Swedbank

Annual Report

Swedbank in brief

Swedbank has roots firmly entrenched in Sweden's savings bank history, the cooperative agricultural bank tradition and Hansabank's significant role in the Baltic countries. With 8 million private customers and 600 000 corporate customers, Swedbank has a leading position in its home markets of Sweden, Estonia, Latvia and Lithuania.

We play an important role in both the financial system and the local communities where we are active. We promote a sound and sustainable financial situation for the many households and businesses.

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

In everyday situations our values make us an open bank with simple services and caring advice.

Swedbank maintains a robust balance sheet that can withstand business cycle swings. Evaluating and managing risks is part of what we do every day. We achieve a solid risk spread by having a broad customer base of private individuals and companies in many different sectors.

Contents

Financial information 2015
Q1 Interim report 28 April
Q2 Interim report 16 July
Q3 Interim report 20 October

Annual General Meeting 2015
The Annual General Meeting will be held at Dansens Hus in Stockholm on Thursday, 26 March at 10 am. The proposed record day for the dividend is 30 March 2015. The last day for trading in Swedbank's shares including the right to the dividend is 26 March. For more information, see page 193 and the notice of the AGM at www.swedbank.com. While every care has been taken in the translation of this annual report, readers are reminded that the original annual report, signed by the Board of Directors, is in Swedish.

How we create value

Macroeconomic conditions, regulatory changes, technological developments and increased competition from new players are challenging the banking sector while also creating opportunities. Our employees must be able to quickly adapt to market changes and contribute to cost efficiencies for us to remain competitive in the long term. Together with high-quality lending, a broad, diversified customer base and solid capitalisation, this will produce a profitable, stable bank with the capital market's confidence. It will also leave room for investments that create customer value.

Swedbank is an important part of the financial system with an opportunity to impact people, the environment and society. Sustainability work and local engagement are therefore key elements of our business model, our values and our purpose. As of this year the sustainability report is an integral part of Swedbank's annual report. It also includes a GRI appendix, which can be found at www.swedbank.com under the heading Corporate Sustainability/Reports. We follow the Global Reporting Initiative (GRI) guidelines, version G4.

Vision

We enable people, businesses and society to grow.

Purpose

We promote a sound and sustainable financial situation for the many households and businesses.

2015 priorities

Improve customer value

- Continue to invest in accessibility, transparency, service and quality
- Maintain our attractiveness through a simplified offering and competitive pricing
- Better integrate sustainability into offerings and services

Integrate Sparbanken Öresund

- Consolidate our position in an important growth region
- Give Sparbanken Öresund's customers access to Swedbank's systems and products
- Realise cost synergies

Increase efficiency

- Increase cost and resource efficiency
- Simplify internal processes and increase automation
- Increase competence transfers through increased internal mobility

Strategy

Accessible full-service bank ...

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

... low risk ...

... and high cost efficiency

For more information, see page 10

Key figures	2014	2013
Total income, SEKm	39 304	36 938
Total expenses, SEKm	17 602	16 648
Profit for the year, SEKm [1]	16 709	15 241
Return on equity, %[1]	15.2	14.7
Cost/income ratio	0.45	0.45
Total assets, SEKbn	2 121	1 824
Lending to the public, SEKbn[2]	1 325	1 215
Deposits from the public, SEKbn[2]	661	599
Credit impairment ratio, %	0.03	0.00
Share of impaired loans, gross, %	0.41	0.55
Core Tier 1 capital ratio, %	21.2	18.3
Risk exposure amount, SEKbn	414	441
Earnings per share[3]	15.05	13.79
Cash dividend per share[4]	11.35	10.10
Yield per share, %	5.8	5.6
Total return per share, %	14.3	46.7
Full-time employees	14 583	14 265

1) Continuing operations
2) Excluding the Swedish National Debt Office and repos
3) Continuing operations after dilution, and for 2013 excluding deduction for dividend related to the preference shares
4) Board of Directors' proposal for 2014 to the AGM

Improved results

- Increased income
- Lower expenses excluding acquisition of Sparbanken Öresund
- Stronger capitalisation
- Improved market position
- Proposed dividend of SEK 11.35 per share

Our business segments

The financial reporting is divided into four segments.

Swedish Banking

Sweden is Swedbank's largest market, with over 4 million private customers and 250 000 corporate customers. Together with the savings banks, Swedbank offers banking services through branches, a mobile bank, telephone bank and internet bank. For more information, see pages 24–25.

Share of Group's total income

58%

Share of profit before impairments

55%

Large Corporates & Institutions

Responsible for Swedbank's offering to customers with revenue over SEK 2 billion and those with complex needs due to multinational operations or sophisticated financing solutions. Develops corporate and capital market products for the rest of the bank and the savings banks. For more information, see pages 28–29.

Share of Group's total income

20%

Share of profit before impairments

21%

Baltic Banking

With around 4 million private customers and over 250 000 corporate customers, Swedbank is the largest bank in terms of number of customers in Estonia, Latvia and Lithuania. According to surveys, we are the most respected company in the Baltic financial sector. Swedbank offers banking services through branches, a mobile bank, telephone bank and internet bank. For more information, see pages 26–27.

	Share of Group's total income	Share of profit before impairments
Estonia	6%	7%
Latvia	5%	5%
Lithuania	4%	4%

Group Functions & Other

Consists of two types of centralised business support units: Group Products and Group Staffs. Group Functions & Other supports Swedbank's business areas. For more information, see pages 30–33 and 51.

Share of Group's total income

7%

Share of profit before impairments

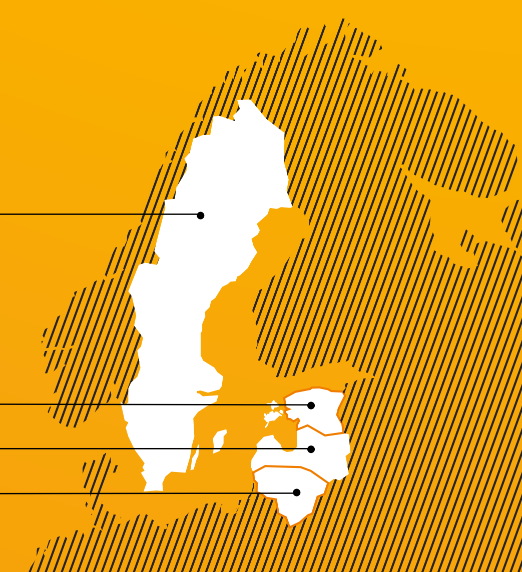
8%

Markets

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

Market shares private market | corporate market

	Private: Deposits	Private: Mortgages	Corporate: Deposits	Corporate: Lending
Sweden	21%	25%	19%	19%
Estonia	54%	45%	36%	34%
Latvia	28%	31%	12%	17%
Lithuania	36%	26%	25%	23%



Cost control creates opportunities to invest in our customer offering

The most important reasons for our 2014 earnings are that customers increasingly chose us to do business with and that we have grown as a bank. We are good at adopting new technology and doing things smarter, thanks to which we have been able to control costs and improve our offering. We also benefit from being a safe and secure bank.

What do you say about 2014, Michael (MW)?
We have done a good job for our customers. Large Corporates & Institutions had a profitable year with a clearly defined customer focus. In the Baltic region, customer satisfaction is high and our multi-channel strategy is profitable and driving customer value. In Sweden, we reversed the trend in private customer operations, with greater success in mortgages and a better inflow to savings products. We had a strong year in our corporate business and are gaining market share.

Anders (AS), what were the most important issues for the Board of Directors during the year?
We have been concentrating for a number of years on making the bank profitable and reducing risk. We have been successful in this respect, however, progress is slower with creating stronger customer relations. We are devoting much time and effort into how we can better serve our customers.

Interview with Chair Anders Sundström (AS) and President and CEO Michael Wolf (MW)

Is there any discrepancy between what is good for customers and good for shareholders?
AS: Not really. Profitable companies are often loved by their customers. That is rarely true of an unprofitable company. There are differences, however, between a short- and a long-term perspective. Profitability can be achieved in the short term, but not customer satisfaction. We want to achieve consistent long-term profitability with strong long-term customer relations.

Do the board and executive management share the same view in this regard?
MW: It's our owners who set the bank's return targets, and I think that the goal of a 15 per cent return on equity we have makes sense from the perspective Anders describes. The executive management's main job is to ensure that customers get long-term advice, good service and widespread accessibility, and that they feel our products and services are worth the price. We are working hard with our digital services. In less than three years the Mobile Bank has added over two million users.

On the corporate side we have benefited from an increasingly diversified Swedish business sector. When new retail, services and property sectors evolve, we are there with a very good Swedish offering in both loans and cards.

You have a tough cost target in the next two years. Why?
MW: Increased competition, new regulations and 0 per cent interest rates are placing great pressure on our margins and ability to get paid for certain services. Tougher cost control will give us the flexibility to stay competitive in the new landscape and at the same time maintain our profitability. It is a hugely competitive market, and it's important to consistently invest to stay on top and be more efficient.

AS: The cost target is there because we want to give customers more. We see that prices in areas such as payments and savings are trending lower so we have to be able to offer competitively priced, better products. In payments, there is clearly greater competition from small, quick moving players as well as multinationals with established networks. In savings, society has paved the way for new companies by offering customers various guarantees. When the risk is taken by the state together with the customer, there is less need for equity, which pushes prices lower.

Anders, if you had to pick one of Swedbank's strengths to carry over into 2015, which would you choose?
Future growth will be driven by urbanisation, population growth and increased housing construction. Swedbank's strong position in the property sector and mortgages is and will remain a strength given the structural changes we are seeing. We are strong where the economy is growing.

Michael, if you had to choose another strength, which would it be?
Our employees. We live in a knowledge economy where the ability to cooperate and innovate is crucial. Moving our head office to Sundbyberg was a step in the right direction. We have open-plan premisis specifically designed to facilitate interaction and collaboration.

What will Swedbank's biggest challenge be in 2015?
MW: Our biggest challenge is having the courage to take decisions that may be difficult today but in the long term will strengthen customer relations. When profits are good, it's easy to fall into a trap where you try to protect the bottom line and aren't willing to do what customers want. This is why we are digitising more services and making them more efficient for customers. While it could mean a lower margin per unit sold, that's where the courage comes in – the willingness to change in order to stay profitable.

AS: I agree. When things are at their best, there is a risk of becoming complacent and thinking that we should continue doing what we have always done. This is dangerous when the world is changing so fast. If you're not aware of this, success can lead to downfall. I am confident in the bank's excecutive management. One of their biggest strengths is being able to anticipate what might be hiding around the next corner.

What do customers' changing habits mean for Swedbank?
MW: Customers are becoming more knowledgeable, and this will continue. There is great transparency and access to information in the market today. We have to keep this in mind. The more competent customers are, the more they demand of us and the advice we give. Although customers are doing more themselves by mobile phone and tablet, we need to have the right competence to solve their problems.

There has been a lot of talk about automation in the wake of digitisation and driverless cars. Will we see driverless fund managers or loan approval systems?
MW: Automation will take us far. Data storage capacity is expanding at great speed and artificial intelligence is no longer out of reach. Many of the decisions being made today by people will be taken over by computers. We have to be able to add value in other ways. What can never be automated are our values. Fortunately we and the savings banks have a long history of sound values to build on.

You have been talking about simplifying processes and increasing efficiencies for a long time. How is it going?

AS: There is room for self-criticism. Making processes more efficient is one of the hardest things for old organisations with long-standing customer relations to do. There are products introduced 50-60 years ago that are still being sold and will have to be reinvented to meet the competition from new companies that don't carry heavy baggage in the form of outdated structures.

MW: We have devoted a great deal of time and energy to analysing complexity. We have merged our Swedish banking operations with IT and product development. The aim is to reduce the number of products and thereby reduce the complexity of our IT-systems.

Banks are becoming more regulated. What are the advantages and disadvantages?

AS: In general it is positive. The gyrations in the economy are so big that substantial buffers are needed in the form of equity. Then there is always the question of whether you can design a risk-free system. The solution isn't just stricter regulation. The reason we manage over time is our values – our history and our social engagement.

MW: We were clear in stating that the old regulations did not identify structural risks. Household debt is not captured satisfactorily by either the old or new regulations. The underlying problem of Sweden's housing shortage isn't going to be regulated away. As a bank, we have to constantly look critically at our balance sheet and make sure that we don't play a part in creating bubbles.

How do you feel about making mistakes and daring to try new routes?

AS: I think we are a very open organisation with little prestige. We enjoy dialogue and discussing our varied opinions. Successful service companies are created in dynamic workplaces.

Why is diversity important for Swedbank?

AS: In a society where success is achieved by tapping all available knowledge, you have to give everyone the opportunity to utilise their skills. You cannot ignore fifty per cent of the labour force simply because they are women or twenty per cent because they were born in a different country.

MW: I see it as one of our most important competitive weapons: being able to take advantage of all the competence that's out there. Through our commitment to two projects, Young Jobs and A Job at Last, we have met a great number of talented people who we would never have found in a traditional recruitment process. This has taught us to continuously re-evaluate how we look at and define competence.

Are there any social concerns that could impact Swedbank and its customers?

AS: The most difficult issue for us is that we live in a society without inflation, maybe even with deflation. None of us has really experienced this before. For those of us who work in savings and loans, it is the single most important question.

MW: In the last four years we have had a fairly negative view of the market. We are not getting any lift from the economy and have therefore focused, and will continue to focus, on efficiencies from both a capital and cost perspective.

How can the bank influence sustainability issues?

AS: We keep a close eye on sustainability in our organisation, but where we can really play a significant role is in lending and financing. Helping to finance sustainable housing or green vehicles, for example, has a big impact. We can exert an influence by being part of society's transformation.

MW: The bank plays a central role in society's ecosystem, and our lending is an important part of the financial sustainability of our home markets. We have a very big responsibility in this regard. We have to understand and manage sustainability on many levels and are committed in various ways to gathering intelligence that can help us to make accurate risk assessments.

Swedbank's strength is mainly outside the big cities. What's your response to those who say that future growth will be concentrated in a few cities?

MW: We have finally managed to grow our business in the Stockholm region as well as in Gothenburg and Malmö. In southern Sweden, we acquired Sparbanken Öresund in 2014 to secure a better position in an important growth area. I would say that we have moved beyond our old image of being strong only in rural areas.

AS: Cities will be very important in the future, but that doesn't have to mean Stockholm. It could also be fairly small communities. We are active in essentially every city in Sweden, and each of them has potential. We will help to identify that potential and contribute to their success.

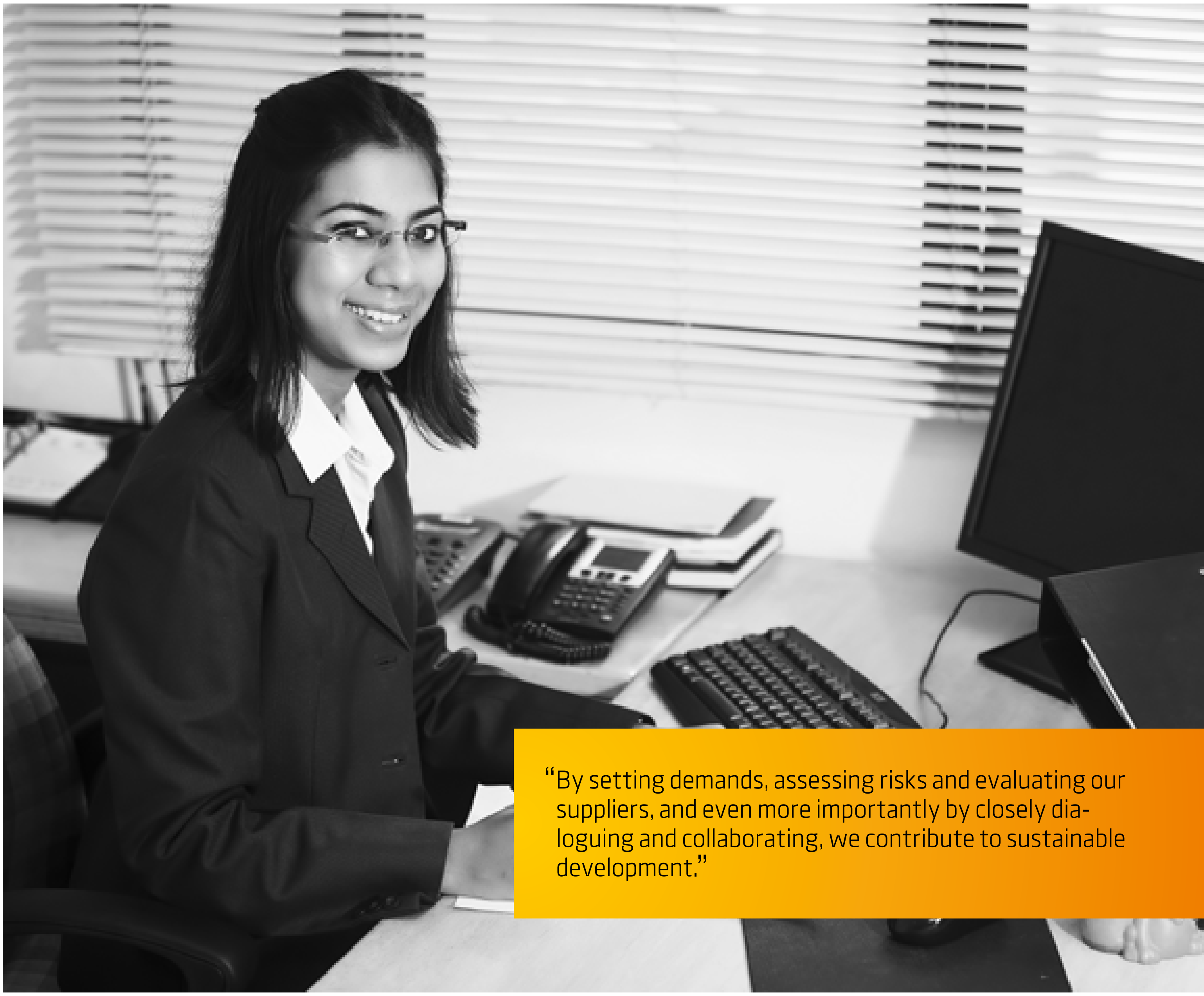
What improvements can customers expect to see next year?

MW: I think customers recognise that our digital platforms have made a high level of service widely available. Those who come to us with more complex problems must feel that we are adding value. This was a challenge for us earlier, but now we have what's needed to help customers throughout life's journey, and we will invest more to develop that knowledge and competence.

Stockholm, February 2015

Michael Wolf
President and CEO

Anders Sundström
Chair



"By setting demands, assessing risks and evaluating our suppliers, and even more importantly by closely dialoguing and collaborating, we contribute to sustainable development."

Social value

Sustainability in the supply chain

It is important for us to also take responsibility through our suppliers, even though we as a service company have a fairly small supply chain. Our annual purchases exceed SEK 7bn, and this gives us both a global and local impact.

Extensive efforts were launched in 2011 to further integrate sustainability into our procurement process. A new supplier code of conduct was established and we dialogued with several companies on sustainability risks. We are conducting risk audits of our supplier portfolio, which in certain cases is leading to changes in suppliers for sustainability reasons. Through our procurement process, we can influence suppliers by demanding better working conditions and greater environmental awareness. This creates competitive advantages for them and for us as well.

Part of Swedbank's IT development is located in India, where we conducted a review in 2013. At the time we identified the need for a third-party audit, which was done in 2014 and raised issues concerning contract employees as well as health and safety. The company in question had difficulty proving that it paid fair and reasonable wages with the right to overtime compensation. An action plan and timetable were established to address these issues, which will be followed up until they have been resolved.

These external audits are an important part of our work to verify compliance with our code of conduct.

New conditions to anticipate and understand

The macroeconomy, regulatory changes and technological developments continue to challenge the banking sector while also creating new opportunities. Competition is hardening at the same time that customer behaviour is changing at an accelerating pace.

The macroeconomy is one of the biggest influences on the banking sector. Banks are also affected by regulatory changes and rapid technological developments, which are providing new opportunities for them and their customers.

This creates the need for continuous change. Profitability is pressured in certain areas, but new revenue sources are opening up in others. Understanding the need to adapt as customers' expectations and demands change, being able to quickly adapt an organisation and thinking innovatively will be even more important in the future.

"New opportunities for those who keep pace and can adapt to changes in the market"

Uncertain and challenging macro environment

Globalisation means that growth in any one country is tinged by uncertainty about growth in the major economies and geopolitical developments. The global recovery in 2014 was unbalanced. The US continued to grow, while the eurozone was threatened by slower activity and deflation. Shaky economic conditions could impact the relatively strong growth in Sweden and the Baltic countries. This growth has mainly been driven by domestic consumption, which primarily benefits the retail and service sectors. The European Central Bank's stimulus measures have increased opportunities for credit growth.

Urbanisation and population growth, together with a shortage of housing construction in major Swedish cities, are driving credit demand in the real estate sector, but could mean even higher levels of household debt. At the same time growth opportunities are hampered by limits on migration. The proposal to tighten amortisation requirements is designed to reduce debt levels and cool off the housing market, but there is a risk that they could create lock-in effects, increase barriers to entry and reduce household consumption. Moreover, the parliamentary situation in Sweden could lead to a weak government with neither the will nor the means to implement the reforms needed for the country to stay competitive, which could negatively affect growth. Increasing international competition and digitisation are contributing to low Swedish inflation, which coupled with a low interest rate environment,is pinching bank profits and credit demand in the industrial sector.

In Estonia, Latvia and Lithuania, domestic demand has driven growth. While these economies have been impacted by lower exports to Russia, the effects of the Russian embargo have been confined to a few sectors. On the other hand, this has been compensated by higher exports to other markets.

Regulatory changes create new conditions

Regulatory demands on the banking sector, including higher capital requirements, have increased in order to protect society against the costs of another financial crisis. These requirements make it harder for new players and increase costs for those already in the sector, which in turn means higher prices for customers. At the same time we are seeing regulatory changes and deregulation in Sweden and the EU to strengthen consumer rights by increasing choice and increasing transparency requirements. This is opening up opportunities for new players to enter parts of the banking market and will make price, service and availability even more important competitive factors in the future. This trend is increasing the need for cost efficiency at the same time that brands and the ability to differentiate will play a more important role.

New customer behaviour and increased competition in the wake of technological developments

Digitisation is creating new, more cost-effective ways to automate and distribute products and services. Together with globalisation, it is also reducing entry barriers across national borders and making it possible for entirely new players to enter the banking market – players with other opportunities to think innovatively and who are not tied down by existing product promises and outdated systems. Customer experience from other sectors are also raising the demand for similar solutions from banks. Digital developments in the banking sector are being driven by customer expectations and growing demands, not by the banks as before.

Digitisation increases availability and makes it easier to compare offerings, which are becoming more standardised. To a growing extent customers are choosing different providers for different needs, and banking products themselves are increasingly seen as a commodity where price and brand become more important. Transparency and availability are also making customers better informed. In the process the need for advice is changing. Everyday banking services, which are now handled almost exclusively in digital channels, increase interaction with customers while at the same time creating economies of scale. New opportunities are opening up for those who quickly keep pace and adapt to changes in the market.

Heeding our stakeholders' expectations is critical to our success

Progress and development are achieved through cooperation. Together with our stakeholders, we ensure that capital, goods and services flow through society. Successful cooperation requires a functioning dialogue.

A bank can never be stronger than the society in which it operates, which is why dialogue with our stakeholders is critical to Swedbank's long-term profitability. In recent years the banking sector has undergone major change, in no small part due to rapid technological developments. New regulations have opened the door to parts of the financial market for new players, and consumers are finding themselves in a stronger position as it becomes easier to compare and choose between different players. This has made it more important as a bank to maintain transparent communication with its stakeholders.

It is against this backdrop that Swedbank's stakeholder model should be seen. By listening and gauging our stakeholders' expectations, we smooth the way for positive dialogue, better business development and communication, and successful cooperation. The materiality analysis conducted in 2013 to ensure that we are focused on the right issues remains topical to understand our stakeholders' expectations.

Swedbank's stakeholders are divided into four main categories.

Customers

Swedbank has 8 million retail consumers and over 600 000 corporate and organisational customers. Creating value for them is one of the cornerstones of our business; it is also a pre-condition for the bank to create value for our other stakeholders. The bank's customers expect responsible advice and services tailored to their specific financial situation. Our responsibility includes handling day-to-day financial matters as well as providing more extensive advice and financing for private and corporate customers. When they interact with us, customers want a competitive and secure offering, freedom of choice, transparency and easy availability. Many also expect us to play a part in making society more sustainable.

For more information, see the section on goals and results on pages 12–13 and the information under each business area.

Employees

The aim is that our over 14 000 employees reflect the diversity in the markets where we do business. They are the ones who develop long-term, value-enhancing relationships and meet our customers' demand for financial services. A precondition for performing well and contributing to the bank's overarching objectives is that our employees have the opportunity to develop on the job. They are attracted by the fact that we are a modern, socially engaged bank and want a positive work environment with development opportunities, stimulating work and leaders who see the big picture.

For more information, see the section on goals and results on pages 12–13 and the corporate governance report beginning on page 42.

Society & community

Swedbank's success depends on the well-being of the communities where we operate. This is why we are committed to sustainability issues. For society's sake we promote a stable and sound financial market. The bank's interaction with society and the community spans from local development to digitisation and financial stability at a national level. This stakeholder group includes authorities and regulators, who place high demands on transparent and accurate communication.

For more information, see pages 16–17 and the sustainability notes on pages 175–189.

Owners & investors

The majority of our investors see Swedbank as a long-term investment with low risk and a competitive return. They want to feel confident in what we do, that we can meet our financial goals and that we understand the challenges and opportunities we face. The capital market's confidence is won through transparency, low risk, good cost control and stable profitability.

Sustainable model creates value for many

We have to capitalise on the opportunities that open up in a market in constant change. Anticipating new needs and continuously developing our business to meet the expectations of shareholders and the financial needs of customers is the key to create value. In this way we promote a sound and sustainable financial situation.

Expectations from stakeholders

Customers

Employees

Society & community

Owners & investors

For more information, see page 7

Strategic decisions

Strategy
- Accessible full-service bank
- Decision-making close to customers
- Low risk
- High cost efficiency

For more information, see page 10

Priorities
- Improve customer value
- Increase efficiency
- Integrate Sparbanken Öresund

For more information, see page 11

Value creation

Offering
- Finance
- Save/Invest
- Pay

Availability
- Self-service
- Branches
- Contact centres

Examples of value we create

Accessible, competitive offering for 8 million retail customers and 600 000 corporate and organisational customers

Development opportunities for 14 000 employees in a stimulating work environment with fair market value compensation

A responsible bank that contributes to a sound and sustainable financial situation. One of Europe's most stable banks

Over 300 000 share- and bondholders get a competitive return with low risk

Market factors

Macroeconomy

Regulatory changes

Technological development

For more information, see page 6

A brand's strength is more important in a digital customer relationship

A strong brand increases opportunities for future business by retaining existing customers and attracting new ones. This is important, not least to be successful in digital customer meetings, where it is easier for customers to switch providers.

With a business that is central to growth and affects many people, banks deservedly attract a lot of attention. The brand is affected by perceptions of the sector as a whole, where confidence declined during the banking crisis and because of the debate on bank profits. The decisive factor in determining the strength of our brand, however, is how we act on a daily basis.

Customers

Our Swedish customers' view of Swedbank has been negatively affected in recent years. The retail operations in particular face major challenges. This is indicated by an industry survey where 300 of our customers as well as customers of other banks were asked what they thought about Swedbank. The results were below the industry average. We also conduct our own surveys of over 40 000 customers, who provide us with valuable input to work with. This survey showed higher customer satisfaction in 2014. For more information, see pages 12–13.

Among our Baltic customers, the brand is strong – stronger than the best banks in Sweden. Swedbank was named the fourth "Most Loved Brand" in a Baltic survey, after Google, Facebook and Gmail.

Among large corporate customers, a customer centric strategy has strengthened the brand and customer satisfaction and led to top rankings in surveys by Prospera and Greenwich.

Banking is about of relationships. Digitisation means that customers meet us more often in their day-to-day lives and this also makes it easier to switch banks, which has increased the importance of a strong brand. Satisfaction is high among customers who bank digitally for the most part. Ninety per cent of our Swedish customers rate the Mobile Bank and Internet Bank a 4 or 5 on a five-point scale. Already in the 1990s we were the first bank in the Baltic countries to introduce online services and have since been seen as offering the best digital services.

Employees

Swedbank's employer brand is critical to our ability to retain and attract the best talents, and to a strong customer offering. Our popularity as an employer is high in all our home markets, as indicated by Universum's surveys.

The willingness of employees to recommend Swedbank as an employer has steadily risen in recent years. Important reasons are colleagues and the work climate, development opportunities and the bank's values and culture. High willingness to recommend the bank is a reflection of engaged employees who inspire colleagues and offer ideas, which has a strong effect on how our customers see us as a bank.

Society & community

The media plays an important role as a watchdog. It also provides important feedback on what stakeholders are saying about us. Our customer satisfaction surveys and media intelligence give us insight into how we can strengthen our brand.

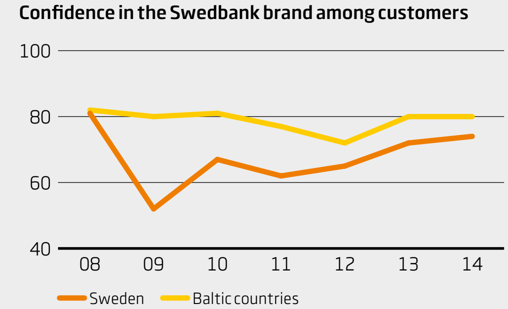
An important part of our corporate culture and brand is promoting local and regional growth. We do so through collaboration and dialogue, where we are engaged in important sustainability and social issues. One area we are working on together with the savings banks is general education for children, adolescents and young adults. In the Baltic countries, banks have played an important role in the economic development. Swedbank, formerly Hansabank, has helped to lead the way in the financial area. A position that has grown stronger over the years through our social engagement, especially in education and entrepreneurship.

Through our sustainability work, operational involvement in the labour and housing markets, opinion forming on availability, infrastructure and housing construction, and diversity and integration, we have an opportunity to bring together stakeholders to discuss important global and local issues. This is not only important from a business standpoint but is also a central part of our branding. We want our brand to reflect and be strengthened by our involvement in current and future issues. For more information, see pages 16–17.

Owners & investors

Among investors, we have strengthened our brand in recent years. This, coupled with a number of awards we have received over the years (see page 41), is an indication of their confidence that we can meet our financial goals and are open to the challenges and opportunities we face.

Confidence in the Swedbank brand among customers



A reading between 75 and 80 indicates a moderate risk of a crisis of confidence and a measure over 80 that the risk is low.

Source: TNS SIFO Swedbank Quarterly Brand Panel

Customer value and sustainability are the core of our strategy

Sustainable profitability enables us to meet customer demand for competitive banking services in both the short and long term. Our strategy aims to create sustainable value for customers, employees, shareholders and society.

Accessible full-service bank …

We provide households, large and small businesses, and institutions with everything from basic transaction services to the most advanced advice. We are an inclusive bank with services and availability adapted to a variety of needs and behaviour. We offer efficient digital solutions that make it easy for customers to manage most of their financial needs themselves. More complex services that require advice are offered through direct contact with our employees. Our solutions and advice are firmly rooted in our purpose to promote a sound and sustainable financial situation.

… with decision-making close to our customers …

Our offering is designed with customers in mind. All decisions are made as close to them as possible – without unnecessary lead times. Advisors and central development units are responsible for creating value for customers and shareholders. Since decisions are increasingly made using our self-service solutions, business acumen is required not only of our advisors with direct customer contact but also of those responsible for developing our offerings. This encourages our employees to be engaged, take responsibility and capitalise on opportunities for personal development.

… low risk …

Swedbank's mortgages and other loans are financed through capital market funding. Low funding costs are the result of stable profitability in combination with high-quality lending and solid capitalisation – a prerequisite for winning the trust of the capital market and a benefit for all our stakeholders. Maintaining stable earnings over time requires not only a low risk level, where each borrower's solvency, solidity and collateral are the determining factors, but also the ability to quickly adapt to changing customer behaviour and other market factors. Swedbank shall maintain a sustainable balance between deposits and lending and aims to match all maturities. Our priority is sustainable growth.

… and high cost efficiency

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

Efficiencies create room for value-enhancing investments

Our strategic direction, market factors and changing customer behaviour affect Swedbank's priorities. The priorities are focused on long-term competitiveness and comprise areas that we feel contribute the most to long-term value creation for our stakeholders.

Improve customer value

- Continue to invest in accessibility, transparency, service and quality
- Maintain our attractiveness through a simplified offering and competitive pricing
- Better integrate sustainability into offerings and services

Improved customer value remains one of our highest priorities, as it was last year. Our customers are increasingly driving the trend toward digitisation. They want new, simpler products and accessibility wherever they happen to be, whilst making increased demands on competence and transparency. While they want to take care of more services themselves, the skills demanded of our employees are increasing as the advice required of them becomes more extensive. At the same time competition is growing as new players break into parts of the value chain. It is also becoming easier for customers to compare and switch providers. Global and local challenges mean even higher demands on corporate responsibility and open up opportunities for new foms of investment and financial solutions that contribute to sustainable development. To stay attractive and profitable, we have to meet our customers' growing demands. Our offers have to be sustainable as well as competitive in terms of price, quality and availability. We will use a multi-channel strategy, where every product and service, in every channel and for every customer, is priced in a transparent and easy to understand way. We will be even better at designing offers for customers and being there for them whenever they need us and our advice. We will continue to integrate sustainability into our operations.

Targeted actions will be taken in the future to strengthen our market position and better meet customer demand.

Increase efficiency

- Increase cost and resource efficiency
- Simplify internal processes and increase automation
- Increase competence transfers through increased internal mobility

Banking products and services for private customers and small businesses are becoming more homogenous. Together with increased digitisation, this is leading to more competition and margin pressure. Changing distribution forms in the wake of digitisation also increases the competence required of our employees and reduces the number of employees we need. One cost-effective way to capitalise on and develop the potential of our employees is to encourage and increase internal mobility within the bank. Employees who continuously develop and have experience from different parts of the bank will also lead to better customer offerings.

Low inflation and a low interest rate environment are making it harder for the bank to earn money, at the same time that Swedbank will have to continue investing for years to come and eliminate products based on outdated processes and IT systems. This means we constantly have to find efficiencies in our product range and raise the resource and cost awareness of our employees. We will remain a competitive provider of banking services. Through smarter and more sustainable processes we are creating long-term profitability with the room for investments that increase customer value and opportunities for future business.

Integrate Sparbanken Öresund

- Consolidate our position in an important growth region
- Give Sparbanken Öresund's customers access to Swedbank's systems and products
- Realise cost synergies

The acquisition of Sparbanken Öresund in 2014 is an important element in our strategy to grow in existing markets and strengthen our position in an important growth area. In connection with the switch to Swedbank, Sparbanken Öresund's customers will be able to access Swedbank's extensive product range, along with new digital services, more branches, greater customer support and extended business hours. The transfer of Sparbanken Öresund's customers to Swedbank's platform will produce significant cost synergies and make it possible for us to further invest in customer offerings.

Increased customer focus…

Our goals shall contribute to long-term value creation. High customer value is a pre-condition for sustainable profitability and value creation for other stakeholders.

Non-financial goals

Customers

GOAL: Increased customer value.

WHY: Customer value, together with customer satisfaction, trust and a positive brand image, explains why customers choose our products and services. Customer value is essential to sustainable profitability. We monitor customer satisfaction through surveys we conduct ourselves and others done independently.

Employees

GOAL: Increased employee engagement.

WHY: Engaged and motivated employees help to make our customers successful. By giving our employees more decision-making authority, they become engaged and take long-term responsibility for our customers' finances. A key to this is employees who have the opportunity to develop their skills as well as strong leadership. We monitor employee engagement through an annual survey.

Financial goals

Return on equity

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

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

Cost efficiency

GOAL: Market-leading cost efficiency.

WHY: Digitisation is increasing competition and transparency in parts of the market at the same time that banking products and services are becoming more standardised. As a result, the price of our service is becoming more important. To remain competitive in the long term requires continuous improvements in cost efficiency and internal processes, which creates opportunities to invest in increased customer value. Swedbank shall be the market leader in cost efficiency.

Capitalisation

GOAL: Solid capitalisation.

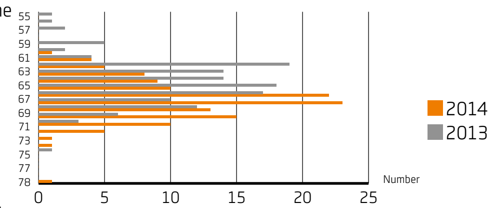
WHY: The majority of Swedish capital requirements were clarified in 2014. The question is whether Swedbank, which external stress tests showed is among the banks with the lowest risks in Europe, should have the highest capital requirements. Swedbank's capitalisation should ensure that it can withstand a stressed scenario and remain at a level that leaves a margin beyond the requirement. This will ensure access to competitive capital market funding.

...promotes our competitiveness

Solid cost control and high resource efficiency provide us with the investment capacity required to be an attractive bank in the future as well.

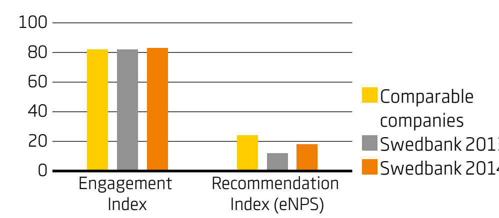
RESULT: In Sweden, customer satisfaction is measured by SQI, a survey of around 300 of the bank's customers, and CSI, which covers over 40 000. According to SQI, Swedbank's customer satisfaction was below the industry average at 64 (-2) for private customers and 66 (+2) for corporate customers. According to CSI, which provides each major branch with information on what it needs to improve, there was a gain of 2 points. Improvements were made across the board, but branches with the lowest satisfaction made the biggest gains. Customer satisfaction in our digital channels is generally higher and 90 per cent of customers give the digital services a grade of 4 or 5 on a five-point scale. In 2014 it decreased in Estonia, mainly among older customers, but rose among younger and mortgage customers. In Latvia and Lithuania, customer satisfaction increased, mainly among younger customers.

Customer Satisfaction Index for Swedish customers who bank at branches



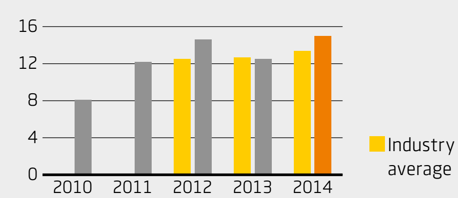
RESULT: In Swedbank's employee survey, the recommendation index (willingness to recommend Swedbank as an employer) rose for the third consecutive year. Since 2012 it has more than tripled its rating, but there is more to do as we are still below the index from comparable companies. Also, the engagement index rose, from an already high level, compared with other financial institutions. For more information, see page 182.

Employee survey



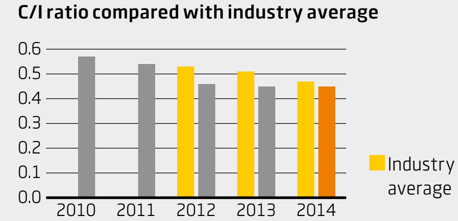
RESULT: The return on equity for continuing operations increased during the year to 15.2 per cent (14.7). The industry average was 13.4 per cent and includes the three major Swedish banks Nordea, SEB and Handelsbanken. Swedbank's profit for the year improved through higher income. Expenses decreased slightly excluding the acquisition of Sparbanken Öresund. Low interest rates, higher capital requirements and market factors make it harder to reach the ROE target going forward. Increased efficiency therefore remains one of our priorities.

ROE compared with industry average, %



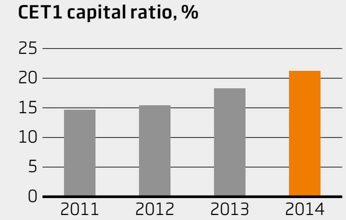
RESULT: The target for 2014 was to maintain expenses at the same level as 2013, excluding the acquisition of Sparbanken Öresund. Cost control was good and we finished the year with expenses slightly below the target. One way to compare cost efficiency is the cost/income ratio. Swedbank's C/I ratio for 2014 was stable at 0.45. This is due to the acquisition of Sparbanken Öresund. Excluding the acquisition, the C/I ratio decreased during the year. The average for Sweden's three other major banks – Nordea, SEB and Handelsbanken – was 0.47. Swedbank's C/I ratio was the lowest.

C/I ratio compared with industry average



RESULT: The Common Equity Tier 1 capital ratio continued to improve during the year to 21.2 per cent (18.3) as of 31 December. The increase is mainly because Swedbank received approval from the Swedish Financial Supervisory Authority to use an Internal Ratings-Based Approach (IRBA) for corporate exposures in Sweden and Norway, and due to profit for the year (after the proposed dividend). The acquisition of Sparbanken Öresund reduced the CET1 capital ratio. Steps taken to improve capital efficiency continue to have a positive effect on the CET1 capital ratio. Read more on pages 38–39.

CET1 capital ratio, %



Customers and employees create earnings

Together with other banks, Swedbank is an engine in the financial system and ensures an efficient flow of capital, goods and services in society. By creating value through banking services, companies can grow, jobs are created and housing is financed.

Swedbank's offering

Banking services are becoming more digitised. This is creating big opportunities for both customers and the bank. It is becoming easier to bank anywhere and at any time. Most everyday services and a growing number of more specialised services are becoming available digitally. As a bank, it allows us to be closer to and reach more customers at the same time that we can better target our offerings.

LOANS AND FINANCING
Loans for individuals, businesses and institutions – in large part mortgages. Corporate lending consists of bank loans, larger, more complex forms of credit, financing assistance through the bond market, specialised financial advice (corporate finance), and help identifying and managing risks. Loan products account for about 70 per cent of the bank's balance sheet assets, the largest share of net interest income and approximately 10 per cent of net commission income.

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

PENSIONS
All types of pension solutions for individuals and companies responsible for pension and insurance issues: state pensions, contractual pensions (employer) and private retirement savings.

INSURANCE
Complete protection for private customers against illness, accident or death, as well as non-life insurance. Swedbank also offers a wide range of business insurance.

CARDS AND PAYMENTS
A wide variety of payment options: debit and credit cards, Swish, internet and mobile payments, foreign transfers and other digital solutions. Through digital verification solutions such as mobile Bank ID, more and more payments are being made digitally. Cards and payments account for just over 30 per cent of net commission income.

CASH MANAGEMENT
Cash management basically entails improving the efficiency of a company's payment routines and cash flows with the help of payment solutions, electronic invoicing and the right types of accounts and cards.

Simplified income statement

+ Our income	SEKm
Net interest income (interest income - interest expenses)	**22 642**
The bank's lending generates interest income. Interest expenses are incurred for the deposits (savings) customers have placed with Swedbank as well as for capital market funding.	
Net commission income	**11 204**
Fees charged for services such as cards and payments, asset management, loan commissions, equity trading, insurance and corporate finance.	
Net gains and losses on financial transactions	**1 986**
Result of the market valuation of equities, lending, funding, interest-bearing securities and currencies held by the bank. Arises through trading in financial instruments by customers and by the bank itself and as a result of valuation effects in the accounts, primarily from interest and exchange rate movements.	
Other income	**3 472**
Share of result from associated companies, services sold to cooperating savings banks, net insurance, capital gains and income from the sale of repossessed properties.	
Total income	**39 304**

– Our expenses	SEKm
Staff costs	**10 259**
In order to develop the best services and give professional advice to our customers, we must be a relatively personnel-intensive business, which makes it essential to attract and develop people with the right skills as customer needs change. Aside from the cost of capital, about 60 per cent of Swedbank's total expenses are staff related.	
Other expenses	**7 343**
IT expenses are the second largest expense item, after expenses for development, systems and licences. The customer offering generates distribution expenses for bank branches and the Telephone, Mobile, iPad and Internet banks. These expenses are significantly higher through the retail network than when a transaction is done through digital channels. Production expenses are incurred to develop new products, develop existing ones and maintain our product platforms. Group Functions generate expenses as well.	
Credit impairments	**419**
Credit impairments are natural for a bank and arise, for example, when a borrower cannot pay the interest or principal on their loan. All lending carries a risk that the borrower will not be able to fulfil their commitment. Assessing, monitoring and working proactively with credit risks are critical to minimising credit impairments.	
Tax	**4 301**
Swedbank is one of the biggest corporate taxpayers in Sweden. Together with the country's other banks, we account for about 10 per cent of total corporate income tax collected.	
Total expenses including impairments	**22 579**

= Our profit attributable to shareholders	16 447

Stability generates value for shareholders and society

High quality lending, a broad, diversified customer base, cost efficiency and solid capitalisation create a profitable and stable bank that will earn the capital market's trust. Our owners and investors are given a competitive return on the capital they invest.

Simplified balance sheet

Our assets	SEKbn
Cash and bonds To meet our commitments even if access to financing is closed for an extended period, Swedbank maintains a liquidity buffer in the form of cash and liquid securities.	284
Loans to the public Lending to individuals and companies is Swedbank's core business. About half of Swedbank's lending to the public consists of mortgages in Sweden. Swedbank is one of the biggest lenders to private and corporate customers in its four home markets.	1 405
Loans to credit institutions As part of the financial system, Swedbank also offers lending and deposits to other banks and credit institutions.	114
Derivatives To protect the bank and its customers against unwanted movements in interest or exchange rates, for example, Swedbank uses and offers various types of derivatives, mainly swaps, which are reported on both the asset and liability sides of the balance sheet.	123
Total assets	2 121

Our liabilities and equity	SEKbn
Deposits Deposits are an important part of Swedbank's core business and are used to finance a significant share of the bank's lending. Swedbank has a large, stable base of deposits in Sweden, Estonia, Latvia and Lithuania with high market shares.	677
Capital market funding Lending not financed with deposits is funded through the capital markets. Swedbank's market financing is almost exclusively long-term and mainly consists of covered bonds.	835
Derivatives See comment under assets above.	86
Equity The rules on how much capital must be maintained were tightened in 2014 to ensure that banks can continue to operate even under unfavourable conditions. Today Swedbank is one of the best capitalised banks in Europe.	117
Total liabilities & equity	2 121

Earnings distribution

Swedbank distributes 75 per cent of its profit as a dividend to shareholders, who demand a competitive return on the capital they invest. The remaining 25 per cent is allocated to an equity buffer in the balance sheet for times of economic turmoil and to finance future investments to increase customer value.

Dividend	Equity
Our profit attributable to shareholders	**16**

Sustainable processes

Through sustainability work, Swedbank contributes in its business decisions to a sound and sustainable economy. The bank's approach to sustainability is business driven and is seen as a way to attract customers, employees and investors. To minimise risks in the bank, sustainability issues are integrated into every business decision.

FINANCE
Sound, responsible lending is our core business. Customers' payment ability, solidity and collateral are always the decisive factors in the lending process. Before approving any business loan in Sweden of over SEK 1m, an assessment is made of sustainability risks. Risks related to these areas can affect the profitability and reputation of the customer and the bank.

SAVE/INVEST
A key part of our savings offering is fund management. As a responsible asset manager and active owner, we dialogue directly with companies and participate in annual meetings and nomination committees to encourage them to act sustainably. We consider sustainability risks to be financial risks that must be assessed in financial analysis.

Swedbank Robur is certified according to the Global Investment Performance Standard (GIPS) and has signed the United Nations' Principles for Responsible Investment (PRI).

PAY
The payments area involves major risks associated with money laundering and financing of terrorism. To ensure that Swedbank complies with laws and regulations, we work to understand our customers, where their money comes from and the purpose of their relationship with the bank. This helps us to detect unusual behaviour. System support for monitoring domestic and international transactions and reconciliations of our customer database against sanction lists also reduce risks in our operations – both financial and brand related. As digitisation increases and less cash is used in society, better opportunities will also open up for efficient resource utilisation.

For more information, see page 177

Sustainable business creates social value

As a major player in the financial market, we influence communities, people and the environment – directly and indirectly through our customers, suppliers and employees.

In a world with more people and finite resources, businesses are facing growing demands to contribute to change and adapt to a new reality. This means reducing impacts on people and the environment, but for us as a bank perhaps more importantly it means finding ways to reduce risks and contribute to new solutions to current and future challenges. Solutions that drive society forward and promote responsible and sustainable growth. Our sustainability work requires an understanding of global and local challenges, which is gained through market analysis, dialogue and cooperation with our customers and other stakeholders. Through our products and services (finance, save and invest, and pay), we can encourage those around us to act sustainably. This is why we have integrated key sustainability aspects into our business decisions and core processes, including purchasing. For more detailed information, see page 15 and 177.

Responsible lending and lower risks

To us, responsible lending means promoting a sustainable financial situation for the many households and businesses and taking responsibility for reducing indirect impacts on people and the environment that can arise through our customers' businesses.

Sustainability risks can rarely be separated from financial risks, which is why we conduct a sustainability analysis in connection with all business loan applications in Sweden over SEK 1m. The analysis is done in close dialogue with customers and partners to ensure we work together for social, environmental and financial development. In 2015 we will continue to integrate sustainability aspects into our central business processes such as lending and investments in order to reduce sustainability risks and, together with our customers, to integrate sustainability into business decisions.

For several years Swedbank has debated the importance of a more responsible approach to amortisation in order to reduce the high indebtedness of Swedish households. Since tighter amortisation recommendations were introduced by the Swedish Bankers' Association on loan-to-value ratios over 70 per cent and individual amortisation plans were created for new loans, the attitude toward amortisation has changed. We now see a greater willingness among customers to save by paying off their mortgages.

Innovation and product development drive society forward

Through our products and services we can combine our expertise in financial solutions with our aim to contribute to sustainable development. Examples of the products and services we have developed include sustainability oriented index-linked bonds, energy loans and sustainability funds, where we place tight requirements on industrial emissions, hazardous chemicals, health and safety, and zero tolerance of corruption. Only the best companies in each industry qualify for investment by our sustainability funds, which manage about 40 per cent of our total assets under management. Through the Humane Fund, two per cent of the value of which is distributed annually to various charities, we make it easy for customers to contribute to aid organisations, human rights, the environment and research. Our energy loans offer favourable terms for customers who invest in energy-conservation solutions and/or more efficient heating systems.

Actions against corruption and money laundering

Our commitment to financial stability and a sound financial market includes contributing to a reliable and efficient business climate. Given the nature of our business, there are many corruption risks, for which we maintain Group-wide programmes. The bank's anti-corruption policy clarifies our commitment, role and how we work internally and in relation to our customers and partners. Internal rules and training provide guidance on how individual employees are expected to address issues of corruption, bribery and conflicts of interest. To prevent the bank from being used as a tool for criminal activity, we have established internal regulations based on Swedish and European law. All employees receive mandatory training to recognise patterns, behaviour and situations that constitute, or are associated with, money laundering.

Commitment to local growth and integration

In the Baltic countries our social engagement includes supporting entrepreneurs, who sow the seeds for growth in society. In Lithuania we connect students with companies through lectures, study visits and creative workshops. In Latvia we are working to improve socioeconomic conditions. We have developed a donation portal, Ziedot.lv, which as of year-end had channelled EUR 20m to nearly 1 800 projects.

We have continued to work to find more jobs for young people and foreign-born people. Ensuring that everyone, regardless of age or ethnic background, has an opportunity to work is necessary in a well-functioning economy. Between 2009 and 2014 we helped, together with the savings banks and our business customers, to create 10 000 trainee positions for unemployed young people as part of the Young Jobs project. Over 900 have been offered trainee positions with Swedbank to date and around 40 per cent have received permanent positions. An initiative called "A Job at Last" has helped over 100 foreign-born graduates to find work, 65 per cent of them at Swedbank. As part of the same initiative, Swedbank is working with ten of the country's largest industrial companies to develop a skills assessment model for the Swedish Public Employment Service and the business community. The goal is to give foreign-born graduates an opportunity to find positions better aligned with their skills and experience.

Since 2010 Swedbank has arranged annual "Growth Days", which bring together local businesses, politicians, academics, civil society and opinion leaders to define and find solutions to future challenges.

Training in financial sustainability

Teaching people to manage their personal finances is part of our history. To this day we are active in the debate on financial issues and help to educate mainly children and young adults as a natural part of our business. This includes "Lyckoslanten," a magazine distributed free of charge to schools by Swedbank and the savings banks. The magazine, which is also used by teachers, is one of Sweden's largest for young people, with a circulation exceeding 500 000. We also provide lectures and material on personal finances for upper secondary schools. We are working in Estonia, Latvia and Lithuania as well to develop educational material, hold lectures and arrange seminars to inspire teachers and improve young people's knowledge.

Collaboration to stop exploitation of children

The financial industry plays a central role in stopping payments for child pornography. To prevent financial systems from being exploited for such purposes, Swedbank has been collaborating with other banks since 2009 in the Financial Coalition Against Child Pornography.

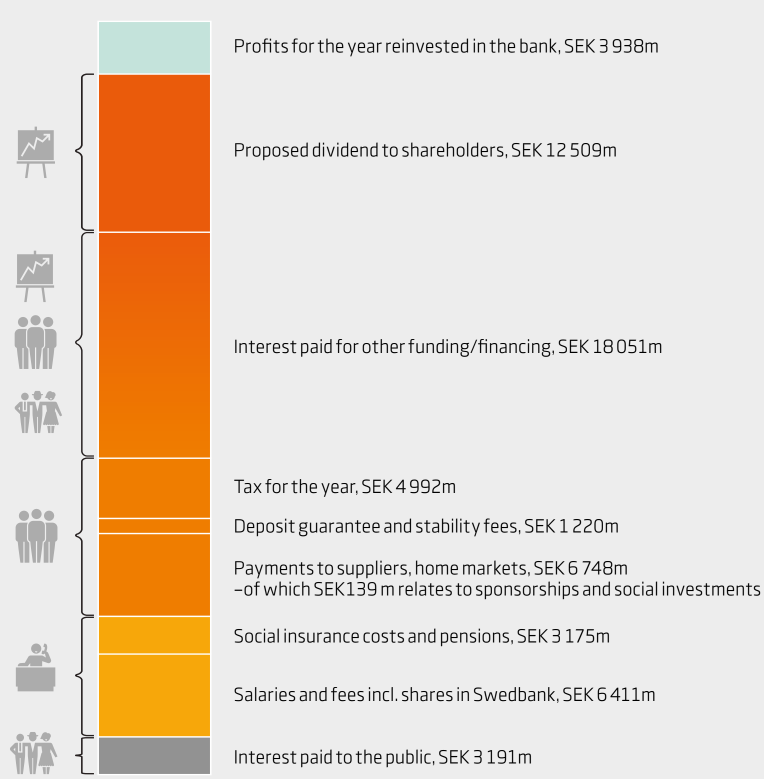
Stronger dialogue with suppliers on sustainability

As a bank, Swedbank has a relatively small supply chain, but still has a responsibility and opportunity to work actively with sustainability issues in its purchasing. We set requirements for our suppliers and dialogue with them to improve sustainability. In addition to a supplier code of conduct, we perform sustainability risk assessments and evaluations for purchases above EUR 50 000 per year. In 2015 Swedbank's purchasing unit will place greater emphasis on sustainability dialogues and double the number of visits to suppliers compared with the previous year. The aim, together with suppliers, is to ensure that human rights, fair working conditions, the environment, climate change and ethics are integral parts of the work. See also pages 5 and 186.

Knowledge is the foundation for change

We are working continuously to raise sustainability competence internally and provide employees with knowledge that will improve the advice we give our customers while creating value for society. Training in sustainable banking as well as money laundering and corruption was introduced for all employees. New managers receive training in gender equality and diversity, and our corporate advisors in sustainability analysis and sustainable development. The Board of Directors and Group Executive Committee have also received training in sustainability as well as money laundering, diversity and gender equality, to promote a non-discriminatory, responsible and values-driven business and organisational culture.

Distribution of financial value creation 2014



See also the table on page 185.

Employees who develop create customer value

We create employee value and set the stage for strong performance through stimulating tasks, development opportunities, gender equality and diversity, and a market-rate remuneration structure. Engaged employees who develop and take responsibility for our customers' financial situation generate more, and more satisfied, customers.

Engaged, competent and attentive employees build long-term customer relations and develop financial services that meet our customers' needs. The basis for everything we do revolves around customer value – from advice and product development to efficient ways of working. We are therefore working with three strategically important issues:

- An inspiring internal job market that encourages mobility
- Gender equality and diversity
- Market-rate remuneration

Internal mobility promotes competence and resource efficiency

Market factors such as digitisation place new and higher competence demands on our employees at the same time that we have to adjust the number of employees. Due to low inflation, low interest rates, changing customer behaviour and regulatory changes, we also have to be more cost-effective to maintain our competitiveness and profitability.

To achieve this, we are focused on increased internal mobility within the bank, coupled with an external hiring freeze in Sweden, where external recruitment will only be done in exceptional cases.

Motivated employees who continuously develop, with skills and experience from various parts of the bank, have a better understanding of our customers and their needs. This creates opportunities to develop competitive offers, positive customer experiences and higher customer value. For our employees, greater internal mobility means an inspiring job market with more development opportunities, where they can broaden their skills and thereby become more attractive within and outside the company. For us, it is a resource-efficient way to utilise the competence and potential of our employees.

Our managers are responsible for supporting employees in their development by encouraging and creating opportunities for internal mobility. To support internal mobility, we launched a career portal during the year with the goal of inspiring and guiding our employees and leaders in the career planning process. We have designed our internal recruitment advertisements to attract more applicants and used outreach for specific positions.

Gender equality and diversity create good work environments and more business opportunities

Gender equality and diversity are important contributors to Swedbank's work environment, corporate culture and customer relations. Our long-term target is that the bank's employees as a whole will reflect their home markets in terms of gender distribution and share of employees with foreign backgrounds, among other variables. Gender equality and diversity work is strategically important to ensure the bank's continued competitive strength and competence and is based on a central plan where each business area works actively with these issues and is measured against specific goals. Employees who respect each other and our equal value create a safe, open work environment that encourages high-performance work. A diversity of employees that reflects our customer base also creates opportunities for new business through a larger network and a better understanding of each person's specific needs. The "A Job at Last" initiative is one of the activities to increase diversity. For more information, see page 17.

Swedbank works actively with wage gaps between men and women. The bank's annual salary analysis showed fewer cases of gender wage gaps this year, all of which have been narrowed. We have continued to focus on the area with the goal of eliminating all such gaps.

We have worked with training in gender studies and equality for more than ten years. In 2014 new, more comprehensive management training was introduced. The Group Executive Committee also focused and dialogued on diversity and gender equality issues during the year.

Gender equality also involves highlighting and working on a daily basis to eliminate unconscious prejudices and attitudes on how we judge women and men. For more information, see the notes on sustainability on pages 182–183.

An inspiring internal job market with market-rate remuneration

In a financial world impacted by digitisation, low inflation, low interest rates and regulatory changes, cost efficiency is critical to being an attractive bank. The need for higher cost efficiency also affects employee remuneration, which will mean a lower rate of wage increases in coming years.

Remuneration consists of fixed and variable components, benefits and a pension in Sweden. We offer our employees a high level of competence development, a large, exciting job market with many opportunities for career and personal development as well as market-rate remuneration.

It is important that the remuneration structure contributes to stability and sound risk taking which benefits our customers and the bank. Our view is that remuneration should be individually designed as far as possible to attract and encourage performance in line with Swedbank's goals, strategy and vision and actions aligned with our values.

> “As Sweden’s largest fund manager, we can influence key issues. By working actively on the environment and climate change, we can contribute, together with our customers, to sustainable development.”

Climate change – our most important environmental issue

Our work with climate change is based on processes where we can have the greatest impact: product development, customer service, corporate loan and supplier evaluations, fund management and company analysis.

Through training and environmental risk assessments, we incorporate environmental factors into our operations. The emphasis is on minimising impacts in the supply chain and in our own operations.

In planning our new head office in Sundbyberg, climate change was an essential factor from the very beginning. The goal was to maintain low energy consumption, create a good indoor environment and build with green materials. The property has received the highest green building rating and won an EU Green Building Award in 2014.

Climate change in fund management

We feel that all companies, regardless of sector, should prioritise energy-efficient solutions and conservation. Expectations about their climate change work vary, however, depending on the sector. We expect more proactive strategies and action plans for energy consumption in energy-intensive companies.

Our positions and dialogue with companies are based on two standpoints: climate change/ energy consumption and production of fossil fuels such as oil and gas. For more information, see www.swedbank-robur.se.

Our Ethica sustainability funds invest only in companies that exhibit the strongest dedication to sustainability in their sectors.

This year we analysed the sustainability funds’ CO_2 emissions to reduce their climate impact. In 2015 we will analyse around 40 equity and mixed funds’ climate impact.

High customer activity strengthened the result

The priorities to improve customer value, strengthen our market position and increase cost efficiency contributed to a stronger result in 2014. This facilitates further investments to raise customer value and capitalise on opportunities for future business.

The result rose by 27 per cent to SEK 16 447m (12 901). Income, expenses and credit impairments increased, while impairments fell. Fluctuations in exchange rates, primarily the depreciation of the Swedish krona against the euro, raised profit by SEK 187m. The result for continuing operations was SEK 16 709m (15 241) and for discontinued operations was SEK –262m (–2 340). In 2013 SEK –1 875m was reclassified to the income statement from other comprehensive income related to the sale of the Ukrainian operations, compared with a corresponding reclassification of SEK –223m in 2014 to wind down the Russian operations.

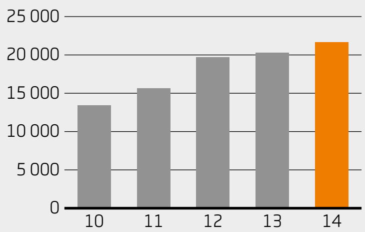
Profit before impairments increased by 7 per cent to SEK 21 702m (20 290). Baltic Banking and LC&I improved their results, but Group Treasury within Group Functions & Other increased the most. Profit within Swedish Banking was stable. The return on equity for continuing operations improved to 15.2 per cent (14.7). The cost/income ratio was 0.45 (0.45).

Profit before impairments, by business area excluding FX effects

SEKm	2014	2013	Δ
Swedish Banking	11 926	12 027	–101
Baltic Banking	3 590	3 340	250
Large Corporates & Institutions	4 423	4 299	124
Group Functions & Other	1 763	836	927
Total excl. FX effects	**21 702**	**20 502**	**1 200**
FX effects		–212	212
Total	**21 702**	**20 290**	**1 412**

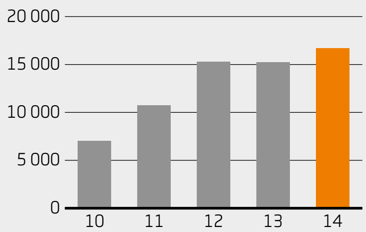
Income rose by 6 per cent to SEK 39 304m (36 938). All business segments and the acquisition of Sparbanken Öresund contributed to the higher income. Stronger commission income and net interest income contributed the most. Net gains and losses on financial items also increased, while other income excluding one-off effects decreased by SEK 461m from the acquisition of Sparbanken Öresund. Changes in exchange rates increased income by SEK 325m.

Profit before impairments, SEKm



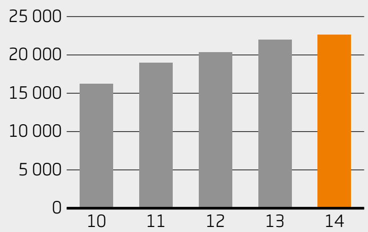
Profit before impairments increased by 7 per cent to SEK 21.7bn. The increase was mainly due to higher net commissions and net interest income.

Profit for the year attributable to the shareholders, SEKm



Swedbank's result in 2014 for continuing operations increased by 10 per cent to SEK 16.7bn.

Net interest income, SEKm



Net interest income grew by 3 per cent. Increased lending volumes, lower funding costs and improved mortgage margins contributed while deposit margins were under pressure from falling market rates.

Larger lending volumes strengthened net interest income

Net interest income rose by 3 per cent to SEK 22 642m (22 029). Group Treasury's net interest income improved thanks to falling market interest rates. Repricing and increased deposit volumes contributed positively in Baltic Banking, while higher lending volumes and origination fees contributed to the improvement in LC&I. Swedish Banking's net interest income decreased. Lower market interest rates had an adverse effect, while increased lending volumes and higher mortgage margins contributed positively. Increased provisions to the stability fund reduced net interest income by SEK 125m. Fluctuations in exchange rates contributed positively by SEK 164m.

High customer activity and positive stock market development strengthened net commission income

Net commission income rose by 11 per cent to SEK 11 204m (10 132). Commission income from asset management was higher, mainly due to a bullish stock market, but also to net inflows. Card and real estate brokerage commissions rose as well, as did loan-related income.

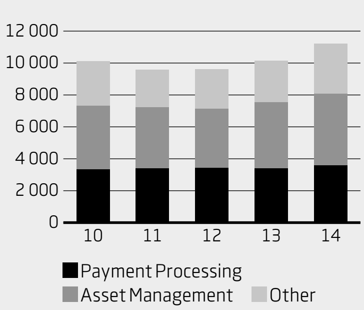
Falling market rates positively affected net gains and losses

Net gains and losses on financial items at fair value rose by 34 per cent to SEK 1 986m (1 484). The net result in Group Treasury within Group Functions & Other was less negative in 2014 mainly due to the positive effects of falling interest rates. The net result within LC&I was stable.

Smaller property portfolio in Ektornet and one-off effects affected other income

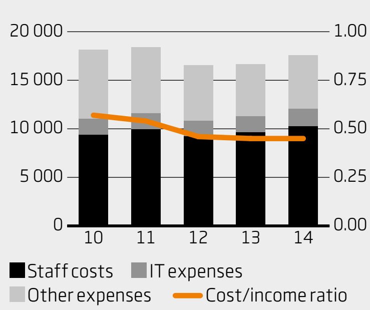
Other income increased by 5 per cent to SEK 3 472m (3 293), but decreased excluding one-off effects. In 2014 a bargain purchase gain of SEK 461m was recognised on the acquisition of Sparbanken Öresund, in addition to one-off income of SEK 230m from the share of profit of the associated company Entercard. As a result of its significantly smaller property portfolio, Ektornet saw less sales activity year-on-year, which negatively affected other income.

Net commission income, SEKm



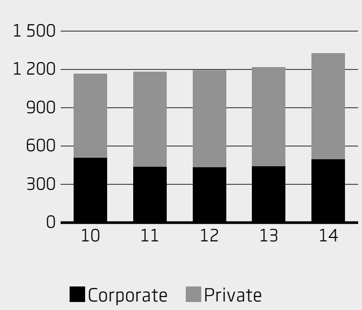
Commisions increased mainly from asset management following increased volumes as a result of bullish stock markets and net inflows. Card-, and lending related commissions rose as well.

Expenses, SEKm



Total costs increased by 6 per cent to SEK 17.6bn, slightly below the cost target of SEK 17.7 bn. Costs decreased slightly when excluding the acquisition of Sparbanken Öresund.

Loans to the public, SEKbn



Lending increased by 9 per cent to SEK 1 325bn. Lending to mortgage customers and corporates in Sweden increased most. The acquisition of Sparbanken Öresund also increased volumes.

Cost target achieved

Expenses increased by 6 per cent to SEK 17 602m (16 648), slightly below target. Of the total expenses, SEK 615m were one-off expenses resulting from the acquisition of Sparbanken Öresund in the second quarter 2014. Excluding Sparbanken Öresund expenses decreased slightly. Changes in exchange rates increased expenses by SEK 113m. Fixed staff costs rose as a result of an increased number of customer advisors and IT staff as well as salary adjustments. Expenses for Varible compensation decreased. Expenses for IT development were higher. Consulting expenses rose due to the integration of Sparbanken Öresund. Higher business activity increased compensation to the savings banks. Less cash handling and the outsourcing of ATMs led to lower expenses for transport and security. Expenses of SEK 136m were recognised in 2014 for the move to the new head office.

The number of full-time employees increased by 318 year-on-year due to the acquisition of Sparbanken Öresund. The number of positions in Group Functions & Other decreased due to reduced staff in Group Products – a result of increased efficiencies and digitised processes – and the winding down of Ektornet. Baltic Banking also reduced its staff. The number of full-time employees rose within LC&I as a result of conscious efforts to expand advisory services. In Swedish Banking the number of employees was stable excluding Sparbanken Öresund.

Lower recoveries in the Baltics

Credit impairments increased to SEK 419m (60). Baltic Banking reported recoveries but at a lower level than in 2013. LC&I reported higher credit impairments, mainly due to increased provisions for a problem loan in the third quarter. Credit impairments within Swedish Banking were lower. Tangible asset writedowns were SEK 256m (693), a decrease attributable to Ektornet. Intangible asset writedowns fell to SEK 1m (182).

The tax expense amounted to SEK 4 301m (4 099), corresponding to an effective tax rate of 20.5 per cent (21.2). The 2014 tax rate was lower than in 2013 due to a number of negative one-off effects during 2013. The underlying tax expense is higher as of 2014 due to the Group's new dividend distribution policy, whereby about 60 per cent of profits generated by the Baltic subsidiaries from 2014 will be distributed to the parent company, Swedbank AB. Since profit in Estonia is not taxed until distribution, the policy has resulted in an increased tax expense for accounting purposes.

Increased credit demand

Swedbank's lending increased by SEK 111bn or 9 per cent during the year to SEK 1 325bn, of which SEK 14bn is due to currency effects. Mortgage lending in Sweden rose by SEK 37bn during the year. Corporate lending within Swedish Banking and LC&I increased by a total of SEK 57bn. The highest activity was in the property management sector, where Swedbank already had a strong position. The acquisition of Sparbanken Öresund in the second quarter increased lending by SEK 16.5bn, of which SEK 5.0bn was private lending and SEK 11.5bn corporate lending. Baltic Banking's lending portfolio grew slightly in Estonia and Lithuania, measured in local currency, but decreased slightly in Latvia.

Proposed dividend of SEK 11.35 per share

The proposed dividend is SEK 11.35 (10.10) per share for the financial year 2014, corresponding to a dividend ratio of 75 per cent.

Other events

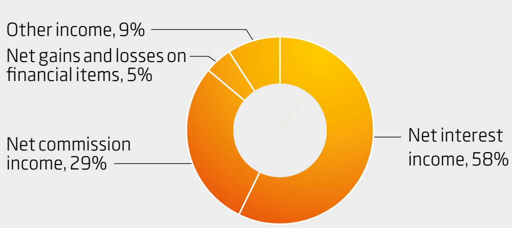
On 17 June the Swedish Competition Authority sued the subsidiary Swedbank Franchise for its acquisition of Svensk Fastighetsförmedling. The Swedish Competition Authority was of the opinion that the acquisition would impede competition. In December the Stockholm District Court announced that it prohibited the acquisition. The ruling has been appealed to the Swedish Market Court. If the Market Court ratifies the decision from Stockholm District Court, it means that the acquisition is prohibited and hence the transaction shall be reversed. The case is not expected to have any material economic consequences.

In December the Swedish Shareholders' Association filed a class action against Swedbank Robur with the National Board for Consumer Disputes (ARN). The Swedish Shareholders' Association claims that two funds, Allemansfond Komplett and Kapitalinvest, were not actively managed for an extended period and that Swedbank Robur therefore should repay a portion of the management fee. The issue of active versus passive management is complicated and affects not only Swedbank Robur but is of fundamental importance to the industry in Sweden and abroad. Swedbank disputes that the funds have not been actively managed and believes it was clear in explaining its management approach and the fees it charges.

Events after 31 December 2014

Lithuania adopted the euro as its currency on 1 January 2015.

Total income 2014 by source of income



Swedbank's most important sources of income is net interest income and net commission income which corresponded to 87 per cent of the total income in 2014. Other income consists of profit or loss from associates, sold services to savings banks and income from assets taken over.

"We have over SEK 1 300bn in lending. By working with sustainability issues in the lending process, we can encourage our customers to act more sustainably in their businesses and reduce our risks."

Customer value – Social value

Swedbank finances sustainable chocolate

As a financial company, our biggest impact is indirectly through our lending and asset management. In lending, it is important to prevent and understand the risks and opportunities in various businesses, including those tied to sustainability.

Swedbank has been evaluating sustainability risks in its lending for some time. Recent improvements include updated sector guidelines and competence development for our business advisors. For us it is a question of raising customer value, but also profitability.

One example of how sustainability aspects can add customer value and benefits is the financing we arranged for Gefle Chocolaterie, a chocolate maker with focus on sustainability, where respect for human rights and the conservation of natural resources can be seen along the entire chain from cocoa plantation to consumer.

"Swedbank has helped us with financing and opportunities to invest and grow from the start. They supported our idea as early as fifteen years ago, when practically no one was talking about sustainability," said company founder AnnaSofia Winroth. "Swedbank has made it possible for a small local business like ours to be active and influence a global market. The dialogue with Swedbank's advisers has been helpful to us irrespective of, whether we have been questioned, needed to discuss specific issues or just needed encouragement. Sustainability is a natural part of our business. By having our own cocoa plantations, we are able to take responsibility throughout the entire process. This has given us a fantastic insight into the cocoa business. The experience we have gained and the improvements we have been able to make for the people involved is why we are now seen as a success and a source of inspiration in sustainable cultivation, processing and ethical values."

Simplified everyday banking for our Swedish customers

Most customers have the same basic needs and a growing desire for digital self-service solutions. However, with increased wealth and growing companies comes a more extensive need for personal advice for those customers who so wish.

2014 PRIORITIES

- Improve customer value
- Strengthen market position
- New and improved digital functions

Swedbank's development is driven by changing customer behaviour. Our retail business is impacted by increased consumer power and mobility, lower margins, new competitors and tighter regulations. This places higher demands on us. We need more attractive self-service solutions, higher cost efficiencies, and products and services better designed for customers with more comprehensive needs.

For basic banking services, customers increasingly choose our digital channels. Teller transactions have dropped by more than half in recent years. At the same time digitisation allows us to meet customers more often and in more channels – sometimes in several at once – channels that have to interact.

Digitisation also makes it easier to compare offerings and keeps customers better informed. Brand and price are becoming more important to attract these customers. At the same time the advice given at branches is changing as personal wealth increases and companies grow in size. Transactions are becoming more complex. This requires a thorough understanding of each customer's needs and situation, and makes personal advice hard to beat.

"Digital solutions simplify our customers' everyday banking"

Improved customer value through new digital solutions

There is still a lot to do to raise customer satisfaction to the level we want. A 2014 survey reported an improvement, however, and showed that customers who use our digital services are more satisfied than those who mainly use traditional channels. The survey, of 40 000 customers, provided each branch with information on what it has to improve. As a result, those with the lowest satisfaction ratings have been able to make significant improvements compared with last year's survey.

To more easily meet customer expectations and strengthen our offering, we have introduced a new system where customers can leave opinions about our products and channels. In response to their suggestions, we have made it easier to reach the bank by reducing the number of contact options, improving our website and strengthening customer service by telephone. Through "Young Jobs," an initiative of Swedbank and the savings banks, 100 young people have guided customers by phone how to begin using digital services. In addition, various retail concepts have been introduced for more immediate needs and basic advice.

To explain how our digital functions make banking easier, we launched a campaign called "Sweden's smallest bank". One of the services is Swish for mobile payment flows between consumers and businesses. For small companies and associations we launched a new payment terminal, Babs Micro, which allows them to receive card payments without a fixed terminal. For private customers we made it easier to track spending in the Mobile Bank.

"Customers are our most important driver"

Stronger market position in growth regions

In 2014 Swedbank acquired Sparbanken Öresund and consolidated its position in an important growth region. By focusing on medium-sized companies and devoting more time and resources at our branches to assisting private and corporate customers, coupled with skills training and certification of our advisors, we have improved our position in urban regions. The new technology- dependent economy and higher number of service businesses benefit Swedbank, which is already strong in sectors such as property management, services and retail, where we previously established strong positions in cards and payments.

2015 priorities

The focus in 2015 is on improving customer value through greater accessibility, simplified offerings and by maintaining our competitiveness in terms of price and quality, especially in the area of savings. Our customers want more digital self-service options, at the same time that affluent customers and small businesses are also asking for more advice. The measures we have taken include a digital mortgage offering, streamlined centres of excellence and coordination of specialist services. We will support competence development and internal mobility to share expertise between areas.

The integration of Sparbanken Öresund with our other operations is vital in order to secure a strong position in southern Sweden. Transferring customers to our systems and giving them access to our products is a priority, as are cost synergies created through the acquisition.

Rationalisations and efficiency improvements will be implemented to address increased competition and margin pressure in parts of our business. This will provide room for investments that raise customer value and generate future business.

Financial overview

The result amounted to SEK 9 258m, an increase of 1 per cent. Income and expenses both increased, mainly as a result of the acquisition of Sparbanken Öresund. Credit impairments decreased.

Net interest income decreased as a result of lower deposit margins, which were adversely affected by lower market interest rates. This was largely offset by higher lending volumes. Mortgage margins rose on both new lending and the mortgage portfolio, to compensate for higher capital adequacy requirements in the form of higher risk weights for mortgages. The acquisition of Sparbanken Öresund positively contributed to net interest income.

Household deposit volumes increased by SEK 16bn, with volumes from the acquisition of Sparbanken Öresund accounting for SEK 8bn. Corporate deposits within Swedish Banking increased by SEK 11bn. Sparbanken Öresund accounted for SEK 4bn.

Swedbank's household mortgage lending volume increased by SEK 37bn; as did the corporate lending volume, with Sparbanken Öresund accounting for SEK 11bn. Growth was mainly in the property management sector.

Net commission income rose as a result of higher fund volumes in the wake of a bullish stock market and increased net inflows. Increased income from equity trading and real estate brokerage contributed positively. Card commissions rose as a result of increased card usage.

Other income increased compared to 2013 as an affect of one-offs. In connection to the acquisition of Sparbanken Öresund a one-off income of 461m was recognised. Another-one-off income of 230m was recognised in the credit card company Entercard during 2014.

Expenses increased mainly due to the acquisition of Sparbanken Öresund, in connection with which a one-off expense of SEK 615m was recognised. The integration of the company raised expenses as well. Staff costs increased due to the addition of slightly more advisors and higher salary costs. Cash handling expenses fell.

Credit quality remained good. Credit impairments decreased year-on-year and remained at low levels. The share of impaired loans was 0.15 per cent (0.16).

Condensed income statement, SEKm	**2014**	**2013**
Net interest income	13 349	13 620
Net commission income	7 006	6 364
Net gains and losses on financial items at fair value	244	126
Other income	2 174	1 611
Total income	**22 773**	**21 721**
Staff costs	4 426	3 727
Other expenses	6 421	5 967
Total expenses	**10 847**	**9 694**
Profit before impairments	11 926	12 027
Impairments	246	338
Operating profit	**11 680**	**11 689**
Tax expense and non-controlling interests	2 422	2 531
Profit for the year attributable to: Shareholders in Swedbank AB	**9 258**	**9 158**

Business volumes, SEKbn	**2014**	**2013**
Lending[1]	1 024	937
Deposits[1]	411	385

1) Excluding Swedish National Debt Office and repurchase agreements.

Key ratios	**2014**	**2013**
Return on allocated equity, %	25.4	28.0
Cost/income ratio	0.48	0.45
Credit impairment ratio, %	0.03	0.04
Full-time employees	5 396	4 984

Share of Group's total income

58%

Share of profit before impairment losses

55%

Swedish Banking in brief

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

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

Swedbank is part of the community. The bank's presence and engagement takes several forms. The Young Jobs project, which has created thousands of trainee positions for young people, has been an important element in recent years. Swedbank has 314 branches in Sweden.

For more information on Swedbank's market shares, see pages 196–197.

More customers in the Baltic countries are choosing digital solutions

The basic assumption in our business is that the majority of our products and services have to be accessible in every channel.

2014 PRIORITIES

- Greater accessibility in more channels
- Service level and offerings that provide value for the customer and bank
- Resource efficiency and economies of scale

Our customers are clearly impacted by technological developments, where constant accessibility, transparency, fast service and user-friendly digital solutions have become a given. Strong customer relationships require close dialogue and services tailored to their needs. Their growing expectations of being able to bank faster but pay less is increasing the need for efficiency and availability - with a well-balanced physical and digital presence. As proof that we are moving in the right direction in the Baltic countries, Swedbank came fourth in "Most Loved Brands" an annual Baltic survey of global companies. In the category of best financial brand, Swedbank ranked highest.

Simplified digital customer offerings

Customers want better options to bank digitally, when and wherever they choose. During the year we made it easier to make small payments through the Mobile Bank, and Internet Bank customers can now obtain consumer loans digitally.

"Greater availability for customers"

To help customers who still prefer to bank manually with a teller, we are providing training to show them how digital channels make it easier to manage their everyday needs. The number of Mobile Bank customers rose by nearly 40 per cent during the year.

The basic assumption in our business today is that the majority of our products and offerings have to be accessible in every channel. Pricing must be transparent and reflect how the choice of channel affects the bank's costs and thus the price customers pay.

Efficiency improvements that increase customer value

To increase accessibility and raise the quality of the service we offer, coordination has been improved within the business area and between countries. This has also led to economies of scale and more efficient use of resources by capitalising on existing experience and generating a better return on investment. Swedbank was the first bank to establish a special service model for small businesses, which are now served through the Telephone Bank, facilitating a higher level of service adapted to each customer's needs.

"Efficient resource consumption by better utilising competence"

High credit quality reaffirmed in external stress test

The Baltic economies were affected in 2014 by geopolitical developments and lower exports to Russia. While this was compensated for by increased exports to other markets, global uncertainty affected capital expenditure and credit demand in the region.

After it took over direct oversight of Estonian and Latvian banks in 2014, the European Central Bank conducted stress tests and a comprehensive review and evaluation of their credit portfolios. The results of the review reaffirmed Swedbank's high credit quality and strong capitalisation. We have worked proactively and closely with customers who could be affected by the current geopolitical situation in Russia and Ukraine. Intensive work was done to prepare the bank and customers for Lithuania's euro adoption on 1 January 2015.

2015 priorities

Closeness, accessibility and relevance as well as a continued focus on building long-term relations with both private and corporate customers remain the priorities. We will raise the competence of employees who meet and interact with customers while at the same time developing effective tools and functions in our digital offering. We will also provide more advice through the Telephone Bank and adapt our branches to a new retail concept designed more for consultation, information and training.

For corporate customers we will also offer better e-commerce solutions as well as more services for small and medium-sized firms. At the same time we are strengthening sector expertise and risk awareness and gradually moving decision-making authority closer to the customer.

More efficiency improvements will further reduce lead times and complexity in our most important business and support processes. This will produce faster service and increased accessibility for our customers as well as better resource utilisation.

Financial overview

Profit amounted to SEK 3 200m (3 189). Income rose mainly due to increased business activity and repricing, while expenses in local currency decreased as a result of higher efficiency. Recoveries were lower. Changes in exchange rates improved profit by SEK 149m.

Net interest income increased by 6 per cent in local currency mainly due to repricing and higher deposit volumes. Changes in exchange rates improved net interest income by SEK 166m.

Lending volumes were stable in local currency. Consumer finance increased, corporate lending and private mortgages were flat, while leasing decreased. Deposit volumes increased by 9 per cent in local currency, mainly in Lithuania.

Net commission income rose by 7 per cent in local currency. Increased card usage and higher asset management volumes due to the stock market rise and net inflows were the main reasons. Net commission income was negatively affected by fewer international payments after the euro adoption in Latvia.

Net gains and losses on financial items at fair value decreased by 28 per cent in local currency, mainly due to lower income from the Latvian FX trading business as a result of the euro adoption.

Other income decreased by 5 per cent in local currency due to lower insurance-related income. The decrease is mainly attributable to the low interest rates.

Expenses decreased by 2 per cent in local currency. Expenses for staff and premises fell, while IT development and regulatory expenses rose. The euro adoption in Lithuania and Latvia raised expenses by SEK 69m, mainly in IT. Increased IT development expenses were the result of investments in digital channels and improved customer offerings.

Net recoveries amounted to SEK 186m (437). Impaired loans amounted to SEK 4.0bn (5.0) at year-end. Credit quality has improved to such a level that impaired loans are now decreasing at a more moderate pace.

In 2014 Swedbank adopted a new policy on profit distributions from the Baltic operations, whereby around 60 per cent of earnings generated in the Baltic subsidiaries as of 2014 will be distributed to the parent company, Swedbank AB. Profit in Estonia is not taxed until distribution, which means that deferred tax is now recognised on the estimated distribution from Estonia, even though it will not be paid until the first quarter 2015. For 2014 deferred tax of SEK 207m was recognised for future distributions.

Condensed income statement, SEKm	**2014**	**2013**
Net interest income	3 496	3 156
Net commission income	1 956	1 733
Net gains and losses on financial items at fair value	239	316
Other income	416	420
Total income	**6 107**	**5 625**
Staff costs	860	848
Other expenses	1 657	1 608
Total expenses	**2 517**	**2 456**
Profit before impairments	3 590	3 169
Impairments	11	24
Credit impairments, net	–186	–437
Operating profit	**3 765**	**3 582**
Tax expense and non-controlling interests	565	393
Profit for the year attributable to: Shareholders in Swedbank AB	**3 200**	**3 189**

Business volumes, SEKbn	**2014**	**2013**
Lending[1]	126	119
Deposits[1]	138	120

1) Excluding Swedish National Debt Office and repurchase agreements.

Key ratios	**2014**	**2013**
Return on allocated equity, %	14.6	14.0
Cost/income ratio	0.41	0.44
Credit impairment ratio, %	–0.16	–0.37
Full-time employees	3 912	3 935

Share of Group's total income

6% Estonia
5% Latvia
4% Lithuania

Share of profit before impairment losses

7% Estonia
5% Latvia
4% Lithuania

Baltic Banking in brief

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

We are available through our digital channels, the Telephone Bank and branches. Swedbank has 50 branches in Estonia, 54 in Latvia and 77 in Lithuania.

Swedbank is part of the local community. Our social engagement is expressed in many ways, with initiatives to promote education, entrepreneurship and social welfare. We are working with various aspects of sustainability to promote a sound and sustainable financial situation for our customers and society as a whole. We work closely with governments, central banks and capital markets to encourage financial stability.

For more information on Swedbank's market shares, see pages 196–197.

Diversified financing needs among large corporates

Swedbank continued to strengthen its position as an advisor and banking partner to large corporates and financial institutions.

2014 PRIORITIES

- Meet customer demand for diversified financing
- Strengthen advisory and analysis capacity
- Deepening and broadening client relationships

A macroeconomic environment with mixed global signals created unsteady financial markets in 2014 and led companies and institutions to seek out stable banking partners. This, together with Swedbank's broad range of services and strong customer offering, led to increased business.

With a business model contingent on advice and personal relationships, digitisation has had a limited impact on our large corporate business to date, at the same time that equity and currency trading has increasingly shifted online. Tighter regulation is making the business more complex, and we have to devote resources to fulfil new reporting requirements and regulations.

Added customer value through coordination of specialist areas

Our customers want more sources of financing and more stable funding with varying maturities. A low interest rate environment and high liquidity are also increasing the need for alternative investments with an opportunity for high returns.

By focusing on a number of specific sectors with customer teams and coordinating specialist areas, we are optimising delivery and advice for each customer. This has strengthened our market position in recent years by generating more business and new customers – both companies and institutions – seen in, among other things, higher deposit volumes from the real estate and telecom sectors.

"More customers are financing through the bond market"

Demand remained high in the bond market, to which small companies and those without official credit ratings are also increasingly turning. As a leading player in the Nordic bond market, Swedbank completed a large number of issues in SEK and NOK as well as EUR, corresponding to about SEK 125bn. Another funding alternative that has grown in popularity is preference shares, which are more efficient than raising other forms of equity capital. Real estate companies are well represented in this area due to the growing market in Sweden, where housing demand is on the rise as a result of urbanisation and population growth. Swedbank is strong in the real estate sector and has assisted a number of customers to issue preference shares.

As access to funding has increased in today's low interest rate environment, our customers have placed higher demands on specialised financial expertise and strategic advice. We are therefore focusing on business and capital market advice as well as stronger competence in equities, bonds and research. Traditional lending will still be important when choosing a banking partner, however.

Customer activity in fixed income trading and credit has been adversely affected by low interest rates, which at the same time have made it easier for companies to refinance at lower levels.

The positive climate for equities contributed to a higher number of IPOs. Swedbank was an advisor in 5 of the 13 IPOs in the Swedish market, and in 3 of 9 in Norway. This made us one of the leaders in the Nordic region, especially in the real estate sector.

The offering for private customers and small businesses has been strengthened through expanded advisory services in our regions. This has contributed to a growing business. The Norwegian private customer offering has been strengthened as well through customised asset management solutions.

New fund administration solutions resulted in a number of new customers among financial institutions.

2015 priorities

We will continue to build customer relations and develop solutions that provide value. The focus on financial institutions will be intensified, including through further improvements to transaction services that ensure competitive cash management solutions for multinational customers.

In 2014 the bank invested in a number of IT and system upgrades related to e-commerce. These investments, which stretch over several years, provide a platform for a competitive, future oriented digital offering. Work to strengthen and simplify the capital market offering for private customers and small and medium-sized companies will continue as well.

Financial overview

The result amounted to SEK 3 150m, an increase of 5 per cent. Income, expenses and credit impairment increased.

Net interest income increased by 3 per cent to SEK 3 477m. Higher average lending volumes and origination fees contributed to the improvement. Margins in the lending portfolio were stable. Lending volume increased continuously in 2014 to SEK 175bn (154). The biggest volume increases were in the property management sector, the fastest growing sector in Sweden. New business and a higher take-up rate on existing commitments contributed to the increase. Changes in exchange rates contributed about SEK 6bn of the increase. Deposit volumes rose by 19 per cent, or by SEK 17bn. Transaction flows from large corporates and financial institutions increased as a result of closer customer relationships.

Net commission income rose by 13 per cent to SEK 2 216m. The low interest rate environment and rising equity prices have led to higher activity among the bank's corporate customers, which has increased commissions related to corporate finance. New customers and increased lending contributed to higher loan commissions. The bank's market share for Swedish bond issues was 20 per cent (21) in 2014. The corresponding figure in Norway was 18 per cent (18). This made Swedbank the second largest player in Sweden and the third largest in Norway.

Net gains and losses on financial items at fair value decreased by 2 per cent. Income from fixed income and equity products rose.

Total expenses increased by 3 per cent. Staff costs rose as a result of the hiring of advisors for bond issues and corporate finance as well as salary revisions. New product development, investments in the cash management area and IT investments in the wake of increased regulatory requirements raised expenses for IT and IT-related staff.

Credit impairments amounted to SEK 381m (180). The increase was attributable to higher provisions for a single problem loan in the retail sector. The share of impaired loans was 0.22 per cent (0.38). Credit quality in the loan portfolio remained good.

Condensed income statement, SEKm	2014	2013
Net interest income	3 477	3 387
Net commission income	2 216	1 968
Net gains and losses on financial items at fair value	1 927	1 960
Other income	121	167
Total income	**7 741**	**7 482**
Staff costs	1 627	1 564
Other expenses	1 691	1 649
Total expenses	**3 318**	**3 213**
Profit before impairments	4 423	4 269
Impairments	381	236
Operating profit	**4 042**	**4 033**
Tax expense and non-controlling interests	892	1 042
Profit for the year attributable to: Shareholders in Swedbank AB	**3 150**	**2 991**

Business volumes, SEKbn	2014	2013
Lending[1]	175	154
Deposits[1]	106	89

1) Excluding Swedish National Debt Office and repurchase agreements.

Key ratios	2014	2013
Return on allocated equity, %	19.4	17.3
Cost/income ratio	0.43	0.43
Credit impairment ratio, %	0.18	0.08
Full-time employees	1 175	1 069

Share of Group's total income

20%

Share of profit before impairment losses

21%

Large Corporates & Institutions in brief

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

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

We work closely with our customers, and our advice is based on stable profitability and sustainable growth. We have a presence in Sweden, Norway, Finland, Estonia, Latvia, Lithuania, Luxembourg, China, the US and South Africa.

Simplified products and efficiencies create greater customer value

Group Functions & Other consists of central business support units and the product organisation Group Products.

Group Products

2014 PRIORITIES
- Cost efficiency
- Simplification and automation
- Increased availability through digitisation

Group Products was established to increase efficiency in the development and maintenance of Swedbank's products. Group Products comprises the areas of savings, lending and payments. It plays a central role in ensuring that customers receive the services they want and that they are competitively priced and high quality. This requires significant focus on harmonising and digitising the processes for every product and making them more efficient.

A number of measures were taken in 2014 to increase productivity. Among other things, the number of employees was reduced by 8 per cent, despite higher volumes in every product area.

Increased competition and more standardised products in the savings market

The savings market is undergoing change. Due to demographic factors such as an ageing population and increased individual responsibility for pensions and other long-term savings, demand for savings and investment products is growing and the need for advice is great. At the same time digitisation and regulatory changes have created greater transparency and competition in the savings market as well as more standardised products, which is leading to price pressure. Now that it is easier to transfer funds, customers are more willing to switch providers and are reacting faster to market changes than ever before. A higher share of new savings is in pension products and passively managed funds with lower margins. Moreover, deposit margins are being pressured by low interest rates and the pricing of other investments such as equities, fixed income funds and index-linked bonds. After several years of lower market shares in new sales, Swedbank rebounded to about the same level as its total volumes in 2014.

To adapt to market trends, the bank will reduce the number of products, which will make it easier for customers while also raising cost efficiency. Investment advice will be further developed with a focus on each customer's stage in life and needs.

Deposits

We have maintained our market position in our four home markets. Intense competition for customers' savings continued in 2014, with several smaller players gaining market share on the retail side.

Asset management

Asset management services are provided by Swedbank Robur in the bank's four home markets as well as Norway. In total, around 100 funds are offered, along with discretionary asset management, including management of pension capital. With over SEK 1 000bn under management and around 4 million customers in our home markets, Swedbank is the largest private asset manager in Sweden. As an active and responsible owner with a long-term perspective, we encourage our portfolio companies to act sustainably. Swedbank Robur has a number of sustainability funds with strict criteria. For more information, see pages 19 and 181.

Price cuts have been made on fixed income funds, index-linked funds and generational funds to ensure a competitive offering and to meet the growing competition.

Fund ratings from Morningstar fell in 2014, however we are working actively to reverse this trend and improve our asset management returns.

Pension and insurance

Swedbank has life insurance operations in all its home markets as well as non-life business in the Baltic countries. Non-life insurance is offered in Sweden through a third-party. In Estonia and Lithuania, Swedbank is the largest life insurer. Operations are divided into risk (e.g. life and health insurance) and savings products, where our emphasis is on risk insurance for our credit customers in the retail market.

The focus during the year was on simpler offerings, automation and digitisation, and regulatory changes that affect pensions. In Sweden, investors were permitted to redistribute fund holdings in an investment savings account by mobile phone and to transfer monthly savings from individual pension savings to an investment savings account following a reduction in deduction rights as of 2015. Since 2013 Swedbank Insurance has been a provider of choice of unit-linked insurance for the ITP occupational pension plan's 1.5 million private sector employees, which contributed to an increase in the number of new policies as well as assets under management. Swedbank is positive to the requirement that consumers have more freedom to move their retirement savings, which we feel is beneficial for customers and increases growth opportunities for the bank.

In the Baltic countries, Swedbank was the first life insurer to allow customers to apply for new policies, change existing policies and report claims online. The Baltic subsidiaries anticipate continued growth in the insurance market in the future, and our work is focused on supporting their development.

Increased transparency and demand for a digital loan offering

Demand in the mortgage market remained high during the year, partly because the housing shortage in Sweden continues to drive up prices, but also due to low interest rates. This has increased credit demand in the real estate sector, which accounted for much of the growth in the corporate sector in 2014. In an effort to slow the price rise and reduce household debt, the Swedish Financial Supervisory Authority proposed higher amortisation requirements on mortgages. The fundamental problem of insufficient supply relative to demand in the housing market still remains, however. At the same time higher capital requirements for mortgages and increasing demands for transparency from customers and authorities are changing the market for Swedish lenders. Digitisation is making it easier for customers to compare providers. It has also raised expectations that they can easily obtain a loan digitally. The market for consumer credit is an obvious example, where simplicity and speed have taken precedence in recent years and where niche companies have been better than traditional banks at making products easy to buy.

In 2015 our focus within lending will be on further improving efficiencies in the mortgage process and reducing the number of loan products. We will more clearly explain which factors determine the price of a mortgage to make it easier for our customers to manage their mortgage costs. The finance company's merger with Swedbank AB in 2014 will also provide better opportunities for growth in leasing, instalment credit and auto fleet financing, as well as more efficient processes and lower costs.

Lending

Swedbank has lending operations in its home markets and Norway and to a limited extent in Finland, Denmark, Luxembourg and the US. Total lending to retail customers and corporates amounts to SEK 1 325bn at year-end. About 55 per cent of Swedbank's lending consists of mortgages to private customers and tenant-owner associations in Sweden, where it is the market leader. In the Baltic countries, Swedbank is the largest lender. Credit demand in the Baltics remained low in 2014. Half of our total lending in the region is to households and half to businesses.

After several years of lower market shares for mortgages in Sweden, we raised our share of new sales in 2014 to the same level as our total market share. In our corporate business, we won a larger share of new sales, especially in the real estate sector, where we have a strong position. During the year we documented our mortgage and consumer credit processes so that we can simplify and automate them in 2015. This will make it easier to provide mortgages to customers through digital channels, while also reducing costs. At the same time loan administration has been centralised in Group Products from the retail operations, which has increased efficiency and freed up more time at branches to meet with customers. On the other hand, sales support for complex business has been decentralised to the regions and moved closer to the business.

In consumer loans, Swedbank has been losing market share for some time, because of which we have intensified our work in this area. We have had ineffective distribution, which is being reassessed as collaborations with brokers are established. This is creating opportunities to attract new customers and could help to retain current customers through good price comparisons and rapid response times.

New digital payment services launched, market opens to new players

Payments and cards are among the product areas that will be most affected by regulatory changes and digitisation in coming years. New payment services are being launched digitally, and deregulation of the payment infrastructure will open the market to new players on old, established platforms. Structurally there is price pressure in cards and payments, which has been offset to date by volume growth. Consumers and companies are increasingly choosing electronic payments, which require new solutions. In most retail sectors, e-commerce is growing significantly faster than brick-and-mortar sales. In general, customers are using less cash, especially for services, where card payments are growing. In Sweden, around 80 per cent of all retail purchases are made by card, up with about 2 per cent in 2014. The corresponding figure is 50 per cent in Estonia and is lower in Latvia and Lithuania but steadily growing.

In 2015 the payment area will focus on new product functionality and cost efficiency. A new e-commerce solution with a number of additional payment services will be introduced. Considerable efforts are also underway in cash management, which in the years ahead will launch a number of important functions for businesses with more complex needs. In cards, the number of products will be reduced and administration will be further automated. The payments area has led the way at Swedbank in outsourcing administration to the Baltic units, and this work will continue.

Payments

Swedbank is the market leader in Sweden and the Baltic countries in payments and cash management products. The bank is well-represented in most product segments.

Online payment services are an important growth area. Thanks to its infrastructure and efficiency, as well as economies of scale and a long history of consumer protection, Swedbank has good opportunities. New products and improvements were launched during the year to better meet customer demand for easy, fast and safe payments. They include Swish payments for businesses, allowing customers to check and apply for einvoicing through the Mobile Bank, einvoicing for small businesses, and Swedbank's leading role in helping to replace autogiro payments with einvoices, including automatic due date monitoring in Estonia and Latvia. The number of digital payment transactions increased by 93 per cent in 2014. Payments are the product area that invests the most in developing new products and functions.

Cards

Swedbank issues cards and acquires card payments in all its home markets as well as Denmark and Norway. In Finland and Poland, we acquire card payments, though on a small scale. Swedbank's total market share for card issuing and acquiring in its four home markets is nearly 50 per cent. Measured in number of retail transactions, Swedbank is Europe's fifth largest card payment acquirer and tenth largest issuer.

In card issuance, there are major growth opportunities in the bank's home markets in corporate cards, where Swedbank has traditionally been weaker. The bank's many smaller corporate customers offer good potential to expand this business. Rapidly growing e-commerce is also an important growth area, where our aim is to be a major player in our home markets. Swedbank's volume of e-commerce payments increased by 46 per cent in 2014 and now accounts for 6 per cent of total payment volume.

To help retailers, we launched Babs Micro in 2014 to facilitate card payments by mobile phone. We have also begun a test launch of Masterpass, which allows consumers to pay for online purchases simply and safely by mobile phone.

Group business support units

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

HR is responsible for encouraging excellence and providing employees with opportunities for development. Its responsibility also includes developing strong leadership and creating a values-driven corporate culture where diversity and gender equality are a given as well as maintaining effective remuneration systems based on employee performance.

Group Treasury is responsible for the bank's funding, liquidity and capital planning, as well as for pricing all funding and liquidity through an internal rate of interest, where the most important parameters are maturity, fixed interest period, currency and the need for liquidity reserves.

Changing needs and preferences, together with regulatory requirements, have increased the need for additional expertise and accounting assistance. This places greater demands on the Group Functions in their work to support the business operations. All internal services are open to competitive bidding, so that units that directly interact with customers decide whether the services from the bank's support functions are worth the price. This is driving ongoing efficiency improvements at the Group staff level. The Group Functions play a critical role in improving the bank's productivity by reducing complexity, shortening lead times and better utilising available competence.

Other

Ektornet, which manages and develops the assets Swedbank repossessed during the financial crisis in 2008–2009, continued to rapidly sell off its properties during the year. Repossessed assets amounted to SEK 778m at year-end, against SEK 5 918m at the start of 2012 when they were at their highest level. Ektornet's sales will be lower in future since most of the property portfolio has been sold.Ektornet was wound down as a company in 2014, and its remaining repossessed assets are now managed as part of ordinary operations within the risk organisation.

The Russian operation is reported since 2013 as discontinued operations and net lending at year-end amounted to SEK 0.5bn.

Financial overview

Income for Group Functions & Other consists of net interest income and net gains and losses on financial items, which mainly come from Group Treasury. Other income primarily consists of revenue from the savings banks as well as sales revenue and operating income from Ektornet. Income amounted to SEK 2 906m (2 364). Net income and net gains and losses on financial items at fair value within Group Treasury improved mainly due to the effects of falling interest rates. Sales activity within Ektornet has slowed since the portfolio has already been largely sold off, which reduced other income.

Expenses decreased by 26 per cent to SEK 1 143m (1 539). Excluding the net of services purchased and sold internally, expenses decreased by 3 per cent. Group Products reduced expenses through efficiency improvements. Ektornet also reported lower expenses, which are dropping as the portfolio is sold off. In 2014 one-off expenses of SEK 136m were recognised in connection with the move of the head office.

Ektornet's property values were written down by SEK 243m (652) during the year.

The result for discontinued operations was SEK –262m (–2 340) in 2014. In the first half of 2013 the Ukrainian operations were included in discontinued operations and affected the result by SEK –2 236m, of which SEK –1 875m was reclassified to the income statement from other comprehensive income when the business was sold. A corresponding reclassification of SEK –223m was made during 2014 to wind down the Russian operations.

Condensed income statement, SEKm	**2014**	**2013**
Net interest income	2 320	1 880
Net commission income	–50	–30
Net gains and losses on financial items at fair value	–424	–918
Other income	1 060	1 432
Total income	**2 906**	**2 364**
Staff costs	3 346	3 525
Other expenses	–2 203	–1 986
Total expenses	**1 143**	**1 539**
Profit before impairments	1 763	825
Impairments	224	774
Operating profit	**1 539**	**51**
Tax and non-controlling interests	438	148
Profit from discontinued operations	-262	-2 340
Profit for the year attributable to: Shareholders in Swedbank AB	**839**	**-2 437**
Full-time employees	4 100	4 277

Share of Group's total income

7%

Share of profit before impairment losses

8%

Group Functions & Other in brief

Group Functions & Other consists of central business support units and the product organisation Group Products.

Group Products works to increase efficiency in the development and maintenance of Swedbank's products. It plays a central role in ensuring that customers receive competitively priced, high quality services.

Group Products comprises the areas of savings, lending and payments and has around 1 600 employees in Sweden and the Baltic countries.

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

The Group staffs operates across business areas and serves as administrative support.

Swedbank's risk profile

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

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

Low risk and good capitalisation

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

All financial operations entail risks. Managing them well is critical for Swedbank. The basis of efficient risk management and a good risk-adjusted return is a strong, consistent risk culture with delegated responsibility and decision-making close to the customer.

Risk management safeguards our customers' long-term financial situation

Swedbank's risk management is built on three lines of defence, clear goals and strategies, policies and guidelines, an efficient operating structure, and transparent reporting. The Board of Directors' risk policy details the risk management framework, roles and responsibilities as well as guidelines on the size of the capital buffer maintained as protection against major economic downturns.

Every large business unit has a risk function and a function for compliance. They identify, monitor and report operational and compliance related risks and are responsible for measures to prevent money laundering and terrorist financing. They also provide executive management with expertise on risk management issues.

Swedbank's business units and subsidiaries bear full responsibility for risks that arise in their operations. By delegating responsibility, the organisation can quickly react if problems occur. The risk organisation, which is independent of the business operations, is responsible for identification, quantification, analysis and reporting of all risks. It upholds the principles and framework to facilitate risk assessments while conducting independent analyses and stress tests of how events in the market impact Swedbank. Stress tests have become a more important and widely used risk management tool in recent years. Swedbank undergoes an Internal Capital Adequacy Assessment Process (ICAAP) at least once a year, in addition to stress tests as scheduled or needed.

The risk organisation also contributes expert advice and serves as an advisor in the executive management's decision-making to ensure that the decisions taken are aligned with the bank's risk appetite and risk tolerance.

Increasing digitisation and the shift towards mobile and Internet banking, with more automated processes, change the demands on risk management. The risk organisation is responsible for ensuring that operational risks are managed and for instituting new internal risk regulations. It also supports information security and continuity planning.

Swedbank's risk management

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

First line of defence	Second line of defence	Third line of defence
Risk management by business operations	**Independent risk control**	**Internal Audit**
Swedbank's business units and subsidiaries bear full responsibility for the risks that arise in their operations. Their employees have the best understanding of the customer and specific market. The customer's cash flow, solvency and collateral are always the decisive factors in the loan approval process. Standardised risk classification tools are in place to support the lending process.	The risk organisation is independent of the business operations and is responsible for identification, quantification, analysis and reporting of all risks. It upholds principles and frameworks for risk management to facilitate risk assessments. The credit risk function issues internal lending guidelines, such as cash flow and collateral requirements for customers as well as mandate structures for credit decisions within the organisation. For loans exceeding certain levels, the decisions are taken in credit committees to create a duality with the business operations. The committees also promote a sound risk culture by supporting and training employees in the business areas.	Internal Audit, an independent review function directly subordinate to the Board of Directors, conducts reviews of the first and second lines of defence. It identifies potential improvements in operations by evaluating risk management, governance and internal control. Internal Audit has also been tasked with identifying and helping to minimise activities that do not add value. When flaws are identified, the operations in question, in consultation with Internal Audit, formulate an action plan that clearly defines responsibilities and sets a timetable. The agreed-upon actions are followed up, and Internal Audit reports on their status to the Board of Directors and executive management on a quarterly basis until the work is completed.

Credit risk is the largest risk within Swedbank

Responsible lending is a prerequisite for a well-functioning bank. In consumer and business lending, we take responsibility by explaining risks and reviewing each customer's long-term financial situation. Responsible lending also means verifying that customers are able to repay and can withstand adverse economic conditions. We work proactively with customers who are at risk of financial difficulties. The aim is to find a sustainable solution as early as possible and avert problems before they arise, which helps the customer and reduces Swedbank's risk. In addition, the bank actively and continuously monitors its customers and credit portfolios. Corporate customers undergo an assessment of sustainability risks, including risks related to corruption and the environment. If the company faces sustainability risks and/or the credit amount applied for is too high for the advisor alone to approve, the application is sent to a credit committee for final decision. If additional support is needed before a decision can be made, the application is brought before Swedbank's Sustainability and Ethics Council.

Risk-adjusted return on capital (RAROC) is an important element in the bank's governance. The return is measured on an aggregate level and down to the individual customer. To ensure accurate calculation of the risk-adjusted return, capital is allocated to the business areas down to the individual transaction, which reflects the risk in their business and the bank's risk appetite. This is also critical to accurate pricing. Capital allocated to each business area is reported in the operating segment report (note G5).

"The credit portfolio is dominated by customers with low risk and good resilience"

Development 2014

Market factors are affecting risks

Globalisation requires Swedbank to carefully follow the macroeconomic environment. This includes political and economic turmoil around the world, developments in various sectors and substantially lower energy prices, as well as their potential consequences. The bank's home markets were mainly impacted by slower growth in Europe, but also by the sanctions against Russia. We have not yet seen a significant effect on the bank's credit quality. We are working closely with customers whose businesses could suffer to discuss preventive measures. The credit portfolio is dominated, however, by customers with low risk and good resilience to an economic slowdown.

Swedish household debt continued to concern politicians and authorities as well as banks. There is a systemic risk in this debt, since consumer sensitivity to higher rates or sudden price drops could adversely affect consumption and growth. The stress tests that have been done on our credit portfolio showed, however, that Swedbank's customers have the resilience to withstand worsening economic conditions. We expect the consumer debt problem to persist until the housing shortage is resolved.

Increased digitisation is structural and requires that business models are evaluated and adapted if we are to stay competitive and profitable and manage the risks associated with the new environment. Our business landscape is changing due to digitisation. For example, online trading has changed the need for physical trading, and previously successful business models may have to be revised. Swedbank reassesses all large corporate commitments at least once a year. This includes an analysis of each customer's business model, positioning and competitive strength. Considerable weight is also given to companies' executive managements and their ability to handle new conditions. In these situations tools and support for future development are discussed.

Growing credit portfolio and strong resilience

Risk awareness was strengthened in 2014 through increased risk management expertise at transaction level and improved control centrally. Expanded local mandates, with the goal of shifting decision-making authority and risk management closer to transactions, are working well, and the risk organisation is well integrated into daily operations.

Growth was relatively strong in our home markets, even though demand from the largest export markets was weak and growth was driven by domestic demand. Baltic exports to Russia declined, but the effects of the Russian embargo were limited to a few sectors. To date the lost exports and reduced production have been offset by increased demand from other markets.

The bank's total lending increased by SEK 111bn or 9 per cent to SEK 1 325bn. Growth in the Swedish corporate portfolio was good while maintaining low risk. Corporate lending within Swedish Banking and LC&I increased by a total of SEK 57bn. The highest acitivity was in the property management sector where Swedbank has a strong position. The acquisition of Sparbanken Öresund increased the loan portfolio by SEK 16.5bn, with corporate lending accounting for SEK 11.5bn. The bank's Swedish mortgages rose by SEK 37bn or 6 per cent. In the Baltic region the lending portfolio grow slightly in local currency in Estonia and Lithuania, but decreased slightly in Latvia.

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

The annual stress tests of major Swedish banks conducted by the Riksbank and the Swedish Financial Supervisory Authority (SFSA) in 2014 showed Swedbank's resilience. In Europe, stress tests are done by the European Banking Authority (EBA) and the European Central Bank (ECB), with the latter responsible for oversight of banks in the eurozone as of November 2014. During the year Swedbank participated in the EBA's pan-European stress test, while our Baltic subsidiaries participated in the ECB's more thorough review of asset quality and accompanying stress test. The results reaffirmed Swedbank's strong resilience and capital base, even in highly stressed economic conditions.

Historically low credit impairments

Impaired loans continued to decrease and at year-end amounted to SEK 6.3bn (7.5), corresponding to 0.41 per cent (0.55) of total lending. The total provision ratio was 53 per cent (54).

Repossessed assets nearly halved to SEK 933m.

The share of mortgages in Sweden past due more than 60 days was stable at 0.07 per cent of the portfolio (0.09). In Baltic Banking, the share decreased, mainly in Latvia.

The credit impairment ratio remained at a historically low level of 0.03 per cent, with credit impairments of SEK 419m (60m). The Baltic countries again reported recoveries, though at a lower level.

Low market risks despite uncertain global economy

Increased geopolitical risks and significant rate cuts increased volatility for several asset classes. Market risks were still relatively stable and remained at low levels. Lithuania's adoption of the euro on 1 January 2015 will further reduce currency risk.

In operational risk, we safeguard accessibility and stability in our electronic channels

Operational risks are changing in pace with digitisation. The shift from branches to mobile and internet banking places higher demands on protection against external threats. We are therefore taking a wide range of measures, from electronic security and active shutdown of fictitious and infected websites to providing information directly to our customers. Part of operational risk management is done when new products, services and IT systems are developed or significant changes are made, at which time the impact on all stakeholders is taken into consideration.

Measures to further safeguard IT operations and accessibility through the Internet Bank, Telephone Bank and ATMs are continuing. So is the bank's long-term work to modernise, consolidate and improve efficiencies in the IT infrastructure, which will limit operational risks.

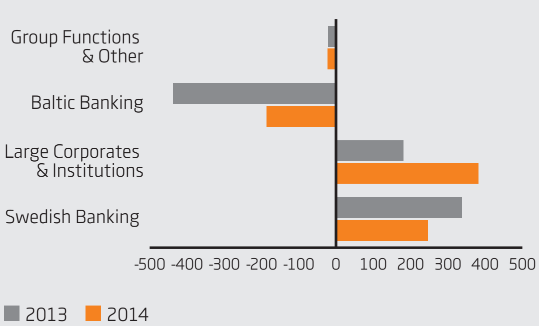
Losses related to operational risk events remained low in relation to anticipated losses and in comparison with other European banks. Increased regulation and reporting requirements necessitate greater resources, however.

Low market risks in insurance operations

The risk entailed in the majority of Swedbank's life insurance operations is borne by the customer. Few products offer guarantees.

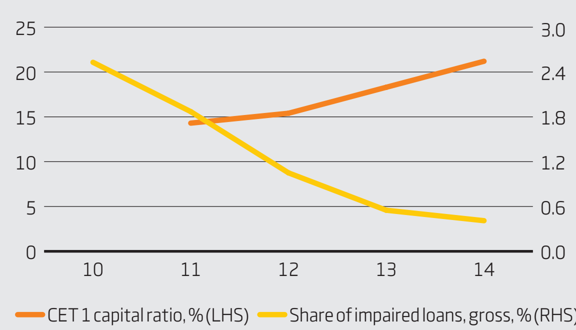
For more information, see note G3.

Credit impairments, net, SEKm



Swedbank reported credit impairments for 2014 of SEK 419m (60). Baltic Banking reported net recoveries, though lower. In Sweden, credit impairments remained very low.

Common Equity Tier 1 capital ratio and Share of impaired loans, %



Swedbank is among the banks in Europe with the lowest risk and strongest capitalisation, according to external stress tests. While we welcome the stricter capital requirements, it is questionable whether Swedbank should have the highest capital requirements.

Continued low financing costs

The past year was distinguished by low interest rates and shrinking credit spreads. The introduction of new capital adequacy rules led to increased issues of supplemental capital in the form of additional Tier 1 instruments by European banks. Demand for Swedbank's debt instruments remained strong and funding costs decreased. In total Swedbank issued SEK 115bn (103) in long-term debt, the majority of which SEK 92bn was covered bonds. In 2015 the plan is to issue around SEK 160bn to meet maturing funding and increased credit demand, mainly in the Swedish mortgage market.

Swedbank's short-term funding is used mainly as a cash management tool. At year-end 2014 outstanding short-term funding amounted to SEK 195bn, of which SEK 127bn was placed with central banks.

The main liquidity measure used by the Board of Directors and executive management is the survival horizon. As of 31 December 2014 the bank would be able to survive for more than 12 months with the capital markets completely shut down. Swedbank's liquidity reserve amounted to SEK 224bn (184). In addition, liquid securities in other parts of the Group amounted to SEK 76bn (53). The liquidity reserve and the Liquidity Coverage Ratio (LCR) fluctuate over time depending on, among other things, the maturity structure of the bank's issued securities. The Group's LCR was 120 per cent (142), but 217 per cent for USD and 332 per cent for EUR. According to our interpretation of the Basel Committee's latest net stable funding ratio proposal, Swedbank's NSFR was 98 per cent (97). For more information on Swedbank's funding and liquidity, see the bank's report on "Risk and Capital Adequacy 2014".

Continued rating improvements

Swedbank's ratings affect its funding costs, and we are working to further improve our relative ratings by credit rating agencies. The aim is to maintain ratings in line with the highest-rated banks in the Nordic region. We strengthened our position during the year. Thanks to the bank's high credit quality, stable earnings and strong capitalisation, Fitch revised its outlook for Swedbank's rating to positive in June. Standard & Poor's (S&P) raised Swedbank's individual rating, mainly against the backdrop of our solid capitalisation. The rating on Swedbank's subordinated debt was raised as well. At the same time S&P revised its rating for Swedbank and 50 other European banks to negative as a result of the EU Parliament's approval of the EU's crisis management directive. Its opinion was that the directive increases the risk that investors in senior debt instruments will be forced to take losses if a bank incurs financial problems. Moody's made the same judgment and revised its outlook on Swedbank and a number of other European banks to negative.

Capital planning

To ensure it can function well even under unfavourable conditions, Swedbank maintains an extra capital buffer in addition to the legal capital required by law. Stress tests are conducted to ensure that the buffer is satisfactory in the event of possible, though unlikely, negative scenarios. Solid capitalisation is crucial to maintain the market's confidence in Swedbank and ensure access to cost-effective capital market funding.

Regulatory changes have been instituted in recent years to increase the size and quality of bank capital. Swedbank's capital situation was further strengthened in 2014 as a result of solid earnings and a reduced risk exposure amount (REA). Reports from the SFSA and Riksbank reaffirmed Swedbank's strong capital situation, as did the comprehensive stress test of all major banks within the EU conducted during the year.

In 2014 the majority of capital requirements that apply to Swedish banks were clarified. The risk weight floor for Swedish mortgages was raised from 15 to 25 per cent. At the end of the year the SFSA presented a proposal on standardised models for Pillar 2 risks, which will be implemented in 2015. The capital requirement for these risks will thus probably be clarified, as well as the total capital requirement for Swedish banks. Based

Swedbank– simplified balance sheet, SEKbn

Financing strategy

Other than borrowings from the public, Swedbank's covered bonds, which are secured by low-risk Swedish mortgage loans, are its most important financing source. The bank's financing strategy is strongly linked to the credit quality of the assets, since a perceived decline in credit quality, all else being equal, increases investor risk and hence investors' yield requirements. Consequently, the key element in the bank's financing strategy to limit and control liquidity risk is the survival horizon, which shows how long the bank can manage long periods of stress with limited access to financing. One of Swedbank's focus areas is to manage liquidity risk and ensure that lending quality remains very high.

on current information and assuming that the requirement for Pillar 2 risks is in line with the SFSA's standard value for Swedish banks (1.5 per cent), and taking into account the introduction of a systemic risk buffer and contracyclical buffer in 2015, the capital requirement for Swedbank will correspond to a Common Equity Tier 1 capital ratio of 19.3 per cent. Swedbank's Common Equity Tier 1 capital ratio was 21.2 per cent at year-end.

Although we generally welcome stricter capital requirements, it is questionable whether Swedbank should have the highest requirements. Swedbank is among the banks in Europe with the lowest risk and strongest capitalisation, according to external stress tests.

Capital and capital adequacy

The Common Equity Tier 1 capital ratio (i.e. Common Equity Tier 1 capital in relation to the bank's risk exposure amount) was 21.2 per cent at year-end (18.3 per cent as of 31 December 2013). The SFSA's consent allowing Swedbank to use an Internal Ratings-Based Approach (IRBA) for corporate exposures in Sweden and Norway had an especially big impact. The acquisition of Sparbanken Öresund reduced the Common Equity Tier 1 capital ratio.

Common Equity Tier 1 capital increased by SEK 7.1bn to SEK 87.9bn, mainly due to the bank's profit after deducting the anticipated dividend. Subordinated loans that may be included in own funds increased by SEK 7.5bn, mainly because Swedbank issued Tier 2 capital loans of EUR 750m in February.

The risk exposure amount decreased by SEK 26.4bn to SEK 414.2bn, where the advanced IRB approval contributed by lowering the amount by SEK 72.9bn. The acquisition of Sparbanken Öresund and increased exposures, mainly to corporate customers in Swedish Banking and Large Corporates & Institutions, raised the REA, while positive rating migrations reduced it. The risk-weighted amount for operational risks, which is based on a rolling three-year average, increased due to higher revenue in 2013 compared with 2010.

For further details on capital adequacy, see the diagrams below and note G4.

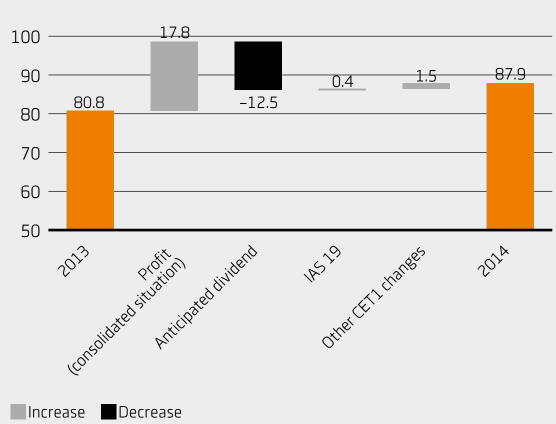
Uncertainty about capital rules persists

At the same time that the Swedish capital requirements have been clarified, an international effort involving future capital requirements for banks is underway. To improve the comparability of banks' capital ratios, the Basel Committee is conducting an extensive review of the standard methods to calculate capital requirements. It is also proposing the possible introduction of a capital floor based on these standard methods for banks that use internal models. Due to uncertainty about the specifics of the new rules and how and when they will be implemented, it is too early to draw any conclusions about their possible impact on Swedbank.

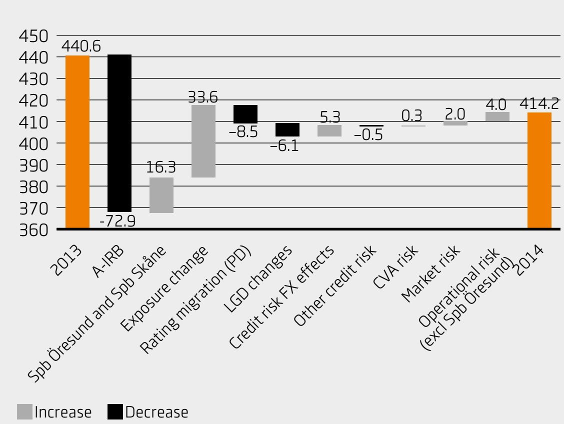
The debate on leverage ratios and how they can be used to ensure a minimum capital level in relation to the size of the balance sheet continued. The possibility of introducing a minimum requirement as of 2018 is being discussed. Swedbank's leverage ratio (according to CRR) was 4.5 per cent as of 31 December 2014.

The Bank Recovery and Resolution Directive, which enables authorities to manage failing banks, was adopted by the EU at the beginning of the year. Sweden will implement it no earlier than mid-year 2015. The directive will prevent crisis situations and improve the ability to manage any crisis that arises, while reducing the risk that taxpayers will have to pick up the tab. This will be achieved partly through bail-ins, whereby shareholders and lenders will bear more of the costs. As a consequence, banks will have to maintain a minimum requirement for own funds and eligible liabilities (MREL). An international requirement called Total Loss Absorbing Capital (TLAC) has been proposed as well for global systemically important banks. While there is still uncertainty about the wording and level of the MREL requirements, Swedbank is confident that it will meet them.

Change in Common Equity Tier 1 capital, 2014, Swedbank consolidated situation, SEKbn



Change in risk exposure amount, 2014, Swedbank consolidated situation, SEKbn



Shareholder value through sustainability

Many people benefit from Swedbank's success. Pension savers, insurance policyholders and hundreds of thousands of shareholders have entrusted us to manage valuable assets. We earn their trust through responsibility.

Macroeconomic conditions, regulatory changes, technological developments and increased competition from new players are challenging the banking sector while also creating opportunities. The ability to quickly adapt and embrace these changes is decisive to our continued profitability. Increased competition and margin pressure in parts of the business place high demands on cost efficiency, not only in order to set the right prices but to leave room for investments that increase customer value and pave the way for new business. Market-leading cost efficiency, high-quality lending, a broad, diversified customer base and solid capitalisation will produce a profitable, stable bank with a competitive return.

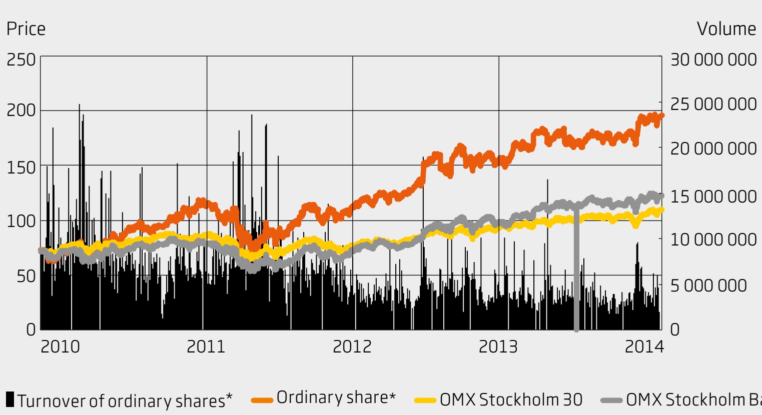
One of Swedbank's goals is a return on equity of at least 15 per cent. This goal is adapted to Swedbank's market position, risk profile and conditions in its home markets. For 2014 the return on continuing operations was 15.2 per cent (14.7). Against the backdrop of a robust earning capacity and low risk, coupled with limited credit demand, Swedbank's dividend policy is to distribute 75 per cent of profit for the year to shareholders. This policy allows Swedbank to grow long-term while at the same time promoting efficient use of capital. The proposed dividend for 2014 is SEK 11.35 (10.10) per share, corresponding to a payout ratio of 75 per cent of profit. All dividends are contingent on the approval of the Annual General Meeting and require that distributable funds are available.

Share performance during the year

In 2014 the OMX Stockholm 30 Index and OMX Stockholm Banks Index both rose by 10 per cent. Swedbank's A share gained 8 per cent, producing a total return including the dividend of 14.3 per cent (46.7). At year-end 2014 Swedbank's market capitalisation had increased to SEK 221bn (205). The turnover rate for the share was unchanged from last year at 163 per cent . More key ratios can be found on pages 194 and 195. Swedbank's shares are traded on several marketplaces. NASDAQ OMX Stockholm, Boat, BATS Chi-X and Turquoise were among those with the highest turnover in 2014. Total turnover in the Swedbank share was SEK 310bn (286) and Swedbank's share capital as of 31 December 2014 was SEK 24 904m. Swedbank has one class of share, ordinary shares (A shares), which have been listed on NASDAQ OMX Stockholm's Large Cap list since 1995. The bank also has an American Depositary Receipt (ADR) programme, which enables US investors to invest in Swedbank's A share on the US OTC market via depository receipts without having to register with Euroclear, the Swedish central securities depository, or buy SEK.

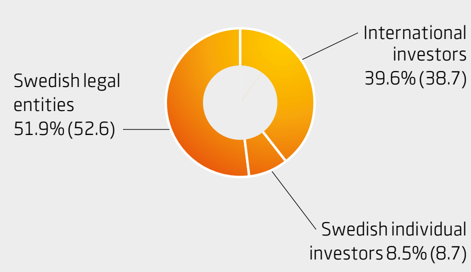
Together with other banks, Swedbank is an engine in the financial system. Many people are dependent on an efficient flow of capital, goods and services in society. With the help of banks, businesses can grow, jobs are created and housing is financed. This is a great responsibility. We therefore integrate sustainability work into our day-to-day operations. Today there

Swedbank's share performance compared with bank indices



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

Shareholder categories, %
as of 31 December 2014, figures in brackets refer to 2013



Source: Euroclear Sweden AB

are a number of mutual funds and stock indices for companies that meet sustainability criteria. Two such indices where Swedbank is included are STOXX ESG Leaders and FTSE 4Good index. The latter was created to facilitate investments in companies that demonstrate globally recognised levels of responsibility. Other examples can be found on the website under Investor Relations/Swedbank shares.

Holding of own shares

Swedbank held 29 750 577 of its own shares as of 31 December 2014 to secure the commitments in its performance and share-based remuneration programmes. Remuneration is paid in the form of deferred shares with the purpose of building long-term commitment among employees through share ownership. The first transfer of deferred shares related to Swedbank's remuneration programmes began in February 2014, when all the shares for programme 2010 and some for programme 2011 were transferred to employees. In total, 3 249 423 shares were transferred in 2014, resulting in a dilution effect of about 0.3 per cent based on the number of shares outstanding and votes as of 31 December 2014.

The 2014 AGM resolved to adopt new performance and share-based remuneration programmes for 2014 and to transfer shares under these and previously approved programmes. The programmes call for the transfer of up to 33 million shares (including the shares transferred in 2014), corresponding to a total dilution effect of about 2.9 per cent based on the number of shares outstanding and votes as of 31 December 2014.

To continuously adapt the bank's capital structure to current needs, the Board was authorised by the 2014 AGM to resolve to repurchase up to 10 per cent of the total number of shares (including shares repurchased by the securities operations – see below). The Board was also authorised to issue promissory notes that can be converted to shares. The mandate was not utilised in 2014.

In its capacity as a securities institution, Swedbank engages in securities operations, including trading in financial instruments on its own account. As such, it needs to acquire its own shares. Accordingly, the 2014 AGM resolved that the bank, until the 2015 AGM, may acquire its own shares on an ongoing basis such that the total holding does not exceed 1 per cent of shares outstanding, and that this is done at the prevailing market price.

Ownership and information

As of 31 December 2014 Swedbank had 307 974 shareholders (309 613), 93 per cent of whom had holdings of 1 000 shares or less. Nearly 0.1 per cent together owned over 80 per cent of the company. Swedbank's largest shareholder as of 31 December 2014 was an ownership group consisting of Folksam, KPA and Förenade Liv. International ownership in Swedbank increased during the year to 39.6 per cent (38.7), of which the US and the UK represent the largest holdings at 16.8 and 9.9 per cent, respectively. For more information on the bank's ownership, see pages 194–195.

Swedbank provides shareholders, analysts and other stakeholders with prompt, accurate, consistent and simultaneous information on the Group's operations and financial position. Transparency and openness produce a better understanding of the financial reporting and decisions made as well as of the sector as a whole. Swedbank's annual reports and interim reports are available at www.swedbank.com/ir together with other information released in connection with quarterly reports. A printed version of the annual report can also be ordered from this site.

Swedbank's capital market information won awards in 2014, including for "Best investor relations by a CEO" in the IR Magazine Awards – Europe. Swedbank also won the prize for best IR in Sweden. In April Swedbank's 2013 annual report was named report of the month by e.com, a London–based firm that has been evaluating annual reports globally for 18 years.

Important events 2014

FIRST QUARTER

28 Jan 2014	2013 year-end report
6 Feb 2014	Maj-Charlotte Wallin nominated as new Board member
11 Feb 2014	Start of transfer of own shares to participants in Swedbank's remuneration programme
14 Feb 2014	Swedbank strengthens market position in southern Sweden through acquisition of Sparbanken Öresund
19 Feb 2014	Annual report for 2013 published
10 Mar 2014	Annika Hellström named head of Swedbank's central region
19 Mar 2014	Swedbank's 2014 AGM. Anders Sundström re-elected as Chair

SECOND QUARTER

14 Apr 2014	Christer Trägårdh named head of Swedbank's eastern region
28 Apr 2014	Interim report January–March
16 May 2014	All approvals received for acquisition of Sparbanken Öresund
20 May 2014	Acquisition of Sparbanken Öresund finalised and integration work launched
16 Jun 2014	Swedbank receives approval from the Swedish Financial Supervisory Authority to use Internal Ratings- Based Approach (IRBA) for corporate exposures in Sweden and Norway

THIRD QUARTER

18 Jul 2014	Interim report January–June
15 Sep 2014	Nomination committee announced

FOURTH QUARTER

21 Oct 2014	Interim report January–September
26 Oct 2014	Swedbank's strong asset quality and capitalisation confirmed by ECB and EBA
18 Dec 2014	Birgitte Bonnesen named head of Swedish Banking as of 2015 and Priit Perens head of Baltic Banking. The Group Executive Committee was expanded to include Viveka Strangert, head of Group Compliance

Value creation and trust through value-based corporate governance

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

Foundation for corporate governance at Swedbank

Swedbank's governance model and operational structure are designed to ensure that all employees work towards common goals and support the bank's purpose: a sound and sustainable financial situation for the many households and businesses. Strategies, goals, policies, instructions and guidelines clarify how the bank and our employees should respond to various issues and in various situations. Transparency and openness are key aspects in this respect.

Swedbank plays a significant role in the financial systems and infrastructure in Sweden and the Baltic countries. Meeting the expectations of our stakeholders and our customers' financial service needs is the key to creating value and thereby contributing to well-functioning local communities. Through our central business processes, we can also have an impact far beyond our own markets. Sustainability work is therefore integrated in our business model. We are and will remain a secure bank with controlled risk taking that does not compromise the stability of the financial market or society's sustainable development.

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

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

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

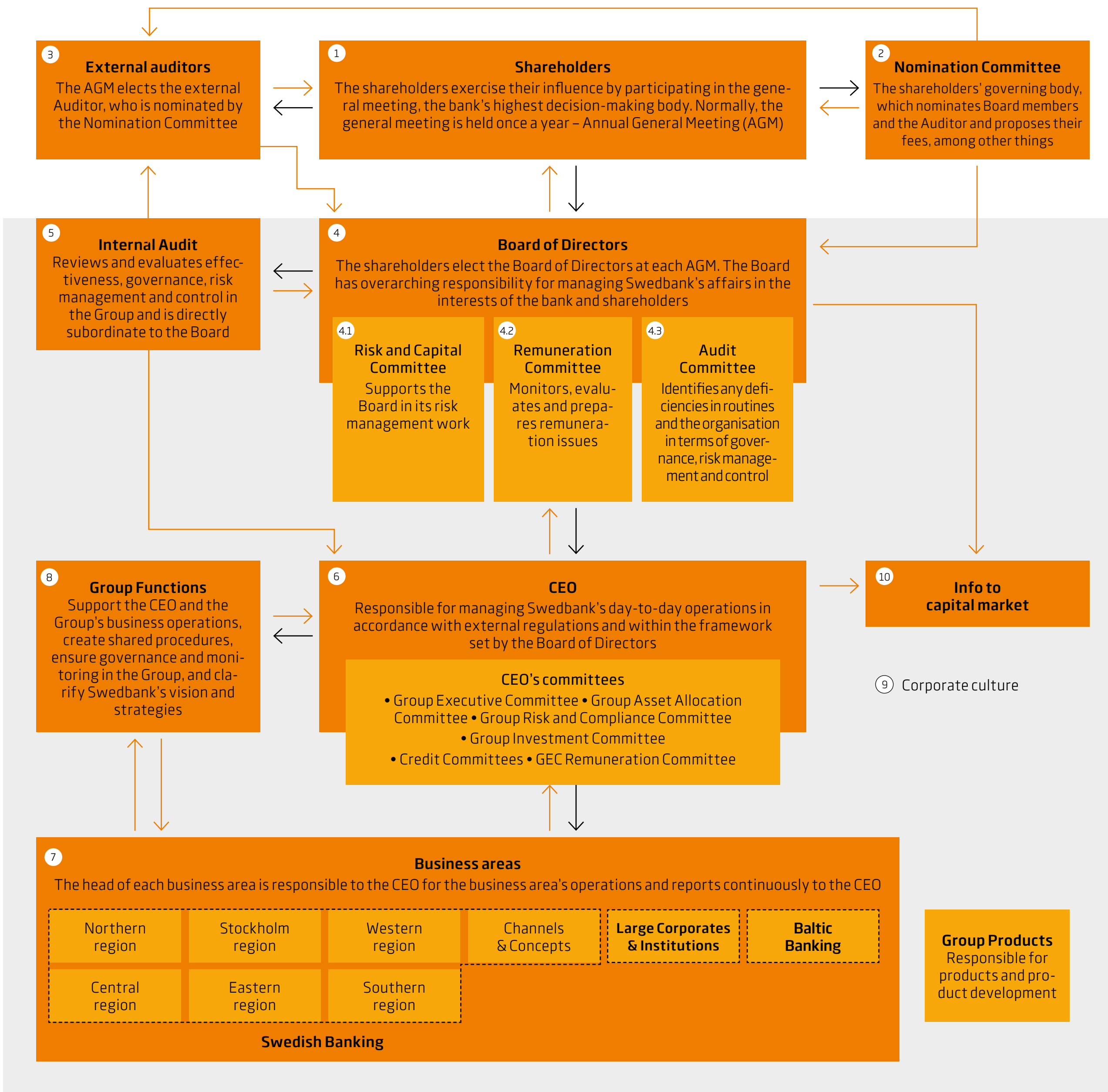
The internal and external rules regulate the delegation of responsibility for governance, control and monitoring of operations between the shareholders, the Board of Directors and the CEO. No deviations from the Swedish Code of Corporate Governance (the Code) or the rules of the stock exchange (NASDAQ OMX Stockholm) were reported in 2014.

The governance model describes the delegation of responsibilities within the Group, where role descriptions create the conditions for strong and efficient processes. In accordance with the model, authority and responsibilities are delegated based on Group-wide principles. Business decisions are made close to customers, which places high demands on risk control and monitoring. Abiding by the bank's vision, purpose and values (see also the first spread of the annual report) is also a requirement for employees to qualify for allocations in the common remuneration system.

The Group structure provides a framework for roles, functions and reporting channels. Swedbank's financial reporting is divided into four segments at the same time that the bank is organised in nine business areas, supported by Group Functions and Group Products. Group Functions serve as strategic and administrative support, with responsibility for maintaining effective standards and routines. Group Products is responsible for providing competitive products and services as well as business support for employees who interact with customers. The diagram on the next page shows the formal corporate governance structure. The numbers in each box refer to the corresponding section in the corporate governance report.

Governance of our subsidiaries and other companies in which we have interests in most cases is exercised operationally through our business areas as well as through nomination committee work and board appointments. The appointment of board members is done in a structured fashion through the approval of nominees by senior executives or the Board of Directors.

Swedbanks' corporate governace structure



Elects/appoints
Informs/reports

The financial reporting is divided into four segments: Swedish Banking, Large Corporates & Institutions, Baltic Banking and Group Functions & Other. The regions and Channel & Concepts are included in Swedish Banking. Group Treasury, Group Products and Group IT are included in Group Functions & Other. As of 1 January 2015 the regions and Channels & Concepts are coordinated in a new business area: Swedish Banking.

1 The shareholders in corporate governance

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

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

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

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

Shareholders' power of decision

The AGM's resolutions include:

- Election of the Board of Directors and remuneration for Board members, including for committee work
- Discharge from liability for Board members and the CEO
- Amendments to the Articles of Association
- Election of the Auditor
- Adoption of the income statement and balance sheet
- Allocation of the bank's profit or loss
- Remuneration principles for the CEO and certain other senior executives through the adoption of remuneration guidelines for them.

AGM resolutions have normally been decided by vote since 2010 and require a special majority. All shares carry one vote each. All material for the meetings, including the minutes, is made available on the website in both Swedish and English. The general meetings are held in Swedish and interpreted to English.

Information on Swedbank's shares and shareholders can be found on the bank's website under the heading "Investor Relations/Swedbank shares".

2014 Annual General Meeting

The 2014 AGM was held in Stockholm on Wednesday, 19 March. A total of 1 434 shareholders attended personally or by proxy. They represented nearly 59 per cent of the votes in the bank.

All members of the Board of Directors who were nominated for re-election, the majority of the Group Executive Committee and the Chief Auditor attended the AGM.

Among the 2014 AGM resolutions were the following:

- Adoption of the annual report
- Dividend for the 2014 financial year of SEK 10.10 per share
- Decision to elect nine Board members. Ulrika Francke, Göran Hedman, Lars Idermark, Anders Igel, Pia Rudengren, Anders Sundström, Karl-Henrik Sundström and Siv Svensson were re-elected, while Maj-Charlotte Wallin was elected as a new Board member and Anders Sundström was elected as Chair
- Election of the Auditor
- Remuneration to the Board members and the Auditor
- Repurchase of shares by the securities operations and authorisation of the Board to resolve to repurchase additional shares to adjust the bank's capital structure to prevailing capital needs
- Mandate to issue convertibles that can be converted to shares, so called cocos.
- Remuneration guidelines for senior executives
- Amendments to the Articles of Association
- Group-level performance- and share-based remuneration programme for 2014, comprising a general and an individual programme. As a result of this and previously approved programmes, it was resolved to transfer ordinary shares (or other financial instruments in the bank) to employees covered by the programmes
- Principles for appointing the Nomination Committee

2 Nomination Committee

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

The 2014 AGM decided on the principles for the appointment of the Nomination Committee prior to the 2015 AGM. They include that the committee comprises five members: the Chair of the Board and representatives from the four largest shareholders (based on known data on the last business day in August 2014), on the condition that they wish to appoint a member. Under certain circumstances a member may also represent a group of shareholders. Swedbank's Nomination Committee represents the shareholders, and normally only one person from the Board participates in the committee. If a member leaves the Nomination Committee before its work is completed, the committee may decide to replace them with another person representing the same shareholder or with a person representing the next largest shareholder that has not already appointed a member to the committee. If a new shareholder becomes one of the bank's four largest after the Nomination Committee has been constituted, the committee has the right to co-opt a member appointed by that shareholder. A co-opted member cannot participate in the Nomination Committee's decisions. The Nomination Committee's current composition prior to the 2015 AGM was announced on 15 September 2014 and is available on the bank's website under the heading "About Swedbank/Corporate governance". The Nomination Committee appoints a Chair from among its members. The Chair of the Board may not chair the Nomination Committee. The committee's mandate extends until a new Nomination Committee has been constituted. Members of the Nomination Committee are not remunerated for their work or costs incurred. However, the Nomination Committee has the right, at the bank's expense, to engage a recruitment consultant or other external consultants as it deems necessary to fulfil its assignment.

The duties of the Nomination Committee, where applicable, are to submit proposals prior to the AGM on the following:
- Election of a Chair of the AGM
- Number of Board members
- Remuneration to Board members elected by the AGM, including for committee work
- Remuneration to the Auditor
- Election of the Board members and Chair
- Election of the Auditor
- Principles for appointing the Nomination Committee

The Nomination Committee's other work during its term:
- Continued to create a resource bank of potential Board candidates
- Evaluated the Board's work (see below) and members' views of the bank's operations (which was done on an individual basis without the Chair)
- Noted the Chair's and the CEO's view of the bank's operations and the challenges the bank faces in the next few years
- Noted the Chief Auditor's view of the bank, the Board and the Group Executive Committee
- Reviewed competence needs and discussed the Board's composition in view of Swedbank's strategies, future challenges and the requirements of the Companies Act
- Considered the new rules limiting the number of directorships a member of a bank board may hold
- Verified the candidates' independence
- Conducted a suitability assessment of the candidates based on the European Banking Authority's guidelines, including an evaluation of their experience, reputation, conflicts of interest and suitability in other respects. The Nomination Committee also evaluated whether the candidates were able to devote sufficient time to board work
- Evaluated the collective knowledge and expertise of the Board

3 External Auditor

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

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

The Auditor presented their review and comments to the Board five times in 2014. On one of these occasions no one from the executive management was present. The Auditor regularly meets the Chair of the Board, the Chair of the Audit Committee, the executive management and other operating managers. The Auditor normally also meets representatives of the Swedish Financial Supervisory Authority (SFSA) during the financial year.

Swedbank's interim reports are reviewed by the Auditor. In 2014 the sustainability information in this annual report was reviewed together with the report pursuant to the GRI G4 Sustainability Reporting Guidelines, which is included as an appendix to the integrated annual report on the bank's website under the heading "About Swedbank /Swedbank in society".

In accordance with its Articles of Association, Swedbank shall have no less than one and no more than two authorised public accountants. The only accounting firm appointed since 2007 is Deloitte AB. The Chief Auditor is Authorised Public Accountant Svante Forsberg, who has been in charge of auditing duties for Swedbank since 2010. Aside from Swedbank, he has auditing assignments for primarily the following companies: Anticimex, Cinnober, Diös, Lannebo Fonder and Skandia liv. Svante Forsberg has no assignments for other companies that affect his independence as an auditor of Swedbank. The Auditor's term is normally four years, and at the 2014 AGM Svante Forsberg was re-elected as Chief Auditor. A decision to replace the Auditor can be made before the four-year period expires. Remuneration for the Group's Auditor is reported in note G14. The SFSA is entitled to appoint an auditor of the bank, but has not exercised this right in several years and did not do so in 2014.

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

4 Board of Directors

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

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

An even gender distribution on the Board is desirable. The current distribution is 44 per cent women and 56 per cent men.

The 2014 AGM re-elected Ulrika Francke, Göran Hedman, Lars Idermark, Anders Igel, Pia Rudengren, Anders Sundström, Karl-Henrik Sundström and Siv Svensson, and elected Maj-Charlotte Wallin as a new member. Anders Sundström was elected as Chair.

Neither the CEO, the CFO nor the Company Secretary is a member of the Board. They attend Board meetings, however, except when issues are discussed where they could have a vested interest or it is otherwise inappropriate that they attend. The deputy employee representatives normally do not attend Board meetings. The Board's composition is presented on pages 54–57.

The Board's responsibilities and their delegation

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

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

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

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

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

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

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

Each year the Chair of the Board initiates an evaluation of the Board's work. This was done in 2014 through a written questionnaire and in-depth interview with each Board member without hiring an outside consultant. In addition, the Nomination Committee normally meets with two individual Board members without the Chair present to obtain input on how the Board and the Chair are performing. A summary of the results was presented to and discussed with the Board and reported to the Nomination Committee.

The Board's work

In 2014 the Board held 16 meetings, 2 of which were per capsulam. All the meetings were held in Stockholm/Sundbyberg. The Board was unanimous in its decisions, and no dissenting opinions were noted on any issue during the year. Each year the Board establishes a plan for its work, where it decides which issues to treat in depth. This is based on the processes used in the bank as shown in the diagram on page 47.

Other major issues in 2014 included the following:
- Greater focus on customers and digital channels
- Macroeconomic developments and their impact on the bank and its limits and exposures
- Capital and liquidity issues with a particular emphasis on capital requirements
- Implementation of sustainability issues such as anti-corruption and human rights in the bank's main processes: fund management, payments, lending and sourcing
- Liquidity strategies and funding issues
- Current risk and capital situation, including the Internal Capital Adequacy Assessment Process (ICAAP) and other stress tests
- Credit decisions where the total Group credit limit exceeds 10 per cent of the capital base (SEK 106bn as of 31 December 2014) for the Swedbank financial companies group as well as on limits for credit risk concentrations
- Customer satisfaction (see pages 12–13)
- Evaluation of the CEO
- Major ongoing projects within the bank
- Competition and business intelligence
- Succession planning
- Regulatory issues
- Anti-money laundering

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

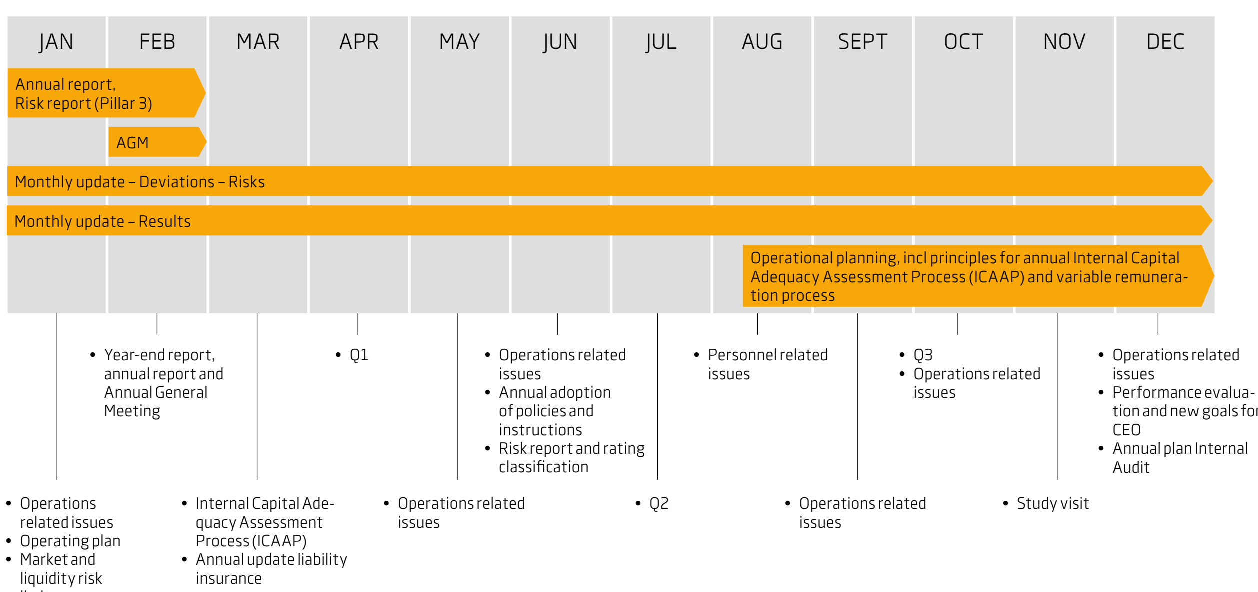
The following points are usually brought up at every Board meeting:
- Minutes from previous meeting
- Information on issues dealt with by the Board's committees
- Report from the CEO
- Report from the CFO
- Report from the CRO
- Strategic issues
- Decisions on special cases
- Training needs

The Board's competence development

The Board made a study trip in autumn 2014 to gain better insight into the LC&I business area and the Stockholm region. In addition, the Board received specialised training in sustainability and money laundering. In addition, individual board members undertake study trips on their own initiative to various parts of the bank in order to raise their competence in specific areas of operations.

Training needs are discussed at every Board meeting. New Board members attend the bank's introductory training, which is designed to quickly familiarise them with the organisation and operations and help them better understand Swedbank's values and culture. Members are also informed of their legal responsibility as directors and their roles on the various committees.

Board work 2014



4.1 Risk and Capital Committee

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

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

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

Each month the committee receives a special risk report from Group Risk covering, among other things, the Group's risks as indicated above. A more detailed description of the Group's various risk areas and risk management can be found in the risk section on pages 34–39 and in note G3.

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

The work of the Risk and Capital committee includes:
- The Internal Capital Adequacy Assessment Process (ICAAP) and the bank's capitalisation
- The bank's limits and exposures, including its largest exposures and largest provisions
- Stress tests of various credit portfolios and other analyses of the credit portfolios, especially the Swedish mortgage portfolio's composition and its importance to the bank's funding
- The European Banking Authority's (EBA) stress test and Asset Quality Review (AQR) of the bank as well as the European Central Bank's (ECB) similar evaluations of Swedbank's subsidiaries in Estonia, Latvia and Lithuania
- Size of the bank's liquidity portfolio and other liquidity issues
- Funding-related issues and strategies, especially with regard to covered bonds

4.2 Remuneration Committee

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

Remuneration systems must comply with all applicable rules, such as those of the Code and the Swedish Financial Supervisory Authority.

The work of the Remuneration Committee includes:
- Salary, pension, variable remuneration and other benefits for senior executives (in accordance with the guidelines adopted by the AGM) and for the Head of Internal Audit
- The Board's proposal to the AGM regarding remuneration guidelines for senior executives
- Allocation and evaluation of the bank's performance and share-based remuneration programmes and other issues associated with the programmes
- Swedbank's remuneration policy
- Decisions according to or deviations from policies in the remuneration area
- Annual review and evaluation of the effectiveness of the remuneration instructions
- Preparation and recommendation to the Board on remuneration to consultants in cases where total remuneration exceeds SEK 20m
- Review of wage differentials to ensure that they are not arbitrary
- Succession planning

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

4.3 Audit Committee

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

The purpose of the Audit Committee's work is to ensure that the bank's executive management establishes and maintains effective routines for internal governance, risk management and control. They should be designed to provide reasonable assurance with respect to reporting (financial reporting, operational risk) and compliance (laws, regulations and internal rules) and ensure appropriateness and efficiency in administrative processes and protection of the bank's assets. The Audit Committee also reviews the work of the internal and external auditors to ensure that it has been conducted effectively, impartially and satisfactorily. The committee proposes measures that are decided on by the Board as needed.

The work of the Audit committee includes:

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

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

5 Internal Audit

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

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

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

In its work, Internal Audit follows professional guidelines on internal audits and the Institute of Internal Auditors' Code of Ethics as established in the International Professional Practices Framework. Internal Audit's reviews and any action plans are summarised quarterly in reports to the Board, the Audit Committee, the CEO and the external Auditor.

Special focus areas in 2014:

- Governance and corporate structure in view of the revised organisational structure
- Scope, structure and effectiveness of the compliance function
- Governance and process for managing new or revised external regulations
- IT availability and business continuity with a focus on the bank's continuity and disaster planning
- The procurement process related to IT sourcing and its effectiveness
- Business and IT development as well as management of the project portfolio with an emphasis on the bank's development process
- The risk control function's reporting to the Board
- Information and IT security with a focus on protecting against unlawful intrusions and the ability to modify information in selected systems within the bank
- Internal control processes and data quality with an emphasis on the control structure for selected areas of the bank's operations

6 CEO

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

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

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

Group Executive Committee, other committees and forums

The Group Executive Committee consists of 17 members: the Chief Executive Officer, the Chief Financial Officer, the Chief Risk Officer, the Chief Legal Officer, and the heads of Human Resources, LC&I, Baltic Banking, the six regions in Sweden, Channels & Concepts, Group Products, Group IT and Group Treasury. As of 1 January 2015 the head of Compliance and the head of the new business area Swedish Banking are also a members of the Group Executive Committee. A number of members have direct business responsibility, and the Group Executive Committee plays an important role as a forum for exchanging information and ideas. The Group Executive Committee normally meets every three weeks.

In addition to the Group Executive Committee, the CEO has established the following committees: the Group Asset Allocation Committee (GAAC), the Group Risk and Compliance Committee (GRCC) and the Group Investment Committee (GIC).

GAAC and GRCC are led by the CFO and CRO, respectively, who report directly to the CEO. One of GAAC's goals is to consolidate financial control of capital, liquidity, financing and tax issues, as well as management and governance issues. Corresponding operational committees can be found in every business area. Their dialogue with GAAC provides an understanding of the bank's performance and contributes to consistent and harmonious governance. After consulting GRCC's members, the CRO and head of Compliance submit recommendations to the CEO and support senior-level managers on central risk and compliance issues. Their evaluations are based on information and reports from risk and compliance managers as well as from operational managers and Internal Audit. GRCC contributes to the strategic planning of the Group's risk appetite to ensure harmonisation from a risk perspective. GIC plans and prioritises the Group's IT investments in keeping with the bank's strategy. All IT investments exceeding SEK 6m must be approved by the CEO after consulting the members of GIC.

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

Focus areas in 2014:

- Improved customer value through increased availability, quality and user friendliness
- Improved customer offering through development of digital channels and improved advisory skills
- IT development and security in view of increased digitisation
- Acquisition and integration of Sparbanken Öresund
- More efficient processes, including synergies from the acquisition of Sparbanken Öresund, modified distribution forms and personnel reductions
- Increased internal mobility as well as professional development and succession planning
- Gender equality, including development of a non-discriminatory, value-driven culture
- Simplified performance assessment
- New pricing model for Swedish mortgages
- Increased internal understanding of risk and capital
- Internal Ratings-Based Approach (IRBA) for corporate exposures in Sweden and Norway
- Integration of sustainability in business decisions
- Anti-money laundering
- Move of the head office to Sundbyberg

7 Business areas

An effective operating structure is important to the governance of the bank. The Group structure provides a framework for various roles, functions and reporting channels within the bank.

The bank's operations are conducted in nine business areas[1]: the six regions (Central, Northern, Stockholm, Southern, Western and Eastern), which are responsible together with Channels & Concepts for the offering to private customers and companies in the Swedish market; LC&I, which serves as a contact with companies and financial institutions that need sophisticated

1) As of 1 January 2015 the six regions and Channels & Concepts are included in Swedish Banking.

financing solutions and is responsible for corporate and capital market products for the regions, Baltic Banking and the savings banks; and Baltic Banking, which comprises the banking operations in the three Baltic countries: Estonia, Latvia and Lithuania.

Every business area manager is directly subordinate to the CEO. Business area managers have overall responsibility for their operations and report continuously to the CEO. The business area managers' responsibilities include:

- Developing the business area's strategy and business plans and ensuring that they are implemented and reported to the CEO
- Creating and maintaining reporting and communication channels as a means to raise issues of material importance that must be addressed at the CEO or Board level. All these issues are set out in a written report with recommended actions
- Ensuring that policies and instructions are followed within the business area
- The customer offering and product development
- Profitability and financial stability within the business area
- Monitoring, supervising and managing the business area's assets, liability and profitability
- Maintaining a sound internal control system to mitigate, detect and quickly respond to risks and ensure compliance with laws and regulations
- Effective implementation of the bank's governance model within the business area

8 Group Functions and Group Products

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

The Group Functions, which are mainly staffs operating across business areas, consist of Group Finance (including Group Treasury, Investor Relations and Communication), Risk, IT, Compliance, Public Affairs, HR and Legal. Responsibility for products and product development is consolidated in a single unit, Group Products.

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

9 Corporate culture based on simplicity, openness and caring

A critical element for success and satisfied customers is employees who have clear goals and an understanding of the bank's purpose, values and overarching goals.

Swedbank's operations and values-based culture are founded on motivated and engaged employees who are attentive to customers' needs and wishes. We strive to develop close, long-term customer relationships built on trust. To contribute to greater customer value and meet our customers' expectations, it is critical that the bank quickly adapts to current market conditions. Other important prerequisites for increased customer value are competent employees who meet the demands and diversity of our customer base. Gender equality and diversity are important to the bank's work environment and corporate culture. The work is based on a central gender equality and diversity plan, and every manager is graded based on equality and diversity goals as part of their performance reviews. Our managers are responsible for guiding their businesses toward the bank's shared goals, supporting our employees in their development, monitoring performance and fostering a positive work environment.

In addition to policies and guidelines, the bank has a code of conduct that describes how employees are expected to act towards customers as well as towards each other, suppliers, competitors, authorities and the public and society at large. Swedbank also has a sustainability and ethics council that deals with issues that initially may seem like non-financial risks and where the environment, human rights, social responsibility, business ethics or corruption are critical factors in business decisions. The council's task is to guide the organisation in minimising sustainability risks and any negative impacts on the bank.

A framework is in place for the delegation process within the Group. Even after a task has been delegated, responsibility still rests with the delegator. To ensure balanced delegation, rules are in place to determine when various issues are referred to a higher level or to the CEO and Board. This ensures that those ultimately responsible for the bank's operations maintain the necessary overall control.

An important gauge to monitor performance and give our employees the skills they need to achieve the bank's overarching goals, purpose and vision is the Performance Development (PD) process. To reach these targets, it is crucial that managers and employees continuously work together as a natural part of their day.

Remuneration that encourages engagement and a long-term view

An important component of stability and sound risk-taking is a well-functioning, market-based remuneration structure. Remuneration at Swedbank is designed to attract employees with the competence needed to achieve the bank's purpose within established cost limits. Our view is that remuneration should be individually based as far as possible to inspire employees to live up to Swedbank's goals, strategy and vision. Remuneration should also encourage them to live our values. The majority of employees have fixed and variable remuneration components, which, together with a pension and other benefits, represent their total remuneration. Total remuneration is market-based and designed for a sound balance between the fixed and variable components. A remuneration committee drafts proposals for remuneration systems and recommends variable remuneration for employees to the Board's Remuneration Committee.

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

Sustainability focus in what we do

The bank's main role is to convert savings into financing, to contribute to a functioning payment system and to manage risks. As one of Sweden's largest banks, we contribute to society's growth and development. Through sustainability work, Swedbank contributes in its business decisions to a sound and sustainable financial situation for the bank and its customers and for society as a whole. Sustainability issues within the bank are driven from a business perspective and are seen as a way to attract customers, employees and investors. Through this work, we take responsibility for the bank's impact on people and the environment. To minimise risks, sustainability issues must be part of investment and lending decisions, in addition to which the bank must collaborate with stakeholders and participate in the public debate on important sustainability issues.

Each business area is responsible for integrating sustainability aspects into its business decisions and how it works. To support implementation, sustainability expertise is available at both the strategic and operational level in the bank. Mandatory internal training on sustainable banking was introduced in mid-2014 to ensure that everyone in the bank shares a common view and understanding of how sustainability issues affect the business and how the bank, through lending, sourcing, asset management and payments affects social, economic and environmental issues.

10 Information to capital market

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

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

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

The bank works actively with investor relations and during the year had over 1 100 equity and debt investor meetings as well as analyst meetings, including at international and national seminars and conferences. The meetings focused on the latest financial report, the bank's strategy or more specific information on a particular operating area or other topical issues.

Issues of particular interest to investors and analysts in 2014:
- Capital issues and new capital adequacy requirements
- Competitive landscape and margin performance, including as a result of increased digitisation and higher capital requirements on mortgages
- Cost trends
- The Swedish housing market with rising house prices, high debt levels, amortisation requirements and supply shortages
- Performance of the Baltic operations in view of geopolitical concerns

In 2014 Swedbank's capital market information drew praise as the "Best investor relations by a CEO" in the IR Magazine Awards – Europe. Moreover, Swedbank was nominated in two additional categories: best IR in northern Europe and best corporate governance and disclosure policy. Swedbank also won an award for best IR in Sweden. In April Swedbank's 2013 annual report was named report of the month by e.com, a London-based firm that has evaluated annual reports globally for 18 years.

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

Further information on Swedbank's corporate governance

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

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

The Board of Directors is ultimately responsible for ensuring that financial reporting complies with external regulations, and is also responsible for internal control over financial reporting (ICFR) being followed up. Swedbank's ICFR is based on the COSO model 2013 (The Committee of Sponsoring Organisations of the Treadway Commission), and consists of the following five internal control components.

Control environment: The Board of Directors and executive management establish the foundation for internal control

To support reliable reporting, Swedbank's internal control is based on the bank's organisational structure, policies and instructions established by the Board. Furthermore, a directive has been specifically prepared for ICFR by Swedbank's CFO.

A Group-wide ICFR framework is being implemented in the bank and is scheduled to be in place in 2015. The framework is based on the bank's vision, purpose and values (see the first spread of the annual report), and is designed to identify risks and key controls to create a transparent control environment with clearly defined roles and responsibilities.

Risk analysis: Risk assessment based on essentiality and complexity

Risk management is an integral part of business activities. Every unit manager has primary responsibility for risk management and risk assessment in their operations and in the financial reporting process. Self-assessments of risks and controls are conducted annually, as are risk and vulnerability analyses in the event of changes.

Risk analysis within the ICFR framework is conducted at the Group level to identify and create an understanding of the risks in financial reporting with regard to both essentiality and complexity. The risk analysis is then used as a basis for deciding which areas should be covered by the framework.

Control activities: Controls at different levels

Controls are performed at various levels in the bank to ensure the reliability of the financial reporting. The ICFR framework's controls are structured according to three categories: Group-level controls, controls at the process level, and general IT controls.

To ensure the application of control activities, internal rules are in place with accounting policies, planning and monitoring processes, and reporting routines. Swedbank also has a central valuation group to ensure the accurate valuation of assets and liabilities. Analyses of financial results are presented monthly to Swedbank's executive management. The Board's Audit Committee monitors the financial reporting and the effectiveness of the internal control and internal audit.

Information and communication

Group Finance ensures that accounting instructions are updated, communicated and available to the reporting units. Policies, instructions, directives and manuals on financial reporting are published on Swedbank's intranet. Moreover, national intranets are updated with national reporting routines to ensure uniform application of the principles for financial reporting and internal controls.

Monitoring

Group Finance monitors the financial reporting, which internal audit then reviews on behalf of the Board with regard to how governance, risk management and internal control are organised, and complied with.

All business areas and the largest business-support units undergo performance reviews, in which the CEO, CFO, CRO and the respective unit/business area manager participate. The meetings cover financial performance as well as strategic and operational considerations in operating plans.

Annual monitoring and reviews of significant controls are also performed on businesses that serve the savings banks. This results in an annual third party verification, where the internal control of the services provided to the savings banks is evaluated and tested by an independent party.

Monitoring of whether or not there are any errors in the financial reporting is performed regularly through the ICFR framework. This is done by evaluating controls that are considered significant to ensure the reliability of the reporting. Executive management is kept informed of the evaluation through periodic reporting sessions.

Board of Directors

			
	Anders Sundström	**Lars Idermark**	**Ulrika Francke**
Year of birth	Born 1952 Chair since 2013, Board member since 2009	Born 1957 Deputy Chair since 2013, Chair 2010-2013	Born 1956 Board member since 2002
Shareholdings in Swedbank[1]	Own and closely related parties: 30 000	Own and closely related parties: 143	Own and closely related parties: 14 350
In Swedbank as	■ Board of Directors, Chair ■ Remuneration Committee, Chair ■ Risk and Capital Committee, member ■ Audit Committee, member **Attendance:** ■ 16/16 ■ 9/9 ■ 11/12 ■ 4/4 **Total annual fees:**[2] ■ 2 350 000 ■ 100 000 ■ 200 000 ■ 200 000 Anders Sundström brings to the Board extensive experience and a wide-ranging network of contacts in political and business circles through his previous positions as municipal commissioner, several ministerial posts, CEO of a savings bank and insurance company.	■ Board of Directors, Deputy Chair ■ Remuneration Committee, member ■ Risk and Capital Committee, member **Attendance:** ■ 16/16 ■ 9/9 ■ 12/12 **Total annual fees:**[2] ■ 800 000 ■ 100 000 ■ 200 000 In addition to banking expertise, including from his time at FöreningsSparbanken, Lars Idermark has experience from a number of other industries at both an operational and strategic level. As former chair, he also provides continuity and support to others who participate in the Board's work.	■ Board of Directors, member ■ Risk and Capital Committee, member ■ Audit Committee, Chair **Attendance:** ■ 15/16 ■ 11/12 ■ 4/5 **Total annual fees:**[2] ■ 500 000 ■ 200 000 ■ 250 000 Ulrika Francke provides expertise in real estate and development as well as considerable experience from the bank's board. In her current role as president and CEO of one of Sweden's leading consulting firms, she also adds knowledge in urban planning.
Board member's independence	Independent in relation to the bank and executive management and independent in relation to the bank's major shareholders.	Independent in relation to the bank and executive management and independent in relation to the bank's major shareholders.	Independent in relation to the bank and executive management and independent in relation to the bank's major shareholders.
Education	Studies in social sciences	Master of Business Administration	University studies
Bank specific experience	Operational: 4 years. Board: 12 years	Operational: 9 years. Board: 14 years	Board: 20 years
Work experience	**Full-time board member** President and CEO, Folksam • Minister for Employment, Minister for Enterprise and Energy, and Minister for Social Affairs • Local Government Commissioner, Piteå municipality • Member of Parliament • Sparbanken Nord (Savings Bank Nord), Chair • CEO, Sparbanken Nord (Savings Bank Nord)	**President and CEO, Södra Skogsägarna** President and CEO, PostNord AB • President and CEO, KF/Coop • President, Second Swedish National Pension Fund • Deputy President and CEO, Capio AB • Executive Vice President, Deputy President and CEO, FöreningsSparbanken (Swedbank) • CFO and Executive Vice President, Föreningssparbanken AB • President and CEO, LRF Holding AB	**President and CEO, Tyréns AB** President and CEO, SBC Sveriges Bostadsrättscentrum AB • Head of Administration, City of Stockholm • President and CEO, Fastighets AB Brommastaden
Other significant assignments	European Savings Banks Group, Deputy Chair • ICMIF, Chair • Kooperativa Förbundet, KF, Chair • Folksam ömsesidig livförsäkring, Chair • NMI Group AB, Chair	Aleris AB, Chair	Almega trade organisation, Board member • Hexagon AB, Board member • IQ Samhällsbyggnad, Board member • Stockholms Stadsteater AB (Stockholm City Theatre), Board member • BIM Alliance, Chair

1) Holdings as of 31 December 2014.
2) Corresponds to the annual fees as of 29 May 2014 when Swedbank's agreement with the Swedish National Debt office expired.

	Göran Hedman	Anders Igel	Jimmy Johnsson
Year of birth	Born 1954 Board member since 2010	Born 1951 Board member since 2009	Born 1976 Employee representative since 2010
Shareholdings in Swedbank[1]	Own and closely related parties: 1 109	Own and closely related parties: 7 500	Own and closely related parties: 180
In Swedbank as	■ Board of Directors, member ■ Risk and Capital Committee, Chair **Attendance:** ■ 16/16 ■ 12/12 **Total annual fees:**[2] ■ 500 000 ■ 250 000 Göran Hedman has held a number of executive positions at FöreningsSparbanken and brings to the Board a wealth of experience and know-how in the areas of credit and risk, as well as extensive knowledge of, and contacts in, the savings bank movement through his current position as CEO of Sparbanken in Enköping.	■ Board of Directors, member ■ Remuneration Committee, member **Attendance:** ■ 15/16 ■ 8/9 **Total annual fees:**[2] ■ 500 000 ■ 100 000 Anders Igel brings to the Board industrial, technological and financial experience after having held senior positions at Telia Sonera, Esselte and Ericsson. He provides expertise in strategic issues, restructurings and online services.	■ Board of Directors, member, employee representative **Total annual fees:**[2] No fees Jimmy Johnsson is an employee representative with experience as a systems manager for two of the Group's product companies.
Board member's independence	Göran Hedman is CEO of Sparbanken in Enköping. All aspects considered, Göran Hedman is not independent in relation to Swedbank when taking into account the cooperation agreement between Swedbank and Sparbanken in Enköping. Göran Hedman is considered independent in relation to the bank's executive management and major shareholders.	Independent in relation to the bank and executive management and independent in relation to the bank's major shareholders.	Not applicable
Education	Upper secondary school	M. Sc. Electrical Engineering and B. Sc. Business and Economics	Upper secondary school
Bank specific experience	Operational: 41 years, Board: 13 years	Board: 6 years	Operational: 16 years
Work experience	**President, Sparbanken in Enköping** Head of Research at Group Credit, FöreningsSparbanken AB (Swedbank) • Deputy Chief Credit Officer, Föreningsbanken AB • Executive positions, Föreningsbanken AB	**Full-time board member** President and CEO, Telia Sonera AB • President and CEO, Esselte AB • Executive Vice President, Telefonaktiebolaget LM Ericsson	**Systems manager, Swedbank Försäkring AB** Systems manager, Swedbank Robur AB • Sales manager, Lux Svenska AB • Sales manager, AB Norrtälje Bilcentral
Other significant assignments	Uppsala Chamber of Commerce, Board member • Sparbanken i Enköping, Board member	Broadnet AS, Board member • Finewineandtable Sweden • Igel Insight AB, Chair • Industrial advisor to EQT • Ventelo ASA, Chair	FöreningsSparbanken AB's Kopparmyntet profit-sharing fund, Board member • SPK, Board member • Guldeken Foundation, Board member

1) Holdings as of 31 December 2014.
2) Corresponds to the annual fees as of 29 May 2014 when Swedbank's agreement with the Swedish National Debt office expired.

Board of Directors

	Kristina Kjell	Pia Rudengren	Karl-Henrik Sundström
Year of birth	Born 1953 Employee representative since 2009	Born 1965 Board member since 2009	Born 1960 Board member since 2009
Shareholdings in Swedbank[1]	Own and closely related parties: 2 361	Own and closely related parties: 1 000	Own and closely related parties: 9 750 through Alma Patria AB
In Swedbank as	■ Board of Directors, member, employee representative **Total annual fees:**[2] No fees Kristina Kjell is an employee representative with experience as a private advisor, administrative manager and deputy branch manager within the bank.	■ Board of Directors, member ■ Risk and Capital Committee, member **Attendance:** ■ 14/16 ■ 11/12 **Total annual fees:**[2] ■ 500 000 ■ 200 000 Pia Rudengren has broad financial knowledge and board experience through her previous role as CFO of Investor.	■ Board of Directors, member ■ Audit Committee, member **Attendance:** ■ 14/16 ■ 4/5 **Total annual fees:**[2] ■ 500 000 ■ 200 000 Karl-Henrik Sundström's extensive professional experience, largely from his time at Ericsson, provides the Board with valuable expertise in strategy, IT, financial markets and business development.
Board member's independence	Not applicable	Independent in relation to the bank and executive management and independent in relation to the bank's major shareholders.	Independent in relation to the bank and executive management and independent in relation to the bank's major shareholders.
Education	Upper secondary school	B. Sc. Business and Economics	B. Sc. Business Administration
Bank specific experience	Operational: 42 years	Board: 6 years	Board: 6 years
Work experience	**Financial Sector Union club at Swedbank, Chair** Retail advisor, administrative manager and deputy branch manager within Swedbank's Swedish retail operations	**Full-time board member** Vice President, W Capital Management AB • CFO, Investor AB	**CEO, Stora Enso AB** CFO and EVP, Stora Enso • CFO and EVP, NXP Semiconductors • CFO and deputy CEO, Telefonaktiebolaget LM Ericsson • Head of Global Services, Telefonaktiebolaget LM Ericsson • Head of Australia and New Zealand, Telefonaktiebolaget LM Ericsson
Other significant assignments	SPK, Board member	Duni AB, Board member • Kappahl AB, Board member • Social Initiative AB, Chair • Tikkurila Oyj, Board member	Swedish Securities Council, Board member

1) Holdings as of 31 December 2014.
2) Corresponds to the annual fees as of 29 May 2014 when Swedbank's agreement with the Swedish National Debt office expired.

	Siv Svensson	Maj-Charlotte Wallin
Year of birth	Born 1957 Board member since 2010	Born 1953 Board member since 2014
Shareholdings in Swedbank[1]	Own and closely related parties: 1 500	Own and closely related parties: 750
In Swedbank as	■ Board of Directors, member ■ Audit Committee, member **Attendance:** ■ 16/16 ■ 5/5 **Total annual fees:**[2] ■ 500 000 ■ 200 000 Siv Svensson has broad experience in the banking and financial sector, both strategic and operational, and provides insight into customer relationship management and HR issues as well as experience from Nordic business.	■ Board of Directors, member ■ Audit Committee, member **Attendance:** ■ 11/12 ■ 4/4 **Total annual fees:**[2] ■ 500 000 ■ 200 000 Maj-Charlotte Wallin has extensive experience with a financial background from Swedish business, including the insurance and real estate sectors.
Board member's independence	Independent in relation to the bank and executive management and independent in relation to the bank's major shareholders.	Independent in relation to the bank and executive management and independent in relation to the bank's major shareholders.
Education	B. Sc. International Economics	B. Sc. Business and Economics
Bank specific experience	Operational: 27 years, Board: 5 years	Operational: 20 years
Work experience	**Full-time board member** CEO, Sefina Finance AB • CEO, Sefina Svensk Pantbelåning AB • Executive Vice President and Regional Head, Nordea AB • Group Controller and Nordic Head of Global Operation Services, Nordea AB • Group Controller, Merita Nordbanken AB • Administrative Head, PK Fondkommission AB	**Full-time board member** CEO, AFA Försäkring • CFO and EVP, Alecta pensionsförsäkring • CEO, Jones Lang LaSalle Asset Management Services AB • Head of Business Area Management, Skandia Fastighet • CEO, CFO and EVP, Nordbanken Fastigheter AB • Executive positions at Nordbanken Finans AB
Other significant assignments	SJ AB, Board member • Allba Holding AB, Board member • InlandsInnovation AB, Board member • Karolinska University Hospital, Board member	Kammarkollegiets fonddelegation, Board member • Swedish Heart-Lung Foundation, Board member • Fourth Swedish National Pension Fund (AP4), Board member

1) Holdings as of 31 December 2014.
2) Corresponds to the annual fees as of 29 May 2014 when Swedbank's agreement with the Swedish National Debt office expired.

Group Executive Committee

Michael Wolf

President and CEO
Born 1963. Employed since 2008
Shareholdings in Swedbank:[1] Own and closely related parties: 83 500. Does not otherwise own any shares and is not a partner in any companies with significant business relationships with the bank
Education: M. Sc. Business and Economics
Work experience: CEO of Intrum Justitia • Vice President, CFO and various positions within Skandia • various positions within SEB
Major assignments outside Swedbank: Stockholm Chamber of Commerce, Chair • Anna Lindh Academy, Chair • Swedish Bankers' Association, Deputy chair

Mikael Björknert

Head of Channels & Concepts
Born 1966. Employed since 2010
Shareholdings in Swedbank:[1] Own and closely related parties: 1 500
Education: M. Sc. Business and Economics
Other: Head of Strategic Analysis and M&A as of 1 January 2015
Major assignments outside Swedbank: NASDAQ OMX Nordic Ltd., Board member

Birgitte Bonnesen

Head of Baltic Banking
Born 1956. Employed since 1987
Shareholdings in Swedbank:[1] Own and closely related parties: 400
Education: MA Economics and Modern Languages
Other: Head of Swedish Banking as of 1 January 2015. Priit Perens succeeds her as head of Baltic Banking.

Göran Bronner

Group Chief Financial Officer (CFO)
Born 1962. Employed since 2009
Shareholdings in Swedbank:[1] Own and closely related parties: 100 000 through companies
Education: M. Sc. Business and Economics
Major assignments outside Swedbank: Vinovo AB, Chair • CTT Systems AB, Co-opted member

Ulf Ejelöv

Head of Northern Region
Born 1959. Employed since 2009
Shareholdings in Swedbank:[1] Own and closely related parties: 5 181
Education: LL.M.

Anders Ekedahl

Group Chief Information Officer (CIO)
Born 1960. Employed since 1987
Shareholdings in Swedbank:[1] Own and closely related parties: 7 819
Education: M. Sc. Business and Economics
Major assignments outside Swedbank: Sparbanken Skåne, Board member

Björn Elfstrand

Head of Stockholm Region
Born 1964. Employed since 1989
Shareholdings in Swedbank:[1] Own and closely related parties: 17 032
Education: M. Sc. Business and Economics.

Jonas Erikson

Head of Group Products
Born 1974. Employed since 2009
Shareholdings in Swedbank:[1] 0
Education: Studies in economics
Major assignments outside Swedbank: Vinovo AB, Board member

1) Holdings as of 31 December 2014.

Lars Friberg

Head of Group Human Resources
Born 1962. Employed since 2009
Shareholdings in Swedbank:[1] Own and closely related parties: 878
Education: M. Sc. Business and Economics

Magnus Gagner-Geeber

Head of Large Corporates & Institutions
Born 1969. Employed since 1990
Shareholdings in Swedbank:[1] 0
Education: Upper secondary school

Annika Hellström

Head of Central Region
Born 1965. Employed since 1991
Shareholdings in Swedbank:[1] Own and closely related parties: 34
Education: Upper secondary school

Cecilia Hernqvist

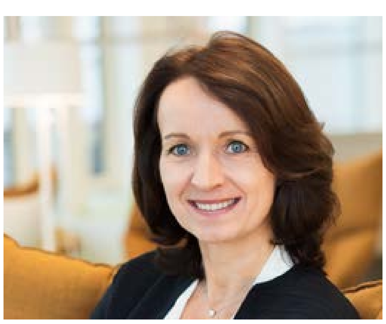
General Counsel and Head of Communications
Born 1960. Employed since 1990
Shareholdings in Swedbank:[1] Own and closely related parties: 5 062 .
Education: LL.M.
Major assignments outside Swedbank:
Sparbanken Skåne, Board member

Anders Karlsson

Group Chief Risk Officer (CRO)
Born 1966. Employed since 2010
Shareholdings in Swedbank:[1] 0
Education: M. Sc. Business and Economics

Lars Ljungälv

Head of Southern Region
Born 1969. Employed since 2014
Shareholdings in Swedbank:[1] 0
Education: M. Sc. Business and Economics
Major assignments outside Swedbank:
Intersport AB, Chair • Bergendahl & Son, Board member • Lund University, Deputy Chair • Malmö FF, Board member



Helo Meigas

Head of Group Treasury
Born 1965. Employed since 2004
Shareholdings in Swedbank:[1] Own and closely related parties: 1 304
Education: M.A.L.D. with an emphasis on International Business Law and Finance

Christer Trägårdh

Head of Eastern Region
Born 1963 . Employed since 2014
Shareholdings in Swedbank:[1] 0
Education: M. Sc. Business and Economics, Executive MBA
Major assignments outside Swedbank:
Wilzens Förvaltnings AB, Chair • Svensk Handel Försäkring, Board member

Lena Smeby-Udesen

Head of Western Region
Born 1961. Employed since 2012
Shareholdings in Swedbank:[1] 0
Education: M. Sc. Business and Economics
Major assignments outside Swedbank:
IVA, Board member • Connect Väst, Board member • West Sweden Chamber of Commerce, Board member

1) Holdings as of 31 December 2014.

Proposed disposition of earnings and statement of the Board of Directors

In accordance with the balance sheet of Swedbank AB, SEK 45 110m is at the disposal of the Annual General Meeting:

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

A cash dividend of SEK 11.35 per ordinary share	12 537
To be carried forward to next year	32 573
Total disposed	45 110

The proposed total amounts to be distributed and carried forward to next year have been calculated on all 1 102 088 934 outstanding ordinary shares at 31 December of 2014, plus 2 519 673 outstanding ordinary shares entitled to dividends that have been exercised by employees between 1 January and 20 February 2015 relating to remuneration programs. The proposed total amounts to be distributed and carried forward to next year are ultimately calculated on the number shares entitled to dividends on the record day. The amounts could change in the event of additional share repurchases or sales of treasury shares before the record day.

Unrealised changes in the value of assets and liabilities at fair value have had a net effect on equity of SEK 2 951m.

The proposed record day for the dividend is 30 March 2015. The last day for trading in Swedbank's shares including the right to the dividend is 26 March 2015. If the Annual General Meeting adopts the Board's proposal, the dividend is expected to be paid by Euroclear on 2 April 2015. The financial companies group's capital base surpassed the statutory capital requirement as of year-end by SEK 41 095m. Surplus capital in Swedbank AB amounted to SEK 57 251m.

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

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

Financial statements and notes – Group

Income statement, Group

SEKm	Note	2014	2013
Interest income		41 052	43 968
Interest expenses		–18 410	–21 939
Net interest income	**G8**	**22 642**	**22 029**
Commission income		16 252	14 692
Commission expenses		–5 048	–4 560
Net commission income	**G9**	**11 204**	**10 132**
Net gains and losses on financial items at fair value	G10	1 986	1 484
Insurance premiums		1 889	1 714
Insurance provisions		–1 308	–1 067
Net insurance	**G11**	**581**	**647**
Share of profit or loss of associates	G27	980	852
Other income	G12	1 911	1 794
Total income		**39 304**	**36 938**
Staff costs	G13	10 259	9 651
Other general administrative expenses	G14	6 625	6 258
Total general administrative expenses		**16 884**	**15 909**
Depreciation/amortisation of tangible and intangible fixed assets	G15	718	739
Total expenses		**17 602**	**16 648**
Profit before impairments		**21 702**	**20 290**
Impairments of intangible assets	G29	1	182
Impairments of tangible assets	G16	256	693
Credit impairments	G17	419	60
Operating profit		**21 026**	**19 355**
Tax expense	G18	4 301	4 099
Profit for the year from continuing operations		16 725	15 256
Loss for the year from discontinued operations, after tax		–262	–2 340
Profit for the year		16 463	12 916
Profit for the year attributable to:			
Shareholders of Swedbank AB		**16 447**	**12 901**
Profit for the year from continuing operations		16 709	15 241
Loss for the year from discontinued operations		–262	–2 340
Non-controlling interests		16	15
Profit for the year from continuing operations		16	15
SEK			
Earnings per share, total operations	G19	14,93	10,19
after dilution	G19	14,81	10,11
Earnings per share, continuing operations	G19	15,17	12,32
after dilution	G19	15,05	12,22
Earnings per share, discontinued operations	G19	–0,24	–2,13
after dilution	G19	–0,24	–2,13

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

Statement of comprehensive income, Group

SEKm	Note	2014	2013
Profit for the year reported via income statement		**16 463**	**12 916**
Items that will not be reclassified to the income statement			
Remeasurements of defined benefit pension plans	G39	463	2 264
Share related to associates		–9	12
Income tax	G20	–101	–500
Total		**353**	**1 776**
Items that may be reclassified to the income statement			
Exchange differences, foreign operations			
Gains/losses arising during the year		2 917	1 258
Reclassification adjustments to income statement, profit for the year from discontinued operation		508	1 875
Hedging of net investments in foreign operations:			
Gains/losses arising during the year		–2 320	–910
Reclassification adjustments to income statement, profit for the year from discontinued operation		–365	
Cash flow hedges:			
Gains/losses arising during the year		26	–210
Reclassification adjustments to income statement,net interest income		17	83
Share of other comprehensive income of associates:			
Exchange differences, foreign operations		–30	–117
Cash flow hedges		1	2
Income tax:	G20		
Income tax		505	248
Reclassification adjustments to income statement, income tax		–4	–18
Reclassification adjustments to income statement, profit for the year from discontinued operation, income tax		80	
Total		**1 335**	**2 211**
Other comprehensive income for the year net of tax		**1 688**	**3 987**
Total comprehensive income for the year a		**18 151**	**16 903**
Total comprehensive income for the year attributable to: Shareholders of Swedbank AB		**18 137**	**16 887**
Non-controlling interests		14	16

Balance sheet, Group

SEKm	Note	2014	2013	1/1/2013
Assets				
Cash and balances with central banks		113 768	59 382	130 058
Treasury bills and other bills eligible for refinancing with central banks, etc.	G21	46 225	56 814	20 483
Loans to credit institutions	G22	113 820	82 278	85 480
Loans to the public	G23	1 404 507	1 264 910	1 238 864
Value change of interest hedged item in portfolio hedge		1 291	62	
Bonds and other interest-bearing securities	G24	124 455	125 585	115 324
Financial assets for which the customers bear the investment risk	G25	143 319	122 743	104 194
Shares and participating interests	G26	9 931	7 109	8 106
Investments in associates	G27	4 924	3 640	3 552
Derivatives	G28	123 202	64 352	102 265
Intangible fixed assets	G29	14 319	13 658	13 440
Investment properties	G31	97	685	2 393
Tangible assets	G30	2 653	3 140	4 638
Current tax assets		1 304	895	1 082
Deferred tax assets	G18	638	417	657
Other assets	G32	10 103	9 578	8 380
Prepaid expenses and accrued income	G33	6 126	6 992	7 736
Group of assets classified as held for sale		615	1 862	208
Total assets		**2 121 297**	**1 824 102**	**1 846 860**
Liabilities and equity				
Liabilities				
Amounts owed to credit institutions	G34	171 453	121 621	122 202
Deposits and borrowings from the public	G35	676 679	620 608	579 663
Financial liabilities for which the customers bear the investment risk	G36	146 177	125 548	105 104
Debt securites in issue	G37	835 012	726 275	767 454
Short positions securities	G38	27 058	17 519	18 229
Derivatives	G28	85 694	55 011	92 141
Current tax liabilities		1 477	1 893	1 378
Deferred tax liabilities	G18	1 684	2 383	2 641
Pension provisions	G39	2 548	2 925	5 235
Insurance provisions	G40	1 745	1 645	1 649
Other liabilities and provisions	G41	22 330	14 397	16 813
Accrued expenses and prepaid income	G42	13 071	14 194	16 782
Subordinated liabilities	G43	18 957	10 159	14 307
Liabilities directly associated with group of assets classified as held for sale		39	219	76
Total liabilities		**2 003 924**	**1 714 397**	**1 743 674**
Equity	G44			
Non-controlling interests		170	165	154
Equity attributable to shareholders of the parent company		117 203	109 540	103 032
Total equity		**117 373**	**109 705**	**103 186**
Total liabilities and equity		**2 121 297**	**1 824 102**	**1 846 860**

Statement of changes in equity, Group

SEKm	Share capital	Other contributed equity[1]	Exchange differences, subsidiaries and associates	Hedging of net investments in foreign operations	Cash flow hedges	Retained earnings	Total	Non-controlling interests	Total equity
	Equity attributable to shareholders of Swedbank AB								
Opening balance 1 January 2013	**24 904**	**17 275**	**–3 848**	**1 001**	**–42**	**63 742**	**103 032**	**154**	**103 186**
Dividends						–10 880	–10 880	–5	–10 885
Share based payments to employees						418	418		418
Deferred tax related to share based payments to employees						83	83		83
Associates' acquisition of shares in Swedbank AB						–14	–14		–14
Associates' disposal of shares in Swedbank AB						14	14		14
Total comprehensive income for the year			3 015	–708	–97	14 677	16 887	16	16 903
of which reported through profit or loss			1 875		83	12 901	14 859	15	14 874
of which reported through other comprehensive income, before tax			1 140	–910	–208	2 276	2 298	1	2 299
of which reported through other comprehensive income				202	28	–500	–270		–270
Closing balance 31 December 2013	**24 904**	**17 275**	**–833**	**293**	**–139**	**68 040**	**109 540**	**165**	**109 705**
Opening balance 1 January 2014	**24 904**	**17 275**	**–833**	**293**	**–139**	**68 040**	**109 540**	**165**	**109 705**
Dividends						–11 133	–11 133	–9	–11 142
Share based payments to employees						459	459		459
Deferred tax related to share based payments to employees						16	16		16
Current tax related to share based payments to employees						50	50		50
Repurchase of own shares for trading purposes						–32	–32		–32
Associates' disposal of shares in Swedbank AB						166	166		166
Total comprehensive income for the year			3 397	–2 094	34	16 800	18 137	14	18 151
of which reported through profit or loss						16 447	16 447	16	16 463
of which reported through other comprehensive income, before tax			3 397	–2 685	44	454	1 210	–2	1 208
of which reported through other comprehensive income				591	–10	–101	480		480
Closing balance 31 December 2014	**24 904**	**17 275**	**2 564**	**–1 801**	**–105**	**74 366**	**117 203**	**170**	**117 373**

1) Other contributed equity consists mainly of share premiums.

Statement of cash flow, Group

SEKm	Note	2014	2013
Operating activities			
Operating profit		21 026	19 355
Loss for the period from discontinuing operations		–262	–2 340
Adjustments for non-cash items in operating activities	G48	–555	–500
Taxes paid		–5 494	–2 961
Increase/decrease in loans to credit institution		–26 662	2 597
Increase/decrease in loans to the public		–115 813	–28 775
Increase/decrease in holdings of securities for trading		12 925	–46 814
Increase/decrease in deposits and borrowings from the public including retail bonds		34 957	37 772
Increase/decrease in amounts owed to credit institutions		45 468	–1 811
Increase/decrease in other assets		–41 353	32 732
Increase/decrease in other liabilities		84 693	–35 606
Cash flow from operating activities		**8 930**	**–26 351**
Investing activities			
Business combinations		–2 918	–213
Business disposals		–590	119
Acquisitions of and contributions to associates		–814	–4
Acquisition of other fixed assets and strategic financial assets		–1 111	–835
Disposals of/matured other fixed assets and strategic financial assets		362	2 482
Cash flow from investing activities		**–5 071**	**1 549**
Financing activities			
Issuance of interest-bearing securities		114 936	103 085
Redemption of interest-bearing securities		–139 976	–126 236
Issuance of commercial paper		730 879	493 982
Redemption of commercial paper		–646 040	–506 627
Dividends paid		–11 138	–10 885
Cash flow from financing activities		**48 661**	**–46 681**
Cash flow for the year		**52 520**	**–71 483**
Cash and cash equivalents at the beginning of the year		**59 382**	**130 058**
Cash flow for the year		52 520	–71 483
Exchange rate differences on cash and cash equivalents		1 866	807
Cash and cash equivalents at end of the year		**113 768**	**59 382**

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

Operating activities
Cash flow from operating activities is based on operating profit for the year. Adjustments are made for items not included in cash flow from operating activities. Changes in assets and liabilities from operating activities consist of items which are part of normal business activities, such as loans to and deposits and borrowings from the public and credit institutions, and which are not attributable to investing and financing activities. Cash flow includes interest receipts of SEK 42 445m (44 346) and interest payments of SEK 16 773m (19 510). Capitalised interest is included.

Investing activities
Investing activities consist of purchases and sales of businesses and other fixed assets such as owner-occupied properties, investment properties and equipment, and strategic financial assets. The latter refer to holdings of interest-bearing securities held to maturity and strategic shareholdings in companies other than subsidiaries and associates. In 2014 other tangible assets were acquired for SEK 1 111m (835). Holdings of matured bonds amounted to SEK 169m (371).

In 2014 Sparbanken Öresund AB was acquired for SEK 2 918m, including acquired cash and cash equivalents of SEK 20m. Moreover, Färs och Frosta Sparbank AB was converted during the year to Sparbanken Skåne AB. The new Sparbanken Skåne includes the former Sparbanken 1826 and branches acquired from Sparbanken Öresund AB. In connection with the conversion, Swedbank AB invested SEK 265m in a new share issue and acquired shares for SEK 549m. Swedbank AB's ownership interest in the new Sparbanken Skåne AB is 22 per cent. In 2014 SIA Ektornet Kr Valdemara 27/29 was sold for SEK 140m, Imoniy grupé ALITA for SEK 184m, Inedahl HB and condominium certificates of title for SEK 13m and branches from Sparbanken Öresund AB to Sparbanken Skåne AB for SEK -913m.

Svensk Fastighetsförmedling AB was acquired in 2013 for SEK 254m through the subsidiary Swedbank Franchise AB. In addition, capital contributions of SEK 4m were paid to Getswish AB. In 2013 the Estonian associate AS Arealis was sold for SEK 119m.

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

Notes

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

G1 Corporate information

The consolidated financial statements and the annual report for Swedbank AB (publ) for the financial year 2014 were approved by the Board of Directors and the CEO for publication on 17 February 2015. The parent company, Swedbank AB, maintains its registered office in Stockholm at the following address: Landsvägen 40, 172 63 Stockholm, Sweden. The company's shares are traded on the NASDAQ OMX Nordic Exchange in Stockholm in the Nordic Large Cap segment. The Group offers financial services and products in its home markets of Sweden, Estonia, Latvia and Lithuania. The operations are described more extensively in the Board of Directors' report.

The consolidated financial statements and the annual report will ultimately be adopted by the parent company's Annual General Meeting on 26 March 2015.

G2 Accounting policies

CONTENTS

1 BASIS OF ACCOUNTING

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

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

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

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

2 CHANGES IN ACCOUNTING POLICIES

The following adoption of accounting pronouncements and changes are applied in the 2014 financial reports.

Consolidated financial statements (IFRS 10)

The Group adopted IFRS 10 on 1 January 2014, when the standard became effective for EU adoption. The standard replaces the rules on consolidation in IAS 27, Consolidated and Separate Financial Statements and SIC 12, Consolidation-Special Purpose Entities. The new standard establishes a single definition of control that applies to all entities, including those that were previously considered special purpose entities under SIC 12. Control over another entity exists when the reporting company is capable of managing the relevant activities of the other entity, is exposed or entitled to a variable return and is able to use its power over the entity to affect the return. The assessment of control is based on all facts and circumstances and the conclusion is reassessed if there is an indication that there are changes in facts and circumstances.

The adoption of IFRS 10 resulted in the consolidation of an investment fund that was previously not consolidated. In assessing the requirements of the new standard, the Group considers that holdings in investment funds through unit-linked mutual insurance contracts do not result in a variable exposure and therefore are excluded from the assessment of control over such investment funds. See Note G59 for the impacts of adoption.

Joint arrangements (IFRS 11)

The Group adopted IFRS 11 on 1 January 2014, when the standard became effective for EU adoption. IFRS 11 replaces IAS 31, Interests in Joint Ventures and establishes how to account for shares in joint arrangements, where two or more parties agree to contractually share control. IFRS 11 defines two types of joint arrangements: joint operations and joint ventures and the classification is based on economic substance rather than legal form. Holdings in joint ventures are accounted for according to the equity method and use of the option to apply the proportional consolidation method is removed, which was not previously applied by the Group. Therefore the adoption of IFRS 11 did not have any impact on the Group's financial position or results.

Disclosure of Interests in Other Entities (IFRS 12)

The Group adopted IFRS 12 from 1 January 2014, when the standard became effective for EU adoption. IFRS 12 increases the disclosure requirements of interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities to include more information relating to the nature, associated risks and the effects on financial position, results and cash flow of such interests. The adoption of IFRS 12 only had an impact on the Group's disclosures. The required disclosures are included in Notes G27 and G56.

Offsetting financial assets and liabilities (Amendments to IAS 32)

The Group adopted the amendments to IAS 32 on 1 January 2014. The amendments clarify the meaning of a current legally enforceable right to set-off and also specify when gross settlement systems may be considered equivalent to net settlement. The adoption of the amendments did not have a material impact on the Group's financial position.

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

The Group adopted the limited amendment to IAS 39 from 1 January 2014. The amendment provides limited exceptions to the discontinuation of hedge accounting when hedging derivatives are novated, as a result of laws and regulations, to clearing counterparties. The adoption of the amendment has not had a material impact on the Group's financial position or results.

Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)

The Group adopted the amendments to IAS 36 from 1 January 2014. The amendments require additional disclosure of information about the recoverable amount of impaired assets where a non-financial asset has been written down to fair value less costs of disposal. The adoption of the amendments have not had an impact on the disclosures of the Group.

Levies (IFRIC 21)

The Group adopted the interpretation from 30 June 2014. Levies refer to fees paid to government agencies and similar bodies in accordance with laws and regulations. The interpretation clarifies that a liability for a levy should only be recognised when the activity that triggers payment occurs, as specified in the relevant legislation. IFRIC 21 did not have an impact on the Group's financial position, results or cash flows.

Other IFRS changes

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

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Presentation of financial statements (IAS 1)

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

3.2 Consolidated financial statements (IFRS 3, IFRS 10)

The consolidated financial statements comprise the parent company and those entities (including special purpose vehicles) over which the parent company has control. The parent company has control when it has power and is capable of managing the relevant activities of another entity, is exposed to a variable return and is able to us its power to affect that return. These entities, subsidiaries, are included in the consolidated financial statements in accordance with the acquisition method from the day that control is obtained and are excluded from the day that control ceases. According to the acquisition method, the acquired unit's identifiable assets, liabilities and contingent liabilities that satisfy the recognition criteria are recognised and measured at fair value upon acquisition. The surplus between the cost of the business combination, transferred consideration measured at fair value on the acquisition date and the fair value of the acquired share of identifiable assets, liabilities and reported contingent liabilities is recognised as goodwill. If the amount is less than the fair value of the acquired company's net assets, the difference is recognised directly in the income statement as bargain purchase within Other income. The transferred consideration (purchase price) includes the fair value of transferred assets, liabilities and shares which, in applicable cases, have been issued by the Group as well as the fair value of all assets or liabilities that are the result of an agreement on contingent consideration. Acquisition-related costs are recognised when they arise. For each acquisition, the Group determines whether all non-controlling holdings in the acquired company should be recognised at fair value or at the holding's proportionate share of the acquired subsidiary's net assets. A subsidiary's contribution to equity includes only the equity that arises between acquisition and disposal. All intra-Group transactions and intra-Group gains are eliminated.

Transactions with non-controlling owners are recognised as equity transactions with the Group's shareholders in their capacity as owners. In the case of acquisitions of interests from non-controlling owners, the difference between the price paid for the interests and the acquired share of the carrying amount of the subsidiary's net assets is recognised in equity attributable to the parent company's shareholders as retained earnings. The carrying amounts of holdings with and without control are adjusted to reflect the changes in their relative holdings. Gains and losses on the sale of interests to non-controlling owners are also recognised in equity. If, following a sale of its interests, the Group no longer has control, its remaining holding is remeasured at fair value and the change is recognised in its entirety in the income statement. This fair value subsequently serves as the cost of the remaining holding in the former subsidiary for reporting purposes. All amounts related to the divested unit that were previously recognised in other comprehensive income are recognised as if the Group directly divested the related assets or liabilities, due to which amounts previously recognised in other comprehensive income may be reclassified as profit or loss. If the interest in an associate is reduced but a significant influence is retained, the proportionate share of the amount previously recognised in other comprehensive income is reclassified to profit or loss.

3.3 Assets and liabilities in foreign currency (IAS 21)

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

3.4 Financial instruments (IAS 32, IAS 39)

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

Embedded derivatives

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

Repos

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

Securities loans

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

Offsetting

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

3.5 Financial instruments, measurement (IAS 39)

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

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

Valuation category, fair value through profit or loss

Financial instruments at fair value through profit or loss comprise instruments held for trading and all derivatives, excluding those designated for hedge accounting. Financial instruments held for trading are acquired for the purpose of selling or repurchasing in the near term or are part of a portfolio for which there is evidence of a pattern of short-term profit-taking. In the notes to the balance sheet, these financial instruments are classified at fair value through profit or loss, trading. This category also includes other financial instruments that upon initial recognition have irrevocably been designated as at fair value, the so-called fair value option. The option to irrevocably measure financial instruments at fair value is used in the Group for individual portfolios of loans, securities in issue and deposits, when the instruments, together with derivatives, essentially eliminate the portfolio's aggregate interest rate risk.

Typically these financial instruments have a fixed contractual interest rate. The fair value option is used to eliminate the accounting volatility that would otherwise arise because of the different measurement principles that are normally used for derivatives compared with other financial instruments. Financial liabilities in insurance operations, where the customer bears the investment risk, are categorised in the same way when corresponding assets are also measured at fair value. The Group has chosen to categorise holdings of shares and participating interests that are not associates or intended for trading at fair value through profit or loss, since they are managed and evaluated based on fair value. In the notes to the balance sheet, these financial instruments are classified at fair value through profit or loss, other.

Financial assets

Valuation categories	Hedging instruments		Fair value through profit or loss				Loans and receivables		Held to maturity		Total	
SEKbn	Derivatives		Trading		Other							
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Cash and balances with central banks							114	59			114	59
Treasury bills and other bills eligible for refinancing with central banks			46	56					0	1	46	57
Loans to credit institutions			18	8			96	74			114	82
Loans to the public			63	48	278	323	1 064	894			1 405	1 265
Bonds and other interest-bearing securities			123	125					1	1	124	126
Financial assets for which customers bear the investment risk					143	123					143	123
Shares and participating interests			9	7	1						10	7
Derivatives	23	15	100	49							123	64
Other financial assets							15	15			15	15
Total	**23**	**15**	**359**	**293**	**422**	**446**	**1 289**	**1 042**	**1**	**2**	**2 094**	**1 798**

Financial liabilities

Valuation categories	Hedging instruments		Fair value through profit or loss				Other financial liabilities		Total	
SEKbn	Derivatives		Trading		Other					
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Amounts owed to credit institutions			6	8			166	114	172	122
Deposits and borrowings from the public			16	22	0	2	661	597	677	621
Financial liabilities for which customers bear the investment risk					146	126			146	126
Debt securites in issue			13	14	37	40	785	672	835	726
Short position securities			27	17					27	17
Derivatives	4	5	82	50					86	55
Subordinated liabilities							19	10	19	10
Other financial liabilities							30	25	30	25
Total	**4**	**5**	**144**	**111**	**183**	**168**	**1 661**	**1 418**	**1 992**	**1 702**

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

Valuation category, loans and receivables

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

Valuation category, held-to-maturity

Certain financial assets are categorised as held-to-maturity investments where the intention is to hold them until the maturity date. Such instruments have fixed maturities, are not derivatives and are quoted on an active market. These investments are initially recognised on their trade day at cost and subsequently at amortised cost less any impairment, in the same way as for loans and receivables.

Reclassification of financial assets

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

Valuation category, other financial liabilities

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

Hedge accounting at fair value

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

Cash flow hedges

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

Hedging of net investments in foreign operations

Hedges of net investments in foreign operations are applied to protect the Group from translation differences that arise from the translation of operations in a functional currency other than the presentation currency. Financial liabilities reported in the foreign operation's functional currency are translated at the closing-day exchange rate. The portion of the exchange rate result from hedging instruments that are effective is recognised in other comprehensive income. Any ineffective portion is recognised in profit or loss in net gains and losses on financial items at fair value. When a foreign operation is divested, the gain or loss from the hedging instrument is reclassified from other comprehensive income and recognised in profit or loss. In order to apply hedge accounting, the hedge has been formally identified and documented. The hedge's effectiveness must be measurable in a reliable way and must be proven to remain very effective, both prospectively and retrospectively, in offsetting changes in value of the hedged risk.

3.6 Leases (IAS 17)

The Group's leasing operations consist of finance leases and are therefore recognised as loans and receivables. The carrying amount corresponds to the present value of future leasing payments. The difference between all future leasing payments, the gross receivable, and the present value of future leasing payments constitutes unearned income. Consequently, lease payments received are recognised in part in profit or loss as interest income and in part in the balance sheet as instalments, such that the financial income corresponds to an even return on the net investment. In a finance lease, the economic risks and benefits associated with ownership of an asset are essentially transferred from the lessor to the lessee. The Group acts both as the lessor or the lessee in operating leases, which are those leases where the lessor bears the economic risks and benefits. Lease payments where the Group acts as lesee are expensed linearly over the lease term.

3.7 Associates and joint ventures (IAS 28, IFRS 11)

Associates and joint ventures are entities where the Group has significant influence or joint control, but not sole control, of another entity and are accounted for according to the equity method. The equity method means that the participating interests in an entity are recognised at cost at the time of acquisition and subsequently adjusted for the owned share of the change in the associate's net assets. Goodwill attributable to the associate or the joint venture is included in the carrying amount of the participating interests and is not amortised.

The carrying amount of the participating interests is subsequently compared with the recoverable amount of the net investment in the associate or the joint venture to determine whether an impairment need exists. The owned share of the associate's or the joint venture's profit according to the associate's or the joint venture's income statement, together with any impairment, is recognised on a separate line. The share of the associate's or the joint venture's tax is recognised in the income statement as Tax.

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

3.8 Intangible assets (IAS 38)

Goodwill

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

Other intangible assets

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

3.9 Investment properties (IAS 40)

For protection of claims

Investment properties are properties held to generate rental income or appreciation in value, or a combination of the two, rather than being held for the Group's own use or for sale in day-to-day operations. The investment properties have been taken over to protect claims. Investment properties are initially recognised at cost and are are subsequently measured at cost less accumulated depreciation and impairment. The cost consists of the purchase price, or the fair value if a purchase price is unavailable, as well as expenses directly attributable to the purchase. Depreciation begins when an asset is ready for use and is reported systematically over each component's useful life down to its estimated residual value. The depreciation method reflects how the asset's value is gradually consumed. Useful lives, residual values and depreciation methods are reassessed and changed when necessary in connection with each closing day. The carrying amount is tested for impairment when events or circumstances indicate a lower recoverable amount. The recoverable amount represents the higher of the asset's sales value less selling expenses and its value in use. If the carrying amount exceeds the recoverable amount, the asset is reduced to its recoverable amount. See also section 3.17 Impairment of assets (IAS 36).

3.10 Tangible assets (IAS 2, 16)

For protection of claims

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

For own use

Tangible fixed assets, such as equipment and owner-occupied properties, are initially recognised at cost and subsequently measured at cost less accumulated depreciation and impairments. Such recognition is consistent with that used for investment properties, see section 3.9 Investment propoerties (IAS 40).

3.11 Borrowing costs (IAS 23)

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

3.12 Provisions (IAS 37)

A provision is recognised in the balance sheet when the Group has a legal or constructive obligation arising from past events and it is likely that an outflow of resources will be required to settle the obligation. Additionally, a reliable estimation of the amount must be made. Estimated outflows are calculated at present value. Provisions are tested on each closing day and adjusted when needed, so that they correspond to the current estimate of the value of the obligations.
Provisions are recognised for restructurings. Restructurings are extensive organisational changes which may require the payment of employee severance for early termination or branches to be shut down. For a provision to be recognised, a restructuring plan must be in place and announced, so that it has created a valid expectation among those affected that the company will implement a restructuring. A provision for restructuring includes only direct expenses related to the restructuring and not to future operations, such as of the cost of severance.

3.13 Pensions (IAS 19)

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

3.14 Insurance contracts (IFRS 4)

In the financial statements, insurance policies refer to policies where significant insurance risk is transferred from insured to insurer. The majority of the Group's insurance policies do not transfer significant insurance risk; therefore they are recognised as financial instruments in the balance sheet line Financial liabilities where the customers bear the investment risk. For insurance policies with significant insurance risk, actuarial provisions are allocated corresponding to pledged obligations. In the income statement, premiums received and provisions are reported on separate lines.

3.15 Revenues (IAS 18)

The principles of revenue recognition for financial instruments are described in section 3.5 Financial instruments, recognition (IAS 39). Interest income and interest expense on financial instruments calculated according to the effective interest method are recognised as Net interest income, with the exception of interest income and interest expense on financial instruments and related interests that are classified as held for trading within the Large Corporates & Institutions ("LC&I") segment which are reported as Net gains and losses on financial items at fair value. Changes in fair value and dividends on shares in the valuation category financial instruments at fair value through profit or loss, as well as changes in the exchange rates between functional and other currencies are recognised in Net gains and losses on financial items at fair value. Service fees are recognised as income when the services are rendered as Commission income orOther income. Commission income includes payment processing, asset management and brokerage commissions. Commission expenses are transaction-dependent and are directly related to the transactions for which income is recognised in Commission income. Other income includes capital gains and losses on the sale of ownership interests in subsidiaries and associates, to the extent they do not represent an independent service line or a significant business conducted within a geographical area. Other income also includes capital gains and losses on the sale of tangible assets.

3.16 Share-based payment (IFRS 2)

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

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

3.17 Impairment (IAS 36)

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

3.18 Tax (IAS 12)

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

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

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

3.20 Cash and cash equivalents (IAS 7)

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

3.21 Operating segments (IFRS 8)

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

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

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

4 NEW STANDARDS AND INTERPRETATIONS

The International Accounting Standards Board (IASB) and IFRS Interpretations Committee (IFRIC) have issued the following standards, amendments to standards and interpretations that apply in or after 2015. The IASB permits earlier application. For Swedbank to apply them also requires that they have been approved by the EU if the amendments are not consistent with previous IFRS rules. Consequently, Swedbank has not applied the following amendments in the 2014 annual report.

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

The annual improvements amend the current standards for presentation, recognition or measurement and other editorial corrections. The 2010-2012 and 2011-2013 improvements have been approved by the EU for application to financial years beginning on or after 1 January 2015 and 1 Feburary 2015, respectively. The 2012-2014 improvements apply to financial years beginning on or after 1 January 2016 and have not yet been approved by the EU. Adoption is not expected to have a significant effect on the Group's financial position or results.

Revenue from Contracts with Customers (IFRS 15)

IFRS 15 was issued in May 2014 and establishes the principles for reporting useful information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. The standard introduces a five-step model to determine how and when to recognise revenue, but it does not impact the recognition of income from financial instruments in the scope of IAS 39. The standard also establishes new disclosures to provide more relevant information. The standard is applicable from 1 January 2017 and has not yet been approved by the EU. The impacts on the Group's financial reports are still being assessed by the Group.

Financial instruments (IFRS 9)

IFRS 9 is the replacement of IAS 39 Financial Instruments: Recognition and Measurement and was issued on 24 July 2014. The standard includes requirements for recognition, classification and measurement, impairment, derecognition and general hedge accounting. The standard has been issued in phases, with the 2014 version superseding all previous versions. IFRS 9 is mandatorily effective from 1 January 2018, with early adoption permitted. The standard has not been approved by the EU. The impacts on the Group's financial reports are still being assessed by the Group.

The classification and measurement requirements for financial assets reduce the number of valuation categories and place dependence on an entity's business model for managing financial assets as well as whether the contractual cash flows represent solely payments of principal and interest. IFRS 9 also introduces an expected credit losses model for the measurement of impairment, removing the requirement to identify an incurred loss event. The new impairment model establishes a three stage approach based on whether there have been significant changes in credit risk.

The requirements for financial liabilities remain largely unchanged from IAS 39. The primary change permits the presentation of fair value movements due to own credit risk on financial liabilities designated as at fair value through profit or loss in other comprehensive income, rather than in profit or loss. The amended general hedge accounting rules allow entities to better reflect their risk management activities in the financial statements.

5 CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

The presentation of consolidated financial statements in conformity with IFRS requires the executive management to make judgments and estimates that affect the recognised amounts for assets, liabilities and disclosures of contingent assets and liabilities as of the closing day as well as recognised income and expenses during the report period. The executive management continuously evaluates these judgments and estimates, including those that affect the fair value of financial instruments, provisions for impaired loans, impairments of intangible and tangible assets, deferred taxes, pension provisions and shared-based payment. The executive management bases its judgments and assumptions on previous experience and several other factors that are considered reasonable under the circumstances. Actual results may deviate from judgments and estimates.

5.1 Judgments

Investment funds

Entities in the Group have established investment funds for their customers' savings needs. The Group manages the assets of these funds on behalf of customers in accordance with predetermined provisions approved by the Swedish Financial Supervisory Authority. The return generated by these assets, as well as the risk of a change in value, accrues to customers. Within the framework of the approved fund provisions, the Group receives management fees as well as, in certain cases, application and withdrawal fees for the management duties it performs. The decisions regarding the management of an investment fund are governed by the fund's provisions; however the Group has power over the decision making of the relevant activities of the investment funds. The Group's exposure to variable returns from its involvement with those funds is primarily related to the fees charged and therefore the Group is considered to act as agent on behalf of the investment funds' investors. In certain cases, Group entities also invest in the investment funds to fulfil their obligations to customers. The Group's holdings in the investment funds represent an additional variable exposure in the investment funds. The Group's interests in total are seen as principal activity for the Group's own benefit where such interests exceed 35% and, consequently, the investment fund would be controlled and consolidated. The Group considers that holdings in investment funds through unit-linked mutual insurance contracts do not result in a variable exposure and therefore are excluded from the assessment of control over such investment funds. Holdings in investment funds through unit-linked mutual insurance contracts of SEK 121bn (106) are recognised as Financial assets for which the customer bears the investment risk and the corresponding liabilities of SEK 121bn (106) are recognised as Financial liabilities for which the customer bears the investment risk. If the Group had considered such holdings to be a variable exposure and that it had control over such investment funds, additional financial assets and financial liabilities corresponding to SEK 61bn (47) respectively would have been recognised in the Group's balance sheet.

Financial instruments

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

Tax

For the parent company's Estonian subsidiary, Swedbank AS, income taxation is triggered only if dividends are paid. The parent company determines the dividend payment and has established a specific dividend policy that a portion of the profit will be distributed; therefore a deferred tax liability is recognised based on this dividend policy. To the extent dividends are not expected to the paid in the foreseeable future, the Group continues to not recognise a deferred tax liability. If the largest possible dividend was to be distributed, the Group would face an estimated tax charge of SEK 3 268m (3 145).

5.2 Estimates

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

Provisions for credit impairments

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

The Group's provisions in the Baltic operations decreased during the year from SEK 2 564m to SEK 1 930m. The changes in provisions are based on the losses that the executive management assumed were likely against the prevailing economic outlook within the interval for reasonable assumptions. During the year, gross impaired loans decreased in the Baltic operations from SEK 5 046m to SEK 3 991m. An overall decrease in customers' payment ability of an additional 10 per cent would have increased provisions by SEK 333m (407), of which SEK 54m (58) in Estonia, SEK 92m (133) in Latvia and SEK 47m (66) in Lithuania. The Group's portfolio provision for loans that are not classified as impaired decreased to SEK 1 133m (1 256m) at year-end.

Impairment testing of goodwill

Goodwill is tested at least annually for impairment. Testing is conducted by calculating the recoverable amount i.e. the highest of value in use or the selling price less costs to sell. if the recoverable amount is lower than the carrying amount, the asset is reduced to its recoverable amount. Goodwill impairment does not affect either cash flow or the capital adequacy ratio, since goodwill is a deduction in the calculation of the capital base. The executive management's tests are done by calculating value in use. The calculation is based on estimated future cash flows from the cash generating unit that the goodwill relates to and has been allocated to as well as when the cash flows are received. The first three years' cash flows are determined on the basis of the financial plans the executive management has established. Subsequent determinations of the size of future cash flows require more subjective estimates of future growth, margins and profitability levels. The Group estimates perpetual cash flows, since all cash generating units are part of the Group's home markets, which it has no intention of leaving. In addition, a discount rate is determined that in addition to reflecting the time value of money also reflects the risk that the asset is associated with. Different discounting factors are used for different time periods. As far as possible, the discount rate and assumptions, or portions of the assumptions, are based on external sources. Nevertheless, a large part of the calculation is dependent on the executive management's own assumptions. The executive management considers the assumptions to be significant to the Group's results and financial position. The Group's goodwill amounted to SEK 12 344m (11 760) at year-end, of which SEK 9 618m (9 034) relates to the investment in the Baltic banking operations. The executive management's assumptions in the calculation of value in use as of year-end 2014 did not lead to any impairment losses. Until 2001, 60 per cent of the Baltic banking operations had been acquired. In 2005 the remaining 40 per cent was acquired. The majority, or SEK 10 352m (9 722) of the goodwill before impairments arose through the acquisition of the remaining non-controlling interest and at the time corresponded to 40 per cent of the operation's total value. If the discount rate had been increased by one percentage point or the growth assumption had been reduced by one percentage point, it would not have created any impairment losses for the investments in the Baltic operations except for the banking operations in Lithuania.

Impairment testing of investment properties and owner-occupied properties

Investment properties and owner-occupied properties are measured at cost less depreciation. When there is an indication of diminished value, impairment is tested. The test is done by calculating the recoverable amount i.e. the highest of the value in use and selling price less costs to sell. The value in use of investment properties and owner-occupied properties has been determined by internal appraisers with extensive knowledge of the properties and the relevant market. The measurement is based on cash flow analyses. Random checks by independent external appraisers have been performed as a complement, especially in Latvia, where the holding comprises the greatest number of properties. Investment properties amounted to SEK 97m (685) at year-end.

Net realisable value of properties recognised as inventory

Properties recognised as inventory are measured at the lowest of cost and net realisable value. Net realisable value has been determined by internal appraisers, which has sometimes been complemented with appraisals by external independent appraisers. The carrying amount for properties recognised as inventory amounted to SEK 777m (1 373) at year-end.

Valuation of deferred tax assets

Deferred tax assets represent a reduction in future tax attributable to temporary deductible differences, tax loss carry-forwards or other unused tax deductions. Deferred tax assets can be recognised only to the extent they can be offset against future taxable income. The executive management therefore makes assumptions of the size of this future taxable income. The assumptions affect the Group's results and financial position. On the other hand, carrying amounts do not affect the capital adequacy ratio, since deferred tax assets are a deduction in the calculation of the capital base. Deferred tax assets for tax loss carryforwards of SEK 181m (297) have been recognised. Recognised deferred tax assets are motivated by the executive management's judgment that current operations will create sufficient taxable surpluses within the not too distant future. Following the executive management's measures to improve profitability, including cost reductions, the current operations are reporting a profit. Based on current operations, the majority of tax loss carryforwards are expected to be utilised within the Group's financial three-year plans.

Financial instruments at fair value

When financial instruments are measured at fair value according to valuation models, a determination is made on which observable market data should be used in those models. The assumption is that quoted prices for financial instruments with similar activity will be used. When such prices or components of prices cannot be identified, the executive management must make its own assumptions. Note G45 shows financial instruments at fair value divided into three valuation levels: quoted prices, valuation models with observable market inputs and valuation models with significant assumptions. As of year-end the value of financial instruments measured with significant assumptions amounted to SEK 158m (209). An estimate of valuation parameters has to be made, for example, for volatilities for certain illiquid options.

Defined benefit pensions

For pension provisions for defined benefit obligations, the executive management uses a number of actuarial assumptions to estimate future cash flows. The assumptions are assessed and updated, if necessary, at each reporting date. A description of the changes made are disclosed in Note G39. Important estimates are made with regard to the final salary the employee has at the time of retirement, the size of the benefit when it relates to the income base amount and the payment period and economic life. Estimated future cash flows are projected at present value using an assumed discount rate. When actual outcomes deviate from the assumptions made, an experience-based actuarial gain or loss arises. Actuarial gains or losses also arise when assumptions change. In total, the Group's actuarial gains and losses for 2014 amounted to a gain of SEK 186m (2 103). The result is recognised as Remeasurements of defined benefit pension plans within other comprehensive income. The gain resulted from the fact that the real outcome was better than the applied assumptions, a so-called actuarial gain based on experience.

Share-based payment

In calculating the cost which is recognised as employee benefits ultimately settled in the form of ordinary shares in Swedbank AB, the executive management estimates how many ordinary shares will be settled. Employees are granted contingent rights to receive ordinary shares, which require, for example, that they remain employed on the settlement date; otherwise the rights expire. The executive management also estimates the fair value of the rights granted to employees and which gives them the conditional right to receive ordinary shares in Swedbank AB at no cost. The estimation is based on the quoted price of the ordinary share, since the right essentially has the same terms as an ordinary share. Estimated costs associated with the 2014 Programme total SEK 578m, of which SEK 143m was recognised in 2014. The recognised expense for all outstanding programmes amounted to SEK 456m (416) in 2014. This is in addition to social insurance charges, any other payroll expenses and income tax, which will be calculated based on the estimated number of settled shares and their estimated fair value.

G3 Risks

Swedbank defines risk as a potentially negative impact on a company that can arise due to current internal processes or future internal or external events. The concept of risk comprises the probability that an event will occur and the impact it would have on the Group's earnings, equity or value. The Board of Directors has adopted an Enterprise Risk Management (ERM) policy detailing the risk framework, the risk management process, and roles and responsibilities in risk management. Swedbank continuously identifies the risks its operations generate and has designed a process to manage them.

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

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

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

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

Credit risks

DEFINITION

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

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

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

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

Risk management

A central principle in Swedbank's lending is that each business unit within the Group has full responsibility for its credit risks, and that credit decisions adhere to the credit process, are made in accordance with applicable rules, and are in line with the bank's business and credit strategies. Depending on the size and nature of each credit, a lending decision can be made, for example, by an officer with help from system support or by a credit committee. The business unit has full commercial responsibility regardless of who makes the ultimate decision, including responsibility for internal credit control. The duality principle provides guidance for all credit and credit risk management within the Group. The principle is reflected in the independent credit organisation, decision-making bodies and credit processes. Each business unit is responsible for ensuring that internal control is integrated in the relevant parts of the credit process.

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

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

Risk measurement

Swedbank's internal risk classification system is the basis for:
- Risk assessment and credit decisions
- Calculating risk-adjusted returns (including RAROC)
- Calculating portfolio provisions
- Monitoring and managing credit risks (including migrations)
- Reporting credit risks to the Board, CEO and Group Executive Management
- Developing credit strategies and associated risk management activities
- Calculating capital requirements and capital allocation

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

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

The goal of the risk classification is to predict defaults within one year; it is expressed on a scale of 23 classes, where 0 represents the greatest risk and 21 represents the lowest risk of default, with one class for defaulted loans. The table below describes the Group's risk classification and how it relates to the probability of default within 12 months (PD), as well as an indicative rating from Standard & Poor's. Of the total IRB-assessed exposures, 80 (78) per cent fall in the risk classes of 13–21, investment grade, where the risk of default is considered low. Of the exposures, 45 per cent (44) have been assigned a risk class of 18 or higher, which corresponds to a rating of A from the major rating agencies. The exposures relate to the consolidated situation.

Risk grade according to IRB methodology

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

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

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

Maximum credit risk exposure distributed by rating 2014	Risk grade according to the IRB methodology: Low risk PD <0,5	Normal risk PD 0,5-2,0	Augmented risk PD 2,0-5,7	High risk PD >5,7	Default PD 100,0	Non-rated exposures	Standard-ised meth-odology	EAD
Total exposure	**1 227 295**	**206 665**	**60 305**	**26 311**	**7 079**	**77 900**	**286 227**	**1 891 782**

	Swedish Banking	%	Large corporates & Institutions	%	Baltic Banking	%	Other	%	Total	%
EAD										
Low risk	844 645	44.6	236 681	12.5	55 137	2.9	90 833	4.8	1 227 295	64.9
Normal risk	135 474	7.2	28 627	1.5	42 500	2.2	65	0.0	206 665	10.9
Augmented risk	41 024	2.2	3 565	0.2	15 400	0.8	316	0.0	60 305	3.2
High risk	13 445	0.7	612	0.0	12 251	0.6	2	0.0	26 311	1.4
Defaults	2 775	0.1	783	0.0	3 521	0.2			7 079	0.4
Non-rated exposures	4 106	0.2	4 269	0.2	5 582	0.3	63 943	3.4	77 900	4.1
Standardised method	63 558	3.4	33 551	1.8	28 991	1.5	160 127	8.5	286 227	15.1
Total	**1 105 027**	**58.4**	**308 088**	**16.3**	**163 382**	**8.6**	**315 286**	**16.7**	**1 891 782**	**100.0**

	Public	%	Corporates	%	Institutions	%	States	%	Other	%	Total	%
EAD												
Low risk	774 506	40.9	319 099	16.9	133 690	7.1					1 227 295	64.9
Normal risk	100 607	5.3	104 521	5.5	1 537	0.1					206 665	10.9
Augmented risk	35 226	1.9	24 417	1.3	662	0.0					60 305	3.2
High risk	17 409	0.9	8 587	0.5	315	0.0					26 311	1.4
Defaults	4 135	0.2	2 885	0.2	59	0.0					7 079	0.4
Non-rated exposures			2 058	0.1					75 842	4.0	77 900	4.1
Standardised method	20 384	1.1	14 651	0.8	6 470	0.3	208 799	11.0	35 923	1.9	286 227	15.1
Total	**952 267**	**50.3**	**476 218**	**25.2**	**142 733**	**7.5**	**208 799**	**11.0**	**111 765**	**5.9**	**1 891 782**	**100.0**

The above table refers to Swedbank's consolidated situation.

Maximum credit risk exposure distributed by rating 2013	Risk grade according to the IRB methodology: Low risk PD <0,5	Normal risk PD 0,5-2,0	Augmented risk PD 2,0-5,7	High risk PD >5,7	Default PD 100,0	Non-rated exposures	Standard-ised meth-odology	EAD
Total exposure	**1 137 869**	**212 354**	**69 369**	**24 923**	**8 327**	**15 056**	**253 028**	**1 720 926**

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

	Public	%	Corporates	%	Institutions	%	States	%	Other	%	Total	%
EAD												
Low risk	742 159	43.1	276 193	16.0	119 517	6.9					1 137 869	66.1
Normal risk	97 473	5.7	113 227	6.6	1 654	0.1					212 354	12.3
Augmented risk	34 061	2.0	34 914	2.0	394	0.0					69 369	4.0
High risk	18 337	1.1	6 523	0.4	63	0.0					24 923	1.4
Defaults	4 964	0.3	3 293	0.2	70	0.0					8 327	0.5
Non-rated exposures			2 225	0.1					12 831	0.7	15 056	0.9
Standardised method	15 918	0.9	3 892	0.2	403	0.0	162 228	9,4	70 587	4.1	253 028	14.7
Total	**912 912**	**53.0**	**440 267**	**25.6**	**122 101**	**7.1**	**162 228**	**9,4**	**83 418**	**4.8**	**1 720 926**	**100.0**

The above table refers to Swedbank's consolidated situation..

Maximum credit risk exposure, geographical distribution 2014

	Sweden	Estonia	Latvia	Lithuania	Norway	Denmark	Finland	USA	Other	Total
Assets										
Cash and balances with central banks	370	16 641	9 125	14 106	4 310	318	1	68 434	463	113 768
Treasury bills and other bills eligible for refinancing with central banks	35 694		435	2 074	1 601	513	1 888		4 020	46 225
States	31 235		435	2 074	35	513	1 787		4 020	40 099
Municipalities	2 904						101			3 005
Other	1 555				1 566					3 121
Loans to credit institutions	104 432	2 472	4 297	1 076	−76	36	−22	183	1 424	113 820
Repurchase agreements[1]	17 468									17 468
Loans to the public	1 220 468	58 854	29 457	38 110	39 935	1 703	9 949	3 836	2 194	1 404 507
Swedish National Debt Office	16 556									16 556
Repurchase agreements[1]	62 590	3		18						62 612
RE Residential	780 377	26 472	11 610	14 353	2 391	869		139		836 211
RE Commercial	137 890	13 792	6 694	7 998	4 272	553	773	2 114		174 086
Guarantees	30 396	3 339	352	226	1 066		82		511	35 972
Cash	13 731	29	874	958						15 592
Other	99 597	11 152	6 701	5 579	12 058	258		576		135 921
Unsecured	79 331	4 067	3 226	8 978	20 148	23	9 094	1 007	1 683	127 557
Bonds and other interest-bearing securities	77 846	29	9		8 904	2 088	4 797	7 122	23 660	124 455
Housing finance institution	47 131								731	47 862
Banks	18 410				5 428	2 008	2 493		13 051	41 390
Other financial companies	7 926						1 869	7 026	3 133	19 954
Non-financial companies	4 379	29	9		3 476	80	435	96	6 745	15 249
Derivatives	39 104	275	104	145	7 937	2 120	10 540	954	62 023	123 202
Other financial assets	10 937	1 150	1 281	201	659		157	129	198	14 712
Contingent liabilities and commitments										
Guarantees	18 605	2 247	1 359	1 072	2 614	51	1 311			27 259
Commitments	188 547	9 441	4 823	9 782	9 879		12 409	2 104	22	237 007
Total	**1 696 003**	**91 109**	**50 891**	**66 566**	**75 762**	**6 829**	**41 031**	**82 762**	**94 004**	**2 204 955**
% of total	77	4	2	3	3	0	2	4	4	100

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

Derivatives, netting gains and collateral held 2014

	Sweden	Estonia	Latvia	Lithuania	Norway	Denmark	Finland	USA	Other	Total
Positive fair value of contracts, balance sheet	39 104	275	104	145	7 937	2 120	10 540	954	62 023	123 202
Netting agreements, related amount not offset in the balance sheet	14 678				3 334	1 227	7 094	822	36 240	63 394
Credit exposure, after offset of netting agreements	**24 426**	**275**	**104**	**145**	**4 603**	**894**	**3 447**	**132**	**25 783**	**59 808**
Collateral held[1]	4 066				673	894	2 934	32	23 295	31 894
Net credit exposures after collateral held	**20 360**	**275**	**104**	**145**	**3 930**	**0**	**512**	**100**	**2 488**	**27 914**

1) Collateral contsist of cash 93.2% and AAA rated bonds by Standard & Poor's 6.8%

Credit derivatives	**2014**	**2013**
Credit derivatives, nominal amounts	12 362	12 383

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

Maximum credit risk exposure, geographical distribution 2013

	Sweden	Estonia	Latvia	Lithuania	Norway	Denmark	Finland	USA	Other	Total
Assets										
Cash and balances with central banks	327	9 757	11 907	5 220	2 563	168	9 163	20 246	31	59 382
Treasury bills and other bills eligible for refinancing with central banks	45 643		101	1 682	1 414	980	1 435		5 559	56 814
States	45 017		101	1 642	183	980	1 435		5 481	54 839
Municipalities	626			40						666
Other					1 231				78	1 309
Loans to credit institutions	70 923	503			53			237	2 844	74 560
Repurchase agreements[1]	7 718									7 718
Loans to the public	1 098 875	54 546	29 384	35 117	32 958	1 193	8 567	3 097	1 173	1 264 910
Swedish National Debt Office	2 257									2 257
Repurchase agreements[1]	47 938									47 938
RE Residential	729 129	24 408	11 219	12 674	2 374	707		190		780 701
RE Commercial	117 187	12 036	6 757	6 919	3 630	212	731	1 773		149 245
Guarantees	24 095	4 204	267	439	1 097		49		155	30 306
Cash	13 854	203	1 350	930	1					16 338
Other	95 796	10 336	6 519	5 904	12 477	250		491		131 773
Unsecured	68 619	3 359	3 272	8 251	13 379	24	7 787	643	1 018	106 352
Bonds and other interest-bearing securities	85 102	30	52	21	6 588	659	2 867	5 763	24 503	125 585
Housing finance institution	52 023								1 415	53 438
Banks	21 057				3 816	499	1 561		10 090	37 023
Other financial companies	6 221						727	5 616	3 349	15 913
Non-financial companies	5 801	30	52	21	2 772	160	579	147	9 649	19 211
Derivatives	15 660	179	111	242	4 764	1 589	4 907	1 548	35 351	64 352
Other financial assets	11 489	952	818	342	1 460		153	63	126	15 403
Contingent liabilities and commitments										
Guarantees	14 679	2 403	1 232	799	2 361	41	340		82	21 937
Commitments	160 921	8 276	4 215	4 567	10 608		8 372	1 179	71	198 209
Total	**1 503 619**	**76 646**	**47 820**	**47 990**	**62 769**	**4 630**	**35 804**	**32 133**	**69 740**	**1 881 152**
% of total	80	4	3	3	3		2	2	4	100

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

Derivatives, netting gains and collateral held 2013

	Sweden	Estonia	Latvia	Lithuania	Norway	Denmark	Finland	USA	Other	Total
Positive fair value of contracts, balance sheet	15 660	179	111	242	4 764	1 589	4 907	1 548	35 351	64 352
Netting agreements, related amount not offset in the balance sheet	7 998	179	73		3 397	1 509	3 558	853	24 739	42 305
Credit exposure, after offset of netting agreements	**7 663**		**38**	**242**	**1 367**	**80**	**1 349**	**695**	**10 612**	**22 047**
Collateral held[1]	1 476				304	80	1 349	642	8 814	12 667
Net credit exposures after collateral held	**6 186**		**38**	**242**	**1 063**			**53**	**1 798**	**9 380**

1) Collateral contsist of cash 84.3% and AAA rated bonds by Standard & Poor's 15.7%.

GIIPS exposure, carrying amount	**2014**						**2013**					
	Greece	**Ireland**	**Italy**	**Portugal**	**Spain**	**Total**	**Greece**	**Ireland**	**Italy**	**Portugal**	**Spain**	**Total**
Bonds							1		86	27	48	162
of which sovereign							1		86	27	5	119
of which held to maturity							1		86	27	5	119
Loans (money market and certificates)			19	7		26						
Loans (committed credit facilities)									4			4
Derivatives net[1)]		11	22		86	118		3	6		70	79
Other[2)]		9	8		31	49			89		9	98
Total	**0**	**20**	**49**	**7**	**117**	**193**	**1**	**3**	**185**	**27**	**126**	**342**

1) Derivatives at market value taking into account netting and collateral agreements. Considering the bank's internal risk add-ons for counterparty risk at potential future change in prices, the derivative exposures amount to: Ireland SEK 18m (10), Italy SEK 437m (338) and Spain SEK 228m (104). Total SEK 683m (452).

2) Includes trade finance and mortgage loans.

Loans to the public and credit institutions, carrying amount 2014

	Loans individually assessed as not impaired				Loans individually assessed as impaired			Total
	Before portfolio provisions							
	Performing	Past due	Portfolio provisions	After portfolio provisions	Before provisions	Provisions	After provisions	
Geographical distribution								
Sweden	1 138 890	1 608	511	1 139 987	2 011	676	1 335	1 141 322
Estonia	57 151	925	170	57 906	1 312	367	945	58 851
Latvia	28 264	650	240	28 674	1 465	682	783	29 457
Lithuania	36 352	997	124	37 225	1 214	347	867	38 092
Norway	39 782	43	42	39 783	207	55	152	39 935
Denmark	1 701			1 701	8	6	2	1 703
Finland	9 953		4	9 949				9 949
USA	3 701	139	4	3 836				3 836
Other	2 232		38	2 194				2 194
Loans to the public excluding the Swedish National Debt Office and repurchase agreements	**1 318 026**	**4 362**	**1 133**	**1 321 255**	**6 217**	**2 133**	**4 084**	**1 325 339**
Sector/industry								
Private customers	825 951	2 691	317	828 325	2 800	967	1 833	830 158
Mortgage loans, private	692 784	2 201	178	694 807	2 323	732	1 591	696 398
Housing cooperatives	98 182	114	39	98 257	2	1	1	98 258
Other, private	34 985	376	100	35 261	475	234	241	35 502
Corporate customers	492 075	1 671	816	492 930	3 417	1 166	2 251	495 181
Agriculture, forestry, fishing	72 337	144	70	72 411	274	62	212	72 623
Manufacturing	41 708	411	188	41 931	614	210	404	42 335
Public sector and utilities	21 946	24	27	21 943	10	2	8	21 951
Construction	16 196	75	40	16 231	127	33	94	16 325
Retail	30 447	131	104	30 474	469	184	285	30 759
Transportation	11 695	194	39	11 850	114	38	76	11 926
Shipping and offshore	30 261		32	30 229	159	86	73	30 302
Hotels and restaurants	6 635	38	24	6 649	109	19	90	6 739
Information and communications	5 551	16	11	5 556	8	2	6	5 562
Finance and insurance	10 263	7	10	10 260	14	10	4	10 264
Property management	204 554	300	177	204 677	847	229	618	205 295
Residential properties	52 652	176	21	52 807	260	64	196	53 003
Commercial	89 026	108	47	89 087	88	31	57	89 144
Industrial and warehouse	40 820	2	14	40 808	127	16	111	40 919
Other property management	22 056	14	95	21 975	372	118	254	22 229
Professional services	16 568	87	53	16 602	428	163	265	16 867
Other corporate lending	23 914	244	41	24 117	244	128	116	24 233
Loans to the public excluding the Swedish National Debt Office and repurchase agreements	**1 318 026**	**4 362**	**1 133**	**1 321 255**	**6 217**	**2 133**	**4 084**	**1 325 339**
Loans to credit institutions excluding the Swedish National Debt Office and repurchase agreements	**192 988**			**192 988**	**64**	**64**		**192 988**
Loans to the public and credit institutions	**1 511 014**	**4 362**	**1 133**	**1 514 243**	**6 281**	**2 197**	**4 084**	**1 518 327**

Loans to the public and credit institutions, carrying amount 2013

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

Impaired, past due and forborn loans 2014

	Sweden	Estonia	Latvia	Lithuania	Norway	Denmark	USA	Total
Impaired loans								
Carrying amount before provisions	2 075	1 312	1 465	1 214	207	8		6 281
Provisions	740	367	682	347	55	6		2 197
Carrying amount after provisions	1 335	945	783	867	152	2		4 084
Share of impaired loans, net, %	0.10	1.60	2.66	2.28	0.38	0.14		0.27
Share of impaired loans, gross, %	0.16	2.20	4.82	3.15	0.52	0.48		0.41
Carrying amount of impaired loans that returned to normal status during the period	696	260	337	219				1 513
Past due loans that are not impaired								
Valuation category, loans and receivables								
Loans with past due amount,	860	925	650	997	43		139	3 614
5–30 days	294	739	491	558	19			2 101
31–60 days	301	143	124	251				819
more than 60 days	265	43	35	188	24		139	694
Valuation category, fair value through profit or loss								
Loans with past due amount,	748							748
5–30 days	308							308
31–60 days	281							281
more than 60 days	159							159
Total	**1 608**	**925**	**650**	**997**	**43**	**0**	**139**	**4 362**
Loans with forbearance measures during the period and which are not impaired or past due								
Carrying amount	1 046	379	844	210	267		139	2 885
Fully collateralized loans with incurred loss event								
Carrying amount	428		13	61	19		139	660

Impaired, past due and forborn loans 2013

	Sweden	Estonia	Latvia	Lithuania	Norway	Denmark	USA	Total
Impaired loans								
Carrying amount before provisions	2 439	1 338	2 145	1 563	9	5		7 499
Provisions	853	432	1 032	489	9	3		2 818
Carrying amount after provisions	1 585	906	1 113	1 074		2		4 681
Share of impaired loans, net, %		2	4	3				0
Share of impaired loans, gross, %		2	7	4				1
Carrying amount of impaired loans that returned to normal status during the period	933	734	608	203	1	5		2 485
Past due loans that are not impaired								
Valuation category, loans and receivables								
Loans with past due amount,	614	928	959	1 146	172			3 819
5–30 days	267	756	583	781	130			2 517
31–60 days	177	130	290	203	2			802
more than 60 days	170	42	86	162	40			500
Valuation category, fair value through profit or loss								
Loans with past due amount,								
5–30 days	439							439
31–60 days	256							256
more than 60 days	454							454
Total	**1 763**	**928**	**959**	**1 146**	**172**			**4 968**
Loans with forbearance measures during the period and which are not impaired or past due								
Carrying amount	698	284	505	325	651			2 463

Impaired loans

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

Forborn loans

Forborn loans refer to loans whose contractual terms have been amended due to the customer's financial difficulties. The purpose of the forbearance measure is to get the borrower current on their payments again, or when this is not considered possible to maximise the repayment of outstanding loans. Changes in contractual terms include various forms of concessions such as amortisation suspensions, reductions in interest rates to below market rate, forgiveness of all or part of the loan, or issuance of new loans to pay overdue amounts or avoid default. Changes in contractual terms may be so significant that the loan is also considered impaired, which is the case if the forbearance measure reduces the original loan's carrying amount regardless of concessions. The forborn loan's carrying amount is determined by discounting future anticipated cash flows by the original loan's effective interest rate. Before a forborn loan ceases being reported as forborn all the criteria set by European Banking Authority must be met. If the borrower is considered impaired, a new assessment must be made by the relevant decision-making body for the loan to no longer be reported as impaired.

Loan write-offs

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

Loans provisions 2014

	Sweden	Estonia	Latvia	Lithuania	Norway	Denmark	Finland	USA	Other	Total
Opening balance	**1 412**	**581**	**1 326**	**657**	**54**	**3**	**9**	**2**	**30**	**4 074**
New provisions	253	–30	–77	28	73	2				249
Utilisation of previous provisions	–166	–86	–20	–72						–344
Reversal of previous provisions	–312	–29	–355	–125						–821
Portfolio provisions for loans that are not impaired	–58	60	–30	–57					8	–77
Change in exchange rates	122	41	78	40	–30	1	–5	2		249
Closing balance	**1 251**	**537**	**922**	**471**	**97**	**6**	**4**	**4**	**38**	**3 330**
Total provision ratio for impaired loans, % (Including portfolio provision in relation to loans that individually are assessed as impaired)	62	41	63	39	47	72				53
Provision ratio for individually assessed impaired loans, %	34	28	47	29	27	72				35

Loans provisions 2013

	Sweden	Estonia	Latvia	Lithuania	Russia	Ukraine	Norway	Denmark	USA	Finland	Other	Total
Opening balance	**1 682**	**987**	**2 479**	**1 112**	**262**	**2 021**	**52**	**3**	**2**	**0**	**22**	**8 622**
New provisions	219	–208	–23	–101								–113
Utilisation of previous provisions	–363	–103	–991	–232			–13					–1 702
Reversal of previous provisions	–142	–50	–113	–82								–387
Portfolio provisions for loans that are not impaired	–63	–78	–92	–76			11			9	8	–281
Change in exchange rates	79	33	66	36			4					218
Discontinued operations	0	0	0	0	–262	–2 021						–2 283
Closing balance	**1 412**	**581**	**1 326**	**657**	**0**	**0**	**54**	**3**	**2**	**9**	**30**	**4 074**
Total provision ratio for impaired loans, % (Including portfolio provision in relation to loans that individually are assessed as impaired)	156	43	62	42			604	61				54
Provision ratio for individually assessed impaired loans, %	33	32	48	31			95	61				38

Concentration risk, customer exposure

At end of 2014 the Group did not have any exposures against single counterparties that exceeded 10% of the capital base

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

When it grants repos, the Group receives securities that can be sold or pledged. The fair value of these securities covers the carrying amount of the repos. The Group also receives collateral in the form of securities that can be sold or pledged for derivatives and other exposures. The fair value of such collateral as of year-end amounted to SEK 1 829m (1 993). None of this collateral had been sold or repledged as of year-end.

Assets taken over for protection of claims and cancelled leases

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

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

2014	Operating income	Operating expenses	Depreciation	Impairment	Gains at disposal	Net profit
Properties recognised as inventory				206	102	-104
Investment properties, with rent income	30	35	10	46	101	41
Shares and other participating interests						
Other	45	50		4	17	8
Total	**75**	**84**	**10**	**256**	**220**	**–55**

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

	2014				2013			
	Number	Carrying amount, overtaken during 2014	Carrying amount	Fair value	Number	Carrying amount, overtaken during 2013	Carrying amount	Fair value
Estonia								
Properties recognised as inventory	45		96	113	91		150	163
Investment properties	3		8	8	13		12	13
Vehicles	2		2	2	33		1	1
Total	**50**		**106**	**123**	**137**		**163**	**177**
Latvia								
Properties recognised as inventory	360		501	641	950	32	617	759
Investment properties	10		89	130	40		280	370
Vehicles	5		4	4	140	3	9	9
Other	1		10	10	8		9	9
Total	**376**		**604**	**785**	**1 138**	**35**	**915**	**1 147**
Lithuania								
Properties recognised as inventory	147		111	128	236	27	151	161
Investment properties					8		21	21
Vehicles	29		27	39	207	20	52	72
Total	**176**		**138**	**167**	**451**	**47**	**224**	**254**
USA								
Properties recognised as inventory					2		276	276
Vehicles					1		174	174
Total					**3**		**450**	**450**
Ukraine								
Properties recognised as inventory	284		54	54	287	61	174	174
Investment properties					8	34	73	73
Total	**284**		**54**	**54**	**295**	**95**	**247**	**247**
Sweden								
Properties recognised as inventory	38		2	2				
Vehicles	10		1	1	17		1	1
Shares and other participating interests	2		13	13	2	22	22	22
Other	12		3	5	20		10	13
Total	**62**		**19**	**21**	**39**	**22**	**33**	**36**
Other countries								
Properties recognised as inventory	3		13	13	2		5	5
Investment properties					1		78	78
Total	**3**		**13**	**13**	**4**		**83**	**83**
Total								
Properties recognised as inventory	877		777	951	1 568	120	1 373	1 539
Investment properties	13		97	138	71	34	638	729
Vehicles	46		34	46	397	24	63	82
Shares and other participating interests	2		13	13	3	22	22	22
Other	13		13	15	28		19	22
Total	**951**		**934**	**1 163**	**2 067**	**200**	**2 115**	**2 394**

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

Impaired properties are measured at value in use. Certain individual properties whose sale is imminent have been measured at their anticipated sales price, however. In those cases the appraisal is attributed to level 2 in the fair value hierarchy.

Capital requirement for credit risks

The capital requirement for credit risks for Swedbank (consolidated situation) on 31 December 2014 totalled SEK 21 988m (28 041). For more information, see note G4 Capital.

Liquidity risk

DEFINITION
Liquidity risk refers to the risk that the Group will not be able to meet its payment obligations at maturity.

The Board of Directors decides the Group's overarching risk appetite for liquidity and has therefore set limits for the survival horizon and the minimum unused room in the cover pool for issuance of covered bonds (Over Collateralisation, OC). The CEO is responsible for ensuring that operations stay within the risk appetite, due to which more granular CEO limits have been defined and established. To ensure that operations can be monitored on a daily basis in terms of the risk appetite and CEO limits, the limits are complemented with limits set by the Chief Risk Officer.

Responsibility for managing and controlling the Group's liquidity rests with Group Treasury. Group Risk works independently to identify all relevant aspects of liquidity risk and is responsible for independent control, measurement and monitoring.

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

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

Swedbank uses a number of different funding programmes to meet its short- and long-term needs e.g. commercial paper, certificates of deposit, covered bonds and unsecured funding.

For information about Swedbank's distribution of liabilities and encumbered assets see the Pillar 3 report or Factbook.

Liquidity reserve
The reason why Swedbank has established and maintains a liquidity reserve is to reduce the Group's liquidity risk. When future refinancing needs are high, the liquidity reserve must be adjusted to meet maturities in various types of stressed scenarios where, for instance, markets are fully or partly closed for new issues over an extended time period. This also means that when Swedbank's maturities are lower, the liquidity reserve can be reduced, since liquidity risk decreases.

Liquidity reserve[1]

According to the templated defined by the Swedish Bankers association

Cash and balances with central banks	127 415
Deposits in other banks, available over night	255
Securities issued or guaranteed by sovereigns, central banks or multinational development banks	40 757
Securities issued or guaranteed by municipalities och public sector entities	656
Covered bonds	53 430
Issued by other institutions	53 430
Securities issued by financial corporates (excl. Covered bonds)	2 048
Total	**224 561**

1) 91% of the securities in the liquidity reserver per December 31 2014 are rated AAA.

Additional liquid assets, Group[2]

Securities issued or guaranteed by sovereigns, central banks or multinational development banks	14 131
Securities issued or guaranteed by municipalities och public sector entities	529
Covered bonds	52 437
Issued by other institutions	38 267
Own issued	14 170
Securities issued by non-financial corporated	1 890
Securities issued by financial corporates (excl. Covered bonds)	6 670
Total	**75 657**

2) 83% of the additionally liquid assets fulfill the requirements of the Swedish Banking Association's template, except that they are held outside Treasury.

Summary of maturities

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

	Undiscounted contractual cash flows							
Remaining maturity 2014	Payable on demand	< 3 mths.	3 mths.–1 yr	1–5 yrs	5–10 yrs	> 10 yrs	No maturity/ discount effect	Total
Assets								
Cash and balances with central banks	113 768							113 768
Treasury bills and other bills eligible for refinancing with central banks		15 245	5 308	14 376	3 441	3 848	4 007	46 225
Loans to credit institutions	5 203	100 084	550	7 385	526	72		113 820
Loans to the public		146 895	111 488	254 822	101 566	773 575	16 161	1 404 507
Bonds and other interest-bearing securities		14 634	34 391	67 951	2 992	484	4 003	124 455
Financial assets for which the customers bear the investment risk		32 924	2 001	11 822	14 021	53 118	29 433	143 319
Shares and participating interests							14 855	14 855
Derivatives		30 449	27 517	56 200	9 875	1 991	–2 830	123 202
Intangible fixed assets							14 319	14 319
Tangible assets							2 750	2 750
Other assets		15 900	2 873	14			1 290	20 077
Total	**118 971**	**356 131**	**184 128**	**412 570**	**132 421**	**833 088**	**83 988**	**2 121 297**
Liabilities								
Amounts owed to credit institutions	41 824	123 200	5 604	759	62		4	171 453
Deposits and borrowings from the public	563 049	79 929	29 739	3 587	267	108		676 679
Debt securities in issue		160 365	141 576	439 970	46 406	16 637	30 058	835 012
Financial liabilities where customers bear the investment risk		61 994	1 961	11 563	13 447	48 719	8 493	146 177
Derivatives		17 149	20 152	46 197	8 150	1 639	–7 593	85 694
Other liabilities		53 961	10 063	2 470	1 270	2 188		69 952
Subordinated liabilities					12 914	5 297	746	18 957
Equity							117 373	117 373
Total	**604 873**	**496 598**	**209 095**	**504 546**	**82 516**	**74 588**	**149 081**	**2 121 297**

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

	Undiscounted contractual cash flows							
Remaining maturity 2013	Payable on demand	< 3 mths.	3 mths.–1 yr	1–5 yrs	5–10 yrs	> 10 yrs	No maturity/ discount effect	Total
Assets								
Cash and balances with central banks	59 382							59 382
Treasury bills and other bills eligible for refinancing with central banks		28 394	5 163	12 840	5 992	1 572	2 853	56 814
Loans to credit institutions	3 741	70 693	2 875	4 299	395	322	–47	82 278
Loans to the public		89 249	87 804	259 851	104 248	719 145	4 613	1 264 910
Bonds and other interest-bearing securities		17 096	27 987	73 336	2 620	588	3 958	125 585
Financial assets for which the customers bear the investment risk		31 061	1 752	9 862	11 277	44 287	24 504	122 743
Shares and participating interests							10 749	10 749
Derivatives		22 942	16 570	29 140	5 033	1 060	–10 393	64 352
Intangible fixed assets							13 658	13 658
Tangible assets							3 825	3 825
Other assets		17 232	2 493	19			62	19 806
Total	**63 123**	**276 667**	**144 644**	**389 347**	**129 565**	**766 974**	**53 782**	**1 824 102**
Liabilities								
Amounts owed to credit institutions	30 148	89 822	2 020	628	108		–1 105	121 621
Deposits and borrowings from the public	499 748	83 726	31 854	4 950	199	131		620 608
Debt securities in issue		90 526	112 444	476 203	38 184	17 574	–8 656	726 275
Financial liabilities where customers bear the investment risk		57 171	1 651	9 631	10 743	40 304	6 048	125 548
Derivatives		28 076	14 733	27 071	6 132	2 109	–23 110	55 011
Other liabilities		38 185	9 899	3 389	1 280	2 422		55 175
Subordinated liabilities					4 564	5 003	592	10 159
Equity							109 705	109 705
Total	**529 896**	**387 506**	**172 601**	**521 872**	**61 210**	**67 543**	**83 474**	**1 824 102**

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

Risk measurement

Group Risk is responsible for defining independent methods to measure the Group's liquidity risk as well as for reviewing and approving methods defined by Group Treasury. All liquidity risk is identified and measured. The calculation of Swedbank's liquidity risk is based on the Group's future contracted net cash flows, which are accumulated over time and generate a survival horizon. Moreover, Group Treasury calculates and monitors the Group's liquidity risks with a number of different risk measures such as Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR).

A survival horizon limit is set as part of the Group's ERM policy. The limit represents the number of days with a positive cumulative net cash flow, taking into account future contracted cash flows. Cash flows from liquid assets are modelled based on conservative estimates of when, at the earliest, they could occur. In addition to the survival horizon, Swedbank analyses liquidity risk based on the effect of non-contracted flows through simulations and various stress tests. The model is conservative in that it assumes that there is no access to credit markets or support from other outside parties such as credit facilities from central banks.

A number of methods and systems are used to ensure that Swedbank can meet its payment obligations and commitments every day, under normal as well as stressed conditions. Managing intra-day payments includes monitoring and verifying that payment obligations are executed punctually and that any financing needs are identified.

The purpose of LCR is to ensure that Swedbank has unpledged assets of high quality (a liquidity reserve) to meet its liquidity needs in stressed situations in the next 30 days. As of 1 January 2013 Sweden mandates a minimum level of 100% in total and for USD and EUR individually. Besides the Swedish regulation, Swedbank reports LCR according to current EU regulations.

NSFR indicates a bank's ability to manage stressed situations over a one-year horizon. NFSR ensures that a bank's illiquid long-term assets are financed with a minimum level of stable long-term funding. A ratio of over 100% means that long-term illiquid assets are financed to a satisfactory degree by stable long-term funding.

Moreover, Swedbank publishes a ratio of the size of its liquid assets to maturing funding given various maturities as a complement to regulatory measures. A ratio of over 100% indicates that the liquid assets exceed the coming maturities during a given time period.

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

Stress tests

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

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

The table on next page provides a snapshot of the cover pool as of 31 December 2014 ("Current") and illustrates the effects on Swedbank mortgage's OC given various price declines for the mortgages in the pool which could occur over a time period. The more prices fall, the more difficult it becomes to issue bonds. Swedbank's ERM policy stipulates that the cover pool must have an OC level which ensures that the highest rating from at least one ratings agency is maintained in a scenario where house prices fall by 20%. The purpose of the level is to ensure that there is sufficient cover to protect investors even if house prices should fall substantially.

Cover pool sensitivity analysis, house price decline

31 December 2014

House price decline	Current	–5%	–10%	–15%	–20%	–25%	–30%	–35%	–40%
Total assets in the cover pool, SEKbn	777.9	773.4	764.6	750.7	732.1	709.3	682.8	652.8	619.5
Total outstanding covered bonds, SEKbn	480.,6	480.6	480.6	480.6	480.6	480.6	480.6	480.6	480.6
Over collateralisation level, %	61.9	60.9	59.1	56.2	52.3	47.6	42.1	35.8	28.9

LCR, new regulation FFFS 2012:6 from 2013-01-01	31 Dec	31 Dec
%	2014	2013
Liquidity coverage ratio (LCR), Total	120	142
Liquidity coverage ratio (LCR), EUR	332	662
Liquidity coverage ratio (LCR), USD	217	618
Liquidity coverage ratio (LCR), SEK[1]	45	45

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

Liquidity coverage ratio (LCR), FFFS 2012:6, Total	31 Dec	31 Dec
SEKbn	2014	2013
Liquid assets level 1	140	132
Liquid assets level 2	79	74
Liquidity reserve[1]	**219**	**206**
Customer deposits	98	87
Market borrowing	193	110
Other cash outflows	40	30
Cash outflows	**331**	**227**
Inflow from maturing lending to non-financial customers	9	9
Other cash inflow	140	73
Cash inflows	**149**	**82**

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

LCR, according Regulation (EU) 575/2013 (CRR) issued 26 June 2013	31 Dec	31 Dec
%	2014	2013
LCR, total	**122**	

Liquidity and funding ratios	31 Dec	31 Dec
%	2014	2013
Net stable funding ratio (NSFR)[2]	98	97
Available stable funding (ASF), SEKbn	1 217	1 110
Required stable funding (RSF), SEKbn	1 247	1 142
Liquid assets in relation to maturing funding during next 3, 6 and 12 months[3]		
Liquidity reserve 3 months	102	135
Liquidity reserve 6 months	72	88
Liquidity reserve 12 months	61	74
Liquidity reserve + additional liquid assets 3 months	136	174
Liquidity reserve + additional liquid assets 6 months	96	113
Liquidity reserve + additional liquid assets 12 months	82	95

1) Liquidity reserve according to FFFS 2012:6 definition

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

3) Liquidity reserve according to definition by the Swedish Bankers' Association. Additional liquid assets:

Assets, pledgeable in central banks, held by the group outside of Group Treasury. Maturing funding: maturing short-term CP/CD's, and net of lending and borrowing to/from credit institutions (net Interbank)

Debt securities issuance

In 2014 Swedbank issued a total of SEK 115bn (103) in long-term debt instruments. Swedbank has remained active in several capital markets to diversify its funding. The majority of the issues were covered bonds, though also in the form of uncovered bonds, where a new funding programme was introduced primarily for US investors (under rule 144a of the US Securities Act).

Debt securities in issue

Turnover during the year	2014	2013
Commercial papers		
Opening balance	**100 170**	**115 135**
Issued	724 042	493 982
Repurchased	–22	–600
Repaid	–646 017	–502 001
Change in market values	–3	65
Change in exchange rates	17 021	–6 411
Closing balance	**195 191**	**100 170**
Covered bond loans		
Opening balance	**510 930**	**518 238**
Issued	91 600	73 311
Repurchased	–43 599	–33 972
Repaid	–75 470	–43 390
Change in market value or in hedged item in hedge accounting at fair value	23 756	–1 826
Change in exchange rates	4 449	
Recalculations due to IFRS 10		–1 431
Closing balance	**511 666**	**510 930**
Bond loans with state guarantee		
Opening balance	**8 578**	**30 392**
Repurchased		–10 928
Repaid	–8 089	–10 076
Change in market values	–617	–902
Change in exchange rates	128	92
Closing balance	**0**	**8 578**

Turnover during the year	2014	2013
Other interest-bearing bond loans		
Opening balance	**92 898**	**88 747**
Issued	18 535	25 757
Business combinations	2 028	
Repurchased	–1 303	–976
Repaid	–6 398	–21 649
Change in market values	–837	–123
Change in exchange rates	9 917	1 142
Closing balance	**114 840**	**92 898**
Structured products		
Opening balance	**13 699**	**14 942**
Issued	4 804	4 017
Repaid	–5 114	–5 245
Change in market values	–75	–17
Change in exchange rates	1	2
Closing balance	**13 315**	**13 699**
Total debt securities in issue	**835 012**	**726 275**

Capital requirement for liquidity risk

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

Market risk

Definition

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

Risk management

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

The majority of the Group's market risks are of a structural or strategic nature and are managed primarily by Group Treasury. Structural interest rate risks are natural in a bank that handles deposits and loans. Interest rate risk arises primarily when there is a difference in maturity between the Group's assets and liabilities. They are managed by Group Treasury, within given mandates, largely by matching these maturities either directly or through the use of various derivatives such as interest rate swaps. Strategic interest rate risks usually arise through risks tied to holdings in foreign operations as well as when deposits and lending are in different currencies. These risks are managed, within given mandates, with forward contracts, among other things. A large part of the Group's strategic currency risks will be eliminated in 2015, when Lithuania joins EMU.

Risk measurement

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

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

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

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

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

Risk exposure

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

Value-at-Risk (VaR)

Despite macroeconomic turbulence, the Group's VaR was maintained at relatively low and stable levels. The Group's total VaR does not include strategic currency risks, since a VaR measure based on one trading day is irrelevant for positions the Group intends to hold for longer periods.

In December 2013 Swedbank included a number of new risk factors in the Group's VaR model, due to which the max, min and average for 2013 are calculated with a combination of VaR values with and without new risk factors. The VaR figures for 2014 are generated strictly with the new risk factors, however. Moreover, Swedbank decided in December 2014 to exclude the Group's deposits from VaR and interest rate risk calculations for externally reported figures. Taken together, this means that the VaR figures for 2013 and 2014 are not directly comparable.

		Jan-dec 2014 (2013)		2014	2013
SEKm	**Max**	**Min**	**Average**	**31 dec**	**31 dec**
Interest rate risk	129 (99)	65 (49)	101(75)	73	66
Currency risk	16 (17)	3 (2)	7 (8)	8	10
Share price risk	12 (9)	1 (1)	4 (3)	7	3
Diversification	0	0	–12 (–12)	–13	–13
Total	**126 (101)**	**65 (58)**	**100 (74)**	**75**	**66**

Interest rate risk

Interest rate risk

Interest rate risk refers to the risk that the value of the Group's assets, liabilities and interest-related derivatives will be negatively affected by changes in interest rates or other relevant risk factors.

The majority of the Group's interest rate risks are structural and arise within the banking operations when there is a mismatch between the interest fixing periods of assets and liabilities, including derivatives. The interest rate risk in fixed rate assets, primarily customer loans, accounts for the large part of this risk and is hedged through fixed-rate funding or by entering into various types of swap agreements. Interest rate risk also arises within trading operations through customer-related activities.

In December 2014 Swedbank decided to exclude the Group's deposits from interest rate risk calculations, due to which the interest rate risk for 2013 and 2014 is not directly comparable. An increase in all market interest rates of one percentage point (including real interest rates) would have reduced the value of the Group's assets and liabilities, including derivatives, by SEK 1 574m (75) as of 31 December 2014. The effect on positions in SEK would have been a reduction of SEK 1 502m (SEK 250), while positions in foreign currency would have been reduced by SEK 72m (SEK –175). The Group's net gains and losses on financial items at fair value would have been affected by SEK –523m (–653) as of 31 December 2014, with the biggest contributions coming from the Group's liquidity portfolio and the trading operations within the LC&I business area. The Group uses derivatives for so called cash flow hedges. A change in market interest rates as above would affect the Group's other comprehensive income with SEK 75m (SEK 46).

Credit spread risk

Credit spread risk refers to the risk that the value of the Group's assets and liabilities, including derivatives, may fluctuate due to changes in the issuer-specific interest mark-up (the credit spread). The Group's credit spread risks are concentrated in customer-related business and other types of mandates (managed by the trading operations) as well as in the liquidity portfolio consisting of interest-bearing assets.

An increase in all issuer-specific spreads of 1bp as of 31 December 2014 would have reduced the value of the Group's interest-bearing assets, including derivatives, by SEK 20m (18).

Change in value if the market interest rate rises by one percentage point

The impact on the net value of assets and liabilities, including derivatives, (SEKm) when market interest rates rise by one percentage point.

2014	< 3 mths.	3–6 mths.	6–12 mths.	1–2 yrs	2–3 yrs	3–4 yrs	4–5 yrs	5–10 yrs	> 10 yrs	Total
SEK	–401	119	–662	–390	42	186	–374	47	–69	–1 502
Foreign currency	–11	–4	25	–45	–38	16	2	8	–25	–72
Total	**–412**	**115**	**–637**	**–435**	**4**	**202**	**–372**	**55**	**–94**	**–1 574**

of which financial instruments measured at fair value through profit or loss.

2014	< 3 mths.	3–6 mths.	6–12 mths.	1–2 yrs	2–3 yrs	3–4 yrs	4–5 yrs	5–10 yrs	> 10 yrs	Total
SEK	–1 524	914	–1 274	68	796	1 039	–44	–1 545	967	–603
Foreign currency	–5	22	23	–9	–2	19	7	27	–2	80
Total	**–1 529**	**936**	**–1 251**	**59**	**794**	**1 058**	**–37**	**–1 518**	**965**	**–523**

The impact on the net value of assets and liabilities, including derivatives, (SEKm) when market interest rates rise by one percentage point.

2013	< 3 mths.	3–6 mths.	6–12 mths.	1–2 yrs	2–3 yrs	3–4 yrs	4–5 yrs	5–10 yrs	> 10 yrs	Total
SEK	–36	–172	–323	–464	1 524	–39	–247	–6	12	250
Foreign currency	–59	–85	70	–12	–27	–16	–14	–18	–14	–175
Total	**–96**	**–256**	**–253**	**–476**	**1 497**	**–54**	**–261**	**–23**	**–3**	**75**

of which financial instruments measured at fair value through profit or loss.

2013	< 3 mths.	3–6 mths.	6–12 mths.	1–2 yrs	2–3 yrs	3–4 yrs	4–5 yrs	5–10 yrs	> 10 yrs	Total
SEK	–186	–126	–36	–118	–41	–64	–129	29	–4	–675
Foreign currency	5	–34	44	27	–10	15	–11	–13	–1	22
Total	**–181**	**–160**	**8**	**– 91**	**–51**	**–49**	**–140**	**16**	**–5**	**–653**

Currency risk

Currency risk

Currency risk refers to the risk that the value of the Group's assets and liabilities, including derivatives, may fluctuate due to changes in exchange rates or other relevant risk factors. The predominant share of Swedbank's currency risk is of a structural or strategic nature. Strategic currency risk mainly arises in connection with investments in foreign operations. These exposures are currency hedged, with the exception of goodwill and other intangible assets. The strategic currency risk mainly arises through the Group's operations in Lithuania, where a large share of lending is in euro, while deposits are denominated in local currency (Lithuanian litas). The currency risks arising in other parts of the Group, e.g. in trading, are low compared with the risks in the Lithuanian operations. Currency risks arising in the banking operations or that are strategic in nature are managed by Group Treasury by limiting the total value of assets and liabilities, including derivatives, in the same currency to the desired level using derivatives, such as cross currency swaps and forward exchange agreements.

As of 31 December 2014 the Group had a short strategic and structural position in Lithuanian litas of SEK 5bn (10). The Group Executive Committee and Group Treasury have taken a strategic decision to retain this position at a certain level to eliminate the devaluation risk in this currency. The Lithuanian litas is currently pegged to the euro in expectation that the country will join the Economic and Monetary Union (EMU). Lithuania's adoption of the euro on 1 January 2015 will eliminate the risk in litas and replace it with a euro exposure. The Group's exposure to currency risks with the potential to affect earnings, i.e. excluding exposures related to investments in foreign operations and related hedges, is limited. A shift in exchange rates between foreign currencies and the Swedish krona of +5 per cent at year-end would have a direct effect on the Group's reported profit of SEK –54m (6). Moreover, a shift in exchange rates between foreign currencies and the Swedish krona of –5 per cent at year-end would have a direct effect on the Group's reported profit of SEK 12m (117).

A shift in exchange rates between the Swedish krona and foreign currencies of +/–5 per cent with respect to net investments in foreign operations and related hedges would have a direct effect on other comprehensive income of SEK +/– 921m after tax (+/– 863).

The Group recognises certain currency derivatives as cash flow hedges. An increase in the basis spread, the price to swap cash flows in one currency for another, of one basis point would have had a positive effect on certain derivatives in other comprehensive income of SEK 10m after tax as of 31 December 2014.

Currency distribution

2014	SEK	EUR	USD	GBP	LTL	DKK	NOK	Other	Total
Assets									
Cash and balances with central banks	379	26 282	68 546	43	13 366	320	4 126	706	113 768
Loans to credit institutions	79 860	25 056	5 936	607	93	118	1 998	152	113 820
Loans to the public	1 177 181	134 883	41 831	1 504	14 381	4 628	24 412	5 687	1 404 507
Interest-bearing securities	111 478	29 262	18 274	158	912		10 594	2	170 680
Assets held for sale	75	56	469					15	615
Other assets, not distributed	317 907								317 907
Total	**1 686 880**	**215 539**	**135 056**	**2 312**	**28 752**	**5 066**	**41 130**	**6 562**	**2 121 297**
Liabilities									
Amounts owed to credit institutions	109 193	19 651	34 610	3 853	79	1 245	2 789	33	171 453
Deposits and borrowings from the public	496 416	101 613	32 607	935	37 534	1 037	3 922	2 615	676 679
Debt securities in issue, etc.	379 629	200 449	232 941	17 029	221		11 216	12 484	853 969
Liabilities held for sale	39								39
Other liabilities, not distributed	301 784								301 784
Equity	117 373								117 373
Total	**1 404 434**	**321 713**	**300 158**	**21 817**	**37 834**	**2 282**	**17 927**	**15 132**	**2 121 297**
Other assets and liabilities, including positions in derivatives		121 432	165 107	19 482	3 691	−2 789	−22 754	8 629	
Net position in currency		15 258	5	−23	−5 391	−5	449	59	10 352

Net funding in foreign currency with a corresponding recognised amount of SEK 38 912m (36 742) is used as a hedging instrument to hedge the net investment in foreign operations. The above net position in currencies pertains mainly to parts of net investments in foreign operations that are not hedged. Exchange rate changes on this position are recognised in other comprehensive income as translation difference.

Currency distribution

2013	SEK	EUR	USD	GBP	LVL	LTL	RUB	NOK	Other	Total
Assets										
Cash and balances with central banks	335	20 581	20 380	46	10 921	4 284	25	2 586	224	59 382
Loans to credit institutions	62 341	8 444	9 873	111	74	81	215	93	1 046	82 278
Loans to the public	1 058 620	120 759	31 410	1 212	3 382	12 501		11 457	25 569	1 264 910
Interest-bearing securities	124 289	34 139	14 414	368	41	1 234		7 912	2	182 399
Assets held for sale	111	138	838			225	550			1 862
Other assets, not distributed	233 271									233 271
Total	**1 478 967**	**184 061**	**76 915**	**1 737**	**14 418**	**18 325**	**790**	**22 048**	**26 841**	**1 824 102**
Liabilities										
Amounts owed to credit institutions	87 053	14 532	16 836	2 454	244	44	117	2	339	121 621
Deposits and borrowings from the public	472 751	75 822	18 311	1 307	15 120	30 497	721	1 157	4 922	620 608
Debt securities in issue, etc.	361 547	201 743	136 369	8 018		488		11 817	16 452	736 434
Liabilities held for sale	100					98	21			219
Other liabilities, not distributed	235 515									235 515
Equity	109 705									109 705
Total	**1 266 671**	**292 097**	**171 516**	**11 779**	**15 364**	**31 127**	**859**	**12 976**	**21 713**	**1 824 102**
Other assets and liabilities, including positions in derivatives		125 469	94 688	10 038	2 586	2 640	436	−9 119	−4 834	
Net position in currency		17 433	87	−4	1 640	−10 162	367	−47	294	9 608

Share price risk

Share price risk

Share price risk refers to the risk that the value of the Group's holdings of shares and share-related derivatives may be affected negatively by changes in share prices or other relevant risk factors.

Share price risks arise in the trading operations due to holdings in equities and equity-related derivatives. The main purpose of Swedbank's equity trading is to create liquidity for the Group's customers. Share price risk is measured and limited in the Group e.g. for the worst possible outcomes in 80 different scenarios where share prices and implicit volatility change. In these scenarios, the share prices change by a maximum of +/– 20 per cent and the implicit volatility by a maximum of +/– 30 per cent. The outcomes for the various combinations form a risk matrix for the share price risk, and the worst-case scenario is limited.

As of year-end the worst-case scenario conceivably would have reduced the value of the trading operations' positions by SEK –83m (–64).

Commodity risk

Commodity risk refers to the risk that the value of the Group's holdings of commodity-related derivatives will be negatively affected by a change in asset prices. The exposure to commodity risks arises in the Group only in exceptional cases as part of customer-related products. All positions with a commodity exposure must always be hedged with another party so that no open exposure remains. As of 31 December 2014 Swedbank had no open commodity exposures.

Trading operations

Market risks in trading operations

Trading operations at Swedbank are conducted in the Large Corporates & Institutions (LC&I) business area for the primary purpose of assisting customers to execute transactions in the financial market. Positioning occurs only to a limited extent, and the risk level (measured in VaR) in this operation is low.

		Jan-Dec 2014 (2013)		2014	2013
SEKm	**Max**	**Min**	**Average**	**31 dec**	**31 dec**
Value-at-Risk	29 (24)	11 (8)	18 (14)	22	17
Stressed Value-at-Risk	74 (61)	29 (20)	46 (35)	46	46

Swedbank evaluates the VaR model's reliability on a daily basis with actual and hypothetical backtesting. Actual backtesting uses the trading operations' actual daily results to determine the accuracy of the VaR model, while hypothetical backtesting compares the portfolio's value at the end of the day with its value at the end of the subsequent day. The comparison takes into account any market movements during the day on which the test is conducted, but with the assumption that the positions in the portfolio remain unchanged during this time period. By indicating only four days of loss, the hypothetical backtesting conducted by the Group in 2014 shows that the model serves its purpose well.

In addition to the VaR model applied in the calculation of Swedbank's capital requirement, the Group uses a VaR model in its internal risk management that has also captured specific interest rate risk since spring 2013.

The trading operations' total VaR averaged SEK 22m in 2014, which compares with the total VaR of SEK 19m for 2013, when specific interest rate risk was not included in the model. Risk (measured in VaR) was well-balanced during the year between different asset classes and, on an aggregate level, is well-diversified.

		Jan-Dec 2014 (2013)		2014	2013
SEKm	**Max**	**Min**	**Average**	**31 dec**	**31 dec**
Credit spread risk	19 (18)	9 (1)	13 (10)	9	10
Share price risk	12 (9)	1 (1)	4 (4)	8	4
Currency risk	16 (16)	2 (4)	7 (9)	9	12
Interest rate risk	28 (25)	10 (8)	17 (14)	20	16
Diversification	0	0	–19 (–17)	–22	–20
Total	**31 (31)**	**15 (10)**	**22 (19)**	**23**	**22**

Data in the table are compiled using the VaR model that the Group applies to internal risk management and therefore differs from the values generated using the VaR model for capital requirements. Since some of the 2013 data does not include specific interest rate risk, the data for 2013 and 2014 are not directly comparable.

Capital requirement for market risks

The capital requirement for market risks in Swedbank totalled SEK 1 525m (1 688) and is broken down by risk type in note G4 under Capital adequacy.

Operational risks

DEFINITION

Operational risk refers to the risk of losses resulting from inadequate or failed internal processes or procedures, human error, faulty systems or external events. The definition includes legal risk, compliance risk and information risk.

Risk management

Group Risk Control is responsible for uniform, Group-wide operational risk measurement and reporting. An analysis of the risk level in all large business units is performed at least quarterly and reported to each local management as well as to the Board of Directors, the CEO and the Group Executive Committee.

Swedbank is working continuously to develop and improve the methods it uses to manage operational risk. The implementation of an advanced measurement approach (AMA) for operational risks is continuing, with the aim to submit a request to the Swedish Financial Supervisory Authority to apply AMA in 2015. This includes further improving Swedbank's risk culture and procedures to effectively and proactively manage operational risks and incidents.

Self assessments

All business areas apply common methods to self-assess operational risks e.g. Risk and Control Self Assessments (RCSA) and Risk Vulnerability Assessments (RVA). These methods, which are used on an ongoing basis to cover all key processes in the Group, include risk identification, action planning and monitoring to manage any risks that arise.

Incident management

Swedbank has established procedures and systems support to facilitate reporting and following up incidents. Group Risk supports the business areas in reporting, analysing and drafting action plans to ensure that the underlying causes are identified and suitable actions are taken. Incidents and related operational risk losses are reported in a central database for further analysis.

New Product Approval Processes (NPAP)

Swedbank has a Group-wide process for New Product Approval (NPA) covering all new and/or revised products, services, activities, processes and/or systems. The purpose is to ensure that the Group does not enter into activities which entail unintended risks or risks that are not immediately managed and controlled as part of the process. In addition, the Group is able to assure quality when launching new and/or revised products and services.

Continuity, crisis management and security

Swedbank works proactively with security management to protect all types of assets, including personnel, tangible and intangible assets, by utilising technical, organisational and administrative measures. Swedbank's security management model is derived from the international standard ISO/IEC 27002:2005.

Swedbank works to prevent and/or strengthen its ability to manage serious incidents, such as IT disruptions, natural disasters, financial market disturbances and pandemics, which may affect Swedbank's ability to maintain services and offerings.

The principles for security, continuity, incident and crisis management are defined in a Group-level framework. A Group-level crisis management team is responsible for management, coordination and communication. Continuity plans are in place for business-critical operations and services that are critical for the nation and society. The plans describe how Swedbank will operate in the event of a serious disruption. Swedbank also has insurance protection, with an emphasis on catastrophe protection, for significant parts of its operations.

Process and control management

Swedbank works continuously to identify and document its operating processes. Controls are identified as well to ensure that risks in the processes are managed effectively. The purpose of monitoring is to ensure that controls are effective and appropriate. Work is also being done to establish a Group-wide process to create a uniform approach to managing processes and controls as well as monitoring.

Capital requirements for operational risks

Swedbank applies the standardised approach to calculate the capital requirement for operational risks. Swedbank's capital requirement for operational risk was SEK 4 745m (4 486), with Retail accounting for the main part. For further information, see note G4 Capital.

Insurance risks

DEFINITION

Insurance risk refers to the risk of a change in value due to a deviation between actual and anticipated insurance costs. In other words, the risk that an actual outcome will deviate from projections e.g. in terms of longevity, mortality, morbidity or claim frequency. This includes cost risk i.e. the risk that administrative costs and sales commissions will exceed the cost estimates that served as the basis for the premiums.

The life insurance operations incur mortality risk, morbidity risk, longevity risk, cost risk and cancellation risk i.e. the risk that contracts will be terminated in advance to a higher degree than anticipated.

Property and casualty insurance risk comprises the risk that the insurance result will be unusually unfavourable in the year ahead and that the final payment for past claims will be more expensive than anticipated.

Risk management

Before a life insurance policy is approved, the insured must pass a risk assessment. The purpose is to determine whether the insured can be approved for insurance based on his or her health. The desired insurance must also meet the policyholder's insurance needs. To further limit risk exposure, the company reinsures parts of its insurance risks.

Swedbank's insurance operations offer a broad range of products and are active in the entire Swedish market as well as in the three Baltic countries, which diversifies insurance risk by market, product, age and gender.

Insurance contracts are designed so that the premium and assumptions can be changed annually, which means that the company can quickly balance its premiums and terms to rapid changes in morbidity, for example.

The pricing of premiums is based on assumptions about longevity, mortality, morbidity and claim frequency, as well as the estimated cost of insurance events. Experience in the form of statistical material and expectations about future developments are critical factors in the choice of assumptions.

Risk measurement

Insurance risks in the life insurance operations are measured by stressing the insurance company's balance sheet, income statement and shareholders' equity on a one year horizon with a given level of confidence. For the property and casualty insurance operations, insurance risks are measured by calculating the claim ratio, i.e. claims in relation to premiums, by product and country.

Risk exposure

Actual outcomes compared with the above-mentioned assumptions give rise to a risk result in the life insurance operations. According to the latest risk assessment, the most important risks are cancellation, cost and catastrophic risk i.e. the risk of major damage due to a single event.

Property and casualty insurance today represents a smaller part of Swedbank's total insurance operations. Since contracts are issued on an annual basis, insurance risks are limited because pricing can be changed for the following year.

Capital requirement for insurance risk

Solvency is a measure of the insurance company's financial position and strength. The purpose is to show how large a capital buffer the company has to fulfil its commitments to customers in accordance with the terms and guarantees in its insurance contracts. The insurance companies also incur market risk. Their capital buffer is designed to cover all risks.

The capital base in Swedbank's Swedish insurance operations amounted to SEK 2 725m (2 550) on 31 December 2014. This compares with a required solvency of SEK 2 028m (1 776). The solvency ratio was 1.34 (1.44).

The capital base in the Baltic life insurance operations amounted to SEK 346m (469) as of 31 December 2014. The solvency ratio was 2.50 (3.81). The capital base in the Baltic property and casualty insurance operations amounted to SEK 294m (265) as of 31 December 2014. The solvency ratio was 3.56 (3.72).

The traffic light model is a methodology developed by the SFSA to supervise Swedish life insurance companies and measure their exposure to various types of risks. The result is a total capital adequacy requirement for the company, which for Swedbank Insurance AB was satisfactory as of 31 December 2014.

G4 Capital

Internal capital assessment

Purpose

The Internal Capital Adequacy Assessment Process (ICAAP) aims to ensure that the Group is adequately capitalised to cover its risks and to operate and develop the business.

Measurement

Swedbank prepares and document its own methods and processes to evaluate its capital requirement. The internal capital adequacy assessment therefore takes into account all relevant risks that arise within the Group. In addition to Pillar 1 risks, risks for which no capital is allocated are monitored as well, such as business risk, pension risk, and strategic risk. Significant risks that have been identified within the Group include:

Risk types according to the ICAAP process

Risk type	Pillar 1	Pillar 2
Capital is allocated		**Contributes to calculated capital need?**
Credit risk	Yes	Yes
Concentration risk	Yes[1]	Yes
Market risk	Yes	Yes, plus additonal tests
Market risk: Interest risk in banking book	No	Yes, plus additional tests
Operationel risk	Yes	Yes
Business risk: Earnings volatility risk	No	Yes
Insurance risk	Yes	Yes[2]
Risk in post-employment benefits	No	Yes
Strategic risk: Business plans	No	Yes
Strategic risk: Project and acquisitions	No	Yes, as a one-off sum added
No specific capital is allocated		**Identified and mitigated?**
Reputational risk	No	Yes
Liquidity risk	No	Yes, stress tests
Strategic risk: Decision risk	No	Yes

1) The Basel formula are calibrated to include sector and geographical concentration risk i.e. the Pillar 1 measure implicitly includes a large share of concentration risk.
2) Holdings in insurance business are deducted from capital and an assesment is made whether the invested capital is adequate for the adverse scenario in the bank´s ICAAP. The assessment considers the current as well as future solvency regulations.

To ensure efficient use of capital and predict its capital adequacy even under exceptionally adverse market conditions, the Group conducts scenario-based simulations and stress tests at least once a year. The analyses provide an overview of the most important risks that the Group is exposed to by quantifying the impact on the income statement and balance sheet as well as the capital base and risk weighted assets. The method serves as a foundation for a proactive risk and capital management.

ICAAP 2014

Swedbank has been working actively to reduce risk in its balance sheet since 2009 in all its home markets. The Baltic countries today have a much better macroeconomic balance and resilience than a few years ago. The work done in 2009–2013 to improve credit quality in the loan portfolios and strengthen own funds in the Baltic subsidiaries has made them more resilient, as shown in the 2014 ICAAP. This is one of the reasons why Swedbank's 2014 ICAAP confirms the bank's limited risks. The bank is well capitalised for the effects of a potentially negative scenario.

Description of 2014 adverse scenario

As part of the 2014 ICAAP, which starts with actual outcomes for 31 December 2014, a prolonged recession scenario was selected as the main scenario. The five-year macro scenario assumes negative growth for three consecutive years and high unemployment throughout the scenario horizon in Sweden and the Baltic countries. Faith in politicians and financial markets is low, leading to a weaker euro and protracted recession where a strong krona prevents Sweden from exporting itself out of the crisis. The Baltic economies suffer severely from the economic downturn and experience falling demand in terms of investment and consumption. The export sector is especially exposed as global demand declines drastically. Lithuania maintains its peg to the euro, but does not join the EMU.

Stress test ICAAP-scenario - parameters

Sweden	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
GDP-growth, %	1,0	–3,8	–3,6	–1,4	2,5	2,7
Unemployment, %	8,0	8,2	11,1	11,9	10,9	10,5
Inflation index	100	99	98	98	99	101
Residential real estate price index	100	88	81	82	84	86
Estonia	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
GDP-growth, %	1,0	–4,3	–4,0	–1,0	3,0	4,0
Unemployment, %	8,6	11,5	13,5	14,5	14,8	13,5
Inflation index	100	100	99	99	101	103
Residential real estate price index	100	88	79	79	81	84
Latvia	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
GDP-growth, %	4,4	–5,0	–3,5	–1,0	3,5	5,0
Unemployment, %	11,8	13,0	16,0	16,5	15,5	13,0
Inflation index	100	99	98	98	100	102
Residential real estate price index	100	93	89	89	91	95
Lithuania	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
GDP-growth, %	3,3	–5,5	–4,0	–1,0	3,0	5,0
Unemployment, %	11,7	13,5	15,5	16,0	15,7	13,5
Inflation index	100	99	98	98	101	104
Residential real estate price index	100	93	89	89	92	96
Interest Rates	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Stibor 3m, %	0,74	0,40	0,35	0,45	0,85	1,65
Euribor 3m, %	0,05	–0,05	0,00	0,20	0,80	1,50
FX	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
USD/SEK	6,47	6,86	7,00	7,11	7,04	6,89
EUR/SEK	8,91	8,04	7,88	7,76	7,84	8,00
GBP/SEK	10,65	10,52	10,52	10,52	10,52	10,52

Stress test ICAAP scenario

Triggers	Outcome in Swedbank´s home markets
A greatly weakened European banking system causes problems in the form of credit contraction and credibility problems for banks and financial institutions.	GDP in Sweden falls by approximately 9 per cent during a three-year period at the same time that unemployment increases to nearly 12 per cent and housing prices fall 18 per cent.
Debts and austerity continue to weigh on European economies. Negative consequences for the entire global economy.	GDP in Estonia falls by approximately 9 per cent during a three-year period at the same time that unemployment increases to over 15 per cent and housing prices fall 22 per cent.
Strong SEK, weak EUR.	GDP in Latvia falls by approximately 9 per cent during a three-year period at the same time that unemployment increases to 16.5 per cent and housing prices fall 12 per cent,
The Baltic economies see a significant decline in external demand and the export sector suffers.	GDP in Lithuania falls by approximately 11 per cent during a three-year period at the same time that unemployment increases to 16 per cent and housing prices fall 12 per cent.

Income statement under ICAAP-Scenario[1]

SEKbn	2013	2014	2015	2016	2017	2018
Net interest income	24	22	23	24	25	26
Total income	39.0	37.0	37.4	38.6	40.7	41.5
Total expenses	18.8	18.4	18.8	18.8	19.0	19.1
Profit before impairments	20	19	19	20	22	22
Credit impairments	–0.3	4.8	9.1	6.1	3.0	2.0
Operating profit	20	14	10	14	19	20
Tax expense	4	3	2	3	4	4
Profit for the period	**16**	**10**	**7**	**11**	**14**	**16**
Profit for the period attributable to: Shareholders of Swedbank AB	**12**	**8**	**5**	**8**	**11**	**12**
Non-controlling interests	0.3	0.2	0.0	0.1	0.2	0.3

1) ICAAP calculations are based on the consolidated situation, which in several respects differs from the Swedbank Group. For example, insurance operations are not included in the consolidated situation.

Swedbank in the scenario

In the scenario net interest income falls by 7.5 per cent in 2014, reflecting the low interest rate environment the scenario plays out in. In the following years net interest income rises and in 2016 surpasses the 2013 base level. Credit impairments total SEK 24.9bn, of which the LC&I and Swedish Banking business areas account for 84 per cent.

Credit Impairments per Business area[1]

		Credit Impairment ratio, %				
	EAD[2] SEKbn 2013	2014	2015	2016	2017	2018
Swedish Banking	1 000.9	0.3	0.5	0.4	0.2	0.2
Large Corporates & Institutions	252.5	0.5	1.0	0.5	0.3	0.0
Estonia	58.2	0.4	0.9	0.7	0.4	0.2
Latvia	31.3	0.8	1.5	1.2	0.5	0.3
Lithuania	36.1	0.9	1.2	0.5	0.3	0.1
Other	77.8	0.0	0.0	0.0	0.0	0.0
Total	**1 456.9**	**0.3**	**0.6**	**0.4**	**0.2**	**0.1**

1) ICAAP calculations are based on the consolidated situation, which in several respects differs from the Swedbank Group. For example, insurance operations are not included in the consolidated situation.
2) Exposure at Default.

Internal capital requirement

In its ICAAP, Swedbank takes into account the regulatory changes it knows with certainty will enter into force during the simulation period. Consequently, in the ICAAP the Basel 3/CRD IV regulation, in which regulatory changes include CVA adjustments totalling SEK 11.3bn, has been discounted to the start, so that the result fully reflects the scenario effects.

RWA and Capital

SEKbn	2013	2014	2015	2016	2017	2018
RWA	440.9	441.4	443.9	432.8	414.5	416,6
Common Equity Tier 1	80.8	81.1	83.3	86.7	91.1	96.1

In the stress test Swedbank's Common Equity Tier 1 capital improves throughout the scenario horizon. The scenario result ignores possible interventions Swedbank's executive management might reasonably make under negative circumstances. If possible interventions are included in the stressed scenario, the Common Equity Tier 1 capital ratio would further improve slightly. The effect is limited, however, since the scenario outcome produces an annual profit, from which tax and dividends are deducted in order to maintain a conservative approach.

Risk weighted assets (RWA) decrease by 19 per cent throughout the scenario horizon, largely due to impairments that reduce the credit portfolio. At the same time the decrease is offset slightly because the risk weights rise during the most stressed years but then fall at the end of the scenario.

Capital assessment

%	2013	2014	2015	2016	2017	2018
Common Equity Tier 1 ratio	18.3	18.4	18.8	20.0	22.0	23.1

European Banking Authority (EBA)

In October 2014 the European Banking Authority (EBA) and the European Central Bank (ECB) published the results of an extensive asset quality review and subsequent stress test. In the EBA's adverse scenario Swedbank's Common Equity Tier 1 capital ratio was 16.3 per cent, confirming its strong capital position and resilience to severe conditions. The limit set by the EBA to pass the test was a Common Equity Tier 1 capital ratio of at least 5.5 per cent.

The end result of the EBA's review was a lowering of Swedbank's Common Equity Tier 1 capital ratio by a total of 216 points, 30 of which reflect the Swedish Financial Supervisory Authority's review of the bank's asset quality, while the other 186 points reflect the stress test. Of the 186 points, 78 are the result of Swedbank's scenario calculations and the remaining 108 are due to adjustments in accordance with EBA's methodology.

From a European perspective there is a significant margin to the stress test's 5.5 per cent limit, but from a Swedish regulatory/capital adequacy perspective the result should instead be viewed in relation to the capital conservation buffer. The EBA's adverse scenario refers to an event occuring once in a 25 year period that would necessitate tapping the capital preservation buffer's 250 points. Swedbank's result, a decrease of 216 points, confirms the bank's strength from a Swedish regulatory perspective.

European Central Bank (ECB)

In preparation for the launch of the ECB's Single Supervisory Mechanism (SSM), which all eurozone member states have participated in since November 2014, a comprehensive review of asset quality and stress tests were conducted. The review included Swedbank's Baltic subsidiaries in Estonia and Latvia, which are members of the eurozone, and Lithuania, which joined the the eurozone and SSM on 1 January 2015.

All the Baltic subsidiaries produced very good results. This is evident in how they handled the adverse scenario with Common Equity Tier 1 capital ratios for Estonia, Latvia and Lithuania of 32.9 per cent, 31.8 per cent and 22.8 per cent, respectively. This should be seen in relation to the minimum Common Equity Tier 1 capital ratio of 5.5 per cent set by the EBA.

The Riksbank

The Riksbank's stress test, which is conducted twice a year, is based on a macro scenario with a probability of "once every 25 years" and from that perspective is comparable with Swedbank's ICAAP. The macro scenario includes lower GDP, high unemployment, a house price drop and high three-month interbank rates. In the latest stability report the Q3 figures serve as initial values i.e. Swedbank's initial value is a 20.7 per cent Common Equity Tier 1 capital ratio. During the three-year scenario Swedbank falls by a marginal 54 points i.e. a Common Equity Tier 1 capital ratio of 20.1 per cent. Despite the adverse scenario, the Riksbank is confident that the bank will maintain a high enough earnings capacity to handle the credit impairments stipulated in the scenario.

Swedish Financial Supervisory Authority

The Swedish Financial Supervisory Authority (SFSA) conducts annual stress tests to assess the stability of the financial system. The tests are also part of SFSA's supervision, where it assesses the ability of Swedish banks to withstand adverse scenarios. SFSA's stress test is based on a number of assumptions that adversely affect the banks' possible earnings rather than a macro scenario, but more importantly it tests how well they can handle large credit impairments in every segment of their lending. Swedbank's has proven that it can handle this type of stress well. During the three-year scenario the Common Equity Tier 1 capital ratio falls by 120 points between the start and the scenario's worst year, but Swedbank recovers the loss and ends up at the same level where the stress test started i.e. with a Common Equity Tier 1 capital ratio of 20.7 per cent.

The SFSA has clarified that the capital conservation buffer's 250 points should be seen as the margin necessary in a stress test with a severity of "once every 25 years". Swedbank met this criterion in all major external and internal stress tests in 2014.

Capital adequacy analysis

The capital adequacy regulation is the legislator's requirement of how much capital, designated as the capital base, a bank must have in relation to the size of the risks it faces. The rules strengthen the connection between risk taking and required capital in the Group's operations. Swedbank's legal requirement is based on CRR, but more specifically limited by the Basel 1 floor within CRR. The SFSA has clarified that the Basel 1 floor, i.e. 80 per cent of the capital requirement according to the Basel 1 rules, will remain for Swedish banks. In June Swedbank received approval from the SFSA to use the advanced internal ratings-based (A-IRB) approach for its corporate exposures in Sweden and Norway, which positively affected the Common Equity Tier 1 capital ratio by 3.8 percentage points calculated as of 30 June.

The consolidated situation on 31 December 2014 included the Swedbank Group with the exception of insurance companies. In addition, Entercard Group was included through the so-called proportional consolidation method.

The table below contains the information that must be published according to the SFSA's regulations (FFFS 2014:12), chapter 8. Additional periodic information according to the European Parliament's and the Council's regulation (EU) No 575/2013 on prudential requirements for credit institutions and the Commission's implementing regulation (EU) No 1423/2013 can be found on Swedbank's website at http://www.swedbank.com/investor-relations/risk-and-capital-adequacy/risk-report/index.htm

	Consolidated situation	
Capital adequacy Basel 3[1]	**2014**	**2013**
Common Equity Tier 1 capital	87 916	80 826
Additional Tier 1 capital	4 998	5 545
Tier 1 capital	92 914	86 371
Tier 2 capital	12 674	4 655
Total capital base	105 588	91 026
Risk exposure amount	414 214	440 620
Common Equity Tier 1, capital ratio, %	21.2	18.3
Tier 1 capital ratio, %	22.4	19.6
Total capital ratio, %	25.5	20.7

	Consolidated situation	
	Basel 3	**Basel 2**
Capital adequacy[2]	**2014**	**2013**
Shareholders' equity according to the Group's balance sheet	117 203	109 540
Non-controlling interests	46	165
Anticipated dividend	–12 511	–11 100
Deconsolidation of insurance companies	–692	–1 982
Associated companies consolidated according to purchase method		2 251
Value changes in own financial liabilities including derivatives	74	92
Cash flow hedges	103	139
Goodwill	–11 724	–11 198
Goodwill in significant investments	–710	
Deferred tax assets	–166	–399
Intangible assets after deferred tax liabilities	–1 698	–1 943
Net provisions for reported IRB credit exposures	–1 599	–959
Shares deducted from CET1 capital	–410	
Common Equity Tier 1 capital	**87 916**	**84 606**
Tier 1 capital contributions	4 998	5 536
Shares deducted from Tier 1 capital		–1 527
Total Tier 1 capital	**92 914**	**88 615**
Tier 2 instruments	12 674	4 643
Net provisions for reported IRB credit exposures		–959
Shares deducted from Tier 2 capital		–1 527
Total Tier 2 capital	**12 674**	**2 157**
Total capital base	**105 588**	**90 772**

Capital requirement for credit risks, standardised approach	4 295	1 936
Capital requirement for credit risks, IRB	21 988	28 041
Capital requirement for credit risks, default fund contribution	3	
Capital requirement for settlement risks	2	3
Capital requirement for market risks	1 525	1 688
Trading book	1 335	1 095
of which VaR and SVaR	711	530
of which risks outside VaR and SVaR	624	565
FX risk other operations	190	593
Capital requirement for credit value adjustment	579	
Capital requirement for operational risks	4 745	4 486
Capital requirement	**33 137**	**36 154**
Risk exposure amount credit risks	328 574	374 711
Risk exposure amount settlement risks	30	40
Risk exposure amount market risks	19 059	21 103
Risk exposure amount credit value adjustment	7 241	
Risk exposure amount operational risks	59 310	56 077
Risk exposure amount	**414 214**	**451 931**
Common Equity Tier 1 capital ratio, %	**21.2**	**18.7**
Tier 1 capital ratio, %	**22.4**	**19.6**
Total capital ratio, %	**25.5**	**20.1**

Capital buffer requirement[3]**, %**	**2014**
CET1 capital requirement including buffer requirements	7.0
of which capital conservation buffer	2.5
of which countercyclical capital buffer	
of which systemic risk buffer	
CET 1 capital available to meet buffer requirement[4]	16.4

	Consolidated situation	
Capital adequacy Basel 1 floor	**2014**	**2013**
Capital requirement Basel 1 floor	66 092	64 768
Own funds Basel 3 adjusted according to rules for Basel 1 floor	107 187	92 690
Surplus of capital according to Basel 1 floor	**41 095**	**27 922**

1) Figures for 2013 according to Swedbank's past calculation according to the new regulation. As of 1 January 2014 according to the current regulation (Basel 3).

2) Reporting as of 31 December 2014 according to the current regulation (Basel 3). Comparable figures for 2013 according to previous regulation (Basel 2).

3) New capital buffer requirements according to CRD IV as implemented in Sweden.

4) 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.

Capital requirement for credit risks, IRB Basel 3[1]	2014 Exposure value	Average risk weighting, %	Capital requirement
Institutional exposures	136 263	15	1 666
Corporate exposures	461 567	37	13 616
Retail exposures	931 884	8	6 110
of which mortgage lending	839 420	6	4 001
of which other lending	92 464	29	2 109
Securitisation	763	11	7
Non credit obligation	75 078	10	589
Total credit risks, IRB	**1 605 555**	**17**	**21 988**

Capital requirements for credit risks, IRB Basel 2[1]	2013 Exposure value	Average risk weighting, %	Capital requirement
Institutional exposures	121 698	13	1 294
Corporate exposures	436 375	57	19 752
Retail exposures	896 994	9	6 226
of which mortgage lending	825 644	6	3 916
of which other lending	71 350	40	2 310
Securitisation	941	11	8
Non credit obligation	11 890	80	761
Total credit risks, IRB	**1 467 898**	**24**	**28 041**

1) Reporting as of 31 December 2014 according to current rules (Basel 3). Comparable figuresfor 2013 according to previous rules (Basel 2).

Capital requirements for market risks	Consolidated situation 2014	2013
Interest rate risk	1 282	1 056
of which for specific risk	571	526
of which for general risk	711	530
Equity risk	132	79
of which for specific risk	1	1
of which for general risk	127	74
of which positions in CIU's	4	4
Currency risk in trading book	171	317
Commodity risk	46	33
Total capital requirement for risks in trading book[1]	**1 335**	**1 095**
of which stressed VaR	506	391
Currency risk outside trading book	190	593
Total	**1 525**	**1 688**

1) The parent company's capital requirement for general interest rate risk, share price risk and currency risk in the trading book as well as Swedbank Estonia AS, Swedbank Latvia AS and Swedbank Lithuania AB's capital requirement for general interest rate risk and currency risk in the trading book are calculated in accordance with the VaR model.

Capital requirement for operational risks	Consolidated situation 2014	2013
Standardised approach	4 630	4 486
of which trading and sales	591	720
of which retail banking	2 685	2 764
of which commercial banking	826	673
of which payment and settlement	248	232
of which retail brokerage	7	3
of which agency services	24	19
of which asset management	216	75
of which corporate finance	33	
Basic indicator approach[1]	115	
Total	**4 745**	**4 486**

1) The capital requirement for operational risk associated with Sparbanken Öresund AB is calculated according to the basic method.

Risk exposure amount and Own funds requirement	Consolidated situation 2014 Risk exposure amount	Own funds requirement
Credit risks, STD	**53 683**	**4 295**
Central government or central banks exposures	469	38
Regional governments or local authorities exposures	633	51
Public sector entities exposures	10	1
Multilateral development banks exposures		
International organisation exposures		
Institutional exposures	927	74
Corporate exposures	14 416	1 153
Retail exposures	14 851	1 188
Exposures secured by mortgages on immovable property	1 992	159
Exposures in default	554	44
Exposures associated with particularly high risk	24	2
Exposures in the form of covered bonds	4	0
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	16 065	1 285
Other items	3 738	300
Credit risks, IRB	**274 849**	**21 988**
Institutional exposures	20 823	1 666
Corporate exposures	170 197	13 616
of which specialized lending in category 1	9	1
of which specialized lending in category 2	426	34
of which specialized lending in category 3	615	49
of which specialized lending in category 4	1 139	91
of which specialized lending in category 5		
Retail exposures	76 375	6 110
of which mortgage lending	50 009	4 001
of which other lending	26 366	2 109
Securitisation	82	7
Non-credit obligation	7 372	589
Credit risks, Default fund contribution	**42**	**3**
Settlement risks	**30**	**2**
Market risks	**19 059**	**1 525**
Trading book	16 684	1 335
of which VaR and SVaR	8 887	711
of which risks outside VaR and SVaR	7 797	624
FX risk other operations	2 375	190
Credit value adjustment	**7 241**	**579**
Operational risks	**59 310**	**4 745**
of which Basic indicator approach	1 432	115
of which Standardised approach	57 878	4 630
Total	**414 214**	**33 137**

G5 Operating segments

2014	Swedish Banking	Baltic Banking	Large corporates & Institutions	Group Functions & Other	Eliminations	Total
Income statement						
Net interest income	13 349	3 496	3 477	2 320		22 642
Net commissions	7 006	1 956	2 216	–50	76	11 204
Net gains and losses on financial items at fair value	244	239	1 927	–424		1 986
Share of the profit or loss of associates	980					980
Other income	1 194	416	121	1 060	–299	2 492
Total income	**22 773**	**6 107**	**7 741**	**2 906**	**–223**	**39 304**
of which internal income	190		113	–552	249	
Staff costs	4 207	782	1 339	3 124		9 452
Variable staff costs	219	78	288	222		807
Other expenses	6 259	1 513	1 625	–2 544	–228	6 625
Depreciation/amortisation	162	144	66	341	5	718
Total expenses	**10 847**	**2 517**	**3 318**	**1 143**	**–223**	**17 602**
Profit before impairments	**11 926**	**3 590**	**4 423**	**1 763**		**21 702**
Impairment of intangible assets		1				1
Impairment of tangible assets		10		246		256
Credit impairments	246	–186	381	–22		419
Operating profit	**11 680**	**3 765**	**4 042**	**1 539**		**21 026**
Tax expense	2 408	565	892	436		4 301
Profit for the year from continuing operations	9 272	3 200	3 150	1 103		16 725
Profit for the year from discontinued operations, after tax				–262		–262
Profit for the year	9 272	3 200	3 150	841		16 463
Profit for the year attributable to the shareholders of Swedbank AB	**9 258**	**3 200**	**3 150**	**839**		**16 447**
Non-controlling interests	14			2		16
Balance sheet						
Cash and balances with central banks		2 786	5 052	105 930		113 768
Loans to credit institutions	57 961	129	300 315	232 091	–476 676	113 820
Loans to the public	1 024 378	126 400	238 747	16 156	–1 174	1 404 507
Bonds and other interest-bearing securities	306	1 368	59 467	114 595	–5 056	170 680
Financial assets for which customers bear inv. risk	142 353	2 629			–1 663	143 319
Investments in associates	2 911			2 013		4 924
Derivatives			123 241	67 792	–67 831	123 202
Total tangible and intangible assests	3 320	10 998	276	2 475		17 069
Other assets	6 135	19 380	18 811	700 900	–715 218	30 008
Total assets	**1 237 364**	**163 690**	**745 909**	**1 241 952**	**–1 267 618**	**2 121 297**
Amounts owed to credit institutions	94 315	0	232 793	286 009	–441 664	171 453
Deposits and borrowings from the public	415 586	138 632	118 211	14 991	–10 741	676 679
Debt securities in issue	1 920	641	15 165	826 394	–9 108	835 012
Financial liabilities for which customers bear inv. risk	143 218	2 959				146 177
Derivatives			119 041	34 484	–67 831	85 694
Other liabilities	529 399	582	241 228	37 187	–738 274	70 122
Subordinated liabilities	947			18 010		18 957
Total liabilities	**1 185 385**	**142 814**	**726 438**	**1 217 075**	**–1 267 618**	**2 004 094**
Allocated equity	51 979	20 876	19 471	24 877	0	117 203
Total liabilities and equity	**1 237 364**	**163 690**	**745 909**	**1 241 952**	**–1 267 618**	**2 121 297**
Key figures						
Return on allocated equity, continuing operations, %	25.4	19.4	14.6	3.1		15.2
Return on allocated equity, total operations, %	25.4	19.4	14.6	2.4		15.0
Cost/income ratio	0.48	0.43	0.41	0.39		0.45
Credit impairment ratio, %	0.03	–0.16	0.18	–0.47		0.03
Loans/deposits	249	164	91	9		201
Loans, SEKbn	1 024 421	126 400	174 080	438		1 325 339
Deposits, SEKbn	411 455	138 355	106 065	5 036		660 911
Risk exposure amount, Basel 3	185 628	80 916	123 127	24 543		414 214
Full-time employees	5 396	1 175	3 912	4 100		14 583

The operating segment report is based on Swedbank's accounting policies, organisation and management accounts. Market-based transfer prices are applied between operating segments, while all expenses for IT, other Group functions and Group staffs are transfer priced at cost to the operating segments. Executive management expenses are not distributed. Cross-border transfer pricing is applied according to OECD transfer pricing guidelines.

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

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

Large Corporates & Institutions is responsible for large corporates, financial institutions and banks as well as for trading and capital market products. Operations are carried out by the parent bank in Sweden, branch offices in Norway, Finland, the US and China, and through the trading and capital market operations in subsidiary banks in Estonia, Latvia and Lithuania. Baltic Banking operates in Estonia, Latvia and Lithuania. Its services are sold through its own branch network, the Telephone Bank and the Internet Bank. The effects of Swedbank's ownership interests in the Baltic companies Swedbank AS (Estonia), Swedbank AS (Latvia) and Swedbank AB (Lithuania) are also reported in Baltic Banking in the form of financing costs, Group goodwill and Group amortisation on surplus values in the lending and deposit portfolios identified at the time of acquisition in 2005. Group Functions & Other comprise, in addition to the Group Functions, Russia, Ukraine and Ektornet. The Group Functions operate across the business areas and serve as strategic and administrative support for them. The Group Functions are Group Products, Group IT, Accounting & Finance (including Group Treasury), Risk, Compliance, Corporate Affairs, HR and Legal. The Group Executive Committee and Internal Audit are also included in Group Functions.

During 2014 Swedbank's operating segments were changed slightly to coincide with the organisational changes implemented in Swedbank's business area organisation. Comparative figures have been restated.

2013	Swedish Banking	Baltic Banking	Large corporates & Institutions	Group Functions & Other	Eliminations	Total
Income statement						
Net interest income	13 620	3 156	3 387	1 880	–14	22 029
Net commissions	6 364	1 733	1 968	–30	97	10 132
Net gains and losses on financial items at fair value	126	316	1 960	–918		1 484
Share of the profit or loss of associates	850			2		852
Other income	761	420	167	1 430	–337	2 441
Total income	**21 721**	**5 625**	**7 482**	**2 364**	**–254**	**36 938**
of which internal income	196	5	4	–600	395	
Staff costs	3 497	782	1 155	3 283	–13	8 704
Variable staff costs	230	66	409	242		947
Other expenses	5 835	1 453	1 591	–2 380	–241	6 258
Depreciation/amortisation	132	155	58	394		739
Total expenses	**9 694**	**2 456**	**3 213**	**1 539**	**–254**	**16 648**
Profit before impairments	**12 027**	**3 169**	**4 269**	**825**		**20 290**
Impairment of intangible assets		1	56	125		182
Impairment of tangible assets		23		670		693
Credit impairments	338	–437	180	–21		60
Operating profit	11 689	3 582	4 033	51		19 355
Tax expense	2 517	393	1 042	147		4 099
Profit for the year from continuing operations	9 172	3 189	2 991	–96		15 256
Profit for the year from discontinued operations, after tax				–2 340		–2 340
Profit for the year	9 172	3 189	2 991	–2 436		12 916
Profit for the year attributable to the shareholders of Swedbank AB	**9 158**	**3 189**	**2 991**	**–2 437**		**12 901**
Non-controlling interests	14			1		15
Balance sheet						
Cash and balances with central banks		2 475	2 899	54 008		59 382
Loans to credit institutions	40 852	503	371 497	186 653	–517 227	82 278
Loans to the public	936 752	119 170	204 365	4 953	–330	1 264 910
Bonds and other interest-bearing securities	215	1 065	54 536	129 714	–3 131	182 399
Financial assets for which customers bear inv. risk	120 694	2 049				122 743
Investments in associates	2 478		52	1 110		3 640
Derivatives			84 530	24 345	–44 523	64 352
Total tangible and intangible assests	2 931	10 344	446	3 762		17 483
Other assets	6 121	9 511	18 675	771 455	–778 847	26 915
Total assets	**1 110 043**	**145 117**	**737 000**	**1 176 000**	**–1 344 058**	**1 824 102**
Amounts owed to credit institutions	82 610		198 418	348 841	–508 248	121 621
Deposits and borrowings from the public	384 724	119 867	111 400	9 556	–4 939	620 608
Debt securities in issue		682	15 766	720 771	–10 944	726 275
Financial liabilities for which customers bear inv. risk	123 210	2 338				125 548
Derivatives			79 535	19 998	–44 522	55 011
Other liabilities	486 436	634	316 946	26 729	–775 405	55 340
Subordinated liabilities				10 159		10 159
Total liabilities	**1 076 980**	**123 521**	**722 065**	**1 136 054**	**–1 344 058**	**1 714 562**
Allocated equity	33 063	21 596	14 935	39 946		109 540
Total liabilities and equity	**1 110 043**	**145 117**	**737 000**	**1 176 000**	**–1 344 058**	**1 824 102**
Key figures						
Return on allocated equity, continuing operations, %	28.0	17.3	14.0	–0.3		14.7
Return on allocated equity, total operations, %	28.0	17.3	14.0	–8.0		12.5
Cost/income ratio	0.45	0.43	0.44	0.65		0.45
Credit impairment ratio, %	0.04	–0.37	0.08	–0.07		0.00
Loans/deposits	244	173	100	88		203
Loans, SEKbn	936 989	119 047	154 103	4 576		1 214 715
Deposits, SEKbn	384 618	119 499	89 320	5 228		598 665
Risk exposure amount, Basel 2	201 682	87 509	136 735	26 005		451 931
Full-time employees	4 984	1 069	3 935	4 277		14 265

G6 Products

2014	Financing	Savings & Investments	Payments & Cards	Trading & Capital markets	Other	Total
Net interest income	15 501	1 464	2 660	51	2 966	22 642
Net commissions	798	4 921	3 911	1 017	557	11 204
Net gains and losses on financial items at fair value	–47	28	25	2 279	–299	1 986
Share of the profit or loss of associates			724		256	980
Other income	60	722	290	13	1 406	2 492
Total income	**16 312**	**7 135**	**7 610**	**3 361**	**4 886**	**39 304**

2013	Financing	Savings & Investments	Payments & Cards	Trading & Capital markets	Other	Total
Net interest income	13 701	1 804	3 546	70	2 909	22 029
Net commissions	771	4 226	3 774	779	581	10 132
Net gains and losses on financial items at fair value	17	–40	81	2 350	–923	1 484
Share of the profit or loss of associates			571		281	852
Other income	57	790	268	13	1 313	2 441
Total income	**14 546**	**6 780**	**8 240**	**3 211**	**4 161**	**36 938**

In the product area report income has been distributed among five principal product areas. The Group does not have a single customer which accounts for more than 10 per cent of its total income.

(1) Financing:
private residential lending
consumer financing
corporate lending
leasing
other financing products

(2) Savings & Investments
savings accounts
mutual funds and insurance savings
pension savings
institutional asset management
other savings and investment products

(3) Payments & Cards
current accounts (incl. cash management)
cash handling
domestic payments
international payments
mobile payments
document payments
debit cards
credit cards (including EnterCard)
card acquiring
other payment products

(4) Trading & Capital Market Products
equity trading
structured products
corporate finance
custody services
fixed income trading
currency trading
other capital market products

(5) Other
administrative services
treasury operations
Ektornet
real estate brokerage
real estate management
legal services
safe deposit boxes
other

(5) Other also includes income from all countries apart from Sweden, Baltics and Norway

G7 Geographical distribution

The geographical distribution is based primarily on where the business is carried out and is not comparable to the operating segment reporting. In the geographical distribution, intangible assets, mainly goodwill related to acquisitions, has been allocated to the country where the operations were acquired. The column Other includes operations in Russia, Ukraine, Finland, Denmark, Luxembourg and China.

2014	Sweden	Estonia	Latvia	Lithuania	Norway	USA	Other	Eliminations	Total
Income statement									
Net interest income	17 456	1 606	1 017	936	875	384	367	1	22 642
Net commissions	8 446	662	620	719	557	13	162	25	11 204
Net gains and losses on financial items at fair value	1 354	201	93	121	276	–3	–56		1 986
Share of the profit or loss of associates	490				490				980
Other income	1 984	619	187	129	–1	47	19	–492	2 492
Total income	**29 730**	**3 088**	**1 917**	**1 905**	**2 197**	**441**	**492**	**–466**	**39 304**
Staff costs	7 693	577	331	379	320	37	115		9 452
Variable staff costs	529	51	36	32	149	4	6		807
Other expenses	5 293	481	364	443	305	76	129	–466	6 625
Depreciation/amortisation	453	120	62	49	22	4	8		718
Total expenses	**13 968**	**1 229**	**793**	**903**	**796**	**121**	**258**	**–466**	**17 602**
Profit before impairments	**15 762**	**1 859**	**1 124**	**1 002**	**1 401**	**320**	**234**		**21 702**
Impairment of intangible fixed assets	–10			2			9		1
Impairment of tangible fixed assets	29	2	8	28		159	30		256
Credit impairments	211	–29	–106	–49	382	1	9		419
Operating profit	**15 532**	**1 886**	**1 222**	**1 021**	**1 019**	**160**	**186**		**21 026**
Tax expense	3 335	262	184	124	241	76	79		4 301
Profit for the year from continuing operations	12 197	1 624	1 038	897	778	84	107		16 725
Profit for the year from discontinued operations, after tax				13			–275		–262
Profit for the period	12 197	1 624	1 038	910	778	84	–168		16 463
Profit for the year attributable to the shareholders of Swedbank AB	**12 183**	**1 624**	**1 038**	**908**	**778**	**84**	**-168**		**16 447**
Non-controlling interests	14			2					16
Balance sheet									
Cash and balances with central banks	369	16 641	9 125	14 106	4 312	68 434	781		113 768
Loans to credit institutions	126 947	2 308	4 246	1 050	1 157	29 253	1 442	–52 583	113 820
Loans to the public	1 221 074	58 882	29 465	38 119	39 935	3 836	14 357	–1 161	1 404 507
Bonds and other interest-bearing securities	136 189	6 069	4 137	5 088	10 208	7 026	1 963		170 680
Financial assets for which customers bear inv. risk	140 690	2 629							143 319
Investments in associates	3 894	7			1 023				4 924
Derivatives	101 634	297	97	159	26 560		488	–6 033	123 202
Tangible and intangible fixed assets	3 686	4 544	3 107	4 257	1 397	2	76		17 069
Other assets	24 586	1 531	1 497	549	714	142	1 219	–230	30 008
Total assets	**1 759 069**	**92 908**	**51 674**	**63 328**	**85 306**	**108 693**	**20 326**	**-60 007**	**2 121 297**
Amounts owed to credit institutions	128 090	2 591	223	541	50 016	26 372	16 187	–52 567	171 453
Deposits and borrowings from the public	516 514	60 822	35 985	47 462	3 877	10 407	2 234	–622	676 679
Debt securities in issue	763 808	14		331		70 859			835 012
Financial liabilities for which customers bear inv. risk	143 218	2 959							146 177
Derivatives	66 903	342	77	147	24 055		467	–6 297	85 694
Other liabilities	32 953	17 363	9 445	7 484	3 199	185	14	–521	70 122
Subordinated liabilities	18 957								18 957
Total liabilities	**1 670 443**	**84 091**	**45 730**	**55 965**	**81 147**	**107 823**	**18 902**	**-60 007**	**2 004 094**
Allocated equity	88 626	8 817	5 944	7 363	4 159	870	1 424		117 203
Total liabilities and equity	**1 759 069**	**92 908**	**51 674**	**63 328**	**85 306**	**108 693**	**20 326**	**-60 007**	**2 121 297**
Key figures									
Return on allocated equity, %	15,1	17,3	16,4	11,5	26,5	11,1	–9,8		15,0
Loans/deposits	228	97	82	80	1 032	37	717		200
Credit impairment ratio, %	0,02	–0,06	–0,35	–0,14	1,09	0,05	0,07		0,03
Share of impaired loans, %	0,16	2,20	4,82	3,15	0,52		0,07		0,41
Cost/income ratio	0,47	0,40	0,41	0,47	0,36	0,28	0,53		0,45
Risk exposure amount, Basel 3	287 923	32 111	26 524	27 278	23 790	5 537	11 052		414 214
Full-time employees	8 482	2 280	1 521	1 953	218	22	107		14 583

2013	Sweden	Estonia	Latvia	Lithuania	Norway	USA	Other	Eliminations	Total
Income statement									
Net interest income	17 608	1 394	1 003	781	724	216	299	4	22 029
Net commissions	7 622	599	583	589	568	1	149	21	10 132
Net gains and losses on financial items at fair value	722	107	230	124	293	–3	11		1 484
Share of the profit or loss of associates	505	1			345		1		852
Other income	1 478	622	345	111	1	210	102	–428	2 441
Total income	**27 935**	**2 723**	**2 161**	**1 605**	**1 931**	**424**	**562**	**–403**	**36 938**
Staff costs	7 033	548	333	357	293	37	103		8 704
Variable staff costs	675	61	24	29	149	1	8		947
Other expenses	4 725	485	475	380	270	198	128	–403	6 258
Depreciation/amortisation	439	136	64	47	20	17	16		739
Total expenses	**12 872**	**1 230**	**896**	**813**	**732**	**253**	**255**	**–403**	**16 648**
Profit before impairments	**15 063**	**1 493**	**1 265**	**792**	**1 199**	**171**	**307**		**20 290**
Impairment of intangible fixed assets	181			1					182
Impairment of tangible fixed assets	8	3	25	41		324	292		693
Credit impairments	359	–265	2	–174	14	111	13		60
Operating profit	**14 515**	**1 755**	**1 238**	**924**	**1 185**	**–264**	**2**		**19 355**
Tax expense	3 101	118	198	129	340	151	62		4 099
Profit for the year from continuing operations	11 414	1 637	1 040	795	845	–415	–60		15 256
Profit for the year from discontinued operations, after tax	–16			9			–2 333		–2 340
Profit for the period	11 398	1 637	1 040	804	845	–415	–2 393		12 916
Profit for the year attributable to the shareholders of Swedbank AB	**11 384**	**1 637**	**1 040**	**803**	**845**	**–415**	**–2 393**		**12 901**
Non-controlling interests	14			1					15
Balance sheet									
Cash and balances with central banks	327	9 757	11 906	5 220	2 563	20 246	9 363		59 382
Loans to credit institutions	81 935	3 021	480	1 612	4 740	6 995	2 886	–19 391	82 278
Loans to the public	1 099 521	54 538	29 407	35 286	32 958	3 098	11 419	–1 317	1 264 910
Bonds and other interest-bearing securities	150 596	8 522	2 007	7 210	7 721	5 616	727		182 399
Financial assets for which customers bear inv. risk	120 694	2 049							122 743
Investments in associates	2 702	7			931				3 640
Derivatives	52 432	165	85	80	15 703		52	–4 165	64 352
Tangible and intangible fixed assets	3 471	4 386	3 296	4 085	1 404	452	389		17 483
Other assets	20 151	1 321	1 151	753	1 636	130	2 419	–646	26 915
Total assets	**1 531 829**	**83 766**	**48 332**	**54 246**	**67 656**	**36 537**	**27 255**	**–25 519**	**1 824 102**
Amounts owed to credit institutions	62 822	4 281	2 639	1 689	41 923	6 264	22 521	–20 518	121 621
Deposits and borrowings from the public	490 715	52 910	32 437	38 511	3 742	100	2 333	–140	620 608
Debt securities in issue	696 596	16		683		28 980			726 275
Financial liabilities for which customers bear inv. risk	123 210	2 338							125 548
Derivatives	43 933	213	93	46	14 805		35	–4 114	55 011
Other liabilities	25 403	14 592	6 788	5 374	3 693	632	–395	–747	55 340
Subordinated liabilities	10 083	76							10 159
Total liabilities	**1 452 762**	**74 426**	**41 957**	**46 303**	**64 163**	**35 976**	**24 494**	**–25 519**	**1 714 562**
Allocated equity	79 067	9 340	6 375	7 943	3 493	561	2 761		109 540
Total liabilities and equity	**1 531 829**	**83 766**	**48 332**	**54 246**	**67 656**	**36 537**	**27 255**	**–25 519**	**1 824 102**
Key figures									
Return on allocated equity, %	16.0	16.4	14.7	10.4	22.9	–45.8	–89,3		12.5
Loans/deposits	224	103	91	92	881	3 107	489		203
Credit impairment ratio, %	0.03	–0.49	0.01	–0.49	0.04	3.59	0.12		
Share of impaired loans, %	0.21	2.43	6.98	4.37	0.03	0.03	0.03		0.55
Cost/income ratio	0.46	0.45	0.41	0.51	0.38	0.60	0.46		0.45
Risk exposure amount, Basel 2	309 375	37 718	29 471	32 542	24 930	3 540	14 355		451 931
Full-time employees	8 174	2 264	1 612	1 864	224	20	107		14 265

G8 Net interest income

	2014			2013		
	Average balance	Interest income/ expense	Average annual interest rate, %	Average balance	Interest income/ expense	Average annual interest rate, %
Loans to credit institutions	96 699	658	0.68	82 220	679	0.83
Loans to the public	1 314 650	38 741	2.95	1 249 907	41 588	3.33
Interest-bearing securities	163 632	2 274	1.39	133 098	2 147	1.61
Total interest-bearing assets	**1 574 981**	**41 673**	**2.65**	**1 465 225**	**44 414**	**3.03**
Derivatives	85 186	–199		76 497	63	
Other assets	387 607	764		343 790	502	
Total assets	**2 047 774**	**42 238**	**2.06**	**1 885 512**	**44 979**	**2.39**
deduction of interest income reported in net gains/ losses on financial items at fair value		1 186			1 011	
Interest income according to income statement		**41 052**	**0.00**		**43 968**	
Amounts owed to credit institutions	143 222	479	0.33	132 810	656	0.49
Deposits and borrowings from the public	722 339	3 191	0.44	646 873	5 040	0.78
of which deposit guarantee fees	0	604			560	
Debt securities in issue	801 892	16 901	2.11	767 551	18 709	2.44
of which commissions for funding with state guarantee	0	31			129	
Subordinated liabilities	17 175	671	3.91	12 022	625	5.20
Interest-bearing liabilities	1 684 628	21 242	1.26	1 559 256	25 030	1.61
Derivatives	66 330	–2 866		67 716	–2 658	
Other liabilities	186 863	695		155 128	548	
of which stability fee	0	616			491	
Total liabilities	**1 937 821**	**19 071**	**0.98**	**1 782 100**	**22 920**	**1.29**
Equity	**109 953**			**103 412**		
Total liabilities and equity	**2 047 774**	**19 071**	**0.93**	**1 885 512**	**22 920**	**1.22**
deduction of interest income reported in net gains/ losses on financial items at fair value		661			981	
Interest expense according to income statement		**18 410**			**21 939**	
Net interest income		**22 642**			**22 029**	
Net interest margin before trading interest are deducted			1.13			1.17
Interest income impaired loans		132			194	
Interest income on financial assets at amortised cost		29 910			25 699	
Interest expenses on financial liabilities at amortised cost		22 736			22 201	

Net interest income rose by 3 per cent to SEK 22 642m (22 029). Group Treasury's net interest income improved thanks to falling market interest rates. Repricing and increased deposit volumes contributed positively in Baltic Banking, while higher lending volumes and origination fees contributed to the improvement in LC&I. Swedish Banking's net interest income decreased. Lower market interest rates had an adverse effect, while increased lending volumes and higher mortgage margins contributed positively. Increased provisions to the stability fund reduced net interest income by SEK 125m. Fluctuations in exchange rates increased net interest income by SEK 164m.

G9 Net commission income

	2014	2013
Commission income		
Payment processing	1 793	1 753
Cards	4 451	4 053
Service concepts	493	442
Asset management	5 683	5 141
Life insurance	503	503
Brokerage	609	499
Other securities	57	59
Corporate finance	466	350
Lending	956	853
Guarantee	218	187
Deposits	154	132
Real estate brokerage	301	169
Non-life insurance	79	89
Other commission income	489	462
Total	**16 252**	**14 692**

	2014	2013
Commission expenses		
Payment processing	–998	–935
Cards	–2 116	–1 892
Service concepts	–16	–16
Asset management	–1 202	–1 028
Life insurance	–218	–228
Brokerage	–235	–245
Other securities	–44	–47
Lending and guarantees	–63	–57
Other commission expenses	–156	–112
Total	**–5 048**	**–4 560**

	2014	2013
Net commission income		
Payment processing	795	818
Cards	2 335	2 161
Service concepts	477	426
Asset management	4 481	4 113
Life insurance	285	275
Brokerage	374	254
Other securities	13	12
Corporate finance	466	350
Lending	893	796
Guarantee	218	187
Deposits	154	132
Real estate brokerage	301	169
Non-life insurance	79	89
Other commission income	333	350
Total	**11 204**	**10 132**

Net commission income rose by 11 per cent (5) to SEK 11 204m (10 132). Increased activity in financing solutions and higher commission income from asset management due to an increase in assets under management were the biggest contributors. The outsourcing of ATMs by Swedish Banking has reduced net commission income as well as expenses.

In 2014 the classification of certain commission income and certain commission expenses was changed to better reflect the type of commission. Total commission income and total commission expenses have not been changed. Comparative figures for 2013 have been restated.

G10 Net gains and losses on financial items at fair value

	2014	2013
Valuation category, fair value through profit or loss		
Trading and derivatives		
Shares and share related derivatives	289	–67
of which dividend	302	245
Interest-bearing instruments and interest related derivatives	–235	2 761
Other financial instruments	1	8
Total	**55**	**2 702**
Other		
Shares	98	137
of which dividend	3	3
Loans	1 371	–2 129
Financial liabilities	–1 008	–328
Total	**461**	**–2 320**
Hedge accounting at fair value		
Hedging instruments	8 040	–7 696
Hedged item	–8 032	7 663
Total	**8**	**–33**
Ineffective part in hedging of net investments in foreign operations	**15**	**–49**
Financial liabilities valued at amortised cost	**–2**	**–133**
Loan receivables at amortised cost	**170**	**137**
Trading related interest		
Interest income	1 187	1 011
Interest exoense	–661	–981
Total trading related interest	**526**	**30**
Change in exchange rates	**753**	**1 150**
Total	**1 986**	**1 484**
Distribution by business purpose		
Financial instruments for trading related business	2 423	1 963
Financial instruments intended to be held until contractual maturity	–437	–479
Total	**1 986**	**1 484**

Net gains and losses on financial items at fair value rose by 34 per cent to SEK 1 986m (1 484). The net result in Group Treasury within Group Functions & Other was less negative in 2014 mainly due to the positive effects of falling interest rates. Net gains and losses on financial items at fair value within LC&I were stable.

The Group uses the fair value option as an alternative to hedge accounting. A change was made in 2014 whereby exchange rate effects for liabilities the bank has chosen to measure at fair value as well as exchange rate effects from derivatives that financially hedge these liabilities are now recognised as changes in exchange rates. Previously exchange rate effects were recognised together with other changes in the value of these items. The change did not affect total net gains and losses on financial items at fair value. Comparative figures for 2013 have been restated.

G11 Net insurance

	2014	2013
Insurance premiums		
Life insurance	1 466	1 338
of which loan protection	182	183
of which other	1 284	1 155
Non-life insurance	423	376
Total	**1 889**	**1 714**

	2014	2013
Insurance provisions		
Life insurance	–1 057	–843
of which loan protection	–119	–115
of which other	–938	–728
Non-life insurance	–251	–224
Total	**-1 308**	**-1 067**

	2014	2013
Net insurance		
Life insurance	409	495
of which loan protection	63	68
of which other	346	427
Non-life insurance	172	152
Total	**581**	**647**

G12 Other income

	2014	2013
Profit from sale of subsidiaries and associates	0	80
Bargain purchase	461	0
Income from real estate operations	85	245
Profit from sale of properties, equipments etc.	101	144
Sold inventories	119	244
of which revenues	894	1 513
of which carrying amount	–775	–1 269
IT services	771	766
Other operating income	375	315
Total	**1 911**	**1794**

In 2014 a bargain price purchase gain of SEK 461m was recognised on the acquisition of Sparbanken Öresund. Income from real estate operations amounted to SEK 85m (245), of which SEK 75m (239) mainly relates to properties taken over to protect claims in the US and Latvia. Profit from sale of properties, equipment etc. in 2014 included a capital gain of SEK 83m on the sale of the subsidiary Ektornet Kr. Valdemara with its property in Moscow, Russia.

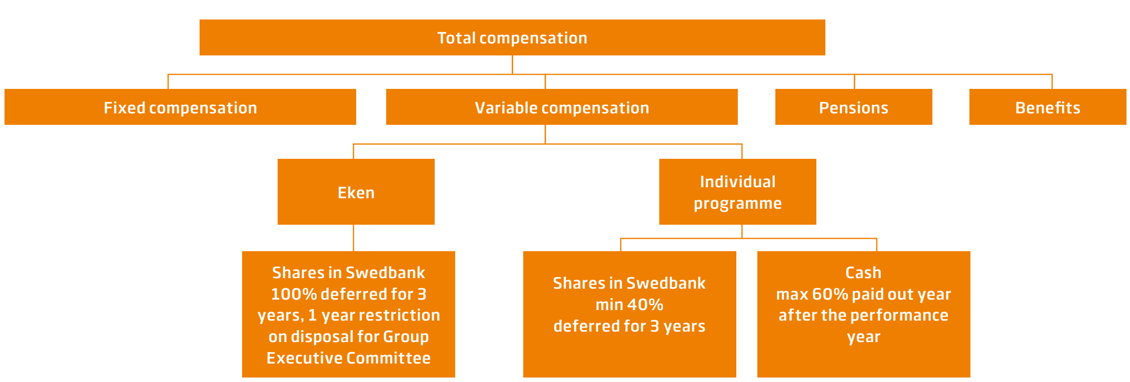
G13 Staff costs

COMPENSATION WITHIN SWEDBANK

The majority of employees have fixed and variable compensation components, which, together with a pension and other benefits, represent their total compensation. Total compensation is market-based and designed to achieve a sound balance between the fixed and variable components.

Further information on compensation can be found in section 9 of the Corporate Governance Report and in the employee section on page 18.

Information on compensation according to the SFSA's regulations and general guidelines on compensation policies (FFFS 2011:1) is published on Swedbank's website.



Total staff costs	2014	2013
Salaries and Board fees	5 952	5 676
Compensation through shares in Swedbank AB	459	418
Social insurance charges	2 129	2 024
Pension costs[1]	1 046	1 084
Training costs	127	116
Other staff costs	546	333
Total	**10 259**	**9 651**
of which variable staff costs	807	947
of which personnel redundancy costs	439	142

1) The Group's pension cost for the year is specified in note G39.

VARIABLE COMPENSATION

Swedbank currently has four share-based variable compensation programmes, Programme 2011, Programme 2012, Programme 2013 and Programme 2014. The programmes are considered to have expired when shares have been transferred to employees. In 2014 shares associated with Programme 2010 and some shares associated with Programme 2011 were transferred to employees.

Risk management

Swedbank's variable compensation is adapted to risks in the company. Risk management can be divided into two parts: ex-ante and ex-post.

- Ex-ante risk management (risk management before the allotment of variable compensation)

Variable compensation is tied to the employee's performance, the Group's total result and the business area result during the performance year. Allotments of variable compensation are contingent on a positive Economic Profit (operating profit after deducting company tax and the cost of capital) at the business area and Group levels. Variable compensation is limited at the individual level i.e. there is a maximum amount, and is evaluated on the basis of predetermined parameters. Total variable compensation for the Group and each business area is also limited to a predetermined amount in accordance with the Board's decision.

- Ex-post risk management (risk management after the allotment of variable compensation during the deferral period)

A portion of variable compensation within Swedbank is deferred for at least three years.In addition, there is no threshold of SEK 100 000 (without requiring deferral), nor any pro rata payment for deferred compensation, as permitted by law. Pro rata payment allows a company to pay out deferred compensation once a year evenly distributed over the deferral period.

Based on the principles established by the AGM, Swedbank's Board of Directors oversees variable compensation, which covers the majority of employees. The Board can withhold variable compensation if the Group's financial position has been greatly weakened or there is a significant risk of this occurring, or if improper actions by individuals have adversely affected Swedbank's or a business area's results.

Programme 2014

Programme 2014 consists of two parts:

- A general programme, Eken, which comprises essentially all employees in the Group and consists of deferred compensation in the form of shares
- An individual programme comprising around 700 employees and consisting of cash and deferred compensation in the form of shares.

Further information on Programme 2014 as well as Programmes 2011-2013 can be found in Swedbank's fact book, which is published on the bank's website in connection with its quarterly reports as well as in the detailed agenda items that serves as a basis for resolutions by the AGM.

Senior executives and variable compensation

Swedbank was part of the state guarantee programme until May 2014, which meant that the five highest paid senior executives were excluded from variable compensation. As of May 2014 all senior executives are covered by Eken (except the CEO and one other). A couple are also covered by the individual programme.

Reporting of share-based compensation

Share-based compensation is allocated in the form of so-called performance rights (future ordinary shares). Share-based compensation is accrued over the duration of each programme, since the delivery of shares is conditional on continued employment. Each programme comprises i) the initial performance year, followed by ii) allotments and a deferral period before iii) final transfer of the shares to participants in the year after the conclusion of the deferral period and publication of the year-end report. During the initial performance year the compensation is expressed and measured in the form of a monetary value corresponding to the performance amount. Thereafter, the compensation is expressed in terms of the number of performance rights until the delivery date.

Performance rights for each programme are valued in the accounts based on the estimated price of the ordinary share on the measurement date i.e. the date when the company and the counterparty agree to the contractual terms and conditions in each programme. Each performance right entitles its holder to one ordinary share plus compensation for dividends distributed, for which the performance rights did not qualify for during the programme's duration. The reported cost of each programme can change during the period until the delivery date if the performance amount changes or because the performance rights are forfeited. The reported cost excluding social insurance charges does not change when the market value of the performance rights has changed. Social insurance charges are calculated and recognised continuously based on the market value and ultimately determined at the time of delivery.

Variable Compensation Programme 2010-2014	2014	2013
Programme 2010		
Recognised expense for compensation that is settled with shares in Swedbank AB	3	23
Recognised expense for social insurance charges related to the share settled compensation		32
Programme 2011		
Recognised expense for compensation that is settled with shares in Swedbank AB	60	119
Recognised expense for social insurance charges related to the share settled compensation	39	108
Programme 2012		
Recognised expense for compensation that is settled with shares in Swedbank AB	148	154
Recognised expense for social insurance charges related to the share settled compensation	67	59
Programme 2013		
Recognised expense for compensation that is settled with shares in Swedbank AB	106	122
Recognised expense for social insurance charges related to the share settled compensation	31	26
Recognised expense for cash settled compensation		162
Recognised expense for payroll overhead costs related to the cash settled compensation		73
Programme 2014		
Recognised expense for compensation that is settled with shares in Swedbank AB	142	
Recognised expense for social insurance charges related to the share settled compensation	31	
Recognised expense for cash settled compensation	129	
Recognised expense for payroll overhead costs related to the cash settled compensation	49	
Total recognised expense	**805**	**878**

Number of performance rights that establish the recognised share based expense, millions	2014	2013
Outstanding at the beginning of the period	**15**	**12**
Allotted	3	3
Forfeited	1	
Excercised	3	
Outstanding at the end of the period	**14**	**15**
Exercisable at the end of the period	0	0
Weighted average fair value per performance right at measurement date, SEK	132	121
Weighted average remaining contractual life, months	16	22
Weighted average exercise price per performance right, SEK[1]	0	0

1) Applicable to the following groups; outstanding at the beginning of the period, granted during the period, forfeited during the period, exercised during the period, expired during the period, outstanding at the end of the period, exercisable at the end of the period.

COMPENSATION TO THE CEO

Michael Wolf was appointed CEO on 1 March 2009. His employment terms contain no variable compensation. His fixed salary was unchanged during the period 2009-May 2014 because Swedbank participated in the state guarantee programme. As of 1 June 2014 his annual fixed salary is SEK 13m.

Michael Wolf's ordinary retirement age is 65 and he receives a premium equivalent to 35% of his salary for pension insurance. If terminated by Swedbank, Michael Wolf will receive 75% of his salary during a 12-month term of notice, in addition to severance pay equivalent to 75% of his salary for 12 months. A deduction against salary and severance pay is made for income earned from new employment. If Michael Wolf resigns, the term of notice is six months and no severance pay is paid.

	2014	2013
Michael Wolf		
Fixed compensation, salary	10 900	8 000
Other compensation/benefits	214	138
Total	**11 114**	**8 138**
Pension cost, excluding payroll tax	4 000	3 200

COMPENSATION TO OTHER SENIOR EXECUTIVES

Members of the Group Executve Committee excluding the CEO are defined in this context as other senior executives. Compensation to other senior executives includes compensation paid by all Group companies during the year, Swedish as well as foreign, and refers to the period during which these individuals were active as senior executives.

A total of 16 individuals were employed as of year-end. Thirteen of them were active as senior executives throughout the year: Mikael Björknert, Birgitte Bonnesen, Göran Bronner, Ulf Ejelöv, Anders Ekedahl, Björn Elfstrand, Jonas Erikson, Lars Friberg, Magnus Gagner-Geeber, Cecilia Hernqvist, Anders Karlsson, Helo Meigas and Lena Smeby-Udesen.

Marie Halling, Stojko Gjurovski, Christer Trägårdh, Annika Hellström and Lars Ljungälv were included for part of the year. Three of these individuals were employed as of year-end.

	2014	2013
Fixed compensation, salary	63	54
Variable compensation, cash	1	
Variable compensation, share based	5	3
Other compensation/benefits[1]	3	1
Compensation at terminated contract[2]		8
Total	**72**	**66**
Pension cost, excluding payroll tax	24	20
Number of performance rights regarding share based compensation	32 654	18 705
Number of persons as of 31 December	16	15

1) Includes holiday pay, employee loan interest benefit, share benefit, lunch subsidy, health insurance benefit, telephone and fund discount

2) Includes salary during term of notice, severance, pension costs and any benefits

Pension and other contractual terms to other senior executives

Pension

Swedbank applies the BTP collective pension for employees in Sweden. The BTP plan is a complement to the national pension for Swedish employees and consists of BTP1, a defined contribution pension, and BTP2, primarily a defined benefit pension. BTP1 applies to all employees hired as of 1 February 2013. The ceiling for pensionable salary is 30 income base amounts (the income base amount for 2014 was SEK 56 900).

In a defined benefit pension, the employer promises a future pension often expressed as a percentage of salary. In a defined contribution pension the employer allocates a specific percentage of the employee's salary to a premium.

Thirteen senior executives are eligible for BTP2, which limits pensionable salary to 30 income base amounts. In addition, an individual defined contribution pension is paid on fixed salaries exceeding 30 income base amounts. Three senior executives receive a wholly premium-based pension solution (individual contracts).

The maximum pensionable salary for the defined contribution portion for all senior executives is determined annually by the Board of Directors.

Other contractual terms to other senior executives

	Term of notice	Severance pay	Resignation
14 persons	12 months	12 months	6 months
1 person	6 months	12 months	6 months
1 person	6 months	6 months	6 months

Conditions within the framework of the contractual terms:

- If terminated, salary and benefits are paid during the term of notice
- If terminated by Swedbank, severance is paid
- If new work is found, a deduction is made for salary income during the term of notice and during the period when severance is paid

COMPENSATION TO THE BOARD OF DIRECTORS

Compensation to the members of the Board of Directors, as indicated in the table below, is determined by the AGM and corresponds to the annual fees as of 29 May 2014, when Swedbank's agreement with the Swedish National Debt office expired, to the AGM 2015. Board compensation consists of fixed compensation for Board work as well as fixed compensation for any committee work. The three committees are the Audit Committee, the Risk and Capital Committee and the Remuneration Committee. During the year no costs were reported for previous Board members beyond what is indicated below. The Group does not have any pension entitlements for Board members.

Compensation to the Board of Directors, corresponds to the annual fees as of 29 May 2014 to the AGM 2015, SEK thousands	2014			2013		
	Board fees	Committee work	Total	Board fees	Committee work	Total
Anders Sundström, Chair	2 350	500	2 850	1 350	350	1 700
Lars Idermark, Deputy Chair	800	300	1 100	675	350	1 025
Ulrika Francke, Director	500	450	950	400	100	500
Göran Hedman, Director	500	250	750	400	425	825
Olav Fjell, Director				400	250	650
Anders Igel, Director	500	100	600	400	100	500
Pia Rudengren, Director	500	200	700	400	250	650
Charlotte Strömberg, Director				400	125	525
Maj-Charlotte Wallin, Director	500	200	700			
Karl-Henrik Sundström, Director	500	200	700	400	125	525
Siv Svensson, Director	500	200	700	400	125	525
Total	**6 650**	**2 400**	**9 050**	**5 225**	**2 200**	**7 425**

Compensation to the Chair

The current Chair receives fixed compensation for Board work as well as fixed compensation for committee work i.e. no variable compensation, pension or other benefits. The table below shows the costs reported for the years 2013 and 2014.

	2014	2013
Anders Sundström		
Within framework of Board fees set by the Board	2 850	1 700
Total	**2 850**	**1 700**

SUMMARY – COMPENSATION TO THE BOARD OF DIRECTORS, CEO AND OTHERS IN GROUP EXECUTIVE COMMITTEE (KEY MANAGEMENT)

	2014	2013
Short-term employee benefits	87	71
Post employment benefits, pension costs	28	23
Termination benefits, severance pay		8
Share-based payments	5	3
Total	**120**	**105**
Amounts of outstanding balances		
Granted loans	102	80

SUMMARY – PENSIONS AND LOANS TO BOARDS OF DIRECTORS AND EQUIVALENT SENIOR EXECUTIVES IN THE ENTIRE GROUP

Pension costs reported in the table below refer to current Directors, CEOs, Vice Presidents and equivalent senior executives in the Group. The costs exclude social insurance charges and payroll taxes.

	2014	2013
Cost for the year related to pensions and similar benefits	49	42
No. of persons	73	82
Granted loans	482	340
No. of persons	131	141

Obligations for former CEOs and Vice Presidents have been funded through insurance and pension foundations. The latter's obligations amounted to SEK 389m (392). The Group has not pledged any assets or other collateral or committed to contingent liabilities on behalf of any of the above-mentioned group of senior executives.

SUMMARY – COMPENSATION TO BOARDS OF DIRECTORS AND EQUIVALENT SENIOR EXECUTIVES IN THE ENTIRE GROUP

Shown here are the salaries and other compensation for Boards of Directors, CEOs, Vice Presidents and equivalent senior executives in the Group. This group includes current employees. Fees to CEOs and other senior executives for internal board duties are deducted against their salaries, unless otherwise agreed to.

	2014					2013				
	Boards of Directors, CEOs, Vice Presidents and equivalent senior executives			Other employees	All employees	Board of Directors, CEOs, Vice Presidents and equivalent senior executives			Other employees	All employees
Country	Number of persons	Salaries and Board fees	Variable compensation	Salaries and variable compensation	Total	Number of persons	Salaries and Board fees	Variable compensation	Salaries and variable compensation	Total
Sweden	97	145	6	4 705	4 856	101	127	3	4 505	4 635
Denmark				16	16				15	15
Estonia	28	17	3	443	463	22	13	3	416	432
Finland				29	29				29	29
Latvia	16	13	3	271	287	16	13	3	270	286
Lithuania	23	15	2	287	304	30	19	2	260	281
Luxembourg	7	9		31	40	8	7		24	31
Norway	3	1		369	370	4	2		336	338
Ukraine	3			2	2				6	6
USA	3	8	1	25	34	4	6		24	30
Other countries	3	2		8	10	1	1		10	11
Total	**183**	**210**	**15**	**6 186**	**6 411**	**186**	**188**	**11**	**5 895**	**6 094**

KEY RATIOS

Average number of employees based on 1 585 hours per employee	2014	2013
Sweden	9 058	8 501
Denmark	27	27
Estonia	2 454	2 596
Finland	33	29
Latvia	1 748	1 920
Lithuania	2 160	2 585
Luxembourg	43	46
Norway	274	266
Ukraine	8	15
USA	23	15
Other countries	22	22
Total	**15 850**	**16 022**
Number of hours worked (thousands)	25 120	25 395
Number of Group employees at year-end excluding long-term absentees in relation to hours worked expressed as full-time positions	14 583	14 265

Employee turnover excluding retired staff, %	2014	2013
Swedish Banking	4.6	4.8
Large Corporates & Institutions	5.7	6.1
Baltic Banking	15.0	17.5
Group Functions	8.3	8.5
Total	**8.6**	**9.9**

Employee turnover including retired staff, %	2014	2013
Swedish Banking	7.0	7.1
Large Corporates & Institutions	6.9	7.0
Baltic Banking	15.0	17.5
Group Functions	9.8	10.1
Total	**10.0**	**11.3**

Employee turnover is calculated as the number of employees who terminated their employment during the year divided by the number of employees as of 31December of the previous year.

Other key ratios	2014	2013
Average number of employees	15 850	16 022
Number of employees at year-end	15 427	15 147
Number of full-time positions[1]	14 583	14 265
Absenteeism, %[2]	3,0	2,8
Long-term healthy employees, %[2]	77,0	76,7

1) Refers to continuing operations
2) Refers to the Swedish operations. Long-term healthy refer to employees with a maximum of 5 working days of sick leave during a rolling 12 month period

Swedbank strives for diversity, including an even distribution between women and men, among employees in general as well as among senior executives. We are convinced that it is important to maintain a balance between women and men, not least among senior executives in the parent company and the Group and their respective management teams. Consequently, we have specifically chosen as of 2011 to show their gender distribution.

Distribution by gender and country	2014		2013	
%	Female	Male	Female	Male
Sweden	56	44	54	46
Denmark	68	32	60	40
Estonia	79	21	77	23
Finland	64	36	67	33
Latvia	78	22	76	24
Lithuania	75	25	74	26
Luxembourg	39	61	38	62
Norway	26	74	26	74
Ukraine	83	17	65	35
USA	14	86	20	80
Other countries	50	50	44	56

Distribution by gender	2014		2013	
%	Female	Male	Female	Male
All employees	64	36	62	38
Swedbank's Board of Directors	44	56	40	60
Group Executive Committee incl. CEO	29	71	30	70
Group Executive Committee and their respective management teams	42	58	40	60

Swedbank has chosen in the table above to present Swedbank's Board of Directors and Group Executive Commitee.

The annual report contains a presentation of the gender distribution for all Boards of Directors in the Group, including subsidiaries. A summary of all of the Group's Boards, including subsidiaries, shows a distribution of 36 percent women (37) and 64 percent men (63). A summary of all of the Group's senior executives, including subsidiaries, shows a distribution of 25 percent women (25) and 75 percent men (75).

G14 Other general administrative expenses

	2014	2013
Expenses for premises	92	8
Rents, etc.	1 263	1 185
IT expenses	1 824	1 650
Telecommunications, postage	161	141
Consulting	408	265
Compensation to savings banks	735	662
Other purchased services	635	647
Travel	218	201
Entertainment	59	49
Office supplies	109	120
Advertising, public relations, marketing	361	354
Security transports, alarm systems	85	207
Maintenance	130	158
Other administrative expenses	358	258
Other operating expenses	188	353
Total	**6 625**	**6 258**

Remuneration to auditors	2014	2013
Remuneration to auditors elected by Annual General Meeting, Deloitte		
Statutory audit	34	32
Other audit	5	2
Tax advisory	1	1
Other	3	3
Remuneration to other auditors elected by Annual General Meeting		
Statutory audit	0	2
Other	0	3
Total	**44**	**42**
Internal Audit, not Deloitte	67	63

G15 Depreciation/amortisation of tangible and intangible fixed assets

Depreciation/amortisation	2014	2013
Equipment	336	340
Owner-occupied properties	43	38
Investment properties	10	42
Intangible fixed assets	329	319
Total	**718**	**739**

G16 Impairments of tangible assets including repossessed lease assets

Impairments	2014	2013
Investment properties	49	260
Properties measured as inventory	206	413
Repossessed leasing assets	1	16
Other assets		4
Total	**256**	**693**

G17 Credit impairments

Credit impairments	2014	2013
Provisions for loans that individually are assessed as impaired		
Provisions	755	484
Reversal of previous provisions	–344	–387
Provision for homogenous groups of impaired loans, net	–444	–445
Total	**-33**	**-348**
Portfolio provisions for loans that individually are not assessed as impaired	**-77**	**-281**
Write-offs		
Established losses	1 808	2 925
Utilisation of previous provisions	–821	–1 702
Recoveries	–396	–383
Total	**591**	**840**
Credit impairments for contingent liabilities and other credit risk exposures	**-62**	**-151**
Credit impairments	**419**	**60**
Credit impairments by valuation category		
Loans and receivables	405	38
Fair value through profit or loss	14	22
Held to maturity		
Total	**419**	**60**
Credit impairments by borrower category		
Credit institutions	–5	–10
General public	424	70
Total	**419**	**60**

G18 Tax

Tax expense	2014	2013
Tax related to previous years	22	209
Current tax	4 992	3 954
Deferred tax	–713	–64
Total	**4 301**	**4 099**

The difference between the Group's tax expense and the tax expense based on current tax rates is explained below:

	2014		2013	
	SEKm	per cent	SEKm	per cent
Results	4 301	20.5	4 099	21.2
22% of pre-tax profit	4 626	22.0	4 258	22.0
Difference	**325**	**1,5**	**159**	**0.8**
The difference consists of the following items:				
Tax previous years	–22	–0,1	–209	–1.1
Tax -exempt income/non-deductible expenses	55	0,3	28	0.1
Change in unrecognised deferred tax assets which effects the effective tax rate	–187	–0,9	–19	–0.1
Tax-exempt capital gains and appreciation in value of shares and participating interests	126	0,6	1	0.0
Other tax basis in insurance operations	117	0,5	89	0.5
Deviating tax rates in other countries	264	1,2	293	1.5
Standard income tax allocation reserve	–21	–0,1	–14	–0.1
Other, net	–7	0,0	–10	0.0
Total	**325**	**1,5**	**159**	**0.8**

The 2014 tax expense corresponds to an effective tax rate of 20.5 per cent (21.2). The Swedish corporate tax rate was reduced from 26.3 per cent to 22.0 per cent on 1 January 2013.

2014

Deferred tax assets	Opening balance	Income statement	Other comprehensive income	Equity	Business combinations	Exchange rate differences	Closing balance
Deductible temporary differences							
Provision for credit impairments	35	–16				2	21
Other	139	359				3	501
Share-based payment	10	0		4			14
Unused tax losses	375	61				14	450
Unrecognised deferred tax assets	–142	–206				0	–348
Total	**417**	**198**		**4**		**19**	**638**
Deferred tax liabilities							
Taxable temporary differences							
Untaxed reserves	2 724	–292			21		2 453
Hedge of net investment in foreign operations	242	7	–532				–283
Provision for pensions	–713	14	104		–38		–633
Cash flow hedges	78	–196	10		0		–108
Intangible fixed assets	243	–1			45		287
Share-based payment	–92			–9			–101
Other	–99	–40			148	60	69
Total	**2 383**	**–508**	**–418**	**–9**	**176**	**60**	**1 684**
Deferred tax in associates		–7	–2				
Total		**–515**	**–420**				

Deferred tax related to hedging of net investments in foreign operations and cash flow hedging is recognised directly in other comprehensive income, since the change in the value of the hedging instrument is also recognised directly in other comprehensive income. Deferred tax related to untaxed reserves in associates is included in the balance sheet line investments in associates.

Swedbank AS pays income tax in Estonia only upon distribution of its earnings. The tax rate for 2014 was 21 per cent (21). Retained earnings in Swedbank AS, which would be subject to income tax if distributed, amounted to SEK 17 387m (14 976). The parent company determines the dividend payment and has established a specific dividend policy that a portion of the profit will be distributed; therefore a deferred tax liability is recognised based on this dividend policy. To the extent dividends are not expected to the paid in the foreseeable future, the Group continues to not recognise a deferred tax liability. If the largest possible dividend was to be distributed, a tax expense of SEK 3 268m (3 145) would arise.

The unrecognised portion of deferred tax assets amounted to SEK 349m (142), of which SEK 315m (89) relates to the operations in Ektornet. The assets are not recognised due to uncertainty when sufficient taxable earnings will be generated. See also note G2 Accounting policies.

Unused tax losses and unused tax credits according to tax calculation

Maturity	Total deduction	Deduction for which deferred tax is recognised: Latvia	Lithuania	Sweden	Deduction for which deferred tax is not recognised
2015	2			2	
Without maturity	2 164	662	540		962
Total	**2 166**	**662**	**540**	**2**	**962**

When the Group determines how much of deferred tax assets will be recognised, it forecasts future taxable profits that can be utilised against tax loss carryforwards or other future tax credits. Deferred tax assets are recognised only to the extent such profits are probable. The Group expects that about 75 per cent (85) of the taxable losses that serve as the basis for recognised deferred tax assets will be utilised before the end of 2016 i.e. within the framework of the Group's three-year financial plan. Most of the losses for which deferred tax assets are recognised derive from the Group's home markets.

2013

Deferred tax assets	Opening balance	Income statement	Other comprehensive income	Equity	Discontinued operations	Exchange rate differences	Closing balance
Deductible temporary differences							
Provision for credit impairments	58	–24				1	35
Other	298	2			–161		139
Share-based payment	0			10			10
Unused tax losses	1 277	–207			–689	–6	375
Unrecognised deferred tax assets	–976	40			785	9	–142
Total	**657**	**–189**		**10**	**–65**	**4**	**417**

Deferred tax liabilities	Opening balance	Income statement	Other comprehensive income	Equity	Discontinued operations	Exchange rate differences	Closing balance
Taxable temporary differences							
Untaxed reserves	2 774	–50					2 724
Hedge of net investment in foreign operations	505	–11	–252				242
Provision for pensions	–1 234	23	498				–713
Cash flow hedges	106		–28				78
Intangible fixed assets	304	–61					243
Share-based payment				–92			–92
Other	186	–168		16	–126	–7	–99
Total	**2 641**	**–267**	**218**	**–76**	**–126**	**–7**	**2 383**
Deferred tax in associates		14	2				
Total		**–253**	**220**				

Unused tax losses and unused tax credits according to tax calculation

Maturity	Total deduction	Deduction for which deferred tax is recognised: Latvia	Lithuania	Sweden	Deduction for which deferred tax is not recognised
2014	2			2	
2015	6			6	
Without maturity	2 404	1 567	402		435
Total	**2 412**	**1 567**	**402**	**8**	**435**

G19 Earnings per share

Earnings per share are calculated by dividing profit for the year, after adjustments, attributable to holders of ordinary shares in the parent company by a weighted average number of ordinary shares outstanding. Earnings per share after dilution is calculated by dividing profit for the year, after adjustments, attributable to holders of ordinary shares in the parent company by the average of the number of ordinary shares outstanding during the year, adjusted for the dilution effect of potential shares. Profit for the year has been adjusted by deducting the dividend paid to preference shares. Earnings per share are calculated separately for continuing operations and discontinued operations. Since the outstanding preference shares call for a mandatory conversion to ordinary shares, the preference shares are included in the calculation of earnings per share before dilution for common shares outstanding. Hence, the conversion has no effect on the calculation of earnings per share. In 2013 all preference shares were converted to ordinary shares.

Swedbank's share-related compensation programmes, Programme 2011, Programme 2012, Programme 2013 and Programme 2014, give rise to potential ordinary shares from the grant date for these shares from an accounting perspective. Grant date refers here to the date when the parties agreed to the terms and conditions of the programmes. The grant date from an accounting perspective for Programme 2011 was 25 March 2011. For Programme 2012 and Programme 2013 the grant dates were 27 March 2012 and 2013. For Programme 2014 the grant date was 19 March 2014. The rights are treated as options in the calculation of earnings per share after dilution.

	2014	2013
Average number of shares		
Weighted average number of shares before adjustments for shares acquired by associates, before dilution	1 101 274 830	1 099 005 722
Weighted average number of shares acquired by associates		–1 624 000
Weighted average number of shares, before dilution	1 101 274 830	1 097 381 722
Weighted average number of shares for dilutive potential ordinary shares resulting from share-based compensation programme	9 365 732	8 800 392
Weighted average number of shares, after dilution	1 110 640 562	1 106 182 114
Earnings per share		
Profit for the year attributable to the shareholders of Swedbank AB from total operations	16 447	12 901
Preference dividends on non-cumulative preference shares declared in respect of the year		1 722
Profit for the year used for calculating earnings per share from total operations	16 447	11 179
Earnings per share total operations before dilution, SEK	14.93	10.19
Earnings per share total operations after dilution, SEK	14.81	10.11
Profit for the year attributable to the shareholders of Swedbank AB from continuing operations	16 710	15 241
Preference dividends on non-cumulative preference shares declared in respect of the year		1 722
Profit for the year used for calculating earnings per share from continuing operations	16 710	13 519
Earnings per share continuing operations before dilution, SEK	15.17	12.32
Earnings per share continuing operations after dilution, SEK	15.05	12.22
Profit for the year attributable to the shareholders of Swedbank AB from discontinued operations	–262	–2 340
Profit for the year used for calculating earnings per share from discontinued operations	–262	–2 340
Earnings per share discontinued operations before dilution, SEK	–0.24	–2.13
Earnings per share discontinued operations after dilution, SEK	–0.24	–2.13

G20 Tax for each component in other comprehensive income

	2014				2013			
	Pre-tax amount	Deferred tax	Current tax	Total tax amount	Pre-tax amount	Deferred tax	Current tax	Total tax amount
Items that will not be reclassified to the income statement								
Remeasurements of defined benefit pension plans	463	–104	1	–103	2 264	–498		–498
Share of other comprehensive income of associates	–9	2		2	12	–2		–2
Total	**454**	**–102**	**1**	**–101**	**2 276**	**–500**		**–500**
Items that may be reclassified to the income statement								
Exchange differences, foreign operations	3 425				3 133			
Hedging of net investments in foreign operations	–2 685	532	59	591	–910	252	–50	202
Cash flow hedges	43	–10		–10	–127	28		28
Share of other comprehensive income of associates	–29				–115			
Total	**754**	**522**	**59**	**581**	**1 981**	**280**	**–50**	**230**
Other comprehensive income	**1 208**	**420**	**60**	**480**	**4 257**	**–220**	**–50**	**–270**

G21 Treasury bills and other bills eligible for refinancing with central banks etc.

	Carrying amount			Amortised cost			Nominal amount		
	2014	2013	1/1/2013	2014	2013	1/1/2013	2014	2013	1/1/2013
Valuation category, fair value through profit or loss									
Trading									
Swedish government	32 791	45 017	13 868	31 427	44 000	12 360	30 287	42 234	9 889
Swedish municipalities	2 904	626	711	2 901	626	711	2 872	625	711
Foreign governments	6 807	9 308	3 842	6 773	9 219	3 722	6 868	9 131	3 659
Other non-Swedish issuers	3 222	1 308	1 237	3 172	1 309	1 237	3 166	1 306	1 235
Total	**45 724**	**56 259**	**19 658**	**44 273**	**55 154**	**18 030**	**43 193**	**53 296**	**15 494**
Valuation category, held to maturity[1]									
Foreign governments	501	555	825	501	555	825	492	534	804
Total	**501**	**555**	**825**	**501**	**555**	**825**	**492**	**534**	**804**
Total	**46 225**	**56 814**	**20 483**	**44 774**	**55 709**	**18 855**	**43 685**	**53 830**	**16 298**

1) The fair value of held-to-maturity investments amounted to SEK 583m (593).

G22 Loans to credit institutions

	2014	2013	1/1/2013
Valuation category, loans and receivables			
Swedish banks	70 063	58 834	39 752
Swedish credit institutions	4 620		552
Change in value due to hedge accounting at fair value	52	28	56
Foreign banks	17 239	14 296	29 100
Foreign credit institutions	4 377	1 402	37
Total	**96 351**	**74 560**	**69 497**
Valuation category, fair value through profit or loss			
Trading			
Swedish banks			1
Swedish banks, repurchase agreements	1 230		
Swedish credit institutions, repurchased agreements	1 908	946	4 120
Foreign banks			59
Foreign banks, repurchase agreements	11 243	5 498	4 975
Foreign credit institutions, repurchase agreements	3 088	1 274	6 828
Total	**17 469**	**7 718**	**15 983**
Total	**113 820**	**82 278**	**85 480**

	2014	2013	1/1/2013
Subordinated loans			
Associates		120	120
Other companies	53	53	58
Total	**53**	**173**	**178**

G23 Loans to the public

	2014	2013	1/1/2013
Valuation category, loans and receivables			
Swedish public	866 350	710 175	575 233
Foreign public	197 320	183 300	174 432
Change in value due to hedge accounting at fair value	66	58	58
Foreign public, repurchase agreements		23	15
Total	**1 063 736**	**893 556**	**749 738**
Valuation category, fair value through profit or loss			
Trading			
Swedish public, repurchase agreements	38 761	28 680	31 753
Foreign public, repurchase agreements	23 850	19 235	16 183
Other			
Swedish public	278 160	323 439	441 190
Total	**340 771**	**371 354**	**489 126**
Total	**1 404 507**	**1 264 910**	**1 238 864**

The maximum credit risk exposure for lending measured at fair value corresponds to the carrying amount

In 2014 the Group elected to use the so-called fair value option much less than before. As a result, the carrying amount in the valuation category fair value through profit or loss, other, has decreased while the carrying amount in the valuation category loans and receivables has increased.

Finance lease agreements distributed by maturity

2014	< 1 yr.	1–5 yrs.	> 5 yrs.	Total
Gross investment	11 918	18 591	5 630	36 139
Unearned finance income	520	1 139	363	2 022
Net investment	11 398	17 452	5 266	34 116
Provisions for impaired claims related to minimum lease payments				17

The residual value of the leases in all cases are guaranteed by the lessees or third party. The lease income did not include any contingent rents. Finance leasing are included in Loans to the public and relates to vehicles, machinery, boats etc.

Finance lease agreements distributed by maturity

2013	< 1 yr.	1–5 yrs.	> 5 yrs.	Total
Gross investment	8 624	13 019	1 797	23 440
Unearned finance income	463	873	265	1 601
Net investment	8 161	12 146	1 532	21 839
Provisions for impaired claims related to minimum lease payments				27

G24 Bonds and other interest-bearing securities

Issued by other than public agencies	Carrying amount			Amortised cost			Nominal amount		
	2014	2013	1/1/2013	2014	2013	1/1/2013	2014	2013	1/1/2013
Valuation category, fair value through profit or loss									
Trading									
Swedish mortgage institutions	46 643	52 023	55 526	45 979	51 492	54 726	44 576	49 750	52 563
Swedish financial entities	26 336	27 278	20 391	26 278	27 005	19 985	25 765	26 347	19 527
Swedish non-financial entities	4 343	5 793	5 538	4 261	5 789	5 519	4 326	5 778	5 495
Foreign financial entities	34 956	26 137	23 110	34 742	26 002	22 857	34 486	25 866	22 683
Foreign non-financial entities	10 892	13 401	9 222	10 754	13 323	9 080	10 502	13 143	9 031
Total	**123 170**	**124 632**	**113 787**	**122 014**	**123 611**	**112 167**	**119 655**	**120 884**	**109 299**
Valuation category, held to maturity[1]									
Foreign mortgage institutions	1 219	888	1 245	1 219	888	1 245	1 221	889	1 261
Foreign financial entities	52	48	46	52	48	46	52	49	47
Foreign non-financial entities	14	17	246	14	17	246	14	17	248
Total	**1 285**	**953**	**1 537**	**1 285**	**953**	**1 537**	**1 287**	**955**	**1 556**
Total	**124 455**	**125 585**	**115 324**	**123 299**	**124 564**	**113 704**	**120 942**	**121 839**	**110 855**

1) The fair value of held-to-maturity investments amounted to SEK 1 296m (946).

In the aggregate, the carrying amount exceeds the amounts i.e. the amounts that will be redeemed on the maturity date.

G25 Financial assets for which the customers bear the investment risk

	2014	2013	1/1/2013
Valuation category, fair value through profit or loss			
Other			
Fund units	120 214	108 111	94 091
Interest-bearing securities	12 901	5 407	2 142
Shares	10 204	9 225	7 961
Total	**143 319**	**122 743**	**104 194**

G26 Shares and participating interests

	Carrying amount			Cost		
	2014	2013	1/1/2013	2014	2013	1/1/2013
Valuation category, fair value through profit or loss						
Trading						
Trading stock	6 414	5 312	7 271	6 089	5 011	7 166
Fund shares	2 605	1 121	326	2 352	1 100	300
For protection of claims	13	23	14	27	29	14
Other		1				
Other						
Other shares	848	601	429	603	435	333
Total	**9 880**	**7 058**	**8 040**	**9 071**	**6 575**	**7 813**
Valuation category, available for sale						
Condominiums	45	44	38	43	43	38
Other	6	7	28	6	7	30
Total	**51**	**51**	**66**	**49**	**50**	**68**
Total	**9 931**	**7 109**	**8 106**	**9 120**	**6 625**	**7 881**
of which unlisted	116	90	65			

Unlisted holdings are valued at their latest transaction price. Holdings in the valuation category available for sale have been estimated at acquisition cost, since a more reliable fair value is not considered to be available.

G27 Investments in associates and joint ventures

	2014	2013	1/1/2013
Fixed assets			
Credit institutions – Associates	2 360	1 524	1 346
Credit institutions – Joint Venture	2 142	1 697	1 889
Other associates	422	419	317
Total	**4 924**	**3 640**	**3 552**
Opening balance	**3 640**	**3 552**	**3 066**
Additions during the year	834	129	30
Change in accumulated profit shares, total comprehensive income	830	528	628
Dividends received	–380	–533	–45
Disposals during the year		–36	–127
Closing balance	**4 924**	**3 640**	**3 552**

2014 **Associates** **Corporate identity. domicile**	**Corporate identity number**	**Number**	**Carrying amount**	**Cost**	**Share of capital, %**	**Year's share of associate's pre-tax profit**
Credit institutions						
Sparbanken Skåne, Lund	516401-0091	3 670 342	1 151	257	30.00	39
Sparbanken Rekarne AB, Eskilstuna	516401-9928	865 000	295	125	50.00	56
Swedbank Sjuhärad AB, Borås	516401-9852	950 000	838	287	47.50	138
Vimmerby Sparbank AB, Vimmerby	516401-0174	340 000	76	41	40.00	6
Total			**2 360**	**710**		**239**
Other associates						
BDB Bankernas Depå AB, Stockholm	556695-3567	13 000	11	7	20.00	2
BGC Holding AB, Stockholm	556607-0933	29 177	79	11	29.17	4
Finansiell ID-Teknik BID AB, Stockholm	556630-4928	12 735	23	24	28.30	3
Rosengård Invest AB, Malmö	556756-0528	5 625	4	10	25.00	-2
UC AB, Stockholm	556137-5113	2 000	31		20.00	10
Babs Paylink AB, Stockholm	556567-2200	4 900	75	19	49.00	15
Getswish AB	556913-7382	10 000	2	4	20.00	-1
Owned by subsidiaries						
AS Sertifitseerimiskeskus, Tallin	10747013	16	7	1	25.00	0
Bankomat AB, Stockholm	556817-9716	150	42	55	20.00	4
Hemnet Sverige AB, Stockholm	556536-0202	500	148	169	50.00	15
Total			**422**	**300**		**50**
Total			**2 782**	**1 010**		**289**

The share of the voting rights in each entity corresponds to the share of its equity.
All shares are unlisted.
Swedbank does not have any individual material interests in associates. Swedbank's cumulative share of associates' other comprehensive income for the year amounted to SEK -10m (21) and of the year's total comprehensive income amounted to SEK 216m (246). As of 31 December 2014 Swedbank's share of associates' commitments and contingent liabilities amounted to SEK 2 931m (1 970) and SEK 525m (384), respectively.

2014 **Joint venture** **Corporate identity, domicile**	**Corporate identity number**	**Number**	**Carrying amount**	**Cost**	**Share of capital, %**	**Year's share of joint venture's pre-tax profit**
Credit institutions						
Entercard Holding AB, Stockholm	556673-0585	3 000	2 142	420	50	691
Total			**2 142**	**420**		**691**
Total associates and joint ventures			**4 924**	**1 430**		**980**

The EnterCard group comprises EnterCard Holding AB, EnterCard Sverige AB and EnterCard Norge AS. EnterCard Holding AB owns 100 per cent of both EnterCard Sverige AB and EnterCard Norge AS. Swedbank AB received dividends of SEK 44m (468) during the year. Condensed financial information for the EnterCard group is shown below:

	2014	2013
Loans to the public	16 833	19 421
Total assets	18 930	21 020
Amounts owed to credit institutions	13 810	16 983
Total liabilities	14 671	17 647
Net interest income	2 062	2 111
Total income	3 070	2 677
Total expenses	1 387	1 289
Credit impairments	–300	–292
Operating profit	1 383	1 095
Tax expense	–350	–284
Profit for the year	1 034	811
Total comprehensive income	986	563

All shares are unlisted.

G28 Derivatives

The Group trades in derivatives in the normal course of business and for the purpose of hedging certain positions that are exposed to share price, interest rate, credit and currency risks. Interest rate swaps that hedge the interest rate risk component in loan portfolios or in certain debt securities in issue and subordinated liabilities are sometimes recognised as hedging instruments in hedge accounting at fair value. The derivatives are recognised at fair value with changes in value through profit or loss in the same manner as for other derivatives. In note G10 Net gains and losses on financial items at fair value, any ineffectiveness of the hedges is recognised as the change in value of the derivative together with the change in value of the hedged risk component. Interest rate and currency swaps sometimes also hedge projected future interest or currency payments, so-called cash flow hedges.

Future estimated cash flows that are hedged by the swaps are disclosed below. Since the derivatives are recognised as hedging instruments, the effective portion of the change in fair value is recognised in other comprehensive income. Changes in the value of derivatives used to hedge the net investment in foreign operations are also recognised in other comprehensive income. Any ineffectiveness in hedge accounting is recognised in net gains and losses on financial items at fair value. The carrying amount of derivatives included in hedge accounting is reported separately below. The carrying amounts of all derivatives refer to fair value including accrued interest. The amounts offset for derivate assets and derivative liabilities include cash collateral offsets of SEK 2 056m and SEK 717m respectively.

	Nominal amount 2014 Remaining contractual maturity			Nominal amount		Positive fair value			Negative fair value		
	< 1 yr.	1-5 yrs.	> 5 yrs.	2014	2013	2014	2013	1/1/2013	2014	2013	1/1/2013
Derivatives in hedge accounting											
Fair value hedges											
Interest-rate-related											
Swaps	66 824	299 914	52 151	418 889	391 853	23 235	15 208	23 029	340	1 189	56
Currency-related											
Swaps					65			620		7	
Total	**66 824**	**299 914**	**52 151**	**418 889**	**391 918**	**23 235**	**15 208**	**23 649**	**340**	**1 196**	**56**
Derivatives in portfolio fair value hedges											
Interest-rate-related											
Swaps	33 100	35 500	5 100	73 700	52 850	1	38		1 752	414	
Total	**33 100**	**35 500**	**5 100**	**73 700**	**52 850**	**1**	**38**		**1 752**	**414**	
Cash flow hedges											
Interest-rate-related											
Swaps	31	427		458	1 329				8	11	37
Currency-related											
Swaps		13 195	9 044	22 239	22 419	10			1 785	3 104	5 252
Total	**31**	**13 622**	**9 044**	**22 697**	**23 748**	**10**			**1 793**	**3 115**	**5 289**
Net investment in foreign operations											
Currency-related contracts											
Swaps	153			153	1 510		9		9		75
Total	**153**			**153**	**1 510**		**9**		**9**		**75**
Other derivatives											
Interest-related contracts											
Options	212 423	150 427	83 223	446 073	596 567	3 185	1 601	2 218	2 628	1 563	1 737
Forward contracts	4 637 352	2 795 285		7 432 637	10 495 558	2 313	3 688	5 390	2 537	3 640	5 454
Swaps	559 453	1 443 988	478 699	2 482 140	2 262 314	55 119	31 977	51 312	60 951	36 465	56 881
Other	754	1 793	988	3 535	2 828		37	59		1	
Currency-related contracts											
Options	77 564	2 888		80 452	55 578	3 917	578	333	3 575	528	519
Forward contracts	795 367	12 443	33	807 843	763 192	21 762	5 255	9 149	13 703	5 622	10 385
Swaps	166 262	248 075	89 548	503 885	319 711	21 707	8 213	10 878	9 291	6 283	13 332
Other	850	64		914	1 118	23	13	19	24	13	19
Equity-related contracts											
Options	31 266	15 849	2 322	49 437	42 488	2 493	2 277	1 513	854	1 039	798
Forward contracts	9 082	56		9 138	7 266	89	67	2	122	48	1
Swaps	2 284	13		2 297	2 992	38	385	225	111	30	63
Other					759		8	21		7	22
Credit-related contracts											
Swaps	3 036	9 042	284	12 362	12 383	131	114	21	156	168	33
Commodity-related contracts											
Options	540			540	42	23	23		23	19	
Forward contracts	2 292	411		2 703	1 146	115	9		122	8	
Total	**6 498 525**	**4 680 334**	**655 097**	**11 833 956**	**14 563 942**	**110 915**	**54 245**	**81 140**	**94 097**	**55 434**	**89 245**
Gross amount	6 598 633	5 029 370	721 392	12 349 395	15 033 968	134 161	69 500	104 789	97 991	60 159	94 665
Offset amount						–10 959	–5 148	–2 524	–12 297	–5 148	–2 524
Net amount presented in the balance sheet	**6 598 633**	**5 029 370**	**721 392**	**12 349 395**	**15 033 968**	**123 202**	**64 352**	**102 265**	**85 694**	**55 011**	**92 141**
of which cleared	1 543 881	1 732 179	131 061	3 407 121	3 090 375	8 459	1 696	2 530	9 986	2 364	3 142

Maturity distribution regarding future hedged cash flows in cash flow hedge accounting

	< 1 yr.	1–3 yrs.	3–5 yrs.	5–10 yrs.	>10 yrs.
Negative cash flows (liabilities)	330	11 686	384	2 132	7 224

Future cash flows above, expressed in SEKm, are exposed to variability attributable to changed interest rates and/or changed currency rates. These future cash flows are hedged with derivatives, recognised in cash flow hedges, with cash flows that eliminate the variability.

G29 Intangible fixed assets

2014	Indefinite useful life Goodwill	Definite useful life Customer base	Internally developed software	Other	Total
Cost, opening balance	**13 701**	**1 672**	**1 101**	**1 392**	**17 866**
Additions through business combinations		88		116	204
Additions through internal development			133		133
Additions through separate acquisitions				69	69
Sales and disposals				–81	–81
Exchange rate differences	967	52		10	1 029
Cost, closing balance	**14 668**	**1 812**	**1 234**	**1 506**	**19 220**
Amortisation, opening balance		**-802**	**-416**	**-819**	**-2 037**
Amortisation for the year		–99	–108	–122	–329
Sales and disposals				64	64
Exchange rate differences		–40		–5	–45
Amortisation, closing balance		**-941**	**-524**	**-882**	**-2 347**
Impairments, opening balance	**-1 941**	**-14**	**-174**	**-42**	**-2 171**
Exchange rate differences	–383				–383
Impairments, closing balance	**-2 324**	**-14**	**-174**	**-42**	**-2 554**
Carrying amount	**12 344**	**857**	**536**	**582**	**14 319**

For intangible assets with a finite useful life, the amortisable amount is allocated systematically over the useful life. Systematic amortisation relates to both straight line and increasing or decreasing amortisation. The original useful life is between 3 and 20 years. There was no need for impairment.

2013	Indefinite useful life Goodwill	Definite useful life Customer base	Internally developed software	Other	Total
Cost, opening balance	**15 682**	**1 721**	**1 028**	**1 149**	**19 580**
Additions through business combinations	19				19
Additions through internal development			73		73
Additions through separate acquisitions		72		396	468
Sales and disposals	–2 394	–142		–137	–2 673
Discontinued operations				–22	–22
Exchange rate differences	394	21		6	421
Cost, closing balance	**13 701**	**1 672**	**1 101**	**1 392**	**17 866**
Amortisation, opening balance		**-743**	**-309**	**-721**	**-1 773**
Amortisation for the year		–97	–107	–115	–319
Sales and disposals		57		8	65
Discontinued operations				19	19
Exchange rate differences		–19		–10	–29
Amortisation, closing balance		**-802**	**-416**	**-819**	**-2 037**
Impairments, opening balance	**-4 230**	**-102**	**-4**	**-31**	**-4 367**
Impairments for the year			–170	–12	–182
Sales and disposals	2 394	86			2 480
Exchange rate differences	–105	2		1	–102
Impairments, closing balance	**-1 941**	**-14**	**-174**	**-42**	**-2 171**
Carrying amount	**11 760**	**856**	**511**	**531**	**13 658**

Specification of intangible assets with indefinite useful life	Acquisition year	Carrying amount 2014	2013	1/1/2013
Goodwill				
Swedbank Robur AB	1995	328	328	328
Föreningsbanken AB	1997	1 342	1 342	1 342
Swedbank Försäkring AB	1998	651	651	651
Kontoret i Bergsjö	1998	13	13	13
Ölands Bank AB	1998	9	9	9
FSB Bolåndirekt Bank AB	2002	159	159	159
Söderhamns Sparbank AB	2007	24	24	24
Svensk Fastighetsförmedling	2013	19	19	
Sweden		2 545	2 545	2 526
of which banking operations		1 547	1 547	1 547
of which other		998	998	979
Swedbank AS	1999	1 148	1 078	1 041
Swedbank AS	2000	11	11	11
Swedbank AB	2001	135	127	123
Swedbank AS	2005	8 324	7 818	7 560
Baltic countries		9 618	9 034	8 735
of which allocated to:				
Banking operations in Estonia		4 026	3 781	3 651
Banking operations in Latvia		2 073	1 946	1 892
Banking operations in Lithuania		3 519	3 307	3 192
First Securities ASA	2005	181	181	191
Norway		181	181	191
Total		**12 344**	**11 760**	**11 452**

Value in use

Goodwill acquired in business combinations has been allocated to the lowest possible cash generating unit. The recoverable amount has been determined based on value in use. This means that the assets' estimated future cash flows are calculated at present value using a discount rate. Estimated future cash flows are based on the Group's established three-year financial plans. The most important assumptions in the three-year plan are the executive management's estimate of net profit, including credit impairments, growth in each economy, both GDP and industry growth, and the trend in risk weighted assets. Financial planning is done at a lower level than the cash generating unit. The necessary assumptions in the planning are based as far as possible and appropriate on external information. Future cash flows are subsequently estimated with the help of long-term assumptions on growth in risk weighted assets as well as on net profit in relation to risk weighted assets. Due to the long-term nature of the investments, cash flow is expected to continue indefinitely. Use of an indefinite cash flow is motivated by the fact that all cash generating units are part of the Group's home markets, which it has no intention of leaving. Net cash flow refers to the amount that theoretically could be received as dividends or must be contributed as capital to comply with capital adequacy or solvency rules. The Group currently believes that a Common Equity Tier 1 capital ratio of 14 per cent (15) is reasonably the lowest level for the cash generating unit, because of which any surpluses or deficits calculated in relation to this level are theoretically considered to be payable as dividends or will have to be contributed as capital and therefore constitute net cash flow. The discount rate is determined based on the market's risk-free rate of interest, the market's yield requirements, the unit's performance in the stock market in relation to the entire market, and the asset's specific risks. The discount rate is adapted to various periods if needed. Any adjustments needed to the discount factor are determined based on the economic stage the cash generating unit is in and means that each year's cumulative cash flow is discounted by a unique discounting factor. Projected growth in risk weighted assets corresponds to estimated inflation, projected real GDP growth and any additional growth expected in the banking sector, depending on the economic stage that the sector is in. In accordance with IAS 36, the long-term growth estimate does not include any potential increase in market share. Long-term growth estimates are based on external projections as well as the Group's experience and growth projections for the banking sector in relation to GDP growth and inflation. Estimated net profit in relation to risk weighted assets is based on historical experience and adjusted based on the economic stage the cash generating unit is in. The adjustment is also based on how the composition of the cash generating unit's balance sheet is expected to change. The parameters are based as far as possible on external sources. The most important assumptions and their sensitivity are described in the table on the following page.

	Annual average REA growth %		Annual REA growth %		Annual average REA growth %		Annual REA growth %	
Cash-generating unit	2014 2015–2017	2013 2014–2016	2014 2018–2048	2013 2017–2048	2014 2018–2048	2013 2017–2048	2014 2049–	2013 2049–
Banking operations								
Estonia	0.3	–6.4	6.0–3.1	5.9–3.1	4.1	4.2	3.0	3.0
Latvia	0.5	–2.6	5.0–3.1	4.9–3.1	4.2	3.9	3.0	3.0
Lithuania	–0.6	–7.8	4.9–3.1	4.9–3.1	3.9	3.8	3.0	3.0
Sweden	2.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0

Cash-generating unit	Annual average discount rate %		Average discount rate %		Annual average discount rate %		Average discount rate %	
	2014	2013	2014	2013	2014	2013	2014	2013
	2015–2017	2014–2016	2018–2048	2017–2048	2018–2048	2017–2048	2049–	2049–
Banking operations								
Estonia	10.8	10.1	10.8–9.0	10.1–9.0	9,5	9.4	9.0	9.0
Latvia	12.2	11.9	12.2–9.0	11.9–9.0	9.9	9.8	9.0	9.0
Lithuania	12.2	11.4	12.2–9,0	11.4–9.0	9.9	9.8	9.0	9.0
Sweden	7.2	8.4	7.2–7.2	8.4–8.4	7.2	8.4	7.2	8.4

Sensitivity analysis, change in recoverable amount

	Net asset including goodwill, carrying amount, SEKm		Recoverable amount, SEKm		Decrease in assumption of yearly growth by 1 percentage point		Increase in discount rate by 1 percentage point	
Cash-generating unit	2014	2013	2014	2013	2014	2013	2014	2013
Banking operations								
Estonia	23 457	20 781	27 891	26 250	–1 548	–1 515	–2 096	–2 254
Latvia	12 967	11 144	13 745	11 937	–142	–87	–651	–371
Lithuania	13 667	11 899	14 028	14 003	–1 107	–1 152	–1 719	–1 941
Sweden[1]	38 060	33 910	57 888	46 358	284	823	–4 559	–3 353

1) The cash–generating unit is part of the segment Swedish Banking.

Sensitivity analysis
Given a reasonable change in any of the above assumptions, there would be no impairment loss for any cash generating unit, with the exception of the banking operations in Lithuania. For the other cash generating units, with the exception of the banking operations in Lithuania, there is still room for a reasonable change in both assumptions were to occur simultaneously as indicated in the table i.e. both an increase in the discount rate of 1 percentage point and a decrease in the growth assumption of 1 percentage point. The Group is also confident there is room for a reasonable change in the net profit margin assumption for these units without causing an impairment loss.

Banking operations in Baltic countries
Recognised goodwill totalled SEK 9 618m (9 034). Essentially the same assumptions were used in the impairment testing for 2014 as at the previous year-end. The three-year financial plans have been updated, as a result of which the initial growth assumptions after the planning period have been reduced. The discounting factor has been updated with new country-specific risk premiums. No impairments were identified on the balance sheet date. The three-year financial plans have been updated based on conditions in each country. Initial growth assumed in the established three-year financial plans is based on management's best estimate of inflation, real GDP growth and growth in the banking sector in each market. The assessments are based on external sources. After the planning period a linear reduction in annual growth is assumed in principle during the period between 2018 and 2048 from 5–6 per cent down to 3 per cent, which is considered sustainable growth for a mature market. The initial discount rate for each period reflects a country-specific risk premium that will converge on a straight-line basis to 5 per cent, which is considered relevant for a mature market. Risk premiums are derived from external sources. The discount rate before tax for the period 2015–2017 was approximately 14 per cent (12).

Other cash generating units, excluding banking operations
Other recognised goodwill totalled SEK 1 179m (1 179). No impairments were needed as of the closing day. Average annual growth for other cash generating units has been assumed to be 3 per cent (3) and the lowest discount rate was 7 per cent (8), or 9 per cent (11) before tax.

G30 Tangible assets

2014	Current assets Properties	Fixed assets Equipment	Fixed assets Owner-occupied properties	Total
Cost, opening balance	**1 831**	**3 319**	**1 248**	**6 398**
Additions	215	512	99	826
Sales and disposals	–962	–583	–12	–1 557
Exchange rate differences	5	58	67	130
Cost, closing balance	**1 089**	**3 306**	**1 402**	**5 797**
Amortisation, opening balance		**–2 430**	**–370**	**–2 800**
Amortisation for the year		–336	–43	–379
Sales and disposals		406	9	415
Exchange rate differences		–42	–26	–68
Amortisation, closing balance		**–2 402**	**–430**	**–2 832**
Impairments, opening balance	**–458**			**–458**
Impairments for the year	–206			–206
Sales and disposals	353			353
Exchange rate differences	–1			–1
Impairments, closing balance	**–312**			**–312**
Carrying amount	**777**	**904**	**972**	**2 653**

The useful life of equipment is deemed to be between three and ten years and its residual value is deemed to be zero as in previous years. The depreciable amount is recognised linearly in profit or loss during the useful life. There was no change in useful lives in 2014. No indications of impairment were identified on the balance sheet date for equipment and owner-occupied properties. Equipment included operating leases, mainly motor vehicles, with an accumulated cost of SEK 176m (138) and accumulated depreciation of SEK 85m (50). Future minimum lease payments amount to SEK 96m (55), of which SEK 41m (50) will be received after more than one year but within five years.

Individual structural components are deemed to have useful lives of between 12 and 25 years. The residual value is deemed to be zero. The depreciable amount is recognised linearly in profit or loss during the useful life. Land is deemed to have an indefinite useful life and therefore is not depreciated. Estimated useful lives have been changed in individual cases.

	Current assets	Fixed assets		
2013	**Properties**	**Equipment**	**Owner-occupied properties**	**Total**
Cost, opening balance	**2 778**	**4 333**	**1 221**	**8 332**
Additions	255	488	68	811
Sales and disposals	–1 199	–1 547	–81	–2 827
Discontinued operations		19		19
Exchange rate differences	–3	26	40	63
Cost, closing balance	**1 831**	**3 319**	**1 248**	**6 398**
Amortisation, opening balance		**–3 237**	**–334**	**–3 571**
Amortisation for the year		–340	–38	–378
Sales and disposals		1 185	12	1 197
Discontinued operations		–17		–17
Exchange rate differences		–21	–10	–31
Amortisation, closing balance		**–2 430**	**–370**	**–2 800**
Impairments, opening balance	**–123**			**–123**
Impairments for the year	–413			–413
Sales and disposals	79			79
Exchange rate differences	–1			–1
Impairments, closing balance	**–458**			**–458**
Carrying amount	**1 373**	**889**	**878**	**3 140**

G31 Investment properties

	2014	2013
Cost, opening balance	**986**	**2 946**
Additions		279
Sales and disposals	–857	–2 232
Exchange rate differences		–7
Cost, closing balance	**129**	**986**
Amortisation, opening balance	**–61**	**–177**
Amortisation for the year	–10	–42
Sales and disposals	53	158
Amortisation, closing balance	**–18**	**–61**
Impairments, opening balance	**–240**	**–376**
Impairments for the year	–49	–260
Sales and disposals	275	394
Exchange rate differences		2
Impairments, closing balance	**–14**	**–240**
Carrying amount	**97**	**685**

Individual structural components are deemed to have useful lives of between 12 and 25 years. The residual value is deemed to be zero. The depreciable amount is recognised linearly in profit or loss during the useful life. Land is deemed to have an indefinite useful life and therefore is not depreciated. Investment properties, which are owned by Ektornet, are expected to be sold in 2015.

G32 Other assets

	2014	2013	1/1/2013
Security settlement claims	6 813	5 743	2 522
Other[1]	3 289	3 835	5 858
Total	**10 102**	**9 578**	**8 380**
Gross, security settlement claims	10 590	10 178	4 957

1) Includes credit impairment reserve of SEK 7m (12) in the Group primarily related to accounts receivable. Property taken over to protect claims amounted to SEK 13m (19) in the Group.

G33 Prepaid expenses and accrued income

	2014	2013	1/1/2013
Accrued interest income	4 657	5 907	6 278
Other	1 469	1 085	1 458
Total	**6 126**	**6 992**	**7 736**

G34 Amounts owed to credit institutions

	2014	2013	1/1/2013
Valuation category, loans and receivables			
Swedish banks	96 673	78 644	61 101
Swedish credit institutions	1 370	1 356	3 656
Foreign banks	64 923	30 592	47 709
Foreign credit institutions	2 741	2 906	1 026
Total	**165 707**	**113 498**	**113 492**
Valuation category, fair value through profit or loss			
Trading			
Swedish banks, repurchase agreements	1 991	4 182	3 433
Swedish credit institutions, repurchased agreements	1 907	250	2 734
Foreign banks, repurchase agreements	1 848	3 691	2 543
Total	**5 746**	**8 123**	**8 710**
Total	**171 453**	**121 621**	**122 202**

G35 Deposits and borrowings from the public

	2014	2013	1/1/2013
Valuation category, other financial liabilities			
Deposits from Swedish public	494 420	455 626	407 791
Deposits from foreign public	165 576	139 922	124 199
Funding	535	653	808
Total	**660 531**	**596 201**	**532 798**
Valuation category, fair value through profit or loss			
Trading			
Deposits from Swedish public, repurchase agreements	15 768	18 852	19 058
Deposits from foreign public, repurchase agreements		3 089	2 707
Other[1]			
Deposits from Swedish public	381	2 466	25 100
Total	**16 149**	**24 407**	**46 865**
Total	**676 679**	**620 608**	**579 663**
[1]nominal amount	394	2 466	25 041

G36 Financial liabilities for which customers bear the investment risk

	2014	2013	1/1/2013
Valuation category, fair value through profit or loss			
Other			
Investment contracts, unit-link	121 377	105 603	92 746
Investment contracts, life	17 672	14 974	12 358
Fund savings	7 128	4 971	
Total	**146 177**	**125 548**	**105 104**

G37 Debt securities in issue

	2014	2013	1/1/2013
Valuation category, other financial liabilities			
Commercial paper	195 194	100 170	106 589
Covered bonds	453 655	470 697	467 416
Change in value due to hedge accounting at fair value	23 808	49	1 018
Other interest-bearing bond loans	110 999	101 292	117 872
Change in value due to hedge accounting at fair value	1 811	185	1 268
Other	14	16	31
Total	**785 481**	**672 409**	**694 194**
Valuation category, fair value through profit or loss			
Trading			
Commercial paper			8 546
Other	13 297	13 682	14 910
Other[1]			
Commercial paper			
Covered bonds	34 205	40 184	49 804
Other interest-bearing bond loans	2 029		
Total	**49 531**	**53 866**	**73 260**
Total	**835 012**	**726 275**	**767 454**
of which state-guaranteed	0	8 578	30 392
[1]nominal amount	32 112	38 621	45 729

G38 Short positions in securities

	2014	2013	1/1/2013
Valuation category, fair value through profit or loss			
Trading			
Shares	74	121	40
Interest-bearing securities	26 984	17 398	18 189
Total	**27 058**	**17 519**	**18 229**
of which own issued shares		37	
of which own issued interest-bearing securities			1 797

G39 Pension provisions

Defined benefit pension plans are recognised in the balance sheet as a provision and in the income statement in its entirety as a pension cost in staff costs. Revaluations of defined benefit pension plans are recognised in other comprehensive income. The provision in the balance sheet is a net of the pension obligations and the fair value of the assets allocated for the purpose of funding the obligations, so-called plan assets. The Group calculates provisions and costs for defined benefit pension obligations based on the obligations' significance and assumptions related to future development. The pension obligations as well as the cost of services rendered and interest expense for the pension obligations include payroll tax, which is calculated according to an actuarial method.

Nearly all employees hired in the Swedish part of the Group before 2013 are covered by the BTP2 defined benefit pension plan (a multi-employer occupational pension for Swedish banks). According to this plan, employees are guaranteed a lifetime pension corresponding to a specific percentage of their salary and mainly comprising retirement pension, disability pension and survivor's pension. Remuneration levels differ for salaries with different income base amounts. For salaries over 30 income base amounts, there is no pension according to BTP2. Consequently, the Group's provision and pension cost are affected by each employee's anticipated longevity, final salary and income base amounts. The pension plan also contains a complementary retirement pension which has been defined contribution since 2001 rather than defined benefit. In 2012 BTP was renegotiated as entirely a defined contribution pension plan for all new employees as of 2013. The defined benefit pension plan therefore covers only those employed before 2013 and hence is being dissolved. The defined benefit portion of the BTP2 pension plan is funded by purchasing pension insurance from the insurance company SPK (Sparinstitutens PensionsKassa Försäkringsforening). SPK administers pensions and manages pension assets for Swedbank and other employers. The Group has to determine its share of the plan assets held by SPK. The share amounted to slightly over 70 per cent. This is done using the metric SPK is likely to have used on the closing day to distribute assets if the plan were immediately dissolved or if a situation arose that required an additional payment from employers due to insufficient assets. The employers are responsible for ensuring that SPK has sufficient assets to meet the pension plan's obligations measured on the basis of SPK's legal obligations. There is no such deficit. SPK's asset management is mainly based on the regulations it faces. The Group's provision and other comprehensive income are therefore affected by SPK's return on assets.

For individuals who have been in executive positions, there are complementary individual defined benefit pension obligations. They are funded through provisions to pension funds. The provisions comply with the Act on Safeguarding Pension Benefits.

In addition, there is a small defined benefit pension plan for employees of Swedbank AB's Norwegian branch. The plan's closing pension liability at the end of the year was SEK 66m (56). Plan assets amounted to SEK 43m (43). The amounts are reported below together with the Swedish pension plan. The Group has no other defined benefit plans.

Amount reported in balance sheet for defined benefit pension plans	**2014**	**2013**	**1/1/2013**
Funded pension obligations and payroll tax	20 977	19 835	21 483
Fair value of plan assets	–18 429	–16 910	–16 248
Total	**2 548**	**2 925**	**5 235**

Changes in funded defined benefit pension plans, including payroll tax	**2014**	**2013**
Opening obligations	**19 835**	**21 483**
Business combinations	851	
Current service cost and payroll tax	668	756
Interest expense on pension obligations	698	579
Pension payments	–724	–696
Payroll tax payments	–167	–179
Remeasurement	–186	–2 103
Exchange rate differences	2	–5
Closing obligations	**20 977**	**19 835**

Funded pension obligations, including payroll tax	**2014**	**2013**	**2014 Number of**
Active members	9 316	9 427	8 495
Deferred members	3 125	2 754	10 103
Pensioners	8 536	7 654	9 732
Total	**20 977**	**19 835**	**28 330**
Vested benefits	18 319	16 126	
Non-vested benefits	2 658	3 709	
Total	**20 977**	**19 835**	
of which attributable to future salary increases	1 462	2 982	

Changes in plan assets	**2014**	**2013**
Opening fair value	**16 910**	**16 248**
Business combinations	677	
Interest income on plan assets	595	462
Contributions by the employer	695	738
Pension payments	–724	–696
Remeasurement	277	161
Exchange rate differences	–1	–3
Closing fair value	**18 429**	**16 910**

Fair value of plan assets	**2014**	**of which quoted market price in an active market**	**2013**	**of which quoted market price in an active market**
Bank balances	1 869		888	
Debt instruments				
Swedish government and municipalities	532	532	6 727	6 727
Swedish credit institutions			3 765	3 765
Swedish public			294	294
Foreign	31	31	31	31
Equity instruments, foreign	3	3	3	3
Derivatives, interest-raterelated			–16	
Derivatives, currency-related	–129		22	
Investment funds, interest	7 834	7 834		
Investment funds, shares	5 896	5 896	5 183	5 183
Investment funds, other	2 281	2 281		
Other	112		13	
Total	**18 429**	**16 577**	**16 910**	**16 003**
of which own issued instruments bank balances	1 869		839	

Remaining maturity 2014	Undiscounted cash flows < 1 yr	1-5 yrs	5-10 yrs	> 10 yrs	No maturity/ discount effect	Total
Funded pension obligations, including payroll tax	974	3 218	3 733	24 969	–11 917	20 977
Plan assets	2 269	66	52	56	15 985	18 429
Expected contributions by the employer	798					

Remaining maturity 2013	Undiscounted cash flows < 1 yr	1-5 yrs	5-10 yrs	> 10 yrs	No maturity/ discount effect	Total
Funded pension obligations, including payroll tax	942	3 337	3 956	32 878	-21 278	19 835
Plan assets	3 888	5 173	1 894	408	5 547	16 910
Expected contributions by the employer	775					

Pension costs reported in income statement	2014	2013
Current service cost and payroll tax	668	756
Interest expense on pension obligations	698	579
Interest income on plan assets	–595	–462
Pension cost defined benefit pension plans	**771**	**873**
Premiums paid for defined contribution pension plands and payroll tax	275	211
Total	**1 046**	**1 084**

Remeasurements of defined benefit pension plans reported in other comprehensive income	2014	2013
Actuarial gains and losses based on experience	195	240
Actuarial gains and losses arising from changes in financial assumptions	–9	1 863
Return on plan assets, excluding amounts included in interest income	277	161
Total	**463**	**2 264**

Actuarial assumptions, per cent	2014	2013
Financial		
Discount rate, 1 January	3,44	2,84
Discount rate, 31 December	2,29	3,44
Future annual salary increases, 1 January	4,00	4,00
Future annual salary increases, 31 December	2,54	4,00
Future annual pension indexations/inflation, 1 January	2,00	2,00
Future annual pension indexations/inflation, 31 December	1,28	2,00
Future annual changes in income base amount, 1 January	3,00	3,00
Future annual changes in income base amount, 31 December	3,28	3,00
Demographic		
Entitled employees who choose early retirement option	50,00	50,00
Future annual employee turnover	3,50	3,50
Expected remaining life for a 65 years old man	22	22
Expected remaining life for a 65 years old woman	24	24

Sensitivity analysis, pension obligations	2014	2013
Financial		
Change in discount rate - 25 bps	926	858
Change in salary assumption +25 bps	412	420
Change in pension indexation/inflation assumption +25 bps	902	589
Change in income base amount assumption -25 bps	175	172
Demographic		
All entitled employees choose early retirement option at maximum	1 486	1 322
Change in employee turnover assumption -25 bps	5	56
Expected remaining life for a 65 years old man and woman +2 year	1 350	1 187

When the cost of defined benefit pension plans is calculated, financial and demographic assumptions have to be made for factors that affect the size of future pension payments. The discount rate is the interest rate used to discount the value of future payments. The interest rate is based on a market rate of interest for first-class corporate bonds traded on a functioning market with remaining maturities and currencies matching those of the pension obligations. The Group considers Swedish covered mortgage bonds as such bonds, because of which the discount rate is based on their quoted prices. The Group's own issues are excluded. Quoted prices are adjusted for remaining maturities with the help of prices for interest rate swaps. The weighted average maturity of the defined benefit obligation is nearly 20 years. A reduction in the discount rate of 0.25 bp would increase the pension provision by approximately SEK 926m (858) and the pension cost by SEK 53m (22). Future annual salary increases reflect projected future salary increases as an aggregate effect of both contractual wage increases and wage drift. Because the defined benefit pension plan no longer covers new employees, only those employed before 2013, the salary increase assumption has been adapted to assume that the plan is closed. As of 2014 an age-based salary increase assumption is therefore used instead. This means that a unique salary increase assumption is set for each age group of employees. Previously the salary increase assumption had been calculated as the inflation assumption plus 2.00 percentage points. The new salary increase assumption corresponded as of year-end 2014 to the inflation assumption plus 1.26 percentage points. In 2014 the inflation assumption was changed as well. Previously Riksbank's target of 2.00 per cent was used. As of 2014 the inflation assumption is based on quoted prices for nominal and index-linked government bonds. For longer maturities that lack quoted prices, the inflation assumption is gradually adapted to the Riksbank's target of 2.00 percentage points. The final benefits under BTP are determined on the basis of the income base amount. Therefore, future changes in the income base amount have to be estimated. The assumption is based on historical outcomes and has been adjusted as of year-end 2014. Annual pension indexation has to be determined as well, since indexation historically has always been necessary. The indexation is assumed to correspond to the inflation assumption. BTP2 gives employees born in 1966 or earlier the option to choose a slightly earlier retirement age than normal in exchange for a slightly lower benefit level. Since this option is totally voluntary on the part of those employees, an estimate is made of the future outcome. Early retirements jointly agreed to by the employer and employee are recognised as they arise rather than estimated among actuarial assumptions. The assumption of the remaining lifetime of beneficiaries is updated annually.

G40 Insurance provisions

	Life insurance			Non-life insurance			Total		
	2014	2013	1/1/2013	2014	2013	1/1/2013	2014	2013	1/1/2013
Opening balance	**1 513**	**1 537**	**1 776**	**132**	**112**	**103**	**1 645**	**1 649**	**1 879**
Provisions	1 057	843	1 017	251	224	190	1 308	1 067	1 207
Payments	–1 059	–908	–1 208	–231	–208	–178	–1 290	–1 116	–1 386
Exchange rate differences	73	41	–48	9	4	–3	82	45	–51
Closing balance	**1 584**	**1 513**	**1 537**	**161**	**132**	**112**	**1 745**	**1 645**	**1 649**

Provisions for insurance contracts

The Group allocates provisions for the insurance contracts or parts of contracts where significant insurance risks are transferred from the policyholder to the Group. Insurance risks differ from financial risks and mean that the Group compensates the policy-holder if a specified uncertain future event adversely impacts the policyholder. The Group is compensated through premiums received from policyholders. Provisions are allocated for established claims and correspond to the amount that will be paid out. Provisions are also made for incurred but not reported damages. A statistical assessment of anticipated claims based on previous years' experience with each type of insurance contract is used as a basis for the provision. Assumptions are made with regard to interest rates, morbidity, mortality and expenses.

G41 Other liabilities and provisions

	2014	2013	1/1/2013
Security settlement liabilities	8 624	2 507	3 591
Other liabilities	12 144	11 762	13 033
Provisions for guarantees	50	53	131
Restructuring provision	524		
Other provisions	988	75	54
Total	**22 330**	**14 397**	**16 809**

When it acquired Sparbanken Öresund AB in 2014, Swedbank AB recognised a restructuring reserve of SEK 591m. In 2014 SEK 67m was utilised for restructuring expenses. The acquisition analysis included additional provisions of SEK 1 025m, which largely related to onerous contracts, of which SEK 114m was utilised in 2014.

G42 Accrued expenses and prepaid income

	2014	2013	1/1/2013
Accrued interest expenses	9 329	10 718	13 138
Other	3 742	3 476	3 644
Total	**13 071**	**14 194**	**16 782**

G43 Subordinated liabilities

	2014	2013	1/1/2013
Valuation category, other financial liabilities			
Subordinated loans	12 874	4 631	7 907
Change in the value due to hedge accounting at fair value	268	–12	122
Total subordinated loans	**13 142**	**4 619**	**8 029**
Undated subordinated loans	5 290	5 037	5 537
of which Tier 1 capital contribution	5 290	5 540	6 278
Change in the value due to hedge accounting at fair value	525	503	741
Total undated subordinated loans	**5 815**	**5 540**	**6 278**
Total	**18 957**	**10 159**	**14 307**

G44 Equity

	2014	2013	1/1/2013
Restricted equity			
Share capital, ordinary shares	24 904	24 904	20 925
Share capital, preference shares			3 979
Statutory reserve	9 050	8 741	9 196
Other reserve	16 981	18 788	13 401
Total	**50 935**	**52 433**	**47 501**
Non-restricted equity			
Currency translation from foreign operations	763	–540	–2 847
Cash flow hedges	–105	–139	–42
Share premium reserve	13 206	13 206	13 206
Retained earnings	52 404	44 580	45 214
Total	**66 268**	**57 107**	**55 531**
Non-controlling interest	170	165	154
Total equity	**117 373**	**109 705**	**103 186**

Ordinary shares

Number of shares	**2014**	**2013**	**1/1/2013**
Number of shares authorized, issued and fully paid	1 132 005 722	1 132 005 722	951 149 816
Repurchased shares	–29 750 577	–33 000 000	–33 000 000
Repurchase of own shares for trading purposes	–166 211		
Associate's holdings in shares		–1 599 000	–600 000
Number of outstanding shares	**1 102 088 934**	**1 097 406 722**	**917 549 816**
Opening balance	**1 097 406 722**	**917 549 816**	
Conversion from preference shares		179 856 906	
Share delivery due to Equity-settled share based programmes	3 249 423		
Repurchase of own shares for trading purposes	–166 211		
Associates' disposal of shares	1 599 000		
Closing balance	**1 102 088 934**	**1 097 406 722**	

The quote value per share is SEK 22.

Preference shares

Number of shares	**2014**	**2013**	**1/1/2013**
Number of shares authorized, issued and fully paid			180 855 906
Associate's holdings in shares			–999 000
Number of outstanding shares			**179 856 906**
Opening balance		**179 856 906**	
Conversion to A shares		–179 856 906	
Closing balance		**0**	

The quote value per share is SEK 22.

Changes in equity for the period and the distribution according to IFRS are indicated in the statement of changes in equity. Ordinary shares each carry one vote and a share in profits. In 2013 all preference shares were converted to ordinary shares. Treasury shares are not eligible for dividends.

G45 Fair value of financial instruments

Carrying amounts and fair values of financial instruments
A comparison between the carrying amount and fair value of the Group's financial assets and financial liabilities according to the definition in IAS 39 is presented below.

Determination of fair values of financial instruments
The Group uses various methods to determin the fair value financial instruments depending on the degree of observable market data in the valuation and the activity in the market. An active market is considered a regulated or reliable marketplace where quoted prices are easily accessible and which demonstrates regularity. Activity is continuously evaluated by analysing factors such as trading volumes and differences in bid and ask prices.

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

When financial assets and financial liabilities in active markets have market risks that offset each other, an average of bid and ask prices is used as a basis to determine the fair values. For any open net positions, bid and sell rates are applied based on what is applicable i.e. bid rates for long positions and ask rates for short positions.
In cases that lack an active market, fair value is determined with the help of established valuation methods and models. In these cases assumptions that cannot be directly attributed to a market may be applied. These assumptions are based on experience and knowledge of the valuation of financial markets. The goal, however, is to always maximise the use of data from an active market. All valuation methods and models and internal assumptions are validated continuously by the independent risk control unit. In cases where it is considered necessary, adjustments are made to reflect fair value, so-called fair value adjustments. This is done to correctly reflect the parameters in the financial instruments and which will be reflected in their valuations. For OT C derivatives, for example, where the counterparty risk is not settled with cash collateral, the fair value adjustment is based on the current counterparty risk (CVA and DVA).
The Group has a continuous process that identifies financial instruments which indicate a high level of internal assumptions or low level of observable market data. The process determines how to make the calculation based on how the internal assumptions are expected to affect the valuation. In cases where internal assumptions have a significant impact on fair value, the financial instrument is reported in level 3. The process also includes an analysis based on the quality of valuation data and whether any types of financial instruments will be transferred between the various levels.
For variable-rate lending and deposits, the carrying amount coincides with fair value. The carrying amounts and fair values coincide for the most part because the large share of financial instruments is recognised at their fair value.

	2014			2013			1/1/2013		
	Fair value	Carrying amount	Difference	Fair value	Carrying amount	Diffe-rence	Fair value	Carrying amount	Difference
Assets									
Financial assets covered by IAS 39									
Cash and balances with central banks	113 768	113 768		59 382	59 382		130 058	130 058	
Treasury bills etc.	46 307	46 225	82	56 852	56 814	38	20 557	20 483	74
of which fair value through profit or loss	45 724	45 724		56 259	56 259		19 658	19 658	
of which held to maturity	583	501	82	593	555	38	899	825	74
Loans to credit institutions	113 820	113 820		82 231	82 278	–47	85 479	85 480	–1
of which loans receivables	96 351	96 351		74 513	74 560	–47	69 496	69 497	–1
of which fair value through profit or loss	17 469	17 469		7 718	7 718		15 983	15 983	
Loans to the public	1 412 718	1 404 507	8 211	1 270 138	1 264 910	5 228	1 245 755	1 238 864	6 891
of which loan receivables	1 071 947	1 063 736	8 211	898 784	893 556	5 228	756 629	749 738	6 891
of which fair value through profit or loss	340 771	340 771		371 354	371 354		489 126	489 126	
Value change of interest hedged items in portfolio hedge	1 291	1 291		62	62				
Bonds and interest-bearing securities	124 465	124 455	10	125 579	125 585	–6	115 320	115 324	–4
of which fair value through profit or loss	123 170	123 170		124 632	124 632		113 787	113 787	
of which investments held to maturity	1 295	1 285	10	947	953	–6	1 533	1 537	–4
Financial assets for which the customers bear the investment risk	143 319	143 319		122 743	122 743		104 194	104 194	
Shares and participating interest	9 931	9 931		7 109	7 109		8 106	8 106	
of which fair value through profit or loss	9 880	9 880		7 058	7 058		8 040	8 040	
of which available for sale	51	51		51	51		66	66	
Derivatives	123 202	123 202		64 352	64 352		102 265	102 265	
Other financial assets	14 712	14 712		15 403	15 403		14 547	14 547	
Total	**2 103 533**	**2 095 230**	**8 303**	**1 803 851**	**1 798 638**	**5 213**	**1 826 281**	**1 819 321**	**6 960**
Investment in associates		4 924			3 640			3 552	
Financial assets held for sale		615			1 862			208	
Non-financial assets		20 528			19 962			23 779	
Total		**2 121 297**			**1 824 102**			**1 846 860**	

	2014			2013			1/1/2013		
	Fair value	Carrying amount	Difference	Fair value	Carrying amount	Diffe-rence	Fair value	Carrying amount	Difference
Liabilities									
Financial liabilities covered by IAS 39									
Amounts owed to credit institutions	171 457	171 453	4	121 621	121 621		122 202	122 202	
of which other financial liabilities	165 711	165 707	4	113 498	113 498		113 492	113 492	
of which fair value through profit or loss	5 746	5 746		8 123	8 123		8 710	8 710	
Deposits and borrowings from the public	676 662	676 679	–17	620 571	620 608	–37	579 663	579 663	
of which other financial liabilities	660 514	660 531	–17	596 164	596 201	–37	532 798	532 798	
of which fair value through profit or loss	16 149	16 149		24 407	24 407		46 865	46 865	
Debt securities in issue	842 238	835 012	7 226	732 125	726 275	5 850	774 152	767 454	6 698
of which other financial liabilities	792 707	785 481	7 226	678 259	672 409	5 850	700 892	694 194	6 698
of which fair value through profit or loss	49 531	49 531		53 866	53 866		73 260	73 260	
Financial liabilities for which the customers bear the investment risk	146 177	146 177		125 548	125 548		105 104	105 104	
Subordinated liabilities	18 932	18 957	–25	10 072	10 159	–87	14 077	14 307	–230
of which other financial liabilities	18 932	18 957	–25	10 072	10 159	–87	14 077	14 307	–230
Derivatives	85 694	85 694		55 011	55 011		92 141	92 141	
Short positions securities	27 058	27 058		17 519	17 519		18 229	18 229	
of which fair value through profit or loss	27 058	27 058		17 519	17 519		18 229	18 229	
Other financial liabilities	30 096	30 096		24 987	24 987		29 762	29 762	
Total	**1 998 314**	**1 991 126**	**7 188**	**1 707 454**	**1 701 728**	**5 726**	**1 735 330**	**1 728 862**	**6 468**
Financial liabilities held for sale		39			219			76	
Non-financial liabilities		12 759			12 450			14 736	
Total		**2 003 924**			**1 714 397**			**1 743 674**	

Financial instruments recognised at fair value

The following tables describe fair values at three valuation levels for financial instruments recognised at fair value.

Level 1 primarily contains equities, fund shares, bonds, treasury bills, commercial paper and standardised derivatives, where the quoted price is used in the valuation. Securities in issue traded on an active market are included in this category as well. Level 2 primarily contains less liquid bonds that are valued on the curve, lending, funding, liabilities in the insurance operations whose value is directly linked to a specific asset value, and derivatives measured on the basis of observable prices. For less liquid bond holdings, an adjustment is made for the credit spread based on observable market inputs such as the market for credit derivatives. For loans to the public where there are no observable market inputs for credit margins at the time of measurement, the credit margin of the last transaction executed with the same counterparty is used. This includes the majority of mortgage lending and certain other fixed-rate lending in Swedish Banking at fair value. Securities in issue that are not quoted but measured according to quoted prices for similar quoted bonds are also included on level 2.

Level 3 contains other financial instruments where internal assumptions have a significant effect on the calculation of fair value. Level 3 primarily contains unlisted equity instruments and illiquid options. The options hedge changes in the market values of combined debt instruments, so-called structured products. The structured products consist of a corresponding option element and a host contract, which in principle is an ordinary interest-bearing bond. When it determines the level on which the financial instruments are reported, the Group evaluates them entirely on an individual basis. Since the bond portion of the structured products essentially represents financial instrument's fair value, the internal assumptions used to value the illiquid option element normally do not have a significant effect on the valuation. The financial instrument is then reported on level 2. For individual options that hedge the structured products, the internal assumptions are of greater significance, because of which several are reported as derivatives on level 3. Generally, the Group always hedges the market risks that arise in structured products, because of which differences between the carrying amounts of assets and liabilities on level 3 do not reflect differences in the use of internal assumptions in the valuation. To estimate the sensitivity of the volatility of the illiquid options, two types of shifts have been made. The shifts are based on each product type and are considered reasonable changes. A reduction in volatility of 20 per cent would reduce the fair value of all options on level 3 by about SEK 21m. An increase in volatility of 20 per cent would increase the fair value of all options on level 3 by about SEK 24m. Corresponding offsetting changes in value arise for financial instruments reported on level 2.

When valuation models are used to determine fair value of financial instruments on level 3, the consideration that has been paid or received is assessed as the best evidence of fair value at initial recognition. Because of the possibility that a difference could arise between this fair value and the fair value calculated at that time in the valuation model, so called day 1 profit or loss, the Group adjusts the valuation models to avoid such differences. As of year-end there were no cumulative differences that were not recognised through profit or loss. Financial instruments are transferred to or from level 3 depending on whether the internal assumptions have changed in significance for the valuation.

During the year there were no significant transfers of financial instruments between valuation levels 1 and 2.

Changes in the value of loans to the public, measured according the fair value option and attributable to changes in credit risk, amounted to SEK -14m (–13) during the period and are recognised as credit impairments. Cumulative value changes of that kind amounted to SEK -40m (-60). The amount is determined as the difference between current estimated creditworthiness and estimated creditworthiness of the borrower on the lending date. Other changes in fair value are considered attributable to changes in market risks. The change in the value of securities in issue on level 2, which are measured according to the fair value option and attributable to changes in Swedbank's own creditworthiness, amounted to SEK 10m (0) during the period. The value change is recognised in net gains and losses on financial items at fair value. Cumulative value changes amounted to SEK -122m (–125). The change due to Swedbank's own credit risk has been determined by calculating the difference in value based on current prices from external dealers for Swedbank's own credit risk in its own unquoted issues and the value based on prices of its own credit risk for its own unquoted issues on the origination date. The following table shows financial instruments measured at fair value as per 31 December distributed by valuation level.

	2014			
	Level 1	Level 2	Level 3	Total
Assets				
Treasury bills and other bills eligible for refinancing with central banks, etc	32 587	13 137		45 724
Loans to credit institutions		17 469		17 469
Loans to the public		340 771		340 771
Bonds and interest-bearing securities	75 188	47 982		123 170
Shares and participating interest	9 681	173	77	9 931
Financial assets for which the customers bear the investment risk	143 319			143 319
Derivatives	5 399	117 722	81	123 202
Total	**266 174**	**537 254**	**158**	**803 586**
Liabilities				
Amounts owed to credit institutions		5 746		5 746
Deposits and borrowings from the public		16 149		16 149
Debt securities in issue	17 768	31 763		49 531
Financial liabilities for which the customers bear the investment risk		146 177		146 177
Derivatives	6 925	78 769		85 694
Short positions securities	27 024	34		27 058
Total	**51 717**	**278 638**		**330 355**

	2013			
	Level 1	Level 2	Level 3	Total
Assets				
Treasury bills and other bills eligible for refinancing with central banks, etc	29 265	26 994		56 259
Loans to credit institutions		7 718		7 718
Loans to the public		371 354		371 354
Bonds and interest-bearing securities	92 285	32 347		124 632
Shares and participating interest	6 912	140	57	7 109
Financial assets for which the customers bear the investment risk	122 743			122 743
Derivatives	93	64 126	133	64 352
Total	**251 298**	**502 679**	**190**	**754 167**
Liabilities				
Amounts owed to credit institutions		8 123		8 123
Deposits and borrowings from the public		24 407		24 407
Debt securities in issue	27 950	25 916		53 866
Financial liabilities for which the customers bear the investment risk		125 548		125 548
Derivatives	762	54 230	19	55 011
Short positions securities	17 519			17 519
Total	**46 231**	**238 224**	**19**	**284 474**

Changes in Level 3	2014				
	Assets				Liabilities
	Debt securities	Equity instruments	Derivatives	Total	Derivatives
Opening balance		**57**	**133**	**190**	**19**
Purchases		21		21	
Sales of assets		−2		−2	
Transferred from Level 2 to Level 3		3	54	57	
Transferred from Level 3 to Level 2			−128	−128	−25
Gains or losses		−2	22	20	6
of which in the income statement, net gains and losses on financial items at fair value		−2	22	20	6
of which changes in unrealised gains or losses for items held at closing day		−2	3	1	
Closing balance		**77**	**81**	**158**	

Changes in Level 3	2013				
	Assets				Liabilities
	Debt securities	Equity instruments	Derivatives	Total	Derivatives
Opening balance	**342**	**14**	**63**	**419**	
Purchases					
Sales of assets		−11		−11	
Maturities	−342			−342	
Transferred from Level 2 to Level 3		54	120	174	26
Transferred from Level 3 to Level 2					
Gains or losses			−50	−50	−7
of which in the income statement, net gains and losses on financial items at fair value			−50	−50	−7
of which changes in unrealised gains or losses for items held at closing day			−50	−50	−7
Closing balance		**57**	**133**	**190**	**19**

Financial instruments at amortised cost
The following tables distribute fair value by the three different valuation levels for financial instruments at amortised cost.

	2014				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Assets					
Treasury bills and other bills eligible for refinancing with central banks, etc.	501	583			583
Loans to credit institutions	96 351		96 351		96 351
Loans to the public	1 063 736		1 071 947		1 071 947
Bonds and other interest-bearing securities	1 285	77		1 218	1 295
Total	**1 161 873**	**660**	**1 168 298**	**1 218**	**1 170 176**
Liabilities					
Amounts owed to credit institutions	165 707		165 711		165 711
Deposits and borrowing from the public	660 531		660 514		660 514
Debts securities in issue	785 481	283 292	509 415		792 707
Subordinated liabilities	18 957		18 932		18 932
Total	**1 630 676**	**283 292**	**1 354 572**		**1 637 864**

	2013				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Assets					
Treasury bills and other bills eligible for refinancing with central banks, etc.	555	593			593
Loans to credit institutions	74 560		74 513		74 513
Loans to the public	893 556		898 784		898 784
Bonds and other interest-bearing securities	953	73		874	947
Total	**969 624**	**666**	**973 297**	**874**	**974 837**
Liabilities					
Amounts owed to credit institutions	113 498		113 498		113 498
Deposits and borrowing from the public	596 201		596 164		596 164
Debts securities in issue	672 409	262 554	415 705		678 259
Subordinated liabilities	10 159		10 072		10 072
Total	**1 392 267**	**262 554**	**1 135 439**		**1 397 993**

G46 Reclassification of financial assets

Swedbank chose as of 1 July 2008 to reclassify certain interest-bearing securities which, owing to extraordinary market conditions, had become illiquid. Market conditions at the time were distinguished by extreme turbulence, a shortage of liquidity and a lack of quoted prices on active markets. The holdings, as listed in the table below, were reclassified from trading to held to maturity, since the instruments are no longer held for trading purposes. Instead, the executive management intends, and has the capacity, to hold them to maturity. Financial instruments in the category held for trading are recognised at fair value with changes in value recognised in profit or loss. Financial instruments in the category held to maturity are recognised at amortised cost less impairments. No impairments were needed as of 31 December 2014, which means that all contractual cash flows are expected to be received. All the holdings are Residential Mortgage Backed Securities (RMBS).

	2014	2013
Carrying amount	719	888
Nominal amount	721	889
Fair value	718	873
Recognised interest income after reclassification	3	4

Nominal amounts and carrying amounts are affected by changes in exchange rates. Carrying amounts are also affected by the allocations of discounts in accordance with the effective interest method. The effective interest rate on the date of reclassification was 5,62%.

G47 Financial assets and liabilities which have been offset or are subject to netting or similar agreements

The tables below present recognised financial instruments which have been offset in the balance sheet under IAS 32 and those which are subject to legally enforceable-master netting or similar agreements but do not qualify for offset. Such financial instruments relate to derivatives, repurchase and reverse repurchase agreements, securities borrowing and lending transactions. Collateral amounts represent financial instruments or cash collateral received or pledged for transactions that are subject to a legally enforceable master netting or similar agreement. Collateral amounts are limited to the amount of the related instruments presented in the balance sheet; therefore any over-collateralisation is not included. Amounts that are not offset in the balance sheet are presented as a reduction to the Net financial assets or liabilities in order to derive net asset and net liability exposures. The amounts offset for derivate assets and derivative liabilities include cash collateral offsets of SEK 2 056m and SEK 717m respectively.

Assets	2014				2013				
	Deriva tives	Reverse repurchase agreements	Securities borrowing	Total	Deriva-tives	Reverse repurchase agreements	Security settlement claims	Securities borrowing	Total
Financial assets, which not have been offset or are subject to netting or similar agreements	4 678			4 678	2 723		5 683		8 406
Financial assets, which have been offset or are subject to netting or similar agreements	118 524	80 081	74	198 679	61 629	55 655	60	223	117 567
Net amount presented in the balance sheet	**123 202**	**80 081**	**74**	**203 357**	**64 352**	**55 655**	**5 743**	**223**	**125 973**
Financial assets, which have been offset or are subject to netting or similar agreements									
Gross amount	129 483	83 857	74	213 414	66 777	56 526	4 495	223	128 021
Offset amount	−10 959	−3 776		−14 735	−5 148	−871	−4 435		−10 454
Net amount presented in the balance sheet	**118 524**	**80 081**	**74**	**198 679**	**61 629**	**55 655**	**60**	**223**	**117 567**
Related amount not offset in the balance sheet									
Financial instruments, netting agreements	63 394	15 313		78 707	42 305	17672			59 977
Financial instruments, collateral	2 177	64 746	74	66 997	1 987	37 883		223	40 093
Cash, collateral	29 717			29 717	10 680	77			10 757
Total amount not offset in the balance sheet	**95 288**	**80 059**	**74**	**175 421**	**54 972**	**55 632**		**223**	**110 827**
Net amount	**23 236**	**22**		**23 258**	**6 657**	**23**	**60**		**6 740**

Liabilities	2014				2013				
	Deriva-tives	Repurchase agreements	Securities lending	Total	Deriva-tives	Repurchase agreements	Security settlement liabilities	Securities lending	Total
Financial liabilities, which have not been offset or are subject to netting or similar agreements	3 670			3 670	1 700		2 183		3 883
Financial liabilities, which have been offset or are subject to netting or similar agreements	82 025	21 514	1 011	104 550	53 312	30 064	325	177	83 878
Net amount presented in the balance sheet	**85 695**	**21 514**	**1 011**	**108 220**	**55 012**	**30 064**	**2 508**	**177**	**87 761**
Financial liabilities, which have been offset or are subject to netting or similar agreements									
Gross amount	94 322	25 290	1 011	120 623	58 460	30 935	4 760	177	94 332
Offset amount	−12 297	−3 776		−16 073	−5 148	−871	−4 435		−10 454
Net amount presented in the balance sheet	**82 025**	**21 514**	**1 011**	**104 550**	**53 312**	**30 064**	**325**	**177**	**83 878**
Related amount not offset in the balance sheet									
Financial instruments, netting agreements	63 394	15 313		78 707	42 305	17672			59 977
Financial instruments, collateral	3 636	6 197	1011	10 844	1 914	12 364		177	14 455
Cash, collateral	11 903	4		11 907	7 437	3			7 440
Total amount not offset in the balance sheet	**78 933**	**21 514**	**1 011**	**101 458**	**51 656**	**30 039**		**177**	**81 872**
Net amount	**3 092**			**3 092**	**1 656**	**25**	**325**		**2 006**

G48 Specification of adjustments for non-cash items in operating activities

	2014	2013
Amortised origination fees	–670	–656
Unrealised changes in value/currency changes	184	2 447
Capital gains/losses on sale of subsidiaries and associates		–80
Capital gains/losses on sale of subsidiaries and associates, discontinued operations	–163	
Bargain purchase	–461	
Capital gains/losses on property and equipment	–101	–144
Undistributed share of equity in associates	–600	–319
Depreciation and impairment of tangible fixed assets including repossessed leased assets	439	700
Amortisation and impairment of goodwill and other intangible fixed assets	329	501
Credit impairment	815	444
Changes to provisions for insurance contracts	–20	19
Prepaid expenses and accrued income	1 028	768
Accrued expenses and prepaid income	–1 791	–4 935
Share-based payment	459	418
Discontinued operations		340
Other	–3	–3
Total	**–555**	**–500**

G49 Dividend paid and proposed

	2014		2013	
Ordinary shares	**SEK per share**	**Total**	**SEK per share**	**Total**
Dividend paid	10.10	11 133	9.90	9 158
Proposed dividend	11.35	12 537	10.10	11 100

	2014		2013	
Preference shares	**SEK per share**	**Total**	**SEK per share**	**Total**
Dividend paid			9.90	1 722
Proposed dividend				

The Board of Directors recommends that shareholders receive a dividend of SEK 11.35 per ordinary share (10.10) in 2015 for the financial year 2014, corresponding to SEK 12 537m.

G50 Assets pledged, contingent liabilities and commitments

Assets pledged

Assets pledged for own liabilities	**2014**	**2013**	**1/1/2013**
Government securities and bonds pledged with the Riksbank	8 092	10 710	11 449
Government securities and bonds pledged with foreign central banks	10 073	868	922
Government securities and bonds pledged for liabilities credit institutions	5 033	6 735	1 217
Government securities and bonds pledged for deposits from the public	11 356	12 699	25 271
Government securities and bonds pledged for derivatives			162
Loans pledged for securities in issue[1]	780 213	740 215	700 907
Financial assets pledged for investment contracts	136 529	118 627	103 432
Cash	11 717	7 178	14 120
Total	**963 013**	**897 032**	**857 480**

1) The pledge is defined as the borrower's nominal debt including accrued interest.

The carrying amount of liabilities for which assets are pledged amounted to SEK 704 115m (677 631) for the Group in 2014.

Other assets pledged	**2014**	**2013**	**1/1/2013**
Securities loans	1 002	177	149
Government securities and bonds pledged for other commitments	5 776	2 675	862
Cash	366	334	217
Total	**7 144**	**3 186**	**1 228**

Companies in the Group regularly pledge financial assets as collateral for their obligations to central banks, stock exchanges, central securities depositories, clearing organisations and other institutions with similar or closely related functions, as well as to insurance policyholders. The transactions can be made by one or more companies in the Group depending on the operations of each company. These financial assets are recognised as assets pledged. Companies in the Group also participate in arrangements that are not pledges, but where financial assets are used for similar purposes. Such financial assets are also recognised as assets pledged. One example of assets pledged is when financial assets of a certain value are transferred to derivative counterparties to offset their credit risk vis-à-vis the Group. Another example involves certain transfers of financial assets which the Group is obligated to repurchase, so-called repos. A third example is that certain types of credit can be included in the cover pool for covered bonds and thereby give preferential rights to the assets to investors who hold such bonds. Because of the pledges and other arrangements mentioned above, the value of the financial assets in question cannot be utilised in any other way as long as the pledge or arrangement remains in effect. The transactions are made on commercial terms.

Contingent liabilities

Nominal amount	**2014**	**2013**	**1/1/2013**
Loan guarantees	4 619	5 588	5 586
Other guarantees	20 490	14 620	14 226
Accepted and endorsed notes	108	80	83
Letters of credit granted but not utilised	2 025	1 528	2 363
Other contingent liabilities	17	121	84
Total	**27 259**	**21 937**	**22 342**
Provision for anticipated credit impairments	-50	-53	-131

Commitments

Nominal amount	**2014**	**2013**	**1/1/2013**
Loans granted but not paid	163 263	129 912	121 410
Overdraft facilities granted but not utilised	73 744	68 297	66 766
Total	**237 007**	**198 209**	**188 176**

G51 Transferred financial assets

The Group transfers ownership of financial assets in connection with repos and security loans. Although ownership has been transferred in these transactions, the asset remains on the balance sheet since the Group is still exposed to the asset's risk of fluctuating in value. This is because the agreement stipulates at the time of transfer that the asset will be restored. The sales proceeds received in connection with repos are recognised as liabilities. All assets and related liabilities are recognised at fair value and included in the valuation category fair value through profit and loss, trading.

Liabilities related to securities lending refer to collateral received in the form of cash. These liabilities are reported in the valuation category other financial liabilities. In addition to what is indicated in the table for securities lending, collateral is received in the form of other securities to cover the difference between the fair value of the transferred assets and the recognised liability's fair value. As of year-end the Group had no transfers of financial assets that had been derecognised and where the Group has continuing involvement.

	Transferred assets			Associated liabilities		
2014	**Carrying amount**	**Of which repurchase agreements**	**Of which securities lending**	**Carrying amount**	**Of which repurchase agreements**	**Of which securities lending**
Valuation category , fair value through profit or loss						
Trading						
Equity instruments	127		127	74		74
Debt securities	17 471	17 471		17 441	17 441	
Total	**17 598**	**17 471**	**127**	**17 515**	**17 441**	**74**

	Transferred assets			Associated liabilities		
2013	**Carrying amount**	**Of which repurchase agreements**	**Of which securities lending**	**Carrying amount**	**Of which repurchase agreements**	**Of which securities lending**
Valuation category , fair value through profit or loss						
Trading						
Equity instruments	317		317	223		223
Debt securities	19 904	19 904		19 906	19 906	
Total	**20 221**	**19 904**	**317**	**20 129**	**19 906**	**223**

G52 Operational leasing

The agreements relate mainly to premises in which the Group is the lessee. The terms of the agreements comply with customary practices and include clauses on inflation and property tax. The combined amount of future minimum lease payments that relate

2014	Expenses	Income subleasing	Total
2015	667	6	661
2016	552	5	547
2017	415	4	411
2018	371	4	367
2019	271		271
2020	195		195
2021	165		165
2022	164		164
2023	155		155
2024 or later	1 435		1 435
Total	**4 390**	**19**	**4 371**

2013	Expenses	Income subleasing	Total
2014	763	14	749
2015	445	8	437
2016	290	5	285
2017	237	4	233
2018	224		224
2019	144		144
2020	96		96
2021	93		93
2022	93		93
2023 or later	1 056		1 056
Total	**3 441**	**31**	**3 410**

G53 Business combinations

Business combinations refer to acquisitions of businesses in which the parent company directly or indirectly obtains control of the acquired business.

Business combinations in 2014

On 20 May 2014 Swedbank AB acquired 100 per cent of the shares in Sparbanken Öresund AB. Sparbanken Öresund AB owned 100 per cent of the shares in the subsidiaries Sparbanken Öresund Fastighetsbyra AB and FriSparbar Företagskredit AB as well as 80 per cent of the subsidiary Cerdo Bankpartner AB. On the same date, directly after the acquisition, Sparbanken Öresund AB sold a number of bank branches to Sparbanken Skåne AB. Because certain assets and liabilities were acquired with the intent of being immediately resold, they have been classified as of the acquisition date as held for sale. The recognised gain from the acquisition was due to the fact that Swedbank has to make extensive changes to the acquired operations, including the elimination of offices and related systems. Consequently, a restructuring reserve of SEK 591m was recognised in the income statement for this purpose directly after the acquisition.

	Carried in the Group on acquisition date
Cash and balances with central banks	20
Loans to credit institutions	4461
Loans to the public	16331
Interest-bearing securities	1973
Shares and participating interests	33
Investments in associates	60
Derivatives	26
Intangible fixed assets	205
Tangible assets	113
Other assets	219
Prepaid expenses and accrued income	134
Group of assets classified as held for sale	10503
Total assets	**34 078**
Amounts owed to credit institutions	2 841
Deposits and borrowings from the public	11 596
Debt securites in issue	2 028
Derivatives	49
Deferred tax liabilities	176
Other liabilities	1 625
Subordinated liabilities	947
Liabilities directly associated with group of assets classified as held for sale	11 417
Total liabilities	**30 679**
Subsidiary's net assets	**3 399**
Acquisition cost. Cash	**2 938**
Bargain purchase, reported as other income	**461**
Cash flow	
Acquired cash and cash equivalents in subsidiary	20
Cash paid	–2 938
Net	**–2 918**

Acquired loans, fair value	16 331
Acquired loans, gross contractual amounts	16 654
Acquired loans, best estimate of the contractual cash	258

Excluding the bargain purchase gain on the acquisition, the acquired company contributed SEK 489m to income and SEK 75m profit after tax from the acquisition date. If the company had been acquired at the beginning of the financial year 2014, the Group's income for 2014 would have been SEK 39 653m instead of SEK 39 304m. The Group's profit after tax would have been SEK 16 457m instead of SEK 16 463m.

Business combinations in 2013

Swedbank Franchise AB acquired 100 per cent of the shares in Svensk Fastighetsförmedling AB at the end of 2013. Svensk Fastighetsförmedling AB owns 25 per cent of Hemnet AB.

	Carried in the Group on acquisition date
Cash and balances with central banks	41
Shares and participating interests	125
Other assets	25
Total assets	**191**
Total liabilities	**36**
Subsidiary's net assets	**155**
Acquisition cost. Cash	**80**
Cash flow	
Acquired cash and cash equivalents in subsidiary	254
Cash paid	19
Net	**0**

The acquisition took place during the latter part of December and the acquired company did not contribute to profit for 2013 after its acquisition date. If the company had been acquired at the beginning of the financial year, it would have contributed approximately SEK 96m to income and SEK 8m to profit.

G54 Discontinued operations

	2014			2013			
Profit from discontinued operations	**Russia**	**Lithuania**	**Total**	**Russia**	**Ukraine**	**Lithuania**	**Total**
Income	161	252	413	133	22	225	380
Expenses	64	239	303	140	65	216	421
Profit before impairments	97	13	110	–7	–43	9	–41
Credit impairments/impairments	–349		–349	–119	–2		–121
Operating profit	–252	13	–239	–126	–45	9	–162
Tax expense	36		36	14	24	–1	37
Post-tax profit for the year from discontinued operations	**–216**	**13**	**–203**	**–112**	**–21**	**8**	**–125**
Post-tax profit for the year recognised on the measurement at fair value less sale costs					–340		–340
Disposal result		163	163				
Reclassification to the income statement	–223		–223				
of which exchange differences foreign operations	–508		–508		–1 875		–1 875
of which hedging of net investments in foreign operations	365		365				
of which income tax	–80		–80				
Profit for the year from discontinued operations, after tax	**–439**	**176**	**–263**		**–1 875**		**–1 875**

	2014			2013			
Assets classified as held for sale	**Russia**	**Lithuania**	**Total**	**Russia**	**Ukraine**	**Lithuania**	**Total**
Loans to the public	519		519	1 027			1 027
of which impaired loans, gross	262		262	430			430
of which individual provisions	–178		–178	–233			–233
of which impaired loans, net	84		84	197			197
of which portfolio provisions	–210		–210	–18			–18
Tangible assets				2		102	104
Other assets	96		96	607		124	731
Total assets	**615**		**615**	**1 636**		**226**	**1 862**
Liabilities classified as held for sale							
Other liabilities	39		39	121		98	219
Total liabilities	**39**		**39**	**121**		**98**	**219**

In 2013 the Group's Russian and Ukrainian operations were reclassified as discontinued operations. The assets and related liabilities of these companies are recognised as assets and liabilities attributable to the sale on separate lines in the balance sheet. As of year-end 2014 the Russian operations comprise the companies OOO Leasing and FRiR RUS OOO, with around 15 employees (40). The assets in these operations were divested over the course of the year. OAO Swedbank was liquidated and Ektornet Kr. Valdemara, whose principal asset was a property in Moscow, was sold. In 2014 the large part of the Group's foreign net asset in roubles was repaid to Swedbank AB. In connection with the repayment, related exchange differences, effects of currency hedges and taxes were reclassified from other consolidated income to profit or loss. The Ukrainian operations referred to JSC Swedbank, which was sold in the second quarter 2013 for SEK 0m to Mykola Lagun, the majority owner of Delta Bank. In 2014 Lithuanian-based Alita group was sold to MG Baltics for SEK 184m. The sale produced a capital gain of SEK 163m. Alita group was acquired exclusively for the purpose of resale.

G55 Related parties and other significant relationships

	Associates		Other related parties	
Assets	**2014**	**2013**	**2014**	**2013**
Loans to credit institutions	6 903	9 021		
Loans to the public	691	1 820	26	
Derivatives				
Other assets	11	10	31	29
Prepaid expenses and accrued income	1			
Total assets	**7 607**	**10 850**	**57**	**29**
Liabilities				
Amount owed to credit institutions	2 360	2 928		
Deposits and borrowing from the public	30	1 377	2 594	1 181
Debt securities in issue, etc.	1 448	1 853		
Derivatives				
Other liabilities	7	64		
Accrued expenses and prepaid income		78		
Total liabilities	**3 845**	**6 301**	**2 594**	**1 181**
Contingent liabilities				
Guarantees		120		
Derivatives, nominal amount	1 792	3 573		
Income and expenses				
Interest income	202	523		
Interest expenses	3	125	78	36
Dividends received	380	533		
Commission income	6	17		
Commission expenses	48	24		
Other income	13	382		
Other general administrative expenses	3	4		

Associates
Investments in associates are specified in note G27.

During the year the Group provided capital injections of SEK 0m (4). As of 31 December associates have issued guarantees and pledged assets of SEK 1 057m (150) on behalf of Swedbank.

The Group has sold services to associates that are not credit institutions primarily in the form of product and systems development as well as marketing. The Group's expenses to, and purchases of services from, associates that are not credit institutions mainly consist of payment services and cash management.

The partly owned banks that are associates sell products that are provided by the Group and receive commissions for servicing the products. The co-operation between the partly owned banks and Swedbank is governed by the agreement described in the section, Other significant relationships. In 2014 Sparbanken Skåne AB, formerly Färs & Frosta Sparbank, sold all 5 330 000 shares in Swedbank AB.

Joint ventures
The Group's holding in EnterCard is a joint venture. EnterCard issues debit and credit cards in Sweden and Norway to Swedbank's customers. Swedbank AB finances Enter-Card's corresponding holding. The Group's holding in Sparbanken Rekarne AB is also a joint venture. Its relationship with the bank is described below under Other significant relationships.

Key persons
Disclosures regarding Board members and the Group Executive Committee can be found in note G13 Staff costs.

Other related parties
Swedbank's pension funds and Sparinstitutens Pensionskassa secure employees' postemployment benefits. They rely on Swedbank for traditional banking services.

Other significant relationships
Swedbank has close co-operation with the savings banks in Sweden. The co-operation between Swedbank and the 60 savings banks, including five of Swedbank's partly owned banks, is governed by a master agreement to which a number of other agreements are attached regarding specific activities. On 1 July 2011 a new six-year agreement entered into force. Like the previous agreement, it presumes that the savings banks have a certain basic range of services and products as well as access to competency in certain areas. Two small savings banks currently do not fulfil the requirements. These savings banks have instead signed clearing agreements with Swedbank.

Through the co-operation, Swedbank's Swedish customers gain access to a nation-wide network. At the same time the savings banks and partly owned banks are able to offer the products and services of Swedbank and its subsidiaries to their customers. Together, the savings banks and partly owned banks account for about 30 per cent of the Group's product sales in the Swedish market. In addition to marketing and product issues, close co-operation exists in a number of administrative areas. Swedbank is the clearing bank for the savings banks and partly owned banks and provides a wide range of IT services. The co-operation also offers the possibility to distribute development costs over a larger business volume.

The savings banks, savings bank foundations and partly owned banks together represent one of the largest shareholder groups in Swedbank, with a total of 11.6 per cent (11.5) of the voting rights.

Swedbank has 1.4 per cent of the voting rights in a non-profit association, the Swedish Savings Banks Academy. The Group has no loans to the association, nor

G56 Interests in unconsolidated structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when all voting rights relate to administrative tasks and the relevant activities are directed by means of contractual arrangements. In 2014 Swedbank owned interests in structured entities that were not consolidated since Swedbank did not control the entities. Information on the Group's interests in unconsolidated structured entities is provided below.

Sponsor definition
Swedbank is a sponsor of structured entities when the Group sets up and determines the design of a structured entity and when the structured entity's products are associated with Swedbank's brand.

Investment funds
Swedbank is a primary sponsor of investment funds where the Group serves as a manager. Swedbank's interests in such investment funds mainly refer to capital investments by the Group's insurance operations, starting capital and fees received to manage the funds' investments. Asset management fees are based on the fair value of the funds' net assets. Consequently, these fees expose Swedbank to a variable return based on the funds' performance. Swedbank has provided unused loan guarantees to these investment funds, which entails a financial claim against the investment funds.

Securitisation
Securitisation means that assets are transferred to a structured entity which issues securities to third-party investors. The securities have varying levels of priority and are secured by the assets. The securities are entitled to interest from the assets' return, with the most subordinate investor receiving the residual return. Swedbank holds senior debt in the form of investment-grade Residential Mortgage Backed Securities which have been issued by structured entities. They were not set up by Swedbank.

Swedbank's interests in unconsolidated structured entities are shown below. The interests do not include ordinary derivatives such as interest rate and currency swaps and transactions where Swedbank creates rather than receives variable returns from the structured entity.

	2014			
	Group Sponsored Investment Funds	Non Sponsored Investment Funds	Securitisations	Total
Loans to the public		16		16
Bonds and other interest-bearing securities			719	719
Shares and participating interests	239	50		289
Total assets recognised in the balance sheet	**239**	**66**	**719**	**1 024**
Total income from interests[1]	6 695	11	3	6 709
Total assets of the structured entities[2]	714 639		32 077	

1) The result from interests in unconsolidated structured entities includes asset management fees, changes in fair value and interest income.
2) Securitisations represents the total issuance amount outstanding for the tranches held by Swedbank.

Swedbank's maximum exposure to losses corresponds to the investments' carrying amounts recognised in the balance sheet. In addition, Swedbank has exposure to notional SEK 1 788m for unused loan commitments provided to Group sponsored investment funds. During the year Swedbank has not provided any non-contractual financial or other support to unconsolidated structured entities and as of the closing day had no intention to provide such support.

G57 Sensitivity analysis

	Change	2014	2013
Net interest income, 12 months[1]			
Increased interest rates	+ 1 % point	3 203	2 370
Decreased interest rates	– 1 % point	–1 278	–2 601
Change in value[2]			
Market interest rate	+ 1 % point	–523	–653
	– 1 % point	468	704
Stock prices	+10%	26	9
	–10%	–15	–7
Exchange rates	+5%	–54	6
	–5%	12	117
Other			
Stock market performance[3]	+/– 10 %	+/–332	+/–318
Staff changes	+/– 100 persons	+/–71	+/–67
Payroll changes	+/– 1 % point	+/–86	+/–82
Impaired loans[4]	+/– 1 SEK bn	+/–25	+/–30
Credit impairment ratio	+/– 0,1 % point	+/–1 518	+/–1 347

1) The NII sensitivity calculation covers all interest bearing assets and liabilities, on- and off balance, on a contractual level in the banking book. It is a static analysis of 100 bps shift of the interest rate curves that takes place over night, and illustrates the effect on NII for a 12 month period. Maturing assets and liabilities during the 12 month period are assumed to be repriced to the existing contractual interest rate +/- 100bp. The assets that are repriced are assumed to have the same interest rate throughout the remaining part of the 12-month period. The interest rate shift is based on prevailing market rates with a floor a 0 % in the scenario with decreased interest rates. Transaction accounts are assumed to have 0% elasticity (i.e. there is no adjustment made to the paid interest) while all other deposits have a 100% elasticity to changes in the market rate (i.e. adjustments are made to the interest paid).
2) The calculation refers to the immediate effect on profit of each scenario for the Group's interest rate positions at fair value and its equity and currency positions.
3) Refers to the effect on net commission income from a change in value of Swedbank Robur's equity funds.
4) The interest rate for the 2014 calculation is 2.50 per cent (3.00).

G58 Events after 31 December 2014

On 16 December 2014 the Stockholm District Court announced that it was denying Swedbank Franchise AB's acquisition of Svensk Fastighetsförmedling AB at the end of 2013 for competitive reasons. Swedbank appealed to the Swedish Market Court on 23 December and was granted leave to appeal on 12 January 2015. The Market Court must decide the case by 7 April 2015. As of year-end 2014 the Group's net asset for Svensk Fastighetsförmedling amounted to SEK 233m. The likelihood of an outflow of resources is considered extremely low, because of which the case has not been reported as a contingent liability.

Lithuania adopted the euro as its currency on 1 January 2015.

In February 2015 Swedbank issued USD 750 million Additional Tier 1 capital instruments, with a coupon of 5.5 per cent. The issuance takes the form of perpetual debt instruments, which have a call option after 5 years. The instruments also have a mandatory conversion into ordinary shares if the regulatory capital of the bank decreases to a certain level. As a result of the issuance, Swedbank´s Tier 1 capital ratio is strengthened by 1.5 percentage points to 24 percent, based on 31 December 2014 figures.

G59 Effects of changes in accounting policies

Group SEKm	New reporting 2013	IFRS 10	Previous reporting 2013
Assets			
Cash and balances with central banks	59 382		59 382
Treasury bills and other bills eligible for refinancing with central banks, etc.	56 814		56 814
Loans to credit institutions	82 278		82 278
Loans to the public	1 264 910		1 264 910
Value change of interest hedged item in portfolio hedge	62		62
Bonds and other interest-bearing securities	125 585		125 585
Financial assets for which the customers bear the investment risk	122 743	3 295	119 448
Shares and participating interests	7 109		7 109
Investments in associates	3 640		3 640
Derivatives	64 352		64 352
Intangible fixed assets	13 658		13 658
Investment properties	685		685
Tangible assets	3 140		3 140
Current tax assets	895		895
Deferred tax assets	417		417
Other assets	9 578		9 578
Prepaid expenses and accrued income	6 992		6 992
Group of assets classified as held for sale	1 862		1 862
Total assets	**1 824 102**	**3 295**	**1 820 807**
Liabilities and equity			
Liabilities			
Amounts owed to credit institutions	121621		121621
Deposits and borrowings from the public	620608	–245	620853
Financial liabilities for which the customers bear the investment risk	125548	4971	120577
Debt securites in issue	726275	–1431	727706
Short positions securities	17519		17519
Derivatives	55011		55011
Current tax liabilities	1893		1893
Deferred tax liabilities	2383		2383
Pension provisions	2925		2925
Insurance provisions	1645		1645
Other liabilities and provisions	14397		14397
Accrued expenses and prepaid income	14194		14194
Subordinated liabilities	10 159		10 159
Liabilities directly associated with group of assets classified as held for sale	219		219
Total liabilities	**1 714 397**	**3 295**	**1 711 102**
Equity			
Non-controlling interests	165		165
Equity attributable to shareholders of the parent company	109 540		109 540
Total equity	**109 705**		**109 705**
Total liabilities and equity	**1 824 102**	**3 295**	**1 820 807**

The adoption of IFRS 10 did not affect the opening balance 2013.

Financial statements and notes – Parent company

Income statement, Parent company

SEKm	Note	2014	2013
Interest income		17 008	19 172
Leasing income		4 222	
Interest expenses		–6 958	–8 566
Net interest income	**P5**	**14 272**	**10 606**
Dividends received	P6	22 131	9 419
Commission income		9 338	6 415
Commission expenses		–3 241	–1 462
Net commissions	**P7**	**6 097**	**4 953**
Net gains and losses on financial items at fair value	P8	979	1 795
Other income	P9	1 288	1 342
Total income		**44 767**	**28 115**
Staff costs	P10	7 913	7 406
Other general administrative expenses	P11	4 323	4 024
Total general administrative expenses		**12 236**	**11 430**
Depreciation/amortisation and impairments of tangible and intangible fixed assets	P12	4 481	532
Total expenses		**16 717**	**11 962**
Profit before impairments		**28 050**	**16 153**
Credit impairments	P13	539	502
Impairments of financial fixed assets	P14	2 193	2 250
Operating profit		**25 318**	**13 401**
Appropriations	P15	–698	6
Tax expense	P16	3 761	3 157
Profit for the year		**22 255**	**10 238**

Statement of comprehensive income, Parent company

SEKm	Note	2014	2013
Profit for the period reported via income statement		**22 255**	**10 238**
Items that may be reclassified to the income statement			
Remeasurements of defined benefit pension plans		–8	5
Income tax	P17	1	–1
Items that may be reclassified ti the income statement			
Cash flow hedges			
Gains/losses arising during the year		–13	–51
Reclassification adjustments to income statement, net interest income		18	83
Income tax	P17	–1	–7
Other comprehensive income for the period, net of tax		**–3**	**29**
Total comprehensive income for the period		**22 252**	**10 267**

Balance sheet, Parent company

SEKm	Note	2014	2013	1/1/2013
Assets				
Cash and balances with central banks		73 802	32 439	109 898
Treasury bills and other bills eligible for refinancing with central banks, etc.	P18	41 073	50 208	17 482
Loans to credit institutions	P19	435 979	388 521	350 439
Loans to the public	P20	432 879	346 320	347 233
Bonds and other interest-bearing securities	P21	118 948	116 527	114 111
Shares and participating interests	P22	9 641	6 849	7 861
Investments in associates	P23	1 986	1 158	1 153
Investments in Group entities	P24	58 343	55 190	57 231
Derivatives	P25	133 703	83 323	125 926
Intangible fixed assets	P26	1 285	1 372	1 644
Leasing equipment	P27	12 339		
Tangible assets	P28	560	333	370
Current tax assets		1 288	469	507
Deferred tax assets	P16	349	53	49
Other assets	P29	16 801	12 312	8 030
Prepaid expenses and accrued income	P30	7 528	5 106	7 793
Total assets		**1 346 504**	**1 100 180**	**1 149 727**
Liabilities and equity				
Liabilities				
Amounts owed to credit institutions	P31	222 569	195 096	195 584
Deposits and borrowings from the public	P32	532 118	501 294	473 104
Debt securites in issue	P33	318 041	214 605	242 295
Derivatives	P25	118 696	74 408	117 471
Current tax liabilities		2 246	1 766	1 399
Deferred tax liabilities	P16			138
Other liabilities	P34	44 484	28 396	29 633
Accrued expenses and prepaid income	P35	4 252	3 746	4 683
Provisions	P36	63	98	94
Subordinated liabilities	P37	18 010	10 083	14 522
Total liabilities		**1 260 479**	**1 029 492**	**1 078 923**
Untaxed reserves	P38	10 043	6 305	6 299
Equity	P39			
Share capital		24 904	24 904	24 904
Other funds		5 968	5 968	5 968
Retained earnings		45 110	33 511	33 633
Total equity		**75 982**	**64 383**	**64 505**
Total liabilities and equity		**1 346 504**	**1 100 180**	**1 149 727**
Pledged asstes, contingent liablilities and commitments	P44			

The balance sheet and income statement will be adopted at the Annual General Meeting on 26 March 2015.

Statement of changes in equity, Parent company

SEKm	Share capital	Share premium reserve	Statutory reserve	Cash flow hedges	Retained earnings	Total
Opening balance 1 January 2013	**24 904**	**13 206**	**5 968**	**-32**	**20 459**	**64 505**
Dividend					–10 880	–10 880
Share based payments to employees					418	418
Deferred taxes on share based payments to employees					73	73
Total comprehensive income for the year				25	10 242	10 267
of which through the Profit and loss acount					10 238	10 238
of which through other comprehensive income for the year before tax				32	5	37
of which tax through other comprehensive income for the year				–7	–1	–8
Closing balance 31 December 2013	**24 904**	**13 206**	**5 968**	**-7**	**20 312**	**64 383**
Opening balance 1 January 2014	**24 904**	**13 206**	**5 968**	**-7**	**20 312**	**64 383**
Dividend					–11 133	–11 133
Repurchase of own shares for trading purposes					–33	–33
Share based payments to employees					459	459
Deferred tax related to share based payments to employees					12	12
Current tax related to share based payments to employees					42	42
Total comprehensive income for the year				4	22 248	22 252
of which through the Profit and loss acount					22 255	22 255
of which through other comprehensive income for the year before tax				5	–8	–3
of which tax through other comprehensive income for the year				–1	1	
Closing balance 31 December 2014	**24 904**	**13 206**	**5 968**	**-3**	**31 907**	**75 982**

Statement of cash flow, Parent company

SEKm	Note	2014	2013
Operating activities			
Operating profit		25 318	13 401
Adjustments for non-cash items in operating activities	P43	–5 351	–479
Taxes paid		–5 483	–2 821
Increase/decrease in loans to credit institution		–46 316	–36 916
Increase/decrease in loans to the public		–67 305	810
Increase/decrease in holdings of securities for trading		4 826	–35 497
Increase/decrease in deposits and borrowings from the public including retail bonds		30 880	27 688
Increase/decrease in amounts owed to credit institutions		634	–488
Increase/decrease in other assets		–46 635	38 924
Increase/decrease in other liabilities		59 287	–44 372
Cash flow from operating activities		**–50 145**	**–39 750**
Investing activities			
Acquistiton of/contribution to Group entities and associates		–7 544	–1 176
Disposal of/repayment from Group entities and associates		1 245	
Acquisition of other fixed assets and strategic financial assets		–972	–159
Disposals of other fixed assets and strategic financial assets		388	402
Dividends and Group contributions received		6 484	5 978
Cash flow from investing activities		**–399**	**5 045**
Financing activities			
Issuance of interest-bearing securities		28 996	28 131
Redemption of interest-bearing securities		–19 139	–50 837
Issuance of commercial papers		718 129	493 043
Redemption of commercial papers		–624 946	–502 211
Dividend paid		–11 133	–10 880
Cash flow from financing activities		**91 907**	**–42 754**
Cash flow for the year		**41 363**	**–77 459**
Cash and cash equivalents at the beginning of the year		**32 439**	**109 898**
Cash flow for the year		41 363	–77 459
Cash and cash equivalents at end of the year		**73 802**	**32 439**

Comments on the cash flow statement

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

Operating activities

Cash flow from operating activities is based on operating profit for the year. Adjustments are made for items not included in cash flow from operating activities. Changes in assets and liabilities from operating activities consist of items which are part of normal business activities such as loans to and deposits from the public and credit institutions, and which are not attributable to investing and financing activities. Cash flow includes interest receipts of SEK 19 608m (21 806) and interest payments of SEK 7 069m (7 674). Capitalised interest is included.

Investing activities

In 2014 all shares were acquired in the Savings Bank Öresund AB for SEK 2 938m and all shares in the subsidiary Frispar Företagskredit for SEK 48m. In connection with the associate Färs och Frosta Sparbank AB converted to Sparbanken Skåne AB particpated Swedbank AB in a rights issue SEK 265m. At the same time new shares acquired for SEK 549m. Contributions were paid to the subidiaries Swedbank Hypotek AB of SEK 2 600m, Swedbank Försäkring AB of SEK 985m, Ektornet AB of SEK 150m and Swedbank Management S.A of SEK 9m. During the year the subsidiaries OOO Leasing repaid SEK 136m and OAO Swedbank SEK 969m. The Subsidiary SIA Ektornet Kr Valdemara 27/29 were sold for 140m. Further, the shares in Inedahl HB and condominium evidence were sold for SEK 13m.

Cash and cash equivalents

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

Notes

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

P1 Accounting policies

BASIS OF ACCOUNTING

As a rule, the parent company follows IFRS and the accounting principles applied in the consolidated financial statements, as reported on pages 67-74. In addition, the parent company is required to consider and prepare its annual report in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies, the regulations and general advice of the Swedish Financial Supervisory Authority FFFS 2008:25 and recommendation RFR 2 Reporting for Legal Entities issued by the Swedish Financial Reporting Board. The parent company's annual report is therefore prepared in accordance with IFRS to the extent the standards are compatible with the Annual Accounts Act for Credit Institutions and Securities Companies, RFR 2 and the Swedish Financial Supervisory Authority regulations. The most significant differences in principle between the parent company's accounting and the Group's accounting policies relate to the recognition of:

- The currency component in currency hedges of investments in foreign subsidiaries and associates;
- Associates;
- Finance leases;
- Goodwill and internally generated intangible assets;
- Untaxed reserves and Group contributions; and
- Operating segments.

The headings in the financial statements follow the Annual Accounts Act for Credit Institutions and Securities Companies and the Swedish Financial Supervisory Authority regulations, due to which they differ in certain cases from the headings in the Group's accounts.

CHANGES IN ACCOUNTING POLICIES

No new or amended IFRS, interpretations or other regulatory changes have been applied or had a significant effect on the parent company's financial position, results or disclosures.

SIGNIFICANT DIFFERENCES IN THE PARENT COMPANY'S ACCOUNTING POLICIES COMPARED WITH THE GROUP'S ACCOUNTING POLICIES

Hedging of net investment in foreign operations

The currency component of liabilities that constitute currency hedges of net investments in foreign subsidiaries and associates is valued in the parent company at cost.

Associates

Investments in associates are recognised in the parent company at cost less any impairment. All dividends received are recognised in profit or loss in Dividends received.

Subsidiaries

Investments in subsidiaries are recognised according to the acquisition cost method. The investments' value is tested for impairment if there is any indication of diminished value. In cases where the value has decreased, it is written down to its value at the Group level. All dividends received are recognised through profit and loss in Dividends received.

Intangible assets

The parent company amortises goodwill systematically based on estimated useful life. All expenditures, including for development, which are attributable to internally generated intangible assets are expensed through profit and loss.

Leasing equipment

The parent company recognises finance leases as operating leases. This means that the assets are recognised as equipment with depreciation within depreciation/amortisation of tangible and intangible assets in the income statement. Rent income is recognised as leasing income within net interest income in the income statement.

Pensions

The parent company recognises pension costs for Swedish defined benefit pension plans according to the Act on Safeguarding Pension Benefits, which means that they are recognised as defined contribution plans. Premiums paid to defined contribution plans are expensed when an employee has rendered his/her services.

Untaxed reserves and Group contributions

Due to the connection between reporting and taxation, the deferred tax liability attributable to untaxed reserves is not recognised separately in the parent company. The reserves are instead recognised, gross, in the balance sheet and income statement. Group contributions received are recognised through profit and loss in Dividends received.

Operating segments

The parent company does not provide segment information, which is provided to the Group. A geographical distribution of revenue is reported, however.

P2 Risks

Swedbank's risk management is described in note G3. Specific information on the parent company's risks is presented in the following tables.

Credit risks

Impaired, past due and restructured loans	2014	2013
Impaired loans		
Carrying amount before provisions	1 455	1 960
Provisions	679	767
Carrying amount after provisions	776	1 193
Share of impaired loans, net %	0.24	0.42
Share of impaired loans, gross %	0.44	0.68
Carrying amount of impaired loans that returned to a status as normal during the period	504	700
Past due loans that are not impaired		
Valuation category, loans and receivables		
Loans with past due amount,		
5–30 days	45	171
31–60 days	204	108
more than 60 days	421	209
Total	**670**	**488**
Loans with forbearance measures during the period and which are not impaired or past due		
Carrying amount	1 452	1 342

Impaired loans are those for which it is likely that payments will not be fulfilled in accordance with the terms of the contract. A loan is not impaired if there is collateral which covers capital, interest and fees for any delays by a satisfactory margin. Provisions for impaired loans as well as other elements of lending where losses have occurred but individual claims have not yet been identified are specified above. Loss events include non-payments or delayed payments where it is likely the borrower will become bankrupt and domestic or local economic conditions that are tied to non-payments, such as declines in asset values. The carrying amount of impaired loans largely corresponds to the value of collateral in cases where collateral exists. Forborn loans refer to loans where a change has been made to the terms of the contract as a result of the customer's reduced ability to pay.

Provisions	2014	2013
Opening balance	**1 289**	**1 412**
New provisions	364	312
Utilisation of previous provisions	–124	–359
Portfolio provisions for loans that are not impaired	–237	–135
Group adjustments	–74	–7
Change in exchange rates	–109	66
Closing balance	**1 110**	**1 289**
Total provision ratio for impaired loans, % (Including portfolio provision in relation to loans that individually are assessed as impaired)	76	66
Provision ratio for individually assessed impaired loans, %	47	39

Concentrations risk	2014	2013
Number		3
Exposures between 10% and 20% of the capital base		25 359
Total		**25 359**
Usage of the 800% limit, %		40

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

When it grants repos, the parent company receives securities that can be sold or pledged. The fair value of these securities covers the carrying amount of the repos. The parent company also receives collateral in the form of securities that can be sold or pledged for derivatives and other exposures. The fair value of such collateral as of year-end amounted to SEK 1 829m (1 993). None of this collateral has been sold or pledged.

Liquidity risks

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

	Undiscounted contractual cash flows							
Remaining maturity 2014	**Payable on demand**	**< 3 mths.**	**3 mths.–1 yr**	**1–5 yrs**	**5–10 yrs**	**> 10 yrs**	**No maturity/ discount effect**	**Total**
Assets								
Cash and balances with central banks	73 802							73 802
Treasury bills and other bills eligible for refinancing with central banks		12 659	4 336	13 184	3 127	3 760	4 007	41 073
Loans to credit institutions	1 488	134 535	277 558	17 601	4 715	82		435 979
Loans to the public		126 182	85 818	166 262	36 617	18 000		432 879
Bonds and other interest-bearing securities		13 433	31 043	66 949	2 889	430	4 204	118 948
Shares and participating interests							69 971	69 971
Derivatives		34 689	31 674	63 291	10 900	3 146	–9 997	133 703
Intangible fixed assets							1 285	1 285
Tangible assets							12 900	12 900
Other assets		14 209	2 133	3			9 619	25 964
Total	**75 290**	**335 707**	**432 562**	**327 290**	**58 248**	**25 418**	**91 989**	**1 346 504**
Liabilities								
Amounts owed to credit institutions	90 185	126 099	5 630	649	6			222 569
Deposits and borrowings from the public	455 404	63 294	11 187	2 233				532 118
Debt securities in issue		134 516	86 162	95 044	1 477		842	318 041
Derivatives		22 481	27 793	64 120	12 083	2 836	–10 617	118 696
Other liabilities		46 481	3 885	22	10	42	10 648	61 088
Subordinated liabilities					11 967	5 297	746	18 010
Equity							75 982	75 982
Total	**545 589**	**392 871**	**134 657**	**162 068**	**25 543**	**8 175**	**77 601**	**1 346 504**

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

	Undiscounted contractual cash flows							
Remaining maturity 2013	**Payable on demand**	**< 3 mths.**	**3 mths.–1 yr**	**1–5 yrs**	**5–10 yrs**	**> 10 yrs**	**No maturity/ discount effect**	**Total**
Assets								
Cash and balances with central banks	32 439							32 439
Treasury bills and other bills eligible for refinancing with central banks		26 501	1 876	11 785	5 704	1 489	2 853	50 208
Loans to credit institutions	3 044	85 914	273 384	25 326	522	331		388 521
Loans to the public		76 609	62 080	154 100	34 403	19 128		346 320
Bonds and other interest-bearing securities		12 017	26 104	71 285	2 507	532	4 082	116 527
Shares and participating interests							63 197	63 197
Derivatives		25 773	21 739	40 570	7 836	3 525	–16 120	83 323
Intangible fixed assets							1 372	1 372
Tangible assets							333	333
Other assets		10 102	1 343				6 495	17 940
Total	**35 483**	**236 916**	**386 526**	**303 066**	**50 972**	**25 005**	**62 212**	**1 100 180**
Liabilities								
Amounts owed to credit institutions	96 375	96 178	2 079	464				195 096
Deposits and borrowings from the public	417 826	65 206	14 726	3 536				501 294
Debt securities in issue		72 635	46 353	104 782	704		–9 869	214 605
Derivatives		31 210	19 423	34 548	6 892	2 496	–20 161	74 408
Other liabilities		29 971	3 319	69	8	35	6 909	40 311
Subordinated liabilities					4 564	5 003	516	10 083
Equity							64 383	64 383
Total	**514 201**	**295 200**	**85 900**	**143 399**	**12 168**	**7 534**	**41 778**	**1 100 180**

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

Debt securities in issue

Turnover during the year	2014	2013
Commercial paper		
Opening balance	**100 130**	**109 297**
Issued	718 031	493 043
Repaid	–641 926	–495 796
Change in market values		
Change in exchange rates	16 980	–6 414
Closing balance	**193 215**	**100 130**
Bond loans with state guarantee		
Opening balance	**8 581**	**30 393**
Repurchased		–10 928
Repaid	–8 089	–10 076
Change in market values	–618	–900
Change in exchange rates	126	92
Closing balance		**8 581**

Turnover during the year	2014	2013
Other interest-bearing bond loans		
Opening balance	**92 213**	**87 694**
Issued	17 356	24 120
Repurchased	–995	–802
Repaid	–4 847	–19 780
Change in market values	–835	–122
Change in exchange rates	8 637	1 103
Closing balance	**111 529**	**92 213**
Structured products		
Opening balance	**13 681**	**14 911**
Issued	4 803	4 012
Repurchased		
Repaid	–5 110	–5 228
Change in market values	–77	–14
Closing balance	**13 297**	**13 681**
Total debt securities in issue	**318 041**	**214 605**

Market risks

Interest rate risks

Change in value if the market interest rate rises by one percentage point

The impact on the value of assets and liabilities, including derivatives, when market interest rates rise by one percentage point.

2014	< 3 mths.	3–6 mths.	6–12 mths.	1–2 yrs	2–3 yrs	3–4 yrs	4–5 yrs	5–10 yrs	> 10 yrs	Total
SEK	–448	212	–320	–63	83	212	–353	106	–112	–683
Foreign currency	128	60	21	–10	2	27	8	26	–5	257
Total	**-320**	**272**	**-299**	**-73**	**85**	**239**	**-345**	**132**	**-117**	**-426**

of which financial instruments measured at fair value through profit or loss

2014	< 3 mths.	3–6 mths.	6–12 mths.	1–2 yrs	2–3 yrs	3–4 yrs	4–5 yrs	5–10 yrs	> 10 yrs	Total
SEK	–1 312	892	–1 157	65	719	1 005	–67	–1 414	877	–392
Foreign currency	6	27	32	–6	5	19	7	27	–2	115
Total	**-1 306**	**919**	**-1 125**	**59**	**724**	**1 024**	**-60**	**-1 387**	**875**	**-277**

2013	< 3 mths.	3–6 mths.	6–12 mths.	1–2 yrs	2–3 yrs	3–4 yrs	4–5 yrs	5–10 yrs	> 10 yrs	Total
SEK	–252	–91	–124	–48	1 683	–47	–78	35	–15	1 064
Foreign currency	58	–27	50	33	–18	–0	–11	–11	–4	70
Total	**-194**	**-118**	**-74**	**-14**	**1 665**	**-47**	**-89**	**24**	**-19**	**1 134**

of which financial instruments measured at fair value through profit or loss

2013	< 3 mths.	3–6 mths.	6–12 mths.	1–2 yrs	2–3 yrs	3–4 yrs	4–5 yrs	5–10 yrs	> 10 yrs	Total
SEK	–129	–85	–159	–59	–41	–50	–71	37	–18	–576
Foreign currency	19	–31	59	32	–11	17	–12	–11	–1	60
Total	**-110**	**-116**	**-100**	**-27**	**-53**	**-33**	**-83**	**26**	**-20**	**–516**

Currency risks

Currency distribution

2014	SEK	EUR	USD	GBP	LTL	DKK	NOK	Other	Total
Assets									
Cash and balances with central banks	332	1	68 378			311	4 105	675	73 802
Loans to credit institutions	403 414	25 824	4 211	321	11	62	1 944	192	435 979
Loans to the public	330 803	24 839	40 636	1 489		4 606	24 814	5 692	432 879
Interest-bearing securities	115 569	16 616	16 788	75			10 973		160 021
Other assets, not distributed	243 823								243 823
Total	**1 093 941**	**67 280**	**130 013**	**1 885**	**11**	**4 979**	**41 836**	**6 559**	**1 346 504**
Liabilities									
Amounts owed to credit institutions	157 657	21 845	35 165	3 847		1 244	2 786	25	222 569
Deposits and borrowings from the public	495 687	8 111	21 421	419		977	3 495	2 008	532 118
Debt securities in issue and subordinated liabilities	41 017	77 500	196 800	17 029			2 436	1 269	336 051
Other liabilities, not distributed	179 784								179 784
Equity	75 982								75 982
Total	**950 127**	**107 456**	**253 386**	**21 295**		**2 221**	**8 717**	**3 302**	**1 346 504**
Other assets and liabilities, including positions in derivatives		36 236	123 227	19 387	13 570	−2 752	−32 894	−3 257	
Net position in currency		−3 940	−146	−23	13 581	6	225		9 703

Currency distribution

2013	SEK	EUR	USD	GBP	LTL	RUB	NOK	Other	Total
Assets									
Cash and balances with central banks	313	9 163	20 199				2 566	198	32 439
Loans to credit institutions	365 585	12 458	9 310	37	161	152	133	685	388 521
Loans to the public	256 460	20 743	30 431	1 200	255	120	11 407	25 704	346 320
Interest-bearing securities	125 867	18 319	13 807	368			8 374		166 735
Other assets, not distributed	166 165								166 165
Total	**914 390**	**60 683**	**73 747**	**1 605**	**416**	**272**	**22 480**	**26 587**	**1 100 180**
Liabilities									
Amounts owed to credit institutions	159 617	14 812	17 658	2 446		118	64	381	195 096
Deposits and borrowings from the public	476 675	8 493	9 356	887	6	467	919	4 491	501 294
Debt securities in issue and subordinated liabilities	45 769	66 930	99 997	8 018			2 627	1 347	224 688
Other liabilities, not distributed	114 719								114 719
Equity	64 383								64 383
Total	**861 163**	**90 235**	**127 011**	**11 351**	**6**	**585**	**3 610**	**6 219**	**1 100 180**
Other assets and liabilities, including positions in derivatives		40 503	52 797	9 741	−4 063	880	−18 633	−20 368	
Net position in currency		10 952	−468	−5	−3 654	567	236		9 198

P3 Capital adequacy analysis

Swedbank's legal capital requirement is based on CRR, but is more specifically limited by the Basel 1 floor within CRR. The SFSA has clarified that the Basel 1 floor i.e. 80% of the capital requirement according to Basel 1, will remain in effect for Swedish banks. The capital requirement for the parent company calculated according to CRR exceeds the capital requirement according to the Basel 1 floor. For the parent company, the Basel 1 floor therefore does not represent a minimum requirement.

	Parent company	
	Basel 3	Basel 2
Capital adequacy[1]	**2014**	**2013**
Shareholders' equity according to the Group's balance sheet	75 982	64 383
Anticipated dividend	–12 511	–11 100
Share of capital of accrual reserve	4 205	4 768
Fair value changes in derivative liabilities	–17	
Cash flow hedges	6	9
Goodwill	–769	–1 046
Deferred tax assets	0	–53
Intangible assets after deferred tax liabilities	–463	–326
Net provisions for reported IRB credit exposures	–570	–488
Shares deducted from CET1 capital	–410	
Common Equity Tier 1 capital	**65 453**	**56 147**
Tier 1 capital contributions	4 989	5 536
Shares deducted from Tier 1 capital		–1 495
Total Tier 1 capital	**70 442**	**60 188**
Tier 2 instruments	12 402	4 543
Net provisions for reported IRB credit exposures		–488
Shares deducted from Tier 2 capital		–1 495
Total Tier 2 capital	**12 402**	**2 560**
Total capital base	**82 844**	**62 748**
Capital requirement for credit risks, standardised approach	7 176	5 610
Capital requirement for credit risks, IRB	13 609	16 790
Capital requirement for credit risks, default fund contribution	3	
Capital requirement for settlement risks	2	3
Capital requirement for market risks	1 480	1 072
Trading book	1 273	1 037
of which VaR and SVaR	709	521
of which risks outside VaR and SVaR	564	516
FX risk other operations	207	35
Capital requirement for credit value adjustment	587	
Capital requirement for operational risks	2 736	2 356
Capital requirement	**25 593**	**25 831**
Risk exposure amount credit risks	259 849	279 994
Risk exposure amount settlement risks	29	39
Risk exposure amount market risks	18 497	13 394
Risk exposure amount credit value adjustment	7 333	
Risk exposure amount operational risks	34 200	29 455
Risk exposure amount	**319 908**	**322 882**
Common Equity Tier 1 capital ratio, %	**20.5**	**17.4**
Tier 1 capital ratio, %	**22.0**	**18.6**
Total capital ratio, %	**25.9**	**19.4**

Capital buffer requirement[2]**, %**	**2014**
CET1 capital requirement including buffer requirements	7.0
of which capital conservation buffer	2.5
of which countercyclical capital buffer	
of which systemic risk buffer	
CET 1 capital available to meet buffer requirement[3]	16.0

	Parent company	
Capital adequacy Basel 1 floor[4]	**2014**	**2013**
Capital requirement Basel 1 floor	25 593	25 831
Own funds Basel 3 adjusted according to rules for Basel 1 floor	82 844	62 748
Surplus of capital according to Basel 1 floor	**57 251**	**36 917**

1) Reporting as of 31 December 2014 according to current regulation (Basel 3). Comparative figures for 2013 according to previous regulation (Basel 2).
2) New buffer requirement according to Swedish implementation of CRD IV.
3) 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.
4) 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

	Parent company 2014		
Capital requirement for credit risks, Basel 3[1]	**Exposure value**	**Average risk weighting, %**	**Capital requirement**
Institutional exposures	135 493	16	1 723
Corporate exposures	364 455	32	9 384
Retail exposures	90 654	24	1 766
Securitisation	763	11	7
Non credit obligation	74 196	12	729
Total credit risks, IRB	**665 561**	**26**	**13 609**
Credit risks, standardised approach	**1 082 614**	**8**	**7 176**
Total	**1 748 175**	**15**	**20 785**

	Parent company 2013		
Capital requirements for credit risks, Basel 2[1]	**Exposure value**	**Average risk weighting, %**	**Capital requirement**
Institutional exposures	122 029	14	1 347
Corporate exposures	324 968	52	13 543
Retail exposures	77 669	28	1 764
Securitisation	941	11	8
Non credit obligation	1 599	100	128
Total credit risks, IRB	**527 206**	**40**	**16 790**
Credit risks, standardised approach	**1 069 854**	**7**	**5 610**
Total	**1 597 060**	**18**	**22 400**

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

Capital requirements for market risks	Parent company 2014	2013
Interest rate risk	1 265	1 035
of which for specific risk	556	514
of which for general risk	709	521
Equity risk	126	74
of which for specific risk		1
of which for general risk	126	73
Currency risk in trading book	170	316
Commodity risk	7	1
Total capital requirement for risks in trading book[1]	**1 273**	**1 037**
of which stressed VaR	504	382
Currency risk outside trading book	207	35
Total	**1 480**	**1 072**

1) Capital requirements for general interest risk, share price risk and currency risk in the trading book are calculated according to the VaR model.

Capital requirement for operational risks[1]	Parent company 2014	2013
Standardised approach	2 736	2 356
of which trading and sales	517	703
of which retail banking	1 501	1 415
of which commercial banking	503	289
of which payment and settlement	162	66
of which retail brokerage	4	
of which agency services	17	13
of which asset management		–130
of which corporate finance	32	
Total	**2 736**	**2 356**

1) The capital requirement for operational risk is calculated according to the standardised approach.

Risk exposure amount and Own funds requirement	Parent company 2014 Risk exposure amount	Own funds requirement
Credit risks, STD	**89 696**	**7 176**
Central government or central banks exposures	281	23
Regional governments or local authorities exposures	50	4
Public sector entities exposures		
Multilateral development banks exposures		
International organisation exposures		
Institutional exposures	2 226	178
Corporate exposures	9 571	766
Retail exposures	3 382	271
Exposures secured by mortgages on immovable property	638	51
Exposures in default	55	4
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	72 579	5 806
Other items	914	73
Credit risks, IRB	**170 111**	**13 609**
Institutional exposures	21 545	1 723
Corporate exposures	117 296	9 384
of which specialized lending		
Retail exposures	22 081	1 766
of which mortgage lending	2 897	232
of which other lending	19 184	1 535
Securitisation	82	7
Non-credit obligation	9 107	729
Credit risks, Default fund contribution	**42**	**3**
Settlement risks	**29**	**2**
Market risks	**18 497**	**1 480**
Trading book	15 911	1 273
of which VaR and SVaR	8 862	709
of which risks outside VaR and SVaR	7 049	564
FX risk other operations	2 586	207
Credit value adjustment	**7 333**	**587**
Operational risks	**34 200**	**2 736**
of which Standardised approach	34 200	2 736
Total	**319 908**	**25 593**

P4 Geographical distribution of revenue

2014	Sweden	Norway	Denmark	Finland	USA	Other	Total
Interest income	14 079	1 766	46	298	655	164	17 008
Leasing income	4 222						4 222
Dividends received	22 131						22 131
Commission income	8 592	586	12	91	24	33	9 338
Net gains and losses on financial items at fair value	350	760	4	–186		51	979
Other income	1 283	3	1		1		1 288
Total	**50 657**	**3 115**	**62**	**203**	**680**	**248**	**54 966**

2013	Sweden	Norway	Denmark	Finland	USA	Other	Total
Interest income	16 753	1 497	46	295	463	118	19 172
Dividends received	9 419						9 419
Commission income	5 687	600	10	68	10	40	6 415
Net gains or losses on financial items at fair value	2 670	–946	4	50	–1	18	1 795
Other income	1 334	6	1		1		1 342
Total	**35 863**	**1 157**	**60**	**414**	**472**	**176**	**38 143**

The geographical distribution has been allocated to the country where the business was carried out.

P5 Net interest income

	2014	2013
Interest income	17 008	19 172
Leasing income	4 222	
Interest expenses	6 958	8 566
Räntenetto före avskrivningar enligt plan för finansiella leasingavtal	**14 272**	**10 606**
Avskrivningar enligt plan för finansiella leasingavtal	3 885	
Räntenetto efter avskrivningar enligt plan för finansiella leasingavtal	**10 387**	**10 606**

Analysis	2014			2013		
	Average balance	Interest income/ expense	Average annual interest rate, %	Average balance	Interest income/ expense	Average annual interest rate, %
Loans to credit institutions	410 354	3 975	0,97	343 565	5 901	1,72
Loans to the public	362 967	11 388	3,14	349 472	11 893	3,40
Interest-bearing securities	144 973	2 224	1,53	124 216	2 079	1,67
Total interest-bearing assets	**918 294**	**17 587**	**1,92**	**817 253**	**19 873**	**2,43**
Derivatives	99 544	–732		97 185	–785	
Other assets	275 238	4 375		245 328	84	
Total assets	**1 293 076**	**21 230**	**1,64**	**1 159 766**	**19 172**	**1,65**
Amounts owed to credit institutions	202 969	873	0,43	184 645	1 209	0,65
Deposits and borrowings from the public	591 858	2 730	0,46	536 667	4 550	0,85
of which deposit guarantee fees		278			262	
Debt securities in issue	297 126	3 130	1,05	254 753	3 492	1,37
of which commissions for funding with state guarantee		31			283	
Subordinated liabilities	16 238	645	3,97	12 070	625	5,17
Total interest-bearing liabilities	**1 108 191**	**7 379**	**0,67**	**988 135**	**9 876**	**1,00**
Derivatives	89 959	–889		87 770	–1 651	
Other liabilities	30 650	468		23 266	341	
of which stability fee		428			292	
Total liabilities	**1 228 800**	**6 958**	**0,57**	**1 099 171**	**8 566**	**0,78**
Equity	**64 276**			**60 595**		
Total liabilities and equity	**1 293 076**	**6 958**	**0,54**	**1 159 766**	**8 566**	**0,74**
Net interest income		**14 272**			**10 606**	
Net interest margin			1.10			0.91
Interest income impaired loans		29			31	
Interest income on financial assets at amortised cost		19 211			16 992	
Interest expenses on financial liabilities at amortised cost		7 285			9 310	

P6 Dividends received

	2014	2013
Shares and participating interests	303	246
Investments in associates	380	533
Investments in Group entities[1]	21 448	8 640
Total	**22 131**	**9 419**
[1] of which, through Group contributions	9 608	6 486

P7 Net commissions

Commission income	2014	2013
Payment processing	1 112	1 096
Cards	3 287	1 004
Service concepts	490	440
Asset management	1 580	1 498
Life insurance	438	461
Brokerage	536	466
Other securities	60	57
Corporate finance	464	348
Lending	742	589
Guarantee	140	114
Deposits	51	58
Non-life insurance	52	73
Other commission income	386	211
Total	**9 338**	**6 415**

Commission expenses	2014	2013
Payment processing	–868	–801
Cards	–1 800	–161
Service concepts	–16	–16
Asset management	–68	–69
Life insurance	–30	–40
Other securities	–242	–254
Lending and guarantees	–68	–61
Other commission expenses	–149	–60
Total	**–3 241**	**–1 462**

Net commissions	2014	2013
Payment processing	243	294
Cards	1 487	843
Service concepts	474	424
Asset management	1 512	1 429
Life insurance	408	421
Brokerage	536	466
Other securities	–182	–197
Corporate finance	464	348
Lending	674	528
Guarantee	140	114
Deposits	51	58
Non-life insurance	52	73
Other commission income	238	152
Total	**6 097**	**4 953**

P8 Net gains and losses on financial items at fair value

	2014	2013
Valuation category, fair value through profit or loss		
Trading and derivatives		
Shares and related derivatives	–111	–316
Interest-bearing instruments and related derivatives	605	1 204
Total	**494**	**888**
Other financial instruments		
Shares and related derivatives	104	141
Loans	38	–90
Financial liabilities	12	60
Total	**154**	**111**
Hedge accounting at fair value		
Hedging instruments	573	–1 283
Hedged item	–556	1 236
Total	**17**	**–47**
Financial liabilities valued at amortised cost	**–1**	**–132**
Change in exchange rates	**315**	**975**
Total	**979**	**1 795**

P9 Other income

	2014	2013
IT services	928	1 009
Other operating income	360	333
Total	**1 288**	**1 342**

P10 Staff costs

Total staff costs	2014	2013
Salaries and remuneration	4 678	4 288
Compensation through shares in Swedbank AB	314	285
Social insurance charges	1 600	1 514
Pension costs	1 017	1 021
Training costs	106	97
Other staff costs	198	201
Total	**7 913**	**7 406**
of which variable staff costs	628	745

Variable Compensation Programme 2010-2014	2014	2013
Programme 2010		
Recognised expense for compensation that is settled with shares in Swedbank AB	1	17
Recognised expense for social charges related to the share settled compensation	–1	24
Recognised expense for cash settled compensation		
Recognised expense for payroll overhead costs related to the cash settled compensation		
Programme 2011		
Recognised expense for compensation that is settled with shares in Swedbank AB	41	80
Recognised expense for social charges related to the share settled compensation	36	88
Recognised expense for cash settled compensation		
Recognised expense for payroll overhead costs related to the cash settled compensation		
Programme 2012		
Recognised expense for compensation that is settled with shares in Swedbank AB	100	107
Recognised expense for social charges related to the share settled compensation	61	56
Recognised expense for cash settled compensation		2
Recognised expense for payroll overhead costs related to the cash settled compensation		–3
Programme 2013		
Recognised expense for compensation that is settled with shares in Swedbank AB	78	81
Recognised expense for social charges related to the share settled compensation	29	24
Recognised expense for cash settled compensation	–1	141
Recognised expense for payroll overhead costs related to the cash settled compensation	–2	66
Programme 2014		
Recognised expense for compensation that is settled with shares in Swedbank AB	94	
Recognised expense for social charges related to the share settled compensation	27	
Recognised expense for cash settled compensation	117	
Recognised expense for payroll overhead costs related to the cash settled compensation	44	
Total recognised expense	**624**	**683**

Number of performance rights that establish the recognised share based expense, millions	2014	2013
Outstanding at the beginning of the period	**9.5**	**7.6**
Additional outstanding at beginning of period due to mergers	0.2	
Allotted	2.1	2.1
Forfeited	0.3	0.2
Exercised	1.8	
Outstanding at the end of the period	**9.7**	**9.5**
Exercisable at the end of the period		
Weighted average fair value per performance right at measurement date, SEK	132	121
Weighted average remaining contractual life, months	17	22
Weighted average exercise price per performance right, SEK[1]		

1) Applicable for the following groups; outstanding at the beginning of the period, granted during the period, forfeited during the period, exercised during the period, expired during the period, outstanding at the end of the period, exercisable at the end of the period.

2014	Board of directors, President and equivalent senior executives			Other employees	
Countries	Number of persons	Salaries and other remunerations	Variable Compensation	Salaries and Variable Compensation	Total
Sweden	28	83	6	4 441	4 530
Denmark				18	18
Norway				370	370
USA				20	20
Finland				29	29
Other countries				25	25
Total	**28**	**83**	**6**	**4 903**	**4 992**

2013	Board of directors, President and equivalent senior executives			Other employees	
Countries	Number of persons	Salaries and other remunerations	Variable Compensation	Salaries and Variable Compensation	Total
Sweden	28	69	3	4 086	4 158
Denmark				15	15
Norway				332	332
USA				17	17
Finland				29	29
Other countries				22	22
Total	**28**	**69**	**3**	**4 501**	**4 573**

Board members, President and equivalent senior executives	2014	2013
Costs during the year for pensions and similar benefits	26	27
No. of persons	17	18
Granted loans, SEKm	102	80
No. of persons	20	20

Distribution by gender	2014		2013	
%	Female	Male	Female	Male
All employees	56	44	55	45
Directors	44	56	40	60
Other senior executives, incl. President	29	71	30	70

P11 Other general administrative expenses

	2014	2013
Rents etc.	958	866
IT expenses	1 554	1 326
Telecommunications, postage	108	89
Consulting and outside services	692	591
Travel	149	134
Entertainment	37	31
Office supplies	95	109
Advertising, public relations, marketing	219	235
Security transports, alarm systems	54	176
Maintenance	92	114
Other administrative expenses	279	255
Other operating expenses	86	98
Total	**4 323**	**4 024**

Remuneration to Auditors elected by Annual General Meeting, Deloitte AB	2014	2013
Statutory audit	20	19
Other audit	5	2
Tax advisory	1	1
Other	3	3
Total	**29**	**25**
Internal Audit, not Deloitte	59	54

P12 Depreciation/amortisation of tangible and intangible fixed assets

Depreciation/amortisation	2014	2013
Equipment	160	141
Owner-occupied properties		1
Intangible fixed assets	436	390
Lease objeccts	3 885	
Total	**4 481**	**532**

P13 Credit impairments

	2014	2013
Provisions for loans that individually are assessed as impaired		
Provisions	364	311
Reversal of previous provisions	–130	–125
Provision for homogenous groups of impaired loans, net	6	–10
Total	**240**	**176**
Portfolio provisions for loans that individually are not assessed as impaired	**–74**	**–7**
Write-offs		
Established losses	739	734
Utilisation of previous provisions	–236	–359
Recoveries	–84	–52
Total	**419**	**323**
Credit impairments for contingent liabilities and other credit risk exposures	**–46**	**10**
Credit impairments	**539**	**502**
Credit impairments by valuation category		
Loans and receivables	537	493
Fair value through profit or loss	2	9
Total	**539**	**502**
Credit impairments by borrower category		
Credit institutions	–5	–10
General public	544	512
Total	**539**	**502**

P14 Impairments of financial fixed assets

	2014	2013
Investments in Group entities		
Ektornet AB	309	542
Sparbanken Öresund AB	1 334	
Sparia Försäkrings AB	518	
JSC Swedbank, Kiev		1 602
Swedbank (Luxemburg) S.A., Luxemburg	18	
First Securities AS, Oslo		1 268
Swedbank Management Company S.A., Luxemburg	9	5
New Tower LLC, Kiev		1
FRiR RUS OOO, Moskva		1
Total	**2 188**	**3 419**
Investments in associsates		
Rosengård Invest AB	2	
Getswish AB	3	
Total	**5**	
Loans comprising net investment		
JSC Swedbank, Kiev		–1 169
Total		**–1 169**
Total	**2 193**	**2 250**

P15 Appropriations

Untaxed reserves	2014	2013
Accelerated depreciation, equipment	33	14
Tax allocation reserve	–731	–8
Total	**–698**	**6**

P16 Tax

Tax expense	2014	2013
Tax related to previous years		164
Current tax	4 161	3 043
Deferred tax	−400	−50
Total	**3 761**	**3 157**

	2014		2013	
	SEKm	per cent	SEKm	per cent
Results	3 761	14.5	3 157	23.6
22.0% of pre-tax profit	5 724	22.0	2 947	22.0
Difference	**1 963**	**7.5**	**-210**	**-1.6**
The difference consists of the following items				
Tax previous years			−164	−1.2
Tax -exempt income/non-deductible expenses	−81	−0.3	−84	−0.6
Non-taxable dividends	2 689	10.3	592	4.4
Non-deductible goodwill impairment	−22	−0.1	−22	−0.2
Tax-exempt capital gains and appreciation in value of shares and participating interests	12	0.0		
Standard income tax allocation reserve	−20	−0.1	−14	−0.1
Non deductible impairment of financial fixed assets	−482	−1.9	−495	−3.7
Deviating tax rates in other countries	−133	−0.5	−23	−0.2
Total	**1 963**	**7.5**	**-210**	**-1.6**

2014

Deferred tax assets	Opening balance	Income statement	Other comprehensive income	Equity	Mergers	Closing balance
Deductible temporary differences						
Cash flow hedges	3		−1			2
Provisions for pensions	94	−1				93
Share related compensation	89			9	2	100
Intangible assets		10			−63	−53
Income	−135	342				207
Other	2	49			−51	
Total deferred tax assets	**53**	**400**	**-1**	**9**	**-112**	**349**

2013

Deferred tax assets and tax liabilities	Opening balance	Income statement	Other comprehensive income	Equity	Exchange rate differences	Closing balance
Deductible temporary differences						
Income	49	−49				
Total deferred tax assets	**49**	**-49**				
Taxable temporary differences						
Cash flow hedges	−11		8			−3
Provisions for pensions	−92	−2				−94
Share related compensation				−89		−89
Income	259	−113			−11	135
Other	−18	16				−2
Total deferred tax liabilities	**138**	**-99**	**8**	**-89**	**-11**	**-53**

P17 Tax for each component in other comprehensive income

	2014				2013			
	Pre-tax amount	Deferred tax	Current tax	Total tax amount	Pre-tax amount	Deferred tax	Current tax	Total tax amount
Remeasurements of defined benefit pension plans	–8		1	–7	5		–1	–1
Cash flow hedges	5	–1		4	32	–7		–7
Other comprehensive income	**–3**	**–1**	**1**	**–3**	**37**	**–7**	**–1**	**–8**

P18 Treasury bills and other bills eligible for refinancing with central banks etc.

	Carrying amount			Amortised cost			Nominal amount		
	2014	2013	1/1/2013	2014	2013	1/1/2013	2014	2013	1/1/2013
Valuation category, fair value through profit or loss									
Trading									
Swedish government	32 777	44 798	13 715	31 414	43 786	12 208	30 274	42 022	9 736
Swedish municipalities	2 904	463	571	2 901	463	571	2 872	462	571
Foreign governments	2 170	3 716	1 977	2 148	3 648	1 867	2 131	3 629	1 848
Other non-Swedish issuers	3 222	1 231	1 219	3 172	1 232	1 219	3 166	1 229	1 218
Total	**41 073**	**50 208**	**17 482**	**39 635**	**49 129**	**15 865**	**38 443**	**47 341**	**13 373**

P19 Loans to credit institutions

	2014	2013	1/1/2013
Valuation category, loans and receivables			
Swedish banks	66 793	57 866	38 727
Swedish credit institutions	330 870	299 828	225 791
Change in value due to hedge accounting at fair value	52	28	56
Foreign banks	16 418	17 191	40 460
Foreign credit institutions	4 377	1 402	37
Total	**418 510**	**376 315**	**305 071**
Valuation category, fair value through profit or loss			
Trading			
Swedish banks, repurchase agreements	1 230		
Swedish credit institutions			25 888
Swedish credit institutions, repurchase agreements	1 908	5 434	7 677
Foreign banks, repurchase agreements	11 243	5 498	4 975
Foreign credit institutions, repurchase agreements	3 088	1 274	6 828
Total	**17 469**	**12 206**	**45 368**
Total	**435 979**	**388 521**	**350 439**

Subordinated loans	2014	2013	1/1/2013
Subsidiaries	4 000	394	1 189
Associates		120	120
Other companies	52	53	58
Total	**4 052**	**567**	**1 367**

P20 Loans to the public

	2014	2013	1/1/2013
Valuation category, loans and receivables			
Swedish public	295 927	230 832	162 365
Foreign public	71 560	64 573	55 964
Total	**367 487**	**295 405**	**218 329**
Valuation category, fair value through profit or loss			
Trading			
Swedish public, repurchase agreements	38 761	28 680	31 753
Foreign public, repurchase agreements	23 829	19 234	16 183
Other			
Swedish public	2 802	3 001	80 968
Total	**65 392**	**50 915**	**128 904**
Total	**432 879**	**346 320**	**347 233**

The maximum credit risk exposure for lending measured at fair value corresponds to the carrying amount.

P21 Bonds and other interest-bearing securities

Issued by other than public agencies	Carrying amount			Amortised cost			Nominal amount		
	2014	2013	1/1/2013	2014	2013	1/1/2013	2014	2013	1/1/2013
Valuation category, fair value through profit or loss									
Trading									
Swedish mortgage institutions	51 290	54 724	60 915	50 781	54 161	60 096	49 058	52 338	57 628
Swedish financial entities	26 310	27 022	19 974	26 252	26 750	19 569	25 740	26 093	19 112
Swedish non-financial entities	4 343	5 583	5 265	4 262	5 579	5 248	4 325	5 568	5 222
Foreign financial entities	25 627	18 098	17 936	25 424	17 973	17 683	25 118	17 799	17 588
Foreign non-financial entities	10 159	10 212	8 762	10 029	10 142	8 621	9 787	9 968	8 557
Total	**117 729**	**115 639**	**112 852**	**116 748**	**114 605**	**111 217**	**114 028**	**111 766**	**108 107**
Valuation category, held to maturity[1]									
Swedish mortgage institutions									
Foreign mortgage institutions	1219	888	1 259	1219	888	1 259	1 221	889	1 261
Total	**1 219**	**888**	**1 259**	**1 219**	**888**	**1 259**	**1 221**	**889**	**1 261**
Total	**118 948**	**116 527**	**114 111**	**117 967**	**115 493**	**112 476**	**115 249**	**112 655**	**109 368**
of which listed	114 321	112 779	112 013						

1) The fair value of held-to-maturity investments amounted to SEK 1 218 m (873).

P22 Shares and participating interests

	Carrying amount			Cost		
	2014	2013	1/1/2013	2014	2013	1/1/2013
Valuation category, fair value through profit or loss						
Trading						
Trading stock	6 381	5 270	7 271	6 054	4 965	7 166
Fund shares	2 456	976	155	2 223	970	147
Other						
Other shares	755	553	372	553	390	280
Total	**9 592**	**6 799**	**7 798**	**8 830**	**6 325**	**7 593**
Valuation category, available for sale						
Condominiums	44	43	37	44	43	37
Other	5	7	26	5	7	26
Total	**49**	**50**	**63**	**49**	**50**	**63**
Total	**9 641**	**6 849**	**7 861**	**8 879**	**6 375**	**7 656**
of which unlisted	49	50	63			

Unlisted holdings are valued at their last transaction price. Holdings in the valuation category available for sale have been estimated at acquisition cost, since a more reliable fair value is not considered to be available.

P23 Investments in associates

Fixed assets	2014	2013	1/1/2013
Credit institutions	1 944	1 130	1 130
Other associates	42	28	23
Total	**1 986**	**1 158**	**1 153**
Opening balance	**1 158**	**1 153**	
Additions during the year	833	5	
Impairments during the year	-5		
Closing balance	**1 986**	**1 158**	

Corporate identity, domicile	Corporate identity number	Number	Carrying amount	Cost	Share of capital, %
Credit institutions					
EnterCard Holding AB, Stockholm	556673-0585	3 000	420	420	50,00
Sparbanken Skåne AB, Lund	516401-9928	3 670 342	1 070	1 070	50,00
Sparbanken Rekarne AB, Eskilstuna	516401-0091	865 000	125	125	30,00
Swedbank Sjuhärad AB, Borås	516401-9852	950 000	288	288	47,50
Vimmerby Sparbank AB, Vimmerby	516401-0174	340 000	41	41	40,00
Total			**1 944**	**1 944**	
Other associates					
Babs Paylink AB, Stockholm	556567-2200	4 900	19	19	49,00
BDB Bankernas Depå AB, Stockholm	556695-3567	13 000	2	7	20,00
BGC Holding AB, Stockholm	556607-0933	29 177	11	11	29,18
Finansiell ID-Teknik BID AB, Stockholm	556630-4928	12 735	4	24	28,30
Getswish AB, Stockholm	556913-7382	10 000	2	4	20,00
Rosengård Invest AB, Malmö	556756-0528	5 625	4	10	25,00
Upplysningscentralen, Stockholm	556137-5113	2 000			20,00
Total			**42**	**75**	
Total			**1 986**	**2 019**	

The share of the voting rights in each entity corresponds to the share of its equity. All shares and participating interests are unlisted.

P24 Investments in Group entities

Fixed assets	2014	2013	1/1/2013
Swedish credit institutions	18 721	14 887	14 882
Foreign credit institutions	32 253	33 126	35 064
Other entities	7 369	7 177	7 285
Total	**58 343**	**55 190**	**57 231**
Opening balance	**55 190**	**57 231**	
Additions during the year	6 801	1 377	
Impairments during the year	–2 188	–3 418	
Disposals during the year	–1 460		
Closing balance	**58 343**	**55 190**	

Corporate identity, domicile	Corporate identity number	Number	Carrying amount	Cost	Share of capital, %
Swedish credit institutions					
Sparbanken Öresund AB, Malmö	516406-0088	2 359 000	1 610	2 944	100
Swedbank Mortgage AB, Stockholm	556003-3283	23 000 000	16 928	16 928	100
Ölands Bank AB, Borgholm	516401-0034	780 000	135	135	60
Frispar Företagskredit AB, Malmö	556636-2728	4 800	48	48	
Total			**18 721**	**20 055**	
Foreign credit institutions					
Swedbank AS, Tallinn	10060701	85 000 000	18 240	18 240	100
Swedbank AS, Riga	40003074764	942 856 206	7 455	7 455	100
Swedbank AB, Vilnius	112029651	164 008 000	6 467	6 467	100
Swedbank First Securities LLC, New York	20-416-7414	100	48	90	100
Swedbank (Luxembourg) S.A., Luxembourg	302018-5066	300 000	38	125	100
Swedbank Management Company S.A., Luxembourg	B149317	250 000	5	14	100
Total			**32 253**	**32 391**	
Other entities					
ATM Holding AB, Stockholm	556886-6692	350	32	39	70
Bart AB, Stockholm	556691-3579	500			100
Ektornet AB, Stockholm	556788-7152	5 000 000	259	1 948	100
FR & R Invest AB, Stockholm	556815-9718	10 000 000	50	50	100
FRiR RUS OOO, Moscow	11107746962377	1	26	27	100
OOO Leasing, Moscow	1047796412531	2	3	3	100
Sparia Försäkrings AB, Stockholm	516401-8631	30 000	36	595	100
Sparia Group Försäkring AB, Stockholm	516406-0963	70 000	70	70	100
Swedbank Administration AB, Stockholm	556284-5387	10 000	7	7	100
Swedbank Franchise AB, Stockholm	556184-2120	1 000	275	275	100
Swedbank Försäkring AB, Stockholm	516401-8292	150 000	3 343	3 343	100
Swedbank och Sparbankernas Mobile Solutions AB, Stockholm	556891-5283	100			100
Swedbank Robur AB, Stockholm	556110-3895	10 000 000	3 267	3 267	100
Other			1	5	
Total			**7 369**	**9 629**	
Total			**58 343**	**62 075**	

The share of the voting rights in each entity corresponds to the share of its equity. All entities are unlisted.

During 2014 the wholly owned subsidiaries Swedbank Finans AB and Swedbank Holding AB and their subsidiaries were merged with Swedbank AB. The merger result amounted to SEK 1 006m, which is reported in the income statement as dividens received.

P25 Derivatives

	Nominal amount/ remaining contractual maturity			Nominal amount			Positive fair value			Negative fair value		
	< 1 yr.	1-5 yrs.	> 5 yrs.	2014	2013	1/1/2013	2014	2013	1/1/2013	2014	2013	1/1/2013
Derivatives in hedge accounting												
Fair value hedges												
Interest-rate-related contracts												
Swaps	6 538	78 454	1 290	86 282	58 578	87 034	2 511	1 666	3 182		363	56
Currency-related contracts												
Swaps					65	7 391			620	216	7	
Total	**6 538**	**78 454**	**1 290**	**86 282**	**58 643**	**94 425**	**2 511**	**1 666**	**3 802**	**216**	**370**	**56**
Cash flow hedges												
Interest-rate-related contracts												
Swaps	31	427		458	1 330	115				8	11	24
Total	**31**	**427**		**458**	**1 330**	**115**				**8**	**11**	**24**
Hedges of net investment in foreign operations												
Currency-related contracts												
Swaps					1 510			9				75
Total					**1 510**			**9**				**75**
Other derivatives												
Interest-rate-related contracts												
Options held	212 413	150 427	83 223	446 063	594 970	621 453	3 184	1 599	2 230	2 628	1 563	1 907
Forward contracts	4 637 820	2 795 285		7 433 105	10 494 825	6 997 324	2 313	3 688	5 391	2 537	3 640	5 454
Swaps	759 302	1 856 000	565 226	3 180 529	3 187 627	3 209 438	82 556	50 900	77 214	85 095	53 288	79 451
Currency-related contracts												
Options held	77 393	2 856		80 249	56 040	37 491	3 915	573	324	3 573	528	353
Forward contracts	797 481	12 329	33	809 843	796 672	823 666	21 774	5 301	9 167	13 723	5 630	10 384
Swaps	166 607	285 915	116 164	568 686	534 910	588 784	25 703	21 948	28 636	21 983	13 258	21 415
Equity-related contracts												
Options held	30 566	15 218	2 322	48 106	41 253	38 165	2 448	2 221	1 439	840	1 022	766
Forward contracts	18 621	3 372	19	22 012	7 266	5 182	89	67	2	123	48	1
Swaps	4 621	13		4 634	2 992	2 743	38	385	226	111	30	63
Credit-related contracts												
Swaps	3 035	9 042	285	12 362	12 383	9 392	131	114	21	156	168	33
Total	**6 707 859**	**5 130 456**	**767 272**	**12 605 587**	**15 728 938**	**12 333 638**	**142 151**	**86 796**	**124 647**	**130 769**	**79 175**	**119 827**
Total before netting agreements	**6 714 428**	**5 209 337**	**768 562**	**12 692 327**	**15 790 421**	**12 431 598**	**144 662**	**88 471**	**128 450**	**130 993**	**79 556**	**119 995**
Netting agreements							-10 959	-5 148	-2 524	-12 297	-5 148	-2 524
Total	**6 714 428**	**5 209 337**	**723 939**	**12 692 327**	**15 790 421**	**12 431 598**	**133 703**	**83 323**	**125 926**	**118 696**	**74 408**	**117 471**
of which cleared	1 543 881	1 732 179	131 062	3 407 122	3 090 375	3 828 786	8 459	1 696	2 524	9 986	2 364	3 142

Maturity distribution regarding future hedged cash flows in cash flow hedge accounting

	< 1 yr.	1-3 yrs.
Negative cash flows (liabilities)	3	5

Future cash flows above, expressed in SEKm, are exposed to variability attibutable to changed interest rates and/or changed currency rates. These future cash flows are hedged with derivatives, recognised in cash flow hedges with cash flows that eliminate the variability.

P26 Intangible fixed assets

	2014				2013			
	Goodwill	Customer base	Other	Total	Goodwill	Customer base	Other	Total
Cost, opening balance	**3 369**	**41**	**591**	**4 001**	**3 369**	**41**	**478**	**3 888**
Additions through separate acquisitions	70		10	80			123	123
Additions result of mergers			537	537				
Sales and disposals			–77	–77			–10	–10
Cost, closing balance	**3 439**	**41**	**1 061**	**4 541**	**3 369**	**41**	**591**	**4 001**
Amortisation, opening balance	**–2 323**	**–37**	**–268**	**–2 629**	**–1 989**	**–34**	**–220**	**–2 243**
Amortisation for the year	–347	–2	–86	–436	–334	–3	–53	–390
Depreciation result of mergers			–142	–142				
Sales and disposals			60	60			5	5
Amortisation, closing balance	**–2 670**	**–39**	**–436**	**–3 145**	**–2 323**	**–37**	**–268**	**–2 629**
Impairments, opening balance								
Impairments result of mergers			–111	–111				
Impairments, closing balance			**–111**	**–111**				
Carrying amount	**769**	**2**	**514**	**1 285**	**1 046**	**4**	**322**	**1 372**

Goodwill is amortised over an estimated useful life of 5 to 20 years. For other intangible assets with a finite useful life, the amortisable amount is divided systematically over the useful life. Systematic amortisation refers to both straight-line and increasing or decreasing amortisation. The original useful life is between 3 and 20 years. No need for impairment was found on the closing day.

P27 Leasing equipment

Fixed assets	2014
Cost, opening balance	
Additions result of mergers	21 240
Additions	5 677
Sales and disposals	–5 385
Cost, closing balance	**21 532**
Depreciation, opening balance	
Depreciation for the year	–3 885
Depreciation result of mergers	–8 694
Sales and disposals	3 387
Depreciation, closing balance	**–9 192**
Carrying amount	**12 340**

2014	< 1 yr	1–5 yrs	> 5 yrs	Total
Future minimum lease payment	3 971	6 479	2 623	13 073

The residual value of all lease assets is guaranteed by lessees or third parties. The lease assets are depreciated over the lease term according to the annuity method.
The lease assets primarily consist of vehicles and machinery. The lease payments do not contain any variable fee.

P28 Tangible assets

	2014			2013		
	Fixed assets			Fixed assets		
	Equipment	Owner-occupied properties	Total	Equipment	Owner-occupied properties	Total
Cost, opening balance	**1 886**	**24**	**1 910**	**2 514**	**24**	**2 538**
Additions	364		364	130		130
Additions result of mergers	108		108			
Sales and disposals	–170		–170	–758		–758
Cost, closing balance	**2 188**	**24**	**2 212**	**1 886**	**24**	**1 910**
Depreciation, opening balance	**-1 564**	**-13**	**-1 577**	**-2 156**	**-12**	**-2 168**
Depreciation for the year	–160		–160	–141	–1	–142
Depreciation result of mergers	–72		–72			
Sales and disposals	157		157	733		733
Depreciation, closing balance	**-1 639**	**-13**	**-1 652**	**-1 564**	**-13**	**-1 577**
Carrying amount	**549**	**11**	**560**	**322**	**11**	**333**

The useful life of equipment is deemed to be between three and ten years; its residual value is zero as in previous years. The depreciable amount is recognised linearly in profit or loss over the useful life. No indications of impairment were found on the closing day. Individual structural components of owner-occupied properties are depreciated over their useful life. The residual value is deemed to be zero. The depreciable amount is recognised linearly in profit or loss over the useful life. Land has an indefinite useful life and is not depreciated.

P29 Other assets

	2014	2013	1/1/2013
Security settlement claims	5 571	5 656	1 592
Group contributions	9 619	6 495	5 986
Other	1 611	161	452
Total	**16 801**	**12 312**	**8 030**

P30 Prepaid expenses and accrued income

	2014	2013	1/1/2013
Accrued interest income	2 481	4 104	6 738
Other	5 047	1 002	1 055
Total	**7 528**	**5 106**	**7 793**

P31 Amounts owed to credit institutions

	2014	2013	1/1/2013
Valuation category, loans and receivables			
Swedish banks	99 830	79 799	68 611
Swedish credit institutions	49 181	73 434	63 835
Foreign banks	65 267	31 303	54 213
Foreign credit institutions	2 545	2 437	215
Total	**216 823**	**186 973**	**186 874**
Valuation category, fair value through profit or loss			
Trading			
Swedish banks, repurchase agreements	1 991	4 182	3 433
Swedish credit institutions, repurchased agreements	1 907	250	2 734
Foreign banks, repurchase agreements	1 848	3 691	2 543
Total	**5 746**	**8 123**	**8 710**
Total	**222 569**	**195 096**	**195 584**

P32 Deposits and borrowings from the public

	2014	2013	1/1/2013
Valuation category, other financial liabilities			
Deposits from Swedish public	494 026	460 009	413 133
Deposits from foreign public	21 943	16 877	13 106
Total	**515 969**	**476 886**	**426 239**
Valuation category, fair value through profit or loss			
Trading			
Deposits from Swedish public, repurchase agreements	15 768	18 852	19 058
Deposits from foreign public, repurchase agreements		3 089	2 707
Other[1]			
Deposits from Swedish public	381	2 467	25 100
Total	**16 149**	**24 408**	**46 865**
Total	**532 118**	**501 294**	**473 104**
[1] nominal amount amounts to	394	2 466	25 041

P33 Debt securities in issue

	2014	2013	1/1/2013
Valuation category, other financial liabilities			
Commercial paper	193 215	100 130	100 750
Other interest-bearing bond loans	110 999	100 609	116 820
Change in value due to hedge accounting at fair value	530	185	1 268
Total	**304 744**	**200 924**	**218 838**
Valuation category, fair value through profit or loss			
Trading			
Commercial paper			8 546
Other	13 297	13 681	14 911
Total	**13 297**	**13 681**	**23 457**
Total	**318 041**	**214 605**	**242 295**

Turnover of debt securities in issue is reported in note P2 Liquidity risks, page 149.

P34 Other liabilities

	2014	2013	1/1/2013
Security settlement liabilities	7 827	2 427	1 949
Group liabilities	637	637	637
Short position in shares	74	109	40
of which own issued shares		37	
Short position in interest-bearing securities	26 984	17 410	18 189
of which own issued interest-bearing securities			1 797
Other	8 962	7 813	8 818
Total	**44 484**	**28 396**	**29 633**

P35 Accrued expenses and prepaid income

	2014	2013	1/1/2013
Accrued interest expenses	2 157	2 046	2 938
Other	2 095	1 700	1 745
Total	**4 252**	**3 746**	**4 683**

P36 Provisions

	2014	2013	1/1/2013
Pensions	23	15	18
Provisions for guarantees		65	
Other	40	18	76
Total	**63**	**98**	**94**

P37 Subordinated liabilities

	2014	2013	1/1/2013
Valuation category, other financial liabilities			
Subordinated loans	11 927	4 554	8 122
Change in the value due to hedge accounting at fair value	268	-11	122
Total subordinated loans	**12 195**	**4 543**	**8 244**
Undated subordinated loans	5 290	5 037	5 537
of which Tier 1 capital contribution	5 290	5 540	6 278
Change in the value due to hedge accounting at fair value	525	503	741
Total undated subordinated loans	**5 815**	**5 540**	**6 278**
Total	**18 010**	**10 083**	**14 522**

Specification of subordinated liabilities

Fixed-term subordinated loans

Maturity	Right to prepayment for Swedbank AB	Currency	Nominal amount, million	Carrying amount, SEKm	Coupon interest, %
1989/2019		SEK	111	135	11,00
2012/2022	2017	EUR	500	4 803	3,00
2014/2024	2019	EUR	750	7 257	2,38
Total				**12 195**	

Undated subordinated loans approved by the Swedish Financial Supervisory Authority as Tier 1 capital contribution

Maturity	Right to prepayment for Swedbank AB	Currency	Nominal amount, million	Carrying amount, SEKm	Coupon interest, %
2004/undated	2016	GBP	200	2 525	5,75
2007/undated	2017	SEK	2000	2 221	6,67
2008/undated	2018	SEK	871	1 069	8,28
Total				**5 815**	

Certain subordinated loans are used as insurance instruments to hedge the net investment in foreign operations. In the parent company the currency component of these liabilities is recognised at cost, whereas in the Group it is recognised at the closing day rate.

P38 Untaxed reserves

	Accumulated accelerated depreciation	Tax allocation reserve	Total
Opening balance 2013	**177**	**6 122**	**6 299**
Allocation/Reversal	14	-8	6
Closing balance 2013	**192**	**6 114**	**6 305**
Opening balance 2014	**192**	**6 114**	**6 305**
Allocation/Reversal	32	-731	-698
Changes resulting from mergers	4 429	6	4 435
Closing balance 2014	**4 653**	**5 390**	**10 043**

Tax allocation reserve	**2014**	**2013**	**1/1/2013**
Allocation 2008		731	731
Allocation 2010	6		
Allocation 2011	1 857	1 857	1 857
Allocation 2012	3 528	3 526	3 534
Total	**5 390**	**6 114**	**6 122**

P39 Equity

	2014	2013	1/1/2013
Restricted equity			
Share capital, ordinary shares	24 904	24 904	20 925
Share capital, preference shares			3 979
Statutory reserve	5 968	5 968	5 968
Total	**30 872**	**30 872**	**30 872**
Non-restricted equity			
Cash flow hedges	–3	–8	–32
Share premium reserve	13 206	13 206	13 206
Retained earnings	31 907	20 313	20 459
Total	**45 110**	**33 511**	**33 633**
Total equity	**75 982**	**64 383**	**64 505**

Changes in equity for the period and the distribution according to IFRS are indicated in the statement of changes in equity.

P40 Fair value of financial instruments

Carrying amounts and fair values of financial instruments

A comparison between the carrying amount and fair value of the parent company's financial assets and financial liabilities according to the definition in IAS 39 is presented below.

Determination of fair values of financial instruments

The parent company uses various methods to determine the fair value for financial instruments depending on the degree of observable market data in the valuation and the activity in the market. An active market is considered either a regulated or reliable marketplace where quoted prices are easily accessible and which demonstrates regularity. Activity is continuously evaluated by analysing factors such as trading volumes and differences in bid and ask prices.

The methods are divided in three different levels:

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

When financial assets and financial liabilities in active markets have market risks that offset each other, an average of bid and ask prices is used as a basis to determine their fair values. For any open net positions, bid and sell rates are applied as applicable i.e. bid rates for long positions and ask rates for short positions. When there is no active market, fair value is determined with the help of established valuation methods and models. In these cases, assumptions that cannot be directly attributed to a market may be applied. These assumptions are based on experience and knowledge of the valuation of financial markets. The goal, however, is to always maximise the use of data from an active market. All valuation methods and models and internal assumptions are validated continuously by the independent risk control unit. In cases where it is considered necessary, adjustments are made to reflect fair value, so-called fair value adjustments. This is done to correctly reflect the parameters in the financial instruments and which will be reflected in their valuations. For OTC derivatives, for example, where the counterparty risk is not settled with cash collateral, the fair value adjustment is based on the current counterparty risk (CVA and DVA). In cases where the model risk is considered reliable, an assessment is also made whether a fair value adjustment is necessary given the model risk.

The parent company has a continuous process that identifies financial instruments which indicate a high level of internal assumptions or low level of observable market data. The process determines how to make the calculation based on how the internal assumptions are expected to affect the valuation. In cases where internal assumptions have a significant impact on fair value, the financial instrument is reported on level 3. The process also includes an analysis based on the quality of valuation data and whether any types of financial instruments will be transferred between the various levels.

For variable-rate lending and deposits, which are recognised at amortised cost, the carrying amount is assessed to coincide with fair value. The carrying amounts and fair values coincide for the most part because of the large share of financial instruments recognised at fair value.

	2014			2013			1/1/2013		
	Fair value	Carrying amount	Diffe- rence	Fair value	Carrying amount	Diffe- rence	Fair value	Carrying amount	Diffe- rence
Assets									
Financial assets covered by IAS 39									
Cash and balances with central banks	73 802	73 802		32 439	32 439		109 898	109 898	
Treasury bills etc.	41 073	41 073		50 208	50 208		17 482	17 482	
of which fair value through profit or loss	41 073	41 073		50 208	50 208		17 482	17 482	
Loans to credit institutions	435 979	435 979		388 521	388 521		350 439	350 439	
of which loans receivables	418 510	418 510		376 314	376 314		305 071	305 071	
of which fair value through profit or loss	17 468	17 468		12 206	12 206		45 368	45 368	
Loans to the public	432 879	432 879		346 320	346 320		347 233	347 233	
of which loan receivables	367 487	367 487		295 405	295 405		218 329	218 329	
of which fair value through profit or loss	65 392	65 392		50 916	50 916		128 904	128 904	
Bonds and interest-bearing securities	118 947	118 948	−1	116 513	116 527	−14	114 089	114 111	−22
of which fair value through profit or loss	117 728	117 728		115 639	115 639		112 852	112 852	
of which investments held to maturity	1 218	1 219	−1	873	888	−14	1 237	1 259	−22
Shares and participating interest	9 641	9 641		6 849	6 849		7 861	7 861	
of which fair value through profit or loss	9 592	9 592		6 849	6 849		7 798	7 798	
of which available for sale	49	49					63	63	
Derivatives	133 703	133 703		83 323	83 323		125 926	125 926	
Other financial assets	19 277	19 277		16 415	16 415		14 768	14 768	
Total	**1 265 301**	**1 265 302**	**−1**	**1 040 587**	**1 040 601**	**−14**	**1 087 696**	**1 087 718**	**−22**

	2014			2013			1/1/2013		
	Fair value	Carrying amount	Difference	Fair value	Carrying amount	Difference	Fair value	Carrying amount	Diffe- rence
Liabilities									
Financial liabilities covered by IAS 39									
Amounts owed to credit institutions	222 569	222 569		195 096	195 096		195 584	195 584	
of which other financial liabilities	216 823	216 823		186 973	186 973		186 874	186 874	
of which fair value through profit or loss	5 746	5 746		8 123	8 123		8 710	8 710	
Deposits and borrowings from the public	532 118	532 118		501 294	501 294		473 104	473 104	
of which other financial liabilities	515 969	515 969		476 887	476 887		426 239	426 239	
of which fair value through profit or loss	16 149	16 149		24 407	24 407		46 865	46 865	
Debt securities in issue etc.	319 007	318 041	966	214 940	214 605	335	241 465	242 295	−830
of which other financial liabilities	305 710	304 744	966	201 259	200 924	335	218 008	218 838	−830
of which fair value through profit or loss	13 297	13 297		13 681	13 681		23 457	23 457	
Subordinated liabilities	17 985	18 010	−25	9 996	10 083	−87	14 292	14 522	−230
of which other financial liabilities	17 985	18 010	−25	9 996	10 083	−87	14 292	14 522	−230
Derivatives	118 696	118 696		74 408	74 408		117 471	117 471	
Short positions securities	27 058	27 058		17 520	17 520		18 229	18 229	
of which fair value through profit or loss	27 058	27 058		17 520	17 520		18 229	18 229	
Other financial liabilities	18 945	18 945		12 284	12 284		15 878	15 878	
Total	**1 256 380**	**1 255 438**	**941**	**1 025 537**	**1 025 290**	**1 076 023**	**1 076 023**	**1 077 083**	**−1 060**

Financial instruments recognised at fair value

The following tables describe fair values at three different valuation levels for financial instruments recognised at fair value.

Level 1 primarily contains equities, fund shares, bonds, treasury bills, commercial paper and standardised derivatives, where the quoted price is used in the valuation. Securities in issue traded on an active market are included in this category as well.

Level 2 primarily contains less liquid bonds that are valued on the curve, lending, funding and derivatives measured on the basis of observable prices. For less liquid bond holdings, an adjustment is made for the credit spread based on observable market inputs such as the market for credit derivatives. For loans to the public where there are no observable market inputs for credit margins at the time of measurement, the credit margin of the last transaction executed with the same counterparty is used. Securities in issue that are not quoted but measured according to quoted prices for similar quoted bonds are also included on level 2.

Level 3 contains other financial instruments where internal assumptions have a significant effect on the calculation of fair value. Level 3 primarily contains unlisted equity instruments and illiquid options. The options hedge changes in the market values of combined debt instruments, so-called structured products. The structured products consist of a corresponding option element and a host contract, which in principle is an ordinary interest-bearing bond. When it determines the level on which the financial instruments are reported, the Group evaluates them entirely on an individual basis. Since the bond portion of the structured products essentially represents financial instrument's fair value, the internal assumptions used to value the illiquid option element normally do not have a significant effect on the valuation. The financial instrument is then reported on level 2. For individual options that hedge the structured products, the internal assumptions are of greater significance, because of which several are reported as derivatives on level 3. Generally, the Group always hedges the market risks that arise in structured products, because of which differences between the carrying amounts of assets and liabilities on level 3 do not reflect differences in the use of internal assumptions in the valuation. To estimate the sensitivity of the volatility of the illiquid options, two types of shifts have been made. The shifts are based on each product type of and are considered reasonable changes. A reduction in volatility of 20 per cent would reduce the fair value of all options on level 3 by about SEK 25m. An increase in volatility of 20 per cent would increase the fair value of all options on level 3 by about SEK 30m. Corresponding offsetting changes in value arise for financial instruments reported on level 2. When valuation models are used to determine fair value of financial instruments on level 3, the consideration that has been paid or received is assessed as the best evidence of fair value at initial recognition. Because of the possibility that a difference could arise between this fair value and the fair value calculated at that time in the valuation model, so called day 1 profit or loss, the Group adjusts the valuation models to avoid such differences. As of year-end there were no cumulative differences that were not recognised through profit or loss. Financial instruments are transferred to or from level 3 depending on whether the internal assumptions have changed in significance for the valuation.

During the year there were no significant transfers of financial instruments between measurement level 1 and 2.

The following table shows financial instruments measured at fair value as per year-end distributed by valuation method.

	2014				2013			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Treasury bills and other bills eligible for refinancing with central banks, etc	27 936	13 137		41 073	23 254	26 954		50 208
Loans to credit institutions		17 468		17 468		12 206		12 206
Loans to the public		65 392		65 392		50 916		50 916
Bonds and interest-bearing securities	68 539	49 190		117 728	80 179	35 460		115 639
Shares and participating interest	9 445	147	49	9 641	6 741	58	50	6 849
Derivatives	5 399	128 223	81	133 703	93	83 097	133	83 323
Total	**111 319**	**273 558**	**130**	**385 007**	**110 267**	**208 691**	**183**	**319 141**
Liabilities								
Amounts owed to credit institutions		5 746		5 746		8 123		8 123
Deposits and borrowings from the public		16 149		16 149		24 407		24 407
Debt securities in issue, etc		13 297		13 297		13 681		13 681
Derivatives	6 925	111 771		118 696	762	73 627	19	74 408
Short positions securities	27 025	34		27 058	17 520			17 520
Total	**33 950**	**146 997**		**180 947**	**18 282**	**119 838**	**19**	**138 139**

Changes in level 3	2014			
	Assets			Liabilities
	Equity instruments	Derivatives	Total	Derivatives
Opening balance	**50**	**133**	**183**	**19**
Maturities				
Transferred from Level 2 to Level 3		54	54	
Transferred from Level 3 to Level 2		–128	–128	–25
Gains or loss	–1	22	21	6
of which in the income statement, net gains and losses on financial items at fair value	–1	22	21	6
of which are changes in unrealised gains or losses for items held at closing day	–1	3	2	
Closing balance	**49**	**81**	**130**	

Changes in level 3	2013				
	Assets				Liabilities
	Debt securities	Equity instruments	Derivatives	Total	Derivatives
Opening balance	**342**		**63**	**405**	
Maturities	–342			–342	
Transferred from Level 2 to Level 3		50	120	170	26
Gains or loss			–50	–50	–7
of which in the income statement, net gains and losses on financial items at fair value			–50	–50	–7
Closing balance		**50**	**133**	**183**	**19**

Financial instruments at amortised cost
The following tables distribute fair values by the three valuation levels for financial instruments at amortised cost.

	2014			
		Fair value		
	Carrying amount	Level 2	Level 3	Totalt
Assets				
Treasury bills and other bills eligible for refinancing with central banks, etc.				
Loans to credit institutions	418 510	418 510		418 510
Loans to the public	367 487	367 487		367 487
Bonds and other interest-bearing securities	1 219		1 218	1 218
Total	**787 217**	**785 997**	**1 218**	**787 216**
Liabilities				
Amounts owed to credit institutions	216 823	216 823		216 823
Deposits and borrowing from the public	515 969	515 969		515 969
Debts securities in issue	304 744	305 710		305 710
Subordinated liabilities	18 010	17 985		17 985
Total	**1 055 546**	**1 056 487**		**1 056 487**

	2013			
		Fair value		
	Carrying amount	Level 2	Level 3	Totalt
Assets				
Treasury bills and other bills eligible for refinancing with central banks, etc.				
Loans to credit institutions	376 314	376 314		376 314
Loans to the public	295 405	295 405		295 405
Bonds and other interest-bearing securities	888		873	873
Total	**672 607**	**671 719**	**873**	**672 592**
Liabilities				
Amounts owed to credit institutions	186 973	186 973		186 973
Deposits and borrowing from the public	476 887	476 887		476 887
Debts securities in issue	200 924	201 259		201 259
Subordinated liabilities	10 083	9 996		9 996
Total	**874 867**	**875 115**		**875 115**

P41 Reclassification of financial assets

Swedbank chose as of 1 July 2008 to reclassify certain interest-bearing securities which, owing to extraordinary market conditions, had become illiquid. Market conditions at the time were distinguished by extreme turbulence, a shortage of liquidity and a lack of quoted prices on active markets. The holdings, as listed in the table below, were reclassified from trading to held to maturity, since the instruments are no longer held for trading purposes. Instead, management intends, and has the capacity, to hold them to maturity. Financial instruments in the category held for trading are recognised at fair value with changes in value recognised in profit or loss. Financial instruments in the category held to maturity are recognised at amortised cost less impairments. No impairments were needed as of 31 December, meaning that all contractual cash flows are expected to be received. All the holdings are Residential Mortgage Backed Securities (RMBS).

	2014	2013
Carrying amount	719	888
Nominal amount	721	889
Fair value	718	873
Recognised interest income after reclassification	3	4

Nominal amounts and carrying amounts are affected by changes in exchange rates. Carrying amounts are also affected by the allocations of discounts in accordance with the effective interest method. The effective interest rate on the date of reclassification was 5,62%.

P42 Financial assets and liabilities which have been offset or are subject to netting or similar agreements

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

	2014				2013				
Assets	**Derivatives**	**Reverse repurchase agreements**	**Securities borrowing**	**Total**	**Derivatives**	**Reverse repurchase agreements**	**Security settlement claims**	**Securities borrowing**	**Total**
Financial assets, which not have been offset or are subject to netting or similar agreements	4 678			4 678	2 723		5 596		8 319
Financial assets, which have been offset or are subject to netting or similar agreements	129 025	80 059	74	209 158	80 600	60 121	60	223	141 004
Net amount presented in the balance sheet	**133 703**	**80 059**	**74**	**213 836**	**83 323**	**60 121**	**5 656**	**223**	**149 323**
Financial assets, which have been offset or are subject to netting or similar agreements									
Gross amount	139 984	83 835	74	223 893	85 748	60 992	4 495	223	151 458
Offset amount	–10 959	–3 776		–14 735	–5 148	–871	–4 435		–10 454
Net amount presented in the balance sheet	**129 025**	**80 059**	**74**	**209 158**	**80 600**	**60 121**	**60**	**223**	**141 004**
Related amount not offset in the balance sheet									
Financial instruments, netting agreements	72 591	15 313		87 904	59 455	17 672			77 127
Financial instruments, collateral	2 177	64 746	74	66 997	1 987	42 372		223	44 582
Cash, collateral	29 717			29 717	10 680	77			10 757
Total amount not offset in the balance sheet	**104 485**	**80 059**	**74**	**184 618**	**72 122**	**60 121**		**223**	**132 466**
Net amount	**24 540**			**24 540**	**8 478**		**60**		**8 538**

Liabilities	**Derivatives**	**Reverse repurchase agreements**	**Securities borrowing**	**Total**	**Derivatives**	**Reverse repurchase agreements**	**Security settlement claims**	**Securities borrowing**	**Total**
Financial assets, which not have been offset or are subject to netting or similar agreements	3 670			3 670	1 700		2 103		3 803
Financial assets, which have been offset or are subject to netting or similar agreements	115 027	21 514	1 011	137 552	72 708	30 064	325	177	103 274
Net amount presented in the balance sheet	**118 697**	**21 514**	**1 011**	**141 222**	**74 408**	**30 064**	**2 428**	**177**	**107 077**
Financial assets, which have been offset or are subject to netting or similar agreements									
Gross amount	127 324	25 290	1 011	153 625	77 856	30 935	4 760	177	113 728
Offset amount	–12 297	–3 776		–16 073	–5 148	–871	–4 435		–10 454
Net amount presented in the balance sheet	**115 027**	**21 514**	**1 011**	**137 552**	**72 708**	**30 064**	**325**	**177**	**103 274**
Related amount not offset in the balance sheet									
Financial instruments, netting agreements	72 591	15 313		87 904	59 455	17 672			77 127
Financial instruments, collateral	3 636	6 197	1 011	10 844	1 914	12 364		177	14 455
Cash, collateral	11 903	4		11 907	7 437	3			7 440
Total amount not offset in the balance sheet	**88 130**	**21 514**	**1 011**	**110 655**	**68 806**	**30 039**		**177**	**99 022**
Net amount	**26 897**			**26 897**	**3 902**	**25**	**325**		**4 252**

P43 Specification of adjustments for non-cash items in operating activities

	2014	2013
Amortised origination fees	–522	–523
Unrealised changes in value/currency changes	7 290	1 155
Depreciation of tangible and intangible fixed assets	4 481	532
Impairment of financial fixed assets	2 193	2 254
Credit impairment	622	555
Dividend Group entities	–17 864	–6 486
Prepaid expenses and accrued income	–2 422	2 687
Accrued expenses and prepaid income	516	–943
Share based payments to employees	314	285
Other	41	5
Total	**–5 351**	**–479**

P44 Assets pledged, contingent liabilities and commitments

Assets pledged

Assets pledged for own liabilities	**2014**	**2013**	**1/1/2013**
Government securities and bonds pledged with the Riksbank	10 201	10 869	13 177
Government securities and bonds pledged with foreign central banks	10 073	868	922
Government securities and bonds pledged for liabilities to credit institutions, repurchase agreements	6 115	6 898	8 693
Government securities and bonds pledged for deposits from the public, repurchase agreements	11 356	13 006	25 271
Government securities and bonds pledged for derivatives			162
Cash	11 717	7 178	14 012
Total	**49 462**	**38 819**	**62 237**

The carrying amount of liabilities for which assets are pledged amounted to SEK 49 462 m (38 819) in 2014.

Other assets pledged	**2014**	**2013**	**1/1/2013**
Securities lending	1 002	177	149
Government securities and bonds pledged for other commitments	5 685	2 695	862
Cash	366	334	217
Total	**7 053**	**3 206**	**1 228**

Collateral is pledged in the form of governement securities or bonds to central banks in order to execute transactions with the central banks. In so-called genuine repurchase transactions, where the parent company sells a security and at the same time agrees to repurchase it, the sold security remains on the balance sheet. The carrying amount of the security is also recognised as a pladged asset. In principle, the parent company cannot dispose of pledged collateral. generally, the assets are also sparated behalf of the beneficiaries in the event of the parent company' s insolvency.

Contingent liabilities

Nominal amount	**2014**	**2013**	**1/1/2013**
Loan guarantees	496 603	522 950	530 544
Other guarantees	17 352	14 609	14 091
Accepted and endorsed notes	108	80	83
Letters of credit granted but not utilised	1 853	1 213	1 835
Other contingent liabilities	18	97	18
Total	**515 934**	**538 949**	**546 571**
Provision for anticipated credit impairments	–19	–65	–52

Commitments

Nominal amount	**2014**	**2013**	**1/1/2013**
Loans granted but not paid	128 814	106 173	91 786
Overdraft facilities granted but not utilised	72 374	74 375	74 301
Total	**201 188**	**180 548**	**166 087**

The nominal amount of interest, equity and currency related contracts are shown in note P25 Derivatives.

P45 Transferred financial assets

The parent company transfers ownership of financial assets in connection with repos and security loans. Although ownership has been transferred in these transactions, the asset remains on the balance sheet since the parent company is still exposed to the asset's risk of fluctuating in value. This is because the agreement stipulates at the time of transfer that the asset will be restored. The sales proceeds received in connection with repos are recognised as liabilities. All assets and related liabilities are recognised at fair value and included in the valuation category fair value through profit and loss, trading. Liabilities related to securities lending refer to collateral received in the form of cash. These liabilities are reported in the valuation category other financial liabilities. In addition to what is indicated in the table for securities lending, collateral is received in the form of other securities to cover the difference between the fair value of the transferred assets and the recognised liability's fair value. At year-end the parent company had no commitments in financial assets that had been removed from the balance sheet.

	Transferred assets			Associated liabilities		
2014	**Carrying amount**	**Of which repurchase agreements**	**Of which securities lending**	**Carrying amount**	**Of which repurchase agreements**	**Of which securites lending**
Valuation category , fair value through profit or loss						
Trading						
Equity instruments	127		127	74		74
Debt securities	17 471	17 471		17 441	17 441	
Total	**17 598**	**17 471**	**127**	**17 515**	**17 441**	**74**

	Transferred assets			Associated liabilities		
2013	**Carrying amount**	**Of which re-purchase agreements**	**Of which securities lending**	**Carrying amount**	**Of which re-purchase agreements**	**Of which securites lending**
Valuation category , fair value through profit or loss						
Trading						
Equity instruments	317		317	223		223
Debt securities	19 904	19 904		19 906	19 906	
Total	**20 221**	**19 904**	**317**	**20 129**	**19 906**	**223**

P46 Operational leasing

The agreements mainly relate to premises in which the parent company is the lessee. The terms of the agreements comply with customary practices and include clauses on inflation and property tax. The combined amount of future minimum lease payments that relate to non-cancellable agreements is allocated on the due dates as follows:

2014	Expenses	Income subleasing	Total
2015	577	36	541
2016	508	32	476
2017	386	24	362
2018	360	22	338
2019	263		263
2020	191		191
2021	165		165
2022	164		164
2023	155		155
2024 or later	1 433		1 433
Total	**4 202**	**114**	**4 088**

2013	Expenses	Income subleasing	Total
2014	685	63	622
2015	428	39	389
2016	286	25	261
2017	256	22	234
2018	236		236
2019	150		150
2020	103		103
2021	93		93
2022	93		93
2023 or later	1 054		1 054
Total	**3 384**	**149**	**3 235**

P47 Related parties and other significant relationships

	Subsidiaries		Associates		Other related parties	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Assets						
Loans to credit institutions	328 138	308 817	6 903	9 021		
Loans to the public	2 935	3 204	690	1 820		
Bonds and other interest-bearing securities	4 956	3 131				
Derivatives	11 131	19 349				
Other assets	9 837	8 157	6	6	31	29
Prepaid expenses and accrued income	727	276				
Total assets	**357 723**	**342 934**	**7 599**	**10 847**	**31**	**29**
Liabilities						
Amount owed to credit institutions	52 138	73 696	2 360	2 928		
Deposits and borrowing from the public	13 236	6 855	25	1 327	2 561	1 181
Derivatives	33 247	19 498				
Other liabilities	839	817		64		
Accrued expenses and prepaid income	109					
Total liabilities	**99 568**	**100 866**	**2 385**	**4 319**	**2 561**	**1 181**
Contingent liabilities						
Guarantees	493 783	521 574		75		
Derivatives, nominal amount	724 785	774 531	1 792	3 573		
Income and expenses						
Interest income	647	2 363	197	270		
Interest expenses	10	–652	3	31	78	36
Dividends received	10 701	2 154	380	533		
Commission income	1 683	1 949	6	9		
Commission expenses	1 651	88				
Other income	241	375	13	118		
Other general administrative expenses	74	47			656	709

P48 Events after 31 December 2014

See Group note G58.

Contents

Sustainability priorities and performance

Swedbank's sustainability work focuses on integrating sustainability in the bank's central processes and business decisions. This is a continuous effort carried out collaboratively by the business units and sustainability organisation. Swedbank's Sustainability Report follows the Global Reporting Initiative (GRI) guidelines, version G4, and has been audited by Deloitte AB in accordance with the assurance report on page 192. The report consists of the Annual Report 2014 and Swedbank's GRI Report 2014.

The sustainability information reviewed by the auditors can be found on pages 14–18 and 176–189 and in the document Swedbank GRI Report, which is available at www.swedbank.com/Corporate Sustainability/Reports. Previous sustainability reports are available on the bank's external website. The sustainability report in its entirety falls within the scope of the review in accordance with the assurance report on page 192. Swedbank has therefore decided not to specify that each disclosure is part of the review, other that the reporting of CO2e emissions according to Scope 1, Scope 2 and Scope 3. Other review procedures for the indicators are based on an assessment of materiality and risk.

The tables on pages 187–189 list the GRI indicators we report and references where information can be found. We also show how our work supports the Global Compact's ten principles for sustainable business. GRI publishes international guidelines on sustainability reporting, which are used by organisations around the world.

Swedbank is confident that the Sustainability Report meets the requirements of GRI's G4 Sustainability Reporting Guidelines core level. Deloitte AB confirms that the Sustainability Report has been prepared according to the core level.

GRIR = Swedbank's GRI Report 2014
AR = Annual Report 2014

Priorities and performance

To increase our relevance in sustainable development and in the best way reduce negative impacts on people, the environment and society, we continuously identify priority areas based on global trends and customer needs as well as internal challenges and opportunities.

The priorities for 2014 reflected our long-term efforts to contribute to sustainable use of the earth's limited resources, reduce greenhouse gas emissions, actively promote human rights, diversity and gender equality, achieve long-term profitability, and develop lasting relationships with customers and employees.

Performance in 2014

Swedbank's sustainability work focuses on integrating sustainability aspects in central processes and business decisions. This is a continuous process done collaboratively by the business units and sustainability organisation.

In 2014 our priorities were the further integration of sustainability in our core processes, sustainability training for all employees and sustainability integration in the construction of the bank's new head office. Our successes during the year included:

- Implementation of new anti-money laundering training. The aim is to strengthen the competence of all employees and support the implementation of the anti-corruption policy Swedbank drafted in 2013.
- Launch of sustainable banking training for all employees. The training strengthens competence throughout the Group and facilitates the integration of sustainability in advisory services and internal processes.
- Management training in diversity and gender equality to provide insight on personal prejudices and draw attention to unfavourable conditions.
- Implementation of ambitious sustainability goals in the construction of our new head office. One of the aims was that the building – despite 3 000 employees and several operations-critical systems – would maximise energy consumption at 90 kWh/m² and year, about half that of the old head office. The energy target will be evaluated during 2015.
- The energy goals, along with rigorous environmental criteria in the property's choice of materials and indoor environments, led to the Sweden Green Building Council's highest certification. As result, Swedbank's head office also received the 2014 EU Green Building Award, part of the Sweden Green Building Awards.

Our goal for 2014 was to raise customer satisfaction in all our home markets. Satisfaction among Swedish customers is below the industry average, and according to the Swedish Quality Index (SQI) was 64 (–2) for private customers and 66 (+2) for corporate customers. According to the Customer Satisfaction Index (CSI), which provides large branches with insight into what they need to improve, there was an increase of 2 points. SQI encompasses around 300 of the bank's customers and CSI 40 000. For more information, see page 13.

Another goal for 2014 was to further develop management systems and measurement methods in order to collect Group-wide sustainability data. However, Swedbank chose instead to focus on internal structures to collect the data, which meant that this target was not achieved.

Our main priorities for 2015–2016

- Develop and implement a Group-wide sustainability platform with position statements and restrictions for all business operations based on the bank's values and sustainability strategy.
- Strengthen communication on sustainability issues with our customers and be more transparent in how we communicate the challenges we face as well as what we are doing and the results.
- Develop a structured approach to monitor sustainability work as well as environmental, social and financial sustainability data.

Sustainability in our core business

Our customers' financial needs drive our business. And it is through our customer relationships, products and services that we have the best opportunity to influence the environment around us. This is why we not only address the financial aspects of our core processes and business decisions but also the social and environmental ones. To support this, and set a direction, we have a framework for sustainability issues and how issues such as human rights, the environment and anti-corruption are managed. In 2015 we will expand and give concrete form to this support by developing a sustainability platform with guidelines for sectors and products that are covered or excluded based on Swedbank's values and sustainability strategy.

Save/Invest

An important part of our savings offering is fund management. This involves assessing the value of companies today and in the future. Our fund management company, Swedbank Robur, has signed the UN's Principles for Responsible Investment (PRI) and regards sustainability risks as financial risks, which are assessed in the financial analysis. Swedbank Robur's strategy as a responsible asset manager is to be an active owner and encourage companies to act more sustainably. In addition, Swedbank Robur offers a number of funds with extensive sustainability criteria.

Swedbank Robur integrates sustainability assessments in its asset management as follows:

1. Risk assessment – Sustainability risks are analysed before approving an investment.
2. Exclusion – Cluster bombs, mines, chemical or biological weapons, and nuclear weapons companies.
3. Impacts – We encourage companies to act more sustainably e.g. by actively participating in annual general meetings and nomination committees.

Finance

Before approving any loan application from a small, medium-sized or large company, an assessment is conducted of sustainability risks.

The sustainability risk assessment is done as follows:

1. General sustainability risks are discussed with the customer based on the risk assessment model.
2. Industry-specific risks are discussed based on guidelines that specify sustainability risks and critical issues for each industry.
3. If the company is considered to have sustainability risks and/or the amount is too high for the advisor alone to approve, the case is forwarded to a credit committee for final decision.
4. If additional support is needed before a decision can be made, the case can be taken up by Swedbank's Sustainability and Ethics Council.

Pay

Swedbank has processes, internal rules and support functions in place to ensure that it complies with applicable laws and regulations on money laundering and terrorist financing. The key to this work is knowing our customers and understanding where their money comes from and what they want from their relationship with the bank. With this information, we can detect suspicious behaviour, including with the help of system support to monitor domestic and international transactions, screen our customer database against sanctions list etc.

Efforts to counter money laundering and terrorist financing are based in part on the following processes:

1. Risk assessment
2. Know the customer
3. Continuous monitoring
4. Audits
5. Reporting

Procure

As a financial company, we have a relatively small supply chain. We make very few direct purchases of products, which limits our ability to monitor and support manufacturers. We have worked extensively to integrate sustainability into our procurement.

Our work comprises several parts, where the goals are:

1. Code of conduct for all suppliers of over EUR 50 000 per year as a binding part of the agreement.
2. Risk classification of existing and potential suppliers with invoicing over EUR 50 000 per year, based on country- and industry-specific risks. Applies to purchases by the central purchasing unit.
3. Self-assessments by risk-classified suppliers based on our code of conduct.
4. Supplier audits and monitoring.

The activities we engage in to encourage our world to be more sustainable are described on pages 16–17.

Customer value – Customers

Group customers	2014	2013	Δ %
Private customers (million)	8.1	8.0	+1
Corporate customers (thousand)	639	624	+2
Internet banking customers (million)[1]	7.5	7.2	+4
Telephone banking customers (million)[1]	4.2	4.2	0
Mobile banking customers (million)[1]	2.8	2.2	+27

1) Including savings banks and partly owned banks.

Accessibility

Accessibility is important to Swedbank. By accessibility we mean the ways customers can contact us and do their banking. We have over 550 branches in the Group including savings banks. On all four domestic markets there is high levels of Internet usage and extensive mobile coverage, where growth in our digital traffic is strong. Swedbank has four home markets with high levels of Internet usage and extensive mobile coverage. In 2013 video advisory services were introduced in Sweden. This was expanded in 2014 and today digital advice is available at 47 branches in Sweden. In 2015 a similar pilot project will be launched at two of our branches in the Baltic countries.

Use of cash in society is declining as customers increasingly choose cards and digital payments. Together with the savings banks. Swedbank has a broad-based retail network throughout Sweden. In 2013 Bankomat AB took over all the ATMs from Swedbank, the savings banks, Danske Bank, Handelsbanken, Nordea and SEB. In 2014 it also took over Länsförsäkringar and Sparbanken Öresund's ATMs. Through Bankomat AB's ATMs, Swedbank's customers can make withdrawals, deposits, check their balances and change their PIN code. In Sweden, they can also withdraw cash from another 1 000 ATMs provided by ICA Bank and Kontanten. In addition, customers can withdraw up to SEK 2 000 in cash by rounding off their bank card purchases in stores that offer the service. Bankomat AB's ATMs are equipped for sound and earphones as well as a keyboard with standardised layout/symbols/Braille. This function is tested by Funka Nu. The aim is to provide people with disabilities complete access to our services.

Funka Nu was started as a project in the disability movement and today is a market leader in accessibility, working with digital interface s and ATMs as well as accessibility in built environments.

Sweden	2014	2013	Δ %
Population (million)	9.6	9.5	+1
Number of debit cards (million)	3.9	3.8	+3
Number of branches	312	305	+2
Number of ATMs	2 197	2 339	–6
Number of Internet Bank customers, incl. savings banks (million)[1]	3.7	3.6	+3
Number of Internet Bank payments, incl. savings banks (million)	206	170	+21
Number of Internet Bank logins (million)	254	270	–6
Number of Mobile Bank customers, incl. savings banks (million)[1]	2,0	1.6	+25
Number of Mobile Bank logins (million)	416	326	+27
Number of Swish payments (million)[1]	8.8	1.2	+633

1) The cost to the customer to access the Internet Bank, Mobile Bank and Swish payments is about SEK 175 per year.

Estonia	2014	2013	Δ %
Population (million)	1.3	1.3	0
Number of cards (million)	1.1	1.1	0
Number of branches	40	50	–20
Number of accessible branches	28	17	+65
Number of ATMs	457	480	–5
Number of Internet Bank customers (million)[1]	1.0	1.0	0
Number of Internet Bank payments (million)	64.3	58.0	+11
Number of Internet Bank logins (million)[2]	47	48.1	–2
Number of Mobile Bank customers (million)[1]	0.26	0.18	+44
Number of Mobile Bank logins (million)	3.9	2.5	+56

1) There is no fee to use the Internet Bank and Mobile Bank.
2) Relates to private customers.

Latvia	2014	2013	Δ %
Population (million)	2.0	2.0	0
Number of cards (million)	1.0	1.0	0
Number of branches	48	54	–11
Number of accessible branches	32	37	–14
Number of ATMs	409	427	–4
Number of Internet Bank customers (million)[1]	1.1	1.0	+10
Number of Internet Bank payments (million)	52.2	49,1	+6
Number of Internet Bank logins (million)[2]	43.4	42.3	+3
Number of Mobile Bank customers (million)[1]	0.31	0.23	+35
Number of Mobile Bank logins (million)	2.9	2,0	+45

1) There is no fee to use the Internet Bank and Mobile Bank.
2) Relates to private customers.

Lithuania	2014	2013	Δ %
Population (million)	3,0	2.9	+3
Number of cards (million)	1.7	1,0	+70
Number of branches	68	77	–12
Number of accessible branches	64	68	–6
Number of ATMs	520	489	+6
Number of Internet Bank customers (million)[1]	1.6	1.0	+60
Number of Internet Bank payments (million)	42.9	49,1	–13
Number of Internet Bank logins (million)[2]	46	43.6	+6
Number of Mobile Bank customers (million)[1]	0.24	0.23	+4
Number of Mobile Bank logins (million)	2.4	1.5	+60

1) There is no fee to use the Internet Bank and Mobile Bank.
2) Relates to private customers.

Share of corporate customers by country, %	2014	2013
Sweden	77	77
Estonia	5	6
Latvia	3	3
Lithuania	4	4
Norway	7	7
Finland	2	2
Other	2	1

Share of corporate customers by sector, %	2014	2013
Agriculture, forestry and fishing	15	15
Manufacturing	9	9
Public sector and utilities	4	5
Construction	3	3
Retail	6	7
Transportation	2	3
Shipping	6	6
Hotel and restaurant	1	1
Information and communications	1	1
Finance and insurance	2	4
Property management	41	37
Corporate services	3	4
Other corporate lending	5	5

Customer value – Banking services private/corporate

Swedbank is a major player in the financial market, which carries a responsibility. As an important part in the financial system, we can help society to grow and prosper. Engaging in social, environmental and growth-related issues is part of our business idea. We have developed services and tools to promote sustainable development. One example is the sustainability analysis we conduct with all business loan applications, which covers the areas of corruption and the environment. The analysis is mandatory for loans over SEK 1 million in Sweden and EUR 0.8m in the Baltic countries. In addition to the analysis, Swedbank established an Ethics and Sustainability Council in 2012 to guide business decisions associated with sustainability risks. The majority of loan applications escalated to the Group's council for recommendation have involved cases of corruption and business ethics.

One aspect of promoting a sustainable economy is stressing to households the importance of saving in the form of loan amortisation. For this reason, our advisors in Sweden apply an amortisation guide in their mortgage discussions. The guide is a help in attaining a loan-to-value ratio of 70 per cent or lower. We believe a lower loan-to-value ratio gives our customers greater financial security.

Corporate banking services	2014	2013	Δ %
Sustainability analysis in lending, Sweden (no. of credit issues approved)	45 331	43 230	+5
Sustainability analysis in lending, Estonia (no. of business loans approved)	649	699	–7
Sustainability analysis in lending, Latvia (no. of business loans approved)	456	458	0
Sustainability analysis in lending, Lithuania (no. of business loans approved)	530	456	+16
No. of credit issues escalated to Group's Ethics and Sustainability Council[1]	8	6	+33
Total renewable energy lending (SEKm)[2]	8 373	10 623	–21
Total corporate lending (SEKm)	495 181	438 953	+13
Number of customers renewable energy lending[2]	182	175	+4
Green bonds (SEKm)[3]	350	–	–

1) In total, ten cases were handled by Swedbank's Ethics and Sustainability Council in 2014.
2) Total renewable energy lending relates to wind power, biomass district heating, pellet production, biogas and hydropower.
3) Financing of renewable energy with a term of 3 years.

Private banking services, Sweden	2014	2013	2012
Energy loans (SEKm)[1]	92	105	112
Donations to WWF from WWF cards (SEKm)[2]	3.6	4.7	6.0
No. of customers with WWF cards[2]	136 983	286 795	277 252
Total number of credit and debit cards in Sweden	4 510 862	4 597 136	4 443 550
WWF cards as % of total cards in issue and of income[3]	3	6	6
No. of households with loan-to-value ratios above 70% of property value (%)	22	29	32
Share of households with loan-to-value ratios above 70% that amortise (new lending)	87	75	63
Share of households with loan-to-value ratios above 70% that amortise (total portfolio)	71	60	55
SPAX with sustainability criteria (SEKm)	456	742[4]	77

1) Energy loans. which are used to finance residential energy savings. account for a very small percentage of total residential lending to private customers.
2) Swedbank and the savings banks no longer collaborate with WWF on affinity cards. Outstanding cards continue to contribute to WWF.
3) Income from WWF cards as a share of all outstanding cards.
4) The large increase is because Swedbank offered an ethical and sustainable SPAX bond throughout 2013. SPAX is the name of Swedbank's equity-linked bonds. The volume increase from 2012 to 2013 is because Swedbank had a product in each of its monthly issuances in 2013 called SPAX Sweden, which is linked to a basket of equities, all of which are included in an ethical and sustainable equity index.

Customer value – Asset management

An important part of Swedbank's savings offering is fund management. As a responsible asset manager, our fund management company, Swedbank Robur, encourages companies through dialogue and active ownership to commit to sustainability and good corporate governance. Around 25 companies were excluded from the funds for sustainability reasons in 2014.

Swedbank Robur offers a number of sustainability funds with extensive sustainability criteria. In 2014 our fund management company offered sustainability funds from the Ethica, Talenten and Förbundsfonden fund families. One of the sustainability funds donates to charitable organisations.

Management data	2014	2013	2012
Total assets under management of which about 2/3 in funds (SEKbn)	1 052	889	780
Assets under management with specific sustainability criteria[1] (SEKbn)	424	357	340
Share of assets under management with specific sustainability criteria (%)[1]	40	40	44
Sustainability analyses of listed Swedish companies (no.)[2]	36	58	71
Sustainability analyses of listed foreign companies (approx. no.)[3]	1 800	1 800	1 800

1) Swedbak Robur manage funds with various sustainability criteria, including from the Ethica, Talenten, Förbundsfonden, KPA and Folksam fund families.
2) In addition to the sustainability analysis, we have contacted another 96 listed Swedish companies concerning sustainability issues.
3) Internal processing of analyses from external analytical suppliers. This figure is an estimate.

As an owner, Swedbank Robur wants its companies to commit to sustainability and good corporate governance. The fund management company dialogues directly with the companies, but also collaborates with others. Swedbank Robur actively participates in nominating committees and votes at general meetings. For more information, see the following page and swedbankrobur.se, where an annual report on "Corporate Governance and Sustainability" is published.

Company impact	2014	2013	2012
Companies contacted on sustainability issues (no.)	332	189	150
Participation in nominating committees (no.)	61	61	64
Participation in annual general meetings (no.)	243	184	187

Following is a list of the 25 companies that were excluded from Swedbank Robur's funds in 2014. It is mainly companies that manufacture cluster bombs, mines, chemical or biological weapons. Several manufacture nuclear weapons.

Companies excluded from Swedbank Robur's funds[1]
Aerotech SA
Airbus Group NV
Alliant Techsystems Inc
Aryt Industries Ltd
Babcock International Group
Boeing
Finmeccanica
Fluor
GenCorp Inc
General Dynamics Corp
Hanwha Corporation
Honeywell
Jacobs Engineering Group Inc
L-3 Communications Holdings Inc
Lockheed Martin Corp
Motoviljkhinskie Zavody
Northrop Grumman Corp
Poongsan Holdings Corp
Raytheon Co
Safran SA
Serco Group PLC
Singapore Technologies Engineering Ltd
Textron Inc
The Babcock & Wilcox Co
United Technologies Corp

1) Companies excluded from Swedbank Robur's actively managed funds as of 31 December 2014. The exclusions do not apply to index funds and funds of funds.

The charitable fund Swedbank Robur Humanfonden gives customers the option of donating 2 per cent of their investment value per year to an affiliated charity of their choice. In 2014 Humanfonden investors contributed SEK 43m to charitable organisations which will be distributed on Heart Day in 2015.

Charitable funds	2014	2013	2012
Total number of customers	32 506	34 200	36 652
Donations to charitable organisations from charitable fund (SEKm)[1]	43	42	37
Number of affiliated charitable organisations	68	68	71
Share of income in relation to all Robur funds (%)[1]	0.47	0.54	0.61

1) Income from the Swedbank Robur Humanfond in relation to all of Swedbank Robur's funds sold in Sweden.

Swedbank Robur – Responsible asset manager

As an owner, Swedbank Robur encourages its companies to commit to sustainability and good corporate governance. In 2014 we did not invest in companies that manufacture cluster bombs, mines, chemical or biological weapons, or in several companies that manufacture nuclear weapons. We offered investors sustainability funds with special criteria from the Ethica, Talenten and Förbundsfonden fund families. In 2014 Humanfonden's investors donated SEK 43m to charities, which will be distributed on "Heart Day" in 2015. During the year Swedbank Robur topped Söderberg & Partners' ranking of pension companies based on their work with sustainability issues. One of the reasons was our efforts to influence the sustainability work of our companies.

Impact on sustainability issues in 2014

In 2014 we contacted 332 companies concerning sustainability issues, 132 of which are listed in Sweden and 200 abroad. Of these companies, 131 were contacted through collaborations with PRI or Ethix SRI Advisors. Our sustainability analysts visited Bangladesh, Pakistan, Uzbekistan, Kazakhstan and Myanmar (Burma). During the year our focus was on climate risks, the companies' measures to prevent corruption, the environment and human rights. We have also begun working with the sustainability aspects of the companies' tax planning.

Ensuring that our companies take responsibility for working conditions in their supply chains in low-cost countries is important, which is why we visited textile manufacturers in Bangladesh, dialogued with H&M on responsible cotton procurement in Uzbekistan and Ethiopia, and analysed Swedish technology trading companies.

We inspected Stora Enso on site to how it is reducing child labour in its supply chain in Pakistan. We also met with the company on several occasions to ensure that it is taking responsibility for children's rights. Preventing dangerous child labour and making sure that children can go to school is a key element in fighting poverty. This is challenging in countries with substandard education systems and where child labour is common. We feel that companies have a responsibility to prevent dangerous child labour in their supply chains and are positive that they are cooperating with local or international initiatives to promote the well-being of children. We have maintained a dialogue on responsibility for joint ventures and fair compensation for land purchases in South America and in China.

In the case of TeliaSonera, we have monitored its compliance with human rights and business ethics, while also visiting its operations in Uzbekistan and Kazakhstan. In London we met several telecom operators to discuss the industry's challenging markets. These companies are dependent on government licences, which raises the risk of corruption. Telecom services facilitate freedom of speech and democracy at the same time that they can be used as tools to monitor government critics and violate human rights.

We also visited a number of companies and organisations in Myanmar/Burma to gain an understanding of what is needed to do business responsibly in the country now that it is opening up after having been regarded as one of the world's harshest dictatorships. Many companies see business opportunities, at the same time that the risk of human rights violations and corruption still exists.

In 2014 we dialogued with a number of international mining companies, including African Barrick Gold Freeport-McMoRan, GlencoreXstrata, Norilsk Nickel, Rio Tinto and Vedanta Resources, to discuss hazardous releases and emissions, health and safety, corruption risks and respect for human rights. The industry's growth will be concentrated in regions of Africa, Asia and Latin America, where the risk of corruption, political instability, human rights violations and accidents is high. We will therefore continue to dialogue with selected mining companies.

During the year we conducted a survey of listed Swedish companies on the use of chemicals in their products to find out their level of expertise and the phase-out strategies they have for unwanted substances in their products. A majority of the companies state that chemicals are one of their most important sustainability issues, but only a few are fully aware of what their products contain, are phasing out unwanted substances and are placing concrete demands on their suppliers. We will continue dialoguing with these companies in 2015.

We met with the tobacco companies Philip Morris, Imperial Tobacco and Swedish Match to discuss sustainability in their supply chains, anti-corruption and responsible marketing.

In 2014 we also held discussions with a number of energy producers and energy-intensive companies such as SSAB. We feel that all companies should strive to reduce emissions and utilise energy-efficient solutions.

Impact on sustainability issues through cooperation in 2014

In partnership with Save the Children and Accenture, we conducted a study of listed Swedish companies' work with children's rights. Of the 163 companies contacted, 100 responded, together representing 84 per cent of the Swedish stock market's capitalisation. The main result of the study is that the majority of companies underestimate the risk of violating children's rights, because of which many are working reactively rather than proactively to address the issue. To discuss the results, we arranged a seminar in October. ICA, Stora Enso, SCA and Ericsson took part on the corporate panel.

Taxes are increasingly being debated from a sustainability perspective. The OECD has launched an action plan that stresses the need for greater transparency by multinationals as well as revised international tax standards due to increased globalisation and digitisation. Together with other Swedish investors, we have dialogued with international companies on how they can reduce risks in this area through greater openness about taxes not only from a financial perspective. After these dialogues Atlas Copco and Tele2, among others, published a summary of their tax policies.

We continued our work within the framework of the UN PRI's initiative on sustainable palm oil. During the year the initiative focused on buyers to encourage them to demand sustainably produced oil and on producers to increase access.

In September 2014 we helped to arrange a seminar through Sustainable Value Creation on the practical difficulties companies face in implementing sustainability in their businesses. The dialogue was based on a survey of the 100 largest companies on the Swedish stock exchange. The companies mentioned the importance of management's commitment and the connection to business operations to the success of their sustainability work, while also stressing clearly defined goals and strategies. Sustainable Value Creation is a collaborative project in the financial industry that encourages companies to work in a structured manner with sustainability and report their progress thoroughly.

Corporate governance in nominating committees and annual general meetings in 2014

The goal of Swedbank Robur's work on nominating committees is to ensure that boards have a good mix of skills, experience and diversity as well as a sound balance between dependent and independent directors. We work actively to improve gender equality. Women made up 52 per cent of the new directors in elections where Swedbank Robur participated in the nominating committee. The share of women on these boards was 31 per cent and excluding the CEO 33 per cent, surpassing the average for listed companies. We vote at general meetings and maintain continuous contact with the boards and managements of companies in which the funds are major owners. In the area of sustainability, we have voted for shareholder proposals on environmental measures in the chemical company Monsanto and the oil companies Marathon Oil, Anadarko Petroleum, Exxon Mobile and Chevron.

Employee value – Employees

Number	2014	2013	2012
Number of full-time positions[1]	14 624	14 265	14 861
Average number of employees by country[2]			
Sweden	9 058	8 501	8 713
Denmark	27	27	30
Estonia	2 454	2 596	2 718
Finland	33	29	40
China	22	22	22
Latvia	1 748	1 920	1 969
Lithuania	2 160	2 585	2 421
Luxembourg	43	46	31
Norway	274	266	270
Ukraine	8	15	14
USA	23	15[3]	161
Total	15 850	16 022	16 389

1) Relates to continuing operations.
2) Average number of employees based on 1 585 hours per employee.
3) Swedbank has discontinued these operations, reducing the number of employees.

By form of employment	2014	2013	2012
Total number of permanent positions[1]	15 572	15 404	14 999
Total number of temporary positions[1]	1 175	1 069	1 261
Employees covered by collective bargaining agreements, Sweden (%)	65	65	–
Employees covered by collective bargaining agreements, Group total (%)[2]	37	37	39
Managers as share of total no. of employees (%)	10	11	11

1) Includes all countries.
2) In Sweden the largest unions are the Financial Sector Union of Sweden and Akademikerföreningen. Lithuania has a Work Council. though it does not negotiate collective agreements like in Sweden. In Estonia and Latvia there are no collective agreements today.

Total number and share of new employees by gender, age group and country, %	2014	2013	2012
Total number of new employees	1 346	1 646	1 224
Women [1]	62	57	63
Men [1]	38	43	37
0–29 years	61	54	59
30–44 years	30	34	31
45–59 years	8	11	9
60– years	1	1	1
Sweden	37	52	46
Estonia	25	19	19
Latvia	14	15	24
Lithuania	24	14	11

1) Figures for 2012 and 2013 are adjusted compared with Sustainability Report 2013

Parental leave women/men, %[1]	2014	2013
Sweden	73/27	74/26
Estonia	99.4/0.6	99.7/0.3
Latvia	99.5/0.5	99.5/0.5
Lithuania	98.9/1.1	98.9/1.1

1) Further information is available on 2014 GRI Reporting p 15.

Swedbank's goal is an even gender distribution in all management groups, committees, internal boards and working meetings with significant influence on the bank's development. All members of the Group Executive Committee have matching goals that are followed up on a quarterly basis. Goal 2016: 40/60.

Share of women/men. %	2014	2013
Of total number of employees	64/36	62/38
In management positions, total[1]	52/48	51/49
In management positions, Sweden	45/55	43/57
In management positions, Estonia	66/34	70/30
In management positions, Latvia	65/35	61/39
In management positions, Lithuania	55/45	55/45
In Group Executive Committee incl. CEO	29/71	30/70
On Board of Directors	44/56	40/60

1) Calculated for Swedbank's home markets: Sweden. Estonia. Latvia and Lithuania.

Swedbank began to measure the number of employees in Sweden with a foreign background (i.e. who were born abroad or have two foreign-born parents) in 2014 as a result of the strategic decision to prioritise diversity and gender equality in coming years. Swedbank believes that greater inclusiveness is critical to our business and that improvements lead to better work environments and better service for customers, while helping us to attract and retain talent. To achieve these changes, the goal is to have 20 per cent of employees with a foreign background, the national average in Sweden. The current figure in the bank is 12 per cent.

In the Baltic countries there are other grounds for discrimination under the umbrella of diversity that are more relevant to their markets. They have been working with this issue for a shorter period, so their priorities and performance measures will first be set in the first quarter 2015.

The main activities to increase diversity and gender equality are training at all managerial levels, quarterly follow-ups by the Group Executive Committee and "A Job at Last" (a project to create trainee positions for foreign-born graduates who have been unable to enter the job market). For more information, see page 18.

Employee survey, index	2014	2013
Engagement index, Results/Comparison	83	82
Recommendation index, Results/Comparison	18	12
Leadership index, Results/Comparison	81	80

Our health strategy, which we call "Sustainable employees", serves as a basis for all health related work at Swedbank. The goal is to achieve our full potential through health activities that assure a high level of energy and recovery.

One trend in all of Sweden, and not just the bank, is that women have a higher level of absenteeism than men, which is confirmed by Statistics Sweden. This is largely because women often have double burden, generally assuming more of the work at home while at the same time having to perform at work.

Swedbank has a diversity and gender equality plan to ensure that the organisation puts men and women on more equal footing, e.g. by encouraging them to share more parental leave and sick child leave. Each business area also has its own plans with measures in place to increase gender equality.

Sick leave, %[1]	2014	2013
Sweden	3.0	2.8
Men	1.9	1.8
Women	3.9	3.7
Estonia	0.7	0.6
Men	0.2	0.3
Women	0.8	0.7
Latvia	1.5	1.7
Men	0.8	0.8
Women	1.8	2.0
Lithuania	0.8	1.1
Men	0.5	0.5
Women	0.9	1.2

1) Sick leave during work days compared with total scheduled work days during the report period.

For Swedbank, equal pay means paying men and women on the same grounds and eliminating wage gaps based on gender. The bank is working actively with unwarranted wage differences and conducts a survey every year pursuant to Swedish law. In 2015 a similar survey will be done in the Baltic countries.

The figures below show total salary differences between women and men. For the most part the differences are due to the fact that men and women have different jobs with different pay scales, with women more often working at lower scales. If a difference still remains after adjusting for structural factors, it is considered unwarranted. Swedbank is working continuously to identify and address unwarranted wage differences.

Wage difference women vs. men, management positions by country,%	2014	2013	2012
Sweden	–28	–27	–26
Estonia	–39	–41	–35
Latvia	–46	–40	–37
Lithuania	–32	–31	–38
Total	–40	–40	–40

Wage difference women vs. men, management positions by business area, %[1]	2014	2013	2012
Swedish Banking	–19	–16	–16
Large Corporates & Institutions	–46	–40	–36
Baltic Banking	–38	–40	–38
Channels & Concepts	–25	–39	–35
Group Products	–42	–39	–44
Group Functions	–29	–27	–27

1) Includes management positions at every level. Personal responsibility is the common denominator for the category of management positions.

Wage difference women vs. men, specialists by country, %	2014	2013	2012
Sweden	–23	–22	–22
Estonia	–38	–43	–44
Latvia	–34	–35	–31
Lithuania	–41	–43	–41
Total	–39	–39	–38

Wage difference female vs. male, specialists by business area, %	2014	2013	2012
Swedish Banking	–17	–15	–15
Large Corporates & Institutions	–39	–39	–34
Baltic Banking	–36	–39	–37
Channels & Concepts	–21	–23	–23
Group Products	–36	–35	–39
Group Functions	–12	–13	–21

Rate of employee turnover by gender, age group and country, %	2014	2013	2012
Women	10.2	12.1	10.3
Men	9.6	10.8	12.7
0–29 years	15.3	17.6	–
30–44 years	8.6	10.4	–
45–59 years	4.6	4.8	–
60– years	30.0	32.7	–
Sweden	7.6	6.3	5.2
Estonia	13.4	16.3	13.1
Latvia	16.2	15.8	13.9
Lithuania	11.2	13.9	8.8
Total	10.0	11.4	13.8

Training and surveys	2014	2013	2012
In-house training, total (hrs)	462 876	463 009	504 983
In-house training, (hrs/full-time employee)	31.7	29.7	31.9
No. of employees receiving introductory training in environment, sustainability, code of conduct and money laundering	9 352	7 577	–
No. of employees receiving training in sustainable banking as well as money laundering and financing of terrorism[1]	24 324	–	–

1) Both training programmes were launched in 2014.

Level of education, %	2014	2013	2012
Sweden			
University degree	45	44	40
Other university education	6	6	6
Upper secondary school	41	36	38
Other education	8	14	16
Estonia			
University degree	65	57	60
Other university education	19	17	13
Upper secondary school	8	15	14
Other education	8	11	13
Latvia			
University degree	71	75	69
Other university education	22	20	20
Upper secondary school	7	5	11
Other education	0	0	0
Lithuania			
University degree	80	79	78
Other university education	14	14	16
Upper secondary school	6	7	6
Other education	0	0	0

Age distribution, %	2014	2013	2012
Sweden			
0–29 years	12	12	11
30–44 years	39	39	39
45–59 years	41	41	42
60– years	8	8	8
Estonia			
0–29 years	24	25	27
30–44 years	57	58	58
45–59 years	17	15	14
60– years	2	2	1
Latvia			
0–29 years	29	32	38
30–44 years	60	57	52
45–59 years	10	10	10
60– years	1	1	0
Lithuania			
0–29 years	27	27	30
30–44 years	52	52	50
45–59 years	20	20	18
60– years	1	1	1

Social value – Environmental impacts

Key facts and data related to our emissions, waste and energy consumption can be found below. The base year for our measurements is 2010 when we reported 72 279 tonnes of greenhouse gas emissions in the form of CO_2e (carbon dioxide, methanol, nitrous oxide, hydrofluorocarbons, perfluorcarbons, nitrogen trifluorides and sulphur hexafluorides). That was the first year we measured greenhouse gas emissions in all four home markets (Sweden, Estonia, Latvia and Lithuania). Since the base year we have reduced our emissions by 42.3 per cent, already reaching our 2018 reduction target for greenhouse gas emissions.

Greenhouse gas emissions, tonnes CO_2e)	2014	2013	2012
Total emissions	41 715	43 211	56 238
Reduction target 2015, 30%[1]	50 595	50 595	50 595
Reduction target 2018, 40%[1]	43 367	43 367	43 367
Emissions by scope according to GHG protocol[1]			
Emissions scope 1[2]	2 495	861	1 120
Emissions scope 2[3]	21 985	26 164	40 384
Emissions scope 3[4]	17 235	16 186	14 734
Emissions by country			
Emissions, Sweden	19 906	17 541	15 984
Emissions, Estonia	14 216	15 463	19 993
Emissions, Latvia	2 680	3 161	5 018
Emissions, Lithuania	3 343	4 574	8 344
Emissions, Other[5]	1 570	2 472	6 901

1) Our emission targets do not include emissions from the autoleasing company Autoplan within the Swedbank Group. Separate targets are in place to reduce Autoplan's environmental impact.
2) Scope 1: Swedbank's direct emissions. Based on fuel consumption and km driven on duty.
3) Scope 2: Swedbank's indirect emissions generated by electricity consumption and heating/cooling.
4) Scope 3: Swedbank's other indirect emissions from business travel, material consumption, security transports, food, water and waste.
5) Norway, Finland, Denmark, USA, Luxembourg, Norway and China.

Emissions by category, tonnes CO_2e	2014	2013	2012
Sweden			
Office premises	7 352	6 802	6 880
Business travel	11 978	9 916	7 292
Other emissions[1]	576	823	1 812
Estonia			
Office premises	12 947	13 776	17 437
Business travel	1 159	1 156	2 428
Other emissions[1]	110	531	128
Latvia			
Office premises	1 691	1 914	2 922
Business travel	795	887	1 998
Other emissions[1]	194	360	98
Lithuania			
Office premises	1 540	2 741	6 528
Business travel	1 435	1 372	1 196
Other emissions[1]	368	461	620
Other countries			
Office premises	356	1 273	6 901
Business travel	1 206	1 199	0
Other emissions[1]	8	0	0

1) Coffee, security transports, paper and fruit.

We work actively to reduce our environmental impacts and annually monitor a range of environmental data. Our goal is to reduce resource consumption, which makes it important to monitor waste amounts. All waste is managed through central agreements in compliance with current laws and local regulations. The majority of this waste is recycled, with official documents and office paper converted into paper pulp and hazardous waste such as light bulbs, fluorescent lamps, batteries and electronic equipment collected in special receptacles in all our offices. Other waste is incinerated or sent to a landfill in accordance with local regulations.

Other environmental data	2014	2013	2012
Energy consumption in our office premises (MWh)	151 207	153 443	160 615
Renewable energy as a share of total energy consumption (%)[1]	36	31	27
Paper consumption (tonnes)[2]	979	1 359	1 418
Water consumption (m^3/FTE)	11	14	12
Recycled waste (tonnes)[3]	636	558	109
Incinerated waste (tonnes)[3]	586	423	276
Landfill waste (tonnes)	299	182	182

1) Renewable energy relates to wind power and hydroelectric power.
2) The reduction is due to increased digitisation of our business processes.
3) Improved data quality, combined with the inclusion of additional waste fractions, resulted in a significant increase in 2012–2013.

Internal energy consumption	2014	2013	2012
Total emissions from energy consumption (tonnes CO_2e/MWh)	0.14	0.16	0.21
Energy consumption per employee (MWh/FTE)	9.5	9.6	9.8
Energy consumption per SEK earned (MWh/SEKm)	9,0	10.1	10.5

Comparative figures, tonnes CO_2e	2014	2013	2012
Total emissions per employee	2.63	2.70	3.43
Scope 1 and 2 emissions per employee	1.54	1.69	2.53
Total emissions per m^2 office space	0.046	0.084	0.108
Scope 1 and 2 emissions per m^2 office space	0.047	0.053	0.080

All greenhouse gas emissions generated by the auto leasing company Autoplan are reported separately in the table below and, consequently, are not included in Swedbank AB's total emissions or reduction targets. This is done to create greater comparability with other financial institutions and comply with revised reporting requirements. In operational leasing, Swedbank owns the vehicle and therefore is responsible for the emissions that are generated. In finance leasing, the bank is responsible for the financing. In previous sustainability reports, only operational leasing was reported, but due to new accounting requirements finance leasing is now reported as well.

Auto leasing through Autoplan	2014	2013	2012
Operational leasing (tonnes CO_2e)[1]	13 375	15 772	11 249
Finance leasing (tonnes CO_2e)[1]	151 348	150 895	143 166
Total number of leased vehicles	37 799	36 435	35 231
Green vehicles (%)[2]	29	–	–

1) Greenhouse gas emissions based on the amount of fuel consumed and the type of fuel per vehicle over a one-year period.
2) Vehicles that met current green car requirements for the year in question. Measurements began in 2014.

Community value– Social engagement

As part of the Swedish savings bank movement, Swedbank has been involved since the beginning in issues of social development. This is still true today, and our engagement extends to all our home markets. Our focus is on young people, especially in the areas of education, the labour market and entrepreneurship. We have joined our customers and other stakeholders to support initiatives involving skills transfers and collaboration and invested our own time. In 2014 we devoted 27 721 work hours to social engagement and volunteering, an increase of 12 per cent year-on-year. The tables below show the financial value of our engagement in our various home markets.

Social investments, total mkr	2014	2013
Social investments, total	144[1]	111
–of which Sweden	104[1]	67
–of which Estonia	8	6
–of which Latvia	30	36
–of which Lithuania	2	2

1) Part of the reason for the increase is that social investments in sports organisations were included in 2014.

Social investments per engagement, %	Sweden	Estonia	Latvia	Lithuania
Charitable donations and community partnerships	47	78	13	82
Staff volunteering in paid time	8	0	1	3
Management costs	0	3	1	0
Products and services with a social benefit[1]	0	12	0	6
Gifts from customers via the bank's products and services	45	7	85	9

1) Relates to donation portals in Estonia and Lithuania.

	2014	
Distribution of financial value creation in relation to total income, %	SEKm	%
Total income	39 304	–
Interest paid to the public (deposits)	3 191	8
Interest paid on other funding/financing	18 051	46
Commission on government guaranteed funding	31	0
Deposit guarantee fees	604	2
Government stabilisation fund fee	616	2
Tax for the year	4 992	13
Non-deductible VAT[1]	1 068	3
Social insurance costs and pensions	3 175	8
Salaries and fees incl, shares in Swedbank	6 411	16
Payments to suppliers, home markets	6 748	17
Proposed shareholder dividend	12 509	32
Profit for the year reinvested in the bank	3 938	10

1) The amount relates to non-deductible VAT expensed by Swedbank AB.

Initiative	Description and social value
Young Jobs	One element in the bank's efforts to make it easier for young adults to find work in their local community after completing their education is having our local managers link their business contacts with the Public Employment Service to create trainee positions. Since its launch in 2009 the Young Jobs project has created tremendous value within the bank and our communities. Among other things, the bank has increased its diversity, established more contacts locally and ensured that young people can stay in their home community. Around 75 per cent of the bank's branches have implemented the Young Jobs model locally for use by municipalities, the Public Employment Service offices and the bank's corporate customers. Since the start we have helped to create 10 000 new trainee positions for young job seekers. Nearly 1 000 of them have trained at the bank and 35-45 per cent have gone on to receive jobs with us. According to the Public Employment Service, trainee positions are the single most important measure to help this target group find work faster.
Young Economy & Lyckoslanten	Swedbank's role as a source of financial information is most clearly evident with the magazine Lyckoslanten. First published in 1926, it explains personal finances and savings to young people in an enjoyable and accessible way. Over 500 000 copies are printed of four issues a year. Designed for students ages 7–10, it is sent free of charge to any teacher or school that orders it. For 88 years Swedbank and the savings banks have consistently helped to educate the public about financial issues. For a number of years older students have also been provided financial information through advisors from Swedbank and the savings banks. In total, 21 120 upper secondary level students had the opportunity during the year to work with financial issues as part of their overall education.
Ziedot.lv	Since 2003 Swedbank Latvia has invested EUR 0.5m to establish an infrastructure for charitable donations and to channel charitable projects. In addition, Swedbank has donated over EUR 1m to a project to treat severely ill children. In late 2014 the web portal was upgraded to facilitate online donations and collections by businesses and individuals. Swedbank's work promotes active citizenship on an individual level. By the end of 2014 EUR 20m had been collected for charities. The aim is to support existing government-run initiatives to reduce income gaps and social and economic deprivation and to improve socioeconomic conditions in society.
Who Needs It?	"Who Needs It?" is a community initiative founded by Swedbank together with Omintel in 2011. The aim is to bring together schools and businesses to inform students about possible career choices and how to get there with the help of activities such as lectures, company visits and workshops. In its fourth year the initiative reached out to 65 per cent of schools in Lithuania, comprising more than 2 000 teachers, as well as around 1 000 people in various companies. In total it has reached over 50 000 students. "Who Needs It?" fosters a greater understanding of career choices and the future job market at the same time that it links together the educational system with the job market in Lithuania, providing a better understanding of future opportunities for young people in the country.
Back to School	In 2013 Swedbank played a central role as a partner in starting a portal called "Back to School", which creates a way for Estonians to contribute their time and knowledge by guest lecturing in schools. Over 800 lectures have now been officially registered and the project has reached 27 000 students around the country. Since its start 223 Swedbank employees have connected to the portal and contributed 230 lectures for 6 500 students. Preparing, developing and marketing the programme in its current scope creates an estimated social value of EUR 160 000 per year (based on a cost of EUR 11 per student and year). The project brings in participants from all strata of society and fosters an increased awareness of the connection between working life and education. Swedbank also actively participates in similar projects to promote knowledge sharing in Latvia and Lithuania.
A Job at Last in Sweden	Another initiative that creates value over time is "A Job at Last". In autumn 2011 we launched a cooperation project with the Public Employment Service to validate the qualifications of foreign-born graduates. To date 105 individuals have been matched with Swedbank's various functions and professional roles and 66 per cent have received positions with the bank. Another 14 per cent have been given positions in line with their education with one of our competitors. A pilot project in spring 2015 with ten of Sweden's largest industrial companies will expand the model in collaboration with the Public Employment Service. If we succeed together in developing and quality assuring a scalable model, it will help this target group of foreign-born graduates to more quickly and effectively find work that match their skills.

Social value – Suppliers

Swedbank is a service company with 15 000 suppliers. The bank's annual procurement costs amount to SEK 7bn. The central procurement process governs all purchases over EUR 50 000, aggregated on an annualised basis, which are overseen with the support of the bank's central purchasing unit.

In the last two years sustainable procurement has focused on establishing dialogues and developing procedures that enable us to set requirements and monitor whether suppliers are living up to them. Today, new suppliers are evaluated according to human rights, labour rights, business ethics and environmental criteria. Purchases from suppliers in high-risk countries or high-risk industries in terms of sustainability amount to SEK 90m. Existing suppliers are monitored through a continuous dialogue as well as audits. Criteria to determine which areas and industries constitute high risk are bought from Transparency International, FTSE4Good and Maplecroft, among others.

Supplier audits	2014	2013
No. of reported purchases over EUR 50 000[1]	172	–
Number that have undergone sustainability analysis	151	–
Share of reported purchases that have undergone sustainability analysis (%)	86	–
Supplier visits conducted, (no.)	19	15

1) This figure is based on data from the internal purchasing system.

We can influence our suppliers by setting sustainability demands on the products and services we buy. Potential suppliers are screened and rejected at an early stage if they do not meet our basic criteria. As part of all contracts, our suppliers must sign Swedbank's code of conduct. By having them self-assess whether they can meet the commitments in the code and by visiting them on site, we can evaluate their compliance.

Work with sustainability in our supplier relationships is distinguished by dialogue, transparency and a mutual willingness to develop. In 2015 Swedbank's purchasing unit will double its number of audits. The primary purpose is to discuss their work with aspects of the bank's code of conduct and our shared challenges in integrating sustainability into the entire value chain.

Social value – External commitments

We have chosen to adopt and support a number of international initiatives that align our business decisions and the overarching sustainability work in the bank. The ten principles of the UN's Global Compact and the UN's framework for corporate responsibility and human rights are two important tools in our work.

The UN's Global Compact is a strategic initiative for companies that have committed to aligning their operations and strategy based on ten principles in the following areas:

- Human rights
- Labour
- Environment
- Anti-corruption

As a signee of the UN's Global Compact, we annually report how the principles have contributed to or affected our work. Swedbank has participated in the UN's Global Compact since 2002.

Based on the UN's guiding principles for companies, we have designed a programme to promote understanding and manage our human rights impacts. Some of the main measures we have taken are described below.

UN's guiding principles for companies and human rights

Competence and understanding

In 2011–2012 a Group-wide risk analysis was conducted to obtain an overview of risks associated with human rights, both geographical and in our core processes. The analysis has served as the basis of the strategic work with sustainability integration as well as policy and strategy development. An introduction to human rights with an emphasis on gender equality, diversity and discrimination is included in the training for new managers, and in 2014 mandatory sustainability training was launched with a focus on and examples of how and where we as a financial company can impact human rights.

Policy and framework

- In 2012 a Group-wide policy on human rights and transparency was adopted.
- In 2012 a new supplier code of conduct with greater focus on human rights was adopted.
- In 2012–2013 sector guidelines were established for risks related to human rights. the environment and anti-corruption as well as support for risk assessments in connection with business decisions.
- In 2013 a Group-wide restriction on financial services to the nuclear weapons industry was adopted.
- In 2014 goals and a strategy were formulated with a focus on increased integration of human rights and sustainability in Swedbank's core business.

Continuous precautionary measures

- Integrated assessment of country-. industry- and company- specific risks and measures to reduce risks related to human rights in supplier assessments.
- Industry guidelines and country risk map with information on industry- and country-specific risks related to human rights as well as support for risk assessments and sustainability dialogue with corporate customers.
- Active membership in the Swedish Financial Coalition against Child Pornography. which is fighting to eradicate the sale of pornographic images of children by preventing payments in the financial system.
- Assessment of sustainability risks as part of the financial analysis in connection with investment decisions.
- The Group established a Sustainability and Ethics Council in 2012 to which units throughout the organisation can escalate cases for recommendation regarding ethical risks as well as the risk of negative impacts on human rights.

GRI Standard Disclosures

GRIR = Swedbank's GRI Report 2014
AR = Annual Report 2014

		Page/reference	Global Compact (principle no.)
Strategy and Analysis			
G4-1	Statement from the CEO and Chair	2–4	
Organisational Profile			
G4-3	Name of the organisation	Cover	
G4-4	Primary brands, products, and/or services	101 note G6	
G4-5	Location of the organisation's headquarters	67 note G1	
G4-6	Number of countries where the organisation operates	1, 102 note G7	
G4-7	Nature of ownership and legal form	42–53	
G4-8	Markets served	1, 101 note G7	
G4-9	Scale of the organisation	0–1	
G4-10	Employee data	182–183	1–2
G4-11	Percentage of total employees covered by collective bargaining agreements	182	3
G4-12	The organisation's supply chain	186, GRIR 3	1–6
G4-13	Significant changes during the reporting period	67–68 note G2	1–10
G4-14	Whether and how the precautionary approach or principle is addressed by the organisation	67–68 note G2, GRIR 4	7–9
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses	GRIR 4	
G4-16	Memberships of associations and national or international advocacy organisations	GRIR 4	
Identified Material Aspects and Boundaries			
G4-17	Entities included in the organisation's consolidated financial statements or equivalent documents	42–53	
G4-18	Explain the process for defining the report content and the Aspect Boundaries and how the organisation has implemented the Reporting Principles for Defining Report Content	GRIR 5	1–10
G4-19	Material Aspects identified in the process for defining report content	GRIR 5	
G4-20	For each material Aspect, report the Aspect Boundary within the organisation	GRIR 6	
G4-21	For each material Aspect, report the Aspect Boundary outside the organisation	GRIR 6	
G4-22	The effect of and reasons for any restatements of information provided in previous reports, and the reason for such restatements	GRIR 7	
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	GRIR 7	
Stakeholder Engagement			
G4-24	List of stakeholder groups engaged by the organisation	GRIR 7	
G4-25	The basis for identification and selection of stakeholders	GRIR 7	
G4-26	The organisation's approach to stakeholder engagement	GRIR 7	
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics	GRIR 8	1–10
Report Profile			
G4-28	Reporting period	GRIR 2	
G4-29	Date of most recent previous report	176	
G4-30	Reporting cycle	176	
G4-31	Provide the contact point for questions regarding the report or its contents	Back cover	
G4-32	Report the 'in accordance' option the organisation has chosen, the GRI Content Index for the chosen option and reference to external assurance	176, 187-189	
G4-33	Policy and current practice with regard to seeking external assurance for the report	176, 192	7–9
Governance			
G4-34	Governance structure of the organisation	42–59	
Ethics and Integrity			
G4-56	The organisation's values, principles, standards, and norms of behaviour such as codes of conduct and codes of ethics	0, GRIR 9	1–10

Reporting according to G4-DMA

Description		Pages
G4-DMA-a	Report why the identified aspects are material for Swedbank's sustainability work	GRIR 10–11
G4-DMA-b	Report how the organisation manages the material aspects	GRIR 10–11
G4-DMA-c	Report the evaluation of the management approach	GRIR 10–11

GRI Specific Standard Disclosures

The GRI indicators tied to the material aspects as defined by the bank's materiality analysis and how these material aspects align with GRI's indicators and specific standard disclosures are shown below. The same table shows how our work supports the Global Compact's ten principles.

One or more indicators are reported for each material aspect. We have used one or more of GRI's indicators where available and reported them in the table below using GRI's designations. For aspects that lack GRI disclosures, we have used our own disclosures. For all our material aspects, at least one disclosure/specific standard disclosure is reported in accordance with GRI G4.

GRIR= Swedbank GRI Report 2014 AR = Annual Report 2014

Material Aspects	Indicator		Page/reference	Global Compact (principle no.)
	Economic impacts			
	Economic performance			
Sound compensation culture		Scope of the organisation's defined benefit obligations	GRIR 12, 106 note G13	
Social development and growth, regionally and locally	G4-EC1	Direct economic value generated and distributed	17, 185, GRIR 12	
Financial stability and profitability		Results and ROE	0	
		Capital adequacy ratio	95 note G4	
Sound lending culture		Households with loan-to-value ratio over 70% of property value	16-17, 179, GRIR 12	
		Share of households with loan-to-value ratios over 70% that amortise	16-17, 179, GRIR 12	
	Indirect economic impacts			
Social development and growth, regionally and locally	G4-EC8	Significant indirect economic impacts, including the extent of impacts	185, GRIR 13	
		Education	185, GRIR 13	
	Environmental impacts			
	Energy			
	G4-EN5	Internal energy consumption	19, 184, GRIR 14	8
	Emissions			
Combat climate change	G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	184, GRIR 14	8
	G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	184, GRIR 14	7–8
	G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	184, GRIR 14	8
	G4-EN18	Greenhouse gas (GHG) emissions intensity	184, GRIR 14	8
	Effluents and waste			
	G4-EN23	Waste	184, GRIR 14	
	Environmental evaluations of suppliers			
Sustainable procurement	G4-EN32	Percentage of new suppliers that were screened using environmental criteria	186, GRIR 15	7–8
	Social impacts – Working conditions			
	Hiring			
Attract and retain competent personnel	G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	182, GRIR 15	
Work-life balance		Special support after parental leave	GRIR 15	
	Skills development			
Attract and retain competent personnel	G4-LA9	Average hours of training per year per employee by gender, and by employee category	183, GRIR 16	
	Diversity and gender equality			
Diversity and gender equality	G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	182, GRIR 16	6

Material Aspects	Indicator		Page/reference	Global Compact (principle no.)
	Equal pay for men and women			
Diversity and gender equality	G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	183, GRIR 16	6
	Supplier assessments for labour practices			
Sustainable procurement	G4-LA14	Percentage of new suppliers that were screened using labour practices criteria	186, GRIR 16	1–6
	Social impacts – Human rights			
	Investments			
Respect for human rights	G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	179	1–6
	Supplier assessments for human rights			
Respect for human rights	G4-HR10	Percentage of new suppliers that were screened using human rights criteria	186, GRIR 17	1–6
	Social impacts – Organisation's role in society			
	Local communities			
Available and simple digital solutions	FS13	Access points in low-populated or economically disadvantaged areas by types	178	6
	FS14	Initiatives to improve access to financial services for disadvantaged people	178	6
Support sustainability work by corporate customers		Sustainability analysis in lending	179, GRIR 18	1–10
Education		Improve public understanding of personal finances	185, GRIR 18	
	Anti-corruption			
Combat corruption	G4-SO3	Number/percentage of operations assessed for risks related to corruption and the significant risks identified	16, 179, GRIR 19	10
Ethical business relationships		Share of suppliers undergoing business ethics risk assessments	186, GRIR 15	1–10
		Share of holdings in fund portfolios undergoing business ethics risk assessments	179, 180–181	1–10
		Number of corporate customers undergoing business ethics risk assessments	179	1–10
Transparent reporting of earnings and taxes		Reporting of taxes for the year	111 note G18, GRIR 20	10
		Reporting of profit for the year	0, 102 note G7	10
	Social impacts – Product responsibility			
	Product and service labelling			
Customised advice	G4-PR5	Results of surveys measuring customer satisfaction	9, 13, GRIR 20	
Reliable and secure products and services		Reliability of IT systems	37, GRIR 20	1–2
Strengthen the Swedbank brand		Results of surveys measuring customer satisfaction	9, 13, GRIR 20	
	Product portfolio			
Socially and environmentally sustainable products and services	FS6	Percentage of the portfolio for business line by specific region, size and by sector	179, GRIR 20	1–10
	FS7	Monetary value of products and services designed to deliver a specific social benefit for each business lines broken down by purpose	179	1–10
	FS8	Monetary value of products and services designed to deliver environmental benefit for each business line broken down by purpose	179	1–10
	Active ownership			
Drive sustainable development in business	FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental and / or social issues	180–181, GRIR 21	1–10
Socially and environmentally sustainable products and services	FS11	Percentage of assets subject to positive and negative environmental and/or social screening	180–181, 186, GRIR 21	1–10

Signatures of the Board of Directors and the CEO

The Board of Directors and the President hereby affirm that the annual report has been prepared in accordance with the Act on Annual Accounts in Credit Institutions and Securities Companies (ÅRKL), the instructions and general guidelines of the Swedish Financial Supervisory Authority (FFFS 2008:25) and the Swedish Financial Accounting Standards Council's recommendation RFR 2 Accounting for Legal Entities, and provides an accurate portrayal of the Parent Company's position and earnings and that the Board of Directors' Report provides an accurate review of trends in the company's operations, position and earnings, as well as describes significant risks and instability factors faced by the company.

The Board of Directors and the President hereby affirm that the consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and provide an accurate portrayal of the Group's position and earnings and that the Board of Directors' report for the Group provides an accurate review of trends in the Group's operations, position and earnings, as well as describes significant risks and instability factors faced by the Group.

Stockholm, 17 February 2015

Anders Sundström
Chair

Lars Idermark
Vice Chair

Ulrika Francke

Göran Hedman

Anders Igel

Pia Rudengren

Karl-Henrik Sundström

Siv Svensson

Maj-Charlotte Wallin

Kristina Kjell
Employee representative

Jimmy Johnsson
Employee representative

Michael Wolf
President and CEO

Our auditors' report was submitted on 17 February 2015

Deloitte AB

Svante Forsberg
Authorised Public Accountant

Auditors' report

To the annual meeting of the shareholders of Swedbank AB (publ), corporate identity number 502017-7753

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Swedbank AB (publ) for the financial year 1 January 2014 – 31 December 2014 except for the corporate governance statement on pages 42–53. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 20–41, 60–178.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act for Credit Institutions and Securities Companies, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and present fairly, in all material respects, the financial position of the parent company as of 31 December 2014 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies, and the consolidated accounts have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and present fairly, in all material respects, the financial position of the group as of 31 December 2014 and of their financial performance and cash flows in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act for Credit Institutions and Securities Companies. Our opinions do not cover the corporate governance statement on pages 42–53. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Swedbank AB (publ) for the financial year 1 January 2014 – 31 December 2014. We have also conducted a statutory examination of the corporate governance statement.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act and the Banking and Financing Act and that the corporate governance statement on pages 42–53 has been prepared in accordance with the Annual Accounts Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Banking and Financing Act, the Annual Accounts Act for Credit Institutions and Securities Companies or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Furthermore, we have read the corporate governance statement and based on that reading and our knowledge of the company and the group we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

A corporate governance statement has been prepared, and its statutory content is consistent with the other parts of the annual accounts and consolidated accounts.

Stockholm, 17 February 2015

Deloitte AB

Svante Forsberg
Authorised Public Accountant

Auditor's Limited Assurance Report on Swedbank AB's Sustainability Report

To Swedbank AB

This is the translation of the auditor's report in Swedish.

Introduction

We have been engaged by the Board of Directors and President of Swedbank AB to undertake a limited assurance engagement of Swedbank AB's Sustainability Report for the year 2014. The Company has defined the scope of the Sustainability Report on page 176.

Responsibilities of the Board of Directors and the Executive Management for the Sustainability Report

The Board of Directors and the Executive Management are responsible for the preparation of the Sustainability Report in accordance with the applicable criteria, as explained on page 181 in the Sustainability Report, and are the parts of the Sustainability Reporting Guidelines (published by The Global Reporting Initiative (GRI)) which are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

Responsibilities of the auditor

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed.

We conducted our limited assurance engagement in accordance with RevR 6 Assurance of Sustainability Reports issued by FAR. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement conducted in accordance with IAASB's Standards on Auditing and Quality Control and other generally accepted auditing standards in Sweden. The procedures performed consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance conclusion.

Our procedures are based on the criteria defined by the Board of Directors and the Executive Management as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

Conclusion

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report, is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Executive Management.

Stockholm 17 February 2015

Deloitte AB

Svante Forsberg Authorised Public Accountant	Elisabeth Werneman Authorised Public Accountant	Andreas Drugge Expert Member of FAR

Annual General Meeting

The Annual General Meeting will be held at Dansens Hus, Barnhusgatan 14, Stockholm on Wednesday 26 March 2015.

Notification of attendance

Shareholders who wish to attend the Annual General Meeting must:

- be recorded in the share register maintained by Euroclear Sweden AB (Euroclear) on 20 March 2015.
- notify the company of their intention to participate and the number of persons who will accompany them (max. 2) well before and preferably not later than 20 March 2015.

Notification may be submitted in writing to Swedbank, c/o Euroclear, Box 7839, SE-103 98 Stockholm, Sweden marking the envelope "Swedbank's AGM" or by telephone +46 8 402 90 60, or online at www.swedbank.com/ir under Corporate Governance/Annual General Meeting. When notifying the company, please indicate your name, personal/company registration number (for Swedish citizens or companies), address and telephone number. Participation by proxy is permitted, provided the proxy is no more than one year old and is submitted to Swedbank well in advance of the meeting, preferably not later than 20 March 2015. If issued by a legal entity, the proxy must be accompanied by a certified registration certificate or other document attesting to the authority of the signatory.

Nominee-registered shares

To be entitled to attend the meeting, shareholders whose shares are nominee-registered must request to have them temporarily re-registered in their own names in the shareholders' register maintained by Euroclear. The re-registration process must be completed by the nominee well in advance of the record day 20 March 2015.

Notice and agenda

A list of the items on the agenda for the Annual General Meeting is included in the notice of the meeting. The notice will be published no later than 26 February 2015 at http://www.swedbank.com/ir under the heading Annual General Meeting and in Post och Inrikes Tidningar (The Official Swedish Gazette). An announcement of notice publication was also published in Dagens Nyheter and elsewhere.

Dividend

The Board of Directors recommends that shareholders receive a dividend of SEK 11.35 per ordinary share. The proposed record day for the dividend is 30 March 2015. The last day for trading in Swedbank's shares including the right to the dividend is 26 March 2015. If the Annual General Meeting adopts the Board of Directors' recommendation, the dividend is expected to be paid by Euroclear on 2 April 2015.

Owner and share data

Number of shareholders. 31 December 2014

Size of holding	No. of shareholders	No. of shares	Holding, %
1–100	146 474	4 765 403	0.42
101–500	112 700	28 960 556	2.56
501–1 000	27 127	19 919 309	1.76
1 001–2 000	12 733	17 883 821	1.58
2 001–5 000	5 722	17 695 545	1.56
5 001–10 000	1 392	10 017 514	0.88
10 001–100 000	1 252	36 552 284	3.23
100 001–500 000	302	66 449 016	5.87
500 001–	272	929 762 274	82.13
Totalt	307 974	1 132 005 722	100

Source: Euroclear Sweden AB

Share statistics. A share	2014	2013	2012	2011	2010
High price, SEK	199.80	182.80	128.90	118.90	99.50
Low price, SEK	165,70	127.90	89.15	68.90	61.45
Closing price, 31 Dec., SEK	195.50	181.00	127.00	89.15	93.80
Daily turnover, millions of shares[1]	7.0	7.4	7.7	11.1	10.7
Daily turnover, SEKm[1]	1 245	1 145	858	1 091	838
Turnover rate, %[1]	163	163	203	292	283
Total market capitalisation, 31 Dec., SEKbn	221	205	139	98	109
ISIN code A share: SE0000242455					

1) Turnover data include turnover on all marketplaces. including OTC trading.

Sources: NASDAQ OMX. www.nasdaqomxnordic.com and Fidessa Fragmentation Index. http://fragmentation.fidessa.com/fragulator/

Largest shareholders, 31 December 2014, by owner group[1]

Share of capital and votes, %	2014
Folksam	9.27
Sparbanks-Gruppen – Medlemsbanker	8.55
AMF – Försäkring och Fonder	4.39
ALECTA PENSIONSFÖRSÄKRING	4.15
Swedbank Robur fonder	3.46
Sparbanksstiftelser – ej Sparbanks-Gruppen	3.08
JPM CHASE NA[3]	2.67
Swedbank AB[2]	2.63
CLEARSTREAM BANKING S.A., W8IMY[3]	1.58
CBNY-NORGES BANK[3]	1.55
SEB Investment Management	1.28
STATE STREET BANK & TRUST COM., BOSTON[3]	1.19
FÖRSTA AP-FONDEN	1.17
HANDELSBANKEN FONDER AB RE JPMEL[3]	1.16
SSB+TC LENDING OMNIBUS FD NO OM79	1.03
15 largest shareholders	47.17
Number of shareholders	307 974

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

Source: Euroclear Sweden AB

Swedbank's rating, 31 December 2014

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

BFSR = Banking Financial Strength Rating

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

Data per share

SEK	2014	2013	2012	2011	2010
Earnings per share before dilution[1, 2]	14.93	11.76	13.03	10.41	6.43
Earnings per share before dilution, continuing operations[1, 2]	15.17	13.89	13.94		
Earnings per share after dilution[1, 2]	14.81	11.66	12.98	10.40	6.43
Earnings per share after dilution, continuing operations[1, 2]	15.05	13.79	13.88		
Equity per share	106.35	99.82	91.02	83.04	81.84
Net asset value per share[1]	114.70	107.59	102.76	90.84	81.55
Cash flow per share[1]	47.65	–65.17	–30.86	133.99	–16.33
Cash dividend per ordinary share	11.35[3]	10.10	9.90	5.30	2.10
Cash dividend per preference share		10.10	9.90	5.30	4.80
P/E	13.1	15.4	9.8	9.4	14.6
Price/equity per share, %	183.83	181.33	139.53	107.36	114.62

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

Changes in share capital

Year	Transactions	Quota value per share, SEK	Added/repurchased shares	No. of preference shares	No. of A shares	No. of C shares	Share capital, SEKm
1999	Bonus issue	20	175 936 281		527 808 843		10 556
2004	Share repurchase	20	–14 937 531		512 871 312		10 556
2005	New share issue	20	2 502 100		515 373 412		10 606
2006	Cancellation of shares	20			515 373 412		10 307
2006	Bonus issue	21			515 373 412		10 823
2008	New share issue	21	257 686 706[1]	257 686 706	515 373 412		16 234
2009	Conversion of preference shares to ordinary shares	21	–38 050 112	219 636 594	553 423 524		16 234
2009	New share issue	21	386 530 059	219 636 594	939 953 583		24 351
2010	Conversion of preference shares to ordinary shares	21	–12 369 856	207 266 738	952 323 439		24 351
2011	C share issue	21	1 500 000	207 266 738	952 323 439	1 500 000	24 383
2011	Conversion of preference shares to ordinary shares	21	–12 866 678	194 400 060	965 190 117	1 500 000	24 383
2012	Conversion of preference shares to ordinary shares	21	–10 128 513	184 271 547	975 318 630	1 500 000	24 383
2012	Cancellation of shares	21	–29 084 455	180 855 906	951 149 816		23 772
2012	Bonus issue	22		180 855 906	951 149 816		24 904
2013	Conversion of preference shares to ordinary shares	22	– 6 944 758	173 911 148	958 094 574		24 904
2013	Mandatory conversion of preference shares to ordinary shares	22	–173 911 148		1 132 005 722		24 904

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

Market shares

Sweden	Market shares, per cent 2014	2013	2012	2011	2010	Volumes, SEKbn 2014	2013	2012	2011	2010
Private Market										
Deposits	21	21	22	23	24	286	270	268	260	245
Lending	24	24	24	25	26	731	690	673	659	642
of which mortgage lending	25	25	26	26	27	627	591	575	562	549
Individual pension savings[1]	42	43	42	40	44	39	34	29	26	27
Bank Cards (thousands)	n.a.	n.a.	n.a.	n.a.	n.a.	3 903	3 836	3 835	3 797	3 751

1) Excluding savings banks' investments in Swedbank Robur and the figures for 2014 relates to September.

Corporate Market	2014	2013	2012	2011	2010	2014	2013	2012	2011	2010
Deposits	19	18	16	16	17	163	151	131	121,52	122,83
Lending	19	17	17	17	17	388	340	335	326,065	307,608

Baltic countries	Market shares, per cent 2014	2013	2012	2011	2010	Volumes, SEKbn 2014	2013	2012	2011	2010
Private Market										
Estonia										
Deposits	54	54	54	54	55	29	25	23	22	20
Lending	46	46	46	47	47	29	27	26	27	29
of which mortgage lending	45	46	46	46	47	27	25	24	25	26
Bank Cards (thousands)	60	60	61	62	62	1 100	1 088	1 095	1 102	1 123
Latvia (as of 2014-11)										
Deposits	28	29	28	23	23	19	16	13	10	10
Lending	29	29	30	27	27	16	16	17	18	20
of which mortgage lending (as of 2014-09)	31	31	28	26	27	14	14	13	14	16
Bank Cards (thousands) (as of 2014-09)	41	42	41	41	39	985	1 000	993	956	938
Lithuania (as of 2014-09)										
Deposits	36	37	36	36	32	29	26	24	22	22
Lending	28	27	27	26	26	18	17	16	15	18
of which mortgage lending	26	26	25	25	25	16	15	14	15	16
Bank Cards (thousands)	50	51	50	50	40	1 700	1 821	1 869	1 805	1 719

Baltic countries	Market shares, per cent 2014	2013	2012	2011	2010	Volumes, SEKbn 2014	2013	2012	2011	2010
Corporate Market										
Estonia										
Deposits	36	37	38	41	40	27	24	23	23	21
Lending	34	35	35	36	40	30	28	26	27	31
Latvia (as of 2014-11)										
Deposits	12	14	13	10	10	16	17	14	8	9
Lending (as of 2013-09)	17	17	18	18	21	17	17	17	18	24
Lithuania (as of 2014-09)										
Deposits	25	25	27	24	22	13	12	12	10	10
Lending	23	21	21	20	21	20	18	18	19	22

Competition in Swedbank's home markets

In an international comparison, the banking sector is fairly concentrated in Swedbank's home markets.

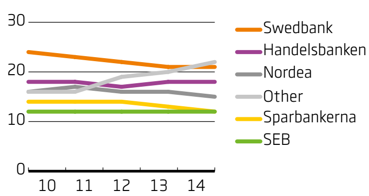
In Sweden, Swedbank, Handelsbanken, Nordea and SEB accounted for about 70 per cent of deposits and lending in 2014. Swedbank is the biggest in retail banking and has a leading market position in mortgages (25 per cent), deposits from private customers (21 per cent) and fund management (23 per cent). In the Swedish corporate market, the bank's share was 19 per cent for lending and 19 per cent for deposits at the end of 2014.

The Estonian banking sector is more concentrated than Sweden's. The market is dominated by foreign companies. Together, Swedbank, SEB, Nordea and Sampo (owned by Danske Bank) control around 90 per cent of the market. Swedbank had a market share of 54 per cent of deposits from private customers and 46 per cent of lending. In the Estonian corporate market, the bank's share was 34 per cent for lending and 36 per cent for deposits. Latvia has a more fragmented market where local banks account for 30 to 70 per cent of the various segments. In 2014 Swedbank accounted for 28 per cent of deposits and 29 per cent of lending to private customers. In the corporate market, the bank's share was 17 per cent for lending and 12 per cent for deposits.

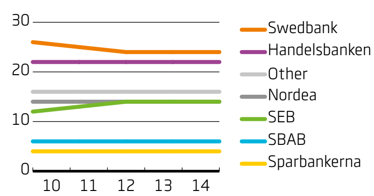
Like Sweden, the banking market in Lithuania is dominated by a few major players. Among private customers, Swedbank accounted for 36 per cent of deposits and 28 per cent of lending. In the corporate market, the bank's share was 23 per cent of lending and 25 per cent of deposits.

Market shares, Sweden, %

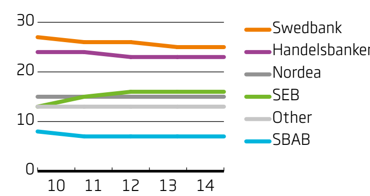
Private market, deposits



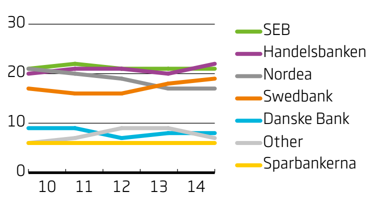
Private market, lending



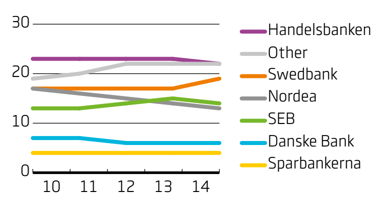
Private market, mortgage lending



Corporate market, deposits

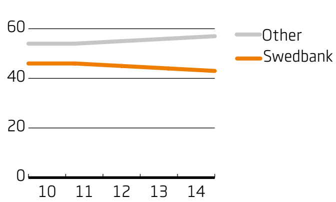


Corporate market, lending

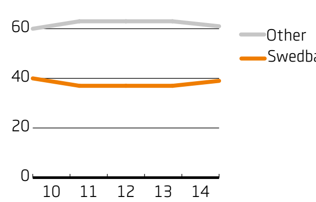


Market shares, Baltic countries, %

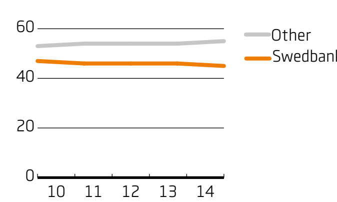
Estonia, deposits



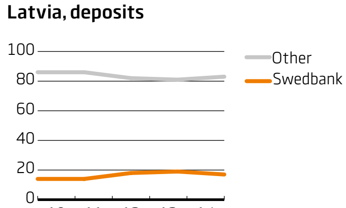
Estonia, lending



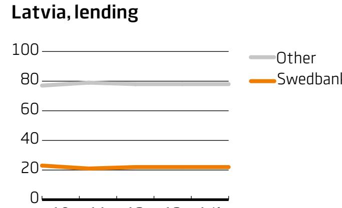
Estonia, mortgage lending



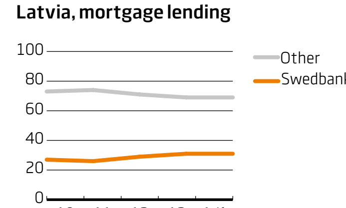
Latvia, deposits



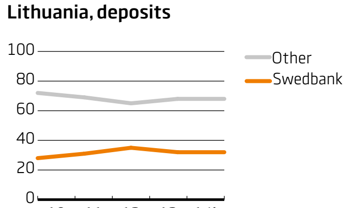
Latvia, lending



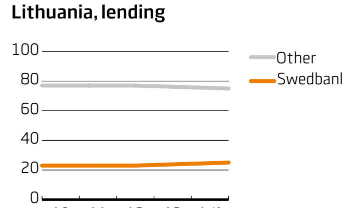
Latvia, mortgage lending



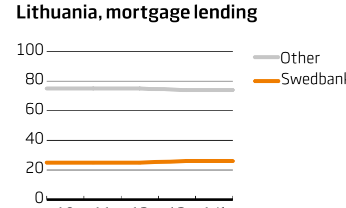
Lithuania, deposits



Lithuania, lending



Lithuania, mortgage lending



1) For 2014 market shares refer to 30 September for Latvia and Lithuania lending, mortgage lending and Lithuania deposits.

Sources: Statistics Sweden, Estonian Central Bank, Association of Commercial Banks of Latvia, Financial and Capital Market Commission (Latvia), Association of Lithuanian Banksand public quarterly reports.

Five-year summary

Key ratios	2014	2013	2012	2011	2010
Profit					
Return on equity, %	15.0	12.5	14.6	12.2	8.1
Return on equity continuing operations, %	15.2	14.7	15.6		
Return on total assets, %	0.80	0.68	0.76	0.65	0.40
Cost/income ratio	0.45	0.45	0.46	0.54	0.57
Net interest margin, %	1.13	1.17	1.12	1.07	0.92
Capital adequacy[1]					
Common Equity Tier 1 ratio, Basel 3, %	21.2	18.3	15.4		
Tier 1 capital ratio, Basel 3, %	22.4	19.6	16.8		
Capital adequacy ratio, Basel 3, %	25.5	20.7	18.5		
Common Equity Tier 1 capital, Basel 3	87 916	80 826	75 242		
Tier 1 capital, Basel 3	92 914	86 371	81 661		
Capital base, Basel 3	105 588	91 026	89 917		
Risk exposure amount, Basel 3	414 214	440 620	487 105		
Credit quality					
Credit impairment ratio, %	0.03	0.00	–0.01	–0.14	0.20
Share of impaired loans, gross, %	0.41	0.55	1.05	1.87	2.53
Provision ratio for individually identified impaired loans, %	35	38	51	52	53
Total provision ratio for impaired loans, %	53	54	62	62	63

Other data	2014	2013	2012	2011	2010
Private customers, million[2]	8.1	8.0	7.8	8.3	8.3
Corporate customers, thousands[3]	642	624	616	630	710
Internet banking customers, million[4]	7.5	7.2	7.0	6.7	6.4
Telephone banking customers, million[4]	4.1	4.2	4.1	4.1	3.9
Full-time employees	14 583	14 265	14 861	16 287	17 224
Branches[4]	709	721	753	852	924
ATMs[4]	1 397	1 396	2 051	2 482	2 633

1) 2014 according to current regulation Basel 3 figures are Swedbank's estimate based on current knowledge of future regulations.
2) Number of private customers in the baltic countries are reported according to a new defintion as from 2012. this has lowered the reported number of customers by approximately 1.3 million for 2011. Historical figures have been restated accordingly.
3) In 2011, 60 000 corporate customers with one-man businesses were reclassified as private customers, based on the Swedish Tax Authority's review of the definition of a company.
4) Including savings banks and partly owned banks.

Comments to five-year summary

2014 – Profit before credit impairments increased by 7 per cent. All business segments, as well as the acquisition of Sparbanken Öresund, contributed to higher income. Stronger commission income and net interest income contributed the most. Net gains and losses on financial items also increased, while other income decreased excluding the one-off effect of SEK 461m from the acquisition of Sparbanken Öresund. Expenses increased by 6 per cent to SEK 17 602m, slightly below the expense target. Of these expenses, SEK 615m were one-off expenses attributable to the acquisition of Sparbanken Öresund during the second quarter 2014. Excluding Sparbanken Öresund, expenses decreased slightly.

2013 – Profit increased by 3 per cent from stronger net interest income due to repricing and lower funding costs, but also higher commission income and largely unchanged expenses. Swedish Banking was the biggest contributor to the higher profit. During the year Swedbank sold its Ukrainian subsidiary, which resulted in a cumulative negative translation difference of SEK 1 875m in profit. This and the remaining Russian operations are recognised as discontinued operations. The reclassification did not affect Swedbank's capital, capitalisation, cash flow or the Board's proposed dividend for 2013. During the year the phase-out of Ektornet continued.

2012 – Profit increased due to improved net interest income and a cost reduction of 8 per cent, with every unit of the bank contributing. Net interest income rose mainly as a result of the repricing of lending and lower funding costs. The credit impairments were mainly from Ukraine, while the Baltic countries reported recoveries. Swedbank's capital position was further strengthened and the Board of Directors amended the bank's dividend policy to 75 per cent of net profit.

2011 – Credit quality continued to improve, and net recoveries of SEK 1.9bn were generated primarily by Baltic Banking. Net interest income was positively affected by higher interest rates. Lending began to grow again thanks to growth in Sweden, while volume continued to decrease in the Baltic countries, Russia and Ukraine. In 2011 Swedbank was now one of the most well capitalised banks in Europe, with a Common Equity Tier 1 capital ratio of 15.7 per cent according to Basel 2.

2010 – The profit improvement was due mainly to significantly lower credit impairments in the Baltic countries, Russia and Ukraine. The decrease in net interest income was the result of lower lending volumes, extended funding maturities, increased expenses for liquidity reserves and generally lower interest rates. Swedbank left the state to guarantee programme during the year. Exposures and expenses in the Baltic countries, Ukraine and Russia continued to decline.

Income statement **SEKm**	**2014**	**2013**	**2012**	**2011**	**2010**
Net interest income	22 642	22 029	20 361	19 014	16 228
Net commissions	11 204	10 132	9 614	9 597	10 116
Net gains and losses on financial items at fair value	1 986	1 484	3 073	1 584	2 400
Net insurance	581	647	595	506	612
Share of profit or loss of associates	980	852	798	767	624
Other income	1 911	1 794	1 827	2 577	1 554
Total income	**39 304**	**36 938**	**36 268**	**34 045**	**31 534**
Staff costs	10 259	9 651	9 238	9 917	9 392
Other expenses	6 625	6 258	6 470	7 471	7 790
Depreciation/amortisation of tangible and intangible fixed assets	718	739	852	1 011	950
Total expenses	**17 602**	**16 648**	**16 560**	**18 399**	**18 132**
Profit before impairments	**21 702**	**20 290**	**19 708**	**15 646**	**13 402**
Impairments of intangible fixed assets	1	182	20	1 960	37
Impairments of tangible fixed assets	256	693	407	174	600
Credit impairments	419	60	-185	-1 911	2 810
Operating profit	**21 026**	**19 355**	**19 466**	**15 423**	**9 955**
Tax expense	4 301	4 099	4 157	3 669	2 472
Profit from continuing operations	16 725	15 256	14 312	11 754	0
Profit for the period from discontinued operations, after tax	-262	-2 340	-997	4	0
Profit for the year	16 463	12 916	14 312	11 758	7 483
Profit for the year attributable to:					
Shareholders in Swedbank AB	**16 447**	**12 901**	**14 304**	**11 744**	**7 444**
Non-controlling interests	16	15	8	14	39

Balance sheet **SEKm**	**2014**	**2013**	**2012**	**2011**	**2010**
Loans to credit institutions	113 820	82 278	85 480	97 195	166 417
Loans to the public	1 404 507	1 264 910	1 238 864	1 211 454	1 187 226
Interest-bearing securities					
Treasury bills and other bills eligible for refinancing with central banks	46 225	56 814	20 483	25 853	34 924
Bonds and other interest-bearing securities	124 455	125 585	115 324	112 458	96 652
Shares and participating interests					
Financial assets for which customers bear the investment risk	143 319	122 743	104 194	95 747	100 628
Shares and participating interests	9 931	7 109	8 106	2 015	6 181
Shares and participating interests in associates	4 924	3 640	3 552	3 111	2 710
Derivatives	123 202	64 352	102 265	103 726	65 051
Others	150 914	96 671	168 592	205 506	55 892
Total assets	**2 121 297**	**1 824 102**	**1 846 860**	**1 857 065**	**1 715 681**
Amounts owed to credit institutions	171 453	121 621	122 202	139 598	136 766
Deposits and borrowings from the public	676 679	620 608	579 663	561 696	534 237
Debt securities in issue	835 012	726 275	767 454	781 458	686 517
Financial liabilities for which customers bear the investment risk	146 177	125 548	105 104	96 449	100 988
Derivatives	85 694	55 011	92 141	90 484	65 935
Other	69 952	55 175	62 803	69 716	69 016
Subordinated liabilities	18 957	10 159	14 307	19 531	27 187
Equity	117 373	109 705	103 186	98 133	95 035
Total liabilities and equity	**2 121 297**	**1 824 102**	**1 846 860**	**1 857 065**	**1 715 681**

Three-year summary
Swedish Banking

SEKm	2014	2013	2012
Income statement			
Net interest income	13 349	13 620	13 492
Net commissions	7 006	6 364	6 154
Net gains and losses on financial items at fair value	244	126	161
Share of profit or loss of associates	980	850	791
Other income	1 194	761	776
Total income	**22 773**	**21 721**	**21 374**
Staff costs	4 207	3 497	3 362
Variable staff costs	219	230	138
Other expenses	6 259	5 835	6 293
Depreciation/amortization	162	132	124
Total expenses	**10 847**	**9 694**	**9 917**
Profit before impairments	**11 926**	**12 027**	**11 457**
Impairment of intangible assets			
Impairment of tangible assets			
Credit impairments	246	338	284
Operating profit	**11 680**	**11 689**	**11 173**
Tax expense	2 408	2 517	2 651
Profit for the year attributable to: Shareholders of Swedbank AB	**9 258**	**9 158**	**8 512**
Non-controlling interests	14	14	10
Balance sheet, SEKbn			
Cash and balances with central banks			1
Loans to credit institutions	58	41	33
Loans to the public	1 024	937	912
Bonds and other interest-bearing securities			
Financial assets for which customers bear inv. risk	142	120	102
Derivatives			
Other assets	13	12	14
Total assets	**1 237**	**1 110**	**1 062**
Amounts owed to credit institutions	95	83	73
Deposits and borrowings from the public	416	385	377
Debt securities in issue			
Financial liabilities for which customers bear inv. risk	143	124	103
Derivatives			
Other liabilities	529	485	478
Subordinated liabilities			
Total liabilities	**1 185**	**1 077**	**1 031**
Allocated equity	52	33	31
Total liabilities and equity	**1 237**	**1 110**	**1 062**
Income items			
Income from external customers	22 583	21 525	21 162
Income from transactions with other business areas	190	196	212
Key ratios			
Return on allocated equity, %	25,4	28,0	26,9
Loans/deposits	249	244	242
Credit impairment ratio, %	0,03	0,04	0,03
Cost/income ratio	0,48	0,45	0,46
Risk exposure amount, Basel 3, SEK bn[1]	186	202	202
Full-time employees	5 396	4 984	4 893

1) Comparative figures according to Basel 2

Three-year summary
Baltic Banking

SEKm	2014	2013	2012
Income statement			
Net interest income	3 496	3 156	3 291
Net commissions	1 956	1 733	1 522
Net gains and losses on financial items at fair value	239	316	295
Share of profit or loss of associates			
Other income	416	420	385
Total income	**6 107**	**5 625**	**5 493**
Staff costs	782	782	781
Variable staff costs	78	66	65
Other expenses	1 513	1 453	1 436
Depreciation/amortization	144	155	140
Total expenses	**2 517**	**2 456**	**2 422**
Profit before impairments	**3 590**	**3 169**	**3 071**
Impairment of intangible assets	1		
Impairment of tangible assets	10	23	15
Credit impairments	-186	-437	-685
Operating profit	**3 765**	**3 582**	**3 741**
Tax expense	565	393	384
Profit for the year attributable to: Shareholders of Swedbank AB	**3 200**	**3 189**	**3 357**
Non-controlling interests			
Balance sheet, SEKbn			
Cash and balances with central banks	3	2	3
Loans to credit institutions			
Loans to the public	126	119	115
Bonds and other interest-bearing securities	1	1	2
Financial assets for which customers bear inv. risk	3	2	2
Derivatives			
Other assets	31	20	13
Total assets	**164**	**145**	**135**
Amounts owed to credit institutions			
Deposits and borrowings from the public	139	120	107
Debt securities in issue	1	1	1
Financial liabilities for which customers bear inv. risk	3	2	2
Derivatives			
Other liabilities			
Subordinated liabilities			
Total liabilities	**143**	**123**	**110**
Allocated equity	21	22	25
Total liabilities and equity	**164**	**145**	**135**
Income items			
Income from external customers	6 107	5 620	5 490
Income from transactions with other business areas		5	3
Key ratios			
Return on allocated equity, %	14,6	14,0	13,6
Loans/deposits	91	100	108
Credit impairment ratio, %	-0,16	-0,37	-0,57
Cost/income ratio	0,41	0,44	0,44
Risk exposure amount, Basel3, SEK bn[1]	81	87	95
Full-time employees	3 912	3 935	4 368

1) Comparative figures according to Basel 2

Three-year summary

Large Corporates & Institutions

SEKm	2014	2013	2012
Income statement			
Net interest income	3 477	3 387	3 041
Net commissions	2 216	1 968	1 834
Net gains and losses on financial items at fair value	1 927	1 960	2 253
Share of profit or loss of associates			6
Other income	121	167	50
Total income	**7 741**	**7 482**	**7 184**
Staff costs	1 339	1 155	1 131
Variable staff costs	288	409	366
Other expenses	1 625	1 591	1 435
Depreciation/amortization	66	58	47
Total expenses	**3 318**	**3 213**	**2 979**
Profit before impairments	**4 423**	**4 269**	**4 205**
Impairment of intangible assets		56	4
Impairment of tangible assets			
Credit impairments	381	180	197
Operating profit	**4 042**	**4 033**	**4 004**
Tax expense	892	1 042	1 019
Profit for the year attributable to: Shareholders of Swedbank AB	**3 150**	**2 991**	**2 985**
Non-controlling interests			
Balance sheet, SEKbn			
Cash and balances with central banks	5	3	7
Loans to credit institutions	301	371	262
Loans to the public	239	204	200
Bonds and other interest-bearing securities	59	55	57
Financial assets for which customers bear inv. risk			
Derivatives	123	85	125
Other assets	19	19	16
Total assets	**746**	**737**	**667**
Amounts owed to credit institutions	233	198	206
Deposits and borrowings from the public	118	111	94
Debt securities in issue	15	16	16
Financial liabilities for which customers bear inv. risk			
Derivatives	120	80	120
Other liabilities	241	317	212
Subordinated liabilities			0
Total liabilities	**727**	**722**	**648**
Allocated equity	19	15	19
Total liabilities and equity	**746**	**737**	**667**
Income items			
Income from external customers	7 628	7 478	7 177
Income from transactions with other business areas	113	4	7
Key ratios			
Return on allocated equity, %	19,4	17,3	15,5
Loans/deposits	164	173	209
Credit impairment ratio, %	0,18	0,08	0,08
Cost/income ratio	0,43	0,43	0,41
Risk exposure amount, Basel 3, SEK bn[1]	123	137	134
Full-time employees	1 175	1 069	1 046

1) Comparative figures according to Basel 2

Definitions

Additional Tier 1 capital
Additional Tier 1 capital according to article 51 after the deductions in article 56 and after application of article 79 in CRR.

Capital adequacy ratio
The capital base in relation to risk exposure amount.

Capital base
The sum of Tier 1 (primary) and Tier 2 (supplementary) capital according to article 72 in CRR.

Capital requirement
Regulation on how much capital a company must hold in order to pursue business.

Cash flow per share
Cash flow for the year in relation to the weighted average number of shares outstanding during the year.

Common Equity Tier 1 capital
Common Equity Tier 1 capital according to article 26 after applicable adjustments specified in article 32-35, deductions according to article 36 and the exemptions and alternatives in articles 48, 49 and 79 in CRR.

Common Equity Tier 1 capital ratio
Common Equity Tier 1 capital in relation to the risk exposure amount.

Cost/income ratio
Expenses in relation to income.

Credit impairments
Established losses and provisions for the year less recoveries related to loans as well as the year's net expenses for guarantees and other contingent liabilities.

Credit impairment ratio
Credit impairments on loans and other credit risk provisions, net, in relation to the opening balance of loans to credit institutions and loans to the public.

Duration
The average weighted maturity of payment flows calculated at present value and expressed in number of years.

Earnings per share after dilution
Profit for the year allocated to shareholders in relation to the weighted average number of shares outstanding during the year, rights issue adjustment factor included, adjusted for the dilution effect of potential shares.

Earnings per share before dilution
Profit for the year allocated to shareholders in relation to the weighted average number of shares outstanding during the year, rights issue adjustment factor included.

Equity per share
Shareholders' equity in relation to the number of shares outstanding.

Impaired loans
Loans where there is, on individual level, objective evidence of a loss event, and where this loss event has an impact on the cash flow of the exposure. Impaired loans, gross, less specific provisions for loans assessed individually constitute impaired loans, net.

Interest fixing period
Contracted period during which interest on an asset or liability is fixed.

Loan/deposit ratio
Lending to the public excluding Swedish National Debt Office and repurchase agreements in relation to deposits from the public excluding Swedish National Debt Office and repurchase agreements.

Net interest margin
Net interest income in relation to average total assets.

Net asset value per share
Shareholders' equity according to the balance sheet and the equity portion of the difference between the book value and fair value of the assets and liabilities divided by the number of shares outstanding at year-end.

Number of employees
The number of employees at year-end, excluding long-term absences, in relation to the number of hours worked expressed in terms of full-time positions.

P/E ratio
Market capitalisation at year-end in relation to Profit for the financial year allocated to shareholders.

Price/equity
The share price at year-end in relation to the equity per share at year-end.

Provision ratio for individually identified impaired loans
Provisions for impaired loans assessed individually in relation to impaired loans, gross.

Restructured loan
A loan where the terms have been modified to more favourable for the borrower, due to the borrower's financial difficulties.

Return on equity
Profit for the financial year allocated to shareholders in relation to average shareholders' equity.

Return on total assets
Profit for the financial year in relation to average total assets.

Risk exposure amount
Capital requirement for credit risk, market risk, settlement risk and operational risk according to the capital adequacy rules multiplied by 12.5.

Share of impaired loans, gross
Carrying amount of impaired loans, gross, in relation to the carrying amount of loans to credit institutions and the public excluding provisions.

Share of impaired loans, net
Carrying amount of impaired loans, net, in relation to the carrying amount of loans to credit institutions and the public.

Tier 1 capital
The sum of Common Equity Tier 1 capital and additional tier 1 capital according to article 25 in CRR.

Tier 1 capital ratio
Tier 1 capital in relation to the risk exposure amount.

Tier 2 capital
Tier 2 capital according to article 62 after deductions in article 66 and after applications of article 79 in CRR.

Total provision ratio for impaired loans
All provisions for loans in relation to impaired loans, gross.

Total return
Share price development during the year including the actual dividend, in relation to the share price at the beginning of the year.

VaR
Value at Risk (VaR) is a statistical measure used to quantify market risk. VaR is defined as the expected maximum loss in value of a portfolio with a given probability over a certain time horizon.

Yield
Dividend per share in relation to the share price at year-end.

Addresses

HEAD OFFICE
Swedbank AB
Corp. identity no. 502017–7753
Registered office: Stockholm
Visiting address: Landsvägen 40
Mailing address: SE-105 34 Stockholm
Telephone: +46 8 585 900 00
Card blocking: +46 8 411 10 11
Telephone bank: +46 771-22 11 22
Swift: SWEDSESS
E-mail: info@swedbank.se
www.swedbank.com

CHINA
Swedbank Shanghai Branch
Citigroup Tower 601
No. 33 Huayuanshiqiao Road
200122 Shanghai
Telephone: +86 21 386 126 00
Fax: +86 21 386 127 11
Swift: SWEDCNSH
www.swedbank.cn

DENMARK
Swedbank
Kalvebod Brygge 45
DK-1560 Copenhagen V
Telephone: +45 88 97 9000
Fax: +45 88 97 9025
Swift: SWEDDKKK
E-mail: info@swedbank.dk
www.swedbank.dk

ESTONIA
Swedbank AS
Liivalaia 8
EE-150 40 Tallinn
Telephone: +372 6310 310
Fax: +372 6310 410
Swift: HABAEE2X
E-mail: info@swedbank.ee
www.swedbank.ee

FINLAND
Swedbank
Visiting address:
Mannerheimintie 14 B
Mailing address: P.O. Box 1107
FIN-00101 Helsinki
Telephone: +358 20 74 69 100
Fax: +358 20 74 69 101
Swift: SWEDFIHH
E-mail: info@swedbank.fi
www.swedbank.fi

LATVIA
AS Swedbank
Balasta dambis 1A
LV-1048 Riga
Telephone: +371 67 444 444
Fax: +371 67 444 344
Swift: HABALV22
E-mail: info@swedbank.lv
www.swedbank.lv

LITHUANIA
Swedbank AB
Konstitucijos ave. 20A
LT-03502 Vilnius
Telephone: +370 5 268 4444
Fax: +370 5 258 2700
Swift: HABALT22
E-mail: info@swedbank.lt
www.swedbank.lt

LUXEMBOURG
Swedbank Asset Management S.A.
Visiting address:
65 Boulevard G D Charlotte
L-1331 Luxembourg
Mailing address: P.O. Box 1305
L-1013 Luxembourg
Telephone: +352 404 94 01
Fax: +352 40 49 04
Swift: BNELLULL
E-mail: info@swedbank.lu
www.swedbank.lu

NORWAY
Swedbank
Visiting address: Filipstad Brygge 1,
Aker Brygge
Mailing address:
P.O. Box 1441 Vika
N-0115 Oslo
Telephone: +47 23 11 62 00
Fax: +47 23 11 62 01
Swift: SWEDNOKK
E-mail: post@swedbank.no
www.swedbank.no

SWEDEN
Large Corporates & Institutions
Visiting address: Landsvägen 40
Mailing address: SE-105 34 Stockholm
Telephone: +46 8 585 909 63
E-mail: info@swedbank.com
www.swedbank.com

Swedbank Fastighetsbyrå AB
Visiting address:
Västra Järnvägsgatan 7
Mailing address: Box 644,
SE-101 32 Stockholm
Telephone: +46 8 545 455 00
E-mail: info@fastighetsbyran.se
www.fastighetsbyran.se

Svensk Fastighetsförmedling AB
Visiting address:
Årstaängsvägen 11
Mailing address: P.O. Box 47106
SE-100 74 Stockholm
Telephone: +46 8 505 358 00
E-mail: info@svenskfast.se
www.svenskfast.se

Swedbank Företagsförmedling AB
Visiting address:
Wallingatan 33, Stockholm
Mailing address: Östra hamngatan 37
SE-411 10 Göteborg
E-mail: info@swedbankff.se
www.swedbankff.se

Swedbank Försäkring AB
Visiting address:
Junohällsvägen 1
Mailing address: SE-105 34 Stockholm
Telephone: +46 8 585 900 00

Swedbank Juristbyrå AB
Visiting address:
Västra Järnvägsgatan 7
Mailing address: Box 371
SE-101 27 Stockholm
Telephone: +46 8 545 451 00
e-post: info@juristbyran.com
www.juristbyran.com

Swedbank Mortgage AB
Visiting address: Landsvägen 40
Mailing address: SE-105 34 Stockholm
Telephone: +46 8 585 900 00
www.swedbank.com/IR

Swedbank Robur AB
Visiting address: Landsvägen 40
Mailing address: SE-105 34 Stockholm
Telephone: +46 8 585 924 00
E-mail: info@swedbankrobur.se
www.swedbankrobur.se

USA
Swedbank New York Branch
One Penn Plaza, 15th floor
New York, NY 10119
Telephone: +1 212 486 8400
Fax: +1 212 486 3220
Swift: SWEDUS33
www.swedbank.us

Swedbank First Securities LLC
One Penn Plaza, 15th floor
New York, NY 10119
Telephone: +1 212 906 0800
Fax: +1 212 759 9205
www.swedbankfs.com

Production: Intellecta Corporate • Photography: Jenny Lagerqvist – Miso Creative (page 2 and Board & Management),
Åke E:son Lindman (page 19), Per Wallström och Maja Lindh (page 23), Shutterstock • Printing: Ineko AB, Stockholm

SW0013114

CONTACTS

Anna Sundblad
Press officer
Telephone: +46 8 585 921 07
E-mail: anna.sundblad@swedbank.com

Gregori Karamouzis
Head of Investor Relations
Telephone: +46 8 585 930 31
E-mail: gregori.karamouzis@swedbank.com