

Q4 2015

Interim report for the fourth quarter 2015

Fourth quarter compared with third quarter 2015

- Stable net interest income despite lower market interest rates
- Increased deposit and mortgage volumes
- Stronger net commission income
- Higher net gains and losses on financial items at fair value caused by higher activity in FX and equity trading
- Expenses in line with our intention to reduce total expenses to SEK 16bn for 2016
- Higher credit impairments due to a small number of commitments
- Stronger capitalisation
- Proposed dividend per share of SEK 10.70 (11.35)

“Our cost efficiency and strong capitalisation position us well to take on a world in change”

Michael Wolf,
President and CEO

Financial information SEKm	Q4 2015	Q3 2015	%	Full-year 2015	Full-year 2014	%
Total income	9 457	9 234	2	37 624	39 304	-4
of which net interest income	5 759	5 811	-1	22 993	22 642	2
Total expenses	4 239	3 879	9	16 333	17 602	-7
Profit before impairments	5 218	5 355	-3	21 291	21 702	-2
Impairment of intangible assets		254		254	1	
Credit impairments	399	130		594	419	42
Tax expense ¹⁾	974	1 012	-4	4 625	4 301	8
Profit for the period attributable to the shareholders of Sw edbank AB	3 813	3 928	-3	15 727	16 447	-4
Earnings per share total operations, SEK, after dilution	3.44	3.51		14.13	14.81	
Return on equity, total operations, %	12.6	13.5		13.5	15.0	
C/I-ratio	0.45	0.42		0.43	0.45	
Common Equity Tier 1 capital ratio, %	24.1	23.0		24.1	21.2	
Credit impairment ratio, %	0.11	0.04		0.04	0.03	

¹⁾ One-off tax expense of SEK 447m during second quarter 2015.

CEO Comment

Our most important priorities in 2015 were to further improve customer value, increase efficiency and integrate Sparbanken Öresund. Our entire organisation has worked wholeheartedly to ensure our long-term competitive strength by focusing on these priorities, and it has produced results.

Satisfaction among our Swedish private customers, our largest customer group, has improved. To meet growing requirements in terms of service and functionality, we have focused on creating an organisation around our customers that makes us more effective and responsive. During the year we launched several digital solutions.

We cut our costs by about SEK 1.3bn, thanks in large part to one-off expenses that arose in connection with the acquisition of Sparbanken Öresund in the previous year, but also through other efficiency improvements.

I am extremely proud of my colleagues and what we have accomplished together, however we have a lot of work ahead of us as constant change is required in a changing world.

Global economic growth remained uneven

Falling commodity prices, strong economic performance in the US and Sweden, and continued uncertainty in emerging economies distinguished the fourth quarter. This led to forecast revisions and high market volatility. The US Federal Reserve raised its benchmark rate for the first time since 2006. The Riksbank maintained the repo rate at a negative level of -0.35 per cent.

At the end of the quarter there were signs that Swedish housing prices were levelling off. The housing debate intensified in light of rising population growth. Politicians have started to consider measures other than the anticipated amortisation requirement in order to increase housing construction and mobility in the existing housing stock. Swedbank welcomes such initiatives and is actively participating in the debate.

Digitisation continued to change people's everyday lives. Customers are the main driver behind this trend. This has contributed to a significant increase in competition in recent years, especially from non-traditional banks. Swedbank is well placed to meet this competition, including through our participation in the payment service Swish, which in two years gained over 3 million users.

Stable result in a volatile market

Despite these challenges, fourth-quarter profit was stable. Though earnings remained under pressure from lower interest rates, increased mortgage and deposit volumes contributed positively.

The Baltic countries posted another quarter where they demonstrated their resilience in an environment marked by geopolitical uncertainty and low interest rates. The digitisation trend in our Baltic home markets is significant. Nearly half of new sales today is through our digital channels. Moreover, there are many development opportunities, including in the savings and mortgage businesses.

Corporate customer activity was somewhat higher than in the previous quarter, but many deals were postponed due to the market uncertainty.

In the savings area in Sweden we saw large deposit volumes due to the turmoil in the stock market. Our funds reported better results and had net inflows for the quarter. We completed several measures during the year. Fees were cut on a large number of funds, and we adapted our range of funds to clarify our customer offering.

Credit impairments increased slightly during the quarter due to provisions for specific commitments, but as a whole remained at a low level. The low risk in the bank was reaffirmed by a credit upgrade from S&P to AA-. Falling oil prices increased risks in the oil sector, but to date have not resulted in any credit impairments. We are actively dialoguing with our customers and continue to work intensely with them.

High capitalisation makes us resilient

I am pleased with the opportunities we have created to thrive in a world in constant change.

Our cost control is good. The intention is to cut total expenses down to SEK 16bn for the full-year 2016, as previously announced. This will help to strengthen our customer offering by allowing us to invest more in cost-effective solutions. More digital launches are scheduled in 2016 to add customer value. At the same time we are continuing to modernise our branches and adapt them to our customers' needs.

Our capitalisation remains strong with a Common Equity Tier 1 capital ratio of 24.1 per cent. This gives us buffers that are large enough to withstand economic slowdowns and meet more stringent regulatory requirements.

For the fourth consecutive year the dividend policy to distribute 75 per cent of profits remains unchanged. In line with this policy, Swedbank's Board of Directors is proposing that the Annual General Meeting approve a dividend of SEK 10.70 (11.35) per share for 2015.



Michael Wolf
President and CEO

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

Financial summary

Income statement SEKm	Q4 2015	Q3 2015	%	Q4 2014	%	Full-year 2015	Full-year 2014	%
Net interest income	5 759	5 811	-1	5 809	-1	22 993	22 642	2
Net commission income	2 877	2 736	5	2 882	0	11 199	11 204	0
Net gains and losses on financial items at fair value	165	4		69		571	1 986	-71
Other income	656	683	-4	619	6	2 861	3 472	-18
Total income	9 457	9 234	2	9 379	1	37 624	39 304	-4
Staff costs	2 291	2 257	2	2 452	-7	9 395	10 259	-8
Other expenses	1 948	1 622	20	1 841	6	6 938	7 343	-6
Total expenses	4 239	3 879	9	4 293	-1	16 333	17 602	-7
Profit before impairments	5 218	5 355	-3	5 086	3	21 291	21 702	-2
Impairment of intangible assets						254	1	
Impairment of tangible assets	19	16	19	33	-42	72	256	-72
Credit impairments	399	130		254	57	594	419	42
Operating profit	4 800	4 955	-3	4 799	0	20 371	21 026	-3
Tax expense	974	1 012	-4	1 000	-3	4 625	4 301	8
Profit for the period from continuing operations	3 826	3 943	-3	3 799	1	15 746	16 725	-6
Profit for the period from discontinued operations, after tax	-12	-11	9	-3		-6	-262	-98
Profit for the period	3 814	3 932	-3	3 796	0	15 740	16 463	-4
Profit for the period attributable to the shareholders of Swedbank AB	3 813	3 928	-3	3 795	0	15 727	16 447	-4

Key ratios and data per share	Q4 2015	Q3 2015	Q4 2014	Full-year 2015	Full-year 2014
Return on equity, continuing operations, %	12.7	13.5	13.3	13.5	15.2
Return on equity, total operations, %	12.6	13.5	13.3	13.5	15.0
Earnings per share before dilution, continuing operations, SEK ¹⁾	3.46	3.57	3.45	14.24	15.17
Earnings per share after dilution, continuing operations, SEK ¹⁾	3.46	3.52	3.42	14.14	15.05
Cost/income ratio	0.45	0.42	0.46	0.43	0.45
Equity per share, SEK ¹⁾	111.4	107.5	106.3	111.4	106.3
Loan/deposit ratio, %	184	187	201	184	201
Common Equity Tier 1 capital ratio, %	24.1	23.0	21.2	24.1	21.2
Tier 1 capital ratio, %	26.9	25.7	22.4	26.9	22.4
Total capital ratio, %	30.3	28.9	25.5	30.3	25.5
Credit impairment ratio, %	0.11	0.04	0.07	0.04	0.03
Share of impaired loans, gross, %	0.40	0.35	0.41	0.40	0.41
Total provision ratio for impaired loans, %	56	58	53	56	53
Liquidity coverage ratio (LCR), %	159	135	120	159	120
Net stable funding ratio (NSFR), % ²⁾	107	104	98	107	98

Balance sheet data SEKbn	31 Dec 2015	31 Dec 2014	%
Loans to the public, excluding the Swedish National Debt Office and repurchase agreements	1 371	1 325	3
Deposits and borrowings from the public, excluding the Swedish National Debt Office and repurchase agreements	744	661	13
Shareholders' equity	123	117	5
Total assets	2 149	2 121	1
Risk exposure amount	389	414	-6

¹⁾ The number of shares and calculation of earnings per share are specified on page 51.

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

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

Overview

Market

The global economy is divided. In Europe recovery is continuing, albeit at a slower pace. At the same time low inflation pressure persists, not least due to falling commodity prices, and the European Central Bank (ECB) announced further stimulus measures in connection with its rate decision in December. The US economy also continued to recover and, as expected, the US central bank, the Federal Reserve, raised its benchmark rate in December for the first time in nearly a decade. Macroeconomic data were weaker in the fourth quarter, however. On the other hand, global growth concerns increased in the final months of the year due to the slowdown in China, which led to a decline in global trade and commodity prices.

The Swedish economy continues to post strong growth, with record-low interest rates and the refugee stream providing a boost through increased private and public consumption. In the third quarter annual GDP growth was nearly 4 per cent. Optimism among businesses rose in the fourth quarter, while households became more cautious. In the housing market there are signs that prices are levelling off after climbing in recent years. The underlying inflation rate gradually rose in 2015 in the wake of a weaker krona, but still rests on a shaky foundation. Although the Riksbank did not take any additional monetary action at its December meeting, it is prepared to further easing if the krona were to appreciate quickly.

The Baltic economies continue to expand. GDP growth in the third quarter was 3.3 per cent in Lithuania, 1.7 per cent in Latvia and 0.7 per cent in Estonia. The biggest contributor to the increase was households, whose consumption was supported by wage increases of 5-7 per cent. Exports to Russia fell by 20-40 per cent in 2015, but they rose to other markets, leading to a slight rise in total exports in Latvia and only marginal declines in Estonia and Lithuania. The pace of investment has to increase, however, for productivity and competitive reasons. Consumer prices fell somewhat in Estonia and Lithuania, while in Latvia they were practically unchanged due to the decline in global commodity prices. Though the labour market is tight, it is still contributing little to the total inflation rate.

The Stockholm stock exchange (OMXSPI) gained 6.6 per cent during the year and by 6.2 per cent in the fourth quarter. The Tallinn stock exchange (OMXTGI) rose by 19.1 per cent, the Riga stock exchange (OMXRI) by 45.7 per cent and the Vilnius stock exchange (OMXVGI) by 7.4 per cent during the year. During the fourth quarter the Tallinn stock exchange rose by 4.1 per cent, the Riga stock exchange by 4.0 per cent and the Vilnius stock exchange by 1.3 per cent.

Important to note

The bank's total expenses for 2015 amounted to SEK 16.3bn. The intention to reduce total expenses for 2016 to SEK 16bn, which was announced in connection with the interim report for the third quarter 2014, is unchanged. This is a part of increasing digitisation, which creates greater competition and price pressure and will ensure Swedbank's continued competitiveness. The savings consist of synergies related to the acquisition of Sparbanken Öresund, lower costs due to

increased digitisation and changes in distribution forms, as well as reductions in personnel.

The Board of Directors proposes that the Annual General Meeting extend the current repurchase programme, which authorises the Board to decide to repurchase shares up to a maximum of one tenth of all the shares in Swedbank (including own shares acquired by the securities operations), by one year and extend the mandate to issue convertibles in the form of subordinated debt that can be converted to shares. The reason for the proposals is that they are part of the measures to give the Board the opportunity to continuously adapt the bank's capital structure to prevailing capital needs.

The dividend proposed by the Board of Directors is SEK 10.70 (11.35) per share for the financial year 2015. This corresponds to a dividend ratio of 75 per cent. The proposed record day for the dividend is 7 April. The last day for trading Swedbank's shares with the right to the dividend will thus be 5 April. If the Annual General Meeting accepts the Board of Directors' proposal, the dividend is expected to be paid out by Euroclear on 12 April 2016. Swedbank's Annual General Meeting will be held at 11 am (CET) on Tuesday, 5 April 2016, at Dansens Hus, Barnhusgatan 12-14, in Stockholm. More information on Swedbank's Annual General Meeting will be made available on the bank's website, www.swedbank.se, under the heading About Swedbank/Corporate governance.

Fourth quarter 2015

Compared with third quarter 2015

Result

The result decreased by 3 per cent to SEK 3 813m (3 928). The main reasons were higher expenses and credit impairments. Income increased, however. Profit before impairments decreased to SEK 5 218m (5 355). Profit increased in Baltic Banking, but decreased in Swedish Banking, LC&I and Group Functions & Other. The return on equity decreased to 12.6 per cent (13.5). The cost/income ratio rose to 0.45 (0.42).

Profit before impairments by business segment excl FX effects	Q4	Q3	Q4
SEKm	2015	2015	2014
Swedish Banking	3 261	3 161	2 888
Baltic Banking	1 033	945	863
Large Corporates & Institutions	956	951	992
Group Functions & Other	-32	276	317
Total excl FX effects	5 218	5 333	5 060
FX effects		22	26
Total	5 218	5 355	5 086

Income increased by 2 per cent to SEK 9 457m (9 234) due to higher net commission income and net gains and losses on financial items at fair value.

Net interest income decreased by 1 per cent to SEK 5 759m (5 811). The main reason was lower net interest income in Group Treasury within Group Functions & Other partly due to maturing positions taken earlier. Net interest income increased in Swedish

Banking due to increased lending and deposit volumes as well as improved lending margins. In Baltic Banking net interest income increased due to a lower deposit guarantee fee in Lithuania. In LC&I net interest income decreased due to somewhat lower lending margins.

Net commission income increased by 5 per cent to SEK 2 877m (2 736). The increase was evident in all business segments. Net commission income from asset management increased mainly due to performance-based fees and seasonal PPM (premium pensions) flows. The net from corporate finance and securities trading was seasonally higher, while lending related commissions were stable. Net commission income from cards was seasonally lower, however.

Net gains and losses on financial items at fair value increased to SEK 165m (4), mainly due to a seasonally higher result in LC&I. Net gains and losses on financial items improved slightly in Group Treasury within Group Functions & Other due to fewer covered bond repurchases.

Other income fell slightly to SEK 656m (683).

Expenses increased by 9 per cent to SEK 4 239m (3 879). The increase was evident in all business segments. Staff costs increased due to seasonally higher expenses, but were offset slightly by the reversal of a previous provision related to Sparbanken Öresund. Other expenses rose mainly due to adjustments in office space. Expenses for marketing and IT increased as well.

Impairment of intangible assets amounted to SEK 0m (254). The third quarter included an IT system write-down within Group Products and the writedown of a previously acquired asset management assignment.

Credit impairments increased to SEK 399m (130). Impairments rose within Swedish Banking due to a large provision for a single commitment. LC&I reported slightly higher credit impairments due to a few commitments, while recoveries increased in Baltic Banking.

The tax expense amounted to SEK 974m (1 012), corresponding to an effective tax rate of 20.3 per cent (20.4). The corporate tax rate in Norway has changed from 27 per cent to 25 per cent as of 2016. Deferred tax was therefore restated in the fourth quarter, resulting in a one-off reduction of SEK 22m in the tax expense. Excluding this one-off, the fourth quarter's effective tax rate would have been 20.8 per cent. As previously estimated, the effective tax rate is expected to be 19-21 per cent in the medium term.

The result from discontinued operations amounted to SEK -12m (-11).

Full-year 2015

Compared with full-year 2014

Result

The result for the year decreased by 4 per cent to SEK 15 727m (16 447), mainly due to lower net gains and losses on financial items at fair value and a one-off tax expense in the second quarter 2015. Income and expenses both decreased. Changes in exchange rates

raised profit by SEK 16m, mainly because the Swedish krona depreciated on average against the euro during the year. The return on equity fell to 13.5 per cent (15.0), affected equally by a lower result and a larger capital base. The cost/income ratio improved to 0.43 (0.45).

Profit before impairments decreased by 2 per cent to SEK 21 291m (21 702). Profit rose in Swedish Banking and Baltic Banking. Profit in LC&I and Group Treasury within Group Functions & Other fell.

Profit before impairments by business segment excl FX effects	Full-year 2015	Full-year 2014	Δ SEKm
Swedish Banking	12 564	11 933	631
Baltic Banking	3 806	3 693	113
Large Corporates & Institutions	4 141	4 337	-196
Group Functions & Other	780	1 780	-1 000
Total excl FX effects	21 291	21 743	-452
FX effects		-41	41
Total	21 291	21 702	-411

Income decreased by 4 per cent to SEK 37 624m (39 304), mainly in Group Treasury within Group Functions & Other due to lower net gains and losses on financial items at fair value. Income increased in Baltic Banking and was stable in Swedish Banking. In 2014 Swedish Banking had one-off income mainly related to the acquisition of Sparbanken Öresund. Income decreased in LC&I.

Net interest income increased and net commission income was stable. Net gains and losses on financial items at fair value and other income fell. Changes in exchange rates increased income by SEK 135m.

Net interest income rose by 2 per cent to SEK 22 993m (22 642). Group Treasury's net interest income improved, benefiting from falling market interest rates. Net interest income increased somewhat within Swedish Banking. Lower market interest rates adversely affected deposit margins, while increased lending volumes and higher mortgage margins contributed positively. Net interest income increased within Baltic Banking. Net interest income decreased within LC&I due to lower deposit margins. Higher stability fund fees reduced net interest income by SEK 64m. Changes in exchange rates raised net interest income by SEK 81m.

Net commission income was stable at SEK 11 199m (11 204). Insurance related income and card and lending commissions contributed positively, while income from corporate finance and payment commissions fell, the latter due to Lithuania's euro transition and a positive one-off item of SEK 35m in 2014. Asset management commissions were stable. Higher average assets under management due to higher share prices during the year contributed positively, while price cuts on fund fees had a negative effect.

Net gains and losses on financial items at fair value fell to SEK 571m (1 986). The decrease is mainly due to a lower result in Group Treasury within Group Functions & Other caused by negative valuation effects from covered bond repurchases and increased credit

spreads. Net gains and losses on financial items within LC&I were stable.

Other income decreased by 18 per cent to SEK 2 861m (3 472). Income decreased in Swedish Banking and Group Functions & Other, but increased in other business segments. Swedish Banking recognised one-off income of SEK 461m in 2014 related to the acquisition of Sparbanken Öresund. Within Group Functions & Other income from repossessed assets decreased as the property portfolio was sold off.

Expenses decreased by 7 per cent to SEK 16 333m (17 602). The biggest decrease was in Swedish Banking. The decrease was due to one-off expenses of SEK 615m that were recognised in connection with the acquisition of Sparbanken Öresund in 2014, but also due to efficiencies. Expenses decreased in Group Functions & Other mainly as a result of efficiency improvements, but also because of one-off expenses in 2014 related to the move of the head office. Expenses decreased within Baltic Banking and LC&I. Changes in exchange rates increased expenses by SEK 94m.

The number of full-time employees decreased. The biggest decrease was in Swedish Banking due to increased efficiencies and digitised processes, as well as the integration of Sparbanken Öresund. The number of employees also decreased within Baltic Banking and Group Products within Group Functions & Other. The number of full-time employees rose somewhat in LC&I.

Impairment of intangible assets increased to SEK 254m (1) and consisted of an IT system writedown within Group Products and the writedown of a previously acquired asset management assignment.

Impairment of tangible assets decreased to SEK 72m (256) as a result of a smaller property portfolio.

Credit impairments increased to SEK 594m (419) mainly as a result of a large provision for a single commitment within Swedish Banking in the fourth quarter. LC&I reported lower credit impairments, while Baltic Banking reported additional recoveries.

The tax expense amounted to SEK 4 625m (4 301), corresponding to an effective tax rate of 22.7 per cent (20.5). During the second quarter the effective tax rate was affected by one-off items in the Estonian and US operations. During the fourth quarter the effective tax rate was affected by a pending reduction in the corporate tax rate in Norway. Excluding these items, the effective tax rate would have been 20.6 per cent. As previously estimated, the effective tax rate is expected to be 19-21 per cent in the medium term.

The result for discontinued operations amounted to SEK -6m (-262). A reclassification of SEK -223m was recognised in 2014 to wind down the Russian operations.

Volume trend

Total lending to the public, excluding repos and the Swedish National Debt Office, increased by 3 per cent to SEK 1 371bn (1 325). Lending to mortgage customers in Sweden increased by SEK 35bn in 2015 to SEK 675bn, of which SEK 7bn in the fourth quarter. Swedbank's market share of net growth was 18.9 per cent during the first eleven months of the year,

compared with a total market share of 24.8 per cent (25.2 per cent as of 31 December 2014). Mortgage volumes in Baltic Banking increased by 3 per cent in local currency to SEK 55bn. In Estonia and Lithuania the portfolios grew by 5 and 6 per cent respectively, while it decreased by 2 per cent in Latvia.

Consumer lending other than mortgages grew by SEK 2bn during the year to SEK 124bn. The largest increase was in lending to tenant-owner associations, which rose by SEK 3bn to SEK 101bn. Baltic Banking's volumes grew by 10 per cent in local currency to SEK 10bn. Volumes increased in all three countries.

Corporate lending within Swedish Banking and LC&I rose by SEK 10bn during the year to SEK 443bn. During the fourth quarter volumes decreased by SEK 1bn. Swedbank's market share of net growth in Sweden was 21.4 per cent during the first eleven months of the year and the total market share increased to 18.8 per cent (18.7) as of 30 November 2015. Corporate lending in Baltic Banking decreased in local currency by 1 per cent during the year to SEK 59bn. The lending portfolio grew by 3 per cent in Estonia, 1 per cent in Latvia and 8 per cent in Lithuania.

Swedbank's deposits increased by SEK 83bn from the beginning of the year, of which SEK 10bn in the fourth quarter, to a total of SEK 744bn. The increase was mainly due to Swedish Banking, where volumes grew by SEK 41bn, of which SEK 22bn in the fourth quarter. In LC&I deposits increased by SEK 15bn during the year and by SEK 18bn in the fourth quarter. In Baltic Banking deposits rose by 8 per cent in local currency; deposits increased in all three countries. Market shares in Sweden were stable and as of 30 November amounted to 20.9 per cent (21.1) for household deposits and 18.9 per cent (18.7) for corporate deposits.

Fund assets under management increased by SEK 23bn from the beginning of the year to SEK 738bn (715), of which SEK 706bn relates to the Swedish operations. Discretionary assets under management amounted to SEK 352bn (337). During the year Swedbank Robur had a net outflow of SEK 14bn in the Swedish market, with stabilisation in the fourth quarter. The trend with outflows from fixed income funds and inflows to mixed funds continued during the quarter. Equity funds also reported inflows in the fourth quarter, including as a result of seasonal PPM flows. The net outflow from Swedbank Robur's equity funds was SEK 15bn during the year, with a net inflow of SEK 1bn in the fourth quarter. Discretionary management had a net inflow of SEK 10bn during the year, of which SEK 3bn in the fourth quarter. Swedbank Robur's market share for net inflows was negative (13.5 per cent for 2014).

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

Credit and asset quality

Swedbank's credit quality remained good in 2015. The increase in lending volume has generally consisted of customers with low risk and good collateral, which further strengthened credit quality.

Impaired loans decreased during the year and the credit impairment ratio remained very low. Despite global political and economic uncertainty, the Swedish economy has seen good growth. The Baltic countries

have been adversely affected by trade restrictions against Russia, but still continued to generate economic growth.

Oil prices remained under pressure throughout 2015. At the end of the fourth quarter prices fell further and at the beginning of the first quarter 2016 they remained at historically low levels. Swedbank's customers in oil-related sectors managed the situation well in 2015 and the bank was not affected by any credit impairments in the sector. Towards the end of the fourth quarter, however, we saw signs of lower credit quality among a few commitments. Since Swedbank expects weakness in the market to continue in 2016, it is likely to lead to the need for provisions. Swedbank is closely dialoguing with customers in oil-related sectors, which mainly consist of listed companies with high credit ratings and long-term customer contracts.

During the year Swedbank introduced new mortgage lending guidelines. The change applies to new loans and includes stricter amortisation guidelines, in line with the SFSA's proposal, a limit on how much customers can borrow in relation to their annual income, and tighter requirements on the interest mark-up customers must be able to pay. The change has been made to maintain the high quality in the mortgage portfolio and to limit risks for both the bank and customers if interest rates rise or prices decline.

Swedbank's mortgage volume to households in Sweden continued to increase during the year, though the growth rate slowed in the second half-year partly due to the guidelines Swedbank introduced. During the fourth quarter 95 per cent of new mortgages granted in Sweden with a loan-to-value ratio of over 70 per cent were being amortised, unchanged compared with the previous quarter. Of new loans with a loan-to-value ratio of between 50 and 70 per cent, 82 per cent were being amortised, compared with 64 per cent in the third quarter. Amortisations in the Swedish mortgage portfolio totalled around SEK 11.2bn in the last 12-month period. The average loan-to-value ratio for Swedbank's mortgages in Sweden was 56.9 per cent (60.1 as of 31 December 2014). In Estonia it was 50.8 per cent (53.9), in Latvia 98.0 per cent (108.2) and in Lithuania 78.9 per cent (84.8), based on property level. For more information, see the Lending section on page 19 and page 52 of the fact book.

Lending to non-housing related property companies in Sweden rose by 4.1 per cent to SEK 123bn during the year. The portfolio risk remained low.

Impaired loans continued to decrease during the year and corresponded to 0.40 per cent (0.41) of total lending. The provision ratio for impaired loans was 40 per cent (35) and including portfolio provisions was 56 per cent (53). For more information on credit risk, see pages 45-51 of the fact book.

Credit impairments, net by business segment SEKm	Full-year 2015	Full-year 2014	%
Swedish Banking	482	246	96
Baltic Banking	-172	-186	-8
Estonia	34	-31	
Latvia	-228	-106	
Lithuania	22	-49	
Large Corporates & Institutions	284	381	-25
Group Functions & Other		-22	
Total	594	419	42

Credit impairments amounted to SEK 594m (419) during the year, of which SEK 399m in the fourth quarter, and mainly related to provisions for impairments from a single commitment in Swedish Banking and a few commitments in LC&I. Baltic Banking reported further net recoveries, but at a lower level than in 2014. Repossessed assets continued to decrease to SEK 441m (933). For more information on repossessed assets, see page 50 of the fact book.

Operational risks

The bank's direct losses attributable to operational risks remained low in the fourth quarter. During the quarter there were a few disruptions in bank's IT environment, but they had only a limited effect on customers.

The cyberthreats identified during the quarter targeted the bank directly as well as our customers and mainly involved access disruptions and fraud in various forms. Swedbank is working actively to minimise these threats through protective measures and industry-wide collaborations, including through the Swedish Bankers' Association.

During the second quarter Swedbank applied to the SFSA to use the Advanced Measurement Method (AMA) to calculate operational risks. During the fourth quarter the Basel Committee announced that AMA will be replaced in 3 to 5 years with an expanded standardised method. In light of this, the bank has not yet made a decision whether to pursue the application.

Funding and liquidity

The first half of 2015 saw low interest rates and shrinking credit spreads. During the second half uncertainty grew in the capital markets due to, among other things, the crisis in Greece and China's currency devaluation. This contributed to higher credit spreads and volatility.

The introduction of new capital adequacy rules increased issues of Additional Tier 1 capital by European banks. Swedbank issued USD 750m in AT1 capital at the beginning of the year to optimise its capital structure. Larger volumes of long-term bonds were issued in 2015 than in previous years to take advantage of favourable market conditions and pre-finance upcoming maturities, as well as to match mortgage growth. Swedbank's improved ratings contributed to high demand for our debt instruments and further reduced funding costs. In total, Swedbank issued SEK 229bn (115) in long-term debt, of which SEK 41bn in the fourth quarter. Covered bond issues accounted for the large part, SEK 158bn. In 2016 the bank plans to issue around SEK 180bn to meet maturing funding with a nominal value of SEK 110bn and credit demand, mainly in Swedish mortgages.

At year-end 2015 outstanding short-term funding amounted to SEK 107bn. At the same time SEK 186bn was placed with central banks. The liquidity reserve amounted to SEK 314bn (224) as of 31 December 2015. In addition, liquid securities in other parts of the Group amounted to SEK 50bn (76). 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 159 (120) per cent, and 363 per cent and 638 per cent respectively, for USD and EUR. According to our interpretation of the Basel Committee's latest proposed Net Stable Funding Ratio (NSFR), Swedbank's NSFR was 107 per cent (98). The improvement during the year was driven by increased long-term funding, which also reduced the bank's structural liquidity sensitivity.

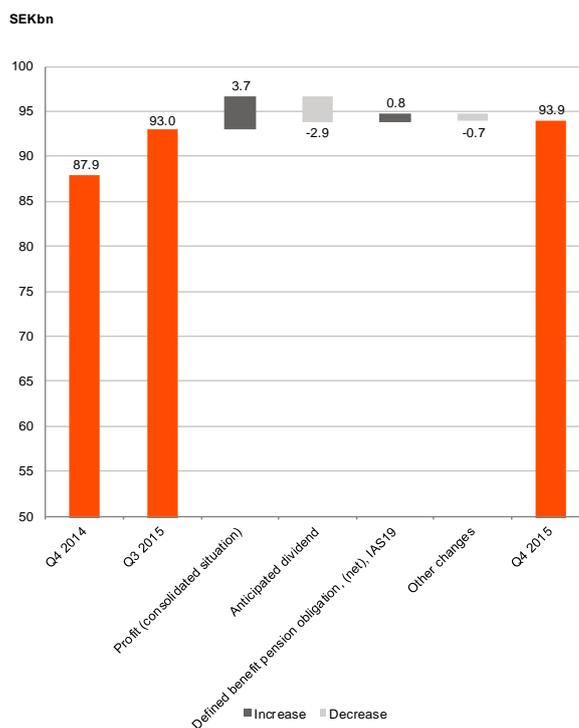
Ratings

In June Moody's upgraded Swedbank's rating by one step to Aa3 with a stable outlook. Swedbank's individual rating was upgraded as well, from baa1 to a3. The upgrade was due to Swedbank's strong earnings ability and high asset quality, as well as the bank's long-term strategy and strong brand. S&P also upgraded Swedbank's individual rating by one step, to AA-. Its individual rating was upgraded as well, from a to a+. The upgrade was due to Swedbank's governance continuity, stable profitability and high efficiency. S&P's outlook for Swedbank's rating, like that of most Swedish banks, is negative. This is due to S&P's assessment of house prices and household debt, which it feels increase economic risk for the banks. Swedbank's high credit quality, stable earnings and strong capitalisation were also the reasons behind Fitch Ratings' decision in June to affirm the positive outlook for the bank's rating.

Capital and capital adequacy

The Common Equity Tier 1 capital ratio was 24.1 per cent on 31 December 2015 (23.0 per cent as of 30 September 2015 and 21.2 per cent as of 31 December 2014). Common Equity Tier 1 capital increased by SEK 0.9bn during the quarter to SEK 93.9bn. The bank's profit after deducting the proposed dividend positively affected Common Equity Tier 1 capital by SEK 0.9bn. The revaluation of the estimated pension liability according to IAS 19 increased equity by about SEK 0.8bn, mainly due to a higher discount rate. However, the positive effect was offset by an increase in the deduction from Common Equity Tier 1 capital of SEK 0.9bn compared with the third quarter as defined pension assets exceeded pension liabilities.

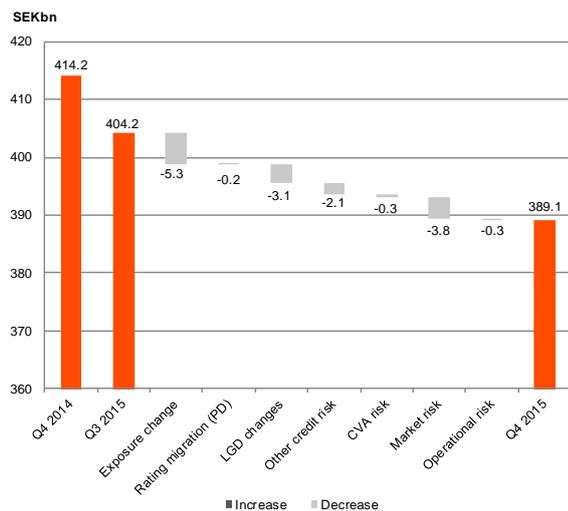
Change in Common Equity Tier 1 capital, 2015, Swedbank consolidated situation



The risk exposure amount (REA) decreased by SEK 15.1bn during the fourth quarter. REA amounted to SEK 389.1bn as of 31 December (404.2 as of 30 September). REA for credit risks decreased by SEK 10.7bn. Lower exposures to corporate customers and institutions contributed to a decrease in REA of SEK 5.3bn. Increased collateral values had a positive effect on LGD within LC&I and Swedish Banking, which reduced REA by SEK 3.1bn. Positive PD migrations within Swedish Banking reduced REA, but were offset by negative PD migrations in LC&I and Baltic Banking, which reduced REA by a total of SEK 0.2bn.

REA for credit valuation adjustment (CVA risk) decreased marginally, by SEK 0.3bn. REA for market risks decreased by SEK 3.8bn primarily as a result of lower fixed income positions. REA for operational risks decreased by SEK 0.3bn due to the merger with Sparbanken Öresund. The reason is that Swedbank now applies the standardised approach for the entire Group, whereas the basic indicator approach was previously applied for Sparbanken Öresund.

Change in REA, 2015, Swedbank consolidated situation



Uncertainty about capital regulations persists – Swedbank well positioned

As of 13 September 2015 the countercyclical buffer value of 1 per cent established by the SFSA in September 2014 is applied. The countercyclical buffer requirement also affects Swedbank's capital requirement through the risk weight floor of 25 per cent within Pillar 2 for the Swedish mortgage portfolio.

The total Common Equity Tier 1 capital requirement for Swedbank increased during the quarter to 19.9 per cent, compared with Swedbank's Common Equity Tier 1 capital ratio of 24.1 per cent as of 31 December 2015. The requirement increased because the capital requirement for the risk weight floor for mortgages in Pillar 2 increased in relation to the total risk exposure amount. The total requirement takes into account Swedbank's Common Equity Tier 1 capital requirement for individual Pillar 2 risks of 0.9 per cent as well as all announced increases in countercyclical buffer values, such as the impending increase in the Swedish countercyclical buffer value to 1.5 per cent in June 2016.

In January 2016 the SFSA announced that the countercyclical buffer value may be raised further if necessary. It has also announced that it will continue to review Swedish banks' use of internal ratings-based models, especially with regard to corporate risk weights, to improve the models. The SFSA expects this work to be completed in 2016 and to lead to an increase in the capital requirements for corporate exposures. At the same time international work is underway on capital requirements. The Basel Committee, among others, is working to improve the comparability of banks' capital ratios. This work includes revisions to the standardised approach for calculating capital requirements for credit, market and operational risks, where the possibility of a capital floor is being discussed for banks that use internal models. Owing to uncertainty about the new requirements and how and when they will be implemented, it is still too early to draw any conclusions about the possible impact on Swedbank. With robust profitability and strong capitalisation, Swedbank is well positioned to meet future changes in capital requirements.

An evaluation of the leverage ratio is also underway ahead of the possible introduction of a minimum requirement in 2018. Swedbank's leverage ratio as of 31 December 2015 was 5.0 per cent (4.5 per cent on 30 September).

Other events

On 1 October Sparbanken Öresund AB and Swedbank AB (publ) were merged. As a result, Swedbank took over Sparbanken Öresund AB's role as issuer of outstanding bond and subordinated loans.

On 14 December the head of the LC&I business segment, Magnus Gagner Geeber, left Swedbank. Björn Meltzer was appointed acting head of LC&I. Recruitment of a new head of the business segment has begun.

On 2 November Visa Inc. announced its intention to acquire Visa Europe Limited, conditional on regulatory approval, which is expected at the earliest in the second quarter of 2016. Swedbank is a member of Visa Europe and part-owner of Visa Sweden Ekonomisk Förening. Visa Sweden in turn is a group member of Visa Europe. Through its membership, Swedbank would receive a portion of the proceeds from the anticipated acquisition, consisting of cash and preference shares in Visa Inc. In addition, Swedbank could receive an additional purchase price consideration. Swedbank currently estimates its income at EUR 140m – EUR 180m, based on a preliminary calculation of the cash proceeds and preference shares. There is still uncertainty how high the amount could eventually be depending on, among other factors, allocation calculations and the value of the preference shares. Moreover, Swedbank's shares in Visa Sweden are not transferable. Due to the many uncertainties surrounding the transaction, the limits associated with the holding and the amount it could receive, Swedbank's right to a portion of the proceeds from the transaction was not recognised as a receivable or an increase in the value of the shares in Visa Sweden in 2015. Provided that regulatory approval is received, Swedbank will post a positive one-off effect in 2016 as a result of the acquisition.

On 21 December the Norwegian media group Schibsted announced that it was acquiring the housing site Hemnet. An agreement was signed by all the owners, whereby Schibsted will buy 80 per cent of Hemnet, based on a company value of SEK 1.5bn. Fastighetsbyrån currently owns 34 per cent of the shares in Hemnet and through an option will acquire an additional 8 per cent of the shares. Fastighetsbyrån will sell all these shares. For Fastighetsbyrån's owner, Swedbank, the sale will result in a capital gain of about SEK 500m in 2016, after the acquisition has been approved by the Swedish Competition Authority.

Events after 31 December 2015

No significant events have occurred since 31 December 2015.

Swedish Banking

- Higher net interest income
- Increased deposit volumes
- Improved satisfaction among private customers

Income statement

SEKm	Q4 2015	Q3 2015	%	Q4 2014	%	Full-year 2015	Full-year 2014	%
Net interest income	3 560	3 404	5	3 301	8	13 435	13 350	1
Net commission income	1 762	1 717	3	1 790	-2	7 176	6 939	3
Net gains and losses on financial items at fair value	83	64	30	80	4	264	230	15
Share of profit or loss of associates	155	201	-23	94	65	862	980	-12
Other income	221	187	18	243	-9	814	1 179	-31
Total income	5 781	5 573	4	5 508	5	22 551	22 678	-1
Staff costs	824	861	-4	917	-10	3 487	4 034	-14
Variable staff costs	27	42	-36	59	-54	157	211	-26
Other expenses	1 644	1 483	11	1 614	2	6 237	6 410	-3
Depreciation/amortisation	25	26	-4	30	-17	106	91	16
Total expenses	2 520	2 412	4	2 620	-4	9 987	10 746	-7
Profit before impairments	3 261	3 161	3	2 888	13	12 564	11 932	5
Credit impairments	347	35		147		482	246	96
Operating profit	2 914	3 126	-7	2 741	6	12 082	11 686	3
Tax expense	595	666	-11	565	5	2 548	2 392	7
Profit for the period	2 319	2 460	-6	2 176	7	9 534	9 294	3
Profit for the period attributable to the shareholders of Swedbank AB	2 318	2 456	-6	2 176	7	9 521	9 280	3
Non-controlling interests	1	4	-75			13	14	-7
Return on allocated equity, %	18.2	19.0		20.0		18.5	25.5	
Loan/deposit ratio, %	235	246		249		235	249	
Credit impairment ratio, %	0.13	0.01		0.06		0.05	0.03	
Cost/income ratio	0.44	0.43		0.48		0.44	0.47	
Loans, SEKbn	1 064	1 059	0	1 024	4	1 064	1 024	4
Deposits, SEKbn	453	431	5	412	10	453	412	10
Full-time employees	4 469	4 571	-2	5 008	-11	4 469	5 008	-11

Development January - December

The result for the period improved to SEK 9 521m, compared with SEK 9 280m in 2014. Income was pressured by lower deposit margins and because 2014 included one-off income related to the acquisition of Sparbanken Öresund. Expenses fell due to lower staff costs and because 2014 included large one-off items.

Net interest income increased by 1 per cent compared with 2014. Higher lending volumes and increased mortgage margins on both new lending and the portfolio as a whole increased net interest income. This was offset by lower market interest rates, which adversely affected deposit margins. Lending margins have gradually risen since mid-year 2014 to compensate for the higher capital requirements in the form of a higher risk weight floor for Swedish mortgages and an increased contracyclical buffer. Net interest income increased compared with the third quarter. Increased lending volumes and slightly improved mortgage margins contributed positively. Higher deposit volumes also had a positive effect.

During the year Swedish Banking introduced stricter mortgage guidelines, including on amortisation, to ensure sustainability for both the customer and the bank. The changes led to a slight slowdown in lending in the final months of the year.

In total, household mortgage volumes increased by 6 per cent, from SEK 640bn to SEK 675bn during the year, of which SEK 7bn in the fourth quarter. The share of the market's net growth was 18.9 per cent. Swedbank's share of the total market was 24.8 per cent (25.2 per cent as of 31 December 2014). In the fourth quarter household mortgage volumes increased by SEK 7bn.

Corporate lending increased by 1 per cent or SEK 3bn during the year. Loans to property management companies increased by SEK 4bn, while lending to the rest of the corporate market decreased. In the fourth quarter corporate lending decreased by SEK 1bn. The market share, including corporate lending within LC&I, improved to 18.8 per cent (18.7 per cent as of 31 December 2014).

During the year Swedbank turned its attention to consumer finance, where it currently has a relatively small share of a growing market and sees room for more responsible lending. A campaign last autumn focused on helping customers achieve sound and sustainable finances by consolidating their loans and offering competitive terms. Swedbank's consumer finance volumes increased by SEK 1bn from the beginning of the year and the share of the total market was 10.1 per cent (10.0 per cent as of 31 December 2014).

Household deposit volumes increased by SEK 24bn from the beginning of the year, of which SEK 5bn in the fourth quarter. Swedbank's share of household deposits was 20.9 per cent (21.1 per cent as of 31 December 2014). Corporate deposits within Swedish Banking increased by SEK 17bn from the beginning of the year and by SEK 16bn in the quarter. Swedbank's market share, including corporate deposits within LC&I, increased to 18.9 per cent as of 30 November (18.7 per cent as of 31 December 2014).

Net commission income rose by 3 per cent in 2015 compared with the same period in 2014. The increase was mainly due to higher income from equity trading and structured products as well as card and payment commissions resulting from higher volumes. Asset management commissions decreased, mainly affected by price cuts on fund fees. During the fourth quarter net commission income rose by 3 per cent compared with the third quarter, mainly due to increased sales of structured products. The net flow to equity and mixed funds was positive, bolstered by seasonal PPM flows, while outflows from fixed income funds continued. The shift towards lower risk savings continued as well.

The share of associates' profit decreased compared with the previous year, mainly due to one-off income in 2014 of SEK 230m related to Entercard.

Other income was lower than in the previous year due to one-off income in connection with the acquisition of Sparbanken Öresund.

Expenses decreased in 2015 mainly due to lower staff costs and one-off items related to the acquisition of Sparbanken Öresund, which contributed to higher expenses in 2014. The increased focus on cost efficiencies also reduced expenses, mainly related to staff. Compared with the third quarter expenses increased, mainly for adjustments in branches and marketing, but were offset slightly by the reversal of a previous provision related to Sparbanken Öresund. Staff costs continued to decrease.

Credit impairments remained low but increased compared with 2014 and amounted to SEK 482m, corresponding to a credit impairment ratio of 0.05%. In the fourth quarter credit impairments amounted to SEK 347m, the large part of which related to a provision tied to a single commitment. The share of impaired loans was 0.17 per cent (0.15) as of 31 December.

During the year Swedish Banking focused on stronger coordination of customer offerings and simplification of internal processes in order to better meet customer expectations. The annual customer satisfaction survey saw a clear improvement among private customers.

A new channel strategy has been developed as well to coordinate customer service across channels – digitally, by phone and at all branches – to provide better and faster service based on customers' needs.

During the year 39 branches were closed, mainly due to the integration of Sparbanken Öresund and customers' increased activity in digital channels.

The Telephone Bank received 3.6 million calls, an increase of over 8 per cent compared with 2014.

The number of customers who use Swedbank's digital channels continues to grow. The Internet Bank had 3.9 million users as of 31 December, an increase of over 214 000 during the year. The Mobile Bank had 2.5 million users, an increase of 478 000 compared to 2014.

Sweden is Swedbank's largest market, with around 4 million private customers and more than 250 000 corporate customers. This makes it Sweden's largest bank by number of customers. Through our digital channels (Telephone Bank, Internet Bank, Mobile Bank and iPad Bank) and branches, and with the cooperation of savings banks and franchisees, we are always available. Swedbank is part of the local community. The bank's branch managers have a strong mandate to act in their local communities. The bank's presence and engagement are expressed in various ways. A project called "Young Jobs", which has created several thousand trainee positions for young people, has played an important part in recent years. Swedbank has 275 branches in Sweden. The various product areas are described beginning on page 19.

Baltic Banking

- Strong finish to the year in a challenging environment
- Lending growth to private customers
- Increased net commission income

Income statement

SEKm	Q4 2015	Q3 2015	%	Q4 2014	%	Full-year 2015	Full-year 2014	%
Net interest income	962	900	7	863	11	3 558	3 496	2
Net commission income	548	511	7	505	9	2 052	1 956	5
Net gains and losses on financial items at fair value	59	48	23	64	-8	202	239	-15
Other income	118	107	10	102	16	476	416	14
Total income	1 687	1 566	8	1 534	10	6 288	6 107	3
Staff costs	222	204	9	216	3	845	783	8
Variable staff costs	18	20	-10	20	-10	75	78	-4
Other expenses	382	349	9	400	-5	1 426	1 512	-6
Depreciation/amortisation	32	32	0	37	-14	136	144	-6
Total expenses	654	605	8	673	-3	2 482	2 517	-1
Profit before impairments	1 033	961	7	861	20	3 806	3 590	6
Impairment of tangible assets	3	6	-50	10	-70	8	10	-20
Credit impairments	-112	-2		-10		-172	-186	-8
Operating profit	1 142	957	19	861	33	3 970	3 765	5
Tax expense	183	132	39	128	43	1 510	565	
Profit for the period	959	825	16	733	31	2 460	3 200	-23
Profit for the period attributable to the shareholders of Swedbank AB	959	825	16	733	31	2 460	3 200	-23
Return on allocated equity, %	19.3	16.2		13.9		12.3	14.6	
Loan/deposit ratio, %	86	90		91		86	91	
Credit impairment ratio, %	-0.35	-0.01		-0.04		-0.14	-0.16	
Cost/income ratio	0.39	0.39		0.44		0.39	0.41	
Loans, SEKbn	124	129	-4	126	-2	124	126	-2
Deposits, SEKbn	145	144	1	138	5	145	138	5
Full-time employees	3 853	3 786	2	3 920	-2	3 853	3 920	-2

Development January - December

Profit for 2015 amounted to SEK 2 460m, a decrease of 23 per cent compared with 2014. The decline is due to a higher tax expense caused by an extra dividend from the Estonian sub-group in the second quarter. Excluding the one-off effect of the tax expense, profit increased by 3 per cent in local currency. Changes in exchange rates improved profit for the period by SEK 76m.

Net interest income in local currency decreased by 1 per cent during the year. Low market interest rates put pressure on deposit margins. Margins were stable in the mortgage portfolio, but slightly higher on new lending. Higher consumer finance volumes contributed positively at the same time that tight competition and better credit quality squeezed margins in corporate lending. Resolution fees for 2015 reduced net interest income by SEK 64m. Changes in exchange rates increased net interest income by SEK 95m. Compared with the previous quarter net interest income rose by 9 per cent in local currency, benefiting from a lower deposit guarantee fee in Lithuania, which had a positive effect of SEK 47m in the quarter.

Lending volumes increased by 2 per cent in local currency compared with 31 December 2014, driven by higher consumer confidence. The increase was in lending to private customers and included both mortgages and consumer finance, while corporate lending decreased. During the fourth quarter lending volumes rose in Estonia and were practically unchanged

in Latvia, while they decreased in Lithuania due to the termination of a large commitment. Swedbank's market share in lending was 29 per cent as of 30 September (29 per cent as of 31 December 2014).

Deposit volumes increased by 8 per cent in local currency during the year. Swedbank's market share in deposits was 30 per cent as of 30 September (28 per cent as of 31 December 2014).

Net commission income in local currency increased by 2 per cent during the year. Higher customer activity strengthened card-related commissions, and the number of card transactions rose by 12 per cent. At the same time net commission income was negatively affected by the new regulation on interchange fees that took effect in December. Payment commissions were negatively affected during the year by Lithuania's transition to the euro and the reversal of a previous fine (SEK 35m) in 2014. Compared with the previous quarter net commission income increased by 9 per cent in local currency due to higher asset management income.

Net gains and losses on financial items at fair value decreased by 18 per cent in local currency during the year. The decrease was mainly due to lower income from the Lithuanian FX trading business as a result of the euro adoption.

Other income increased by 11 per cent in local currency compared with 2014. Income increased due to higher

insurance-related income for the full-year as well as in the fourth quarter.

Total expenses decreased by 4 per cent in local currency during the year, mainly as a result of lower expenses for premises, consultancy and IT. Staff costs rose due to wage increases. Due to customers' growing preference for digital services, the number of branches was reduced by 12 to 144 during the year, of which 50 are cash-smart branches that focus on advisory services. The emphasis on digital sales is continuing through automated campaigns and targeted offerings. Around 40 per cent of new sales to private customers are through the bank's digital channels. IT expenses decreased after work related to Lithuania's transition to the euro was completed. Compared with the previous quarter expenses increased by 10 per cent in local currency, driven by seasonally higher expenses, mainly for staff and marketing.

Net recoveries amounted to SEK 172m (186). Credit quality remained stable despite market uncertainty. Swedbank continued to focus on stable customers with low risk. Latvia reported net recoveries of SEK 228m during the year, while Estonia and Lithuania reported credit impairments of SEK 34m and SEK 22m respectively, related to a few customers. During the fourth quarter net recoveries of SEK 112m were reported, of which SEK 106m in Latvia and SEK 14m in Lithuania, while minor credit impairments were reported in Estonia.

The situation in Russia has not had a financial impact. The sectors most affected by the Russian recession are agriculture and transport. Swedbank's direct or indirect exposures to these sectors are limited. Swedbank continues to take preventive measures to help customers who could be affected by the situation in Russia.

The tax expense increased during the year to SEK 1 510m (565), mainly due to an extra dividend from the Estonian sub-group in the second quarter, which resulted in an extra tax expense of SEK 929m. During the fourth quarter a dividend was also approved from the Estonian asset management company, which resulted in an extra tax expense of SEK 22m.

Swedbank reached an agreement with Danske Bank to acquire Danske's retail banking business in Lithuania and Latvia. The acquisition is subject to regulatory approval in both Lithuania and Latvia and is scheduled to close in the first half-year 2016.

Swedbank is the largest bank by number of customers in Estonia, Latvia and Lithuania, with more than 3 million private customers and more than 300 000 corporate customers. According to surveys, Swedbank is also the most respected company in the financial sector. Through its digital channels (Telephone Bank, Internet Bank and Mobile Bank) and branches, the bank is always available. Swedbank is part of the local community. Its local social engagement is expressed in many ways, with initiatives to promote education, entrepreneurship and social welfare. Swedbank has 36 branches in Estonia, 41 in Latvia and 67 in Lithuania. The various product areas are described on page 19.

Large Corporates & Institutions

- Increased deposit volumes
- Higher activity in equity and FX trading in the fourth quarter
- Stronger position in EUR bond issues

Income statement

SEKm	Q4 2015	Q3 2015	%	Q4 2014	%	Full-year 2015	Full-year 2014	%
Net interest income	839	865	-3	890	-6	3 428	3 485	-2
Net commission income	529	509	4	534	-1	2 025	2 233	-9
Net gains and losses on financial items at fair value	413	315	31	434	-5	1 891	1 929	-2
Other income	36	33	9	20	80	143	121	18
Total income	1 817	1 722	6	1 878	-3	7 487	7 768	-4
Staff costs	375	328	14	363	3	1 425	1 364	4
Variable staff costs	17	57	-70	67	-75	228	288	-21
Other expenses	454	365	24	411	10	1 629	1 644	-1
Depreciation/amortisation	15	16	-6	16	-6	64	68	-6
Total expenses	861	766	12	857	0	3 346	3 364	-1
Profit before impairments	956	956	0	1 021	-6	4 141	4 404	-6
Credit impairments	164	97	69	120	37	284	381	-25
Operating profit	792	859	-8	901	-12	3 857	4 023	-4
Tax expense	170	193	-12	217	-22	630	880	-28
Profit for the period	622	666	-7	684	-9	3 227	3 143	3
Profit for the period attributable to the shareholders of Swedbank AB	622	666	-7	684	-9	3 227	3 143	3
Return on allocated equity, %	12.9	13.3		15.1		16.2	19.3	
Loan/deposit ratio, %	150	177		165		150	165	
Credit impairment ratio, %	0.24	0.14		0.21		0.16	0.18	
Cost/income ratio	0.47	0.44		0.46		0.45	0.43	
Loans, SEKbn	182	182	0	175	4	182	175	4
Deposits, SEKbn	121	103	17	106	14	121	106	14
Full-time employees	1 195	1 205	-1	1 193	0	1 195	1 193	0

Development January - December

Profit amounted to SEK 3 227m for the full-year, an increase of 3 per cent compared with 2014. The improved result is mainly due to lower credit impairments compared with the previous year as well as a positive tax effect.

Net interest income decreased by 2 per cent in 2015 to SEK 3 428m. Lower deposit margins were partly offset by higher average lending volumes and origination fees. Margins in the lending portfolio were stable. Lending volumes increased by 4 per cent in 2015 to SEK 182bn (175). Changes in exchange rates contributed about 0.6 per cent to the increase. Credit demand was low during the second half-year due to continued good liquidity among large corporate customers, coupled with relatively low investments. Deposit volumes increased by 14 per cent during the year to SEK 121bn as a result of higher on demand deposits in the fourth quarter. Compared with the previous quarter net interest income decreased by 3 per cent. Lending volumes were stable, while the margins on the existing portfolio decreased slightly. Due to the negative interest rate, Swedbank charges financial institutions for deposits in a few currencies. Deposit volumes increased by SEK 18bn compared with the third quarter.

Net commission income decreased by 9 per cent in 2015 to SEK 2 025m. The decrease mainly related to lower income from bond issues in Norway and from fewer IPOs and preference share issues in Sweden. Swedbank's market share of Swedish bond issues

(SEK) was 22 per cent in 2015 (21 per cent for 2014) and in Norway (NOK) was 15.5 per cent (18 per cent for 2014). This made Swedbank the largest player in Sweden and the third largest in Norway. Swedbank has gradually strengthened its position in EUR issues and its market share grew during the year. Compared with the third quarter net commission income rose by 4 per cent. Increased income generated from Norwegian M&A activity at the end of the quarter contributed positively. Quarterly earnings from high-yield corporate bond issues in Norway as well as preference share issues and IPOs remained low, however. A number of share-related primary market transactions expected in the fourth quarter were delayed until 2016 due to the jittery stock market at the end of 2015.

Net gains and losses on financial items at fair value decreased by 2 per cent compared with the previous year but increased by 31 per cent compared with the third quarter. After a weak previous quarter, market conditions improved in the fourth quarter, when credit markets stabilised. Customers remained cautious, however, especially in Norway due to the low oil prices. Activity in equity and FX trading was higher than in the third quarter, which aside from seasonal variations was due to increased volatility in the financial markets.

Total expenses decreased by 1 per cent compared with 2014. Staff costs increased as a result of additional hirings. Compared with the previous quarter total expenses rose by 12 per cent, mainly as a result of

higher IT expenses at the end of the year and higher staff costs in Norway.

The tax expense amounted to SEK 630m for 2015. The second quarter was positively affected by a one-off item of SEK 230m related to the US operations.

Credit impairments amounted to SEK 284m in 2015 (381). The year's credit impairments were primarily attributable to increased provisions during the second half-year for a small number commitments.

The share of impaired loans was 0.37 per cent (0.22). Credit quality in the loan portfolio is good. At the end of the fourth quarter oil prices fell to historically low levels, and the investment level in the oil sector is expected to remain low for some time. Since Swedbank expects weakness in the market to continue in 2016, it is likely to lead to the need for provisions. Companies in oil-related sectors continue to take measures to adjust to the low oil prices and lower investment level in the oil sector. Swedbank is closely dialoguing with customers in these sectors, which mainly consist of listed companies with high credit ratings and long-term customer contracts.

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

Group Functions & Other

Income statement

SEKm	Q4 2015	Q3 2015	%	Q4 2014	%	Full-year 2015	Full-year 2014	%
Net interest income	398	642	-38	750	-47	2 572	2 302	12
Net commission income	17	-22		31	-45	-134		
Net gains and losses on financial items at fair value	-390	-423	-8	-510	-24	-1 785	-413	
Share of profit or loss of associates				-1		1		
Other income	172	210	-18	242	-29	759	1 072	-29
Total income	197	407	-52	512	-62	1 413	2 961	-52
Staff costs	773	697	11	757	2	2 964	3 272	-9
Variable staff costs	35	48	-27	54	-35	214	230	-7
Other expenses	-664	-705	-6	-707	-6	-2 911	-2 727	-7
Depreciation/amortisation	85	90	-6	92	-8	366	410	-11
Total expenses	229	130	76	196	17	633	1 185	-47
Profit before impairments	-32	277		316		780	1 776	-56
Impairment of intangible assets		254				254		
Impairment of tangible assets	16	10	60	23	-30	64	246	-74
Credit impairments				-3			-22	
Operating profit	-48	13		296		462	1 552	-70
Tax expense	26	21	24	90	-71	-63	464	
Profit for the period from continuing operations	-74	-8		206		525	1 088	-52
Profit for the period from discontinued operations, after tax	-12	-11	9	-3		-6	-262	-98
Profit for the period	-86	-19		203		519	826	-37
Profit for the period attributable to the shareholders of Swedbank AB	-86	-19		202		519	824	-37
Non-controlling interests				1			2	
Full-time employees	4 376	4 367	0	4 462	-2	4 376	4 462	-2

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

Development January - December

The result for continuing operations fell to SEK 525m during the year (1 088), mainly due to a lower result within Group Treasury. The result for Group Treasury decreased to SEK 778m (1 620).

Net interest income rose to SEK 2 572m (2 302). This is mainly due to Group Treasury, where net interest income rose to SEK 2 637m (2 431) as a result of falling market interest rates in the first half-year. During the fourth quarter net interest income in Group Treasury decreased to SEK 410m, compared with SEK 662m in the third quarter. The decline was caused by maturing positions taken earlier and lower investments with the US Federal Reserve. During the quarter higher customer deposits also necessitated an internal reallocation of net interest income from Group Treasury to the business segments.

Net gains and losses on financial items at fair value decreased to SEK -1 785m (-413). Net gains and losses on financial items within Group Treasury decreased to SEK -1 799m (-341). The reasons were negative valuation effects from covered bond repurchases and increased credit spreads. During the fourth quarter Group Treasury's result improved to SEK -396m (-417) due to fewer repurchases.

Other income fell year-on-year due to lower income from repossessed assets as a result of a significantly reduced property portfolio. Other income decreased in the fourth quarter as the third quarter contained a capital gain of SEK 45m on property sales.

Expenses decreased as a result of efficiency improvements as well as one-off expenses of SEK 136m in the previous year in connection with the head office's move. Expenses for repossessed assets have decreased as the property portfolio is sold off. In the fourth quarter expenses increased largely due to seasonally related staff costs and an increased number of full-time positions.

Impairment of intangible assets increased to SEK 254m (0) and consisted of a writedown of IT systems within Group Products and a writedown of a previously acquired asset management assignment in the third quarter.

Impairment of tangible assets decreased to SEK 64m (246). Ektornet's property holdings were written down by SEK 243m in 2014.

Discontinued operations

The result for discontinued operations amounted to SEK -6m (-262). In 2014 expenses of SEK 223m to wind down the Russian operations were reclassified.

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

Eliminations

Income statement

SEKm	Q4 2015	Q3 2015	%	Q4 2014	%	Full-year 2015	Full-year 2014	%
Net interest income				5			9	
Net commission income	21	21	0	22	-5	80	76	5
Net gains and losses on financial items at fair value				1		-1	1	
Other income	-46	-55	16	-81	43	-194	-296	34
Total income	-25	-34	26	-53	-53	-115	-210	45
Staff costs				-1			-1	
Variable staff costs								
Other expenses	-25	-34	26	-57	-56	-115	-214	46
Depreciation/amortisation				5			5	
Total expenses	-25	-34	26	-53	-53	-115	-210	45

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

Product areas

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

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

Number of customers million	Full-year 2015	Full-year 2014	%
Internet Bank	7.1	6.7	5
of which Sweden	3.9	3.7	7
of which Baltic countries	3.1	3.0	4
Mobile Bank	3.5	2.8	26
of which Sweden	2.5	2.0	24
of which Baltic countries	1.1	0.8	31
Mobile Bank ID, Sweden	2.1	1.4	50
Teller transactions in branches	3.7	4.0	-7
of which Sweden	3.0	3.0	0
of which Baltic countries	0.7	1.0	-30

Lending and finance

Market factors

Mortgage demand was high in 2015, when a housing shortage and low interest rates continued to drive up house prices. The growth rate slowed in the fourth quarter when house prices essentially stood still. This is partly related to the debate in Sweden on amortisation requirements and changes in interest deductions as a way to slow the price increases and build-up of household debt. Neither proposal solves the fundamental problem in the housing market, however, of too little supply relative to demand.

Higher capital requirements for mortgages and growing demands for transparency from customers and the authorities are creating new pre-conditions for Swedish mortgage lenders. Digitisation is making it easier for customers to compare offerings from different providers and has made them expect more from digital offerings. The consumer finance market is a clear example where simplicity and speed have taken precedence in recent years and where Swedbank needs to be better at promoting its offerings to customers at the point when they are ready to make a purchase.

Corporate credit demand remains low. Most of the growth since 2014 has been in the property sector.

Operations and market position

Swedbank's lending operations are concentrated in its home markets as well as in Norway. Lending products account for the majority of the assets on the balance sheet, and lending amounted to SEK 1 371bn as of 31 December (1 325 as of 31 December 2014). The largest share was lending to households, mainly mortgages to private customers and tenant owner associations in Sweden. The market share for mortgages was

24.8 per cent as of 30 November. Swedbank is also a major corporate lender in Sweden, with a market share of 18.8 per cent. The bank has a strong position in property management, the service sector and retail, as well as in forestry and agriculture. In consumer loans in the Swedish market Swedbank has a market share of about 10 per cent, corresponding to a volume of SEK 24bn.

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

Loans SEKbn	31 Dec 2015	31 Dec 2014	%
Loans, private mortgage	733	696	5
of which Sweden	675	639	6
of which Baltic countries	55	54	0
Loans, private other incl tenant owner associations	136	134	2
of which Sweden	124	122	2
of which Baltic countries	11	10	6
Loans, corporate	502	495	1
of which Sweden	387	381	2
of which Baltic countries	59	61	-4
of which Norway	41	37	10
Total	1 371	1 325	3

🔸 Lending to private individuals – development

Lending to private individuals amounted to SEK 869bn, an increase of 5 per cent compared with 2014. Swedish mortgages accounted for a total of SEK 675bn. The growth rate in the Swedish mortgage market remained high, with annual growth of 8.1 per cent as of 30 November. Swedbank's market share of net growth was 18.9 per cent, while its total market share was 24.8 per cent. Margins increased during the quarter. The mortgage portfolio in the Baltic countries grew by 3 per cent in local currency.

The process of transfer loans from Sparbanken Öresund to Swedbank is continuing. A large share of customers from Sparbanken Öresund has mortgages with other lenders. To date nearly SEK 5bn has been transferred to Swedbank. About SEK 10bn remains.

Swedbank's consumer finance volume grew somewhat during the year. The large part of the increase was last autumn. Some of the increase was due to the conversion of customers from Sparbanken Öresund. Generally, the market was distinguished by tight competition with many new players. The Baltic consumer finance portfolio grew by 7 per cent in local currency during the twelve-month period and margins improved.

🔸 Corporate lending – development

Corporate lending amounted to SEK 502bn, an increase of 1 per cent during the twelve-month period. Approximately 42 per cent of the total outstanding volume is related to properties. Swedbank's share of new corporate lending in Sweden has slowed in recent months to 21.4 per cent on an annual basis, compared with an underlying market share of 18.8 per cent. Corporate lending in the Baltic countries decreased by 1 per cent in local currency during the twelve-month period to SEK 59bn. The lending portfolio in local currency grew by 3 per cent in Estonia and 1 per cent in Latvia and decreased by 8 per cent in Lithuania.

Save and invest

Market factors

The savings market is undergoing change. Its demographic structure with an ageing population, coupled with greater individual responsibility for pensions and other long-term savings, is creating higher demand for savings and investment products and a great need for advisory services. Digitisation and changing regulations have contributed to greater transparency and competition as well as to more standardised products, leading to price pressure. Upcoming regulations in Sweden that would prohibit commissions are one example and would mean that commissions can no longer be paid to distributors that sell products on an advisory basis. The regulations are expected to be introduced in 2017. Another trend is that customers are more willing to switch savings providers now that transfers are much easier, and they are reacting faster to changes in the market than before. Swedbank is positive to the debate on freer transfers of pension savings and is not averse to increased regulation to create an efficient transfer market with greater transparency for customers. A higher share of new savings is being placed in pension products and passively managed funds with lower margins. At the same time deposit margins are under pressure from low interest rates, as are the prices of other investments such as equities, fixed income funds and index-linked bonds. Swedbank is addressing margin pressure mainly through efficiencies and cost savings.

Operations and market position

Swedbank is the leader in deposits in its home markets. Slightly over 70 per cent of total volume is in Sweden. Swedbank's market share in Sweden was 20.9 per cent for private deposits and 18.9 per cent for corporate deposits. The market shares in the Baltic countries for private deposits ranged between 27 and 54 per cent and for corporate deposits between 11 and 36 per cent. The shares were highest in Estonia.

Asset management is provided through Swedbank Robur in Swedbank's four home markets as well as in Norway. In Sweden Swedbank Robur is the largest player with a market share of 22.0 per cent based on fund assets under management.

Swedbank is the seventh largest life insurance company in Sweden, with a market share of about 7 per cent in premium payments excluding capital transfers. The market share for transferred capital is nearly 5 per cent, putting Swedbank in sixth place. Swedbank is the largest life insurance company in Estonia, with a rising market share in 2015, and the second largest in Lithuania. As of 30 November the market shares were 40 and 22 per cent, respectively. In Latvia it was 20 per cent. The market shares for Baltic non-life insurance

operations based on total premium income ranged between 2 and 15 per cent, with the largest share in Estonia. In homeowner's and vehicle insurance in Estonia the market shares were 29 per cent and 25 per cent, respectively. Non-life insurance is offered in Sweden through the insurance company Tre Kronor.

Deposits – development

Deposits SEKbn	31 Dec 2015	31 Dec 2014	%
Deposits, private	399	372	8
of which Sweden	313	289	8
of which Baltic countries	85	82	4
Deposits, corporate	345	289	19
of which Sweden	240	211	14
of which Baltic countries	69	62	11
of which other countries	36	16	125
Total	744	661	13

During the year deposit volumes grew by SEK 83bn, an increase of 13 per cent compared with 2014. The largest increase was in Swedish Banking, where volumes rose by SEK 41bn, or 10 per cent, of which SEK 24bn was deposits from private customers. In LC&I volumes increased by SEK 15bn. In Baltic Banking deposits in local currency increased by 8 per cent. Deposits increased in all three countries.

The product range in deposits is being simplified by reducing the number of savings account options.

Asset management – development

Fund assets under management amounted to SEK 738bn (715), of which SEK 706bn is attributable to the Swedish operations. Discretionary assets under management amounted to SEK 353bn (337). Swedbank Robur had a net outflow of SEK 14bn (21) in the Swedish fund market. This was mainly due to the low interest rate environment and volatile equity prices, as well as withdrawals by a few institutional customers. Outflows from fixed income and equity funds continued through much of the year. The net inflow in the fourth quarter was SEK 1bn, with the annual PPM deposit in December reducing the negative flow by SEK 5bn. The net inflow to mixed funds was strong throughout 2015 (SEK 17bn), corresponding to a market share of 23 per cent.

Net inflow Swedish fund market, SEKbn	Of which		Of which	
	Total 2015	Robur 2015	Total Q4 2015	Robur Q4 2015
Fixed income funds	-2	-17	-19	-5
Mixed funds	76	17	17	4
Equity funds	-2	-15	38	1
of which index funds	20	1	11	0
Other funds	13	0	1	0
Total net inflow	85	-14	37	0

Swedbank's share of the total net flow in Sweden was negative in 2015 (22 per cent in 2014). Swedbank is also a distributor of other funds, and its share of total net sales was also negative (22 per cent for 2014), with lower sales of external funds as well.

To strengthen the fund offering, management fees were reduced on a number of funds in 2015. In addition, seven Access funds with special sustainability criteria were merged or launched, in line with the intention to simplify and develop the offering.

Changes were made earlier in the fund management process to streamline the range of companies that the

funds invest in and add a larger share of global investments. Asset management performance improved in 2015, when 51 per cent of the equity funds outperformed their indices (after fees). The corresponding figures are 19 per cent for fixed income funds and 10 per cent for the few mixed funds with comparable indices.

The investment savings account offering was improved during the period by allowing contracts and terms to be managed digitally. The number of new accounts increased significantly at the beginning of the year, has more than doubled compared with the same period in 2014 and continues to rise, albeit at a slower rate.

Asset management Key ratios, SEKbn	Full-year 2015	Full-year 2014	%
Total income, SEKm	4 487	4 482	0
Assets under management	738	715	3
of which Sweden	706	686	3
of which Baltic countries	28	25	12
of which Norway	4	3	18
Discretionary asset management	353	337	5

Despite the increase in assets under management, income was unchanged due to the price cuts.

Insurance – development

Premium income SEKbn	Full-year 2015	Full-year 2014	%
Sweden	15 749	14 733	7
of which collective occupational pensions	3 565	3 663	-3
of which endowment insurance	8 634	7 478	15
of which occupational pensions	2 209	2 209	0
of which risk insurance	805	741	9
of which other	537	643	-17
Baltic countries	1 503	1 271	18
of which life insurance	943	798	18
of which non-life insurance	559	473	18

During the year life insurance premium income in Sweden rose by 7 per cent year-on-year. Sales of corporate endowment insurance improved primarily due to new policies, but also to higher volumes from existing contracts. Premium income in private endowment insurance fell due to lower one-time deposits, at the same time that interest in continuous savings has grown. To avoid double taxation after lower deductibility rules were introduced in 2015, customers were encouraged to shift savings from private pension insurance to endowment insurance or investment savings accounts.

Premium income in the Baltic life insurance business rose by 15 per cent in local currency year-on-year, with the biggest gain in risk products. The increase in savings products is due to a high number of contract renewals in the previous year and a further increase in new policies. The positive trend in premium income in Baltic non-life insurance continued. In total, premiums increased by 15 per cent in local currency

Assets under management SEKbn	31 Dec 2015	31 Dec 2014	%
Sweden	145	136	12
of which collective occupational pensions	62	58	0
of which endowment insurance	57	54	4
of which occupational pensions	17	15	0
of which other	9	9	0
Baltic countries	4	4	0

Rising equity prices in the fourth quarter led to a rebound in assets under management in the Swedish insurance business after a decrease in the third quarter. As of 31 December assets under management amounted to SEK 145bn, an increase of 6 per cent from the previous year. Assets under management in the Baltic life insurance business rose by 8 per cent in local currency, mainly tied to a rising stock market, but also to net inflows.

Insurance related income SEKbn	Full-year 2015	Full-year 2014	%
Total insurance related income	1 999	1 872	7
Sweden	1 495	1 488	1
of which life insurance	1 439	1 435	0
of which non-life insurance	56	52	7
Baltic countries	504	385	31
of which life insurance	274	168	63
of which non-life insurance	230	216	6

Swedbank's total insurance related income rose by 6 per cent year-on-year. Income from the Swedish life insurance business was stable. Increased assets under management led to higher earnings in savings products. The risk result rose despite a positive one-off item in the previous year. The increase was due to higher volumes and fewer claims in the group life business. At the same time lower market interest rates had a negative effect on the result. Income from Baltic life insurance rose by 58 per cent in local currency compared with 2014. The increase is mainly due to changes in the assumptions used to calculate provisions for guaranteed return on products in traditional life. Income from the Baltic non-life business increased due to rising premium volumes, while a lower return on investments due to lower interest rates and increased claims affected income negatively. The claims ratio for the period rose to 58.8 per cent (54.4), in line with the competition but low compared with the Swedish non-life insurance market.

Pay

Market factors

The payment and card areas are seeing changes in regulations and customer behaviour. Many sectors are reporting more sales online and through mobile solutions. This trend is reinforced by the impact of mobile identification (Mobile BankID) in Sweden. In total, 2.1 million customers have one or more BankIDs, with around 60 000 new customers signing up each month. Shared bank services are also developing strongly. Due to digitisation, globalisation and deregulation, the payment area in Swedbank's home markets is being challenged by new international players. New regulations require banks, at a customer's request, to make their account information available to new payment providers for certain payment and information flows. This is placing new demands on the banking sector's infrastructure. Regulations are also increasing the demands on banks in terms of fee transparency, stability, security and availability. The authorities' purpose for the regulations is to speed up

the transition to digital payments, increase competition and not least empower customers. This puts a higher priority on cost efficiency and product development and has created a wave of consolidation in card acquiring in Europe.

Operations and market position

Swedbank is a leader in payment and cash management products in its four home markets. In Sweden it has a market share of 34 per cent for bank giro payments. In the Baltic countries its market shares for domestic payments range between 41 and 59 per cent and for international payments between 26 and 29 per cent, with the highest share in Estonia. In Sweden about 85 per cent of store payments are made by card, and market growth is expected to remain good, with annual transaction growth of about 9 per cent. In Estonia the corresponding card payment frequency is 50 per cent. In Latvia and Lithuania it is lower but steadily rising. In Estonia annual growth is 6 per cent, compared with between 13 and 21 per cent in Latvia and Lithuania respectively.

Swedbank issues cards to the public (card issuance) and acquires card payments from merchants via card terminals and online payments (card acquiring) in all its home markets as well as in Norway, Denmark, Finland and Poland to support the international businesses of its home market customers. Online payments are acquired in a number of other EU countries. Swedbank is Europe's fifth largest acquirer based on the number of acquired card purchases. Market shares in the bank's home markets range between 60 per cent (Sweden) and 33 per cent (Latvia). Swedbank is the 11th largest debit card issuer in Europe, with market shares of between 45 and 60 per cent in its home markets.

Payments – development

Number of payments	Full-year		%
	2015	2014	
International payments (million)	11.8	10.7	11
of which Sweden	5.0	4.8	5
of which Baltic countries	6.8	5.9	15
Domestic payments (million) ¹⁾	898.5	855.5	5
of which Sweden	665.5	640.0	4
of which Baltic countries	233.0	215.5	8
E-services payments (million) ²⁾	75.4	47.9	57
of which Sweden	50.2	24.9	
of which Baltic countries	25.2	23.0	10
Other digital solutions (million) ³⁾	629.0	323.9	94
of which Sweden	610.6	308.2	98
of which Baltic countries	18.4	15.7	17

¹⁾ Domestic payments include salary payments, giro payments, direct debit payments, internet payments.

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

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

The number of payments has continued to increase – a combination of economic growth and the shift from cash to cards and e-payments. Swish users among the Swedish banks now include over 3.7 million private customers and around 45 000 corporate customers. Several new services and functions were launched during the year, including “Load and Buy”, which allows customers to top up their mobile data and buy Spotify gift cards directly through the Mobile Bank. In Latvia and Lithuania Swedbank introduced Swedbank Payment

Portal, a service that allows online retailers to accept all the online payment methods available in their market.

Payments	Full-year	Full-year	
Net commission income, SEKm	2015	2014	%
Net commission income	883	979	-10
of which Nordic countries	422	425	-1
of which Baltic countries	461	554	-17

Net payment commissions decreased by 10 per cent year-on-year. In the Nordic region net commission income decreased due to lower income from domestic payments. Net commission income in the Baltic countries fell due to the euro transition in Lithuania and a positive one-off effect of SEK 35m in 2014. In Estonia and Latvia net commission income fell by 8 and 4 per cent, respectively. Excluding the above-mentioned one-off effect, net commission income in the Baltic countries fell by 11 per cent.

Cards – development

Key ratios, cards	Full-year	Full-year	
	2015	2014	%
Acquired transactions, million	2 273	1 956	16
of which Nordic countries	1 968	1 659	19
of which Baltic countries	305	297	3
Acquired volumes, SEKbn	559	480	16
of which Nordic countries	512	437	17
of which Baltic countries	47	44	8
Issued cards, million	7.8	7.7	2
of which Nordic countries	4.1	3.9	4
of which Baltic countries	3.7	3.8	-1
Number of card purchases, million	1 450	1 322	10
of which Nordic countries	1 062	976	9
of which Baltic countries	388	346	12

Increased card usage is the main reason for transaction growth in the Nordic region and Baltic countries, along with declining cash withdrawals. Compared with 2014 the value of payments with Swedbank cards in Sweden rose by 9 per cent at the same time that ATM withdrawals were down 7 per cent. In the Baltic countries, where Swedbank is actively encouraging customers to pay by card, the value increased by 14 per cent. The biggest increase, 21 per cent, was in Lithuania.

The card issuance business saw growth of 11 per cent in Swedish corporate cards compared with 2014. The bank's many small corporate customers offer good potential to increase this business. The number of cards issued to private customers increased by 4 per cent in Sweden and decreased slightly in the Baltic countries. As part of the integration of Sparbanken Öresund, Swedbank transferred around 100 000 card customers from Öresund's card business to its own card environment, giving them access to Swedbank's card offering while at the same time creating cost synergies, since most of the costs are already fixed. E-payments with Swedbank's debit cards in Sweden grew by 16 per cent during the year, compared with an increase of 9 per cent for brick-and-mortar purchases.

To meet the growing demand for mobile e-commerce and make it easier for customers to use their mobile phones for more secure online card purchases, Swedbank launched the Masterpass digital wallet in November. In total, 5 per cent of purchases with Swedbank's debit cards are made online. In the

acquiring business around 2.5% of Swedbank's transactions in Sweden are from e-commerce. A new regulation on card processing fees introduced on 9 December 2015 reduces the interchange fee that the acquirer pays the issuer. In Sweden the interchange fee on credit cards decreased from about 0.9 per cent to 0.3 per cent of the transaction value, while the change for debit cards is minor. The regulation means that income will initially rise slightly, since Swedbank is a net acquirer and the compensation it pays to card issuers is lower. Over time price pressure in the acquiring business may increase, however, though the long-term financial impact of the new regulation is difficult to assess. Interchange fees in the Baltic countries are expected to be halved on both debit and credit cards, which will squeeze income for card issuers. Swedbank is therefore reassessing its card pricing in the Baltic countries, where it is also a net acquirer. This will help to offset the negative effects of the lower card issuance income. Swedbank has also been able to benefit from the wave of consolidation in the acquiring business by expanding to neighbouring countries, with especially good results in Finland. During the year an acquiring agreement was signed with SOK, the country's largest retail group.

Card related income SEKm	Full-year 2015	Full-year 2014	%
Total income, SEKm	3 365	3 312	2
of w hich Nordic countries	1 897	1 796	6
of w hich Baltic countries	895	825	9
of w hich Entercard ¹⁾	573	691	-17

¹⁾ Swedbank's share of the profit or loss of Entercard

Total card income increased by 2 per cent compared with 2014 despite one-off income of SEK 230m in Entercard in 2014. Excluding one-off effects, card income rose by 6 per cent in the Nordic region and 9 per cent in the Baltic countries. Income in Sweden increased somewhat less than the transaction volume due to price pressure in the acquiring business. The increase in the Baltic countries is due to the issuance of more debit and credit cards and their increased usage. Card acquiring income rose somewhat owing to increased card usage in all four home markets and as a result of new business internationally and in the Nordic region. At the same time earnings were squeezed by continued margin pressure.

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

Income statement, condensed

Group SEKm	Q4 2015	Q3 2015	%	Q4 2014	%	Full-year 2015	Full-year 2014	%
Interest income	8 103	8 645	-6	9 709	-17	34 983	41 052	-15
Interest expenses	-2 344	-2 834	-17	-3 900	-40	-11 990	-18 410	-35
Net interest income (note 5)	5 759	5 811	-1	5 809	-1	22 993	22 642	2
Commission income	4 198	4 111	2	4 168	1	16 583	16 252	2
Commission expenses	-1 321	-1 375	-4	-1 286	3	-5 384	-5 048	7
Net commission income (note 6)	2 877	2 736	5	2 882	0	11 199	11 204	0
Net gains and losses on financial items at fair value (note 7)	165	4		69		571	1 986	-71
Insurance premiums	506	464	9	503	1	2 001	1 889	6
Insurance provisions	-313	-301	4	-329	-5	-1 293	-1 308	-1
Net insurance	193	163	18	174	11	708	581	22
Share of profit or loss of associates	155	201	-23	93	67	863	980	-12
Other income	308	319	-3	352	-13	1 290	1 911	-32
Total income	9 457	9 234	2	9 379	1	37 624	39 304	-4
Staff costs	2 291	2 257	2	2 452	-7	9 395	10 259	-8
Other expenses (note 8)	1 791	1 458	23	1 661	8	6 266	6 625	-5
Depreciation/amortisation	157	164	-4	180	-13	672	718	-6
Total expenses	4 239	3 879	9	4 293	-1	16 333	17 602	-7
Profit before impairments	5 218	5 355	-3	5 086	3	21 291	21 702	-2
Impairment of intangible assets (note 14)		254				254	1	
Impairment of tangible assets	19	16	19	33	-42	72	256	-72
Credit impairments (note 9)	399	130		254	57	594	419	42
Operating profit	4 800	4 955	-3	4 799	0	20 371	21 026	-3
Tax expense	974	1 012	-4	1 000	-3	4 625	4 301	8
Profit for the period from continuing operations	3 826	3 943	-3	3 799	1	15 746	16 725	-6
Profit for the period from discontinued operations, after tax (note 26)	-12	-11	9	-3		-6	-262	-98
Profit for the period	3 814	3 932	-3	3 796	0	15 740	16 463	-4
Profit for the period attributable to the shareholders of Swedbank AB	3 813	3 928	-3	3 795	0	15 727	16 447	-4
of which profit for the period from continuing operations	3 825	3 939	-3	3 798	1	15 733	16 709	-6
of which profit for the period from discontinued operations	-12	-11	9	-3		-6	-262	-98
Non-controlling interests	1	4	-75	1	0	13	16	-19
of which profit for the period from continuing operations	1	4	-75	1	0	13	16	-19
of which profit for the period from discontinued operations								
SEK								
Earnings per share, continuing operations, SEK	3.46	3.57		3.45		14.24	15.17	
after dilution	3.46	3.52		3.42		14.14	15.05	
Earnings per share, discontinued operations, SEK	-0.02	-0.01		0.00		-0.01	-0.24	
after dilution	-0.02	-0.01		0.00		-0.01	-0.24	
Earnings per share, total operations, SEK	3.44	3.56		3.44		14.23	14.93	
after dilution	3.44	3.51		3.41		14.13	14.81	

Statement of comprehensive income, condensed

Group SEKm	Q4			Full-year				
	2015	2015	%	2014	%	2015	2014	%
Profit for the period reported via income statement	3 814	3 932	-3	3 796	0	15 740	16 463	-4
Items that will not be reclassified to the income statement								
Remeasurements of defined benefit pension plans	1 042	755	38	1 437	-27	3 539	463	
Share related to associates	28	11		32	-13	88	-9	
Income tax	-236	-168	40	-325	-27	-798	-101	
Total	834	598	39	1 144	-27	2 829	353	
Items that may be reclassified to the income statement								
Exchange differences, foreign operations								
Gains/losses arising during the period	-1 192	841		1 920		-1 678	2 917	
Reclassification adjustments to income statement, profit for the period from discontinued operation	87					87	508	-83
Hedging of net investments in foreign operations:								
Gains/losses arising during the period	978	-570		-1 459		1 489	-2 320	
Reclassification adjustments to income statement, profit for the period from discontinued operations	-91					-91	-365	-75
Cash flow hedges:								
Gains/losses arising during the period	-16	13		33		145	26	
Reclassification adjustments to income statement, net interest income		7		31		7	17	-59
Share of other comprehensive income of associates	-42	-93	-55	-103	-59	-135	-29	
Income tax								
Income tax	-210	124		315		-358	505	
Reclassification adjustments to income statement, tax		-2		-7	0	-2	-4	-59
Reclassification adjustments to income statement, profit for the period from discontinued operations	28					28	80	-65
Total	-458	320		730		-508	1 335	
Other comprehensive income for the period, net of tax	376	918	-59	1 874	-80	2 321	1 688	38
Total comprehensive income for the period	4 190	4 850	-14	5 670	-26	18 061	18 151	0
Total comprehensive income attributable to the shareholders of Swedbank AB	4 189	4 846	-14	5 671	-26	18 047	18 137	0
Non-controlling interests	1	4	-75	-1		14	14	0

For 2015 income of SEK 2 829m (353) was recognised in other comprehensive income after tax, including remeasurements of defined benefit pension plans in associates. The 2015 income arose primarily because market interest rates rose from the beginning of the year. For the period as a whole interest rates were volatile and reached very low levels soon after the first quarter ended. As of 31 December, however, the discount rate, which is used to calculate the closing pension obligation, was raised to 3.53% from 2.29%. The market's future inflation expectations also rose and the inflation assumption was raised to 1.63% from 1.28%. The changes in both of these assumptions were the main reason why the defined benefit pension obligation decreased. The market value of the assets under management for the Swedish defined benefit pension plan exceeded the obligation by SEK 1 274m.

For 2015 an exchange difference of SEK -1 678m (2 917) was recognised for the Group's foreign net investments in subsidiaries. In addition, an exchange rate difference of SEK -136m for the Group's foreign net investments in associates is included in Share related to associates. The losses related to subsidiaries mainly arose because the Swedish krona appreciated against the euro. The total loss of SEK 1 814m is not taxable. Since the large part of the Group's foreign net assets is hedged against currency risk, a gain of SEK 1 489m (-2 320) before tax arose related to the hedging instruments.

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

Key ratios

Group	Q4			Full-year				
	2015	2015	%	2014	%	2015	2014	%
Equity per share, SEK	111.42	107.54	4	106.35		111.42	106.35	5
Return on equity, continuing operations, %	12.7	13.5		13.3		13.5	15.2	
Return on equity, total operations, %	12.6	13.5		13.3		13.5	15.0	
Credit impairment ratio, %	0.11	0.04		0.07		0.04	0.03	

Balance sheet, condensed

Group SEKm	31 Dec 2015	31 Dec 2014	Δ SEKm	%
Assets				
Cash and balance with central banks	186 312	113 768	72 544	64
Loans to credit institutions (note 10)	86 418	113 820	-27 402	-24
Loans to the public (note 10)	1 413 955	1 404 507	9 448	1
Value change of interest hedged item in portfolio hedge	1 009	1 291	-282	-22
Interest-bearing securities	165 162	170 680	-5 518	-3
Financial assets for which customers bear the investment risk	153 442	143 319	10 123	7
Shares and participating interests	11 074	9 931	1 143	12
Investments in associates	5 382	4 924	458	9
Derivatives (note 18)	86 107	123 202	-37 095	-30
Intangible fixed assets (note 14)	13 690	14 319	-629	-4
Investment properties	8	97	-89	-92
Tangible assets	1 981	2 653	-672	-25
Current tax assets	1 662	1 304	358	27
Deferred tax assets	192	638	-446	-70
Pension assets	1 274		1 274	
Other assets	14 677	10 103	4 574	45
Prepaid expenses and accrued income	6 362	6 126	236	4
Group of assets classified as held for sale (note 26)	148	615	-467	-76
Total assets	2 148 855	2 121 297	27 558	1
Liabilities and equity				
Amounts owed to credit institutions (note 15)	150 493	171 453	-20 960	-12
Deposits and borrowings from the public (note 16)	748 271	676 679	71 592	11
Debt securities in issue (note 17)	826 535	835 012	-8 477	-1
Financial liabilities for which customers bear the investment risk	157 836	146 177	11 659	8
Derivatives (note 18)	68 681	85 694	-17 013	-20
Current tax liabilities	105	1 477	-1 372	-93
Deferred tax liabilities	3 071	1 684	1 387	82
Short positions, securities	8 191	27 058	-18 867	-70
Other liabilities	22 358	20 768	1 590	8
Accrued expenses and prepaid income	13 243	13 071	172	1
Provisions	2 102	5 855	-3 753	-64
of which pension provisions	17	2 548	-2 531	-99
of which insurance provision	1 728	1 745	-17	-1
of which other provisions	357	1 562	-1 205	-77
Subordinated liabilities	24 613	18 957	5 656	30
Liabilities directly associated with group of assets classified as held for sale (note 26)	14	39	-25	-64
Equity	123 342	117 373	5 969	5
of which non-controlling interests	179	170	9	5
of which attributable to shareholders of Sw edbank AB	123 163	117 203	5 960	5
Total liabilities and equity	2 148 855	2 121 297	27 558	1

Balance sheet analysis

Total assets increased by SEK 28bn from 1 January 2015. Assets increased mainly due to higher cash and balances with central banks, which rose by SEK 73bn. The increase is mainly attributable to higher deposits in the US Federal Reserve and European Central Bank. Deposits and borrowings from the public rose by a total of SEK 72bn, mainly corporate deposits. Lending to credit institutions decreased by SEK 27bn at the same time that amounts owed to them decreased by SEK 21bn. Balance sheet items related to credit institutions fluctuate over time depending on repos, among other things. The market value of derivatives decreased on both the asset and liability side, mainly due to large movements in interest rates and currencies. Excluding the National Debt Office and repos, lending volumes increased by SEK 45n. The increase related to all home markets in local currency; SEK 37bn of the increase is attributable to mortgages in Sweden. The increase in subordinated liabilities was due to an issuance of USD 750m in Additional Tier 1 capital to optimise the capital structure in accordance with the new European capital requirements. The change in equity was the net of the profit for the year and a dividend of SEK 12.5bn for 2014.

Statement of changes in equity, condensed

Group SEKm	Shareholders' equity					Non-controlling interests		Total equity	
	Share capital	Other contributed equity ¹⁾	Exchange differences, subsidiaries and associates	Hedging of net investments in foreign operations	Cash flow hedges	Retained earnings	Total		
January-December 2014									
Opening balance 1 January 2014	24 904	17 275	-833	293	-139	68 040	109 540	165	109 705
Dividends						-11 133	-11 133	-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						50	50		50
Repurchase of own shares for trading purposes						-32	-32		-32
Associates' disposal of shares in Sw edbank AB						166	166		166
Total comprehensive income for the period			3 397	-2 094	34	16 800	18 137	14	18 151
of w hich reported through profit or loss						16 447	16 447	16	16 463
of w hich reported through other comprehensive income			3 397	-2 094	34	353	1 690	-2	1 688
Closing balance 31 December 2014	24 904	17 275	2 564	-1 801	-105	74 366	117 203	170	117 373
January-December 2015									
Opening balance 1 January 2015	24 904	17 275	2 564	-1 801	-105	74 366	117 203	170	117 373
Dividends						-12 539	-12 539	-5	-12 544
Share based payments to employees						413	413		413
Deferred tax related to share based payments to employees						-42	-42		-42
Current tax related to share based payments to employees						63	63		63
Disposal of own shares for trading purposes						33	33		33
Acquired non-controlling interest						-8	-8		-8
Associates' aquisition of non-controlling interest						-7	-7		-7
Total comprehensive income for the period			-1 728	1 097	122	18 556	18 047	14	18 061
of w hich reported through profit or loss						15 727	15 727	13	15 740
of w hich reported through other comprehensive income			-1 728	1 097	122	2 829	2 320	1	2 321
Closing balance 31 December 2015	24 904	17 275	836	-704	17	80 835	123 163	179	123 342

¹⁾ Other contributed equity consists mainly of share premiums.

Cash flow statement, condensed

Group SEKm	Full-year 2015	Full-year 2014
Operating activities		
Operating profit	20 371	21 026
Profit for the period from discontinued operations	-6	-262
Adjustments for non-cash items in operating activities	74	-555
Taxes paid	-4 660	-5 494
Increase/decrease in loans to credit institutions	27 173	-26 662
Increase/decrease in loans to the public	-17 976	-115 813
Increase/decrease in holdings of securities for trading	4 820	12 925
Increase/decrease in deposits and borrowings from the public including retail bonds	76 381	34 957
Increase/decrease in amounts owed to credit institutions	-19 342	45 468
Increase/decrease in other assets	30 492	-41 353
Increase/decrease in other liabilities	-46 395	84 693
Cash flow from operating activities	70 932	8 930
Investing activities		
Business combinations		-2 918
Business disposals	245	-590
Acquisitions of and contributions to associates	-10	-814
Acquisitions of other fixed assets and strategic financial assets	-3 021	-1 111
Disposals/maturity of other fixed assets and strategic financial assets	516	362
Cash flow from investing activities	-2 270	-5 071
Financing activities		
Issuance of interest-bearing securities	229 220	114 936
Redemption of interest-bearing securities	-132 963	-139 976
Issuance of commercial paper etc.	941 257	730 879
Redemption of commercial paper etc.	-1 019 742	-646 040
Dividends paid	-12 544	-11 138
Cash flow from financing activities	5 228	48 661
Cash flow for the period	73 890	52 520
Cash and cash equivalents at the beginning of the period	113 768	59 382
Cash flow for the period	73 890	52 520
Exchange rate differences on cash and cash equivalents	-1 346	1 866
Cash and cash equivalents at end of the period	186 312	113 768

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

Note 1 Accounting policies

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

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

The accounting policies applied in the interim report conform to those applied in the Annual Report for 2014, which was prepared in accordance with International Financial Reporting Standards as adopted by the European Union and interpretations thereof. There have been no significant changes to the Group's accounting

policies set out in the 2014 Annual Report, except for the new standards and changes as set out below.

Other IFRS changes

No other new or amended standards or interpretations which have been introduced have had a significant effect on the financial position, results or disclosures of the Group or the parent company. For more information, refer to page 72 of the 2014 Annual Report.

Future changes in IFRS

Leasing (IFRS 16)

IFRS 16 was issued in January 2016 and will apply as of 1 January 2019. The standard has not yet been adopted by the EU. Lessees will no longer differentiate between finance and operating leases. The standard requires the majority of leases to be recognised in the balance sheet. The reporting requirements for lessors are largely unchanged. The impact on the Group's financial reports is currently being evaluated.

Note 2 Critical accounting estimates

Presentation of consolidated financial statements in conformity with IFRS requires the executive management to make judgments and estimates that affect the recognised amounts for assets, liabilities and disclosures of contingent assets and liabilities as of the closing day as well as the recognised income and expenses during the report period. The executive management continuously evaluates these judgments and estimates, including assessing control over investment funds, the fair value of financial instruments, provisions for credit impairments, impairment testing of goodwill, investment properties and owner-occupied properties, net realisable value of properties recognised as inventory, deferred taxes, defined benefit pension provisions and share-based payment costs. With the exception of tax in the Estonian subgroup as outlined below, there have been no significant changes to the basis upon which the critical accounting policies and judgments have been determined compared with 31 December 2014.

Tax

For the parent company's Estonian subgroup, 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. During the second quarter 2015 the decision was taken by the parent company to take an extra dividend of SEK 3 695m, which generated a tax expense of SEK 929m. Further dividends are not expected to be paid in the foreseeable future and the Group continues not to recognise a deferred tax liability on undistributed profits. If the largest possible dividend were to be distributed, the Group would face an estimated tax charge of SEK 2 589m.

Note 3 Changes in the Group structure

External

During the first quarter 2015 the wholly owned subsidiary Svensk Fastighetsförmedling AB was sold. The proceeds from the sale amounted to SEK 245m and a capital gain of SEK 51m was recognised.

During the second quarter the wholly owned subsidiary Swedbank Juristbyrå AB was sold for SEK 1 and a capital gain of SEK 9m was recognised. The divested subsidiary contributed SEK 5m to the Group's total income for 2015.

In 2015 Sparbanken Öresund AB were merged in Swedbank AB.

Note 4 Operating segments (business areas)

Full-year 2015 SEKm	Swedish Banking	Baltic Banking	Large Corporates & Institutions	Group Functions & Other	Eliminations	Group
Income statement						
Net interest income	13 435	3 558	3 428	2 572		22 993
Net commission income	7 176	2 052	2 025	-134	80	11 199
Net gains and losses on financial items at fair value	264	202	1 891	-1 785	-1	571
Share of profit or loss of associates	862			1		863
Other income	814	476	143	759	-194	1 998
Total income	22 551	6 288	7 487	1 413	-115	37 624
of which internal income	175		116	358	-649	
Staff costs	3 487	845	1 425	2 964		8 721
Variable staff costs	157	75	228	214		674
Other expenses	6 237	1 426	1 629	-2 911	-115	6 266
Depreciation/amortisation	106	136	64	366		672
Total expenses	9 987	2 482	3 346	633	-115	16 333
Profit before impairments	12 564	3 806	4 141	780	0	21 291
Impairment of intangible assets				254		254
Impairment of tangible assets		8		64		72
Credit impairments	482	-172	284			594
Operating profit	12 082	3 970	3 857	462		20 371
Tax expense	2 548	1 510	630	-63		4 625
Profit for the period from continuing operations	9 534	2 460	3 227	525		15 746
Profit for the period from discontinued operations, after tax				-6		-6
Profit for the period	9 534	2 460	3 227	519		15 740
Profit for the period attributable to the shareholders of Swedbank AB	9 521	2 460	3 227	519		15 727
Non-controlling interests	13					13
Balance sheet, SEKbn						
Cash and balances with central banks		2	5	179		186
Loans to credit institutions	42		277	10	-243	86
Loans to the public	1 064	125	218	7		1 414
Bonds and other interest-bearing securities		1	34	133	-3	165
Financial assets for which customers bear inv. risk	153	3			-3	153
Investments in associates	3			2		5
Derivatives			92	44	-50	86
Total tangible and intangible assets	2	10		4		16
Other assets	6	27	27	686	-708	38
Total assets	1 270	168	653	1 065	-1 007	2 149
Amounts owed to credit institutions	87		200	100	-237	150
Deposits and borrowings from the public	458	145	121	30	-6	748
Debt securities in issue			17	819	-9	827
Financial liabilities for which customers bear inv. risk	155	3				158
Derivatives			88	31	-50	69
Other liabilities	519		208	27	-705	49
Subordinated liabilities				25		25
Total liabilities	1 219	148	634	1 032	-1 007	2 026
Allocated equity	51	20	19	33		123
Total liabilities and equity	1 270	168	653	1 065	-1 007	2 149
Key figures						
Return on allocated equity, continuing operations, %	18.5	12.3	16.2	2.1		13.5
Return on allocated equity, total operations, %	18.5	12.3	16.2	2.1		13.5
Cost/income ratio	0.44	0.39	0.45	0.45		0.43
Credit impairment ratio, %	0.05	-0.14	0.16	0.00		0.04
Loan/deposit ratio, %	235	86	150			184
Loans, SEKbn	1 064	124	182	1		1 371
Deposits, SEKbn	453	145	121	25		744
Risk exposure amount, Basel 3, SEKbn	183	74	112	20		389
Full-time employees	4 469	3 853	1 195	4 376		13 893

Full-year 2014 SEKm	Swedish Banking	Baltic Banking	Large Corporates & Institutions	Group Functions & Other	Eliminations	Group
Income statement						
Net interest income	13 350	3 496	3 485	2 302	9	22 642
Net commission income	6 939	1 956	2 233		76	11 204
Net gains and losses on financial items at fair value	230	239	1 929	-413	1	1 986
Share of profit or loss of associates	980					980
Other income	1 179	416	121	1 072	-296	2 492
Total income	22 678	6 107	7 768	2 961	-210	39 304
of which internal income	188		113	-510	209	
Staff costs	4 034	783	1 364	3 272	-1	9 452
Variable staff costs	211	78	288	230		807
Other expenses	6 440	1 512	1 644	-2 727	-214	6 625
Depreciation/amortisation	91	144	68	410	5	718
Total expenses	10 746	2 517	3 364	1 185	-210	17 602
Profit before impairments	11 932	3 590	4 404	1 776		21 702
Impairment of intangible assets		1				1
Impairment of tangible assets		10		246		256
Credit impairments	246	-186	381	-22		419
Operating profit	11 686	3 765	4 023	1 552		21 026
Tax expense	2 392	565	880	464		4 301
Profit for the period from continuing operations	9 294	3 200	3 143	1 088		16 725
Profit for the period from discontinued operations, after tax				-262		-262
Profit for the period	9 294	3 200	3 143	826		16 463
Profit for the period attributable to the shareholders of Swedbank AB	9 280	3 200	3 143	824		16 447
Non-controlling interests	14			2		16
Balance sheet, SEKbn						
Cash and balances with central banks		3	5	106		114
Loans to credit institutions	58		300	162	-406	114
Loans to the public	1 023	126	240	16		1 405
Bonds and other interest-bearing securities		1	60	115	-5	171
Financial assets for which customers bear inv. risk	142	3			-2	143
Investments in associates	3			2		5
Derivatives			123	68	-68	123
Total tangible and intangible assets	3	11		3		17
Other assets	6	20	19	672	-688	29
Total assets	1 235	164	747	1 144	-1 169	2 121
Amounts owed to credit institutions	93		234	215	-371	171
Deposits and borrowings from the public	416	139	118	15	-11	677
Debt securities in issue	2	1	15	826	-9	835
Financial liabilities for which customers bear inv. risk	143	3				146
Derivatives			119	35	-68	86
Other liabilities	529		241	10	-710	70
Subordinated liabilities				19		19
Total liabilities	1 183	143	727	1 120	-1 169	2 004
Allocated equity	52	21	20	24		117
Total liabilities and equity	1 235	164	747	1 144	-1 169	2 121
Key figures						
Return on allocated equity, continuing operations, %	25.5	14.6	19.3	3.1		15.2
Return on allocated equity, total operations, %	25.5	14.6	19.3	2.3		15.0
Cost/income ratio	0.47	0.41	0.43	0.40		0.45
Credit impairment ratio, %	0.03	-0.16	0.18	-0.47		0.03
Loan/deposit ratio, %	249	91	165	4		201
Loans, SEKbn	1 024	126	175			1 325
Deposits, SEKbn	412	138	106	5		661
Risk exposure amount, Basel 3, SEKbn	185	81	124	24		414
Full-time employees	5 008	3 920	1 193	4 462		14 583

Operating segments' accounting policies

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

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

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

Note 5 Net interest income

Group SEKm	Q4 2015	Q3 2015	%	Q4 2014	%	Full-year 2015	Full-year 2014	%
Interest income								
Loans to credit institutions	87	62	40	62	40	329	658	-50
Loans to the public	7 832	8 113	-3	9 298	-16	33 144	38 741	-14
Interest-bearing securities	207	251	-18	431	-52	1 237	2 274	-46
Derivatives	-85	59		109		-27	-199	-86
Other	198	247	-20	220	-10	925	764	21
Total interest income	8 239	8 732	-6	10 120	-19	35 608	42 238	-16
of which interest income reported in net gains and losses on financial items at fair value	136	87	56	411	-67	625	1 186	-47
Interest income according to income statement	8 103	8 645	-6	9 709	-17	34 983	41 052	-15
Interest expenses								
Amounts owed to credit institutions	-96	-81	19	-79	22	-325	-479	-32
Deposits and borrowings from the public	-174	-289	-40	-559	-69	-1 256	-3 191	-61
of which deposit guarantee fees	-98	-155	-37	-175	-44	-563	-604	-7
Debt securities in issue	-3 221	-3 721	-13	-3 982	-19	-14 369	-16 901	-15
of which commissions for government guaranteed funding							-31	
Subordinated liabilities	-270	-279	-3	-124		-1 041	-671	55
Derivatives	1 567	1 752	-11	902	74	5 688	2 866	98
Other	-148	-208	-29	-244	-39	-748	-695	8
of which government stabilisation fund fee	-133	-188	-29	-211	-37	-681	-616	11
Total interest expenses	-2 342	-2 826	-17	-4 086	-43	-12 051	-19 071	-37
of which interest income reported in net gains and losses on financial items at fair value	2	8	-75	-186		-61	-661	-91
Interest expense according to income statement	-2 344	-2 834	-17	-3 900	-40	-11 990	-18 410	-35
Net interest income	5 759	5 811	-1	5 809	-1	22 993	22 642	2
Net interest margin	1.02	1.01		1.13		1.01	1.13	

Note 6 Net commission income

Group SEKm	Q4 2015	Q3 2015	%	Q4 2014	%	Full-year 2015	Full-year 2014	%
Commission income								
Payment processing	466	426	9	476	-2	1 729	1 793	-4
Card commissions	1 265	1 321	-4	1 157	9	4 861	4 451	9
Service concepts	120	121	-1	123	-2	498	493	1
Asset management and custody fees	1 465	1 362	8	1 443	2	5 750	5 683	1
Life insurance	161	163	-1	120	34	661	503	31
Brokerage and other securities	114	112	2	154	-26	621	666	-7
Corporate finance	64	49	31	160	-60	246	466	-47
Lending	250	251	0	200	25	1 020	956	7
Guarantees	57	53	8	58	-2	227	218	4
Deposits	19	39	-51	55	-65	141	154	-8
Real estate brokerage	55	59	-7	73	-25	256	301	-15
Non-life insurance	23	20	15	21	10	78	79	-1
Other commission income	139	135	3	128	9	495	489	1
Total commission income	4 198	4 111	2	4 168	1	16 583	16 252	2
Commission expenses								
Payment processing	-273	-242	13	-252	8	-1 029	-998	3
Card commissions	-605	-644	-6	-548	10	-2 358	-2 116	11
Service concepts	-4	-4	0	-4	0	-16	-16	0
Asset management and custody fees	-287	-313	-8	-309	-7	-1 263	-1 202	5
Life insurance	-46	-48	-4	-47	-2	-194	-218	-11
Brokerage and other securities	-60	-69	-13	-61	-2	-279	-279	0
Lending and guarantees	-22	-18	22	-19	16	-78	-63	24
Non-life insurance	-4	-3	33	-2	100	-11	-7	57
Other commission expenses	-20	-34	-41	-44	-55	-156	-149	5
Total commission expenses	-1 321	-1 375	-4	-1 286	3	-5 384	-5 048	7
Total Net commission income	2 877	2 736	5	2 882	0	11 199	11 204	0

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

Group SEKm	Q4 2015	Q3 2015	%	Q4 2014	%	Full-year 2015	Full-year 2014	%
Valuation category, fair value through profit or loss								
Shares and share related derivatives	-57	210		183		367	387	-5
of w hich dividend	10	5	100	3		325	305	7
Interest-bearing securities and interest related derivatives	374	-75		46		672	-235	
Loans to the public	-841	-489	72	-148		-2 618	1 371	
Financial liabilities	228	689	-67	-508		977	-1 008	
Other financial instruments	-58	123		5		74	1	
Total fair value through profit or loss	-354	458		-422	-16	-528	516	
Hedge accounting								
Ineffective part in hedge accounting at fair value	9	-65		13	-31	-57	8	
of w hich hedging instruments	-2 128	1 147		2 130		-4 527	8 040	
of w hich hedged items	2 137	-1 212		-2 117		4 470	-8 032	
Ineffective part in hedging of net investments in foreign operations		-7		5			15	
Total hedge accounting	9	-72		18	-50	-57	23	
Loan receivables at amortised cost	40	74	-46	57	-30	194	170	14
Financial liabilities valued at amortised cost	-106	-676	-84			-803	-2	
Trading related interest								
Interest income	135	88	53	412	-67	625	1 187	-47
Interest expense	3	8	-63	-185		-60	-661	-91
Total trading related interest	138	96	44	227	-39	565	526	7
Change in exchange rates	438	124		189		1 200	753	59
Total net gains and losses on financial items at fair value	165	4		69		571	1 986	-71
Distribution by business purpose								
Financial instruments for trading related business	512	350	46	483	6	2 054	2 423	-15
Financial instruments intended to be held to contractual maturity	-347	-346	0	-414	-16	-1 483	-437	
Total	165	4		69		571	1 986	-71

Note 8 Other expenses

Group SEKm	Q4 2015	Q3 2015	%	Q4 2014	%	Full-year 2015	Full-year 2014	%
Premises and rents	357	264	35	296	21	1 172	1 355	-14
IT expenses	525	481	9	478	10	1 888	1 824	4
Telecommunications and postage	38	39	-3	43	-12	158	161	-2
Advertising, PR and marketing	132	56		91	45	340	361	-6
Consultants	94	72	31	85	11	310	408	-24
Compensation to savings banks	177	192	-8	194	-9	762	735	4
Other purchased services	170	148	15	165	3	617	635	-3
Security transport and alarm systems	23	21	10	22	5	83	85	-2
Supplies	25	24	4	25	0	108	109	-1
Travel	62	35	77	66	-6	190	218	-13
Entertainment	22	11	100	24	-8	54	59	-8
Repair/maintenance of inventories	39	26	50	35	11	115	130	-12
Other expenses	127	89	43	137	-7	469	545	-14
Total other expenses	1 791	1 458	23	1 661	8	6 266	6 625	-5

Note 9 Credit impairments

Group SEKm	Q4 2015	Q3 2015	%	Q4 2014	%	Full-year 2015	Full-year 2014	%
Provision for loans individually assessed as impaired								
Provisions	473	174		-12		942	755	25
Reversal of previous provisions	-7	-36	-81	-85	-92	-204	-344	-41
Provision for homogenous groups of impaired loans, net	-12	-15	-20	-109	-89	-36	-444	-92
Total	454	123		-206		702	-33	
Portfolio provisions for loans individually assessed as not impaired	-87			-19		-132	-77	71
Write-offs								
Established losses	281	189	49	847	-67	954	1 808	-47
Utilisation of previous provisions	-137	-87	57	-276	-50	-501	-821	-39
Recoveries	-118	-90	31	-61	93	-428	-396	8
Total	26	12		510	-95	25	591	-96
Credit impairments for contingent liabilities and other credit risk exposures	6	-5		-31		-1	-62	-98
Credit impairments	399	130		254	57	594	419	42
Credit impairment ratio, %	0.11	0.04		0.07		0.04	0.03	

Note 10 Loans

Group SEKm	31 Dec 2015			31 Dec 2014	
	Loans before provisions	Provisions	Loans after provisions Carrying amount	Loans after provisions Carrying amount	%
Loans to credit institutions					
Banks	74 038	14	74 024	87 302	-15
Repurchase agreements, banks	387		387	12 473	-97
Other credit institutions	10 655		10 655	9 049	18
Repurchase agreements, other credit institutions	1 352		1 352	4 996	-73
Loans to credit institutions	86 432	14	86 418	113 820	-24
Loans to the public					
Private customers	869 850	979	868 871	830 158	5
Private, mortgage	733 382	679	732 703	696 398	5
Housing cooperatives	101 285	36	101 249	98 258	3
Private, other	35 183	264	34 919	35 502	-2
Corporate customers	504 081	2 388	501 693	495 181	1
Agriculture, forestry, fishing	73 757	131	73 626	72 623	1
Manufacturing	42 352	1 023	41 329	42 335	-2
Public sector and utilities	24 568	36	24 532	21 951	12
Construction	17 649	83	17 566	16 325	8
Retail	30 141	253	29 888	30 759	-3
Transportation	12 261	39	12 222	11 926	2
Shipping and offshore	29 803	64	29 739	30 302	-2
Hotels and restaurants	6 958	43	6 915	6 739	3
Information and communications	5 596	13	5 583	5 562	0
Finance and insurance	12 469	54	12 415	10 264	21
Property management	211 254	337	210 917	205 295	3
Residential properties	56 431	74	56 357	53 003	6
Commercial	88 723	89	88 634	89 144	-1
Industrial and Warehouse	44 434	56	44 378	40 919	8
Other	21 666	118	21 548	22 229	-3
Professional services	19 488	196	19 292	16 867	14
Other corporate lending	17 785	116	17 669	24 233	-27
Loans to the public excluding the Swedish National Debt Office and repurchase agreements	1 373 931	3 367	1 370 564	1 325 339	3
Swedish National Debt Office	8 726		8 726	16 556	-47
Repurchase agreements, Swedish National Debt Office	1 817		1 817	3 449	-47
Repurchase agreements, public	32 848		32 848	59 163	-44
Loans to the public	1 417 322	3 367	1 413 955	1 404 507	1
Loans to the public and credit institutions	1 503 754	3 381	1 500 373	1 518 327	-1

Note 11 Impaired loans etc.

Group SEKm	31 Dec 2015	31 Dec 2014	%
Impaired loans, gross	6 035	6 281	-4
Provisions for individually assessed impaired loans	1 883	1 306	44
Provision for homogenous groups of impaired loans	541	891	-39
Impaired loans, net	3 611	4 084	-12
of w hich private customers	1 380	1 833	-25
of w hich corporate customers	2 231	2 251	-1
Portfolio provisions for loans individually assessed as not impaired	957	1 133	-16
Share of impaired loans, gross, %	0.40	0.41	-2
Share of impaired loans, net, %	0.24	0.27	-11
Provision ratio for impaired loans, %	40	35	14
Total provision ratio for impaired loans, % ¹⁾	56	53	6
Past due loans that are not impaired	3 581	4 362	-18
of w hich past due 5-30 days	2 127	2 409	-12
of w hich past due 31-60 days	819	1 100	-26
of w hich past due 61-90 days ²⁾	424	n.a	
of w hich past due more than 90 days ³⁾	211	853	

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

²⁾ New interval of 61-90 days as of 31 March 2015. Earlier this was reported in the interval over 60 days.

³⁾ The split between the new intervals for previous periods are not available. For periods prior to 31 March 2015, the row of which past due more than 90 days also includes the interval 61-90 days.

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

Group SEKm	31 Dec 2015	31 Dec 2014	%
Buildings and land	408	874	-53
Shares and participating interests	17	13	31
Other property taken over	6	13	-54
Total assets taken over for protection of claims	431	900	-52
Cancelled leases	10	34	-71
Total assets taken over for protection of claims and cancelled leases	441	934	-53
of w hich acquired by Ektornet	262	778	-66

Note 13 Credit exposures

Group SEKm	31 Dec 2015	31 Dec 2014	%
Assets			
Cash and balances w ith central banks	186 312	113 768	64
Interest-bearing securities	165 162	170 680	-3
Loans to credit institutions	86 418	113 820	-24
Loans to the public	1 413 955	1 404 507	1
Derivatives	86 107	123 202	-30
Other financial assets	18 424	14 712	25
Total assets	1 956 378	1 940 689	1
Contingent liabilities and commitments			
Guarantees	35 824	27 259	31
Commitments	235 312	237 007	-1
Total contingent liabilities and commitments	271 136	264 266	3
Total credit exposures	2 227 514	2 204 955	1

Note 14 Intangible assets

Group SEKm	31 Dec 2015	31 Dec 2014	%
With indefinite useful life			
Goodwill	12 010	12 344	-3
Total	12 010	12 344	-3
With finite useful life			
Customer base	617	857	-28
Internally developed software	630	536	18
Other	433	582	-26
Total	1 680	1 975	-15
Total intangible assets	13 690	14 319	-4

	Full year 2015	Full year 2014	%
Goodwill			
Cost			
Opening balance	14 668	13 701	7
Exchange rate differences	-687	967	
Closing balance	13 981	14 668	-5
Accumulated amortisation and impairments			
Opening balance	-2 324	-1 941	20
Exchange rate differences	353	-383	
Closing balance	-1 971	-2 324	-15
Carrying amount	12 010	12 344	-3

Impairment testing of intangible assets

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

The annual test in 2015 did not lead to any impairment. During the third quarter 2015 an IT system was written down by SEK 112m and an acquired management contract by SEK 142m.

Note 15 Amounts owed to credit institutions

Group SEKm	31 Dec 2015	31 Dec 2014	%
Amounts owed to credit institutions			
Central banks	7 704	11 159	-31
Banks	140 462	150 435	-7
Other credit institutions	1 508	4 112	-63
Repurchase agreements - banks	3	3 839	-100
Repurchase agreements - other credit institutions	816	1 908	-57
Amounts owed to credit institutions	150 493	171 453	-12

Note 16 Deposits and borrowings from the public

Group SEKm	31 Dec 2015	31 Dec 2014	%
Deposits from the public			
Private customers	398 718	371 877	7
Corporate customers	345 268	289 034	19
Deposits from the public excluding the Swedish National Debt Office and repurchase agreements	743 986	660 911	13
Swedish National Debt Office	1	1	
Repurchase agreements - Swedish National Debt Office		2 965	
Repurchase agreements - public	4 284	12 802	-67
Deposits and borrowings from the public	748 271	676 679	11

Note 17 Debt securities in issue

Group SEKm	31 Dec 2015	31 Dec 2014	%
Commercial paper	107 046	195 191	-45
Covered bonds	550 669	511 666	8
Senior unsecured bonds	154 244	114 840	34
Structured retail bonds	14 576	13 315	9
Total debt securities in issue	826 535	835 012	-1

Turnover during the period	Full year 2015	Full year 2014	%
Opening balance	835 012	726 275	15
Issued	1 164 181	838 981	39
Business combination		2 028	
Repurchased	-39 857	-44 924	-11
Repaid	-1 112 847	-741 088	50
Change in market value or in hedged item in fair value hedge accounting	-13 349	22 224	
Changes in exchange rates	-6 605	31 516	
Closing balance	826 535	835 012	-1

Note 18 Derivatives

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

Group SEKm	Nominal amount 30 Sep 2015								
	Remaining contractual maturity			Nominal amount		Positive fair value		Negative fair value	
	< 1 yr.	1-5 yrs.	> 5 yrs.	2015 31 Dec	2014 31 Dec	2015 31 Dec	2014 31 Dec	2015 31 Dec	2014 31 Dec
Derivatives in fair value hedges	76 312	364 822	65 550	506 684	418 889	18 038	23 235	452	340
Derivatives in portfolio fair value hedges	42 000	76 550	10 825	129 375	73 700	166	1	1 601	1 752
Derivatives in cash flow hedges	12 875	898	8 466	22 239	22 697		10	2 303	1 793
Derivatives in hedges of net investment in foreign operations					153				9
Other derivatives	5 158 284	3 543 784	732 325	9 434 393	11 833 956	81 854	110 915	79 167	94 097
Gross amount	5 289 471	3 986 054	817 166	10 092 691	12 349 395	100 058	134 161	83 523	97 991
Offset amount	-1 365 252	-1 976 258	-305 866	-3 647 376		-13 951	-10 959	-14 842	-12 297
Total	3 924 219	2 009 796	511 300	6 445 315	12 349 395	86 107	123 202	68 681	85 694

The amounts offset for derivative assets and derivative liabilities include cash collateral offsets of SEK 1 666m and SEK 775m, respectively.

Note 19 Financial instruments at fair value

Group SEKm	31 Dec 2015			31 Dec 2014		
	Fair value	Carrying amount	Difference	Fair value	Carrying amount	Difference
Assets						
Financial assets covered by IAS 39						
Cash and balances with central banks	186 312	186 312		113 768	113 768	
Treasury bills etc.	76 628	76 552	76	46 307	46 225	82
Loans to credit institutions	86 418	86 418		113 820	113 820	
Loans to the public	1 419 486	1 413 955	5 531	1 412 718	1 404 507	8 211
Value change of interest hedged items in portfolio hedge	1 009	1 009		1 291	1 291	
Bonds and interest-bearing securities	88 618	88 610	8	124 465	124 455	10
Financial assets for which the customers bear the investment risk	153 442	153 442		143 319	143 319	
Shares and participating interest	11 074	11 074		9 931	9 931	
Derivatives	86 107	86 107		123 202	123 202	
Other financial assets	18 424	18 424		14 712	14 712	
Total	2 127 518	2 121 903	5 615	2 103 533	2 095 230	8 303
Investment in associates		5 382			4 924	
Non-financial assets		21 569			21 143	
Total		2 148 854			2 121 297	
Liabilities						
Financial liabilities covered by IAS 39						
Amounts owed to credit institutions	150 302	150 493	-191	171 457	171 453	4
Deposits and borrowings from the public	748 254	748 271	-17	676 662	676 679	-17
Debt securities in issue	832 196	826 535	5 661	842 238	835 012	7 226
Financial liabilities for which the customers bear the investment risk	157 836	157 836		146 177	146 177	
Subordinated liabilities	24 627	24 613	14	18 932	18 957	-25
Derivatives	68 681	68 681		85 694	85 694	
Short positions securities	8 191	8 191		27 058	27 058	
Other financial liabilities	31 597	31 597		30 096	30 096	
Total	2 021 683	2 016 217	5 466	1 998 314	1 991 126	7 188
Non-financial liabilities		9 297			12 798	
Total		2 025 514			2 003 924	

Group 31 Dec 2015 SEKm	Instruments with quoted market prices in active markets (Level 1)	Valuation techniques using observable market data (Level 2)	Valuation techniques using non- observable market data (Level 3)	Total
Assets				
Treasury bills etc.	24 650	51 434		76 084
Loans to credit institutions		1 739		1 739
Loans to the public		230 976		230 976
Bonds and other interest-bearing securities	59 213	25 479		84 692
Financial assets for which the customers bear the investment risk	153 442			153 442
Shares and participating interests	10 908	93	73	11 074
Derivatives	166	85 827	114	86 107
Total	248 379	395 548	187	644 114
Liabilities				
Amounts owed to credit institutions		816		816
Deposits and borrowings from the public		4 447		4 447
Debt securities in issue	1 509	18 914		20 423
Financial liabilities for which the customers bear the investment risk		157 836		157 836
Derivatives	28	68 653		68 681
Short positions, securities	8 191			8 191
Total	9 728	250 666		260 394

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

The methods are divided into three different levels:

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

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

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

Group 31 Dec 2014 SEKm	Instruments with quoted market prices in an active market (Level 1)	Valuation techniques using observable market data (Level 2)	Valuation techniques using non- observable market data (Level 3)	Total
Assets				
Treasury bills 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 other interest-bearing securities	75 188	47 982		123 170
Financial assets for which the customers bear the investment risk	143 319			143 319
Shares and participating interests	9 681	173	77	9 931
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

Changes in level 3 Group SEKm	Assets		
	Equity instruments	Derivatives	Total
January-December 2015			
Opening balance 1 January 2015	77	81	158
Purchases	16		16
Sale of assets	-15		-15
Maturities		-35	-35
Issues		9	9
Transferred from Level 2 to Level 3		148	148
Transferred from Level 3 to Level 1	-2		-2
Transferred from Level 3 to Level 2		-83	-83
Gains or losses	-3	-6	-9
of which in the income statement, net gains and losses on financial items at fair value	-3	-6	-9
of which changes in unrealised gains or losses for items held at closing day		-47	-47
Closing balance 31 December 2015	73	114	187

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

Given historical movements in the underlying prices for options on level 3, it is unlikely that future price movements will affect the market value by more than SEK +/- 36m. The corresponding pair of value changes arises for financial instruments reported in level 2.

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

Changes in level 3 Group SEKm	Assets			Liabilities
	Equity instruments	Derivatives	Total	Derivatives
January-December 2014				
Opening balance 1 January 2014	57	133	190	19
Purchases	21		21	
Sale of assets	-2		-2	
Transferred from Level 2 to Level 3	3	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 31 December 2014	77	81	158	0

Note 20 Pledged collateral

Group SEKm	31 Dec 2015	31 Dec 2014	%
Loan receivables	819 551	780 213	5
Financial assets pledged for policyholders	145 410	136 529	7
Other assets pledged	43 361	53 415	-19
Pledged collateral	1 008 322	970 157	4

Note 21 Offsetting financial assets and liabilities

The amounts offset for financial assets and financial liabilities include cash collateral offsets of SEK 1 666m and SEK 775m, respectively.

Group SEKm	Assets			Liabilities		
	31 Dec 2015	31 Dec 2014	%	31 Dec 2015	31 Dec 2014	%
Financial assets and liabilities, which have been offset or are subject to netting or similar agreements						
Gross amount	134 805	213 414	-37	88 752	120 623	-26
Offset amount	-16 950	-14 735	15	-17 841	-16 073	11
Net amounts presented in the balance sheet	117 855	198 679	-41	70 911	104 550	-32
Related amounts not offset in the balance sheet						
Financial instruments, netting arrangements	44 698	78 707	-43	44 698	78 707	-43
Financial Instruments, collateral	32 614	66 997	-51	3 041	10 844	-72
Cash, collateral	19 915	29 717	-33	15 653	11 907	31
Total amount not offset in the balance sheet	97 227	175 421	-45	63 392	101 458	-38
Net amount	20 628	23 258	-11	7 519	3 092	

The amounts offset for financial assets and financial liabilities include cash collateral offsets of SEK 1 666m and SEK 775m, respectively.

Note 22 Capital adequacy, consolidated situation

Capital adequacy SEKm	31 Dec 2015	31 Dec 2014
Shareholders' equity according to the Group's balance sheet	123 163	117 203
Non-controlling interests	54	46
Anticipated dividend	-11 828	-12 511
Deconsolidation of insurance companies	-1 249	-692
Value changes in own financial liabilities	31	74
Cash flow hedges	-17	103
Additional value adjustments ¹⁾	-474	
Goodwill	-12 097	-12 434
Deferred tax assets	-95	-166
Intangible assets	-1 438	-1 698
Net provisions for reported IRB credit exposures	-1 089	-1 599
Shares deducted from CET1 capital	-42	-410
Defined benefit pension fund assets ²⁾	-993	
Common Equity Tier 1 capital	93 926	87 916
Additional Tier 1 capital	10 624	4 998
Total Tier 1 capital	104 550	92 914
Tier 2 capital	13 269	12 674
Total capital	117 819	105 588
Minimum capital requirement for credit risks, standardised approach	3 823	4 295
Minimum capital requirement for credit risks, IRB	20 801	21 988
Minimum capital requirement for credit risk, default fund contribution	4	3
Minimum capital requirement for settlement risks	1	2
Minimum capital requirement for market risks	858	1 525
Trading book	848	1 335
of which VaR and SVaR	525	711
of which risks outside VaR and SVaR	323	624
FX risk other operations	10	190
Minimum capital requirement for credit value adjustment	594	579
Minimum capital requirement for operational risks	5 047	4 745
Minimum capital requirement ³⁾	31 128	33 137
Risk exposure amount credit risks	307 856	328 574
Risk exposure amount settlement risks	7	30
Risk exposure amount market risks	10 730	19 059
Risk exposure amount credit value adjustment	7 422	7 241
Risk exposure amount operational risks	63 083	59 310
Risk exposure amount	389 098	414 214
Common Equity Tier 1 capital ratio, %	24.1	21.2
Tier 1 capital ratio, %	26.9	22.4
Total capital ratio, %	30.3	25.5
Capital buffer requirement ⁴⁾	31 Dec	31 Dec
%	2015	2014
CET1 capital requirement including buffer requirements	10.7	7.0
of which minimum CET1 requirement	4.5	4.5
of which capital conservation buffer	2.5	2.5
of which countercyclical capital buffer	0.7	
of which systemic risk buffer	3.0	
CET 1 capital available to meet buffer requirement ⁵⁾	19.6	16.4
Capital adequacy Basel 1 floor	31 Dec	31 Dec
SEKm	2015	2014
Capital requirement Basel 1 floor	68 577	69 557
Own funds Basel 3 adjusted according to rules for Basel 1 floor	118 908	107 187
Surplus of capital according to Basel 1 floor	50 331	37 630
Leverage ratio ⁶⁾	31 Dec	31 Dec
	2015	2014
Tier 1 Capital, SEKm	104 550	92 914
Leverage ratio exposure, SEKm	2 102 284	2 066 385
Leverage ratio, %	5.0	4.5

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

²⁾ Net pension assets

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

⁴⁾ Buffer requirement according to Swedish implementation of CRD IV.

⁵⁾ 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.

⁶⁾ Calculated according to applicable regulation at each respective reporting date.

The consolidated situation for Swedbank as of 30 September 2015 comprised the Swedbank Group with the exception of insurance companies. The Entercard Group was included as well through the proportionate consolidation method.

In February 2015 Swedbank issued USD 750m in Additional Tier 1 capital with a contractually optional annual coupon rate of 5.5 per cent. The issuance was in the form of a perpetual subordinated debt instrument, which has a call option in 5 years. The instrument also has a mandatory conversion to a variable number of ordinary shares if Swedbank's regulatory capital base falls below a certain level. Swedbank classifies the instrument as subordinated liabilities in the consolidated

balance sheet, even though it is considered part of Tier 1 capital in the capital adequacy report.

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

Swedbank Consolidated situation Credit risk, IRB SEKm	Exposure value		Average risk weighting, %		Minimum capital requirement ¹⁾	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
	Institutional exposures	108 019	136 263	15	15	1 305
Corporate exposures	471 163	461 567	35	37	13 213	13 616
Retail exposures	974 908	931 884	7	8	5 739	6 110
of which mortgage	882 979	839 420	5	6	3 673	4 001
of which other	91 929	92 464	28	29	2 066	2 109
Securitisation	160	763	8	11	1	7
Non credit obligation	62 686	75 078	11	10	543	589
Total credit risks, IRB	1 616 936	1 605 555	16	17	20 801	21 988

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

Risk exposure amount and Own funds requirement, consolidated situation

31 Dec 2015

SEKm

	Risk exposure amount	Minimum capital requirement
Credit risks, STD	47 786	3 823
Central government or central banks exposures	379	30
Regional governments or local authorities exposures	274	22
Public sector entities exposures	56	4
Multilateral development banks exposures		
International organisation exposures		
Institutional exposures	803	64
Corporate exposures	9 041	723
Retail exposures	16 854	1 348
Exposures secured by mortgages on immovable property	834	67
Exposures in default	420	34
Exposures associated with particularly high risk		
Exposures in the form of covered bonds	7	1
Items representing securitisation positions		
Exposures to institutions and corporates with a short-term credit assessment		
Exposures in the form of units or shares in collective investment undertakings		
Equity exposures	14 808	1 185
Other items	4 310	345
Credit risks, IRB	260 018	20 801
Institutional exposures	16 312	1 305
Corporate exposures	165 160	13 213
of which specialized lending in category 1	18	1
of which specialized lending in category 2	429	34
of which specialized lending in category 3	752	60
of which specialized lending in category 4	682	55
of which specialized lending in category 5		
Retail exposures	71 735	5 739
of which mortgage lending	45 912	3 673
of which other lending	25 824	2 066
Securitisation	12	1
Non-credit obligation	6 799	543
Credit risks, Default fund contribution	53	4
Settlement risks	7	1
Market risks	10 730	858
Trading book	10 608	848
of which VaR and SVaR	6 566	525
of which risks outside VaR and SVaR	4 042	323
FX risk other operations	122	10
Credit value adjustment	7 422	594
Operational risks	63 083	5 047
of which Standardised approach	63 083	5 047
Total	389 098	31 128

Credit risks

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

When it acts as clearing member, Swedbank calculates a capital base requirement for its pre-financed contributions to the default fund of qualified and unqualified central counterparty funds.

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

Market risks

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

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

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

Credit valuation adjustment

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

Operational risk

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

Basel 1 floor

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

Note 23 Internal capital requirement

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

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

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

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

As of 31 December 2015 the internal capital assessment for Swedbank's consolidated situation amounted to SEK 30.8bn (SEK 31.3bn as of 30 September). The capital to meet the internal capital assessment, i.e. the capital base, amounted to SEK 117.8bn (SEK 116.9bn as of 30 September) (see Note 22). Swedbank's internal capital assessment with its own models is not comparable with the estimated capital requirement that the SFSA releases quarterly.

The internally estimated capital requirement for the Parent Company is SEK 27.1bn (SEK 24.8bn as of 30 September) and the capital base is SEK 92.1bn (SEK 90.0bn as of 30 September) (see Note Capital adequacy for parent company).

In addition to what is stated in this interim report, risk management and capital adequacy according to the Basel 3 framework are described in more detail in Swedbank's annual report for 2014 as well as in Swedbank's yearly Risk and Capital Adequacy Report, available on www.swedbank.com.

Note 24 Risks and uncertainties

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

In addition to what is stated in this interim report, detailed descriptions are provided in Swedbank's 2014 annual report and in the annual disclosure on risk management and capital adequacy according to Basel 2 rules, available on www.swedbank.com.

Effect on value of assets and liabilities in SEK and foreign currency, including derivatives if interest rates increase by 100bp, 31 Dec 2015

Group	< 5 years	5-10 years	>10 years	Total
SEKm				
Swedbank, the Group	111	-199	63	-25
of which SEK	-1 005	-119	21	-1 103
of which UVAL	1 116	-80	42	1 078
Of which financial instruments at fair value reported through profit or loss	908	3	43	954
of which SEK	-254	45	-29	-238
of which UVAL	1 162	-42	72	1 192

Note 25 Business combinations 2014

On 20 May 2014 Swedbank AB acquired all the shares in Sparbanken Öresund AB. On the same date, immediately after the share purchase, Sparbanken Öresund AB sold a number of bank branches to

Sparbanken Skåne AB. Because certain assets and liabilities in the combination were acquired to be immediately divested, they were classified as held for sale on the acquisition date.

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

The gain recognised on the acquisition was a result of the fact that Swedbank had to make extensive changes in the acquired operations, including the divestment of branches and associated system solutions. For this

reason, a restructuring reserve has been recognised and immediately after the acquisition amounted to SEK 591m.

Group	Carrying amount in the Group at acquisition date
SEKm	20 May 2014
Cash flow	
Cash and cash equivalents in the acquired company	20
Acquisition cost, cash	-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 flows not expected to be collected	258

From the acquisition date the acquired company contributed SEK 489m to income and SEK 75m to profit after tax, excluding the bargain purchase gain. If the company had been acquired at the beginning of the 2014 financial year, consolidated income to 31

December 2014 would have amounted to SEK 39 653m instead of SEK 39 304m. The Group's profit after tax would have amounted to SEK 16 457m instead of SEK 16 463m.

Note 26 Discontinued operations

Group SEKm	Full-year 2015		Full-year 2014		
	Russia	Total	Russia	Lithuania	Total
Profit from discontinued operations					
Income	1	1	161	252	413
Expenses	21	21	64	239	303
Profit before impairments	-20	-20	97	13	110
Impairments	-66	-66	-349		-349
Operating profit	-86	-86	-252	13	-239
Tax expense	104	104	36		36
Post-tax profit for the year reported by the discontinued operations					
	18	18	-216	13	-203
Disposal result				163	163
Reclassification adjustments to income statement of which exchange differences foreign operations	-24	-24	-223		-223
of which hedging of net investments in foreign operations	-87	-87	-508		-508
of which income tax	91	91	365		365
	-28	-28	-80		-80
Profit for the year from the discontinued operations, after tax					
	-6	-6	-439	176	-262

	31 Dec 2015		31 Dec 2014		
	Russia	Total	Russia	Lithuania	Total
Group of assets classified as held for sale					
Loans to the public	18	18	519		519
of which impaired loans, gross	108	108	262		262
of which individual provisions	-90	-90	-178		-178
of which impaired loans, net	18	18	84		84
of which portfolio provisions			-210		-210
Non-current tangible assets					
Other assets	130	130	96		96
Total assets	148	148	615		615
Liabilities directly associated with group of assets classified as held for sale					
Amounts owed to credit institutions					
Other liabilities	14	14	39		39
Total liabilities	14	14	39		39

Note 27 Related-party transactions

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

consolidated statements by SEK 166m. The holding generated a net gain of SEK 50m.

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

Note 28 Swedbank's share

	31 Dec 2015	31 Dec 2014	%
SWED A			
Share price, SEK	187.10	195.50	-4
Number of outstanding ordinary shares	1 105 403 750	1 102 088 934	0
Market capitalisation, SEKm	206 821	215 458	-4

	31 Dec 2015	31 Dec 2014
Number of outstanding shares		
Issued shares		
SWED A	1 132 005 722	1 132 005 722
Repurchased shares		
SWED A	-26 601 972	-29 750 577
Repurchase of own shares for trading purposes		
SWED A		-166 211
Number of outstanding shares on the closing day	1 105 403 750	1 102 088 934

Within Sw edbank's share-based compensation programme, Sw edbank AB has during 2015 transferred 3 148 605 shares at no cost to employees.

	Q4 2015	Q3 2015	Q4 2014	Full-year 2015	Full-year 2014
Earnings per share					
Average number of shares					
Average number of shares before dilution	1 105 400 254	1 105 400 254	1 102 253 338	1 104 894 828	1 101 274 830
Weighted average number of shares for potential ordinary shares that incur a dilutive effect due to share-based compensation programme	7 955 128	8 852 559	9 351 516	8 478 982	9 365 732
Average number of shares after dilution	1 113 355 382	1 114 252 814	1 111 604 854	1 113 373 810	1 110 640 562
Profit, SEKm					
Profit for the period attributable to shareholders of Sw edbank	3 813	3 928	3 795	15 727	16 447
Earnings for the purpose of calculating earnings per share	3 813	3 928	3 795	15 727	16 447
Earnings per share, SEK					
Earnings per share before dilution	3.44	3.56	3.44	14.23	14.93
Earnings per share after dilution	3.44	3.51	3.41	14.13	14.81

Swedbank AB

Income statement, condensed

Parent company SEKm	Q4 2015	Q3 2015	%	Q4 2014	%	Full-year 2015	Full-year 2014	%
Interest income	3 873	3 750	3	8 316	-53	15 875	21 230	-25
Interest expenses	-809	-771	5	-1 429	-43	-3 702	-6 958	-47
Net interest income	3 064	2 979	3	6 887	-56	12 173	14 272	-15
Dividends received	4 950	1 259		13 367	-63	12 918	22 131	-42
Commission income	2 540	2 352	8	4 158	-39	9 575	9 338	3
Commission expenses	-866	-870	0	-2 056	-58	-3 426	-3 241	6
Net commission income	1 674	1 482	13	2 102	-20	6 149	6 097	1
Net gains and losses on financial items at fair value	353	80		109		294	979	-70
Other income	396	314	26	319	24	1 259	1 288	-2
Total income	10 437	6 114	71	22 784	-54	32 793	44 767	-27
Staff costs	1 827	1 867	-2	2 070	-12	7 667	7 913	-3
Other expenses	1 277	1 115	15	1 195	7	4 536	4 323	5
Depreciation/amortisation and impairments of tangible and intangible fixed assets	1 137	1 204	-6	4 081	-72	4 455	4 481	-1
Total expenses	4 241	4 186	1	7 346	-42	16 658	16 717	0
Profit before impairments	6 196	1 928		15 438	-60	16 135	28 050	-42
Impairment of financial fixed assets	134			1 880	-93	236	2 193	-89
Credit impairments	471	106		241	95	658	539	22
Operating profit	5 591	1 822		13 317	-58	15 241	25 318	-40
Appropriations	-88	-16		-652	-87	-137	-698	-80
Tax expense	1 304	441		2 171	-40	1 917	3 761	-49
Profit for the period	4 375	1 397		11 798	-63	13 461	22 255	-40

Statement of comprehensive income, condensed

Parent company SEKm	Q4 2015	Q3 2015	%	Q4 2014	%	Full-year 2015	Full-year 2014	%
Profit for the period reported via income statement	4 375	1 397		11 798	-63	13 461	22 255	-40
Items that will not be reclassified to the income statement								
Remeasurements of defined benefit pension plans		8		-8		8	-8	
Income tax	-1	-1	0	0		-2	1	
Total	-1	7		-8	-88	6	-7	
Items that may be reclassified to the income statement								
Cash flow hedges:								
Gains/losses arising during the period		-1				1	-13	
Reclassification adjustments to income statement, net interest income		-3		5		4	18	-78
Income tax				-1		-2	-1	0
Total		-4		4		3	4	-25
Other comprehensive income for the period, net of tax	-1	3		-4	-75	9	-3	
Total comprehensive income for the period	4 374	1 400		11 794	-63	13 470	22 252	-39

Balance sheet, condensed

Parent company SEKm	31 Dec 2015	31 Dec 2014	%
Assets			
Cash and balance with central banks	131 859	73 802	79
Loans to credit institutions	425 095	435 979	-2
Loans to the public	416 482	432 879	-4
Interest-bearing securities	157 412	160 021	-2
Shares and participating interests	70 325	69 970	1
Derivatives	98 300	133 703	-26
Other assets	39 595	40 150	-1
Total assets	1 339 068	1 346 504	-1
Liabilities and equity			
Amounts owed to credit institutions	220 983	222 569	-1
Deposits and borrowings from the public	599 476	532 118	13
Debt securities in issue	275 845	318 041	-13
Derivatives	98 508	118 696	-17
Other liabilities and provisions	32 240	51 045	-37
Subordinated liabilities	24 613	18 010	37
Untaxed reserves	10 021	10 043	0
Equity	77 382	75 982	2
Total liabilities and equity	1 339 068	1 346 504	-1
Pledged collateral	40 671	49 462	-18
Other assets pledged	3 666	7 053	-48
Contingent liabilities	575 291	515 934	12
Commitments	205 982	201 188	2

Statement of changes in equity, condensed

Parent company
SEKm

	Share capital	Share premium reserve	Statutory reserve	Cash flow hedges	Retained earnings	Total
January-December 2014						
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 period				4	22 248	22 252
Closing balance 31 December 2014	24 904	13 206	5 968	-3	31 907	75 982
January-December 2015						
Opening balance 1 January 2015	24 904	13 206	5 968	-3	31 907	75 982
Dividend					-12 539	-12 539
Disposal of own shares for trading purposes					33	33
Share based payments to employees					413	413
Deferred tax related to share based payments to employees					-34	-34
Current tax related to share based payments to employees					57	57
Total comprehensive income for the period				3	13 467	13 470
Closing balance 31 December 2015	24 904	13 206	5 968	0	33 304	77 382

Cash flow statement, condensed

Parent company SEKm	Full-year 2015	Full-year 2014
Cash flow from operating activities	97 570	-50 145
Cash flow from investing activities	6 911	-399
Cash flow from financing activities	-46 424	91 907
Cash flow for the period	58 057	41 363
Cash and cash equivalents at beginning of period	73 802	32 439
Cash flow for the period	58 057	41 363
Cash and cash equivalents at end of period	131 859	73 802

Capital adequacy

Capital adequacy, Parent company SEKm	31 Dec 2015	31 Dec 2014
Common Equity Tier 1 capital	68 222	65 453
Additional Tier 1 capital	10 614	4 989
Tier 1 capital	78 836	70 442
Tier 2 capital	13 249	12 402
Total capital	92 085	82 844
Minimum capital requirement¹⁾	24 395	25 593
Risk exposure amount	304 943	319 908
Common Equity Tier 1 capital ratio, %	22.4	20.5
Tier 1 capital ratio, %	25.9	22.0
Total capital ratio, %	30.2	25.9
Capital buffer requirement²⁾ %	31 Dec 2015	31 Dec 2014
CET1 capital requirement including buffer requirements	7.9	7.0
of which capital conservation buffer	4.5	4.5
of which countercyclical capital buffer	2.5	2.5
of which systemic risk buffer	0.9	
CET 1 capital available to meet buffer requirement ³⁾	17.9	16.0
Capital adequacy transition rules Basel 1 floor⁴⁾ SEKm	31 Dec 2015	31 Dec 2014
Capital requirement Basel 1 floor	26 021	28 135
Own funds Basel 3 adjusted according to rules for Basel 1 floor	92 538	83 414
Surplus of capital according to Basel 1 floor	66 517	55 279
Leverage ratio⁵⁾ %	31 Dec 2015	31 Dec 2014
Tier 1 Capital, SEKm	78 836	70 442
Total exposure, SEKm	2 084 469	1 960 610
Leverage ratio, %	3.8	3.6
Total exposure taking into account CRR article 429.7 ⁶⁾ , SEKm	1 192 247	1 130 434
Leverage ratio taking into account CRR article 429.7 ⁶⁾ , %	6.6	6.2

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

²⁾ 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.

⁵⁾ Calculated according to applicable regulation at each respective reporting date.

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

Risk exposure amount and own funds requirement, parent company
31 Dec 2015
SEKm

	Risk exposure amount	Minimum capital requirement
Credit risks, STD	87 832	7 027
Central government or central banks exposures	96	8
Regional governments or local authorities exposures	59	5
Public sector entities exposures	44	4
Multilateral development banks exposures		
International organisation exposures		
Institutional exposures	1 883	151
Corporate exposures	7 906	632
Retail exposures	5 147	412
Exposures secured by mortgages on immovable property	724	58
Exposures in default	245	20
Exposures associated with particularly high risk		
Exposures in the form of covered bonds		
Items representing securitisation positions		
Exposures to institutions and corporates with a short-term credit assessment		
Exposures in the form of units or shares in collective investment undertakings		
Equity exposures	70 688	5 655
Other items	1 040	82
Credit risks, IRB	161 262	12 900
Institutional exposures	17 727	1 418
Corporate exposures	116 614	9 329
of which specialized lending		
Retail exposures	21 425	1 714
of which mortgage lending	2 811	225
of which other lending	18 614	1 489
Securitisation	12	1
Non-credit obligation	5 484	438
Credit risks, Default fund contribution	53	4
Settlement risks	7	1
Market risks	10 245	820
Trading book	10 144	812
of which VaR and SVaR	6 584	527
of which risks outside VaR and SVaR	3 560	285
FX risk other operations	101	8
Credit value adjustment	7 383	590
Operational risks	38 161	3 053
of which standardised approach	38 161	3 053
Total	304 943	24 395

Non-restricted equity

In accordance with the balance sheet of Swedbank AB, SEK 46 510m is at the disposal of the Annual General Meeting. The Board of Directors recommends that a cash dividend of SEK 10.70 kronor be paid per ordinary share.

Signatures of the Board of Directors and the President

The Board of Directors and the President certify that the year-end report for 2015 provides a fair and accurate overview of the operations, position and results of the parent company and the Group and describes the significant risks and uncertainties faced by the parent company and the companies in the Group.

Stockholm, 1 February 2016

Anders Sundström
Chair

Lars Idermark
Deputy Chair

Ulrika Francke
Board Member

Göran Hedman
Board Member

Anders Igel
Board Member

Pia Rudengren
Board Member

Karl-Henrik Sundström
Board Member

Siv Svensson
Board Member

Maj-Charlotte Wallin
Board Member

Camilla Linder
Board Member
Employee Representative

Roger Ljung
Board Member
Employee Representative

Michael Wolf
President

Review report

Introduction

We have reviewed the year-end report for Swedbank AB (publ) for 2015. The Board of Directors and the President are responsible for the preparation and presentation of this year-end report in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

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

Conclusion

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

Stockholm, 2 February 2016
Deloitte AB

Svante Forsberg
Authorised Public Accountant

Publication of financial information

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

Financial calendar 2016

Annual report published on the website	25 February 2016
Annual General Meeting	5 April 2016
Interim report for the first quarter	26 April 2016
Interim report for the second quarter	18 July 2016
Interim report for the third quarter	25 October 2016

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

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