

Amendment to Program Information

Swedbank AB (publ)

AMENDMENT TO PROGRAM INFORMATION

Type of Information:	Amendment to Program Information
Date of Announcement:	27 April 2020
Issuer Name:	Swedbank AB (publ) (the “ Issuer ”)
Name and Title of Representative:	Tomas Hedberg, Head of Group Treasury Ulf Jakobsson, Head of Funding and Risk Management
Address of Head Office:	105 34 Stockholm, Sweden
Telephone:	+46-8-585-900-00
Contact Person:	Attorneys-in-Fact: Motoyasu Fujita, Attorney-at-law Kosuke Miyashita, Attorney-at-law Nana Sakuma, Attorney-at-law Gaikokuho Kyodo-Jigyo Horitsu Jimusho Linklaters Address: Meiji Yasuda Building 10F 1-1, Marunouchi 2-chome, Chiyoda-ku Tokyo 100-0005, Japan Telephone: +81-3-6212-1200
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 23 April 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, 25 October 2019, 31 January 2020 and 9 April 2020). This constitutes an integral part of the Program Information dated 29 May 2019, and shall be read together with it.

Supplement dated 23 April, 2020

Swedbank AB (publ)

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

GLOBAL MEDIUM TERM NOTE PROGRAMME

This base prospectus supplement dated 23 April 2020 (the “**Supplement**”) to the Base Prospectus dated 14 May 2019 (together with the Supplements dated 17 July 2019, 23 October 2019, 28 January 2020 and 6 April 2020, 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 interim report of the Issuer for the three month period ended 31 March 2020.

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 Interim Report for Swedbank AB (publ)

On 23 April 2020 the Issuer published its reviewed unaudited interim results for the three month period ended 31 March 2020. A copy of the interim report has been filed with the Central Bank of Ireland and, by virtue of this Supplement, the interim 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 interim 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 interim 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 March 2020. There has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2019.

Q1 2020

Interim report January-March 2020, 23 April 2020

Swedbank 

Interim report for the first quarter 2020

First quarter 2020 compared with fourth quarter 2019

- Higher net interest income due to lower resolution fund fee and higher interest rates
- Lower income from cards and asset management negatively affected net commission income
- Negative net gains and losses on financial items due to negative valuation effects on derivatives and shareholdings
- Higher expenses due to the Swedish FSA's administrative fine
- Higher provisions for expected credit impairments related to the effects of Covid-19 and drop in oil prices
- Solid capital and liquidity buffers

“Our main job as a bank is to do what we can to help our customers get through this difficult situation.”

Jens Henriksson,
President and CEO

Financial information	Q1	Q4		Q1	
SEKm	2020	2019	%	2019	%
Total income	10 232	11 956	-14	11 362	-10
Net interest income	6 686	6 408	4	6 421	4
Net commission income	3 223	3 415	-6	3 070	5
Net gains and losses on financial items	-322	1 218		1 186	
Other income ¹⁾	645	915	-30	685	-6
Total expenses	9 370	5 549	69	4 518	
<i>of which administrative fine</i>	4 000				
Profit before impairment	862	6 407	-87	6 844	-87
Impairment of intangible and tangible assets		18			
Credit impairment	2 151	988		218	
Tax expense	398	973	-59	1 352	-71
Profit for the period attributable to the shareholders of Swedbank AB	-1 687	4 428		5 270	
Earnings per share, SEK, after dilution	-1.50	3.95		4.70	
Return on equity, %	-4.8	13.0		15.5	
C/I ratio	0.92	0.46		0.40	
Common Equity Tier 1 capital ratio, %	16.1	17.0		15.9	
Credit impairment ratio, %	0.51	0.23		0.05	

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

The first quarter of 2020 was dominated by the lead-up to one of the worst economic crises in living memory. A number of monetary and fiscal measures have been taken to support the economy and safeguard the financial markets. It will not be enough. We are facing a global recession. The International Monetary Fund is calling it “the Great Lockdown”.

The Covid-19 crisis is primarily a question of people and lives. Many people have lost those close to them. Many have lost their jobs. And many business owners are seeing their life’s work in tatters. Our main job as a bank is to do what we can to help our customers get through this difficult situation. We take our role as a crucial institution very seriously.

We have increased availability to both private and corporate customers in all channels and provided information on the various types of support we and the authorities are offering. The Telephone Bank has been strengthened. Many branches offer extra opening hours so that older customers can visit us without an unnecessary risk of contagion. We have made it easier, through a digital solution, to apply for amortisation exemption. We are participating in both the Swedish National Debt Office’s loan guarantee programme and the Riksbank’s loan facilities – we feel that banks have an important role to play in ensuring that these measures reach the real economy, where the need is greatest, as quickly as possible. During the quarter we approved loans of close to SEK 40bn to our corporate customers.

Our priority is a safe working environment, and nearly half of our employees are currently working from home. I am proud of the professionalism, compassion and dedication they have shown in these difficult times. It is still too early to grasp the full scope and consequences of the pandemic. One thing that is certain, however, is that more will be needed, from all of us.

Now we can look ahead – the goal is to be a leading anti-money laundering bank

The last quarter also marked the conclusion of a painful process for Swedbank. The money laundering-related investigations by the Swedish and Estonian financial supervisory authorities were concluded in March. At about the same time the US law firm Clifford Chance presented its final investigative report. It stated that Swedbank had shown serious deficiencies in its management of money laundering risks. The Swedish FSA warned Swedbank and issued an administrative fine of SEK 4bn. The Estonian FSA issued an injunction requiring us to take certain measures to strengthen our processes and routines.

In essence, it is fairly simple. Swedbank did not have proper governance and internal control, and as a result we had not done what was needed to stop potential money laundering in our bank.

Over the last year the bank has therefore worked with an extensive action plan to improve routines, system support and processes to prevent all types of financial crime. This work is now being intensified to ensure that we reach our goal of being an anti-money laundering industry leader. We will also ensure quality assurance in this work with the help of outside experts.

Laying the foundation for a stronger bank

Since I took over as CEO, I have made changes in the bank’s Group Executive Committee that affect many business and product areas as well as the central Group Functions. The bank’s ongoing culture and corporate governance will provide valuable insight and a tool to further improve how we work – both internally in the bank and with our customers. With the investigations now behind us, we can look ahead. The focus is shifting from 2007 to 2025.

Negative financial result in the quarter

The quarter can be divided into two distinct periods. The year began positively with high customer activity and favourable market swings. The major downturn in March, coupled with the Swedish FSA’s administrative fine, led to a negative result for the whole quarter.

In the wake of the deteriorating microeconomic outlook and big drop in oil prices, we allocated provisions of approximately SEK 2.2bn for any credit impairments. Fewer card transactions and lower asset management income weighed on net commission income. Net interest income, the first quarter’s glimmer of light, rose thanks to a lower resolution fund fee and positive effects of the Riksbank’s latest interest rate hike. In addition, our mortgage volumes in Sweden were significantly stronger than in the previous quarter.

With the investigations of the bank’s anti-money laundering work now completed, we are better able to estimate the costs associated with the investigations and our action plan. The higher costs are the main reason why we have revised our cost target for the full-year 2020 to SEK 21.5bn. The focus of the investigations was on quality and time rather than costs.

During the year our costs need to be higher than those required in the future. This is necessary to ensure the best possible outcome in our anti-financial crime work and in the investigations being conducted by US authorities.

By the end of the year we will have completed a large part of our action plan, made further progress in the US investigations and had the new Group Executive Committee in place for some time. We will then be able to present a more detailed plan of how we will further improve our offerings and increase efficiency. The focus will again be on fully earning the trust of the authorities and our other stakeholders.

At the time of writing, our bank’s most important job is to help our customers get through the current situation. Swedbank is in a strong financial position with capital and liquidity buffers that enable us to support our private and corporate customers, and thereby manage the current crisis in the best way possible. Our customers have supported us during a turbulent time. Now it is our time to support them.



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 SEKm	Q1	Q4		Q1	
	2020	2019	%	2019	%
Net interest income	6 686	6 408	4	6 421	4
Net commission income	3 223	3 415	-6	3 070	5
Net gains and losses on financial items	-322	1 218		1 186	
Other income ¹⁾	645	915	-30	685	-6
Total income	10 232	11 956	-14	11 362	-10
Staff costs	2 870	2 815	2	2 759	4
Other expenses	2 500	2 734	-9	1 759	42
Administrative fine	4 000				
Total expenses	9 370	5 549	69	4 518	
Profit before impairment	862	6 407	-87	6 844	-87
Impairment of intangible assets		13			
Impairment of tangible assets		5			
Credit impairment, net	2 151	988		218	
Operating profit	-1 289	5 401		6 626	
Tax expense	398	973	-59	1 352	-71
Profit for the period	-1 687	4 428		5 274	
Profit for the period attributable to the shareholders of Swedbank AB	-1 687	4 428		5 270	

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	Q1	Q4	Q1
	2020	2019	2019
Return on equity, %	-4.8	13.0	15.5
Earnings per share before dilution, SEK ¹⁾	-1.51	3.96	4.72
Earnings per share after dilution, SEK ¹⁾	-1.50	3.95	4.70
C/I ratio	0.92	0.46	0.40
Equity per share, SEK ¹⁾	126.4	123.9	113.0
Loan/deposit ratio, %	156	168	171
Common Equity Tier 1 capital ratio, %	16.1	17.0	15.9
Tier 1 capital ratio, %	17.6	19.4	17.7
Total capital ratio, %	20.1	21.8	20.0
Credit impairment ratio, %	0.51	0.23	0.05
Share of Stage 3 loans, gross, %	0.79	0.82	0.67
Total credit impairment provision ratio, %	0.52	0.40	0.39
Liquidity coverage ratio (LCR), %	162	182	167
Net stable funding ratio (NSFR), % ²⁾	116	120	117

¹⁾ The number of shares and calculation of earnings per share are specified on page 54.

²⁾ NSFR calculated in accordance with Regulation (EU) 2019/876. Past NSFR numbers for 2019, that were based on the Basel III version, were recalculated in Q4 of 2019 to provide accurate quarterly comparisons. See p57 in 2019 Q4 Fact book for a detailed comparison.

Balance sheet data SEKbn	31 Mar	31 Dec		31 Mar	
	2020	2019	%	2019	%
Loans to the public, excl. the Swedish National Debt Office and repurchase agreements	1 632	1 606	2	1 591	3
Deposits and borrowings from the public, excl. the Swedish National Debt Office and repurchase agreements	1 046	954	10	930	12
Equity attributable to shareholders of the parent company	142	139	2	126	12
Total assets	2 675	2 408	11	2 462	9
Risk exposure amount	691	649	6	656	5

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

Overview

Market

The rapid spread of Covid-19 dominated the end of the first quarter and created great uncertainty and turbulence in the global markets. At the beginning of the year there were positive signs when the trade conflict between the US and China was averted and Brexit was finally voted through. During March it was clear, however, that the rapid spread of Covid-19 would have major consequences for the global economy, and now we are facing a possible global recession because of the pandemic. Not since the global financial crisis have we seen such swings in the world's equity and foreign exchange markets. Governments and central banks have launched sweeping support packages to mitigate the impact on their economy and markets. In addition, an oil price war is underway between Saudi Arabia and Russia, which has contributed to oil prices dropping by half in a short time.

Monetary policy measures taken to support economies and safeguard financial markets have been massive. The Federal Reserve cut its benchmark interest rate at two unscheduled monetary policy meetings to nearly zero, announced unlimited asset purchases and took additional measures to ensure liquidity in the financial markets. The European Central Bank has also played an active part in managing the crisis, however there is room for further measures in the coming months. During the quarter the euro weakened slightly against the dollar.

The Swedish economy slowed at the end of last year. In the fourth quarter 2019 GDP grew 0.2 per cent compared with the previous quarter and 0.8 per cent compared with the same quarter in 2019. The largest contribution came from net exports, while lower investments weighed on growth. In the first two months of 2020 economic development in Sweden was stable. Household debt was unchanged and in February mortgage lending rose 5.1 per cent on an annual basis. In March house prices had risen nearly 6 per cent compared with the same month in 2019. Inflation at a fixed interest rate, CPIF, was weighed down by among other things lower energy prices and amounted to 1.0 per cent in February, slightly lower than both the Riksbank's and the market's expectations.

The coronavirus is expected to have a major impact on the Swedish economy. The all-important export sector is being hard hit by the global slowdown and domestic demand is also declining due to the slowdown in economic activity resulting from the measures to slow the spread of the virus. All in all, we expect economic activity in Sweden to decrease 6 per cent this year and unemployment to rise to 10 per cent this summer, though the forecasts are highly uncertain. The krona weakened against both the dollar and the euro during the quarter. The authorities have acted aggressively, both in monetary and fiscal terms, to mitigate the effects on the economy.

Growth in the Baltic countries was relatively good in the last quarter of 2019 despite weaker development in key export countries. In the fourth quarter the Baltic economies grew 3.9 per cent in Estonia, 1.0 per cent in Latvia and 3.8 per cent in Lithuania compared with the same quarter in 2019.

However, the Baltic countries are now also being affected by the spread of Covid-19 and all three economies are expected to decline approximately 5 per cent this year, at the same time that unemployment rises towards 10 per cent.

Important to note

Swedbank's Board of Directors decided on 20 March to postpone the Annual General Meeting due to the spread of the coronavirus. The meeting was scheduled to be held on 26 March. On April 22 Swedbank's Board of Directors decided that the Annual General Meeting will be held on May 28, 2020. More information on Swedbank's AGM will be available on the bank's website at www.swedbank.com under About us/Management and corporate governance.

The Board of Directors proposes that decision about dividend should not be made at the Annual General Meeting but at an Extraordinary General Meeting, if the conditions are appropriate, when the consequences of the Covid-19 pandemic can be better reviewed. Swedbank's dividend policy to distribute 50 per cent of profit remains unchanged, as does the target that the Common Equity Tier 1 capital ratio exceeds the Swedish Financial Supervisory Authority's (Swedish FSA) requirement by 1–3 percentage points. Swedbank's financial position is strong, both from a capital and a liquidity perspective, and the bank will continue to support its customers with financing and advice during these difficult times. At the end of the first quarter, Swedbank's Common Equity Tier 1 capital ratio was 16.1 per cent, which is 3 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 62.

Group development

Result first quarter 2020 compared with fourth quarter 2019

Swedbank's profit fell to SEK -1 687m (4 428) in the first quarter 2020 due to the cost of the Swedish FSA's administrative fine, negative net gains and losses on financial items and higher credit impairments. The table below shows a simplified income statement excluding the Swedish FSA's administrative fine.

Income statement, SEKm	Q1	Q1	Q4
	2020	2020	2020
	Excl administrative fine		
Total income	10 232	10 232	11 956
Total expenses	9 370	5 370	5 549
<i>of which administrative fine</i>	4 000		
Impairment and credit impairment	2 151	2 151	1 006
Operating profit	-1 289	2 711	5 401
Tax expense	398	398	973
Profit for the period	-1 687	2 313	4 428
Non-controlling interests			
Return on equity, %	-4.8	6.5	13.0
Cost/Income ratio	0.92	0.52	0.46

Foreign exchange effects increased profit by SEK 72m.

The return on equity was negative in the quarter (13.0) and the cost/income ratio was 0.92 (0.46). Adjusted for the Swedish FSA's administrative fine, the return on equity was 6.5 per cent and the cost/income ratio was 0.52.

Income decreased to SEK 10 232m (11 956). The main reason was negative net gains and losses on financial items. Lower net commission income and other income also contributed to the decrease. Foreign exchange effects reduced income by SEK 29m.

Net interest income increased 4 per cent to SEK 6 686m (6 408), mainly due to a lower resolution fund fee and the positive effects in connection with the Riksbank's latest rate hike.

Net commission income decreased 6 per cent to SEK 3 223m (3 415), mainly due to lower income from cards and asset management. Lower income from corporate finance also had a negative effect. Card income was seasonally lower in the first quarter and was also affected by lower card usage due to Covid-19.

Net gains and losses on financial items decreased to SEK -322m (1 218). The main reason was a negative result within Large Corporates & Institutions, largely driven by derivative value adjustments (CVA/DVA), which were negatively affected by higher credit risks for counterparties in connection with Covid-19. A lower value of shareholdings in Visa and Asiakastieto also negatively affected the result.

Other income including the share of profit or loss of associates decreased to SEK 645m (915). The decrease is mainly because the previous quarter's result was affected by a capital gain of SEK 165m in connection with Entercard's sale of a credit portfolio. In addition, income decreased from the insurance business due to higher costs for claims.

Expenses rose to SEK 9 370m (5 549), mainly due to the Swedish FSA's administrative fine of SEK 4 000m. Adjusted for the administrative fine, expenses were down 3 per cent. Consulting expenses to manage money laundering related investigations rose SEK 56m to a total of SEK 576m in the quarter. Other expenses decreased by SEK 234m due to lower consulting and IT expenses as well as seasonally lower marketing expenses. Foreign exchange effects increased expenses by SEK 8m.

Credit impairments increased to SEK 2 151m (988)

and related in large part to provisions within Large Corporates & Institutions. Credit impairment provisions were allocated for individual commitments as well as at a portfolio level due to the deteriorating macroeconomic outlook. The large part of the provisions relates to the effects of Covid-19 and the decline in oil price.

The tax expense amounted to SEK 398m (973) despite the result for the period being negative. The tax expense was affected by the Swedish FSA's administrative fine being non-deductible and by a tax loss carry forward from previous years of SEK 168m. Excluding the administrative fine and tax loss carry forward, the adjusted effective tax rate was 20.9 per cent, against last quarter's 18.0 per cent. The higher tax rate was affected by non-deductible expenses e.g. interest on subordinated loans, which have a bigger negative effect on a comparatively lower quarterly result.

Result first quarter 2020 compared with first quarter 2019

Swedbank's profit decreased to SEK -1 687m (5 270) due to the Swedish FSA's administrative fine and consulting expenses to manage money laundering related investigations, negative net gains and losses on financial items and higher credit impairments. The table below shows a simplified income statement with and without the Swedish FSA's administrative fine.

Income statement, SEKm	Q1	Q1	Q1
	2020	2020	2019
	Excl administrative fine		
Total income	10 232	10 232	11 362
Total expenses	9 370	5 370	4 518
<i>of which administrative fine</i>	4 000		
Impairment and credit impairment	2 151	2 151	218
Operating profit	-1 289	2 711	6 626
Tax expense	398	398	1 352
Profit for the period	-1 687	2 313	5 270
Non-controlling interests			4
Return on equity, %	-4.8	6.5	15.5
Cost/Income ratio	0.92	0.52	0.40

Foreign exchange effects raised profit by SEK 111m.

The return on equity was negative in the quarter (15.5) and the cost/income ratio was 0.92 (0.40). Adjusted for the Swedish FSA's administrative fine, the return on equity was 6.5 per cent and the cost/income ratio was 0.52.

Income decreased 10 per cent to SEK 10 232m (11 362). The main reason was negative net gains and losses on financial items. Foreign exchange effects reduced income by SEK 8m.

Net interest income rose 4 per cent to SEK 6 686m (6 421). The increase was mainly due to a lower resolution fund fee, higher lending volumes and a larger contribution from net interest income in foreign currency due to the weakening Swedish krona.

Net commission income increased to SEK 3 223m (3 070). Fees primarily from asset management increased due to a higher average volume of assets under management. Income from corporate finance was

higher as well, but was offset by lower income from cards.

Net gains and losses on financial items decreased to SEK -322m (1 186). The main reason was a negative result within Large Corporates & Institutions, largely driven by derivative value adjustments (CVA/DVA), which were negatively affected by higher credit risks for counterparties in connection with Covid-19. A lower value of the shareholdings in Visa and Asiakastiето also negatively affected the result.

Other income including the share of profit or loss of associates decreased to SEK 645m (685). The decrease is largely due to lower income from the insurance business due to higher expenses for claims as well as lower income from associates.

Expenses increased to SEK 9 370m (4 518), mainly due to the Swedish FSA's administrative fine of SEK 4 000m. Adjusted for the administrative fine, expenses rose 19 per cent. Consulting expenses to manage money laundering related investigations amounted in total to SEK 576m in the quarter. Other expenses rose SEK 277m due to higher staff costs and IT and consulting expenses. Staff costs rose mainly due to annual wage increases and a higher number of employees. Foreign exchange effects increased expenses by SEK 26m.

Credit impairments increased to SEK 2 151m (218) and related in large part to provisions within Large Corporates & Institutions. Credit impairment provisions were allocated for individual commitments as well as at a portfolio level due to the deteriorating macroeconomic outlook. A large part of the provisions relates to the effects of Covid-19 and the decline in oil price.

The tax expense amounted to SEK 398m (1 352) despite the result for the period being negative. The tax expense was affected by the Swedish FSA's administrative fine being non-deductible and by a tax loss carryforward from previous years of SEK 168m. Excluding the administrative fine and tax loss carryforward, the adjusted effective tax rate was 20.9 per cent, against 20.4 per cent in the first quarter of 2019. The Group's effective tax rate is estimated at 19-21 per cent in the medium term.

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, increased by SEK 26bn to SEK 1 632bn (1 606) compared with the end of the fourth quarter 2019. Compared with the end of the first quarter 2019 the increase was SEK 41bn, corresponding to growth of 3 per cent. Foreign exchange effects positively affected lending by SEK 13bn compared with the end of 2019 and positively by SEK 13bn compared with the end of the first quarter 2019.

Loans to the public excl. the Swedish National Debt Office and repurchase agreements, SEKbn	31 Mar 2020	31 Dec 2019	31 Mar 2019
Loans, private mortgage	916	905	884
of which Swedish Banking	823	818	804
of which Baltic Banking	93	87	80
Loans, private other incl tenant-owner associations	147	148	152
of which Swedish Banking	128	130	135
of which Baltic Banking	18	17	16
of which Large Corporates & Inst.	1	1	1
Loans, corporate	569	553	555
of which Swedish Banking	249	248	256
of which Baltic Banking	87	82	78
of which Large Corporates & Inst.	233	222	221
of which Group Functions & Other		1	
Total	1 632	1 606	1 591

Lending to mortgage customers within Swedish Banking rose SEK 5bn to SEK 823bn (818) compared with the end of 2019. The market share in mortgages was 24 per cent (24). Other private lending, including lending to tenant-owner associations, decreased by SEK 2bn. Swedish consumer finance volume amounted to SEK 32bn (32), corresponding to a market share of about 8 per cent. Consumer credit includes unsecured loans as well as loans secured by a car or a boat.

Baltic Banking's mortgage volume grew 2 per cent in local currency to the equivalent of SEK 93bn.

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

Corporate lending increased in all business segments by a total of SEK 16bn in the quarter, to SEK 569bn (553). In Sweden the market share was 17 per cent (17).

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 2019. Compared with the first quarter 2019 the number of cards in issue rose nearly 1 per cent. In Sweden 4.4 million cards were in issue and in the Baltic countries 3.8 million. In the quarter corporate card issuance rose 3 per cent and private card issuance 1 per cent compared with the same quarter in 2019.

Number of cards	31 Mar 2020	31 Dec 2019	31 Mar 2019
Issued cards, million	8.1	8.1	8.1
of which Sweden	4.4	4.3	4.3
of which Baltic countries	3.8	3.8	3.8

In the first quarter there were 315 million purchases with Swedbank cards in Sweden, an increase of 1 per cent compared with the same quarter in 2019. In the Baltic countries there were 154 million card purchases in the quarter, up 10 per cent.

In the latter part of the quarter, in connection with the spread of Covid-19, the number of card purchases decreased. Total card transaction volume decreased as well, but not to the same extent as the number of card purchases. This indicates a change in buying habits, where smaller purchases in particular were avoided. This trend is evident in all of our home markets.

The number of card transactions acquired by Swedbank rose 2 per cent in the first quarter compared with the same period in 2019. In Sweden, Norway, Finland and Denmark there were 652 million transactions in the quarter, an increase of 1 per cent compared with the same quarter in 2019. In the Baltic countries the corresponding figure was 109 million transactions and an increase of 8 per cent.

Covid-19 has clearly impacted Swedbank's card transaction acquisitions as many sectors experienced a big drop in sales in the latter part of the quarter. Grocery sales have been affected fairly little by the downturn, at the same time that consumer discretionary goods and services such as travel, hotels and transport have clearly been adversely affected.

The number of domestic payments rose 5 per cent in Sweden and 7 per cent in the Baltic countries compared with the first quarter of 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 2019 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 1 009bn compared with the end of 2019 (954). Compared with the end of the first quarter 2019 the increase was SEK 89bn, corresponding to growth of 10 per cent. All business segments contributed to the increase compared with the previous year. Exchange rates positively affected deposits by SEK 15bn compared with the end of 2019 and positively by SEK 16bn compared with the end of the first quarter 2019. Total deposits from the public, including volumes attributable to Group Treasury, amounted to SEK 1 046bn (954 at the end of 2019).

Deposits from the public excl. the Swedish National Debt Office and repurchase agreements, SEKbn	31 Mar 2020	31 Dec 2019	31 Mar 2019
Deposits, private	556	531	515
of which Swedish Banking	403	388	383
of which Baltic Banking	153	143	132
Deposits, corporate	490	423	415
of which Swedish Banking	182	183	173
of which Baltic Banking	104	99	86
of which Large Corporates & Inst.	167	141	146
of which Group Functions & Other	37		10
Total	1 046	954	930

Swedbank's deposits from private customers increased by SEK 25bn in the quarter to SEK 556bn (531). The increase was partly because the net outflow from fund operations had been re-invested as deposits.

Corporate deposits in the business segments increased in total by SEK 30bn in the quarter. Institutional clients have chosen to increase their cash holdings during the ongoing Covid-19 pandemic.

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 was also unchanged at 16 per cent (16). For more information on deposits, see page 37 of the Fact book.

Asset management, SEKbn	31 Mar 2020	31 Dec 2019	31 Mar 2019
Total asset management	1 381	1 538	1 395
Assets under management	958	1 090	965
Assets under management, Robur	951	1 083	959
of which Sweden	896	1 025	908
of which Baltic countries	57	59	52
of which eliminations	-2	-1	-1
Assets under management, Other, Baltic countries	7	7	6
Discretionary asset management	423	448	430

Assets under management by Swedbank Robur fell 12 per cent in the quarter to SEK 951bn at 31 March (SEK 1 083bn at 31 December 2019), of which SEK 896bn (1 025) related to the Swedish business and SEK 57bn (59) to the Baltic business. The decrease of 13 per cent in the Swedish business was mainly due to negative value development, and to net fund outflows in the period. In the Baltic countries the decrease of 4 per cent was due in its entirety to the weak market.

After large outflows in March, the Swedish fund market had net outflows of SEK 87bn in the quarter (SEK 74bn in inflows in the fourth quarter including the annual PPM deposits of SEK 43bn). The largest net outflow, SEK 55bn, was from active equity funds, while index funds, mixed funds and other funds accounted for net outflows of SEK 22bn, SEK 27bn and SEK 1bn respectively. Fixed income funds had net inflows of SEK 18bn.

Swedbank Robur's Swedish fund operations had net outflows totalling SEK 6bn (SEK 4bn in inflows in Q4). For actively managed and indexed-linked equity funds as well as mixed funds the net flow was negative at SEK 11bn, SEK 4bn and SEK 6bn respectively. Fixed income funds on the other hand posted total net inflows of SEK 15bn. In the institutional business and third party distribution net flows improved and turned positive in the period. At the same time sales decreased through Swedbank and the savings banks, which posted net outflows.

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

By assets under management Swedbank Robur is the largest player in the Swedish and Baltic fund markets. As of 31 March the market share in Sweden was 21 per cent. The market shares in Estonia, Latvia and in Lithuania were 40, 41 and 37 per cent respectively.

Assets under management, life insurance, SEKbn	31 Mar 2020	31 Dec 2019	31 Mar 2019
Sweden	194	220	195
of which collective occupational pensions	98	109	94
of which endowment insurance	61	72	65
of which occupational pensions	26	29	26
of which other	9	10	10
Baltic countries	6	7	6

Life insurance assets under management in the Swedish operations fell 12 per cent in the first quarter to SEK 194bn on 31 March. Premium income, consisting of premium payments and capital transfers, amounted in the first quarter to SEK 8bn (SEK 5bn in the fourth quarter). For premium income excluding capital transfers, Swedbank's market share in the fourth quarter was 6 per cent (6 per cent in the third quarter 2019). In the transfer market Swedbank's market share in the

fourth quarter was 10 per cent (10 per cent in the third quarter 2019).

In Estonia and Lithuania Swedbank is the largest life insurance company and in Latvia it is the third largest. By premium payments, the market shares in the fourth quarter were 41 per cent in Estonia, 20 per cent in Lithuania and 23 per cent in Latvia.

Credit and asset quality

The ongoing Covid-19 pandemic and measures to limit the contagion are having major consequences for the global economy, and naturally for Sweden's as well. The extent of the negative effects is still hard to assess and depends on how long the crisis lasts and how well government stimulus packages mitigate the impact on businesses and individuals.

Swedbank's borrowers are affected as well. The bank is continually analysing the potential consequences for various sectors and has taken measures to assist its borrowers. The option of amortisation exemptions for affected private and corporate customers and preparations to support corporate customers that incur temporary liquidity problems due to Covid-19 are among the steps taken in the first quarter.

In the first quarter Swedbank's credit impairments amounted to SEK 2 151m (SEK 988m in the fourth quarter), mainly due to increased provisions within Large Corporates & Institutions. Deteriorating macroeconomic forecasts affected forward-looking scenarios for the various credit portfolios and led to increased impairment provisions. In addition, provisions of approximately SEK 0.9bn were allocated for individual commitments in mostly oil-related sectors. Downgrades for corporate customers in stages 1 and 2 that have not been captured by the models at the end of the period have been incorporated by a post-model expert credit adjustment. The sectors that are most affected are shipping/offshore, manufacturing and retail. For more information on the expert adjustment, see note 9.

All in all, the credit impairment ratio in the first quarter was 0.51 per cent (0.23). The share of loans in stage 3 (gross) was 0.79 per cent (0.82) and the provision ratio for loans in stage 3 was 44 per cent (36). For more information on asset quality, see pages 39–44 of the Fact book and note 11.

Credit impairments, net by business segment SEKm	Q1	Q4	Q1
	2020	2019	2019
Swedish Banking	373	10	136
Baltic Banking	146	-3	-29
Estonia	59	16	-2
Latvia	41	-13	-7
Lithuania	46	-6	-20
Large Corporates & Institutions	1 627	982	107
Group Functions & Other	5		4
Total	2151	988	218

The Covid-19 outbreak and plunge in oil prices dramatically affected the oil sector's outlook. This led to lower investments and additional credit impairment provisions for oil-related sectors in the first quarter. Swedbank's oil-related portfolio is small, and the ongoing reduction and restructuring of the portfolio is continuing.

The Swedish housing market was stable at the start of 2020 and the economic slowdown did not have a major impact. Growing household concerns about unemployment and a worsening economy may reduce the number of property sales, however, which could lead to a drop in house prices during the year.

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. In addition, measures taken by the authorities strengthened the health and unemployment insurance systems, reducing the negative impact at a household level. The average loan-to-value ratios for the mortgage portfolio are 56 per cent in Sweden, 46 per cent in Estonia, 71 per cent in Latvia and 57 per cent in Lithuania. For more information, see pages 45-46 of the Fact book.

The commercial real estate market is being adversely affected by the current situation with turbulence in the financial markets, refinancing risk and the expected recession. Property sales are expected to fall in the second quarter. Transactions made in the first quarter were negotiated before the spread of Covid-19 and do not reflect current market expectations. The focus going forward is expected to be on the most solvent types of real estate, such as residential, public and logistics properties in prime locations, as well as office buildings with long-term leases.

Property owners who are dependent on tenants in retail, hotels, restaurants and service businesses risk lower rental income due to renegotiations and bankruptcies. Depending on the length and depth of the recession, other parts of the real estate sector could be affected as well.

Swedbank's lending in property management accounts for approximately 15 per cent of the total loan portfolio and is mainly to real estate companies with strong finances and good collateral. Less cyclical segments with low risk such as residential, public and logistics properties in prime locations account for approximately 40 per cent of the real estate portfolio. Swedbank's lending to retail and hotel properties is limited and represents a small share of the total loan volume in property management. Swedbank focuses 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

A serious IT incident occurred in the first quarter in connection with scheduled maintenance work. This affected the bank and its customers for several days. After the error was fixed, operations were stable. Swedbank is working continuously to ensure a high level of availability for its customers.

Funding and liquidity

Swedbank's funding in the quarter was dominated by growing deposits, participation in the Riksbank's lending programme for businesses through banks, and covered bond issuance. The bank's debt ratio fell in the quarter and liquidity strengthened.

Due to the Covid-19 crisis, central banks around the world have taken strong action to support liquidity and lending to businesses that have suffered in the crisis. Swedbank is fully focused on how we can best help our customers and together with other banks has an important role to play by ensuring that the various forms of support reach out into society. Swedbank has therefore participated in the Riksbank's auctions and depending on our customers' needs will also consider future participation. Swedbank continues to have a good liquidity situation and is not in need of government support.

Maturities in the full-year 2020 amount to SEK 165bn calculated from the beginning of the year. The total issuance need for the full-year 2020 is expected to be lower compared with 2019. The issuance need is affected by future maturities and changes in deposit volumes and lending growth and is therefore adjusted over the course of the year. As of 31 March, outstanding short-term funding and commercial paper, included in debt securities in issue, amounted to SEK 185bn (SEK 129bn as of 31 December). Available cash and balances with central banks and reserves with the Swedish National Debt Office amounted to SEK 295bn (195). The liquidity reserve as of 31 March amounted to SEK 484bn (380). The Group's liquidity coverage ratio (LCR) was 162 per cent (182) and for USD, EUR and SEK was 165, 338 and 93 per cent respectively. The net stable funding ratio (NSFR) was 116 per cent (120). For more information on funding and liquidity, see notes 14-16 on pages 55-71 of the Fact book.

Ratings

On 26 March 2020 Standard & Poor's downgraded Swedbank's rating to A+ for the bank's long-term funding and A-1 for the bank's short-term funding due to regulators finding anti-money-laundering (AML) deficiencies and compliance deficiencies. The outlook was changed from negative to stable, which reflects the belief that the bank's solid business model, profitability, and capital should shield it from worsening macro-economic conditions and the outcome of other pending investigations linked to money laundering.

On 2 April 2020 Moody's downgraded Swedbank's long-term rating to Aa3 and changed its Baseline Credit Assessment to baa1 following the conclusions from the investigations that showed deficiencies in Swedbank's management of money laundering risks. The outlook was changed from negative to stable reflecting the view that additional economic consequences arising from the continued investigations are unlikely to materially impact the bank's creditworthiness.

On 3 April 2020 Fitch downgraded Swedbank's Long-Term Issuer Default Rating to A+ and the Viability Rating to a+ driven by investigative confirmation of deficiencies in anti-money laundering controls. The outlook is set to stable reflecting expectations that the bank will progressively strengthen its controls to effectively combat and prevent money laundering and that Swedbank has a strong rating position which will enable it to get through the economic downturn created by the Covid-19.

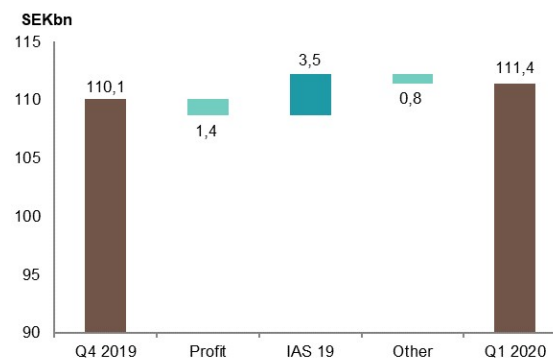
Capital and capital adequacy

Capital ratio and capital requirement

The Common Equity Tier 1 capital ratio was 16.1 per cent at the end of the quarter (17.0 per cent as of 31 December 2019). The total Common Equity Tier 1 capital requirement was 13.1 per cent (15.1) of the risk exposure amount (REA). The ongoing global spread of the coronavirus is affecting the economy. To safeguard the credit supply, the Swedish FSA decided in March to lower the countercyclical buffer value by 2.5 percentage points and set it at 0 per cent for Swedish exposures. Several FSAs in countries where Swedbank operates have taken similar measures, due to which the Group's countercyclical buffer value is 0.1 per cent per as of 31 March 2020.

Common Equity Tier 1 capital increased to SEK 111.4bn (110.1), mainly resulting from the remeasurement of the pension liability of SEK 3.5bn. The remeasurement effect was mainly related to a lower inflation assumption together with the inclusion of more high quality bonds in the determination of the discount rate.

Change in Common Equity Tier 1 capital, Swedbank consolidated situation

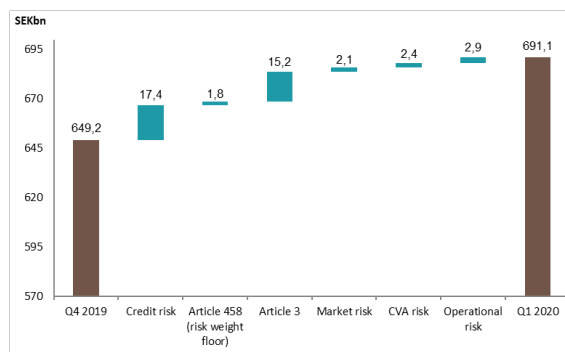


Total REA increased to SEK 691.1bn (649.2) in the first quarter.

The quarterly review of additional risk exposure amounts for article 3 in the CRR resulted in an increase in REA of SEK 15.2bn. The increase was mainly because Swedbank had taken into account the new definition of default in the Loss Given Default (LGD) model to calculate default losses for large corporates. As a result, Swedbank had chosen to retain more capital pending the approval of the updated model by the Swedish FSA.

REA for credit risk increased by SEK 19.2bn in the quarter. The increase in credit risk is mainly due to increased institutional exposures in the business areas Large Corporates & Institutions and Group Functions & Other as well as foreign exchange effects in the business area Baltic Banking. REA for market risk increased in the quarter by SEK 2.1bn to SEK 18.5bn (16.3) and REA for CVA risk increased SEK 2.4bn to SEK 7.1bn (4.7). The annual updated calculation of REA for operational risk contributed to an increase in REA for operational risk of SEK 2.9bn to SEK 71.5bn. This is attributable to increased income.

Change in REA, Swedbank consolidated situation



The leverage ratio was 4.7 per cent (5.4). The ratio decreased mainly due to lower Tier 1 capital and higher total assets at the end of the first quarter 2020 compared with the fourth quarter 2019.

Future capital regulations

In March 2020 the Swedish FSA decided to lower the countercyclical buffer value from 2.5 per cent to zero. In its decision the Swedish FSA stated that it does not expect to change the new buffer rate for at least the next twelve months, which means that any subsequent increases are not expected to apply earlier than March 2022. In other jurisdictions where Swedbank is active similar reductions have been made.

In January 2020 the Swedish FSA decided to increase the capital requirements on bank loans for commercial real estate. The action is justified by the fact that banks gradually have increased lending to commercial real estate to a level that now represents a potential risk to financial stability. The capital requirement is expected to be introduced in the third quarter 2020 as an additional capital charge in Pillar 2. For commercial real estate, the Swedish FSA has set the average risk weight at 35 per cent and for commercial residential real estate at 25 per cent. According to the Swedish FSA, Swedbank's total capital requirement is thereby expected to increase 0.7 percentage points and Common Equity Tier 1 capital 0.5 percentage points. After the end of the quarter the Swedish FSA announced that the process was being delayed one quarter and is expected to be introduced in December 2020 instead of September.

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 internal rating based models. In the memorandum the Swedish FSA states that Swedish banks must analyse their internal rating based models 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 – remains 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 will take effect by 28 December 2020 and the changes related to own funds and eligible liabilities requirement will be phased in as of 1 January 2022. The phase-in will be completed by 1 January 2024.

On April 7 the Swedish National Debt Office decided with immediate effect to extend the phase-in period for banks to fulfil MREL with own funds and eligible liabilities to 2024 from 2022.

Other events

On 19 February Swedbank published its Annual and Sustainability Report for 2019 together with the bank's Risk Management and Capital Adequacy Report. Swedbank's sustainability work is a key element in its operations and sustainability reporting is therefore integrated in the Annual Report.

During the quarter Erik Ljungberg was recruited as the new head of Group Communications. Erik Ljungberg comes from Scania, where he has been Senior Vice President with responsibility for communications since 2008. At Swedbank Erik Ljungberg will also be responsible for branding, marketing and sustainability issues and will join the Group Executive Committee. He will report directly to the CEO and the Board of Directors and will take up his position at Swedbank no later than July 2020.

Rolf Marquardt has been recruited as the new Chief Risk Officer. Rolf Marquardt comes from Handelsbanken, where he is CFO and has worked with financial issues since 2002. He was Chief Risk Officer for six years and has also worked with compliance and risk control at group level at Handelsbanken. In his new role Rolf Marquardt will report directly to the CEO and the Board of Directors and will join the Group Executive Committee. He will take up his position at Swedbank no later than 1 October 2020.

On 20 March Swedbank announced that it had postponed the Annual General Meeting to a later date due to the spread of the coronavirus. By doing so, the bank hopes to reduce the risk of further contagion in society. Previously scheduled for 26 March, the AGM will be held by 30 June at the latest.

On 23 March the Board of Directors decided to unilaterally cancel the severance agreement with former CEO Birgitte Bonnesen against the backdrop of the information presented in the investigations conducted by the Swedish and Estonian FSAs and the international law firm Clifford Chance. The severance agreement was scheduled to start on 29 March 2020.

Swedbank's anti-money laundering work

Decisions by the Swedish and Estonian Financial Supervisory Authorities

On 19 March the FSAs in Sweden and Estonia announced the results of the parallel investigations of whether Swedbank had followed the rules on governance and control with regard to money laundering in its subsidiary banks in Estonia, Latvia and Lithuania – in the period 2015 to the end of the first quarter of 2019. The investigations also covered issues related to the bank's disclosures to the FSAs and whether Swedbank's Swedish operations had fulfilled the anti-money laundering regulatory requirements.

The FSAs stated that Swedbank had serious shortcomings in the anti-money laundering work in its Baltic operations. The bank also had shortcomings in its disclosures to authorities. Certain shortcomings were found in the Swedish operations as well.

Swedbank stated in a press release on the same date that the FSAs' conclusions substantially correspond with the bank's own. Swedbank had shortcomings in the routines to prevent money laundering. Swedbank also stated that while a number of measures have been taken, the bank's anti-money laundering work has not reached a sufficiently high level.

The Swedish FSA decided to warn Swedbank and issued an administrative fine of SEK 4bn. The Estonian FSA issued an injunction requiring Swedbank's Estonian subsidiary bank to take measures to improve its anti-money laundering systems. The question of whether money laundering or other criminal activity has occurred in the bank is being investigated by the Estonian prosecutor.

On 23 March Swedbank decided not to appeal against the Swedish FSA's sanction decision or the Estonian FSA's injunction.

The sanction amount is recognised from a tax perspective as a non-deductible expense in the bank's result for the first quarter of 2020.

Clifford Chance investigation

The law firm Clifford Chance was hired in February 2019 by Swedbank's Board of Directors to conduct an investigation of Swedbank's anti-money laundering work with forensic support from the consulting firms FRA and FTI. Clifford Chance presented its report on the investigation on 23 March 2020. The report contains Clifford Chance's objective conclusions. The bank has not influenced the investigation or Clifford Chance's conclusions. The bank has fully cooperated in the investigation.

The investigation included customers, transactions and activities from 2007 to end-March 2019 and how the bank handled internal and external information disclosures. Clifford Chance examined how Swedbank responded historically to shortcomings that had been identified.

Clifford Chance had unlimited access to documentation from Swedbank, including billions of transaction records, around 160 million customer records and over 38 terabytes of electronic documents and hard copy data scanned from Swedbank's files. Clifford Chance conducted around 100 interviews with among others

current and former senior executives and Board members.

Clifford Chance's report shows that during the period 2014 – 2019 transactions with a high risk of suspected money laundering were made in the form of payments to customer accounts worth EUR 17.8 billion and payments from customer accounts worth EUR 18.9 billion in the Baltic subsidiaries. Clifford Chance could not, based on available information, conclude that Swedbank had been involved in money laundering or processed any customer transactions that consisted of proceeds from criminal activities.

In addition, Clifford Chance reported (on 10 March) that transactions of approximately USD 4.8 million may represent sanctionable conduct. Swedbank has therefore submitted a report to the U.S. Treasury's Office for Foreign Assets Control (OFAC). Of the reported transactions, 95 per cent related to the period 2015 – 2016. They consist in large part of salaries and various fees from shipping companies based in Crimea.

Clifford Chance's report is published on Swedbank's website. The report is in English. There is also a summary in Swedish and English in which Clifford Chance's conclusions are described.

Ongoing investigations

Several European and US authorities are investigating Swedbank. The bank is fully cooperating with the authorities.

Status of 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 when the investigation will be completed.
- Swedbank is being investigated by the US authorities. These investigations could take several years.
- The Estonian prosecutor is investigating whether money laundering or other criminal activities have occurred in Swedbank Estonia.

The bank's measures

217-point plan for a safer bank

The Anti-Financial Crime unit (AFC) coordinates the improvements to routines, system support and processes to prevent crime within the framework of the action plan presented in October 2019. The action plan is continually reassessed and new initiatives are added as needed. Swedbank's goal is to be an industry leader in the area. The plan will take Swedbank a long way towards the goal in 2020.

The plan was expanded in the quarter to 217 initiatives as of 31 March, of which 87 have been completed. During the quarter 20 initiatives were completed and 45 were added.

Of the initiatives that were added in the first quarter, just over half are designed to eliminate the shortcomings presented by the Estonian FSA on 19 March. These shortcomings must be eliminated by 18 November 2020 at the latest.

In accordance with standard practice, the Swedish FSA's decision on 19 March does not contain any concrete requirements. Instead, it is up to the bank itself to define and implement measures that address the shortcomings identified by the Swedish FSA. This is being done as part of the action plan and through quality assurance as explained below. The law firm Clifford Chance's report, which was presented on 23 March, also provides a basis for updates of the action plan.

As currently planned, 29 initiatives will be completed in the second quarter and 80 initiatives in the third and fourth quarters. A small number of initiatives will continue in 2021. The bank estimates as of 31 March that the work will be able to continue according to schedule despite the Covid-19 epidemic. New assessments are made on a rolling basis. The longer the epidemic lasts, the greater the risk of delays.

Quality assurance

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

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

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

Events after 31 March 2020

On 2 April Swedbank announced that it had recruited Mattias Persson as Chief Economist and Global Head of Macro Research. Mattias Persson holds a PhD in economics, comes from a role as Chief Economist and Head of Economic Analysis at the Swedish National Debt Office.

On 8 April Swedbank announced that estimated total expenses for the full-year 2020 will amount to around SEK 21.5bn – excluding the administrative penalty of SEK 4bn from the Swedish FSA.

Swedbank is offering state guaranteed loans. Corporate customers that are affected by the current crisis can apply from 8 April for liquidity loans with the state guarantee. The purpose of the loans is help viable companies overcome the difficult situation they are in right now.

On April 22 Swedbank's Board of Directors decided that the Annual General Meeting will be held on May 28, 2020. The Board of Directors proposes that decision about dividend should not be made at the Annual General Meeting but at an Extraordinary General Meeting, if the conditions are appropriate, when the consequences of the Covid-19 pandemic can be better reviewed.

Swedish Banking

- Higher net interest income due to lower resolution fund fees
- Increased deposit and mortgage volumes
- Intense work to support and assist our customers in the crisis resulting from the Covid-19 pandemic

Income statement

SEKm	Q1		%	Q1	
	2020	2019		2019	%
Net interest income	4 184	4 093	2	4 151	1
Net commission income	1 978	2 017	-2	1 857	7
Net gains and losses on financial items	63	105	-40	104	-39
Share of profit or loss of associates and joint ventures	106	278	-62	133	-20
Other income ¹⁾	182	277	-34	202	-10
Total income	6 513	6 770	-4	6 447	1
Staff costs	763	736	4	762	
Variable staff costs	3	6	-50	16	-81
Other expenses	1 514	1 732	-13	1 413	7
Depreciation/amortisation	14	19	-26	81	-83
Total expenses	2 294	2 493	-8	2 272	1
Profit before impairment	4 219	4 277	-1	4 175	1
Credit impairment	373	10		136	
Operating profit	3 846	4 267	-10	4 039	-5
Tax expense	766	790	-3	805	-5
Profit for the period	3 080	3 477	-11	3 234	-5
Profit for the period attributable to the shareholders of Swedbank AB	3 080	3 477	-11	3 230	-5
Non-controlling interests				4	
Return on allocated equity, %	18.8	21.5		20.1	
Loan/deposit ratio, %	205	209		215	
Credit impairment ratio, %	0.12	0.00		0.05	
Cost/income ratio	0.35	0.37		0.35	
Loans, SEKbn ²⁾	1 200	1 196		1 195	
Deposits, SEKbn ²⁾	585	571	2	556	5
Full-time employees	3 713	3 644	2	3 792	-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

First quarter 2020 compared with fourth quarter 2019

Swedish Banking reported profit of SEK 3 080m (3 477). The decrease is mainly due to a positive one-off effect on other income in the previous quarter related to Entercard and higher credit impairments driven by the spread of Covid-19. This was partly offset by lower expenses.

Net interest income increased to SEK 4 184m (4 093). This was partly due to lower resolution fund fees and partly to higher market interest rates, which positively affected net interest income from deposits but had a negative effect on lending margins.

Household mortgage volume amounted to SEK 823bn at the end of the quarter, an increase of SEK 5bn. Lending to tenant-owner associations decreased by SEK 2bn in the quarter.

Corporate lending was stable at SEK 248bn. Corporate volume increased mainly in the agriculture and forestry sector. Lending to the property management sector decreased in the quarter.

Total deposit volume increased to SEK 585bn (571). Household deposit volume increased by SEK 15bn, while corporate deposits decreased by SEK 2bn.

Net commission income decreased to SEK 1 978m (2 017), mainly driven by lower income from asset management and lower card commissions.

The share of profit or loss of associates and joint ventures decreased, mainly due to the previous quarter's positive one-off effect in Entercard. Other income also decreased.

Total expenses decreased. Staff costs increased, while other expenses decreased partly due to lower expenses for marketing, consultants, and premises.

Credit impairments increased to SEK 373m (10), mainly due to increased provisions as a result of the deteriorating macroeconomic outlook caused by the Covid-19 pandemic. A post-model expert credit adjustment at a portfolio level was also allocated in several sectors.

January-March 2020 compared with January-March 2019

Profit decreased to SEK 3 080m (3 230), mainly due to increased credit impairments.

Net interest income increased slightly to SEK 4 184m (4 151). The main reason was increased net interest income on deposits. This was partly offset by slightly lower lending margins, mainly driven by higher market interest rates. A lower resolution fund fee compared with 2019 positively affected net interest income.

Net commission income rose to SEK 1 978m (1 857). The increase was mainly due to higher income from asset management.

The share of profit or loss of associates and joint ventures decreased slightly, mainly due to a lower share of profit from partly owned savings banks. Other income decreased, mainly because of lower income from the life insurance business.

Total expenses increased slightly, mainly due to a revised model for the cost of premises and internally purchased services.

Credit impairments increased to SEK 373m (136), mainly due to the deteriorating macroeconomic outlook and a post-model expert credit adjustment related to Covid-19.

Business development

The outbreak of Covid-19 has affected the bank and our customers. In the first quarter much of the focus was on developing offerings and services to support our customers and society as a whole.

To help our customers, we continuously publish information, advice and tools and make them available in meetings with customers and in our digital channels. Our private customers can apply for amortisation exemptions for mortgages and other loans through Swedbank's website. Corporate customers can apply for amortisation exemptions and liquidity loans. Our website provides information on the initiatives that are available from the government and other sources to support our corporate customers. There are also tools where business owners can calculate the financial effects of various initiatives, including from the authorities.

During the quarter we continued to improve and simplify the customer experience with a focus on digital products and services. Both private and corporate customers can now make international payments in the new Internet Bank, where companies are also able to e-sign leases and instalment contracts. For private customers we launched improved functionality for monthly savings, and now they can also apply for consumer credit through our partnership with Lendo.

As part of our social engagement, we supported campaigns that stress the importance of talking to children about money. We also expanded our collaboration with the Läxhjälpen foundation to help it speed up the digitisation of homework help programmes for students affected by the Covid-19 crisis. Swedbank has collaborated for four years with Läxhjälpen, a non-profit foundation that with help from the business community provides free, results-focused homework help in socioeconomically vulnerable areas.

During the quarter we continued to focus on combating money laundering. This includes improving routines, system support and processes as well as identified shortcomings.



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 161 branches in Sweden.

Baltic Banking

- Continued lending growth in all three Baltic countries
- Higher credit impairments due to the Covid-19 crisis
- Amortisation exemptions introduced to mitigate the effects of the Covid-19 epidemic for our customers

Income statement

SEKm	Q1	Q4	%	Q1	%
	2020	2019		2019	
Net interest income	1 370	1 358	1	1 238	11
Net commission income	623	671	-7	635	-2
Net gains and losses on financial items	47	93	-49	98	-52
Other income ¹⁾	184	250	-26	193	-5
Total income	2 224	2 372	-6	2 164	3
Staff costs	268	276	-3	239	12
Variable staff costs	8	10	-20	16	-50
Other expenses	503	617	-18	468	7
Depreciation/amortisation	43	45	-4	42	2
Total expenses	822	948	-13	765	7
Profit before impairment	1 402	1 424	-2	1 399	
Impairment of tangible assets		5			
Credit impairment	146	-3		-29	
Operating profit	1 256	1 422	-12	1 428	-12
Tax expense	219	200	10	203	8
Profit for the period	1 037	1 222	-15	1 225	-15
Profit for the period attributable to the shareholders of Swedbank AB	1 037	1 222	-15	1 225	-15
Return on allocated equity, %	15.3	19.3		19.9	
Loan/deposit ratio, %	77	77		80	
Credit impairment ratio, %	0.30	-0.01		-0.07	
Cost/income ratio	0.37	0.40		0.35	
Loans, SEKbn ²⁾	198	186	6	174	14
Deposits, SEKbn ²⁾	257	241	7	218	18
Full-time employees	3 561	3 577		3 588	-1

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

First quarter 2020 compared with fourth quarter 2019

Profit in the first quarter amounted to SEK 1 037m (1 222). Profit decreased in local currency driven by lower income and credit impairments. Lower expenses slightly offset the decrease. Foreign exchange effects strengthened profit by SEK 4m.

Net interest income was stable in local currency. Mortgage margins and margins on corporate lending were both unchanged in the quarter. Foreign exchange effects positively affected net interest income by SEK 11m.

Lending increased 1 per cent in the quarter in local currency. Household lending increased 2 per cent and corporate lending rose slightly. Lending increased in all three Baltic countries. Foreign exchange effects positively contributed SEK 10bn.

Deposits increased 1 per cent in local currency due to growth in both corporate and private deposits. In the latter part of the quarter deposits increased in connection with the spread of Covid-19. Foreign exchange effects positively affected the result by SEK 13bn.

Net commission income decreased 7 per cent in local currency in the quarter, mainly due to lower

commissions from cards and asset management. Lower customer activity due to the spread of Covid-19 reduced fees income. A seasonal decrease also negatively affected the results.

Net gains and losses on financial items decreased 49 per cent in local currency, mainly due to unrealised losses within the asset management and insurance businesses. Profit was not affected by foreign exchange effects in the quarter.

Other income decreased 26 per cent in local currency, which is mainly due to increased accounts receivable and provisions for future receivables and losses in the insurance business related to the Covid-19 outbreak.

Expenses decreased 14 per cent in local currency in the quarter. The decrease was largely due to seasonally lower marketing expenses and other expenses. Investments in enhanced functions to prevent money laundering and improve the Know Your Customer (KYC) process continued in the quarter.

Credit impairments amounted to SEK 146m, compared with recoveries of SEK 3m in the previous quarter, mainly driven by lower macroeconomic assumptions and a post-model expert credit adjustment at a portfolio level due to Covid-19. Underlying credit quality remains high.

January-March 2020 compared with January-March 2019

Profit decreased to SEK 1 037m (1 225), mainly due to increased expenses and credit impairments. Foreign exchange effects positively affected the result by SEK 26m.

Net interest income rose 8 per cent in local currency, largely due to increased lending volumes. Foreign exchange effects positively affected net interest income by SEK 38m.

Lending increased 7 per cent in local currency. Household and corporate lending both increased in all three Baltic countries. Foreign exchange effects contributed an increase of SEK 11bn. Deposits grew 12 per cent in local currency and foreign exchange effects contributed an increase of SEK 14bn.

Net commission income decreased 5 per cent in local currency, mainly driven by lower income from cards and asset management.

Net gains and losses on financial items decreased by 53 per cent in local currency. The decrease is largely due to higher unrealised losses in the asset management and insurance businesses. Other income decreased by 7 per cent in local currency, mainly due to a lower result in the insurance operations.

Expenses rose 5 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 expenses and investments in digital solutions increased as well.

Credit impairments amounted to SEK 146m, compared with a positive result of SEK 29m in the equivalent period in 2019.

Business development

After the outbreak of Covid19, all three Baltic countries declared a state of emergency. We continue to support our customers during these challenging and uncertain times by providing banking services in both our physical and digital channels.

Measures to support our customers include offering up to a 12-month amortisation exemption on mortgages and up to a 6-month amortisation exemption on consumer credit and leasing. Corporate customers have been offered up to a 6-month amortisation exemption. The process is fully digitised with application forms

available in the Internet Bank for both private and corporate customers. The application has received a positive response from our customers and the number of applications is gradually increasing.

We have been temporarily forced to shut a few branches due to Covid-19. Furthermore, to protect our employees and reduce the spread of the virus we have taken safety measures such as the installation of Plexiglass barriers in branches, more frequent cleaning of our facilities and ATMs, and facemasks or other protection for employees who have contact with customers. In addition, branch visits must now be booked in advance.

The leading online recruiting portal CVOnline named Swedbank the Top Employer in Finance sector 2019 in all three Baltic countries in the quarter. Swedbank Latvia won the title of "Best Employer" in the country for the second year in a row.

To increase awareness of sustainability and the UN Sustainable Development Goals among employees, customers and other stakeholders, a number of events and communication activities have been implemented. Among other things, a sustainable innovation programme called "Women for Global Challenges" was started. As one of the first innovation programmes of its kind in Lithuania, it attracted around 200 participants involved in producing sustainable goods and services. Start-up training with a sustainability focus for young "Futurepreneurs" was launched in Lithuania. The aim is to help young entrepreneurs with business ideas that align with the UN Sustainable Development Goals.

In the first quarter the bank focused on strengthening and developing KYC processes and other competencies in the organisation in order to further improve the quality and efficiency of our work to prevent money laundering and financial crime.



Jon Lidfelt
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, 27 in Latvia and 43 in Lithuania.

Large Corporates & Institutions

- Increased lending volumes contributed to higher net interest income
- Decrease in net gains and losses on financial items and higher credit impairments
- Advisor to the European Investment Bank in its issuance of sustainable awareness bonds

Income statement

SEKm	Q1	Q4	%	Q1	%
	2020	2019		2019	
Net interest income	960	931	3	941	2
Net commission income	636	718	-11	553	15
Net gains and losses on financial items	-316	551		806	
Other income ¹⁾	29	19	53	22	32
Total income	1 303	2 201	-41	2 322	-44
Staff costs	592	600	-1	539	10
Variable staff costs	26	10		49	-47
Other expenses	378	360	5	356	6
Depreciation/amortisation	60	61	-2	58	3
Total expenses	1 056	1 031	2	1 002	5
Profit before impairment	247	1 170	-79	1 320	-81
Impairment of intangible assets		13			
Credit impairment	1 627	982	66	107	
Operating profit	-1 380	175		1 213	
Tax expense	-552	46		274	
Profit for the period	-828	129		939	
Profit for the period attributable to the shareholders of Swedbank AB	-828	129		939	
Return on allocated equity, %	-11.6	1.9		14.4	
Loan/deposit ratio, %	140	159		152	
Credit impairment ratio, %	2.20	1.32		0.15	
Cost/income ratio	0.81	0.47		0.43	
Loans, SEKbn ²⁾	234	223	5	222	5
Deposits, SEKbn ²⁾	168	142	18	146	15
Full-time employees	2 307	2 273	1	2 183	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

First quarter 2020 compared with fourth quarter 2019

Profit decreased to SEK -828m (129), mainly due to increased credit impairments and a negative result from financial items.

Net interest income increased to SEK 960m (931) due to lower resolution fund fees and higher lending volumes, mainly at the end of the quarter when uncertainty in connection with Covid-19 led to higher demand for short-term funding from customers. Lending margins decreased in the quarter, which was partly offset by improved net interest income on deposits.

Net commission income fell to SEK 636m (718), mainly due to decreased earnings from advisory commissions from M&A and share issues and because commission income from guarantees in the bond market in the fourth quarter 2019 was not repeated. The decrease was partly offset by a seasonally stronger result from payment processing and guarantee commissions.

Net gains and losses on financial items decreased to SEK -316m (551), largely driven by revaluations of existing holdings in our credit books as well as increased derivative valuation adjustments (CVA/DVA), a direct result of the market turmoil that has arisen in connection with the accelerating spread of Covid-19.

Compared to the previous quarter, expenses increased to SEK 1 056m (1 031), mainly due to changes in internal expense distributions.

Due to the spread of Covid-19, credit impairments increased in the first quarter to SEK 1 627m (982). Market conditions for oil-related sectors deteriorated due to a worsening outlook and continued drop in oil prices. Provisions of SEK 801m have therefore been allocated for individual commitments related to the oil sector. Updated macroeconomic forecasts and a post-model expert credit adjustment at a portfolio level led to additional provisions of SEK 1 010m in the quarter.

January-March 2020 compared with January-March 2019

Profit decreased to SEK -828m (939) due to higher credit impairments.

Net interest income increased to SEK 960 (941), mainly due to increased deposits. Lending volumes increased whilst lending margins were adversely affected. This was largely driven by higher market interest rates.

Net commission income increased to SEK 636m (553) driven by increased earnings from advisory commissions from M&A and share issues as well as an increase in lending and payment commissions.

Net gains and losses on financial items decreased to SEK -316m (806), largely driven by revaluations of existing holdings in our credit books as well as increased derivative valuation adjustments (CVA/DVA), a direct result of the market turmoil that has arisen in connection with the accelerating spread of Covid-19.

Total expenses increased to SEK 1 056m (1 002) due to increased staff costs and IT expenses.

As a result of the spread of Covid-19, credit impairments increased to SEK 1 627m (107).

Business development

Large Corporates & Institutions has seen an increase in liquidity needs among its customers due to Covid-19. Several measures have been taken to support customers. Among other things, special credit guarantees have been made available to exporters in collaboration with the Swedish Export Credit Agency. Customers have also been offered amortisation exemptions. Moreover, a web-based service has been launched for business owners where they can easily calculate the effect of certain financial easing measures.

During the quarter the Swedish National Debt Office extended its framework agreement with Swedbank to 2022. The agreement, which relates to among other things salaries, rents and supplier payments, covers all government agencies and can also be used by public sector enterprises.

In a survey conducted by Prospera, Swedbank was named Sweden's best in Trade Finance i.e. financing and payment solutions for international transactions. Swedbank climbed from a combined second place in 2019 while at the same time remaining in first place with the largest companies. Customers voted Swedbank first in nearly half of the categories in the survey, including

personal contacts and understanding of customer needs.

Swedbank strengthened its position as a funding advisor and in the quarter ranked third in deals in SEK, according to the financial markets platform Dealogic. Major deals during the quarter included the audiobook company Storytel's directed share issue of SEK 948m and the gaming studio Stillfront Group's directed share issue of SEK 1.3bn.

At the end of March Swedbank served as lead manager for the European Investment Bank's SEK 3bn sustainability awareness bond. The issue is part of the EIB's and the EU's package of measures of up to EUR 40bn to support European companies due to the Covid-19 crisis. The funds will be used for among other things emergency infrastructure spending and equipment to support national health agencies, laboratories and hospitals in Europe.

KYC Utility, a joint initiative founded by Nordic banks to improve the customer experience and strengthen the banking infrastructure through standardised KYC information, changed its name during the quarter to Invidem. Invidem helps large and medium-sized companies to update KYC information on a shared platform. A joint venture is being established and the first version of the service is expected to be ready for testing in April 2020. A full scale commercial launch is scheduled for the second half of 2020.



Ola Laurin
Head of Large Corporates & Institutions

Large Corporates & Institutions is responsible for Swedbank's offering to clients 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 clients, 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, Denmark, Luxembourg, China, the US and South Africa.

Group Functions & Other

Income statement

SEKm	Q1	Q4	%	Q1	%
	2020	2019		2019	
Net interest income	178	27		91	96
Net commission income	-36	-13		1	
Net gains and losses on financial items	-116	469		179	
Share of profit or loss of associates and joint ventures	-5	-8	-38	4	
Other income ¹⁾	221	210	5	188	18
Total income	242	685	-65	463	-48
Staff costs	1 179	1 153	2	1 104	7
Variable staff costs	34	25	36	34	
Other expenses	-238	-296	-20	-826	-71
Depreciation/amortisation	273	267	2	201	36
Administrative fine	4 000				
Total expenses	5 248	1 149		513	
Profit before impairment	-5 006	-464		-50	
Credit impairment	5			4	25
Operating profit	-5 011	-463		-54	
Tax expense	-35	-63	-44	70	
Profit for the period	-4 976	-400		-124	
Profit for the period attributable to the shareholders of Swedbank AB	-4 976	-400		-124	
Full-time employees	5 811	5 724	2	5 392	8

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 Financial Products & Advice and Group Staffs and are allocated to a large extent.

Result

First quarter 2020 compared with fourth quarter 2019

Profit decreased to SEK -4 976m (-400) due to the Swedish FSA's administrative fine and negative net gains and losses on financial items within Group Treasury.

Net interest income increased to SEK 178m (27). Net interest income within Group Treasury increased to SEK 219m (68). The main reasons were positive effects in connection with the Riksbank's latest interest rate hike, higher repurchase volumes and lower outstanding senior funding.

Net gains and losses on financial items decreased to SEK -116m (469). Net gains and losses on financial items within Group Treasury decreased to SEK -116m (466), mainly due to a decrease in the value of the holdings in Visa and Asiakastiето.

Expenses increased to SEK 5 248m (1 149), mainly due to the Swedish FSA's administrative fine of SEK 4 000m. Consulting expenses to manage money laundering related investigations rose by SEK 56m and in total to SEK 576m in the quarter. Other expenses increased SEK 43m, mainly due to higher staff costs resulting from annual salary increases and a higher number of employees.

January-March 2020 compared with January-March 2019

Profit decreased to SEK -4 976m (-124) due to the Swedish FSA's administrative fine and negative net gains and losses on financial items within Group Treasury.

Net interest income increased to SEK 178m (91). Group Treasury's net interest income increased to SEK 219m (120), mainly due to effects of the bank's internal pricing model.

Net gains and losses on financial items decreased to SEK -116m (179). Net gains and losses on financial items within Group Treasury decreased to SEK -116m (172), mainly due to a decrease in the value of the holdings in Visa and Asiakastiето.

Expenses increased to SEK 5 248m (513), mainly due to the Swedish FSA's administrative fine of SEK 4 000m. Consulting expenses to manage money laundering related investigations totalled SEK 576m in the quarter and other expenses increased SEK 160m due to higher staff costs and IT-related depreciation. Staff costs increased due to annual salary increases and a higher number of employees.

Group Functions & Other consists of central business support units and the client advisory unit Group Financial Products & Advice. The central units serve as strategic and administrative support and comprise Accounting & Finance, Communication, Risk, Digital banking & 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	Q1 2020	Q4 2019	%	Q1 2019	%
Net interest income	-6	-1		0	
Net commission income	22	22	0	24	-8
Net gains and losses on financial items				-1	
Other income ¹⁾	-66	-93	-29	-57	16
Total income	-50	-72	-31	-34	47
Staff costs	-3				
Other expenses	-47	-71	-34	-34	38
Total expenses	-50	-72	-31	-34	47

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	Q1	Q4		Q1	
SEKm	2020	2019	%	2019	%
Interest income on financial assets at amortised cost	8 449	7 430	14	8 467	
Other interest income	347	1 294	-73	283	23
Interest income	8 796	8 724	1	8 750	
Interest expense	-2 110	-2 316	-9	-2 329	-9
Net interest income (note 5)	6 686	6 408	4	6 421	4
Commission income	4 826	5 242	-8	4 545	6
Commission expense	-1 603	-1 827	-12	-1 475	9
Net commission income (note 6)	3 223	3 415	-6	3 070	5
Net gains and losses on financial items (note 7)	-322	1 218		1 186	
Net insurance	296	399	-26	326	-9
Share of profit or loss of associates and joint ventures	95	252	-62	137	-31
Other income	254	264	-4	222	14
Total income	10 232	11 956	-14	11 362	-10
Staff costs	2 870	2 815	2	2 759	4
Other general administrative expenses (note 8)	2 110	2 342	-10	1 377	53
Depreciation/amortisation	390	392	-1	382	2
Administrative fine	4 000				
Total expenses	9 370	5 549	69	4 518	
Profit before impairment	862	6 407	-87	6 844	-87
Impairment of intangible assets (note 13)		13			
Impairment of tangible assets		5			
Credit impairment (note 9)	2 151	988		218	
Operating profit	-1 289	5 401		6 626	
Tax expense	398	973	-59	1 352	-71
Profit for the period	-1 687	4 428		5 274	
Profit for the period attributable to the shareholders of Swedbank AB	-1 687	4 428		5 270	
Non-controlling interests				4	
SEK					
Earnings per share, SEK	-1.51	3.96		4.72	
after dilution, SEK	-1.50	3.95		4.70	

Statement of comprehensive income, condensed

Group SEKm	Q1 2020	Q4 2019	%	Q1 2019	%
Profit for the period reported via income statement	-1 687	4 428		5 274	
Items that will not be reclassified to the income statement					
Remeasurements of defined benefit pension plans	4 247	1 091		-868	
Share related to associates and joint ventures, Remeasurements of defined benefit pension plans	141	32		-22	
Change in fair value attributable to changes in own credit risk on financial liabilities designated at fair value through profit and loss	1	4	-75	3	-67
Income tax	-875	-225		178	
Total	3 514	902		-709	
Items that may be reclassified to the income statement					
Exchange rate differences, foreign operations:					
Gains/losses arising during the period	2 622	-1 232		641	
Hedging of net investments in foreign operations:					
Gains/losses arising during the period	-1 922	976		-542	
Cash flow hedges:					
Gains/losses arising during the period	522	-250		134	
Reclassification adjustments to the income statement, Net gains and losses on financial items	-510	244		-131	
Foreign currency basis risk:					
Gains/losses arising during the period	8	-6		-5	
Share of other comprehensive income of associates and joint ventures	-77	-40	93	55	
Income tax	408	-184		88	
Total	1 051	-492		240	
Other comprehensive income for the period, net of tax	4 565	410		-469	
Total comprehensive income for the period	2 878	4 838	-41	4 805	-40
Total comprehensive income attributable to the shareholders of Swedbank AB	2 878	4 838	-41	4 801	-40
Non-controlling interests				4	

For January-March 2020 a gain of SEK 4 247m (- 868) was recognised in other comprehensive income, regarding remeasurements of defined benefit pension plans. As per 31 March the discount rate, which is used to calculate the closing pension obligation, was 1.80 per cent, compared with 1.46 per cent at year end. More high quality bonds have been included in the determination of the discount rate for the first quarter. The inflation assumption was 1.23 per cent compared with 1.98 per cent at year end. The changed assumptions represent SEK 5 483m of the profit in other comprehensive income. The fair value of plan assets decreased during the first quarter 2020 by SEK 1 236m. In total, the obligation for defined benefit pension plans exceeded the fair value of plan assets by SEK 4 578m compared with SEK 8 798m at year end.

For January-March 2020 an exchange rate difference of SEK 2 622m (641) was recognised for the Group's foreign net investments in subsidiaries. The gain related to subsidiaries mainly arose because the Swedish krona weakened against the euro during the year. In addition, an exchange rate difference of SEK - 77m (55) for the Group's foreign net investments in associates is included in Share of other comprehensive income of associates and joint ventures. The total gain of SEK 2 545m is not taxable. Since the large part of the Group's foreign net investments is hedged against currency risk, a loss of SEK 1 922m (542) 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 Mar	31 Dec	Δ		31 Mar	
	2020	2019	SEKm	%	2019	%
Assets						
Cash and balances with central banks	295 442	195 286	100 156	51	235 850	25
Treasury bills and other bills eligible for refinancing with central banks, etc.	160 999	137 094	23 905	17	142 540	13
Loans to credit institutions (note 10)	55 628	45 452	10 176	22	44 140	26
Loans to the public (note 10)	1 694 708	1 652 296	42 412	3	1 676 552	1
Value change of interest hedged item in portfolio hedge	1 176	271	905		1 061	11
Bonds and other interest-bearing securities	104 602	57 367	47 235	82	59 533	76
Financial assets for which customers bear the investment risk	197 672	224 893	-27 221	-12	197 893	
Shares and participating interests	9 904	6 568	3 336	51	6 106	62
Investments in associates and joint ventures	6 834	6 679	155	2	6 202	10
Derivatives (note 17)	84 253	44 424	39 829	90	45 766	84
Intangible assets (note 13)	18 610	17 864	746	4	17 396	7
Tangible assets	5 667	5 572	95	2	5 922	-4
Current tax assets	2 674	2 408	266	11	2 046	31
Deferred tax assets	180	170	10	6	169	7
Other assets	34 942	8 859	26 083		18 535	89
Prepaid expenses and accrued income	2 178	3 025	-847	-28	2 650	-18
Total assets	2 675 469	2 408 228	267 241	11	2 462 361	9
Liabilities and equity						
Amounts owed to credit institutions (note 14)	174 934	69 686	105 248		95 666	83
Deposits and borrowings from the public (note 15)	1 066 052	954 013	112 039	12	943 288	13
Financial liabilities for which customers bear the investment risk	199 847	225 792	-25 945	-11	200 027	
Debt securities in issue (note 16)	908 130	855 754	52 376	6	919 626	-1
Short positions, securities	19 927	34 345	-14 418	-42	45 333	-56
Derivatives (note 17)	54 107	40 977	13 130	32	31 060	74
Current tax liabilities	816	836	-20	-2	1 405	-42
Deferred tax liabilities	2 481	1 571	910		1 474	68
Pension provisions	4 578	8 798	-4 220	-48	5 839	-22
Insurance provisions	2 035	1 894	141		1 910	7
Other liabilities and provisions	54 444	28 807	25 637	89	59 022	-8
Accrued expenses and prepaid income	8 682	4 383	4 299	98	4 175	
Senior non-preferred liabilities (note 16)	11 153	10 805	348	3		
Subordinated liabilities (note 16)	26 727	31 934	-5 207	-16	26 935	-1
Total liabilities	2 533 913	2 269 595	264 318	12	2 335 760	8
Equity						
Non-controlling interests	25	25			217	-88
Equity attributable to shareholders of the parent company	141 531	138 608	2 923	2	126 384	12
Total equity	141 556	138 633	2 923	2	126 601	12
Total liabilities and equity	2 675 469	2 408 228	267 241	11	2 462 361	9

Statement of changes in equity, condensed

Group SEKm	Equity attributable to shareholders of the parent company										Non- controlling Total interests	Total equity
	Share capital	Other contributed equity ¹⁾	Exchange differences, subsidiaries and associates	Hedging of net investments in foreign operations	Cash flow hedge reserve	Foreign currency basis reserve	Own credit risk reserve	Retained earnings				
January-March 2020												
Opening balance 1 January 2020	24 904	17 275	6 279	-3 880	8	-33	-5	94 060	138 608	25	138 633	
Dividends												
Share based payments to employees								48	48		48	
Deferred tax related to share based payments to employees								1	1		1	
Current tax related to share based payments to employees								-4	-4		-4	
Total comprehensive income for the period			2 545	-1 510	10	6	1	1 826	2 878		2 878	
of which reported through profit or loss								-1 687	-1 687		-1 687	
of which reported through other comprehensive income			2 545	-1 510	10	6	1	3 513	4 565		4 565	
Closing balance 31 March 2020	24 904	17 275	8 824	-5 390	18	-27	-4	95 931	141 531	25	141 556	
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	
Business disposal										-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-March 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		-15 878	
Share based payments to employees								81	81		81	
Deferred tax related to share based payments to employees								-31	-31		-31	
Current tax related to share based payments to employees								15	15		15	
Total comprehensive income for the period			696	-454	2	-4	2	4 559	4 801	4	4 805	
of which reported through profit or loss								5 270	5 270	4	5 274	
of which reported through other comprehensive income			696	-454	2	-4	2	-711	-469		-469	
Closing balance 31 March 2019	24 904	17 275	6 204	-3 898	6	-23	-16	81 932	126 384	217	126 601	

1) Other contributed equity consists mainly of share premiums.

Cash flow statement, condensed

Group SEKm	Jan-Mar 2020	Full-year 2019	Jan-Mar 2019
Operating activities			
Operating profit	-1 289	24 420	6 626
Adjustments for non-cash items in operating activities	4 981	4 952	1 010
Income taxes paid	-757	-5 981	-1 823
Increase (-) / decrease (+) in loans to credit institutions	-9 883	-9 130	-7 798
Increase (-) / decrease (+) in loans to the public	-33 809	-27 282	-46 940
Increase (-) / decrease (+) in holdings of securities for trading	-73 050	-43 187	-50 626
Increase (+) / decrease (-) in deposits and borrowings from the public including retail bonds	98 397	33 488	19 347
Increase (+) / decrease (-) in amounts owed to credit institutions	102 936	12 249	37 963
Increase (-) / decrease (+) in other assets	-65 810	-678	-9 110
Increase (+) / decrease (-) in other liabilities	54 633	8 556	28 180
Cash flow from operating activities	76 349	-2 593	-23 171
Investing activities			
Business disposal		52	
Acquisitions of and contributions to joint ventures		-81	
Disposal of shares in associates	71	184	71
Dividend from associates and joint ventures		529	56
Acquisitions of other fixed assets and strategic financial assets	-66	-224	-4 198
Disposals of/maturity of other fixed assets and strategic financial assets	90	535	4 140
Cash flow from investing activities	95	995	69
Financing activities			
Issuance of interest-bearing securities	30 932	148 250	47 020
Redemption of interest-bearing securities	-60 341	-94 929	-38 458
Issuance of commercial paper	124 704	483 569	195 547
Redemption of commercial paper	-74 383	-487 865	-109 689
Amortisation of lease liabilities	-213	-718	194
Dividends paid		-15 893	
Cash flow from financing activities	20 699	32 414	94 614
Cash flow for the period	97 143	30 816	71 512
Cash and cash equivalents at the beginning of the period	195 286	163 161	163 161
Cash flow for the period	97 143	30 816	71 512
Exchange rate differences on cash and cash equivalents	3 013	1 309	1 177
Cash and cash equivalents at end of the period	295 442	195 286	235 850

No business disposals have occurred during the first quarter 2020. 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.

During the first quarter 2020 no acquisitions or contributions to associates and joint ventures were made. During 2019, contributions were provided to the

joint ventures Nordic KYC Utility AB of SEK 57m and P27 Nordic Payments Platform AB of SEK 24m.

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 2020 as well as in the first quarter of 2019.

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.

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 2019, 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 2019 Annual and Sustainability Report, except for the changes as set out below.

Other changes in accounting regulations

Other amended regulations that have been adopted from 1 January 2020 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. Significant changes to the basis upon which the critical accounting judgments and estimates have been determined compared with 31 December 2019 related to provisions for credit impairments. The changes are described in Note 9. In the first quarter more high quality bonds have been included in the determination of the discount rate, which are used in the provision for the defined benefit pension plan. Beyond the above there have been no significant changes to the basis upon which the critical accounting judgments and estimates have been determined compared with 31 December 2019

Note 3 Changes in the Group structure

No significant changes to the Group structure occurred during the first quarter 2020.

Note 4 Operating segments (business areas)

Acc	Large		Group			
Jan-Mar 2020	Swedish	Baltic	Corporates &	Functions	Eliminations	Group
SEKm	Banking	Banking	Institutions	& Other		
Income statement						
Net interest income	4 184	1 370	960	178	-6	6 686
Net commission income	1 978	623	636	-36	22	3 223
Net gains and losses on financial items	63	47	-316	-116		-322
Share of profit or loss of associates and joint ventures	106		-6	-5		95
Other income ¹⁾	182	184	29	221	-66	550
Total income	6 513	2 224	1 303	242	-50	10 232
of which internal income	8		9	38	-54	
Staff costs	763	268	592	1 179	-3	2 799
Variable staff costs	3	8	26	34		71
Other expenses	1 514	503	378	-238	-47	2 110
Depreciation/amortisation	14	43	60	273		390
Administrative fine				4 000		4 000
Total expenses	2 294	822	1 056	5 248	-50	9 370
Profit before impairment	4 219	1 402	247	-5 006		862
Credit impairment	373	146	1 627	5		2 151
Operating profit	3 846	1 256	-1 380	-5 011		-1 289
Tax expense	766	219	-552	-35		398
Profit for the period	3 080	1 037	-828	-4 976		-1 687
Profit for the period attributable to the shareholders of Swedbank AB	3 080	1 037	-828	-4 976		-1 687
Net commission income						
Commission income						
Payment processing	187	167	147	13	-7	507
Cards	546	397	482		-96	1 329
Asset management and custody	1 437	88	336	-3	-65	1 793
Lending and Guarantees	63	59	183	2	-1	306
Other commission income ²⁾	535	102	243	14	-3	891
Total Commission income	2 768	813	1 391	26	-172	4 826
Commission expense	790	190	755	62	-194	1 603
Net commission income	1 978	623	636	-36	22	3 223
Balance sheet, SEKbn						
Cash and balances with central banks	1	3	51	240		295
Loans to credit institutions	8		95	209	-256	56
Loans to the public	1 200	198	297	2	-2	1 695
Interest-bearing securities		1	109	161	-5	266
Financial assets for which customers bear inv. risk	193	5				198
Investments in associates and joint ventures	5			2		7
Derivatives			92	60	-68	84
Total tangible and intangible assets	2	13	2	7		24
Other assets	4	71	36	479	-540	50
Total assets	1 413	291	682	1 160	-871	2 675
Amounts owed to credit institutions	29		241	147	-242	175
Deposits and borrowings from the public	585	257	198	39	-13	1 066
Debt securities in issue		2	8	905	-7	908
Financial liabilities for which customers bear inv. risk	195	5				200
Derivatives			91	31	-68	54
Other liabilities	537		113	-18	-540	92
Senior non-preferred liabilities			1	11	-1	11
Subordinated liabilities				27		27
Total liabilities	1 346	264	652	1 142	-871	2 533
Allocated equity	67	27	30	18		142
Total liabilities and equity	1 413	291	682	1 160	-871	2 675
Key figures						
Return on allocated equity, %	18.8	15.3	-11.6	-100.9		-4.8
Cost/income ratio	0.35	0.37	0.81	21.69		0.92
Credit impairment ratio, %	0.12	0.30	2.20	0.09		0.51
Loan/deposit ratio, %	205	77	140	1		156
Loans to the public, stage 3, SEKbn ³⁾ (gross)	3	2	8			13
Loans to the public, total, SEKbn ³⁾	1 200	198	234			1 632
Provisions for loans to the public, total, SEKbn ³⁾	2	1	6			9
Deposits from the public, SEKbn ³⁾	585	257	168	36		1 046
Risk exposure amount, SEKbn	395	100	172	24		691
Full-time employees	3 713	3 561	2 307	5 811		15 392
Allocated equity, average, SEKbn	65	27	29	20		141

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			Large	Group		
Jan-Mar 2019	Swedish	Baltic	Corporates &	Functions		
SEKm	Banking	Banking	Institutions	& Other	Eliminations	Group
Income statement						
Net interest income	4 151	1 238	941	91		6 421
Net commission income	1 857	635	553	1	24	3 070
Net gains and losses on financial items	104	98	806	179	-1	1 186
Share of profit or loss of associates	133			4		137
Other income ¹⁾	202	193	22	188	-57	548
Total income	6 447	2 164	2 322	463	-34	11 362
of which internal income	11		5	141	-157	
Staff costs	762	239	539	1 104		2 644
Variable staff costs	16	16	49	34		115
Other expenses	1 413	468	356	-826	-34	1 377
Depreciation/amortisation	81	42	58	201		382
Total expenses	2 272	765	1 002	513	-34	4 518
Profit before impairment	4 175	1 399	1 320	-50		6 844
Impairment of intangible assets				0		0
Impairment of tangible assets		0				0
Credit impairment	136	-29	107	4		218
Operating profit	4 039	1 428	1 213	-54		6 626
Tax expense	805	203	274	70		1 352
Profit for the period	3 234	1 225	939	-124		5 274
Profit for the period attributable to the shareholders of Swedbank AB	0	0	0	0		0
Non-controlling interests	4					4
Net commission income						
Commission income						
Payment processing	192	169	127	33	-8	513
Cards	582	384	457	0	-87	1 336
Asset management and custody	1 230	87	297	-1	-8	1 605
Lending and Guarantees	67	57	170	0	0	294
Other commission income ²⁾	516	99	164	27	-9	797
Total Commission income	2 587	796	1 215	59	-112	4 545
Commission expense	730	161	662	58	-136	1 475
Net commission income	1 857	635	553	1	24	3 070
Balance sheet, SEKbn						
Cash and balances with central banks	1	3	4	228		236
Loans to credit institutions	7		115	179	-257	44
Loans to the public	1 195	174	307	1		1 677
Interest-bearing securities		1	52	155	-6	202
Financial assets for which customers bear inv. risk	193	5				198
Investments in associates	4			2		6
Derivatives			51	33	-38	46
Total tangible and intangible assets	3	12	2	6		23
Other assets	2	55	20	464	-511	30
Total assets	1 405	250	551	1 068	-812	2 462
Amounts owed to credit institutions	27		216	98	-245	96
Deposits and borrowings from the public	556	218	167	12	-10	943
Debt securities in issue		2	11	915	-8	920
Financial liabilities for which customers bear inv. risk	195	5				200
Derivatives			51	18	-38	31
Other liabilities	562		79	-11	-511	119
Senior non-preferred liabilities						
Subordinated liabilities				27		27
Total liabilities	1 340	225	524	1 059	-812	2 336
Allocated equity	65	25	27	9		126
Total liabilities and equity	1 405	250	551	1 068	-812	2 462
Key figures						
Return on allocated equity, %	20.1	19.9	14.4	-2.4		15.5
Cost/income ratio	0.35	0.35	0.43	1.11		0.40
Credit impairment ratio, %	0.05	-0.07	0.15	-0.01		0.05
Loan/deposit ratio, %	215	80	152	3		171
Loans to the public, stage 3, SEKbn ³⁾ (gross)	3	2	6			11
Loans to the public, total, SEKbn ³⁾	1 195	174	222			1 591
Provisions for loans to the public, total, SEKbn ³⁾	1	1	4			6
Deposits, SEKbn ³⁾	556	218	146	10		930
Risk exposure amount, SEKbn	387	92	154	23		656
Full-time employees	3 792	3 588	2 183	5 392		14 955
Allocated equity, average, SEKbn	64	25	26	21		136

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

The operating segment report is based on Swedbank's accounting policies, organisation and management accounts. Market-based transfer prices are applied between operating segments, while all expenses for Group functions and Group staffs are transfer priced at cost to the operating segments. Cross-border transfer pricing is applied according to OECD transfer pricing guidelines.

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

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 2020 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	Q1	Q4		Q1	
SEKm	2020	2019	%	2019	%
Interest income					
Cash and balances with central banks	19	35	-46	212	-91
Treasury bills and other bills eligible for refinancing with central banks, etc.	30	45	-33	41	-27
Loans to credit institutions	132	130	2	87	52
Loans to the public	8 302	8 201	1	8 147	2
Bonds and other interest-bearing securities	41	57	-28	57	-28
Derivatives	294	320	-8	299	-2
Other	53	51	4	53	
Total interest income	8 871	8 839		8 896	
deduction of trading related interest reported in Net gains and losses on financial items	75	115	-35	146	-49
Total interest income according to income statement	8 796	8 724	1	8 750	1
Interest expense					
Amounts owed to credit institutions	-135	-130	4	-306	-56
Deposits and borrowings from the public	-328	-261	26	-570	-42
of which deposit guarantee fees	-117	-116	1	-106	10
Debt securities in issue	-2 315	-2 417	-4	-3 210	-28
Senior non-preferred liabilities	-26	-15	73		
Subordinated liabilities	-279	-290	-4	-239	17
Derivatives	1 170	1 131	3	2 293	-49
Other	-205	-311	-34	-341	-40
of which resolution fund fee	-176	-278	-37	-313	-44
Total interest expense	-2 118	-2 293	-8	-2 373	-11
deduction of trading related interest reported in Net gains and losses on financial items	-8	23		-44	-82
Total interest expense according to income statement	-2 110	-2 316	-9	-2 329	-9
Net interest income	6 686	6 408	4	6 421	4
Net interest margin before trading interest is deducted	1.05	1.05		1.06	
Average total assets	2 582 740	2 503 821	3	2 468 059	5
Interest expense on financial liabilities at amortised cost	8 449	7 430	14	8 467	
Negative yield on financial assets	-602	-392	54	-565	7
Negative yield on financial liabilities	85	166	-49	149	-43

Note 6 Net commission income

Group	Q1	Q4		Q1	
SEKm	2020	2019	%	2019	%
Commission income					
Payment processing	507	531	-5	513	-1
Cards	1 329	1 511	-12	1 336	-1
Service concepts	312	316	-1	308	1
Asset management and custody	1 793	2 013	-11	1 605	12
Life insurance	168	145	16	143	17
Securities	153	146	5	115	33
Corporate finance	49	99	-51	0	
Lending	252	231	9	240	5
Guarantees	54	55	-2	54	
Deposits	40	38	5	44	-9
Real estate brokerage	42	45	-7	38	11
Non-life insurance	23	23	0	24	-4
Other	104	89	17	125	-17
Total commission income	4 826	5 242	-8	4 545	6
Commission expense					
Payment processing	-281	-291	-3	-289	-3
Cards	-626	-672	-7	-573	9
Service concepts	-37	-47	-21	-42	-12
Asset management and custody	-428	-570	-25	-378	13
Life insurance	-71	-69	3	-47	51
Securities	-87	-80	9	-74	18
Lending and guarantees	-20	-22	-9	-14	43
Non-life insurance		-9		-9	
Other	-53	-67	-21	-49	8
Total commission expense	-1 603	-1 827	-12	-1 475	9
Net commission income					
Payment processing	226	240	-6	224	1
Cards	703	839	-16	763	-8
Service concepts	275	269	2	266	3
Asset management and custody	1 365	1 443	-5	1 227	11
Life insurance	97	76	28	96	1
Securities	66	66	0	41	61
Corporate finance	49	99	-51		
Lending and guarantees	286	264	8	280	2
Deposits	40	38	5	44	-9
Real estate brokerage	42	45	-7	38	11
Non-life insurance	23	14	64	15	53
Other	51	22		76	-33
Total Net commission income	3 223	3 415	-6	3 070	5

Note 7 Net gains and losses on financial items

Group SEKm	Q1 2020	Q4 2019	%	Q1 2019	%
Fair value through profit or loss					
Shares and share related derivatives	-33	420		319	
of which dividend	9	22	-59	62	-85
Interest-bearing securities and interest related derivatives	-885	145		329	
Financial liabilities	15	22	-32	22	-32
Other financial instruments	6	29	-79	-10	
Total fair value through profit or loss	-897	616		660	
Hedge accounting					
Ineffective part in hedge accounting at fair value	37	123	-70	-30	
of which hedging instruments	3 406	-6 644		2 760	23
of which hedged items	-3 369	6 767		-2 790	21
Ineffective part in portfolio hedge accounting at fair value	-11	-42	-74	45	
of which hedging instruments	-916	2 595		-250	
of which hedged items	905	-2 637		295	
Ineffective part in cash flow hedges	2		-50		100
Total hedge accounting	28	85	-67	16	75
Derecognition gain or loss for financial assets at amortised cost	34	55	-38	26	31
Derecognition gain or loss for financial liabilities at amortised cost	-76	-57	33	-43	77
Trading related interest					
Interest income	75	115	-35	145	-48
Interest expense	-8	23		-44	-82
Total trading related interest	67	138	-51	101	-34
Change in exchange rates	522	381	37	426	23
Total net gains and losses on financial items	-322	1 218		1 186	

Note 8 Other general administrative expenses

Group SEKm	Q1	Q4		Q1	
	2020	2019	%	2019	%
Premises and rents	92	125	-26	147	-37
IT expenses	569	627	-9	481	18
Telecommunications and postage	46	30	53	30	53
Advertising, PR and marketing	77	138	-44	63	22
Consultants	752	776	-3	156	
Compensation to savings banks	58	59	-2	56	4
Other purchased services	231	287	-20	216	7
Security transport and alarm systems	16	19	-16	17	-6
Supplies	23	28	-18	23	
Travel	50	71	-30	52	-4
Entertainment	11	14	-21	10	10
Repair/maintenance of inventories	30	26	15	19	58
Other expenses	27	23		21	
Other administrative expenses	128	119	8	86	49
Total other expenses	2 110	2 342	-10	1 377	53

Note 9 Credit impairment

Group SEKm	Q1	Q4	Q1
	2020	2019	2019
Loans at amortised cost			
Credit impairment provisions - Stage 1	297	-35	32
Credit impairment provisions - Stage 2	618	-6	88
Credit impairment provisions - Stage 3	825	594	35
Credit impairment provisions - Credit impaired, Purchased or originated ¹⁾	-1		-1
Total	1 739	553	154
Write-offs	137	492	95
Recoveries	-46	-46	-47
Total	91	446	48
Total loans at amortised cost	1 830	999	202
Commitments and financial guarantees			
Credit impairment provisions - Stage 1	84	-3	26
Credit impairment provisions - Stage 2	190	2	-1
Credit impairment provisions - Stage 3	47	-10	-9
Total	321	-11	16
Write-offs			
Total commitments and financial guarantees	321	-11	16
			0
Total Credit impairment	2 151	988	218
Credit impairment ratio, %	0.51	0.23	0.05

¹⁾ Of which SEK -0m (-1m) 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. They reflect the effect of a range of possible probability-weighted economic outcomes. In particular, the following can have a significant impact on the level of impairment provisions:

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

Further details on the key inputs and assumptions used as at 31 March 2020 are provided below.

Measurement of 12-month and lifetime expected credit losses

The measurement of expected credit losses is described in Note G3.1 Credit risks on pages 67-70 of the Annual and Sustainability Report 2019. There have been no significant changes during the year to the methodology. However, key portfolio risks have changed rapidly and significantly as a consequence of Covid-19. Given the shocking nature of the pandemic, as well as the huge uncertainty of the magnitude of the medium and long-term effects, the Group has pending downgrades in the internal ratings of corporate customers. Due to the timing of this prior to the quarter end, a post-model expert credit adjustment was deemed necessary as at 31 March 2020. This adjustment estimates the effects of the pending downgrades for corporate customers in Stages 1 and 2, where such migrations were not captured in the models as at the period end. Individual reassessment of the ratings is targeted to be performed during the second quarter.

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

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 2019 on page 62 and 68 - 69. There have been no significant changes during the year to the methodology. Swedbank has a way of supporting both private and corporate customers with Covid-19

related liquidity constraints, introduced a standardised and collective method for payment respites and grace periods for principal amounts due. Generally, these measures have not automatically been treated as a Stage 2 trigger or forbearance measures. A part of the post-model expert credit adjustment for corporate customers relates to the migration of customers to Stage 2, as described in the previous section.

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 2019 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 of		Recognised credit impairment provisions 31 Mar 2020	Share of total portfolio (%) in terms of gross carrying amount 31 Mar 2020
			Increase in threshold by 1 grade	Decrease in threshold by 1 grade		
13-21	< 0.5%	3 - 8 grades	-8.2%	12.0%	681	39%
9-12	0.5-2.0%	1 - 5 grades	-17.1%	15.9%	460	8%
6-8	2.0-5.7%	1 - 3 grades	-7.1%	5.6%	167	3%
0-5	>5.7% and <100%	1 - 2 grades	-1.7%	0.0%	132	1%
			-10.3%	11.4%	1 440	51%
		Financial instruments subject to the low credit risk exemption			6	6%
				Stage 3 financial instruments	4 407	0%
				Post model expert credit adjustment ⁴⁾	406	
				Total provisions⁵⁾	6 259	57%

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⁾ The sensitivity analysis is reflected on the model output prior to the post-model expert credit adjustment.

⁵⁾ Of which provisions for off-balance exposures are SEK 701m

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 ⁶⁾	Impairment provision impact of		Recognised credit impairment provisions 31 Mar 2020	Share of total portfolio (%) in terms of gross carrying amount 31 Mar 2020
		Increase in threshold by 100%	Decrease in threshold by 50%		
13-21	100-300%	-7.5%	6.1%	448	26%
9-12	100-200%	-3.5%	12.4%	364	7%
6-8	50-150%	-2.0%	3.7%	134	2%
0-5	50%	-0.4%	0.9%	199	1%
		-4.4%	6.9%	1 145	36%
		Financial instruments subject to the low credit risk exemption		16	7%
			Stage 3 financial instruments	1 917	0%
			Post model expert credit adjustment ⁷⁾	291	
			Total provisions⁸⁾	3 369	43%

⁶⁾ Thresholds vary within given ranges depending on the borrower's geography, segment and internal risk rating.

⁷⁾ The sensitivity analysis is reflected on the model output prior to the post-model expert credit adjustment.

⁸⁾ Of which provisions for off-balance exposures are SEK 208m.

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

The macroeconomic scenarios are provided by Swedbank Macro Research and are aligned with the Swedbank Economic Outlook. The economic scenarios are developed to reflect assumptions about future economic conditions given the current state of the local and global economies. As a result of Covid-19, a new Swedbank Economic Outlook was updated to 25 March 2020 which serves as the base scenario, with an assigned probability weight of 66.6 per cent. Aligned

with the updated base scenario, new alternative scenarios were developed, with assigned probability weights of 16,67 per cent on both the upside and downside scenario. These new macroeconomic scenarios were included in the expected credit losses calculations according to the Group's usual monthly process.

The increase in credit impairment provisions due to the changes in macroeconomic scenarios was SEK 648m. See the reconciliation of credit impairment provisions for loans in Note 11.

IFRS 9 base scenario

	31 March 2020			31 December 2020	
	2019	2020F	2021F	2020F	2021F
Sweden					
GDP (%)	1.30	-4.40	3.70	1.00	1.40
Unemployment (%)	6.80	9.20	8.60	7.10	7.20
Houseprice-index (% annual change)	2.30	-0.60	3.30	5.00	5.00
Stibor 3m (%)	0.00	-0.04	-0.02	0.15	0.15
Estonia					
GDP	4.40	-5.00	5.00	2.10	2.50
Unemployment (%)	4.50	8.20	7.10	5.10	5.40
Houseprice-index (yearly change)	7.20	-3.30	1.00	4.50	4.20
Latvia					
GDP	2.20	-4.90	4.90	2.00	2.40
Unemployment (%)	6.30	7.70	7.00	6.60	6.60
Houseprice-index (yearly change)	7.30	-3.90	-0.20	4.90	4.80
Lithuania					
GDP	3.90	-5.00	5.00	2.00	2.50
Unemployment (%)	6.30	8.00	7.20	6.20	6.00
Houseprice-index (yearly change)	6.00	-2.70	0.80	4.80	4.80
Global indicators					
US GDP	2.30	-3.10	3.30	2.10	1.70
Brent Crude Oil (USD)	63.00	38.00	40.00	43.00	45.00
Euribor 6m	-0.30	-0.40	-0.10	0.50	0.60

Sweden

The downturn in the Swedish economy is both wider and faster than during a more traditional financial crisis. Exports, investments and household consumption are falling significantly in the second quarter. Exports, investments and household consumption are falling significantly in the second quarter. In the services sector, several companies are completely without demand. Manufacturing is struggling with broken supply chains and falling demand. We expect that a slow economic recovery gradually begins in the second half of 2020 in line with the global development.

The situation on the labour market is also deteriorating rapidly. Notices of layoffs have skyrocketed in recent weeks and are approaching levels last seen during the previous financial crisis. Unemployment is expected to reach 10 per cent in the summer of 2020 and then slowly decline somewhat. Employment and the number of hours worked are also falling but are expected to start to rise again.

The Swedish krona has weakened considerably and although some strengthening is forecasted, and the exchange rate is expected to contribute to rising inflation during the forecast period. Low energy prices, in a combination with dampened demand due to the economic slowdown, keep the inflation low. The Riksbank is taking measures aimed at combatting the ongoing market unease and supporting credit supply, so that the negative consequences on the real economy of the Covid-19 crisis are mitigated. We believe that further

measures may be taken ahead, however, a repo rate cut is unlikely.

The housing market will be affected by the drastic fall in demand and economic activity. We expect house prices to fall and slowly start to recover at the end of the year when the economy gradually recovers.

The updated outlook is in contrast with the end-of-the-year baseline when growth in Sweden was expecting to grow below trend in 2020 and 2021, a downturn but not a recession. Labour market was expected to weaken only slightly. The somewhat softer labour market and slowdown in manufacturing were likely to keep wage increases in check in coming years. Inflation was expected to stay close to 2 per cent in 2020 but then gradually decline to its long-term average around 1.5 per cent. Also, annual house price growth was expected at around 5 per cent in both 2020 and 2021. Housing prices were predicted to be supported by high demand, driven by persistently low interest rates, and lower supply resulting from a decrease in construction.

Baltics

The Baltic economies, as a consequence of the Covid-19 pandemic, will face a dramatic drop in GDP in 2020, most notably in Q2. In the second half of the year, economies start to recover as the virus spread subsides, and economic activity gradually returns to normal.

The GDP contraction is broad-based by economic activities; the hardest hit are tourism, transport, and leisure. Suppressed demand across the EU and some disrupted supply chains will also hurt manufacturers, export, and investment. Consumption is affected by the current lockdown, but also by higher unemployment and shaky consumer sentiment.

The sharp decline in the economic activity in 2020 will have a substantial impact on the labour market - unemployment is expected to raise and wage growth will slow. Inflation will be very subdued in 2020, due to both a drop in demand and the low global oil price. Economic blow is softened by unprecedented monetary and fiscal policies. Similar to Sweden, the previous base scenario for the Baltics assumed a more muted export growth; both household consumption and investments were expected to grow more slowly in the years to come.

Sensitivity

Set out below are the credit impairment provisions as at 31 March 2020 that would result from the downside and upside scenarios, which are considered reasonably possible, being assigned probabilities of 100 per cent.

Business area	Scenario	Difference from the	
		Credit impairment provisions resulting from the scenario	recognised probability-weighted credit impairment provisions, %
Swedish Banking	Downside scenario	2 162	18%
	Upside scenario	1 521	-17%
Baltic Banking	Downside scenario	933	16%
	Upside scenario	600	-26%
LC&I	Downside scenario	7 773	11%
	Upside scenario	3 815	-45%
Group ¹⁾	Downside scenario	10 867	13%
	Upside scenario	5 936	-38%

¹⁾ Including Group Functions & Other.

Note 10 Loans

Group SEKm	31 Mar 2020			31 Dec 2019		31 Mar 2019	
	Gross carrying amount	Impairment Provision	Net	Net	%	Net	%
Loans to credit institutions							
Banks	24 625	13	24 612	26 131	-6	21 518	14
Repurchase agreements, banks	4 439		4 439	9		2 066	
Other credit institutions	24 315		24 315	19 312	26	18 631	31
Repurchase agreements, other credit institutions	2 262		2 262			1 925	18
Loans to credit institutions	55 641	13	55 628	45 452	22	44 140	26
Loans to the public							
Private customers	1 064 303	924	1 063 379	1 052 530	1	1 035 998	3
Private, mortgage	916 612	536	916 076	904 606	1	883 962	4
Tenant owner association	98 011	29	97 982	99 607	-2	104 892	-7
Private, other	49 680	359	49 321	48 317	2	47 144	5
Corporate customers	576 261	7 782	568 479	553 095	3	555 202	2
Agriculture, forestry, fishing	66 293	155	66 138	65 260	1	67 190	-2
Manufacturing	46 554	1 232	45 322	42 456	7	41 236	10
Public sector and utilities	24 557	56	24 501	22 773	8	21 610	13
Construction	20 293	319	19 974	19 275	4	19 331	3
Retail	35 669	571	35 098	31 926	10	31 396	12
Transportation	15 692	49	15 643	15 197	3	16 555	-6
Shipping and offshore	22 936	4 004	18 932	18 475	2	21 346	-11
Hotels and restaurants	9 962	120	9 842	9 572	3	8 843	11
Information and communications	13 518	80	13 438	12 513	7	13 294	1
Finance and insurance	19 795	38	19 757	16 935	17	17 260	14
Property management	253 641	708	252 933	254 559	-1	249 655	1
Residential properties	77 232	199	77 033	79 477	-3	75 037	3
Commercial	100 974	340	100 634	99 374	1	98 450	2
Industrial and Warehouse	43 934	50	43 884	47 099	-7	47 965	-9
Other	31 501	119	31 382	28 609	10	28 203	11
Professional services	26 154	328	25 826	24 594	5	28 364	-9
Other corporate lending	21 197	122	21 075	19 560	8	19 122	10
Loans to the public excluding the Swedish National Debt Office and repurchase agreements	1 640 564	8 706	1 631 858	1 605 625	2	1 591 200	3
Swedish National Debt Office	4		4	4		13	-69
Repurchase agreements, Swedish National Debt Office				9 725		22 375	
Repurchase agreements, public	62 846		62 846	36 942	70	62 964	
Loans to the public	1 703 414	8 706	1 694 708	1 652 296	3	1 676 552	1
Loans to the public and credit institutions	1 759 055	8 719	1 750 336	1 697 748	3	1 720 692	2
of which loans at fair value through profit or loss	69 669		69 669	46 830	49	89 500	-22

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 Mar	31 Dec		31 Mar	
SEKm	2020	2019	%	2019	%
Credit institutions					
Stage 1					
Gross carrying amount	48 831	45 373	8	40 079	22
Credit impairment provisions	11	4		4	
Carrying amount	48 820	45 369	8	40 075	22
Stage 2					
Gross carrying amount	109	75	45	75	45
Credit impairment provisions	2		100	1	100
Carrying amount	107	74	45	74	45
Total carrying amount for credit institutions	48 927	45 443	8	40 149	22
Public, private customers					
Stage 1					
Gross carrying amount	1 012 269	1 002 000	1	980 203	3
Credit impairment provisions	108	72	50	68	59
Carrying amount	1 012 161	1 001 928	1	980 135	3
Stage 2					
Gross carrying amount	49 666	49 132	1	54 335	-9
Credit impairment provisions	303	255	19	318	-5
Carrying amount	49 363	48 877	1	54 017	-9
Stage 3					
Gross carrying amount	2 362	2 196	8	2 324	2
Credit impairment provisions	513	479	7	484	6
Carrying amount	1 849	1 717	8	1 840	0
Total carrying amount for public, private customers	1 063 373	1 052 522	1	1 035 992	3
Public, corporate customers					
Stage 1					
Gross carrying amount	490 865	490 372	0	490 671	0
Credit impairment provisions	662	407	63	458	45
Carrying amount	490 203	489 965	0	490 213	0
Stage 2					
Gross carrying amount	74 274	57 057	30	61 251	21
Credit impairment provisions	1 689	1 092	55	1 532	10
Carrying amount	72 585	55 965	30	59 719	22
Stage 3					
Gross carrying amount	11 010	11 397	-3	8 595	28
Credit impairment provisions	5 431	4 374	24	3 476	56
Carrying amount	5 579	7 023	-21	5 119	9
Total carrying amount for public, corporate customers¹⁾	568 367	552 953	3	555 051	2
Totals					
Gross carrying amount Stage 1	1 551 965	1 537 745	1	1 510 953	3
Gross carrying amount Stage 2	124 049	106 264	17	115 661	7
Gross carrying amount Stage 3	13 372	13 593	-2	10 919	22
Total Gross carrying amount	1 689 386	1 657 602	2	1 637 533	3
Credit impairment provisions Stage 1	781	483	62	530	47
Credit impairment provisions Stage 2	1 994	1 348	48	1 851	8
Credit impairment provisions Stage 3	5 944	4 853	22	3 960	50
Total credit impairment provisions	8 719	6 684	30	6 341	38
Total carrying amount	1 680 667	1 650 918	2	1 631 192	3
Share of Stage 3 loans, gross, %	0.79	0.82		0.67	
Share of Stage 3 loans, net, %	0.44	0.53		0.43	
Credit impairment provision ratio Stage 1 loans	0.05	0.03		0.04	
Credit impairment provision ratio Stage 2 loans	1.61	1.27		1.60	
Credit impairment provision ratio Stage 3 loans	44.45	35.70		36.27	
Total credit impairment provision ratio	0.52	0.40		0.39	

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	Total
	Stage 1	Stage 2	Stage 3 incl. purchased or originated	
Carrying amount before provisions				
Opening balance as of 1 January 2020	1 537 745	106 264	13 593	1 657 602
Closing balance as of 31 March 2020	1 551 965	124 049	13 372	1 689 386
Credit impairment provisions				
Opening balance as of 1 January 2020	483	1 348	4 853	6 684
Movements affecting Credit impairment line				
New and derecognised financial assets, net	63	6	-65	4
Changes in risk factors (EAD, PD, LGD)	-27	-219	-31	-277
Changes in macroeconomic scenarios	243	276	13	532
Changes due to expert credit judgement (individual assessments and manual adjustments)	71	439	885	1 395
Stage transfers				
<i>from 1 to 2</i>	-65	188		123
<i>from 1 to 3</i>	0		26	26
<i>from 2 to 1</i>	11	-57		-46
<i>from 2 to 3</i>		-19	94	75
<i>from 3 to 2</i>		4	-22	-18
<i>from 3 to 1</i>	1		-31	-30
Other		0	-45	-45
Total movements affecting Credit impairment line	297	618	824	1 739
Movements recognised outside Credit impairment line				
Disposal of subsidiary				
Interest			45	45
Change in exchange rates	1	28	222	251
Closing balance as of 31 March 2020	781	1 994	5 944	8 719
Carrying amount				
Opening balance as of 1 January 2020	1 537 262	104 916	8 740	1 650 918
Closing balance as of 31 March 2020	1 551 184	122 055	7 428	1 680 667

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

Loans to the public and credit institutions Group SEKm	Non Credit-Impaired		Credit-Impaired	Total
	Stage 1	Stage 2	Stage 3 incl. purchased or originated	
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 March 2019	1 510 953	115 661	10 919	1 637 533
Credit impairment provisions				
Opening balance as of 1 January 2019	492	1 737	3 797	6 026
Movements affecting Credit impairment line				
New and derecognised financial assets, net	32	-60	-63	-91
Changes in risk factors (EAD, PD, LGD)	-4	-123	-10	-137
Changes in macroeconomic scenarios	47	96	1	144
Changes due to expert credit judgement (individual assessments and manual adjustments)			64	64
Stage transfers	-42	174	75	207
<i>from 1 to 2</i>	-46	202		156
<i>from 1 to 3</i>	-2		18	16
<i>from 2 to 1</i>	6	-35		-29
<i>from 2 to 3</i>		-23	117	94
<i>from 3 to 2</i>		30	-54	-24
<i>from 3 to 1</i>	0		-6	-6
Other	-1	1	-33	-33
Total movements affecting Credit impairment line	32	88	34	154
Movements recognised outside Credit impairment line				
Interest			33	33
Change in exchange rates	6	26	96	128
Closing balance as of 31 March 2019	530	1 851	3 960	6 341
Carrying amount				
Opening balance as of 1 January 2019	1 510 295	105 927	7 442	1 623 664
Closing balance as of 31 March 2019	1 510 423	113 810	6 959	1 631 192

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 2020	326 875	11 325	1 248	339 448
Closing balance as of 31 March 2020	322 344	13 837	1 380	337 561
Credit impairment provisions				
Opening balance as of 1 January 2020	113	144	326	583
Movements affecting Credit impairment line				
New and derecognosed financial assets, net	16	5	-13	8
Changes in risk factors (EAD, PD, LGD)	-18	-32	-1	-51
Changes in macroeconomic scenarios	80	37		117
Changes due to expert credit judgement (manual adjustments and individual assessments)			4	191
Stage transfers	-16	14	57	55
from stage 1 to stage 2	-17	33		16
from stage 1 to stage 3	0		1	1
from stage 2 to stage 1	1	-2		-1
from stage 2 to stage 3		-17	56	39
Other	0	1	0	1
Total movements affecting Credit impairment line	84	190	47	321
Movements recognised outside Credit impairment line				
Change in exchange rates	1	-2	6	5
Closing balance as of 31 March 2020	198	332	379	909

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 March 2019	317 701	9 722	762	328 185
Credit impairment provisions				
Opening balance as of 1 January 2019	94	208	105	407
Movements affecting Credit impairment line				
New and derecognosed financial assets, net	7	-11	-4	-8
Changes in risk factors (EAD, PD, LGD)	-3	-17	-1	-21
Changes in macroeconomic scenarios	24	19		43
Changes due to expert credit judgement (manual adjustments and individual assessments)				
Stage transfers	-2	8	-4	2
from 1 to 2	-3	10		7
from 1 to 3	0		2	2
from 2 to 1	1	-2		-1
from 2 to 3		0	1	1
from 3 to 2		0	-7	-7
from 3 to 1				0
Other				0
Total movements affecting Credit impairment line	26	-1	-9	16
Movements recognised outside Credit impairment line				
Change in exchange rates	2	6	3	11
Closing balance as of 31 March 2019	122	213	99	434

Note 12 Credit risk exposures

Group SEKm	31 Mar 2020	31 Dec 2019	%	31 Mar 2019	%
Assets					
Cash and balances with central banks	295 442	195 286	51	235 850	25
Interest-bearing securities	265 601	194 461	37	202 073	31
Loans to credit institutions	55 628	45 452	22	44 140	26
Loans to the public	1 694 708	1 652 296	3	1 676 552	1
Derivatives	84 253	44 424	90	45 766	84
Other financial assets	34 881	8 804		18 453	89
Total assets	2 430 513	2 140 723	14	2 222 834	9
Contingent liabilities and commitments					
Guarantees	51 892	52 008		49 520	5
Commitments	285 412	287 413	-1	278 392	3
Total contingent liabilities and commitments	337 304	339 421	-1	327 912	3
Total credit exposures	2 767 817	2 480 144	12	2 550 746	9

Note 13 Intangible assets

Group SEKm	31 Mar 2020	31 Dec 2019	%	31 Mar 2019	%
With indefinite useful life					
Goodwill	14 291	13 709	4	13 696	4
Brand name	92	94	-2	161	-43
Total	14 383	13 803	4	13 857	4
With finite useful life					
Customer base	328	336	-2	369	-11
Internally developed software	3 523	3 350	5	2 832	24
Other	376	375		338	11
Total	4 227	4 061	4	3 539	19
Total intangible assets	18 610	17 864	4	17 396	7

As end of March 2020 there was no need of impairment of intangible assets. Due to the Covid-19 and the uncertainty about the future economic

development the carrying amount of goodwill was briefly tested for impairment,

Note 14 Amounts owed to credit institutions

Group SEKm	31 Mar 2020	31 Dec 2019	%	31 Mar 2019	%
Amounts owed to credit institutions					
Central banks	73 860	6 306		30 327	
Banks	82 964	57 878	43	53 808	54
Other credit institutions	12 283	5 498		1 726	
Repurchase agreements - banks	3 624	4		8 914	-59
Repurchase agreements - other credit institutions	2 203			891	
Amounts owed to credit institutions	174 934	69 686		95 666	83

Note 15 Deposits and borrowings from the public

Group SEKm	31 Mar 2020	31 Dec 2019	%	31 Mar 2019	%
Deposits from the public					
Private customers	556 279	531 139	5	515 201	8
Corporate customers	489 271	422 527	16	415 176	18
Deposits from the public excluding the Swedish National Debt Office and repurchase agreements	1 045 550	953 666	10	930 377	12
Swedish National Debt Office	30	328	-91	271	-89
Repurchase agreements - Swedish National Debt Office		1			
Repurchase agreements - public	20 473	18		12 640	62
Deposits and borrowings from the public	1 066 052	954 013	12	943 288	13

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

Group SEKm	31 Mar 2020	31 Dec 2019	%	31 Mar 2019	%
Commercial papers	184 622	128 772	43	219 533	-16
Covered bonds	598 101	589 627	1	543 456	10
Senior unsecured bonds	118 176	128 445	-8	145 986	-19
Structured retail bonds	7 231	8 910	-19	10 651	-32
Total debt securities in issue	908 130	855 754	6	919 626	-1
Senior non-preferred liabilities	11 153	10 805	3		
Subordinated liabilities	26 727	31 934	-16	26 935	-1
Total debt securities in issue, senior non-preferred liabilities and subordinated liabilities	946 010	898 493	5	946 561	

Turnover during the period	Jan-Mar 2020	Full-year 2019	%	Jan-Mar 2019	%
Opening balance	898 493	838 544	7	838 544	7
Issued	155 636	631 819	-75	242 567	-36
Repurchased	-33 486	-21 017	59	-6 627	
Repaid	-101 238	-561 777	-82	-141 520	-28
Interest, change in fair value and fair value of hedged item in fair value hedge accounting	2 270	462		2 721	-17
Changes in exchange rates	24 335	10 462		10 876	
Closing balance	946 010	898 493	5	946 561	

Note 17 Derivatives

Group SEKm	Nominal amount			Nominal amount		Positive fair value		Negative fair value	
	Remaining contractual maturity			31 Mar	31 Dec	31 Mar	31 Dec	31 Mar	31 Dec
	< 1 yr.	1-5 yrs.	> 5 yrs.	2020	2019	2020	2019	2020	2019
Derivatives in hedge accounting	248 577	655 419	110 134	1 014 130	1 011 702	17 753	13 905	2 078	1 898
Fair value hedges, interest rate swaps	137 674	386 091	93 156	616 921	608 694	16 678	13 013	209	534
Portfolio fair value hedges, interest rate swaps	109 813	268 778	8 865	387 456	393 728	391	702	1 869	1 331
Cash flow hedges, foreign currency basis swaps	1 090	550	8 113	9 753	9 280	684	190	0	33
Non-hedging derivatives	8 466 525	6 643 859	2 941 590	18 051 974	16 051 211	140 969	102 832	128 543	113 311
Gross amount	8 715 102	7 299 278	3 051 724	19 066 104	17 062 913	158 722	116 738	130 621	115 209
Offset amount (see also note 20)	-5 904 141	-5 710 355	-2 486 293	-14 100 789	-12 057 460	-74 469	-72 314	-76 514	-74 232
Total	2 810 961	1 588 923	565 431	4 965 315	5 005 453	84 253	44 424	54 107	40 977

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

Note 18 Fair value of financial instruments

Group SEKm	31 Mar 2020			31 Dec 2019		
	Fair value	Carrying amount	Difference	Fair value	Carrying amount	Difference
Assets						
Financial assets						
Cash and balances with central banks	295 442	295 442		195 286	195 286	
Treasury bills and other bills eligible for refinancing with central banks	161 021	160 999	22	137 119	137 094	25
Loans to credit institutions	55 628	55 628		45 452	45 452	
Loans to the public	1 697 840	1 694 708	3 132	1 660 659	1 652 296	8 363
Value change of interest hedged items in portfolio hedge	1 176	1 176		271	271	
Bonds and interest-bearing securities	103 577	104 602	-1 025	57 369	57 367	2
Financial assets for which the customers bear the investment risk	197 672	197 672		224 893	224 893	
Shares and participating interest	9 904	9 904		6 568	6 568	
Derivatives	84 253	84 253		44 424	44 424	
Other financial assets	34 881	34 881		8 804	8 804	
Total	2 641 393	2 639 265	2 128	2 380 845	2 372 455	8 390
Investment in associates		6 834			6 679	
Non-financial assets		29 370			29 094	
Total		2 675 469			2 408 228	
Liabilities						
Financial liabilities						
Amounts owed to credit institutions	174 921	174 934	-13	69 569	69 686	-117
Deposits and borrowings from the public	1 066 053	1 066 052	1	953 996	954 013	-17
Debt securities in issue	909 204	908 130	1 074	861 883	855 754	6 129
Financial liabilities for which the customers bear the investment risk	199 847	199 847		225 792	225 792	
Senior non-preferred liabilities	11 153	11 153		10 805	10 805	
Subordinated liabilities	26 727	26 727		31 730	31 934	-204
Derivatives	54 107	54 107		40 977	40 977	
Short positions securities	19 927	19 927		34 345	34 345	
Other financial liabilities	54 359	54 359		28 115	28 115	
Total	2 516 298	2 515 236	1 062	2 257 212	2 251 421	5 791
Non-financial liabilities		18 677			18 174	
Total		2 533 913			2 269 595	

The following tables present fair values of financial instruments recognised at fair value split between the three valuation hierarchy levels.

The Group uses various methods to determine the fair value of financial instruments depending on the degree of observable market data in the valuation and activity in the market. An active market is considered a regulated or reliable marketplace where quoted prices are easily accessible, and which demonstrates regularity. Activity is continuously evaluated by analysing factors such as 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 value. For any open net positions, bid and ask is applied based on what is applicable i.e. bid

rates for long positions and ask rates for short positions. Where the fair value is derived from a modelling technique, the valuation is performed using mid prices. When relevant, a bid/ask adjustment is applied to ensure that long positions are recognised at bid price and short positions – at ask price.

The Group has a continuous process that identifies financial instruments which indicate a high level of internal assumptions or low level of observable market data. The process determines how to make the calculation based on how the internal assumptions are expected to affect the valuation. In cases where internal assumptions have a significant impact on fair value, the financial instrument is reported in level 3. The process also includes an analysis based on the quality of valuation data and whether any types of financial instruments will be transferred between the various levels.

Transfers between fair value hierarchy levels 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.

Financial instruments recognised at fair value

Group 31 Mar 2020 SEKm	Level 1	Level 2	Level 3	Total
Assets				
Treasury bills etc.	29 383	6 329		35 712
Loans to credit institutions		6 701		6 701
Loans to the public		62 968		62 968
Bonds and other interest-bearing securities	36 991	67 573		104 564
Financial assets for which the customers bear the investment risk	197 672			197 672
Shares and participating interests	8 144		1 760	9 904
Derivatives	30	84 223		84 253
Total	272 220	227 794	1 760	501 774
Liabilities				
Amounts owed to credit institutions		5 827		5 827
Deposits and borrowings from the public		20 473		20 473
Debt securities in issue		9 179		9 179
Financial liabilities for which the customers bear the investment risk		199 847		199 847
Derivatives	6	54 101		54 107
Short positions, securities	19 061	866		19 927
Total	19 067	290 293		309 360

Group 31 Dec 2019 SEKm	Level 1	Level 2	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

Level 3 primarily contains unlisted equity instruments. The unlisted equity instruments include strategic investments. Swedbank's holdings in VISA Inc. shares are subject to selling restrictions for a period of up to 9 years and under certain conditions may have to be

returned. Liquid quotes are not available for the instrument, therefore 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 the share price. 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	Total
January-March 2020		
Opening balance 1 January 2020	1 854	1 854
Purchases	4	4
Gains and losses	-98	-98
of which changes in unrealised gains or losses for items held at closing day	-97	-97
Closing balance 31 March 2020	1 760	1 760

Changes in level 3 Group SEKm	Assets		
	Equity instruments	Derivatives	Total
January-March 2019			
Opening balance 1 January 2019	1 264	2	1 266
Purchases	1		1
Sale of assets/ dividends received	-3		-3
Maturities		-1	-1
Gains and losses	236	-1	235
of which changes in unrealised gains or losses for items held at closing day	232		232
Closing balance 31 March 2019	1 498		1 498

Note 19 Pledged collateral and contingent liabilities

Group SEKm	31 Mar 2020	31 Dec 2019	%	31 Mar 2019	%
Loan receivables ¹⁾	579 017	578 758		534 769	8
Financial assets pledged for insurance policy holders	195 105	220 589	-12	195 559	
Other assets pledged	84 067	52 720	59	46 600	80
Pledged collateral	858 189	852 067	1	776 928	10

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 2020	31 Dec 2019	%	31 Mar 2019	%
Guarantees	51 892	52 008		49 520	5
Other	257	27		273	-6
Contingent liabilities	52 149	52 035		49 793	5

Swedbank is cooperating with authorities in 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 timing of the

completion of the investigations is still unknown and 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

Note 20 Offsetting financial assets and liabilities

Group SEKm	Assets			Liabilities		
	31 Mar 2020	31 Dec 2019	%	31 Mar 2020	31 Dec 2019	%
Financial assets and liabilities, which have been offset or are subject to netting or similar agreements						
Gross amount	266 867	212 597	26	194 988	163 345	19
Offset amount	-116 499	-123 222	-5	-118 544	-125 140	-5
Net amounts presented in the balance sheet	150 368	89 375	68	76 444	38 205	
Related amounts not offset in the balance sheet						
Financial instruments, netting arrangements	23 146	15 338	51	23 146	15 338	51
Financial Instruments, collateral	72 325	46 961	54	31 440	3 264	
Cash collateral	5 926	11 897	-50	8 551	16 104	-47
Total amount not offset in the balance sheet	101 397	74 196	37	63 137	34 706	82
Net amount	48 971	15 179		13 307	3 499	

The amount offset for derivative assets includes offset cash collateral of SEK 4 135m (2 783) derived from the balance sheet item Amounts owed to credit institutions.

The amount offset for derivative liabilities includes offset cash collateral of SEK 6 181m (4 701), derived from the balance sheet item Loans to credit institutions.

Note 21 Capital adequacy, consolidated situation

Capital adequacy	31 Mar	31 Dec	31 Mar
SEKm	2020	2019	2019
Shareholders' equity according to the Group's balance sheet	141 531	138 608	126 384
Non-controlling interests			73
Anticipated dividend ⁶⁾	-9 856	-9 856	-3 952
Deconsolidation of insurance companies	-532	-758	-219
Value changes in own financial liabilities	-134	-90	-66
Cash flow hedges	-15	-5	-3
Additional value adjustments ¹⁾	-1 456	-454	-631
Goodwill	-14 378	-13 799	-13 786
Deferred tax assets	-128	-108	-117
Intangible assets	-3 561	-3 433	-3 072
Shares deducted from CET1 capital	-25	-32	-25
Common Equity Tier 1 capital	111 446	110 073	104 586
Additional Tier 1 capital	10 274	16 153	11 398
Total Tier 1 capital	121 720	126 226	115 984
Tier 2 capital	17 116	15 328	15 060
Total own funds	138 836	141 554	131 044
Minimum capital requirement for credit risks, standardised approach	3 763	3 614	3 475
Minimum capital requirement for credit risks, IRB	22 791	21 559	22 268
Minimum capital requirement for credit risk, default fund contribution	60	47	31
Minimum capital requirement for settlement risks	0	0	0
Minimum capital requirement for market risks	1 479	1 308	1 260
Trading book	1 458	1 292	1 202
of which VaR and SVaR	1 004	1 021	863
of which risks outside VaR and SVaR	454	271	339
FX risk other operations	21	16	58
Minimum capital requirement for credit value adjustment	571	378	340
Minimum capital requirement for operational risks	5 716	5 481	5 481
Additional minimum capital requirement, Article 3 CRR ²⁾	3 326	2 451	2 856
Additional minimum capital requirement, Article 458 CRR ⁵⁾	17 583	17 101	16 797
Minimum capital requirement	55 289	51 939	52 508
Risk exposure amount credit risks, standardised approach	47 038	45 174	43 441
Risk exposure amount credit risks, IRB	284 883	269 485	278 346
Risk exposure amount default fund contribution	756	584	384
Risk exposure amount settlement risks	1	0	0
Risk exposure amount market risks	18 485	16 350	15 743
Risk exposure amount credit value adjustment	7 135	4 730	4 253
Risk exposure amount operational risks	71 454	68 514	68 514
Additional risk exposure amount, Article 3 CRR ²⁾	41 571	30 635	35 701
Additional risk exposure amount, Article 458 CRR ⁵⁾	219 784	213 765	209 968
Risk exposure amount	691 107	649 237	656 350
Common Equity Tier 1 capital ratio, %	16.1	17.0	15.9
Tier 1 capital ratio, %	17.6	19.4	17.7
Total capital ratio, %	20.1	21.8	20.0
Capital buffer requirement ³⁾	31 Mar	31 Dec	31 Mar
%	2020	2019	2019
CET1 capital requirement including buffer requirements	10.1	12.0	11.6
of which minimum CET1 requirement	4.5	4.5	4.5
of which capital conservation buffer	2.5	2.5	2.5
of which countercyclical capital buffer	0.1	2.0	1.6
of which systemic risk buffer	3.0	3.0	3.0
CET 1 capital available to meet buffer requirement ⁴⁾	11.6	12.5	11.4
Leverage ratio	31 Mar	31 Dec	31 Mar
	2020	2019	2019
Tier 1 Capital, SEKm	121 720	126 226	115 984
Leverage ratio exposure, SEKm ⁷⁾	2 613 847	2 353 631	2 429 858
Leverage ratio, %	4.7	5.4	4.8

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. Additional risk exposure amount per 31 December 2019 includes the mortgage floor effect for reclassification of mortgage offers of SEK 4.2bn. As of 31 March 2020 these are directly included in additional risk exposure amount according to article 458 CRR.

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⁾ Expected dividend based on the annual profit for 2019.

⁷⁾ The method for calculating leverage ratio exposure has been changed from Q3 2019, the historical figures has not been revised.

Capital requirements ¹⁾	31 Mar	31 Dec	31 Mar	31 Dec
SEKm / %	2020	2019	2020	2019
Capital requirement Pillar 1	93 991	100 766	13.6	15.5
of which Buffer requirements ²⁾	38 702	48 827	5.6	7.5
Total capital requirement Pillar 2 ³⁾	22 807	22 140	3.3	3.4
Total capital requirement Pillar 1 and 2	116 798	122 906	16.9	18.9
Own funds	138 836	141 554		

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 risk buffer as of 31 March 2020. 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 31 March 2020.

The consolidated situation for Swedbank as of 31 March 2020 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 Mar	31 Dec	31 Mar	31 Dec	31 Mar	31 Dec
Credit risk, IRB	2020	2019	2020	2019	2020	2019
SEKm						
Central government or central banks exposures	416 049	362 380	1	1	433	402
Institutional exposures	68 774	53 466	20	18	1 117	788
Corporate exposures	560 915	544 080	31	31	14 062	13 546
Retail exposures	1 198 714	1 184 439	7	7	6 299	6 173
of which mortgage lending	1 101 992	1 070 279	5	5	4 051	3 928
of which other lending	96 722	114 160	29	25	2 248	2 245
Non credit obligation	15 053	12 581	73	65	880	650
Total credit risks, IRB	2 259 505	2 156 946	13	12	22 791	21 559

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

31 Mar 2020 SEKm	Exposure amount	Risk exposure amount	Minimum capital requirement
Credit risks, STD	93 050	47 038	3 763
Central government or central banks exposures	139		
Regional governments or local authorities exposures	2 667	398	32
Public sector entities exposures	1 459	162	13
Multilateral development banks exposures	5 053		
Institutional exposures	36 547	776	62
Corporate exposures	7 048	6 853	548
Retail exposures	19 646	14 135	1 131
Exposures secured by mortgages on immovable property	6 450	2 257	181
Exposures in default	685	690	55
Exposures in the form of covered bonds	410	41	3
Exposures in the form of collective investment undertakings (CIUs)	7	7	1
Equity exposures	9 253	19 663	1 573
Other items	3 686	2 056	164
Credit risks, IRB	2 259 505	284 883	22 791
Central government or central banks exposures	416 049	5 407	433
Institutional exposures	68 774	13 963	1 117
Corporate exposures	560 915	175 774	14 062
of which specialized lending in category 1	65	42	3
of which specialized lending in category 2	361	292	23
of which specialized lending in category 3	204	234	19
of which specialized lending in category 4	123	308	25
of which specialized lending in category 5	19	0	0
Retail exposures	1 198 714	78 742	6 299
of which mortgage lending	1 101 992	50 648	4 051
of which other lending	96 722	28 094	2 248
Non-credit obligation	15 053	10 997	880
Credit risks, Default fund contribution		756	60
Settlement risks	1	1	0
Market risks		18 485	1 479
Trading book		18 219	1 458
of which VaR and SVaR		12 548	1 004
of which risks outside VaR and SVaR		5 671	454
FX risk other operations		266	21
Credit value adjustment	27 968	7 135	571
Operational risks		71 454	5 716
of which Standardised approach		71 454	5 716
Additional risk exposure amount, Article 3 CRR		41 571	3 326
Additional risk exposure amount, Article 458 CRR		219 784	17 583
Total	2 380 524	691 107	55 289

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 which specialized lending in category 1	50	29	2
of which specialized lending in category 2	284	240	19
of which specialized lending in category 3	141	162	13
of which specialized lending in category 4	116	289	23
of which specialized lending in category 5	18	0	0
Retail exposures	1 184 439	77 162	6 173
of which mortgage lending	1 070 279	49 094	3 928
of which 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 which VaR and SVaR		12 763	1 021
of which 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 which 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

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 March 2020, the internal capital assessment for Swedbank's consolidated situation amounted to SEK 38.2bn (SEK 34.7bn as of 31 December 2019). The capital to meet the internal capital assessment, i.e. the capital base, amounted to SEK 138.8bn (SEK 141.6bn as of 31 December 2019) (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 does not consider the SFSA risk-weight floor for Swedish mortgages.

The internally estimated capital requirement for the parent company is SEK 26.1bn (SEK 27.3bn as of 31 December 2019) and the capital base is SEK 113.5bn (SEK 122.5bn as of 31 December 2019) (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 2019 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. The rapid spread of Covid-19 has had and can have further major consequences for the global economy and thus affect Swedbank in the future. For risks related to the ongoing investigations by authorities in United States related to the media reporting of suspected money laundering, see Note 19 Pledged collateral and contingent liabilities.

In addition to the observations reported on money laundering and terrorist financing, Swedbank has during the year identified areas that have led to unwanted compliance risks within the bank. These are related to internal governance as noted by supervisory authorities in their investigations of money laundering as well as within the customer

protection area. In both areas, work is ongoing within the bank to ensure that deficiencies identified are addressed adequately. The bank's Compliance function monitors and validates the work.

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 2019 Annual and sustainability report and in the annual disclosure in the Risk Management and Capital Adequacy report available at www.swedbank.com.

**Effect on value of assets and liabilities in SEK and foreign currency, including derivatives
if interest rates increase by 100bp, 31 Mar 2020**

Group SEKm	< 5 years	5-10 years	>10 years	Total
Swedbank, the Group	-675	-918	-576	-2 169
of which SEK	-900	-792	-210	-1 902
of which foreign currency	225	-126	-366	-267
Of which financial instruments at fair value reported through profit or loss	587	-533	-299	-245
of which SEK	389	-502	-197	-310
of which foreign currency	198	-31	-102	65

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 Mar 2020	31 Dec 2019	%	31 Mar 2019	%
SWED A					
Share price, SEK	110.85	139.45	-21	131.35	-16
Number of outstanding ordinary shares	1 119 724 514	1 118 304 389		1 118 173 959	
Market capitalisation, SEKm	124 121	155 948	-20	146 872	-15

	31 Mar 2020	31 Dec 2019	31 Mar 2019
Number of outstanding shares			
Issued shares			
SWED A	1 132 005 722	1 132 005 722	1 132 005 722
Repurchased shares			
SWED A	-12 281 208	-13 701 333	-13 831 763
Number of outstanding shares on the closing day	1 119 724 514	1 118 304 389	1 118 173 959

Within Swedbank's share-based compensation programme, Swedbank AB has during 2020 transferred 1 420 125 shares at no cost to employees.

Earnings per share	Q1 2020	Q4 2019	Q1 2019
Average number of shares			
Average number of shares before dilution	1 118 968 741	1 118 304 389	1 117 342 751
Weighted average number of shares for potential ordinary shares that incur a dilutive effect due to share-based compensation programme	3 244 242	3 559 183	3 334 409
Average number of shares after dilution	1 122 212 983	1 121 863 572	1 120 677 160
Profit, SEKm			
Profit for the period attributable to shareholders of Swedbank	-1 687	4 428	5 270
Earnings for the purpose of calculating earnings per share	-1 687	4 428	5 270
Earnings per share, SEK			
Earnings per share before dilution	-1.51	3.96	4.72
Earnings per share after dilution	-1.50	3.95	4.70

Swedbank AB

Income statement, condensed

Parent company SEKm	Q1 2020	Q4 2019	%	Q1 2019	%
Interest income on financial assets at amortised cost	1 709	3 093	-45	3 046	-44
Other interest income	3 303	1 660	99	1 468	
Interest income	5 012	4 753	5	4 514	11
Interest expense	-1 268	-1 347	-6	-1 454	-13
Net interest income	3 744	3 406	10	3 060	22
Dividends received	2 822	5 256	-46	4 544	-38
Commission income	1 967	2 063	-5	2 409	-18
Commission expense	-504	-494	2	-901	-44
Net commission income	1 463	1 569	-7	1 508	-3
Net gains and losses on financial items	-422	1 007		841	
Other income	351	675	-48	294	19
Total income	7 958	11 913	-33	10 247	-22
Staff costs	2 105	2 073	2	2 123	-1
Other expenses	1 900	1 935	-2	1 312	45
Depreciation/amortisation and impairment of tangible and intangible fixed assets	1 236	1 208	2	1 178	5
Administrative fine	4 000				
Total expenses	9 241	5 216	77	4 613	
Profit before impairment	-1 283	6 697		5 634	
Impairment of financial fixed assets		22			
Credit impairments	1 939	989	96	218	
Operating profit	-3 222	5 686		5 416	
Appropriations		78			
Tax expense	64	1 229	-95	964	-93
Profit for the period	-3 286	4 379		4 452	

Statement of comprehensive income, condensed

Parent company SEKm	Q1 2020	Q4 2019	%	Q1 2019	%
Profit for the period reported via income statement	-3 286	4 379		4 452	
Total comprehensive income for the period	-3 286	4 379		4 452	

Balance sheet, condensed

Parent company SEKm	31 Mar 2020	31 Dec 2019	%	31 Mar 2019	%
Assets					
Cash and balance with central banks	201 502	107 596	87	159 479	26
Loans to credit institutions	564 839	537 151	5	531 961	6
Loans to the public	450 436	422 794	7	466 257	-3
Interest-bearing securities	266 331	191 084	39	202 336	32
Shares and participating interests	74 996	71 632	5	70 011	7
Derivatives	88 666	48 332	83	49 407	79
Other assets	57 641	43 321	33	42 864	34
Total assets	1 704 411	1 421 910	20	1 522 315	12
Liabilities and equity					
Amounts owed to credit institutions	277 361	161 454	72	148 588	87
Deposits and borrowings from the public	814 394	719 211	13	725 894	12
Debt securities in issue	305 093	263 181	16	372 948	-18
Derivatives	94 764	69 908	36	58 859	61
Other liabilities and provisions	74 020	61 275	21	98 751	-25
Senior non-preferred liabilities	11 153	10 805	3		
Subordinated liabilities	26 727	31 934	-16	26 935	-1
Untaxed reserves	10 724	10 724		10 647	1
Equity	90 175	93 418	-3	79 693	13
Total liabilities and equity	1 704 411	1 421 910	20	1 522 315	12
Pledged collateral	78 160	48 725	60	43 547	79
Other assets pledged	5 898	3 987	48	3 043	94
Contingent liabilities	476 218	498 891	-5	500 581	-5
Commitments	275 601	258 148	7	241 150	14

Statement of changes in equity, condensed

Parent company SEKm

	Share capital	Share premium reserve	Statutory reserve	Retained earnings	Total
January-March 2020					
Opening balance 1 January 2020	24 904	13 206	5 968	49 340	93 418
Dividend					
Share based payments to employees				48	48
Deferred tax related to share based payments to employees					
Current tax related to share based payments to employees				-5	-5
Total comprehensive income for the period				-3 286	-3 286
Closing balance 31 March 2020	24 904	13 206	5 968	46 097	90 175
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-March 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				81	81
Deferred tax related to share based payments to employees				-28	-28
Current tax related to share based payments to employees				14	14
Total comprehensive income for the period				4 452	4 452
Closing balance 31 March 2019	24 904	13 206	5 968	35 615	79 693

Cash flow statement, condensed

Parent company SEKm	Jan-Mar 2020	Full-year 2019	Jan-Mar 2019
Cash flow from operating activities	57 018	78 503	11 122
Cash flow from investing activities	11 205	4 644	13 000
Cash flow from financing activities	25 683	-56 454	54 454
Cash flow for the period	93 906	26 693	78 576
Cash and cash equivalents at beginning of period	107 596	80 903	80 903
Cash flow for the period	93 906	26 693	78 576
Cash and cash equivalents at end of period	201 502	107 596	159 479

Capital adequacy

Capital adequacy, Parent company SEKm	31 Mar 2020	31 Dec 2019	31 Mar 2019
Common Equity Tier 1 capital	86 043	90 305	82 303
Additional Tier 1 capital	10 275	16 153	11 390
Tier 1 capital	96 318	106 458	93 693
Tier 2 capital	17 155	15 995	15 626
Total capital	113 473	122 453	109 319
Minimum capital requirement	28 705	26 004	26 663
Risk exposure amount	358 813	325 056	333 286
Common Equity Tier 1 capital ratio, %	24.0	27.8	24.7
Tier 1 capital ratio, %	26.8	32.8	28.1
Total capital ratio, %	31.6	37.7	32.8
Capital buffer requirement¹⁾ %	31 Mar 2020	31 Dec 2019	31 Mar 2019
CET1 capital requirement including buffer requirements	7.1	8.9	8.5
of which minimum CET1 requirement	4.5	4.5	4.5
of which capital conservation buffer	2.5	2.5	2.5
of which countercyclical capital buffer	0.1	1.9	1.5
CET 1 capital available to meet buffer requirement ²⁾	19.5	23.3	20.2
Leverage ratio	31 Mar 2020	31 Dec 2019	31 Mar 2019
Tier 1 Capital, SEKm	96 318	106 458	93 693
Total exposure, SEKm ³⁾	1 379 765	1 086 489	1 190 032
Leverage ratio, % ³⁾	7.0	9.8	7.9

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 2019, the historical figures has not been revised.

Capital requirements ¹⁾ SEKm / %	31 Mar 2020	31 Dec 2019	31 Mar 2020	31 Dec 2019
Capital requirement Pillar 1	38 034	40 307	10.6	12.4
of which Buffer requirements ²⁾	9 329	14 302	2.6	4.4
Total capital requirement Pillar 2 ³⁾	5 382	5 265	1.5	1.6
Total capital requirement Pillar 1 and 2	43 416	45 572	12.0	14.0
Own funds	113 473	122 453		

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 risk buffer as of 31 March 2020. 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 31 March 2020

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

31 Mar 2020 SEKm	Exposure amount	Risk exposure amount	Minimum capital requirement
Credit risks, STD	1 039 261	83 275	6 662
Regional governments or local authorities exposures	78	16	1
Public sector entities exposures	745	109	9
Multilateral development banks exposures	5 013		
Institutional exposures	957 785	2 784	223
Corporate exposures	5 098	4 951	396
Retail exposures	216	161	13
Exposures secured by mortgages on immovable property	3 354	1 174	94
Equity exposures	66 955	74 080	5 926
Other items	17		
Credit risks, IRB	938 096	168 092	13 448
Central government or central banks exposures	314 922	3 885	311
Institutional exposures	71 367	14 551	1 164
Corporate exposures	454 534	125 698	10 056
Retail exposures	92 217	19 013	1 521
of which mortgage lending	26 618	2 509	201
of which other lending	65 599	16 504	1 320
Non-credit obligation	5 056	4 945	396
Credit risks, Default fund contribution		756	60
Settlement risks	1	1	0
Market risks		18 367	1 469
Trading book		18 137	1 451
of which VaR and SVaR		12 491	999
of which risks outside VaR and SVaR		5 646	452
FX risk other operations		230	18
Credit value adjustment	26 212	7 081	566
Operational risks		38 189	3 055
Standardised approach		38 189	3 055
Additional risk exposure amount, Article 3 CRR		4 144	332
Additional risk exposure amount, Article 458 CRR		38 908	3 113
Total	2 003 570	358 813	28 705

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

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 that management believes are not

representative of the underlying/ongoing performance of the business. 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 expenses for the administrative fine

Amount related to expenses is presented excluding the expenses related to administrative fine. 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 expenses for administrative fine

Represents profit for the period allocated to shareholders excluding expenses for the administrative fine 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 expenses for administrative fine 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 expenses for administrative fine

Total expenses excluding expenses related to administrative fine in relation to total income. Total expenses excluding administrative fine is reconciled to Total expenses, 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.

Adjusted effective tax rate

The adjusted effective tax rate is calculated as the Tax expense excluding tax income for previous years in relation to Operating profit excluding the administrative fine. Tax expense excluding tax income for previous years of SEK 566m reconciles to the nearest IFRS measure, Tax expense of SEK 398m, with the previous years' tax income amount of SEK 168m. Operating profit excluding the administrative fine is reconciled on page 6.

The presentation of this measure is relevant for investors as it provides comparability and understanding of the Group's effective tax rate on underlying operations between the 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 Interim report for January-March 2020 provides a fair and accurate overview of the operations, position and results of the parent company and the Group and describes the significant risks and uncertainties faced by the parent company and the companies in the Group.

Stockholm, 22 April 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 Uggla
Board Member

Camilla Linder
Board Member
Employee Representative

Roger Ljung
Board Member
Employee Representative

Jens Henriksson
President and CEO

Review report

Introduction

We have reviewed the condensed interim financial information (interim report) of Swedbank AB as of 31 March 2020 and the three-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Annual accounts act for credit institutions and securities companies. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Stockholm, 23 April 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 2020

Interim report for the second quarter	17 July 2020
Interim report for the third quarter	20 October 2020

For further information, please contact:

Jens Henriksson
President and CEO
Telephone +46 8 585 934 82

Anders Karlsson
CFO
Telephone +46 8 585 938 75

Gregori Karamouzis
Head of Investor Relations
Telephone +46 72 740 63 38

Johan Eriksson
Acting Head of Communications
Telephone 08 +46 70-2850297

Unni Jerndal
Press Officer
Telephone +46 8 585 938 69
+46 73 092 11 80

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

Swedbank AB (publ)

Registration no. 502017-7753
Landsvägen 40
SE-105 34 Stockholm, Sweden
Telephone +46 8 585 900 00
www.swedbank.com
info@swedbank.se