Fourth quarter 2012

Compared with third quarter 2012

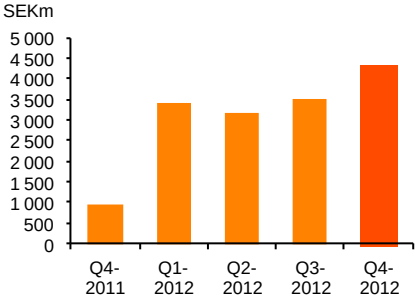
- The result for the quarter amounted to SEK 4 340m (3 511)
- Earnings per share before dilution amounted to SEK 3.95* (3.20) and earnings per share after dilution amounted to SEK 3.94* (3.19)
- The return on equity was 16.7 per cent (14.1)
- The cost/income ratio was 0.45 (0.44)
- Net interest income amounted to SEK 5 465m (5 263)
- Profit before impairments increased by 3 per cent to SEK 5 204m (5 053)
- Swedbank reported net credit impairments of SEK 11m (204)
- The Common Equity Tier 1 ratio was 17.4 per cent according to Basel 2 (15.7 per cent on 31 December 2011). The Common Equity Tier 1 ratio according to Basel 3 (incl. IAS 19) was 15.4** per cent (14.3 per cent on 31 December 2011).

Full-year 2012

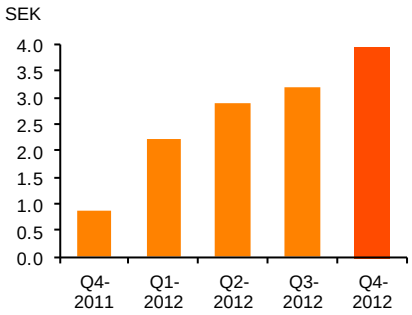
Compared with full-year 2011

- The result for the period amounted to SEK 14 438m (11 744)
- Earnings per share before dilution amounted to SEK 12.24* (9.53) and earnings per share after dilution amounted to SEK 12.19* (9.52)
- The return on equity was 14.4 per cent (12.2)
- The cost/income ratio was 0.46 (0.54)
- Net interest income increased by 11 per cent to SEK 21 188m (19 014)
- Profit before impairments increased by 26 per cent to SEK 19 671m (15 646)
- Swedbank reported net credit impairments of SEK 687m (net recoveries of 1 911)
- The Board of Directors has adjusted the dividend policy to 75% of the profit for the year (50%) and proposes a dividend per share of SEK 9.90 for both the ordinary shares and preference shares (5.30) to the Annual General Meeting.

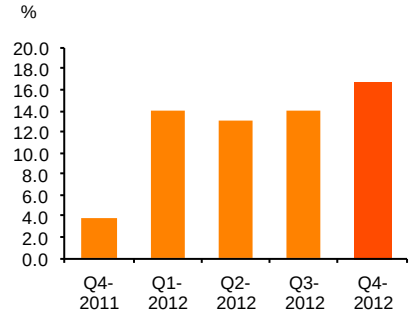
Profit for the quarter



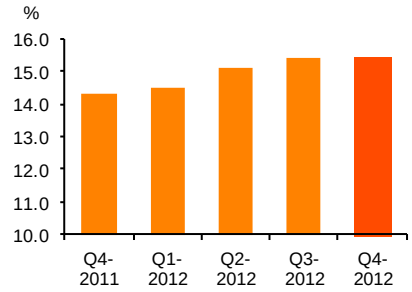
Earnings per share before dilution*



Return on equity



Common Equity Tier 1 ratio, %, Basel 3 incl IAS 19 **



* In the calculation of earnings per share for the first quarter of 2012, the preference share dividend is deducted from profit. The calculation of earnings per share is specified on page 45.

** Swedbank's estimate based on current knowledge of future regulations.

CEO Comment

The year began with cautious confidence in an economic recovery after, among other things, a liquidity stimulus by the European Central Bank. The real economy deteriorated during the year, however, not least in Sweden. In August the European Central Bank announced additional stimulus designed for weaker members of the European currency union. This reduced the perceived risk of a financial collapse in Europe, and the financial markets recovered. There has not yet been an obvious impact on the real economy, however, and macroeconomic development remains uncertain.

2012 was a successful year financially for Swedbank. We have re-established robust profitability at the same time that we further reduced the risk level in the bank. We have now created a position where we are well-prepared for future challenges in the economy as well as new business opportunities. A stable earnings level will benefit our customers, our equity and our debt investors. With a secure balance sheet and good profitability, we can now invest in the customer experience and in our employees.

Heading in the right direction
For the full-year 2012 Swedbank reported a profit of SEK 14.4bn, compared with SEK 11.7bn for 2011. The improvement was mainly the result of higher net interest income and lower costs. The cost reduction of SEK 1.4bn (excluding variable costs) well exceeds the target to reduce costs by SEK 1bn in 2012. Every part of the organisation has actively contributed to the lower cost level, and we are now beginning to create a culture where all our employees are aware of the importance of continuous efficiency improvements. A more correct risk- and capital-adjusted lending margin has strengthened net interest income. The main priority left in 2013 is a repricing for certain small and medium-sized companies. In 2012 we improved the understanding of risk weighted assets and capital efficiency in the organisation. Our advisors should be well aware of how capital is tied up and how it is affected by the structure of a business loan, for example.

The Riksbank's November 2012 Stability Report confirms that Swedbank has made considerable progress in adapting to new rules and increasing transparency. This has helped to improve our relative costs for capital market funding. We believe this trend towards increased openness will and should continue. Increased transparency by banks will help to create a more balanced and sustainable sector, which will reduce the need for new, potentially costly rules.

Profitability provides room to focus on customer benefits
Swedbank should be a bank that benefits society and a bank with satisfied customers. Banks, including ourselves, have to better explain our role in society to the public and media. Sweden has one of the most stable banking systems in the world, with competitive products and profitable banks, which provides a solid foundation for building confidence. Surveys, including the latest from SQI, show that Swedbank has work left to do to improve its customer experience in Sweden.

The majority of our customers do most of their banking through our digital channels. We will invest more in their functionality and user friendliness. We have made considerable progress through our new mobile bank and iPad app, which have been popular among customers. The number of mobile banking users doubled during the year to 1.5 million, and since October more than 130 000 customers have downloaded our iPad app. The number of transactions in the mobile channels has grown by more than 200 per cent during the last year. This is a trend that we believe is just in its infancy. We want to make our mobile channels even better and at the same time seek inspiration there to make the Internet Bank more user friendly. We also want to offer more advice through the digital channels to further increase the value of our services.

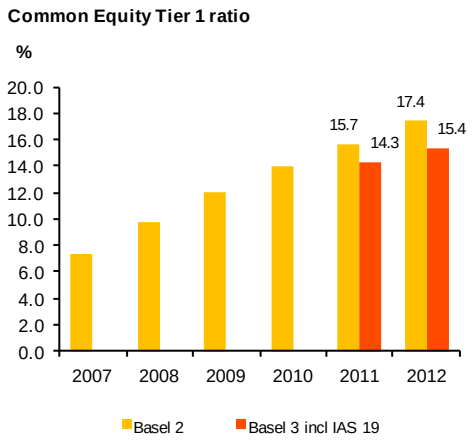
To adapt to an increasingly complex market and customers with tougher demands, we will also invest in better advisory services at our branches and through the Telephone Bank. We will hire more advisors and provide further training for those we have. Swedbank also has good potential to grow in segments in need of professional financial advice such as high net worth individuals and medium-sized businesses. Three fourths of our branches in Sweden today do not handle cash, which means that we can create branches that are better suited for advisory services and are more efficient. By clarifying our offering so that every customer knows what they are paying for and what kind of service to expect, we want to create the right expectations.

To meet these aims, we have put a new organisation in place from 1 January 2013. The top layer within Retail has been eliminated and the regions report directly to me. At the same time the regions have become more independent and fully decide on how they want to adapt their businesses and what they want to offer every customer. A new commercially driven unit, Concepts and Channels, is being created to develop, manage and drive business in the digital channels and the Telephone Bank in Sweden. By managing the digital channels and the Telephone Bank as an independent unit, we will increase the pressure to create better and more user-friendly services. We are also creating a specific unit for products and product development for the entire Group, which also reports directly to me. It includes our funds, cards and insurance, among other things.

Capital and dividend
Today Swedbank is probably the strongest of Sweden's banks and has the lowest overall risks. For example, we are the only bank in the Riksbank's stress test to report a profit every year, even in stressed scenarios. We are at the same time one of Europe's best capitalised banks. Normally a bank that has taken on more risk requires more capital, and vice versa. As a result we expect our relative rating to improve in 2013.

Based on our stress tests and a conservative view of what pending regulations will ultimately look like, Swedbank's executive management believes we need a Common Equity Tier 1 ratio of 13 to 15 per cent when all the new rules have fully taken effect. Swedbank's Common Equity Tier 1 ratio increased during the year to 15.4 per cent (14.3) (Basel 3 incl. IAS19), including the proposed dividend for the year.

The Board of Directors has decided to amend the bank's dividend policy so that 75 per cent of the shareholders' profit for the year will be distributed, compared with 50 per cent earlier. As a result, it is proposing to the Annual General Meeting a dividend of SEK 9.90 (5.30) per share for 2012. The decision is supported by the bank's robust earning capacity and low risk, combined with limited credit demand in the foreseeable future. With the new dividend policy, we will continue to build capital in the bank, but not as quickly as before.



Outlook

With a slowing economy and rising unemployment, we are humble in our forecast about the future and are planning for an environment with low interest rates and weak credit demand. We are therefore planning to maintain our total costs in 2013 at the same level as in 2012. We will continue to focus on profitability and capital efficiency at the same time that we invest in a better customer experience and development opportunities for our employees.

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	Q4 2012	Q3 2012	%	Q4 2011	%	Full-year 2012	Full-year 2011	%
Net interest income	5 465	5 263	4	4 967	10	21 188	19 014	11
Net commissions	2 504	2 381	5	2 291	9	9 636	9 597	0
Net gains and losses on financial items at fair value	752	568	32	559	35	2 534	1 584	60
Other income	770	839	-8	839	-8	3 262	3 850	-15
Total income	**9 491**	**9 051**	**5**	**8 656**	**10**	**36 620**	**34 045**	**8**
Staff costs	2 355	2 252	5	2 651	-11	9 413	9 917	-5
Other expenses	1 932	1 746	11	2 296	-16	7 536	8 482	-11
Total expenses	**4 287**	**3 998**	**7**	**4 947**	**-13**	**16 949**	**18 399**	**-8**
Profit before impairments	**5 204**	**5 053**	**3**	**3 709**	**40**	**19 671**	**15 646**	**26**
Impairment of intangible assets	17	-1		1 960	-99	20	1 960	-99
Impairment of tangible assets	199	102	95	170	17	466	174	
Credit impairments	11	204	-95	-174		687	-1 911	
Operating profit	**4 977**	**4 748**	**5**	**1 753**		**18 498**	**15 423**	**20**
Tax expense	640	1 220	-48	790	-19	4 039	3 669	10
Profit for the period from continuing operations	**4 337**	**3 528**	**23**	**963**		**14 459**	**11 754**	**23**
Profit for the period from discontinued operations, after tax	4	-17		4	0	-13	4	
Profit for the period	4 341	3 511	24	967		14 446	11 758	23
Profit for the period attributable to the shareholders of Swedbank AB	**4 340**	**3 511**	**24**	**965**		**14 438**	**11 744**	**23**

Key ratios and data per share	Q4 2012	Q3 2012	Q4 2011	Full-year 2012	Full-year 2011
Return on equity, %	16.7	14.1	3.9	14.4	12.2
Earnings per share before dilution, SEK [1]	3.95	3.20	0.88	12.24	9.53
Earnings per share after dilution, SEK [1]	3.94	3.19	0.88	12.19	9.52
Cost/income ratio	0.45	0.44	0.57	0.46	0.54
Equity per share, SEK [1]	93.70	89.48	84.40	93.70	84.40
Loan/deposit ratio, %	212	194	213	212	213
Common Equity Tier 1 ratio, %, Basel 3 incl IAS 19 [2]	15.4	15.4	14.3	15.4	14.3
Tier 1 capital ratio, %, Basel 3 incl IAS 19 [2]	16.8	16.9	15.8	16.8	15.8
Capital adequacy ratio, %, Basel 3 incl IAS 19 [2]	18.5	18.0	18.1	18.5	18.1
Common Equity Tier 1 ratio, %, Basel 2	17.4	17.3	15.7	17.4	15.7
Tier 1 capital ratio, %, Basel 2	18.7	18.8	17.2	18.7	17.2
Capital adequacy ratio, %, Basel 2	19.6	19.2	18.9	19.6	18.9
Common Equity Tier 1 ratio, %, transition rules	10.5	10.6	10.2	10.5	10.2
Tier 1 capital ratio, %, transition rules	11.3	11.6	11.2	11.3	11.2
Capital adequacy ratio, %, transition rules	11.9	11.8	12.3	11.9	12.3
Credit impairment ratio, %	0.00	0.06	-0.05	0.05	-0.14
Share of impaired loans, gross, %	1.05	1.32	1.87	1.05	1.87
Total provision ratio for impaired loans, %	62	65	62	62	62

Balance sheet data SEKbn	31 Dec 2012	31 Dec 2011	%
Loans to the public	1 239	1 211	2
Deposits and borrowings from the public	580	562	3
Shareholders' equity	106	98	8
Total assets	1 847	1 857	-1
Risk weighted assets, Basel 3 incl IAS 19 [2]	487	515	-5
Risk weighted assets, Basel 2	464	492	-6
Risk weighted assets, transition rules	769	757	2
Risk weighted assets, Basel 1	991	969	2

[1] In the calculation of earnings per share the preference share dividend is deducted from profit in the quarter the dividend is declared. The calculation of earnings per share is specified on page 45.
[2] Swedbank's estimate based on current knowledge of future regulations.

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

Overview

Market

The resilience of the Swedish economy to weaker global conditions decreased during the latter part of 2012. Economic data indicate that GDP fell during the fourth quarter after having grown at a quarterly rate of 0.5-0.7 per cent during the first three quarters. Exporters have been most affected by weaker global demand, at the same time that the krona has strengthened. The Swedish labour market also weakened in late 2012.

Weaker market demand led to a slowing growth rate in the Baltic economies during the fourth quarter, particularly for exporters. Domestic demand was held up by increased consumption and investment. The number of unemployed continued to fall at the same time that lower global commodity prices kept inflation in check, which strengthened the disposable income of Baltic households.

A slowing economy, low inflation and a downward revision in the growth outlook contributed to the Riksbank's decision in December to cut the repo rate for the third time in 2012, to 1.0 per cent. The Swedish krona remains relatively strong, despite having weakened slightly after a significant appreciation during the first half of 2012.

The Stockholm stock exchange (OMXSPI) rose by 12 per cent during the year. The Tallinn stock exchange (OMXT) rose by 38 per cent, the Vilnius stock exchange (OMXV) by 19 per cent and the Riga stock exchange (OMXR) by 7 per cent.

Important events during the quarter

On 29 January 2013, the Board of Directors adjusted Swedbank's dividend policy from the previous 50 per cent of profit for the year to 75 per cent.

The Board of Directors proposes a dividend of SEK 9.90 (5.30) per ordinary share and SEK 9.90 (5.30) per preference share for the financial year 2012. This corresponds to a dividend ratio of 75 per cent (50).

The Riksbank's Stability Report (Financial Stability 2012:2) showed that Swedbank is well capitalised even in a stressed scenario and has a good liquidity compared with the average for Sweden's major banks.

The bank announced an organisational change that took effect on 1 January 2013. For more information, see page 12.

Swedbank's iPad app was launched and had over 130 000 users on 31 December.

Together with several other banks, Swedbank launched Swish, a new service that makes it easy to send and receive money by mobile phone.

Swedbank submitted an application to the Swedish Financial Supervisory Authority to use the so-called advanced Internal Ratings-Based Approach (IRBA) to calculate credit risks for corporate exposures.

Fourth quarter 2012

Compared with third quarter 2012

Result

Profit before impairments increased by 3 per cent to SEK 5 204m (5 053). The increase was mainly due to increased profit within Large Corporates & Institutions (LC&I) and Group Treasury, while profit for Retail decreased during the quarter.

Profit before impairments by business area SEKm	Q4 2012	Q3 2012	Q4 2011
Retail	2 675	2 852	2 418
Large Corporates & Institutions	1 020	870	691
Baltic Banking	644	731	766
Asset Management	221	193	148
Group Functions & Other	644	412	-360
Total excl FX effects	**5 204**	**5 058**	**3 663**
FX effects		-5	46
Total	**5 204**	**5 053**	**3 709**

The quarterly result attributable to the shareholders amounted to SEK 4 340m (3 511). Credit impairments amounted to SEK 11m (204). Impairments of tangible assets amounted to SEK 199m (102). The reduction in the Swedish corporate tax rate to 22 per cent affected profit positively by SEK 505m. The return on equity was 16.7 per cent (14.1). Excluding the effect of the reduction in the Swedish corporate tax rate, the return on equity was 14.9 per cent. The cost/income ratio was 0.45 (0.44).

Income increased by 5 per cent to SEK 9 491m (9 051). Net interest income, net gains and losses on financial items at fair value and net commission income all increased.

Net interest income rose by 4 per cent to SEK 5 465m (5 263). The increase was mainly attributable to Group Treasury, while net interest income was stable in the business areas. Group Treasury's net interest income has been temporarily strengthened by positions that have benefited from lower market rates. In addition, a one-off adjustment of SEK 78m related to the buyback of covered bonds affected net interest income positively in the fourth quarter. Lower deposit margins due to falling Stibor and Euribor rates, as well as increased competition for deposits in Sweden, affected net interest income negatively. This was largely offset by the repricing of lending in all the business areas.

Net commission income increased by 5 per cent to SEK 2 504m (2 381), mainly due to higher income from corporate finance and asset management.

Net gains and losses on financial items at fair value increased by 32 per cent to SEK 752m (568), mainly due to higher earnings from fixed income and currency trading within LC&I as well as Group Treasury, where repurchases of subordinated loans affected net gains and losses positively by SEK 319m. In addition, a one-off adjustment related to the buyback of covered bonds had a negative effect of SEK 68m in the fourth quarter.

Expenses increased by 7 per cent from the previous quarter to SEK 4 287m (3 998). The increase was

mainly due to higher staff costs, including as a result of adjustments in pension provisions as well as seasonally higher costs for IT and marketing.

Expense analysis Group SEKm	Q4 2012	Q3 2012	Q4 2011
Expenses excluding variable pay and compensation to savings banks			
Retail	2 254	2 168	2 272
Large Corporates & Institutions	626	633	732
Baltic Banking	617	554	658
Asset Management	174	170	208
Group Functions & Other and Eliminations	292	151	518
Total	**3 963**	**3 676**	**4 388**
Variable pay	157	184	47
Compensation to Savings Banks	165	146	138
Restructuring expenses	2		330
FX effects		-8	44
Total expenses	**4 287**	**3 998**	**4 947**

During the fourth quarter restructuring expenses of SEK 44m were reported in Russia and Ukraine, at the same time that SEK 42m of previously booked restructuring expenses were reversed in other parts of the Group, mainly in Group Functions & Other, LC&I and Retail.

The number of full-time employees decreased during the quarter by 434, to 14 861. Of this decrease, 260 positions related to Ektornet and 207 to Ukraine.

Credit impairments amounted to SEK 11m (204). LC&I, Ukraine and Retail reported credit impairments, while Baltic Banking reported net recoveries.

Tangible asset writedowns amounted to SEK 199m (102) due to property revaluations in Ektornet and Ukraine.

The tax expense amounted to SEK 640m (1 220), corresponding to an effective tax rate of 12.9 per cent (25.7). The low effective rate is due to a one-off effect due to the reduction of the Swedish corporate tax rate. The one-off effect reduced the quarterly tax expense by SEK 505m. In addition, a one-off tax reduction of SEK 79m arose in other comprehensive income.

Full-year 2012

Compared with full-year 2011

Result

Profit before impairments increased by 26 per cent to SEK 19 671m (15 646). In 2011 Swedbank received one-off revenue of SEK 922m from a settlement with the Lehman Brothers bankruptcy estate. In 2011 restructuring expenses totalling SEK 430m were reported, mainly related to personnel redeployments in 2012. The profit increase for 2012 was mainly due to stronger net interest income and net gains and losses on financial items at fair value as well as lower expenses.

Profit before impairments by business area SEKm	Full-year 2012	Full-year 2011
Retail	11 101	9 589
Large Corporates & Institutions	3 943	3 323
Baltic Banking	3 038	3 398
Asset Management	811	733
Group Functions & Other	778	-1 543
Total excl FX effects	**19 671**	**15 500**
FX effects		146
Total	**19 671**	**15 646**

Profit for the period attributable to the shareholders increased by 23 per cent to SEK 14 438m (11 744). Credit impairments amounted to SEK 687m (net recoveries of 1 911). Tangible asset writedowns amounted to SEK 466m (174). Intangible asset writedowns amounted to SEK 20m (1 960). The reduction in the Swedish corporate tax rate to 22 percent affected profit positively by SEK 505m. Changes in exchange rates, primarily the appreciation of the Swedish krona against the euro and the Baltic currencies, reduced profit by SEK 89m. The return on equity was 14.4 per cent (12.2). The cost/income ratio was 0.46 (0.54).

Income rose by 8 per cent to SEK 36 620m (34 045). The increase was mainly due to higher net interest income in Retail and Group Treasury (Group Functions & Other) and higher net gains and losses on financial items at fair value in LC&I. Changes in exchange rates reduced income by SEK 233m.

Net interest income increased by 11 per cent to SEK 21 188m (19 014). The repricing of lending within Retail and LC&I affected net interest income positively. Expenses for the bank's funding decreased. Moreover, the fee for the state-guaranteed funding decreased by SEK 776m due to maturing state-guaranteed funding. Lower deposit margins due to falling Stibor and Euribor rates as well as increased competition for deposits in Sweden affected net interest income negatively. Net interest income from fixed income and currency trading within LC&I as well as the operations in Russia and Ukraine also reduced net interest income. Changes in exchange rates reduced net interest income by SEK 125m.

Net commission income was stable at SEK 9 636m (9 597). Higher commission income from corporate finance affected net commission income positively, while income from securities trading and asset management decreased.

Net gains and losses on financial items at fair value increased by 60 per cent to SEK 2 534m (1 584). The increase was mainly due to stronger results in fixed income trading within LC&I.

Expenses decreased by 8 per cent to SEK 16 949m (18 399). In 2011 one-off expenses of SEK 430m were reported. Swedbank surpassed by SEK 370m its aim to reduce costs for the full-year 2012 by SEK 1bn compared with the full-year 2011 (excluding variable remuneration). Fixed staff costs decreased by SEK 847m and consulting costs fell by SEK 241m. Variable staff costs rose to SEK 738m (395). Changes in exchange rates reduced expenses by SEK 87m.

Expense analysis Group SEKm	Full-year 2012	Full-year 2011	Δ SEKm
Expenses excluding variable pay and compensation to savings banks			
Retail	8 722	8 915	-193
Large Corporates & Institutions	2 473	2 741	-268
Baltic Banking	2 332	2 505	-173
Asset Management	698	765	-67
Group Functions & Other and Eliminations	1 362	2 031	-669
Total	**15 587**	**16 957**	**-1 370**
Variable pay	738	395	343
Compensation to Savings Banks	622	530	92
Restructuring expenses	2	430	-428
FX effects		87	-87
Total expenses	**16 949**	**18 399**	**-1 450**

Underlying expenses excluding exchange rate effects decreased by SEK 1 370m compared with the previous year. In 2012 a new principle was implemented for allocating internal expenses from Group Treasury. In 2012 expenses therefore increased by SEK 113m for Retail, SEK 83m for LC&I and SEK 26m for Baltic Banking, with a corresponding decrease in Group Functions & Other.

Since 1 July 2010 Swedbank pays parts of its variable remuneration in the form of shares. This remuneration is accrued as an expense until the shares are settled. As a result, variable remuneration allocated to employees during the period differs from the recognised amount. During the period recognised variable remuneration was SEK 738m. A more detailed analysis of variable remuneration is provided on page 13 of the fact book[1].

The number of full-time positions has decreased in one year by 1 426, including 788 in Ukraine, 139 in Retail, 148 in Group Business Support (Group Functions & Other), 107 in Baltic Banking and 70 in LC&I.

Credit impairments of SEK 687m were reported in 2012 (net recoveries of 1 911). The credit impairments are primarily attributable to Ukraine, while the Baltic countries reported net recoveries. Tangible asset writedowns rose by SEK 292m to SEK 466m due to the revaluation of property holdings in Ektornet and the bank's properties in Ukraine. Intangible asset writedowns decreased to SEK 20m (1 960). In 2011 goodwill attributable to Latvia was written down by SEK 1 913m.

The tax expense amounted to SEK 4 039m (3 669), corresponding to an effective tax rate of 21.8 per cent (23.8). The tax expense was affected positively by a one-off effect of SEK 505m caused by the lowering of the Swedish corporate tax rate to 22 per cent. The effective tax rate in 2012 was affected negatively by the loss reported in Ukraine during the year, for which no deferred tax assets have been recognised. In the medium term the effective tax rate is estimated at 19-21 per cent after the corporate tax cut. The lower corporate tax rate in Sweden also had a positive one-off effect of SEK 79m on other comprehensive income.

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

Credit and asset quality

Swedbank's credit and asset quality further improved during the year, mainly driven by a continued decrease in problem loans in the Baltic operations and the divestment of parts of the Ukrainian credit portfolio. The Swedish operations continued to report low credit impairments. The Baltic countries reported increased recoveries during the fourth quarter due to the completion of a number of major reconstructions with positive results. Compared with 2011 recoveries were lower in Baltic Banking. In Ukraine, credit impairments increased during the year, mainly due to the decision to exit the retail segment, where portions of the retail portfolio have been sold.

Global unease during the year has not had a major impact on the bank's balance sheet. This was partly the result of a careful credit analysis, but also because customers have been quick to adapt to market uncertainty and shown great resilience. The bank carefully monitors changes in the credit portfolio. In the Internal Capital Adequacy Assessment Process (ICAAP), the Swedish Financial Supervisory Authority's stress test and the Riksbank's Stability Report, Swedbank's resilience was considered good should the situation in Europe worsen significantly. Because asset quality improved in 2012, the results of the 2013 ICAAP are expected to show that Swedbank's resilience has further improved.

Swedbank's lending increased by a total of SEK 18bn to SEK 1 184bn. Lending to Swedish mortgage customers continued to grow, but at a slower rate than in previous years. Corporate lending within LC&I and Retail rose by SEK 4bn to SEK 365bn. The lending portfolio in Baltic Banking was essentially unchanged in local currency during the year and amounted to SEK 115bn. During the second half of 2012 lending volumes rose slightly in local currency. The increases in Estonia and Lithuania were due to higher demand, while the volume increase in Latvia was largely the result of Swedbank's acquisition of Hipoteku Bank's loan portfolio, which amounted to SEK 1.6bn. The lending portfolios in Russia and Ukraine continued to decrease.

The stable or positive trend in house prices in major Baltic cities continued. The average loan-to-value ratio was 68 per cent in Estonia on 31 December 2012 (75 as of 31 December 2011), 128 per cent in Latvia (149) and 88 per cent in Lithuania (96). Within Baltic Banking the share of the mortgage portfolio where exposures exceed the current market value of the underlying collateral was SEK 5.5bn (6.3). The average loan-to-value ratio in Swedbank Mortgage was 60 per cent (60) on 31 December based on property level (45 per cent by loan level). For new mortgages granted in Sweden in 2012 the average loan-to-value ratio is 68 per cent (69), at the same time that the amortisation rate increased. For new lending in 2012, 92 per cent of the households with a loan-to-value ratio of over 75 per cent of their property's value are amortising. Of the 8 per cent that were not amortising on their payment dates, practically all have an amortisation plan which will begin within two years. For the portfolio as a whole, 73 per cent (71) of households with a loan-to-value ratio exceeding 75 per cent are amortising their loans.

Impaired loans decreased during the year to SEK 14bn (25). The decrease affected Baltic Banking and Ukraine, while Retail reported a marginal increase. The decrease was due to a combination of a slower inflow of new

impaired loans, amortisation of impaired loans and the fact that certain large corporate commitments are no longer impaired. Write-offs and the sale of the retail portfolio in Ukraine also contributed to the decrease (see also page 48 of the fact book). The volume in Baltic Banking related to problem loans from the crisis years is gradually declining as the loans are restructured, amortised or written off.

Loans past due by more than 60 days continued to decrease within Baltic Banking during the year. Within Retail, private mortgages and corporate loans past due by more than 60 days increased, but without causing higher credit impairments. All in all, Swedbank's corporate customers within Retail and LC&I demonstrated continued resilience, with few customers with loans past due by more than 60 days or other financial problems.

Credit impairments, net by business area SEKm	Q4 2012	Q3 2012	Q4 2011
Retail	102	69	216
Large Corporates & Institutions	152	-35	4
Baltic Banking	-329	-18	-117
Estonia	-242	2	-55
Latvia	86	8	158
Lithuania	-173	-28	-232
Other			12
Group Functions & Other	86	188	-277
Russia	-30	28	-269
Ukraine	117	140	9
Other	-1	20	-17
Total	**11**	**204**	**-174**

Credit impairments totalled SEK 687m for 2012 (net recoveries of SEK 1 911m). Credit impairments within Retail and LC&I remain very low and are mainly related to a few corporate commitments. Recoveries in the Baltic countries primarily related to a limited number of corporate commitments. In Ukraine, credit impairments increased during the year to SEK 915m (-526). The increase was primarily related to the sale of parts of the private portfolio and to additional provisions in the remaining portfolio.

The value of repossessed assets in the Group fell by SEK 1 309m to SEK 5 066m during the year, of which tangible asset writedowns accounted for SEK 466m. During the year Ektornet acquired properties for SEK 1 006m and sold properties with a book value of SEK 1 655m.

For more information on Ektornet, see page 21.

Assets taken over and cancelled leases by business area SEKm	31 Dec 2012	31 Dec 2011
Retail	9	44
Baltic Banking	169	216
Estonia	11	9
Latvia	97	117
Lithuania	61	90
Group Functions & Other	4 888	6 115
Russia	137	10
Ukraine	145	286
Ektornet	4 606	5 819
Sweden	377	305
Norway		102
Finland	281	709
Estonia	340	569
Latvia	1 665	1 721
Lithuania	351	448
USA	1 228	1 522
Ukraine	364	443
Total	**5 066**	**6 375**

Swedbank's exposure to counterparties in Greece, Ireland, Italy, Portugal and Spain continued to decrease. The exposures totalled SEK 396m as of 31 December 2012 (763).

GIIPS exposure 31 Dec 2012 SEKm	Greece	Ireland	Italy	Portugal	Spain	Total
Bonds			84	26	5	**115**
of which soveriegn			84	26	5	**115**
of which held to maturity[1]			84	26	5	**115**
Loans (money market and commercial paper)						
Loans (committed credit facilities)						
Derivatives net[2]		47	37		102	**186**
Other[3]			15		80	**95**
Total	**0**	**47**	**136**	**26**	**187**	**396**

[1] Current market values are approximately SEK 23m below the carrying amounts.
[2] Derivatives at market value taking into account netting and collateral agreements. The derivatives gross value, i.e. market value plus internal add-ons, amount to: Ireland SEK 72m, Italy SEK 396m and Spain SEK 218m. Total SEK 686m.
[3] Includes trade finance and mortgage loans.

During the year Swedbank reviewed all its major commitments in the Swedish and Baltic operations to ensure correct risk classifications and updated collateral values. Moreover, the bank's risk classification models for small and medium-sized enterprises were updated to better reflect the underlying risk of default. Work to improve the customer representatives' understanding of the design and impact of the risk classification models on capital requirements and profitability has been completed as well.

Funding and liquidity

Swedbank saw strong demand from domestic and international debt investors in 2012. During the year the bank attracted new investors and thereby broadened its investor base. In 2012 Swedbank issued a total of SEK 142bn in long-term debt instruments, of which SEK 14bn during the fourth quarter. Covered bond issuance amounted to SEK 77bn in 2012, while issued senior debt amounted to SEK 60bn. In 2013 Swedbank plans to issue approximately SEK 120bn to meet maturing long-term funding with a nominal value of SEK 86bn.

The average maturity of all capital market funding arranged through the bank's short- and long-term programmes was 33 months as of 31 December 2012 (35). Long-term funding with an original maturity of over one year had an average maturity of 38 months (41), of which 39 months for covered bonds (43) and 31 months for senior funding (19). The average maturity of long-term funding issued during the fourth quarter was 69 months. The bank's short-term funding is used mainly as a cash management tool, not to finance the bank's lending to the public. During the fourth quarter Swedbank extended the average maturity of its short-term financing. The outstanding volume decreased during the year to SEK 115bn.

As central banks increased support to southern European banks and the debate on the new bail-in rules intensified, the market increasingly turned its focus to the asset encumbrance level of the banks. To increase transparency in this area, Swedbank has reported not only encumbered assets in its fact book but also assets available to be pledged. Swedbank considers increased transparency to be an important element to improve its relative position and pricing in the capital market.

Due to the composition of its assets, Swedbank has limited structural needs for senior funding. The share of senior funding is mainly determined by the bank's liquidity needs and the buffer it wants to maintain in its cover pool in the form of overcollateralisation in order to withstand fluctuations in house prices. During the year the over collateralisation level in the cover pool increased to 35 per cent (29).

Issued long-term debt SEKbn	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Covered bonds	9	18	20	30
of which SEK	6	17	18	17
of which EUR	2	1	2	3
of which USD				10
of which Other	1			
Senior unsecured bonds	4	13	19	24
Structured retail bonds (SPAX)	1		2	2
Total	**14**	**31**	**41**	**56**

In 2012 Swedbank repaid and repurchased subordinated debt with a total volume of SEK 9bn. During the fourth quarter Swedbank issued a EUR 500m subordinated bond. It was Swedbank's first subordinated debt issue since 2008.

Swedbank's liquidity reserve, which is reported in accordance with the Swedish Bankers' Association's definition, amounted to SEK 216bn on 31 December 2012 (247). In addition to the liquidity reserve, liquid securities in other parts of the Group amounted to SEK 58bn (62). The liquidity reserve and the Liquidity Coverage Ratio (LCR) will fluctuate over time depending, among other things, on the maturity structure of the bank's issued securities. According to current Swedish regulations, the Group's LCR amounted to 130 per cent as of 31 December (139). Distributed by USD and EUR, LCR was 296 per cent and 267 per cent, respectively. Based on the new, updated Swedish regulations (FFFS 2012:6), which apply as of 1 January 2013, LCR amounts to 139 per cent.

In early 2013 the Basel Committee published a new recommendation on the definition of LCR, which would make Swedbank's LCR level significantly higher than in the Swedish Financial Supervisory Authority's definition. According to Swedbank's interpretation of the current draft regulation, the Group's NSFR amounted to 91 per cent on 31 December (94). In the Riksbank's Financial Stability Report published in November 2012 average NSFR was 84 per cent for the four major Swedish banks based on reports as per September 2012. The main liquidity measure used by the Board of Directors and executive management is the so-called survival horizon, which shows how long the bank can manage long periods of stress in capital markets, where access to new financing would be limited. At present, the bank would be able to survive for more than 12 months with the capital markets completely shut down. This applies to the Group's total liquidity as well as liquidity in USD and EUR. As of this quarter Swedbank reports its survival horizon in the fact book.

For more information on Swedbank's funding and liquidity (including the survival horizon), see pages 58-72 of the fact book.

Ratings events during the period

The bank's positive development in recent years has been noticed by the rating agencies. For example, Fitch upgraded Swedbank's long-term rating during the summer 2012 from A to A+.

At the end of 2012 the rating agencies took a number of general actions. Moody's upgraded the Swedish banking system's outlook from negative to stable and Standard & Poor's downgraded its view of the Swedish economy, due to which the Swedish banks' outlook was downgraded from stable to negative.

Swedbank's aim is to have a credit rating on the same level as the highest rated banks in the Nordic region.

Capital and capital adequacy

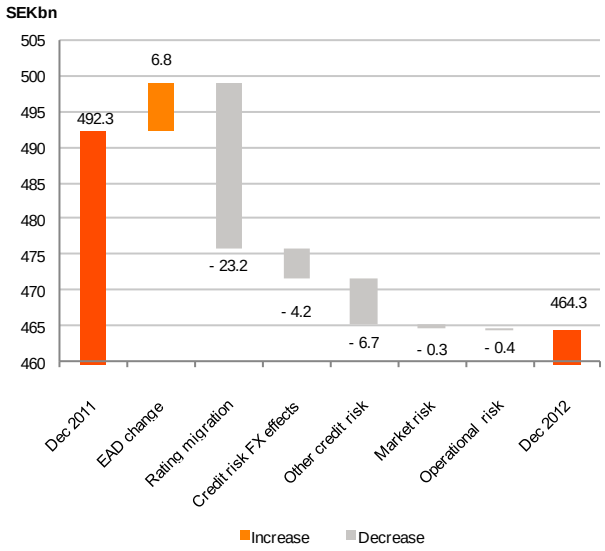
The Common Equity Tier 1 ratio according to Basel 2 continued to strengthen during the fourth quarter 2012 to 17.4 per cent on 31 December 2012 (15.7 per cent on 31 December 2011).

Common Equity Tier 1 capital increased by SEK 3.4bn from the beginning of the year to SEK 80.7bn. The increase was mainly due to profit for the year (after the anticipated dividend). Subordinated loans included in the capital base decreased by SEK 5.2bn, mainly due to redemptions and repurchases. Of this decrease, SEK 3.9bn relates to loans included in Tier 2 capital, despite that the bank issued a new EUR 500m subordinated loan during the fourth quarter. The rest of the decrease relates to loans included in Tier 1 capital.

Risk weighted assets decreased by SEK 28bn from the beginning of the year to SEK 464bn. The risk weighted amount for credit risks decreased by SEK 27bn. Exposures, mainly in the form of corporate exposures in Sweden, increased the risk weighted amount by SEK 12bn, while cutbacks in Russia and Ukraine led to a reduction of SEK 5bn. The decrease in the risk weighted amount is primarily attributable to positive rating migrations for corporate exposures due to improved risk assessment processes and methods. This includes a rating model update for exposures to small and medium-sized enterprises (SME), which was approved by the Swedish Financial Supervisory Authority (SFSA) during the second quarter and led to a SEK 9bn reduction of the risk weighted amount as of 31

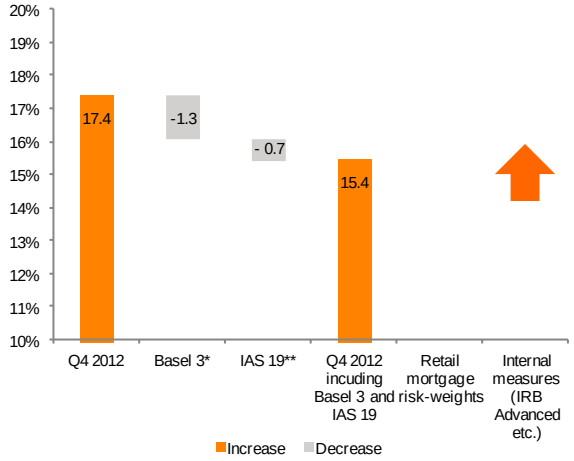
December. Changes in exchange rates, mainly attributable to the Baltic credit portfolio, have reduced the risk weighted amount for credit risks by SEK 4bn due to the appreciation of the Swedish krona against the euro. The risk weighted amounts for market risks and operational risks were practically unchanged as of 31 December compared with the beginning of the year.

Change in risk weighted assets 2012, Swedbank financial companies group



Risk-weighted assets by business area SEKbn	31 Dec 2012	31 Dec 2011
Retail	208	219
Large Corporates & Institutions	127	129
Baltic Banking	95	102
Estonia	38	41
Latvia	31	33
Lithuania	26	28
Asset Management	3	3
Group Functions & Other	31	39
Group Business Support	2	1
Treasury	15	15
Russia	4	6
Ukraine	4	9
Ektornet	6	7
Other		1
Total risk-weighted assets	**464**	**492**

Estimated impact of new regulations on the Common Equity Tier 1 ratio



* Estimated based on Swedbank's current understanding of future regulations.
** Estimated based on unrecognized actuarial losses as of 31 December 2012.

The Common Equity Tier 1 ratio according to Basel 3, including IAS 19, was 15.4 per cent (14.3), according to Swedbank's estimate based on prevailing knowledge of future regulations. Swedbank estimates that the Basel 3 regulations will negatively affect its Common Equity Tier 1 ratio by 1.3 percentage points when introduced. EU negotiations on the future regulations were scheduled to be completed in 2012, but have been postponed and are not expected to be finalised until early 2013. Consequently, the new rules will probably take effect on 1 January 2014.

The new accounting standard for pensions (IAS 19) took effect on 1 January 2013 and Swedbank's reported pension debt will increase by about SEK 4bn and equity will decrease by about SEK 3bn. As a result, the Common Equity Tier 1 ratio will drop by about 0.7 percentage points (0.4) calculated as of 31 December 2012. Falling discount rates during the second half-year explain the increase in the estimated negative effect. The changes in IAS 19 will create volatility in the estimated pension debt and hence in banks' equity.

On 26 November SFSA published a memo describing the introduction of a risk weight floor of 15 per cent for Swedish mortgage portfolios. The floor is being introduced as part of SFSA's overall capital assessment under the supervisory measure in the so called Pillar 2. Since the risk weight floor will be introduced, as proposed, as part of the overall capital assessment under Pillar 2, reported capital ratios will not be affected, since these calculations are made according to the rules for Pillar 1. The floor means that an institution must keep more capital if it does not already allocate capital in excess of the floor for Swedish mortgages. Within the framework of the internal capital assessment in Pillar 2 and in its internal controls, Swedbank has for some time been allocating additional capital to its mortgage business, corresponding to the proposed risk weight floor. These provisions are of the same size that SFSA is now proposing.

When implementing the current EU directive, Sweden choosed to introduce an exemption whereby insurance holdings in Swedish banks could be deducted from their total capital base, rather than deducting half from Tier 1 capital and half from Tier 2 capital in accordance with the directive's main rule. This exemption expired on 1 January 2013. Half of Swedbank's deduction for insurance holdings, which amounted to SEK 2.9bn as of

31 December 2012, will therefore come from Tier 1 capital from the first quarter 2013. This would affect the Tier 1 ratio negatively by about 0.3 percentage points, while leaving the total capital adequacy ratio unchanged. The change is temporary and a consequence of the delay in the EU's implementation of the Basel 3 rules. The future Basel 3 rules will treat insurance holdings differently, where the deduction from the capital base will be replaced by a risk-weighting. The effect attributable to insurance holdings calculated according to the Basel 3 rules is included in the bank's estimated Basel 3 figures.

In December 2012 Swedbank applied to FI to use a so-called advanced internal risk classification model (IRBA) to measure credit risks for corporate exposures. An answer is expected in the second half of 2013.

Swedbank's Internal Capital Adequacy Assessment Process (ICAAP) for 2012 shows that Swedbank has limited risks and is well capitalised for future regulatory changes and a potentially highly negative scenario that includes a major recession in Sweden and the Baltic countries which adversely affects the bank. For more information on Swedbank's ICAAP for 2012, see page 56 of the fact book.

Market risk

Swedbank measures market risks – those of a structural nature and those that arise in trading operations – with a Value-at-Risk (VaR) model. For each portfolio, VaR expresses a loss level that statistically will be exceeded by a specific probability during a set time horizon. Swedbank uses a 99 per cent probability and a time horizon of one day. This means that the potential loss for the portfolio, based on historical data, will exceed VaR on one day of 100.

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

VaR by risk category					
	Jan-Dec 2012 (2011)			31 Dec	31 Dec
SEKm	Max	Min	Average	2012	2011
Interest risk	141 (186)	69(56)	102 (108)	71	91
Currency rate risk	14 (29)	3 (2)	6 (7)	5	7
Stock price risk	14 (14)	3 (2)	7 (6)	4	5
Diversification			-19 (-20)	-14	-19
Total	**131 (175)**	**66 (52)**	**96 (101)**	**66**	**84**

**) VaR here excludes market risks within Swedbank Ukraine as well as strategic currency rate risks. For Swedbank Ukraine, VaR is misleading because of the illiquid and undeveloped financial markets in Ukraine. Regarding strategic currency rate risks, a VaR measurement based on a time horizon of one day is not relevant.*

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

An increase in all market interest rates of one percentage point as of 31 December 2012 would have reduced the value of the Group's assets and liabilities, including derivatives, by SEK 117m, compared with a decrease of SEK 987m as of 31 December 2011. This calculation includes the portion of the bank's deposits assigned a duration of between two and three years. The decrease in the value of positions in Swedish kronor would have been SEK 267m (-656), while positions in foreign currency would have increased in value by SEK 150m (-332).

With an interest rate increase of one percentage point, the Group's net gains and losses on financial items at fair value would have decreased by SEK 52m as of 31 December 2012, compared with a decrease of SEK 434m as of 31 December 2011.

Operational risks

The operational risk level remains elevated despite the financial effect in the form of operational losses being low.

Swedbank has implemented extensive stabilisation measures to ensure its IT operations and accessibility through the Internet Bank and ATMs. The work to modernise, consolidate and improve efficiency in the bank's IT infrastructure has begun to have a positive effect on operational risks.

Other events

The Board of Directors proposes a dividend of SEK 9.90 (5.30) per ordinary share and SEK 9.90 (5.30) per preference share for the financial year 2012, corresponding to SEK 10 880m and a dividend ratio of 75 per cent. The proposed record day for the 2012 dividend is 25 March 2013. The last day for trading in the bank's shares with the right to the dividend will be 20 March 2013. If the Annual General Meeting accepts the Board's proposal, the cash dividend is expected to be paid out by Euroclear on 28 March 2013.

Swedbank's Annual General Meeting will be held at Dansens Hus (Folkets Hus) in Stockholm on Wednesday, 20 March 2013.

Events after 31 December 2012

During the fourth quarter the bank announced an organisational change that takes effect on 1 January 2013. The new organisation improves opportunities for even better customer service on the internet, in mobile channels and by telephone through a new unit, Channels and Concepts. The change also gives the branches and regions greater independence in working with selected customer groups in local markets. Swedbank's Group Executive Committee has been expanded to include the six regional managers – Stojko Gjurovski, Marie Halling, Lena Smeby-Udesen, Ulf Ejelöv, Johan Smedman and Björn Elfstrand – as well as CIO Mats Engstrand.

Tomas Hedberg was appointed CEO of Swedbank Robur.

Lars Friberg was appointed Head of Group HR.

Swedbank's Nomination Committee proposes Anders Sundström as the new Chair of the Board of Directors of Swedbank AB. The Nomination Committee further proposes the re-election of all current Board members: Olav Fjell, Ulrika Francke, Göran Hedman, Lars Idermark, Anders Igel, Pia Rudengren, Charlotte Strömberg, Karl-Henrik Sundström and Siv Svensson.

Retail

- Stable net interest income
- Good cost control
- Development of digital services

Income statement

SEKm	Q4 2012	Q3 2012	%	Q4 2011	%	Full-year 2012	Full-year 2011	%
Net interest income	3 407	3 447	-1	3 244	5	13 665	12 317	11
Net commissions	1 320	1 269	4	1 259	5	5 098	5 183	-2
Net gains and losses on financial items at fair value	47	51	-8	59	-20	203	216	-6
Share of profit or loss of associates	155	222	-30	159	-3	788	769	2
Other income	178	220	-19	183	-3	823	706	17
Total income	**5 107**	**5 209**	**-2**	**4 904**	**4**	**20 577**	**19 191**	**7**
Staff costs	864	848	2	937	-8	3 475	3 674	-5
Variable staff costs	24	43	-44	14	71	143	95	51
Other expenses	1 517	1 444	5	1 509	1	5 762	5 738	0
Depreciation/amortisation	27	22	23	26	4	96	95	1
Total expenses	**2 432**	**2 357**	**3**	**2 486**	**-2**	**9 476**	**9 602**	**-1**
Profit before impairments	**2 675**	**2 852**	**-6**	**2 418**	**11**	**11 101**	**9 589**	**16**
Credit impairments	102	69	48	216	-53	295	335	-12
Operating profit	**2 573**	**2 783**	**-8**	**2 202**	**17**	**10 806**	**9 254**	**17**
Tax expense	446	733	-39	532	-16	2 583	2 267	14
Profit for the period	2 127	2 050	4	1 670	27	8 223	6 987	18
Profit for the period attributable to the shareholders of Swedbank AB	**2 127**	**2 047**	**4**	**1 668**	**28**	**8 213**	**6 973**	**18**
Non-controlling interests		3		2		10	14	-29
Return on allocated equity, %	26.2	24.4		25.7		25.5	28.4	
Loan/deposit ratio, %	244	246		244		244	244	
Credit impairment ratio, %	0.04	0.03		0.09		0.03	0.04	
Total provision ratio for impaired loans, %	75	77		90		75	90	
Share of impaired loans, gross, %	0.19	0.20		0.19		0.19	0.19	
Cost/income ratio	0.48	0.45		0.51		0.46	0.50	
Full-time employees	4 807	4 775	1	4 946	-3	4 807	4 946	-3

Development January-December
Weaker economic conditions, not least in the eurozone, clearly impacted the Swedish economy during the fourth quarter. Households became more pessimistic about the Swedish economy and their own finances at the same time that corporate investment and employment plans have been postponed. The economic slowdown has led to lower credit growth, mainly in corporate lending. A rapidly growing number of notices of layoffs and an increase in the number of bankruptcies suggest a deeper and more protracted slowdown. Open unemployment rose to 8.1 per cent in November, the highest level in over two years.

Profit for 2012 amounted to SEK 8 213m, an increase of 18 per cent year-on-year. The increase was mainly the result of stronger net interest income.

Net interest income rose by 11 per cent for the full-year, mainly as the result of the repricing of mortgages and corporate credits. Deposit margins were negatively affected by falling interest rates. The fourth quarter's net interest income was stable compared with the third quarter. Falling interest rates affected net interest income on deposits negatively. This was largely offset by the repricing of corporate credits. Deposit margins on mortgages were stable during the quarter.

Household deposit volume rose by 3 per cent from the beginning of the year and was stable during the fourth quarter. Swedbank's share of household deposits was 22 per cent (23 per cent as of 31 December 2011).

Deposits from corporate customers rose by 3 per cent from the beginning of the year. Growth during the fourth quarter was 5 per cent and the volume amounted to SEK 108bn as of 31 December 2012. Swedbank's market share was 17 per cent (16).

Total deposit volume increased for both current accounts and savings accounts.

Market growth for household mortgage lending was 5 per cent on an annual basis, in line with growth in 2011 (5 per cent). Swedbank's share of growth was 14 per cent during the period January-November, while its share of the total market was 26 per cent (26 per cent as of 31 December 2011). Swedbank's mortgage volume in the private market, including housing cooperatives, has increased by 4 per cent since the beginning of the year.

Lending volume to corporate customers was unchanged from the beginning of the year. The bank's market share was 17 per cent (17).

Risk weighted assets amounted to SEK 208bn, a decrease of SEK 11bn during the year. Risk weighted assets for credit risks decreased by SEK 14bn despite an increase in lending. A calibration of the risk classification model for SMEs accounted for SEK 8bn of the decrease. A review of all major corporate commitments to ensure correct risk classifications and updated collateral values contributed nearly as much. The elimination of a previous cap on the risk classification of housing cooperatives also reduced risk weighted assets. Risk weighted assets for operational risks rose by SEK 3bn during the year, mainly as a result of amended internal capital allocation principles.

During the fourth quarter risk weighted assets decreased by SEK 10bn, with the large part of the decrease coming from the review of corporate commitments. The change in the model for risk classification of housing cooperatives also contributed to the decline. A change in the customer composition led to lower risk weighted assets as well during the fourth quarter.

Net commission income fell by 2 per cent year-on-year. A lower opening balance of assets under management due to the weak stockmarket in 2011, together with weak securities trading in 2012, affected net commission income negatively. Fund volumes, which had a positive flow since the end of the summer, continued to improve during the fourth quarter, with the biggest impact on fixed income funds and funds that target customers in specific segments e.g. private banking.

Developing the digital channels is an important part of the bank's strategy. An iPad banking app was launched in October and had over 130 000 users after just over two months. The total number of mobile banking users in Swedbank and the savings banks now exceeds1.2 million, an increase of nearly 80 per cent during the year. A new common banking service, Swish, was launched in December to facilitate payments by mobile phone. During its first weeks around 36 000 customers of Swedbank and the savings banks have signed up and have sent or received over 20 000 payments.

Expenses fell by 1 per cent year-on-year. The fourth quarter 2011 included an expense of SEK 62m related to staff redeployment. During the third quarter 2012 a new principle was implemented for the allocation of internal expenses from Group Treasury, which added SEK 113m to expenses for the second half-year. A corresponding decrease arose in Group Functions & Other. As a result of continued efficiency improvements as well as generation and competence change, the number of employees decreased by 139 during the year. 240 branches, or just over three fourths of the total number, have stopped handling cash manually, which has also reduced transport and security expenses. Consulting expenses have decreased as well. As part of the ongoing review of the retail network, 8 branches were merged with larger units during the period. There are now 310 branches. The cost/income ratio was 0.46 (0.50).

Insurance-related income for the period amounted to SEK 1 442m (1 360), of which SEK 1 026m (1 058) consisted of net commission income. The increase was primarily due to an improved risk result, where the number of claims has declined in pace with lower morbidity rates. Assets under management amounted to SEK 103bn, an increase of SEK 9bn from the beginning of the year. Of the assets under management, SEK 90.9bn relates to unit linked and variable universal life insurance.

Credit quality remained good. The number of small businesses with payment difficulties increased due to the slowing economy. The migration to better risk classes affected provisions positively. The share of impaired loans was 0.19 per cent (0.19).

Retail, *Swedbank's dominant business area, is responsible for all Swedish customers except for large corporates and financial institutions. Banking services are sold through Swedbank's own branch network, the Telephone Bank, the Internet Bank and the savings banks' distribution network. The business area also includes a number of subsidiaries as well as the retail operations in branch offices in Denmark, Norway, Finland and Luxembourg.*

Large Corporates & Institutions

- High business activity in Large Corporates
- Continued good activity and market leading position in SEK bond issues
- Increased corporate finance income in Norway

Income statement

SEKm	Q4 2012	Q3 2012	%	Q4 2011	%	Full-year 2012	Full-year 2011	%
Net interest income	824	852	-3	1 051	-22	3 388	3 514	-4
Net commissions	443	379	17	269	65	1 602	1 340	20
Net gains and losses on financial items at fair value	412	341	21	224	84	1 717	705	
Share of profit or loss of associates				-5		6	-5	
Other income	24	9		-5		50	748	-93
Total income	**1 703**	**1 581**	**8**	**1 534**	**11**	**6 763**	**6 302**	**7**
Staff costs	269	255	5	422	-36	1 099	1 361	-19
Variable staff costs	71	66	8	13		361	152	
Other expenses	331	372	-11	379	-13	1 317	1 411	-7
Depreciation/amortisation	12	11	9	17	-29	43	46	-7
Total expenses	**683**	**704**	**-3**	**831**	**-18**	**2 820**	**2 970**	**-5**
Profit before impairments	**1 020**	**877**	**16**	**703**	**45**	**3 943**	**3 332**	**18**
Impairment of intangible assets				17		4	17	-76
Credit impairments	152	-35		4		185	-189	
Operating profit	**868**	**912**	**-5**	**682**	**27**	**3 754**	**3 504**	**7**
Tax expense	62	210	-70	252	-75	947	1 128	-16
Profit for the period	806	702	15	430	87	2 807	2 376	18
Profit for the period attributable to the shareholders of Swedbank AB	**806**	**702**	**15**	**430**	**87**	**2 807**	**2 376**	**18**
Return on allocated equity, %	17.5	14.2		12.3		15.1	15.5	
Loan/deposit ratio, %	200	183		218		200	218	
Credit impairment ratio, %	0.23	-0.06		0.00		0.08	-0.06	
Total provision ratio for impaired loans, %	166	148		134		166	134	
Share of impaired loans, gross, %	0.10	0.11		0.13		0.10	0.13	
Cost/income ratio	0.40	0.45		0.54		0.42	0.47	
Full-time employees	1 006	1 021	-1	1 076	-7	1 006	1 076	-7

Development January-December
The fourth quarter saw cautiousness in the financial markets. The generally negative outlook for the global economy persisted. Leading European and US stock indices fell during the first half of the quarter before recovering during the second half. Yields remained low on both short- and long-term Swedish sovereign bonds.

Profit for the year amounted to SEK 2 807m (2 376). In 2011 profit was affected by one-off revenue of SEK 461m from the settlement with the Lehman Brothers bankruptcy estate. The increase in profit was mainly due to higher income in Large Corporates and FX & Fixed income unit as well as lower expenses. Net interest income in the FX & Fixed income unit decreased, while net gains and losses on financial items at fair value increased.

Net interest income decreased by 4 per cent compared with 2011. Net interest income for Large Corporates rose by 40 per cent from the previous year to SEK 2 736m for the full-year. The lending margin widened through the continued repricing of loans, partly as a result of stricter requirements from the authorities on capital adequacy and liquidity. In the fourth quarter net interest income decreased by 3 per cent to SEK 824m compared with the previous quarter, with net interest income from Large Corporates rising by 6 per cent to SEK 729m. Business activity and income within Large Corporates remained positive, and the client centric business model with a broad-based offering posted good results. In Norway, package solutions comprising several units such as bank financing, bond issues and equity have been especially successful. The margin on the loan portfolio increased somewhat during the fourth quarter.

Lending increased by SEK 2bn from 31 December 2011 to SEK 136bn, while deposits rose by SEK 6bn to SEK 68bn. Lending declined by SEK 6bn against 30 September, mainly due to a couple of discontinued loans with low margins as well as a lower utilisation rate among a few customers.

Risk weighted assets decreased by approximately SEK 2bn from the beginning of the year to SEK 127bn on 31 December. The change was due to a lower risk weighted amount for operational risk following a change in the internal allocation model, while credit and market risks were at about the same level during the year.

Net commission income rose by 20 per cent year-on-year to SEK 1 602m, mainly due to income growth within Corporate Finance. During the fourth quarter net commission income rose by 17 per cent due to income growth within Corporate Finance in Norway. Low revenues and slow activity in equity markets during the fourth quarter made it more difficult to generate profit from proprietary risk management, and total income from equity trading decreased. During the fourth quarter

2012 one-off revenue of SEK 37m was reported for a VAT refund, which had been reported in the Norwegian corporate finance operations in the fourth quarter 2011.

Net gains and losses on financial items at fair value increased by 144 per cent compared with 2011 to SEK 1 717m, mainly due to higher income from the FX & Fixed income unit. Compared with the previous quarter, net gains and losses on financial items at fair value rose by 21 per cent.

Bond issue activity remained good during the fourth quarter, while customer activity in fixed income and currency trading was affected by the macroeconomic slowdown and was slightly lower than normal. Swedbank retained its strong position in the area of bond issues. Its market share for SEK issues was 21.3 per cent for the year, making it the market leader. In Norway, Swedbank's market share was 14.9 per cent, making it the second largest player. Swedbank's focus on euro bonds resulted in several issues on behalf of customers during the fourth quarter.

Total expenses decreased by 5 per cent compared with 2011. Excluding variable staff costs, total expenses fell by 13 per cent. Expenses of SEK 82m related to personnel redeployment were reported during the fourth quarter 2011. As a result of the review of the cost structure launched in the second half of 2011, a lower cost level was established during the year, with the biggest impact on staff and consulting costs. A large part of the redeployment was in the Investment Banking unit. During the third quarter 2012 a new principle was implemented for allocating internal expenses from Group Treasury, which resulted in expenses of SEK 84m in the second half of the year. A corresponding decrease arose in Group Functions & Other.

Credit quality in the loan portfolio remained good and the share of impaired loans was low. Credit impairments amounted to SEK 152m in the fourth quarter, the large part of which consisted of a realised credit impairment related to the divestment of a commitment in the shipping and offshore sector.

In TNS SIFO Prospera's survey of credit products, Sweden's largest investors (tier 1) rated Swedbank as the best in the country in credit products and credit research.

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

Baltic Banking

- Lower Euribor rates negatively affected net interest income
- Increased lending volumes during the fourth quarter

Income statement

SEKm	Q4 2012	Q3 2012	%	Q4 2011	%	Full-year 2012	Full-year 2011	%
Net interest income	761	755	1	901	-16	3 298	3 910	-16
Net commissions	351	360	-3	380	-8	1 460	1 454	0
Net gains and losses on financial items at fair value	79	72	10	84	-6	288	280	3
Other income	84	86	-2	156	-46	384	503	-24
Total income	**1 275**	**1 273**	**0**	**1 521**	**-16**	**5 430**	**6 147**	**-12**
Staff costs	190	168	13	221	-14	730	802	-9
Variable staff costs	16	12	33	5		62	34	82
Other expenses	395	343	15	461	-14	1 476	1 675	-12
Depreciation/amortisation	30	30	0	32	-6	124	132	-6
Total expenses	**631**	**553**	**14**	**719**	**-12**	**2 392**	**2 643**	**-9**
Profit before impairments	**644**	**720**	**-11**	**802**	**-20**	**3 038**	**3 504**	**-13**
Impairment of intangible assets				1 913			1 913	
Impairment of tangible assets	8	5	60	21	-62	15	34	-56
Credit impairments	-329	-18		-117		-685	-1 002	-32
Operating profit	**965**	**733**	**32**	**-1 015**		**3 708**	**2 559**	**45**
Tax expense	116	58	100	71	63	347	449	-23
Profit for the period	849	675	26	-1 086		3 361	2 110	59
Profit for the period attributable to the shareholders of Swedbank AB	**849**	**675**	**26**	**-1 086**		**3 361**	**2 110**	**59**
Return on allocated equity, %	13.7	11.0		-18.9		13.6	8.0	
Loan/deposit ratio, %	108	113		122		108	122	
Credit impairment ratio, %	-1.15	-0.07		-0.37		-0.59	-0.76	
Total provision ratio for impaired loans, %	52	56		55		52	55	
Share of impaired loans, gross, %	7.37	9.62		12.57		7.37	12.57	
Cost/income ratio	0.49	0.43		0.47		0.44	0.43	
Full-time employees	4 150	4 130	0	4 257	-3	4 150	4 257	-3

Development January-December
In the third quarter 2012 GDP grew by 3.5 per cent in Estonia, 5.2 per cent in Latvia and 4.4 per cent in Lithuania compared with the previous year. Economic growth is expected to slow during the first half of 2013 due to weak demand from outside the region. Credit demand is still relatively weak in the Baltic countries, with businesses and consumers cautious about taking on more debt due to market uncertainty.

Profit for 2012 amounted to SEK 3 361m, against SEK 2 110m in the previous year. The 2011 result was charged with goodwill impairment of SEK 1 913m in the Latvian banking operations. Net recoveries amounted to SEK 685m (1 002).

Net interest income fell by 13 per cent in local currency compared with 2011. Lower market rates and a lower average lending volume affected net interest income negatively whilst increased deposits had a positive impact. Fluctuations in exchange rates reduced net interest income by SEK 110m. In the fourth quarter net interest income fell by 1 per cent in local currency. This was mainly due to falling market rates, which affected net interest income negatively. The acquisition of Hipoteku Bank and its gradual consolidation with Swedbank in the latter half of 2012 affected net interest income positively by SEK 28m in the fourth quarter and SEK 9m in the third quarter. Fluctuations in exchange rates affected net interest income positively by SEK 14m.

Lending volumes were largely unchanged in local currency during the year. Volumes decreased during the first quarter before stabilising during the second quarter. During the second half of 2012 lending volumes increased slightly in local currency. The increase in Estonia and Lithuania was due to higher demand, while the volume gain in Latvia was largely due to Swedbank's acquisition of Hipoteku Bank's loan portfolio. The volumes in the acquired lending portfolios amounted to about SEK 1.6bn, while the deposit portfolio amounted to about SEK 1.8bn.

Swedbank's market share in lending was 27 per cent as of 30 November (27 per cent as of 31 December 2011).

Deposits increased by 13 per cent in local currency during the year, with deposits from private customers growing by 13 per cent and corporate deposits by 15 per cent. Swedbank's market share for deposits was 30 per cent as of 30 November (29 per cent as of 31 December 2011).

The loan-to-deposit ratio was 108 per cent (122 per cent as of 31 December 2011).

Net commission income increased by 4 per cent in local currency compared with 2011. The increase was due primarily to higher commissions from payment services. During the fourth quarter Swedbank in Lithuania was charged a fine of EUR 4m (SEK 35m) when the competition authority ruled that its cash management agreement with G4S adversely affected competition in

the market. Swedbank has appealed against the decision.

The number of active customers and the number of transactions continue to rise, reflecting a high level of customer activity on the heels of improved macroeconomic conditions in the Baltic countries. The number of active customers increased by 120 000 in 2012.

Expenses decreased by 6 per cent in local currency from the previous year, mainly due to lower fixed staff, IT, consulting and marketing expenses. The fourth quarter 2011 was charged with expenses of SEK 22m for personnel redeployment. The number of full-time employees has been reduced by 107, or down 3 per cent for the year. As a result of the continued review of the retail network, 13 branches were closed during the year, leaving 193 branches in the Baltic countries. At the same time that it is reviewing its retail network, the bank is improving the level of service in its digital channels. The cost/income ratio was 0.44 (0.43).

Net recoveries amounted to SEK 685m, compared with SEK 1 002m for 2011. Recoveries were generated in the corporate portfolios in all three countries, while the mortgage portfolios generated additional impairments in Latvia and Lithuania. Impaired loans, gross, decreased during the year to SEK 9bn (SEK 16bn on 31 December 2011). The decrease was due to write-offs, to certain commitments no longer being impaired, to amortisations and to a lower inflow of new impaired loans. Credit quality has strengthened through a gradual increase in new lending, which carries a lower risk.

Risk weighted assets decreased by SEK 7bn from the beginning of the year to SEK 95bn. Risk weighted assets have stabilised or decreased in most lending portfolios, mainly due to improved credit quality, which led to an improved internal rating. Fluctuations in exchange rates contributed about SEK 3bn to the decrease in risk weighted assets.

Insurance-related income amounted to SEK 428m (394) during the period. The improvement was mainly due to increased premium volumes and somewhat higher risk results. Assets under management amounted to SEK 3.2bn (3.3).

During the year Baltic Banking continued to implement a customer-oriented business model based on long-term, full-service relationships. Our surveys show that customer satisfaction has increased at the same time that we are winning a larger share of their banking business.

Functionality and service in the digital channels were improved during the year, primarily in terms of user friendliness, sales activities and certain types of advice. Around 85 per cent of customers in Baltic Banking are internet banking customers and more than 180 000 use the bank's mobile applications. Swedbank has received several awards for its digital channels in recently published surveys. Global Finance Magazine ranked Swedbank's mobile banking solution for corporate customers the best in the world. In addition, Swedbank's Internet Bank was named the best in Estonia and Latvia.

Baltic Banking *has business operations in Estonia, Latvia and Lithuania. The bank's services are sold through Swedbank's own branch network, the Telephone Bank and the Internet Bank.*

Asset Management

- Positive fund inflows
- Investors are reducing their risks

Income statement

SEKm	Q4 2012	Q3 2012	%	Q4 2011	%	Full-year 2012	Full-year 2011	%
Net interest income	1	2	-50			11		
Net commissions	404	370	9	380	6	1 527	1 560	-2
Net gains and losses on financial items at fair value	1	3	-67	-1		8	-9	
Other income	2	1	100	2	0	4	5	-20
Total income	**408**	**376**	**9**	**381**	**7**	**1 550**	**1 556**	**0**
Staff costs	87	84	4	113	-23	349	387	-10
Variable staff costs	13	13	0	9	44	41	42	-2
Other expenses	75	73	3	99	-24	300	345	-13
Depreciation/amortisation	12	13	-8	12	0	49	49	0
Total expenses	**187**	**183**	**2**	**233**	**-20**	**739**	**823**	**-10**
Profit before impairments	**221**	**193**	**15**	**148**	**49**	**811**	**733**	**11**
Impairment of intangible assets	17			30	-43	17	30	-43
Operating profit	**204**	**193**	**6**	**118**	**73**	**794**	**703**	**13**
Tax expense	29	49	-41	29	0	179	178	1
Profit for the period	175	144	22	89	97	615	525	17
Profit for the period attributable to the shareholders of Swedbank AB	**175**	**144**	**22**	**89**	**97**	**615**	**525**	**17**
Return on allocated equity, %	39.8	33.2		21.0		35.1	28.1	
Cost/income ratio	0.46	0.49		0.61		0.48	0.53	
Full-time employees	278	271	3	286	-3	278	286	-3
Fund assets under management, SEKbn	527	474	11	446	18	527	446	18
Discretionary assets under mangement, SEKbn	253	283	-11	271	-7	253	271	-7
Total assets under mangement, SEKbn	780	757	3	717	9	780	717	9

Development January-December
Concerns in the European financial markets eased slightly as a result of stimulus packages by various central banks. Many financial markets developed well at the end of the period, which affected fund flows positively.

During the year the total net inflow to Swedish funds was SEK 74bn (16). The net inflow to Swedbank Robur's funds in Sweden was SEK 6.6bn. The positive net flows were attributable to fixed income and mixed funds, while equity funds had a net outflow of SEK 7.1bn.

Swedbank Robur's assets under management at the end of the period amounted to SEK 527bn, compared with SEK 446bn at the beginning of the year. In 2012 Folksam incorporated the LO funds, with total assets under management of SEK 39bn. Swedbank's market share in Sweden measured as assets under management was 24.7 per cent (23.6 per cent in 2011) and its share of net fund contributions was 8.9 per cent, compared with a net outflow in 2011.

Profit for the year increased by 17 per cent to SEK 615m, mainly due to lower expenses.

Net commission income decreased by 2 per cent compared with the previous year. The decrease was mainly due to a redistribution from equity to fixed income funds. Income from institutional asset management excluding Swedbank Robur's funds amounted to SEK 172m (140). During the fourth quarter 2012 performance related income from institutional management services amounted to SEK 49m.

Expenses were reduced by 10 per cent year-on-year due to efficiency improvements, which led to fewer employees and lower consulting costs. Intangible asset writedowns from previous acquisitions amounted to SEK 17m during the fourth quarter. A total expense of SEK 16m related to personnel redeployment was reported in the fourth quarter 2011.

In 2012 the business area continued to clarify and simplify its customer offering. Twenty funds have been consolidated and two have been discontinued. Four new offerings have been launched, including three ETFs (exchange traded funds). Moreover, a number of funds have been changed to become purely allocation offerings.

As of 1 January 2013 Asset Management is no longer a separate business area within Swedbank. Like the Group's other product companies, Swedbank Robur will be part of Group Products within Group Functions & Other. Income from the products will be recognised primarily within each business area, and Group Products will have its expenses covered by the business areas.

***Asset Management** comprises the Swedbank Robur Group and its operations in fund management, institutional and discretionary asset management. Asset Management is represented in Swedbank's four home markets.*

Group Functions & Other

Income statement

SEKm	Q4 2012	Q3 2012	%	Q4 2011	%	Full-year 2012	Full-year 2011	%
Net interest income	485	208		-221		842	-714	
Net commissions	-31	-14		-14		-115	2	
Net gains and losses on financial items at fair value	213	101		193	10	318	392	-19
Share of profit or loss of associates	1	2	-50	1	0	3	3	0
Other income	559	506	10	562	-1	2 129	1 861	14
Total income	**1 227**	**803**	**53**	**521**		**3 177**	**1 544**	
Staff costs	801	714	12	920	-13	3 036	3 308	-8
Variable staff costs	33	50	-34	6		131	72	82
Other expenses	-390	-503	-22	-233	67	-1 338	-1 013	-32
Depreciation/amortisation	139	131	6	190	-27	570	689	-17
Total expenses	**583**	**392**	**49**	**883**	**-34**	**2 399**	**3 056**	**-21**
Profit before impairments	**644**	**411**	**57**	**-362**		**778**	**-1 512**	
Impairment of intangible assets		-1				-1		
Impairment of tangible assets	191	97	97	149	28	451	140	
Credit impairments	86	188	-54	-277		892	-1 055	
Operating profit	**367**	**127**		**-234**		**-564**	**-597**	**-6**
Tax expense	-13	170		-94	-86	-17	-353	-95
Profit for the period from continuing operations	**380**	**-43**		**-140**		**-547**	**-244**	
Profit for the period from discontinued operations, after tax	4	-17		4	0	-13	4	
Profit for the period	384	-60		-136		-560	-240	
Profit for the period attributable to the shareholders of Swedbank AB	**383**	**-57**		**-136**		**-558**	**-240**	
Non-controlling interests	1	-3				-2		
Full-time employees	4 620	5 098	-9	5 722	-19	4 620	5 722	-19

Development January-December
Group Functions & Other comprises the bank's group functions (including Group Business Support), the banking operations in Russia and Ukraine, and Ektornet.

Income for Group Functions & Other consists of net interest income, which mainly comes from Group Treasury, the banking operations in Russia and Ukraine, and net gains and losses on financial items at fair value from Group Treasury. Other income primarily consists of revenue from the savings banks as well as sales gains from Ektornet. Income amounted to SEK 3 177m (1 544).

Expenses for Group Functions & Other decreased by 21 per cent compared with the previous year to SEK 2 399m (3 056). Excluding the net of services purchased and sold internally, expenses fell by 12 per cent to SEK 6 705m (7 613). The decrease was mainly due to lower costs for staff, IT and consultants.

Group Business Support
Group Business Support (GBS) currently consists of just over 2 800 employees in Sweden, Estonia, Latvia and Lithuania. GBS comprises Swedbank's business support units, including the IT organisation, most of Swedbank's product units and units responsible for facilities, procurement and training. GBS's strategy is to improve the bank's productivity by reducing complexity, cutting lead times, capitalising on economies of scale and better utilising available competence.

In GBS's revenue and expense model, revenue from Swedbank's customers is posted by each business area and GBS receives compensation to cover its expenses. GBS's external revenue comes largely from the savings banks, primarily for IT services.

Expenses for 2012 (excluding internally sold services) amounted to SEK 4 102m (4 628). The decrease was mainly due to lower costs for personnel and consultants.

Group IT manages Swedbank's IT operations. In 2012 there was a temporary reduction in IT development, along with more long-term cost cuts through efficiency improvements in the Group IT systems. Investments will be made in the next few years to further develop the digital channels. In addition, investment is needed to meet changes in regulatory requirements and replace older systems.

During the year GBS worked on the preparations for the move of Swedbank's head office to Sundbyberg and began a consolidation of the Group's loan management, which is expected to reduce costs over time.

The product units are responsible for large parts of Swedbank's product areas, including insurance, cards, payments and lending. During the year an analysis of the product range was conducted, based on which measures to simplify and reduce the number of products will be intensified in 2013. The product areas for cards and insurance are described in more detail on page 23.

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

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

Group Treasury's result over time shall be nearly nil, with the exception of earnings that may arise in debt and liquidity management within the given risk mandate. The fee paid to the Swedish National Debt Office for the state guaranteed funding is charged against Group Treasury. Risk hedging by Group Treasury is generally achieved with financial derivatives. The volatility in results over time is largely due to accounting-based fluctuations in these hedges.

Net interest income amounted to SEK 675m in 2012, compared with SEK -1 145m in 2011. Of the change of SEK 1 820m, SEK 776m is due to lower fees for the state guaranteed funding. The remainder is due to a better result within liquidity management, lower funding costs, and because the bank's funding costs are more accurately reflected in the internal rate charged to the business areas. In addition, a one-time correction related to the buyback of covered bonds affected net interest income positively by SEK 78m during the fourth quarter 2012. The correction also affected net gains and losses on financial items at fair value negatively by SEK 68m. Treasury's net interest income has been temporarily strengthened by positions that have benefited from lower market rates and to a certain extent by credit and basis swap spreads. Consequently, net interest income is likely to trend lower in 2013, as position extensions are made at lower interest rates and spreads.

Net gains and losses on financial items at fair value amounted to SEK 316m in 2012, compared with SEK 187m in the previous year. Profit for the year is attributable to a positive performance in liquidity management as well as repurchases of subordinated loans, while other valuation effects and one-time effects contributed negatively by around SEK 350m. During the year SEK 351m of net gains and losses on financial items at fair value were attributable to management of the bank's liquidity portfolio. The liquidity portfolio has a remaining maturity of nearly two years. During the fourth quarter Swedbank repurchased subordinated debt instruments with a nominal value of SEK 1.6bn, which produced a positive effect on net gains and losses on financial items of approximately SEK 319m.

Russia and Ukraine

The process of exiting the retail operations in Russia and Ukraine is progressing according to plan. During the fourth quarter the last 10 branches in Ukraine were closed.

The result in Russia amounted to SEK 50m (568). Net interest income decreased by 39 per cent during the year to SEK 183m, mainly due to amortisations of the performing part of the loan portfolio and the sale of the private portfolio. Since the beginning of the year the Russian loan portfolio has decreased by 44 per cent in local currency.

Total expenses in Russia decreased by SEK 48m. During the fourth quarter 2012 redeployment expenses totalled SEK 24m. The number of full-time positions in Russia was reduced from 174 at the beginning of the year to 114.

Credit quality was stable. Net recoveries of SEK 43m (512) were the result of recoveries from a few previously impaired loans. Impaired loans, gross, decreased by 68 per cent from the beginning of the year.

The result in Ukraine amounted to SEK -1 013m (470) for 2012. Net interest income was SEK 151m (267). The decrease was mainly due to amortisations in the performing part of the loan portfolio and the sale of private portfolios. From the beginning of the year the Ukrainian loan portfolio decreased by 64 per cent in local currency.

Total expenses in Ukraine amounted to SEK 266m (425). During the fourth quarter 2012 redeployment expenses totalled SEK 20m. The previous year included an expense of SEK 100m for the transformation of the Ukrainian operations. The number of full-time positions in Ukraine was reduced from 1 037 at the beginning of the year to 249.

Credit impairments amounted to SEK 915m (-526). The increase related mainly to sales of portions of the private portfolio as well as additional provisions in the remaining portfolio. Impaired loans, gross, decreased by 52 percent from the beginning of the year.

Ektornet

Ektornet manages and develops Swedbank's repossessed assets to recover as much value as possible.

The value of repossessed assets decreased during the period to SEK 4 606m.

Assets taken over SEKm	31 dec 2012	31 dec 2011
Sweden	374	305
Norway		102
Finland	281	709
Estonia	304	569
Latvia	1 665	1 721
Lithuania	351	448
USA	1 217	1 415
Ukraine	364	443
Total properties	**4 556**	**5 712**
Shares	50	107
Total	**4 606**	**5 819**

In 2012 properties were acquired for SEK 1 006m (the majority in Latvia and Lithuania), at the same time properties with a book value of SEK 1 655m (the majority in Latvia and Lithuania) were sold for an aggregate capital gain of SEK 212m. During the fourth quarter properties with a book value of SEK 720m were sold, generating a capital gain of SEK 64m.

Ektornet's result amounted to SEK -406m (-118) for 2012. A large share of the properties has negative cash flows because they do not generate rental revenue. Depreciation according to plan amounted to SEK 103m (122). Property values were written down by SEK 392m for the full-year (126).

Property acquisitions are expected only in exceptional cases going forward. At the same time sales work is intensifying. This means that other revenue, including

sales gains, will increase and that impairment losses on tangible assets (properties) may continue. All in all, the volume of repossessed assets is expected to decrease significantly next year. It is estimated at present that there are surplus values in the property portfolio.

Eliminations

Income statement

SEKm	Q4 2012	Q3 2012	%	Q4 2011	%	Full-year 2012	Full-year 2011	%
Net interest income	-13	-1		-8		-16	-13	
Net commissions	17	17		17		64	58	
Net gains and losses on financial items at fair value								
Other income	-233	-207		-214		-925	-740	
Total income	**-229**	**-191**		**-205**		**-877**	**-695**	
Staff costs	-13	-1		-9		-14	-10	
Variable staff costs								
Other expenses	-216	-190		-196		-863	-685	
Depreciation/amortisation								
Total expenses	**-229**	**-191**		**-205**		**-877**	**-695**	

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

Group Functions & Other *comprise, in addition to the Group Functions, Russia, Ukraine and Ektornet. The Group Functions operate across the business areas and serve as strategic and administrative support for them. The Group Functions are Group Business Support, Accounting & Finance (including Group Treasury), Risk (including Compliance). Corporate Affairs (communication, strategic marketing and community affairs), HR and Legal. The Group Executive Committee and Internal Audit are also included in Group Functions.*

Product areas

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

Card business

Swedbank issues cards and acquires card payments from merchants in all its home markets as well as in Denmark and Norway. All card operations are handled within Swedbank, with the exception of the credit card operations in Sweden, Denmark and Norway, which are conducted through Entercard AB, a joint venture with Barclays Bank.

Measured in number of transactions, Swedbank is the fifth largest card payment acquirer and tenth largest card issuer in Europe. In its four home markets as a whole, Swedbank has a market share for card acquiring and issuing of nearly 50 per cent.

The number of transactions made by card versus cash is increasing in all of Swedbank's home markets. Card volumes are also growing as a function of underlying economic growth. A large share of Swedbank's transaction revenue is based on the number of transactions, not solely on the transactions' value, which makes issuing and acquiring revenue less volatile during periods of slower economic growth.

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

Within card payments, one of Swedbank's most important growth areas is rapidly growing e-commerce, where we have a slightly lower market share than in the grocery and retail sectors, for example. Online purchases by our card customers are increasing by about 16 per cent per year, and our volume of e-commerce payments is growing by 7 per cent per year.

Swedbank is playing a part in developing solutions in mobile payments with the help of cards and during the fourth quarter signed an agreement with Axfood on the distribution of a newly developed mobile payment service, Bart, to all of D-Gruppen's 360 stores in 2013.

In card issuing, Swedbank sees growth opportunities in corporate cards, where we have historically been weaker. As a first step, an improved business debit card was launched in Sweden in 2012. During the year a long-term agreement took effect with MasterCard as the main card network supplier for both private and corporate services. The migration of our customers' cards to MasterCard has begun and is resulting in better customer offerings and lower production costs.

Swedbank's total card revenue amounted to SEK 4 121m (3 908) during the period. The positive revenue trend was mainly due to an increase in the number of transactions (both card acquiring and card issuing) as well as higher credit volumes in EnterCard.

Baltic countries' credit volumes have decreased, but are being offset by an increased number of transactions. Card issuance revenue in the Baltic countries fell by 6 per cent in local currency partly as a result of new bilateral agreements on interbank compensation, which reduces costs for the Baltic card payment operations, however.

Card related income SEKm	Full-year 2012	Full-year 2011	%
Card acquiring	787	730	8
of which Nordic countries	667	638	5
of which Baltic countries	120	92	30
Card issuing	1 748	1 708	2
of which Sweden	1 243	1 196	4
of which Baltic countries	505	512	-1
Net interest income, credit cards	295	276	7
of which Sweden	64	64	0
of which Baltic countries	231	212	9
Entercard*	1 291	1 194	8
Total Card related income	**4 121**	**3 908**	**5**

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

The value of processed payments increased by 6 per cent to SEK 402bn compared with the previous year and the number of transactions processed grew by 9 per cent to 1.6 billion, compared with 6 and 8 per cent respectively for the market as a whole. The reason why revenue is not growing at the same rate as the volume of acquired payments or the number of transactions is price pressure at the retail level. The expansion of the payment business to Norway and Denmark is generating a significant share of the total inflow of new customers, transactions and income.

Growth is higher in the Baltic countries than in Sweden, but the Nordic countries still account for about 90 per cent of card processing volume.

The number of card purchases increased by 10 per cent during the year to 1 080 million. The number of cards issued by Swedbank rose by 1 per cent to 7.8 million from the previous year, while the market grew by 1.6 per cent.

Key ratios, cards	Full-year 2012	Full-year 2011	%
Card acquiring transactions, millions	1 595	1 462	9
Card acquiring volume, SEKbn	402	379	6
Issued cards, millions	7.8	7.6	2
Card purchases (POS), millions	1 080	982	10
POS/total card turnover, %	63	61	

Insurance business

Swedbank has life insurance operations in Sweden as well as life and non-life operations in the Baltic countries. In addition, Swedbank offers non-life

insurance in Sweden through a third-party solution with the insurance company Tre Kronor.

Swedbank Försäkring AB, the Group's Swedish life insurance company, is the sixth largest company in the Swedish life insurance market, with a market share of about 8 per cent in terms of premium income. In Estonia, Latvia and Lithuania the corresponding market shares are 37, 17 and 24 per cent, which makes Swedbank the largest life insurer in the Estonian and Lithuanian markets and among the three largest in Latvia. The corresponding market shares for the Baltic non-life insurance company are 14 per cent in Estonia, 3 per cent in Latvia and 1 per cent in Lithuania. Insurance products are sold through the distribution channels of Swedbank and the savings banks.

Premium payments SEKm	Full-year 2012	Full-year 2011	%
Sweden	12 566	16 435	-24
of which collective occupational pension	3 392	3 673	-8
of which endowment insurance	6 139	9 680	-37
of which occupational pension	1 795	1 705	5
of which risk insurance	627	585	7
of which other	613	792	-23
Baltic countries	988	1 010	-2
of which life insurance	619	659	-6
of which property insurance	369	351	5

Sweden
Despite a difficult year for the insurance industry, the future outlook for the industry is good. An ageing population and shift in responsibility from society to the individual means that demand for pension and insurance products will grow.

In September a national life insurance commission presented a draft law on an expanded rate of transfer. The proposal, which is expected to enter into force in 2015, could potentially create considerable new business for Swedbank.

In Sweden endowment insurance has historically been the largest life insurance product. The introduction of investment savings accounts at the beginning of the year placed pressure on endowment insurance. New sales fell by 64 per cent compared with 2011 to SEK 135m. Withdrawals from endowment insurance increased to SEK 7.9bn, compared with SEK 6.2bn in 2011.

The largest potential for Swedbank in Sweden today is considered to be in risk products such as life and health insurance as well as occupational pensions. Swedbank's new disability insurance product, the Trygga concept, was launched during the year. The concept comprises unemployment, life and health insurance, and around 100 000 policies were sold in 2012 to about 50 000 customers. Premium payments from occupational pensions amounted to SEK 5.2bn (5.4), of which occupational pensions excluding collective pensions increased by 5 per cent from the previous year to SEK 1.8bn. The market share for occupational pensions excluding collective pensions is about 3 per cent.

Total insurance assets under management in Sweden amounted to SEK 103bn (94.5), of which SEK 91bn was in unit linked insurance and deposit insurance and SEK 12bn was in traditional insurance.

Assets under management SEKbn	31 Dec 2012	31 Dec 2011	%
Sweden	103.0	94.5	9
of which collective occupational pension	39.3	33.5	17
of which endowment insurance	45.7	45.4	1
of which occupational pension	10.0	8.0	25
of which other	8.0	7.6	5
Baltic countries	3.2	3.2	0
of which life insurance	3.2	3.2	0

Baltic countries
Life insurance operations in the Baltic countries are divided into two main groups: risk and savings products. Swedbank focuses mainly on risk products, where it sees major growth potential. Premium income for risk products rose by 6 percent in local currency compared with 2011 to SEK 106m. Premium payments in the Baltic life insurance operations amounted to SEK 619m during the period, down 6 per cent in local currency from the previous year, mainly due to a shift from insurance savings to risk insurance, where the premiums, but not necessarily the earnings, are lower.

In the Baltic non-life operations, Swedbank offers solutions for private customers. The largest product areas are car and home insurance. The number of policies amounts to 49 000 (43 000). Since car and home sales have decreased in recent years, the focus has been on boosting sales to new customer segments and launching new and simpler products in other areas e.g. travel insurance. Moreover, a new branch office was opened in Lithuania during the year. Premium payments for Baltic non-life insurance amounted to SEK 369m during the period, an increase of 9 per cent in local currency.

Revenue
Swedbank's aggregate insurance revenue amounted to SEK 1 870m (1 754) during the year and SEK 437m (449) during the fourth quarter.

The revenue increase for the Swedish life insurance operations during the year was mainly due to an improved risk result, where claim numbers were favourable. The main reason for the improvement is the positive change in reserves due to lower morbidity rates.

Revenue in the Baltic life and non-life operations was stable during the period.

Insurance related income SEKm	Full-year 2012	Full-year 2011	%
Sweden	1 442	1 360	6
of which life insurance	1 396	1 323	6
of which property insurance	46	37	24
Baltic countries	428	394	9
of which life insurance	216	202	7
of which property insurance	212	192	10
Total insurance related income	**1 870**	**1 754**	**7**

Financial information - contents

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

Income statement, condensed

Group SEKm	Q4 2012	Q3 2012	%	Q4 2011	%	Full-year 2012	Full-year 2011	%
Interest income	12 171	13 033	-7	14 360	-15	52 883	53 577	-1
Interest expenses	-6 706	-7 770	-14	-9 393	-29	-31 695	-34 563	-8
Net interest income (note 5)	**5 465**	**5 263**	**4**	**4 967**	**10**	**21 188**	**19 014**	**11**
Commission income	3 362	3 142	7	3 097	9	12 830	12 655	1
Commission expenses	-858	-761	13	-806	6	-3 194	-3 058	4
Net commissions (note 6)	**2 504**	**2 381**	**5**	**2 291**	**9**	**9 636**	**9 597**	**0**
Net gains and losses on financial items at fair value (note 7)	752	568	32	559	35	2 534	1 584	60
Insurance premiums	494	380	30	346	43	1 802	1 341	34
Insurance provisions	-367	-233	58	-212	73	-1 207	-835	45
Net insurance	**127**	**147**	**-14**	**134**	**-5**	**595**	**506**	**18**
Share of profit or loss of associates	156	224	-30	155	1	797	767	4
Other income	487	468	4	550	-11	1 870	2 577	-27
Total income	**9 491**	**9 051**	**5**	**8 656**	**10**	**36 620**	**34 045**	**8**
Staff costs	2 355	2 252	5	2 651	-11	9 413	9 917	-5
Other expenses (note 8)	1 712	1 539	11	2 019	-15	6 654	7 471	-11
Depreciation/amortisation	220	207	6	277	-21	882	1 011	-13
Total expenses	**4 287**	**3 998**	**7**	**4 947**	**-13**	**16 949**	**18 399**	**-8**
Profit before impairments	**5 204**	**5 053**	**3**	**3 709**	**40**	**19 671**	**15 646**	**26**
Impairment of intangible assets (note 14)	17	-1		1 960	-99	20	1 960	-99
Impairment of tangible assets	199	102	95	170	17	466	174	
Credit impairments (note 9)	11	204	-95	-174		687	-1 911	
Operating profit	**4 977**	**4 748**	**5**	**1 753**		**18 498**	**15 423**	**20**
Tax expense	640	1 220	-48	790	-19	4 039	3 669	10
Profit for the period from continuing operations	**4 337**	**3 528**	**23**	**963**		**14 459**	**11 754**	**23**
Profit for the period from discontinued operations, after tax	4	-17		4	0	-13	4	
Profit for the period	4 341	3 511	24	967		14 446	11 758	23
Profit for the period attributable to the shareholders of Swedbank AB	**4 340**	**3 511**	**24**	**965**		**14 438**	**11 744**	**23**
Profit for the period from continuing operations	4 336	3 525	23	962		14 448	11 741	23
Profit for the period from discontinued operations	4	-14		3	33	-10	3	
Non-controlling interests	1			2	-50	8	14	-43
Profit for the period from continuing operations	1	3	-67	1	0	11	13	-15
Profit for the period from discontinued operations		-3		1		-3	1	
Earnings per share, total operations, SEK[1)]	3.95	3.20		0.88		12.24	9.53	
after dilution[1)]	3.94	3.19		0.88		12.19	9.52	
Earnings per share, continued operations, SEK[1)]	3.95	3.22		0.88		12.25	9.53	
after dilution[1)]	3.94	3.21		0.88		12.20	9.52	
Earnings per share, discontinued operations, SEK[1)]	0.00	-0.02		0.00		-0.01	0.00	
after dilution[1)]	0.00	-0.02		0.00		-0.01	0.00	
Equity per share, SEK	93.70	89.48		84.40		93.70	84.40	
Return on equity, %	16.7	14.1		3.9		14.4	12.2	
Credit impairment ratio, %	0.00	0.06		-0.05		0.05	-0.14	

[1)] In the calculation of earnings per share the preference share dividend is deducted from profit in the period the dividend is declared. The calculation of earnings per share is specified on page 45.

Statement of comprehensive income, condensed

Group SEKm	Q4 2012	Q3 2012	%	Q4 2011	%	Full-year 2012	Full-year 2011	%
Profit for the period reported via income statement	**4 341**	**3 511**	**24**	**967**		**14 446**	**11 758**	**23**
Exchange differences, foreign operations								
Gains/losses arising during the period	837	-1 700		-1 310		-1 480	-284	
Reclassification adjustments to income statement, net gains and losses on financial items at fair value	1							
Hedging of net investments in foreign operations:*								
Gains/losses arising during the period	-668	1 265		1 138		1 050	379	
Cash flow hedges:								
Gains/losses arising during the period	-116	-37		304		-614	78	
Reclassification adjustments to income statement, net interest income	29	43	-33	77	-62	193	345	-44
Share of other comprehensive income of associates	22	-18		-18		21	-2	
Income tax relating to components of other comprehensive income	296	-339		-396		-74	-210	-65
Other comprehensive income for the period, net of tax	**401**	**-786**		**-205**		**-904**	**306**	
Total comprehensive income for the period	**4 742**	**2 725**	**74**	**762**		**13 542**	**12 064**	**12**
Total comprehensive income attributable to the shareholders of Swedbank AB	**4 741**	**2 725**	**74**	**759**		**13 534**	**12 049**	**12**
Non-controlling interests	1			3	-67	8	15	-47

* The Group hedges in principle all foreign net investments except goodwill.

Balance sheet, condensed

Group SEKm	31 Dec 2012	31 Dec 2011	%
Assets			
Cash and balance with central banks	130 058	164 307	-21
Loans to credit institutions (note 10)	85 480	97 195	-12
Loans to the public (note 10)	1 238 864	1 211 454	2
Interest-bearing securities	135 807	138 311	-2
Financial assets for which customers bear the investment risk	104 194	95 747	9
Shares and participating interests	8 106	2 015	
Investments in associates	3 633	3 111	17
Derivatives (note 18)	102 265	103 726	-1
Intangible fixed assets (note 14)	13 440	13 799	-3
Investment properties	2 393	3 910	-39
Tangible assets	4 638	4 383	6
Current tax assets	1 082	2 083	-48
Deferred tax assets	657	872	-25
Other assets	8 380	7 531	11
Prepaid expenses and accrued income	7 736	8 371	-8
Group of assets classified as held for sale	208	250	-17
Total assets	**1 846 941**	**1 857 065**	**-1**
Liabilities and equity			
Amounts owed to credit institutions (note 15)	122 202	139 598	-12
Deposits and borrowings from the public (note 16)	579 663	561 696	3
Debt securities in issue (note 17)	767 454	781 458	-2
Financial liabilities for which customers bear the investment risk	105 104	96 449	9
Derivatives (note 18)	92 141	90 484	2
Current tax liabilities	1 378	472	
Deferred tax liabilities	3 476	3 183	9
Short positions, securities	18 229	30 603	-40
Other liabilities	16 624	13 059	27
Accrued expenses and prepaid income	16 782	18 612	-10
Provisions	3 281	3 690	-11
Subordinated liabilities	14 307	19 531	-27
Liabilities directly associated with group of assets classified as held for sale	76	97	-22
Equity	106 224	98 133	8
of which non-controlling interests	154	140	10
of which equity attributable to shareholders of Swedbank AB	106 070	97 993	8
Total liabilities and equity	**1 846 941**	**1 857 065**	**-1**

Statement of changes in equity, condensed

Group SEKm	Shareholders' equity							Non-controlling interests	Total equity
	Share capital	Other contri-buted equity*	Exchange differences, subsidiaries and associates	Hedging of net investments in foreign operations**	Cash flow hedges	Retained earnings	Total		
January-December 2011									
Opening balance 1 January 2011	**24 351**	**17 152**	**-2 102**	**-144**	**-44**	**55 684**	**94 897**	**138**	**95 035**
Dividends						-2 995	-2 995	-15	-3 010
New share issue	32						32		32
Reversal of VAT costs incurred on rights issue 2009		35					35		35
Repurchased shares						-6 180	-6 180		-6 180
Share based payments to employees						159	159		159
Associates' acquisition of shares in Swedbank AB						-4	-4		-4
Business combinations								2	2
Total comprehensive income for the period			-287	280	312	11 744	12 049	15	12 064
Closing balance 31 December 2011	**24 383**	**17 187**	**-2 389**	**136**	**268**	**58 408**	**97 993**	**140**	**98 133**
January-December 2012									
Opening balance 1 January 2012	**24 383**	**17 187**	**-2 389**	**136**	**268**	**58 408**	**97 993**	**140**	**98 133**
Dividends						-5 825	-5 825	-6	-5 831
Decrease in share capital	-611					611			
Bonus issue	1 132					-1 132			
Reversal of VAT costs incurred on rights issues in 2008 and 2009		88					88		88
Share based payments to employees						314	314		314
Deferred tax related with share based payments to employees						19	19		19
Associates' acquisition of shares in Swedbank AB						-54	-54		-54
Changes in ownership interest in subsidiary						1	1	-2	-1
Business disposals								-2	-2
Contribution								16	16
Total comprehensive income for the period			-1 459	865	-310	14 438	13 534	8	13 542
Closing balance 31 December 2012	**24 904**	**17 275**	**-3 848**	**1 001**	**-42**	**66 780**	**106 070**	**154**	**106 224**

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

*Other contributed equity consists mainly of share premiums.

** The Group hedges in principle all foreign net investments except goodwill.

Cash flow statement, condensed

Group SEKm	Full-year 2012	Full-year 2011
Operating activities		
Operating profit	18 498	15 423
Profit for the period from discontinued operations	-13	4
Adjustments for non-cash items in operating activities	-1 707	-17
Taxes paid	-1 971	-2 456
Increase/decrease in loans to credit institutions	10 760	69 012
Increase/decrease in loans to the public	-32 215	-23 100
Increase/decrease in holdings of securities for trading	-6 334	-467
Increase/decrease in deposits and borrowings from the public including retail bonds	21 504	28 222
Increase/decrease in amounts owed to credit institutions	-15 011	3 448
Increase/decrease in other assets	610	-32 139
Increase/decrease in other liabilities	-2 202	22 655
Cash flow from operating activities	**-8 081**	**80 585**
Investing activities		
Business combinations	-6	-2
Business disposals	2	6
Acquisitions of and contributions to associates	-30	-50
Acquisitions of other fixed assets and strategic financial assets	-1 842	-4 396
Disposals/maturity of other fixed assets and strategic financial assets	3 796	4 544
Cash flow from investing activities	**1 920**	**102**
Financing activities		
Issuance of interest-bearing securities	142 962	253 855
Redemption of interest-bearing securities	-155 970	-237 487
Issuance of commercial paper etc.	485 486	319 621
Redemption of commercial paper etc.	-494 412	-260 254
Dividends paid	-5 831	-3 010
Changes in ownership interest in subsidiary	-1	0
Contribution	16	
New share issue		32
Repurchased shares		-6 184
Cash flow from financing activities	**-27 750**	**66 573**
Cash flow for the period	**-33 911**	**147 260**
Cash and cash equivalents at the beginning of the period	**164 307**	**17 109**
Cash flow for the period	-33 911	147 260
Exchange rate differences on cash and cash equivalents	-338	-62
Cash and cash equivalents at end of the period	**130 058**	**164 307**

Note 1 Accounting policies

The year-end report has been prepared in accordance with IAS 34, Interim Financial Reporting.

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

The accounting policies applied in the year-end report conform to the accounting policies applied in the preparation of the consolidated financial statements and the annual report for 2011 with the exceptions below.

The savings banks are compensated for sales to their customers of Swedbank's products and services. In mid-2011 a new agreement entered into force which governs this compensation. Presentation of the compensation in the income statement has been adjusted as of 2012 based on the new agreement, to better illustrate its meaning. Comparative figures have been restated; see table below. The change affects interest income, commission expenses and expenses, but not the result in its entirety.

The operating segments were changed in 2012 to coincide with the organisational changes implemented in Swedbank's business area organisation.

Responsibility for the retail operations of the Nordic branch offices has been transferred from Large Corporates & Institutions to Retail. Responsibility for coordinating the life insurance operations in Sweden and the Baltic countries and for the Baltic P&C insurance operations has been transferred from Retail and Baltic Banking to Group Functions & Other. Furthermore, a number of product and staff functions have been transferred from Retail, LC&I, Baltic Banking and Asset Management to Group Functions & Other. Russia, Ukraine and Ektornet are no longer reported as separate segments and instead are included in Group

Functions & Other. Comparative figures have been restated.

New or revised IFRS and IFRIC interpretations have not had a significant effect on the financial position, results or disclosures pertaining to the Group or parent company.

Reporting of compensation to savings banks	New reporting		Previous reporting	
Group SEKm	Q4 2011	Full-year 2011	Q4 2011	Full-year 2011
Interest income from the public	12 743	47 509	12 770	47 613
Interest income	14 360	53 577	14 387	53 681
Net interest income	4 967	19 014	4 994	19 118
Other commission expenses	43	207	208	841
Commission expenses	806	3 058	971	3 692
Net commission income	2 291	9 597	2 126	8 963
Other purchased services	352	1 351	214	821
Other expenses	2 019	7 471	1 881	6 941
Total expenses	4 947	18 399	4 809	17 869

Note 2 Critical accounting estimates

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

Provisions for impairments

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

The Group's provisions in the operations in the Baltic countries decreased during 2012 from SEK 8 819m to SEK 4 578m. Provisions in the Ukrainian operations decreased from SEK 3 856m to SEK 2 021m.

The changes were based on the losses that executive management judged as most likely against the backdrop of the current economic outlook within the range of reasonable assumptions.

Impairment testing of goodwill

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

The Group's goodwill amounted to SEK 11 452m as of 31 December 2012, of which SEK 8 735m related to the investment in the operations in the Baltic countries. The annual impairment test did not lead to any impairment. A minor goodwill item of SEK 3m was written down during the year.

Note 3 Changes in the Group structure

The acquisition of Hipolizings SIA has been deemed a business combination. The Latvian subsidiary Swedbank Lizings SIA acquired Hipolizings SIA on 1 August 2012. The company manages a leasing business in Latvia.

Internal structural changes

On 1 January 2012 the assets and liabilities of the Norwegian subsidiary First Securities AS were sold to Swedbank AB's Norwegian branch office. During the second quarter the banking operations of the Luxembourg subsidiary Swedbank S.A. were transferred to Swedbank AB's Luxembourg branch office. Both sales were made with local tax continuity i.e. without local tax consequences.

During the third quarter 2012 Mandab AB, Swedbank Företagskredit AB and Nordic Foodservice Investment AB were merged with Swedbank AB. The mergers were made with tax continuity i.e. without tax consequences.

The changes do not affect the Group in its entirety or the reporting of the operating segments.

Note 4 Operating segments (business areas)

Full-year 2012 SEKm	Retail	Large Corporates & Institutions	Baltic Banking	Asset Management	Group Functions & Other	Eliminations	Group
Income statement							
Net interest income	13 665	3 388	3 298	11	842	-16	21 188
Net commissions	5 098	1 602	1 460	1 527	-115	64	9 636
Net gains and losses on financial items at fair value	203	1 717	288	8	318		2 534
Share of profit or loss of associates	788	6			3		797
Other income	823	50	384	4	2 129	-925	2 465
Total income	**20 577**	**6 763**	**5 430**	**1 550**	**3 177**	**-877**	**36 620**
of which internal income	268	7	2		369	-646	
Staff costs	3 475	1 099	730	349	3 036	-14	8 675
Variable staff costs	143	361	62	41	131		738
Other expenses	5 762	1 317	1 476	300	-1 338	-863	6 654
Depreciation/amortisation	96	43	124	49	570		882
Total expenses	**9 476**	**2 820**	**2 392**	**739**	**2 399**	**-877**	**16 949**
Profit before impairments	**11 101**	**3 943**	**3 038**	**811**	**778**		**19 671**
Impairment of intangible assets		4		17	-1		20
Impairment of tangible assets			15		451		466
Credit impairments	295	185	-685		892		687
Operating profit	**10 806**	**3 754**	**3 708**	**794**	**-564**		**18 498**
Tax expense	2 583	947	347	179	-17		4 039
Profit for the period from continuing operations	8 223	2 807	3 361	615	-547		14 459
Profit for the period from discontinued operations, after tax					-13		-13
Profit for the period	8 223	2 807	3 361	615	-560		14 446
Profit for the period attributable to the shareholders of Swedbank AB	**8 213**	**2 807**	**3 361**	**615**	**-558**		**14 438**
Non-controlling interests	10				-2		8
Balance sheet, SEKbn							
Cash and balances with central banks	1	7	3		119		130
Loans to credit institutions	33	262		2	193	-405	85
Loans to the public	924	188	115		13	-1	1 239
Bonds and other interest-bearing securities		57	2		83	-6	136
Financial assets for which customers bear inv. risk	102		2				104
Investments in associates	3				1		4
Derivatives		125			41	-64	102
Total tangible and intangible assests	3	1	10	1	6		21
Other assets	9	14	3	1	652	-653	26
Total assets	**1 075**	**654**	**135**	**4**	**1 108**	**-1 129**	**1 847**
Amounts owed to credit institutions	74	206			238	-396	122
Deposits and borrowings from the public	380	90	107		9	-6	580
Debt securities in issue		16	1		762	-12	767
Financial liabilities for which customers bear inv. risk	103		2				105
Derivatives		121			35	-64	92
Other liabilities	486	203		2	21	-651	61
Subordinated liabilities					14		14
Total liabilities	**1 043**	**636**	**110**	**2**	**1 079**	**-1 129**	**1 741**
Allocated equity	32	18	25	2	29		106
Total liabilities and equity	**1 075**	**654**	**135**	**4**	**1 108**	**-1 129**	**1 847**
Key figures							
Return on allocated equity, %	25.5	15.1	13.6	35.1	-2.5		14.4
Loan/deposit ratio, %	244	200	108		261		212
Credit impairment ratio, %	0.03	0.08	-0.59		3.79		0.05
Share of impaired loans, gross, %	0.19	0.10	7.37		11.14		1.05
Cost/income ratio	0.46	0.42	0.44	0.48	0.76		0.46
Risk-weighted assets, SEKbn	208	127	95	3	31		464
Full-time employees	4 807	1 006	4 150	278	4 620		14 861

Full-year 2011 SEKm	Retail	Large Corporates & Institutions	Baltic Banking	Asset Management	Group Functions & Other	Eliminations	Group
Income statement							
Net interest income	12 317	3 514	3 910		-714	-13	19 014
Net commissions	5 183	1 340	1 454	1 560	2	58	9 597
Net gains and losses on financial items at fair value	216	705	280	-9	392		1 584
Share of profit or loss of associates	769	-5			3		767
Other income	706	748	503	5	1 861	-740	3 083
Total income	**19 191**	**6 302**	**6 147**	**1 556**	**1 544**	**-695**	**34 045**
of which internal income	262	6	4		174	-446	
Staff costs	3 674	1 361	802	387	3 308	-10	9 522
Variable staff costs	95	152	34	42	72		395
Other expenses	5 738	1 411	1 675	345	-1 013	-685	7 471
Depreciation/amortisation	95	46	132	49	689		1 011
Total expenses	**9 602**	**2 970**	**2 643**	**823**	**3 056**	**-695**	**18 399**
Profit before impairments	**9 589**	**3 332**	**3 504**	**733**	**-1 512**		**15 646**
Impairment of intangible assets		17	1 913	30			1 960
Impairment of tangible assets			34		140		174
Credit impairments	335	-189	-1 002		-1 055		-1 911
Operating profit	**9 254**	**3 504**	**2 559**	**703**	**-597**		**15 423**
Tax expense	2 267	1 128	449	178	-353		3 669
Profit for the period from continuing operations	6 987	2 376	2 110	525	-244		11 754
Profit for the period from discontinued operations, after tax					4		4
Profit for the period	6 987	2 376	2 110	525	-240		11 758
Profit for the period attributable to the shareholders of Swedbank AB	**6 973**	**2 376**	**2 110**	**525**	**-240**		**11 744**
Non-controlling interests	14						14
Balance sheet, SEKbn							
Cash and balances with central banks	1	7	3		153		164
Loans to credit institutions	32	297		2	207	-441	97
Loans to the public	899	179	119		15	-1	1 211
Bonds and other interest-bearing securities		63	2		82	-9	138
Financial assets for which customers bear inv. risk	94		2				96
Investments in associates	1				2		3
Derivatives		122			36	-54	104
Total tangible and intangible assests	3	1	10	1	7		22
Other assets	10	12	2	1	644	-647	22
Total assets	**1 040**	**681**	**138**	**4**	**1 146**	**-1 152**	**1 857**
Amounts owed to credit institutions	76	232			268	-436	140
Deposits and borrowings from the public	368	76	98		25	-5	562
Debt securities in issue		18	1		775	-13	781
Financial liabilities for which customers bear inv. risk	94		2				96
Derivatives		120			25	-55	90
Other liabilities	466	216	12	2	17	-643	70
Subordinated liabilities	10	6	4				20
Total liabilities	**1 014**	**668**	**117**	**2**	**1 110**	**-1 152**	**1 759**
Allocated equity	26	13	21	2	36		98
Total liabilities and equity	**1 040**	**681**	**138**	**4**	**1 146**	**-1 152**	**1 857**
Key figures							
Return on allocated equity, %	28.4	15.5	8.0	28.1	-0.8		12.2
Loan/deposit ratio, %	244	218	122		66		213
Credit impairment ratio, %	0.04	-0.06	-0.76		-6.98		-0.14
Share of impaired loans, gross, %	0.19	0.13	12.57		23.74		1.87
Cost/income ratio	0.50	0.47	0.43	0.53	1.98		0.54
Risk-weighted assets, SEKbn	219	129	102	3	39		492
Full-time employees	4 946	1 076	4 257	286	5 722		16 287

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 Business Support and other Group Functions are transfer priced at cost to the operating segments. Executive management expenses are not distributed. 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 based on capital adequacy rules and estimated capital requirements based on the bank's Internal Capital Adequacy Assessment Process (ICAAP).

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

During the first quarter 2012 the assumptions for the internal capital allocation were changed due to expected changes in capital adequacy requirements. This change means that more capital is allocated to the business areas, which affects net interest income positively for the business areas and negatively for Group Treasury. A further SEK 17bn has been allocated to the business areas from Treasury compared with the fourth quarter 2011.

Note 5 Net interest income

Group SEKm	Q4 2012	Q3 2012	%	Q4 2011	%	Full-year 2012	Full-year 2011	%
Interest income								
Loans to credit institutions	228	315	-28	436	-48	1 161	1 805	-36
Loans to the public	11 352	11 970	-5	12 743	-11	48 180	47 509	1
Interest-bearing securities	542	724	-25	916	-41	2 840	3 429	-17
Derivatives	-65	-78	-17	-6		198	283	-30
Other	114	102	12	271	-58	504	551	-9
Total interest income	**12 171**	**13 033**	**-7**	**14 360**	**-15**	**52 883**	**53 577**	**-1**
Interest expenses								
Amounts owed to credit institutions	-230	-279	-18	-345	-33	-1 108	-1 305	-15
Deposits and borrowings from the public	-1 576	-1 895	-17	-2 197	-28	-7 415	-7 585	-2
of which deposit guarantee fees	-147	-139	6	-131	12	-555	-506	10
Debt securities in issue	-5 016	-5 489	-9	-5 965	-16	-21 741	-22 847	-5
of which commissions for government guaranteed funding	-81	-85	-5	-245	-67	-387	-1 163	-67
Subordinated liabilities	-192	-252	-24	-341	-44	-999	-1 244	-20
Derivatives	487	305	60	-348		244	-945	
Other	-179	-160	12	-197	-9	-676	-637	6
of which government stabilisation fund fee	-147	-134	10	-159	-8	-569	-545	4
Total interest expenses	**-6 706**	**-7 770**	**-14**	**-9 393**	**-29**	**-31 695**	**-34 563**	**-8**
Net interest income	**5 465**	**5 263**	**4**	**4 967**	**10**	**21 188**	**19 014**	**11**
Net interest margin	**1.15**	**1.11**		**1.07**		**1.13**	**1.07**	

Note 6 Net commissions

Group SEKm	Q4 2012	Q3 2012	%	Q4 2011	%	Full-year 2012	Full-year 2011	%
Commission income								
Payment processing	1 423	1 418	0	1 400	2	5 512	5 454	1
Service concepts	91	88	3	59	54	337	199	69
Asset management	988	946	4	930	6	3 826	3 928	-3
Life insurance	111	110	1	135	-18	443	521	-15
Brokerage	88	74	19	101	-13	351	483	-27
Other securities	63	17		13		154	115	34
Corporate finance	123	26		-14		338	154	
Lending	182	173	5	185	-2	702	670	5
Guarantees	44	42	5	49	-10	185	195	-5
Deposits	-2	22		6		61	67	-9
Real estate brokerage	44	38	16	35	26	158	160	-1
Non-life insurance	15	15	0	25	-40	62	59	5
Other commission income	192	173	11	173	11	701	650	8
Total commission income	**3 362**	**3 142**	**7**	**3 097**	**9**	**12 830**	**12 655**	**1**
Commission expenses								
Payment processing	-639	-588	9	-601	6	-2 394	-2 228	7
Service concepts	-5	-3	67	-4	25	-16	-13	23
Asset management	-40	-30	33	-31	29	-133	-120	11
Life insurance	-43	-41	5	-48	-10	-167	-208	-20
Brokerage				-5			-13	
Other securities	-67	-40	68	-61	10	-244	-220	11
Lending and guarantees	-13	-13	0	-17	-24	-51	-62	-18
Other commission expenses	-51	-46	11	-39	31	-189	-194	-3
Total commission expenses	**-858**	**-761**	**13**	**-806**	**6**	**-3 194**	**-3 058**	**4**
Total net commissions	**2 504**	**2 381**	**5**	**2 291**	**9**	**9 636**	**9 597**	**0**

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

Group SEKm	Q4 2012	Q3 2012	%	Q4 2011	%	Full-year 2012	Full-year 2011	%
Valuation category, fair value through profit or loss								
Shares and related derivatives	39	27	44	73	-47	176	666	-74
of which dividend	8	7	14	7	14	266	148	80
Interest-bearing securities and related derivatives	4 562	-8 810		-5 550		-5 780	326	
Loans	450	1 636	-72	379	19	1 570	3 114	-50
Financial liabilities	-4 652	7 345		5 252		4 905	-3 907	
Other financial instruments	4	-3		45	91		10	
Total fair value through profit or loss	**403**	**195**		**199**		**871**	**209**	
Hedge accounting								
Ineffective part in hedge accounting at fair value	53	9		5		215	-93	
of which hedging instruments	-1 111	3 518		1 868		4 301	11 208	-62
of which hedged items	1 164	-3 509		-1 863		-4 086	-11 301	64
Ineffective part in hedging of net investments in foreign operations	-19	2				36		
Total hedge accounting	**34**	**11**		**5**		**251**	**-93**	
Loan receivables at amortised cost	**34**	**30**	**13**	**25**	**36**	**111**	**80**	**39**
Financial liabilities valued at amortised cost	**47**	**-2**		**-9**		**51**	**-63**	
Change in exchange rates	**234**	**334**	**-30**	**339**	**-31**	**1 250**	**1 451**	**-14**
Total net gains and losses on financial items at fair value	**752**	**568**	**32**	**559**	**35**	**2 534**	**1 584**	**60**
Distribution by business purpose								
Financial instruments for trading related business	**576**	**261**		**235**		**1 833**	**1 232**	**49**
Financial instruments intended to be held to contractual maturity	**176**	**307**	**-43**	**324**	**-46**	**701**	**352**	**99**
Total	**752**	**568**	**32**	**559**	**35**	**2 534**	**1 584**	**60**

Note 8 Other expenses

Group SEKm	Q4 2012	Q3 2012	%	Q4 2011	%	Full-year 2012	Full-year 2011	%
Premises and rents	331	313	6	350	-5	1 289	1 337	-4
IT expenses	419	366	14	518	-19	1 603	1 696	-5
Telecommunications and postage	56	57	-2	52	8	230	251	-8
Advertising, PR and marketing	120	57		139	-14	333	401	-17
Consultants	79	65	22	112	-29	289	530	-45
Compensation to savings banks	165	146	13	138	20	622	530	17
Other purchased services	150	146	3	214	-30	604	821	-26
Security transport and alarm systems	94	96	-2	107	-12	393	436	-10
Supplies	35	26	35	49	-29	133	201	-34
Travel	51	30	70	67	-24	173	239	-28
Entertainment	15	10	50	24	-38	50	86	-42
Repair/maintenance of inventories	29	34	-15	36	-19	141	168	-16
Other expenses	168	193	-13	213	-21	794	775	2
Total other expenses	**1 712**	**1 539**	**11**	**2 019**	**-15**	**6 654**	**7 471**	**-11**

Note 9 Credit impairments

Group SEKm	Q4 2012	Q3 2012	%	Q4 2011	%	Full-year 2012	Full-year 2011	%
Provision for loans individually assessed as impaired								
Provisions	247	442	-44	299	-17	1 267	1 415	-10
Reversal of previous provisions	-672	-141		-958	-30	-1 458	-3 481	-58
Provision for homogenous groups of impaired loans, net	-59	21		-160	-63	-114	-27	
Total	**-484**	**322**		**-819**	**-41**	**-305**	**-2 093**	**-85**
Portfolio provisions for loans individually assessed as not impaired	**-224**	**-269**	**-17**	**-55**		**-351**	**-829**	**-58**
Write-offs								
Established losses	3 209	1 076		1 049		7 150	4 882	46
Utilisation of previous provisions	-2 328	-858		-264		-5 385	-3 300	63
Recoveries	-90	-83	8	-81	11	-388	-364	7
Total	**791**	**135**		**704**	**12**	**1 377**	**1 218**	**13**
Credit impairments for contingent liabilities and other credit risk exposures	**-72**	**16**		**-4**		**-34**	**-207**	**-84**
Credit impairments	**11**	**204**	**-95**	**-174**		**687**	**-1 911**	
Credit impairment ratio, %	0.00	0.06		-0.05		0.05	-0.14	

Note 10 Loans

Group SEKm	31 Dec 2012 Loans before provisions	Provisions	Loans after provisions Carrying amount	31 Dec 2011 Loans after provisions Carrying amount	%
Loans to credit institutions					
Banks	68 950	64	68 886	63 686	8
Repurchase agreements, banks	4 975		4 975	6 856	-27
Other credit institutions	671		671	1 052	-36
Repurchase agreements, other credit institutions	10 948		10 948	25 601	-57
Loans to credit institutions	**85 544**	**64**	**85 480**	**97 195**	**-12**
Loans to the public					
Private customers	757 552	2 761	754 791	737 650	2
Private, mortgage	640 756	1 872	638 884	628 823	2
Housing cooperatives	82 209	78	82 131	71 467	15
Private,other	34 587	811	33 776	37 360	-10
Corporate customers	435 449	5 797	429 652	428 631	0
Agriculture, forestry, fishing	66 100	265	65 835	62 223	6
Manufacturing	46 065	1 068	44 997	29 745	51
Public sector and utilities	19 666	53	19 613	14 942	31
Construction	14 643	597	14 046	13 191	6
Retail	29 378	872	28 506	23 567	21
Transportation	14 339	194	14 145	11 689	21
Shipping and offshore	21 382	225	21 157	23 291	-9
Hotels and restaurants	6 163	107	6 056	6 412	-6
Information and communications	2 746	36	2 710	2 412	12
Finance and insurance	18 675	80	18 595	16 662	12
Property management	160 006	1 326	158 680	144 664	10
Residential properties	48 285	361	47 924		
Commercial	76 663	467	76 196		
Industrial and Warehouse	24 559	273	24 286		
Other	10 499	225	10 274		
Professional services	11 973	379	11 594	30 343	-62
Other corporate lending	24 313	595	23 718	49 490	-52
Loans to the public excluding the Swedish National Debt Office and repurchase agreements	**1 193 001**	**8 558**	**1 184 443**	**1 166 281**	**2**
Swedish National Debt Office	6 470		6 470	2 776	
Repurchase agreements, Swedish National Debt Office	7 957		7 957	13 834	-42
Repurchase agreements, public	39 994		39 994	28 563	40
Loans to the public	**1 247 422**	**8 558**	**1 238 864**	**1 211 454**	**2**
Loans to the public and credit institutions	**1 332 966**	**8 622**	**1 324 344**	**1 308 649**	**1**

Note 11 Impaired loans etc.

Group SEKm	31 Dec 2012	31 Dec 2011	%
Impaired loans, gross	13 938	24 805	-44
Provisions for individually assessed impaired loans	4 942	9 246	-47
Provision for homogenous groups of impaired loans	2 135	3 575	-40
Impaired loans, net	**6 861**	**11 984**	**-43**
of which private customers	3 046	4 896	-38
of which corporate customers	3 815	7 088	-46
Portfolio provisions for loans individually assessed as not impaired	1 545	2 435	-37
Share of impaired loans, gross, %	1.05	1.87	
Share of impaired loans, net, %	0.52	0.92	
Provision ratio for impaired loans, %	51	52	
Total provision ratio for impaired loans, % *	62	62	
Past due loans that are not impaired	**6 633**	**6 884**	**-4**
of which past due 5-30 days	4 188	4 510	-7
of which past due 31-60 days	1 408	1 637	-14
of which past due 61 days or more	1 037	737	41

* 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	31 Dec 2012	31 Dec 2011	%
Buildings and land	4 905	6 067	-19
Shares and participating interests	50	107	-53
Other property taken over	16	54	-70
Total assets taken over for protection of claims	**4 971**	**6 228**	**-20**
Cancelled leases	95	147	-35
Total assets taken over for protection of claims and cancelled leases	**5 066**	**6 375**	**-21**
of which acquired by Ektornet	4 606	5 819	-21

Note 13 Credit exposures

Group SEKm	31 Dec 2012	31 Dec 2011	%
Assets			
Cash and balances with central banks	130 058	164 307	-21
Interest-bearing securities	135 807	138 311	-2
Loans to credit institutions	85 480	97 195	-12
Loans to the public	1 238 864	1 211 454	2
Derivatives	102 265	103 726	-1
Other financial assets	14 547	14 357	1
Total assets	**1 707 021**	**1 729 350**	**-1**
Contingent liabilities and commitments			
Loan guarantees	22 342	24 251	-8
Loan commitments	188 176	185 959	1
Total contingent liabilities and commitments	**210 518**	**210 210**	**0**
Total credit exposure	**1 917 539**	**1 939 560**	**-1**

Note 14 Intangible assets

Group SEKm	31 Dec 2012	31 Dec 2011	%
With indefinite useful life			
Goodwill	11 452	11 762	-3
Total	**11 452**	**11 762**	**-3**
With finite useful life			
Customer base	876	992	-12
Other	1 112	1 045	6
Total	**1 988**	**2 037**	**-2**
Total intangible assets	**13 440**	**13 799**	**-3**

Goodwill	Full-year 2012	Full-year 2011
Cost		
Opening balance	**15 996**	**16 026**
Translation differences	-314	-30
Closing balance	**15 682**	**15 996**
Accumulated amortisation and impairments		
Opening balance	**-4 234**	**-2 293**
Impairments	-3	-1 930
Translation differences	7	-11
Closing balance	**-4 230**	**-4 234**
Carrying amount	**11 452**	**11 762**

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 the executive management's own assumptions. The executive management also determines whether there is any need for a new test during the year.

The test as of year-end 2011 led to goodwill impairment of SEK 1 913m related to the Latvian operations and SEK 17m in the Norwegian operations.

Estimated future cash flows are affected by the level of equity required in the cash-generating unit for continuing operations. Since capital adequacy requirements were raised in 2011, the impairment tests were updated accordingly. The increase was the main driver behind a writedown of the investment in the Latvian banking operations.

In 2012 a minor goodwill item was impaired by SEK 3m. There were otherwise no indications to necessitate a new impairment test of goodwill during the year, nor did the annual test lead to any impairment.

Note 15 Amounts owed to credit institutions

Group SEKm	31 Dec 2012	31 Dec 2011	%
Amounts owed to credit institutions			
Central banks	3 574	3 665	-2
Banks	106 262	109 559	-3
Other credit institutions	3 656	3 789	-4
Repurchase agreements - banks	5 976	17 174	-65
Repurchase agreements - other credit institutions	2 734	5 411	-49
Amounts owed to credit institutions	**122 202**	**139 598**	**-12**

Note 16 Deposits from the public

Group SEKm	31 Dec 2012	31 Dec 2011	%
Deposits from the public			
Private customers	332 264	319 123	4
Corporate customers	225 633	228 254	-1
Deposits from the public excluding the Swedish National Debt Office and repurchase agreements	**557 897**	**547 377**	**2**
Swedish National Debt Office	1	1	0
Repurchase agreements - Swedish National Debt Office	7 107	12 163	-42
Repurchase agreements - public	14 658	2 155	
Deposits and borrowings from the public	**579 663**	**561 696**	**3**

Note 17 Debt securities in issue

Group SEKm	31 Dec 2012	31 Dec 2011	%
Commercial paper	115 135	122 970	-6
Covered bonds	518 238	525 892	-1
Government guaranteed bonds	30 392	75 568	-60
Senior unsecured bonds	88 747	39 440	
Structured retail bonds	14 942	17 588	-15
Total debt securities in issue	**767 454**	**781 458**	**-2**

Turnover during the period	Full-year 2012	Full-year 2011	%
Opening balance	**781 458**	**686 517**	**14**
Issued	628 448	573 476	
Repurchased	-76 725	-110 790	
Repaid	-572 509	-378 875	
Change in market value	12 329	11 663	
Changes in exchange rates	-5 547	-533	
Closing balance	**767 454**	**781 458**	**-2**

Note 18 Derivatives

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

Group SEKm	Nominal amount 31 Dec 2012 Remaining contractual maturity < 1 yr.	1-5 yrs.	> 5 yrs.	Nominal amount 31 Dec 2012	31 Dec 2011	Positive fair value 31 Dec 2012	31 Dec 2011	Negative fair value 31 Dec 2012	31 Dec 2011
Derivatives in fair value hedges	60 272	334 559	33 977	428 808	399 101	23 649	19 026	56	2
Derivatives in cash flow hedges	10 629	14 547	9 287	34 463	38 554			5 289	3 949
Derivatives in hedges of net investment in foreign operations	1 698			1 698				75	
Other derivatives	7 670 296	2 957 833	580 129	11 208 258	12 652 187	81 140	88 012	89 245	89 845
Netting agreements						-2 524	-3 312	-2 524	-3 312
Total	**7 742 895**	**3 306 939**	**623 393**	**11 673 227**	**13 089 842**	**102 265**	**103 726**	**92 141**	**90 484**
of which cleared	3 233 011	595 775		3 828 786	3 038 232	2 530	3 587	3 142	3 838

Note 19 Financial instruments carried at fair value

Group 31 Dec 2012 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 and other bills eligible for refinancing with central banks	17 812	1 846		19 658
Loans to credit institutions	60	15 923		15 983
Loans to the public		489 126		489 126
Bonds and other interest-bearing securities	83 263	30 182	342	113 787
Financial assets for which the customers bear the investment risk	104 194			104 194
Shares and participating interests	7 866	160	14	8 040
Derivatives	7	102 195	63	102 265
Total	**213 202**	**639 432**	**419**	**853 053**
Liabilities				
Amounts owed to credit institutions		8 710		8 710
Deposits and borrowings from the public		46 865		46 865
Debt securities in issue	33 900	39 360		73 260
Financial liabilities for which the customers bear the investment risk		105 104		105 104
Derivatives	625	91 516		92 141
Short positions, securities	18 229			18 229
Total	**52 754**	**291 555**		**344 309**

The table above contains financial instruments measured at fair value as of 31 December 2012 by valuation level. Level 1 contains financial instruments where fair value is determined on the basis of quoted market prices on an active market. Level 2 contains financial instruments where fair value is determined on the basis of valuation models based on observable market data. Level 3 contains financial instruments where fair value is determined on the basis of valuation models based primarily on observable market data, but in this case also using internal estimates. Level 3 principally contains corporate bonds. For corporate bonds where there is no observable quoted price for the current credit spread, a reasonable assumption is used, such as a comparison with similar counterparties where there is an observable quoted credit spread.

Group 31 Dec 2011 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 and other bills eligible for refinancing with central banks	24 402	209		24 611
Loans to credit institutions	160	32 309		32 469
Loans to the public		508 682		508 682
Bonds and other interest-bearing securities	80 606	28 762	390	109 758
Financial assets for which the customers bear the investment risk	95 747			95 747
Shares and participating interests	1 768	112	71	1 951
Derivatives	337	103 389		103 726
Total	**203 020**	**673 463**	**461**	**876 944**
Liabilities				
Amounts owed to credit institutions		22 585		22 585
Deposits and borrowings from the public		50 402		50 402
Debt securities in issue	79 709	32 813		112 522
Financial liabilities for which the customers bear the investment risk		96 449		96 449
Derivatives	619	89 865		90 484
Short positions, securities	30 603			30 603
Total	**110 931**	**292 114**		**403 045**

Note 20 Pledged collateral

Group SEKm	31 Dec 2012	31 Dec 2011	%
Loan receivables	700 907	673 410	4
Financial assets pledged for policyholders	103 432	94 971	9
Other assets pledged	54 369	67 313	-19
Pledged collateral	**858 708**	**835 694**	**3**

Note 21 Capital adequacy

Swedbank financial companies group SEKm	31 Dec 2012	31 Dec 2011	% or pp
Shareholders' equity according to the Group's balance sheet	106 070	97 993	8
Non-controlling interests	154	140	10
Anticipated dividend	-10 880	-5 825	87
Deconsolidation of insurance companies	-2 444	-1 980	-23
Associated companies consolidated according to purchase method	1 978	1 742	14
Unrealised value changes in financial liabilities due to changes in own creditworthiness	92	-23	
Cash flow hedges	42	-268	
Goodwill	-10 894	-11 085	2
Deferred tax assets	-567	-843	33
Intangible assets	-1 880	-1 767	-6
Net provisions for reported IRB credit exposures	-938	-748	-25
Shares deducted from Tier 1 capital	-36	-34	-6
Common Equity Tier 1 capital	**80 697**	**77 302**	**4**
Tier 1 capital contributions	6 270	7 553	-17
of which undated Tier 1 instruments that must be converted in a critical situation	0		
of which undated Tier 1 instruments without incentives to redeem	528	535	-1
of which fixed-term Tier 1 instruments or undated Tier 1 instruments with incentives to redeem	5 742	7 018	-18
Total Tier 1 capital	**86 967**	**84 855**	**2**
Undated subordinated loans	28	1 616	-98
Fixed-term subordinated loans	8 028	10 389	-23
Net provisions for reported IRB credit exposures	-938	-748	-25
Shares deducted from Tier 2 capital	-36	-34	-6
Total Tier 2 capital	**7 082**	**11 223**	**-37**
Deduction of shares in insurance companies	-2 894	-2 905	0
Total capital base	**91 155**	**93 173**	**-2**
Capital requirement for credit risks, standardised approach	2 276	2 427	-6
Capital requirement for credit risks, IRB	28 819	30 850	-7
Capital requirement for settlement risks	3	1	
Capital requirement for market risks	1 723	1 750	-2
of which risks in the trading book outside VaR	526	455	16
of which currency risks outside VaR	695	766	-9
of which risks where VaR models are applied	502	529	-5
Capital requirement for operational risks	4 326	4 359	-1
Capital requirement	**37 147**	**39 387**	**-6**
RWA credit risks	388 688	415 957	-7
RWA settlement risks	26	13	100
RWA market risks	21 544	21 880	-2
RWA operational risks	54 081	54 487	-1
Risk-weighted assets	**464 339**	**492 337**	**-6**
Common Equity Tier 1 ratio, %, Basel 2	**17.4**	**15.7**	**1.7**
Tier 1 capital ratio, %, Basel 2	**18.7**	**17.2**	**1.5**
Total capital adequacy ratio, %, Basel 2	**19.6**	**18.9**	**0.7**
Capital quotient, Basel 2	**2.45**	**2.37**	**0.09**

Capital adequacy Basel 2 transition rules SEKm	31 Dec 2012	31 Dec 2011	% or pp
Capital requirement	37 147	39 387	-6
Complement during transition period	24 382	21 154	15
Capital requirement including complement	**61 529**	**60 541**	**2**
Common Equity Tier 1 ratio, %, transition rules	**10.5**	**10.2**	**0.3**
Tier 1 capital ratio, %, transition rules	**11.3**	**11.2**	**0.1**
Total capital adequacy ratio, %, transition rules	**11.9**	**12.3**	**-0.5**
Capital quotient, transition rules	**1.48**	**1.54**	**-0.06**

Capital adequacy Basel 3 incl IAS 19* SEKm	31 Dec 2012	31 Dec 2011	% or pp
Common Equity Tier 1 capital, Basel 3 incl IAS 19	**75 242**	**73 595**	**2**
Tier 1 capital, Basel 3 incl IAS 19	**81 661**	**81 286**	**0**
Total capital base, Basel 3 incl IAS 19	**89 917**	**93 473**	**-4**
Risk-weighted assets, Basel 3 incl IAS 19	**487 105**	**515 137**	**-5**
Common Equity Tier 1 ratio, %, Basel 3 incl IAS 19	**15.4**	**14.3**	**1.2**
Tier 1 capital ratio, Basel 3 incl IAS 19	**16.8**	**15.8**	**1.0**
Total capital adequacy ratio, %, Basel 3 incl IAS 19	**18.5**	**18.1**	**0.3**

* According to Swedbank's estimate based on current knowledge of future regulations.

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

As of 31 December 2012 the Swedbank financial companies group included the Swedbank Group, the EnterCard Group, Sparbanken Rekarne AB, Färs och Frosta Sparbank AB, Swedbank Sjuhärad AB, Vimmerby Sparbank AB and Bankernas Depå AB. The insurance companies are included in the Group but not in the financial companies group under the capital adequacy rules.

Swedbank financial companies group Credit risks, IRB SEKm	Exposure after credit risk protection 31 Dec 2012	31 Dec 2011	%	Average risk weighting, % 31 Dec 2012	31 Dec 2011	Capital requirement 31 Dec 2012	31 Dec 2011	%
Institutional exposures	147 467	131 337	12	15	13	1 757	1 357	29
of which repurchase agreements	631	805	-22	8	6	4	4	-2
of which other lending	146 836	130 532	12	15	13	1 753	1 353	30
Corporate exposures	421 781	413 739	2	58	64	19 540	21 232	-8
of which repurchase agreements	63	41	55	40	14			
of which other lending	421 718	413 698	2	58	64	19 539	21 232	-8
Retail exposures	868 307	855 675	1	10	10	6 592	6 983	-6
of which repurchase agreements	13	1						
of which mortgage lending	794 944	777 816	2	7	7	4 220	4 447	-5
of which other lending	73 350	77 858	-6	40	41	2 372	2 536	-6
Securitisation	1 122	1 598	-30	11	11	10	15	-31
Exposures without counterparties	13 993	17 726	-21	82	89	920	1 263	-27
Total credit risks, IRB	**1 452 670**	**1 420 075**	**2**	**25**	**27**	**28 819**	**30 850**	**-7**

Capital base

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

Capital requirements for credit risks according to the standardised approach

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

Capital requirements for credit risks according to IRB

The capital adequacy requirement for the portion of the portfolio calculated according to IRB was largely unchanged compared with the beginning of the year. The average risk weight for retail exposures was 10 per cent, of which 37 per cent was in the portfolios in the Baltic countries and 7 per cent in other portfolios. The risk weight for corporate exposures was 58 per cent, of which 96 per cent was in the portfolios in the Baltic countries and 52 per cent for other portfolios. For institutional exposures, the average risk weight was 27 per cent in the portfolios in the Baltic countries and 15 per cent in other portfolios, in total 15 per cent.

Market risks

Under current regulations, capital adequacy for market risks can be based either on a standardised approach or on an internal Value at Risk model, which requires the approval of the Swedish Financial Supervisory Authority.

The parent company has received such approval and uses its own internal VaR model for general interest rate risks, general and specific share price risks as well as currency risks in the trading book.

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

Operational risk

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

Transition rules

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

An update to the Swedish capital adequacy rules at the turn of the year 2011/2012 affected, among other things, how preference shares are included in Tier 1 capital. The preference shares amounting to SEK 8.3bn that

Swedbank issued in 2008 are included in Common Equity Tier 1 capital and correspond to 1.9 percentage points of the Common Equity Tier 1 ratio as of 31 December 2012. Since the rule change does not alter the view of the loss-absorbing capacity of the preference shares, Swedbank will continue to include them in its reporting of Common Equity Tier 1 capital. Swedbank's preference shares will be converted to ordinary shares no later than the first half of 2013.

Note 22 Risks and uncertainties

Swedbank's earnings are affected by changes in the global marketplace over which it has no control, including macroeconomic changes and changes in interest rates, stock prices and exchange rates.

Swedbank has subsidiaries with operations in countries with currencies other than Swedish kronor. Moreover, in Latvia, Lithuania, Russia and Ukraine, a significant share of lending is in foreign currency, i.e., euros or US dollars. In the event of a devaluation of the domestic currency in any of these countries, three main factors would affect the Group's income statement and balance sheet. Firstly, a gain on financial items at fair value would generally arise due to the impact of changes in exchange rates on the assets and liabilities of the subsidiary. Normally, this would produce an exchange rate gain, since the company has larger assets than liabilities in foreign currencies (euro or dollar). Secondly, a negative translation effect would arise on the parent company's net investment in the subsidiary, since the subsidiary's equity would be worth less when expressed in Swedish kronor. This negative exchange rate effect is recognised in other comprehensive income, not the consolidated income statement. Thirdly, it would be more difficult for domestic customers to pay the interest and principal on their loans in foreign currency, which would become higher in the local currency. This would eventually lead to higher impairment losses in the subsidiary.

In addition to what is stated in this year-end report, detailed descriptions are provided in Swedbank's 2011 annual report and in the annual disclosure on risk management and capital adequacy according to the Basel 2 rules, available on www.swedbank.com.

Note 23 Related-party transactions

During the period normal business transactions were executed between companies in the Group, including other related companies such as associates. Significant associates include the partly owned savings banks. Färs & Frosta Sparbank AB holds 5 330 000 shares in Swedbank AB. The Group's share of these shares has reduced equity in the consolidated statements by SEK 116m.

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

Note 24 Swedbank's share

	31 Dec 2012	31 Dec 2011	%
SWED A			
Share price, SEK	127.00	89.15	42
Number of outstanding ordinary shares	917 549 816	907 421 303	1
Market capitalisation, SEKm	**116 529**	**80 897**	**44**
SWED PREF			
Share price, SEK	126.80	89.15	42
Number of outstanding preference shares	179 856 906	190 434 519	-6
Market capitalisation, SEKm	**22 806**	**16 977**	**34**
SWED C			
Share price, SEK			
Number of outstanding shares	0	0	
Market capitalisation, SEKm	**0**	**0**	
Total market capitalisation, SEKm	**139 335**	**97 874**	**42**

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

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

Number of outstanding shares	31 Dec 2012	31 Dec 2011
Issued shares		
SWED A	951 149 816	965 190 117
SWED PREF	180 855 906	194 400 060
SWED C	0	1 500 000
Repurchased shares		
SWED A	-33 000 000	-57 168 814
SWED PREF	0	-3 415 641
SWED C	0	-1 500 000
Swedbank's share of associates' holding of shares		
SWED A	-600 000	-600 000
SWED PREF	-999 000	-549 900
Number of outstanding shares on the closing day	**1 097 406 722**	**1 097 855 822**

In February and August of each year, starting in August 2009, holders of preference shares may request to convert their preference shares to ordinary shares. The request must pertain to the shareholder's entire holding. If the shareholder previously has not requested a conversion, all their outstanding preference shares will be converted into ordinary shares as soon as possible after the Annual General Meeting 2013, however, if applicable, not earlier than the day after the record day for the right to receive the dividend, as resolved at the said Annual General Meeting. Preference shares carry the same voting rights as ordinary shares. During the year 10 128 513 preference shares have been converted to ordinary shares.
Swedbank's share capital decreased by SEK 610 773 555 in May 2012, through cancellation of own shares equivalent to 24 168 814 ordinary shares, 3 415 641 preference shares and 1 500 000 C shares.

Earnings per share	Q4 2012	Q3 2012	Q4 2011	Full-year 2012	Full-year 2011
Average number of shares					
Average number of shares before dilution	1 097 479 079	1 097 770 581	1 097 855 822	1 097 720 626	1 128 159 473
Weighted average number of shares for potential ordinary shares that incur a dilutive effect due to share-based compensation programme	4 973 985	4 546 602	1 381 120	4 223 670	1 406 573
Average number of shares after dilution	1 102 453 064	1 102 317 183	1 099 236 942	1 101 944 296	1 129 566 046
Profit, SEKm					
Profit for the period attributable to shareholders of Swedbank	4 340	3 511	965	14 438	11 744
Preference dividends on non-cumulative preference shares declared in respect of the period				1 004	995
Earnings for the purpose of calculating earnings per share	4 340	3 511	965	13 434	10 749
Earnings per share, SEK					
Earnings per share before dilution	3.95	3.20	0.88	12.24	9.53
Earnings per share after dilution	3.94	3.19	0.88	12.19	9.52

When calculating earnings per share the preference share dividend is deducted from profit in the period the dividend is declared.

Swedbank AB

Income statement, condensed

Parent company SEKm	Q4 2012	Q3 2012	%	Q4 2011	%	Full-year 2012	Full-year 2011	%
Interest income	5 640	6 160	-8	6 969	-19	24 730	26 419	-6
Interest expenses	-2 851	-3 375	-16	-4 436	-36	-13 835	-16 822	-18
Net interest income	**2 789**	**2 785**	**0**	**2 533**	**10**	**10 895**	**9 597**	**14**
Dividends received *	5 989	537		2 593		6 830	5 003	37
Commission income	1 637	1 482	10	1 421	15	6 233	5 831	7
Commission expenses	-299	-270	11	-304	-2	-1 192	-1 241	-4
Net commissions	**1 338**	**1 212**	**10**	**1 117**	**20**	**5 041**	**4 590**	**10**
Net gains and losses on financial items at fair value	602	407	48	-791		2 889	-102	
Other income	370	332	11	436	-15	1 314	2 118	-38
Total income	**11 088**	**5 273**		**5 888**	**88**	**26 969**	**21 206**	**27**
Staff costs	1 752	1 702	3	1 828	-4	7 069	6 852	3
Other expenses	1 079	927	16	1 260	-14	4 113	4 621	-11
Depreciation/amortisation	136	138	-1	107	27	566	350	62
Total expenses	**2 967**	**2 767**	**7**	**3 195**	**-7**	**11 748**	**11 823**	**-1**
Profit before impairments	**8 121**	**2 506**		**2 693**		**15 221**	**9 383**	**62**
Impairment of financial fixed assets	743	36		63		1 154	137	
Credit impairments	227	55		168	35	434	-8	
Operating profit	**7 151**	**2 415**		**2 462**		**13 633**	**9 254**	**47**
Appropriations	3 539	29		1 867	90	3 626	1 867	94
Tax expense	1 170	576		218		2 937	1 629	80
Profit for the period	**2 442**	**1 810**	**35**	**377**		**7 070**	**5 758**	**23**

* During the third quarter 2012 the assets and liabilities of Mandab AB, Swedbank Företagskredit AB and Nordic Foodservice Investment AB were transferred to Swedbank AB. As a whole this produced a merger result of SEK 531m, which is recognised as dividends received.

Statement of comprehensive income, condensed

Parent company SEKm	Q4 2012	Q3 2012	%	Q4 2011	%	Full-year 2012	Full-year 2011	%
Profit for the period reported via income statement	**2 442**	**1 810**	**35**	**377**		**7 070**	**5 758**	**23**
Cash flow hedges:								
Gains/losses arising during the period	-13	-25	-48	-58	78	-71	-97	-27
Reclassification adjustments to income statement, net interest income	29	43	-33	77	-62	193	345	-44
Income tax relating to components of other comprehensive income	-3	-5	40	-5	40	-31	-65	52
Other comprehensive income for the period, net of tax	**13**	**13**	**0**	**14**	**-7**	**91**	**183**	**-50**
Total comprehensive income for the period	**2 455**	**1 823**	**35**	**391**		**7 161**	**5 941**	**21**

Balance sheet, condensed

Parent company SEKm	31 Dec 2012	31 Dec 2011	%
Assets			
Cash and balance with central banks	109 898	154 392	-29
Loans to credit institutions	350 439	325 896	8
Loans to the public	347 233	342 394	1
Interest-bearing securities	131 593	136 530	-4
Shares and participating interests	66 245	60 711	9
Derivatives	125 926	119 320	6
Other assets	18 393	15 935	15
Total assets	**1 149 727**	**1 155 178**	**0**
Liabilities and equity			
Amounts owed to credit institutions	195 584	200 430	-2
Deposits and borrowings from the public	473 104	459 720	3
Debt securities in issue	242 295	251 764	-4
Derivatives	117 471	111 752	5
Other liabilities and provisions	35 947	46 256	-22
Subordinated liabilities	14 522	19 833	-27
Untaxed reserves	6 299	2 672	
Equity	64 505	62 751	3
Total liabilities and equity	**1 149 727**	**1 155 178**	**0**
Pledged collateral	62 375	74 479	-16
Other assets pledged	1 090	3 249	-66
Contingent liabilities	546 571	560 835	-3
Commitments	166 087	161 709	3

Statement of changes in equity, condensed

Parent company SEKm	Share capital	Share premium reserve	Statutory reserve	Cash flow hedges	Retained earnings	Total
January-December 2011						
Opening balance 1 January 2011	**24 351**	**13 083**	**6 489**	**-306**	**22 142**	**65 759**
Dividend					-2 995	-2 995
New share issue	32					32
Reversal of VAT costs incurred on rights issue 2009		35				35
Repurchased shares					-6 180	-6 180
Share based payments to employees					159	159
Total comprehensive income for the period				183	5 758	5 941
Closing balance 31 December 2011	**24 383**	**13 118**	**6 489**	**-123**	**18 884**	**62 751**
January-December 2012						
Opening balance 1 January 2012	**24 383**	**13 118**	**6 489**	**-123**	**18 884**	**62 751**
Dividend					-5 825	-5 825
Decrease share capital	-611				611	
Bonus issue	1 132		-521		-611	
Reversal of VAT costs incurred on rights issues in 2008 and 2009		88				88
Share based payments to employees					314	314
Deferred tax related with share based payments to employees					16	16
Total comprehensive income for the period				91	7 070	7 161
Closing balance 31 December 2012	**24 904**	**13 206**	**5 968**	**-32**	**20 459**	**64 505**

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

Cash flow statement, condensed

Parent company SEKm	Full-year 2012	Full-year 2011
Cash flow from operating activities	-25 955	181 337
Cash flow from investing activities	3 891	6 111
Cash flow from financing activities	-22 430	-37 758
Cash flow for the period	**-44 494**	**149 690**
Cash and cash equivalents at beginning of period	154 392	4 702
Cash flow for the period	-44 494	149 690
Cash and cash equivalents at end of period	**109 898**	**154 392**

Capital adequacy

Parent company SEKm	31 Dec 2012	31 Dec 2011	% or pp
Common Equity Tier 1 capital	55 945	57 521	-3
Tier 1 capital contribution	6 270	7 553	-17
Total Tier 1 capital	**62 215**	**65 074**	**-4**
Tier 2 capital	7 710	11 572	-33
Settlements, equities, etc.	-2 905	-2 902	0
Total capital base	**67 020**	**73 744**	**-9**
Capital requirement	**26 387**	**29 201**	**-10**
Capital requirement including complement	**26 387**	**29 201**	**-10**
Risk-weighted assets	**329 837**	**365 013**	**-10**
Common Equity Tier 1 ratio, %*	17.0	15.8	1.2
Tier 1 capital ratio, %*	18.9	17.8	1.0
Total capital adequacy ratio, %*	20.3	20.2	0.1
Capital quotient*	2.54	2.53	0.01

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

Signatures of the Board of Directors and the President

The Board of Directors and the President certify that the year-end report for January-December 2012 provides a fair and accurate overview of the operations, financial 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, 29 January 2013

Lars Idermark
Chair

Anders Sundström
Deputy Chair

Olav Fjell
Board Member

Ulrika Francke
Board Member

Göran Hedman
Board Member

Anders Igel
Board Member

Pia Rudengren
Board Member

Charlotte Strömberg
Board Member

Karl-Henrik Sundström
Board Member

Siv Svensson
Board Member

Kristina Janson
Board Member
Employee Representative

Jimmy Johnsson
Board Member
Employee Representative

Michael Wolf
President

Review report

Introduction

We have reviewed the year-end report for Swedbank AB (publ) for the period 1 January to 31 December 2012. The Board of Directors and the President are responsible for the preparation and presentation of this year-end 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 year-end report based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the year-end 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, 29 January 2013

Deloitte AB

Svante Forsberg
Authorised Public Accountant

Publication of financial information

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

Swedbank will publish financial results on the following dates in 2013:

Interim report for the first quarter 2013 on 23 April 2013
Interim report for the second quarter 2013 on 16 July 2013
Interim report for the third quarter 2013 on 22 October 2013

Swedbank will publish its annual report for 2012 on 20 February 2013.

Swedbank's Annual General Meeting will be held at Dansens hus (Folkets hus) in Stockholm on Wednesday, 20 March 2013.

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

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