Supplement dated May 15, 2020

Swedbank AB (publ)

U.S.$ 15,000,000,000 MEDIUM TERM NOTE PROGRAMME

This base prospectus supplement dated May 15, 2020 (the "**Supplement**") to the Base Prospectus dated April 6, 2020 (the "**Base Prospectus**") constitutes a supplement for the purposes of Article 23 of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") and is prepared in connection with the U.S.$15,000,000,000 Medium Term Note Programme (the "**Programme**") established by Swedbank AB (publ) (the "**Issuer**"). Terms defined in the Base Prospectus have the same meaning when used in this Supplement.

Under the U.S.$15,000,000,000 Medium Term Note Programme (the "**Programme**") described in this base prospectus (the "**Base Prospectus**"), Swedbank AB (publ) ("**Swedbank**" or the "Issuer"), subject to all applicable legal and regulatory requirements, may from time to time issue notes ("**Notes**") in registered or bearer form (respectively, "**Registered Notes**" and "**Bearer Notes**"). The aggregate principal amount of Notes outstanding at any one time will not exceed U.S.$15,000,000,000 or the equivalent in other currencies.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or any applicable U.S. state securities laws, and are being offered and sold outside of the United States to persons other than U.S. persons in reliance on Regulation S under the Securities Act ("**Regulation S**") and in the United States only to Qualified Institutional Buyers or "**QIBs**" in reliance on, and as defined by, Rule 144A under the Securities Act ("**Rule 144A**") and, in each case, in compliance with applicable securities laws. Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Each purchaser of a Note will be deemed, by its acceptance or purchase thereof, to have made certain acknowledgements, representations and agreements intended to restrict the resale or other transfer of such Note, as described in this Base Prospectus, and, in connection therewith, may be required to provide confirmation of its compliance with such resale or other transfer restrictions in certain cases (see "Subscription and Sale and Transfer and Selling Restrictions" in the Base Prospectus).

This Supplement has been approved as a supplement by the Central Bank of Ireland (the "**Central Bank**") as competent authority under the Prospectus Regulation. The Central Bank only approves this Supplement as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Approval by the Central Bank should not be considered as an endorsement of the Issuer or the quality of the Notes. Investors should make their own assessment as to the suitability of investing in the Notes.

The purpose of this Supplement is:

- to incorporate by reference the unaudited quarterly financial statements of the Issuer for the three-month period ended March 31, 2020, published on April 23, 2020 comprising the information set out in the Group's interim report for the first quarter 2020 (the "**2020 Q1 Report**");

- to update the Overview of the Programme section;
- to update the risk factor section;
- to make certain amendments to the Terms and Conditions of the Notes;
- to update the Management's Discussion and Analysis of Financial Condition and Results of Operations section; and
- to update the no significant change and no material adverse change statements.

This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus.

The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

1 2020 Q1 Report

The Issuer has published the 2020 Q1 Report, a copy of which has been filed with the Central Bank of Ireland and can be viewed online at:

https://internetbank.swedbank.se/ConditionsEarchive/download?bankid=1111&id=WEBDOC-PRODE58102786.

By virtue of this Supplement, the unaudited financial statements of the Issuer for the three-months ended March 31, 2020, comprising the information set out in pages 23 – 62 and the auditor's review report set out on page 63 in the 2020 Q1 Report are incorporated in, and form part of, the Base Prospectus.

2 Overview of the Programme

The final paragraph in the item entitled “Early Redemption” on page 4 of the Base Prospectus is hereby deleted in its entirety and replaced with the following:

“Any such early redemption will be subject to obtaining the prior consent of the Relevant Regulator (if such consent is required). See Condition 5(j).”

3 Risk Factors

3.1 Risks Relating to Macro-economic and Political Events

(i) Section 2.5.2 starting on page 26 of the Base Prospectus is hereby deleted in its entirety and replaced with the following:

“2.5.2 The global coronavirus pandemic has led to significant volatility in financial, commodities and other markets and could harm the business and results of operations of the Group.

An outbreak of a novel strain of coronavirus (i.e. COVID-19), which first emerged in the PRC in late December 2019, has since spread to other parts of the world, including Sweden and our other markets. In March 2020, the World Health Organization declared COVID-19 to be a pandemic. Given the ongoing and dynamic nature of the circumstances, it is difficult to predict the impact of the coronavirus pandemic on the Group’s business. The impact to date has included a sharp decline in consumption and travel and disruption in global supply chains, which in combination with general uncertainty regarding the evolution and resolution of the pandemic, has resulted in significant volatility in financial, commodities and other markets and substantial harm to the economies in which Swedbank operates.

In addition, measures by various governments to reduce the spread of COVID-19 have led to a sharp decline in economic activity, resulting in the closure of a number of companies and rising unemployment. According to the International Monetary Fund World Economic Outlook (April 2020), global GDP is expected to contract by 3 per cent for 2020 in response to the economic slowdown caused by the spread of COVID-19, while GDP growth in Sweden, Estonia, Latvia and Lithuania is expected to contract by 6.8 per cent, 7.5 per cent, 8.6 per cent and 8.1 per cent, respectively. The COVID-19 outbreak could become more severe and result in a more widespread health crisis, which, in combination with the financial consequences for corporations and individuals due to the various lockdowns, may in turn result in protracted volatility in international markets and/or result in a deeper and extended global recession as a consequence of disruptions to nearly all economic sectors. This volatility, if it continues, or the global contraction in economic activity could have a material adverse effect on the Group's customers and on the Group's business, financial condition and results of operations.

Earlier in 2020, Swedbank announced that it would allow amortisation deferrals and outlined the structure of the grace periods for affected private and corporate customers together with information on how to apply for this relief. Swedbank is also prepared to support corporate customers that incur temporary liquidity problems due to COVID-19. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Recent Developments." This could have a significant effect on the Group's cash flows and liquidity. If business clients (particularly the Group's corporate customers in the manufacturing, retail, tourism and service industries) or home owners are unable to repay their loans due to the pandemic, this could increase default rates and result in increased credit impairments.

The financial strains caused by the COVID-19 pandemic are expected to be extensive in the Group's home markets, and deteriorating macroeconomic conditions have led to an increase, and will likely lead to further increases in, the Group's credit impairments. The situation caused by COVID-19 is unique and difficult to assess, and the situation is changing rapidly. In the first quarter of 2020, Swedbank's credit impairments amounted to SEK 2,151 million (compared with SEK 988 million in the fourth quarter of 2019), mainly due to increased provisions within LC&I. Deteriorating macroeconomic forecasts affected forward-looking scenarios for the various credit portfolios and led to increased impairment provisions. Downgrades for corporate customers in stages 1 and 2 credit impairment under IFRS 9 that have not been captured by the models at the end of the period have been incorporated by a post-model expert credit adjustment. Similarly, the recently plunge in oil prices caused, in part, by the decline in oil-consuming activity resulting from COVID-19 has affected the oil sector's outlook. This has led to lower investments and additional credit impairment provisions for oil-related sectors in the first quarter of 2020 on individual exposures already under restructuring. There is also a concern surrounding the heavily indebted U.S. oil companies, which are financed through corporate bonds.

The pandemic and measures taken in response to it are expected to have adverse effects on housing prices globally and in Sweden. As reported for March 2020 in the Valueguard-KTH Housing Index Sweden, housing prices fell by 0.5 per cent from February 2020 to March 2020, and may fall further if the unemployment rate continues to rise. Growing household concerns about unemployment and a worsening economy could lead to a decrease in housing prices during the year.

The commercial real estate market also is being adversely affected by the current situation with a sharp decline in demand, turbulence in the financial markets, refinancing risk and the expected recession. Property sales are expected to fall in the second quarter. Property owners who are dependent on tenants in retail, hotels, restaurants and service businesses risk lower rental income due to renegotiations and bankruptcies. Depending on the length and depth of the expected recession, other parts of the real estate sector could be affected as well, all of which could adversely affect borrowers' ability to repay their loans. The extent of the impacts resulting from COVID-19 and other events beyond the Group's control will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the COVID-19 pandemic and actions taken to contain COVID-19 or its impact, among others. Any of these factors could have a material adverse effect on the Group's business, financial condition and results of operations.

The spread of COVID-19 has led the Group to modify its business practices, including the imposition of restrictions on employee travel and changes to working locations. The Group has also increased its efforts to mitigate the effects of the COVID-19 pandemic on its customers, which has led to rising costs. These initiatives include increased accessibility in channels that do not require physical meetings, such as the telephone bank and the digital channels, and extending branch hours in order to reduce crowding. In addition, the Group has increased the capacity and strengthened the stability of its IT systems to handle the increased data traffic. The Group expects these measures to increase costs for 2020 by approximately SEK 250 million, as compared to 2019. On April 8, 2020, Swedbank announced that total expenses for the full year of 2020 are expected to amount to around SEK 21.5 billion, excluding the administrative penalty of SEK 4 billion imposed by the Swedish Financial Supervisory Authority ("**SFSA**") in connection with anti-money laundering matters and recognized in Q1 2020 financial statements.

The Group may take further actions required by authorities or that it determines are in the best interests of its employees, customers, partners or suppliers. There is no certainty that such measures will be sufficient to mitigate the risks posed by COVID-19, and the implementation of such measures (or their insufficiency) could harm the Group's ability to perform critical functions. The unavailability of staff could adversely impact the quality and continuity of service to customers and the reputation of the Group. Any of these factors could have a material adverse effect on the Group's business, financial condition and results of operations in addition to those described above."

3.2 Risks Relating to the Notes

(i) Section 2.6.3.6 on page 36 of the Base Prospectus is hereby deleted in its entirety and replaced with the following:

"2.6.3.6 Events of Default

The only Events of Default in relation to the Notes are set out in Condition 6(b). If a Note has been declared due and payable under Condition 6(b), the Trustee may institute such steps, including the obtaining of a judgment against the Issuer for any amount due in respect of the relevant Notes, as it thinks desirable with a view to having the Issuer declared bankrupt (Sw: *konkurs*) or put into liquidation (Sw: *likvidation*) but not otherwise and, consequently, if any Notes become due and payable under Condition 6(b), the Issuer shall, except with the prior consent of the Relevant Regulator (if such consent is required), only be required to make such payment after it has been declared bankrupt (Sw: *konkurs*) or put into liquidation (Sw: *likvidation*)."

(ii) The references to "(in the case of Senior Non-Preferred Notes)" in the second and third paragraphs of section 2.6.3.7 (*The Issuer may redeem Notes prior to maturity in certain circumstances.*) on page 36 of the Base Prospectus are hereby deleted.

(iii) Section 2.6.3.8 on page 37 of the Base Prospectus is hereby deleted in its entirety and replaced with the following:

"*2.6.3.8 Redemption of the Notes is subject to the prior consent of the Relevant Regulator (if such consent is required) and Holders have no right to request the redemption of the Notes.*

The Notes may contain provisions allowing the Issuer to call them after a minimum period as specified in the applicable Final Terms, or even earlier than such specified date (and at any time) upon the occurrence of a Tax Event, a Withholding Tax Event or, in the case of Senior Non-Preferred Notes only, a MREL Disqualification Event. If the Issuer considers it favourable to exercise any such call option, the Issuer must first obtain the prior consent of the Relevant Regulator (if such consent is required).

Unless Condition 5(d) is specified as being applicable in the Final Terms, Holders of Notes have no rights to call for the redemption of Notes and should not invest in Notes in the expectation that such a call will be exercised by the Issuer. In order for Notes to be redeemed, the Relevant Regulator must first, in its discretion, agree to permit such a call, based upon its evaluation of the regulatory capital position of the Issuer and certain other factors at the relevant time. There can be no assurance that the Relevant Regulator will permit such a call or that the Issuer will exercise such a call.

Holders of Notes should be aware that they may be required to bear the financial risks of an investment in Notes for a period of time beyond any optional redemption date which could affect the market value of an investment in the relevant Notes."

(iv) The reference to "Subject as provided in the Terms and Conditions of the Notes, in respect of Senior Non-Preferred Notes," in Section 2.6.3.11 (*No right of set-off or counterclaim.*) on page 38 of the Base Prospectus is hereby deleted.

4 Amendments to the Terms and Conditions of the Notes

(i) Paragraph (i) of Condition 3(c) (*Waiver of Set-Off*) on page 58 of the Base Prospectus is hereby deleted in its entirety and replaced with the following:

"(i) *Not used*"

(ii) The references to "(in the case of Senior Non-Preferred Notes only)" in (i) the introductory wording in paragraph (b) (*Early Redemption for Taxation Reasons*) on page 80 of the Base Prospectus; and (ii) the introductory wording in paragraph (c) (*Redemption at the Option of the Issuer (Issuer Call)*) on page 82 of the Base Prospectus, in each case in Condition 5 (*Redemption, Purchase, Substitution and Variation*) are hereby deleted.

(iii) The first paragraph of (f) (*Purchases*) in Condition 5 (*Redemption, Purchase, Substitution and Variation*) on page 84 of the Base Prospectus is hereby deleted in its entirety and replaced with the following:

"The Issuer or any of its consolidated subsidiaries may at any time purchase Notes (provided that, in the case of Definitive Bearer Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise, subject to (i) the Applicable MREL Regulations in force at the relevant time, (ii) the prior consent of the Relevant Regulator (if such consent is required by the Applicable MREL Regulations) and (iii) applicable law and regulation. Such Notes may be held, reissued, resold or, at the discretion of the Issuer, surrendered to the Principal Paying Agent or the Registrar, as the case may be, for cancellation."

(iv) Paragraph (j) (*Conditions to Redemption, Purchase, Substitution and Variation of Senior Non-Preferred Notes*) in Condition 5 (*Redemption, Purchase, Substitution and Variation*) on page 86 of the Base Prospectus is hereby deleted in its entirety and replaced with the following:

"(j) ***Conditions to Redemption, Purchase, Substitution and Variation***

No early redemption, purchase, substitution or variation as contemplated by this Condition 5 of Notes may be made without the prior consent of the Relevant Regulator (if such consent is required by the Applicable MREL Regulations)."

(v) Condition 6(a) (*Events of Default – Senior Preferred Notes only*) on page 87 of the Base Prospectus is hereby deleted in its entirety and replaced with the following:

"(a) ***Not used***"

(vi) The heading and first paragraph of (i) in Condition 6(b) (*Events of Default – Senior Non-Preferred Notes only*) on page 88 of the Base Prospectus are hereby deleted in their entirety and replaced with the following:

"(b) ***Events of Default***

(i) The following shall be events of default (each an "Event of Default") in relation to the Notes of any Series, namely:"

(vii) The reference to a "Senior Non-Preferred Note Event of Default" in the penultimate paragraph of (i) in Condition 6(b) (*Events of Default – Senior Non-Preferred Notes only*) on page 88 of the Base Prospectus is hereby deemed to be a reference to an "Event of Default".

(viii) The introductory paragraph of paragraph (a) of Condition 7 (*Taxation*) on page 89 of the Base Prospectus is hereby deleted in its entirety and replaced with the following:

"All amounts of principal and interest payable in respect of the Notes or Coupons by or on behalf of the Issuer will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of any Taxing Jurisdiction, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, in the case of a payment of interest only, the Issuer will pay such additional amounts as may be necessary in order that the net amounts receivable by any Holder after such withholding or deduction shall equal the respective amounts which would have been receivable by such Holder in the absence of such withholding or deduction; except that no such additional amounts shall be payable in respect of any payment in respect of any Note or Coupon:"

(ix) Paragraph (d) of Condition 7 (*Taxation*) on page 90 of the Base Prospectus is hereby deleted in its entirety and replaced with the following:

"Any reference in these Conditions to interest in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition 7."

(x) Paragraph (e) of Condition 7 (*Taxation*) on page 90 of the Base Prospectus is hereby deleted in its entirety and replaced with the following:

"*Not used*"

(xi) Paragraph (g)(i) of Condition 8 (*Payments*) on page 94 of the Base Prospectus is hereby deleted in its entirety and replaced with the following:

"*Not used*"

(xii) The introductory words of the first sentence of Condition 13 (*Enforcement*) on page 97 of the Base Prospectus are hereby amended to read as follows:

"At any time after the Notes become due and payable (subject to Condition 6(b)), the Trustee may….."

and the words "Condition 6(a)(ii)" are deemed to be deleted from such Condition.

5 Management's Discussion and Analysis of Financial Condition and Results of Operations

Section 8.15.8 on page 150 of the Base Prospectus is hereby deleted in its entirety and replaced with the following:

"***8.15.8 Interbank Funding***

The Group's dependence on interbank funding is low. As of December 31, 2019, amounts owed to credit institutions amounted to SEK 70 billion, which was somewhat higher as compared to the previous year with SEK 57 billion as of December 31, 2018."

The following is hereby included in the Management's Discussion and Analysis of Financial Condition and Results of Operations in the Base Prospectus.

5.1 Significant Factors Affecting Results of Operations and Conditions

5.1.1 *Global Overview and Macroeconomic Factors*

Overall global growth slowed down in 2019 due to a variety of factors, including the U.S.-China trade conflict and uncertainty regarding Brexit. The Chinese economy grew by six percent in the last quarter of 2019, its lowest growth rate over the last three decades. In the U.S., the Federal Reserve lowered its key interest rate by 0.75 percentage points to 1.5 per cent - 1.75 per cent. Similarly, the European Central Bank ("**ECB**") launched a new purchasing program of EUR 20 billion to support European economies.

In 2020, the world economy has been deeply impacted by COVID-19 and is currently in the midst of severe economic disruption. The first quarter of 2020 saw uncertainty regarding COVID-19 and a potential global recession, which led to a sharp drop in the global stock markets. In the period from January 1, 2020 to March 31, 2020, the S&P 500 fell by 20 percent and the STOXX 50 fell by 26 per cent. Stock markets have begun to recover in April of 2020.

During the first quarter of 2020, the U.S. Federal Reserve lowered the fund rate by 1.50 percentage points to -0.25 per cent. The Federal Reserve also announced essentially unlimited asset purchases and several additional measures to support liquidity. The ECB has kept interest rates unchanged, with the main policy rate set at 0.0 per cent. However, the ECB has taken extensive measures to ensure financial market liquidity, including facilitating corporate loans. Various governments have also announced large support packages. The EU governments, spearheaded by Germany, have launched a stimulus package amounting to approximately EUR 750 billion. Similarly, the U.S. implemented a fiscal stimulus package, including cash transfers to households, tax cuts, and support for businesses.

Although GDP figures for the first quarter of 2020 have yet to be published, indicators such as a decline in business confidence and increases in unemployment rates and layoffs indicate a large drop in GDP in the second quarter. The IMF World Economic Outlook, April 2020 predicts the global economy will contract by 3 per cent in 2020. In the U.S., the number of jobs declined by 701,000 in March 2020, resulting in an unemployment rate increase to 4.4 per cent from 3.5 per cent in February 2020. The oil price (brent oil) has declined from nearly 70 USD per barrel in the beginning of January 2020 to 26 USD per barrel at the end of March 2020. In April 2020, oil prices continued to fall due to a sharp decline in global oil consumption and concerns regarding storage capacity in the U.S. The International Energy Agency estimates a drop in global consumption by 25-30 million barrel per day in April 2020 compared to the previous year.

5.1.2 *Sweden*

The Swedish economy grew by 1.2 per cent in 2019 compared with 2.2 per cent in 2018 which was the slowest growth since 2013, according to Statistics of Sweden. Weaker investment and lower consumption growth contributed to the slowdown in 2019. Investment in housing fell by 5.8 per cent in 2019 compared with 2018. Exports fell at the end of 2019. The labour market also weakened in 2019. Slower employment growth contributed to unemployment rising to 7.0 per cent in December

2019 (trended and seasonally adjusted) from 6.6 per cent in December 2018. During the first quarter of 2020, the labour market deteriorated further due to the impact of COVID-19. In March 2020, the unemployment rate reached 7.2 per cent and the number of layoffs increased by 36,800 individuals due to the impacts of COVID-19 (the highest unemployment level for an individual month in recent years, even as compared to the 1990s crisis and the recent financial crisis). After a steady upswing in the Swedish housing market, prices are beginning to decline, as a result of COVID-19, according to the Valueguard price index. In March 2020, housing prices fell by 0.5 per cent compared with February 2020, but is still 5.8 per cent higher compared with March 2019. In mid-March 2020, the Swedish government presented a crisis package focusing on reducing corporate costs which involves, among other things, reduced employer contributions and opportunities for companies to receive deferred tax payments. In addition, the government temporarily assumed sick pay responsibility and implemented new legislation to assume a portion of labour costs in the event of a labour shortage.

As of March 31, 2020, the Group reported credit impairments in Sweden of SEK 670 million.

5.1.3 *The Baltic Countries*

Baltic economies showed a relatively robust growth in 2019, despite a weakened global demand (Estonian GDP increased by 4.4 per cent; Lithuanian GDP increased by 3.9 per cent; Latvian GDP increased by 2.2 per cent). A tight labour market and higher wages supported the private household consumption which was the major growth engine in these economies. In March 2020, the Baltic countries closed their borders to limit the spread of COVID-19. Since current macro-statistics only include up to February 2020, the effects of COVID-19 have yet to be recorded. However, the unemployment numbers have increased during March 2020.

As of March 31, 2020, the Group reported credit impairments in Estonia, Lithuania and Latvia of SEK 59 million, SEK 46 million and SEK 41 million, respectively.

5.1.4 *Exchange Rates*

Changes in exchange rates, primarily the depreciation of the Swedish krona against the Euro, during the three-month period ended March 31, 2020 increased the Group's profit by SEK 111 million.

5.2 Funding

During the first quarter of 2020, credit spreads were volatile, with spreads starting to widen in the later part of February. This widening continued in the beginning of March as the COVID-19 crisis because evident. Swedbank decided not to use the international markets for long-term funding as it waited for the outcome of various anti-money laundering investigations, including the SFSA, EFSA and internal investigation conducted by external law firm, Clifford Chance. However, for the period, Swedbank issued SEK 31 billion in long-term funding and in the form of domestic covered bonds. Despite the ongoing economic volatility, Swedbank maintained strong capital and liquidity ratios at the end of the first quarter.

5.3 Valuation of Financial Instruments at Fair Value

The table below shows financial instruments carried at fair value as of March 31, 2020, by valuation method.

	As of March 31, 2020			
SEK million	**Level 1**[1]	**Level 2**[2]	**Level 3**[3]	**Total**
Assets				
Treasury bills, etc.	29,383	6,329	–	35,712
Loans to credit institutions	–	6,701	–	6,701
Loans to the public	–	62,968	–	62,968
Bonds and other interest-bearing securities	36,991	67,573	–	104,564

SEK million	As of March 31, 2020			
	Level 1[1]	Level 2[2]	Level 3[3]	Total
Shares and participating interest	8,144	–	1,760	9,904
Financial assets for which the customers bear the investment risk	197,672	–	–	197,672
Derivatives	30	84,223	–	84,253
Total	**272,220**	**227,794**	**1,760**	**501,774**
Liabilities				
Amounts owed to credit institutions	–	5,827	–	5,827
Deposits and borrowings from the public	–	20,473	–	20,473
Debt securities in issue	–	9,179	–	9,179
Financial liabilities for which the customers bear the investment risk	–	199,847	–	199,847
Derivatives	6	54,101	–	54,107
Short positions, securities	19,061	866	–	19,927
Total	**19,067**	**290,293**	–	**309,360**

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

5.4 Credit Impairment and Provisioning Levels

There have been no significant changes to the methodology during the year. However, key portfolio risks have changed rapidly and significantly as a consequence of COVID-19. Given the considerable uncertainty regarding the magnitude of the medium and long-terms effects, the Group has pending downgrades in the internal ratings of corporate customers. Due to the timing of these downgrades prior to the end of the quarter, a post-model expert credit adjustment was deemed necessary as of March 31, 2020. This adjustment estimates the effects of the pending downgrades for corporate customers in Stages 1 and 2 where such migrations were not captured in the models as of the end of the first quarter of 2020. Individual reassessment of the ratings is targeted to be performed during the second quarter of 2020.

The most significant impacts are reflected in the shipping and offshore, manufacturing and retail industry segments. The adjustment reflects borrower-level analysis for certain large corporate customers mainly in these affected sectors, as well as hotels, restaurants and transportation. For other customers, the adjustment was assessed on a portfolio level based on the expectations for industry segments. The post-model expert credit adjustment increased credit impairment provisions by SEK 83 million in Stage 1 and SEK 615 million in Stage 2, of which SEK 310 million was related to borrowers migrating from Stage 1 to Stage 2. This adjustment will be kept and re-evaluated until it is captured in the models as a result of the actual risk reviews or deemed no longer relevant.

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 pages 67 to 70 in the 2019 Annual and Sustainability Report. There have been no significant changes during the year to the methodology.

The macroeconomic scenarios are provided by Swedbank Macro Research and are aligned with the Swedbank Economic Outlook. The economic scenarios are developed to reflect assumptions about future economic conditions given the current state of the local and global economies. As a result of COVID-19, a new Swedbank Economic Outlook was updated to March 25, 2020 which serves as the base scenario, with an assigned probability weight of 66.6 per cent. Aligned with the updated base scenario, new alternative scenarios were developed, with assigned probability weights of 16.67 per cent on both the upside and downside scenario. These new macroeconomic scenarios were included in the expected credit losses calculations according to the Group's usual monthly process.

The increase in credit impairment provisions due to the changes in macroeconomic scenarios was SEK 648 million.

5.5 Goodwill

The Group's goodwill amounted to SEK 14,291 million for the three-month period ended March 31, 2020, of which SEK 11,165 million relates to the investment in the Baltic banking operations.

5.6 Pensions

The pension liability amounted to SEK 4,578 million for the three-month period ended March 31, 2020.

5.7 Consolidated Income Statement

SEK million	For the three-month period ended March 31, 2020	For the three-month period ended March 31, 2019
Interest income	8,796	8,750
Interest expenses	-2,110	-2,329
Net interest income	**6,686**	**6,421**
Net commission income	**3,223**	**3,070**
Net gains and losses on financial items at fair value	-322	1,186
Net insurance	296	326
Share of profit or loss of associates and joint ventures	95	137
Other income	254	222
Total income	**10,232**	**11,362**
Staff costs	2,870	2,759
Other general administrative expenses	2,110	1,377
Depreciation/amortisation of tangible and intangible fixed assets	390	382
Administrative fine	4,000	–
Total expenses	**9,370**	**4,518**
Profits before impairments	**862**	**6,844**
Impairments of intangible assets	–	–
Impairments of tangible assets	–	–
Credit impairments	2,151	218
Operating profit (loss)	**-1,289**	**6,626**
Tax expense	398	1,352
Profit (Loss) for the period	**-1,687**	**5,274**
Profit (Loss) for the period attributable to the shareholders of Swedbank AB	**-1,687**	**5,270**
Non-controlling interests	–	4

5.7.1 *Interest Income*

Consolidated interest income was SEK 8,796 million in the three-month period ended March 31, 2020, compared to SEK 8,750 million in the three-month period ended March 31, 2019. The increase was mainly due to higher volumes of lending to the public. Interest rates on loans to the public increased from 1.97 per cent on average in the three-month period ended March 31, 2019 to 1.98 per cent on average in the three-month period ended March 31, 2020 and interest rates on loans to credit institutions increased from 0.79 per cent in the three-month period ended March 31, 2019 to 0.96 per cent in the three-month period ended March 31, 2020. In Swedish Banking, lending margins were slightly lower in the three-month period ended March 31, 2020, compared to the three-month period ended March 31, 2019. Interest income on bonds and other interest-bearing securities decreased from SEK 212 million in the three-month period ended March 31, 2019 to SEK 19 million in the three-month period ended March 31, 2020, mainly as a result of lower average interest rates.

The components of interest income are set out below:

SEK million	For the three-month period ended March 31, 2020	March 31, 2019
Cash and balances with central banks……………………………….	19	212
Treasury bills and other bills eligible for refinancing with central banks, etc………………………………………………………………..	30	41
Loans to credit institutions……………………………………………..	132	87
Loans to the public……………………………………………………..	8,302	8,147
Bonds and other interest-bearing securities…………………………	41	57
Derivatives………………………………………………………………	294	299
Other…………………………………………………………………….	53	53
Total interest income………………………………………………	**8,871**	**8,896**
deduction of trading related interest reported in Net gains and losses on financial items…………………………………………	75	146
Total interest income according to the income statement……	**8,796**	**8,750**

5.7.2 *Interest Expense*

Consolidated interest expenses decreased by SEK 219 million in the three-month period ended March 31, 2020, to SEK 2,110 million in the thee-month period ended March 31, 2020, compared to SEK 2,239 million in the three-month period ended March 31, 2019. The government resolution fund fee decreased by SEK 137 million to 176 million in the three-month period ended March 31, 2020, compared to SEK 313 million in the three-month period ended March 31, 2019. The fee for state deposit guarantees increased by SEK 11 million to SEK 117 million in the three-month period ended March 31, 2020, compared to SEK 106 million in the three-month period ended March 31, 2019.

SEK million	For the three-month period ended March 31, 2020	March 31, 2019
Amounts owed to credit institutions	-135	-306
Deposits and borrowings from the public	-328	-570
Debt securities in issue	-2,315	-3,210
Senior non-preferred liabilities	-26	–
Subordinated liabilities	-279	-239
Derivatives	1,170	2,293
Other	-205	-341
Total interest expense	**-2,118**	**-2,373**
deduction of trading related interest reported in Net gains and losses on financial items	-8	-44
Total interest expense according to the income statement	**-2,110**	**2,329**

5.7.3 *Net Interest Income*

Consolidated net interest income increased by 4 per cent to SEK 6,686 million in the three-month period ended March 31, 2020, compared to SEK 6,421 million in the three-month period ended March 31, 2019. Group net interest income increased mainly due to a lower resolution fund fee, higher lending volumes and a larger contribution from net interest income in foreign currency due to the weakening Swedish krona. Net interest income increased within Swedish Banking, Baltic Banking and within LC&I. The resolution fee decreased to SEK 176 million in the three-month period ended March 31, 2020, compared to SEK 313 million in the three-month period ended March 31, 2019.

5.7.4 *Net Commission Income*

SEK million	**For the three-month period ended March 31, 2020**	**March 31, 2019**
Asset management and custody	1,365	1,227
Payment processing	226	224
Cards	703	763
Service concepts	275	266
Lending and guarantees	286	280
Securities	66	41
Corporate Finance	49	–
Life Insurance	97	96
Deposits	40	44
Real estate brokerage	42	38
Non-life Insurance	23	15
Other	51	76
Total	**3,223**	**3,070**

Consolidated net commission income increased to SEK 3,223 million in the three-month period ended March 31, 2020, compared to SEK 3,070 million in the three-month period ended March 31, 2019. Fees (primarily from asset management) increased due to a higher average volume of assets under management. Income from corporate finance was also higher, but was offset by lower income from credit cards.

5.7.5 *Net Gains and Losses on Financial Items at Fair Value*

SEK million	**For the three-month period ended March 31, 2020**	**March 31, 2019**
Total fair value through profit or loss	-897	660
Total hedge accounting	28	16
Derecognition gain or loss for financial liabilities at amortised cost	-76	-43
Derecognition gains or loss for financial assets at amortised cost	34	26
Trading related interest	67	101
Change in exchange rates	522	426
Total net gains and losses on financial items	**-322**	**1,186**

Consolidated net gains and losses on financial items at fair value amounted to a loss of SEK 322 million in the three-month period ended March 31, 2020, compared to a gain of SEK 1,186 million in the three-month period ended March 31, 2019. The decrease was mainly due to a negative result within LC&I, largely driven by derivative value adjustments, which were negatively affected by higher credit risks for counterparties in connection with COVID-19. A lower value of the shareholdings in Visa and Asiakastieto also negatively affected the result.

5.7.6 *Net Insurance*

Net insurance decreased by 26 per cent to SEK 296 million in the three-month period ended March 31, 2020, compared to SEK 326 million in the three-month period ended March 31, 2019. The decrease was mainly attributable to higher expenses for claims.

5.7.7 *Share of Profit or Loss in Associates and Joint Ventures*

The consolidated share of profit in associates decreased to SEK 95 million in the three-month period ended March 31, 2020, compared to SEK 137 million in the three-month period ended March 31, 2019, primarily due to lower income from associates.

5.7.8 *Other Income*

Consolidated other income increased by SEK 32 million to SEK 254 million in the three-month period ended March 31, 2020 compared to SEK 222 million in the three-month period ended March 31, 2019. This increase is primarily a result of higher income for IT services.

5.7.9 *Other General Administrative Expenses*

	For the three-month period ended	
SEK million	**March 31, 2020**	**March 31, 2019**
Premises and rents	92	147
IT expenses	569	481
Telecommunications and postage	46	30
Consultants	752	156
Compensation to Savings banks	58	56
Other purchased services	231	216
Travel	50	52
Entertainment	11	10
Supplies	23	23
Advertising, PR and marketing	77	63
Security transports, alarm systems	16	17
Repair/ maintenance of inventories	30	19
Other administrative expenses	128	86
Other expenses	27	21
Total	**2,110**	**1,377**

Consolidated other general administration expenses increased by SEK 733 million to SEK 2,110 million in the three-month period ended March 31, 2020, compared to SEK 1,377 million in the three-month period ended March 31, 2019. Consulting expenses in the three-month period ended March 31, 2020 to manage the investigations relating to allegations of money laundering amounted to SEK 576 million.

In addition, the Group's total expenses include the payment of the SFSA's administrative fine, which is recorded in a separate line item amounting to SEK 4,000 million in the three-month period ended March 31, 2020.

5.7.10 *Depreciation and Amortisation*

Consolidated depreciation and amortisation increased by SEK 8 million to SEK 390 million in the three-month period ended March 31, 2020, compared to SEK 382 million in the three-month period ended March 31, 2019. The increase in other income is primarily a result of higher amortisation related to internally developed software.

5.7.11 *Credit Impairment*

Credit impairments amounted to SEK 2,151 million in the three-month period ended March 31, 2020 compared to SEK 218 million in the three-month period ended March 31, 2019, primarily due to the effects of COVID-19 and the decline in oil price. The increase in credit impairments is primarily related to provisions within LC&I. Credit impairment provisions were allocated for individual commitments as well as at a portfolio level due to the deteriorating macroeconomic outlook.

5.7.12 *Operating profit*

Consolidated operating profit amounted to a loss of SEK 1,289 million in the three-month period ended March 31, 2020, compared to a profit of SEK 6,626 million in the three-month period ended March 31, 2019. The loss in the three-month period ended March 31, 2020 is primarily due to the SFSA's administrative fine and consulting expenses to manage money laundering related investigations, negative net gains and losses on financial items and higher credit impairments.

5.7.13 *Tax Expense*

The consolidated tax expense recorded was SEK 398 million in the three-month period ended March 31, 2020 despite the negative result for the period, compared to SEK 1,352 million in the three-month period ended March 31, 2019. Tax expense was affected by the SFSA's administrative fine (as the fine was non-deductible) and by a tax loss carry-forward of SEK 168 million from previous years. Excluding the administrative fine and the tax loss carry-forward, the adjusted effective tax rate was 20.9 per cent, against 20.4 per cent in the first quarter of 2019. The Group's effective tax rate is estimated at 19-21 per cent in the medium term.

5.7.14 *Profit (Loss) Attributable to the Shareholders of Swedbank.*

Consolidated profit (loss) attributable to the shareholders of Swedbank in the three-month period ended March 31, 2020 decreased to a loss of SEK 1,687 million, compared to a profit of SEK 5,270 million in the three-month period ended March 31, 2019. The loss in the three-month period ended March 31, 2020 is primarily due to the SFSA's administrative fine and consulting expenses to manage money laundering related investigations, negative net gains and losses on financial items and higher credit impairments. Return on equity was negative (-4.8 per cent) in the three-month period ended March 31, 2020, compared to 15.5 per cent in the three-month period ended March 31, 2019. The Group's cost/income ratio was 0.92 for the three-month period ended March 31, 2020 and 0.40 for the three-month period ended March 31, 2019.

5.8 Results of Operations – Segmental Presentation

The segmental income statement data set out below does not include intra-group eliminations. The effects of Swedbank's ownership of Swedbank AS are included in Baltic Banking in the form of financial costs, Group goodwill and amortisation of the surplus value in the lending and deposits portfolios identified at the time of the acquisition in 2005.

Financial reporting is divided into four segments: Swedish Banking, Baltic Banking, LC&I and Group Functions & Other. Group Treasury, Group Savings, Group Lending & Payments and Group IT are included in Group Functions & Other.

	For the three-month period ended	
SEK million	**March 31, 2020**	**March 31, 2019**
Swedish Banking		
Net interest income	4,184	4,151
Net commission income	1,978	1,857
Net gains and losses on financial items	63	104

SEK million	For the three-month period ended March 31, 2020	March 31, 2019
Share of profit or loss of associates	106	133
Other income	182	202
Total income	**6,513**	**6,447**
Baltic Banking		
Net interest income	1,370	1,238
Net commission income	623	635
Net gains and losses on financial items	47	98
Share of profit or loss of associates	–	–
Other income	184	193
Total income	**2,224**	**2,164**
Large Corporates & Institutions		
Net interest income	960	941
Net commissions incomes	636	553
Net gains and losses on financial items	-316	806
Share of profit or loss of associates	-6	–
Other income	29	22
Total income	**1,303**	**2,322**
Group Functions & Other[1]		
Net interest income	172	91
Net commission income	-14	25
Net gains and losses on financial items	-116	178
Share of profit or loss of associates	-5	4
Other income	155	131
Total income	**192**	**429**

Note:
[1] Group Functions & Other includes eliminations.

For information on consolidated income statement data, please see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Consolidated Income Statement."

5.9 Assets and Liabilities

5.9.1 *Assets*

Total assets increased by SEK 267 billion from SEK 2,408 billion to SEK 2,675 billion between December 31, 2019 and March 31, 2020. Assets increased by SEK 26 billion, due to higher lending to the public, excluding the SNDO and repurchase agreements. Lending to mortgage customers within Swedish Banking increased by SEK 5 billion to SEK 823 billion. Corporate lending increased in all business segments by a total of SEK 16 billion to SEK 569 billion. Foreign exchange effects positively affected lending by SEK 13 billion. Interest-bearing securities, treasury bills, bonds and other securities increased by SEK 71 billion. Cash and balances with central banks increased by SEK 100 billion.

5.9.2 *Liabilities*

Total liabilities increased by 12 per cent from SEK 2,270 billion to SEK 2,534 billion between December 31, 2019 and March 31, 2020. The increase in total liabilities was mainly attributable to deposits and borrowings from the public, which increased by a total of SEK 92 billion in the first quarter of 2020, excluding the SNDO and repurchase agreements.

5.10 Liquidity and Capital Resources

5.10.1 *Funding and Liquidity Strategy*

As of March 31, 2020, the Group would be able to survive for more than 12 months without the need to access the capital markets. This applies to the Group's total liquidity as well as liquidity in U.S. dollar and Euro. This is an internally developed calculation which may not be comparable to similar measures published by other banks.

Swedbank Management is of the opinion that the Group's working capital (i.e. its ability to access cash and other available liquid resources) is sufficient for it to meet its liabilities as they become due for a period of 12 months after the date of this Supplement.

5.10.2 *Sources of Funding*

Swedbank uses a number of different funding programmes for its short and long-term funding, including programmes for commercial paper, certificates of deposit, covered bonds and senior unsecured debt.

Between December 31, 2019 and March 31, 2020, Swedbank decided to take a less active role in the funding market because the anti-money laundering investigations were being finalised in March. In the first quarter of 2020, there was an increase of deposits and lower volume of maturing long-term debt. The funding plan is based on future maturities of long-term debt and is mainly affected by changes in deposit volumes and loan growth and is therefore adjusted during the year. Swedbank had a comparatively higher level of funding maturing in the three-month period ended March 31, 2020 compared to the funding that matured in the three-month period ended March 31, 2019, but the funding plan was relatively stable. Between December 31, 2019 and March 31, 2020, Swedbank observed no change in the demand for its debt. However, in the three-month period ended March 31, 2020, Swedbank was more active in the domestic covered bond market and less active in international funding markets due to anti-money laundering allegations.

Between December 31, 2019 and March 31, 2020, Swedbank issued a total of SEK 31 billion in long-term debt. Covered bond issues accounted for SEK 31 billion in the three-month period ended March 31, 2020. In 2020, Swedbank plans to issue approximately SEK 80 billion in debt instruments to meet maturing funding with a nominal value of SEK 165 billion, calculated from the beginning of the year, and credit demand, mainly in Swedish mortgages. As of March 31, 2020, outstanding short-term funding amounted to SEK 185 billion. Available cash and balances with central banks and excess reserves with the SNDO amounted to SEK 295 billion.

The Group's liquidity reserve amounted to SEK 484 billion as of March 31, 2020. The liquidity reserve and the Liquidity Coverage Ratio (the "**LCR**") fluctuate over time depending on, among other factors, the maturity structure of Swedbank's issued securities. As of March 31, 2020, the Group's LCR was 162 per cent and 165 per cent and 338 per cent, respectively, for USD and EUR. Pursuant to the revised Capital Requirements Regulation ("CRR2") (EU Regulation 2019/876), as of March 31, 2020, Swedbank's Net Stable Funding Ration ("NSFR") was 116 per cent. The table below shows the breakdown of the Group's different funding sources as of March 31, 2020:

The Group **SEK million, as of March 31, 2020**	**Total**
Amount owed to credit institutions	174,934
Deposits and borrowings from the public	1,066,052
Debt securities in issue.......	908,130
Senior non-preferred liabilities	11,153
Subordinated liabilities........	26,727
Total	**2,186,996**

5.10.3 *Maturing Debts*

As of March 31, 2020, the Group had external outstanding long-term issued debt amounting to nominal SEK 124 billion maturing in 2020.

As of March 31, 2020, the maturity distribution of the Group's funding sources is reflected in the following table:

SEK million	**<3 mths**	**3 mths-1yr**	**1-5 yrs**	**5-10 yrs**	**>10 yrs**	**Discount effect / no maturity**	**Total**
Amount owed to credit institutions	139,288	35,520	126	–	–	–	174,934
Deposits and borrowings from the public	1,033,048	31,428	1,483	83	10	–	1,066,052
Debt securities in issue	141,460	216,630	465,147	69,745	21,013	-5,865	908,130
Senior non-preferred liabilities	–	–	10,885	220	–	48	11,153
Subordinated liabilities	–	–	25,668	464	–	595	26,727
Total	**1,313,796**	**283,578**	**503,309**	**70,512**	**21,023**	**-5,222**	**2,186,996**

Long-term funding with an original maturity of over one year had an average maturity of 35 months, of which 37 months for covered bonds and 23 months for senior funding.

5.10.4 *Deposits from the Public*

The Group is among the market leaders in deposits in all its home markets and its market shares have generally remained stable in all those markets during the last three years. As of March 31, 2020, the Group's total deposits and borrowings from the public amounted to SEK 1,066 billion. The Group's deposit base is largely stable but increased by 12 per cent between December 31, 2019 and March 31, 2020 mainly due to continued and reallocated savings from private individuals, drawdowns on credit facilities for corporate clients together with increased deposits from US money-market funds.

5.10.5 *Covered Bonds*

Swedbank Mortgage's lending to the public is mainly financed through deposits and capital market borrowing, primarily covered bonds. Swedbank Mortgage is the sole issuer of covered bonds within the Group. Swedbank Mortgage is the market leading mortgage lender in Sweden with a market share of approximately 24 per cent as of March 31, 2020.[1] Swedbank's more than one million

[1] Statistics Sweden (Sw*: Statistiska Centralbyrån*, SCB), 2020-03-31, www.scb.se.

customers include Swedish homeowners, businesses, tenant-owner associations, municipalities and agricultural and forestry businesses.

5.10.6 *Senior Unsecured Debt*

As a further source of funding, the Group had outstanding senior unsecured debt amounting to SEK 118 billion as of March 31, 2020, as compared to SEK 146 billion as of March 31, 2019. The main purpose for senior unsecured funding is to provide liquidity and to finance corporate lending, but also to fulfil the MREL requirement up to January 1, 2024.

5.10.7 *Senior Non-Preferred Liabilities*

In 2019 Swedbank issued senior non-preferred liabilities for the first time to fulfil the MREL subordination requirement. As of March 31, 2020, the sum of outstanding volumes is SEK 11 billion. According to 2020 MREL requirements, as of December 18, 2019, and based on the 2020 Q1 Interim Report, Swedbank needs to hold the equivalent of SEK 78 billion of senior non-preferred liabilities as of January 1, 2024.

5.10.8 *Interbank Funding*

The Group's dependence on interbank funding is low. As of March 31, 2020, amounts owed to credit institutions amounted to SEK 175 billion, compared to SEK 70 billion as of December 31, 2019.

5.10.9 *Subordinated Debt Instruments*

Swedbank called USD 750 million in AT1 capital during March 2020. There are no additional call dates in 2020 relating to subordinated debt.

5.11 Capital Adequacy

The following table sets forth the consolidated capital adequacy data of the Group as of the dates indicated. The consolidated data for the Group excludes the data for the Group's insurance companies. EnterCard Holding AB, an affiliated joint venture entity were included according to the proportional consolidation method.

Capital adequacy, the Group,	**As of**	
	March 31, 2020	**December 31, 2019**
SEK million		
Common Equity Tier 1 capital	**111,446**	**110,073**
Additional Tier 1 capital	10,274	16,153
Total Tier 1 capital	**121,720**	**126,226**
Tier 2 capital	17,116	15,328
Total own funds	**138,836**	**141,554**
Minimum capital requirement	**55,289**	**51,939**
Risk exposure amount	**691,107**	**649,237**
Common Equity Tier 1 capital ratio, %	**16.1**	**17.0**
Tier 1 capital ratio	**17.6**	**19.4**
Total capital ratio, %	**20.1**	**21.8**

Capital adequacy	**As of**	
SEK million	**March 31, 2020**	**December 31, 2019**

Shareholders' equity according to the Group's balance sheet	141,531	138,608
Non-controlling interests	–	–
Anticipated dividend[1]	-9,856	-9,856
Deconsolidation of insurance companies	-532	-758
Value changes in own financial liabilities	-134	-90
Cash flow hedges	-15	-5
Additional value adjustments[2]	-1,456	-454
Goodwill	-14,378	-13,799
Deferred tax assets	-128	-108
Intangible assets	-3,561	-3,433
Shares deducted from CET 1 capital	-25	-32
Common Equity Tier 1 capital	**111,446**	**110,073**
Additional Tier 1 capital	10,274	16,153
Total Tier 1 capital	**121,720**	**126,226**
Tier 2 capital	17,116	15,328
Total own funds	**138,836**	**141,554**
Minimum capital requirement for credit risks, standardised approach	3,763	3,614
Minimum capital requirement for credit risks, IRB	22,791	21,559
Minimum capital requirement for credit risk, default fund contribution	60	47
Minimum capital requirement for settlement risks	0	0
Minimum capital requirement for market risks	1,479	1,308
Minimum capital requirement for credit value adjustment	571	378
Minimum capital requirement for operational risks	5,716	5,481
Additional minimum capital requirement, Article 3 CRR[3]	3,326	2,451
Additional minimum capital requirement, Article 458 CRR[4]	17,583	17,101
Minimum capital requirement	**55,289**	**51,939**
Risk exposure amount credit risks, standardised approach	47,038	45,174
Risk exposure amount credit risks, IRB	284,883	269,485
Risk exposure amount default fund contribution	756	584
Risk exposure amount settlement risks	1	0
Risk exposure amount market risks	18,485	16,350
Risk exposure amount credit value adjustment	7,135	4,730
Risk exposure amount operational risks	71,454	68,514
Additional risk exposure amount, Article 3 CRR	41,571	30,635
Additional risk exposure amount, Article 458 CRR	219,784	213,765
Risk exposure amount	**691,107**	**649,237**
Common Equity Tier 1 capital ratio, %	**16.1**	**17.0**
Tier 1 capital ratio, %	**17.6**	**19.4**
Total capital ratio, %	**20.1**	**21.8**
Capital buffer requirement,[5] %		
CET 1 capital requirement including buffer requirements	10.1	12.0
of which minimum CET 1 requirement	4.5	4.5
of which capital conservation buffer	2.5	2.5
of which countercyclical capital buffer	0.1	2.0
of which systemic risk buffer	3.0	3.0
CET 1 capital available to meet buffer requirements[6]	11.6	12.5

Notes:

1. Expected dividend based on the annual profit for 2019.
2. 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 value positions.
3. To rectify for under-estimation 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.
4. Additional risk exposure amount and minimum capital requirement following the changed application of the risk weight floor for Swedish mortgages according to decision from SFSA.
5. Buffer requirement according to Swedish implementation of CRD IV.
6. CET 1 capital ratio as reported, less minimum requirement of 4.5% (excluding buffer requirements) and less any CET 1 items used to meet the Tier 1 and total capital requirements.

5.12 Basel III

On December 16, 2010, the Basel Committee published its final framework for new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards for credit institutions (the so-called ''Basel III'' framework). The CET 1 capital ratio according to requirements under Basel III is fully phased-in in Sweden. On a consolidated basis, the ratio of Swedbank's CET 1 capital to its risk exposure amount ("**REA**") was 16.1 per cent as of March 31, 2020 and 15.9 per cent as of March 31, 2019.

CET 1 capital increased by SEK 6.9 billion to SEK 111.4 billion as of March 31, 2020 compared to March 31, 2019. This change was mainly attributable to earnings, net of proposed dividend. The change in the accounting for employee benefits (IAS 19), which came into force in 2013, creates volatility in estimated pension liabilities and increased CET 1 capital by SEK 1.0 billion between March 31, 2019 and March 31, 2020. Subordinated debt included in the total capital increased by SEK 13.5 billion where Tier 2 capital increased by SEK 2.1 billion and Additional Tier 1 capital increased by SEK 5.7 billion.

The Group's REA increased by SEK 34.8 billion to SEK 691,1 billion as of March 31, 2020 from SEK 656.4 billion as of March 31, 2019. Credit risk REA increased by SEK 10.5 billion. Increased exposures with corporate customers within LC&I and Swedish Banking, within exposure class retail mortgage in both Swedish Banking and Baltic Baking as well as increased institutional exposures within LC&I increased credit risk REA by SEK 22.6 billion. Due to depreciation of SEK towards EUR, credit risk REA increased by SEK 6.4 billion.

During the period March 31, 2019 to March 31,2020, credit risk REA decreased by SEK 10.4 billion due to improved loss given default ("**LGD**") levels resulting from higher collaterals, mainly for corporate customers both within LC&I and Swedish Banking. Other credit risks decreased REA by SEK 8.5 billion, mainly due to shorter maturities and provisions of defaulted corporate customers within LC&I. One-offs during the period decreased credit risk REA by SEK 3.3 billion, compounded by PD substitution and transition of Sparbanken Öland AB from a subsidiary to an associated company.

The risk weight floor for the Swedish mortgage portfolio of 25 per cent increased REA by SEK 9.8 billion under Article 458 of the Regulation (EU) No 648/2012, as amended by the Capital Requirements Regulation ("**CRR**") (EU) No 575/2013.

The additional risk exposure amounts for Article 3 in the CRR resulted in a REA increase of SEK 5.9 billion, primarily due to changes in the portfolio and yearly updates of SREP for IRB-models.

Market risk REA increased by SEK 2.7 billion between March 31, 2019 and March 31, 2020, mainly due to the internal models used to calculate market risk REA, more specifically the Value at Risk ("**VaR**") and Stressed Value at Risk ("**SVaR**") in the Trading Book.

REA for credit valuation adjustment increased by SEK 2.9 billion between March 31 2019 and March 31, 2020. The main driver for the increase was higher total exposure at default ("**EAD**").

The yearly update of the operational risk calculation increased REA by SEK 2.9 billion during the first quarter of 2020, mainly due to increased income levels within the business lines of retail banking, commercial banking and asset management. This impacted the capital requirement for operational risks, since it is calculated based on a rolling three-year average of revenues.

Since 2014, Swedish banks have been required to report their leverage ratio to regulators, and a formal disclosure requirement was introduced in the first quarter of 2015. According to EU regulations, the measure is expected to be evaluated by the authorities prior to the possible introduction of a minimum leverage ratio requirement in 2022. The leverage ratio can be used to ensure a minimum capital level in relation to the size of the balance sheet. Swedbank's leverage ratio (according to CRR) was 4.7 per cent as of March 31, 2020.

5.13 Swedish Capital Requirements Regulation

Minimum CET 1 capital requirements, implemented and proposed capital buffers and Pillar 2 capital requirements that Swedbank is required to meet are set out in the table below:

Capital Requirements: Fully Implemented Buffers and Pillar 2 Requirements[1]

	CET 1	AT1	T2	Total Capital[5]
Pillar 1				
Minimum CET 1 Requirement	4.5%	1.5%	2.0%	8.0%
Systemic Buffer[2]	3.0%	—	—	3.0%
Capital Conservation Buffer	2.5%	—	—	2.5%
Countercyclical Buffer	0.1%	—	—	0.1%
Total	**10.1%**	**1.5%**	**2.0%**	**13.6%**
Pillar 2[3]				
Mortgage Floor[4]				
Systemic Buffer	2.0%	—	—	2.0%
Individual Pillar 2 Charge	1.0%	0.1%	0.2%	1.3%
of which Interest rate risk in the banking book	*0.2%*	*0.0%*	*0.0%*	*0.3%*
of which Credit-related concentration risk	*0.3%*	*0.1%*	*0.1%*	*0.5%*
of which Adjustment to corporate risk weights (probability of default)	*0.3%*	*0.0%*	*0.0%*	*0.4%*
of which Maturity floor for corporate exposures	*0.1%*	*0.0%*	*0.0%*	*0.2%*
of which Pension risk	*0.0%*	*0.0%*	*0.0%*	*0.0%*
of which Other	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Total5	**3.0%**	**0.1%**	**0.2%**	**3.3%**
Capital Requirements	**13.1%**	**1.6%**	**2.2%**	**16.9%**

1 Swedbank's calculation based on SFSA's announced capital requirements, including Pillar 2 requirements.
2 Other systemically important institution buffer (O-SII buffer) entered into force on January 1, 2016. The higher of the systemic risk buffer and the O-SII buffer applies. The O-SII buffer is 2%.
3 Systemic risk buffer as of March 31, 2020. The individual Pillar 2 charge items as of December 31, 2018, according to SFSA's SREP report of September 30, 2019, in relation to REA as of March 31, 2020.
4 The mortgage floor capital requirement in Pillar 2 is replaced with the requirement within the framework of Article 458 of Regulation (EU) No 575/2013 of the European Parliament and of the Council of June 26, 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (CRR) to include risk weight floor for Swedish mortgages in the Pillar 1.
5 Note: Values in columns and rows might not sum up exactly due to rounding.

In 2014, the SFSA decided which capital requirements would apply to Swedish banks beyond the minimum level of 7 per cent Common Equity Tier 1 capital (including the mandatory capital conservation buffer of 2.5 per cent) in accordance with the EU rules. As of January 1, 2015, the three major Swedish banks, including Swedbank, are required to maintain a systemic risk buffer of 3 per cent in Common Equity Tier 1 capital within the framework of Pillar 1 and a further 2 per cent within the framework of Pillar 2. The Swedish FSA decided in March 2020 to lower the countercyclical buffer by 2.5 percentage points and set it at 0 per cent for Swedish exposures.

The total capital requirement for Swedbank, calculated as of March 31, 2020 on the basis set out in the table above, is equivalent to a CET 1 capital ratio of 13.1 per cent and a total capital requirement amounting to 16.9 per cent. Swedbank's actual CET 1 ratio and total capital ratio as of March 31, 2020 were 16.1 per cent and 20.1 per cent, respectively. It is therefore expected that the Group has an adequate buffer above the fully implemented capital requirement to manage volatilities in capital and the REA.

5.14 Cash Flow

	For the three-month period ended	
SEK million	March 31, 2020	March 31, 2019
Cash and equivalents at the beginning of the period	195,286	163,161
Cash flow from operating activities	76,349	-23,171
Cash flow from investing activities	95	69
Cash flow from financing activities	20,699	94,614
Cash flow for the period	**97,143**	**71,512**
Exchange rate differences on cash and cash equivalents	3,013	1,177
Cash and equivalents at end of the period	**295,442**	**235,850**

5.14.1 *Operating Activities*

Cash flow from operating activities is based on operating profit for the relevant period. Adjustments are made for items not included in cash flow from operating activities. Changes in assets and liabilities from operating activities consist of items which are part of normal business activities, such as loans to and deposits and borrowings from the public and credit institutions, and which are not attributable to investing and financing activities. Cash flow included interest receipts of SEK 9,721 million in the three-month period ended March 31, 2020 compared to SEK 9,730 million in the three-month period ended March 31, 2019 and interest payments of SEK 2,371 million in the three-month period ended March 31, 2020 compared to SEK 3,875 million in the three-month period ended March 31, 2019. Capital interest is included in such interest payments and receipts. Cash flow from operations was positive in the three-month period ended March 31, 2020, mainly as a result of changes in balances (e.g., increase in amounts owed to credit institutions and deposits and borrowings from the public including retail bonds).

5.14.2 *Investing Activities*

In the three-month period ended March 31, 2020, no business disposals, acquisitions or contributions to associates and joint ventures were made. During the first quarter of 2017, the associated company Hemnet AB was sold. Swedbank received parts of the cash payment (SEK 71 million) in the first quarter of 2020 as well as in the first quarter of 2019 in relation to this sale.

5.15 Recent Developments

5.15.1 *COVID-19 and Other Economic Developments*

The rapid spread of COVID-19 dominated the end of the first quarter and created great uncertainty and turbulence in the global markets and in Sweden. The Group has increased availability to both private and corporate customers in all channels and provided information on the various types of support they and the authorities are offering. The Telephone Bank has been strengthened. Many branches offer extra opening hours so that older customers can visit under reduced risk of crowding.

Swedbank has made it easier, through a digital solution, for corporate and private customers to apply for amortisation deferrals. The Group is participating in both the Swedish National Debt Office's loan guarantee programme, which guarantees 70 per cent of bank risk for loans to corporate customers, and the Swedish Central Bank's loan facilities, which are making available up to SEK 500 billion to Swedish companies via banks. The purpose of the loans is to help viable companies overcome the difficult situation they are in right now. During the first quarter of 2020 the Group approved loans of SEK 37.8 billion to corporate customers.

The Group's priority is a safe working environment, and nearly half of the Group's employees are working from home.

In the wake of the deteriorating macroeconomic outlook and substantial decline in oil prices, the Group allocated provisions of SEK 2,151 million for future credit impairments. Fewer card transactions and lower asset management income depressed net commission income. Net interest income rose thanks to a lower resolution fund fee and positive effects of the Swedish Central Bank's latest interest rate hike. In addition, the Group's mortgage volumes in Sweden in the first quarter of 2020 were significantly stronger than in the previous quarter. On April 8, 2020 Swedbank announced that estimated total expenses for the full-year 2020 are expected to amount to approximately SEK 21.5 billion, which excludes the administrative penalty of SEK 4 billion from the SFSA relating to anti-money laundering.

On April 22, 2020 Swedbank's Board of Directors scheduled the Annual General Meeting for May 28, 2020. The Board of Directors proposed that a decision about dividends should not be made at the Annual General Meeting but at an Extraordinary General Meeting, if the conditions are appropriate, when the consequences of the COVID-19 pandemic can be better reviewed.

5.15.2 *Initiatives in Relation to Anti-Money Laundering*

217-point plan for a safer bank

As part of its response to the money-laundering investigations, the Group's Anti-Financial Crime unit ("**AFC**") coordinates the improvements to routines, system support and processes to prevent crime within the framework of the action plan introduced in October 2019. The action plan is continually reassessed and new initiatives are added as needed. Swedbank's goal is to be an industry leader in the anti-financial crime area.

The plan was expanded in the first quarter of 2020 to 217 initiatives and, as of March, 31, 2020, 87 were completed. During the first quarter of 2020, 20 initiatives were completed and 45 new initiatives were added. Of the initiatives that were added in the first quarter, just over half are designed to eliminate the shortcomings presented by the Estonian Financial Supervisory Authority ("**EFSA**") in their findings from March 19, 2020. These shortcomings must be eliminated by November 18, 2020 at the latest pursuant to the EFSA's order.

In accordance with standard practice, the SFSA's decision on March 19, 2020 does not contain any concrete requirements. Instead, it is up to Swedbank itself to define and implement measures that address the shortcomings identified by the SFSA. This is being done as part of the action plan and through quality assurance. As currently planned, 29 initiatives are scheduled to be completed in the second quarter of 2020 and 80 initiatives are scheduled to be completed in the third and fourth quarters of 2020, respectively. A small number of initiatives are expected to continue in 2021. The Group notes that this schedule may be affected by the COVID-19 epidemic.

Quality assurance – Corporate Governance

The Board of Directors and the CEO decided to implement quality assurance with the help of outside expertise:

- the quality of the bank's anti-money laundering and anti-financial crime work is being validated.
- an evaluation is being conducted of the bank's compliance.
- a review is being done of Swedbank's corporate culture.

In addition, Swedbank's corporate governance is currently being evaluated as an internal project.

Increased costs

As the Swedish and Estonian authorities, as well as the law firm Clifford Chance, have finalised their investigations, the Group now has a complete picture of the historical deficiencies in the processes to counter economic crime. With this, Swedbank can better estimate the costs associated with both the investigations and the action program aimed at addressing the Group's shortcomings in this work. The cost for the investigations is currently estimated at a total of SEK 1.55bn for 2020, which corresponds to an increase of SEK 750m compared to the previous estimate. These costs include the finalised Clifford Chance investigation, the ongoing evaluations of the bank's compliance and culture, the validation of the bank's action program and legal advice during the year.

The Group's action program to strengthen its work against economic crime is estimated to cost a total of SEK 1.1bn for the full year of 2020, an increase of SEK 250m compared to the previous forecast. The Group's ambition is to be a leading bank in the work against money laundering.

6 Significant change/material adverse change statements

Paragraph 19.2 on page 249 of the Base Prospectus under "19. General Information" shall be deleted in its entirety and replaced with the following:

"Other than as disclosed in this Supplement in the risk factor 2.5.2 "*The global coronavirus pandemic has led to significant volatility in financial, commodities and other markets and could harm the business and results of operations of the Group*" and section 5.15.1 "*COVID-19 and Other Economic Developments*" relating to the COVID-19 situation and section 5.7.13 "*Profit (Loss) Attributable to the Shareholders of Swedbank.*" relating to the SEK 4 billion fine, since December 31, 2019 there has been no material adverse change in the prospects of the Issuer. Since March 31, 2020 there has been no significant change in the financial performance of the Group or the financial position of the Group."

7 General

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this supplement and (b) any other statement in or incorporated by reference in the Base Prospectus, the statements in (a) above will prevail.

If documents which are incorporated by reference to this Supplement themselves incorporate any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of this Supplement for the purposes of the Prospectus Regulation except where such information or other documents are specifically incorporated by reference to the Supplement.

Copies of this Supplement, the Base Prospectus and all documents which are incorporated by reference in the Base Prospectus are available at https://swedbank.com/investor-relations/debt-investors.html.

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or material inaccuracy relating to information included in the Base Prospectus since the publication of the Base Prospectus.