Third quarter 2014

Compared with second quarter 2014

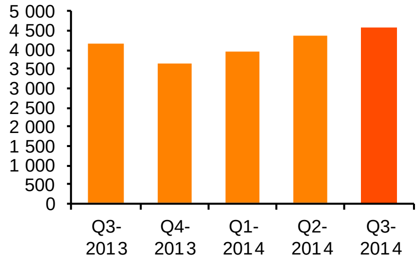
- The result for continuing operations amounted to SEK 4 562m (4 369)
- Earnings per share for continuing operations amounted to SEK 4.14 (3.96) before dilution and SEK 4.10 (3.94) after dilution
- The return on equity for continuing operations was 16.6 per cent (16.6)
- The cost/income ratio was 0.41 (0.47)
- Net interest income amounted to SEK 5 829m (5 521)
- Profit before impairments increased by 8 per cent to SEK 5 986m (5 536)
- Swedbank reported credit impairments of SEK 235m (30)
- The Common Equity Tier 1 ratio was 20.7 per cent (20.9 and 18.3 as of 31 December 2013)

January-September 2014

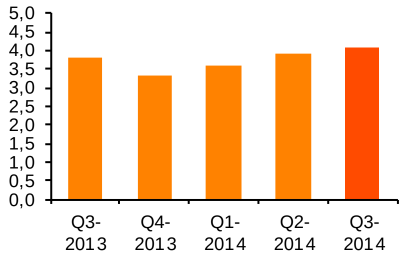
Compared with January-September 2013

- The result for the period for continuing operations amounted to SEK 12 911m (11 581)
- Earnings per share for continuing operations amounted to SEK 11.72 (10.55) before dilution and SEK 11.63 (10.48) after dilution[1)]
- The return on equity for continuing operations was 15.9 per cent (15.2)
- The cost/income ratio was 0.44 (0.45)
- Net interest income amounted to SEK 16 833m (16 403)
- Profit before impairments increased by 10 per cent to SEK 16 616m (15 122)
- Swedbank's credit impairments amounted to SEK 165m (92)

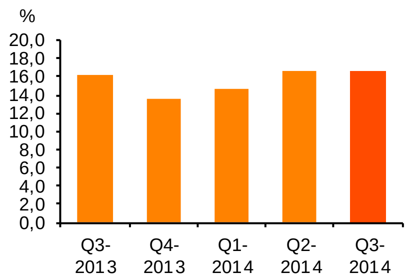
Profit for the quarter, continuing operations



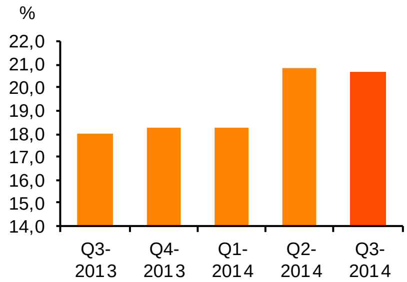
Earnings per share after dilution, continuing operations



Return on equity, continuing operations



Common Equity Tier 1 capital ratio, %, Basel 3



[1)] Including deduction of preference share dividend, earnings per share for Jan-Sep 2013 were SEK 6.84 for total operations after dilution. The calculations are specified on page 53.

CEO Comment

Market
The global recovery is out of step. The US economy continues to grow, while weaker growth in parts of Europe is creating uncertainty about the eurozone's recovery. Sweden's economy is relatively strong, but low inflation is raising pressure on the Riksbank to further reduce interest rates. Although we have not yet seen any financial effects on our Baltic operations from the turmoil in Russia and Ukraine, the fragile global economy could affect growth in our four home markets.

Strong result
The real estate market in Sweden continues to grow. In our Swedish operations this is reflected in lending growth, especially in major urban areas. Our lending business has strengthened among large corporates as well. This raised net interest income during the quarter, whilst coming under pressure from falling interest rates. Net commission income was stable. In our Baltic operations the service model and multi-channel strategy have paved the way for new business. In the Swedish operations seasonally higher card commissions contributed to the result at the same time that we are seeing margin pressure on new sales in the savings area. Expenses decreased, mainly as a result of lower one-off expenses, but also due to lower staff costs within central functions. As a whole, our result for the third quarter was strong.

Customers are our most important driving force
The strong result gives us good opportunities, but we have to continue to work with internal efficiencies. The banking sector is undergoing major change, not least due to rapid technological development. Furthermore, new regulations are opening up parts of the financial market to new players and strengthening consumer power by making it easier to compare and choose between competing offers. More customers are realising the value of managing their finances through digital channels and appreciate services that make their lives simpler. Babs Micro and Swish for businesses are examples of services that simplify payment flows for small businesses. Swish, which has attracted 3 600 business customers of Swedbank and the savings banks since its launch in June, provides a comprehensive overview of their customers and can help them to grow their businesses.

To provide our 8 million private customers and 600 000 corporate customers with broad-based access to competitively priced services, we have to create room for more and better designed customer solutions. This, coupled with the low inflation rate and low interest rate environment, means we have to cut our costs. Our intention is to lower total expenses for 2016 towards SEK 16bn.

Savings will be achieved through cost synergies from the integration of Sparbanken Öresund and lower expenses due to digitisation and changing distribution forms, as well as through staff reductions. During the next two years 600-800 employees will leave the bank mainly through attrition. Outside recruitments will only be made in exceptional circumstances, which will put significant demands on internal mobility and flexibility. We will therefore focus on competence building and further development for our employees. This will improve the opportunities for career development in the bank.

These competence-building measures and our employees' experience from various parts of the bank will help us to develop smart and effective solutions – and make us even better at meeting customer expectations. We want to give our customers more in the form of freedom of choice and greater transparency, through the potential offered by technology, to make it easier for them to compare our products and services with those of others. Our customers should feel confident that they receive competitive offers from Swedbank – from both a Swedish and international perspective.

Housing issue remains important
The high debt levels of Swedish households remain an important topic of debate among politicians and authorities as well as banks. Further measures were taken during the third quarter to ease the growing debt problem by requiring mortgage borrowers to amortise and raising the risk weight floor on mortgages. However, addressing the underlying problem of a housing shortage will require further action.

Michael Wolf
President and CEO

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

Financial summary

Income statement SEKm	Q3 2014	Q2 2014	%	Q3 2013	%	Jan-Sep 2014	Jan-Sep 2013	%
Net interest income	5 829	5 521	6	5 641	3	16 833	16 403	3
Net commission income	2 816	2 813	0	2 520	12	8 322	7 433	12
Net gains and losses on financial items at fair value	799	773	3	170		1 917	1 023	87
Other income	706	1 348	-48	894	-21	2 853	2 427	18
Total income	**10 150**	**10 455**	**-3**	**9 225**	**10**	**29 925**	**27 286**	**10**
Staff costs	2 469	2 901	-15	2 328	6	7 807	7 077	10
Other expenses	1 695	2 018	-16	1 667	2	5 502	5 087	8
Total expenses	**4 164**	**4 919**	**-15**	**3 995**	**4**	**13 309**	**12 164**	**9**
Profit before impairments	**5 986**	**5 536**	**8**	**5 230**	**14**	**16 616**	**15 122**	**10**
Impairment of intangible assets		1				1	170	-99
Impairment of tangible assets	19	69	-72	95	-80	223	382	-42
Credit impairments	235	30		-56		165	92	79
Operating profit	**5 732**	**5 436**	**5**	**5 191**	**10**	**16 227**	**14 478**	**12**
Tax expense	1 164	1 063	10	998	17	3 301	2 887	14
Profit for the period from continuing operations	**4 568**	**4 373**	**4**	**4 193**	**9**	**12 926**	**11 591**	**12**
Profit for the period from discontinued operations, after tax	-2	-230	-99	-15	-87	-259	-2 292	-89
Profit for the period	4 566	4 143	10	4 178	9	12 667	9 299	36
Profit for the period attributable to the shareholders of Swedbank AB	**4 560**	**4 139**	**10**	**4 172**	**9**	**12 652**	**9 289**	**36**

Key ratios and data per share	Q3 2014	Q2 2014	Q3 2013	Jan-Sep 2014	Jan-Sep 2013
Return on equity, continuing operations, %	16.6	16.6	16.2	15.9	15.2
Return on equity, total operations, %	16.6	15.8	16.1	15.6	12.2
Earnings per share before dilution, continuing operations, SEK [1]	4.14	3.96	3.82	11.72	10.55
Earnings per share after dilution, continuing operations, SEK [1]	4.10	3.94	3.79	11.63	10.48
Cost/income ratio	0.41	0.47	0.43	0.44	0.45
Loan/deposit ratio, %	193	189	202	193	202
Common Equity Tier 1 capital ratio, %, Basel 3 [2]	20.7	20.9	18.0	20.7	18.0
Tier 1 capital ratio, %, Basel 3 [2]	21.9	22.1	19.3	21.9	19.3
Total capital ratio, %, Basel 3 [2]	24.9	25.3	20.4	24.9	20.4
Credit impairment ratio, %	0.07	0.01	-0.02	0.02	0.01
Share of impaired loans, gross, %	0.47	0.44	0.69	0.47	0.69
Total provision ratio for impaired loans, %	55	56	53	55	53

Balance sheet data SEKbn	30 Sep 2014	31 Dec 2013	%	30 Sep 2013	%
Loans to the public	1 341	1 265	6	1 248	7
Deposits and borrowings from the public	686	621	11	624	10
Shareholders' equity	111	110	2	106	5
Total assets	2 078	1 824	14	1 836	13
Risk exposure amount, Basel 3 [2]	410	441	-7	446	-8

[1] Including deduction of the preference share dividend, earnings per share for January-September 2013 were SEK 6.84 for total operations after dilution. The calculations are specified on page 53.
[2] The capital ratios for 2013 are based on Swedbank's knowledge of the new regulations at that point in time.

The key ratios are based on profit and shareholders' equity attributable to shareholders of Swedbank.
Key ratios and text comments regarding lending and deposits relate to volumes excluding Swedish National Debt Office and repos.

Overview

Market

The global economy sent mixed signals with several new geopolitical risks. US growth was stronger than expected during the second quarter at the same time that the labour market improved. At the same time uncertainty about the strength of the recovery persists, and with it the timing of a US rate hike. In China a number of measures were taken to prevent a bigger economic slowdown. Weaker growth in Germany, France and Italy created increased uncertainty about the recovery in the eurozone despite the ECB cutting its benchmark rates and introducing further monetary stimuli during the autumn.

The Swedish economy grew by 2.6 per cent during the second quarter year-on-year. The picture was mixed, however. The higher growth was driven by increased private consumption and a significant rise in residential construction, while the export industry was limited by weak international demand. Sweden's economic growth is being jeopardised by a shaky global economy and uncertainty about the new government's economic policies and weak parliamentary support. The Swedish krona weakened against the dollar in the wake of the Federal Reserve's tapering monetary stimulus and stronger US growth. At the same time the krona appreciated against the euro, which raised pressure on the Riksbank to take further action to reduce the risk of a continuing decline in inflation. Sweden's low inflation, which in September was negative for the second consecutive month, is raising the pressure on the Riksbank to cut the repo rate in the fourth quarter from the current 0.25 per cent. In addition to falling commodity prices and growing international competition, digitisation is adding to Sweden's low inflation. Low global inflation, increased geopolitical risks and expectations of continued low interest rates contributed to a decline in long-term bond yields during the third quarter, not least in Europe.

Future growth is also uncertain in the Baltic region due to the conflict between Russia and Ukraine and geopolitical risks. There is no quick solution to the conflict, and the outlook for the Russian economy is weak in both the short and long term.

Growth in the Baltic countries was still relatively strong during the second quarter at 3.3 per cent in Lithuania, 2.4 per cent in Estonia and 2.3 per cent in Latvia. With weak demand from key export markets, domestic demand continued to drive growth. Exports to Russia decreased at the same time that the effects of the Russian sanctions in August were limited to a few manufacturing industries. Thus far the slowdown in exports to Russia has been offset by increased demand from other markets. Investments fell slightly, but are likely to be more affected during the second half-year. Household consumption growth was sustained by increased disposable incomes, although consumer confidence weakened at the end of the third quarter, indicating the possibility of greater cautiousness.

The Stockholm stock exchange (OMXSPI) gained 6 per cent during the first nine months. The Tallinn stock exchange (OMXTGI) fell by 6 per cent and the Riga stock exchange (OMXRGI) by 8 per cent, while the Vilnius stock exchange (OMXVGI) gained 9 per cent.

Important to note

Increased digitisation is producing greater competition, and with it price pressure. At the same time banking products and services are becoming more similar, making it essential that the bank maintains competitive prices. Because of this, we have to work continuously to cut costs. The intention for 2016 is to lower the cost level towards SEK 16bn. The savings consist of cost synergies related to the acquisition of Sparbanken Öresund, lower expenses due to digitisation and changing distribution forms, as well as reduced staff mainly in central functions. The staff reduction is expected to be achieved primarily through normal attrition.

Beginning with the third quarter the Sparbanken Öresund acquisition can no longer be followed separately in Swedbank's financial reports.

Third quarter 2014

Compared with second quarter 2014

Result

The third quarterly result rose by 10 per cent to SEK 4 560m (4 139). Income and expenses decreased. Excluding one-off income of SEK 461m associated with the acquisition of Sparbanken Öresund during the second quarter, income increased. Credit impairments rose during the third quarter due to larger provisions for a few commitments. Profit for continuing operations amounted to SEK 4 562m (4 369). Discontinued operations generated a loss of SEK -2m (-230). During the second quarter a negative exchange rate difference of SEK 223m was reclassified to the income statement from other comprehensive income related to the winding down of the Russian operations.

Profit before impairments increased by 8 per cent to SEK 5 986m (5 536). Group Functions & Other, primarily Group Treasury, contributed to the increase. Other business areas reported slightly lower profit.

Profit before impairments by business segment excl FX effects SEKm	**Q3 2014**	**Q2 2014**	**Q3 2013**
Swedish Banking	2 986	3 037	3 114
Large Corporates & Institutions	992	1 153	1 016
Baltic Banking	898	986	888
Group Functions & Other	1 110	385	278
Total excl FX effects	**5 986**	**5 561**	**5 296**
FX effects		-25	-66
Total	**5 986**	**5 536**	**5 230**

Credit impairments amounted to SEK 235m (30). LC&I provided the increase, while Baltic Banking's net recoveries rose slightly. Credit impairments related to increased provisions for a few problem loans. Credit impairments within Swedish Banking remained low.

Tangible asset writedowns continued to decrease to SEK 19m (69) and primarily relate to writedowns in Ektornet. Property repossessions by Ektornet decreased to SEK 916m (1 382).

The return on equity for continuing operations was 16.6 per cent (16.6). The cost/income ratio was 0.41 (0.47). The cost/income ratio during the second quarter was negatively affected by the acquisition of Sparbanken Öresund.

Income decreased by 3 per cent to SEK 10 150m (10 455). The second quarter contained two major sources of one-off income: SEK 461m in connection with the acquisition of Sparbanken Öresund and SEK 230m related to the associated company Entercard. Net interest income increased, while net commission income and net gains and losses on financial items at fair value were stable.

Net interest income increased by 6 per cent to SEK 5 829m (5 521). Net interest income was stable in every business segment except Group Treasury within Group Functions & Other, where it increased. Group Treasury's net interest income benefited from falling interest rates, whereas it negatively affected net interest income within Swedish Banking and Baltic Banking. Higher lending volumes within Swedish Banking and LC&I contributed positively. The new capital adequacy requirements in the form of higher risk weights on mortgages increased the margins to cover the bank's higher expenses for the Swedish mortgage portfolio. Sparbanken Öresund, which was not consolidated until 21 May, contributed positively in a comparison between quarters, as did the additional interest day in the third quarter.

Net commission income was stable at SEK 2 816m (2 813). LC&I contributed positively, while the net was slightly lower in Swedish Banking and Baltic Banking. Card commissions were seasonally higher and commissions from corporate finance were lower.

Net gains and losses on financial items at fair value were stable at SEK 799m (773). Group Treasury benefited from the positive effects of falling interest rates. Net gains and losses on financial items at fair value within LC&I decreased due to seasonally lower activity and low volatility in the financial markets.

Other income decreased by 48 per cent to SEK 706m (1 348). A bargain purchase gain of SEK 461m associated with the Sparbanken Öresund acquisition was recognised during the second quarter, as was one-off income of SEK 230m related to Entercard.

Expenses decreased by 15 per cent to SEK 4 164m (4 919). Expenses also decreased excluding one-off expenses of SEK 615m attributable to the acquisition of Sparbanken Öresund during the second quarter. Expenses decreased mainly within Group Functions & Other but also within Baltic Banking and Swedish Banking. Expenses within LC&I rose slightly. Staff costs decreased due to, among other things, fewer employees in Group Functions & Other. Expenses for IT, premises and marketing decreased on a seasonal basis. SEK 57m was expensed during the second quarter for the move of the head office to Sundbyberg.

The number of full-time employees decreased by 78 during the quarter, mainly within Group Functions & Other.

The tax expense amounted to SEK 1 164m (1 063), corresponding to an effective tax rate of 20.3 per cent (19.6). The second quarter was positively affected by the acquisition of Sparbanken Öresund. The bargain purchase gain is not taxable.

January-September 2014

Compared with January-September 2013

Result

The result for the period rose by 36 per cent to SEK 12 652m (9 289). Income, expenses and credit impairments increased, while other impairments fell. Fluctuations in exchange rates, primarily the depreciation of the Swedish krona against the euro and the Lithuanian litas, raised profit by SEK 139m. The result for continuing operations was SEK 12 911m (11 591) and for discontinued operations was SEK -259m (-2 292). During the first nine months of 2013 SEK -1 875m was reclassified to the income statement from other comprehensive income related to the sale of the Ukrainian operations, compared with a corresponding reclassification of SEK -223m during the first nine months of this year for the winding down of the Russian operations.

Profit before impairments increased by 10 per cent to SEK 16 616m (15 112). Profit increased mainly in Group Treasury within Group Functions & Other, but Baltic Banking and LC&I also improved their results. Profit within Swedish Banking was stable.

Credit impairments of SEK 165m (92) were posted during the nine-month period. LC&I reported higher credit impairments, while Swedish Banking's credit impairments were lower. Baltic Banking recognised recoveries, but at a lower level than in 2013. Tangible asset writedowns amounted to SEK 223m (382), a decrease attributable to Ektornet. Intangible asset writedowns decreased to SEK 1m (170).

Profit before impairments by business segment excl FX effects SEKm	**Jan-Sep 2014**	**Jan-Sep 2013**	**Δ SEKm**
Swedish Banking	9 002	9 017	-15
Large Corporates & Institutions	3 398	3 185	213
Baltic Banking	2 731	2 452	279
Group Functions & Other	1 485	631	854
Total excl FX effects	**16 616**	**15 285**	**1 331**
FX effects		-163	163
Total	**16 616**	**15 122**	**1 494**

The return on equity for continuing operations improved to 15.9 per cent (15.2). The cost/income ratio was 0.44 (0.45).

Income rose by 10 per cent to SEK 29 925m (27 286). All business segments contributed to the higher income. The acquisition of Sparbanken Öresund increased income, where SEK 461m was one-off income during the second quarter. Stronger commission income and net gains and losses on financial items contributed the most. Net interest income also increased, while other income excluding one-off effects decreased. Changes in exchange rates increased income by SEK 239m.

Net interest income rose by 3 per cent to SEK 16 833m (16 403). In Baltic Banking, repricing, increased deposit volumes and higher average market interest rates contributed positively. Group Treasury's net interest income improved slightly. Within LC&I higher lending volumes and origination fees contributed positively. Swedish Banking's net interest income was stable, but decreased slightly excluding the acquisition of Sparbanken Öresund. Margin pressure on deposits was offset by the positive effects of higher lending volumes and higher mortgage margins. Fluctuations in exchange rates increased net interest income by SEK 120m.

Net commission income rose by 12 per cent to SEK 8 322m (7 433). Higher commission income from asset management due to a favourable stock market climate contributed the most to the increase. Loan-related income and income from corporate finance within LC&I increased as well. Card commissions also improved.

Net gains and losses on financial items at fair value increased by 87 per cent to SEK 1 917m (1 023). Group Treasury in Group Functions & Other rebounded from a negative to a positive net result. The main reason was the positive effects of falling interest rates. In 2014 net gains and losses in Group Treasury contained positive one-off effects of SEK 158m, while in 2013 the offer to repurchase state-guaranteed bonds affected net gains and losses negatively. Net gains and losses on financial items at fair value within LC&I were stable.

Other income increased by 18 per cent to SEK 2 853m (2 427). The acquisition of Sparbanken Öresund in the second quarter 2014 resulted in a bargain purchase gain of SEK 461m. One-off income of SEK 230m was recognised in the share of the profit or loss of the associated company Entercard. Sales activity within Ektornet was lower during the nine-month period than in the previous year since the portfolio is now significantly smaller. This negatively affected other income.

Expenses increased by 9 per cent to SEK 13 309m (12 164), mainly as a result of the Sparbanken Öresund acquisition, where one-off expenses of SEK 615m attributable to the acquisition were recognised during the second quarter 2014. Expenses increased within LC&I and Swedish Banking. Baltic Banking's expenses decreased slightly in local currency. The Group's staff costs rose as a result of a higher number of customer advisors and IT-related staff as well as salary adjustments. IT development expenses rose as well. Reduced cash handling and the outsourcing of ATMs reduced expenses for transport and security. In 2014 SEK 136m was expensed for the move of the head office. Changes in exchange rates raised expenses by SEK 75m.

The number of full-time employees increased year-on-year by 340, mainly as a result of the acquisition of Sparbanken Öresund. Baltic Banking reduced its full-time employees by 194. Ektornet (Group Functions & Other) also reduced its staff. IT-related staff within Group Functions & Other and the number of full-time employees within Swedish Banking and LC&I increased.

The tax expense amounted to SEK 3 301m (2 887), corresponding to an effective tax rate of 20.3 per cent (19.9). Since the first quarter 2014 the tax expense has been higher due to the new policy on profit distributions from the Baltic operations. About 60 per cent of profits generated by the Baltic subsidiaries from 2014 onwards will be distributed to the parent company, Swedbank AB. Profit in Estonia is not taxed until its distribution. This means that deferred tax is already recognised on the estimated distribution from Estonia, even though it will not be paid out until the first quarter 2015. At the same time the tax expense was positively affected by the acquisition of Sparbanken Öresund. Profit posted from the bargain purchase is not taxable.

Credit and asset quality

Political and economic tensions have continued around the world, with sanctions against Russia and slower growth in Europe. The bank's credit portfolio is distinguished by customers with low risk, however, making it resilient in the event of an economic downturn.

Credit impairments remained low during the nine-month period, but increased slightly during the quarter due to individual provisions for anticipated credit impairments. While the political tensions in Russia and Ukraine have not affected its credit quality, the bank continues to discuss preventive measures with customers who have business connections in the region and could be affected if the conflict continues. The bank's direct credit exposure to Russia continues to decrease and as of 30 September amounted to SEK 0.8bn. The bank has no direct credit exposures to Ukraine.

Swedbank's lending increased by SEK 73bn or 6 per cent during the nine-month period to SEK 1 287bn, of which SEK 6bn is due to currency effects. Of the increase, SEK 21bn related to the third quarter. Mortgage lending in Sweden rose by SEK 26bn during the year. Corporate lending within Swedish Banking and LC&I increased by a total of SEK 39bn. The highest activity was in property management, shipping and offshore. The acquisition of Sparbanken Öresund in the second quarter increased lending by SEK 16.5bn, of which SEK 5.0bn was private lending and SEK 11.5bn was corporate lending. Baltic Banking's lending portfolio grew slightly in Estonia and Lithuania, measured in local currency, but decreased slightly in Latvia.

The Swedish Bankers' Association's current recommendation on the amortisation of new mortgages has been extended as of 1 July to include mortgages with a loan-to-value ratio over 70 per cent. During the last 12 months 72 per cent of new mortgages granted in Sweden with a loan-to-value ratio over 70 per cent are being amortised. Annual contractual amortisations in the Swedish mortgage portfolio amount to about SEK 8.6bn. The average loan-to-value ratio for Swedbank's mortgages in Sweden was 60.4 per cent (62.2 as of 31 December), based on property level as of 30 September. For more information on Swedbank's mortgage portfolios, see page 56 of the fact book.

The share of Swedish mortgages past due by more than 60 days remained low at 0.08 per cent of the portfolio (0.09). The share of impaired mortgages in Baltic Banking fell, even though Latvia and Lithuania are still affected by problem loans from the crisis years, however. The share of mortgages past due by more than 60 days was 0.6 per cent in Estonia (0.7), 6.3 per cent in Latvia (7.4) and 3.5 per cent in Lithuania (4.4).

Impaired loans have decreased during the year by SEK 0.8bn to SEK 6.7bn and correspond to 0.47 per cent (0.55) of total lending. Baltic Banking's impaired loans decreased by SEK 0.8bn to SEK 4.2bn, mainly due to the winding down of problem loans from 2008-2009 and improved quality in the loan portfolio. The acquisition of Sparbanken Öresund in the second quarter increased impaired loans within Swedish

Banking by SEK 0.3bn. The provision ratio for impaired loans was 38 per cent. The total provision ratio i.e. including portfolio provisions, was 55 per cent (54).

Impaired loans, by business segment SEKm	Q3 2014	Q2 2014	Q3 2013
Swedish Banking	1 523	1 522	1 774
Large Corporates & Institutions	955	279	1 116
Baltic Banking	4 248	4 511	6 322
Estonia	1 346	1 297	1 652
Latvia	1 590	1 837	3 019
Lithuania	1 312	1 377	1 651
Total	**6 726**	**6 312**	**9 212**

Credit impairments amounted to SEK 165m (92) during the first nine months of the year and arose during the third quarter. Credit impairments relate to new provisions for anticipated credit impairments within LC&I and Swedish Banking. The provisions relate to a few commitments. The credit impairment ratio remains low from a historical perspective. Baltic Banking reported continued recoveries, though at a lower level.

Credit impairments, net by business segment SEKm	Q3 2014	Q2 2014	Q3 2013
Swedish Banking	43	25	107
Large Corporates & Institutions	270	21	7
Baltic Banking	-59	-16	-147
Estonia	-3	-25	-38
Latvia	-42	13	-70
Lithuania	-14	-4	-39
Group Functions & Other	-19		-23
Total	**235**	**30**	**-56**

Repossessed assets amounted to SEK 1 110m on 30 September, nearly half the amount at the beginning of the year. Ektornet accounted for SEK 916m of the repossessed assets. Ektornet's property values were written down by SEK 220m (375) during the nine-month period, mainly related to Ukraine and the US, of which SEK 16m was in the third quarter. The sale of the last US asset in Ektornet's property portfolio was finalised in the third quarter. The remaining repossessed properties in Ukraine amounted to SEK 106m on 30 September. On the same date the number of properties, including apartments and suchlike, was 893 (1 366), of which 425 were in Latvia (783). For more information on repossessed assets, see page 35 of the fact book.

Funding and liquidity

During the first nine months of 2014 Swedbank issued a total of SEK 89bn in long-term debt instruments, of which SEK 68bn related to covered bonds and SEK 21bn to senior unsecured debt. During the third quarter a total of SEK 21bn in long-term debt instruments was issued, including SEK 20bn in covered bonds and SEK 1bn in senior unsecured debt. For the full-year 2014 Swedbank plans to issue a total of about SEK 120bn to meet maturing long-term funding with a nominal value of SEK 103bn measured from the beginning of the year. Liquidity over and above the refinancing need is used in day-to-day management to repurchase covered bonds.

The average maturity of all capital market funding arranged through the bank's short- and long-term programmes was 27 months on 30 September 2014 (29 as of 31 December 2013). The average maturity of long-term funding issued during the nine-month period was 60 months. Demand for Swedbank's short-term debt instruments remained high and the outstanding volume of short-term funding increased by SEK 109bn during the nine-month period to SEK 209bn.

The main liquidity measure used by the Board of Directors and executive management is the so-called survival horizon, which shows that the bank would survive more than 12 months with the capital markets completely shut down. This applies to total liquidity as well as liquidity in USD and EUR. Swedbank's liquidity reserve, which is reported in accordance with the Swedish Bankers' Association's definition for liquidity reporting, amounted to SEK 263bn as of 30 September 2014 (281 as of 30 June). In addition to the liquidity reserve, liquid securities in other parts of the Group amounted to SEK 63bn (52 as of 30 June). The liquidity reserve and Liquidity Coverage Ratio (LCR) will fluctuate over time depending on, among other things, the maturity structure of the bank's issued securities. The Group's LCR was 132 per cent on 30 September (123 as of 30 June). Distributed by USD and EUR, LCR was 287 per cent (195 as of 30 June) and 227 per cent (293 as of 30 June). In early 2013 the Basel Committee published a new definition of LCR. According to Swedbank's interpretation, LCR would have been 135 per cent as of 30 September (132 as of 31 March).

According to Swedbank's interpretation of the Basel Committee's latest proposed revisions to the definition from January 2014, the Group's Net Stable Funding Ratio (NSFR) was 102 per cent as of 30 September (102 as of 30 June). For more information on the above, see page 68 of the fact book.

Ratings

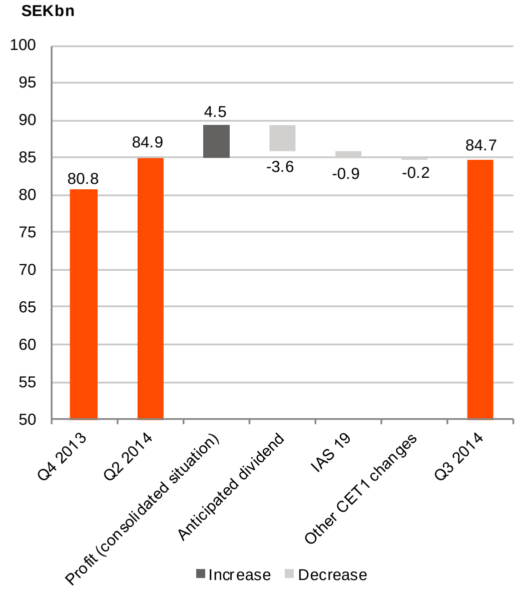
No ratings events during the quarter.

Capital and capital adequacy

The Common Equity Tier 1 ratio was 20.7 per cent on 30 September (20.9 per cent on 30 June and 18.3 per cent on 31 December 2013).

Common Equity Tier 1 capital decreased by SEK 0.2bn during the third quarter to SEK 84.7bn. This was mainly due to the remeasurement of the estimated pension liability according to IAS 19, which reduced Common Equity Tier 1 capital by about SEK 0.9bn due to the declining discount rate. The bank's profit after deducting the anticipated dividend positively affected Common Equity Tier 1 capital.

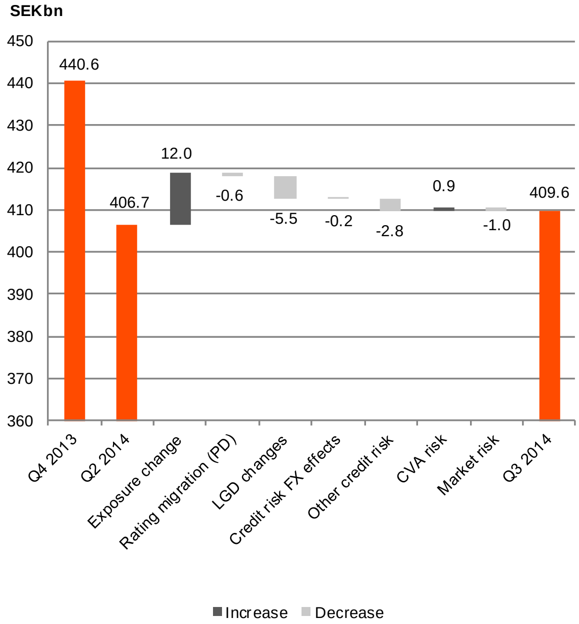
Change in Common Equity Tier 1 capital Basel 3, third quarter 2014, Swedbank consolidated situation



The risk exposure amount (REA) increased by just under SEK 3bn during the third quarter to SEK 409.6bn on 30 September (406.7 as of 30 June). The REA for credit risks rose by SEK 2.9bn. Increased exposures, mainly to corporate customers in Swedish Banking and LC&I, raised the REA by SEK 12bn. Positive rating migrations reduced it by SEK 0.6bn, updated valuations of collateral by SEK 5.5bn and additional exposures with SME discounts by SEK 0.7bn (under other credit risk). A few new overdue corporate exposures reduced the REA by SEK 0.4bn. Fluctuations in exchange rates, mainly attributable to the Baltic credit portfolio, reduced the REA for credit risks by SEK 0.2bn due to the appreciation of the Swedish krona against the euro. Other reductions in the REA for credit risks include reductions related to Ektornet of SEK 0.6bn.

The REA for credit valuation adjustment (CVA risk) increased as a result of increased exposures. The REA for market risks decreased, mainly due to a reduced holdings of bonds with long maturities. The REA for operational risks was unchanged during the quarter.

Change in REA Basel 3, third quarter 2014, Swedbank consolidated situation



The new Basel 3 capital adequacy rules were introduced within the EU on 1 January 2014, while the sections that required introduction in Swedish legislation did not take effect until August. In early September the Swedish Financial Supervisory Authority (SFSA) decided which capital requirements would apply to Swedish banks beyond the minimum level of 7 per cent Common Equity Tier 1 capital in accordance with the EU rules. The SFSA's requirements were in line with those presented before the summer and can be summarised as follows:

- As of 1 January 2015 the four major Swedish banks are assigned a systemic risk buffer of 3 per cent in Common Equity Tier 1 capital within the framework of Pillar 1 and a further 2 per cent within the framework of Pillar 2.
- The risk weight floor for Swedish mortgages was raised from the date of SFSA's decision in September from 15 to 25 per cent within the framework of Pillar 2.
- SFSA does not intend to make a formal decision on the capital requirement for individual institutions in Pillar 2. As long as a formal decision has not been made, the capital requirement under Pillar 2 does not affect the level at which automatic restrictions on dividend and coupon payments take effect.
- The countercyclical buffer will be 1 per cent from 13 September 2015.

A clarification of SFSA's view of standardised models and capital requirements for Pillar 2 is still needed before the Board of Directors can determine an internal capital target.

Due to the increase in the risk weight floor for the Swedish mortgage portfolio from 15 to 25 per cent and the addition of a countercyclical buffer as of September 2015, Swedbank has to maintain additional Common Equity Tier 1 capital of SEK 20.4bn for Swedish mortgages within the framework of Pillar 2 corresponding to 5.0 percentage points of the Common Equity Tier 1 ratio according to Pillar 1. In its internal controls Swedbank allocates capital to its mortgage business equivalent to a 25 per cent risk weight floor as from the fourth quarter 2014.

Swedbank's leverage ratio was 4.4 per cent on 30 September (4.3 on 30 June 2014 and 4.6 per cent on 31 December 2013). In early October the EU Commission clarified the definition, which is reflected in Swedbank's reported figures as of 30 September. According to the EU's rules, the measure will be evaluated by the authorities prior to the possible introduction of a minimum requirement in 2018.

Operational risks

No major incidents occurred during the third quarter 2014. The bank's direct losses attributable to operational risks remained low.

For more information on market risks, see Note 23 and see page 89 of the fact book.

Other events

Swedbank's Annual General Meeting will be held in Stockholm on Thursday, 26 March 2015.

The Nomination Committee comprises the following members: Lennart Anderberg, appointed by owner-group Föreningen Sparbanksintressenter, Chair of the Nomination Committee; Ramsay Brufer, appointed by Alecta; Jens Henriksson, appointed by owner-group Folksam; Johan Sidenmark, appointed by AMF Försäkring och Fonder; and Anders Sundström, Chair of the Board of Directors of Swedbank AB.

Shareholders who wish to submit a proposal to the Nomination Committee must do so no later than 19 December 2014 either by e-mail to valberedningen@swedbank.se or by mail to:

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

Events after 30 September 2014

In October the Swedish Bankers' Association extended its recommendation on mortgage amortisation to include all new loans with a loan-to-value ratio over 50 per cent. Relevant authorities have been consulted on the proper rate of amortisation. The bank intends to follow the recommendation.

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Swedish Banking

- Further increase in loan volumes
- Higher mortgage margins as a result of increased capital requirements
- Lower deposit margins due to declining interest rates

Income statement

SEKm	Q3 2014	Q2 2014	%	Q3 2013	%	Jan-Sep 2014	Jan-Sep 2013	%
Net interest income	3 372	3 362	0	3 473	-3	10 048	10 172	-1
Net commission income	1 746	1 790	-2	1 577	11	5 185	4 715	10
Net gains and losses on financial items at fair value	47	54	-13	28	68	151	95	59
Share of profit or loss of associates	220	410	-46	239	-8	886	640	38
Other income	182	613	-70	174	5	948	563	68
Total income	**5 567**	**6 229**	**-11**	**5 491**	**1**	**17 218**	**16 185**	**6**
Staff costs	971	1 360	-29	877	11	3 250	2 609	25
Variable staff costs	55	52	6	48	15	158	163	-3
Other expenses	1 506	1 746	-14	1 423	6	4 694	4 307	9
Depreciation/amortisation	49	34	44	29	69	114	89	28
Total expenses	**2 581**	**3 192**	**-19**	**2 377**	**9**	**8 216**	**7 168**	**15**
Profit before impairments	**2 986**	**3 037**	**-2**	**3 114**	**-4**	**9 002**	**9 017**	**0**
Credit impairments	43	25	72	107	-60	99	198	-50
Operating profit	**2 943**	**3 012**	**-2**	**3 007**	**-2**	**8 903**	**8 819**	**1**
Tax expense	645	563	15	647	0	1 848	1 901	-3
Profit for the period	2 298	2 449	-6	2 360	-3	7 055	6 918	2
Profit for the period attributable to the shareholders of Swedbank AB	**2 292**	**2 445**	**-6**	**2 354**	**-3**	**7 041**	**6 909**	**2**
Non-controlling interests	6	4	50	6	0	14	9	56
Return on allocated equity, %	25.9	29.7		28.6		28.0	28.1	
Loan/deposit ratio, %	250	246		244		250	244	
Credit impairment ratio, %	0.02	0.01		0.05		0.01	0.03	
Cost/income ratio	0.46	0.51		0.43		0.48	0.44	
Loans, SEKbn	1 005	987	2	925	9	1 005	925	9
Deposits, SEKbn	402	401	0	378	6	402	378	6
Full-time employees	5 448	5 446	0	4 961	10	5 448	4 961	10

Development January - September
The result for the nine month period amounted to SEK 7 041m, an increase of 2 per cent. Income and expenses both increased, mainly as a result of the acquisition of Sparbanken Öresund. Income was also positively affected by one-off effects related to the associated company Entercard during the second quarter. Credit impairments were lower.

Net interest income fell slightly compared with the first nine months of 2013 as a result of lower deposit margins, which were adversely affected by declining market interest rates, but largely offset by higher lending volumes. The increased capital adequacy requirements in the form of higher risk weights on mortgages increased the margins to cover the bank's increased expenses for the Swedish mortgage portfolio. Compared with the second quarter net interest income was stable. Increased lending margins and improved mortgage margins during the quarter offset lower deposit margins owing to falling market interest rates. The acquisition of Sparbanken Öresund contributed positively in comparison with the second quarter, since the consolidation did not occur until 21 May.

Household deposit volumes increased by SEK 11bn since the beginning of the year, with volumes from the acquisition of Sparbanken Öresund in the second quarter accounting for SEK 8bn. Swedbank's share of household deposits was 21 per cent at the end of the period (21 as of 31 December 2013). Corporate deposits within Swedish Banking increased by SEK 6bn since the beginning of the year, or by 5 per cent. Sparbanken Öresund accounted for SEK 4bn. Swedbank's market share, including corporate deposits within LC&I, was 20 per cent as of 31 August (18 per cent as of 31 December 2013).

Household mortgage lending volume increased by SEK 26bn since the beginning of the year, of which SEK 9bn during the third quarter. Swedbank's share of new sales continued to improve during the quarter, and its share of net growth was 24 per cent during the period January-August 2014. Swedbank's share of the total market was 25 per cent (25 as of 31 December 2013). The Swedish Bankers' Association's current recommendation requiring new mortgage borrowers to amortise has been extended to include mortgages with a loan-to-value ratio over 70 per cent. During the last 12 months 72 per cent of newly granted mortgages in Sweden with a loan-to-value ratio over 70 per cent were being amortised. Corporate lending volume increased by SEK 33bn since the beginning of the year, with the acquisition of Sparbanken Öresund accounting for SEK 11bn. Swedbank's market share, including corporate lending within LC&I, was 18 per cent (17 per cent as of 31 December 2013).

Net commission income rose by 10 per cent compared with the same period in 2013. The increase was mainly due to higher fund management commissions resulting from increased volumes in the wake of stock market gains and increased net inflows. Swedbank's market share in terms of assets under management was 23 per cent (24 as of 31 December 2013). Increased lending and guarantee commissions as well as revenue from real estate brokerage and equity trading also contributed to the increase. Card usage continues to rise. As of 31 August the total number of retail purchases by card increased by 9 per cent, and the aggregate value by 7 per cent year-on-year. During the third quarter net commission income decreased by 2 per cent, mainly due to lower activity during the summer months, which led to lower income from lending and guarantee commissions as well as securities trading. This has been partly offset by seasonally higher card commissions.

The share of associates' profit decreased compared with the second quarter, when one-off income of SEK 230m was recognised by the credit card company Entercard.

Other income was positively affected during the first nine months by the acquisition of Sparbanken Öresund. During the second quarter 2014 a bargain purchase gain of SEK 461m was recognised.

Expenses for the nine-month period increased, mainly due to the acquisition of Sparbanken Öresund, in connection with which a one-off expense of SEK 615m was recognised, mainly relating to a restructuring reserve covering, among other things, system solutions and the divestment of branches. Staff costs were higher due to the hiring of more advisors and higher salary costs. Cash handling expenses fell. Expenses for the third quarter decreased slightly, mainly due to seasonal variations, including lower marketing and IT development costs. Surplus values that arose through the acquisition of Sparbanken Öresund led to higher depreciations. The cost-income ratio decreased during the nine-month period to 0.48 (0.44) due to the Sparbanken Öresund acquisition.

Credit quality remained good. Credit impairments decreased year-on-year. They increased slightly during the third quarter, but the level remains low. The share of impaired loans was 0.15 per cent (0.16).

The REA was SEK 181.2bn, an increase of SEK 2.5bn during the quarter. The biggest increase was in the REA for credit risks, mainly as a result of increased corporate lending.

A number of services with new or improved functions were launched in the bank's digital channels at the end of the second quarter. A business version of Swish that allows small companies, organisations and associations to manage payment flows between consumers and companies has attracted 3 600 companies since its launch in early June. Babs Micro - a new mobile card acceptance terminal – for small businesses was launched. Since its launch in May, over 600 companies have signed up for the service. Further improvements have been made to the Mobile Bank to offer the same functionality as the Internet Bank.

Use of Swedbank's digital channels continues to grow. The Internet Bank had 3.7 million users as of 30 September, an increase of 94 000 during the year. The Mobile Bank had 1.9 million (+309 000) and the iPad Bank had 489 000 (+109 000). Digitisation strongly contributed to a year-on-year decrease of 15 per cent in the number of teller transactions in branches.

As of 30 September there were 1.7 million Swish users across Swedish banks, an increase of 900 000 in 2014. Swedbank and the savings banks' share was 42 per cent.

Sweden is Swedbank's largest market, *with around 4 million private customers and more than 250 000 corporate customers. This makes it Sweden's largest bank by number of customers. Through our digital channels (Telephone Bank, Internet Bank and Mobile Bank) and branches, and with the support of savings banks and franchisees, we are always available. Swedbank is part of the local community. Our branch managers have a strong mandate to act in their local communities. The bank's presence and engagement are expressed in various ways. A project called "Young Jobs", which has created several thousand trainee positions for young people, has played an important part in recent years. Swedbank has 318 branches in Sweden. The various product areas are described on page 20.*

Large Corporates & Institutions

- The strategy to deepen customer relationships generated increased business
- Lending increased through the addition of new large corporate customers
- Seasonally lower activity

Income statement

SEKm	Q3 2014	Q2 2014	%	Q3 2013	%	Jan-Sep 2014	Jan-Sep 2013	%
Net interest income	876	846	4	864	1	2 589	2 498	4
Net commission income	561	496	13	468	20	1 687	1 410	20
Net gains and losses on financial items at fair value	354	575	-38	387	-9	1 494	1 469	2
Share of profit or loss of associates								
Other income	36	28	29	39	-8	101	119	-15
Total income	**1 827**	**1 945**	**-6**	**1 758**	**4**	**5 871**	**5 496**	**7**
Staff costs	338	323	5	271	25	983	852	15
Variable staff costs	71	75	-5	99	-28	221	291	-24
Other expenses	411	392	5	377	9	1 218	1 148	6
Depreciation/amortisation	15	14	7	16	-6	51	41	24
Total expenses	**835**	**804**	**4**	**763**	**9**	**2 473**	**2 332**	**6**
Profit before impairments	**992**	**1 141**	**-13**	**995**	**0**	**3 398**	**3 164**	**7**
Impairment of intangible assets							56	
Credit impairments	270	21		7		261	175	49
Operating profit	**722**	**1 120**	**-36**	**988**	**-27**	**3 137**	**2 933**	**7**
Tax expense	150	225	-33	209	-28	667	682	-2
Profit for the period	572	895	-36	779	-27	2 470	2 251	10
Profit for the period attributable to the shareholders of Swedbank AB	**572**	**895**	**-36**	**779**	**-27**	**2 470**	**2 251**	**10**
Return on allocated equity, %	13.8	23.1		18.3		21.2	16.6	
Loan/deposit ratio, %	154	161		208		154	208	
Credit impairment ratio, %	0.46	0.04		0.01		0.16	0.10	
Cost/income ratio	0.46	0.41		0.43		0.42	0.42	
Loans, SEKbn	161	157	3	148	9	161	148	9
Deposits, SEKbn	104	98	6	71	46	104	71	46
Full-time employees	1 142	1 120	2	1 068	7	1 142	1 068	7

Development January - September

The result for the period amounted to SEK 2 470m, an increase of 10 per cent year-on-year. The result was positively affected by increased lending-related income as well as income from IPOs and bond issues. The long-term strategy to strengthen expertise in specific industrial sectors and deepen customer relationships in these areas has produced results in the form of increased business and new customers during the year.

Net interest income increased by 4 per cent compared with the first nine months of 2013. Higher average lending volumes and origination fees also contributed to the improvement. Margins in the lending portfolio were stable. Lending volume was 9 per cent higher year-on-year, an increase of SEK 13bn. During the third quarter net interest income increased by 4 per cent, mainly due to higher lending and one additional interest day compared with the second quarter. The lending increase during the third quarter was a result of a higher take-up rate on existing commitments as well as new business mainly in the shipping and industrial sectors. Changes in exchange rates also contributed to the volume increase. The refinancing of maturing loans continued during the third quarter, and activity in the lending market was high. Swedbank participated in a number of major loan syndicates in the service and manufacturing sectors. The lending margin on the loan portfolio was stable during the quarter, while pressure on new loan margins continued. Deposit volumes have risen continuously in the last 12 months. In the third quarter deposits rose by SEK 6bn. Transaction flows from large corporates and financial institutions have increased since 2013 as a result of the strategy to deepen the bank's customer relationships.

Net commission income rose by 20 per cent year-on-year to SEK 1 687m. The current low interest rate environment and high stock prices have led to higher activity among the bank's corporate customers, which has increased income from corporate finance and lending. Swedbank participated in five of ten IPOs in Sweden during the period January-September, making it one of the two market leaders. During the third quarter net commission income rose by 13 per cent. Higher credit limits led to increased lending commissions, and higher activity increased card payment commissions. Activity and earnings from IPOs and bond issues were seasonally lower. During the third quarter Swedbank was a leading advisor in the real estate company Akelius's offering of preference shares. The bank's market share for Swedish issues was 18 per cent (19) in 2014. The corresponding figure in Norway was 15.5 per cent (15). This made Swedbank the third largest player in both Sweden and Norway.

Net gains and losses on financial items at fair value increased by 2 per cent year-on-year. During the third quarter customer activity in the markets was seasonally lower and net gains and losses on financial items decreased by 38 per cent. FX trading trended higher during the third quarter, while fixed income and equity trading was adversely affected by continued low volatility in the market. Income from bond trading decreased due to a slower pace of corporate bond issues. In addition, earnings from bond trading were negatively affected by the low interest rate environment.

Total expenses increased by 6 per cent compared with the same period in 2013. Staff costs rose as a result of salary revisions and because of a conscious effort to expand advisory services for bond issues and corporate finance. New product development, investments in the cash management area and IT investments in the wake of increased regulatory requirements raised expenses for IT and IT-related staff. Expenses increased by 4 per cent compared with the previous quarter, mainly related to staff, IT operations and consultants.

Credit impairments amounted to SEK 270m during the third quarter. The loss was attributable to increased provisions for a single, previously known problem loan in the retail sector. The share of impaired loans was 0.36 per cent (0.38). Credit quality in the loan portfolio has remained good.

The REA increased by SEK 2bn during the quarter to SEK 119bn. The REA for credit risks rose by SEK 2.3bn, mainly due to increased corporate lending. The REA for market risks decreased by SEK 0.8bn, and the credit valuation adjustment (CVA risk) increased the amount by SEK 0.5bn.

Large Corporates & Institutions *is responsible for Swedbank's offering to customers with revenues above SEK 2 billion and those whose needs are considered complex due to multinational operations or a need for sophisticated financing solutions. The business segment is also responsible for developing corporate and capital market products for other parts of the bank and the Swedish savings banks. LC&I works closely with customers, who receive advice on decisions that create sustainable profits and growth. The business segment has around 1 100 employees at branches in Sweden, Norway, Estonia, Latvia, Lithuania, Finland, Luxembourg, China and the US.*

Baltic Banking

- Lower interest rates adversely affected net interest income for the quarter
- Good business activity is easing income pressure from euro introduction
- No financial impact from conflict between Russia and Ukraine

Income statement

SEKm	Q3 2014	Q2 2014	%	Q3 2013	%	Jan-Sep 2014	Jan-Sep 2013	%
Net interest income	865	894	-3	807	7	2 633	2 312	14
Net commission income	500	522	-4	446	12	1 451	1 279	13
Net gains and losses on financial items at fair value	60	62	-3	98	-39	175	232	-25
Other income	88	118	-25	102	-14	315	290	9
Total income	**1 513**	**1 596**	**-5**	**1 453**	**4**	**4 574**	**4 113**	**11**
Staff costs	186	193	-4	184	1	566	578	-2
Variable staff costs	19	19	0	19	0	58	46	26
Other expenses	374	374	0	373	0	1 112	1 069	4
Depreciation/amortisation	36	35	3	33	9	107	99	8
Total expenses	**615**	**621**	**-1**	**609**	**1**	**1 843**	**1 792**	**3**
Profit before impairments	**898**	**975**	**-8**	**844**	**6**	**2 731**	**2 321**	**18**
Impairment of intangible assets		1				1		
Impairment of tangible assets	3	3	0	1		1	7	-86
Credit impairments	-59	-16		-147	-60	-176	-260	-32
Operating profit	**954**	**987**	**-3**	**990**	**-4**	**2 905**	**2 574**	**13**
Tax expense	142	158	-10	84	69	437	211	
Profit for the period	812	829	-2	906	-10	2 468	2 363	4
Profit for the period attributable to the shareholders of Swedbank AB	**812**	**829**	**-2**	**906**	**-10**	**2 468**	**2 363**	**4**
Return on allocated equity, %	15.7	15.6		16.5		15.5	14.1	
Loan/deposit ratio, %	97	99		106		97	106	
Credit impairment ratio, %	-0.19	-0.06		-0.50		-0.20	-0.30	
Cost/income ratio	0.41	0.39		0.42		0.40	0.44	
Loans, SEKbn	121	122	-1	117	3	121	117	3
Deposits, SEKbn	125	122	2	110	14	125	110	14
Full-time employees	3 846	3 822	1	4 040	-5	3 846	4 040	-5

Development January - September
Profit for the nine-month period amounted to SEK 2 468m (2 363), an increase of 4 per cent. Income rose year-on-year, mainly due to increased business activity and repricing, while expenses in local currency decreased. Recoveries were lower. Tax expenses increased. Changes in exchange rates improved profit for the period by SEK 116m.

Net interest income increased by 8 per cent in local currency compared with the nine-month period in 2013 and was positively affected by repricing, increased deposit volumes and higher average Euribor rates. Changes in exchange rates increased net interest income by SEK 125m. Net interest income in local currency dropped 4 per cent in the third quarter, mainly due to significantly lower market interest rates.

Lending volumes were stable in local currency compared with 31 December 2013. Consumer lending increased and corporate lending was stable, while leasing and private mortgages decreased. The lending portfolio increased in Lithuania, was stable in Estonia and decreased in Latvia. During the third quarter the loan portfolio grew slightly despite geopolitical concerns. Swedbank's market share for lending was 29 per cent as of 30 June (28 as of 31 December 2013).

Deposit volumes increased by 2 per cent in local currency during the nine-month period. Volumes increased in Estonia and Lithuania, while in Latvia they have been stable since the transition to the euro at the beginning of the year. Swedbank's market share in deposits was 29 per cent as of 30 June (28 per cent as of 31 December 2013). The loan-to-deposit ratio was 97 per cent (100 per cent as of 31 December 2013).

Net commission income rose by 8 per cent in local currency compared with the nine-month period 2013. The improvement was mainly due to increased customer activity, as reflected by increased card related income and higher asset management volumes following the stock market's positive performance. The number of active customers has increased by 63 000 since 30 September 2013 to 2.6 million. Net commission income was negatively affected during the nine-month period by about SEK 59m by the euro transition in Latvia, which resulted in fewer international payments. During the second quarter one-off income of SEK 35m was posted for the reversal of a previous provision for a fine levied on the Lithuanian operations.

Net gains and losses on financial items at fair value decreased by 28 per cent in local currency compared with the same period in 2013. The decrease was mainly due to lower income of SEK 56m from the Latvian FX trading business – a result of the euro transition. During the first nine months other income rose by 4 per cent in local currency compared with the same period in 2013. Due to a VAT refund of SEK 16m on transfer pricing of invoices in Latvia during the second quarter. Insurance-related income decreased.

Total expenses decreased by 2 per cent in local currency year-on-year. Expenses for staff and premises decreased, while IT and regulatory expenses increased. The number of full time employees was 5 per cent lower than on 30 September 2013 and the number of branches has been reduced by 13 to 170 in the last 12 months, of which 40 are now cash-smart branches (6 on 30 September 2013) with a focus on advisory services. On 23 July Lithuania formally received approval for euro adoption on 1 January 2015. Expenses related to euro conversion in Lithuania and Latvia are estimated at SEK 84m in 2014, of which SEK 46m has been recognised thus far this year. The cost-income ratio improved during the nine-month period to 0.40 (0.44).

Net recoveries amounted to SEK 176m, compared with SEK 260m in the first nine months of 2013. All three countries reported recoveries. Swedbank is taking preventive measures to help its customers that could be affected by the current geopolitical situation. No major spillover effects have been observed on business activity or customers' finances.

Impaired loans continued to decrease in all three countries during the nine-month period to SEK 4.2bn (5.0 as of 31 December 2013). Credit quality has improved to such a level that impaired loans are now decreasing at a more moderate pace than in the last two years.

The REA decreased by SEK 1bn during the quarter to SEK 82.3bn. The REA for credit risks accounted for the decrease. Positive rating migrations, mainly of large corporates, and updated market valuations reduced the REA for private mortgages, mainly in Latvia. A few new overdue corporate loans in Estonia also contributed to the decrease. Higher lending led to an increase in the REA, where the largest change related to corporate lending in Lithuania.

In 2014 Swedbank adopted a new policy on profit distributions from the Baltic operations, whereby around 60 per cent of earnings generated in the Baltic subsidiaries as of 2014 will be distributed to the parent company, Swedbank AB. Profit in Estonia is not taxed until distribution, which means that deferred tax is now recognised on the estimated distribution from Estonia, even though it will not be paid until the first quarter 2015. For the first nine months of 2014 deferred tax of SEK 158m has been recognised for future distributions.

During the third quarter Swedbank came fourth in an annual Baltic survey of "Most Loved Brands", which includes global companies. The three companies ahead of Swedbank were Google, Facebook and Gmail. In the category of favourite brand in the Baltic financial sector, Swedbank was the highest-ranked company.

Swedbank is the largest bank *by number of customers in Estonia, Latvia and Lithuania, with around 4 million private customers and more than 250 000 corporate customers. According to surveys, Swedbank is also the most respected company in the financial sector. Through its digital channels (Telephone Bank, Internet Bank and Mobile Bank) and branches, the bank is always available. Swedbank is part of the local community. Its local social engagement is expressed in many ways, with initiatives to promote education, entrepreneurship and social welfare. Swedbank has 50 branches in Estonia, 51 in Latvia and 69 in Lithuania. The various product areas are described on page 20.*

Group Functions & Other

Income statement

SEKm	Q3 2014	Q2 2014	%	Q3 2013	%	Jan-Sep 2014	Jan-Sep 2013	%
Net interest income	716	419	71	498	44	1 559	1 419	10
Net commission income	-10	-14	-29	3		-55	-34	62
Net gains and losses on financial items at fair value	338	82		-343		97	-773	
Share of profit or loss of associates	1			1	0	1	3	-67
Other income	248	249	0	434	-43	819	1 055	-22
Total income	**1 293**	**736**	**76**	**593**		**2 421**	**1 670**	**45**
Staff costs	772	819	-6	783	-1	2 401	2 368	1
Variable staff costs	57	60	-5	47	21	170	170	0
Other expenses	-733	-615	19	-615	19	-1 901	-1 777	-7
Depreciation/amortisation	87	89	-2	101	-14	266	289	-8
Total expenses	**183**	**353**	**-48**	**316**	**-42**	**936**	**1 050**	**-11**
Profit before impairments	**1 110**	**383**		**277**		**1 485**	**620**	
Impairment of intangible assets							114	
Impairment of tangible assets	16	66	-76	94	-83	222	375	-41
Credit impairments	-19			-23	-17	-19	-21	-10
Operating profit	**1 113**	**317**		**206**		**1 282**	**152**	
Tax expense	227	117	94	58		349	93	
Profit for the period from continuing operations	**886**	**200**		**148**		**933**	**59**	
Profit for the period from discontinued operations, after tax	-2	-230	-99	-15	-87	-259	-2 292	-89
Profit for the period	884	-30		133		674	-2 233	
Profit for the period attributable to the shareholders of Swedbank AB	**884**	**-30**		**133**		**673**	**-2 234**	
Non-controlling interests						1	1	0
Full-time employees	4 168	4 294	-3	4 195	-1	4 168	4 195	-1

Development January - September

Income for Group Functions & Other consists of net interest income and net gains and losses on financial items, which mainly come from Group Treasury. Other income primarily consists of revenue from the savings banks as well as sales revenue and operating income from Ektornet. Income amounted to SEK 2 421m (1 670). Net gains and losses on financial items at fair value within Group Treasury improved mainly due to the effects of falling interest rates and lower credit spreads. Sales activity within Ektornet has slowed since the portfolio has already been largely sold off, which has reduced other income.

Expenses for Group Functions & Other decreased by 11 per cent to SEK 936m (1 050) compared with the same period in 2013. Excluding the net of services purchased and sold internally, expenses increased by 1 per cent to SEK 5 021m (4 953). The increase was mainly due to one-off expenses of SEK 136m in connection with the move of the head office and higher IT development expenses and staff costs. This was partly offset by lower expenses in Ektornet, where property management expenses are dropping as the portfolio is divested.

Ektornet's property values were written down by SEK 220m (375) during the year, of which SEK 16m related to the third quarter. The writedowns are attributable to Ukraine and the US.

Group Products

Swedbank's product operations, Group Products (GP), are centralised at the Group level to create a more responsive and customer-driven product range and an efficient product organisation. Consisting of around 1 700 employees in Sweden, Estonia, Latvia and Lithuania, GP is responsible for a large part of Swedbank's product areas. It is also tasked with supporting the business areas by reducing the complexity of the product range and simplifying sales in the various distribution channels. The product areas GP is responsible for – lending and deposits, payments, cards, asset management and insurance – are described in more detail starting on page 20. GP also comprises the subsidiary Swedbank Franchise AB, which in turn includes the real estate (Fastighetsbyrån and Svensk Fastighetsförmedling) and business brokerages (Företagsförmedling) and a legal service provider (Juristbyrån).

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

Expenses, excluding the net of services purchased and sold internally, amounted to SEK 2 445m (2 367) for the nine-month period. The cost increase was mainly due to increased expenses for IT, marketing and depreciation.

Group Treasury

Group Treasury is responsible for the bank's funding, liquidity and capital planning. The Group's equity is allocated to each business segment on the basis of capital adequacy rules and how much capital is needed based on the bank's Internal Capital Adequacy Assessment Process (ICAAP). Group Treasury prices all internal deposit and loan flows in the Group through internal interest rates, where the most important parameters are maturity, interest fixing period, currency and need for liquidity reserves.

Group Treasury's result over time should be nearly nil, with the exception of earnings that may arise in debt and liquidity management within given risk mandates. Risk hedging by Group Treasury is generally achieved with financial instruments. The volatility in results over time is largely due to accounting-based fluctuations in these hedges.

Net interest income for the nine-month period 2014 increased to SEK 1 646m, compared with SEK 1 517m in the same period in 2013. Falling market interest rates, especially in the second and third quarters, have benefited net interest income in 2014. During the third quarter net interest income improved to SEK 742m (457), which can be attributed to falling interest rates.

Net gains and losses on financial items at fair value for the nine-month period amounted to SEK 161m, compared with SEK -783m in the same period in the previous year. The main reasons for the improved result were falling interest rates, lower credit spreads and lower repurchase volumes. During the third quarter a positive one-off currency effect of SEK 78m was posted, while the second quarter was positively affected by a change in the value of a strategic shareholding of SEK 80m. Net gains and losses for the third quarter amounted to SEK 327m, compared with SEK 81m in the second quarter. The third quarter also benefited from the positive effects from falling interest rates.

Profit for the nine-month period for Group Treasury amounted to SEK 1 377m (493).

Russia

The Russian operations are reported since 2013 as discontinued operations. The result for discontinued operations for the period January-September was SEK -267m (-2 299). In the first half of 2013 the Ukrainian operations were included in discontinued operations and affected the result by SEK -2 236m, of which SEK -1 875m was reclassified to the income statement from other comprehensive income when the business was sold. A corresponding reclassification of SEK -223m was made during the second quarter 2014 for the winding down of the Russian operations.

Swedbank's net lending in Russia (including leasing) amounted to SEK 0.8bn as of 30 September. The lending portfolio in Russia, mainly consisting of good quality corporate loans, is decreasing as customers amortise their loans.

Group Functions & Other *consists of centralised business support units: Group Products, Group Staffs, and the remains of previous operations in Russia. Group staffs, which comprise Accounting & Finance (including Group Treasury and Communications), Risk, IT, Compliance, Public Affairs, HR and Legal, operate across business areas and serve as strategic and administrative support.*

Eliminations

Income statement

SEKm	Q3 2014	Q2 2014	%	Q3 2013	%	Jan-Sep 2014	Jan-Sep 2013	%
Net interest income				-1		4	2	
Net commission income	19	19		26	-27	54	63	
Net gains and losses on financial items at fair value								
Other income	-69	-70		-95	27	-217	-243	
Total income	**-50**	**-51**		**-70**	**-29**	**-159**	**-178**	
Staff costs								
Variable staff costs								
Other expenses	-50	-51		-70	-29	-159	-178	
Depreciation/amortisation								
Total expenses	**-50**	**-51**		**-70**	**-29**	**-159**	**-178**	

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

Product areas

Swedbank is a market leader in many product areas, including asset management, cards, payments and mortgage lending. Responsibility for the product units rests with Group Products (Group Functions & Other), but the results are reported in several legal units and in the three business segments.

Lending/deposits

Swedbank's lending operations are concentrated in Sweden, Estonia, Latvia, Lithuania and Norway. Lending products account for 62 per cent of the assets on Swedbank's balance sheet. Swedbank's total lending to private customers and corporations amounted to SEK 1 287bn as of 30 September (1 215 as of 31 December 2013). Household lending represented the largest part, with mortgages to private customers in Sweden accounting for about 56 per cent. Swedbank is also a major player in corporate lending in Sweden, with lending of SEK 365bn. Its market share was 18 per cent as of 31 August (17 per cent as of 31 December 2013). Swedbank has a dominant position in property-related lending, which accounts for SEK 157bn, as well as in the forestry and agricultural sector, which accounts for SEK 68bn. In the Baltic countries Swedbank is the largest lender, with market shares of 19-34 per cent. Estonia, where Swedbank has a market share of slightly over 34 per cent, accounts for nearly half of the Baltic loan portfolio. Of Swedbank's total lending, the Baltic countries account for 9 per cent. Lending in the Baltic countries amounted to SEK 121bn, about half of which is to households and half to companies. Major sectors for corporate lending in the Baltic countries include commercial real estate and manufacturing.

Strong growth in the Swedish mortgage market has continued in 2014, with an annual growth rate of 5.8 per cent as of 31 August. Swedbank's aggregate market share was 25 per cent as of 31 August. Its share of market growth was 24 per cent for the first eight months of the year. Lending is geographically spread throughout the country.

Higher capital requirements for mortgages, coupled with a growing demand for transparency from customers and authorities, are creating new opportunities for Swedish mortgage lenders. For customers this means that Swedbank will be clearer about the factors that determine how we price mortgages, making it easier for them to see how they can affect their mortgage costs.

Through the Swedish Bankers' Association, Sweden's banks promote a sound lending culture. At mid-year 2014 the association tightened its amortisation recommendation for mortgages, requiring borrowers to amortise down to a 70 per cent loan-to-value ratio (previously 75 per cent) within 10-15 years. As a result, Swedbank is seeing an increasing share of amortising customers with a loan-to-value ratio over 70 per cent.

Swedbank is also a major player in deposits in its home markets. Total deposit volumes as of 30 September amounted to SEK 667bn (599), of which SEK 358bn (341) was to private customers and SEK 309bn (258) to corporate customers. Nearly 75 per cent of Swedbank's total deposit volumes are in Sweden.

For more information on Swedbank's lending and deposits, see each business segment.

Payment operations

Swedbank is a leader in payment and cash management products in its four home markets. Growth in the payment area is a function of economic growth and customers' increasing use of payment means other than cash. For example, Swish, a mobile payment service shared with other Swedish banks, is growing steadily and is now used by 1.7 million private customers. Since its launch in June, a new version of Swish for small businesses and organisations has attracted 3 600 business customers of Swedbank and the savings banks.

The payment area is strongly affected by changes in the operating environment. Rapid technological developments are creating a challenge in the form of increased competition, especially from e-commerce companies. Swedbank is well equipped in this regard in terms of infrastructure, economies of scale and its long track record of strong consumer protection, an important factor as e-commerce grows. Over time regulatory changes will increase competition in selected parts of the payment area, which will have to be addressed mainly with cost efficiencies.

A growing share of customers is managing their payments digitally. Today over 3 million of the bank's customers in Sweden and 2.2 million in the Baltic countries have access to payment services through the Internet Bank and the Mobile Bank. The number of transactions through these channels grew by 13 per cent during the first nine months of 2014 year-on-year. Users of Mobile BankID, which facilitates online and mobile payments, are steadily increasing in number and now exceed 1 200 000, compared with 760 000 on 30 September 2013.

During the third quarter Swedbank launched a trade finance solution that simplifies complex international transactions for companies by allowing them to use a single system even when multiple banks are involved.

Payments **Net commission income, SEKm**	**Jan-Sep** **2014**	**Jan-Sep** **2013**	**%**
Net commission income	707	737	-4
of which Nordic countries	293	367	-20
of which Baltic countries	414	370	12

Net commission income from payments decreased by 4 per cent year-on-year. The main reason was the outsourcing of ATMs in the second quarter 2013 to Bankomat AB, which is jointly owned by the five largest Swedish banks. This is reducing net commission income; however, excluding the cost increases related to the outsourcing, net commission income for payments is increasing.

Domestic payments saw volume growth of 4 per cent, while income related to domestic payments in Sweden and the Baltic countries rose by 4 per cent and 12 per cent, respectively.

Commission income from international payments decreased by 4 per cent in Sweden and 16 per cent in the Baltic countries. The large decrease in the Baltic countries relates to the euro adoption in Latvia. Commission expenses for international payments decreased due to lower processing expenses.

Commission income from other payments (e.g. e-payments) increased by 12 per cent in the Baltic countries but decreased by 3 per cent in the Nordic countries.

Payments Key figures	Jan-Sep 2014	Jan-Sep 2013	%
International payments (million)	7.8	7.4	5
of which Sweden	3.5	3.3	6
of which Baltic countries	4.3	4.1	5
Domestic payments (million) [1)]	648.2	624.8	4
of which Sweden	479.7	461.5	4
of which Baltic countries	168.5	163.3	3
E-services payments (million) [2)]	246.4	133.7	84
of which Sweden	218.4	117.2	86
of which Baltic countries	28.0	16.6	69
Factoring portfolio, SEKm	4 198	4 227	-1
of which Sweden	2 274	2 201	3
of which Baltic countries	1 924	2 026	-5

[1)] Domestic payments include salary and mass payments, giro payments, direct debit payments, internet payments.
[2)] E-payments include e-invoices, bank link payments, mobile phone top-up transactions, number of signed transactions and ID transactions through E-ID/BankID.

Card business

Swedbank issues cards to the public and acquires card payments from merchants via card terminals and online payments in all its home markets as well as in Norway, Denmark and Finland. Swedbank is Europe's fifth largest card payment acquirer based on the number of transactions. Market shares in the bank's home markets range from 50 to 70 per cent. Swedbank is also the 11th largest card issuer in Europe based on number of transactions.

Customers are increasingly making retail purchases by card. In Sweden 80 per cent of retail purchases are by card, the highest percentage in the EU. In Estonia the corresponding figure is 50 per cent and in Lithuania and Latvia it is lower but steadily growing. The Swedish and Estonian markets are expected to continue to grow by about 9 per cent. In Latvia and Lithuania growth is estimated at 20 to 30 per cent annually. During the first nine months of the year the value of payments with Swedbank cards in Sweden grew by 8 per cent compared with the same period in 2013. During the same period ATM transactions decreased by 6 per cent in both number and volume. The trend in Estonia is similar. In Lithuania, where Swedbank created a programme to encourage greater card use, card payments are increasing significantly (28 per cent), while cash withdrawals are declining. While card payments are seeing increased growth, competition in the market is increasing as well. This is leading to price pressure, which in turn requires simpler internal processes and smarter, more cost-effective solutions.

In card issuance the biggest growth opportunities in the bank's home markets are in the area of corporate cards, where Swedbank has traditionally been weaker. The bank's large number of small business customers provides good potential to grow this business.

As digitisation increases, so does e-commerce, an important growth area for Swedbank. E-payments with Swedbank's debit cards increased by 14 per cent during the first nine months of the year, compared with an increase of 8 per cent for brick-and-mortar purchases. Mobile phones are also being used increasingly for e-commerce and card payments. In April Swedbank launched Babs Micro, a mobile card acceptance terminal that allows small businesses and associations to accept card payments by mobile phone. Since its launch in May, over 600 companies have signed up for the service.

Large international companies also recognise the value of mobile online payments. Apple is launching a new service this year in the US – Apple Pay – based on payments by MasterCard, Visa or American Express on the new Apple iPhones. This service is expected to reach Europe in 2016, when Swedbank cardholders with the latest iPhone versions should be able to link their Swedbank card to Apple Pay.

Card related income SEKm	Jan-Sep 2014	Jan-Sep 2013	%
Total income, SEKm	2 578	2 238	15
of which Nordic countries	1 332	1 288	3
of which Baltic countries	609	531	15
of which Entercard[1)]	638	419	52

[1)] Swedbank's share of the profit or loss of the associated company Entercard.

Total card income increased by 15 per cent year-on-year. Card issuance income in Sweden rose by SEK 80m, in line with an increase in transactions of 10 per cent. Card issuance income rose in the Baltic countries, by SEK 75m, owing to increased card usage.

Income from the card payment acquisition business in the Nordic region decreased slightly due to price pressure and higher expenses for interbank fees as a result of increased credit card volumes and increased expenses to Visa and MasterCard.

Key ratios, cards	Jan-Sep 2014	Jan-Sep 2013	%
Acquired transactions, million	1 445	1 310	10
of which Nordic countries	1 224	1 108	10
of which Baltic countries	220	202	9
Acquired volumes, SEKbn	353	323	9
of which Nordic countries	321	295	9
of which Baltic countries	32	28	15
Issued cards, millon	7.7	7.8	-1
of which Nordic countries	3.9	3.9	0
of which Baltic countries	3.8	3.9	-3
Number of card purchases, million	979	887	10
of which Nordic countries	723	664	9
of which Baltic countries	256	223	15

Asset management business

Asset management operations are conducted through the Swedbank Robur group in Swedbank's four home markets and in Norway. Robur is the leader in Sweden, with a market share of 22.9 per cent in terms of assets under management. Fund assets under management amounted to SEK 677bn (581) on 30 September, of which the Swedish operations accounted for SEK 649bn. Discretionary assets under management amounted to SEK 319bn (266).

Of the total net inflow to the Swedish fund market, the majority was to fixed income funds (SEK 66bn) and mixed funds (SEK 39bn) during the nine-month period. Equity funds reported a positive inflow of SEK 4bn during the same period. The inflow to equity funds with passive management and lower management fees was SEK 8bn. The third quarter's flows showed similar trends, with inflows to fixed income funds and mixed funds and slight outflows from equity funds.

The total net inflow to Swedbank Robur's funds in Sweden was SEK 16bn, including SEK 3bn during the third quarter. This includes inflows to fixed income funds (SEK 3bn) and mixed funds (SEK 2bn), while equity funds posted a further outflow of SEK 3bn. Swedbank's market share of net inflows has improved to 13.4 per cent (10.4) during the first nine months, which is still lower than the share of assets under management. The inflow to discretionary asset management was SEK 28bn during the nine-month period.

Asset management Key ratios, SEKbn	**Jan-Sep 2014**	**Jan-Sep 2013**	**%**
Total income, SEKm	3 348	3 003	11
Assets under management	677	581	17
of which Sweden	649	560	16
of which Baltic countries	23	19	25
of which Norway	5	2	
Discretionary asset management	319	266	20
of which Sweden	317	264	20
of which Baltic countries	2	2	0

Income from asset management products during the nine-month period increased by 11 per cent year-on-year. The improvement is mainly due to the market's positive development, which increased average assets under management by 17 per cent. At the same time income has come under pressure from the shift to lower-margin products. Compared with the second quarter income increased by SEK 8m, mainly due to a positive stock market.

Insurance business

Swedbank has life insurance operations in all its home markets. In the Swedish market it is the seventh largest company, with a market share of about 7 per cent in terms of premium income. In Estonia and Lithuania Swedbank is the largest life insurance company, with market shares of 36 and 21 per cent respectively. Its market share in Latvia is 18 per cent. Non-life insurance is offered in the Baltic countries as well, with solutions primarily for private customers. Here the market share is 14 per cent in Estonia and 3 per cent in Latvia. In Lithuania, where the non-life business was launched in 2011, the market share is 1 per cent. Non-life insurance is offered in Sweden via a third-party solution through the insurance company Tre Kronor. Insurance products are sold through the distribution channels of Swedbank and the savings banks.

Premium payments SEKm	**Jan-Sep 2014**	**Jan-Sep 2013**	**%**
Sweden	11 563	10 730	8
of which collective occupational pensions	3 317	2 986	11
of which endowment insurance	5 556	5 290	5
of which occupational pensions	1 649	1 479	11
of which risk insurance	558	504	11
of which other	484	470	3
Baltic countries	888	750	18
of which life insurance	547	463	18
of which non-life insurance	342	287	19

During the nine-month period premium income in the life insurance business increased by 8 per cent compared with the same period in 2013. Demand for pension and insurance products will remain high for the foreseeable future, because of which there is potential to increase sales among existing customers, since only 20 per cent of the corporate customers of Swedbank and the savings banks have an occupational pension solution from Swedbank Försäkring. Premium payments from occupational pensions, including collective occupational pensions, increased by 11 per cent year-on-year. This is partly because the portfolio has grown and partly due to transfers from other insurers, which have risen by 49 per cent to SEK 1 134m, of which SEK 441m is capital transferred from collective occupational pensions. Swedbank is positive to the debate on expanded rights to transfer pension capital. Expanded transfer rights, combined with a simplified process, will increase the potential for further growth among existing customers. Swedbank's share of the total transfer market is nearly 7 per cent, making us the eighth largest company in this market.

Although parts of the insurance market (mainly customised occupational pension solutions) have high margins, a large part of new savings will be in low-margin products. To offer competitive services in the long term, Swedbank has made efficiencies and automation of internal processes a priority. Swedbank does not consider the fees currently charged in parts of the occupational pension market to be sustainable in the current low interest rate environment.

The collectively negotiated ITP plan's 1.5 million private sector employees are one of the fastest growing areas of the occupational pension market. Since July 2013, when Swedbank became a provider of choice, around

12 000 new agreements have been signed and SEK 468m has been transferred from other insurers.

Baltic countries

The number of savings products sold by Swedbank in the Baltic countries rose by 30 per cent year-on-year. The corresponding increase for risk products is 45 per cent. More new saving products sold mean higher premium income, which rose by 12 per cent in local currency compared with the same period in 2013. To meet the increased demand, Swedbank is the only life insurance company in the Baltic countries to offer its customers internet-based solutions for electronic identification, which make it possible to apply for and revise insurance policies and file claims.

Premium income for non-life insurance in the Baltic operations grew by 13 per cent in local currency year-on-year. Increases were reported for every product, but especially home insurance, where advertising campaigns and more active sales by bank branches have led to higher volumes.

Assets under management

Assets under management SEKbn	30 Sep 2014	31 Dec 2013	%
Sweden	130.8	118.2	11
of which collective occupational pensions	54.9	47.6	15
of which endowment insurance	52.7	49.6	6
of which occupational pensions	14.2	12.4	14
of which other	8.9	8.6	4
Baltic countries	3.8	3.1	20
of which life insurance	3.8	3.1	20

Assets under management in the Swedish insurance operations rose by 11 per cent to SEK 130.8bn during the nine-month period, of which SEK 114.0bn relates to unit linked and deposit insurance. The increase was due to higher stock prices and a positive net inflow. Assets under management in the Baltic life insurance company rose by 7 per cent in local currency, mainly due to increased unit linked insurance.

Income

Insurance related income SEKm	Jan-Sep 2014	Jan-Sep 2013	%
Sweden	1 095	1 101	-1
of which life insurance	1 056	1 049	1
of which non-life insurance	39	52	-25
Baltic countries	287	284	1
of which life insurance	130	146	-11
of which non-life insurance	157	138	14
Total insurance related income	**1 383**	**1 385**	**0**

Swedbank's total insurance related income amounted to SEK 1 383m (1 385). Income from the Swedish life business rose by 1 per cent, with higher assets under management resulting in increased income from savings products. At the same time the result for risk products and the return on equity decreased. The result for risk products was lower because 2013 contained a reversal of risk reserves due to revised assumptions about future claims. The return on equity has declined due to lower interest rates. The decrease in Swedish non-life insurance is the result of positive one-off effects in 2013.

Income for the Baltic life business amounted to SEK 130m, a decrease of 15 per cent in local currency year-on-year. The decrease is mainly because low interest rates have led to higher provisions to cover guaranteed returns in traditional asset management. The result from the company's core business, savings and risk, continues to rise. Income for the Baltic non-life business increased mainly due to an improved risk result, mainly because of a mild and relatively snow-free winter. The claims ratio for the period was 55 per cent, compared with 57 per cent in the same period of 2013.

Financial information - contents

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

Income statement, condensed

Group SEKm	Q3 2014	Q2 2014	%	Q3 2013	%	Jan-Sep 2014	Jan-Sep 2013	%
Interest income	10 343	10 461	-1	10 867	-5	31 343	33 049	-5
Interest expenses	-4 514	-4 940	-9	-5 226	-14	-14 510	-16 646	-13
Net interest income (note 5)	**5 829**	**5 521**	**6**	**5 641**	**3**	**16 833**	**16 403**	**3**
Commission income	4 150	4 060	2	3 683	13	12 084	10 735	13
Commission expenses	-1 334	-1 247	7	-1 163	15	-3 762	-3 302	14
Net commission income (note 6)	**2 816**	**2 813**	**0**	**2 520**	**12**	**8 322**	**7 433**	**12**
Net gains and losses on financial items at fair value (note 7)	799	773	3	170		1 917	1 023	87
Insurance premiums	422	471	-10	376	12	1 386	1 293	7
Insurance provisions	-299	-337	-11	-247	21	-979	-827	18
Net insurance	**123**	**134**	**-8**	**129**	**-5**	**407**	**466**	**-13**
Share of profit or loss of associates	221	410	-46	240	-8	887	643	38
Other income	362	804	-55	525	-31	1 559	1 318	18
Total income	**10 150**	**10 455**	**-3**	**9 225**	**10**	**29 925**	**27 286**	**10**
Staff costs	2 469	2 901	-15	2 328	6	7 807	7 077	10
Other expenses (note 8)	1 508	1 846	-18	1 488	1	4 964	4 569	9
Depreciation/amortisation	187	172	9	179	4	538	518	4
Total expenses	**4 164**	**4 919**	**-15**	**3 995**	**4**	**13 309**	**12 164**	**9**
Profit before impairments	**5 986**	**5 536**	**8**	**5 230**	**14**	**16 616**	**15 122**	**10**
Impairment of intangible assets (note 14)		1				1	170	-99
Impairment of tangible assets	19	69	-72	95	-80	223	382	-42
Credit impairments (note 9)	235	30		-56		165	92	79
Operating profit	**5 732**	**5 436**	**5**	**5 191**	**10**	**16 227**	**14 478**	**12**
Tax expense	1 164	1 063	10	998	17	3 301	2 887	14
Profit for the period from continuing operations	**4 568**	**4 373**	**4**	**4 193**	**9**	**12 926**	**11 591**	**12**
Profit for the period from discontinued operations, after tax	-2	-230	-99	-15	-87	-259	-2 292	-89
Profit for the period	4 566	4 143	10	4 178	9	12 667	9 299	36
Profit for the period attributable to the shareholders of Swedbank AB	**4 560**	**4 139**	**10**	**4 172**	**9**	**12 652**	**9 289**	**36**
of which profit for the period from continuing operations	4 562	4 369	4	4 187	9	12 911	11 581	11
of which profit for the period from discontinued operations	-2	-230	-99	-15	-87	-259	-2 292	-89
Non-controlling interests	6	4	50	6	0	15	10	50
of which profit for the period from continuing operations	6	4	50	6	0	15	10	50
of which profit for the period from discontinued operations								

Statement of comprehensive income, condensed

Group SEKm	Q3 2014	Q2 2014	%	Q3 2013	%	Jan-Sep 2014	Jan-Sep 2013	%
Profit for the period reported via income statement	**4 566**	**4 143**	**10**	**4 178**	**9**	**12 667**	**9 299**	**36**
Items that will not be reclassified to the income statement								
Remeasurements of defined benefit pension plans	-1 090	337		506		-974	2 582	
Share related to associates	-28	-6		13		-41	22	
Income tax	246	-72		-114		224	-571	
Total	**-872**	**259**		**405**		**-791**	**2 033**	
Items that may be reclassified to the income statement								
Exchange differences, foreign operations								
Gains/losses arising during the period	-225	1 065		-669	-66	997	73	
Reclassification adjustments to income statement, profit for the period from discontinued operation		508				508	1 875	-73
Hedging of net investments in foreign operations:								
Gains/losses arising during the period	140	-853		576	-76	-861	17	
Reclassification adjustments to income statement, profit for the period from discontinued operations		-365				-365		
Cash flow hedges:								
Gains/losses arising during the period	69	3		-32		-7	-98	93
Reclassification adjustments to income statement, net interest income	-23	4		24		-14	71	
Share of other comprehensive income of associates	45	1		-43		74	-105	
Income tax								
Income tax	-39	178		-123	-68	193	2	
Reclassification adjustments to income statement, profit for the period from discontinued operations		80				80		
Total	**-33**	**621**		**-267**	**-88**	**605**	**1 835**	
Other comprehensive income for the period, net of tax	**-905**	**880**		**138**		**-186**	**3 868**	
Total comprehensive income for the period	**3 661**	**5 023**	**-27**	**4 316**	**-15**	**12 481**	**13 167**	**-5**
Total comprehensive income attributable to the shareholders of Swedbank AB	**3 655**	**5 019**	**-27**	**4 310**	**-15**	**12 466**	**13 157**	**-5**
Non-controlling interests	6	4	50	6	0	15	10	50

For 2014 a cumulative expense of SEK 791m (income of SEK 2 033) has been recognised in other comprehensive income after tax, including the remeasurements of defined benefit pension plans in associates. Since the beginning of the year market interest rates have fallen significantly, because of which the discount rate used to calculate the closing pension obligation was lowered from 3.44% to 2.66%. Declining interest rates, primarily during the second quarter, meant that the inflation assumption used in the same calculation had to be reassessed. Previously the Riksbank’s inflation target of 2.00% had been used. As of 1 July 2014 the inflation assumption is instead based on a weighted average of an inflation assumption for each cash flow’s maturity that the debt represents. For maturities where liquid nominal and index linked government bonds exist, the inflation assumption is measured as the difference between the nominal and index linked market rate. For the period beyond the bonds’ maturities, the inflation assumption is gradually adapted to the Riksbank’s inflation target. Taken together, this led to a reduction in the inflation assumption to 1.68% as of 30 September 2014. As a result of the revised inflation assumption, the nominal assumption used for annual wage increases was reduced as well, to 3.68% as of 30 September 2014 from 4.00% at the beginning of the year. The lower inflation assumption offsets the effect of a lower discount rate in the debt calculation. The revised assumptions as of 30 September 2014 do not, however, affect the estimated pension cost recognised in the income statement for 2014.

Cumulatively for 2014 a positive exchange difference of SEK 997m (73) was recognised for the Group's foreign net investments in subsidiaries. In addition, an exchange rate difference of SEK 73m for the Group's foreign net investments in associates is included in Share related to associates. The income from subsidiaries and associates arose due to the depreciation of the Swedish krona against the euro, the Lithuanian currency (which is correlated with the euro) and the Norwegian krone. The net income of SEK 1 070m is not taxable. Since the large part of the Group's foreign net assets is hedged against currency risk, a loss of SEK 861m (17) before tax arose related to the hedging instruments. The Group’s Russian operations have been reported as discontinued operations since 2013. During the second quarter 2014 the majority of the Russian net assets in roubles were discontinued as a result of sales and repayments. As a result, the cumulative exchange rate differences on the net assets amounting to SEK -508m and the cumulative currency result for hedging instruments amounting to SEK 365m before tax were reclassified from other comprehensive income the income statement.

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

Key ratios

Group	Q3 2014	Q2 2014	Q3 2013	Jan-Sep 2014	Jan-Sep 2013
Earnings per share, continuing operations, SEK	4.14	3.96	3.82	11.72	10.55
after dilution	4.10	3.94	3.79	11.63	10.48
Earnings per share, discontinued operations, SEK	0.00	-0.21	-0.02	-0.23	-2.09
after dilution	0.00	-0.21	-0.02	-0.23	-2.09
Earnings per share, total operations, SEK[1)]	4.14	3.75	3.80	11.49	8.46
after dilution[1)]	4.10	3.73	3.77	11.40	8.39
Equity per share, SEK	101.08	97.65	96.29	101.08	96.29
Return on equity, continuing operations, %	16.6	16.6	16.2	15.9	15.2
Return on equity, total operations, %	16.6	15.8	16.1	15.6	12.2
Credit impairment ratio, %	0.07	0.01	-0.02	0.02	0.01

[1)] Including deduction of the preference share dividend, earnings per share for Jan-Sep 2013 were SEK 6.84 for total operations after dilution. The calculations are specified on page 53.

Balance sheet, condensed

Group SEKm	30 Sep 2014	31 Dec 2013	%	30 Sep 2013	%
Assets					
Cash and balance with central banks	158 041	59 382		132 001	20
Loans to credit institutions (note 10)	95 818	82 278	16	75 743	27
Loans to the public (note 10)	1 340 580	1 264 910	6	1 248 266	7
Value change of interest hedged item in portfolio hedge	994	62		-200	
Interest-bearing securities	193 665	182 399	6	152 609	27
Financial assets for which customers bear the investment risk	137 138	122 743	12	118 694	16
Shares and participating interests	10 689	7 109	50	6 782	58
Investments in associates	4 973	3 640	37	3 376	47
Derivatives (note 18)	93 697	64 352	46	62 804	49
Intangible fixed assets (note 14)	13 969	13 658	2	13 333	5
Investment properties	159	685	-77	1 190	-87
Tangible assets	2 904	3 140	-8	3 565	-19
Current tax assets	1 062	895	19	1 322	-20
Deferred tax assets	623	417	49	425	47
Other assets	16 335	9 578	71	6 586	
Prepaid expenses and accrued income	6 720	6 992	-4	7 075	-5
Group of assets classified as held for sale (note 25)	1 106	1 862	-41	2 000	-45
Total assets	**2 078 473**	**1 824 102**	**14**	**1 835 571**	**13**
Liabilities and equity					
Amounts owed to credit institutions (note 15)	142 658	121 621	17	119 358	20
Deposits and borrowings from the public (note 16)	686 426	620 608	11	623 550	10
Debt securities in issue (note 17)	826 826	726 275	14	742 632	11
Financial liabilities for which customers bear the investment risk	139 887	125 548	11	121 069	16
Derivatives (note 18)	73 287	55 011	33	58 488	25
Current tax liabilities	265	1 893	-86	1 148	-77
Deferred tax liabilities	2 301	2 383	-3	2 861	-20
Short positions, securities	25 183	17 519	44	15 276	65
Other liabilities	31 749	14 269		16 563	92
Accrued expenses and prepaid income	12 312	14 194	-13	14 193	-13
Provisions	7 467	4 698	59	4 381	70
Subordinated liabilities	18 395	10 159	81	9 996	84
Liabilities directly associated with group of assets classified as held for sale (note 25)	122	219	-44	225	-46
Equity	111 595	109 705	2	105 831	5
of which non-controlling interests	175	165	6	159	10
of which attributable to shareholders of Swedbank AB	111 420	109 540	2	105 672	5
Total liabilities and equity	**2 078 473**	**1 824 102**	**14**	**1 835 571**	**13**

Statement of changes in equity, condensed

Group SEKm	Shareholders' equity							Non-controlling interests	Total equity
	Share capital	Other contri-buted equity[1]	Exchange differences, subsidiaries and associates	Hedging of net investments in foreign operations	Cash flow hedges	Retained earnings	Total		
January-September 2013									
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						323	323		323
Deferred tax related to share based payments to employees						40	40		40
Associates' acquisition of shares in Swedbank AB						-14	-14		-14
Associates' disposal of shares in Swedbank AB						14	14		14
Total comprehensive income for the period			1 841	13	-19	11 322	13 157	10	13 167
Closing balance 30 September 2013	**24 904**	**17 275**	**-2 007**	**1 014**	**-61**	**64 547**	**105 672**	**159**	**105 831**
January-December 2013									
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 to 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 period			3 015	-708	-97	14 677	16 887	16	16 903
Closing balance 31 December 2013	**24 904**	**17 275**	**-833**	**293**	**-139**	**68 040**	**109 540**	**165**	**109 705**
January-September 2014									
Opening balance 1 January 2014	**24 904**	**17 275**	**-833**	**293**	**-139**	**68 040**	**109 540**	**165**	**109 705**
Dividends						-11 133	-11 133	-5	-11 138
Share based payments to employees						347	347		347
Deferred tax related to share based payments to employees						-8	-8		-8
Current tax related to share based payments to employees						42	42		42
Associates' disposal of shares in Swedbank AB						166	166		166
Total comprehensive income for the period			1 577	-958	-15	11 862	12 466	15	12 481
Closing balance 30 September 2014	**24 904**	**17 275**	**744**	**-665**	**-154**	**69 316**	**111 420**	**175**	**111 595**

[1] Other contributed equity consists mainly of share premiums.

Cash flow statement, condensed

Group SEKm	Jan-Sep 2014	Full-year 2013	Jan-Sep 2013
Operating activities			
Operating profit	16 227	19 355	14 478
Profit for the period from discontinued operations	-259	-2 340	-2 292
Adjustments for non-cash items in operating activities	-1 004	-500	-215
Taxes paid	-5 172	-2 961	-2 705
Increase/decrease in loans to credit institutions	-8 942	2 597	8 767
Increase/decrease in loans to the public	-65 492	-28 775	-15 573
Increase/decrease in holdings of securities for trading	-11 610	-46 814	-16 978
Increase/decrease in deposits and borrowings from the public including retail bonds	49 965	37 772	43 884
Increase/decrease in amounts owed to credit institutions	18 412	-1 811	-2 888
Increase/decrease in other assets	-26 261	32 732	35 013
Increase/decrease in other liabilities	69 375	-35 606	-35 700
Cash flow from operating activities	**35 239**	**-26 351**	**25 791**
Investing activities			
Business combinations	-2 918	-213	
Business disposals	-744	119	119
Acquisitions of and contributions to associates	-814	-4	-2
Acquisitions of other fixed assets and strategic financial assets	-1 125	-835	-241
Disposals/maturity of other fixed assets and strategic financial assets	830	2 482	1 417
Cash flow from investing activities	**-4 771**	**1 549**	**1 293**
Financing activities			
Issuance of interest-bearing securities	96 259	103 085	88 703
Redemption of interest-bearing securities	-116 277	-126 236	-118 504
Issuance of commercial paper etc.	545 265	493 982	379 934
Redemption of commercial paper etc.	-446 595	-506 627	-364 530
Dividends paid	-11 138	-10 885	-10 885
Cash flow from financing activities	**67 514**	**-46 681**	**-25 282**
Cash flow for the period	**97 982**	**-71 483**	**1 802**
Cash and cash equivalents at the beginning of the period	**59 382**	**130 058**	**130 058**
Cash flow for the period	97 982	-71 483	1 802
Exchange rate differences on cash and cash equivalents	677	807	141
Cash and cash equivalents at end of the period	**158 041**	**59 382**	**132 001**

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

Note 1 Accounting policies

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

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

The accounting policies applied in the interim report conform to those applied in the Annual Report for 2013, which was prepared in accordance with International Financial Reporting Standards as adopted by the European Union and interpretations thereof. There have been no significant changes to the Group's Accounting policies set out in the Annual Report for 2013, except for the adoption of new and revised standards as set out below.

Consolidated financial statements (IFRS 10)
IFRS 10 replaces the rules on consolidation in IAS 27, Consolidated and Separate Financial Statements and SIC 12, Consolidation - Special Purpose Entities. The new standard established a single definition of control and requires companies to consolidate the entities it controls. Control over another entity exists when the reporting company is capable of managing the other entity, is exposed or entitled to a variable return and is able to use its power over the entity to affect the return. The implementation of IFRS 10 resulted in the consolidation of an investment fund that was previously not consolidated. See Note 28 for the impacts of adoption.

Other IFRS changes

Other new or amended standards or interpretations which have been adopted did not have a significant effect on the financial position, results or disclosures of the Group or the parent company. For more information, refer to pages 74 and 75 of the Annual Report for 2013.

Future changes to IFRS

Annual improvements 2010-2012, 2011-2013 and 2012-2014

The annual improvements amend the current standards for presentation, recognition or measurement and other editorial corrections. The improvements apply to financial years beginning on or after 1 July 2014 (2010-2012 and 2011-2013) and 1 January 2016 (2012-2014) and have not yet been approved by the EU. Adoption is not expected to have a significant effect on the Group's financial position or results.

Revenue from Contracts with Customers (IFRS 15)

IFRS 15 was issued in May 2014 and establishes the principles for reporting useful information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. The standard introduces a five-step model with the recognition and measurement requirements and new disclosures. The standard is applicable from 1 January 2017 and has not yet been approved by the EU. The impacts on the Group's financial reports are still being assessed by the Group.

Financial instruments (IFRS 9)

IFRS 9 is the replacement of IAS 39 *Financial Instruments: Recognition and Measurement* and was issued on 24 July 2014. The standard includes requirements for recognition, classification and measurement, impairment, derecognition and general hedge accounting. The standard has been issued in phases, with the 2014 version replacing all previous versions. IFRS 9 is mandatorily effective from 1 January 2018, with early adoption permitted. The standard has not been approved by the EU and there is no current timetable on when endorsement is expected. The impacts on the Group's financial reports are still being assessed by the Group.

New rules on the classification and measurement of financial assets reduce the number of valuation categories and instead focus on the company's business model with respect to how its financial assets are used and whether contractual cash flows represent only nominal amounts and interest. IFRS 9 also introduces an anticipated credit loss model, which eliminates the requirement to identify default events. The new model takes a three-stage approach based on whether significant changes in credit risk have occurred.

The rules for financial liabilities are essentially unchanged compared with IAS 39. The biggest change is that fair value movements due to own credit risk in financial liabilities that have irrevocably been designated as at fair value may be recognized in other comprehensive income rather than in profit or loss. The new general rules on hedge accounting allow entities to better reflect their risk management activities in financial reports.

For more detail on the changes, refer to page 75 of the Annual Report for 2013.

Effect on capital requirements, etc.

The annual improvements are not expected to materially affect the Group's capital requirements, the capital base or large exposures.

Note 2 Critical accounting estimates

Presentation of consolidated financial statements in conformity with IFRS requires the executive management to make judgments and estimates that affect the recognised amounts for assets, liabilities and disclosures of contingent assets and liabilities as of the closing day as well as the recognised income and expenses during the report period. The executive management continuously evaluates these judgments and estimates, including: assessing control over investment funds; fair value of financial instruments, provisions for credit impairments; impairment testing of goodwill, investment properties and owner-occupied properties, net realisable value of properties recognised as inventory, deferred taxes, defined benefit pension provisions and shared-based payment costs. With the exception of tax for the Estonian subsidiary as outlined below, there have been no significant changes to the basis upon which the critical accounting policies and judgments have been determined compared to 31 December 2013.

Tax

For the parent company's Estonian subsidiary, Swedbank AS, income taxation is triggered only if dividends are paid. The parent company determines the dividend payment. For profits generated from 1 January 2014, the parent company has introduced a dividend policy in respect of Swedbank AS that approximately 60 per cent of the profit before tax will be distributed as a dividend. Hence, a deferred tax liability is recognised on these profits. For profits generated prior to 1 January 2014, a dividend is as previously not expected to be paid in the foreseeable future; therefore the Group continues to not recognise a deferred tax liability.

Note 3 Changes in the Group structure

External

During the first quarter 2014, the wholly owned Latvian subsidiary Ektornet Kr. Valdemara was sold. The company's principal asset was a property in Moscow, Russia. The proceeds from the sale of the company amounted to SEK 139m and a capital gain of SEK 83m was recognised.

On 20 May, Swedbank AB acquired all the shares in Sparbanken Öresund AB for SEK 2 938m. On the same date, immediately after the share purchase, Sparbanken Öresund AB sold a number of bank branches to Sparbanken Skåne AB for SEK 1 847m with no capital gain or loss. See note 24 Business combination.

Note 4 Operating segments (business areas)

Jan-Sep 2014 SEKm	Swedish Banking	Large Corporates & Institutions	Baltic Banking	Group Functions & Other	Eliminations	Group
Income statement						
Net interest income	10 048	2 589	2 633	1 559	4	16 833
Net commission income	5 185	1 687	1 451	-55	54	8 322
Net gains and losses on financial items at fair value	151	1 494	175	97		1 917
Share of profit or loss of associates	886			1		887
Other income	948	101	315	819	-217	1 966
Total income	**17 218**	**5 871**	**4 574**	**2 421**	**-159**	**29 925**
of which internal income	132	-2		-355	225	
Staff costs	3 250	983	566	2 401		7 200
Variable staff costs	158	221	58	170		607
Other expenses	4 694	1 218	1 112	-1 901	-159	4 964
Depreciation/amortisation	114	51	107	266		538
Total expenses	**8 216**	**2 473**	**1 843**	**936**	**-159**	**13 309**
Profit before impairments	**9 002**	**3 398**	**2 731**	**1 485**		**16 616**
Impairment of intangible assets			1			1
Impairment of tangible assets			1	222		223
Credit impairments	99	261	-176	-19		165
Operating profit	**8 903**	**3 137**	**2 905**	**1 282**		**16 227**
Tax expense	1 848	667	437	349		3 301
Profit for the period from continuing operations	7 055	2 470	2 468	933		12 926
Profit for the period from discontinued operations, after tax				-259		-259
Profit for the period	7 055	2 470	2 468	674		12 667
Profit for the period attributable to the shareholders of Swedbank AB	**7 041**	**2 470**	**2 468**	**673**		**12 652**
Non-controlling interests	14			1		15
Balance sheet, SEKbn						
Cash and balances with central banks		5	2	151		158
Loans to credit institutions	43	287		201	-435	96
Loans to the public	1 005	214	121	1		1 341
Bonds and other interest-bearing securities		72	1	129	-8	194
Financial assets for which customers bear inv. risk	136		2		-1	137
Investments in associates	3			2		5
Derivatives		108		40	-54	94
Total tangible and intangible assets	3		11	3		17
Other assets	8	27	13	712	-724	36
Total assets	**1 198**	**713**	**150**	**1 239**	**-1 222**	**2 078**
Amounts owed to credit institutions	78	223		271	-429	143
Deposits and borrowings from the public	405	120	125	42	-6	686
Debt securities in issue	2	14	1	822	-12	827
Financial liabilities for which customers bear inv. risk	137		3			140
Derivatives		105		22	-54	73
Other liabilities	540	235		26	-721	80
Subordinated liabilities				18		18
Total liabilities	**1 162**	**697**	**129**	**1 201**	**-1 222**	**1 967**
Allocated equity	36	16	21	38		111
Total liabilities and equity	**1 198**	**713**	**150**	**1 239**	**-1 222**	**2 078**
Key figures						
Return on allocated equity, continuing operations, %	28.0	21.2	15.5	3.3		15.9
Return on allocated equity, total operations, %	28.0	21.2	15.5	2.4		15.6
Cost/income ratio	0.48	0.42	0.40	0.39		0.44
Credit impairment ratio, %	0.01	0.16	-0.20	-0.57		0.02
Loan/deposit ratio, %	250	154	97	1		193
Loans, SEKbn	1 005	161	121			1 287
Deposits, SEKbn	402	104	125	36		667
Risk exposure amount, Basel 3, SEKbn	181	120	82	27		410
Full-time employees	5 448	1 142	3 846	4 168		14 604

Jan-Sep 2013 SEKm	Swedish Banking	Large Corporates & Institutions	Baltic Banking	Group Functions & Other	Eliminations	Group
Income statement						
Net interest income	10 172	2 498	2 312	1 419	2	16 403
Net commission income	4 715	1 410	1 279	-34	63	7 433
Net gains and losses on financial items at fair value	95	1 469	232	-773		1 023
Share of profit or loss of associates	640			3		643
Other income	563	119	290	1 055	-243	1 784
Total income	**16 185**	**5 496**	**4 113**	**1 670**	**-178**	**27 286**
of which internal income	147	3	3	-444	291	
Staff costs	2 609	852	578	2 368		6 407
Variable staff costs	163	291	46	170		670
Other expenses	4 307	1 148	1 069	-1 777	-178	4 569
Depreciation/amortisation	89	41	99	289		518
Total expenses	**7 168**	**2 332**	**1 792**	**1 050**	**-178**	**12 164**
Profit before impairments	**9 017**	**3 164**	**2 321**	**620**		**15 122**
Impairment of intangible assets		56		114		170
Impairment of tangible assets			7	375		382
Credit impairments	198	175	-260	-21		92
Operating profit	**8 819**	**2 933**	**2 574**	**152**		**14 478**
Tax expense	1 901	682	211	93		2 887
Profit for the period from continuing operations	6 918	2 251	2 363	59		11 591
Profit for the period from discontinued operations, after tax				-2 292		-2 292
Profit for the period	6 918	2 251	2 363	-2 233		9 299
Profit for the period attributable to the shareholders of Swedbank AB	**6 909**	**2 251**	**2 363**	**-2 234**		**9 289**
Non-controlling interests	9			1		10
Balance sheet, SEKbn						
Cash and balances with central banks		5	2	125		132
Loans to credit institutions	37	311	1	186	-459	76
Loans to the public	925	201	117	5		1 248
Bonds and other interest-bearing securities		48	1	110	-6	153
Financial assets for which customers bear inv. risk	117		2			119
Investments in associates	2			1		3
Derivatives		83		22	-42	63
Total tangible and intangible assets	3		10	6		19
Other assets	8	18	2	709	-714	23
Total assets	**1 092**	**666**	**135**	**1 164**	**-1 221**	**1 836**
Amounts owed to credit institutions	77	195		301	-454	119
Deposits and borrowings from the public	378	103	110	37	-4	624
Debt securities in issue		15	1	740	-13	743
Financial liabilities for which customers bear inv. risk	119		2			121
Derivatives		79		22	-43	58
Other liabilities	486	259		17	-707	55
Subordinated liabilities				10		10
Total liabilities	**1 060**	**651**	**113**	**1 127**	**-1 221**	**1 730**
Allocated equity	32	15	22	37		106
Total liabilities and equity	**1 092**	**666**	**135**	**1 164**	**-1 221**	**1 836**
Key figures						
Return on allocated equity, continuing operations, %	28.1	16.6	14.1	0.3		15.2
Return on allocated equity, total operations, %	28.1	16.6	14.1	-10.4		12.2
Cost/income ratio	0.44	0.42	0.44	0.63		0.45
Credit impairment ratio, %	0.03	0.10	-0.30	-0.10		0.01
Loan/deposit ratio, %	244	208	106	14		202
Loans, SEKbn	925	148	117	5		1 195
Deposits, SEKbn	378	71	110	33		592
Risk exposure amount, Basel 2, SEKbn	200	128	87	27		442
Full-time employees	4 961	1 068	4 040	4 195		14 264

Operating segments' accounting policies

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

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

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

Note 5 Net interest income

Group SEKm	Q3 2014	Q2 2014	%	Q3 2013	%	Jan-Sep 2014	Jan-Sep 2013	%
Interest income								
Loans to credit institutions	174	222	-22	175	-1	596	581	3
Loans to the public	9 758	9 864	-1	10 369	-6	29 443	31 244	-6
Interest-bearing securities	635	642	-1	516	23	1 843	1 542	20
Derivatives	-125	-42		-55		-308	167	
Other	197	176	12	106	86	544	340	60
Total interest income	**10 639**	**10 862**	**-2**	**11 111**	**-4**	**32 118**	**33 874**	**-5**
of which interest income reported in net gains and losses on financial items at fair value	296	401	-26	244	21	775	825	-6
Interest income according to income statement	**10 343**	**10 461**	**-1**	**10 867**	**-5**	**31 343**	**33 049**	**-5**
Interest expenses								
Amounts owed to credit institutions	-93	-177	-47	-181	-49	-400	-534	-25
Deposits and borrowings from the public	-684	-964	-29	-1 207	-43	-2 632	-3 815	-31
of which deposit guarantee fees	-147	-138	7	-129	14	-429	-416	3
Debt securities in issue	-4 118	-4 321	-5	-4 438	-7	-12 919	-14 089	-8
of which commissions for government guaranteed funding		-12		-21		-31	-109	-72
Subordinated liabilities	-205	-201	2	-126	63	-547	-502	9
Derivatives	664	670	-1	619	7	1 964	1 965	0
Other	-164	-144	14	-147	12	-451	-421	7
of which government stabilisation fund fee	-140	-133	5	-131	7	-405	-377	7
Total interest expenses	**-4 600**	**-5 137**	**-10**	**-5 480**	**-16**	**-14 985**	**-17 396**	**-14**
of which interest income reported in net gains and losses on financial items at fair value	-86	-197	-56	-254	-66	-475	-750	-37
Interest expense according to income statement	**-4 514**	**-4 940**	**-9**	**-5 226**	**-14**	**-14 510**	**-16 646**	**-13**
Net interest income	**5 829**	**5 521**	**6**	**5 641**	**3**	**16 833**	**16 403**	**3**
Net interest margin	**1.16**	**1.13**		**1.21**		**1.14**	**1.16**	

Note 6 Net commission income

Group SEKm	Q3 2014	Q2 2014	%	Q3 2013	%	Jan-Sep 2014	Jan-Sep 2013	%
Commission income								
Payment processing	439	438	0	442	-1	1 317	1 293	2
Card commissions	1 203	1 107	9	1 089	10	3 294	3 013	9
Service concepts	123	122	1	112	10	370	328	13
Asset management and custody fees	1 462	1 442	1	1 284	14	4 240	3 747	13
Life insurance	131	128	2	129	2	383	384	0
Brokerage and other securities	144	180	-20	109	32	512	399	28
Corporate finance	56	124	-55	54	4	306	187	64
Lending	259	242	7	211	23	756	626	21
Guarantees	56	58	-3	46	22	160	136	18
Deposits	40	12		33	21	99	98	1
Real estate brokerage	79	83	-5	46	72	228	126	81
Non-life insurance	20	21	-5	17	18	58	62	-6
Other commission income	138	103	34	111	24	361	336	7
Total commission income	**4 150**	**4 060**	**2**	**3 683**	**13**	**12 084**	**10 735**	**13**
Commission expenses								
Payment processing	-269	-224	20	-258	4	-746	-673	11
Card commissions	-570	-520	10	-510	12	-1 568	-1 383	13
Service concepts	-4	-4	0	-4	0	-12	-12	0
Asset management and custody fees	-320	-309	4	-253	26	-893	-744	20
Life insurance	-56	-61	-8	-56	0	-171	-168	2
Brokerage and other securities	-58	-85	-32	-42	38	-218	-198	10
Lending and guarantees	-19	-11	73	-13	46	-44	-41	7
Other commission expenses	-38	-33	15	-27	41	-110	-83	33
Total commission expenses	**-1 334**	**-1 247**	**7**	**-1 163**	**15**	**-3 762**	**-3 302**	**14**
Total Net commission income	**2 816**	**2 813**	**0**	**2 520**	**12**	**8 322**	**7 433**	**12**

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

Group SEKm	Q3 2014	Q2 2014	%	Q3 2013	%	Jan-Sep 2014	Jan-Sep 2013	%
Valuation category, fair value through profit or loss								
Shares and share related derivatives	55	185	-70	-131		204	38	
of which dividend	6	187	-97	10	-40	302	245	23
Interest-bearing securities and interest related derivatives	1 613	6 169	-74	-3 968		9 083	3 082	
Loans	377	687	-45	-3		1 519	-2 725	
Financial liabilities	-1 952	-6 444	-70	3 907		-9 864	-235	
Other financial instruments	-2	-1	100	-1	100	-4	8	
Total fair value through profit or loss	**91**	**596**	**-85**	**-196**		**938**	**168**	
Hedge accounting								
Ineffective part in hedge accounting at fair value	38	-52		-25		-5	-47	-89
of which hedging instruments	1 584	2 755	-43	-654		5 910	-7 674	
of which hedged items	-1 546	-2 807	-45	629		-5 915	7 627	
Ineffective part in hedging of net investments in foreign operations		8		-8		10	-44	
Total hedge accounting	**38**	**-44**		**-33**		**5**	**-91**	
Loan receivables at amortised cost	**113**			**45**		**113**	**103**	**10**
Financial liabilities valued at amortised cost	**-66**	**36**				**-2**	**-131**	**-98**
Trading related interest								
Interest income	295	402	-27	244	21	775	825	-6
Interest expense	-87	-197	-56	-254	-66	-476	-750	-37
Total trading related interest	**208**	**205**	**1**	**-10**		**299**	**75**	
Change in exchange rates	**415**	**-20**		**364**	**14**	**564**	**899**	**-37**
Total net gains and losses on financial items at fair value	**799**	**773**	**3**	**170**		**1 917**	**1 023**	**87**

Distribution by business purpose

Financial instruments for trading related business	**55**	**806**	**-93**	**404**	**-86**	**1 379**	**1 525**	**-10**
Financial instruments intended to be held to contractual maturity	**744**	**-33**		**-234**		**538**	**-502**	
Total	**799**	**773**	**3**	**170**		**1 917**	**1 023**	**87**

Note 8 Other expenses

Group SEKm	Q3 2014	Q2 2014	%	Q3 2013	%	Jan-Sep 2014	Jan-Sep 2013	%
Premises and rents	274	422	-35	293	-6	1 060	874	21
IT expenses	445	463	-4	404	10	1 347	1 159	16
Telecommunications and postage	34	42	-19	32	6	118	107	10
Advertising, PR and marketing	92	104	-12	71	30	270	240	13
Consultants	72	188	-62	49	47	324	178	82
Compensation to savings banks	192	180	7	168	14	541	500	8
Other purchased services	144	159	-9	157	-8	470	469	0
Security transport and alarm systems	22	19	16	45	-51	62	186	-67
Supplies	20	26	-23	29	-31	84	88	-5
Travel	42	57	-26	38	11	152	134	13
Entertainment	13	11	18	11	18	35	32	9
Repair/maintenance of inventories	32	33	-3	47	-32	94	118	-20
Other expenses	126	142	-11	144	-13	407	484	-16
Total other expenses	**1 508**	**1 846**	**-18**	**1 488**	**1**	**4 964**	**4 569**	**9**

Note 9 Credit impairments

Group SEKm	Q3 2014	Q2 2014	%	Q3 2013	%	Jan-Sep 2014	Jan-Sep 2013	%
Provision for loans individually assessed as impaired								
Provisions	556	164		2		767	263	
Reversal of previous provisions	-88	-68	29	-73	21	-259	-263	-2
Provision for homogenous groups of impaired loans, net	-144	-101	43	-73	97	-335	-164	
Total	**324**	**-5**		**-144**		**173**	**-164**	
Portfolio provisions for loans individually assessed as not impaired	**-39**	**-18**		**-90**	**-57**	**-58**	**-165**	**-65**
Write-offs								
Established losses	298	351	-15	550	-46	961	1 891	-49
Utilisation of previous provisions	-149	-208	-28	-248	-40	-545	-1 126	-52
Recoveries	-181	-78		-98	85	-335	-263	27
Total	**-32**	**65**		**204**		**81**	**502**	**-84**
Credit impairments for contingent liabilities and other credit risk exposures	**-18**	**-12**	**50**	**-26**	**-31**	**-31**	**-81**	**-62**
Credit impairments	**235**	**30**		**-56**		**165**	**92**	**79**
Credit impairment ratio, %	0.07	0.01		-0.02		0.02	0.01	

Note 10 Loans

Group SEKm	30 Sep 2014 Loans before provisions	 Provisions	 Loans after provisions Carrying amount	31 Dec 2013 Loans after provisions Carrying amount	%	30 Sep 2013 Loans after provisions Carrying amount	%
Loans to credit institutions							
Banks	69 810	64	69 746	73 218	-5	68 725	1
Repurchase agreements, banks	11 234		11 234	5 498		6 759	66
Other credit institutions	8 453		8 453	1 342		77	
Repurchase agreements, other credit institutions	6 385		6 385	2 220		182	
Loans to credit institutions	**95 882**	**64**	**95 818**	**82 278**	**16**	**75 743**	**27**
Loans to the public							
Private customers	813 947	1 373	812 574	775 762	5	766 402	6
Private, mortgage	684 195	984	683 211	656 031	4	648 390	5
Housing cooperatives	94 828	40	94 788	87 135	9	85 353	11
Private,other	34 924	349	34 575	32 596	6	32 659	6
Corporate customers	477 114	2 257	474 857	438 953	8	428 102	11
Agriculture, forestry, fishing	71 763	115	71 648	67 912	6	67 592	6
Manufacturing	40 454	291	40 163	37 676	7	36 491	10
Public sector and utilities	22 783	30	22 753	21 410	6	20 798	9
Construction	17 217	76	17 141	14 531	18	14 469	18
Retail	31 221	607	30 614	28 816	6	30 304	1
Transportation	12 799	57	12 742	12 190	5	12 776	0
Shipping and offshore	26 926	165	26 761	25 472	5	24 105	11
Hotels and restaurants	6 638	50	6 588	5 937	11	5 917	11
Information and communications	5 812	12	5 800	4 509	29	2 944	97
Finance and insurance	12 078	14	12 064	17 670	-32	17 347	-30
Property management	188 797	431	188 366	165 480	14	157 632	19
Residential properties	49 156	116	49 040	46 248	6	44 137	11
Commercial	77 506	69	77 437	71 814	8	69 996	11
Industrial and Warehouse	39 057	26	39 031	30 054	30	26 150	49
Other	23 078	220	22 858	17 364	32	17 349	32
Professional services	17 034	249	16 785	14 548	15	14 357	17
Other corporate lending	23 592	160	23 432	22 802	3	23 370	0
Loans to the public excluding the Swedish National Debt Office and repurchase agreements	**1 291 061**	**3 630**	**1 287 431**	**1 214 715**	**6**	**1 194 504**	**8**
Swedish National Debt Office	2 332		2 332	2 257	3	2 603	-10
Repurchase agreements, Swedish National Debt Office				11 163			
Repurchase agreements, public	50 817		50 817	36 775	38	51 159	-1
Loans to the public	**1 344 210**	**3 630**	**1 340 580**	**1 264 910**	**6**	**1 248 266**	**7**
Loans to the public and credit institutions	**1 440 092**	**3 694**	**1 436 398**	**1 347 188**	**7**	**1 324 009**	**8**

Note 11 Impaired loans etc.

Group SEKm	30 Sep 2014	31 Dec 2013	%	30 Sep 2013	%
Impaired loans, gross	6 726	7 499	-10	9 212	-27
Provisions for individually assessed impaired loans	1 550	1 509	3	1 905	-19
Provision for homogenous groups of impaired loans	999	1 309	-24	1 665	-40
Impaired loans, net	**4 177**	**4 681**	**-11**	**5 642**	**-26**
of which private customers	1 835	2 073	-11	2 358	-22
of which corporate customers	2 342	2 608	-10	3 284	-29
Portfolio provisions for loans individually assessed as not impaired	1 145	1 256	-9	1 325	-14
Share of impaired loans, gross, %	0.47	0.55		0.69	
Share of impaired loans, net, %	0.29	0.35		0.43	
Provision ratio for impaired loans, %	38	38		39	
Total provision ratio for impaired loans, % [1)]	55	54		53	
Past due loans that are not impaired	**3 883**	**4 969**	**-22**	**5 250**	**-26**
of which past due 5-30 days	2 490	2 956	-16	3 146	-21
of which past due 31-60 days	1 141	1 059	8	1 261	-10
of which past due 61 days or more	252	954	-74	843	-70

[1)] Total provision i.e. all provisions for claims in relation to impaired loans, gross.

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

Group SEKm	30 Sep 2014	31 Dec 2013	%	30 Sep 2013	%
Buildings and land	1 035	2 010	-49	2 962	-65
Shares and participating interests	17	22	-23	32	-47
Other property taken over	14	19	-26	21	-33
Total assets taken over for protection of claims	**1 066**	**2 051**	**-48**	**3 015**	**-65**
Cancelled leases	44	63	-30	85	-48
Total assets taken over for protection of claims and cancelled leases	**1 110**	**2 114**	**-47**	**3 100**	**-64**
of which acquired by Ektornet	916	1 856	-51	2 772	-67

Note 13 Credit exposures

Group SEKm	30 Sep 2014	31 Dec 2013	%	30 Sep 2013	%
Assets					
Cash and balances with central banks	158 041	59 382		132 001	20
Interest-bearing securities	193 665	182 399	6	152 609	27
Loans to credit institutions	95 818	82 278	16	75 743	27
Loans to the public	1 340 580	1 264 910	6	1 248 266	7
Derivatives	93 697	64 352	46	62 804	49
Other financial assets	21 516	15 403	40	12 218	76
Total assets	**1 903 317**	**1 668 724**	**14**	**1 683 641**	**13**
Contingent liabilities and commitments					
Loan guarantees	26 998	21 937	23	21 793	24
Loan commitments	229 716	198 209	16	193 031	19
Total contingent liabilities and commitments	**256 714**	**220 146**	**17**	**214 824**	**19**
Total credit exposures	**2 160 031**	**1 888 870**	**14**	**1 898 465**	**14**

Note 14 Intangible assets

Group SEKm	30 Sep 2014	31 Dec 2013	%	30 Sep 2013	%
With indefinite useful life					
Goodwill	11 972	11 760	2	11 501	4
Total	**11 972**	**11 760**	**2**	**11 501**	**4**
With finite useful life					
Customer base	876	856	2	875	
Internally developed software	395	386	2	536	-26
Other	726	656	11	421	72
Total	**1 997**	**1 898**	**5**	**1 832**	**9**
Total intangible assets	**13 969**	**13 658**	**2**	**13 333**	**5**

Goodwill	Jan-Sep 2014	Full year 2013	%	Jan-Sep 2013	%
Cost					
Opening balance	**13 701**	**15 682**		**15 682**	
Additions through business combinations		19			
Disposals		-2 394		-2 394	
Exchange rate differences	445	394		106	
Closing balance	**14 146**	**13 701**		**13 394**	
Accumulated amortisation and impairments					
Opening balance	**-1 941**	**-4 230**		**-4 230**	
Impairments					
Disposals		2 394		2 394	
Exchange rate differences	-233	-105		-57	
Closing balance	**-2 174**	**-1 941**		**-1 893**	
Carrying amount	**11 972**	**11 760**		**11 501**	

Impairment testing of intangible assets

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

The annual test in 2013 did not lead to any impairment. As of 30 September 2014 there were no indications that warranted a new impairment test of goodwill.

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

Note 15 Amounts owed to credit institutions

Group SEKm	30 Sep 2014	31 Dec 2013	%	30 Sep 2013	%
Amounts owed to credit institutions					
Central banks	10 242	7 618	34	9 349	10
Banks	118 670	102 591	16	98 091	21
Other credit institutions	1 058	3 289	-68	3 015	-65
Repurchase agreements - banks	10 586	7 873	34	8 722	21
Repurchase agreements - other credit institutions	2 102	250		181	
Amounts owed to credit institutions	**142 658**	**121 621**	**17**	**119 358**	**20**

Note 16 Deposits and borrowings from the public

Group SEKm	30 Sep 2014	31 Dec 2013	%	30 Sep 2013	%
Deposits from the public					
Private customers	358 308	340 533	5	334 905	7
Corporate customers	308 741	258 132	20	257 274	20
Deposits from the public excluding the Swedish National Debt Office and repurchase agreements	**667 049**	**598 665**	**11**	**592 179**	**13**
Swedish National Debt Office	1	2	-50	1	0
Repurchase agreements - Swedish National Debt Office		7 829		2 154	
Repurchase agreements - public	19 376	14 112	37	29 216	-34
Deposits and borrowings from the public	**686 426**	**620 608**	**11**	**623 550**	**10**

Note 17 Debt securities in issue

Group SEKm	30 Sep 2014	31 Dec 2013	%	30 Sep 2013	%
Commercial paper	209 049	100 170		127 204	64
Covered bonds	490 903	510 930	-4	499 754	-2
recalculations according to IFRS 10		-1 431		-1 352	
Government guaranteed bonds		8 578		9 209	
Senior unsecured bonds	113 490	92 898	22	93 007	22
Structured retail bonds	13 384	13 699	-2	13 458	-1
Total debt securities in issue	**826 826**	**726 275**	**14**	**742 632**	**11**

Turnover during the period	Jan-Sep 2014	Full-year 2013	%	Jan-Sep 2013	%
Opening balance	**726 275**	**767 454**	**-5**	**767 454**	**-5**
Issued	634 690	597 067	6	468 637	35
Business combination	2 028				
Repurchased	-31 440	-46 476	-32	-44 234	-29
Repaid	-531 429	-582 361	-9	-434 773	22
Change in market value	13 173	-2 803		-5 360	
Changes in exchange rates	13 529	-5 175		-7 740	
Recalculations according to IFRS 10		-1 431		-1 352	
Closing balance	**826 826**	**726 275**	**14**	**742 632**	**11**

Note 18 Derivatives

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

Group SEKm	Nominal amount 30 Sep 2014 Remaining contractual maturity < 1 yr.	1-5 yrs.	> 5 yrs.	Nominal amount 2014 30 Sep	Nominal amount 2013 31 Dec	Positive fair value 2014 30 Sep	Positive fair value 2013 31 Dec	Negative fair value 2014 30 Sep	Negative fair value 2013 31 Dec
Derivatives in fair value hedges	77 694	260 587	52 161	390 442	391 918	20 060	15 208	574	1 196
Derivatives in portfolio fair value hedges	24 100	31 500	2 950	58 550	52 850	2	38	1 373	414
Derivatives in cash flow hedges	12	13 776	9 044	22 832	23 748	2		2 653	3 115
Derivatives in hedges of net investment in foreign operations	210			210	1 510	6	9		
Other derivatives	6 336 821	5 652 141	566 858	12 555 820	14 563 942	79 809	54 245	75 730	55 434
Offset amount						-6 182	-5 148	-7 043	-5 148
Total	**6 438 837**	**5 958 004**	**631 013**	**13 027 854**	**15 033 968**	**93 697**	**64 352**	**73 287**	**55 011**
of which cleared	2 348 510	2 514 750	90 361	4 953 621	3 090 375	1 494	1 696	1 629	2 364

The amounts offset for derivative assets and derivative liabilities include cash collateral offsets of SEK 1 456m and SEK 595m, respectively.

Note 19 Financial instruments carried at fair value

Group SEKm	30 Sep 2014 Fair value	30 Sep 2014 Carrying amount	30 Sep 2014 Difference	31 Dec 2013 Fair value	31 Dec 2013 Carrying amount	31 Dec 2013 Difference
Assets						
Financial assets covered by IAS 39						
Cash and balances with central banks	158 041	158 041		59 382	59 382	
Treasury bills etc.	60 033	59 960	73	56 852	56 814	38
Loans to credit institutions	95 818	95 818		82 231	82 278	-47
Loans to the public	1 348 199	1 340 580	7 619	1 270 138	1 264 910	5 228
Value change of interest hedged items in portfolio hedge	994	994	0	62	62	
Bonds and interest-bearing securities	133 712	133 705	7	125 579	125 585	-6
Financial assets for which the customers bear the investment risk	137 138	137 138		122 743	122 743	
Shares and participating interest	10 689	10 689		7 109	7 109	
Derivatives	93 697	93 697		64 352	64 352	
Other financial assets	21 517	21 517		15 403	15 403	
Total	**2 059 838**	**2 052 139**	**7 699**	**1 803 851**	**1 798 638**	**5 213**
Investment in associates		**4 973**			**3 640**	
Non-financial assets		**21 363**			**21 824**	
Total		**2 078 475**			**1 824 102**	
Liabilities						
Financial liabilities covered by IAS 39						
Amounts owed to credit institutions	142 658	142 658		121 621	121 621	
Deposits and borrowings from the public	686 409	686 426	-17	620 571	620 608	-37
Debt securities in issue	834 901	826 826	8 075	732 125	726 275	5 850
Financial liabilities for which the customers bear the investment risk	139 887	139 887		125 548	125 548	
Subordinated liabilities	18 375	18 395	-20	10 072	10 159	-87
Derivatives	73 287	73 287		55 011	55 011	
Short positions securities	25 183	25 183		17 519	17 519	
Other financial liabilities	40 507	40 507		24 987	24 987	
Total	**1 961 207**	**1 953 169**	**8 038**	**1 707 454**	**1 701 728**	**5 726**
Non-financial liabilities		**13 706**			**12 669**	
Total		**1 966 875**			**1 714 397**	

Group 30 Sep 2014 SEKm	Instruments with quoted market prices in active markets (Level 1)	Valuation techniques using observable market data (Level 2)	Valuation techniques using non-observable market data (Level 3)	Total
Determination of fair value from quoted market prices or valuation techniques				
Assets				
Treasury bills etc.	34 230	25 249		59 479
Loans to credit institutions		17 619		17 619
Loans to the public		352 684		352 684
Bonds and other interest-bearing securities	87 493	44 901		132 394
Financial assets for which the customers bear the investment risk	137 138			137 138
Shares and participating interests	10 494	117	78	10 689
Derivatives	1 266	92 351	80	93 697
Total	**270 621**	**532 921**	**158**	**803 700**
Liabilities				
Amounts owed to credit institutions		12 688		12 688
Deposits and borrowings from the public		20 027		20 027
Debt securities in issue	15 551	25 278		40 829
Financial liabilities for which the customers bear the investment risk		139 887		139 887
Derivatives	1 397	71 890		73 287
Short positions, securities	25 164	19		25 183
Total	**42 112**	**269 789**		**311 901**

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

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

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

The Group has a continuous process whereby financial instruments that indicate a high level of internal estimates or low level of observable market data are captured. The process determines the way to calculate and how the internal assumptions are expected to affect the valuation. In cases where internal assumptions have a material impact on fair value, the financial instrument is reported in level 3. The process also includes an analysis and evaluation based on the quality of the valuation data, if a type of financial instrument is to be transferred between levels. There were no transfers of financial instruments between valuation levels 1 and 2 during the quarter.

Group 31 Dec 2013 SEKm	Instruments with quoted market prices in an active market (Level 1)	Valuation techniques using observable market data (Level 2)	Valuation techniques using non-observable market data (Level 3)	Total
Determination of fair value from quoted market prices or valuation techniques				
Assets				
Treasury bills 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 other interest-bearing securities	92 285	32 347		124 632
Financial assets for which the customers bear the investment risk	122 743			122 743
Shares and participating interests	6 912	140	57	7 109
Derivatives	93	64 126	133	64 352
Total	**251 298**	**502 679**	**190**	**754 167**
Liabilities				
Amounts owed to credit institutions		8 123		8 123
Deposits and borrowings from the public		24 407		24 407
Debt securities in issue	27 950	26 294		54 244
Financial liabilities for which the customers bear the investment risk		125 548		125 548
Derivatives	762	54 230	19	55 011
Short positions, securities	17 519			17 519
Total	**46 231**	**238 602**	**19**	**284 852**

Changes in level 3	Assets				Liabilities
Group SEKm	**Debt securities**	**Equity instruments**	**Derivatives**	**Total**	**Derivatives**
January-September 2014					
Opening balance 1 January 2014		**57**	**133**	**190**	**19**
Purchases		21		**21**	
Sale of assets		-2		**-2**	
Transferred from Level 2 to Level 3		3	16	**19**	
Transferred from Level 3 to Level 2			-104	**-104**	-25
Gains or losses		-1	35	**34**	6
of which in the income statement, net gains and losses on financial items at fair value		-1	35	**34**	6
of which changes in unrealised gains or losses for items held at closing day		-1	16	**15**	
Closing balance 30 September 2014		**78**	**80**	**158**	**0**

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

To estimate the sensitivity in the volatility of the illiquid options, two types of shifts have been used. The shifts are based on the type of product and are considered reasonable changes. A decrease in volatility of 20 per cent would reduce the fair value of all options in level 3 by approximately SEK 16m. An increase in volatility of 20 per cent would raise the fair value of all options in level 3 by approximately SEK 21m. The corresponding pair of value changes arises for financial instruments reported in level 2.

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

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

Note 20 Pledged collateral

Group SEKm	30 Sep 2014	31 Dec 2013	%	30 Sep 2013	%
Loan receivables	767 835	740 215	4	731 343	5
Financial assets pledged for policyholders	131 227	118 627	11	114 256	15
Other assets pledged	68 396	41 376	65	39 344	74
Pledged collateral	**967 458**	**900 218**	**7**	**884 943**	**9**

Note 21 Offsetting financial assets and liabilities

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

	Assets			Liabilities		
Group SEKm	30 Sep 2014	31 Dec 2013	%	30 Sep 2014	31 Dec 2013	%
Financial assets and liabilities, which have been offset or are subject to netting or similar agreements						
Gross amount	166 978	128 021	30	112 532	94 332	19
Offset amount	-8 793	-10 454	-16	-9 654	-10 454	-8
Net amounts presented in the balance sheet	**158 185**	**117 567**	**35**	**102 878**	**83 878**	**23**
Related amounts not offset in the balance sheet						
Financial instruments, netting arrangements	83 177	59 977	39	83 177	59 977	39
Financial Instruments, collateral	40 659	40 093	1	7 694	14 455	-47
Cash, collateral	19 196	10 757	78	10 154	7 440	36
Total amount not offset in the balance sheet	**143 032**	**110 827**	**29**	**101 025**	**81 872**	**23**
Net amount	**15 153**	**6 740**		**1 853**	**2 006**	**-8**

The amounts offset for derivative assets and derivative liabilities include cash collateral offsets of SEK 1 456m and SEK 595m, respectively.

Note 22 Capital adequacy consolidated situation

Capital adequacy Basel 3[1)] SEKm	30 Sep 2014	31 Dec 2013	% or pp	30 Sep 2013	% or pp
Common Equity Tier 1 capital	**84 667**	**80 826**	**5**	**80 433**	**5**
Additional Tier 1 capital	5 024	5 545	-9	5 664	-11
Tier 1 capital	**89 691**	**86 371**	**4**	**86 097**	**4**
Tier 2 capital	12 288	4 655		4 724	
Total capital base	**101 979**	**91 026**	**12**	**90 821**	**12**
Risk exposure amount	**409 637**	**440 620**	**-7**	**445 960**	**-8**
Common Equity Tier 1 capital ratio, %	**20.7**	**18.3**	**2.3**	**18.0**	**2.6**
Tier 1 capital ratio, %	**21.9**	**19.6**	**2.3**	**19.3**	**2.6**
Total capital ratio, %	**24.9**	**20.7**	**4.2**	**20.4**	**4.5**

Capital adequacy[2)] SEKm	Basel 3 30 Sep 2014	Basel 2 31 Dec 2013	Basel 2 30 Sep 2013
Shareholders' equity according to the Group's balance sheet	111 420	109 540	105 672
Non-controlling interests	41	165	159
Anticipated dividend	-9 656	-11 100	-8 374
Deconsolidation of insurance companies	-2 006	-1 982	-2 504
Associated companies consolidated according to purchase method		2 251	2 216
Value changes in own financial liabilities	76	92	82
Cash flow hedges	153	139	62
Goodwill	-12 064	-11 198	-10 940
Deferred tax assets	-171	-399	-440
Intangible assets	-1 716	-1 943	-1 839
Net provisions for reported IRB credit exposures	-1 410	-959	-931
Common Equity Tier 1 capital	**84 667**	**84 606**	**83 163**
Tier 1 capital contributions	5 024	5 536	5 504
Shares deducted from Tier 1 capital		-1 527	-1 488
Total Tier 1 capital	**89 691**	**88 615**	**87 179**
Tier 2 instrument	12 288	4 643	4 511
Net provisions for reported IRB credit exposures		-959	-931
Shares deducted from Tier 2 capital		-1 527	-1 488
Total Tier 2 capital	**12 288**	**2 157**	**2 092**
Total capital base	**101 979**	**90 772**	**89 271**
Capital requirement for credit risks, standardised approach	3 751	1 936	1 815
Capital requirement for credit risks, IRB	22 186	28 041	27 535
Capital requirement for credit risk, default fund contribution	3		
Capital requirement for settlement risks	5	3	5
Capital requirement for market risks	1 401	1 688	1 488
Trading book	1 195	1 095	867
of which VaR and SVaR	619	530	421
of which risks outside VaR and SVaR	576	565	446
FX risk other operations	206	593	621
Capital requirement for credit value adjustment	680		
Capital requirement for operational risks	4 745	4 486	4 486
Capital requirement	**32 771**	**36 154**	**35 329**
Risk exposure amount credit risks	324 243	374 711	366 871
Risk exposure amount settlement risks	62	40	64
Risk exposure amount market risks	17 516	21 103	18 599
Risk exposure amount credit value adjustment	8 506		
Risk exposure amount operational risks	59 310	56 077	56 077
Risk exposure amount	**409 637**	**451 931**	**441 611**
Common Equity Tier 1 capital ratio, %	**20.7**	**18.7**	**18.8**
Tier 1 capital ratio, %	**21.9**	**19.6**	**19.7**
Total capital ratio, %	**24.9**	**20.1**	**20.2**

Capital buffer requirement[3)] %	30 Sep 2014
Institution specific CET 1 requirement	7.0
of which capital conservation buffer	2.5
of which countercyclical capital buffer	
of which systemic risk buffer	
CET1 capital available to meet Institution specific CET1 capital requirement[4)]	20.4

1) Figures for 2013 according to Swedbank's previous calculations under the new framework. From 1 January, 2014 according to current regulation (Basel 3).
2) Reporting as of 30 Sep 2014 according to current regulation (Basel 3). Comparative figures for 2013 according to previous regulation (Basel 2).
3) New buffer requirement according to Swedish implementation of CRD IV.
4) CET1 capital as reported, less any CET1 items used to meet the Tier 1 and total capital requirements.

Capital adequacy Basel 1 floor SEKm	30 Sep 2014	31 Dec 2013	% or pp	30 Sep 2013	% or pp
Capital requirement Basel 1 floor	67 239	64 768	4	63 157	6
Own funds Basel 3 adjusted according to rules for Basel 1 floor	103 389	92 690	12	91 133	13
Surplus of capital according to Basel 1 floor	**36 150**	**27 922**	**29**	**27 976**	**29**

The consolidated situation for Swedbank as of 30 September 2014 comprised the Swedbank Group with the exception of insurance companies. The Entercard Group was included as well through the proportionate consolidation method.

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

Swedbank	Exposure value		Average risk weighting, %		Capital requirement	
Consolidated situation [1] Credit risk, IRB SEKm	**Basel 3 30 Sep 2014**	**Basel 2 31 Dec 2013**	**Basel 3 30 Sep 2014**	**Basel 2 31 Dec 2013**	**Basel 3 30 Sep 2014**	**Basel 2 31 Dec 2013**
Institutional exposures	134 868	121 698	15	13	1 628	1 294
Corporate exposures	431 802	436 375	40	57	13 820	19 752
Retail exposures	919 369	896 994	8	9	6 083	6 226
of which mortgage lending	809 564	825 644	6	6	3 761	3 916
of which other lending	109 805	71 350	26	40	2 322	2 310
Securitisation	793	941	11	11	7	8
Exposures without counterparties	56 600	11 890	14	80	648	761
Total credit risks, IRB	**1 543 432**	**1 467 898**	**18**	**24**	**22 186**	**28 041**

[1] Reporting as of 30 Sep 2014 according to current regulation (Basel 3). Comparative figures for 2013 according to previous regulation (Basel 2).

Risk exposure amount and Own funds requirement, consolidated situation		
30 Sep 2014 SEKm	**Risk exposure amount**	**Own funds requirement**
Credit risks, STD	**46 887**	**3 751**
Central government or central banks exposures	365	29
Regional governments or local authorities exposures	400	32
Public sector entities exposures	14	1
Multilateral development banks exposures		
International organisation exposures		
Institutional exposures	1 130	90
Corporate exposures	10 416	833
Retail exposures	12 875	1 030
Exposures secured by mortgages on immovable property	2 492	199
Exposures in default	694	56
Exposures associated with particularly high risk	21	2
Exposures in the form of covered bonds	8	1
Items representing securitisation positions	238	19
Exposures to institutions and corporates with a short-term credit assessment		
Exposures in the form of units or shares in collective investment undertakings		
Equity exposures	14 632	1 171
Other items	3 602	288
Credit risks, IRB	**277 322**	**22 186**
Institutional exposures	20 355	1 628
Corporate exposures	172 745	13 820
of which specialized lending in category 1	32	3
of which specialized lending in category 2	356	28
of which specialized lending in category 3	585	47
of which specialized lending in category 4	1 264	101
of which specialized lending in category 5		
Retail exposures	76 038	6 083
of which mortgage lending	47 017	3 761
of which other lending	29 021	2 322
Securitisation	86	7
Exposures without counterparties	8 098	648
Credit risks, Default fund contribution	**34**	**3**
Settlement risks	**62**	**5**
Market risks	**17 516**	**1 401**
Trading book	14 943	1 195
of which VaR and SVaR	7 743	619
of which risks outside VaR and SVaR	7 200	576
FX risk other operations	2 573	206
Credit value adjustment	**8 506**	**680**
Operational risks	**59 310**	**4 745**
of which Basic indicator approach	1 432	115
of which Standardised approach	57 878	4 630
Total	**409 637**	**32 771**

Credit risks

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

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

Market risks

Under current regulations, capital adequacy for market risks can be based on either a standardised approach or an internal Value at Risk model, which requires the approval of the Swedish Financial Supervisory Authority (SFSA). The parent company has received such approval and uses its internal VaR model for general interest rate risks, general and specific share price risks and currency risks in the trading book. The approval also covers operations in the Baltic countries with respect to general interest rate risks and currency risks in the trading book. Exchange rates risks outside the trading book, i.e. in other operations, are mainly of a structural and strategic nature and are less suited to a VaR model.

These risks are instead estimated according to the standardised approach, as per the Group's internal approach to managing these risks.

Strategic currency risks mainly arise through risks associated with holdings in foreign operations.

Credit valuation adjustment

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

Operational risk

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

Basel 1 floor

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

Note 23 Risks and uncertainties

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

In addition to what is stated in this interim report, detailed descriptions are provided in Swedbank's 2013 annual report and in the annual disclosure on risk management and capital adequacy according to Basel 2 rules, available on www.swedbank.com.

Effect on value of assets and liabilities in SEK and foreign currency, including derivatives if interest rates increase by 100 bps, 30 Sep 2014
Group

SEKm	< 5 years	5-10 years	>10 years	Total
Swedbank, the Group	**130**	**244**	**-110**	**264**
of which SEK	102	89	-89	102
of which UVAL	28	155	-21	162
Of which positions at market value in the Group	**-827**	**282**	**-68**	**-613**
of which SEK	-824	113	-62	-773
of which UVAL	-3	169	-6	160

Note 24 Business combination

On 20 May Swedbank AB acquired all the shares in Sparbanken Öresund AB. On the same date, immediately after the share purchase, Sparbanken Öresund AB sold a number of bank branches to Sparbanken Skåne AB. Because certain assets and liabilities in the combination were acquired to be immediately divested, they were classified as held for sale on the acquisition date.

Group **SEKm**	**Carrying amount in the Group at acquisition date 20 May 2014**
Cash and balances with central banks	20
Loans to credit institutions	4 461
Loans to the public	16 331
Interest-bearing securities	1 973
Shares and participating interests	33
Investments in associates	60
Derivatives	26
Intangible fixed assets	205
Tangible assets	113
Other assets	219
Prepaid expenses and accrued income	134
Group of assets classified as held for sale	10 503
Total assets	**34 078**
Amounts owed to credit institutions	2 841
Deposits and borrowings from the public	11 596
Debt securities in issue	2 028
Derivatives	49
Deferred tax liabilities	176
Other liabilities	1 626
Subordinated liabilities	947
Liabilities directly associated with group of assets classified as held for sale	11 417
Total liabilities	**30 679**
Total identifiable net assets	**3 398**
Acquistion cost, cash	**2 938**
Bargain purchase, reported as other income	**461**

The gain recognised on the acquisition was a result of the fact that Swedbank must make extensive changes in the acquired operations, including the divestment of branches and associated system solutions. For this reason, a restructuring reserve has been recognised and immediately after the acquisition amounted to SEK 591m.

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

As from the acquisition date the acquired company contributed SEK 246m to income and SEK 30m to profit after tax, excluding the bargain purchase gain. If the company had been acquired at the beginning of the 2014 financial year, consolidated income through September 2014 would have amounted to SEK 30 278m instead of SEK 29 925m. The Group's profit after tax would have amounted to SEK 12 665m instead of SEK 12 667m.

Note 25 Discontinued operations

Group	Jan-Sep 2014				Jan-Sep 2013			
SEKm	Russia	Ukraine	Lithuania	Total	Russia	Ukraine	Lithuania	Total
Profit from discontinued operations								
Income	83		192	**275**	101	22	172	**295**
Expenses	59		184	**243**	100	65	164	**329**
Profit before impairments	24		8	**32**	1	-43	8	**-34**
Impairments	-60			**-60**	-64	-2		**-66**
Operating profit	-36		8	**-28**	-63	-45	8	**-100**
Tax expense	-8			**-8**		24	-1	**23**
Post-tax profit for the period of discontinued operations	**-44**		**8**	**-36**	**-63**	**-21**	**7**	**-77**
Post-tax profit for the period recognised on the measurement at fair value less sale costs						-340		**-340**
Reclassification adjustments to income statement	-223			**-223**		-1 875		**-1 875**
of which exchange differences foreign operations	-508			**-508**		-1 875		**-1 875**
of which hedging of net investments in foreign operations	365			**365**				
of which income tax	-80			**-80**				
Profit for the period from discontinued operations, after tax	**-267**		**8**	**-259**	**-63**	**-2 236**	**7**	**-2 292**

	30 Sep 2014				30 Sep 2013			
Group of assets classified as held for sale	Russia	Ukraine	Lithuania	Total	Russia	Ukraine	Lithuania	Total
Loans to the public	826			**826**	1 111			**1 111**
of which impaired loans, gross	241			**241**	358			**358**
of which individual provisions	-141			**-141**	-213			**-213**
of which impaired loans, net	100			**100**	145			**145**
of which portfolio provisions	-51			**-51**	-38			**-38**
Non-current tangible assets			97	**97**	2		101	**103**
Other assets	73		110	**183**	645		141	**786**
Total assets	**899**		**207**	**1 106**	**1 758**		**242**	**2 000**
Liabilities directly associated with group of assets classified as held for sale								
Amounts owed to credit institutions								
Other liabilities	48		74	**122**	111		114	**225**
Total liabilities	**48**		**74**	**122**	**111**		**114**	**225**

During the first quarter 2013 the Group's Russian operations were classified as discontinued operations. The assets in these operations have gradually been divested. During the second quarter 2014 most of the Group's foreign net assets in roubles was paid to Swedbank AB. In connection with the repayment related translation differences, effects of currency hedges and related taxes were reclassified from other comprehensive income to the income statement.

Note 26 Related-party transactions

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

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

Note 27 Swedbank's share

	30 Sep 2014	31 Dec 2013	%	30 Sep 2013	%
SWED A					
Share price, SEK	181.70	181.00	0	149.70	21
Number of outstanding ordinary shares	1 102 255 145	1 099 005 722	0	1 099 005 722	0
Market capitalisation, SEKm	**200 280**	**198 920**	**1**	**164 521**	**22**

Number of outstanding shares	30 Sep 2014	31 Dec 2013	30 Sep 2013
Issued shares			
SWED A	1 132 005 722	1 132 005 722	1 132 005 722
Repurchased shares			
SWED A	-29 750 577	-33 000 000	-33 000 000
Swedbank's share of associates' holding of shares			
SWED A		-1 599 000	-1 599 000
Number of outstanding shares on the closing day	**1 102 255 145**	**1 097 406 722**	**1 097 406 722**

Within Swedbank's share-based compensation programme, Swedbank AB has during 2014 transferred 3 249 423 shares, at no cost to employees.

Earnings per share	Q3 2014	Q2 2014	Q3 2013	Jan-Sep 2014	Jan-Sep 2013
Average number of shares					
Average number of shares before dilution	1 102 254 633	1 101 384 228	1 097 406 722	1 100 945 076	1 097 373 389
Weighted average number of shares for potential ordinary shares that incur a dilutive effect due to share-based compensation programme	8 495 543	7 370 491	8 190 074	9 043 905	8 635 171
Average number of shares after dilution	1 110 750 176	1 108 754 719	1 105 596 796	1 109 988 981	1 106 008 560
Profit, SEKm					
Profit for the period attributable to shareholders of Swedbank	4 560	4 139	4 172	12 652	9 289
Preference dividends on non-cumulative preference shares declared in respect of the period					1 722
Earnings for the purpose of calculating earnings per share	4 560	4 139	4 172	12 652	7 567
Earnings per share, SEK					
Earnings per share before dilution without dividends on non-cumulative preference shares	4.14	3.75	3.80	11.49	8.46
Earnings per share after dilution without dividends on non-cumulative preference shares	4.10	3.73	3.77	11.40	8.39
Earnings per share before dilution [1)]	4.14	3.75	3.80	11.49	6.90
Earnings per share after dilution [1)]	4.10	3.73	3.77	11.40	6.84

[1)] When calculating earnings per share according to IAS 33, the non-cumulative preference share dividend is deducted from profit in the period the dividend is declared. Refers to Jan-Sep 2013.

Note 28 Effects of changes in accounting policies

Balance sheet, condensed Group SEKm	New reporting 30 Sep 2013	IFRS 10	Previous reporting 30 Sep 2013	New reporting 31 Dec 2013	IFRS 10	Previous reporting 31 Dec 2013
Assets						
Cash and balance with central banks	132 001		132 001	59 382		59 382
Loans to credit institutions (note 10)	75 743		75 743	82 278		82 278
Loans to the public (note 10)	1 248 266		1 248 266	1 264 910		1 264 910
Value change of interest hedged item in portfolio hedge	-200		-200	62		62
Interest-bearing securities	152 609		152 609	182 399		182 399
Financial assets for which customers bear the investment risk	118 694	3 522	115 172	122 743	3 295	119 448
Shares and participating interests	6 782		6 782	7 109		7 109
Investments in associates	3 376		3 376	3 640		3 640
Derivatives (note 18)	62 804		62 804	64 352		64 352
Intangible fixed assets (note 14)	13 333		13 333	13 658		13 658
Investment properties	1 190		1 190	685		685
Tangible assets	3 565		3 565	3 140		3 140
Current tax assets	1 322		1 322	895		895
Deferred tax assets	425		425	417		417
Other assets	6 586		6 586	9 578		9 578
Prepaid expenses and accrued income	7 075		7 075	6 992		6 992
Group of assets classified as held for sale	2 000		2 000	1 862		1 862
Total assets	**1 835 571**	**3 522**	**1 832 049**	**1 824 102**	**3 295**	**1 820 807**
Liabilities and equity						
Amounts owed to credit institutions (note 15)	119 358		119 358	121 621		121 621
Deposits and borrowings from the public (note 16)	623 550	-170	623 720	620 608	-245	620 853
Debt securities in issue (note 17)	742 632	-1 352	743 984	726 275	-1 431	727 706
Financial liabilities for which customers bear the investment risk	121 069	5 044	116 025	125 548	4 971	120 577
Derivatives (note 18)	58 488		58 488	55 011		55 011
Current tax liabilities	1 148		1 148	1 893		1 893
Deferred tax liabilities	2 861		2 861	2 383		2 383
Short positions, securities	15 276		15 276	17 519		17 519
Other liabilities	16 563		16 563	14 269		14 269
Accrued expenses and prepaid income	14 193		14 193	14 194		14 194
Provisions	4 381		4 381	4 698		4 698
Subordinated liabilities	9 996		9 996	10 159		10 159
Liabilities directly associated with group of assets classified as held for sale	225		225	219		219
Equity	105 831		105 831	109 705		109 705
of which non-controlling interests	159		159	165		165
of which attributable to shareholders of Swedbank AB	105 672		105 672	109 540		109 540
Total liabilities and equity	**1 835 571**	**3 522**	**1 832 049**	**1 824 102**	**3 295**	**1 820 807**

The consolidation of an investment fund has increased financial assets and liabilities where customers bear the investment risk. Because the investment fund is invested in interest-bearing instruments issued by Swedbank, outstanding liabilities are reduced as well.

For more information, see note 1 Accounting policies.

Swedbank AB

Income statement, condensed

Parent company SEKm	**Q3 2014**	**Q2 2014**	**%**	**Q3 2013**	**%**	**Jan-Sep 2014**	**Jan-Sep 2013**	**%**
Interest income	4 084	4 560	-10	4 634	-12	12 914	14 608	-12
Interest expenses	-1 600	-2 012	-20	-1 981	-19	-5 529	-6 643	-17
Net interest income	**2 484**	**2 548**	**-3**	**2 653**	**-6**	**7 385**	**7 965**	**-7**
Dividends received	1 066	2 629	-59	889	20	8 764	5 568	57
Commission income	1 689	1 710	-1	1 541	10	5 180	4 685	11
Commission expenses	-394	-389	1	-370	6	-1 185	-1 048	13
Net commission income	**1 295**	**1 321**	**-2**	**1 171**	**11**	**3 995**	**3 637**	**10**
Net gains and losses on financial items at fair value	76	165	-54	389	-80	870	1 182	-26
Other income	315	319	-1	336	-6	969	980	-1
Total income	**5 236**	**6 982**	**-25**	**5 438**	**-4**	**21 983**	**19 332**	**14**
Staff costs	1 944	1 953	0	1 820	7	5 843	5 492	6
Other expenses	955	1 105	-14	938	2	3 128	2 901	8
Depreciation/amortisation	135	129	5	129	5	400	388	3
Total expenses	**3 034**	**3 187**	**-5**	**2 887**	**5**	**9 371**	**8 781**	**7**
Profit before impairments	**2 202**	**3 795**	**-42**	**2 551**	**-14**	**12 612**	**10 551**	**20**
Impairment of financial fixed assets	90	23				313	1 973	-84
Credit impairments	261	34		109		298	354	-16
Operating profit	**1 851**	**3 738**	**-50**	**2 442**	**-24**	**12 001**	**8 224**	**46**
Appropriations	-15	-16	-6	3		-46	1	
Tax expense	463	607	-24	611	-24	1 590	1 813	-12
Profit for the period	**1 403**	**3 147**	**-55**	**1 828**	**-23**	**10 457**	**6 410**	**63**

Statement of comprehensive income, condensed

Parent company SEKm	**Q3 2014**	**Q2 2014**	**%**	**Q3 2013**	**%**	**Jan-Sep 2014**	**Jan-Sep 2013**	**%**
Profit for the period reported via income statement	**1 403**	**3 147**	**-55**	**1 828**	**-23**	**10 457**	**6 410**	**63**
Items that will not be reclassified to the income statement								
Remeasurements of defined benefit pension plans	3	-3		5	-40		5	
Income tax		1		-1		1	-1	
Total	**3**	**-2**		**4**	**-25**	**1**	**4**	**-75**
Items that may be reclassified to the income statement								
Cash flow hedges:								
Gains/losses arising during the period	22	-5		-21		13	-44	
Reclassification adjustments to income statement, net interest income	-22	4		24		-13	71	
Income tax				1			-6	0
Total		**-1**		**4**			**21**	
Other comprehensive income for the period, net of tax	**3**	**-3**		**8**	**-63**	**1**	**25**	**-96**
Total comprehensive income for the period	**1 406**	**3 144**	**-55**	**1 836**	**-23**	**10 458**	**6 435**	**63**

Balance sheet, condensed

Parent company SEKm	30 Sep 2014	31 Dec 2013	%	30 Sep 2013	%
Assets					
Cash and balance with central banks	149 157	32 439		115 098	30
Loans to credit institutions	434 017	388 521	12	330 508	31
Loans to the public	366 329	346 320	6	343 258	7
Interest-bearing securities	182 705	166 735	10	148 016	23
Shares and participating interests	69 394	63 197	10	62 713	11
Derivatives	106 447	83 323	28	83 178	28
Other assets	22 264	19 645	13	13 352	67
Total assets	**1 330 313**	**1 100 180**	**21**	**1 096 123**	**21**
Liabilities and equity					
Amounts owed to credit institutions	205 836	195 096	6	156 738	31
Deposits and borrowings from the public	549 574	501 294	10	512 328	7
Debt securities in issue	331 131	214 605	54	239 431	38
Derivatives	98 464	74 408	32	74 567	32
Other liabilities and provisions	57 518	34 006	69	36 420	58
Subordinated liabilities	17 448	10 083	73	9 922	76
Untaxed reserves	6 259	6 305	-1	6 299	-1
Equity	64 083	64 383		60 418	6
Total liabilities and equity	**1 330 313**	**1 100 180**	**21**	**1 096 123**	**21**
Pledged collateral	69 626	38 819	79	48 600	43
Other assets pledged	5 485	3 206	71	288	
Contingent liabilities	518 688	538 949	-4	528 298	-2
Commitments	205 903	180 548	14	176 358	17

Statement of changes in equity, condensed

Parent company SEKm	Share capital	Share premium reserve	Statutory reserve	Cash flow hedges	Retained earnings	Total
January-September 2013						
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					323	323
Deferred tax related to share based payments to employees					35	35
Total comprehensive income for the period				21	6 414	6 435
Closing balance 30 September 2013	**24 904**	**13 206**	**5 968**	**-11**	**16 351**	**60 418**
January-December 2013						
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 tax related to share based payments to employees					73	73
Total comprehensive income for the period				25	10 242	10 267
Closing balance 31 December 2013	**24 904**	**13 206**	**5 968**	**-7**	**20 312**	**64 383**
January-September 2014						
Opening balance 1 January 2014	**24 904**	**13 206**	**5 968**	**-7**	**20 312**	**64 383**
Dividend					-11 133	-11 133
Share based payments to employees					347	347
Deferred tax related to share based payments to employees					-14	-14
Current tax related to share based payments to employees					42	42
Total comprehensive income for the period					10 458	10 458
Closing balance 30 September 2014	**24 904**	**13 206**	**5 968**	**-7**	**20 012**	**64 083**

Cash flow statement, condensed

Parent company SEKm	Jan-Sep 2014	Full-year 2013	Jan-Sep 2013
Cash flow from operating activities	5 608	-39 750	16 539
Cash flow from investing activities	3 199	5 045	5 412
Cash flow from financing activities	107 911	-42 754	-16 750
Cash flow for the period	**116 718**	**-77 459**	**5 201**
Cash and cash equivalents at beginning of period	32 439	109 898	109 898
Cash flow for the period	116 718	-77 459	5 201
Cash and cash equivalents at end of period	**149 157**	**32 439**	**115 099**

Capital adequacy

Capital adequacy, Parent company[1)] SEKm	Basel 3 30 Sep 2014	Basel 2 31 Dec 2013	Basel 2 30 Sep 2013
Common Equity Tier 1 capital	**57 562**	**56 147**	**54 929**
Additional Tier 1 capital	5 017	4 041	4 045
Tier 1 capital	**62 579**	**60 188**	**58 974**
Tier 2 capital	11 915	2 560	2 488
Total capital base	**74 494**	**62 748**	**61 462**
Capital requirement	**23 758**	**25 831**	**25 220**
Risk exposure amount	**296 977**	**322 882**	**315 254**
Common Equity Tier 1 capital ratio, %	**19.4**	**17.4**	**17.4**
Tier 1 capital ratio, %	**21.1**	**18.6**	**18.7**
Total capital ratio, %	**25.1**	**19.4**	**19.5**

Capital buffer requirement[2)] %	2014 30 Sep
Institution specific CET 1 requirement	7.0
of which capital conservation buffer	2.5
of which countercyclical capital buffer	
of which systemic risk buffer	
CET1 capital available to meet Institution specific CET1 capital requirement[3)]	19.4

Capital adequacy transition rules Basel 1 floor SEKm	2014 30 Sep	2013 31 Dec	% or pp	2013 30 Sep	% or pp
Capital requirement Basel 1 floor	25 699	25 831	-1	25 220	2
Own funds Basel 3 adjusted according to rules for Basel 1 floor	75 032	63 723	18	62 392	20
Surplus of capital according to Basel 1 floor	**49 333**	**37 892**	**30**	**37 172**	**33**

[1)] Reporting as of 30 Sep 2014 according to current regulation (Basel 3). Comparative figures for 2013 according to previous regulation (Basel 2).
[2)] New capital buffer requirements according to Swedish implementation of CRD IV.
[3)] CET1 capital as reported, less any CET1 items used to meet the Tier 1 and total capital requirements.

Risk exposure amount and Own funds requirement, parent company 30 Sep 2014 SEKm	Risk exposure amount	Own funds requirement
Credit risks, STD	**82 026**	**6 562**
Central government or central banks exposures	201	16
Regional governments or local authorities exposures	34	3
Public sector entities exposures		
Multilateral development banks exposures		
International organisation exposures		
Institutional exposures	3 432	275
Corporate exposures	5 270	422
Retail exposures	2 959	237
Exposures secured by mortgages on immovable property	577	46
Exposures in default	71	6
Exposures associated with particularly high risk		
Exposures in the form of covered bonds		
Items representing securitisation positions		
Exposures to institutions and corporates with a short-term credit assessment		
Exposures in the form of units or shares in collective investment undertakings		
Equity exposures	69 482	5 559
Other items		
Credit risks, IRB	**158 611**	**12 689**
Institutional exposures	21 261	1 701
Corporate exposures	114 413	9 153
of which specialized lending		
Retail exposures	20 564	1 645
of which mortgage lending	3	
of which other lending	20 561	1 645
Securitisation	86	7
Exposures without counterparties	2 287	183
Credit risks, Default fund contribution	**34**	**3**
Settlement risks	**62**	**5**
Market risks	**16 377**	**1 310**
Trading book	14 175	1 134
of which VaR and SVaR	7 237	579
of which risks outside VaR and SVaR	6 938	555
FX risk other operations	2 202	176
Credit value adjustment	**8 517**	**681**
Operational risks	**31 350**	**2 508**
Standardised approach	31 350	2 508
Total	**296 977**	**23 758**

Signatures of the Board of Directors and the President

The Board of Directors and the President certify that the interim report for January-September 2014 provides a fair and accurate overview of the operations, position and results of the parent company and the Group and describes the significant risks and uncertainties faced by the parent company and the companies in the Group.

Stockholm, 20 October 2014

Anders Sundström Chair	Lars Idermark Deputy Chair

Ulrika Francke Board Member	Göran Hedman Board Member	Anders Igel Board Member
Pia Rudengren Board Member	Karl-Henrik Sundström Board Member	Siv Svensson Board Member
Maj-Charlotte Wallin Board Member	Kristina Kjell Board Member Employee Representative	Jimmy Johnsson Board Member Employee Representative

Michael Wolf
President

Review report

Introduction

We have reviewed the interim report for Swedbank AB (publ) for the period 1 January to 30 September 2014. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

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

Conclusion

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

Stockholm, 20 October 2014
Deloitte AB

Svante Forsberg
Authorised Public Accountant

Publication of financial information

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

Financial calendar 2015

Year-end report 2014	3 February
Annual General Meeting	26 March, Stockholm
Interim report for the first quarter 2015	28 April
Interim report for the second quarter 2015	16 July
Interim report for the third quarter 2015 on	20 October

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

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