b>2 104</b>		<b>3 144</b>	<b>78</b>	<b>7 696</b>	<b>9 052</b>	<b>-15</b>

## Balance sheet, condensed

Parent company SEKm	30 Jun 2015	31 Dec 2014	%	30 Jun 2014	%
<b>Assets</b>					
Cash and balance with central banks	203 649	73 802		151 628	34
Loans to credit institutions	430 334	435 979	-1	407 882	6
Loans to the public	437 461	432 879	1	359 495	22
Interest-bearing securities	207 278	160 021	30	183 099	13
Shares and participating interests	70 519	69 970	1	68 678	3
Derivatives	106 603	133 703	-20	88 295	21
Other assets	49 737	40 150	24	23 525	
<b>Total assets</b>	<b>1 505 581</b>	<b>1 346 504</b>	<b>12</b>	<b>1 282 602</b>	<b>17</b>
<b>Liabilities and equity</b>					
Amounts owed to credit institutions	222 413	222 569	0	186 655	19
Deposits and borrowings from the public	667 952	532 118	26	561 823	19
Debt securities in issue	307 086	318 041	-3	306 451	0
Derivatives	107 357	118 696	-10	79 079	36
Other liabilities and provisions	95 461	51 045	87	62 420	53
Subordinated liabilities	23 882	18 010	33	17 352	38
Untaxed reserves	10 010	10 043	0	6 274	60
Equity	71 420	75 982	-6	62 548	14
<b>Total liabilities and equity</b>	<b>1 505 581</b>	<b>1 346 504</b>	<b>12</b>	<b>1 282 602</b>	<b>17</b>
Pledged collateral	51 482	49 462	4	56 619	-9
Other assets pledged	10 140	7 053	44	5 244	93
Contingent liabilities	548 052	515 934	6	521 983	5
Commitments	220 414	201 188	10	196 839	12

## Statement of changes in equity, condensed

Parent company SEKm						
	Share capital	Share premium reserve	Statutory reserve	Cash flow hedges	Retained earnings	Total
<b>January-June 2014</b>						
<b>Opening balance 1 January 2014</b>	<b>24 904</b>	<b>13 206</b>	<b>5 968</b>	<b>-7</b>	<b>20 312</b>	<b>64 383</b>
Dividend					-11 133	-11 133
Share based payments to employees					233	233
Deferred tax related to share based payments to employees					13	13
Total comprehensive income for the period					9 052	9 052
<b>Closing balance 30 June 2014</b>	<b>24 904</b>	<b>13 206</b>	<b>5 968</b>	<b>-7</b>	<b>18 477</b>	<b>62 548</b>
<b>January-December 2014</b>						
<b>Opening balance 1 January 2014</b>	<b>24 904</b>	<b>13 206</b>	<b>5 968</b>	<b>-7</b>	<b>20 312</b>	<b>64 383</b>
Dividend						
Repurchase of own shares for trading purposes					-33	-33
Share based payments to employees					459	459
Deferred tax related to share based payments to employees					12	12
Current tax related to share based payments to employees					42	42
Total comprehensive income for the period				4	22 248	22 252
<b>Closing balance 31 December 2014</b>	<b>24 904</b>	<b>13 206</b>	<b>5 968</b>	<b>-3</b>	<b>31 907</b>	<b>75 982</b>
<b>January-June 2015</b>						
<b>Opening balance 1 January 2015</b>	<b>24 904</b>	<b>13 206</b>	<b>5 968</b>	<b>-3</b>	<b>31 907</b>	<b>75 982</b>
Dividend					-12 539	-12 539
Disposal of own shares for trading purposes					33	33
Share based payments to employees					227	227
Deferred tax related to share based payments to employees					-35	-35
Current tax related to share based payments to employees					56	56
Total comprehensive income for the period					7 696	7 696
<b>Closing balance 30 June 2015</b>	<b>24 904</b>	<b>13 206</b>	<b>5 968</b>	<b>-3</b>	<b>27 345</b>	<b>71 420</b>

## Cash flow statement, condensed

Parent company SEKm			
	Jan-Jun 2015	Full-year 2014	Jan-Jun 2014
Cash flow from operating activities	140 548	-50 145	31 187
Cash flow from investing activities	7 744	-399	3 083
Cash flow from financing activities	-18 445	91 907	84 919
<b>Cash flow for the period</b>	<b>129 847</b>	<b>41 363</b>	<b>119 189</b>
Cash and cash equivalents at beginning of period	73 802	32 439	32 439
Cash flow for the period	129 847	41 363	119 189
<b>Cash and cash equivalents at end of period</b>	<b>203 649</b>	<b>73 802</b>	<b>151 628</b>

## Capital adequacy

Capital adequacy, Parent company SEKm	30 Jun 2015	31 Dec 2014	30 Jun 2014
<b>Common Equity Tier 1 capital</b>	<b>67 548</b>	<b>65 453</b>	<b>59 736</b>
Additional Tier 1 capital	10 487	4 989	5 017
<b>Tier 1 capital</b>	<b>78 035</b>	<b>70 442</b>	<b>64 753</b>
Tier 2 capital	12 776	12 402	12 319
<b>Total capital</b>	<b>90 811</b>	<b>82 844</b>	<b>77 072</b>
<b>Capital requirement</b>	<b>25 392</b>	<b>25 593</b>	<b>23 563</b>
<b>Risk exposure amount</b>	<b>317 404</b>	<b>319 908</b>	<b>294 541</b>
<b>Common Equity Tier 1 capital ratio, %</b>	<b>21.3</b>	<b>20.5</b>	<b>20.3</b>
<b>Tier 1 capital ratio, %</b>	<b>24.6</b>	<b>22.0</b>	<b>22.0</b>
<b>Total capital ratio, %</b>	<b>28.6</b>	<b>25.9</b>	<b>26.2</b>

Capital buffer requirement <sup>1)</sup> %	30 Jun 2015	31 Dec 2014
CET1 capital requirement including buffer requirements	7.1	7.0
of which minimum CET1 requirement	4.5	4.5
of which capital conservation buffer	2.5	2.5
of which countercyclical capital buffer	0.1	
CET 1 capital available to meet buffer requirement <sup>2)</sup>	16.8	16.0

Capital adequacy transition rules Basel 1 floor <sup>3)</sup> SEKm	30 Jun 2015	31 Dec 2014	% or pp	30 Jun 2014	% or pp
Capital requirement Basel 1 floor	28 512	28 135	1	24 797	15
Own funds Basel 3 adjusted according to rules for Basel 1 floor	91 322	83 414	9	77 472	18
<b>Surplus of capital according to Basel 1 floor</b>	<b>62 810</b>	<b>55 279</b>	<b>14</b>	<b>52 675</b>	<b>19</b>

Leverage ratio <sup>4)</sup> %	30 Jun 2015	31 Dec 2014	30 Jun 2014
Tier 1 Capital, SEKm	78 035	70 442	64 753
Total exposure, SEKm	2 152 105	1 960 610	1 891 584
Leverage ratio, %	3.6	3.6	3.4
Total exposure taking into account CRR article 429.7 <sup>5)</sup> , SEKm	1 292 435	1 130 434	1 084 799
Leverage ratio taking into account CRR article 429.7 <sup>5)</sup> , %	6.0	6.2	6.0

<sup>1)</sup> Buffer requirement according to Swedish implementation of CRD IV.

<sup>2)</sup> CET1 capital ratio as reported, less minimum requirement of 4.5% (excluding buffer requirements) and less any CET1 items used to meet the Tier 1 and total capital requirements.

<sup>3)</sup> Basel 1 floor based on the higher of the Basel 3 capital requirement and 80% of Basel 1 capital requirement. In the latter case the own funds is adjusted according to CRR article 500.4.

<sup>4)</sup> Calculated according to applicable regulation at each respective reporting date.

<sup>5)</sup> Taking into account potential exemption according to CRR article 429.7 excluding certain intragroup exposures.



**Risk exposure amount and own funds requirement, parent company**
**30 Jun 2015**
**SEKm**

	Risk exposure amount	Own funds requirement
<b>Credit risks, STD</b>	<b>89 218</b>	<b>7 138</b>
Central government or central banks exposures	209	17
Regional governments or local authorities exposures	53	4
Public sector entities exposures	44	4
Multilateral development banks exposures	0	0
International organisation exposures		
Institutional exposures	3 918	313
Corporate exposures	7 913	633
Retail exposures	3 758	301
Exposures secured by mortgages on immovable property	645	52
Exposures in default	10	1
Exposures associated with particularly high risk		
Exposures in the form of covered bonds		
Items representing securitisation positions		
Exposures to institutions and corporates with a short-term credit assessment		
Exposures in the form of units or shares in collective investment undertakings		
Equity exposures	71 540	5 723
Other items	1 128	90
<b>Credit risks, IRB</b>	<b>166 721</b>	<b>13 337</b>
Institutional exposures	18 837	1 506
Corporate exposures	120 203	9 616
of which specialized lending		
Retail exposures	21 507	1 721
of which mortgage lending	2 832	227
of which other lending	18 675	1 494
Securitisation	65	5
Non-credit obligation	6 109	489
<b>Credit risks, Default fund contribution</b>	<b>44</b>	<b>4</b>
<b>Settlement risks</b>	<b>4</b>	<b>0</b>
<b>Market risks</b>	<b>16 951</b>	<b>1 356</b>
Trading book	16 553	1 324
of which VaR and SVaR	8 761	701
of which risks outside VaR and SVaR	7 792	623
FX risk other operations	398	32
<b>Credit value adjustment</b>	<b>7 527</b>	<b>602</b>
<b>Operational risks</b>	<b>36 939</b>	<b>2 955</b>
Standardised approach	36 939	2 955
<b>Total</b>	<b>317 404</b>	<b>25 392</b>

## Signatures of the Board of Directors and the President

The Board of Directors and the President certify that the interim report for January-June 2015 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 2015

Anders Sundström  
Chair

Lars Idermark  
Deputy Chair

Ulrika Francke  
Board Member

Göran Hedman  
Board Member

Anders Igel  
Board Member

Pia Rudengren  
Board Member

Karl-Henrik Sundström  
Board Member

Siv Svensson  
Board Member

Maj-Charlotte Wallin  
Board Member

Camilla Linder  
Board Member  
Employee Representative

Roger Ljung  
Board Member  
Employee Representative

Michael Wolf  
President

## Review report

### Introduction

We have reviewed the year-end report for Swedbank AB (publ) for the period January-June 2015. 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 International Standard on Review Engagements (ISRE) 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 2015  
Deloitte AB

Svante Forsberg  
Authorised Public Accountant

## Publication of financial information

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

### Financial calendar 2015

Interim report for the third quarter 2015                      20 October

Year-end report for 2015    2 February 2016

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

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