

Q1 2017

Interim report for the first quarter 2017

First quarter 2017 compared with fourth quarter 2016

- Increased lending volumes and margins supported net interest income
- Seasonal effects reduced net commission income
- Net gains and losses on financial items affected by positive valuation effects within Group Treasury
- Capital gain from Hemnet sale strengthened profit
- Costs in line with expectations
- Additional provisions in oil related sectors
- Strong capitalisation

“We are developing attractive new offerings at a rapid rate and collaborating across business and product areas more intensely than ever, guided by our customers’ needs.”

Birgitte Bonnesen,
President and CEO

Financial information SEKm	Q1 2017	Q4 2016	%	Q1 2016	%
Total income	10 651	9 947	7	9 144	16
Net interest income	5 971	6 000	0	5 461	9
Net commission income	2 822	3 055	-8	2 645	7
Net gains and losses on financial items at fair value	486	285	71	400	22
Other income ¹⁾	1 372	607		638	
Total expenses	4 003	4 157	-4	3 826	5
Profit before impairments	6 648	5 790	15	5 318	25
Impairment of intangible and tangible assets	2	56	-96	8	-75
Credit impairments	339	593	-43	35	
Tax expense	1 181	996	19	961	23
Profit for the period attributable to the shareholders of Sw edbank AB	5 124	4 142	24	4 311	19
Earnings per share, SEK, after dilution	4.59	3.70		3.87	
Return on equity, %	15.9	13.1		13.8	
C/I ratio	0.38	0.42		0.42	
Common Equity Tier 1 capital ratio, %	24.2	25.0		23.7	
Credit impairment ratio, %	0.09	0.15		0.01	

¹⁾One-off income from sale of Hemnet of SEK 680m during the first quarter.

CEO Comment

The new year has started with the same intensity with which the last one ended. In the first quarter we launched several solutions that make life easier for our customers.

A priority this year is to move closer to a fully digitised loan process. This quarter we took an important step in Sweden with a fully digital consumer loan offering, from application to payment. In the Baltic countries we introduced Smart ID, a mobile app for digital identification and signatures. In addition to being more convenient for our customers, it will create new business opportunities for us; 60 000 customers have already signed up.

During the quarter we announced an exciting partnership with the fintech company Mina Tjänster. Their app will make it easier for our customers to manage their subscriptions and contracts and maintain better control over their personal finances.

Offerings like these are possible thanks to strategic planning with detailed activities and priorities. We become faster, optimise resources and ensure that we develop what our customers want. During the year we will launch more solutions that add customer value and strengthen our market position.

Social engagement and sustainability are very important to us and we work continuously on these issues. In February we donated SEK 42m from Swedbank Robur Humanfond to Amnesty International and the Swedish Childhood Cancer Foundation, among other groups. As of 4 April all our funds are considered to have a sustainability profile after adopting a policy on responsible investing.

Better macroeconomic outlook

Last year's positive macroeconomic trend has continued into the new year. The US economy continues doing well at close to full employment, which was reflected in another 25 basis point rate hike by the Federal Reserve. Europe is also seeing higher and more stable economic activity. Political uncertainty persists, however, and will be an important factor for the economy in the near term.

Growth is broad-based in our home markets with a positive outlook. Domestic spending is strong and exports are increasing in the wake of more robust global economic conditions.

The Swedish housing market has shown signs of slowing. The price trend and increase in household debt have levelled off. This is positive, but could be short-lived unless decisive political action is taken to increase flexibility and new construction and create a more efficient rental market. Housing is crucial from both an economic and social perspective and is critical for Sweden.

Strong financial results

Profit for the first quarter was strong. Our Swedish operations saw a high level of activity, mainly in mortgage loans, which generated increased volumes

and margins. Rising stock prices bolstered income in Swedish Banking's asset management, at the same time that our savings initiatives are beginning to produce results. We saw inflows to our funds in every business segment, which we are very pleased with. Our focus on pension savings, which are growing in importance for our customers, will continue.

In the Baltic countries consumer lending continues to grow. We are also seeing more customers use our mobile banking services. Nearly 500 000 were active at the end of the first quarter.

Corporate lending decreased slightly in the quarter due to repayments and FX effects. Our aim to grow and diversify the corporate loan portfolio remains unchanged. Commission and trading income fell due to normal seasonal effects in card payments, discretionary asset management and trading, among other areas.

The sale of our holding in the online real estate portal Hemnet also strengthened profit during the quarter.

High cost efficiency facilitates competitive pricing and the development of services and products that add customer value. Which is why it is an important part of our corporate culture. We estimate our total expenses for the full-year 2017 at SEK 15.8bn.

Credit quality remains high in all our business segments. The work we are doing with our customers in oil related sectors is continuing and led during the quarter to further provisions.

Our capitalisation remains strong with a buffer of 2.5 percentage points above the Swedish Financial Supervisory Authority's minimum requirement.

Guided by our customers' needs

Today's challenging and changing times require clear direction. Our business strategies and concrete action plans help us to navigate in an environment with historically low interest rates, constant regulatory changes and new competition. We have a large customer base, a clear strategy, competent employees and the financial resources to take on these challenges.

We are developing attractive new offerings at a rapid rate and collaborating across business and product areas more intensely than ever, guided by our customers' needs.

Nearly half our sales today are through digital channels, and the number of customers who are active digitally is steadily increasing. This is a positive trend in an increasingly digital world where consumption patterns are rapidly changing. One of our aims this year is to further individualise our offerings. The potential is great.



Birgitte Bonnesen
President and CEO

Table of contents

	Page
Overview	5
Market	5
Important to note	5
Group development	6
Result first quarter 2017 compared with fourth quarter 2016	6
Result first quarter 2017 compared with first quarter 2016	6
Volume trend by product area	7
Credit and asset quality	8
Operational risks	9
Funding and liquidity	9
Ratings	9
Capital and capital adequacy	9
Other events	10
Events after 31 March 2017	11
Business segments	
Swedish Banking	12
Baltic Banking	14
Large Corporates & Institutions	16
Group Functions & Other	18
Eliminations	19
Alternative performance measures	20
Group	
Income statement, condensed	22
Statement of comprehensive income, condensed	23
Balance sheet, condensed	24
Statement of changes in equity, condensed	25
Cash flow statement, condensed	26
Notes	27
Parent company	47
Signatures of the Board of Directors and the President	53
Review report	53
Contact information	54

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

Financial overview

Income statement SEKm	Q1 2017	Q4 2016	%	Q1 2016	%
Net interest income	5 971	6 000	0	5 461	9
Net commission income	2 822	3 055	-8	2 645	7
Net gains and losses on financial items at fair value	486	285	71	400	22
Other income	1 372	607		638	
Total income	10 651	9 947	7	9 144	16
Staff costs	2 448	2 440	0	2 307	6
Other expenses	1 555	1 717	-9	1 519	2
Total expenses	4 003	4 157	-4	3 826	5
Profit before impairments	6 648	5 790	15	5 318	25
Impairment of intangible assets		35			
Impairment of tangible assets	2	21	-90	8	-75
Credit impairments, net	339	593	-43	35	
Operating profit	6 307	5 141	23	5 275	20
Tax expense	1 181	996	19	961	23
Profit for the period	5 126	4 145	24	4 314	19
Profit for the period attributable to the shareholders of Swedbank AB	5 124	4 142	24	4 311	19

Key ratios and data per share	Q1 2017	Q4 2016	Q1 2016
Return on equity, % ¹⁾	15,9	13,1	13,8
Earnings per share before dilution, SEK ²⁾	4,61	3,73	3,89
Earnings per share after dilution, SEK ²⁾	4,59	3,70	3,87
C/I ratio	0,38	0,42	0,42
Equity per share, SEK ²⁾	107,3	116,6	113,3
Loan/deposit ratio, %	162	186	152
Common Equity Tier 1 capital ratio, %	24,2	25,0	23,7
Tier 1 capital ratio, %	27,5	28,7	26,1
Total capital ratio, %	30,6	31,8	29,1
Credit impairment ratio, % ³⁾	0,09	0,15	0,01
Share of impaired loans, gross, %	0,50	0,52	0,33
Total provision ratio for impaired loans, %	51	46	56
Liquidity coverage ratio (LCR), % ⁴⁾	137	156	148
Net stable funding ratio (NSFR), %	109	108	107

Balance sheet data SEKbn	31 Mar 2017	31 Dec 2016	%	31 Mar 2016	%
Loans to the public, excluding the Swedish National Debt Office and repurchase agreements	1 457	1 453	0	1 386	5
Deposits and borrowings from the public, excluding the Swedish National Debt Office and repurchase agreements	898	782	15	909	-1
Shareholders' equity	119	130	-8	126	-5
Total assets	2 489	2 154	16	2 404	4
Risk exposure amount	411	394	4	399	3

¹⁾ Average shareholders' equity can be found on pages 74-75 in the Fact book.

²⁾ The number of shares and calculation of earnings per share are specified on page 45.

³⁾ For more information about credit impairment ratio, see page 43 of the Fact book.

⁴⁾ LCR - calculated in accordance with SFSA's regulations (FFFS 2012:6.).

Definitions of all key ratios can be found in Swedbank's Fact book on page 82.

Overview

Market

Economic indicators have trended higher in Europe and the US at the start of 2017. The eurozone Purchasing Managers' Index in March reached the highest level in nearly six years for both the manufacturing and the service sector. At the same time the eurozone's unemployment rate fell in March to 9.5 per cent, the lowest level since 2009. The positive economic conditions have been followed by rising global equities despite political uncertainty ahead of the French presidential election this spring and the election in Germany this autumn.

Global monetary policy is slowly shifting in a less expansionary direction. The US central bank, the Federal Reserve, raised its Fed funds target rate in March to 0.75-1.00 per cent, with two more rate hikes expected this year as employment and inflation both approach their targets. Although US job numbers in March were significantly weaker than estimated, expectations of higher US rates have not changed. The European Central Bank, the ECB, kept its benchmark rate unchanged at its monetary policy meeting in March. Reducing asset purchases to EUR 60bn from EUR 80bn as of 1 April is the first step, however, towards a slightly less expansionary policy.

Increased US oil production and growing inventories squeezed oil prices in March after they had been relatively stable at the start of the year. On 31 March the price of Brent crude was USD 54 per barrel, down from USD 57 on 31 December 2016.

The Swedish economy grew broadly in the fourth quarter of 2016, with GDP rising by 1.0 per cent from the previous quarter. On an annual basis GDP rose by 2.3 per cent, calendar-adjusted. In addition to strong domestic demand – consumption and investment – exports accelerated. Economic data such as the Purchasing Managers' Index and the National Institute of Economic Research's Economic Tendency Indicator show that the Swedish economy continued to grow strongly in the first quarter. The number of people working rose by 114 000 in March, but unemployment only declined to 6.8 per cent in seasonally adjusted terms due to an increased labour supply. House prices rose in February, but at a slower rate than before, at the same time that residential construction is at the highest level since the days of the Million Homes Programme in the 1960s and 1970s. The introduction of the amortisation requirement on new mortgages and slowdown in house prices helped to stabilise the annual growth rate for residential mortgages at around 7.6 per cent in January and February.

Inflation and inflation expectations have turned out in line with the Riksbank's intentions, although the increase in inflation was driven by temporary effects such as rising food and energy prices. The CPIF inflation rate (CPI with a fixed interest rate) was 2.0 per cent in February but fell to 1.5 per cent in March. Underlying inflation, CPIF excluding energy, is still low at 1.0 per cent in March. A three year collective bargaining agreement for the manufacturing sector signed on 31 March included wage increases of 2.3 per cent per year, largely unchanged from the previous agreement despite an increased labour shortage. The

Swedish krona started the quarter strongly but weakened despite robust Swedish macro data. On average, the krona strengthened during the first quarter against both the Euro and the US dollar compared with the last three months of 2016.

Growth in the Baltic economies strengthened in the fourth quarter of 2016 after earlier levelling off. The increase was strongest in Estonia, where GDP rose by 1.9 per cent compared with the previous quarter, followed by Lithuania (1.4 per cent) and Latvia (1.1 per cent). This means that GDP grew on an annual basis by 3.0 per cent in Lithuania, 2.8 per cent in Estonia and 2.2 per cent in Latvia. Investment recovered at the end of last year in all three Baltic countries thanks to increased flows from the EU's structural funds. At the same time industrial production and exports increased in the wake of a stronger global economy. Consumer spending was supported by higher wages and falling unemployment.

Macro indicators for the first quarter signal a continued upswing in the Baltic economies, mainly through increased exports and investment. The inflation rate continued to rise in the wake of rising global commodity and food prices. In March the inflation rate in Latvia was 3.4 per cent, in Lithuania 3.1 per cent and in Estonia 2.8 per cent.

Important to note

The interim report contains alternative performance measures that Swedbank considers valuable information for the reader, since they are used by Group management for internal governance and performance measurement as well as for comparisons between reporting periods. Further information on the alternative performance measures used in the interim report can be found on page 20.

During the first quarter of 2017 Swedbank made three changes that impact how certain income statement and balance sheet items are reported in the business segments and on the Group level. None of the changes have an impact on reported profit for the Group. The changes were announced to the market in a press release on 3 April and are summarised below.

Due to amendments to the bilateral contract between Swedbank and the savings banks, the reporting of compensation to the savings banks for brokerage of mortgages has changed. Brokerage costs will be recognised as a reduction to interest income, while costs for administrative services will be expensed. Comparative figures have been restated; see notes 1 and 27. Since reported expenses have decreased following the change, we estimate total expenses for the full-year 2017 at SEK 15.8bn.

A number of large corporate customers within the business segment Swedish Banking have been transferred to the business segment Large Corporates & Institutions. Business volumes and the financial results for these customers were moved as of the first quarter of 2017. The transferred lending volumes amount to about SEK 30bn, while income and expenses amounted to SEK 374m and SEK 32m respectively for the full-year 2016. No restatement of historical comparative figures has been made.

A new internal allocation principle for the fees for the resolution fund and deposit guarantee has changed the

allocation between the business segments and is based primarily on the business segments' lending volumes. The fees will continue to be reported in net interest income. No restatement of historical comparative figures has been made.

Please see the press release from 3 April for more information.

Group development

Result first quarter 2017 compared with fourth quarter 2016

Swedbank reported profit of SEK 5 124m in the first quarter of 2017, compared with SEK 4 142m in the previous quarter. The main reasons for the increase are a tax-exempt capital gain of SEK 680m on the sale of Hemnet, stronger net gains and losses on financial items at fair value and lower credit impairments compared with the previous quarter. FX changes reduced profit by SEK 36m.

The return on equity was 15.9 per cent (13.1), while the cost/income ratio was 0.38 (0.42).

Income increased by 7 per cent during the quarter to SEK 10 651m (9 947), mainly because of the capital gain on the Hemnet sale. Net gains and losses on financial items at fair value increased, while net commission income decreased. FX changes reduced income by SEK 54m.

Net interest income decreased slightly to SEK 5 971m (6 000). Higher lending volumes and margins on the Swedish mortgage portfolio had a positive effect. The increase of the resolution fund fee in Sweden, by SEK 183m, as well as two fewer days than the fourth quarter had a negative effect on net interest income. Net interest income from deposits was positively affected by somewhat higher margins as a result of higher market interest rates. The effects of previous covered bond repurchases within Group Treasury had a positive effect on net interest income.

Net commission income decreased by 8 per cent to SEK 2 822m (3 055). The decrease was mainly due to seasonal effects. While a bullish stock market and strong net inflow to Robur's funds contributed positively, asset management income still declined compared with the fourth quarter, which contained annual performance based fees and had two more days. Card income decreased due to seasonal effects as well as the discount and fee adjustments made by the card companies last year which had their full impact in the first quarter of 2017.

Net gains and losses on financial items at fair value increased to SEK 486m (285). The FX swap market normalised at the beginning of this year after increased volatility at the end of the last year, reversing the negative valuation effects from late 2016. Net gains and losses on financial items at fair value decreased in Large Corporates & Institutions due to lower income mainly from FX trading and valuation adjustments on derivative exposures.

Other income increased to SEK 1 372 m (607), mainly due to the capital gain of SEK 680m on the sale of Hemnet.

Expenses amounted to SEK 4 003m (4 157). Staff costs were stable in the quarter. Provisions for wage increases and compensation for unused vacation in Sweden during the first quarter, was partly offset by restructuring costs of SEK 75m in the fourth quarter. Other expenses were seasonally lower.

Credit impairments increased to SEK 339m (593) and are mainly related to increased provisions within Large Corporates & Institutions for oil related commitments. Baltic Banking reported net recoveries, while provisions and recoveries offset each other in Swedish Banking.

The tax expense was SEK 1 181 m (996), corresponding to an effective tax rate of 18.7 per cent (19.4). The change in the effective tax rate is due to the impact in the first quarter of a tax-exempt capital gain on the sale of Hemnet and the elimination of the tax deductibility of interest on subordinated debt introduced in 2017. Excluding the tax-exempt Hemnet gain, the effective tax rate would have been 21.0 per cent. The Group's effective tax rate is estimated at 20-22 per cent in the medium term.

Result first quarter 2017 compared with first quarter 2016

Profit increased to SEK 5 124m, compared with SEK 4 311m in the first quarter of 2016. The capital gain on the Hemnet sale contributed positively, as did stronger net interest income and net commission income. Increased credit impairments and staff costs contributed negatively. FX changes increased profit by SEK 11m.

The return on equity increased to 15.9 per cent (13.8), while the cost/income ratio improved to 0.38 (0.42).

Income increased to SEK 10 651m (9 144). The capital gain on the Hemnet sale contributed positively, as did stronger net interest income and net commission income. FX changes increased income by SEK 74m.

Net interest income rose by 9 per cent to SEK 5 971m (5 461). The positive effects from higher lending volumes and increased margins on Swedish mortgages offset the lower deposit margins.

Net commission income increased by 7 per cent to SEK 2 822m (2 645), mainly due to increased asset management income. A bullish stock market contributed to the positive trend.

Net gains and losses on financial items at fair value increased to SEK 486m (400).

Other income rose to SEK 1 372m (638). The capital gain on the Hemnet sale amounted to SEK 680m.

Expenses increased to SEK 4 003m (3 826), mainly due to increased staff costs. The number of full-time employees increased by just over 1 per cent.

Credit impairments increased to SEK 339m (35) due to increased provisions within Large Corporates & Institutions for oil related commitments.

The tax expense amounted to SEK 1 181m (961), corresponding to an effective tax rate of 18.7 per cent (18.2). The effective tax rate for 2017, compared with 2016, has been affected by the tax-exempt capital gain

on the Hemnet sale and the elimination of the tax deductibility of interest on subordinated debt introduced in 2017. Excluding the tax-exempt Hemnet gain, the effective tax rate would have been 21.0 per cent. The Group's effective tax rate is estimated at 20-22 per cent in the medium term.

Volume trend by product area

Swedbank's main business is organised in two product areas: Group Lending & Payments and Group Savings.

Lending

Total lending to the public, excluding repos and the Swedish National Debt Office, increased by SEK 4bn to SEK 1 457bn (1 453) compared with the end of the fourth quarter of 2016. Compared with the first quarter of 2016 the increase was SEK 71bn, or growth of 5 per cent.

Lending to Swedish mortgage customers within Swedish Banking increased by SEK 7bn to SEK 726bn (719) compared with the end of the fourth quarter. In Baltic Banking mortgage volume grew in local currency, but was stable in SEK.

Loans to the public excl. the Swedish National Debt Office and repurchase agreements, SEKbn	2017	2016	2016
	31 Mar	31 Dec	31 Mar
Loans, private mortgage	790	783	732
of which Swedish Banking	726	719	674
of which Baltic Banking	64	64	55
of which Large Corporates & Inst.			3
Loans, private other incl tenant-owner associations	150	149	143
of which Swedish Banking	138	138	131
of which Baltic Banking	12	11	11
of which Large Corporates & Inst.			1
Loans, corporate	517	521	511
of which Swedish Banking	252	278	274
of which Baltic Banking	65	65	61
of which Large Corporates & Inst.	200	178	176
Total	1 457	1 453	1 386

Other private lending, including to tenant-owner associations, was stable in Swedish Banking and grew by SEK 1bn in Baltic Banking. Swedbank's Swedish consumer loan volume was stable during the quarter at SEK 25bn, corresponding to a market share of about 10 per cent. The Baltic consumer loan portfolio grew during the quarter by 2 per cent in local currency.

In total, corporate lending fell by SEK 4bn in the quarter to SEK 517bn. Corporate lending within Baltic Banking was stable in the quarter. The transfer of customers between business segments reduced lending volumes in Swedish Banking by SEK 30bn and increased volumes correspondingly in Large Corporates & Institutions. Excluding the transferred volumes, corporate lending decreased within Large Corporates & Institutions because a number of loans, primarily for commercial properties and shipping, were repaid, as well as due to FX effects.

Negative market interest rates continue to affect the credit portfolio. A large share of new lending consists of products with a base rate floor, where the reference rate is set at 0 instead of the actual negative rate.

For more information on lending, see page 37 of the Fact book.

Payments

The number of cards in issue at the end of the quarter was 8.0 million, unchanged compared with the end of the fourth quarter of 2016. Compared with the first quarter of 2016 the increase was 1.9 per cent.

In Sweden the number of cards in issue was 4.2 million at the end of the first quarter. Compared with the same period in 2016 corporate card issuance increased by 3.3 per cent and consumer card issuance by 2.0 per cent. The increase in consumer cards is largely driven by the growing number of young people who are signing up for cards. The bank's many small business customers offer further growth potential in the corporate card issuance business.

A total of 284 million card purchases were made in Sweden in the first quarter, an increase of 7 per cent compared with the first quarter of 2016. In Sweden over 85 per cent of retail payments are made by card, and market growth is expected to remain good.

Number of cards	31 Mar 2017	31 Dec 2016	31 Mar 2016
Issued cards, million	8,0	8,0	7,8
of which Sweden	4,2	4,2	4,1
of which Baltic countries	3,8	3,8	3,7

In the Baltic countries the acquisition of Danske Bank's card issuance business in Latvia and Lithuania in 2016 contributed to increases in the number of payments and new cards in these countries. At the end of the first quarter 3.8 million cards were in issue. The number of card purchases in the first quarter was 109 million, an increase of 11 per cent year-on-year.

Card payment frequency has surpassed 50 per cent in Estonia, while the figures are slightly lower in Latvia and Lithuania. Swedbank is working actively to increase card payments in stores by encouraging more retailers to accept cards and advising customers to pay by card in stores instead of cash. To make it easier for customers to pay for small purchases by card, Swedbank launched contactless cards in the Baltic countries in 2016.

The number of acquired card transactions also increased year-on-year. In the Nordic countries the number of acquired card transactions rose by 9 per cent to 551 million, while the corresponding figure in the Baltic countries rose by 8 per cent to 80 million.

The number of domestic payments increased by 4 per cent in Sweden and by 11 per cent in the Baltic countries compared with the first quarter of 2016. Swedbank's market share of payments through the Bankgiro system was 34 per cent.

The number of international payments increased by 8 per cent in Sweden and by 24 per cent in the Baltic countries compared with the first quarter of 2016.

The number of Swish users at the end of the first quarter of 2017 included 5.4 million private customers and just over 110 000 corporate customers in total in Sweden.

Savings

Total deposits within the business segments – Swedish Banking, Baltic Banking and Large Corporates & Institutions – increased by SEK 22bn to SEK 804bn

(782) compared with the end of the fourth quarter. Of this total, 58 per cent (57) related to on demand deposits. Total deposits from the public, including volumes attributable to Group Treasury within Group Functions & Other, increased by SEK 116bn during the quarter to SEK 898bn.

Swedbank's deposits from private customers were stable at SEK 442bn (442).

Corporate deposits increased during the quarter, largely driven by higher volumes from US money market funds within Group Treasury. Corporate deposits increased in Large Corporates & Institutions due to a temporary increase in deposits from financial institutions. Corporate deposits decreased in Swedish and Baltic Banking. The transfer of customers between business segments has reduced deposit volumes in Swedish Banking by about SEK 3bn and increased them correspondingly in Large Corporates & Institutions.

Deposits from the public excl. the Swedish National Debt Office and repurchase agreements, SEKbn			
	2017	2016	2016
	31 Mar	31 Dec	31 Mar
Deposits, private	442	442	406
of which Swedish Banking	343	343	320
of which Baltic Banking	99	99	86
Deposits, corporate	456	340	503
of which Swedish Banking	147	153	134
of which Baltic Banking	69	71	61
of which Large Corporates & Inst.	146	116	137
of which Group Functions & Other	94		171
Total	898	782	909

The market share for household deposits in Sweden was stable at 21 per cent as of 28 February (21 per cent as of 31 December 2016). The market share for corporate deposits was also stable at 20 per cent (20). For more information on deposits, see page 38 of the Fact book.

Asset management, SEKbn	31 Mar 2017	31 Dec 2016	31 Mar 2016
Assets under management	833	794	717
Assets under management, Robur	829	789	713
of which Sweden	791	754	680
of which Baltic countries	37	35	29
of which Norway			4
Assets under management, Other, Baltic countries	5	5	4
Discretionary asset management	383	383	358

Fund assets under management by Swedbank Robur increased by 5 per cent during the period to SEK 829bn (SEK 789bn as of 31 December 2016), of which SEK 791bn (754) relates to the Swedish business. The increase is mainly due to increased asset values.

Due to continued low interest rates, the trend from 2016 with inflows to equity and mixed funds and outflows from money market funds has continued. The total net inflow to the Swedish fund market was SEK 24.7bn in the first quarter, of which SEK 16.7bn was in equity funds, SEK 8.5bn in mixed funds and SEK 0.3bn in hedge funds and other funds, while fixed income funds saw outflows of SEK 0.8bn.

Swedbank Robur had a net inflow of SEK 2.6bn to the Swedish fund market in the first quarter (SEK -3.7bn in the first quarter of 2016), of which inflows of SEK 0.5bn

to equity funds and SEK 3.3bn to mixed funds and outflows of SEK 1.1bn from fixed income funds. The market share of net flows in the quarter was 10 per cent. Swedbank Robur is the largest player in Sweden, with a market share of 21 per cent as of 31 March 2017 measured in fund assets under management.

Swedbank Robur's net inflows in the Baltic countries amounted to SEK 1.3bn in the quarter (SEK 0.8bn in the first quarter of 2016).

Assets under management, life insurance, SEKbn	31 Mar 2017	31 Dec 2016	31 Mar 2016
Sweden	167	157	143
of which collective occupational pensions	74	69	62
of which endowment insurance	62	60	55
of which occupational pensions	20	19	17
of which other	9	9	9
Baltic countries	5	5	4

Life insurance assets under management in Sweden increased by SEK 10bn during the quarter to SEK 167bn. A bullish stock market and a net inflow of SEK 2.8bn contributed to the increase.

Swedbank was the eighth largest life insurance company in Sweden as of 31 December 2016, with a market share of about 6 per cent in premium payments excluding capital transfers. The market share for transferred capital was nearly 8 per cent, placing Swedbank seventh. Swedbank is the largest life insurance company in Estonia and the second largest in Lithuania and Latvia. Its market shares as of 28 February were 42 per cent in Estonia, 24 per cent in Lithuania and 22 per cent in Latvia.

Credit and asset quality

Credit impairments amounted to SEK 339m in the quarter (SEK 593m for the fourth quarter of 2016) and mainly related to increased provisions for anticipated credit impairments for existing commitments in oil related sectors. Credit impairments in other sectors remained very low. In Baltic Banking recoveries were recognised during the quarter. The credit impairment ratio was 0.09 per cent (0.15). Continued stable economic growth in our home markets supported the credit portfolio.

Credit impairments, net by business segment, SEKm	Q1 2017	Q4 2016	Q1 2016
Swedish Banking	-3	-44	-13
Baltic Banking	-66	-15	-42
Estonia	-10	20	-25
Latvia	-27	-2	-18
Lithuania	-29	-33	1
Large Corporates & Institutions	408	652	97
Group Functions & Other			-7
Total	339	593	35

Oil related sectors face continued uncertainty. The major oil companies are still reluctant to invest due to the low oil prices. Swedbank continues to follow the sector's development carefully and maintains a close dialogue with impacted customers.

The share of impaired loans (gross) decreased in the quarter to 0.50 per cent (0.52 as of 31 December 2016) of total lending. Total provision ratio for impaired loans

was 51 per cent (46). For more information on asset quality, see pages 40-46 of the Fact book.

New residential construction in Sweden has reached the highest level in many years and is nearing annual demand for new housing, though shortages still exist in many locations. The amortisation requirement on new mortgages implemented by the Swedish Financial Supervisory Authority (SFSA) in June 2016 has contributed to a slowdown in house prices and lending growth. We are also seeing the effects of our work with sustainable lending, including an upper limit on debt-to-income ratio. A continued rise in house prices, but at a slower rate than before, combined with a high level of new construction, contributed to increased mortgage financing during the quarter. Swedbank's Swedish mortgages grew by 0.9 per cent during the quarter, a smaller increase than the previous year.

Amortisations in the Swedish mortgage portfolio amounted to about SEK 12bn in the last 12-month period. The average loan-to-value ratio for Swedbank's mortgages was 54 per cent in Sweden (54 on 31 December 2016), 48 per cent (49) in Estonia, 86 per cent (91) in Latvia and 67 per cent (71) in Lithuania, based on property level. For new lending during the quarter the loan-to-value ratio was 68 per cent in Sweden, 69 per cent in Estonia, 75 per cent in Latvia and 75 per cent in Lithuania. For more information, see pages 47-48 of the Fact book.

Operational risks

An incident occurred during the quarter in the bank's card system that impacted the ability of our customers to use their debit cards. Swedbank has further strengthened its routines and systems to ensure that a similar error does not happen again. The bank's direct losses due to disruptions in the card system were low and customers were not affected. There were otherwise only a few minor IT disruptions during the quarter, which did not significantly impact customers. Cases of card-related fraud decreased during the quarter as a result of the implementation of the 3D Secure system in the fourth quarter of 2016.

Funding and liquidity

During the first quarter Swedbank was more active in the international bond markets. The bank took advantage of favourable market conditions and chose to fund future maturities. Swedbank issued SEK 86bn in long-term debt, of which SEK 53bn related to covered bond issues. The total issuance volume for 2017 is expected to be slightly higher than in 2016. Maturities for the full-year 2017 are nominally SEK 166bn at the beginning of the year. Issuance plans are mainly affected by changes in deposit volumes and lending growth and are adjusted over the course of the year.

Outstanding short-term funding, commercial paper and Certificates of Deposit included in debt securities in issue amounted to SEK 230bn as of 31 March (SEK 102bn as of 31 December 2016). At the same time SEK 408bn (121) was placed with central banks. The liquidity reserve amounted to SEK 593bn (326) as of 31 March. The Group's liquidity coverage ratio (LCR) was 137 per cent (156), and for USD and EUR was 216 per cent and 166 per cent respectively. NSFR was 109 per cent (108). For more information on funding and liquidity, see notes 15-17, and pages 57-72 of the Fact book.

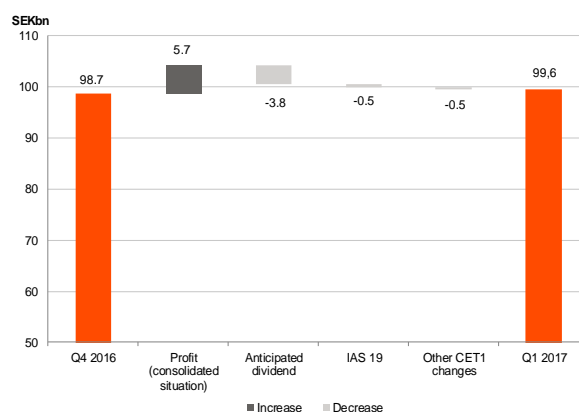
Ratings

During the first quarter there were no changes in Swedbank's ratings.

Capital and capital adequacy

The Common Equity Tier 1 capital ratio was 24.2 per cent on 31 March (25.0 per cent as of 31 December 2016). Common Equity Tier 1 capital increased by SEK 0.9bn during the quarter to SEK 99.6bn. Profit after deducting the proposed dividend positively affected Common Equity Tier 1 capital by SEK 1.8bn. The revaluation of the estimated pension liability according to IAS 19 reduced Common Equity Tier 1 capital by about SEK 0.5bn, mainly due to a lower discount rate.

Change in Common Equity Tier 1 capital, 2017, Swedbank consolidated situation



Swedbank's leverage ratio as of 31 March 2017 was 4.7 per cent (5.4 per cent as of 31 December 2016), because total assets were higher at the end of the first quarter of 2017 than at the end of the fourth of 2016.

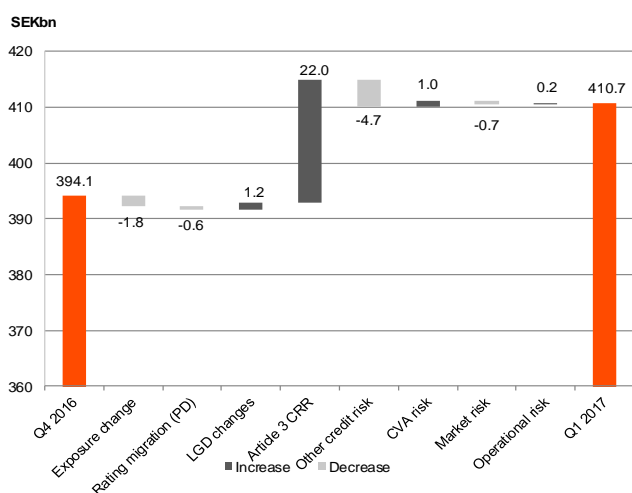
The risk exposure amount (REA) increased by SEK 16.6bn in the first quarter to SEK 410.7bn (SEK 394.1bn as of 31 December 2016). In connection with the planned update of the model for exposures to large corporates, it was noted that the model underestimated the default frequency for oil related exposures and leases. To account for this, Swedbank has chosen to retain more capital as of the first quarter of 2017, pending approval of the updated model by the Swedish Financial Supervisory Authority. This resulted in an increase in REA of SEK 22.0bn for further risk exposure amount in accordance with article 3 CRR.

Excluding the above, REA for credit risks decreased in total by SEK 5.9bn. Lower exposures primarily to corporates reduced REA by SEK 1.8bn. Positive PD migrations (Probability of Default), mainly to private individuals and corporates, reduced REA by SEK 0.6bn. Lower collateral values, which had a negative effect on Loss Given Default (LGD), raised REA by SEK 1.2bn. Other credit risk reduced REA by SEK 4.7bn, mainly driven by increased provisions for Large Corporates & Institutions.

REA for market risks decreased by SEK 0.7bn, mainly driven by lower general interest rate risks. REA for credit valuation adjustments (CVA risk) increased by SEK 1.0bn due to increased exposures.

REA for operational risks increased by SEK 0.2bn during the quarter due to the annual updated calculation.

Change in REA, 2017, Swedbank consolidated situation



Continued uncertainty internationally about capital regulations

Swedbank's total Common Equity Tier 1 capital requirement decreased during the quarter to 21.7 per cent, compared with Swedbank's Common Equity Tier 1 capital ratio of 24.2 per cent as of 31 March 2017. The requirement decreased because the required risk weight floor for mortgages in Pillar 2 decreased in relation to the total risk exposure amount. The total requirement takes into account Swedbank's Common Equity Tier 1 capital requirement for individual Pillar 2 risks of 2.0 per cent as well as all announced increases in the countercyclical buffer. The increase in the countercyclical buffer to 2.0 per cent that the SFSA announced in March 2016 has been applied as of 19 March 2017. The countercyclical buffer requirement also affects Swedbank's capital requirement through the risk weight floor of 25 per cent within Pillar 2 for the Swedish mortgage portfolio.

In February 2016 the Resolution Act (2015:1016) entered into force, giving authorities tools to manage banks in crisis. One of these tools enables the Swedish National Debt Office (SNDO) to write down a bank's liabilities to absorb losses or convert the liabilities to equity to recapitalise the bank. To ensure that the banks have sufficient capital and liabilities to write down or convert in a crisis, a minimum requirement for own funds and eligible liabilities (MREL) that the banks must fulfil is included in the Resolution Act. In February 2017 the SNDO decided how to calculate MREL and which instruments the banks can use to meet the requirement. According to the decision, Sweden's major banks need to have eligible liabilities equal to their total capital requirement less the combined buffer requirement. The SNDO is expected to decide on Swedbank's exact requirement in the fourth quarter of 2017.

On 1 January 2018, when MREL takes effect according to the SNDO's decision, senior unsecured bonds will be considered eligible liabilities. Swedbank currently meets this requirement. As of 2022, however, the banks' eligible liabilities must be subordinated to liabilities that are excluded from write-down or conversion. In November 2016 the EU Commission proposed that the EU's member states amend their national insolvency laws to introduce a new category of debt that is subordinated to liabilities that are excluded from write-down or conversion. Such a change in Sweden would enable Swedish banks to issue debt instruments to fulfil

MREL once the subordination requirement has entered into force.

In November 2016 the EU Commission proposed a package of reforms to the EU's rules for banks. The proposal contained amendments in a number of areas, including the capital requirements within Pillar 2, authorisation to reduce own funds and eligible liabilities, and the framework for MREL. As mentioned above, the proposal also introduces a new category of debt that can be used by the banks to fulfil MREL.

In addition, the Basel Committee is working to limit the differences between banks' risk weights, including a possible capital floor for banks that use internal models. In January 2017 the Basel Committee announced that it had postponed the completion of this work to "the near future" and in March 2017 it reiterated its commitment to finalise the rule changes.

Until the new rules are finalised, and the EU has decided how and when they will be implemented, and thereafter Swedish lawmakers and authorities have decided how they will be implemented in Sweden, it remains uncertain how Swedbank will be affected. With its robust profitability and strong capitalisation, Swedbank is well positioned to meet future changes in capital requirements.

Other events

On 9 January Swedbank announced that the sale of Fastighetsbyrån's holding in Hemnet had been finalised. For Fastighetsbyrån's owner, Swedbank, the sale generated a tax-exempt capital gain of SEK 680m. The capital gain was recognised in Other income in the first quarter.

On 2 February Aet Altroff was appointed Head of Customer Value Management (CVM) and a member of the Group Executive Committee. CVM is a new Group function that will increase customer loyalty through proactive, personalised offerings distributed to customers in the right channels at the right time.

On 22 February Swedbank's Board of Directors announced that it did not intend to file a claim for damages against the bank's former CEO or former Chair, both of whom were denied discharge from liability for the financial year 2015 at the 2016 Annual General Meeting. Based on information known at the time of the decision, the Board found no grounds for the bank to bring legal action for damages against either of them.

Resolutions of the Annual General Meeting on 30 March

Swedbank's Annual General Meeting re-elected Lars Idermark, Ulrika Francke, Bodil Eriksson, Peter Norman and Siv Svensson as Board members. The number of Board members was increased from eight to nine and Mats Granryd, Bo Johansson, Annika Poutiainen and Magnus Uggla were elected as new members. Lars Idermark was elected by the Annual General Meeting as Chair of the Board of Directors.

The Annual General Meeting granted discharge from liability to all members of the Board of Directors for their service in 2016 or portions thereof, including the Chair and the CEO. The former Chair and former CEO were also granted discharge from liability for the periods in 2016 that they were in service.

It was resolved that the dividend distributed to the shareholders for the 2016 financial year would be SEK 13.20 per share. The record day was 3 April 2017.

The Board of Directors' authorisation to decide to acquire the bank's own shares was renewed. The total holding of its own shares (including shares acquired for the bank's trading book) may not exceed ten per cent of the total number of shares in the bank. The Board of Directors was granted a mandate to issue convertibles that can be converted to shares. Not more than 110 million new ordinary shares can be issued by conversion, or a corresponding number due to a bonus issue, share issue, conversion of convertibles, split or reverse share split, or similar corporate actions.

Lastly, the Annual General Meeting approved a common and an individual performance and share based remuneration programme for 2017. It also resolved to transfer shares as a result of these programmes as well as those adopted by previous general meetings.

Events after 31 March 2017

On 4 April Swedbank announced that it had entered a partnership with and invested in the fintech company Mina Tjänster, whose personal finance app makes it easier for people to manage their subscriptions and contracts. The partnership will give Swedbank's customers access to the tool. The investment is Swedbank's first in a fintech company.

Swedish Banking

- Increased lending volumes and margins supported net interest income
- Strong result due to capital gain on the sale of Hemnet
- Transfer of customers between Swedish Banking and Large Corporates & Institutions affects the comparability of net interest income and lending volumes, since there is no restatement of comparative figures

Income statement

SEKm	Q1 2017	Q4 2016	%	Q1 2016	%
Net interest income	3 637	3 656	-1	3 320	10
Net commission income	1 757	1 789	-2	1 620	8
Net gains and losses on financial items at fair value	97	58	67	74	31
Share of profit or loss of associates	144	143	1	190	-24
Other income	828	168		132	
Total income	6 463	5 814	11	5 336	21
Staff costs	827	759	9	836	-1
Variable staff costs	32	35	-9	23	39
Other expenses	1 332	1 409	-5	1 317	1
Depreciation/amortisation	17	23	-26	25	-32
Total expenses	2 208	2 226	-1	2 201	0
Profit before impairments	4 255	3 588	19	3 135	36
Credit impairments	-3	-44	-93	-13	-77
Operating profit	4 258	3 632	17	3 148	35
Tax expense	757	738	3	691	10
Profit for the period	3 501	2 894	21	2 457	42
Profit for the period attributable to the shareholders of Swedbank AB	3 499	2 891	21	2 454	43
Non-controlling interests	2	3	-33	3	-33
Return on allocated equity, % ¹⁾	25,4	21,7		19,3	
Loan/deposit ratio, %	228	229		238	
Credit impairment ratio, % ²⁾	0,00	-0,02		0,00	
Cost/income ratio	0,34	0,38		0,41	
Loans, SEKbn ³⁾	1 116	1 135	-2	1 079	3
Deposits, SEKbn ³⁾	490	496	-1	454	8
Full-time employees	4 148	4 187	-1	4 284	-3

1) For information about average allocated equity see page 17 of the Fact book.

2) For more information about the credit impairment ratio see page 43 of the Fact book.

3) Excluding the Swedish National Debt Office and repurchase agreements.

Result

First quarter 2017 compared with fourth quarter 2016

Profit increased to SEK 3 499m (2 891). The main reason was a one-off effect from the sale of Fastighetsbyråns holding in Hemnet.

Net interest income decreased slightly to SEK 3 637m (3 656). The increased fee to the resolution fund and the transfer of business volumes and financial results for a number of large corporate customers to Large Corporates & Institutions affected net interest income negatively. Higher mortgage volumes and margins affected net interest income positively. Slightly higher margins in corporate lending and deposits also contributed positively.

Household mortgage volume amounted to SEK 726bn at the end of the quarter, an increase of SEK 7bn. As of 28 February 2017 the share of the year's net mortgage growth was 15 per cent and the total market share was 24.7 per cent (24.8 per cent as of 31 December 2016).

Corporate lending amounted to SEK 252bn (278), of which SEK 108bn was loans to property management companies. During the quarter loan volumes of approximately SEK 30bn were transferred to Large Corporates & Institutions. Excluding the transferred

volumes, corporate lending increased by SEK 4bn, mainly in property management and the service sector. The market share, including corporate lending within Large Corporates & Institutions, was 18.2 per cent in February (18.4 per cent as of 31 December 2016).

Household deposit volume was stable during the quarter. Swedbank's share of household deposits was 20.9 per cent as of 28 February (20.8 per cent as of 31 December 2016).

Corporate deposits within Swedish Banking decreased by SEK 6bn during the quarter, mainly due to the customers transferred to Large Corporates & Institutions. Swedbank's market share, including corporate lending within Large Corporates & Institutions, was 19.5 per cent as of 28 February (20.3 per cent as of 31 December 2016).

Net commission income decreased by 2 per cent to SEK 1 757m (1 789), mainly because of lower card commissions due to seasonal effects as well as the discount and fee adjustments made by the card companies last year which had their full impact in the first quarter of 2017. This was partly offset by increased asset management income thanks to higher equity prices and a positive net fund flow.

Other income increased mainly due to the sale of Fastighetsbyrån's holding in Hemnet, which generated a capital gain of SEK 680m.

Total expenses decreased, mainly driven by lower maintenance costs for premises, which was partly offset by seasonal effects on staff costs.

Net recoveries of SEK 3m were recognised in the first quarter, compared with the fourth quarter, when net recoveries of SEK 44m were recognised.

First quarter 2017 compared with first quarter 2016

Profit increased to SEK 3 499m (2 454) due to the capital gain on the sale of Hemnet and higher net interest income and net commission income.

Net interest income increased by 10 per cent to SEK 3 637m (3 320), mainly through higher lending volumes and mortgage margins. This was offset by lower deposit margins, a higher fee to the resolution fund, and the transfer of business volumes and financial results for a number of large corporate customers to Large Corporates & Institutions.

Net commission income increased by 8 per cent to SEK 1 757m (1 620). The increase was mainly due to higher asset management income and card commissions, which was partly offset by lower guarantee commissions and lower income from equity trading and structured products.

Other income increased mainly due to the sale of Fastighetsbyrån's holding in Hemnet.

Total expenses were stable. Staff costs decreased due to a lower number of employees.

Net recoveries amounted to SEK 3m, compared with net recoveries of SEK 13m in the first quarter of 2016.

Business development

Swedish Banking continues to develop its digital channels to meet changing customer needs and increase automation. During the quarter we launched improved functions to apply for consumer loans in the Internet bank. Customers can now handle the entire loan process digitally, from application to payment. Individuals can also become customers of Swedbank directly on our website – without visiting a branch.

The focus on savings that began last year has continued. In the first quarter we had a campaign called "First Pension Aid" targeting private customers and proactively contacted business owners that currently do not have an occupational pension. The response has been positive and contributed to both the public debate and increased pension advice for our customers.

The implementation of a Group-wide corporate strategy continues. Increased cooperation between Swedish Banking and Large Corporates & Institutions has led to the transfer of a number of large corporate customers with more complex needs to Large Corporates & Institutions. Swedish Banking continues to focus on small and medium-sized enterprises. To better meet the needs of these customers, an improved service model is being introduced that will, among other things, increase availability, build corporate competence in every channel and strengthen offerings, including by developing more digital services.

One of the conclusions of the analysis of our broad-based customer survey in autumn 2016 is the importance of increased proactivity and individual meetings and offerings in all channels. The Group's new unit, Customer Value Management, will play an important role in strengthening our ability to create personalised services.

Christer Trägårdh
Head of Swedish Banking

Sweden is Swedbank's largest market, with around 4 million private customers and more than 250 000 corporate customers. This makes it Sweden's largest bank by number of customers. Through our digital channels (Internet Bank and Mobile Bank), the Telephone Bank and branches, and with the cooperation of savings banks and franchisees, we are always available. Swedbank is part of the community. Branch managers have a strong mandate to act in their local communities. The bank's presence and engagement are expressed in various ways. A project called "Young Jobs", which has created several thousand trainee positions for young people, has played an important part in recent years. Swedbank has 241 branches in Sweden.

Baltic Banking

- Increased household lending supported net interest income
- Continued strong credit quality
- Launch of SmartID supports continued digitisation

Income statement

SEKm	Q1 2017	Q4 2016	%	Q1 2016	%
Net interest income	1 001	1 061	-6	934	7
Net commission income	527	582	-9	483	9
Net gains and losses on financial items at fair value	53	62	-15	46	15
Other income	137	151	-9	119	15
Total income	1 718	1 856	-7	1 582	9
Staff costs	219	238	-8	204	7
Variable staff costs	17	15	13	20	-15
Other expenses	373	423	-12	336	11
Depreciation/amortisation	27	28	-4	30	-10
Total expenses	636	704	-10	590	8
Profit before impairments	1 082	1 152	-6	992	9
Impairment of tangible assets	2	20	-90		
Credit impairments	-66	-15		-42	57
Operating profit	1 146	1 147	0	1 034	11
Tax expense	159	169	-6	138	15
Profit for the period	987	978	1	896	10
Profit for the period attributable to the shareholders of Swedbank AB	987	978	1	896	10
Return on allocated equity, % ¹⁾	19,5	19,2		17,8	
Loan/deposit ratio, %	84	83		86	
Credit impairment ratio, % ²⁾	-0,19	-0,04		-0,13	
Cost/income ratio	0,37	0,38		0,37	
Loans, SEKbn ³⁾	141	140	1	127	11
Deposits, SEKbn ³⁾	168	170	-1	147	14
Full-time employees	3 754	3 839	-2	3 831	-2

1) For information about average allocated equity see page 19 of the Fact book.

2) For more information about the credit impairment ratio see page 43 of the Fact book.

3) Excluding the Swedish National Debt Office and repurchase agreements.

Result

First quarter 2017 compared with fourth quarter 2016

Profit increased to SEK 987m (978). Lower income was compensated for by decreased expenses and increased recoveries. FX effects reduced profit by SEK 23m.

Net interest income decreased by 3 per cent in local currency, largely because there were two days fewer in the quarter. The margins in the mortgage portfolio were stable. The margins in corporate lending decreased slightly due to a continued improvement in credit quality. A change in the internal allocation of fees related to the resolution fund and deposit guarantee positively affected net interest income. FX effects reduced net interest income by SEK 23m.

Lending volumes rose by 1 per cent in local currency. Household lending increased by 2 per cent due to stable consumer confidence, wage increases and a better labour market. Corporate lending was stable. Total lending grew in all three Baltic countries.

Deposit volumes decreased by 1 per cent in local currency, mainly due to decreased corporate deposits. Household deposits were unchanged. Total deposit volumes grew in Estonia, but decreased in Latvia and Lithuania.

Net commission income decreased by 7 per cent in local currency, largely due to lower asset management

income compared with the previous quarter, which included annual performance based fees. Also, payment processing income decreased due to the implementation of service packages in Lithuania, which are reported under commission income from deposits and service concepts.

Net gains and losses on financial items fell by 13 per cent in local currency due to lower income from FX trading. Other income decreased by 8 per cent in local currency due to lower income from the insurance business.

Total expenses decreased by 7 per cent in local currency due to seasonally higher expenses in the previous quarter.

Net recoveries amounted to SEK 66m. All three countries reported net recoveries. Underlying credit quality remained strong.

First quarter 2017 compared with first quarter 2016

Profit increased to SEK 987m (896), mainly due to higher income. FX effects raised profit by SEK 25m.

Net interest income rose by 4 per cent in local currency. The increase was mainly due to higher lending volumes, including the loan portfolio acquired from Danske Bank in the second quarter of 2016. A change in the internal allocation of fees related to the resolution fund and deposit guarantee contributed positively. FX effects increased net interest income by SEK 26m.

Lending volumes rose by 8 per cent in local currency, largely due to the loan portfolio acquired from Danske Bank. The total loan portfolio, excluding the acquired loans, also grew with the strongest growth in mortgages, consumer loans and corporate lending.

Deposit volumes grew by 11 per cent in local currency. Deposits increased from both corporate customers and households.

Net commission income rose by 6 per cent in local currency due to higher income from asset management, payment processing and the newly introduced service packages in Lithuania.

Net gains and losses on financial items at fair value increased by 13 per cent in local currency, mainly due to increased income from FX trading. Other income rose by 11 per cent in local currency due to higher income from the insurance business.

Total expenses increased by 5 per cent in local currency. The increase was a result of higher staff costs and a VAT refund in Lithuania in the first quarter of 2016. Expenses for premises and depreciation decreased.

Net recoveries amounted to SEK 66m, compared with net recoveries of SEK 42m in the first quarter of 2016.

Business development

We continue to improve the customer experience in our digital channels. During the first quarter we launched Smart ID, a mobile app for identification and authorisation, providing a safe and convenient way for customers to log in to the Internet Bank and Mobile Bank, make payments and sign documents digitally.

The option of applying for small loans through the Mobile Bank, which was launched late last year, has been positively received by customers and provides further evidence of the increasing use of mobile phones for everyday banking.

Since we launched contactless cards in the Baltic countries in 2016, we have issued more than 500 000 cards. The infrastructure for contactless cards is also growing quickly, and nearly 50 per cent of Swedbank-provided card terminals now have the contactless functionality.

To increase digital awareness and teach customers to use the Mobile Bank, the branches are now equipped with smartphones. This will contribute to a further increase in the number of customers who actively use the Mobile Bank and promote usage of Smart ID. At the end of the first quarter nearly 500 000 customers were actively using mobile banking services.



Priit Perens
Head of Baltic Banking

Swedbank is the largest bank by number of customers in Estonia, Latvia and Lithuania, with around 3.3 million private customers and over 300 000 corporate customers. According to surveys, Swedbank is also the most respected company in the financial sector. Through its digital channels (Telephone Bank, Internet Bank and Mobile Bank) and branches, the bank is always available. Swedbank is part of the local community. Its local social engagement is expressed in many ways, with initiatives to promote education, entrepreneurship and social welfare. Swedbank has 35 branches in Estonia, 41 in Latvia and 65 in Lithuania.

Large Corporates & Institutions

- Lower income, partly due to seasonal effects
- Credit impairment provisions for oil related commitments
- Transfer of customers between Swedish Banking and Large Corporates & Institutions affects the comparability of net interest income and lending volumes, since there is no restatement of comparative figures

Income statement

SEKm	Q1 2017	Q4 2016	%	Q1 2016	%
Net interest income	823	908	-9	766	7
Net commission income	580	691	-16	496	17
Net gains and losses on financial items at fair value	452	530	-15	403	12
Other income	28	13		25	12
Total income	1 883	2 142	-12	1 690	11
Staff costs	382	457	-16	356	7
Variable staff costs	72	60	20	52	38
Other expenses	453	478	-5	385	18
Depreciation/amortisation	16	16	0	14	14
Total expenses	923	1 011	-9	807	14
Profit before impairments	960	1 131	-15	883	9
Impairment of intangible assets		35			
Impairment of tangible assets				6	
Credit impairments	408	652	-37	97	
Operating profit	552	444	24	780	-29
Tax expense	104	115	-10	62	68
Profit for the period	448	329	36	718	-38
Profit for the period attributable to the shareholders of Swedbank AB	448	329	36	718	-38
Return on allocated equity, % ¹⁾	9,0	6,7		15,1	
Loan/deposit ratio, %	137	148		132	
Credit impairment ratio, % ²⁾	0,67	0,84		0,15	
Cost/income ratio	0,49	0,47		0,48	
Loans, SEKbn ³⁾	200	178	12	180	11
Deposits, SEKbn ³⁾	146	116	26	137	7
Full-time employees	1 258	1 270	-1	1 236	2

1) For information about average allocated equity see page 25 of the Fact book.

2) For more information about the credit impairment ratio see page 43 of the Fact book.

3) Excluding the Swedish National Debt Office and repurchase agreements.

Result

First quarter 2017 compared with fourth quarter 2016

Profit increased to SEK 448m (329). Lower income was compensated for by lower expenses and lower credit impairments.

Net interest income decreased by 9 per cent to SEK 823m (908). Net interest income from lending rose due to increased volumes attributable to the transfer of a number of corporate customers from Swedish Banking to Large Corporates & Institutions. Excluding the transferred volumes, lending volumes decreased because a number of loans, primarily for commercial properties and shipping, were repaid, as well as due to FX effects. Net interest income was negatively affected by a higher fee for the resolution fund and a change in the internal allocation of fees related to the resolution fund and deposit guarantee, two fewer days in the quarter, and several small one-off items that contributed positively in the fourth quarter.

Deposit volume increased due to the customer transfer and a temporary increase in deposits from financial institutions. Swedbank still charges financial institutions only for deposits in a few currencies. Net interest income from deposits was positively affected by slightly higher margins due to higher market interest rates.

Net commission income decreased by 16 per cent to SEK 580m (691), mainly because the fourth quarter contained variable compensation for discretionary asset management and the annual fees Swedbank earned as a liquidity guarantor in the covered bond market. Lower card income due to seasonal effects as well as discount and fee adjustments made by the card companies also contributed negatively.

Net gains and losses on financial items at fair value decreased by 15 per cent to SEK 452m (530). The decrease is the result of valuation adjustments on derivative exposures and lower income mainly from FX trading.

Compared with the previous quarter total expenses decreased by 9 per cent, mainly due to restructuring expenses recognised in the fourth quarter.

Credit impairments amounted to SEK 408m (652) in the first quarter, corresponding to a credit impairment ratio of 0.67 per cent. The credit impairments are attributable to oil related commitments in Norway.

First quarter 2017 compared with first quarter 2016

Profit decreased to SEK 448m (718). Higher income was offset by higher expenses and higher credit impairments.

Net interest income increased by 7 per cent to SEK 823m (766). Net interest income from lending rose due to increased volumes from the transfer of a number of corporate customers from Swedish Banking to Large Corporates & Institutions. FX effects positively affected lending volume by SEK 5.7bn. Net interest income related to deposits increased due to higher volumes and charges for negative interest rates to financial institutions.

Net commission income rose by 17 per cent to SEK 580m (496). The increase is due to increased income related to equities and bond issues, increased loan commitment commissions and lower sales commissions for structured products to Swedish Banking and the savings banks.

Net gains and losses on financial items at fair value increased by 12 per cent to SEK 452m (403). Lower income from FX trading was compensated for by positive valuation adjustments on derivative exposures.

Total expenses increased by 14 per cent compared with the first quarter of 2016, mainly due to increased staff costs and IT development.

Credit impairments amounted to SEK 408m, compared with SEK 97m in the first quarter of 2016. The impairments were primarily attributable to increased provisions for exposures in oil related sectors. The share of impaired loans was 1.42 per cent.

Business development

Swedbank has formulated a new corporate strategy designed to improve the way we provide services and even better meet the needs of various corporate customers. Increased cooperation between Large Corporates & Institutions and Swedish Banking is an important part of the strategy. As a result, a number of corporate customers who have developed more complex needs have been transferred from Swedish Banking to Large Corporates & Institutions, giving them more access to sector and product expertise.

In February twenty employees from Capital Markets and Research decided to leave the bank's Norwegian business. The recruitment of replacements began immediately and at the end of February, Per Olav Langaker was appointed as the bank's new head of Corporate Finance in Norway. The Norwegian business is an important part of the bank's Nordic corporate offering. We will continue to build a strong position in the Norwegian capital market by further strengthening our analysis and distribution capacity. To be relevant in the Norwegian business sector, it is important to have both a local presence and competence.

Swedbank is a leading player in the energy sector and in March held the Swedbank Energy Summit in Oslo for the 22nd time. The event gives energy companies and investors an opportunity to discuss sector specific challenges and opportunities. One of the main speakers was Professor Jeffrey D Sachs, one of the world's leading experts on sustainable development and global macroeconomics.

Swedbank was named Best Trade Finance Provider 2017 in both Latvia and Lithuania by the magazine Global Finance.



Elisabeth Beskow & Ola Laurin
Co-Heads of Large Corporates & Institutions

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

Group Functions & Other

Income statement

SEKm	Q1 2017	Q4 2016	%	Q1 2016	%
Net interest income	512	376	36	441	16
Net commission income	-54	-18		39	
Net gains and losses on financial items at fair value	-114	-363	-69	-122	-7
Share of profit or loss of associates	31	-34		1	
Other income	262	191	37	207	27
Total income	637	152		566	13
Staff costs	848	829	2	778	9
Variable staff costs	51	47	9	37	38
Other expenses	-688	-729	-6	-642	7
Depreciation/amortisation	75	86	-13	85	-12
Total expenses	286	233	23	258	11
Profit before impairments	351	-81		308	14
Impairment of tangible assets		1		2	
Credit impairments				-7	
Operating profit	351	-82		313	12
Tax expense	161	-26		70	
Profit for the period	190	-56		243	-22
Profit for the period attributable to the shareholders of Swedbank AB	190	-56		243	-22
Full-time employees	4 907	4 765	3	4 543	8

Net interest income and net gains and losses on financial items mainly stem from Group Treasury. Other income mainly refers to income from the savings banks. Expenses mainly relate to Group Lending & Payments, Group Savings and Group Staffs and are allocated to a large extent.

First quarter 2017 compared with fourth quarter 2016

Profit increased to SEK 190m (-56) during the quarter. The main reason was that Group Treasury's profit rose to SEK 230m (-38).

Net interest income increased to SEK 512m (376). Net interest income within Group Treasury rose to SEK 514m (369), mainly due to positive effects from covered bond repurchases in the fourth quarter of 2016, as well as temporarily more favourable currency swap terms.

Net gains and losses on financial items at fair value improved to SEK -114m (-363). Net gains and losses on financial items within Group Treasury increased to SEK -118m (-359), mainly because the negative valuation effects at the end of 2016 related to increased volatility in the currency swap market at the end of the year were reversed in early 2017. Covered bond repurchases continue to have a negative effect, but less than in the fourth quarter.

Expenses increased to SEK 286m (233), mainly due to higher staff, consulting and marketing costs.

First quarter 2017 compared with first quarter 2016

Profit decreased to SEK 190m (243). Group Treasury's profit decreased to SEK 230m (269).

Net interest income rose to SEK 512m (441). Group Treasury's net interest income increased to SEK 514m (450) due to positive effects in the first quarter of 2017 from covered bond repurchases.

Net gains and losses on financial items at fair value amounted to SEK -114m (-122). Net gains and losses on financial items within Group Treasury decreased to SEK -118m (-110) due to slightly higher covered bond repurchase volumes.

Expenses increased to SEK 286m (258), mainly due to higher staff and IT costs.

Group Functions & Other consists of central business support units and the product areas Group Lending & Payments and Group Savings. The central units serve as strategic and administrative support and comprise Accounting & Finance, Communication, Risk, IT, Compliance, Public Affairs, HR and Legal. Group Treasury is responsible for the bank's funding, liquidity and capital planning. Group Treasury sets the prices on all internal deposit and loan flows in the Group through internal interest rates, where the most important parameters are maturity, interest fixing period, currency and need for liquidity reserves.

Eliminations

Income statement

SEKm	Q1 2017	Q4 2016	%	Q1 2016	%
Net interest income	-2	-1	100		
Net commission income	12	11	9	7	71
Net gains and losses on financial items at fair value	-2	-2	0	-1	100
Other income	-58	-25		-36	-61
Total income	-50	-17		-30	67
Staff costs				1	
Variable staff costs					
Other expenses	-50	-17		-31	61
Depreciation/amortisation					
Total expenses	-50	-17		-30	67

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

Alternative performance measures

Swedbank prepares its financial statements in accordance with IFRS as issued by the IASB, as set out in Note 1. The interim report includes a number of alternative performance measures, which exclude certain items which management believes are not representative of the underlying/ongoing performance of the business. Therefore the alternative performance measures provide more comparative information between periods. Management believes that inclusion of these measures provides information to the readers that enable comparability between periods. These alternative performance measures are set out below.

Measure	Definition	Purpose												
Net stable funding ratio (NSFR)	NSFR aims to have a sufficiently large proportion of stable funding in relation to long-term assets. The measure is governed by the EU's Capital Requirements Regulation (CRR); however no calculation methods have yet been established. Consequently, the measure cannot be calculated based on current rules. NSFR is presented in accordance with Swedbank's interpretation of the Basel Committee's recommendation (BCBS295).	This measure is relevant for investors since it will be required in the near future and as it is already followed as part of internal governance.												
Net interest margin before trading interest is deducted	Net interest margin before trading interest is deducted is calculated as Net interest income before trading interest is deducted, in relation to average total assets. The average is calculated using month-end figures, including the prior year end. The closest IFRS measure is Net interest income and can be reconciled in Note 5.	The presentation of this measure is relevant for investors as it considers all interest income and interest expense, independent of how it has been presented in the income statement.												
Allocated equity	Allocated equity is the operating segment's equity measure and is not a measure that is directly required by IFRS. The Group's equity attributable to shareholders is allocated to each operating segment based on capital adequacy rules and estimated capital requirements based on the bank's internal Capital Adequacy Assessment Process (ICAAP). The allocated equity amounts per operating segment are reconciled to the Group Total equity, the nearest IFRS measure, in Note 4.	The presentation of this measure is relevant for investors since it used by Group management for internal governance and operating segment performance management purposes.												
Return on allocated equity	Return on allocated equity for the operating segments is calculated based on profit for the year for the operating segment (operating profit less estimated tax and non-controlling interests), in relation to average allocated equity for the operating segment. The average is calculated using month-end figures, including the prior year end. The allocated equity amounts per operating segment are reconciled to the Group Total equity, the nearest IFRS measure, in Note 4.	The presentation of this measure is relevant for investors since it used by Group management for internal governance and operating segment performance management purposes.												
Effective tax rate excluding tax-exempt Hemnet gain	The effective tax rate excluding the tax-exempt Hemnet gain is calculated as Adjusted operating profit in relation to Tax expense. Adjusted operation profit represents Operating profit excluding the non-taxable one-off Hemnet income and is reconciled to Operating profit, the nearest IFRS measure below.	The presentation of this measure is relevant for investors as it provides comparability of figures between reporting periods.												
	<table> <thead> <tr> <th>SEKm</th> <th>Q1 2017</th> </tr> </thead> <tbody> <tr> <td>Operating profit</td> <td>6 307</td> </tr> <tr> <td>Non-taxable one-off Hemnet income</td> <td>680</td> </tr> <tr> <td>Adjusted operating profit</td> <td>5 627</td> </tr> <tr> <td>Tax expense</td> <td>1 181</td> </tr> <tr> <td>Adjusted tax rate</td> <td>21.0%</td> </tr> </tbody> </table>	SEKm	Q1 2017	Operating profit	6 307	Non-taxable one-off Hemnet income	680	Adjusted operating profit	5 627	Tax expense	1 181	Adjusted tax rate	21.0%	
SEKm	Q1 2017													
Operating profit	6 307													
Non-taxable one-off Hemnet income	680													
Adjusted operating profit	5 627													
Tax expense	1 181													
Adjusted tax rate	21.0%													

Group	Page
Income statement, condensed	22
Statement of comprehensive income, condensed	23
Balance sheet, condensed	24
Statement of changes in equity, condensed	25
Cash flow statement, condensed	26
Notes	
Note 1 Accounting policies	27
Note 2 Critical accounting estimates	27
Note 3 Changes in the Group structure	27
Note 4 Operating segments (business areas)	28
Note 5 Net interest income	30
Note 6 Net commission income	31
Note 7 Net gains and losses on financial items at fair value	31
Note 8 Other expenses	32
Note 9 Credit impairments	32
Note 10 Loans	33
Note 11 Impaired loans etc.	34
Note 12 Assets taken over for protection of claims and cancelled leases	34
Note 13 Credit exposures	34
Note 14 Intangible assets	35
Note 15 Amounts owed to credit institutions	35
Note 16 Deposits and borrowings from the public	35
Note 17 Debt securities in issue and subordinated liabilities	36
Note 18 Derivatives	36
Note 19 Financial instruments carried at fair value	37
Note 20 Pledged collateral	39
Note 21 Offsetting financial assets and liabilities	39
Note 22 Capital adequacy consolidated situation	40
Note 23 Internal capital requirement	43
Note 24 Risks and uncertainties	43
Note 25 Related-party transactions	44
Note 26 Swedbank's share	44
Note 27 Effects of changed reporting of the compensation to the Savings banks for mortgage loans	45
Parent company	
Income statement, condensed	47
Statement of comprehensive income, condensed	47
Balance sheet, condensed	48
Statement of changes in equity, condensed	49
Cash flow statement, condensed	49
Capital adequacy	50

More detailed information including definitions can be found in Swedbank's Fact book, www.swedbank.com/ir, under Financial information and publications.

Income statement, condensed

Group SEKm	Q1 2017	Q4 2016	%	Q1 2016	%
Interest income	8 334	7 928	5	8 269	1
Negative yield on financial assets	-424	-377	12		
Interest income, including negative yield on financial assets	7 910	7 551	5	8 269	-4
Interest expenses	-2 087	-1 908	9	-2 808	-26
Negative yield on financial liabilities	148	357	-59		
Interest expenses, including negative yield on financial liabilities	-1 939	-1 551	25	-2 808	-31
Net interest income (note 5)	5 971	6 000	0	5 461	9
Commission income	4 036	4 290	-6	3 683	10
Commission expenses	-1 214	-1 235	-2	-1 038	17
Net commission income (note 6)	2 822	3 055	-8	2 645	7
Net gains and losses on financial items at fair value (note 7)	486	285	71	400	22
Insurance premiums	640	582	10	505	27
Insurance provisions	-444	-362	23	-348	28
Net insurance	196	220	-11	157	25
Share of profit or loss of associates	175	109	61	191	-8
Other income	1 001	278		290	
Total income	10 651	9 947	7	9 144	16
Staff costs	2 448	2 440	0	2 307	6
Other expenses (note 8)	1 420	1 564	-9	1 365	4
Depreciation/amortisation	135	153	-12	154	-12
Total expenses	4 003	4 157	-4	3 826	5
Profit before impairments	6 648	5 790	15	5 318	25
Impairment of intangible assets (note 14)		35			
Impairment of tangible assets	2	21	-90	8	-75
Credit impairments (note 9)	339	593	-43	35	
Operating profit	6 307	5 141	23	5 275	20
Tax expense	1 181	996	19	961	23
Profit for the period	5 126	4 145	24	4 314	19
Profit for the period attributable to the shareholders of Swedbank AB	5 124	4 142	24	4 311	19
Non-controlling interests	2	3	-33	3	-33
SEK					
Earnings per share, SEK	4,61	3,73		3,89	
after dilution	4,59	3,70		3,87	

Statement of comprehensive income, condensed

Group SEKm	Q1	Q4	%	Q1	%
	2017	2016		2016	
Profit for the period reported via income statement	5 126	4 145	24	4 314	19
Items that will not be reclassified to the income statement					
Remeasurements of defined benefit pension plans	-604	1 782		-2 355	-74
Share related to associates	-20	65		-60	-67
Income tax	137	-407		531	-74
Total	-487	1 440		-1 884	-74
Items that may be reclassified to the income statement					
Exchange differences, foreign operations					
Gains/losses arising during the period	-87	-256	-66	275	
Hedging of net investments in foreign operations:					
Gains/losses arising during the period	81	221	-63	-242	
Cash flow hedges:					
Gains/losses arising during the period	-113	-72	57	81	
Reclassification adjustments to income statement, net interest income	3	3	0	4	-25
Share of other comprehensive income of associates	-14	-20	-30	30	
Income tax					
Income tax	7	-35		36	-81
Reclassification adjustments to income statement, tax	-1	-1	0	-1	-25
Total	-124	-160	-23	183	
Other comprehensive income for the period, net of tax	-611	1 280		-1 701	-64
Total comprehensive income for the period	4 515	5 425	-17	2 613	73
Total comprehensive income attributable to the shareholders of Swedbank AB	4 512	5 422	-17	2 610	73
Non-controlling interests	3	3	0	3	0

For January-March 2017 an expense of SEK 487m (- 1 884) was recognised in other comprehensive income after tax, including remeasurements of defined benefit pension plans in associates. The 2017 expense arose primarily because market interest rates fell from year end. As per March 31 the discount rate, which is used to calculate the closing pension obligation, was 2.59 per cent, compared with 2.79 per cent at year end. The market's future inflation expectations were basically unchanged compared with the beginning of the year. The inflation assumption was 1.83 per cent. The fair value of plan assets increased during the first quarter 2017 by SEK 130m. As a whole, the obligation for defined benefit pension plans exceeded the fair value of plan assets by SEK 1 944m.

For January-March 2017 an exchange difference of SEK 87m (275) was recognised for the Group's foreign net investments in subsidiaries. In addition, an exchange rate difference of SEK -15m (29) for the Group's foreign net investments in associates is included in Share related to associates. The loss related to subsidiaries and associates mainly arose because the Swedish krona strengthened during the year against the euro respective Norwegian krona. The total loss of SEK102m is not taxable. Since the large part of the Group's foreign net investments is hedged against currency risk, a loss of SEK 81m before tax arose for the hedging instruments, compared with a year-earlier gain of SEK 242m.

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

Balance sheet, condensed

Group SEKm	31 Mar 2017	31 Dec 2016	Δ		31 Mar 2016	
			SEKm	%		%
Assets						
Cash and balance with central banks	407 299	121 347	285 952		339 306	20
Loans to credit institutions (note 10)	39 128	32 197	6 931	22	90 980	-57
Loans to the public (note 10)	1 525 393	1 507 247	18 146	1	1 497 907	2
Value change of interest hedged item in portfolio hedge	1 228	1 482	-254	-17	1 941	-37
Interest-bearing securities	174 754	182 072	-7 318	-4	162 994	7
Financial assets for which customers bear the investment risk	168 293	160 114	8 179	5	150 022	12
Shares and participating interests	46 014	23 897	22 117	93	8 600	
Investments in associates	7 265	7 319	-54	-1	5 473	33
Derivatives (note 18)	76 642	87 811	-11 169	-13	99 002	-23
Intangible fixed assets (note 14)	14 367	14 279	88	1	13 750	4
Tangible assets	1 845	1 864	-19	-1	1 961	-6
Current tax assets	1 200	1 796	-596	-33	2 679	-55
Deferred tax assets	187	160	27	17	191	-2
Other assets	20 331	8 067	12 264		22 664	-10
Prepaid expenses and accrued income	4 739	4 551	188	4	6 319	-25
Total assets	2 488 685	2 154 203	334 482	16	2 403 789	4
Liabilities and equity						
Amounts owed to credit institutions (note 15)	128 015	71 831	56 184	78	145 631	-12
Deposits and borrowings from the public (note 16)	917 647	792 924	124 723	16	919 877	0
Financial liabilities for which customers bear the investment risk	170 535	161 051	9 484	6	155 635	10
Debt securities in issue (note 17)	975 920	841 673	134 247	16	861 484	13
Short positions, securities	20 507	11 614	8 893	77	26 970	-24
Derivatives (note 18)	62 657	85 589	-22 932	-27	85 601	-27
Current tax liabilities	2 233	992	1 241		1 003	
Deferred tax liabilities	2 168	2 438	-270	-11	2 612	-17
Pension provisions	1 944	1 406	538	38	967	
Insurance provisions	1 825	1 820	5	0	1 758	4
Other liabilities and provisions	45 673	14 989	30 684		39 465	16
Accrued expenses and prepaid income	12 954	10 917	2 037	19	14 647	-12
Subordinated liabilities (note 17)	26 980	27 254	-274	-1	22 107	22
Total liabilities	2 369 058	2 024 498	344 560	17	2 277 757	4
Equity						
Non-controlling interests	193	190	3	2	182	6
Equity attributable to shareholders of the parent company	119 434	129 515	-10 081	-8	125 850	-5
Total equity	119 627	129 705	-10 078	-8	126 032	-5
Total liabilities and equity	2 488 685	2 154 203	334 482	16	2 403 789	4

Balance sheet analysis

Total assets have increased by SEK 334bn from 1 January 2016. Assets increased mainly due to higher cash and balances with central banks, which rose by SEK 286bn. The increases are mainly attributable to higher deposits with the US Federal Reserve and central banks in the euro system. Lending to the public, excluding the National Debt Office and repos, increased by SEK 4bn. Deposits and borrowings from the public, excluding the National Debt Office and repos rose by a total of SEK 116bn. The increase related mainly corporate deposits. Lending to credit institutions increased by SEK 7bn at the same time that amounts owed to them increased by SEK 56bn. Balance sheet items related to credit institutions fluctuate over time depending on repos, among other things. Customer's demand on equity swaps, since last year, has increased with the nominal amount SEK 27b. This led to the Group increasing the value in shares in order to neutralize the share price risk. In total the holdings in shares increased by SEK 22bn. The market value of derivatives decreased on both the asset and liability side, mainly due to large movements in interest rates and currencies. The increase in securities in issue was mainly a result of higher issued volumes compared with repaid short-term securities funding of SEK 130bn. Long-term securities funding increased by SEK 45bn as an effect of higher issued volumes compared with repaid funding.

Statement of changes in equity, condensed

Group SEKm	Shareholders' equity					Non-controlling interests		Total equity	
	Share capital	Other contributed equity ¹⁾	Exchange differences, subsidiaries and associates	Hedging of net investments in foreign operations	Cash flow hedges	Retained earnings	Total		
January-March 2016									
Opening balance 1 January 2016	24 904	17 275	836	-704	17	80 835	123 163	179	123 342
Share based payments to employees						113	113		113
Deferred tax related to share based payments to employees						-68	-68		-68
Current tax related to share based payments to employees						32	32		32
Total comprehensive income for the period			304	-188	67	2 427	2 610	3	2 613
of which reported through profit or loss						4 311	4 311	3	4 314
of which reported through other comprehensive income			304	-188	67	-1 884	-1 701		-1 701
Closing balance 31 March 2016	24 904	17 275	1 140	-892	84	83 339	125 850	182	126 032
January-December 2016									
Opening balance 1 January 2016	24 904	17 275	836	-704	17	80 835	123 163	179	123 342
Dividends						-11 880	-11 880	-5	-11 885
Share based payments to employees						378	378		378
Deferred tax related to share based payments to employees						-15	-15		-15
Current tax related to share based payments						34	34		34
Contribution								3	3
Total comprehensive income for the period			1 765	-1 044	60	17 054	17 835	13	17 848
of which reported through profit or loss						19 539	19 539	13	19 552
of which reported through other comprehensive income			1 765	-1 044	60	-2 485	-1 704		-1 704
Closing balance 31 December 2016	24 904	17 275	2 601	-1 748	77	86 406	129 515	190	129 705
January-March 2017									
Opening balance 1 January 2017	24 904	17 275	2 601	-1 748	77	86 406	129 515	190	129 705
Dividends						-14 695	-14 695		-14 695
Share based payments to employees						103	103		103
Deferred tax related to share based payments to employees						-38	-38		-38
Current tax related to share based payments to employees						37	37		37
Total comprehensive income for the period			-103	63	-85	4 637	4 512	3	4 515
of which reported through profit or loss						5 124	5 124	2	5 126
of which reported through other comprehensive income			-103	63	-85	-487	-612	1	-611
Closing balance 31 March 2017	24 904	17 275	2 498	-1 685	-8	76 450	119 434	193	119 627

¹⁾ Other contributed equity consists mainly of share premiums.

Cash flow statement, condensed

Group SEKm	Jan-Mar 2017	Full-year 2016	Jan-Mar 2016
Operating activities			
Operating profit	6 307	23 761	5 275
Adjustments for non-cash items in operating activities	370	-2 174	4 703
Taxes paid	344	-3 583	-1 593
Increase/decrease in loans to credit institutions	-6 938	54 341	-4 565
Increase/decrease in loans to the public	-19 161	-90 692	-83 357
Increase/decrease in holdings of securities for trading	-13 951	-29 220	6 003
Increase/decrease in deposits and borrowings from the public including retail bonds	125 129	38 245	170 710
Increase/decrease in amounts owed to credit institutions	56 335	-79 929	-4 958
Increase/decrease in other assets	833	7 829	-10 543
Increase/decrease in other liabilities	9 032	27 777	40 235
Cash flow from operating activities	158 300	-53 645	121 910
Investing activities			
Business combinations		-19	
Business disposals	58	20	
Acquisitions of and contributions to associates		-7	-7
Acquisitions of other fixed assets and strategic financial assets	-111	-451	-119
Disposals/maturity of other fixed assets and strategic financial assets	650	763	9
Cash flow from investing activities	597	306	-117
Financing activities			
Issuance of interest-bearing securities	86 077	160 474	67 856
Redemption of interest-bearing securities	-74 362	-147 393	-50 881
Issuance of commercial paper etc.	274 642	816 259	190 914
Redemption of commercial paper etc.	-144 479	-831 404	-177 052
Dividends paid	-14 695	-11 885	
Cash flow from financing activities	127 183	-13 949	30 837
Cash flow for the period	286 080	-67 288	152 630
Cash and cash equivalents at the beginning of the period	121 347	186 312	186 312
Cash flow for the period	286 080	-67 288	152 630
Exchange rate differences on cash and cash equivalents	-128	2 323	364
Cash and cash equivalents at end of the period	407 299	121 347	339 306

During the first quarter of 2017, the associated company Hemnet AB was sold. Swedbank received a payment of SEK 649m. The capital gain was SEK 680 million.

Note 1 Accounting policies

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

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

The accounting policies applied in the interim report conform to those applied in the Annual Report for 2016, which was prepared in accordance with International Financial Reporting Standards as adopted by the European Union and interpretations thereof. There have been no significant changes to the Group's accounting policies set out in the 2016 Annual Report, except for the changes as set out below.

Note 2 Critical accounting estimates

Presentation of consolidated financial statements in conformity with IFRS requires the executive management to make judgments and estimates that affect the recognised amounts for assets, liabilities and disclosures of contingent assets and liabilities as of the closing day as well as the recognised income and expenses during the report period. The executive management continuously evaluates these judgments and estimates, including assessing control over investment funds, the fair value of financial instruments, provisions for credit impairments, impairment testing of

Changed reporting of the compensation to the Savings banks for mortgage loans

Swedbank and the Savings banks, as of 1 January 2017, changed their bilateral contract regarding how the compensation will be divided between brokerage services and on-going administrative services for mortgages. Brokerage services costs for loans will be added to the loans acquisitions value and will be part of the loans effective interest. It causes that the transaction cost reports as a reduction of the interest income during the loans term. Costs for administrative services will be reported as an expense. Restatement of the historical comparative figures has been made according the new agreement to better illustrate trends between periods. The change affects the interest income and expenses, but not the total result. Change in presentation of revenues and expenses will be presented in the note 27.

goodwill, deferred taxes and defined benefit pension provisions. There have been no significant changes to the basis upon which the critical accounting policies and judgments have been determined compared with 31 December 2016.

Note 3 Changes in the Group structure

External

No significant changes to the Group structure occurred during the first quarter 2017.

Note 4 Operating segments (business areas)

Q1 2017 SEKm	Swedish Banking	Baltic Banking	Large Corporates & Institutions	Group Functions & Other	Eliminations	Group
Income statement						
Net interest income	3 637	1 001	823	512	-2	5 971
Net commission income	1 757	527	580	-54	12	2 822
Net gains and losses on financial items at fair value	97	53	452	-114	-2	486
Share of profit or loss of associates	144			31		175
Other income	828	137	28	262	-58	1 197
Total income	6 463	1 718	1 883	637	-50	10 651
of which internal income	23		10	182	-215	
Staff costs	827	219	382	848		2 276
Variable staff costs	32	17	72	51		172
Other expenses	1 332	373	453	-688	-50	1 420
Depreciation/amortisation	17	27	16	75		135
Total expenses	2 208	636	923	286	-50	4 003
Profit before impairments	4 255	1 082	960	351		6 648
Impairment of tangible assets		2				2
Credit impairments	-3	-66	408			339
Operating profit	4 258	1 146	552	351		6 307
Tax expense	757	159	104	161		1 181
Profit for the period	3 501	987	448	190		5 126
Profit for the period attributable to the shareholders of Swedbank AB	3 499	987	448	190		5 124
Non-controlling interests	2					2
Balance sheet, SEKbn						
Cash and balances with central banks		3	7	397		407
Loans to credit institutions	6		49	224	-240	39
Loans to the public	1 116	140	269			1 525
Bonds and other interest-bearing securities		1	46	130	-2	175
Financial assets for which customers bear inv. risk	164	4				168
Investments in associates	4			3		7
Derivatives			84	33	-40	77
Total tangible and intangible assets	2	11		3		16
Other assets	6	33	63	483	-510	75
Total assets	1 298	192	518	1 273	-792	2 489
Amounts owed to credit institutions	21		195	146	-234	128
Deposits and borrowings from the public	495	168	167	94	-6	918
Debt securities in issue			18	964	-6	976
Financial liabilities for which customers bear inv. risk	167	4				171
Derivatives			82	21	-40	63
Other liabilities	559		34		-506	87
Subordinated liabilities				27		27
Total liabilities	1 242	172	496	1 252	-792	2 370
Allocated equity	56	20	22	21		119
Total liabilities and equity	1 298	192	518	1 273	-792	2 489
Key figures						
Return on allocated equity, %	25,4	19,5	9,0	2,3		15,9
Cost/income ratio	0,34	0,37	0,49	0,45		0,38
Credit impairment ratio, % ¹	0,00	-0,19	0,67	0,00		0,09
Loan/deposit ratio, %	228	84	137			162
Loans, SEKbn ²	1 116	141	200			1 457
Deposits, SEKbn ²	490	168	146	94		898
Risk exposure amount, SEKbn	173	79	134	25		411
Full-time employees	4 148	3 754	1 258	4 907		14 067
Allocated equity, average, SEKbn	55	20	20	33		129

¹⁾ For more information about the Credit impairment ratio see page 43 of the Fact book.

²⁾ Excluding the Swedish National Debt Office and repurchase agreements.

Q1 2016 SEKm	Swedish Banking	Baltic Banking	Large Corporates & Institutions	Group Functions & Other	Eliminations	Group
Income statement						
Net interest income	3 320	934	766	441		5 461
Net commission income	1 620	483	496	39	7	2 645
Net gains and losses on financial items at fair value	74	46	403	-122	-1	400
Share of profit or loss of associates	190			1		191
Other income	132	119	25	207	-36	447
Total income	5 336	1 582	1 690	566	-30	9 144
of which internal income	28		18	157	-203	
Staff costs	836	204	356	778	1	2 175
Variable staff costs	23	20	52	37		132
Other expenses	1 317	336	385	-642	-31	1 365
Depreciation/amortisation	25	30	14	85		154
Total expenses	2 201	590	807	258	-30	3 826
Profit before impairments	3 135	992	883	308		5 318
Impairment of intangible assets						
Impairment of tangible assets			6	2		8
Credit impairments	-13	-42	97	-7		35
Operating profit	3 148	1 034	780	313		5 275
Tax expense	691	138	62	70		961
Profit for the period	2 457	896	718	243		4 314
Profit for the period attributable to the shareholders of Swedbank AB	2 454	896	718	243		4 311
Non-controlling interests	3					3
Balance sheet, SEKbn						
Cash and balances with central banks		2	1	336		339
Loans to credit institutions	39		70	181	-199	91
Loans to the public	1 079	127	289	3		1 498
Bonds and other interest-bearing securities		1	71	102	-11	163
Financial assets for which customers bear inv. risk	150	3			-3	150
Investments in associates	3			2		5
Derivatives			111	46	-58	99
Total tangible and intangible assets	2	11		3		16
Other assets	6	26	32	565	-586	43
Total assets	1 279	170	574	1 238	-857	2 404
Amounts owed to credit institutions	55		178	106	-193	146
Deposits and borrowings from the public	459	147	144	177	-7	920
Debt securities in issue			17	861	-17	861
Financial liabilities for which customers bear inv. risk	153	3				156
Derivatives			107	37	-58	86
Other liabilities	561		108		-582	87
Subordinated liabilities				22		22
Total liabilities	1 228	150	554	1 203	-857	2 278
Allocated equity	51	20	20	35		126
Total liabilities and equity	1 279	170	574	1 238	-857	2 404
Key figures						
Return on allocated equity, %	19,3	17,8	15,1	2,8		13,8
Cost/income ratio	0,41	0,37	0,48	0,46		0,42
Credit impairment ratio, % ¹	0,00	-0,13	0,15	-0,13		0,01
Loan/deposit ratio, %	238	86	132			152
Loans, SEKbn ²	1 079	127	180			1 386
Deposits, SEKbn ²	454	147	137	171		909
Risk exposure amount, SEKbn	186	74	120	19		399
Full-time employees	4 284	3 831	1 236	4 543		13 894
Allocated equity, average, SEKbn	51	20	19	35		125

¹⁾ For more information about the Credit impairment ratio see page 43 of the Fact book.

²⁾ Excluding the Swedish National Debt Office and repurchase agreements.

Operating segments' accounting policies

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

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

The return on allocated equity for the operating segments is calculated based on profit for the period for the operating segment (operating profit less estimated tax and non-controlling interests), in relation to average monthly allocated equity for the operating segment. For period shorter than one year the key ratio is annualised.

Note 5 Net interest income

Group SEKm	Q1 2017	Q4 2016	%	Q1 2016	%
Interest income					
Loans to credit institutions	1	-44		62	-98
Loans to the public	7 463	7 555	-1	7 522	-1
Interest-bearing securities	70	116	-40	226	-69
Derivatives	289	179	61	432	-33
Other	274	9		252	9
Total interest income including negative yield on financial assets	8 097	7 815	4	8 494	-5
deduction of trading interests reported in net gains and losses on financial items at fair value	187	264	-29	225	-17
Interest income, including negative yield on financial assets, according to income statement	7 910	7 551	5	8 269	-4
Interest expenses					
Amounts owed to credit institutions	-529	98		-111	
Deposits and borrowings from the public	-266	-166	60	-310	-14
of which deposit guarantee fees	-118	-110	7	-124	-5
Debt securities in issue	-3 129	-3 164	-1	-3 104	1
Subordinated liabilities	-304	-251	21	-263	16
Derivatives	2 721	2 192	24	1 155	
Other	-350	-163		-186	88
of which government stabilisation fund fee	-343	-160		-169	
Total interest expenses including negative yield on financial liabilities	-1 857	-1 454	28	-2 819	-34
deduction of trading interests reported in net gains and losses on financial items at fair value	82	97	-15	-11	
Interest expenses, including negative yield on financial liabilities, according to income statement	-1 939	-1 551	25	-2 808	-31
Net interest income	5 971	6 000	0	5 461	9
Net interest margin before trading interest is deducted	1,05	1,09		0,98	
Average total assets	2 386 467	2 329 844	2	2 312 785	3

Note 6 Net commission income

Group SEKm	Q1 2017	Q4 2016	%	Q1 2016	%
Commission income					
Payment processing	424	463	-8	425	0
Card commissions	1 133	1 229	-8	1 056	7
Service concepts	147	131	12	128	15
Asset management and custody fees	1 454	1 523	-5	1 263	15
Life insurance	169	158	7	161	5
Brokerage and other securities	168	206	-18	136	24
Corporate finance	45	57	-21	18	
Lending	222	251	-12	235	-6
Guarantees	54	55	-2	51	6
Deposits	49	32	53	35	40
Real estate brokerage	43	53	-19	46	-7
Non-life insurance	13	21	-38	14	-7
Other commission income	115	111	4	115	0
Total commission income	4 036	4 290	-6	3 683	10
Commission expenses					
Payment processing	-244	-253	-4	-239	2
Card commissions	-469	-488	-4	-403	16
Service concepts	-2	-4	-50	-4	-50
Asset management and custody fees	-324	-318	2	-278	17
Life insurance	-46	-43	7	-45	2
Brokerage and other securities	-76	-72	6	-16	
Lending and guarantees	-11	-20	-45	-19	-42
Non-life insurance	-4	-4	0	-3	33
Other commission expenses	-38	-33	15	-31	23
Total commission expenses	-1 214	-1 235	-2	-1 038	17
Total Net commission income	2 822	3 055	-8	2 645	7

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

Group SEKm	Q1 2017	Q4 2016	%	Q1 2016	%
Valuation category, fair value through profit or loss					
Shares and share related derivatives	-67	51		143	
of which dividend	98	34		-22	
Interest-bearing securities and interest related derivatives	293	95		286	2
Loans to the public	-377	-483	-22	-172	
Financial liabilities	80	93	-14	-32	
Other financial instruments		-51		36	
Total fair value through profit or loss	-71	-295	-76	261	
Hedge accounting					
Ineffective part in hedge accounting at fair value	17	47	-64	-61	
of which hedging instruments	-2 065	-5 872	-65	4 309	
of which hedged items	2 082	5 919	-65	-4 370	
Ineffective part in portfolio hedge accounting at fair value	-31	89		-21	48
of which hedging instruments	223	1 019	-78	-953	
of which hedged items	-254	-930	-73	932	
Ineffective part in hedging of net investments in foreign operations					
Total hedge accounting	-14	136		-82	-83
Loan receivables at amortised cost	26	31	-16	33	-21
Financial liabilities valued at amortised cost	-244	-132	85	-31	
Trading related interest					
Interest income	187	264	-29	225	-17
Interest expense	82	97	-15	-11	
Total trading related interest	269	361	-25	214	26
Change in exchange rates	520	184		5	
Total net gains and losses on financial items at fair value	486	285	71	400	22
Distribution by business purpose					
Financial instruments for trading related business	825	343		531	55
Financial instruments intended to be held to contractual maturity	-339	-58		-131	
Total	486	285	71	400	22

Note 8 Other expenses

Group SEKm	Q1 2017	Q4 2016	%	Q1 2016	%
Premises and rents	287	315	-9	268	7
IT expenses	491	524	-6	449	9
Telecommunications and postage	40	27	48	33	21
Advertising, PR and marketing	70	89	-21	62	13
Consultants	70	76	-8	70	0
Compensation to savings banks	56	60	-7	60	-7
Other purchased services	177	192	-8	164	8
Security transport and alarm systems	14	21	-33	16	-13
Supplies	18	37	-51	23	-22
Travel	59	74	-20	48	23
Entertainment	11	18	-39	10	10
Repair/maintenance of inventories	31	32	-3	31	0
Other expenses	96	99	-3	131	-27
Total other expenses	1 420	1 564	-9	1 365	4

Note 9 Credit impairments

Group SEKm	Q1 2017	Q4 2016	%	Q1 2016	%
Provision for loans individually assessed as impaired					
Provisions	384	710	-46	77	
Reversal of previous provisions	-47	-183	-74	-247	-81
Provision for homogenous groups of impaired loans, net	11	-67		5	
Total	348	460	-24	-165	
Portfolio provisions for loans individually assessed as not impaired	-57	-54	6	37	
Write-offs					
Established losses	105	17		592	-82
Utilisation of previous provisions	-50	55		-391	-87
Recoveries	-114	-57	100	-31	
Total	-59	15		170	
Credit impairments for contingent liabilities and other credit risk exposures	107	172	-38	-7	
Credit impairments	339	593	-43	35	
Credit impairment ratio, % ¹⁾	0,09	0,15		0,01	

¹⁾ For more information about credit impairment ratio, see page 43 of the Fact book.

Note 10 Loans

Group SEKm	31 Mar 2017			31 Dec 2016		31 Mar 2016	
	Loans before provisions	Provisions	Loans after provisions Carrying amount	Loans after provisions Carrying amount	%	Loans after provisions Carrying amount	%
Loans to credit institutions							
Banks	23 120		23 120	18 579	24	68 751	-66
Repurchase agreements, banks	1 753		1 753	617		6 508	-73
Other credit institutions	13 384		13 384	12 766	5	10 144	32
Repurchase agreements, other credit institutions	871		871	235		5 577	-84
Loans to credit institutions	39 128		39 128	32 197	22	90 980	-57
Loans to the public							
Private customers	940 747	826	939 921	931 670	1	874 510	7
Private, mortgage	790 132	515	789 617	782 972	1	731 436	8
Housing cooperatives	109 074	28	109 046	107 762	1	103 357	6
Private, other	41 541	283	41 258	40 936	1	39 717	4
Corporate customers	520 490	3 147	517 343	521 638	-1	511 030	1
Agriculture, forestry, fishing	66 550	109	66 441	65 992	1	64 807	3
Manufacturing	45 511	249	45 262	44 940	1	42 435	7
Public sector and utilities	23 999	32	23 967	25 264	-5	26 249	-9
Construction	21 036	121	20 915	19 777	6	19 155	9
Retail	29 570	274	29 296	28 202	4	30 899	-5
Transportation	14 856	23	14 833	15 265	-3	13 222	12
Shipping and offshore	26 929	1 495	25 434	27 567	-8	30 931	-18
Hotels and restaurants	8 769	29	8 740	8 893	-2	7 234	21
Information and communications	8 446	36	8 410	8 064	4	6 058	39
Finance and insurance	12 199	22	12 177	12 497	-3	13 125	-7
Property management	221 169	238	220 931	223 404	-1	217 721	1
Residential properties	63 921	53	63 868	64 154	0	61 167	4
Commercial	85 933	70	85 863	87 942	-2	91 487	-6
Industrial and Warehouse	45 400	44	45 356	45 145	0	40 802	11
Other	25 915	71	25 844	26 163	-1	24 265	7
Professional services	24 207	429	23 778	23 221	2	24 435	-3
Other corporate lending	17 249	90	17 159	18 552	-8	14 759	16
Loans to the public excluding the Swedish National Debt Office and repurchase agreements	1 461 237	3 973	1 457 264	1 453 308	0	1 385 540	5
Swedish National Debt Office	1 113		1 113	5 079	-78	4 492	-75
Repurchase agreements, Swedish National Debt Office	5 327		5 327	3 797	40	350	
Repurchase agreements, public	61 689		61 689	45 063	37	107 525	-43
Loans to the public	1 529 366	3 973	1 525 393	1 507 247	1	1 497 907	2
Loans to the public and credit institutions	1 568 494	3 973	1 564 521	1 539 444	2	1 588 887	-2

Note: Historical data for 31 Mar 2016 updated due to industry structure changes for Swedish Banking.

Note 11 Impaired loans etc.

Group SEKm	31 Mar 2017	31 Dec 2016	%	31 Mar 2016	%
Impaired loans, gross	7 867	8 095	-3	5 211	51
Provisions for individually assessed impaired loans	2 412	2 254	7	1 334	81
Provision for homogenous groups of impaired loans	573	453	26	577	-1
Impaired loans, net	4 882	5 388	-9	3 300	48
of which private customers	1 025	1 113	-8	1 317	-22
of which corporate customers	3 857	4 275	-10	1 983	95
Portfolio provisions for loans individually assessed as not impaired	988	1 048	-6	1 021	-3
Share of impaired loans, gross, % ¹⁾	0,50	0,52	-4	0,33	52
Share of impaired loans, net, % ¹⁾	0,31	0,35	-11	0,21	48
Provision ratio for impaired loans, % ¹⁾	38	33	15	37	3
Total provision ratio for impaired loans, % ¹⁾	51	46	11	56	-9
Past due loans that are not impaired	3 519	3 164	11	3 498	1
of which past due 5-30 days	2 034	1 768	15	2 041	0
of which past due 31-60 days	917	857	7	860	7
of which past due 61-90 days	318	269	18	390	-18
of which past due more than 90 days	250	270	-7	207	21

¹⁾ For more information about impaired loans see page 45-46 in the Fact book.

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

Group SEKm	31 Mar 2017	31 Dec 2016	%	31 Mar 2016	%
Buildings and land	208	257	-19	348	-40
Shares and participating interests	3	3	0	17	-82
Other property taken over	120	120	0	5	
Total assets taken over for protection of claims	331	380	-13	370	-11
Cancelled leases	25	25	0	9	
Total assets taken over for protection of claims and cancelled leases	356	405	-12	379	-6
of which acquired by Ektornet group	93	139	-33	254	-63

Note 13 Credit exposures

Group SEKm	31 Mar 2017	31 Dec 2016	%	31 Mar 2016	%
Assets					
Cash and balances with central banks	407 299	121 347		339 306	20
Interest-bearing securities	174 754	182 072	-4	162 994	7
Loans to credit institutions	39 128	32 197	22	90 980	-57
Loans to the public	1 525 393	1 507 247	1	1 497 907	2
Derivatives	76 642	87 811	-13	99 002	-23
Other financial assets	22 998	10 853		27 022	-15
Total assets	2 246 214	1 941 527	16	2 217 211	1
Contingent liabilities and commitments					
Guarantees	43 438	42 750	2	33 207	31
Commitments	257 148	262 701	-2	245 800	5
Total contingent liabilities and commitments	300 586	305 451	-2	279 007	8
Total credit exposures	2 546 800	2 246 978	13	2 496 218	2

Note 14 Intangible assets

Group SEKm	31 Mar 2017	31 Dec 2016	%	31 Mar 2016	%
With indefinite useful life					
Goodwill	12 385	12 408	0	12 064	3
Total	12 385	12 408	0	12 064	3
With finite useful life					
Customer base	540	559	-3	598	-10
Internally developed software	1 114	989	13	625	78
Other	328	323	2	463	-29
Total	1 982	1 871	6	1 686	18
Total intangible assets	14 367	14 279	1	13 750	4

Impairment testing of intangible assets

As of 31 March 2017 there were no indicators of impairment.

Note 15 Amounts owed to credit institutions

Group SEKm	31 Mar 2017	31 Dec 2016	%	31 Mar 2016	%
Amounts owed to credit institutions					
Central banks	18 454	22 079	-16	23 149	-20
Banks	105 670	47 771		118 301	-11
Other credit institutions	2 216	1 968	13	996	
Repurchase agreements - banks	1 675	13		2 112	-21
Repurchase agreements - other credit institutions				1 073	
Amounts owed to credit institutions	128 015	71 831	78	145 631	-12

Note 16 Deposits and borrowings from the public

Group SEKm	31 Mar 2017	31 Dec 2016	%	31 Mar 2016	%
Deposits from the public					
Private customers	441 901	441 817	0	405 792	9
Corporate customers	456 054	340 214	34	503 112	-9
Deposits from the public excluding the Swedish National Debt Office and repurchase agreements	897 955	782 031	15	908 904	-1
Swedish National Debt Office		1		2	
Repurchase agreements - public	19 692	10 892	81	10 971	79
Deposits and borrowings from the public	917 647	792 924	16	919 877	0

Note 17 Debt securities in issue and subordinated liabilities

Group SEKm	31 Mar	31 Dec	%	31 Mar	%
	2017	2016		2016	
Commercial Paper and Certificates of Deposits	229 685	102 225		121 594	89
Covered bonds	545 863	558 295	-2	570 329	-4
Senior unsecured bonds	185 168	166 161	11	154 944	20
Structured retail bonds	15 203	14 992	1	14 617	4
Total debt securities in issue	975 920	841 673	16	861 484	13
Subordinated liabilities	26 980	27 254	-1	22 107	22
Total debt securities in issue and subordinated liabilities	1 002 900	868 927	15	883 591	14

Turnover during the period	Jan-Mar	Full year	%	Jan-Mar	%
	2017	2016		2016	
Opening balance	868 927	851 148	2	851 148	2
Issued	360 719	976 733	-63	258 771	39
Repurchased	-33 284	-44 963	-26	-10 469	
Repaid	-185 558	-933 835	-80	-217 365	-15
Change in market value or in hedged item in fair value hedge accounting	-3 122	-8 240	-62	3 978	
Changes in exchange rates	-4 783	28 084		-2 472	93
Closing balance	1 002 900	868 927	15	883 591	14

Note 18 Derivatives

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

Group SEKm	Nominal amount 31 Mar 2017			Nominal amount		Positive fair value		Negative fair value	
	Remaining contractual maturity			2017	2016	2017	2016	2017	2016
	< 1 yr.	1-5 yrs.	> 5 yrs.	31 Mar	31 Dec	31 Mar	31 Dec	31 Mar	31 Dec
Derivatives in fair value hedges	93 629	378 992	50 770	523 391	531 489	13 862	16 676	980	587
Derivatives in portfolio fair value hedges	44 500	133 500	13 530	191 530	171 230	274	223	1 888	2 063
Derivatives in cash flow hedges	77	1 226	8 061	9 364	9 364			597	494
Non-hedging derivatives	6 630 433	2 744 170	607 651	9 982 254	9 614 077	73 416	82 749	72 230	96 150
Gross amount	6 768 639	3 257 888	680 012	10 706 539	10 326 160	87 552	99 648	75 695	99 294
Offset amount (see also note 21)	-2 793 452	-1 086 339	-323 554	-4 203 345	-3 332 268	-10 910	-11 837	-13 038	-13 705
Total	3 975 187	2 171 549	356 458	6 503 194	6 993 892	76 642	87 811	62 657	85 589

The amounts offset for derivative assets and derivative liabilities include cash collateral offsets of SEK 2 720m and SEK 593m respectively.

Note 19 Financial instruments at fair value

Group SEKm	31 Mar 2017			31 Dec 2016		
	Fair value	Carrying amount	Difference	Fair value	Carrying amount	Difference
Assets						
Financial assets covered by IAS 39						
Cash and balances with central banks	407 299	407 299		121 347	121 347	
Treasury bills etc.	94 828	94 764	64	107 647	107 571	76
Loans to credit institutions	39 128	39 128		32 197	32 197	
Loans to the public	1 530 195	1 525 393	4 802	1 512 686	1 507 247	5 439
Value change of interest hedged items in portfolio hedge	1 228	1 228		1 482	1 482	
Bonds and interest-bearing securities	79 997	79 990	7	74 508	74 501	7
Financial assets for which the customers bear the investment risk	168 293	168 293		160 114	160 114	
Shares and participating interest	46 014	46 014		23 897	23 897	
Derivatives	76 642	76 642		87 811	87 811	
Other financial assets	22 998	22 998		10 851	10 851	
Total	2 466 622	2 461 749	4 873	2 132 540	2 127 018	5 522
Investment in associates		7 265			7 319	
Non-financial assets		19 671			19 866	
Total		2 488 685			2 154 203	
Liabilities						
Financial liabilities covered by IAS 39						
Amounts owed to credit institutions	128 015	128 015		71 615	71 831	-216
Deposits and borrowings from the public	917 631	917 647	-16	792 905	792 924	-19
Debt securities in issue	982 845	975 920	6 925	849 097	841 673	7 424
Financial liabilities for which the customers bear the investment risk	170 535	170 535		161 051	161 051	
Subordinated liabilities	26 986	26 980	6	27 254	27 254	
Derivatives	62 657	62 657		85 589	85 589	
Short positions securities	20 507	20 507		11 614	11 614	
Other financial liabilities	54 552	54 552		22 524	22 524	
Total	2 363 728	2 356 813	6 915	2 021 649	2 014 460	7 189
Non-financial liabilities		12 245			10 038	
Total		2 369 058			2 024 498	

Group 31 Mar 2017 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
	Assets			
Treasury bills etc.	18 153	6 208		24 361
Loans to credit institutions		2 594		2 594
Loans to the public		197 648		197 648
Bonds and other interest-bearing securities	35 700	40 671		76 371
Financial assets for which the customers bear the investment risk	168 293			168 293
Shares and participating interests	45 719	128	167	46 014
Derivatives	136	76 449	57	76 642
Total	268 001	323 698	224	591 923
Liabilities				
Amounts owed to credit institutions		1 675		1 675
Deposits and borrowings from the public		19 692		19 692
Debt securities in issue	3 186	20 013		23 199
Financial liabilities for which the customers bear the investment risk		170 535		170 535
Derivatives	80	62 577		62 657
Short positions, securities	20 507			20 507
Total	23 773	274 492		298 265

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 differences in bid and ask prices.

The methods are divided into three different levels:

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

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

The Group has a continuous process whereby financial instruments that indicate a high level of internal estimates or low level of observable market data are captured. The process determines the way to calculate and how the internal assumptions are expected to affect the valuation. In cases where internal assumptions have a material impact on fair

value, the financial instrument is reported in level 3. The process also includes an analysis and evaluation based on the quality of the valuation data as well as whether a type of financial instrument is to be transferred between levels.

When transfers occur between fair value hierarchy levels those are reflected as taking place at the end of each quarter. There were no transfers of financial instruments between valuation levels 1 and 2 during the quarter.

Group 31 Dec 2016 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
Assets				
Treasury bills etc.	16 740	5 429		22 169
Loans to credit institutions		852		852
Loans to the public		190 512		190 512
Bonds and other interest-bearing securities	42 650	28 183		70 833
Financial assets for which the customers bear the investment risk	160 115			160 115
Shares and participating interests	23 604	135	158	23 897
Derivatives	138	87 608	65	87 811
Total	243 247	312 719	223	556 189
Liabilities				
Amounts owed to credit institutions		13		13
Deposits and borrowings from the public		10 892		10 892
Debt securities in issue	3 270	19 830		23 100
Financial liabilities for which the customers bear the investment risk		161 051		161 051
Derivatives	75	85 514		85 589
Short positions, securities	11 614			11 614
Total	14 959	277 300		292 259

Changes in level 3 Group SEKm	Assets		
	Equity instruments	Derivatives	Total
January-March 2017			
Opening balance 1 January 2017	158	65	223
Maturities		-5	-5
Issues		2	2
Transferred from Level 3 to Level 2		-6	-6
Gains or losses	9	1	10
of which in the income statement, net gains and losses on financial items at fair value	9	1	10
of which changes in unrealised gains or losses for items held at closing day		4	4
Closing balance 31 March 2017	167	57	224

Level 3 primarily contains unlisted equity instruments and illiquid options. In connection with the sale of shares in VISA Europe convertible preference shares in VISA Inc. were obtained. The shares are subject to selling restrictions for a period of up to 12 years and under certain conditions may have to be returned. Because liquid quotes are not available for the instrument, its fair value is established with significant elements of own internal assumptions and reported in level 3 as equity instruments. The options hedge changes in the market value of hybrid debt instruments, so-called structured products. Structured products consist of a corresponding option element and a host contract, which in principle is an ordinary interest-bearing bond. When the Group evaluates the level on which the financial instruments are reported, the entire instrument is assessed on an individual basis. Since the bond portion of the structured products represents the majority of the financial instrument's fair value, the internal assumptions used to value the illiquid option element normally do not have a significant effect on the valuation and the financial instrument is typically reported in level 2. However, the Group typically hedges the market risks that arise in structured products by holding individual options. The internal assumptions used to in the valuation of the individual financial instruments are therefore of greater significance, because of which several are reported as derivatives in level 3.

For all options included in level 3 an analysis is performed based on historical movements in contract prices. Given this, it is not likely that future price movements will affect the market value for options in level 3 with more than +/- SEK 15m.

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

Changes in level 3 Group SEKm	Assets		
	Equity instruments	Derivatives	Total
January-March 2016			
Opening balance 1 January 2016	73	114	187
Purchases	2		2
Maturities		-9	-9
Transferred from Level 2 to Level 3		2	2
Gains or losses	-11	-9	-20
of which in the income statement, net gains and losses on financial items at fair value	-11	-9	-20
of which changes in unrealised gains or losses for items held at closing day		-9	-9
Closing balance 31 March 2016	64	98	162

Note 20 Pledged collateral

Group SEKm	31 Mar	31 Dec	%	31 Mar	%
	2017	2016		2016	
Loan receivables ¹	533 581	542 278	-2	544 561	-2
Financial assets pledged for policyholders	167 181	157 804	6	143 258	17
Other assets pledged	45 425	37 546	21	55 117	-18
Pledged collateral	746 187	737 628	1	742 936	0

¹⁾ The pledge is defined as the borrower's nominal debt including accrued interest. Refers to the loans of the total available collateral that are used as the pledge at each point in time.

Note 21 Offsetting financial assets and liabilities

Group SEKm	Assets			Liabilities		
	31 Mar	31 Dec	%	31 Mar	31 Dec	%
2017	2016	2017		2016		
Financial assets and liabilities, which have been offset or are subject to netting or similar agreements						
Gross amount	163 908	152 098	8	103 322	111 865	-8
Offset amount	-18 716	-16 340	15	-20 844	-18 208	14
Net amounts presented in the balance sheet	145 192	135 758	7	82 478	93 657	-12
Related amounts not offset in the balance sheet						
Financial instruments, netting arrangements	46 437	46 691	-1	46 437	46 691	-1
Financial Instruments, collateral	53 477	40 853	31	8 091	4 391	84
Cash, collateral	10 182	12 676	-20	10 951	13 775	-21
Total amount not offset in the balance sheet	110 096	100 220	10	65 479	64 857	1
Net amount	35 096	35 538	-1	16 999	28 800	-41

The amounts offset for financial assets and financial liabilities include cash collateral offsets of SEK 2 720m and SEK 593m respectively.

Note 22 Capital adequacy, consolidated situation

Capital adequacy SEKm	31 Mar 2017	31 Dec 2016	31 Mar 2016
Shareholders' equity according to the Group's balance sheet	119 434	129 515	125 850
Non-controlling interests	76	78	72
Anticipated dividend	-3 842	-14 695	-15 061
Deconsolidation of insurance companies	637	96	-422
Value changes in own financial liabilities	31	-2	19
Cash flow hedges	8	-77	-84
Additional value adjustments ¹⁾	-863	-598	-653
Goodwill	-12 475	-12 497	-12 152
Deferred tax assets	-110	-114	-93
Intangible assets	-1 697	-1 601	-1 438
Net provisions for reported IRB credit exposures	-1 593	-1 376	-1 358
Shares deducted from CET1 capital	-47	-50	-40
Common Equity Tier 1 capital	99 559	98 679	94 640
Additional Tier 1 capital	13 516	14 281	9 329
Total Tier 1 capital	113 075	112 960	103 969
Tier 2 capital	12 710	12 229	12 038
Total capital	125 785	125 189	116 007
Minimum capital requirement for credit risks, standardised approach	3 785	3 800	3 868
Minimum capital requirement for credit risks, IRB	21 020	21 478	21 411
Minimum capital requirement for credit risk, default fund contribution	36	34	4
Minimum capital requirement for settlement risks	0	0	0
Minimum capital requirement for market risks	696	754	928
Trading book	679	732	912
of which VaR and SVaR	444	563	451
of which risks outside VaR and SVaR	235	169	460
FX risk other operations	17	22	16
Minimum capital requirement for credit value adjustment	503	424	654
Minimum capital requirement for operational risks	4 988	4 972	4 972
Additional minimum capital requirement, Article 3 CRR ²⁾	1 829	69	69
Minimum capital requirement	32 857	31 531	31 906
Risk exposure amount credit risks, standardised approach	47 321	47 503	48 344
Risk exposure amount credit risks, IRB	262 748	268 473	267 634
Risk exposure amount default fund contribution	454	431	62
Risk exposure amount settlement risks	0	0	0
Risk exposure amount market risks	8 697	9 419	11 605
Risk exposure amount credit value adjustment	6 292	5 297	8 174
Risk exposure amount operational risks	62 345	62 152	62 152
Additional risk exposure amount, Article 3 CRR ²⁾	22 860	860	860
Risk exposure amount	410 717	394 135	398 831
Common Equity Tier 1 capital ratio, %	24,2	25,0	23,7
Tier 1 capital ratio, %	27,5	28,7	26,1
Total capital ratio, %	30,6	31,8	29,1
Capital buffer requirement ³⁾	31 Mar	31 Dec	31 Mar
%	2017	2016	2016
CET1 capital requirement including buffer requirements	11,3	11,0	10,7
of which minimum CET1 requirement	4,5	4,5	4,5
of which capital conservation buffer	2,5	2,5	2,5
of which countercyclical capital buffer	1,3	1,0	0,7
of which systemic risk buffer	3,0	3,0	3,0
CET 1 capital available to meet buffer requirement ⁴⁾	19,7	20,5	19,2
Capital adequacy Basel 1 floor ⁵⁾	31 Mar	31 Dec	31 Mar
SEKm	2017	2016	2016
Capital requirement Basel 1 floor	74 879	75 749	71 941
Own funds Basel 3 adjusted according to rules for Basel 1 floor	127 378	126 565	117 365
Surplus of capital according to Basel 1 floor	52 499	50 816	45 424
Leverage ratio	31 Mar	31 Dec	31 Mar
	2017	2016	2016
Tier 1 Capital, SEKm	113 075	112 960	103 969
Leverage ratio exposure, SEKm	2 424 180	2 098 179	2 375 460
Leverage ratio, %	4,7	5,4	4,4

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

²⁾ To rectify for underestimation of default frequency in the model for corporate exposures, Swedbank has decided to hold more capital until the updated model has been approved by the Swedish FSA.

³⁾ Buffer requirement according to Swedish implementation of CRD IV

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

⁵⁾ Basel 1 floor based on the higher of the Basel 3 capital requirement and 80% of Basel 1 capital requirement. In the latter case the own funds is adjusted according to CRR article 500.4

The consolidated situation for Swedbank as of 31 March 2017 comprised the Swedbank Group with the exception of insurance companies. The Entercard Group was included as well through the proportionate consolidation method.

The note contains the information made public according to the Swedish Financial Supervisory Authority Regulation FFFS 2014:12, chap. 8. Additional

periodic information according to Regulation (EU) No 575/2013 of the European Parliament and of the Council on supervisory requirements for credit institutions and Implementing Regulation (EU) No 1423/2013 of the European Commission can be found on Swedbank's website: <https://www.swedbank.com/investor-relations/financial-information-and-publications/risk-report/index.htm>

Swedbank Consolidated situation Credit risk, IRB SEKm	Exposure value		Average risk weight, %		Minimum capital requirement	
	31 Mar	31 Dec	31 Mar	31 Dec	31 Mar	31 Dec
	2017	2016	2017	2016	2017	2016
Institutional exposures	91 306	83 959	18	16	1 289	1 072
Corporate exposures	506 496	508 765	34	35	13 605	14 065
Retail exposures	1 041 600	1 032 298	7	7	5 793	5 772
of which mortgage	944 115	936 542	5	5	3 638	3 633
of which other	97 485	95 756	28	28	2 155	2 139
Non credit obligation	7 106	12 182	59	58	333	569
Total credit risks, IRB	1 646 508	1 637 204	16	16	21 020	21 478

Exposure amount, Risk exposure amount and Own funds requirement, consolidated situation			
31 Mar 2017 SEKm	Exposure amount	Risk exposure amount	Minimum capital requirement
Credit risks, STD	612 041	47 321	3 785
Central government or central banks exposures	508 908	238	19
Regional governments or local authorities exposures	30 568	252	20
Public sector entities exposures	5 022	104	8
Multilateral development banks exposures	5 193	10	1
International organisation exposures	156		
Institutional exposures	6 922	157	13
Corporate exposures	5 813	5 530	442
Retail exposures	14 055	10 297	824
Exposures secured by mortgages on immovable property	23 241	8 136	651
Exposures in default	407	418	33
Exposures in the form of covered bonds	242	24	2
Equity exposures	8 039	19 542	1 563
Other items	3 475	2 613	209
Credit risks, IRB	1 646 508	262 748	21 020
Institutional exposures	91 306	16 110	1 289
Corporate exposures	506 496	170 061	13 605
of which specialized lending in category 1	13	9	1
of which specialized lending in category 2	277	239	19
of which specialized lending in category 3	538	619	50
of which specialized lending in category 4	276	689	55
of which specialized lending in category 5	258	0	0
Retail exposures	1 041 600	72 412	5 793
of which mortgage lending	944 115	45 470	3 638
of which other lending	97 485	26 942	2 155
Non-credit obligation	7 106	4 165	333
Credit risks, Default fund contribution		454	36
Settlement risks	0	0	0
Market risks		8 697	696
Trading book		8 490	679
of which VaR and SVaR		5 548	444
of which risks outside VaR and SVaR		2 942	235
FX risk other operations		207	17
Credit value adjustment	27 196	6 292	503
Operational risks		62 345	4 988
of which Standardised approach		62 345	4 988
Additional risk exposure amount, Article 3 CRR		22 860	1 829
Total	2 285 745	410 717	32 857

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

31 Dec 2016
SEKm

	Exposure amount	Risk exposure amount	Minimum capital requirement
Credit risks, STD	351 879	47 503	3 800
Central government or central banks exposures	245 746	449	36
Regional governments or local authorities exposures	32 453	276	22
Public sector entities exposures	5 551	60	5
Multilateral development banks exposures	6 411	20	2
International organisation exposures	609		
Institutional exposures	5 456	127	10
Corporate exposures	4 909	4 630	370
Retail exposures	14 315	10 485	839
Exposures secured by mortgages on immovable property	23 884	8 361	669
Exposures in default	391	403	32
Exposures in the form of covered bonds	69	7	1
Equity exposures	8 088	19 691	1 575
Other items	3 997	2 994	240
Credit risks, IRB	1 637 204	268 473	21 478
Institutional exposures	83 959	13 406	1 072
Corporate exposures	508 765	175 810	14 065
of which specialized lending in category 1	13	9	1
of which specialized lending in category 2	321	274	22
of which specialized lending in category 3	555	638	51
of which specialized lending in category 4	261	654	52
of which specialized lending in category 5	260	0	0
Retail exposures	1 032 298	72 151	5 772
of which mortgage lending	936 542	45 410	3 633
of which other lending	95 756	26 741	2 139
Non-credit obligation	12 182	7 106	569
Credit risks, Default fund contribution		431	34
Settlement risks	0	0	0
Market risks		9 419	754
Trading book		9 147	732
of which VaR and SVaR		7 033	563
of which risks outside VaR and SVaR		2 114	169
FX risk other operations		272	22
Credit value adjustment	21 393	5 297	424
Operational risks		62 152	4 972
of which Standardised approach		62 152	4 972
Additional risk exposure amount, Article 3 CRR		860	69
Total	2 010 476	394 135	31 531

Credit risks

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

When Swedbank acts as clearing member, the bank calculates a capital base requirement for its pre-funded, qualifying and non-qualifying central counterparty default fund contributions.

For exposures, excluding capital requirement for default fund contributions, where IRB-approach is not applied, the standardized approach is used.

Market risks

Under current regulations capital adequacy for market risks can be based on either a standardised approach or an internal Value at Risk model, which requires the approval of the SFSA. The parent company has received such approval and uses its internal VaR model for general interest rate risks, general and specific share

price risks and foreign exchange risks in the trading book. The approval also covers operations in the Baltic countries with respect to general interest rate risks and foreign exchange risks in the trading book. Foreign exchange 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 foreign exchange risks mainly arise through risks associated with holdings in foreign operations.

Credit value adjustment

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

Operational risk

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

Basel 1 floor

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

Note 23 Internal capital requirement

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

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

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

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

As of 31 March 2017 the internal capital assessment for Swedbank's consolidated situation amounted to SEK 31.3bn (SEK 29.8bn as of 31 December 2016). The capital to meet the internal capital assessment, i.e. the capital base, amounted to SEK 125.8bn (SEK 125.2bn as of 31 December 2016) (see Note 22). Swedbank's internal capital assessment using its own models is not comparable with the estimated capital requirement that the SFSA releases quarterly.

The internally estimated capital requirement for the parent company is SEK 24.9bn (SEK 23.5bn as of 31 December 2016) and the capital base is SEK 99.1bn (SEK 99.8bn as of 31 December 2016) (see the parent company's note on capital adequacy).

In addition to what is stated in this interim report, risk management and capital adequacy according to the Basel 3 framework are described in more detail in Swedbank's annual report for 2016 as well as in Swedbank's yearly Risk and Capital Adequacy Report, available on www.swedbank.com.

Note 24 Risks and uncertainties

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

In addition to what is stated in this interim report, detailed descriptions are provided in Swedbank's 2016 annual report and in the annual disclosure on risk management and capital adequacy available on www.swedbank.com

Effect on value of assets and liabilities in SEK and foreign currency, including derivatives if interest rates increase by 100bp, 31 Mar 2017

Group				
SEKm	< 5 years	5-10 years	>10 years	Total
Swedbank, the Group	-381	-93	22	-452
of which SEK	-1 318	-1	-70	-1 388
of which foreign currency	937	-92	92	937
Of which financial instruments at fair value reported through profit or loss	160	409	-42	527
of which SEK	-708	406	-140	-441
of which foreign currency	868	3	98	969

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. Partly owned savings banks are major associates.

Note 26 Swedbank's share

	31 Mar 2017	31 Dec 2016	%	31 Mar 2016	%
SWED A					
Share price, SEK	207,60	220,30	-6	174,90	19
Number of outstanding ordinary shares	1 113 222 130	1 110 731 820	0	1 110 317 799	0
Market capitalisation, SEKm	231 105	244 694	-6	194 195	19

	31 Mar 2017	31 Dec 2016	31 Mar 2016
Number of outstanding shares			
Issued shares			
SWED A	1 132 005 722	1 132 005 722	1 132 005 722
Repurchased shares			
SWED A	-18 783 592	-21 273 902	-21 687 923
Repurchase of own shares for trading purposes			
SWED A			
Number of outstanding shares on the closing day	1 113 222 130	1 110 731 820	1 110 317 799

Within Swedbank's share-based compensation programme, Swedbank AB has during the first quarter 2017 transferred 2 490 310 shares at no cost to employees.

	Q1 2017	Q4 2016	Q1 2016
Earnings per share			
Average number of shares			
Average number of shares before dilution	1 112 126 000	1 110 731 820	1 108 099 462
Weighted average number of shares for potential ordinary shares that incur a dilutive effect due to share-based compensation programme	5 335 204	6 185 052	6 688 182
Average number of shares after dilution	1 117 461 204	1 116 916 872	1 114 787 644
Profit, SEKm			
Profit for the period attributable to shareholders of Swedbank	5 124	4 142	4 311
Earnings for the purpose of calculating earnings per share	5 124	4 142	4 311
Earnings per share, SEK			
Earnings per share before dilution	4,61	3,73	3,89
Earnings per share after dilution	4,59	3,70	3,87

Note 27 Effects of changed reporting of the compensation to the Savings banks for mortgage loans

Income statement

Group SEKm	New reporting		Previous reporting	New reporting		Previous reporting
	Q1 2016	Change	Q1 2016	2016 Full-year	Change	2016 Full-year
Interest income	8 269	-162	8 431	32 914	-814	33 728
Negative yield on financial assets				-1 543		-1 543
Interest income, including negative yield on financial assets	8 269	-162	8 431	31 371	-814	32 185
Interest expenses	-2 901		-2 901	-9 256		-9 256
Negative yield on financial liabilities	93		93	735		735
Interest expenses, including negative yield on financial liabilities	-2 808		-2 808	-8 521		-8 521
Net interest income (note 5)	5 461	-162	5 623	22 850	-814	23 664
Net commission income (note 6)	2 645		2 645	11 333		11 333
Net gains and losses on financial items at fair value (note 7)	400		400	2 231		2 231
Net insurance	157		157	754		754
Share of profit or loss of associates	191		191	2 467		2 467
Other income	290		290	1 186		1 186
Total income	9 144	-162	9 306	40 821	-814	41 635
Staff costs	2 307		2 307	9 376		9 376
Other expenses (note 8)	1 365	-162	1 527	5 622	-814	6 436
Depreciation/amortisation	154		154	629		629
Total expenses	3 826	-162	3 988	15 627	-814	16 441
Profit before impairments	5 318		5 318	25 194		25 194
Impairment of intangible assets (note 14)				35		35
Impairment of tangible assets	8		8	31		31
Credit impairments (note 9)	35		35	1 367		1 367
Operating profit	5 275		5 275	23 761		23 761
Tax expense	961		961	4 209		4 209
Profit for the period	4 314		4 314	19 552		19 552
Profit for the period attributable to the shareholders of Swedbank AB	4 311		4 311	19 539		19 539
Non-controlling interests	3		3	13		13
C/I-ratio	0,42		0,43	0,38		0,39

For more information see note 1 Accounting policies.

Net interest income

Group SEKm	New reporting		Previous reporting	New reporting		Previous reporting
	Q1 2016	Change	Q1 2016	2016 Full-year	Change	2016 Full-year
Interest income						
Loans to credit institutions	62		62	64		64
Loans to the public	7 522	-162	7 684	30 031	-814	30 845
Interest-bearing securities	226		226	651		651
Derivatives	432		432	1 093		1 093
Other	252		252	764		764
Total interest income including negative yield on financial assets	8 494	-162	8 656	32 603	-814	33 417
deduction of trading interests reported in net gains and losses on financial items at fair value	225		225	1 232		1 232
Interest income, including negative yield on financial assets, according to income statement	8 269	-162	8 431	31 371	-814	32 185
Interest expenses						
Amounts owed to credit institutions	-111		-111	-269		-269
Deposits and borrowings from the public	-310		-310	-1 100		-1 100
of which deposit guarantee fees	-124		-124	-466		-466
Debt securities in issue	-3 104		-3 104	-13 013		-13 013
Subordinated liabilities	-263		-263	-977		-977
Derivatives	1 155		1 155	7 638		7 638
Other	-186		-186	-689		-689
of which government stabilisation fund fee	-169		-169	-646		-646
Total interest expenses including negative yield on financial liabilities	-2 819		-2 819	-8 410		-8 410
deduction of trading interests reported in net gains and losses on financial items at fair value	-11		-11	111		111
Interest expenses, including negative yield on financial liabilities, according to income statement	-2 808		-2 808	-8 521		-8 521
Net interest income	5 461	-162	5 623	22 850	-814	23 664
Net interest margin before trading interest is deducted	0,98	-0,03	1,01	1,02	-0,03	1,05
Average total assets	2 312 785		2 312 785	2 373 930		2 373 930

Other expenses

Group SEKm	New reporting		Previous reporting	New reporting		Previous reporting
	Q1 2016	Change	Q1 2016	2016 Full-year	Change	2016 Full-year
Premises and rents	268		268	1 131		1 131
IT expenses	449		449	1 834		1 834
Telecommunications and postage	33		33	118		118
Advertising, PR and marketing	62		62	285		285
Consultants	70		70	314		314
Compensation to savings banks	60	-162	222	236	-814	1 050
Other purchased services	164		164	708		708
Security transport and alarm systems	16		16	72		72
Supplies	23		23	103		103
Travel	48		48	226		226
Entertainment	10		10	51		51
Repair/maintenance of inventories	31		31	111		111
Other expenses	131		131	433		433
Total other expenses	1 365	-162	1 527	5 622	-814	6 436

Swedbank AB

Income statement, condensed

Parent company SEKm	Q1 2017	Q4 2016	%	Q1 2016	%
Interest income	4 281	4 170	3	3 986	7
Negative yield on financial assets	-383	-341	12		
Interest income, including negative yield on financial assets	3 898	3 829	2	3 986	-2
Interest expenses	-1 045	-993	5	-1 188	-12
Negative yield on financial liabilities	140	347	-60		
Interest expenses, including negative yield on financial liabilities	-905	-646	40	-1 188	-24
Net interest income	2 993	3 183	-6	2 798	7
Dividends received	3 016	5 788	-48	9 956	-70
Commission income	2 289	2 445	-6	2 127	8
Commission expenses	-716	-732	-2	-665	8
Net commission income	1 573	1 713	-8	1 462	8
Net gains and losses on financial items at fair value	653	461	42	-370	
Other income	357	354	1	284	26
Total income	8 592	11 499	-25	14 130	-39
Staff costs	2 032	2 092	-3	1 926	6
Other expenses	1 197	1 325	-10	1 155	4
Depreciation/amortisation and impairments of tangible and intangible fixed assets	1 093	1 135	-4	1 090	0
Total expenses	4 322	4 552	-5	4 171	4
Profit before impairments	4 270	6 947	-39	9 959	-57
Impairment of financial fixed assets		-8		61	
Credit impairments	396	592	-33	86	
Operating profit	3 874	6 363	-39	9 812	-61
Appropriations		186			
Tax expense	288	1 364	-79	302	-5
Profit for the period	3 586	4 813	-25	9 510	-62

Statement of comprehensive income, condensed

Parent company SEKm	Q1 2017	Q4 2016	%	Q1 2016	%
Profit for the period reported via income statement	3 586	4 813	-25	9 510	-62
Total comprehensive income for the period	3 586	4 813	-25	9 510	-62

Balance sheet, condensed

Parent company SEKm	31 Mar 2017	31 Dec 2016	%	31 Mar 2016	%
Assets					
Cash and balance with central banks	352 768	64 193		293 625	20
Loans to credit institutions	414 154	409 763	1	407 823	2
Loans to the public	438 400	430 406	2	488 702	-10
Interest-bearing securities	169 986	175 865	-3	164 269	3
Shares and participating interests	104 411	82 267	27	67 860	54
Derivatives	84 751	96 243	-12	111 917	-24
Other assets	33 407	35 437	-6	43 487	-23
Total assets	1 597 877	1 294 174	23	1 577 683	1
Liabilities and equity					
Amounts owed to credit institutions	153 726	129 276	19	215 451	-29
Deposits and borrowings from the public	747 985	617 704	21	767 966	-3
Debt securities in issue	429 237	282 369	52	291 061	47
Derivatives	88 535	114 620	-23	115 343	-23
Other liabilities and provisions	66 859	27 390		68 762	-3
Subordinated liabilities	26 980	27 254	-1	22 107	22
Untaxed reserves	10 206	10 206	0	10 021	2
Equity	74 349	85 355	-13	86 972	-15
Total liabilities and equity	1 597 877	1 294 174	23	1 577 683	1
Pledged collateral	41 438	33 624	23	51 440	-19
Other assets pledged	4 203	4 241	-1	3 981	6
Contingent liabilities	580 766	588 167	-1	589 007	-1
Commitments	226 087	232 134	-3	214 866	5

Statement of changes in equity, condensed

Parent company SEKm					
	Share capital	Share premium reserve	Statutory reserve	Retained earnings	Total
January-March 2016					
Opening balance 1 January 2016	24 904	13 206	5 968	33 304	77 382
Share based payments to employees				113	113
Deferred tax related to share based payments to employees				-63	-63
Current tax related to share based payments to employees				30	30
Total comprehensive income for the period				9 510	9 510
Closing balance 31 March 2016	24 904	13 206	5 968	42 894	86 972
January-December 2016					
Opening balance 1 January 2016	24 904	13 206	5 968	33 304	77 382
Dividend				-11 880	-11 880
Share based payments to employees				378	378
Deferred tax related to share based payments to employees				-13	-13
Current tax related to share based payments to employees				30	30
Total comprehensive income for the period				19 458	19 458
Closing balance 31 December 2016	24 904	13 206	5 968	41 277	85 355
January-March 2017					
Opening balance 1 January 2017	24 904	13 206	5 968	41 277	85 355
Dividend				-14 695	-14 695
Share based payments to employees				103	103
Deferred tax related to share based payments to employees				-35	-35
Current tax related to share based payments to employees				35	35
Total comprehensive income for the period				3 586	3 586
Closing balance 31 March 2017	24 904	13 206	5 968	30 271	74 349

Cash flow statement, condensed

Parent company SEKm			
	Jan-Mar 2017	Full-year 2016	Jan-Mar 2016
Cash flow from operating activities	127 287	-61 179	134 760
Cash flow from investing activities	10 983	13 493	14 595
Cash flow from financing activities	150 305	-19 980	12 411
Cash flow for the period	288 575	-67 666	161 766
Cash and cash equivalents at beginning of period	64 193	131 859	131 859
Cash flow for the period	288 575	-67 666	161 766
Cash and cash equivalents at end of period	352 768	64 193	293 625

Capital adequacy

Capital adequacy, Parent company SEKm	31 Mar 2017	31 Dec 2016	31 Mar 2016
Common Equity Tier 1 capital	72 922	73 361	74 260
Additional Tier 1 capital	13 505	14 270	9 319
Tier 1 capital	86 427	87 631	83 579
Tier 2 capital	12 695	12 204	12 017
Total capital	99 122	99 835	95 596
Minimum capital requirement	24 881	23 537	25 040
Risk exposure amount	311 012	294 210	313 001
Common Equity Tier 1 capital ratio, %	23,5	24,9	23,7
Tier 1 capital ratio, %	27,8	29,8	26,7
Total capital ratio, %	31,9	33,9	30,5
Capital buffer requirement¹⁾ %	31 Mar 2017	31 Dec 2016	31 Mar 2016
CET1 capital requirement including buffer requirements	8,4	8,3	7,9
of which minimum CET1 requirement	4,5	4,5	4,5
of which capital conservation buffer	2,5	2,5	2,5
of which countercyclical capital buffer	1,4	1,3	0,9
CET 1 capital available to meet buffer requirement ²⁾	19,0	20,4	19,2
Capital adequacy transition rules Basel 1 floor³⁾ SEKm	31 Mar 2017	31 Dec 2016	31 Mar 2016
Capital requirement Basel 1 floor	28 262	29 553	28 839
Own funds Basel 3 adjusted according to rules for Basel 1 floor	99 672	100 318	96 094
Surplus of capital according to Basel 1 floor	71 410	70 765	67 255
Leverage ratio %	31 Mar 2017	31 Dec 2016	31 Mar 2016
Tier 1 Capital, SEKm	86 427	87 631	83 579
Total exposure, SEKm ⁴⁾	1 317 499	1 004 780	1 296 037
Leverage ratio, % ⁴⁾	6,6	8,7	6,5

¹⁾ Buffer requirement according to Swedish implementation of CRD IV.

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

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

⁴⁾ Taking into account exemption according to CRR article 429.7 excluding certain intragroup exposures.

Exposure amount, Risk exposure amount and Own funds requirement, parent company			
31 Mar 2017	Exposure amount	Risk exposure amount	Minimum capital requirement
SEKm			
Credit risks, STD	1 470 262	76 518	6 121
Central government or central banks exposures	446 119	71	6
Regional governments or local authorities exposures	22 048	55	4
Public sector entities exposures	3 333		
Multilateral development banks exposures	3 865	1	0
International organisation exposures			
Institutional exposures	925 038	813	65
Corporate exposures	4 098	4 030	322
Retail exposures	515	385	31
Exposures secured by mortgages on immovable property	2 283	799	64
Exposures in default	3	4	0
Equity exposures	62 324	69 738	5 579
Other items	636	622	50
Credit risks, IRB	601 500	161 402	12 912
Institutional exposures	100 057	17 952	1 436
Corporate exposures	405 904	119 263	9 541
of which specialized lending			
Retail exposures	92 497	21 334	1 707
of which mortgage lending	13 639	2 922	234
of which other lending	78 858	18 412	1 473
Non-credit obligation	3 042	2 853	228
Credit risks, Default fund contribution		454	36
Settlement risks	0	0	0
Market risks		8 601	689
Trading book		8 394	672
of which VaR and SVaR		5 548	444
of which risks outside VaR and SVaR		2 846	228
FX risk other operations		207	17
Credit value adjustment	26 964	6 262	501
Operational risks		35 317	2 825
Standardised approach		35 317	2 825
Additional risk exposure amount, Article 3 CRR		22 458	1 797
Total	2 098 726	311 012	24 881

Exposure amount, Risk exposure amount and Own funds requirement, parent company			
31 Dec 2016	Exposure amount	Risk exposure amount	Minimum capital requirement
SEKm			
Credit risks, STD	1 230 996	76 530	6 122
Central government or central banks exposures	185 049	70	6
Regional governments or local authorities exposures	23 475	60	5
Public sector entities exposures	4 034	46	4
Multilateral development banks exposures	3 890	1	0
International organisation exposures	20		
Institutional exposures	944 642	753	60
Corporate exposures	3 734	3 665	293
Retail exposures	656	490	39
Exposures secured by mortgages on immovable property	2 317	811	65
Exposures in default	2	2	0
Equity exposures	62 321	69 787	5 583
Other items	856	846	68
Credit risks, IRB	600 185	166 590	13 327
Institutional exposures	90 999	14 860	1 189
Corporate exposures	409 505	124 448	9 956
of which specialized lending			
Retail exposures	91 458	21 429	1 714
of which mortgage lending	13 949	3 014	241
of which other lending	77 509	18 415	1 473
Non-credit obligation	8 223	5 853	468
Credit risks, Default fund contribution		431	35
Settlement risks	0	0	0
Market risks		9 291	743
Trading book		9 026	722
of which VaR and SVaR		7 030	562
of which risks outside VaR and SVaR		1 996	160
FX risk other operations		265	21
Credit value adjustment	20 138	5 252	420
Operational risks		35 659	2 853
Standardised approach		35 659	2 853
Additional risk exposure amount, Article 3 CRR		458	37
Total	1 851 319	294 210	23 537

Signatures of the Board of Directors and the President

The Board of Directors and the President hereby certify that the interim report for January - March 2017 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, 24 April 2017

Lars Idermark
Chair

Ulrika Francke
Deputy Chair

Bodil Eriksson
Board Member

Mats Granryd
Board Member

Bo Johansson
Board Member

Peter Norman
Board Member

Annika Poutiainen
Board Member

Siv Svensson
Board Member

Magnus Ugglå
Board Member

Camilla Linder
Board Member
Employee Representative

Roger Ljung
Board Member
Employee Representative

Birgitte Bonnesen
President and CEO

Review report

Introduction

We have reviewed the interim report for Swedbank AB (publ) for the period 1 January - 31 March 2017. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

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

Conclusion

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

Stockholm, 24 April 2017
Deloitte AB

Patrick Honeth
Authorised Public Accountant

Publication of financial information

The Group's financial reports can be found on www.swedbank.com/ir

Financial calendar 2017

Interim report for the second quarter	19 July 2017
Interim report for the third quarter	24 October 2017

For further information, please contact:

Birgitte Bonnesen
President and CEO
Telephone +46 70 815 04 90

Anders Karlsson
CFO
Telephone +46 8 585 938 77
+46 72 736 15 61

Gregori Karamouzis
Head of Investor Relations
Telephone +46 8 585 930 31
+46 72 740 63 38

Gabriel Francke Rodau
Head of Communications
Telephone +46 8 585 921 07
+46 70 144 89 66

Josefine Uppling
Press Officer
Telephone +46 8 585 920 70
+46 76 114 54 21

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

Swedbank AB (publ)

Registration no. 502017-7753
Landsvägen 40
SE-105 34 Stockholm, Sweden
Telephone +46 8 585 900 00
www.swedbank.com
info@swedbank.se