

# Q3 2019

Interim report January-September 2019, 23 October 2019

Swedbank 

## Interim report for the third quarter 2019

Third quarter 2019 compared with second quarter 2019

- Stable net interest income as higher lending volumes are offset by higher expenses for resolution fund fee
- Increased card usage and higher asset management valuations strengthened net commission income
- Net gains and losses on financial items fell due to lower market activity
- Increased expenses due to investigations and VAT provision
- Good credit quality
- Strong capitalisation

“I am proud and enthusiastic about being the CEO of Swedbank. We have an extensive activity plan that I am familiarising myself with and will develop, but above all and foremost I am looking forward – every day and together with my colleagues – to making banking easier for our customers.”

Jens Henriksson,  
President and CEO

Financial information	Q3	Q2	Jan-Sep	Jan-Sep		
SEKm	2019	2019	%	2019	2018	%
<b>Total income</b>	<b>11 226</b>	<b>11 416</b>	<b>-2</b>	<b>34 004</b>	<b>33 490</b>	<b>2</b>
Net interest income	6 553	6 607	-1	19 581	18 893	4
Net commission income	3 297	3 202	3	9 569	9 653	-1
Net gains and losses on financial items	457	768	-40	2 411	1 682	43
Other income <sup>1)2)</sup>	919	839	10	2 443	3 262	-25
<b>Total expenses</b>	<b>5 164</b>	<b>4 753</b>	<b>9</b>	<b>14 435</b>	<b>12 429</b>	<b>16</b>
Profit before impairment	6 062	6 663	-9	19 569	21 061	-7
Impairment of intangible and tangible assets	67	2		69	282	-76
Credit impairment	154	109	41	481	109	
Tax expense <sup>1)</sup>	1 176	1 210	-3	3 738	4 086	-9
<b>Profit for the period attributable to the shareholders of Swedbank</b>	<b>4 663</b>	<b>5 336</b>	<b>-13</b>	<b>15 269</b>	<b>16 572</b>	<b>-8</b>
Earnings per share, SEK, after dilution	4.16	4.75		13.62	14.80	
Return on equity, %	14.1	16.6		15.3	17.0	
C/I ratio	0.46	0.42		0.42	0.37	
Common Equity Tier 1 capital ratio, %	16.3	16.1		16.3	24.3	
Credit impairment ratio, %	0.04	0.03		0.04	0.01	

<sup>1)</sup> 2018 (Q1, Q2 and Q3) results have been restated for changed presentation of tax related to associates.

<sup>2)</sup> Other income includes the items Net insurance, Share of profit or loss of associates, and Other income from the Group income statement.

## CEO Comment

I have now been CEO for a little over three weeks and can say that Swedbank is a company with engaged, knowledgeable and customer-centric employees. To maintain and strengthen the position we have in our home markets, I have three main priorities.

Firstly, we have to get to the bottom of the money laundering accusations against our bank and address the shortcomings in our AML work. Not only because of the ongoing investigations, but because it's the right thing to do. In concrete terms, it means I will be spending much of my time making sure that the internal investigation is completed promptly and that the authorities have access to all the information they need to complete their investigations. It also means strengthening the bank's work to fight financial crime by allocating more resources and improving our processes.

Secondly, we have to continue to improve our customer offerings as more interactions become digitised. This is a major transformation that is just beginning, but which will benefit customers by giving them more choice, greater transparency and simpler solutions. With market-leading cost efficiency, robust profitability and a large customer base, we are well-positioned to develop with our customers in the face of tough competition.

Thirdly, we will continue our sustainability work. With a long heritage in the savings bank movement, Swedbank continues to build on the core idea of making the lives of ordinary people and companies in our home markets of Sweden, Estonia, Latvia and Lithuania easier through saving. There is more we can do here, and I am pleased that Swedbank signed the UN Principles for Sustainable Banking during the quarter. By signing the principles, we pledge to play a leadership role in creating a sustainable future. We know that the biggest difference we can make is by helping our corporate and private customers find sustainable choices. Two of the focus areas will be financing solutions with concrete sustainability parameters in their terms and the mutual fund area, where companies with sustainable strategies will be given priority.

### **Macroeconomic uncertainty is affecting the business climate**

Geopolitical tensions continued to affect the market in the quarter. Uncertainty is making companies hesitant to invest and making households reduce spending, which is hurting global economic growth. The European Central Bank and the Federal Reserve in the US have reacted by stimulating their economies through lower interest rates and new asset purchases. Against this backdrop we appear to be in a lengthy period of low market interest rates and lower market activity.

We are also seeing a slowdown in our home markets, even though all four economies continue to grow, supported by domestic consumption. Sweden and the Baltic countries are well prepared to manage a recession. The housing market in Sweden is stable and

household finances are strong with high employment, solid real incomes and high savings.

### **Stable financial results – continued focus on fighting financial crime**

Swedbank's financial position is strong. In the quarter the core business performed well with stable or higher income from our lending, card payments, asset management and insurance products. Asset quality also remains high in our home markets and the bank's capital position is robust with a buffer relative to the Swedish Financial Supervisory Authority's requirement of approximately 1.3 percentage points.

That said, there is no lack of challenges. We are seeing tough competition in every product area from both new and established players, and we have to quickly be able to deliver new solutions to our customers. The quarterly result was also weighed down by higher expenses. In addition to a number of one-off items, we have spent more to manage the ongoing government investigations and to take measures to strengthen our AML processes.

The work to address the shortcomings found in our routines, systems and processes to combat money laundering and other financial crime is progressing. We strengthened important functions during the quarter by adding new competence and resources and provided skills training for our employees. The digital part of the know-your-customer (KYC) process has been made more efficient by among other things shortening lead times. During the quarter the Anti Financial Crime unit developed a new framework that will improve our regulatory compliance. New, scenario-based methods have been introduced to more accurately identify suspicious transactions. We will continue to rapidly implement improvements to our routines and processes. The fight against financial crime never ends, and we will do everything we can together with the authorities and other banks to fight it.

I am humbled by the work that awaits me. Rebuilding the trust of all our stakeholders will take time. An important factor in the near term will be the conclusions of the Swedish and Estonian authorities' investigations, which are expected to be finalised early next year. At the same time I am proud and enthusiastic to be the CEO of Swedbank. We have an extensive activity plan that I am familiarising myself with and will develop, but above all I am looking forward – every day and together with my colleagues – to making banking easier for our customers.



Jens Henriksson  
President and CEO

## Table of contents

	Page
<b>Overview</b>	<b>5</b>
Market	5
Important to note	5
<b>Group development</b>	<b>5</b>
Result third quarter 2019 compared with second quarter 2019	5
Result January-September 2019 compared with January-September 2018	6
Volume trend by product area	6
Credit and asset quality	8
Operational risks	8
Funding and liquidity	8
Ratings	8
Capital and capital adequacy	9
Other events	10
Events after 30 September 2019	11
<b>Business segments</b>	
Swedish Banking	12
Baltic Banking	14
Large Corporates & Institutions	16
Group Functions & Other	18
Eliminations	19
<b>Group</b>	
Income statement, condensed	21
Statement of comprehensive income, condensed	22
Balance sheet, condensed	23
Statement of changes in equity, condensed	24
Cash flow statement, condensed	25
Notes	26
<b>Parent company</b>	<b>54</b>
<b>Alternative performance measures</b>	<b>60</b>
<b>Signatures of the Board of Directors and the President</b>	<b>62</b>
<b>Review report</b>	<b>62</b>
<b>Contact information</b>	<b>63</b>

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

## Financial overview

Income statement SEKm	Q3	Q2		Q3		Jan-Sep	Jan-Sep	
	2019	2019	%	2018	%	2019	2018	%
Net interest income	6 553	6 607	-1	6 326	4	19 581	18 893	4
Net commission income	3 297	3 202	3	3 336	-1	9 569	9 653	-1
Net gains and losses on financial items	457	768	-40	488	-6	2 411	1 682	43
Other income <sup>1)2)</sup>	919	839	10	927	-1	2 443	3 262	-25
<b>Total income</b>	<b>11 226</b>	<b>11 416</b>	<b>-2</b>	<b>11 077</b>	<b>1</b>	<b>34 004</b>	<b>33 490</b>	<b>2</b>
Staff costs	2 763	2 782	-1	2 457	12	8 304	7 702	8
Other expenses	2 401	1 971	22	1 541	56	6 131	4 727	30
<b>Total expenses</b>	<b>5 164</b>	<b>4 753</b>	<b>9</b>	<b>3 998</b>	<b>29</b>	<b>14 435</b>	<b>12 429</b>	<b>16</b>
<b>Profit before impairment</b>	<b>6 062</b>	<b>6 663</b>	<b>-9</b>	<b>7 079</b>	<b>-14</b>	<b>19 569</b>	<b>21 061</b>	<b>-7</b>
Impairment of intangible assets	66					66	282	-77
Impairment of tangible assets	1	2	-50			3		
Credit impairment, net	154	109	41	117	32	481	109	
<b>Operating profit</b>	<b>5 841</b>	<b>6 552</b>	<b>-11</b>	<b>6 962</b>	<b>-16</b>	<b>19 019</b>	<b>20 670</b>	<b>-8</b>
Tax expense <sup>1)</sup>	1 176	1 210	-3	1 431	-18	3 738	4 086	-9
<b>Profit for the period</b>	<b>4 665</b>	<b>5 342</b>	<b>-13</b>	<b>5 531</b>	<b>-16</b>	<b>15 281</b>	<b>16 584</b>	<b>-8</b>
<b>Profit for the period attributable to the shareholders of Swedbank AB</b>	<b>4 663</b>	<b>5 336</b>	<b>-13</b>	<b>5 525</b>	<b>-16</b>	<b>15 269</b>	<b>16 572</b>	<b>-8</b>

<sup>1)</sup> 2018 (Q1, Q2 and Q3) results have been restated for changed presentation of tax related to associates.

<sup>2)</sup> Other income includes the items Net insurance, Share of profit or loss of associates, and Other income from the Group income statement.

Key ratios and data per share	Q3	Q2	Q3	Jan-Sep	Jan-Sep
	2019	2019	2018	2019	2018
Return on equity, %	14.1	16.6	16.9	15.3	17.0
Earnings per share before dilution, SEK <sup>1)</sup>	4.17	4.77	4.95	13.66	14.85
Earnings per share after dilution, SEK <sup>1)</sup>	4.16	4.75	4.93	13.62	14.80
C/I ratio	0.46	0.42	0.36	0.42	0.37
Equity per share, SEK <sup>1)</sup>	119.6	115.7	119.7	119.6	119.7
Loan/deposit ratio, %	168	169	169	168	169
Common Equity Tier 1 capital ratio, %	16.3	16.1	24.3	16.3	24.3
Tier 1 capital ratio, %	18.9	17.9	26.8	18.9	26.8
Total capital ratio, %	21.4	20.2	32.1	21.4	32.1
Credit impairment ratio, %	0.04	0.03	0.03	0.04	0.01
Share of Stage 3 loans, gross, %	0.77	0.72	0.70	0.77	0.70
Total credit impairment provision ratio, %	0.38	0.36	0.35	0.38	0.35
Liquidity coverage ratio (LCR), %	151	143	148	151	148
Net stable funding ratio (NSFR), %	112	111	110	112	110

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

Balance sheet data SEKbn	30 Sep	31 Dec		30 Sep	
	2019	2018	%	2018	%
Loans to the public, excl. the Swedish National Debt Office and repurchase agreements	1 613	1 578	2	1 574	2
Deposits and borrowings from the public, excl. the Swedish National Debt Office and repurchase agreements	957	920	4	932	3
Equity attributable to shareholders of the parent company	134	137	-3	134	0
Total assets	2 507	2 246	12	2 462	2
Risk exposure amount	657	638	3	428	54

Definitions of all key ratios can be found in Swedbank's Fact book on page 80.

## Overview

### Market

Geopolitical uncertainty carried over into the third quarter. The trade conflict between the US and China, Brexit and tensions in the Persian Gulf are all factors that have adversely affected the macroeconomic outlook. German and US industrial production is down, as are a number of purchasing managers' indices, pointing to a manufacturing slowdown in a rising number of countries. There are also signs that the downturn has begun to spread to other sectors of the economy.

The Federal Reserve cut its target policy rate twice during the quarter, citing muted inflationary pressures and growing economic uncertainty. The European Central Bank (ECB) cut its deposit rate and announced that it will restart asset purchases in November. The ECB also signalled that interest rates will remain low until the inflation outlook robustly converges close to its target level. The decision led to a drop in the euro against the US dollar.

Swedish GDP grew only 0.1 per cent in the second quarter compared with the previous quarter and by 1.0 per cent on an annual basis. Household consumption was a positive contributor, while investment was a drag on growth. The downturn in residential construction seems to have levelled off. House prices for the most part have trended sideways since dropping in autumn 2017. Household borrowing grew at a slower rate this year. In August mortgage lending rose 4.9 per cent on an annual basis, against 5.5 per cent at the beginning of the year. Inflation at a fixed interest rate, CPIF, was 1.3 per cent on an annual basis in August, below the market's expectations. Unemployment was 7.1 per cent in August. The krona weakened against both the US dollar and the euro in the quarter.

Growth in the Baltic countries has been relatively good despite that key trading partners are seeing weaker development. Estonia's GDP grew strongly at the start of the year and was up by 3.8 per cent on an annual basis in the second quarter. Growth in Latvia slowed somewhat and was up 2.0 per cent in the second quarter compared with the same quarter in 2018. Lithuanian GDP was robust at the start of the year and growth rose to 3.9 per cent on an annual basis in the second quarter. In August inflation rose to 2.4 per cent in Estonia. 3.2 per cent in Latvia and 2.6 per cent in Lithuania.

### Important to note

The interim report contains alternative performance measures that Swedbank considers valuable information for the reader, since they are used by the executive management for internal governance and performance measurement as well as for comparisons between reporting periods. Further information on the alternative performance measures used in the interim report can be found on page 60.

## Group development

### Result third quarter 2019 compared with second quarter 2019

Swedbank's profit fell 13 per cent in the third quarter 2019 to SEK 4 663m (5 336). The reasons were lower income and higher expenses, in part due to a provision for VAT in the quarter.

Foreign exchange effects increased profit by SEK 11m, mainly because the Swedish krona weakened on average against the euro in the quarter.

The return on equity was 14.1 per cent (16.6) and the cost/income ratio was 0.46 (0.42).

Income decreased to SEK 11 226m (11 416). The main reason was lower net gains and losses on financial items. Foreign exchange effects increased income by SEK 30m.

Net interest income fell 1 per cent to SEK 6 553m (6 607), mainly due to higher expenses for the deposit guarantee and resolution fund fee. The previous quarter was positively affected by SEK 65m by an adjustment to the resolution fund fee in connection with the Swedish National Debt Office's final ruling on the fee for 2019.

Net commission income rose 3 per cent to SEK 3 297m (3 202), mainly due to higher card usage during the summer months and because asset management income benefited from rising equity prices.

Net gains and losses on financial items decreased to SEK 457m (768). The main reasons were a decline in the value of the Asiakastiето holding in the quarter, while the increase in the Visa holding's value was lower than in the previous quarter. A lower result within Large Corporates & Institutions, largely driven by derivative value adjustments (CVA/DVA), also contributed to the decrease.

Other income including the share of profit or loss of associates increased to SEK 919m (839), partly due to capital gains of SEK 40m on sales of shares in Ölands Bank and higher net insurance.

Expenses rose to SEK 5 164m (4 753). A VAT provision of SEK 256m for 2016–2019 was recognised in the quarter. The Swedish Tax Agency announced in the quarter that it intends as of 2016 to no longer accept the VAT model that was approved to end 2015. Swedbank will for the time being adjust the VAT model in the fourth quarter, in accordance with Tax Agency's announced intent. Fraud related losses increased expenses by SEK 125m, while consulting expenses to manage the ongoing money laundering related investigations increased by SEK 133m. Expenses otherwise decreased by SEK 125m due to lower activity in the summer months. Staff costs were also slightly lower than in the previous quarter.

Foreign exchange effects raised expenses by SEK 13m.

Credit impairments increased slightly to SEK 154m (109), mainly due to provisions within Large Corporates & Institutions.



Impairment of intangible assets attributable to the PayEx brand amounted to SEK 66m in the quarter.

The tax expense amounted to SEK 1 176m (1 210), corresponding to an effective tax rate of 20.1 per cent (18.5). The higher rate in the third quarter is mainly due to an SEK 64m adjustment of the previous year's tax in the second quarter.

### Result January-September 2019 compared with January-September 2018

Profit decreased 8 per cent to SEK 15 269m (16 572), mainly due to higher expenses and because the year-earlier period was positively affected by the UC sale. The table below shows profit excluding the gain on the UC sale in 2018. Adjusted for the UC sale, profit rose 4 per cent.

	Jan-Sep 2019	Jan-Sep 2018	Jan-Sep 2018 excl. income UC
<b>Income statement, SEKm</b>			
Net interest income	19 581	18 893	18 893
Net commission income	9 569	9 653	9 653
Net gains and losses on financial items	2 411	1 682	1 682
Share of profit or loss of associates	570	834	834
Other income <sup>1)</sup>	1 873	2 428	1 751
of which UC		677	
<b>Total income</b>	<b>34 004</b>	<b>33 490</b>	<b>32 813</b>
<b>Total expenses</b>	<b>14 435</b>	<b>12 429</b>	<b>12 429</b>
Impairment and credit impairment	550	391	391
<b>Operating profit</b>	<b>19 019</b>	<b>20 670</b>	<b>19 993</b>
Tax expense	3 738	4 086	4 086
<b>Profit for the period attributable to the shareholders of Swedbank AB</b>	<b>15 269</b>	<b>16 572</b>	<b>15 895</b>
Non-controlling interests	12	12	12
Return on equity	15.3	17.0	16.3
Cost/Income ratio	0.42	0.37	0.38

Foreign exchange effects raised profit by SEK 87m.

The return on equity was 15.3 per cent (17.0) and the cost/income ratio was 0.42 (0.37).

Income increased 2 per cent to SEK 34 004m (33 490). Foreign exchange effects increased income by SEK 218m.

Net interest income rose 4 per cent to SEK 19 581m (18 893). The increase was mainly due to a lower resolution fund fee and higher lending volumes.

Net commission income decreased to SEK 9 569m (9 653). Net commission income from cards, asset management and customer concepts increased, but was partly offset by lower income from corporate finance, securities, lending and guarantees.

Net gains and losses on financial items rose to SEK 2 411m (1 682). This was mainly due to a higher result within Group Treasury, where the value of the holdings in Visa and Asiakastieto increased in the period.

Other income including the share of profit or loss of associates decreased to SEK 2 443m (3 262) due to the

above-mentioned UC sale in the equivalent period in 2018.

Expenses increased to SEK 14 435m (12 429). Staff costs rose due to annual wage increases and the severance pay for former members of the Group Executive Committee, including Swedbank's former CEO. Consulting expenses increased as well, due to the money laundering related investigations that are underway. A VAT provision of SEK 256m was also recognised during the year, as was SEK 125m related to fraud losses. Foreign exchange effects increased expenses by SEK 96m.

Credit impairments increased to SEK 481m (109), mainly due to higher credit impairments within Large Corporates & Institutions. Credit impairments within Swedish Banking were lower and they were marginal within Baltic Banking.

The tax expense amounted to SEK 3 738m (4 086), corresponding to an effective tax rate of 19.7 per cent (19.8). The Group's effective tax rate is estimated at 19-21 per cent in the medium term. Any future taxes on financial businesses, which are being discussed in Sweden and Lithuania, could affect the effective tax rate, but the details have not yet been evaluated.

### Volume trend by product area

Swedbank's main business is organised in two product areas: Group Lending & Payments and Group Savings.

#### Lending

Total lending to the public, excluding repos and lending to the Swedish National Debt Office, rose SEK 1bn to SEK 1 613bn (1 612) compared with the end of the second quarter 2019. The outcome for Swedish Banking was negatively affected by SEK 4bn by Swedbank's sale in the quarter of shares in Ölands Bank, which is no longer fully consolidated. Compared with the end of the third quarter 2018 the increase was SEK 39bn, corresponding to growth of 2 per cent. Foreign exchange effects positively affected lending by SEK 5bn compared with the end of the second quarter 2019 and positively by SEK 11bn compared with the end of the third quarter 2018.

<b>Loans to the public excl. the Swedish National Debt Office and repurchase agreements, SEKbn</b>	<b>30 Sep 2019</b>	<b>30 Jun 2019</b>	<b>30 Sep 2018</b>
Loans, private mortgage	901	892	866
of which Swedish Banking	814	808	789
of which Baltic Banking	87	84	77
Loans, private other incl tenant-owner associations	151	153	155
of which Swedish Banking	133	136	139
of which Baltic Banking	17	16	15
of which Large Corporates & Inst.	1	1	1
Loans, corporate	561	567	553
of which Swedish Banking	253	257	255
of which Baltic Banking	84	82	75
of which Large Corporates & Inst.	224	228	223
<b>Total</b>	<b>1 613</b>	<b>1 612</b>	<b>1 574</b>

Lending to mortgage customers within Swedish Banking rose SEK 6bn to SEK 814bn (808) compared with the end of the second quarter 2019. The total market share was 24 per cent (24). Other private lending, including lending to tenant-owner associations, decreased by SEK 3bn, of which SEK 1bn is attributable to Ölands Bank. Swedbank's consumer finance volume amounted to SEK 31bn (31), corresponding to a market share of

about 8 per cent. Consumer credit includes unsecured loans as well as loans secured by a car or a boat. Baltic Banking's mortgage volume grew 3 per cent in local currency to the equivalent of SEK 87bn.

The Baltic consumer credit portfolio grew 2 per cent in local currency to the equivalent of SEK 9bn at the end of the quarter.

Corporate lending decreased SEK 6bn in the quarter to SEK 561bn (567), of which SEK 3bn is attributable to Ölands Bank. Corporate lending decreased within Swedish Banking and Large Corporates & Institutions, but increased in Baltic Banking. In Sweden the market share was 18 per cent (18).

For more information on lending, see page 36 of the Fact book.

### Payments

The total number of Swedbank cards in issue at the end of the third quarter was 8.2 million, in line with the end of the second quarter. Compared with the third quarter 2018 the number of cards in issue rose 1 per cent. In Sweden 4.3 million cards were in issue at the end of the third quarter. Compared with the equivalent period in 2018 corporate card issuance rose 4 per cent and private card issuance 1 per cent. The increase in private cards is largely driven by young people who sign up for new cards. The bank's many small business customers offer further growth potential in corporate card issuance. In the Baltic countries the number of cards in issue was 3.9 million, in line with the second quarter.

	30 Sep 2019	30 Jun 2019	30 Sep 2018
<b>Number of cards</b>			
Issued cards, million	8.2	8.1	8.1
of which Sweden	4.3	4.3	4.3
of which Baltic countries	3.9	3.8	3.8

In the third quarter there were 366 million purchases with Swedbank cards in Sweden, up 7 per cent year-on-year. In the Baltic countries there were 162 million card purchases, an increase of 13 per cent. The number of card transactions acquired by Swedbank also rose year-on-year in the third quarter. In Sweden, Norway, Finland and Denmark there were 735 million transactions, an increase of 3 per cent compared with the third quarter 2018. In the Baltic countries the corresponding figure was 120 million and an increase of 13 per cent.

The number of domestic payments rose 3 per cent in Sweden and 8 per cent in the Baltic countries compared with the equivalent period in 2018. Swedbank's market share of payments through the Bankgiro system was 36 per cent. The number of international payments was in line with the equivalent period in 2018 in Sweden and increased 16 per cent in the Baltic countries.

### Savings

Total deposits within the business segments – Swedish Banking, Baltic Banking and Large Corporates & Institutions – rose to SEK 933bn compared with the end of the second quarter 2019 (929). The outcome for Swedish Banking was negatively affected by SEK 4bn by Swedbank's sale in the quarter of shares in Ölands Bank, which is no longer fully consolidated. Compared with the end of the third quarter 2018 the increase was SEK 32bn, corresponding to growth of 4 per cent. Total deposits from the public, including volumes attributable to Group Treasury, amounted to SEK 957bn (SEK 952bn at the end of the second quarter 2019).

The increase is largely due to higher volumes within Baltic Banking. Exchange rates positively affected deposits by SEK 4bn compared with the end of the second quarter 2019 and positively by SEK 9bn compared with the end of the third quarter 2018.

<b>Deposits from the public excl. the Swedish National Debt Office and repurchase agreements, SEKbn</b>	30 Sep 2019	30 Jun 2019	30 Sep 2018
Deposits, private	527	526	508
of which Swedish Banking	387	390	384
of which Baltic Banking	140	136	124
Deposits, corporate	430	426	424
of which Swedish Banking	180	182	168
of which Baltic Banking	92	88	86
of which Large Corporates & Inst.	134	133	139
of which Group Functions & Other	24	23	31
<b>Total</b>	<b>957</b>	<b>952</b>	<b>932</b>

Swedbank's deposits from private customers increased SEK 1bn in the quarter to SEK 527bn (526).

Corporate deposits in the business segments increased in total by SEK 3bn in the quarter, mainly due to higher volumes within Baltic Banking.

Market shares in Sweden were unchanged in the quarter. The market share for household deposits was 19 per cent (19) and for corporate deposits was 16 per cent (16). For more information on deposits, see page 37 of the Fact book.

<b>Asset management, SEKbn</b>	30 Sep 2019	30 Jun 2019	30 Sep 2018
<b>Total asset management</b>	<b>1 488</b>	<b>1 446</b>	<b>1 392</b>
<b>Assets under management</b>	<b>1 033</b>	<b>1 000</b>	<b>978</b>
Assets under management, Robur	1 027	998	972
of which Sweden	970	944	923
of which Baltic countries	58	55	50
of which eliminations	-1	-1	-1
Assets under management, Other, Baltic countries	6	2	6
<b>Discretionary asset management</b>	<b>455</b>	<b>446</b>	<b>414</b>

Assets under management by Swedbank Robur further increased in the period to SEK 1 027bn at 30 September (998), of which SEK 970bn related to the Swedish business and SEK 58bn to the Baltic business. The increase in the Swedish business is above all due to higher valuations, while growth in the Baltic business relates to both a positive net flow and higher valuations.

The net inflow in the Swedish fund market amounted to SEK 25.2bn in the period (SEK 18bn in the second quarter), of which SEK 26.4bn was to fixed income funds. Index funds and mixed funds accounted for SEK 5bn each of the net inflow, while actively managed equity funds and other funds had negative net inflows of SEK 10.9bn and SEK 0.3bn respectively.

Swedbank Robur's Swedish fund operations had a positive net inflow of SEK 0.2bn (SEK 1bn in the second quarter). The net inflow for the institutional business as well as sales through the PPM platform remained positive, while third party distribution and sales via Swedbank and the savings banks generated a negative net inflow in the period. The largest positive net inflow was in fixed income funds at SEK 3bn, followed by mixed funds at SEK 1.1bn, while actively managed equity funds and index-tracking funds had negative net inflows of SEK 3.8bn and SEK 0.1bn respectively. Robur's market share of the net flow was 3 per cent (6 per cent in the previous quarter).

The net inflow in the Baltic countries was SEK 1.2bn (0.9).

By assets under management Swedbank Robur is the largest player in the Swedish and Baltic fund markets. As of 30 September the market share in Sweden was 20 per cent. In Estonia and Latvia it was 41 per cent respectively and in Lithuania 37 per cent.

Assets under management, life insurance SEKbn	30 Sep 2019	30 Jun 2019	30 Sep 2018
Sweden	209	202	196
of which collective occupational pensions	103	99	93
of which endowment insurance	68	66	68
of which occupational pensions	28	27	25
of which other	10	10	10
Baltic countries	6	6	6

Life insurance assets under management in Sweden increased 20 per cent from the beginning of the year and reached SEK 209bn. Swedbank was back in ninth place in life insurance in Sweden in the second quarter 2019 with a market share of about 6 per cent of premium payments excluding capital transfers. Total transferred capital amounted to SEK 39bn. The market share for transferred capital fell from the previous quarter to 11 per cent, ranking Swedbank fourth in the total transfer market. The market shares as of 30 June were 39 per cent in Estonia, 26 per cent in Lithuania and 25 per cent in Latvia.

## Credit and asset quality

Credit quality in Swedbank's lending portfolios remained strong in the third quarter. Credit impairments amounted to SEK 154m in the quarter (SEK 109m in the second quarter) and mainly related to additional provisions for a previously known problem loan within Large Corporates & Institutions. The credit impairment ratio was 0.04 per cent (0.03). The share of loans in stage 3 (gross) was 0.77 per cent (0.72). The provision ratio for loans in stage 3 was 34 per cent (34). For more information on asset quality, see pages 39-44 of the Fact book and note 11.

Credit impairments, net by business segment SEKm	Q3 2019	Q2 2019	Q3 2018
Swedish Banking	27	-24	71
Baltic Banking	10	25	8
Estonia	-9	15	-13
Latvia	5	11	1
Lithuania	14	-1	20
Large Corporates & Institutions	117	106	37
Group Functions & Other		2	1
<b>Total</b>	<b>154</b>	<b>109</b>	<b>117</b>

House prices and sales continued to increase in Sweden in the third quarter. The number of new housing projects is declining, but the supply of new tenant-owned apartments still exceeds demand in some markets.

Residential development represents a limited share of Swedbank's total credit portfolio and lending is primarily to large, established companies with which Swedbank has a long-term relationship.

The risks in household lending are low and customer repayment capacity is generally good. Regarding credit, Swedbank focuses on long-term repayment capacity,

which ensures high quality and low risks for both the customer and the bank. The average loan-to-value ratios are 55 per cent in Sweden, 47 per cent in Estonia, 71 per cent in Latvia and 60 per cent in Lithuania. For more information, see pages 45-46 of the Fact book. Swedbank's lending in the property management sector is mainly to real estate companies with strong finances and good collateral. Lending is largely concentrated in low cyclical segments with low risk such as residential, public and office buildings in prime locations in growing regions. Swedbank has limited lending to retail properties, which represents a small part of total lending in property management. The geographic distribution within Sweden is good.

Swedbank's rules on lending to commercial properties focus on stable cash flows and the customer's long-term ability to repay interest and amortisation. Loan-to-value ratios are generally low and average 57 per cent in Sweden.

## Operational risks

In the third quarter there was an increase in the number of IT incidents after a lengthy period of operating stability. Swedbank works continuously to ensure a high level of availability for its customers. Losses related to operational risks also increased in the third quarter, but from very low levels. The increased losses are largely related to a few, individual cases of fraud.

## Funding and liquidity

In the third quarter Swedbank issued USD 500m in Additional Tier 1 Capital (AT1) to optimise the capital structure. The quarter was otherwise dominated by additional issuance in the Swedish covered bond market. Long-term debt issuance amounted to SEK 18bn. This means that total issuance in the first nine months amounted to SEK 120bn. Total issuance volume for the full-year 2019 is expected to be slightly higher compared with 2018. Maturities for the full-year 2019 nominally amount to SEK 68bn calculated from the beginning of the year. Issuance plans are based on future long-term funding maturities and are mainly affected by changes in deposit volumes and lending growth, and are therefore adjusted over the course of the year. As of 30 September outstanding short-term funding, commercial paper, included in debt securities in issue amounted to SEK 164bn (SEK 185bn as of 30 June). At the same time available cash and balances with central banks as well as excess reserves with the Swedish National Debt Office amounted to SEK 209bn (247). The liquidity reserve amounted to SEK 421bn (426) as of 30 September. The Group's liquidity coverage ratio (LCR) was 151 per cent (143) and for USD, EUR and SEK was 237, 133 and 113 per cent respectively. The net stable funding ratio (NSFR) was 112 per cent (111). For more information on funding and liquidity, see notes 14-16 on pages 39-40 and pages 55-70 of the Fact book.

## Ratings

On 27 September S&P Global Ratings affirmed Swedbank's AA-/A-1+ long- and short-term ratings and revised its outlook from CreditWatch Negative to Outlook Negative, partly because the SFSA had delayed the completion of its investigation of Swedbank to early 2020.



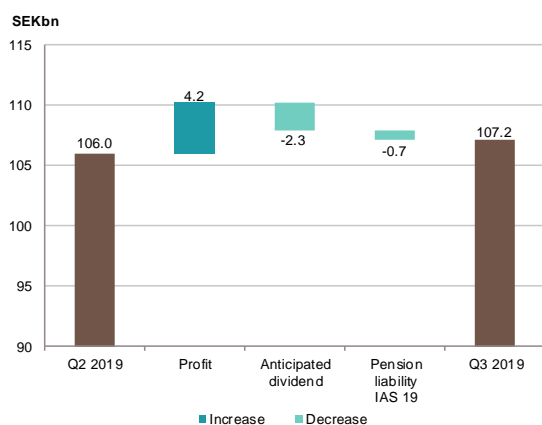
## Capital and capital adequacy

### Capital ratio and capital requirement

The Common Equity Tier 1 capital ratio was 16.3 per cent at the end of the quarter (16.1 per cent as of 30 June 2019). This compares with the requirement of 15.1 per cent (14.6) of the risk exposure amount (REA). The requirement increased mainly due to an increase in the countercyclical buffer within Pillar 1 in Sweden from 2 to 2.5 per cent, which increased Swedbank's requirement by 0.4 percentage points. The Swedish Financial Supervisory Authority's (SFSA) annual Supervisory Review and Evaluation Process (SREP) was also completed in the quarter, as a result of which the individual requirement in Pillar 2 for adjustment of the probability of default (PD) for corporate exposures increased 0.1 percentage point.

Common Equity Tier 1 capital increased to SEK 107.2bn (106.0). Profit after deducting the proposed dividend increased Common Equity Tier 1 capital by SEK 1.9bn, at the same time that revised assumptions for defined benefit pension liabilities (IAS 19) reduced Common Equity Tier 1 capital by SEK 0.7bn.

### Change in Common Equity Tier 1 capital 2019, Swedbank consolidated situation

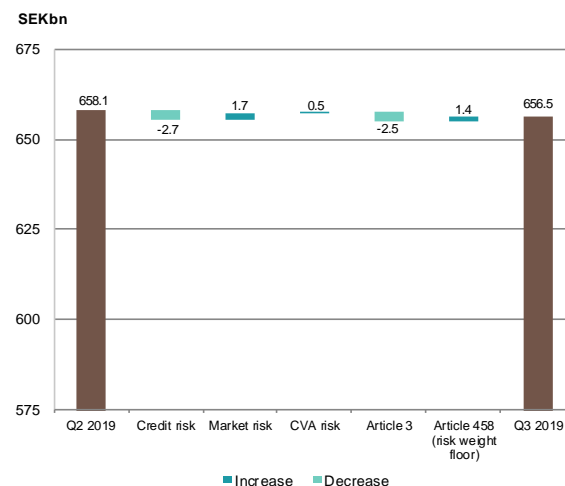


Total REA decreased to SEK 656.5bn (658.1).

REA for credit risk decreased SEK 2.7bn. Increased lending, FX effects and negative PD (Probability of Default) migrations meant that REA for credit risks increased but was offset by higher collateral values. The change in the shareholding in Sparbanken Öland, which was reclassified from a subsidiary to an associated company, reduced REA by SEK 1.3bn.

Increased exposures raised REA for market risk by SEK 1.7bn. REA for CVA increased by SEK 0.5bn. The quarterly review of additional risk exposures under article 3 of CRR resulted in a reduction in REA of SEK 2.5bn.

### Change in REA 2019, Swedbank consolidated situation



The leverage ratio was 5.1 per cent (4.8 per cent as of 30 June 2019). The ratio increased mainly due to higher Tier 1 capital at the end of the third quarter 2019 compared with the end of the second quarter 2019.

### Future capital regulations

In the spring the Swedish Ministry for Finance began an evaluation of the EU's proposed banking reforms, known as the banking package. The evaluation is scheduled to be completed in December 2019. The package includes restrictions on the justification that serves as the basis for the capital requirements in Pillar 2. This means, according to the proposal, that the Pillar 2 requirements may no longer be justified as a general macro supervisory action, while the option to introduce corresponding requirements in Pillar 1 is expanded. How the SFSA views the parts of the package that concern capital requirements and how they will affect Swedbank is too early to say.

The SFSA announced plans in May 2019 to introduce a minimum requirement for the estimated risk associated with lending to Swedish commercial properties. The SFSA is concerned that commercial properties are gradually becoming over-leveraged to a level that now represents a potential risk to financial stability. In a speech in September 2019, Deputy Director Martin Noréus announced that the SFSA intends to focus supervisory measures on commercial real estate in Sweden and that it will publish a consultation paper in November 2019. Until more details are known, the impact on Swedbank's capital requirement is uncertain.

In November 2018 the SFSA published a memorandum explaining its view of the European Banking Authority's (EBA) updated guidelines on banks' internal risk classification systems. In the memorandum the SFSA states that Swedish banks must analyse their internal risk classification systems to ensure that they continue to live up to the updated requirements. Since the guidelines have not yet been finalised by the EBA or introduced into SFSA's regulations, there is uncertainty as to how the changes will affect Swedbank. With its robust profitability and satisfactory capitalisation, however, Swedbank is well positioned to meet future changes in the capital requirements.

The review that will implement the banking package and is scheduled to be completed in December 2019 will also include an update of the Swedish Resolution Act, to harmonise it with the EU directive, called BRRD2. When the amended law takes effect, Swedbank's senior non-

preferred debt issuance may have to change compared with the current rules.

## Other events

On 17 July the Board of Directors of Swedbank AB announced a change in the dividend policy from 75 to 50 per cent of annual profit to further strengthen the bank's capital position. In connection with the change the Board also announced a capital target whereby the Common Equity Tier 1 capital ratio should exceed the SFSA's requirement by 1-3 percentage points.

On 28 August the Board of Directors of Swedbank AB appointed Jens Henriksson as the new President and CEO. Jens Henriksson, who was formerly CEO of Folksam, took up his new position on 1 October. Anders Karlsson, who had been acting CEO since 28 March 2019, returned to his previous position as CFO.

On 16 September it was announced that Swedbank's Annual General Meeting in 2020 will be held on Thursday, 26 March 2020. The Nomination Committee consists of the following members: Lennart Haglund, appointed by Sparbankernas Ägareförening and Chair of the Nomination Committee; Ylva Wessén, appointed by Folksam; Charlotte Rydin, appointed by Alecta; Anders Oscarsson, appointed by AMF; Peter Karlström, appointed by the owner-group Sparbanksstiftelserna; and Göran Persson, Chair of the Board of Directors of Swedbank AB (publ).

On 19 September Swedbank announced that the CEO Office was being dissolved with immediate effect. Ragnar Gustavii, Head of the CEO Office, left the Group Executive Committee and the bank. At the same time it was announced that the Head of Group Treasury and Head of Investor Relations will both report to the bank's CFO when Jens Henriksson takes over as CEO, and that the Head of Group Treasury and acting CFO will no longer be members of the Group Executive Committee.

On 30 September the Council of Swedbank Estonia appointed Olavi Lepp as CEO and Anna Kõouts as CFO. At the same time it was announced that former CEO Robert Kitt, former CFO Vaiko Tammeväli and the head of the Private Customer Division, Kaie Metsla, were leaving the bank and Management Board of Swedbank Estonia.

## Update on ongoing investigations

During the quarter, work to strengthen functions to prevent money laundering and improve KYC continued throughout the bank. New competence and new resources were put in place and employee knowledge was improved step by step through targeted training. In the digital KYC process, lead times were shortened, workflows improved and a large number of customers were asked to update information.

The Anti Financial Crime (AFC) unit, which was established in April of this year, coordinates about 130 initiatives to improve routines, system support and processes. About 70 of these are expected to be completed in the fourth quarter of 2019. AFC also worked on a new framework to improve the oversight and control of compliance. The framework will be implemented throughout the bank. New scenario-based methods have been introduced to more accurately identify suspicious transactions.

Money laundering is a global problem. It is only through better cooperation between banks, other payment providers, legislators, authorities and financial police that it can be successfully combated. Swedbank actively participates in such collaborations in its four home markets: Sweden, Estonia, Latvia and Lithuania. One example is Nordic KYC Utility, in which Swedbank and five other Nordic banks established a joint venture which offers standardised processes to handle the information that customers are required to submit to the banks.

In February 2019 the international law firm Clifford Chance was retained to conduct an internal investigation with forensic support from FTI and FRA. The aim is to confirm facts and circumstances linked to historical shortcomings in regulatory compliance as well as exposure to money laundering, and includes Swedbank AB, its global network of branches and relevant wholly owned subsidiaries. The investigation includes customers, transactions and activities from 2007 to March 2019. In total, more than 30 billion transactions made between 2007 and March 2019 are being reviewed, of which 15 billion from the Baltic operations. Clifford Chance will also review the bank's current AML compliance programme with a view to making recommendations to ensure that the bank meets industry best practices. FRA's contribution will be finalised in the fourth quarter and will be included in the internal investigation expected to be concluded in early 2020. Conclusions from the investigation will be communicated.

As a consequence of the internal investigation, a number of employees have had to leave the bank.

In parallel with the internal improvements, Swedbank is cooperating fully and providing the investigating authorities with all requested information on a continuous basis. On 16 September Swedbank responded to questions from the supervisory authorities in Sweden and Estonia as a result of their ongoing investigations into the bank. In these responses Swedbank noted that several key observations made by the supervisory authorities correspond to the bank's own conclusions. In recent years Swedbank has continuously improved its system support, processes and routines, and has also terminated relationships with clients who do not meet regulatory requirements or the bank's policy. Despite these efforts, the bank is aware that there have been shortcomings in its AML work and that there is still work to be done before all the shortcomings are remedied. The Swedish and Estonian supervisory authorities have stated that their investigations are expected to be concluded at the beginning of next year.

Other authorities simultaneously have ongoing investigations. The Latvian police department for combating economic crime (LECED) and the European Central Bank (ECB) are conducting investigations that are expected to be concluded by the end of the year. The Swedish Economic Crime Authority is investigating whether employees of the bank have violated communication laws related to money laundering. The bank has no information on when this investigation will be concluded. A number of US authorities are also currently investigating Swedbank. These investigations may take years to conclude.

Updates on the various investigations and information on the bank's work to prevent money laundering and other financial crime will be provided in connection with

the bank's financial reporting. The next time will be in connection with the year-end report on 28 January 2020.

### Events after 30 September 2019

To comply with the Resolution Act, Swedbank on 2 October issued senior non-preferred instruments for the first time. The issue amounted to EUR 750m and has a five-year maturity.

## Swedish Banking

- Stable net interest income as increased lending volumes were offset by a higher resolution fund fee
- Higher income from asset management and cards strengthened net commission income
- Updated mobile app and cooperation with Apple Pay

### Income statement

SEKm	Q3 2019	Q2 2019	%	Q3 2018	%	Jan-Sep 2019	Jan-Sep 2018	%
Net interest income	3 986	4 023	-1	3 842	4	12 160	11 549	5
Net commission income	2 041	1 941	5	1 968	4	5 841	5 780	1
Net gains and losses on financial items	107	117	-9	94	14	328	311	5
Share of profit or loss of associates	211	217	-3	149	42	561	465	21
Other income <sup>1)</sup>	274	229	20	205	34	705	1 305	-46
<b>Total income</b>	<b>6 619</b>	<b>6 527</b>	<b>1</b>	<b>6 258</b>	<b>6</b>	<b>19 595</b>	<b>19 410</b>	<b>1</b>
Staff costs	715	727	-2	768	-7	2 202	2 329	-5
Variable staff costs	22	6		29	-24	45	59	-24
Other expenses	1 480	1 500	-1	1 408	5	4 427	4 272	4
Depreciation/amortisation	57	79	-28	14		216	42	
<b>Total expenses</b>	<b>2 274</b>	<b>2 312</b>	<b>-2</b>	<b>2 219</b>	<b>2</b>	<b>6 890</b>	<b>6 702</b>	<b>3</b>
<b>Profit before impairment</b>	<b>4 345</b>	<b>4 215</b>	<b>3</b>	<b>4 039</b>	<b>8</b>	<b>12 705</b>	<b>12 708</b>	<b>0</b>
Credit impairment	27	-24		71	-62	144	408	-65
<b>Operating profit</b>	<b>4 318</b>	<b>4 239</b>	<b>2</b>	<b>3 968</b>	<b>9</b>	<b>12 561</b>	<b>12 300</b>	<b>2</b>
Tax expense	840	829	1	805	4	2 470	2 368	4
<b>Profit for the period</b>	<b>3 478</b>	<b>3 410</b>	<b>2</b>	<b>3 163</b>	<b>10</b>	<b>10 091</b>	<b>9 932</b>	<b>2</b>
<b>Profit for the period attributable to the shareholders of Swedbank AB</b>	<b>3 476</b>	<b>3 404</b>	<b>2</b>	<b>3 157</b>	<b>10</b>	<b>10 079</b>	<b>9 920</b>	<b>2</b>
Non-controlling interests	2	6	-67	6	-67	12	12	0
Return on allocated equity, %	21.4	20.9		20.2		20.9	21.7	
Loan/deposit ratio, %	212	210		214		212	214	
Credit impairment ratio, %	0.01	-0.01		0.02		0.02	0.05	
Cost/income ratio	0.34	0.35		0.35		0.35	0.35	
Loans, SEKbn <sup>2)</sup>	1 200	1 201	0	1 183	1	1 200	1 183	1
Deposits, SEKbn <sup>2)</sup>	567	572	-1	552	3	567	552	3
Full-time employees	3 636	3 682	-1	3 847	-5	3 636	3 847	-5

<sup>1)</sup> Other income in the table above includes the items Net insurance and Other income from the Group income statement.

<sup>2)</sup> Excluding the Swedish National Debt Office and repurchase agreements.

### Result

#### Third quarter 2019 compared with second quarter 2019

Swedish Banking reported profit of SEK 3 476m (3 404). The increase was mainly due to higher net commission income and income from the sale of shares in Ölands Bank.

Net interest income decreased slightly to SEK 3 986m (4 023). The main reason was an increased expense for the resolution fund fee after a retroactive adjustment in the second quarter. Net interest income from deposits increased slightly due to higher margins, while net interest income from the mortgage business was stable.

Household mortgage volume amounted to SEK 814bn at the end of the quarter, an increase of SEK 6bn. Corporate lending decreased SEK 4bn to SEK 253bn. The sale of shares in Ölands Bank negatively affected volume by SEK 3bn, mainly in agriculture and forestry. Volume in property management was unchanged, while it fell mainly in the manufacturing and retail sectors.

Household deposit volume decreased SEK 4bn, of which SEK 3bn was due to the sale of shares in Ölands Bank. Higher outflows because of the holiday period also had a negative effect. Corporate deposits

decreased SEK 1bn, mainly due to the reduced shareholding in Ölands Bank.

Net commission income increased 5 per cent to SEK 2 041m (1 941). The main reasons were increased income from asset management, driven by value appreciation, and increased card income driven by higher card usage in the summer months.

The share of profit or loss of associates decreased slightly, mainly due to a lower result from EnterCard. Other income rose slightly due to higher income from the sale of shares in Ölands Bank.

Total expenses decreased, mainly as a result of lower expenses for premises.

Credit impairments of SEK 27m (-24) were recognised in the quarter, the large part of which related to loans in stage 3.

#### January-September 2019 compared with January-September 2018

Profit increased 2 per cent to SEK 10 079m (9 920), mainly because of increased net interest income and lower credit impairments.

Net interest income increased 5 per cent to SEK 12 160m (11 549). The main reasons were increased

deposit margins and higher business volumes. This was partly offset by slightly lower mortgage margins, driven by increased market interest rates. A lower resolution fund fee compared with 2018 positively affected net interest income.

Net commission income increased to SEK 5 841m (5 780). The increase was mainly due to higher income from cards, customer concepts and asset management.

The share of profit or loss of associates increased, mainly due to a higher result from partly owned savings banks.

Other income decreased mainly because income in the equivalent period in 2018 was positively affected by SEK 677m due to the UC sale.

Total expenses increased mainly due to higher internally distributed expenses. Staff costs decreased together with expenses for premises and marketing.

Credit impairments fell to SEK 144m (408), mainly due to lower individual provisions for loans in stage 3.

### Business development

We continued in the quarter to develop our digital services and simplify banking for customers. On the private side we have among other things expanded our digital loan offering so that existing customers with mortgages on tenant-owned apartments can easily apply to borrow more through the Internet Bank. This option had already been available to customers with mortgages on single-family homes. For small business customers we launched an updated version of our mobile app while the roll-out of a new Internet Bank for businesses was begun.

Having entered into several cooperation agreements earlier in the year involving mobile payment solutions, such as with Google Pay, in the third quarter we started cooperation with Apple Pay. This gives our customers more choices to quickly, easily and securely pay in stores, online or in apps.

In the quarter we got the results of two different customer satisfaction surveys: the Swedish Quality Index, where around 600 of Swedbank's private and corporate customers were interviewed, and the bank's own customer survey, based on 5 700 interviews with private and corporate customers. The results of both surveys show the same pattern with little change among private customers and a slightly positive trend on the corporate side. Work to improve availability and services and to develop more relevant products and services for our customers remain a priority.

To further strengthen our AML work, we have established a new unit, Customer Regulatory Management, to improve processes, systems and oversight in, among other areas, customer due diligence. To increase the level of automation in the KYC process, the Internet Bank's and mobile app's functionality was expanded.

In September a campaign was launched with a focus on tips and advice on managing money. This autumn we are also holding local gatherings in a number of locations with the theme Digital Economics, where customers can receive help getting started with digital services. Through the initiative we hope to support greater digital inclusion and at the same time simplify banking for our customers.



Mikael Björknert  
Acting Head of Swedish Banking

**Sweden is Swedbank's largest market**, with around 4 million private customers and over 250 000 corporate customers. This makes Swedbank Sweden's largest bank by number of customers. Through our digital channels (Internet Bank and Mobile Bank), the Telephone Bank and branches, and with the cooperation of the savings banks and franchisees, we are always available. Swedbank is part of the local community. Branch managers have a strong mandate to act in their local communities. The bank's presence and engagement are expressed in various ways. A project called "Young Jobs", which has created thousands of trainee positions for young people, has played an important part in recent years. Swedbank has 172 branches in Sweden.



## Baltic Banking

- Increased lending volumes and mortgage margins strengthened net interest income
- Deposits and lending grew in all three countries
- New mobile app and multibanking solution launched

### Income statement

SEKm	Q3 2019	Q2 2019	%	Q3 2018	%	Jan-Sep 2019	Jan-Sep 2018	%
Net interest income	1 346	1 293	4	1 236	9	3 879	3 520	10
Net commission income	680	673	1	654	4	2 002	1 881	6
Net gains and losses on financial items	73	76	-4	64	14	221	184	20
Other income <sup>1)</sup>	210	204	3	188	12	595	509	17
<b>Total income</b>	<b>2 309</b>	<b>2 246</b>	<b>3</b>	<b>2 142</b>	<b>8</b>	<b>6 697</b>	<b>6 094</b>	<b>10</b>
Staff costs	291	268	9	248	17	805	701	15
Variable staff costs	15	15	0	13	15	46	40	15
Other expenses	489	458	7	456	7	1 395	1 320	6
Depreciation/amortisation	45	48	-6	22		131	69	90
<b>Total expenses</b>	<b>840</b>	<b>789</b>	<b>6</b>	<b>739</b>	<b>14</b>	<b>2 377</b>	<b>2 130</b>	<b>12</b>
<b>Profit before impairment</b>	<b>1 469</b>	<b>1 457</b>	<b>1</b>	<b>1 403</b>	<b>5</b>	<b>4 320</b>	<b>3 964</b>	<b>9</b>
Impairment of tangible assets	2	1				3		
Credit impairment	10	25	-60	8	25	6	-105	
<b>Operating profit</b>	<b>1 457</b>	<b>1 431</b>	<b>2</b>	<b>1 395</b>	<b>4</b>	<b>4 311</b>	<b>4 069</b>	<b>6</b>
Tax expense	206	205	0	201	2	613	593	3
<b>Profit for the period</b>	<b>1 251</b>	<b>1 226</b>	<b>2</b>	<b>1 194</b>	<b>5</b>	<b>3 698</b>	<b>3 476</b>	<b>6</b>
<b>Profit for the period attributable to the shareholders of Swedbank AB</b>	<b>1 251</b>	<b>1 226</b>	<b>2</b>	<b>1 194</b>	<b>5</b>	<b>3 698</b>	<b>3 476</b>	<b>6</b>
Return on allocated equity, %	19.3	19.1		20.6		19.2	20.2	
Loan/deposit ratio, %	81	81		80		81	80	
Credit impairment ratio, %	0.02	0.06		0.02		0.00	-0.09	
Cost/income ratio	0.36	0.35		0.35		0.35	0.35	
Loans, SEKbn <sup>2)</sup>	188	182	3	167	13	188	167	13
Deposits, SEKbn <sup>2)</sup>	232	224	4	210	10	232	210	10
Full-time employees	3 629	3 678	-1	3 543	2	3 629	3 543	2

1) Other income in the table above includes the items Net insurance and Other income from the Group income statement.

2) Excluding the Swedish National Debt Office and repurchase agreements.

## Result

### Third quarter 2019 compared with second quarter 2019

Profit in the third quarter amounted to SEK 1 251m (1 226). Profit in local currency was stable with higher income and lower credit impairments offset by higher expenses. Foreign exchange effects increased profit by SEK 15m.

Net interest income increased 3 per cent in local currency, primarily due to increased lending volumes and one more business day than in the previous quarter. Mortgage margins continued to rise slightly, while corporate lending margins were unchanged. Foreign exchange effects positively affected net interest income by SEK 16m.

Household lending rose 3 per cent in local currency in the quarter, while corporate lending was unchanged. In total, lending increased in all three Baltic countries. Foreign exchange effects contributed an increase of SEK 3bn.

Deposits grew by 2 per cent in local currency due to household and corporate portfolios growth. Foreign exchange effects contributed an increase of SEK 3bn.

Net commission income was unchanged in local currency in the quarter. Income from cards increased thanks to higher card usage, but was offset by a lower result in other payment services.

Net gains and losses on financial items decreased 6 per cent in local currency, mainly due to lower positive valuation effects on bond holdings in the quarter.

Other income increased 2 per cent in the quarter in local currency, mainly due to a somewhat better result in the insurance business.

Expenses increased 5 per cent in local currency in the quarter. The increase was mainly due to higher staff costs and AML expenses.

Credit impairments amounted to SEK 10m (25). Underlying credit quality remains solid.

### January-September 2019 compared with January-September 2018

Profit increased to SEK 3 698m (3 476) due to higher income. Foreign exchange effects positively affected profit by SEK 105m.

Net interest income rose 7 per cent in local currency, largely due to increased lending volumes. Foreign

exchange effects positively affected net interest income by SEK 110m.

Lending grew 8 per cent in local currency. Household and corporate lending both increased in all three Baltic countries. Foreign exchange effects contributed with

an increase of SEK 7bn. Deposits grew 7 per cent in local currency and foreign exchange effects contributed with an increase of SEK 8bn.

Net commission income increased 3 per cent in local currency. Higher income from cards and payments was partly offset by a lower result in asset management.

Net gains and losses on financial items increased 16 per cent in local currency. The increase is largely due to positive revaluations of bond holdings. Other income increased 13 per cent in local currency, mainly due to an improved result in the insurance business.

Expenses rose 8 per cent in local currency largely due to higher staff costs and investments in digital solutions.

Credit impairments amounted to SEK 6m, compared with a positive result of SEK 105m in the equivalent period in 2018.

### Business development

Swedbank continued to develop its digital channels and improve the customer offering. In the quarter a new mobile app was launched in all three countries. GarminPay and FitBitPay were also launched together with the new app, which makes it possible to pay by smartwatch and Android phone.

A multibanking solution that makes it possible to view account balances at other banks in Swedbank's Internet Bank was also launched during the quarter. Going forward customers will also be able to make domestic payments and get access to more information on their accounts at other banks through the Internet Bank.

In the quarter the bank continued to invest in AML processes to improve customer due diligence. Investments are being made to increase the level of automation and quality assure processes, and to develop further the analysis of customers in elevated risk classes. In addition to these system investments, the unit that prevents money laundering was strengthened through new hires and skills training.

Besides digital development and AML, work is also ongoing in the area of sustainability. Swedbank actively participates in sustainability related events in all three Baltic countries. The areas that have received special attention are education, leadership, financial literacy and the future of pension systems. Swedbank is also engaged in charitable projects in the region with employees volunteering for initiatives such as "Donating our time" and "We care".



Charlotte Elsnitz  
Head of Baltic Banking

**Swedbank is the largest bank** by number of customers in Estonia, Latvia and Lithuania, with around 3.3 million private customers and around 300 000 corporate customers. According to independent 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 32 branches in Estonia, 30 in Latvia and 58 in Lithuania.

## Large Corporates & Institutions

- Stable net interest and net commission income
- Lower customer activity in credit trading and valuation effects weighed down net gains and losses on financial items
- Strong position maintained in the bond market

### Income statement

SEKm	Q3 2019	Q2 2019	%	Q3 2018	%	Jan-Sep 2019	Jan-Sep 2018	%
Net interest income	944	958	-1	1 044	-10	2 847	2 978	-4
Net commission income	534	530	1	655	-18	1 640	1 915	-14
Net gains and losses on financial items	340	444	-23	536	-37	1 616	1 535	5
Other income <sup>1)</sup>	73	40	83	31		147	107	37
<b>Total income</b>	<b>1 891</b>	<b>1 972</b>	<b>-4</b>	<b>2 266</b>	<b>-17</b>	<b>6 250</b>	<b>6 535</b>	<b>-4</b>
Staff costs	327	347	-6	313	4	1 016	1 014	0
Variable staff costs	42	63	-33	68	-38	151	167	-10
Other expenses	552	577	-4	530	4	1 679	1 639	2
Depreciation/amortisation	30	30	0	23	30	91	70	30
<b>Total expenses</b>	<b>951</b>	<b>1 017</b>	<b>-6</b>	<b>934</b>	<b>2</b>	<b>2 937</b>	<b>2 890</b>	<b>2</b>
<b>Profit before impairment</b>	<b>940</b>	<b>955</b>	<b>-2</b>	<b>1 332</b>	<b>-29</b>	<b>3 313</b>	<b>3 645</b>	<b>-9</b>
Credit impairment	117	106	10	37		330	-189	
<b>Operating profit</b>	<b>823</b>	<b>849</b>	<b>-3</b>	<b>1 295</b>	<b>-36</b>	<b>2 983</b>	<b>3 834</b>	<b>-22</b>
Tax expense	165	237	-30	298	-45	702	845	-17
<b>Profit for the period</b>	<b>658</b>	<b>612</b>	<b>8</b>	<b>997</b>	<b>-34</b>	<b>2 281</b>	<b>2 989</b>	<b>-24</b>
<b>Profit for the period attributable to the shareholders of Swedbank AB</b>	<b>658</b>	<b>612</b>	<b>8</b>	<b>997</b>	<b>-34</b>	<b>2 281</b>	<b>2 989</b>	<b>-24</b>
Return on allocated equity, %	9.5	8.8		14.8		11.2	15.7	
Loan/deposit ratio, %	168	172		161		168	161	
Credit impairment ratio, %	0.15	0.13		0.05		0.16	-0.10	
Cost/income ratio	0.50	0.52		0.41		0.47	0.44	
Loans, SEKbn <sup>2)</sup>	225	229	-2	224	0	225	224	0
Deposits, SEKbn <sup>2)</sup>	134	133	1	139	-4	134	139	-4
Full-time employees	1 247	1 227	2	1 181	6	1 247	1 181	6

1) Other income in the table above includes the items Net insurance and Other income from the Group income statement.

2) Excluding the Swedish National Debt Office and repurchase agreements.

### Result

#### Third quarter 2019 compared with second quarter 2019

Profit increased to SEK 658m (612), mainly due to lower expenses and lower tax.

Net interest income decreased slightly to SEK 944m (958), largely due to lower lending volumes and an increased expense for the resolution fund fee after an adjustment in the second quarter. Lending margins were slightly lower.

Net commission income was stable at SEK 534m (530). Higher net commission income from cards was offset by lower net commission income from securities.

Net gains and losses on financial items decreased to SEK 340m (444), largely driven by derivative valuation adjustments (CVA/DVA) and lower credit trading activity in the summer months.

Expenses decreased to SEK 951m (1 017), mainly as a consequence of lower staff costs in Norway in the summer months.

Credit impairments amounted to SEK 117m (106).

#### January-September 2019 compared with January-September 2018

Profit decreased to SEK 2 281m (2 989) due to lower income and higher credit impairments.

Net interest income decreased to SEK 2 847m (2 978), mainly because higher market interest rates negatively affected lending margins.

Net commission income decreased to SEK 1 640m (1 915), partly as a result of lower income from securities and corporate finance after a weak first half-year for advisory commissions and equity related funding.

Net gains and losses on financial items increased to SEK 1 616m (1 535). The main reason was a higher result from fixed income trading in the first quarter.

Total expenses increased to SEK 2 937m (2 890) due to changes in internal expense allocations.

Credit impairments increased to SEK 330m (-189), partly due to increased provisions for Stage 3 commitments.

#### Business development

Swedbank participated in the third quarter in several large corporate finance transactions. For example, we

were an advisor to the real estate company Akelius in connection with its IPO and the listing of its D share on Nasdaq's First North Growth Market. In Norway Swedbank served as financial advisor to Varanger Kraft when the energy company sold its 49 per cent interest in the wind power company Varanger Kraftvind AS to Cube Infrastructure Managers. Also, Swedbank was advisor to the leading Baltic auto dealer, Silberauto, when it was acquired by Finland's Veho OY.

We continue to hold a strong position in the bond issuance market and during the year have helped customers to issue just over SEK 87bn in the SEK market. Interest in green bonds remains high and we are also seeing growing interest in so-called social and sustainability bonds.

Swedbank tied for second place in the third quarter in the market research firm Prospera's customer satisfaction survey for "Back Office, FI, FX & Derivatives", with a significantly higher score. On a national level Swedbank saw a big improvement in Sweden, where its ranking rose from a fourth-place tie to second place.

Swedbank's strategic partner, Kepler Cheuvreux, won more awards in the quarter in the area of equities. In the Starmine Analyst Awards, formerly Thomson Reuters and Starmine, Kepler Cheuvreux ranked third among

equity brokers in the Nordic region. Four of Kepler Cheuvreux's equity analysts received top-3 rankings in the individual categories.

Together with other parts of the Group, Large Corporates & Institutions has several activities underway to prevent money laundering. Besides strengthening the units that work with anti-money laundering, terrorist financing and customer due diligence with additional staff, improvements are continuously being made to existing processes and systems. Measures were also taken to strengthen employee skills, including through appropriate training. Furthermore, work is underway to implement the 5th EU Anti-Money Laundering Directive, along with preparations for the industry-wide initiative to develop a platform for managing KYC data, which is scheduled for 2020.



Ola Laurin  
Head of Large Corporates & Institutions

**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 advanced financing solutions. They are also responsible for developing corporate and capital market products for other parts of the bank and the Swedish savings banks. Large Corporates & Institutions works closely with customers, who receive advice on decisions that create long-term profitability and sustainable growth. Large Corporates & Institutions is represented in Sweden, Norway, Estonia, Latvia, Lithuania, Finland, Luxembourg, China, the US and South Africa.

## Group Functions & Other

### Income statement

SEKm	Q3 2019	Q2 2019	%	Q3 2018	%	Jan-Sep 2019	Jan-Sep 2018	%
Net interest income	277	333	-17	204	36	695	846	-18
Net commission income	22	44	-50	51	-57	39	53	-26
Net gains and losses on financial items	-63	131		-207	-70	247	-350	
Share of profit or loss of associates	2	3	-33	192	-99	9	369	-98
Other income <sup>1)</sup>	193	184	5	213	-9	547	662	-17
<b>Total income</b>	<b>431</b>	<b>695</b>	<b>-38</b>	<b>453</b>	<b>-5</b>	<b>1 537</b>	<b>1 580</b>	<b>-3</b>
Staff costs	1 304	1 292	1	953	37	3 892	3 218	21
Variable staff costs	47	64	-27	65	-28	147	174	-16
Other expenses	-479	-934	-49	-987	-51	-2 454	-2 891	-15
Depreciation/amortisation	251	237	6	117		721	335	
<b>Total expenses</b>	<b>1 123</b>	<b>659</b>	<b>70</b>	<b>148</b>		<b>2 306</b>	<b>836</b>	
<b>Profit before impairment</b>	<b>-692</b>	<b>36</b>		<b>305</b>		<b>-769</b>	<b>744</b>	
Impairment of intangible assets	66					66	282	-77
Impairment of tangible assets	-1	1						
Credit impairment		2		1		1	-5	
<b>Operating profit</b>	<b>-757</b>	<b>33</b>		<b>304</b>		<b>-836</b>	<b>467</b>	
Tax expense	-35	-61	-43	127		-47	280	
<b>Profit for the period</b>	<b>-722</b>	<b>94</b>		<b>177</b>		<b>-789</b>	<b>187</b>	
<b>Profit for the period attributable to the shareholders of Swedbank AB</b>	<b>-722</b>	<b>94</b>		<b>177</b>		<b>-789</b>	<b>187</b>	
Full-time employees	6 557	6 488	1	6 173	6	6 557	6 173	6

1) Other income in the table above includes the items Net insurance and Other income from the Group income statement.

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 Lending & Payments, Group Savings and Group Staffs and are allocated to a large extent.

#### Third quarter 2019 compared with second quarter 2019

Profit amounted to SEK -722m (94) due to higher expenses. Profit within Group Treasury decreased to SEK 84m (314).

Net interest income decreased to SEK 277m (333). Net interest income within Group Treasury decreased to SEK 325m (363). The reasons include lower covered bond repurchasing activity and increased expenses for short-term funding.

Net gains and losses on financial items fell to SEK -63m (131). Net gains and losses on financial items within Group Treasury decreased to SEK -72m (129), mainly due to a decline in the value of the Asiakastiето holding in the quarter, while the Visa holding increased less in value than the previous quarter.

Expenses increased to SEK 1 123m (659) due to increased consulting expenses to manage the money laundering related investigations that are underway. A VAT provision, severance pay to former members of the Group Executive Committee and fraud related expenses also had an impact.

Impairment of intangible assets related to PayEx amounted to SEK 66m (0). Impairment of tangible assets related amounted to SEK -1m (1).

Credit impairments amounted to SEK 0m (2).

#### January-September 2019 compared with January-September 2018

Profit decreased to SEK -789m (189). Group Treasury's profit increased to SEK 524m (491).

Net interest income fell to SEK 695m (846). Group Treasury's net interest income fell to SEK 808m (902), mainly due to less favourable terms on short-term international funding as well as the phase-in of higher short-term market interest rates.

Net gains and losses on financial items increased to SEK 247m (-350). Net gains and losses on financial items within Group Treasury increased to SEK 229m (-347) due to the higher value of the holdings in Visa and Asiakastiето.

Expenses rose to SEK 2 306m (836) due to increased consulting expenses to manage the money laundering investigations that are underway. A VAT provision, severance pay to former members of the Group Executive Committee and fraud related expenses also had an impact.

Credit impairments amounted to SEK 1m (-5).

The tax expense amounted to SEK -47m (280) partly due to a SEK 64m adjustment of the previous year's tax after a positive settlement with the Swedish Tax Agency.

**Group Functions & Other** consists of central business support units and the product areas Group Lending & Payments and Group Savings. The central units serve as strategic and administrative support and comprise Accounting & Finance, Communication, Risk, IT, Compliance, Public Affairs, HR and Legal. 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	Q3 2019	Q2 2019	%	Q3 2018	%	Jan-Sep 2019	Jan-Sep 2018	%
Net commission income	20	14	43	8		47	24	96
Net gains and losses on financial items				1		-1	2	
Other income <sup>1)</sup>	-44	-38	16	-51	-14	-121	-155	-22
<b>Total income</b>	<b>-24</b>	<b>-24</b>	<b>0</b>	<b>-42</b>	<b>-43</b>	<b>-75</b>	<b>-129</b>	<b>-42</b>
Other expenses	-24	-24	0	-42	-43	-75	-129	-42
<b>Total expenses</b>	<b>-24</b>	<b>-24</b>	<b>0</b>	<b>-42</b>	<b>-43</b>	<b>-75</b>	<b>-129</b>	<b>-42</b>

1) Other income in the table above includes the items Net insurance and Other income from the Group income statement.

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

<b>Group</b>	<b>Page</b>
Income statement, condensed	21
Statement of comprehensive income, condensed	22
Balance sheet, condensed	23
Statement of changes in equity, condensed	24
Cash flow statement, condensed	25
<b>Notes</b>	
Note 1 Accounting policies	26
Note 2 Critical accounting estimates	26
Note 3 Changes in the Group structure	27
Note 4 Operating segments (business areas)	28
Note 5 Net interest income	30
Note 6 Net commission income	31
Note 7 Net gains and losses on financial items	32
Note 8 Other expenses	33
Note 9 Credit impairment	33
Note 10 Loans	36
Note 11 Loan stage allocation and credit impairment provisions	37
Note 12 Credit exposures	40
Note 13 Intangible assets	40
Note 14 Amounts owed to credit institutions	40
Note 15 Deposits and borrowings from the public	41
Note 16 Debt securities in issue and subordinated liabilities	41
Note 17 Derivatives	41
Note 18 Financial instruments carried at fair value	42
Note 19 Pledged collateral	44
Note 20 Offsetting financial assets and liabilities	45
Note 21 Capital adequacy consolidated situation	46
Note 22 Internal capital requirement	50
Note 23 Risks and uncertainties	50
Note 24 Related-party transactions	51
Note 25 Swedbank's share	51
Note 26 Effects of changes in accounting policies, IFRS 16	52
<b>Parent company</b>	
Income statement, condensed	54
Statement of comprehensive income, condensed	54
Balance sheet, condensed	55
Statement of changes in equity, condensed	56
Cash flow statement, condensed	56
Capital adequacy	57

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

## Income statement, condensed

Group	Q3	Q2		Q3		Jan-Sep	Jan-Sep	
SEKm	2019	2019	%	2018	%	2019	2018	%
Interest income	9 405	9 565	-2	9 497	-1	28 285	27 490	3
Negative yield on financial assets	-562	-512	10	-733	-23	-1 639	-2 127	-23
<b>Interest income, including negative yield on financial assets</b>	<b>8 843</b>	<b>9 053</b>	<b>-2</b>	<b>8 764</b>	<b>1</b>	<b>26 646</b>	<b>25 363</b>	<b>5</b>
Interest expense	-2 431	-2 582	-6	-2 606	-7	-7 491	-7 020	7
Negative yield on financial liabilities	141	136	4	168	-16	426	550	-23
<b>Interest expense, including negative yield on financial liabilities</b>	<b>-2 290</b>	<b>-2 446</b>	<b>-6</b>	<b>-2 438</b>	<b>-6</b>	<b>-7 065</b>	<b>-6 470</b>	<b>9</b>
<b>Net interest income (note 5)</b>	<b>6 553</b>	<b>6 607</b>	<b>-1</b>	<b>6 326</b>	<b>4</b>	<b>19 581</b>	<b>18 893</b>	<b>4</b>
Commission income	4 799	4 886	-2	4 892	-2	14 230	14 147	1
Commission expense	-1 502	-1 684	-11	-1 556	-3	-4 661	-4 494	4
<b>Net commission income (note 6)</b>	<b>3 297</b>	<b>3 202</b>	<b>3</b>	<b>3 336</b>	<b>-1</b>	<b>9 569</b>	<b>9 653</b>	<b>-1</b>
Net gains and losses on financial items (note 7)	457	768	-40	488	-6	2 411	1 682	43
Net insurance	379	361	5	326	16	1 066	881	21
Share of profit or loss of associates <sup>1)</sup>	213	220	-3	341	-38	570	834	-32
Other income	327	258	27	260	26	807	1 547	-48
<b>Total income</b>	<b>11 226</b>	<b>11 416</b>	<b>-2</b>	<b>11 077</b>	<b>1</b>	<b>34 004</b>	<b>33 490</b>	<b>2</b>
Staff costs	2 763	2 782	-1	2 457	12	8 304	7 702	8
Other expenses (note 8)	2 018	1 577	28	1 365	48	4 972	4 211	18
Depreciation/amortisation	383	394	-3	176		1 159	516	
<b>Total expenses</b>	<b>5 164</b>	<b>4 753</b>	<b>9</b>	<b>3 998</b>	<b>29</b>	<b>14 435</b>	<b>12 429</b>	<b>16</b>
<b>Profit before impairment</b>	<b>6 062</b>	<b>6 663</b>	<b>-9</b>	<b>7 079</b>	<b>-14</b>	<b>19 569</b>	<b>21 061</b>	<b>-7</b>
Impairment of intangible assets (note 13)	66					66	282	-77
Impairment of tangible assets	1	2	-50			3		
Credit impairment (note 9)	154	109	41	117	32	481	109	
<b>Operating profit</b>	<b>5 841</b>	<b>6 552</b>	<b>-11</b>	<b>6 962</b>	<b>-16</b>	<b>19 019</b>	<b>20 670</b>	<b>-8</b>
Tax expense <sup>1)</sup>	1 176	1 210	-3	1 431	-18	3 738	4 086	-9
<b>Profit for the period</b>	<b>4 665</b>	<b>5 342</b>	<b>-13</b>	<b>5 531</b>	<b>-16</b>	<b>15 281</b>	<b>16 584</b>	<b>-8</b>
<b>Profit for the period attributable to the shareholders of Swedbank AB</b>	<b>4 663</b>	<b>5 336</b>	<b>-13</b>	<b>5 525</b>	<b>-16</b>	<b>15 269</b>	<b>16 572</b>	<b>-8</b>
Non-controlling interests	2	6	-67	6	-67	12	12	0
<b>SEK</b>								
Earnings per share, SEK	4.17	4.77		4.95		13.66	14.85	
after dilution, SEK	4.16	4.75		4.93		13.62	14.80	

<sup>1)</sup> 2018 (Q1, Q2 and Q3) result has been restated for changed presentation of tax related to associates.

## Statement of comprehensive income, condensed

Group	Q3	Q2		Q3		Jan-Sep	Jan-Sep	
SEKm	2019	2019	%	2018	%	2019	2018	%
<b>Profit for the period reported via income statement</b>	<b>4 665</b>	<b>5 342</b>	<b>-13</b>	<b>5 531</b>	<b>-16</b>	<b>15 281</b>	<b>16 584</b>	<b>-8</b>
<b>Items that will not be reclassified to the income statement</b>								
Remeasurements of defined benefit pension plans	-781	-3 308	-76	261		-4 957	-852	
Share related to associates, Remeasurements of defined benefit pension plans	-29	-108	-73	4		-159	-27	
Change in fair value attributable to changes in own credit risk on financial liabilities designated at fair value	5	5	0	4	25	13	13	0
Income tax	160	680	-76	-54		1 018	169	
<b>Total</b>	<b>-645</b>	<b>-2 731</b>	<b>-76</b>	<b>215</b>		<b>-4 085</b>	<b>-697</b>	
<b>Items that may be reclassified to the income statement</b>								
Exchange rate differences, foreign operations:								
Gains/losses arising during the period	639	691	-8	-559		1 971	2 117	-7
Hedging of net investments in foreign operations:								
Gains/losses arising during the period	-485	-549	-12	421		-1 576	-1 733	-9
Cash flow hedges:								
Gains/losses arising during the period	133	142	-6	-122		409	466	-12
Reclassification adjustments to the income statement, Net gains and losses on financial items	-131	-136	-4	117		-398	-452	-12
Foreign currency basis risk:								
Gains/losses arising during the period	-10	3		10		-12	-69	-83
Share of other comprehensive income of associates	-4	21		-8	-50	72	136	-47
Income tax	106	157	-32	-88		351	350	0
<b>Total</b>	<b>248</b>	<b>329</b>	<b>-25</b>	<b>-229</b>		<b>817</b>	<b>815</b>	<b>0</b>
<b>Other comprehensive income for the period, net of tax</b>	<b>-397</b>	<b>-2 402</b>	<b>-83</b>	<b>-14</b>		<b>-3 268</b>	<b>118</b>	
<b>Total comprehensive income for the period</b>	<b>4 268</b>	<b>2 940</b>	<b>45</b>	<b>5 517</b>	<b>-23</b>	<b>12 013</b>	<b>16 702</b>	<b>-28</b>
<b>Total comprehensive income attributable to the shareholders of Swedbank AB</b>	<b>4 266</b>	<b>2 934</b>	<b>45</b>	<b>5 511</b>	<b>-23</b>	<b>12 001</b>	<b>16 690</b>	<b>-28</b>
Non-controlling interests	2	6	-67	6	-67	12	12	0

For January-September 2019 an expense of SEK 4 957m (852) was recognised in other comprehensive income, regarding remeasurements of defined benefit pension plans. As per 30 September the discount rate, which is used to calculate the closing pension obligation, was 1.06 per cent, compared with 2.42 per cent at year end. The inflation assumption was 1.70 per cent compared with 1.92 per cent at year end. The changed assumptions represent SEK 5 727m of the expense in other comprehensive income. The fair value of plan assets increased during the first nine months of 2019 by SEK 769m. In total as per 30 September, the obligation for defined benefit pension plans exceeded the fair value of plan assets by SEK 9 900m compared with SEK 4 979m at year end.

For January-September 2019 an exchange rate difference of SEK 1 971m (2 117) was recognised for the Group's foreign net investments in subsidiaries. In addition, an exchange rate difference of SEK 72m (136) for the Group's foreign net investments in associates is included in Share related to associates. The gain related to subsidiaries mainly arose because the Swedish krona weakened against the euro during the year. The total gain of SEK 2 043m is not taxable. Since the large part of the Group's foreign net investments is hedged against currency risk, a loss of SEK 1 576m (1 733) before tax arose for 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.

## Balance sheet, condensed

Group SEKm	30 Sep	31 Dec	Δ		30 Sep	
	2019	2018	SEKm	%	2018	%
<b>Assets</b>						
Cash and balances with central banks	212 168	163 161	49 007	30	296 884	-29
Treasury bills and other bills eligible for refinancing with central banks, etc.	167 244	99 579	67 665	68	95 746	75
Loans to credit institutions (note 10)	39 981	36 268	3 713	10	39 247	2
Loans to the public (note 10)	1 668 023	1 627 368	40 655	2	1 646 757	1
Value change of interest hedged item in portfolio hedge	2 908	766	2 142		579	
Bonds and other interest-bearing securities	73 107	53 312	19 795	37	69 144	6
Financial assets for which customers bear the investment risk	213 735	177 868	35 867	20	200 274	7
Shares and participating interests	5 137	4 921	216	4	5 981	-14
Investments in associates	6 423	6 088	335	6	6 728	-5
Derivatives (note 17)	60 828	39 665	21 163	53	61 329	-1
Intangible assets (note 13)	17 927	17 118	809	5	16 945	6
Tangible assets	5 610	1 966	3 644		1 904	
Current tax assets	2 826	2 065	761	37	1 575	79
Deferred tax assets	172	164	8	5	171	1
Other assets	28 440	13 970	14 470		16 217	75
Prepaid expenses and accrued income	1 993	1 813	180	10	2 183	-9
<b>Total assets</b>	<b>2 506 522</b>	<b>2 246 092</b>	<b>260 430</b>	<b>12</b>	<b>2 461 664</b>	<b>2</b>
<b>Liabilities and equity</b>						
Amounts owed to credit institutions (note 14)	103 251	57 218	46 033	80	83 984	23
Deposits and borrowings from the public (note 15)	974 351	920 750	53 601	6	958 209	2
Financial liabilities for which customers bear the investment risk	214 562	178 662	35 900	20	201 154	7
Debt securities in issue (note 16)	918 601	804 360	114 241	14	921 698	0
Short positions, securities	29 261	38 333	-9 072	-24	27 545	6
Derivatives (note 17)	39 751	31 316	8 435	27	51 138	-22
Current tax liabilities	730	1 788	-1 058	-59	1 195	-39
Deferred tax liabilities	1 287	1 576	-289	-18	1 626	-21
Pension provisions	9 900	4 979	4 921	99	3 906	
Insurance provisions	1 964	1 897	67	4	1 892	4
Other liabilities and provisions	41 811	30 035	11 776	39	37 845	10
Accrued expenses and prepaid income	4 042	3 385	657	19	3 307	22
Subordinated liabilities (note 16)	33 241	34 184	-943	-3	34 275	-3
<b>Total liabilities</b>	<b>2 372 752</b>	<b>2 108 483</b>	<b>264 269</b>	<b>13</b>	<b>2 327 774</b>	<b>2</b>
<b>Equity</b>						
Non-controlling interests	25	213	-188	-88	209	-88
Equity attributable to shareholders of the parent company	133 745	137 396	-3 651	-3	133 681	0
<b>Total equity</b>	<b>133 770</b>	<b>137 609</b>	<b>-3 839</b>	<b>-3</b>	<b>133 890</b>	<b>0</b>
<b>Total liabilities and equity</b>	<b>2 506 522</b>	<b>2 246 092</b>	<b>260 430</b>	<b>12</b>	<b>2 461 664</b>	<b>2</b>

### Balance sheet analysis

Total assets have increased by SEK 260bn from 1 January 2019. Assets increased mainly due to higher treasury bills eligible for refinancing, which rose by SEK 68bn, and higher cash and balances with central banks, which rose by SEK 49bn. The increase is mainly attributable to higher deposits with central banks in the euro system and the US Federal Reserve. Lending to the public, excluding the National Debt Office and repos, increased by SEK 36bn. Swedish mortgages increased by SEK 16bn. Deposits and borrowings from the public, excluding the National Debt Office and repos, rose by a total of SEK 38bn. Amounts owed to credit institutions increased by SEK 46bn. Balance sheet items related to credit institutions fluctuate over time depending primarily

on repos. The market value of derivatives increased on both the asset and liability side, mainly due to movements in interest rates and currencies. Financial assets and liabilities for which customers bear the investment risk increased by SEK 36bn, mainly as result of positive market development. The increase of SEK 114bn in Debt Securities in issue was mainly a result of more issued than repaid commercial papers and covered bonds in the first nine months of 2019. Due to adoption of IFRS 16, Tangible assets, corresponding to the right-of-use assets, increased by SEK 3.7bn, while Other financial liabilities, corresponding to the lease liability, increased by SEK 3.6bn.



## Statement of changes in equity, condensed

Group SEKm	Shareholders' equity							Retained earnings	Non-controlling interests	Total equity	
	Share capital	Other contributed equity <sup>1)</sup>	Exchange differences, subsidiaries and associates	Hedging of net investments in foreign operations	Cash flow hedges	Foreign currency basis reserve	Own credit risk reserve				
<b>January-September 2019</b>											
<b>Opening balance 1 January 2019</b>	<b>24 904</b>	<b>17 275</b>	<b>5 508</b>	<b>-3 444</b>	<b>4</b>	<b>-19</b>	<b>-18</b>	<b>93 186</b>	<b>137 396</b>	<b>213</b>	<b>137 609</b>
Dividends								-15 878	-15 878	-15	-15 893
Share based payments to employees								247	247		247
Deferred tax related to share based payments to employees								-34	-34		-34
Current tax related to share based payments to employees								13	13		13
Disposal of subsidiary										-185	-185
Total comprehensive income for the period			2 043	-1 225	8	-9	10	11 174	12 001	12	12 013
of which reported through profit or loss								15 269	15 269	12	15 281
of which reported through other comprehensive income			2 043	-1 225	8	-9	10	-4 095	-3 268		-3 268
<b>Closing balance 30 September 2019</b>	<b>24 904</b>	<b>17 275</b>	<b>7 551</b>	<b>-4 669</b>	<b>12</b>	<b>-28</b>	<b>-8</b>	<b>88 708</b>	<b>133 745</b>	<b>25</b>	<b>133 770</b>
<b>January-December 2018</b>											
<b>Opening balance 1 January 2018</b>	<b>24 904</b>	<b>17 275</b>	<b>3 602</b>	<b>-2 255</b>	<b>-10</b>	<b>38</b>	<b>-36</b>	<b>87 713</b>	<b>131 231</b>	<b>202</b>	<b>131 433</b>
Dividends								-14 517	-14 517	-5	-14 522
Share based payments to employees								321	321		321
Deferred tax related to share based payments to employees								-9	-9		-9
Current tax related to share based payments to employees								19	19		19
Total comprehensive income for the period			1 906	-1 189	14	-57	18	19 659	20 351	16	20 367
of which reported through profit or loss								21 162	21 162	16	21 178
of which reported through other comprehensive income			1 906	-1 189	14	-57	18	-1 503	-811		-811
<b>Closing balance 31 December 2018</b>	<b>24 904</b>	<b>17 275</b>	<b>5 508</b>	<b>-3 444</b>	<b>4</b>	<b>-19</b>	<b>-18</b>	<b>93 186</b>	<b>137 396</b>	<b>213</b>	<b>137 609</b>
<b>January-September 2018</b>											
<b>Opening balance 1 January 2018</b>	<b>24 904</b>	<b>17 275</b>	<b>3 602</b>	<b>-2 255</b>	<b>-10</b>	<b>38</b>	<b>-36</b>	<b>87 713</b>	<b>131 231</b>	<b>202</b>	<b>131 433</b>
Dividends								-14 517	-14 517	-5	-14 522
Share based payments to employees								258	258		258
Deferred tax related to share based payments to employees								1	1		1
Current tax related to share based payments to employees								18	18		18
Total comprehensive income for the period			2 253	-1 395	11	-54	10	15 865	16 690	12	16 702
of which reported through profit or loss								16 572	16 572	12	16 584
of which reported through other comprehensive income			2 253	-1 395	11	-54	10	-707	118		118
<b>Closing balance 30 September 2018</b>	<b>24 904</b>	<b>17 275</b>	<b>5 855</b>	<b>-3 650</b>	<b>1</b>	<b>-16</b>	<b>-26</b>	<b>89 338</b>	<b>133 681</b>	<b>209</b>	<b>133 890</b>

1) Other contributed equity consists mainly of share premiums.

## Cash flow statement, condensed

Group SEKm	Jan-Sep 2019	Full-year 2018	Jan-Sep 2018
<b>Operating activities</b>			
Operating profit	19 019	26 552	20 670
Adjustments for non-cash items in operating activities	4 611	-2 098	-4 300
Income taxes paid	-5 664	-6 531	-5 077
Increase/decrease in loans to credit institutions	-3 502	-5 257	-8 197
Increase/decrease in loans to the public	-37 598	-86 339	-104 385
Increase/decrease in holdings of securities for trading	-86 270	6 720	-8 027
Increase/decrease in deposits and borrowings from the public including retail bonds	47 679	56 594	93 123
Increase/decrease in amounts owed to credit institutions	44 744	-12 167	14 399
Increase/decrease in other assets	-37 325	15 946	-6 913
Increase/decrease in other liabilities	34 550	33 714	51 867
<b>Cash flow from operating activities</b>	<b>-19 756</b>	<b>27 134</b>	<b>43 160</b>
<b>Investing activities</b>			
Disposal of subsidiary	52		
Acquisitions of and contributions to associates	-38		
Disposal of shares in associates	71	277	277
Dividend from associates	529	354	350
Acquisitions of other fixed assets and strategic financial assets	-224	-15 321	-8 741
Disposals of/maturity other fixed assets and strategic financial assets	383	16 361	9 114
<b>Cash flow from investing activities</b>	<b>773</b>	<b>1 671</b>	<b>1 000</b>
<b>Financing activities</b>			
Issuance of interest-bearing securities	125 141	116 506	104 219
Redemption of interest-bearing securities	-70 862	-152 614	-130 138
Issuance of commercial paper	410 250	1 000 665	846 314
Redemption of commercial paper	-384 769	-1 018 910	-756 708
Dividends paid	-15 893	-14 522	-14 522
Amortisation of lease liabilities	542		
<b>Cash flow from financing activities</b>	<b>64 409</b>	<b>-68 875</b>	<b>49 165</b>
<b>Cash flow for the period</b>	<b>45 426</b>	<b>-40 070</b>	<b>93 325</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>163 161</b>	<b>200 371</b>	<b>200 371</b>
Cash flow for the period	45 426	-40 070	93 325
Exchange rate differences on cash and cash equivalents	3 581	2 860	3 188
<b>Cash and cash equivalents at end of the period</b>	<b>212 168</b>	<b>163 161</b>	<b>296 884</b>

During the third quarter of 2019, 11 percentage points of the subsidiary Ölands Bank AB was sold. Swedbank AB:s ownership subsequently amounts to 49 per cent, and as a result the company is accounted for as an associated company according to the equity method from the date of disposal. Swedbank received a cash payment of SEK 52m. The capital gain was SEK 40m.

Contributions were provided to the associates Nordic KYC Utility AB of SEK 24m and to P27 Nordic Payments Platform AB of SEK 14m.

During the second quarter of 2018, the associated company UC AB was sold. Swedbank received a cash payment of SEK 206m. In connection with the divestment, Swedbank also received shares of 7.4 per cent of the Finnish credit information company Asiakastiето Group Plc, which corresponded to a value of SEK 502m. The capital gain was SEK 677m.

During the first quarter of 2017, the associated company Hemnet AB was sold. Swedbank received parts of the cash payment, SEK 71m, in the first quarter of 2019 as well as in 2018.

## 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 Swedish Financial Reporting Board, 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 Swedish Financial Reporting Board.

The accounting policies applied in the interim report conform to those applied in the Annual and Sustainability Report for 2018, 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 2018 Annual and Sustainability Report, except for the changes as set out below.

### Leasing (IFRS 16)

IFRS 16 Leases has replaced IAS 17 Leases and sets out the principles for the recognition, measurement, presentation and disclosure of leases. The new standard significantly changes the way lessee entities should account for leases. For lessees, the standard eliminates the distinction between finance and operating leases and requires entities to recognise right-of-use assets and lease liabilities arising from most leases on the balance sheet. In the income statement general administrative expenses are replaced by depreciation of the right-of-use (RoU) asset and interest expense related to the lease liability. In the cash flow statement payments for the principal portion of the lease liability are presented within financing activities and payments for the interest portion are presented within operating activities.

The Group accounted for the transition to IFRS 16 requirements according to the modified retrospective approach, which means adoption from 1 January 2019 with no restatement of the comparative periods. For all leases classified as operating leases under IAS 17 and where the Group acts as the lessee, a lease liability and a right-of-use asset are recognised in the balance sheet. The lease liabilities were at transition initially

measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application, 1 January 2019. The right-of-use assets were initially recognised at the value of the corresponding lease liability, adjusted for prepaid lease payments.

The lease liability is initially measured as the present value of lease payments that are not paid at the commencement date. Over time, the liability will increase with interest expense accruals and decrease with lease payments. The RoU asset is initially measured at cost i.e. the same amount as the initial measurement of the lease liability plus certain other costs, for example lease payments made at or before commencement date. RoU asset is thereafter depreciated over the lease term. The lease payments are discounted using the incremental borrowing rate. The Group applies the exemptions afforded by the standard regarding short-term leases and leases for which the underlying asset is of low value. Expenses related to these lease agreements are recognised as Other expenses. After the commencement date, the carrying amount of the lease liability is remeasured to reflect any reassessment or modification of a lease agreement. The remeasurement of the lease liability is adjusted against the RoU asset. Gains or losses relating to modifications are recognised in the income statement.

Where Swedbank acts as a lessor, the requirements remain largely unchanged and the distinction between finance and operating leases is maintained.

The Parent Company has according to the option in RFR 2 chosen not to apply IFRS 16, which means that accounting for leases in the parent company has not been changed.

The adoption impacts are disclosed in note 26.

### Changes in Swedish regulations

The amended Swedish regulations that have been adopted from 1 January 2019 have not had a significant impact on the Group's financial position, results, cash flows or disclosures.

## 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 reporting date 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 impairment, impairment testing of goodwill, deferred taxes and defined benefit pension provisions. There have been no significant changes to the basis upon which the critical accounting judgments and estimates have been determined compared with 31 December 2018.

## Note 3 Changes in the Group structure

During the third quarter of 2019, 11 percentage points of the subsidiary Ölands Bank AB was sold. Swedbank AB:s ownership subsequently amounts to 49 per cent, and as a result the company is accounted for as an associated company according to the equity method from the date of disposal.

## Note 4 Operating segments (business areas)

Acc Jan-Sep 2019 SEKm	Swedish Banking	Baltic Banking	Large Corporates & Institutions	Group Functions & Other	Eliminations	Group
<b>Income statement</b>						
Net interest income	12 160	3 879	2 847	695		19 581
Net commission income	5 841	2 002	1 640	39	47	9 569
Net gains and losses on financial items	328	221	1 616	247	-1	2 411
Share of profit or loss of associates	561			9		570
Other income <sup>1</sup>	705	595	147	547	-121	1 873
<b>Total income</b>	<b>19 595</b>	<b>6 697</b>	<b>6 250</b>	<b>1 537</b>	<b>-75</b>	<b>34 004</b>
of which internal income	63		109	391	-563	
Staff costs	2 202	805	1 016	3 892		7 915
Variable staff costs	45	46	151	147		389
Other expenses	4 427	1 395	1 679	-2 454	-75	4 972
Depreciation/amortisation	216	131	91	721		1 159
<b>Total expenses</b>	<b>6 890</b>	<b>2 377</b>	<b>2 937</b>	<b>2 306</b>	<b>-75</b>	<b>14 435</b>
<b>Profit before impairment</b>	<b>12 705</b>	<b>4 320</b>	<b>3 313</b>	<b>-769</b>		<b>19 569</b>
Impairment of intangible assets				66		66
Impairment of tangible assets		3				3
Credit impairment	144	6	330	1		481
<b>Operating profit</b>	<b>12 561</b>	<b>4 311</b>	<b>2 983</b>	<b>-836</b>		<b>19 019</b>
Tax expense	2 470	613	702	-47		3 738
<b>Profit for the period</b>	<b>10 091</b>	<b>3 698</b>	<b>2 281</b>	<b>-789</b>		<b>15 281</b>
<b>Profit for the period attributable to the shareholders of Swedbank AB</b>	<b>10 079</b>	<b>3 698</b>	<b>2 281</b>	<b>-789</b>		<b>15 269</b>
Non-controlling interests	12					12
<b>Net commission income</b>						
<b>Commission income</b>						
Payment processing	533	548	294	193	-13	1 555
Cards	1 930	1 274	1 523		-290	4 437
Asset management and custody	3 920	285	925	-1	-179	4 950
Lending and Guarantees	213	187	506	5	1	912
Other commission income <sup>2</sup>	1 574	267	511	34	-10	2 376
<b>Total</b>	<b>8 170</b>	<b>2 561</b>	<b>3 759</b>	<b>231</b>	<b>-491</b>	<b>14 230</b>
<b>Commission expense</b>	<b>2 329</b>	<b>559</b>	<b>2 119</b>	<b>192</b>	<b>-538</b>	<b>4 661</b>
<b>Net commission income</b>	<b>5 841</b>	<b>2 002</b>	<b>1 640</b>	<b>39</b>	<b>47</b>	<b>9 569</b>
<b>Balance sheet, SEKbn</b>						
Cash and balances with central banks	1	3	2	207	-1	212
Loans to credit institutions	6		83	178	-227	40
Loans to the public	1 200	187	278	3		1 668
Interest-bearing securities		1	76	166	-3	240
Financial assets for which customers bear inv. risk	209	5				214
Investments in associates	4			2		6
Derivatives			67	49	-55	61
Total tangible and intangible assets	2	12	1	9		24
Other assets	2	58	24	485	-527	42
<b>Total assets</b>	<b>1 424</b>	<b>266</b>	<b>531</b>	<b>1 099</b>	<b>-813</b>	<b>2 507</b>
Amounts owed to credit institutions	25		205	88	-215	103
Deposits and borrowings from the public	567	232	158	25	-8	974
Debt securities in issue		2	11	911	-5	919
Financial liabilities for which customers bear inv. risk	209	6				215
Derivatives			68	27	-55	40
Other liabilities	558		61		-530	89
Subordinated liabilities				33		33
<b>Total liabilities</b>	<b>1 359</b>	<b>240</b>	<b>503</b>	<b>1 084</b>	<b>-813</b>	<b>2 373</b>
Allocated equity	65	26	28	15		134
<b>Total liabilities and equity</b>	<b>1 424</b>	<b>266</b>	<b>531</b>	<b>1 099</b>	<b>-813</b>	<b>2 507</b>
<b>Key figures</b>						
Return on allocated equity, %	20.9	19.2	11.2	-6.6		15.3
Cost/income ratio	0.35	0.35	0.47	1.50		0.42
Credit impairment ratio, %	0.02		0.16			0.04
Loan/deposit ratio, %	2.12	8.1	1.68	1		1.68
Loans, SEKbn <sup>3</sup>	1 200	188	225			1 613
Deposits, SEKbn <sup>3</sup>	567	232	134	24		957
Risk exposure amount, SEKbn	387	96	160	24		657
Full-time employees	3 636	3 629	1 247	6 557		15 069
Allocated equity, average, SEKbn	64	26	27	15		133

<sup>1</sup>) Other income in the table above includes the items Net insurance and Other income from the Group income statement.

<sup>2</sup>) Other commission income include Service concepts, corporate finance, securities, deposits, real estate brokerage, life and non-life insurance

<sup>3</sup>) Excluding the Swedish National Debt Office and repurchase agreements.



Acc Jan-Sep 2018 SEKm	Swedish Banking	Baltic Banking	Large Corporates & Institutions	Group Functions & Other	Eliminations	Group
<b>Income statement</b>						
Net interest income	11549	3 520	2 978	846		18 893
Net commission income	5 780	1 881	1 915	53	24	9 653
Net gains and losses on financial items	311	184	1 535	-350	2	1 682
Share of profit or loss of associates	465			369		834
Other income <sup>1</sup>	1 305	509	107	662	-155	2 428
<b>Total income</b>	<b>19 410</b>	<b>6 094</b>	<b>6 535</b>	<b>1 580</b>	<b>-129</b>	<b>33 490</b>
of which internal income	36		89	351	-476	
Staff costs	2 329	701	1 014	3 218		7 262
Variable staff costs	59	40	167	174		440
Other expenses	4 272	1 320	1 639	-2 891	-129	4 211
Depreciation/amortisation	42	69	70	335		516
<b>Total expenses</b>	<b>6 702</b>	<b>2 130</b>	<b>2 890</b>	<b>836</b>	<b>-129</b>	<b>12 429</b>
<b>Profit before impairment</b>	<b>12 708</b>	<b>3 964</b>	<b>3 645</b>	<b>744</b>		<b>21 061</b>
Impairment of intangible assets				282		282
Credit impairment	408	-105	-189	-5		109
<b>Operating profit</b>	<b>12 300</b>	<b>4 069</b>	<b>3 834</b>	<b>467</b>		<b>20 670</b>
Tax expense	2 368	593	845	280		4 086
<b>Profit for the period</b>	<b>9 932</b>	<b>3 476</b>	<b>2 989</b>	<b>187</b>		<b>16 584</b>
<b>Profit for the period attributable to the shareholders of Swedbank AB</b>	<b>9 920</b>	<b>3 476</b>	<b>2 989</b>	<b>187</b>		<b>16 572</b>
Non-controlling interests	12					12
<b>Net commission income</b>						
<b>Commission income</b>						
Payment processing	540	516	286	187	-14	1515
Cards	1745	1151	1589	-2	-286	4197
Asset management and custody	3 849	304	894	-10	-30	5 007
Lending and Guarantees	213	176	539	16		944
Other commission income <sup>2</sup>	1 557	237	717	-27		2 484
<b>Total</b>	<b>7 906</b>	<b>2 385</b>	<b>4 025</b>	<b>163</b>	<b>-332</b>	<b>14 147</b>
<b>Commission expense</b>	<b>2 126</b>	<b>504</b>	<b>2 110</b>	<b>110</b>	<b>-356</b>	<b>4 494</b>
<b>Net commission income</b>	<b>5 780</b>	<b>1 881</b>	<b>1 915</b>	<b>53</b>	<b>24</b>	<b>9 653</b>
<b>Balance sheet, SEKbn</b>						
Cash and balances with central banks	1	3	3	290		297
Loans to credit institutions	6		84	192	-243	39
Loans to the public	1 183	168	296			1 647
Interest-bearing securities		2	61	104	-2	165
Financial assets for which customers bear inv. risk	196	4				200
Investments in associates	4			2		6
Derivatives			68	22	-29	61
Total tangible and intangible assets	1	12	1	5		19
Other assets	3	50	20	489	-534	28
<b>Total assets</b>	<b>1 394</b>	<b>239</b>	<b>533</b>	<b>1 104</b>	<b>-808</b>	<b>2 462</b>
Amounts owed to credit institutions	28		198	90	-232	84
Deposits and borrowings from the public	557	210	168	31	-8	958
Debt securities in issue		1	14	911	-4	922
Financial liabilities for which customers bear inv. risk	196	5				201
Derivatives			63	17	-29	51
Other liabilities	550		63		-535	78
Subordinated liabilities				34		34
<b>Total liabilities</b>	<b>1 331</b>	<b>216</b>	<b>506</b>	<b>1 083</b>	<b>-808</b>	<b>2 328</b>
Allocated equity	63	23	27	21		134
<b>Total liabilities and equity</b>	<b>1 394</b>	<b>239</b>	<b>533</b>	<b>1 104</b>	<b>-808</b>	<b>2 462</b>
<b>Key figures</b>						
Return on allocated equity, %	217	20.2	15.7	12		17.0
Cost/income ratio	0.35	0.35	0.44	0.53		0.37
Credit impairment ratio, %	0.05	-0.09	-0.10	-0.03		0.01
Loan/deposit ratio, %	214	80	161			169
Loans, SEKbn <sup>3</sup>	1 183	167	224			1 574
Deposits, SEKbn <sup>3</sup>	552	210	139	31		932
Risk exposure amount, SEKbn	173	85	149	21		428
Full-time employees	3 847	3 543	1 181	6 173		14 744
Allocated equity, average, SEKbn	61	23	25	21		130

<sup>1)</sup> Other income in the table above includes the items Net insurance and Other income from the Group income statement.

<sup>2)</sup> Other commission income include Service concepts, corporate finance, securities, deposits, real estate brokerage, life and non-life insurance

<sup>3)</sup> Excluding the Swedish National Debt Office and repurchase agreements.

## 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 transferred at cost-based internal prices 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. OECD transfer pricing guidelines are applied to cross-border transfer pricing.

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 allocated equity for the operating segments is calculated based on profit for the period for the operating segment (operating profit less estimated tax and non-controlling interests), in relation to average monthly allocated equity for the operating segment. For periods shorter than one year the key ratio is annualised.

During the first quarter 2019 Swedbank's operating segments were changed slightly to coincide with the organisational changes made in Swedbank's business area organization. Comparative figures have been restated.

## Note 5 Net interest income

Group	Q3	Q2		Q3		Jan-Sep	Jan-Sep	
SEKm	2019	2019	%	2018	%	2019	2018	%
<b>Interest income</b>								
Loans to credit institutions	151	171	-12	43		409	83	
Loans to the public	8 311	8 288	0	7 882	5	24 746	23 225	7
Interest-bearing securities	38	52	-27	99	-62	188	159	18
Derivatives	358	496	-28	666	-46	1 153	1 506	-23
Other	136	168	-19	205	-34	569	613	-7
<b>Total interest income including negative yield on financial assets</b>	<b>8 994</b>	<b>9 175</b>	<b>-2</b>	<b>8 895</b>	<b>1</b>	<b>27 065</b>	<b>25 586</b>	<b>6</b>
deduction of trading related interest reported in Net gains and losses on financial items	151	122	24	131	15	419	223	88
<b>Interest income, including negative yield on financial assets, according to the income statement</b>	<b>8 843</b>	<b>9 053</b>	<b>-2</b>	<b>8 764</b>	<b>1</b>	<b>26 646</b>	<b>25 363</b>	<b>5</b>
<b>Interest expense</b>								
Amounts owed to credit institutions	-269	-300	-10	-307	-12	-875	-803	9
Deposits and borrowings from the public	-391	-441	-11	-321	22	-1 402	-959	46
of which deposit guarantee fees	-128	-107	20	-96	33	-341	-307	11
Debt securities in issue	-2 750	-3 087	-11	-3 664	-25	-9 047	-9 641	-6
Subordinated liabilities	-247	-217	14	-260	-5	-703	-749	-6
Derivatives	1 658	1 863	-11	2 564	-35	5 814	7 047	-17
Other	-314	-280	12	-429	-27	-935	-1 278	-27
of which government resolution fund fee	-278	-248	12	-414	-33	-839	-1 242	-32
<b>Total interest expense including negative yield on financial liabilities</b>	<b>-2 313</b>	<b>-2 462</b>	<b>-6</b>	<b>-2 417</b>	<b>-4</b>	<b>-7 148</b>	<b>-6 383</b>	<b>12</b>
deduction of trading related interest reported in Net gains and losses on financial items	-23	-16	44	21		-83	87	
<b>Interest expense, including negative yield on financial liabilities, according to the income statement</b>	<b>-2 290</b>	<b>-2 446</b>	<b>-6</b>	<b>-2 438</b>	<b>-6</b>	<b>-7 065</b>	<b>-6 470</b>	<b>9</b>
<b>Net interest income</b>	<b>6 553</b>	<b>6 607</b>	<b>-1</b>	<b>6 326</b>	<b>4</b>	<b>19 581</b>	<b>18 893</b>	<b>4</b>
<b>Net interest margin before trading interest is deducted</b>	<b>1.06</b>	<b>1.07</b>		<b>0.98</b>		<b>1.06</b>	<b>1.01</b>	
<b>Average total assets</b>	<b>2 531 444</b>	<b>2 499 994</b>		<b>1 2 631 907</b>	<b>-4</b>	<b>2 505 553</b>	<b>2 539 347</b>	<b>-1</b>
<b>Interest income on financial assets at amortised cost</b>	<b>8 381</b>	<b>8 540</b>	<b>-2</b>	<b>7 871</b>	<b>6</b>	<b>25 396</b>	<b>23 389</b>	<b>9</b>
<b>Interest expense on financial liabilities at amortised cost</b>	<b>4 160</b>	<b>4 471</b>	<b>-7</b>	<b>4 696</b>	<b>-11</b>	<b>13 346</b>	<b>12 831</b>	<b>4</b>

## Note 6 Net commission income

Group SEKm	Q3 2019	Q2 2019	%	Q3 2018	%	Jan-Sep 2019	Jan-Sep 2018	%
<b>Commission income</b>								
Payment processing	514	530	-3	501	3	1 555	1 515	3
Cards	1 589	1 512	5	1 506	6	4 437	4 197	6
Service concepts	313	311	1	284	10	932	884	5
Asset management and custody	1 614	1 731	-7	1 743	-7	4 950	5 007	-1
Life insurance	147	147	0	148	-1	437	434	1
Securities	69	92	-25	98	-30	276	331	-17
Corporate finance	17	24	-29	34	-50	41	88	-53
Lending	258	248	4	262	-2	746	770	-3
Guarantees	54	58	-7	62	-13	166	174	-5
Deposits	41	41	0	41	0	126	132	-5
Real estate brokerage	50	54	-7	48	4	142	137	4
Non-life insurance	23	25	-8	24	-4	72	64	13
Other	110	113	-3	141	-22	350	414	-15
<b>Total commission income</b>	<b>4 799</b>	<b>4 886</b>	<b>-2</b>	<b>4 892</b>	<b>-2</b>	<b>14 230</b>	<b>14 147</b>	<b>1</b>
<b>Commission expense</b>								
Payment processing	-277	-310	-11	-256	8	-876	-818	7
Cards	-713	-696	2	-668	7	-1 982	-1 827	8
Service concepts	-42	-41	2	-43	-2	-125	-134	-7
Asset management and custody	-257	-424	-39	-406	-37	-1 059	-1 168	-9
Life insurance	-53	-51	4	-45	18	-151	-132	14
Securities	-69	-81	-15	-67	3	-224	-220	2
Lending and guarantees	-19	-24	-21	-16	19	-57	-47	21
Non-life insurance	-8	-9	-11	-9	-11	-26	-25	4
Other	-64	-48	33	-46	39	-161	-123	31
<b>Total commission expense</b>	<b>-1 502</b>	<b>-1 684</b>	<b>-11</b>	<b>-1 556</b>	<b>-3</b>	<b>-4 661</b>	<b>-4 494</b>	<b>4</b>
<b>Net commission income</b>								
Payment processing	237	220	8	245	-3	679	697	-3
Cards	876	816	7	838	5	2 455	2 370	4
Service concepts	271	270	0	241	12	807	750	8
Asset management and custody	1 357	1 307	4	1 337	1	3 891	3 839	1
Life insurance	94	96	-2	103	-9	286	302	-5
Securities	0	11		31		52	111	-53
Corporate finance	17	24	-29	34	-50	41	88	-53
Lending and guarantees	293	282	4	308	-5	855	897	-5
Deposits	41	41	0	41	0	126	132	-5
Real estate brokerage	50	54	-7	48	4	142	137	4
Non-life insurance	15	16	-6	15	0	46	39	18
Other	46	65	-29	95	-52	189	291	-35
<b>Total Net commission income</b>	<b>3 297</b>	<b>3 202</b>	<b>3</b>	<b>3 336</b>	<b>-1</b>	<b>9 569</b>	<b>9 653</b>	<b>-1</b>

## Note 7 Net gains and losses on financial items

Group SEKm	Q3 2019	Q2 2019	%	Q3 2018	%	Jan-Sep 2019	Jan-Sep 2018	%
<b>Fair value through profit or loss</b>								
Shares and share related derivatives	19	246	-92	165	-88	584	699	-16
of w hich dividend	3	65	-95	1		130	169	-23
Interest-bearing securities and interest related derivatives	19	170	-89	30	-37	518	-97	
Financial liabilities	28	13		60	-53	63	208	-70
Other financial instruments	-14	-15	-7	5		-39	-8	
<b>Total fair value through profit or loss</b>	<b>52</b>	<b>414</b>	<b>-87</b>	<b>260</b>	<b>-80</b>	<b>1 126</b>	<b>802</b>	<b>40</b>
<b>Hedge accounting</b>								
Ineffective part in hedge accounting at fair value	-5	-75	-93	-34	-85	-110	-96	15
of w hich hedging instruments	2 447	4 807	-49	-2 808		10 014	-2 899	
of w hich hedged items	-2 452	-4 883	-50	2 774		-10 124	2 803	
Ineffective part in portfolio hedge accounting at fair value	9	32	-72	15	-40	86	51	69
of w hich hedging instruments	-194	-1 609	-88	855		-2 053	261	
of w hich hedged items	203	1 641	-88	-839		2 139	-209	
<b>Total hedge accounting</b>	<b>4</b>	<b>-43</b>		<b>-19</b>		<b>-24</b>	<b>-44</b>	<b>-45</b>
<b>Derecognition gain or loss for financial assets at amortised cost</b>	<b>81</b>	<b>50</b>	<b>62</b>	<b>37</b>		<b>157</b>	<b>97</b>	<b>62</b>
<b>Derecognition gain or loss for financial liabilities at amortised cost</b>	<b>-1</b>	<b>-52</b>	<b>-98</b>	<b>-147</b>	<b>-99</b>	<b>-96</b>	<b>-239</b>	<b>-60</b>
<b>Trading related interest</b>								
Interest income	151	122	24	131	15	419	223	88
Interest expense	-23	-16	44	22		-83	87	
<b>Total trading related interest</b>	<b>128</b>	<b>106</b>	<b>21</b>	<b>153</b>	<b>-16</b>	<b>336</b>	<b>311</b>	<b>8</b>
<b>Change in exchange rates</b>	<b>193</b>	<b>293</b>	<b>-34</b>	<b>203</b>	<b>-5</b>	<b>912</b>	<b>755</b>	<b>21</b>
<b>Total net gains and losses on financial items</b>	<b>457</b>	<b>768</b>	<b>-40</b>	<b>488</b>	<b>-6</b>	<b>2 411</b>	<b>1 682</b>	<b>43</b>

## Note 8 Other expenses

Group SEKm	Q3 2019	Q2 2019	%	Q3 2018	%	Jan-Sep 2019	Jan-Sep 2018	%
Premises and rents <sup>1</sup>	117	147	-20	282	-59	411	853	-52
IT expenses	527	535	-1	429	23	1 543	1 422	9
Telecommunications and postage	37	25	48	35	6	92	104	-12
Advertising, PR and marketing	69	68	1	57	21	200	185	8
Consultants	409	296	38	77		861	203	
Compensation to savings banks	58	55	5	56	4	169	168	1
Other purchased services	222	228	-3	219	1	666	609	9
Security transport and alarm systems	17	16	6	15	13	50	43	16
Supplies	17	14	21	19	-11	54	69	-22
Travel	44	63	-30	37	19	159	158	1
Entertainment	3	13	-77	10	-70	26	33	-21
Repair/maintenance of inventories	20	12	67	17	18	51	70	-27
Other expenses	478	105		112		690	294	
<b>Total other expenses</b>	<b>2 018</b>	<b>1 577</b>	<b>28</b>	<b>1 365</b>	<b>48</b>	<b>4 972</b>	<b>4 211</b>	<b>18</b>

<sup>1)</sup> IFRS 16 Leases is applied from 1 January 2019.

## Note 9 Credit impairment

Group SEKm	Q3 2019	Q2 2019	%	Q3 2018	%	Jan-Sep 2019	Jan-Sep 2018	%
<b>Loans at amortised cost</b>								
Credit impairment provisions - Stage 1	-26	17		-15	73	23	99	-77
Credit impairment provisions - Stage 2	-69	-431	-84	-14		-412	-512	-20
Credit impairment provisions - Stage 3	159	56		192	-17	250	301	-17
Credit impairment provisions - Credit impaired, Purchased or originated <sup>1)</sup>	-1	-2	-50	14		-4	9	
<b>Total</b>	<b>63</b>	<b>-360</b>		<b>177</b>	<b>-64</b>	<b>-143</b>	<b>-103</b>	<b>39</b>
Write-offs	214	297	-28	82		606	553	10
Recoveries	-56	-53	6	-54	4	-156	-253	-38
<b>Total</b>	<b>158</b>	<b>244</b>	<b>-35</b>	<b>28</b>		<b>450</b>	<b>300</b>	<b>50</b>
<b>Total loans at amortised cost</b>	<b>221</b>	<b>-116</b>		<b>205</b>	<b>8</b>	<b>307</b>	<b>197</b>	<b>56</b>
<b>Commitments and financial guarantees</b>								
Credit impairment provisions - Stage 1	4	-11		-4		19	11	73
Credit impairment provisions - Stage 2	-14	-58	-76	-56	-75	-73	-103	-29
Credit impairment provisions - Stage 3	-57	293		-49	16	227	-36	
<b>Total</b>	<b>-67</b>	<b>224</b>		<b>-109</b>	<b>-39</b>	<b>173</b>	<b>-128</b>	
Write-offs	0	1		21		1	40	-98
<b>Total commitments and financial guarantees</b>	<b>-67</b>	<b>225</b>		<b>-88</b>	<b>-24</b>	<b>174</b>	<b>-88</b>	
<b>Total Credit impairment</b>	<b>154</b>	<b>109</b>	<b>41</b>	<b>117</b>	<b>32</b>	<b>481</b>	<b>109</b>	
Credit impairment ratio, %	0.04	0.03	33	0.03	33	0.04	0.01	

<sup>1)</sup> Of which SEK 1m is a change in the gross carrying amount of purchased or originated credit-impaired assets due to remeasurement of expected credit losses recognized as part of the gross carrying amount on initial recognition.

Credit impairment provisions are estimated using quantitative models, which incorporate inputs, assumptions and methodologies that involve a high degree of management judgement. In particular, the following can have a significant impact on the level of impairment provisions:

- determination of a significant increase in credit risk;
- incorporation of forward-looking macroeconomic scenarios; and
- measurement of both 12-month and lifetime expected credit losses.

Further details on the key inputs and assumptions used as at 30 September 2019 are provided below.

### **Determination of a significant increase in credit risk**

The Group uses both quantitative and qualitative indicators for assessing a significant increase in credit risk. The criteria are disclosed in the Annual and Sustainability Report of 2018 on page 59. The tables below show the quantitative thresholds, namely:

- changes in the 12-month PD and internal risk rating grades, which have been applied for the portfolio of loans originated before 1 January 2018. For instance, for exposures originated with a risk grade between 0 and 5, a downgrade by 1 to 2 grades from initial recognition is assessed as a significant change in credit risk. Alternatively, for exposures originated with a risk grade between 13 and 21, a downgrade by 5 to 7 grades from initial recognition is considered significant. Internal risk ratings are assigned according to the risk management framework outlined in Note G3 Risks in the 2018 Annual and Sustainability Report.
- changes in the lifetime PD, which have been applied for the portfolio of loans originated on or after 1 January 2018. For instance, for exposures originated with a risk grade between 0 and 5, a 50 per cent increase in the lifetime PD from initial recognition is assessed as a significant change in credit risk. Alternatively,

for exposures originated with a risk grade between 13 and 21, an increase of 150-300 per cent from initial recognition is considered significant.

These limits reflect a lower sensitivity to change in the low risk end of the risk scale and a higher sensitivity to change in the high-risk end of the scale.

The Group has performed a sensitivity analysis on how credit impairment provisions would change if thresholds applied were increased or decreased. A lower threshold would increase the number of loans that have migrated from Stage 1 to Stage 2 and, also increase the estimated credit impairment provisions. A higher threshold would have the opposite effect. The tables below disclose the impacts of this sensitivity analysis on the 30 September 2019 credit impairment provisions. Positive amounts represent higher credit impairment provisions that would be recognised.

### Significant increase in credit risk, financial instruments with initial recognition before 1 January 2018

Internal risk rating grade at initial recognition	12-month PD band at initial recognition	Threshold, rating downgrade <sup>1)2)</sup> <sup>3)</sup>	Impairment provision impact		Recognised credit impairment provisions 30 Sep 2019	Share of total portfolio (%) in terms of gross carrying amount 30 Sep 2019
			Increase in threshold by 1 grade	Decrease in threshold by 1 grade		
13-21	< 0.5%	3 - 8 grades	-8.1%	10.5%	749	44%
9-12	0.5-2.0%	1 - 5 grades	-19.8%	19.2%	459	9%
6-8	2.0-5.7%	1 - 3 grades	-7.3%	4.8%	183	4%
0-5	>5.7% and <100%	1 - 2 grades	-1.8%	11.4%	148	1%
			-11.0%	11.4%	1 539	58%
		Financial instruments subject to the low credit risk exemption			3	5%
		Stage 3 financial instruments			3 268	1%
					<b>Total provisions<sup>4)</sup></b>	<b>64%</b>
					<b>4 810</b>	

<sup>1)</sup> Downgrade by 2 grades corresponds to approximately 100 per cent increase in 12-month PD.

<sup>2)</sup> Thresholds vary within given ranges depending on the borrower's geography, segment and internal risk rating.

<sup>3)</sup> The threshold used in the sensitivity analyses is floored to 1 grade.

<sup>4)</sup> Of which provisions for off-balance exposures are SEK 543m.



## Significant increase in credit risk, financial instruments with initial recognition on or after 1 January 2018

Internal risk rating grade at initial recognition	Threshold, increase in lifetime PD <sup>5)</sup>	Impairment provision impact		Recognised credit impairment provisions 30 Sep 2019	Share of total portfolio (%) in terms of gross carrying amount 30 Sep 2019
		Increase in threshold by 100%	Decrease in threshold by 50%		
13-21	100-300%	-6.3%	6.3%	232	22%
9-12	100-200%	-0.9%	1.4%	187	6%
6-8	50-150%	-0.7%	3.0%	94	2%
0-5	50%	-0.2%	2.2%	105	1%
		-2.8%	3.6%	618	30%
Financial instruments subject to the low credit risk exemption				7	6%
Stage 3 financial instruments				1 448	0%
<b>Total provisions <sup>6)</sup></b>				<b>2 073</b>	<b>36%</b>

<sup>5)</sup> Thresholds vary within given ranges depending on the borrower's geography, segment and internal risk rating.

<sup>6)</sup> Of which provisions for off-balance exposures are SEK 70m.

### Incorporation of forward-looking macroeconomic scenarios

Forward-looking information is incorporated into both the assessment of significant increase in credit risk and calculation of expected credit losses. The formulation and incorporation of multiple forward-looking scenarios are described in Note G3 Risks page 67 - 68 in the 2018 Annual and Sustainability Report.

Set out below are the credit impairment provisions as at 30 September 2019 that would result from the downside and upside scenarios, which are considered reasonably possible, being assigned probabilities of 100 per cent.

Business area	Scenario	Credit impairment provisions resulting from the scenario	Difference from the recognised probability-weighted credit impairment provisions,
			%
Swedish Banking	Downside scenario	1 993	22%
	Upside scenario	1 429	-12%
Baltic Banking	Downside scenario	954	42%
	Upside scenario	555	-17%
LC&I	Downside scenario	5 933	30%
	Upside scenario	1 892	-59%
Group <sup>1)</sup>	Downside scenario	8 880	29%
	Upside scenario	3 876	-44%

<sup>1)</sup> Including Group Functions & Other.

### Measurement of 12-month and lifetime expected credit losses

The measurement of expected credit losses is described in the Annual and Sustainability Report of 2018 on page 67 - 68.

## Note 10 Loans

Group SEKm	30 Sep 2019			31 Dec 2018		30 Sep 2018	
	Gross carrying amount	Credit Impairment Provision	Carrying amount	Carrying amount	%	Carrying amount	%
<b>Loans to credit institutions</b>							
Banks	14 589	7	14 582	17 646	-17	19 333	-25
Repurchase agreements, banks	4 734		4 734				
Other credit institutions	18 344		18 344	18 530	-1	18 661	-2
Repurchase agreements, other credit institutions	2 321		2 321	92		1 253	85
<b>Loans to credit institutions</b>	<b>39 988</b>	<b>7</b>	<b>39 981</b>	<b>36 268</b>	<b>10</b>	<b>39 247</b>	<b>2</b>
<b>Loans to the public</b>							
Private customers	1 052 763	835	1 051 928	1 029 620	2	1 021 280	3
Private, mortgage	901 895	509	901 386	875 578	3	865 872	4
Tenant owner association	102 644	27	102 617	106 895	-4	109 227	-6
Private, other	48 224	299	47 925	47 147	2	46 181	4
Corporate customers	566 631	5 428	561 203	547 881	2	553 106	1
Agriculture, forestry, fishing	66 601	138	66 463	67 128	-1	67 969	-2
Manufacturing	44 488	791	43 697	43 263	1	45 579	-4
Public sector and utilities	21 541	40	21 501	19 633	10	21 095	2
Construction	20 159	131	20 028	20 101	0	20 438	-2
Retail	33 129	715	32 414	30 690	6	32 653	-1
Transportation	15 268	35	15 233	16 356	-7	15 587	-2
Shipping and offshore	22 359	2 424	19 935	21 795	-9	22 219	-10
Hotels and restaurants	8 695	60	8 635	8 629	0	8 320	4
Information and communications	14 327	52	14 275	13 443	6	13 922	3
Finance and insurance	14 851	20	14 831	14 773	0	14 354	3
Property management	257 272	631	256 641	243 828	5	238 160	8
Residential properties	78 484	199	78 285	73 511	6	72 946	7
Commercial	102 640	275	102 365	95 063	8	90 013	14
Industrial and Warehouse	47 369	67	47 302	47 370	0	48 003	-1
Other	28 779	90	28 689	27 884	3	27 198	5
Professional services	26 838	272	26 566	29 761	-11	33 866	-22
Other corporate lending	21 103	119	20 984	18 481	14	18 944	11
<b>Loans to the public excluding the Swedish National Debt Office and repurchase agreements</b>	<b>1 619 394</b>	<b>6 263</b>	<b>1 613 131</b>	<b>1 577 501</b>	<b>2</b>	<b>1 574 386</b>	<b>2</b>
Swedish National Debt Office	2 004		2 004	10 153	-80	239	
Repurchase agreements, Swedish National Debt Office	3 811		3 811	2 436	56	13 767	-72
Repurchase agreements, public	49 077		49 077	37 278	32	58 365	-16
<b>Loans to the public</b>	<b>1 674 286</b>	<b>6 263</b>	<b>1 668 023</b>	<b>1 627 368</b>	<b>2</b>	<b>1 646 757</b>	<b>1</b>
<b>Loans to the public and credit institutions</b>	<b>1 714 274</b>	<b>6 270</b>	<b>1 708 004</b>	<b>1 663 636</b>	<b>3</b>	<b>1 686 004</b>	<b>1</b>
of which loans at fair value through profit or loss	60 057		60 057	39 972	50	73 541	-18

## Note 11 Loan stage allocation and credit impairment provisions

The following table presents loans to the public and credit institutions at amortised cost by stage.

Group	30 Sep	30 Jun		30 Sep	
SEKm	2019	2019	%	2018	%
<b>Credit institutions</b>					
<b>Stage 1</b>					
Gross carrying amount	32 881	35 602	-8	37 433	-12
Credit impairment provisions	7	8	-13	7	0
<b>Carrying amount</b>	<b>32 874</b>	<b>35 594</b>	<b>-8</b>	<b>37 426</b>	<b>-12</b>
<b>Stage 2</b>					
Gross carrying amount	52	39	33	569	-91
Credit impairment provisions				1	
<b>Carrying amount</b>	<b>52</b>	<b>39</b>	<b>33</b>	<b>568</b>	<b>-91</b>
<b>Total carrying amount for credit institutions</b>	<b>32 926</b>	<b>35 633</b>	<b>-8</b>	<b>37 994</b>	<b>-13</b>
<b>Public, private customers</b>					
<b>Stage 1</b>					
Gross carrying amount	1 001 020	993 233	1	966 428	4
Credit impairment provisions	82	76	8	86	-5
<b>Carrying amount</b>	<b>1 000 938</b>	<b>993 157</b>	<b>1</b>	<b>966 342</b>	<b>4</b>
<b>Stage 2</b>					
Gross carrying amount	49 396	50 342	-2	53 373	-7
Credit impairment provisions	268	267	0	354	-24
<b>Carrying amount</b>	<b>49 128</b>	<b>50 075</b>	<b>-2</b>	<b>53 019</b>	<b>-7</b>
<b>Stage 3</b>					
Gross carrying amount	2 342	2 317	1	2 389	-2
Credit impairment provisions	485	499	-3	477	2
<b>Carrying amount</b>	<b>1 857</b>	<b>1 818</b>	<b>2</b>	<b>1 912</b>	<b>-3</b>
<b>Total carrying amount for public, private customers</b>	<b>1 051 923</b>	<b>1 045 050</b>	<b>1</b>	<b>1 021 273</b>	<b>3</b>
<b>Public, corporate customers</b>					
<b>Stage 1</b>					
Gross carrying amount	500 960	510 856	-2	494 651	1
Credit impairment provisions	436	465	-6	419	4
<b>Carrying amount</b>	<b>500 524</b>	<b>510 391</b>	<b>-2</b>	<b>494 232</b>	<b>1</b>
<b>Stage 2</b>					
Gross carrying amount	57 230	55 164	4	54 353	5
Credit impairment provisions	1 111	1 161	-4	1 374	-19
<b>Carrying amount</b>	<b>56 119</b>	<b>54 003</b>	<b>4</b>	<b>52 979</b>	<b>6</b>
<b>Stage 3</b>					
Gross carrying amount	10 336	9 673	7	8 921	16
Credit impairment provisions	3 881	3 552	9	2 936	32
<b>Carrying amount</b>	<b>6 455</b>	<b>6 121</b>	<b>5</b>	<b>5 985</b>	<b>8</b>
<b>Total carrying amount for public, corporate customers <sup>1)</sup></b>	<b>563 098</b>	<b>570 515</b>	<b>-1</b>	<b>553 196</b>	<b>2</b>
<b>Totals</b>					
Gross carrying amount Stage 1	1 534 861	1 539 691	0	1 498 512	2
Gross carrying amount Stage 2	106 678	105 545	1	108 295	-1
Gross carrying amount Stage 3	12 678	11 990	6	11 310	12
<b>Total Gross carrying amount</b>	<b>1 654 217</b>	<b>1 657 226</b>	<b>0</b>	<b>1 618 117</b>	<b>2</b>
Credit impairment provisions Stage 1	525	549	-4	512	3
Credit impairment provisions Stage 2	1 379	1 428	-3	1 729	-20
Credit impairment provisions Stage 3	4 366	4 051	8	3 413	28
<b>Total credit impairment provisions</b>	<b>6 270</b>	<b>6 028</b>	<b>4</b>	<b>5 654</b>	<b>11</b>
<b>Total carrying amount</b>	<b>1 647 947</b>	<b>1 651 198</b>	<b>0</b>	<b>1 612 463</b>	<b>2</b>
Share of Stage 3 loans, gross, %	0.77	0.72		0.70	
Share of Stage 3 loans, net, %	0.50	0.48		0.49	
Credit impairment provision ratio Stage 1 loans	0.03	0.04		0.03	
Credit impairment provision ratio Stage 2 loans	1.29	1.35		1.60	
Credit impairment provision ratio Stage 3 loans	34.44	33.79		30.18	
Total credit impairment provision ratio	0.38	0.36		0.35	

<sup>1)</sup> Includes loans to the Swedish National Debt Office.

## Reconciliation of credit impairment provisions for loans

The table below provides a reconciliation of credit impairment provisions for loans to the public and credit institutions at amortised cost.

Loans to the public and credit institutions	Non Credit-Impaired		Credit-Impaired	Total
	Stage 1	Stage 2	Stage 3 incl. purchased or originated	
<b>Group</b>				
<b>SEKm</b>				
<b>Gross carrying amount</b>				
Opening balance as of 1 January 2019	1 510 787	107 664	11 239	1 629 690
Closing balance as of 30 September 2019	1 534 861	106 678	12 678	1 654 217
<b>Credit impairment provisions</b>				
Opening balance as of 1 January 2019	492	1 737	3 797	6 026
<b>Movements affecting Credit impairment line</b>				
New and derecognised financial assets, net	55	-218	-412	-575
Changes in risk factors (EAD, PD, LGD)	-27	-444	-11	-482
Changes in macroeconomic scenarios	40	90	-6	124
Changes due to expert credit judgement (individual assessments and manual adjustments)			-17	-17
Stage transfers	-46	159	802	915
<i>from stage 1 to stage 2</i>	-75	295		220
<i>from stage 1 to stage 3</i>	-4		117	113
<i>from stage 2 to stage 1</i>	33	-107		-74
<i>from stage 2 to stage 3</i>		-47	755	708
<i>from stage 3 to stage 2</i>		18	-64	-46
<i>from stage 3 to stage 1</i>	0		-6	-6
Other	1	1	-109	-107
<b>Total movements affecting Credit impairment line</b>	<b>23</b>	<b>-412</b>	<b>247</b>	<b>-142</b>
<b>Movements recognised outside Credit impairment line</b>				
Disposal of subsidiary	-3	-5	-3	-11
Interest			109	109
Change in exchange rates	13	59	216	288
Closing balance as of 30 September 2019	525	1 379	4 366	6 270
<b>Carrying amount</b>				
Opening balance as of 1 January 2019	1 510 295	105 927	7 442	1 623 664
Closing balance as of 30 September 2019	1 534 336	105 299	8 312	1 647 947

Stage transfers are reflected as taking place at the end of the reporting period.

Loans to the public and credit institutions	Non Credit-Impaired		Credit-Impaired	Total
	Stage 1	Stage 2	Stage 3 incl. purchased or originated	
<b>Group</b>				
<b>SEKm</b>				
<b>Gross carrying amount</b>				
Opening balance as of 1 January 2018	1 415 169	120 226	10 194	1 545 588
Closing balance as of 30 September 2018	1 498 512	108 295	11 310	1 618 117
<b>Credit impairment provisions</b>				
Opening balance as of 1 January 2018	399	2 140	2 861	5 401
<b>Movements affecting Credit impairment line</b>				
New and derecognised financial assets, net	115	-194	-6	-86
Changes in risk factors (EAD, PD, LGD)	109	-137	-24	-52
Changes in macroeconomic scenarios	7	-49	9	-33
Changes due to expert credit judgement (individual assessments and manual adjustments)			72	72
Stage transfers	-138	-130	341	73
<i>from stage 1 to stage 2</i>	-119	391		272
<i>from stage 1 to stage 3</i>	-48		65	17
<i>from stage 2 to stage 1</i>	29	-147		-118
<i>from stage 2 to stage 3</i>		-383	400	17
<i>from stage 3 to stage 2</i>		9	-78	-69
<i>from stage 3 to stage 1</i>	0		-46	-46
Other	8	-3	-82	-77
<b>Total movements affecting Credit impairment line</b>	<b>101</b>	<b>-513</b>	<b>310</b>	<b>-103</b>
<b>Movements recognised outside Credit impairment line</b>				
Interest			83	83
Change in exchange rates	12	102	159	273
Closing balance as of 30 September 2018	512	1 729	3 413	5 654
<b>Carrying amount</b>				
Opening balance as of 1 January 2018	1 414 769	118 085	7 332	1 540 187
Closing balance as of 30 September 2018	1 498 000	106 566	7 897	1 612 463

## Commitments and guarantees

The table below provides a reconciliation of credit impairment provisions for commitments and financial guarantees.

SEKm	Non Credit-Impaired		Credit-Impaired	Total
	Stage 1	Stage 2	Stage 3 incl. purchased or originated	
<b>Nominal amount</b>				
Opening balance as of 1 January 2019	316 921	9 969	804	327 694
Closing balance as of 30 September 2019	330 892	9 737	1 019	341 648
<b>Credit impairment provisions</b>				
Opening balance as of 1 January 2019	94	208	105	407
<b>Movements affecting Credit impairment line</b>				
New and derecognosed financial assets, net	15	9	-6	18
Changes in risk factors (EAD, PD, LGD)	-10	-78	-19	-107
Changes in macroeconomic scenarios	17	14		31
Changes due to expert credit judgement (manual adjustments and individual assessments)			156	156
Stage transfers	-3	-19	100	78
from stage 1 to stage 2	-6	21		15
from stage 1 to stage 3	0		26	26
from stage 2 to stage 1	3	-10		-7
from stage 2 to stage 3		-30	74	44
Other		1	-4	-3
<b>Total movements affecting Credit impairment line</b>	<b>19</b>	<b>-73</b>	<b>227</b>	<b>173</b>
<b>Movements recognised outside Credit impairment line</b>				
Disposal of subsidiary	0	0	0	0
Change in exchange rates	5	10	18	33
Closing balance as of 30 September 2019	118	145	350	613

SEKm	Non Credit-Impaired		Credit-Impaired	Total
	Stage 1	Stage 2	Stage 3 incl. purchased or originated	
<b>Nominal amount</b>				
Opening balance as of 1 January 2018	292 304	13 931	741	306 976
Closing balance as of 30 September 2018	325 015	10 661	715	336 391
<b>Credit impairment provisions</b>				
Opening balance as of 1 January 2018	117	261	267	645
<b>Movements affecting Credit impairment line</b>				
New and derecognosed financial assets, net	16	-50	-3	-37
Changes in risk factors (EAD, PD, LGD)	18	-40	-33	-55
Changes in macroeconomic scenarios	-13	-17		-30
Stage transfers	-9	3	0	-6
from stage 1 to stage 2	-13	40		27
from stage 1 to stage 3	-1		1	0
from stage 2 to stage 1	5	-36		-31
from stage 2 to stage 3		-1	1	0
from stage 3 to stage 2		0	-1	-1
from stage 3 to stage 1	0		-1	-1
Other	-1			-1
<b>Total movements affecting Credit impairment line</b>	<b>11</b>	<b>-104</b>	<b>-36</b>	<b>-129</b>
<b>Movements recognised outside Credit impairment line</b>				
Change in exchange rates	5	19	21	45
Closing balance as of 30 September 2018	133	176	252	561

## Note 12 Credit risk exposures

Group SEKm	30 Sep 2019	31 Dec 2018	%	30 Sep 2018	%
<b>Assets</b>					
Cash and balances with central banks	212 168	163 161	30	296 884	-29
Interest-bearing securities	240 351	152 891	57	164 890	46
Loans to credit institutions	39 981	36 268	10	39 247	2
Loans to the public	1 668 023	1 627 368	2	1 646 757	1
Derivatives	60 828	39 665	53	61 329	-1
Other financial assets	28 387	13 889		16 135	76
<b>Total assets</b>	<b>2 249 738</b>	<b>2 033 242</b>	<b>11</b>	<b>2 225 242</b>	<b>1</b>
<b>Contingent liabilities and commitments</b>					
Guarantees	51 513	48 989	5	49 380	4
Commitments	289 844	278 339	4	286 673	1
<b>Total contingent liabilities and commitments</b>	<b>341 357</b>	<b>327 328</b>	<b>4</b>	<b>336 053</b>	<b>2</b>
<b>Total credit exposures</b>	<b>2 591 095</b>	<b>2 360 570</b>	<b>10</b>	<b>2 561 295</b>	<b>1</b>

## Note 13 Intangible assets

Group SEKm	30 Sep 2019	31 Dec 2018	%	30 Sep 2018	%
<b>With indefinite useful life</b>					
Goodwill	13 990	13 549	3	13 605	3
Brand name	94	160	-41	160	-41
<b>Total</b>	<b>14 084</b>	<b>13 709</b>	<b>3</b>	<b>13 765</b>	<b>2</b>
<b>With finite useful life</b>					
Customer base	348	382	-9	423	-18
Internally developed software	3 141	2 672	18	2 386	32
Other	354	355	0	371	-5
<b>Total</b>	<b>3 843</b>	<b>3 409</b>	<b>13</b>	<b>3 180</b>	<b>21</b>
<b>Total intangible assets</b>	<b>17 927</b>	<b>17 118</b>	<b>5</b>	<b>16 945</b>	<b>6</b>

During the third quarter, an impairment of SEK 66m was recognised for the brand PayEx. A decision has been

taken to use the name Swedbank Pay for some parts of the business.

## Note 14 Amounts owed to credit institutions

Group SEKm	30 Sep 2019	31 Dec 2018	%	30 Sep 2018	%
<b>Amounts owed to credit institutions</b>					
Central banks	16 020	13 892	15	23 215	-31
Banks	76 097	38 424	98	54 511	40
Other credit institutions	4 909	4 636	6	3 139	56
Repurchase agreements - banks	3 258	266		1 936	68
Repurchase agreements - other credit institutions	2 967			1 183	
<b>Amounts owed to credit institutions</b>	<b>103 251</b>	<b>57 218</b>	<b>80</b>	<b>83 984</b>	<b>23</b>



## Note 15 Deposits and borrowings from the public

Group SEKm	30 Sep 2019	31 Dec 2018	%	30 Sep 2018	%
<b>Deposits from the public</b>					
Private customers	526 589	518 775	2	508 271	4
Corporate customers	430 842	400 995	7	423 382	2
<b>Deposits from the public excluding the Swedish National Debt Office and repurchase agreements</b>	<b>957 431</b>	<b>919 770</b>	<b>4</b>	<b>931 653</b>	<b>3</b>
Swedish National Debt Office	341	339	1	273	25
Repurchase agreements - Swedish National Debt Office	1				
Repurchase agreements - public	16 578	641		26 283	-37
<b>Deposits and borrowings from the public</b>	<b>974 351</b>	<b>920 750</b>	<b>6</b>	<b>958 209</b>	<b>2</b>

## Note 16 Debt securities in issue and subordinated liabilities

Group SEKm	30 Sep 2019	31 Dec 2018	%	30 Sep 2018	%
Commercial papers	164 063	131 434	25	238 624	-31
Covered bonds	598 278	497 936	20	503 456	19
Senior unsecured bonds	146 515	164 243	-11	167 406	-12
Structured retail bonds	9 745	10 747	-9	12 212	-20
<b>Total debt securities in issue</b>	<b>918 601</b>	<b>804 360</b>	<b>14</b>	<b>921 698</b>	<b>0</b>
Subordinated liabilities	33 241	34 184	-3	34 275	-3
<b>Total debt securities in issue and subordinated liabilities</b>	<b>951 842</b>	<b>838 544</b>	<b>14</b>	<b>955 973</b>	<b>0</b>

Turnover during the period	Jan-Sep 2019	Full-year 2018	%	Jan-Sep 2018	%
<b>Closing balance</b>	<b>838 544</b>	<b>869 712</b>	<b>-4</b>	<b>869 712</b>	<b>-4</b>
<b>Changed presentation of accrued interest</b>		<b>6 361</b>		<b>6 361</b>	
<b>Opening balance</b>	<b>838 544</b>	<b>876 073</b>	<b>-4</b>	<b>876 073</b>	<b>-4</b>
Issued	535 391	1 117 261	-52	950 533	-44
Repurchased	-13 861	-54 223	-74	-43 421	-68
Repaid	-441 770	-1 118 861	-61	-844 436	-48
Accrued interest	-1 153	-1 614	-29		
Change in market value of hedged item in fair value hedge accounting	7 188	-6 599		-9 894	
Changes in exchange rates	27 503	26 507	4	27 118	1
<b>Closing balance</b>	<b>951 842</b>	<b>838 544</b>	<b>14</b>	<b>955 973</b>	<b>0</b>

## Note 17 Derivatives

Group SEKm	Nominal amount			Nominal amount		Positive fair value		Negative fair value	
	Remaining contractual maturity			2019	2018	2019	2018	2019	2018
	< 1 yr.	1-5 yrs.	> 5 yrs.	30 Sep	31 Dec	30 Sep	31 Dec	30 Sep	31 Dec
<b>Derivatives in hedge accounting</b>	<b>188 578</b>	<b>709 022</b>	<b>86 664</b>	<b>984 264</b>	<b>889 367</b>	<b>19 586</b>	<b>10 551</b>	<b>3 550</b>	<b>2 438</b>
Fair value hedges, interest rate sw aps	83 594	455 979	67 380	606 953	544 157	19 060	10 255	179	972
Portfolio fair value hedges, interest rate sw aps	104 350	252 080	11 375	367 805	335 805	101	207	3 359	1 401
Cash flow hedges, foreign currency sw aps	634	963	7 909	9 506	9 405	425	89	12	65
<b>Non-hedging derivatives</b>	<b>7 735 275</b>	<b>5 351 634</b>	<b>1 901 719</b>	<b>14 988 628</b>	<b>12 933 005</b>	<b>128 330</b>	<b>59 379</b>	<b>125 066</b>	<b>61 788</b>
<b>Gross amount</b>	<b>7 923 853</b>	<b>6 060 656</b>	<b>1 988 383</b>	<b>15 972 892</b>	<b>13 822 372</b>	<b>147 916</b>	<b>69 930</b>	<b>128 616</b>	<b>64 226</b>
Offset amount (see also note 20)	-5 777 885	-4 358 712	-1 417 997	-11 554 594	-6 880 365	-87 088	-30 265	-88 865	-32 910
<b>Total</b>	<b>2 145 968</b>	<b>1 701 944</b>	<b>570 386</b>	<b>4 418 298</b>	<b>6 942 007</b>	<b>60 828</b>	<b>39 665</b>	<b>39 751</b>	<b>31 316</b>

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.

## Note 18 Fair value of financial instruments

Group SEKm	30 Sep 2019			31 Dec 2018		
	Fair value	Carrying amount	Difference	Fair value	Carrying amount	Difference
<b>Assets</b>						
<b>Financial assets</b>						
Cash and balances with central banks	212 168	212 168		163 161	163 161	
Treasury bills and other bills eligible for refinancing with central banks	167 274	167 244	30	99 743	99 579	164
Loans to credit institutions	39 981	39 981		36 268	36 268	
Loans to the public	1 675 459	1 668 023	7 436	1 629 641	1 627 368	2 273
Value change of interest hedged items in portfolio hedge	2 908	2 908		766	766	
Bonds and interest-bearing securities	73 110	73 107	3	53 316	53 312	4
Financial assets for which the customers bear the investment risk	213 735	213 735		177 868	177 868	
Shares and participating interest	5 137	5 137		4 921	4 921	
Derivatives	60 828	60 828		39 665	39 665	
Other financial assets	28 433	28 433		13 889	13 889	
<b>Total</b>	<b>2 479 033</b>	<b>2 471 564</b>	<b>7 469</b>	<b>2 219 238</b>	<b>2 216 797</b>	<b>2 441</b>
<b>Investment in associates</b>		<b>6 423</b>			<b>6 088</b>	
<b>Non-financial assets</b>		<b>28 535</b>			<b>23 207</b>	
<b>Total</b>		<b>2 506 522</b>			<b>2 246 092</b>	
<b>Liabilities</b>						
<b>Financial liabilities</b>						
Amounts owed to credit institutions	103 251	103 251		58 595	57 218	1 377
Deposits and borrowings from the public	974 343	974 351	-8	920 745	920 750	-5
Debt securities in issue	925 152	918 601	6 551	810 617	804 360	6 257
Financial liabilities for which the customers bear the investment risk	214 562	214 562		178 662	178 662	
Subordinated liabilities	33 551	33 241	310	34 366	34 184	182
Derivatives	39 751	39 751		31 316	31 316	
Short positions securities	29 261	29 261		38 333	38 333	
Other financial liabilities	41 110	41 110		29 576	29 576	
<b>Total</b>	<b>2 360 981</b>	<b>2 354 128</b>	<b>6 853</b>	<b>2 102 209</b>	<b>2 094 399</b>	<b>7 810</b>
<b>Non-financial liabilities</b>		<b>18 624</b>			<b>14 084</b>	
<b>Total</b>		<b>2 372 752</b>			<b>2 108 483</b>	

### Financial instruments recognised at fair value

Group 30 Sep 2019 SEKm	Instruments with quoted market prices in active markets (Level 1)	Valuation techniques using observable market data (Level 2)	Valuation techniques using non- observable market data (Level 3)	Total
<b>Assets</b>				
Treasury bills etc.	23 825	8 039		31 864
Loans to credit institutions		7 055		7 055
Loans to the public		53 002		53 002
Bonds and other interest-bearing securities	33 265	39 805		73 070
Financial assets for which the customers bear the investment risk	213 735			213 735
Shares and participating interests	3 393		1 744	5 137
Derivatives	4	60 825		60 829
<b>Total</b>	<b>274 222</b>	<b>168 726</b>	<b>1 744</b>	<b>444 692</b>
<b>Liabilities</b>				
Amounts owed to credit institutions		6 224		6 224
Deposits and borrowings from the public		16 580		16 580
Debt securities in issue		13 504		13 504
Financial liabilities for which the customers bear the investment risk		214 562		214 562
Derivatives	7	39 744		39 751
Short positions, securities	25 771	3 490		29 261
<b>Total</b>	<b>25 778</b>	<b>294 104</b>		<b>319 882</b>

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

The methods are divided into three different levels:

- Level 1: Unadjusted quoted price on an active market
- Level 2: Adjusted quoted price or valuation model with valuation parameters derived from an active market
- Level 3: Valuation model where significant 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 process whereby financial instruments that indicate a high level of internal estimates or low level of observable market data are captured. The process determines valuation methods and how the internal assumptions are expected to affect the valuation. In cases where internal assumptions have a significant impact on fair value, the financial instrument is reported in level 3. The process also includes an analysis and evaluation based on the quality of the valuation data as well as whether a financial instrument is to be transferred between levels.

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

Group 31 Dec 2018 SEKm	Instruments with quoted market prices in an active market (Level 1)	Valuation techniques using observable market data (Level 2)	Valuation techniques using non- observable market data (Level 3)	Total
<b>Assets</b>				
Treasury bills etc.	13 083	6 192		19 275
Loans to credit institutions		92		92
Loans to the public		39 880		39 880
Bonds and other interest-bearing securities	22 319	28 782		51 101
Financial assets for which the customers bear the investment risk	177 868			177 868
Shares and participating interests	3 657		1 264	4 921
Derivatives	466	39 197	2	39 665
<b>Total</b>	<b>217 393</b>	<b>114 143</b>	<b>1 266</b>	<b>332 802</b>
<b>Liabilities</b>				
Amounts owed to credit institutions		266		266
Deposits and borrowings from the public		638		638
Debt securities in issue	58	14 692		14 750
Financial liabilities for which the customers bear the investment risk		178 662		178 662
Derivatives	406	30 910		31 316
Short positions, securities	38 333			38 333
<b>Total</b>	<b>38 797</b>	<b>225 168</b>		<b>263 965</b>

Changes in level 3 Group SEKm	Assets		
	Equity instruments	Derivatives	Total
<b>January-September 2019</b>			
<b>Opening balance 1 January 2019</b>	<b>1 264</b>	<b>2</b>	<b>1 266</b>
Purchases	29		29
Sale of assets	-4		-4
Maturities		-1	-1
Settlements	-2		-2
Gains and losses recognised as Net gains and losses on financial instruments	457	-1	456
of which changes in unrealised gains or losses for items held at closing day	458		458
<b>Closing balance 30 September 2019</b>	<b>1 744</b>	<b>0</b>	<b>1 744</b>

Level 3 primarily contains unlisted equity instruments and illiquid options. In connection with

the sale of shares in VISA Europe convertible preference shares in VISA Inc. were obtained. The

shares are subject to selling restrictions for a period of up to 10 years and under certain conditions may have to be returned. Since liquid quotes are not available for the instrument, its fair value is established with significant elements of own internal assumptions and reported in level 3 as equity instruments. The options hedge changes in the market value of hybrid debt instruments, so-called structured products. Structured products consist of a corresponding option element and a host contract, which in principle is an ordinary interest-bearing bond. When the Group evaluates the level on which the financial instruments are reported, the entire instrument is assessed on an individual basis. Since the bond portion of the structured products represents the majority of the financial

instrument's fair value, the internal assumptions used to value the illiquid option element normally do not have a significant effect on the valuation and the financial instrument is typically reported in level 2. However, the Group typically hedges the market risks that arise in structured products by holding individual options. The internal assumptions used in the valuation of the individual financial instruments are therefore of greater significance, because of which several are reported as derivatives in level 3.

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

Changes in level 3 Group SEKm	Assets		
	Equity instruments	Derivatives	Total
<b>January-September 2018</b>			
Opening balance 1 January 2018	449	26	475
Purchases	537		537
Sale of assets	-2		-2
Maturities		-13	-13
Settlements	-1		-1
Transferred from Level 2 to Level 3	3		3
Gains and losses recognised as Net gains and losses on financial instruments	153	4	157
of which in the income statement, Net gains and losses on financial items	6	4	10
of which changes in unrealised gains or losses for items held at closing day	148	3	151
<b>Closing balance 30 September 2018</b>	<b>1 139</b>	<b>17</b>	<b>1 156</b>

## Note 19 Pledged collateral and contingent liabilities

Group SEKm	30 Sep 2019	31 Dec 2018	%	30 Sep 2018	%
Loan receivables <sup>1</sup>	583 192	497 691	17	501 978	16
Financial assets pledged for insurance policy holders	209 565	174 668	20	196 913	6
Other assets pledged	56 713	39 276	44	47 374	20
<b>Pledged collateral</b>	<b>849 470</b>	<b>711 635</b>	<b>19</b>	<b>746 265</b>	<b>14</b>

<sup>1)</sup> The pledge is defined as the borrower's nominal debt including accrued interest. Refers to the loans of the total available collateral that are used as the pledge at each point in time.

Group SEKm	30 Sep 2019	31 Dec 2018	%	30 Sep 2018	%
Guarantees	51 513	48 989	5	49 380	4
Other	292	366	-20	337	-13
<b>Contingent liabilities</b>	<b>51 805</b>	<b>49 355</b>	<b>5</b>	<b>49 717</b>	<b>4</b>

Swedbank is cooperating with authorities in Sweden, the three Baltic countries, the European Central Bank and the US, which are conducting investigations into money laundering allegations and the Group's responses, as well as related issues involving the Group's anti-money laundering controls and certain individuals and entities that may have been customers of the Swedbank. The Swedish Economic Crime Authority also has an ongoing investigation relating to potential insider information. Swedbank is cooperating

with these authorities. The regulatory authorities in Sweden and Estonia have announced that their investigations are expected to be concluded early next year. The investigations by the Latvian police department for combating economic crime (LECED) and the ECB are expected to be concluded by the end of the year. The bank is currently unaware when the Economic Crime Authority's ongoing investigation will be concluded. A number of US authorities are currently investigating Swedbank as well. These investigations

may take years to conclude. The outcome of these investigations and subsequent discussions with the authorities are uncertain. Consequently, it is not possible at present to reliably estimate the timing or

amount of any potential settlement or fines, which could be material.

## Note 20 Offsetting financial assets and liabilities

Group SEKm	Assets			Liabilities		
	30 Sep 2019	31 Dec 2018	%	30 Sep 2019	31 Dec 2018	%
<b>Financial assets and liabilities, which have been offset or are subject to netting or similar agreements</b>						
Gross amount	236 832	162 062	46	178 819	117 107	53
Offset amount	-118 087	-84 058	40	-119 864	-86 703	38
<b>Net amounts presented in the balance sheet</b>	<b>118 745</b>	<b>78 004</b>	<b>52</b>	<b>58 955</b>	<b>30 404</b>	<b>94</b>
<b>Related amounts not offset in the balance sheet</b>						
Financial instruments, netting arrangements	31 456	17 320	82	31 456	17 320	82
Financial Instruments, collateral	34 020	35 212	-3	8 181	2 594	
Cash, collateral	21 803	1 535		15 470	4 890	
<b>Total amount not offset in the balance sheet</b>	<b>87 279</b>	<b>54 067</b>	<b>61</b>	<b>55 107</b>	<b>24 804</b>	
<b>Net amount</b>	<b>31 466</b>	<b>23 937</b>	<b>31</b>	<b>3 848</b>	<b>5 600</b>	<b>-31</b>

The amount offset for derivative assets includes offset cash collateral of SEK 7 199m (4 177) derived from the balance sheet item Amounts owed to credit institutions.

The amount offset for derivative liabilities includes offset cash collateral of SEK 5 422m (1 532), derived from the balance sheet item Loans to credit institutions

## Note 21 Capital adequacy, consolidated situation

Capital adequacy	30 Sep	31 Dec	30 Sep
SEKm	2019	2018	2018
Shareholders' equity according to the Group's balance sheet	133 745	137 396	133 681
Non-controlling interests		72	68
Anticipated dividend <sup>6)</sup>	-7 634	-15 885	-12 429
Deconsolidation of insurance companies	-661	-438	-319
Value changes in own financial liabilities	-83	-107	-61
Cash flow hedges	-9	-2	1
Additional value adjustments <sup>1)</sup>	-638	-454	-465
Goodwill	-14 080	-13 638	-13 696
Deferred tax assets	-125	-113	-121
Intangible assets	-3 264	-2 974	-2 797
Net provisions for reported IRB credit exposures	-12	0	-1
Shares deducted from CET1 capital	-32	-45	-50
<b>Common Equity Tier 1 capital</b>	<b>107 207</b>	<b>103 812</b>	<b>103 811</b>
Additional Tier 1 capital	17 062	10 949	10 766
<b>Total Tier 1 capital</b>	<b>124 269</b>	<b>114 761</b>	<b>114 577</b>
Tier 2 capital	15 887	22 232	22 513
<b>Total capital</b>	<b>140 156</b>	<b>136 993</b>	<b>137 090</b>
Minimum capital requirement for credit risks, standardised approach	3 641	3 328	3 446
Minimum capital requirement for credit risks, IRB	21 895	21 715	21 700
Minimum capital requirement for credit risk, default fund contribution	80	29	33
Minimum capital requirement for settlement risks	0	0	0
Minimum capital requirement for market risks	1 305	1 042	1 173
Trading book	1 289	999	1 102
of which VaR and SVaR	965	719	776
of which risks outside VaR and SVaR	324	280	326
FX risk other operations	16	43	71
Minimum capital requirement for credit value adjustment	387	307	390
Minimum capital requirement for operational risks	5 481	5 182	5 182
Additional minimum capital requirement, Article 3 CRR <sup>2)</sup>	2 650	2 743	2 277
Additional minimum capital requirement, Article 458 CRR <sup>5)</sup>	17 083	16 685	
<b>Minimum capital requirement</b>	<b>52 522</b>	<b>51 031</b>	<b>34 201</b>
Risk exposure amount credit risks, standardised approach	45 513	41 606	43 081
Risk exposure amount credit risks, IRB	273 691	271 437	271 249
Risk exposure amount default fund contribution	1 000	357	409
Risk exposure amount settlement risks	0	0	0
Risk exposure amount market risks	16 317	13 024	14 668
Risk exposure amount credit value adjustment	4 843	3 826	4 865
Risk exposure amount operational risks	68 514	64 779	64 779
Additional risk exposure amount, Article 3 CRR <sup>2)</sup>	33 120	34 286	28 460
Additional risk exposure amount, Article 458 CRR <sup>5)</sup>	213 532	208 567	
<b>Risk exposure amount</b>	<b>656 530</b>	<b>637 882</b>	<b>427 511</b>
<b>Common Equity Tier 1 capital ratio, %</b>	<b>16,3</b>	<b>16,3</b>	<b>24,3</b>
<b>Tier 1 capital ratio, %</b>	<b>18,9</b>	<b>18,0</b>	<b>26,8</b>
<b>Total capital ratio, %</b>	<b>21,4</b>	<b>21,5</b>	<b>32,1</b>
<b>Capital buffer requirement <sup>3)</sup></b>	<b>30 Sep</b>	<b>31 Dec</b>	<b>30 Sep</b>
<b>%</b>	<b>2019</b>	<b>2018</b>	<b>2018</b>
CET1 capital requirement including buffer requirements	12,0	11,6	11,3
of which minimum CET1 requirement	4,5	4,5	4,5
of which capital conservation buffer	2,5	2,5	2,5
of which countercyclical capital buffer	2,0	1,6	1,3
of which systemic risk buffer	3,0	3,0	3,0
CET 1 capital available to meet buffer requirement <sup>4)</sup>	11,8	11,8	19,8
<b>Leverage ratio</b>	<b>30 Sep</b>	<b>31 Dec</b>	<b>30 Sep</b>
	<b>2019</b>	<b>2018</b>	<b>2018</b>
Tier 1 Capital, SEKm	124 269	114 761	114 577
Leverage ratio exposure, SEKm <sup>7)</sup>	2 429 497	2 241 604	2 377 705
Leverage ratio, %	5,1	5,1	4,8

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

<sup>2)</sup> To rectify for underestimation of default frequency in the model for corporate exposures, Swedbank has decided to hold more capital until the updated model has been approved by the SFSA. The amount also includes planned implementation of EBA's Guideline on new default definition and increased safety margins.

<sup>3)</sup> Buffer requirement according to Swedish implementation of CRD IV

<sup>4)</sup> CET1 capital ratio as reported, less minimum requirement of 4.5% (excluding buffer requirements) and less any CET1 items used to meet the Tier 1 and total capital requirements.

<sup>5)</sup> Additional risk exposure amount and minimum capital requirement following the changed application of the risk weight floor for Swedish mortgages according to decision from the SFSA.

<sup>6)</sup> Dividend pay-out policy adjusted to 50 per cent of annual profit.

<sup>7)</sup> The method for calculating leverage ratio exposure has been changed from Q3, the historical figures has not been revised.



Capital requirements <sup>1)</sup> SEKm / %	2019	2018	2019	2018
	30 Sep	31 Dec	30 Sep	31 Dec
Capital requirement Pillar 1	101 762	96 320	15.5	15.1
of which Buffer requirements <sup>2)</sup>	49 240	45 290	7.5	7.1
Total capital requirement Pillar 2 <sup>3)</sup>	22 286	21 045	3.4	3.3
<b>Total capital requirement Pillar 1 and 2</b>	<b>124 048</b>	<b>117 365</b>	<b>18.9</b>	<b>18.4</b>
<b>Own funds</b>	<b>140 156</b>	<b>136 993</b>		

<sup>1)</sup> Swedbank's calculation based on the SFSA's announced capital requirements, including Pillar 2 requirements.

<sup>2)</sup> Buffer requirements includes systemic risk buffer, capital conservation buffer and countercyclical capital buffer.

<sup>3)</sup> Systemisk buffer and Individual Pillar 2 charge as of 30 September 2019. The individual Pillar 2 charge items as of 31 December 2018, according to SFSA's SREP report of 30 September 2019, in relation to REA as of September 2019.

The consolidated situation for Swedbank as of 30 September 2019 comprised the Swedbank Group with the exception of insurance companies. The EnterCard Group was included as well through the proportionate consolidation method.

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

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

Swedbank consolidated situation Credit risk, IRB SEKm	Exposure value		Average risk weight, %		Minimum capital requirement	
	30 Sep 2019	31 Dec 2018	30 Sep 2019	31 Dec 2018	30 Sep 2019	31 Dec 2018
Central government or central banks exposures	390 529	296 418	1	2	420	375
Institutional exposures	54 776	49 183	19	19	812	766
Corporate exposures	549 589	532 566	31	33	13 610	13 963
Retail exposures	1 193 093	1 165 008	7	7	6 290	6 226
of which mortgage	1 072 550	1 047 939	5	5	3 970	3 929
of which other	120 543	117 069	24	25	2 320	2 297
Non credit obligation	13 381	8 508	71	57	763	385
<b>Total credit risks, IRB</b>	<b>2 201 368</b>	<b>2 051 683</b>	<b>12</b>	<b>13</b>	<b>21 895</b>	<b>21 715</b>

**Exposure amount, Risk exposure amount and Minimum capital requirement, consolidated situation**

<b>30 Sep 2019</b>			
<b>SEKm</b>	<b>Exposure amount</b>	<b>Risk exposure amount</b>	<b>Minimum capital requirement</b>
<b>Credit risks, STD</b>	<b>75 585</b>	<b>45 513</b>	<b>3 641</b>
Central government or central banks exposures	64		
Regional governments or local authorities exposures	2 632	319	25
Public sector entities exposures	1 452	168	13
Multilateral development banks exposures	1 835		
International organisation exposures	289		
Institutional exposures	23 749	509	41
Corporate exposures	5 648	5 405	432
Retail exposures	19 535	14 058	1 125
Exposures secured by mortgages on immovable property	6 250	2 188	175
Exposures in default	688	702	56
Exposures in the form of covered bonds	360	36	3
Exposures in the form of collective investment undertakings (CIUs)	7	7	1
Equity exposures	9 028	19 014	1 521
Other items	4 048	3 107	249
<b>Credit risks, IRB</b>	<b>2 201 368</b>	<b>273 691</b>	<b>21 895</b>
Central government or central banks exposures	390 529	5 252	420
Institutional exposures	54 776	10 158	812
Corporate exposures	549 589	170 120	13 610
of w hich specialized lending in category 1	47	26	2
of w hich specialized lending in category 2	292	248	20
of w hich specialized lending in category 3	156	179	14
of w hich specialized lending in category 4	127	318	26
of w hich specialized lending in category 5	19		
Retail exposures	1 193 093	78 628	6 290
of w hich mortgage lending	1 072 550	49 624	3 970
of w hich other lending	120 543	29 004	2 320
Non-credit obligation	13 381	9 533	763
<b>Credit risks, Default fund contribution</b>		<b>1 000</b>	<b>80</b>
<b>Settlement risks</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Market risks</b>		<b>16 317</b>	<b>1 305</b>
Trading book		16 116	1 289
of w hich VaR and SVaR		12 065	965
of w hich risks outside VaR and SVaR		4 051	324
FX risk other operations		201	16
<b>Credit value adjustment</b>	<b>20 382</b>	<b>4 843</b>	<b>387</b>
<b>Operational risks</b>		<b>68 514</b>	<b>5 481</b>
of w hich Standardised approach		68 514	5 481
<b>Additional risk exposure amount, Article 3 CRR</b>		<b>33 120</b>	<b>2 650</b>
<b>Additional risk exposure amount, Article 458 CRR</b>		<b>213 532</b>	<b>17 083</b>
<b>Total</b>	<b>2 297 335</b>	<b>656 530</b>	<b>52 522</b>

**Exposure amount, Risk exposure amount and Minimum capital requirement, consolidated situation**

31 Dec 2018

SEKm	Exposure amount	Risk exposure amount	Minimum capital requirement
<b>Credit risks, STD</b>	<b>64 110</b>	<b>41 606</b>	<b>3 328</b>
Central government or central banks exposures	213		
Regional governments or local authorities exposures	2 193	269	21
Public sector entities exposures	1 708	68	5
Multilateral development banks exposures	2 566		
International organisation exposures	372		
Institutional exposures	15 156	345	27
Corporate exposures	4 700	4 475	358
Retail exposures	17 960	12 899	1 032
Exposures secured by mortgages on immovable property	6 175	2 163	173
Exposures in default	556	562	45
Exposures in the form of covered bonds	220	23	2
Exposures in the form of collective investment undertakings (CIUs)	8	8	1
Equity exposures	8 100	17 535	1 403
Other items	4 183	3 259	261
<b>Credit risks, IRB</b>	<b>2 051 683</b>	<b>271 437</b>	<b>21 715</b>
Central government or central banks exposures	296 418	4 689	375
Institutional exposures	49 183	9 581	766
Corporate exposures	532 566	174 531	13 963
of w hich specialized lending in category 1	3	2	0
of w hich specialized lending in category 2	316	271	22
of w hich specialized lending in category 3	182	209	17
of w hich specialized lending in category 4	150	376	30
of w hich specialized lending in category 5	88		
Retail exposures	1 165 008	77 826	6 226
of w hich mortgage lending	1 047 939	49 110	3 929
of w hich other lending	117 069	28 716	2 297
Non-credit obligation	8 508	4 810	385
<b>Credit risks, Default fund contribution</b>		<b>357</b>	<b>29</b>
<b>Settlement risks</b>	<b>177</b>	<b>0</b>	<b>0</b>
<b>Market risks</b>		<b>13 024</b>	<b>1 042</b>
Trading book		12 486	999
of w hich VaR and SVaR		8 984	719
of w hich risks outside VaR and SVaR		3 502	280
FX risk other operations		538	43
<b>Credit value adjustment</b>	<b>16 024</b>	<b>3 826</b>	<b>307</b>
<b>Operational risks</b>		<b>64 779</b>	<b>5 182</b>
of w hich Standardised approach		64 779	5 182
<b>Additional risk exposure amount, Article 3 CRR</b>		<b>34 286</b>	<b>2 743</b>
<b>Additional risk exposure amount, Article 458 CRR</b>		<b>208 567</b>	<b>16 685</b>
<b>Total</b>	<b>2 131 994</b>	<b>637 882</b>	<b>51 031</b>

## Credit risks

The Internal Ratings-Based Approach (IRB) is applied within the Swedish part of Swedbank's consolidated situation, including the branches in New York and Oslo but excluding EnterCard and several small subsidiaries. IRB is also applied for the majority of Swedbank's exposure classes in the Baltic countries.

When Swedbank acts as a clearing member, the bank calculates an own funds requirement for its pre-funded, qualifying and non-qualifying central counterparty default fund contributions.

For exposures, excluding capital requirement for default fund contributions, where IRB-approach is not applied, the standardized approach is used.

## Market risks

Under current regulations capital adequacy for market risks can be based on either the standardised approach or an internal Value at Risk model, which requires the approval of the SFSA. The parent company has received such approval and uses its internal VaR model

for general interest rate risks, general and specific share price risks and foreign exchange risks in the trading book. The approval also covers operations in the Baltic countries with respect to general interest rate risks and foreign exchange risks in the trading book. Foreign exchange risks outside the trading book, i.e. in other operations, are mainly of structural and strategic nature and are less suited to a VaR model.

These risks are instead estimated according to the standardised approach, as per the Group's internal approach to managing these risks. Strategic foreign exchange risks mainly arise through risks associated with holdings in foreign operations.

## Credit value adjustment

The risk of the credit value adjustment is estimated according to the standardised method.

## Operational risk

Swedbank calculates operational risk using the standardised approach. The SFSA has stated that

Swedbank meets the qualitative requirements to apply this method.

## Note 22 Internal capital requirement

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

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

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

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 30 September 2019 the internal capital assessment for Swedbank's consolidated situation amounted to SEK 33.3bn (32.7). The capital to meet the internal capital assessment, i.e. the capital base, amounted to SEK 140.2bn (137.0) (see Note 21). Swedbank's internal capital assessment using its own models is not comparable with the estimated capital requirement that the SFSA releases quarterly and is presented without Swedish mortgage floor effect.

The internally estimated capital requirement for the parent company is SEK 27.2bn (29.4) and the capital base is SEK 121.5bn (115.6) (see the parent company, capital adequacy on page 57).

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 and Sustainability Report for 2018 as well as in Swedbank's yearly Risk and Capital Adequacy Report, available on [www.swedbank.com](http://www.swedbank.com).

## Note 23 Risks and uncertainties

Swedbank's earnings are affected by changes in the global marketplace over which it has no control, including macroeconomic factors such as GDP, asset prices and unemployment as well as changes in interest rates, equity prices and exchange rates. For risks related to the potential money laundering issue arisen by media during the first quarter it is referred to the note 19 Pledged collateral and contingent liabilities.

The tax area is complex and leaves room for judgement. Practices and interpretations of applicable laws are often changed, sometimes

retroactively. In the event that the tax authorities and, where appropriate, the tax courts decide on a different interpretation than what Swedbank initially made, then it could impact the Group's operations, results and financial position.

In addition to what is stated in this interim report, detailed descriptions are provided in Swedbank's 2018 annual report and in the annual disclosure on risk management and capital adequacy available on [www.swedbank.com](http://www.swedbank.com)

**Effect on value of assets and liabilities in SEK and foreign currency, including derivatives if interest rates increase by 100bp, 30 Sep 2019**

**Group**

**SEKm**

	< 5 years	5-10 years	>10 years	Total
<b>Swedbank, the Group</b>	<b>1 036</b>	<b>-1 431</b>	<b>-336</b>	<b>-731</b>
of which SEK	688	-1 431	-270	-1 013
of which foreign currency	348	0	-66	282
<b>Of which financial instruments at fair value reported through profit or loss</b>	<b>2 247</b>	<b>-1 099</b>	<b>-207</b>	<b>941</b>
of which SEK	1 881	-1 197	-254	430
of which foreign currency	366	98	47	511

## Note 24 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.

## Note 25 Swedbank's share

	30 Sep 2019	31 Dec 2018	%	30 Sep 2018	%
<b>SWED A</b>					
Share price, SEK	141.70	197.75	-28	220.30	-36
Number of outstanding ordinary shares	1 118 304 389	1 116 674 361	0	1 116 674 361	0
<b>Market capitalisation, SEKm</b>	<b>158 464</b>	<b>220 822</b>	<b>-28</b>	<b>246 003</b>	<b>-36</b>

	30 Sep 2019	31 Dec 2018	30 Sep 2018
<b>Number of outstanding shares</b>			
<b>Issued shares</b>			
SWED A	1 132 005 722	1 132 005 722	1 132 005 722
<b>Repurchased shares</b>			
SWED A	-13 701 333	-15 331 361	-15 331 361
<b>Number of outstanding shares on the closing day</b>	<b>1 118 304 389</b>	<b>1 116 674 361</b>	<b>1 116 674 361</b>

Within Sw edbank's share-based compensation programme, Sw edbank AB has during 2019 transferred 1 630 028 shares at no cost to employees.

	Q3 2019	Q2 2019	Q3 2018	Jan-Sep 2019	Jan-Sep 2018
<b>Earnings per share</b>					
<b>Average number of shares</b>					
Average number of shares before dilution	1 118 302 842	1 118 258 901	1 116 672 845	1 117 971 681	1 116 091 085
Weighted average number of shares for potential ordinary shares that incur a dilutive effect due to share-based compensation programme	2 845 370	4 006 371	3 093 218	3 481 630	3 859 876
Average number of shares after dilution	1 121 148 212	1 122 265 272	1 119 766 063	1 121 453 311	1 119 950 961
<b>Profit, SEKm</b>					
Profit for the period attributable to shareholders of Sw edbank	4 663	5 336	5 525	15 269	16 572
Earnings for the purpose of calculating earnings per share	4 663	5 336	5 525	15 269	16 572
<b>Earnings per share, SEK</b>					
Earnings per share before dilution	4.17	4.77	4.95	13.66	14.85
Earnings per share after dilution	4.16	4.75	4.93	13.62	14.80

## Note 26 Effects of changes in accounting policies, IFRS 16

### Effects of the balance sheet

The following table provides the effects of the adoption of IFRS 16. For all leases classified as operating leases under IAS 17 and where the Group acts as the lessee, a lease liability and a right-of-use asset are recognised in the balance sheet. The

Group applies the exemptions afforded by the standard regarding short-term leases and leases for which the underlying asset is of low value. These lease agreements are recognised as expenses.

SEKm	31 December 2018	IFRS 16 effect <sup>1)</sup>	1 January 2019
<b>Assets</b>			
Cash and balances with central banks	163 161		163 161
Loans to credit institutions	36 268		36 268
Loans to the public	1 627 368		1 627 368
Value change of interest hedged item in portfolio hedge	766		766
Interest-bearing securities	152 891		152 891
Financial assets for which the customers bear the investment risk	177 868		177 868
Shares and participating interests	4 921		4 921
Investments in associates	6 088		6 088
Derivatives	39 665		39 665
Intangible assets	17 118		17 118
Tangible assets	1 966	4 251	6 217
Current tax assets	2 065		2 065
Deferred tax assets	164		164
Other assets	13 970		13 970
Prepaid expenses and accrued income	1 813	-104	1 709
<b>Total assets</b>	<b>2 246 092</b>	<b>4 147</b>	<b>2 250 239</b>
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Amounts owed to credit institutions	57 218		57 218
Deposits and borrowings from the public	920 750		920 750
Financial liabilities for which the customers bear the investment risk	178 662		178 662
Debt securities in issue	804 360		804 360
Short positions securities	38 333		38 333
Derivatives	31 316		31 316
Current tax liabilities	1 788		1 788
Deferred tax liabilities	1 576		1 576
Pension provisions	4 979		4 979
Insurance provisions	1 897		1 897
Other liabilities and provisions	30 035	4 147	34 182
Accrued expenses and prepaid income	3 385		3 385
Subordinated liabilities	34 184		34 184
<b>Total liabilities</b>	<b>2 108 483</b>	<b>4 147</b>	<b>2 112 630</b>
<b>Equity</b>			
Non-controlling interests	213		213
Equity attributable to shareholders of the parent company	137 396		137 396
<b>Total equity</b>	<b>137 609</b>		<b>137 609</b>
<b>Total liabilities and equity</b>	<b>2 246 092</b>	<b>4 147</b>	<b>2 250 239</b>

<sup>1)</sup> The amounts mainly relate to premises.



## Bridge showing the transition from IAS 17 to IFRS 16 lease accounting

The following table presents the future minimum lease payments for operational lease agreements where the Group is the lessee according to IAS 17 on

31 December 2018 compared with the lease liability according to IFRS 16 on 1 January 2019.

### Impact from transition to IFRS 16

SEKm

<b>Future minimum payments for operational leases and associated costs at 31 December 2018 according to note G52 Operational leasing in the Annual and Sustainability Report 2018</b>	<b>6 292</b>
Deduction of non-deductable VAT	781
Deducted lease payments:	
Short-term leases	25
Leases of low -value assets	2
Commitments regarding leases not yet commenced	908
Variable lease payments	265
Discounting effect with the incremental borrowing rate at 1 January 2019 <sup>1)</sup>	164
<b>Lease liabilities recognised at 1 January 2019</b>	<b>4 147</b>

<sup>1)</sup> The average incremental borrowing rate as per 1 January 2019 was 1.25 per cent.

## Income statement, condensed

Parent company SEKm	Q3 2019	Q2 2019	%	Q3 2018	%	Jan-Sep 2019	Jan-Sep 2018	%
Interest income	5 167	5 259	-2	5 206	-1	15 434	14 793	4
Negative yield on financial assets	-482	-441	9	-757	-36	-1 417	-2 193	-35
<b>Interest income, including negative yield on financial assets</b>	<b>4 685</b>	<b>4 818</b>	<b>-3</b>	<b>4 449</b>	<b>5</b>	<b>14 017</b>	<b>12 600</b>	<b>11</b>
Interest expense	-1 536	-1 633	-6	-1 582	-3	-4 772	-4 107	16
Negative yield on financial liabilities	148	130	14	169	-12	427	530	-19
<b>Interest expense, including negative yield on financial liabilities</b>	<b>-1 388</b>	<b>-1 503</b>	<b>-8</b>	<b>-1 413</b>	<b>-2</b>	<b>-4 345</b>	<b>-3 577</b>	<b>21</b>
<b>Net interest income</b>	<b>3 297</b>	<b>3 315</b>	<b>-1</b>	<b>3 036</b>	<b>9</b>	<b>9 672</b>	<b>9 023</b>	<b>7</b>
Dividends received	3 214	6 809	-53	3 079	4	14 567	13 485	8
Commission income	2 574	2 561	1	2 590	-1	7 544	7 501	1
Commission expense	-972	-1 015	-4	-913	6	-2 888	-2 658	9
<b>Net commission income</b>	<b>1 602</b>	<b>1 546</b>	<b>4</b>	<b>1 677</b>	<b>-4</b>	<b>4 656</b>	<b>4 843</b>	<b>-4</b>
Net gains and losses on financial items	229	125	83	494	-54	1 195	1 131	6
Other income	393	317	24	328	20	1 004	1 707	-41
<b>Total income</b>	<b>8 735</b>	<b>12 112</b>	<b>-28</b>	<b>8 614</b>	<b>1</b>	<b>31 094</b>	<b>30 189</b>	<b>3</b>
Staff costs	2 057	2 096	-2	1 828	13	6 276	5 890	7
Other expenses	1 891	1 457	30	1 116	69	4 660	3 433	36
Depreciation/amortisation and impairment of tangible and intangible fixed assets	1 192	1 190	0	1 236	-4	3 560	3 592	-1
<b>Total expenses</b>	<b>5 140</b>	<b>4 743</b>	<b>8</b>	<b>4 180</b>	<b>23</b>	<b>14 496</b>	<b>12 915</b>	<b>12</b>
<b>Profit before impairment</b>	<b>3 595</b>	<b>7 369</b>	<b>-51</b>	<b>4 434</b>	<b>-19</b>	<b>16 598</b>	<b>17 274</b>	<b>-4</b>
Impairment of financial fixed assets	-1	1				0		
Credit impairments	183	124	48	75		525	70	
<b>Operating profit</b>	<b>3 413</b>	<b>7 244</b>	<b>-53</b>	<b>4 359</b>	<b>-22</b>	<b>16 073</b>	<b>17 204</b>	<b>-7</b>
Tax expense	788	704	12	1 034	-24	2 456	2 852	-14
<b>Profit for the period</b>	<b>2 625</b>	<b>6 540</b>	<b>-60</b>	<b>3 325</b>	<b>-21</b>	<b>13 617</b>	<b>14 352</b>	<b>-5</b>

## Statement of comprehensive income, condensed

Parent company SEKm	Q3 2019	Q2 2019	%	Q3 2018	%	Jan-Sep 2019	Jan-Sep 2018	%
<b>Profit for the period reported via income statement</b>	<b>2 625</b>	<b>6 540</b>	<b>-60</b>	<b>3 325</b>	<b>-21</b>	<b>13 617</b>	<b>14 352</b>	<b>-5</b>
<b>Total comprehensive income for the period</b>	<b>2 625</b>	<b>6 540</b>	<b>-60</b>	<b>3 325</b>	<b>-21</b>	<b>13 617</b>	<b>14 352</b>	<b>-5</b>

## Balance sheet, condensed

Parent company SEKm	30 Sep 2019	31 Dec 2018	%	30 Sep 2018	%
<b>Assets</b>					
Cash and balance with central banks	134 437	80 903	66	224 751	-40
Loans to credit institutions	471 456	523 699	-10	528 199	-11
Loans to the public	435 350	428 966	1	459 718	-5
Interest-bearing securities	237 604	152 413	56	161 756	47
Shares and participating interests	69 133	68 849	0	69 836	-1
Derivatives	66 515	43 275	54	65 029	2
Other assets	51 429	46 433	11	43 055	19
<b>Total assets</b>	<b>1 465 924</b>	<b>1 344 538</b>	<b>9</b>	<b>1 552 344</b>	<b>-6</b>
<b>Liabilities and equity</b>					
Amounts owed to credit institutions	124 913	83 218	50	120 630	4
Deposits and borrowings from the public	746 965	700 256	7	749 140	0
Debt securities in issue	316 432	303 622	4	415 257	-24
Derivatives	78 334	54 063	45	73 343	7
Other liabilities and provisions	66 372	67 496	-2	63 241	5
Subordinated liabilities	33 241	34 184	-3	34 275	-3
Untaxed reserves	10 647	10 647	0	10 575	1
Equity	89 020	91 052	-2	85 883	4
<b>Total liabilities and equity</b>	<b>1 465 924</b>	<b>1 344 538</b>	<b>9</b>	<b>1 552 344</b>	<b>-6</b>
Pledged collateral	53 205	41 363	29	44 197	20
Other assets pledged	3 503	2 467	42	3 142	11
Contingent liabilities	507 332	492 882	3	504 024	1
Commitments	257 295	237 692	8	242 410	6

## Statement of changes in equity, condensed

Parent company  
SEKm

	Share capital	Share premium reserve	Statutory reserve	Retained earnings	Total
<b>January-September 2019</b>					
<b>Opening balance 1 January 2019</b>	<b>24 904</b>	<b>13 206</b>	<b>5 968</b>	<b>46 974</b>	<b>91 052</b>
Dividend				-15 878	-15 878
Share based payments to employees				247	247
Deferred tax related to share based payments to employees				-28	-28
Current tax related to share based payments to employees				10	10
Total comprehensive income for the period				13 617	13 617
<b>Closing balance 30 September 2019</b>	<b>24 904</b>	<b>13 206</b>	<b>5 968</b>	<b>44 942</b>	<b>89 020</b>
<b>January-December 2018</b>					
<b>Opening balance 1 January 2018</b>	<b>24 904</b>	<b>13 206</b>	<b>5 968</b>	<b>41 693</b>	<b>85 771</b>
Dividend				-14 517	-14 517
Share based payments to employees				321	321
Deferred tax related to share based payments to employees				-7	-7
Current tax related to share based payments to employees				17	17
Total comprehensive income for the period				19 467	19 467
<b>Closing balance 31 December 2018</b>	<b>24 904</b>	<b>13 206</b>	<b>5 968</b>	<b>46 974</b>	<b>91 052</b>
<b>January-September 2018</b>					
<b>Opening balance 1 January 2018</b>	<b>24 904</b>	<b>13 206</b>	<b>5 968</b>	<b>41 693</b>	<b>85 771</b>
Dividend				-14 517	-14 517
Share based payments to employees				258	258
Deferred tax related to share based payments to employees				2	2
Current tax related to share based payments to employees				17	17
Total comprehensive income for the period				14 352	14 352
<b>Closing balance 30 September 2018</b>	<b>24 904</b>	<b>13 206</b>	<b>5 968</b>	<b>41 805</b>	<b>85 883</b>

## Cash flow statement, condensed

Parent company SEKm	Jan-Sep 2019	Full-year 2018	Jan-Sep 2018
Cash flow from operating activities	60 822	-26 404	2 654
Cash flow from investing activities	15 931	12 927	13 545
Cash flow from financing activities	-23 219	-41 681	72 491
<b>Cash flow for the period</b>	<b>53 534</b>	<b>-55 158</b>	<b>88 690</b>
Cash and cash equivalents at beginning of period	80 903	136 061	136 061
Cash flow for the period	53 534	-55 158	88 690
<b>Cash and cash equivalents at end of period</b>	<b>134 437</b>	<b>80 903</b>	<b>224 751</b>

## Capital adequacy

Capital adequacy, Parent company SEKm	30 Sep 2019	31 Dec 2018	30 Sep 2018
<b>Common Equity Tier 1 capital</b>	<b>87 909</b>	<b>81 824</b>	<b>80 067</b>
Additional Tier 1 capital	17 062	10 937	10 756
<b>Tier 1 capital</b>	<b>104 971</b>	<b>92 761</b>	<b>90 823</b>
Tier 2 capital	16 523	22 862	23 097
<b>Total capital</b>	<b>121 494</b>	<b>115 623</b>	<b>113 920</b>
<b>Minimum capital requirement</b>	<b>26 197</b>	<b>26 014</b>	<b>26 162</b>
<b>Risk exposure amount</b>	<b>327 461</b>	<b>325 180</b>	<b>327 022</b>
<b>Common Equity Tier 1 capital ratio, %</b>	<b>26.9</b>	<b>25.2</b>	<b>24.5</b>
<b>Tier 1 capital ratio, %</b>	<b>32.0</b>	<b>28.5</b>	<b>27.8</b>
<b>Total capital ratio, %</b>	<b>37.1</b>	<b>35.6</b>	<b>34.8</b>
<b>Capital buffer requirement<sup>1)</sup></b> %	<b>30 Sep 2019</b>	<b>31 Dec 2018</b>	<b>30 Sep 2018</b>
CET1 capital requirement including buffer requirements	8.9	8.5	8.5
of which minimum CET1 requirement	4.5	4.5	4.5
of which capital conservation buffer	2.5	2.5	2.5
of which countercyclical capital buffer	1.9	1.5	1.5
CET 1 capital available to meet buffer requirement <sup>2)</sup>	22.4	20.7	20.0
<b>Leverage ratio</b>	<b>30 Sep 2019</b>	<b>31 Dec 2018</b>	<b>30 Sep 2018</b>
Tier 1 Capital, SEKm	104 971	92 761	90 823
Total exposure, SEKm <sup>3)</sup>	1 158 446	1 017 859	1 170 871
Leverage ratio, % <sup>3)</sup>	9.1	9.1	7.8

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

2) 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.

3) Taking into account exemption according to CRR article 429.7 excluding certain intragroup exposures. The method for calculating leverage ratio exposure has been changes from Q3, the historical figures has not been revised.

Capital requirements <sup>1)</sup> SEKm / %	2019 30 Sep	2018 31 Dec	2019 30 Sep	2018 31 Dec
Capital requirement Pillar 1	40 605	39 022	12.4	12.0
of which Buffer requirements <sup>2)</sup>	14 408	8 130	4.4	4.0
Total capital requirement Pillar 2 <sup>3)</sup>	5 265	4 293	1.6	1.3
<b>Total capital requirement Pillar 1 and 2</b>	<b>45 870</b>	<b>43 315</b>	<b>14.0</b>	<b>13.3</b>
<b>Own funds</b>	<b>121 494</b>	<b>115 623</b>		

1) Swedbank's calculation based on the SFSA's announced capital requirements, including Pillar 2 requirements.

2) Buffer requirements includes systemic risk buffer, capital conservation buffer and countercyclical capital buffer.

3) Systemisk buffer and Individual Pillar 2 charge as of 30 September 2019. The individual Pillar 2 charge items as of 31 December 2018, according to SFSA's SREP report of 30 September 2019, in relation to REA as of September 2019.

**Exposure amount, Risk exposure amount and Minimum capital requirement, parent company**

**30 Sep 2019**

<b>SEKm</b>	<b>Exposure amount</b>	<b>Risk exposure amount</b>	<b>Minimum capital requirement</b>
<b>Credit risks, STD</b>	<b>1 006 196</b>	<b>80 796</b>	<b>6 464</b>
Central government or central banks exposures	18		
Regional governments or local authorities exposures	44	9	1
Public sector entities exposures	736	107	9
Multilateral development banks exposures	1 742		
International organisation exposures	289		
Institutional exposures	928 167	821	66
Corporate exposures	4 615	4 421	353
Retail exposures	236	176	14
Exposures secured by mortgages on immovable property	3 107	1 087	87
Exposures in default	0	0	0
Equity exposures	65 868	72 809	5 825
Other items	1 374	1 366	109
<b>Credit risks, IRB</b>	<b>905 090</b>	<b>157 893</b>	<b>12 631</b>
Central government or central banks exposures	304 076	3 823	306
Institutional exposures	58 600	11 045	884
Corporate exposures	443 402	119 933	9 594
of w hich specialized lending			
Retail exposures	95 475	19 674	1 574
of w hich mortgage lending	10 649	2 171	174
of w hich other lending	84 826	17 503	1 400
Non-credit obligation	3 537	3 418	273
<b>Credit risks, Default fund contribution</b>		<b>1 000</b>	<b>80</b>
<b>Settlement risks</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Market risks</b>		<b>16 239</b>	<b>1 299</b>
Trading book		16 083	1 287
of w hich VaR and SVaR		12 084	967
of w hich risks outside VaR and SVaR		3 999	320
FX risk other operations		156	12
<b>Credit value adjustment</b>	<b>19 079</b>	<b>4 769</b>	<b>382</b>
<b>Operational risks</b>		<b>36 815</b>	<b>2 945</b>
Standardised approach		36 815	2 945
<b>Additional risk exposure amount, Article 3 CRR</b>		<b>29 458</b>	<b>2 357</b>
<b>Additional risk exposure amount, Article 458 CRR</b>		<b>491</b>	<b>39</b>
<b>Total</b>	<b>1 930 365</b>	<b>327 461</b>	<b>26 197</b>

**Exposure amount, Risk exposure amount and Minimum capital requirement, parent company**

31 Dec 2018

SEKm	Exposure amount	Risk exposure amount	Minimum capital requirement
<b>Credit risks, STD</b>	<b>1 045 728</b>	<b>80 197</b>	<b>6 415</b>
Central government or central banks exposures	18		
Regional governments or local authorities exposures	34	7	1
Public sector entities exposures	1 024		
Multilateral development banks exposures	2 452		
International organisation exposures	280		
Institutional exposures	968 031	841	67
Corporate exposures	4 205	4 020	322
Retail exposures	301	225	18
Exposures secured by mortgages on immovable property	2 919	1 022	82
Exposures in default	0	0	0
Equity exposures	65 375	72 995	5 838
Other items	1 089	1 087	87
<b>Credit risks, IRB</b>	<b>788 776</b>	<b>163 098</b>	<b>13 048</b>
Central government or central banks exposures	205 617	3 188	255
Institutional exposures	52 256	10 259	821
Corporate exposures	433 572	126 438	10 115
of w hich specialized lending			
Retail exposures	94 045	20 058	1 605
of w hich mortgage lending	11 333	2 346	188
of w hich other lending	82 712	17 712	1 417
Non-credit obligation	3 286	3 155	252
<b>Credit risks, Default fund contribution</b>		<b>358</b>	<b>29</b>
<b>Settlement risks</b>	<b>177</b>	<b>0</b>	<b>0</b>
<b>Market risks</b>		<b>13 000</b>	<b>1 040</b>
Trading book		12 460	997
of w hich VaR and SVaR		9 023	722
of w hich risks outside VaR and SVaR		3 437	275
FX risk other operations		540	43
<b>Credit value adjustment</b>	<b>15 072</b>	<b>3 781</b>	<b>302</b>
<b>Operational risks</b>		<b>35 201</b>	<b>2 816</b>
Standardised approach		35 201	2 816
<b>Additional risk exposure amount, Article 3 CRR</b>		<b>29 058</b>	<b>2 325</b>
<b>Additional risk exposure amount, Article 458 CRR</b>		<b>487</b>	<b>39</b>
<b>Total</b>	<b>1 849 753</b>	<b>325 180</b>	<b>26 014</b>



## Alternative performance measures

Swedbank prepares its financial statements in accordance with IFRS as adopted by the EU, as set out in Note 1. The interim report includes a number of alternative performance measures, which exclude certain items which management believes are not representative of the underlying/ongoing performance of

the business. Therefore the alternative performance measures provide more comparative information between periods. Management believes that inclusion of these measures provides information to the readers that enable comparability between periods.

Measure and definition	Purpose
<p><b>Net Stable Funding Ratio (NSFR)</b></p> <p>The Net Stable Funding Ratio measures an institution's amount of available stable funding to its amount of required stable funding over a one-year horizon. The objective is to require institutions to hold a sufficiently large proportion of long-term stable funding in relation to long-term stable assets. The measure is defined by the amended Capital Requirements Regulation Regulation (EU) 2019/876 ("CRR2"). Pending final EBA Implementing Technical Standards (ITS), the NSFR is presented according to the Basel Committee's recommendation (BCBS295).</p>	<p>This measure is relevant for investors since it will be required in the near future and as it is already followed as part of internal governance.</p>
<p><b>Net interest margin before trading interest is deducted</b></p> <p>Calculated as Net interest income before trading interest is deducted, in relation to average total assets. The average is calculated using month-end figures <sup>1)</sup> including the prior year end. The closest IFRS measure is Net interest income and can be reconciled in Note 5.</p>	<p>The presentation of this measure is relevant for investors as it considers all interest income and interest expense, independent of how it has been presented in the income statement.</p>
<p><b>Allocated equity</b></p> <p>Allocated equity is the operating segment's equity measure and is not directly required by IFRS. The Group's equity attributable to shareholders is allocated to each operating segment based on capital adequacy rules and estimated capital requirements based on the bank's internal Capital Adequacy Assessment Process (ICAAP). The allocated equity amounts per operating segment are reconciled to the Group Total equity, the nearest IFRS measure, in Note 4.</p>	<p>The presentation of this measure is relevant for investors since it used by Group management for internal governance and operating segment performance management purposes.</p>
<p><b>Return on allocated equity</b></p> <p>Calculated based on profit for the period for the operating segment (operating profit less estimated tax and non-controlling interests), in relation to average allocated equity for the operating segment. The average is calculated using month-end figures <sup>1)</sup> including the prior year end. The allocated equity amounts per operating segment are reconciled to the Group Total equity, the nearest IFRS measure, in Note 4.</p>	<p>The presentation of this measure is relevant for investors since it used by Group management for internal governance and operating segment performance management purposes.</p>
<p><b>Income statement measures excluding UC income</b></p> <p>Amount related to other income is presented excluding the income related to UC (2018). The amounts are reconciled to the relevant IFRS income statement lines on page 6.</p>	<p>The presentation of this measure is relevant for investors as it provides comparability of figures between reporting periods.</p>
<p><b>Return on equity excluding UC income</b></p> <p>Represents profit for the period allocated to shareholders excluding UC income in relation to average Equity attributable to shareholders' of the parent company. The average is calculated using month-end figures <sup>1)</sup>, including the prior year end. Profit for the period allocated to shareholders excluding UC (2018) income are reconciled to Profit for the period allocated to shareholders, the nearest IFRS measure, on page 6.</p>	<p>The presentation of this measure is relevant for investors as it provides comparability of figures between reporting periods.</p>
<p><b>Cost/Income ratio excluding UC income</b></p> <p>Total expenses in relation to total income excluding UC income. Total income excluding UC (2018) income is reconciled to Total income, the nearest IFRS measure, on page 6.</p>	<p>The presentation of this measure is relevant for investors as it provides comparability of figures between reporting periods.</p>

### Other alternative performance measures

These measures are defined in Fact book on page 80 and are calculated from the financial statements without adjustment.

- Cost/Income ratio
- Credit impairment provision ratio Stage 1 loans
- Credit impairment provision ratio Stage 2 loans
- Credit impairment provision ratio Stage 3 loans
- Credit Impairment ratio
- Loan/Deposit ratio
- Equity per share
- Return on equity<sup>1)</sup>
- Share of Stage 3 loans, gross
- Share of Stage 3 loans, net
- Total credit impairment provision ratio

The presentation of these measures is relevant for investors since they are used by Group management for internal governance and operating segment performance management purposes.

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<sup>1)</sup> The month-end figures used in the calculation of the average can be found on page 73 of the Fact book.

## Signatures of the Board of Directors and the President

The Board of Directors and the President hereby certify that the interim report for January-September 2019 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, 22 October 2019

Göran Persson  
Chair

Bodil Eriksson  
Board Member

Mats Granryd  
Board Member

Kerstin Hermansson  
Board Member

Bo Johansson  
Board Member

Anna Mossberg  
Board Member

Josefin Lindstrand  
Board Member

Bo Magnusson  
Board Member

Magnus Uggla  
Board Member

Camilla Linder  
Board Member  
Employee Representative

Roger Ljung  
Board Member  
Employee Representative

Jens Henriksson  
President and CEO

## Review report

### Introduction

We have reviewed the condensed interim financial information (interim report) of Swedbank AB as of 30 September 2019 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information 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 Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of 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 International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Annual accounts act for credit institutions and securities companies, regarding the Group, and with the Annual accounts act for credit institutions and securities companies, regarding the Parent Company.

Stockholm, 23 October 2019

PricewaterhouseCoopers AB

Anneli Granqvist  
Authorised Public Accountant  
Auditor in charge

Martin By  
Authorised Public Accountant

## Publication of financial information

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

### Financial calendar

Year-end report 2019	28 January 2020
Annual report 2019	19 February 2020
Annual General Meeting	26 March 2020
Interim report for the first quarter	23 April 2020
Interim report for the second quarter	17 July 2020

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

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