First quarter 2014

Compared with fourth quarter 2013

- The result for the quarter for continuing operations amounted to SEK 3 980m (3 660)
- Earnings per share for continuing operations amounted to SEK 3.62 (3.34) before dilution and SEK 3.59 (3.31) after dilution
- The return on equity for continuing operations was 14.6 per cent (13.6)
- The cost/income ratio was 0.45 (0.46)
- Net interest income amounted to SEK 5 483m (5 626)
- Profit before impairments decreased by 1 per cent to SEK 5 094m (5 168)
- Swedbank reported net recoveries of SEK 100m (32)
- The Common Equity Tier 1 ratio according to Basel 3 was 18.3 per cent (18.3 per cent on 31 December 2013)[3]

First quarter 2014

Compared with first quarter 2013

- The result for the period for continuing operations amounted to SEK 3 980m (3 916)
- Earnings per share for continuing operations amounted to SEK 3.62 (3.57)[1] before dilution and SEK 3.59 (3.54)[1] after dilution
- The return on equity for continuing operations was 14.6 per cent (15.3)
- The cost/income ratio was 0.45 (0.45)
- Net interest income increased by 2 per cent to SEK 5 483m (5 353)
- Profit before impairments increased by 1 per cent to SEK 5 094m (5 039)
- Swedbank reported net recoveries of SEK 100m (credit impairments of SEK 60m)

[1] Including deduction of preference share dividend, earnings per share for Q1 2013 were SEK 1.63 for total operations after dilution. The calculations are specified on page 49.

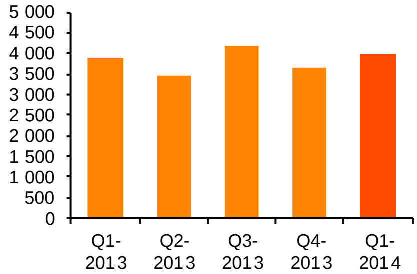
[2] Russia and Ukraine are reported as discontinued operations.

[3] The Common Equity Tier 1 ratios for 2013 are based on Swedbank's previous calculation according to the new regulations.

The key ratios are based on profit and shareholders' equity attributed to the shareholders of Swedbank excluding non-controlling interests.

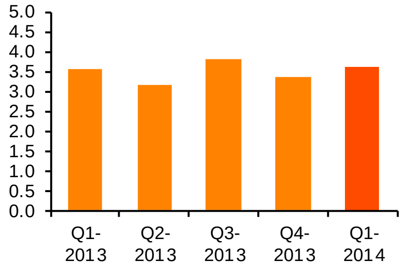
Profit for the quarter, continuing operations[2]

SEKm



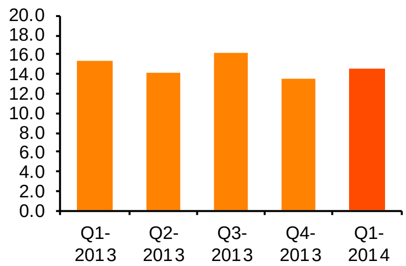
Earnings per share after dilution[1], continuing operations[2]

SEK



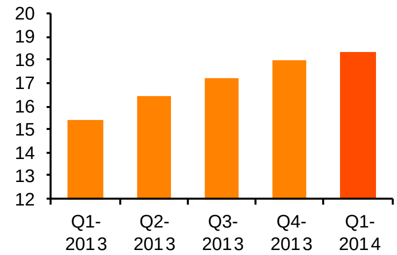
Return on equity, continuing operations[2]

%



Common Equity Tier 1 capital ratio, %, Basel 3[3]

%



CEO Comment

The Swedish economy continued to show signs of strength during the first three months of 2014. Growth accelerated, mainly driven by higher domestic demand. At the same time the quarter was overshadowed by the events in Ukraine, creating uncertainty in the international economy. Sanctions against Russia have been limited to date, but if ratcheted up could threaten global growth, particularly in Europe. Although the Baltic countries are particularly vulnerable in the event of sanctions against and by Russia, to date we have not seen any financial effects of the crisis in our business.

Stable profit

Swedbank's profit for the first quarter was stable with a return on equity for continuing operations of 14.6 per cent. Lower market rates negatively affected net interest income within Swedish Banking, while loan repricing and higher Euribor rates contributed positively within Baltic Banking. Customer activity within LC&I is good, with interest in IPOs and the favourable stock market climate benefiting earnings. The intensive efforts to further improve cost efficiencies and productivity in all the bank's operations are continuing.

Our Common Equity Tier 1 ratio was unchanged during the quarter at 18.3 per cent according to Basel 3. We are still awaiting a decision on how future capital requirements will be implemented in Sweden so that we can then establish new capital targets.

Stability and low risk create opportunities

Thanks to the bank's low risk and strong capitalisation, we were able to obtain financing on very good terms during the quarter. In February Swedbank issued EUR 750m in subordinated notes at the lowest price for this type of bond for any bank in the world since the Lehman Brothers bankruptcy. Competitive funding is essential in order to offer quality solutions that provide value to our customers.

Greater insight leads to improved customer value

Work to improve customer value continues. The results of last winter's extensive customer survey, where 40 000 of our customers responded to questions on how they see us and what we offer, gives every branch insight into which areas they need to improve and develop. The challenge for us at the retail level is to better serve customers with more complex needs and improve service for business customers. Our advisors play an important role in this regard. At the same time we know that our customers are satisfied with our digital services.

Use of the Swish payment solution, which is shared by a number of banks, has steadily increased to slightly over one million users. During the first quarter no less than three hundred thousand customers joined Swish. Our customers and those of the savings banks reported the biggest increase, and our customers completed nearly a million transactions valued at almost a half billion Swedish kronor during the first quarter. Increasing digitalisation allows us to reduce the number of manual routines and simplify our product development and range of services. This frees up resources that can be spent on more and improved customer meetings. The work we have begun to reallocate resources to activities closer to customers while also improving efficiencies in internal processes is vital to the bank's future profitability and competitiveness.

Our Baltic operations have developed positively and are setting an example for the other business areas. Customer satisfaction is high, profitability is good and efficiencies are improving, despite our lending not being larger than deposits in these markets. Our business model in the Baltic countries shows that greater customer value can be created in a cost-effective way that benefits the customer and the bank.

Stronger market position in southern Sweden

In February we announced our acquisition of Sparbanken Öresund, which makes us stronger in an important growth region. The integration is progressing at full speed and a plan is already in place for the most important parts of the new structure. The acquisition has been approved by Sparbanken Öresund's ownership foundations and the Swedish Competition Authority. We are now waiting for a final decision from the Swedish Financial Supervisory Authority to finalise the actual integration. Our customers in southern Sweden now have the benefit of a full-service bank while maintaining the familiarity of their local bank. During the quarter I met many employees and customers of Sparbanken Öresund and was able to see for myself the dynamism, professionalism and drive that distinguish the entire region. I look forward to welcoming all of them as employees and customers of Swedbank.

A sustainable housing market

In March the Swedish Bankers' Association issued an amortisation recommendation that everyone who takes out a new mortgage also receive an individualised amortisation schedule for the parts of their mortgage with a loan-to-value ratio of over seventy per cent. This will help our customers to strengthen their personal finances over the long term, but will not resolve the housing shortage in growing regions. More long-term efforts are needed to achieve a balance in the housing market, where we will gladly play a role in helping to finance new construction.

Outlook

During my travels in Sweden and the Baltic countries I meet many business leaders, individuals and politicians and have seen a growing sense of optimism at the same time that uncertainty about the global economy is impacting their willingness to invest. In the Baltic countries, the events in Ukraine have created uncertainty, which will probably further delay an anticipated increase in credit demand. I will continue to spend much of my time supporting the organisation in meeting with customers, but also on increasing cost awareness and making sure that the energy my colleagues have is used to create better and simpler processes. It is critical we ensure that we can offer competitive products and services to our customers in the long term. In June we are also taking a big step when we move our head office to new, modern and more cost-effective premises, which will facilitate greater efficiencies and cooperation between departments. Looking forward to seeing you soon in Sundbyberg!

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	Q1 2014	Q4 2013	%	Q1 2013	%
Net interest income	5 483	5 626	-3	5 353	2
Net commissions	2 693	2 699		2 388	13
Net gains and losses on financial items at fair value	345	461	-25	557	-38
Other income	799	866	-8	784	2
Total income	**9 320**	**9 652**	**-3**	**9 082**	**3**
Staff costs	2 437	2 574	-5	2 358	3
Other expenses	1 789	1 910	-6	1 685	6
Total expenses	**4 226**	**4 484**	**-6**	**4 043**	**5**
Profit before impairments	**5 094**	**5 168**	**-1**	**5 039**	**1**
Impairment of intangible assets		12			
Impairment of tangible assets	135	311	-57	85	59
Credit impairments	-100	-32		60	
Operating profit	**5 059**	**4 877**	**4**	**4 894**	**3**
Tax expense	1 074	1 212	-11	976	10
Profit for the period from continuing operations	**3 985**	**3 665**	**9**	**3 918**	**2**
Profit for the period from discontinued operations, after tax	-27	-48	-44	-390	-93
Profit for the period	3 958	3 617	9	3 528	12
Profit for the period attributable to the shareholders of Swedbank AB	**3 953**	**3 612**	**9**	**3 525**	**12**

Key ratios and data per share	Q1 2014	Q4 2013	Q1 2013
Return on equity, continuing operations, %	14.6	13.6	15.3
Return on equity, total operations, %	14.5	13.4	13.8
Earnings per share before dilution, continuing operations, SEK [1)]	3.62	3.34	3.57
Earnings per share after dilution, continuing operations, SEK [1)]	3.59	3.31	3.54
Cost/income ratio	0.45	0.46	0.45
Loan/deposit ratio, %	195	203	189
Common Equity Tier 1 capital ratio, %, Basel 3 [2)]	18.3	18.3	16.4
Tier 1 capital ratio, %, Basel 3 [2)]	19.4	19.6	17.8
Total capital ratio, %, Basel 3 [2)]	22.0	20.7	19.4
Credit impairment ratio, %	-0.03	-0.01	0.02
Share of impaired loans, gross, %	0.45	0.55	0.77
Total provision ratio for impaired loans, %	60	54	57

Balance sheet data SEKbn	31 Mar 2014	31 Dec 2013	%	31 Mar 2013	%
Loans to the public	1 279	1 265	1	1 237	3
Deposits and borrowings from the public	655	621	5	650	1
Shareholders' equity	102	110	-7	96	7
Total assets	1 922	1 824	5	1 920	
Risk exposure amount, Basel 3 [2)]	449	441	2	465	-3

[1)] Including deduction of the preference share dividend, earnings per share for Q1 2013 were SEK 1.63 for total operations after dilution. The calculations are specified on page 49.
[2)] The capital ratios for 2013 are based on Swedbank's previous calculation according to the new regulations.

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

Overview

Market

The global economy is growing with North America and Europe remaining a linchpin in the recovery, while the expansion in emerging markets has slowed. In EMU countries, the slow recovery continues, but low inflation and resource utilisation have at the same time increased the risk of deflation. Additional monetary stimulus from the European Central Bank (ECB) therefore cannot be ruled out. Russia's annexation of Crimea and increased military activity around Ukraine have raised geopolitical tensions. Sanctions against Russia have been limited to date, but a worsening conflict could jeopardise growth, particularly in Europe.

Since the beginning of the year long-term bond yields have fallen in Europe and the US despite the Federal Reserve's reduced bond buying. Low global inflation, geopolitical uncertainty and expectations of continued low benchmark rates pushed bond yields lower.

Swedish economic growth accelerated during the fourth quarter of 2013 driven by stronger domestic demand and increased inventory investment. Exports were kept in check by weak external demand, but improved in late 2013. On average, GDP rose by 1.5 per cent in 2013. The National Institute of Economic Research's confidence indicators for the first quarter indicate a continued recovery in the Swedish economy. Despite stronger growth, inflation was significantly lower than expected in the first quarter, increasing pressure on the Riksbank to cut the repo rate further, even though it was held unchanged at the most recent rate meeting in April.

Growth in the Baltic economies slowed in 2013, mainly due to sluggish export demand. Private spending continued to grow, driven by a strong domestic labour market. Investments in Estonia and Latvia were very low, while Lithuania reported good growth but from a low level. Of the three Baltic economies, Latvia had the strongest GDP growth in 2013 (4.1 per cent), followed by Lithuania (3.3 per cent) and Estonia (0.8 per cent). In early 2014 household confidence was positive in keeping with the lower unemployment. A further reduction in inflation in recent months has continued to strengthen household buying power. Lower global commodity prices and a relatively strong euro have reduced price pressures. Manufacturing expectations are unchanged, although the risk of a downturn has increased due to the conflict between Russia and Ukraine. A decline in trade with Russia will adversely affect the Baltic countries in 2014 at the same time that a recovery in the EU will generate positive growth. The direct impact from Russia will be on specific companies and sectors, especially manufacturing and transportation. If the conflict escalates, the Baltic countries would see a greater impact on investment and consumption, negatively affecting the entire economy.

The Stockholm stock exchange (OMXSPI) gained 3.9 per cent during the first quarter. The Tallinn stock exchange (OMXTGI) fell by 2.6 per cent and the Riga stock exchange (OMXRGI) by 9.6 per cent, while the Vilnius stock exchange (OMXVGI) gained 7.1 per cent.

Important events during the quarter

During the first quarter Swedbank acquired Sparbanken Öresund. Through a simultaneous structural deal, a new regional bank – Sparbanken Skåne – was formed. Swedbank's holding in Sparbanken Skåne will be 22 per cent. The deal is consistent with Swedbank's aim to build a stronger position in its home markets and offer greater opportunities for long-term value creation for customers and shareholders. The acquisition has been approved by Sparbanken Öresund's ownership foundations and the Swedish Competition Authority. The deal is contingent on the approval of the Swedish Financial Supervisory Authority, which is expected to announce its decision in the second quarter 2014. Only then will Sparbanken Öresund be consolidated in Swedbank's accounts. The positive impact on 2014 results is estimated at SEK 200m after tax. The deal increases the risk exposure amount by SEK 16bn, while the Common Equity Tier 1 capital ratio is negatively affected by 0.6 percentage points. In connection with the acquisition, earlier cost guidance for 2014 was adjusted upwards by SEK 650m. Previous guidance had estimated costs at the same level as 2013. Lars Ljungälv has been appointed new head of Swedbank's Southern Region and will be a member of Swedbank's Group Executive Committee

First quarter 2014

Compared with fourth quarter 2013

Result

Profit before impairments decreased by 1 per cent to SEK 5 094m (5 168). LC&I contributed positively. Baltic Banking's result was stable, while Group Treasury within Group Functions & Other accounted for the largest decrease. Profit before impairments also declined slightly within Swedish Banking.

Profit before impairments by business segment SEKm	**Q1 2014**	**Q4 2013**	**Q1 2013**
Swedish Banking	2 979	3 010	2 979
Large Corporates & Institutions	1 265	1 109	1 074
Baltic Banking	858	853	728
Group Functions & Other	-8	205	284
Total excl FX effects	**5 094**	**5 177**	**5 065**
FX effects		-9	-26
Total	**5 094**	**5 168**	**5 039**

Net recoveries amounted to SEK 100m (32). Swedish Banking reported lower credit impairments than in the previous quarter and LC&I posted net recoveries. Baltic Banking reported continued net recoveries, but slightly lower than in the previous quarter.

Tangible asset writedowns amounted to SEK 135m (311) and relate to the writedown of Ektornet's property values. The large part of the writedowns is attributable to Ukraine and the US. No intangible asset writedowns were reported during the quarter (12).

Quarterly results rose by 9 per cent to SEK 3 953m (3 612), mainly due to lower expenses, tangible assets writedowns and tax expenses. The result for continuing operations was SEK 3 980m (3 660). The result for discontinued operations was SEK -27m (-48) and mainly relates to the result from the Russian operations.

The return on equity for continuing operations was 14.6 per cent (13.6). The cost/income ratio was 0.45 (0.46).

Income decreased by 3 per cent to SEK 9 320m (9 652), mainly due to lower net interest income, but also lower net gains and losses on financial items at fair value and lower other income. Net interest income was stable.

Net interest income decreased by 3 per cent to SEK 5 483m (5 626). All business segments except Baltic Banking reported lower net interest income. Nearly half of the decrease is due to the fewer number of days during the first quarter compared with the fourth quarter. Lower market interest rates affected Swedish Banking's net interest income negatively. Higher market rates contributed positively within Baltic Banking. The margin on corporate lending within LC&I was stable, but with slight margin pressure on new lending. Mortgage margins for the Swedish portfolio as a whole were stable.

Net commissions were stable at SEK 2 693m (2 699). The trend for LC&I was positive, with one-off income of SEK 30m strengthening the result. Income was stable within Swedish Banking but decreased in Baltic Banking and Group Functions & Other. Higher income from equity trading, lending and real estate brokerage contributed positively. Income from cards and payments decreased on a seasonal basis. Income from Corporate Finance remained strong, but was lower than in the previous quarter. The fourth quarter 2013 contained performance-related asset management income of SEK 38m (0).

Net gains and losses on financial items at fair value decreased to SEK 345m (461). Trading income from corporate bonds and equities within LC&I contributed positively. Group Treasury accounted for the largest part of the decrease, mainly due to the effects of covered bond repurchases, which over time have a positive effect on net interest income. A negative translation difference of SEK 74m was reported during the quarter in Ektornet within Group Functions & Other related to the depreciation of the Ukrainian currency, the hryvnia.

Other income decreased by 8 per cent to SEK 799m (866). Sales activity within Ektornet remained good, but the transactions shrunk in size, which had a negative effect. During the first quarter a property in Russia was sold, which had a positive effect of SEK 83m within Group Functions & Other.

Expenses decreased by 6 per cent to SEK 4 226m (4 484) compared with the previous quarter, when expenses were seasonally higher for marketing, consultants and IT. Variable staff costs decreased compared with the previous quarter. During the first quarter SEK 79m was expensed for the forthcoming move of the head office, compared with SEK 16m in the fourth quarter. Fourth quarter expenses included redeployment provisions of SEK 100m within Group Functions & Other. Depreciation/amortisation was higher during the fourth quarter due to a one-off effect associated with the leasing operations in Estonia.

Expense analysis Group SEKm	**Q1 2014**	**Q4 2013**	**Q1 2013**
Swedish Banking	2 443	2 526	2 399
Large Corporates & Institutions	834	876	722
Baltic Banking	607	666	613
Group Functions & Other and Eliminations	342	413	325
Total excl FX effects	**4 226**	**4 482**	**4 059**
FX effects		2	-16
Total expenses	**4 226**	**4 484**	**4 043**

The number of full-time positions was stable during the quarter. The number increased slightly within Swedish Banking and LC&I, while the increase was higher within Group Functions & Other, partly due to a higher number of IT related personnel. The number of full-time positions within Baltic Banking declined by 82.

The tax expense amounted to SEK 1 074m (1 212), corresponding to an effective tax rate of 21.2 per cent (24.9). During the first quarter 2014 Swedbank AB adopted a new policy for profit distributions from the Baltic operations, whereby around 60 per cent of profit generated in the Baltic subsidiaries as of 2014 will be distributed to the parent company. Profit in Estonia is not taxed until its distribution. The tax rate in Estonia is 21 per cent for profits distributed over time. Deferred tax is recognised on this distribution. The new profit distribution policy raised the Group's effective tax rate by slightly over one percentage point during the quarter. Above and beyond the amended distribution policy, the tax rate in the quarter was effected negatively due to non-deductible property writedowns in the US and Ukraine.

The relatively high effective rate in the fourth quarter is mainly due to a larger taxable one-off distribution of previous years' profits from the Estonian insurance company to Swedbank AB. A new assessment of deferred tax assets and a non-deductible writedown of properties within Ektornet also negatively affected taxes.

The effective rate going forward is estimated at 20-22 per cent.

First quarter 2014

Compared with first quarter 2013

Result

Profit before impairments increased by 1 per cent to SEK 5 094m (5 039). Profit increased within LC&I and Baltic Banking, while Group Treasury within Group Functions & Other accounted for the largest decrease. The result within Swedish Banking was stable. Stronger net interest income and higher commission income positively affected profit, while net gains and losses on financial items at fair value were lower year-on-year. Expenses increased compared with the previous year.

Net recoveries of SEK 100m were reported during the first quarter 2014, compared with credit impairments of SEK 60m for the first quarter 2013. Baltic Banking and LC&I reported recoveries, while Swedish Banking reported minor credit impairments. Tangible asset writedowns amounted to SEK 135m (85), an increase attributable to Ektornet.

The result for the period increased by 12 per cent to SEK 3 953m (3 525). Fluctuations in exchange rates, primarily the depreciation of the Swedish krona against the euro and the Lithuanian litas, increased profit by SEK 27m. The result for continuing operations was SEK 3 980m (3 916) and for discontinued operations was SEK -27m (-390). A writedown of SEK 340m during the first quarter 2013 related to the sale of the Ukrainian operations.

The return on equity for continuing operations was 14.6 per cent (15.3). The cost/income ratio was 0.45 (0.45).

Income increased by 3 per cent to SEK 9 320m (9 082), mainly driven by LC&I and Baltic Banking. Net commissions rose the most, while net gains and losses on financial items at fair value decreased. Changes in exchange rates increased income by SEK 42m.

Net interest income rose by 2 per cent to SEK 5 483m (5 353). Increased lending volumes in Swedish Banking and the repricing of corporate lending in Baltic Banking contributed positively, as did higher Euribor rates. Lower deposit margins in Sweden due to falling Stibor rates negatively affected net interest income. The fee for government guaranteed funding was SEK 30m lower than in the first quarter 2013. Fluctuations in exchange rates increased net interest income by SEK 22m.

Net commissions rose by 13 per cent to SEK 2 693m (2 388). Higher commission income from asset management due to increased assets under management was the biggest contributor. Loan-related income and income from corporate finance within LC&I increased as well. The outsourcing of ATMs by Swedish Banking reduced net commissions by SEK 34m. For more information, see pages 12.

Net gains and losses on financial items at fair value decreased by 38 per cent to SEK 345m (557). This is mainly due to covered bond repurchases, which have a positive effect on net interest income over time, however. During the first quarter 2014 a negative translation difference of SEK 74m was reported in Ektornet within Group Functions & Other, related to the depreciation of the Ukrainian hryvnia. Net gains and losses on financial items at fair value within LC&I was stable.

Other income increased by 2 per cent to SEK 799m (784). A property sale in Russia positively affected income by SEK 83m. Sales activity within Ektornet remained good, but the transactions shrunk in size, which negatively affected other income.

Expenses increased by 5 per cent to SEK 4 226m (4 043). Expenses increased the most within LC&I. Staff costs within the Group rose as a result of an increased number of advisors and IT-related staff as well as salary adjustments. IT development expenses also rose. Reduced cash handling and the outsourcing of ATMs led to lower expenses for transport and security. During the first quarter SEK 79m was expensed within Group Functions & Other for the forthcoming move of the head office, at the same time that expenses for Ektornet continued to decrease. Changes in exchange rates raised expenses by SEK 16m.

The number of full-time positions decreased year-on-year by 143, of which 482 were in Baltic Banking and 110 in Ektornet (Group Functions & Other). Within Swedish Banking and LC&I, the number of full-time positions increased by 143 and 51 respectively. The remaining increase was mainly due to IT related personnel within Group Functions & Other.

The tax expense amounted to SEK 1 074m (976), corresponding to an effective tax rate of 21.2 per cent (19.9). The difference in the effective tax rate is mainly due to Swedbank AB's new policy on profit distributions from the Baltic operations, which was adopted during the first quarter 2014, whereby around 60 per cent of profit generated in the Baltic subsidiaries as of 2014 will be distributed to the parent company. Profit in Estonia is not taxed until its distribution. The tax rate in Estonia is 21 per cent for profits that are distributed. Deferred tax is recognised on this distribution. The new profit distribution policy raised the Group's effective tax rate by just over one percentage point during the quarter.

The effective rate going forward is estimated at 20-22 per cent.

Credit and asset quality

The quality of the Group's credit portfolio remains high. Lending in selected segments increased slightly during the quarter, impaired loans decreased and the risk profile improved. Political tensions in Russia and Ukraine did not affect the credit portfolio. The Group's direct credit exposure to Russia and Ukraine was low as of 31 March, at about SEK 1.5bn. This includes loan receivables of SEK 1.0bn, exposures within Trade Finance of SEK 0.4bn (the majority of which expire within one year) and bank exposures of SEK 0.1bn. In addition, repossessed properties in Ukraine amount to SEK 124m and other properties are booked at SEK 8m.

Swedbank's lending increased by SEK 4.1bn or 0.3 per cent during the first quarter, of which SEK 1.5bn is due to currency effects. In Sweden, mortgage lending increased by SEK 5.1bn. Corporate lending within Swedish Banking increased by a total of SEK 4.8bn. In LC&I, activity was low and the credit portfolio decreased by SEK 2.5bn. In Baltic Banking, the lending portfolio decreased slightly in Estonia and Latvia, calculated in local currency, while increasing slightly in Lithuania.

The average loan-to-value ratio for Swedbank's mortgages in Sweden, based on property level, was 61.8 per cent as of 31 March (62.2 as of 31 December). The average loan-to-value ratio for new mortgages in Sweden was 71.0 per cent (69.9) during the quarter. The average loan-to-value ratio in Baltic Banking was 85.1 per cent (84.9), while the ratio for new lending was 67.7 per cent during the quarter. With respect to new lending in Sweden during the last 12 months, 92 per cent of households with a loan-to-value ratio over 75 per cent are amortising their loans. Of those who do not have an amortisation schedule, most have agreed to begin amortising within two years of signing their loan. For the Swedish portfolio as a whole, 73 per cent (74) of households with a loan-to-value ratio over 75 per cent are amortising, corresponding to 15.7 per cent (16.3) of the portfolio. For the mortgage portfolio as a whole, 59 per cent (60) of households are amortising. In March, the Swedish Bankers' Association issued a recommendation on amortisation of new mortgages with a loan-to-value ratio over 70 per cent. Of new mortgages granted in Sweden in the last 12 months, 55 per cent have a loan-to-value ratio over 70 per cent.

Impaired loans fell by SEK 1.3bn during the quarter to SEK 6.2bn and correspond to 0.45 per cent (0.55) of total lending. The average provision ratio for impaired loans was 40 per cent. This is in addition to portfolio provisions for unidentified impaired loans as an added safety margin, producing a total provision ratio of 60 per cent (54). A few large commitments within LC&I accounted for SEK 0.7bn of the decrease in impaired loans. In Baltic Banking, impaired loans fell by SEK 0.3bn to SEK 4.7bn, mainly due to the winding down of problem loans from the crisis years of 2008 - 2009 and improved quality in the loan portfolio. In Swedish Banking, impaired loans were unchanged during the quarter.

The share of Swedish mortgages past due by more than 60 days remained low at 0.09 per cent of the portfolio (0.09). The share of impaired mortgages in Baltic Banking fell, mainly in Lithuania. The share of mortgages past due by more than 60 days was 0.7 per cent in Estonia (0.7), 7.3 per cent in Latvia (7.4) and 4.2 per cent in Lithuania (4.4).

Impaired loans, by business segment SEKm	**Q1 2014**	**Q1 2013**	**Q1 2013**
Swedish Banking	1 389	1 547	1 828
Large Corporates & Institutions	159	906	613
Baltic Banking	4 700	5 046	7 817
Estonia	1 322	1 338	1 955
Latvia	1 929	2 145	3 856
Lithuania	1 449	1 563	2 006
Total	**6 248**	**7 499**	**10 258**

Net recoveries during the quarter amounted to SEK 100m (credit impairments of SEK 60m). The recoveries are mainly due to private mortgages within Baltic Banking, a few large commitments within LC&I, and because several commitments are no longer classified as impaired as a result of the continued positive macro development. Credit impairments within Swedish Banking continued to be low.

Credit impairments, net by business segment SEKm	**Q1 2014**	**Q4 2013**	**Q1 2013**
Swedish Banking	31	140	55
Large Corporates & Institutions	-30	5	74
Baltic Banking	-101	-177	-70
Estonia	-9	-139	-54
Latvia	-65	50	4
Lithuania	-27	-88	-20
Group Functions & Other			1
Total	**-100**	**-32**	**60**

Repossessed assets amounted to SEK 1 730m on 31 March, of which Ektornet accounted for SEK 1 552m, of which SEK 18m relates to shares. The value of repossessed assets in the Group decreased during the quarter by SEK 385m, of which SEK 304m in Ektornet. Ektornet sold properties for SEK 175m. Property values in the portfolio were written down by SEK 138m, mainly related to Ukraine and the US. Sales during the quarter primarily involved a number of small transactions. The remaining repossessed properties in Ukraine amounted to SEK 124m on 31 March. On the same date the number of properties, including apartments, was 1 219 (31 December 1 366), of which 683 were in Latvia (783). For more information on repossessed assets, see page 35 of the fact book.

Funding and liquidity

In the first quarter 2014 Swedbank issued a total of SEK 37bn in long-term debt instruments, of which SEK 20bn related to covered bonds and SEK 15bn to senior unsecured debt. Of the covered bonds, SEK 17bn was issued in SEK. Demand for private placements remained high. For the full-year 2014 the bank plans to issue a total of approximately SEK 120bn to meet maturing long-term funding with a nominal value of SEK 103bn, calculated from the beginning of the year. Liquidity over and above the refinancing needs is used in day-to-day management to repurchase covered bonds.

In the first quarter 2014 Swedbank also issued EUR 750m of 10-year subordinated notes (Tier 2) with a prepayment option after 5 years. The debt instruments fulfil the requirements of CRDIV.

The average maturity of all capital market funding arranged through the bank's short- and long-term programmes was 29 months on 31 March 2014 (29 as of 31 December). The average maturity of long-term funding issued during the first quarter was 70 months. The bank's short-term funding is mainly used as a cash management tool, not to finance the bank's lending to the public. Outstanding volume increased by SEK 53bn during the quarter to SEK 153bn.

Swedbank's liquidity reserve, which is reported in accordance with the Swedish Bankers' Association's definition and is managed by Group Treasury, amounted to SEK 243bn on 31 March 2014 (184 as of 31 December). In addition to the liquidity reserve, liquid securities in other parts of the Group amounted to SEK 59bn (53 as of 31 December). The liquidity reserve and Liquidity Coverage Ratio (LCR) fluctuate over time depending, among other things, on the maturity structure of the bank's issued securities. According to current Swedish regulations in effect as of 1 January 2013, the Group's LCR was 144 per cent on 31 March (142 as of 31 December). Distributed by USD and EUR, LCR was 312 per cent (618 as of 31 December) and 586 per cent (662 as of 31 December) respectively. In early 2013 the Basel Committee published a new recommendation on the definition of LCR. According to Swedbank's interpretation, LCR would have been 163 per cent as of 31 March (168 as of 31 December).

According to Swedbank's interpretation of the Basel Committee's original definition from 2010, the Group's Net Stable Funding Ratio (NSFR) was 89 per cent on 31 March (89 as of 31 December). According to Swedbank's interpretation of the Basel Committee's latest proposed changes to the definition from January 2014, NSFR would be 102 per cent. The main liquidity measure used by the Board of Directors and executive management is the so-called survival horizon, which shows how long the bank could manage long periods of stress in capital markets, where access to new financing was limited. At present the bank would survive more than 12 months with the capital markets completely shut down. This applies to the Group's total liquidity as well as liquidity in USD and EUR.

For more information on the above, see pages 65-66 in the fact book.

Ratings

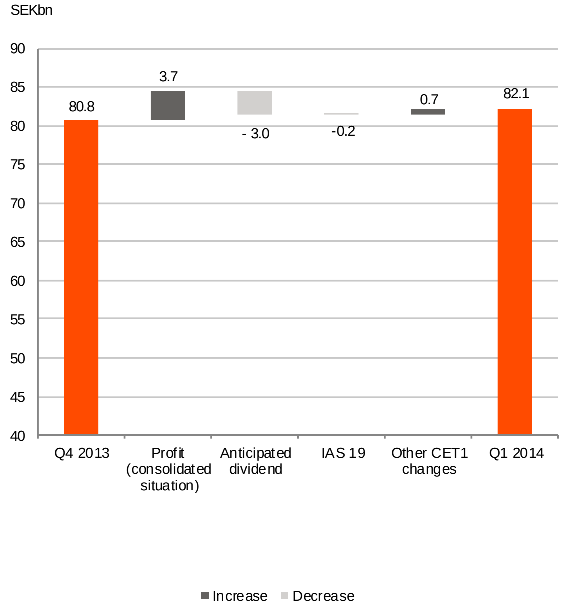
During the first quarter 2014 there were no ratings changes for Swedbank.

Capital and capital adequacy

The Common Equity Tier 1 ratio according to Basel 3 was unchanged during the quarter at 18.3 per cent on 31 March (18.3 per cent as of 31 December). The new EU regulation based on Basel 3, which governs the calculation, took effect on 1 January 2014, while the introduction of new capital buffers requires implementation in Swedish law and is likely to take effect on 1 August 2014. Now that the new regulation has entered into force, Swedbank no longer reports capital adequacy according to Basel 2.

Common Equity Tier 1 capital (Basel 3) increased by SEK 1.3bn during the first quarter to SEK 82.1bn. The quarterly change in Common Equity Tier 1 capital according to Basel 3 was mainly due to the bank's profit, after deducting the anticipated dividend. The revisions in the recognition of pensions (accounting standard IAS 19), which took effect in 2013, create volatility in the estimated pension liability, which also affects equity through other comprehensive income. Common Equity Tier 1 capital decreased by approximately SEK 0.2bn during the first quarter due to falling discount rates. The transition from Basel 2 to Basel 3 reduced Common Equity Tier 1 capital by SEK 3.5bn, in line with the calculation according to Basel 3 reported in Swedbank's interim report as of 31 December 2013.

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



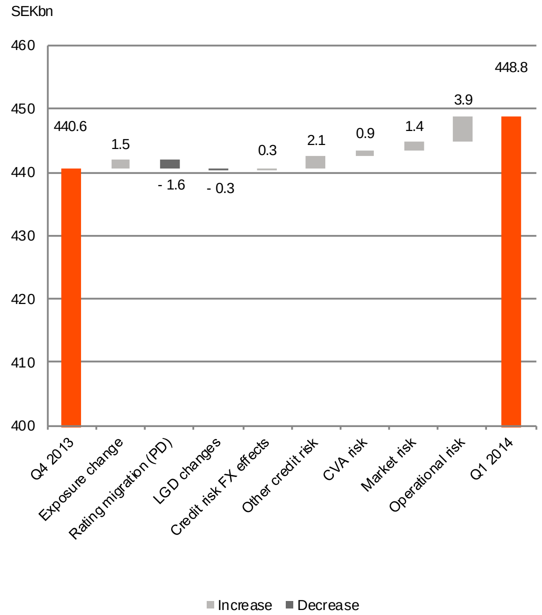
The capital base (Basel 3) increased during the quarter by SEK 7.9bn. Besides the above-mentioned explanations related to Common Equity Tier 1 capital, the increase was due to Swedbank's issuance of EUR 750m in a Tier 2 instrument in mid-February.

The risk exposure amount (REA), previously referred to as risk weighted assets (RWA), increased by SEK 8.2bn during the first quarter, from SEK 440.6bn on 31 December to SEK 448.8bn (both amounts according to Basel 3) on 31 March. The transition from Basel 2 to Basel 3 reduced the risk exposure amount by SEK 10.4bn, a net of increases and decreases and in line with the estimate according to Basel 3 reported in Swedbank's interim report as of 31 December 2013.

The risk exposure amount for credit risks (Basel 3) increased by SEK 2.0bn. Increased exposures, mainly to corporate customers in Swedish Banking and LC&I, raised the risk exposure amount by SEK 1.6bn. Positive rating migrations, mainly among corporate customers in Baltic Banking, reduced the risk exposure amount by SEK 1.6bn. Latvia's euro introduction reduced the risk exposure amount by SEK 1.4bn after removing the add-on for loans in a different currency than the pledged collateral. Other changes in collateral increased the risk exposure amount by SEK 1.8bn. Fluctuations in exchange rates, mainly attributable to the Baltic credit portfolio, raised the risk exposure amount for credit risks by SEK 0.3bn due to the depreciation of the Swedish krona against the euro.

The risk exposure amount for credit valuation adjustment (CVA) which arose in connection with the introduction of Basel 3 increased by SEK 0.9bn in the first quarter. The risk exposure amount for market risks (Basel 3) increased by SEK 1.4bn in the first quarter, mainly due to increased exposures within LC&I. The risk exposure amount for operational risks (Basel 3) increased by SEK 3.9bn, due to Swedbank's revenue being higher in 2013 than in 2010. This affects the capital requirement for operational risks, which is calculated as a rolling three-year average.

Change in risk exposure amount first quarter Basel 3, first quarter 2014, Swedbank consolidated situation



In May 2013 the Swedish Financial Supervisory Authority (SFSA) announced its decision to introduce a risk weight floor of 15 per cent for the Swedish mortgage portfolio. The floor is being introduced as a supervisory measure within Pillar 2 and therefore does not affect the reported capital ratios. Based on an average risk weight in Swedbank's Swedish mortgage portfolio of 4.2 per cent according to Pillar 1 as of 31 March and the Swedish Common Equity Tier 1 capital requirement of 12 per cent (as of 2015), Swedbank, as per SFSA's decision, must maintain additional Common Equity Tier 1 capital of SEK 9.7bn for Swedish mortgages. This corresponds to 2.2 percentage points of the Common Equity Tier 1 ratio according to Pillar 1.

In its internal controls, Swedbank already allocates additional capital to its mortgage business equivalent to the risk weight floor. In November 2013 SFSA announced its intention to further increase the risk weight floor, to 25 per cent. Calculated according to the same method as above, this increase would mean an additional SEK 8.9bn in Common Equity Tier 1 capital for Swedbank. As a whole, a risk weight floor of 25 per cent would mean that Swedbank would have to maintain a total of SEK 18.6bn in additional Common Equity Tier 1 capital for its Swedish mortgages, corresponding to 4.2 percentage points of the Common Equity Tier 1 ratio according to Pillar 1. SFSA is also responsible for deciding on the countercyclical buffer in connection with Sweden's implementation of CRD IV later in 2014. In announcing the increase in the risk weight floor, SFSA stated that it may be necessary to prioritise this in exchange for a lower countercyclical buffer.

SFSA will announce how it views internal capital assessments according to Pillar 2 in spring 2014. At this point the interaction between Pillar 1 and Pillar 2 is unclear, as are the capital requirements for Swedish banks resulting from SFSA's future supervisory actions according to Pillar 2.

Because aspects of Basel 3's implementation in the EU require its introduction through national laws, the Swedish government proposed new rules on oversight, sanctions and capital buffers in early April. The new legislation is expected to take effect on 1 August 2014, at which point SFSA will be authorised to decide on Sweden's final capital requirements.

When the new EU regulation took effect on 1 January 2014, SFSA was permitted to grant banks waivers from the current Basel 1 floor. The Basel 1 floor is a back-stop for the lowest level of the capital base requirement, which was introduced in connection with the transition from Basel 1 to Basel 2. Swedish authorities had previously announced that this floor would be removed in connection with the introduction of the new, higher capital requirements. In March SFSA decided not to eliminate the floor. As a result, the Basel 1 floor will remain in effect in Sweden in the same way as before, i.e. designed as 80 per cent of the capital requirement calculated according to Basel 1. Swedbank does not expect this to restrict its capitalisation. The restrictions will have more impact on the capital requirement calculated according to Basel 3 (including capital buffers) and Pillar 2

Since the EU's new capital adequacy rules took effect on 1 January 2014, banks are obliged to report their leverage ratios to supervisory authorities. The measure will be evaluated by the authorities prior to the possible introduction of a minimum requirement in 2018. Swedbank's leverage ratio was 4.5 per cent as of 31 March (4.6 per cent as of 31 December 2013).

Market risk

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

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

Swedbank measures market risks with a Value-at-Risk (VaR[1]) model, among other things.

VaR by risk category

SEKm	Jan-Mar 2014 (2013) Max	Min	Average	31 Mar 2014	31 Dec 2013
Interest risk	87 (97)	66 (64)	77 (80)	77	66
Currency rate risk	16 (12)	3 (2)	9 (5)	6	10
Stock price risk	7 (9)	1 (3)	3 (5)	4	3
Diversification			-12 (-15)	-13	-13
Total	**87 (87)**	**67 (59)**	**77 (75)**	**74**	**66**

[1] The VaR model was complemented during the year by new risk factors, due to which the figures for 2014 are not directly comparable with those for 2013.

For individual risk types, VaR is complemented by various risk measures based on sensitivity to changes in market prices. Risk taking is also monitored with stress tests. An increase in all market interest rates of one percentage point as of 31 March 2014 would have increased the value of the Group's assets and liabilities, including derivatives, by SEK 192m (75 as of 31 December 2013). This calculation includes parts of the bank's deposits with a duration of two to three years. The effect on positions in SEK would have been SEK 405m (250), while the value of positions in foreign currency would have decreased by SEK 213m (-175). The Group's net gains and losses on financial items at fair value would have been reduced by SEK 816m (-608), with the biggest contributions coming from the Group's liquidity portfolio as well as the trading operations within LC&I.

Operational risks

IT operations and accessibility in the Internet Bank and Telephone Bank were stable during the quarter. Compared with the first quarter 2013, the number of major IT-related incidents decreased by 11 per cent.

Other events

Swedbank's Annual General Meeting (AGM) on 20 March re-elected Anders Sundström as Chair of the Board of Directors. Ulrika Francke, Göran Hedman, Lars Idermark, Anders Igel, Pia Rudengren, Karl-Henrik Sundström and Siv Svensson were re-elected as Board members. Maj-Charlotte Wallin was elected as a new member of the Board. Deloitte AB was elected as auditors for the period until the end of the 2018 AGM.

The AGM approved a dividend for financial year 2013 of SEK 10.10 per share. The dividend payment date was 27 March 2014.

The AGM renewed the Board of Directors' authorisation to decide to repurchase the bank's shares. The total holding of treasury shares (including shares acquired for the bank's trading stock) may not exceed one tenth of all shares in the bank.

The AGM granted the Board of Directors' a mandate to issue convertibles in the form of subordinated loans that can be converted to shares. Not more than 100 million ordinary shares can be issued as a result of conversions, or the corresponding number due to bonus or rights issues, conversion of convertibles, share split or reverse split, or similar corporate events.

Annika Hellström was appointed head of Swedbank's Central Region, succeeding Johan Smedman, who was appointed head of Savings Bank Business at Swedbank at the year-end. Annika took up her position in March.

Events after 31 March 2014

Christer Trägårdh was appointed as new head of Swedbank's eastern region, succeeding Marie Halling on the Group Executive Committee. Christer takes up his new appointment in August.

During the second quarter Swedbank in Lithuania will recognise a one-off income of SEK 35m. This is a result of a previous provision for a fine Swedbank in Lithuania was charged in the fourth quarter 2012, when the competition authority ruled that its cash management agreement adversely affected competition. The decision was overturned to Swedbank's advantage.

Swedish Banking

- Lower market rates put net interest income under pressure
- Increased fund volumes positively contributed to net commissions
- Improved market position in southern Sweden

Income statement

SEKm	Q1 2014	Q4 2013	%	Q1 2013	%
Net interest income	3 314	3 448	-4	3 331	-1
Net commissions	1 649	1 649		1 590	4
Net gains and losses on financial items at fair value	50	31	61	34	47
Share of profit or loss of associates	256	210	22	204	25
Other income	153	198	-23	219	-30
Total income	**5 422**	**5 536**	**-2**	**5 378**	**1**
Staff costs	919	888	3	861	7
Variable staff costs	51	67	-24	48	6
Other expenses	1 442	1 528	-6	1 460	-1
Depreciation/amortisation	31	43	-28	30	3
Total expenses	**2 443**	**2 526**	**-3**	**2 399**	**2**
Profit before impairments	**2 979**	**3 010**	**-1**	**2 979**	
Credit impairments	31	140	-78	55	-44
Operating profit	**2 948**	**2 870**	**3**	**2 924**	**1**
Tax expense	640	616	4	631	1
Profit for the period	2 308	2 254	2	2 293	1
Profit for the period attributable to the shareholders of Swedbank AB	**2 304**	**2 249**	**2**	**2 291**	**1**
Non-controlling interests	4	5	-20	2	100
Return on allocated equity, %	28.3	27.7		28.1	
Loan/deposit ratio, %	250	244		246	
Credit impairment ratio, %	0.01	0.06		0.02	
Cost/income ratio	0.45	0.46		0.45	
Loans, SEKbn	949	937	1	915	4
Deposits, SEKbn	379	385	-2	371	2
Full-time employees	4 996	4 984		4 853	3

Development January - March
The result for the period amounted to SEK 2 304m (2 291), income and expenses were stable, and credit impairments were slightly lower than in the first quarter 2013.

Net interest income was stable compared with the same quarter in 2013. Higher margins on corporate credit and higher volumes of deposits and lending largely offset lower deposit margins, which were adversely affected by declining market interest rates. Compared with the previous quarter, net interest income decreased mainly due to lower deposit margins as well as fewer days during the period. Mortgage margins were stable during the quarter.

Household deposit volume in the bank decreased by 6 per cent during the quarter in both current accounts and savings accounts. Swedbank's share of household deposits was 21 per cent at the end of the period (21 per cent as of 31 December 2013). Corporate deposits within Swedish Banking decreased by SEK 2bn, or 2 per cent, during the quarter. Swedbank's market share was 19 per cent as of 28 February (18 per cent as of 31 December 2013), including corporate deposits within LC&I. Fund values rose slightly during the quarter due to higher stock market prices and net inflows. The market share, measured as assets under management, was 23 per cent (24 per cent as of 31 December 2013).

Household mortgage lending volume increased by SEK 5bn during the first quarter, corresponding to 18 per cent of the market's net growth (compared with 14 per cent in the fourth quarter 2013). Swedbank's share of the total market was 25 per cent (25 per cent as of 31 December 2013). Corporate lending volume within Swedish Banking increased by SEK 5bn. Swedbank's market share in corporate lending was stable at 17 per cent (17 per cent as of 31 December 2013), including corporate lending within LC&I.

Net commissions rose by 4 per cent compared with the same quarter in 2013. The increase was mainly due to higher fund volumes in the wake of higher stock market prices in 2013, but also to net inflows in the last 12-month period, mainly to mixed funds and collective occupational pensions. In January 2013 Bankomat AB gradually began taking over responsibility for Swedbank's ATMs, a process it completed at the end of September. As a result, net commissions and expenses are both decreasing. During the first quarter net commissions decreased by SEK 34m year-on-year. Net commissions were stable compared with the fourth quarter. Income from payment commissions increased together with real estate brokerage commissions, while other commissions decreased.

Expenses increased by 2 per cent during the first quarter year-on-year. The biggest increase was in staff costs, due to a hiring of more advisors and salary increases. The transfer of responsibility for Swedbank's ATMs to Bankomat AB reduced expenses. Reduced manual cash handling also led to lower transport and security expenses. Expenses in the first quarter were lower than in the fourth quarter, when they are seasonally higher.

Credit quality remained good and credit impairments decreased compared with the previous year and the previous quarter. The share of impaired loans was 0.14 per cent (0.16).

The risk exposure amount according to Basel 3 was SEK 189bn, an increase of SEK 4bn since 31 December 2013. The SEK 2.6bn risk exposure amount for operational risks accounted for the largest increase. This is due to Swedbank's revenues being higher in 2013 than in 2010, which affects the operational risk capital requirement that is calculated on a rolling three year basis. The risk exposure amount for credit risks increased by SEK 1.6bn, mainly due to increased corporate exposures.

During the first quarter Swedbank acquired Sparbanken Öresund. The deal is part of Swedbank's aim to build a stronger position in its home markets. The acquisition, which strengthens the bank's customer offering while at the same time improving its market position in an important growth region, has been approved by Sparbanken Öresund's ownership foundations and the Swedish Competition Authority. The deal is contingent on the approval of the Swedish Financial Supervisory Authority, which is expected to announce its decision in the second quarter 2014. Sparbanken Öresund will not be consolidated in Swedbank's accounts until then. The positive results impact in 2014 is estimated at SEK 200m after tax. The risk exposure amount is expected to initially increase by SEK 16bn thereby adversely affecting the Common Equity Tier 1 capital ratio by 0.6 percentage points.

Swish was named “Service of the Year” at Sweden's telecoms gala in February for contributing more than any other service to the telecoms market's development and for making it easier than ever for people to transfer money. Swish is a mobile payment service for customers of a number of banks that facilitates real-time payments. As of 31 March there were 1 030 000 Swish users, an increase of 300 000 since the start of the year. Swedbank's and the savings banks' share increased to 40.8 per cent (39.6).

As part of “Young Jobs”, an initiative of Swedbank and the savings banks, 100 trainee positions were created at the Telephone Bank during the quarter. The trainees mainly focus on making it easier for our customers to begin using the bank's digital services.

Use of Swedbank's digital channels continues to grow. The Internet Bank had 3.6 million users at the end of the quarter, an increase of 29 000, while the Mobile Bank had 1.65 million (+96 000) and the iPad Bank had 438 000 (+53 000).

***Sweden is Swedbank's largest market,** with around 4 million private customers and more than 250 000 corporate customers. This makes it Sweden's largest bank by number of customers. Through our digital channels (Telephone Bank, Internet Bank and Mobile Bank) and branches, and with the support of cooperating savings banks and franchisees, we are always available. Swedbank is part of the local community. Our branch managers have the authority to act locally. The bank's presence and engagement are expressed in various ways. A project called “Young Jobs”, which has created several thousand trainee positions for young people, is an important example in recent years. Swedbank has 306 branches in Sweden. The various product areas are described on page 21.*

Large Corporates & Institutions

- Stronger customer relations continued to increase deposit volumes
- More favourable stock market climate and more IPO activity strengthened net commissions
- Good customer activity in bond trading, while fixed income and FX trading was distinguished by low risk taking

Income statement

SEKm	Q1 2014	Q4 2013	%	Q1 2013	%
Net interest income	867	889	-2	783	11
Net commissions	630	558	13	420	50
Net gains and losses on financial items at fair value	565	491	15	579	-2
Other income	37	48	-23	31	19
Total income	**2 099**	**1 986**	**6**	**1 813**	**16**
Staff costs	322	303	6	288	12
Variable staff costs	75	118	-36	88	-15
Other expenses	415	443	-6	344	21
Depreciation/amortisation	22	17	29	13	69
Total expenses	**834**	**881**	**-5**	**733**	**14**
Profit before impairments	**1 265**	**1 105**	**14**	**1 080**	**17**
Credit impairments	-30	5		74	
Operating profit	**1 295**	**1 100**	**18**	**1 006**	**29**
Tax expense	292	360	-19	216	35
Profit for the period	1 003	740	36	790	27
Profit for the period attributable to the shareholders of Swedbank AB	**1 003**	**740**	**36**	**790**	**27**
Return on allocated equity, %	26.9	20.1		16.8	
Loan/deposit ratio, %	153	173		185	
Credit impairment ratio, %	-0.06	0.01		0.13	
Cost/income ratio	0.40	0.44		0.40	
Loans, SEKbn	152	154	-1	150	1
Deposits, SEKbn	99	89	11	81	22
Full-time employees	1 094	1 069	2	1 043	5

Development January - March

The result amounted to SEK 1 003m for the quarter, an increase of 27 per cent year-on-year. The result was positively affected by increased lending related income and income from Corporate Finance. Bond trading in Norway and equity trading also contributed to the improved result compared with the previous year. The return on allocated equity was 26.9 per cent (16.8).

Net interest income increased by 11 per cent compared with the same period in 2013. Lending portfolio margins improved slightly, while higher average lending volumes and increased origination fees also contributed to the improvement. Lending volumes rose by 1 per cent, or SEK 2bn compared with the first quarter 2013. Compared with the previous quarter net interest income decreased by 2 per cent to SEK 867m, a result of fewer days during the quarter as well as lower deposit margins. Lending volumes decreased somewhat during the quarter. The lending margin on the entire loan portfolio was stable, with slight margin pressure on new loans. Deposit volumes were higher compared with the fourth quarter and the same period in 2013, a result of increased business with existing customers and temporary deposit increases from a few major customers.

Net commissions rose by 50 per cent compared with the previous year to SEK 630m. The increase is mainly related to income from IPOs and lending related income, where one-off income of slightly over SEK 30m was received during the first quarter in connection with loan prepayments. This, along with higher income from equity trading, increased net commissions by 13 per cent compared with the fourth quarter 2013. In bond issues, major deals were finalised in Sweden and Norway during the first quarter for Real Kredit, SPP and Stolt Nielsen, among others. Market demand remained high, causing pressure on bond yields and margins. Swedbank's market share for Swedish issues was 17.6 per cent for 2014 (20.6 per cent as of 31 December). The corresponding figure in Norway was also 17.6 per cent (18.4 per cent as of 31 December), making Swedbank the third largest player in both Sweden and Norway. The stock market climate improved during the quarter, and within the Swedish operations Swedbank was an advisor in the IPOs of Hemfosa and Oscar Properties, where Swedbank's customers showed great interest.

Net gains and losses on financial items at fair value decreased by 2 per cent to SEK 565m compared with the first quarter 2013. Compared with the previous quarter net gains and losses on financial items at fair value rose by 15 per cent. Corporate bond trading was especially strong in Norway during the quarter and contributed to increased income. Income from equity trading also rose during the period. During the first quarter fixed income and FX trading were distinguished by relatively low customer activity, however, and earnings were adversely affected by low interest rates and a lack of clear trends in the market.

Total expenses increased by 14 per cent to SEK 834m compared with the same period in 2013, mainly related to IT development and staff costs. Variable staff costs decreased. Compared with the previous quarter total expenses decreased by 5 per cent, with expenses for IT development and customer activity seasonally higher at the end of last year.

Credit quality in the loan portfolio has remained good. Net recoveries of SEK 30m were reported during the quarter, compared with credit impairments of SEK 74m in the first quarter 2013. The share of impaired loans was 0.06 per cent (0.38). A few large commitments account for the decrease in impaired loans.

The risk exposure amount according to Basel 3 increased by SEK 5bn during the quarter to SEK 149bn. The risk exposure amount for credit risk increased by SEK 3.4bn, mainly due to increased commitments within the corporate portfolio. The risk exposure amount related to market risk increased by SEK 0.9bn and those for credit valuation adjustment (CVA) by SEK 0.9bn.

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

Baltic Banking

- Repricing and higher market rates contributed to increased net interest income
- Euro adoption in Latvia reduced risks but pressured revenues
- Good underlying customer activity

Income statement

SEKm	Q1 2014	Q4 2013	%	Q1 2013	%
Net interest income	874	844	4	742	18
Net commissions	429	454	-6	388	11
Net gains and losses on financial items at fair value	53	84	-37	62	-15
Other income	109	130	-16	90	21
Total income	**1 465**	**1 512**	**-3**	**1 282**	**14**
Staff costs	187	204	-8	197	-5
Variable staff costs	20	20		18	11
Other expenses	364	384	-5	341	7
Depreciation/amortisation	36	56	-36	33	9
Total expenses	**607**	**664**	**-9**	**589**	**3**
Profit before impairments	**858**	**848**	**1**	**693**	**24**
Impairment of intangible assets		1			
Impairment of tangible assets	-5	16		4	
Credit impairments	-101	-177	-43	-70	44
Operating profit	**964**	**1 008**	**-4**	**759**	**27**
Tax expense	137	182	-25	60	
Profit for the period	827	826		699	18
Profit for the period attributable to the shareholders of Swedbank AB	**827**	**826**		**699**	**18**
Return on allocated equity, %	15.2	15.0		12.6	
Loan/deposit ratio, %	101	100		109	
Credit impairment ratio, %	-0.34	-0.59		-0.25	
Cost/income ratio	0.41	0.44		0.46	
Loans, SEKbn	118	119	-1	113	4
Deposits, SEKbn	117	120	-3	104	13
Full-time employees	3 853	3 935	-2	4 335	-11

Development January - March
The result for the first quarter amounted to SEK 827m, compared with SEK 699m a year earlier. The increase was mainly due to higher net interest income and stronger net commissions, while expenses were largely unchanged.

Net interest income increased by 13 per cent in local currency compared with the first quarter 2013. Higher market rates and repricing affected net interest income positively. Repricing of corporate loans is expected to continue in 2014, when the price of new lending will better reflect the higher costs of capital and regulatory changes. Fluctuations in exchange rates increased net interest income by SEK 35m. Net interest income in local currency rose by 3 per cent compared with the fourth quarter 2013.

Lending volumes decreased by 1 per cent in local currency compared with 31 December 2013. The decrease was mainly due to lower new lending during the quarter. The lending portfolios decreased slightly in Estonia and Latvia, while the Lithuanian portfolio was largely stable. Swedbank's market share for lending in the Baltic countries was 28 per cent as of 31 January (28 per cent as of 31 December 2013).

Deposit volumes in local currency decreased by 2 per cent from the previous quarter. Deposits decreased in all three countries after seasonally higher corporate deposit levels in the fourth quarter. During the fourth quarter 2013 deposits increased among Latvian retail customers after more cash than usual was deposited ahead of the country's euro transition on 1 January. Swedbank's market share in deposits was 29 per cent as of 31 January (30 per cent as of 31 December 2013).

The loan-to-deposit ratio was 101 per cent (100 per cent as of 31 December 2013).

Net commission income rose by 6 per cent in local currency compared with the first quarter 2013. The increase was mainly due to higher fund management commissions and increased customer activity. The number of active customers has increased by 65 000 since 31 March 2013 and is now 2.6 million. Compared with the fourth quarter 2013, net commissions fell by 6 per cent in local currency, mainly due to seasonal variations and negative effects of the euro transition in Latvia. Net commissions decreased by an estimated SEK 20m during the quarter related to fewer international payments, since international payments in euro have been reclassified as local.

Net gains and losses on financial items at fair value decreased by 18 per cent in local currency compared with the first quarter 2013 and by 36 per cent compared with the fourth quarter. The decrease was mainly due to SEK 20m lower income from the FX business in Latvia as a result of the euro transition.

Total expenses decreased by 1 per cent in local currency year-on-year, mainly due to lower expenses for personnel, premises and marketing. The number of full-time employees at the end of the first quarter was 11 per cent lower than a year earlier. At the same time the number of branches has been reduced by 14 to 178 in the last year. Euro transition costs amounted to SEK 16m in the first quarter, compared with SEK 2m in the first quarter 2013, and were mainly related to Latvia. Additional expenses of SEK 50m are expected to arise in 2014 in connection with Lithuania's anticipated euro transition. Depreciation/amortisation was higher during the fourth quarter due to a one-off effect associated with the Estonian leasing business. The cost-income ratio improved during the first quarter to 0.41 (0.46).

Net recoveries amounted to SEK 101m, against SEK 70m in the first quarter 2013. All three countries reported recoveries. The largest recoveries were in the Latvian mortgage portfolio.

Impaired loans continued to decline during the first quarter to SEK 4.7bn (SEK 5.0bn as of 31 December 2013), mainly in Latvia and Lithuania. Credit quality has improved to such a level that the decrease in impaired loans is expected to moderate in 2014 compared with the last two years.

The risk exposure amount according to Basel 3 decreased by SEK 4bn during the quarter to SEK 81bn. The risk exposure amount for credit risks accounted for the decrease. This is primarily due to a positive rating migration in the corporate portfolio and lower currency risks related to Latvia's adoption of the euro, which removed the add-on for loans in a different currency than the pledged collateral.

Lithuania is preparing to convert to the euro on 1 January 2015. The decision on euro adoption will be made in June 2014. The likelihood it will happen is considered very high – all three Baltic countries will then be part of the eurozone.

During the first quarter 2014 Swedbank adopted a new policy on profit distributions from the Baltic operations, whereby around 60 per cent of earnings generated in the Baltic subsidiaries as of 2014 will be distributed to the parent company, Swedbank AB. Profit in Estonia is not taxed until its distribution. This means that deferred tax is recognised on the distribution from Estonia now, even though it will not be paid until the first quarter 2015. For the first quarter 2014 deferred tax of SEK 54m has been recognised on future distributions.

Swedbank is the largest bank *by number of customers in Estonia, Latvia and Lithuania, with around 4 million private customers and more than 250 000 corporate customers. According to surveys, Swedbank is also the most respected company in the financial sector. Through its digital channels (Telephone Bank, Internet Bank and Mobile Bank) and branches, the bank is always available. Swedbank is part of the local community. Its local social engagement is expressed in many ways, with initiatives to promote education, entrepreneurship and social welfare. Swedbank has 50 branches in Estonia, 54 in Latvia and 77 in Lithuania. The various product areas are described on page 21.*

Group Functions & Other

Income statement

SEKm	Q1 2014	Q4 2013	%	Q1 2013	%
Net interest income	424	461	-8	496	-15
Net commissions	-31	4		-27	15
Net gains and losses on financial items at fair value	-323	-145		-118	
Share of profit or loss of associates		-1		2	
Other income	322	375	-14	300	7
Total income	**392**	**694**	**-44**	**653**	**-40**
Staff costs	810	915	-11	787	3
Variable staff costs	53	72	-26	71	-25
Other expenses	-553	-603	-8	-587	-6
Depreciation/amortisation	90	105	-14	95	-5
Total expenses	**400**	**489**	**-18**	**366**	**9**
Profit before impairments	**-8**	**205**		**287**	
Impairment of intangible assets		11			
Impairment of tangible assets	140	295	-53	81	73
Credit impairments				1	
Operating profit	**-148**	**-101**	**47**	**205**	
Tax expense	5	54	-91	69	-93
Profit for the period from continuing operations	**-153**	**-155**	**-1**	**136**	
Profit for the period from discontinued operations, after tax	-27	-48	-44	-390	-93
Profit for the period	-180	-203	-11	-254	-29
Profit for the period attributable to the shareholders of Swedbank AB	**-181**	**-203**	**-11**	**-255**	**-29**
Non-controlling interests	1			1	
Full-time employees	4 327	4 277	1	4 182	3

Development January - March

Income for Group Functions & Other consists of net interest income and net gains and losses on financial items, which mainly come from Group Treasury. Other income primarily consists of revenue from the savings banks as well as sales revenue and operating income from Ektornet. Income amounted to SEK 392m (653). Large repurchases of covered bonds within Group Treasury negatively affected net gains and losses on financial items at fair value. This was in addition to negative FX effects of SEK 74m in Ektornet related to the depreciation of the Ukrainian hryvnia. Other income increased by 7 per cent to SEK 322m (300) due to the sale of a property in Russia, which positively affected other income by SEK 83m. Sales activity within Ektornet remained good, but transactions shrunk in size, which negatively affected other income.

Expenses for Group Functions & Other increased by 9 per cent to SEK 400m (366) compared with the same period in 2013. Excluding the net of services purchased and sold internally, expenses increased by 8 per cent to SEK 1 786m (1 659). The increase was mainly due to higher IT development expenses and one-off expenses of SEK 79m in connection with the forthcoming move of the head office. This was partly offset by lower expenses in Ektornet, where property management expenses are dropping as the portfolio is disposed. Staff costs decreased compared with the fourth quarter, which contained redeployment provisions of SEK 100m.

Ektornet's property values were written down by SEK 138m (81). The writedowns related to Ukraine and the US.

Group Products

Swedbank's product operations, Group Products (GP), are centralised at the Group level to create a more responsive and customer-driven product range and an efficient product organisation. Consisting of around 1 800 employees in Sweden, Estonia, Latvia and Lithuania, GP is responsible for a large part of Swedbank's product areas. It is also tasked with supporting the business areas by reducing the complexity of the product range and simplifying sales in the various distribution channels. The product area GP is responsible for – lending, deposits, payments, cards, asset management and insurance – are described in more detail from page 21. GP also comprises the subsidiary Swedbank Franchise AB, which in turn includes the real estate (Fastighetsbyrån and Svensk Fastighetsförmedling) and business brokerages (Företagsförmedling) and a legal service provider (Juristbyrån).

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

Expenses, excluding the net of services purchased and sold internally, amounted to SEK 853m (788) for the first quarter. The cost increase was mainly due to IT operations and depreciation/amortisation.

Group Treasury

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

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

Net interest income for the first quarter 2014 was SEK 447m, compared with SEK 526m year-on-year. In the fourth quarter 2013 net interest income amounted to SEK 496m. The change is largely driven by the implementation of a model to refine internal pricing, which was introduced in 2014. At the same time Group Treasury's net interest income was strengthened by positions that have benefited from lower market rates.

Net gains and losses on financial items at fair value for the first quarter 2014 amounted to SEK -247m, compared with SEK -118m in the previous year. In the fourth quarter 2013 net gains and losses on financial items at fair value amounted to SEK -139m. The main reason for the negative result is the impact of covered bond repurchases, which are reflected in the equivalent positive effects on net interest income over time.

Russia

The Russian operations are reported since 2013 as discontinued operations. The first quarter result for discontinued operations was SEK -37m (-398m). In the first quarter 2013 the Ukrainian operations were included in discontinued operations and affected the result by SEK -383m. The Ukrainian operations were sold in the second quarter 2013.

The formal liquidation of the legal entity OAO Swedbank is continuing. The bank's application to revoke its banking licence in Russia was approved in 2013. Swedbank's net lending in Russia (including leasing) amounted to SEK 1bn as of 31 March. The lending portfolio in Russia, mainly consisting of good quality corporate loans, will decrease as customers amortise their loans. Swedbank has real estate assets worth about SEK 2m in Russia, which will be sold.

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

Eliminations

Income statement

SEKm	Q1 2014	Q4 2013	%	Q1 2013	
Net interest income	4	-16		1	
Net commissions	16	34	-53	17	-6
Net gains and losses on financial items at fair value					
Other income	-78	-94	17	-62	-26
Total income	**-58**	**-76**	**24**	**-44**	**32**
Staff costs		-13			
Variable staff costs					
Other expenses	-58	-63	8	-44	32
Depreciation/amortisation					
Total expenses	**-58**	**-76**	**24**	**-44**	**32**

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

Product areas

Responsibility for the product units rests with Group Products (Group Functions & Other), but the results are reported in several legal units and in the three business segments.

Lending/deposits

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

Swedbank's total lending to private customers and corporations amounted to SEK 1 219bn (1 215 as of 31 December 2013). Household lending accounts for the largest part, with mortgages to private customers and tenant-owner associations in Sweden accounting for about 50 per cent of the total. Swedbank's market share for mortgages in Sweden is 25 per cent. Over one million customers obtain their mortgages through Swedbank Mortgage, and lending is geographically spread throughout the country.

Swedbank is also a major player in corporate lending in Sweden, with lending of SEK 335bn and a market share of 17 per cent as of 28 February (unchanged from 31 December 2013). Major sectors in Sweden include property-related lending, which accounts for SEK 140bn, and the forestry and agricultural sector which accounts for SEK 65bn, where Swedbank has a dominant position. Swedbank is the largest lender in the Baltic countries, with market shares of 25-45 per cent. Estonia accounts for nearly half of Swedbank's Baltic loan portfolio, and there Swedbank has a market share of over 45 per cent. Total lending in the Baltic countries amounts to SEK 118bn, half of which is to households and half to corporates. Major sectors for corporate lending in the Baltic countries include commercial real estate and manufacturing.

Swedbank is also a big player in deposits in its home markets. Total deposit volumes as of 31 March amounted to SEK 625bn (599), of which SEK 338bn (341) was to private customers and SEK 287bn (258) to corporate customers. Just over 75 per cent of Swedbank's total deposit volumes is in Sweden.

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

Payment operations

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

Payments Key figures	Jan-Mar 2014	Jan-Mar 2013	%
International payments (million)	2.5	2.3	6
of which Sweden	1.1	1.0	8
of which Baltic countries	1.3	1.3	4
Domestic payments (million) [1)]	218.2	208.3	5
of which Sweden	164.6	155.0	6
of which Baltic countries	53.6	53.4	0
E-services payments (million) [2)]	67.4	42.1	60
of which Sweden	58.3	36.5	60
of which Baltic countries	9.1	5.6	62
Factoring portfolio, SEKm	3 978	4 006	-1
of which Sweden	2 220	2 023	10
of which Baltic countries	1 758	1 810	-3

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

The payment area is strongly affected by changes in the operating environment. Rapid technological developments are creating a challenge in the form of increased competition, especially from e-commerce companies. Swedbank is well prepared in this regard in terms of infrastructure and customer base as well as opportunities to capitalise on economies of scale when unified European legislation facilitates cross-border trade in products and services. The development of a common payment zone for the euro enables the bank to offer services to customers with eurozone operations without having to set up business in every country. It also facilitates increased coordination and efficiency improvements in the bank's products and systems. One example is the launch of a common clearing solution for euros in Estonia and Latvia in the first quarter. An automated e-invoicing payment solution was introduced in Estonia as well.

Online payment services are an important growth area for Swedbank. Today over 3 million customers in Sweden and 2.2 million in the Baltic countries have access to payment services through the Internet Bank and the Mobile Bank. The number of transactions through these channels grew by approximately 15 per cent year-on-year. Users of Mobile BankID, which facilitates online and mobile payments, are steadily growing in number and have now surpassed 900 000. Users of Swish, a solution for mobile payments shared with other Swedish banks, are also growing increasing and at the end of the quarter numbered over 1 030 000, of which just over 420 000 are customers of Swedbank and the savings banks

Trade Finance offers cash against documents (CAD), letters of credit and bank guarantees. The bank's customers are increasingly demanding customised solutions and new ways to improve liquidity. One challenge for the bank's Trade Finance offering is the new payment and financing solutions being arranged between importers and exporters, which in recent years have accounted for a larger share of growing global trade.

Payments Income, SEKm	Jan-Mar 2014	Jan-Mar 2013	%
Net commission income	232	269	-14
of which Nordic countries	110	152	-28
of which Baltic countries	122	117	4

As of 30 September 2013 Bankomat AB took over responsibility for Swedbank's ATMs. Swedbank pays Bankomat AB a commission, which explains SEK 34m of the lower net commissions compared with the first quarter 2013. For more information, see Swedish Banking on pages 12.

Card business

Swedbank issues cards and acquires card payments from merchants in all its home markets as well as in Denmark and Norway. The payment acquisition business was recently expanded to Finland. Credit card operations in Sweden, Denmark and Norway are conducted through Entercard AB, a joint venture with Barclays Bank. Other card business takes place within the bank. In its four home markets as a whole, Swedbank has a market share for card issuing and payment acquisitions of nearly 50 per cent. When a card purchase is made where it is the payment acquirer, Swedbank receives a commission from the merchant. Every time a purchase is made using a Swedbank-issued card, the bank receives interbank compensation from the merchant. Similarly, Swedbank pays compensation to other card issuers when their cards are used in stores where Swedbank is the payment acquirer.

Swedbank is Europe's fifth largest card payment acquirer based on number of transactions. In this capacity, Swedbank enables retailers to accept payment through card terminals and online. Revenue mainly comes from the transaction fees received as compensation for infrastructure, administration and payment guarantees. As a card issuer, the bank generates revenue for card fees, exchange fees for foreign purchases and interest income from credit cards. In card payment acquisitions, rapidly expanding e-commerce is one of Swedbank's most important growth areas. The aim here is to be a significant player in the bank's home markets by leveraging its strong market position in the physical card space and its expertise in the payment area. For retailers, the bank offers e-commerce solutions as a complement to other payment solutions. Swedbank's payment acquisition volume in e-commerce has increased by just over 110 per cent since the first quarter 2013.

Swedbank is the eleventh largest bank card issuer in Europe based on number of transactions. Sweden is among the countries in the world with the highest levels of card usage. In Sweden, nearly 80 per cent of retail purchases are made by card at the same time that the number of cash withdrawals through ATMs is decreasing. Transaction growth for card payments in Sweden is about 10 per cent per year and volume growth about 8 per cent. During the first quarter Swedbank launched a prepaid card that simplifies payments for customers and further reduces cash usage. The new card, which works like an ordinary debit card, can be used by municipalities, for example, to replace cash contribution payments or by employers to replace lunch vouchers. The percentage of card transactions in stores is also high in Estonia (55 per cent), with an annual growth rate of about 9 per cent. In Latvia and Lithuania, card usage is lower (35 and 20 per cent of all retail purchases respectively), but the growth rate is expected to be higher than in Sweden and Estonia. In card issuing in the Baltic countries, the biggest growth opportunities are in corporate cards, where the bank has historically been weaker and where the large number of small businesses offers significant potential.

Key ratios, cards	Jan-Mar 2014	Jan-Mar 2013	%
Acquired transactions, million	439	401	9
of which Nordics	371	337	10
of which Baltic countries	68	64	6
Acquired volumes, SEKbn	104	96	9
of which Nordics	95	87	8
of which Baltic countries	9	8	16
Issued cards, millon	7.7	7.8	-1
of which Nordics	3.8	3.8	0
of which Baltic countries	3.9	4.0	-2
Number of purchases, million	299	266	12
of which Nordics	220	198	11
of which Baltic countries	79	69	15
POS as % of total turnover	67	65	
of which Nordics	84	84	
of which Baltic countries	16	16	

Card related income SEKm	Jan-Mar 2014	Jan-Mar 2013	%
Total income, SEKm	725	686	6
of which Nordics	405	395	3
of which Baltic countries	174	163	7
of which Entercard[1)]	146	129	14

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

Total income increased by 6 per cent year-on-year. Nearly half of the increase came from Entercard and is mainly an effect of growing credit volumes.

In the Baltic countries, the increase in card issuing income is due to an increased number of transactions and higher annual fees. The increase in payment acquisition income is lower than volume growth due to price pressure, increased competition and increased price regulation.

Income from the card business in Sweden is increasing more slowly than volume growth due to price pressure on merchant fees and greater competition. The expansion of the payment business to Norway and Denmark now generates 5 per cent of the total number of transactions, but a higher share of payment acquisition income, since the margins are higher in these markets.

Asset management business

Asset management operations are conducted through the Swedbank Robur group in Swedbank's four home markets and Norway. In total, Swedbank Robur offers around 140 funds as well as discretionary asset management, including management of pension assets. Fund assets under management amounted to SEK 626bn, of which the Swedish operations accounted for SEK 602bn. The market share in Sweden was 23.5 per cent in terms of assets under management. Discretionary assets under management amounted to SEK 290bn.

Of the total net inflow to the Swedish fund market, the majority was to fixed income funds (SEK 23bn) and mixed funds (SEK 10bn). Equity funds reported a net outflow. The total net inflow to Swedbank Robur's funds in Sweden was SEK 2.2bn. This includes inflows to fixed income funds (SEK 2.8bn) and mixed funds (SEK 1.5bn), while equity funds posted an outflow of SEK 1.8bn and hedge funds posted an outflow of SEK 0.3bn. Swedbank's market share of net inflows was 7.6 per cent during the first quarter. The inflow to discretionary asset management amounted to SEK 12bn in the quarter.

In January the Swedish Consumer Agency launched a review of the marketing of two of Swedbank Robur's actively managed funds - Allemansfond Komplett and Kapitalinvest – to determine whether it had been misleading. In March the Consumer Agency announced that it had concluded its review without further action.

Asset management Key ratios, SEKbn	Jan-Mar 2014	Jan-Mar 2013	%
Total income, SEKm	1 072	962	11
Assets under management	626	555	13
of which Sweden	602	536	12
of which Baltic countries	21	17	24
of which Norway	3	2	43
Discretionary asset management	290	259	12
of which Sweden	288	257	12
of which Baltic countries	2	2	

Income from asset management products amounted to SEK 1 072m during the period, which is 11 per cent higher year-on-year. The improvement is mainly due to the market's positive development, which increased average assets under management. Compared with the previous quarter income decreased by SEK 17m. Performance related income of SEK 38m was reported in the fourth quarter 2013. Fewer days in the first quarter compared with the fourth quarter reduced income by about SEK 10m.

Insurance business

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

Premium payments SEKm	Jan-Mar 2014	Jan-Mar 2013	%
Sweden	5 719	5 402	6
of which collective occupational pensions	2 420	2 526	-4
of which endowment insurance	2 438	2 087	17
of which occupational pensions	516	468	10
of which risk insurance	184	185	-1
of which other	161	136	18
Baltic countries	283	241	17
of which life insurance	175	149	17
of which non-life insurance	108	92	18

Sweden

Swedbank's life insurance company has a market share in premium payments of about 7 per cent, giving it a joint fifth place in the Swedish market. During the first quarter total premium income rose by 6 per cent to SEK 5.7bn. The increase was in both savings and risk products. In savings products, the biggest increases were again in endowment insurance for the corporate market, thanks to information and education measures.

During the period over 26 000 risk protection (Trygga) policies were sold, an increase of 4 per cent year-on-year.

Due to an ageing population and shift in responsibility from society to the individual, demand for pension and insurance products is expected to grow. The largest potential is in risk products such as life and health insurance as well as in occupational pensions. Only 20 per cent of Swedbank's and the savings banks' corporate customers with revenues of SEK 1-100m have an occupational pension solution for their employees from Swedbank Försäkring.

Premium payments from occupational pensions rose to SEK 516m (468) during the first quarter, due to an increase in policies with annual premiums.

From 1 July 2013 until summer 2018 Swedbank Försäkring is a company of choice for the collectively negotiated occupational pension plan (ITP), which permits it to offer collective occupational pensions to 1.5 million private sector employees. Swedbank Försäkring offers 22 funds (about half from Robur) with the highest aggregate ratings of all company options. Since July 2013 over 8 000 new agreements have been signed and SEK 258m has been transferred from other insurers, of which 1 500 plans and SEK 154m is attributable to the first quarter 2014.

In connection with this interim report the bank is publishing the European Embedded Value (EEV) of its Swedish life insurance operations for the first time. EEV indicates the value of the business as calculated according to generally accepted principles, including the present value of future cash flows in the year each contract was signed. EEV includes the value of future distributable earnings as well as allocated restricted and non-restricted equity. It excludes the value of future policies. EEV is calculated annually and amounted to SEK 6 894m for Swedbank Försäkring AB as of 31 December 2013 (5 357). The change is largely due to rising equity prices and higher market rates. For more information, see page 41 of the fact book and the 2013 European Embedded Value report on the bank's website, www.swedbank.com/investor-relations/financial-information-and-publications/swedbanks-subsidiaries/other-subsidiaries/index.htm.

Baltic countries
In Estonia and Lithuania, Swedbank is the largest life insurance company, with market shares of 37 and 22 per cent respectively. The market share in Latvia is 15 per cent. Life insurance operations are divided into risk insurance and savings products. Swedbank mainly focuses on risk insurance for existing loan customers in the retail banking market, where it sees significant opportunities to promote sound and sustainable finances because of the limited social safety net in the Baltic countries.

Risk insurance premiums increased by 11 per cent in local currency to SEK 31m during the first quarter, mainly driven by increased demand for pure life insurance products. In late 2013 there was an increase in demand for long-term savings, including pension insurance, as well as more short-term savings in endowment insurance. This trend continued in the first quarter 2014, leading to an increase in sales of savings products of 57 per cent year-on-year. Premium payments for the total life insurance operations amounted to SEK 175m, an increase of 13 per cent in local currency.

The market shares for non-life insurance in Estonia, Latvia and Lithuania are 14, 3 and 1 per cent respectively. In non-life insurance, Swedbank mainly offers solutions for private customers. The largest product areas are auto and home insurance, which are offered together with leasing and mortgages. Total premium income for non-life insurance amounted to SEK 108m during the first quarter, an increase of 13 per cent in local currency. Increases were reported for every product, but especially home insurance, where more active sales by bank branches led to higher volumes.

Assets under management SEKbn	31 Mar 2014	31 Mar 2013	%
Sweden	122.7	118.2	4
of which collective occupational pensions	50.5	47.6	6
of which endowment insurance	50.7	49.6	2
of which occupational pensions	12.8	12.4	4
of which other	8.7	8.6	1
Baltic countries	3.5	3.1	10
of which life insurance	3.5	3.1	10

Assets under management in the Swedish insurance operations rose by 4 per cent to SEK 123bn during the period, of which SEK 107bn relates to unit linked and deposit insurance. The increase was due to higher stock market prices and a positive net inflow. The inflow is higher during the first quarter of the year than other quarters due to premium payments for contractual pensions. Assets under management in the Baltic life insurance company remained at the same level in local currency as in the beginning of the period and amounted to SEK 3.5bn. Unit linked insurance is growing and accounted for SEK 2.1bn. The traditionally managed portfolio decreased owing to large pension disbursements.

Insurance related income SEKm	Jan-Mar 2014	Jan-Mar 2013	%
Sweden	359	417	-14
of which life insurance	348	392	-11
of which non-life insurance	11	25	-54
Baltic countries	103	93	11
of which life insurance	49	50	-2
of which non-life insurance	54	43	26
Total insurance related income	**463**	**510**	**-9**

Revenue
Swedbank's aggregate insurance revenue amounted to SEK 463m (510). The decrease in the Swedish life insurance business is mainly because the first quarter 2013 contained a reversal of reserves that affected the risk result. Part of the risk insurance premium is continuously allocated to cover future claims based on assumed claim trends. The decrease for the Swedish non-life business is also due to positive one-off effects in 2013.

Revenue for the Baltic life and non-life businesses amounted to SEK 49m, a decrease of 6 per cent in local currency year-on-year. The decrease is due to the distribution to the parent company, which led to lower interest income on the capital. Revenue for the Baltic non-life business increased due to an improved risk result, mainly because of a mild and relatively snow-free winter. The claims ratio for the first quarter was 52.7 per cent, compared with 59.5 per cent in the same period of 2013.

Financial information - contents

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

Income statement, condensed

Group SEKm	Q1 2014	Q4 2013	%	Q1 2013	%
Interest income	10 539	10 919	-3	11 069	-5
Interest expenses	-5 056	-5 293	-4	-5 716	-12
Net interest income (note 5)	**5 483**	**5 626**	**-3**	**5 353**	**2**
Commission income	3 874	3 957	-2	3 420	13
Commission expenses	-1 181	-1 258	-6	-1 032	14
Net commissions (note 6)	**2 693**	**2 699**		**2 388**	**13**
Net gains and losses on financial items at fair value (note 7)	345	461	-25	557	-38
Insurance premiums	493	421	17	498	-1
Insurance provisions	-343	-240	43	-305	12
Net insurance	**150**	**181**	**-17**	**193**	**-22**
Share of profit or loss of associates	256	209	22	206	24
Other income	393	476	-17	385	2
Total income	**9 320**	**9 652**	**-3**	**9 082**	**3**
Staff costs	2 437	2 574	-5	2 358	3
Other expenses (note 8)	1 610	1 689	-5	1 514	6
Depreciation/amortisation	179	221	-19	171	5
Total expenses	**4 226**	**4 484**	**-6**	**4 043**	**5**
Profit before impairments	**5 094**	**5 168**	**-1**	**5 039**	**1**
Impairment of intangible assets (note 14)		12			
Impairment of tangible assets	135	311	-57	85	59
Credit impairments (note 9)	-100	-32		60	
Operating profit	**5 059**	**4 877**	**4**	**4 894**	**3**
Tax expense	1 074	1 212	-11	976	10
Profit for the period from continuing operations	**3 985**	**3 665**	**9**	**3 918**	**2**
Profit for the period from discontinued operations, after tax	-27	-48	-44	-390	-93
Profit for the period	3 958	3 617	9	3 528	12
Profit for the period attributable to the shareholders of Swedbank AB	**3 953**	**3 612**	**9**	**3 525**	**12**
of which profit for the period from continuing operations	3 980	3 660	9	3 916	2
of which profit for the period from discontinued operations	-27	-48	-44	-391	-93
Non-controlling interests	5	5		3	67
of which profit for the period from continuing operations	5	5		2	
of which profit for the period from discontinued operations				1	

Statement of comprehensive income, condensed

Group SEKm	Q1 2014	Q4 2013	%	Q1 2013	%
Profit for the period reported via income statement	**3 958**	**3 617**	**9**	**3 528**	**12**
Items that will not be reclassified to the income statement					
Remeasurements of defined benefit pension plans	-221	-318	-31	674	
Share related to associates	-7	-10	-30	-16	-56
Income tax	50	71	-30	-145	
Total	**-178**	**-257**	**-31**	**513**	
Items that may be reclassified to the income statement					
Exchange differences, foreign operations					
Gains/losses arising during the period	157	1 185	-87	-1 347	
Hedging of net investments in foreign operations:					
Gains/losses arising during the period	-148	-927	-84	1 085	
Cash flow hedges:					
Gains/losses arising during the period	-79	-112	-29	-40	98
Reclassification adjustments to income statement, net interest income	5	12	-58	22	-77
Share of other comprehensive income of associates	28	-10		-53	
Income tax	54	228	-76	-236	
Total	**17**	**376**	**-95**	**-569**	
Other comprehensive income for the period, net of tax	**-161**	**119**		**-56**	
Total comprehensive income for the period	**3 797**	**3 736**	**2**	**3 472**	**9**
Total comprehensive income attributable to the shareholders of Swedbank AB	**3 792**	**3 730**	**2**	**3 469**	**9**
Non-controlling interests	5	6	-17	3	67

During the first quarter 2014 an expense of SEK 178m (-513) was recognised in other comprehensive income after tax and including the remeasurements of defined benefit pension plans in associates. The expense arose mainly because the discount rate used to calculate the pension obligation was lowered from 3.44 per cent to 3.32 per cent.

During the first quarter a positive exchange difference of SEK 157m (-1 347) was recognised for the Group's foreign net investments in subsidiaries. In addition, an exchange difference of SEK 28m for the Group's foreign net investments in associates is included in Share related to associates. The income from subsidiaries and associates arose due to the depreciation of the Swedish krona against the euro, the Lithuanian currency (which is correlated with the euro) and the Norwegian krone. The net income of SEK 185m is not taxable. Since the large part of the Group's foreign net assets are hedged against currency risk, a loss of SEK -148m (1 085) before tax arose related to the hedging instruments.

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

Key ratios

Group SEKm	Q1 2014	Q4 2013	Q1 2013
Earnings per share, continuing operations, SEK[1)]	3.62	3.34	3.57
after dilution[1)]	3.59	3.31	3.54
Earnings per share, discontinued operations, SEK[1)]	-0.02	-0.04	-0.36
after dilution[1)]	-0.02	-0.04	-0.35
Earnings per share, total operations, SEK[1)]	3.60	3.30	3.21
after dilution[1)]	3.57	3.27	3.19
Equity per share, SEK	92.97	99.82	84.57
Return on equity, continuing operations, %	14.6	13.6	15.3
Return on equity, total operations, %	14.5	13.4	13.8
Credit impairment ratio, %	-0.03	-0.01	0.02

[1)] Including deduction of the preference share dividend, earnings per share for the first quarter 2013 were SEK 1.63 for total operations after dilution. The calculations are specified on page 49.

Balance sheet, condensed

Group SEKm	31 Mar 2014	31 Dec 2013	%	30 Mar 2013	%
Assets					
Cash and balance with central banks	126 465	59 382		210 251	-40
Loans to credit institutions (note 10)	91 121	82 278	11	86 932	5
Loans to the public (note 10)	1 278 780	1 264 910	1	1 236 583	3
Value change of interest hedged item in portfolio hedge	404	62		16	
Interest-bearing securities	172 577	182 399	-5	137 859	25
Financial assets for which customers bear the investment risk	126 264	122 743	3	111 747	13
Shares and participating interests	10 235	7 109	44	6 552	56
Investments in associates	3 829	3 640	5	3 602	6
Derivatives (note 18)	67 855	64 352	5	83 960	-19
Intangible fixed assets (note 14)	13 669	13 658		13 123	4
Investment properties	446	685	-35	1 512	-71
Tangible assets	2 935	3 140	-7	4 210	-30
Current tax assets	1 066	895	19	580	84
Deferred tax assets	369	417	-12	500	-26
Other assets	17 202	9 578	80	7 904	
Prepaid expenses and accrued income	7 029	6 992	1	8 391	-16
Group of assets classified as held for sale (note 24)	1 937	1 862	4	5 945	-67
Total assets	**1 922 183**	**1 824 102**	**5**	**1 919 667**	
Liabilities and equity					
Amounts owed to credit institutions (note 15)	119 118	121 621	-2	137 198	-13
Deposits and borrowings from the public (note 16)	654 674	620 608	5	650 333	1
Debt securities in issue (note 17)	779 042	726 275	7	778 445	0
Financial liabilities for which customers bear the investment risk	130 082	125 548	4	115 405	13
Derivatives (note 18)	56 845	55 011	3	75 126	-24
Current tax liabilities	1 056	1 893	-44	885	19
Deferred tax liabilities	2 369	2 383	-1	2 827	-16
Short positions, securities	14 943	17 519	-15	14 763	1
Other liabilities	25 831	14 269	81	11 453	
Accrued expenses and prepaid income	13 734	14 194	-3	16 101	-15
Provisions	4 923	4 698	5	6 268	-21
Subordinated liabilities	16 920	10 159	67	13 827	22
Liabilities directly associated with group of assets classified as held for sale (note 24)	153	219	-30	1 149	-87
Equity	102 493	109 705	-7	95 887	7
of which non-controlling interests	170	165	3	157	8
of which attributable to shareholders of Swedbank AB	102 323	109 540	-7	95 730	7
Total liabilities and equity	**1 922 183**	**1 824 102**	**5**	**1 919 667**	

Statement of changes in equity, condensed

Group SEKm	Shareholders' equity							Non-controlling interests	Total equity
	Share capital	Other contri-buted equity[1]	Exchange differences, subsidiaries and associates	Hedging of net investments in foreign operations	Cash flow hedges	Retained earnings	Total		
January-March 2013									
Opening balance 1 January 2013	**24 904**	**17 275**	**-3 848**	**1 001**	**-42**	**63 742**	**103 032**	**154**	**103 186**
Dividends						-10 880	-10 880		-10 880
Share based payments to employees						107	107		107
Deferred tax related to share based payments to employees						16	16		16
Associates' acquisition of shares in Swedbank AB						-14	-14		-14
Total comprehensive income for the period			-1 400	846	-15	4 038	3 469	3	3 472
Closing balance 31 March 2013	**24 904**	**17 275**	**-5 248**	**1 847**	**-57**	**57 009**	**95 730**	**157**	**95 887**
January-December 2013									
Opening balance 1 January 2013	**24 904**	**17 275**	**-3 848**	**1 001**	**-42**	**63 742**	**103 032**	**154**	**103 186**
Dividends						-10 880	-10 880	-5	-10 885
Share based payments to employees						418	418		418
Deferred tax related to share based payments to employees						83	83		83
Associates' acquisition of shares in Swedbank AB						-14	-14		-14
Changes in ownership interest in subsidiary						14	14		14
Total comprehensive income for the period			3 015	-708	-97	14 677	16 887	16	16 903
Closing balance 31 December 2013	**24 904**	**17 275**	**-833**	**293**	**-139**	**68 040**	**109 540**	**165**	**109 705**
January-March 2014									
Opening balance 1 January 2014	**24 904**	**17 275**	**-833**	**293**	**-139**	**68 040**	**109 540**	**165**	**109 705**
Dividends						-11 133	-11 133		-11 133
Share based payments to employees						125	125		125
Deferred tax related to share based payments to employees						-1	-1		-1
Total comprehensive income for the period			185	-110	-58	3 775	3 792	5	3 797
Closing balance 31 March 2014	**24 904**	**17 275**	**-648**	**183**	**-197**	**60 806**	**102 323**	**170**	**102 493**

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

Cash flow statement, condensed

Group SEKm	Jan-Mar 2014	Jan-Dec 2013	Jan-Mar 2013
Operating activities			
Operating profit	5 059	19 355	4 894
Profit for the period from discontinued operations	-27	-2 340	-390
Adjustments for non-cash items in operating activities	-494	-500	-2 190
Taxes paid	-1 990	-2 961	-773
Increase/decrease in loans to credit institutions	-8 674	2 597	-3 949
Increase/decrease in loans to the public	-12 602	-28 775	-5 645
Increase/decrease in holdings of securities for trading	6 779	-46 814	264
Increase/decrease in deposits and borrowings from the public including retail bonds	33 429	37 772	75 050
Increase/decrease in amounts owed to credit institutions	-2 781	-1 811	20 256
Increase/decrease in other assets	-9 223	32 732	16 571
Increase/decrease in other liabilities	10 704	-35 605	-20 897
Cash flow from operating activities	**20 180**	**-26 350**	**83 191**
Investing activities			
Business combinations		-254	
Business disposals		119	
Acquisitions of and contributions to associates		-4	-2
Acquisitions of other fixed assets and strategic financial assets	-252	-835	-55
Disposals/maturity of other fixed assets and strategic financial assets	356	2 482	1 097
Cash flow from investing activities	**104**	**1 508**	**1 040**
Financing activities			
Issuance of interest-bearing securities	34 915	103 085	24 583
Redemption of interest-bearing securities	-35 782	-126 236	-47 373
Issuance of commercial paper etc.	168 504	493 982	131 766
Redemption of commercial paper etc.	-109 781	-506 627	-101 560
Dividends paid	-11 133	-10 885	-10 880
Cash flow from financing activities	**46 723**	**-46 681**	**-3 464**
Cash flow for the period	**67 007**	**-71 523**	**80 767**
Cash and cash equivalents at the beginning of the period	**59 383**	**130 058**	**130 058**
Cash flow for the period	67 007	-71 523	80 767
Exchange rate differences on cash and cash equivalents	75	807	-574
Cash and cash equivalents in acquired companies		41	
Cash and cash equivalents at end of the period	**126 465**	**59 383**	**210 251**

Note 1 Accounting policies

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

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

The accounting policies applied in the interim report conform to those applied in the Annual Report for 2013, which was prepared in accordance with International Financial Reporting Standards as adopted by the European Union and interpretations thereof. There have been no significant changes to the Group's Accounting policies set out in the Annual Report for 2013, except for the adoption of new and revised standards that adopted from 1 January 2014 as set out below.

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

Other IFRS changes
Other new or amended standards or interpretations which have been adopted did not have a significant effect on the financial position, results or disclosures of the Group or the parent company. For more

information, refer to pages 74 and 75 of the Annual Report for 2013.

Future changes to IFRS
IFRIC 21 Levies
IFRIC 21 is an interpretation of IAS 37, Provisions, Contingent Liabilities and Contingent Assets. The interpretation applies to the financial year beginning on 1 January 2014; however it has not yet been endorsed by the EU. Levies refer to fees, excluding income taxes and fines, paid to government agencies and similar bodies in accordance with laws and regulations. An entity should recognize a liability for levies when the activity that triggers payment occurs, as according to the relevant legislation. Adoption of the interpretation will not have a significant effect on the Group's financial position or results.

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

Financial instruments (IFRS 9)
The issued phases of IFRS 9 Financial Instruments relate to the classification and measurement of financial assets, the requirements on accounting for financial liabilities, incorporation of the requirements for derecognition and the general hedge accounting rules. At the IASB´s February 2014 meeting, it was tentatively decided that the mandatory effective date will be 1 January 2018. The standard has not been approved by the EU and there is no current timetable on when this is expected. The financial effects of adopting IFRS 9 will be assessed when the standard is finalized.

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

Effect on capital requirements, etc.
IFRIC 21 and the annual improvements are not expected to materially affect the Group's capital requirements, the capital base or large exposures.

Note 2 Critical accounting estimates

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

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

Note 3 Changes in the Group structure

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

Note 4 Operating segments (business areas)

Jan-Mar 2014 SEKm	Swedish Banking	Large Corporates & Institutions	Baltic Banking	Group Functions & Other	Eliminations	Group
Income statement						
Net interest income	3 314	867	874	424	4	5 483
Net commissions	1 649	630	429	-31	16	2 693
Net gains and losses on financial items at fair value	50	565	53	-323		345
Share of profit or loss of associates	256					256
Other income	153	37	109	322	-78	543
Total income	**5 422**	**2 099**	**1 465**	**392**	**-58**	**9 320**
of which internal income	47		2	-120	71	
Staff costs	919	322	187	810		2 238
Variable staff costs	51	75	20	53		199
Other expenses	1 442	415	364	-553	-58	1 610
Depreciation/amortisation	31	22	36	90		179
Total expenses	**2 443**	**834**	**607**	**400**	**-58**	**4 226**
Profit before impairments	**2 979**	**1 265**	**858**	**-8**		**5 094**
Impairment of intangible assets						
Impairment of tangible assets			-5	140		135
Credit impairments	31	-30	-101			-100
Operating profit	**2 948**	**1 295**	**964**	**-148**		**5 059**
Tax expense	640	292	137	5		1 074
Profit for the period from continuing operations	2 308	1 003	827	-153		3 985
Profit for the period from discontinued operations, after tax				-27		-27
Profit for the period	2 308	1 003	827	-180		3 958
Profit for the period attributable to the shareholders of Swedbank AB	**2 304**	**1 003**	**827**	**-181**		**3 953**
Non-controlling interests	4			1		5
Balance sheet, SEKbn						
Cash and balances with central banks		1	2	123		126
Loans to credit institutions	41	307		201	-458	91
Loans to the public	949	212	118			1 279
Bonds and other interest-bearing securities		57	1	122	-7	173
Financial assets for which customers bear inv. risk	124		2			126
Investments in associates	3			1		4
Derivatives		88		28	-48	68
Total tangible and intangible assets	3		10	4		17
Other assets	6	21	9	711	-709	38
Total assets	**1 126**	**686**	**142**	**1 190**	**-1 222**	**1 922**
Amounts owed to credit institutions	78	202		288	-449	119
Deposits and borrowings from the public	382	126	117	36	-6	655
Debt securities in issue		16	1	778	-16	779
Financial liabilities for which customers bear inv. risk	128		2			130
Derivatives		82		23	-48	57
Other liabilities	506	245		15	-703	63
Subordinated liabilities				17		17
Total liabilities	**1 094**	**671**	**120**	**1 157**	**-1 222**	**1 820**
Allocated equity	32	15	22	33		102
Total liabilities and equity	**1 126**	**686**	**142**	**1 190**	**-1 222**	**1 922**
Key figures						
Return on allocated equity, continuing operations, %	28.3	26.9	15.2	-1.6		14.6
Return on allocated equity, total operations, %	28.3	26.9	15.2	-1.8		14.5
Cost/income ratio	0.45	0.40	0.41	1.02		0.45
Credit impairment ratio, %	0.01	-0.06	-0.34	0.00		-0.03
Loan/deposit ratio, %	250	153	101	1		195
Loans, SEKbn	949	152	118			1 219
Deposits, SEKbn	379	99	117	30		625
Risk exposure amount, Basel 3, SEKbn	189	149	81	30		449
Full-time employees	4 996	1 094	3 853	4 327		14 270

Jan-Mar 2013 SEKm	Swedish Banking	Large Corporates & Institutions	Baltic Banking	Group Functions & Other	Eliminations	Group
Income statement						
Net interest income	3 331	783	742	496	1	5 353
Net commissions	1 590	420	388	-27	17	2 388
Net gains and losses on financial items at fair value	34	579	62	-118		557
Share of profit or loss of associates	204			2		206
Other income	219	31	90	300	-62	578
Total income	**5 378**	**1 813**	**1 282**	**653**	**-44**	**9 082**
of which internal income	31	18	1	-148	98	
Staff costs	861	288	197	787		2 133
Variable staff costs	48	88	18	71		225
Other expenses	1 460	344	341	-587	-44	1 514
Depreciation/amortisation	30	13	33	95		171
Total expenses	**2 399**	**733**	**589**	**366**	**-44**	**4 043**
Profit before impairments	**2 979**	**1 080**	**693**	**287**		**5 039**
Impairment of intangible assets						
Impairment of tangible assets			4	81		85
Credit impairments	55	74	-70	1		60
Operating profit	**2 924**	**1 006**	**759**	**205**		**4 894**
Tax expense	631	216	60	69		976
Profit for the period from continuing operations	2 293	790	699	136		3 918
Profit for the period from discontinued operations, after tax				-390		-390
Profit for the period	2 293	790	699	-254		3 528
Profit for the period attributable to the shareholders of Swedbank AB	**2 291**	**790**	**699**	**-255**		**3 525**
Non-controlling interests	2			1		3
Balance sheet, SEKbn						
Cash and balances with central banks		6	2	202		210
Loans to credit institutions	40	279		185	-418	87
Loans to the public	915	203	113	6		1 237
Bonds and other interest-bearing securities		55	1	88	-6	138
Financial assets for which customers bear inv. risk	110		2			112
Investments in associates	3			1		4
Derivatives		109		32	-57	84
Total tangible and intangible assets	3	2	10	4		19
Other assets	7	17	1	678	-674	29
Total assets	**1 078**	**671**	**130**	**1 196**	**-1 155**	**1 920**
Amounts owed to credit institutions	80	197		273	-413	137
Deposits and borrowings from the public	371	105	104	76	-6	650
Debt securities in issue		16	1	771	-9	779
Financial liabilities for which customers bear inv. risk	114		2			116
Derivatives		105		27	-57	75
Other liabilities	480	229	1	13	-670	53
Subordinated liabilities				14		14
Total liabilities	**1 045**	**652**	**108**	**1 174**	**-1 155**	**1 824**
Allocated equity	33	19	22	22		96
Total liabilities and equity	**1 078**	**671**	**130**	**1 196**	**-1 155**	**1 920**
Key figures						
Return on allocated equity, continuing operations, %	28.1	16.8	12.6	1.9		15.3
Return on allocated equity, total operations, %	28.1	16.8	12.6	-3.6		13.8
Cost/income ratio	0.45	0.40	0.46	0.56		0.45
Credit impairment ratio, %	0.02	0.13	-0.24	0.01		0.02
Loan/deposit ratio, %	246	185	109	6		189
Loans, SEKbn	915	150	113	5		1 183
Deposits, SEKbn	371	81	104	72		628
Risk exposure amount, Basel 2, SEKbn	204	130	89	34		457
Full-time employees	4 853	1 043	4 335	4 182		14 413

Operating segments' accounting policies

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

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

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

Note 5 Net interest income

Group SEKm	Q1 2014	Q4 2013	%	Q1 2013	%
Interest income					
Loans to credit institutions	200	98		213	-6
Loans to the public	9 821	10 344	-5	10 498	-6
Interest-bearing securities	566	605	-6	522	8
Derivatives	-141	-104	36	93	
Other	171	162	6	118	45
Total interest income	**10 617**	**11 105**	**-4**	**11 444**	**-7**
of which interest income reported in net gains and losses on financial items at fair value	78	186	-58	375	-79
Interest income according to income statement	**10 539**	**10 919**	**-3**	**11 069**	**-5**
Interest expenses					
Amounts owed to credit institutions	-130	-122	7	-173	-25
Deposits and borrowings from the public	-984	-1 225	-20	-1 330	-26
of which deposit guarantee fees	-144	-144		-138	4
Debt securities in issue	-4 480	-4 620	-3	-4 838	-7
of which commissions for government guaranteed funding	-19	-20	-5	-49	-61
Subordinated liabilities	-141	-123	15	-189	-25
Derivatives	630	693	-9	720	-13
Other	-143	-127	13	-147	-3
of which government stabilisation fund fee	-132	-114	16	-138	-4
Total interest expenses	**-5 248**	**-5 524**	**-5**	**-5 957**	**-12**
of which interest income reported in net gains and losses on financial items at fair value	-192	-231	-17	-241	-20
Interest expense according to income statement	**-5 056**	**-5 293**	**-4**	**-5 716**	**-12**
Net interest income	**5 483**	**5 626**	**-3**	**5 353**	**2**
Net interest margin	**1.12**	**1.20**		**1.16**	

Note 6 Net commissions

Group SEKm	Q1 2014	Q4 2013	%	Q1 2013	%
Commission income					
Payment processing	434	454	-4	416	4
Card commissions	984	1 040	-5	895	10
Service concepts	125	114	10	108	16
Asset management and custody fees	1 336	1 394	-4	1 237	8
Life insurance	124	119	4	124	
Brokerage and other securities	188	159	18	162	16
Corporate finance	126	163	-23	43	
Lending	255	227	12	167	53
Guarantees	46	51	-10	47	-2
Deposits	29	17	71	17	71
Real estate brokerage	66	43	53	31	
Non-life insurance	17	27	-37	28	-39
Other commission income	144	149	-3	145	-1
Total commission income	**3 874**	**3 957**	**-2**	**3 420**	**13**
Commission expenses					
Payment processing	-248	-256	-3	-186	33
Card commissions	-478	-509	-6	-400	20
Service concepts	-4	-4		-4	
Asset management and custody fees	-264	-284	-7	-275	-4
Life insurance	-53	-60	-12	-54	-2
Brokerage and other securities	-75	-94	-20	-70	7
Lending and guarantees	-14	-16	-13	-11	27
Other commission expenses	-45	-35	29	-32	41
Total commission expenses	**-1 181**	**-1 258**	**-6**	**-1 032**	**14**
Total net commissions	**2 693**	**2 699**		**2 388**	**13**

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

Group SEKm	Q1 2014	Q4 2013	%	Q1 2013	%
Valuation category, fair value through profit or loss					
Shares and share related derivatives	-36	32		21	
of which dividend	109	3		70	56
Interest-bearing securities and interest related derivatives	-782	3 681		-1 772	-56
Loans	41	596	-93	-1 345	
Financial liabilities	188	-4 095		3 313	-94
Other financial instruments	840			-1	
Total fair value through profit or loss	**251**	**214**	**17**	**216**	16
Hedge accounting					
Ineffective part in hedge accounting at fair value	9	14	-36	-5	
of which hedging instruments	1 571	-22		-3 158	
of which hedged items	-1 562	36		3 153	
Ineffective part in hedging of net investments in foreign operations	2	-5		-52	
Total hedge accounting	**11**	**9**	**22**	**-57**	
Loan receivables at amortised cost		**34**		**26**	
Financial liabilities valued at amortised cost	**28**	**-2**		**-13**	
Trading related interest					
Interest income	78	186	-58	372	-79
Interest expense	-192	-231	-17	-238	-19
Total trading related interest	**-114**	**-45**		**134**	
Change in exchange rates	**169**	**251**	**-33**	**251**	**-33**
Total net gains and losses on financial items at fair value	**345**	**461**	**-25**	**557**	**-38**
Distribution by business purpose					
Financial instruments for trading related business	**1 359**	**438**		**613**	
Financial instruments intended to be held to contractual maturity	**-1 014**	**23**		**-56**	
Total	**345**	**461**	**-25**	**557**	**-38**

Note 8 Other expenses

Group SEKm	Q1 2014	Q4 2013	%	Q1 2013	%
Premises and rents	364	319	14	289	26
IT expenses	439	491	-11	353	24
Telecommunications and postage	42	34	24	41	2
Advertising, PR and marketing	73	114	-36	70	4
Consultants	64	87	-26	50	28
Compensation to savings banks	169	162	4	170	-1
Other purchased services	168	178	-6	159	6
Security transport and alarm systems	21	21		81	-74
Supplies	38	32	19	29	31
Travel	53	67	-21	46	15
Entertainment	11	17	-35	11	
Repair/maintenance of inventories	29	40	-28	36	-19
Other expenses	139	127	9	179	-22
Total other expenses	**1 610**	**1 689**	**-5**	**1 514**	**6**

Note 9 Credit impairments

Group SEKm	Q1 2014	Q4 2013	%	Q1 2013	%
Provision for loans individually assessed as impaired					
Provisions	47	221	-79	170	-72
Reversal of previous provisions	-103	-124	-17	-58	78
Provision for homogenous groups of impaired loans, net	-90	-281	-68	-46	96
Total	**-146**	**-184**	**-21**	**66**	
Portfolio provisions for loans individually assessed as not impaired	**-1**	**-116**	**-99**	**-55**	**-98**
Write-offs					
Established losses	312	1 034	-70	534	-42
Utilisation of previous provisions	-188	-576	-67	-365	-48
Recoveries	-76	-120	-37	-68	12
Total	**48**	**338**	**-86**	**101**	**-52**
Credit impairments for contingent liabilities and other credit risk exposures	**-1**	**-70**	**-99**	**-52**	**-98**
Credit impairments	**-100**	**-32**		**60**	
Credit impairment ratio, %	-0.03	-0.01		0.02	

Note 10 Loans

Group	31 Mar 2014			31 Dec 2013		31 Mar 2013	
SEKm	Loans before provisions	Provisions	Loans after provisions Carrying amount	Loans after provisions Carrying amount	%	Loans after provisions Carrying amount	%
Loans to credit institutions							
Banks	67 134	64	67 070	73 218	-8	74 544	-10
Repurchase agreements, banks	7 747		7 747	5 498	41	9 544	-19
Other credit institutions	10 224		10 224	1 342		217	
Repurchase agreements, other credit institutions	6 080		6 080	2 220		2 627	
Loans to credit institutions	**91 185**	**64**	**91 121**	**82 278**	**11**	**86 932**	**5**
Loans to the public							
Private customers	784 225	1 469	782 756	775 762	1	753 660	4
Private, mortgage	662 406	1 096	661 310	656 031	1	637 655	4
Housing cooperatives	88 984	37	88 947	87 135	2	83 430	7
Private,other	32 835	336	32 499	32 596		32 575	
Corporate customers	438 310	2 219	436 091	438 953	-1	429 254	2
Agriculture, forestry, fishing	68 483	124	68 359	67 912	1	66 201	3
Manufacturing	39 058	404	38 654	37 676	3	42 942	-10
Public sector and utilities	21 343	42	21 301	21 410	-1	21 270	
Construction	14 016	118	13 898	14 531	-4	14 486	-4
Retail	29 776	228	29 548	28 816	3	29 171	1
Transportation	12 079	63	12 016	12 190	-1	13 862	-13
Shipping and offshore	23 292	148	23 144	25 472	-9	22 965	1
Hotels and restaurants	5 885	45	5 840	5 937	-2	5 903	-1
Information and communications	4 296	14	4 282	4 509	-5	2 683	60
Finance and insurance	12 425	11	12 414	17 670	-30	19 275	-36
Property management	170 004	538	169 466	165 480	2	155 331	9
Residential properties	48 458	148	48 310	46 248	4	42 879	13
Commercial	73 398	102	73 296	71 814	2	73 264	
Industrial and Warehouse	29 849	56	29 793	30 054	-1	24 137	23
Other	18 299	232	18 067	17 364	4	15 051	20
Professional services	14 927	282	14 645	14 548	1	11 800	24
Other corporate lending	22 726	202	22 524	22 802	-1	23 365	-4
Loans to the public excluding the Swedish National Debt Office and repurchase agreements	**1 222 535**	**3 688**	**1 218 847**	**1 214 715**		**1 182 914**	**3**
Swedish National Debt Office	2 445		2 445	2 257	8	3 406	-28
Repurchase agreements, Swedish National Debt Office	99		99	11 163	-99		
Repurchase agreements, public	57 389		57 389	36 775	56	50 263	14
Loans to the public	**1 282 468**	**3 688**	**1 278 780**	**1 264 910**	**1**	**1 236 583**	**3**
Loans to the public and credit institutions	**1 373 653**	**3 752**	**1 369 901**	**1 347 188**	**2**	**1 323 515**	**4**

Note 11 Impaired loans etc.

Group SEKm	31 Mar 2014	31 Dec 2013	%	31 Mar 2013	%
Impaired loans, gross	6 248	7 499	-17	10 258	-39
Provisions for individually assessed impaired loans	1 305	1 509	-14	2 497	-48
Provision for homogenous groups of impaired loans	1 209	1 309	-8	1 932	-37
Impaired loans, net	**3 734**	**4 681**	**-20**	**5 829**	**-36**
of which private customers	1 908	2 073	-8	2 605	-27
of which corporate customers	1 826	2 608	-30	3 224	-43
Portfolio provisions for loans individually assessed as not impaired	1 238	1 256	-1	1 420	-13
Share of impaired loans, gross, %	0.45	0.55		0.77	
Share of impaired loans, net, %	0.27	0.35		0.44	
Provision ratio for impaired loans, %	40	38		43	
Total provision ratio for impaired loans, % [1)]	60	54		57	
Past due loans that are not impaired	**5 243**	**4 969**	**6**	**6 377**	**-18**
of which past due 5-30 days	3 001	2 956	2	3 977	-25
of which past due 31-60 days	1 301	1 059	23	1 464	-11
of which past due 61 days or more	941	954	-1	936	1

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

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

Group SEKm	31 Mar 2014	31 Dec 2013	%	31 Mar 2013	%
Buildings and land	1 632	2 010	-19	3 924	-58
Shares and participating interests	20	22	-9	51	-61
Other property taken over	15	19	-21	17	-12
Total assets taken over for protection of claims	**1 667**	**2 052**	**-19**	**3 993**	**-58**
Cancelled leases	63	63		86	-27
Total assets taken over for protection of claims and cancelled leases	**1 730**	**2 115**	**-18**	**4 079**	**-58**
of which acquired by Ektornet	1 552	1 856	-16	3 630	-57

Note 13 Credit exposures

Group SEKm	31 Mar 2014	31 Dec 2013	%	31 Mar 2013	%
Assets					
Cash and balances with central banks	126 465	59 382		210 251	-40
Interest-bearing securities	172 577	182 399	-5	137 859	25
Loans to credit institutions	95 002	82 278	15	86 932	9
Loans to the public	1 278 899	1 264 910	1	1 236 583	3
Derivatives	67 855	64 352	5	83 960	-19
Other financial assets	23 465	15 403	52	14 775	59
Total assets	**1 764 263**	**1 668 724**	**6**	**1 770 360**	
Contingent liabilities and commitments					
Loan guarantees	23 062	21 937	5	22 311	3
Loan commitments	202 046	198 209	2	185 180	9
Total contingent liabilities and commitments	**225 108**	**220 146**	**2**	**207 491**	**8**
Total credit exposures	**1 989 371**	**1 888 870**	**5**	**1 977 851**	**1**

Note 14 Intangible assets

Group SEKm	31 Mar 2014	31 Dec 2013	%	31 Mar 2013	%
With indefinite useful life					
Goodwill	11 807	11 760		11 176	6
Total	**11 807**	**11 760**		**11 176**	**6**
With finite useful life					
Customer base	833	856	-3	846	-2
Internally developed software	359	386	-7	596	-40
Other	670	656	2	505	33
Total	**1 862**	**1 898**	**-2**	**1 947**	**-4**
Total intangible assets	**13 669**	**13 658**		**13 123**	**4**

Goodwill	Jan-Mar 2014	Jan-Dec 2013	Jan-Mar 2013
Cost			
Opening balance	**13 701**	**15 682**	**15 682**
Additions through business combinations		19	
Disposals		-2 394	
Exchange rate differences	62	394	-369
Closing balance	**13 763**	**13 701**	**15 313**
Accumulated amortisation and impairments			
Opening balance	**-1 941**	**-4 230**	**-4 230**
Impairments			
Disposals		2 394	
Exchange rate differences	-15	-105	93
Closing balance	**-1 956**	**-1 941**	**-4 137**
Carrying amount	**11 807**	**11 760**	**11 176**

Impairment testing of intangible assets

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

The annual test in 2013 did not lead to any impairment. As of 31 March 2014 there were no indications that warranted a new impairment test of goodwill.

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

Note 15 Amounts owed to credit institutions

Group **SEKm**	**31 Mar 2014**	**31 Dec 2013**	**%**	**31 Mar 2013**	**%**
Amounts owed to credit institutions					
Central banks	7 951	7 618	4	8 983	-11
Banks	104 055	102 591	1	114 269	-9
Other credit institutions	1 281	3 289	-61	3 284	-61
Repurchase agreements - banks	5 592	7 873	-29	7 563	-26
Repurchase agreements - other credit institutions	239	250	-4	3 099	-92
Amounts owed to credit institutions	**119 118**	**121 621**	**-2**	**137 198**	**-13**

Note 16 Deposits and borrowings from the public

Group **SEKm**	**31 Mar 2014**	**31 Dec 2013**	**%**	**31 Mar 2014**	**%**
Deposits from the public					
Private customers	337 909	340 533	-1	327 656	3
Corporate customers	286 840	258 132	11	299 741	-4
Deposits from the public excluding the Swedish National Debt Office and repurchase agreements	**624 749**	**598 665**	**4**	**627 397**	
Swedish National Debt Office	1	3	-67	1	
Repurchase agreements - Swedish National Debt Office		7 829			
Repurchase agreements - public	29 924	14 112		22 935	30
Deposits and borrowings from the public	**654 674**	**620 609**	**5**	**650 333**	**1**

Note 17 Debt securities in issue

Group **SEKm**	**31 Mar 2014**	**31 Dec 2013**	**%**	**31 Mar 2013**	**%**
Commercial paper	152 985	100 170	53	145 964	5
Covered bonds	496 839	510 930	-3	509 276	-2
recalculations according to IFRS 10		-1 431		-1 306	
Government guaranteed bonds	8 436	8 578	-2	19 562	-57
Senior unsecured bonds	107 271	92 898	15	89 347	20
Structured retail bonds	13 511	13 699	-1	14 296	-5
Total debt securities in issue	**779 042**	**726 275**	**7**	**778 445**	

Turnover during the period	**Jan-Mar 2014**	**Jan-Dec 2013**	**%**	**Jan-Mar 2013**	**%**
Opening balance	**726 275**	**767 454**	**-5**	**767 454**	**-5**
Issued	198 512	597 067	-67	171 283	16
Repurchased	-16 311	-46 476	-65	-11 484	42
Repaid	-129 252	-582 361	-78	-137 450	-6
Change in market value	-1 968	-2 803	-30	-8 285	-76
Exchange rate differences	1 786	-5 175		-1 767	
Recalculations according to IFRS 10		-1 431		-1 306	
Closing balance	**779 042**	**726 275**	**7**	**778 445**	

Note 18 Derivatives

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

Group SEKm	Nominal amount 31 Mar 2014 Remaining contractual maturity < 1 yr.	1-5 yrs.	> 5 yrs.	Nominal amount 2014 31 mar	2013 31 dec	Positive fair value 2014 31 mar	2013 31 dec	Negative fair value 2014 31 mar	2013 31 dec
Derivatives in fair value hedges	100 851	250 439	44 759	396 049	391 918	16 029	15 208	919	1 196
Derivatives in portfolio fair value hedges	11 100	47 500	2 750	61 350	52 850		38	787	414
Derivatives in cash flow hedges	328	13 548	9 287	23 163	23 748			3 071	3 115
Derivatives in hedges of net investment in foreign operations	1 327			1 327	1 510	18	9		
Other derivatives	8 156 288	5 340 891	603 578	14 100 757	14 563 942	56 969	54 245	57 229	55 434
Offset amount						-5 161	-5 148	-5 161	-5 148
Total	**8 269 894**	**5 652 378**	**660 374**	**14 582 646**	**15 033 968**	**67 855**	**64 352**	**56 845**	**55 011**
of which cleared	3 031 288	2 067 902	42 212	5 141 402	3 090 375	1 227	1 696	1 830	2 364

Note 19 Financial instruments carried at fair value

Group SEKm	31 Mar 2014 Fair value	Carrying amount	Difference	31 Dec 2013 Fair value	Carrying amount	Difference
Assets						
Financial assets covered by IAS 39						
Cash and balances with central banks	126 465	126 465		59 382	59 382	
Treasury bills etc.	52 070	52 019	51	56 852	56 814	38
Loans to credit institutions	91 121	91 121		82 231	82 278	-47
Loans to the public	1 285 084	1 278 780	6 304	1 270 138	1 264 910	5 228
Value change of interest hedged items in portfolio hedge	404	404		62	62	
Bonds and interest-bearing securities	120 559	120 558	1	125 579	125 585	-6
Financial assets for which the customers bear the investment risk	126 264	126 264		122 743	122 743	
Shares and participating interest	10 235	10 235		7 109	7 109	
Derivatives	67 855	67 855		64 352	64 352	
Other financial assets	22 964	22 964		15 403	15 403	
Total	**1 903 021**	**1 896 665**	**6 356**	**1 803 851**	**1 798 638**	**5 213**
Investment in associates		**3 829**			**3 640**	
Non-financial assets		**21 689**			**21 824**	
Total		**1 922 183**			**1 824 102**	
Liabilities						
Financial liabilities covered by IAS 39						
Amounts owed to credit institutions	119 118	119 118		121 621	121 621	
Deposits and borrowings from the public	655 011	654 674	337	620 571	620 608	-37
Debt securities in issue	785 458	779 042	6 416	732 125	726 275	5 850
Financial liabilities for which the customers bear the investment risk	130 082	130 082		125 548	125 548	
Subordinated liabilities	16 874	16 920	-46	10 072	10 159	-87
Derivatives	56 845	56 845		55 011	55 011	
Short positions securities	14 943	14 943		17 519	17 519	
Other financial liabilities	35 787	35 787		24 987	24 987	
Total	**1 814 118**	**1 807 411**	**6 707**	**1 707 454**	**1 701 728**	**5 726**
Non-financial liabilities		**12 279**			**12 669**	
Total		**1 819 690**			**1 714 397**	

Group 31 Mar 2014 SEKm	Instruments with quoted market prices in active markets (Level 1)	Valuation techniques using observable market data (Level 2)	Valuation techniques using non-observable market data (Level 3)	Total
Determination of fair value from quoted market prices or valuation techniques				
Assets				
Treasury bills etc.	28 692	22 793		51 485
Loans to credit institutions		13 828		13 828
Loans to the public		374 092		374 092
Bonds and other interest-bearing securities	80 042	39 612		119 654
Financial assets for which the customers bear the investment risk	126 264			126 264
Shares and participating interests	10 013	165	57	10 235
Derivatives	217	67 536	102	67 855
Total	**245 228**	**518 026**	**159**	**763 413**
Liabilities				
Amounts owed to credit institutions		5 831		5 831
Deposits and borrowings from the public		32 429		32 429
Debt securities in issue	19 528	21 672		41 200
Financial liabilities for which the customers bear the investment risk		130 082		130 082
Derivatives	820	56 025		56 845
Short positions, securities	14 943			14 943
Total	**35 291**	**246 039**		**281 330**

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

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

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

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

Group 31 Dec 2013 SEKm	Instruments with quoted market prices in an active market (Level 1)	Valuation techniques using observable market data (Level 2)	Valuation techniques using non-observable market data (Level 3)	Total
Determination of fair value from quoted market prices or valuation techniques				
Assets				
Treasury bills etc.	29 265	26 994		56 259
Loans to credit institutions		7 718		7 718
Loans to the public		371 354		371 354
Bonds and other interest-bearing securities	92 285	32 347		124 632
Financial assets for which the customers bear the investment risk	122 743			122 743
Shares and participating interests	6 912	140	57	7 109
Derivatives	93	64 126	133	64 352
Total	**251 298**	**502 679**	**190**	**754 167**
Liabilities				
Amounts owed to credit institutions		8 123		8 123
Deposits and borrowings from the public		24 407		24 407
Debt securities in issue	27 950	26 294		54 244
Financial liabilities for which the customers bear the investment risk		125 548		125 548
Derivatives	762	54 230	19	55 011
Short positions, securities	17 519			17 519
Total	**46 231**	**238 602**	**19**	**284 852**

Changes in level 3	Assets				Liabilities
Group SEKm	**Debt securities**	**Equity instruments**	**Derivatives**	**Total**	**Derivatives**
January-December 2013					
Opening balance 1 January 2013		**57**	**133**	**190**	**19**
Sale of assets					
Maturities					
Transferred from Level 2 to Level 3			32	**32**	
Transferred from Level 3 to Level 2			-103	**-103**	-25
Gains or losses			40	**40**	6
of which in the income statement, net gains and losses on financial items at fair value			40	**40**	6
of which changes in unrealised gains or losses for items held at closing day			22	**22**	
Closing balance 31 March 2013		**57**	**102**	**159**	

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

To estimate the sensitivity in the volatility of the illiquid options, two types of shifts have been used. The shifts are based on the type of product and are considered reasonable changes. A decrease in volatility of 20 per cent would reduce the fair value of all options in level 3 by approximately SEK 27m. An increase in volatility of 20 per cent would raise the fair value of all options in level 3 by approximately SEK 31m. The corresponding pair of value changes arises for financial instruments reported in level 2.

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

Changes in level 3	Assets				Liabilities
Group SEKm	**Debt securities**	**Equity instruments**	**Derivatives**	**Total**	**Derivatives**
January-March 2013					
Opening balance 1 January 2013	**342**	**14**	**63**	**419**	
Settlements	-342			**-342**	
Transferred from Level 2 to Level 3			120	**120**	26
Gains or losses			12	**12**	
of which in the income statement, net gains and losses on financial items at fair value			12	**12**	
of which changes in unrealised gains or losses for items held at closing day					
Closing balance 31 March 2013	**0**	**14**	**195**	**209**	**26**

Note 20 Pledged collateral

Group SEKm	31 Mar 2014	31 Dec 2013	%	31 Mar 2013	%
Loan receivables	742 377	740 215		707 577	5
Financial assets pledged for policyholders	123 120	118 627	4	109 813	12
Other assets pledged	43 337	41 376	5	59 180	-27
Pledged collateral	**908 834**	**900 218**	**1**	**876 570**	**4**

Note 21 Offsetting financial assets and liabilities

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

	Assets			Liabilities		
Group SEKm	31 Mar 2014	31 Dec 2013	%	31 Mar 2014	31 Dec 2013	%
Financial assets and liabilities, which have been offset or are subject to netting or similar agreements						
Gross amount	142 677	128 021	11	97 791	94 332	4
Offset amount	-6 757	-10 454	-35	-6 757	-10 454	-35
Net amounts presented in the balance sheet	**135 920**	**117 567**	**16**	**91 034**	**83 878**	**9**
Related amounts not offset in the balance sheet						
Financial instruments, netting arrangements	66 932	59 977	12	66 932	59 977	12
Financial Instruments, collateral	48 767	40 093	22	15 383	14 455	6
Cash, collateral	12 240	10 757	14	6 546	7 440	-12
Total amount not offset in the balance sheet	**127 939**	**110 827**	**15**	**88 861**	**81 872**	**9**
Net amount	**7 981**	**6 740**	**18**	**2 173**	**2 006**	**8**

Note 22 Capital adequacy consolidated situation

Capital adequacy Basel 3[1)] SEKm	31 Mar 2014	31 Dec 2013	% or pp	31 Mar 2013	% or pp
Common Equity Tier 1 capital	82 112	80 826	2	76 135	8
Tier 1 capital	87 129	86 371	1	82 711	5
Total capital base	98 935	91 026	9	90 357	9
Risk exposure amount	448 769	440 620	2	464 899	-3
Common Equity Tier 1 capital ratio, %,	18.3	18.3	0.0	16.4	1.9
Tier 1 capital ratio	19.4	19.6	-0.2	17.8	1.6
Total capital ratio, %	22.0	20.7	1.4	19.4	2.6

Capital adequacy[2)] SEKm	Basel 3 31 Mar 2014	Basel 2 31 Dec 2013	Basel 2 31 Mar 2013
Shareholders' equity according to the Group's balance sheet	102 323	109 540	95 730
Non-controlling interests	51	165	157
Anticipated dividend	-2 965	-11 100	-2 644
Deconsolidation of insurance companies	-2 202	-1 982	-2 760
Associated companies consolidated according to purchase method		2 251	2 083
Value changes in own financial liabilities	82	92	95
Cash flow hedges	195	139	57
Goodwill	-11 898	-11 198	-10 616
Deferred tax assets	-43	-399	-414
Intangible assets	-1 627	-1 943	-1 865
Net provisions for reported IRB credit exposures	-1 804	-959	-895
Common Equity Tier 1 capital	**82 112**	**84 606**	**78 928**
Tier 1 capital contributions	5 017	5 536	6 090
Shares deducted from Tier 1 capital		-1 527	-1 481
Total Tier 1 capital	**87 129**	**88 615**	**83 537**
Tier 2 instrument	11 806	4 643	7 758
Net provisions for reported IRB credit exposures		-959	-895
Shares deducted from Tier 2 capital		-1 527	-1 481
Total Tier 2 capital	**11 806**	**2 157**	**5 382**
Total capital base	**98 935**	**90 772**	**88 919**
Capital requirement for credit risks, standardised approach	2 646	1 936	2 094
Capital requirement for credit risks, IRB	26 532	28 041	28 332
Capital requirement for credit risk, default fund contribution	2	0	0
Capital requirement for settlement risks	2	3	2
Capital requirement for market risks	1 476	1 688	1 600
Trading book	1 171	1 095	924
of which VaR and SVaR	518	530	441
of which risks outside VaR and SVaR	653	565	483
FX risk other operations	305	593	676
Capital requirement for credit value adjustment	627	0	0
Capital requirement for operational risks	4 617	4 486	4 534
Capital requirement	**35 902**	**36 154**	**36 562**
Risk exposure amount credit risks	364 747	374 711	380 316
Risk exposure amount settlement risks	26	40	32
Risk exposure amount market risks	18 447	21 103	20 003
Risk exposure amount credit value adjustment	7 834	0	0
Risk exposure amount operational risks	57 715	56 077	56 673
Risk exposure amount	**448 769**	**451 931**	**457 024**
Common Equity Tier capital 1 ratio, %,	**18.3**	**18.7**	**17.3**
Tier 1 capital ratio, %,	**19.4**	**19.6**	**18.3**
Total capital ratio, %,	**22.0**	**20.1**	**19.5**

Capital adequacy Basel 1 floor SEKm	31 Mar 2014	2013 31 dec	% or pp	2013 31 mar	% or pp
Capital requirement Basel 1 floor	63 641	64 768	-2	62 608	2
Own funds Basel 3 adjusted according to rules for Basel 1 floor	100 739	92 690	9	90 709	11
Surplus of capital according to Basel 1 floor	**37 098**	**27 922**	**33**	**28 101**	**32**

[1)] Figures for 2013 according to Swedbank's previous calculations under the new framework. From 1 January, 2014 according to current regulations (Basel 3).
[2)] Reporting as of 31 March 2014 according to current regulation (Basel 3). Comparative figures as of 2013 according to previous regulation (Basel 2).

The consolidated situation for Swedbank as of 31 March 2014 comprised the Swedbank Group with the exception of insurance companies. The EnterCard Group was included as well through the proportionate consolidation method.

Additional periodic information which must be provided according to Regulation (EU) No 575/2013 of the European Parliament and of the Council on supervisory requirements for credit institutions and Implementing Regulation (EU) No 1423/2014 of the European Commission can be found on Swedbank's website http://www.swedbank.com/investor-relations/risk-and-capital-adequacy/risk-report/index.htm

Swedbank Consolidated situation [1)] Credit risk, IRB SEKm	Exposure value Basel 3 31 Mar 2014	 Basel 2 31 Dec 2013	Average risk weighting, % Basel 3 31 Mar 2014	 Basel 2 31 Dec 2013	Capital requirement Basel 3 31 Mar 2014	 Basel 2 31 Dec 2013
Institutional exposures	133 994	121 698	16	13	1 701	1 294
Corporate exposures	424 748	436 375	54	57	18 419	19 752
Retail exposures	885 229	896 994	8	9	5 661	6 226
of which mortgage lending	799 626	825 644	6	6	3 673	3 916
of which other lending	85 603	71 350	29	40	1 988	2 310
Securitisation	841	941	12	11	8	8
Exposures without counterparties	62 414	11 890	15	80	744	761
Total credit risks, IRB	**1 507 226**	**1 467 898**	**22**	**24**	**26 532**	**28 041**

[1)] Reporting as of 31 March 2014 according to current regulation (Basel 3). Comparative figures as of 2013 according to previous regulation (Basel 2).

Credit risks

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

The standardised approach is applied for exposures, excluding capital requirements for foreclosure reserves, which are not calculated according to IRBA.

Market risks

Under current regulations, capital adequacy for market risks can be based on either a standardised approach or an internal Value at Risk model, which requires the approval of SFSA. The parent company has received such approval and uses its internal VaR model for general interest rate risks, general and specific share price risks and currency risks in the trading book. The approval also covers the operations in the Baltic countries, Swedbank Estonia AS, Swedbank Latvia AS and Swedbank Lithuania AB, with respect to general interest rate risks and currency risks in the trading book. Exchange rates risks outside the trading book, i.e. in other operations, are mainly of a structural and strategic nature and are less suited to a VaR model. These risks are instead estimated according to the standardised approach, as per the Group's internal approach to managing these risks.

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

Credit valuation adjustment

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

Operational risk

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

Basel 1 floor

The transition rules state that the minimum capital requirement may not fall below 80 per cent of the requirement according to the Basel 1 rules. Swedish authorities have previously announced that this floor will be eliminated in connection with the introduction of the new, higher capital requirements under CRR. In March 2014, however, SFSA decided not to eliminate the Basel 1 floor.

Note 23 Risks and uncertainties

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

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

Note 24 Discontinued operations

Group	Jan-Mar 2014				Jan-Mar 2013			
SEKm	Russia	Ukraine	Lithuania	Total	Russia	Ukraine	Lithuania	Total
Profit from discontinued operations								
Income	45		99	**144**	42	22	77	**141**
Expenses	47		87	**134**	39	63	68	**170**
Profit before impairments	-2		12	**10**	3	-41	9	**-29**
Impairments	-36			**-36**	-15	-2		**-17**
Operating profit	-38		12	**-26**	-12	-43	9	**-46**
Tax expense	1		-2	**-1**	-3	0	-1	**-4**
Post-tax profit for the period of discontinued operations	**-37**		**10**	**-27**	**-15**	**-43**	**8**	**-50**
Post-tax profit for the period recognised on the measurement at fair value less sale costs						-340		**-340**
Reclassification to the income statement of cumulated exchange differences								
Profit for the period from discontinued operations	**-37**		**10**	**-27**	**-15**	**-383**	**8**	**-390**

	31 Mar 2014				31 Mar 2013			
Group of assets classified as held for sale	Russia	Ukraine	Lithuania	Total	Russia	Ukraine	Lithuania	Total
Loans to the public	963			**963**	2 238	1 132		**3 370**
of which impaired loans, gross	421			**421**	390	2 474		**2 864**
of which individual provisions	-244			**-244**	-204	-1 958		**-2 162**
of which impaired loans, net	177			**177**	186	516		**702**
of which portfolio provisions	-21			**-21**	-36			**-36**
Non-current tangible assets			100	**100**	6	5	103	**114**
Other assets	740		135	**875**	2 133	205	123	**2 461**
Total assets	**1 703**		**235**	**1 937**	**4 377**	**1 342**	**226**	**5 945**
Liabilities directly associated with group of assets classified as held for sale								
Amounts owed to credit institutions	8			8	74		33	**107**
Other liabilities	48		97	**145**	842	140	60	**1 042**
Total liabilities	**56**		**97**	**153**	**916**	**140**	**93**	**1 149**

Note 25 Related-party transactions

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

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

Note 26 Swedbank's share

	31 Mar 2014	31 Dec 2013	%	31 Mar 2013	%
SWED A					
Share price, SEK	173.70	181.00	-4	148.20	17
Number of outstanding ordinary shares	1 102 242 094	1 099 005 722		1 099 005 722	
Market capitalisation, SEKm	**191 459**	**198 920**	**-4**	**162 873**	**18**

Repurchased shares have been taken into consideration when calculating the market capitalisation.
Swedbank's share, ticker symbol SWED A, is listed on the OMX Nordic Exchange and traded in the Large cap segment.

Number of outstanding shares	31 Mar 2014	31 Dec 2013	31 Mar 2013
Issued shares			
SWED A	1 132 005 722	1 132 005 722	1 132 005 722
Repurchased shares			
SWED A	-29 763 628	-33 000 000	-33 000 000
Swedbank's share of associates' holding of shares			
SWED A	-1 599 000	-1 599 000	-1 689 000
Number of outstanding shares on the closing day	**1 100 643 094**	**1 097 406 722**	**1 097 316 722**

Within Swedbank's share-based compensation programme, Swedbank AB has during the first quarter 2014, transferred 3 236 372 shares at no cost to employees.

Earnings per share	Q1 2014	Q4 2013	Q1 2013
Average number of shares			
Average number of shares before dilution	1 099 162 387	1 097 406 722	1 097 366 722
Weighted average number of shares for potential ordinary shares that incur a dilutive effect due to share-based compensation programme	8 888 554	9 393 291	6 915 406
Average number of shares after dilution	1 108 050 941	1 106 800 013	1 104 282 128
Profit, SEKm			
Profit for the period attributable to shareholders of Swedbank	3 953	3 612	3 525
Preference dividends on non-cumulative preference shares declared in respect of the period			1 722
Earnings for the purpose of calculating earnings per share	3 953	3 612	1 803
Earnings per share, SEK			
Earnings per share before dilution without dividends on non-cumulative preference shares	3.60	3.30	3.21
Earnings per share after dilution without dividends on non-cumulative preference shares	3.57	3.27	3.19
Earnings per share before dilution [1)]	3.60	3.30	1.64
Earnings per share after dilution [1)]	3.57	3.27	1.63

[1)] When calculating earnings per share according to IAS 33, the non-cumulative preference share dividend is deducted from profit in the period the dividend is declared. Refers to Q1 2013.

Note 27 Effects of changes in accounting policies

Balance sheet, condensed Group SEKm	New reporting 31 Mar 2013	IFRS 10	Previous reporting 31 Mar 2013	New reporting 31 Dec 2013	IFRS 10	Previous reporting 31 Dec 2013
Assets						
Cash and balance with central banks	210 251		210 251	59 382		59 382
Loans to credit institutions (note 10)	86 932		86 932	82 278		82 278
Loans to the public (note 10)	1 236 583		1 236 583	1 264 910		1 264 910
Value change of interest hedged item in portfolio hedge	16		16	62		62
Interest-bearing securities	137 859		137 859	182 399		182 399
Financial assets for which customers bear the investment risk	111 747	2 440	109 307	122 743	3 295	119 448
Shares and participating interests	6 552		6 552	7 109		7 109
Investments in associates	3 602		3 602	3 640		3 640
Derivatives (note 18)	83 960		83 960	64 352		64 352
Intangible fixed assets (note 14)	13 123		13 123	13 658		13 658
Investment properties	1 512		1 512	685		685
Tangible assets	4 210		4 210	3 140		3 140
Current tax assets	580		580	895		895
Deferred tax assets	500		500	417		417
Other assets	7 904		7 904	9 578		9 578
Prepaid expenses and accrued income	8 391		8 391	6 992		6 992
Group of assets classified as held for sale	5 945		5 945	1 862		1 862
Total assets	**1 919 667**	**2 440**	**1 917 227**	**1 824 102**	**3 295**	**1 820 807**
Liabilities and equity						
Amounts owed to credit institutions (note 15)	137 198		137 198	121 621		121 621
Deposits and borrowings from the public (note 16)	650 333	-147	650 480	620 608	-245	620 853
Debt securities in issue (note 17)	778 445	-1 306	779 751	726 275	-1 431	727 706
Financial liabilities for which customers bear the investment risk	115 405	3 893	111 512	125 548	4 971	120 577
Derivatives (note 18)	75 126		75 126	55 011		55 011
Current tax liabilities	885		885	1 893		1 893
Deferred tax liabilities	2 827		2 827	2 383		2 383
Short positions, securities	14 763		14 763	17 519		17 519
Other liabilities	11 453		11 453	14 269		14 269
Accrued expenses and prepaid income	16 101		16 101	14 194		14 194
Provisions	6 268		6 268	4 698		4 698
Subordinated liabilities	13 827		13 827	10 159		10 159
Liabilities directly associated with group of assets classified as held for sale	1 149		1 149	219		219
Equity	95 887		95 887	109 705		109 705
of which non-controlling interests	157		157	165		165
of which attributable to shareholders of Swedbank AB	95 730		95 730	109 540		109 540
Total liabilities and equity	**1 919 667**	**2 440**	**1 917 227**	**1 824 102**	**3 295**	**1 820 807**

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

For more information, see note 1 Accounting policies.

Swedbank AB

Income statement, condensed

Parent company SEKm	Q1 2014	Q4 2013	%	Q1 2013	%
Interest income	4 270	4 564	-6	5 091	-16
Interest expenses	-1 917	-1 923		-2 317	-17
Net interest income	**2 353**	**2 641**	**-11**	**2 774**	**-15**
Dividends received	5 069	3 851	32	88	
Commission income	1 781	1 730	3	1 556	14
Commission expenses	-402	-414	-3	-305	32
Net commissions	**1 379**	**1 316**	**5**	**1 251**	**10**
Net gains and losses on financial items at fair value	629	613	3	426	48
Other income	335	362	-7	303	11
Total income	**9 765**	**8 783**	**11**	**4 842**	
Staff costs	1 946	1 914	2	1 827	7
Other expenses	1 068	1 123	-5	955	12
Depreciation/amortisation	136	144	-6	130	5
Total expenses	**3 150**	**3 181**	**-1**	**2 912**	**8**
Profit before impairments	**6 615**	**5 602**	**18**	**1 930**	
Impairment of financial fixed assets	200	277	-28	425	-53
Credit impairments	3	148	-98	131	-98
Operating profit	**6 412**	**5 177**	**24**	**1 374**	
Appropriations	-15	5		3	
Tax expense	520	1 344	-61	412	26
Profit for the period	**5 907**	**3 828**	**54**	**959**	

Statement of comprehensive income, condensed

Parent company SEKm	Q1 2014	Q4 2013	%	Q1 2013	%
Profit for the period reported via income statement	**5 907**	**3 828**	**54**	**959**	
Items that may be reclassified to the income statement					
Cash flow hedges:					
Gains/losses arising during the period	-4	-7	-44	-5	-13
Reclassification adjustments to income statement, net interest income	5	12	-59	22	-77
Income tax		-1		-4	
Total	**1**	**4**	**-75**	**13**	**-92**
Other comprehensive income for the period, net of tax	**1**	**4**	**-75**	**13**	**-92**
Total comprehensive income for the period	**5 908**	**3 832**	**54**	**972**	

Balance sheet, condensed

Parent company SEKm	31 Mar 2014	31 Dec 2013	%	31 Mar 2013	%
Assets					
Cash and balance with central banks	111 445	32 439		196 307	-43
Loans to credit institutions	415 294	388 521	7	352 688	18
Loans to the public	351 288	346 320	1	347 319	1
Interest-bearing securities	164 116	166 735	-2	134 692	22
Shares and participating interests	66 043	63 197	5	63 753	4
Derivatives	84 475	83 323	1	108 735	-22
Other assets	28 298	19 645	44	14 999	89
Total assets	**1 220 959**	**1 100 180**	**11**	**1 218 493**	
Liabilities and equity					
Amounts owed to credit institutions	198 990	195 096	2	206 499	-4
Deposits and borrowings from the public	539 430	501 294	8	547 707	-2
Debt securities in issue	280 417	214 605	31	262 796	7
Derivatives	76 087	74 408	2	96 999	-22
Other liabilities and provisions	43 621	34 006	28	29 338	49
Subordinated liabilities	16 844	10 083	67	14 135	19
Untaxed reserves	6 289	6 305		6 301	
Equity	59 281	64 383	-8	54 718	8
Total liabilities and equity	**1 220 959**	**1 100 180**	**11**	**1 218 493**	
Pledged collateral	43 397	38 819	12	64 761	-33
Other assets pledged	3 917	3 206	22	2 233	75
Contingent liabilities	525 568	538 949	-2	536 177	-2
Commitments	183 520	180 548	2	163 264	12

Statement of changes in equity, condensed

Parent company
SEKm

	Share capital	Share premium reserve	Statutory reserve	Cash flow hedges	Retained earnings	Total
January-March 2013						
Opening balance 1 January 2013	**24 904**	**13 206**	**5 968**	**-32**	**20 459**	**64 505**
Dividend					-10 880	-10 880
Share based payments to employees					107	107
Deferred tax related to share based payments to employees					14	14
Total comprehensive income for the period				13	959	972
Closing balance 31 December 2013	**24 904**	**13 206**	**5 968**	**-19**	**10 659**	**54 718**
January-December 2013						
Opening balance 1 January 2013	**24 904**	**13 206**	**5 968**	**-32**	**20 459**	**64 505**
Dividend					-10 880	-10 880
Share based payments to employees					418	418
Deferred tax related to share based payments to employees					73	73
Total comprehensive income for the period				25	10 242	10 267
Closing balance 31 December 2013	**24 904**	**13 206**	**5 968**	**-7**	**20 312**	**64 383**
January-March 2014						
Opening balance 1 January 2014	**24 904**	**13 206**	**5 968**	**-7**	**20 312**	**64 383**
Dividend					-11 133	-11 133
Share based payments to employees					130	130
Deferred tax related to share based payments to employees					-7	-7
Total comprehensive income for the period				1	5 907	5 908
Closing balance 31 March 2014	**24 904**	**13 206**	**5 968**	**-6**	**15 209**	**59 281**

Cash flow statement, condensed

Parent company SEKm	**Jan-Mar 2014**	**Jan-Dec 2013**	**Jan-Mar 2013**
Cash flow from operating activities	17 911	-39 750	69 712
Cash flow from investing activities	516	5 045	5 605
Cash flow from financing activities	60 579	-42 754	11 092
Cash flow for the period	**79 006**	**-77 459**	**86 409**
Cash and cash equivalents at beginning of period	32 439	109 898	109 898
Cash flow for the period	79 006	-77 459	86 409
Cash and cash equivalents at end of period	**111 445**	**32 439**	**196 307**

Capital adequacy

Capital adequacy, Parent company[1)] SEKm	Basel 3 31 Mar 2104	Basel 2 31 Dec 2013	Basel 2 31 Mar 2013
Common Equity Tier 1 capital	**59 084**	**56 147**	54 844
Tier 1 capital	**64 093**	**60 188**	59 475
Total capital base	**75 787**	**62 748**	65 590
Capital requirement	**27 897**	**25 831**	26 095
Risk exposure amount	**348 714**	**322 882**	326 183
Common Equity Tier 1 ratio, %	**16.9**	**17.4**	16.8
Tier 1 capital ratio, %	**18.4**	**18.6**	18.2
Total capital adequacy ratio, %	**21.7**	**19.4**	20.1

Capital adequacy transition rules Basel 1 floor mkr	2014 31 mar	2013 31 dec	% or pp	2013 31 mar	% or pp
Capital requirement Basel 1 floor	27 897	25 831	8	26 095	7
Own funds Basel 3 according to rules for Basel 1 floor	76 482	63 723	20	66 521	15
Surplus of capital according to Basel 1 floor	**48 585**	**37 892**	**28**	**40 426**	**20**

1) Reporting as of 31 March 2014 according to current regulation (Basel 3). Comparative figures as of 2013 according to previous regulation (Basel 2).

Signatures of the Board of Directors and the President

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

Stockholm, 27 April 2014

Anders Sundström
Chair

Lars Idermark
Deputy Chair

Ulrika Francke
Board Member

Göran Hedman
Board Member

Anders Igel
Board Member

Pia Rudengren
Board Member

Karl-Henrik Sundström
Board Member

Siv Svensson
Board Member

Maj-Charlotte Wallin
Board Member

Kristina Kjell
Board Member
Employee Representative

Jimmy Johnsson
Board Member
Employee Representative

Michael Wolf
President

Review report

Introduction
We have reviewed the interim report for Swedbank AB (publ) for the period 1 January to 31 March 2014. 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 interim report based on our review.

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

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

Stockholm, 27 April 2014
Deloitte AB

Svante Forsberg
Authorised Public Accountant

Publication of financial information

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

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

Interim report for the second quarter 2014 on 16 July 2014
Interim report for the third quarter 2014 on 21 October 2014

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