

# Q1 2016

## Interim report for the first quarter 2016

First quarter compared with fourth quarter 2015

- Lower market interest rates weighed on net interest income
- Increased lending volumes
- Weak stock market produced lower commission income
- Improved Treasury result
- Good cost control
- Low credit impairments
- Strong capitalisation

“Our strategy remains firm. We will continue to be an available full-service bank with low risk for private and corporate customers in our four home markets.”

Birgitte Bonnesen,  
President and CEO

Financial information	Q1	Q4		Q1	
SEKm	2016	2015	%	2015	%
Total income	9 306	9 457	-2	9 618	-3
of which net interest income	5 623	5 759	-2	5 719	-2
Total expenses	3 988	4 239	-6	4 168	-4
Profit before impairments	5 318	5 218	2	5 450	-2
Impairment of intangible assets					
Credit impairments	35	399	-91	59	-41
Tax expense	961	974	-1	1 101	-13
Profit for the period attributable to the shareholders of Sw edbank AB	4 311	3 813	13	4 320	0
Earnings per share total operations, SEK, after dilution	3.87	3.44		3.88	
Return on equity, total operations, %	13.8	12.6		14.9	
C/I ratio	0.43	0.45		0.43	
Common Equity Tier 1 capital ratio, %	23.7	24.1		20.5	
Credit impairment ratio, %	0.01	0.11		0.02	

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## CEO Comment

It is an honour to have been given this opportunity to lead the bank where I have worked for nearly 30 years. I have held various positions in all of our major business areas and see Swedbank as an organisation with fantastic employees and roots deeply anchored in society.

We live in challenging and changing times. Extremely low interest rates, increasing regulatory requirements and market factors such as urbanisation, digitisation and macroeconomic uncertainty are putting pressure on the traditional banking model. I am optimistic about tackling these challenges, however, because I am convinced that there are opportunities to capitalise on, especially for a bank like Swedbank with its broad customer base.

### Digitisation is increasing

We are meeting more customers today than ever before. Our Swedish customers visit us through our digital channels so often that we rank among the ten most visited sites by Swedes. Users of the Internet Bank and Mobile Bank grew in number during the quarter. We are responding by continuing to launch new solutions. For example, our mortgage customers can renew their loans digitally as of the first quarter, and the launch of a version of Swish for merchants makes it easier to accept online payments.

In the Baltic countries all consumer finance is now fully digitised, and the number of Mobile Bank users is increasing by about 40 per cent on an annualised basis.

This trend will only continue. Our customers want even more digital products and services that simplify their day-to-day needs. We have an extensive digital agenda and will launch more solutions during the year.

### Market shadowed by concerns

Global economic uncertainty persisted in the first three months of the year. Despite further central bank stimuli, global growth remains unstable. The European economy is finding it hard to gain traction, while the US economy is performing well. The uncertainty caused major fluctuations in the financial markets during the quarter.

The Riksbank also took stimulus measures by again cutting the repo rate, to -0.50 per cent, despite continued broad-based growth in the Swedish economy. At the same time the Swedish housing market remains a topic of debate. We look forward to seeing the results of the current political debate on ways to stimulate housing construction. These discussions could prove critical to Swedish economic performance in the next 15-20 years.

### Strong result in challenging environment

Earnings remained under pressure from the uncertain external development. Volatile market conditions affected our large corporate business. Cautious customers sat on the sidelines at the same time that even lower market interest rates weighed on net interest income.

The asset management business was adversely affected by the weak stock market and net outflows. The measures taken last year have not yet borne fruit. We continue to focus on the savings area and, among other things, launched a pension savings campaign during the quarter.

Our result, under the circumstances, is strong. In Sweden we have seen increased volumes, especially for mortgage loans, which together with higher margins partly compensated for the above-mentioned negative effects. It is also encouraging that lending volumes grew in local currency in our Baltic home markets, while cost efficiency remained high.

The bank's low risk was reaffirmed by another quarter of low credit impairments. As previously announced, however, we are seeing declining credit quality in our portfolio of oil-related exposures due to low oil prices and low investment in the sector.

### Excellent financial conditions

Swedbank has never been stronger financially. Our capitalisation is among the best in Europe, with a Common Equity Tier 1 capital ratio of 23.7 per cent. Coupled with stable profitability, high cost efficiency and low risk, this allows us to meet customer demand for competitive banking services and withstand economic pressures.

Our strategy remains firm. We will continue to be an available full-service bank with low risk for private and corporate customers in our four home markets: Sweden, Estonia, Lithuania and Latvia. The goals set by the Board of Directors, like market-leading cost efficiency, higher customer value and a return on equity of 15 per cent, are driving us to create long-term value for all our stakeholders.

My job is to consolidate but also strengthen Swedbank's current position. We have a specific strategy to work with and a detailed, ambitious agenda for 2016, which are being fully implemented.



Birgitte Bonnesen  
President and CEO

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

## Financial summary

Income statement SEKm	Q1 2016	Q4 2015	%	Q1 2015	%
Net interest income	5 623	5 759	-2	5 719	-2
Net commission income	2 645	2 877	-8	2 744	-4
Net gains and losses on financial items at fair value	400	165		320	25
Other income	638	656	-3	835	-24
<b>Total income</b>	<b>9 306</b>	<b>9 457</b>	<b>-2</b>	<b>9 618</b>	<b>-3</b>
Staff costs	2 307	2 291	1	2 472	-7
Other expenses	1 681	1 948	-14	1 696	-1
<b>Total expenses</b>	<b>3 988</b>	<b>4 239</b>	<b>-6</b>	<b>4 168</b>	<b>-4</b>
<b>Profit before impairments</b>	<b>5 318</b>	<b>5 218</b>	<b>2</b>	<b>5 450</b>	<b>-2</b>
Impairment of intangible assets					
Impairment of tangible assets	8	19	-58	15	-47
Credit impairments, net	35	399	-91	59	-41
<b>Operating profit</b>	<b>5 275</b>	<b>4 800</b>	<b>10</b>	<b>5 376</b>	<b>-2</b>
Tax expense	961	974	-1	1 101	-13
<b>Profit for the period from continuing operations</b>	<b>4 314</b>	<b>3 826</b>	<b>13</b>	<b>4 275</b>	<b>1</b>
Profit for the period from discontinued operations, after tax		-12		49	
Profit for the period	4 314	3 814	13	4 324	0
<b>Profit for the period attributable to the shareholders of Swedbank AB</b>	<b>4 311</b>	<b>3 813</b>	<b>13</b>	<b>4 320</b>	<b>0</b>

Key ratios and data per share	Q1 2016	Q4 2015	%	Q1 2015	%
Return on equity, continuing operations, %	13.8	12.7		14.8	
Return on equity, total operations, %	13.8	12.6		14.9	
Earnings per share before dilution, continuing operations, SEK <sup>1)</sup>	3.89	3.46		3.87	
Earnings per share after dilution, continuing operations, SEK <sup>1)</sup>	3.87	3.46		3.84	
C/I ratio	0.43	0.45		0.43	
Equity per share, SEK <sup>1)</sup>	113.3	111.4		96.7	
Loan/deposit ratio, %	152	184		182	
Common Equity Tier 1 capital ratio, %	23.7	24.1		20.5	
Tier 1 capital ratio, %	26.1	26.9		23.1	
Total capital ratio, %	29.1	30.3		26.2	
Credit impairment ratio, %	0.01	0.11		0.02	
Share of impaired loans, gross, %	0.33	0.40		0.39	
Total provision ratio for impaired loans, %	56	56		54	
Liquidity coverage ratio (LCR), %	148	159		140	
Net stable funding ratio (NSFR), % <sup>2)</sup>	107	107		101	

Balance sheet data SEKbn	31 Mar 2016	31 Dec 2015	%
Loans to the public, excluding the Swedish National Debt Office and repurchase agreements	1 386	1 371	1
Deposits and borrowings from the public, excluding the Swedish National Debt Office and repurchase agreements	909	744	22
Shareholders' equity	126	123	2
Total assets	2 404	2 149	12
Risk exposure amount	399	389	3

<sup>1)</sup> The number of shares and calculation of earnings per share are specified on page 47.

<sup>2)</sup> NSFR according to Swedbank's interpretation of the Basel Committee's new recommendation (BCBS295).

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

## Overview

### Market

Global economic concerns continue to dominate the market. Despite a massive monetary stimulus, the European economy is having difficulty gaining traction. Confidence indicators have fallen at the same time that the European Central Bank (ECB) has revised down its growth and inflation forecasts. In March the ECB cut its benchmark rate and deposit rate while expanding its bond buying. It also launched a new round of long-term loans to the banking sector. The US central bank, the Federal Reserve, left its benchmark rate unchanged at the latest monetary policy meeting in March. Although the US economy continues to create jobs at a solid pace and inflation has inched upward, concerns about the global economy and the swings in the financial markets carried the heaviest weight in the monetary policy decision. This has pushed long-term bond yields lower at the same time that the dollar has weakened. The Japanese central bank has also adopted a more expansionary policy and cut its deposit rate to negative territory for the first time. Oil prices have turned higher from the low levels in January in the wake of lower US oil production and expectations of production limits by OPEC and Russia.

The Swedish economy grew significantly in the fourth quarter of 2015. GDP rose by just over 4 per cent on an annualised basis, driven by increased consumption and investment in the wake of record-low interest rates and last year's significant refugee stream. Housing investment continued to grow by double digits, and businesses also invested broadly. Exports turned higher thanks to strong auto exports and increased service exports. Indicators in early 2016 point to continued solid growth, not least in the domestic economy, while exports for the year's first months were weaker than expected. The job market continues to improve. The labour shortage is becoming evident in several industries and is likely to impact this year's collective bargaining negotiations. The Riksbank cut the report rate by another 15 basis points during the quarter. Inflation has been slightly higher than the Riksbank's forecast, however, reducing the pressure for more monetary action. The ECB's new stimulus and the Fed's cautiousness are keeping the Riksbank in an iron grip, leaving little room for monetary policy deviations.

In the Baltic countries household consumption continues to be an important growth driver, supported by wage increases of 6-7 per cent. The last quarter of 2015 was slightly weaker in Estonia and Latvia than the previous one, however. Exports dropped on an annualised basis, household consumption slowed and investment activity was weak. In total, GDP growth was 2.7 per cent in Latvia and 0.7 per cent in Estonia. In Lithuania, on the other hand, the growth rate has accelerated. In the fourth quarter GDP grew by 1.9 per cent. 2016 started positively with greater confidence among households and businesses.

The Stockholm stock exchange (OMXSPI) fell by 4.3 per cent in the first quarter. The Tallinn stock exchange (OMXTGI) rose by 8.0 per cent, the Riga stock exchange (OMXRGI) by 3.6 per cent and the Vilnius stock exchange (OMXVGI) by 4.6 per cent in the same period.

## First quarter 2016

Compared with fourth quarter 2015

### Result

The result increased by 13 per cent, from SEK 3 813m to SEK 4 311m. The improvement is mainly due to lower expenses and credit impairments compared with the previous quarter. Profit before impairments increased to SEK 5 318m (5 218) due to an upward trend in Group Treasury within Group Functions & Other. The return on equity increased to 13.8 per cent (12.6). The cost/income ratio improved to 0.43 (0.45).

<b>Profit before impairments by business segment excl FX effects</b>	<b>Q1</b>	<b>Q4</b>	<b>Q1</b>
<b>SEKm</b>	<b>2016</b>	<b>2015</b>	<b>2015</b>
Swedish Banking	3 098	3 266	2 956
Baltic Banking	993	1 030	877
Large Corporates & Institutions	883	963	1 098
Group Functions & Other	344	-35	504
<b>Total excl FX effects</b>	<b>5 318</b>	<b>5 224</b>	<b>5 435</b>
FX effects		-6	15
<b>Total</b>	<b>5 318</b>	<b>5 218</b>	<b>5 450</b>

Income fell by 2 per cent during the quarter to SEK 9 306m (9 457) due to lower net interest income and net commission income.

Net interest income decreased by 2 per cent to SEK 5 623m (5 759). Falling short-term rates in Sweden and the Baltics negatively affected net interest income through lower deposit margins in all business segments, while volume growth and higher lending margins on Swedish mortgage loans had a positive effect. The lower net interest income was also because the fourth quarter had one more day and contained a positive one-off effect due to a lower deposit guarantee fee in Lithuania.

Net commission income fell by 8 per cent to SEK 2 645m (2 877). The decrease was mainly due to lower income in asset management and corporate finance, which were both negatively affected by the bearish stock market during the quarter.

Net gains and losses on financial items at fair value increased to SEK 400m (165). Lower volumes of covered bond repurchases resulted in lower negative valuation effects compared with the previous quarter, accounted for most of the improvement. In LC&I net gains and losses on financial items at fair value were stable.

Other income fell slightly to SEK 638m (656).

Expenses fell by 6 per cent to SEK 3 988m (4 239), mainly as a result of lower expenses for premises and rents as well as marketing. Staff costs increased slightly, mainly due to seasonally higher expenses in Swedish Banking.

Like the previous quarter, there was no impairment of intangible assets, while impairment of tangible assets amounted to SEK 8m (19).

Credit impairments decreased to SEK 35m (399). Swedish and Baltic Banking both reported net recoveries. Credit impairments within LC&I amounted to SEK 97m (164) and were mainly related to portfolio provisions for oil-related commitments.

The tax expense amounted to SEK 961m (974), corresponding to an effective tax rate of 18.2 per cent (20.3). During the first quarter the Swedish Tax Agency accepted the deductibility of US tax payments, which had a positive one-off effect of SEK 101m. Excluding this one-off, the first quarter's effective tax rate would have been 20.1 per cent. As previously estimated, the effective tax rate is expected to be 19-21 per cent in the medium term.

The result from discontinued operations amounted to SEK 0m (-12).

## First quarter 2016

Compared with first quarter 2015

### Result

The result for the first quarter 2016 decreased marginally year-on-year, from SEK 4 320m to SEK 4 311m. Declining income was offset by lower expenses and credit impairments.

Changes in exchange rates reduced profit by SEK 15m, mainly because the Swedish krona appreciated on average against the euro.

The return on equity fell to 13.8 per cent (14.9), mainly due to a larger capital base. The cost/income ratio was unchanged at 0.43 (0.43).

Profit before impairments decreased by 2 per cent to SEK 5 318m (5 450), mainly due to weakening profits in LC&I and Group Functions & Other.

<b>Profit before impairments by business segment excl FX effects SEKm</b>	<b>Jan-Mar 2016</b>	<b>Jan-Mar 2015</b>	<b>Δ SEKm</b>
Swedish Banking	3 098	2 956	142
Baltic Banking	993	877	116
Large Corporates & Institutions	883	1 098	-215
Group Functions & Other	344	504	-160
<b>Total excl FX effects</b>	<b>5 318</b>	<b>5 435</b>	<b>-117</b>
FX effects		15	-15
<b>Total</b>	<b>5 318</b>	<b>5 450</b>	<b>-132</b>

Income decreased by 3 per cent to SEK 9 306m (9 618), mainly due to lower net commission income in Group Treasury. Income increased in Swedish Banking and Baltic Banking but decreased in LC&I. Changes in exchange rates reduced income by SEK 42m.

Net interest income fell by 2 per cent to SEK 5 623m (5 719). Within Swedish Banking net interest income increased as the positive effects of higher volumes and increased margins on mortgage loans offset the lower deposit margins. Net interest income also increased in Baltic Banking, but decreased within LC&I and Group Treasury.

Net commission income fell by 4 per cent, from SEK 2 744m to SEK 2 645m. The main reason was lower asset management income. Lower income from corporate finance also contributed negatively, as did lending and guarantees.

Net gains and losses on financial items at fair value increased to SEK 400m (320) due to lower volumes of covered bond repurchases. Net gains and losses on financial items decreased within LC&I.

Other income fell by 24 per cent to SEK 638m (835) after the first quarter 2015 was positively affected by the sale of Svensk Fastighetsförmedling and a property sale in Sparbanken Öresund.

Expenses decreased by 4 per cent to SEK 3 988m (4 168). The biggest decrease was in Swedish Banking, mainly as a result of the merger with Sparbanken Öresund. Changes in exchange rates reduced expenses by SEK 25m.

Impairment of intangible assets amounted to SEK 0m (0). Impairment of tangible assets fell to SEK 8m (15).

Credit impairments decreased to SEK 35m (59), mainly as a result of net recoveries within Swedish Banking. Baltic Banking also reported net recoveries, while credit impairments in LC&I increased due to portfolio provisions for oil-related commitments.

The tax expense amounted to SEK 961m (1 101), corresponding to an effective tax rate of 18.2 per cent (20.5). Excluding a one-off effect in the period due to the deductibility of US tax payments, the effective tax rate would have been 20.1 per cent.

The result from discontinued operations amounted to SEK 0m (49).

### Volume trend

Total lending to the public, excluding repos and the Swedish National Debt Office, increased by 1 per cent compared with the fourth quarter 2015, from SEK 1 371bn to SEK 1 386m, and by 3 per cent on an annualised basis.

Lending to Swedish mortgage customers accounted for the largest share of the increase, up SEK 8bn since the beginning of the year. At the end of the quarter the Swedish mortgage portfolio amounted to SEK 684bn. The low level of new construction, which has resulted in a shortage of supply, and the low interest rates have helped to drive up house prices and household loan demand. As of 29 February 2016 the annual growth rate was 8.3 per cent. Swedbank's share of net growth was 17.8 per cent, while its total market share was 24.6 per cent (24.7 per cent as of 31 December 2015).

Mortgage volumes in Baltic Banking were stable in local currency and amounted to SEK 55bn. In Lithuania the portfolio grew by 2 per cent, while it decreased by 1 per cent in Latvia. Estonia's portfolio was unchanged.

Swedish household lending other than mortgages grew by SEK 2bn during the quarter to SEK 126bn. The largest increase was in lending to tenant-owner associations, which rose by SEK 2bn to SEK 103bn. Baltic Banking's volumes grew by 1 per cent in local currency.

Swedbank's consumer loan volume in Sweden was relatively unchanged during the quarter. As part of a long-term focus, the bank has begun to fully digitise the consumer loan flow. The Baltic consumer loan portfolio grew during the quarter by 2 per cent in local currency and margins improved.

Credit demand has remained low in corporate lending. Much of the growth over an extended period has been in the real estate sector. In total, corporate lending increased by SEK 4bn to SEK 506bn at the end of the quarter. About 41 per cent of the outstanding volume related to properties. Corporate lending within Swedish Banking and LC&I rose by SEK 3bn during the quarter to SEK 445bn. Swedbank's market share of net growth in Sweden has levelled off in recent months and during the quarter was lower than the underlying market share of 18.6 per cent as of 29 February 2016 (18.6). Corporate lending in Baltic Banking increased by 2 per cent in local currency during the quarter to SEK 61bn. The lending portfolio grew by 3 per cent in Estonia, 1 per cent in Latvia and 2 per cent in Lithuania.

Swedbank's deposits, excluding volumes from US money market funds, increased by SEK 17bn during the quarter to SEK 732bn. Deposits increased by SEK 1bn in Swedish Banking and by SEK 16bn in LC&I during the quarter. Market shares in Sweden increased to 21.0 per cent (20.8) for household deposits as of 29 February 2016 and to 19.9 per cent (19.3) for corporate deposits. In Baltic Banking deposits increased by 1 per cent in local currency.

Assets under management decreased by SEK 25bn to SEK 713bn (738) at the end of the quarter, of which SEK 680bn (706) relates to the Swedish operations. Discretionary assets under management rose slightly to SEK 356bn (353). During the first three months of the year Swedbank Robur had a net outflow of SEK 4bn in the Swedish market. The market had a volatile start to the new year and increased cautiousness in the Swedish fund market became apparent in the first quarter with continued outflows from equity funds, while net contributions to money market funds increased despite the continued low interest rates. The previous trend with outflows from equity and fixed income funds (excluding positive PPM flows in December 2015) and inflows to mixed funds continued during the quarter.

For more information on the product areas, see page 19.

### Credit and asset quality

Strong growth in the Swedish economy and stable economic development in the Baltic countries in the first quarter 2016 continued to contribute positively to the credit portfolio. The previous year's trend with low credit impairments and decreased impaired loans is continuing.

The greatest uncertainty in Swedbank's credit portfolio lies with oil-related customers, whose businesses are being affected by consistently low oil prices. Lending to these customers represents less than 2 per cent of Swedbank's credit portfolio. The heightened risk in the segment has meant a steady increase in estimated default risks, leading to higher capital requirements as well as increased portfolio provisions. The status of oil-related companies is being continuously monitored and a close dialogue is being maintained with customers.

The stricter requirements on mortgage borrowers that Swedbank introduced in the previous year are ensuring that new customers maintain high quality with low risk and good collateral. During the first quarter 94 per cent of new mortgages in the Swedish portfolio with a loan-to-value ratio of over 70 per cent were being amortised, unchanged from the fourth quarter 2015. Of new loans with a loan-to-value ratio of between 50 and 70 per cent, 82 per cent were being amortised, also unchanged from the previous quarter. Amortisations in the Swedish mortgage portfolio totalled around SEK 11bn in the last 12-month period. The average loan-to-value ratio for Swedbank's mortgages in Sweden was 56.3 per cent (56.9 as of 31 December 2015). In Estonia it was 48.4 per cent (50.8), in Latvia 95.5 per cent (98.0) and in Lithuania 72.5 per cent (78.9), based on property level. For more information, see the section on lending and financing on page 19 and page 53 of the fact book.

Limited housing construction, coupled with the low interest rates, contributed to price increases in the Swedish property market. Thanks to the measures Swedbank introduced in 2015, with stricter loan requirements adapted to today's low interest rates, the risk in the portfolio remains low. Lending to Swedish property companies decreased by 0.8 per cent during the quarter to SEK 175bn.

Impaired loans continued to decrease during the quarter to 0.38 per cent (0.40) of total lending. The provision ratio for impaired loans was 37 per cent (40) and including portfolio provisions was 56 per cent (56). For more information on credit risk, see pages 46-52 of the fact book.

Credit impairments, net by business segment SEKm	Q1	Q4	Q1
	2016	2015	2015
Swedish Banking	-13	347	52
Baltic Banking	-42	-112	-9
Estonia	-25	8	14
Latvia	-18	-106	-10
Lithuania	1	-14	-13
Large Corporates & Institutions	97	164	16
Group Functions & Other	-7		
<b>Total</b>	<b>35</b>	<b>399</b>	<b>59</b>

Credit impairments amounted to SEK 35m in the first quarter (SEK 59m in the same period of 2015). Assets taken over continued to decrease to SEK 379m (441). For more information on assets taken over, see page 51 of the fact book.

### Operational risks

A few disruptions occurred in the bank's IT environment during the quarter, but with little impact on customers. Swedbank has noticed increased cyber threats, however, in the form of an increased number of campaigns with Trojans spread by email that have targeted the bank directly as well as our customers through various forms of fraud. Swedbank's protection against distributed denial-of-service (DDoS) attacks has been further strengthened, thanks to which the attacks that have occurred have not affected our customers. Swedbank is working actively to minimise these threats through protective measures and industry-wide collaboration, including through the Swedish Bankers' Association.

Swedbank's Board of Directors decided to recall the bank's application to the SFSA (Swedish financial supervisory authority) to use the Advanced

Measurement Method (AMA) to calculate capital requirements for operational risks after a proposal was presented to replace AMA with a new standardised method.

## Funding and liquidity

Credit spreads increased during the first two months before shrinking in March. Uncertainty remains high. China's economic performance, the conflict in Syria and commodity prices are among the reasons for the volatility. In March the ECB cut interest rates and expanded its current actions to add more liquidity to the market. The Riksbank also cut its benchmark rate, by 15 basis points in February to -0.5 per cent.

Swedbank has remained active in international bond markets. For example, a EUR 1.25bn covered bond was issued in February and a USD 1.25bn unsecured bond was issued in March.

During the first quarter 2016 Swedbank issued SEK 68bn in long-term debt instruments. Covered bond issues accounted for the largest part, SEK 51bn. In 2016 the bank plans to issue around SEK 180bn to meet maturing funding with a nominal value of SEK 110bn and increased credit demand, mainly in Swedish mortgages. As of 31 March outstanding short-term funding amounted to SEK 123bn. At the same time SEK 339bn was placed with central banks. The liquidity reserve amounted to SEK 436bn (314) as of 31 March. In addition, liquid securities in other parts of the Group amounted to SEK 135bn (50). The Group's liquidity coverage ratio (LCR) was 148 per cent (159), 163 per cent for USD and 230 per cent for EUR. According to our interpretation of the Basel Committee's latest proposed Net Stable Funding Ratio (NSFR), Swedbank's NSFR was 107 per cent (107). Increased long-term funding has strengthened the NSFR and reduced the bank's structural liquidity sensitivity.

## Ratings

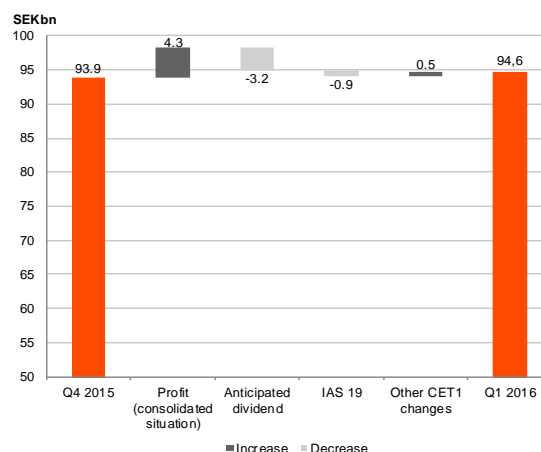
There were no changes in Swedbank's ratings during the first quarter 2016. S&P reaffirmed Swedbank's AA-rating in February. S&P's rating outlook for Swedbank, like that for most Swedish banks, remained negative. This is due to S&P's assessment of house prices and household debt, which it feels increase economic risk for the banks.

## Capital and capital adequacy

The Common Equity Tier 1 capital ratio was 23.7 per cent on 31 March 2016 (24.1 per cent as of 31 December 2015). Common Equity Tier 1 capital increased by SEK 0.7bn during the quarter to SEK 94.6bn. The bank's profit after deducting the proposed dividend positively affected Common Equity Tier 1 capital by SEK 1.1bn. The revaluation of the estimated pension liability according to IAS 19 reduced Common Equity Tier 1 capital by about SEK 0.9bn, mainly due to a lower discount rate.

In March Swedbank redeemed an older GBP 200m coupon bond issued in accordance with previous capital adequacy rules. This reduced Tier 1 capital by SEK 1.2bn and additional Tier 1 (AT1) capital by SEK 1.3bn.

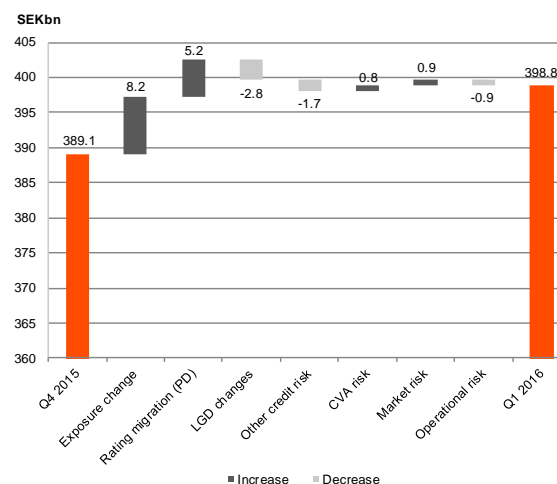
### Change in Common Equity Tier 1 capital, 2016, Swedbank consolidated situation



The risk exposure amount (REA) increased by SEK 9.7bn during the first quarter to SEK 398.8bn (SEK 389.1bn as of 31 December 2015). REA for credit risks increased by SEK 9.0bn. Long-term credit quality in oil-related sectors was assessed as deteriorating, which contributed to negative Probability of Default (PD). In total migrations raised REA by SEK 5.2bn. Increased collateral values had a positive effect on Loss Given Default (LGD) and reduced REA by SEK 2.8bn.

REA for credit valuation adjustment (CVA risk) increased by SEK 0.8bn. REA for market risks increased by SEK 0.9bn primarily as a result of increased fixed income positions. REA for operational risks decreased by SEK 0.9bn due to the annually updated calculation.

### Change in REA, 2016, Swedbank consolidated situation



### Uncertainty about capital regulations persists – Swedbank well positioned

The current countercyclical buffer is 1.0 per cent. The SFSA previously decided to raise the countercyclical buffer value to 1.5 per cent effective 27 June 2016. In March it decided to further increase the buffer value to 2.0 per cent as of 19 March 2017. The countercyclical buffer requirement also affects Swedbank's capital requirement through the risk weight floor of 25 per cent within Pillar 2 for the Swedish mortgage portfolio.

Swedbank's total Common Equity Tier 1 capital requirement increased during the quarter to 20.4 per cent, compared with Swedbank's Common Equity Tier 1 capital ratio of 23.7 per cent as of 31 March 2016. The requirement rose due to the higher countercyclical buffer value. The total requirement takes into account



Swedbank's Common Equity Tier 1 capital requirement for individual Pillar 2 risks of 0.9 per cent as well as all announced increases in countercyclical buffer values, including increases in the Swedish buffer value to 1.5 per cent in June 2016 and to 2.0 per cent in March 2017.

In March the SFSA proposed changes to improve the internal ratings-based models used by Swedish banks, especially with regard to corporate risk weights. The SFSA is proposing the banks' estimates of probability of default anticipate a larger proportion of economic downturns and that they use a maturity floor. The proposals, as currently drafted, will negatively affect Swedbank's buffer through its Common Equity Tier 1 capital requirement by an estimated 0.9 percentage points based on the SFSA's Common Equity Tier 1 capital requirement. After having considered the comments to the proposals from all parties concerned, the SFSA is expected to implement them in 2016.

Work on capital requirements is also being done at an international level. The Basel Committee, among others, is working to improve the comparability of banks' capital ratios. This includes revisions to the standardised approach for calculating capital requirements for credit, market and operational risks, where the possibility of a capital floor is being discussed for banks that use internal models. Owing to uncertainty about the new requirements and how and when they will be implemented, it is still too early to draw any conclusions about the possible impact on Swedbank. With robust profitability and strong capitalisation, Swedbank is well positioned to meet future changes in capital requirements.

Leverage ratios are being evaluated internationally as well ahead of the possible introduction of a minimum requirement in 2018. Swedbank's leverage ratio as of 31 March 2016 was 4.4 per cent (5.0 per cent per 31 December 2015).

### Other events

On 9 February Swedbank's Board of Directors announced an agreement with Michael Wolf relinquishing his post as President and CEO. Birgitte Bonnesen was appointed acting CEO.

On 15 February an agreement was announced with Pembroke Real Estate on 800 workplaces at Sveavägen 14 in Stockholm for the LC&I unit. The agreement is a consequence of the bank's decision to move employees in its IT operations who currently work at Stora Essingen to the office in Sundbyberg when the current lease expires.

On 21 March Swedbank's Chief Risk Officer Anders Karlsson was appointed Chief Financial Officer after Göran Bronner announced that he wished to step down as CFO of Swedbank. Anders Karlsson will assume his new role in connection with the publication of Swedbank's interim report for the second quarter 2016.

On 22 March Swedbank's takeover of Danske Bank's retail banking services in Lithuania and Latvia was approved. Products and services will be transferred to Swedbank in June and thereby be included in Swedbank's financial accounting.

As previously announced, an agreement was signed with the media group Schibsted to acquire the housing

site Hemnet. As a result of the sale, Fastighetsbyrån will sell its entire holding in Hemnet. For Fastighetsbyråns owner, Swedbank, the sale generates a capital gain of around SEK 500m in 2016 after approval is received from the Swedish Competition Authority, which will release its decision by 9 June at the latest.

On 2 November 2015 Visa Inc. announced its intention to acquire Visa Europe Limited, conditional on regulatory approval, which is expected at the earliest in the second quarter of 2016. Swedbank is a member of Visa Europe and part-owner of Visa Sweden Ekonomisk Förening. Visa Sweden in turn is a group member of Visa Europe. Through its membership, Swedbank would receive a portion of the proceeds from the anticipated acquisition, consisting of cash and preference shares in Visa Inc. Furthermore, there will be an additional consideration, which in April 2016 was changed to a final cash payment instead of a possible conditional payment. Swedbank currently estimates its income from the potential transaction to be EUR 185-205m before tax, based on a preliminary calculation of the cash proceeds and preference shares using current exchange rates and stock prices. There is uncertainty in how high the actual amount could be and this is dependent on, among other factors, allocation calculations and the value of the preference shares. Moreover, Swedbank's shares in Visa Sweden are not transferable. Provided that regulatory approval is received, Swedbank will post a positive one-off effect in 2016 as a result of the acquisition.

### Events after 31 March 2016

On April 22, the Board of Directors of Swedbank appointed Birgitte Bonnesen as President and CEO of Swedbank. Birgitte Bonnesen's remuneration is a fixed annual salary of SEK 13m, with no right to variable remuneration. Furthermore, Birgitte Bonnesen will receive pension rights corresponding to 35 per cent of the salary. The normal retirement age is 65. Upon termination by Swedbank, Birgitte Bonnesen will receive 75 per cent of her salary and other benefits during 12 months, in addition to severance pay equivalent to 75 per cent of her salary for 12 months. A deduction against salary and severance pay is made for income earned from new employment. If Birgitte Bonnesen resigns, the term of notice is six months.

### Resolutions by Annual General Meeting on 5 April

Swedbank's Annual General Meeting re-elected Ulrika Francke, Göran Hedman, Lars Idermark, Pia Rudengren, Karl-Henrik Sundström and Siv Svensson as Board members. Bodil Eriksson and Peter Norman were elected as new members. Lars Idermark was elected Chair of the Board by the AGM.

The AGM discharged the Board of Directors from liability. The CEO and the outgoing Chair of the Board were not discharged from liability.

The AGM resolved to distribute to shareholders a dividend of SEK 10.70 per share for the financial year 2015. The record date for the dividend was 7 April 2016. The Board of Directors' authorisation to decide to repurchase the bank's shares was renewed. The total holding of treasury shares (including shares acquired for the bank's trading stock) may not exceed one tenth of all the shares in the bank. The Board of Directors was given a mandate to issue convertibles in the form of subordinated loans that can be converted to shares. Not

more than 110 million new ordinary shares may be issued as a result of conversions or a corresponding number due to bonus issues, share issues, conversions of convertibles, share splits, reverse splits or similar corporate events.

Lastly, the AGM adopted a common performance and share based remuneration programme for 2016. In addition, the AGM resolved to transfer shares in accordance with the programme as well as programmes adopted by previous AGMs.

## Swedish Banking

- Lower interest rates and turbulent stock market affected income
- Solid cost control and strong credit quality
- Focus on pension savings

### Income statement

SEKm	Q1 2016	Q4 2015	%	Q1 2015	%
Net interest income	3 481	3 562	-2	3 193	9
Net commission income	1 618	1 765	-8	1 770	-9
Net gains and losses on financial items at fair value	75	82	-9	54	39
Share of profit or loss of associates	190	155	23	278	-32
Other income	162	223	-27	228	-29
<b>Total income</b>	<b>5 526</b>	<b>5 787</b>	<b>-5</b>	<b>5 523</b>	<b>0</b>
Staff costs	861	828	4	923	-7
Variable staff costs	23	28	-18	54	-57
Other expenses	1 519	1 640	-7	1 562	-3
Depreciation/amortisation	25	25	0	28	-11
<b>Total expenses</b>	<b>2 428</b>	<b>2 521</b>	<b>-4</b>	<b>2 567</b>	<b>-5</b>
<b>Profit before impairments</b>	<b>3 098</b>	<b>3 266</b>	<b>-5</b>	<b>2 956</b>	<b>5</b>
Credit impairments	-13	347		52	
<b>Operating profit</b>	<b>3 111</b>	<b>2 919</b>	<b>7</b>	<b>2 904</b>	<b>7</b>
Tax expense	681	597	14	605	13
Profit for the period	2 430	2 322	5	2 299	6
<b>Profit for the period attributable to the shareholders of Swedbank AB</b>	<b>2 427</b>	<b>2 321</b>	<b>5</b>	<b>2 295</b>	<b>6</b>
Non-controlling interests	3	1		4	-25
Return on allocated equity, %	19.1	18.1		17.9	
Loan/deposit ratio, %	238	235		260	
Credit impairment ratio, %	0.00	0.13		0.02	
Cost/income ratio	0.44	0.44		0.46	
Loans, SEKbn	1 079	1 066	1	1 040	4
Deposits, SEKbn	454	453	0	400	14
Full-time employees	4 378	4 487	-2	4 912	-11

### Result

#### First quarter 2016 compared with fourth quarter 2015

The result increased by 5 per cent, from SEK 2 321m to SEK 2 427m. The main reason is lower credit impairments and expenses, though income was also squeezed by declining stock prices and lower market interest rates.

Net interest income decreased to SEK 3 481m (3 562) due to the lower interest rates, which adversely affected deposit margins. This was partly offset by higher lending and deposit volumes as well as increased mortgage margins. Swedbank's household mortgage volume amounted to SEK 684bn as of 31 March, up 1 per cent since the beginning of the year. Lending to corporates increased by 1 per cent to SEK 269bn, of which SEK 118bn consisted of loans to property management companies. Household deposit volume increased by SEK 6bn since the beginning of the year, while corporate lending within Swedish Banking decreased by SEK 5bn.

Net commission income decreased by 8 per cent, mainly due to lower income from equity trading and asset management, influenced by volatile stock prices. The net flow for funds was negative, with outflows from equity and fixed income funds while mixed funds reported inflows.

The share of associates' profit rose compared with the previous quarter due to increased income from partly owned savings banks. Other income was lower than in the previous quarter as income from Swedbank Försäkring decreased due to higher life insurance claims.

Expenses decreased, with lower expenses for premises and marketing accounting for most of the decline.

Net recoveries of SEK 13m were recognised during the first quarter, compared with credit impairments of SEK 347m in the fourth quarter.

#### First quarter 2016 compared with first quarter 2015

The result for the period increased by 6 per cent, from SEK 2 295m to SEK 2 427m, due to lower expenses and credit impairments, while income was stable.

Net interest income increased by 9 per cent, mainly through higher deposit volumes and mortgage margins. This was partly offset by lower deposit margins.

Net commission income decreased by 9 per cent, mainly due to lower asset management income, which was affected by reduced fund fees and lower stock prices. Income from equity trading and structured products decreased, partly offset by higher card and payment commissions from higher volumes.

The share of associates' profit fell, mainly due to one-off income related to Entercard and Sparbanken Skåne in the first quarter 2015. Other income was lower than in the previous year, which was positively affected by one-off income from a property sale and the sale of Svensk Fastighetsförmedling.

Expenses decreased during the period, mainly related to staff costs and expenses for IT management as a result of the merger with Sparbanken Öresund.

Net recoveries of SEK 13m were recognised during the period. In the previous year credit impairments of SEK 52m were recognised.

## Business development

Our customers continue to change the way they contact the bank. Compared with the first quarter of 2015 the number of calls to the Telephone Bank increased by about 5 per cent, the number of Internet Bank users rose by 6 per cent and the Mobile Bank had 24 per cent more users. To accommodate this trend, we continued during the quarter to develop our digital offering.

A beta version of the new Internet Bank was made available to all private customers. Several new digital functions have been added. Among other things, mortgage borrowers can now lock in a loan rate digitally. This means they can get an individual price without having to contact the bank through a branch or by phone. This is an important step, since we ensure that the customer is offered the same price digitally as they are at a branch and through the Telephone Bank. Within the framework of the Swish alliance we launched a version of Swish for merchants, which facilitates e-commerce and online payments.

In savings we launched a campaign in connection with the distribution of annual statements for the national pension to get people more interested in and better informed about pension savings. Work is also being done to simplify internal processes and to increase advisory support in the pension business.

Swedbank's and the savings banks' magazine *Lyckoslanten* is celebrating 90 years, in connection with which it has been redesigned to continue to inspire school pupils to learn about money and savings.

In the area of lending we continue to work with sustainable lending. For mortgages the most important activities are centralised pricing and continued digitisation. Our existing internal guidelines are largely aligned with the pending legislation on mortgage amortisation, but some work is needed to address the proposed exemptions. The emphasis on consumer finance will continue. During the quarter the focus was mainly on offering competitive terms when customers choose to consolidate their loans with us. On the corporate side we are shortening lead times through a simplified loan process mainly for small and medium-sized companies.



Birgitte Bonnesen  
Head of Swedish Banking

**Sweden is Swedbank's largest market**, with around 4 million private customers and more than 250 000 corporate customers. This makes it Sweden's largest bank by number of customers. Through our digital channels (Internet Bank and Mobile Bank), the Telephone Bank and branches, and with the cooperation of savings banks and franchisees, we are always available. Swedbank is part of the community. Branch managers have a strong mandate to act in their local communities. The bank's presence and engagement are expressed in various ways. A project called "Young Jobs", which has created several thousand trainee positions for young people, has played an important part in recent years. Swedbank has 273 branches in Sweden. The various product areas are described beginning on page 19.

## Baltic Banking

- Growth in lending
- High cost efficiency
- Increased digital usage

### Income statement

SEKm	Q1 2016	Q4 2015	%	Q1 2015	%
Net interest income	934	962	-3	831	12
Net commission income	483	548	-12	469	3
Net gains and losses on financial items at fair value	46	59	-22	50	-8
Other income	119	118	1	149	-20
<b>Total income</b>	<b>1 582</b>	<b>1 687</b>	<b>-6</b>	<b>1 499</b>	<b>6</b>
Staff costs	208	222	-6	210	-1
Variable staff costs	20	18	11	19	5
Other expenses	331	382	-13	346	-4
Depreciation/amortisation	30	32	-6	38	-21
<b>Total expenses</b>	<b>589</b>	<b>654</b>	<b>-10</b>	<b>613</b>	<b>-4</b>
<b>Profit before impairments</b>	<b>993</b>	<b>1 033</b>	<b>-4</b>	<b>886</b>	<b>12</b>
Impairment of tangible assets		3		-2	
Credit impairments	-42	-112	-63	-9	
<b>Operating profit</b>	<b>1 035</b>	<b>1 142</b>	<b>-9</b>	<b>897</b>	<b>15</b>
Tax expense	138	183	-25	131	5
Profit for the period	897	959	-6	766	17
<b>Profit for the period attributable to the shareholders of Swedbank AB</b>	<b>897</b>	<b>959</b>	<b>-6</b>	<b>766</b>	<b>17</b>
Return on allocated equity, %	17.8	19.3		15.0	
Loan/deposit ratio, %	86	86		92	
Credit impairment ratio, %	-0.13	-0.35		-0.03	
Cost/income ratio	0.37	0.39		0.41	
Loans, SEKbn	127	124	2	125	2
Deposits, SEKbn	147	145	1	135	9
Full-time employees	3 873	3 853	1	3 811	2

### Result

#### First quarter 2016 compared with fourth quarter 2015

The result fell by 6 per cent to SEK 897m (959). The decrease is mainly due to lower net commission income and lower recoveries compared with the previous quarter.

Net interest income decreased by 3 per cent in local currency, largely due to a recalculation of the deposit guarantee fee in Lithuania in the previous quarter and lower deposit margins. Lending margins were stable, while lending volumes increased by 1 per cent in local currency compared with 31 December 2015. Lending grew in Estonia and Lithuania and was stable in Latvia. Deposit volumes increased by 1 per cent in local currency.

Net commission income decreased by 12 per cent in local currency due to lower asset management income and lower customer activity at the beginning of the year.

Net gains and losses on financial items at fair value fell by 22 per cent in local currency due to seasonally lower FX trading activity.

Other income increased by 2 per cent in local currency thanks to higher income from sales of repossessed assets, while insurance-related income decreased.

Total expenses fell by 10 per cent in local currency, largely due to lower staff costs and marketing expenses as well as a VAT refund in Lithuania.

Credit quality remained stable. Net recoveries amounted to SEK 42m. Estonia and Latvia reported net recoveries of SEK 25m and SEK 18m, respectively, while credit impairments in Lithuania were marginal at SEK 1m.

#### First quarter 2016 compared with first quarter 2015

The result increased by 17 per cent, which is mainly due to higher net interest income, lower expenses and higher recoveries. Exchange rate changes decreased the result for the period by SEK 9m.

Net interest income in local currency rose by 14 per cent. The increase in lending volumes, including consumer finance, affected net interest income positively. Margins on mortgages increased slightly while at the same time increased competition and better credit quality pressured corporate margins. To offset the impact from negative interest rates, base rate floors are applied. Lower deposit guarantee fees in Lithuania and Latvia have also contributed positively. Exchange rate changes reduced net interest income for the period by SEK 9m.

Net commission income in local currency increased by 4 per cent. Higher customer activity strengthened card-related commissions, and the number of card purchases rose by 9 per cent. At the same time net commission income was negatively affected by the new regulation on card interchange fees.

Net gains and losses on financial items at fair value decreased by 8 per cent in local currency.

Other income fell by 19 per cent in local currency due to lower insurance-related income.

Total expenses fell by 3 per cent in local currency largely because of lower IT expenses and the VAT refund in Lithuania.

Net recoveries amounted to SEK 42m, compared with SEK 9m in recoveries in the first quarter 2015.

## Business development

Baltic Banking showed stable growth during the quarter and the lending portfolio grew. In an environment with negative interest rates we maintain our current position not to charge our retail clients for deposits. We further enhanced our physical distribution network to improve accessibility of banking services in rural areas. In Latvia we opened three self-service branches in regional cities, while in Estonia it was made possible to obtain cash through many local stores. After the country's euro accession in 2015, all Lithuanian direct debit customers were migrated to an e-invoicing solution at the beginning of 2016.

Changing customer preferences make it necessary for us to make more products available digitally. Consumer finance, for example, is now fully digitised – e.g. private customers can sign contracts and perform other service activities in the Internet Bank.

Swedbank also took a big step to provide corporate customers with more digital services. They can now open additional current accounts as well as manage user rights in the Internet Bank.

Mobile Bank usage also continues to increase in the Baltics. A function that allows customers to check their balance by simply shaking their mobile phone is now the widest used application and usage has increased by 77 per cent year-on-year.

Swedbank's acquisition of Danske Bank's retail banking business was approved by Lithuania's and Latvia's regulatory authorities. Products and services will be transferred to Swedbank at the beginning of June 2016.



Priit Perens  
Head of Baltic Banking

**Swedbank is the largest bank** by number of customers in Estonia, Latvia and Lithuania, with around 4 million private customers and over a quarter million corporate customers. According to surveys, Swedbank is also the most respected company in the financial sector. Through its digital channels (Telephone Bank, Internet Bank and Mobile Bank) and branches, the bank is always available. Swedbank is part of the local community. Its local social engagement is expressed in many ways, with initiatives to promote education, entrepreneurship and social welfare. Swedbank has 35 branches in Estonia, 41 in Latvia and 67 in Lithuania. The various product areas are described on page 19.

## Large Corporates & Institutions

- Stable result in volatile market
- Lower staff costs
- Good credit quality

### Income statement

SEKm	Q1 2016	Q4 2015	%	Q1 2015	%
Net interest income	764	836	-9	859	-11
Net commission income	498	528	-6	492	1
Net gains and losses on financial items at fair value	403	415	-3	586	-31
Share of profit or loss of associates					
Other income	25	36	-31	35	-29
<b>Total income</b>	<b>1 690</b>	<b>1 815</b>	<b>-7</b>	<b>1 972</b>	<b>-14</b>
Staff costs	356	380	-6	358	-1
Variable staff costs	52	17		82	-37
Other expenses	385	450	-14	411	-6
Depreciation/amortisation	14	15	-7	16	-13
<b>Total expenses</b>	<b>807</b>	<b>862</b>	<b>-6</b>	<b>867</b>	<b>-7</b>
<b>Profit before impairments</b>	<b>883</b>	<b>953</b>	<b>-7</b>	<b>1 105</b>	<b>-20</b>
Impairment of tangible assets	6				
Credit impairments	97	164	-41	16	
<b>Operating profit</b>	<b>780</b>	<b>789</b>	<b>-1</b>	<b>1 089</b>	<b>-28</b>
Tax expense	63	170	-63	249	-75
Profit for the period	717	619	16	840	-15
<b>Profit for the period attributable to the shareholders of Swedbank AB</b>	<b>717</b>	<b>619</b>	<b>16</b>	<b>840</b>	<b>-15</b>
Return on allocated equity, %	15.1	12.9		17.0	
Loan/deposit ratio, %	132	149		151	
Credit impairment ratio, %	0.15	0.24		0.02	
Cost/income ratio	0.48	0.47		0.44	
Loans, SEKbn	180	181	-1	177	2
Deposits, SEKbn	137	121	13	117	17
Full-time employees	1 241	1 236	0	1 237	0

### Result

#### First quarter 2016 compared with fourth quarter 2015

Profit for the first quarter 2016 increased by 16 per cent compared with the fourth quarter 2015. A positive one-off tax effect, combined with lower expenses and credit impairments, offset lower income.

Net interest income decreased by 9 per cent, mainly due to lower deposit margins. Due to the negative interest rate, Swedbank still charges financial institutions for deposits in a few currencies. Deposit volumes increased by 13 per cent. Credit demand remained low and lending volumes were stable, as were margins on the loan portfolio.

Net commission income decreased by 6 per cent. The market for low-rated Norwegian corporate bond issues has been sluggish in the wake of low oil prices. Demand has continued for higher rated issues, and in Sweden income rose slightly from the previous quarter. Generally, market activity has been low for EUR issues. Corporate finance had a slightly weaker quarter compared with the previous quarter, with volatile stock prices leading to fewer share issues. Card commission income has increased due to the lower fees paid to VISA and MasterCard.

Net gains and losses on financial items at fair value decreased by 3 per cent. Central bank measures during the quarter played a big role in the income trend, especially the Riksbank's rate cut. The negative interest rates lessened customer interest in hedging rates, while currency hedging was more attractive, particularly among small companies. The card area remained challenging with low liquidity, but trading picked up at the end of the quarter. Equity trading produced a positive result.

Compared with the previous quarter total expenses decreased by 6 per cent, mainly due to lower staff costs.

Credit impairments amounted to SEK 97m in the first quarter, corresponding to a credit impairment ratio of 0.15 per cent. The credit impairments were primarily attributable to increased provisions for a single commitment in the shipping and offshore sector. Oil prices fell in 2015, and investment in the sector is expected to remain low for an extended period. Companies in offshore and other oil-related sectors continue to adjust to the lower investment level. Swedbank is closely dialoguing with customers in these sectors, which mainly consist of listed companies with high credit ratings and long-term customer contracts.

### First quarter 2016 compared with first quarter 2015

Profit decreased by 15 per cent year-on-year due to lower net interest income and net gains and losses on financial items, at the same time that credit impairments increased.

Net interest income fell by 11 per cent to SEK 764m. Lending volume was 2 per cent higher, while margins in the loan portfolio decreased. Changes in exchange rates adversely affected volume by SEK 3bn. Net interest income related to deposits increased due to the fees introduced in the second quarter 2015 for negative interest rates as well as increased deposit volumes.

Net commission income was stable, rising by 1 per cent to SEK 498m. Card income contributed positively. Swedbank's market share of bond issues in Sweden (SEK) was 28.9 per cent (24.4 per cent 2015) and in Norway (NOK) was 15.8 per cent (17.3 per cent 2015). This made Swedbank the market leader in Sweden and the fourth largest issuer in Norway. The result for bond issues is in line with the previous year, with income generated mainly from customers with higher ratings. Corporate finance income has been slightly weaker due to lower M&A income. Equity-related transactions have also been negatively affected by a volatile stock market.

Net gains and losses on financial items at fair value decreased by 31 per cent year-on-year to SEK 403m, mainly due to a more challenging credit market.

Total expenses decreased by 7 per cent compared with the same period in 2015, mainly due to lower variable staff costs.

Credit impairments amounted to SEK 97m, compared with SEK 16m in the first quarter 2015. The credit impairments were primarily attributable to increased provisions for a single commitment in the shipping and offshore sector. The share of impaired loans was 0.17 per cent.

### Business development

During the first quarter we continued to develop our strategy and customer offering. A number of projects are underway with the goal to strengthen the business as well as customer satisfaction in LC&I and in other parts of the bank.

In the large corporate business, for example, a new Corporate Solutions unit has been created to strengthen our dialogue with customers through more proactive advice in the areas of capital structure and strategic risk. At the same time projects are continuing on a unified corporate strategy for the Group and a digital cash management offering in the Nordic region. We have strengthened the bank's savings offering by allowing US equities to be traded through the Internet Bank and Mobile Bank and launched Bull & Bear certificates. Work to further improve the organisational infrastructure continued as well. During the year we are investing to meet the challenges of regulatory changes and need for integrated IT systems.

During the quarter Greenwich Associates published its annual survey of customer satisfaction with large companies. Swedbank's ranking was unchanged in Sweden and in line with the market average in terms of "overall relationship quality". In Norway as well Swedbank's result was in line with the average, which represents a decline from last year, however, when we were above average. The survey also pointed to development potential in our product offering, which our goal is to gradually improve during the year.

TNS Sifo Prospera also published its annual customer satisfaction survey of corporate bond managers. We were pleased to note that Swedbank ranks strongly in this area, sharing first place in "overall performance". Results improved according to several criteria, with the biggest gain in our credit and strategic analysis.



Björn Meltzer  
Acting Head of LC&I

**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. They are also responsible for developing corporate and capital market products for other parts of the bank and the Swedish savings banks. LC&I works closely with customers, who receive advice on decisions that create sustainable profits and growth. LC&I is represented in Sweden, Norway, Estonia, Latvia, Lithuania, Finland, Luxembourg, China, the US and South Africa.



# Group Functions & Other

## Income statement

SEKm	Q1 2016	Q4 2015	%	Q1 2015	%
Net interest income	444	398	12	836	-47
Net commission income	39	15		-5	
Net gains and losses on financial items at fair value	-120	-391	-69	-371	-68
Share of profit or loss of associates	1			1	0
Other income	177	169	5	188	-6
<b>Total income</b>	<b>541</b>	<b>191</b>		<b>649</b>	<b>-17</b>
Staff costs	749	764	-2	743	1
Variable staff costs	37	34	9	83	-55
Other expenses	-674	-658	2	-777	-13
Depreciation/amortisation	85	85	0	97	-12
<b>Total expenses</b>	<b>197</b>	<b>225</b>	<b>-12</b>	<b>146</b>	<b>35</b>
<b>Profit before impairments</b>	<b>344</b>	<b>-34</b>		<b>503</b>	<b>-32</b>
Impairment of tangible assets	2	16	-88	17	-88
Credit impairments	-7				
<b>Operating profit</b>	<b>349</b>	<b>-50</b>		<b>486</b>	<b>-28</b>
Tax expense	79	24		116	-32
<b>Profit for the period from continuing operations</b>	<b>270</b>	<b>-74</b>		<b>370</b>	<b>-27</b>
Profit for the period from discontinued operations, after tax		-12		49	
Profit for the period	270	-86		419	-36
<b>Profit for the period attributable to the shareholders of Swedbank AB</b>	<b>270</b>	<b>-86</b>		<b>419</b>	<b>-36</b>
Non-controlling interests					
Full-time employees	4 402	4 317	2	4 374	1

Net interest income and net gains and losses on financial items mainly stem from Group Treasury. Other income mainly refers to income from the savings banks. Expenses mainly relate to Group Products and Group staffs and are allocated to a large extent. The product areas are described in more detail from page 19.

### First quarter 2016 compared with fourth quarter 2015

The result for continuing operations improved to SEK 270m during the quarter (-86), mainly due to a higher result within Group Treasury. The result for Group Treasury increased to SEK 257m (-6).

Net interest income rose to SEK 444m (398). This is mainly due to Group Treasury, where net interest income rose to SEK 453m (410). The increase is largely explained by positive effects from covered bond repurchases, falling market interest rates and increased short-term investments.

Net gains and losses on financial items at fair value improved to SEK -120m (-391). Net gains and losses on financial items within Group Treasury improved to SEK -110m (-396). A lower volume of covered bonds was repurchased during the quarter at the same time that credit spreads tightened, which contributed positively.

Other income increased slightly.

Expenses decreased, which was mainly a result of lower IT expenses.

Impairment of intangible assets amounted to SEK 0m (0). Impairment of tangible assets decreased to SEK 2m (16).

### Discontinued operations

The result for discontinued operations amounted to SEK 0m (-12).

### First quarter 2016 compared with first quarter 2015

The result for continuing operations decreased to SEK 270m during the quarter (370) mainly due to a lower result within Group Treasury. The result for Group Treasury fell to SEK 257m (332).

Net interest income fell to SEK 444m (398), mainly because previously taken positions have matured and income from the bank's liquidity portfolio decreased.

Net gains and losses on financial items at fair value improved to SEK -120m (-391) due to a lower volume of covered bond repurchases and tighter credit spreads.

Other income decreased marginally.

Expenses increased slightly due to higher IT and staff costs.

Impairment of intangible assets amounted to SEK 0m (0). Impairment of tangible assets decreased to SEK 2m (17).

### Discontinued operations

The result for discontinued operations amounted to SEK 0m (49).

*Group Functions & Other consists of centralised business support units and the product organisation Group Products. The centralised units serve as strategic and administrative support and comprise Accounting & Finance, Communication, Risk, IT, Compliance, Public Affairs, HR and Legal. Group Products' purpose is to improve efficiency in the development and maintenance of Swedbank's products. Group Treasury is responsible for the bank's funding, liquidity and capital planning. Group Treasury sets the prices on all internal deposit and loan flows in the Group through internal interest rates, where the most important parameters are maturity, interest fixing period, currency and need for liquidity reserves.*

## Eliminations

### Income statement

SEKm	Q1 2016	Q4 2015	%	Q1 2015	%
Net interest income		1			
Net commission income	7	21	-67	18	-61
Net gains and losses on financial items at fair value	-4			1	
Other income	-36	-45	20	-44	18
<b>Total income</b>	<b>-33</b>	<b>-23</b>	<b>-43</b>	<b>-25</b>	<b>32</b>
Staff costs	1				
Variable staff costs					
Other expenses	-34	-23	-48	-25	36
Depreciation/amortisation					
<b>Total expenses</b>	<b>-33</b>	<b>-23</b>	<b>-43</b>	<b>-25</b>	<b>32</b>

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

## Product areas

Responsibility for the product areas rests with Group Products (GP) within Group Functions & Other. GP's role is to increase efficiency in the development and maintenance of Swedbank's products and to ensure that the customer offering is relevant, competitive and of high quality. This makes it a priority to harmonise, improve efficiencies and digitise the processes for every product. The number of products will be reduced to make it easier for the bank's customers while also increasing cost efficiencies. The number of funds is being reduced and efficiencies are being achieved in the mortgage lending process at the same time that digital availability is being improved. In mobile e-commerce new card payment solutions are being introduced to meet increased demand for e-commerce solutions. The product areas' results are reported in several legal units and in the business segments. For more information, see below and in the business segment descriptions.

Swedbank is a leader in many product areas, including asset management, cards and payments, mortgage lending and deposits to name a few. Most customers want more digital solutions and the greater availability they provide. Digitisation is therefore an important area for Swedbank. The number of customers connected to the bank's digital channels and their usage continue to rise.

Number of customers, digital channels, million	31 Mar 2016	31 Dec 2015	31 Mar 2015
Internet Bank	7.1	7.1	6.8
of which Sweden	4.0	3.9	3.8
of which Baltic countries	3.1	3.1	3.0
Mobile Bank	3.7	3.5	2.9
of which Sweden	2.6	2.5	2.1
of which Baltic countries	1.1	1.1	0.9
Mobile Bank ID, Sweden	2.3	2.1	1.6
Teller transactions in branches	1.3	3.7	1.7
of which Sweden	0.7	3.0	0.8
of which Baltic countries	0.6	0.7	0.9

### Lending and finance

Lending products account for the majority of the assets on the balance sheet, and lending amounted to SEK 1 386bn as of 31 March (1 371 as of 31 December 2015). The largest share was lending to households, mainly mortgages to private customers and tenant-owner associations in Sweden. Swedbank is also a major corporate lender in Sweden. The bank has a strong position in property management, services and retail, as well as in forestry and agriculture. In consumer loans in the Swedish market Swedbank has a market share of about 10 per cent, corresponding to a volume of SEK 24bn.

In the Baltic countries Swedbank is the largest lender, with market shares of 20-45 per cent. The Baltics account for 9 per cent of Swedbank's total lending, with about an equal mix of private and corporate customers. Estonia accounts for nearly half of the Baltic portfolio.

### Lending

Loans SEKbn	31 Mar 2016	31 Dec 2015	31 Mar 2015
Loans, private mortgage	742	733	704
of which Sweden	683	675	647
of which Baltic countries	55	55	53
Loans, private other incl tenant-owner associations	138	136	136
of which Sweden	125	124	124
of which Baltic countries	11	11	10
Loans, corporate	506	502	502
of which Sweden	388	387	389
of which Baltic countries	60	59	61
of which Norway	44	41	35
<b>Total</b>	<b>1 386</b>	<b>1 371</b>	<b>1 342</b>

### Save and invest

Swedbank is the leader in deposits in its home markets. Slightly over 70 per cent of total volume is in Sweden. Swedbank's market share in Sweden is 21.0 per cent for private deposits and 19.9 per cent for corporate deposits. The market shares in the Baltic countries for private deposits range between 27 and 54 per cent and for corporate deposits between 11 and 36 per cent. The shares are highest in Estonia.

Asset management is provided through Swedbank Robur in Swedbank's four home markets as well as in Norway. In Sweden Swedbank Robur is the largest player with a market share of 21.5 per cent based on fund assets under management.

Swedbank is the seventh largest life insurance company in Sweden, with a market share of about 7 per cent in premium payments excluding capital transfers. The market share for transferred capital is also nearly 7 per cent, putting Swedbank in sixth place. Swedbank is the largest life insurance company in Estonia and the second largest in Lithuania. As of 29 February the market shares were 40 and 21 per cent, respectively. In Latvia the market share was 18 per cent. The market shares for Baltic non-life insurance operations based on total premium income ranged between 2 and 15 per cent, with the largest share in Estonia. In homeowner's and vehicle insurance Swedbank is the market leader in Estonia with shares of 31 per cent and 25 per cent, respectively. Non-life insurance is offered in Sweden through the insurance company Tre Kronor.

Clearly, a higher share of new savings is being placed in pension products and passively managed funds with lower margins. Digitisation and changing regulations are contributing to gradually improving transparency and greater competition. It is also clear that customers are more willing to switch savings providers now that transfers are much easier, and they are reacting faster to changes in the market than before. At the same time products are becoming more standardised, which in turn leads to price pressure.

In 2016 Swedbank will focus on three areas in the savings market: digital sales, pensions and monthly savings. Pension capital transfers from contractual pensions as well as other occupational and private pensions will also receive more attention.

The upcoming regulation banning commissions in Sweden, which is expected to be introduced in 2018, will prohibit the payment of commissions to distributors that sell products on an advisory basis. This will alter the basic business logic in the savings area.

## Deposits

Deposits SEKbn	31 Mar 2016	31 Dec 2015	31 Mar 2015
Deposits, private	406	399	369
of which Sweden	319	313	287
of which Baltic countries	86	85	81
Deposits, corporate	503	345	368
of which Sweden	250	240	215
of which Baltic countries	71	69	60
of which other countries	182	36	93
<b>Total</b>	<b>909</b>	<b>744</b>	<b>737</b>

## Asset management

Swedbank Robur had a net outflow of SEK 4bn (-0.3) in the Swedish fund market during the first quarter. The total net flow in the market was SEK -5bn during the period, of which SEK -19bn in equity funds and SEK 10bn in fixed income funds.

Net inflow Swedish fund market, SEKbn	Of which		Of which	
	Total Q1 2016	Robur Q1 2016	Total Q4 2015	Robur Q4 2015
Fixed income funds	10	-2	-19	-5
Mixed funds	3	1	17	4
Equity funds	-19	-2	38	1
of which index funds	-2	0	11	0
Other funds	1	0	1	0
<b>Total net inflow</b>	<b>-5</b>	<b>-4</b>	<b>37</b>	<b>0</b>

The asset management business had a slow start to the year due to the jittery market. The share of equity funds that outperformed their indices (after fees) fell during the period to 33 per cent, compared with 51 per cent at the end of 2015. The corresponding figures are 88 per cent for fixed income funds and 30 per cent for mixed funds.

At the end of the first quarter 2016 Morningstar published a new sustainability rating where every fund is rated on a five-point scale of globes, similar to the Morningstar's stars, based on returns. The results showed that Swedbank Robur had an average rating of 3.22, the highest among our competitors.

Asset management Key ratios, SEKbn	Jan-Mar 2016	Jan-Mar 2015	%
Total income, SEKbn	896	1 134	-21
Assets under management	713	786	-9
of which Sweden	680	755	-10
of which Baltic countries	29	27	7
of which Norway	4	4	-5
Discretionary asset management	356	360	-1

Asset management income decreased by 14 per cent compared with the previous quarter, while fund assets under management fell by 3 per cent due to the downward trend in the market. The larger percentage decline in management income mainly relates to higher income in the fourth quarter 2015 from performance-based fees attributable to Swedbank Robur's discretionary asset management (SEK 26m) and fund management in the Baltic countries (SEK 40m) and Norway (SEK 4m). Compared with the same period in 2015 management income is at a lower level. This is partly due to lower assets under management caused by the market slide in the second half of 2015 and partly to last year's reduction of management fees.

## Insurance

Premium income SEKbn	Jan-Mar 2016	Jan-Mar 2015	%
Sweden	4 478	5 888	-24
of which collective occupational pensions	2 146	2 275	-6
of which endowment insurance	1 507	2 764	-45
of which occupational pensions	514	509	1
of which risk insurance	206	199	4
of which other	105	142	-26
Baltic countries	356	330	8
of which life insurance	203	199	2
of which non-life insurance	153	131	17

During the period life insurance premium income in Sweden decreased by 24 per cent year-on-year. The decrease was mainly in endowment insurance, both private and corporate. Contractual pensions have declined as well, mainly due to lower assets under management. Despite lower capital inflows, occupational pensions remain at the same level as the previous year thanks to higher premium payments on existing contracts. Risk insurance (health and life insurance) continues to grow at a stable rate.

A new Internet service was launched in early March to improve service for corporate customers, who now have a much better overview of their pension plans and can easily handle the most frequent changes directly through the Internet Bank.

Premium income in the Baltic life insurance business rose by 3 per cent in local currency year-on-year. The increase is attributable to risk products, while savings products fell slightly due to lower one-off contributions to endowment insurance. The positive trend with stable premium growth in Baltic non-life insurance continued. In total, premiums rose by 18 per cent in local currency. The increase related to all products. The focus on insurance in Baltic bank branches, coupled with advertising campaigns, has contributed to the rising sales. At the same time competition is increasing, causing greater price pressure.

Assets under management SEKbn	31 Mar 2016	31 Mar 2015	%
Sweden	143	151	-6
of which collective occupational pensions	62	66	-7
of which endowment insurance	55	59	-7
of which occupational pensions	17	15	12
of which other	9	9	-3
Baltic countries	4	4	4

Declining equity prices led to a decrease of 6 per cent in assets under management in the Swedish insurance business to SEK 143bn. Assets under management in the Baltic life insurance business fell by 1 per cent in local currency, also due to falling stock prices.

Insurance related income SEKbn	Jan-Mar 2016	Jan-Mar 2015	%
Total insurance related income	463	505	-8
Sweden	349	348	0
of which life insurance	340	337	1
of which non-life insurance	9	12	-18
Baltic countries	114	156	-27
of which life insurance	64	95	-32
of which non-life insurance	50	61	-19

Swedbank's total insurance related income fell by 8 per cent year-on-year. Income from the Swedish life insurance business rose by 1 per cent. The risk result

rose due to higher volumes and fewer claims in the group life business. Reduced fund fees and lower assets under management led to lower income from savings products. Income from the Swedish non-life business fell by 18 per cent due to lower volumes. Income from the Baltic life insurance was down 32 per cent in local currency. The decrease is the result of a positive one-off effect in the previous year caused by changes in the assumptions used to calculate provisions for guaranteed return on products in traditional life. Excluding this one-off effect, income rose. Despite strong premium growth income in the Baltic non-life business, income fell because of higher claims after a harsh winter with unfavourable weather conditions. The growing competition makes it harder to compensate for rising claims with higher premiums. The claims ratio for the period rose to 68.2 per cent (53.4).

## Pay

Swedbank is a leader in payment and cash management products in its four home markets. In Sweden it has a market share of 34 per cent for bank giro payments. In the Baltic countries its market shares for domestic payments range between 41 and 59 per cent and for international payments between 26 and 29 per cent, with the highest share in Estonia.

In Sweden about 85 per cent of store payments are made by card, and market growth is expected to remain good. In Estonia the corresponding card payment frequency is 50 per cent. In Latvia and Lithuania it is lower but steadily rising.

Swedbank is Europe's fifth largest acquirer based on the number of acquired card purchases. Market shares in the bank's home markets range between 63 per cent (Estonia) and 30 per cent (Lithuania). Swedbank is the 11th largest debit card issuer in Europe, with market shares of between 45 and 60 per cent in its home markets.

EU authorities have adopted several regulations that affect banks and payment services. Their aim is to accelerate the transition to digital payments. This is fully in line with Swedbank's work to make account and payment services available and easy to use in digital channels. Adapting to the new legal framework will occupy the payment market in years to come and impact the business.

The interchange fees regulation (IFR), which took effect in 2015, adversely affects card issuance earnings for example but in the short term may benefit the card acquiring business. In Sweden the regulation will strengthen Swedbank's income, since the added card purchases we will be making from retailers at a lower cost will exceed what we lose in income from our own cardholders' purchases. Over time the price pressure on retailers' card fees will increase, due to which the long-term financial effects of the new regulation are difficult to determine. In the Baltic countries interchange fees are expected to be cut in half on both debit and credit cards, squeezing income for card issuers. Because of this, Swedbank is currently reviewing its card pricing in the region. Swedbank is a net acquirer in the Baltics as well, which reduces the impact of the lower card issuance income.

Among other regulations is the Payment Services Directive (PSD2), which takes effect in 2018 at the latest

and places new requirements on banks. With the customer's approval, new payment service providers can make payments, retrieve account information from or link payment instruments to the customer's account in a bank. There is a risk therefore that banks will see their earnings from payment services decline at the same time that costs could rise.

In addition, electronic payments by customers are increasing steadily. This is creating a need for new multi-channel solutions for consumers and retailers to improve the shopping experience and increase the number of purchases. Swedbank is addressing this with effective card acquiring services – including Swish and Swish for merchants – coupled with Mobile BankID. This trend, together with the regulations, is forcing banks to update their payment infrastructure, security solutions and digital channels. At the same time they are facing growing demands in terms of fee transparency, stability, security and availability.

## Payments

Number of payments	Jan-Mar	Jan-Mar	%
	2016	2015	
International payments (million)	3.0	2.7	11
of which Sweden	1.3	1.2	8
of which Baltic countries	1.7	1.5	13
Domestic payments (million) <sup>1)</sup>	227.8	224.8	1
of which Sweden	170.3	169.8	0
of which Baltic countries	57.5	55.0	5
E-services payments (million) <sup>2)</sup>	25.4	15.0	69
of which Sweden	18.2	8.8	
of which Baltic countries	7.2	6.2	16
Other digital solutions (million) <sup>3)</sup>	210.6	128.3	64
of which Sweden	203.3	123.7	64
of which Baltic countries	7.3	4.6	59

<sup>1)</sup> Domestic payments include salary payments, giro payments, direct debit payments, internet payments.

<sup>2)</sup> E-payments include direct debit payments, Swish and Top-up, which allow retailers to sell and distribute gift cards and gift certificates through the Mobile Bank.

<sup>3)</sup> Other digital solutions include e-invoices, ID transactions through E-ID and BankID

The number of payments has continued to rise – a combination of economic growth and the shift from cash to cards and e-payments. Swish users from Swedish banks now include over 4.1 million private customers and around 61 000 corporate customers. A merchant service launched in January allows retailers to accept Swish payments through apps and online. Swedbank continues to develop new services in the consolidating e-commerce market. At the same time work continues to reduce the use of paper in the payment area. During the quarter, for example, the use of electronic invoices increased by 18 per cent in Sweden.

Payments	Jan-Mar	Jan-Mar	%
	2016	2015	
Net commission income, SEKm			
Net commission income	232	207	12
of which Nordic countries	119	97	23
of which Baltic countries	113	110	3

Net payment commissions in the Nordic region increased by 23 per cent year-on-year largely due to lower commission expenses on domestic and other payments. Net commission income in the Baltic countries rose by 3 per cent mainly because of higher commission income from domestic and international payments in Estonia.

## Cards

Key ratios, cards	Jan-Mar	Jan-Mar	%
	2016	2015	
Acquired transactions, million	580	499	16
of which Nordic countries	505	426	19
of which Baltic countries	74	74	1
Acquired volumes, SEKbn	137	118	16
of which Nordic countries	126	107	17
of which Baltic countries	11	11	5
Issued cards, million	7.8	7.7	2
of which Nordic countries	4.1	3.9	4
of which Baltic countries	3.7	3.8	0
Number of card purchases, million	364	330	10
of which Nordic countries	266	240	11
of which Baltic countries	98	90	9

Increased card usage is the main reason for the rise in transactions in the Nordic and Baltic regions, along with declining cash withdrawals. Compared with the same period in 2015 the value of payments with Swedbank cards in Sweden rose by 11 per cent at the same time that ATM withdrawals were down 6 per cent. In the Baltic countries, where Swedbank is actively encouraging customers to pay by card, the value increased by 10 per cent. The biggest increase, 16 per cent, was in Lithuania.

The card issuance business has continued to grow, by 8 per cent year-on-year for Swedish corporate cards. The bank's many small business customers continue to offer good potential to expand this business. The number of cards issued to private customers increased by 4 per cent in Sweden and decreased slightly in the Baltic countries due to product mergers. The value of e-payments in Sweden with Swedbank's debit cards grew by 19 per cent during the year, compared with an increase of 11 per cent for brick-and-mortar purchases.

To meet the growing demand for mobile e-commerce and make it easier for customers to use their mobile phones for more secure online card purchases, Swedbank launched the Masterpass digital wallet in November 2015. Available to all Swedbank customers who pay online by card, Masterpass stores a digital version of all the customer's MasterCard or Visa cards

for safe and simple online payments. In total, 5 per cent of purchases with Swedbank's debit cards are made online. In the acquiring business around 3 per cent of our transactions in Sweden are from e-commerce.

We have begun to issue cashless debit cards to our card customers on a small scale to test payments of small amounts without a password with the aim of making card payments even easier. In card acquiring we already offer cashless payments for stores even though few cashless cards have been issued in our home markets at this point.

Card related income SEKm	Jan-Mar 2016	Jan-Mar 2015	%
Total income, SEKm	848	830	2
of which Nordic countries	517	441	17
of which Baltic countries	210	204	3
of which Entercard <sup>1)</sup>	120	185	-35

<sup>1)</sup> Swedbank's share of the profit or loss of Entercard

Total card income increased by 2 per cent compared with the same period in 2015. Excluding one-off effects, card income rose by 17 per cent in the Nordic region and 3 per cent in the Baltic countries. The increase in the Baltics is due to the issuance and higher usage of debit and credit cards. Card acquiring income rose mainly thanks to the interchange fees regulation. At the same time earnings were squeezed by continued margin pressure.

Our card acquiring business in Finland is growing rapidly in volume. In 2015 the country's largest retail group, with 25 per cent of Finland's retail sales, selected us as its card acquirer.

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

## Income statement, condensed

Group SEKm	Q1 2016	Q4 2015	%	Q1 2015	%
Interest income	8 431	8 103	4	9 416	-10
Interest expenses	-2 808	-2 344	20	-3 697	-24
<b>Net interest income (note 5)</b>	<b>5 623</b>	<b>5 759</b>	<b>-2</b>	<b>5 719</b>	<b>-2</b>
Commission income	3 683	4 198	-12	4 034	-9
Commission expenses	-1 038	-1 321	-21	-1 290	-20
<b>Net commission income (note 6)</b>	<b>2 645</b>	<b>2 877</b>	<b>-8</b>	<b>2 744</b>	<b>-4</b>
Net gains and losses on financial items at fair value (note 7)	400	165		320	25
Insurance premiums	505	506	0	527	-4
Insurance provisions	-348	-313	11	-342	2
<b>Net insurance</b>	<b>157</b>	<b>193</b>	<b>-19</b>	<b>185</b>	<b>-15</b>
Share of profit or loss of associates	191	155	23	279	-32
Other income	290	308	-6	371	-22
<b>Total income</b>	<b>9 306</b>	<b>9 457</b>	<b>-2</b>	<b>9 618</b>	<b>-3</b>
Staff costs	2 307	2 291	1	2 472	-7
Other expenses (note 8)	1 527	1 791	-15	1 517	1
Depreciation/amortisation	154	157	-2	179	-14
<b>Total expenses</b>	<b>3 988</b>	<b>4 239</b>	<b>-6</b>	<b>4 168</b>	<b>-4</b>
<b>Profit before impairments</b>	<b>5 318</b>	<b>5 218</b>	<b>2</b>	<b>5 450</b>	<b>-2</b>
Impairment of intangible assets (note 14)					
Impairment of tangible assets	8	19	-58	15	-47
Credit impairments (note 9)	35	399	-91	59	-41
<b>Operating profit</b>	<b>5 275</b>	<b>4 800</b>	<b>10</b>	<b>5 376</b>	<b>-2</b>
Tax expense	961	974	-1	1 101	-13
<b>Profit for the period from continuing operations</b>	<b>4 314</b>	<b>3 826</b>	<b>13</b>	<b>4 275</b>	<b>1</b>
Profit for the period from discontinued operations, after tax (note 26)		-12		49	
Profit for the period	4 314	3 814	13	4 324	0
<b>Profit for the period attributable to the shareholders of Swedbank AB</b>	<b>4 311</b>	<b>3 813</b>	<b>13</b>	<b>4 320</b>	<b>0</b>
of which profit for the period from continuing operations	4 311	3 825	13	4 271	1
of which profit for the period from discontinued operations		-12		49	
Non-controlling interests	3	1		4	-25
of which profit for the period from continuing operations	3	1		4	-25
of which profit for the period from discontinued operations					
<b>SEK</b>					
Earnings per share, continuing operations, SEK	3.89	3.46		3.87	
after dilution	3.87	3.46		3.84	
Earnings per share, discontinued operations, SEK	0.00	-0.02		0.04	
after dilution	0.00	-0.02		0.04	
Earnings per share, total operations, SEK	3.89	3.44		3.91	
after dilution	3.87	3.44		3.88	



## Statement of comprehensive income, condensed

Group SEKm	Q1 2016	Q4 2015	%	Q1 2015	%
<b>Profit for the period reported via income statement</b>	<b>4 314</b>	<b>3 814</b>	<b>13</b>	<b>4 324</b>	<b>0</b>
<b>Items that will not be reclassified to the income statement</b>					
Remeasurements of defined benefit pension plans	-2 355	1 042		-2 450	-4
Share related to associates	-60	28		-73	-18
Income tax	531	-236		555	-4
<b>Total</b>	<b>-1 884</b>	<b>834</b>		<b>-1 968</b>	<b>-4</b>
<b>Items that may be reclassified to the income statement</b>					
Exchange differences, foreign operations					
Gains/losses arising during the period	275	-1 192		-1 070	
Reclassification adjustments to income statement, profit for the period from discontinued operation		87			
Hedging of net investments in foreign operations:					
Gains/losses arising during the period	-242	978		839	
Reclassification adjustments to income statement, profit for the period from discontinued operations		-91			
Cash flow hedges:					
Gains/losses arising during the period	81	-16		112	-28
Reclassification adjustments to income statement, net interest income	4			3	33
Share of other comprehensive income of associates	30	-42		24	25
Income tax					
Income tax	36	-210		-208	
Reclassification adjustments to income statement, tax	-1			-1	
Reclassification adjustments to income statement, profit for the period from discontinued operations		28			
<b>Total</b>	<b>183</b>	<b>-458</b>		<b>-301</b>	
<b>Other comprehensive income for the period, net of tax</b>	<b>-1 701</b>	<b>376</b>		<b>-2 269</b>	<b>-25</b>
<b>Total comprehensive income for the period</b>	<b>2 613</b>	<b>4 190</b>	<b>-38</b>	<b>2 055</b>	<b>27</b>
<b>Total comprehensive income attributable to the shareholders of Swedbank AB</b>	<b>2 610</b>	<b>4 189</b>	<b>-38</b>	<b>2 050</b>	<b>27</b>
Non-controlling interests	3	1		5	-40

For 2016 an expense of SEK 1 884m (1 968) was recognised in other comprehensive income after tax, including remeasurements of defined benefit pension plans in associates. The 2016 expense arose primarily because market interest rates fell from the beginning of the year. As of 31 March the discount rate, which is used to calculate the closing pension obligation, was 2.92%, compared with 3.53% at the beginning of the year. The market's future inflation expectations were unchanged compared with the beginning of the year. The inflation assumption was 1.63%. The market value of assets under management decreased by SEK 512m during the quarter. As a whole, the obligation for defined benefit pension plans exceeded the market value of the assets under management by SEK 967m.

For 2016 an exchange difference of SEK 275m (-1 070) was recognised for the Group's foreign net investments in subsidiaries. In addition, an exchange rate difference of SEK 29m for the Group's foreign net investments in associates is included in Share related to associates. The gain related to subsidiaries mainly arose because the Swedish krona weakened against the euro. The total gain of SEK 304m is not taxable. Since the large part of the Group's foreign net investments is hedged against currency risk, a loss of SEK 242m before tax arose for the hedging instruments, compared with a year-earlier gain of SEK 839m.

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

## Key ratios

Group	Q1 2016	Q4 2015	%	Q1 2015	%
Equity per share, SEK	113.35	111.42	2	96.75	15
Return on equity, continuing operations, %	13.8	12.7		14.8	
Return on equity, total operations, %	13.8	12.6		14.9	
Credit impairment ratio, %	0.01	0.11		0.02	

## Balance sheet, condensed

Group SEKm	31 Mar 2016	31 Dec 2015	Δ SEKm	%	31 Mar 2015	%
<b>Assets</b>						
Cash and balance with central banks	339 306	186 312	152 994	82	225 474	50
Loans to credit institutions (note 10)	90 980	86 418	4 562	5	93 352	-3
Loans to the public (note 10)	1 497 907	1 413 955	83 952	6	1 403 137	7
Value change of interest hedged item in portfolio hedge	1 941	1 009	932	92	1 653	17
Interest-bearing securities	162 994	165 162	-2 168	-1	200 065	-19
Financial assets for w hich customers bear the investment risk	150 022	153 442	-3 420	-2	157 389	-5
Shares and participating interests	8 600	11 074	-2 474	-22	10 946	-21
Investments in associates	5 473	5 382	91	2	5 008	9
Derivatives (note 18)	99 002	86 107	12 895	15	138 691	-29
Intangible fixed assets (note 14)	13 750	13 690	60	0	14 046	-2
Investment properties		8	-8		81	
Tangible assets	1 961	1 981	-20	-1	2 358	-17
Current tax assets	2 679	1 662	1 017	61	1 175	
Deferred tax assets	191	192	-1	-1	245	-22
Pension assets		1 274	-1 274			
Other assets	22 664	14 677	7 987	54	13 313	70
Prepaid expenses and accrued income	6 319	6 362	-43	-1	6 982	-9
Group of assets classified as held for sale (note 25)		148	-148		614	
<b>Total assets</b>	<b>2 403 789</b>	<b>2 148 855</b>	<b>254 934</b>	<b>12</b>	<b>2 274 529</b>	<b>6</b>
<b>Liabilities and equity</b>						
Amounts owed to credit institutions (note 15)	145 631	150 493	-4 862	-3	142 428	2
Deposits and borrowings from the public (note 16)	919 877	748 271	171 606	23	762 536	21
Financial liabilities for w hich customers bear the investment risk	155 635	157 836	-2 201	-1	161 483	-4
Debt securities in issue (note 17)	861 484	826 535	34 949	4	884 746	-3
Short positions, securities	26 970	8 191	18 779		19 447	39
Derivatives (note 18)	85 601	68 681	16 920	25	102 172	-16
Current tax liabilities	1 003	105	898		964	4
Deferred tax liabilities	2 612	3 071	-459	-15	970	
Pension provisions	967	17	950		4 918	-80
Insurance provisions	1 758	1 728	30	2	1 726	2
Other liabilities and provisions	39 465	22 715	16 750	74	47 610	-17
Accrued expenses and prepaid income	14 647	13 243	1 404	11	13 111	12
Subordinated liabilities	22 107	24 613	-2 506	-10	25 310	-13
Liabilities directly associated w ith group of assets classified as held for sale (note 25)		14	-14		50	
<b>Total liabilities</b>	<b>2 277 757</b>	<b>2 025 513</b>	<b>252 244</b>	<b>12</b>	<b>2 167 471</b>	<b>5</b>
<b>Equity</b>						
Non-controlling interests	182	179	3	2	175	4
Equity attributable to shareholders of the parent company	125 850	123 163	2 687	2	106 883	18
<b>Total equity</b>	<b>126 032</b>	<b>123 342</b>	<b>2 690</b>	<b>2</b>	<b>107 058</b>	<b>18</b>
<b>Total liabilities and equity</b>	<b>2 403 789</b>	<b>2 148 855</b>	<b>254 934</b>	<b>12</b>	<b>2 274 529</b>	<b>6</b>

### Balance sheet analysis

Total assets increased by SEK 255bn from 1 January 2015. Assets increased mainly due to higher cash and balances with central banks, which rose by SEK 153bn. The increase is mainly attributable to higher deposits with the US Federal Reserve and central banks in the euro system. Deposits and borrowings from the public rose by a total of SEK 172bn, mainly volumes from US money market funds, which increased by SEK 148bn. Lending to credit institutions rose by SEK 5bn at the same time that amounts owed to them decreased by SEK 5bn. Balance sheet items related to credit institutions fluctuate over time depending on repos, among other things. The market value of derivatives increased on both the asset and liability side, mainly due to large movements in interest rates and currencies. Excluding the National Debt Office and repos, lending volumes increased by SEK 15bn. The increase primarily relate to Sweden and Lithuania in local currency; SEK 8bn of the increase is attributable to mortgages in Sweden. Short positions in securities increased due to higher trading volumes at the beginning of the year than the end. The increase in securities in issue was mainly a result of a EUR covered bond issued in February and a USD unsecured bond issued in March.

# Statement of changes in equity, condensed

Group SEKm	Shareholders' equity					Non-controlling interests		Total equity	
	Share capital	Other contributed equity <sup>1)</sup>	Exchange differences, subsidiaries and associates	Hedging of net investments in foreign operations	Cash flow hedges	Retained earnings	Total		
<b>January-March 2015</b>									
<b>Opening balance 1 January 2015</b>	<b>24 904</b>	<b>17 275</b>	<b>2 564</b>	<b>-1 801</b>	<b>-105</b>	<b>74 366</b>	<b>117 203</b>	<b>170</b>	<b>117 373</b>
Dividends						-12 539	-12 539		-12 539
Share based payments to employees						115	115		115
Deferred tax related to share based payments to employees						-25	-25		-25
Current tax related to share based payments to employees						54	54		54
Disposal of own shares for trading purposes						33	33		33
Acquired non-controlling interest						-8	-8		-8
Total comprehensive income for the period			-1 047	655	90	2 352	2 050	5	2 055
of which reported through profit or loss						4 320	4 320	4	4 324
of which reported through other comprehensive income			-1 047	655	90	-1 968	-2 270	1	-2 269
<b>Closing balance 31 March 2015</b>	<b>24 904</b>	<b>17 275</b>	<b>1 517</b>	<b>-1 146</b>	<b>-15</b>	<b>64 348</b>	<b>106 883</b>	<b>175</b>	<b>107 058</b>
<b>January-December 2015</b>									
<b>Opening balance 1 January 2015</b>	<b>24 904</b>	<b>17 275</b>	<b>2 564</b>	<b>-1 801</b>	<b>-105</b>	<b>74 366</b>	<b>117 203</b>	<b>170</b>	<b>117 373</b>
Dividends						-12 539	-12 539	-5	-12 544
Share based payments to employees						413	413		413
Deferred tax related to share based payments to employees						-42	-42		-42
Current tax related to share based payments						63	63		63
Disposal of own shares for trading purposes						33	33		33
Acquired non-controlling interest						-8	-8		-8
Associates' acquisition of non-controlling interest						-7	-7		-7
Total comprehensive income for the period			-1 728	1 097	122	18 556	18 047	14	18 061
of which reported through profit or loss						15 727	15 727	13	15 740
of which reported through other comprehensive income			-1 728	1 097	122	2 829	2 320	1	2 321
<b>Closing balance 31 December 2015</b>	<b>24 904</b>	<b>17 275</b>	<b>836</b>	<b>-704</b>	<b>17</b>	<b>80 835</b>	<b>123 163</b>	<b>179</b>	<b>123 342</b>
<b>January-March 2016</b>									
<b>Opening balance 1 January 2016</b>	<b>24 904</b>	<b>17 275</b>	<b>836</b>	<b>-704</b>	<b>17</b>	<b>80 835</b>	<b>123 163</b>	<b>179</b>	<b>123 342</b>
Dividends									
Share based payments to employees						113	113		113
Deferred tax related to share based payments to employees						-68	-68		-68
Current tax related to share based payments to employees						32	32		32
Total comprehensive income for the period			304	-188	67	2 427	2 610	3	2 613
of which reported through profit or loss						4 311	4 311	3	4 314
of which reported through other comprehensive income			304	-188	67	-1 884	-1 701		-1 701
<b>Closing balance 31 March 2016</b>	<b>24 904</b>	<b>17 275</b>	<b>1 140</b>	<b>-892</b>	<b>84</b>	<b>83 339</b>	<b>125 850</b>	<b>182</b>	<b>126 032</b>

<sup>1)</sup> Other contributed equity consists mainly of share premiums.

## Cash flow statement, condensed

Group SEKm	Jan-Mar 2016	Full-year 2015	Jan-Mar 2015
<b>Operating activities</b>			
Operating profit	5 275	20 371	5 376
Profit for the period from discontinued operations		-6	49
Adjustments for non-cash items in operating activities	4 703	74	757
Taxes paid	-1 593	-4 660	-1 855
Increase/decrease in loans to credit institutions	-4 565	27 173	20 187
Increase/decrease in loans to the public	-83 357	-17 976	-1 470
Increase/decrease in holdings of securities for trading	6 003	4 820	-30 057
Increase/decrease in deposits and borrowings from the public including retail bonds	170 710	76 381	88 908
Increase/decrease in amounts owed to credit institutions	-4 958	-19 342	-28 082
Increase/decrease in other assets	-10 543	30 492	-23 510
Increase/decrease in other liabilities	40 235	-46 395	41 295
<b>Cash flow from operating activities</b>	<b>121 910</b>	<b>70 932</b>	<b>71 598</b>
<b>Investing activities</b>			
Business combinations			
Business disposals		245	245
Acquisitions of and contributions to associates	-7	-10	-10
Acquisitions of other fixed assets and strategic financial assets	-119	-3 021	-79
Disposals/maturity of other fixed assets and strategic financial assets	9	516	131
<b>Cash flow from investing activities</b>	<b>-117</b>	<b>-2 270</b>	<b>287</b>
<b>Financing activities</b>			
Issuance of interest-bearing securities	67 856	229 220	64 755
Redemption of interest-bearing securities	-50 881	-132 963	-38 114
Issuance of commercial paper etc.	190 914	941 257	219 307
Redemption of commercial paper etc.	-177 052	-1 019 742	-192 866
Dividends paid		-12 544	-12 539
<b>Cash flow from financing activities</b>	<b>30 837</b>	<b>5 228</b>	<b>40 543</b>
<b>Cash flow for the period</b>	<b>152 630</b>	<b>73 890</b>	<b>112 428</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>186 312</b>	<b>113 768</b>	<b>113 768</b>
Cash flow for the period	152 630	73 890	112 428
Exchange rate differences on cash and cash equivalents	364	-1 346	-722
<b>Cash and cash equivalents at end of the period</b>	<b>339 306</b>	<b>186 312</b>	<b>225 474</b>

## Note 1 Accounting policies

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

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

The accounting policies applied in the interim report conform to those applied in the Annual Report for 2015, 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 2015 Annual Report, except for the new standards and changes as set out below.

### **Other IFRS changes**

Other new or amended standards or interpretations which have been adopted have not had a significant effect on the financial position, results or disclosures of the Group or the parent company. For more information, refer to page 76 of the 2015 Annual Report.

## Note 2 Critical accounting estimates

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

goodwill, deferred taxes and defined benefit pension provisions. There have been no significant changes to the basis upon which the critical accounting policies and judgments have been determined compared with 31 December 2015.

## Note 3 Changes in the Group structure

### **External**

No significant changes to the Group structure occurred during the first quarter 2016.

## Note 4 Operating segments (business areas)

Q1 2016 SEKm	Swedish Banking	Baltic Banking	Large Corporates & Institutions	Group Functions & Other	Eliminations	Group
<b>Income statement</b>						
Net interest income	3 481	934	764	444		5 623
Net commission income	168	483	498	39	7	2 645
Net gains and losses on financial items at fair value	75	46	403	-120	-4	400
Share of profit or loss of associates	190			1		191
Other income	162	119	25	177	-36	447
<b>Total income</b>	<b>5 526</b>	<b>1 582</b>	<b>1 690</b>	<b>541</b>	<b>-33</b>	<b>9 306</b>
of which internal income	47		18	88	-153	
Staff costs	861	208	356	749	1	2 175
Variable staff costs	23	20	52	37		132
Other expenses	1519	331	385	-674	-34	1527
Depreciation/amortisation	25	30	14	85		154
<b>Total expenses</b>	<b>2 428</b>	<b>589</b>	<b>807</b>	<b>197</b>	<b>-33</b>	<b>3 988</b>
<b>Profit before impairments</b>	<b>3 098</b>	<b>993</b>	<b>883</b>	<b>344</b>		<b>5 318</b>
Impairment of intangible assets						
Impairment of tangible assets			6	2		8
Credit impairments	-13	-42	97	-7		35
<b>Operating profit</b>	<b>3 111</b>	<b>1 035</b>	<b>780</b>	<b>349</b>		<b>5 275</b>
Tax expense	681	138	63	79		961
Profit for the period from continuing operations	2 430	897	717	270		4 314
Profit for the period from discontinued operations, after tax						
Profit for the period	2 430	897	717	270		4 314
<b>Profit for the period attributable to the shareholders of Swedbank AB</b>	<b>2 427</b>	<b>897</b>	<b>717</b>	<b>270</b>		<b>4 311</b>
Non-controlling interests	3					3
<b>Balance sheet, SEKbn</b>						
Cash and balances with central banks		2	1	336		339
Loans to credit institutions	39		271	17	-236	91
Loans to the public	1079	127	289	3		1498
Bonds and other interest-bearing securities		1	71	102	-11	163
Financial assets for which customers bear inv. risk	150	3			-3	150
Investments in associates	3			2		5
Derivatives			111	46	-58	99
Total tangible and intangible assets	2	11		3		16
Other assets	6	26	32	727	-748	43
<b>Total assets</b>	<b>1 279</b>	<b>170</b>	<b>775</b>	<b>1 236</b>	<b>-1 056</b>	<b>2 404</b>
Amounts owed to credit institutions	55		178	106	-193	146
Deposits and borrowings from the public	459	147	144	177	-7	920
Debt securities in issue			17	862	-18	861
Financial liabilities for which customers bear inv. risk	153	3				156
Derivatives			107	37	-58	86
Other liabilities	561		309	-3	-780	87
Subordinated liabilities				22		22
<b>Total liabilities</b>	<b>1 228</b>	<b>150</b>	<b>755</b>	<b>1 201</b>	<b>-1 056</b>	<b>2 278</b>
Allocated equity	51	20	20	35		126
<b>Total liabilities and equity</b>	<b>1 279</b>	<b>170</b>	<b>775</b>	<b>1 236</b>	<b>-1 056</b>	<b>2 404</b>
<b>Key figures</b>						
Return on allocated equity, continuing operations, %	19.1	17.8	15.1	3.1		13.8
Return on allocated equity, total operations, %	19.1	17.8	15.1	3.1		13.8
Cost/income ratio	0.44	0.37	0.48	0.36		0.43
Credit impairment ratio, %	0.00	-0.13	0.15	-0.12		0.01
Loan/deposit ratio, %	238	86	132	0		152
Loans, SEKbn	1079	127	180			1386
Deposits, SEKbn	454	147	137	171		909
Risk exposure amount, Basel 3, SEKbn	186	74	120	19		399
Full-time employees	4 378	3 873	1241	4 402		13 894

Q1 2015 SEKm	Swedish Banking	Baltic Banking	Large Corporates & Institutions	Group Functions & Other	Eliminations	Group
<b>Income statement</b>						
Net interest income	3 193	831	859	836		5 719
Net commission income	1770	469	492	-5	18	2 744
Net gains and losses on financial items at fair value	54	50	586	-371	1	320
Share of profit or loss of associates	278			1		279
Other income	228	149	35	188	-44	556
<b>Total income</b>	<b>5 523</b>	<b>1 499</b>	<b>1 972</b>	<b>649</b>	<b>-25</b>	<b>9 618</b>
of which internal income	45		31	82	-158	
Staff costs	923	210	358	743		2 234
Variable staff costs	54	19	82	83		238
Other expenses	1562	346	411	-777	-25	1517
Depreciation/amortisation	28	38	16	97		179
<b>Total expenses</b>	<b>2 567</b>	<b>613</b>	<b>867</b>	<b>146</b>	<b>-25</b>	<b>4 168</b>
<b>Profit before impairments</b>	<b>2 956</b>	<b>886</b>	<b>1 105</b>	<b>503</b>		<b>5 450</b>
Impairment of intangible assets						0
Impairment of tangible assets		-2		17		15
Credit impairments	52	-9	16			59
<b>Operating profit</b>	<b>2 904</b>	<b>897</b>	<b>1 089</b>	<b>486</b>		<b>5 376</b>
Tax expense	605	131	249	116		1 101
Profit for the period from continuing operations	2 299	766	840	370		4 275
Profit for the period from discontinued operations, after tax				49		49
Profit for the period	2 299	766	840	419		4 324
<b>Profit for the period attributable to the shareholders of Swedbank AB</b>	<b>2 295</b>	<b>766</b>	<b>840</b>	<b>419</b>		<b>4 320</b>
Non-controlling interests	4					4
<b>Balance sheet, SEKbn</b>						
Cash and balances with central banks		2	1	222		225
Loans to credit institutions	18		312	181	-48	93
Loans to the public	1040	125	238			1403
Bonds and other interest-bearing securities		1	64	139	-4	200
Financial assets for which customers bear inv. risk	156	3			-2	157
Investments in associates	3			2		5
Derivatives			140	70	-71	139
Total tangible and intangible assets	3	11		2		16
Other assets	5	17	24	753	-762	37
<b>Total assets</b>	<b>1 225</b>	<b>159</b>	<b>779</b>	<b>1 369</b>	<b>-1 257</b>	<b>2 275</b>
Amounts owed to credit institutions	78		221	251	-408	142
Deposits and borrowings from the public	405	136	139	94	-11	763
Debt securities in issue	2		16	876	-9	885
Financial liabilities for which customers bear inv. risk	158	3				161
Derivatives			134	39	-71	102
Other liabilities	530		249	69	-758	90
Subordinated liabilities				25		25
<b>Total liabilities</b>	<b>1 173</b>	<b>139</b>	<b>759</b>	<b>1 354</b>	<b>-1 257</b>	<b>2 168</b>
Allocated equity	52	20	20	15		107
<b>Total liabilities and equity</b>	<b>1 225</b>	<b>159</b>	<b>779</b>	<b>1 369</b>	<b>-1 257</b>	<b>2 275</b>
<b>Key figures</b>						
Return on allocated equity, continuing operations, %	17.9	15.0	17.0	6.1		14.8
Return on allocated equity, total operations, %	17.9	15.0	17.0	6.9		14.9
Cost/income ratio	0.46	0.41	0.44	0.22		0.43
Credit impairment ratio, %	0.02	-0.03	0.02	0.00		0.02
Loan/deposit ratio, %	260	92	151	0		182
Loans, SEKbn	1040	125	177	0		1342
Deposits, SEKbn	400	135	117	85		737
Risk exposure amount, Basel 3, SEKbn	189	78	133	22		422
Full-time employees	4 912	3 811	1237	4 374		14 334

## Operating segments' accounting policies

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

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

The return on 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 2016	Q4 2015	%	Q1 2015	%
<b>Interest income</b>					
Loans to credit institutions	62	87	-29	83	-25
Loans to the public	7 684	7 832	-2	8 813	-13
Interest-bearing securities	226	207	9	418	-46
Derivatives	432	-85		144	
Other	252	198	27	256	-2
<b>Total interest income</b>	<b>8 656</b>	<b>8 239</b>	<b>5</b>	<b>9 714</b>	<b>-11</b>
of which interest income reported in net gains and losses on financial items at fair value	225	136	65	298	-24
<b>Interest income according to income statement</b>	<b>8 431</b>	<b>8 103</b>	<b>4</b>	<b>9 416</b>	<b>-10</b>
<b>Interest expenses</b>					
Amounts owed to credit institutions	-111	-96	16	-65	71
Deposits and borrowings from the public	-310	-174	78	-460	-33
of which deposit guarantee fees	-124	-98	27	-155	-20
Debt securities in issue	-3 104	-3 221	-4	-3 874	-20
of which commissions for government guaranteed funding					
Subordinated liabilities	-263	-270	-3	-221	19
Derivatives	1 155	1 567	-26	1 060	9
Other	-186	-148	26	-188	-1
of which government stabilisation fund fee	-169	-133	27	-175	-3
<b>Total interest expenses</b>	<b>-2 819</b>	<b>-2 342</b>	<b>20</b>	<b>-3 748</b>	<b>-25</b>
of which interest income reported in net gains and losses on financial items at fair value	-11	2		-51	-78
<b>Interest expense according to income statement</b>	<b>-2 808</b>	<b>-2 344</b>	<b>20</b>	<b>-3 697</b>	<b>-24</b>
<b>Net interest income</b>	<b>5 623</b>	<b>5 759</b>	<b>-2</b>	<b>5 719</b>	<b>-2</b>
<b>Net interest margin</b>	<b>1.01</b>	<b>1.02</b>		<b>1.05</b>	



## Note 6 Net commission income

Group SEKm	Q1 2016	Q4 2015	%	Q1 2015	%
<b>Commission income</b>					
Payment processing	425	466	-9	417	2
Card commissions	1 056	1 265	-17	1 060	0
Service concepts	128	120	7	134	-4
Asset management and custody fees	1 263	1 465	-14	1 461	-14
Life insurance	161	161	0	155	4
Brokerage and other securities	136	114	19	198	-31
Corporate finance	18	64	-72	50	-64
Lending	235	250	-6	269	-13
Guarantees	51	57	-11	60	-15
Deposits	35	19	84	44	-20
Real estate brokerage	46	55	-16	71	-35
Non-life insurance	14	23	-39	17	-18
Other commission income	115	139	-17	98	17
<b>Total commission income</b>	<b>3 683</b>	<b>4 198</b>	<b>-12</b>	<b>4 034</b>	<b>-9</b>
<b>Commission expenses</b>					
Payment processing	-239	-273	-12	-260	-8
Card commissions	-403	-605	-33	-493	-18
Service concepts	-4	-4	0	-4	0
Asset management and custody fees	-278	-287	-3	-326	-15
Life insurance	-45	-46	-2	-49	-8
Brokerage and other securities	-16	-60	-73	-71	-77
Lending and guarantees	-19	-22	-14	-19	0
Non-life insurance	-3	-4	-25	-2	50
Other commission expenses	-31	-20	55	-66	-53
<b>Total commission expenses</b>	<b>-1 038</b>	<b>-1 321</b>	<b>-21</b>	<b>-1 290</b>	<b>-20</b>
<b>Total Net commission income</b>	<b>2 645</b>	<b>2 877</b>	<b>-8</b>	<b>2 744</b>	<b>-4</b>

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

Group SEKm	Q1 2016	Q4 2015	%	Q1 2015	%
<b>Valuation category, fair value through profit or loss</b>					
Shares and share related derivatives	143	-57		-73	
of w hich dividend	-22	10		84	
Interest-bearing securities and interest related derivatives	286	374	-24	218	31
Loans to the public	-172	-841	-80	-151	14
Financial liabilities	-32	228		-173	-82
Other financial instruments	36	-58		6	
<b>Total fair value through profit or loss</b>	<b>261</b>	<b>-354</b>		<b>-173</b>	
<b>Hedge accounting</b>					
Ineffective part in hedge accounting at fair value	-82	9		-22	
of w hich hedging instruments	3 356	-2 128		1 445	
of w hich hedged items	-3 438	2 137		-1 467	
Ineffective part in hedging of net investments in foreign operations				13	
<b>Total hedge accounting</b>	<b>-82</b>	<b>9</b>		<b>-9</b>	
<b>Loan receivables at amortised cost</b>	<b>33</b>	<b>40</b>	<b>-18</b>	<b>46</b>	<b>-28</b>
<b>Financial liabilities valued at amortised cost</b>	<b>-31</b>	<b>-106</b>	<b>-71</b>		
<b>Trading related interest</b>					
Interest income	225	135	67	298	-24
Interest expense	-11	3		-51	-78
<b>Total trading related interest</b>	<b>214</b>	<b>138</b>	<b>55</b>	<b>247</b>	<b>-13</b>
<b>Change in exchange rates</b>	<b>5</b>	<b>438</b>	<b>-99</b>	<b>209</b>	<b>-98</b>
<b>Total net gains and losses on financial items at fair value</b>	<b>400</b>	<b>165</b>		<b>320</b>	<b>25</b>
<b>Distribution by business purpose</b>					
<b>Financial instruments for trading related business</b>	<b>531</b>	<b>512</b>	<b>4</b>	<b>768</b>	<b>-31</b>
<b>Financial instruments intended to be held to contractual maturity</b>	<b>-131</b>	<b>-347</b>	<b>-62</b>	<b>-448</b>	<b>-71</b>
<b>Total</b>	<b>400</b>	<b>165</b>		<b>320</b>	<b>25</b>

## Note 8 Other expenses

Group SEKm	Q1 2016	Q4 2015	%	Q1 2015	%
Premises and rents	268	357	-25	280	-4
IT expenses	449	525	-14	449	0
Telecommunications and postage	33	38	-13	44	-25
Advertising, PR and marketing	62	132	-53	85	-27
Consultants	70	94	-26	74	-5
Compensation to savings banks	222	177	25	179	24
Other purchased services	164	170	-4	154	6
Security transport and alarm systems	16	23	-30	18	-11
Supplies	23	25	-8	27	-15
Travel	48	62	-23	41	17
Entertainment	10	22	-55	10	0
Repair/maintenance of inventories	31	39	-21	24	29
Other expenses	131	127	3	132	-1
<b>Total other expenses</b>	<b>1 527</b>	<b>1 791</b>	<b>-15</b>	<b>1 517</b>	<b>1</b>

## Note 9 Credit impairments

Group SEKm	Q1 2016	Q4 2015	%	Q1 2015	%
<b>Provision for loans individually assessed as impaired</b>					
Provisions	77	473	-84	151	-49
Reversal of previous provisions	-247	-7		-84	
Provision for homogenous groups of impaired loans, net	5	-12		-10	
<b>Total</b>	<b>-165</b>	<b>454</b>		<b>57</b>	
<b>Portfolio provisions for loans individually assessed as not impaired</b>	<b>37</b>	<b>-87</b>		<b>-19</b>	
<b>Write-offs</b>					
Established losses	592	281		241	
Utilisation of previous provisions	-391	-137		-149	
Recoveries	-31	-118	-74	-71	-56
<b>Total</b>	<b>170</b>	<b>26</b>		<b>21</b>	
<b>Credit impairments for contingent liabilities and other credit risk exposures</b>	<b>-7</b>	<b>6</b>			
<b>Credit impairments</b>	<b>35</b>	<b>399</b>	<b>-91</b>	<b>59</b>	<b>-41</b>
Credit impairment ratio, %	0.01	0.11		0.02	

## Note 10 Loans

Group SEKm	31 Mar 2016			31 Dec 2015	31 Mar 2015		
	Loans before provisions	Provisions	Loans after provisions Carrying amount	Loans after provisions Carrying amount	%	Loans after provisions Carrying amount	%
<b>Loans to credit institutions</b>							
Banks	68 751		68 751	74 024	-7	71 180	-3
Repurchase agreements, banks	6 508		6 508	387		9 093	-28
Other credit institutions	10 144		10 144	10 655	-5	8 490	19
Repurchase agreements, other credit institutions	5 577		5 577	1 352		4 590	22
<b>Loans to credit institutions</b>	<b>90 980</b>		<b>90 980</b>	<b>86 418</b>	<b>5</b>	<b>93 353</b>	<b>-3</b>
<b>Loans to the public</b>							
Private customers	880 575	933	879 642	868 871	1	839 225	5
Private, mortgage	742 232	634	741 598	732 703	1	703 505	5
Housing cooperatives	103 051	34	103 017	101 249	2	100 172	3
Private, other	35 292	265	35 027	34 919	0	35 548	-1
Corporate customers	507 897	1 999	505 898	501 693	1	502 423	1
Agriculture, forestry, fishing	73 768	131	73 637	73 626	0	73 168	1
Manufacturing	42 425	593	41 832	41 329	1	42 470	-2
Public sector and utilities	25 270	30	25 240	24 532	3	23 393	8
Construction	17 256	88	17 168	17 566	-2	16 548	4
Retail	30 657	322	30 335	29 888	1	31 488	-4
Transportation	12 854	36	12 818	12 222	5	12 023	7
Shipping and offshore	31 052	125	30 927	29 739	4	30 287	2
Hotels and restaurants	7 151	36	7 115	6 915	3	6 743	6
Information and communications	5 992	15	5 977	5 583	7	5 243	14
Finance and insurance	12 292	40	12 252	12 415	-1	12 955	-5
Property management	209 277	279	208 998	210 917	-1	207 678	1
Residential properties	56 586	69	56 517	56 357	0	54 636	3
Commercial	89 621	75	89 546	88 634	1	91 098	-2
Industrial and Warehouse	40 726	44	40 682	44 378	-8	40 390	1
Other	22 344	91	22 253	21 548	3	21 554	3
Professional services	22 731	194	22 537	19 292	17	16 960	33
Other corporate lending	17 172	110	17 062	17 669	-3	23 467	-27
<b>Loans to the public excluding the Swedish National Debt Office and repurchase agreements</b>	<b>1 388 472</b>	<b>2 932</b>	<b>1 385 540</b>	<b>1 370 564</b>	<b>1</b>	<b>1 341 648</b>	<b>3</b>
Swedish National Debt Office	4 492		4 492	8 726	-49	2 101	
Repurchase agreements, Swedish National Debt Office	350		350	1 817	-81	58	
Repurchase agreements, public	107 525		107 525	32 848		59 329	81
<b>Loans to the public</b>	<b>1 500 839</b>	<b>2 932</b>	<b>1 497 907</b>	<b>1 413 955</b>	<b>6</b>	<b>1 403 136</b>	<b>7</b>
<b>Loans to the public and credit institutions</b>	<b>1 591 819</b>	<b>2 932</b>	<b>1 588 887</b>	<b>1 500 373</b>	<b>6</b>	<b>1 496 489</b>	<b>6</b>

## Note 11 Impaired loans etc.

Group SEKm	31 Mar 2016	31 Dec 2015	%	31 Mar 2015	%
Impaired loans, gross	5 211	6 035	-14	5 890	-12
Provisions for individually assessed impaired loans	1 334	1 883	-29	1 389	-4
Provision for homogenous groups of impaired loans	577	541	7	701	-18
<b>Impaired loans, net</b>	<b>3 300</b>	<b>3 611</b>	<b>-9</b>	<b>3 800</b>	<b>-13</b>
of w hich private customers	1 317	1 380	-5	1 695	-22
of w hich corporate customers	1 983	2 231	-11	2 105	-6
Portfolio provisions for loans individually assessed as not impaired	1 021	957	7	1 107	-8
Share of impaired loans, gross, %	0.33	0.40	-18	0.39	-15
Share of impaired loans, net, %	0.21	0.24	-13	0.25	-16
Provision ratio for impaired loans, %	37	40	-8	35	6
Total provision ratio for impaired loans, % <sup>1)</sup>	56	56	0	54	4
<b>Past due loans that are not impaired</b>	<b>3 498</b>	<b>3 581</b>	<b>-2</b>	<b>4 718</b>	<b>-26</b>
of w hich past due 5-30 days	2 041	2 127	-4	2 395	-15
of w hich past due 31-60 days	860	819	5	1 393	-38
of w hich past due 61-90 days <sup>2)</sup>	390	424	-8	310	26
of w hich past due more than 90 days <sup>3)</sup>	207	211	-2	620	-67

<sup>1)</sup> 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 2016	31 Dec 2015	%	31 Mar 2015	%
Buildings and land	348	408	-15	708	-51
Shares and participating interests	17	17	0	21	-19
Other property taken over	5	6	-17	15	-67
<b>Total assets taken over for protection of claims</b>	<b>370</b>	<b>431</b>	<b>-14</b>	<b>744</b>	<b>-50</b>
Cancelled leases	9	10	-10	44	-80
<b>Total assets taken over for protection of claims and cancelled leases</b>	<b>379</b>	<b>441</b>	<b>-14</b>	<b>788</b>	<b>-52</b>
of w hich acquired by Ektornet group	254	311	-18	603	-58

## Note 13 Credit exposures

Group SEKm	31 Mar 2016	31 Dec 2015	%	31 Mar 2015	%
<b>Assets</b>					
Cash and balances w ith central banks	339 306	186 312	82	225 474	50
Interest-bearing securities	162 994	165 162	-1	200 065	-19
Loans to credit institutions	90 980	86 418	5	93 352	-3
Loans to the public	1 497 907	1 413 955	6	1 403 137	7
Derivatives	99 002	86 107	15	138 691	-29
Other financial assets	27 022	18 424	47	18 369	47
<b>Total assets</b>	<b>2 217 211</b>	<b>1 956 378</b>	<b>13</b>	<b>2 079 088</b>	<b>7</b>
<b>Contingent liabilities and commitments</b>					
Guarantees	35 327	35 958	-2	27 588	28
Commitments	245 800	235 312	4	241 873	2
<b>Total contingent liabilities and commitments</b>	<b>281 127</b>	<b>271 270</b>	<b>4</b>	<b>269 461</b>	<b>4</b>
<b>Total credit exposures</b>	<b>2 498 338</b>	<b>2 227 648</b>	<b>12</b>	<b>2 348 549</b>	<b>6</b>

## Note 14 Intangible assets

Group SEKm	31 Mar 2016	31 Dec 2015	%	31 Mar 2015	%
<b>With indefinite useful life</b>					
Goodwill	12 064	12 010	0	12 124	0
<b>Total</b>	<b>12 064</b>	<b>12 010</b>	<b>0</b>	<b>12 124</b>	<b>0</b>
<b>With finite useful life</b>					
Customer base	598	617	-3	829	-28
Internally developed software	625	630	-1	583	7
Other	463	433	7	510	-9
<b>Total</b>	<b>1 686</b>	<b>1 680</b>	<b>0</b>	<b>1 922</b>	<b>-12</b>
<b>Total intangible assets</b>	<b>13 750</b>	<b>13 690</b>	<b>0</b>	<b>14 046</b>	<b>-2</b>

## Impairment testing of intangible assets

The annual test in 2015 did not lead to any impairment. As of 31 March 2016 there were no indicators of impairment.

## Note 15 Amounts owed to credit institutions

Group SEKm	31 Mar 2016	31 Dec 2015	%	31 Mar 2015	%
<b>Amounts owed to credit institutions</b>					
Central banks	23 149	7 704		10 642	
Banks	118 301	140 462	-16	126 779	-7
Other credit institutions	996	1 508	-34	2 224	-55
Repurchase agreements - banks	2 112	3		1 700	24
Repurchase agreements - other credit institutions	1 073	816	31	1 083	-1
<b>Amounts owed to credit institutions</b>	<b>145 631</b>	<b>150 493</b>	<b>-3</b>	<b>142 428</b>	<b>2</b>

## Note 16 Deposits and borrowings from the public

Group SEKm	31 Mar 2016	31 Dec 2015	%	31 Mar 2015	%
<b>Deposits from the public</b>					
Private customers	405 792	398 718	2	369 220	10
Corporate customers	503 112	345 268	46	367 497	37
<b>Deposits from the public excluding the Swedish National Debt Office and repurchase agreements</b>	<b>908 904</b>	<b>743 986</b>	<b>22</b>	<b>736 717</b>	<b>23</b>
Swedish National Debt Office	2	1			
Repurchase agreements - Swedish National Debt Office					
Repurchase agreements - public	10 971	4 284		25 819	-58
<b>Deposits and borrowings from the public</b>	<b>919 877</b>	<b>748 271</b>	<b>23</b>	<b>762 536</b>	<b>21</b>

## Note 17 Debt securities in issue

Group SEKm	31 Mar	31 Dec	%	31 Mar	%
	2016	2015		2015	
Commercial paper	121 594	107 046	14	213 436	-43
Covered bonds	570 329	550 669	4	525 601	9
Senior unsecured bonds	154 944	154 244	0	131 838	18
Structured retail bonds	14 617	14 576	0	13 871	5
<b>Total debt securities in issue</b>	<b>861 484</b>	<b>826 535</b>	<b>4</b>	<b>884 746</b>	<b>-3</b>

Turnover during the period	Jan-Mar	Full year	%	Jan-Mar	%
	2016	2015		2015	
<b>Opening balance</b>	<b>826 535</b>	<b>835 012</b>	<b>-1</b>	<b>835 012</b>	<b>-1</b>
Issued	258 771	1 164 181	-78	277 225	-7
Repurchased	-10 469	-39 857	-74	-8 400	25
Repaid	-214 861	-1 112 847	-81	-222 580	-3
Change in market value or in hedged item in fair value hedge accounting	4 046	-13 349		1 582	
Changes in exchange rates	-2 538	-6 605	-62	1 907	
<b>Closing balance</b>	<b>861 484</b>	<b>826 535</b>	<b>4</b>	<b>884 746</b>	<b>-3</b>

## Note 18 Derivatives

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

Group SEKm	Nominal amount 31 Mar 2016			Nominal amount		Positive fair value		Negative fair value	
	Remaining contractual maturity			2016	2015	2016	2015	2016	2015
	< 1 yr.	1-5 yrs.	> 5 yrs.	31 Mar	31 Dec	31 Mar	31 Dec	31 Mar	31 Dec
Derivatives in fair value hedges	131 337	332 439	68 171	531 947	506 684	20 899	18 038	114	452
Derivatives in portfolio fair value hedges	38 000	83 750	11 050	132 800	129 375	2	166	2 377	1 601
Derivatives in cash flow hedges	12 875	1 302	8 062	22 239	22 239			2 108	2 303
Other derivatives	6 143 299	2 803 929	697 902	9 645 130	9 434 393	98 031	81 854	102 467	79 167
<b>Gross amount</b>	<b>6 325 511</b>	<b>3 221 420</b>	<b>785 185</b>	<b>10 332 116</b>	<b>10 092 691</b>	<b>118 932</b>	<b>100 058</b>	<b>107 066</b>	<b>83 523</b>
Offset amount	-2 716 464	-928 691	-311 132	-3 956 287	-3 647 376	-19 930	-13 951	-21 465	-14 842
<b>Total</b>	<b>3 609 047</b>	<b>2 292 729</b>	<b>474 053</b>	<b>6 375 829</b>	<b>6 445 315</b>	<b>99 002</b>	<b>86 107</b>	<b>85 601</b>	<b>68 681</b>

The amounts offset for derivative assets and derivative liabilities include cash collateral offsets of SEK 2 190m and SEK 655m, respectively.

## Note 19 Financial instruments at fair value

Group SEKm	31 Mar 2016			31 Dec 2015		
	Fair value	Carrying amount	Difference	Fair value	Carrying amount	Difference
<b>Assets</b>						
<b>Financial assets covered by IAS 39</b>						
Cash and balances with central banks	339 306	339 306		186 312	186 312	
Treasury bills etc.	47 778	47 698	80	76 628	76 552	76
Loans to credit institutions	90 980	90 980		86 418	86 418	
Loans to the public	1 505 103	1 497 907	7 196	1 419 486	1 413 955	5 531
Value change of interest hedged items in portfolio hedge	1 941	1 941		1 009	1 009	
Bonds and interest-bearing securities	115 304	115 296	8	88 618	88 610	8
Financial assets for which the customers bear the investment risk	150 022	150 022		153 442	153 442	
Shares and participating interest	8 600	8 600		11 074	11 074	
Derivatives	99 002	99 002		86 107	86 107	
Other financial assets	27 023	27 023		18 424	18 424	
<b>Total</b>	<b>2 385 060</b>	<b>2 377 775</b>	<b>7 285</b>	<b>2 127 518</b>	<b>2 121 903</b>	<b>5 615</b>
<b>Investment in associates</b>		<b>5 473</b>			<b>5 382</b>	
<b>Non-financial assets</b>		<b>20 541</b>			<b>21 569</b>	
<b>Total</b>		<b>2 403 789</b>			<b>2 148 854</b>	
<b>Liabilities</b>						
<b>Financial liabilities covered by IAS 39</b>						
Amounts owed to credit institutions	146 904	145 631	1 273	150 302	150 493	-191
Deposits and borrowings from the public	919 859	919 877	-18	748 254	748 271	-17
Debt securities in issue	867 265	861 484	5 781	832 196	826 535	5 661
Financial liabilities for which the customers bear the investment risk	155 635	155 635		157 836	157 836	
Subordinated liabilities	22 640	22 107	533	24 627	24 613	14
Derivatives	85 601	85 601		68 681	68 681	
Short positions securities	26 970	26 970		8 191	8 191	
Other financial liabilities	49 420	49 420		31 597	31 597	
<b>Total</b>	<b>2 274 294</b>	<b>2 266 725</b>	<b>7 569</b>	<b>2 021 683</b>	<b>2 016 217</b>	<b>5 466</b>
<b>Non-financial liabilities</b>		<b>11 032</b>			<b>9 297</b>	
<b>Total</b>		<b>2 277 757</b>			<b>2 025 514</b>	

Group 31 Mar 2016 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
	<b>Assets</b>			
Treasury bills etc.	24 177	23 137		47 314
Loans to credit institutions		12 085		12 085
Loans to the public		290 388		290 388
Bonds and other interest-bearing securities	72 804	38 915		111 719
Financial assets for which the customers bear the investment risk	150 022			150 022
Shares and participating interests	8 424	112	64	8 600
Derivatives	21	98 883	98	99 002
<b>Total</b>	<b>255 448</b>	<b>463 520</b>	<b>162</b>	<b>719 130</b>
<b>Liabilities</b>				
Amounts owed to credit institutions		3 185		3 185
Deposits and borrowings from the public		11 100		11 100
Debt securities in issue	1 886	22 378		24 264
Financial liabilities for which the customers bear the investment risk		155 635		155 635
Derivatives	20	85 581		85 601
Short positions, securities	26 970			26 970
<b>Total</b>	<b>28 876</b>	<b>277 879</b>		<b>306 755</b>

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 analyzing factors such as differences in bid and ask prices.

The methods are divided into three different levels:

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



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

The Group has a continuous process whereby financial instruments that indicate a high level of internal estimates or low level of observable market data are captured. The process determines the way to calculate and how the internal assumptions are expected to affect the valuation. In cases where internal assumptions have a material impact on fair value, the financial instrument is reported in level 3. The process also includes an analysis and evaluation based on the quality of the valuation data as well as whether a type of financial instrument is to be transferred between levels.

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

Group 31 Dec 2015 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
<b>Assets</b>				
Treasury bills etc.	24 650	51 434		76 084
Loans to credit institutions		1 739		1 739
Loans to the public		230 976		230 976
Bonds and other interest-bearing securities	59 213	25 479		84 692
Financial assets for which the customers bear the investment risk	153 442			153 442
Shares and participating interests	10 908	93	73	11 074
Derivatives	166	85 827	114	86 107
<b>Total</b>	<b>248 379</b>	<b>395 548</b>	<b>187</b>	<b>644 114</b>
<b>Liabilities</b>				
Amounts owed to credit institutions		816		816
Deposits and borrowings from the public		4 447		4 447
Debt securities in issue	1 509	18 914		20 423
Financial liabilities for which the customers bear the investment risk		157 836		157 836
Derivatives	28	68 653		68 681
Short positions, securities	8 191			8 191
<b>Total</b>	<b>9 728</b>	<b>250 666</b>		<b>260 394</b>

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

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. Structured products consist of a corresponding option element and a host contract, which in principle is an ordinary interest-bearing bond. When the Group evaluates the level on which the financial instruments are reported, the entire instrument is assessed on an individual basis. Since the bond portion of the structured products represents the majority of the financial instrument's fair value, the internal assumptions used to value the illiquid option element normally do not have a significant effect on the valuation and the financial instrument is typically reported in level 2. However, the Group typically hedges the market risks that arise in structured products by holding individual options. The internal assumptions in the individual options are of greater significance to the individual instrument and these are reported as derivatives in level 3.

For all options included in level 3 an analysis is performed based on historical movements in contract prices. Given this, it is not likely that future price movements will affect the market value for options in level 3 with more than +/- SEK 52m.

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

Changes in level 3 Group SEKm	Assets		
	Equity instruments	Derivatives	Total
<b>January-March 2015</b>			
<b>Opening balance 1 January 2015</b>	<b>77</b>	<b>81</b>	<b>158</b>
Transferred from Level 2 to Level 3		153	153
Transferred from Level 3 to Level 2		-49	-49
Transferred from Level 3 to Level 1	-3		-3
Gains or losses		8	8
of which in the income statement, net gains and losses on financial items at fair value		8	8
of which changes in unrealised gains or losses for items held at closing day		4	4
<b>Closing balance 31 March 2015</b>	<b>74</b>	<b>193</b>	<b>267</b>

## Note 20 Pledged collateral

Group SEKm	31 Mar	31 Dec	%	31 Mar	%
	2016	2015		2015	
Loan receivables	831 646	819 551	1	792 760	5
Financial assets pledged for policyholders	143 258	145 410	-1	151 900	-6
Other assets pledged	55 117	43 361	27	61 103	-10
<b>Pledged collateral</b>	<b>1 030 021</b>	<b>1 008 322</b>	<b>2</b>	<b>1 005 763</b>	<b>2</b>

## Note 21 Offsetting financial assets and liabilities

Group SEKm	Assets			Liabilities		
	31 Mar 2016	31 Dec 2015	%	31 Mar 2016	31 Dec 2015	%
<b>Financial assets and liabilities, which have been offset or are subject to netting or similar agreements</b>						
Gross amount	241 868	134 805	79	127 979	88 752	44
Offset amount	-27 925	-16 950	65	-29 460	-17 841	65
<b>Net amounts presented in the balance sheet</b>	<b>213 943</b>	<b>117 855</b>	<b>82</b>	<b>98 519</b>	<b>70 911</b>	<b>39</b>
<b>Related amounts not offset in the balance sheet</b>						
Financial instruments, netting arrangements	59 224	44 698	32	59 224	44 698	32
Financial Instruments, collateral	106 815	32 614		5 153	3 041	69
Cash, collateral	18 244	19 915	-8	15 916	15 653	2
<b>Total amount not offset in the balance sheet</b>	<b>184 283</b>	<b>97 227</b>	<b>90</b>	<b>80 293</b>	<b>63 392</b>	<b>27</b>
<b>Net amount</b>	<b>29 660</b>	<b>20 628</b>	<b>44</b>	<b>18 226</b>	<b>7 519</b>	

The amounts offset for financial assets and financial liabilities include cash collateral offsets of SEK 2 190m and SEK 655m, respectively.

## Note 22 Capital adequacy, consolidated situation

Capital adequacy SEKm	31 Mar 2016	31 Dec 2015	31 Mar 2015
Shareholders' equity according to the Group's balance sheet	125 850	123 163	106 883
Non-controlling interests	72	54	47
Anticipated dividend	-15 061	-11 828	-3 240
Deconsolidation of insurance companies	-422	-1 249	-716
Value changes in own financial liabilities	19	31	7
Cash flow hedges	-84	-17	14
Additional value adjustments <sup>1)</sup>	-653	-474	-438
Goodwill	-12 152	-12 097	-12 214
Deferred tax assets	-93	-95	-129
Intangible assets	-1 438	-1 438	-1 642
Net provisions for reported IRB credit exposures	-1 358	-1 089	-1 556
Shares deducted from CET1 capital	-40	-42	-467
Defined benefit pension fund assets <sup>2)</sup>		-993	
<b>Common Equity Tier 1 capital</b>	<b>94 640</b>	<b>93 926</b>	<b>86 549</b>
Additional Tier 1 capital	9 329	10 624	10 834
<b>Total Tier 1 capital</b>	<b>103 969</b>	<b>104 550</b>	<b>97 383</b>
Tier 2 capital	12 038	13 269	13 156
<b>Total capital</b>	<b>116 007</b>	<b>117 819</b>	<b>110 539</b>
Minimum capital requirement for credit risks, standardised approach	3 868	3 823	4 067
Minimum capital requirement for credit risks, IRB	21 411	20 732	22 190
Minimum capital requirement for credit risk, default fund contribution	4	4	6
Minimum capital requirement for settlement risks	0	1	0
Minimum capital requirement for market risks	928	858	1 709
Trading book	912	848	1 685
of which VaR and SVaR	451	525	1 065
of which risks outside VaR and SVaR	460	323	620
FX risk other operations	16	10	24
Minimum capital requirement for credit value adjustment	654	594	744
Minimum capital requirement for operational risks	4 972	5 047	5 071
Additional minimum capital requirement, Article 3 CRR	69	69	
<b>Minimum capital requirement <sup>3)</sup></b>	<b>31 906</b>	<b>31 128</b>	<b>33 787</b>
Risk exposure amount credit risks	316 040	306 996	328 284
Risk exposure amount settlement risks	0	7	1
Risk exposure amount market risks	11 605	10 730	21 358
Risk exposure amount credit value adjustment	8 174	7 422	9 307
Risk exposure amount operational risks	62 152	63 083	63 389
Additional risk exposure amount, Article 3 CRR	860	860	
<b>Risk exposure amount</b>	<b>398 831</b>	<b>389 098</b>	<b>422 339</b>
<b>Common Equity Tier 1 capital ratio, %</b>	<b>23.7</b>	<b>24.1</b>	<b>20.5</b>
<b>Tier 1 capital ratio, %</b>	<b>26.1</b>	<b>26.9</b>	<b>23.1</b>
<b>Total capital ratio, %</b>	<b>29.1</b>	<b>30.3</b>	<b>26.2</b>
<b>Capital buffer requirement <sup>4)</sup></b>	<b>31 Mar</b>	<b>31 Dec</b>	<b>31 Mar</b>
<b>%</b>	<b>2016</b>	<b>2015</b>	<b>2015</b>
CET1 capital requirement including buffer requirements	10.7	10.7	10.0
of which minimum CET1 requirement	4.5	4.5	4.5
of which capital conservation buffer	2.5	2.5	2.5
of which countercyclical capital buffer	0.7	0.7	
of which systemic risk buffer	3.0	3.0	3.0
CET 1 capital available to meet buffer requirement <sup>5)</sup>	19.2	19.6	16.0
<b>Capital adequacy Basel 1 floor</b>	<b>31 Mar</b>	<b>31 Dec</b>	<b>31 Mar</b>
<b>SEKm</b>	<b>2016</b>	<b>2015</b>	<b>2015</b>
Capital requirement Basel 1 floor	71 941	68 577	70 477
Own funds Basel 3 adjusted according to rules for Basel 1 floor	117 365	118 908	112 095
<b>Surplus of capital according to Basel 1 floor</b>	<b>45 424</b>	<b>50 331</b>	<b>41 618</b>
<b>Leverage ratio <sup>6)</sup></b>	<b>31 Mar</b>	<b>31 Dec</b>	<b>31 Mar</b>
	<b>2016</b>	<b>2015</b>	<b>2015</b>
Tier 1 Capital, SEKm	103 969	104 550	97 383
Leverage ratio exposure, SEKm	2 375 460	2 102 284	2 208 990
Leverage ratio, %	4.4	5.0	4.4

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

<sup>2)</sup> Net pension assets

<sup>3)</sup> Total minimum capital requirement under Pillar 1, i.e. 8% of total risk exposure amount.

<sup>4)</sup> Buffer requirement according to Swedish implementation of CRD IV.

<sup>5)</sup> CET1 capital ratio as reported, less minimum requirement of 4.5% (excluding buffer requirements) and less any CET1 items used to meet the Tier 1 and total capital requirements.

<sup>6)</sup> Calculated according to applicable regulation at each respective reporting date.

The consolidated situation for Swedbank as of 31 March 2016 comprised the Swedbank Group with the exception of insurance companies. The Entercard Group was included as well through the proportionate consolidation method.

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

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

Swedbank Consolidated situation Credit risk, IRB SEKm	Exposure value		Average risk weighting, %		Minimum capital requirement <sup>1)</sup>	
	31 Mar	31 Dec	31 Mar	31 Dec	31 Mar	31 Dec
	2016	2015	2016	2015	2016	2015
Institutional exposures	104 966	108 019	15	15	1 243	1 305
Corporate exposures	483 447	471 163	36	35	13 953	13 213
Retail exposures	984 328	974 908	7	7	5 643	5 670
of which mortgage	891 941	882 979	5	5	3 593	3 641
of which other	92 387	91 929	28	28	2 050	2 029
Securitisation		160		8		1
Non credit obligation	58 258	62 686	12	11	572	543
<b>Total credit risks, IRB</b>	<b>1 630 999</b>	<b>1 616 936</b>	<b>16</b>	<b>16</b>	<b>21 411</b>	<b>20 732</b>

<sup>1)</sup> Total minimum capital requirement under Pillar 1, i.e. 8% of total risk exposure amount.

Risk exposure amount and Own funds requirement, consolidated situation		
31 Mar 2016	Risk exposure amount	Minimum capital requirement
SEKm		
<b>Credit risks, STD</b>	<b>48 344</b>	<b>3 868</b>
Central government or central banks exposures	386	31
Regional governments or local authorities exposures	278	22
Public sector entities exposures	54	4
Multilateral development banks exposures		
International organisation exposures		
Institutional exposures	750	60
Corporate exposures	9 517	761
Retail exposures	17 676	1 414
Exposures secured by mortgages on immovable property	807	65
Exposures in default	356	28
Exposures associated with particularly high risk		
Exposures in the form of covered bonds	10	1
Items representing securitisation positions		
Exposures to institutions and corporates with a short-term credit assessment		
Exposures in the form of units or shares in collective investment undertakings		
Equity exposures	15 243	1 219
Other items	3 267	261
<b>Credit risks, IRB</b>	<b>267 634</b>	<b>21 411</b>
Institutional exposures	15 542	1 243
Corporate exposures	174 414	13 953
of which specialized lending in category 1	11	1
of which specialized lending in category 2	327	26
of which specialized lending in category 3	750	60
of which specialized lending in category 4	711	57
of which specialized lending in category 5		
Retail exposures	70 532	5 643
of which mortgage lending	44 905	3 592
of which other lending	25 627	2 051
Securitisation		
Non-credit obligation	7 146	572
<b>Credit risks, Default fund contribution</b>	<b>62</b>	<b>4</b>
<b>Settlement risks</b>	<b>0</b>	<b>0</b>
<b>Market risks</b>	<b>11 605</b>	<b>928</b>
Trading book	11 399	912
of which VaR and SVaR	5 643	451
of which risks outside VaR and SVaR	5 756	460
FX risk other operations	206	16
<b>Credit value adjustment</b>	<b>8 174</b>	<b>654</b>
<b>Operational risks</b>	<b>62 152</b>	<b>4 972</b>
of which Standardised approach	62 152	4 972
<b>Additional risk exposure amount, Article 3 CRR</b>	<b>860</b>	<b>69</b>
<b>Total</b>	<b>398 831</b>	<b>31 906</b>

## Credit risks

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

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

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

## Market risks

Under current regulations capital adequacy for market risks can be based on either a standardised approach or an internal Value at Risk model, which requires the

approval of the SFSA. The parent company has received such approval and uses its internal VaR model for general interest rate risks, general and specific share price risks and currency risks in the trading book. The approval also covers operations in the Baltic countries with respect to general interest rate risks and currency risks in the trading book. Currency 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. The SFSA has stated that Swedbank meets the qualitative requirements to apply this method.

## Note 23 Internal capital requirement

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

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

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

## Basel 1 floor

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

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

As of 31 March 2016 the internal capital assessment for Swedbank's consolidated situation amounted to SEK 30.6bn (SEK 30.8bn as of 31 December). The capital to meet the internal capital assessment, i.e. the capital base, amounted to SEK 116.0bn (SEK 117.8bn as of 31 December) (see Note 22). Swedbank's internal capital assessment using its own models is not comparable with the estimated capital requirement that the SFSA releases quarterly.

The internally estimated capital requirement for the parent company is SEK 24.2bn (SEK 27.1bn as of 31 December) and the capital base is SEK 95.6bn (SEK 92.1bn as of 31 December) (see Note Capital adequacy for parent company).

In addition to what is stated in this interim report, risk management and capital adequacy according to the Basel 3 framework are described in more detail in Swedbank's annual report for 2015 as well as in Swedbank's yearly Risk and Capital Adequacy Report, available on [www.swedbank.com](http://www.swedbank.com).

## Note 24 Risks and uncertainties

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

In addition to what is stated in this interim report, detailed descriptions are provided in Swedbank's 2015 annual report and in the annual disclosure on risk management and capital adequacy according to Basel 2 rules, available on [www.swedbank.com](http://www.swedbank.com).

### Effect on value of assets and liabilities in SEK and foreign currency, including derivatives if interest rates increase by 100bp, 31 Mar 2016

Group	< 5 years	5-10 years	>10 years	Total
<b>Swedbank, the Group</b>	<b>-1 505</b>	<b>28</b>	<b>55</b>	<b>-1 422</b>
of which SEK	-1 221	-84	-31	-1 337
of which UVAL	-284	112	87	-85
<b>Of which financial instruments at fair value reported through profit or loss</b>	<b>-600</b>	<b>226</b>	<b>43</b>	<b>-331</b>
of which SEK	-441	57	-67	-451
of which UVAL	-159	168	110	120

## Note 25 Discontinued operations

Group SEKm	Jan-Dec 2015 Russia
<b>Profit from discontinued operations</b>	
Income	1
Expenses	21
Profit before impairments	-20
Impairments	-66
Operating profit	-86
Tax expense	104
<b>Post-tax profit for the year reported by the discontinued operations</b>	
	<b>18</b>
Disposal result	
Reclassification adjustments to income statement	-24
of w hich exchange differences foreign operations	-87
of w hich hedging of net investments in foreign operations	91
of w hich income tax	-28
<b>Profit for the year from the discontinued operations, after tax</b>	
	<b>-6</b>

	31 Dec 2015 Russia
<b>Group of assets classified as held for sale</b>	
Loans to the public	18
of w hich impaired loans, gross	108
of w hich individual provisions	-90
of w hich impaired loans, net	18
of w hich portfolio provisions	
Non-current tangible assets	
Other assets	130
<b>Total assets</b>	<b>148</b>
<b>Liabilities directly associated with group of assets classified as held for sale</b>	
Amounts owed to credit institutions	
Other liabilities	14
<b>Total liabilities</b>	<b>14</b>

## Note 26 Related-party transactions

During the period normal business transactions were executed between companies in the Group, including other related companies such as associates. Partly owned savings banks are major associates.

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

## Note 27 Swedbank's share

	31 Mar 2016	31 Dec 2015	%	31 Mar 2015	%
<b>SWED A</b>					
Share price, SEK	174.90	187.10	-7	206.10	-15
Number of outstanding ordinary shares	1 110 317 799	1 105 403 750	0	1 104 779 434	1
<b>Market capitalisation, SEKm</b>	<b>194 195</b>	<b>206 821</b>	<b>-6</b>	<b>227 695</b>	<b>-15</b>

	31 Mar 2016	31 Dec 2015	31 Mar 2015
<b>Number of outstanding shares</b>			
<b>Issued shares</b>			
SWED A	1 132 005 722	1 132 005 722	1 132 005 722
<b>Repurchased shares</b>			
SWED A	-21 687 923	-26 601 972	-27 226 288
<b>Repurchase of own shares for trading purposes</b>			
SWED A			
<b>Number of outstanding shares on the closing day</b>	<b>1 110 317 799</b>	<b>1 105 403 750</b>	<b>1 104 779 434</b>

Within Sw edbank's share-based compensation programme, Sw edbank AB has during the first quarter 2016 transferred 4 914 049 shares at no cost to employees.

	Q1 2016	Q4 2015	Q1 2015
<b>Earnings per share</b>			
<b>Average number of shares</b>			
Average number of shares before dilution	1 108 103 777	1 105 400 254	1 103 628 010
Weighted average number of shares for potential ordinary shares that incur a dilutive effect due to share-based compensation programme	6 688 182	7 955 128	8 369 723
Average number of shares after dilution	1 114 791 959	1 113 355 382	1 111 997 733
<b>Profit, SEKm</b>			
Profit for the period attributable to shareholders of Sw edbank	4 311	3 813	4 320
Earnings for the purpose of calculating earnings per share	4 311	3 813	4 320
<b>Earnings per share, SEK</b>			
Earnings per share before dilution	3.89	3.44	3.91
Earnings per share after dilution	3.87	3.44	3.88



# Swedbank AB

## Income statement, condensed

Parent company SEKm	Q1 2016	Q4 2015	%	Q1 2015	%
Interest income	3 986	3 873	3	4 467	-11
Interest expenses	-1 188	-809	47	-1 195	-1
<b>Net interest income</b>	<b>2 798</b>	<b>3 064</b>	<b>-9</b>	<b>3 272</b>	<b>-14</b>
Dividends received	9 956	4 950		1 652	
Commission income	2 127	2 540	-16	2 265	-6
Commission expenses	-665	-866	-23	-797	-17
<b>Net commission income</b>	<b>1 462</b>	<b>1 674</b>	<b>-13</b>	<b>1 468</b>	<b>0</b>
Net gains and losses on financial items at fair value	-370	353		-66	
Other income	284	396	-28	254	12
<b>Total income</b>	<b>14 130</b>	<b>10 437</b>	<b>35</b>	<b>6 580</b>	
Staff costs	1 926	1 827	5	2 019	-5
Other expenses	1 155	1 277	-10	1 091	6
Depreciation/amortisation and impairments of tangible and intangible fixed assets	1 090	1 137	-4	1 094	0
<b>Total expenses</b>	<b>4 171</b>	<b>4 241</b>	<b>-2</b>	<b>4 204</b>	<b>-1</b>
<b>Profit before impairments</b>	<b>9 959</b>	<b>6 196</b>	<b>61</b>	<b>2 376</b>	
Impairment of financial fixed assets	61	134	-54	37	65
Credit impairments	86	471	-82	38	
<b>Operating profit</b>	<b>9 812</b>	<b>5 591</b>	<b>75</b>	<b>2 301</b>	
Appropriations		-88		-16	
Tax expense	302	1 304	-77	214	41
<b>Profit for the period</b>	<b>9 510</b>	<b>4 375</b>		<b>2 103</b>	

## Statement of comprehensive income, condensed

Parent company SEKm	Q1 2016	Q4 2015	%	Q1 2015	%
<b>Profit for the period reported via income statement</b>	<b>9 510</b>	<b>4 375</b>		<b>2 103</b>	
<b>Items that will not be reclassified to the income statement</b>					
Remeasurements of defined benefit pension plans				1	
Income tax		-1			
<b>Total</b>		<b>-1</b>		<b>1</b>	
<b>Items that may be reclassified to the income statement</b>					
Cash flow hedges:					
Gains/losses arising during the period				-3	
Reclassification adjustments to income statement, net interest income				3	
Income tax					
<b>Total</b>					
<b>Other comprehensive income for the period, net of tax</b>		<b>-1</b>		<b>1</b>	
<b>Total comprehensive income for the period</b>	<b>9 510</b>	<b>4 374</b>		<b>2 104</b>	

## Balance sheet, condensed

Parent company SEKm	31 Mar 2016	31 Dec 2015	%	31 Mar 2015	%
<b>Assets</b>					
Cash and balance with central banks	293 625	131 859		220 779	33
Loans to credit institutions	407 823	425 095	-4	444 144	-8
Loans to the public	488 702	416 482	17	423 450	15
Interest-bearing securities	164 269	157 412	4	191 888	-14
Shares and participating interests	67 860	70 325	-4	71 050	-4
Derivatives	111 917	98 300	14	150 193	-25
Other assets	43 487	39 595	10	32 127	35
<b>Total assets</b>	<b>1 577 683</b>	<b>1 339 068</b>	<b>18</b>	<b>1 533 631</b>	<b>3</b>
<b>Liabilities and equity</b>					
Amounts owed to credit institutions	215 451	220 983	-3	246 699	-13
Deposits and borrowings from the public	767 966	599 476	28	622 974	23
Debt securities in issue	291 061	275 845	6	356 020	-18
Derivatives	115 343	98 508	17	140 390	-18
Other liabilities and provisions	68 762	32 240		67 437	2
Subordinated liabilities	22 107	24 613	-10	24 363	-9
Untaxed reserves	10 021	10 021	0	10 027	0
Equity	86 972	77 382	12	65 721	32
<b>Total liabilities and equity</b>	<b>1 577 683</b>	<b>1 339 068</b>	<b>18</b>	<b>1 533 631</b>	<b>3</b>
Pledged collateral	51 440	40 671	26	54 527	-6
Other assets pledged	3 981	3 666	9	11 068	-64
Contingent liabilities	589 007	575 291	2	533 292	10
Commitments	214 866	205 982	4	207 894	3

## Statement of changes in equity, condensed

Parent company SEKm						
	Share capital	Share premium reserve	Statutory reserve	Cash flow hedges	Retained earnings	Total
<b>January-March 2015</b>						
<b>Opening balance 1 January 2015</b>	<b>24 904</b>	<b>13 206</b>	<b>5 968</b>	<b>-3</b>	<b>31 907</b>	<b>75 982</b>
Dividend					-12 539	-12 539
Disposal of own shares for trading purposes					33	33
Share based payments to employees					115	115
Deferred tax related to share based payments to employees					-30	-30
Current tax related to share based payments to employees					56	56
Total comprehensive income for the period					2 104	2 104
<b>Closing balance 31 March 2015</b>	<b>24 904</b>	<b>13 206</b>	<b>5 968</b>	<b>-3</b>	<b>21 646</b>	<b>65 721</b>
<b>January-December 2015</b>						
<b>Opening balance 1 January 2015</b>	<b>24 904</b>	<b>13 206</b>	<b>5 968</b>	<b>-3</b>	<b>31 907</b>	<b>75 982</b>
Dividend					-12 539	-12 539
Disposal of own shares for trading purposes					33	33
Share based payments to employees					413	413
Deferred tax related to share based payments to employees					-34	-34
Current tax related to share based payments to employees					57	57
Total comprehensive income for the period				3	13 467	13 470
<b>Closing balance 31 December 2015</b>	<b>24 904</b>	<b>13 206</b>	<b>5 968</b>	<b>0</b>	<b>33 304</b>	<b>77 382</b>
<b>January-March 2016</b>						
<b>Opening balance 1 January 2016</b>	<b>24 904</b>	<b>13 206</b>	<b>5 968</b>	<b>0</b>	<b>33 304</b>	<b>77 382</b>
Share based payments to employees					113	113
Deferred tax related to share based payments to employees					-63	-63
Current tax related to share based payments to employees					30	30
Total comprehensive income for the period					9 510	9 510
<b>Closing balance 31 March 2016</b>	<b>24 904</b>	<b>13 206</b>	<b>5 968</b>	<b>0</b>	<b>42 894</b>	<b>86 972</b>

## Cash flow statement, condensed

Parent company SEKm			
	Jan-Mar 2016	Full-year 2015	Jan-Mar 2015
Cash flow from operating activities	134 760	97 570	97 898
Cash flow from investing activities	14 595	6 911	7 524
Cash flow from financing activities	12 411	-46 424	41 555
<b>Cash flow for the period</b>	<b>161 766</b>	<b>58 057</b>	<b>146 977</b>
Cash and cash equivalents at beginning of period	131 859	73 802	73 802
Cash flow for the period	161 766	58 057	146 977
<b>Cash and cash equivalents at end of period</b>	<b>293 625</b>	<b>131 859</b>	<b>220 779</b>

## Capital adequacy

Capital adequacy, Parent company SEKm	31 Mar 2016	31 Dec 2015	31 Mar 2015
<b>Common Equity Tier 1 capital</b>	<b>74 260</b>	<b>68 222</b>	<b>64 069</b>
Additional Tier 1 capital	9 319	10 614	10 825
<b>Tier 1 capital</b>	<b>83 579</b>	<b>78 836</b>	<b>74 894</b>
Tier 2 capital	12 017	13 249	12 924
<b>Total capital</b>	<b>95 596</b>	<b>92 085</b>	<b>87 818</b>
<b>Minimum capital requirement<sup>1)</sup></b>	<b>25 040</b>	<b>24 395</b>	<b>26 259</b>
<b>Risk exposure amount</b>	<b>313 001</b>	<b>304 943</b>	<b>328 241</b>
<b>Common Equity Tier 1 capital ratio, %</b>	<b>23.7</b>	<b>22.4</b>	<b>19.5</b>
<b>Tier 1 capital ratio, %</b>	<b>26.7</b>	<b>25.9</b>	<b>22.8</b>
<b>Total capital ratio, %</b>	<b>30.5</b>	<b>30.2</b>	<b>26.8</b>
<b>Capital buffer requirement<sup>2)</sup></b> %	<b>31 Mar 2016</b>	<b>31 Dec 2015</b>	<b>31 Mar 2015</b>
CET1 capital requirement including buffer requirements	7.9	7.9	7.0
of which capital conservation buffer	4.5	4.5	2.5
of which countercyclical capital buffer	2.5	2.5	
of which systemic risk buffer	0.9	0.9	
CET 1 capital available to meet buffer requirement <sup>3)</sup>	19.2	17.9	15.0
<b>Capital adequacy transition rules Basel 1 floor<sup>4)</sup></b> SEKm	<b>31 Mar 2016</b>	<b>31 Dec 2015</b>	<b>31 Mar 2015</b>
Capital requirement Basel 1 floor	28 839	26 021	29 066
Own funds Basel 3 adjusted according to rules for Basel 1 floor	96 094	92 538	88 384
<b>Surplus of capital according to Basel 1 floor</b>	<b>67 255</b>	<b>66 517</b>	<b>59 318</b>
<b>Leverage ratio<sup>5)</sup></b> %	<b>31 Mar 2016</b>	<b>31 Dec 2015</b>	<b>31 Mar 2015</b>
Tier 1 Capital, SEKm	83 579	78 836	74 894
Total exposure, SEKm	2 363 090	2 084 469	2 131 978
Leverage ratio, %	3.5	3.8	3.5
Total exposure taking into account CRR article 429.7 <sup>6)</sup> , SEKm	1 407 621	1 192 247	1 264 697
Leverage ratio taking into account CRR article 429.7 <sup>6)</sup> , %	5.9	6.6	5.9

<sup>1)</sup> Total minimum capital requirement under Pillar 1, i.e. 8% of total risk exposure amount.

<sup>2)</sup> Buffer requirement according to Swedish implementation of CRD IV.

<sup>3)</sup> CET1 capital ratio as reported, less minimum requirement of 4.5% (excluding buffer requirements) and less any CET1 items used to meet the Tier 1 and total capital requirements.

<sup>4)</sup> Basel 1 floor based on the higher of the Basel 3 capital requirement and 80% of Basel 1 capital requirement. In the latter case the own funds is adjusted according to CRR article 500.4.

<sup>5)</sup> Calculated according to applicable regulation at each respective reporting date.

<sup>6)</sup> Taking into account potential exemption according to CRR article 429.7 excluding certain intragroup exposures.

**Risk exposure amount and own funds requirement, parent company**
**31 Mar 2016**
**SEKm**

	<b>Risk exposure amount</b>	<b>Minimum capital requirement</b>
<b>Credit risks, STD</b>	<b>87 015</b>	<b>6 961</b>
Central government or central banks exposures	61	5
Regional governments or local authorities exposures	69	6
Public sector entities exposures	44	4
Multilateral development banks exposures		
International organisation exposures		
Institutional exposures	1 583	127
Corporate exposures	8 333	667
Retail exposures	4 728	378
Exposures secured by mortgages on immovable property	720	57
Exposures in default	165	13
Exposures associated with particularly high risk		
Exposures in the form of covered bonds		
Items representing securitisation positions		
Exposures to institutions and corporates with a short-term credit assessment		
Exposures in the form of units or shares in collective investment undertakings		
Equity exposures	70 529	5 642
Other items	783	62
<b>Credit risks, IRB</b>	<b>170 131</b>	<b>13 610</b>
Institutional exposures	17 191	1 375
Corporate exposures	125 836	10 067
of which specialized lending		
Retail exposures	21 125	1 690
of which mortgage lending	2 863	229
of which other lending	18 262	1 461
Securitisation		
Non-credit obligation	5 979	478
<b>Credit risks, Default fund contribution</b>	<b>62</b>	<b>5</b>
<b>Settlement risks</b>	<b>0</b>	<b>0</b>
<b>Market risks</b>	<b>11 521</b>	<b>922</b>
Trading book	11 337	907
of which VaR and SVaR	5 707	457
of which risks outside VaR and SVaR	5 630	450
FX risk other operations	184	15
<b>Credit value adjustment</b>	<b>8 155</b>	<b>652</b>
<b>Operational risks</b>	<b>35 659</b>	<b>2 853</b>
of which standardised approach		
<b>Additional risk exposure amount, Article 3 CRR</b>	<b>458</b>	<b>37</b>
<b>Total</b>	<b>313 001</b>	<b>25 040</b>

## Signatures of the Board of Directors and the President

The Board of Directors and the President hereby certify that the interim report for January-March 2016 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, 25 April 2016

Lars Idermark  
Chair

Ulrika Francke  
Deputy Chair

Bodil Eriksson  
Board Member

Göran Hedman  
Board Member

Peter Norman  
Board Member

Pia Rudengren  
Board Member

Karl-Henrik Sundström  
Board Member

Siv Svensson  
Board Member

Camilla Linder  
Board Member  
Employee Representative

Roger Ljung  
Board Member  
Employee Representative

Birgitte Bonnesen  
President and CEO

## Review report

### Introduction

We have reviewed the interim report for Swedbank AB (publ) for the period 1 January-31 March 2016. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies. Our responsibility is to express a conclusion on this interim report based on our review.

### Scope of review

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

### Conclusion

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

Stockholm, 25 April 2016  
Deloitte AB

Svante Forsberg  
Authorised Public Accountant

## Publication of financial information

The Group's financial reports can be found on [www.swedbank.com/ir](http://www.swedbank.com/ir)

### Financial calendar 2016

Interim report for the second quarter	21 July 2016
Interim report for the third quarter	25 October 2016

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Information on Swedbank's strategy, values and share is also available on [www.swedbank.com](http://www.swedbank.com)

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