

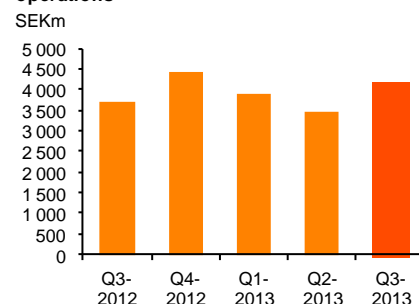


## Third quarter 2013

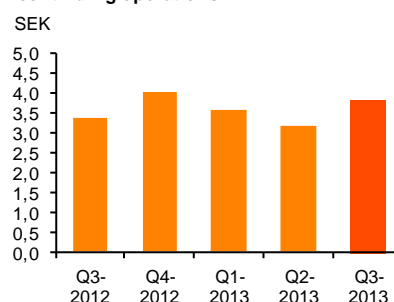
Compared with second quarter 2013

- The result for the quarter for continuing operations was SEK 4 187m (3 478)
- Earnings per share for continuing operations amounted to SEK 3.82 (3.16) before dilution and SEK 3.79 (3.15) after dilution
- The return on equity for continuing operations was 16.2 per cent (14.1)
- The cost/income ratio was 0.43 (0.46)
- Net interest income amounted to SEK 5 641m (5 409)
- Profit before impairments increased by 8 per cent to SEK 5 230m (4 853)
- Swedbank reported net recoveries of SEK 56m (credit impairments of SEK 88m)
- The Common Equity Tier 1 ratio was 18.8 per cent according to Basel 2 (16.7 per cent on 31 December 2012). The Common Equity Tier 1 ratio according to Basel 3 was 18.0\*\*\* per cent (15.4 per cent on 31 December 2012).

Profit for the quarter, continuing operations\*\*



Earnings per share after dilution\*, continuing operations\*\*

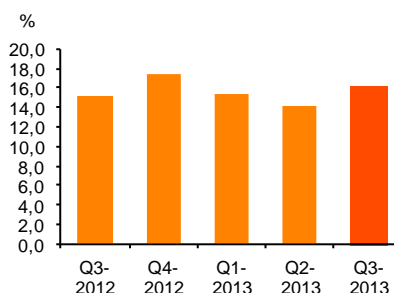


## January-September 2013

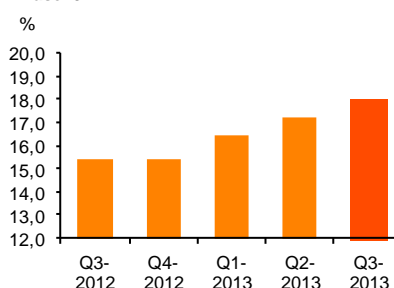
Compared with January-September 2012

- The result for the period for continuing operations amounted to SEK 11 581m (10 872)
- Earnings per share for continuing operations amounted to SEK 10.55\* (9.91) before dilution and SEK 10.48\* (9.87) after dilution
- The return on equity for continuing operations was 15.2 per cent (15.0)
- The cost/income ratio was 0.45 (0.46)
- Net interest income increased by 9 per cent to SEK 16 403m (15 015)
- Profit before impairments increased by 5 per cent to SEK 15 122m (14 413)
- Swedbank reported net credit impairments of SEK 92m (net recoveries of SEK 109m).

Return on equity, continuing operations\*\*



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



\* Without deducting the preference share dividend, earnings per share for the first quarter 2013 were SEK 1.99 for continuing operations after dilution. The calculations are specified on page 49.

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

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

## CEO Comment

The global economy continued to show positive, though faint, signs during the third quarter. Optimism in the market has begun to take root. In our home markets, economic conditions remain stable. Going forward, however, development and credit demand will be affected by how well our operating environment recovers. Major structural challenges remain in many countries where government debts and budget deficits are creating imbalances. In Sweden, insufficient supply of housing has created a structural challenge that has caused upward pressure on household debt for an extended period of time.

### Continued stable results

Swedbank is again reporting robust results. The return on equity for continuing operations was 16.2 per cent for the third quarter. Higher net interest income and solid cost efficiencies contributed positively. In the Swedish mortgage market, our new lending did well during the quarter. Mortgage margins vis-à-vis customers were lower, following the same pattern from the second quarter: stable for the mortgage portfolio as a whole, but with slightly lower margins on new lending. The result in our Baltic operations was positively affected by the repricing of the corporate portfolio that has begun. In the LC&I business area, our market position has improved for the customer groups we focus on. The result from equity and fixed income trading was weaker, however. The Group's net commission income was stable with good activity in cards and funds. Credit quality remains good.

### Better preconditions for us to serve our customers

The measures we are taking to adapt to gradually changing customer behaviour are continuing. Several areas deserve mention. One obvious example is how efficiency improvements during the third quarter have led to improved response times in our Swedish telephone bank. The use of digital channels is not only growing but it is also clear that customers prefer a totally new, more active way of banking. Mobile Bank users log in nearly twice as frequently as users of the Internet Bank. That does not include the over 15 million times every month that mobile phone users check an account balance by simply shaking their phone. We are also seeing a clear trend in the Baltic countries, where the number of cash transactions and payments in branches is declining significantly – for example, the number of manual cash transactions by tellers at our branches in Latvia has dropped by 25 per cent this year. As part of our measures to enhance the customer experience, we opened two pilot branches in Karlstad and Nässjö in September. With a more modern way of working and a new customer environment that includes video-based customer meetings, we can be wherever our customers want to meet us.

We are giving individual advisors more opportunity to make decisions. Competence development and decentralised authority allow our employees to make the decisions necessary to satisfy each customer's needs directly during the meeting.

### Openness and transparency

In early October Swedbank won an award presented by NASDAQ OMX for best annual report in the category large companies. This is further recognition of our work to openly inform and build credibility among customers, shareholders and other stakeholders. It also spurs us on in our continued work.

We face a significant challenge with respect to customer satisfaction in Sweden. This year's Swedish Quality Index survey is discouraging reading for banks, including ourselves. We have a big job ahead of us, and the goal is crystal clear. We will raise customer satisfaction through improved business acumen and local decision-making, as well as digital and physical meeting places that meet customer needs.

### Increased capitalisation and regulation

Our Common Equity Tier 1 ratio was further strengthened during the quarter to 18.0 per cent (Basel 3\*). We are awaiting approval from the Swedish Financial Supervisory Authority to use an advanced model to calculate risk weights on Swedish corporate lending, which will further improve our capital ratios. In order to set a new internal capital target, we need a clear ruling from the authorities on future capital requirements for Swedish banks. Swedbank's solid capitalisation was underscored by Standard & Poor's, which raised our credit rating outlook to stable during the third quarter. In addition to our strong balance sheet, S&P stressed our solid profitability.

We welcome the increased regulation of the financial sector which in recent years has produced a more sustainable international banking system. At the same time we must state, from a Swedish perspective, that increased capital requirements on banks will never solve the imbalances in the housing market. We want to help our customers to buy a home and will gladly provide financing for new construction. But we are not willing to take part when the same properties are mortgaged at ever increasing levels. In our view, the increased capital requirements on banks are not an optimal way to provide a solution to Sweden's problem of too little housing, which dampens potential growth.

### Outlook

We continue to plan for an environment with low interest rates and relatively weak credit demand at the same time that we see a brighter outlook. We are striving to keep our total costs for 2013 at the same level as for 2012. We are focused on profitability and capital efficiency while investing in a better customer experience and our employees' development.



Michael Wolf  
President and CEO

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

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

## Financial summary

Income statement SEKm	Q3 2013	Q2 2013	%	Q3 2012	%	Jan-Sep 2013	Jan-Sep 2012	%
Net interest income	5 641	5 409	4	5 085	11	16 403	15 015	9
Net commissions	2 520	2 525	0	2 375	6	7 433	7 112	5
Net gains and losses on financial items at fair value	170	296	-43	687	-75	1 023	2 243	-54
Other income	894	749	19	824	8	2 427	2 461	-1
<b>Total income</b>	<b>9 225</b>	<b>8 979</b>	<b>3</b>	<b>8 971</b>	<b>3</b>	<b>27 286</b>	<b>26 831</b>	<b>2</b>
Staff costs	2 328	2 391	-3	2 229	4	7 077	6 974	1
Other expenses	1 667	1 735	-4	1 691	-1	5 087	5 444	-7
<b>Total expenses</b>	<b>3 995</b>	<b>4 126</b>	<b>-3</b>	<b>3 920</b>	<b>2</b>	<b>12 164</b>	<b>12 418</b>	<b>-2</b>
<b>Profit before impairments</b>	<b>5 230</b>	<b>4 853</b>	<b>8</b>	<b>5 051</b>	<b>4</b>	<b>15 122</b>	<b>14 413</b>	<b>5</b>
Impairment of intangible assets		170		-1		170	3	
Impairment of tangible assets	95	202	-53	102	-7	382	266	44
Credit impairments	-56	88		36		92	-109	
<b>Operating profit</b>	<b>5 191</b>	<b>4 393</b>	<b>18</b>	<b>4 914</b>	<b>6</b>	<b>14 478</b>	<b>14 253</b>	<b>2</b>
Tax expense	998	913	9	1 216	-18	2 887	3 371	-14
<b>Profit for the period from continuing operations</b>	<b>4 193</b>	<b>3 480</b>	<b>20</b>	<b>3 698</b>	<b>13</b>	<b>11 591</b>	<b>10 882</b>	<b>7</b>
Profit for the period from discontinued operations, after tax	-15	-1 887	-99	-203	-93	-2 292	-823	
Profit for the period	4 178	1 593		3 495	20	9 299	10 059	-8
<b>Profit for the period attributable to the shareholders of Swedbank AB</b>	<b>4 172</b>	<b>1 592</b>		<b>3 495</b>	<b>19</b>	<b>9 289</b>	<b>10 052</b>	<b>-8</b>

Key ratios and data per share	Q3 2013	Q2 2013		Q3 2012		Jan-Sep 2013	Jan-Sep 2012
Return on equity, continuing operations, %	16.2	14.1		15.2		15.2	15.0
Return on equity, total operations, %	16.1	6.5		14.3		12.2	13.8
Earnings per share before dilution, continuing operations, SEK <sup>1)</sup>	3.82	3.16		3.38		10.55	9.91
Earnings per share after dilution, continuing operations, SEK <sup>1)</sup>	3.79	3.15		3.36		10.48	9.87
Cost/income ratio	0.43	0.46		0.44		0.45	0.46
Loan/deposit ratio, %	202	186		194		202	194
Common Equity Tier 1 ratio, %, Basel 3 <sup>2)</sup>	18.0	17.2		15.4		18.0	15.4
Tier 1 capital ratio, %, Basel 3 <sup>2)</sup>	19.3	18.6		16.9		19.3	16.9
Capital adequacy ratio, %, Basel 3 <sup>2)</sup>	20.4	19.6		18.0		20.4	18.0
Common Equity Tier 1 ratio, %, Basel 2	18.8	18.0		16.7		18.8	16.7
Tier 1 capital ratio, %, Basel 2	19.7	19.0		18.2		19.7	18.2
Capital adequacy ratio, %, Basel 2	20.2	19.5		18.6		20.2	18.6
Credit impairment ratio, %	-0.02	0.03		0.01		0.01	-0.01
Share of impaired loans, gross, %	0.69	0.76		1.32		0.69	1.32
Total provision ratio for impaired loans, %	53	54		65		53	65

Balance sheet data SEKbn	30 Sep 2013	31 Dec 2012	%	30 Sep 2012	%
Loans to the public	1 248	1 239	1	1 251	0
Deposits and borrowings from the public	624	580	8	631	-1
Shareholders' equity	106	103	3	99	7
Total assets	1 832	1 847	-1	1 965	-7
Risk weighted assets, Basel 3 <sup>2)</sup>	446	487	-8	498	-10
Risk weighted assets, Basel 2	442	464	-5	476	-7

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

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

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

# Overview

## Market

The Swedish economy shrunk by 0.2 per cent during the second quarter compared with the first quarter. Lower exports and investment were the biggest reason for the decrease, while private consumption and inventories continued to rise. However, the GDP decline has not prevented employment from growing, although the impact on unemployment has been small due to the increased labour supply. During the third quarter household and business sentiment improved in Sweden. Pending income tax cuts, low inflation and rising asset prices are boosting household purchasing power. Although industrial confidence indicators have risen, there are no signs yet of a recovery in exports and industrial production owing to weak external demand. There are also indications that it will take time before business investment accelerates.

During the second quarter GDP in Latvia rose by 4.3 per cent at an annual rate, while growth in Lithuania was 4.2 per cent. The Estonian economy grew during the same period by only 1.0 per cent due to low investments and a decline in net exports. Inflation continued to fall in the Baltic economies and in September was 0.4 per cent in Lithuania and 2 per cent in Estonia. In Latvia the inflation rate was negative (-0.4 per cent) for the first time since the recession year of 2010.

Uncertainty about US fiscal policy and the Federal Reserve's surprising decision in September not to taper its bond purchases have pressed long-term bond yields downward after having risen continuously since last spring. The Riksbank maintained the repo rate at 1 per cent at its most recent monetary meeting in September, citing the high level of household indebtedness as the main reason.

The Stockholm stock exchange (OMXSPI) gained 16 per cent during the first nine months of the year. The Tallinn stock exchange (OMXTGI) rose by 14 per cent, the Riga stock exchange (OMXRGI) by 15 per cent and the Vilnius stock exchange (OMXVGI) by 19 per cent.

## Important events during the quarter

On 19 July S&P revised Swedbank's outlook from negative to stable. For more information, see page 8

## Third quarter 2013

Compared with second quarter 2013

## Result

Profit before impairments increased by 8 per cent to SEK 5 230m (4 853). Retail, Baltic Banking, and Group Treasury within Group Functions & Other all contributed to the increase, while profit before impairments within LC&I fell.

Profit before impairments by business area SEKm	Q3 2013	Q2 2013	Q3 2012
Retail	3 102	2 914	2 936
Large Corporates & Institutions	996	1 086	925
Baltic Banking	849	800	758
Group Functions & Other	283	61	455
<b>Total excl FX effects</b>	<b>5 230</b>	<b>4 861</b>	<b>5 074</b>
FX effects		-8	-23
<b>Total</b>	<b>5 230</b>	<b>4 853</b>	<b>5 051</b>

The third quarter result amounted to SEK 4 172m (1 592) and the result for continuing operations was SEK 4 187m (3 478). The result for discontinued operations was SEK -15m (-1 887) and consists mainly of the result from the Russian operations. The Ukrainian operations were sold during the second quarter.

Net recoveries amounted to SEK 56m (credit impairments of 88), mainly due to higher net recoveries within Baltic Banking. Retail reported higher credit impairments than in the second quarter, while credit impairments within LC&I decreased.

Tangible asset writedowns amounted to SEK 95m (202) and mainly relate to the writedown of Ektornet's property values. There were no intangible asset writedowns during the quarter (SEK 170m).

The return on equity was 16.2 per cent for continuing operations (14.1). The cost/income ratio was 0.43 (0.46).

Income increased by 3 per cent to SEK 9 225m (8 979). Net interest income accounted for the largest increase, while net gains and losses on financial items at fair value decreased. Other income rose due to increased proceeds from property sales by Ektornet as well as a higher share of profit of associates.

Net interest income increased by 4 per cent to SEK 5 641m (5 409). Retail and Group Treasury within Group Functions & Other posted the largest increase. Positive contributions came from higher lending volumes and the difference in the maturity structure between lending and deposits, where lending matures on a continuous basis but funding matures on specific dates. Mortgage margins displayed the same pattern as in the second quarter: stable for the mortgage portfolio as a whole, but with slightly lower margins on new lending.

Net commission income was unchanged at SEK 2 520m (2 525). Net commission income within Retail contributed positively as a result of higher average assets under management following a rise in equity prices. Net commission income within LC&I was seasonally lower. The outsourcing of Retail's ATMs has reduced both net commission income and expenses. For more information, see page 12.

Net gains and losses on financial items at fair value fell by 43 per cent to SEK 170m (296). LC&I reported a lower result and was negatively affected by low risk utilisation. Group Treasury had a continued negative effect in the quarter.

Expenses decreased by 3 per cent compared with the previous quarter and amounted to SEK 3 995m (4 126) mainly due to seasonally lower expenses for staffing, travel, marketing and consultants.

Expense analysis			
Group	Q3	Q2	Q3
SEKm	2013	2013	2012
Retail	2 389	2 398	2 477
Large Corporates & Institutions	759	833	720
Baltic Banking	604	603	575
Group Functions & Other and Eliminations	243	302	163
<b>Total excl FX effects</b>	<b>3 995</b>	<b>4 137</b>	<b>3 935</b>
FX effects		-11	-15
<b>Total expenses</b>	<b>3 995</b>	<b>4 126</b>	<b>3 920</b>

The number of full-time positions decreased during the quarter by 87, to 14 264. Baltic Banking decreased by 222. Group Functions & Other increased by 54, Retail by 48 and Large corporates & Institutions by 33.

The tax expense amounted to SEK 998m (913), corresponding to an effective tax rate of 19.2 per cent (20.8). The relatively higher effective rate in the second quarter is due to a non-deductible property writedown of SEK 200m by Ektornet. No deferred tax assets were booked in connection with the writedown.

## January-September 2013

Compared with January-September 2012

### Results

Profit before impairments increased by 5 per cent to SEK 15 122m (14 413). The first quarter 2012 was negatively affected by a one-off adjustment of SEK 250m within Group Treasury. Stronger net interest income, higher commission income and lower expenses positively affected profit, while net gains and losses on financial items at fair value were lower year-on-year.

Profit before impairments			
by business area	Jan-Sep	Jan-Sep	Δ
SEKm	2013	2012	SEKm
Retail	8 987	8 794	193
Large Corporates & Institutions	3 168	3 068	100
Baltic Banking	2 329	2 386	-57
Group Functions & Other	638	121	517
<b>Total excl FX effects</b>	<b>15 122</b>	<b>14 370</b>	<b>752</b>
FX effects		43	-43
<b>Total</b>	<b>15 122</b>	<b>14 413</b>	<b>709</b>

The result for the period decreased by 8 per cent to SEK 9 289m (10 052). The result for continuing operations was SEK 11 581m (10 872). The result for discontinued operations was SEK -2 292m (-820), of which SEK 1 875m is a cumulative negative exchange rate difference that was reclassified to the income statement from other comprehensive income in the second quarter in connection with the sale of the Ukrainian operations. For more information, see note 24.

For the first nine months of 2013 credit impairments of SEK 92m were reported (net recoveries of 109m). LC&I and Retail reported credit impairments, while Baltic Banking reported net recoveries. Tangible asset writedowns increased by SEK 116m to SEK 382m, where SEK 375m related to Ektornet. Intangible asset writedowns amounted to SEK 170m (3) and mainly related to the writedown of IT systems within Swedbank Finance AB and LC&I during the second quarter.

Fluctuations in exchange rates, primarily the strengthening of the Swedish krona against the euro and the Baltic currencies, reduced profit by SEK 61m. The return on equity was 12.2 per cent (13.8). The return on equity for continuing operations was 15.2 per cent (15.0). The cost/income ratio was 0.45 (0.46).

Income increased by 2 per cent to SEK 27 286m (26 831). Income in Retail, Baltic Banking and LC&I was stable compared with the same period previous year. Group Treasury reported higher income year-on-year. Fluctuations in exchange rates reduced income by SEK 112m.

Net interest income increased by 9 per cent to SEK 16 403m (15 015). The repricing of corporate lending within Retail and LC&I positively affected net interest income. Treasury's net interest income has been temporarily strengthened by positions that have benefited from falling market interest rates. The fee for government guaranteed funding decreased by SEK 197m. Lower deposit margins due to falling Stibor and Euribor rates as well as increased competition for deposits in Sweden negatively affected net interest income. Fluctuations in exchange rates reduced net interest income by SEK 63m.

Net commission income improved to SEK 7 433m (7 112). Higher commission income from asset management from increased assets under management, higher income from card operations and increased activity in financing solutions positively affected net commission income, while corporate finance income was lower. The outsourcing of ATMs by Retail has reduced net commission income as well as expenses. For more information, see page 12.

Net gains and losses on financial items at fair value decreased by 54 per cent to SEK 1 023m (2 243). The first quarter 2012 was negatively affected by SEK 250m by a one-off adjustment within Group Treasury. The repurchase of government guaranteed bonds during the second quarter 2013 and a relatively fast pace of covered bond repurchases during the first nine months of 2013 negatively affected net gains and losses on financial items at fair value. The results from equity, fixed income and currency trading were lower than in the same period in 2012, when the first-quarter results were very strong due to favourable market conditions.

Expenses decreased by 2 per cent to SEK 12 164m (12 418). The largest decrease was in depreciation and amortisation, mainly from a reclassification within Swedbank Finance AB (Group Functions & Other), but also within Ektornet. The reclassification in Swedbank Finance AB at the same time reduced net interest income. Expenses for transport and security fell by SEK 109m, telephone and postage expenses by SEK 61m and other expenses by SEK 107m. Variable staff costs increased by SEK 89m to SEK 670m due to the addition of a new share-based programme for 2013 to the accruals of previous share-based programmes for 2010,

2011 and 2012. Since 1 July 2010 Swedbank pays part of its variable remuneration in the form of shares. This remuneration is accrued as an expense until the shares are settled. As a result, variable remuneration allocated to employees during the period differs from the recognised amount. A more detailed analysis of variable remuneration is provided on page 14 of the fact book<sup>1</sup>.

Changes in exchange rates reduced expenses by SEK 68m.

Expense analysis			
Group SEKm	Jan-Sep 2013	Jan-Sep 2012	Δ SEKm
Retail	7 193	7 317	-124
Large Corporates & Institutions	2 327	2 217	110
Baltic Banking	1 783	1 751	32
Group Functions & Other and Eliminations	861	1 065	-204
<b>Total excl FX effects</b>	<b>12 164</b>	<b>12 350</b>	<b>-186</b>
FX effects		68	-68
<b>Total expenses</b>	<b>12 164</b>	<b>12 418</b>	<b>-254</b>

The number of full-time positions has decreased in one year by 1 031, of which 585 were in Ukraine and Russia, 317 in Baltic Banking and 345 in Ektornet (Group Functions & Other). The number of full-time positions in Retail increased by 73.

The tax expense amounted to SEK 2 887m (3 371), corresponding to an effective tax rate of 19.9 per cent (23.7). The lower effective tax rate in 2013 is mainly due to a reduction of the Swedish corporate tax rate as of 1 January 2013.

### Credit and asset quality

The bank's credit portfolio is stable, with a low number of customers with payment problems as well as low credit impairments. The low credit risk in the mortgage portfolio is also underscored by Swedbank's internal stress tests and is maintained through active and continuous customer monitoring. This is confirmed by the Riksbank's latest stability report, where Swedbank is the only one of the four major Swedish banks with a positive result throughout the scenario period and whose Common Equity Tier 1 ratio did not decrease. The quality of the credit portfolio in the Baltic countries increased during the nine-month period, with a lower percentage of credit impairments and an improved risk profile among customers. Credit demand remained low in all of the bank's home markets.

Swedbank's lending increased during the first nine months of the year by SEK 11bn to SEK 1 195bn, with currency effects reducing the increase by SEK 2bn. Lending to Swedish mortgage customers (including tenant-owner associations) rose by SEK 9bn. Corporate lending within LC&I and Retail increased marginally. The lending portfolio in Baltic Banking rose slightly in local currency, mainly due to a few large corporate customers with low risk. The discontinuation of the operations in Russia and sale of the Ukrainian operations have reduced lending volume by SEK 4.2bn.

The average loan-to-value ratio of Swedbank's mortgages in Sweden was 62.6 per cent (63.5) as of 30 September, based on property level. The corresponding

figure for new mortgages in Sweden was 69.7 per cent. House prices in major Baltic cities have stabilised, with a clear rise in Estonia. The average loan-to-value ratio in Baltic Banking was 86.2 per cent, while the ratio for new lending was about 70 per cent.

Impaired loans fell by SEK 5bn during the first nine months to SEK 9bn. The sale of the Ukrainian operations and discontinuation of operations in Russia accounted for SEK 3bn of the decrease. In Baltic Banking, impaired loans fell by SEK 3bn, mainly due to write-offs and improved quality in the loan portfolio. Impaired loans within LC&I increased by SEK 1bn related to a few large commitments, while in Retail they were unchanged during the period. Impaired loans to private customers decreased during the nine-month period. The share of Swedish mortgages past due by more than 60 days was stable at 0.11 per cent of the portfolio (0.13). The share of impaired mortgages in Baltic Banking fell, with the largest decrease in Latvia. The share of mortgages past due by more than 60 days was 0.82 per cent in Estonia (1.1), 9.2 per cent in Latvia (10.5) and 5.4 per cent in Lithuania (5.4). Further improvements are expected this year.

Credit impairments for the first nine months of the year amounted to SEK 92m (recoveries of SEK 109m). Credit impairments within Retail and LC&I remained low and were related to a few corporate commitments. The recoveries in the Baltic countries primarily relate to a limited number of corporate commitments.

Credit impairments, net by business area			
SEKm	Q3 2013	Q2 2013	Q3 2012
Retail	106	37	72
Large Corporates & Institutions	7	94	-38
Baltic Banking	-147	-43	-18
Estonia	-38	-36	2
Latvia	-70	18	8
Lithuania	-39	-25	-28
Group Functions & Other	-22		20
<b>Total</b>	<b>-56</b>	<b>88</b>	<b>36</b>

The value of repossessed assets in the Group fell by SEK 1 966m to SEK 3 100m during the nine-month period, of which SEK 94m related to property writedowns by Ektornet during the third quarter. During the nine-month period properties with a book value of SEK 1 925m were sold. For more information on Ektornet, see page 18.

Swedbank's exposure to counterparties in the GIIPS countries (Greece, Ireland, Italy, Portugal and Spain) remains low. The exposures totalled SEK 214m as of 30 September 2013 (401).

<sup>1</sup> More detailed information can be found in Swedbank's fact book, [www.swedbank.com/ir](http://www.swedbank.com/ir), under Financial information and publications.

GIIPS exposure						
30 Sep 2013						
SEKm	Greece	Ireland	Italy	Portugal	Spain	Total
Bonds			85	27	5	117
of which sovereign			85	27	5	117
of which held to maturity			85	27	5	117
Loans (money market and commercial paper)						0
Derivatives net <sup>1</sup>		2	6		69	77
Other <sup>2</sup>			12		8	20
<b>Total</b>	<b>0</b>	<b>2</b>	<b>103</b>	<b>27</b>	<b>82</b>	<b>214</b>

<sup>1</sup> Derivatives at market value taking into account netting and collateral agreements.

The derivatives gross value i.e. market value plus internal add-ons, amounts to:

Ireland SEK 10m, Italy SEK 340m and Spain SEK 204m. Total SEK 554m.

<sup>2</sup> Includes funds, trade finance and mortgage loans.

## Funding and liquidity

During the first nine months of the year Swedbank issued a total of SEK 89bn in long-term debt instruments, of which SEK 61bn was covered bonds and SEK 24bn was senior debt. Issuance during the third quarter amounted to SEK 20bn, of which covered bonds accounted for SEK 16bn and senior debt for SEK 4bn. At the same time the bank saw continued high demand for private placements. In total Swedbank plans to issue around SEK 120bn in the next 12 months to meet maturing long-term funding with a nominal value of SEK 98bn. Liquidity in excess of its refinancing needs will be used in connection with day-to-day management to repurchase covered bonds.

The average maturity of all capital market funding arranged through the bank's short- and long-term programmes was 31 months as of 30 September 2013 (33). The average maturity of long-term funding issued during the first nine months was 52 months. The bank's short-term funding is mainly used as a cash management tool, not to finance lending to the public. Outstanding volume decreased by SEK 5bn during the quarter to SEK 129bn.

Issued long-term debt SEKbn	Q3	Q2	Q1
	2013	2013	2013
Covered bonds	16	23	23
of which SEK	15	14	13
of which EUR	1	9	1
of which USD			7
of which Other			2
Senior unsecured bonds	4	5	15
Structured retail bonds (SPAX)		1	1
<b>Total</b>	<b>20</b>	<b>29</b>	<b>39</b>

Swedbank's liquidity reserve, which is reported in accordance with the Swedish Bankers' Association's definition, amounted to SEK 236bn on 30 September 2013 (289). In addition to the liquidity reserve, liquid securities in other parts of the Group amounted to SEK 39bn (35). The liquidity reserve and the Liquidity Coverage Ratio (LCR) will fluctuate over time depending, among other things, on the maturity structure of the bank's issued securities. According to current Swedish regulations in effect as of 1 January 2013, the Group's LCR was 147 per cent as of 30 September (129). Distributed by USD and EUR, LCR was 659 per cent and 253 per cent, respectively. In early 2013 the Basel Committee published a new recommendation on the definition of LCR. According to Swedbank's interpretation of the new definition, LCR would have been 180 per cent as of 30 September.

According to Swedbank's interpretation of the current draft regulation, the Group's Net Stable Funding Ratio

(NSFR) was 91 per cent on 30 September (95). The main liquidity measure used by the Board of Directors and executive management is the so-called survival horizon, which shows how long the bank could manage long periods of stress in capital markets, where access to new financing is limited. At present the bank would survive more than 12 months with the capital markets completely shut down. This applies to the Group's total liquidity as well as liquidity in USD and EUR. For more information on Swedbank's funding and liquidity (including the survival horizon), see pages 63-77 of the fact book.

## Ratings

On 19 July S&P revised Swedbank's outlook from negative to stable. In S&P's view, Swedbank increased its ability to manage higher financial risks in Sweden against the backdrop of the bank's strong capitalisation and earnings. S&P expects Swedbank's capital situation and profitability to continue to improve over the next two years. In addition, S&P affirmed its A+ long-term and A-1 short-term credit ratings on Swedbank and Swedbank Mortgage.

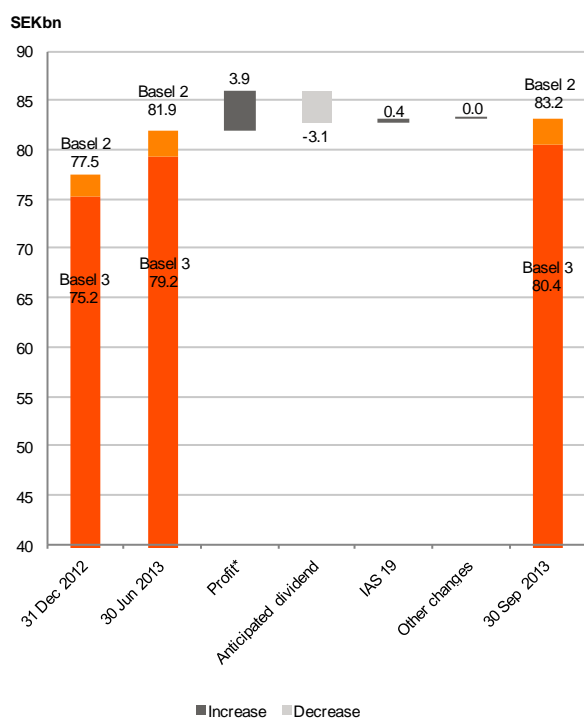
## Capital and capital adequacy

The Common Equity Tier 1 ratio according to Basel 3 continued to strengthen during the quarter to 18.0 per cent on 30 September, according to Swedbank's calculation based on current knowledge of future regulations (17.2 per cent on 30 June 2013 and 15.4 per cent on 31 December 2012). The new regulations were adopted by the EU in June and take effect on 1 January 2014. Introduction of new capital buffers requires implementation in Swedish law, however, and takes effect later in 2014. The Common Equity Tier 1 ratio according to Basel 2 was 18.8 per cent on 30 September (18.0 and 16.7, respectively).

Common Equity Tier 1 capital (Basel 2) increased by SEK 1.2bn during the quarter to SEK 83.2bn. The increase was mainly due to the quarterly profit, after deducting the anticipated dividend. As of 1 January 2013 new rules have entered into force on the recognition of pensions (accounting standard IAS 19). The revisions will create volatility in the estimated pension liability, which also affects equity through other comprehensive income. Due to rising discount rates, Common Equity Tier 1 capital increased by approximately SEK 0.4bn during the third quarter and by approximately SEK 2.1bn during the nine-month period.



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



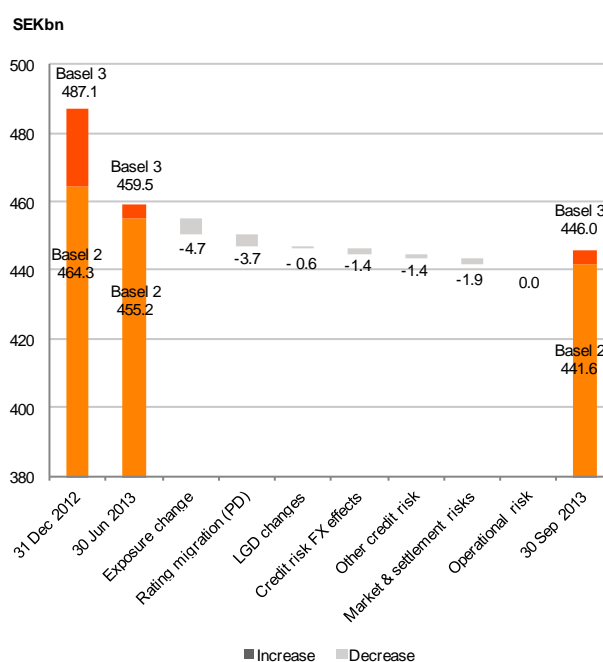
\* Profit for financial companies group.

Subordinated loans that can be included in the capital base decreased by SEK 0.6bn, mainly due to the redemption of a subordinated loan of SEK 536m in mid-September.

Risk weighted assets (Basel 2) decreased by SEK 13.6bn to SEK 441.6bn during the third quarter. The risk weighted amount for credit risks decreased by SEK 11.8bn. Lower credit utilisation by corporate customers within LC&I, coupled with less exposure to credit institutions, has reduced the risk weighted amount by SEK 4.7bn. Positive rating migrations have reduced the risk weighted amount by SEK 3.7bn. Lower non-credit obligations have reduced the risk weighted amount by SEK 2.0bn (included in other credit risk in the diagram below). Fluctuations in exchange rates, mainly attributable to the Baltic credit portfolio, reduced the risk weighted amount for credit risks by SEK 1.4bn due to the strengthening of the Swedish krona against the euro.

The risk weighted amount for market risks decreased by SEK 1.8bn during the third quarter, mainly due to lower exposures within LC&I and because the liquidity portfolio in the Baltic region is risk weighted as credit risk as of the third quarter. The risk weighted amount for operational risks was unchanged as of 30 September compared with 30 June.

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



In May the Swedish Financial Supervisory Authority announced its decision to introduce a risk weight floor of 15 per cent for the Swedish mortgage portfolio, in line with the proposal announced in November 2012. The floor will be introduced as a supervisory measure within Pillar 2. Consequently, the reported capital ratios will not be affected, since the calculations are made according to the rules for Pillar 1. Accordingly, the average risk weight in Swedbank's Swedish mortgage portfolio is 4.4 per cent as of 30 September. Given the Swedish Common Equity Tier 1 capital requirement of 12 per cent (as of 2015), Swedbank, as per the Swedish Financial Supervisory Authority's decision to raise the floor, has to maintain additional Common Equity Tier 1 capital of SEK 9.8bn for Swedish mortgages. This corresponds to 2.2 percentage points of the Common Equity Tier 1 ratio according to Pillar 1. In its internal controls, Swedbank has for some time allocated additional capital to its mortgage business equivalent to the risk weight floor that has now been announced.

Risk-weighted assets by business area, Basel 2	30 Sep 2013	31 Dec 2012	30 Sep 2012
Retail	200	202	212
Large Corporates & Institutions	128	134	135
Baltic Banking	87	95	93
Estonia	35	38	37
Latvia	27	31	31
Lithuania	25	26	25
Group Functions & Other	27	33	36
Group Products	4	4	3
Treasury	16	15	16
Ektornet	4	6	6
Other	3	8	11
<b>Total risk-weighted assets</b>	<b>442</b>	<b>464</b>	<b>476</b>

Discussions among regulators and other interested parties on the harmonisation of risk weights have intensified in the last half-year. One topic of discussion is how the leverage ratio can be used to ensure a

minimum capital level in relation to the size of the balance sheet. When the EU's new capital adequacy rules (CRD IV/CRR) take effect on 1 January 2014, banks will be obligated to report their leverage ratios to the supervisory authorities. Swedbank's leverage ratio (according to CRR) was 4.35 per cent on 30 September.

## Market risk

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

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

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

Swedbank measures market risks with a Value-at-Risk (VaR) model, among other things. VaR expresses a loss level that statistically will be exceeded by a specific probability during a set time horizon. Swedbank uses a 99 per cent probability and a time horizon of one day. This means that the potential loss for the portfolio, based on historical data, will exceed VaR on one day of 100.

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

VaR by risk category					
SEKm	Jan-Sep 2013 (2012)			30 Sep	31 Dec
	Max	Min	Average	2013	2012
Interest risk	97 (141)	59 (76)	76 (106)	61	71
Currency rate risk	17 (14)	2 (3)	8 (6)	7	5
Stock price risk	9 (14)	2 (4)	4 (7)	3	4
Diversification			-15 (-20)	-13	-14
<b>Total</b>	<b>89 (131)</b>	<b>58 (69)</b>	<b>73 (99)</b>	<b>58</b>	<b>66</b>

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

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

An increase in all market interest rates of one percentage point as of 30 September 2013 would have reduced the Group's net gains and losses on financial items at fair value by SEK 533m compared with a decrease of SEK 52m as of 31 December 2012.

## Operational risks

Swedbank's measures to stabilise IT operations and availability in the Internet Bank and Telephone Bank have continued. In comparison with the first nine months of 2012, the number of major IT-related incidents decreased by 59 per cent at the same time that the average time it took to address the incidents fell by 49 per cent. The long-term work to improve the bank's IT infrastructure is continuing according to plan.

The availability of Bankomat AB's ATMs continued to improve. During the quarter, however, on one occasion deposits and withdrawals by Swedbank's customers through the ATMs were mistakenly registered twice.

External fraud attempts against the bank's customers have decreased and are at a low level year-on-year.

Expenses associated with operational risk events have remained low.

## Other events

Swedbank's Annual General Meeting in Stockholm will be held on Wednesday, 19 March 2014.

The Nomination Committee comprises the following members: Lennart Anderberg, appointed by the owner-group Föreningen Sparbanksintressenter and Chair of the Nomination Committee; Ramsay Brufer, appointed by Alecta Pensionsförsäkring; Jens Henriksson, appointed by the owner-group Folksam; Tommy Hjalmarsson, appointed by the owner-group Sparbankstiftelserna; Anders Sundström, Chair of the Board of Directors of Swedbank AB.

The Nomination Committee will make proposals to the 2014 AGM on the election of Chair of the AGM, Chair of the Board and other board members as well as election of auditor. The Nomination Committee will also make proposals on remuneration to the board members and the auditor and propose principles for the selection of a Nomination Committee for 2015.

Shareholders who would like to forward a proposal to the Nomination Committee shall submit a proposal no later than 20 December 2013 either by e-mail to: [valberedningen@swedbank.se](mailto:valberedningen@swedbank.se) or by mail to:

Valberedningen  
c/o Swedbank AB  
Valberedningens sekreterare, H12  
SE-105 34 Stockholm, Sweden

## Events after 30 September 2013

On 1 October the Russian central bank approved Swedbank's application to revoke Swedbank's banking licence in Russia.

## Retail

- Stable net interest income
- Improved market position in mortgages
- New pilot branches meet changing customer behaviour

### Income statement

SEKm	Q3 2013	Q2 2013	%	Q3 2012	%	Jan-Sep 2013	Jan-Sep 2012	%
Net interest income	3 473	3 367	3	3 405	2	10 172	10 138	0
Net commissions	1 550	1 536	1	1 532	1	4 675	4 601	2
Net gains and losses on financial items at fair value	28	33	-15	39	-28	95	124	-23
Share of profit or loss of associates	239	197	21	223	7	640	635	1
Other income	201	179	12	214	-6	598	613	-2
<b>Total income</b>	<b>5 491</b>	<b>5 312</b>	<b>3</b>	<b>5 413</b>	<b>1</b>	<b>16 180</b>	<b>16 111</b>	<b>0</b>
Staff costs	874	866	1	830	5	2 611	2 555	2
Variable staff costs	48	68	-29	43	12	163	119	37
Other expenses	1 438	1 434	0	1 575	-9	4 330	4 550	-5
Depreciation/amortisation	29	30	-3	29	0	89	93	-4
<b>Total expenses</b>	<b>2 389</b>	<b>2 398</b>	<b>0</b>	<b>2 477</b>	<b>-4</b>	<b>7 193</b>	<b>7 317</b>	<b>-2</b>
<b>Profit before impairments</b>	<b>3 102</b>	<b>2 914</b>	<b>6</b>	<b>2 936</b>	<b>6</b>	<b>8 987</b>	<b>8 794</b>	<b>2</b>
Credit impairments	106	37		72	47	198	195	2
<b>Operating profit</b>	<b>2 996</b>	<b>2 877</b>	<b>4</b>	<b>2 864</b>	<b>5</b>	<b>8 789</b>	<b>8 599</b>	<b>2</b>
Tax expense	678	586	16	759	-11	1 899	2 236	-15
Profit for the period	2 318	2 291	1	2 105	10	6 890	6 363	8
<b>Profit for the period attributable to the shareholders of Swedbank AB</b>	<b>2 312</b>	<b>2 290</b>	<b>1</b>	<b>2 102</b>	<b>10</b>	<b>6 881</b>	<b>6 353</b>	<b>8</b>
Non-controlling interests	6	1		3	100	9	10	-10
Return on allocated equity, %	28.1	28.1		25.5		28.0	26.8	
Loan/deposit ratio, %	244	243		245		244	245	
Credit impairment ratio, %	0.05	0.02		0.03		0.03	0.03	
Cost/income ratio	0.44	0.45		0.46		0.44	0.45	
Loans, SEKbn	925	919	1	909	2	925	909	2
Deposits, SEKbn	378	378	0	371	2	378	371	2
Full-time employees	4 969	4 921	1	4 896	1	4 969	4 896	1

### Development January-September

Household and business sentiment in Sweden improved in the third quarter. Low interest rates, increased real incomes and rising asset prices are all benefiting households. The impact on order books and production has been marginal, although the lower number of business bankruptcies in the last three months points to a more stable economy and demand. To date this has not led to an acceleration in lending.

Profit for the period amounted to SEK 6 890m (6 363), the result of stable income, expenses and credit impairments. The lower Swedish corporate tax rate positively affected the result.

Net interest income was stable during the period compared with the same period in 2012. The repricing of corporate credit largely offset the lower deposit margins, which were adversely affected by declining market interest rates. Stibor declined slightly during the third quarter. Deposit margins rose slightly. Mortgage margins towards customers followed the same pattern as the second quarter: stable for the mortgage portfolio as a whole, but with slightly lower margins on new mortgages. The margin on new loans was 10-15bp lower than the stock margin as of 30 September.

Household deposit volume has grown by 1 per cent since the beginning of the year. At the same time fund

inflow increased. Swedbank's share of household deposits was slightly over 21 per cent (22 per cent as of 31 December 2012). Retail's deposits from corporate customers were unchanged from the beginning of the year. Swedbank's market share was 17 per cent as of 31 August (16 per cent as of 31 December 2012).

Mortgage lending volume has steadily increased during the year and Swedbank has gradually improved its market position. Its share of the net growth was 12 per cent during the period January-August 2013. Swedbank's share of the total market was 25 per cent (26 per cent as of 31 December 2012). Corporate lending volume has increased by SEK 2bn since the beginning of the year. The market share was 17 per cent (17 per cent as of 31 December 2012).

Risk weighted assets amounted to SEK 200bn, a decrease of SEK 2bn since the beginning of the year. The effects of the increased exposure have been offset by the effects of positive rating migrations.

Net commission income increased by 2 per cent compared with the first nine months of 2012. The increase was mainly due to higher fund volumes in the wake of rising share prices, but also to net inflows mainly to short-term fixed income funds and collective occupational pensions. Increased income from lending and guarantee commissions also contributed positively,

while payment commissions decreased slightly. Since January 2013 Bankomat AB has gradually taken over responsibility for Swedbank's ATMs. Swedbank pays a commission to Bankomat AB for this service. As a result, net payment commissions and expenses have both decreased. Commissions paid to Bankomat AB amounted to almost SEK 90m during the third quarter and are expected to range around SEK 300m for the full year. At the same time expenses for administration and maintenance are expected to decrease by about SEK 150m. This is in addition to other income of about SEK 80m from the savings banks as well as less need for investment in new ATMs. As of 30 September all of Swedbank's ATMs have been shifted over to Bankomat AB. A total of 639 ATMs that had previously belonged to Swedbank were fully migrated to Bankomat AB. During the quarter net commission income was stable with the largest positive contribution from increased fund volumes.

Expenses for the nine-month period fell by 2 per cent year-on-year. Reduced manual cash handling has led to lower transport and security expenses. Expenses were stable during the third quarter.

Credit quality has remained good, although credit impairments increased slightly during the period due to increased provisions within the retail and service sectors. The share of impaired loans was 0.18 per cent (0.19 per cent).

Swedbank's priorities for 2013 include improving the customer offering and the efficiency of the bank's processes. A considerable share of the work involves developing service, availability and product use through

telephone and digital channels. Customer behaviour has changed in pace with society's digitalisation. Coupled with continued urbanisation, this has changed the rationale for physical customer interactions at bank branches. To adapt to changes in customer behaviour, two pilot branches were launched in September, in Karlstad and Nässjö, with a new way of working and a new customer environment with video-based customer meetings, among other things.

Changing customer behaviour has resulted in a long-term trend with less cash usage and more card usage. On a rolling twelve-month basis the number of ATM transactions decreased by 11 per cent. The total value of withdrawals fell by 7 per cent. During the same period the number of card purchases in stores rose by 11 per cent and the aggregate value of card purchases by 8 per cent. Of the total number of card transactions, ATM withdrawals accounted for 9 per cent and card purchases for 91 per cent.

Use of Swedbank's digital services continued to grow. The Internet Bank had 3.5 million users as of 30 September, an increase of 131 000 in the third quarter, while the Mobile Bank had 1.5 million (+137 000) and the iPad Bank had 319 000 (+59 000).

During the third quarter efficiency improvements have led to a clear reduction in response times in the Telephone Bank. During the quarter the mobile and iPad apps were updated to display electronic invoices and credit card transactions, among other things.

***Retail, Swedbank's dominant business area, is responsible for all Swedish customers except for large corporates and financial institutions. The bank's services are offered through our digital channels such as the Telephone Bank, Mobile Bank and Internet Bank as well as through Swedbank's own branch network and the savings banks' distribution network. Retail includes Channels & Concepts, which is responsible for developing, managing and driving business in our digital channels in Sweden. The various product areas are described on page 20.***

## Large Corporates & Institutions

- High business activity in Large Corporates
- Weak fixed income trading and equity trading
- Reorganisation completed

### Income statement

SEKm	Q3 2013	Q2 2013	%	Q3 2012	%	Jan-Sep 2013	Jan-Sep 2012	%
Net interest income	864	851	2	768	13	2 498	2 246	11
Net commissions	467	523	-11	416	12	1 409	1 297	9
Net gains and losses on financial items at fair value	387	503	-23	471	-18	1 469	1 761	-17
Share of profit or loss of associates							6	
Other income	37	49	-24			119	17	
<b>Total income</b>	<b>1 755</b>	<b>1 926</b>	<b>-9</b>	<b>1 655</b>	<b>6</b>	<b>5 495</b>	<b>5 327</b>	<b>3</b>
Staff costs	269	292	-8	252	7	848	847	0
Variable staff costs	99	104	-5	65	52	291	290	0
Other expenses	375	426	-12	398	-6	1 147	1 082	6
Depreciation/amortisation	16	12	33	12	33	41	34	21
<b>Total expenses</b>	<b>759</b>	<b>834</b>	<b>-9</b>	<b>727</b>	<b>4</b>	<b>2 327</b>	<b>2 253</b>	<b>3</b>
<b>Profit before impairments</b>	<b>996</b>	<b>1 092</b>	<b>-9</b>	<b>928</b>	<b>7</b>	<b>3 168</b>	<b>3 074</b>	<b>3</b>
Impairment of intangible assets		56				56	4	
Credit impairments	7	94	-93	-38		175	32	
<b>Operating profit</b>	<b>989</b>	<b>942</b>	<b>5</b>	<b>966</b>	<b>2</b>	<b>2 937</b>	<b>3 038</b>	<b>-3</b>
Tax expense	211	256	-18	225	-6	684	926	-26
Profit for the period	778	686	13	741	5	2 253	2 112	7
<b>Profit for the period attributable to the shareholders of Swedbank AB</b>	<b>778</b>	<b>686</b>	<b>13</b>	<b>741</b>	<b>5</b>	<b>2 253</b>	<b>2 112</b>	<b>7</b>
Return on allocated equity, %	18.3	14.5		14.6		16.6	14.5	
Loan/deposit ratio, %	208	219		192		208	192	
Credit impairment ratio, %	0.01	0.17		-0.06		0.10	0.02	
Cost/income ratio	0.43	0.43		0.44		0.42	0.42	
Loans, SEKbn	148	151	-2	154	-4	148	154	-4
Deposits, SEKbn	71	69	3	80	-11	71	80	-11
Full-time employees	1 064	1 031	3	1 049	1	1 064	1 049	1

### Development January-September

Signals from the US central bank, the Federal Reserve, about tapering its bond purchases contributed to continued uncertainty in the financial markets. Several emerging markets were hit by capital outflows with significantly weakened currencies as a result. The Fed's decision in September not to reduce its bond purchases had a stabilising effect, causing leading equity indexes to rise. Long-term Swedish government bond yields, which rose substantially during the quarter, have retreated.

The profit amounted to SEK 2 253m for the nine-month period, an increase of 7 per cent year-on-year. The result was positively affected by lending-related income and fund commissions but negatively by lower activity and earnings in fixed income and equity trading as well as Corporate Finance. The return on allocated equity was 16.6 per cent.

Net interest income increased by 11 per cent compared with the first nine months of 2012, partly due to the repricing of corporate lending. Lending volume fell by 4 per cent or SEK 6bn. Compared with the previous quarter net interest income rose 2 per cent in the third quarter to SEK 864m. Business activity within Large Corporates was high late in the quarter. The margin on the loan portfolio increased slightly, however, competition is expected to grow with tighter margins as

a result. Lending volumes fell slightly during the quarter, partly due to lower credit utilisation as of 30 September and a stronger krona. Deposit margins and volumes were stable.

Risk weighted assets decreased by SEK 6bn during the quarter to SEK 128bn as of 30 September. Risk weighted assets for credit risk decreased by SEK 4bn, mainly due to lower utilisation of credit and a stronger krona. Risk weighted assets related to market risk decreased by SEK 2bn as a result of generally lower market volatility.

During the nine-month period net commission income increased by 9 per cent year-on-year to SEK 1 409m, mainly due to increased fund and lending commissions. Compared with the previous quarter net commission income decreased by 11 per cent to SEK 467m during the third quarter, mainly related to lower earnings in Corporate Finance. The weak income trend in equity trading continued at the same time that income from fund and cash management products was stable. Bond issuance activity remained good in both Sweden and Norway. Swedbank's market share for issuances by Swedish customers was 19 per cent for the nine-month period. The corresponding figure in Norway was nearly 15 per cent, making the bank the third largest player in both countries.

Net gains and losses on financial items at fair value for the nine-month period decreased by 17 per cent year-on-year to SEK1 469m. Compared with the previous quarter net gains and losses on financial items at fair value decreased by 23 per cent. The quarter was marked by seasonally low customer activity and low risk utilisation. Uncertainty surrounding the tapering of quantitative easing in the US continued to complicate risk management. Earnings were slightly lower than expected in fixed income and credit trading. Earnings in currency trading were relatively good.

Total expenses for January to September increased by 3 per cent year-on-year, mainly related to IT expenses. Quarterly expenses were lower than in the previous quarter, mainly because payroll expenses in Norway are not recorded for July and due to lower IT project activity.

Credit impairments amounted to SEK 175m during the first nine months of the year, of which SEK 7m related to the third quarter. The share of impaired loans was 0.48 per cent (0.10 per cent). Credit quality in the loan portfolio remains good.

LC&I has implemented a reorganisation during the year to increase customer satisfaction and raise profitability. The organisational goal is to further develop customer relations and create new business through a more distinctive product offering. The new organisation, which took effect on 1 July 2013, consists of five new units. As of the third quarter 2013 they are reported separately in the fact book.

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

## Baltic Banking

- Repricing of corporate lending contributed positively
- Continued good activity in daily banking business
- New organisational structure according to plan

### Income statement

SEKm	Q3 2013	Q2 2013	%	Q3 2012	%	Jan-Sep 2013	Jan-Sep 2012	%
Net interest income	807	763	6	753	7	2 312	2 531	-9
Net commissions	446	445	0	376	19	1 279	1 156	11
Net gains and losses on financial items at fair value	98	72	36	74	32	232	215	8
Other income	102	98	4	84	21	289	301	-4
<b>Total income</b>	<b>1 453</b>	<b>1 378</b>	<b>5</b>	<b>1 287</b>	<b>13</b>	<b>4 112</b>	<b>4 203</b>	<b>-2</b>
Staff costs	175	189	-7	171	2	552	550	0
Variable staff costs	18	9	100	12	50	44	47	-6
Other expenses	382	366	4	343	11	1 099	1 088	1
Depreciation/amortisation	29	29	0	30	-3	88	94	-6
<b>Total expenses</b>	<b>604</b>	<b>593</b>	<b>2</b>	<b>556</b>	<b>9</b>	<b>1 783</b>	<b>1 779</b>	<b>0</b>
<b>Profit before impairments</b>	<b>849</b>	<b>785</b>	<b>8</b>	<b>731</b>	<b>16</b>	<b>2 329</b>	<b>2 424</b>	<b>-4</b>
Impairment of tangible assets	1	2	-50	5	-80	7	7	0
Credit impairments	-147	-43		-18		-260	-356	-27
<b>Operating profit</b>	<b>995</b>	<b>826</b>	<b>20</b>	<b>744</b>	<b>34</b>	<b>2 582</b>	<b>2 773</b>	<b>-7</b>
Tax expense	84	68	24	59	42	213	232	-8
Profit for the period	911	758	20	685	33	2 369	2 541	-7
<b>Profit for the period attributable to the shareholders of Swedbank AB</b>	<b>911</b>	<b>758</b>	<b>20</b>	<b>685</b>	<b>33</b>	<b>2 369</b>	<b>2 541</b>	<b>-7</b>
Return on allocated equity, %	16.6	13.4		11.2		14.1	13.9	
Loan/deposit ratio, %	106	108		113		106	113	
Credit impairment ratio, %	-0.50	-0.15		-0.07		-0.30	-0.40	
Cost/income ratio	0.42	0.43		0.43		0.43	0.42	
Loans, SEKbn	117	119	-2	111	5	117	111	5
Deposits, SEKbn	110	110	0	99	11	110	99	11
Full-time employees	3 831	4 053	-5	4 148	-8	3 831	4 148	-8

### Development January-September

The Baltic countries' growth remained among the strongest in the EU in the second quarter. Compared with the previous year GDP rose by 4.4 per cent in Latvia and 3.8 per cent in Lithuania, but only 1.0 per cent in Estonia. Against the backdrop of the improvement in the eurozone, higher growth is anticipated in all three countries. Household spending is expected to remain strong due to rising incomes and confidence. Latvia will join the EMU in 2014 and Lithuania has a strong case to do the same in 2015.

The result amounted to SEK 2 369m for the first nine months, against SEK 2 541m in the same period a year earlier. The decrease was mainly due to lower net interest income and lower net recoveries.

Net interest income declined by 7 per cent in local currency compared with 2012. Lower market rates negatively affected net interest income, while increased deposit volumes and a slightly larger loan portfolio had a positive impact. Loan portfolios with a volume of SEK 1.6bn were acquired from Hipoteku Bank in Latvia during the second half of 2012. Fluctuations in exchange rates reduced net interest income by SEK 26m. Net interest income in local currency rose by 6 per cent in the third quarter with the repricing of corporate lending and the euro's appreciation against the krona both contributing positively. Compared with the previous quarter net interest income increased by 4 per cent in

local currency. It is the first time in 2013 that quarterly net interest income has risen year-on-year.

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

Lending volumes increased by 2 per cent in local currency compared with 30 September 2012. The increase is mainly attributable to the corporate segment. Signs of improvement in new household lending have been seen in Estonia and Lithuania since May. In Latvia, the lending portfolio decreased due to amortisations and write-offs, despite the acquisition of Hipoteku's loan portfolios in the second half of 2012. Swedbank's market share in lending was 29 per cent as of 31 August (31 per cent as of 31 December 2012).

The deposit volumes increased by 9 per cent in local currency compared with 30 September 2012. Private deposits increased by 10 per cent and corporate deposits by 7 per cent on an annual basis. The Latvian deposit portfolio increased the most, with the acquisition of Hipoteku bank contributing SEK 1.8bn. Swedbank's market share for deposits was 30 per cent as of 31 August (31 per cent as of 31 December 2012).

The loan-to-deposit ratio was 106 per cent (108 per cent as of 31 December 2012).

Net commission income increased by 12 per cent in local currency compared with the first nine months of 2012. The increase was mainly due to higher payment commissions, supported by increased customer activity, and higher commission income from fund management. Compared with the previous quarter net commission income rose by 15 per cent in local currency during the third quarter.

Net gains and losses on financial items at fair value increased by 9 per cent in local currency, supported by one-off revenue of SEK 17m from a revaluation gain.

Expenses increased by 2 per cent in local currency from the previous year, including euro transition costs of SEK 29m in Latvia, which is preparing to adopt the euro on 1 January 2014. The bank's expenses related to the euro transition are estimated at SEK 90m in 2013. In order to increase efficiencies and improve collaboration, a unified organisational structure is being implemented across the Baltic countries. At the same time the focus is on developing a multichannel strategy based on customer needs and behaviour. The aim is to improve the customer experience, support new business and increase channel efficiencies.

Net recoveries amounted to SEK 260m, compared with SEK 356m for the first nine months of 2012. Recoveries

were generated in the corporate portfolio, while the mortgage portfolio generated some impairments.

Impaired loans continued to decline during the first nine months in all three Baltic countries, but mostly in Latvia. Impaired loans, gross, amounted to SEK 6.3bn (SEK 11.4bn on 30 September 2012). The decrease was mainly due to amortisations, write-offs and loans that have started to perform, while the inflow of new impaired loans was limited. Credit quality has strengthened through a gradual increase in new lending, which carries a lower risk.

Risk-weighted assets decreased by SEK 8bn during the first nine months to SEK 87bn, driven by the corporate portfolio as a result of active portfolio quality management.

The number of active customers has increased to nearly 2.6 million in 2013. In the annual Most Loved Brand survey, Swedbank came fifth in the Baltic countries. Swedbank received the highest score among companies which are in full-time contact with their customers and was the only bank in the top 30.

**Baltic Banking** has business operations in Estonia, Latvia and Lithuania. Products and services are sold through the bank's branch network and digital channels. The various product areas are described on page 20.



# Group Functions & Other

## Income statement

SEKm	Q3 2013	Q2 2013	%	Q3 2012	%	Jan-Sep 2013	Jan-Sep 2012	%
Net interest income	498	426	17	162		1 419	105	
Net commissions	31	1		31	0	7	4	75
Net gains and losses on financial items at fair value	-343	-312	10	103		-773	143	
Share of profit or loss of associates	1			2	-50	3	3	0
Other income	412	303	36	348	18	1 012	1 046	-3
<b>Total income</b>	<b>599</b>	<b>418</b>	<b>43</b>	<b>646</b>	<b>-7</b>	<b>1 668</b>	<b>1 301</b>	<b>28</b>
Staff costs	797	812	-2	792	1	2 396	2 441	-2
Variable staff costs	48	51	-6	64	-25	172	125	38
Other expenses	-634	-604	5	-796	-20	-1 838	-1 808	-2
Depreciation/amortisation	105	97	8	130	-19	300	422	-29
<b>Total expenses</b>	<b>316</b>	<b>356</b>	<b>-11</b>	<b>190</b>	<b>66</b>	<b>1 030</b>	<b>1 180</b>	<b>-13</b>
<b>Profit before impairments</b>	<b>283</b>	<b>62</b>		<b>456</b>	<b>-38</b>	<b>638</b>	<b>121</b>	
Impairment of intangible assets		114		-1		114	-1	
Impairment of tangible assets	94	200	-53	97	-3	375	259	45
Credit impairments	-22			20		-21	20	
<b>Operating profit</b>	<b>211</b>	<b>-252</b>		<b>340</b>	<b>-38</b>	<b>170</b>	<b>-157</b>	
Tax expense	25	3		173	-86	91	-23	
<b>Profit for the period from continuing operations</b>	<b>186</b>	<b>-255</b>		<b>167</b>	<b>11</b>	<b>79</b>	<b>-134</b>	
Profit for the period from discontinued operations, after tax	-15	-1 887	-99	-203	-93	-2 292	-823	
Profit for the period	171	-2 142		-36		-2 213	-957	
<b>Profit for the period attributable to the shareholders of Swedbank AB</b>	<b>171</b>	<b>-2 142</b>		<b>-33</b>		<b>-2 214</b>	<b>-954</b>	
Non-controlling interests				-3		1	-3	
Full-time employees	4 400	4 346	1	5 202	-15	4 400	5 202	-15

### Development January-September

Income for Group Functions & Other consists of net interest income and net gains and losses on financial items, which mainly come from Group Treasury. Other income primarily consists of revenue from the savings banks as well as sales revenue and operating income from Ektornet. Income amounted to SEK 1 668m (1 301).

Expenses for Group Functions & Other decreased by 13 per cent from the previous year to SEK 1 030m (1 180). Excluding the net of services purchased and sold internally, expenses fell by 6 per cent to SEK 5 073m (5 380). The decrease was mainly due to lower costs for IT operations and depreciation as well as lower staff costs following a reduction in staff numbers. Depreciation fell due to a reclassification within Swedbank Finance AB, which at the same time reduced net interest income, as well as lower depreciation in Ektornet.

### Group Products

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

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

Expenses, excluding the net of services purchased and sold internally, amounted to SEK 2 343m (2 489) for the first nine months of 2013. The decrease was mainly due to lower IT maintenance expenses thanks to increased efficiencies as well as lower mailing costs resulting from increased digitalisation.

### Group Treasury

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

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

Group Treasury's result over time should be nearly nil, with the exception of earnings that may arise in debt and liquidity management within given risk mandates. The fee paid to the Swedish National Debt Office for government guaranteed funding is charged against Group Treasury. Risk hedging by Group Treasury is generally achieved with financial instruments. The

volatility in results over time is largely due to accounting-based fluctuations in these hedges.

Net interest income for the first three quarters amounted to SEK 1 518m, compared with SEK 211m in the same period of 2012. Of the SEK 1 307m change, SEK 197m is due to lower fees for the government guaranteed funding. Repurchases of covered bonds in particular and the fact that the bank's internal prices better reflect its funding costs have positively affected net interest income. Group Treasury's net interest income has also been strengthened by positions that have benefited from lower market rates. Consequently, net interest income is likely to trend lower going forward as position extensions are made at lower interest rates and spreads.

Net gains and losses on financial items at fair value amounted to SEK -783m for the nine-month period, compared with SEK 112m in the previous year. Repurchases of covered and senior bonds reduced net gains and losses on financial items at fair value by SEK 388m. Repurchases of covered and senior bonds carried at fair value have also had a negative effect on the result. The negative effects of the repurchases are offset over time by positive effects on net interest income. Management of the bank's liquidity portfolio reduced net gains and losses on financial items at fair value by SEK 50m, partly because the surplus values in certain portfolio holdings are declining in pace with their remaining maturities. The liquidity portfolio has an average remaining maturity of about 2 years.

#### Russia and Ukraine

The Russian and Ukrainian operations are reported as discontinued operations since the first quarter. During the second quarter the sale of the Ukrainian subsidiary was finalised. The nine-month result for discontinued operations includes a half-year result for the Ukrainian operations of SEK -2 236m. Of this amount, SEK -1 875m, which was reclassified to the income statement during the second quarter, which has not affected Swedbank's capital, capitalisation or cash flow and will not be taken into account in the Board of Directors' dividend proposal for 2013.

The result for the Russian operations amounted to SEK -63m during the nine-month period. The formal liquidation of the legal entity OAO Swedbank is under way. Swedbank's net lending in Russia (including leasing) amounted to SEK 1bn as of 30 September. The lending portfolio in Russia, consisting mainly of good

quality corporate loans, will decrease through amortisation. Swedbank has real estate assets worth about SEK 123m in Russia, which will be sold.

On 1 October the Russian central bank approved Swedbank's application to revoke Swedbank's banking licence in Russia.

#### Ektornet

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

Repossessed assets decreased during the period to SEK 2 772m (SEK 4 606m as of 31 December 2012).

Assets taken over SEKm	30 Sep 2013	31 Dec 2012
Sweden	45	374
Finland		281
Estonia	192	304
Latvia	1 230	1 665
Lithuania	178	351
USA	744	1 217
Ukraine	351	364
<b>Total properties</b>	<b>2 740</b>	<b>4 556</b>
Shares	32	50
<b>Total</b>	<b>2 772</b>	<b>4 606</b>

During the nine-month period properties were sold for SEK 1 925m (1 100) with an aggregate capital gain of SEK 224m (148). The sales of portions of the shareholding produced a capital gain of SEK 82m. Sales proceeds in the third quarter amounted to SEK 424m (255) with a gain of SEK 96m (41). The third quarter sales mainly consisted of a housing complex in the US. Property values in the portfolio were written down by SEK 375m (259), including SEK 94m (97) in the third quarter. The result for the nine-month period was SEK -255m (-335). Expenses amounted to SEK 324m (469).

The number of employees at the end of the period was 119, compared with 464 (of which 270 hotel employees) as of 30 September 2012. The number of properties, including apartments and the like, was 1 934 (2 528 at the beginning of the year), of which 1 166 were in Latvia (1 695 at the beginning of the year).

**Group Functions & Other** comprises, in addition to Group Functions, Group Products, the Group Executive Committee and Internal Audit. Group Functions operate across the business areas and serve as strategic and administrative support. The Group Functions are Group IT, Accounting & Finance (including Group Treasury), Risk, Compliance, Public Affairs, HR and Legal. Ektornet and the banking operations in Russia, which are reported as discontinued operations, are included as well.

## Eliminations

### Income statement

SEKm	Q3 2013	Q2 2013	Q3 2012	Jan-Sep 2013	Jan-Sep 2012
Net interest income	-1	2	-3	2	-5
Net commissions	26	20	20	63	54
Net gains and losses on financial items at fair value					
Other income	-98	-77	-47	-234	-160
<b>Total income</b>	<b>-73</b>	<b>-55</b>	<b>-30</b>	<b>-169</b>	<b>-111</b>
Staff costs					
Variable staff costs					
Other expenses	-73	-55	-30	-169	-111
Depreciation/amortisation					
<b>Total expenses</b>	<b>-73</b>	<b>-55</b>	<b>-30</b>	<b>-169</b>	<b>-111</b>

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

## Product areas

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

### Card business

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

Swedbank is Europe's fifth largest card payment acquirer based on number of transactions. As a card payment acquirer, Swedbank enables retailers to accept payment through card terminals and online. Revenue mainly comes from the transaction prices received as compensation for infrastructure, administration and payment guarantees. As a card issuer, the bank generates revenue from fees charged to customers for access to a card, exchange fees for foreign purchases and interest income from outstanding credit card balances. In card payment acquisitions, rapidly expanding e-commerce is one of Swedbank's most important growth areas. The aim is to be a significant player in the bank's home markets. In most retail sectors, the growth rate for e-commerce far exceeds that of brick and mortar stores, with home electronics and apparel representing the largest share. Nine of ten Swedish consumers state that they shop online (E-barometern, Posten 2013). E-commerce volume is expected to reach about 10 per cent of retail sales in 2015 (Ehandelsbarometern 2013). Swedbank's payment acquisition volume in e-commerce increased by over 65 per cent compared with the first three quarters of 2012.

When a Swedbank card is used at a point of purchase where Swedbank does not acquire the payments, it receives a commission. Similarly Swedbank pays a commission to other issuers whose cards are used in stores where Swedbank is the payment acquirer.

The number of transactions made by card is increasing in all of Swedbank's home markets due to economic growth and in pace with reduced use of cash. A large share of Swedbank's transaction revenue is based on the number of transactions, not solely on the transactions' value. This makes issuing and acquiring revenue less volatile during periods of slower economic growth.

Swedbank is the eleventh largest bank card issuer based on number of transactions. In Sweden, nearly 80 per cent of store purchases are made by card, giving it one of the highest levels of card usage in the world. Transaction growth is about 10 per cent per year and volume growth about 5 per cent. In Estonia, the percentage of card transactions is also high (55 per cent), with an annual growth rate of about 8 per cent. In Latvia and Lithuania, card usage is lower (35 and 20 per cent, respectively), but the growth rate is expected to be higher than in Sweden and Estonia.

Card related income SEK m	Jan-Sep 2013	Jan-Sep 2012	%
Card acquiring	590	577	2
of which Nordic countries	502	498	1
of which Baltic countries	88	80	10
Card issuing	1 231	1 150	7
of which Sweden	820	781	5
of which Baltic countries	411	368	12
Net interest income, credit cards	218	206	6
of which Sweden	49	47	5
of which Baltic countries	169	159	6
Entercard*	994	959	4
<b>Total Card related income</b>	<b>3 033</b>	<b>2 891</b>	<b>5</b>

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

The positive income trend during the first nine months is mainly due to an increased number of payment acquisition and card issuance transactions as well as higher credit volumes in Entercard. Increased payment acquisition revenue in the Nordic region was also due to a good result for the Norwegian branch and to more e-commerce customers. The stable card issuance revenue in Sweden is the result of transaction volume. The increase in card issuance revenue in the Baltic countries is due to an increased number of transactions and higher annual fees. Lower compensation from card payment acquisitions in the Baltic countries following an adjustment to interbank compensation in 2012 has been partly offset by increased card usage.

The increase in the number of acquisition transactions was 11 per cent in Sweden, 6 per cent in Estonia, 16 per cent in Latvia and 18 per cent in Lithuania. The rate of increase is expected to continue this year. In terms of acquisition volume, the Nordic countries account for about 90 per cent, although growth is higher in the Baltic countries. Income is not growing at the same pace as the volume of acquired payments or the number of acquired transactions because of price pressure from increased competition and tighter regulations. The expansion of the payment business to Norway and Denmark now generates 2.6 per cent of transactions and 7.1 per cent of income. The number of card purchases increased during the first nine months by 12 per cent. The largest increases in percentage terms were in Latvia and Lithuania (19 and 17 per cent). In card issuance, the biggest growth opportunity is in corporate cards, where the bank has historically been weaker and where small business customers offer significant potential.

Key ratios, cards	Jan-Sep 2013	Jan-Sep 2012	%
Card acquiring transactions, millions	1 310	1 176	11
Card acquiring volume, SEK bn	323	295	9
Issued cards, millions	7.8	7.8	1
Card purchases (POS), millions	887	793	12
POS/total card turnover, %	65	63	

## Proposal to cap interchange fees for card transactions

In July the EU Commission presented a proposal to cap the interchange fees paid by payment acquirers to card issuers. The draft regulation can take effect no earlier than the second quarter of 2014, provided that the draft is adopted without revisions. For Swedbank's card issuance business it will mean lower revenue, and at the same time expenses in the card payment acquiring business will decrease. The credit card business will be affected more than the bank card business, since interbank compensation there is higher. The effect on the Swedish operations is limited, but more significant in the Baltic countries due to the currently higher level of interbank compensation. The total impact for Swedbank depends on pricing competition between payment acquiring services.

## Insurance business

Swedbank has life insurance operations in all its home markets and non-life operations in the Baltic countries. Non-life insurance is offered in Sweden through a third-party solution with the insurance company Tre Kronor. Insurance products are sold through the distribution channels of Swedbank and the savings banks.

Premium payments SEKm	Jan-Sep 2013	Jan-Sep 2012	%
Sweden	10 730	9 953	8
of which collective occupational pension	2 986	3 250	-8
of which endowment insurance	5 290	4 470	18
of which occupational pension	1 479	1 297	14
of which risk insurance	504	476	6
of which other	470	461	2
Baltic countries	750	717	5
of which life insurance	463	445	4
of which non-life insurance	287	272	5

### Sweden

The Group's Swedish life insurance company is the sixth largest company in the Swedish market, with a market share of about 7 per cent in terms of premium payments. Premium income rose by 8 per cent to SEK 10.7bn during the nine-month period. In savings products, the biggest increase was in endowment insurance for the corporate market, where time has been devoted to informing about, and providing training on, the products.

Over 72 000 of Swedbank's risk protection policies were sold during the period, an increase of 15 per cent year-on-year. Due to an ageing population and shift in responsibility from society to the individual, demand for pension and insurance products is expected to grow. The largest potential for Swedbank in Sweden today is in risk products such as life and health insurance as well as in occupational pensions. Today only 20 per cent of Swedbank's and the savings banks' corporate customers with revenues of SEK 1-100m have an occupational pension solution for their employees from Swedbank Försäkring.

Premium income from occupational pensions amounted to SEK 4.5bn (4.5) during the period, of which occupational pensions excluding collective pensions increased by 14 per cent year-on-year to SEK 1 479bn. Since 1 July Swedbank Försäkring is a company of choice for the collectively negotiated occupational

pension plan (ITP). The fees for ITP are low, but it is important for the bank to be able to offer collective occupational pensions as part of a total offering to the 1.5 million private sector employees. Swedbank Försäkring offers 22 funds with the highest aggregate ratings of the companies. Half of the funds are from Robur.

Swedbank's priorities for 2013 include simplifying processes and routines and improving efficiencies. For example, administrative paperwork has now been completely digitised, and simplified risk rules have made it easier and more expedient to manage customers. An automated sales workflow for risk protection insurance means that 75 per cent of cases can be processed at the time of sale.

### Baltic countries

In Estonia, Latvia and Lithuania, the market shares for life insurance as of 31 August were 37, 15 and 22 per cent, respectively, making Swedbank the largest life insurer in Estonia and Lithuania. Life insurance operations are divided into risk insurance and savings products. Swedbank mainly focuses on risk insurance for existing loan customers in the retail banking market, where it sees great opportunities to promote sound and sustainable finances due to the limited social welfare system in the Baltic countries.

The sale of risk insurance to loan customers in Baltic Banking have been successful. During the period sales of credit life, a life insurance product tied to a bank loan, increased by 5 per cent in local currency and now amount to SEK 52m. Around 32 per cent of the bank's borrowers currently have credit life insurance. From January to September premium payments for the total Baltic life insurance operations rose by 6 per cent in local currency to SEK 463m year-on-year.

The market shares for non-life insurance in Estonia, Latvia and Lithuania are 14, 3 and 1 per cent, respectively. In non-life insurance, Swedbank mainly offers solutions for private customers. The largest product areas are auto and home insurance, which are offered together with leasing and mortgages. Since auto and home sales have fallen in recent years, the focus has been on boosting sales by launching new and simpler products. One example is loan payment protection, which covers loan expenses in the event of an illness or job loss. Another is the sale of home insurance through bank branches, which was launched in Lithuania during the summer. This was already being offered in Estonia and Latvia. Total premium income for non-life insurance in the Baltic countries amounted to SEK 287m during the period, an increase of 7 per cent in local currency.

Assets under management SEKbn	30 Sep 2013	31 Dec 2012	%
Sweden	113.8	103.0	10
of which collective occupational pension	45.2	39.3	15
of which endowment insurance	48.7	45.8	6
of which occupational pension	11.6	10.0	16
of which other	8.4	8.1	4
Baltic countries	3.3	3.2	2
of which life insurance	3.3	3.2	2

Assets under management in Sweden increased by 10 per cent during the first nine months of 2013 to SEK 113.8bn, of which SEK 99.7bn relates to unit linked and

deposit insurance. The increase is partly due to favourable market conditions with rising fund and equity prices and partly to a positive net inflow. The net inflow consists of receipts in the form of premiums and disbursements in the form of pensions, cancellations and repurchases. Assets under management in the Baltic life insurance company decreased by 0.4 per cent in local currency to SEK 3.3bn, of which SEK 1.9bn is unit linked insurance. The decrease relates to traditional management, where the portfolio decreased during the last quarter of 2012 owing to large pension disbursements.

Insurance related income SEKm	Jan-Sep 2013	Jan-Sep 2012	%
Sweden	1 101	1 099	0
of which life insurance	1 049	1 066	-2
of which non-life insurance	52	33	54
Baltic countries	258	312	-17
of which life insurance	134	156	-14
of which non-life insurance	124	157	-21
<b>Total insurance related income</b>	<b>1 359</b>	<b>1 412</b>	<b>-4</b>

### Revenue

Swedbank's aggregate insurance revenue amounted to SEK 1 359m (1 412) during the nine-month period. The decrease in Swedish life insurance was mainly due to falling interest rates, which meant a lower return on equity. On the other hand, revenue for the Swedish non-life business rose. There are now nearly 218 000 policies, an increase of 9 per cent year-on-year.

Revenue for the Baltic life and non-life businesses decreased. In this case as well, falling interest rates meant a lower return on the assets, primarily for the life insurance business, where the risk result at the same time was stable. Revenue for the Baltic non-life business fell by 20 per cent in local currency to SEK 124m at the end of the period. The decrease was mainly due to a lower risk result owing to higher claims than in the previous year. Claims during the period are in line with the average for previous years, while the level of claims in the previous year was relatively low.

### Asset management operations

Swedbank's asset management operations are conducted through the Swedbank Robur group in Swedbank's four home markets and Norway. In total, Swedbank Robur offers around 120 funds as well as discretionary asset management, including management of pension assets. Fund assets under management amounted to SEK 581bn at the end of the period, of which SEK 560bn was in Sweden, where the market share was 24 per cent in terms of assets under management. Discretionary assets under management amounted to SEK 266bn.

Most of the total net inflow to the Swedish fund market, consisted of equity, mixed and short-term fixed income funds. Long-term fixed income funds saw a net outflow. The total net inflow to Swedbank Robur's funds in Sweden was SEK 6bn, giving it a market share of 10 per cent. The positive net flow was mainly due to a high level of activity at Swedbank's and the savings banks' branches, where flows mainly went to investment solutions (mixed funds) and short-term fixed income funds.

Measures to clarify and simplify the customer offering are continuing in 2013.

Asset management Key ratios, SEKbn	Jan-Sep 2013	Jan-Sep 2012	%
Total income, SEKm	3 003	2 747	9
Asset under management	581	475	22
of which Sweden	560	457	22
of which Baltics	19	16	15
of which Norway	2	2	22
Discretionary asset management	266	283	-6
of which Sweden	264	282	-6
of which Baltics	2	1	100

Income from capital market products amounted to SEK 3 003m during the nine-month period, 9 per cent higher year-on-year. The improvement was mainly from an increase in average capital as a result of higher equity prices, but also from the positive net flows. Excluding the Folksam LO funds consolidated in the fourth quarter of 2012, average fund assets grew by 10.6 per cent. Compared with the previous quarter, income rose by SEK 21m during the third quarter. Income was positively affected by the market's performance. Average assets under management climbed 2.1 per cent during the quarter.

Income from institutional management, excluding Swedbank Robur's funds, amounted to SEK 67m during the period, a decrease of SEK 31m compared with the first nine months of 2012. The decrease was mainly because the Folksam LO funds are managed by Swedbank Robur since the fourth quarter 2012.

### Payment operations

Swedbank is the leader in payment and cash management products in its four home markets. Growth in the payment area is based on economic growth and on customers' increasing use of payment means other than cash.

The payment area is strongly affected by changes in the operating environment. Rapid technological development is increasing competition primarily from e-commerce companies at the same time that unified European legislation facilitates cross-border trade in products and services. The development of a common payment zone for the euro enables the bank to offer services to customers with eurozone operations without having to set up business in every country.

Online payment services are an important growth area for Swedbank. Today over 2.9 million customers in Sweden and 2.1 million in the Baltic countries have access to payment services through the Internet Bank and the Mobile Bank. During the first nine months of 2013 the number of internet banking transactions grew by 8 per cent year-on-year.

In Sweden, Swedbank introduced mobile BankID in autumn 2012 to facilitate payments through the Internet Bank and the Mobile Bank. The number of users is over 570 000. Swish, a solution shared with other Swedish banks to send and receive money by mobile phone, has over 540 000 users, more than 200 000 of which are customers of Swedbank and the savings banks.

When doing business abroad, companies face very different risks than at home. Trade Finance gives importers and exporters the opportunity to mitigate financial risk and improve liquidity in markets where normal means of payment do not work. This area of

business is shrinking as these markets mature. The principal products are cash against documents (CAD), letters of credit and bank guarantees. Customers increasingly demand customised solutions and new ways to improve liquidity. In times of crisis demand tends to grow for Trade Finance products. It also increases when companies enter new markets. One challenge to the bank's Trade Finance offering is the new payment and financing solutions arranged between importers and exporters (Open Account and Supply Chain Finance), which in recent years have accounted for a larger share of growing global trade.

Payments Key figures	Jan-Sep 2013	Jan-Sep 2012	%
International payments (millions)	7.4	6.8	9
of which Sweden	3.3	3.1	6
of which Baltic countries	4.1	3.7	11
Domestic payments (millions)	639.7	605.5	6
of which Sweden	461.1	439.3	5
of which Baltic countries	178.6	166.3	7
E-services payments (millions)	133.0	81.4	63
of which Sweden	116.4	66.7	75
of which Baltic countries	16.6	14.7	13
Trade Finance, new deals	16 329	17 479	-7
of which Sweden	6 877	7 483	-8
of which Baltic countries	9 452	9 996	-5
Factoring portfolio, SEKm	4 227	3 996	6
of which Sweden	2 201	2 207	0
of which Baltic countries	2 026	1 789	13

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

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

Since Bankomat AB took over responsibility for Swedbank's ATMs, Swedbank pays Bankomat AB a commission, which explains the lower net commission income. For more information, see Retail on page 12.

Payments Income, SEKm	Jan-Sep 2013	Jan-Sep 2012	%
Net commission income	737	867	-15
of which Nordic countries	367	514	-29
of which Baltic countries	370	352	5

## Lending/deposits

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

Swedbank's total private and corporate lending amounts to SEK 1 195bn (1 184 as of 31 December 2012). The large part consists of household lending, with mortgages to Swedish private customers and tenant-owner associations accounting for about 50 per cent of the total. Swedbank's market share for Swedish mortgages is 25 per cent. Over one million customers obtain their mortgages through Swedbank Mortgage, and lending is geographically distributed throughout the country.

Swedbank is also a major player in corporate lending in Sweden, with lending of SEK 428bn and a market share of 17 per cent. Major sectors in Sweden include property-related lending, which accounts for SEK 158bn, and the forestry and agricultural sector, where Swedbank has a dominant position, accounting for SEK 68bn. Swedbank is the largest lender in the Baltic countries, with market shares of 20-40 per cent. Estonia accounts for nearly half of Swedbank's Baltic loan portfolio, and there Swedbank has a market share of nearly 40 per cent. Total lending in the Baltic countries amounts to SEK 117bn, half of which is to households and half to corporates. Major sectors for corporate lending in the Baltic countries include commercial real estate and manufacturing.

Swedbank is also a dominant player in deposits in its home markets. Total deposit volume as of 30 September amounted to SEK 592bn (558), of which SEK 335bn (332) was to private customers and SEK 257bn (226) to corporate customers. About 81 per cent of Swedbank's total deposit volume was in its Swedish operations.

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

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



## Income statement, condensed

Group SEKm	Q3 2013	Q2 2013	%	Q3 2012	%	Jan-Sep 2013	Jan-Sep 2012	%
Interest income	10 867	11 113	-2	12 443	-13	33 049	38 765	-15
Interest expenses	-5 226	-5 704	-8	-7 358	-29	-16 646	-23 750	-30
<b>Net interest income (note 5)</b>	<b>5 641</b>	<b>5 409</b>	<b>4</b>	<b>5 085</b>	<b>11</b>	<b>16 403</b>	<b>15 015</b>	<b>9</b>
Commission income	3 683	3 632	1	3 344	10	10 735	10 060	7
Commission expenses	-1 163	-1 107	5	-969	20	-3 302	-2 948	12
<b>Net commissions (note 6)</b>	<b>2 520</b>	<b>2 525</b>	<b>0</b>	<b>2 375</b>	<b>6</b>	<b>7 433</b>	<b>7 112</b>	<b>5</b>
Net gains and losses on financial items at fair value (note 7)	170	296	-43	687	-75	1 023	2 243	-54
Insurance premiums	376	419	-10	380	-1	1 293	1 308	-1
Insurance provisions	-247	-275	-10	-233	6	-827	-840	-2
<b>Net insurance</b>	<b>129</b>	<b>144</b>	<b>-10</b>	<b>147</b>	<b>-12</b>	<b>466</b>	<b>468</b>	<b>0</b>
Share of profit or loss of associates	240	197	22	225	7	643	644	0
Other income	525	408	29	452	16	1 318	1 349	-2
<b>Total income</b>	<b>9 225</b>	<b>8 979</b>	<b>3</b>	<b>8 971</b>	<b>3</b>	<b>27 286</b>	<b>26 831</b>	<b>2</b>
Staff costs	2 328	2 391	-3	2 229	4	7 077	6 974	1
Other expenses (note 8)	1 488	1 567	-5	1 490	0	4 569	4 801	-5
Depreciation/amortisation	179	168	7	201	-11	518	643	-19
<b>Total expenses</b>	<b>3 995</b>	<b>4 126</b>	<b>-3</b>	<b>3 920</b>	<b>2</b>	<b>12 164</b>	<b>12 418</b>	<b>-2</b>
<b>Profit before impairments</b>	<b>5 230</b>	<b>4 853</b>	<b>8</b>	<b>5 051</b>	<b>4</b>	<b>15 122</b>	<b>14 413</b>	<b>5</b>
Impairment of intangible assets (note 14)		170		-1		170	3	
Impairment of tangible assets	95	202	-53	102	-7	382	266	44
Credit impairments (note 9)	-56	88		36		92	-109	
<b>Operating profit</b>	<b>5 191</b>	<b>4 393</b>	<b>18</b>	<b>4 914</b>	<b>6</b>	<b>14 478</b>	<b>14 253</b>	<b>2</b>
Tax expense	998	913	9	1 216	-18	2 887	3 371	-14
<b>Profit for the period from continuing operations</b>	<b>4 193</b>	<b>3 480</b>	<b>20</b>	<b>3 698</b>	<b>13</b>	<b>11 591</b>	<b>10 882</b>	<b>7</b>
Profit for the period from discontinued operations, after tax	-15	-1 887	-99	-203	-93	-2 292	-823	
Profit for the period	4 178	1 593		3 495	20	9 299	10 059	-8
<b>Profit for the period attributable to the shareholders of Swedbank AB</b>	<b>4 172</b>	<b>1 592</b>		<b>3 495</b>	<b>19</b>	<b>9 289</b>	<b>10 052</b>	<b>-8</b>
of which profit for the period from continuing operations	4 187	3 478	20	3 695	13	11 581	10 872	7
of which profit for the period from discontinued operations	-15	-1 886	-99	-200	-93	-2 292	-820	
Non-controlling interests	6	1				10	7	43
of which profit for the period from continuing operations	6	2		3	100	10	10	0
of which profit for the period from discontinued operations		-1		-3			-3	

## Statement of comprehensive income, condensed

Group SEKm	Q3 2013	Q2 2013	%	Q3 2012	%	Jan-Sep 2013	Jan-Sep 2012	%
<b>Profit for the period reported via income statement</b>	<b>4 178</b>	<b>1 593</b>		<b>3 495</b>	<b>20</b>	<b>9 299</b>	<b>10 059</b>	<b>-8</b>
<b>Items that will not be reclassified to the income statement</b>								
Remeasurements of defined benefit pension plans	506	1 402	-64	-984		2 582	-1 444	
Share related to associates	13	25	-48	-21		22	-34	
Income tax	-114	-312	-63	265		-571	389	
<b>Total</b>	<b>405</b>	<b>1 115</b>	<b>-64</b>	<b>-740</b>		<b>2 033</b>	<b>-1 089</b>	
<b>Items that may be reclassified to the income statement</b>								
Exchange differences, foreign operations								
Gains/losses arising during the period	-669	2 089		-1 700	-61	73	-2 317	
Reclassification adjustments to income statement, net gains and losses on financial items at fair value or profit for the period from discontinued operation		1 875				1 875	-1	
Hedging of net investments in foreign operations:								
Gains/losses arising during the period	576	-1 644		1 265	-54	17	1 718	-99
Cash flow hedges:								
Gains/losses arising during the period	-32	-26	23	-37	-14	-98	-498	80
Reclassification adjustments to income statement, net interest income	24	25	-4	43	-44	71	164	-57
Share of other comprehensive income of associates	-43	-9		-18		-105	-1	
Income tax	-123	361		-339	-64	2	-370	
<b>Total</b>	<b>-267</b>	<b>2 671</b>		<b>-786</b>	<b>-66</b>	<b>1 835</b>	<b>-1 305</b>	
<b>Other comprehensive income for the period, net of tax</b>	<b>138</b>	<b>3 786</b>	<b>-96</b>	<b>-1 526</b>		<b>3 868</b>	<b>-2 394</b>	
<b>Total comprehensive income for the period</b>	<b>4 316</b>	<b>5 379</b>	<b>-20</b>	<b>1 969</b>		<b>13 167</b>	<b>7 665</b>	<b>72</b>
<b>Total comprehensive income attributable to the shareholders of Swedbank AB</b>	<b>4 310</b>	<b>5 378</b>	<b>-20</b>	<b>1 969</b>		<b>13 157</b>	<b>7 658</b>	<b>72</b>
Non-controlling interests	6	1				10	7	43

In January-September 2013 revenue of SEK 2 033m (-1 089) was recognised in other comprehensive income after tax and including associates related to the revaluation of defined benefit pension plans. The revenue arose mainly due to an increase in the discount rate used to calculate the pension obligation, from 2.84% to 3.63%.

In January-September 2013 a positive exchange difference of SEK 73m (-2 317) was recognised related to the Group's foreign net investments in subsidiaries. In addition, a negative exchange difference of SEK -107m for the Group's foreign net investments in associates is included in Share related to associates. The revenue from subsidiaries arose due to the slight depreciation of the Swedish krona against the euro and other Baltic currencies correlated with the euro. The expense related to associates arose because the Swedish krona appreciated against the Norwegian krone. The expense of SEK 34m is not taxable. Since the large part of the Group's foreign net investments are hedged against currency risk, a revenue of SEK 17m (1 718) before tax arose related to the hedging instruments.

The revaluation of defined benefit pension plans and translation of net investments in foreign operations could be volatile in some periods based on changes in the discount rate and exchange rates.

## Key ratios

Group SEKm	Q3 2013	Q2 2013	Q3 2012	Jan-Sep 2013	Jan-Sep 2012
Earnings per share, continuing operations, SEK <sup>1)</sup>	3.82	3.16	3.38	10.55	9.91
after dilution <sup>1)</sup>	3.79	3.15	3.36	10.48	9.87
Earnings per share, discontinued operations, SEK <sup>1)</sup>	-0.02	-1.71	-0.19	-2.09	-0.75
after dilution <sup>1)</sup>	-0.02	-1.71	-0.19	-2.08	-0.75
Earnings per share, total operations, SEK <sup>1)</sup>	3.80	1.45	3.18	8.46	9.16
after dilution <sup>1)</sup>	3.77	1.44	3.17	8.40	9.12
Equity per share, SEK	96.29	89.44	87.08	96.29	87.08
Return on equity, continuing operations, %	16.2	14.1	15.2	15.2	15.0
Return on equity, total operations, %	16.1	6.5	14.3	12.2	13.8
Credit impairment ratio, %	-0.02	0.03	0.01	0.01	-0.01

<sup>1)</sup> After deducting the preference share dividend, earnings per share for the first quarter 2013 were SEK 1.63 for total operations (SEK 1.99 for continuing operations) after dilution. The calculations are specified on page 50.

## Balance sheet, condensed

Group SEKm	30 Sep 2013	31 Dec 2012	%	30 Sep 2012	%
<b>Assets</b>					
Cash and balance with central banks	132 001	130 058	1	212 761	-38
Loans to credit institutions (note 10)	75 743	85 480	-11	95 615	-21
Loans to the public (note 10)	1 248 266	1 238 864	1	1 251 456	0
Value change of interest hedged item in portfolio hedge	-200				
Interest-bearing securities	152 609	135 807	12	136 804	12
Financial assets for which customers bear the investment risk	115 172	104 194	11	103 834	11
Shares and participating interests	6 782	8 106	-16	4 879	39
Investments in associates	3 376	3 552	-5	3 464	-3
Derivatives (note 18)	62 804	102 265	-39	110 342	-43
Intangible fixed assets (note 14)	13 333	13 440	-1	13 244	1
Investment properties	1 190	2 393	-50	3 089	-61
Tangible assets	3 565	4 638	-23	4 738	-25
Current tax assets	1 322	1 082	22	1 559	-15
Deferred tax assets	425	657	-35	662	-36
Other assets	6 586	8 380	-21	13 525	-51
Prepaid expenses and accrued income	7 075	7 736	-9	8 799	-20
Group of assets classified as held for sale	2 000	208		204	
<b>Total assets</b>	<b>1 832 049</b>	<b>1 846 860</b>	<b>-1</b>	<b>1 964 975</b>	<b>-7</b>
<b>Liabilities and equity</b>					
Amounts owed to credit institutions (note 15)	119 358	122 202	-2	129 060	-8
Deposits and borrowings from the public (note 16)	623 720	579 663	8	630 594	-1
Debt securities in issue (note 17)	743 984	767 454	-3	825 838	-10
Financial liabilities for which customers bear the investment risk	116 025	105 104	10	104 668	11
Derivatives (note 18)	58 488	92 141	-37	104 178	-44
Current tax liabilities	1 148	1 378	-17	1 339	-14
Deferred tax liabilities	2 861	2 641	8	2 313	24
Short positions, securities	15 276	18 229	-16	13 463	13
Other liabilities	16 563	16 624	0	18 243	-9
Accrued expenses and prepaid income	14 193	16 782	-15	16 475	-14
Provisions	4 381	7 073	-38	7 022	-38
Subordinated liabilities	9 996	14 307	-30	12 980	-23
Liabilities directly associated with group of assets classified as held for sale	225	76		77	
Equity	105 831	103 186	3	98 725	7
of which non-controlling interests	159	154	3	155	3
of which attributable to shareholders of Swedbank AB	105 672	103 032	3	98 570	7
<b>Total liabilities and equity</b>	<b>1 832 049</b>	<b>1 846 860</b>	<b>-1</b>	<b>1 964 975</b>	<b>-7</b>

# Statement of changes in equity, condensed

Group SEKm	Shareholders' equity				Non-controlling interests			Total equity	
	Share capital	Other contributed equity*	Exchange differences, subsidiaries and associates	Hedging of net investments in foreign operations	Cash flow hedges	Retained earnings	Total		
<b>January-September 2012</b>									
<b>Closing balance 31 December 2011</b>	<b>24 383</b>	<b>17 187</b>	<b>-2 389</b>	<b>136</b>	<b>268</b>	<b>58 408</b>	<b>97 993</b>	<b>140</b>	<b>98 133</b>
Change in accounting policy regarding defined benefit pension plans according to IAS 19						-1 582	-1 582		-1 582
<b>Opening balance 1 January 2012</b>	<b>24 383</b>	<b>17 187</b>	<b>-2 389</b>	<b>136</b>	<b>268</b>	<b>56 826</b>	<b>96 411</b>	<b>140</b>	<b>96 551</b>
Dividends						-5 825	-5 825	-6	-5 831
Decrease in share capital	-611					611			
Bonus issue	1 132					-1 132			
Reversal of VAT costs incurred on rights issues in 2008 and 2009		92					92		92
Share based payments to employees						249	249		249
Associates' acquisition of shares in Swedbank AB						-16	-16		-16
Changes in ownership interest in subsidiary						1	1		1
Business disposals								-2	-2
Contribution								16	16
Total comprehensive income for the period			-2 320	1 260	-245	8 963	7 658	7	7 665
<b>Closing balance 30 September 2012</b>	<b>24 904</b>	<b>17 279</b>	<b>-4 709</b>	<b>1 396</b>	<b>23</b>	<b>59 677</b>	<b>98 570</b>	<b>155</b>	<b>98 725</b>
<b>January-December 2012</b>									
<b>Closing balance 31 December 2011</b>	<b>24 383</b>	<b>17 187</b>	<b>-2 389</b>	<b>136</b>	<b>268</b>	<b>58 408</b>	<b>97 993</b>	<b>140</b>	<b>98 133</b>
Change in accounting policy regarding defined benefit pension plans according to IAS 19						-1 582	-1 582		-1 582
<b>Opening balance 1 January 2012</b>	<b>24 383</b>	<b>17 187</b>	<b>-2 389</b>	<b>136</b>	<b>268</b>	<b>56 826</b>	<b>96 411</b>	<b>140</b>	<b>96 551</b>
Dividends						-5 825	-5 825	-6	-5 831
Decrease in share capital	-611					611			
Bonus issue	1 132					-1 132			
Reversal of VAT costs incurred on rights issues in 2008 and 2009		88					88		88
Share based payments to employees						314	314		314
Deferred tax related to share based payments to employees						19	19		19
Associates' acquisition of shares in Swedbank AB						-54	-54		-54
Changes in ownership interest in subsidiary						1	1	-2	-1
Business disposals								-2	-2
Contribution								16	16
Total comprehensive income for the period			-1 459	865	-310	12 982	12 078	8	12 086
<b>Closing balance 31 December 2012</b>	<b>24 904</b>	<b>17 275</b>	<b>-3 848</b>	<b>1 001</b>	<b>-42</b>	<b>63 742</b>	<b>103 032</b>	<b>154</b>	<b>103 186</b>
<b>January-September 2013</b>									
<b>Opening balance 1 January 2013</b>	<b>24 904</b>	<b>17 275</b>	<b>-3 848</b>	<b>1 001</b>	<b>-42</b>	<b>63 742</b>	<b>103 032</b>	<b>154</b>	<b>103 186</b>
Dividends						-10 880	-10 880	-5	-10 885
Share based payments to employees						323	323		323
Deferred tax related to share based payments to employees						40	40		40
Associates' acquisition of shares in Swedbank AB						-14	-14		-14
Associates' disposal of shares in Swedbank AB						14	14		14
Total comprehensive income for the period			1 841	13	-19	11 322	13 157	10	13 167
<b>Closing balance 30 September 2013</b>	<b>24 904</b>	<b>17 275</b>	<b>-2 007</b>	<b>1 014</b>	<b>-61</b>	<b>64 547</b>	<b>105 672</b>	<b>159</b>	<b>105 831</b>

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

\*Other contributed equity consists mainly of share premiums.

## Cash flow statement, condensed

Group SEKm	Jan-Sep 2013	Full-year 2012	Jan-Sep 2012
<b>Operating activities</b>			
Operating profit	14 478	19 466	14 253
Profit for the period from discontinued operations	-2 292	-997	-823
Adjustments for non-cash items in operating activities	-215	-460	-716
Taxes paid	-2 705	-3 202	-4 406
Increase/decrease in loans to credit institutions	8 767	10 760	10
Increase/decrease in loans to the public	-15 573	-32 215	-47 045
Increase/decrease in holdings of securities for trading	-16 978	-6 334	-5 607
Increase/decrease in deposits and borrowings from the public including retail bonds	44 054	21 504	74 303
Increase/decrease in amounts owed to credit institutions	-2 888	-15 011	-6 810
Increase/decrease in other assets	34 954	610	-14 565
Increase/decrease in other liabilities	-35 811	-2 202	7 811
<b>Cash flow from operating activities</b>	<b>25 791</b>	<b>-8 081</b>	<b>16 405</b>
<b>Investing activities</b>			
Business combinations		-6	
Business disposals	119	2	2
Acquisitions of and contributions to associates	-2	-30	-30
Acquisitions of other fixed assets and strategic financial assets	-241	-1 842	-348
Disposals/maturity of other fixed assets and strategic financial assets	1 417	3 796	1 708
<b>Cash flow from investing activities</b>	<b>1 293</b>	<b>1 920</b>	<b>1 332</b>
<b>Financing activities</b>			
Issuance of interest-bearing securities	88 703	142 962	128 526
Redemption of interest-bearing securities	-118 504	-155 970	-119 262
Issuance of commercial paper etc.	379 934	485 486	414 399
Redemption of commercial paper etc.	-364 530	-494 412	-386 668
Dividends paid	-10 885	-5 831	-5 831
Changes in ownership interest in subsidiary		-1	1
Contribution		16	16
<b>Cash flow from financing activities</b>	<b>-25 282</b>	<b>-27 750</b>	<b>31 181</b>
<b>Cash flow for the period</b>	<b>1 802</b>	<b>-33 911</b>	<b>48 918</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>130 058</b>	<b>164 307</b>	<b>164 307</b>
Cash flow for the period	1 802	-33 911	48 918
Exchange rate differences on cash and cash equivalents	141	-338	-465
<b>Cash and cash equivalents at end of the period</b>	<b>132 001</b>	<b>130 058</b>	<b>212 760</b>

## Note 1 Accounting policies

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

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

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

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

### Revised IAS 19 Employee Benefits

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

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

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

As of 2013 other comprehensive income is divided into two parts: components that will not be reclassified to the income statement and components that have been or will be reclassified to the income statement.

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

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

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

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

#### **Other IFRS changes**

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

#### **Discontinued operations**

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

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

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

The operations in Ukraine were divested in the second quarter of 2013.

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

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

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

As of 2013 interest income and interest expenses from financial instruments held for trading within the Large Corporates & Institutions ("LC&I") together with related interests are reported as Net gains and losses on financial items at fair value. Comparative figures have been restated. See note 27 Effects of changes in accounting policies.

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

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

#### **Operating segments**

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

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

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

Revisions which have been issued but not yet applied are being evaluated in terms of how they are expected to affect the financial reports of the Group and parent company. Thus far there is no apparent material impact on the financial position or results. More disclosures will be needed, however. Nor are the revisions issued to

date expected to materially affect capital requirements, the capital base and large exposures. A number of draft revisions have been issued as well e.g. concerning the impairment of financial assets in the category amortised

## Note 2 Critical accounting estimates

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

### Provisions for impairments

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

The Group's provisions in the Baltic operations decreased during the first nine months of 2013 from SEK 4 578m to SEK 3 295m. The changes were based

## Note 3 Changes in the Group structure

### External

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

cost, hedge accounting and leasing. They will affect Swedbank's financial reporting, the extent cannot be determined, however, until the rules are finalised.

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

### Impairment testing of goodwill

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

The Group's goodwill amounted to SEK 11 501m as of 30 September 2013, of which SEK 8 795m related to the investment in the Baltic operations. There were no indications to warrant impairment testing as of the closing day.

### Internal

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

Following the acquisition Swedbank Life Insurance SE is wholly owned by Swedbank AS Estonia. Segment reporting is not affected by this change.

## Note 4 Operating segments (business areas)

Jan-Sep 2013 SEKm	Retail	Large Corporates & Institutions	Baltic Banking	Group Functions & Other	Eliminations	Group
<b>Income statement</b>						
Net interest income	10 172	2 498	2 312	1 419	2	16 403
Net commissions	4 675	1 409	1 279	7	63	7 433
Net gains and losses on financial items at fair value	95	1 469	232	-773		1 023
Share of profit or loss of associates	640			3		643
Other income	598	119	289	1 012	-234	1 784
<b>Total income</b>	<b>16 180</b>	<b>5 495</b>	<b>4 112</b>	<b>1 668</b>	<b>-169</b>	<b>27 286</b>
of which internal income	186	3	3	-487	295	
Staff costs	2 611	848	552	2 396		6 407
Variable staff costs	163	291	44	172		670
Other expenses	4 330	1 147	1 099	-1 838	-169	4 569
Depreciation/amortisation	89	41	88	300		518
<b>Total expenses</b>	<b>7 193</b>	<b>2 327</b>	<b>1 783</b>	<b>1 030</b>	<b>-169</b>	<b>12 164</b>
<b>Profit before impairments</b>	<b>8 987</b>	<b>3 168</b>	<b>2 329</b>	<b>638</b>		<b>15 122</b>
Impairment of intangible assets		56		114		170
Impairment of tangible assets			7	375		382
Credit impairments	198	175	-260	-21		92
<b>Operating profit</b>	<b>8 789</b>	<b>2 937</b>	<b>2 582</b>	<b>170</b>		<b>14 478</b>
Tax expense	1 899	684	213	91		2 887
Profit for the period from continuing operations	6 890	2 253	2 369	79		11 591
Profit for the period from discontinued operations, after tax				-2 292		-2 292
Profit for the period	6 890	2 253	2 369	-2 213		9 299
<b>Profit for the period attributable to the shareholders of Swedbank AB</b>	<b>6 881</b>	<b>2 253</b>	<b>2 369</b>	<b>-2 214</b>		<b>9 289</b>
Non-controlling interests	9			1		10
<b>Balance sheet, SEKbn</b>						
Cash and balances with central banks		5	2	125		132
Loans to credit institutions	37	311	1	186	-459	76
Loans to the public	925	201	117	5		1 248
Bonds and other interest-bearing securities		48	1	110	-6	153
Financial assets for which customers bear inv. risk	113		2			115
Investments in associates	2			1		3
Derivatives		83		22	-42	63
Total tangible and intangible assets	3		10	7		20
Other assets	8	18	2	708	-714	22
<b>Total assets</b>	<b>1 088</b>	<b>666</b>	<b>135</b>	<b>1 164</b>	<b>-1 221</b>	<b>1 832</b>
Amounts owed to credit institutions	77	195		301	-454	119
Deposits and borrowings from the public	378	103	110	37	-4	624
Debt securities in issue		15	1	741	-13	744
Financial liabilities for which customers bear inv. risk	114		2			116
Derivatives		79		22	-43	58
Other liabilities	487	259		16	-707	55
Subordinated liabilities				10		10
<b>Total liabilities</b>	<b>1 056</b>	<b>651</b>	<b>113</b>	<b>1 127</b>	<b>-1 221</b>	<b>1 726</b>
Allocated equity	32	15	22	37		106
<b>Total liabilities and equity</b>	<b>1 088</b>	<b>666</b>	<b>135</b>	<b>1 164</b>	<b>-1 221</b>	<b>1 832</b>
<b>Key figures</b>						
Return on allocated equity, continuing operations, %	28.0	16.6	14.1	0.4		15.2
Return on allocated equity, total operations, %	28.0	16.6	14.1	-10.3		12.2
Cost/income ratio	0.44	0.42	0.43	0.62		0.45
Credit impairment ratio, %	0.03	0.10	-0.30	-0.09		0.01
Loan/deposit ratio, %	244	208	106	14		202
Loans, SEKbn	925	148	117	5		1 195
Deposits, SEKbn	378	71	110	33		592
Risk-weighted assets, SEKbn	200	128	87	27		442
Full-time employees	4 969	1 064	3 831	4 400		14 264



Jan-Sep 2012 SEKm	Retail	Large Corporates & Institutions	Baltic Banking	Group Functions & Other	Eliminations	Group
<b>Income statement</b>						
Net interest income	10 138	2 246	2 531	105	-5	15 015
Net commissions	4 601	1 297	1 156	4	54	7 112
Net gains and losses on financial items at fair value	124	1 761	215	143		2 243
Share of profit or loss of associates	635	6		3		644
Other income	613	17	301	1 046	-160	1 817
<b>Total income</b>	<b>16 111</b>	<b>5 327</b>	<b>4 203</b>	<b>1 301</b>	<b>-111</b>	<b>26 831</b>
of which internal income	170	5	2	-813	636	
Staff costs	2 555	847	550	2 441		6 393
Variable staff costs	119	290	47	125		581
Other expenses	4 550	1 082	1 088	-1 808	-111	4 801
Depreciation/amortisation	93	34	94	422		643
<b>Total expenses</b>	<b>7 317</b>	<b>2 253</b>	<b>1 779</b>	<b>1 180</b>	<b>-111</b>	<b>12 418</b>
<b>Profit before impairments</b>	<b>8 794</b>	<b>3 074</b>	<b>2 424</b>	<b>121</b>		<b>14 413</b>
Impairment of intangible assets		4		-1		3
Impairment of tangible assets			7	259		266
Credit impairments	195	32	-356	20		-109
<b>Operating profit</b>	<b>8 599</b>	<b>3 038</b>	<b>2 773</b>	<b>-157</b>		<b>14 253</b>
Tax expense	2 236	926	232	-23		3 371
Profit for the period from continuing operations	6 363	2 112	2 541	-134		10 882
Profit for the period from discontinued operations, after tax				-823		-823
Profit for the period	6 363	2 112	2 541	-957		10 059
<b>Profit for the period attributable to the shareholders of Swedbank AB</b>	<b>6 353</b>	<b>2 112</b>	<b>2 541</b>	<b>-954</b>		<b>10 052</b>
Non-controlling interests	10			-3		7
<b>Balance sheet, SEKbn</b>						
Cash and balances with central banks	1	7	2	203		213
Loans to credit institutions	29	297		243	-473	96
Loans to the public	909	219	111	12		1 251
Bonds and other interest-bearing securities		61	1	83	-8	137
Financial assets for which customers bear inv. risk	102		2			104
Investments in associates	2			1		3
Derivatives		133		38	-61	110
Total tangible and intangible assets	3	1	9	8		21
Other assets	9	14	3	686	-682	30
<b>Total assets</b>	<b>1 055</b>	<b>732</b>	<b>128</b>	<b>1 274</b>	<b>-1 224</b>	<b>1 965</b>
Amounts owed to credit institutions	69	220		312	-472	129
Deposits and borrowings from the public	371	102	99	63	-4	631
Debt securities in issue		17	1	818	-10	826
Financial liabilities for which customers bear inv. risk	103		2			105
Derivatives		131		34	-61	104
Other liabilities	480	243	1	11	-677	58
Subordinated liabilities				13		13
<b>Total liabilities</b>	<b>1 023</b>	<b>713</b>	<b>103</b>	<b>1 251</b>	<b>-1 224</b>	<b>1 866</b>
Allocated equity	32	19	25	23		99
<b>Total liabilities and equity</b>	<b>1 055</b>	<b>732</b>	<b>128</b>	<b>1 274</b>	<b>-1 224</b>	<b>1 965</b>
<b>Key figures</b>						
Return on allocated equity, continuing operations, %	26.8	14.5	13.9	-0.8		15.0
Return on allocated equity, total operations, %	26.8	14.5	13.9	-5.9		13.8
Cost/income ratio	0.45	0.42	0.42	0.91		0.46
Credit impairment ratio, %	0.03	0.02	-0.41	0.10		-0.01
Loan/deposit ratio, %	245	192	113	17		194
Loans, SEKbn	909	154	111	10		1 184
Deposits, SEKbn	371	80	99	59		609
Risk-weighted assets, SEKbn	212	135	93	36		476
Full-time employees	4 896	1 049	4 148	5 202		15 295

## Operating segments' accounting policies

The operating segment reporting is based on Swedbank's accounting policies, organisation and management accounts. Market-based transfer prices are applied between operating segments, while all expenses within Group Functions are transfer priced at cost to the operating segments. The net of services purchased and sold internally is recognised as other expenses in the income statements of the operating segments. Cross-border transfer pricing is applied according to OECD transfer pricing guidelines.

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

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

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

## Note 5 Net interest income

Group SEKm	Q3 2013	Q2 2013	%	Q3 2012	%	Jan-Sep 2013	Jan-Sep 2012	%
<b>Interest income</b>								
Loans to credit institutions	175	193	-9	369	-53	581	1 151	-50
Loans to the public	10 369	10 377	0	11 859	-13	31 244	36 320	-14
Interest-bearing securities	516	504	2	722	-29	1 542	2 292	-33
Derivatives	-55	129		-78	-29	167	263	-37
Other	106	116	-9	100	6	340	387	-12
<b>Total interest income</b>	<b>11 111</b>	<b>11 319</b>	<b>-2</b>	<b>12 972</b>	<b>-14</b>	<b>33 874</b>	<b>40 413</b>	<b>-16</b>
of which interest income reported in net gains and losses on financial items at fair value	244	206	18	529	-54	825	1 648	-50
<b>Interest income according to income statement</b>	<b>10 867</b>	<b>11 113</b>	<b>-2</b>	<b>12 443</b>	<b>-13</b>	<b>33 049</b>	<b>38 765</b>	<b>-15</b>
<b>Interest expenses</b>								
Amounts owed to credit institutions	-181	-180	1	-276	-34	-534	-872	-39
Deposits and borrowings from the public	-1 207	-1 278	-6	-1 886	-36	-3 815	-5 808	-34
of which deposit guarantee fees	-129	-149	-13	-139	-7	-416	-408	2
Debt securities in issue	-4 438	-4 813	-8	-5 489	-19	-14 089	-16 725	-16
of which commissions for government guaranteed funding	-21	-39	-46	-85	-75	-109	-306	-64
Subordinated liabilities	-126	-187	-33	-254	-50	-502	-807	-38
Derivatives	619	626	-1	305		1 965	-243	
Other	-147	-127	16	-160	-8	-421	-497	-15
of which government stabilisation fund fee	-131	-108	21	-134	-2	-377	-422	-11
<b>Total interest expenses</b>	<b>-5 480</b>	<b>-5 959</b>	<b>-8</b>	<b>-7 760</b>	<b>-29</b>	<b>-17 396</b>	<b>-24 952</b>	<b>-30</b>
of which interest expense reported in net gains and losses on financial items at fair value	-254	-255	0	-402	-37	-750	-1 202	-38
<b>Interest expense according to income statement</b>	<b>-5 226</b>	<b>-5 704</b>	<b>-8</b>	<b>-7 358</b>	<b>-29</b>	<b>-16 646</b>	<b>-23 750</b>	<b>-30</b>
<b>Net interest income</b>	<b>5 641</b>	<b>5 409</b>	<b>4</b>	<b>5 085</b>	<b>11</b>	<b>16 403</b>	<b>15 015</b>	<b>9</b>
<b>Net interest margin</b>	<b>1.21</b>	<b>1.12</b>		<b>1.10</b>		<b>1.16</b>	<b>1.12</b>	

## Note 6 Net commissions

Group SEKm	Q3 2013	Q2 2013	%	Q3 2012	%	Jan-Sep 2013	Jan-Sep 2012	%
<b>Commission income</b>								
Payment processing	436	423	3	430	1	1 275	1 299	-2
Card commissions	1 089	1 029	6	983	11	3 013	2 774	9
Service concepts	112	108	4	88	27	328	246	33
Asset management and custody fees	1 284	1 226	5	1 153	11	3 747	3 458	8
Life insurance	129	131	-2	132	-2	384	397	-3
Brokerage and other securities	109	128	-15	94	16	399	353	13
Corporate finance	54	90	-40	26		187	215	-13
Lending	211	248	-15	172	23	626	517	21
Guarantees	46	43	7	41	12	136	137	-1
Deposits	14	15	-7	19	-26	46	56	-18
Real estate brokerage	46	49	-6	38	21	126	114	11
Non-life insurance	17	17	0	15	13	62	47	32
Other commission income	136	125	9	153	-11	406	447	-9
<b>Total commission income</b>	<b>3 683</b>	<b>3 632</b>	<b>1</b>	<b>3 344</b>	<b>10</b>	<b>10 735</b>	<b>10 060</b>	<b>7</b>
<b>Commission expenses</b>								
Payment processing	-252	-220	15	-172	47	-658	-523	26
Card commissions	-510	-473	8	-416	23	-1 383	-1 230	12
Service concepts	-4	-4	0	-3	33	-12	-11	9
Asset management and custody fees	-253	-216	17	-240	5	-744	-711	5
Life insurance	-55	-57	-4	-52	6	-166	-154	8
Brokerage and other securities	-42	-86	-51	-39	8	-198	-177	12
Lending and guarantees	-13	-17	-24	-12	8	-41	-36	14
Other commission expenses	-34	-34	0	-35	-3	-100	-106	-6
<b>Total commission expenses</b>	<b>-1 163</b>	<b>-1 107</b>	<b>5</b>	<b>-969</b>	<b>20</b>	<b>-3 302</b>	<b>-2 948</b>	<b>12</b>
<b>Total net commissions</b>	<b>2 520</b>	<b>2 525</b>	<b>0</b>	<b>2 375</b>	<b>6</b>	<b>7 433</b>	<b>7 112</b>	<b>5</b>

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

Group SEKm	Q3 2013	Q2 2013	%	Q3 2012	%	Jan-Sep 2013	Jan-Sep 2012	%
<b>Valuation category, fair value through profit or loss</b>								
Shares and related derivatives	-131	148		27		38	137	-72
of which dividend	10	165	-94	7	43	245	258	-5
Interest-bearing securities and related derivatives	-3 968	8 822		-8 812	-55	3 082	-10 345	
Loans	-3	-1 377	-100	1 636		-2 725	1 120	
Financial liabilities	3 907	-7 455		7 345	-47	-235	9 557	
Other financial instruments	-1	10		-2	-50	8	-3	
<b>Total fair value through profit or loss</b>	<b>-196</b>	<b>148</b>		<b>194</b>		<b>168</b>	<b>466</b>	<b>-64</b>
<b>Hedge accounting</b>								
Ineffective part in hedge accounting at fair value	-25	-17	47	9		-47	162	
of which hedging instruments	-654	-3 862	-83	3 518		-7 674	5 412	
of which hedged items	629	3 845	-84	-3 509		7 627	-5 250	
Ineffective part in hedging of net investments in foreign operations	-8	16		2		-44	55	
<b>Total hedge accounting</b>	<b>-33</b>	<b>-1</b>		<b>11</b>		<b>-91</b>	<b>217</b>	
<b>Loan receivables at amortised cost</b>	<b>45</b>	<b>32</b>	<b>41</b>	<b>30</b>	<b>50</b>	<b>103</b>	<b>77</b>	<b>34</b>
<b>Financial liabilities valued at amortised cost</b>	<b>0</b>	<b>-118</b>		<b>-2</b>		<b>-131</b>	<b>4</b>	
<b>Trading related interest</b>								
Interest income	244	209	17	529	-54	825	1 648	-50
Interest expense	-254	-258	-2	-402	-37	-750	-1 202	-38
<b>Total trading related interest</b>	<b>-10</b>	<b>-49</b>	<b>-80</b>	<b>127</b>		<b>75</b>	<b>446</b>	<b>-83</b>
<b>Change in exchange rates</b>	<b>364</b>	<b>284</b>	<b>28</b>	<b>327</b>	<b>11</b>	<b>899</b>	<b>1 033</b>	<b>-13</b>
<b>Total net gains and losses on financial items at fair value</b>	<b>170</b>	<b>296</b>	<b>-43</b>	<b>687</b>	<b>-75</b>	<b>1 023</b>	<b>2 243</b>	<b>-54</b>
<b>Distribution by business purpose</b>								
<b>Financial instruments for trading related business</b>	<b>404</b>	<b>508</b>	<b>-20</b>	<b>383</b>	<b>5</b>	<b>1 525</b>	<b>1 775</b>	<b>-14</b>
<b>Financial instruments intended to be held to contractual maturity</b>	<b>-234</b>	<b>-212</b>	<b>10</b>	<b>304</b>		<b>-502</b>	<b>468</b>	
<b>Total</b>	<b>170</b>	<b>296</b>	<b>-43</b>	<b>687</b>	<b>-75</b>	<b>1 023</b>	<b>2 243</b>	<b>-54</b>

## Note 8 Other expenses

Group SEKm	Q3 2013	Q2 2013	%	Q3 2012	%	Jan-Sep 2013	Jan-Sep 2012	%
Premises and rents	293	292	0	299	-2	874	914	-4
IT expenses	404	402	0	359	13	1 159	1 159	0
Telecommunications and postage	32	33	-3	55	-42	107	168	-36
Advertising, PR and marketing	71	99	-28	57	25	240	213	13
Consultants	49	79	-38	51	-4	178	187	-5
Compensation to savings banks	168	162	4	147	14	500	458	9
Other purchased services	157	153	3	146	8	469	452	4
Security transport and alarm systems	45	60	-25	95	-53	186	295	-37
Supplies	29	30	-3	26	12	88	98	-10
Travel	38	51	-25	29	31	134	120	12
Entertainment	11	10	10	10	10	32	35	-9
Repair/maintenance of inventories	47	35	34	34	38	118	111	6
Other expenses	144	161	-11	182	-21	484	591	-18
<b>Total other expenses</b>	<b>1 488</b>	<b>1 567</b>	<b>-5</b>	<b>1 490</b>	<b>0</b>	<b>4 569</b>	<b>4 801</b>	<b>-5</b>

## Note 9 Credit impairments

Group SEKm	Q3 2013	Q2 2013	%	Q3 2012	%	Jan-Sep 2013	Jan-Sep 2012	%
<b>Provision for loans individually assessed as impaired</b>								
Provisions	2	91	-98	214	-99	263	571	-54
Reversal of previous provisions	-73	-132	-45	-105	-30	-263	-516	-49
Provision for homogenous groups of impaired loans, net	-73	-45	62	28		-164	-240	-32
<b>Total</b>	<b>-144</b>	<b>-86</b>	<b>67</b>	<b>137</b>		<b>-164</b>	<b>-185</b>	<b>-11</b>
<b>Portfolio provisions for loans individually assessed as not impaired</b>	<b>-90</b>	<b>-20</b>		<b>-257</b>	<b>-65</b>	<b>-165</b>	<b>-404</b>	<b>-59</b>
<b>Write-offs</b>								
Established losses	550	807	-32	678	-19	1 891	2 434	-22
Utilisation of previous provisions	-248	-513	-52	-467	-47	-1 126	-1 730	-35
Recoveries	-98	-97	1	-73	34	-263	-275	-4
<b>Total</b>	<b>204</b>	<b>197</b>	<b>4</b>	<b>138</b>	<b>48</b>	<b>502</b>	<b>429</b>	<b>17</b>
<b>Credit impairments for contingent liabilities and other credit risk exposures</b>	<b>-26</b>	<b>-3</b>		<b>18</b>		<b>-81</b>	<b>51</b>	
<b>Credit impairments</b>	<b>-56</b>	<b>88</b>		<b>36</b>		<b>92</b>	<b>-109</b>	
Credit impairment ratio, %	-0.02	0.03		0.01		0.01	-0.01	

## Note 10 Loans

Group	30 Sep 2013			31 Dec 2012	30 Sep 2012		
	Loans before provisions	Provisions	Loans after provisions Carrying amount	Loans after provisions Carrying amount	%	Loans after provisions Carrying amount	%
SEKm							
<b>Loans to credit institutions</b>							
Banks	68 787	62	68 725	68 886	0	63 369	8
Repurchase agreements, banks	6 759		6 759	4 975	36	15 913	-58
Other credit institutions	77		77	671	-89	771	-90
Repurchase agreements, other credit institutions	182		182	10 948	-98	15 562	-99
<b>Loans to credit institutions</b>	<b>75 805</b>	<b>62</b>	<b>75 743</b>	<b>85 480</b>	<b>-11</b>	<b>95 615</b>	<b>-21</b>
<b>Loans to the public</b>							
Private customers	768 311	1 909	766 402	754 791	2	751 041	2
Private, mortgage	649 835	1 445	648 390	638 884	1	634 754	2
Housing cooperatives	85 406	53	85 353	82 131	4	80 965	5
Private, other	33 070	411	32 659	33 776	-3	35 322	-8
Corporate customers	431 026	2 924	428 102	429 652	0	433 259	-1
Agriculture, forestry, fishing	67 812	220	67 592	65 835	3	65 237	4
Manufacturing	36 945	454	36 491	44 997	-19	43 435	-16
Public sector and utilities	20 848	50	20 798	19 613	6	18 012	15
Construction	14 617	148	14 469	14 046	3	16 309	-11
Retail	30 563	259	30 304	28 506	6	30 255	0
Transportation	12 912	136	12 776	14 145	-10	14 096	-9
Shipping and offshore	24 328	223	24 105	21 157	14	22 188	9
Hotels and restaurants	5 971	54	5 917	6 056	-2	6 092	-3
Information and communications	2 959	15	2 944	2 710	9	3 075	-4
Finance and insurance	17 358	11	17 347	18 595	-7	19 408	-11
Property management	158 425	793	157 632	158 680	-1	158 481	-1
Residential properties	44 328	191	44 137	47 924	-8	48 121	-8
Commercial	70 189	193	69 996	76 196	-8	76 971	-9
Industrial and Warehouse	26 203	53	26 150	24 286	8	24 135	8
Other	17 705	356	17 349	10 274	69	9 254	87
Professional services	14 670	313	14 357	11 594	24	11 671	23
Other corporate lending	23 618	248	23 370	23 718	-1	25 000	-7
<b>Loans to the public excluding the Swedish National Debt Office and repurchase agreements</b>	<b>1 199 337</b>	<b>4 833</b>	<b>1 194 504</b>	<b>1 184 443</b>	<b>1</b>	<b>1 184 300</b>	<b>1</b>
Swedish National Debt Office	2 603		2 603	6 470	-60	5 625	-54
Repurchase agreements, Swedish National Debt Office				7 957		5	
Repurchase agreements, public	51 159		51 159	39 994	28	61 526	-17
<b>Loans to the public</b>	<b>1 253 099</b>	<b>4 833</b>	<b>1 248 266</b>	<b>1 238 864</b>	<b>1</b>	<b>1 251 456</b>	<b>0</b>
<b>Loans to the public and credit institutions</b>	<b>1 328 904</b>	<b>4 895</b>	<b>1 324 009</b>	<b>1 324 344</b>	<b>0</b>	<b>1 347 071</b>	<b>-2</b>

## Note 11 Impaired loans etc.

Group SEKm	30 Sep 2013	31 Dec 2012	%	30 Sep 2012	%
Impaired loans, gross	9 212	13 938	-34	17 967	-49
Provisions for individually assessed impaired loans	1 905	4 942	-61	7 012	-73
Provision for homogenous groups of impaired loans	1 665	2 135	-22	2 922	-43
<b>Impaired loans, net</b>	<b>5 642</b>	<b>6 861</b>	<b>-18</b>	<b>8 033</b>	<b>-30</b>
of which private customers	2 358	3 046	-23	3 493	-32
of which corporate customers	3 284	3 815	-14	4 540	-28
Portfolio provisions for loans individually assessed as not impaired	1 325	1 545	-14	1 774	-25
Share of impaired loans, gross, %	0.69	1.05		1.32	
Share of impaired loans, net, %	0.43	0.52		0.60	
Provision ratio for impaired loans, %	39	51		55	
Total provision ratio for impaired loans, % *	53	62		65	
<b>Past due loans that are not impaired</b>	<b>5 250</b>	<b>6 633</b>	<b>-21</b>	<b>5 822</b>	<b>-10</b>
of which past due 5-30 days	3 146	4 188	-25	3 042	3
of which past due 31-60 days	1 261	1 408	-10	1 540	-18
of which past due 61 days or more	843	1 037	-19	1 240	-32

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

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

Group SEKm	30 Sep 2013	31 Dec 2012	%	30 Sep 2012	%
Buildings and land	2 962	4 905	-40	5 600	-47
Shares and participating interests	32	50	-36	49	-35
Other property taken over	21	16	31	19	13
<b>Total assets taken over for protection of claims</b>	<b>3 015</b>	<b>4 971</b>	<b>-39</b>	<b>5 668</b>	<b>-47</b>
Cancelled leases	85	95	-11	99	-14
<b>Total assets taken over for protection of claims and cancelled leases</b>	<b>3 100</b>	<b>5 066</b>	<b>-39</b>	<b>5 767</b>	<b>-46</b>
of which acquired by Ektornet	2 772	4 606	-40	5 220	-47

## Note 13 Credit exposures

Group SEKm	30 Sep 2013	31 Dec 2012	%	30 Sep 2012	%
<b>Assets</b>					
Cash and balances with central banks	132 001	130 058	1	212 761	-38
Interest-bearing securities	152 609	135 807	12	136 804	12
Loans to credit institutions	75 743	85 480	-11	95 615	-21
Loans to the public	1 248 266	1 238 864	1	1 251 456	0
Derivatives	62 804	102 265	-39	110 342	-43
Other financial assets	12 218	14 547	-16	20 572	-41
<b>Total assets</b>	<b>1 683 641</b>	<b>1 707 021</b>	<b>-1</b>	<b>1 827 550</b>	<b>-8</b>
<b>Contingent liabilities and commitments</b>					
Loan guarantees	21 793	22 342	-2	23 688	-8
Loan commitments	193 031	188 176	3	192 008	1
<b>Total contingent liabilities and commitments</b>	<b>214 824</b>	<b>210 518</b>	<b>2</b>	<b>215 696</b>	<b>0</b>
<b>Total credit exposures</b>	<b>1 898 465</b>	<b>1 917 539</b>	<b>-1</b>	<b>2 043 246</b>	<b>-7</b>

## Note 14 Intangible assets

Group SEKm	30 Sep 2013	31 Dec 2012	%	30 Sep 2012	%
<b>With indefinite useful life</b>					
Goodwill	11 501	11 452	0	11 276	2
<b>Total</b>	<b>11 501</b>	<b>11 452</b>	<b>0</b>	<b>11 276</b>	<b>2</b>
<b>With finite useful life</b>					
Customer base	875	876	0	903	-3
Internally developed software	536	590	-9	601	-11
Other	421	522	-19	464	-9
<b>Total</b>	<b>1 832</b>	<b>1 988</b>	<b>-8</b>	<b>1 968</b>	<b>-7</b>
<b>Total intangible assets</b>	<b>13 333</b>	<b>13 440</b>	<b>-1</b>	<b>13 244</b>	<b>1</b>

Goodwill	Jan-Sep 2013	Full-year 2012	Jan-Sep 2012
<b>Cost</b>			
<b>Opening balance</b>	<b>15 682</b>	<b>15 996</b>	<b>15 996</b>
Disposals	-2 394		
Exchange rate differences	106	-314	-475
<b>Closing balance</b>	<b>13 394</b>	<b>15 682</b>	<b>15 521</b>
<b>Accumulated amortisation and impairments</b>			
<b>Opening balance</b>	<b>-4 230</b>	<b>-4 234</b>	<b>-4 234</b>
Impairments		-3	
Disposals	2 394		
Exchange rate differences	-57	7	-11
<b>Closing balance</b>	<b>-1 893</b>	<b>-4 230</b>	<b>-4 245</b>
<b>Carrying amount</b>	<b>11 501</b>	<b>11 452</b>	<b>11 276</b>

### Impairment testing of intangible assets

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

In 2012 a minor goodwill item was impaired by SEK 3m. There were otherwise no indications to necessitate a new impairment test of goodwill during the year. The annual test did not lead to any impairment. As of 30 September 2013 there were no indications that warranted a new impairment test of goodwill.

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



## Note 15 Amounts owed to credit institutions

Group SEKm	30 Sep 2013	31 Dec 2012	%	30 Sep 2012	%
<b>Amounts owed to credit institutions</b>					
Central banks	9 349	3 574		2 391	
Banks	98 091	106 262	-8	108 469	-10
Other credit institutions	3 015	3 656	-18	3 725	-19
Repurchase agreements - banks	8 722	5 976	46	8 778	-1
Repurchase agreements - other credit institutions	181	2 734	-93	5 697	-97
<b>Amounts owed to credit institutions</b>	<b>119 358</b>	<b>122 202</b>	<b>-2</b>	<b>129 060</b>	<b>-8</b>

## Note 16 Deposits from the public

Group SEKm	30 Sep 2013	31 Dec 2012	%	30 Sep 2012	%
<b>Deposits from the public</b>					
Private customers	334 905	332 264	1	326 586	3
Corporate customers	257 444	225 633	14	282 705	-9
<b>Deposits from the public excluding the Swedish National Debt Office and repurchase agreements</b>	<b>592 349</b>	<b>557 897</b>	<b>6</b>	<b>609 291</b>	<b>-3</b>
Swedish National Debt Office	1	1	0	1	0
Repurchase agreements - Swedish National Debt Office	2 154	7 107	-70		
Repurchase agreements - public	29 216	14 658	99	21 302	37
<b>Deposits and borrowings from the public</b>	<b>623 720</b>	<b>579 663</b>	<b>8</b>	<b>630 594</b>	<b>-1</b>

## Note 17 Debt securities in issue

Group SEKm	30 Sep 2013	31 Dec 2012	%	30 Sep 2012	%
Commercial paper	127 204	115 135	10	157 770	-19
Covered bonds	501 106	518 238	-3	525 547	-5
Government guaranteed bonds	9 209	30 392	-70	37 508	-75
Senior unsecured bonds	93 007	88 747	5	87 110	7
Structured retail bonds	13 458	14 942	-10	17 903	-25
<b>Total debt securities in issue</b>	<b>743 984</b>	<b>767 454</b>	<b>-3</b>	<b>825 838</b>	<b>-10</b>
<b>Turnover during the period</b>	<b>Jan-Sep 2013</b>	<b>Full-year 2012</b>	<b>%</b>	<b>Jan-Sep 2012</b>	<b>%</b>
<b>Opening balance</b>	<b>767 454</b>	<b>781 458</b>	<b>-2</b>	<b>781 458</b>	<b>-2</b>
Issued	468 637	628 448		542 924	
Repurchased	-44 234	-76 725		-50 887	
Repaid	-434 773	-572 509		-448 481	
Change in market value	-5 359	12 329		8 947	
Exchange rate differences	-7 741	-5 547		-8 123	
<b>Closing balance</b>	<b>743 984</b>	<b>767 454</b>	<b>-3</b>	<b>825 838</b>	<b>-10</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 Sep 2013			Nominal amount		Positive fair value		Negative fair value	
	Remaining contractual maturity			30 Sep	31 Dec	30 Sep	31 Dec	30 Sep	31 Dec
	< 1 yr.	1-5 yrs.	> 5 yrs.	2013	2012	2013	2012	2013	2012
Derivatives in fair value hedges	89 547	263 827	44 070	397 444	428 808	13 648	23 649	1 368	56
Derivatives in portfolio fair value hedges	5 000	40 100	450	45 550		86		76	
Derivatives in cash flow hedges	216	14 142	9 287	23 645	34 463			1 147	5 289
Derivatives in hedges of net investment in foreign operations	1 592			1 592	1 698	14			75
Other derivatives	8 328 684	5 510 541	572 728	14 411 953	11 208 258	54 057	81 140	60 898	89 245
Offset amount						-5 001	-2 524	-5 001	-2 524
<b>Total</b>	<b>8 425 039</b>	<b>5 828 610</b>	<b>626 535</b>	<b>14 880 184</b>	<b>11 673 227</b>	<b>62 804</b>	<b>102 265</b>	<b>58 488</b>	<b>92 141</b>
of which cleared	4 514 709	3 155 893	100	7 670 702	3 828 786	2 856	2 530	3 652	3 142

## Note 19 Financial instruments carried at fair value

Group SEKm	30 Sep 2013			31 Dec 2012		
	Fair value	Carrying amount	Difference	Fair value	Carrying amount	Difference
<b>Assets</b>						
<b>Financial assets covered by IAS 39</b>						
Cash and balances with central banks	132 001	132 001		130 058	130 058	
Treasury bills etc.	42 445	42 414	31	20 557	20 483	74
Loans to credit institutions	75 743	75 743		85 479	85 480	-1
Loans to the public	1 252 192	1 248 266	3 926	1 245 755	1 238 864	6 891
Value change of interest hedged items in portfolio hedge	-200	-200				
Bonds and interest-bearing securities	110 185	110 195	-10	115 320	115 324	-4
Financial assets for which the customers bear the investment risk	115 172	115 172		104 194	104 194	
Shares and participating interest	6 782	6 782		8 106	8 106	
Derivatives	62 804	62 804		102 265	102 265	
Other financial assets	12 218	12 218		14 547	14 547	
<b>Total</b>	<b>1 809 342</b>	<b>1 805 395</b>	<b>3 947</b>	<b>1 826 281</b>	<b>1 819 321</b>	<b>6 960</b>
<b>Investment in associates</b>	<b>3 376</b>	<b>3 376</b>		<b>3 552</b>	<b>3 552</b>	
<b>Non-financial assets</b>	<b>23 278</b>	<b>23 278</b>		<b>23 987</b>	<b>23 987</b>	
<b>Total</b>	<b>1 835 996</b>	<b>1 832 049</b>	<b>3 947</b>	<b>1 853 820</b>	<b>1 846 860</b>	<b>6 960</b>
<b>Liabilities</b>						
<b>Financial liabilities covered by IAS 39</b>						
Amounts owed to credit institutions	119 369	119 358	11	122 202	122 202	
Deposits and borrowings from the public	623 710	623 720	-10	579 663	579 663	
Debt securities in issue	746 368	743 984	2 384	774 152	767 454	6 698
Financial liabilities for which the customers bear the investment risk	116 025	116 025		105 104	105 104	
Subordinated liabilities	9 831	9 996	-165	14 077	14 307	-230
Derivatives	58 488	58 488		92 141	92 141	
Short positions securities	15 276	15 276		18 229	18 229	
Other financial liabilities	26 865	26 865		29 762	29 762	
<b>Total</b>	<b>1 715 932</b>	<b>1 713 712</b>	<b>2 220</b>	<b>1 735 330</b>	<b>1 728 862</b>	<b>6 468</b>
<b>Non-financial liabilities</b>	<b>12 506</b>	<b>12 506</b>		<b>14 812</b>	<b>14 812</b>	
<b>Total</b>	<b>1 728 438</b>	<b>1 726 218</b>	<b>2 220</b>	<b>1 750 142</b>	<b>1 743 674</b>	<b>6 468</b>

Group 30 Sep 2013 SEKm	Instruments with quoted market prices in active markets (Level 1)	Valuation techniques using observable market data (Level 2)	Valuation techniques using non- observable market data (Level 3)	Total
<b>Determination of fair value from quoted market prices or valuation techniques</b>				
<b>Assets</b>				
Treasury bills etc.	25 095	16 697		41 792
Loans to credit institutions	74	6 941		7 015
Loans to the public		383 823		383 823
Bonds and other interest-bearing securities	84 743	24 465		109 208
Financial assets for which the customers bear the investment risk	115 172			115 172
Shares and participating interests	6 140	124	14	6 278
Derivatives	1 339	61 322	143	62 804
<b>Total</b>	<b>232 563</b>	<b>493 372</b>	<b>157</b>	<b>726 092</b>
<b>Liabilities</b>				
Amounts owed to credit institutions		8 903		8 903
Deposits and borrowings from the public		29 250		29 250
Debt securities in issue	26 867	19 829		46 696
Financial liabilities for which the customers bear the investment risk		116 025		116 025
Derivatives	2 141	56 329	18	58 488
Short positions, securities	15 276			15 276
<b>Total</b>	<b>44 284</b>	<b>230 336</b>	<b>18</b>	<b>274 638</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 how the internal assumptions affect the valuation of the financial instruments. In cases where internal assumptions have a material impact on fair value, the financial instrument is reported in level 3. The process also includes an analysis and evaluation based on the quality of the valuation data, if a type of financial instrument is to be transferred between levels.

There were no transfers of financial instruments between valuation levels 1 and 2 during the first half-year.

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

Changes in level 3 Group SEKm	Assets				Liabilities
	Debt securities	Equity instruments	Derivatives	Total	Derivatives
<b>January-September 2013</b>					
<b>Opening balance 1 January 2013</b>	<b>342</b>	<b>14</b>	<b>63</b>	<b>419</b>	
Settlements	-342		0	-342	0
Transferred from Level 2 to Level 3			120	120	26
Gains or losses			-40	-40	-8
of which in the income statement, net gains and losses on financial items at fair value			-40	-40	-8
of which changes in unrealised gains or losses for items held at closing day			0	0	-8
<b>Closing balance 30 September 2013</b>		<b>14</b>	<b>143</b>	<b>157</b>	<b>18</b>

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

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

The sensitivity to changes in market value of derivatives on level 3 has been calculated by shifting the internal assumptions regarding volatility. The changes are based on product type and are considered reasonable. A reasonable positive change would improve the fair value of all derivatives on level 3 by approximately SEK 60m. A reasonable negative change would reduce the fair value of all derivatives and structured products on level 3 by approximately SEK 55m.

Changes in level 3 Group SEKm	Assets				Liabilities
	Debt securities	Equity instruments	Derivatives	Total	Derivatives
<b>January-September 2012</b>					
<b>Opening balance 1 January 2012</b>	<b>390</b>	<b>71</b>		<b>461</b>	
Sale of assets		-7		-7	
Settlements		-51		-51	
Gains or losses	-56	1		-55	
of which in the income statement, net gains and losses on financial items at fair value	-56	1		-55	
<b>Closing balance 30 September 2012</b>	<b>334</b>	<b>14</b>		<b>348</b>	

## Note 20 Pledged collateral

Group SEKm	30 Sep	31 Dec	%	30 Sep	%
	2013	2012		2012	
Loan receivables	731 343	700 907	4	694 791	5
Financial assets pledged for policyholders	114 256	103 432	10	103 083	11
Other assets pledged	39 344	54 369	-28	67 919	-42
<b>Pledged collateral</b>	<b>884 943</b>	<b>858 708</b>	<b>3</b>	<b>865 793</b>	<b>2</b>

## Note 21 Offsetting financial assets and liabilities

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

Group SEKm	Assets			Liabilities		
	30 Sep 2013	31 Dec 2012	%	30 Sep 2013	31 Dec 2012	%
<b>Financial assets and liabilities, which have been offset or are subject to netting or similar agreements</b>						
Gross amount	129 735	171 675	-24	109 429	128 914	-15
Offset amount	-11 023	-8 462	30	-11 023	-8 462	30
<b>Net amounts presented in the balance sheet</b>	<b>118 712</b>	<b>163 213</b>	<b>-27</b>	<b>98 406</b>	<b>120 452</b>	<b>-18</b>
<b>Related amounts not offset in the balance sheet</b>						
Financial instruments, netting arrangements	42 123	70 640	-40	42 123	70 640	-40
Financial Instruments, collateral	60 007	64 296	-7	42 850	31 549	36
Cash, collateral	8 523	16 775	-49	10 286	14 678	-30
<b>Total amount not offset in the balance sheet</b>	<b>110 653</b>	<b>151 711</b>	<b>-27</b>	<b>95 259</b>	<b>116 867</b>	<b>-18</b>
<b>Net amount</b>	<b>8 059</b>	<b>11 502</b>	<b>-30</b>	<b>3 147</b>	<b>3 585</b>	<b>-12</b>

## Note 22 Capital adequacy

<b>Capital adequacy, Basel 2</b>					
<b>Swedbank financial companies group</b>	<b>30 Sep</b>	<b>31 Dec</b>	<b>% or</b>	<b>30 Sep</b>	<b>% or</b>
<b>SEKm</b>	<b>2013</b>	<b>2012</b>	<b>pp</b>	<b>2012</b>	<b>pp</b>
Shareholders' equity according to the Group's balance sheet	105 672	103 032	3	98 570	7
Non-controlling interests	159	154	3	155	3
Anticipated dividend	-8 374	-10 880	-23	-5 049	66
Deconsolidation of insurance companies	-2 504	-2 444	-2	-2 478	-1
Associated companies consolidated according to purchase method	2 216	1 864	19	1 922	15
Unrealised value changes in financial liabilities due to changes in own creditworthiness	82	92	-11	92	-11
Cash flow hedges	62	42	48	-23	
Goodwill	-10 940	-10 894	0	-10 717	-2
Deferred tax assets	-440	-567	22	-626	30
Intangible assets	-1 839	-1 880	2	-1 795	-2
Net provisions for reported IRB credit exposures	-931	-938	1	-764	-22
Shares deducted from Tier 1 capital*		-36		-35	
<b>Common Equity Tier 1 capital</b>	<b>83 163</b>	<b>77 545</b>	<b>7</b>	<b>79 252</b>	<b>5</b>
Tier 1 capital contributions	5 504	6 270	-12	7 498	-27
of which undated Tier 1 instruments that must be converted in a critical situation	0				
of which undated Tier 1 instruments without incentives to redeem		528		535	
of which fixed-term Tier 1 instruments or undated Tier 1 instruments with incentives to redeem	5 504	5 742	-4	6 963	-21
Shares deducted from Tier 1 capital*	-1 488				
<b>Total Tier 1 capital</b>	<b>87 179</b>	<b>83 815</b>	<b>4</b>	<b>86 750</b>	<b>0</b>
Undated subordinated loans	26	28	-7	547	-95
Fixed-term subordinated loans	4 485	8 028	-44	4 962	-10
Net provisions for reported IRB credit exposures	-931	-938	1	-764	-22
Shares deducted from Tier 2 capital*	-1 488	-36		-35	
<b>Total Tier 2 capital</b>	<b>2 092</b>	<b>7 082</b>	<b>-70</b>	<b>4 710</b>	<b>-56</b>
Deduction of shares in insurance companies*		-2 894		-2 888	
<b>Total capital base</b>	<b>89 271</b>	<b>88 003</b>	<b>1</b>	<b>88 572</b>	<b>1</b>
Capital requirement for credit risks, standardised approach	1 815	2 276	-20	2 204	-18
Capital requirement for credit risks, IRB	27 535	28 819	-4	29 816	-8
Capital requirement for settlement risks	5	3	67	3	67
Capital requirement for market risks	1 488	1 723	-14	1 693	-12
Trading book	867	1 028	-16	991	-13
of which VaR	421	502	-16	396	6
of which risks outside VaR	446	526	-15	595	-25
Other operations	621	695	-11	702	-12
Capital requirement for operational risks	4 486	4 326	4	4 326	4
<b>Capital requirement</b>	<b>35 329</b>	<b>37 147</b>	<b>-5</b>	<b>38 042</b>	<b>-7</b>
RWA credit risks	366 871	388 688	-6	400 246	-8
RWA settlement risks	64	26		34	88
RWA market risks	18 599	21 544	-14	21 163	-12
RWA operational risks	56 077	54 081	4	54 081	4
<b>Risk-weighted assets</b>	<b>441 611</b>	<b>464 339</b>	<b>-5</b>	<b>475 524</b>	<b>-7</b>
<b>Common Equity Tier 1 ratio, %, Basel 2</b>	<b>18.8</b>	<b>16.7</b>	<b>2.1</b>	<b>16.7</b>	<b>2.2</b>
<b>Tier 1 capital ratio, %, Basel 2</b>	<b>19.7</b>	<b>18.1</b>	<b>1.7</b>	<b>18.2</b>	<b>1.5</b>
<b>Total capital adequacy ratio, %, Basel 2</b>	<b>20.2</b>	<b>19.0</b>	<b>1.3</b>	<b>18.6</b>	<b>1.6</b>
<b>Capital quotient, Basel 2</b>	<b>2.53</b>	<b>2.37</b>	<b>0.16</b>	<b>2.33</b>	<b>0.20</b>
<b>Capital adequacy Basel 2 transition rules</b>	<b>30 Sep</b>	<b>31 Dec</b>	<b>% or</b>	<b>30 Sep</b>	<b>% or</b>
<b>SEKm</b>	<b>2013</b>	<b>2012</b>	<b>pp</b>	<b>2012</b>	<b>pp</b>
Capital requirement	35 329	37 147	-5	38 042	-7
Complement during transition period	25 966	24 382	6	23 984	8
<b>Capital requirement including complement</b>	<b>61 295</b>	<b>61 529</b>	<b>0</b>	<b>62 026</b>	<b>-1</b>
<b>Common Equity Tier 1 ratio, %, transition rules</b>	<b>10.9</b>	<b>10.1</b>	<b>0.8</b>	<b>10.2</b>	<b>0.6</b>
<b>Tier 1 capital ratio, %, transition rules</b>	<b>11.4</b>	<b>10.9</b>	<b>0.5</b>	<b>11.2</b>	<b>0.2</b>
<b>Total capital adequacy ratio, %, transition rules</b>	<b>11.7</b>	<b>11.4</b>	<b>0.2</b>	<b>11.4</b>	<b>0.2</b>
<b>Capital quotient, transition rules</b>	<b>1.46</b>	<b>1.43</b>	<b>0.03</b>	<b>1.43</b>	<b>0.03</b>
<b>Capital adequacy Basel 3**</b>	<b>30 Sep</b>	<b>31 Dec</b>	<b>% or</b>	<b>30 Sep</b>	<b>% or</b>
<b>SEKm</b>	<b>2013</b>	<b>2012</b>	<b>pp</b>	<b>2012</b>	<b>pp</b>
<b>Common Equity Tier 1 capital, Basel 3</b>	<b>80 433</b>	<b>75 242</b>	<b>7</b>	<b>76 407</b>	<b>5</b>
<b>Tier 1 capital, Basel 3</b>	<b>86 097</b>	<b>81 661</b>	<b>5</b>	<b>84 056</b>	<b>2</b>
<b>Total capital base, Basel 3</b>	<b>90 821</b>	<b>89 917</b>	<b>1</b>	<b>89 768</b>	<b>1</b>
<b>Risk-weighted assets, Basel 3</b>	<b>445 960</b>	<b>487 105</b>	<b>-8</b>	<b>497 763</b>	<b>-10</b>
<b>Common Equity Tier 1 ratio, %, Basel 3</b>	<b>18.0</b>	<b>15.4</b>	<b>2.6</b>	<b>15.4</b>	<b>2.7</b>
<b>Tier 1 capital ratio, Basel 3</b>	<b>19.3</b>	<b>16.8</b>	<b>2.5</b>	<b>16.9</b>	<b>2.4</b>
<b>Total capital adequacy ratio, %, Basel 3</b>	<b>20.4</b>	<b>18.5</b>	<b>1.9</b>	<b>18.0</b>	<b>2.3</b>

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

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

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

As of 30 September 2013 the Swedbank financial companies group included the Swedbank Group, EnterCard Group, Sparbanken Rekarne AB, Färs och Frosta Sparbank AB, Swedbank Sjuhärads AB, Vimmerby Sparbank AB, Bankernas Depå AB and Bankernas Automatbolag AB. The insurance companies are included in the Group but not in the financial companies group under capital adequacy rules.

Swedbank financial companies group Credit risks, Basel 2, IRB SEKm	Exposure after credit risk protection			Average risk weighting, %		Capital requirement		
	30 Sep 2013	31 Dec 2012	%	30 Sep 2013	31 Dec 2012	30 Sep 2013	31 Dec 2012	%
Institutional exposures	118 276	147 467	-20	13	15	1 275	1 757	-27
of which repurchase agreements	1 030	631	63	6	8	5	4	25
of which other lending	117 246	146 836	-20	14	15	1 270	1 753	-28
Corporate exposures	418 743	421 781	-1	57	58	19 174	19 540	-2
of which repurchase agreements	107	63	70	12		1		
of which other lending	418 636	421 718	-1	57	58	19 173	19 540	-2
Retail exposures	888 513	868 307	2	9	9	6 256	6 592	-5
of which repurchase agreements	16	13	23	78		1		
of which mortgage lending	816 733	794 944	3	6	7	3 921	4 220	-7
of which other lending	71 764	73 350	-2	41	40	2 334	2 372	-2
Securitisation	981	1 122	-13	11	11	9	10	-10
Exposures without counterparties	12 658	13 993	-10	81	82	821	920	-11
<b>Total credit risks, IRB</b>	<b>1 439 171</b>	<b>1 452 670</b>	<b>-1</b>	<b>24</b>	<b>25</b>	<b>27 535</b>	<b>28 819</b>	<b>-4</b>

## Capital base

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

## Capital requirements for credit risks according to standardised approach

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

## Capital requirements for credit risks according to IRB

The capital adequacy requirement for the portion of the portfolio calculated according to IRB decreased by SEK 748m compared with the previous quarter. The average risk weight for retail exposures was 9 per cent, of which 37 per cent in the Baltic portfolios and 7 per cent in other portfolios. The risk weight for corporate exposures was 57 per cent, of which 88 per cent in the Baltic portfolios and 52 per cent in other portfolios. For institutional exposures, the average risk weight was 10 per cent in the Baltic portfolios and 14 per cent in other portfolios, or in total 14 per cent.

## 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 Swedish Financial Supervisory Authority.

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 the operations in the Baltic countries, Swedbank Estonia AS, Swedbank Latvia AS and Swedbank Lithuania AB, with respect to general interest rate risks and currency risks in the trading book. Exchange 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.

## Operational risk

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

## Transition rules

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

## Note 23 Risks and uncertainties

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

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

## Note 24 Discontinued operations

Group SEKm	Jan-Sep 2013				Jan-Sep 2012			
	Russia	Ukraine	Lithuania	Total	Russia	Ukraine	Lithuania	Total
<b>Profit from discontinued operations</b>								
Income	101	22	172	295	172	135	140	447
Expenses	100	65	164	329	123	190	157	470
Profit before impairments	1	-43	8	-34	49	-55	-17	-23
Impairments	-64	-2		-66	12	-798		-786
Operating profit	-63	-45	8	-100	61	-853	-17	-809
Tax expense		24	-1	23	-14			-14
<b>Post-tax profit for the period of discontinued operations</b>	<b>-63</b>	<b>-21</b>	<b>7</b>	<b>-77</b>	<b>47</b>	<b>-853</b>	<b>-17</b>	<b>-823</b>
Post-tax profit for the period recognised on the measurement at fair value less sale costs			-340	-340				
Reclassification to the income statement of cumulated exchange differences		-1 875		-1 875				
<b>Profit for the period from discontinued operations</b>	<b>-63</b>	<b>-2 236</b>	<b>7</b>	<b>-2 292</b>	<b>47</b>	<b>-853</b>	<b>-17</b>	<b>-823</b>
	<b>30 Sep 2013</b>							
<b>Group of assets classified as held for sale</b>	<b>Russia</b>	<b>Ukraine</b>	<b>Lithuania</b>	<b>Total</b>				
Loans to the public	1 111			1 111				
of which impaired loans	358			358				
of which provisions	251			251				
Non-current tangible assets	2		101	103				
Other assets	645		141	786				
<b>Total assets</b>	<b>1 758</b>		<b>242</b>	<b>2 000</b>				
<b>Liabilities directly associated with group of assets classified as held for sale</b>								
Other liabilities	111		114	225				
<b>Total liabilities</b>	<b>111</b>		<b>114</b>	<b>225</b>				

During the first quarter 2013 the Group's operations in Russia and Ukraine were classified as discontinued operations. The entities' assets and related liabilities are reported as assets and liabilities held for sale. The Russian part consists of the companies OAO Swedbank, OOO Leasing, FRIR RUS OOO and Ektornet Kr. Valdem ra 27/29 Latvia SIA, which has approximately 70 employees. The Ukrainian part consists of JSC Swedbank where a sale agreement with Mykola Lagun, the majority owner in Delta Bank, was signed during the first quarter 2013. The disposal was finalized during the second quarter of 2013 after approval from the authorities. As previously the Alita Group, which operates in Lithuania, is reported as discontinued operations.

## Note 25 Related-party transactions

During the period normal business transactions were executed between companies in the Group, including other related companies such as associates. The partly owned savings banks are significant associates. The partly owned Frostasparbank AB holds 5 330 000 shares in Swedbank AB. The Group's interest in these shares has reduced equity in the consolidated statements by SEK 116m.

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 26 Swedbank's share

	30 Sep 2013	31 Dec 2012	%	30 Sep 2012	%
<b>SWED A</b>					
Share price, SEK	149.70	127.00	18	123.40	21
Number of outstanding ordinary shares	1 099 005 722	918 149 816	20	918 149 816	20
<b>Market capitalisation, SEKm</b>	<b>164 521</b>	<b>116 605</b>	<b>41</b>	<b>113 300</b>	<b>45</b>
<b>SWED PREF</b>					
Share price, SEK		126.80		123.50	
Number of outstanding preference shares		180 855 906		180 855 906	
<b>Market capitalisation, SEKm</b>		<b>22 933</b>		<b>22 336</b>	
<b>Total market capitalisation, SEKm</b>	<b>164 521</b>	<b>139 538</b>	<b>18</b>	<b>135 636</b>	<b>21</b>

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

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

	30 Sep 2013	31 Dec 2012	30 Sep 2012
<b>Number of outstanding shares</b>			
<b>Issued shares</b>			
SWED A	1 132 005 722	951 149 816	951 149 816
SWED PREF		180 855 906	180 855 906
<b>Repurchased shares</b>			
SWED A	-33 000 000	-33 000 000	-33 000 000
<b>Swedbank's share of associates' holding of shares</b>			
SWED A	-1 599 000	-600 000	-600 000
SWED PREF		-999 000	-687 422
<b>Number of outstanding shares on the closing day</b>	<b>1 097 406 722</b>	<b>1 097 406 722</b>	<b>1 097 718 300</b>

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

	Q3 2013	Q2 2013	Q3 2012	Jan-Sep 2013	Jan-Sep 2012
<b>Earnings per share</b>					
<b>Average number of shares</b>					
Average number of shares before dilution	1 097 406 722	1 097 346 722	1 097 770 581	1 097 356 722	1 097 801 142
Weighted average number of shares for potential ordinary shares that incur a dilutive effect due to share-based compensation programme	8 190 074	8 068 879	4 546 602	8 635 171	3 823 889
Average number of shares after dilution	1 105 596 796	1 105 415 601	1 102 317 183	1 105 991 893	1 101 625 031
<b>Profit, SEKm</b>					
Profit for the period attributable to shareholders of Swedbank	4 172	1 592	3 495	9 289	10 052
Preference dividends on non-cumulative preference shares declared in respect of the period				1 722	1 004
Earnings for the purpose of calculating earnings per share	4 172	1 592	3 495	7 567	9 048
<b>Earnings per share, SEK</b>					
Earnings per share before dilution without dividends on non-cumulative preference shares	3.80	1.45	3.18	8.46	9.16
Earnings per share after dilution without dividends on non-cumulative preference shares	3.77	1.44	3.17	8.40	9.12
Earnings per share before dilution *	3.80	1.45	3.18	6.90	8.24
Earnings per share after dilution *	3.77	1.44	3.17	6.84	8.21

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

## Note 27 Effects of changes in accounting policies

Income statement, condensed										
Group SEKm	New reporting			Transfer of interest and commissions	Previous reporting Q3 2012	New reporting			Transfer of interest and commissions	Previous reporting Jan-Sep 2012
	Q3 2012	Revised IAS 19	Discontinued operations			Jan-Sep 2012	Revised IAS 19	Discontinued operations		
Interest income	12 443		-61	-529	13 033	38 765		-299	-1 648	40 712
Interest expenses	-7 358		10	402	-7 770	-23 750		37	1 202	-24 989
<b>Net interest income (note 5)</b>	<b>5 085</b>		<b>-51</b>	<b>-127</b>	<b>5 263</b>	<b>15 015</b>		<b>-262</b>	<b>-446</b>	<b>15 723</b>
Commission income	3 344		-7	209	3 142	10 060		-26	618	9 468
Commission expenses	-969		1	-209	-761	-2 948		6	-618	-2 336
<b>Net commissions (note 6)</b>	<b>2 375</b>		<b>-6</b>		<b>2 381</b>	<b>7 112</b>		<b>-20</b>		<b>7 132</b>
Net gains and losses on financial items at fair value (note 7)	687		-8	127	568	2 243		15	446	1 782
Insurance premiums	380				380	1 308				1 308
Insurance provisions	-233				-233	-840				-840
<b>Net insurance</b>	<b>147</b>				<b>147</b>	<b>468</b>				<b>468</b>
Share of profit or loss of associates	225	1			224	644	3			641
Other income	452		-16		468	1 349		-34		1 383
<b>Total income</b>	<b>8 971</b>	<b>1</b>	<b>-81</b>		<b>9 051</b>	<b>26 831</b>	<b>3</b>	<b>-301</b>		<b>27 129</b>
Staff costs	2 229	20	-43		2 252	6 974	63	-147		7 058
Other expenses (note 8)	1 490		-49		1 539	4 801		-141		4 942
Depreciation/amortisation	201		-6		207	643		-19		662
<b>Total expenses</b>	<b>3 920</b>	<b>20</b>	<b>-98</b>		<b>3 998</b>	<b>12 418</b>	<b>63</b>	<b>-307</b>		<b>12 662</b>
<b>Profit before impairments</b>	<b>5 051</b>	<b>-19</b>	<b>17</b>		<b>5 053</b>	<b>14 413</b>	<b>-60</b>	<b>6</b>		<b>14 467</b>
Impairment of intangible assets (note 14)	-1				-1	3				3
Impairment of tangible assets	102		0		102	266		-1		267
Credit impairments (note 9)	36		-168		204	-109		-785		676
<b>Operating profit</b>	<b>4 914</b>	<b>-19</b>	<b>185</b>		<b>4 748</b>	<b>14 253</b>	<b>-60</b>	<b>792</b>		<b>13 521</b>
Tax expense	1 216	-4	0		1 220	3 371	-15	-13		3 399
<b>Profit for the period from continuing operations</b>	<b>3 698</b>	<b>-15</b>	<b>185</b>		<b>3 528</b>	<b>10 882</b>	<b>-45</b>	<b>805</b>		<b>10 122</b>
Profit for the period from discontinued operations, after tax	-203		-186			-823		-806		
Profit for the period	3 495	-16			3 511	10 059	-46			10 105
<b>Profit for the period attributable to the shareholders of Swedbank AB</b>	<b>3 495</b>	<b>-16</b>			<b>3 511</b>	<b>10 052</b>	<b>-46</b>			<b>10 098</b>
of which profit for the period from continuing operations	3 698	-16	186		3 528	10 875	-46	806		10 115
of which profit for the period from discontinued operations	-200		-186		-14	-820		-806		-14
Non-controlling interests						7				7
of which profit for the period from continuing operations	3				3	10				10
of which profit for the period from discontinued operations	-3				-3	-3				
Earnings per share, continued operations, SEK	3.38	-0.01	0.17		3.22	9.91	-0.04	0.73		9.22
after dilution	3.36	-0.02	0.17		3.21	9.87	-0.05	0.73		9.19
Earnings per share, discontinued operations, SEK	-0.19		-0.17		-0.02	-0.75		-0.73		-0.02
after dilution	-0.19		-0.17		-0.02	-0.75		-0.73		-0.02
Earnings per share, total operations, SEK	3.19	-0.01			3.20	9.16	-0.04			9.20
after dilution	3.17	-0.02			3.19	9.12	-0.05			9.17
Equity per share, SEK	87.08	-2.40			89.48	87.08	-2.40			89.48
Return on equity, continuing operations, %	15.2	0.2	0.8		14.1	15.0	0.1	1.1		13.7
Return on equity, total operations, %	14.3	0.2			14.1	13.8	0.1			13.7

Statement of comprehensive income	New reporting		Previous reporting		New reporting		Previous reporting	
Group SEKm	Q3 2012	Revised IAS 19	Q3 2012	Q3 2012	Revised IAS 19	Jan-Sep 2012	Jan-Sep 2012	Jan-Sep 2012
<b>Profit for the period reported via income statement</b>	<b>3 495</b>	<b>-16</b>	<b>3 511</b>			<b>10 059</b>	<b>-46</b>	<b>10 105</b>
<b>Items that will not be reclassified to the income statement</b>								
Remeasurements of defined benefit pension plans	-984	-984				-1 444	-1 444	
Share related to associates	-21	-21				-34	-34	
Income tax	265	265				389	389	
<b>Total</b>	<b>-740</b>	<b>-740</b>				<b>-1 089</b>	<b>-1 089</b>	
<b>Items that may be reclassified to the income statement</b>								
Exchange differences, foreign operations								
Gains/losses arising during the period	-1 700		-1 700			-2 317		-2 317
Reclassification adjustments to income statement, net gains and losses on financial items at fair value or profit for the period from discontinued operations						-1		-1
Hedging of net investments in foreign operations:								
Gains/losses arising during the period	1 265		1 265			1 718		1 718
Cash flow hedges:								
Gains/losses arising during the period	-37		-37			-498		-498
Reclassification adjustments to income statement, net interest income	43		43			164		164
Share of other comprehensive income of associates	-18		-18			-1		-1
Income tax	-339		-339			-370		-370
<b>Total</b>	<b>-786</b>		<b>-786</b>			<b>-1 305</b>		<b>-1 305</b>
<b>Other comprehensive income for the period, net of tax</b>	<b>-1 526</b>	<b>-740</b>	<b>-786</b>			<b>-2 394</b>	<b>-1 089</b>	<b>-1 305</b>
<b>Total comprehensive income for the period</b>	<b>1 969</b>	<b>-756</b>	<b>2 725</b>			<b>7 665</b>	<b>-1 135</b>	<b>8 800</b>
<b>Total comprehensive income attributable to the shareholders of Swedbank AB</b>	<b>1 969</b>	<b>-756</b>	<b>2 725</b>			<b>7 658</b>	<b>-1 135</b>	<b>8 793</b>
Non-controlling interests						7		7

Balance sheet, condensed	New reporting		Previous reporting		New reporting		Previous reporting	
Group SEKm	31 Dec 2012	Revised IAS 19	31 Dec 2012	30 Sep 2012	Revised IAS 19	30 Sep 2012	30 Sep 2012	30 Sep 2012
<b>Assets</b>								
Cash and balance with central banks	130 058		130 058	212 761		212 761		212 761
Loans to credit institutions (note 10)	85 480		85 480	95 615		95 615		95 615
Loans to the public (note 10)	1 238 864		1 238 864	1 251 456		1 251 456		1 251 456
Value change of interest hedged item in portfolio hedge								
Interest-bearing securities	135 807		135 807	136 804		136 804		136 804
Financial assets for which customers bear the investment risk	104 194		104 194	103 834		103 834		103 834
Shares and participating interests	8 106		8 106	4 879		4 879		4 879
Investments in associates	3 552	-81	3 633	3 464	-68	3 532		3 532
Derivatives (note 18)	102 265		102 265	110 342		110 342		110 342
Intangible fixed assets (note 14)	13 440		13 440	13 244		13 244		13 244
Investment properties	2 393		2 393	3 089		3 089		3 089
Tangible assets	4 638		4 638	4 738		4 738		4 738
Current tax assets	1 082		1 082	1 559		1 559		1 559
Deferred tax assets	657		657	662		662		662
Other assets	8 380		8 380	13 525		13 525		13 525
Prepaid expenses and accrued income	7 736		7 736	8 799		8 799		8 799
Group of assets classified as held for sale	208		208	204		204		204
<b>Total assets</b>	<b>1 846 860</b>	<b>-81</b>	<b>1 846 941</b>	<b>1 964 975</b>	<b>-68</b>	<b>1 965 043</b>		
<b>Liabilities and equity</b>								
Amounts owed to credit institutions (note 15)	122 202		122 202	129 060		129 060		129 060
Deposits and borrowings from the public (note 16)	579 663		579 663	630 594		630 594		630 594
Debt securities in issue (note 17)	767 454		767 454	825 838		825 838		825 838
Financial liabilities for which customers bear the investment risk	105 104		105 104	104 668		104 668		104 668
Derivatives (note 18)	92 141		92 141	104 178		104 178		104 178
Current tax liabilities	1 378		1 378	1 339		1 339		1 339
Deferred tax liabilities	2 641	-835	3 476	2 313	-945	3 258		3 258
Short positions, securities	18 229		18 229	13 463		13 463		13 463
Other liabilities	16 624		16 624	18 243		18 243		18 243
Accrued expenses and prepaid income	16 782		16 782	16 475		16 475		16 475
Provisions	7 073	3 792	3 281	7 022	3 594	3 428		3 428
Subordinated liabilities	14 307		14 307	12 980		12 980		12 980
Liabilities directly associated with group of assets classified as held for sale	76		76	77		77		77
Equity	103 186	-3 038	106 224	98 725	-2 717	101 442		101 442
of which non-controlling interests	154		154	155		155		155
of which attributable to shareholders of Swedbank AB	103 032	-3 038	106 070	98 570	-2 717	101 287		101 287
<b>Total liabilities and equity</b>	<b>1 846 860</b>	<b>-81</b>	<b>1 846 941</b>	<b>1 964 975</b>	<b>-68</b>	<b>1 965 043</b>		

# Swedbank AB

## Income statement, condensed

Parent company SEKm	Q3 2013	Q2 2013	%	Q3 2012	%	Jan-Sep 2013	Jan-Sep 2012	%
Interest income	4 634	4 883	-5	6 160	-25	14 608	19 090	-23
Interest expenses	-1 981	-2 345	-16	-3 375	-41	-6 643	-10 984	-40
<b>Net interest income</b>	<b>2 653</b>	<b>2 538</b>	<b>5</b>	<b>2 785</b>	<b>-5</b>	<b>7 965</b>	<b>8 106</b>	<b>-2</b>
Dividends received	889	4 591	-81	537	66	5 568	841	
Commission income	1 541	1 588	-3	1 482	4	4 685	4 596	2
Commission expenses	-370	-373	-1	-270	37	-1 048	-893	17
<b>Net commissions</b>	<b>1 171</b>	<b>1 215</b>	<b>-4</b>	<b>1 212</b>	<b>-3</b>	<b>3 637</b>	<b>3 703</b>	<b>-2</b>
Net gains and losses on financial items at fair value	389	367	6	407	-4	1 182	2 287	-48
Other income	336	341	-1	332	1	980	944	4
<b>Total income</b>	<b>5 438</b>	<b>9 052</b>	<b>-40</b>	<b>5 273</b>	<b>3</b>	<b>19 332</b>	<b>15 881</b>	<b>22</b>
Staff costs	1 820	1 845	-1	1 702	7	5 492	5 317	3
Other expenses	938	1 008	-7	927	1	2 901	3 034	-4
Depreciation/amortisation	129	129	0	138	-7	388	430	-10
<b>Total expenses</b>	<b>2 887</b>	<b>2 982</b>	<b>-3</b>	<b>2 767</b>	<b>4</b>	<b>8 781</b>	<b>8 781</b>	<b>0</b>
<b>Profit before impairments</b>	<b>2 551</b>	<b>6 070</b>	<b>-58</b>	<b>2 506</b>	<b>2</b>	<b>10 551</b>	<b>7 100</b>	<b>49</b>
Impairment of financial fixed assets		1 548		36		1 973	411	
Credit impairments	109	114	-4	55	98	354	207	71
<b>Operating profit</b>	<b>2 442</b>	<b>4 408</b>	<b>-45</b>	<b>2 415</b>	<b>1</b>	<b>8 224</b>	<b>6 482</b>	<b>27</b>
Appropriations	3	-5		29	-90	1	87	-99
Tax expense	611	790	-23	576	6	1 813	1 767	3
<b>Profit for the period</b>	<b>1 828</b>	<b>3 623</b>	<b>-50</b>	<b>1 810</b>	<b>1</b>	<b>6 410</b>	<b>4 628</b>	<b>39</b>

## Statement of comprehensive income, condensed

Parent company SEKm	Q3 2013	Q2 2013	%	Q3 2012	%	Jan-Sep 2013	Jan-Sep 2012	%
<b>Profit for the period reported via income statement</b>	<b>1 828</b>	<b>3 623</b>	<b>-50</b>	<b>1 810</b>	<b>1</b>	<b>6 410</b>	<b>4 628</b>	<b>39</b>
<b>Items that may be reclassified to the income statement</b>								
Cash flow hedges:								
Gains/losses arising during the period	-21	-18	13	-25	-17	-44	-58	-24
Reclassification adjustments to income statement, net interest income	24	25	-6	43	-45	71	164	-57
Income tax	1	-3		-5		-6	-28	79
<b>Total</b>	<b>4</b>	<b>4</b>	<b>0</b>	<b>13</b>	<b>-69</b>	<b>21</b>	<b>78</b>	<b>-73</b>
<b>Other comprehensive income for the period, net of tax</b>	<b>8</b>	<b>4</b>	<b>100</b>	<b>13</b>	<b>-38</b>	<b>25</b>	<b>78</b>	<b>-68</b>
<b>Total comprehensive income for the period</b>	<b>1 836</b>	<b>3 627</b>	<b>-49</b>	<b>1 823</b>	<b>1</b>	<b>6 435</b>	<b>4 706</b>	<b>37</b>

## Balance sheet, condensed

Parent company SEKm	30 Sep 2013	31 Dec 2012	%	30 Sep 2012	%
<b>Assets</b>					
Cash and balance with central banks	115 098	109 898	5	202 934	-43
Loans to credit institutions	330 508	350 439	-6	354 898	-7
Loans to the public	343 258	347 233	-1	371 224	-8
Interest-bearing securities	148 016	131 593	12	134 391	10
Shares and participating interests	62 713	66 245	-5	63 614	-1
Derivatives	83 178	125 926	-34	136 993	-39
Other assets	13 352	18 393	-27	22 943	-42
<b>Total assets</b>	<b>1 096 123</b>	<b>1 149 727</b>	<b>-5</b>	<b>1 286 997</b>	<b>-15</b>
<b>Liabilities and equity</b>					
Amounts owed to credit institutions	156 738	195 584	-20	218 911	-28
Deposits and borrowings from the public	512 328	473 104	8	531 226	-4
Debt securities in issue	239 431	242 295	-1	294 991	-19
Derivatives	74 567	117 471	-37	127 222	-41
Other liabilities and provisions	36 420	35 947	1	36 640	-1
Subordinated liabilities	9 922	14 522	-32	13 275	-25
Untaxed reserves	6 299	6 299	0	2 759	
Equity	60 418	64 505	-6	61 973	-3
<b>Total liabilities and equity</b>	<b>1 096 123</b>	<b>1 149 727</b>	<b>-5</b>	<b>1 286 997</b>	<b>-15</b>
Pledged collateral	48 600	62 375	-22	70 193	-31
Other assets pledged	288	1 090	-74	2 140	-87
Contingent liabilities	528 298	546 571	-3	551 158	-4
Commitments	176 358	166 087	6	170 299	4

## Statement of changes in equity, condensed

Parent company  
SEKm

	Share capital	Share premium reserve	Statutory reserve	Cash flow hedges	Retained earnings	Total
<b>January-September 2012</b>						
<b>Opening balance 1 January 2012</b>	<b>24 383</b>	<b>13 118</b>	<b>6 489</b>	<b>-123</b>	<b>18 884</b>	<b>62 751</b>
Dividend					-5 825	-5 825
Decrease share capital	-611				611	
Bonus issue	1 132		-521		-611	
Reversal of VAT costs incurred on rights issues in 2008 and 2009		92				92
Share based payments to employees					249	249
Total comprehensive income for the period				78	4 628	4 706
<b>Closing balance 30 September 2012</b>	<b>24 904</b>	<b>13 210</b>	<b>5 968</b>	<b>-45</b>	<b>17 936</b>	<b>61 973</b>
<b>January-December 2012</b>						
<b>Opening balance 1 January 2012</b>	<b>24 383</b>	<b>13 118</b>	<b>6 489</b>	<b>-123</b>	<b>18 884</b>	<b>62 751</b>
Dividend					-5 825	-5 825
Decrease share capital	-611				611	
Bonus issue	1 132		-521		-611	
Reversal of VAT costs incurred on rights issues in 2008 and 2009		88				88
Share based payments to employees					314	314
Deferred tax related to share based payments to employees					16	16
Total comprehensive income for the period				91	7 070	7 161
<b>Closing balance 31 December 2012</b>	<b>24 904</b>	<b>13 206</b>	<b>5 968</b>	<b>-32</b>	<b>20 459</b>	<b>64 505</b>
<b>January-September 2013</b>						
<b>Opening balance 1 January 2013</b>	<b>24 904</b>	<b>13 206</b>	<b>5 968</b>	<b>-32</b>	<b>20 459</b>	<b>64 505</b>
Dividend					-10 880	-10 880
Share based payments to employees					323	323
Deferred tax related to share based payments to employees					35	35
Total comprehensive income for the period				21	6 414	6 435
<b>Closing balance 30 September 2013</b>	<b>24 904</b>	<b>13 206</b>	<b>5 968</b>	<b>-11</b>	<b>16 351</b>	<b>60 418</b>

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

## Cash flow statement, condensed

Parent company SEKm	Jan-Sep 2013	Full-year 2012	Jan-Sep 2012
Cash flow from operating activities	16 539	-25 955	11 667
Cash flow from investing activities	5 412	3 891	4 018
Cash flow from financing activities	-16 750	-22 430	32 857
<b>Cash flow for the period</b>	<b>5 201</b>	<b>-44 494</b>	<b>48 542</b>
Cash and cash equivalents at beginning of period	109 898	154 392	154 392
Cash flow for the period	5 201	-44 494	48 542
<b>Cash and cash equivalents at end of period</b>	<b>115 099</b>	<b>109 898</b>	<b>202 934</b>

## Capital adequacy

Parent company SEKm	30 Sep 2013	31 Dec 2012	% or pp	30 Sep 2012	% or pp
Common Equity Tier 1 capital	54 929	55 945	-2	56 534	-3
Tier 1 capital	58 974	62 215	-5	64 032	-8
Total capital base	61 462	67 020	-8	66 240	-7
Capital requirement	25 220	26 387	-4	27 489	-8
Capital requirement including complement	25 220	26 387	-4	27 489	-8
Risk-weighted assets	315 254	329 837	-4	343 613	-8
Common Equity Tier 1 ratio, %*	17.4	17.0	0.5	16.5	1.0
Tier 1 capital ratio, %*	18.7	18.9	-0.2	18.6	0.1
Total capital adequacy ratio, %*	19.5	20.3	-0.8	19.3	0.2
Capital quotient*	2.44	2.54	-0.10	2.41	0.03

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

## Signatures of the Board of Directors and the President

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

Stockholm, 21 October 2013

Anders Sundström  
Chair

Lars Idermark  
Deputy Chair

Olav Fjell  
Board Member

Ulrika Francke  
Board Member

Göran Hedman  
Board Member

Anders Igel  
Board Member

Pia Rudengren  
Board Member

Charlotte Strömberg  
Board Member

Karl-Henrik Sundström  
Board Member

Siv Svensson  
Board Member

Kristina Kjell  
Board Member  
Employee Representative

Jimmy Johnsson  
Board Member  
Employee Representative

Michael Wolf  
President

## Review report

### Introduction

We have reviewed the interim report for Swedbank AB (publ) for the period 1 January to 30 September 2013. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies. Our responsibility is to express a conclusion on this interim report based on our review.

### Scope of review

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

### Conclusion

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

Stockholm, 21 October 2013

Deloitte AB

Svante Forsberg  
Authorised Public Accountant



## Publication of financial information

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

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

Year-end report 2013 on 28 January 2014

Interim report for the first quarter 2014 on 21 April 2014

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

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