

Amendment to Program Information

Swedbank AB (publ)

AMENDMENT TO PROGRAM INFORMATION

Type of Information:	Amendment to Program Information
Date of Announcement:	31 January 2020
Issuer Name:	Swedbank AB (publ) (the “ Issuer ”)
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Type of Securities:	Notes (the “ Notes ”)
Address of Website for Announcement:	https://www.jpx.co.jp/english/equities/products/tpbm/announcement/index.html
Name of the Main Dealer that is Expected to Subscribe for the Notes to be Drawn-Down from this Program	Nomura International plc
Status of Submission of Annual Securities Reports or Issuer Filing Information:	No
Information on Original Program Information:	
Date of Announcement	29 May 2019
Scheduled Issuance Period:	30 May 2019 to 29 May 2020
Maximum Outstanding Issuance Amount:	U.S.\$40,000,000,000

This amendment, consisting of this cover page and the Supplement dated 28 January 2020, is filed to update the information included in the Program Information dated 29 May 2019 (as amended by the Amendment to the Program Information dated 19 July 2019 and 25 October 2019). This constitutes an integral part of the Program Information dated 29 May 2019, and shall be read together with it.

Supplement dated 28 January, 2020

Swedbank AB (publ)

U.S. \$ 40,000,000,000

GLOBAL MEDIUM TERM NOTE PROGRAMME

This base prospectus supplement dated 28 January 2020 (the “**Supplement**”) to the Base Prospectus dated 14 May 2019 (together with the Supplement dated 17 July 2019 and 23 October 2019, the “**Base Prospectus**”) constitutes a supplement for the purposes of Article 16 of Directive 2003/71/EC, as amended (the “**Prospectus Directive**”) and is prepared in connection with the Global 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.

This Supplement has been approved by the Central Bank of Ireland as competent authority under the Prospectus Directive. The Central Bank of Ireland only approves this Supplement as meeting the requirements imposed under Irish and European law pursuant to the Prospectus Directive.

The purpose of this Supplement is to incorporate by reference into the Base Prospectus the year-end report of the Issuer for the twelve month period ended 31 December 2019.

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

The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) 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.

Publication of Year-end Report for Swedbank AB (publ)

On 28 January 2020 the Issuer published its reviewed unaudited year-end results for the twelve month period ended 31 December 2019. A copy of the year-end report has been filed with the Central Bank of Ireland and, by virtue of this Supplement, the year-end report is incorporated in, and forms part of, the Base Prospectus. Copies of the Base Prospectus and this Supplement are available for viewing for a period of 12 months at

<https://centralbank.ie/docs/default-source/regulation/prospectus-regulation/2019/prospectusdoc-2019-05/job20004529-baseprospectus.pdf?sfvrsn=2> and at <https://www.swedbank.com/investor-relations/debt-investor/funding/funding-programmes-and-prospectuses/index.htm>. The year-end report and all documents incorporated by reference in the Base Prospectus can be obtained, upon request and free of charge, from the registered office of the Issuer and from the specified office of the Principal Paying Agent in London as described on page 184 of the Base Prospectus and the year-end report will also be available for viewing at <https://www.swedbank.com/investor-relations/reports-and-presentations.html>

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 Directive except where such information or other documents are specifically incorporated by reference to the Supplement.

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

There has been no significant change in the financial or trading position of the Group since 31 December 2019. There has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2018.

Q4 2019

Year-end report 2019, 28 January 2020

Swedbank 

Interim report for the fourth quarter 2019

Fourth quarter 2019 compared with third quarter 2019

- Lower net interest income weighed down by lower lending margins
- Higher asset management valuations and corporate finance activity strengthened net commission income
- Higher net gains and losses on financial items due to favourable market development
- Increased expenses affected by investigations as well as higher IT and staff costs
- Higher credit impairments due to additional provisions for previously known oil-related problem loans
- Strong capitalisation
- Proposed dividend per share of SEK 8.80 (14.20) for 2019

“I want to simplify and clarify, which will strengthen the management team and at the same time provide more decision-making power throughout the bank.”

Jens Henriksson,
President and CEO

Financial information SEK ^m	Q4	Q3	%	Full-year	Full-year	%
	2019	2019		2019	2018	
Total income	11 956	11 226	7	45 960	44 222	4
Net interest income	6 408	6 553	-2	25 989	25 228	3
Net commission income	3 415	3 297	4	12 984	12 836	1
Net gains and losses on financial items	1 218	457		3 629	2 112	72
Other income ¹⁾	915	919	0	3 358	4 046	-17
Total expenses	5 549	5 164	7	19 984	16 835	19
Profit before impairment	6 407	6 062	6	25 976	27 387	-5
Impairment of intangible and tangible assets	18	67	-73	87	314	-72
Credit impairment	988	154		1 469	521	
Tax expense	973	1 176	-17	4 711	5 374	-12
Profit for the period attributable to the shareholders of Swedbank	4 428	4 663	-5	19 697	21 162	-7
Earnings per share, SEK, after dilution	3.95	4.16		17.56	18.89	
Return on equity, %	13.0	14.1		14.7	16.1	
C/I ratio	0.46	0.46		0.43	0.38	
Common Equity Tier 1 capital ratio, %	17.0	16.3		17.0	16.3	
Credit impairment ratio, %	0.23	0.04		0.09	0.03	

¹⁾ Other income includes the items Net insurance, Share of profit or loss of associates, and Other income from the Group income statement.

CEO Comment

After just over two months as CEO of the bank, I made a major organisational change. I want to simplify and clarify, which will strengthen the management team and at the same time provide more decision-making power throughout the bank. One of the most important changes is the merger of Group IT and Digital Banking to bring together expertise in the digital aspects of developing customer offerings. Another big change is the creation of a new product organisation for private customers. We will become faster and better at designing personalised offerings based on each customer's needs. A number of individuals left the bank due to the reorganisation. The recruitment process to replace them is in full swing and I have already announced that a new head of communications will take up the post by July. The Group Executive Committee will consist of 14 members.

Swedbank will be a leading bank in the prevention of money laundering

The action plan presented in connection with the third quarter report is progressing as planned. By year-end the programme comprised 152 initiatives, of which 67 were completed. New initiatives will be added as the Clifford Chance investigation, investigating authorities, employees or other stakeholders identify shortcomings and opportunities for improvement. In the fourth quarter 2019 we added 20 new initiatives. In order to strengthen the bank, I have also initiated an evaluation of our values and culture. The investigations by the Swedish and Estonian financial supervisory authorities, together with the Clifford Chance investigation, will be crucial to the continued work. I expect the action plan to be largely completed in 2020, by which time we will be well on our way to the goal of being a leading bank in the prevention of money laundering. But our work will never be completed. Money laundering and financial crime are a constant battle.

Slightly lower financial results in the quarter

We finished the year with a slightly weaker result than in the previous quarter. Income grew, but expenses and credit impairments were also higher. Competition in the Swedish mortgage market further increased, as reflected by net interest income, which was weighed down by lower mortgage margins. Lending volumes were also lower due to increased competition and negative foreign exchange effects.

Activity in the corporate market was high and we were hired as an advisor in several M&A and funding deals. Net commission income was also bolstered by higher asset management income thanks to the favourable stock market. Higher valuations of shareholdings mainly in Visa and Asiakastieto as well as of derivatives also strengthened income.

Expenses increased in the quarter largely due to the investigations of the bank's anti-money laundering work.

Credit impairments were also higher and mainly related to further provisions for previously known oil-related problem loans. Some segments of the oil sector still have surplus capacity, which has to be addressed. Credit quality otherwise remained good in all our home markets.

Our capital position is robust and was further strengthened in the quarter. The buffer relative to the Swedish financial supervisory authority's minimum Common Equity Tier 1 capital ratio requirement was 1.9 percentage points at the end of the year. Given this and strong underlying capital generation, the Board of Directors is proposing that 50 per cent of profit for the year be distributed to shareholders. This corresponds to a dividend of SEK 8.80 per share for the financial year 2019.

Equipped to take on future challenges

When I look ahead, I see both challenges and opportunities. The uncertainty in the world and the business cycle means that we have to be even stricter in areas that we control and decide over ourselves, such as lending criteria and costs. At the same time the competition is tough in many product areas and we have to be even faster and better at developing solutions for our customers.

Maintaining market-leading cost efficiency is one of our highest priorities. Our robust profitability allows us, at the same time that we get to the bottom of the money laundering issue, to continue to develop customer offerings. We will maintain a high rate of investment next year as well. More resources will be provided to further strengthen our processes and systems in the fight against financial crime. At the same time it has become more expensive to operate a bank. The compliance budget has grown to meet increased regulatory requirements in areas such as risk control, revised capital adequacy rules, and protection and management of customer data. We will also invest in providing more customer value in the savings area, cash management for our corporate customers, and data-driven customer analysis to better understand customer needs.

The goal is to keep our total expenses for 2020 at about the same level as last year i.e. about SEK 20bn.

I remain humbled by the challenges in coming years. I can assure you though, that we are working intensely and systematically to address each of them and create the best possible opportunities for Swedbank and our customers. In March we expect to receive the conclusions of the investigations by the Swedish and Estonian authorities. Our aim is to present the conclusions of the investigation being conducted by Clifford Chance shortly thereafter. This will answer many historical questions and allow us to focus on developing the bank going forward. Our strategy remains unchanged.



Jens Henriksson
President and CEO

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

Financial overview

Income statement SEKmn	Q4	Q3		Q4		Full-year	Full-year	
	2019	2019	%	2018	%	2019	2018	%
Net interest income	6 408	6 553	-2	6 335	1	25 989	25 228	3
Net commission income	3 415	3 297	4	3 183	7	12 984	12 836	1
Net gains and losses on financial items	1 218	457		430		3 629	2 112	72
Other income ¹⁾	915	919		784	17	3 358	4 046	-17
Total income	11 956	11 226	7	10 732	11	45 960	44 222	4
Staff costs	2 815	2 763	2	2 582	9	11 119	10 284	8
Other expenses	2 734	2 401	14	1 824	50	8 865	6 551	35
Total expenses	5 549	5 164	7	4 406	26	19 984	16 835	19
Profit before impairment	6 407	6 062	6	6 326	1	25 976	27 387	-5
Impairment of intangible assets	13	66	-80	24	-46	79	306	-74
Impairment of tangible assets	5	1		8	-38	8	8	
Credit impairment, net	988	154		412		1 469	521	
Operating profit	5 401	5 841	-8	5 882	-8	24 420	26 552	-8
Tax expense	973	1 176	-17	1 288	-24	4 711	5 374	-12
Profit for the period	4 428	4 665	-5	4 594	-4	19 709	21 178	-7
Profit for the period attributable to the shareholders of Swedbank AB	4 428	4 663	-5	4 590	-4	19 697	21 162	-7

¹⁾ 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	Q4	Q3	Q4	Full-year	Full-year
	2019	2019	2018	2019	2018
Return on equity, %	13.0	14.1	13.5	14.7	16.1
Earnings per share before dilution, SEK ¹⁾	3.96	4.17	4.11	17.62	18.96
Earnings per share after dilution, SEK ¹⁾	3.95	4.16	4.09	17.56	18.89
C/I ratio	0.46	0.46	0.41	0.43	0.38
Equity per share, SEK ¹⁾	123.9	119.6	123.0	123.9	123.0
Loan/deposit ratio, %	168	168	172	168	172
Common Equity Tier 1 capital ratio, %	17.0	16.3	16.3	17.0	16.3
Tier 1 capital ratio, %	19.4	18.9	18.0	19.4	18.0
Total capital ratio, %	21.8	21.4	21.5	21.8	21.5
Credit impairment ratio, %	0.23	0.04	0.10	0.09	0.03
Share of Stage 3 loans, gross, %	0.82	0.77	0.69	0.82	0.69
Total credit impairment provision ratio, %	0.40	0.38	0.37	0.40	0.37
Liquidity coverage ratio (LCR), %	182	151	144	182	144
Net stable funding ratio (NSFR), % ²⁾	120	121	119	120	119

¹⁾ The number of shares and calculation of earnings per share are specified on page 53.

²⁾ NSFR has been calculated in accordance with (EU) 2019/876 (CRR2²⁾). Full-year 2018 and quarters 1, 2 and 3 have been recalculated.

Balance sheet data SEKbn	31 Dec	31 Dec	%
	2019	2018	
Loans to the public, excl. the Swedish National Debt Office and repurchase agreements	1 606	1 578	2
Deposits and borrowings from the public, excl. the Swedish National Debt Office and repurchase agreements	954	920	4
Equity attributable to shareholders of the parent company	139	137	1
Total assets	2 408	2 246	7
Risk exposure amount	649	638	2

Definitions of all key ratios can be found in Swedbank's Fact book on page 81.

Overview

Market

Uncertainty about the global business cycle and trade continued to affect the market in the fourth quarter, but there were positive signs as well. The US and China reached a phase-one trade agreement and the Conservative Party secured a majority in Parliament in the UK election. Tensions in the Persian Gulf continued, however. The optimistic signals emanating from the US and China as well as greater Brexit clarity led to a slightly less uncertain outlook at the end of the year than earlier last autumn. While the slumping purchasing managers' index appears to have levelled off and the markets have been more optimistic with interest rates rising and further gains in the stock market, the danger is not over. The newfound optimism has not yet been reflected in economic data, either, and German and US industrial production remained weak. We therefore expect slower global economic development to continue.

The Federal Reserve again cut its target policy rate in the quarter, citing muted inflationary pressures and persistent economic uncertainty. As expected, the European Central Bank (ECB) restarted its asset purchases in November and again signalled that interest rates will remain low until the inflation outlook robustly converges close to the target level. The euro continued to weaken against the US dollar.

The Swedish economy slowed and GDP for the third quarter grew 0.3 per cent compared with the previous quarter and 1.6 per cent compared with the same quarter in 2018. The biggest contribution came from net exports; household consumption was also a positive contributor. Investment continued to weigh on growth, but to a lesser degree than before. House prices rose 4.5 per cent on an annual basis in December. Household borrowing grew at a slower rate and in November mortgage lending rose 4.9 per cent on an annual basis, compared with 5.4 per cent at the beginning of the year. Inflation at a fixed interest rate, CPIF, was 1.7 per cent on an annual basis in November, which was in line with the Riksbank's expectations. The economy developed largely in line with the Riksbank's forecasts and it therefore raised the repo rate as expected to 0 per cent in December. The krona rose against both the US dollar and the euro in the quarter.

Growth in the Baltic countries was relatively good despite the fact that key trading partners saw weaker development. The Estonian economy continued to grow and in the third quarter GDP growth was 4.1 per cent against Q3 2018. Growth in Latvia slowed somewhat (1.9 per cent on an annual basis in the third quarter), while the Lithuanian economy developed better and GDP grew 3.7 per cent in the third quarter. In November inflation rose to 1.8 per cent in Estonia, 2.1 per cent in Latvia and 1.7 per cent in Lithuania compared with November 2018.

Important to note

The dividend proposed by the Board of Directors is SEK 8.80 (SEK 14.20 previous year) per share for the financial year 2019. This corresponds to a dividend payout ratio of 50 per cent. The proposed record day for the dividend is 30 March 2020. The last day for trading

in Swedbank's shares with the right to the dividend is 26 March 2020. If the Annual General Meeting accepts the Board of Directors' proposal, the dividend is expected to be paid out by Euroclear on 2 April. The Annual General Meeting will be held on Thursday, 26 March 2020 at 11am at Cirkus in Stockholm. Further information on Swedbank's Annual General Meeting will be available at www.swedbank.com under the heading: About us/Management and corporate governance.

The Board of Directors' dividend proposal comes against the backdrop of its decision on 17 July 2019, as reported in connection with the interim report for the second quarter of 2019, to change the dividend policy from 75 to 50 per cent of annual profit in order to further strengthen the bank's capital position. At the same time Swedbank's CEO also introduced a target that Common Equity Tier 1 capital ratio will surpass the Swedish Financial Supervisory Authority's (FSA) requirement by 1-3 percentage points. The reason for the changes was partly to create more flexibility in the face of uncertainty about future capital regulations and the decisions regulators will reach regarding the bank's anti-money laundering work, and partly to enable the bank to continue to support customers' growth. At the end of the fourth quarter Swedbank's Common Equity Tier 1 capital ratio was 17.0 per cent, which is 1.9 percentage points higher than the Swedish FSA's requirement.

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 65.

Group development

Result fourth quarter 2019 compared with third quarter 2019

Swedbank's profit fell 5 per cent in the fourth quarter 2019 to SEK 4 428m (4 663). The reasons were higher expenses and credit impairments.

Foreign exchange effects increased profit by SEK 7m.

The return on equity was 13.0 per cent (14.1) and the cost/income ratio was 0.46 (0.46).

Income increased to SEK 11 956m (11 226). The main reason was higher net gains and losses on financial items, as well as stronger net commission income. Foreign exchange effects lowered income by SEK 42m.

Net interest income decreased 2 per cent to SEK 6 408m (6 553), mainly due to lower mortgage margins.

Net commission income rose 4 per cent to SEK 3 415m (3 297), mainly due to higher income from corporate finance, securities and asset management. Asset management income benefited from higher equity valuations in the fund business.

Net gains and losses on financial items rose to

SEK 1 218m (457). The main reason was an increase in the value of the shareholdings in Visa and Asiakastiето as well as derivatives linked to the bank's funding. A higher result within Large Corporates & Institutions, largely driven by derivative value adjustments (CVA/DVA), also contributed positively.

Other income including the share of profit or loss of associates was in line with the previous quarter and amounted to SEK 915m (919). The result was positively affected by the SEK 165m capital gain attributable to Entercard's sale of a credit portfolio. The positive effect of the sale was offset by a lower result in Entercard's other operations. The previous quarter was affected by a capital gain as well, in connection with the sale of shares in Ölands Bank.

Expenses rose 7 per cent to SEK 5 549m (5 164), mainly due to higher consulting and IT expenses, severance expenses and higher expenses for marketing activities. Consulting expenses to manage money laundering related investigations rose SEK 199m to a total of SEK 519m in the quarter. Staff costs also increased, since costs during the summer months in the third quarter were lower. Foreign exchange effects reduced expenses by SEK 26m.

Credit impairments increased to SEK 988m (154), mainly due to additional provisions for previously known oil-related problem loans within Large Corporates & Institutions.

The tax expense amounted to SEK 973m (1 176), corresponding to an effective tax rate of 18.0 per cent (20.1). The single biggest reason why the effective tax rate was lower in the fourth quarter is increased income related to holdings in associates and other operations-related participating interests, where the associates' results are recognised after tax and increases in the value of other operations-related participating interests is tax exempt.

Result full-year 2019 compared with full-year 2018

Profit decreased 7 per cent to SEK 19 697m (21 162). Higher income was offset by higher expenses and credit impairments in 2019. The cost increase is mainly related to higher staff costs and investigative costs connected with money laundering. Credit impairments were affected by a few oil-related problem loans. The table below shows profit excluding the gain on the UC sale in 2018. Adjusted for the UC sale, profit decreased 4 per cent.

	Full-year 2019	Full-year 2018	Full-year 2018 excl. income UC
Income statement, SEKm			
Net interest income	25 989	25 228	25 228
Net commission income	12 984	12 836	12 836
Net gains and losses on financial items	3 629	2 112	2 112
Share of profit or loss of associates and joint ventures	822	1 028	1 028
Other income ¹⁾	2 536	3 018	2 341
of which UC		677	
Total income	45 960	44 222	43 545
Total expenses	19 984	16 835	16 835
Impairment and credit impairment	1 556	835	835
Operating profit	24 420	26 552	25 875
Tax expense	4 711	5 374	5 374
Profit for the period attributable to the shareholders of Swedbank AB	19 697	21 162	20 485
Non-controlling interests	12	16	16
Return on equity	14.7	16.1	16.3
Cost/Income ratio	0.43	0.38	0.39

Foreign exchange effects raised profit by SEK 125m.

The return on equity was 14.7 per cent (16.1) and the cost/income ratio was 0.43 (0.38).

Income rose 4 per cent to SEK 45 960m (44 222). Foreign exchange effects contributed SEK 277m to income.

Net interest income rose 3 per cent to SEK 25 989m (25 228). The increase was mainly due to a lower resolution fund fee and higher lending volumes.

Net commission income increased to SEK 12 984m (12 836). Fees from asset management, cards and customer concepts increased, but were offset by lower income from lending, guarantees and securities.

Net gains and losses on financial items rose to SEK 3 629m (2 112). This was mainly due to a higher result within Group Treasury, where the value of the holdings in Visa and Asiakastiето rose during the period. A higher result from fixed income and bond trading within Large Corporates & Institutions also had a positive effect.

Other income including the share of profit or loss of associates decreased to SEK 3 358m (4 046) due to the above-mentioned UC sale in 2018. Excluding the UC sale, other income increased.

Expenses increased to SEK 19 984m (16 835), mainly due to higher staff costs and consulting expenses. Underlying staff costs rose mainly due to annual wage increases and a higher number of employees. Severance pay for former members of the Group Executive Committee, including Swedbank's former CEO, also had an impact. Consulting expenses to manage the money laundering related investigations in 2019 amounted to SEK 1 104m. A VAT provision of SEK 256m was also recognised during the year, as was SEK 125m in fraud losses. Foreign exchange effects increased expenses by SEK 132m.

Credit impairments increased to SEK 1 469m (521) and mainly related to additional provisions for previously known oil-related problem loans within Large Corporates & Institutions. Credit impairments were

lower in Swedish Banking and only marginal in Baltic Banking.

The tax expense amounted to SEK 4 711m (5 374), corresponding to an effective tax rate of 19.3 per cent (20.2). The single biggest reason why the effective tax rate was lower in 2019 is the lower corporate tax rates in Sweden and Estonia. The Group's effective tax rate is estimated at 19-21 per cent in the medium term. Any future tax in Sweden on financial businesses could affect the future effective tax rate.

Volume trend by product area

Swedbank's main business is organised in three product areas: lending, payments and savings.

Lending

Total lending to the public, excluding repos and lending to the Swedish National Debt Office, decreased by SEK 7bn to SEK 1 606bn (1 613) compared with the end of the third quarter 2019. Compared with the end of 2018 the increase was SEK 28bn, corresponding to growth of 2 per cent. Foreign exchange effects negatively affected lending by SEK 8bn compared with the end of the third quarter 2019 and positively by SEK 6bn compared with the end of 2018.

Loans to the public excl. the Swedish National Debt Office and repurchase agreements, SEKbn	31 Dec 2019	30 Sep 2019	31 Dec 2018
Loans, private mortgage	905	901	876
of w hich Sw edish Banking	818	814	798
of w hich Baltic Banking	87	87	78
Loans, private other incl tenant-owner associations	148	151	154
of w hich Sw edish Banking	130	133	138
of w hich Baltic Banking	17	17	15
of w hich Large Corporates & Inst.	1	1	1
Loans, corporate	553	561	548
of w hich Sw edish Banking	248	253	251
of w hich Baltic Banking	82	84	77
of w hich Large Corporates & Inst.	222	224	220
of w hich Group Functions & Other	1		
Total	1 606	1 613	1 578

Lending to mortgage customers within Swedish Banking rose SEK 4bn to SEK 818bn (814) compared with the end of the third quarter 2019. The market share in mortgages was 24 per cent (24). Other private lending, including lending to tenant-owner associations, decreased SEK 3bn. Swedish consumer finance volume amounted to SEK 32bn (31), corresponding to a market share of about 9 per cent. Consumer credit includes unsecured loans as well as loans secured by a car or a boat.

Baltic Banking's mortgage volume grew 2 per cent in local currency to the equivalent of SEK 87bn.

The Baltic consumer credit portfolio decreased 1 per cent in local currency to the equivalent of SEK 9bn at the end of the quarter.

Corporate lending decreased in all business segments by a total of SEK 8bn in the quarter, to SEK 553bn (561). In Sweden the market share was 17 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 quarter was 8.1 million, in line with the end of the third quarter. Compared with the fourth quarter 2018 the number of cards in issue rose 1 per cent. In Sweden 4.3 million cards were in issue and in the Baltic countries 3.8 million. Corporate card issuance rose 4 per cent and private card issuance 1 per cent compared with the same quarter in 2018. The increase in private cards is largely driven by young people who obtain cards. The bank's many small business customers offer further growth potential in corporate card issuance.

Number of cards	31 Dec 2019	30 Sep 2019	31 Dec 2018
Issued cards, million	8.1	8.2	8.1
of w hich Sw eden	4.3	4.3	4.3
of w hich Baltic countries	3.8	3.9	3.8

In the fourth quarter there were 342 million purchases with Swedbank cards in Sweden, an increase of 1 per cent against the equivalent quarter in the previous year. In the Baltic countries there were 167 million card purchases, an increase of 15 per cent. The number of card transactions acquired by Swedbank also increased in the quarter, by 5 per cent compared with the same period in 2018. In Sweden, Norway, Finland and Denmark there were 716 million transactions in the quarter, an increase of 3.2 per cent compared with the fourth quarter 2018. In the Baltic countries the corresponding figure was 118 million transactions and an increase of 14 per cent.

The number of domestic payments rose 5 per cent in Sweden and 7 per cent in the Baltic countries compared with the previous year. Swedbank's market share of payments through the Bankgiro system was 36 per cent. The number of international payments was in line with the same period in 2018 in Sweden and increased 17 per cent in the Baltic countries.

Savings

Total deposits within the business segments – Swedish Banking, Baltic Banking and Large Corporates & Institutions – rose to SEK 954bn compared with the end of the third quarter 2019 (933). Compared with the end of 2018 the increase was SEK 34bn, corresponding to growth of 4 per cent. The increase against the previous year was largely within Baltic and Swedish Banking. Exchange rates negatively affected deposits by SEK 8bn compared with the end of the third quarter 2019 and positively by SEK 5bn compared with the end of 2018. Total deposits from the public, including volumes attributable to Group Treasury, amounted to SEK 954bn (SEK 957bn at the end of the third quarter 2019).

Deposits from the public excl. the Swedish National Debt Office and repurchase agreements, SEKbn	31 Dec 2019	30 Sep 2019	31 Dec 2018
Deposits, private	531	527	519
of w hich Sw edish Banking	388	387	387
of w hich Baltic Banking	143	140	132
Deposits, corporate	423	430	401
of w hich Sw edish Banking	183	180	173
of w hich Baltic Banking	99	92	89
of w hich Large Corporates & Inst.	141	134	139
of w hich Group Functions & Other		24	
Total	954	957	920

Swedbank's deposits from private customers increased SEK 4bn in the quarter to SEK 531bn (527). Corporate deposits in the business segments increased in total by SEK 17bn in the quarter, mainly due to higher volumes within Baltic Banking and Large Corporates & Institutions.

Swedbank's market share for household deposits in Sweden was unchanged in the quarter at 19 per cent (19). For corporate deposits the market share rose 1 percentage point to 17 per cent (16). For more information on deposits, see page 37 of the Fact book.

Asset management, SEKbn	31 Dec 2019	30 Sep 2019	31 Dec 2018
Total asset management	1 538	1 488	1 273
Assets under management	1 090	1 033	863
Assets under management, Robur	1 083	1 027	857
of w hich Sw eden	1 025	970	810
of w hich Baltic countries	59	58	48
of w hich eliminations	-1	-1	-1
Assets under management, Other, Baltic countries	7	6	5
Discretionary asset management	448	455	410

Assets under management by Swedbank Robur continued to rise in the fourth quarter to SEK 1 083bn at 31 December (SEK 1 027bn at the end of the third quarter), of which SEK 1 026bn related to the Swedish business and SEK 59bn to the Baltic business. The increase, both in Sweden and the Baltic countries, is due to both a positive net flow and higher valuations.

The net inflow in the Swedish fund market amounted to SEK 74bn in the quarter (SEK 25bn in the third quarter), of which SEK 43bn relates to annual PPM deposits. The largest net inflow, SEK 21bn, was to actively managed equity funds, followed by fixed income funds with a net inflow of SEK 18bn. Index funds and mixed funds also had positive net inflows at SEK 17bn each. Other funds accounted for a net inflow of SEK 1bn.

Including the annual deposit through the PPM platform of about SEK 5bn, Swedbank Robur's Swedish fund operations had net inflows of SEK 4bn (SEK 0bn in the third quarter). The net flow from the savings banks and third party distribution improved. At the same time the flow for the institutional business slowed and was negative in the quarter. The largest net flow was in mixed funds at SEK 5bn, followed by index-tracking funds, which amounted to SEK 2bn. Actively managed equity funds had equally large in- and outflows. Fixed income funds, which previously in the year posted the largest inflow, had a net outflow of SEK 3bn in the quarter.

The net inflow in the Baltic countries amounted to SEK 2bn (SEK 1bn in the third quarter).

By assets under management Swedbank Robur is the largest player in the Swedish and Baltic fund markets. As of 31 December 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	31 Dec 2019	30 Sep 2019	31 Dec 2018
Sw eden	220	209	174
of w hich collective occupational pensions	109	103	82
of w hich endow ment insurance	72	68	59
of w hich occupational pensions	29	28	23
of w hich other	10	10	9
Baltic countries	7	6	5

Life insurance assets under management in the Swedish operations rose 26 per cent in 2019 to SEK 220bn at the year-end. Premium income, consisting of premium payments and capital transfers, amounted in the fourth quarter to SEK 5bn (SEK 4bn in the third quarter). For premium income excluding capital transfers, Swedbank's market share in the third quarter was 6 per cent (5 per cent in the second quarter 2019). In the transfer market Swedbank's market share in the third quarter was 10 per cent (11 per cent in the second quarter 2019). In Estonia Swedbank is the largest life insurance company and in Lithuania and Latvia it is the second largest. By premium payments, the market shares in the third quarter were 38 per cent in Estonia, 24 per cent in Lithuania and 26 per cent in Latvia.

Credit and asset quality

For the full-year 2019 credit impairments amounted to SEK 1 469m (521), corresponding to a credit impairment ratio of 0.09 per cent (0.03). Credit impairments in the fourth quarter amounted to SEK 988m (SEK 154m in the third quarter) and mainly related to additional provisions for previously known oil-related problem loans within Large Corporates & Institutions. Credit quality otherwise remained strong. The credit impairment ratio in the ratio was 0.23 per cent (0.04). The share of loans in stage 3 (gross) was 0.82 per cent (0.77) and the provision ratio for loans in stage 3 was 36 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	Q4 2019	Q3 2019	Q4 2018
Swedish Banking	10	27	190
Baltic Banking	-3	10	-103
Estonia	16	-9	-66
Latvia	-13	5	-9
Lithuania	-6	14	-28
Large Corporates & Institutions	982	117	331
Group Functions & Other	-1		-6
Total	988	154	412

The investments in the oil-related sector have begun to recover, but there is still surplus capacity in some segments of the sector. These segments performed more poorly than expected at the end of the year and are still over-leveraged despite previous reconstructions, which led to additional provisions in the fourth quarter. Swedbank's oil-related portfolio is small and the ongoing reduction and restructuring of the portfolio is continuing.

The Swedish housing market recovered in 2019 with prices rising 4.5 per cent and the number of transactions up 4 per cent. Low interest rates and high demand contributed to the positive trend, which continued in the fourth quarter. Demand for new tenant-owned apartments remains lower than before the price drop in 2017, however, which means continued uncertainty for

new residential construction. The number of new housing projects decreased in 2019 and is expected to drop in 2020 as well. 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 mortgage portfolio, which accounts for just over half of the bank's total lending, is high in quality and credit impairments have historically been very low. Customers' long-term repayment capacity is crucial when granting credit, which ensures high quality and low risks for both the customer and the bank. The average loan-to-value ratios for Swedbank's mortgage portfolio are 55 per cent in Sweden, 47 per cent in Estonia, 75 per cent in Latvia and 60 per cent in Lithuania. For more information, see pages 45-46 of the Fact book.

The Swedish commercial property transaction market remained strong in 2019 with increased market prices, high turnover and slightly lower direct yield requirements. Office and logistics properties accounted for around 60 per cent of total transactions, whilst interest in retail properties was lower than previously. Office rents were stable in 2019, with the exception of a slight increase in the Stockholm area.

The property management sector accounts for nearly 10 per cent of Swedbank's total loan portfolio and lending is mainly to real estate companies with strong finances and good collateral. The portfolio is largely concentrated in less 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 share of the total loan volume in property management. The geographic distribution within Sweden is good. Swedbank focuses in its lending on commercial properties with stable cash flows and the customer's long-term ability to repay interest and amortisation. Loan-to-value ratios in the portfolio are generally low and average 58 per cent in Sweden.

Operational risks

The number of IT incidents decreased in the quarter after investments in improved operating stability. Swedbank is working constantly to ensure a high level of availability for its customers. Losses related to operational risks returned to normal levels during the quarter.

Funding and liquidity

Funding activity was higher in 2019 than in the previous year and the large part was accomplished with the help of covered bonds. In the fourth quarter Swedbank also issued senior non-preferred liabilities for the first time to fulfil the MREL subordination requirements. According to current rules, the requirement must be met by 1 January 2022. In the full-year 2019 Swedbank issued SEK 132bn in long-term debt instruments, of which SEK 12bn related to issues in the fourth quarter. Covered bond issuance accounted for the majority of funding in 2019 and amounted to SEK 101bn. The total issuance need for the full-year 2020 is expected to be in line with issuance volume for the full-year 2019. Maturities in the full-year 2020 amount to SEK 165bn. The issuance need is affected by future maturities and changes in deposit volumes and lending growth, and are therefore adjusted over the course of the year.

As of 31 December, outstanding short-term funding, commercial paper, included in debt securities in issue amounted to SEK 129bn (SEK 164bn as of 30 September). Available cash and balances with central banks and excess reserves with the Swedish National Debt Office amounted to SEK 195bn (209). The liquidity reserve as of 31 December amounted to SEK 380bn (421). The Group's liquidity coverage ratio (LCR) was 182 per cent (151) and for USD, EUR and SEK was 157, 379 and 111 per cent respectively. The net stable funding ratio (NSFR) was 120 per cent (112). The increase is largely due to a change in the calculation method from Basel III to CRR2; for comparison, see the Fact book. For more information on funding and liquidity, see notes 14-16 on pages 55-71 of the Fact book.

Ratings

There were no changes in Swedbank's ratings in the fourth quarter. For more information on rating, see page 70 of the Fact book.

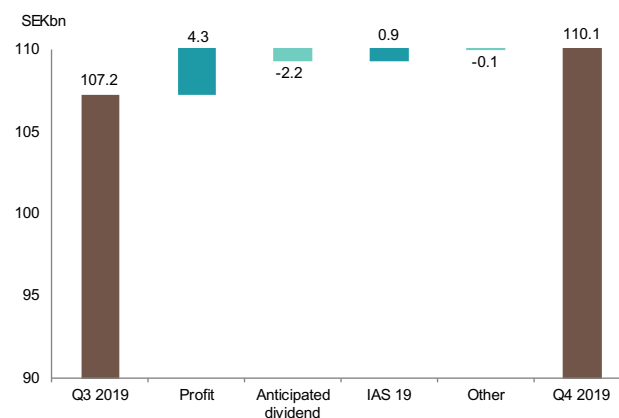
Capital and capital adequacy

Capital ratio and capital requirement

The Common Equity Tier 1 capital ratio was 17.0 per cent at the end of the quarter (16.3 per cent at the end of the third quarter 2019), while the requirement was unchanged at 15.1 per cent of the risk exposure amount (REA).

Common Equity Tier 1 capital increased to SEK 110.1bn (107.2), which largely is due to profit after deducting the proposed dividend, which increased Common Equity Tier 1 capital by SEK 2.1bn.

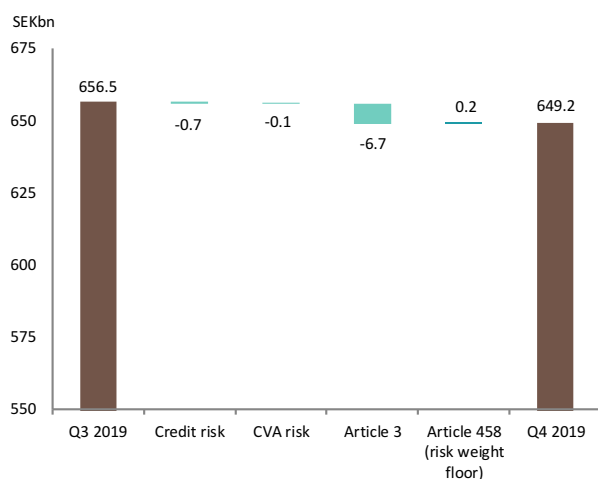
Change in Common Equity Tier 1 capital 2019, Swedbank consolidated situation



Total REA decreased to SEK 649.2bn (656.5). The quarterly review of additional risk exposure amounts for article 3 in the CRR resulted in a REA reduction of SEK 6.7bn.

REA for credit risk decreased SEK 0.7bn. Increased lending as well as the reclassification of mortgage commitments, due to which they are included in the mortgage floor, contributed to an increase in REA for credit risk. The increase was offset primarily by FX effects. REA for market risk was unchanged in the quarter at SEK 16.3bn (16.3) and REA for CVA risk decreased by SEK 0.1bn to SEK 4.7bn (4.8).

Change in REA 2019, Swedbank consolidated situation



The leverage ratio was 5.4 per cent (5.1). The ratio increased mainly due to higher Tier 1 capital compared with the end of the third quarter 2019.

Future capital regulations

In November 2019 the Swedish FSA published a proposal to introduce increased capital requirements for bank loans to commercial properties. The measures are justified by the fact that commercial properties have gradually become over-leveraged to a level that now represents a potential risk to financial stability. The capital requirement is expected to be introduced in the third quarter of 2020 and means that the difference between the bank's average risk weights for commercial properties and the risk weights that the Swedish FSA has set out will be compensated through an additional capital charge in Pillar 2. For commercial properties the Swedish FSA states that the average risk weight will be 35 per cent and for rental properties 25 per cent. According to the Swedish FSA, Swedbank's total capital requirement thereby increases by 0.7 percentage points and Common Equity Tier 1 capital by 0.5 percentage points.

In November 2018 the Swedish FSA 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 Swedish FSA 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 Swedish FSA's regulations, there is uncertainty as to how the changes will affect Swedbank.

In December 2019 the committee of inquiry appointed by the Swedish Ministry for Finance presented a proposal on the implementation of a collection of EU regulations, known as the banking package. The banking package revises among other things what may serve as the basis for the capital requirements in Pillar 2. This is expected to mean that the Pillar 2 requirements can no longer be justified as a general macro supervisory action, while the option to introduce corresponding requirements in Pillar 1 is expanded. How the final law is worded and how the Swedish FSA will apply the rules in the banking package concerning capital requirements – and thus how Swedbank is affected – are uncertain.

The committee of inquiry's proposal on the implementation of the banking package also comprises an update of the Swedish Resolution Act, to harmonise Swedish law with the EU directive, called BRRD2. When the final amended law takes effect, Swedbank's issuance of eligible liabilities (e.g. senior non-preferred liabilities) may be affected. The amended law is expected to take effect by 28 December 2020 and the changes related to own fund and eligible liabilities requirement will apply as of 2022.

Other events

On 9 December Swedbank announced major organisational changes to create simpler and clearer decision-making structures, to facilitate the realisation of the bank's strategy. The changes apply as of 1 January 2020, except for the creation of the new Special Task Force, which went into operation when the organisational changes were announced.

Group IT and Digital Banking were merged to bring together expertise in the development of digital services, customer experience and infrastructure. The new unit is called Digital Banking & IT.

To design attractive customer offerings, most of Customer Value Management (CVM) was transferred to the business area Swedish Banking, whilst the cash management, PayEx and payment infrastructure functions were integrated in Large Corporates & Institutions. CVM continues to support the entire Group with customer data analysis as a basis for designing customer offerings, among other things. The cash management, PayEx and payment infrastructure functions were integrated to further strengthen Swedbank competitively in the important growth area of transactions.

To better enable the bank to advise customers from a holistic perspective with regard to savings, insurance and loan products, the new unit Group Financial Products & Advice was created. By bringing together responsibility for the bank's financial products for private customers, it will be easier to design customised offerings that are based on a holistic view of the customer's needs.

The Special Task Force unit was formed to manage the ongoing Clifford Chance report of historical shortcomings in the anti-money laundering work. The Anti Financial Crime unit continues to be responsible for implementation of the bank's forward-looking 152-point programme and other measures to strengthen the ability to combat money laundering.

In connection with the organisational changes various personnel changes were made as well. The number of Group Executive Committee members was reduced from 17 to 14. Chief Risk Officer Helo Meigas and head of Baltic Banking Charlotte Elsnitz left the bank. The head of Group Lending & Payments, Leif Karlsson, will leave the bank in the first quarter 2020. Gunilla Domeij Hallros was appointed acting Chief Risk Officer and Jon Lidfelt acting head of Baltic Banking. Tomas Hedberg was appointed head of the Special Task Force unit.

On 19 December Swedbank announced the recruitment of Ana-Maria Matei as the head of Internal Audit. Ana-Maria begins her new role on 1 April 2020 and will report to Bo Magnusson, Vice Chair of Swedbank and Chair of the bank's Audit Committee.

Update on ongoing investigations

Swedbank's goal is to be a leader in the prevention of money laundering and other financial crime. During the quarter the bank intensified its anti-money laundering work and improved customer due diligence.

The Anti-Financial Crime unit (AFC) was established in April 2019 to bring together resources and expertise to lead the bank's work to prevent money laundering and terrorist financing as well as breach of sanctions. The unit coordinates the work being done today to improve routines, systems support and processes.

152-point plan

The bank's action plan to prevent crime, which was presented in October 2019, is progressing according to plan and was expanded during the quarter. As of 31 December the plan comprised 152 initiatives, 67 of which were completed. The completed initiatives included:

- implementation of a large number of new scenarios in the transaction monitoring system mainly in Baltic Banking
- technical implementation of a new risk classification model in Swedish Banking
- roll-out of digital customer due diligence for 3.6 million private customers in Sweden
- establishment of a new Customer Regulatory Management team with 80 positions to provide practical support to Swedish Banking in its work with anti-money laundering and other financial crime
- new AML rules at Group level

The plan is continuously reviewed and new initiatives are added. In the fourth quarter 2019 there were 20 new initiatives. Some were added as a result of the shortcomings identified by the Estonian and Swedish FSAs in their investigations. Further improvements to the bank's sanction monitoring have been identified as well. One new initiative is to retain an external consultant to continuously monitor the quality of the bank's action plan. Since the plan is continuously updated, additional initiatives can be added beyond 2020.

Special Task Force

The responsibility for the investigation by Clifford Chance of historical shortcomings in the work against anti-money laundering and breach of sanctions has been transferred to the new Special Task Force. The unit is led by former Head of Group Treasury Tomas Hedberg, who in his new role reports directly to the CEO. Swedbank has also expanded its advisory group. In addition to the international law firm Clifford Chance, it includes forensic expertise in FTI and FRA and attorney Biörn Riese, as well as the US law firm Quinn Emanuel.

Clifford Chance investigation

Clifford Chance was hired in February 2019 to conduct an investigation of historical shortcomings in compliance as well as exposure to money laundering and breach of sanctions with forensic support from FTI and FRA. The investigation encompasses Swedbank AB, its global network of branches and relevant wholly owned subsidiaries.

In total, over 30 billion transactions made between 2007 and March 2019 are included in the investigation, of which 15 billion from Baltic Banking. Conclusions from the Clifford Chance investigation, which is scheduled to be presented in close connection to the Swedish and Estonian FSA's decisions, is expected to describe among other things:

- how the bank has dealt with AML issues
- shortcomings in routines and processes
- if, when and how these shortcomings were addressed
- scope and management of inappropriate high-risk customers
- if and when inappropriate high-risk customers were identified and removed
- potential OFAC sanctions exposure
- management of internal and external information disclosures
- scope of transaction volumes
- assessment of the seriousness of identified shortcomings
- accountability

Clifford Chance is also reviewing the bank's current compliance work with respect to money laundering, with the aim of issuing recommendations to ensure that the bank follows industry-leading best practice.

Investigations of the Swedish and Estonian FSAs

The investigations of the Swedish and Estonian FSAs are underway. The Swedish FSA is conducting a sanctions case as part of its investigation, while the Estonian FSAs is preparing a decision for the bank to ensure that the identified shortcomings are addressed. The Estonian prosecutor has launched a parallel case where any legal sanctions will be handled.

The Swedish SFA indicated on 18 December 2019 that its ruling on the ongoing sanctions case will be announced in March 2020, once the investigation is completed. The Estonian SFA is expected to announce which measures that the bank must take soon after the Swedish SFA does. The Estonian prosecutor has not announced a timeframe for its decision on any sanctions.

On 20 December 2019 Swedbank replied to a request for comment on the Swedish and Estonian FSA's preliminary observations and conclusions. In its response the bank stated that it concurs with many of the preliminary observations and conclusions.

Swedbank has not allocated any provisions for fines or penalties. Current accounting rules provide that the bank in all probability will be able to determine the size of any fines or penalties before a provision can be allocated. This has not been possible to date. New estimates are made continuously in collaboration with the bank's external auditor, PwC.

Other ongoing investigations

- **The Swedish Economic Crime Authority (EBM)** is investigating whether a crime was committed in connection with the disclosure of information. To date no individuals are suspected. The bank has no information on when the EBM's investigation will be completed.
- Swedbank is being investigated by the **US authorities**. These investigations could take several years.
- The **Latvian police's** financial crime department (LECED) is conducting investigations.

- In the fourth quarter the **European Central Bank (ECB)** completed its investigation. The bank received a decision on a number of remedies that it is now implementing, and which will be monitored.

Events after 31 December 2019

On 13 January the recruitment of Erik Ljungberg as head of Group Communications with responsibility for communication, branding, marketing and sustainability issues was announced. He will be a member of the Group Executive Committee and take up his position no later than July.

Swedish Banking

- Increased net interest income due to higher market interest rates
- Lower mortgage growth due to increased competition
- New innovative solutions like Apple Pay and discounted auto leasing for green cars launched

Income statement

SEKm	Q4 2019	Q3 2019	%	Q4 2018	%	Full-year 2019	Full-year 2018	%
Net interest income	4 093	3 986	3	3 837	7	16 253	15 386	6
Net commission income	2 021	2 041	-1	1 818	11	7 862	7 598	3
Net gains and losses on financial items	105	107	-2	95	11	433	406	7
Share of profit or loss of associates and joint ventures	278	211	32	228	22	839	693	21
Other income ¹⁾	280	274	2	179	56	985	1 484	-34
Total income	6 777	6 619	2	6 157	10	26 372	25 567	3
Staff costs	731	715	2	772	-5	2 933	3 101	-5
Variable staff costs	8	22	-64	12	-33	53	71	-25
Other expenses	1 720	1 480	16	1 521	13	6 147	5 793	6
Depreciation/amortisation	18	57	-68	15	20	234	57	
Total expenses	2 477	2 274	9	2 320	7	9 367	9 022	4
Profit before impairment	4 300	4 345	-1	3 837	12	17 005	16 545	3
Credit impairment	10	27	-63	190	-95	154	598	-74
Operating profit	4 290	4 318	-1	3 647	18	16 851	15 947	6
Tax expense	801	840	-5	705	14	3 271	3 073	6
Profit for the period	3 489	3 478	0	2 942	19	13 580	12 874	5
Profit for the period attributable to the shareholders of Swedbank AB	3 489	3 476	0	2 938	19	13 568	12 858	6
Non-controlling interests		2		4		12	16	-25
Return on allocated equity, %	21.6	21.4		18.6		21.0	20.9	
Loan/deposit ratio, %	209	212		212		209	212	
Credit impairment ratio, %	0.00	0.01		0.06		0.01	0.05	
Cost/income ratio	0.37	0.34		0.38		0.36	0.35	
Loans, SEKbn ²⁾	1 196	1 200	0	1 187	1	1 196	1 187	1
Deposits, SEKbn ²⁾	571	567	1	560	2	571	560	2
Full-time employees	3 610	3 636	-1	3 833	-6	3 610	3 833	-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

Fourth quarter 2019 compared with third quarter 2019

Swedish Banking reported profit of SEK 3 489m, which was in line with the previous quarter (3 476). Increased income and lower credit impairments were offset by higher expenses.

Net interest income increased to SEK 4 093m (3 986). Higher market interest rates positively affected net interest income from deposits but had a negative effect on lending margins.

Household mortgage volume amounted to SEK 818bn at the end of the quarter, an increase of SEK 4bn. The lower growth was partly affected by increased competition. Lending to tenant-owner associations decreased SEK 3bn in the quarter. Corporate lending decreased SEK 5bn to SEK 248bn. Corporate volume decreased mainly in the property management, agriculture and forestry, and manufacturing sectors in accordance with planned repayments.

Total deposit volume amounted to SEK 571bn (567). Household deposit volume increased SEK 1bn, while corporate deposits increased SEK 3bn.

Net commission income was stable at SEK 2 021m (2 041). Increased income from asset management was offset by lower card commissions.

The share of profit or loss of associates and joint ventures increased, mainly due to an increased result in EnterCard, which sold part of its credit portfolio. The effect was offset by a lower result in EnterCard's other operations. Other income was stable.

Total expenses increased. Staff costs were stable, while other expenses increased driven in part by marketing, consultants, and premises.

Credit impairments decreased to SEK 10m (27), mainly due to higher recoveries in the quarter.

Full-year 2019 compared with full-year 2018

Profit increased to SEK 13 568m (12 858). The increase was mainly due to increased net interest and net commission income as well as lower credit impairments.

Net interest income increased to SEK 16 253m (15 386). The main reason was increased net interest income from deposits. This was offset by slightly lower lending margins, mainly 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 7 862m (7 598). The increase was mainly due to higher income from asset management, cards and payments.

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

Other income decreased mainly because of one-off income of SEK 677m in 2018 due to the UC sale.

Total expenses increased mainly due to higher expenses for the digitisation of customer offerings. Staff costs together with expenses for marketing decreased.

Credit impairments fell to SEK 154m (598), mainly due to higher recoveries in 2019.

Business development

We continue to develop digital services and simplify banking for our customers. The internet bank for private customers was updated with several new functions. Customers can now apply for a debit or credit card through an automated flow and get a response right away. Home insurance and auto insurance can also be applied for digitally. In the savings area we have launched new functions and interfaces, including a "Stock market screen" which is a completely new page that gives customers a clear overview and simplifies stock trading.

During the quarter we launched Apple Pay, which allows customers with Mastercard and Maestro debit cards to make secure payments in stores, apps and online. We already offer several other mobile payment solutions, e.g. Samsung Pay, FitBit Pay, Garmin Pay, Google Pay and Fidesmo Pay.

As part of the bank's sustainability work, we launched a campaign in the fourth quarter with lower lease rates for environmentally friendly cars. The offer applies to both private and corporate customers. In the savings area we continue to offer sustainable investment solutions to our customers and Swedbank Robur was placed fourth in Hirschel & Kramer's (H&K) ranking of European asset managers with a commitment to responsible investments and sustainability.

The campaign to offer personal finance advice is continuing. In the fourth quarter our focus was on talking to children about money. We invited parents to gatherings in several locations in the country to offer suggestions and advice on what to think about when teaching children the value of money.

We continued to focus on combating money laundering, which includes improving routines, system support and processes. The creation of a new unit, Customer Regulatory Management, is underway as part of this work. To further improve customer due diligence, a large share of our customers were asked last autumn to update their personal information digitally through the internet bank and mobile app.

Swedbank made major organisational changes to create simpler and clearer decision-making structures and facilitate the realisation of the bank's strategy. As part of this change, large parts of the Customer Value Management unit, which among other things supports the Group with customer data analysis as a basis for designing offers, became part of the Swedish Banking business area as of January 2020.



Mikael Björknert
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 digital channels, the telephone bank and our branches, and through the cooperation with 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 168 branches in Sweden.

Baltic Banking

- Stable result with continued high credit quality
- Deposits and lending grew in all three countries
- Swedbank was named “Most loved brand” in the Baltic states

Income statement

SEKm	Q4 2019	Q3 2019	%	Q4 2018	%	Full-year 2019	Full-year 2018	%
Net interest income	1 360	1 346	1	1 248	9	5 239	4 768	10
Net commission income	688	680	1	622	11	2 690	2 503	7
Net gains and losses on financial items	65	73	-11	88	-26	286	272	5
Other income ¹⁾	236	210	12	228	4	831	737	13
Total income	2 349	2 309	2	2 186	7	9 046	8 280	9
Staff costs	286	291	-2	253	13	1 091	954	14
Variable staff costs	10	15	-33	17	-41	56	57	-2
Other expenses	586	489	20	513	14	1 981	1 833	8
Depreciation/amortisation	44	45	-2	22	100	175	91	92
Total expenses	926	840	10	805	15	3 303	2 935	13
Profit before impairment	1 423	1 469	-3	1 381	3	5 743	5 345	7
Impairment of tangible assets	5	2		8	-38	8	8	
Credit impairment	-3	10		-103	-97	3	-208	
Operating profit	1 421	1 457	-2	1 476	-4	5 732	5 545	3
Tax expense	201	206	-2	209	-4	814	802	1
Profit for the period	1 220	1 251	-2	1 267	-4	4 918	4 743	4
Profit for the period attributable to the shareholders of Swedbank AB	1 220	1 251	-2	1 267	-4	4 918	4 743	4
Return on allocated equity, %	19.3	19.3		21.7		19.6	20.7	
Loan/deposit ratio, %	77	81		77		77	77	
Credit impairment ratio, %	-0.01	0.02		-0.25		0.00	-0.13	
Cost/income ratio	0.39	0.36		0.37		0.37	0.35	
Loans, SEKbn ²⁾	186	188	-1	170	9	186	170	9
Deposits, SEKbn ²⁾	241	232	4	221	9	241	221	9
Full-time employees	3 656	3 629	1	3 586	2	3 656	3 586	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

Fourth quarter 2019 compared with third quarter 2019

Profit in the fourth quarter amounted to SEK 1 220m (1 251). Profit in local currency decreased driven by higher expenses, which was partly offset by higher income and credit recoveries. Foreign exchange effects reduced profit by SEK 11m.

Net interest income increased 2 per cent in local currency, primarily due to higher lending volumes. In addition, mortgage margins rose somewhat in the quarter. Foreign exchange effects negatively affected net interest income by SEK 14m.

Lending increased 2 per cent in the quarter in local currency. Household lending rose 2 per cent and corporate lending was up 1 per cent. Lending increased in all three Baltic countries. Foreign exchange effects contributed negatively by SEK 5bn.

Deposits increased 6 per cent in local currency due to growth in both corporate and private deposits. Foreign exchange effects negatively affected profit by SEK 6bn.

Net commission income increased 2 per cent in local currency in the quarter. Income from cards increased thanks to higher card usage in the quarter, but was partly offset by lower income from asset management.

Net gains and losses on financial items decreased 8 per cent in local currency partly due to lower income from currency trading in the quarter.

Other income increased 14 per cent in local currency, which is mainly due to an improved result in the insurance business.

Expenses increased 11 per cent in local currency in the quarter. The increase was mainly due to higher marketing and consulting expenses as well as an increase in other expenses.

Credit impairments positively affected profit by SEK 3m (-10). Underlying credit quality remains solid. Intangible assets were written down by SEK 5m (2) in the quarter, largely due to an annual revaluation of assets.

Full-year 2019 compared with full-year 2018

Profit increased to SEK 4 918m (4 743) due to higher income. Foreign exchange effects positively affected profit by SEK 138m.

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 145m.

Lending increased 8 per cent in local currency. Household and corporate lending both increased in all

three Baltic countries. Foreign exchange effects contributed an increase of SEK 3bn. Deposits grew 8 per cent in local currency and foreign exchange effects contributed with an increase of SEK 4bn.

Net commission income increased 4 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 3 per cent in local currency. The increase is largely due to positive revaluations of bond holdings. Other income increased 10 per cent in local currency, mainly due to an improved result in the insurance operations.

Expenses rose 9 per cent in local currency largely due to higher staff costs and expenses related to anti-money laundering work as well as improved customer due diligence. Consulting and marketing expenses and investments in digital solutions increased as well.

Credit impairments amounted to SEK 3m, compared with a positive result of SEK 208m in the equivalent period in 2018.

Business development

In the fourth quarter Swedbank continued to improve customer experience in its digital channels. The transition of customers to the new mobile app was completed in November in the Baltic countries. Customers have quickly adapted and now extensively use biometric identification for log-ins and purchases. Apple Pay was launched in December, which lets customers in the Baltic states pay by card with an iPhone or Apple Watch. Customers throughout the Baltic states now can easily make payments regardless of mobile platform, with the help of a mobile phone or smart watch.

In December Swedbank announced that it will offer private and corporate customers the option of trading Baltic shares and funds free of charge and also eliminated the fee on brokerage accounts up to EUR 30 000 – all in an effort to make it easier for customers to save and invest in stocks and other securities.

In the fourth quarter Swedbank's Lithuanian fintech venture Rokit launched the business support

programme Wise Guys Fintech 3. The programme gives customers access to mentors, both locally and globally, who are specialised in helping start-ups.

In a survey of commercial brands, Swedbank received the highest ranking and was named "Most Loved Brand" in all three Baltic countries.

Swedbank was recognised for its gender equality work in the quarter. Swedbank Lithuania received the highest rating for its "Green Light" work and was nominated for the European Excellence Awards.

During the quarter Swedbank further developed its sustainability work. The Baltic operations were included in Swedbank's global network of green bonds, adding its holdings to the bank's green assets. This will contribute to a more sustainable loan portfolio.

Baltic Banking is now implementing the Swedbank Group's action plan. In this work Swedbank is focused on, among other things, improving processes and rules for customer due diligence, transaction monitoring and customer risk assessments (ML/TF). At the same time the bank has continued to make customers and employees more aware of the risks associated with money laundering and financial crime. Internal and external training is being provided to improve competence in money laundering and financial crime in order to raise the quality and requirements of customer due diligence work.

The head of Baltic Banking, Charlotte Elsnitz left the bank in December and was replaced by Jon Liddefelt as acting head of Baltic Banking.

Jon Liddefelt
Acting 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 loved brand in the Baltic countries. 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 26 branches in Estonia, 30 in Latvia and 43 in Lithuania.

Large Corporates & Institutions

- Higher income driven by increased activity in corporate finance and derivative valuations
- Credit impairments in oil-related exposures
- Launch of Balance FX, a new, automated currency risk and liquidity management service

Income statement

SEKm	Q4 2019	Q3 2019	%	Q4 2018	%	Full-year 2019	Full-year 2018	%
Net interest income	929	944	-2	1 004	-7	3 776	3 982	-5
Net commission income	681	534	28	690	-1	2 321	2 605	-11
Net gains and losses on financial items	585	340	72	242		2 201	1 777	24
Other income ¹⁾	64	73	-12	49	31	211	156	35
Total income	2 259	1 891	19	1 985	14	8 509	8 520	0
Staff costs	375	327	15	342	10	1 391	1 356	3
Variable staff costs	6	42	-86	34	-82	157	201	-22
Other expenses	626	552	13	562	11	2 305	2 201	5
Depreciation/amortisation	32	30	7	13		123	83	48
Total expenses	1 039	951	9	951	9	3 976	3 841	4
Profit before impairment	1 220	940	30	1 034	18	4 533	4 679	-3
Credit impairment	982	117		331		1 312	142	
Operating profit	238	823	-71	703	-66	3 221	4 537	-29
Tax expense	38	165	-77	132	-71	740	977	-24
Profit for the period	200	658	-70	571	-65	2 481	3 560	-30
Profit for the period attributable to the shareholders of Swedbank AB	200	658	-70	571	-65	2 481	3 560	-30
Return on allocated equity, %	2.9	9.5		8.7		9.1	14.0	
Loan/deposit ratio, %	158	168		160		158	160	
Credit impairment ratio, %	1.32	0.15		0.42		0.47	0.06	
Cost/income ratio	0.46	0.50		0.48		0.47	0.45	
Loans, SEKbn ²⁾	224	225	0	221	1	224	221	1
Deposits, SEKbn ²⁾	142	134	6	139	2	142	139	2
Full-time employees	1 244	1 247	0	1 196	4	1 244	1 196	4

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

Fourth quarter 2019 compared with third quarter 2019

Profit decreased to SEK 200m (658), mainly due to increased credit impairments.

Net interest income decreased between quarters and amounted to SEK 929m (944) due to lower lending volumes. This is largely the result of foreign exchange effects. Lending margins were slightly lower, which was partly offset by stronger deposit margins.

Net commission income increased to SEK 681m (534), mainly driven by higher corporate finance income. Compensation for Swedbank's role as liquidity guarantor in the covered bond market also positively affected profit.

Net gains and losses on financial items increased to SEK 585m (340), largely driven by derivative valuation adjustments (CVA/DVA).

Expenses increased to SEK 1 039m (951), mainly for increased costs to close the Luxembourg branch.

Credit impairments amounted to SEK 982m (117) due to increased provisions for oil-related loans.

Full-year 2019 compared with full-year 2018

Profit decreased to SEK 2 481m (3 560), largely due to higher credit impairments.

Net interest income decreased to SEK 3 776m (3 982), mainly because higher market interest rates negatively affected lending margins.

Net commission income decreased to SEK 2 321m (2 605), partly as a result of the transfer of payment acquisition customers to Swedish Banking in the first quarter. A transfer of compensation from savings banks to other business areas as well as increased commission expenses also contributed negatively.

Net gains and losses on financial items increased to SEK 2 201m (1 777). The main reason was a higher result from fixed income and bond trading.

Total expenses increased to SEK 3 976m (3 841) due to the closure of the Luxembourg branch as well as a higher expense level at PayEx.

Credit impairments increased to SEK 1 312m (142), partly due to increased provisions for oil-related exposures.

Business development

In the fourth quarter Swedbank participated in several successful corporate finance transactions. In Norway

Swedbank served as an advisor in Sparebanken Vest's sale of equity certificates and in Sweden Swedbank was an advisor in the fitness chain Sats' IPO. In the quarter Swedbank also expanded its corporate finance offerings to Finland, which was well received. Swedbank also served as an advisor to the learning company Sanoma in its acquisition of Its Learning as well as joint bookrunner in the medical technology company Optmed's IPO.

Swedbank continues to hold a strong position in the bond issuance market and was the bank that issued the second highest SEK volume in both the fourth quarter and the full-year 2019. Our focus on sustainable business transactions contributed to Swedbank's selection in the fourth quarter as sole lead manager in the World Bank's SEK 2 billion sustainable development bond issue. The bond will support the financing of various water and ocean projects in developing countries. For the airport operator Swedavia Swedbank was an advisor in the issuance of the company's first green bond and also assisted in developing its framework for green bonds.

In the sustainability area Swedbank arranged the annual Energy Summit in Oslo in the fourth quarter. The year's theme was "Transition" and the presentations and seminars focused on the oil and gas industry's transition, technologies to address climate change and renewable energy, among other areas. The feedback from participants was very positive.

In the fourth quarter Swedbank launched Balance FX, a new, digital, automated currency risk and liquidity management service that makes it easier for companies

and institutional clients to manage currencies. Instead of following balances in foreign currency and trading them manually, customers can now set a target balance and let Balance FX take care of the rest automatically. The service reduces operational risks and at the same time simplifies customers' daily operations.

During the quarter the bank continued to invest in processes and competence to prevent money laundering and improve customer due diligence. The investments are designed to further improve work routines and strengthen the organisation with additional staff as well as make systems-related improvements to increase the level of automation and quality of processes and data.

As part of the organisational changes Swedbank announced in the fourth quarter, the cash management, PayEx and payment infrastructure functions will be integrated in the business area Large Corporates & Institutions. The aim is to make Swedbank's corporate business more competitive by bringing large parts of its competence, resources and products closer to customers within the same organisation.



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	Q4 2019	Q3 2019	%	Q4 2018	%	Full-year 2019	Full-year 2018	%
Net interest income	26	277	-91	246	-89	721	1 092	-34
Net commission income	18	22	-18	31	-42	57	84	-32
Net gains and losses on financial items	463	-63		5		710	-345	
Share of profit or loss of associates and joint ventures	-26	2		-34	-24	-17	335	
Other income ¹⁾	123	193	-36	173	-29	670	835	-20
Total income	604	431	40	421	43	2 141	2 001	7
Staff costs	1 373	1 304	5	1 127	22	5 265	4 345	21
Variable staff costs	27	47	-43	25	8	174	199	-13
Other expenses	-557	-479	16	-925	-40	-3 011	-3 816	-21
Depreciation/amortisation	298	251	19	120		1 019	455	
Total expenses	1 141	1 123	2	347		3 447	1 183	
Profit before impairment	-537	-692	-22	74		-1 306	818	
Impairment of intangible assets	13	66	-80	24	-46	79	306	-74
Impairment of tangible assets		-1						
Credit impairment	-1			-6	-83		-11	
Operating profit	-549	-757	-27	56		-1 385	523	
Tax expense	-67	-35	91	242		-114	522	
Profit for the period	-482	-722	-33	-186		-1 271	1	
Profit for the period attributable to the shareholders of Swedbank AB	-482	-722	-33	-186		-1 271	1	
Full-time employees	6 708	6 557	2	6 250	7	6 708	6 250	7

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.

Result

Fourth quarter 2019 compared with third quarter 2019

Profit amounted to SEK -482m (-722), mainly due to higher income. Profit within Group Treasury increased to SEK 411m (84).

Net interest income decreased to SEK 26m (277). Net interest income within Group Treasury fell to SEK 69m (325). The main reasons were higher expenses for short-term foreign funding and effects of the bank's internal pricing model in connection with rising short-term interest rates, which affected deposit margins.

Net gains and losses on financial items increased to SEK 463m (-63). Net gains and losses on financial items within Group Treasury increased to SEK 466m (-72), mainly due to the appreciation of the value of the holdings in Visa and Asiakastieto as well as derivatives linked to the bank's funding.

Expenses increased slightly to SEK 1 141m (1 123). Increased consulting expenses to manage money laundering related investigations, higher expenses for IT development and marketing, and severance pay to former members of the Group Executive Committee contributed to the increase, at the same time that the previous quarter was charged with a VAT provision and fraud related expenses.

Impairment of intangible assets amounted to SEK 13m (66). Recoveries in the quarter totalled SEK 1m (0).

Full-year 2019 compared with full-year 2018

Profit decreased to SEK -1 271m (1). Group Treasury's profit increased to SEK 935m (481).

Net interest income fell to SEK 721m (1 092). Group Treasury's net interest income fell to SEK 877m (1 133), mainly due to higher expenses for short-term foreign funding and effects of the bank's internal pricing model in connection with rising short-term interest rates.

Net gains and losses on financial items increased to SEK 710m (-345). Net gains and losses on financial items within Group Treasury increased to SEK 695m (-345) due to the appreciation of the value of the holdings in Visa and Asiakastieto as well as derivatives linked to the bank's funding, among other things. Covered bond repurchases also had a slightly negative effect compared with the previous year.

Expenses rose to SEK 3 447m (1 183) due to increased staff costs and consulting expenses to manage money laundering investigations. A VAT provision, severance pay to former members of the Group Executive Committee and fraud related expenses also had an impact.

The tax expense amounted to SEK -114m (522) A deferred tax asset arose this year because Group Functions & Other posted a negative result before tax. An adjustment of the previous year's tax of SEK 64m also contributed after a positive settlement with the Swedish Tax Agency.

Group Functions & Other consisted in 2019 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	Q4 2019	Q3 2019	%	Q4 2018	%	Full-year 2019	Full-year 2018	%
Net commission income	7	20	-65	22	-68	54	46	17
Net gains and losses on financial items						-1	2	
Other income ¹⁾	-41	-44	-8	-39	4	-162	-194	-17
Total income	-34	-24	40	-17	98	-109	-146	-26
Staff costs	-1					-1		
Other expenses	-33	-24	38	-17	94	-108	-146	-26
Total expenses	-34	-24	42	-17	100	-109	-146	-25

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.

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

Income statement, condensed

Group	Q4	Q3		Q4		Full-year	Full-year	
SEKm	2019	2019	%	2018	%	2019	2018	%
Interest income on financial assets at amortised cost	7 430	8 380	-11	8 633	-14	32 810	32 015	2
Other interest income	1 294	463		62		2 560	2 043	25
Interest income	8 724	8 843	-1	8 695		35 370	34 058	4
Interest expense	-2 316	-2 290	1	-2 360	-2	-9 381	-8 830	6
Net interest income (note 5, note 27)	6 408	6 553	-2	6 335	1	25 989	25 228	3
Commission income	5 242	4 799	9	4 820	9	19 472	18 967	3
Commission expense	-1 827	-1 502	22	-1 637	12	-6 488	-6 131	6
Net commission income (note 6)	3 415	3 297	4	3 183	7	12 984	12 836	1
Net gains and losses on financial items (note 7)	1 218	457		430		3 629	2 112	72
Net insurance	399	379	5	311	28	1 465	1 192	23
Share of profit or loss of associates and joint ventures	252	213	18	194	30	822	1 028	-20
Other income	264	327	-19	279	-5	1 071	1 826	-41
Total income	11 956	11 226	7	10 732	11	45 960	44 222	4
Staff costs	2 815	2 763	2	2 582	9	11 119	10 284	8
Other general administrative expenses (note 8)	2 342	2 018	16	1 654	42	7 314	5 865	25
Depreciation/amortisation	392	383	2	170		1 551	686	
Total expenses	5 549	5 164	7	4 406	26	19 984	16 835	19
Profit before impairment	6 407	6 062	6	6 326	1	25 976	27 387	-5
Impairment of intangible assets (note 13)	13	66	-80	24	-46	79	306	-74
Impairment of tangible assets	5	1		8	-38	8	8	
Credit impairment (note 9)	988	154		412		1 469	521	
Operating profit	5 401	5 841	-8	5 882	-8	24 420	26 552	-8
Tax expense	973	1 176	-17	1 288	-24	4 711	5 374	-12
Profit for the period	4 428	4 665	-5	4 594	-4	19 709	21 178	-7
Profit for the period attributable to the shareholders of Swedbank AB	4 428	4 663	-5	4 590	-4	19 697	21 162	-7
Non-controlling interests		2		4		12	16	-25
SEK								
Earnings per share, SEK	3.96	4.17		4.11		17.62	18.96	
after dilution, SEK	3.95	4.16		4.09		17.56	18.89	

Statement of comprehensive income, condensed

Group SEKm	Q4 2019	Q3 2019	%	Q4 2018	%	Full-year 2019	Full-year 2018	%
Profit for the period reported via income statement	4 428	4 665	-5	4 594	-4	19 709	21 178	-7
Items that will not be reclassified to the income statement								
Remeasurements of defined benefit pension plans	1 091	-781		-954		-3 866	-1 806	
Share related to associates, Remeasurements of defined benefit pension plans	32	-29		-36		-127	-63	
Change in fair value attributable to changes in own credit risk on financial liabilities designated at fair value	4	5	-20	9	-56	17	22	-23
Income tax	-225	160		192		793	361	
Total	902	-645		-789		-3 183	-1 486	
Items that may be reclassified to the income statement								
Exchange rate differences, foreign operations:								
Gains/losses arising during the period	-1 232	639		-247		739	1 870	-60
Hedging of net investments in foreign operations:								
Gains/losses arising during the period	976	-485		259		-600	-1 474	-59
Cash flow hedges:								
Gains/losses arising during the period	-250	133		-45		159	421	-62
Reclassification adjustments to the income statement, Net gains and losses on financial items	244	-131		49		-154	-403	-62
Foreign currency basis risk:								
Gains/losses arising during the period	-6	-10	-40	-3	100	-18	-72	-75
Share of other comprehensive income of associates	-40	-4		-100	-60	32	36	-11
Income tax	-184	106		-53		167	297	-44
Total	-492	248		-140		325	675	-52
Other comprehensive income for the period, net of tax	410	-397		-929		-2 858	-811	
Total comprehensive income for the period	4 838	4 268	13	3 665	32	16 851	20 367	-17
Total comprehensive income attributable to the shareholders of Swedbank AB	4 838	4 266	13	3 661	32	16 839	20 351	-17
Non-controlling interests		2		4		12	16	-25

During 2019 an expense of SEK 3 866m (1 806) was recognised in other comprehensive income, regarding remeasurements of defined benefit pension plans. At year end the discount rate, which is used to calculate the closing pension obligation, was 1.46 per cent, compared with 2.42 per cent at the last year end. The inflation assumption was 1.98 per cent compared with 1.92 per cent at the last year end. The changed assumptions represent SEK 4 929m of the expense in other comprehensive income. The fair value of plan assets increased during 2019 by SEK 1 063m. In total, the obligation for defined benefit pension plans exceeded the fair value of plan assets by SEK 8 798m compared with SEK 4 979m at the last year end.

For January-December 2019 an exchange rate difference of SEK 739m (1 870) was recognised for the Group's foreign net investments in subsidiaries. In addition, an exchange rate difference of SEK 32m (36) 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 771m is not taxable. Since the large part of the Group's foreign net investments is hedged against currency risk, a loss of SEK 600m (1 474) 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	31 Dec 2019	31 Dec 2018	Δ SEKm	%
Assets				
Cash and balances with central banks	195 286	163 161	32 125	20
Treasury bills and other bills eligible for refinancing with central banks, etc.	137 094	99 579	37 515	38
Loans to credit institutions (note 10)	45 452	36 268	9 184	25
Loans to the public (note 10)	1 652 296	1 627 368	24 928	2
Value change of interest hedged item in portfolio hedge	271	766	-495	-65
Bonds and other interest-bearing securities	57 367	53 312	4 055	8
Financial assets for which customers bear the investment risk	224 893	177 868	47 025	26
Shares and participating interests	6 568	4 921	1 647	33
Investments in associates and joint ventures	6 679	6 088	591	10
Derivatives (note 17)	44 424	39 665	4 759	12
Intangible assets (note 13)	17 864	17 118	746	4
Tangible assets	5 572	1 966	3 606	
Current tax assets	2 408	2 065	343	17
Deferred tax assets	170	164	6	4
Other assets	8 859	13 970	-5 111	-37
Prepaid expenses and accrued income	3 025	1 813	1 212	67
Total assets	2 408 228	2 246 092	162 136	7
Liabilities and equity				
Amounts owed to credit institutions (note 14)	69 686	57 218	12 468	22
Deposits and borrowings from the public (note 15)	954 013	920 750	33 263	4
Financial liabilities for which customers bear the investment risk	225 792	178 662	47 130	26
Debt securities in issue (note 16)	855 754	804 360	51 394	6
Short positions, securities	34 345	38 333	-3 988	-10
Derivatives (note 17)	40 977	31 316	9 661	31
Current tax liabilities	836	1 788	-952	-53
Deferred tax liabilities	1 571	1 576	-5	
Pension provisions	8 798	4 979	3 819	77
Insurance provisions	1 894	1 897	-3	
Other liabilities and provisions	28 807	30 035	-1 228	-4
Accrued expenses and prepaid income	4 383	3 385	998	29
Senior non-preferred liabilities (note 16)	10 805		10 805	
Subordinated liabilities (note 16)	31 934	34 184	-2 250	-7
Total liabilities	2 269 595	2 108 483	161 112	8
Equity				
Non-controlling interests	25	213	-188	-88
Equity attributable to shareholders of the parent company	138 608	137 396	1 212	1
Total equity	138 633	137 609	1 024	1
Total liabilities and equity	2 408 228	2 246 092	162 136	7

Statement of changes in equity, condensed

Group SEKm	Shareholders' equity							Retained earnings	Non-controlling interests	Total equity	
	Share capital	Other contributed equity ¹⁾	Exchange differences, subsidiaries and associates	Hedging of net investments in foreign operations	Cash flow hedges	Foreign currency basis reserve	Own credit risk reserve				Total
January-December 2019											
Opening balance 1 January 2019	24 904	17 275	5 508	-3 444	4	-19	-18	93 186	137 396	213	137 609
Dividends								-15 878	-15 878	-15	-15 893
Share based payments to employees								272	272		272
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			771	-436	4	-14	13	16 501	16 839	12	16 851
of which reported through profit or loss								19 697	19 697	12	19 709
of which reported through other comprehensive income			771	-436	4	-14	13	-3 196	-2 858		-2 858
Closing balance 31 December 2019	24 904	17 275	6 279	-3 880	8	-33	-5	94 060	138 608	25	138 633
January-December 2018											
Opening balance 1 January 2018	24 904	17 275	3 602	-2 255	-10	38	-36	87 713	131 231	202	131 433
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
Closing balance 31 December 2018	24 904	17 275	5 508	-3 444	4	-19	-18	93 186	137 396	213	137 609

1) Other contributed equity consists mainly of share premiums.

Cash flow statement, condensed

Group SEKm	Full-year 2019	Full-year 2018
Operating activities		
Operating profit	24 420	26 552
Adjustments for non-cash items in operating activities	4 952	-2 098
Income taxes paid	-5 981	-6 531
Increase/decrease in loans to credit institutions	-9 130	-5 257
Increase/decrease in loans to the public	-27 282	-86 339
Increase/decrease in holdings of securities for trading	-43 187	6 720
Increase/decrease in deposits and borrowings from the public including retail bonds	33 488	56 594
Increase/decrease in amounts owed to credit institutions	12 249	-12 167
Increase/decrease in other assets	-678	15 946
Increase/decrease in other liabilities	8 556	33 714
Cash flow from operating activities	-2 593	27 134
Investing activities		
Disposal of subsidiary	52	
Acquisitions of and contributions to associates	-81	
Disposal of shares in associates and joint ventures	184	277
Dividend from associates and joint ventures	529	354
Acquisitions of other fixed assets and strategic financial assets	-224	-15 321
Disposals of/maturity other fixed assets and strategic financial assets	535	16 361
Cash flow from investing activities	995	1 671
Financing activities		
Issuance of interest-bearing securities	148 251	116 506
Redemption of interest-bearing securities	-94 929	-152 614
Issuance of commercial paper	483 568	1 000 665
Redemption of commercial paper	-487 865	-1 018 910
Amortisation of lease liabilities	-718	
Dividends paid	-15 893	-14 522
Cash flow from financing activities	32 414	-68 875
Cash flow for the period	30 816	-40 070
Cash and cash equivalents at the beginning of the period	163 161	200 371
Cash flow for the period	30 816	-40 070
Exchange rate differences on cash and cash equivalents	1 309	2 860
Cash and cash equivalents at end of the period	195 286	163 161

During the fourth quarter of 2019, the associated company Babs Paylink AB was sold. Swedbank received a cash payment of SEK 113m. The capital gain was SEK 25m.

During the third quarter of 2019, 11 per cent 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 joint ventures Nordic KYC Utility AB of SEK 57m and to P27 Nordic Payments Platform AB of SEK 24m.

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.

Changed presentation of net interest income

From the Interim report for the fourth quarter of 2019 the Group presents interest income on financial assets at amortised cost on a separate row in the income statement. Comparative figures have been restated, see note 27. The Group presents negative yield on financial assets and financial liabilities, which were previously presented in the income statement, in note 5.

Amendments to IFRS 9, IAS 39 and IFRS 7 due to the Interest Rate Benchmark

On 15 January 2020 IASBs amendments to IFRS 9, IAS 39 and IFRS 7 due to the Interest Rate Benchmark Reform was adopted by the EU. The purpose of these amendments is to provide certain reliefs in the accounting in connection with the reform. The reliefs relate to hedge accounting and have the effect that the reform should not generally cause hedge accounting to terminate. The amendments are applicable from 1 January 2020 with earlier application permitted. The Group applies the amendments in the Interim report as per 31 December 2019. The adoption did not have any significant impact on the Group's financial position, results or cash flows.

Other changes in accounting regulations

Other amended regulations that have been adopted from 1 January 2019 did not have 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

On 1 August 2019, 11 per cent 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.

On 1 October 2019 the card acquiring business was transferred from Swedbank AB to PayEx Sverige AB.

Note 4 Operating segments (business areas)

Acc	Swedish		Large		Group	
Full-year 2019	Banking	Baltic	Corporates &	Institutions	Functions	Group
SEKbn		Banking			& Other	Eliminations
Income statement						
Net interest income	16 253	5 239	3 776		721	25 989
Net commission income	7 862	2 690	2 321		57	12 984
Net gains and losses on financial items	433	286	2 201		710	3 629
Share of profit or loss of associates and joint ventures	839				-17	822
Other income ¹⁾	985	831	211		670	2 536
Total income	26 372	9 046	8 509		2 141	45 960
of which internal income	63		162		520	-745
Staff costs	2 933	1 091	1 391		5 265	-1
Variable staff costs	53	56	157		174	440
Other expenses	6 147	1 981	2 305		-3 011	-108
Depreciation/amortisation	234	175	123		1019	1551
Total expenses	9 367	3 303	3 976		3 447	19 984
Profit before impairment	17 005	5 743	4 533		-1 306	25 976
Impairment of intangible assets					79	79
Impairment of tangible assets		8				8
Credit impairment	154	3	132			1469
Operating profit	16 851	5 732	3 221		-1 385	24 420
Tax expense	3 271	814	740		-114	4 711
Profit for the period	13 580	4 918	2 481		-1 271	19 709
Profit for the period attributable to the shareholders of Swedbank AB	13 568	4 918	2 481		-1 271	19 697
Non-controlling interests	12					12
Net commission income						
Commission income						
Payment processing	723	737	382		272	-30
Cards	2 562	1 720	2 058		-102	-290
Asset management and custody	5 331	381	1 256		31	-36
Lending and Guarantees	272	250	668		8	1 198
Other commission income ²⁾	2 075	359	844		10	-9
Total Commission income	10 963	3 447	5 208		219	-365
Commission expense	3 101	757	2 887		162	-419
Net commission income	7 862	2 690	2 321		57	12 984
Balance sheet, SEKbn						
Cash and balances with central banks	1	3	9		183	-1
Loans to credit institutions	6		81		175	-217
Loans to the public	1 196	186	269		1	1 652
Interest-bearing securities		1	44		151	-2
Financial assets for which customers bear inv. risk	219	6				225
Investments in associates and joint ventures	5				2	7
Derivatives			53		29	-38
Total tangible and intangible assets	2	12	1		8	23
Other assets	4	65	15		450	-511
Total assets	1 433	273	472		999	-769
Amounts owed to credit institutions	26		184		63	-203
Deposits and borrowings from the public	571	241	149			-7
Debt securities in issue		1	10		848	-3
Financial liabilities for which customers bear inv. risk	220	6				226
Derivatives			55		24	-38
Other liabilities	551		46			-518
Senior non-preferred liabilities					11	11
Subordinated liabilities					32	32
Total liabilities	1 368	248	444		978	-769
Allocated equity	65	25	28		21	139
Total liabilities and equity	1 433	273	472		999	-769
Key figures						
Return on allocated equity, %	210	19,6	9,1		-7,4	14,7
Cost/income ratio	0,36	0,37	0,47		161	0,43
Credit impairment ratio, %	0,01	0,00	0,47		0,00	0,09
Loan/deposit ratio, %	209	77	158		150	168
Loans to the public, stage 3, SEKbn ³⁾ (gross)	3	2	9			14
Loans to the public, total, SEKbn ³⁾	1 196	186	223			1 606
Provisions for loans to the public, total, SEKbn ³⁾	1	1	5			7
Deposits from the public, SEKbn ³⁾	571	241	142			954
Risk exposure amount, SEKbn	391	94	144		20	649
Full-time employees	3 610	3 656	1 244		6 708	15 218
Allocated equity, average, SEKbn	64	25	27		17	134

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

²⁾ Other commission income includes service concepts, corporate finance, securities, deposits, real estate brokerage, life and non-life insurance

³⁾ Excluding the Swedish National Debt Office and repurchase agreements.

Acc Full-year 2018 SEK m	Swedish Banking	Baltic Banking	Large Corporates & Institutions	Group Functions & Other	Eliminations	Group
Income statement						
Net interest income	15 386	4 768	3 982	1092		25 228
Net commission income	7 598	2 503	2 605	84	46	12 836
Net gains and losses on financial items	406	272	1777	-345	2	2 112
Share of profit or loss of associates	693			335		1028
Other income ¹⁾	1484	737	156	835	-194	3 018
Total income	25 567	8 280	8 520	2 001	-146	44 222
of which internal income	55		127	479	-661	
Staff costs	3 101	954	1356	4 345		9 756
Variable staff costs	71	57	201	199		528
Other expenses	5 793	1833	2 201	-3 816	-146	5 865
Depreciation/amortisation	57	91	83	455		686
Total expenses	9 022	2 935	3 841	1 183	-146	16 835
Profit before impairment	16 545	5 345	4 679	818		27 387
Impairment of intangible assets				306		306
Impairment of tangible assets		8				8
Credit impairment	598	-208	142	-11		521
Operating profit	15 947	5 545	4 537	523		26 552
Tax expense	3 073	802	977	522		5 374
Profit for the period	12 874	4 743	3 560	1		21 178
Profit for the period attributable to the shareholders of Swedbank AB	12 858	4 743	3 560	1		21 162
Non-controlling interests	16					16
Net commission income						
Commission income						
Payment processing	729	703	390	274	-33	2 063
Cards	2 321	1562	2 145	-2	-385	5 641
Asset management and custody	5 073	408	1251	-8	-38	6 686
Lending and Guarantees	289	235	702	23	1	1250
Other commission income ²⁾	2 068	321	967	-27	-2	3 327
Total Commission income	10 480	3 229	5 455	260	-457	18 967
Commission expense	2 882	726	2 850	176	-503	6 131
Net commission income	7 598	2 503	2 605	84	46	12 836
Balance sheet, SEK bn						
Cash and balances with central banks	1	3	2	157		163
Loans to credit institutions	6		116	166	-252	36
Loans to the public	1 187	169	261	10		1627
Interest-bearing securities		1	47	110	-5	153
Financial assets for which customers bear inv. risk	173	5				178
Investments in associates	4			2		6
Derivatives			47	23	-30	40
Total tangible and intangible assets	1	12	1	5		19
Other assets	3	60	14	461	-514	24
Total assets	1 375	250	488	934	-801	2 246
Amounts owed to credit institutions	28		209	60	-240	57
Deposits and borrowings from the public	566	221	141	1	-8	921
Debt securities in issue		1	13	797	-7	804
Financial liabilities for which customers bear inv. risk	174	5				179
Derivatives			45	16	-30	31
Other liabilities	544		55		-516	83
Senior non-preferred liabilities						
Subordinated liabilities				34		34
Total liabilities	1 312	227	463	908	-801	2 109
Allocated equity	63	23	25	26		137
Total liabilities and equity	1 375	250	488	934	-801	2 246
Key figures						
Return on allocated equity, %	20,9	20,7	14,0	0,0		16,1
Cost/income ratio	0,35	0,35	0,45	0,59		0,38
Credit impairment ratio, %	0,05	-0,13	0,06	-0,05		0,03
Loan/deposit ratio, %	2,12	7,7	1,60	9,5		1,72
Loans to the public, stage 3, SEK bn ³⁾ (gross)	3	2	6			11
Loans to the public, total, SEK bn ³⁾	1 187	170	221			1578
Provisions for loans to the public, total, SEK bn ³⁾	2	1	3			6
Deposits, SEK bn ³⁾	560	221	139			920
Risk exposure amount, SEK bn	382	89	146	21		638
Full-time employees	3 833	3 586	1 196	6 250		14 865
Allocated equity, average, SEK bn	62	23	25	22		131

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

²⁾ Other commission income includes service concepts, corporate finance, securities, deposits, real estate brokerage, life and non-life insurance

³⁾ 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	Q4	Q3		Q4		Full-year	Full-year	
SEKm	2019	2019	%	2018	%	2019	2018	%
Interest income								
Cash and balances with central banks	35	81	-57	183	-81	439	607	-28
Treasury bills and other bills eligible for refinancing with central banks, etc.	45	43	5	41	10	172	160	8
Loans to credit institutions	130	151	-14	64		539	147	
Loans to the public	8 201	8 311	-1	7 844	5	32 947	31 069	6
Bonds and other interest-bearing securities	57	-5		17		118	56	
Derivatives	320	358	-11	651	-51	1 473	2 157	-32
Other	51	55	-7	12		216	202	7
Total interest income	8 839	8 994	-2	8 812	0	35 904	34 398	4
deduction of trading related interest reported in Net gains and losses on financial items	115	151	-24	117	-2	534	340	57
Total interest income according to income statement	8 724	8 843	-1	8 695	0	35 370	34 058	4
Interest expense								
Amounts owed to credit institutions	-130	-269	-52	-168	-23	-1 005	-971	4
Deposits and borrowings from the public	-261	-391	-33	-275	-5	-1 663	-1 234	35
of which deposit guarantee fees	-116	-128	-9	-107	8	-457	-414	10
Debt securities in issue	-2 417	-2 750	-12	-3 085	-22	-11 464	-12 726	-10
Senior non-preferred liabilities	-15					-15		
Subordinated liabilities	-290	-247	17	-267	9	-993	-1 016	-2
Derivatives	1 131	1 658	-32	1 898	-40	6 945	8 945	-22
Other	-311	-314	-1	-424	-27	-1 246	-1 702	-27
of which resolution fund fee	-278	-278	0	-414	-33	-1 117	-1 656	-33
Total interest expense	-2 293	-2 313	-1	-2 321	-1	-9 441	-8 704	8
deduction of trading related interest reported in Net gains and losses on financial items	23	-23		39	-41	-60	126	
Total interest expense according to income statement	-2 316	-2 290	1	-2 360	-2	-9 381	-8 830	6
Net interest income	6 408	6 553	-2	6 335	1	25 989	25 228	3
Net interest margin before trading interest is deducted	1.05	1.06		1.08		1.06	1.02	
Average total assets	2 503 821	2 531 444	-1	2 414 046	4	2 504 946	2 506 768	
Interest expense on financial liabilities at amortised cost	2 869	3 945	-27	4 245	-32	15 672	17 337	-10
Negative yield on financial assets	-392	-562	-30	-860	-54	-2 031	-2 987	-32
Negative yield on financial liabilities	166	141	18	220	-25	592	770	-23

Note 6 Net commission income

Group	Q4	Q3		Q4	Full-year	Full-year		
SEKm	2019	2019	%	2018	%	2019	2018	%
Commission income								
Payment processing	529	514	3	548	-3	2 084	2 063	1
Cards	1 511	1 589	-5	1 444	5	5 948	5 641	5
Service concepts	316	313	1	301	5	1 248	1 185	5
Asset management and custody	2 013	1 614	25	1 679	20	6 963	6 686	4
Life insurance	145	147	-1	143	1	582	577	1
Securities	146	69		135	8	422	466	-9
Corporate finance	99	17		35		140	123	14
Lending	231	258	-10	245	-6	977	1 015	-4
Guarantees	55	54	2	61	-10	221	235	-6
Deposits	38	41	-7	41	-7	164	173	-5
Real estate brokerage	45	50	-10	44	2	187	181	3
Non-life insurance	23	23	0	23	0	95	87	9
Other	91	110	-17	121	-25	441	535	-18
Total commission income	5 242	4 799	9	4 820	9	19 472	18 967	3
Commission expense								
Payment processing	-291	-277	5	-348	-16	-1 167	-1 166	0
Cards	-672	-713	-6	-638	5	-2 654	-2 465	8
Service concepts	-47	-42	12	-43	9	-172	-177	-3
Asset management and custody	-570	-257		-405	41	-1 629	-1 573	4
Life insurance	-69	-53	30	-59	17	-220	-191	15
Securities	-80	-69	16	-76	5	-304	-296	3
Lending and guarantees	-22	-19	16	-20	10	-79	-67	18
Non-life insurance	-9	-8	13	-8	13	-35	-33	6
Other	-67	-64	5	-40	68	-228	-163	40
Total commission expense	-1 827	-1 502	22	-1 637	12	-6 488	-6 131	6
Net commission income								
Payment processing	238	237	0	200	19	917	897	2
Cards	839	876	-4	806	4	3 294	3 176	4
Service concepts	269	271	-1	258	4	1 076	1 008	7
Asset management and custody	1 443	1 357	6	1 274	13	5 334	5 113	4
Life insurance	76	94	-19	84	-10	362	386	-6
Securities	66	0		59	12	118	170	-31
Corporate finance	99	17		35		140	123	14
Lending and guarantees	264	293	-10	286	-8	1 119	1 183	-5
Deposits	38	41	-7	41	-7	164	173	-5
Real estate brokerage	45	50	-10	44	2	187	181	3
Non-life insurance	14	15	-7	15	-7	60	54	11
Other	24	46	-48	81	-70	213	372	-43
Total Net commission income	3 415	3 297	4	3 183	7	12 984	12 836	1

Note 7 Net gains and losses on financial items

Group SEKm	Q4 2019	Q3 2019	%	Q4 2018	%	Full-year 2019	Full-year 2018	%
Fair value through profit or loss								
Shares and share related derivatives	420	19		258	63	1 004	957	5
of w hich dividend	22	3		12	77	152	181	-16
Interest-bearing securities and interest related derivatives	145	19		-425		663	-523	
Financial liabilities	22	28	-21	30	-26	85	238	-64
Other financial instruments	29	-14		-7		-10	-15	-33
Total fair value through profit or loss	616	52		-144		1 742	657	
Hedge accounting								
Ineffective part in hedge accounting at fair value	122	-5		62	96	11	-34	
of w hich hedging instruments	-6 646	2 447		2 526		3 368	-373	
of w hich hedged items	6 768	-2 452		-2 464		-3 357	339	
Ineffective part in portfolio hedge accounting at fair value	-41	9		-89	-54	43	-38	
of w hich hedging instruments	2 594	-194		-276		540	-16	
of w hich hedged items	-2 635	203		187		-497	-23	
Ineffective part in cash flow hedges	4					7	1	
Total hedge accounting	85	4		-27		61	-71	
Derecognition gain or loss for financial assets at amortised cost	55	81	-32	37	49	212	133	59
Derecognition gain or loss for financial liabilities at amortised cost	-57	-1		-11		-153	-249	-39
Trading related interest								
Interest income	115	151	-24	117	-2	534	340	57
Interest expense	23	-23		38	-40	-60	126	
Total trading related interest	138	128	8	155	-11	474	466	2
Change in exchange rates	381	193	97	420	-9	1 293	1 176	10
Total net gains and losses on financial items	1 218	457		430		3 629	2 112	72

Note 8 Other general administrative expenses

Group SEKm	Q4 2019	Q3 2019	%	Q4 2018	%	Full-year 2019	Full-year 2018	%
Premises and rents ¹⁾	125	117	7	339	-63	536	1 192	-55
IT expenses	627	527	19	533	18	2 170	1 955	11
Telecommunications and postage	30	37	-19	33	-9	122	137	-11
Advertising, PR and marketing	138	69	100	112	23	338	297	14
Consultants	776	409	90	130		1 637	333	
Compensation to savings banks	59	58	2	56	5	228	224	2
Other purchased services	287	222	29	184	56	953	793	20
Security transport and alarm systems	19	17	12	17	12	69	60	15
Supplies	28	17	65	35	-20	82	104	-21
Travel	71	44	61	65	9	230	223	3
Entertainment	14	3		19	-26	40	52	-23
Repair/maintenance of inventories	26	20	30	20	30	77	90	-14
Other expenses	142	478	-70	111	28	832	405	
Total other expenses	2 342	2 018	16	1 654	42	7 314	5 865	25

¹⁾ IFRS 16 Leases is applied from 1 January 2019 (note 26).

Note 9 Credit impairment

Group SEKm	Q4 2019	Q3 2019	%	Q4 2018	%	Full-year 2019	Full-year 2018	%
Loans at amortised cost								
Credit impairment provisions - Stage 1	-35	-26	35	-19	84	-12	80	
Credit impairment provisions - Stage 2	-6	-69	-91	10		-418	-502	-17
Credit impairment provisions - Stage 3	594	159		370	61	844	671	26
Credit impairment provisions - Credit impaired, Purchased or originated ¹⁾		-1		-3		-4	6	
Total	553	63		358	54	410	255	61
Write-offs	492	214		314	57	1 098	867	27
Recoveries	-46	-56	-18	-111	-59	-202	-364	-45
Total	446	158		203		896	503	78
Total loans at amortised cost	999	221		561	78	1 306	758	72
Commitments and financial guarantees								
Credit impairment provisions - Stage 1	-3	4		-38	-92	16	-27	
Credit impairment provisions - Stage 2	2	-14		33	-94	-71	-70	1
Credit impairment provisions - Stage 3	-10	-57	-82	-145	-93	217	-181	
Total	-11	-67	-84	-150	-93	162	-278	
Write-offs				1		1	41	-98
Total commitments and financial guarantees	-11	-67	-84	-149	-93	163	-237	
Total Credit impairment	988	154		412		1 469	521	
Credit impairment ratio, %	0.23	0.04		0.10		0.09	0.03	

¹⁾ Of which SEK -1m (-3m) is a year to date 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 31 December 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 3 to 8 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 31 December 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 ¹⁾²⁾ ³⁾	Impairment provision impact		Recognised credit impairment provisions 31 Dec 2019	Share of total portfolio (%) in terms of gross carrying amount 31 Dec 2019
			Increase in threshold by 1 grade	Decrease in threshold by 1 grade		
13-21	< 0.5%	3 - 8 grades	-11.2%	11.2%	681	43%
9-12	0.5-2.0%	1 - 5 grades	-21.5%	20.7%	363	9%
6-8	2.0-5.7%	1 - 3 grades	-8.2%	6.6%	149	3%
0-5	>5.7% and <100%	1 - 2 grades	-2.3%	0.0%	107	1%
			-13.1%	12.4%	1 300	56%
		Financial instruments subject to the low credit risk exemption			3	6%
				Stage 3 financial instruments	3 839	1%
				Total provisions⁴⁾	5 142	63%

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

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

³⁾ The threshold used in the sensitivity analyses is floored to 1 grade.

⁴⁾ Of which provisions for off-balance exposures are SEK 492m.

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 ⁵⁾	Impairment provision impact c		Recognised credit impairment provisions 31 Dec 2019	Share of total portfolio (%) in terms of gross carrying amount 31 Dec 2019
		Increase in threshold by 100%	Decrease in threshold by 50%		
13-21	100-300%	-10.6%	8.7%	267	25%
9-12	100-200%	-0.5%	1.1%	235	7%
6-8	50-150%	-1.3%	3.0%	95	2%
0-5	50%	-0.1%	0.3%	182	1%
		-4.0%	3.7%	779	34%
Financial instruments subject to the low credit risk exemption				6	3%
Stage 3 financial instruments				1 340	0%
Total provisions ⁶⁾				2 125	37%

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

⁶⁾ Of which provisions for off-balance exposures are SEK 91m.

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 31 December 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	1 816	20%
	Upside scenario	1 347	-11%
Baltic Banking	Downside scenario	868	36%
	Upside scenario	533	-16%
LC&I	Downside scenario	6 616	30%
	Upside scenario	2 798	-45%
Group ¹⁾	Downside scenario	9 300	28%
	Upside scenario	4 678	-36%

¹⁾ 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	31 Dec 2019			31 Dec 2018	
	Gross carrying amount	Credit Impairment Provision	Carrying amount	Carrying amount	%
Loans to credit institutions					
Banks	26 136	5	26 131	17 646	48
Repurchase agreements, banks	9		9		
Other credit institutions	19 312		19 312	18 530	4
Repurchase agreements, other credit institutions				92	
Loans to credit institutions	45 457	5	45 452	36 268	25
Loans to the public					
Private customers	1 053 336	806	1 052 530	1 029 620	2
Private, mortgage	905 092	486	904 606	875 578	3
Tenant owner association	99 629	22	99 607	106 895	-7
Private, other	48 615	298	48 317	47 147	2
Corporate customers	558 968	5 873	553 095	547 881	1
Agriculture, forestry, fishing	65 401	141	65 260	67 128	-3
Manufacturing	43 418	962	42 456	43 263	-2
Public sector and utilities	22 815	42	22 773	19 633	16
Construction	19 529	254	19 275	20 101	-4
Retail	32 415	489	31 926	30 690	4
Transportation	15 228	31	15 197	16 356	-7
Shipping and offshore	21 302	2 827	18 475	21 795	-15
Hotels and restaurants	9 626	54	9 572	8 629	11
Information and communications	12 594	81	12 513	13 443	-7
Finance and insurance	16 955	20	16 935	14 773	15
Property management	255 186	627	254 559	243 828	4
Residential properties	79 661	184	79 477	73 511	8
Commercial	99 646	272	99 374	95 063	5
Industrial and Warehouse	47 171	72	47 099	47 370	-1
Other	28 708	99	28 609	27 884	3
Professional services	24 841	247	24 594	29 761	-17
Other corporate lending	19 658	98	19 560	18 481	6
Loans to the public excluding the Swedish National Debt Office and repurchase agreements	1 612 304	6 679	1 605 625	1 577 501	2
Swedish National Debt Office	4		4	10 153	-100
Repurchase agreements, Swedish National Debt Office	9 725		9 725	2 436	
Repurchase agreements, public	36 942		36 942	37 278	-1
Loans to the public	1 658 975	6 679	1 652 296	1 627 368	2
Loans to the public and credit institutions	1 704 432	6 684	1 697 748	1 663 636	2
of which loans at fair value through profit or loss	46 830		46 830	39 972	17

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	31 Dec	30 Sep		31 Dec	
SEKm	2019	2019	%	2018	%
Credit institutions					
<i>Stage 1</i>					
Gross carrying amount	45 373	32 881	38	36 089	26
Credit impairment provisions	4	7	-43	2	100
Carrying amount	45 369	32 874	38	36 087	26
<i>Stage 2</i>					
Gross carrying amount	75	52	44	90	-17
Credit impairment provisions	1			1	0
Carrying amount	74	52	42	89	-17
Total carrying amount for credit institutions	45 443	32 926	38	36 176	26
Public, private customers					
<i>Stage 1</i>					
Gross carrying amount	1 002 000	1 001 020	0	976 455	3
Credit impairment provisions	72	82	-12	76	-5
Carrying amount	1 001 928	1 000 938	0	976 379	3
<i>Stage 2</i>					
Gross carrying amount	49 132	49 396	-1	51 735	-5
Credit impairment provisions	255	268	-5	335	-24
Carrying amount	48 877	49 128	-1	51 400	-5
<i>Stage 3</i>					
Gross carrying amount	2 196	2 342	-6	2 317	-5
Credit impairment provisions	479	485	-1	485	-1
Carrying amount	1 717	1 857	-8	1 832	-6
Total carrying amount for public, private customers	1 052 522	1 051 923	0	1 029 611	2
Public, corporate customers					
<i>Stage 1</i>					
Gross carrying amount	490 372	500 960	-2	498 243	-2
Credit impairment provisions	407	436	-7	414	-2
Carrying amount	489 965	500 524	-2	497 829	-2
<i>Stage 2</i>					
Gross carrying amount	57 057	57 230	0	55 839	2
Credit impairment provisions	1 092	1 111	-2	1 401	-22
Carrying amount	55 965	56 119	0	54 438	3
<i>Stage 3</i>					
Gross carrying amount	11 397	10 336	10	8 922	28
Credit impairment provisions	4 374	3 881	13	3 312	32
Carrying amount	7 023	6 455	9	5 610	25
Total carrying amount for public, corporate customers ¹⁾	552 953	563 098	-2	557 877	-1
Totals					
Gross carrying amount Stage 1	1 537 745	1 534 861	0	1 510 787	2
Gross carrying amount Stage 2	106 264	106 678	0	107 664	-1
Gross carrying amount Stage 3	13 593	12 678	7	11 239	21
Total Gross carrying amount	1 657 602	1 654 217	0	1 629 690	2
Credit impairment provisions Stage 1	483	525	-8	492	-2
Credit impairment provisions Stage 2	1 348	1 379	-2	1 737	-22
Credit impairment provisions Stage 3	4 853	4 366	11	3 797	28
Total credit impairment provisions	6 684	6 270	7	6 026	11
Total carrying amount	1 650 918	1 647 947	0	1 623 664	2
Share of Stage 3 loans, gross, %	0.82	0.77		0.69	
Share of Stage 3 loans, net, %	0.53	0.50		0.46	
Credit impairment provision ratio Stage 1 loans	0.03	0.03		0.03	
Credit impairment provision ratio Stage 2 loans	1.27	1.29		1.61	
Credit impairment provision ratio Stage 3 loans	35.70	34.44		33.78	
Total credit impairment provision ratio	0.40	0.38		0.37	

¹⁾ 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 Group SEKm	Non Credit-Impaired		Credit-Impaired Stage 3 incl. purchased or originated	Total
	Stage 1	Stage 2		
Carrying amount before provisions				
Opening balance as of 1 January 2019	1 510 787	107 664	11 239	1 629 690
Closing balance as of 31 December 2019	1 537 745	106 264	13 593	1 657 602
Credit impairment provisions				
Opening balance as of 1 January 2019	492	1 737	3 797	6 026
<i>Movements affecting Credit impairment line</i>				
New and derecognised financial assets, net	42	-218	-813	-989
Changes in risk factors (EAD, PD, LGD)	5	-321	60	-256
Changes in macroeconomic scenarios	6	63	-3	66
Changes due to expert credit judgement (individual assessments and manual adjustments)			196	196
Stage transfers	-65	58	1 550	1 543
<i>from stage 1 to stage 2</i>	-86	367	0	281
<i>from stage 1 to stage 3</i>	-11		197	186
<i>from stage 2 to stage 1</i>	32	-109	0	-77
<i>from stage 2 to stage 3</i>		-218	1 429	1 211
<i>from stage 3 to stage 2</i>		18	-68	-50
<i>from stage 3 to stage 1</i>	0		-8	-8
Other	0	0	-149	-149
Total movements affecting Credit impairment line	-12	-418	841	411
<i>Movements recognised outside Credit impairment line</i>				
Disposal of subsidiary	-2	-5	-3	-10
Interest			149	149
Change in exchange rates	5	34	69	108
Closing balance as of 31 December 2019	483	1 348	4 853	6 684
Carrying amount				
Opening balance as of 1 January 2019	1 510 295	105 927	7 442	1 623 664
Closing balance as of 31 December 2019	1 537 262	104 916	8 740	1 650 918

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	
Group SEKm				
Carrying amount before provisions				
Opening balance as of 1 January 2018	1 415 169	120 226	10 194	1 545 588
Closing balance as of 31 December 2018	1 510 787	107 664	11 239	1 629 690
Credit impairment provisions				
Opening balance as of 1 January 2018	399	2 140	2 861	5 401
<i>Movements affecting Credit impairment line</i>				
New and derecognised financial assets, net	101	-157	-190	-246
Changes in risk factors (EAD, PD, LGD)	172	-76	-159	-63
Changes in macroeconomic scenarios	-5	-46	13	-38
Changes due to expert credit judgement (individual assessments and manual adjustments)			503	503
Stage transfers	-184	-223	623	216
<i>from stage 1 to stage 2</i>	-150	470		320
<i>from stage 1 to stage 3</i>	-65		78	13
<i>from stage 2 to stage 1</i>	29	-131		-102
<i>from stage 2 to stage 3</i>		-573	665	92
<i>from stage 3 to stage 2</i>		11	-78	-67
<i>from stage 3 to stage 1</i>	2		-42	-40
Other	-4		-110	-114
Total movements affecting Credit impairment line	80	-502	680	258
<i>Movements recognised outside Credit impairment line</i>				
Interest			114	114
Change in exchange rates	13	99	141	253
Closing balance as of 31 December 2018	492	1 737	3 797	6 026
Carrying amount				
Opening balance as of 1 January 2018	1 414 769	118 085	7 332	1 540 187
Closing balance as of 31 December 2018	1 510 295	105 927	7 442	1 623 664

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	
Nominal amount				
Opening balance as of 1 January 2019	316 921	9 969	804	327 694
Closing balance as of 31 December 2019	326 875	11 325	1 248	339 448
Credit impairment provisions				
Opening balance as of 1 January 2019	94	208	105	407
<i>Movements affecting Credit impairment line</i>				
New and derecognosed financial assets, net	20	-21	5	4
Changes in risk factors (EAD, PD, LGD)	-9	-76	-16	-101
Changes in macroeconomic scenarios	12	20	0	32
Changes due to expert credit judgement (manual adjustments and individual assessments)			122	122
Stage transfers	-7	6	106	105
from stage 1 to stage 2	-9	30		21
from stage 1 to stage 3	0		27	27
from stage 2 to stage 1	2	-11		-9
from stage 2 to stage 3		-14	81	67
from stage 3 to stage 2		1	-2	-1
from stage 3 to stage 1	0		0	0
Other	0	0	0	0
Total movements affecting Credit impairment line	16	-71	217	162
<i>Movements recognised outside Credit impairment line</i>				
Disposal of subsidiary	0	0	0	0
Change in exchange rates	3	7	4	14
Closing balance as of 31 December 2019	113	144	326	583

SEKm	Non Credit-Impaired		Credit-Impaired	Total
	Stage 1	Stage 2	Stage 3 incl. purchased or originated	
Nominal amount				
Opening balance as of 1 January 2018	292 854	13 390	733	306 977
Closing balance as of 31 December 2018	316 921	9 969	804	327 694
Credit impairment provisions				
Opening balance as of 1 January 2018	117	261	267	645
<i>Movements affecting Credit impairment line</i>				
New and derecognosed financial assets, net	7	-78	-1	-72
Changes in risk factors (EAD, PD, LGD)	-11	34	-39	-16
Changes in macroeconomic scenarios	-12	-11		-23
Changes due to expert credit judgement (manual adjustments and individual assessments)			-167	-167
Stage transfers	-11	-16	26	-1
from stage 1 to stage 2	-16	46		30
from stage 1 to stage 3	-1		1	
from stage 2 to stage 1	6	-35		-29
from stage 2 to stage 3		-27	27	
from stage 3 to stage 2			-1	-1
from stage 3 to stage 1			-1	-1
Other		1		1
Total movements affecting Credit impairment line	-27	-70	-181	-278
<i>Movements recognised outside Credit impairment line</i>				
Change in exchange rates	4	17	19	40
Closing balance as of 31 December 2018	94	208	105	407

Note 12 Credit risk exposures

Group SEKm	31 Dec 2019	31 Dec 2018	%
Assets			
Cash and balances with central banks	195 286	163 161	20
Interest-bearing securities	194 461	152 891	27
Loans to credit institutions	45 452	36 268	25
Loans to the public	1 652 296	1 627 368	2
Derivatives	44 424	39 665	12
Other financial assets	8 804	13 889	-37
Total assets	2 140 723	2 033 242	5
Contingent liabilities and commitments			
Guarantees	52 008	48 989	6
Commitments	287 413	278 339	3
Total contingent liabilities and commitments	339 421	327 328	4
Total credit exposures	2 480 144	2 360 570	5

Note 13 Intangible assets

Group SEKm	31 Dec 2019	31 Dec 2018	%
With indefinite useful life			
Goodwill	13 709	13 549	3
Brand name	94	160	-41
Total	13 803	13 709	3
With finite useful life			
Customer base	336	382	-9
Internally developed software	3 350	2 672	18
Other	375	355	0
Total	4 061	3 409	13
Total intangible assets	17 864	17 118	5

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. During the fourth quarter, an impairment was recognised for internally developed software of SEK 13m.

Note 14 Amounts owed to credit institutions

Group SEKm	31 Dec 2019	31 Dec 2018	%
Amounts owed to credit institutions			
Central banks	6 306	13 892	-55
Banks	57 878	38 424	51
Other credit institutions	5 498	4 636	19
Repurchase agreements - banks	4	266	-98
Amounts owed to credit institutions	69 686	57 218	22

Note 15 Deposits and borrowings from the public

Group SEKm	31 Dec 2019	31 Dec 2018	%
Deposits from the public			
Private customers	531 139	518 775	2
Corporate customers	422 527	400 995	5
Deposits from the public excluding the Swedish National Debt Office and repurchase agreements	953 666	919 770	4
Swedish National Debt Office	328	339	-3
Repurchase agreements - Swedish National Debt Office	1		
Repurchase agreements - public	18	641	-97
Deposits and borrowings from the public	954 013	920 750	4

Note 16 Debt securities in issue, senior non-preferred liabilities and subordinated liabilities

Group SEKm	31 Dec 2019	31 Dec 2018	%
Commercial papers	128 772	131 434	-2
Covered bonds	589 627	497 936	18
Senior unsecured bonds	128 445	164 243	-22
Structured retail bonds	8 910	10 747	-17
Total debt securities in issue	855 754	804 360	6
Senior non-preferred liabilities	10 805		
Subordinated liabilities	31 934	34 184	-7
Total debt securities in issue, senior non-preferred liabilities and subordinated liabilities	898 493	838 544	7

	Full-year 2019	Full-year 2018	%
Turnover during the period			
Closing balance	838 544	869 712	-4
Changed presentation of accrued interest		6 361	
Opening balance	838 544	876 073	-4
Issued	631 819	1 117 261	-43
Repurchased	-21 017	-54 223	-61
Repaid	-561 777	-1 118 861	-50
Accrued interest	-232	-1 614	-86
Change in market value of hedged item in fair value hedge accounting	810	-6 599	
Changes in exchange rates	10 346	26 507	-61
Closing balance	898 493	838 544	7

Note 17 Derivatives

Group SEKm	Nominal amount			Nominal amount		Positive fair value		Negative fair value	
	Remaining contractual maturity			31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
	< 1 yr.	1-5 yrs.	> 5 yrs.	2019	2018	2019	2018	2019	2018
Derivatives in hedge accounting	242 402	655 677	113 623	1 011 702	889 367	13 905	10 551	1 898	2 438
Fair value hedges, interest rate sw aps	127 899	385 458	95 337	608 694	544 157	13 013	10 255	534	972
Portfolio fair value hedges, interest rate sw aps	113 883	269 280	10 565	393 728	335 805	702	207	1 331	1 401
Cash flow hedges, foreign currency basis sw aps	620	939	7 721	9 280	9 405	190	89	33	65
Non-hedging derivatives	7 952 111	5 775 222	2 323 878	16 051 211	12 933 005	102 833	59 379	113 311	61 788
Gross amount	8 194 513	6 430 899	2 437 501	17 062 913	13 822 372	116 738	69 930	115 209	64 226
Offset amount (see also note 20)	-5 344 977	-4 868 607	-1 843 876	-12 057 460	-6 880 365	-72 314	-30 265	-74 232	-32 910
Total	2 849 536	1 562 292	593 625	5 005 453	6 942 007	44 424	39 665	40 977	31 316

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	31 Dec 2019			31 Dec 2018		
	Fair value	Carrying amount	Difference	Fair value	Carrying amount	Difference
Assets						
Financial assets						
Cash and balances with central banks	195 286	195 286		163 161	163 161	
Treasury bills and other bills eligible for refinancing with central banks	137 119	137 094	25	99 743	99 579	164
Loans to credit institutions	45 452	45 452		36 268	36 268	
Loans to the public	1 660 659	1 652 296	8 363	1 629 641	1 627 368	2 273
Value change of interest hedged items in portfolio hedge	271	271		766	766	
Bonds and interest-bearing securities	57 369	57 367	2	53 316	53 312	4
Financial assets for which the customers bear the investment risk	224 893	224 893		177 868	177 868	
Shares and participating interest	6 568	6 568		4 921	4 921	
Derivatives	44 424	44 424		39 665	39 665	
Other financial assets	8 804	8 804		13 889	13 889	
Total	2 380 845	2 372 455	8 390	2 219 238	2 216 797	2 441
Investment in associates		6 679			6 088	
Non-financial assets		29 094			23 207	
Total		2 408 228			2 246 092	
Liabilities						
Financial liabilities						
Amounts owed to credit institutions	69 569	69 686	-117	58 595	57 218	1 377
Deposits and borrowings from the public	953 996	954 013	-17	920 745	920 750	-5
Debt securities in issue	861 883	855 754	6 129	810 617	804 360	6 257
Financial liabilities for which the customers bear the investment risk	225 792	225 792		178 662	178 662	
Senior non-preferred liabilities	10 805	10 805				
Subordinated liabilities	31 730	31 934	-204	34 366	34 184	182
Derivatives	40 977	40 977		31 316	31 316	
Short positions securities	34 345	34 345		38 333	38 333	
Other financial liabilities	28 115	28 115		29 576	29 576	
Total	2 257 212	2 251 421	5 791	2 102 209	2 094 399	7 810
Non-financial liabilities		18 174			14 084	
Total		2 269 595			2 108 483	

Financial instruments recognised at fair value

Group 31 Dec 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
Assets				
Treasury bills etc.	12 405	4 115		16 520
Loans to credit institutions		9		9
Loans to the public		46 821		46 821
Bonds and other interest-bearing securities	22 935	34 394		57 329
Financial assets for which the customers bear the investment risk	224 893			224 893
Shares and participating interests	4 714		1 854	6 568
Derivatives	12	44 412		44 424
Total	264 959	129 751	1 854	396 564
Liabilities				
Amounts owed to credit institutions		4		4
Deposits and borrowings from the public		18		18
Debt securities in issue		10 785		10 785
Financial liabilities for which the customers bear the investment risk		225 792		225 792
Derivatives	16	40 961		40 977
Short positions, securities	31 864	2 481		34 345
Total	31 880	280 041		311 921

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
Assets				
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
Total	217 393	114 143	1 266	332 802
Liabilities				
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
Total	38 797	225 168		263 965

Changes in level 3 Group SEKm	Assets		
	Equity instruments	Derivatives	Total
January-December 2019			
Opening balance 1 January 2019	1 264	2	1 266
Purchases	30		30
Sale of assets/ dividends received	-14		-14
Maturities		-1	-1
Gains and losses	574	-1	573
of which changes in unrealised gains or losses for items held at closing day	567		567
Closing balance 31 December 2019	1 854	0	1 854

Level 3 primarily contains unlisted equity instruments. 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 valuation of unlisted shares is based on share prices. For the shares in level 3 the price is

unobservable, this implies that the sensitivity in the value to changes in the unobservable parameter is linear. To estimate the unobservable price different methods are applied depending on the type of available data. Input to these methods are primarily prices, proxy prices, market indicators and company information.

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
January-December 2018			
Opening balance 1 January 2018	449	26	475
Purchases	65		65
VISA Inc. C shares received	692		692
Sale of assets/ dividends received	-3		-3
Maturities		-15	-15
Transferred from Level 2 to Level 3	3	2	5
Transferred from Level 3 to Level 1		-13	-13
Gains and losses	58	2	60
of which changes in unrealised gains or losses for items held at closing day	63		63
Closing balance 31 December 2018	1 264	2	1 266

Note 19 Pledged collateral and contingent liabilities

Group SEKm	31 Dec 2019	31 Dec 2018	%
Loan receivables ¹⁾	578 758	497 691	16
Financial assets pledged for insurance policy holders	220 589	174 668	26
Other assets pledged	52 720	39 276	34
Pledged collateral	852 067	711 635	20

¹⁾ 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	31 Dec 2019	31 Dec 2018	%
Guarantees	52 008	48 989	6
Other	27	366	-93
Contingent liabilities	52 035	49 355	5

Swedbank is cooperating with authorities in Sweden, the three Baltic countries and the United States, who are conducting investigations into Swedbank's historic AML compliance and the Group's response thereto, as well as related issues involving the Group's anti-money laundering controls and certain individuals and entities who may at some time have been customers of the Group. The Swedish Economic Crime Authority has an ongoing investigation relating to potential aggravated swindling and insider information. The timing of the completion of the investigations is still unknown, except

for the final report and decision on any sanctions from the Swedish FSA which is expected to be announced in March 2020. The outcome is still uncertain. At present, it is not possible to reliably estimate the amount of any potential settlement or fines, which could be material. The European Central Bank (ECB) has within their ongoing supervision conducted a review of Swedbank's Baltic subsidiaries corporate governance and presented an action plan that will be implemented in cooperation with the Baltic subsidiaries.

Note 20 Offsetting financial assets and liabilities

Group SEKm	Assets			Liabilities		
	31 Dec 2019	31 Dec 2018	%	31 Dec 2019	31 Dec 2018	%
Financial assets and liabilities, which have been offset or are subject to netting or similar agreements						
Gross amount	212 597	162 062	31	163 345	117 107	39
Offset amount	-123 222	-84 058	47	-125 140	-86 703	44
Net amounts presented in the balance sheet	89 375	78 004	15	38 205	30 404	26
Related amounts not offset in the balance sheet						
Financial instruments, netting arrangements	15 338	17 320	-11	15 338	17 320	-11
Financial Instruments, collateral	24 486	35 212	-30	3 264	2 594	26
Cash collateral	11 961	1 535		16 104	4 890	
Total amount not offset in the balance sheet	51 785	54 067	-4	34 706	24 804	40
Net amount	37 590	23 937	57	3 499	5 600	-38

The amount offset for derivative assets includes offset cash collateral of SEK 4 701m (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 2 783m (1 532), derived from the balance sheet item Loans to credit institutions

Note 21 Capital adequacy, consolidated situation

Capital adequacy	31 Dec	31 Dec
SEKm	2019	2018
Shareholders' equity according to the Group's balance sheet	138 608	137 396
Non-controlling interests		72
Anticipated dividend ⁵⁾	-9 856	-15 885
Deconsolidation of insurance companies	-758	-438
Value changes in own financial liabilities	-90	-107
Cash flow hedges	-5	-2
Additional value adjustments ¹⁾	-454	-454
Goodwill	-13 799	-13 638
Deferred tax assets	-108	-113
Intangible assets	-3 433	-2 974
Shares deducted from CET1 capital	-32	-45
Common Equity Tier 1 capital	110 073	103 812
Additional Tier 1 capital	16 153	10 949
Total Tier 1 capital	126 226	114 761
Tier 2 capital	15 328	22 232
Total own funds	141 554	136 993
Minimum capital requirement for credit risks, standardised approach	3 614	3 328
Minimum capital requirement for credit risks, IRB	21 559	21 715
Minimum capital requirement for credit risk, default fund contribution	47	29
Minimum capital requirement for settlement risks	0	0
Minimum capital requirement for market risks	1 308	1 042
Trading book	1 292	999
of which VaR and SVaR	1 021	719
of which risks outside VaR and SVaR	271	280
FX risk other operations	16	43
Minimum capital requirement for credit value adjustment	378	307
Minimum capital requirement for operational risks	5 481	5 182
Additional minimum capital requirement, Article 3 CRR ²⁾	2 451	2 743
Additional minimum capital requirement, Article 458 CRR ⁵⁾	17 101	16 685
Minimum capital requirement	51 939	51 031
Risk exposure amount credit risks, standardised approach	45 174	41 606
Risk exposure amount credit risks, IRB	269 485	271 437
Risk exposure amount default fund contribution	584	357
Risk exposure amount settlement risks	0	0
Risk exposure amount market risks	16 350	13 024
Risk exposure amount credit value adjustment	4 730	3 826
Risk exposure amount operational risks	68 514	64 779
Additional risk exposure amount, Article 3 CRR ²⁾	30 635	34 286
Additional risk exposure amount, Article 458 CRR ⁵⁾	213 765	208 567
Risk exposure amount	649 237	637 882
Common Equity Tier 1 capital ratio, %	17.0	16.3
Tier 1 capital ratio, %	19.4	18.0
Total capital ratio, %	21.8	21.5
Capital buffer requirement³⁾	31 Dec	31 Dec
%	2019	2018
CET1 capital requirement including buffer requirements	12.0	11.6
of which minimum CET1 requirement	4.5	4.5
of which capital conservation buffer	2.5	2.5
of which countercyclical capital buffer	2.0	1.6
of which systemic risk buffer	3.0	3.0
CET 1 capital available to meet buffer requirement ⁴⁾	12.5	11.8
Leverage ratio	31 Dec	31 Dec
	2019	2018
Tier 1 Capital, SEKm	126 226	114 761
Leverage ratio exposure, SEKm ⁷⁾	2 353 631	2 241 604
Leverage ratio, %	5.4	5.1

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

²⁾ 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.

³⁾ Buffer requirement according to Swedish implementation of CRD IV

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

⁵⁾ 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.

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

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

Capital requirements¹⁾	31 Dec	31 Dec	31 Dec	31 Dec
SEKm / %	2019	2018	2019	2018
Capital requirement Pillar 1	100 766	96 320	15.5	15.1
of which Buffer requirements ²⁾	48 827	45 290	7.5	7.1
Total capital requirement Pillar 2 ³⁾	22 140	21 045	3.4	3.3
Total capital requirement Pillar 1 and 2	122 906	117 365	18.9	18.4
Own funds	141 554	136 993		

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⁾ Systemic buffer as of 31 December 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 December 2019.

The consolidated situation for Swedbank as of 31 December 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	Exposure value		Average risk weight, %		Minimum capital requirement	
	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
Credit risk, IRB	2019	2018	2019	2018	2019	2018
SEKm						
Central government or central banks exposures	362 380	296 418	1	2	402	375
Institutional exposures	53 466	49 183	18	19	788	766
Corporate exposures	544 080	532 566	31	33	13 546	13 963
Retail exposures	1 184 439	1 165 008	7	7	6 173	6 226
of which mortgage lending	1 070 279	1 047 939	5	5	3 928	3 929
of which other lending	114 160	117 069	25	25	2 245	2 297
Non credit obligation	12 581	8 508	65	57	650	385
Total credit risks, IRB	2 156 946	2 051 683	12	13	21 559	21 715

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

31 Dec 2019

SEKm	Exposure amount	Risk exposure amount	Minimum capital requirement
Credit risks, STD	79 511	45 174	3 614
Central government or central banks exposures	64		
Regional governments or local authorities exposures	2 583	371	30
Public sector entities exposures	1 399	161	13
Multilateral development banks exposures	2 061	3	0
Institutional exposures	28 091	659	53
Corporate exposures	5 357	5 095	408
Retail exposures	19 575	14 101	1 128
Exposures secured by mortgages on immovable property	6 608	2 312	185
Exposures in default	736	749	60
Exposures in the form of covered bonds	564	56	4
Exposures in the form of collective investment undertakings (CIUs)	6	6	0
Equity exposures	9 237	19 296	1 544
Other items	3 230	2 365	189
Credit risks, IRB	2 156 946	269 485	21 559
Central government or central banks exposures	362 380	5 021	402
Institutional exposures	53 466	9 855	788
Corporate exposures	544 080	169 325	13 546
of w hich specialized lending in category 1	50	29	2
of w hich specialized lending in category 2	284	240	19
of w hich specialized lending in category 3	141	162	13
of w hich specialized lending in category 4	116	289	23
of w hich specialized lending in category 5	18	0	0
Retail exposures	1 184 439	77 162	6 173
of w hich mortgage lending	1 070 279	49 094	3 928
of w hich other lending	114 160	28 068	2 245
Non-credit obligation	12 581	8 122	650
Credit risks, Default fund contribution		584	47
Settlement risks	0	0	0
Market risks		16 350	1 308
Trading book		16 150	1 292
of w hich VaR and SVaR		12 763	1 021
of w hich risks outside VaR and SVaR		3 387	271
FX risk other operations		200	16
Credit value adjustment	19 004	4 730	378
Operational risks		68 514	5 481
of w hich Standardised approach		68 514	5 481
Additional risk exposure amount, Article 3 CRR		30 635	2 451
Additional risk exposure amount, Article 458 CRR		213 765	17 101
Total	2 255 461	649 237	51 939

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

31 Dec 2018

SEKm	Exposure amount	Risk exposure amount	Minimum capital requirement
Credit risks, STD	64 110	41 606	3 328
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
Credit risks, IRB	2 051 683	271 437	21 715
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
Credit risks, Default fund contribution		357	29
Settlement risks	177	0	0
Market risks		13 024	1 042
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
Credit value adjustment	16 024	3 826	307
Operational risks		64 779	5 182
of w hich Standardised approach		64 779	5 182
Additional risk exposure amount, Article 3 CRR		34 286	2 743
Additional risk exposure amount, Article 458 CRR		208 567	16 685
Total	2 131 994	637 882	51 031

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 PayEx, 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 31 December 2019, the internal capital assessment for Swedbank's consolidated situation amounted to SEK 34.7bn (SEK 32.7bn as of 31 December 2018). The capital to meet the internal capital assessment, i.e. the capital base, amounted to SEK 141.6bn (SEK 137.0bn as of 31 December 2018) (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 27.3bn (SEK 29.4bn as of 31 December 2018) and the capital base is SEK 122.5bn (SEK 115.6bn as of 31 December 2018) (see the parent company's note on capital adequacy).

In addition to what is stated in this interim report, risk management and capital adequacy according to the Basel 3 framework are described in more detail in Swedbank's annual report for 2018 as well as in Swedbank's yearly Risk and Capital Adequacy Report, available on 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

Effect on value of assets and liabilities in SEK and foreign currency, including derivatives if interest rates increase by 100bp, 31 Dec 2019

Group SEKm	< 5 years	5-10 years	>10 years	Total
Swedbank, the Group	262	-213	-414	-365
of which SEK	231	-1 308	-200	-1 277
of which foreign currency	31	1 095	-214	912
Of which financial instruments at fair value reported through profit or loss	-1 035	2 226	-139	1 052
of which SEK	-1 208	1 109	-61	-160
of which foreign currency	173	1 117	-78	1 212

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 and joint ventures. Partly owned savings banks are important associates.

Note 25 Swedbank's share

	31 Dec 2019	31 Dec 2018	%
SWED A			
Share price, SEK	139.45	197.75	-29
Number of outstanding ordinary shares	1 118 304 389	1 116 674 361	0
Market capitalisation, SEKm	155 948	220 822	-29

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

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

Earnings per share	Q4 2019	Q3 2019	Q4 2018	Full-year 2019	Full-year 2018
Average number of shares					
Average number of shares before dilution	1 118 304 389	1 118 302 842	1 116 674 361	1 118 055 542	1 116 238 102
Weighted average number of shares for potential ordinary shares that incur a dilutive effect due to share-based compensation programme	3 559 183	2 845 370	4 026 102	3 921 536	4 267 682
Average number of shares after dilution	1 121 863 572	1 121 148 212	1 120 700 463	1 121 977 078	1 120 505 784
Profit, SEKm					
Profit for the period attributable to shareholders of Sw edbank	4 428	4 663	4 590	19 697	21 162
Earnings for the purpose of calculating earnings per share	4 428	4 663	4 590	19 697	21 162
Earnings per share, SEK					
Earnings per share before dilution	3.96	4.17	4.11	17.62	18.96
Earnings per share after dilution	3.95	4.16	4.09	17.56	18.89

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 ¹⁾	1 January 2019
Assets			
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
Total assets	2 246 092	4 147	2 250 239
Liabilities and equity			
Liabilities			
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
Total liabilities	2 108 483	4 147	2 112 630
Equity			
Non-controlling interests	213		213
Equity attributable to shareholders of the parent company	137 396		137 396
Total equity	137 609		137 609
Total liabilities and equity	2 246 092	4 147	2 250 239

¹⁾ 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

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		6 292
Deduction of non-deductible 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 ¹⁾		164
Lease liabilities recognised at 1 January 2019		4 147

¹⁾ The average incremental borrowing rate as per 1 January 2019 was 1.25 per cent.

Note 27 Changed presentation of net interest income

Income statement

Group

New reporting	Q1	Q2	Q3	Q4	Full-year
SEKm	2019	2019	2019	2018	2018
Interest income on financial assets at amortised cost	8 467	8 533	8 380	8 633	32 015
Other interest income	283	520	463	62	2 043
Interest income	8 750	9 053	8 843	8 695	34 058
Interest expense	-2 329	-2 446	-2 290	-2 360	-8 830
Net interest income	6 421	6 607	6 553	6 335	25 228

Previous reporting	Q1	Q2	Q3	Q4	Full-year
SEKm	2019	2019	2019	2018	2018
Interest income	9 315	9 565	9 405	9 555	37 045
Negative yield on financial assets	-565	-512	-562	-860	-2 987
Interest income, including negative yield on financial assets	8 750	9 053	8 843	8 695	34 058
Interest expense	-2 478	-2 582	-2 431	-2 580	-9 600
Negative yield on financial liabilities	149	136	141	220	770
Interest expense, including negative yield on financial liabilities	-2 329	-2 446	-2 290	-2 360	-8 830
Net interest income	6 421	6 607	6 553	6 335	25 228

Swedbank AB

Income statement, condensed

Parent company SEKm	Q4 2019	Q3 2019	%	Q4 2018	%	Full-year 2019	Full-year 2018	%
Interest income on financial assets at amortised cost	3 093	3 113	-1	2 884	7	12 475	10 894	15
Other interest income	1 660	1 572	6	1 748	-5	6 295	6 339	-1
Interest income	4 753	4 685	1	4 632	3	18 770	17 232	9
Interest expense	-1 347	-1 388	-3	-1 415	-5	-5 692	-4 992	14
Net interest income	3 406	3 297	3	3 217	6	13 078	12 240	7
Dividends received	5 256	3 214	64	6 346	-17	19 823	19 831	
Commission income	2 063	2 574	-20	2 563	-20	9 607	10 064	-5
Commission expense	-494	-972	-49	-949	-48	-3 382	-3 607	-6
Net commission income	1 569	1 602	-2	1 614	-3	6 225	6 457	-4
Net gains and losses on financial items	1 007	229		146		2 202	1 277	72
Other income	675	393	72	332		1 679	2 039	-18
Total income	11 913	8 735	36	11 655	2	43 007	41 844	3
Staff costs	2 073	2 057	1	1 897	9	8 349	7 787	7
Other expenses	1 935	1 891	2	1 456	33	6 595	4 889	35
Depreciation/amortisation and impairment of tangible and intangible fixed assets	1 208	1 192	1	1 245	-3	4 768	4 837	-1
Total expenses	5 216	5 140	1	4 598	13	19 712	17 513	13
Profit before impairment	6 697	3 595	86	7 057	-5	23 295	24 331	-4
Impairment of financial fixed assets	22	-1		11	100	22	11	100
Credit impairments	989	183		486		1 514	556	
Operating profit	5 686	3 413	67	6 560	-13	21 759	23 764	-8
Appropriations	78			72	8	78	72	8
Tax expense	1 229	788	56	1 373	-10	3 685	4 225	-13
Profit for the period	4 379	2 625	67	5 115	-14	17 996	19 467	-8

Statement of comprehensive income, condensed

Parent company SEKm	Q4 2019	Q3 2019	%	Q4 2018	%	Full-year 2019	Full-year 2018	%
Profit for the period reported via income statement	4 379	2 625	67	5 115	-14	17 996	19 467	-8
Total comprehensive income for the period	4 379	2 625	67	5 115	-14	17 996	19 467	-8

Balance sheet, condensed

Parent company SEKm	31 Dec 2019	31 Dec 2018	%
Assets			
Cash and balance with central banks	107 596	80 903	33
Loans to credit institutions	537 151	523 699	3
Loans to the public	422 794	428 966	-1
Interest-bearing securities	191 084	152 413	25
Shares and participating interests	71 632	68 849	4
Derivatives	48 332	43 275	12
Other assets	43 321	46 433	-7
Total assets	1 421 910	1 344 538	6
Liabilities and equity			
Amounts owed to credit institutions	161 454	83 218	94
Deposits and borrowings from the public	719 211	700 256	3
Debt securities in issue	263 181	303 622	-13
Derivatives	69 908	54 063	29
Other liabilities and provisions	61 275	67 496	-9
Senior non-preferred liabilities	10 805		
Subordinated liabilities	31 934	34 184	-7
Untaxed reserves	10 724	10 647	1
Equity	93 418	91 052	3
Total liabilities and equity	1 421 910	1 344 538	6
Pledged collateral	48 725	41 363	18
Other assets pledged	3 987	2 467	62
Contingent liabilities	498 891	492 882	1
Commitments	258 148	237 692	9

Statement of changes in equity, condensed

Parent company
SEKm

	Share capital	Share premium reserve	Statutory reserve	Retained earnings	Total
January-December 2019					
Opening balance 1 January 2019	24 904	13 206	5 968	46 974	91 052
Dividend				-15 878	-15 878
Share based payments to employees				272	272
Deferred tax related to share based payments to employees				-34	-34
Current tax related to share based payments to employees				10	10
Total comprehensive income for the period				17 996	17 996
Closing balance 31 December 2019	24 904	13 206	5 968	49 340	93 418
January-December 2018					
Opening balance 1 January 2018	24 904	13 206	5 968	41 693	85 771
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
Closing balance 31 December 2018	24 904	13 206	5 968	46 974	91 052

Cash flow statement, condensed

Parent company SEKm	Full-year 2019	Full-year 2018
Cash flow from operating activities	78 503	-26 404
Cash flow from investing activities	4 644	12 927
Cash flow from financing activities	-56 454	-41 681
Cash flow for the period	26 693	-55 158
Cash and cash equivalents at beginning of period	80 903	136 061
Cash flow for the period	26 693	-55 158
Cash and cash equivalents at end of period	107 596	80 903

Capital adequacy

Capital adequacy, Parent company SEKm	31 Dec 2019	31 Dec 2018
Common Equity Tier 1 capital	90 305	81 824
Additional Tier 1 capital	16 153	10 937
Tier 1 capital	106 458	92 761
Tier 2 capital	15 995	22 862
Total capital	122 453	115 623
Minimum capital requirement	26 004	26 014
Risk exposure amount	325 056	325 180
Common Equity Tier 1 capital ratio, %	27.8	25.2
Tier 1 capital ratio, %	32.8	28.5
Total capital ratio, %	37.7	35.6
Capital buffer requirement¹⁾ %	31 Dec 2019	31 Dec 2018
CET1 capital requirement including buffer requirements	8.9	8.5
of which minimum CET1 requirement	4.5	4.5
of which capital conservation buffer	2.5	2.5
of which countercyclical capital buffer	1.9	1.5
CET 1 capital available to meet buffer requirement ²⁾	23.3	20.7
Leverage ratio	31 Dec 2019	31 Dec 2018
Tier 1 Capital, SEKm	106 458	92 761
Total exposure, SEKm ³⁾	1 086 489	1 017 859
Leverage ratio, % ³⁾	9.8	9.1

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 changed from Q3, the historical figures has not been revised.

Capital requirements ¹⁾ SEKm / %	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Capital requirement Pillar 1	40 307	39 022	12.4	12.0
of which Buffer requirements ²⁾	14 302	8 130	4.4	4.0
Total capital requirement Pillar 2 ³⁾	5 265	4 293	1.6	1.3
Total capital requirement Pillar 1 and 2	45 572	43 315	14.0	13.3
Own funds	122 453	115 623		

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

2) Buffer requirements includes capital conservation buffer and countercyclical capital buffer.

3) Systemic buffer as of 31 December 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 December 2019.

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

31 Dec 2019 SEKm	Exposure amount	Risk exposure amount	Minimum capital requirement
Credit risks, STD	1 065 332	80 766	6 461
Central government or central banks exposures	6		
Regional governments or local authorities exposures	28	6	0
Public sector entities exposures	721	104	8
Multilateral development banks exposures	1 970	3	0
Institutional exposures	987 277	820	66
Corporate exposures	4 359	4 143	331
Retail exposures	247	184	15
Exposures secured by mortgages on immovable property	3 598	1 259	101
Exposures in default	0	0	0
Equity exposures	67 123	74 247	5 940
Other items	3	0	0
Credit risks, IRB	860 044	158 540	12 683
Central government or central banks exposures	266 658	3 529	282
Institutional exposures	56 956	10 645	852
Corporate exposures	442 780	123 035	9 843
Retail exposures	90 955	19 056	1 524
of which mortgage lending	10 556	2 125	170
of which other lending	80 399	16 931	1 354
Non-credit obligation	2 695	2 275	182
Credit risks, Default fund contribution		584	47
Settlement risks	0	0	0
Market risks		16 207	1 297
Trading book		16 048	1 284
of which VaR and SVaR		12 701	1 016
of which risks outside VaR and SVaR		3 347	268
FX risk other operations		159	13
Credit value adjustment	17 628	4 644	372
Operational risks		36 815	2 945
Standardised approach		36 815	2 945
Additional risk exposure amount, Article 3 CRR		26 986	2 159
Additional risk exposure amount, Article 458 CRR		514	41
Total	1 943 004	325 056	26 004

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

31 Dec 2018

SEKm	Exposure amount	Risk exposure amount	Minimum capital requirement
Credit risks, STD	1 045 728	80 197	6 415
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
Credit risks, IRB	788 776	163 098	13 048
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
Retail exposures	94 045	20 058	1 605
of which mortgage lending	11 333	2 346	188
of which other lending	82 712	17 712	1 417
Non-credit obligation	3 286	3 155	252
Credit risks, Default fund contribution		358	29
Settlement risks	177	0	0
Market risks		13 000	1 040
Trading book		12 460	997
of which VaR and SVaR		9 023	722
of which risks outside VaR and SVaR		3 437	275
FX risk other operations		540	43
Credit value adjustment	15 072	3 781	302
Operational risks		35 201	2 816
Standardised approach		35 201	2 816
Additional risk exposure amount, Article 3 CRR		29 058	2 325
Additional risk exposure amount, Article 458 CRR		487	39
Total	1 849 753	325 180	26 014

Changed presentation of Net interest income

Income statement

Parent company

New reporting SEKm	Q1 2019	Q2 2019	Q3 2019	Q4 2018	Full-year 2018
Interest income on financial assets at amortised cost	3 046	3 222	3 113	2 884	10 894
Other interest income	1 468	1 596	1 572	1 748	6 339
Interest income	4 514	4 818	4 685	4 632	17 232
Interest expense	-1 454	-1 503	-1 388	-1 415	-4 992
Net interest income	3 060	3 315	3 297	3 217	12 240

Previous reporting SEKm	Q1 2019	Q2 2019	Q3 2019	Q4 2018	Full-year 2018
Interest income	5 008	5 259	5 167	5 430	20 223
Negative yield on financial assets	-494	-441	-482	-798	-2 991
Interest income, including negative yield on financial assets	4 514	4 818	4 685	4 632	17 232
Interest expense	-1 603	-1 633	-1 536	-1 620	-5 727
Negative yield on financial liabilities	149	130	148	205	735
Interest expense, including negative yield on financial liabilities	-1 454	-1 503	-1 388	-1 415	-4 992
Net interest income	3 060	3 315	3 297	3 217	12 240

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
------------------------	---------

Net investment margin before trading interest is deducted

Calculated as Net interest income before trading interest is deducted, in relation to average total assets. The average is calculated using month-end figures ¹⁾ including the prior year end. The closest IFRS measure is Net interest income and can be reconciled in Note 5.

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.

Allocated equity

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.

The presentation of this measure is relevant for investors since it used by Group management for internal governance and operating segment performance management purposes.

Return on allocated equity

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 ¹⁾ 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.

The presentation of this measure is relevant for investors since it used by Group management for internal governance and operating segment performance management purposes.

Income statement measures excluding UC income

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.

The presentation of this measure is relevant for investors as it provides comparability of figures between reporting periods.

Return on equity excluding UC income

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 ¹⁾, 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.

The presentation of this measure is relevant for investors as it provides comparability of figures between reporting periods.

Cost/Income ratio excluding UC income

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.

The presentation of this measure is relevant for investors as it provides comparability of figures between reporting periods.

Other alternative performance measures

These measures are defined in Fact book on page 82 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 equity¹⁾
- 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.

¹⁾ 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 Year-end Report for 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, 27 January 2020

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 Ugglå
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 31 December 2019 and the twelve-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, 28 January 2020

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

Financial calendar

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

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