Swedbank

Annual Report

Contents

Financial information 2014

Q1 interim report 28 April

Q2 interim report 16 July

Q3 interim report 21 October

Annual General Meeting

The 2014 Annual General Meeting will be held at Dansens Hus in Stockholm on Wednesday 19 March at 10 am. The proposed record day for the dividend is 24 March 2014. The last day for trading in Swedbank's shares including the right to the dividend is 19 March. For more information, see page 185 and the notice of the AGM at www.swedbank.com.

Swedbank in brief

Swedbank has roots firmly entrenched in Sweden's savings bank history, the cooperative agricultural bank tradition and Hansabank's significant role in the Baltic countries. Swedbank has a leading position in its home markets of Sweden, Estonia, Latvia and Lithuania.

We have an important role both in the financial system and in the local communities where we are active. We promote a sound and sustainable financial situation for our customers and society as a whole.

Swedbank serves everyone, from customers with basic needs to those who require advanced banking services, and does it in a way that creates value for customers, society, shareholders and employees. We work to develop close, long-term relationships.

On a daily basis our values – open, simple and caring – mean, among other things, that our services and advice must be easily understood, appropriate and accessible.

Swedbank shall maintain a robust balance sheet that can withstand economic swings. Evaluating and managing risks is part of what we do every day. We spread risks through a broad customer base of private individuals and companies in many different sectors and through a sustainable balance between deposits and lending in our home markets.

Strategy

Accessible full-service bank ...

... with decision-making close to our customers ...

... low risk ...

... and high cost efficiency

For more information, see page 6

Markets

Sweden, Estonia, Latvia and Lithuania are Swedbank's home markets. To support our customers' businesses, Swedbank also has operations in Norway, Finland, Denmark, the US, China and Luxembourg.

Market shares private market | corporate market

Sweden
Deposits 21% Mortgages 25% | Deposits 18% Lending 17%

Estonia
Deposits 54% Mortgages 46% | Deposits 37% Lending 36%

Latvia
Deposits 29% Mortgages 31% | Deposits 14% Lending 18%

Lithuania
Deposits 37% Mortgages 26% | Deposits 25% Lending 21%

Key figures	2013	2012
Profit for the year, continuing operations, SEKm	15 241	15 298
Return on equity, %[1]	14.7	15.6
Common Equity Tier 1 capital ratio (Basel 3), %[2]	18.3	15.4
Common Equity Tier 1 capital ratio (Basel 2), %	18.7	16.7
Total income	36 938	36 268
Total expenses	16 648	16 560
Cost/income ratio	0.45	0.46
Credit impairment ratio, %	0.00	–0.01
Share of impaired loans, gross, %	0.55	1.05
Risk weighted assets (Basel 3), SEKbn	441	487
Risk weighted assets (Basel 2), SEKbn	452	464
Total assets, SEKbn	1 821	1 847
Lending to the public, SEKbn[3]	1 215	1 184
Deposits from the public, SEKbn[3]	599	558
Earnings per share, SEK[4]	13.79	13.88
Dividend per share, SEK[5]	10.10	9.90
Number of full-time employees	14 265	14 861

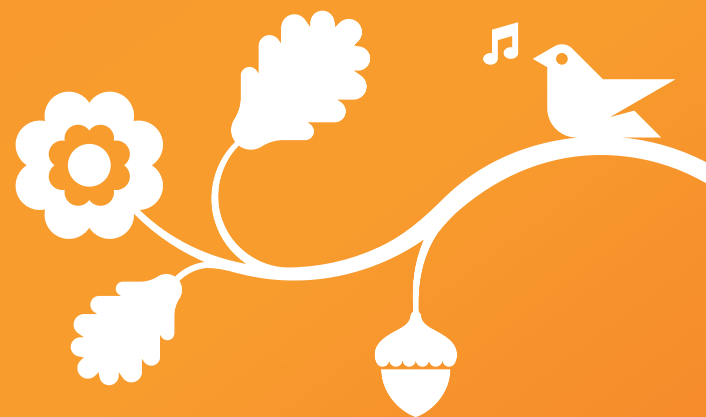
1) Calculated for continuing operations
2) According to Swedbank's current interpretation of future regulations
3) Excluding the Swedish National Debt Office and repos
4) Continuing operations after dilution and without deducting the preference share dividend
5) Board of Directors' proposal for 2013

2013 results

- Stable profit
- Controlled costs
- Increased capitalisation
- Improved market position
- Proposed dividend of SEK 10.10 per share

Our business segments

Financial reporting is divided into four segments.



Swedish Banking

Sweden is Swedbank's largest market, with 4 million private customers and 250 000 corporate customers. This makes us Sweden's largest bank in number of customers. We are available through our digital channels and branches, as well as through the cooperating savings banks and franchisees.

Share of Group's total income

59%

Share of profit before impairments

59%

Large Corporates & Institutions

Responsible for Swedbank's offering to customers with revenue over SEK 2 billion and those with complex needs due to multinational operations or sophisticated financing solutions. Develops corporate and capital market products for the rest of the bank and the savings banks.

Share of Group's total income

20%

Share of profit before impairments

21%

Baltic Banking

With around 4 million private customers and over 250 000 corporate customers, Swedbank is the largest bank in terms of customers in Estonia, Latvia and and Lithuania. According to surveys, we are the most respected company in the financial sector. We are available both through digital channels and branches.

Share of Group's total income

6%	Estonia
5%	Latvia
4%	Lithuania

Share of profit before impairments

6%	Estonia
5%	Latvia
4%	Lithuania

Group Functions & Other

Consists of three types of centralised business support units: Group Products, Group Staffs and Ektornet. Group Functions & Other supports the three other business segments.

Share of Group's total income

6%

Share of profit before impairments

4%

Customer demand drives the bank's development

Our customers are the ones who drive future banking. Their expectations of us change as technological developments offer new ways to bank. We want to be a modern and attractive bank in the future as well, this is why it has to be easy to do business with us.

Swedbank's history goes back nearly two hundred years, when savings banks were opened around the country. Through thrift and hard work, our customers' bank books grew, allowing them to raise their standard of living, live comfortably in old age or even start a business. While we are proud of our heritage, which also includes agricultural credit societies and Hansabank, we cannot rest on our laurels.

It is no secret that the Swedish public has low trust in banks. That this applies to the whole sector is no excuse. The fact remains, we have to be better. We want customers to recommend us to friends and acquaintances because they appreciate their contact with the bank as well as our products and services. We know it will take time to improve customer satisfaction in Sweden, but we are also convinced that we are heading the right direction and that we will succeed.

Improving customer value is our top priority

Swedbank posted good results in 2013. Profit was SEK 15.2 bn. Our financial strength allows us to develop better banking solutions and improve service. Our customers want simple, transparent offerings, and that is why it has to be easy to bank with us. During the year, among other things, we launched a special mobile banking app for young people and another for business customers. Through the Mobile Bank, you can now check all their credit card transactions and track payments and receipts. In our digital channels customers can bank and stay updated on their finances anywhere at any time.

We broke new ground in 2013 by introducing video advisory services at around twenty branches, where customers can now dialogue with advisors and experts from other parts of the bank. Video advice is still in its infancy, but more customers will be able to choose this option. In the future, they will also be able to meet their advisor while at home sitting on the sofa through a smart TV or at the kitchen table through a tablet.

Besides doing what all full-service banks do, we have to do it better and more efficiently. This makes it vital that we 1) offer banking services for everyone and 2) are engaged in the communities where our customers live and work. We have many customers and contacts throughout society. When society is thriving, the bank benefits. We focus our engagement on areas where we have special expertise and where we, together with our customers and partners, can make the biggest difference. In 2013 we continued our work with job opportunities for young people and foreign-born residents, with better education and financial know-how, and we became increasinlgy involved with issues regarding the Swedish housing market. Increasing the level of construction and infrastructure investment, especially in expansive metropolitan areas, is necessary for the health of the entire economy.

More of our resources closer to our customers

We are dedicating more and more resources to the part of our bank that meets our customers. Today we can offer advice in more ways and to more customers than ever. By simplifying decision-making channels, we can offer faster service better adapted to local conditions and individual customer needs.

In Estonia, Latvia, and Lithuania, our customer satisfaction is consistently high, and in these countries we have made more progress in adapting to changing needs and preferences than in our Swedish retail operations. Customer satisfaction is also high among large companies and institutions. The common denominator is that we have begun implementing changes in the Baltic countries and our corporate operations earlier than in the Swedish retail operations.

Since early 2013 we have been decentralising our operations in Sweden. Customer meetings will be in the forefront of everything we do. We shall not do anything that does not create value added for our customers. Consequently, all centralised support functions are going through a bidding process that gives our advisors more say over what the rest of the bank does. This will produce better support functions that enable us to directly meet our customers' needs and wishes.

External trends create opportunities

The financial sector is undergoing significant change, including at a regulatory level within the EU.

Stress tests by the Riksbank and the Swedish Financial Supervisory Authority show that Swedbank is financially strong with small aggregate risks. During the year the Common Equity Tier 1 capital ratio increased to 18.3 per cent.

> We are dedicating more and more resources to the part of our bank that meets our customers. Today we can offer advice in more ways and to more customers than ever before.
>
> **Michael Wolf**
> President and CEO

As a whole, this helped to further reduce our funding costs during the year.

We support regulatory efforts to increase financial stability. At the same time we have to be clear that tougher banking requirements will unavoidably lead to higher costs for both the bank and our customers. Old established models have to be reevaluated when new requirements are established. Many of the changes are putting consumers in a stronger position and giving them greater choice, which promotes competition and spurs development. For banks that can adapt quickly, there will be huge opportunities. We have already begun the work to develop simpler and more flexible solutions.

We are in a good position.

Stockholm, February 2014

Michael Wolf
President and CEO

External trends are driving the banking sector...

Macroeconomic conditions, changing regulations and technological development are challenging the banking sector while at the same time creating opportunities. One of the challenges for established companies like Swedbank is increased competition from new players. The situation also offers significant opportunities for those who can adapt quickly.

Economic development is one of the main drivers of the banking sector. Another important driving force is changing regulations, which are creating a completely different competitive picture. Customer choice is increasing as technological development and digitalisation give rise to new opportunities and behaviour.

How the economy affects the banking sector

Favourable macroeconomic conditions lead to greater activity among households and businesses. In times of weaker development, activity is slower, limiting the banking sector's opportunities. The major underlying imbalances in the global economy are currently fuelling uncertainty from a national and international perspective. Globally, signs that some central banks are tapering their fiscal support could have a major impact in 2014. The reduction of these measures is a sign of strength, yet the central banks face a delicate balancing act where tapering has to be calibrated against the pace of future development. This involves considerable complexity, and it is uncertain how the continued phase-out of central bank support will affect debt levels, prices and remaining imbalances in the wake of the financial crisis in 2008–09.

Macroeconomic conditions

While many are cautiously optimistic about the future, it will be difficult for banks operating in Sweden and the Baltic countries to return to growth rates before the crisis. This would not be desirable either, since the credit expansion it created was not sustainable.

In Sweden, economic development was weaker than expected in 2013. Still, relatively strong development since 2010 has improved Sweden's reputation for quality and resulted in lower funding costs for the state, banks and other Swedish companies and institutions. There are signs of imbalances in the economy, however, especially in the housing market. Persistent excess demand has arisen due to a low level of housing construction, which has led to rising home prices and growing household debt. The latter has forced the Riksbank to keep the repo rate at a higher level than economic conditions otherwise warrant, which is inhibiting potential growth.

In our Baltic home markets – Estonia, Latvia and Lithuania – the economic recovery is expected to continue, with growth rates of around 4 per cent in the years ahead. Unemployment and inflation are projected to fall at the same time that external imbalances shrink, resulting in lower risk. This positive development is largely the result of extensive reforms and economic policies that align with the EU. Latvia adopted the euro on 1 January 2014 and Estonia on 1 January 2011. Lithuania is preparing for EMU membership.

> "Demands on the banking sector from the market and regulators have risen.

Regulatory changes create threats and opportunities

Demands on the banking sector from the market and regulators have risen. The increased regulation that has resulted is leading to higher capital and funding requirements. Clearer regulations will ensure banks do not become a financial burden to society. Regulation also makes it clearer what types of risks financial institutions face. It separates the stable, more profitable banks and tends to favour established players.

Other regulation – both in Sweden and the EU – aims to strengthen the consumer's position and create more choice. This is leading to greater competition and in the long run lower prices – unlike increased regulation, which drives costs higher. Changes that strengthen consumers thus also require that banks achieve greater efficiencies in order to remain competitive.

Technology is changing customer behaviour

Technological possibilities offered by digitalisation are creating new ways to distribute products and services and putting consumers in a stronger position by making it easier – through increased transparency - to compare offers. These changes are leading to new needs and preferences. Banks are seeing growing demand for digital services, especially among young customers, whose need for financial products and services is likely to grow as they age and their incomes grow.

In addition to improvements for customers, digitalisation creates opportunities for banks, which can profit from efficiency gains such as reduced use of cash in society. The willingness of customers to quickly adopt digital solutions at the same time attracts new companies, which see opportunities to establish themselves in parts of the financial system. To date, the biggest pressure to change has been in consumer credit and payment.

… and steer our priorities

The aim of Swedbank's strategy is to create long-term value for our customers, owners and other stakeholders. The priorities are continuously adapted to changing conditions to ensure that we remain competitive. Taken together, this will lead to our overarching goals.

External trends

- Macroeconomy
- Regulatory changes
- Technological development
- Increased competition

Strategy

Accessible full-service bank …

… with decision-making close to our customers …

… low risk …

… and high cost efficiency

For more information on our strategy, see page **6**

Priorities

- Improve customer value
- Strengthen market position
- Increase decision making close to our customers
- Increase cost efficiency

For more information on our priorities, see page **7**

Goals

- Increased customer value
- Increased engagement among our employees
- Return on equity of at least 15 per cent
- Market-leading cost efficiency
- Solid capitalisation

For more information on our goals, see pages **8–9**

Customer value and sustainability are the core of our strategy

By being a profitable bank with low risk, we are able to build relationships that meet our customers' needs in both the short and long term. The aim of our strategy is to create sustainable value for customers, society, shareholders and employees.

Accessible full-service bank ...

We provide households and businesses with everything from basic transaction services to the most advanced advisory services. Our goal is to do it in a sustainable way that creates customer value. Therefore, our products and services are based on and adapted to our customers' needs and behaviour. By actively promoting accessibility, we increase the overall customer value in the local communities where we operate. We are an inclusive bank with services catered to a variety of needs. Basic services that can be automated are mainly self-service options. More complex services that require advice are offered in direct contact with our employees. We promote a sound and sustainable financial situation.

... with decision-making close to our customers ...

Our offering is designed with our customers in mind. All decisions are therefore made as close to customers as possible – without unnecessary lead times and helped by the adviser's knowledge of the local market. That competence is also the basis for what products and services are offered. The advisor takes responsibility for pricing, risk, profit and loss, and balance sheet. This promotes employee engagement as well as opportunities for personal development for our staff, in tandem with creating incentives for adaption to local needs and improved accessibility, which strengthen customer value.

... low risk ...

Swedbank's mortgages and other lending are financed through capital market funding. Stable profitability and low risk are essential in order to win the trust of this market. For earnings to remain stable over time requires a low risk level. A low risk profile facilitates low funding costs, which benefit all our stakeholders. Risk is kept low by the high quality of the bank's lending, where each borrower's solvency, solidity and collateral are always the determining factors. Moreover, the bank maintains a sustainable balance between deposits and lending and tries to match maturities. Swedbank's priority is sustainable growth.

... and high cost efficiency

External trends increase the importance of being able to manage capital and expenses efficiently. Capital efficiency is attained through our employees being knowledgeable about customers and what affects risk weighted assets and tied-up capital. Cost efficiency is among other things attained by developing our products cooperatively at the Group level. Our broad customer base gives us the economies of scale and opportunities to create cost-effective solutions with the help of new technology. We continuously adapt to external trends in order to do things better, more simply and more efficiently. To be the market leader in cost efficiency, we promote a corporate culture where all employees are well aware of and cautious with expenses. The more cost-effective we are, the more customer value can be created through greater investment opportunities.

Priorities 2014: Increased customer focus

Swedbank's priorities ensure long-term competitiveness by continuously adapting to external trends. The priorities direct our focus to the areas we feel contribute the most to long-term value creation.

Improve customer value

- Continue to invest in accessibility, service and quality
- Devote more resources to customer meetings
- Simplify and clarify our offering

To stay competitive, we will continue to improve customer value. External trends, including regulations and increased digitalisation, are leading to greater transparency and opportunities to compare various offers. To quickly adapt to this through continued investments – in increased accessibility, quality, and functionality – at the same time that our product offering will be simplified, will contribute to increased customer value. We will also make it easier to choose the right means of contact for each service. The share of resources in central staffs will be reduced, to enable more resources when meeting our customers. In this context, further investment in competence development is also central.

Strengthen market position

- Grow in existing markets
- Build long-term relationships
- Coordinate offerings

We will grow with current and future customers in existing markets. Since we have private customers who run companies and corporate customers who employ our private customers, the bank's offering has to be increasingly coordinated. Stronger internal cooperation will allow more of our customers to benefit by doing the majority of their banking with us. All contacts with the bank – regardless of channel – are part of building relationships. Targeted measures will be taken in a number of product areas, and for customers with more complex needs, to strengthen our market position and better meet customer demand.

Increase decision making close to our customers

- Decentralise mandates and improve business support
- Strengthen leadership and employeeship
- Utilise and develop talents through increased internal mobility

Through increased decision-making authority and competence training, we strengthen our employees. To make sure decisions are made as close to customers as possible, Swedbank has a framework that develops business acumen and over time gives customer service managers more say. It also increases the demands on the bank's managers, since a growing share of our business is being handled in direct contact with the customer. By focusing on leadership and a more results-oriented corporate culture – with the customer at the centre – we support local decision-making. Parts of the previously centralised risk organisation are being moved closer to business operations at the same time that local credit mandates are being increased. We are working to expand our employees' skills, create development opportunities within the bank and promote internal mobility, gender equality, and diversity.

Increase cost efficiency

- Simplify internal processes
- Adapt Group Functions based on customer needs
- Increase cost consciousness

To offer competitive services long-term will require continuous cost consciousness and rationalised internal processes. A more results-oriented corporate culture will keep the focus on income, but also – against the backdrop of exernal trends – emphasise cost efficiency in order to offer long-term customer value. We will automate processes and encourage self-service. Responsibility for keeping costs low is shared by every employee of the bank. Efficiency is also created through greater cooperation and integration. All internal services will be open to competitive bidding, where units that directly interact with customers will decide whether the services offered by the bank's support functions are worth the price. Customers' needs and preferences – which are channelled from advisors through the organisation – will determine which activities are selected. This will sharpen the staff functions and improve quality.

Increased customer focus…

Taken together, our goals contribute to the creation of long-term value. A high level of customer value is a requirement for sustainable profitability.

Customers

GOAL: Increased customer value.

WHY: Customer value, together with customer satisfaction, trust and a positive brand image, explains the extent to which customers will choose our products and services to meet their banking needs. High customer value is a condition for sustainable profitability. We monitor this through our own and public surveys of customer satisfaction among other things (by Swedish Quality Index and Customer Satisfaction Index in Sweden and TRIM in the Baltic countries).

Employees

GOAL: Increased employee engagement.

WHY: Engaged employees contribute to successful business for our customers. By gradually increasing our employees' decision-making authority, they become more involved and take long-term responsibility for our customers' finances. A prerequisite for this is competence and leadership with a composition that meets demand and diversity in our broad customer base. We monitor employee engagement through an annual survey.

Financial goals

Return on equity

GOAL: Return on equity of at least 15 per cent.

WHY: Swedbank's shareholders require a competitive return on the capital they invest. At the same time Swedbank has to be profitable to stay competitive in the long term and create investment opportunities. We also have to ensure the bank can withstand periods of major economic stress, which is largely determined by our earning capacity, risk level and capitalisation.

Cost efficiency

GOAL: Market-leading cost efficiency.

WHY: In an increasingly global and transparent world, and in light of regulatory changes, competition for banking services is growing. To offer competitive services over the long term requires a continuous focus on cost efficiency. Swedbank shall be the market leader in cost efficiency.

Capitalisation

GOAL: Solid capitalisation.

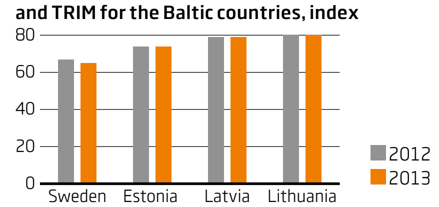
WHY: The Swedish Financial Supervisory Authority has not yet decided on the final Swedish capital requirements. The Board of Directors will establish a new capital target once the regulations are in place. Swedbank's capitalisation will ensure it can withstand a stressed scenario from a solidity perspective and that it has access to competitive capital market funding. Low risk and a high earning capacity mean lower capital requirements, and vice versa.

...promote our ability to compete

Our focus on cost efficiency gives us the scope for investment required to enable us to remain an attractive bank in the future.

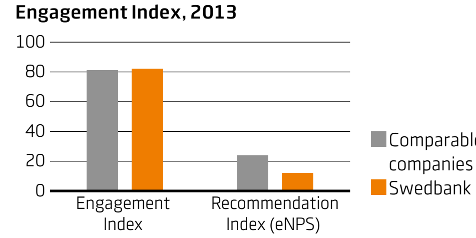
RESULT: Customer activity grew in 2013. The number of Mobile Bank customers increased by 33 per cent in Sweden, 80 per cent in Estonia, 64 per cent in Latvia and 114 per cent in Lithuania. Customer satisfaction in Sweden, measured by the Swedish Quality Index, fell by 2 points to 65 in 2013. In the Baltic countries, customer satisfaction is measured biannually by TRIM. In the latest survey from 2012 Estonia increased by one point to 74, while Latvia gained five points to 79 and Lithuania gained two points to 80. Swedbank was ranked as the fifth most respected brand in the Baltic region in 2013.

Customer satisfaction measured by SQI for Sweden and TRIM for the Baltic countries, index



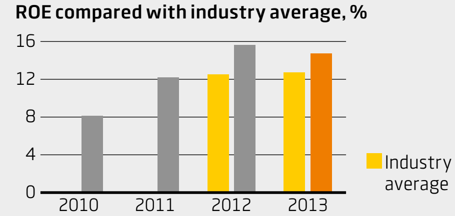
RESULT: In Swedbank's employee survey, the Engagement Index surpassed the average for comparable companies. This shows that the changes within the bank are having an impact and that the new organisation with decentralised decision-making promotes employee engagement, which in turn should contribute to our customers' success.

Engagement Index, 2013



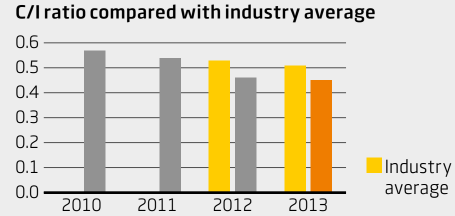
RESULT: The return on equity for continuing operations decreased during the year to 14.7 per cent (15.6). The industry average was 12.7 per cent and includes the three major Swedish banks Nordea, SEB and Handelsbanken. Swedbank's profit for the year was driven by stronger net interest income and higher commission income. Expenses were largely unchanged. Low interest rates in 2013, combined with indications of higher capital requirements, reduced the possibility of achieving the ROE target. Profitability is dependent on our ability to continuously improve cost efficiency and automate and simplify processes.

ROE compared with industry average, %



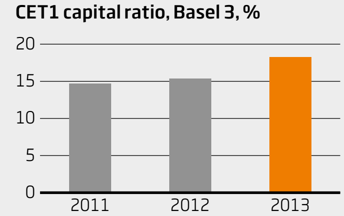
RESULT: Expenses were largely unchanged compared with 2012. Expenses within Ektornet, which manages and develops the assets repossessed by the bank after the financial crisis, fell by 35 per cent for the full-year. IT expenses and staff costs rose, partly as the result of an increased number of customer service managers in Swedish Banking. One way to compare cost efficiency is the cost/income ratio. Swedbank's C/I ratio for 2013 was 0.45, lower than the average for Sweden's three other major banks: Nordea, SEB and Handelsbanken.

C/I ratio compared with industry average



RESULT: The Common Equity Tier 1 capital ratio continued to improve during the year to 18.3 per cent (15.4) as of 31 December, according to Basel 3. The increase is attributable to profit for the year (after the proposed dividend) and lower risk weighted assets, which is mainly a result of positive rating migrations by individuals and tenant-owner associations in Sweden as well as companies in the Baltic countries. Lower exposures in Russia and the sale of the Ukrainian operations also reduced the risk weighted amount. Efficiency improvements continue to have a positive effect on the Common Equity Tier 1 capital ratio.

CET1 capital ratio, Basel 3, %



Engaged employees who take responsibility

Our success, and that of our customers, is based on engaged employees who are satisfied with their work and understand customers' needs. Responsibility for customers' finances is promoted by gradually empowering our employees to make their own decisions.

Our operations are founded on a strong local presence through engaged employees. A reorganisation was implemented in Sweden in 2013 to better serve customers. The new organisation is flatter and gives everyone with direct customer contact more decision-making authority.

Competent leadership is an important success factor

Among the keys to our long-term success are competence and leadership with a composition that meets the demand and diversity in our broad customer base. We still have a lot to do and learn. To succeed, we begin with our leaders – who are responsible for talent management. One example of how we are working actively is how the management team in the LC&I business area is being trained in gender equality. Another example is our involvement in Sweden in a competence initiative called "A Job at Last" in collaboration with the Swedish Public Employment Service, which is helping us to identify qualified employees among foreign-born graduates. In addition to competence, gender equality and diversity provide important contributions to the work environment and corporate culture, where we embrace a work-life balance.

> "Greater internal mobility and improved career opportunities.

Managers have to point the way forward and implement changes and therefore require continuous training. To strengthen leadership and business acumen, we work actively to develop and tap into our talent pool. At an early stage we identify, encourage and further develop promising employees with management potential. In 2014 a mentoring programme is being launched to help meet the bank's talent needs while at the same time improving internal mobility and career opportunities.

Development opportunities mean better customer service

Continuous skills development is needed to meet our customers' needs and adapt the bank to changing conditions. All employees take responsibility for their own development and contribute to the bank's success, primarily by developing on the job. Stimulating and challenging tasks – with the support of an immediate supervisor and experienced colleagues – give our employees the opportunity to grow.

> "Engaged employees and good leadership contribute to increased customer value.

Swedbank's role as an employer is to support employees' development and provide them with opportunities to meet their goals. The bank has a special process to ensure that personal goals contribute to the bank's overarching goals. Offering competitive products and services also requires cost awareness and efficient internal processes. This is a responsibility shared by every employee.

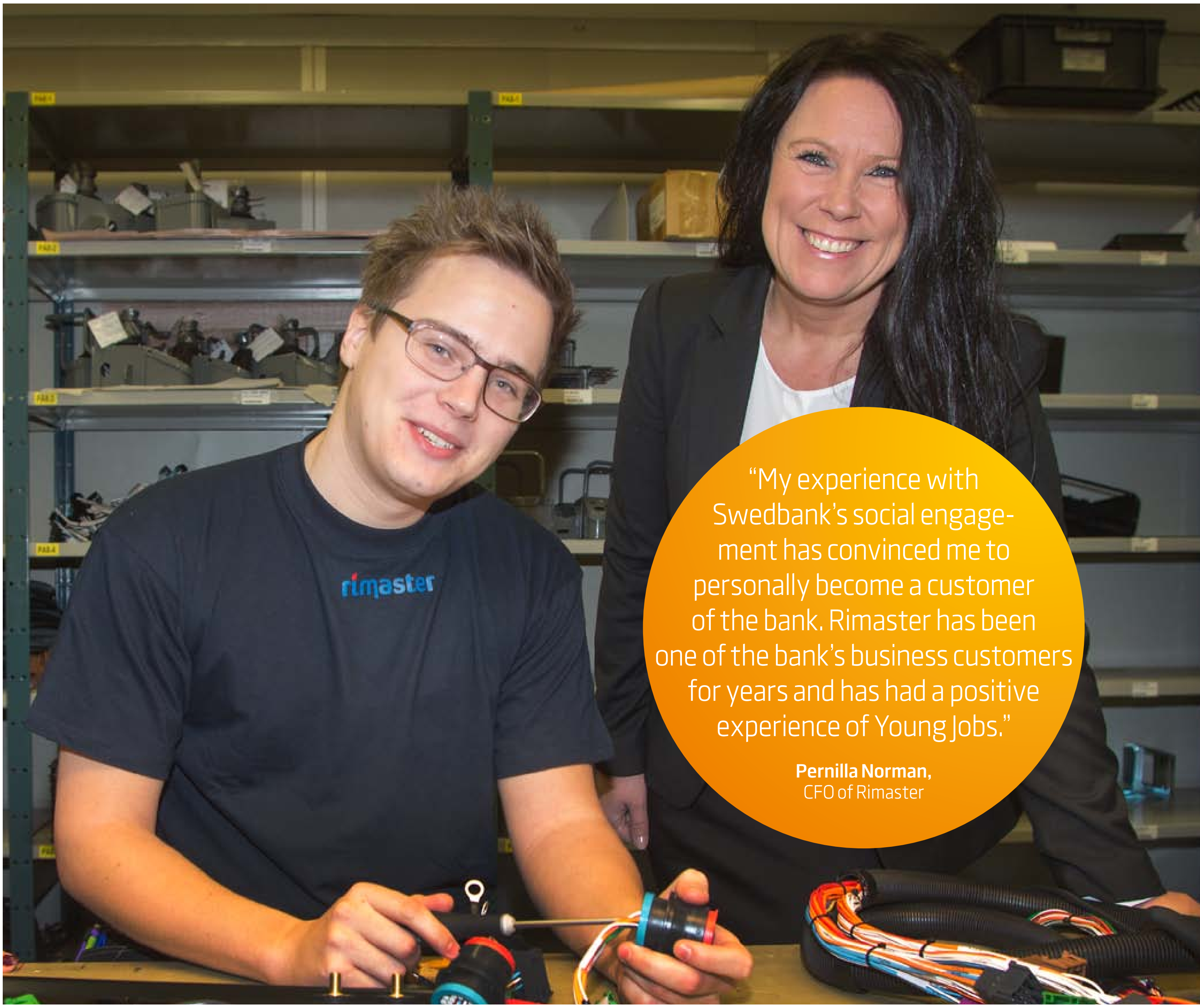
All employees play a part in building a stable, sustainable bank. Our aim is to offer market – but not market leading – pay rates. The majority of employees receive both fixed and variable pay. Our general remuneration programme complies with the Swedish Financial Supervisory Authority's guidelines and is designed to offer a long-term performance incentive that increases customer and shareholder value. For more information on employees, see note G13.

Increased engagement is the goal

Swedbank's annual employee survey provides input on collaboration, leadership and engagement. The 2013 survey saw an increase in engaged employees. The total Engagement Index rating was 82, against 81 for comparable companies. The Swedish retail operations made the biggest jump, indicating that the decentralised organisation introduced on 1 January 2013 is having an impact. The biggest improvement is in the willingness of our employees to recommend Swedbank as an employer. The recommendation index more than doubled in a year. This also shows that the changes made are making an impact. Employees with customer contact in the various Swedish regions reported the biggest improvements in the recommendation index. For more information on our employee goals, see pages 8–9.

Priorities 2014

The process of shifting decision-making authority closer to customers is continuing at full speed. This should increase our employees' development opportunities. At the same time we invest in leadership, and in 2014 we will continue to promote internal mobility , gender equality, and diversity, while also managing our talents and adjusting to external trends.



"My experience with Swedbank's social engagement has convinced me to personally become a customer of the bank. Rimaster has been one of the bank's business customers for years and has had a positive experience of Young Jobs."

Pernilla Norman,
CFO of Rimaster

Local initiative to create growth and address youth unemployment

Trust built in close cooperation

Swedbank and the savings banks have been working with local municipalities and employment authorities since 2009 on an initiative called Young Jobs, which gives young people who have been unemployed for at least 90 days an opportunity to work as trainees through the bank's extensive network of corporate customers. For many young people, the trainee position is a critical step to enter the labour market.

"When we as a customer of Swedbank came into contact with Young Jobs, I suggested we take part and contribute since it is such an important issue," says Pernilla Norman, CFO of Rimaster. "We decided to join with the local business community in Söderhamn to invest in our young people and create opportunities for the municipality to grow."

Young Jobs creates opportunities
Rimaster has had three trainees through Young Jobs. Kalle Rydin, shown above, began as a trainee at Rimaster in November. The collaboration by local businesses in Söderhamn generated a total of 159 trainee positions for young people in 2013 as part of the programme. For 34 of them, it has already led to employment.

Rimaster expands its participation
"In 2014 we will take new steps to reach out to as many employers and young people as possible. Everyone in the community has to work actively together to get our young people working and reduce youth unemployment. Hiring them as trainees is a first step."

More than 5 000 trainee positions
On 31 December 2013, close to 55 000 persons below the age of 25 in Sweden had been unemployed for more than 90 days.

Young Jobs has created more than 5 000 trainee positions.

For more information, see Swedbank's Sustainability Report.

How we create earnings ...

Swedbank's solid financial position and strong balance sheet pave the way for attractive solutions that increase customer value and long-term shareholder value.

LOANS AND FINANCING Swedbank offers various types of loans for individuals, businesses and institutions. Mortgages account for the largest share. Corporate lending includes the usual bank loans as well as larger, more complex forms of credit. Companies are also offered help with financing through the bond market, with specialised financial advice (corporate finance), and with identifying and managing risks. Loan products account for about 70 per cent of the bank's balance sheet assets and the largest share of net interest income.

SAVE AND INVEST Swedbank offers several forms of savings and investments for individuals and businesses, including savings accounts, mutual funds, endowment insurance, equities, derivatives and fixed income investments. Income from savings and investment products accounts for just over 40 per cent of net commissions but is in part also included in net interest income.

PENSIONS Swedbank offers every type of pension solution for individuals and companies that are responsible for retirement and insurance issues. There are public pensions (from the state), contractual pensions (from an employer) and personal retirement savings.

INSURANCE We offer complete protection for private customers to insure against illness, accident or death, as well as non-life insurance.

CARDS AND PAYMENTS A wide variety of payment options are available. Our customers can choose between debit and credit cards, transfers through our digital channels, and teller services at some branches. Cards and payments account for about 35 per cent of net commissions.

INTERNATIONAL BUSINESS Swedbank has a comprehensive offering for companies that do business outside Sweden e.g. account management, risk management, trade finance and financing.

CASH MANAGEMENT Cash management basically means improving the efficiency of a company's payment routines and cash flows with the help of payment solutions, e-invoices and the right types of accounts and cards.

Swedbank's offering

PRIVATE

- Loans
- Save and invest
- Pension & insurance
- Cards and payments

CORPORATE

- Financing
- Investments
- Pension & insurance
- International business
- Cash management

INCOME STATEMENT

(1) **NET INTEREST INCOME** Net interest income is the difference between the bank's interest income and interest expenses. The bank's lending generates interest income. Interest expenses consist of expenses for the deposits (savings) Swedbank's customers have placed in the bank as well as the cost of capital market funding.

(2) **NET COMMISSIONS** Commission income is the fees the bank charges for its services e.g. cards and payments, asset management, loan commissions, equity trading, insurance and corporate finance.

(3) **NET GAINS AND LOSSES ON FINANCIAL TRANSACTIONS** This includes the result of the market valuation of equities, lending, funding, interest-bearing securities and currencies held by the bank. It is generated through both customers' and the bank's own trading in financial instruments and as a result of valuation effects, primarily from interest and exchange rate fluctuations.

… and how they are used

By continuously focusing on efficiency, we are able to invest in our customer offering, which creates shareholder value.

Simplified income statement

	INCOME		SEKm
+	Net interest income	1	22 029
+	Net commissions	2	10 132
+	Net gains and losses on financial transactions	3	1 484
	Total income		**36 938**

	EXPENSES		
–	**Total expenses**	4	**16 648**
–	Credit impairments	5	60
–	Tax		4 099
–	**Profit for the year, continuing operations**		**15 241**

The dividend is 75 per cent of profit for the year.

RETURN ON EQUITY
Swedbank's shareholders require a competitive return on their capital. At the same time profitability is needed to overcome times of economic turmoil. Stable earnings and low risk in the balance sheet are a key to keeping funding costs low, which benefits both customers and shareholders.

Simplified balance sheet

ASSETS		SEKm
Cash and bonds	6	242
Loans to the public	7	1 265
Loans to credit institutions	8	82
Derivatives	9	64
Total assets		**1 820**

LIABILITIES AND EQUITY		
Deposits	10	621
Funding from capital markets	11	849
Derivatives	9	55
Equity		110
Total liabilities & equity		**1 820**

EQUITY/CAPITALISATION Regulations on how much capital banks have to keep have been tightened, even though the final Swedish capital requirements have not yet been set. To ensure that it can function well even under unfavourable conditions, Swedbank maintains an extra capital buffer. At the same time there is a cost associated with tied-up capital, which makes it important to maintain the buffer at a balanced level. Swedbank is currently one of the best capitalised banks in Europe. Read more on page 34.

(4) **EXPENSES** Nearly 70 per cent of Swedbank's total expenses relates to personnel and IT. Premises are the third largest expense.

(5) **CREDIT IMPAIRMENTS** arise when a borrower e.g. cannot pay the interest or principal on their loan. It is natural that credit impairments arise in a bank, since all lending is associated with a risk that the borrower will not be able to fulfil their commitment. Assessing, monitoring and working proactively with credit risks is critical to minimising credit impairments.

BALANCE SHEET

(6) **CASH AND BONDS** To be able to pay our commitments even if access to financing is closed off for an extended period, Swedbank maintains a liquidity buffer in the form of cash and liquid securities.

(7) **LOANS TO THE PUBLIC** Lending to individuals and companies is a core business for Swedbank. About half of our lending to the public consists of mortgages in Sweden.

(8) **LOANS TO CREDIT INSTITUTIONS** As part of the financial system, Swedbank also offers lending and deposits to other banks and credit institutions.

(9) **DERIVATIVES** The bank and its customers protect themselves against unwanted changes in e.g. interest or exchange rates, which is why the bank trades and offers various types of derivatives, mainly swaps. Swedbank's largest market risk, interest rate risk, arises on both the asset and liability sides of the balance sheet, mainly because customers request different fixed-income periods in their deposits and lending.

(10) **DEPOSITS** Deposits are an important part of Swedbank's core business and are used to finance a significant share of the bank's lending. Swedbank has a large, stable base of deposits in Sweden, Estonia, Latvia and Lithuania with high market shares.

(11) **FUNDING FROM CAPITAL MARKETS** Lending that is not financed with deposits is funded through the capital markets. Swedbank's market financing is almost exclusively long-term.

Financial analysis

Stronger net interest income, higher commission income and stable expenses contributed to a financially successful 2013 for Swedbank. The result for continuing operations was SEK 15.2 bn.

Stable results

Profit before impairments increased by 3 per cent to SEK 20 290m (19 708). Stronger net interest income and higher commission income positively affected profit, while net gains and losses on financial items at fair value were lower year-on-year. Expenses were largely unchanged. Swedish Banking contributed the most to the higher result.

Profit before impairments, by business area

SEKm	2013	2012	SEKm
Swedish Banking	11 990	11 575	415
Large Corporates & Institutions	4 277	4 149	128
Baltic Banking	3 179	3 064	115
Group Functions & Other	844	863	-19
Total excl FX effects	**20 290**	**19 651**	**639**
FX effects		57	-57
Total	**20 290**	**19 708**	**582**

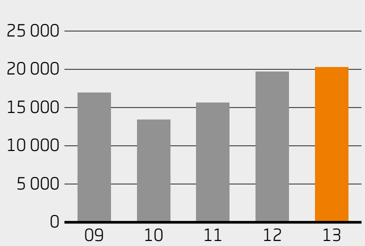
The result for continuing operations amounted to SEK 15 241m (15 298). The result for discontinued operations was SEK–2 340m (–997), of which SEK 1 875m is a cumulative negative translation difference that was reclassified to the income statement from other comprehensive income in the second quarter in connection with the sale of the Ukrainian operations. This reclassification did not affect the bank's capital, capitalisation or cash flow in 2013. The result was affected in 2008–2009. The result for the period attributable to the shareholders decreased by 10 per cent to SEK 12 901m (14 304), mainly due to discontinued operations but also due to higher tangible and intangible asset writedowns and because the bank reported credit impairments of SEK 60m in 2013, compared with recoveries of SEK 185m in 2012.

Credit impairments of SEK 60m were reported in 2013, compared with net recoveries of SEK 185m in 2012. LC&I and Swedish Banking reported credit impairments, while Baltic Banking reported net recoveries, though lower than in 2012. Tangible asset writedowns rose by SEK 286m to SEK 693m, with SEK 652m related to Ektornet. Intangible asset writedowns amounted to SEK 182m (20) and mainly related to the write-down of IT systems in Swedbank Finance AB (reported within Group Functions & Other) and LC&I during the second quarter.

Fluctuations in exchange rates, mainly the appreciation of the Swedish krona against the euro and the Baltic currencies, reduced profit by SEK 60m. The return on equity for continuing operations was 14.7 per cent (15.6). The cost/income ratio was 0.45 (0.46).

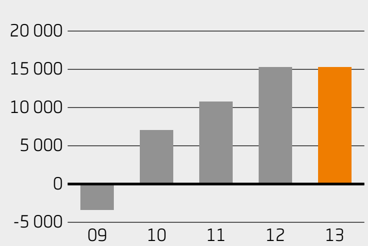
Income increased slightly to SEK 36 938m (36 268), mainly driven by Swedish Banking and LC&I. Changes in exchange rates reduced income by SEK 102m.

Profit before impairments, SEKm



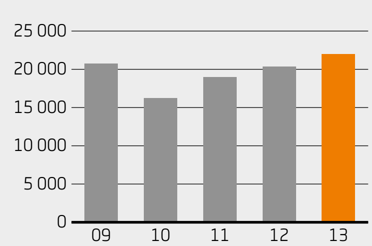
Profit before impairments increased by 26 per cent to SEK 19.7bn. The increase was mainly due to stronger net interest income and higher net gains and losses on financial items at fair value as well as lower expenses.

Profit for the year attributable to the shareholders, SEKm



Swedbank's result in 2013 for continuing operations was SEK 15 241m.

Net interest income, SEKm



Net interest income grew by 8 per cent during the year, mainly due to the repricing of lending and lower funding costs.

Strong net interest income due to repricing and lower funding costs

Net interest income rose by 8 per cent to SEK 22 029m (20 361). The fee for government guaranteed funding decreased by SEK 258m and contributed positively. Higher volumes and the repricing of corporate lending contributed positively. Lower deposit margins due to falling Stibor and Euribor rates negatively affected net interest income. Fluctuations in exchange rates reduced net interest income by SEK 56m.

Increased customer activity and favourable stock market performance strengthened net commission income

Net commission income rose by 5 per cent to SEK 10 132m (9 614). Increased activity in financing solutions and higher commission income from asset management due to an increase in assets under management were the biggest contributors. The outsourcing of ATMs by Swedish Banking has reduced net commission income as well as expenses.

Lower net gains and losses on financial items at fair value due to valuation effects within Group Treasury

Net gains and losses on financial items at fair value decreased by 52 per cent to SEK 1 484m (3 073). The repurchase of government guaranteed bonds during the second quarter and covered bond repurchases during the year negatively affected net gains and losses on financial items at fair value. The results from equity, fixed income and currency trading were lower than in 2012, when the first-quarter results were very strong due to favourable market conditions.

Stable cost development

Expenses were largely unchanged at SEK 16 648m (16 560). Within Group Functions & Other, expenses for Ektornet and Swedbank Finance AB decreased. Within Swedbank Finance AB, the decrease was mainly due to a reclassification, which at the same time reduced net interest income. Expenses for transport and security fell by SEK 181m, telephone and postage expenses by SEK 83m and other expenses by SEK 142m. IT development and staff costs rose. Higher variable staff costs are due to the addition of the 2013 share-based programme to the accruals of the previous share-based programmes for 2010, 2011 and 2012. Since 1 July 2010 Swedbank pays part of its variable remuneration in the form of shares. Share-based remuneration is accrued until the shares are settled. As a result, variable remuneration allocated to employees during the period differs from the recognised amount. Changes in exchange rates reduced expenses by SEK 44m.

The number of full-time positions decreased during the year by 596, of which 363 were in Ukraine and Russia, 402 in Baltic Banking and 111 in Ektornet (Group Functions & Other). Within Swedish Banking and LC&I, the number of full-time positions increased by 82 and 27, respectively. The remaining increase is mainly due to IT-related personnel within Group Functions & Other.

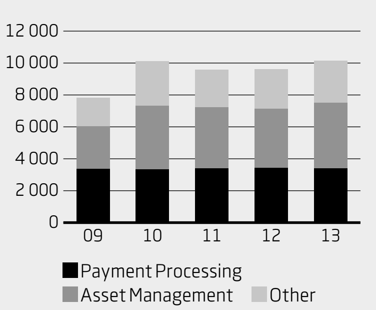
Lower Swedish corporate tax rate contributed to lower tax expense

The tax expense amounted to SEK 4 099m (4 157), corresponding to an effective tax rate of 21.2 per cent (21.4). The underlying effective tax rate was lower in 2013 than in 2012 due to a reduction of the Swedish corporate tax rate as of 1 January 2013. During the fourth quarter the tax expense was negatively affected by one-time effects, without which the effective tax rate would have been nearly 19.5 per cent in 2013.

Low credit demand in Swedbank's home markets

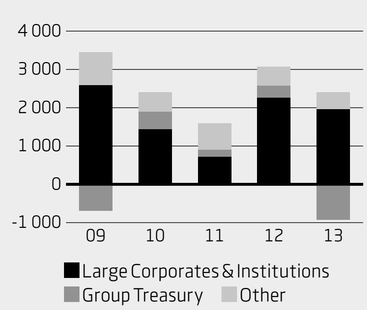
Credit demand in Swedbank's home markets was low in 2013. Swedbank's lending rose by 2.6 per cent, or SEK 30.3bn, of which SEK 3.8bn is due to currency effects. In Sweden, mortgage lending increased by SEK 15.9bn. Corporate lending within LC&I and Swedish Banking increased by SEK 10.9bn. In Baltic Banking, the lending portfolio grew slightly in Estonia and Lithuania, calculated in local currency, but decreased in Latvia. The discontinuation of the Russian and Ukrainian operations reduced lending volume by SEK 4.2bn.

Net commission income, SEKm



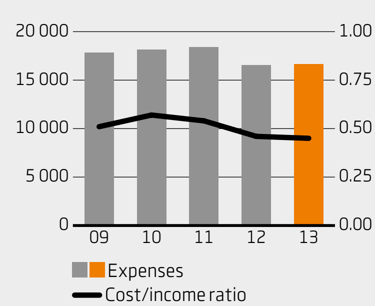
Net commission income increased mainly due to increased activity in financing solutions and higher commission income from asset management.

Net gains and losses on financial items at fair value, SEKm



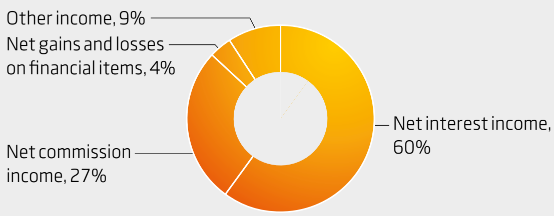
Net gains and losses on financial items at fair value decreased by 52 per cent due to valuation effects within Group Treasury.

Expenses, SEKm



Swedbank's goal was to keep expenses unchanged in 2013 compared with 2012. Expenses for 2013 rose by 0.5 per cent to SEK 16.6bn.

Total income 2013 by source of income



Swedbank's most important income sources are net interest income and net commission income, which in 2013 together accounted for 87 per cent of income. Other income mainly consists of income from associates, services sold to the savings banks and income from repossessed assets.

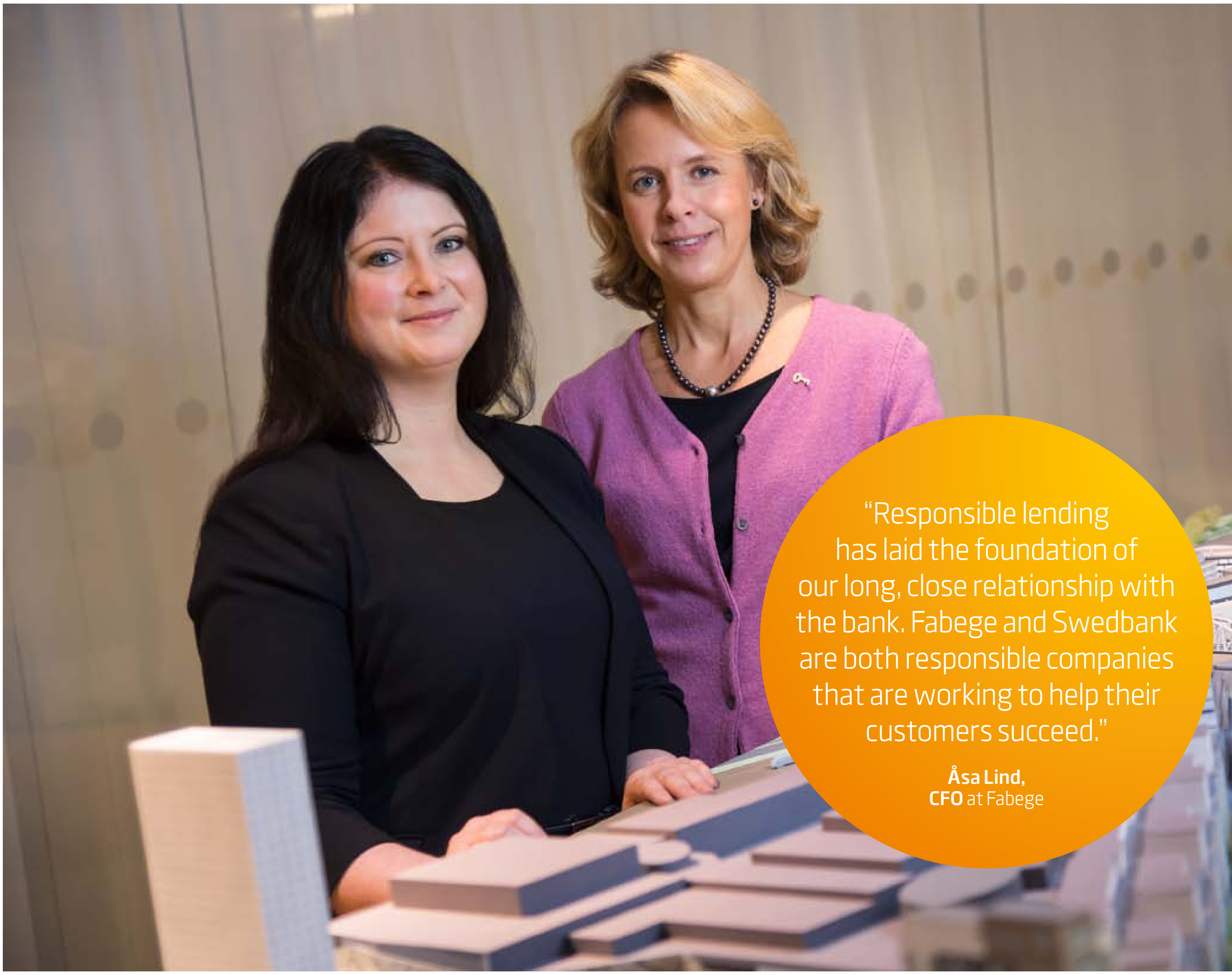
Proposed dividend of SEK 10.10 per share

The Board of Directors has proposed a dividend of SEK 10.10 (9.90) per share for the financial year 2013. This corresponds to a payout ratio of 75 per cent of the profit for the year attributable to the shareholders, excluding the cumulative negative translation difference of SEK 1 875m that was reclassified from other comprehensive income to profit and loss in connection with the sale of Swedbank's Ukrainian subsidiary. This was because the reclassification affected the bank's capital, capitalisation or cash flow in 2008-2009 rather than in 2013.

Events after 31 December 2013

Swedbank AB's Nomination Committee proposes Maj-Charlotte Wallin for election as a member of the Board of Directors. Born in 1953, her most recent assignment was at AFA Försäkring, where she was CEO in 2008-2013. The Nomination Committee further recommends the re-election of board members Anders Sundström, Ulrika Francke, Göran Hedman, Lars Idermark, Anders Igel, Pia Rudengren, Karl-Henrik Sundström and Siv Svensson. Charlotte Strömberg and Olav Fjell have declared they are not available for re-election due to the new regulations limiting the number of board positions which may be held.

In mid-February, Swedbank's acquisition of Sparbanken Öresund was announced. The acquisition strengthens our market position in a significant growth region. In connection with the acquisition, Färs & Frosta will merge with Sparbanken 1826 and purchase parts of Sparbanken Öresund from Swedbank. A new regional savings bank in southern Sweden will be formed and will be the largest savings bank in Sweden. Swedbank's holding in the new savings bank, whose proposed name is Sparbanken Skåne, will be 22 per cent. The transactions are subject to approval by the Swedish Financial Supervisory Authority, the Swedish Competition Authority, and the respective boards of Sparbanksstiftelsen Gripen and Sparbanksstiftelsen Öresund.



"Responsible lending has laid the foundation of our long, close relationship with the bank. Fabege and Swedbank are both responsible companies that are working to help their customers succeed."

Åsa Lind,
CFO at Fabege

Responsible lending lays the foundation for sustainable banking

Common values produce results

The real estate company Fabege has been a customer of Swedbank for many years. With property holdings concentrated in Stockholm, Fabege takes a holistic view of urban development in order to create sustainable, lively environments for households and businesses. Åsa Lind, right, CFO at Fabege, cites common values as the reason why the collaboration with Swedbank has worked so well over time.

"Fabege and Swedbank are both responsible companies that are working to help their customers succeed," she says. "Sustainability is an obvious aspect of our business. We build for the long term for financial, quality and security reasons."

Long-term perspective integrated in the business

Sustainability is also deeply ingrained at Swedbank, as evidenced by its lending process. Jenny Malmström, left, the bank's customer service manager for Fabege, stresses that responsible lending is critical to promote long-term growth for the customer and the bank. In every loan application, risks are clarified from the customer's perspective, and various future scenarios are discussed to ensure long-term credit worthiness.

Long, close relationship fosters trust

In a close customer relationship, it is easy to see how trust between the parties grows over time.

"We appreciate that Swedbank sees value in Fabege's extensive sustainability work, including environmental property classification, sustainable urban development, green leases and supplier management," says Åsa Lind.

Sustainability analysis in every loan

When it evaluates a business loan application, Swedbank also conducts a sustainability analysis covering human rights, corruption and the environment. These social and environmental dimensions of the approval process are fully integrated with the financial side.

"Being able to look ahead and discuss the market and the company's future outlook, strategy and risks with someone who understands us well and has a broad base of expertise is extremely important. Sound, responsible lending is just as important for us as for the bank. Together, we create favourable conditions for sustainability and security," says Åsa Lind.

For more information, see Swedbank's Sustainability Report.

Customer accessibility increases in Sweden

Our Swedish operations maintained a fast pace of change in 2013. Through new functions in our digital channels and improved routines in our branches, we are working to improve customer value.

PRIORITIES 2013

- Increase decision-making close to the customer
- Provide more opportunities for advice
- Improve customer value

We have continued to adapt our Swedish retail operations to external trends. Compared with a few decades ago, we now have more employees on a relative basis in metropolitan areas and markets with growing populations. In addition, most of our customers now choose to manage their daily finances through digital channels, which imposes greater demands on technological solutions and the added value we can offer through personal contact with our employees.

Customer satisfaction was a key issue in 2013 and was the impetus behind a number of improvement measures. Aside from new functions and increased user friendliness in the digital channels, the bank has made improvements at its branches. Our interactions with customers increasingly involve advisory services. To address these changes, two pilot branches were launched last autumn in Karlstad and Nässjö with a new customer environment and routines. In 2013 the bank also introduced video-based customer meetings in around twenty branches. They make it possible to serve more customers by cost-effectively making our competence widely available.

> "Flexibility to adapt to local conditions.

Increased decision-making close to the customer

A reorganisation was implemented in early 2013 to adapt the bank to social changes and create opportunities to better serve customers by bringing decision-making closer to the customer. The new organisation is flatter and the six regional managers are now members of the Group Executive Committee. A number of centralised functions have been removed to create the flexibility to design activities based on local conditions. All in all, this gives individual employees more say over decisions and routines. The bank has therefore focused more on delegation, leadership and more scope for personal initiative.

Increased availability and advice

During the year we worked to give our customer-service staff better opportunities to offer qualified advice and support a larger number of customers. This is being done in part through increased mandates. Customers should have access to a range of qualified services from savings and credit to financial advice, regardless of how they contact the bank. In this way we increase the availability of our services and create opportunities to build long-term relationships with more customers around the country.

The trend toward greater use of technological solutions poses challenges. It is important for us that everyone who wants to use our services and products can do so. We place special emphasis on developing digital solutions that also make our offering accessible to those with disabilities. Locally within the bank, extensive work is carried outto reduce digital exclusion.

> "The Mobile Bank is increasingly becoming the main channel to manage everyday finances.

Joint venture with Swedish banks benefits our customers

Beginning in January 2013 Bankomat AB gradually took over responsibility for Swedbank's ATMs. Over 2 000 ATMs are now available to our customers. As part of an effort to simplify everyday banking for our customers – at the same time that the use of cash is on the decline – Swedbank joined with other banks at the end of 2012 to launch Swish, a payment service that lets people easily transfer funds between bank accounts by mobile phone. The service has been very positively received and as of 31 December 2013, it had a total of 726 000 users, 39.6 per cent of whom are customers of Swedbank and the savings banks.

The trend towards greater use of cards rather than cash is continuing. The number of ATM transactions dropped by 9 per cent in 2013 and the value of withdrawals by 8 per cent. At the same time the number of card purchases in stores rose by 11 per cent and the value of purchases by 7 per cent. We continue to adapt our operations to changes in our customers' preferences and needs.

Priorities 2014

The overarching priority for 2014 is to increase customer value. This will help us to strengthen our market position. The work will be shaped to a greater degree by local market conditions, with a focus on improving relationships with, and increasing business from, our customers. Investments in new functions, especially in digital channels, are continuing.

Financial overview

The result for 2013 amounted to SEK 9 122m (8 585), due to stable income, stable expenses and low credit impairments. The lower Swedish corporate tax rate affected earnings positively.

Net interest income was stable . The repricing of corporate credit largely offset lower deposit margins, which were adversely affected by declining market interest rates.

Household deposit volume in the bank rose in 2013, largely in the fourth quarter. Swedbank's share of household deposits was slightly over 21 per cent at the end of the period (22 per cent as of 31 December 2012). Corporate deposits within Swedish Banking rose by SEK 5bn. Swedbank's market share was 18 per cent as of 30 November (16 per cent as of 31 December 2012), including corporate deposits within LC&I.

Mortgage lending volume steadily increased during the year at the same time that Swedbank gradually improved its market position. Swedbank's share of net growth was 14 per cent, and the share of the total market was 25 per cent during the period January-November 2013 (26 per cent as of 31 December 2012). Corporate lending volume within Swedish Banking increased by SEK 6bn during the year. The market share was 17 per cent (17 per cent as of 31 December 2012), including corporate lending within LC&I.

Net commission income rose by 3 per cent in 2013. The increase was mainly due to higher fund volumes in the wake of rising share prices, but also to net inflows. Higher income from lending and guarantee commissions also contributed positively, while payment commissions decreased. Since January 2013 Bankomat AB has gradually taken over responsibility for Swedbank's ATMs. Swedbank pays a commission to Bankomat AB for this service. As a result, net payment commissions and expenses have both decreased. Commissions paid to Bankomat AB amounted to nearly SEK 95m in the fourth quarter and SEK 250m for the full-year. At the same time administration and maintenance expenses decreased by about SEK 150m. This is in addition to other income of about SEK 80m from the savings banks in 2013, as well as less need for investments in new ATMs.

Expenses for the full year fell by 1 per cent year-on-year. Reduced manual cash handling has led to lower transport and security expenses.

Credit quality remained good, although credit impairments rose slightly during the period due to increased provisions within the retail and service sectors. The share of impaired loans was 0.16 per cent (0.19).

Condensed income statement, SEKm	**2013**	**2012**
Net interest income	13 620	13 491
Net commission income	6 364	6 155
Net gains and losses on financial items at fair value	126	161
Other income	1 606	1 559
Total income	**21 716**	**21 366**
Staff costs	3 729	3 538
Other expenses	5 997	6 253
Total expenses	**9 726**	**9 791**
Profit before impairments	11 990	11 575
Impairments	338	286
Operating profit	**11 652**	**11 289**
Tax expense and non-controlling interests	2 530	2 704
Profit for the year attributable to: Shareholders in Swedbank AB	**9 122**	**8 585**

Business volumes, SEKbn	**2013**	**2012**
Lending*	937	912
Deposits*	385	377

* Excluding Swedish National Debt Office and repurchase agreements.

Key ratios	**2013**	**2012**
Return on allocated equity, %	28	27
Cost/income ratio	0.45	0.46
Credit impairment ratio, %	0.04	0.03
Full-time employees	5 004	4 922

Share of Group's total income

59%

Share of profit before impairment losses

59%

Swedish Banking in brief

Sweden is Swedbank's largest market, with more than 4 million private customers and over 250 000 corporate customers. This makes it Sweden's largest bank by number of customers.

We are accessible through our digital channels (Telephone Bank, Internet Bank and Mobile Bank) and branches, and with the support of cooperating savings banks and franchises.

Swedbank is part of the community, and branch managers have a strong mandate to contribute locally. The bank's presence and engagement takes several forms. The Young Jobs project, which has created thousands of trainee positions for young people, has been an important element in recent years. Swedbank has 308 branches in Sweden.

For more information on Swedbank's market shares, see page 178.

Stable foundation for continued growth among large corporates and institutions

Customer activity with Swedbank has increased thanks to a better coordinated offering that also facilitates high customer satisfaction and continued growth.

PRIORITIES 2013

- Reorganisation to raise customer satisfaction and profitability
- Coordination of product and service offering with an emphasis on advice
- Improved capital efficiency and stable profitability

Financial market performance and changing demand were the reason for the reorganisation of Large Corporates & Institutions. In 2013 we continued to refine our business model based on customer demand for a comprehensive service and advisory service offering. By better coordinating specialist units within the business area, we were able to streamline and simplify our broad-based service offering. Opportunities – organisationally and commercially – to create increased customer value have been strengthened.

Organisation based on customer needs

Our structure satisfies customer needs in an environment increasingly geared towards customer-specific and product-neutral advice. Specialised expertise is offered based on customer needs. For example, the new unit for strategic advice and financing solutions is integrated across all asset types in cooperation with specialist units that develop capital market products.

Increased regulation in recent years has driven demand from traditional bank financing to capital market funding. Today Swedbank is a leading player in the Nordic bond market with a focus on new issues in EUR, NOK and SEK.

In transaction services – including document payments, bank guarantees and payment services – our full-service offering for both large and small customers has been improved to ensure long-term growth with increased commission income and deposit volumes.

> “Stronger cooperation within the bank improves our customer offering.

In Norway, we have expanded the asset management business for private customers while at the same time conducting a strategic review of the entire private customer offering. Improving the latter has also been a priority in Swedish Banking, where we contribute to the bank's collective know-how in savings and insurance to create simpler, more accessible savings alternatives and solutions. Through a forum of management representatives from LC&I and the product companies for asset management and insurance, we are working together to promote a sound and sustainable financial situation for our customers.

Capital efficiencies contribute to sustainable profitability

Lending operations have grown selectively at the same time that we have completed the repricing necessitated by tighter regulatory requirements. The repricing and work with risk assessment have improved capital efficiencies and profitability. Despite prospects of continued weak credit demand, there is still the potential today for sustained profitability in the lending business. The goal is to achieve a stronger market position by growing selectively with both current and new customers.

> “Our positioning in the bond issuance market has made Swedbank one of Sweden's leading players.

Priorities 2014

The focus going forward is on continuing to build customer relationships on the corporate side and to establish a number of new institutional relationships. The offering for financial institutions will be strengthened on the transaction side, including in fund administration and cash management. Bond operations will remain a priority, in line with demand, as will the further development of the private customer offering in collaboration with the savings banks and the Baltic and Norwegian operations.

With an organisation with access to a broad spectrum of competencies and a customer offering that satisfies demand for inceasingly integrated advice, Swedbank is well positioned to address the challenges posed by increased regulation and competitive pressures.

Financial overview

The full-year result amounted to SEK 2 997m, an increase of 1 per cent year-on-year. The result was positively affected by increased income from lending, asset management and bond issues. The return on allocated equity was 17.3 per cent.

Net interest income increased by 11 per cent in 2013 to SEK 3 387m, mainly due to interest income from acquisition financing, loans and loan syndications within Investment Banking. Lending volume rose by 3 per cent, or SEK 5bn. Deposit volumes also rose within Large Corporates as a result of new business from existing customers.

Net commission income rose by 7 per cent in 2013 to SEK 1 968m. The increase mainly related to loans, asset management and bond issues. Swedbank's market share for Swedish issues was 21 per cent in 2013. The corresponding figure in Norway was 18 per cent, making Swedbank the leader in Sweden and the second largest player in Norway.

Net gains and losses on financial items at fair value decreased by 13 per cent to SEK 1 960m in 2013. The first quarter of 2012 was very strong thanks to favourable market conditions.

Total expenses increased by 7 per cent compared with 2012, mainly related to IT expenses and staff costs, which increased during the fourth quarter.

Credit impairments amounted to SEK 180m for 2013. The share of impaired loans was 0.38 per cent (0.10). Credit quality in the loan portfolio remained good.

Condensed income statement, SEKm	2013	2012
Net interest income	3 387	3 041
Net commission income	1 968	1 833
Net gains and losses on financial items at fair value	1 960	2 253
Other income	167	57
Total income	**7 482**	**7 184**
Staff costs	1 559	1 490
Other expenses	1 646	1 506
Total expenses	**3 205**	**2 996**
Profit before impairments	4 277	4 188
Impairments	236	198
Operating profit	**4 041**	**3 990**
Tax expense and non-controlling interests	1 044	1 010
Profit for the year attributable to: Shareholders in Swedbank AB	**2 997**	**2 980**

Business volumes, SEKbn	2013	2012
Lending*	154	149
Deposits*	89	71

* Excluding Swedish National Debt Office and repurchase agreements.

Key ratios	2013	2012
Return on allocated equity, %	17	15
Cost/income ratio	0.43	0.42
Credit impairment ratio, %	0.08	0.08
Full-time employees	1 070	1 043

Share of Group's total income

20%

Share of profit before impairment losses

21%

Large Corporates & Institutions in brief

Large Corporates & Institutions is responsible for Swedbank's offering to customers with revenues over SEK 2 billion and those with complex needs due to multinational operations or sophisticated financing solutions.

The business segment is also responsible for delivering corporate and capital market products to other parts of the bank and the savings banks.

LC&I works closely with its customers, and our advice is based on profitability and sustainable growth.

The business segment has around 1 100 employees at offices in Sweden, Norway, Estonia, Latvia, Lithuania, Finland, Luxembourg, China and the US.

For more information on Swedbank's market shares, see page 178.

Customers are driving development in our Baltic home markets

Accessibility is increasing regardless of which channel customers choose to contact us. To further improve our offering, we have coordinated business support in the Baltic countries. Swedbank is one of the five most popular brands in the Baltics.

PRIORITIES 2013

- Channel-neutral, customer-centric model
- Coordination to increase efficiencies
- Euro accession in Latvia

Banking services are becoming increasingly digitalised, which provides major opportunities for both customers and the bank. It is becoming easier for customers to do their banking wherever they are. The Internet Bank, the Mobile Bank and the Telephone bank already meet the majority of everyday needs in the Baltic countries at the same time that a growing number of advanced services are becoming available. Of course there are still customers who appreciate being able to do their banking manually over counter at a branch.

We have prepared ourselves and our customers for, and advocated, Latvia's adoption of the euro on 1 January 2014. Preparations have also been initiated for a likely Lithuanian euro accession on 1 January 2015.

Customers decide which channel to use to reach the bank

Our customers should be able to do their banking through whichever channel they find most convenient and efficient, regardless of the product or service. One customer group or channel should not subsidise another. Our pricing needs to be more transparent and reflect how the choice of channel affects our costs. At the same time we have a responsibility to ensure that customers can manage their everyday finances at a reasonable price.

> "Transparent pricing that reflects the choice of channel.

Not everyone can access or utilise digital self-services. Customer choice should drive the changes in our operations to find solutions that are useful for as many as possible. For example, we make it possible for those who do not have their own internet connection to bank at our branches. Transparent pricing is important to our long-term competitiveness, to make sound investments guided by customer needs and to avoid losing profitable business to niche competitors.

Cooperation leads to greater competence and efficiency

Increased coordination creates economies of scale and better leverage for our extensive know-how, resulting in higher quality products and services. For example, we have established joint competence centres for the three countries. IT investments are becoming more critical as customers switch to digital services, and by coordinating we benefit more.

Challenges and opportunities in local markets

Due to higher capital requirements, we have decided to reprice our corporate lending to reflect the current cost of capital. In some segments and geographical areas, we feel that the previous pricing was untenable. Thanks to low lending/deposit ratios in all three countries, we have a strong competitive position with an opportunity to benefit from future growth. In the medium term we see investment needs among our corporate customers, but in the short term a more cautious approach is expected with an eye on macro developments in Europe.

> "Financial education is an important part of our social engagement.

Swedbank joins the debate

We work closely with governments, central banks and capital markets to promote financial stability and instil confidence. A local presence and financial education are important parts of our social engagement, which also includes initiatives to support entrepreneurship and engagement by others. By collaborating we contribute to sustainable development.

Priorities 2014

We will continue to implement a channel-neutral, customer-centric model and coordinate between countries while further developing our strategy and pricing model. The goal is to continue to develop a business built on close, long-term relationships. We have to improve our customer service and business operations to accommodate changing needs, preferences and habits, as well as new conditions resulting from external trends. In 2014 we will reassess current roles based on our new service models and expand telephone-based advisory services. On the corporate side we will expand online sales and service capabilities for small and medium-sized businesses while strengthening sector-based competence and risk awareness in deals. We are gradually shifting decision-making authority closer to the customer.

Financial overview

The result for 2013 amounted to SEK 3 196m, compared with SEK 3 363m a year earlier. The decrease was mainly due to lower net interest income and net recoveries, while expenses were largely unchanged.

Net interest income decreased by 4 per cent in local currency in 2013. Lower market rates negatively affected net interest income, while increased deposit volumes and repricing contributed positively. Fluctuations in exchange rates reduced net interest income by SEK 16m.

Lending volumes were unchanged in local currency in 2013. Consumer lending increased slightly and corporate lending was stable, while mortgage lending decreased slightly. In the fourth quarter, Swedbank acquired Unicredit's loan portfolio with a volume of SEK 363m. Swedbank's market share in lending in the Baltic countries was 28 per cent as of 30 November (28 per cent as of 31 December 2012).

Deposit volumes grew by 8 per cent in local currency. Private deposits rose by 6 per cent and corporate deposits by 9 per cent. Swedbank's market share in deposits was 30 per cent as of 30 November (31 per cent as of 31 December 2012).

Net commission income rose by 14 per cent in local currency. The increase was mainly due to higher customer activity, a new pricing model which contributed to higher payment commissions, and increased sales of basic products and services.

Net gains and losses on financial items at fair value rose by 7 per cent in local currency. The increase was mainly due to higher foreign exchange activity.

Total expenses increased by 2 per cent in local currency in 2013, including euro adoption costs of SEK 57m in Latvia. During the fourth quarter a distribution was made by the Baltic insurance companies to the Estonian parent company totalling SEK 445m. This resulted in a tax expense of SEK 105m in Estonia.

Net recoveries amounted to SEK 437m, compared with SEK 685m for 2012. The recoveries were generated in the corporate portfolio, while the mortgage portfolio in Latvia generated impairments. Credit quality during 2013 strengthened through a gradual increase in new lending, which carries lower risk.

Condensed income statement, SEKm	**2013**	**2012**
Net interest income	3 156	3 291
Net commission income	1 733	1 522
Net gains and losses on financial items at fair value	316	295
Other income	418	384
Total income	**5 623**	**5 492**
Staff costs	809	806
Other expenses	1 635	1 606
Total expenses	**2 444**	**2 412**
Profit before impairments	3 179	3 080
Impairments	23	15
Credit impairments, net	–437	–685
Operating profit	**3 592**	**3 750**
Tax expense and non-controlling interests	396	387
Profit for the year attributable to: Shareholders in Swedbank AB	**3 196**	**3 363**

Business volumes, SEKbn	**2013**	**2012**
Lending*	119	115
Deposits*	120	107

* Excluding Swedish National Debt Office and repurchase agreements.

Key ratios	**2013**	**2012**
Return on allocated equity, %	14.0	13.6
Cost/income ratio	0.43	0.44
Credit impairment ratio, %	–0.37	–0.57
Full-time employees	3 753	4 155

Share of Group's total income

6% Estonia

5% Latvia

4% Lithuania

Share of profit before impairment losses

6% Estonia

5% Latvia

4% Lithuania

Baltic Banking in brief

With over 4 million private customers and over a quarter million corporate customers, Swedbank is the largest bank in number of customers in Estonia, Latvia and Lithuania . According to surveys, Swedbank is the most respected company in the financial sector.

We are available through our digital channels (Telephone Bank, Internet Bank and Mobile Bank) and branches.

Swedbank is part of the local community. Our social engagement is expressed in many ways, with initiatives to promote education, entrepreneurship and social welfare.

Swedbank has 50 branches in Estonia, 54 in Latvia and 77 in Lithuania.

For more information on Swedbank's market shares, see page 178.

"I have received access to financing through Swedbank for all four companies I started. I've seen consistently high quality and fast service. Our relationship is based on mutual respect and support, so we have never had any problems."

Alvydas Naujėkas,
CEO of Vėjo projektai

Swedbank finances wind farm in western Lithuania

Sustainable growth supported by our loans

In 2012 and 2013 Swedbank financed a wind farm consisting of ten turbines in Didšiliai, in western Lithuania. Shown above are the wind farm's CEO, Alvydas Naujėkas, right, and Lithuania's former president, Valdas Adamkus.

Big benefits

"The wind farm annually generates 50 GWh of electric energy, enough to supply a small city of around 20 000 people," says Alvydas Naujėkas. "No fossil fuels have to be bought and burned to generate all this energy, so we are not dependent on foreign energy suppliers. Generation in this case is decentralised and is guaranteed to provide benefits socially, financially and environmentally. And that's not the only good news. We'll actually see these impacts with just one wind farm. If business conditions are right and there is enough political will, I think wind power could supply half of Lithuania's energy consumption."

Mutual understanding in relationship

Alvydas Naujėkas has been a customer of the bank for over 14 years. His first contact was with the former Hansa bank.

"From a long-term perspective, I see wind power as a pact between man and one of nature's greatest forces, the wind, which is voluntarily working for man."

Financing of renewable energy

Among the other renewable energy investments Swedbank has financed in Lithuania are a biomass plant in Kaunas (20MW) and a similar facility in Panevėžys (32MW), in cooperation with another bank.

For more information on how Swedbank promotes a sound and sustainable economy, see Swedbank's Sustainability Report.

Increased cooperation and integration at staff level creates greater customer value

Group Functions & Other consists of three types of central business-support units: Group Products, joint staffs, and Ektornet as well as the remnants of previous operations.

Joint product organisation benefits customers

Group Products was established on 1 January 2013 in connection with company reorganisation to facilitate better customer service. Product operations have been centralised at the Group level. This paves the way for the best possible customer offering and an efficient product organisation.

Group Products comprises lending, payments, cards, asset management and insurance. In each area, business development, business support, management, administration and back office are consolidated in a joint unit. In total Group Products has 1 813 employees spanning the bank's home markets.

Support for business operations was expanded during the year through a close dialogue with the bank's business areas (including the six Swedish regions), the savings banks business and the digital channels, all of which have been given more direct influence on the product companies in the new organisation. The change puts greater focus on the customer with faster, customer-driven product changes. In every area, administration is continuously being rationalised. The ongoing digitalisation of processes is reducing manual labour as well as distribution costs. For example, administrative paperwork in the Swedish insurance operations has been digitised.

> "We are reducing complexity and costs per product.

Simple product offerings in every channel are necessary as more customers manage their finances digitally. Traditionally, many banking services have only been available by visiting a bank branch and have entailed considerable red tape, which has meant greater complexity and longer administrative lead times. Group Products' ongoing work is helping over time to significantly reduce product and process complexity.

Lending

Swedbank has lending operations in its home markets and Norway and to a limited extent in Finland, Denmark, Luxembourg and the US. Total lending to private customers and companies increased by 2.6 per cent to SEK 1 215bn at year-end. Over one million customers in Sweden have obtained mortgages through Swedbank Mortgage. Lending is geographically spread across the country. Swedbank is also one of the largest corporate lenders in Sweden. In the Baltic countries it is the largest, with total lending of SEK 119bn, of which half is to households and half to businesses.

Swedbank is also a very important player in its four home markets in deposits. Total deposit volume amounted to SEK 599bn on 31 December (558), of which SEK 341bn (332) is from private customers and SEK 258bn (226) from corporate customers.

Because of its long-term nature, the lending business has opportunities to repeatedly interact with customers. Ongoing complexity reduction in its lending operations led to the elimination of 33 products in 2013.

Payments

Swedbank is the market leader in payments and cash management in all four home markets. Continued growth in the payments area is the result of economic growth, and because customers are increasingly choosing forms of payment other than cash.

The payments area is strongly affected by external trends. Rapid digitalisation creates significant opportunities but also greater competition, especially from online businesses. Harmonised European laws facilitate crossborder trade in products and services. The current trend towards a more comprehensive payments area for the euro means that Swedbank can offer services to customers that are active in the euro countries without having to set up operations there. Online payment services are an important growth area for the bank. The number of transactions in these channels increased by 8.1 per cent during the year. Ongoing complexity reduction led to the elimination of 64 products in the payments area in 2013.

Cards

Swedbank issues cards and acquires card payments from merchants in all its home markets as well as Denmark and Norway. Swedbank's total market share for card issuing and acquiring in its four home markets is nearly 50 per cent. Measured in number of transactions, Swedbank is Europe's fifth largest card payment acquirer. The number of card transactions is increasing in all of Swedbank's home markets as a result of economic growth and in pace with the decreased use of cash.

In card payments, one of the most important growth areas is rapidly growing e-commerce, where the aim is to be a significant player in the bank's home markets. In most retail sectors, online sales are growing at a rate far surpassing that of bricks-and-mortar stores. Swedbank's volume of e-commerce payments increased by over 70 per cent in 2013.

Complexity reduction led to the elimination of around 70 products in 2013.

Asset Management

Asset management services are provided by Swedbank Robur in the bank's four home markets as well as Norway. In total, around 120 funds are offered, along with discretionary asset management, including management of pension capital. Swedbank Robur has aggregate assets under management of over SEK 889bn and over one million investors. During the year we tried to give customers better opportunities for higher returns.

We maintain a long-term investment perspective and believe in trying to influence the companies we invest in through dialogue. With some companies, we choose an active dialogue focused on sustainability risks, and in many other cases we decide not to invest.

Complexity reduction led to the elimination of 14 products in 2013.

Insurance

Swedbank has life insurance operations in all its home markets as well as non-life business in the Baltic countries. Non-life insurance in Sweden is offered through a third-party. In Estonia and Lithuania, Swedbank is the largest life insurer. Operations are divided into risk and savings products, with our main focus on risk products for our loan customers in the private market.

Due to an ageing population, coupled with a shift in responsibility from society to the individual, demand for pension and insurance products is expected to grow. The biggest potential in the Swedish operations is currently in risk products such as life and health insurance as well as occupational pensions. One example of our growth potential in these areas is that only one fifth of Swedish corporate customers of Swedbank and the savings banks with revenues of less than SEK 100m have a pension solution from us. In the Baltic countries, where social protection is limited, risk insurance has great potential to promote a sound and sustainable financial situation.

Group Products' priorities 2014

Quality and efficiency improvements will continue, including by seeking synergies in support processes across product areas. Opportunities to further reduce costs per product and complexity by adopting a more flexible IT infrastructure will be evaluated in close cooperation with Group IT. Greater integration and collaboration will ensure that we as a group offer a range of savings products that meets customer demand.

Group Functions

Group staffs comprise Group Finance (including Group Treasury, Investor Relations and Communication), Risk, IT, Compliance, Public Affairs, HR and Legal. Group staffs operate across business areas to provide strategic and administrative support.

> "Units that interact with customers decide whether the services from the bank's support functions are worth the price.

Treasury is responsible for the bank's funding, liquidity and capital planning, as well as for pricing funding and liquidity through an internal rate of interest, where the most important parameters are maturity, fixed interest period, currency and the need for liquidity reserves. In 2013, the internal rate setting was refined to better reflect the bank's financing and liquidity costs.

The integration of Group functions continued in 2013 to further strengthen strategic and administrative support in the bank's four home markets. Changing needs and preferences, together with regulatory requirements, have created demand for additional expertise and accounting assistance. This has increased delivery demands on Group functions in their support of the business operations. As of 2013 all internal services are open to competitive bidding, where units that directly interact with customers decide whether the services from the bank's support functions are worth the price. This is driving ongoing efficiency improvements at the Group staff level. The Group functions play a critical role in improving the bank's productivity, by reducing complexity, shortening lead times and better utilising available competence.

Other

Ektornet manages and develops Swedbank's repossessed assets to recover as much value as possible. The focus during the year was on selling the remaining property holdings. The property portfolio was drastically reduced during the year; read more on page 31. In 2013 the Ukrainian operations were sold. A decision was also made to wind down the remaining operations in Russia. In October 2013 the Russian central bank approved Swedbank's application to revoke Swedbank's banking licence in the country. The Russian and Ukrainian operations have been reported as discontinued operations since the first quarter. For more information, see note G55.

Financial overview

Net interest income and net gains and losses on financial items mainly come from Group Treasury. Other income primarily consists of revenue from the savings banks as well as sales revenue and operating income from Ektornet. Income amounted to SEK 2 360m (2 406).

Net interest income for Group Treasury amounted to SEK 2 013m, compared with SEK 678m in the previous year. Of the change, SEK 259m is due to lower fees for the government guaranteed funding. Repurchases of covered bonds contributed positively to the change. Group Treasury's net interest income has also been strengthened by positions that have benefited from lower market rates. Net gains and losses on financial items at fair value for 2013 amounted to SEK –922m, compared with SEK 316m in the previous year. The main reason for the negative result is the effects of the repurchases, which are reflected in offsetting positive effects on net interest income over time.

Expenses for Group Functions & Other decreased by 1 per cent in 2013 to SEK 1 516m (1 541). Excluding the net of services purchased and sold internally, expenses fell by 3 per cent to SEK 6 982m (7 179). The decrease was mainly due to lower costs for IT operations and depreciation as well as other expenses. Depreciation fell due to a reclassification within Swedbank Finance AB, which at the same time reduced net interest income, as well as lower depreciation in Ektornet. The decrease in other expenses is mainly attributable to Ektornet, where property management expenses are dropping as the portfolio is dissolved.

Impairment of intangible assets was primarily related to Ektornet, where property values in the portfolio were written down by SEK 652m.

Repossessed assets in Ektornet decreased to SEK 1 856m during the year (SEK 4 606m as of 31 December 2012).

The Russian and Ukrainian operations are reported as discontinued operations. During the second quarter the sale of the Ukrainian subsidiary was finalised. The full-year result for discontinued operations was SEK –2 348m (–984m).

Condensed income statement, SEKm	**2013**	**2012**
Net interest income	1 880	557
Net commission income	–30	31
Net gains and losses on financial items at fair value	–918	364
Other income	1 428	1 454
Total income	**2 360**	**2 406**
Staff costs	3 567	3 417
Other expenses	–2 051	–1 876
Total expenses	**1 516**	**1 541**
Profit before impairments	844	865
Impairments	774	428
Operating profit	**70**	**437**
Tax expense and non-controlling interests	2 484	1 061
Profit for the year attributable to: Shareholders in Swedbank AB	**-2 414**	**-624**
Full-time employees	4 438	4 741

Share of Group's total income

6%

Share of profit before impairment losses

4%

Group Functions & Other in brief

Group Functions & Other consists of three types of centralised business-support units: Group Products, joint staffs and Ektornet, which manages the remaining repossessed assets in the wake of the financial crisis in 2008–2009 – and the remainder of the previous operations in Russia and Ukraine.

The staffs comprise Group Finance (including Treasury, Investor Relations and Communication), Risk, IT, Compliance, Public Affairs, HR and Legal.

The staffs operate across business areas and serve as strategic and administrative support.

Resource efficiency and cost efficiency leave us room to improve customer value, but are also a way to fulfil Swedbank's purpose: to promote a sound and sustainable financial situation.

In 2013 employees at Swedbank's head office prepared to move to the suburbs

Resource efficiency generates customer value

In 2014 Swedbank's head office will leave its current location a stone's throw from Sergels Torg in central Stockholm for a newly built property at Landsvägen 40 in Sundbyberg, a municipality in Stockholm County that offers low rents and an attractive location from a mass transit standpoint. The move is expected to generate annual savings in the range of SEK 150m.

Market-leading cost efficiency

The head office move, which includes the large part of the business segment Group Functions & Other, is an example of our systematic efforts to lead the market in cost efficiency. The move is not an end in itself, but will enable higher profitability by devoting a smaller share of income to administration. Profitability in turn creates opportunities to reinvest in products and services that benefit our customers as well as in development opportunities for our employees. In the long run the investments allow us to remain a bank that makes it possible for people, businesses and communities to grow.

Resource efficiency leads to sustainability

Resource efficiency is also a way to fulfil the bank's purpose, to promote a sound and sustainable financial situation. The new head office offers many environmental advantages, not least in terms of energy consumption. The property has earned the Sweden Green Building Council's highest certification level, gold. Ambitious energy and environmental goals have been stipulated in the lease between Swedbank and the property owner.

Employees determine energy consumption

To help us achieve the property's energy goals, usage levels will be posted on information displays so that employees can monitor consumption in real time. The hope is that everyone will contribute through simple measures like turning off lights, unplugging chargers and so on.

For more information on Swedbank's sustainability work, see our Sustainability Report.

Low risk and good control benefit everyone

The right risk level and price are vital to Swedbank and benefit all our stakeholders. Our employees take responsibility for risk management, which is an integral part of business operations.

All financial operations entail risks. Managing them well is crucial to Swedbank's operations. The basis of efficient risk management and a good risk-adjusted return is a strong common risk culture with delegated responsibility and decision-making close to the customer. Because decisions are being taken closer to customers, parts of the risk organisation have also been moved closer to business operations to more easily provide support.

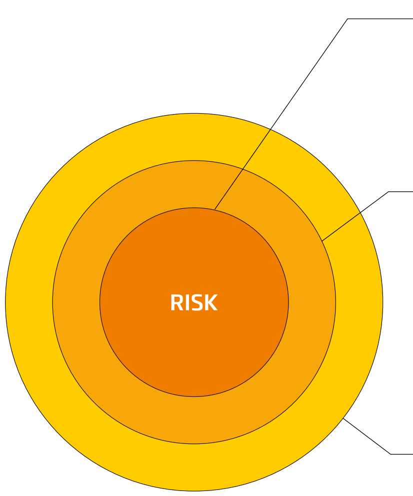
Swedbank's risk management is built on three lines of defence, clear goals and strategies, policies and guidelines, an efficient operating structure, and a simple, transparent reporting structure. A well-developed risk process is in place for how we operate. The Board of Directors' risk policy details the risk management framework, roles and responsibilities as well as guidelines on the size of the capital buffer the Group maintains as protection against major economic downturns.

Swedbank's business units and subsidiaries bear full responsibility for risks that arise in their operations. By delegating responsibility, the organisation can quickly react if problems occur. The risk organisation, which is independent of the business operations, is responsible for identification, quantification, analysis and reporting of all risks. It upholds the principles and framework for risk management to facilitate risk assessments while conducting independent analyses and stress tests of how events in the market and economy could impact Swedbank. The risk organisation also contributes expert advice and serves as an advisor in the executive management's decision-making to ensure that the decisions taken are aligned with the bank's risk appetite and risk tolerance.

Every large business unit has a credit risk function as well as compliance and operational risk functions. The latter identify, monitor and report operational and compliance risks. In addition, they provide management with expertise in risk management issues. Compliance is also a support function on compliance-related issues. In addition, special areas of responsibility include customer protection, market conduct and prevention of money laundering and financing of terrorism. The Group's risk function has special units for problem loans, which work with companies that have incurred, or are expected to incur, financial problems to find a solution as early as possible that helps the customer and reduces Swedbank's risk.

Swedbank's risk management

Swedbank's risk management is built on a sophisticated risk process with three lines of defence.



First line of defence – Risk management by business operations

Swedbank's business units and subsidiaries bear full responsibility for the risks that arise in their operations. Their employees have the best understanding of the customer and specific market. The customer's cash flow, solidity and collateral are always the decisive factors in the loan approval process. Standardised risk classification tools are in place to support the lending process.

Second line of defence – Independent risk control

The risk organisation is independent of the business operations and is responsible for identification, quantification, analysis and reporting of all risks. It upholds principles and frameworks for risk management to facilitate risk assessments. The credit risk function issues internal lending guidelines, such as cash flow and collateral requirements for customers as well as mandate structures for credit decisions within the organisation. For loans exceeding certain levels, the decisions are taken in credit committees to create a duality with the business operations. The committees also promote a sound risk culture by supporting and training employees in the business areas.

Third line of defence – Internal Audit

Internal Audit, an independent review function directly subordinate to the Board of Directors, conducts reviews of the first and second lines of defence. It identifies potential improvements in operations by evaluating risk management, governance and internal control. Internal Audit has also been tasked with identifying and helping to minimise activities that do not create value. When flaws are identified, the operations in question, in consultation with Internal Audit, formulate an action plan that clearly defines responsibilities and sets a timetable. The agreed-upon actions are followed up, and Internal Audit reports on their status to the Board of Directors and executive management on a quarterly basis until the work is completed.

Development 2013

Credit portfolio with low risks

Responsible lending is a prerequisite for a well-functioning bank. In consumer and business lending, we take responsibility by explaining risks and reviewing the customer's long-term financial situation. Corporate customers undergo a risk assessment with respect to financial, social and environmental sustainability, including risks related to human rights, corruption and the environment. If the company faces sustainability risks and/or the credit amount applied for is too high for the adviser alone to approve, the application is sent to a credit committee for final decision. If additional support is needed before a decision can be made, the application is brought before Swedbank's Sustainability and Ethics Council.

Swedbank's credit portfolio is of high quality with low credit impairments and few customers with existing or anticipated payment problems. Historically, credit impairments in Sweden, especially for residential mortgages, have been very low. The low risks in the credit portfolio are the result of the bank's strategic focus on its four home markets of Sweden, Estonia, Latvia and Lithuania, where it has a thorough understanding of customers and their payment habits.

Global conditions have had only a marginal effect on the bank's customers. Growth in the Swedish market was low, but companies were well prepared for the slower pace after adjusting their operations and costs. This together with several years of good conditions to build up reserves, has made them more resilient.

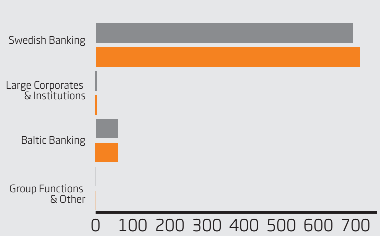
In the Baltic countries, macroeconomic conditions continued to improve, which raised the quality of the Baltic credit portfolios. Credit impairments were low and customers' risk profiles improved, which strengthened the prospects of continued low credit risks. Many companies were taking a cautious approach to new investments, however, due to uncertainties in the global economy. Overall, credit demand in Swedbank's home markets was low in 2013.

> "Internal and external stress tests reaffirm Swedbank's strong resilience.

Swedbank actively and continuously monitors its customers and credit portfolios. The Internal Capital Adequacy Assessment Process (ICAAP) and other external stress tests indicate that the bank has strong resilience, even if the situation in Europe were to worsen significantly. Thanks to improved asset quality, the results of the 2014 ICAAP are expected to show that resilience was further strengthened. This was confirmed by stress tests carried out by the SFSA and the Riksbank. In the Riksbank's latest stability report from November, Swedbank's Common Equity Tier 1 capital ratio was the least affected in a stress test of Sweden's four major banks.

Risk-adjusted return on capital (RAROC) is an important element in the bank's governance. The business units bear full responsibility for risk as well. The return, in the form of profit and RAROC, is measured at every level down to the individual customer. We use models that measure the risk in all credit exposures. They also ensure detailed and accurate allocation of capital to the business areas, ensuring that lending is priced correctly. The bank's total risk appetite is broken down into detailed risk limits and targets for various sectors, geographical areas and products. To ensure that customer service representatives stay within the credit portfolio's established risk level, and that low risk and balanced diversification are maintained, tolerance limits are set by the CEO and escalation limits are set by the CRO.

Loans to the public,*
Private, SEKbn

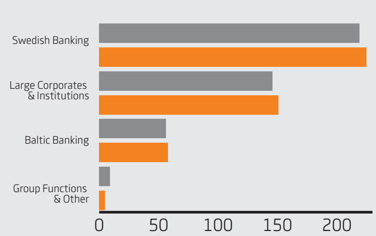


2012 2013

Credit demand in Swedbank's home markets was low. Swedbank's lending to private customers increased by a total of SEK 21bn during the year.

*Excluding National Debt Office and repos.

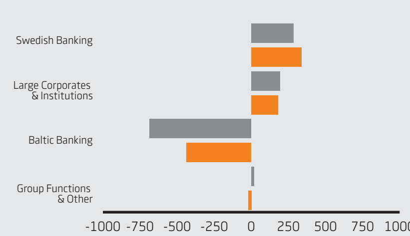
Loans to the public,*
Corporates, SEKbn



Corporate lending within LC&I and Swedish Banking increased by SEK9bn. In Baltic Banking, the lending portfolio was essentially unchanged in local currency.

*Excluding National Debt Office and repos.

Credit impairments, net, SEKm



Swedbank reported credit impairments for 2013 of SEK 60m (recoveries of SEK 185m). Baltic Banking reported net recoveries. In Sweden, credit impairments remained very low.

Increased mortgage volume with low risk

The bank's total lending rose by SEK 30bn to SEK 1 215bn. The vast majority of Swedbank's credit risk exposure is in Sweden in the form of low-risk mortgages. Risk diversification is achieved through a broad base of private customers and businesses in a variety of sectors. Long-term mortgages in Sweden, through Swedbank Mortgage, rose by SEK 25bn or 3.4 per cent in 2013. New lending in the Swedish mortgage market grew. The market share for new lending was 14 per cent in 2013, an increase from 13 per cent in 2012, and was achieved without higher risk taking. Swedbank's share of the total market was 25 per cent.

For us, responsible lending means granting loans only to customers who are able to repay and can withstand deteriorating economic conditions. We work proactively with customers who face financial difficulties. The aim is to start a dialogue early on in order to avoid problems before they arise. Swedbank has been involved in the Swedish debate on household debt and drawn attention to the country's structural challenge owing to a housing shortage, which has been pushing prices higher for some time. This is a problem for all of society and is impeding potential growth. Although the average debt ratio of Swedish households relative to other countries may seem high, differences in the countries' social safety nets have to be taken into account. The Swedish welfare system allows Swedish households to use a larger share of their income for housing. Because of customers' strong ability to repay and the low loan-to-value ratio in the portfolio, the bank's direct risk is low.

The Baltic economies have robust growth in consumption in common. Decreasing unemployment, increasing wages and low inflation have strengthened purchasing power and stimulated household consumption. Consumer confidence increased during 2013 to its highest level since 2011, showing that the Estonian households are slightly more optimistic than those in the two other Baltic countries. Household investment was credit driven, mainly thanks to low interest rates, while positive expectations strengthened both supply and demand. Household mortgage lending increased in Estonia and Lithuania. New lending in Latvia was lower and the mortgage portfolio continued to shrink. New lending remained lower than current repayments and write-offs of nonperforming loans.

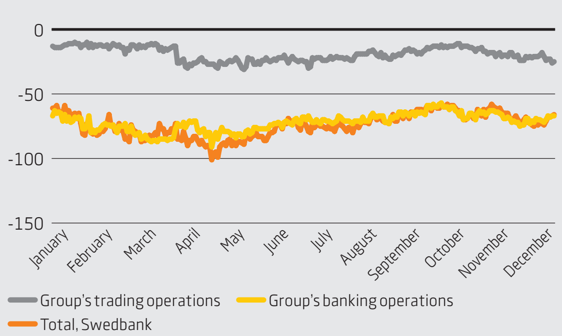
Reduced problem loans

Impaired loans fell during the year to SEK 7.5bn. The sale of the Ukrainian operations and discontinuation of Russian operations accounted for SEK 3bn of the decrease. Impaired loans in Baltic Banking, which are attributable to problem loans from the financial crisis and peaked at SEK 27bn, have gradually been reduced to SEK 5.0bn as the loans are restructured, amortised or written off. Within LC&I, impaired loans related to a few large corporate commitments increased, while in Swedish Banking impaired loans fell by SEK 0.7bn. The value of repossessed assets in the Group decreased by SEK 3.0bn to SEK 2.1bn. During the year Ektornet sold properties with a book value of SEK 2.8bn. Repossessed assets amounted to SEK 1.9bn at year-end. Ektornet was originally created to manage and develop the bank's repossessed assets following the financial crisis in 2008–2009.

The share of mortgages in Sweden past due more than 60 days was stable at 0.09 per cent of the portfolio (0.13). In Baltic Banking, the share decreased, mainly in Latvia. The share of mortgages past due for more than 60 days was 0.7 per cent in Estonia (1.1), 7.4 per cent in Latvia (10.5) and 4.4 per cent in Lithuania (5.4).

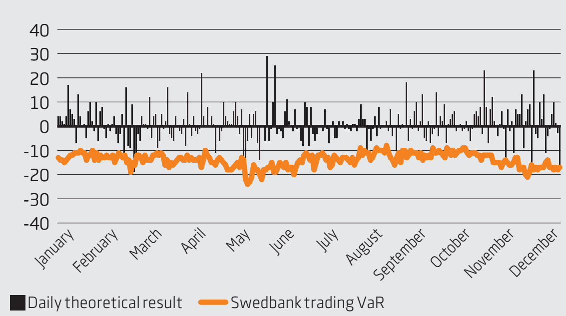
Credit impairments amounted to SEK 60m (recoveries of SEK 109m in 2012). Credit impairments in Swedish Banking and LC&I totalled SEK 518m. Continued positive macro development in the Baltic countries led to recoveries.

Swedbank's market risks in VaR allocated to risk-taking units 2013, SEKm



The predominant market risks are of a structural or strategic nature and are managed by Group Treasury. Despite increased uncertainty in the financial markets, the risks within trading-driven operations remained low.

Swedbank trading, daily theoretical result and Value at Risk, SEKm



The risk that arises in connection with securities trading remained at a low level in 2013.

Low market risks in an uncertain world

The continuing debt crisis in 2013 in Europe and the US affected Swedbank's macroeconomic environment. Fluctuations in the financial markets were lower than in 2012, which contributed to a decrease in market risks for the bank (expressed in terms of VaR, Value-at-Risk). VaR for Swedbank's trading operations fell, while the level of activity remained high. The Group's interest rate and currency risks decreased after Swedbank discontinued its Ukrainian operations and began the phase-out of its Russian operations in 2013. The divestments within Ektornet also reduced the bank's market risks. Moreover, Latvia's euro accession in January 2014 led to lower currency risks.

Return to normalised level of operational risks

The aggregate operational risk level continued to normalise as a result of consistent, focused work. Stabilisation measures have been taken to safeguard IT operations and accessibility through the Internet Bank and ATMs. Measures to modernise the IT infrastructure and improve incident management remain a priority. The sale of the Ukrainian operations and discontinuation of the Russian operations also contributed to the lower risk level.

Losses related to operational risk events were low in 2013 in relation to previous years and other banks. Some incidents did affect our customers during the year, but the impact was minimised by quick action.

All major incidents were managed within our ordinary routines for incident and crisis management. We are working towards more proactive risk management.

Lower market risks in insurance operations

The risk entailed with the majority of Swedbank's life insurance products is borne by the customer. Few products offer guarantees. A more dynamic asset allocation was introduced for the Swedish life insurance company's guaranteed products during the year to increase customer value while still maintaining good control over market risk. The upswing in the financial markets has led to an increase in the buffers that protect against risk.

Swedbank has continued to adapt its operations to the regulatory requirements of the EU's Solvency II directive. The purpose of the new requirements is to safeguard the interests of policyholders even under adverse financial conditions and to ensure that risk management systems are well-integrated in corporate control models. Although the introduction has been delayed until 2016, interim guidelines for implementing some of the regulations will be introduced in 2014.

Swedbank – simplified balance sheet, SEK bn

Financing strategy

Other than borrowings from the public, Swedbank's covered bonds, which are secured by low-risk Swedish mortgage loans, are its most important financing source. The bank's financing strategy is strongly linked to the credit quality of the assets, since a perceived decline in credit quality, all else being equal, increases investor risk and hence investors' yield requirements. Consequently, the key element in the bank's financing strategy to limit and control liquidity risk is the survival horizon, an internal measure which gauges how long the bank can meet its contractual obligations without access to financing from the capital market. One of Swedbank's focus areas is to manage liquidity risk and ensure that lending quality remains very high.

Continued lower financing costs

Demand for Swedbank's debt instruments remained strong from both domestic and international investors. The bank has broadened its base and attracted new investors, mainly from the US and Asia. This has helped to further reduce funding costs. In the Swedish covered bond market, Swedbank currently has the lowest funding costs. Swedbank's funding costs for covered bonds in the EUR and USD market are in line with or lower than those for other Nordic banks, an improvement compared with 2012. In the unsecured market, mainly in EUR and USD, there is still a gap to close. Swedbank was less active in this market during the year because structural demand for unsecured debt remained low and the bank's liquidity situation at the same time was very good. In 2013 Swedbank issued a total of SEK 103bn in long-term debt instruments. Covered bond issuance amounted to SEK 73bn while issued senior debt amounted to SEK 26bn. In 2014 Swedbank plans to issue SEK 120bn to meet maturing long-term funding with a nominal value of SEK 103bn. Swedbank anticipates limited growth in the mortgage market in coming years, which means that the liquidity it obtains – other than to cover upcoming maturities – will be used mainly in connection with bond repurchases.

The average maturity of all capital market funding arranged through the bank's short- and long-term programmes was 29 months as of 31 December 2013 (33). Long-term funding with an original maturity of over one year had an average maturity of 36 months (38), of which 36 months for covered bonds (39) and 31 months for senior funding (31). Swedbank's short-term funding is used mainly as a cash management tool, not to finance the bank's lending to the public. The outstanding volume decreased during the year to SEK 101bn (115).

Swedbank's liquidity reserve, which is recognised according to the Swedish Bankers' Association's definition, was SEK 184bn on 31 December 2013 (216). In addition to the liquidity reserve, liquid securities in other parts of the Group amounted to SEK 53bn (58). The liquidity reserve and the Liquidity Coverage Ratio (LCR) fluctuate over time depending on, among other things, the maturity structure of the bank's issued securities. According to current Swedish regulations, which took effect on 1 January 2013, the Group's LCR was 142 per cent as of 31 December (130). Distributed by USD and EUR, LCR was 618 per cent and 662 per cent, respectively. In early 2013 the Basel Committee published a new recommendation on the definition of LCR, according to which Swedbank's LCR is 168 per cent.

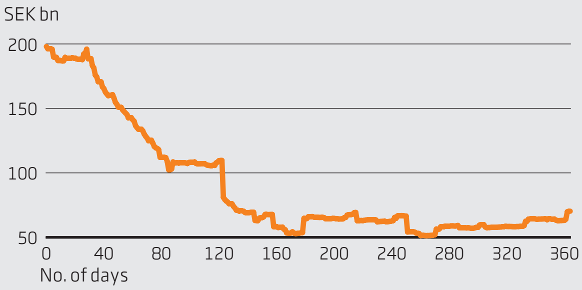
According to Swedbank's interpretation of current draft regulations, the Group's Net Stable Funding Ratio (NSFR) was 89 per cent on 31 December (91). According to Swedbank's interpretation of the Basel Committee's latest draft revisions, NSFR would be 97 per cent.

The main liquidity measure used by the Board of Directors and executive management is the survival horizon, which shows how long the bank can manage long periods of stress in capital markets when access to new financing would be limited. As of 31 December 2013 the bank would be able to survive for more than 12 months with the capital markets completely shut down. This applies to the Group's total liquidity as well as liquidity in USD and EUR. For more information on Swedbank's funding and liquidity (including the survival horizon), see the bank's separate risk report, "Risk Management and Capital Adequacy Report: Pillar 3 – 2013".

Continued rating improvements

Swedbank's rating is highly affected by its funding costs. One of Swedbank's priorities for 2013 was therefore to improve its relative credit rating from credit rating agencies to the same level as banks with the highest rating in the Nordic region. Since Moody's raised the bank's rating to A1 in June 2013, Swedbank is now just one step below the best banks in the Nordic region in terms of ratings from the three major agencies. Moody's said the upgrade was due to Swedbank's improved credit profile as a result of 1) a sustainable reduction of its risk profile and

Survival horizon



The main liquidity measure used by the Board of Directors and executive management is the survival horizon, which shows how long the bank can manage long periods of stress in the capital markets with limited access to new financing. At present the bank would be able to survive for more than 12 months with the capital markets completely shut down.

Swedbank's rating, 31 December 2013

	Swedbank AB		Swedbank Mortgage AB		Covered bonds	
	Rating	Outlook	Rating	Outlook	Rating	Outlook
Standard & Poor's						
Short-term	A-1		A-1			
Long-term	A+	S	A+	S	AAA	S
Moody's						
Short-term	P-1		P-1			
Long-term	A1	S	A1	S	Aaa	–*
Financial strength						
(BFSR)	C–					
Fitch						
Short-term	F1					
Long-term	A+	S				

BFSR = Banking Financial Strength Rating

* Based on Moody's rating methodology for covered bonds, no outlook is assigned.

strengthening of the bank's corporate governance; 2) the continued reduction of problem loans and stabilisation of revenues; and 3) enhanced capital levels and improved funding profile. In July 2013, S&P revised Swedbank's outlook from negative to stable. In S&P's view, Swedbank increased its ability to manage higher financial risks in Sweden against the backdrop of the bank's strong capitalisation and earnings. S&P expects Swedbank's capital situation and profitability to continue to improve over the next two years. Swedbank was the only Swedish bank to retain a stable outlook from S&P, which affirmed its A+ long-term and A-1 short-term credit ratings on Swedbank and Swedbank Mortgage. Fitch did not change the bank's A+ rating during the year.

Capital planning

All banks are affected by macroeconomic changes, which can never be fully compensated by a sound risk culture and risk management. To ensure that it can function well even under unfavourable conditions, Swedbank maintains an extra capital buffer in addition to the legal capital required by law. The bank conduct stress tests to identify the potential effects of possible, though unlikely, negative scenarios and assess whether the capital buffer is satisfactory at any given point in time. Capital planning and measures to sustain satisfactory capitalisation are crucial to maintaining the market's confidence in Swedbank and ensure access to capital market funding.

The financial crisis in 2008–2009 dramatically changed how supervisory authorities, rating agencies and debt investors view bank capitalisation. A number of regulatory changes, including some whose final wording is unclear, are designed to increase the size and quality of the banks' capital base. Swedbank's capital base was further strengthened in 2013 thanks to stable earnings and a reduction in risk-weighted assets. Swedbank's Common Equity Tier 1 capital ratio is one of the highest among European banks. The bank's strong financial position leaves us well prepared for future regulations. Reports from the SFSA and the Riksbank reaffirm Swedbank's strong capital situation. Swedbank's Board of Directors will decide on a capital target when new capital requirements are set.

To increase transparency and ensure an accurate calculation of Swedbank's risk-adjusted return, capital is allocated to the business areas. The principles for allocating capital reflect Swedbank's risk tolerance and capital strategy and are based on regulatory requirements and an internal assessment of the risk in individual transactions. The purpose is to adequately differentiate risk in conformity with Swedbank's ICAAP. In the operating segment report (note G5) equity and key ratios allocated to the various business areas and key indicators are based on this allocation.

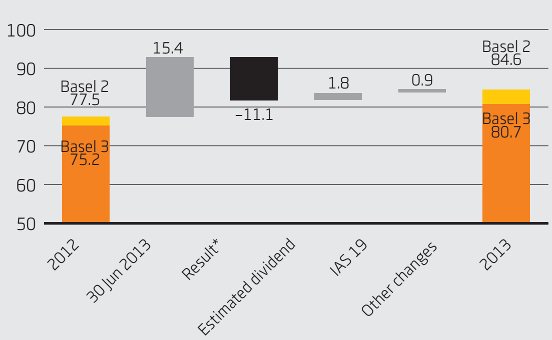
> "Swedbank is one of the most strongly capitalised banks in Europe.

Capital and capital adequacy

The Common Equity Tier 1 capital ratio (i.e. Common Equity Tier 1 in relation to the bank's risk-weighted assets) according to Basel 3 was 18.3 per cent on 31 December 2013 (15.4 as of 31 December 2012), according to our current calculation based on the new regulation that took effect on 1 January 2014. The Common Equity Tier 1 capital ratio according to Basel 2 was 18.7 per cent on 31 December 2013 (16.7). Now that the new regulations have taken effect, Swedbank will cease reporting its capital adequacy according to Basel 2.

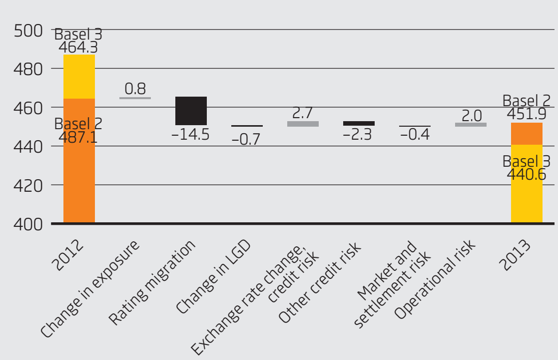
Common Equity Tier 1 capital (Basel 2) increased by SEK 7bn during the year to SEK 84.6bn on 31 December. The increase was mainly due to profit for the year after the anticipated dividend and includes dividends of EUR 125m from Swedbank's insurance companies in the Baltic countries. The sale of Swedbank's Ukrainian operations was finalised during the spring, in

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



Increase Decrease

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



Increase Decrease

connection with which a negative cumulative exchange rate difference of SEK 1.9bn was reclassified from other comprehensive income to profit for the period. This did not affect Common Equity Tier 1 capital, however. New rules on accounting for pensions (IAS 19) took effect on 1 January 2013, as a result of which Common Equity Tier 1 capital decreased by about SEK 3.2bn in January 2013, which has been included in the comparative figures for 2012. In 2013 Common Equity Tier 1 capital increased by about SEK 1.8bn due to rising discount rates. Going forward the amendments to IAS 19 will create volatility in the estimated pension liability and hence in equity. Subordinated loans included in the capital base decreased by SEK 4.1bn, mainly due to redemptions.

Risk-weighted assets decreased by SEK 12.4bn during the year to SEK 451.9bn. The risk-weighted amount for credit risks fell by SEK 14bn. The decrease is mainly due to positive rating migrations, primarily for individuals and tenant-owner associations in Swedish Banking and corporate customers of Baltic Banking, which together reduced the risk-weighted amount by SEK 14.5bn. Increased corporate exposures in Swedish Banking and LC&I increased the risk-weighted amount by SEK 9bn during the year, while lower exposures in Russia and Ukraine, as well as to credit institutions, had an opposite effect of SEK 8.1bn. Fluctuations in exchange rates, mainly attributable to the Baltic portfolio, increased the risk-weighted amount by SEK 2.7bn through the depreciation of the Swedish krona against the euro.

> "Since 2009 Swedbank's capital efficiency improvements have helped to significantly reduce risk-weighted assets.

The risk-weighted amount for market risks was essentially unchanged compared with 31 December 2012. The sale of Swedbank's Ukrainian operations reduced the risk-weighted amount for market risks by SEK 1.2bn, while market risks increased in LC&I. The risk-weighted amount for operational risks increased by SEK 2bn year-on-year. The increase was due to Swedbank's higher income in 2012 than in 2009, which increased the risk-weighted amount for operational risks by SEK 2.6bn (calculated as a rolling three-year average). The discontinuation of the operations in Ukraine reduced the risk-weighted amount for operational risks by SEK 0.6bn.

Major changes were made in Basel 3 estimates during the year due to clarifications in the final version of CRR of the capital requirements for small and medium-sized enterprises (SME), OTC derivatives and currency risks. In the Swedish application of CRR, the SFSA has also decided to amend the consolidation method for associates so that they are consolidated as of 1 January 2014 according to the equity method instead of full consolidation. The amended consolidation method for the associates Sparbanken Rekarne AB, Färs och Frosta Sparbank AB, Swedbank Sjuhärad AB, Vimmerby Sparbank AB, Bankernas Depå AB and Bankernas Automatbolag AB reduces the capital base and the risk-weighted amount for the financial companies group, which has a slightly positive effect on the Common Equity Tier 1 capital ratio. The above changes are included in the capital estimate according to Basel 3 as of 31 December 2013 and explain the smaller negative effect in relation to Basel 2 compared with the estimate reported on 31 December 2012 (see diagram on previous page).

Measures to improve capital efficiency are expected to continue to have a positive effect on the bank's Common Equity Tier 1 capital ratio. Among other things, we are introducing an Internal Ratings-Based Approach (IRBA) to calculate credit risks for corporate exposures, which will reduce risk-weighted assets. In December 2012 the bank submitted a request to the SFSA to use IRBA. We are still awaiting approval.

For further details on capital adequacy, see note G4.

New capital rules and their effect on Swedbank

The EU's Capital Requirements Regulation (CRR) and Capital Requirements Directive IV (CRD IV), which contain new rules on capital adequacy, liquidity and corporate governance, were approved in June 2013 and took effect on 1 January 2014. The introduction of CRD IV, which includes new capital buffers, also requires implementation in Swedish law. This is expected in 2014. The new EU regulation largely conforms to the previously published Basel 3 regulation that serves as an international regulatory standard on capital adequacy and liquidity.

In November 2011 the Swedish government, in consultation with the Riksbank and the SFSA, presented new capital requirements for systemically important Swedish banks under the new, future regulation. Among other things, the Common Equity Tier 1 capital ratio according to Basel 3, including the new capital buffers, must be a minimum of 10 per cent in 2013 and 12 per cent in 2015, while total capital must be at least 3.5 percentage points higher. A report published on behalf of the government in September 2013 on how CRR/CRD IV will be implemented in Sweden proposes a new law on capital buffers but does not suggest how higher Swedish capital requirements would be introduced. A decision is unlikely until after the summer of 2014, when the necessary legislative amendments have been decided on and the SFSA, which as proposed will set the buffer requirements, can decide which requirements will apply. As of 1 January 2014 capital adequacy reporting by Swedish banks will follow CRR, while the implementation of capital buffers according to the CRD IV directive will be introduced later in 2014.

In May 2013 the SFSA announced its decision to introduce a risk-weight floor of 15 per cent for the Swedish mortgage portfolio, in line with the proposal from November 2012. The floor will be introduced as a supervisory measure within Pillar 2. Consequently, the reported capital ratios will not be affected, since these calculations are made according to the rules for Pillar 1. Based on an average risk weight of 4.3 per cent according to Pillar 1 in Swedbank's Swedish mortgage portfolio as of 31 December 2013 and the Swedish Common Equity Tier 1 capital requirement of 12 per cent (as of 2015), Swedbank, as per the SFSA's decision, has to maintain additional Common Equity Tier 1 capital of SEK 10bn for Swedish mortgages. This corresponds to 2.2 percentage points of the Common Equity Tier 1 capital ratio according to Pillar 1. In its internal controls, Swedbank has for some time allocated additional capital to its mortgage business equivalent to the announced risk-weight floor. In November 2013 the SFSA announced its intention to further increase the risk-weight floor, to 25 per cent. Calculated according to the same method as above, this increase would mean an additional SEK 9.3bn in Common Equity Tier 1 capital for Swedbank. All in all, a risk-weight floor of 25 per cent would mean Swedbank would have to maintain a total of SEK 19.3bn in additional Common Equity Tier 1 capital for its Swedish mortgages, corresponding to 4.3 percentage points of the Common Equity Tier 1 capital ratio according to Pillar 1. At present Swedbank already has sufficient Common Equity Tier 1 capital to meet the proposed increase in the risk-weight floor. The SFSA is also responsible for deciding on the countercyclical buffer in connection with Sweden's implementation of CRD IV later in 2014. In announcing the increase in the risk-weight floor, the SFSA stated that it may be necessary to prioritise this in exchange for a lower countercyclical buffer.

When CRR takes effect, the SFSA will be able to grant banks waivers from the current Basel 1 floor. The Basel 1 floor is a back-stop for the lowest level of the capital base requirement, which was introduced in connection with the transition from Basel 1 to Basel 2. Swedish authorities had previously announced that this floor would be eliminated in connection with the introduction of the new, higher capital requirements. In December 2013, however, the SFSA said it did not intend to eliminate the floor. As a result, the Basel 1 floor will remain in effect in Sweden in the same way it does today i.e. 80 per cent of the capital requirement calculated according to Basel 1. The SFSA's position does not entail a change with regard to the floor compared with current regulations.

The debate on harmonising risk weights intensified during the year. One of the topics being discussed is how the leverage ratio can be used to ensure a minimum level of capital in relation to the size of the balance sheet. Since the EU's new capital adequacy rules took effect on 1 January 2014, banks have to report their leverage ratio to regulators, who will evaluate the results before deciding whether to introduce a minimum requirement in 2018. Swedbank's leverage ratio (according to CRR) was 4.6 per cent on 31 December 2013.

The EU is finalising the Bank Recovery and Resolution Directive, which will give authorities options in the event of a banking crisis. The plan is to implement the directive nationally, beginning in 2015. The regulations will help to prevent crisis situations and improve options if a crisis arises. An important aim is to reduce the risk of taxpayers having to foot the bill if a banking crisis occurs. One way is by introducing the option of a bail-in, where shareholders and creditors bear the costs as far as possible if a bank faces failure. The European Banking Authority (EBA) drafted a recommendation where financial institutions that are considered systemically important must submit recovery plans to regulators in 2013. Swedbank submitted its recovery plan to the SFSA in December 2013.

> "In July S&P revised Swedbank's outlook from negative to stable. In S&P's view, Swedbank increased its ability to manage higher financial risks in Sweden against the backdrop of the bank's strong capitalisation and earnings.

Swedbank's risk profile

Swedbank defines risk as a potentially negative impact on the Group's value which can arise due to ongoing internal processes or future internal or external events. The concept of risk includes the probability that an event will occur and the impact it could have on the bank's results, equity or value.

Description	Risk profile	Risk management
Credit risk The risk that a borrower will fail to meet their contractual obligations to Swedbank and the risk that pledged collateral will not cover the claim. Credit risk also includes counterparty risk, concentration risk and settlement risk.	Swedbank's customer base, which mainly consists of private individuals and small and medium-sized companies, is designed such that credit risk – Swedbank's predominant risk – is low. Credit risks can be found on the asset side of the balance sheet, mainly in the form of lending to customers, but also outside the balance sheet in the form of loan commitments to customers and guarantees, which could entail increased future credit risk. Swedbank's lending to the public largely consists of mortgages in Sweden, with low risk. Corporate lending is dominated by small and medium-sized companies in Sweden. The risk level here is higher, but still relatively low. The risk in lending to the Baltic countries is slightly higher than in the Swedish portfolio, but has gradually decreased since the financial crisis. In customer related trading operations and hedging of Swedbank's market risk, risk is considered low.	Swedbank maintains a well diversified and balanced credit portfolio with a low risk profile. Lending is made to solvent customers with satisfactory collateral. Diversification, which is sought within and between sectors and lending segments, contributes to low concentration risks. A strong risk culture and a lending process distinguished by duality create a balance between risk and return. Transactions with counterparty risk in trading operations are preferably made with carefully selected and systemically important financial institutions. Moreover, Swedbank works actively with risk-mitigation measures such as netting agreements, collateralisation and clearing.
Market risk The risk that the bank's results, equity or value will decrease due to changes in risk factors in financial markets. Market risk includes interest rate risk, currency risk, share price risk and commodity risk, as well as risks from changes in volatility and correlations.	Swedbank's market risks are generally considered low. The main market risks are of a structural or strategic nature and relate to the interest rate risk that arises as a natural part of the Group's operations e.g. when customers demand different fixed interest terms on deposits and loans, and to the currency risk associated with the holdings in Latvia and Lithuania. In addition, market risks arise in the financial products that the bank offers to meet customer needs.	Swedbank centralises all interest rate risk to a few risk-taking units (i.e. units that have received a risk mandate from the CEO) for the purpose of managing this risk efficiently, partly by matching maturities and partly using derivatives.
Liquidity risk The risk that Swedbank cannot fulfil its payment commitments at maturity or when they fall due. Liquidity risks arise because the maturity structures on the asset and liability sides of the balance sheet do not coincide, since lending is generally longer-term than deposits.	Access to long-term financing is imperative in order to adequately manage liquidity risk. Swedbank has therefore diversified its funding through a number of short- and long-term programmes in several different capital markets.	To ensure resilience in the event of disruptions in the capital markets, Swedbank maintains a liquidity reserve consisting of securities with a high level of creditworthiness which can be pledged to central banks or divested at short notice.
Operational risk The risk of losses resulting from inadequate or failed internal processes or routines, human error, system error or external events. Operational risk also includes legal risk and compliance risk.	Operational risks occur in all businesses. It is not possible or cost effective to try to eliminate all of them. Swedbank's goal is to minimise operational risks given the nature of its operations and market as well as the bank's strategy and risk appetite. Minor loss events are a normal part of the bank's operations. Larger losses and incidents that affect many of the bank's customers are rare, and Swedbank is diligent in working to prevent such incidents from occurring.	Swedbank has internal regulations on operational risk management and works in a structured fashion with risk analyses and risk-reducing measures in connection with significant changes and with continuity planning and preparedness measures to minimise the effects of incidents as quickly as possible if they do occur.
Insurance risk The risk of a change in value due to a deviation between actual insurance costs and anticipated insurance costs. In other words, the risk that an actual outcome will deviate from projections e.g. in terms of longevity, mortality, morbidity or claim frequency.	Swedbank conducts insurance operations in Sweden, Estonia, Latvia and Lithuania, with Sweden as its largest market. Through Swedbank Insurance AB, Swedbank offers risk insurance products and savings products, including endowment insurance, variable universal life insurance and pension products. The largest risks in these operations are market risk and insurance risk. Market risk is limited since the large part of the portfolio consists of products where the risk is borne by customers.	Insurance risk is managed by basing premiums on statistical assumptions and close monitoring e.g. to identify new trends.

Sustainability creates shareholder value

Many people rely on Swedbank's success. Pension savers, insurance policyholders and hundreds of thousands of small-scale shareholders have entrusted us with valuable assets to manage. We earn their trust through engagement and responsibility.

To remain competitive over time, we have to grow together with our market, in keeping with regulations and guidelines at both national and international levels. Our owners should feel confident that they have invested in a secure and responsible bank with long-term goals. Swedbank's return on equity shall amount to at least 15 per cent over time. The profitability goal is adjusted for Swedbank's market position, risk profile and conditions in our home markets. For the full-year 2013 the return on continuing operations was 14.7 per cent. Against the backdrop of a robust earning capacity and low risk, coupled with limited credit demand for the foreseeable future, Swedbank's dividend policy is to distribute 75 per cent of profit for the year to shareholders. This policy gives Swedbank the opportunity to grow long-term, while at the same time promoting efficient use of capital. The sale of Swedbank's Ukrainian subsidiary, which was finalised during the year, generated a cumulative negative translation difference of SEK 1 875m, which was reclassified from other comprehensive income to profit and loss. The reclassification did not affect the bank's capital, capitalisation or cash flow in 2013; the impact occurred in 2008-09. The Board has therefore excluded this reclassification from the dividend proposal for the financial year 2013. The proposed dividend is SEK 10.10 (9.90) per A share. This corresponds to a payout ratio of 75 per cent of profit, excluding the reclassification. All dividends are contingent on the approval of the Annual General Meeting and require that distributable funds are available.

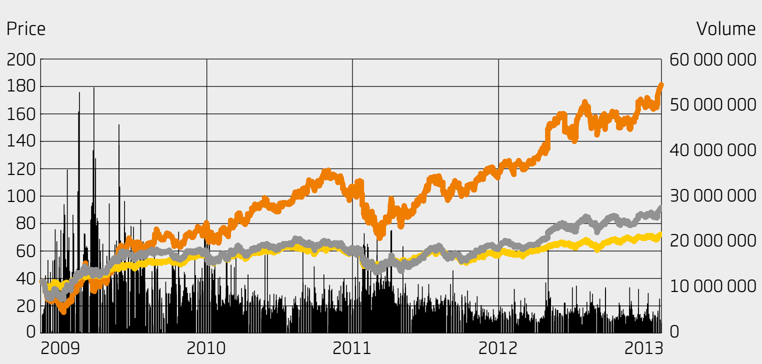
Share performance during the year

In 2013 the OMX Stockholm 30 Index rose by 21 per cent and OMX Stockholm Banks Index by 42 per cent. Swedbank's A share gained 43 per cent during the year. At year-end 2013 Swedbank's market capitalisation had increased to SEK 205bn (139). The turnover rate was 163 per cent (203) for the A share. Since Sweden's stock exchange monopoly was abolished in November 2007, Swedbank's shares have been traded on several marketplaces. In 2013, 56 per cent of trading turnover in the A share took place outside the primary market. NASDAQ OMX Stockholm, Boat, BATS Chi-X and Turquoise were among the marketplaces with the highest turnover in 2013. Total turnover in Swedbank's A share was SEK 286bn (215). Swedbank's share capital as of 31 December 2013 was SEK 24 904m.

There are investors who focus on sustainability aspects of a company, including how it handles environmental issues, human rights and risks. There are currently a number of mutual funds and stock indices for companies that meet certain sustainability criteria. Swedbank's A share is included, for example, in the STOXX ESG Leaders. Swedbank is also included in the FTSE4Good index, which was created to facilitate investments in companies that demonstrate globally recognised levels of responsibility.

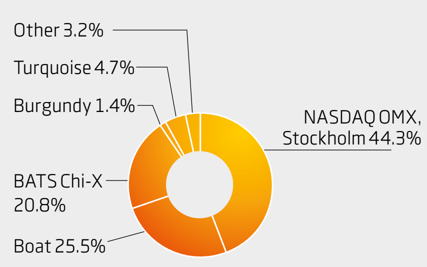
According to the articles of association, Swedbank has three classes of shares: ordinary shares (A shares), preference shares and C shares. The A shares have one vote per share and are the only class of share outstanding. The A shares have been listed on NASDAQ OMX Stockholm's Large Cap list since 1995. The last day for trading in preference shares, which were issued in 2008, was 27 March 2013, when they were converted to ordinary shares. The bank has an American Depositary Receipt (ADR) programme, which enables US investors to invest in Swedbank's A share on the US OTC market via depository receipts without having to register with Euroclear, the Swedish central securities depository, or buy SEK.

Swedbank's share performance compared with bank indices



* Refers to the average of the share price and the aggregate volume in the Swedbank ordinary share on NASDAQ OMX, BATS Chi-X and Burgundy.

Share of turnover 2013 in Swedbank A share, %



Holding of treasury shares

The purpose of Swedbank's remuneration programmes is to build long-term commitment among employees and align their interests with those of the shareholders through deferred remuneration in the form of shares. The 2013 AGM resolved to introduce new performance and share-based remuneration programmes for 2013 and to transfer not more than 33 million ordinary shares to the 2010–2013 programmes. Swedbank holds these 33 million shares to secure these commitments. If the transfer occurs as indicated above, it would result in a total dilution effect of about 3 per cent relative to the number of shares and votes outstanding as of 31 December 2013.

The first transfer of deferred shares related to Swedbank's remuneration programmes will be in February 2014, when all shares from programme 2010 and some shares from programme 2011 are transferred to employees. The transfer will result in a dilution effect of about 0.3 per cent in relation to the number of shares outstanding and votes as of 31 December 2013.

To continuously adapt the bank's capital structure to current capital needs, the Board was authorised by the 2013 AGM to resolve to repurchase A preference shares up to 10 per cent of the total number of shares (including shares repurchased by the securities operations – see below). The Board was also authorised to issue promissory notes that can be converted to shares. Since the details of the new capital adequacy rules have yet to be clarified, the mandate was not utilised in 2013.

In its capacity as securities institution, Swedbank engages in securities operations, including trading in financial instruments on its own account. The business needs to acquire its own shares. Accordingly, the 2013 AGM resolved that the bank, until the 2014 AGM, may acquire on an ongoing basis its own shares such that the total holding of such shares at any given time does not exceed 1 per cent of shares outstanding, and that this is done at the prevailing market price.

Ownership and information

As of 31 December 2013 Swedbank had 309 613 shareholders (308 054), 93 per cent of whom had holdings of 1 000 shares or less. Nearly 0.1 per cent together owned over 80 per cent of the company. Swedbank's largest shareholder as of 31 December 2013 was an ownership group consisting of Folksam, KPA and Förenade Liv. International ownership in Swedbank decreased during the year to 38.7 per cent (39.7), of which the US and the UK represent the largest holdings at 14.1 and 12.5 per cent, respectively.

Swedbank shall provide shareholders, analysts and other stakeholders with prompt, accurate, consistent and simultaneous information on the Group's operations and financial position.

Transparency and openness produce a better understanding of the financial reporting and the decisions made as well as of the sector as a whole. Swedbank distributes its annual report to shareholders who choose to receive it. Interim reports are not printed, but are available at www.swedbank.se/ir together with other information released in connection with quarterly reports. The annual report can also be ordered from this site.

> “We care about transparency and openness.

In 2013 Swedbank's capital market information drew praise with an award for best annual report in the NASDAQ OMX large cap category. In addition, IR Magazine European Awards cited Swedbank for best investor relations in Sweden.

Important events 2013

FIR ST QUARTER

16 Jan 2013	Anders Sundström nominated as new Chair
30 Jan 2013	Year-end report 2012
5 Mar 2013	Mandatory conversion of preference shares to ordinary shares
5 Mar 2013	Change in distribution of shares due to conversion of preference shares to ordinary shares
20 Mar 2013	Swedbank's 2013 AGM. Anders Sundström elected as new Chair
26 Mar 2013	Record day for mandatory conversion of preference shares to ordinary shares

SECOND QUARTER

1 Apr 2013	Decision to discontinue remaining operations in Ukraine and Russia. Agreement signed to sell Ukrainian subsidiary
23 Apr 2013	Interim report January–March
7 May 2013	Sale of the Ukrainian operations finalised
4 Jun 2013	Moody's raises Swedbank's rating to A1
10 Jun 2013	Tender offer for government guaranteed bonds

THIRD QUARTER

16 Jul 2013	Interim report January–June
23 Jul 2013	The ratings agency S&P revises Swedbank's outlook from negative to stable
20 Aug 2013	Anders Karlsson named new CRO
17 Sep 2013	Nomination committee for the 2014 AGM announced

FOURTH QUARTER

22 Oct 2013	Interim report January–September
13 Nov 2013	Jonas Erikson named head of Group Products
19 Nov 2013	Anders Ekedahl named head of Group IT
13 Dec 2013	Cecilia Hernqvist named head of Communications
16 Dec 2013	EBA review affirms Swedbank's strong capital position

Number of shareholders. 31 December 2013

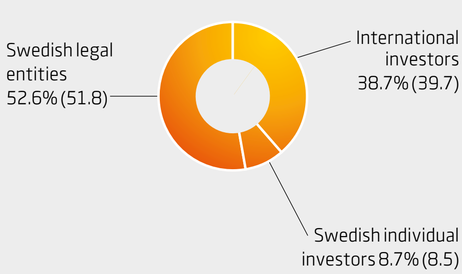
Size of holding	No. of shareholders	Holding, %	No. of shares	Holding, %
1–100	146 418	47	4 706 714	0.42
101–500	112 757	36	29 161 713	2.58
501–1 000	27 729	9	20 371 387	1.80
1 001–2 000	13 155	4	18 485 093	1.63
2 001–5 000	6 176	2	19 185 111	1.69
5 001–10 000	1 496	0.5	10 770 279	0.95
10 001–100 000	1 323	0.4	39 071 046	3.45
100 001–500 000	271	0.1	64 019 709	5.66
500 001–	288	0.1	926 234 670	81.82
Total	309 613	100	1 132 005 722	100

Source: Euroclear Sweden AB

Share statistics. A share	2013	2012	2011	2010	2009
High price*, SEK	182.80	128.90	118.90	99.50	77.10
Low price*, SEK	127.90	89.15	68.90	61.45	14.72
Closing price, 31 Dec.*, SEK	181.00	127.00	89.15	93.80	71.00
Daily turnover, millions of shares**	7.4	7.7	11.1	10.7	14.5
Daily turnover, SEKm**	1 141	858	1 091	838	751
Turnover rate, %**	163	203	292	283	544
Total market capitalisation, 31 Dec., SEKbn	205	139	98	109	82
ISIN code A share: SE0000242455					

* Adjusted for rights issue.
** Turnover data include turnover on all marketplaces. including OTC trading.
Sources: NASDAQ OMX. www.nasdaqomxnordic.com and Fidessa Fragmentation Index. http://fragmentation.fidessa.com/fragulator/

Shareholder categories, %
as of 31 December 2013, figures in brackets refer to 2012



Source: Euroclear Sweden AB

Largest shareholders, 31 December 2013, by owner group*

Share of capital and votes, %	2013
Folksam	9.22
SparbanksGruppen – Members	8.47
Swedbank Robur Funds	4.58
ALECTA PENSION INSURANCE AMF	3.51
AMF – Insurance and funds	3.35
Savings bank foundations – not Sparbanks-Gruppen	3.02
Swedbank AB**	2.92
JPM CHASE NA***	2.59
JPM CHASE NA***	2.28
FSPA Resultatandelsstiftelser	1.84
SEB Investment Management	1.58
CLEARSTREAM BANKING S.A., W8IMY***	1.48
SSB +TC LENDING OMNIBUS FD NO OM79***	1.21
FJÄRDE AP-FONDEN	1.06
FÖRSTA AP-FONDEN	1.05
15 largest shareholders	48.15
Number of shareholders	309 613

* Shareholders in lowercase letters are grouped.
** Repurchased shares, which carry no votes or dividend rights.
*** These shares are nominee-registered shares on at least two levels: with a Swedish custodian bank and on at least one additional level with a foreign bank. Consequently, there is no information on the owner(s) behind the name on the list. There may be one or more owners. The same foreign custodian bank may appear multiple times on the list.

Source: Euroclear Sweden AB

Data per share

SEK	2013	2012	2011	2010	2009
Earnings per share before dilution [1,2,3]	11.76	13.03	9.53	6.43	–10.66
Earnings per share before dilution, continuing operations [1,2,3]	13.89	13.94			
Earnings per share after dilution [1,2,3]	11.66	12.98	9.52	6.43	–10.66
Earnings per share after dilution, continuing operations [1,2,3]	13.78	13.88			
Equity per share	99.82	93.70	84.40	81.84	77.33
Net asset value per share	107.59	105.52	92.28	81.55	79.58
Cash flow per share [1]	–65.17	–30.86	133.99	–16.33	8.65
Cash dividend per ordinary share	10.10[4]	9.90	5.30	2.10	0.00
Cash dividend per preference share		9.90	5.30	4.80	0.00
P/E	15.4	9.8	9.4	14.6	–6.7
Price/equity per share. %	181.33	135.54	105.63	114.62	91.82

1) Since the terms to convert the preference shares to ordinary shares are mandatory, the preference shares are included in the calculation of key ratios.
2) Comparative figures have been restated due to rights issues.
3) Without deducting the preference share dividend. When calculating earnings per share according to IAS 33, the non-cumulative preference share dividend is deducted from profit. The calculations are specified in Note G19.
4) Board of Directors' proposal

Changes in share capital

Year	Transaction	Quota value per share, SEK	Added/repur-chased shares	No. of preference shares	No. of A shares	No. of C shares	Share capital, SEKm
1999	Bonus issue	20	175 936 281	527 808 843	10 556		
2004	Share repurchase	20	–14 937 531	512 871 312	10 556		
2005	New share issue	20	2 502 100	515 373 412	10 606		
2006	Cancellation of shares	20	515 373 412	10 307			
2006	Bonus issue	21	515 373 412	10 823			
2008	New share issue	21	257 686 706*	257 686 706	515 373 412	16 234	
2009	Conversion of preference shares to ordinary shares	21	38 050 112	219 636 594	553 423 524	16 234	
2009	New share issue	21	386 530 059	219 636 594	939 953 583		24 351
2010	Conversion of preference shares to ordinary shares	21	12 369 856	207 266 738	952 323 439	24 351	
2011	C share issue	21	1 500 000	207 266 738	952 323 439	1 500 000	24 383
2011	Conversion of preference shares to ordinary shares	21	12 866 678	194 400 060	965 190 117	1 500 000	24 383
2012	Conversion of preference shares to ordinary shares	21	10 128 513	184 271 547	975 318 630	1 500 000	24 383
2012	Cancellation of shares	21	–27 585 955	180 855 906	951 149 816	23 772	
2012	Bonus issue	22	180 855 906	951 149 816	24 904		

* Subscribed and paid preference shares amounted to 194 985 456 at year-end 2008.

A responsible bank can make a difference

We have to be better at showing customer value in our businesses. The new decentralised organisation in Sweden is the right way forward in order to maintain our customers' trust. Swedbank has a function to fulfil in society.

It is a privilege to serve as Chair of the Board of a bank whose very purpose is to promote a sound and sustainable financial situation for the many in society. Financial worries can be debilitating. Getting help to understand one's situation, feel secure and see the opportunities available can provide a strong sense of freedom and independence. I have seen this in my roles as municipal commissioner, government minister, savings bank president and CEO of an insurance company: a responsible bank can make a major difference for the better.

Swedbank has a fantastic heritage. The traditions from the pioneering days of the savings bank movement have not faded. Instead we are applying this engagement to today's reality and adapting it to a digital world.

When a family contacts Swedbank for a mortgage for a home they are thinking of buying, it is more than just a meeting between the bank and customer. The bank is also a link between the family and the international financial markets, which is a function of the Swedish economy.

We have a structural problem here that cannot be brushed aside. There is too little housing in our most dynamic cities in Sweden. Everyone is aware of this. But we cannot agree on what to do. As a bank, we can help to build more, but we cannot resolve the underlying problem. We have said what we think. Now action is needed.

There is more than enough capital in Swedbank. We could use it to finance new construction and help families secure a home. Capital should do good and be put to effective use in society. It would be extremely unfortunate if Swedish capital requirements were formulated in a way that have the opposite effect of what is intended, or perhaps even damage growth.

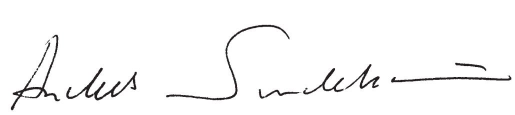
The nice thing about businesses like ours, which are rooted in popular movements, is that we share the same basic interests as our customers. It has been said that Swedbank is "a social responsibility that became a bank". Our opportunities depend on how society develops. Swedbank and the entire savings bank movement is a unique meeting place not only for financial issues but also for people and ideas. The bank's core business cannot be separated from our engagement in social issues. Running a bank fulfils an important function in society.

The Swedish banking sector is suffering from low customer satisfaction. We have to be better at showing customer value in our business. When we form a relationship and help young customers, students, new residents or entrepreneurs in a positive way, we hope that they will remain customers for the rest of their lives. It is also by being accessible that we create the breadth and size that makes it profitable to stay at the forefront of future developments.

The work we as a Board of Directors did during the year is described in detail in the Sustainability Report. Without looking too far ahead, I would like to mention a few things. My role is to make sure that the Board of Directors maintains a thorough discussion – which is always the case in Swedbank both internally and externally, since we have so many customers, which makes us something of a gauge. Two points can be mentioned here. The first is regulation, especially in terms of capital and liquidity. We are proud to say that the excellent work of our employees has made Swedbank a leader in Europe. The second, as already mentioned, is the low level of customer satisfaction in Sweden. The Board of Directors sees the new decentralised organisation in Sweden, where those with close contact with customers make more decisions, as the right way forward. Now we have to regain the confidence of customers, which I am convinced we will do.

"The nice thing about businesses like ours, which are rooted in popular movements, is that we share the same basic interests as our customers.

Last but not least, we must not forget the Baltic countries. As Chair of Swedbank, it is gratifying to able to watch the very positive performance, that we have seen in recent years. As a bank, we are part of people's everyday lives, we build trust and we contribute to a sound and sustainable financial situation. It is a privilege to be Chair of Swedbank.



Anders Sundström
Chair

Customer value and trust through value-based corporate governance

Our corporate governance is designed to create a sound and effective corporate culture that fosters trust as well as customer and shareholder value. Our governance requires that our employees are familiar with and work together to achieve common goals.

Foundation for corporate governance in Swedbank

Swedbank sees good corporate governance, risk management and internal control as key elements in a successful business. They are a prerequisite to maintain the trust of customers, shareholders, authorities and other stakeholders. Swedbank defines corporate governance as the relationship between shareholders, executive management, other employees, Group companies and other stakeholders. In a broader sense, it also encompasses:

- how the vision, purpose and strategy are designed and communicated
- how well the values are embraced
- how goals are set and followed up
- how remuneration systems are designed
- how risks are managed
- how future leaders are encouraged and developed
- how a corporate culture that supports the bank's commitment to customers and builds shareholder value is created
- how transparency is promoted
- how we manage operations in a sustainable way

The principles of Swedbank's corporate governance are described in the Board of Directors' rules of procedure and in the governance instruction approved by the CEO. The principles are based on external regulations and recommendations published by international bodies as well as on Swedbank's internal view of governance and control.

The internal and external rules regulate the delegation of responsibility for governance, control and monitoring of operations between the shareholders, the Board of Directors and the CEO. No deviations from the Swedish Code of Corporate Governance (the Code) or the rules of the stock exchange (NASDAQ OMX Stockholm) were reported in 2013.

> "No deviations from Swedish Code of Corporate Governance.

Swedbank's governance model and operational structure are designed to ensure that all co-workers work towards common goals that support the bank's purpose: a sound and sustainable financial situation for the many households and businesses. Strategies, goals, policies, instructions and guidelines clarify how Swedbank and Swedbank employees should act. Transparency and openness are key aspects of this work. Swedbank plays a significant role in the financial systems and infrastructure in its home markets and thereby contributes to well functioning local communities. Through central business processes we can also have an impact far beyond our own markets. Sustainability work is therefore integrated in our business model and is based on three main areas: financial, social and environmental sustainability. We are and will remain a secure bank with controlled risk taking that does not compromise the stability of the financial market or society's sustainable development.

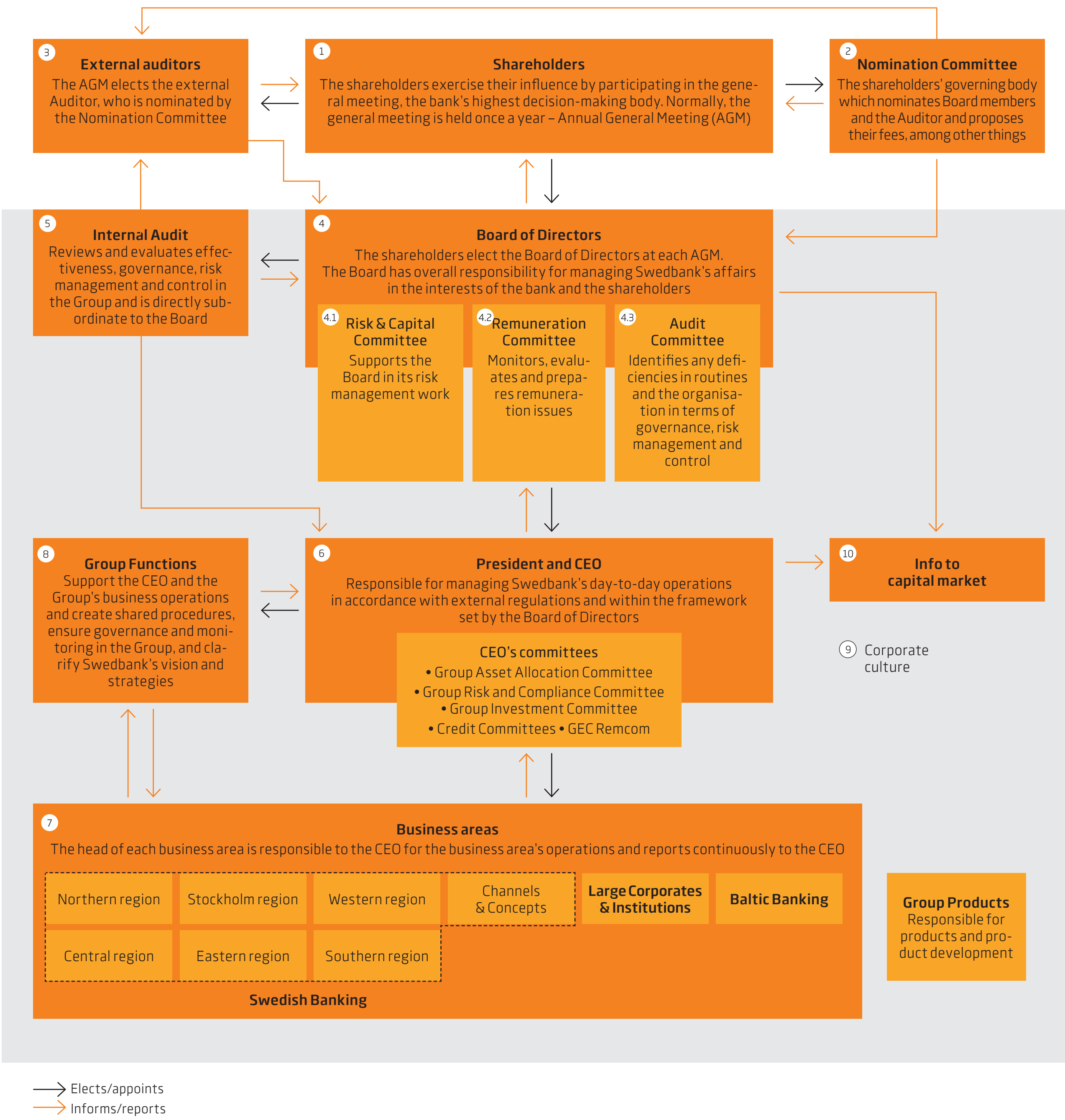
Our governance model describes, among other things, the delegation of responsibilities within the Group, where role descriptions create the conditions for strong and efficient processes. In accordance with the model, authority and responsibilities are also delegated based on Group-wide principles. Swedbank's operations are founded on a strong presence in the local community with committed employees who are attentive to customers' needs and wishes. Modern and clear leadership where decisions are made close to customers is therefore an important corporate governance principle. This in turn places high demands on risk control and monitoring. Abiding by the bank's vision, purpose and values (read more on page 55) is also a requirement for employees to qualify for allocation in the common remuneration system.

The Group structure provides a framework for roles, functions and reporting channels. In 2013 the bank was organised in nine business areas, supported by Group Functions and Group Products. Group Functions serve as strategic and administrative support with responsibility for maintaining effective standards and routines. Group Products is responsible for providing competitive products and services as well as business support for employees who interact with customers. The diagram on the adjacent page shows the formal corporate governance structure. The figures in each box refer to the corresponding section in the corporate governance report.

1 The shareholders in corporate governance

The shareholders exercise their influence through active participation in the resolutions of the general meeting. These include establishing and maintaining the current Articles of Association, which set the direction for the bank's operations. The owners appoint the bank's Board of Directors and Auditors.

Swedbank's Annual General Meeting (AGM) is normally held in Stockholm in March. According to the Articles of Association, the AGM must be held before the end of April, or under special circumstances not later than 30 June. The time and location are published in Swedbank's year-end report and on its website. The notice of the AGM is usually published five weeks in advance in Post och Inrikes Tidningar (official gazette of Sweden) and on



the bank's website. An announcement that the notice has been posted is also placed in several large Swedish dailies.

Swedbank is a Euroclear registered company, which means that its shares are recorded by Euroclear Sweden AB. All shareholders directly recorded in the register five working days prior to the AGM and who have notified Swedbank in time of their intention to participate are entitled to attend the AGM. They may attend in person or by proxy and may be accompanied. Shareholders can register for the AGM by telephone, email or letter. We encourage shareholders to attend the AGM. Those who register late have the opportunity to attend as guests.

Shareholders wishing to have an issue brought before the AGM must submit a written request to the Board of Directors not later than seven weeks prior to the AGM. This will ensure that the issue is included in the notice. Extraordinary general meetings can be held as well, the most recent of which was in 2009. Shareholders with a total of at least one tenth of the votes in the bank may request an extraordinary general meeting. The Board or the bank's Auditor can, on their own initiative, call an extraordinary general meeting as well.

Shareholders' power of decision

The AGM's resolutions include:

- Election of the Board of Directors and remuneration for Board members, including for committee work
- Discharge from liability for Board members and the CEO
- Amendments to the Articles of Association
- Election of the Auditor
- Adoption of the income statement and balance sheet
- Allocation of the bank's profit or loss

- Remuneration principles for the CEO and certain other senior executives through the adoption of remuneration guidelines for them.

AGM resolutions have normally been decided by vote since 2010 and require a special majority. Swedbank's Articles of Association contain limitations on the voting rights of class C shareholders. The C shares carry one tenth of one vote each. Swedbank has had ordinary shares and preference shares with equal voting rights: one vote per share. During the first quarter 2013 all outstanding preference shares were converted to ordinary shares. As of 31 December 2013 Swedbank has only ordinary shares outstanding, the class of share traded on the stock exchange. There were no C shares in issue on 31 December 2013. The general meetings are held in Swedish and interpreted to English. All material for the meetings, including the minutes, is in Swedish, but is available in English. The documents are posted on the website. Information on Swedbank's shares, shareholders and previous repurchase programmes can be found on the bank's website under the heading "Investor Relations/Swedbank shares".

Annual General Meeting 2013

The 2013 AGM was held in Stockholm on Wednesday, 20 March. A total of 1 328 shareholders attended personally or by proxy. They represented nearly 55 per cent of the votes in the bank.

All members of the Board of Directors and the Group Executive Committee as well as the Chief Auditor attended the AGM.

Among the 2013 AGM resolutions were the following:

- Adoption of the annual report
- Dividend for the financial year 2012 of SEK 9.90 for all shares
- Reelection of all Board members and election of Anders Sundström as Chair
- Remuneration to the Board members and the Auditor
- Repurchase of shares for the securities operations and authorisation of the Board to resolve to repurchase additional shares to adjust the bank's capital structure to prevailing capital needs
- Mandate to issue convertibles that can be converted to shares, so called cocos.
- Remuneration guidelines for senior executives
- Performance- and share-based remuneration programme for 2013 and resolution to transfer ordinary shares etc. as a result of this programme and previous programmes approved by AGMs
- Principles for appointing the Nomination Committee

2 Nomination Committee

The Nomination Committee's work is founded on the assumption that the Board's composition should reflect diversity and breadth in terms of the competence, experience and background of its members. An even gender distribution is desirable. The bank's operations, stage of development and future direction are also taken into account. While it is important that the Board has the support of shareholders, it also has to be independent in relation to the bank and its executive management, as well as to the bank's major shareholders.

The 2013 AGM decided on the principles for the appointment of the Nomination Committee prior to the 2014 AGM. They include that the committee will comprise five members: the Chair of the Board and representatives from the four largest shareholders (based on known data on the last business day in August 2013), on the condition that they wish to appoint a member. Under certain circumstances a member may also represent a group of shareholders. Swedbank's Nomination Committee represents the shareholders, and normally only one person from the Board participates in the committee. If a member leaves the Nomination Committee before its work is completed, the committee may decide to replace them with another person representing the same shareholder or with a person representing the next largest shareholder that has not already appointed a member to the committee. If a new shareholder becomes one of the bank's four largest after the Nomination Committee has been constituted, the committee has the right to co-opt a member appointed by that shareholder. A co-opted member cannot participate in the Nomination Committee's decisions. The Nomination Committee's current composition prior to the 2014 AGM was announced on 17 September 2013 and is available on the bank's website under the heading "About Swedbank/Corporate governance". The Nomination Committee appoints a Chair from among its members. The Chair of the Board may not be Chair of the Nomination Committee. The committee's mandate extends until a new Nomination Committee has been constituted. Swedbank has relatively low turnover among its major shareholders, so there are few significant changes in the shareholders represented on the committee from year to year. Members of the Nomination Committee are not remunerated for their work or costs incurred. However, the Nomination Committee has the right, at the bank's expense, to engage a recruitment consultant or other external consultants as it deems necessary to fulfil its assignment.

The duties of the Nomination Committee, where applicable, are to submit proposals prior to the AGM on the following:

- Election of a Chair of the AGM
- Election of the Board members, Chair and Auditors
- Remuneration to the Board members and Auditors
- Principles for appointing the Nomination Committee for the next AGM

The Nomination Committee's work during its term:

- Work to date regarding the creation of a resource bank of potential Board candidates
- Evaluation of the Board's work (see below) and members' views of the bank's operations (which was done on an individual basis without the Chair in attendance)
- The CEO's view of the bank's operations and the challenges the bank faces in coming years
- The Chief Auditor's view of the bank, the Board and the Group Executive Committee
- Reviewed competence needs and discussion regarding the Board's composition in the light of Swedbank's strategies and the requirements of the Companies Act
- Nominated Board members, including the Chair
- Verification of the candidates' independence
- Remuneration proposals for the Board and Auditor
- Reviewed proposal on the principles for appointing the Nomination Committee prior to the 2014 AGM.

3 External Auditor

The external Auditor is an independent reviewer of the bank's financial accounts and corporate governance report who determines whether they are essentially accurate and complete and provide a fair portrayal of the bank and its financial position and results. The Auditor also ensures that they conform to current laws and recommendations. Moreover, the Auditor reviews the administration of the Board of Directors and the CEO.

At the AGM the Auditor presents the Auditors' report and describes the audit work.

The Auditor presented their review and comments to the Board 5 times in 2013. On one of these occasions no one from the executive management was present. The Auditor regularly meets the Chair of the Board, the Chair of the Audit Committee, the executive management and other operating managers. The Auditor normally also meets representatives of the SFSA during the financial year.

Swedbank's interim reports are reviewed by the Auditor. The sustainability report for 2013 was also reviewed.

In accordance with its Articles of Association, Swedbank shall have no less than one and no more than two authorised public accountants. The appointed accounting firm is Deloitte AB, Sweden, with Authorised Public Accountant Svante Forsberg as Chief Auditor. Svante Forsberg has been in charge of auditing duties for Swedbank since 2010. Aside from Swedbank, he has auditing assignments for primarily the following companies: Anticimex, Black Earth Farming, Diös, Lannebo Fonder and Skandia liv. Svante Forsberg has no assignments for other companies that affect his independence as an auditor of Swedbank. The term as Auditor of the bank is normally four years, and an Auditor will be appointed at the 2014 AGM. A decision to replace the Auditor can be made before the four-year period expires. Remuneration for the Group's Auditor is reported in note G14. The SFSA is entitled to appoint an auditor of the bank, but has not exercised this right in several years and did not do so in 2013.

Aside from its assignment as elected auditor, Deloitte has also performed audit-related services involving tax and accounting issues. Tasks closely associated with the audit normally do not pose a risk to the Auditor's independence. In accordance with the bank's policy, other consulting services by the Auditor are greatly restricted. To minimise the risk of a situation where the Auditor's independence can be questioned, consulting services exceeding SEK 250 000 must be approved by the Audit Committee and may not commence until approval is received. The Audit Committee annually evaluates the Auditor to ensure that their objectivity and independence cannot be questioned.

4 Board of Directors

The Board of Directors has overarching responsibility for managing Swedbank's affairs in the interests of the bank and the shareholders. This will be done sustainably with a focus on the customer and sound risk taking to ensure the bank's long-term survival and instil confidence amongst the bank's stakeholders.

The Board consists of ten members elected by the AGM for one year. It also includes two employee representatives and their deputies in accordance with special agreements with the Financial Sector Union of Sweden and Akademikerföreningen. The Board meets the requirements of the Code with respect to its members' independence. All members except Göran Hedman are considered independent in relation to the bank, its executive management and the major shareholders.

An even gender distribution on the Board is desirable over time. The current distribution is 40 per cent women and 60 per cent men, unchanged from 2012.

The 2013 AGM re-elected all Board members and elected Anders Sundström as the new Chair.

Swedbank's Articles of Association state that the Chair of the Board is appointed by the AGM for a period of one year, but otherwise do not have any special provisions on the appointment/dismissal of Board members.

Neither the CEO, the CFO, the Company Secretary nor the Chief Legal Officer is a member of the Board. They attend Board meetings, however, except when issues are discussed where they could have a vested interest or it is otherwise inappropriate that they attend e.g. when the CEO's work is evaluated. The deputy employee representatives normally do not attend Board meetings. The Board's composition is presented on pages 56–59.

The Board's responsibilities and delegation of responsibilities

The Board sets financial goals and strategies; appoints, dismisses and evaluates the CEO; ensures that effective systems are in place to monitor and control operations and that laws and regulations are followed; and ensures that the information released is transparent and accurate.

The Board appoints/dismisses the Head of Internal Audit and makes the final decision on the appointment/dismissal of the CFO and the CRO. Internal Audit is directly subordinate to the Board of Directors.

The Chair of the Board has specific responsibilities, as follows:

- Lead the Board's meetings and work and encourage an open and constructive debate
- Monitor and evaluate the competence, work and contributions to the Board of individual members
- Oversee the CEO's work, serve as a discussion partner and support for them, and monitor that the Board's decisions and instructions are implemented
- Represent the bank on ownership and other important issues

The Board's overarching responsibility cannot be delegated. However, it has appointed committees to monitor, prepare and evaluate issues within their respective areas for resolution by the Board.

The division of work between the Board, the Chair of the Board and the CEO is determined annually in the Board's instruction for the CEO among other things.

Special instructions are also in place for the Board's committees. The Board appoints the members of the committees at its statutory meeting following the AGM. Changes in the members of the committees can be made at any time during the year.

The Board and committees can, at the bank's expense, engage outside experts if deemed necessary to fulfil their assignment or to obtain information on market practices.

Each year the Chair of the Board initiates an evaluation of the Board's work. This was done in 2013 through a written questionnaire and in-depth interview with each Board member without hiring an outside consultant. In addition, the Nomination Committee normally meets with two individual Board members without the Chair present to obtain input on how the Board and the Chair are performing. A summary of the results was presented to and discussed with the Board and reported to the Nomination Committee as well.

The Board's work

In 2013 the Board held 20 meetings, five of which were per capsulam. All the meetings were held in Stockholm. The Board was unanimous in its decisions, and no dissenting opinions were noted on any issue during the year. Each year the Board establishes a plan for its work, where it decides which issues to treat in depth. This is based on the processes used in the bank as shown in the diagram below.

Other major issues in 2013 included the following:

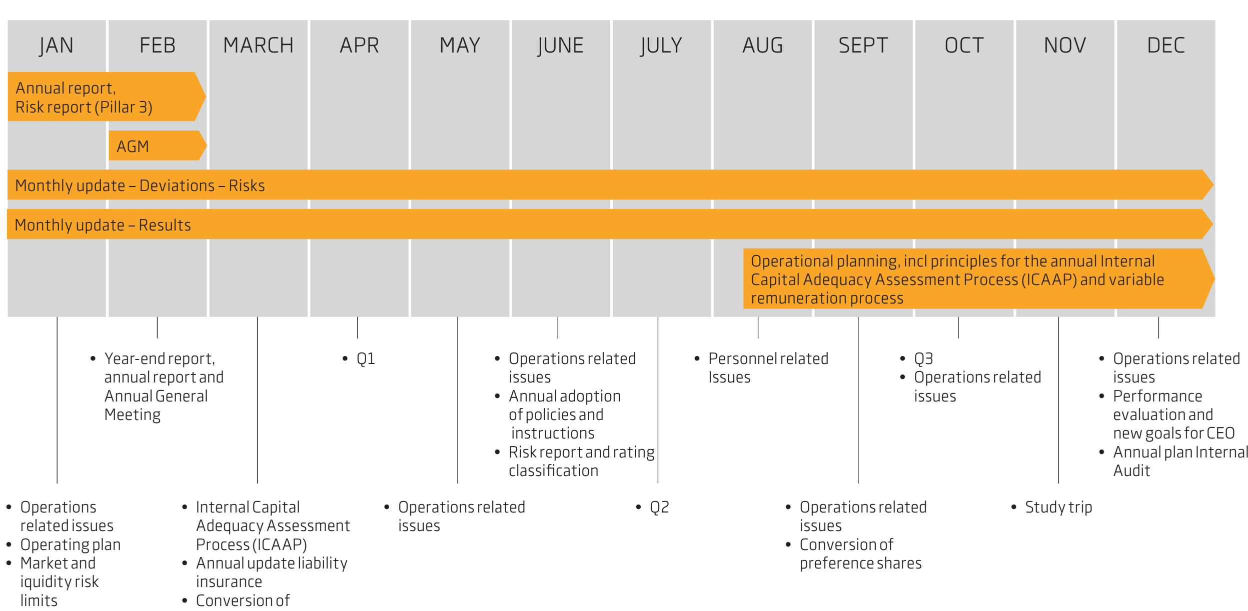
- The new organisation with strengthened focus on the customer and the digital channels
- Macroeconomic development and its impact on the bank, its limits and exposures
- Capital and liquidity issues
- Decision on new anticorruption policy and environmental policy
- Liquidity strategies and funding issues
- Sale of the Ukrainian operations
- Ongoing risk and capital situation, including the Internal Capital Adequacy Assessment Process (ICAAP) and other stress tests
- Credit decisions where the total Group credit limit exceeds 10 per cent of the capital base (SEK 9bn as of 31 December 2013) for the Swedbank financial companies group as well as on limits for credit risk concentrations
- Customer satisfaction in the bank and the low Swedish Quality Index result (see page 8)
- Brand survey
- Evaluation of the CEO
- Major ongoing projects within the bank such as the head office move to Sundbyberg
- Participation in the appointment of a new CRO
- Competition and business intelligence
- Succession planning

Prior to each Board meeting the proposed agenda is distributed together with detailed material. This is normally done a week in advance through an electronic data room, where members can view the documents. The Chief Auditor also has access to the system, which has mail, chat, and voting functions, if needed. In addition, the system shows when the documents were accessed on an individual basis. The material for the meetings is saved electronically, including documents not enclosed with the minutes. In addition to committee members, the minutes from all committee meetings are distributed to the other members of the Board, the CEO, the Head of Internal Audit and the external Auditor.

The following points are usually brought up at every Board meeting:

- Minutes from previous meeting
- Information on issues dealt with by the Board's committees
- Report from the CEO
- Report from the CFO
- Report from the CRO
- Strategic issues
- Decisions on special cases

Board work 2013



The Board's professional development

The Board paid a study visit last autumn to gain better insight into Swedish Banking's southern and western regions, local conditions and the challenges and opportunities that changing customer habits are creating due to greater use of digital channels. A number of study visits were made during the trip to various branches, and discussions were held with employees, regional managers, customers, decision-makers and analysts. Further, all members make individually scheduled visits to branches or units of the bank for a deeper understanding of the bank, its risks, products and various operating areas. The Chair also travelled to London with members of the executive management to meet investors, update themselves and become better aquainted with investors' views.

New Board members attend the bank's own introductory training, which is designed to quickly familiarise them with the organisation and operations and help them better understand Swedbank's values and culture. Members are also informed of their legal responsibility as directors and their roles on the various committees. As a result of the implementation in Sweden of the EBA Guidelines on Internal Governance (GL44), "EBA Guidelines on the assessment of the suitability of members of the managment body and key function holders," and new rules on capital and liquidity requirements (CRD4), additional competence development opportunities will be offered.

4.1 Risk and Capital Committee

The Board ensures that routines are in place to identify and define risks relating to business activities as well as to measure and control risk-taking. The Board's Risk and Capital Committee supports the Board in this work, although the Board still has ultimate responsibility for the bank's risk taking and assessing its capital requirements.

Through the Board's risk and capital policy, the CEO receives guidelines for risk governance and management, risk control, risk and capital evaluation, and capital management. The policy describes the connection between risk and capital as well as how risk and capital management support the business strategy. It also ensures that lending is done in a sustainable and secure way, based on a thorough understanding of the customer and their business and given that business' impact on people, society and the environment.

The Committee covers the following areas:

- Market risk
- Credit risk
- Liquidity and funding (e.g. limits on liquidity risk)
- Capital (e.g. monitoring the capital base, risk weighted assets and governance models)

Each month the committee receives a special risk report from Group Risk covering, among other things, the Group's risks as indicated above.

A more detailed description of the Group's various risk areas and risk management can be found in the risk section on pages 29–37 and in note G3.

The CEO is not a member of the committee but normally attends its meetings, as do the CFO and CRO. The members of the committee have special competence and experience working with risks.

Key issues in 2013

- Internal Capital Adequacy Assessment Process (ICAAP) and the bank's capitalisation
- The bank's limits and exposures, including its largest exposures and largest reserves
- Stress tests of various credit portfolios and other analyses of the credit portfolios, especially the Swedish mortgage portfolio's structure and composition and its importance to the bank's funding
- Size of the bank's liquidity portfolio and other liquidity issues
- Funding-related issues and strategies, especially with regard to covered bonds

4.2 Remuneration Committee

The Board's Remuneration Committee verifies that remuneration systems in the bank generally conform to effective risk management and are designed to reduce the risk of excessive risk-taking. Decisions are taken by the Board.

Remuneration systems must comply with all applicable rules, such as those of the Code and the SFSA.

The work of the Remuneration Committee includes:

- Salary, pension, variable remuneration and other benefits for senior executives (in accordance with the guidelines adopted by the AGM) and for the Head of Internal Audit
- The Board's proposal to the AGM regarding remuneration guidelines for senior executives
- The Board's remuneration policy
- Decisions according to or deviations from policies in the remuneration area
- Annual review and evaluation of the effectiveness of the remuneration instructions
- Preparation and recommendation to the Board on remuneration to consultants in cases where total remuneration exceeds SEK 20m

The committee's chair and members must have the knowledge and experience in risk analysis necessary to make an independent evaluation of the suitability of the bank's remuneration policy. The members must be independent in relation to the bank and its executive management. Since the bank launched its new remuneration programme in 2011, the Remuneration Committee's work has consisted of more ongoing issues. For information on remuneration at Swedbank, see the corporate governance report and note G13.

Key issues in 2013

- Allocation of the bank's performance and share-based remuneration programmes and other issues associated with the programmes
- Total remuneration for newly appointed senior executives
- Evaluation of the bank's variable remuneration programme in the form of shares
- Remuneration guidelines for senior executives
- Succession planning

4.3 Audit Committee

The Audit Committee, through its work and in consultation with the external Auditor, the Head of Internal Audit and the Group Executive Committee, provides the Board with access to information on business activities. Its purpose is to identify any deficiencies in routines and the organisation in terms of governance, risk management and control.

The purpose of the Audit Committee's work is to ensure that the bank's executive management establishes and maintains effective routines for internal governance, risk management and control. They should be designed to provide reasonable assurance with respect to reporting (financial reporting, operational risk) and compliance (laws, regulations and internal rules) and ensure appropriateness and efficiency in administrative processes and protection of the bank's assets.

The Audit Committee also reviews the work of the internal and external auditors to ensure that it has been conducted effectively and in an otherwise satisfactory manner. The committee proposes measures that are decided on by the Board as needed.

The committee's work includes:
- Reviewing and evaluating the Group's financial reporting process
- Responsibility for the quality of the company's reporting
- Responsibility for ensuring that the interim reports and year-end reports are audited or reviewed by the external Auditor
- Meeting the external Auditor on each reporting date
- Approving consulting services by the external Auditor that exceed a certain amount
- Staying informed of accounting standards
- Evaluating and assisting in the appointment of the Head of Internal Audit
- Reviewing and approving Internal Audit's budget, instruction and annual plan
- Reviewing Internal Audit's quarterly reports and suggested improvements
- Following up Internal Audit's annual plan and strategic priorities
- Following up External Audit's plan and risks in the financial reporting

The Head of Internal Audit is a co-opted member of the committee. The majority of the members must be independent in relation to the bank and its executive management. At least one member must also be independent in relation to the bank's major shareholders. At least one member must have special competence in accounting or auditing.

5 Internal Audit

The purpose of Internal Audit's work is to create improvements in operations by evaluating risk management, governance and internal control.

Internal Audit is directly subordinate to the Board and is therefore a review function independent of the executive management.

All of the bank's activities and Group companies are the purview of Internal Audit, which evaluates whether the executive management, through the internal controls and governance structures it has implemented, has ensured that (1) the controls in business operations are effective, (2) risk management processes are effective, and that (3) governance processes and the organisation are appropriate, functional and support the purpose of the business. It also works proactively to suggest improvements in internal control.

In its work, Internal Audit follows professional guidelines on internal audits and the Institute of Internal Auditors' Code of Ethics as established in the International Professional Practices Framework.

Internal Audit's reviews and any action plans are summarised quarterly in reports to the Board, the Audit Committee, the CEO and the external Auditor.

Special focus areas in 2013:
- In risk control and compliance, audits have been conducted of credit risk, market risk and operational risk, and of how the bank has adopted new regulations
- In governance and corporate structure, audits have been conducted of general corporate governance and incentive structures in selected Group companies, and of management of the Group's credit organisation, among other things.
- In business and IT development, the development process for mainframe computer systems has been audited and a review conducted of Baltic Banking's primary IT support, among other things.
- Required audits of external rules e.g. the bank's internal capital evaluation and risk classification systems
- Major ongoing projects such as an audit of the head office move to Sundbyberg and the Latvian subsidiary's adjustments to accommodate the introduction of the euro

6 CEO and Group Executive Committee

The President and CEO is the officer ultimately responsible for ensuring that the Board's strategic direction and other decisions are implemented and followed by the business areas and subsidiaries, and that risk management, governance, IT systems, organisation and processes are satisfactory, particularly in terms of risks. The CEO represents the bank externally on various matters, leads the work of the Group Executive Committee and makes decisions after consulting its members.

The CEO is permitted to delegate duties to subordinates or Group committees, although ultimate responsibility is retained by the CEO. The committees do not constitute a quorum among their own members; instead, decisions are always made by the CEO. The CEO is responsible for following up the Board's decisions and ensuring that any significant failure to implement them is reported to the Board. The Board's view of the CEO's special areas of responsibility is set out in, among other places, its instruction for the CEO and policies. The CEO is also responsible for ensuring that the Board's policies and instructions are followed within the Group and that they are reviewed and evaluated annually.

The CEO establishes Group-wide rules on internal control. To support internal control, the CEO has a number of monitoring units within the Group, mainly Group Finance, Group Risk, and Group Compliance. Follow-ups are done monthly through written reports and in-depth reviews with the heads of the various Group Functions and the business areas. For more information, see the Board of Directors' report on internal control over financial reporting on page 53.

Expanded business focus in Group Executive Committee

In connection with the reorganisation in 2013, changes were made in the composition of the Group Executive Committee. This has resulted in a higher percentage of members with direct business responsibility, which has increased the importance of the Group Executive Committee as a vehicle for exchanging information and ideas. At the same time this facilitates increased individual decision-making by business managers in the organisation. The Group Executive Committee consists of 17 members: the Chief Executive Officer, the Chief Financial Officer, the Chief Risk Officer, the Chief Legal Officer, and the heads of Human Resources, LC&I, Baltic Banking, the six regions in Sweden, Channels & Concepts, Group Products, IT and Treasury. The Group Executive Committee normally meets fortnightly.

The CEO also has a Senior Management Forum (SMF), an information and discussion forum of around 65 senior executives in the bank. This ensures implementation and coordination of strategically important issues in the Group. The CEO evaluates SMF's composition to ensure it has the right combination of competence and experience. The CEO is also responsible for evaluating other senior executives and ensuring that the Group has a strategy for competence management.

To gain a deeper and broader understanding of the bank's various operating areas, regions and markets, SMF is held in a different location each time. In 2013 it was held in Malmö and Umeå, where the discussions dealt with, among other things, how we can increase employee satisfaction, how we can increase integration and cooperation between various business and product areas, as well as how well we meet our customers' needs and expectations.

Clearer governance and increased profitability focus

Two new Group-level committees were formed in January 2013 – the Group Asset Allocation Committee (GAAC) and the Group Risk and Compliance Committee (GRCC) – to create a greater operational and profitability focus within the Group and to clarify governance in the first and second lines of defence. They replaced the two previous Group committees and are led by the CFO and CRO, respectively, who report directly to the CEO. One of GAAC's goals is to consolidate financial control of capital, liquidity, financing and tax issues, as well as management and governance issues. Corresponding operational committees can be found in every business area. Their dialogue with GAAC enriches the understanding of the bank's development and contributes to consistent and harmonious governance. After consulting GRCC's members, the CRO submits recommendations to the CEO and supports senior-level managers and risk managers on central risk issues. Their evaluations are based on information and reports from risk and operational managers as well as from Internal Audit. GRCC contributes to the strategic planning of the Group's risk appetite to ensure harmonisation from a risk perspective. The task of the newly created Group Investment Committee (GIC) is to prioritise and focus the Group's IT investments as needed in keeping with the bank's strategy and thereby create a foundation for objective investment decisions. All IT investments exceeding SEK 6m must be approved by the CEO after consulting the members of GIC.

Special focus areas in 2013:

- New organisation with increased customer focus
- Improved customer offering through the development of digital channels and improved advisory skills
- Simplified and improved product range
- New organisation with increased customer focus
- Simplified performance assessment
- More efficient processes
- Risk based pricing
- Increased internal understanding of risk and capital
- Higher credit rating and lower funding costs
- Anti-corruption policy and related implementation programme
- Updated risk analysis model for sustainability risks in the bank's lending
- Move of the head office to Sundbyberg
- Succession planning

7 Business areas

An effective operating structure is important to the governance of the bank. The Group structure provides a framework for various roles, functions and reporting channels within the bank. A reorganisation in 2013 paved the way for better customer service.

The new organisation is flatter than before after removing the upper level in Swedish Banking, and the six regional managers instead report directly to the CEO. At the same time the digital channels and Telephone Bank have been organised in a new business area, Channel & Concepts, the head of which also reports directly to the CEO. The aim is to give the branches and regions greater independence and create more of an entrepreneurial spirit among their managements, as well as to ensure that the digital channels develop on commercial terms. The heads of the above-mentioned areas are responsible to the CEO for their operations and report continuously to the CEO. Every manager has the support of a management team and the option of delegating responsibility, but remains ultimately responsible vis-à-vis the CEO.

Financial reporting is divided into four business segments: Swedish Banking, LC&I, Baltic Banking and Group Functions & Other. The Swedish regions and Channel & Concepts are included in Swedish Banking; Group Treasury, Group Products and Group IT are included in Group Functions & Other.

The business area managers' responsibilities include:

- Developing the business area's strategy and business plans and ensuring that they are implemented and reported to the CEO
- Creating and maintaining reporting and communication channels as a means to raise issues of material importance that must be addressed at the CEO or Board level. All these issues are set out in a written report with recommended actions
- Ensuring that policies and instructions are followed within the business area
- The customer offering and product development

- Profitability and financial stability within the business area
- Monitoring, supervising and managing the business area's assets, liability and profitability
- Maintaining a sound internal control system to mitigate, detect and quickly respond to risks and ensure that laws and regulations are complied with
- Effective implementation of the bank's governance model within the business area

8 Group Functions

The Group Functions support the CEO and the Group's business operations while creating consistent routines, ensuring governance and monitoring within the Group, and clarifying Swedbank's vision and strategies.

The Group Functions, which are mainly staffs operating across business areas, consist of Group Finance (including Treasury and Communication), Risk, IT, Compliance, Public Affairs, HR and Legal. In connection with the reorganisation on 1 January 2013, responsibility for products and product development was consolidated in a a single unit, Group Products.

The staffs' tasks include developing Group-wide policies and instructions for the Board and CEO to adopt. They also propose other Group-wide internal rules, which are approved by the manager of each Group Function. The Group Functions are also responsible for monitoring implementation of internal rules and governance in the Group. The purpose of these Group-wide rules and processes is to support the CEO and the Group's business operations and to clarify Swedbank's vision, purpose, values and strategies. Additionally, the staffs create and monitor Group-wide procedures, which support business operations and facilitate an exchange of experience between the bank's various markets. They are responsible for compiling and analysing reports for the CEO and the Board as well as proposing solutions to issues that require immediate action within each area and thereby creating an effective response to the problem. The head of each Group Function should have unrestricted insight into business operations in order to fulfil their obligations.

The Group Functions for Risk and Compliance serve as control functions and continuously monitor operations. In this way the Group Functions support the CEO in fulfilling his duty to ensure proper governance and monitoring.

9 Corporate culture based on simplicity, openness and caring

The commitment and focus of Swedbank's employees are founded on their understanding of the bank's purpose, values and goals.

Swedbank's operations are founded on a strong presence in the local community and on stimulated and engaged employees who are attentive to customers' needs and wishes. We see this as critical to long-term customer relationships built on trust. To meet our customers' needs and adapt the bank to external trends, our advisory services and product development are based on those very needs. A new organisation that took effect on 1 January 2013 in Sweden gives bank branches greater decision-making authority and focuses on digital channels.

In addition to policies and guidelines, the bank has a code of conduct that describes how employees are expected to act towards customers as well as towards each other, suppliers, competitors, authorities and the public and society at large. Swedbank also has a sustainability and ethics council that deals with issues where the environment, human rights, social responsibility, business ethics or corruption are a critical factor in business decisions. The council's task is to guide the organisation in minimising sustainability risks and any negative impacts on the bank. Moreover, there is a framework for the delegation process within the Group. Even after a task has been delegated, responsibility still rests with the delegator. However, the person delegated shares that responsibility.

To ensure balanced delegation, rules are in place to determine when various issues should be referred to a higher level or to the CEO and Board. This ensures that those ultimately responsible for the bank's operations maintain the necessary overall control. Another important component of stability and sound risk-taking is a well-functioning, market-based remuneration structure.

An important gauge and way to improve individual performance and align it with the bank's overarching goal is the Performance Development (PD) process. It gives us the opportunity to make sure that every employee's daily tasks and individual goals are consistent with the bank's overarching goals, purpose and vision. It is crucial that managers and employees work together as a natural part of their day to achieve and monitor the targets they have agreed to, in order to ensure that goals are attained.

Remuneration that encourages engagement and a long-term view

Remuneration at Swedbank should be designed to attract employees with the competence needed to achieve the bank's purpose within established cost limits. Our view is that remuneration should be individually based as far as possible to inspire employees to live up to Swedbank's goals, strategy and vision. Remuneration should also encourage them to live our values.

The majority of employees have fixed and variable remuneration components, which, together with a pension and other benefits, represent their total remuneration. Total remuneration is market-based and designed for a sound balance between the fixed and variable components. A remuneration committee drafts proposals for remuneration systems and recommends variable remuneration for employees to the Board's Remuneration Committee.

Board remuneration consists of fixed remuneration for Board work and any committee work. The CEO's employment terms contain no variable remuneration. See also note G13.

Sustainability focus in what we do

The purpose of Swedbank's sustainability focus is to reduce risks and ensure the bank's long-term survival. As one of Sweden's largest banks, Swedbank contributes to society's growth and development. The bank's main role is to convert savings into financing, to contribute to a functioning payment system and to manage risks. Swedbank's commitment is to do this in a sustainable and responsible manner. The bank promotes savings and contributes to a sound and sustainable financial situation. This means that sustainability issues must be part of investment and lending decisions and that the bank responsibly participates in the public debate. Social issues are driven from a clear business perspective within the bank and seen as a way to attract customers, employees and investors.

10 Information to capital market

Swedbank provides shareholders, analysts, debt investors and other stakeholders prompt, accurate, consistent and simultaneous information on the Group's operations and financial position.

Transparency fosters an understanding of the financial reporting and the decisions that are made, as well as of the sector as a whole.

Swedbank's external reports should reflect the progress in achieving the bank's goals and priorities as well as other important changes required to monitor and evaluate the bank's financial position. The financial information should also create good insight into the bank's track record and current and future development, and be in line with the executive management and Board's perception of the bank.

The bank works actively with investor relations and has during the year had over 1 400 equity and debt investor meetings as well as analyst meetings, including at international and national seminars and conferences. The meetings focused on the latest financial report, the bank's strategy or more specific information on a particular operating area or other topical issues.

Issues of particular interest to investors and analysts in 2013:
- Capital issues and regulatory changes
- Margins and net interest income
- Household debt and credit quality in Sweden
- Baltic operations performance
- The new organisation and investments in digital services

In 2013 Swedbank's capital market information drew praise as the best investor relations among Swedish companies in the IR Magazine European Awards and best annual report in the NASDAQ OMX Stockholm large cap category.

The Group's information policy, which is included in the internal control environment, is designed to ensure that Swedbank meets the requirements placed on publicly listed companies. Swedbank's annual report is distributed in printed form to those who have actively requested it. The annual report, interim reports, year-end reports, press releases and other relevant information on the bank are available on the Group's website, which is updated continuously.

Further information on Swedbank's corporate governance

On Swedbank's website, www.swedbank.com, under the tab "About Swedbank," is a special section on corporate governance issues, which contains, among other things:
- Swedbank's Articles of Association
- The Nomination Committee's principles and work
- Information on Swedbank's Annual General Meetings since 2002
- Information on remuneration in Swedbank and an evaluation of the remuneration guidelines for Swedbank's senior executives
- The bank's code of conduct

The Board of Directors' report on internal control over financial reporting

The Board of Directors is ultimately responsible for ensuring that the internal control over financial reporting (ICFR) complies with external regulations. These regulations, which contain information requirements on how internal control is organised, are designed to provide reasonable certainty of the reliability of the financial reporting. Swedbank's ICFR is structured based on the COSO model (The Committee of Sponsoring Organisations of the Treadway Commission). The framework comprises five internal control components: control environment, risk analysis, control activities, information and communication, and monitoring. The information below describes how ICFR is organised.

The Board of Directors and executive management establish the foundation for internal control (control environment)

The foundation for Swedbank's internal control is based on the bank's culture as well as the organisational structure, policies and instructions established by the Board and executive management. In an overarching policy document, the Board has decided on the principles for internal control. Furthermore, Swedbank's CFO has issued a directive with guidelines specifically for ICFR. This creates an environment that supports reliable and accurate reporting.

Following the bank's reorganisation in 2013, a functional control environment and cohesive financial controls have become even more important. The emphasis has been on allowing various units to make independent business decisions at customer meetings. The same applies to the Board and management in monitoring each business unit's financial development. The goal is that every unit manager will own their share of the financial control model and adapt their operations to meet customer needs and ensure the bank's long-term profitability. This creates profit-conscious managers and makes it possible for the Group Executive Committee to shift from operational management to strategic and financial monitoring.

Risk assessment based on essentiality and complexity (risk analysis)

Risks in financial reporting are part of the risk analyses conducted from a general risk perspective. Besides the risk analyses, Swedbank conducts annual self-assessments of internal control. The self-assessments identify any significant risks that affect reporting in the Group, business areas and processes. From a balance sheet and income statement perspective, the self-assessments focus on essentiality; from a process perspective, they focus on complexity.

Controls at different levels (control activities)

Controls associated with financial reporting are performed on several levels and include processes to analyse and monitor the Group's business operations in order to ensure reasonable reliability of the financial reporting and monitor any discrepancies. Group-level regulations are in place for internal accounting principles, planning and monitoring processes, and reporting routines. To ensure the correct application of the bank's accounting rules and reporting, regular internal follow-ups are conducted with local accounting managers. Local and central controller and accounting departments perform controls mainly through reconciliations between sub-ledgers and ledgers. There are routines as well to ensure that assets and liabilities exist and that assets, liabilities and business transactions have been accurately reported. Swedbank also has a central valuation group to ensure the accurate valuation of assets and liabilities. Analyses of accounting results are presented monthly to Swedbank's executive management. The Board's Audit Committee monitors the financial reporting and the effectiveness of internal control, internal audit and risk management.

A harmonisation of the entire financial control model is under way within the Group. This will help to ensure that profitability is measured consistently and on the basis of common settlement principles. The profit measure will also contribute to a capital allocation that reflects the bank's internal capital evaluation and stress tests. Profitability is being measured to a growing extent as risk-adjusted return on capital (RAROC). It is also measured based on what the transaction, after adjusting for risk and deducting the cost of capital, adds to the bank's financial results. In addition, a model has been created to calculate product profitability in the Group, which has facilitated, among other things, more extensive product reporting.

The main communication channel is the Group's intranet (information and communication)

Group Finance is responsible for ensuring that the bank's accounting instructions are updated, communicated and available to the reporting units. Policies, instructions, directives and manuals containing regulations on financial reporting are published on the intranet. Each country also has its own intranet where national reporting routines are available. They are the most important tool for distributing information and uniform application of principles for financial reporting and internal control.

Employees can anonymously report suspicions of fraud and violations of external and internal regulations. These reports are handled by the Compliance unit in accordance with the Swedish Personal Data Act and will not have any negative consequences in terms of working conditions or terms. The purpose of this information channel is to facilitate upward communication in the organisation.

Follow-up (monitoring)

Group Finance monitors the financial reporting. On behalf of the Board, it also evaluates and reviews the internal audit, how governance, risk management and internal control are organised, and complied with. One important control is the annual review of the services the bank provides to the savings banks. This includes third party verification for the savings banks, where the internal control of the services that the bank provides is evaluated and tested by an independent party. All business units and the largest business-support units undergo performance reviews, where the bank's CEO, CFO and CRO, together with each manager, discuss the unit's development. The discussion covers financial development as well as strategic and operational considerations in operating plans. Considerable focus is also placed on costs.

Increased focus on internal control over financial reporting

The implementation of a Group-level ICFR framework was launched in 2012 to further improve internal control. The implementation, which is expected to take up to 3 years, includes the establishment of an overarching control framework to continuously evaluate and develop controls for all essential processes. The implementation, which progressed according to plan in 2013, comprised a number of business and financial processes such as the mortgage process and corporate lending in the Swedish operations. Controls that are considered essential to the accuracy of financial reporting are continuously evaluated, and the Board and management are kept informed through periodic reporting sessions.

The 2013 sustainability report describes Swedbank's view of sustainable banking

We promote a sound and sustainable economy

For 2013 Swedbank is publishing an independently reviewed sustainability report that presents our view of sustainable banking.

Our sustainability strategy

In Swedbank's sustainability strategy, our responsibility for sustainable development begins with the banking business. The work we do to promote a sound and sustainable financial situation is integrated in our core business in three main areas: Financial sustainability, Social sustainability and Environmental sustainability. These three in turn consist of a number of issues pertinent to Swedbank: financial stability, anti-corruption and transparency, a sustainable financial situation for our customers, human rights, labour law, health and safety, gender equality and diversity, climate change, and resource efficiency. By integrating these areas in the bank's daily operations, we contribute to sustainable development in the markets where we operate and in society as a whole.

Recognised guidelines

Swedbank applies the GRI G4 guidelines to report its sustainability work. The aim is to present the progress we have made as well as areas where we have more to do. Most importantly, we want to explain why we feel that a sound and sustainable world is vital to a sound and sustainable bank.

Swedbank's values

Swedbank's vision is to make it possible for people, businesses and communities to grow. The bank's values – being open, simple and caring – express our commitment to creating lasting value. Our purpose is to promote a sound and sustainable financial situation for the many households and businesses.

Read our Sustainability Report!

Board of Directors

	Anders Sundström	Lars Idermark	Olav Fjell
Year of birth	Born 1952 Chair since 2013	Born 1957 Deputy chair since 2013	Born 1951 Board member since 2011
Shareholdings in Swedbank*	Own and closely related parties: 30 000 A shares	Own and closely related parties: 143 A shares	Own and closely related parties: 7 700 A shares
In Swedbank as	■ Board of Directors, Chair ■ Remuneration Committee, Chair ■ Risk and Capital Committee, Chair **Attendance:** ■ 20/20 ■ 10/11 ■ 9/9 **Total fees:** ■ 1 350 000 ■ 100 000 ■ 250 000 Anders Sundström provides extensive, broad experience and a wide-ranging network of contacts in political and business circles through his previous positions as municipal commissioner, several ministerial posts, CEO of a savings bank and insurance company.	■ Board of Directors, Deputy Chair ■ Remuneration Committee, member ■ Risk and Capital Committee, member **Attendance:** ■ 18/20 ■ 11/11 ■ 8/9 **Total fees:** ■ 675 000 ■ 100 000 ■ 250 000 Lars Idermark has great knowledge of the banking world, including from his time at Föreningssparbanken, in addition to experience from a number of other industries at both an operational and strategic level. As former chair, he also provides continuity and support to others who participate in the Board's work.	■ Board of Directors, member ■ Remuneration Committee, member **Attendance:** ■ 19/20 ■ 10/11 **Total fees:** ■ 400 000 ■ 100 000 Olav Fjell has significant operational experience, primarily from the Norwegian business sector, including as president of the energy giant Statoil, and of Postbanken. He has also worked as an advisor for First Securities, which is part of Swedbank.
Board member's independence	Independent in relation to the bank and the executive management of the bank and independent in relation to the bank's major shareholders.	Independent in relation to the bank and the executive management of the bank and independent in relation to the bank's major shareholders.	Independent in relation to the bank and the executive management of the bank and independent in relation to the bank's major shareholders.
Education	Studies in social sciences	Master of Business Administration	B. Sc. Business Administration and Economics
Bank specific experience	Operational: 3 years. Board: 11 years	Operational: 8 years. Board: 13 years	Operational: 14 years. Board: 3 years
Work experience	**Full-time board member** President and CEO, Folksam • Minister for Employment, Minister for Enterprise and Energy, and Minister for Social Affairs • Local Government Commissioner, Piteå municipality • Member of Parliament • Sparbanken Nord (Savings Bank Nord), Chair • CEO, Sparbanken Nord (Savings Bank Nord)	**President , Södra Skogsägarna AB** President and CEO, PostNord AB • President and CEO, KF/Coop • President, Second Swedish National Pension Fund • Deputy President and CEO, Capio AB • Executive Vice President, Deputy President and CEO, FöreningsSparbanken (Swedbank) • CFO and Executive Vice President, Föreningsbanken AB • President and CEO, LRF Holding AB	**Full-time board member** President, Hurtigruten ASA • President, Lindorff Group • Advisor, First Securities • President, Statoil • President, Postbanken • Executive Board, DnB, member • Executive postions, Bergen Bank • CFO, Kongsberg Våpenfabrikk
Other significant assignments	Arbetsgivarföreningen KFO, Board member • Bommersvik AB, Chair • European Savings Banks Group, Deputy Chair • Forsikrings-Aktieselskabet ALKA (DK), Board member • ICMIF (UK), Chair • Kooperativa Förbundet, KF, Chair • Konsumentkooperationens pensionsstiftelse, Board member	Chalmers University of Technology Foundation, Board member • PostNord AB's Group Companies, Chair	Bene Aqere Resulting, Chair • Concedo ASA, Chair • Franzefoss AS, Chair • Lotos E&P Norge AS, Deputy chair • Nofima AS, Chair • Northland AB, Chair • Rapp Marine Group AS, Chair • Statkraft AS, Chair • Swix AS, Chair

* Holdings as of 31 December 2013

Ulrika Francke

Year of birth: Born 1956
Board Member since 2002

Shareholdings in Swedbank*: Own and closely related parties: 14 350 A shares

In Swedbank as:
■ Board of Directors, member
■ Audit Committe, Chair
■ Risk and Capital Committee, member
Attendance: ■ 20/20 ■ 5/5 ■ 7/9
Total fees: ■ 400 000 ■ 175 000 ■ 250 000

Ulrika Francke provides expertise in real estate and development as well as considerable experience from the bank's Board. In her current role as president and CEO of one of Sweden's leading consulting firms, she also contributes with knowledge of urban planning.

Board member's independence: Independent in relation to the bank and the executive management of the bank and independent in relation to the bank's major shareholders

Education: University studies

Bank specific experience: Board: 19 years

Work experience:
President and CEO, Tyréns AB
President and CEO, SBC Sveriges Bostadsrättscentrum AB • Head of Administration, City of Stockholm • President and CEO, Fastighets AB Brommastaden

Other significant assignments: Almega trade organisation, Board member • Hexagon AB, Board member • IQ Samhällsbyggnad, Board member • Johanneberg Science Park, Board member • Leif Wåhlin Fastighets AB, Board member • City Council of Stockholm, Deputy • Stockholms Stadsteater AB (Stockholm City Theatre), Chair

Göran Hedman

Year of birth: Born 1954
Board member since 2010

Shareholdings in Swedbank*: Own and closely related parties: 1 109 A shares

In Swedbank as:
■ Board of Directors, member
■ Risk and Capital Committee, member
Attendance: ■ 20/20 ■ 9/9
Total fees: ■ 400 000 ■ 250 000

Göran Hedman has held a number of executive positions within FöreningsSparbanken and brings to the Board his long experience and know-how in the areas of credit and risk, as well as extensive knowledge of, and contacts in, the savings bank movement through his current position as CEO of Sparbanken in Enköping.

Board member's independence: Göran Hedman is CEO of Sparbanken in Enköping. All aspects considered, Göran Hedman is not independent in relation to Swedbank when taking into consideration the cooperation agreement between Swedbank and Sparbanken in Enköping. Göran Hedman is considered independent in relation to the senior management of the bank and the bank's major shareholders.

Education: Upper secondary school

Bank specific experience: Operational: 40 years, Board: 12 years

Work experience:
President, Sparbanken in Enköping
Head of Research at Group Credit, FöreningsSparbanken AB (Swedbank) • Deputy Chief Credit Officer, Föreningsbanken AB • Executive positions, Föreningsbanken AB

Other significant assignments: Uppsala Chamber of Commerce, Board member • Sparbanken i Enköping, Board member

Anders Igel

Year of birth: Born 1951
Board member since 2009

Shareholdings in Swedbank*: Own and closely related parties: 7 500 A shares

In Swedbank as:
■ Board of Directors, member
■ Remuneration Committee, member
Attendance: ■ 20/20 ■ 11/11
Total fees: ■ 400 000 ■ 100 000

Anders Igel brings to the Board industrial, technological and financial experience after having held senior positions at Telia Sonera, Esselte and Ericsson. He provides expertise in strategic issues, restructurings and online services.

Board member's independence: Independent in relation to the bank and the executive management of the bank and independent in relation to the bank's major shareholders

Education: M. Sc. Electrical Engineering and B. Sc. Business and Economics

Bank specific experience: Board: 5 years

Work experience:
Full-time board member
President and CEO, Telia Sonera AB • President and CEO, Esselte AB • Executive Vice President, Telefonaktiebolaget LM Ericsson

Other significant assignments: Broadnet AS, Board member • Finewineandtable Sweden • Igel Insight AB, Chair • Industrial advisor to EQT • Ventelo ASA, Chair

* Holdings as of 31 December 2013

Board of Directors

	Kristina Kjell	Jimmy Johnsson	Pia Rudengren
Year of birth	Born 1953 Employee representative since 2009	Born 1976 Employee representative since 2010	Born 1965 Board member since 2009
Shareholdings in Swedbank*	Own and closely related parties: 1 846 A shares	Own and closely related parties: 75 A shares	Own and closely related parties: 1 000 A shares
In Swedbank as	■ Board of Directors, member, employee representative. **Total fees:** No fees Kristina Kjell is an employee representative with experience as a private advisor, administrative manager and deputy branch manager within the bank.	■ Board of Directors, member, employee representative. **Total fees:** No fees Jimmy Johnsson is an employee representative with experience as a systems manager for two of the Group's product companies.	■ Board of Directors, member ■ Risk and Capital Committee, member **Attendance:** ■ 19/20 ■ 8/9 **Total fees:** ■ 400 000 ■ 250 000 Pia Rudengren has broad-based financial knowledge through her previous role as CFO of Investor as well as extensive experience of board work.
Board member's independence	Not applicable	Not applicable	Independent in relation to the bank and the executive management of the bank and independent in relation to the bank's major shareholders.
Education	Upper secondary school	Upper secondary school	B. Sc. Business and Economics
Bank specific experience	Operational: 41 years	Operational: 15 years	Board: 5 years
Work experience	**Financial Sector Union, Chair, Swedbank** Retail advisor, administrative manager and deputy branch manager within Swedbank's Swedish retail operations	**Systems manager, Swedbank Försäkring AB** Systems manager, Swedbank Robur AB • Sales manager, Lux Svenska AB • Sales manager, AB Norrtälje Bilcentral	**Full-time board member** Vice President, W Capital Management AB • CFO, Investor AB
Other significant assignments	SPK, Board member	FöreningsSparbanken AB's Kopparmyntet profit-sharing fund, Board member • SPK, Board member • Guldeken Foundation, Board member	Duni AB, Board member • Valmet Oyj, Board member • KappAhl AB, Board member • Social Initiative AB, Chair • Tikkurila Oyj, Board member • WeMind Digital Psykologi AB, Board member

* Holdings as of 31 December 2013

	Charlotte Strömberg	Karl-Henrik Sundström	Siv Svensson
Year of birth	Born 1959 Board member since 2012	Born 1960 Board member since 2009	Born 1957 Board member since 2010.
Shareholdings in Swedbank*	Own and closely related parties: 4 000 A shares	Own and closely related parties: 9 750 A shares through Alma Patria AB	Own and closely related parties: 1 500 A shares
In Swedbank as	■ Board of Directors, member ■ Remuneration Committee, member[1] ■ Audit Committee, member[1] **Attendance:** ■ 20/20 ■ 4/4[1] ■ 4/4[1] **Total fees:** ■ 400 000 ■ 125 000 Charlotte Strömberg provides expertise in the equity and other financial markets, in addition to long experience from various positions in the financial sector and extensive knowledge of the real estate sector as former president of Jones Lang LaSalle Norden.	■ Board of Directors, member ■ Audit Committee, member **Attendance:** ■ 19/20 ■ 4/5 **Total fees:** ■ 400 000 ■ 125 000 Karl-Henrik Sundström's extensive professional experience, largely from his time at Ericsson, provides the Board with valuable knowledge in strategy, IT, financial markets and business development.	■ Board of Directors, member ■ Audit Committee, member **Attendance:** ■ 20/20 ■ 5/5 **Total fees:** ■ 400 000 ■ 125 000 Siv Svensson has broad experience in banking and the financial sector, both strategic and operational, and provides insight into customer relationship management and HR issues as well as experience from the Nordic business sector.
Board member's independence	Independent in relation to the bank and the executive management of the bank and independent in relation to the bank's major shareholders.	Independent in relation to the bank and the executive management of the bank and independent in relation to the bank's major shareholders.	Independent in relation to the bank and the executive management of the bank and independent in relation to the bank's major shareholders.
Education	B. Sc. Business and Economics	B. Sc. Business and administration	B. Sc. International Economics
Bank specific experience	Board: 2 years	Board: 5 years	Operational: 26 years, Board: 4 years
Work experience	**Full-time board member** President, Jones Lang LaSalle, Norden • Carnegie Investment Bank, various positions • Alfred Berg • ABN AMRO, Stockholm • Consensus Fondkommission AB • Robur AB	**Executive Vice President, Printing & Living Division, Stora Enso AB** CFO and Vice President, NXP Semiconductors • CFO and Vice President, Telefonaktiebolaget LM Ericsson • Head of Global Services, Telefonaktiebolaget LM Ericsson • Head of Australia and New Zealand, Telefonaktiebolaget LM Ericsson • CFO, Stora Enso	**Full-time board member** President, Sefina Finance AB • President, Sefina Svensk Pantbelåning AB • Vice President and Regional Head, Nordea AB • Group Controller and Nordic Head of Global Operation Services, Nordea AB • Group Controller, Merita Nordbanken AB • Administrative Head, PK Fondkommission AB
Other significant assignments	Castellum AB, Chair • Boomerang AB, Board member • The Fourth Swedish National Pension Fund, Board member • Intrum Justitia AB, Board member • Skanska AB, Board member • Accretiv AB, Board member • Karolinska Institutet, Board member		SJ, Board member

1) Change in committee in connection with AGM on 20 March 2013 from Remuneration Committee to Audit Committee

* Holdings as of 31 December 2013

Group Executive Committee

Michael Wolf

President and CEO
Born 1963. Employed since 2008
Shareholdings in Swedbank*: Own and closely related parties: 83 500 A shares. He does not otherwise own any shares and is not a partner in companies with significant business relationships with the bank.
Education: M. Sc. Business and Economics
Work experience: CEO of Intrum Justitia • Vice President, CFO and various positions within Skandia • Various positions within SEB
Outside directorships: Stockholm Chamber of Commerce, Board member • Svenska Bankföreningen, Board member

Mikael Björknert

Head of Channels and Concepts
Born 1966. Employed since 2010.
Shareholdings in Swedbank*: Own and closely related parties: 1 500 A shares.
Education: B.Sc. Business and Economics.

Birgitte Bonnesen

Head of Baltic Banking
Born 1956. Employed since 1987.
Shareholdings in Swedbank*: Own and closely related parties: 400 A shares.
Education: MA Economics and Modern Languages

Göran Bronner

Group Chief Financial Officer (CFO)
Born 1962. Employed since 2009.
Shareholdings in Swedbank*: Own and closely related parties: 100 000 A shares through companies.
Education: B.Sc. Business and Economics.

Ulf Ejelöv

Head of Northern Region
Born 1959. Employed since: 2009
Shareholdings in Swedbank*: 3 289 A shares
Education: Bachelor of Law.

Björn Elfstrand

Head of Stockholm Region
Born 1964. Employed since 1989.
Shareholdings in Swedbank*: 14 035 A shares.
Education: B.Sc. Business and Economics.

Mats Engstrand

Group Chief Information Officer (CIO)
Born 1964. Employed since 2012.
Shareholdings in Swedbank*: 297 A shares.
Education: M.Sc. Engineering.
Succeeded 1 January 2014 by Anders Ekedahl, head of Group IT.

Jonas Erikson

Head of Group Treasury
Born 1974. Employed since 2009
Shareholdings in Swedbank*: 0 A shares.
Education: Studies in economics.
Note: Appointed head of Group Products as of 1 January 2014. Helo Meigas succeeded Jonas Erikson as head of Group Treasury.

* Holdings as of 31 December 2013

Catrin Fransson

Head of Group Products
Born 1962. Employed since 1987.
Shareholdings in Swedbank*: Own and closely related parties: 3 450 A shares.
Education: B.Sc. Business and Economics.
Note: Ended her employment at Swedbank 31 December 2013. Succeeded by Jonas Erikson.

Lars Friberg

Head of Group Human Resources
Born 1962. Employed since 2009
Shareholdings in Swedbank*: 0 A shares.
Education: B.Sc. Business and Economics.

Magnus Gagner-Geeber

Head of Large Corporates & Institutions
Born 1969. Employed since 1990
Shareholdings in Swedbank*: Own and closely related parties: 0 A shares
Education: Upper Secondary School

Stojko Gjurovski

Head of Southern Region
Born 1962. Employed since 1988.
Shareholdings in Swedbank*: 1 000 A shares
Education: B.Sc. Business and Economics.

Marie Halling

Head of Eastern Region
Born 1963. Employed since 1990.
Shareholdings in Swedbank*: 450 A shares
Education: Bachelor of Law

Cecilia Hernqvist

Head of Group Legal
Born 1960. Employed since1990.
Shareholdings in Swedbank*: Own and closely related parties: 2 812 A shares.
Education: LL.M.
Note: Head of Communications as of 1 January.

Anders Karlsson

Group Chief Risk Officer (CRO)
Born 1966. Employed since 2010.
Shareholdings in Swedbank*: 1 000 A shares
Education: B.Sc. Business and Economics.

Lena Smeby-Udesen

Head of Western Region
Born 1961. Employed since 2012.
Shareholdings in Swedbank*: 0 A shares
Education: B.Sc. Business and Economics.

Johan Smedman

Head of Central Region
Born 1964. Employed since 2009
Shareholdings in Swedbank*: 0 A shares
Education: B.Sc. Business and Economics.
Note: Head of Savings Banks Business as of 1 January 2014.

* Holdings as of 31 December 2013

Proposed disposition of earnings and statement of the Board of Directors

In accordance with the balance sheet of Swedbank AB, SEK 33 511m is at the disposal of the Annual General Meeting:

The Board of Directors recommends that the earnings be disposed as follows (SEKm):

A cash dividend of SEK 10.10 per ordinary share	11 100
To be carried forward to next year	22 411
Total disposed	33 511

The proposal is based on all ordinary and preference shares outstanding as of 31 December 2013. The proposal could be changed in the event of additional share repurchases or if treasury shares are sold before the record day.

Unrealised changes in the value of assets and liabilities at fair value have had a net effect on equity of SEK 1 216m.

The proposed record day for the dividend is 24 March 2014. The last day for trading in Swedbank's shares including the right to the dividend is 19 March 2014. If the Annual General Meeting adopts the Board's proposal, the dividend is expected to be paid by Euroclear on 27 March 2014. The financial companies group's capital base surpassed the statutory capital requirement as of year-end by SEK 27 921m. Surplus capital in Swedbank AB amounted to SEK 36 917m.

The business conducted in the parent company and the Group involves no risks beyond what occur and are assumed to occur in the industry or the risks which are associated with conducting business activities. The Board of Directors has considered the parent company's and the Group's need for consolidation by a comprehensive assessment of the parent company's and the Group's financial position and the parent company's and the Group's ability to meet its obligations. The assessment has also been done based on currently expected future changes in regulations. The financial position of the parent company and the Group does not give rise to any other assessment than that the parent company and the Group can continue their business and that the parent company and the Group can be expected to meet their liabilities both in the short and long-term perspective as well as having the ability to make the investments deemed necessary. It is the assessment of the Board of Directors that the size of the equity, even after the proposed dividend, is reasonable in proportion to the scope of the parent company's and the Group's business and the risks associated with conducting the business.

It is the assessment of the Board of Directors that the proposed dividend is justifiable considering the demands with respect to the size of the parent company's and the Group's equity which are imposed by the nature, scope and risks associated with the parent company's and the Group's business, and the parent company's and the group's need to strengthen their

balance sheets, liquidity and financial positions in general. and the Group's need to strengthen their balance sheets, liquidity and financial positions in general.

Financial statements and notes – Group

Income statement, Group

SEKm	Note	2013	2012
Interest income		43 968	50 503
Interest expenses		–21 939	–30 142
Net interest income	G8	**22 029**	**20 361**
Commission income		14 692	13 656
Commission expenses		–4 560	–4 042
Net commissions	G9	**10 132**	**9 614**
Net gains and losses on financial items at fair value	G10	1 484	3 073
Insurance premiums		1 714	1 802
Insurance provisions		–1 067	–1 207
Net insurance	G11	647	595
Share of profit or loss of associates	G27	852	798
Other income	G12	1 794	1 827
Total income		**36 938**	**36 268**
Staff costs	G13	9 651	9 238
Other general administrative expenses	G14	6 258	6 470
Total general administrative expenses		**15 909**	**15 708**
Depreciation/amortisation of tangible and intangible fixed assets	G15	739	852
Total expenses		**16 648**	**16 560**
Profit before impairments		**20 290**	**19 708**
Impairments of intangible assets	G29	182	20
Impairments of tangible assets	G16	693	407
Credit impairments	G17	60	–185
Operating profit		**19 355**	**19 466**
Tax expense	G18	4 099	4 157
Profit for the year from continuing operations		15 256	15 309
Profit for the year from discontinued operations, after tax	G55	–2 340	–997
Profit for the year		12 916	14 312
Profit for the year attributable to: Shareholders of Swedbank AB		**12 901**	**14 304**
Profit for the year from continuing operations		15 241	15 298
Profit for the year from discontinued operations	G55	–2 340	–994
Non-controlling interests		15	8
Profit for the year from continuing operations		15	11
Profit for the year from discontinued operations			–3
SEK			
Earnings per share, total operations	G19	10.19	12.12
after dilution	G19	10.11	12.07
Earnings per share, continued operations	G19	12.32	13.02
after dilution	G19	12.22	12.97
Earnings per share, discontinuing operations	G19	–2.13	–0.91
after dilution	G19	–2.13	–0.91

The operations in Ukraine were sold in 2013. When foreign operations are divested, the exchange rate differences that have arisen during the holding period are reclassified from the statement of comprehensive income to profit or loss in connection with the translation of the foreign operations to SEK. The income statement line Profit for the year from discontinued operations, after tax, was charged with an expense of SEK 1 875m in 2013. Corresponding income is recognised in the statement of comprehensive income.

Statement of comprehensive income, Group

SEKm	Note	2013	2012
Profit for the period reported via income statement		**12 916**	**14 312**
Items that will not be reclassified to the income statement			
Remeasurements of defined benefit pension plans	G39	2 264	–1 653
Share related to associates		12	–43
Income tax	G20	–500	374
Total		**1776**	**–1322**
Items that may be reclassified to the income statement			
Exchange differences, foreign operations			
Gains/losses arising during the period		1 258	–1 480
Reclassification adjustments to income statement, profit for the year from discontinued operation		1 875	
Hedging of net investments in foreign operations:			
Gains/losses arising during the period		–910	1 050
Cash flow hedges:			
Gains/losses arising during the period		–210	–614
Reclassification adjustments to income statement,net interest income		83	193
Share of other comprehensive income of associates:			
Exchange differences, foreign operations		–117	21
Cash flow hedges		2	
Income tax	G20	230	–74
Total		**2 211**	**–904**
Other comprehensive income for the period, net of tax		**3 987**	**-2 226**
Total comprehensive income for the period		**16 903**	**12 086**
Total comprehensive income for the year attributable to: Shareholders of Swedbank AB		**16 887**	**12 078**
Non-controlling interests		16	8

Balance sheet, Group

SEKm	Note	2013	2012	1/1/2012
Assets				
Cash and balances with central banks		59 382	130 058	164 307
Treasury bills and other bills eligible for refinancing with central banks, etc.	G21	56 814	20 483	25 853
Loans to credit institutions	G22	82 278	85 480	97 195
Loans to the public	G23	1 264 910	1 238 864	1 211 454
Value change of interest hedged item in portfolio hedge		62		
Bonds and other interest-bearing securities	G24	125 585	115 324	112 458
Financial assets for which the customers bear the investment risk	G25	119 448	104 194	95 747
Shares and participating interests	G26	7 109	8 106	2 015
Investments in associates	G27	3 640	3 552	3 066
Derivatives	G28	64 352	102 265	103 726
Intangible fixed assets	G29	13 658	13 440	13 799
Investment properties	G31	685	2 393	3 910
Tangible assets	G30	3 140	4 638	4 383
Current tax assets		895	1 082	2 083
Deferred tax assets	G18	417	657	872
Other assets	G32	9 578	8 380	7 531
Prepaid expenses and accrued income	G33	6 992	7 736	8 371
Group of assets classified as held for sale	G55	1 862	208	250
Total assets		**1 820 807**	**1 846 860**	**1 857 020**
Liabilities and equity				
Liabilities				
Amounts owed to credit institutions	G34	121 621	122 202	139 598
Deposits and borrowings from the public	G35	620 853	579 663	561 696
Financial liabilities for which the customers bear the investment risk	G36	120 577	105 104	96 449
Debt securites in issue	G37	727 706	767 454	781 458
Short positions securities	G38	17 519	18 229	30 603
Derivatives	G28	55 011	92 141	90 484
Current tax liabilities		1 893	1 378	472
Deferred tax liabilities	G18	2 383	2 641	2 633
Pension provisions	G39	2 925	5 235	3 649
Insurance provisions	G40	1 645	1 649	1 878
Other liabilities and provisions	G41	14 397	16 813	13 309
Accrued expenses and prepaid income	G42	14 194	16 782	18 612
Subordinated liabilities	G43	10 159	14 307	19 531
Liabilities directly associated with group of assets classified as held for sale	G55	219	76	97
Total liabilities		**1 711 102**	**1 743 674**	**1 760 469**
Equity	G44			
Non-controlling interests		165	154	140
Equity attributable to shareholders of the parent company		109 540	103 032	96 411
Total equity		**109 705**	**103 186**	**96 551**
Total liabilities and equity		**1 820 807**	**1 846 860**	**1 857 020**

Statement of changes in equity, Group

	Equity attributable to shareholders of Swedbank AB							Non-controlling interests	Total equity
SEKm	Share capital	Other contributed equity*	Exchange differences, subsidiaries and associ-ates	Hedg-ing of net investments in foreign operations	Cash flow hedges	Retained earnings	Total		
Closing balance 31 December 2011	**24 383**	**17 187**	**–2 389**	**136**	**268**	**58 408**	**97 993**	**140**	**98 133**
Change in accounting policy regarding defined benefit pen-sion plans according to IAS 19						–1 582	–1 582		–1 582
Opening balance 1 January 2012	**24 383**	**17 187**	**–2 389**	**136**	**268**	**56 826**	**96 411**	**140**	**96 551**
Dividends						–5 825	–5 825	–6	–5 831
Decrease in share capital	–611					611			
Bonus issue	1 132					–1 132			
Reversal of VAT costs incurred on rights issues in 2008 and 2009		88					88		88
Share based payments to employees						314	314		314
Deferred tax related to share based payments to employees						19	19		19
Associates' acquisitions of shares in Swedbank AB						–54	–54		–54
Changes in ownership interest in subsidiary						1	1	–2	–1
Business disposals								–2	–2
Contribution								16	16
Total comprehensive income for the year			–1 459	865	–310	12 982	12 078	8	12 086
of which reported through profit or loss						14 304	14 304	8	14 312
of which reported through other comprehensive income, before tax			–1 459	1 050	–421	–1 696	–2 526		–2 526
of which reported through other comprehensive income				–185	111	374	300		300
Closing balance 31 December 2012	**24 904**	**17 275**	**–3 848**	**1 001**	**–42**	**63 742**	**103 032**	**154**	**103 186**
Opening balance 1 January 2013	**24 904**	**17 275**	**–3 848**	**1 001**	**–42**	**63 742**	**103 032**	**154**	**103 186**
Dividends						–10 880	–10 880	–5	–10 885
Share based payments to employees						418	418		418
Deferred tax related with share based payments to employees						83	83		83
Associates' acquisition of shares in Swedbank AB						–14	–14		–14
Associates' disposal of shares in Swedbank AB						14	14		14
Total comprehensive income for the year			3 015	–708	–97	14 677	16 887	16	16 903
of which reported through profit or loss			1 875		83	12 901	14 859	15	14 874
of which reported through other comprehensive income, before tax			1 140	–910	–208	2 276	2 298	1	2 299
of which tax reported through other comprehensive income				202	28	–500	–270		–270
Closing balance 31 December 2013	**24 904**	**17 275**	**–833**	**293**	**–139**	**68 040**	**109 540**	**165**	**109 705**

* Other contributed equity consists mainly of share premiums.

Statement of cash flow, Group

SEKm	Note	2013	2012
Operating activities			
Operating profit		19 355	19 466
Profit for the period from discontinuing operations		–2 340	–997
Adjustments for non-cash items in operating activities	G48	–500	–460
Taxes paid		–2 961	–3 202
Increase/decrease in loans to credit institution		2 597	10 760
Increase/decrease in loans to the public		–28 775	–32 215
Increase/decrease in holdings of securities for trading		–46 814	–6 334
Increase/decrease in deposits and borrowings from the public including retail bonds		38 016	21 504
Increase/decrease in amounts owed to credit institutions		–1 811	–15 011
Increase/decrease in other assets		32 732	610
Increase/decrease in other liabilities		–35 849	–2 202
Cash flow from operating activities		**–26 350**	**–8 081**
Investing activities			
Business combinations		–254	–6
Business disposals		119	2
Acquisitions of and contributions to associates		–4	–30
Acquisition of other fixed assets and strategic financial assets		–835	–1 842
Disposals of/matured other fixed assets and strategic financial assets		2 482	3 796
Cash flow from investing activities		**1 508**	**1 920**
Financing activities			
Issuance of interest-bearing securities		103 085	142 962
Redemption of interest-bearing securities		–126 236	–155 970
Issuance of certificates etc.		493 982	485 486
Redemption of certificates etc.		–506 627	–494 412
Dividends paid		–10 885	–5 831
Change in ownership interest in subsidiary			–1
Contribution			16
Cash flow from financing activities		**–46 681**	**–27 750**
Cash flow for the year		**–71 523**	**–33 911**
Cash and cash equivalents at the beginning of the year		**130 058**	**164 307**
Cash flow for the year		–71 523	–33 911
Exchange rate differences on cash and cash equivalents		807	–338
Cash and cash equivalents in acquired companies		41	
Cash and cash equivalents at end of the year		**59 383**	**130 058**

Comments on the consolidated cash flow statement

The cash flow statement shows receipts and payments during the year as well as cash and cash equivalents at the beginning and end of the year. The cash flow statement is reported using the indirect method and is divided into payments from operating activities, investing activities and financing activities.

Operating activities

Cash flow from operating activities is based on operating profit for the year. Adjustments are made for items not included in cash flow from operating activities. Changes in assets and liabilities from operating activities consist of items which are part of normal business activities, such as loans to and deposits and borrowings from the public and credit institutions, and which are not attributable to investing and financing activities. Cash flow includes interest receipts of SEK 44 346m (53 619) and interest payments of SEK 19 510m (30 198). Capitalised interest is included.

Investing activities

Investing activities consist of purchases and sales of businesses and other fixed assets such as owner-occupied properties, investment properties and equipment, and strategic financial assets. The latter refer to holdings of interest-bearing securities held to maturity and strategic shareholdings in companies other than subsidiaries and associates. In 2013 other tangible assets were acquired for SEK 835m (1 842). Holdings of maturing bonds amounted to SEK 371m (1 106).

Svensk Fastighetsförmedling AB was acquired in 2013 for SEK 254m through the subsidiary Swedbank Franchise AB. In addition, capital contributions were paid to Getswish AB of SEK 4m. In 2013 the Estonian associate AS Arealis was sold for SEK 119m. In 2012 a Latvian insurance company, Hipolizings SIA, was acquired for SEK 6m through the Latvian leasing company Swedbank Lizings SIA. Also, Rosengård Invest AB and Bankernas Automatbolag AB received capital contributions of SEK 2m and SEK 28m, respectively. In 2012 FNAM AS, a subsidiary of the Norwegian company First Securities, was sold for SEK 1m and Kragerö Restort AS, a subsidiary of Ektornet AB, was sold for SEK 1m.

Financing activities

In 2012 the company ATM Holding was established together with the independent savings banks. The independent savings banks own 30% of the company. ATM Holding has acquired Swedbank AB's shareholding in Bankernas Automatbolag AB. Moreover, ATM Holding was recapitalised by the owners. As a result, a contribution of SEK 16m and a change in ownership in subsidiaries of SEK 1m have been recognised. Furthermore, Swedbank Försäkring AB has increased its interest in Aktiv Försäkringsadministration i Stockholm AB from 51% to 91%. The purchase price paid amounts to SEK 2m..

Cash and cash equivalents

Cash and cash equivalents consist of cash and balances with central banks, which correspond to the balance sheet item Cash and balances with central banks. Cash and cash equivalents in the statement of cash flow are defined according to IAS 7 and do not correspond to what the Group considers liquidity.

Notes

All amounts in the notes are in millions of Swedish kronor (SEKm) and represent carrying amounts unless indicated otherwise. Figures in parentheses refer to the previous year.

G1 Corporate information

The consolidated financial statements and the annual report for Swedbank AB (publ) for the financial year 2013 were approved by the Board of Directors and the CEO for publication on 14 February 2014. The parent company, Swedbank AB, maintains its registered office in Stockholm at the following address: Brunkebergstorg 8, SE-105 34 Stockholm, Sweden. The company's share is traded on the NASDAQ OMX Nordic Exchange in Stockholm in the Nordic Large Cap segment. The Group offers financial services and products in its home markets of Sweden, Estonia, Latvia and Lithuania. The operations are described more extensively in the Board of Directors' report.

The consolidated financial statements and the annual report will ultimately be adopted by the parent company's Annual General Meeting on 19 March 2014.

G2 Accounting policies

CONTENTS

1 BASIS OF ACCOUNTING

The financial reports and the consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and interpretations of them. The standards are issued by the International Accounting Standards Board (IASB) and the interpretations by the IFRS Interpretations Committee. The standards and interpretations become mandatory for listed companies' consolidated financial statements concurrently with their approval by the EU. Complete financial reports refer to:

- balance sheet as at the end of the period,
- statement of comprehensive income for the period,
- statement of changes in equity for the period,
- cash flow statement for the period, and
- notes, comprising a summary of significant accounting policies and other explanatory information.

The consolidated financial statements also apply the Swedish Financial Reporting Board's recommendation RFR 1 Complementary accounting rules for groups and pronouncements, certain complementary rules in the Annual Accounts Act for Credit Institutions and Securities Companies and the regulations and general advice of the Swedish Financial Supervisory Authority, FFFS 2008:25.

The financial statements are based on the historical cost basis. Subsequent measurements of financial instruments are mainly made at fair value. The carrying amounts of financial assets and liabilities subject to hedge accounting at fair value have been adjusted for changes in fair value attributable to the hedged risk. The financial statements are presented in Swedish kronor and all figures are rounded to millions of kronor (SEK m) unless indicated otherwise.

2 CHANGES IN ACCOUNTING POLICIES

The following changes are applied in the financial reports.

Employee benefits (amendment to IAS 19)

The amended version of IAS 19 applies as of 2013. This also means that the pronouncement UFR 4 from the Swedish Financial Reporting Board on accounting for the special employer's contribution and tax on returns no longer applies. Instead, amended IAS 19 describes how taxes are recognised on retirement benefits. The Financial Reporting Board's pronouncement UFR 9 Accounting for tax on returns applies as well to tax on returns. The application of amended IAS 19 eliminates the so-called corridor approach in the recognition of defined benefit pensions. Actuarial gains and losses for the pension are instead recognised directly when they arise in other comprehensive income as a revaluation of defined benefit pension plans. Revaluations recognised in other comprehensive income may not be reversed to profit and loss in subsequent periods. Assumptions about the expected return on plan assets are no longer used in the calculation of the pension expense recognised in the income statement. Instead, net interest is calculated with the same interest rate used in the calculation of the interest expense for the pension liability. The difference between the estimated net interest and the actual return of the plan assets is immediately recognised in other comprehensive income as a revaluation of defined benefit pension plans. Comparative figures have been restated for 2012, which means that the opening equity balance as of 1 January 2012 has been adjusted due to the amended accounting policies. The amended policies have also led to adjustments in the recognised values of equity shares in associates. In total, the amended accounting policies reduced the opening equity balance by SEK 1 582m as of 1 January 2012. The effect is recognised separately in the statement of changes in equity. Other changes between previously reported amounts and new comparative figures are recognised in note G59 Effects of amended accounting policies.

Presentation of financial statements (amendment to IAS 1)

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

Financial instruments: disclosures (amendment to IFRS 7)

As of 2013 disclosures are required about financial assets and financial liabilities which are offset in the balance sheet or are subject to various legally binding netting arrangements or other similar risk-reducing agreements. See note G59.

Fair value measurement (IFRS 13)

The new IFRS 13 standard replaces the guidance on fair value measurement which had been found in each IFRS standard. The standard defines how fair value is determined but not when. Other standards regulate when fair value is used. Fair value is the price that would be received at the measurement date on the sale of an asset or paid to transfer a liability in a transaction between market participants under orderly transaction, a so-called "exit price". The standard also contains disclosure requirements. See note G45. Introduction of the standard otherwise has not had a significant effect on how the Group measures fair values, and hence not on its financial position or results.

Other IFRS changes

No new or amended IFRS and interpretations besides those above have been applied or had a significant effect on the Group's financial position, results or disclosures.

Value change of interest hedged item in portfolio hedge

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

Trading-related interest income and interest expenses

As of 2013 interest income and interest expenses from financial instruments held for trading within the Large Corporates & Institutions ("LC&I") together with related interests are reported as Net gains and losses on financial items at fair value. Comparative figures have been restated. See note G59 Effects of changes in accounting policies.

Commission income and commission expenses

As of 2013 a revised distribution is applied between commission income and commission expenses, asset management commissions, related to compensation for mutual fund sales. Comparative figures have been restated. See note G59 Effects of changes in accounting policies.

Operating segments

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

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Presentation of financial statements (IAS 1)

Financial statements provide a structured representation of a company's financial position and financial results. The purpose is to provide information on the company's financial position, financial results and cash flows useful in connection with financial decisions. The financial statements also indicate the results of management's administration of the resources entrusted to them. Complete financial statements consist of a balance sheet, statement of comprehensive income, statement of changes in equity, cash flow statement and notes. Swedbank presents the statement of comprehensive income in the form of two statements. A separate income statement contains all revenue and expense items in profit provided that a special IFRS does not require or allow otherwise. Such other revenue and expense items are recognised in other comprehensive income. The statement of comprehensive income contains the profit recognised in the income statement as well as the components included in other comprehensive income.

3.2 Consolidated financial statements (IFRS 3, IAS 27)

The consolidated financial statements comprise the parent company and those entities (including special purpose vehicles) in which the parent company has control i.e. the power to govern a company's financial and operating strategies to obtain economic benefits. These entities, subsidiaries, are included in the consolidated financial statements in accordance with the acquisition method from the day that control is obtained and are excluded from the day that control ceases. According to the acquisition method, the acquired unit's identifiable assets, liabilities and contingent liabilities that satisfy the recognition criteria are recognised and measured at fair value upon acquisition. The surplus between the cost of the business combination, transferred consideration measured at fair value on the acquisition date, and the fair value of the acquired share of identifiable assets, liabilities and reported contingent liabilities is recognised as goodwill. If the amount is less than the fair value of the acquired company's net assets, the difference is recognised directly in the income statement. The transferred consideration (purchase price) includes the fair value of transferred assets, liabilities and shares which, in applicable cases, have been issued by the Group as well as the fair value of all assets or liabilities that are the result of an agreement on contingent consideration. Acquisition-related costs are recognised when they arise. For each acquisition, the Group determines whether all non-controlling holdings in the acquired company should be recognised at fair value or at the holding's proportionate share of the acquired subsidiary's net assets. A subsidiary's contribution to equity includes only the equity that arises between acquisition and disposal. All intra-Group transactions and intra-Group gains are eliminated. Transactions with non-controlling owners are recognised as equity transactions with the Group's shareholders in their capacity as owners. In the case of acquisitions of interests from non-controlling owners, the difference between the price paid for the interests and the acquired share of the carrying amount of the subsidiary's net assets is recognised in equity attributable to the parent company's shareholders as retained earnings. The carrying amounts of holdings with and without control are adjusted to reflect the changes in their relative holdings. Gains and losses on the sale of interests to non-controlling owners are also recognised in equity. If, following a sale of its interests, the Group no longer has control, its remaining holding is remeasured at fair value and the change is recognised in its entirety in the income statement. This fair value subsequently serves as the cost of the remaining holding in the former subsidiary for reporting purposes. All amounts related to the divested unit that were previously recognised in other comprehensive income are recognised as if the Group directly divested the related assets or liabilities, due to which amounts previously recognised in other comprehensive income may be reclassified as profit or loss. If the interest in an associate is reduced but a significant influence is retained, only a proportionate share of the amount previously recognised in other comprehensive income is reclassified as profit or loss.

3.3 Assets and liabilities in foreign currency (IAS 21)

The consolidated financial statements are presented in SEK, which is also the parent company's functional currency and presentation currency. Functional currency refers to the main currency used in an entity's cash flows. Each entity within the Group determines its own functional currency according to its primary economic environment. Transactions in a currency other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing at the transaction day. Monetary assets and liabilities in foreign currency and non-monetary assets in foreign currency measured at fair value are translated at the rates prevailing at the closing day. Outstanding forward exchange contracts are translated at closing day forward rates. Holdings of foreign bank notes are translated at the buying rates for the notes as of the closing day. All gains and losses on the translation of monetary items, including the currency component in forward exchange contracts, and non-monetary items measured at fair value are recognised in the income statement as changes in exchange rates in net gains and losses on financial items at fair value. Assets and liabilities in subsidiaries and associates with a functional currency other than SEK are translated to the presentation currency at the closing day exchange rate. The income statement is translated at the exchange rate for each transaction. For practical purposes, the average rate for the period is generally used. Exchange rate differences that arise are recognised in other comprehensive income. As a result, exchange rate differences attributable to currency hedges of investments in foreign operations are also taken to other comprehensive income, taking into account deferred tax. This is applied when the requirements for hedge accounting are met. Ineffectiveness in hedges is recognised directly in the income statement in net gains and losses on financial items at fair value. When subsidiaries and associates are divested, cumulative translation differences and exchange rate differences are recognised in the income statement.

3.4 Financial instruments (IAS 32, IAS 39)

The large part of the Group's balance sheet items refers to financial instruments. A financial instrument is any form of agreement which gives rise to a financial asset in one company and a financial liability or equity instrument in another. Cash is an example of a financial asset, while financial liabilities might include an agreement to pay or receive cash or other financial assets. Financial instruments are classified on various lines of the balance sheet such as loans to the public or credit institutions depending on the counterparty. If the financial instrument does not have a specific counterparty or when it is listed on the market, it is classified on the balance sheet among various types of securities. Financial liabilities where the creditor has a lower priority than others are classified on the balance sheet as Subordinated liabilities. A derivative is a financial instrument that is distinguished by the fact that its value changes, for example, due to exchange rates, interest rates or share prices, at the same time that little or no initial net investment is required. The agreement is settled on a future date. Derivatives are reported on separate lines of the balance sheet, either as assets or liabilities depending on whether the contract has a positive or negative fair value. Contractually accrued interest is recognised among prepaid or accrued income or expenses in the balance sheet. Financial assets are recognised on the balance sheet on the trade day when an acquisition agreement has been entered into, with the exception of loans and receivables, which are recognised on the settlement day. Financial assets are derecognised when the right to obtain the cash flows from a financial instrument has expired or essentially been transferred to another party. Financial liabilities are removed from the balance sheet when the obligation in the agreement has been discharged, cancelled or expired.

Embedded derivatives

An embedded derivative is a component of a hybrid instrument that includes a non-derivative host contract, with the effect that some of the cash flows varies in a way similar to a stand-alone derivative. An embedded derivative is separate from the host contract and is recognised separately among derivatives on the balance sheet when its financial features are not closely related to the host contract's, provided that the combined financial instrument is not recognised at fair value in the income statement.

Repos

A genuine repurchase transaction (repo) is defined as a contract where the parties have agreed on the sale of securities and the subsequent repurchase of corresponding assets at a predetermined price. In a repo, the sold security remains on the balance sheet, since the Group is exposed to the risk that the security will fluctuate in value before the repo expires. The payment received is recognised as a financial liability on the balance sheet based on who the counterparty is. Sold securities are also recognised as a pledged asset. The proceeds received for acquired securities, so-called reverse repos, are recognised on the balance sheet as a loan to the selling party.

Securities loans

Securities that have been lent out remain on the balance sheet, since the Group remains exposed to the risk that they will fluctuate in value. Securities that have been lent out are recognised on the trade day as assets pledged, while borrowed securities are not reported as assets. Securities that are lent out are carried in the same way as other security holdings of the same type. In cases where the borrowed securities are sold i.e. short-selling, an amount corresponding to the fair value of the securities is recognised in Other liabilities on the balance sheet.

Offsetting

Financial assets and financial liabilities are offset and recognised net in the balance sheet if there is a legal right of set-off both in the normal course of business and in the event of bankruptcy, and if the intent is to settle the items with a net amount or simultaneously realise the asset and settle the liability.

3.5 Financial instruments, recognition (IAS 39)

The Group's financial instruments are divided into the following valuation categories:
- financial instruments at fair value through profit or loss,
- loans and receivables,
- held-to-maturity investments, and
- other financial liabilities.

A few individual holdings of insignificant value have been categorised as available-for-sale financial assets in the valuation category available-for-sale. All financial instruments are initially recognised at fair value. The best evidence for fair value at initial recognition is the transaction price. for financial instruments that subsequently are not measured at fair value through profit or loss, supplementary entries are also made for additions or deductions of direct transaction expenses to acquire or issue the financial instrument. Subsequent measurements depend on the valuation category to which the financial instrument is attributed. notes to items in the balance sheet with financial instruments indicate how the carrying amount is divided between valuation categories. The categorisation is shown in the table below.

Valuation category, fair value through profit or loss

Financial instruments at fair value through profit or loss comprise instruments held for trading and all derivatives, excluding those designated for hedge accounting. Financial instruments held for trading have been acquired for the purpose of selling or repurchasing in the near term or are part of a portfolio for which there is evidence of a pattern of short-term profit-taking. In the notes to the balance sheet, these financial instruments are classified at fair value through profit or loss, trading. This category also includes other financial instruments that upon initial recognition have irrevocably been designated as at fair value, the so-called fair value option. The option to irrevocably measure financial instruments at fair value is used in the Group for individual portfolios of loans, securities in issue and deposits, when they together with derivatives essentially eliminate the portfolio's aggregate interest rate risk. Typically these financial instruments have a fixed contractual interest rate. The option is used to eliminate the accounting volatility that would otherwise arise because different measurement principles are normally used for derivatives and other financial instruments. Financial liabilities in insurance operations, where the customer bears the investment risk, are categorised in the same way when corresponding assets are also measured at fair value. The Group has chosen to categorise holdings of shares and participating interests that are not associates or intended for trading at fair value through profit or loss, since they are managed and evaluated based on fair value. In the notes to the balance sheet, these financial instruments are classified at fair value through profit or loss, other. The fair value of financial instruments is determined based on quoted prices on active markets. When such market prices are not available,

Financial assets

Valuation categories	**Hedging instruments**		**Fair value through profit or loss**				**Loans and receivables**		**Held to maturity**		**Total**	
SEKbn	**Derivatives**		**Trading**		**Other**							
	2013	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Cash and balances with central banks							59	130			59	130
Treasury bills and other bills eligible for refinancing with central banks			56	20					1	1	57	21
Loans to credit institutions			8	16			74	69			82	85
Loans to the public			48	48	323	441	894	750			1 265	1 239
Bonds and other interest-bearing securities			125	114					1	2	126	116
Financial assets for which customers bear the investment risk					120	104					120	104
Shares and participating interests			7	8							7	8
Derivatives	15	24	49	78							64	102
Other financial assets							15	15			15	15
Total	**15**	**24**	**293**	**284**	**443**	**545**	**1 042**	**964**	**2**	**3**	**1 795**	**1 820**

Financial liabilities

Valuation categories	**Hedging instruments**		**Fair value through profit or loss**				**Other financial liabilities**		**Total**	
SEKbn	**Derivatives**		**Trading**		**Other**					
	2013	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Amounts owed to credit institutions			8	9			114	113	122	122
Deposits and borrowings from the public			22	22	2	25	597	533	621	580
Financial liabilities for which customers bear the investment risk					120	105			120	105
Debt securites in issue			14	24	42	49	672	694	728	767
Short position securities			17	18					17	18
Derivatives	5	5	50	87					55	92
Subordinated liabilities							10	14	10	14
Other financial liabilities							25	30	25	30
Total	**5**	**5**	**111**	**160**	**164**	**179**	**1 418**	**1 384**	**1 698**	**1 728**

generally accepted valuation models such as discounting of future cash flows are used. The valuation models are based on observable market data, such as quoted prices on active markets for similar instruments or quoted prices for identical instruments on inactive markets. Differences that arise at initial recognition between transaction price and fair value according to a valuation model, so called day 1-profits or losses, are recognised in the income statement only when the valuation model entirely has been based on observable market data. in all other cases the difference is amortised during the financial instrument's remaining maturity. For loans measured at fair value where observable market data on the credit margin are not available at the time of measurement, the credit margin for the most recent transaction with the same counterparty is used. Changes in value are recognised through profit or loss in net gains and losses on financial items at fair value. For financial instruments in trading operations, the Group's profit or loss item also includes share dividends. Changes in value owing to changes in exchange rates are recognised as changes in exchange rates in the same profit or loss item. Changes in the value of financial liabilities owing to changes in the Group's credit worthiness are also recognised separately when they arise. Decreases in value attributable to debtor insolvency are attributed to credit impairments.

Valuation category, loans and receivables

Loans to credit institutions and the public, categorised as loans and receivables, are recognised on the balance sheet on the settlement day. These loans are measured at amortised cost as long as there is no objective evidence indicating that a loan or Group of loans is impaired. Loans are initially recognised at cost, which consists of the loan amount paid out less fees received and any costs that constitute an integral part of the return. The interest rate that produces the loan's cost as a result of the calculation of the present value of future payments is considered the effective interest rate. The loan's amortised cost is calculated by discounting the remaining future payments by the effective interest rate. Interest income includes interest payments received and the change in the loan's amortised cost during the period, which produces a consistent return. On the closing day, it is determined whether there is objective evidence to indicate an impairment need for a loan or Group of loans. If, after the loan is initially recognised, one or more events have occurred that negatively impact estimated future cash flows, and the impact can be estimated reliably, impairment is made. The impairment is calculated as the difference between the loan's carrying amount and the present value of estimated future cash flows discounted by the loan's original effective interest rate. The Group determines first whether there is objective evidence for impairment of each individual loan. Loans for which such evidence is lacking are included in portfolios with similar credit risk characteristics. These portfolios are subsequently measured collectively in the event objective evidence of impairment exists. Any impairment is then calculated for the portfolio as a whole. Homogenous groups of loans with limited value and similar credit risk that have been individually identified as having objective evidence of impairment are measured individually based on the loss risk in the portfolio as a whole. If the impairment decreases in subsequent periods, previously recognised impairment losses are reversed. Loans are never recognised at a value higher than what the amortised cost would have been if the write-down had not occurred, however. Loan impairments are recognised through profit or loss as credit impairments. This is done either as provisions for individually impaired loans, portfolio provisions or write-offs of impaired loans. Write-offs are recognised within credit impairments before utilisation of any previous provisions. Provisions utilised in connection with write-offs are recognised on a separate line within credit impairments. Write-offs are recognised when the amount of the loss is ultimately determined. Repayments of write-offs and recovery of provisions are recognised within credit impairments. The carrying amount of loans is amortised cost less write-offs and provisions. Individual provisions and portfolio provisions are recognised in the special provision account in the balance sheet, while write-offs reduce outstanding loans. Provisions for assumed losses on guarantees and other contingent liabilities are recognised on the liability side. Impaired loans are those for which it is likely that payment will not be received in accordance with the contract terms. A loan is not impaired if there is collateral that covers the principal, unpaid interest and any late fees by a satisfactory margin. .

Valuation category, held-to-maturity

Certain financial assets acquired to hold to maturity have been categorised as held-to-maturity investments. They have fixed maturities, are not derivatives and are quoted on an active market. These investments are initially recognised on their trade day at cost and subsequently at amortised cost less any impairment. Measurements are made in the same way as for loans and receivables.

Reclassification of financial assets

financial assets, excluding derivatives, which no longer meet the criteria for trading, may be reclassified from the valuation category financial instruments at fair value, provided that rare circumstances exist. A reclassification to the valuation category Held-to-maturity investments also requires an intention and ability to hold the investment until maturity. The fair value of the assets at the time of reclassification is still considered to be their acquisition cost.

Valuation category, other financial liabilities

Financial liabilities that are not recognised as financial instruments at fair value through profit or loss are initially recognised on the trade day at cost and subsequently at amortised cost. Amortised cost is calculated in the same way as for loans and receivables.

Hedge accounting at fair value

Hedge accounting at fair value is applied in certain cases when the interest rate exposure in a recognised financial asset or financial liability or loan portfolios is hedged with derivatives. With hedge accounting, the hedged risk in the hedged instrument or the hedged portfolio is also measured at fair value. The value of the hedged risk in the hedged portfolio is recognised on a separate line in the balance sheet as Value change of interest hedged item in portfolio hedge. The item is recognised in connection with Loans to the public. The value of the hedged risk in an individual financial asset or financial liability is recognised on the same line in the balance sheet as the financial instrument. Both the change in the value of the hedging instrument, the derivative, and the change in the value of the hedged risk are recognised through profit or loss in net gains and losses on financial items at fair value. One requirement to apply hedge accounting is that the hedge has been formally identified and documented. The hedge's effectiveness must be measurable in a reliable way and be expected to remain and during reported periods proved to be very effective in offsetting changes in value.

Cash flow hedges

Derivative transactions are sometimes entered into to hedge the exposure to variations in future cash flows resulting from changes in interest rates. These hedges can be recognised as cash flow hedges, whereby the effective portion of the change in the value of the derivative, the hedging instrument, is recognised directly in other comprehensive income. Any ineffective portion is recognised through profit or loss in net gains and losses on financial items at fair value. When future cash flows lead to the recognition of a financial asset or a financial liability, any gains or losses on the hedging instrument are eliminated from other comprehensive income and recognised through profit or loss in the same periods that the hedged item affects profit or loss. One of the prerequisites of hedge accounting is that the hedge is formally identified and documented. Its effectiveness must be measurable in a reliable way and be expected to remain and during reported periods proved to be very effective in offsetting changes in value.

Hedging of net investments in foreign operations

Hedges of net investments in foreign operations are applied to protect the Group from translation differences that arise when operations in a functional currency other than the presentation currency are translated. financial liabilities reported in the foreign operation's functional currency are translated at the closing-day exchange rate. The portion of the exchange rate result from hedging instruments that are effective is recognised in other comprehensive income. Any ineffective portion is recognised in profit or loss in net gains and losses on financial items at fair value. When a foreign operation is divested, the gain or loss that arises on the hedging instrument is reclassified from other comprehensive income and recognised in profit or loss. One requirement to apply hedge accounting is that the hedge has been formally identified and documented. The effectiveness of the hedge must be reliably measurable and must be expected to be and during reported periods proved to be very effective in offsetting changes in value.

3.6 Leases (IAS 17)

The Group's leasing operations consist of finance leases and are therefore recognised as loans and receivables. The carrying amount corresponds to the present value of future leasing payments. The difference between all future leasing payments, the gross receivable, and the present value of future leasing payments constitutes unearned income. This means that lease payments received are recognised in part through profit or loss as interest income and in part in the balance sheet as instalments, so that the financial income corresponds to an even return on the net investment. In a finance lease, the economic risks and benefits associated with ownership of an asset are essentially transferred from the lessor to the lessee. When the lessor bears the economic risks and benefits, the lease is classified as operating. The Group is the lessee in operating leases. Lease payments for these agreements are expensed linearly over the lease term. The Group is also the lessor in a few operating leases of insignificant amount.

3.7 Investment in associates (IAS 28)

Investments in associates, entities where the owner has significant influence but not control, are accounted according to the equity method. The equity method means that the participating interests in an entity are recognised at cost at the time of acquisition and subsequently adjusted for the owned share of the change in the associate's net assets. Goodwill attributable to the associate is included in the carrying amount of the participating interests and is not amortised. The carrying amount of the participating interests is subsequently compared with the recoverable amount of the net investment in the associate to determine whether an impairment need exists. The owned share of the associate's profit according to the associate's income statement, together with any impairment, is recognised on a separate line. The share of the associate's tax is recognised in the income statement as Tax.

The associates' reporting dates and accounting policies conform to the Group's.

3.8 Joint ventures (IAS 31)

Investments in joint ventures are recognised in the balance sheet as investments in associates according to the equity method; see investment in associates above. A joint venture is a contractually based relationship where the Group, along with another party, jointly manages an economic activity and where the parties jointly control that activity.

3.9 Intangible assets (IAS 38)

Goodwill

Goodwill acquired through a business combination is initially measured at cost and subsequently at cost less accumulated impairment. Goodwill is tested annually for impairment or if events or circumstances indicate a decrease in value. in order to test goodwill from business combinations for impairment, it is allocated upon acquisition to the cash generating unit or units that are expected to benefit from the acquisition. Identified cash generating units correspond to the lowest level in the entity for which the goodwill is monitored in the internal control of the entity. A cash generating unit is not larger than a business segment in the segment reporting. Impairment needs are determined by estimating the recoverable amount of the cash generating unit to which the goodwill is allocated. When the recoverable amount is lower than the carrying amount, impairment is recognised. Recognised impairment is not reversed.

Other intangible assets

Intangible assets are initially measured at cost. The cost of intangible assets in a business combination corresponds to fair value upon acquisition. They are subsequently measured at cost less accumulated amortisation and accumulated impairment. The useful life of an intangible asset is considered either finite or indefinite. Intangible assets with a finite useful life are amortised over their useful life and tested for impairment when impairment needs are indicated. Useful life and amortisation methods are reassessed and adapted when needed in connection with each closing day. Development expenses whose cost can be calculated in a reliable way and for which it is likely that future economic benefits attributable to the assets will accrue to the Group are recognised in the balance sheet. in other cases, development is expensed when it arises.

3.10 Investment properties (IAS 40)

For protection of claims

Investment properties are properties held to generate rental income or appreciation in value, or a combination of the two, rather than being held for the Group's own use or for sale in day-to-day operations. The investment properties have been taken over to protect claims. Investment properties are initially recognised at cost. Cost consists of the purchase price, or fair value if a purchase price is unavailable, as well as expenses directly attributable to the purchase. The properties are subsequently measured at cost less accumulated depreciation and impairments. Depreciation begins when an asset is ready for use and is reported systematically over each component's useful life down to its estimated residual value. The depreciation method reflects how the asset's value is gradually consumed. Useful life, residual value and depreciation method are reassessed and changed when necessary in connection with each closing day. The carrying amount is tested for impairment when events or circumstances indicate a lower recoverable amount. Recoverable amount refers to the higher of the asset's sales value less selling expenses and its value in use. if its carrying amount exceeds the recoverable amount, the asset is reduced to its recoverable amount. See also the section Impairment of assets (IAS 36).

3.11 Tangible assets (IAS 2, 16)

For protection of claims

Tangible assets acquired or recovered to protect claims are recognised as inventory, provided they do not relate to investment properties. Inventories are measured at the lower of cost and net realisable value. Cost includes all expenses for purchasing, manufacturing and to otherwise bring the goods to their current location and condition. Net realisable value refers to the amount that is expected to be realised from a sale.

For own use

Tangible fixed assets such as equipment and owner-occupied properties are initially recognised at cost. They are subsequently measured at cost less accumulated depreciation and impairments in the same way as investment properties. Owner-occupied properties are reclassified as investment properties when no longer used by the Group.

3.12 Borrowing costs (IAS 23)

Borrowing costs are capitalised when directly attributable to the purchase, construction or production of a qualified asset. Borrowing costs refer to interest and other costs that arise in obtaining a loan. A qualified asset is one that takes considerable time to finish and is intended for use or sale. Qualified assets can be intangible assets or investment properties. Other borrowing costs are expensed in the period in which they arise.

3.13 Provisions (IAS 37)

A provision is recognised in the balance sheet when the Group has a legal or constructive obligation arising from past events and it is likely that an outflow of resources will be required to settle the obligation. In addition, a reliable estimation of the amount must be made. Estimated outflows are calculated at present value. Provisions are tested on each closing day and adjusted when needed, so that they correspond to the current estimate of the value of the obligations.

Provisions are recognised for restructurings. Restructuring refers to extensive organisational changes e.g. when employees receive severance for early termination or branches are shut down. for a provision to be recognised, a restructuring plan must be in place and announced, so that it has created a valid expectation among those affected that the company will implement a restructuring. A provision for restructuring includes only direct expenses related to the restructuring and not to future operations such as of the cost of severance.

3.14 Pensions (IAS 19)

The Group's post-employment benefits, which consist of pension obligations, are classified as either defined contribution plans or defined benefit plans. In defined contribution plans, the Group pays contributions to separate legal entities, and the risk of a change in value until the funds are paid out rests with the employee. Thus, the Group has no further obligations once the fees are paid. Other pension obligations are classified as defined benefit plans. Premiums for defined contribution plans are expensed when an employee has rendered his/her services. in defined benefit plans, the present value of pension obligations is calculated and recognised as a provision. Both legal and constructive obligations that arise as a result of informal practices are taken into account. The calculation is made according to the Projected Unit Credit Method and also comprises payroll tax. As such, future benefits are attributed to periods of service. The fair value of the assets (plan assets) that are allocated to cover obligations is deducted from the provision. The income statement, staff costs, is charged with the net of service costs, interest on obligations and the anticipated return on plan assets. The calculations are based on the Group's actuarial assumptions i.e. the Group's best estimate of future developments. The same interest rate is used to calculate both interest expense and interest income. If the actual outcome deviates or assumptions change, so-called actuarial gains and losses arise. The net of actuarial gains and losses is recognised as Revaluations of defined benefit pension plans in other comprehensive income, where the difference between the actual return and estimated interest income on plan assets is recognised as well.

3.15 Insurance contracts (IFRS 4)

In the financial statements, insurance policies refer to policies where significant insurance risk is transferred from insured to insurer. The majority of the Group's insurance policies do not transfer significant insurance risk, due to which they are instead recognised as financial instruments. For insurance policies with significant insurance risk, actuarial provisions are allocated corresponding to pledged obligations. In the income statement, premiums received and provisions are reported on separate lines.

3.16 Revenues (IAS 18)

The principles of revenue recognition for financial instruments are described in a separate section, Financial instruments, recognition (IAS 39). interest income and interest expenses for financial instruments calculated according to the effective interest method are recognised as net interest income. Changes in value and dividends on shares in the valuation category financial instruments at fair value through profit or loss as well as all changes in exchange rates between functional and other currencies are recognised in net gains and losses on financial items at fair value. Service fees are recognised as income when the services are rendered. Such income is recognised in both Commission income and Other income. Commission income includes payment processing, asset management and brokerage commissions. Commission expenses are transaction-dependent and are directly related to income in Commission income. Other income includes capital gains and losses on the sale of ownership interests in subsidiaries and associates to the extent they do not represent an independent service line or a significant business conducted within a geographical area. Other income also includes capital gains and losses on the sale of tangible assets.

3.17 Share-based payment (IFRS 2)

Since the Group receives services from its employees and assumes an obligation to settle the transactions with equity instruments, this is recognised as share-based payment. This means that the fair value of the services that entitle the employees to an allotment of equity instruments is expensed at the time the services are rendered. At the same time a corresponding increase in equity is recognised as Retained earnings.

For share-based payment to employees settled with equity instruments, the services rendered are measured with reference to the fair value of the granted equity instruments. The fair value of the equity instruments is calculated as per the grant date for accounting purposes i.e. the measurement date. The measurement date refers to the date when a contract was entered into and the parties agreed on the terms of the share-based payment. On the grant date, the employees are granted rights to share-based payment. Since the granted equity instruments are not vested until the employees have fulfilled a period of service, it is assumed that the services are rendered during the vesting period. This means that the cost and corresponding increase in equity are recognised over the entire vesting period. Non market based vesting terms, such as a requirement that a person remain employed, are taken into account in the assumption of how many equity instruments are expected to be vested. At the end of each report period the Group reassesses its judgments of how many shares it expects to be vested based on the non market based vesting terms. Any deviation from the original judgment is recognised through profit or loss and a corresponding adjustment is recognised in Retained earnings within equity. Related social insurance charges are recognised as cash-settled share-based payment i.e. as a cost during the corresponding period, but based on the fair value that at any given time serves as the basis for a payment of social insurance charges.

3.18 Impairment (IAS 36)

For assets that are not tested for impairment according to other standards, the Group periodically determines whether there are indications of diminished value. if such indications exist, the asset is tested for impairment by estimating its recoverable amount. An asset's recoverable amount is the higher of its selling price less costs to sell and its value in use. If the carrying amount exceeds the recoverable amount, the asset is reduced to its recoverable amount. When estimating value in use, estimated future cash flows are discounted using a discount rate before tax that includes the market's estimate of the time value of money and other risks associated with the specific asset. An assessment is also made on each reporting date whether there are indications that the need for previous impairments has decreased or no longer exists. If such indications exist, the recoverable amount is determined. Previous impairment losses are reversed only if there were changes in the estimates made when the impairment was recognised. Goodwill impairment is not reversed. Impairments are recognised separately in the income statement for tangible or intangible assets.

3.19 Tax (IAS 12)

Current tax assets and tax liabilities for current and previous periods are measured at the amount expected to be obtained from or paid to tax authorities. Deferred taxes refer to tax on differences between the carrying amount and the tax base, which in the future serves as the basis for current tax. Deferred tax liabilities are tax attributable to taxable temporary differences and are expected to be paid in the future. Deferred tax liabilities are recognised on all taxable temporary differences with the exception of the portion of tax liabilities attributable to the initial recognition of goodwill or to certain taxable differences owing to holdings in subsidiaries. Deferred tax assets represent a reduction in future tax attributable to deductible temporary differences, tax loss carryforwards or other future taxable deductions. Deferred tax assets are tested on each closing day and recognised to the extent it is likely on each closing day that they can be utilised. As a result, a previously unrecognised deferred tax asset is recognised when it is considered likely that a sufficient surplus will be available in the future. Tax rates which have been enacted or substantively enacted as of the reporting date are used in the calculations. The Group's deferred tax assets and tax liabilities are estimated at nominal value using each country's tax rate in effect in subsequent years. Deferred tax assets are netted against deferred tax liabilities for Group entities that have offsetting rights. All current and deferred taxes are recognised through profit or loss as Tax with the exception of tax attributable to items recognised directly in other comprehensive income or equity.

3.20 Non-current assets held for sale and discontinued operations (IFRS 5)

A non-current asset (or a disposal group) is classified as held for sale if its carrying amount will be recovered primarily through a sale. The asset (or disposal group) must be available for immediate sale in its current condition. It must also be highly probable that a sale will take place. A finalised sale should be expected within one year. Subsidiaries acquired exclusively for resale are recognised as discontinued operations. Non-current assets held for sale are reported on a separate line in the balance sheet and measured at the lower of the carrying amount and fair value less costs to sell. Liabilities related to non-current assets are also recognised on a separate line in the balance sheet. The profit or loss from discontinued operations is recognised on a separate line in the income statement after the result for continuing operations.

3.21 Cash and cash equivalents (IAS 7)

Cash and cash equivalents consist of cash and balances with central banks, when the central bank is domiciled in a country where Swedbank has a valid banking licence. Balances refer to funds that are available at any time. This means that all cash and cash equivalents are immediately available.

3.22 IFRS 8 Operating segments

Segment reporting

Segment reporting is presented on the basis of the executive management's perspective and relates to the parts of the Group that are defined as operating segments. Operating segments are identified on the basis of internal reports to the company's chief operating decision maker. The Group has identified the Chief Executive Officer as its chief operating decision maker, while the internal reports used by the CEO to oversee operations and make decisions on allocating resources serve as the basis of the information presented.

The accounting policies for an operating segment consist of the above accounting policies and policies that specifically refer to segment reporting. Market-based compensation is applied between operating segments, while all costs for IT, other shared services and Group Staffs are transferred at full cost-based internal prices to the operating segments. Group Executive Management expenses are not distributed. Crossborder services are invoiced according to the OECD's guidelines on internal pricing. The Group's equity attributable to the shareholders is allocated to each operating segment based on the capital adequacy rules according to Basel 2 and estimated utilised capital.

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

4 NEW STANDARDS AND INTERPRETATIONS

The International Accounting Standards Board (IASB) and IFRS Interpretations Committee (IFRIC) have issued the following standards, amendments to standards and interpretations that apply in or after 2014. The IASB permits earlier application. For Swedbank to apply them also requires that they have been approved by the EU if the amendments are not consistent with previous IFRS rules. Consequently, Swedbank has not applied the following amendments in the 2013 annual report.

Consolidated financial statements (IFRS 10)

The new standard will apply to the financial year beginning on 1 January 2013. The EU has approved the standard for application on 1 January 2014 at the latest. Swedbank intends to begin applying the standard in 2014. The new standard defines when a reporting company should consolidate another company. Consolidation will be required when the reporting company has control over the other company. Control means that the reporting company is capable of managing the company, is exposed and entitled to a variable return, and is able to use its power over the company to affect the return. The basic principle to determine whether control exists or not remains the same, but the new standard provides additional guidance in cases that are difficult to assess. The standard replaces the rules on consolidation in IAS 27 Consolidated and separate financial statements and SIC 12 Consolidation - Special Purposes Entities.

Joint arrangements (IFRS 11)

The new standard will apply to the financial year beginning on 1 January 2013. The EU has approved the standard for application on 1 January 2014 at the latest. Swedbank intends to begin applying the standard in 2014. The new standard describes how to account for shares in joint arrangements i.e. where two or more parties agree to contractually share control. The standard, which replaces and amends IAS 31 Joint ventures, defines only two types of joint arrangements: joint operations and joint ventures. The classification is based on economic substance rather than legal form. Holdings in joint ventures will be consolidated according to the equity method, since the proportionate consolidation method, which was permitted according to IAS 31, is no longer permitted according to IFRS 11.

Disclosures of interests in other entities (IFRS 12)

The new standard will apply to the financial year beginning on 1 January 2013. The EU has approved the standard for application on 1 January 2014 at the latest. Swedbank intends to begin applying the standard in 2014. The new standard consolidates the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities. The new standard will, for example, increase disclosure requirements on the nature and scope of the holding, the assumptions and judgments used to classify the type of holding, the risks associated with the holding, and the holding's effect on financial position, results and cash flow.

Separate financial statements (amendments to IAS 27)

The amendment will apply to the financial year beginning on 1 January 2013. The EU has approved the amendment for application on 1 January 2014 at the latest. Swedbank intends to begin applying the standard in 2014. The rules on consolidation have been eliminated and moved to IFRS 10 Consolidation. The amended standard refers strictly to the reporting of holdings in subsidiaries, joint arrangements and associates when a company chooses or is required by local regulations to prepare separate financial reports.

Investments in associates and joint ventures (amendments to IAS 28)

The amendment will apply to the financial year beginning on 1 January 2013. The EU has approved the amendment for application on 1 January 2014 at the latest. Swedbank intends to begin applying the standard in 2014. The rules for reporting associates in separate financial reports have been moved to IAS 27 Separate financial Statements. The amended standard also describes how shares in joint ventures are consolidated.

Offsetting financial assets and financial liabilities (amendments to IAS 32)

The amendment will apply to the financial year beginning on 1 January 2014. The EU has approved the amendment, which concerns when and how financial assets and financial liabilities are offset.

Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)

The amendment will apply to the financial year beginning on 1 January 2014. The EU has not yet approved the amendment, which provides limited exceptions to discontinuing hedge accounting when hedging derivatives are novated, as a result of laws and regulations, to clearing counterparties.

Recoverable amount disclosures for non-financial assets (amendments to IAS 36)

The amendment will apply to the financial year beginning on 1 January 2014. The EU has not yet approved the amendment. The amendment requires additional disclosures when a non-financial asset has been written down to fair value less costs of disposal.

IFRIC 21 Levies

The interpretation will apply to the financial year beginning on 1 January 2014. The EU has not yet approved the interpretation. Levies refer to fees paid to government agencies and similar bodies in accordance with laws and regulations. The interpretation deals with the timing of obligating events.

Improvements of IFRS standards 2010-2012 and 2011-2013

Annual improvements of IFRS standards are an aggregation of additions and amendments to current standards to eliminate inconsistencies between various standards, clarify formulations and to some extent make it easier for users of the financial reports. The improvements apply to financial years beginning on or after 1 July 2014. The EU has not yet approved the annual improvements.

Financial instruments (IFRS 9)

IFRS 9 Financial Instruments includes requirements for recognition and measurement, derecognition and hedge accounting. The standard is being issued in phases and will eventually result in full replacement of IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 was first published in November 2009 and contains the requirements for the classification and measurement of financial assets, which reduces the number of valuation categories. Requirements for financial liabilities were added in October 2010, which remain largely unchanged from IAS 39. The primary change permits the presentation of fair value movements due to own credit risk on financial liabilities designated as at fair value through profit or loss in other comprehensive income, rather than in profit or loss. In November 2013, the IASB published the general hedge accounting rules, which will allow entities to better reflect their risk management activities in the financial statements.

IFRS 9 does not currently include a mandatory effective date. This will be added when the all phases of the project are complete, including the new requirements for impairment of financial assets at amortised cost and limited amendments to the classification and measurement requirements. At its November 2013 meeting, the IASB tentatively decided that the mandatory effective date will be no earlier than annual periods beginning on or after 1 January 2017. The standard has not been approved by the EU and there is no current timetable on when endorsement is expected.

Effect on Swedbank's financial reports

The changes that have been issued are being evaluated to determine how they will affect the consolidated financial reports. The new standard IFRS 10 Consolidation financial statements will mean that a few investment funds in which Group companies have invested will have to be consolidated. The Group's balance sheet will be only marginally affected. The standard will be applied as of 1 January 2014.

The new disclosure requirements in the new standard IFRS 12 Disclosures of interests in other entities require the Group to provide significantly more disclosures. Since the requirements also cover unconsolidated structured entities, disclosures will have to be made for all investment funds the Group has started. The standard will be applied as of 1 January 2014.

The new standard IFRS 9 Financial Instruments will affect Swedbank's financial reporting. The scope of the effect cannot be determined at present, since the valuation of Swedbank's financial assets is largely dependent on how the rules on impairment of financial assets at amortised cost are eventually worded. A judgment therefore cannot be made until IFRS 9 is fully completed.

The other changes that have been issued and which apply to financial years beginning on or after 1 July 2014 are not expected to have a significant effect on Swedbank's financial reports.

5 CRITICAL ACCOUNTING JUDGMENTS AND 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 recognised income and expenses during the report period. The executive management continuously evaluates these judgments and estimates, including those that affect the fair value of financial instruments, provisions for impaired loans, impairments of intangible and tangible assets, deferred taxes, pension provisions and shared-based payment. The executive management bases its judgments and assumptions on previous experience and several other factors that are considered reasonable under the circumstances. Actual results may deviate from judgments and estimates.

5.1 Judgments

Investment funds

Entities in the Group have established investment funds for their customers' savings needs. The Group manages the assets of these funds on behalf of customers in accordance with predetermined provisions approved by the Swedish financial Supervisory Authority. The return generated by these assets, as well as the risk of a change in value, accrues to customers. Within the framework of the approved fund provisions, the Group receives management fees as well as in certain cases application and withdrawal fees for the management duties it performs. Because decisions regarding the management of an investment fund are governed by the fund's provisions, the Group is not considered to have the opportunity to control or dominate decision-making in the investment funds in order to obtain economic benefits. The Group's compensation and risk are limited to fee charges. in certain cases, Group entities also invest in investment funds to fulfil their obligations to customers. Shares in the investment funds do not represent any influence in the Group's judgment, regardless of whether the holding exceeds 50 per cent or not. Taken together, the above-mentioned conditions are the basis for not consolidating the investment funds. Assets in funds where the Group's interest exceeded 50 per cent amounted to SEK 37bn (35) as of year-end. On the same date the Group recognised an asset for these funds corresponding to the Group's interest, SEK 24bn (22), in the balance sheet as fund shares for which the customers bear the investment risk. if the Group instead had determined that it had control, assets corresponding to SEK 37bn (35) would have been consolidated and recognised in the Group's balance sheet based on the type of asset.

Financial instruments

When determining the fair values of financial instruments, the Group uses various methods depending on the degree of observable market data in the measurement and level of activity in the market. Quoted prices on active markets are primarily used. When financial assets and financial liabilities on active markets have offsetting market risks, the average of bid and sell prices is used as a basis for determining the fair value of the offsetting risk positions. For any open net positions, bid or sell prices are applied as appropriate i.e. bid prices for long positions and sell prices for short positions. The executive management has determined the method for which market risks offset each other and how the net positions are calculated. When quoted prices on active markets are not available, various valuation models are used instead. The executive management determines when the markets are considered inactive and when quoted prices no longer correspond to fair value, requiring valuation models to be used instead. An active market is considered a regulated marketplace where quoted prices are easily accessible and which demonstrates regularity. Activity is evaluated continuously by analysing factors such as trading volume and the differences between bid and sell prices. When certain criteria are not met, the market or markets are considered inactive. The executive management determines which valuation model and which pricing parameters are most appropriate for the individual instrument. All the valuation models Swedbank uses are generally accepted and are subject to independent risk control. Management has determined that the option to measure financial instruments at fair value provides the fairest account for certain portions of the Group's loan portfolios with fixed interest rates, since the interest rate risk is hedged with the help of securities in issue and derivatives. A determination is also made for which financial instruments hedge accounting will be used. in both cases the determination is made to avoid accounting volatility as far as possible. Accounting volatility lacks economic relevance and arises when financial instruments are measured with different measurement principles despite that they financially hedge each other.

Tax

For the parent company's Estonian subsidiary, Swedbank AS, income taxation is triggered only if dividends are paid. Because the parent company controls when dividends are paid and it has determined that no dividends will be paid for the foreseeable future, no provisions have been recognised for deferred tax. When it is determined that a dividend will be paid, deferred tax will be allocated on the anticipated dividend. If the largest possible dividend is approved for the subsidiary, the Group would face an estimated tax charge of SEK 3 145m (2 915).

5.2 Estimates

The Group uses various estimates and assumptions about the future to determine the value of certain assets and liabilities.

Provisions for credit impairments

Receivables measured at amortised cost are tested if loss events have occurred. Individual loans are tested initially, followed by groups of loans with similar credit terms and which are not identified individually. A loss event refers to an event that occurred after the loan was paid out and which has a negative effect on projected future cash flows. Determining loss events for a group of loans carries greater uncertainty, since a number of different events, such as macroeconomic factors, may have had an impact. Loss events include late or non-payments, concessions granted due to the borrower's financial difficulties, bankruptcy or other financial reconstructions, and local economic developments tied to non-payments, such as an increase in unemployment or decreases in real estate or commodity prices. Where a loss event has occurred, individual loans are classified as impaired loans. The executive management feels that loans whose terms have been significantly changed due to the borrower's economic difficulties and loans that have been non-performing for more than 60-90 days should automatically be treated as impaired. The number of days varies in the Group based on the customer's payment habits and the collection processes used in various markets. Such a loan is not considered impaired if there is collateral which covers the capital, accrued and future interest and fees by a satisfactory margin. When a loss event has occurred, a determination is made when in the future the loan's cash flows will be received and its probable size. For impaired loans, interest is not considered to be received, only capital or portions thereof. For groups of loans, estimates are based on historical values and experience-based adjustments to the current situation. Provisions for impaired loans are made on the difference between estimated value i.e. estimated future cash flows discounted by the loan's original effective interest rate, and amortised cost. Amortised cost refers to contractual cash flows discounted by the loan's original effective interest rate. Assumptions about when in time a cash flow will be received as well as its size determine the size of the provisions. Decisions on provisions are therefore based on various calculations and the executive management's assumptions of current market conditions. The executive management is of the opinion that provision estimates are important because of their significant size as well as the complexity of making these estimates.

The Group's provisions in the Baltic operations decreased during the year from SEK 4 578m to SEK 2 564m. The changes in provisions are based on the losses that the executive management assumed were likely against the current economic outlook within the interval for reasonable assumptions. During the year impaired loans, gross, decreased in the Baltic operations from SEK 8 871m to SEK 5 046m. An overall decrease in customers' payment ability of an additional 10 per cent would have increased provisions by SEK 407m (862), of which SEK 58m (99) in Estonia, SEK 133m (248) in Latvia and SEK 66m (111) in Lithuania. The Group's portfolio provision for loans that are not classified as impaired decreased to SEK 1 256m (1 546m) at year-end.

Impairment testing of goodwill

Goodwill is tested at least annually for impairment. Testing is conducted by calculating the recoverable amount i.e. the highest of value in use or the selling price less costs to sell. if the recoverable amount is lower than the carrying amount, the asset is reduced to its recoverable amount. Goodwill impairment does not affect either cash flow or the capital adequacy ratio, since goodwill is a deduction in the calculation of the capital base. The executive management's tests are done by calculating value in use. The calculation is based on estimated future cash flows from the cash generating unit that the goodwill relates to and has been allocated to as well as when the cash flows are received. The first three years' cash flows are determined on the basis of the financial plans the executive management has established. Subsequent determinations of the size of future cash flows require more subjective estimates of future growth, margins and profitability levels. The Group estimates perpetual cash flows, since all cash generating units are part of the Group's home markets, which it has no intention of leaving. In addition, a discount rate is determined that in addition to reflecting the time value of money also reflects the risk that the asset is associated with. Different discounting factors are used for different time periods. As far as possible, the discount rate and assumptions, or portions of the assumptions, are based on external sources. Nevertheless, the calculation is dependent in large part on the executive management's own assumptions. The executive management considers the assumptions to be significant to the Group's results and financial position. The Group's goodwill amounted to SEK 11 760m (11 452) at year-end, of which SEK 9 034m (8 735) relates to the investment in the Baltic banking operations. The executive management's assumptions in the calculation of value in use as of year-end 2013 did not lead to any impairment losses. As of year-end 2011 impairment testing had led to impairment losses in the Latvian banking operations of SEK 1 913m. Through 2001, 60 per cent of the Baltic banking operations had been acquired. In 2005 the remaining 40 per cent was acquired. The majority, or SEK 9 722m (9 411) of the goodwill before impairments arose through the acquisition of the remaining non-controlling interest and at the time corresponded to 40 per cent of the operation's total value. even if the discount rate had been increased by one percentage point or the growth assumption had been reduced by one percentage point, it would not have created any impairment losses for the investments in the Baltic operations.

Impairment testing of investment properties and owner-occupied properties

Investment properties and owner-occupied properties are measured at cost less depreciation. When there is an indication of diminished value, impairment is tested. The test is done by calculating the recoverable amount i.e. the highest of value in use and selling price less costs to sell. The value in use of investment properties and owner-occupied properties has been determined by internal appraisers with extensive knowledge of the properties and the relevant market. The measurement is based on cash flow analyses. Random checks by independent external appraisers have been performed as a complement, especially in Latvia, where the holding comprises the greatest number of properties. Investment properties amounted to SEK 685m (2 393) at year-end.

Net realisable value of properties recognised as inventory

Properties recognised as inventory are measured at the lowest of cost and net realisable value. Net realisable value has been determined by internal appraisers, which has sometimes been complemented by appraisals by external independent appraisers. The carrying amount for properties recognised as inventory amounted to SEK 1 373m (2 655) at year-end.

Valuation of deferred tax assets

Deferred tax assets represent a reduction in future tax attributable to temporary deductible differences, tax loss carry-forwards or other unused tax deductions. Deferred tax assets can be recognised only to the extent they can be offset against future taxable income. The executive management therefore makes assumptions of the size of this future taxable income. The assumptions affect the Group's results and financial position. On the other hand, carrying amounts do not affect the capital adequacy ratio, since deferred tax assets are a deduction in the calculation of the capital base. Deferred tax assets for tax loss carryforwards of SEK 297m (479) have been recognised. Recognised deferred tax assets are motivated by the executive management's judgment that current operations will create sufficient taxable surpluses within the not too distant future. Following the executive management's measures to improve profitability, including cost reductions, the current operations are reporting a profit. Based on current operations, the majority of tax loss carryforwards are expected to be utilised within the Group's financial three-year plans.

Financial instruments at fair value

When financial instruments are measured at fair value according to valuation models, a determination is made which observable market data should be used in those models. The assumption is that quoted prices for financial instruments with similar turnover will be used. When such prices or components of prices cannot be identified, the executive management must make its own assumptions. Note G45 shows financial instruments at fair value divided into three valuation levels: quoted prices, valuation models with observable market inputs and valuation models with significant assumptions. As of year-end the value of financial instruments measured with significant assumptions amounted to SEK 214m (419). An estimate of valuation parameters has to be made, for example, for volatilities for certain illiquid options. A reduction in assumed volatility of 10 per cent would reduce the value by SEK 25m (18).

Defined benefit pensions

For pension provisions for defined benefit obligations, the executive management uses a number of actuarial assumptions to estimate future cash flows. The assumptions are revised each year or when a significant change has occurred. Important estimates are made with regard to the final salary the employee has at the time of retirement, the size of the benefit when it relates to the income base amount and the payment period and economic life. Estimated future cash flows are projected at present value using an assumed discount rate. When actual outcomes deviate from the assumptions made, an experience-based actuarial gain or loss arises. Actuarial gains or losses also arise when assumptions change. In total, the Group's actuarial gains and losses for 2013 amounted to a gain of SEK 2 103m (-1 619). The result is recognised as Revaluation of defined benefit pension plans within other comprehensive income. The income was primarily due to an increase in the discount rate from 2.84 per cent to 3.44 per cent. A reduction in the discount rate of 25 bps increases the pension provision by approximately SEK 858m (929).

Share-based payment

In calculating the cost which is recognised as employee benefits ultimately settled in the form of ordinary shares in Swedbank AB, the executive management estimates how many ordinary shares will be settled. Employees are granted contingent rights to receive ordinary shares, which require, for example, that they remain employed on the settlement date; otherwise the rights expire. The executive management also estimates the fair value of the rights granted to employees and which gives them the conditional right to receive ordinary shares in Swedbank AB at no cost. The estimation is based on the quoted price of the ordinary share, since the right essentially has the same terms as an ordinary share. Estimated costs associated with Programme 2013 total SEK 489m, of which SEK 121m was recognised in 2013. The recognised expense for all outstanding programmes amounted to SEK 416m (318) in 2013. This is in addition to social insurance charges, any other payroll expenses and income tax, which will be calculated based on the estimated number of settled shares and their estimated fair value.

G3 Risks

Swedbank defines risk as a potentially negative impact on a company that can arise due to current internal processes or future internal or external events. The concept of risk comprises the probability that an event will occur and the impact it would have on the Group's earnings, equity or value.

The Board of Directors has adopted an Enterprise Risk Management (ERM) policy detailing the risk framework, the risk management process, and roles and responsibilities in risk management. Swedbank continuously identifies the risks its operations generate and has designed a process to manage them.

The risk management process includes eight steps: prevent risks, identify risks, quantify risks, analyse risks, suggest measures, control and monitor, report risks, and, lastly, follow-up risk management. The process encompasses all types of risk and results in a description of Swedbank's risk profile, which in turn serves as the basis of the internal capital adequacy assessment process.

To ensure that Swedbank retains a low long-term risk profile, the board has set an overall risk appetite. in line with this appetite, individual tolerance limits have been established for the types of risks the bank is exposed to. The tolerance limits restrict exposures and performance in the portfolio. Additionally, the Board has decided on a system of signals whose purpose is to give early warning if conditions change.

The capital adequacy assessment process evaluates capital needs based on Swedbank's overall risk level and business strategy. The aim is to ensure efficient use of capital and at the same time, that Swedbank meets the minimum legal capital requirement and maintains access to domestic and international capital markets even under adverse market conditions.

Risk	Description
Credit risk	The risk that a counterparty, or borrower, fails to meet contractual obligations to Swedbank and the risk that collateral will not cover the claim. Credit risk also includes counterparty risk, concentration risk and settlement risk.
Market risk	The risk that the Group's results, equity or value will decease due to changes in risk factors in financial markets. market risk includes interest rate risk, currency risk, share price risk, commodity risk and risks from changes in volatilities or correlations.
Liquidity risk	The risk that Swedbank cannot fulfil its payment commitments at maturity or when they fall due.
Operational risk	The risk of losses resulting from inadequate or failed internal processes, people and systems, or from external events.
Insurance risk	The risk of a change in value due to a deviation between actual insurance costs and anticipated insurance costs.
Other risks	Include business risk, pension risk, strategic risk, and reputational risk.

Credit risks

DEFINITION

Credit risk refers to the risk that a counterparty or borrower fails to meet their contractual obligations towards Swedbank and the risk that pledged collateral will not cover the claim. Credit risk also includes counterparty risk, concentration risk and settlement risk.

Counterparty risk is the risk that a counterparty in a trading transaction fails to meet its financial obligations towards Swedbank and that the collateral which has been received is insufficient to cover the claim against the counterparty. Trading transactions refer here to repos, derivates, security financing transactions and money market transactions.

Concentration risk comprises, among other things, large exposures or concentrations in the credit portfolio to specific counterparties, sectors or geographies.

Settlement risk is the risk that a counterparty fails to meet their obligations before Swedbank fulfils its when a transaction is executed (delivery/payment).

Risk management

A central principle in Swedbank's lending is that each business unit within the Group has full responsibility for its credit risks, and that credit decisions adhere to the credit process, are made in accordance with applicable rules, and are in line with the bank's business and credit strategies. Depending on the size and nature of each credit, a lending decision can be made, for example, by an officer with help from system support or by a credit committee. The business unit has full commercial responsibility regardless of who makes the ultimate decision, including responsibility for internal credit control.

The duality principle provides guidance for all credit and credit risk management within the Group. The principle is reflected in the independent credit organisation, decision-making bodies and credit processes. Each business unit is responsible for ensuring that internal control is integrated in all lending and monitoring.

The risk classification system is a key part of the credit process; it comprises work and decision-making processes for lending, credit monitoring, and quantification of credit risk. The decision to grant credit requires that there are good grounds to expect that the borrower can fulfil his or her commitment to the Group. in addition, adequate and sufficient collateral must be pledged for the credit.

Lending that is sound, robust, and balanced in terms of risks requires that the credit transaction is viewed in relation to relevant factors in the marketplace. This means taking into account what the Group and the market knows about anticipated local, regional and global changes and developments which could impact the business and its risks. The credit exposures are systematically analysed by continuously monitoring individual commitments. Moreover, exposures to corporate customers, financial institutions and sovereign states are assessed at least once a year.

Risk measurement

Swedbank's internal risk classification system is the basis for:

- Risk assessment and credit decisions
- Calculating risk-adjusted returns (including RAROC)
- Calculating portfolio provisions
- Monitoring and managing credit risks (including migrations)
- Reporting credit risks to the Board, CEO and Group Executive Management
- Developing credit strategies and associated risk management activities
- Calculating capital requirements and capital allocation.

The risk class is assessed and decided on as part of credit decisions. The class also affects requirements on the scope of the analysis and the documentation and governs how customers are monitored. in this way, low-risk transactions can be approved through a simpler and faster credit process.

Swedbank has received approval from the Swedish Financial Supervisory Authority to apply the IRB approach, which is used to calculate the majority of the capital requirement for credit risks. The bank applies the IRB approach to most of its lending to the public, with the exception of lending to sovereign states and the credit portfolio in Russia. For exposures where the IRB approach is not applied, the SFSA's standard method is used instead.

The goal of the risk classification is to predict defaults within 12 months; it is expressed on a scale of 23 classes, where 0 represents the greatest risk and 21 represents the lowest risk of default, with one class for defaulted loans. The table below describes the Group's risk classification and how it relates to the probability of default within 12 months (PD), as well as an indicative rating from Standard & Poor's. Of the total IRB-assessed exposures, 78 (77) per cent fall in the risk classes of 13–21, investment grade, where the risk of default is considered low. Of the exposures, 44 per cent (42) have been assigned a risk class of 18 or higher, which corresponds to a rating of A from the major rating agencies. The exposures relate to financial companies group (FCG).

Risk grade according to IRB methodology

Internal rating		PD (%)	Indicative rating Standard & Poor's
Default	Default	100	D
High risk	0–5	>5.7	C to B
Augmented risk	6–8	2.0–5.7	B+
Normal risk	9–12	0.5–2.0	BB- to BB+
Low risk	13–21	<0.5	BBB- to AAA

To achieve maximum precision in measurement, the bank has developed a number of different risk classification models. There are primarily two types of models; one is based on a statistical method, which requires access to a large amount of information on counterparties, and enough information on those counterparties who have defaulted. in cases where the statistical method is not applied, models are created where evaluation criteria are based on expert opinions.

The models are validated when introduced, in connection with significant changes and periodically (at least annually). The validation is designed to ensure that each model measures risk satisfactorily. In addition, the models are monitored to assure they function well in daily credit operations. The models indicate the likelihood of default normally on a one-year horizon.

Maximum credit risk exposure distributed by rating 2013	Risk grade according to the IRB methodology: Low risk PD <0.5	Normal risk PD 0.5-2.0	Augmented risk PD 2.0-5.7	High risk PD >5.7	Default PD 100.0	Non-rated exposures	Standardised methodology	EAD
Total exposure	**1 137 869**	**212 354**	**69 369**	**24 923**	**8 327**	**15 056**	**253 028**	**1 720 926**

	Swedish Banking	%	Large corporates & Institutions	%	Baltic Banking	%	Other	%	Total	%
EAD										
Low risk	810 984	47.1	219 554	12.8	31 005	1.8	76 326	4.4	1 137 869	66.1
Normal risk	136 505	7.9	28 834	1.7	46 915	2.7	100	0.0	212 354	12.3
Augmented risk	39 137	2.3	4 021	0.2	24 796	1.4	1 415	0.1	69 369	4.0
High risk	14 499	0.8	121	0.0	10 289	0.6	14	0.0	24 923	1.4
Defaults	2 941	0.2	996	0.1	4 390	0.3			8 327	0.5
Non-rated exposures	5 924	0.3	2 463	0.1	3 040	0.2	3 629	0.2	15 056	0.9
Standardised method	44 362	2.6	32 645	1.9	32 552	1.9	143 469	9.3	253 028	15.7
Total	**1 054 352**	**61.3**	**288 634**	**16.8**	**152 987**	**8.9**	**224 953**	**13.1**	**1 720 926**	**100.0**

	Public	%	Corporates	%	Institutions	%	States	%	Other	%	Total	%
EAD												
Low risk	742 159	43.1	276 193	16.0	119 517	6.9					1 137 869	66.1
Normal risk	97 473	5.7	113 227	6.6	1 654	0.1					212 354	12.3
Augmented risk	34 061	2.0	34 914	2.0	394	0.0					69 369	4.0
High risk	18 337	1.1	6 523	0.4	63	0.0					24 923	1.4
Defaults	4 964	0.3	3 293	0.2	70	0.0					8 327	0.5
Non-rated exposures			2 225	0.1					12 831	0.7	15 056	0.9
Standardised method	15 918	0.9	3 892	0.2	403	0.0	162 228	9.4	70 587	4.1	253 028	14.8
Total	**912 912**	**53.0**	**440 267**	**25.6**	**122 101**	**7.1**	**162 228**	**9.4**	**83 418**	**4.8**	**1 720 926**	**100.0**

The above table refers to financial companies group

Maximum credit risk exposure distributed by rating 2012	Risk grade according to the IRB methodology: Low risk PD <0.5	Normal risk PD 0.5-2.0	Augmented risk PD 2.0-5.7	High risk PD >5.7	Default PD 100.0	Non-rated exposures	Standardised methodology	EAD
Total exposure	**1 107 212**	**211 251**	**74 889**	**28 968**	**12 130**	**18 220**	**231 739**	**1 684 409**

	Swedish Banking	%	Large corporates & Institutions	%	Baltic Banking	%	Russia & Ukraine	%	Other	%	Total	%
EAD												
Low risk	780 195	46.3	222 131	13.2	26 529	1.6			78 357	4.7	1 107 212	65.7
Normal risk	139 490	8.3	29 705	1.8	41 979	2.5			77	0.0	211 251	12.5
Augmented risk	43 480	2.6	2 149	0.1	29 123	1.7			137	0.0	74 889	4.4
High risk	15 954	0.9	997	0.1	12 006	0.7			11	0.0	28 968	1.7
Defaults	3 427	0.2	1 242	0.1	7 461	0.4					12 130	0.7
Non-rated exposures	4 537	0.3	2 794	0.2	4 096	0.2			6 793	0.4	18 220	1.1
Standardised method	42 480	2.5	36 785	2.2	25 320	1.5	6 183	0.4	120 971	7.2	231 739	13.8
Total	**1 029 563**	**61.1**	**295 803**	**17.6**	**146 514**	**8.7**	**6 183**	**0.4**	**206 346**	**12.3**	**1 684 409**	**100.0**

	Public	%	Corporates	%	Institutions	%	States	%	Other	%	Total	%
EAD												
Low risk	710 089	42.2	252 688	15.0	144 435	8.6					1 107 212	65.7
Normal risk	98 452	5.8	111 258	6.6	1 540	0.1					211 250	12.5
Augmented risk	33 888	2.0	40 102	2.4	899	0.1					74 889	4.4
High risk	19 189	1.1	9 259	0.5	520	0.0					28 968	1.7
Defaults	6 689	0.4	5 369	0.3	73	0.0					12 131	0.7
Non-rated exposures			3 105	0.2					15 115	0.9	18 220	1.1
Standardised method	12 675	0.8	5 538	0.3	2 113	0.1	187 733	11.1	23 680	1.4	231 739	13.8
Total	**880 982**	**52.3**	**427 319**	**25.4**	**149 580**	**8.9**	**187 733**	**11.1**	**38 795**	**2.3**	**1 684 409**	**100.0**

The above table refers to financial companies group

Maximum credit risk exposure, geographical distribution 2013

	Sweden	Estonia	Latvia	Lithuania	Russia	Norway	Denmark	Finland	USA	Other	Total
Assets											
Cash and balances with central banks	327	9 757	11 907	5 220		2 563	168	9 163	20 246	31	59 382
Treasury bills and other bills eligible for refinancing with central banks	45 643		101	1 682		1 414	980	1 435		5 559	56 814
States	45 017		101	1 642		183	980	1 435		5 481	54 839
Municipalities	626			40							666
Other						1 231				78	1 309
Loans to credit institutions	70 923	503				53			237	2 844	74 560
Repurchase agreements*	7 718					0					7 718
Loans to the public	1 098 875	54 546	29 384	35 117		32 958	1 193	8 567	3 097	1 173	1 264 910
Swedish National Debt Office	2 257										2 257
Repurchase agreements*	47 938										47 938
RE Residential	729 129	24 408	11 219	12 674		2 374	707		190		780 701
RE Commercial	117 187	12 036	6 757	6 919		3 630	212	731	1 773		149 245
Guarantees	24 095	4 204	267	439		1 097		49		155	30 306
Cash	13 854	203	1 350	930		1					16 338
Other	95 796	10 336	6 519	5 904		12 477	250		491		131 773
Unsecured	68 619	3 359	3 272	8 251		13 379	24	7 787	643	1 018	106 352
Bonds and other interest-bearing securities	85 102	30	52	21		6 588	659	2 867	5 763	24 503	125 585
Housing finance institution	52 023									1 415	53 438
Banks	21 057					3 816	499	1 561		10 090	37 023
Other financial companies	6 221							727	5 616	3 349	15 913
Non-financial companies	5 801	30	52	21		2 772	160	579	147	9 649	19 211
Derivatives	15 660	179	111	242		4 764	1 589	4 907	1 548	35 351	64 352
Financial assets held for sale				124	1 634						1 758
Other financial assets	11 489	952	818	342		1 460		153	63	126	15 403
Contingent liabilities and commitments											
Guarantees	14 679	2 403	1 232	799		2 361	41	340		82	21 937
Commitments	160 921	8 276	4 215	4 567		10 608		8 372	1 179	71	198 209
Total	**1 503 619**	**76 646**	**47 820**	**48 114**	**1 634**	**62 769**	**4 630**	**35 804**	**32 133**	**69 740**	**1 882 910**
% of total	80	4	3	3	0	3		2	2	4	100

* Fair value of received securities in repurchase agreements covers the carrying amount of the repurchase agreements.

Derivatives, netting gains and collateral held 2013

	Sweden	Estonia	Latvia	Lithuania	Russia	Norway	Denmark	Finland	USA	Other	Total
Positive fair value of contracts	15 660	179	111	242		4 764	1 589	4 907	1 548	35 351	64 352
Netting gains	7 998	179	73			3 397	1 509	3 558	853	24 739	42 305
Actual offset credit exposure	**7 663**		**38**	**242**		**1 367**	**80**	**1 349**	**695**	**10 612**	**22 047**
Collateral held**	1 476					304	80	1 349	642	8 814	12 667
Net credit exposures	**6 186**		**38**	**242**		**1 063**			**53**	**1 798**	**9 380**
Net credit exposures including internal add-on* **	**30 300**	**8**	**80**	**2 702**	**177**	**6 878**	**1 843**	**1 645**	**3 227**	**14 290**	**61 149**

** Collateral consists of 84.3% cash and 15.7% AAA rated bonds by Standard & Poor's.

*** Internal risk add-ons are used for management of credit risk exposure with regards to counterparty credit limits.

Credit derivatives	**2013**	**2012**
Credit derivatives, nominal amounts	12 383	9 392
Effect of collateral assets with a long term credit deterioration of 1 notch, for Moody's	–298	–1 079
Effect of collateral assets with a long term credit deterioration of 1 notch, for Standard & Poor's	–187	–482

Credit derivatives are used in customer trading but also to optimise the credit risk in trading portfolios with interest-bearing securities.

Maximum credit risk exposure, geographical distribution 2012

	Sweden	Estonia	Latvia	Lithuania	Russia	Ukraine	Norway	Denmark	Finland	USA	Other	Total
Assets												
Cash and balances with central banks	2 195	9 362	4 641	5 405	577	102	5 881	347	79 876	21 650	23	130 058
Treasury bills and other bills eligible for refinancing with central banks	14 579		108	1 236		8	1 313	659	14		2 566	20 483
States	13 868		108	1 234		8	78	659	14		2 566	18 535
Municipalities	711			2								713
Other							1 235					1 235
Loans to credit institutions	77 536	2 618	72	497	943	109				1 535	2 170	85 480
Repurchase agreements*	15 923											15 923
Loans to the public	1 084 308	51 719	30 802	32 512	2 741	1 591	23 541	1 147	6 297	4 106	100	1 238 864
Swedish National Debt Office	6 470											6 470
Repurchase agreements*	47 936		1	14								47 951
RE Residential	707 725	23 535	14 250	13 146		19	2 067	592		217		761 551
RE Commercial	114 027	11 844	9 217	7 298	1 931	738	4 378	283	711	2 940		153 367
Guarantees	17 554	1 546	918	2 164								23 458
Cash	11 024				133	16				254		11 427
Other	23 190	2 298	348	1 170		564	10 561					39 050
Unsecured	87 230	3 730	1 310	2 714	483	151	5 425	34	5 539	695		107 311
Bonds and other interest-bearing securities	81 654	259	29	2			8 180	554	1 872	5 487	17 287	115 324
Housing finance institution	55 647										1 569	57 216
Banks	17 635			2			4 722	422	1 117	100	9 747	33 745
Other financial companies	2 757								455	5 383	762	9 357
Non-financial companies	5 615	259	29				3 458	132	300	4	5 209	15 006
Derivatives	26 916	211	108	88	1		7 157	1 864	8 131	2 403	55 385	102 265
Financial assets held for sale				99								99
Other financial assets	10 249	1 582	325	292	41	50	1 610		238	91	70	14 547
Contingent liabilities and commitments												
Guarantees	15 889	2 360	1 312	808	274	17	1 556	30	46		50	22 342
Commitments	162 800	9 928	3 693	3 973	216	27			7 364	175	0	188 176
Total	**1 476 126**	**78 039**	**41 090**	**44 913**	**4 793**	**1 904**	**49 239**	**4 601**	**103 838**	**35 447**	**77 650**	**1 917 639**
% of total	78	4	2	2	0	0	3	0	5	2	4	100

* Fair value of received securities in repurchase agreements covers the carrying amount of the repurchase agreements.

Derivatives, netting gains and collateral held 2012

	Sweden	Estonia	Latvia	Lithuania	Russia	Ukraine	Norway	Denmark	Finland	USA	Other	Total
Positive fair value of contracts	26 916	211	108	88	1		7 157	1 864	8 131	2 403	55 385	102 265
Netting gains	13 199	211	80	88	1		4 100	1 587	7 630	1 325	42 420	70 640
Actual offset credit exposure	**13 717**		**29**				**3 057**	**277**	**501**	**1 079**	**12 965**	**31 625**
Collateral held**	3 186						1 302	178	20	844	11 261	16 791
Net credit exposures	**10 531**		**29**				**1 755**	**99**	**481**	**235**	**1 704**	**14 834**
Net credit exposures including internal add-on* **	**35 482**	**2**	**112**	**2 373**	**14**		**6 228**	**1 827**	**2 074**	**3 036**	**14 799**	**65 948**

** Collateral consists of 98.0% cash, 1.8% AAA rated bonds by Standard & Poor's and 0.2% other quoted bonds.

*** Internal risk add-ons are used for management of credit risk exposure with regards to counterparty credit limits.

GIIPS exposure, carrying amount	2013						2012					
	Greece	Ireland	Italy	Portugal	Spain	Total	Greece	Ireland	Italy	Portugal	Spain	Total
Bonds	1		86	27	48	162			84	26	5	115
of which sovereign	1		86	27	5	119			84	26	5	115
of which held to maturity	1		86	27	5	119			84	26	5	115
Loans (money market and certificates)												
Loans (committed credit facilities)			4			4						
Derivatives net*		3	6		70	79		47	37		102	186
Other**			89		9	98			15		80	95
Total	**1**	**3**	**185**	**27**	**126**	**342**		**47**	**136**	**26**	**187**	**396**

* Derivatives at market value taking into account netting and collateral agreements. Considering the bank's internal risk add-ons for counterparty risk at potential future change in prices, the derivative exposures amount to: Ireland SEK 10m (72), Italy SEK 338m (396) and Spain SEK 104m (218). Total SEK 452m (686).

** Includes trade finance and mortgage loans.

Loans to the public and credit institutions, carrying amount 2013

	Loans individually assessed as not impaired				Loans individually assessed as impaired			Total
	Before portfolio provisions		Portfolio provisions	After portfolio provisions	Before provisions	Provisions	After provisions	
	Performing	Past due						
Geographical distribution								
Sweden	1 045 902	1 763	558	1 047 066	2 364	790	1 573	1 048 639
Estonia	52 861	928	149	53 640	1 338	432	906	54 546
Latvia	27 606	959	294	28 271	2 145	1 032	1 113	29 384
Lithuania	33 065	1 146	168	34 043	1 563	489	1 074	35 117
Norway	32 831	172	46	32 957	9	9		32 958
Denmark	1 191			1 191	5	3	2	1 193
Finland	8 576		9	8 576				8 576
USA	3 099		2	3 099				3 099
Other	1 203		30	1 203				1 203
Loans to the public excluding the Swedish National Debt Office and repurchase agreements	**1 206 334**	**4 968**	**1 256**	**1 210 046**	**7 424**	**2 755**	**4 669**	**1 214 715**
Sector/industry								
Private customers	771 037	2 965	313	773 689	3 336	1 263	2 073	775 762
Mortgage loans, private	651 675	2 623	167	654 131	2 919	1 019	1 900	656 031
Tenant owner associations	87 157	10	35	87 132	10	7	3	87 135
Other, private	32 205	332	111	32 426	407	237	170	32 596
Corporate customers	435 297	2 003	943	436 357	4 088	1 492	2 596	438 953
Agriculture, forestry, fishing	67 650	179	83	67 746	229	63	166	67 912
Manufacturing	37 339	267	195	37 411	509	244	265	37 676
Public sector and utilities	21 307	132	36	21 403	13	6	7	21 410
Construction	14 383	89	48	14 424	178	71	107	14 531
Retail	28 599	177	117	28 659	276	119	157	28 816
Transportation	11 883	310	48	12 145	67	22	45	12 190
Shipping and offshore	24 749		12	24 737	946	211	735	25 472
Hotels och restaurants	5 885	37	25	5 897	62	22	40	5 937
Information and communications	4 502	16	13	4 505	6	2	4	4 509
Finance and insurance	17 673	5	9	17 669	2	1	1	17 670
Property management	164 556	484	223	164 817	1 042	379	663	165 480
Residential properties	45 931	87	31	45 987	391	130	261	46 248
Commercial	71 599	201	74	71 726	149	61	88	71 814
Industrial and warehouse	29 993	19	21	29 992	103	41	62	30 054
Other property management	17 032	177	97	17 112	399	147	252	17 364
Professional services	14 262	95	76	14 281	480	213	267	14 548
Other corporate lending	22 511	210	58	22 663	278	139	139	22 802
Loans to the public excluding the Swedish National Debt Office and repurchase agreements	**1 206 334**	**4 968**	**1 256**	**1 210 046**	**7 424**	**2 755**	**4 669**	**1 214 715**
Loans to credit institutions excluding the Swedish National Debt Office and repurchase agreements	**132 461**			**132 461**	**75**	**63**	**12**	**132 473**
Loans to the public and credit institutions	**1 338 795**	**4 968**	**1 256**	**1 342 507**	**7 499**	**2 818**	**4 681**	**1 347 188**

Loans to the public and credit institutions, carrying amount 2012

	Loans individually assessed as not impaired				Loans individually assessed as impaired			Total
	Before portfolio provisions		Portfolio provisions	After portfolio provisions	Before provisions	Provisions	After provisions	
	Performing	Past due						
Geographical distribution								
Sweden	1 026 473	2 913	625	1 028 761	1 958	993	965	1 029 726
Estonia	49 583	1 122	214	50 491	2 181	773	1 408	51 899
Latvia	27 927	904	369	28 462	4 449	2 110	2 339	30 801
Lithuania	29 738	1 630	236	31 132	2 241	876	1 365	32 497
Russia	2 589	1	45	2 545	411	217	194	2 739
Ukraine	993	32	1	1 024	2 586	2 020	566	1 590
Norway	23 531	33	30	23 534	30	22	8	23 541
Denmark	1 143			1 143	7	3	4	1 147
Finland	6 297			6 297				6 297
USA	4 108		2	4 106				4 106
Other	122		22	100				100
Loans to the public excluding the Swedish National Debt Office and repurchase agreements	**1 172 504**	**6 634**	**1 544**	**1 177 594**	**13 863**	**7 014**	**6 849**	**1 184 443**
Sector/industry								
Private customers	748 099	4 000	354	751 745	5 453	2 407	3 046	754 791
Mortgage loans, private	632 918	3 441	169	636 190	4 397	1 703	2 694	638 884
Tenant owner associations	82 110	46	53	82 103	53	25	28	82 131
Other, private	33 070	514	132	33 452	1 003	679	324	33 776
Corporate customers	424 405	2 634	1 190	425 849	8 410	4 607	3 803	429 652
Agriculture, forestry, fishing	65 198	375	52	65 521	527	213	314	65 835
Manufacturing	44 397	222	196	44 423	1 446	872	574	44 997
Public sector and utilities	19 323	302	37	19 588	41	16	25	19 613
Construction	13 776	142	73	13 845	725	524	201	14 046
Retail	28 036	256	153	28 139	1 086	719	367	28 506
Transportation	13 800	240	39	14 001	299	155	144	14 145
Shipping and offshore	21 040		19	21 021	342	206	136	21 157
Hotels och restaurants	5 946	42	35	5 953	175	72	103	6 056
Information and communications	2 653	53	16	2 690	40	20	20	2 710
Finance and insurance	18 590	2	18	18 574	83	62	21	18 595
Property management	157 269	488	331	157 426	2 249	995	1 254	158 680
Residential properties	47 409	130	69	47 470	746	292	454	47 924
Commercial	75 846	188	208	75 826	629	259	370	76 196
Industrial and warehouse	24 017	127	41	24 103	415	232	183	24 286
Other property management	9 997	43	13	10 027	459	212	247	10 274
Professional services	11 208	165	121	11 252	600	258	342	11 594
Other corporate lending	23 170	346	100	23 416	797	495	302	23 718
Loans to the public excluding the Swedish National Debt Office and repurchase agreements	**1 172 504**	**6 634**	**1 544**	**1 177 594**	**13 863**	**7 014**	**6 849**	**1 184 443**
Loans to credit institutions excluding the Swedish National Debt Office and repurchase agreements	**139 890**		**2**	**139 888**	**75**	**62**	**13**	**139 901**
Loans to the public and credit institutions	**1 312 394**	**6 634**	**1 546**	**1 317 482**	**13 938**	**7 076**	**6 862**	**1 324 344**

Impaired, past due and restructured loans 2013

	Sweden	Estonia	Latvia	Lithuania	Norway	Denmark	Total
Impaired loans							
Carrying amount before provisions	2 439	1 338	2 145	1 563	9	5	7 499
Provisions	853	432	1 032	489	9	3	2 818
Carrying amount after provisions	1 585	906	1 113	1 074		2	4 681
Share of impaired loans, net, %	0.13	1.65	3.79	3.06	0.00	0.18	0.35
Share of impaired loans, gross, %	0.21	2.41	6.98	4.37	0.03	0.17	0.55
Carrying amount of impaired loans that returned to normal status during the period	933	734	608	203	1	5	2 485
Past due loans that are not impaired							
Valuation category, loans and receivables							
Loans with past due amount,	614	928	959	1 146	172		3 819
5-30 days	267	756	583	781	130		2 517
31-60 days	177	130	290	203	2		802
more than 60 days	170	42	86	162	40		500
Valuation category, fair value through profit or loss							
Loans with past due amount	1 149						1 149
5-30 days	439						439
31-60 days	256						256
more than 60 days	454						454
Total	**1 763**	**928**	**959**	**1 146**	**172**		**4 968**
Loans which were restructured during the period and which are not impaired or past due							
Carrying amount before restructuring	698	288	549	325	651		2 511
Carrying amount after restructuring	698	284	505	325	651		2 463

Impaired, past due and restructured loans 2012

	Sweden	Estonia	Latvia	Lithuania	Russia	Ukraine	Norway	Denmark	Total
Impaired loans									
Carrying amount before provisions	2 033	2 181	4 449	2 241	411	2 586	30	7	13 938
Provisions	1 055	773	2 110	876	217	2 020	22	3	7 076
Carrying amount after provisions	978	1 408	2 339	1 365	194	566	8	4	6 862
Share of impaired loans, net, %	0.10	2.72	7.59	4.20	5.26	33.42	0.03	0.33	0.52
Share of impaired loans, gross, %	0.20	4.14	13.37	6.67	10.39	69.61	0.13	0.33	1.05
Carrying amount of impaired loans that returned to normal status during the period	1 394	2 473	749	786	367	7			5 776
Past due loans that are not impaired									
Valuation category, loans and receivables									
Loans with past due amount,	790	1 122	904	1 629		32	33		4 510
5-30 days	529	825	610	1 330		2	1		3 296
31-60 days	192	242	284	193					912
more than 60 days	69	55	10	106		30	32		302
Valuation category, fair value through profit or loss									
Loans with past due amount,	2 123								2 123
5-30 days	892								892
31-60 days	496								496
more than 60 days	735								735
Total	**2 913**	**1 122**	**904**	**1 629**		**32**	**33**		**6 633**
Loans which were restructured during the period and which are not impaired or past due									
Carrying amount before restructuring		927	812	343	9	80			2 172
Carrying amount after restructuring		774	760	343	9	80			1 966

Impaired loans

Impaired loans are those for which it is likely that payment will not be received in accordance with the contractual terms. A loan is considered impaired when there is objective proof that a loss event has occurred at an individual level after the loan's first reporting date and a loss arises when the loan's anticipated future cash flows differ from the contractual cash flows (both discounted by the loan's original effective interest rate). Loss events on an individual level include when a borrower incurs financial difficulties, when financial it is likely that the borrower will file for bankruptcy or liquidation, when the borrower is facing a financial reconstruction, a breach of contract such as late or non-payment of interest or principal or various concessions due to the borrower's financial difficulties. Exposures overdue by more than 60-90 days or those for which the terms have changed in a significant manner due to the borrower's financial difficulties are automatically considered impaired loans. A loan is not impaired if there is collateral that covers the principal, unpaid interest and any late fees by a satisfactory margin. Specified above are the reserves allocated for impaired loans as well as for other lending where loss events have occurred but where individual loans have not yet been identified.

Restructured loans

Restructured loans refer to loans whose contractual terms have been amended due to the customer's reduced ability to pay. The purpose of the restructuring is to get the borrower current on their payments again, or when this is not considered possible to maximise the repayment of outstanding loans. Changes in contractual terms include various forms of concessions, reductions in interest rates to below market rate, concessions on part or all of the loan or issuance of new loans to pay overdue interest or principal. Changes in contractual terms may be so significant that the loan is also considered impaired, which is the case if the restructuring reduces the original loan's carrying amount regardless of one-off concessions. The restructured loan's carrying amount is determined by discounting future anticipated cash flows by the original loan's effective interest rate. Before a restructured loan can be reported as non-restructured again, all late or deferred payments must be fully paid, the original loan conditions must be restored or new market-rate conditions must be set, and the borrower must have made the last three payments or have been paying for at least a six-month period in accordance with the contract. If the loan is considered impaired, a new assessment must be made by the relevant decision-making body for the loan to no longer be reported as impaired. Restructured loans that are not classified as impaired or past due are specified above. The difference between these loans' carrying amounts before and after restructuring shows the effect of one-off concessions.

Loan write-offs

Loans are written off when the loss amount is ultimately determined. Write-offs are not included in impaired loans or restructured loans. Remaining loans that are partially written off are still included after the write-off in impaired loans or restructured loans. The loss amount is ultimately determined when a receiver has presented a bankruptcy distribution, when a bankruptcy composition has been adopted, when a concession has been granted or when the Swedish Enforcement Agency or a collection agency which the Group works with has reported that an individual has no distrainable assets. When a loan is written off, the claim against the borrower normally is not forgiven. In general, a proof of claim is filed against the borrower or guarantor after the write-off. A proof of claim is not filed when a legal entity has ceased to exist due to a bankruptcy, when a bankruptcy composition has been adopted or when receivables have been completely forgiven. Loans are also written off after the disposal of impaired loans. Previous provisions are utilised in connection with the write-off.

Loans provisions 2013

	Sweden	Estonia	Latvia	Lithuania	Russia	Ukraine	Norway	Denmark	USA	Finland	Other	Total
Opening balance	**1 682**	**987**	**2 479**	**1 112**	**262**	**2 021**	**52**	**3**	**2**		**22**	**8 622**
New provisions	219	–208	–23	–101								–113
Utilisation of previous provisions	–363	–103	–991	–232			–13					–1 702
Reversal of previous provisions	–142	–50	–113	–82								–387
Portfolio provisions for loans that are not impaired	–63	–78	–92	–76			11			9	8	–281
Change in exchange rates	79	33	66	36			4					218
Discontinued operations					–262	–2 021						–2 283
Closing balance	**1 412**	**581**	**1 326**	**657**			**54**	**3**	**2**	**9**	**30**	**4 074**
Total provision ratio for impaired loans, % (Including portfolio provision in relation to loans that individually are assessed as impaired)	156	43	62	42			604	61				54
Provision ratio for individually assessed impaired loans, %	33	32	48	31			95	61				38

Loans provisions 2012

	Sweden	Estonia	Latvia	Lithuania	Russia	Ukraine	Norway	Denmark	USA	Finland	Other	Total
Opening balance	**1 962**	**1 975**	**4 425**	**2 419**	**592**	**3 856**	**25**	**2**				**15 256 1515 256**
New provisions	251	–371	65	32	–14	1 143	11	1				1 118
Utilisation of previous provisions	–310	–333	–1 412	–824	–269	–2 237						–5 385
Reversal of previous provisions	–105	–115	–150	–428	–119	–540						–1 457
Portfolio provisions for loans that are not impaired	–164	–141	–352	–4	90	179	17		2		22	–351
Change in exchange rates	48	–28	–97	–83	–18	–380	–1					–559
Closing balance	**1 682**	**987**	**2 479**	**1 112**	**262**	**2 021**	**52**	**3**	**2**		**22**	**8 622**
Total provision ratio for impaired loans, % (Including portfolio provision in relation to loans that individually are assessed as impaired)	86	45	56	50	64	78	176	46				62
Provision ratio for individually assessed impaired loans, %	51	35	47	39	53	78	73	46				51

Concentration risk, customer exposure

	2013	2012
Number	0	0
Exposures > 20% of the capital base	0	0
Exposures between 10% and 20% of the capital base	0	0
Total	**0**	**0**
Usage of the 800% limit, %	0	0

Collateral that can be sold or pledged even if the counterparty fulfils its contractual obligations

When it grants repos, the Group receives securities that can be sold or pledged. The fair value of these securities covers the carrying amount of the repos. The Group also receives collateral in the form of securities that can be sold or pledged for derivatives and other exposures. The fair value of such collateral as of year-end amounted to SEK 1 993m (150). None of this collateral had been sold or repledged as of year-end.

Assets taken over for protection of claims and cancelled leases

The Group takes over properties to recover as much lost cash flow as possible from defaulted loans thereby minimising credit impairments. This is expected to be done through active asset management and other value-creation measures. Another aim is to minimise the cost of ownership while the repossessed property is held.

Properties are repossessed to be immediately divested or to be held long-term to generate rental income and appreciation in value. The Group has created separate units specialised in managing repossessed property, such as Ektornet. Ektornet's property portfolio is highly diversified in terms of type of property, size, standard, value and geographical market. Properties that are considered to have significant growth potential are assigned to a core portfolio, where each property is managed separately until the goal of the holding is met in the best way. Other property holdings that are of insignificant value individually are divested as soon as possible taken into account market conditions. The majority of the properties are expected to be divested one by one, although other methods could also be used. The Group's holding of investment properties, which have overwhelmingly been acquired to protect receivables, are reported in note G31 Investment properties. The majority of other repossessed property is immediately divested.

2013	Operating income	Operating expenses	Depreciation	Impairment	Gains/losses at disposal	Net profit
Properties recognised as inventory	11	40		413	224	–218
Investment properties, with rent income	99	60	40	205	144	–62
Investment properties, without rent income		4	3			–7
Shares and other participating interests					82	82
Other	130	136		18	26	2
Total	**240**	**240**	**43**	**636**	**476**	**–203**

2012	Operating income	Operating expenses	Depreciation	Impairment	Gains/losses at disposal	Net profit
Properties recognised as inventory	21	64		138	121	–60
Investment properties, with rent income	231	153	99	258	90	–189
Investment properties, without rent income		1	3	58		–62
Shares and other participating interests					17	17
Other	209	170		12		27
Total	**461**	**388**	**102**	**466**	**228**	**–267**

	2013				2012		
	Number	Carrying amount, over-taken during 2013	Carrying amount	Fair value	Number	Carrying amount	Fair value
Estonia							
Properties recognised as inventory	91		150	163	323	277	302
Investment properties	13		12	13	28	28	35
Vehicles	33		1	1	766	10	10
Shares and other participating interests					1	36	36
Total	**137**		**163**	**177**	**1 118**	**351**	**383**
Latvia							
Properties recognised as inventory	950	32	617	759	3 825	1 246	1 503
Investment properties	40		280	370	66	478	547
Vehicles	140	3	9	9	2 810	27	25
Other	8		9	9	148	12	12
Total	**1 138**	**35**	**915**	**1 147**	**6 849**	**1 763**	**2 087**
Lithuania							
Properties recognised as inventory	236	27	151	161	442	245	246
Investment properties	8		21	21	52	112	122
Vehicles	207	20	52	72	627	54	76
Total	**451**	**47**	**224**	**254**	**1 121**	**411**	**444**
USA							
Properties recognised as inventory	2		276	276	2	531	531
Investment properties	1		174	174	4	686	686
Shares and other participating interests					1	10	10
Total	**3**		**450**	**450**	**7**	**1 227**	**1 227**
Ukraine							
Properties recognised as inventory	287	61	174	174	215	294	297
Investment properties	8	34	73	73	827	217	217
Total	**295**	**95**	**247**	**247**	**1 042**	**511**	**514**
Sweden							
Properties recognised as inventory					5	14	14
Investment properties					7	361	361
Vehicles	17		1	1	31	2	2
Shares and other participating interests	2	22	22	22			
Other	20		10	13	20	4	5
Total	**39**	**22**	**33**	**36**	**63**	**381**	**382**
Other countries							
Properties recognised as inventory	2		5	5	2	47	47
Investment properties	1		78	78	14	369	369
Vehicles					1	2	2
Shares and other participating interests	1				1	4	4
Total	**4**		**83**	**83**	**18**	**422**	**422**
Total							
Properties recognised as inventory	1 568	120	1 373	1 539	4 814	2 654	2 940
Investment properties	71	34	638	729	998	2 251	2 337
Vehicles	397	24	63	82	4 235	95	115
Shares and other participating interests	3	22	22	22	3	50	50
Other	28		19	22	168	16	17
Total	**2 067**	**200**	**2 115**	**2 394**	**10 218**	**5 066**	**5 459**

The Group's investment properties are primarily owned by Ektornet. The fair values of the investment properties have been determined mainly by cash flow analyses for each asset. Each property is measured individually. Because several sub-markets have a limited number of commercial property transactions, it is difficult to apply direct area price methods. Appraisals have been based on assumptions using available market information on completed transactions and on the rental market. Appraisals have also included property specific variables concerning income, expenses and investment needs. Fair values are primarily determined by internal appraisers with extensive knowledge of the properties and the relevant market. The internal assumptions in the appraisal are considered so significant that the appraisal is attributed to level 3 in the fair value hierarchy. Impaired properties are measured at value in use. Certain individual properties whose sale is imminent have been measured at their anticipated sales price, however. In those cases the appraisal is attributed to level 2 in the fair value hierarchy.

Capital requirement for credit risks

The capital requirement for credit risks for Swedbank (financial companies group) on 31 December 2013 totalled SEK 28 041m (31 095). For more information, see note G4 Capital.

Liquidity risk

DEFINITION

Liquidity risk refers to the risk of the Group not being able to meet payment obligations at maturity without a significant increase in the cost to obtain the means of payment due to high borrowing costs or unfavourable prices when divesting assets.

In line with the Group's risk appetite, the Board of Directors has set limits for liquidity risk. Swedbank's liquidity portfolio is subject to limits in terms of size requirements and composition guidelines. The Board has also set a requirement for minimum unused room in the cover pool for issuance of covered bonds (Over Collateralisation, OC). The purpose of this limit is to be able to offset a price decline in the property market. There is also a limit set for Swedbank's liquidity risk in terms of survival period at the Group level. In addition, there are other limits which set a ceiling for cumulative negative cash flows during a given time period.

Financing and liquidity strategy

Group Treasury has the overarching responsibility for managing the Swedbank Group's liquidity within the mandates established by the Board of Directors and the CEO. Survival horizon, the most important measure in liquidity risk management, is a stress test that measures how long the bank can meet its contractual cash flows without access to the capital market.

The financing strategy is based on asset structure. More than half of lending consists of Swedish mortgages, which are primarily funded with covered bonds. Swedbank is the savings leader in its home markets. Deposit volumes, together with covered bonds and shareholders' equity, cover nearly all its funding requirements. As a result, Swedbank has limited structural need for senior unsecured funding. The financing strategy is also closely linked to the credit quality of the assets in the balance sheet. One of Swedbank's priorities in managing liquidity risk is to ensure the high quality of the lending portfolio. Swedbank tries to match volumes and maturities for all unsecured funding.

The share of senior funding is determined mainly by the bank's liquidity needs and the buffer it wants to keep in its collateral pool in the form of surplus values (so-called over collateralisation) to withstand changes in housing prices.

Liquidity reserve

The purpose of building up and maintaining a liquidity reserve is to reduce the Group's liquidity risk. When Swedbank faces a high volume of maturing bonds, the liquidity reserve must be adjusted to meet these maturities in various types of stressed scenarios in the capital markets where access to financing may be limited or where markets are fully or partly closed over an extended time period. This also means that when Swedbank's maturities are lower, the liquidity reserve can be reduced, since refinancing needs decrease, as does liquidity risk. The Board of Directors has also set a floor for Group Treasury's liquidity portfolio. The portfolio must exceed a given volume and has to be invested in liquid and pledgeable assets (not to be confused with the liquidity reserve, which in addition to the liquidity portfolio includes liquidity placed with central banks and in the overnight market).

Liquidity reserve *

According to the templated defined by the Swedish Bankers' Association	
Cash and balances with central banks	59 382
Deposits in other banks, available over night	397
Securities issued or guaranteed by sovereigns, central banks or multinational development banks	68 054
Securities issued or guaranteed by municipalities och public sector entities	
Covered bonds	54 002
Issued by other institutions	54 002
Securities issued by financial corporates (excl. covered bonds)	2 096
Total	**183 931**

* 90% (96) of the securities in the liquidity reserver per December 31 2013 are rated AAA.

Additional liquid assets, Group **	
Securities issued or guaranteed by sovereigns, central banks or multinational development banks	6 253
Securities issued or guaranteed by municipalities och public sector entities	265
Covered bonds	38 717
Issued by other institutions	33 659
Own issued	5 058
Securities issued by non-financial corporated	1 513
Securities issued by financial corporates (excl. covered bonds)	5 762
Total	**52 510**

** 82% (80) of the additionally liquid assets fulfill the requirements of the Swedish Bankers' Association's template, except that they are held outside Treasury.

Summary of maturities

In the summary of maturities, undiscounted contractual cash flows are distributed on the basis of remaining maturities until the agreed time of maturity. For lending to the public, amortising loans are distributed based on the amortisation schedule. Liabilities whose repayment date may depend on various options are distributed based on the earliest date on which repayment could be demanded. Differences between the nominal amount and carrying amount, the discount effect, are reported in the column "No maturity date/discount effect". This column also includes items without an agreed maturity date and where the anticipated realisation date has not been determined.

	Undiscounted contractual cash flows							
Remaining maturity 2013	**Payable on demand**	**< 3 mths.**	**3 mths.–1 yr**	**1–5 yrs**	**5–10 yrs**	**> 10 yrs**	**No maturity/ discount effect**	**Total**
Assets								
Cash and balances with central banks	59 382							59 382
Treasury bills and other bills eligible for refinancing with central banks		28 394	5 163	12 840	5 992	1 572	2 853	56 814
Loans to credit institutions	3 741	70 693	2 875	4 299	395	322	–47	82 278
Loans to the public		89 249	87 804	259 851	104 248	719 145	4 613	1 264 910
Bonds and other interest-bearing securities		17 096	27 987	73 336	2 620	588	3 958	125 585
Financial assets for which the customers bear the investment risk		31 061	1 752	9 862	11 277	44 287	21 209	119 448
Shares and participating interests							10 749	10 749
Derivatives		22 942	16 570	29 140	5 033	1 060	–10 393	64 352
Intangible fixed assets							13 658	13 658
Tangible assets							3 140	3 140
Other assets		17 232	2 493	19			747	20 491
Total	**63 123**	**276 667**	**144 644**	**389 347**	**129 565**	**766 974**	**50 487**	**1 820 807**
Liabilities								
Amounts owed to credit institutions	30 148	89 822	2 020	628	108		–1 105	121 621
Deposits and borrowings from the public	499 993	83 726	31 854	4 950	199	131		620 853
Debt securities in issue		90 526	112 444	476 203	38 184	17 574	–7 225	727 706
Financial liabilities where customers bear the investment risk		57 171	1 651	9 631	10 743	40 304	1 077	120 577
Derivatives		28 076	14 733	27 071	6 132	2 109	–23 110	55 011
Other liabilities		38 185	9 899	3 389	1 280	2 422		55 175
Subordinated liabilities					4 564	5 003	592	10 159
Equity							109 705	109 705
Total	**530 141**	**387 506**	**172 601**	**521 872**	**61 210**	**67 543**	**79 934**	**1 820 807**

The large part of deposits from the public is contractually payable on demand. Despite the contractual terms, the deposits are essentialy a stable and a long-term source of funding.

	Undiscounted contractual cash flows							
Remaining maturity 2012	**Payable on demand**	**< 3 mths.**	**3 mths.–1 yr**	**1–5 yrs**	**5–10 yrs**	**> 10 yrs**	**No maturity/ discount effect**	**Total**
Assets								
Cash and balances with central banks	130 058							130 058
Treasury bills and other bills eligible for refinancing with central banks		2 056	1 832	7 060	3 875	1 551	4 109	20 483
Loans to credit institutions	16 519	62 026	2 438	2 163	668	324	1 342	85 480
Loans to the public		93 967	91 041	242 107	104 778	699 648	7 323	1 238 864
Bonds and other interest-bearing securities		10 463	25 455	71 801	3 330	618	3 657	115 324
Financial assets for which the customers bear the investment risk		29 964	1 502	8 464	9 262	36 970	18 032	104 194
Shares and participating interests							11 658	11 658
Derivatives		19 001	23 295	54 006	6 562	994	–1 593	102 265
Intangible fixed assets							13 440	13 440
Tangible assets							7 031	7 031
Other assets		15 054	2 994	15				18 063
Total	**146 577**	**232 531**	**148 557**	**385 616**	**128 475**	**740 105**	**64 999**	**1 846 860**
Liabilities								
Amounts owed to credit institutions	27 251	91 833	2 887	1 773	490	1	–2 033	122 202
Deposits and borrowings from the public	457 997	87 947	28 404	5 087	132	96		579 663
Debt securities in issue		111 534	91 066	509 909	28 864	16 946	9 135	767 454
Financial liabilities where customers bear the investment risk		50 883	1 460	8 334	8 913	34 580	934	105 104
Derivatives		19 226	22 092	47 176	6 136	1 883	–4 372	92 141
Other liabilities		41 892	11 519	4 442	1 512	3 438		62 803
Subordinated liabilities					7 850	5 507	950	14 307
Equity							103 186	103 186
Total	**485 248**	**403 315**	**157 428**	**576 721**	**53 897**	**62 451**	**107 800**	**1 846 860**

The large part of deposits from the public is contractually payable on demand. Despite the contractual terms, the deposits are essentialy a stable and a long-term source of funding.

Risk measurement

Aside from Group Treasury's overarching responsibility, Group Risk identifies all relevant aspects of liquidity risk and measures, monitors and reports liquidity risks on a daily basis. In addition to the analyses conducted at a group level, analyses are also done for individual currencies. Moreover, Swedbank uses a number of methods and systems to ensure it can meet its payment obligations and commitments every day, under normal as well as stressed conditions. Managing intra-day payments includes monitoring and verifying that payment obligations are executed punctually and that any financing needs are identified.

The calculation of Swedbank's liquidity risk is based on the Group's future contracted net cash flows, which are accumulated over time and generate a survival horizon. Cash flows from liquid assets are modelled based on conservative estimates of when, at the earliest, they can be realised.

In addition to the survival horizon, Swedbank analyses liquidity risk based on the effect of non-contracted flows through simulations and various stress tests. The analyses of the Group's future liquidity flows provide important information for liquidity risk management, not least with respect to the planning of the Group's future liquidity needs.

Moreover, the Group's liquidity risks are monitored with a number of different risk measures such as Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). The purpose of LCR is to ensure that Swedbank's liquidity reserve is large enough to manage short-term outflows in stressed situations. A new Swedish regulation that applies as of 1 January 2013 (FFFS 2012:6) mandates a minimum level of 100% in total and for USD and EUR individually. Besides the Swedish regulation, Swedbank reports LCR according to pending Basel regulations.

NSFR, which is expected to be introduced in 2018, measures the matching between maturities of longer than one year for assets and liabilities on Swedbank's balance sheet and aims to ensure that long-term lending which essentially is not renewable is financed to a satisfactory degree by long-term funding. As a complement to regulatory-related risk measures, Swedbank also reports liquid assets in relation to funding maturing in the next 3, 6 and 12 months. A figure over 100% indicates that the volume of liquid assets exceeds the expiring funding. Relevant figures are provided in the table below, where LCR is also shown based on FFFS 2012:6, broken down into its main components using the Riksbank's recommendations on increased transparency.

To identify and act on increased liquidity risks as early as possible, Swedbank uses a number of forward-looking risk indicators, such as volatilities in selected market prices, and price discrepancies between various financial instruments. These indicators can signal increased stress in the financial markets and hence increased liquidity risks. Swedbank has developed special continuity plans to manage the effects that would arise in case of serious market disruptions. These plans exist for the Group level and for the local level in the countries where Swedbank operates.

Stress tests

Stress tests are conducted regularly to increase readiness for possible disruptions in the market. The stress tests focus on Swedbank-specific as well as market-related disruptions; these analyses also take into account the combined effects that would occur if both kinds of issues arise simultaneously.

In the scenarios, a number of the risk drivers which underlie the liquidity curve are stressed to levels that are unlikely, but not inconceivable. Examples include large-scale withdrawals from deposit accounts, severe utilisation of credit facilities and increased collateral requirements for various purposes. In addition, the scenario assumes that Swedbank's liquidity reserve will fall in value, as will the properties that serve as collateral for the loans in the mortgage operations. The latter risk driver impacts Swedbank's ability to issue covered bonds, which are of strategic importance for its funding. Finally, it assumes that access to capital markets dries up, but that Swedbank's liquid assets can still generate liquidity.

The table below provides a snapshot of the cover pool as of 31 December 2013. ("Current") and illustrates the effects on Swedbank mortgage's OC given various price declines for the mortgages in the pool which could occur over a time period. The more prices fall, the more difficult it becomes to issue bonds. Swedbank's Board of Directors has set a minimum OC level, however, which the bank may not go below regardless of the OC requirements of the rating agencies. The bank's goal is to withstand a substantial and immediate decline in housing prices and still meet the requirements of the Board and ratings agencies.

Cover pool sensitivity analysis, house price decline

31 December 2013

House price decline	Current	–5%	–10%	–15%	–20%	–25%	–30%	–35%	–40%	–45%	–50%
Total assets in the cover pool, SEKbn	737.2	730.5	718.7	701.7	681.0	657.2	630.7	601.5	569.8	535.6	499.0
Total outstanding covered bonds, SEKbn	512.1	512.1	512.1	512.1	512.1	512.1	512.1	512.1	512.1	512.1	512.1
Over collateralisation level, %	44.0%	42.6%	40.3%	37.0%	33.0%	28.3%	23.2%	17.5%	11.3%	4.6%	–2.6%

Liquitity coverage ratios, current regulation FFFS 2011:37 %	31 Dec 2013	31 Dec 2012
Liquidity coverage ratio (LCR), Total	142	139
Liquidity coverage ratio (LCR), EUR	662	269
Liquidity coverage ratio (LCR), USD	618	293
Liquidity coverage ratio (LCR), SEK*	45	

*For LCR in SEK there is no explicit regulation to fullfil 100%, which is the case for total LCR and in USD and EUR

Liquidity coverage ratio (LCR), FFFS 2012:6, Total SEKbn	31 Dec 2013	31 Dec 2012
Liquid assets level 1	132	157
Liquid assets level 2	74	83
Liquidity reserve*	**206**	**240**
Customer deposits	87	76
Market borrowing	110	140
Other cash outflows	30	37
Cash outflows	**227**	**253**
Inflow from maturing lending to non-financial customers	9	12
Other cash inflow	73	68
Cash inflows	**82**	**80**

(LCR = Liquid assets / (total outflows - total inflows)

LCR, Basel committees recommendation BCBS238 as of 2013-01-06 %	31 Dec 2013	31 Dec 2012
LCR, total	**168**	**168**

Liquidity and funding ratios %	31 Dec 2013	31 Dec 2012
Net stable funding ratio (NSFR)**	89	91
Available stable funding (ASF), SEKbn	1 051	1 040
Required stable funding (RSF), SEKbn	1 178	1 148

Liquid assets in relation to maturing funding during next 3, 6 and 12 months***		
Liquidity reserve 3 months	135	142
Liquidity reserve 6 months	88	102
Liquidity reserve 12 months	74	89
Liquidity reserve + additional liquid assets 3 months	174	180
Liquidity reserve + additional liquid assets 6 months	113	130
Liquidity reserve + additional liquid assets 12 months	95	113

* Liquidity reserve according to FFFS 2012:6 definition

** NSFR - calculated in accordance with Swedbank's interpretation of the current proposal for regulation

*** Liquidity reserve according to definition by the Swedish Bankers' Association.
Additional liquid assets: Assets, pledgeable in central banks, held by the group outside of Group Treasury.
Maturing funding: maturing short-term CP/CD's, and net of lending and borrowing to/from credit institutions (net Interbank)

Other liquid assets: Pledgeable assets not included in the liquidity reserve
Maturing funding: Maturing long- and short-term capital market funding and net of lending and borrowing to/from credit institutions (net interbank)

Debt issuance

In 2013 Swedbank issued a total of SEK 103bn in long-term debt instruments. Swedbank has remained active in several capital markets to diversify its funding. The majority of the issues were covered bonds, though also in the form of uncovered bonds where a new funding programme was introduced primarily for US investors (under rule 144a of the US Securities Act).

Debt securities in issue

Turnover during the year	2013	2012
Commercial papers		
Opening balance	**115 135**	**122 970**
Issued	493 982	485 486
Repurchased	–600	–3 508
Repaid	–502 001	–497 920
Change in market values	65	10 480
Change in exchange rates	–6 411	–2 373
Closing balance	**100 170**	**115 135**
Covered bond loans		
Opening balance	**518 238**	**525 892**
Issued	73 311	77 029
Repurchased	–33 972	–64 134
Repaid	–43 390	–20 870
Change in market values	–1 826	321
Closing balance	**512 361**	**518 238**
Bond loans with state guarantee		
Opening balance	**30 392**	**75 568**
Repurchased	–10 928	–6 767
Repaid	–10 076	–36 646
Change in market values	–902	–294
Change in exchange rates	92	–1 469
Closing balance	**8 578**	**30 392**

Turnover during the year	2013	2012
Other interest-bearing bond loans		
Opening balance	**88 747**	**39 440**
Issued	25 757	60 778
Repurchased	–976	–2 316
Repaid	–21 649	–8 830
Change in market values	–123	1 379
Change in exchange rates	1 142	–1 704
Closing balance	**92 898**	**88 747**
Structured products		
Opening balance	**14 942**	**17 588**
Issued	4 017	5 155
Repaid	–5 245	–8 243
Change in market values	–17	443
Change in exchange rates	2	–1
Closing balance	**13 699**	**14 942**
Total debt securities in issue	**727 706**	**767 454**

Distribution by type of liability (row) and encumbered asset (column), SEKm

2013	Government debt instruments	Central banks and supranational debt instruments	Covered bonds	Debt instruments issued by credit institutions	Securities issued by corporate and other issuers	Asset backed securities (ABS)	Mortgage loans	Cash	Total
Intraday settlement	1 912		9 243						11 155
Repurchase agreements [1]	19 272		7 475						26 747
Derivatives [2]	968		1 266					7 178	9 412
Covered bonds [3]							514 186		514 186
Other [4]				860				510	1 370
Total	**22 152**		**17 984**	**860**			**514 186**	**7 688**	**562 870**
Financial assets pledged for insurance policyholders									118 627

Additional assets available for secured funding, SEKm

2013	Government debt instruments	Central banks and supranational debt instruments	Covered bonds	Debt instruments issued by credit institutions	Securities issued by corporate and other issuers	Asset backed securities (ABS)	Mortgage loans	Cash	Total
Securities [5, 6]	39 699	32 925	80 358	14 248	9 157	705			177 092
Cover pool over collateralisation [7]							226 029		226 029
Cover pool eligible assets [8]									
Total	**39 699**	**32 925**	**80 358**	**14 248**	**9 157**	**705**	**226 029**		**403 121**

Distribution by type of liability (row) and encumbered asset (column), SEKm

2012	Government debt instruments	Central banks and supranational debt instruments	Covered bonds	Debt instruments issued by credit institutions	Securities issued by corporate and other issuers	Asset backed securities (ABS)	Mortgage loans	Cash	Total
Intraday settlement	2		12 369						12 371
Repurchase agreements [1]	12 992		13 496						26 488
Derivatives [2]	162		862					14 120	15 144
Covered bonds [3]							519 079		519 079
Other [4]								366	366
Total	**13 156**		**26 727**				**519 079**	**14 486**	**573 448**
Financial assets pledged for insurance policyholders									103 083

Additional assets available for secured funding, SEKm

2012	Government debt instruments	Central banks and supranational debt instruments	Covered bonds	Debt instruments issued by credit institutions	Securities issued by corporate and other issuers	Asset backed securities (ABS)	Mortgage loans	Cash	Total
Securities [5, 6]	26 883	3 265	84 045	11 393	8 203	1 059			134 848
Cover pool over collateralisation [7]							181 828		181 828
Cover pool eligible assets [8]							11 608		11 608
Total	**26 883**	**3 265**	**84 045**	**11 393**	**8 203**	**1 059**	**193 436**		**328 284**

1) Repoed securities.

2) Collateral posted under CSA agreements, gross (3-year, SEKm, High: 21 572 (21 572), Low: 10 086 (10 945), Average: 14 223 (13 644)).

3) Of which accrued interest of encumbered assets in the cover pool amounts to SEK 2 091m (2 330).

4) Collateral pledged in securities lending activities and with exchanges.

5) Reversed repos are included.

6) All type of securities, including securities non pledgeable at central banks, of which 78% are rated AAA (82), 2% are rated below A- (2) and 7% are not rated (8).

7) Of which accrued interest of assets in the cover pool amounts to SEK 932m (831).

8) Securities received as collateral in for example reversed repo transactions that; either have (encumbered) or have not (unencumbered), been used as collateral by Swedbank.

Capital requirement for liquidity risk

Today banks and financial institutions do not face any capital requirements for liquidity risk. However, disruptions to liquidity can arise due to an imbalance between risk and capital. The purpose of the internal capital adequacy assessment process is to prevent this type of imbalance.

Market risk

DEFINITION

Market risk refers to the risk that the Group's results, equity or value will decrease due to changes in risk factors in financial markets. Market risk includes interest rate risk, currency risk, share price risk and commodity risk, as well as risks from changes in volatilities and correlations.

Risk management

The Group's total risk-taking is governed by the risk appetites decided by the Board, which limit the nature and size of financial risk-taking. Only so-called risk-taking units, i.e. units assigned a risk mandate by the CEO, are permitted to take market risks. To monitor the limits allocated by the CEO, the Group's Chief Risk Officer has established so-called escalation limits as well as various types of indicators that, when they reach certain levels, indicate an elevated risk in particular activities. In addition to Chief Risk Officer's limits and selected indicators, local business area limits serve as important tools in the risk-taking units' daily activities. The Group's market risk analysis department is responsible, on a daily basis, for measuring, monitoring and reporting market risks within Swedbank.

The majority of the Group's market risks are of a structural or strategic nature and are managed primarily by Group Treasury. Structural interest rate risks are natural in a bank that handles deposits and loans. Interest rate risk arises primarily when there is a difference in maturity between the Group's assets and liabilities. They are managed by Group Treasury, within given mandates, largely by matching these maturities either directly or through the use of various derivatives such as interest rate swaps. Strategic interest rate risks usually arise through risks tied to holdings in foreign operations as well as when deposits and lending are in different currencies. These risks are managed, within given mandates, with forward contracts, among other things.

Risk measurement

Swedbank uses a number of different risk measures, both statistical and non-statistical, to guide the Group's risk-taking units and ensure strict compliance. Statistical measures such as Value-at-Risk (VaR) and Stressed Value-at-Risk (SVaR) are important tools in Swedbank's risk management process and are used to, among other things, calculate the Group's capital requirement.

VaR uses a model to estimate a probability distribution for the change in value of Swedbank's portfolios based on the last year's movements in various market risk factors such as interest rates and equity prices. The estimation is based on the hypothetical assumption that the portfolios will remain unchanged over a specific time horizon. The Group uses a VaR model with a confidence interval of 99 per cent and a time horizon of one trading day. Statistically, this means that the potential loss for a portfolio will exceed the VaR amount one day out of 100. VaR is a useful tool not only to determine the risk level for an individual security or asset class, but mainly to compare levels between various risk factors.

Since VaR is a model based on a number of assumptions, Swedbank evaluates the VaR model's reliability on a daily basis with backtesting. Ordinary VaR and Stressed VaR (SVaR) differ slightly in that the stressed model applies market data from a one-year period of considerable stress. The period selected by Swedbank was from spring 2008 and one year forward.

Non-statistical measures such as sensitivity analyses are an important complement to VaR and SVaR, since in some cases they provide a deeper understanding of the market risk factors being measured.

In addition to VaR and various types of sensitivity analyses, Swedbank conducts an extensive array of stress tests. These tests can be divided into three groups: historical, forward-looking and method and model stress scenarios. The purpose of these stress tests, and the scenarios that serve as a basis for them, is to further identify significant movements in risk factors or losses that could arise due to exceptional market disruptions.

RISK EXPOSURE

Swedbank's market risks primarily arise in trading operations, which are conducted in the Large Corporates & Institutions (LC&I) business area or within the Group's banking operations (managed by Group Treasury).

Value-at-Risk (VaR)

Despite a growing debt crisis in Europe and the US, volatility in the financial markets decreased during the year, helping to reduce VaR for all of the Group's asset classes. The Group's total VaR does not include strategic currency risks, since a VaR measure based on one trading day is irrelevant for positions the Group intends to hold for longer periods.

		Jan-Dec 2013 (2012)		2013	2012
SEKm	**Max**	**Min**	**Average**	**31 Dec**	**31 Dec**
Interest rate risk	99 (141)	49 (69)	75 (102)	66	71
Currency risk	17 (14)	2 (3)	8 (6)	10	5
Share price risk	9 (14)	1 (3)	3 (7)	3	4
Diversification			-12 (-19)	-13	-14
Total	**101 (131)**	**58 (66)**	**74 (96)**	**66**	**66**

Interest rate risk

Interest rate risk

Interest rate risk refers to the risk that the value of the Group's assets, liabilities and interest-related derivatives will be negatively affected by changes in interest rates or other relevant risk factors.

The majority of the Group's interest rate risks are structural and arise within the banking operations when there is a mismatch between the interest fixing periods of assets and liabilities, including derivatives. The interest rate risk in fixed-rate assets, primarily customer loans, accounts for the large part of this risk and is hedged through fixed-rate funding or by entering into various types of swap agreements. Interest rate risk also arises within trading operations through customer-related activities.

An increase in all market interest rates of one percentage point (including real interest rates) would have increased the value of the Group's assets and liabilities, including derivatives, by SEK 75m (-117). This includes portions of the bank's deposits assigned a duration between two and three years. The effect on positions in SEK would have been SEK 250m (-267), while positions in foreign curreny would have been reduced by SEK 175m (150). The Group's net gains and losses on financial items at fair value would have been affected by SEK -608m (–52) as of 31 December 2013, with the biggest contributions coming from the Group's liquidity portfolio and the trading operations within the LC&I business area.

Net Interest Income Sensitivity

To further capture structural interest rate risks that arise in the Group, its net interest income sensitivity is also measured on a regular basis. Net interest income sensitivity is affected by the structural risks within Swedbank's savings operations, where different products display different degrees of sensitivity to changes in market rates.

The magnitude of the interest rate change depends partly on the remaining interest fixing period for the Group's fixed-rate assets, liabilities and derivatives and partly on the extent to which the Group is able to adapt the interest rates on variable-rate lending and deposits. A review of net interest income risk, measured as the sensitivity to a lasting change in all interest rates by one percentage point, is shown in note G56.

Credit spread risk

Credit spread risk refers to the risk that the value of the Group's assets and liabilities, including derivatives, may fluctuate due to changes in the issuer-specific interest markup (the credit spread). The Group's credit spread risks are concentrated in customer-related business and other types of mandates (managed by the trading operations) as well as in the liquidity portfolio consisting of interest-bearing assets.

An increase in all issuer-specific spreads of 1 bp as of 31 December 2013 would have reduced the value of the Group's interest-bearing assets, including derivatives, by SEK 18m (13).

Change in value if the market interest rate rises by one percentage point

The impact on the net value of assets and liabilities, including derivatives, (SEKm) when market interest rates rise by one percentage point.

2013	< 3 mths.	3–6 mths.	6–12 mths.	1–2 yrs	2–3 yrs	3–4 yrs	4–5 yrs	5–10 yrs	> 10 yrs	Total
SEK	–36	–172	–323	–464	1 524	–39	–247	–6	12	250
Foreign currency	–59	–85	70	–12	–27	–16	–14	–18	–14	–175
Total	**–96**	**–256**	**–253**	**–476**	**1 497**	**–54**	**–261**	**–23**	**–3**	**75**

In the table above, part of deposits from the public on demand have been assigned a fixed interest period of between 2 and 3 years.

of which positions valued at market value

2013	< 3 mths.	3–6 mths.	6–12 mths.	1–2 yrs	2–3 yrs	3–4 yrs	4–5 yrs	5–10 yrs	> 10 yrs	Total
SEK	–171	–127	–33	–115	–38	–62	–126	45	–2	–630
Foreign currency	5	–34	46	27	–10	15	–11	–13	–1	22
Total	**–167**	**–161**	**13**	**–88**	**–49**	**–47**	**–138**	**32**	**–3**	**–608**

The impact on the net value of assets and liabilities, including derivatives, (SEKm) when market interest rates rise by one percentage point.

2012	< 3 mths.	3–6 mths.	6–12 mths.	1–2 yrs	2–3 yrs	3–4 yrs	4–5 yrs	5–10 yrs	> 10 yrs	Total
SEK	–32	58	–646	–904	1 432	–256	–61	28	114	–267
Foreign currency	–61	34	1	82	52	–10	10	63	–21	150
Total	**–93**	**92**	**–644**	**–822**	**1 483**	**–266**	**–51**	**91**	**93**	**–117**

In the table above, part of deposits from the public on demand have been assigned a fixed interest period of between 2 and 3 years.

of which positions valued at market value

2012	< 3 mths.	3–6 mths.	6–12 mths.	1–2 yrs	2–3 yrs	3–4 yrs	4–5 yrs	5–10 yrs	> 10 yrs	Total
SEK	–304	80	–29	–160	262	–240	–83	74	114	–285
Foreign currency	–34	62	–54	90	66	12	25	73	–6	233
Total	**–338**	**142**	**–82**	**–70**	**328**	**–228**	**–58**	**146**	**108**	**–52**

Currency risk

Currency risk

Currency risk refers to the risk that the value of the Group's assets and liabilities, including derivatives, may fluctuate due to changes in exchange rates or other relevant risk factors. The predominant share of Swedbank's currency risk is of a structural or strategic nature. Strategic currency risk mainly arises in connection with investments in foreign operations. These exposures are currency hedged, with the exception of goodwill and other intangible assets. The strategic currency risk mainly arises through the Group's operations in Latvia and Lithuania, where a large share of lending is in euro, while deposits are denominated in local currency (Latvian lat and Lithuanian litas). The currency risks that arise in other parts of the Group, e.g. within trading, are low compared with the risks in these non-Nordic operations. Currency risks that arise in the banking operations or that are strategic in nature are managed by Group Treasury by limiting the total value of assets and liabilities, including derivatives, in the same currency to the desired level using derivatives, such as cross currency swaps and forward exchange agreements.

As of 31 December 2013 the Group had a short strategic and structural position in Lithuanian litas of SEK 10bn. The Group Executive Committee and Group Treasury have taken a strategic decision to retain this position at a certain level to eliminate the devaluation risk in this currency. The Lithuanian litas is currently pegged to the euro in expectation that the country will join the euro cooperation, which will occur on 1 January 2015 at the earliest. Swedbank's exposure in Latvian lat transitioned to euro on 1 January 2014, when Latvia became a member of the EMU. The Group's exposure to currency risks with the potential to affect earnings, i.e. excluding exposures related to investments in foreign operations and related hedges, is limited. A shift in exchange rates between foreign currencies and the Swedish krona of +5 per cent at year-end would have a direct effect on the Group's reported profit of SEK 6m (126). Moreover, a shift in exchange rates between foreign currencies and the Swedish krona of –5 per cent at year-end would have a direct effect on the Group's reported profit of SEK 117m (33).

A shift in exchange rates between the Swedish krona and foreign currencies of +/–5 per cent with respect to net investments in foreign operations and related hedges would have a direct effect on other comprehensive income of SEK +/- 863m after tax (859).

Currency distribution

2013	SEK	EUR	USD	GBP	LVL	LTL	RUB	NOK	Other	Total
Assets										
Cash and balances with central banks	335	20 581	20 380	46	10 921	4 284	25	2 586	224	59 382
Loans to credit institutions	62 341	8 444	9 873	111	74	81	215	93	1 046	82 278
Loans to the public	1 058 620	120 759	31 410	1 212	3 382	12 501		11 457	25 569	1 264 910
Interest-bearing securities	124 289	34 139	14 414	368	41	1 234		7 912	2	182 399
Assets held for sale	111	138	838			225	550			1 862
Other assets, not distributed	229 976									229 976
Total	**1 475 672**	**184 061**	**76 915**	**1 737**	**14 418**	**18 325**	**790**	**22 048**	**26 841**	**1 820 807**
Liabilities										
Amounts owed to credit institutions	87 053	14 532	16 836	2 454	244	44	117	2	339	121 621
Deposits and borrowings from the public	472 996	75 822	18 311	1 307	15 120	30 497	721	1 157	4 922	620 853
Debt securities in issue, etc.	362 978	201 743	136 369	8 018		488		11 817	16 452	737 865
Liabilities held for sale	100					98	21			219
Other liabilities, not distributed	230 544									230 544
Equity	109 705									109 705
Total	**1 263 376**	**292 097**	**171 516**	**11 779**	**15 364**	**31 127**	**859**	**12 976**	**21 713**	**1 820 807**
Other assets and liabilities, including positions in derivatives		125 469	94 688	10 038	2 586	2 640	436	−9 119	−4 834	
Net position in currency		17 433	87	−4	1 640	−10 162	367	−47	294	9 608

Net funding in foreign currency with a corresponding recognised amount of SEK 36 742m (33 091) is used as a hedging instrument to hedge the net investment in foreign operations. The above net position in currencies pertains mainly to parts of net investments in foreign operations that are not hedged. Exchange rate changes on this position are recognised in other comprehensive income as translation difference.

Currency distribution

2012	SEK	EUR	USD	GBP	LVL	LTL	RUB	UAH	Other	Total
Assets										
Cash and balances with central banks	2 159	89 854	21 755	30	4 012	5 198	600	102	6 348	130 058
Loans to credit institutions	63 666	8 551	10 073	155	295	147	786		1 807	85 480
Loans to the public	1 043 168	114 771	34 822	1 351	3 509	8 941	761	590	30 951	1 238 864
Interest-bearing securities	93 592	25 313	6 463		56	1 475		8	8 900	135 807
Other assets, not distributed	256 651									256 651
Total	**1 459 236**	**238 489**	**73 113**	**1 536**	**7 872**	**15 761**	**2 147**	**700**	**48 006**	**1 846 860**
Liabilities										
Amounts owed to credit institutions	78 083	14 774	22 081	2 135	245	334			4 550	122 202
Deposits and borrowings from the public	448 088	69 207	14 994	930	11 833	28 667	907	31	5 006	579 663
Debt securities in issue, etc.	385 805	212 657	131 835	9 846		52			41 566	781 761
Other liabilities, not distributed	260 048									260 048
Equity	103 186									103 186
Total	**1 275 210**	**296 638**	**168 910**	**12 911**	**12 078**	**29 053**	**907**	**31**	**51 122**	**1 846 860**
Other assets and liabilities, including positions in derivatives		69 482	95 701	11 414	5 798	9 045	−1 235	397	3 432	
Net position in currency		11 333	−96	39	1 592	−4 247	5	1 066	316	10 008

Net funding in foreign currency with a corresponding recognised amount of SEK 33 091m (21 037) is used as a hedging instrument to hedge the net investment in foreign operations. The above net position in currencies pertains mainly to parts of net investments in foreign operations that are not hedged. Exchange rate changes on this position are recognised in other comprehensive income as translation difference.

Share price risk

Share price risk

Share price risk refers to the risk that the value of the Group's holdings of shares and share-related derivatives may be affected negatively by changes in share prices or other relevant risk factors.

Share price risks arise in the trading operations due to holdings in equities and equity-related derivatives. The main purpose of Swedbank's equity trading is to create liquidity for the Group's customers. Share price risk is measured and limited in the Group e.g. for the worst possible outcomes in 80 different scenarios where share prices and implicit volatility change. In these scenarios, the share prices change by a maximum of +/– 20 per cent and the implicit volatility by a maximum of +/– 30 per cent. The outcomes for the various combinations form a risk matrix for the share price risk, and the worst-case scenario is limited.

As of year-end the worst-case scenario conceivably would have reduced the value of the trading operations' positions by SEK -64m (–52).

Commodity risk

Commodity risk refers to the risk that the value of the Group's holdings of commodity-related derivatives will be negatively affected by a change in asset prices. The exposure to commodity risks arises in the Group only in exceptional cases as part of customer-related products. All positions with a commodity exposure must always be hedged with another party so that no open exposure remains. As of 31 December 2013 Swedbank had no open commodity exposures.

Trading operations

Market risks in trading operations

Trading operations at Swedbank are conducted in the LC&I business area for the primary purpose of assisting customers to execute transactions in the financial market. Positioning occurs only to a limited extent, and the risk level (measured in VaR) in this operation is low.

In December 2013 Swedbank received approval from SFSA to update its VaR model to calculate capital requirements. The updated model contains a number of new risk factors, including inflation risk and expanded volatilities for equities.

	Jan-Dec 2013 (2012)			2013	2012
SEKm	**Max**	**Min**	**Average**	**31 Dec**	**31 Dec**
Value-at-Risk	24 (30)	8 (9)	14 (16)	17	17
Stressed Value-at-Risk	61 (69)	20 (14)	35 (32)	47	44

*The figures for 2013 are generated through the new VaR model for calculating capital requirements, while the data for 2012 are generated using the previous risk measurement model.

Swedbank evaluates the VaR model's reliability on a daily basis with actual and hypothetical backtesting. Actual backtesting uses the trading operations' actual daily results to determine the accuracy of the VaR model, while hypothetical backtesting compares the portfolio's value at the end of the day with its value at the end of the subsequent day. The comparison takes into account any market movements during the day on which the test is conducted, but with the assumption that the positions in the portfolio remain unchanged during this time period. By indicating only two losing days, the hypothetical backtesting conducted by the Group in 2013 shows that the model serves its purpose well.

In addition to the VaR model applied in the calculation of Swedbank's capital requirement, the Group uses a VaR model in its internal risk management that has also captured specific interest rate risk since spring 2013.

	Jan-Dec 2013 (2012)			2013	2012
SEKm	**Max**	**Min**	**Average**	**31 Dec**	**31 Dec**
Credit spread risk	18 (n/a)	1 (n/a)	10 (n/a)	10	n/a
Share price risk	9 (14)	1 (3)	4 (7)	3	4
Currency risk	16 (15)	4 (2)	9 (6)	10	7
Interest rate risk	25 (29)	8 (9)	14 (17)	18	18
Diversification			-17 (-14)	-17	-13
Total	**31 (29)**	**10 (9)**	**19 (15)**	**25**	**17**

*The trading operation's total VaR averaged SEK 19m in 2013, which compares with the total VaR for 2012, when specific interest rate risk was not included in the model. Risk (measured in VaR) was well-balanced during the year between different asset classes and, on an aggregate level, is well-diversified.

Capital requirement for market risks

The capital requirement for market risks in Swedbank totalled SEK 1 688m (1 724) and is broken down by risk type in note G4 under Capital adequacy.

Operational risks

DEFINITION
Operational risk refers to the risk of losses resulting from inadequate or failed internal processes or procedures, human error, faulty systems or external events. The definition includes legal risk and compliance risk.

Risk management
Group Risk Control is responsible for uniform, Group-wide operational risk measurement and reporting. An analysis of the risk level in all large business units is performed quarterly and reported to each local management as well as to the Board of Directors, the CEO and the Group Executive Committee.

Swedbank constantly strives to improve and develop the methods it uses to manage operational risk and in 2012 launched a project to implement the internal measurement method for operational risks. This includes further improving Swedbank's risk culture and procedures to effectively and proactively manage operational risks and incidents to ensure that they do not develop into a crisis at the Group level.

Self assessments
All business areas apply a common Risk and Control Self Assessment (RCSA) method for operational risks, which is used continuously for all key processes in the Group. The method includes identifying risks and planning actions and follow-ups to manage them.

Incident management
Swedbank has established procedures and systems support to facilitate reporting and following up incidents. Group Risk supports the business areas in reporting, analysing and drafting action plans to ensure that the underlying causes are identified and suitable actions are taken. Incidents and related operational risk losses are reported in a central database for further analysis.

New Product Approval Processes (NPAP)
Swedbank has a Group-wide process for New Product Approval (NPA) covering all new and/or amended products, services, activities, processes and/or systems. The purpose is to ensure that the Group does not enter into activities which entail unintended risks or risks that are not immediately managed and controlled as part of the process. In addition, the Group is able to assure quality when launching new and/or revised products and services.

Security and continuity
Swedbank works proactively with security management to protect all types of assets, including personnel, tangible and intangible assets, by utilising technical, organisational and administrative measures. Swedbank's security management model is derived from the international standard ISO/IEC 27002:2005 Code of Practice for Information Security Management.

Swedbank works to prevent and/or strengthen its ability to manage serious incidents, such as IT disruptions, natural disasters, financial market disturbances and pandemics, which may affect Swedbank's ability to maintain services and offerings.

The principles for security, continuity, incident and crisis management are defined in a Group-level framework. A Group-level crisis management team is responsible for management, coordination and communication. Continuity plans are in place for business-critical operations and services that are critical for the nation and society. The plans describe how Swedbank will operate in the event of a serious disruption. Swedbank also has insurance protection, with an emphasis on catastrophe protection, for significant parts of its operations.

Compliance
Compliance risk refers to the risk that the Group, by breaching laws, regulations and policies (internal and/or external), will fail to meet the standards and behaviour expected by customers and financial regulators.

Swedbank's internal regulation comprises rules for managing compliance risks. The central component of the internal regulation is the compliance instruction issued by the CEO. The aim of the internal rules is to ensure that Swedbank always meets the quality requirements and standards of behaviour expected by customers and financial regulators.

Capital requirements for operational risks
Swedbank applies the standardised approach to calculate the capital requirement for operational risks. Swedbank's capital requirement for operational risk was SEK 4 486m (4 326), with Retail accounting for the main part. For further information, see note G4 Capital.

Insurance risks

DEFINITION
Insurance risk refers to life insurance risks and P&C insurance risks. This also includes cost risk i.e. the risk that administrative costs and sales commissions will exceed the cost estimates that served as the basis for the premiums.

Life insurance risks consist of mortality risk, morbidity risk, longevity risk and cancellation risk i.e. the risk that the contract will be terminated in advance or diminish in future value.

P&C insurance risk comprises the risk that the insurance result will be unusually unfavourable in the year ahead and that the final payment for past claims will be more expensive than anticipated.

Risk management
Before a life insurance policy is approved, the insured must pass a risk assessment. The purpose is to determine whether the insured can be approved for insurance based on his or her health. The desired insurance must also meet the policyholder's insurance needs. To further limit risk exposure, the company reinsures parts of its insurance risk.

Concentration risk is managed through Swedbank's insurance operations, which offer a broad range of products and are active in the entire Swedish market as well as in the three Baltic countries, thereby diversifying insurance risk by market, industry, age and gender.

Insurance contracts are designed so that the premium and assumptions can be changed annually, which means that the company can quickly balance its premiums and terms to rapid changes in morbidity, for example.

The pricing of premiums is based on assumptions about future costs for insurance events, such as projected longevity, mortality, morbidity and claim frequency, as well as the estimated cost of insurance events . Experience in the form of statistical material and expectations about the market's future development are critical factors in the choice of assumptions.

Risk measurement
Insurance risks in the life insurance operations are measured by stressing the insurance company's balance sheet, income statement and shareholders' equity on a one year horizon with a given level of confidence. For the P&C insurance operations, insurance risks are measured by calculating the claim ratio, i.e. claims in relation to premiums, by product and country.

Risk exposure
The Group's assumptions regarding mortality, illnesses, longevity, accidents, claims and pricing produce a risk result. The assumptions can change annually, which means that adjustments can quickly impact the risk result.

P&C insurance today represents a very small part of Swedbank's total insurance operations. Since contracts are issued on an annual basis, insurance risks are limited because pricing can be changed for the following year.

Capital requirement for insurance risk
Solvency is a measure of the insurance company's financial position and strength. The purpose is to show how much of a capital buffer the company has to fulfil its commitments to customers in accordance with the terms and guarantees in its insurance contracts.

The capital base in Swedbank's Swedish insurance operations amounted to SEK 2 550m (2 437) on 31 December 2013. This compares with a required solvency of SEK 1 776m (1 602). The solvency ratio was 1.44 (1.52).

The capital base in the Baltic life insurance operations amounted to SEK 469m (300) as of 31 December 2012. The solvency ratio was 3.81 (2.53). The capital base in the Baltic property and casualty insurance operations amounted to SEK 265m (677) as of 31 December 2013. The solvency ratio was 3.72 (10.40).

The traffic light model is a methodology developed by the SFSA to supervise Swedish life insurance companies and measure their exposure to various types of risks. The result is a total capital adequacy requirement for the company, which for Swedbank Insurance AB was satisfactory as of 31 December 2013.

G4 Capital

Internal capital assessment

Purpose
The Internal Capital Adequacy Assessment Process (ICAAP) aims to ensure that the Group is adequately capitalised to cover its risks and to operate and develop the business.

Measurement
Swedbank prepares and document its own methods and processes to evaluate its capital requirements. Internal capital adequacy assessment therefore takes into account all relevant risks that arise within the Group.

In addition to Pillar 1 risks, the ICAAP encompasses risks for which no capital is allocated, such as business risk, pension risk, and strategic risk. Significant risks that have been identified within the Group include:

Risks types according to the ICAAP process

Risk type	Pillar 1	Pillar 2
Capital is allocated		**Contributes to calculated capital need?**
Credit risk	Yes	Yes
Concentration risk	Yes*	Yes
Market risk	Yes	Yes, plus additional tests
Market risk Interest rate risk in banking book	No	Yes, plus additional tests
Operationel risk	Yes	Yes
Business risk: Earnings volatility risk	No	Yes
Insurance risk	Yes**	Yes***
Risks in post-employmet benefits	No	Yes
Strategic risk: Business plans	No	Yes
Strategisc risk: Project and acqusitions	No	Yes, as a one-of sum added
No specific capital is allocated		**Identified and mitigated?**
Reputational risk	No	Yes
Liquidity risk	No	Yes, stress test
Strategic risk: Decision risk	No	Yes

* The Basel formula are calibrated to include sector and geographical concentration risk i.e. the Pillar 1 measure already includes a large amount of concentration risk.
** Holdings in insurance business are deducted from capital.
*** Holdings in insurance business are deducted from capital and an assesment is made whether the invested capital is adequate for the adverse scenario in the bank´s ICAAP. The assessment considers the current as well as future solvency regulations.

To ensure efficient use of capital and predict its capital adequacy even under exceptionally adverse market conditions, the Group conducts scenario-based simulations and stress tests at least once a year.

The analyses provide an overview of the most important risks that the Group is exposed to by quantifying the impact on the income statement and balance sheet as well as the capital base and risk weighted assets. The method serves as a foundation for a proactive risk and capital management.

ICAAP 2013
Swedbank has actively worked to reduce risk in its balance sheet since 2009. As a result of this and the more normalised macroeconomic conditions, Swedbank's ICAAP for 2013 indicates that it has limited risks. The bank is well capitalised for the effects of a potentially negative scenario, even taking into account future regulatory changes.

Description of adverse scenario 2013
As part of the 2013 ICAAP a prolonged recession scenario was selected as the main scenario. The five-year macro scenario assumes negative growth for three consecutive years and high unemployment throughout the scenario horizon in Sweden and the Baltic countries. Faith in politicians and financial markets is low, leading to a weaker euro and protracted recession where a strong krona prevents Sweden from using the exporting tool out of the crisis. The Baltic economies suffer severely from the economic downturn and experience falling demand in terms of investment and consumption. The export sector is negatively exposed as global demand declines drastically. Latvia and Lithuania maintain their pegs to the euro, but do not join the EMU.

Stress test ICAAP scenario - parameters

Sweden	2012	2013	2014	2015	2016	2017
GDP growth, %	0.9	–3.8	–3.6	–1.4	2.5	2.7
Unemployment, %	7.7	8.2	11.1	11.9	10.9	10.5
Inflation index	100	99	98	98	99	101
Residential real estate price index	100	90	82	82	84	86

Estonia	2012	2013	2014	2015	2016	2017
GDP growth, %	3.0	–5.0	–4.5	–2.1	3.0	5.0
Unemployment, %	10.3	13.0	14.5	15.2	15.0	14.0
Inflation index	100	99	98	98	101	105
Residential real estate price index	100	91	84	80	81	86

Latvia	2012	2013	2014	2015	2016	2017
GDP growth, %	5.4	–5.5	–5.0	–2.0	4.0	6.0
Unemployment, %	15.0	17.5	19.0	19.5	18.5	16.5
Inflation index	100	99	98	98	100	104
Residential real estate price index	100	93	85	81	83	87

Lithuania	2012	2013	2014	2015	2016	2017
GDP growth, %	3.3	–4.5	–3.5	–1.0	2.0	5.0
Unemployment, %	13.2	14.5	16.5	18.0	17.0	15.0
Inflation index	100	99	98	99	102	106
Residential real estate price index	100	95	89	86	89	93

Interest rates	2012	2013	2014	2015	2016	2017
Stibor 3m, %	0.95	0.20	0.15	0.15	0.65	1.40
Euribor 3m, %	–0.05	–0.05	0.00	0.20	0.80	1.50

FX	2012	2013	2014	2015	2016	2017
USD/SEK	6.50	6.86	7.00	7.11	7.04	6.89
EUR/SEK	8.60	8.09	7.93	7.81	7.89	8.05
GBP/SEK	10.50	10.55	10.55	10.55	10.55	10.55

Stress test ICAAP scenario

– Triggers	– Outcome in Swedbank´s home markets
The bankruptcy of a major European bank is followed by credit contraction and credibility problems for banks and financial institutions	GDP in Sweden falls by approximately 9 per cent during a three-year period at the same time that unemployment increases to nearly 12 per cent and housing prices fall 18 per cent.
Debts and austerity continue to weigh on European economies	GDP in Estonia falls by approximately 11 per cent during a three-year period at the same time that unemployment increases to over 15 per cent and housing prices fall 20 per cent.
Negative consequences for the entire global economy	GDP in Latvia falls by approximately 12 per cent during a three-year period at the same time that unemployment increases to 19.5 per cent and housing prices fall 19 per cent,
Strong SEK, weak EUR	GDP in Lithuania falls by approximately 9 per cent during a three-year period at the same time that unemployment increases to 18 per cent and housing prices fall 14 per cent.
The Baltic economies see a significant decline in external demand and the export sector suffers	

Income statement under ICAAP scenario *

SEKbn	2012	2013	2014	2015	2016	2017
Net interest income	23	21	20	19	20	21
Total income	37.2	34.9	32.9	31.9	32.8	35.1
Total expenses	18.4	18.6	18.4	18.5	18.6	18.7
Profit before impairments	19	16	15	13	14	16
Credit impairments	0.9	5.0	12.5	8.3	4.3	1.5
Operating profit	18	11	2	5	10	15
Tax expense	4	2		1	2	3
Profit for the period	**14**	**9**	**2**	**4**	**8**	**12**
Profit for the period attributable to: Shareholders of Swedbank AB	**14**	**9**	**2**	**4**	**8**	**11**
Non-controlling interests	0.3	0.2	0.0	0.1	0.2	0.3

Swedbank in the scenario

During the scenario the net interest income falls by 15 per cent through 2015, before increasing during the last two years. Total credit impairments amount to SEK 31.6bn, of which the LC&I and Swedish Banking business areas account for 76 per cent.

Credit impairments per business area*

	EAD** SEKbn 2012	Credit impairment ratio, % 2013	2014	2015	2016	2017
Swedish Banking	979.2	0.3	0.7	0.5	0.2	0.1
Large Corporates & Institutions	255.0	0.4	1.0	0.8	0.5	0.1
Estonia	51.8	0.5	1.4	0.8	0.3	0.2
Latvia	29.3	0.8	2.2	1.4	0.7	0.3
Lithuania	31.5	0.6	1.8	1.0	0.4	0.2
Russia & Ukraine	10.6	5.3	11.1	8.1	3.1	1.3
Total	**1 357.3**	**0.4**	**0.9**	**0.6**	**0.3**	**0.1**

* ICAAP calculations are based on the financial companies group, which in several respects differs from the Swedbank Group. For example, insurance operations are not included in the financial companies group.

** Exposure at Default.

Internal capital requirement

In this year's ICAAP Swedbank has taken pending regulatory changes into account.

The regulatory changes include the upcoming Basel 3/CRD IV regulation and revisions to the accounting standard on employee pensions (IAS 19). The effect of future regulations on the Common Equity Tier 1 capital ratio is nearly 2 percentage points in the first year.

RWA and capital

SEKbn	2012	2013	2014	2015	2016	2017
RWA	487.1	489.8	472.6	438.6	403.6	394.0
Common Equity Tier 1 capital	75.2	78.2	78.8	79.6	80.0	81.7

The result of the stress test strengthens Swedbank's Common Equity Tier 1 capital throughout the scenario horizon. The scenario result does not take into account management interventions. If management interventions are included in the stressed scenario, the Common Equity Tier 1 capital ratio would improve further.

Risk weighted assets (RWA) decrease by 19 per cent throughout the scenario horizon, largely due to impairments reducing the credit portfolio, but also due to the appreciation of the Swedish krona. The effect is somewhat counteracted by increased risk weights.

Currently the Baltic countries have a significantly better macroeconomic balance and endurance than a few years ago. The work done in 2009-2012 to improve credit quality in the lending portfolios and strengthening the capital base in the Baltic subsidiaries has made them more resilient, as is also shown in the 2013 ICAAP result, even during the most severe scenario years.

Swedbank's resilience in a stressed scenario was confirmed in the Riksbank's latest stability report (2013:2), where Swedbank's Common Equity Tier 1 capital ratio is the least affected of the four major banks during the two-year stress scenario.

Capital assessment

%	2012	2013	2014	2015	2016	2017
Common Equity Tier 1 capital ratio	15.4	16.0	16.7	18.1	19.8	20.7

Capital adequacy analysis

The capital adequacy regulations express the legislator's perception of how much capital, designated as the capital base, a bank must have in relation to the size of the risks it faces. The rules strengthen the connection between risk exposure and capital requirements in the bank's operations. In accordance with the Capital Adequacy and Large Exposures Act, the capital base must at a minimum correspond to the sum of the capital requirement for credit risks, market risks and operational risks. Accordingly, the capital quota, i.e. the capital base divided by the capital requirement, must be greater than 1.0. The rules apply to banks on an individual basis and, in appropriate cases, groups of financial companies. More detailed information (Risk report Pillar 3) on Swedbank's capital adequacy in 2013 is provided at www.swedbank.com under the tab Investor Relations, Financial information and publications.

On 31 December 2013 the Swedbank financial companies group comprised the Swedbank Group with the following exceptions. In the consolidated accounts, the associated companies EnterCard (group), Sparbanken Rekarne AB, Färs och Frosta Sparbank AB, Swedbank Sjuhärad AB, Vimmerby Sparbank AB, Bankernas Depå AB and Bankernas Automatbolag AB are consolidated according to the equity method. In the financial companies group, these companies are fully consolidated according to the purchase method, apart from EnterCard, which is consolidated according to the proportional consolidation method.

The insurance companies included in the consolidated accounts, Swedbank Försäkrings AB, Sparia Försäkrings AB, Sparia Group Insurance Company Ltd, Swedbank Life Insurance SE and Swedbank P&C Insurance AS, are not included in the financial companies group. As described in note G3 under Insurance risk, these companies are subject to solvency rules rather than capital adequacy rules. Swedbank's legal requirement is currently based on the transition rules. The transition rules states that the minimum capital requirement may not fall below 80 per cent of the capital requirement according to the Basel 1 rules. Swedish authorities have previously announced that this floor would be eliminated in connection with the introduction of the new higher capital requirements under CRR. In December, however, the Swedish Financial Supervisory Authority announced that it currently does not intend to eliminate the floor.

The table below contains periodic information that must be provided according to the Swedish Financial Supervisory Authority's (SFSA) regulations and general advice (FFFS 2011:3).

	Financial companies group	
Capital ratios according to Basel 2	**2013**	**2012**
Shareholders' equity according to the Group balance sheet*	109 540	103 032
Non-controlling interests	165	154
Anticipated dividend	–11 100	–10 880
Deconsolidation of insurance companies	–1 982	–2 444
Associated companies consolidated according to purchase method	2 251	1 864
Unrealised value changes in financial liabilities due to changes in own creditworthiness	92	92
Cash flow hedges	139	42
Goodwill	–11 198	–10 894
Deferred tax assets	–399	–567
Intangible assets	–1 943	–1 880
Net provisions for reported IRB credit exposures	–959	–938
Shares deducted from Tier 1 capital		–36
Total Common Equity Tier 1 capital	**84 606**	**77 545**
Tier 1 capital contributions	5 536	6 270
of which Undated Tier 1 instruments without incentives to redeem		528
of which Fixed term Tier 1 or undated Tier 1 instruments with incentives to redeem	5 536	5 742
Shares deducted from Tier 1 capital*	–1 527	
Total Tier 1 capital	**88 615**	**83 815**
Undated subordinated loans	25	28
Fixed-term subordinated loans	4 618	8 028
Net provisions for reported IRB credit exposures	–959	–938
Shares deducted from Tier 2 capital*	–1 527	–36
Total Tier 2 capital	**2 157**	**7 082**
Deduction of shares in insurance companies		–2 894
Total capital base	**90 772**	**88 003**
Capital requirement for credit risks, standardised approach	1 936	2 276
Capital requirement for credit risks, IRB	28 041	28 819
Capital requirement for settlement risks	3	3
Capital requirement for market risks	1 688	1 723
of which risks in the trading book outside VaR	565	526
of which currency risks outside VaR	593	695
of which risks where VaR models are applied	530	502
Capital requirement for operational risks	4 486	4 326
Capital requirement, Basel 2	**36 154**	**37 147**
Capital surplus	54 618	50 856
RWA Credit risks	374 711	388 688
RWA Settlement risks	40	26
RWA Market risks	21 103	21 544
RWA Operational risks	56 077	54 081
Risk-weighted assets, Basel 2	**451 931**	**464 339**
Common Equity Tier 1 capital ratio, %, Basel 2	**18.7**	**16.7**
Tier 1 capital ratio, %, Basel 2	**19.6**	**18.1**
Total capital adequacy ratio, %, Basel 2	**20.1**	**19.0**
Capital quotient, Basel 2	**2.51**	**2.37**

	Financial companies group	
Capital ratios according to Basel 2 transition rules	**2013**	**2012**
Capital requirement, Basel 2	36 154	37 147
Complement during transition period	26 697	24 382
Capital requirement including complement	**62 851**	**61 529**
Capital surplus	27 921	26 474
Risk-weighted assets, transition rules	**785 634**	**769 117**
Common Equity Tier 1 capital ratio, %, transition rules	**10.8**	**10.1**
Tier 1 capital ratio, %, transition rules	**11.3**	**10.9**
Total capital adequacy ratio, %, transition rules	**11.6**	**11.4**
Capital quotient, transition rules	**1.44**	**1.43**

	Financial companies group	
Capital ratios according to Basel 3 rules**	**2013**	**2012**
Common Equity Tier 1 capital, Basel 3	**80 826**	**75 242**
Tier 1 capital, Basel 3	**86 371**	**81 661**
Total capital base, Basel 3	**91 026**	**89 917**
Risk-weighted assets, Basel 3	**440 620**	**487 105**
Common Equity Tier 1 capital ratio, %, Basel 3	**18.3**	**15.4**
Tier 1 capital ratio, Basel 3	**19.6**	**16.8**
Total capital adequacy ratio, %, Basel 3	**20.6**	**18.5**

* The earlier rule where insurance holdings were deducted from the total capital base expired on 1 January 2013. As of the first quarter 2013 half the deduction comes from Tier 1 capital and half from Tier 2 capital.

** According to Swedbank's estimate based on current knowledge of future regulations. Estimated capital adequacy may be higher or lower depending on the ultimate rules.

Capital requirement for credit risks Financial companies group	2013		
	Exposure after credit risk mitigation	Average risk weight, %	Capital requirement
Credit risks according to IRB			
Institutional exposures	121 698	13	1 294
Corporate exposures	436 375	57	19 752
Retail exposures	896 994	9	6 226
Securitisations	941	11	8
Non-credit-obligation asset exposures	11 890	80	761
Credit risks according to IRB	**1 467 898**	**24**	**28 041**
Credit risks according to the standardised approach	253 028	10	1 936
Total	**1 720 926**	**22**	**29 977**

Capital requirement for credit risks Financial companies group	2012		
	Exposure after credit risk mitigation	Average risk weight, %	Capital requirement
Credit risks according to IRB			
Institutional exposures	147 467	15	1 757
Corporate exposures	421 781	58	19 540
Retail exposures	868 307	10	6 592
Securitisations	1 122	11	10
Non-credit-obligation asset exposures	13 993	82	920
Credit risks according to IRB	**1 452 670**	**25**	**28 819**
Credit risks according to the standardised approach	231 739	12	2 276
Total	**1 684 409**	**23**	**31 095**

	Financial companies group	
Capital requirement for market risks	**2013**	**2012**
Interest rate risks	1 056	1 003
of which for specific risk	526	501
of which for general risk	530	502
Equity risk	79	144
of which for specific risk	1	1
of which for general risk	74	140
of which positions in CIUs	4	3
Currency risk in trading book	317	170
Commodity risk	33	20
Total capital requirement for risks in trading book*	**1 095**	**1 029**
of which stressed VaR	391	350
Currency rate risk outside trading book	593	695
Total	**1 688**	**1 724**

* The parent company's capital requirement for general interest-rate risk, share price risk and currency risk in the trading-book as well as Swedbank Estonia AS', Swedbank Latvia AS' and Swedbank Lithuania AB's capital requirement for general interest-rate risk and currency risk in the trading-book are calculated in accordance with the VaR model.

	Financial companies group	
Capital requirement for operational risks	**2013**	**2012**
Trading and sales	720	239
Retail banking	2 764	2 867
Commercial banking	673	828
Payment and settlement	232	268
Retail brokerage	3	3
Agency services	19	19
Asset management	75	102
Total	**4 486**	**4 326**

The standard approach is used for calculating capital requirments for operational risk.

G5 Operating segments

2013	Swedish Banking	Large Corporates & Institutions	Baltic Banking	Group Functions & Other	Eliminations	Total
Income statement						
Net interest income	13 620	3 387	3 156	1 880	–14	22 029
Net commissions	6 364	1 968	1 733	–30	97	10 132
Net gains and losses on financial items at fair value	126	1 960	316	–918		1 484
Share of the profit or loss of associates	849			3		852
Other income	757	167	418	1 425	–326	2 441
Total income	**21 716**	**7 482**	**5 623**	**2 360**	**–243**	**36 938**
of which internal income	196	4	4	–604	400	0
Staff costs	3 499	1 150	746	3 322	–13	8 704
Variable staff costs	230	409	63	245		947
Other expenses	5 865	1 588	1 495	–2 460	–230	6 258
Depreciation/amortisation	132	58	140	409		739
Total expenses	**9 726**	**3 205**	**2 444**	**1 516**	**–243**	**16 648**
Profit before impairments	**11 990**	**4 277**	**3 179**	**844**		**20 290**
Impairment of intangible assets		56	1	125		182
Impairment of tangible assets			23	670		693
Credit impairments	338	180	–437	–21		60
Operating profit	**11 652**	**4 041**	**3 592**	**70**		**19 355**
Tax expense	2 516	1 044	396	143		4 099
Profit for the year from continuing operations	9 136	2 997	3 196	–73		15 256
Profit for the year from discontinued operations, after tax				–2 340		–2 340
Profit for the year	9 136	2 997	3 196	–2 413		12 916
Profit for the year attributable to the shareholders of Swedbank AB	**9 122**	**2 997**	**3 196**	**–2 414**		**12 901**
Non-controlling interests	14			1		15
Balance sheet						
Cash and balances with central banks		2 899	2 475	54 008		59 382
Loans to credit institutions	40 852	371 497	503	186 453	–517 027	82 278
Loans to the public	936 752	204 365	119 170	4 953	–330	1 264 910
Bonds and other interest-bearing securities	215	54 536	1 065	129 464	–2 881	182 399
Financial assets for which customers bear inv. risk	117 399		2 049			119 448
Investments in associates	2 478	52		1 110		3 640
Derivatives		84 530		24 345	–44 523	64 352
Total tangible and intangible assests	2 931	446	10 344	3 762		17 483
Other assets	6 485	18 247	9 221	771 343	-778 381	26 915
Total assets	**1 107 112**	**736 572**	**144 827**	**1 175 438**	**–1 343 142**	**1 820 807**
Amounts owed to credit institutions	82 610	198 418		348 841	–508 248	121 621
Deposits and borrowings from the public	384 724	111 400	119 867	9 801	–4 939	620 853
Debt securities in issue		15 766	682	722 202	–10 944	727 706
Financial liabilities for which customers bear inv. risk	118 389		2 188			120 577
Derivatives		79 535		19 998	–44 522	55 011
Other liabilities	488 326	316 518	494	24 491	–774 489	55 340
Subordinated liabilities				10 159		10 159
Total liabilities	**1 074 049**	**721 637**	**123 231**	**1 135 492**	**–1 343 142**	**1 711 267**
Allocated equity	33 063	14 935	21 596	39 946		109 540
Total liabilities and equity	**1 107 112**	**736 572**	**144 827**	**1 175 438**	**–1 343 142**	**1 820 807**
Key figures						
Return on allocated equity, continuing operations, %	27.9	17.3	14.0	–0.2		14.7
Return on allocated equity, total operations, %	27.9	17.3	14.0	–7.9		12.5
Cost/income ratio	0.45	0.43	0.43	0.64		0.45
Credit impairment ratio, %	0.04	0.08	–0.37	–0.07		0.00
Loans/deposits	244	173	100	84		203
Loans, excl repos	936 989	154 103	119 047	4 575		1 214 715
Deposits, excl repos	384 618	89 320	119 499	5 471		598 909
Risk-weighted assets, Basel 2	201 682	136 735	87 509	26 005		451 931
Full-time employees	5 004	1 070	3 753	4 438		14 265

The operating segment report is based on Swedbank's accounting policies, organisation and management accounts. Market-based transfer prices are applied between operating segments, while all expenses for IT, other Group functions and Group staffs are transfer priced at full cost to the operating segments. Executive management expenses are not distributed. Cross-border transfer pricing is applied according to OECD transfer pricing guidelines.

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

Swedish Banking, Swedbank's dominant operating segment, is responsible for all Swedish customers except for large corporates and financial institutions. The operating segment's services are sold through Swedbank's own branch network, the Telephone Bank, the Internet Bank and the distribution network of the independent savings banks. The operating segment also includes a number of subsidiaries as well as the retail operations in branch offices in Denmark, Norway, Finland and Luxembourg.

Large Corporates & Institutions is responsible for large corporates, financial institutions and banks as well as for trading and capital market products. Operations are carried out by the parent bank in Sweden, branches in Norway, Finland, the US and China, and through the trading and capital market operations in subsidiary banks in Estonia, Latvia and Lithuania. Baltic Banking operates in Estonia, Latvia and Lithuania. Its services are sold through its own branch network, the Telephone Bank and the Internet Bank. The effects of Swedbank's ownership interests in the Baltic companies Swedbank AS (Estonia), Swedbank AS (Latvia) and Swedbank AB (Lithuania) are also reported in Baltic Banking in the form of financing costs, Group goodwill and Group amortisation on surplus values in the lending and deposit portfolios identified at the time of acquisition in 2005. Group Functions & Other comprise, in addition to the Group Functions, Russia, Ukraine and Ektornet. The Group Functions operate across the business areas and serve as strategic and administrative support for them. The Group Functions are Group Products, Group IT, Accounting & Finance (including Group Treasury), Risk, Compliance, Corporate Affairs, HR and Legal. The Group Executive Committee and Internal Audit are also included in Group Functions.

During 2013 Swedbank's operating segments were changed slightly to coincide with the organisational changes implemented in Swedbank's business area organisation. Comparative figures have been restated.

2012	Swedish Banking	Large Corporates & Institutions	Baltic Banking	Group Functions & Other	Eliminations	Total
Income statement						
Net interest income	13 491	3 041	3 291	557	–19	20 361
Net commissions	6 155	1 833	1 522	31	73	9 614
Net gains and losses on financial items at fair value	161	2 253	295	364		3 073
Share of the profit or loss of associates	788	6		4		798
Other income	771	51	384	1 450	–234	2 422
Total income	**21 366**	**7 184**	**5 492**	**2 406**	**–180**	**36 268**
of which internal income	212	7	2	–1 098	877	
Staff costs	3 399	1 125	743	3 246	–13	8 500
Variable staff costs	139	365	63	171		738
Other expenses	6 129	1 459	1 482	–2 433	–167	6 470
Depreciation/amortisation	124	47	124	557		852
Total expenses	**9 791**	**2 996**	**2 412**	**1 541**	**–180**	**16 560**
Profit before impairments	**11 575**	**4 188**	**3 080**	**865**		**19 708**
Impairment of intangible assets		4		16		20
Impairment of tangible assets			15	392		407
Credit impairments	286	194	–685	20		–185
Operating profit	**11 289**	**3 990**	**3 750**	**437**		**19 466**
Tax expense	2 694	1 010	387	66		4 157
Profit for the year from continuing operations	8 595	2 980	3 363	371		15 309
Profit for the year from discontinued operations, after tax				–997		–997
Profit for the year	8 595	2 980	3 363	–626		14 312
Profit for the year attributable to the shareholders of Swedbank AB	**8 585**	**2 980**	**3 363**	**–624**		**14 304**
Non-controlling interests	10			–2		8
Balance sheet						
Cash and balances with central banks	1 022	7 137	2 569	119 330		130 058
Loans to credit institutions	33 284	261 839	491	193 214	–403 348	85 480
Loans to the public	911 543	200 006	115 333	12 425	–443	1 238 864
Bonds and other interest-bearing securities	218	56 626	1 515	83 037	–5 589	135 807
Financial assets for which customers bear inv. risk	102 430		1 764			104 194
Investments in associates	2 412			1 140		3 552
Derivatives		124 971		40 791	–63 497	102 265
Total tangible and intangible assests	3 112	599	9 796	6 964		20 471
Other assets	8 258	15 623	3 954	650 394	-652 060	26 169
Total assets	**1 062 279**	**666 801**	**135 422**	**1 107 295**	**–1 124 937**	**1 846 860**
Amounts owed to credit institutions	73 490	205 609		239 670	–396 567	122 202
Deposits and borrowings from the public	376 402	93 502	107 214	8 529	–5 984	579 663
Debt securities in issue		15 736	1 052	762 477	–11 811	767 454
Financial liabilities for which customers bear inv. risk	103 048		2 056			105 104
Derivatives		121 074		34 565	–63 498	92 141
Other liabilities	478 347	211 927	253	19 507	–647 077	62 957
Subordinated liabilities				14 307		14 307
Total liabilities	**1 031 287**	**647 848**	**110 575**	**1 079 055**	**–1 124 937**	**1 743 828**
Allocated equity	30 992	18 953	24 847	28 240		103 032
Total liabilities and equity	**1 062 279**	**666 801**	**135 422**	**1 107 295**	**–1 124 937**	**1 846 860**
Key figures						
Return on allocated equity, continuing operations, %	27.1	15.5	13.6	1.7		15.6
Return on allocated equity, total operations, %	27.1	15.5	13.6	–2.8		14.6
Cost/income ratio	0.46	0.42	0.44	0.76		0.46
Credit impairment ratio, %	0.03	0.08	–0.59	3.79		–0.01
Loans/deposits	242	200	108	261		212
Loans, excl repos	911 793	148 529	115 196	8 925		1 184 443
Deposits, excl repos	376 680	71 047	106 751	3 419		557 897
Risk-weighted assets, Basel 2	201 933	134 476	94 622	33 308		464 339
Full-time employees	4 922	1 043	4 155	4 741		14 861

G6 Products

2013	Financing	Savings & Invest-ments	Payments & Cards	Trading & Capital markets	Other	Total
Net interest income	13 701	1 804	3 546	70	2 909	22 029
Net commissions	771	4 226	3 774	779	581	10 132
Net gains and losses on financial items at fair value	17	–40	81	2 350	–923	1 484
Share of the profit or loss of associates			571		281	852
Other income	57	790	268	13	1 313	2 441
Total income	**14 546**	**6 780**	**8 240**	**3 211**	**4 161**	**36 938**

In the product area report income has been distributed among five principal product areas. The Group does not have a single customer which accounts for more than 10 per cent of its total income.

(1) Financing:
private residential lending
consumer financing
corporate lending
leasing
other financing products

(2) Savings & Investments
savings accounts
mutual funds and insurance savings
pension savings
institutional asset management
other savings and investment products

(3) Payments & Cards
current accounts (incl. cash management)
cash handling
domestic payments
international payments
mobile payments
document payments
debit cards
credit cards (including EnterCard)
card acquiring
other payment products

(4) Trading & Capital Market Products
equity trading
structured products
corporate finance
custody services
fixed income trading
currency trading
other capital market products

(5) Other
administrative services
treasury operations
Ektornet
real estate brokerage
real estate management
legal services
safe deposit boxes
other

(5) Other includes income from all countries apart from Sweden, the Baltic countries and Norway

Comparative figures for 2012 are not available.

G7 Geographical distribution

2013	Sweden	Estonia	Latvia	Lithuania	Norway	Other	Elimina-tions	Total
Income statement								
Net interest income	17 608	1 394	1 003	781	724	515	4	22 029
Net commissions	7 622	599	583	589	568	150	21	10 132
Net gains and losses on financial items at fair value	722	107	230	124	293	8		1 484
Share of the profit or loss of associates	505	1			345	1		852
Other income	1 478	622	345	111	1	312	–428	2 441
Total income	**27 935**	**2 723**	**2 161**	**1 605**	**1 931**	**986**	**–403**	**36 938**
Staff costs	7 033	548	333	357	293	140		8 704
Variable staff costs	675	61	24	29	149	9		947
Other expenses	4 725	485	475	380	270	326	–403	6 258
Depreciation/amortisation	439	136	64	47	20	33		739
Total expenses	**12 872**	**1 230**	**896**	**813**	**732**	**508**	**–403**	**16 648**
Profit before impairments	**15 063**	**1 493**	**1 265**	**792**	**1 199**	**478**		**20 290**
Impairment of intangible fixed assets	181			1				182
Impairment of tangible fixed assets	8	3	25	41		616		693
Credit impairments	359	–265	2	–174	14	124		60
Operating profit	**14 515**	**1 755**	**1 238**	**924**	**1 185**	**–262**		**19 355**
Tax expense	3 101	118	198	129	340	213		4 099
Profit for the year from continuing operations	11 414	1 637	1 040	795	845	–475		15 256
Profit for the year from discontinued operations, after tax	–16			9		–2 333		–2 340
Profit for the period	11 398	1 637	1 040	804	845	–2 808		12 916
Profit for the year attributable to the shareholders of Swedbank AB	**11 384**	**1 637**	**1 040**	**803**	**845**	**–2 808**		**12 901**
Non-controlling interests	14			1				15
Balance sheet								
Cash and balances with central banks	327	9 757	11 906	5 220	2 563	29 609		59 382
Loans to credit institutions	81 935	3 021	480	1 612	4 740	9 881	–19 391	82 278
Loans to the public	1 099 521	54 538	29 407	35 286	32 958	14 517	–1 317	1 264 910
Bonds and other interest-bearing securities	150 596	8 522	2 007	7 210	7 721	6 343		182 399
Financial assets for which customers bear inv. risk	117 399	2 049						119 448
Investments in associates	2 702	7			931			3 640
Derivatives	52 432	165	85	80	15 703	52	–4 165	64 352
Tangible and intangible fixed assets	3 471	4 386	3 296	4 085	1 404	841		17 483
Other assets	20 151	1 321	1 151	753	1 636	2 549	–646	26 915
Total assets	**1 528 534**	**83 766**	**48 332**	**54 246**	**67 656**	**63 792**	**–25 519**	**1 820 807**
Amounts owed to credit institutions	62 822	4 281	2 639	1 689	41 923	28 785	–20 518	121 621
Deposits and borrowings from the public	490 960	52 910	32 437	38 511	3 742	2 433	–140	620 853
Debt securities in issue	698 084	16		683		28 923		727 706
Financial liabilities for which customers bear inv. risk	118 239	2 338						120 577
Derivatives	43 933	213	93	46	14 805	35	–4 114	55 011
Other liabilities	25 346	14 592	6 788	5 374	3 692	294	–747	55 339
Subordinated liabilities	10 083	76						10 159
Total liabilities	**1 449 467**	**74 426**	**41 957**	**46 303**	**64 162**	**60 470**	**–25 519**	**1 711 266**
Allocated equity	79 066	9 340	6 375	7 943	3 494	3 322		109 540
Total liabilities and equity	**1 528 534**	**83 766**	**48 332**	**54 246**	**67 656**	**63 792**	**–25 519**	**1 820 807**
Key figures								
Return on allocated equity, continuing operations ,%	16.0	16.4	14.7	10.3	22.9	–13.3		14.7
Return on allocated equity, total operations ,%	16.0	16.4	14.7	10.4	22.9	–78.3		12.5
Cost/income ratio	0.46	0.45	0.41	0.51	0.38	0.52		0.45
Credit impairment ratio, %	0.03	–0.50	0.01	–0.52	0.07	1.07		0.00
Loans/deposits	224	103	91	92	881	597		203
Loans, excl repos	1 048 875	54 537	29 406	35 265	32 958	14 518	–843	1 214 715
Deposits, excl repos	469 016	52 910	32 437	38 511	3 742	2 433	–140	598 909
Risk-weighted assets, Basel 2	309 375	37 718	29 471	32 542	24 930	17 895		451 931
Full-time employees	8 174	2 264	1 612	1 864	224	127		14 265

The geographical breakdown has been based primarily on where the business is carried out and it is not comparable to the business segment reporting. In the geographical breakdown, intangible assets, mainly goodwill related to acquisitions, has been allocated to the country where the operations were acquired. The column Other includes operations in Russia, Ukraine, US, Finland, Denmark, Luxembourg and China.

2012	Sweden	Estonia	Latvia	Lithuania	Norway	Other	Elimina-tions	Total
Income statement								
Net interest income	16 294	1 551	862	783	485	384	2	20 361
Net commissions	7 472	585	495	516	418	116	12	9 614
Net gains and losses on financial items at fair value	2 198	108	209	148	379	31		3 073
Share of the profit or loss of associates	466	1			331			798
Other income	1 499	601	226	138	48	283	–373	2 422
Total income	**27 929**	**2 846**	**1 792**	**1 585**	**1 661**	**814**	**–359**	**36 268**
Staff costs	6 690	559	327	347	318	259		8 500
Variable staff costs	456	45	33	23	168	13		738
Other expenses	4 892	518	444	406	239	330	–359	6 470
Depreciation/amortisation	525	109	65	67	22	64		852
Total expenses	**12 563**	**1 231**	**869**	**843**	**747**	**666**	**–359**	**16 560**
Profit before impairments	**15 366**	**1 615**	**923**	**742**	**914**	**148**		**19 708**
Impairment of intangible fixed assets	22					–2		20
Impairment of tangible fixed assets	17	–4	67	33	68	226		407
Credit impairments	417	–343	–123	–218	24	58		–185
Operating profit	**14 910**	**1 962**	**979**	**927**	**822**	**–134**		**19 466**
Tax expense	3 416	44	130	184	368	15		4 157
Profit for the year from continuing operations	11 494	1 918	849	743	454	–149		15 309
Profit for the year from discontinued operations. after tax				–13		–984		–997
Profit for the year	11 494	1 918	849	730	454	–1 133		14 312
Profit for the year attributable to the shareholders of Swedbank AB	**11 483**	**1 918**	**849**	**733**	**454**	**–1 133**		**14 304**
Non-controlling interests	11			–3				8
Balance sheet								
Cash and balances with central banks	2 195	9 362	4 641	5 405	5 881	102 574		130 058
Loans to credit institutions	93 319	8 058	4 103	4 838	9 089	20 418	–54 345	85 480
Loans to the public	1 085 061	51 869	30 840	32 691	23 591	17 061	–2 249	1 238 864
Bonds and other interest-bearing securities	121 224	3 620	1 566	3 551		5 846		135 807
Financial assets for which customers bear inv. risk	102 430	1 764						104 194
Investments in associates	2 437	42			1 073			3 552
Derivatives	84 916	368	107	92	22 375	67	–5 660	102 265
Tangible and intangible fixed assets	4 208	4 365	4 006	4 144	1 427	2 321		20 471
Other assets	18 240	1 997	829	919	1 737	2 593	–146	26 169
Total assets	**1 514 030**	**81 445**	**46 092**	**51 640**	**65 173**	**150 880**	**–62 400**	**1 846 860**
Amounts owed to credit institutions	27 531	6 772	6 370	2 305	32 542	100 547	–53 865	122 202
Deposits and borrowings from the public	460 678	47 758	26 806	36 999	5 557	3 412	–1 547	579 663
Debt securities in issue	727 499	31		1 052		38 872		767 454
Financial liabilities for which customers bear inv. risk	103 048	2 056						105 104
Derivatives	75 082	429	195	64	21 931	55	–5 615	92 141
Other liabilities	39 374	13 474	5 112	2 366	1 180	1 636	–185	62 957
Subordinated liabilities	14 234	73				1 188	–1 188	14 307
Total liabilities	**1 447 446**	**70 593**	**38 483**	**42 786**	**61 210**	**145 710**	**–62 400**	**1 743 828**
Allocated equity	66 584	10 852	7 609	8 854	3 963	5 170		103 032
Total liabilities and equity	**1 514 030**	**81 445**	**46 092**	**51 640**	**65 173**	**150 880**	**–62 400**	**1 846 860**
Key figures								
Return on allocated equity, continuing operations, %	18.9	17.9	10.9	8.5	11.6	–2.6		15.6
Return on allocated equity, total operations, %	18.9	17.9	10.9	8.3	11.6	–19.1		14.6
Cost/income ratio	0.45	0.43	0.48	0.53	0.45	0.82		0.46
Credit impairment ratio. %	0.05	–0.65	–0.40	–0.67		0.41		–0.01
Loans/deposits	235	109	115	88	425	500		212
Loans. excl repos	1 030 190	51 869	30 839	32 676	23 591	17 061	–1 783	1 184 443
Deposits. excl repos	438 914	47 758	26 804	36 999	5 557	3 414	–1 547	557 897
Risk-weighted assets, Basel 2	323 919	39 494	31 089	33 165	16 916	19 756		464 339
Full-time employees	7 981	2 438	1 740	1 956	229	517		14 861

G8 Net interest income

	2013			2012		
	Average balance	Interest income/expense	Average annual interest rate, %	Average balance	Interest income/expense	Average annual interest rate, %
Loans to credit institutions	82 220	679	0.83	104 780	1 436	1.37
Loans to the public	1 249 907	41 588	3.33	1 230 418	47 575	3.87
Interest-bearing securities	133 098	2 147	1.61	119 264	2 833	2.38
Total interest-bearing assets	**1 465 225**	**44 414**	**3.03**	**1 454 462**	**51 844**	**3.56**
Derivatives	76 497	63		104 056	198	
Other assets	343 790	502		313 870	501	
Total assets	**1 885 512**	**44 979**	**2.39**	**1 872 388**	**52 543**	**2.81**
deduction of interest income reported in net gains/ losses on financial items at fair value		1 011			2 040	
Interest income according to income statement		**43 968**			**50 503**	
Amounts owed to credit institutions	132 810	656	0.49	132 213	1 108	0.84
Deposits and borrowings from the public	646 873	5 040	0.78	591 561	7 379	1.25
of which deposit guarantee fees		560			554	
Debt securities in issue	767 551	18 709	2.44	789 929	21 741	2.75
of which commissions for funding with state guarantee		129			387	
Subordinated liabilities	12 022	625	5.20	16 869	999	5.92
Interest-bearing liabilities	**1 559 256**	**25 030**	**1.61**	**1 530 572**	**31 227**	**2.04**
Derivatives	67 716	−2 658	0.00	94 438	−244	0.00
Other liabilities	155 128	548	0.00	149 387	676	0.00
of which stability fee		491	0.00		569	0.00
Total liabilities	**1 782 100**	**22 920**	**1.29**	**1 774 397**	**31 659**	**1.78**
Equity	**103 412**			**97 991**		
Total liabilities and equity	**1 885 512**	**22 920**	**1.22**	**1 872 388**	**31 659**	**1.69**
Deduction of interest income reported in net gains/ losses on financial items at fair value		981			1 517	
Interest expense according to income statement		**21 939**			**30 142**	
Net interest income		**22 029**			**20 361**	
Net interest margin before trading intrest are deducted			1.17			1.12
Interest income impaired loans		194			372	
Interest income on financial assets at amortised cost		25 699			24 747	
Interest expenses on financial liabilities at amortised cost		22 201			21 397	

Interest-bearing securities are reported net in this note less short positions in securities.

Net interest income increased by 8 per cent to SEK 22 029m (20 361). The fee for the state deposit guarantee decreased by SEK 258m. The repricing of corporate lending contributed positively. Lower deposit margins caused by lower Stibor and Euribor rates affected net interest income negatively. Changes in exchange rates reduced net interest income by SEK 56m.

G9 Net commissions

	2013	2012
Commission income		
Payment processing	1 729	1 736
Cards	4 053	3 758
Service concepts	442	337
Asset management	5 141	4 703
Life insurance	503	522
Brokerage	499	430
Other securities	59	53
Corporate finance	350	339
Lending	853	698
Guarantee	187	181
Deposits	63	61
Real estate brokerage	169	158
Non-life insurance	89	62
Other commission income	555	618
Total	**14 692**	**13 656**

	2013	2012
Commission expenses		
Payment processing	–914	–727
Cards	–1 892	–1 665
Service concepts	–16	–16
Asset management	–1 028	–988
Life insurance	–226	–207
Brokerage	–245	–228
Other securities	–47	–16
Lending and guarantees	–57	–49
Other commission expenses	–135	–146
Total	**–4 560**	**–4 042**

	2013	2012
Net commissions		
Payment processing	815	1 009
Cards	2 161	2 093
Service concepts	426	321
Asset management	4 113	3 715
Life insurance	277	315
Brokerage	254	202
Other securities	12	37
Corporate finance	350	339
Lending	796	649
Guarantee	187	181
Deposits	63	61
Real estate brokerage	169	158
Non-life insurance	89	62
Other commission income	420	472
Total	**10 132**	**9 614**

Net commission income rose by 5 per cent to SEK 10 132m (9 614). Increased activity in financing solutions and higher commission income from asset management due to an increase in assets under management were the biggest contributors. The outsourcing of ATMs by Swedish Banking has reduced net commission income as well as expenses.

G10 Net gains and losses on financial items at fair value

	2013	2012
Valuation category, fair value through profit or loss		
Trading and derivatives		
Shares and share related derivatives	–67	63
of which dividend	245	264
Interest-bearing instruments and interest related derivatives	6 763	–5 783
Other financial instruments	8	–5
Total	**6 704**	**–5 725**
Other		
Shares	137	113
of which dividend	3	2
Loans	–2 129	1 570
Financial liabilities	–4 330	4 905
Total	**–6 322**	**6 588**
Hedge accounting at fair value		
Hedging instruments	–7 696	4 301
Hedged item	7 663	–4 086
Total	**–33**	**215**
Ineffectiveness in hedging of net investments in foreign operations	**–49**	**36**
Financial liabilities valued at amortised cost	**–133**	**51**
Valuation category, loans and receivables	**137**	**111**
Trading related interest		
Interest income	1 011	2 040
Interest exoense	–981	–1 517
Total trading related interest	**30**	**523**
Change in exchange rates	**1 150**	**1 274**
Total	**1 484**	**3 073**
Distribution by business purpose		
Financial instruments for trading related business	1 963	2 380
Financial instruments intended to be held until contractual maturity	–479	693
Total	**1 484**	**3 073**

Net gains and losses on financial items at fair value decreased by 52 per cent to SEK 1 484m (3 073). The repurchase of government guaranteed bonds during the second quarter and covered bond repurchases during the year negatively affected net gains and losses on financial items at fair value. The results from equity, fixed income and currency trading were lower than in the same period in 2012, when the first-quarter results were very strong due to favourable market conditions.

G11 Net insurance

	2013	2012
Insurance premiums		
Life insurance	1 338	1 444
of which loan protection	183	194
of which other	1 155	1 250
Non-life insurance	376	358
Total	**1 714**	**1 802**

	2013	2012
Insurance provisions		
Life insurance	–843	–1 017
of which loan protection	–115	–127
of which other	–728	–890
Non-life insurance	–224	–190
Total	**–1 067**	**–1 207**

	2013	2012
Net insurance		
Life insurance	495	427
of which loan protection	68	67
of which other	427	360
Non-life insurance	152	168
Total	**647**	**595**

G12 Other income

	2013	2012
Profit from sale of subsidiaries and associates	80	11
Income from real estate operations	245	394
Profit from sale of properties, equipments etc.	144	91
Sold inventories	244	159
of which revenues	1 513	1 144
of which carrying amount	–1 269	–985
IT services	766	759
Other operating income	315	413
Total	**1 794**	**1 827**

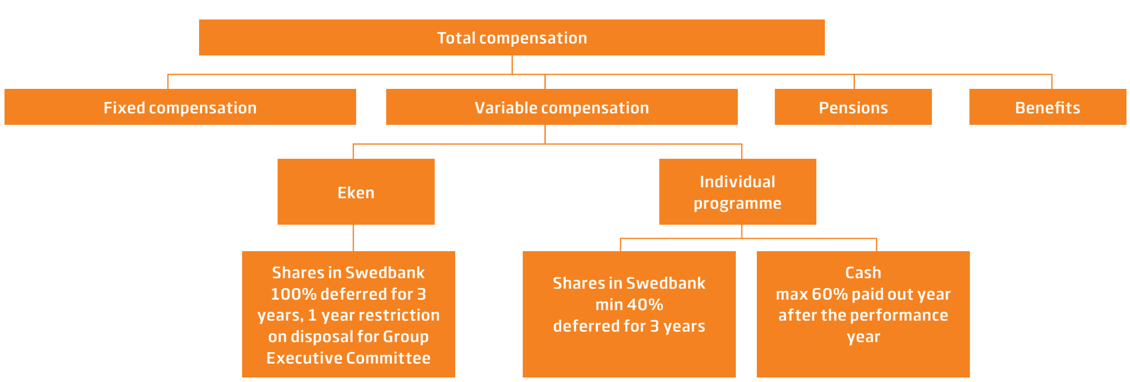
During 2013 income from real estate operations amounted to SEK 245m (394m), of which SEK 239m (390) relates mainly to real estate acquired for protection of claims in the US, Latvia and Finland. Profit from sales of properties, equipment, etc. mainly relates to sales of properties in Finland, Latvia, Estonia and Lithuania taken over to protect claims

G13 Staff costs

Compensation within Swedbank
Swedbank's view is that compensation should, as far as possible, be individually based and thereby inspire employees to live up to Swedbank's goals, strategy and vision. Compensation should also encourage them to embrace our values - simple, open and caring - which we are convinced is the basis of a successful and sustainable business. Furthermore, total compensation should be designed so that Swedbank can attract employees with the competence it needs, within established cost limits.

The majority of employees have fixed and variable compensation components, which, together with a pension and other benefits, represent their total compensation. Total compensation is market-based and designed to achieve a sound balance between the fixed and variable components.

Information on compensation according to the SFSA's regulations and general guidelines on compensation policies (FFFS 2011:1) is published on Swedbank's website.



Total staff costs	2013	2012
Salaries and Board fees	5 676	5 721
Compensation through shares in Swedbank AB	423	318
Social insurance charges	2 019	1 827
Pension costs*	1 084	1 059
Training costs	116	114
Other staff costs	333	199
Total	**9 651**	**9 238**
of which variable staff costs	947	738
of which personnel redundancy costs	142	–31

* The Group's pension cost for the year is specified in note G39.

Compensation	Board of Directors	Senior executives	Other employees
Fixed compensation	Yes	Yes	Yes
General programme (Eken)	No	Yes, except top five	Yes, except Russia and Ukraine
Individual programme	No	No	Yes, around 800 employees
Pension	No	Yes	Yes, mainly in Sweden

FIXED COMPENSATION

Fixed compensation is the main component of all employees' total compensation. Fixed compensation is based on the employee's duties, whether they meet their performance targets and abide by Swedbank's values, and taking into account local market conditions.

Swedbank has a very limited number of employees who receive commission-based compensation, which in this context is treated as fixed compensation.

VARIABLE COMPENSATION

Principal design of variable compensation

Swedbank currently has four share-based variable compensation programmes: Programme 2010, Programme 2011, Programme 2012 and Programme 2013. The new compensation regulations from the SFSA which took effect at the end of 2009 have affected the use and design of share-based programmes at Swedbank. However, the Board of Directors and management have chosen to go beyond the regulations in order to:

- Harmonise the interests of employees and shareholders by offering share-based compensation
- Create long-term value on the part of employees by deferring variable compensation.

Risk management

Swedbank's variable compensation is adapted to risks in the company. Risk management can be divided into two parts: ex-ante and ex-post.

- Ex-ante risk management (risk management before the allotment of variable compensation) Variable compensation is tied to the employee's performance, the Group's total result and the business area result during the performance year. Allotments of variable compensation are contingent on a positive Economic Profit (operating profit after deducting company tax and the cost of capital) at the business area and Group levels.

Variable compensation is limited at the individual level i.e. there is a maximum amount, and is evaluated on the basis of predetermined parameters. Total variable compensation for the Group and each business area is also limited to a predetermined amount in accordance with the Board's decision.

- Ex-post risk management (risk management after the allotment of variable compensation during the deferral period)

A portion of variable compensation within Swedbank is deferred for at least three years for both regulated and unregulated personnel.

In addition, there is no threshold of SEK 100 000 (without requiring deferral), nor any pro-rata payment for deferred compensation, as permitted by law. Pro-rata payment allows a company to pay out deferred compensation once a year evenly distributed over the deferral period.

Based on the principles established by the AGM, Swedbank's Board of Directors oversees variable compensation, which covers the majority of employees. The Board can withhold variable compensation if the Group's financial position has been greatly weakened or there is a significant risk of this occurring, or if improper actions by individuals have adversely affected Swedbank's or a business area's results.

Programme 2013

Programme 2013 consists of two parts:

- A general programme, Eken, which comprises essentially all employees in the Group except those in Russia and Ukraine and consists of deferred compensation in the form of shares
- An individual programme comprising around 800 employees and consisting of cash and deferred compensation in the form of shares.

Share-based compensation includes dividend compensation during the deferral period of three years. Senior executives are also covered by a one-year restriction on disposal after the delivery of shares. Continued employment is a prerequisite for delivery of shares. The delivery of shares is preceded by an evaluation described under "ex-post risk management".

Further information on Programme 2013 as well as Programmes 2010-2012 can be found in Swedbank's fact book, which is published on the bank's website in connection with its quarterly reports as well as in the detailed agenda items that serves as a basis for resolutions by the AGM.

Senior executives and variable compensation

Senior executives are not included in the individual variable compensation programme, only in Eken. The five highest-paid senior executives receive no variable compensation i.e. they are not included in either the individual programme or Eken.

Reporting of share-based compensation

Share-based payment is allocated in the form of so-called performance rights (future ordinary shares). Share-based payment is accrued over the maturity of each programme, since the delivery of shares is conditional on continued employment. Each programme is comprised of i) the initial performance year, followed by ii) allotments and a deferral period before iii) final transfer of the shares to participants in the year after the conclusion of the deferral period and publication of the year-end report. During the initial performance year the compensation is expressed and measured in the form of a monetary value corresponding to the performance amount. Thereafter, the compensation is expressed in terms of the number of performance rights until the delivery date.

Performance rights for each programme are valued in the accounts based on the estimated price of the ordinary share on the measurement date i.e. the date when the company and the counterparty agree to the contractual terms and conditions in each programme. Each performance right entitles its holder to one ordinary share with compensation for dividends that the performance rights do not qualify for during the programme's duration. The reported cost of each programme can change during the period until the delivery date if the performance amount changes or because the performance rights are forfeited. The reported cost excluding social insurance charges does not change when the market value of the performance rights has changed. Social insurance charges are calculated and recognised continuously based on the market value and ultimately determined at the time of delivery.

Variable Compensation Programme 2010-2013	2013	2012
Programme 2010		
Recognised expense for compensation that is settled with shares in Swedbank AB	23	18
Recognised expense for social charges related to the share settled compensation	32	12
Programme 2011		
Recognised expense for compensation that is settled with shares in Swedbank AB	119	131
Recognised expense for social charges related to the share settled compensation	108	56
Recognised expense for cash settled compensation		–6
Recognised expense for payroll overhead costs related to the cash settled compensation		–2
Programme 2012		
Recognised expense for compensation that is settled with shares in Swedbank AB	153	169
Recognised expense for social charges related to the share settled compensation	60	41
Recognised expense for cash settled compensation		151
Recognised expense for payroll overhead costs related to the cash settled compensation		57
Programme 2013		
Recognised expense for compensation that is settled with shares in Swedbank AB	121	
Recognised expense for social charges related to the share settled compensation	27	
Recognised expense for cash settled compensation	162	
Recognised expense for payroll overhead costs related to the cash settled compensation	73	
Total recognised expense	**878**	**627**

Number of performance rights that establish the recognised share based expense, millions	2013	2012
Outstanding at the beginning of the period	**11.6**	**5.7**
Granted	3.0	6.1
Forfeited	–0.1	–0.2
Outstanding at the end of the period	**14.5**	**11.6**
Exercisable at the end of the period	0.0	0.0
Weighted average fair value per performance right at measurement date, SEK	121	111
Weighted average remaining contractual life, months	22	30
Weighted average exercise price per performance right, SEK*	0	0

* Applicable for the following groups; outstanding at the beginning of the period, granted during the period, forfeited during the period, exercised during the period, expired during the period, outstanding at the end of the period, exercisable at the end of the period.

Hedge

Swedbank AB has repurchased its own shares to hedge the future share transfer on the delivery date for all current outstanding share-based compensation programmes. In total, 33 000 000 ordinary shares are held to hedge the share delivery for Programmes 2010-2013.

PENSIONS

In Sweden, the majority of employees are covered by a collective pension according to the so-called BTP plan. Since a new cooperative pension agreement for Sweden's banks took effect on 1 February 2013, there are now two pension plans, BTP1 and BTP2. BTP1 is adapted to the pension terms in other industries and is a premium-based system. BTP1 applies to all new employees as of 1 February 2013 as well as current employees younger than 25. Others will continue to be covered by BTP2, a defined benefit pension plan. In addition to the BTP plan, certain senior executives receive a premium-based retirement pension on salary above 30 income base amounts.

BENEFITS

Benefits refer to local non-monetary compensation paid in connection with employment or an assignment.

COMPENSATION TO THE CEO

Michael Wolf was appointed CEO on 1 March 2009. His employment terms contain no variable compensation. His ordinary retirement age is 65 and he receives an annual premium of SEK 3 200 000 for defined-contribution pension purposes. If Swedbank terminates his employment, Michael Wolf will receive a salary during a 12-month term of notice, in addition to severance pay for 12 months. A deduction against salary and severance pay is made for income earned from new employment. If Michael Wolf resigns himself, the term of notice is six months and no severance pay is paid.

Compensation to the President, SEK, thousands	2013	2012
Michael Wolf		
Fixed compensation, salary	8 000	8 000
Other compensation/benefits	138	140
Total	**8 138**	**8 140**
Pension cost, excluding payroll tax	3 200	3 200

COMPENSATION TO OTHER SENIOR EXECUTIVES

Members of the Group Executve Committee who report directly to the CEO make up the other senior executives. Compensation to other senior executives includes compensation paid by all Group companies during the year, Swedish as well as foreign, and refers to the period during which these individuals were active as senior executives.

A total of 14 individuals were active as senior executives throughout the year: Mikael Björknert, Birgitte Bonnesen, Göran Bronner, Björn Elfstrand, Ulf Ejelöv, Mats Engstrand, Catrin Fransson, Lars Friberg, Magnus Gagner Geeber, Stojko Gjurovski, Marie Halling, Cecilia Hernqvist, Lena Smeby-Udesen, Johan Smedman. Thomas Backteman, Håkan Berg and Anders Karlsson were included for part of the year.

Compensation to the other Group Executive Management	2013	2012
Fixed compensation, salary	54	37
Variable compensation, cash		
Variable compensation, share based	3	1
Other compensation/benefits*	1	1
Compensation at terminated contract**	8	7
Total	**66**	**46**
Pension cost, excluding payroll tax	20	14
Number of performance rights regarding share based compensation	90 689	31 678
No. of persons as of 31 December	15	8

* Includes holiday pay, employee loan interest benefit, lunch subsidy, health insurance benefit, telephone and fund discount

** Includes salary during term of notice, severance, pension costs and any benefits

Pensions and other contractual terms to other senior executives

Pension overview

	Pension age/payout period	Defined benefit pension according to BTP plan	Defined contribution pension
11 persons	65 years	10% on salary up to SEK 424 500 (7.5 IBA), 65% on salary between SEK 424 500 -1 132 000 (7.5-20 IBA), 32.5% on salary between SEK 1 132 000 and SEK 1 698 000 (20-30 IBA)	A premium of 35% on salary above SEK 1 698 000 (30 IBA) with a cap of SEK 4 528 000 (80 IBA) paid monthly as long as person remains employed, though to a maximum age of 65
1 person	65 years	10% on salary up to SEK 424 500 (7.5 IBA), 65% on salary between SEK 424 500 -1 132 000 (7.5-20 IBA), 32.5% on salary between SEK 1 132 000 and SEK 1 698 000 (20-30 IBA)	A premium of 30% on salary above SEK 1 698 000 (30 IBA) with a cap of SEK 8 000 000 paid monthly as long as person remains employed, though to a maximum age of 65
1 person	65 years	10% on salary up to SEK 424 500 (7.5 IBA), 65% on salary between SEK 424 500 -1 132 000 (7.5-20 IBA), 32.5% on salary between SEK 1 132 000 and SEK 1 698 000 (20-30 IBA)	A premium of 35% on salary above SEK 1 698 000 (30 IBA) with a cap of SEK 8 000 000 paid monthly as long as person remains employed, though to a maximum age of 65
1 person	65 years		A premium of 35% on salary up to SEK 4 528 000 per year paid monthly as long as person remains employed, though to a maximum age of 65
1 person	65 years		A premium of 30% on salary up to SEK 4 528 000 per year paid monthly as long as person remains employed, though to a maximum age of 65

The income base amount is determined by the government and follows the wage trend in society. In 2013 the income base amount was SEK 56 600.

Defined-benefit pension

In a defined-benefit pension the employer promises a future pension often expressed as a percentage of salary. The defined-benefit level according to the BTP plan requires that the employee:

- Remains employed until the retirement date
- Has 30 years of service with Swedbank or other employers with similar pension plans.

A deduction is made from defined-benefit pensions for previously vested pension entitlements.

Defined-contribution pension

In a defined-contribution pension the employer allocates a specific percentage of the employee's salary to a premium. The premium for the defined-contribution pension is paid as long as the individual remains employed, but no longer than to the retirement age.

Increased pension age

In 2012 the retirement age for 6 persons was raised from 62 to 65. This means that the pension benefits which would have been paid out between the ages of 62 and 65 will be rolled forward and paid out from age 65. Continued employment until age 65 would entitle these persons to an additional pension of SEK 920 000 between 65 and 68.

Other contractual terms to other senior executives

	Term of notice	Severance pay	Resignation
10 persons	12 months	12 months	6 months
4 persons	6 months	12 months	6 months
1 person	6 months	6 months	6 months

Conditions within the framework of the contractual terms:

- If terminated by the bank, salary is paid during the term of notice
- If terminated by the bank, severance pay is paid
- If the employee resigns, no severance pay is paid unless the resignation was caused by a serious breach of contract by the bank
- If the employee resigns, salary is paid during the term of notice
- If new work is found, a deduction is made for salary income during the term of notice and from the severance pay.

Limits due to agreement with National Debt Office

Since Swedbank has entered into the state guarantee programme and according to the agreement with the Swedish National Debt Office has pledged to, among other things, ensure that the following applies to the five highest paid senior executives:

- The base salary or other fixed compensation paid to any executive may not exceed the compensation level determined prior to 20 October 2008.
- Variable compensation, including options etc., may not be determined during the time period during which the bank's contract with the Swedish National Debt Office applies ("the contractual period"), and circumstances related to the contractual period may not be considered when variable compensation is calculated due to previous contracts and no variable compensation has been determined before the contractual period may be executed or paid during the contractual period.
- With regard to severance pay, the terms may not be more favourable than stipulated in the employment terms for senior executives of state-owned companies.

Compensation to the Board Of Directors

Compensation for the members of the Board of Directors, as indicated in the table below, covers the financial year stretching from the AGM on 20 March 2013to the AGM on 19 March 2014 and is determined by the AGM. Board compensation consists of fixed compensation for Board work as well as fixed compensation for any committee work. The three committees are the Audit and Compliance Committee, the Risk and Capital Committee and the Remuneration Committee. During the year no costs were reported for previous Board members beyond what is indicated below. The Group does not have any pension entitlements for Board members.

Board fees and compensation to the Board during the year, from Annual General Meeting to Annual General Meeting, SEK thousands	2013			2012		
	Board fees	Committee work	Total	Board fees	Committee work	Total
Anders Sundström, Chair 2013, Deputy Chair 2012	1 350	350	1 700	675	350	1 025
Lars Idermark, Deputy Chair 2013, Chair 2012	675	350	1 025	1 350	350	1 700
Ulrika Francke, Director	400	100	500	400	100	500
Göran Hedman, Director	400	425	825	400	425	825
Olav Fjell, Director	400	250	650	400	250	650
Anders Igel, Director	400	100	500	400	100	500
Pia Rudengren, Director	400	250	650	400	250	650
Charlotte Strömberg, Director	400	125	525	400	100	500
Karl-Henrik Sundström, Director	400	125	525	400	125	525
Siv Svensson, Director	400	125	525	400	125	525
Total	**5 225**	**2 200**	**7 425**	**5 225**	**2 175**	**7 400**

The current Chair of the board receives fixed compensation for board work as well as fixed compensation for committee work i.e. no variable portions, pension or other benefits. The table below shows the costs reported for the years 2012 and 2013.

Compensation to the Chair, SEK thousands	2013	2012
Anders Sundström		
Within framework of Board fees set by the Board	1 700	
Lars Idermark		
Within framework of Board fees set by the Board		1 700
Total	**1 700**	**1 700**

Total compensation to the Chair, Deputy Chair, Directors, the President and other senior executives direct reporting to the President (key staff management)	2013	2012
Short-term employee benefits	69	52
Post employment benefits, pension costs	23	17
Termination benefits, severance pay	8	7
Share-based payments	3	
Total	**103**	**77**
Amounts of outstanding balances		
Granted loans	80	78

SUMMARY – COMPENSATION TO THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES IN THE PARENT COMPANY

The Board of Directors' Remuneration Committee reviews and evaluates annual compensation guidelines for the Chair of the Board, other Board members, the CEO and other senior executives and prepares a proposal for the Board. Based on this proposal, the Board proposes compensation guidelines for them each year for approval by the AGM. Based on the guidelines approved by the AGM, the Board sets the compensation terms each year for senior executives and the head of Internal Audit. Fees to the CEO and other senior executives for internal board duties are deducted against their salaries, unless otherwise agreed to.

SUMMARY – COMPENSATION TO BOARDS OF DIRECTORS AND SENIOR EXECUTIVES IN THE GROUP

Shown here are the salaries and other compensation for Boards of Directors, CEOs, Vice Presidents and other senior executives in the Group. This group includes current and former employees. Fees to CEO's and other senior executives for internal board duties are deducted against their salaries, unless otherwise agreed.

	2013					2012				
	Board of directors, President, Vice President and other Group executives			Other employees	All employees	Board of directors, President, Vice President and other Group executives			Other employees	All employees
Compensation	Number of persons	Salaries and Board fees	Variable compensation	Salaries and variable compensation	Total	Number of persons	Salaries and Board fees	Variable compensation	Salaries and variable compensation	Total
Sweden	101	127	3	4 503	4 633	97	120	3	4 311	4 434
Denmark				15	15				15	15
Estonia	22	13	3	423	439	16	10	1	427	438
Finland				29	29				44	44
Latvia	16	13	3	270	286	18	13	3	270	286
Lithuania	30	19	2	260	281	27	15	2	261	278
Luxembourg	8	7		24	31	7	11		35	46
Norway	4	2		336	338	3			403	403
USA	4	6		24	30	3	5		75	80
Other countries	1	1		16	17	1	1		14	15
Total	**186**	**188**	**11**	**5 900**	**6 099**	**172**	**175**	**9**	**5 855**	**6 039**

Pensions and loans to Boards of Directors, CEOs, Vice Presidents and equivalent senior executives

Pension costs reported in the table below refer to current and former Boards of Directors, CEOs, Vice Presidents and equivalent senior executives in the Group. The costs exclude social insurance charges and payroll taxes. Pension obligations for current and former CEOs and Vice Presidents have been funded through insurance and pension foundations. The latter's obligations amounted to SEK 392m (431). The Group has not pledged any assets or other collateral or committed to contingent liabilities on behalf of any of the above-mentioned group of senior executives.

Pension and loans to Board members, Presidents, Vice Presidents and equivalent senior executives	2013	2012
Cost for the year related to pensions and similar benefits	42	40
No. of persons	82	70
Granted loans	340	423
No. of persons	141	162

KEY RATIOS, EMPLOYEES

Average number of employees based on 1 585 hours per employee	2013	2012
Swedbank AB	8 117	8 256
Swedbank Finans AB	178	179
Swedbank Försäkring AB	136	144
Swedbank Robur AB	286	294
Swedbank Franchise AB	45	45
Swedbank Babs Holding AB	74	94
Ölands Bank AB	60	64
Ektornet AB	161	390
Swedbank Hypotek AB	3	3
Swedbank Luxembourg	25	31
Swedbank Estonia	2 575	2 686
Swedbank Latvia	1 801	1 809
Swedbank Lithuania	2 561	2 389
First Securities LLC, USA		5
Total	**16 022**	**16 389**

of which in		
Sweden	8 501	8 713
Denmark	27	30
Estonia	2 596	2 718
Finland	29	40
China	22	22
Latvia	1 920	1 969
Lithuania	2 585	2 421
Luxembourg	46	31
Norway	266	270
USA	15	161
Ukraine	15	14
Total	**16 022**	**16 389**
Number of hours worked (thousands)	25 395	25 977
Number of Group employees at year-end excluding long-term absentees in relation to hours worked expressed as full-time positions (refers to continuing operations)	14 265	14 498

Employee turnover including retired staff, %	2013	2012
Swedish Banking	7.1	9.0
Large Corporates & Institutions	7.0	12.2
Baltic Banking	17.5	12.0
Group Functions	10.1	22.8
Total	**11.3**	**15.4**

Other key ratios	2013	2012
Average number of employees	16 022	16 389
Number of employees at year-end	15 147	15 118
Number of full-time positions*	14 265	14 498
Absenteeism, %**	2.8	2.8
Long-term healthy employees, %**	76.7	76.3

* Refers to continuing operations

**Refers to the Swedish operations. Long-term healthy refer to employees with a maximum of five working days of sick leave during a rolling 12 month period

GENDER DISTRIBUTION

Swedbank strives for diversity, including an even distribution between women and men, among employees in general as well as among senior executives. We are convinced that it is important to maintain a balance between women and men, not least among senior executives in the parent company and the Group and their respective management teams. Consequently, we have specifically chosen as of 2011 to show their gender distribution.

Distribution by gender and country	2013		2012	
%	Female	Male	Female	Male
Sweden	54	46	55	45
Denmark	60	40	60	40
Estonia	77	23	77	23
Finland	67	33	52	48
China	44	56	44	56
Latvia	76	24	75	25
Lithuania	74	26	77	23
Luxembourg	38	62	25	75
Norway	26	74	21	79
USA	20	80	26	74

Distribution by gender	2013		2012	
%	Female	Male	Female	Male
All employees	62	38	55	45
Swedbank's Board of Directors	40	60	40	60
Group Executive Management incl. President	30	70	33	67
Group Executive Management and their respective management teams	40	60	35	65

Swedbank has chosen in the table above to present its Board of Directors and Group Executive Committee.

The annual report contains a presentation of the gender distribution for all Boards of Directors in the Group, including subsidiaries. A summary of all of the Group's Boards, including subsidiaries, shows a distribution of 37 percent women (33) and 63 percent men (67). A summary of all of the Group's senior executives, including subsidiaries, shows a distribution of 25 percent women (26) and 75 percent men (74).

G14 Other general administrative expenses

	2013	2012
Expenses for premises	8	9
Rents, etc.	1 185	1 223
IT expenses	1 650	1 574
Telecommunications, postage	141	223
Consulting	265	250
Compensation to savings banks	662	622
Other purchased services	647	603
Travel	201	172
Entertainment	49	49
Office supplies	120	132
Advertising, public relations, marketing	354	333
Security transports, alarm systems	207	388
Maintenance	158	140
Other administrative expenses	258	305
Other operating expenses	353	447
Total	**6 258**	**6 470**

Remuneration to auditors	2013	2012
Remuneration to auditors elected by Annual General Meeting, Deloitte		
Statutory audit	32	34
Other audit	2	4
Tax advisory	1	1
Other	3	4
Remuneration to other		
Statutory audit	2	1
Other	3	3
Total	**42**	**47**
Own Internal Audit	63	58

G15 Depreciation/amortisation of tangible and intangible fixed assets

Depreciation/amortisation	2013	2012
Equipment	340	425
Owner-occupied properties	38	39
Investment properties	42	100
Intangible fixed assets	319	288
Total	**739**	**852**

G16 Impairments of tangible assets including repossessed lease assets

Impairments	2013	2012
Investment properties	260	258
Properties measured as inventory	413	137
Repossessed leasing assets	16	10
Other assets	4	2
Total	**693**	**407**

G17 Credit impairments

Credit impairments	2013	2012
Provisions for loans that individually are assessed as impaired		
Provisions	484	410
Reversal of previous provisions	–387	–798
Provision for homogenous groups of impaired loans, net	–445	–386
Total	**–348**	**–774**
Portfolio provisions for loans that individually are not assessed as impaired	**–281**	**–621**
Write-offs		
Established losses	2 925	4 450
Utilisation of previous provisions	–1 702	–2 878
Recoveries	–383	–343
Total	**840**	**1 229**
Credit impairments for contingent liabilities and other credit risk exposures	**–151**	**–19**
Credit impairments	**60**	**–185**
Credit impairments by valuation category		
Loans and receivables	38	–216
Fair value through profit or loss	22	31
Held to maturity		
Total	**60**	**–185**
Credit impairments by borrower category		
Credit institutions	–10	–29
General public	70	–156
Total	**60**	**–185**

G18 Tax

Tax expense	2013	2012
Tax related to previous years	209	109
Current tax	3 954	3 469
Deferred tax	–64	579
Total	**4 099**	**4 157**

The difference between the Group's tax expense and the tax expense based on current tax rates is explained below:

	2013		2012	
	SEKm	per cent	SEKm	per cent
Results	4 099	21.2	4 157	21.4
22.0% of pre-tax profit	4 258	22.0	5 120	26.3
Difference	**159**	**0.8**	**963**	**4.9**
The difference consists of the following items:				
Tax previous years	–209	–1.1	–109	–0.6
Tax -exempt income/non-deductible expenses	28	0.1	–95	–0.5
Change in unrecognised deferred tax assets which effects the effective tax rate	–19	–0.1	–78	–0.4
Tax-exempt capital gains and appreciation in value of shares and participating interests	1	0.0	1	0.0
Other tax basis in insurance operations	89	0.5	63	0.3
Deviating tax rates in other countries	293	1.5	802	4.1
Standard income tax allocation reserve	–14	–0.1	–8	0.0
Revaluation of deferred taxes due to changed tax rate in Sweden			505	2.6
Changes in accounting policies employee benefits IAS19			–93	–0.5
Other, net	–10	0.0	–25	–0.1
Total	**159**	**0.8**	**963**	**4.9**

The 2013 tax expense corresponds to an effective tax rate of 21.2 per cent (21.4). The Swedish corporate tax rate was reduced from 26.3 per cent to 22.0 per cent on 1 January 2013. Due to the lower Swedish corporate tax rate, deferred tax items for 2012 were restated. The one-off effect reduced the tax expense by SEK 505m.

2013

Deferred tax assets	Opening balance	Income statement	Other comprehensive income	Equity	Discontinued operations	Exchange rate differences	Closing balance
Deductible temporary differences							
Provision for credit impairments	58	–24				1	35
Other	298	2			–161		139
Unused tax losses	1 277	–207			–689	–6	375
Sharebased payment				10			10
Unrecognised deferred tax assets	–976	40			785	9	–142
Total	**657**	**–189**		**10**	**–65**	**4**	**417**

Deferred tax liabilities	Opening balance	Income statement	Other comprehensive income	Equity	Discontinued operations	Exchange rate differences	Closing balance
Taxable temporary differences							
Untaxed reserves	2 774	–50					2 724
Hedge of net investment in foreign operations	505	–11	–252				242
Provision for pensions	–1 234	23	498				–713
Cash flow hedges	106	0	–28				78
Intangible fixed assets	304	–61	0				243
Sharebased payment	0	0	0	–92			–92
Other	186	–168	0	16	–126	–7	–99
Total	**2 641**	**–267**	**218**	**–76**	**–126**	**–7**	**2 383**
Deferred tax in associates		14	2				
Total		**–253**	**220**				

Deferred tax related to hedging of net investments in foreign operations and cash flow hedging is recognised directly in other comprehensive income, since the change in the value of the hedging instrument is also recognised directly in other comprehensive income. Deferred tax related to untaxed reserves in associates is included in the balance sheet line investments in associates.

In 2012 the Swedish corporate tax rate was reduced from 26.3 per cent to 22.0 per cent effective 2013. As a result, the deferred tax assets and tax liabilities which will be subject to Swedish taxation beginning in 2013 were revalued at the new tax rate as of the closing day. The 2012 revaluation, which totalled SEK 584m, had a positive effect on the year's tax expense of SEK 505m, which is recognised through the income statement, and a positive effect of SEK 82m from tax attributable to components in other comprehensive income and a negative effect of SEK 4m recognised directly in the statement of changes in equity.

Swedbank AS pays income tax in Estonia only upon distribution of its earnings. The tax rate for 2013 was 21 per cent (21). Retained earnings in Swedbank AS, which would be subject too income tax if distributed, amounted to SEK 14 976m (13 879). No deferred tax liability has been recognised in the accounts, since the parent company can control the timing when dividends are paid out and no distribution is expected in the foreseeable future. Future dividends, if any, are expected to be paid from future earnings. If retained earnings were subject to distribution, a tax expense of SEK 3 145m (2 915) would arise. The unrecognised portion of deferred tax assets amounted to SEK 142m (976). The unrecognised tax assets refer to Lithuania, SEK 53m (50), and the operations in Ektornet, SEK 89m (140). The assets are not recognised due to uncertainty when sufficient taxable earnings will be generated. See also note G2 Accounting policies.

Unused tax losses and unused tax credits according to tax calculation

Maturity	Total deduction	D duction for which deferred tax is recognised Latvia	 Lithuania	 Sweden	Deduction for which deferred tax is not recognised
2014	2			2	
2015	6			6	
Without maturity	2 404	1 567	402		435
Total	**2 412**	**1 567**	**402**	**8**	**435**

When the Group determines how much of deferred tax assets will be recognised, it forecasts future taxable profits that can be utilised against tax loss carryforwards or other future tax credits. Deferred tax assets are recognised only to the extent such profits are probable. The Group expects that about 85 per cent (74) of the taxable losses that serve as the basis for recognised deferred tax assets will be utilised before the end of 2016 i.e. within the framework of the Group's three-year financial plan. Most of the losses for which deferred tax assets are recognised derive from the Group's home markets.

2012

Deferred tax assets	Opening balance	Income statement	Other comprehensive income	Equity	Discontinued operations and business combinations	Exchange rate differences	Closing balance
Deductible temporary differences							
Provision for credit impairments	106	–45				–3	58
Other	6	282		2	11	–3	298
Unused tax losses	1 556	–222				–57	1 277
Unrecognised deferred tax assets	–796	–219				39	–976
Total	**872**	**–204**		**2**	**11**	**–24**	**657**
Deferred tax liabilities							
Taxable temporary differences							
Untaxed reserves	2 350	424					2 774
Hedge of net investment in foreign operations	347		158				505
Provision for pensions	–1 060	190	–364				–1 234
Cash flow hedges	215	2	–111				106
Intangible fixed assets	339	–35					304
Tax loss carry-forwards	–1	1					0
Other	444	–215		–17		–26	186
Total	**2 634**	**367**	**–317**	**–17**		**–26**	**2 641**
Deferred tax in associates		14					
Total		**381**	**–317**				

Unused tax losses and unused tax credits according to tax calculation

Maturity	Total deduction	Deduction for which deferred tax is recognised Latvia	 Lithuania	 Russia	 Sweden	Deduction for which deferred tax is not recognised
2013	3					3
2014	3 088				2	3 086
2015	329				6	323
2020	126			126		
Without maturity	3 409	2 576	438	0		395
Total	**6 955**	**2 576**	**438**	**126**	**8**	**3 807**

G19 Earnings per share

Earnings per share are calculated by dividing profit for the year, after adjustments, attributable to holders of ordinary shares in the parent company by a weighted average number of ordinary shares outstanding. Earnings per share after dilution is calculated by dividing profit for the year, after adjustments, attributable to holders of ordinary shares in the parent company by the average of the number of ordinary shares outstanding during the year, adjusted for the dilution effect of potential shares. Profit for the year has been adjusted by deducting the dividend paid to preference shares. Earnings per share are calculated separately for continuing operations and discontinued operations. Since the outstanding preference shares call for a mandatory conversion to ordinary shares, the preference shares are included in the calculation of earnings per share before dilution for common shares outstanding. Hence, the conversion has no effect on the calculation of earnings per share.

Swedbank's share-related compensation programmes, Programme 2010, Programme 2011, Programme 2012 and Programme 2012, give rise to potential ordinary shares from the grant date for these shares from an accounting perspective. Grant date refers here to the date when the parties agreed to the terms and conditions of the programmes. The grant date from an accounting perspective for Programmes 2010 and 2011 was 25 March 2011. For Programme 2012 the grant date was 27 March 2012. For Programme 2013 the grant date was 27 March 2013. The rights are treated as options in the calculation of earnings per share after dilution.

	2013	2012
Average number of shares		
Weighted average number of shares before adjustments for holdings of treasury shares, before dilution	1 099 005 722	1 099 005 722
Weighted average number of shares acquired by associates	–1 624 000	–1 285 096
Weighted average number of shares, before dilution	1 097 381 722	1 097 720 626
Weighted average number of shares for dilutive potential ordinary shares resulting from share-based compensation programme	8 800 392	4 223 670
Weighted average number of shares, after dilution	1 106 182 114	1 101 944 296
Earnings per share, SEK		
Profit for the year attributable to the shareholders of Swedbank AB from total operations	12 901	14 304
Preference dividends on non-cumulative preference shares declared in respect of the year	1 722	1 004
Profit for the year used for calculating earnings per share from total operations	11 179	13 300
Earnings per share total operations before dilution, SEK	10.19	12.12
Earnings per share total operations after dilution, SEK	10.11	12.07
Profit for the year attributable to the shareholders of Swedbank AB from continuing operations	15 241	15 298
Preference dividends on non-cumulative preference shares declared in respect of the year	1 722	1 004
Profit for the year used for calculating earnings per share from continuing operations	13 519	14 294
Earnings per share continuing operations before dilution, SEK	12.32	13.02
Earnings per share continuing operations after dilution, SEK	12.22	12.97
Profit for the year attributable to the shareholders of Swedbank AB from discontinued operations	–2 340	–994
Profit for the year used for calculating earnings per share from discontinued operations	–2 340	–994
Earnings per share discontinued operations before dilution, SEK	–2.13	–0.91
Earnings per share discontinued operations after dilution, SEK	–2.13	–0.91

G20 Tax for each component in other comprehensive income

	2013				2012			
	Pre-tax amount	Deferred tax	Current tax	Total tax amount	Pre-tax amount	Deferred tax	Current tax	Total tax amount
Items that will not be reclassified to the income statement								
Remeasurements of defined benefit pension plans	2 264	–498		–498	–1 653	364		364
Share of other comprehensive income of associates	12	–2		–2	–43	10		10
Total	**2 276**	**-500**		**-500**	**-1 696**	**374**		**374**
Items that may be reclassified to the income statement								
Exchange differences, foreign operations	3 133				–1 480			
Hedging of net investments in foreign operations	–910	252	–50	202	1 050	–158	–27	–185
Cash flow hedges	–127	28		28	–421	111		111
Share of other comprehensive income of associates	–115				21			
Total	**1 981**	**280**	**-50**	**230**	**-830**	**-47**	**-27**	**-74**
Other comprehensive income	**4 257**	**-220**	**-50**	**-270**	**-2 526**	**327**	**-27**	**300**

G21 Treasury bills and other bills eligible for refinancing with central banks, etc.

	Carrying amount			Amortised cost			Nominal amount		
	2013	2012	1/1/2012	2013	2012	1/1/2012	2013	2012	1/1/2012
Valuation category, fair value through profit or loss									
Trading									
Swedish government	45 017	13 868	19 391	44 000	12 360	17 315	42 234	9 889	14 577
Swedish municipalities	626	711	115	626	711	115	625	711	115
Foreign governments	9 308	3 842	4 981	9 219	3 722	4 924	9 131	3 659	4 913
Other non-Swedish issuers	1 308	1 237	124	1 309	1 237	124	1 306	1 235	124
Total	**56 259**	**19 658**	**24 611**	**55 154**	**18 030**	**22 478**	**53 296**	**15 494**	**19 729**
Valuation category, held to maturity*									
Foreign governments	555	825	1 242	555	825	1 242	534	804	1 252
Total	**555**	**825**	**1 242**	**555**	**825**	**1 242**	**534**	**804**	**1 252**
Total	**56 814**	**20 483**	**25 853**	**55 709**	**18 855**	**23 720**	**53 830**	**16 298**	**20 981**

* The fair value of held-to-maturity investments amounted to SEK 593m (899).

G22 Loans to credit institutions

	2013	2012	1/1/2012
Valuation category, loans and receivables			
Swedish banks	58 862	39 752	46 260
Swedish credit institutions		608	1 052
Foreign banks	14 296	29 100	17 414
Foreign credit institutions	1 402	37	
Total	**74 560**	**69 497**	**64 726**
Valuation category, fair value through profit or loss			
Trading			
Swedish banks		1	1
Swedish banks, repurchase agreements			1 130
Swedish credit institutions, repurchased agreements	946	4 120	6 940
Foreign banks		59	10
Foreign banks, repurchase agreements	5 498	4 975	5 726
Foreign credit institutions, repurchase agreements	1 274	6 828	18 662
Total	**7 718**	**15 983**	**32 469**
Total	**82 278**	**85 480**	**97 195**

	2013	2012	1/1/2012
Subordinated loans			
Associates	120	120	120
Other companies	53	58	57
Total	**173**	**178**	**177**

G23 Loans to the public

	2013	2012	1/1/2012
Valuation category, loans and receivables			
Swedish public	710 175	575 233	518 509
Foreign public	183 300	174 432	184 248
Change in value due to hedge accounting at fair value	58	58	38
Foreign public, repurchase agreements	23	15	15
Total	**893 556**	**749 738**	**702 772**
Valuation category, fair value through profit or loss			
Trading			
Swedish public			387
Swedish public, repurchase agreements	28 680	31 753	33 500
Foreign public			
Foreign public, repurchase agreements	19 235	16 183	8 883
Other			
Swedish public	323 439	441 190	465 912
Total	**371 354**	**489 126**	**508 682**
Total	**1 264 910**	**1 238 864**	**1 211 454**

The maximum credit risk exposure for lending measured at fair value corresponds to the carrying amount

During 2013 the Group has elected to use the so called fair value option to a much lesser extent than previously. This has meant that the carrying amount in the valuation category fair value through profit or loss, other, has decreased while the carrying amount in the valuation category loans and receivables has increased.

Finance lease agreements distributed by maturity

2013	< 1 yr.	1–5 yrs.	> 5 yrs.	Total
Gross investment	8 624	13 019	1 797	23 440
Unearned finance income	463	873	265	1 601
Net investment	8 161	12 146	1 532	21 839
Provisions for impaired claims related to minimum lease payments				27

The residual value of the leases in all cases are guaranteed by the lessees. Finance leasing are included in Loans to the public and relates to vehicles, machinery, boats etc.

Finance lease agreements distributed by maturity

2012	< 1 yr.	1–5 yrs.	> 5 yrs.	Total
Gross investment	9 190	10 450	5 143	24 783
Unearned finance income	637	984	706	2 327
Net investment	8 553	9 466	4 437	22 456
Provisions for impaired claims related to minimum lease payments				53

The residual value of the leases in all cases are guaranteed by the lessees. Finance leasing are included in Loans to the public and relates to vehicles, machinery, boats etc.

G24 Bonds and other interest-bearing securities

Issued by other than public agencies	Carrying amount			Amortised cost			Nominal amount		
	2013	2012	1/1/2012	2013	2012	1/1/2012	2013	2012	1/1/2012
Valuation category, fair value through profit or loss									
Trading									
Swedish mortgage institutions	52 023	55 526	65 359	51 492	54 726	64 629	49 750	52 563	62 890
Swedish financial entities	27 278	20 391	9 593	27 005	19 985	9 531	26 347	19 527	9 489
Swedish non-financial entities	5 793	5 538	5 008	5 789	5 519	4 987	5 778	5 495	4 940
Foreign financial entities	26 137	23 110	21 707	26 002	22 857	21 564	25 866	22 683	21 365
Foreign non-financial entities	13 401	9 222	8 091	13 323	9 080	7 984	13 143	9 031	8 031
Total	**124 632**	**113 787**	**109 758**	**123 611**	**112 167**	**108 695**	**120 884**	**109 299**	**106 715**
Valuation category, held to maturity*									
Foreign mortgage institutions	888	1 245	1 508	888	1 245	1 508	889	1 261	1 515
Foreign financial entities	48	46	906	48	46	906	49	47	908
Foreign non-financial entities	17	246	286	17	246	286	17	248	289
Total	**953**	**1 537**	**2 700**	**953**	**1 537**	**2 700**	**955**	**1 556**	**2 712**
Total	**125 585**	**115 324**	**112 458**	**124 564**	**113 704**	**111 395**	**121 839**	**110 855**	**109 427**

* The fair value of held-to-maturity investments amounted to SEK 946m (1 533).

In the aggregate, the carrying amounts exceed the nominal amounts i.e. the amounts that will be redeemed on the maturity date.

G25 Financial assets for which the customers bear the investment risk

	2013	2012	1/1/2012
Valuation category, fair value through profit or loss			
Other			
Fund units	108 111	94 091	86 129
Interest-bearing securities	2 112	2 142	1 915
Shares	9 225	7 961	7 703
Total	**119 448**	**104 194**	**95 747**

G26 Shares and participating interests

	Carrying amount			Cost		
	2013	2012	1/1/2012	2013	2012	1/1/2012
Valuation category, fair value through profit or loss						
Trading						
Trading stock	5 312	7 271	1 386	5 011	7 166	1 534
Fund shares	1 121	326	140	1 100	300	138
For protection of claims	23	14	136	29	14	136
Other	1		7			
Other						
Credit institutions	501	338	244	338	244	217
Other shares	100	91	38	97	89	33
Total	**7 058**	**8 040**	**1 951**	**6 575**	**7 813**	**2 058**
Valuation category, available for sale						
Tenant owner rights	44	38	38	43	38	38
Other	7	28	26	7	30	26
Total	**51**	**66**	**64**	**50**	**68**	**64**
Total	**7 109**	**8 106**	**2 015**	**6 625**	**7 881**	**2 122**
of which unlisted	90	65	96			

Unlisted holdings are valued at their latest transaction price. Holdings in the valuation category available for sale have been estimated at acquisition cost, since a more reliable fair value is not considered to be available.

G27 Investments in associates

	2013	2012	1/1/2012
Fixed assets			
Credit institutions	3 221	3 235	2 796
Other associates	419	317	270
Total	**3 640**	**3 552**	**3 066**
Opening balance	**3 552**	**3 066**	**2 710**
Additions during the year	129	30	36
Change in accumulated profit shares	112	563	465
Disposals during the year	–36	–127	–143
Translation difference equity in associates	–117	20	–2
Closing balance	**3 640**	**3 552**	**3 066**

2013 Corporate identity, domicile	Corporate identity number	Number	Carrying amount	cost	Share of capital, %	Year's share of associate's pre-tax profit
Credit institutions						
EnterCard Holding AB, Stockholm	556673-0585	3 000	1 697	420	50.00	548
Färs & Frosta Sparbank AB, Lund	516401-0091	1 478 700	459	257	30.00	82
Sparbanken Rekarne AB, Eskilstuna	516401-9928	865 000	247	125	50.00	55
Swedbank Sjuhärad AB, Borås	516401-9852	950 000	746	287	47.50	127
Vimmerby Sparbank AB, Vimmerby	516401-0174	340 000	72	41	40.00	2
Total			**3 221**	**1 130**		**814**
Other associates						
BDB Bankernas Depå AB, Stockholm	556695-3567	13 000	13	7	20.00	1
BGC Holding AB, Stockholm	556607-0933	29 177	76	11	29.17	5
Finansiell ID-Teknik BID AB, Stockholm	556630-4928	12 735	21	24	28.30	-2
Rosengård Invest AB, Malmö	556756-0528	5 625	6	10	25.00	-1
UC AB, Stockholm	556137-5113	2 000	29		20.00	10
Getswish AB, Stockholm	556913-7382	10 000	4	4	20.00	
Owned by subsidiaries						
AS Sertifitseerimiskeskus, Tallinn	10747013	16	5	1	25.00	1
Babs Paylink AB, Stockholm	556567-2200	4 900	76	34	49.00	17
Bankomat AB, Stockholm	556817-9716	150	39	55	20.00	1
Hemnet Sverige AB, Stockholm	556536-0202	250	150	50	50.00	6
Total			**419**	**196**		**38**
Total			**3 640**	**1 326**		**852**

The share of the voting rights in each entity corresponds to the share of its equity.
All shares are unlisted.
The holding in EnterCard is a joint venture.
Total assets and liabilities in associates amounted to SEK 72 095m (63 479) and SEK 63 113m (54 629), respectively, while income and profit for 2013 amounted to SEK 5 906m (5 784) and SEK 1 960m (1 696), respectively.

G28 Derivatives

The Group trades in derivatives in the normal course of business and for the purpose of hedging certain positions that are exposed to share price, interest rate, credit and currency risks. Interest rate swaps that hedge the interest rate risk component in loan portfolios or in certain debt securities in issue and subordinated liabilities are sometimes recognised as hedging instruments in hedge accounting at fair value. The derivatives are recognised at fair value with changes in value through profit or loss in the same manner as for other derivatives. In note G10 Net gains and losses on financial items at fair value, any ineffectiveness of the hedges is recognised as the change in value of the derivative together with the change in value of the hedged risk component. Interest rate and currency swaps sometimes also hedge projected future interest or currency payments, so-called cash flow hedges. Future estimated cash flows that are hedged by the swaps are disclosed below. Since the derivatives are recognised as hedging instruments, the effective portion of the change in fair value is recognised in other comprehensive income. Changes in the value of derivatives used to hedge the net investment in foreign operations are also recognised in other comprehensive income. Any ineffectiveness in hedge accounting is recognised in net gains and losses on financial items at fair value. The carrying amount of derivatives included in hedge accounting is reported separately below. The carrying amounts of all derivatives refer to fair value including accrued interest.

	Nominal amount 2013 Remaining contractual maturity			Nominal amount		Positive fair value			Negative fair value		
	< 1 yr.	1-5 yrs.	> 5 yrs.	2013	2012	2013	2012	1/1/2012	2013	2012	1/1/2012
Derivatives in hedge accounting											
Fair value hedges											
Interest-rate-related											
Swaps	84 265	263 537	44 051	391 853	421 417	15 208	23 029	17 569	1 189	56	1
Currency-related											
Swaps	65			65	7 391		620	1 457	7		1
Total	**84 330**	**263 537**	**44 051**	**391 918**	**428 808**	**15 208**	**23 649**	**19 026**	**1 196**	**56**	**2**
Derivatives in portfolio fair value hedges											
Interest-rate-related											
Swappar	5 000	46 100	1 750	52 850		38			414		
Total	**5 000**	**46 100**	**1 750**	**52 850**		**38**			**414**		
Cash flow hedges											
Interest-rate-related											
Swaps	731	598		1 329	1 837				11	37	136
Currency-related											
Swaps		9 287	13 132	22 419	32 626				3 104	5 252	3 813
Total	**731**	**9 885**	**13 132**	**23 748**	**34 463**				**3 115**	**5 289**	**3 949**
Net investment in foreign operations											
Currency-related contracts											
Swaps	1 510			1 510	1 698	9				75	
Total	**1 510**			**1 510**	**1 698**	**9**				**75**	
Other derivatives											
Interest-related contracts											
Options	113 697	397 466	85 404	596 567	611 440	1 601	2 218	1 468	1 563	1 737	1 814
Forward contracts	6 140 785	4 354 773		10 495 558	6 999 018	3 688	5 390	6 776	3 640	5 454	6 993
Swaps	621 818	1 206 286	434 210	2 262 314	2 338 889	31 977	51 312	49 682	36 465	56 881	53 000
Other	132	1 204	1 492	2 828	2 231	37	59	20	1		1
Currency-related contracts											
Options	2 163	53 415		55 578	43 131	578	333	302	528	519	307
Forward contracts	747 257	15 935		763 192	794 294	5 255	9 149	16 516	5 622	10 385	16 997
Swaps	130 577	138 446	50 688	319 711	360 665	8 213	10 878	11 340	6 283	13 332	9 609
Other	992	126		1 118	945	13	19	75	13	19	27
Equity-related contracts											
Options	21 921	13 627	6 940	42 488	39 159	2 277	1 513	1 462	1 039	798	864
Forward contracts	7 257	9		7 266	5 182	67	2	3	48	1	23
Swaps	2 893	99		2 992	2 743	385	225	273	30	63	140
Other	753	6		759	1 169	8	21	30	7	22	30
Credit-related contracts											
Swaps	1 380	10 246	757	12 383	9 392	114	21	65	168	33	40
Commodity-related contracts											
Options	42			42		23			19		
Other	1 146			1 146		9			8		
Total	**7 792 813**	**6 191 638**	**579 491**	**14 563 942**	**11 208 258**	**54 245**	**81 140**	**88 012**	**55 434**	**89 245**	**89 845**
Gross amount	**7 884 384**	**6 511 160**	**638 424**	**15 033 968**	**11 673 227**	**69 500**	**104 789**	**107 038**	**60 159**	**94 665**	**93 796**
Offset amount						–5 148	–2 524	–3 312	–5 148	–2 524	–3 312
Net amount presented in the balance sheet	**7 884 384**	**6 511 160**	**638 424**	**15 033 968**	**11 673 227**	**64 352**	**102 265**	**103 726**	**55 011**	**92 141**	**90 484**
of which cleared	2 180 970	880 373	29 032	3 090 375	3 828 786	1 696	2 530	3 587	2 364	3 142	3 838

Maturity distribution regarding future hedged cash flows in cash flow hedge accounting

	< 1 yr.	1-3 yrs.	3-5 yrs.	5-10 yrs.	>10 yrs.
Negative cash flows (liabilities)	183	11 824	447	2 799	7 455

Future cash flows above, expressed in SEKm, are exposured to variability attibutable to changed interest rates and/or changed currency rates.

These future cash flows are hedged with derivatives, recognised as cash flow hedges, with opposite cash flows that eliminate the variability.

G29 Intangible fixed assets

	Indefinite useful life	Definite useful life			
2013	Goodwill	Customer base	Internally developed software	Other	Total
Cost, opening balance	**15 682**	**1 721**	**998**	**995**	**19 396**
Additions through business combinations	19				19
Additions through internal development			73		73
Additions through separate acquisitions		72		396	468
Sales and disposals	–2394	–142		–137	–2 673
Discontinued operations				–22	
Exchange rate differences	394	21		6	421
Cost, closing balance	**13 701**	**1 672**	**1 071**	**1 238**	**17 682**
Amortisation, opening balance		**-743**	**-404**	**-442**	**-1 589**
Amortisation for the year		–97	–107	–115	–319
Sales and disposals		57		8	65
Discontinued operations				19	
Exchange rate differences		–19		–10	–29
Amortisation, closing balance		**-802**	**-511**	**-540**	**-1 853**
Impairments, opening balance	**-4 230**	**-102**	**-4**	**-31**	**-4 367**
Impairments for the year			–170	–12	–182
Sales and disposals	2 394	86			2 480
Exchange rate differences	–105	2		1	–102
Impairments, closing balance	**-1 941**	**-14**	**-174**	**-42**	**-2 171**
Carrying amount	**11 760**	**856**	**386**	**656**	**13 658**

For intangible assets with a finite useful life, the amortisable amount is allocated systematically over the useful life. Systematic amortisation relates to both straight line and increasing or decreasing amortisation. The original useful life is between 3 and 15 years. There was no need for impairment.

	Indefinite useful life	Definite useful life			
2012	Goodwill	Customer base	Internally developed software	Other	Total
Cost, opening balance	**15 996**	**1 918**	**945**	**967**	**19 826**
Additions through business combinations					
Additions through internal development			116		116
Additions through separate acquisitions		8		184	192
Sales and disposals			–63	–147	–210
Exchange rate differences	–314	–205		–9	–528
Cost, closing balance	**15 682**	**1 721**	**998**	**995**	**19 396**
Amortisation, opening balance		**-812**	**-361**	**-476**	**-1 649**
Amortisation for the year		–103	–83	–110	–296
Sales and disposals			40	139	179
Exchange rate differences		172		5	177
Amortisation, closing balance		**-743**	**-404**	**-442**	**-1 589**
Impairments, opening balance	**-4 234**	**-114**		**-30**	**-4 378**
Impairments for the year	–3	–14	–3		–20
Sales and disposals					
Exchange rate differences	7	26	–1	–1	31
Impairments, closing balance	**-4 230**	**-102**	**-4**	**-31**	**-4 367**
Carrying amount	**11 452**	**876**	**590**	**522**	**13 440**

Specification of intangible assets with indefinite useful life	Acquisition year	Carrying amount 2013	2012	1/1/2012
Goodwill				
Swedbank Robur AB	1995	328	328	328
Föreningsbanken AB	1997	1 342	1 342	1 342
Swedbank Försäkring AB	1998	651	651	651
Kontoret i Bergsjö	1998	13	13	13
Ölands Bank AB	1998	9	9	9
FSB Bolåndirekt Bank AB	2002	159	159	159
Svenska kyrkans fondaktiebolag	2005			3
Söderhamns Sparbank AB	2007	24	24	24
Svensk Fastighetsförmedling	2013	19		
Sweden		**2 545**	**2 526**	**2 529**
of which banking operations		1 547	1 547	1 550
of which other		998	979	979
Swedbank AS	1999	1 078	1 041	1 078
Swedbank AS	2000	11	11	11
Swedbank AB	2001	127	123	127
Swedbank AS	2005	7 818	7 560	7 828
Baltic countries		**9 034**	**8 735**	**9 044**
of which allocated to:				
Banking operations in Estonia		3 781	3 651	3 782
Banking operations in Latvia		1 946	1 892	1 955
Banking operations in Lithuania		3 307	3 192	3 307
First Securities ASA	2005	181	191	189
Norway		**181**	**191**	**189**
Total		**11 760**	**11 452**	**11 762**

Value in use

Goodwill acquired in business combinations has been allocated to the lowest possible cash generating unit. The recoverable amount has been determined based on value in use. This means that the assets' estimated future cash flows are calculated at present value using a discount rate. Estimated future cash flows are based on the Group's established three-year financial plans. The most important assumptions in the three-year plan are management's estimate of net profit, including credit impairments, growth in each economy, both GDP and industry growth, and the trend in risk weighted assets. Financial planning is done at a lower level than the cash generating unit. The necessary assumptions in the planning are based as far as possible and appropriate on external information. Future cash flows are subsequently estimated with the help of long-term assumptions on growth in risk weighted assets as well as on net profit in relation to risk weighted assets. Due to the long-term nature of the investments, cash flow is expected to continue indefinitely. Use of an indefinite cash flow is motivated by the fact that all cash generating units are part of the Group's home markets, which it has no intention of leaving. Net cash flow refers to the amount that theoretically could be received as dividends or must be contributed as capital to comply with capital adequacy or solvency rules. The Group currently believes that a Common Equity Tier 1 capital ratio of 15 per cent (14) is reasonably the lowest level for the cash generating unit, because of which any surpluses or deficits calculated in relation to this level are theoretically considered to be payable as dividends or will have to be contributed as capital and therefore constitute net cash flow. The discount rate is determined based on the market's risk-free rate of interest, the market's yield requirements, the unit's performance in the stock market in relation to the entire market, and the asset's specific risks. The discount rate is adapted to various periods if needed. Any adjustments needed to the discount factor are determined based on the economic stage the cash generating unit is in and means that each year's cumulative cash flow is discounted by a unique discounting factor. Projected growth in risk weighted assets corresponds to estimated inflation, projected real GDP growth and any additional growth expected in the banking sector, depending on the economic stage that the sector is in. In accordance with IAS 36, the long-term growth estimate does not include any potential increase in market share. Long-term growth estimates are based on external projections as well as the Group's experience and growth projections for the banking sector in relation to GDP growth and inflation. Estimated net profit in relation to risk weighted assets is based on historical experience and adjusted based on the economic stage the cash generating unit is in. The adjustment is also based on how the composition of the cash generating unit's balance sheet is expected to change. The parameters are based as far as possible on external sources. The most important assumptions and their sensitivity are described in the table on the following page.

Cash-generating unit	RWA growth % 2013 2013-2015	2012 2012-2014	RWA growth % 2013 2016-2048	2012 2015-2048	Average RWA growth % 2013 2016-2048	2012 2015-2048	RWA growth % 2013 2049-	2012 2049-
Banking operations								
Estonia	–1.9	–5.7	5.9–3.1	6.0–3.1	4.2	3.9	3.0	3.0
Latvia	–6.5	–9.1	4.9–3.1	5.0–3.1	3.9	3.8	3.0	3.0
Lithuania	–16.5	0.4	4.9–3.1	5.0–3.1	3.8	3.5	3.0	3.0
Sweden	2.0	0.5	3.0	3.0–3.0	3.0	3.0	3.0	3.0

Cash-generating unit	Average annual discount rate % 2013 2013-2015	2012 2012-2014	Annual discount rate % 2013 2016-2048	2012 2015-2048	Average annual discount rate % 2013 2016-2048	2012 2015-2048	Annual discount rate % 2013 2049-	2012 2049-
Banking operations								
Estonia	10.1	11.1	10.1–9.0	11.1–9.0	9.4	9.6	9.0	9.0
Latvia	11.9	12.8	11.9–9.0	12.8–9.0	9.8	10.1	9.0	9.0
Lithuania	11.4	12.1	11.4–9.0	12.1–9.0	9.8	10.0	9.0	9.0
Sweden	8.4	9.0	8.4–8.4	9.0–9.0	8.4	9.0	8.4	9.0

Sensitivity analysis, change in recovarable amount

Cash-generating unit	Net asset including goodwill, carrying amount, SEKm 2013	2012	Recoverable amount, SEKm 2013	2012	Decrease in assumption of yearly growth by 1 percentage point 2013	2012	Increase in discount rate by 1 percentage point 2013	2012
Banking operations								
Estonia	20 781	19 624	26 250	25 854	–1 515	–1 903	–2 254	–2 471
Latvia	11 144	9 865	11 937	10 106	–87	–302	–371	–617
Lithuania	11 899	9 896	14 003	11 881	–1 152	–1 213	–1 941	–1 528
Sweden*	33 910	31 939	46 358	41 768	823	958	–3 353	–2 901

* The cash-generating unit is part of the segment Swedish Banking.

Sensitivity analysis

Given a reasonable change in any of the above assumptions, there would be no impairment loss for any cash generating unit. For the other cash generating units, with the exception of the banking operations in Lithuania, there is still room for a reasonable change in both assumptions were to occur simultaneously as indicated in the table i.e. both an increase in the discount rate of 1 percentage point and a decrease in the growth assumption of 1 percentage point. The Group is also confident there is room for a reasonable change in the net profit margin assumption without causing an impairment loss.

Banking operations in Baltic countries

Recognised goodwill totalled at SEK 9 034m (8 735). Essentially the same assumptions were used in the impairment testing for 2013 as at the previous year-end. The three-year financial plans have been updated, as a result of which the initial growth assumptions after the planning period have been reduced. The discounting factor has been updated with new country-specific risk premiums. No impairments were identified on the closing day. The three-year financial plans have been updated based on conditions in each country. Initial growth assumed in the established three-year financial plans is based on management's best estimate of inflation, real GDP growth and growth in the banking sector in each market. The assessments are based on external sources. After the planning period a linear reduction of annual growth is assumed during the period between 2017 and 2048 from 5–6 per cent down to 3 per cent, which is considered sustainable growth for a mature market. The initial discount rate for each period reflects a country-specific risk premium that will converge on a straight-line basis to 5 per cent, which is considered relevant for a mature market. Risk premiums are derived from external sources. The discount rate before tax for the period 2014-2016 was approximately 12 per cent (13).

Other cash generating units, excluding banking operations

Other recognised goodwill totalled SEK 1 179m (519). No impairments were needed as of the closing day. Average annual growth for other cash generating units has been assumed to be 3 per cent (3) and the average discount rate was 8 per cent (9), or 11 per cent (12) before tax.

G30 Tangible assets

2013	Current assets Properties	Fixed assets Equipment	Owner-occupied properties	Total
Cost, opening balance	**2 778**	**4 333**	**1 221**	**8 332**
Additions	255	488	68	811
Sales and disposals	–1 199	–1 547	–81	–2 827
Discontinued operations		19		
Exchange rate differences	–3	28	40	65
Cost, closing balance	**1 831**	**3 321**	**1 248**	**6 381**
Amortisation, opening balance		**–3 237**	**–334**	**–3 571**
Amortisation for the year		–340	–38	–378
Sales and disposals		1 185	12	1 197
Discontinued operations		–17		
Exchange rate differences		–21	–10	–31
Amortisation, closing balance		**–2 430**	**–370**	**–2 783**
Impairments, opening balance	**–123**			**–123**
Impairments for the year	–413			–413
Sales and disposals	79			79
Exchange rate differences	–1			–1
Impairments, closing balance	**–458**			**–458**
Carrying amount	**1 373**	**891**	**878**	**3 140**

The useful life of equipment is deemed to be between three and ten years and its residual value is deemed to be zero as in previous years. The depreciable amount is recognised linearly in profit or loss during the useful life. There was no change in useful lives in 2013. No indications of impairment were identified on the balance sheet date for equipment and owner-occupied properties. Equipment included operating leases, mainly motor vehicles, with an accumulated cost of SEK 138m (427) and accumulated depreciation of SEK 50m (165). Future minimum lease payments amount to SEK 55m (182), of which SEK 50m (167) will be received after more than one year but within five years.

Individual structural components are deemed to have useful lives of between 12 and 25 years. The residual value is deemed to be zero. The depreciable amount is recognised linearly in profit or loss during the useful life. Land is deemed to have an indefinite useful life and therefore is not depreciated. Estimated useful lives have been changed in individual cases.

2012	Current assets Properties	Fixed assets Equipment	Owner-occupied properties	Total
Cost, opening balance	**2 418**	**4 455**	**1 263**	**8 136**
Additions	1 196	503	18	1 717
Sales and disposals	–802	–634	–19	–1 455
Exchange rate differences	–34	9	–41	–66
Cost, closing balance	**2 778**	**4 333**	**1 221**	**8 332**
Amortisation, opening balance		**–3 394**	**–316**	**–3 710**
Amortisation for the year		–445	–39	–484
Sales and disposals		594	11	605
Exchange rate differences		8	10	18
Amortisation, closing balance		**–3 237**	**–334**	**–3 571**
Impairments, opening balance	**–43**			**–43**
Impairments for the year	–138			–138
Sales and disposals	53			53
Exchange rate differences	5			5
Impairments, closing balance	**–123**			**–123**
Carrying amount	**2 655**	**1 096**	**887**	**4 638**

G31 Investment properties

	2013	2012
Cost, opening balance	**2 946**	**4 275**
Additions	279	125
Sales and disposals	–2 232	–1 235
Exchange rate differences	–7	–219
Cost, closing balance	**986**	**2 946**
Amortisation, opening balance	**–177**	**–160**
Amortisation for the year	–42	–102
Sales and disposals	158	59
Exchange rate differences		26
Amortisation, closing balance	**–61**	**–177**
Impairments, opening balance	**–376**	**–205**
Impairments for the year	–260	–316
Sales and disposals	394	59
Exchange rate differences	2	86
Impairments, closing balance	**–240**	**–376**
Carrying amount	**685**	**2 393**

Individual structural components are deemed to have useful lives of between 12 and 25 years. The residual value is deemed to be zero. The depreciable amount is recognised linearly in profit or loss during the useful life. Land is deemed to have an indefinite useful life and therefore is not depreciated. Investment properties, which are owned by Ektornet, are expected to be sold in 2014.

G32 Other assets

	2013	2012	1/1/2012
Security settlement claims	5 743	2 522	3 705
Other*	3 835	5 858	3 826
Total	**9 578**	**8 380**	**7 531**
Gross, security settlement claims	10 178	4 957	5 969

* Includes credit impairment reserve of SEK 12m (61) in the Group primarily related to accounts receivable. Property taken over to protect claims amounted to SEK 19m (16) in the Group.

G33 Prepaid expenses and accrued income

	2013	2012	1/1/2011
Accrued interest income	5 907	6 278	7 027
Other	1 085	1 458	1 344
Total	**6 992**	**7 736**	**8 371**

G34 Amounts owed to credit institutions

	2013	2012	1/1/2012
Valuation category, loans and receivables			
Swedish banks	78 644	61 101	49 942
Swedish credit institutions	1 356	3 656	2 486
Foreign banks	30 592	47 709	62 956
Foreign credit institutions	2 906	1 026	1 629
Total	**113 498**	**113 492**	**117 013**
Valuation category, fair value through profit or loss			
Trading			
Swedish banks, repurchase agreements	4 182	3 433	8 326
Swedish credit institutions, repurchased agreements	250	2 734	5 411
Foreign banks, repurchase agreements	3 691	2 543	8 848
Total	**8 123**	**8 710**	**22 585**
Total	**121 621**	**122 202**	**139 598**

G35 Deposits and borrowings from the public

	2013	2012	1/1/2011
Valuation category, other financial liabilities			
Deposits from Swedish public	455 871	407 791	380 119
Deposits from foreign public	139 922	124 199	130 687
Funding	653	808	488
Total	**596 446**	**532 798**	**511 294**
Valuation category, fair value through profit or loss			
Trading			
Deposits from Swedish public, repurchase agreements	18 852	19 058	14 318
Deposits from foreign public, repurchase agreements	3 089	2 707	
Other*			
Deposits from Swedish public	2 466	25 100	36 084
Total	**24 407**	**46 865**	**50 402**
Total	**620 853**	**579 663**	**561 696**
*nominal amount	2 466	25 041	35 979

G36 Financial liabilities for which the customers bear the investment risk

	2013	2012	1/1/2012
Valuation category, fair value through profit or loss			
Other			
Investment contracts, unit-link	113 123	97 661	86 566
Investment contracts, life	7 454	7 443	9 883
Total	**120 577**	**105 104**	**96 449**

G37 Debt securities in issue

	2013	2012	1/1/2012
Valuation category, other financial liabilities			
Commercial paper	100 170	106 589	116 041
Covered bonds	470 697	467 416	427 029
Change in value due to hedge accounting at fair value	49	1 018	11 033
Other interest-bearing bond loans	101 292	117 872	113 669
Change in value due to hedge accounting at fair value	185	1 268	1 121
Other	16	31	43
Total	**672 409**	**694 194**	**668 936**
Valuation category, fair value through profit or loss			
Trading			
Commercial paper		8 546	6 929
Other	13 682	14 910	17 545
Other *			
Commercial paper			
Covered bonds	41 615	49 804	87 830
Other interest-bearing bond loans			218
Total	**55 297**	**73 260**	**112 522**
Total	**727 706**	**767 454**	**781 458**
of which state-guaranteed	8 578	30 392	75 568
* nominal amount	38 621	45 729	99 349

G38 Short positions in securities

	2013	2012	1/1/2012
Valuation category, fair value through profit or loss			
Trading			
Shares	121	40	1 880
Interest-bearing securities	17 398	18 189	28 723
Total	**17 519**	**18 229**	**30 603**
of which own issued shares	37		107
of which own issued interest-bearing securities		1 797	7 591

G39 Pension provisions

Defined benefit pension plans are recognised in the balance sheet as a provision and in the income statement in its entirety as a pension cost in staff costs. Revaluations of defined benefit pension plans are recognised in other comprehensive income. The provision in the balance sheet is a net of the pension obligations and the fair value of the assets allocated for the purpose of funding the obligations, so-called plan assets. The Group calculates provisions and costs for defined benefit pension obligations based on the obligations' significance and assumptions related to future development. The pension obligations as well as the cost of services rendered and interest expense for the pension obligations include payroll tax, which is calculated according to an actuarial method.

Nearly all employees in the Swedish part of the Group are covered by the BTP defined benefit pension plan (a multi-employer occupational pension for Swedish banks). According to this plan, employees are guaranteed a lifetime pension corresponding to a specific percentage of their salary and mainly comprising retirement pension, disability pension and survivor's pension. Remuneration levels differ for salaries with different income base amounts. For salaries over 30 income base amounts, there is no pension according to BTP. Consequently, the Group's provision and pension cost are affected by each employee's anticipated longevity, final salary and income base amounts. The pension plan also contains a complementary retirement pension which has been defined contribution since 2001 rather than defined benefit. As of 2013 the complementary pension is reported as a defined benefit pension plan until 2001, due to which the funded pension obligations have increased by the same amount as the plan assets. As a result, the pension provision in the balance sheet has not been affected. Comparative figures have been restated. In 2012 BTP was renegotiated as entirely a defined contribution pension plan for all new employees as of 2013. The defined benefit pension plan is therefore being dissolved. In connection with the renegotiation, a change was also agreed to in existing employees' ability to freely choose a slightly earlier pension age. The effect on profit from the change in the existing defined benefit pension plan was included in 2012 in the current service cost. The defined benefit portion of the BTP plan is funded by purchasing pension insurance from the insurance company SPK (Sparinstitutens PensionsKassa Försäkringsforening). SPK administers pensions and manages pension assets for Swedbank and other employers. The Group has to determine its share of the plan assets held by SPK. The share amounted to slightly over 70 per cent. This is done using the metric SPK is likely to have used on the closing day to distribute assets if the plan were immediately dissolved or if a situation arose that required an additional payment from employers due to insufficient assets. The employers are responsible for ensuring that SPK has sufficient assets to meet the pension plan's obligations measured on the basis of SPK's legal obligations. There is no such deficit. SPK's asset management is mainly based on the regulations it faces. The Group's provision and pension cost are therefore affected by SPK's return on assets.

For individuals who have been in executive positions, there are complementary individual defined benefit pension obligations. They are funded through provisions to pension funds. The provisions comply with the Act on Safeguarding Pension Benefits.

In addition, there is a small defined benefit pension plan for employees of Swedbank AB's Norwegian branch. The plan's closing pension liability at the end of the year was SEK 56m (60). Plan assets amounted to SEK 43m (46). The amounts are reported below together with the Swedish pension plan. The Group has no other defined benefit plans.

Amount reported in balance sheet for defined benefit pension plans	**2013**	**2012**	**1/1/2012**
Funded pension obligations and payroll tax	19 835	21 483	19 316
Fair value of plan assets	–16 910	–16 248	–15 667
Total	**2 925**	**5 235**	**3 649**

Changes in funded defined benefit pension plans, including payroll tax	**2013**	**2012**
Opening obligations	**21 483**	**19 316**
Current service cost and payroll tax	756	742
Interest expense on pension obligations	579	654
Pension payments	–696	–670
Payroll tax payments	–179	–178
Remeasurement	–2 103	1 619
Exchange rate differences	–5	
Closing obligations	**19 835**	**21 483**

Funded pension obligations, including payroll tax	**2013**	**2012**	**2013** **Number of**
Active members	9 427	10 576	8 495
Deffered members	2 754	3 177	10 103
Pensioners	7 654	7 730	9 732
Total	**19 835**	**21 483**	**28 330**
Vested benefits	16 126	17 392	
Non-vested benefits	3709	4 091	
Total	**19 835**	**21 483**	
of which attributable to future salary increases	2 982	3 289	

Changes in plan assets	**2013**	**2012**
Opening fair value	**16 248**	**15 667**
Interest income on plan assets	462	542
Contributions by the employer	738	743
Pension payments	–696	–670
Remeasurement	161	–34
Exchange rate differences	–3	
Closing fair value	**16 910**	**16 248**

Fair value of plan assets	**2013**	**of which quoted market price in an active market**	**2012**	**of which quoted market price in an active market**
Bank balances	888		544	
Debt instruments			11 642	11 642
Swedish government and municipalities	6 727	6 727		
Swedish credit institutions	3 765	3 765		
Swedish public	294	294		
Foreign	31	31		
Equity instruments, foreign	3	3		
Derivatives, interest-raterelated	–16			
Derivatives, currency-related	22			
Investment funds, shares	5 183	5 183	4 062	4 062
Other	13			
Total	**16 910**	**16 003**	**16 248**	**15 704**
of which own issued instruments bank balances	839		544	

Remaining maturity 2013	Undiscounted cash flows < 1 yr	1-5 yrs	5-10 yrs	> 10 yrs	No maturity/ discount effect	Total
Funded pension obligations, including payroll tax	942	3 337	3 956	32 878	–21 278	19 835
Plan assets	3 888	5 173	1 894	408	5 547	16 910
Expected contributions by the employer	775					

Remaining maturity 2012	Undiscounted cash flows < 1 yr	1-5 yrs	5-10 yrs	> 10 yrs	No maturity/ discount effect	Total
Funded pension obligations, including payroll tax	936	3 280	3 868	31 777	–18 378	21 483
Plan assets	3 735	4 970	1 820	392	5 331	16 248
Expected contributions by the employer	778					

Pension costs reported in income statement	2013	2012
Current service cost and payroll tax	756	742
Interest expense on pension obligations	579	654
Interest income on plan assets	–462	–542
Pension cost defined befenit pension plans	**873**	**854**
Premiums paid for defined contribution pension plands and payroll tax	211	205
Total	**1 084**	**1 059**

Remeasurements of defined benefit pension plans reported in other comprehensive income	2013	2012
Actuarial gains and losses based on experience	240	469
Actuarial gains and losses arising from changes in financial assumptions	1 863	–2 088
Return on plan assets, excluding amounts included in interest income	161	–34
Total	**2 264**	**-1 653**

Actuarial assumptions, per cent	2013	2012
Financial		
Discount rate, 1 January	2.84	3.45
Discount rate, 31 December	3.44	2.84
Future annual salary increases, 1 January	4.00	4.00
Future annual salary increases, 31 December	4.00	4.00
Future annual pension indexations/inflation, 1 January	2.00	2.00
Future annual pension indexations/inflation, 31 December	2.00	2.00
Future annual changes in income base amount, 1 January	3.00	3.00
Future annual changes in income base amount, 31 December	3.00	3.00
Demographic		
Entitled employees who choose early retirement option	50.00	50.00
Future annual employee turnover	3.50	3.50
Expected remaining life for a 65 year old man	22	22
Expected remaining life for a 65 year old woman	24	24

Sensitivity analysis, pension obligations	2013	2012
Financial		
Change in discount rate - 25 bps	858	929
Change in salary assumption +25 bps	420	455
Change in pension indexation/inflation assumption +25 bps	589	638
Change in income base amount assumption -25 bps	172	186
Demographic		
All entitled employees choose early retirement option at maximum	1 322	1 432
Change in employee turnover assumption -25 bps	56	61
Expected remaining life for a 65 year-old man and woman +2 years	1 187	1 285

When the cost of defined benefit pension plans is calculated, financial and demographic assumptions have to be made for factors that affect the size of future pension payments. The discount rate is the interest rate used to discount the value of future payments. The interest rate is based on a market rate of interest for first-class corporate bonds traded on a functioning market with remaining maturities and currencies matching those of the pension obligations. The Group considers Swedish covered mortgage bonds as such bonds, because of which the discount rate is based on their quoted prices. The Group's own issues are excluded. Quoted prices are adjusted for remaining maturities with the help of prices for interest rate swaps. A reduction in the discount rate of 0.25 bp would increase the pension provision by approximately SEK 858m (929) and the pension cost by SEK 22m (17). Future annual salary increases reflect projected future salary increases as an aggregate effect of both contractual wage increases and wage drift. The final benefits under BTP are determined on the basis of the income base amount. Therefore, future changes in the income base amount have to be estimated. Annual pension indexation has to be determined as well, since indexation historically has always been necessary. BTP gives employees born in 1966 or earlier the option to choose a slightly earlier retirement age than normal in exchange for a slightly lower benefit level. Since this option is totally voluntary on the part of those employees, an estimate is made of the future outcome. Early retirements jointly agreed to by the employer and employee are recognised as they arise rather than estimated among actuarial assumptions. The assumption of the remaining lifetime of beneficiaries is updated annually.

G40 Insurance provisions

	Life insurance			Non-life insurance			Total		
	2013	2012	1/1/2012	2013	2012	1/1/2012	2013	2012	1/1/2012
Opening balance	**1 537**	**1 776**	**1 990**	**112**	**103**	**110**	**1 649**	**1 879**	**2 100**
Provisions	843	1 017	665	224	190	170	1 067	1 207	835
Payments	–908	–1 208	–865	–208	–178	–176	–1 116	–1 386	–1 041
Exchange rate differences	41	–48	–14	4	–3	–1	45	–51	–15
Closing balance	**1 513**	**1 537**	**1 776**	**132**	**112**	**103**	**1 645**	**1 649**	**1 879**

Provisions for insurance contracts
The Group makes provisions for the insurance contracts or parts of contracts where significant insurance risks are transferred from the policyholder to the Group. Insurance risks are different than financial risks and mean that the Group compensates the policyholder if a specified uncertain future event has a negative impact on the policyholder. The Group is compensated through premiums received from policyholders. Provisions are made for established claims and correspond to the amount that will be paid out. Provisions are also made for claims that have not yet been reported. A statistical assessment of anticipated claims based on previous years' experience with each type of insurance contract is used as a basis for the amount of the provision. Assumptions are made with regard to interest rates, morbidity, mortality and expenses.

G41 Other liabilities and provisions

	2013	2012	1/1/2012
Security settlement liabilities	2 507	3 591	3 059
Other liabilities	11 762	13 033	10 000
Provisions for guarantees	53	131	206
Other provisions	75	58	44
Total	**14 397**	**16 813**	**13 309**
Gross, security settlement liabilities	6 943	6 122	5 323

G42 Accrued expenses and prepaid income

	2013	2012	1/1/2012
Accrued interest expenses	10 718	13 138	14 650
Other	3 476	3 644	3 963
Total	**14 194**	**16 782**	**18 612**

G43 Subordinated liabilities

	2013	2012	1/1/2012
Valuation category, other financial liabilities			
Subordinated loans	4 631	7 907	10 034
Change in the value due to hedge accounting at fair value	–12	122	355
Total subordinated loans	**4 619**	**8 029**	**10 389**
Undated subordinated loans	5 037	5 537	8 244
of which Tier 1 capital contribution	5 540	6 278	6 801
Change in the value due to hedge accounting at fair value	503	741	898
Total undated subordinated loans	**5 540**	**6 278**	**9 142**
Total	**10 159**	**14 307**	**19 531**

G44 Equity

	2013	2012	1/1/2012
Restricted equity			
Share capital, ordinary shares	24 904	20 925	20 269
Share capital, preference shares		3 979	4 082
Share capital, C shares			32
Statutory reserve	8 741	9 196	9 334
Other reserve	18 788	13 401	15 222
Total	**52 433**	**47 501**	**48 939**
Non-restricted equity			
Currency translation from foreign operations	–540	–2 847	–2 253
Cash flow hedges	–139	–42	268
Share premium reserve	13 206	13 206	13 118
Retained earnings	44 580	45 214	36 339
Total	**57 107**	**55 531**	**47 472**
Non-controlling interest	165	154	140
Total equity	**109 705**	**103 186**	**96 551**

Ordinary shares

Number of shares	2013	2012	1/1/2012
Number of shares authorised, issued and fully paid	1 132 005 722	951 149 816	965 190 117
Repurchased shares	–33 000 000	–33 000 000	–57 168 814
Associate's holdings in shares	–1 599 000	–600 000	–600 000
Number of outstanding shares	**1 097 406 722**	**917 549 816**	**907 421 303**
Opening balance	**917 549 816**	**907 421 303**	**951 723 439**
Conversion from preference shares	179 856 906	10 128 513	12 866 678
Repurchased shares			–57 168 814
Closing balance	**1 097 406 722**	**917 549 816**	**907 421 303**

The quote value per share is SEK 22.

Changes in equity for the period and the distribution according to IFRS are indicated in the statement of changes in equity. Swedbank AB can issue three classes of shares: ordinary shares, preference shares and C shares. The ordinary shares and preference shares carry one vote each and a share in profits. In 2013 all preference shares were converted to ordinary shares. In 2012 all C shares were redeemed, due to which there are no longer any C shares outstanding. Treasury shares are not eligible for dividends. In 2012 the share capital was reduced by SEK 610 773 555 through the redemption of 24 168 814 ordinary shares, 3 415 641 preference shares and 1 500 000 C shares. In connection with the redemption, the quota value of the shares was raised from SEK 21 to SEK 22 per share.

Preference shares

Number of shares	2013	2012	1/1/2012
Number of shares authorised, issued and fully paid		180 855 906	194 400 060
Repurchased shares			–3 415 641
Associate's holdings in shares		–999 000	–549 900
Number of outstanding shares		**179 856 906**	**190 434 519**
Opening balance	**179 856 906**	**190 434 519**	**206 750 738**
Conversion to A shares	–179 856 906	–10 128 513	–12 866 678
Repurchased shares			–3 415 641
Associate's acquisition of shares		–449 100	–33 900
Closing balance	**0**	**179 856 906**	**190 434 519**

The quote value per share is SEK 22.

C shares

Number of shares	2013	2012	1/1/2012
Number of shares authorised, issued and fully paid			1 500 000
Repurchased shares			–1 500 000
Number of outstanding shares			**0**
Opening balance			**0**
Issued			1 500 000
Repurchased shares			–1 500 000
Closing balance			**0**

G45 Fair value of financial instruments

Carrying amounts and fair values of financial instruments
A comparison between the carrying amount and fair value of the Group's financial assets and financial liabilities according to the definition in IAS 39 is presented below.

Determination of fair values of financial instruments
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 the activity in the market. An active market is considered a regulated or reliable marketplace where quoted prices are easily accessible and which demonstrates regularity. Activity is continuously evaluated by analysing factors such as trading volumes and differences in bid and ask prices.

The methods are divided in 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. For any open net positions, bid and sell rates are applied based on what is applicable i.e. bid rates for long positions and ask rates for short positions.

In cases that lack an active market, fair value is determined with the help of established valuation methods and models. In these cases assumptions that cannot be directly attributed to a market may be applied. These assumptions are based on experience and knowledge of the valuation of financial markets. The goal, however, is to always maximise the use of data from an active market. All valuation methods and models and internal assumptions are validated continuously by the independent risk control unit. In cases where it is considered necessary, adjustments are made to reflect fair value, so-called fair value adjustments. This is done to correctly reflect the parameters in the financial instruments and which will be reflected in their valuations. For OTC derivatives, for example, where the counterparty risk is not settled with cash collateral, the fair value adjustment is based on the current counterparty risk (CVA and DVA). In cases where the model risk is considered reliable, an assessment is also made of whether a fair value adjustment should be made given the model risk.

The Group has a continuous process that identifies financial instruments which indicate a high level of internal assumptions or low level of observable market data. The process determines how to make the calculation based on how the internal assumptions are expected to affect the valuation. In cases where internal assumptions have a significant impact on fair value, the financial instrument is reported in level 3. The process also includes an analysis based on the quality of valuation data and whether any types of financial instruments will be transferred between the various levels.

For variable-rate lending and deposits, the carrying amount coincides with fair value. The carrying amounts and fair values coincide for the most part because the large share of financial instruments is recognised at their fair value.

	2013			2012			1/1/2012		
	Fair value	Carrying amount	Differ-ence	Fair value	Carrying amount	Difference	Fair value	Carrying amount	Difference
Assets									
Financial assets covered by IAS 39									
Cash and balances with central banks	59 382	59 382		130 058	130 058		164 307	164 307	
Treasury bills etc.	56 852	56 814	38	20 557	20 483	74	25 810	25 853	–43
of which fair value through profit or loss	56 259	56 259		19 658	19 658		24 611	24 611	
of which held to maturity	593	555	38	899	825	74	1 199	1 242	–43
Loans to credit institutions	82 231	82 278	–47	85 479	85 480	–1	97 195	97 195	
of which loans receivables	74 513	74 560	–47	69 496	69 497	–1	64 726	64 726	
of which fair value through profit or loss	7 718	7 718		15 983	15 983		32 469	32 469	
Loans to the public	1 270 138	1 264 910	5 228	1 245 755	1 238 864	6 891	1 213 660	1 211 454	2 206
of which loan receivables	898 784	893 556	5 228	756 629	749 738	6 891	704 978	702 772	2 206
of which fair value through profit or loss	371 354	371 354		489 126	489 126		508 682	508 682	
Value change of interest hedged items in portfolio hedge	62	62							
Bonds and interest-bearing securities	125 579	125 585	–6	115 320	115 324	–4	112 370	112 458	–88
of which fair value through profit or loss	124 632	124 632		113 787	113 787		109 758	109 758	
of which investments held to maturity	947	953	–6	1 533	1 537	–4	2 612	2 700	–88
Financial assets for which the customers bear the investment risk	119 448	119 448		104 194	104 194		95 747	95 747	
Shares and participating interest	7 109	7 109		8 106	8 106		2 015	2 015	
of which fair value through profit or loss	7 058	7 058		8 040	8 040		1 951	1 951	
of which available for sale	51	51		66	66		64	64	
Derivatives	64 352	64 352		102 265	102 265		103 726	103 726	
Other financial assets	15 403	15 403		14 547	14 547		14 357	14 357	
Total	**1 800 556**	**1 795 343**	**5 213**	**1 826 281**	**1 819 321**	**6 960**	**1 829 187**	**1 827 112**	**2 075**
Investment in associates		3 640			3 552			3 066	
Financial assets held for sale		1 758			99			128	
Non-financial assets		20 066			23 888			26 714	
Total		**1 820 807**			**1 846 860**			**1 857 020**	

	2013			2012			1/1/2012		
	Fair value	Carrying amount	Differ-ence	Fair value	Carrying amount	Difference	Fair value	Carrying amount	Difference
Liabilities									
Financial liabilities covered by IAS 39									
Amounts owed to credit institutions	121 621	121 621		122 202	122 202		139 611	139 598	13
of which other financial liabilities	113 498	113 498		113 492	113 492		117 026	117 013	13
of which fair value through profit or loss	8 123	8 123		8 710	8 710		22 585	22 585	
Deposits and borrowings from the public	620 816	620 853	–37	579 663	579 663		561 698	561 696	2
of which other financial liabilities	596 409	596 446	–37	532 798	532 798		511 296	511 294	2
of which fair value through profit or loss	24 407	24 407		46 865	46 865		50 402	50 402	
Debt securities in issue	733 556	727 706	5 850	774 152	767 454	6 698	782 753	781 458	1 295
of which other financial liabilities	678 259	672 409	5 850	700 892	694 194	6 698	670 231	668 936	1 295
of which fair value through profit or loss	55 297	55 297		73 260	73 260		112 522	112 522	
Financial liabilities for which the customers bear the investment risk	120 577	120 577		105 104	105 104		96 449	96 449	
Subordinated liabilities	10 072	10 159	–87	14 077	14 307	–230	20 788	19 531	1 257
of which other financial liabilities	10 072	10 159	–87	14 077	14 307	–230	20 788	19 531	1 257
Derivatives	55 011	55 011		92 141	92 141		90 484	90 484	
Short positions securities	17 519	17 519		18 229	18 229		30 603	30 603	
of which fair value through profit or loss	17 519	17 519		18 229	18 229		30 603	30 603	
Other financial liabilities	24 987	24 987		29 762	29 762		27 709	27 709	
Total	**1 704 159**	**1 698 433**	**5 726**	**1 735 330**	**1 728 862**	**6 468**	**1 750 095**	**1 747 528**	**2 567**
Financial liabilities held for sale		219			76			97	
Non-financial liabilities		12 450			14 736			12 844	
Total		**1 711 102**			**1 743 674**			**1 760 469**	

Financial instruments recognised at fair value

The following tables describe fair values at three valuation levels for financial instruments recognised at fair value.

Level 1 primarily contains equities, fund shares, bonds, treasury bills, commercial paper and standardised derivatives, where the quoted price is used in the valuation. Securities in issue traded on an active market are included in this category as well.

Level 2 primarily contains less liquid bonds that are valued on the curve, lending, funding, liabilities in the insurance operations whose value is directly linked to a specific asset value, and derivatives measured on the basis of observable prices. For less liquid bond holdings, an adjustment is made for the credit spread based on observable market inputs such as the market for credit derivatives. For loans to the public where there are no observable market inputs for credit margins at the time of measurement, the credit margin of the last transaction executed with the same counterparty is used. This includes the majority of mortgage lending and certain other fixed-rate lending in Swedish Banking at fair value. Securities in issue that are not quoted but measured according to quoted prices for similar quoted bonds are also included on level 2.

Level 3 contains other financial instruments where internal assumptions have a significant effect on the calculation of fair value. Level 3 primarily contains unlisted equity instruments and illiquid options. The options hedge changes in the market values of combined debt instruments, so-called structured products. The structured products consist of a corresponding option element and a host contract, which in principle is an ordinary interest-bearing bond. When it determines the level on which the financial instruments are reported, the Group evaluates them entirely on an individual basis. Since the bond portion of the structured products essentially represents 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. The financial instrument is then reported on level 2. For individual options that hedge the structured products, the internal assumptions are of greater significance, because of which several are reported as derivatives on level 3. Generally, the Group always hedges the market risks that arise in structured products, because of which differences between the carrying amounts of assets and liabilities on level 3 do not reflect differences in the use of internal assumptions in the valuation. To estimate the sensitivity of the volatility of the illiquid options, two types of shifts have been made. The shifts are based on each product type of and are considered reasonable changes. A reduction in volatility of 20 per cent would reduce the fair value of all options on level 3 by about SEK 25m. An increase in volatility of 20 per cent would increase the fair value of all options on level 3 by about SEK 30m. Corresponding offsetting changes in value arise for financial instruments reported on level 2.

When valuation models are used to determine fair value of financial instruments on level 3, the consideration that has been paid or received is assessed as the best evidence of fair value at initial recognition. Because of the possibility that a difference could arise between this fair value and the fair value calculated at that time in the valuation model, so called day 1 profit or loss, the Group adjusts the valuation models to avoid such differences. As of year-end there were no cumulative differences that were not recognised through profit or loss. Financial instruments are transferred to or from level 3 depending on whether the internal assumptions have changed in significance for the valuation.

During the year there were no significant transfers of financial instruments between valuation levels 1 and 2.

Changes in the value of loans to the public, measured according the fair value option and attributable to changes in credit risk, amounted to SEK -13m (–34) during the period and are recognised as credit impairments. Cumulative value changes of that kind amounted to SEK -60m (-102). The amount is determined as the difference between current estimated creditworthiness and estimated creditworthiness of the borrower on the lending date. Other changes in fair value are considered attributable to changes in market risks. The change in the value of securities in issue on level 2, which are measured according to the fair value option and attributable to changes in Swedbank's own credit worthiness, amounted to SEK 0m (–155) during the period. The value change is recognised in net gains and losses on financial items at fair value. Cumulative value changes amounted to SEK –125m (–125). The change due to Swedbank's own credit risk has been determined by calculating the difference in value based on current prices from external dealers for Swedbank's own credit risk in its own unquoted issues and the value based on prices of its own credit risk for its own unquoted issues on the origination date.

The following table shows financial instruments measured at fair value as per 31 December distributed by valuation level.

	2013			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Treasury bills and other bills eligible for refinancing with central banks, etc	29 265	26 994		56 259
Loans to credit institutions		7 718		7 718
Loans to the public		371 354		371 354
Bonds and interest-bearing securities	92 285	32 347		124 632
Shares and participating interest	6 912	140	57	7 109
Financial assets for which the customers bear the investment risk	119 448			119 448
Derivatives	93	64 126	133	64 352
Total	**248 003**	**502 679**	**190**	**750 872**
Liabilities				
Amounts owed to credit institutions		8 123		8 123
Deposits and borrowings from the public		24 407		24 407
Debt securities in issue	29 003	26 294		55 297
Financial liabilities for which the customers bear the investment risk		120 577		120 577
Derivatives	762	54 230	19	55 011
Short positions securities	17 519			17 519
Total	**47 284**	**233 631**	**19**	**280 934**

	2012			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Treasury bills and other bills eligible for refinancing with central banks, etc	17 812	1 846		19 658
Loans to credit institutions	60	15 923		15 983
Loans to the public		489 126		489 126
Bonds and interest-bearing securities	83 263	30 182	342	113 787
Shares and participating interest	7 866	160	14	8 040
Financial assets for which the customers bear the investment risk	104 194			104 194
Derivatives	7	102 195	63	102 265
Total	**213 202**	**639 432**	**419**	**853 053**
Liabilities				
Amounts owed to credit institutions		8 710		8 710
Deposits and borrowings from the public		46 865		46 865
Debt securities in issue	33 900	39 360		73 260
Financial liabilities for which the customers bear the investment risk		105 104		105 104
Derivatives	625	91 516		92 141
Short positions securities	18 229			18 229
Total	**52 754**	**291 555**		**344 309**

Changes in level 3

	2013				
	Assets				Liabilities
	Debt securities	Equity instruments	Derivatives	Total	Derivatives
Opening balance	**342**	**14**	**63**	**419**	
Sale of assets		–11		–11	
Maturities	–342			–342	
Transferred from Level 2 to Level 3		54	120	174	26
Gains or loss			–50	–50	–7
of which in the income statement, net gains and losses on financial items at fair value			–50	–50	–7
of which changes in unrealised gains or losses for items held at closing day			–50	–50	–7
Closing balance		**57**	**133**	**190**	**19**

Changes in level 3

	2012				
	Assets				Liabilities
	Debt securities	Equity instruments	Derivatives	Total	
Opening balance	**390**	**71**		**461**	
Sale of assets		–7		–7	
Settlements		–51		–51	
Transferred from Level 2 to Level 3			63	63	
Gains or loss	–48	1		–47	
of which in the income statement, net gains and losses on financial items at fair value	–48	1		–47	
of which changes in unrealised gains or losses for items held at closing day	–48	1		–47	
Closing balance	**342**	**14**	**63**	**419**	

Financial instruments recognised at amortised cost

The following tables presents the fair value divided by the three different valuation levels for financial instruments recognised at amortised cost.

	2013				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Assets					
Treasury bills and other bills eligible for refinancing with central banks, etc.	555	593			593
Loans to credit institutions	74 560		74 513		74 513
Loans to the public	893 556		898 784		898 784
Bonds and other interest-bearing securities	953	73		874	947
Total	**969 624**	**666**	**973 297**	**874**	**974 837**
Liabilities					
Amounts owed to credit institutions	113 498		113 498		113 498
Deposits and borrowing from the public	596 446		596 409		596 409
Debts securities in issue	672 409	262 554	415 705		678 259
Subordinated liabilities	10 159		10 072		10 072
Total	**1 392 512**	**262 554**	**1 135 684**		**1 398 238**

G46 Reclassification of financial assets

Swedbank chose as of 1 July 2008 to reclassify certain interest-bearing securities which, owing to extraordinary market conditions, had become illiquid. Market conditions at the time were distinguished by extreme turbulence, a shortage of liquidity and a lack of quoted prices on active markets. The holdings, as listed in the table below, were reclassified from trading to held to maturity, since the instruments are no longer held for trading purposes. Instead, management intends, and has the capacity, to hold them to maturity. Financial instruments in the category held for trading are recognised at fair value with changes in value recognised in profit or loss. Financial instruments in the category held to maturity are recognised at amortised cost less impairments. No impairments were needed as of 31 December 2013, which means that all contractual cash flows are expected to be received. All the holdings are Residential Mortgage Backed Securities (RMBS).

	2013	2012	2011	2010	2009	2008
Carrying amount	888	1 059	2 365	4 287	7 203	8 138
Nominal amount	889	1 061	2 375	4 332	7 306	8 328
Fair value	873	1 037	2 269	4 140	6 872	7 988
Gains/loss recognised through profit or loss						
Gains/loss that would be recognised through profit or loss if the assets were not reclassified	–14	–22	–95	–147	–332	–150
Effective interest rate on day of reclassification, %						
Recognised interest income after reclassification	4	20	60	70	185	160

Nominal amounts and carrying amounts are affected by changes in exchange rates. Carrying amounts are also affected by the allocations of discounts in accordance with the effective interest method.

G47 Financial assets and liabilities which have been offset or are subject to netting or similar agreements

The tables below present recognized financial instruments which have been offset in the balance sheet under IAS 32 and those which are subject to legally enforceable master netting or similar agreements but do not qualify for offset. Such financial instruments relate to derivatives, repurchase and reverse repurchase agreements, security settlement claims and security settlement liabilities, securities borrowing and lending transactions. Collateral amounts represent financial instruments or cash collateral received or pledged for transactions that are subject to a legally enforceable master netting or similar agreement. Collateral amounts are limited to the amount of the related instruments presented in the balance sheet; therefore any over-collateralisation is not included. Amounts that are not offset in the balance sheet are presented as a reduction to the Net financial assets or liabilities in order to derive net asset and net liability exposures.

Assets	**2013**					**2012**				
	Derivatives	**Reverse repurchase agreements**	**Security settlement claims**	**Securities borrowing**	**Total**	**Derivatives**	**Reverse repurchase agreements**	**Security settlement claims**	**Securities borrowing**	**Total**
Financial assets, which are not offset and are not subject to netting or similar agreements	2 723		5 683		8 406	3 334		2 522		5 856
Net financial assets, which are offset or are subject to netting or similar agreements	61 629	55 655	60	223	117 567	98 932	63 874		407	163 213
Total amount presented in the balance sheet	**64 352**	**55 655**	**5 743**	**223**	**125 973**	**102 266**	**63 874**	**2 522**	**407**	**169 069**
Financial assets, which are offset or are subject to netting or similar agreements										
Gross amount	66 777	56 526	4 495	223	128 021	101 456	67 377	2 435	407	171 675
Offset amount	–5 148	–871	–4 435		–10 454	–2 524	–3 503	–2 435		–8 462
Net financial assets, which are offset or are subject to netting or similar agreements	**61 629**	**55 655**	**60**	**223**	**117 567**	**98 932**	**63 874**		**407**	**163 213**
Amounts not offset in the balance sheet										
Financial instruments, subject to netting or similar agreements	42 305				42 305	70 640				70 640
Financial instruments, collateral	1 987	55 555		223	57 765	15	63 874		407	64 296
Cash, collateral	10 680	77			10 757	16 775				16 775
Total amounts not offset in the balance sheet	**54 972**	**55 632**		**223**	**110 827**	**87 430**	**63 874**		**407**	**151 711**
Net exposure	**6 657**	**23**	**60**		**6 740**	**11 502**				**11 502**

Liabilities	**2013**					**2012**				
	Derivatives	**Repurchase agreements**	**Security settlement liabilities**	**Securities lending**	**Total**	**Derivatives**	**Repurchase agreements**	**Security settlement liabilities**	**Securities lending**	**Total**
Financial liabilities, which are not offset and are not subject to netting or similar agreements	1 700		2 183		3 883	3 209		2 547		5 756
Net financial liabilities, which are offset or are subject to netting or similar agreements	53 312	30 064	325	177	83 878	88 933	30 475	1 044		120 452
Total amount presented in the balance sheet	**55 012**	**30 064**	**2 508**	**177**	**87 761**	**92 142**	**30 475**	**3 591**		**126 208**
Financial liabilities, which are offset or are subject to netting or similar agreements										
Gross amount	58 460	30 935	4 760	177	94 332	91 457	33 978	3 479		128 914
Offset amount	–5 148	–871	–4 435		–10 454	–2 524	–3 503	–2 435		–8 462
Net financial liabilities, which are offset or are subject to netting or similar agreements	**53 312**	**30 064**	**325**	**177**	**83 878**	**88 933**	**30 475**	**1 044**		**120 452**
Amounts not offset in the balance sheet										
Financial instruments, subject to netting or similar agreements	42 305				42 305	70 640				70 640
Financial instruments, collateral	1 914	30 036		177	32 127	1 082	30 467			31 549
Cash, collateral	7 437	3			7 440	14 678				14 678
Total amounts not offset in the balance sheet	**51 656**	**30 039**		**177**	**81 872**	**86 400**	**30 467**			**116 867**
Net exposure	**1 656**	**25**	**325**		**2 006**	**2 533**	**8**	**1 044**		**3 585**

G48 Specification of adjustments for non-cash items in operating activities

	2013	2012
Amortised origination fees	–656	–584
Unrealised changes in value/currency changes	2 447	–1 607
Capital gains/losses on sale of subsidiaries and associates	–80	–11
Capital gains/losses on property and equipment	–144	–91
Undistributed share of equity in associates	–319	–673
Depreciation and impairment of tangible fixed assets including repossessed leased assets	700	912
Amortisation and impairment of goodwill and other intangible fixed assets	501	316
Credit impairment	444	1 075
Changes to provisions for insurance contracts	19	–188
Prepaid expenses and accrued income	768	612
Accrued expenses and prepaid income	–4 935	–720
Share-based payment	418	314
Discontinued operations	340	
Other	–3	185
Total	**–500**	**–460**

G49 Dividend paid and proposed

	2013		2012	
Ordinary shares	**SEK per share**	**Total**	**SEK per share**	**Total**
Dividend paid	9.90	9 158	5.30	4 821
Proposed dividend	10.10	11 100	9.90	9 090

	2013		2012	
Preference shares	**SEK per share**	**Total**	**SEK per share**	**Total**
Dividend paid	9.90	1 722	5.30	1 004
Proposed dividend			9.90	1 790

The Board of Directors recommends that shareholders receive a dividend of SEK 10.10 per ordinary share (9.90) in 2014 for the financial year 2013, corresponding to SEK 11 100m.

G50 Assets pledged, contingent liabilities and commitments

Assets pledged

Assets pledged for own liabilities	**2013**	**2012**	**1/1/2012**
Government securities and bonds pledged with the Riksbank	10 710	11 449	
Government securities and bonds pledged with foreign central banks	868	922	1 458
Government securities and bonds pledged for liabilities credit institutions	6 735	1 217	13 612
Government securities and bonds pledged for deposits from the public	12 699	25 271	20 816
Government securities and bonds pledged for derivatives		162	
Loans pledged for securities in issue *	740 215	700 907	673 410
Financial assets pledged for investment contracts	118 627	103 432	94 971
Cash	7 178	14 120	11 650
Total	**897 032**	**857 480**	**832 341**

The carrying amount of liabilities for which assets are pledged amounted to SEK 677 631m (677 283) for the Group in 2013.

*The pledge is defined as the borrower's nominal debt including accrued interest.

Other assets pledged	**2013**	**2012**	**1/1/2012**
Securities loans	177	149	1 817
Government securities and bonds pledged for other commitments	2 675	862	1 262
Cash	334	217	274
Total	**3 186**	**1 228**	**3 353**

Companies in the Group regularly pledge financial assets as collateral for their obligations to central banks, stock exchanges, central securities depositories, clearing organisations and other institutions with similar or closely related functions, as well as to insurance policyholders. The transactions can be made by one or more of companies in the Group depending on the operations of each company. These financial assets are recognised as assets pledged. Companies in the Group also participate in arrangements that are not pledges, but where financial assets are used for similar purposes. Such financial assets are also recognised as assets pledged. One example of assets pledged is when financial assets of a certain value are transferred to derivative counterparties to offset their credit risk vis-à-vis the Group. Another example involves certain transfers of financial assets which the Group is obligated to repurchase, so-called repos. A third example is that certain types of credit can be included in the cover pool for covered bonds and thereby give preferential rights to the assets to investors who hold such bonds. Because of the pledges and other arrangements mentioned above, the value of the financial assets in question cannot be utilised in any other way as long as the pledge or arrangement remains in effect. The transactions are made on commercial terms.

Contingent liabilities

Nominal amount	**2013**	**2012**	**1/1/2012**
Loan guarantees	5 588	5 586	7 135
Other guarantees	14 620	14 226	13 862
Accepted and endorsed notes	80	83	106
Letters of credit granted but not utilised	1 528	2 363	2 813
Other contingent liabilities	121	84	335
Total	**21 937**	**22 342**	**24 251**
Provision for anticipated credit impairments	–53	–131	–206

Commitments

Nominal amount	**2013**	**2012**	**1/1/2012**
Loans granted but not paid	129 912	121 410	116 559
Overdraft facilities granted but not utilised	68 297	66 766	69 400
Total	**198 209**	**188 176**	**185 959**

G51 Transferred financial assets

The Group transfers ownership of financial assets in connection with repos and security loans. Although ownership has been transferred in these transactions, the asset remains on the balance sheet since the Group is still exposed to the asset's risk of fluctuating in value. This is because the agreement stipulates at the time of transfer that the asset will be restored. The sales proceeds received in connection with repos are recognised as liabilities. All assets and related liabilities are recognised at fair value and included in the valuation category fair value through profit and loss, trading.

Liabilities related to securities lending refer to collateral received in the form of cash. These liabilities are reported in the valuation category other financial liabilities. In addition to what is indicated in the table for securities lending, collateral is received in the form of other securities to cover the difference between the fair value of the transferred assets and the recognised liability's fair value. The Group had no transfers of financial assets during the year which have been derecognised and where the Group has continuing involvment.

	Transferred assets			Associated liabilities		
2013	**Carrying amount**	**Of which repurchase agreements**	**Of which securities lending**	**Carrying amount**	**Of which repurchase agreements**	**Of which securites lending**
Valuation category , fair value through profit or loss						
Trading						
Equity instruments	317		317	223		223
Debt securities	19 904	19 904		19 906	19 906	
Total	**20 221**	**19 904**	**317**	**20 129**	**19 906**	**223**

	Transferred assets			Associated liabilities		
2012	**Carrying amount**	**Of which repurchase agreements**	**Of which securities lending**	**Carrying amount**	**Of which repurchase agreements**	**Of which securites lending**
Valuation category , fair value through profit or loss						
Trading						
Equity instruments	471		471	407		407
Debt securities	33 964	33 964		33 964	33 964	
Total	**34 435**	**33 964**	**471**	**34 371**	**33 964**	**407**

G52 Operational leasing

The agreements relate mainly to premises in which the Group is the lessee. The terms of the agreements comply with customary practices and include clauses on inflation and property tax. The combined amount of future minimum lease payments that relate to non-cancellable agreements is allocated on the due dates as follows.

2013	Expenses	Income subleasing	Total
2014	763	14	749
2015	445	8	437
2016	290	5	285
2017	237	4	233
2018	224		224
2019	144		144
2020	96		96
2021	93		93
2022	93		93
2023 or later	1 056		1 056
Total	**3 441**	**31**	**3 410**

2012	Expenses	Income subleasing*	Total
2013	634	14	620
2014	490	9	481
2015	203	4	199
2016	182	3	179
2017	151		151
2018	151		151
2019	150		150
2020	79		79
2021	81		81
2022 or later	986		986
Total	**3 107**	**30**	**3 077**

* Historical figures for 2012 have been restated due to reclassification.

G53 Business combinations

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

Business combination in 2013

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

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

	Carried in the Group on acquisition date	Carried in the acquired entity on acquisition date
Cash	41	41
Investments in associates	125	25
Other assets	25	25
Assets	**191**	**91**
Liabilities	**36**	**36**
Subsidiary's net assets	**155**	**55**
Purchase price paid in cash	**254**	
Cash flow		
Acquired cash and cash equivalents in subsidiary	41	
Cash paid	–254	
Net	**–213**	

Business combination in 2012

The Latvian subsidiary Swedbank Lizings SIA acquired 100% of the shares in Hipolizings SIA, a leasing company in Latvia. The acquisition was made in cash.

	Carried in the Group on acquisition date	Carried in the acquired entity on acquisition date
Lending to the public	487	567
Deferred tax assets	12	
Other assets	22	22
Assets	**521**	**589**
Liabilities	**515**	**515**
Subsidiary's net assets	**6**	**74**
Purchase price paid in cash	**6**	**0**
Cash flow		
Acquired cash and cash equivalents in subsidiary		
Cash paid	–6	
Net	**–6**	
Mortgage loans, fair value	487	
Mortgage loans, contractual value	567	
Mortgage loans, estimate of contractual payments which are expected not to be received	80	

From the acquisition date the acquired company contributed SEK 3m to profit for 2012. If it had been acquired at the beginning of the financial year, the company would have contributed approximately SEK 5m.

G54 Change in ownership interest in subsidiary

On 3 April 2012 Swedbank AB sold 30% of the shares in the subsidiary ATM Holding AB for SEK 1m. As a result of the disposal, the Group's equity attributable to Swedbank AB's shareholders increased by SEK 1m. On 28 December 2012 Swedbank Försäkring AB acquired 40 per cent of the shares in the subsidiary Aktiv Försäkringsadministration i Stockholm AB from the minority shareholders for SEK 2m. The shareholding thus increased from 51 to 91 per cent.

	2012
Non-controlling interest, carrying amount, before the acquisition/disposal	2
Non-controlling interest, carrying amount, after the acquisition/disposal	
Change in retained earnings attributable to sharholders of Swedbank AB	1
Cost, cash	1
Cash flow	**1**

G55 Discontinued operations

	2013				2012			
Profit from discontinued operations	**Russia**	**Ukraine**	**Lithuania**	**Total**	**Russia**	**Ukraine**	**Lithuania**	**Total**
Income	133	22	225	380	219	143	118	480
Expenses	140	65	216	421	184	266	131	581
Profit before impairments	–7	–43	9	–41	35	–123	–13	–101
Credit impairments/impairments	–119	–2		–121	42	–973		–931
Operating profit	–126	–45	9	–162	77	–1 096	–13	–1 032
Tax expense	14	24	–1	37	–16	51		35
Profit for the year from discontinued operations	–112	–21	8	–125	61	–1 045	–13	–997
Post-tax profit for the year recognised on the measurement at fair value less sale costs		–340		–340				
Reclassification to the income statement of cumulated exchange differences		–1 875		–1 875				
Profit for the year from discontinued operations, after tax	–112	–2 236	8	–2 340	61	–1 045	–13	–997
Profit for the year attributable to: Shareholders of Swedbank AB	**–112**	**–2 236**	**7**	**–2 341**	**61**	**–1 045**	**–10**	**–994**
Non-controlling interests			1	1			–3	–3

Assets classified as held for sale	**Russia**	**Ukraine**	**Lithuania**	**Total**	**Russia**	**Ukraine**	**Lithuania**	**Total**
Loans to the public	1 027			1 027				
of which impaired loans	430			430				
of which provisions	251			251				
Tangible assets	2		102	104			109	109
Other assets	607		124	731			99	99
Total assets	**1 636**		**226**	**1 862**			**208**	**208**
Liabilities classified as held for sale								
Amounts owed to credit institutions							29	29
Other liabilities	121		98	219			47	47
Total liabilities	**121**		**98**	**219**			**76**	**76**

In 2013 the Group's Russian and Ukrainian operations were reclassified as discontinued operations. The assets and related liabilities of these companies are recognised as assets and liabilities attributable to the sale on separate lines in the balance sheet. The Russian operations relate to the companies OAO Swedbank, OOO Leasing, FRiR RUS OOO and Ektornet Kr. Valdemāra 27/29 Latvia SIA, with around 40 employees. Individual assets in these operations were divested over the course of the year. The Ukrainian operations relate to JSC Swedbank and were sold in the second quarter 2013 for SEK 0m to Mykola Lagun, the majority owner of Delta Bank. Lithuanian-based Alita group had previously been recognised among discontinued operations. The group was acquired exclusively for the purpose of resale. The holding is available for sale and will be sold. Alita manufactures mainly alcoholic beverages and has around 230 employees.

G56 Related parties and other significant relationships

	Associates		Other related parties	
Assets	**2013**	**2012**	**2013**	**2012**
Loans to credit institutions	9 021	8 412		
Loans to the public	1 820	982		
Derivatives				
Other assets	10	11	29	28
Prepaid expenses and accrued income				
Total assets	**10 850**	**9 405**	**29**	**28**
Liabilities				
Amount owed to credit institutions	2 928	2 531		
Deposits and borrowing from the public	1 377	1 164	1 181	548
Debt securities in issue, etc.	1 853	1 614		
Derivatives				
Other liabilities	64	71		
Accrued expenses and prepaid income	78	80		
Total liabilities	**6 301**	**5 460**	**1 181**	**548**
Contingent liabilities				
Guarantees	120	120		
Derivatives, nominal amount	3 573	3 220		
Income and expenses				
Interest income	523	581		
Interest expenses	125	215	36	17
Dividends received	533	45		
Commission income	17	26		
Commission expenses	24	22		
Other income	382	433		
Other general administrative expenses	4	24		

Associates

Investments in associates are specified in note G27.

During the year the Group provided capital injections of SEK 4m (1). As of 31 December associates have issued guarantees and pledged assets of SEK 150m (374) on behalf of Swedbank.

The Group has sold services to associates that are not credit institutions primarily in the form of product and systems development as well as marketing. The Group's expenses to, and purchases of services from, associates that are not credit institutions mainly consist of payment services and cash management.

The partly owned banks that are associates sell products that are provided by the Group and receive commissions for servicing the products. The co-operation between the partly owned banks and Swedbank is governed by the agreement described in the section, Other significant relationships. Färs & Frosta Sparbank AB holds 5 330 000 (5 330 000) shares in Swedbank AB. The Group's portion of these shares has reduced equity by SEK 116m (116) in the consolidated statements.

Joint ventures

The Group's holding in EnterCard is a joint venture. EnterCard issues debit and credit cards in Sweden and Norway for Swedbank's customers. Swedbank AB finances EnterCard's corresponding holding. The Group's holding in Sparbanken Rekarne AB is also a joint venture. Its relationship with the bank is described below under Other significant relationships.

Key persons

Disclosures regarding Board members and the Group Executive Committee can be found in note G13 Staff costs.

Other related parties

Swedbank's pension funds and Sparinstitutens Pensionskassa secure employees' post-employment benefits. They rely on Swedbank for traditional banking services.

Other significant relationships

Swedbank has a close co-operation with the savings banks in Sweden. The co-operation between Swedbank and the 61 savings banks, including five of Swedbank's partly owned banks, is governed by a master agreement to which a number of other agreements are attached regarding specific activities. On 1 July 2011 a new six-year agreement entered into force. Like the previous agreement, it presumes that the savings banks have a certain basic range of services and products as well as access to competency in certain areas. Two small savings banks currently do not fulfil the requirements. These savings banks have instead signed clearing agreements with Swedbank.

Through the co-operation, Swedbank's Swedish customers gain access to a nationwide network. At the same time the savings banks and partly owned banks are able to offer the products and services of Swedbank and its subsidiaries to their customers. Together, the savings banks and partly owned banks account for about 30 per cent of the Group's product sales in the Swedish market. In addition to marketing and product issues, a close co-operation exists in a number of administrative areas. Swedbank is the clearing bank for the savings banks and partly owned banks and provides a wide range of IT services. The co-operation also offers the possibility to distribute development costs over a larger business volume.

The savings banks, savings bank foundations and partly owned banks together represent one of the largest shareholder groups in Swedbank, with a total of 11.49 per cent (10.5) of the voting rights.

Swedbank has 1.4 per cent of the voting rights in a non-profit association, the Swedish Savings Banks Academy. The Group has no loans to the association, nor has it issued any guarantees or pledged assets for the benefit of the association.

G57 Sensitivity analysis

	Change	2013	2012
Net interest income, 12 months [1]			
Increased interest rates	+ 1 % point	2 370	2 186
Decreased interest rates	– 1 % point	–2 601	–2 206
Change in value [2]			
Market interest rate	+ 1 % point	–608	–52
	– 1 % point	659	80
Stock prices	+10%	9	18
	–10%	–7	1
Exchange rates	+5%	6	126
	–5%	117	33
Other			
Stock market performance [3]	+/– 10 %	+/–318	+/–276
Staff changes	+/– 100 persons	+/–67	+/–62
Payroll changes	+/– 1 % point	+/–82	+/–82
Impaired loans [4]	+/– 1 SEK bn	+/–30	+/–35
Credit impairment ratio	+/– 0,1 % point	+/–1 347	+/–1 324

1) The calculation is based on the assumption that market interest rates rise (fall) by one percentage point and thereafter remain at this level for one year and that the consolidated balance sheet remains essentially unchanged during the period. The calculation also presumes that deposit rates are slow moving in connection with changes in market rates, which better reflects actual conditions.
2) The calculation refers to the immediate effect on profit of each scenario for the Group's interest rate positions at fair value and its equity and currency positions.
3) Refers to the effect on net commission income from a change in value of Swedbank Robur's equity funds.
4) The interest rate for the 2013 calculation is 3.00 per cent (3.50).

G58 Events after 31 December 2013

In mid-February, Swedbank AB's acquisition of Sparbanken Öresund AB was announced. The acquisition strengthens our market position in a significant growth region. In connection with the acquisition, Färs & Frosta Sparbank AB will merge with Sparbanken 1826 and purchase parts of Sparbanken Öresund AB from Swedbank AB. A new regional savings bank in southern Sweden will be formed and will be the largest savings bank in Sweden. Swedbank AB's holding in the new savings bank, whose proposed name is Sparbanken Skane AB, will be 22 per cent. The transactions are subject to approval by the Swedish Financial Supervisory Authority, the Swedish Competition Authority, and the respective boards of Sparbanksstiftelsen Gripen and Sparbanksstiftelsen Öresund.

Latvia adopted the euro as its national currency on 1 January 2014.

G59 Effects of changes in accounting policies

Group SEKm	New reporting 2012	R IAS 19	Discontinued operations	Transfer of interest and commissions	Previous reporting 2012
Interest income	50 503		–340	–2 040	52 883
Interest expenses	–30 142		36	1 517	–31 695
Net interest income	**20 361**		**–304**	**–523**	**21 188**
Commission income	13 656		–30	856	12 830
Commission expenses	–4 042		8	–856	–3 194
Net commissions	**9 614**		**–22**		**9 636**
Net gains and losses on financial items at fair value	3 073		16	523	2 534
Insurance premiums	1 802				1 802
Insurance provisions	–1 207				–1 207
Net insurance	**595**				**595**
Share of profit or loss of associates	798	1			797
Other income	1 827		–43		1 870
Total income	**36 268**	**1**	**–353**		**36 620**
Staff costs	9 238	51	–226		9 413
Other expenses	6 470		–184		6 654
Depreciation/amortisation	852		–30		882
Total expenses	**16 560**	**51**	**–440**		**16 949**
Profit before impairments	**19 708**	**–50**	**87**		**19 671**
Impairment of intangible assets	20				20
Impairment of tangible assets	407		–59		466
Credit impairments	–185		–872		687
Operating profit	**19 466**	**–50**	**1 018**		**18 498**
Tax expense	4 157	84	34		4 039
Profit for the period from continuing operations	15 309	–134	984		14 459
Profit for the period from discontinued operations, after tax	–997		–984		–13
Profit for the period	14 312	–134			14 446
Profit for the period attributable to the shareholders of Swedbank AB	**14 304**	**–134**			**14 438**
of which profit for the period from continuing operations	15 298	–134	984		14 448
of which profit for the period from discontinued operations	–994		–984		–10
Non-controlling interests	8				8
of which profit for the period from continuing operations	11				11
of which profit for the period from discontinued operations	–3				–3
Earnings per share, continued operations, SEK	13.94	–0.12	0.90		13.16
after dilution	13.88	–0.13	0.90		13.11
Earnings per share, discontinued operations, SEK	–0.91		–0.90		–0.01
after dilution	–0.91		–0.90		–0.01
Earnings per share, total operations, SEK	13.03	–0.12			13.15
after dilution	12.98	–0.13			13.11
Equity per share, SEK	87.08	–6.62			93.70
Return on equity, continuing operations, %	15.6	0.2	1.0		14.4
Return on equity, total operations, %	14.6	0.2			14.4

The restatement due to revised IAS 19 increased staff costs by SEK 51m in 2012. The higher staff costs relate to higher pension costs. This was mainly because the return on plan assets is calculated according to the revised IAS 19 with the same interest rate used to calculate the pension liability (discount rate), whereas previously an assumption was made about the anticipated return on plan assets. In 2012 the Swedish corporate tax rate was reduced from 26.3 per cent to 22.0 per cent. As a result, deferred taxes were restated in 2012. Since revised IAS 19 resulted in higher deferred tax assets at year-end 2012, it also meant that the tax expense increased in connection with the reduction in the corporate tax rate.

Group SEKm	New reporting 2012	R IAS19	Previous reporting 2012
Profit for the period reported via income statement	**14 312**	**–134**	**14 446**
Items that will not be reclassified to the income statement			
Remeasurements of defined benefit pension plans	–1 653	–1 653	
Share related to associates	–43	–43	
Income tax	374	374	
Total	**–1 322**	**–1 322**	
Items that may be reclassified to the income statement			
Exchange differences, foreign operations			
Gains/losses arising during the period	–1 480		–1 480
Reclassification adjustments to income statement, net gains and losses on financial items at fair value or profit for the period from discontinued operations			
Hedging of net investments in foreign operations:			
Gains/losses arising during the period	1 050		1 050
Cash flow hedges:			
Gains/losses arising during the period	–614		–614
Reclassification adjustments to income statement, net interest income	193		193
Share of other comprehensive income of associates	21		21
Income tax	–74		–74
Total	**–904**		**–904**
Other comprehensive income for the period, net of tax	**–2 226**	**–1 322**	**–904**
Total comprehensive income for the period	**12 086**	**–1 456**	**13 542**
Total comprehensive income attributable to the shareholders of Swedbank AB	**12 078**	**–1 456**	**13 534**
Non-controlling interests	8		8

The revised IAS 19 means that all actuarial gains and losses as well as the difference between the actual return on plan assets and the return calculated according to the discount rate is recognised in other comprehensive income as Revaluation of defined-benefit pension plans. Defined-benefit pension plans can also be found in associates. Their revaluation affect is recognised in Share related to associates.

Group SEKm	New reporting 2012	R IAS19	Previous reporting 2012
Assets			
Investments in associates	3 552	–81	3 633
Total assets	**1 846 860**	**–81**	**1 846 941**
Liabilities and equity			
Deferred tax liabilities	2 641	–835	3 476
Pension obligations	5 235	3 788	1 447
Other liabilities	16 813	4	16 809
Equity attributable to shareholders of the parent company	103 032	–3 038	106 070
Total equity	**103 186**	**–3 038**	**106 224**
Total liabilities and equity	**1 846 860**	**–81**	**1 846 941**

Group SEKm	New reporting 1/1/2012	R IAS19	reporting 1/1/2012
Assets			
Investments in associates	3 066	–45	3 111
Total assets	**1 857 020**	**–45**	**1 857 065**
Liabilities and equity			
Deferred tax liabilities	2 633	–550	3 183
Pension obligations	3 649	2 087	1 562
Equity attributable to shareholders of the parent company	96 411	–1 582	97 993
Total equity	**96 551**	**–1 582**	**98 133**
Total liabilities and equity	**1 857 020**	**–45**	**1 857 065**

The revised IAS 19 means that the so called corridor approach has been abolished. As a result, previously unrecognised actuarial gains and losses have been eliminated from the balance sheet. The pension liability increased as a result. Moreover, the pension liability includes a liability for payroll tax. Payroll tax is now calculated with an actuarial method, whereas previously a nominal approach was used based on the recognised pension provision. The previous provision for payroll tax has therefore been removed from the balance sheet. The pension provision increased by a total of SEK 3 788m at year end 2012. The increase in the pension provision also led to an increase in deferred tax assets. They are recognised as deferred tax liabilities since they can be offset against other deferred tax liabilities.

Financial statements and notes – Parent company

Income statement, Parent company

SEKm	Note	2013	2012
Interest income		19 172	24 730
Interest expenses		–8 566	–13 835
Net interest income	**P5**	**10 606**	**10 895**
Dividends received	P6	9 419	6 830
Commission income		6 415	6 233
Commission expenses		–1 462	–1 192
Net commissions	**P7**	**4 953**	**5 041**
Net gains and losses on financial items at fair value	P8	1 795	2 889
Other income	P9	1 342	1 314
Total income		**28 115**	**26 969**
Staff costs	P10	7 406	7 069
Other general administrative expenses	P11	4 024	4 113
Total general administrative expenses		**11 430**	**11 182**
Depreciation/amortisation and impairments of tangible and intangible fixed assets	P12	532	566
Total expenses		**11 962**	**11 748**
Profit before impairments		**16 153**	**15 221**
Credit impairments	P13	502	434
Impairments of financial fixed assets	P14	2 250	1 154
Operating profit		**13 401**	**13 633**
Appropriations	P15	6	3 626
Tax expense	P16	3 157	2 937
Profit for the year		**10 238**	**7 070**

Statement of comprehensive income, Parent company

SEKm	Note	2013	2012
Profit for the period reported via income statement		**10 238**	**7 070**
Items that may be reclassified to the income statement			
Remeasurements of defined benefit pension plans		5	
Income tax	P17	–1	
Items that may be reclassified ti the income statement			
Cash flow hedges			
Gains/losses arising during the period		–51	–71
Reclassification adjustments to income statement, net interest income		83	193
Income tax	P17	–7	–31
Other comprehensive income for the period, net of tax		**29**	**91**
Total comprehensive income for the period		**10 267**	**7 161**

Balance sheet, Parent company

SEKm	Note	2013	2012	1/1/2012
Assets				
Cash and balances with central banks		32 439	109 898	154 392
Treasury bills and other bills eligible for refinancing with central banks, etc.	P18	50 208	17 482	21 429
Loans to credit institutions	P19	388 521	350 439	325 896
Loans to the public	P20	346 320	347 233	342 394
Bonds and other interest-bearing securities	P21	116 527	114 111	115 101
Shares and participating interests	P22	6 849	7 861	1 392
Investments in associates	P23	1 158	1 153	1 166
Investments in Group entities	P24	55 190	57 231	58 153
Derivatives	P25	83 323	125 926	119 320
Intangible fixed assets	P26	1 372	1 644	742
Tangible assets	P27	333	370	431
Current tax assets		469	507	2 017
Deferred tax assets	P16	53	49	
Other assets	P28	12 312	8 030	5 014
Prepaid expenses and accrued income	P29	5 106	7 793	7 731
Total assets		**1 100 180**	**1 149 727**	**1 155 178**
Liabilities and equity				
Liabilities				
Amounts owed to credit institutions	P30	195 096	195 584	200 430
Deposits and borrowings from the public	P31	501 294	473 104	459 720
Debt securites in issue	P32	214 605	242 295	251 764
Derivatives	P25	74 408	117 471	111 752
Current tax liabilities		1 766	1 399	539
Deferred tax liabilities	P16		138	41
Other liabilities	P33	28 396	29 633	40 191
Accrued expenses and prepaid income	P34	3 746	4 683	5 372
Provisions	P35	98	94	113
Subordinated liabilities	P36	10 083	14 522	19 833
Total liabilities		**1 029 492**	**1 078 923**	**1 089 755**
Untaxed reserves	P37	6 305	6 299	2 672
Equity	P38			
Share capital		24 904	24 904	24 383
Other funds		5 968	5 968	6 489
Retained earnings		33 511	33 633	31 879
Total equity		**64 383**	**64 505**	**62 751**
Total liabilities and equity		**1 100 180**	**1 149 727**	**1 155 178**
Pledged asstes, contingent liablilities and commitments	P43			

The balance sheet and income statement will be adopted at the Annual General Meeting on 19 March 2014.

Statement of changes in equity, Parent company

SEKm	Share capital	Share premium reserve	Statutory reserve	Cash flow hedges	Retained earnings	Total
Opening balance 1 January 2012	**24 383**	**13 118**	**6 489**	**-123**	**18 884**	**62 751**
Dividend					–5 825	–5 825
Decrease share capital	–611				611	
Bonds issue	1 132		–521		–611	
Reversal of VAT costs incurred on rights issue 2008 and 2009		88				88
Share based payments to employees					314	314
Deferred taxes on share based payments to employees					16	16
Total comprehensive income for the year				91	7 070	7 161
of which through the Profit and loss acount					7 070	7 070
of which through other comprehensive income for the year before tax				122		122
of which tax through other comprehensive income for the year				–31		–31
Closing balance 31 December 2012	**24 904**	**13 206**	**5 968**	**-32**	**20 459**	**64 505**
Opening balance 1 January 2013	**24 904**	**13 206**	**5 968**	**-32**	**20 459**	**64 505**
Dividend					–10 880	–10 880
Share based payments to employees					418	418
Deferred taxes on share based payments to employees					73	73
Total comprehensive income for the year				25	10 242	10 267
of which through the Profit and loss acount					10 238	10 238
of which through other comprehensive income for the year before tax				32	5	37
of which tax through other comprehensive income for the year				–7	–1	-8
Closing balance 31 December 2013	**24 904**	**13 206**	**5 968**	**-7**	**20 312**	**64 383**

Statement of cash flow, Parent company

SEKm	Note	2013	2012
Operating activities			
Operating profit		13 401	13 633
Adjustments for non-cash items in operating activities	P42	–479	–4 987
Taxes paid		–2 821	–502
Increase/decrease in loans to credit institution		–36 916	–24 900
Increase/decrease in loans to the public		810	–4 930
Increase/decrease in holdings of securities for trading		–35 497	–1 742
Increase/decrease in deposits and borrowings from the public including retail bonds		27 688	13 495
Increase/decrease in amounts owed to credit institutions		–488	–4 846
Increase/decrease in other assets		38 924	–5 169
Increase/decrease in other liabilities		–44 372	–6 007
Cash flow from operating activities		**–39 750**	**–25 955**
Investing activities			
Acquistiton of/contribution to Group entities and associates		–1 176	–53
Disposal of/repayment from Group entities and associates			450
Acquisition of other fixed assets and strategic financial assets		–159	–125
Disposals of other fixed assets and strategic financial assets		402	1 228
Dividends and Group contributions received		5 978	2 391
Cash flow from investing activities		**5 045**	**3 891**
Financing activities			
Issuance of interest-bearing securities		28 131	64 172
Redemption of interest-bearing securities		–50 837	–69 983
Issuance of certificates etc.		493 043	472 560
Redemption of certificates etc.		–502 211	–483 354
Dividend paid		–10 880	–5 825
Cash flow from financing activities		**–42 754**	**–22 430**
Cash flow for the year		**–77 459**	**–44 494**
Cash and cash equivalents at the beginning of the year		**109 898**	**154 392**
Cash flow for the year		–77 459	–44 494
Cash and cash equivalents at end of the year		**32 439**	**109 898**

Comments on the cash flow statement

The cash flow statement shows receipts and payments during the year as well as cash and cash equivalents at the beginning and end of the year. The cash flow statement is reported using the indirect method and is divided into payments from operating activities, investing activities and financing activities.

Operating activities

Cash flow from operating activities is based on operating profit for the year. Adjustments are made for items not included in cash flow from operating activities. Changes in assets and liabilities from operating activities consist of items which are part of normal business activities, such as loans to and deposits from the public and credit institutions, and which are not attributable to investing and financing activities. Cash flow includes interest receipts of SEK 21 806m (24 692) and interest payments of SEK 7 674m (14 161). Capitalised interest is included.

Investing activities

Investing activities consist of acquisitions and disposals of strategic financial assets, contributions to and repayments from subsidiaries and associates, and other fixed assets. In 2013 Swedbank acquired shares in the subsidiaries Sparia Group Försäkring AB and Swedbank Management Company S.A. for SEK 70m and SEK 5m, respectively. Contributions were paid to the subsidiaries JSC Swedbank of SEK 640m, First Securities AS of SEK 202m and Swedbank Franchise AB of SEK 255m and to the associate Getswish AB of SEK 4m.

Cash and cash equivalents

Cash and cash equivalents consist of cash and balances with central banks, which correspond to the balance sheet item Cash and balances with central banks. Cash and cash equivalents in the statement of cash flow are defined according to IAS 7 and do not correspond to what the Group considers liquidity.

Notes

All amounts in the notes are in millions of Swedish kronor (SEKm) and represent carrying amounts unless indicated otherwise. Figures in parentheses refer to the previous year.

P1 Accounting policies

BASIS OF ACCOUNTING

As a rule, the parent company follows IFRS and the accounting principles applied in the consolidated financial statements, as reported on pages 69-77. In addition, the parent company is required to consider and prepare its annual report in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies, the regulations and general advice of the Swedish Financial Supervisory Authority FFFS 2008:25 and recommendation RFR 2 Reporting for Legal Entities issued by the Swedish Financial Reporting Board. The parent company's annual report is therefore prepared in accordance with IFRS to the extent the standards are compatible with the Annual Accounts Act for Credit Institutions and Securities Companies, RFR 2 and the Swedish Financial Supervisory Authority regulations. The most significant differences in principle between the parent company's accounting and the Group's accounting policies relate to the recognition of:

- The currency component in currency hedges of investments in foreign subsidiaries and associates
- Associates,
- Goodwill and internally generated intangible assets
- Untaxed reserves and Group contributions, and
- Operating segments.

The headings in the financial statements follow the Annual Accounts Act for Credit Institutions and Securities Companies and the Swedish Financial Supervisory Authority regulations, due to which they differ in certain cases from the headings in the Group's accounts.

CHANGES IN ACCOUNTING POLICIES

Presentation of financial statements (amendment to IAS 1)
As of 2013 the statement of comprehensive income is divided into two parts: components that will not be reclassified to profit or loss and components that have been or will be reclassified to profit or loss.

Financial instruments: Disclosures (amendment to IFRS 7)
As of 2013 disclosures are required about financial assets and financial liabilities which are offset in the balance sheet or are subject to various legally binding netting arrangements or other similar risk-reducing agreements. See note xx.

Fair value measurement (IFRS 13)
The new IFRS 13 standard replaces the guidance on fair value measurement which had been found in each IFRS standard. The standard defines how fair value is measured but not when. Fair value is the price that would be received at the measurement date on the sale of an asset or paid to transfer a liability in a transaction between market participants under normal conditions, a so-called "exit price". The standard also contains disclosure requirements. See note xx. Introduction of the standard otherwise has not had a significant effect on how the parent company measures fair values, and hence not on its financial position or results.

Other IFRS changes
No new or amended IFRS, interpretations or other regulatory changes besides those above have been applied or had a significant effect on the parent company's financial position, results or disclosures.

SIGNIFICANT DIFFERENCES IN THE PARENT COMPANY'S ACCOUNTING POLICIES COMPARED WITH THE GROUP'S ACCOUNTING POLICIES

Hedging of net investment in foreign operations
The currency component of liabilities that constitute currency hedges of net investments in foreign subsidiaries and associates is valued in the parent company at cost.

Investments in associates
Investments in associates are recognised in the parent company at cost less any impairment. All dividends received are recognised through profit and loss in Dividends received.

Investments in subsidiaries
Investments in subsidiaries are recognised according to the acquisition cost method. The investments' value is tested for impairment if there is any indication of diminished value. In cases where the value has decreased, it is written down to its value at the Group level. All dividends received are recognised through profit and loss in Dividends received.

Intangible assets
The parent company amortises goodwill systematically based on estimated useful life. All expenditures, including for development, which are attributable to internally generated intangible assets are expensed through profit and loss.

Pensions
The parent company recognises pension costs for Swedish defined benefit pension plans according to the Act on Safeguarding Pension Benefits, which means that they are recognised as defined contribution plans. Premiums paid to defined contribution plans are expensed when an employee has rendered his/her services.

Untaxed reserves and Group contributions
Due to the connection between reporting and taxation, the deferred tax liability attributable to untaxed reserves is not recognised separately in the parent company. The reserves are instead recognised, gross, in the balance sheet and income statement. Group contributions received are recognised through profit and loss in Dividends received.

Operating segments
The parent company does not provide segment information, which is provided for the Group. A geographical distribution of revenue is reported, however.

P2 Risks

Swedbank's risk management is described in note G3. Specific information on the parent company's risks is presented in the following tables.

Credit risks

Impaired, past due and restructured loans	2013	2012
Impaired loans		
Carrying amount before provisions	1 960	1 524
Provisions	767	882
Carrying amount after provisions	1 193	641
Share of impaired loans, net %	0,42	0,23
Share of impaired loans, gross %	0,68	0,54
Carrying amount of impaired loans that returned to a status as normal during the period	700	1 394
Past due loans that are not impaired Valuation category, loans and receivables		
Loans with past due amount,		
5-30 days	171	59
31-60 days	108	130
more than 60 days	209	101
Total	**488**	**289**
Loans which were restructured during the period and which are not impaired or past due		
Carrying amount before restructuring	1 342	
Carrying amount after restructuring	1 342	

Impaired loans are those for which it is likely that payments will not be fulfilled in accordance with the terms of the contract. A loan is not impaired if there is collateral which covers capital, interest and fees for any delays by a satisfactory margin. Provisions for impaired loans as well as other elements of lending where losses have occurred but individual claims have not yet been identified are specified above. Loss events include non-payments or delayed payments where it is likely the borrower will go into bankruptcy and domestic or local economic conditions that are tied to non-payments, such as declines in asset values. The carrying amount of impaired loans largely corresponds to the value of collateral in cases where collateral exists. Restructured loans refer to loans where a change has been made to the terms of the contract as a result of the client's reduced ability to pay.

Provisions	2013	2012
Opening balance	**1 412**	**1 620**
New provisions	312	298
Utilisation of previous provisions	–359	–302
Portfolio provisions for loans that are not impaired	–135	–104
Group adjustments	–7	–92
Change in exchange rates	66	–8
Closing balance	**1 289**	**1 412**
Total provision ratio for impaired loans, % (Including portfolio provision in relation to loans that individually are assessed as impaired)	66	93
Provision ratio for individually assessed impaired loans, %	39	58

Concentrations risk	2013	2012
Number	3	4
Exposures > 20% of the capital base		
Exposures between 10% and 20% of the capital base	25 359	32 625
Total	**25 359**	**32 625**
Usage of the 800% limit, %	40	49

Collateral that can be sold or pledged even if the counterparty fulfils its contractual obligations

When it grants repos, the parent company receives securities that can be sold or pledged. The fair value of these securities covers the carrying amount of the repos. The parent company also receives collateral in the form of securities that can be sold or pledged for derivatives and other exposures. The fair value of such collateral as of year-end amounted to SEK 1 993m (128). None of this collateral has been sold or pledged

Liquidity risks

In the summary of maturities, undiscounted contractual cash flows are distributed on the basis of remaining maturities until the agreed time of maturity. For lending to the public, amortising loans are distributed based on the amortisation schedule. Liabilities whose repayment date may depend on various options have been distributed based on the earliest date on which repayment could be demanded. Differences between nominal amount and carrying amount, discounted cash flows, are reported together with items without an agreed maturity date where the anticipated realisation date has not been determined in the column No maturity/discount effect.

	Undiscounted contractual cash flows							
Remaining maturity 2013	**Payable on demand**	**< 3 mths.**	**3 mths.–1 yr**	**1–5 yrs**	**5–10 yrs**	**> 10 yrs**	**No maturity/ discount effect**	**Total**
Assets								
Cash and balances with central banks	32 439							32 439
Treasury bills and other bills eligible for refinancing with central banks		26 501	1 876	11 785	5 704	1 489	2 853	50 208
Loans to credit institutions	3 044	85 914	273 384	25 326	522	331		388 521
Loans to the public		76 609	62 080	154 100	34 403	19 128		346 320
Bonds and other interest-bearing securities		12 017	26 104	71 285	2 507	532	4 082	116 527
Shares and participating interests							63 197	63 197
Derivatives		25 773	21 739	40 570	7 836	3 525	–16 120	83 323
Intangible fixed assets							1 372	1 372
Tangible assets							333	333
Other assets		10 102	1 343				6 495	17 940
Total	**35 483**	**236 916**	**386 526**	**303 066**	**50 972**	**25 005**	**62 212**	**1 100 180**
Liabilities								
Amounts owed to credit institutions	96 375	96 178	2 079	464				195 096
Deposits and borrowings from the public	417 826	65 206	14 726	3 536				501 294
Debt securities in issue		72 635	46 353	104 782	704		–9 869	214 605
Derivatives		31 210	19 423	34 548	6 892	2 496	–20 161	74 408
Other liabilities		29 971	3 319	69	8	35	6 909	40 311
Subordinated liabilities					4 564	5 003	516	10 083
Equity							64 383	64 383
Total	**514 201**	**295 200**	**85 900**	**143 399**	**12 168**	**7 534**	**41 778**	**1 100 180**

The large part of deposits from the public is contractually payable on demand. Despite the contractual terms, the deposits are essentialy a stable and a long-term source of funding.

	Undiscounted contractual cash flows							
Remaining maturity 2012	**Payable on demand**	**< 3 mths.**	**3 mths.–1 yr**	**1–5 yrs**	**5–10 yrs**	**> 10 yrs**	**No maturity/ discount effect**	**Total**
Assets								
Cash and balances with central banks	109 898							109 898
Treasury bills and other bills eligible for refinancing with central banks		1 441	697	6 199	3 605	1 430	4 110	17 482
Loans to credit institutions	13 581	140 696	142 243	52 821	766	332		350 439
Loans to the public		81 054	63 355	144 737	35 009	23 078		347 233
Bonds and other interest-bearing securities		9 296	24 539	72 456	3 209	608	4 003	114 111
Shares and participating interests							66 245	66 245
Derivatives		23 455	27 286	73 145	8 834	3 682	–10 476	125 926
Intangible fixed assets							1 644	1 644
Tangible assets							370	370
Other assets		8 489	1 903				5 987	16 379
Total	**123 479**	**264 431**	**260 023**	**349 358**	**51 423**	**29 130**	**71 883**	**1 149 727**
Liabilities								
Amounts owed to credit institutions	88 456	100 362	5 202	1 351	213			195 584
Deposits and borrowings from the public	389 152	69 292	11 213	3 447				473 104
Debt securities in issue		96 779	48 848	92 431	751		3 486	242 295
Derivatives		21 924	27 609	62 147	7 715	2 624	-4 548	117 471
Other liabilities		31 475	3 623	196	9	39	6 904	42 246
Subordinated liabilities					7 850	5 507	1 165	14 522
Equity							64 505	64 505
Total	**477 608**	**319 832**	**96 495**	**159 572**	**16 538**	**8 170**	**71 512**	**1 149 727**

The large part of deposits from the public is contractually payable on demand. Despite the contractual terms, the deposits are essentialy a stable and a long-term source of funding.

Debt securities in issue

Turnover during the year	2013	2012
Commercial paper		
Opening balance	**109 297**	**120 094**
Issued	493 043	472 560
Repaid	–495 796	–480 988
Change in market values		3
Change in exchange rates	–6 414	–2 372
Closing balance	**100 130**	**109 297**
Bond loans with state guarantee		
Opening balance	**30 393**	**75 568**
Repurchased	–10 928	–6 767
Repaid	–10 076	–36 646
Change in market values	–900	–294
Change in exchange rates	92	–1 468
Closing balance	**8 581**	**30 393**

Turnover during the year	2013	2012
Other interest-bearing bond loans		
Opening balance	**87 694**	**38 556**
Issued	24 120	59 048
Repurchased	–802	–2 266
Repaid	–19 780	–7 338
Change in market values	–122	1 378
Change in exchange rates	1 103	–1 684
Closing balance	**92 213**	**87 694**
Structured products		
Opening balance	**14 911**	**17 545**
Issued	4 012	5 123
Repurchased		
Repaid	–5 228	–8 201
Change in market values	–14	444
Closing balance	**13 681**	**14 911**
Total debt securities in issue	**214 605**	**242 295**

Market risks

Interest rate risks

Change in value if the market interest rate rises by one percentage point

The impact on the value of assets and liabilities, including derivatives, when market interest rates rise by one percentage point.

2013	< 3 mths.	3–6 mths.	6–12 mths.	1–2 yrs	2–3 yrs	3–4 yrs	4–5 yrs	5–10 yrs	> 10 yrs	Total
SEK	–252	–91	–124	–48	1 683	–47	–78	35	–15	1 064
Foreign currency	58	–27	50	33	–18	–0	–11	–11	–4	70
Total	**–194**	**–118**	**–74**	**–14**	**1 665**	**–47**	**–89**	**24**	**–19**	**1 134**

In the table above, part of deposits from the public that are payable on demand have been assigned a fixed interest period of between 2 and 3 years.

of which financial instruments measured at fair value through profit or loss

2013	< 3 mths.	3–6 mths.	6–12 mths.	1–2 yrs	2–3 yrs	3–4 yrs	4–5 yrs	5–10 yrs	> 10 yrs	Total
SEK	–129	–85	–159	–59	–41	–50	–71	37	–18	–576
Foreign currency	19	–31	59	32	–11	17	–12	–11	–1	60
Total	**–110**	**–116**	**–100**	**–27**	**–53**	**–33**	**–83**	**26**	**–20**	**–516**

2012	< 3 mths.	3–6 mths.	6–12 mths.	1–2 yrs	2–3 yrs	3–4 yrs	4–5 yrs	5–10 yrs	> 10 yrs	Total
SEK	–417	–50	–128	–383	1 554	–157	68	39	37	563
Foreign currency	46	78	–36	97	62	–17	3	75	–10	298
Total	**–371**	**28**	**–164**	**–286**	**1 616**	**–174**	**71**	**114**	**27**	**861**

In the table above, part of deposits from the public that are payable on demand have been assigned a fixed interest period of between 2 and 3 years.

of which financial instruments measured at fair value through profit or loss

2012	< 3 mths.	3–6 mths.	6–12 mths.	1–2 yrs	2–3 yrs	3–4 yrs	4–5 yrs	5–10 yrs	> 10 yrs	Total
SEK	–258	123	96	–373	224	–148	69	38	37	–192
Foreign currency	–27	64	–37	99	65	4	22	73	–6	257
Total	**–285**	**187**	**59**	**–274**	**289**	**–144**	**91**	**111**	**31**	**65**

Currency risks

Currency distribution

2013	SEK	EUR	USD	GBP	LVL	LTL	RUB	NOK	Other	Total
Assets										
Cash and balances with central banks	313	9 163	20 199					2 566	198	32 439
Loans to credit institutions	365 585	12 458	9 310	37		161	152	133	685	388 521
Loans to the public	256 460	20 743	30 431	1 200		255	120	11 407	25 704	346 320
Interest-bearing securities	125 867	18 319	13 807	368				8 374		166 735
Other assets, not distributed	166 165									166 165
Total	**914 390**	**60 683**	**73 747**	**1 605**		**416**	**272**	**22 480**	**26 587**	**1 100 180**
Liabilities										
Amounts owed to credit institutions	159 617	14 812	17 658	2 446			118	64	381	195 096
Deposits and borrowings from the public	476 675	8 493	9 356	887		6	467	919	4 491	501 294
Debt securities in issue and subordinated liabilities	45 769	66 930	99 997	8 018				2 627	1 347	224 688
Other liabilities, not distributed	114 719									114 719
Equity	64 383									64 383
Total	**861 163**	**90 235**	**127 011**	**11 351**		**6**	**585**	**3 610**	**6 219**	**1 100 180**
Other assets and liabilities, including positions in derivatives		40 503	52 797	9 741	1 569	–4 063	880	–18 633	–20 368	
Net position in currency		10 952	–468	–5	1 569	–3 654	567	236		9 198

Currency distribution

2012	SEK	EUR	USD	GBP	LVL	LTL	RUB	UAH	Other	Total
Assets										
Cash and balances with central banks	2 126	79 877	21 594	1					6 300	109 898
Loans to credit institutions	316 871	18 526	13 091	140	3		195		1 613	350 439
Loans to the public	264 970	16 208	31 101	1 338	1 783	456	81		31 296	347 233
Interest-bearing securities	98 120	18 134	6 439	1					8 899	131 593
Other assets, not distributed	210 564									210 564
Total	**892 651**	**132 745**	**72 225**	**1 480**	**1 786**	**456**	**276**		**48 108**	**1 149 727**
Liabilities										
Amounts owed to credit institutions	140 018	18 722	27 810	2 325	509	271	378		5 551	195 584
Deposits and borrowings from the public	451 219	9 465	5 925	626	14	5	140		5 710	473 104
Debt securities in issue and subordinated liabilities	55 460	78 925	100 989	9 846					11 597	256 817
Other liabilities, not distributed	159 717									159 717
Equity	64 505									64 505
Total	**870 919**	**107 112**	**134 724**	**12 797**	**523**	**276**	**518**		**22 858**	**1 149 727**
Other assets and liabilities, including positions in derivatives		–14 300	62 404	11 357	328	–4 427	247	1 066	–25 251	
Net position in currency		11 333	–97	39	1 591	–4 247	5	1 066		9 690

P3 Capital adequacy analysis

Swedbank's legal capital requirement is currently based on the so-called transition rules. The transition rules state that the minimum capital requirement may not fall below 80 per cent of the requirement according to the older Basel 1 rules. Swedish authorities earlier announced that this floor would be abolished when the new capital requirements within CRR are introduced. In December, however, the Swedish Financial Supervisory Authority (SFSA) declared it does not intend to abolish the floor at this time. The parent company's capital requirement calculated under full Basel 2 exceeds the capital requirement according to the transition rules. Thus, for the parent company the transitions rules do not constitute a minimum capital requirement.

	Parent company	
Capital ratios	**2013**	**2012**
Shareholders' equity according to the Group balance sheet	64 383	64 505
Anticipated dividend	−11 100	−10 880
Share of capital of accrual reserve	4 768	4 511
Cash flow hedges	9	34
Goodwill	−1 046	−1 380
Deferred tax assets	−53	−49
Intangible assets	−326	−263
Net provisions for reported IRB credit exposures	−488	−528
Shares deducted from Tier 1 capital		−5
Total Common Equity Tier 1 capital	**56 147**	**55 945**
Tier 1 capital contributions, of which*	5 536	6 270
a) Tier 1 instruments that must be converted during emergency situations		
b) Undated Tier 1 instruments without incentives to redeem		528
c) Fixed term Tier 1 or undated Tier 1 instruments with incentives to redeem	5 536	5 742
Avdrag för aktier, primärkapital**	−1 495	
Total Tier 1 capital	**60 188**	**62 215**
Undated subordinated loans		
Fixed-term subordinated loans	4 543	8 243
Net provisions for reported IRB credit exposures	−488	−528
Shares deducted from Tier 2 capital**	−1 495	−5
Total Tier 2 capital	**2 560**	**7 710**
Deduction of shares in insurance companies**		−2 905
Total capital base	**62 748**	**67 020**
Capital requirement for credit risks, standardised approach	5 610	6 410
Capital requirement for credit risks, IRB	16 790	16 765
Capital requirement for settlement risks	3	2
Capital requirement for market risks	1 072	1 102
of which risks in the trading book outside VaR	516	446
of which currency risks outside VaR	35	151
of which risks where VaR models are applied	521	505
Capital requirement for operational risks	2 356	2 108
Capital requirement	**25 831**	**26 387**
Capital surplus	**36 917**	**40 633**
RWA Credit risks	279 994	289 691
RWA Settlement risks	39	26
RWA Market risks	13 394	13 770
RWA Operational risks	29 455	26 350
Risk-weighted assets	**322 882**	**329 837**
Common Equity Tier 1 capital ratio, %	**17.4**	**17.0**
Tier 1 capital ratio, %	**18.6**	**18.9**
Total capital adequacy ratio, %	**19.4**	**20.3**
Capital quotient	**2.43**	**2.54**

*Tier 1 capital primarily consists of equity adjusted for certain assets that may not be included as well as certain deductions. Tier 1 capital contributions are perpetual debenture loans whose terms are such that they may be included with SFSA's approval. The contributions' preferential rights are subordinate to all other deposits and lending. Interest payment is stipulated by agreement, but is only permitted if there are distributable funds. The contribution is reported in the balance sheet as a liability. All Tier 1 capital contributions are based on transition rules in FFFS 2010:10.

** The earlier rule where insurance holdings were deducted from the total capital base expired on 1 January 2013. From the first quarter 2013 half the deduction comes from Tier 1 capital and half from Tier 2 capital. The companies deducted from the capital base are Sparia Försäkrings AB, Sparia Group Försäkrings AB, Swedbank Försäkring AB and BGC Holding AB.

	2013		
Capital requirement for credit risks parent company	**Exposure after credit risk mitigation**	**Average risk weight, %**	**Capital requirement**
Institutional exposures	122 029	14	1 347
Corporate exposures	324 968	52	13 543
Retail exposures	77 669	28	1 764
Securitisations	941	11	8
Non-credit-obligation assets exposures	1 599	100	128
Credit risks according to IRB	**527 206**	**40**	**16 790**
Credit risks according to the standardised approach	1 069 854	7	5 609
Total	**1 597 060**	**18**	**22 399**

	2012		
Capital requirement for credit risks parent company	**Exposure after credit risk mitigation**	**Average risk weight, %**	**Capital requirement**
Institutional exposures	151 451	15	1 812
Corporate exposures	310 824	52	12 839
Retail exposures	82 845	29	1 932
Securitisations	1 122	11	10
Non-credit-obligation assets exposures	2 150	100	172
Credit risks according to IRB	**548 392**	**38**	**16 765**
Credit risks according to the standardised approach	1 039 511	8	6 410
Total	**1 587 903**	**18**	**23 175**

	Parent company	
Capital requirement for market risks	**2013**	**2012**
Interest-rate risks	1 035	951
of which for specific risk	514	446
of which for general risk	521	505
Equity risk	74	137
of which for specific risk	1	1
of which for general risk	73	136
Currency risk in trading book	316	171
Commodity risk	1	1
Total capital requirement for risks in trading book*	**1 037**	**951**
of which stressed VaR	382	352
Currency rate risk outside trading book	35	151
Total	**1 072**	**1 102**

* The capital requirement for general interest-rate risk, share price risk and currency risk in the trading-book are calculated in accordance with the VaR model.

	Parent company	
Capital requirement for operational risks	**2013**	**2012**
Corporate finance	703	427
Retail banking	1 415	1 406
Commercial banking	289	308
Payment and settlement	66	83
Agency services	13	13
Asset management	−130	−129
Total	**2 356**	**2 108**

The standard approach is used for calculating capital requirments for operational risk.

P4 Geographical distribution of revenue

2013	Sweden	Norway	Denmark	Finland	USA	Other	Total
Interest income	16 753	1 497	46	295	463	118	19 172
Dividends received	9 419						9 419
Commission income	5 687	600	10	68	10	40	6 415
Net gains and losses on financial items at fair value	2 670	–946	4	50	–1	18	1 795
Other income	1 334	6	1		1		1 342
Total	**35 863**	**1 157**	**61**	**413**	**473**	**176**	**38 143**

2012	Sweden	Norway	Denmark	Finland	USA	Other	Total
Interest income	23 338	855	43	113	251	130	24 730
Dividends received	6 830						6 830
Commission income	5 646	488	11	58	7	23	6 233
Net gains or losses on financial items at fair value	2 632	243	4	10	2	–2	2 889
Other income	1 294	19	1				1 314
Total	**39 740**	**1 605**	**59**	**181**	**260**	**151**	**41 996**

The geographical distribution has been allocated to the country where the business was carried out.

P5 Net interest income

	2013			2012		
	Average balance	Interest income/ expense	Average annual interest rate, %	Average balance	Interest income/ expense	Average annual interest rate, %
Loans to credit institutions	343 565	5 901	1.72	339 710	8 144	2.40
Loans to the public	349 472	11 893	3.40	352 861	13 563	3.84
Interest-bearing securities	124 216	2 079	1.67	120 021	2 730	2.27
Total interest-bearing assets	**817 253**	**19 873**	**2.43**	**812 592**	**24 437**	**3.01**
Derivatives	97 185	–785		124 951	141	
Other assets	245 328	84		234 443	152	
Total assets	**1 159 766**	**19 172**	**1.65**	**1 171 986**	**24 730**	**2.11**
Amounts owed to credit institutions	184 645	1 209	0.65	199 439	1 967	0.99
Deposits and borrowings from the public	536 667	4 550	0.85	491 443	6 661	1.36
of which deposit guarantee fees		262			259	
Debt securities in issue	254 753	3 492	1.37	257 535	4 961	1.93
of which commissions for funding with state guarantee		283			387	
Subordinated liabilities	12 070	625	5.17	17 187	999	5.81
Interest-bearing liabilities	**988 135**	**9 876**	**1.00**	**965 604**	**14 588**	**1.51**
Derivatives	87 770	–1 651		117 333	–1 179	
Other liabilities	23 266	341		27 464	426	
of which stability fee		292			360	
Total liabilities	**1 099 171**	**8 566**	**0.78**	**1 110 401**	**13 835**	**1.25**
Equity	**60 595**			**61 583**		
Total liabilities and equity	**1 159 766**	**8 566**	**0.74**	**1 171 984**	**13 835**	**1.18**
Net interest income		**10 606**			**10 895**	
Net interest margin			0.91			0.93
Interest income impaired loans		31			25	
Interest income on financial assets at amortised cost		16 992			16 878	
Interest expenses on financial liabilities at amortised cost		9 310			12 707	

P6 Dividends received

	2013	2012
Shares and participating interests	246	264
Investments in associates	533	45
Investments in Group entities*	8 640	6 521
Total	**9 419**	**6 830**
* of which, through Group contributions	6 486	5 981

P7 Net commissions

Commission income	**2013**	**2012**
Payment processing	1 096	1 132
Cards	1 004	983
Service concepts	440	337
Asset management	1 498	1 446
Life insurance	461	500
Brokerage	466	304
Other securities	57	145
Corporate finance	348	333
Lending	589	521
Guarantee	114	112
Deposits	58	58
Non-life insurance	73	46
Other commission income	211	316
Total	**6 415**	**6 233**

Commission expenses	**2013**	**2012**
Payment processing	–801	–563
Cards	–161	–146
Service concepts	–16	–16
Asset management	–69	–66
Life insurance	–40	–2
Other securities	–254	–244
Lending and guarantees	–61	–60
Other commission expenses	–60	–95
Total	**–1 462**	**–1 192**

Net commissions	**2013**	**2012**
Payment processing	294	569
Cards	843	837
Service concepts	424	321
Asset management	1 429	1 380
Life insurance	421	498
Brokerage	466	304
Other securities	–197	–98
Corporate finance	348	333
Lending	528	461
Guarantee	114	112
Deposits	58	58
Non-life insurance	73	46
Other commission income	152	220
Total	**4 953**	**5 041**

P8 Net gains and losses on financial items at fair value

	2013	2012
Valuation category, fair value through profit or loss		
Trading and derivatives		
Shares and related derivatives	–316	–222
Interest-bearing instruments and related derivatives	1 204	2 025
Total	**888**	**1 803**
Other financial instruments		
Shares and related derivatives	141	105
Loans	–90	–13
Financial liabilities	60	–6
Total	**111**	**86**
Hedge accounting at fair value		
Hedging instruments	–1 283	1
Hedged item	1 236	127
Total	**–47**	**128**
Financial liabilities valued at amortised cost	**–132**	**50**
Change in exchange rates	**975**	**822**
Total	**1 795**	**2 889**

P9 Other income

	2013	2012
IT services	1 009	1 018
Other operating income	333	296
Total	**1 342**	**1 314**

P10 Staff costs

Total staff costs	**2013**	**2012**
Salaries and remuneration	4 288	4 208
Compensation through shares in Swedbank AB	285	211
Social insurance charges	1 514	1 364
Pension costs	1 021	1 017
Training costs	97	94
Other staff costs	201	175
Total	**7 406**	**7 069**
of which variable staff costs	745	582
of which personnel redundancy costs	15	–32

Variable Compensation Programme 2012, 2011 and 2010	2013	2012
Programme 2010		
Recognised expense for compensation that is settled with shares in Swedbank AB	17	13
Recognised expense for social charges related to the share settled compensation	24	9
Recognised expense for cash settled compensation		
Recognised expense for payroll overhead costs related to the cash settled compensation		
Programme 2011		
Recognised expense for compensation that is settled with shares in Swedbank AB	80	91
Recognised expense for social charges related to the share settled compensation	88	45
Recognised expense for cash settled compensation		
Recognised expense for payroll overhead costs related to the cash settled compensation		
Programme 2012		
Recognised expense for compensation that is settled with shares in Swedbank AB	107	106
Recognised expense for social charges related to the share settled compensation	56	33
Recognised expense for cash settled compensation	2	128
Recognised expense for payroll overhead costs related to the cash settled compensation	−3	54
Programme 2013		
Recognised expense for compensation that is settled with shares in Swedbank AB	81	
Recognised expense for social charges related to the share settled compensation	24	
Recognised expense for cash settled compensation	141	
Recognised expense for payroll overhead costs related to the cash settled compensation	66	
Total recognised expense	**683**	**479**

Number of performance rights that establish the recognised share based expense, millions	2013	2012
Outstanding at the beginning of the period	**7.6**	**3.7**
Allotted	2.1	4.0
Forfeited	0.2	0.1
Outstanding at the end of the period	**9.5**	**7.6**
Exercisable at the end of the period	0	0
Weighted average fair value per performance right at measurement date, SEK	121	111
Weighted average remaining contractual life, months	22	30
Weighted average exercise price per performance right, SEK*	0	0

* Applicable for the following groups; outstanding at the beginning of the period, granted during the period, forfeited during the period, exercised during the period, expired during the period, outstanding at the end of the period, exercisable at the end of the period.

2013	Board of directors, President, Vice President and other senior executives			Other employees	
Compensations	Number of persons	Salaries and other re-munerations	Variable pay	Salaries and variable pay	Total
Sweden	28	69	3	4 086	4 158
Denmark				15	15
Norway				332	332
USA				17	17
Finland				29	29
Other countries				22	22
Total	**28**	**69**	**3**	**4 501**	**4 573**

2012	Board of directors, President, Vice President and other senior executives			Other employees	
Compensations	Number of persons	Salaries and other re-munerations	Variable pay	Salaries and variable pay	Total
Sweden	20	52	1	3 980	4 033
Denmark				15	15
Norway				289	289
USA				21	21
Finland				44	44
Other countries				18	18
Total	**20**	**52**	**1**	**4 366**	**4 419**

Board members, President, EVPs, current and former and equivalent employees	2013	2012
Costs during the year for pensions and similar benefits	27	18
No. of persons	18	10
Granted loans, SEKm	80	78
No. of persons	20	13

Distribution by gender	2013		2012	
%	Female	Male	Female	Male
All employees	55	45	56	44
Directors	40	60	40	60
Other senior executives, incl. President	30	70	33	67

P11 Other general administrative expenses

	2013	2012
Rents, etc.	866	883
IT expenses	1 326	1 252
Telecommunications, postage	89	153
Consulting and outside services	591	520
Travel	134	114
Entertainment	31	30
Office supplies	109	122
Advertising, public relations, marketing	235	215
Security transports, alarm systems	176	355
Maintenance	114	114
Other administrative expenses	255	290
Other operating expenses	98	65
Total	**4 024**	**4 113**

Remuneration to Auditors elected by Annual General Meeting, Deloitte AB	2013	2012
Statutory audit	19	19
Other audit	2	4
Tax advisory	1	1
Other services	3	4
Total	**25**	**28**
Own Internal Audit	54	45

P12 Depreciation/amortisation of tangible and intangible fixed assets

Depreciation/amortisation	2013	2012
Equipment	141	175
Owner-occupied properties	1	
Intangible fixed assets	390	391
Total	**532**	**566**

P13 Credit impairments

	2013	2012
Provisions for loans that individually are assessed as impaired		
Provisions	311	327
Reversal of previous provisions	–125	–104
Provision for homogenous groups of impaired loans, net	–10	–29
Total	**176**	**194**
Portfolio provisions for loans that individually are not assessed as impaired	**-7**	**-92**
Write-offs		
Established losses	734	700
Utilisation of previous provisions	–359	–301
Recoveries	–52	–40
Total	**323**	**359**
Credit impairments for contingent liabilities and other credit risk exposures	**10**	**-27**
Credit impairments	**502**	**434**
Credit impairments by valuation category		
Loans and receivables	493	437
Fair value through profit or loss	9	–3
Total	**502**	**434**
Credit impairments by borrower category		
Credit institutions	–10	–28
General public	512	462
Total	**502**	**434**

P14 Impairments of financial fixed assets

	2013	2012
Investments in Group entities		
Ektornet AB, Stockholm	542	467
ATM Holdning AB, Stockholm		6
JSC Swedbank, Kiev	1 602	118
Swedbank (Luxemburg) S.A., Luxemburg		36
First Securities AS, Oslo	1 268	
Swedbank Management Company S.A., Luxemburg	5	
New Tower LLC, Kiev	1	
FRiR RUS OOO, Moscow	1	
Total	**3 419**	**627**
Loans comprising net investment		
JSC Swedbank, Kiev	–1 169	527
Total	**-1 169**	**527**
Total	**2 250**	**1 154**

P15 Appropriations

Untaxed reserves	2013	2012
Accelerated depreciation, equipment	14	111
Tax allocation reserve	–8	3 516
Total	**6**	**3 626**

P16 Tax

Tax expense	2013	2012
Tax related to previous years	164	–4
Current tax	3 043	2 893
Deferred tax	–50	48
Total	**3 157**	**2 937**

	2013		2012	
	SEKm	per cent	SEKm	per cent
Results	3 157	23.6	2 937	29.3
22.0 (26.3)% of pre-tax profit	2 947	22.0	2 632	26.3
Difference	**-210**	**-1.6**	**-305**	**-3.0**
The difference consists of the following items				
Tax previous years	–164	–1.2	4	
Tax -exempt income/non-deductible expenses	–84	–0.6	–66	–0.6
Non-taxable dividends	592	4.4	154	1.5
Non-deductible goodwill impairment	–22	–0.2	–31	–0.3
Tax-exempt capital gains and appreciation in value of shares and participating interests			5	
Standard income tax allocation reserve	–14	–0.1	–8	–0.1
Non deductible impairment of financial fixed assets	–495	–3.7	–285	–2.8
Deviating tax rates in other countries	–23	–0.2	–41	–0.4
Revaluation of deferred taxes due to changed tax rate in Sweden			–32	–0.3
Other, net			–5	
Total	**-210**	**-1.6**	**-305**	**-3.0**

2013

Deferred tax assets and tax liabilities	Opening balance	Income statement	Other comprehensive income	Equity	Exchange rate differences	Closing balance
Deductible temporary differences						
Income	49	–49				
Total deferred tax assets	**49**	**-49**				
Taxable temporary differences						
Cash flow hedges	–11		8			–3
Provisions for pensions	–92	–2				–94
Share related compensation				–89		–89
Income	259	–113			–11	135
Other	–18	16				–2
Total deferred tax liabilities	**138**	**-99**	**8**	**-89**	**-11**	**-53**

2012

Deferred tax assets	Opening balance	Income statement	Other comprehensive income	Equity	Exchange rate differences	Closing balance
Deductible temporary differences						
Income		49				49
Total deferred tax assets		**49**				**49**
Taxable temporary differences						
Cash flow hedges	–44	2	31			–11
Provisions for pensions	–115	23				–92
Income	200	74			–15	259
Other		–2		–16		–18
Total deferred tax liabilities	**41**	**97**	**31**	**-16**	**-15**	**138**

P17 Tax for each component in other comprehensive income

	2013				2012			
	Pre-tax amount	Deferred tax	Current tax	Total tax amount	Pre-tax amount	Deferred tax	Current tax	Total tax amount
Remeasurements of defined benefit pension plans	5		–1	–1				
Cash flow hedges	32	–7		–7	122	–31		–31
Other comprehensive income	**37**	**–7**	**–1**	**–8**	**122**	**–31**		**–31**

P18 Treasury bills and other bills eligible for refinancing with central banks, etc.

	Carrying amount			Amortised cost			Nominal amount		
	2013	2012	1/1/2012	2013	2012	1/1/2012	2013	2012	1/1/2012
Valuation category, fair value through profit or loss									
Trading									
Swedish government	44 798	13 715	19 240	43 786	12 208	17 164	42 022	9 736	14 426
Swedish municipalities	463	571	75	463	571	75	462	571	75
Foreign governments	3 716	1 977	1 990	3 648	1 867	1 938	3 629	1 848	1 941
Other non-Swedish issuers	1 231	1 219	124	1 232	1 219	124	1 229	1 218	123
Total	**50 208**	**17 482**	**21 429**	**49 129**	**15 865**	**19 301**	**47 341**	**13 373**	**16 565**

P19 Loans to credit institutions

	2013	2012	1/1/2012
Valuation category, loans and receivables			
Swedish banks	57 866	38 727	45 302
Swedish credit institutions	299 856	225 847	181 675
Foreign banks	17 191	40 460	48 965
Foreign credit institutions	1 402	37	
Total	**376 315**	**305 071**	**275 942**
Valuation category, fair value through profit or loss			
Trading			
Swedish banks, repurchase agreements			1 130
Swedish credit institutions		25 888	16 731
Swedish credit institutions, repurchase agreements	5 434	7 677	7 705
Foreign banks, repurchase agreements	5 498	4 975	5 726
Foreign credit institutions, repurchase agreements	1 274	6 828	18 662
Total	**12 206**	**45 368**	**49 954**
Total	**388 521**	**350 439**	**325 896**

Subordinated loans	2013	2012	1/1/2012
Subsidiaries	394	1 189	1 462
Associates	120	120	120
Other companies	53	58	57
Total	**567**	**1 367**	**1 639**

P20 Loans to the public

	2013	2012	1/1/2012
Valuation category, loans and receivables			
Swedish public	230 832	162 365	168 953
Foreign public	64 573	55 964	60 387
Total	**295 405**	**218 329**	**229 340**
Valuation category, fair value through profit or loss			
Trading			
Swedish public			387
Swedish public, repurchase agreements	28 680	31 753	33 500
Foreign public, repurchase agreements	19 234	16 183	8 883
Other			
Swedish public	3 001	80 968	70 284
Total	**50 915**	**128 904**	**113 054**
Total	**346 320**	**347 233**	**342 394**

The maximum credit risk exposure for lending measured at fair value corresponds to the carrying amount.

P21 Bonds and other interest-bearing securities

Issued by other than public agencies	Carrying amount			Amortised cost			Nominal amount		
	2013	2012	1/1/2012	2013	2012	1/1/2012	2013	2012	1/1/2012
Valuation category, fair value through profit or loss									
Trading									
Swedish mortgage institutions	54 724	60 915	74 215	54 161	60 096	73 272	52 338	57 628	71 471
Swedish financial entities	27 022	19 974	9 267	26 750	19 569	9 203	26 093	19 112	9 162
Swedish non-financial entities	5 583	5 265	4 465	5 579	5 248	4 450	5 568	5 222	4 403
Foreign financial entities	18 098	17 936	17 175	17 973	17 683	17 039	17 799	17 588	16 921
Foreign non-financial entities	10 212	8 762	7 507	10 142	8 621	7 399	9 968	8 557	7 421
Total	**115 639**	**112 852**	**112 629**	**114 605**	**111 217**	**111 363**	**111 766**	**108 107**	**109 378**
Valuation category, held to maturity*									
Swedish mortgage institutions									
Foreign mortgage institutions	888	1 259	1 507	888	1 259	1 507	889	1 261	1 515
Foreign financial entities			965			964			967
Total	**888**	**1 259**	**2 472**	**888**	**1 259**	**2 471**	**889**	**1 261**	**2 482**
Total	**116 527**	**114 111**	**115 101**	**115 493**	**112 476**	**113 834**	**112 655**	**109 368**	**111 860**
of which listed	112 779	112 013	109 581						

* The fair value of held-to-maturity investments amounted to SEK 873 m (1 237).

P22 Shares and participating interests

	Carrying amount			Cost		
	2013	2012	1/1/2012	2013	2012	1/1/2012
Valuation category, fair value through profit or loss						
Trading						
Trading stock	6 246	7 426	1 052	5 935	7 313	1 172
Other						
Credit institutions	501	337	244	338	244	217
Other shares	52	35	36	52	36	31
Total	**6 799**	**7 798**	**1 332**	**6 325**	**7 593**	**1 420**
Valuation category, available for sale						
Condominiums	43	37	37	43	37	37
Other	7	26	23	7	26	23
Total	**50**	**63**	**60**	**50**	**63**	**60**
Total	**6 849**	**7 861**	**1 392**	**6 376**	**7 656**	**1 480**
of which unlisted	50	63	60			

Unlisted holdings are valued at their last transaction price. Holdings in the valuation category available for sale have been estimated at acquisition cost, since a more reliable fair value is not considered to be available.

P23 Investments in associates

Fixed assets	2013	2012	1/1/2012
Credit institutions	1 130	1 130	1 130
Other associates	28	23	36
Total	**1 158**	**1 153**	**1 166**
Opening balance	**1 153**	**1 166**	
Additions during the year	5	2	
Disposals during the year		–15	
Closing balance	**1 158**	**1 153**	

Corporate identity, domicile	Corporate identity number	Number	Carrying amount	Cost	Share of capital, %
Credit institutions					
EnterCard Holding AB, Stockholm	556673-0585	3 000	420	420	50.00
Färs & Frosta Sparbank AB, Lund	516401-0091	1 478 700	257	257	30.00
Sparbanken Rekarne AB, Eskilstuna	516401-9928	865 000	125	125	50.00
Swedbank Sjuhärad AB, Borås	516401-9852	950 000	287	287	47.50
Vimmerby Sparbank AB, Vimmerby	516401-0174	340 000	41	41	40.00
Total			**1 130**	**1 130**	
Other associates					
BDB Bankernas Depå AB, Stockholm	556695-3567	13 000	3	7	20.00
BGC Holding AB, Stockholm	556607-0933	29 177	11	11	29.18
Finansiell ID-Teknik BID AB, Stockholm	556630-4928	12 735	4	24	28.30
Getswish AB, Stockholm	556913-7382	10 000	4	4	20.00
Rosengård Invest AB, Malmö	556756-0528	5 625	6	10	25.00
Upplysningscentralen, Stockholm	556137-5113	2 000			20.00
Total			**28**	**56**	
Total			**1 158**	**1 186**	

P24 Investments in Group entities

Fixed assets	2013	2012	1/1/2012
Swedish credit institutions	14 887	14 882	14 900
Foreign credit institutions	33 126	35 064	35 423
Other entities	7 177	7 285	7 830
Total	**55 190**	**57 231**	**58 153**
Opening balance	**57 231**	**58 153**	
Additions during the year	1 377	153	
Impairments during the year	–3 418	–911	
Disposals during the year		–164	
Closing balance	**55 190**	**57 231**	

Corporate identity, domicile	Corporate identity number	Number	Carrying amount	Cost	Share of capital, %
Swedish credit institutions					
Swedbank Finans AB, Stockholm	556131-3395	345 000	424	424	100
Swedbank Hypotek AB, Stockholm	556003-3283	23 000 000	14 328	14 328	100
Ölands Bank AB, Borgholm	516401-0034	780 000	135	135	60
Total			**14 887**	**14 887**	
Foreign credit institutions					
Swedbank AS, Tallinn	10060701	85 000 000	18 189	18 189	100
Swedbank AS, Riga	40003074764	662 641 270	7424	7424	100
Swedbank AB, Vilnius	112029651	164 008 000	6434	6434	100
First Securities AS, Oslo	980645487	1 605 443		1617	100
OAO Swedbank, Moscow	1027739131529	28 000 000	969	1 460	100
Swedbank First Securities LLC, New York	20-416-7414	100	49	90	100
Swedbank (Luxembourg) S.A., Luxembourg	302018-5066	300 000	56	141	100
Swedbank Management Company S.A., Luxembourg	B149317	250 000	5	5	100
Total			**33 126**	**35 360**	
Other entities					
ATM Holding AB, Stockholm	556886-6692	350	32	39	70
Bart AB, Stockholm	556691-3579	100			100
Ektornet AB, Stockholm	556788-7152	5 000 000	365	1 766	100
FR & R Invest AB, Stockholm	556815-9718	10 000 000	45	45	100
FRiR RUS OOO, Moscow	11107746962377	1	26	27	100
OOO Leasing, Moscow	1047796412531	2	139	139	100
Sparia Försäkrings AB, Stockholm	516401-8631	30 000	555	595	100
Sparia Group Försäkring AB, Stockholm	516406-0963	70 000	70	70	100
Swedbank Administration AB, Stockholm	556284-5387	10 000	7	7	100
Swedbank BABS Holding AB, Stockholm	556691-3579	1 000	61	61	100
Swedbank Franchise AB, Stockholm	556184-2120	1 000	273	273	100
Swedbank Försäkring AB, Stockholm	516401-8292	150 000	2 354	2 354	100
Swedbank och Sparbankernas Mobile Solutions AB, Stockholm	556891-5283	100			100
Swedbank Robur AB, Stockholm	556110-3895	10 000 000	3 249	3 249	100
Other			1	5	
Total			**7 177**	**8 630**	
Total			**55 190**	**58 877**	

The share of the voting rights in each entity corresponds to the share of its equity. All entities are unlisted.

P25 Derivatives

	Nominal amount/ remaining contractual maturity			Nominal amount			Positive fair value			Negative fair value		
	< 1 yr.	1-5 yrs.	> 5 yrs.	2013	2012	1/1/2012	2013	2012	1/1/2012	2013	2012	1/1/2012
Derivatives in hedge accounting												
Fair value hedges												
Interest-rate-related contracts												
Swaps	21 442	36 224	912	58 578	87 034	56 847	1 666	3 182	2 974	363	56	
Currency-related contracts												
Swaps	65			65	7 391	18 848		620	1 457	7		1
Total	**21 507**	**36 224**	**912**	**58 643**	**94 425**	**75 695**	**1 666**	**3 802**	**4 431**	**370**	**56**	**1**
Cash flow hedges												
Interest-rate-related contracts												
Swaps	732	598		1 330	115	5 683				11	24	112
Total	**732**	**598**		**1 330**	**115**	**5 683**				**11**	**24**	**112**
Hedges of net investment in foreign operations												
Currency-related contracts												
Swaps	1 510			1 510	1 698		9				75	
Total	**1 510**			**1 510**	**1 698**		**9**				**75**	
Other derivatives												
Interest-rate-related contracts												
Options held	112 114	397 454	85 402	594 970	621 453	766 345	1 599	2 230	1 931	1 563	1 907	1 814
Forward contracts	6 140 052	4 354 773		10 494 825	6 997 324	7 765 060	3 688	5 391	6 776	3 640	5 454	6 992
Swaps	803 388	1 858 494	525 745	3 187 627	3 209 438	3 074 746	50 900	77 214	69 411	53 288	79 451	70 425
Currency-related contracts												
Options held	2 661	53 379		56 040	37 491	30 108	573	324	286	528	353	295
Forward contracts	780 689	15 983		796 672	823 666	1 253 751	5 301	9 167	16 528	5 630	10 384	17 038
Swaps	175 100	255 627	104 183	534 910	588 784	545 981	21 948	28 636	21 504	13 258	21 415	17 351
Other						1 518			48			
Equity-related contracts												
Options held	21 432	12 881	6 940	41 253	38 165	271 995	2 221	1 439	1 375	1 022	766	834
Forward contracts	7 257	9		7 266	5 182	460	67	2	3	48	1	23
Swaps	2 893	99		2 992	2 743	6 880	385	226	273	30	63	140
Credit-related contracts												
Swaps	1 380	10 246	757	12 383	9 392	8 086	114	21	65	168	33	40
Total	**8 046 966**	**6 958 945**	**723 027**	**15 728 938**	**12 333 638**	**13 724 930**	**86 796**	**124 647**	**118 200**	**79 175**	**119 827**	**114 952**
Total before netting agreements	**8 070 715**	**6 995 767**	**723 939**	**15 790 421**	**12 431 598**	**13 806 310**	**88 471**	**128 450**	**122 632**	**79 556**	**119 995**	**115 065**
Netting agreements							–5 148	–2 524	–3 312	–5 148	–2 524	–3 312
Total	**8 070 715**	**6 995 767**	**723 939**	**15 790 421**	**12 431 598**	**13 806 310**	**83 323**	**125 926**	**119 320**	**74 408**	**117 471**	**111 752**
of which cleared	2 180 970	880 373	29 032	3 090 375	3 828 786	3 038 232	1 696	2 524	3 587	2 364	3 142	3 838

Maturity distribution regarding future hedged cash flows in cash flow hedge accounting

	< 1 yr.	1-3 yrs.	3-5 yrs.
Negative cash flows (liabilities)	10	13	6

Future cash flows above, expressed in SEKm, are exposured to variablity attibutable to changed interest rates and/or changed currency rates. These future cash flows are hedged with derivatives, recognised as cash flow hedges, with opposite cash flows that eliminate the variability.

P26 Intangible fixed assets

	2013				2012			
	Goodwill	Customer base	Other	Total	Goodwill	Customer base	Other	Total
Cost, opening balance	**3 369**	**41**	**478**	**3 888**	**2 202**	**41**	**345**	**2 588**
Additions through separate acquisitions			123	123	1 167		134	1 301
Sales and disposals			–10	–10			–1	–1
Cost, closing balance	**3 369**	**41**	**591**	**4 001**	**3 369**	**41**	**478**	**3 888**
Amortisation, opening balance	**-1 989**	**-34**	**-220**	**-2 243**	**-1 636**	**-30**	**-180**	**-1 846**
Amortisation for the year	–334	–3	–53	–390	–353	–4	–34	–391
Sales and disposals			5	5			–7	–7
Amortisation, closing balance	**-2 323**	**-37**	**-268**	**-2 629**	**-1 989**	**-34**	**-220**	**-2 243**
Carrying amount	**1 046**	**4**	**322**	**1 372**	**1 380**	**7**	**257**	**1 644**

Goodwill is amortised over an estimated useful life of 5 to 20 years. For other intangible assets with a finite useful life, the amortisable amount is divided systematically over the useful life. Systematic amortisation refers to both straight-line and increasing or decreasing amortisation. The original useful life is between 3 and 15 years. No need for impairment was found.

P27 Tangible assets

	2013			2012		
	Fixed assets			Fixed assets		
	Equipment	Owner-occupied properties	Total	Equipment	Owner-occupied properties	Total
Cost, opening balance	**2 514**	**24**	**2 538**	**2 529**	**24**	**2 553**
Additions	130		130	124		124
Sales and disposals	–758		–758	–139		–139
Cost, closing balance	**1 886**	**24**	**1 910**	**2 514**	**24**	**2 538**
Depreciation, opening balance	**-2 156**	**-12**	**-2 168**	**-2 110**	**-12**	**-2 122**
Depreciation for the year	–141	–1	–142	–175		–175
Sales and disposals	733		733	129		129
Depreciation, closing balance	**-1 564**	**-13**	**-1 577**	**-2 156**	**-12**	**-2 168**
Carrying amount	**322**	**11**	**333**	**358**	**12**	**370**

The useful life of equipment is deemed to be between three and ten years on average; its residual value is zero as in previous years. The depreciable amount is recognised linearly in profit or loss over the useful life. No indications of impairment were found on the closing day. Individual structural components of owner-occupied properties are depreciated over their useful life. The residual value is deemed to be zero. Land has an indefinite useful life and is not depreciated.

P28 Other assets

	2013	2012	1/1/2012
Security settlement claims	5 656	1 592	2 335
Group contributions	6 495	5 986	2 398
Other	161	452	281
Total	**12 312**	**8 030**	**5 014**

P29 Prepaid expenses and accrued income

	2013	2012	1/1/2012
Accrued interest income	4 104	6 738	6 700
Other	1 002	1 055	1 031
Total	**5 106**	**7 793**	**7 731**

P30 Amounts owed to credit institutions

	2013	2012	1/1/2012
Valuation category, loans and receivables			
Swedish banks	79 799	68 611	76 057
Swedish credit institutions	73 434	63 835	36 213
Foreign banks	31 303	54 213	65 297
Foreign credit institutions	2 437	215	278
Total	**186 973**	**186 874**	**177 845**
Valuation category, fair value through profit or loss			
Trading			
Swedish banks, repurchase agreements	4 182	3 433	8 326
Swedish credit institutions, repurchased agreements	250	2 734	5 411
Foreign banks, repurchase agreements	3 691	2 543	8 848
Total	**8 123**	**8 710**	**22 585**
Total	**195 096**	**195 584**	**200 430**

P31 Deposits and borrowings from the public

	2013	2012	1/1/2012
Valuation category, other financial liabilities			
Deposits from Swedish public	460 009	413 133	382 972
Deposits from foreign public	16 877	13 106	26 347
Total	**476 886**	**426 239**	**409 319**
Valuation category, fair value through profit or loss			
Trading			
Deposits from Swedish public, repurchase agreements	18 852	19 058	14 317
Deposits from foreign public, repurchase agreements	3 089	2 707	
Other *			
Deposits from Swedish public	2 467	25 100	36 084
Total	**24 408**	**46 865**	**50 401**
Total	**501 294**	**473 104**	**459 720**
* nominal amount	2 466	25 041	35 979

P32 Debt securities in issue

	2013	2012	1/1/2012
Valuation category, other financial liabilities			
Commercial papers	100 130	100 750	113 165
Other interest-bearing bond loans	100 609	116 820	113 004
Change in value due to hedge accounting at fair value	185	1 268	1 121
Total	**200 924**	**218 838**	**227 290**
Valuation category, fair value through profit or loss			
Trading			
Commercial papers		8 546	6 929
Other	13 681	14 911	17 545
Total	**13 681**	**23 457**	**24 474**
Total	**214 605**	**242 295**	**251 764**

Turnover of debt securities in issue is reported in note P2 Liquidity risks, page 157.

P33 Other liabilities

	2013	2012	1/1/2012
Security settlement liabilities	2 427	1 949	2 675
Group liabilities	637	637	1 093
Short position in shares	109	40	1 880
of which own issued shares	37		107
Short position in interest-bearing securities	17 410	18 189	28 723
of which own issued interest-bearing securities		1 797	7 591
Other	7 813	8 818	5 820
Total	**28 396**	**29 633**	**40 191**

P34 Accrued expenses and prepaid income

	2013	2012	1/1/2012
Accrued interest expenses	2 046	2 938	3 264
Other	1 700	1 745	2 108
Total	**3 746**	**4 683**	**5 372**

P35 Provisions

	2013	2012	1/1/2012
Provisions for pensions	15	18	1
Provisions for guarantees	65		83
Other	18	76	29
Total	**98**	**94**	**113**

P36 Subordinated liabilities

	2013	2012	1/1/2012
Valuation category, other financial liabilities			
Subordinated loans	4 554	8 122	10 336
Change in the value due to hedge accounting at fair value	–11	122	355
Total subordinated loans	**4 543**	**8 244**	**10 691**
Undated subordinated loans	5 037	5 537	8 244
of which Tier 1 capital contribution	5 540	6 278	6 801
Change in the value due to hedge accounting at fair value	503	741	898
Total undated subordinated loans	**5 540**	**6 278**	**9 142**
Total	**10 083**	**14 522**	**19 833**

Specification of subordinated liabilities

Fixed-term subordinated loans

Maturity	Right to prepayment for Swedbank AB	Currency	Nominal amount, million	Carrying amount, SEKm	Coupon interest, %
1989/2019		SEK	111	131	11.00
2012/2022	2017	EUR	500	4 412	3.00
Total				**4 543**	

Undated subordinated loans approved by the Swedish Financial Supervisory Authority as Tier 1 capital contribution

Maturity	Right to prepayment for Swedbank AB	Currency	Nominal amount, million	Carrying amount, SEKm	Coupon interest, %
2004/undated	2016	GBP	199	2 324	5.75
2007/undated	2017	SEK	2 000	2 192	6.67
2008/undated	2018	SEK	873	1 025	8.28
Total				**5 540**	

Certain subordinated loans are used as hedging instruments to hedge the net investment in foreign operations. The currency component of these liabilities is recognised at cost.

P37 Untaxed reserves

	Accumulated accelerated depreciation	Tax allocation reserve	Total
Opening balance 2012	**66**	**2 606**	**2 672**
Reversal/Allocation	111	3 516	3 626
Closing balance 2012	**177**	**6 122**	**6 299**
Opening balance 2013	**177**	**6 122**	**6 299**
Reversal/Allocation	14	-8	6
Closing balance 2013	**192**	**6 114**	**6 305**

Tax allocation reserve	2013	2012	1/1/2012
Allocation 2008	731	731	731
Allocation 2011	1 857	1 857	1 875
Allocation 2012	3 526	3 534	
Total	**6 114**	**6 122**	**2 606**

P38 Equity

	2013	2012	1/1/2012
Restricted equity			
Share capital, ordinary shares	24 904	20 925	20 269
Share capital, preference shares		3 979	4 082
Share capital, C shares			32
Statutory reserve	5 968	5 968	6 489
Total	**30 872**	**30 872**	**30 872**
Non-restricted equity			
Cash flow hedges	–8	–32	–123
Share premium reserve	13 206	13 206	13 118
Retained earnings	20 313	20 459	18 884
Total	**33 511**	**33 633**	**31 879**
Total equity	**64 383**	**64 505**	**62 751**

Changes in equity for the period and the distribution according to IFRS are indicated in the statement of changes in equity.

P39 Fair value of financial instruments

Carrying amounts and fair values of financial instruments
A comparison between the carrying amount and fair value of the parent company's financial assets and financial liabilities according to the definition in IAS 39 is presented below.

Determination of fair values of financial instruments
The parent company uses various methods to determine the fair value for financial instruments depending on the degree of observable market data in the valuation and the activity in the market. An active market is considered either a regulated or reliable marketplace where quoted prices are easily accessible and which demonstrates regularity. Activity is continuously evaluated by analysing factors such as trading volumes and differences in bid and ask prices.

The methods are divided in 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 their fair values. For any open net positions, bid and sell rates are applied as applicable i.e. bid rates for long positions and ask rates for short positions. When there is no active market, fair value is determined with the help of established valuation methods and models. In these cases, assumptions that cannot be directly attributed to a market may be applied. These assumptions are based on experience and knowledge of the valuation of financial markets. The goal, however, is to always maximise the use of data from an active market. All valuation methods and models and internal assumptions are validated continuously by the independent risk control unit. In cases where it is considered necessary, adjustments are made to reflect fair value, so-called fair value adjustments. This is done to correctly reflect the parameters in the financial instruments and which will be reflected in their valuations. For OTC derivatives, for example, where the counterparty risk is not settled with cash collateral, the fair value adjustment is based on the current counterparty risk (CVA and DVA). In cases where the model risk is considered reliable, an assessment is also made whether a fair value adjustment is necessary given the model risk.

The parent company has a continuous process that identifies financial instruments which indicate a high level of internal assumptions or low level of observable market data. The process determines how to make the calculation based on how the internal assumptions are expected to affect the valuation. In cases where internal assumptions have a significant impact on fair value, the financial instrument is reported on level 3. The process also includes an analysis based on the quality of valuation data and whether any types of financial instruments will be transferred between the various levels.

For variable-rate lending and deposits, which are recognised at amortised cost, the carrying amount is assessed to coincide with fair value. The carrying amounts and fair values coincide for the most part because of the large share of financial instruments recognised at fair value.

	2013			2012			1/1/2012		
	Fair value	Carrying amount	Difference	Fair value	Carrying amount	Difference	Fair value	Carrying amount	Difference
Assets									
Financial assets covered by IAS 39									
Cash and blances with central banks	32 439	32 439		109 898	109 898		154 392	154 392	
Treasury bills etc.	50 208	50 208		17 482	17 482		21 429	21 429	
of which fair value through profit or loss	50 208	50 208		17 482	17 482		21 429	21 429	
Loans to credit institutions	388 521	388 521		350 439	350 439		325 896	325 896	
of which loans receivables	376 314	376 314		305 071	305 071		275 942	275 942	
of which fair value through profit or loss	12 206	12 206		45 368	45 368		49 954	49 954	
Loans to the public	346 320	346 320		347 233	347 233		342 394	342 394	
of which loan receivables	295 405	295 405		218 329	218 329		229 340	229 340	
of which fair value through profit or loss	50 916	50 916		128 904	128 904		113 054	113 054	
Bonds and interest-bearing securities	116 513	116 527	–14	114 089	114 111	–22	115 006	115 101	–95
of which fair value through profit or loss	115 639	115 639		112 852	112 852		112 629	112 629	
of which investments held to maturity	873	888	–14	1 237	1 259	–22	2 377	2 472	–95
Shares and participating interest	6 849	6 849		7 861	7 861		1 392	1 392	
of which fair value through profit or loss	6 849	6 849		7 798	7 798		1 332	1 332	
of which available for sale				63	63		60	60	
Derivatives	83 323	83 323		125 926	125 926		119 320	119 320	
Other financial assets	16 415	16 415		14 768	14 768		11 714	11 714	
Total	**1 040 587**	**1 040 601**	**–14**	**1 087 696**	**1 087 718**	**–22**	**1 091 543**	**1 091 638**	**–95**

	2013			2012			1/1/2012		
	Fair value	Carrying amount	Difference	Fair value	Carrying amount	Difference	Fair value	Carrying amount	Difference
Liabilities									
Financial liabilities covered by IAS 39									
Amounts owed to credit institutions	195 096	195 096		195 584	195 584		200 430	200 430	
of which other financial liabilities	186 973	186 973		186 874	186 874		177 845	177 845	
of which fair value through profit or loss	8 123	8 123		8 710	8 710		22 585	22 585	
Deposits and borrowings from the public	501 294	501 294		473 104	473 104		459 720	459 720	
of which other financial liabilities	476 887	476 887		426 239	426 239		409 319	409 319	
of which fair value through profit or loss	24 407	24 407		46 865	46 865		50 401	50 401	
Debt securities in issue, etc.	214 940	214 605	335	241 465	242 295	–830	251 264	251 764	–500
of which other financial liabilities	201 259	200 924	335	218 008	218 838	–830	226 790	227 290	–500
of which fair value through profit or loss	13 681	13 681		23 457	23 457		24 474	24 474	
Subordinated liabilities	9 996	10 083	–87	14 292	14 522	–230	21 090	19 833	1 257
of which other financial liabilities	9 996	10 083	–87	14 292	14 522	–230	21 090	19 833	1 257
Derivatives	74 408	74 408		117 471	117 471		111 752	111 752	
Short positions securities	17 520	17 520		18 229	18 229		30 603	30 603	
of which fair value through profit or loss	17 520	17 520		18 229	18 229		30 603	30 603	
Other financial liabilities	12 284	12 284		15 878	15 878		13 431	13 431	
Total	**1 025 537**	**1 025 290**	**248**	**1 076 023**	**1 077 083**	**–1 060**	**1 088 290**	**1 087 533**	**757**

Financial instruments recognised at fair value

The following tables describe fair values at three different valuation levels for financial instruments recognised at fair value.

Level 1 primarily contains equities, fund shares, bonds, treasury bills, commercial paper and standardised derivatives, where the quoted price is used in the valuation. Securities in issue traded on an active market are included in this category as well.

Level 2 primarily contains less liquid bonds that are valued on the curve, lending, funding and derivatives measured on the basis of observable prices. For less liquid bond holdings, an adjustment is made for the credit spread based on observable market inputs such as the market for credit derivatives. For loans to the public where there are no observable market inputs for credit margins at the time of measurement, the credit margin of the last transaction executed with the same counterparty is used. Securities in issue that are not quoted but measured according to quoted prices for similar quoted bonds are also included on level 2.

Level 3 contains other financial instruments where internal assumptions have a significant effect on the calculation of fair value. Level 3 primarily contains unlisted equity instruments and illiquid options. The options hedge changes in the market values of combined debt instruments, so-called structured products. The structured products consist of a corresponding option element and a host contract, which in principle is an ordinary interest-bearing bond. When it determines the level on which the financial instruments are reported, the Group evaluates them entirely on an individual basis. Since the bond portion of the structured products essentially represents 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. The financial instrument is then reported on level 2. For individual options that hedge the structured products, the internal assumptions are of greater significance, because of which several are reported as derivatives on level 3. Generally, the Group always hedges the market risks that arise in structured products, because of which differences between the carrying amounts of assets and liabilities on level 3 do not reflect differences in the use of internal assumptions in the valuation. To estimate the sensitivity of the volatility of the illiquid options, two types of shifts have been made. The shifts are based on each product type of and are considered reasonable changes. A reduction in volatility of 20 per cent would reduce the fair value of all options on level 3 by about SEK 25m. An increase in volatility of 20 per cent would increase the fair value of all options on level 3 by about SEK 30m. Corresponding offsetting changes in value arise for financial instruments reported on level 2. When valuation models are used to determine fair value of financial instruments on level 3, the consideration that has been paid or received is assessed as the best evidence of fair value at initial recognition. Because of the possibility that a difference could arise between this fair value and the fair value calculated at that time in the valuation model, so called day 1 profit or loss, the Group adjusts the valuation models to avoid such differences. As of year-end there were no cumulative differences that were not recognised through profit or loss. Financial instruments are transferred to or from level 3 depending on whether the internal assumptions have changed in significance for the valuation.

During the year there were no significant transfers of financial instruments between measurement level 1 and 2.

The following table shows financial instruments measured at fair value as per year-end distributed by valuation method.

	2013				2012			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Treasury bills and other bills eligible for refinancing with central banks, etc.	23 254	26 954		50 208	15 636	1 846		17 482
Loans to credit institutions		12 206		12 206		45 368		45 368
Loans to the public		50 916		50 916		128 904		128 904
Bonds and interest-bearing securities	80 179	35 460		115 639	80 975	31 535	342	112 852
Shares and participating interest	6 741	58	50	6 849	7 641	157		7 798
Derivatives	93	83 097	133	83 323	7	125 856	63	125 926
Total	**110 267**	**208 691**	**183**	**319 141**	**104 259**	**333 666**	**405**	**438 330**
Liabilities								
Amounts owed to credit institutions		8 123		8 123		8 710		8 710
Deposits and borrowings from the public		24 407		24 407		46 865		46 865
Debt securities in issue, etc.		13 681		13 681		23 457		23 457
Derivatives	762	73 627	19	74 408	625	116 846		117 471
Short positions securities	17 520			17 520	18 229			18 229
Total	**18 282**	**119 838**	**19**	**138 139**	**18 854**	**195 878**		**214 732**

Changes in level 3	2013				
	Assets				Liabilities
	Debt securities	Equity instruments	Derivatives	Total	Derivatives
Opening balance	**342**		**63**	**405**	
Maturities	–342			–342	
Transferred from Level 2 to Level 3		50	120	170	26
Gains or loss			–50	–50	–7
of which in the income statement, net gains and losses on financial items at fair value			–50	–50	–7
Closing balance		**50**	**133**	**183**	**19**

Changes in level 3	2012				
	Assets				Liabilities
	Debt securities	Equity instruments	Derivatives	Total	Derivatives
Opening balance	**390**			**390**	
Transferred from Level 2 to Level 3			63	63	
Gains or loss	–48			–48	
of which in the income statement, net gains and losses on financial items at fair value	–48			–48	
Closing balance	**342**		**63**	**405**	

Financial instruments at amortised cost.
The following tables distribute fair values by the three valuation levels for financial instruments at amortised cost.

	2013				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Assets					
Treasury bills and other bills eligible for refinancing with central banks, etc.					
Loans to credit institutions	376 314		376 314		376 314
Loans to the public	295 405		295 405		295 405
Bonds and other interest-bearing securities	888			873	873
Total	**672 607**		**671 719**	**873**	**672 592**
Liabilities					
Amounts owed to credit institutions	186 973		186 973		186 973
Deposits and borrowing from the public	476 887		476 887		476 887
Debts securities in issue	200 924		201 259		201 259
Subordinated liabilities	10 083		9 996		9 996
Total	**874 867**		**875 115**		**875 115**

P40 Reclassification of financial assets

Swedbank chose as of 1 July 2008 to reclassify certain interest-bearing securities which, owing to extraordinary market conditions, had become illiquid. Market conditions at the time were distinguished by extreme turbulence, a shortage of liquidity and a lack of quoted prices on active markets. The holdings, as listed in the table below, were reclassified from trading to held to maturity, since the instruments are no longer held for trading purposes. Instead, management intends, and has the capacity, to hold them to maturity. Financial instruments in the category held for trading are recognised at fair value with changes in value recognised in profit or loss. Financial instruments in the category held to maturity are recognised at amortised cost less impairments. No impairments were needed as of 31 December 2013, which means that all contractual cash flows are expected to be received. All the holdings are Residential Mortgage Backed Securities (RMBS).

	2013	2012	2011	2010	2009	2008	30/6/2008
Carrying amount	888	1 059	2 365	4 287	7 203	8 138	7 376
Nominal amount	889	1 061	2 375	4 332	7 306	8 328	7 558
Fair value	873	1 037	2 269	4 140	6 872	7 988	7 376
Gains/loss recognised through profit or loss							–187
Gains/loss that would be recognised through profit or loss if the assets were not reclassified	–14	–22	–95	–147	–332	–150	–187
Effective interest rate on day of reclassification, %							5.62
Recognised interest income after reclassification	4	20	60	70	185	160	

Nominal amounts and carrying amounts are affected by changes in exchange rates. Carrying amounts are also affected by the allocations of discounts in accordance with the effective interest method.

P41 Financial assets and liabilities, which have been offset or are subject to netting or similar agreements

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

	2013					2012				
Assets	**Derivatives**	**Reverse repurchase agreements**	**Security settlement claims**	**Securities borrowing**	**Total**	**Derivatives**	**Reverse repurchase agreements**	**Security settlement claims**	**Securities borrowing**	**Total**
Financial assets, which not have been offset or are subject to netting or similar agreements	2 723		5 596		8 319	3 257		1 592		4 849
Financial assets, which have been offset or are subject to netting or similar agreements	80 600	60 121	60	223	141 004	122 669	67 416		407	190 492
Net amount presented in the balance sheet	**83 323**	**60 121**	**5 656**	**223**	**149 323**	**125 926**	**67 416**	**1 592**	**407**	**195 341**
Financial assets, which have been offset or are subject to netting or similar agreements										
Gross amount	85 748	60 992	4 495	223	151 458	125 193	70 919	2 435	407	198 954
Offset amount	–5 148	–871	–4 435		–10 454	–2 524	–3 503	–2 435		–8 462
Net amount presented in the balance sheet	**80 600**	**60 121**	**60**	**223**	**141 004**	**122 669**	**67 416**		**407**	**190 492**
Related amount not offset in the balance sheet										
Financial instruments, netting agreements	59 455				59 455	92 124				92 124
Financial instruments, collateral	1 987	60 044		223	62 254	15	67 416		407	67 838
Cash, collateral	10 680	77			10 757	16 775				16 775
Total amount not offset in the balance sheet	**72 122**	**60 121**		**223**	**132 466**	**108 914**	**67 416**		**407**	**176 737**
Net amount	**8 478**		**60**		**8 538**	**13 755**				**13 755**

Liabilities	**Derivatives**	**Reverse repurchase agreements**	**Security settlement claims**	**Securities borrowing**	**Total**	**Derivatives**	**Reverse repurchase agreements**	**Security settlement claims**	**Securities borrowing**	**Total**
Financial assets, which not have been offset or are subject to netting or similar agreements	1 700		2 103		3 803	3 182		905		4 087
Financial assets, which have been offset or are subject to netting or similar agreements	72 708	30 064	325	177	103 274	114 289	30 475	1 044		145 808
Net amount presented in the balance sheet	**74 408**	**30 064**	**2 428**	**177**	**107 077**	**117 471**	**30 475**	**1 949**		**149 895**
Financial assets, which have been offset or are subject to netting or similar agreements										
Gross amount	77 856	30 935	4 760	177	113 728	116 813	33 978	3 479		154 270
Offset amount	–5 148	–871	–4 435		–10 454	–2 524	–3 503	–2 435		–8 462
Net amount presented in the balance sheet	**72 708**	**30 064**	**325**	**177**	**103 274**	**114 289**	**30 475**	**1 044**		**145 808**
Related amount not offset in the balance sheet										
Financial instruments, netting agreements	59 455				59 455	92 124				92 124
Financial instruments, collateral	1 914	30 036		177	32 127	1 082	30 467			31 549
Cash, collateral	7 437	3			7 440	14 678				14 678
Total amount not offset in the balance sheet	**68 806**	**30 039**		**177**	**99 022**	**107 884**	**30 467**			**138 351**
Net amount	**3 902**	**25**	**325**		**4 252**	**6 405**	**8**	**1 044**		**7 457**

P42 Specification of adjustments for non-cash items in operating activities

	2013	2012
Amortised origination fees	–523	–439
Unrealised changes in value/currency changes	1 155	266
Capital gains/losses on sales of subsidiaries and associates	13	–19
Capital gains/losses on property and equipment	–6	–5
Depreciation and impairment of tangible fixed assets	141	175
Impairment of financial fixed assets	2 254	1 155
Amortisation and impairment of goodwill and other intangible fixed assets	391	391
Credit impairment	555	475
Dividend Group entities	–6 486	–6 463
Prepaid expenses and accrued income	2 687	–62
Accrued expenses and prepaid income	–943	–671
Share based payments to employees	285	211
Other	–2	–1
Total	**–479**	**–4 987**

P43 Assets pledged, contingent liabilities and commitments

Assets pledged

Assets pledged for own liabilities	2013	2012	1/1/2012
Government securities and bonds pledged with the Riksbank	10 869	13 177	17 979
Government securities and bonds pledged with foreign central banks	868	922	1 458
Government securities and bonds pledged for liabilities to credit institutions, repurchase agreements	6 898	8 693	22 575
Government securities and bonds pledged for deposits from the public, repurchase agreements	13 006	25 271	20 816
Government securities and bonds pledged for derivatives		162	
Cash	7 178	14 012	11 651
Total	**38 819**	**62 237**	**74 479**

The carrying amount of liabilities for which assets are pledged amounted to SEK 38 819 m (62 237) in 2013.

Other assets pledged	2013	2012	1/1/2012
Securities lending	177	149	1 818
Government securities and bonds pledged for other commitments	2 695	862	1 262
Cash	334	217	169
Total	**3 206**	**1 228**	**3 249**

Collateral is pledged in the form of government securities or bonds to central banks to execute transactions with the central banks. In so-called genuine repurchase transactions, where the parent company sells a security and at the same time agrees to repurchase it, the sold security remains on the balance sheet. The carrying amount of the security is also recognised as a pledged asset. In principle, the parent company cannot dispose of pledged collateral. Generally, the assets are also separated on behalf of the beneficiaries in the event of the parent company's insolvency.

Contingent liabilities

Nominal amount	2013	2012	1/1/2012
Loan guarantees	522 950	530 544	544 242
Other guarantees	14 609	14 091	13 652
Accepted and endorsed notes	80	83	106
Letters of credit granted but not utilised	1 213	1 835	2 582
Other contingent liabilities	97	18	253
Total	**538 949**	**546 571**	**560 835**
Provision for anticipated credit impairments	–65	–52	–83

Commitments

Nominal amount	2013	2012	1/1/2012
Loans granted but not paid	106 173	91 786	88 912
Overdraft facilities granted but not utilised	74 375	74 301	72 797
Total	**180 548**	**166 087**	**161 709**

The nominal amount for interest, equity and currency related contracts is shown in note P25 Derivatives.

P44 Transferred financial assets

The parent company transfers ownership of financial assets in connection with repos and security loans. Although ownership has been transferred in these transactions, the asset remains on the balance sheet since the parent company is still exposed to the asset's risk of fluctuating in value. This is because the agreement stipulates at the time of transfer that the asset will be restored. The sales proceeds received in connection with repos are recognised as liabilities. All assets and related liabilities are recognised at fair value and included in the valuation category fair value through profit and loss, trading. Liabilities related to securities lending refer to collateral received in the form of cash. These liabilities are reported in the valuation category other financial liabilities. In addition to what is indicated in the table for securities lending, collateral is received in the form of other securities to cover the difference between the fair value of the transferred assets and the recognised liability's fair value. At year-end the parent company had no commitments in financial assets that had been removed from the balance sheet.

	Transferred assets			Associated liabilities		
2013	Carrying amount	Of which repurchase agreements	Of which securities lending	Carrying amount	Of which repurchase agreements	Of which securities lending
Valuation category , fair value through profit or loss						
Trading						
Equity instruments	317		317	223		223
Debt securities	19 904	19 904		19 906	19 906	
Total	**20 221**	**19 904**	**317**	**20 129**	**19 906**	**223**

	Transferred assets			Associated liabilities		
2012	Carrying amount	Of which repurchase agreements	Of which securities lending	Carrying amount	Of which repurchase agreements	Of which securities lending
Valuation category , fair value through profit or loss						
Trading						
Equity instruments	471		471	407		407
Debt securities	33 964	33 964		33 964	33 964	
Total	**34 435**	**33 964**	**471**	**34 371**	**33 964**	**407**

P45 Operational leasing

The agreements mainly relate to premises in which the parent company is the lessee. The terms of the agreements comply with customary practices and include clauses on inflation and property tax. The combined amount of future minimum lease payments that relate to non-cancellable agreements is allocated on the due dates as follows:

2013	Expenses	Income subleasing	Total
2014	685	63	622
2015	428	39	389
2016	286	25	261
2017	256	22	234
2018	236		236
2019	150		150
2020	103		103
2021	93		93
2022	93		93
2023 or later	1 054		1 054
Total	**3 384**	**149**	**3 235**

2012	Expenses	Income subleasing	Total
2013	522	54	468
2014	429	44	385
2015	168	25	143
2016	169	16	153
2017	169		169
2018	169		169
2019	169		169
2020	99		99
2021	80		80
2022 or later	984		984
Total	**2 959**	**139**	**2 820**

P46 Related parties and other significant relationships

	Subsidiaries		Associates		Other related parties	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
Assets						
Loans to credit institutions	308 817	269 761	9 021	8 412		
Loans to the public	3 204	6 614	1 820	981		
Bonds and other interest-bearing securities	3 131	5 589				
Derivatives	19 349	24 133				
Other assets	8 157	10 198	6	8	29	28
Prepaid expenses and accrued income	276	328				
Total assets	**342 934**	**316 623**	**10 847**	**9 400**	**29**	**28**
Liabilities						
Amount owed to credit institutions	73 696	73 128	2 928	2 531		
Deposits and borrowing from the public	6 855	7 776	1 327	1 159	1 181	548
Derivatives	19 498	25 667				
Other liabilities	817	719	64	71		
Accrued expenses and prepaid income						
Total liabilities	**100 866**	**107 290**	**4 319**	**3 761**	**1 181**	**548**
Contingent liabilities						
Guarantees	521 574	529 183	75	75		
Derivatives, nominal amount	774 531	783 001	3 573	3 220		
Income and expenses						
Interest income	2 363	6 265	270	302		
Interest expenses	-652	-919	31	63	36	17
Dividends received	2 154	540	533	45		
Commission income	1 949	766	9	13		
Commission expenses	88	85				
Other income	375	354	118	156		
Other general administrative expenses	47	33		17	709	710

P47 Events after 31 December 2013

See Group note G58.

Signatures of the Board of Directors and the CEO

The Board of Directors and the President hereby affirm that the annual report has been prepared in accordance with the Act on Annual Accounts in Credit Institutions and Securities Companies (ÅRKL), the instructions and general guidelines of the Swedish Financial Supervisory Authority (FFFS 2008:25) and the Swedish Financial Accounting Standards Council's recommendation RFR 2 Accounting for Legal Entities, and provides an accurate portrayal of the Parent Company's position and earnings and that the Board of Directors' Report provides an accurate review of trends in the company's operations, position and earnings, as well as describes significant risks and instability factors faced by the company.

The Board of Directors and the President hereby affirm that the consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and provide an accurate portrayal of the Group's position and earnings and that the Board of Directors' report for the Group provides an accurate review of trends in the Group's operations, position and earnings, as well as describes significant risks and instability factors faced by the Group.

Stockholm, 14 February 2014

Anders Sundström
Chair

Lars Idermark
Vice Chair

Olav Fjell

Ulrika Francke

Göran Hedman

Anders Igel

Pia Rudengren

Charlotte Strömberg

Karl-Henrik Sundström

Siv Svensson

Kristina Kjell
Employee representative

Jimmy Johnsson
Employee representative

Michael Wolf
President and CEO

Our auditors' report was submitted on 14 February 2014

Deloitte AB

Svante Forsberg
Authorised Public Accountant

Auditors' report

To the annual meeting of the shareholders of Swedbank AB (publ), corporate identity number 502017-7753

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Swedbank AB (publ) for the financial year 1 January 2013 – 31 December 2013 except for the corporate governance statement on pages 44–54. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 14–43, 62–176.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act for Credit Institutions and Securities Companies, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and present fairly, in all material respects, the financial position of the parent company as of 31 December 2013 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies, and the consolidated accounts have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and present fairly, in all material respects, the financial position of the group as of 31 December 2013 and of their financial performance and cash flows in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act for Credit Institutions and Securities Companies.

Our opinions do not cover the corporate governance statement on pages 44–54. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Swedbank AB (publ) for the financial year 1 January 2013 – 31 December 2013. We have also conducted a statutory examination of the corporate governance statement.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act and the Banking and Financing Act and that the corporate governance statement on pages 44–54 has been prepared in accordance with the Annual Accounts Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Banking and Financing Act, the Annual Accounts Act for Credit Institutions and Securities Companies or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Furthermore, we have read the corporate governance statement and based on that reading and our knowledge of the company and the group we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

A corporate governance statement has been prepared, and its statutory content is consistent with the other parts of the annual accounts and consolidated accounts.

Stockholm, 14 February 2014

Deloitte AB

Svante Forsberg
Authorised Public Accountant

Market shares

Sweden	Market shares, per cent 2013	2012	2011	2010	2009	Volumes, SEKbn 2013	2012	2011	2010	2009
Private market										
Deposits	21	22	23	24	24	270	268	260	245	223
Lending	24	24	25	26	26	688	673	659	642	609
of which mortgage lending	25	26	26	27	28	591	575	562	549	519
Individual pension savings*	42	42	40	44	41	29	29	26	27	24
SPAX**	12	15	18	16	22	14	15	18	19	28
Bank Cards (thousands)	n.a.	n.a.	n.a.	n.a.	n.a.	3 836	3 835	3 797	3 751	3 715

* Excluding savings banks' investments in Swedbank Robur and the figures for 2013 relate to September.

** Including issued from Svensk Exportkredit during 2010–2013.

Corporate market	2013	2012	2011	2010	2009	2013	2012	2011	2010	2009
Deposits	18	16	16	17	16	151	131	122	123	115
Lending	17	17	17	17	18	333	335	326	308	324

Baltic countries	Market shares, per cent 2013	2012	2011	2010	2009	Volumes, SEKbn 2013	2012	2011	2010	2009
Private market										
Estonia										
Deposits	54	54	54	55	55	25	23	22	20	21
Lending	46	46	47	47	48	27	26	27	29	34
of which mortgage lending	46	46	46	47	47	25	24	25	26	31
Bank cards (thousands)	60	61	62	62	63	1 088	1 095	1 102	1 123	1 165
Latvia										
Deposits	29	28	23	23	23	16	13	10	10	11
Lending	29	30	27	27	27	16	17	18	20	25
of which mortgage lending (as of Sep 2013)	31	28	26	27	27	14	13	14	16	19
Bank cards (thousands) (as of Sep 2013)	42	41	41	39	38	1 001	993	956	938	941
Lithuania										
Deposits	37	36	36	32	32	26	24	22	22	24
Lending	27	27	26	26	26	17	16	15	18	22
of which mortgage lending	26	25	25	25	25	15	14	15	16	19
Bank cards (thousands)	51	50	50	40	39	1 821	1 869	1 805	1 719	1 671

Baltic countries	Market shares, per cent 2013	2012	2011	2010	2009	Volumes, SEKbn 2013	2012	2011	2010	2009
Corporate market										
Estonia										
Deposits	37	38	41	40	43	24	23	23	21	25
Lending	35	35	36	40	41	28	26	27	31	40
Latvia										
Deposits	14	13	10	10	11	17	14	8	9	8
Lending (as of Sep 2013)	17	18	18	21	24	17	17	18	24	34
Lithuania										
Deposits	25	27	24	22	21	12	12	10	10	9
Lending	21	19	20	21	22	18	18	19	22	30

Competition in Swedbank's home markets

In an international comparison, the banking sector is fairly concentrated in Swedbank's home markets.

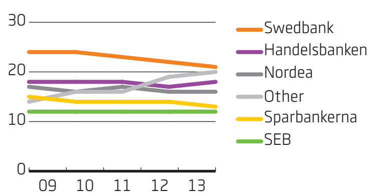
In Sweden, Swedbank, Handelsbanken, Nordea and SEB accounted for about 70 per cent of deposits and lending in 2013. Swedbank is the biggest in retail banking and has a leading market position in mortgages (25 per cent), deposits from private customers (21 per cent) and fund management (24 per cent). In the Swedish corporate market, the bank's share was 17 per cent for lending and 18 per cent for deposits at the end of 2013.

The Estonian banking sector is more concentrated than Sweden's. The market is dominated by foreign companies. Together, Swedbank, SEB, Nordea and Sampo (owned by Danske Bank) control around 90 per cent of the market. Swedbank had a market share of 54 per cent of deposits from private customers and 46 per cent of lending. In the Estonian corporate market, the bank's share was 30 per cent for lending and 37 per cent for deposits. Latvia has a more fragmented market where local banks account for 30 to 70 per cent of the various segments. In 2013 Swedbank accounted for 29 per cent of deposits and 29 per cent of lending to private customers. In the corporate market, the bank's share was 17 per cent for lending and 14 per cent for deposits.

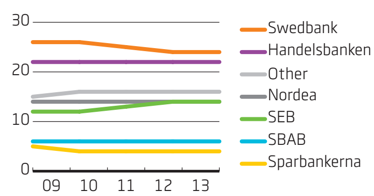
Like Sweden, the banking market in Lithuania is dominated by a few major players. Among private customers, Swedbank accounted for 36 per cent of deposits and 27 per cent of lending. In the corporate market, the bank's share was 19 per cent of lending and 27 per cent of deposits.

Market shares, Sweden, %

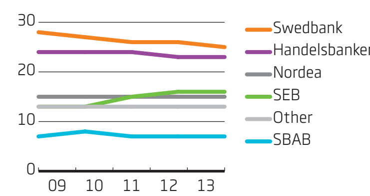
Private market, deposits



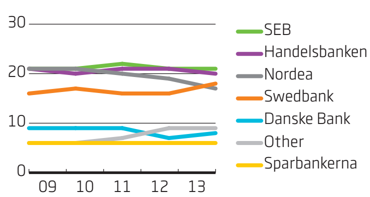
Private market, lending



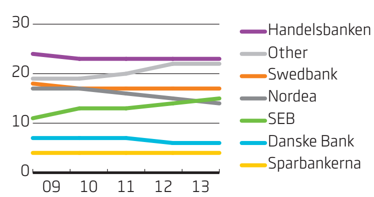
Private market, mortgage lending



Corporate market, deposits

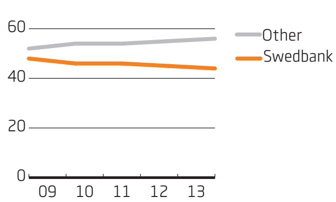


Corporate market, lending

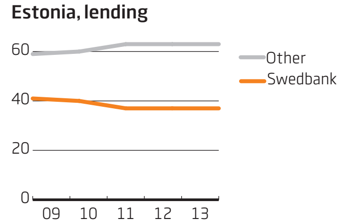


Market shares, Baltic countries, %

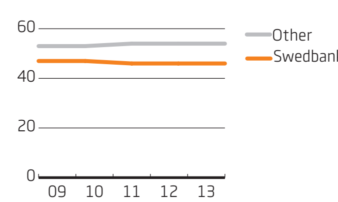
Estonia, deposits



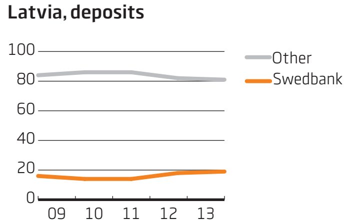
Estonia, lending



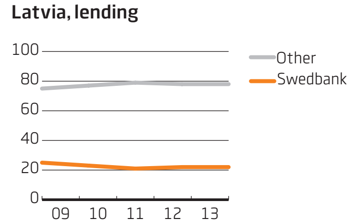
Estonia, mortgage lending



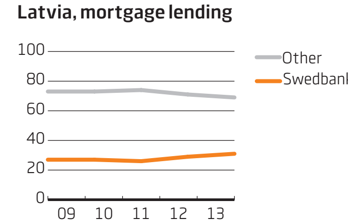
Latvia, deposits



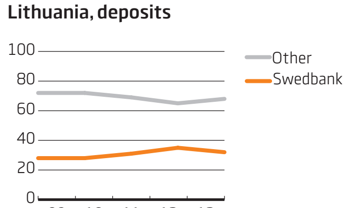
Latvia, lending



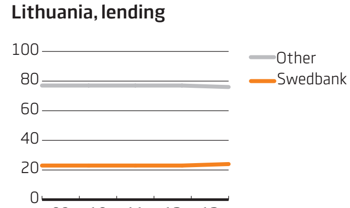
Latvia, mortgage lending



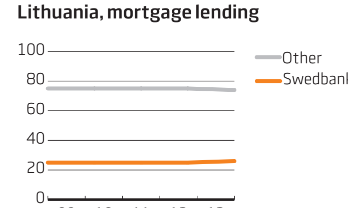
Lithuania, deposits



Lithuania, lending



Lithuania, mortgage lending



* For 2013 market shares refer to 30 June for Latvia and 30 September for Latvia mortgage lending.

Sources: Statistics Sweden, Estonian Central Bank, Association of Commercial Banks of Latvia, Financial and Capital Market Commission (Latvia), Association of Lithuanian Banksand public quarterly reports.

Five-year summary

Key ratios	2013	2012	2011	2010	2009
Profit					
Return on equity, %	12.5	14.6	12.2	8.1	–12.5
Return on equity continuing operations, %	14.7	15.6			
Return on total assets, %	0.68	0.76	0.65	0.40	–0.58
Cost/income ratio	0.45	0.46	0.54	0.57	0.51
Net interest margin, %	1.17	1.12	1.07	0.92	1.17
Capital adequacy 1)					
Common Equity Tier 1 capital ratio, Basel 3, %	18.3	15.4	14.3		
Tier 1 capital ratio, Basel 3, %	19.6	16.8	15.8		
Capital adequacy ratio, Basel 3, %	20.7	18.5	18.1		
Common Equity Tier 1 capital ratio, Basel 2, %	18.7	16.7	15.7	13.9	12.0
Tier 1 capital ratio, Basel 2, %	19.6	18.1	17.2	15.2	13.5
Capital adequacy ratio, Basel 2, %	20.1	19.0	18.9	18.4	17.5
Common Equity Tier 1 capital ratio, transition rules, %	10.8	10.1	10.2	10.1	9.2
Tier 1 capital ratio, transition rules, %	11.3	10.9	11.2	11.0	10.4
Capital adequacy ratio, transition rules, %	11.6	11.4	12.3	13.3	13.5
Common Equity Tier 1 capital, Basel 3	80 826	75 242	73 595		
Tier 1 capital, Basel 3	86 371	81 661	81 286		
Capital base, Basel 3	91 026	89 917	93 473		
Common Equity Tier 1 capital, Basel 2	84 606	77 545	77 302	75 470	72 471
Tier 1 capital, Basel 2	88 615	83 815	84 855	82 385	81 689
Capital base, Basel 2	88 615	88 003	93 173	99 687	105 785
Risk-weighted assets, Basel 3	440 620	487 105	515 137		
Risk-weighted assets, Basel 2	451 931	464 339	492 337	541 327	603 431
Risk-weighted assets	785 634	769 117	756 762	750 440	784 469
Credit quality					
Credit impairment ratio, %	0.00	–0.01	–0.14	0.20	1.74
Share of impaired loans, gross, %	0.55	1.05	1.87	2.53	2.85
Provision ratio for individually identified impaired loans, %	38	51	52	53	52
Total provision ratio for impaired loans, %	54	62	62	63	65
Customer satisfaction					
Percentage of satisfied customers, Sweden, % 2)	65	67	70		
Index customers, Estonia 3)	74	74	73		
Index customers, Latvia 3)	79	79	74		
Index customers, Lithuania 3)	80	80	78		

Other data	2013	2012	2011	2010	2009
Private customers, millions 4)	8.0	7.8	8.3	8.3	8.2
Corporate customers, thousands 5)	623	616	630	710	670
Internet banking customers, millions 6)	7.2	7.0	6.7	6.4	5.6
Telephone banking customers, millions 6)	4.2	4.1	4.1	3.9	3.8
Full-time employees	14 226	14 861	16 287	17 224	19 277
Branches 6)	731	753	852	924	1 020
ATMs 6)	1 396	2 051	2 482	2 633	2 421

1) Including total paid-in capital, 2008. Basel 3 figures are Swedbank's estimate based on current knowledge of future regulations.
2) According to SQI scale 1 to 100. 3) According to TRIM scale 1 to 100. 4) The number of private customers in the Baltic countries is reported according to a new defintion as of 2012. This has lowered the reported number of customers by about 1.4 million compared with what was previously reported for 2011. Historical figures have been restated. 5) In 2011, 60 000 corporate customers with sole proprietorships were reclassified as private customers based on the Swedish Tax Authority's revised definition of a company. 6) Including savings banks and partly owned banks.

Comments to five-year summary

2013 – Profit increased by 3 per cent from stronger net interest income due to repricing and lower funding costs, but also higher commission income and largely unchanged expenses. Swedish Banking was the biggest contributor to the higher profit. During the year Swedbank sold its Ukrainian subsidiary, which resulted in a cumulative negative translation difference of SEK 1 875m in profit. This and the remaining Russian operations are recognised as discontinued operations. The reclassification did not affect Swedbank's capital, capitalisation, cash flow or the Board's proposed dividend for 2013. During the year the phase-out of Ektornet continued.

2012 – Profit increased due to improved net interest income and a cost reduction of 8 per cent, with every unit of the bank contributing. Net interest income rose mainly as a result of the repricing of lending and lower funding costs. The credit impairments were mainly from Ukraine, while the Baltic countries reported recoveries. Swedbank's capital position was further strengthened and the Board of Directors amended the bank's dividend policy to 75 per cent of net profit.

2011 – Credit quality continued to improve, and net recoveries of SEK 1.9bn were generated primarily by Baltic Banking. Net interest income was positively affected by higher interest rates. Lending began to grow again thanks to growth in Sweden, while volume continued to decrease in the Baltic countries, Russia and Ukraine. In 2011 Swedbank was now one of the most well capitalised banks in Europe, with a Common Equity Tier 1 capital ratio of 15.7 per cent according to Basel 2.

2010 – The profit improvement was due mainly to significantly lower credit impairments in the Baltic countries, Russia and Ukraine. The decrease in net interest income was the result of lower lending volumes, extended funding maturities, increased expenses for liquidity reserves and generally lower interest rates. Swedbank left the state to guarantee programme during the year. Exposures and expenses in the Baltic countries, Ukraine and Russia continued to decline.

2009 – One of Swedbank's toughest years ever, affected by a severe economic crisis. The loss was due mainly to credit impairments, which increased to SEK 24.6bn, of which SEK 14.9bn in Baltic Banking and SEK 6.5bn in Ukraine. A share issue of SEK 15.1bn was completed during the year.

Income statement

SEKm	2013	2012	2011	2010	2009
Net interest income	22 029	20 361	19 014	16 228	20 765
Net commissions	10 132	9 614	9 597	10 116	7 825
Net gains and losses on financial items at fair value	1 484	3 073	1 584	2 400	2 770
Net insurance	647	595	506	612	647
Share of profit or loss of associates	852	798	767	624	866
Other income	1 794	1 827	2 577	1 554	1 909
Total income	**36 938**	**36 268**	**34 045**	**31 534**	**34 782**
Staff costs	9 651	9 238	9 917	9 392	9 201
Other expenses	6 258	6 470	7 471	7 790	7 758
Depreciation/amortisation of tangible and intangible fixed assets	739	852	1 011	950	889
Total expenses	**16 648**	**16 560**	**18 399**	**18 132**	**17 848**
Profit before impairments	**20 290**	**19 708**	**15 646**	**13 402**	**16 934**
Impairments of intangible fixed assets	182	20	1 960	37	1 305
Impairments of tangible fixed assets	693	407	174	600	449
Credit impairments	60	–185	–1 911	2 810	24 641
Operating profit	**19 355**	**19 466**	**15 423**	**9 955**	**–9 461**
Tax expense	4 099	4 157	3 669	2 472	981
Profit from continuing operations	15 256	15 309	11 754		
Profit for the period from discontinued operations, after tax	–2 340	–997	4		
Profit for the year	12 916	14 312	11 758	7 483	–10 442
Profit for the year attributable to:					
Shareholders in Swedbank AB	**12 901**	**14 304**	**11 744**	**7 444**	**–10 511**
Non-controlling interests	15	8	14	39	69

Balance sheet

SEKm	2013	2012	2011	2010	2009
Loans to credit institutions	82 278	85 480	97 195	166 417	92 131
Loans to the public	1 264 910	1 238 864	1 211 454	1 187 226	1 290 667
Interest-bearing securities					
Treasury bills and other bills eligible for refinancing with central banks	56 814	20 483	25 853	34 924	88 724
Bonds and other interest-bearing securities	125 585	115 324	112 458	96 652	81 891
Shares and participating interests					
Financial assets for which customers bear the investment risk	119 448	104 194	95 747	100 628	78 194
Shares and participating interests	7 109	8 106	2 015	6 181	9 505
Shares and participating interests in associates	3 640	3 552	3 111	2 710	2 740
Derivatives	64 352	102 265	103 726	65 051	72 969
Others	96 671	168 592	205 506	55 892	77 866
Total assets	**1 820 807**	**1 846 860**	**1 857 065**	**1 715 681**	**1 794 687**
Amounts owed to credit institutions	121 621	122 202	139 598	136 766	231 687
Deposits and borrowings from the public	620 853	579 663	561 696	534 237	504 424
Debt securities in issue	727 706	767 454	781 458	686 517	703 258
Financial liabilities for which customers bear the investment risk	120 577	105 104	96 449	100 988	80 132
Derivatives	55 011	92 141	90 484	65 935	72 172
Other	55 175	62 803	69 716	69 016	75 057
Subordinated liabilities	10 159	14 307	19 531	27 187	37 983
Equity	109 705	103 186	98 133	95 035	89 974
Total liabilities and equity	**1 820 807**	**1 846 860**	**1 857 065**	**1 715 681**	**1 794 687**

Three-year summary
Swedish Banking

SEKm	2013	2012	2011
Income statement			
Net interest income	13 620	13 491	12 172
Net commissions	6 364	6 155	6 263
Net gains and losses on financial items at fair value	126	161	164
Share of profit or loss of associates	849	788	768
Other income	757	771	648
Total income	**21 716**	**21 366**	**20 015**
Staff costs	3 499	3 399	3 591
Variable staff costs	230	139	96
Other expenses	5 865	6 129	6 202
Depreciation/amortisation	132	124	131
Total expenses	**9 726**	**9 791**	**10 020**
Profit before impairments	**11 990**	**11 575**	**9 995**
Impairment of intangible assets			
Impairment of tangible assets			
Credit impairments	338	286	351
Operating profit	**11 652**	**11 289**	**9 644**
Tax expense	2 516	2 694	2 368
Profit for the year attributable to: Shareholders of Swedbank AB	**9 122**	**8 585**	**7 262**
Non-controlling interests	14	10	14
Balance sheet, SEKbn			
Cash and balances with central banks		1	1
Loans to credit institutions	41	33	32
Loans to the public	937	912	888
Bonds and other interest-bearing securities			
Financial assets for which customers bear inv. risk	117	102	94
Derivatives			
Other assets	12	14	14
Total assets	**1 107**	**1 062**	**1 029**
Amounts owed to credit institutions	83	73	75
Deposits and borrowings from the public	385	377	365
Debt securities in issue			
Financial liabilities for which customers bear inv. risk	119	103	94
Derivatives			
Other liabilities	487	478	460
Subordinated liabilities			10
Total liabilities	**1 074**	**1 031**	**1 004**
Allocated equity	33	31	25
Total liabilities and equity	**1 107**	**1 062**	**1 029**
Income items			
Income from external customers	21 520	21 154	19 803
Income from transactions with other business areas	196	212	212
Key ratios			
Return on allocated equity, %	27.9	27.1	30.4
Loans/deposits	244	242	243
Credit impairment ratio, %	0.04	0.03	0.04
Cost/income ratio	0.45	0.46	0.50
Risk-weighted assets	202	202	213
Full-time employees	5 004	4 922	5 160

Three-year summary

Large Corporates & Institutions

SEKm	2013	2012	2011
Income statement			
Net interest income	3 387	3 041	3 667
Net commissions	1 968	1 833	1 562
Net gains and losses on financial items at fair value	1 960	2 253	717
Share of profit or loss of associates		6	–2
Other income	167	51	751
Total income	**7 482**	**7 184**	**6 695**
Staff costs	1 150	1 125	1 421
Variable staff costs	409	365	152
Other expenses	1 588	1 459	1 509
Depreciation/amortisation	58	47	49
Total expenses	**3 205**	**2 996**	**3 131**
Profit before impairments	**4 277**	**4 188**	**3 564**
Impairment of intangible assets	56	4	17
Impairment of tangible assets			
Credit impairments	180	194	–205
Operating profit	**4 041**	**3 990**	**3 752**
Tax expense	1 044	1 010	1 189
Profit for the year attributable to: Shareholders of Swedbank AB	**2 997**	**2 980**	**2 563**
Non-controlling interests			
Balance sheet, SEKbn			
Cash and balances with central banks	3	7	6
Loans to credit institutions	371	262	297
Loans to the public	204	200	189
Bonds and other interest-bearing securities	55	57	63
Financial assets for which customers bear inv. risk			
Derivatives	85	125	117
Other assets	19	16	13
Total assets	**737**	**667**	**685**
Amounts owed to credit institutions	198	206	231
Deposits and borrowings from the public	111	94	79
Debt securities in issue	16	16	17
Financial liabilities for which customers bear inv. risk			
Derivatives	80	120	115
Other liabilities	317	212	223
Subordinated liabilities			6
Total liabilities	**722**	**648**	**671**
Allocated equity	15	19	14
Total liabilities and equity	**737**	**667**	**685**
Income items			
Income from external customers	7 478	7 177	6 688
Income from transactions with other business areas	4	7	7
Key ratios			
Return on allocated equity, %	17.3	15.5	16.0
Loans/deposits	173	209	225
Credit impairment ratio, %	0.08	0.08	–0.06
Cost/income ratio	0.43	0.42	0.47
Risk-weighted assets	137	134	136
Full-time employees	1 070	1 043	1 094

Three-year summary

Baltic Banking

SEKm	2013	2012	2011
Income statement			
Net interest income	3 156	3 291	3 904
Net commissions	1 733	1 522	1 513
Net gains and losses on financial items at fair value	316	295	277
Share of profit or loss of associates			
Other income	418	384	503
Total income	**5 623**	**5 492**	**6 197**
Staff costs	746	743	819
Variable staff costs	63	63	34
Other expenses	1 495	1 482	1 689
Depreciation/amortisation	140	124	146
Total expenses	**2 444**	**2 412**	**2 688**
Profit before impairments	**3 179**	**3 080**	**3 509**
Impairment of intangible assets	1		1 913
Impairment of tangible assets	23	15	34
Credit impairments	–437	–685	–1 002
Operating profit	**3 592**	**3 750**	**2 564**
Tax expense	396	387	448
Profit for the year attributable to: Shareholders of Swedbank AB	**3 196**	**3 363**	**2 116**
Non-controlling interests			
Balance sheet, SEKbn			
Cash and balances with central banks	2	3	3
Loans to credit institutions			
Loans to the public	119	115	119
Bonds and other interest-bearing securities	1	2	2
Financial assets for which customers bear inv. risk	2	2	2
Derivatives			
Other assets	20	13	12
Total assets	**145**	**135**	**138**
Amounts owed to credit institutions			
Deposits and borrowings from the public	120	107	98
Debt securities in issue	1	1	1
Financial liabilities for which customers bear inv. risk	2	2	2
Derivatives			
Other liabilities			12
Subordinated liabilities			4
Total liabilities	**123**	**110**	**117**
Allocated equity	22	25	21
Total liabilities and equity	**145**	**135**	**138**
Income items			
Income from external customers	5 619	5 490	6 193
Income from transactions with other business areas	4	2	4
Key ratios			
Return on allocated equity, %	14.0	13.6	8.1
Loans/deposits	100	108	122
Credit impairment ratio, %	–0.37	–0.57	–0.76
Cost/income ratio	0.43	0.44	0.43
Risk-weighted assets	87	95	102
Full-time employees	3 753	4 155	4 289

Annual General Meeting

The Annual General Meeting will be held at Dansens Hus, Barnhusgatan 14, Stockholm on Wednesday 19 March 2014.

Notification of attendance

Shareholders who wish to attend the Annual General Meeting must:

- be recorded in the share register maintained by Euroclear Sweden AB (Euroclear) on 13 March 2014.
- notify the company of their intention to participate and the number of persons who will accompany them (max. 2) well before and preferably not later than 13 March 2014.

Notification may be submitted in writing to Swedbank's head office, Box 7839, SE-103 98 Stockholm, Sweden marking the envelope "Swedbank's Annual General Meeting" Sweden or by telephone +46 8 402 90 60, or online at www.swedbank.se/ir under Årsstämma (Annual General Meeting). When notifying the company, please indicate your name, personal/company registration number (for Swedish citizens or companies), address and telephone number. Participation by proxy is permitted, provided the proxy is no more than one year old and is submitted to Swedbank well in advance of the meeting, preferably not later than 13 March 2014. If issued by a legal entity, the proxy must be accompanied by a certified registration certificate or other document attesting to the authority of the signatory.

Nominee-registered shares

To be entitled to attend the meeting, shareholders whose shares are nominee-registered must request to have them temporarily re-registered in their own names in the shareholders' register maintained by Euroclear. The re-registration process must be completed by the nominee well in advance of the record day 13 March 2014.

Notice and agenda

A list of the items on the agenda for the Annual General Meeting is included in the notice of the meeting. The notice was published on 17 February 2014 at http://www.swedbank.com/ir under the heading Annual General Meeting and in Post och Inrikes Tidningar (The Official Swedish Gazette). An announcement of notice publication was also published in Dagens Nyheter and elsewhere.

Dividend

The Board of Directors recommends that shareholders receive a dividend of SEK 10.10 per ordinary share. The proposed record day for the dividend is 24 March 2014. The last day for trading in Swedbank's shares including the right to the dividend is 19 March 2014. If the Annual General Meeting adopts the Board of Directors' recommendation, the dividend is expected to be paid by Euroclear on 27 March 2014.

Definitions

Capital adequacy ratio
The capital base in relation to risk weighted assets.

Capital base
The sum of Tier 1 (primary) and Tier 2 (supplementary) capital less items as per the Act on Capital Adequacy and Large Exposures, chapter 3 sections 5–8.

Capital quotient
The capital base in relation to the capital requirement.

Cash flow per share
Cash flow for the year in relation to the weighted average number of shares outstanding during the year.

Common Equity Tier 1 capital
Tier 1 capital excluding hybrid capital.

Common Equity Tier 1 capital ratio
Common EquityTier 1 capital in relation to the risk weighted assets.

Cost/income ratio
Expenses in relation to income.

Credit impairments
Established losses and provisions for the year less recoveries related to loans as well as the year's net expenses for guarantees and other contingent liabilities.

Credit impairment ratio
Credit impairments on loans and other credit risk provisions, net, in relation to the opening balance of loans to credit institutions and loans to the public.

Duration
The average weighted maturity of payment flows calculated at present value and expressed in number of years.

Earnings per share after dilution
Profit for the year allocated to shareholders in relation to the weighted average number of shares outstanding during the year, rights issue adjustment factor included, adjusted for the dilution effect of potential shares.

Earnings per share before dilution
Profit for the year allocated to shareholders in relation to the weighted average number of shares outstanding during the year, rights issue adjustment factor included.

Equity per share
Shareholders' equity in relation to the number of shares outstanding.

Impaired loans
Loans where there is, on individual level, objective evidence of a loss event, and where this loss event has an impact on the cash flow of the exposure. Impaired loans, gross, less specific provisions for loans assessed individually constitute impaired loans, net.

Interest fixing period
Contracted period during which interest on an asset or liability is fixed.

Net interest margin
Net interest income in relation to average total assets.

Loan/deposit ratio
Lending to the public excluding Swedish National Debt Office and repurchase agreements in relation to deposits from the public excluding Swedish National Debt Office and repurchase agreements.

Net asset value per share
Shareholders' equity according to the balance sheet and the equity portion of the difference between the book value and fair value of the assets and liabilities divided by the number of shares outstanding at year-end.

Number of employees
The number of employees at year-end, excluding long-term absences, in relation to the number of hours worked expressed in terms of full-time positions.

P/E ratio
Market capitalisation at year-end in relation to Profit for the financial year allocated to shareholders.

Price/equity
The share price at year-end in relation to the equity per share at year-end.

Provision ratio for individually identified impaired loans
Provisions for impaired loans assessed individually in relation to impaired loans, gross.

Restructured loan
A loan where the terms have been modified to more favourable for the borrower, due to the borrower's financial difficulties.

Return on equity
Profit for the financial year allocated to shareholders in relation to average shareholders' equity.

Return on total assets
Profit for the financial year in relation to average total assets.

Risk weighted assets
Capital requirement for credit risk, market risk and operational risk
according to the capital adequacy rules multiplied by 12.5.

Share of impaired loans, gross
Carrying amount of impaired loans, gross, in relation to the carrying amount of loans to credit institutions and the public excluding provisions.

Share of impaired loans, net
Carrying amount of impaired loans, net, in relation to the carrying amount of loans to credit institutions and the public.

Tier 1 capital
Shareholders' equity less proposed dividend, deduction for intangible assets, deferred tax assets and certain other adjustments. Hybrid capital (equity contribution and reserves) may be included in the capital base as Tier 1 capital as per the Act on Capital Adequacy and Large Exposures, chapter 3 section 4.

Tier 1 capital ratio
Tier 1 capital in relation to the risk weighted assets.

Tier 2 capital
Fixed-term subordinated liabilities, less a certain reduction if their remaining maturity is less than five years, undated subordinated liabilities and capital contributions and reserves as per the Act on Capital Adequacy and Large Exposures chapter 3, section 4.

Total provision ratio for impaired loans
All provisions for loans in relation to impaired loans, gross.

VaR
Value at Risk (VaR) is a statistical measure used to quantify market risk. VaR is defined as the expected maximum loss in value of a portfolio with a given probability over a certain time horizon.

Yield
Dividend per share in relation to the share price at year-end.

Addresses

HEAD OFFICE

Swedbank AB
Corp. identity no. 502017–7753
Registered office: Stockholm
Visiting address: Brunkebergstorg 8
Mailing address: SE-105 34 Stockholm
Telephone: +46 8 585 900 00
Card blocking: +46 8 411 10 11
Telephone bank: +46 771-22 11 22
Swift: SWEDSESS
E-mail: info@swedbank.se
www.swedbank.se

CHINA

Swedbank Shanghai Branch
Citigroup Tower 601
No. 33 Huayuanshiqiao Road
200122 Shanghai
Telephone: +86 21 386 126 00
Fax: +86 21 386 127 11
Swift: SWEDCNSH
www.swedbank.cn

DENMARK

Swedbank
Kalvebod Brygge 45
DK-1560 Copenhagen V
Telephone: +45 88 97 9000
Fax: +45 88 97 9025
Swift: SWEDDKKK
E-mail: info@swedbank.dk
www.swedbank.dk

ESTONIA

Swedbank AS
Liivalaia 8
EE-150 40 Tallinn
Telephone: +372 6310 310
Fax: +372 6310 410
Swift: HABAEE2X
E-mail: info@swedbank.ee
www.swedbank.ee

FINLAND

Swedbank
Visiting address:
Mannerheimintie 14 B
Mailing address: P.O. Box 1107
FIN-00101 Helsinki
Telephone: +358 20 74 69 100
Fax: +358 20 74 69 101
Swift: SWEDFIHH
E-mail: info@swedbank.fi
www.swedbank.fi

LATVIA

AS Swedbank
Balasta dambis 1A
LV-1048 Riga
Telephone: +371 67 444 444
Fax: +371 67 444 344
Swift: HABALV22
E-mail: info@swedbank.lv
www.swedbank.lv

LITHUANIA

Swedbank AB
Konstitucijos ave. 20A
LT-03502 Vilnius
Telephone: +370 5 268 4444
Fax: +370 5 258 2700
Swift: HABALT22
E-mail: info@swedbank.lt
www.swedbank.lt

LUXEMBOURG

Swedbank Asset Management S.A.
Visiting address:
65 Boulevard G D Charlotte
L-1331 Luxembourg
Mailing address: P.O. Box 1305
L-1013 Luxembourg
Telephone: +352 404 94 01
Fax: +352 40 49 04
Swift: BNELLULL
E-mail: info@swedbank.lu
www.swedbank.lu

NORWAY

Swedbank
Visiting address: Filipstad Brygge 1,
Aker Brygge
Mailing address:
P.O. Box 1441 Vika
N-0115 Oslo
Telephone: +47 23 11 62 00
Fax: +47 23 11 62 01
Swift: SWEDNOKK
E-mail: post@swedbank.no
www.swedbank.no

RUSSIA

OAO Swedbank
5 Lesnaya
125047 Moscow
Telephone: +7 495 777 63 63
Fax: +7 495 777 63 64
E-mail: info@swedbank.ru
www.swedbank.ru

SWEDEN

Large Corporates & Institutions
Visiting address: Regeringsgatan 13
Mailing address: SE-105 34 Stockholm
Telephone: +46 8 585 909 63
E-mail: info@swedbank.com
www.swedbank.se

Swedbank Fastighetsbyrå AB
Visiting address:
Västra Järnvägsgatan 7
Mailing address: Box 644,
SE-101 32 Stockholm
Telephone: +46 8 545 455 00
E-mail: info@fastighetsbyran.se
www.fastighetsbyran.se

Svensk Fastighetsförmedling AB
Visiting address:
Årstavägen 11
Mailing address: P.O. Box 47106
SE-100 74 Stockholm
Telephone: +46 8 505 358 00
E-mail: info@svenskfast.se
www.svenskfast.se

Swedbank Finans AB
Visiting address:
Regeringsgatan 65, plan 3
Mailing address: SE-105 34 Stockholm
Telephone: +46 8 585 922 00
www.swedbank.com

Swedbank Företagsförmedling AB
Visiting address:
Wallingatan 33
Mailing address: Box 644
SE-101 32 Stockholm
E-mail: info@swedbankff.se
www.swedbankff.se

Swedbank Försäkring AB
Visiting address:
Junohällsvägen 1
Mailing address: SE-105 34 Stockholm
Telephone: +46 8 585 900 00

Swedbank Juristbyrå AB
Visiting address:
Västra Järnvägsgatan 7
Mailing address: Box 644
SE-101 32 Stockholm
Telephone: +46 8 545 455 00
e-post: info@juristbyran.com
www.juristbyran.com

Swedbank Mortgage AB
Visiting address: Brunkebergstorg 8
Mailing address: SE-105 34 Stockholm
Telephone: +46 8 585 900 00
www.swedbank.com/IR

Swedbank Robur AB
Visiting address:
Malmskillnadsgatan 32
Mailing address: SE-105 34 Stockholm
Telephone: +46 8 585 924 00
E-mail: info@swedbankrobur.se
www.swedbankrobur.se

USA

Swedbank New York Branch
One Penn Plaza, 15th floor
New York, NY 10119
Telephone: +1 212 486 8400
Fax: +1 212 486 3220
Swift: SWEDUS33
www.swedbank.us

Swedbank First Securities LLC
One Penn Plaza, 15th floor
New York, NY 10119
Telephone: +1 212 906 0800
Fax: +1 212 759 9205
www.swedbankfs.com

Production: Intellecta Corporate • Photography: Jenny Hallengren (page 3), Mats Holm (page 11) Jenny Lagerqvist – Miso Creative (page 17, 55, Board & Management), Artūras Morozovas (page 24) och Claes Warrén (page 28) • Printing: Ineko AB, Stockholm

SW0011423

CONTACTS

Anna Sundblad
Press officer
Telephone: +46 8 585 921 07
E-mail: anna.sundblad@swedbank.com

Gregori Karamouzis
Head of Investor Relations
Telephone: +46 8 5859 3031
E-mail: gregori.karamouzis@swedbank.com