

Q1 2019

Interim report January-March 2019, 25 April 2019

Swedbank 

Interim report for the first quarter 2019

First quarter 2019 compared with fourth quarter 2018

- Increased loan volumes and lower resolution fund fee supported net interest income
- Lower net commission income after strong fourth quarter
- Improved market conditions led to higher net gains and losses on financial items
- Increased expenses due to investigations
- Good credit quality
- Strong capitalisation

”Our capital and liquidity position is strong, with a good buffer to the minimum requirements stated by the Swedish Financial Supervisory Authority.”

Anders Karlsson,
Acting President and CEO

Financial information	Q1	Q4		Q1	
SEKm	2019	2018	%	2018	%
Total income	11 362	10 732	6	10 685	6
Net interest income	6 421	6 335	1	6 294	2
Net commission income	3 070	3 183	-4	3 081	0
Net gains and losses on financial items	1 186	430		559	
Other income ¹⁾²⁾	685	784	-13	751	-9
Total expenses	4 518	4 406	3	4 169	8
Profit before impairment	6 844	6 326	8	6 516	5
Impairment of intangible and tangible assets		32			
Credit impairment	218	412	-47	127	72
Tax expense ¹⁾	1 352	1 288	5	1 355	0
Profit for the period attributable to the shareholders of Swedbank	5 270	4 590	15	5 033	5
Earnings per share, SEK, after dilution	4.70	4.09		4.50	
Return on equity, %	15.5	13.5		15.4	
C/I ratio	0.40	0.41		0.39	
Common Equity Tier 1 capital ratio, %	15.9	16.3		24.8	
Credit impairment ratio, %	0.05	0.10		0.03	

¹⁾ 2018 (Q1) results have been restated for changed presentation of tax related to associates.

²⁾ 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 the year was largely characterized by reports of shortcomings in Swedbank's anti-money laundering work. The bank's reputation has been damaged and as acting CEO my highest priority is to implement measures that will enable us to restore trust amongst customers, owners and other stakeholders.

Previous internal investigations have indicated shortcomings in Swedbank's anti-money laundering work. These include reports that certain customers have matched against lists of persons and entities mentioned in connection with previously known money laundering cases, weaknesses in KYC connected to certain customers, e.g. relating to beneficial ownership and source of funds, as well as absence of investigations and reports to the authorities on certain suspicious transactions.

In order to get to the bottom of the matter, an in-depth internal investigation with the help of external resources is now underway which will use information from previous investigations. In addition, Swedbank is fully cooperating with the authorities in Sweden, the U.S. and the Baltic countries in their respective investigations.

A new unit to combat financial crime

In order to strengthen our ongoing work of preventing and combating all aspects of financial crime we are now establishing a new group wide unit within the bank, the Anti-Financial Crime (AFC) unit. AFC will focus on anti-money laundering (AML), counter-terrorism financing and fraud prevention, as well as cyber security, information security and physical security. The new unit will also coordinate internally initiated investigations, review internal processes and routines and manage cooperation with the authorities within the AML area.

Banks play a central role in combating money laundering. All banks are responsible for knowing their customers, for reporting suspicious transactions to the authorities and for ensuring that all employees adhere to laws and regulations.

For Swedbank to deserve the trust of customers, authorities, investors, employees and other stakeholders, continuous improvement in our anti-money laundering work is required. Over the years, we have enhanced our methods continuously. In 2016 our work was intensified through a special anti-money laundering program, with particular focus on the Baltic markets. More stringent procedures led to many customers being off-boarded.

However, no bank executive, me included, can guarantee that all our AML work is flawless. The race against criminals is constantly ongoing. The investigations now underway will provide us with important answers regarding any further measures that we may need to take. In addition, we would also like to see closer collaboration between banks, authorities and the financial police in order to combat the problem inherent in society that money laundering poses.

Increasing trust and customer value

In addition to internal investigations and the organisational changes, we will make a number of

reprioritisations with the aim to improve our processes and increase customer value. Our strong financial position enables further investments on top of those planned for the year.

As part of the effort to improve our AML work, we will accelerate projects aimed at strengthening our processes and systems.

Some of our ongoing projects that aim to digitize everyday banking services will cost more than initially estimated in order to be completed during the year. Based on our belief that these investments will increase customer value, we have chosen to continue with the projects at the current pace.

Altogether, these initiatives are estimated to increase costs by approximately SEK 1 billion during the year, in addition to our previously communicated goal of keeping underlying expenses below SEK 17 billion in 2019. Our financial goal to generate a return on equity of at least 15 per cent remains.

A strong financial result

In contrast to the end of last year, market movements have been favourable during the first quarter of 2019. Global stock exchanges have developed positively, and credit spreads have tightened. Growth prospects have, however, been revised down, partly as a result of the uncertainty surrounding ongoing trade conflicts and the Brexit negotiations.

The market development has had a positive impact on our financial performance. Net interest income has been strengthened as a result of a lower resolution fund fee and higher short-term market rates. We continue to see a positive loan growth in all our home markets, but at a somewhat lower pace, especially in the Swedish mortgage loan portfolio. The Swedish mortgage market remain stable.

Net commission income is seasonally lower, but asset management has delivered strong earnings, with positive increase in value and continued inflows. The market movements during the quarter have primarily strengthened net profits from financial items as a result of higher activity and positive valuation effects.

Credit quality remains resilient in all our home markets. Our capital and liquidity position is strong, with a good buffer to the minimum requirements stated by the Swedish Financial Supervisory Authority.

Lastly, I would like to extend my sincerest thanks to all employees who, during this challenging period, have assisted worried customers in the best possible way and have been excellent ambassadors for the bank. Swedbank stands on solid ground, thanks to our strong values. It is on this foundation we will continue to build an even better bank, day after day.



Anders Karlsson
Acting 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	%
	2019	2018		2018	
Net interest income	6 421	6 335	1	6 294	2
Net commission income	3 070	3 183	-4	3 081	0
Net gains and losses on financial items	1 186	430		559	
Other income ¹⁾²⁾	685	784	-13	751	-9
Total income	11 362	10 732	6	10 685	6
Staff costs	2 759	2 582	7	2 632	5
Other expenses	1 759	1 824	-4	1 537	14
Total expenses	4 518	4 406	3	4 169	8
Profit before impairment	6 844	6 326	8	6 516	5
Impairment of intangible assets		24			
Impairment of tangible assets		8			
Credit impairment, net	218	412	-47	127	72
Operating profit	6 626	5 882	13	6 389	4
Tax expense ¹⁾	1 352	1 288	5	1 355	0
Profit for the period	5 274	4 594	15	5 034	5
Profit for the period attributable to the shareholders of Swedbank AB	5 270	4 590	15	5 033	5

¹⁾ 2018 (Q1) results have been restated for changed presentation of tax related to associates.

²⁾ 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
	2019	2018	2018
Return on equity, %	15.5	13.5	15.4
Earnings per share before dilution, SEK ¹⁾	4.72	4.11	4.51
Earnings per share after dilution, SEK ¹⁾	4.70	4.09	4.50
C/I ratio	0.40	0.41	0.39
Equity per share, SEK ¹⁾	113.0	123.0	109.7
Loan/deposit ratio, %	171	172	163
Common Equity Tier 1 capital ratio, %	15.9	16.3	24.8
Tier 1 capital ratio, %	17.7	18.0	27.5
Total capital ratio, %	20.0	21.5	31.2
Credit impairment ratio, %	0.05	0.10	0.03
Share of Stage 3 loans, gross, %	0.67	0.69	0.72
Total credit impairment provision ratio, %	0.39	0.37	0.36
Liquidity coverage ratio (LCR), %	167	144	140
Net stable funding ratio (NSFR), %	110	111	110

¹⁾ The number of shares and calculation of earnings per share are specified on page 49.

Balance sheet data SEKbn	31 Mar	31 Dec	%	31 Mar	%
	2019	2018		2018	
Loans to the public, excl. the Swedish National Debt Office and repurchase agreements	1 591	1 578	1	1 528	4
Deposits and borrowings from the public, excl. the Swedish National Debt Office and repurchase agreements	930	920	1	940	-1
Equity attributable to shareholders of the parent company	126	137	-8	123	2
Total assets	2 462	2 246	10	2 469	0
Risk exposure amount	656	638	3	411	60

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

Overview

Market

Global stock markets trended higher in the first quarter 2019 after a volatile end to 2018. Oil prices also recovered somewhat. Geopolitical uncertainty remained high, however, and no concrete solutions have been reached in the negotiations on the UK leaving the EU or in the trade conflict between the US and China as well as other countries.

The US labour market generally continued to show signs of strength. At its latest monetary policy meeting in March the US central bank, the Federal Reserve, signalled that there would not be any more interest rate hikes this year, however. The European labour market was also good. The European Central Bank (ECB) signalled at its latest meeting that the first rate hike would not come until after year-end at the earliest. At the same time the ECB lowered its forecasts for eurozone growth and inflation. In the foreign exchange market, the dollar strengthened against the euro in pace with continued solid US growth, especially relative to Europe. The krona weakened against both the euro and dollar compared with the previous quarter.

In Sweden GDP increased 1.2 per cent in the fourth quarter compared with the previous quarter and the annual growth rate rose to 2.4 per cent. In total, GDP rose 2.3 per cent in 2018 compared with 2017. Despite continued market uncertainty, exports were the biggest contributor to the stronger growth. Consumption by both households and the public sector increased in the fourth quarter, while investments fell. The decline was mainly due to lower intangible investments.

House prices were generally stable compared with the start of 2018. Total household lending continued to grow but at a slower rate. In February the increase was 5.3 per cent, down from 5.4 per cent in January. At the start of the year inflation with a fixed interest rate (CPIF) was lower than expected and lower than the Riksbank's forecast. In March inflation was 1.8 per cent, compared with 1.9 per cent in February and 2.0 per cent in January. The labour market remained strong and trend-adjusted unemployment was 6.2 per cent in February.

Growth remained good in the Baltic countries, but labour shortages were a limiting factor. In the previous year Latvia again posted the highest growth rate, with GDP increasing 4.8 per cent, mainly driven by investment. In Lithuania GDP rose 3.4 per cent in 2018 with consumption as the main driver. Growth in Estonia surpassed expectations and, with the support of strong domestic and international demand, amounted to 3.9 per cent in 2018. Inflation rates in the Baltic countries in the fourth quarter were 2-4 per cent. Inflation was highest in Estonia (3.7 per cent), followed by Latvia (2.9) and Lithuania (1.9).

Important to note

Swedbank previously announced that underlying expenses, i.e. expenses excluding the effect of foreign exchange changes and pension costs, were estimated to be below SEK 17bn for the full-year 2019. Since the bank intends to make additional investments, including to strengthen anti-money laundering systems and processes, expenses are expected to further increase by approximately SEK 1bn for the full-year 2019.

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 58.

Group development

Result first quarter 2019 compared with fourth quarter 2018

Swedbank's profit rose 15 per cent in the first quarter 2019 to SEK 5 270m (4 590). The main reasons were higher net gains and losses on financial items and lower credit impairments.

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

The return on equity was 15.5 per cent (13.5) and the cost/income ratio was 0.40 (0.41).

Income increased 6 per cent to SEK 11 362m (10 732). The main reasons were higher net gains and losses on financial items due to the appreciation of the holdings in Visa and Asiakastieto and a higher result from fixed income trading within Large Corporates & Institutions. Higher net interest income also contributed positively. Foreign exchange changes raised income by SEK 19m.

Net interest income rose in total by 1 per cent to SEK 6 421m (6 335). The increase was mainly due to a lower resolution fund fee in 2019, which had a positive effect of SEK 101m compared with the previous quarter. Volume growth and increased deposit margins also had a positive effect. This was partly offset by fewer days in the quarter and lower lending margins.

Net commission income decreased 4 per cent to SEK 3 070m (3 183). Net commission income from asset management fell despite higher valuations because the fourth quarter included annual performance-based fees of SEK 42m. Income from corporate finance and securities also fell, partly because the fourth quarter was positively affected by Swedbank's role as a market maker in the covered bond market. Net commission income from cards decreased because Christmas shopping contributed to higher income in the fourth quarter, while income from payment processing rose.

Net gains and losses on financial items increased to SEK 1 186m (430). The main reasons were a higher result from fixed income trading in Large Corporates & Institutions and shrinking credit spreads, which positively affected the value of bonds held for trading. Net gains and losses on financial items also increased in Group Treasury, within Group Functions & Other, due to the appreciation in the value of the holdings in Visa and Asiakastieto in the quarter.

Other income including the share of profit or loss of associates fell to SEK 685m (784), partly due to a lower result in EnterCard because the fourth quarter was positively affected by the sale of receivables.

Expenses increased to SEK 4 518m (4 406). Staff costs increased SEK 177m due to annual wage increases and severance pay for Swedbank's former CEO. Consulting expenses rose as well. Of this amount, SEK 78m related to investigations and legal services regarding media reports of shortcomings in Swedbank's work to prevent money laundering.

Foreign exchange effects raised expenses by SEK 7m.

Credit impairments decreased to SEK 218m (412), mainly due to lower credit impairments within Large Corporates & Institutions. Credit impairments within Swedish Banking were also lower, while Baltic Banking reported a positive result.

Impairment of intangible assets amounted to SEK 0m (24). Impairment of tangible assets amounted to SEK 0m (8).

The tax expense amounted to SEK 1 352m (1 288), corresponding to an effective tax rate of 20.4 per cent (21.9). The difference in effective tax rates between quarters is largely due to a reduction in the Swedish corporate tax rate from 22 per cent to 21.4 per cent as of 1 January 2019.

Result January-March 2019 compared with January-March 2018

Profit rose 5 per cent to SEK 5 270m (5 033). The increase was mainly due to higher net gains and losses on financial items and increased net interest income.

The return on equity was 15.5 per cent (15.4) and the cost/income ratio was 0.40 (0.39).

Income increased 6 per cent to SEK 11 362m (10 685). Foreign exchange effects increased income by SEK 101m.

Net interest income increased 2 per cent to SEK 6 421m (6 294). The increase was mainly due to a lower resolution fund fee and higher lending volumes, the large part of which relate to Swedish mortgages.

Net commission income was stable at SEK 3 070m (3 081). Net commission income from cards increased but was offset in part by lower income from corporate finance.

Net gains and losses on financial items rose to SEK 1 186m (559). The main reason was a higher result from fixed income trading within Large Corporates & Institutions. Net gains and losses on financial items also increased in Group Treasury, within Group Functions & Other, due to the appreciation in the value of Visa and Asiakastieto holdings in the quarter.

Other income including the share of profit or loss of associates decreased to SEK 685m (751), mainly due to a lower result in EnterCard.

Expenses increased to SEK 4 518m (4 169). Staff costs rose SEK 127m due to annual wage increases and severance pay for Swedbank's former CEO. Consulting expenses increased as well. Of this amount, SEK 78m related to investigations and legal services regarding media reports of shortcomings in Swedbank's work to prevent money laundering. Foreign exchange effects increased expenses SEK 38m.

Credit impairments increased to SEK 218m (127), mainly due to higher credit impairments within Large Corporates & Institutions. Credit impairments within Swedish Banking were lower, while Baltic Banking reported a positive result.

The tax expense amounted to SEK 1 352m (1 355), corresponding to an effective tax rate of 20.4 per cent (21.2). The difference in effective tax rates between quarters was largely due to a reduction in the Swedish corporate tax rate from 22 per cent to 21.4 per cent as of 1 January 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 two product areas: Group Lending & Payments and Group Savings.

Lending

Total lending to the public, excluding repos and lending to the Swedish National Debt Office, rose SEK 13bn to SEK 1 591bn (1 578) compared with the end of the fourth quarter 2018. Compared with the end of the first quarter 2018 the increase was SEK 63bn, corresponding to growth of 4 per cent. Foreign exchange changes positively affected lending by SEK 5bn compared with the end of the fourth quarter 2018 and positively by SEK 6bn compared with the end of the first quarter 2018.

Loans to the public excl. and repurchase agreements, SEKbn	31 Mar 2019	31 Dec 2018	31 Mar 2018
Loans, private mortgage	885	877	844
of which Swedish Banking	805	799	771
of which Baltic Banking	80	78	73
Loans, private other incl tenant-owner associations	151	153	153
of which Swedish Banking	134	137	138
of which Baltic Banking	16	15	14
of which Large Corporates & Inst.	1	1	1
Loans, corporate	555	548	531
of which Swedish Banking	256	251	255
of which Baltic Banking	78	77	72
of which Large Corporates & Inst.	221	220	204
Total	1 591	1 578	1 528

Lending to mortgage customers within Swedish Banking increased SEK 6bn to SEK 805bn (799) compared with the end of the fourth quarter 2018. The total market share was 24 per cent (24). Other private lending, including lending to tenant-owner associations, decreased SEK 3bn. Swedish consumer finance volume amounted to SEK 30bn (31), corresponding to a market share of about 9 per cent. Consumer credit includes unsecured loans as well as loans secured by a car or a boat.

In Baltic Banking mortgage volume grew 2 per cent in local currency to the equivalent of SEK 80bn.

The Baltic consumer credit portfolio was unchanged and amounted to the equivalent of SEK 9bn at the end of the quarter.

Corporate lending rose SEK 7bn in the quarter to SEK 555bn (548). The increase was mainly evident in commercial real estate. By business segment, corporate lending rose mainly in Swedish Banking. In Sweden the market share was 18 per cent (18).

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

Payments

The total number of Swedbank cards in issue at the end of the quarter was 8.1 million, in line with the end of the fourth quarter. Compared with the first quarter 2018 the number of cards in issue rose 1 per cent. In Sweden 4.3 million Swedbank cards were in issue at the end of the first quarter. Compared with the same period in 2018 corporate card issuance rose 5 per cent and private card issuance rose 2 per cent. The increase in private cards is largely driven by young people who sign up for new cards. The bank's many small business customers offer further growth potential in corporate card issuance. In the Baltic countries 3.8 million Swedbank cards were in issue, in line with the fourth quarter.

Number of cards	31 Mar 2019	31 Dec 2018	31 Mar 2018
Issued cards, million	8.1	8.1	8.0
of which Sweden	4.3	4.3	4.2
of which Baltic countries	3.8	3.8	3.8

A total of 311 million purchases were made in Sweden with Swedbank cards in the first quarter, an increase of 5 per cent compared with the first quarter 2018. In the Baltic countries there were 141 million Swedbank card purchases, an increase of 14 per cent. Swedbank's acquired card transactions also rose year-on-year. In the Nordic countries 646 million card transactions were acquired in the first quarter, up 6 per cent compared with the first quarter 2018. In the Baltic countries the corresponding figures were 101 million and 16 per cent. The number of domestic payments rose 7 per cent in Sweden and 7 per cent in the Baltic countries compared with the same period in 2018. Swedbank's market share of payments through the Bankgiro system was 36 per cent. The number of international payments was in line with the same period in 2018 in Sweden and increased 15 per cent in the Baltic countries.

Savings

Total deposits within the business segments – Swedish Banking, Baltic Banking and Large Corporates & Institutions – was stable at SEK 920bn compared with the end of the fourth quarter 2018 (920). Compared with the end of the first quarter 2018 the increase was SEK 52bn, corresponding to growth of 6 per cent. Total deposits from the public, including volumes attributable to Group Treasury, amounted to SEK 930bn (SEK 920bn at the end of the fourth quarter 2018). The increase is largely due to increased volumes within Group Treasury. Exchange rates positively affected deposits by SEK 4bn compared with the end of the fourth quarter 2018 and positively by SEK 4bn compared with the end of the first quarter 2018.

Deposits from the public excl. the Swedish National Debt Office and repurchase agreements,	31 Mar 2019	31 Dec 2018	31 Mar 2018
Deposits, private	515	519	484
of which Swedish Banking	383	387	367
of which Baltic Banking	132	132	117
Deposits, corporate	415	401	456
of which Swedish Banking	173	173	158
of which Baltic Banking	86	89	78
of which Large Corporates & Inst.	146	139	148
of which Group Functions & Other	10		72
Total	930	920	940

Swedbank's deposits from private customers decreased SEK 4bn in the quarter to SEK 515bn (519).

Corporate deposits in the business segments increased by a total of SEK 4bn in the quarter, mainly due to increased volumes within Large Corporates & Institutions.

Deposits within Group Treasury increased SEK 10bn.

Market shares in Sweden were stable in the quarter. The market share for household deposits was 20 per cent (20) and for corporate deposits was 17 per cent (18). For more information on deposits, see page 37 of the Fact book.

Asset management, SEKbn	31 Mar 2019	31 Dec 2018	31 Mar 2018
Total Asset Management	1 395	1 273	1 300
Assets under management	965	863	890
Assets under management, Robur	959	857	884
of which Sweden	908	810	840
of which Baltic countries	52	48	45
of which eliminations	-1	-1	-1
Assets under management, Other, Baltic countries	6	5	5
Discretionary asset management	430	410	410

Assets under management by Swedbank Robur rose 12 per cent in the first quarter to SEK 959bn at 31 March (SEK 857bn at 31 December 2018), of which SEK 908bn related to the Swedish fund business and SEK 52bn to the Baltic business. The increases in both Sweden and the Baltic countries are due to net inflows and higher valuations.

The net inflow in the Swedish fund market amounted to SEK 10bn in the quarter, compared with SEK 15.4 bn in the previous quarter, with annual PPM contributions of nearly SEK 40bn. The largest inflow was to fixed income funds at SEK 7.0bn (22.4). Actively managed equity funds, index funds and mixed funds all had net inflows, while hedge funds had outflows of SEK -1.8bn (2.6).

For Swedbank Robur's Swedish fund operations the year started with net inflows totalling SEK 4.6bn (-6.5), with equity, fixed income and mixed funds posting positive flows. Both the institutional business and distribution through Swedbank and the savings banks improved. Robur's market share of the net flow was 40 per cent. The net inflow in the Baltic countries remained stable at SEK 1.2bn (1.3).

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 20 per cent. In Estonia, Latvia and Lithuania it was 42, 41 and 37 per cent respectively.

Assets under management, life insurance SEKbn	31 Mar 2019	31 Dec 2018	31 Mar 2018
Sweden	195	174	180
of which collective occupational pensions	94	82	83
of which endowment insurance	65	59	64
of which occupational pensions	26	23	23
of which other	10	9	9
Baltic countries	6	5	5

Life insurance assets under management in Sweden increased 12 per cent from the beginning of the year and reached SEK 195n.

Swedbank remained in ninth place in life insurance in Sweden in the fourth quarter 2018, with a market share of 6 per cent in premium payments excluding capital transfers. Total transferred capital amounts to SEK 36bn. The market share for transferred capital decreased to 12.0 per cent in the fourth quarter (12.4 per cent in the third quarter), ranking Swedbank second in the total transfer market. Swedbank is the largest life insurance company in Estonia and the second largest in Lithuania and Latvia. The market shares as of 31 December were 40 per cent in Estonia, 24 per cent in Lithuania and 24 per cent in Latvia.

Credit and asset quality

Credit quality in Swedbank's lending portfolios remained strong. In the first quarter credit impairments amounted to SEK 218m (SEK 412m in the fourth quarter) and mainly related to provisions within Swedish Banking and Large Corporates & Institutions. The credit impairment ratio was 0.05 per cent (0.10). The share of loans in stage 3 (gross) was 0.67 per cent (0.69). The provision ratio for loans in stage 3 was 36 per cent (34). For more information on asset quality, see pages 39-44 of the Fact book.

Credit impairments, net by business segment SEKm	Q1 2019	Q4 2018	Q1 2018
Swedish Banking	141	190	253
Baltic Banking	-29	-103	-26
Estonia	-2	-66	-12
Latvia	-7	-9	-9
Lithuania	-20	-28	-5
Large Corporates & Institutions	107	331	-100
Group Functions & Other	-1	-6	
Total	218	412	127

House prices and the number of transactions in Sweden remained stable in the first quarter. Uncertainty about new tenant-owned apartment construction persists, however, mainly regarding more exclusive properties in metropolitan areas, and the number of new housing projects is declining. Residential development represents a limited share of Swedbank's total credit portfolio and lending is primarily to large, established companies with which Swedbank has a long-term relationship.

The risks in household lending are low and customer repayment capacity is generally good. Swedbank's internal rules focus on long-term customer repayment capacity, which ensures high quality and low risks for both the customer and the bank. The loan-to-value ratios of Swedbank's mortgages are generally low. For more information, see pages 45-46 of the Fact book.

Operational risks

Losses related to operational risks remained low in the first quarter. Swedbank continued to experience fraud attempts, but many were averted through improved technology and monitoring systems.

Funding and liquidity

The first quarter was dominated by covered bond issues in line with our plan. During the quarter Swedbank issued SEK 47bn in long-term debt, which consisted entirely of covered bonds. Total issuance volume for 2019 is generally expected to be unchanged compared with 2018. Maturities for the full-year 2019 nominally amount to SEK 68bn calculated from the beginning of

the year. Issuance plans are based on future long-term funding maturities and are mainly affected by changes in deposit volumes and lending growth, and are therefore adjusted over the course of the year. As of 31 March outstanding short-term funding, commercial paper, included in debt securities in issue amounted to SEK 221bn (SEK 131bn as of 31 December). At the same time cash and balances with central banks as well as excess reserves with the National Debt Office amounted to SEK 232bn (173). The liquidity reserve amounted to SEK 424bn (317) as of 31 March. The Group's liquidity coverage ratio (LCR) was 167 per cent (144) and for USD and EUR was 184 per cent and 229 per cent respectively. The net stable funding ratio (NSFR) was 110 per cent (111). For more information on funding and liquidity, see notes 14-16 on pages 39-40 and pages 55-70 of the Fact book.

Ratings

On 1 April S&P Global affirmed Swedbank's AA- rating, but changed its outlook from stable to Rating Watch Negative. On 2 April Moody's affirmed Swedbank's Aa2 rating, but changed its outlook from stable to Outlook Negative. On 2 April Fitch also affirmed Swedbank's AA- rating, but changed its outlook from stable to Rating Watch Negative. The reason for the lower outlooks is the media reports of shortcomings in Swedbank's work to prevent money laundering.

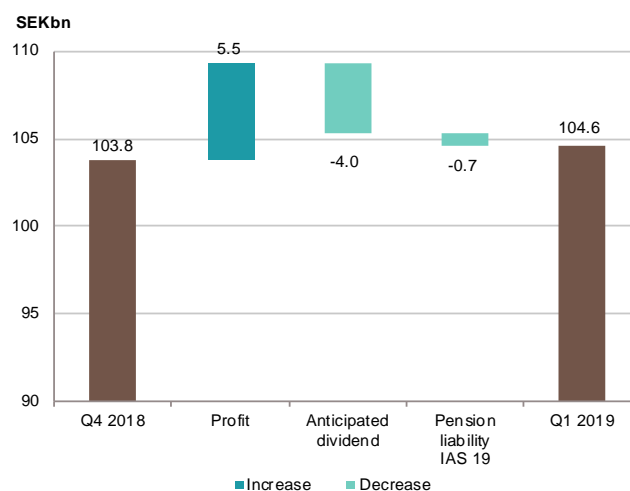
Capital and capital adequacy

Capital ratio and capital requirement

The Common Equity Tier 1 capital ratio was 15.9 per cent at the end of the quarter (16.3 per cent as of 31 December 2018). The total Common Equity Tier 1 capital requirement was unchanged at 14.6 per cent (14.6) of the risk exposure amount (REA). The total requirement takes into account Swedbank's Common Equity Tier 1 capital requirement for individual Pillar 2 risks of 0.9 per cent.

Common Equity Tier 1 capital increased to SEK 104.6bn (103.8). Profit after deducting the proposed dividend increased Common Equity Tier 1 capital by SEK 1.5bn, at the same time that revised assumptions, mainly a lower discount rate, for the pension liability (IAS 19) reduced Common Equity Tier 1 capital by SEK 0.7bn.

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



Total REA increased to SEK 656.4bn (637.9).

REA for credit risks increased SEK 8.8bn. Implementation of IFRS 16 accounted for SEK 4.2bn of this increase, while the remainder was mainly due to increased exposures and FX effects.

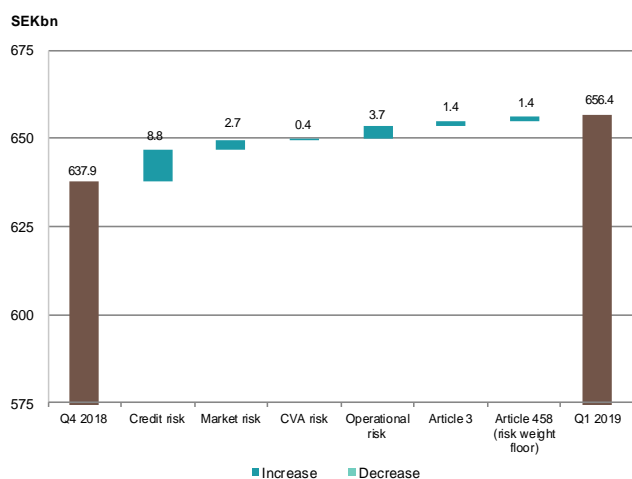
Increased mortgage exposures contributed to the increase in total REA of SEK 1.4bn due to the risk weight floor for Swedish mortgages (article 458 of the CRR).

Increased positions raised REA for market risk and the Credit Value Adjustment (CVA) by SEK 2.7bn and SEK 0.4bn respectively.

The annual revaluation of REA for operational risks was made during the quarter, which raised REA by SEK 3.7bn. The increase was attributable to higher income.

In connection with the quarterly review of further risk exposure amounts in accordance with article 3 CRR Swedbank decided to retain an additional SEK 1.4bn in REA until the bank has updated and implemented a new PD model for large corporates.

Change in REA 2019, Swedbank consolidated situation



The leverage ratio was 4.8 per cent (5.1 per cent as of 31 December 2018). The ratio decreased because of higher total assets at the end of the first quarter 2019 than at the end of the fourth quarter 2018, partly offset by higher tier 1 capital.

Future capital regulations

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

In November 2018 the SFSA published a memorandum explaining its view of the European Banking Authority's (EBA) updated guidelines on banks' internal risk classification systems. In the memorandum, the SFSA states that Swedish banks must analyse their internal

risk classification systems to ensure that they continue to live up to the updated requirements, which are expected to enter into force in early 2021. Since the guidelines have not been finalised by the EBA or introduced into SFSA's regulations, there is uncertainty how the changes would affect Swedbank. With its robust profitability and satisfactory capitalisation, however, Swedbank is well positioned to meet future changes in capital requirements.

The SFSA announced that the countercyclical buffer rate will be raised from 2 per cent to 2.5 per cent on Swedish exposures as of 19 September 2019. The reason for the hike is the elevated risk in the financial system due to higher household and non-financial company debt.

Other events

On 9 January it was announced that Board member Annika Poutiainen had requested to step down from Swedbank's Board with immediate effect. The decision is a consequence of the fact that the Council for Swedish Financial Reporting Supervision, of which Annika Poutiainen is Chair, will take over full responsibility for accounting supervision in Sweden.

On 22 January Swedbank's then CEO Birgitte Bonnesen decided to reorganise Swedish Banking as part of the transformation the bank is undergoing. In connection with the change, Christer Trägårdh, previously Head of Swedish Banking, became Deputy Group Credit Officer with special responsibility for developing future-oriented credit processes.

Events related to media reports of shortcomings in Swedbank's work with anti-money laundering

On 20 February Sveriges Television broadcast a programme on money laundering where the focus was on Swedbank. On the following day, 21 February, the FSA's in Estonia and Sweden decided to launch a joint investigation to closely examine the information reported in the above-mentioned TV programme. Latvia's FSA and Lithuania's central bank will also assist in the investigation, which formally began on 1 April. The SFSA expects the investigation to be completed in October 2019.

On 21 February the then President and CEO Birgitte Bonnesen decided on an external investigation of the information reported in the above-mentioned TV programme. This investigation, conducted by Forensic Risk Alliance (FRA), was published on Swedbank's website on 22 March.

On 27 February the Swedish Economic Crime Authority announced that it had launched a preliminary investigation into Swedbank over allegations of unlawful disclosure of insider information related to the above-mentioned TV programme. This preliminary investigation was later widened to include aggravated swindling. The Economic Crime Authority also announced that it had decided against opening an investigation based on an allegation of suspected money laundering filed by Hermitage Capital Management.

On 26 March Swedbank's Nomination Committee announced, in view of the reports of suspected money laundering, that it intended to further strengthen the Board of Directors this spring in order to increase confidence in the bank. As part of this, the Nomination

Committee proposed the election of Kerstin Hermansson as a new Board member, in addition to the previous proposal published on 12 February 2019.

On 28 March Swedbank's Board of Directors announced the dismissal of Birgitte Bonnesen as President and CEO as a result of the events and the pressure it has put on the bank. CFO Anders Karlsson was appointed acting President and CEO.

For more information on these developments, see swedbank.com

Resolutions at the Annual General Meeting on 28 March

Swedbank's Annual General Meeting re-elected Bodil Eriksson, Ulrika Francke, Mats Granryd, Lars Idermark, Bo Johansson, Peter Norman, Siv Svensson, Magnus Uggla and Anna Mossberg. Kerstin Hermansson was elected as a new member. Lars Idermark was elected as Chair of the Board of Directors. All the members of the Board were granted discharge of liabilities, including the Chair of the Board, but not the CEO. The Annual General Meeting also resolved to:

- Distribute a dividend to the shareholders for fiscal year 2018 of SEK 14.20 per share.
- Adopt amended Articles of Association.
- Elect PricewaterhouseCoopers AB as auditor for the period until the end of the 2023 Annual General Meeting.

- Adopt the income statement and balance sheet as well as the consolidated income statement and consolidated balance sheet for the financial year 2018.

Events after 31 March 2019

On 2 April acting CEO Anders Karlsson announced the following temporary management changes:

- Mikael Björknert, Head of Group Strategy, will in addition to his current responsibilities also serve as acting Head of Swedish Banking
- Niclas Olsson, Head of Group Finance, was appointed acting CFO
- Tomas Hedberg, Head of Group Treasury, and Gregori Karamouzis, Head of Investor Relations, will until further notice report to acting President and CEO Anders Karlsson.

Niclas Olsson and Tomas Hedberg will also be part of Swedbank's Group Executive Committee until further notice.

On 5 April Lars Idermark notified the Chairman of the Nomination Committee that he was immediately stepping down from the role of Chair of Swedbank. Ulrika Francke, formerly Deputy Chair, thereby took over as Chair. The Nomination Committee will intensify its work to strengthen the Board, including a new Chair, in connection with an extraordinary general meeting.

Swedish Banking

- Higher deposit margins and lower resolution fund fee strengthened net interest income
- Higher income from asset management and payment processing generated higher net commission income
- Improved response times in customer centre

Income statement

SEKm	Q1 2019	Q4 2018	%	Q1 2018	%
Net interest income	4 151	3 837	8	3 872	7
Net commission income	1 859	1 818	2	1 885	-1
Net gains and losses on financial items	104	95	9	97	7
Share of profit or loss of associates	133	228	-42	153	-13
Other income ¹⁾	202	179	13	185	9
Total income	6 449	6 157	5	6 192	4
Staff costs	760	772	-2	789	-4
Variable staff costs	17	12	42	32	-47
Other expenses	1 447	1 521	-5	1 434	1
Depreciation/amortisation	80	15		14	
Total expenses	2 304	2 320	-1	2 269	2
Profit before impairment	4 145	3 837	8	3 923	6
Credit impairment	141	190	-26	253	-44
Operating profit	4 004	3 647	10	3 670	9
Tax expense	801	705	14	751	7
Profit for the period	3 203	2 942	9	2 919	10
Profit for the period attributable to the shareholders of Swedbank AB	3 199	2 938	9	2 918	10
Non-controlling interests	4	4	0	1	
Return on allocated equity, %	19.9	18.6		19.6	
Loan/deposit ratio, %	215	212		222	
Credit impairment ratio, %	0.05	0.06		0.09	
Cost/income ratio	0.36	0.38		0.37	
Loans, SEKbn ²⁾	1 195	1 187	1	1 164	3
Deposits, SEKbn ²⁾	556	560	-1	525	6
Full-time employees	3 764	3 833	-2	3 892	-3

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 2019 compared with fourth quarter 2018

Swedish Banking reported profit of SEK 3 199m (2 938). The increase was mainly due to higher net interest income, driven by increased deposit margins and increased net commission income.

Net interest income rose to SEK 4 151m (3 837). Increased deposit margins, due to higher short-term market rates, as well as a reduction in the resolution fund fee of SEK 84m, positively affected net interest income. This was partly offset by a fewer number of days in the quarter and lower mortgage margins.

Household mortgage volume amounted to SEK 805bn at the end of the quarter, corresponding to an increase of SEK 6bn. Corporate lending increased to SEK 256bn (251). Volume increased in property management but decreased mainly in the construction, information and communication sectors.

Household deposit volume decreased SEK 4bn in the quarter. Corporate deposits decreased SEK 1bn, mainly driven by outflows from the public sector.

Net commission income increased 2 per cent to SEK 1 859m (1 818). The main reasons were increased commissions from payment processing, service concepts and asset management as well as income from the life insurance business.

The share of profit or loss of associates decreased, mainly because EnterCard's profit was positively affected by sold receivables in the fourth quarter 2018. Other income increased due to higher income from the life insurance business.

Total expenses decreased, mainly due to lower expenses for premises and marketing. Staff costs decreased due to a change in the distribution of pensions in 2019.

Credit impairments of SEK 141m (190) were recognised in the quarter, the large part of which relate to individually assessed loans in Stage 3.

January-March 2019 compared with January-March 2018

Profit increased 10 per cent to SEK 3 199m (2 918), mainly due to increased net interest income, driven by increased deposit margins and a lower resolution fee. Lower impairments also contributed positively.

Net interest income increased 7 per cent to SEK 4 151m (3 872). The main reason was increased deposit margins. This was partly offset by lower mortgage margins. Corporate lending also contributed negatively, mainly driven by volumes of SEK 0.7bn transferred internally to Large Corporates & Institutions. A lower resolution fund fee compared with 2018 positively affected net interest income.

Net commission income decreased 1 per cent to SEK 1 859m (1 885). The decrease was mainly due to lower income from the card and life insurance businesses.

The share of profit or loss of associates decreased, mainly due to EnterCard's lower profit. Other income increased mainly due to higher income from the life insurance business.

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

Credit impairments fell to SEK 141m (253), partly because the corresponding period in 2018 was negatively affected by provisions for a few individual commitments.

Business development

Work to improve our digital and physical services continues. In February our digital loan offer was expanded to give existing customers with a home

mortgage the option to apply themselves to borrow more against their home through the Internet Bank.

As part of our focus on raising customer satisfaction, the Customer Service Centre, which offers round-the-clock phone service, further improved availability and response times for both private and corporate customers. This has mainly been achieved through increased specialisation and changes in routines and processes which have created more time for customer meetings.

The entrepreneurial contest Swedbank Rivstart ("Flying Start") was concluded in February with the winner receiving SEK 500 000. Another nine entrepreneurs received a total of SEK 2m for business ideas that contribute to a better society. All ten finalists were also awarded a customised business development plan.

An organisational change was implemented by Swedish Banking during the quarter to continue to create a more uniform customer experience.



Mikael Björknert
Acting Head of Swedish Banking

Sweden is Swedbank's largest market, with around 4 million private customers and over 250 000 corporate customers. This makes Swedbank Sweden's largest bank by number of customers. Through our digital channels (Internet Bank and Mobile Bank), the Telephone Bank and branches, and with the cooperation of the savings banks and franchisees, we are always available. Swedbank is part of the local community. Branch managers have a strong mandate to act in their local communities. The bank's presence and engagement are expressed in various ways. A project called "Young Jobs", which has created several thousand trainee positions for young people, has played an important part in recent years. Swedbank has 180 branches in Sweden.

Baltic Banking

- Higher lending volumes in all three Baltic countries positively affected net interest income
- Higher net commission income from payment processing
- Launch of new pension funds

Income statement

SEKm	Q1 2019	Q4 2018	%	Q1 2018	%
Net interest income	1 240	1 248	-1	1 103	12
Net commission income	649	622	4	593	9
Net gains and losses on financial items	72	88	-18	55	31
Other income ¹⁾	181	228	-21	154	18
Total income	2 142	2 186	-2	1 905	12
Staff costs	246	253	-3	212	16
Variable staff costs	16	17	-6	14	14
Other expenses	448	513	-13	411	9
Depreciation/amortisation	38	22	73	24	58
Total expenses	748	805	-7	661	13
Profit before impairment	1 394	1 381	1	1 244	12
Impairment of tangible assets		8			
Credit impairment	-29	-103	-72	-26	12
Operating profit	1 423	1 476	-4	1 270	12
Tax expense	202	209	-3	180	12
Profit for the period	1 221	1 267	-4	1 090	12
Profit for the period attributable to the shareholders of Swedbank AB	1 221	1 267	-4	1 090	12
Return on allocated equity, %	19.8	21.7		19.2	
Loan/deposit ratio, %	80	77		82	
Credit impairment ratio, %	-0.07	-0.25		-0.07	
Cost/income ratio	0.35	0.37		0.35	
Loans, SEKbn ²⁾	174	170	2	159	9
Deposits, SEKbn ²⁾	218	221	-1	195	12
Full-time employees	3 662	3 586	2	3 516	4

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

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

Result

First quarter 2019 compared with fourth quarter 2018

Profit decreased to SEK 1 221m (1 267) due to slightly lower income and a less positive result from credit impairments. Foreign exchange effects increased profit by SEK 9m.

Net interest income decreased 1 per cent in local currency due to fewer days in the quarter. Margins on mortgages and commercial loans remained stable. Foreign exchange effects positively contributed SEK 7m.

Lending increased 2 per cent in local currency. Household and corporate lending both rose 2 per cent. Total lending increased in all three Baltic countries. Foreign exchange effects contributed to an increase in lending of SEK 2bn. Deposits decreased 3 per cent in local currency. Foreign exchange effects contributed to an increase in deposits of SEK 3bn.

Net commission income increased 4 per cent in local currency due to higher net commission income from payment processing.

Net gains and losses on financial items decreased 18 per cent in local currency in the quarter, mainly due to gains realised on bond holdings in the previous quarter.

Other income decreased 21 per cent in local currency. The main reason was lower income from the insurance business due to higher claims.

Total expenses decreased 7 per cent in local currency due to higher activity in the previous quarter.

Credit impairments amounted to a positive result of SEK 29m (-103). Underlying credit quality remained solid.

January-March 2019 compared with January-March 2018

Profit increased to SEK 1 221m (1 090) due to higher income. Foreign exchange effects positively affected profit by SEK 48m.

Net interest income rose 8 per cent in local currency. The increase was mainly due to higher lending volumes. Foreign exchange effects positively affected net interest income by SEK 49m.

Lending grew 8 per cent in local currency. Household and corporate lending continued to grow in all three Baltic countries. Foreign exchange effects contributed to an increase in lending of SEK 2bn.

Deposits increased 10 per cent in local currency. Foreign exchange effects contributed to an increase in deposits of SEK 3bn.

Net commission income increased 5 per cent in local currency. Higher income from cards and payment processing was partly offset by a lower result in asset management.

Net gains and losses on financial items increased 25 per cent in local currency, mainly due to positive revaluations of bond holdings. Other income increased 13 per cent, mainly due to higher income from the insurance business.

Total expenses rose 9 per cent in local currency, mainly due to higher staff related costs and investments in digital solutions.

Credit impairments produced a positive result of SEK 29m (-26).

Business development

As part of the process of digitising corporate products, digital account opening was introduced in Latvia, which means that private customers now can easily become corporate customers through our digital channels. Digital account opening has been available in Estonia

since 2018 and will be launched in Lithuania in the next quarter.

New pension funds were launched in Latvia and Estonia to further improve our savings offering. The new funds in Latvia are aimed at customers born in the 1970s and 1980s, and the investment risk gradually decreases depending on the investment horizon selected.

Swedbank maintains a long-term commitment to social development through an initiative called Finance Lab in Latvia aimed at improving financial literacy. The initiative is designed for school children and teaches them to manage money in the form of a game.

Swedbank is also one of the first Latvian companies to sign a diversity charter adopted by 23 EU countries. The aim of the charter is to encourage companies to achieve workplace equality, respect and inclusiveness.



Charlotte Elsnitz
Head of Baltic Banking

Swedbank is the largest bank by number of customers in Estonia, Latvia and Lithuania, with around 3.3 million private customers and around 300 000 corporate customers. According to surveys, Swedbank is also the most respected company in the financial sector. Through its digital channels (Telephone Bank, Internet Bank and Mobile Bank) and branches, the bank is always available. Swedbank is part of the local community. Its local social engagement is expressed in many ways, with initiatives to promote education, entrepreneurship and social welfare. Swedbank has 32 branches in Estonia, 32 in Latvia and 58 in Lithuania.

Large Corporates & Institutions

- Lower income from corporate finance and asset management weighed on net commission income
- Active fixed income trading and shrinking credit spreads positively affected net gains and losses on financial items
- Leading position in green bonds

Income statement

SEKm	Q1 2019	Q4 2018	%	Q1 2018	%
Net interest income	945	1 004	-6	934	1
Net commission income	576	690	-17	620	-7
Net gains and losses on financial items	832	242		566	47
Other income ¹⁾	34	49	-31	22	55
Total income	2 387	1 985	20	2 142	11
Staff costs	342	342	0	349	-2
Variable staff costs	46	34	35	55	-16
Other expenses	550	562	-2	531	4
Depreciation/amortisation	31	13		25	24
Total expenses	969	951	2	960	1
Profit before impairment	1 418	1 034	37	1 182	20
Credit impairment	107	331	-68	-100	
Operating profit	1 311	703	86	1 282	2
Tax expense	300	132		270	11
Profit for the period	1 011	571	77	1 012	0
Profit for the period attributable to the shareholders of Swedbank AB	1 011	571	77	1 012	0
Return on allocated equity, %	15.5	8.7		16.9	
Loan/deposit ratio, %	152	160		138	
Credit impairment ratio, %	0.15	0.42		-0.16	
Cost/income ratio	0.41	0.48		0.45	
Loans, SEKbn ²⁾	222	221	0	205	8
Deposits, SEKbn ²⁾	146	139	5	148	-1
Full-time employees	1 193	1 196	0	1 185	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 2019 compared with fourth quarter 2018

Profit increased to SEK 1 011m (571) due to higher net gains and losses on financial items and lower credit impairments.

Net interest income decreased to SEK 945m (1 004) due to a fewer number of days and slightly lower lending volumes caused by higher short-term market interest rates. Higher average volumes positively affected net interest income.

Net commission income decreased to SEK 576m (690). Net commission income from asset management decreased because the fourth quarter includes annual performance fees. Income from corporate finance and securities also fell, while net commission income from cards was adversely affected when card acquiring customers were transferred to Swedish Banking during the quarter.

Net gains and losses on financial items increased to SEK 832m (242). The main reasons were a higher result from fixed income trading and because tighter credit spreads positively affected the value of bonds held for trading purposes.

Expenses increased to SEK 969m (951) due to increased depreciation.

Credit impairments amounted to SEK 107m (331) in the first quarter, corresponding to a credit impairment ratio of 0.15 per cent.

January-March 2019 compared with January-March 2018

Profit was stable at SEK 1 011m (1 012).

Net interest income rose slightly to SEK 945m (934) due to positive foreign exchange effects and increased lending volumes, partly driven by customer transfers from Swedish Banking.

Net commission income decreased to SEK 576m (620), mainly due to lower income from corporate finance.

Net gains and losses on financial items increased to SEK 832m (566). The main reason was a higher result from fixed income trading.

Total expenses increased to SEK 969m (960), partly due to higher IT expenses.

Credit impairments amounted to SEK 107m (-100).

Business development

Swedbank continues to maintain a strong position in bond issues. According to first quarter data from Bloomberg, Swedbank ranked third in volume and number of issues in SEK, and second in the Nordic region in green bonds. Among other things, Swedbank served as lead manager when SBAB issued a SEK 6bn green covered bond, the largest of its kind in the Swedish market.

In the research firm Prospera's annual customer satisfaction survey in the trade finance area, Swedbank improved its rankings. In total, Swedbank is ranked number two in Sweden and shared first place for the largest companies. Customers gave Swedbank top marks in the categories "Personal contacts" and "Availability and service".

Swedbank continues to focus on sustainability. To serve as an even better advisor to customers, an agreement was signed with Sustainalytics, a global supplier of ESG

analysis. Through Sustainalytics' risk analyses of individual companies, Swedbank is better positioned to give advice on sustainable business models and how sustainable funding solutions can contribute to them.

Implementation of the strategic partnership with State Street, which will give Swedbank's customers access to one of the market's most sophisticated and comprehensive array of custodial services, continued according to plan in the first quarter.



Ola Laurin
Head of Large Corporates & Institutions

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

Group Functions & Other

Income statement

SEKm	Q1 2019	Q4 2018	%	Q1 2018	%
Net interest income	85	246	-65	385	-78
Net commission income	-27	31		-25	8
Net gains and losses on financial items	179	5		-160	
Share of profit or loss of associates	4	-34		27	-85
Other income ¹⁾	170	173	-2	260	-35
Total income	411	421	-2	487	-16
Staff costs	1 296	1 127	15	1 128	15
Variable staff costs	36	25	44	53	-32
Other expenses	-1 041	-925	13	-966	8
Depreciation/amortisation	233	120	94	105	
Total expenses	524	347	51	320	64
Profit before impairment	-113	74		167	
Impairment of intangible assets		24			
Credit impairment	-1	-6	-83		
Operating profit	-112	56		167	
Tax expense	49	242	-80	154	-68
Profit for the period	-161	-186	-13	13	
Profit for the period attributable to the shareholders of Swedbank AB	-161	-186	-13	13	
Full-time employees	6 336	6 250	1	6 012	5

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

Net interest income and net gains and losses on financial items mainly stem from Group Treasury. Other income mainly refers to income from the savings banks. Expenses mainly relate to Group Lending & Payments, Group Savings and Group Staffs and are allocated to a large extent.

First quarter 2019 compared with fourth quarter 2018

Profit amounted to SEK -161m (-186). Profit within Group Treasury increased to SEK 126m (-10).

Net interest income fell to SEK 85m (246). Net interest income within Group Treasury decreased to SEK 120m (231), mainly because higher short-term Swedish interest rates affected interest expenses at a faster rate than interest income.

Net gains and losses on financial items improved to SEK 179m (5). Net gains and losses on financial items within Group Treasury increased to SEK 172m (2) due to the higher valuation of the holdings in Visa and Asiakastiteto.

Expenses increased to SEK 524m (347) due to severance pay for Swedbank's former CEO and increased consulting expenses related to investigations and legal services regarding media reports of shortcomings in Swedbank's work to prevent money laundering.

Impairment of intangible assets amounted to a gain of SEK 0m (24).

Credit impairments amounted to a positive result of SEK 1m (6).

January-March 2019 compared with January-March 2018

Profit decreased to SEK -161 (13). Group Treasury's profit fell to SEK 126m (214).

Net interest income fell to SEK 85m (385). Group Treasury's net interest income fell to SEK 120m (394), mainly because higher short-term Swedish interest rates affected interest expenses at a faster rate than interest income, as well as less favourable terms in short-term international funding.

Net gains and losses on financial items increased to SEK 179m (-160). Net gains and losses on financial items within Group Treasury increased to SEK 172m (-157) due to the higher valuation of the holdings in Visa and Asiakastiteto.

Expenses increased to SEK 524m (320) due to severance pay for Swedbank's former CEO and increased consulting expenses related to investigations and legal services regarding media reports of shortcomings in Swedbank's work to prevent money laundering.

Credit impairments amounted to a positive result of SEK 1m (0).

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

Eliminations

Income statement

SEKm	Q1 2019	Q4 2018	%	Q1 2018	%
Net commission income	13	22	-41	8	63
Net gains and losses on financial items	-1			1	
Other income ¹⁾	-39	-39	0	-50	-22
Total income	-27	-17	59	-41	-34
Other expenses	-27	-17	59	-41	-34
Total expenses	-27	-17	59	-41	-34

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	2019	2018	%	2018	%
Interest income	9 315	9 555	-3	8 779	6
Negative yield on financial assets	-565	-860	-34	-645	-12
Interest income, including negative yield on financial assets	8 750	8 695	1	8 134	8
Interest expense	-2 478	-2 580	-4	-2 021	23
Negative yield on financial liabilities	149	220	-32	181	-18
Interest expense, including negative yield on financial liabilities	-2 329	-2 360	-1	-1 840	27
Net interest income (note 5)	6 421	6 335	1	6 294	2
Commission income	4 545	4 820	-6	4 469	2
Commission expense	-1 475	-1 637	-10	-1 388	6
Net commission income (note 6)	3 070	3 183	-4	3 081	0
Net gains and losses on financial items (note 7)	1 186	430		559	
Net insurance	326	311	5	255	28
Share of profit or loss of associates ¹⁾	137	194	-29	180	-24
Other income	222	279	-20	316	-30
Total income	11 362	10 732	6	10 685	6
Staff costs	2 759	2 582	7	2 632	5
Other expenses (note 8)	1 377	1 654	-17	1 369	1
Depreciation/amortisation	382	170		168	
Total expenses	4 518	4 406	3	4 169	8
Profit before impairment	6 844	6 326	8	6 516	5
Impairment of intangible assets (note 13)		24			
Impairment of tangible assets		8			
Credit impairment (note 9)	218	412	-47	127	72
Operating profit	6 626	5 882	13	6 389	4
Tax expense ¹⁾	1 352	1 288	5	1 355	0
Profit for the period	5 274	4 594	15	5 034	5
Profit for the period attributable to the shareholders of Swedbank AB	5 270	4 590	15	5 033	5
Non-controlling interests	4	4	0	1	
SEK					
Earnings per share, SEK	4.72	4.11		4.51	
after dilution, SEK	4.70	4.09		4.50	

¹⁾ 2018 (Q1) result has been restated for changed presentation of tax related to associates.

Statement of comprehensive income, condensed

Group SEKm	Q1 2019	Q4 2018	%	Q1 2018	%
Profit for the period reported via income statement	5 274	4 594	15	5 034	5
Items that will not be reclassified to the income statement					
Remeasurements of defined benefit pension plans	-868	-954	-9	-148	
Share related to associates, Remeasurements of defined benefit pension plans	-22	-36	-39	-5	
Change in fair value attributable to changes in own credit risk on financial liabilities designated at fair value	3	9	-67	6	-50
Income tax	178	192	-7	31	
Total	-709	-789	-10	-116	
Items that may be reclassified to the income statement					
Exchange rate differences, foreign operations:					
Gains/losses arising during the period	641	-247		1 963	-67
Hedging of net investments in foreign operations:					
Gains/losses arising during the period	-542	259		-1 565	-65
Cash flow hedges:					
Gains/losses arising during the period	134	-45		428	-69
Reclassification adjustments to the income statement, Net gains and losses on financial items	-131	49		-414	-68
Foreign currency basis risk:					
Gains/losses arising during the period	-5	-3	67	-46	-89
Share of other comprehensive income of associates	55	-100		92	-40
Income tax	88	-53		351	-75
Total	240	-140		809	-70
Other comprehensive income for the period, net of tax	-469	-929	-50	693	
Total comprehensive income for the period	4 805	3 665	31	5 727	-16
Total comprehensive income attributable to the shareholders of Swedbank AB	4 801	3 661	31	5 726	-16
Non-controlling interests	4	4	0	1	

For January-March 2019 an expense of SEK 868m (148) 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 1.94 per cent, compared with 2.42 per cent at year end. The inflation assumption was 1.76 per cent compared with 1.92 per cent at year end. The changed assumptions represent SEK 1 463m of the expense in other comprehensive income. The fair value of plan assets increased during the first quarter 2019 by SEK 595m. In total, the obligation for defined benefit pension plans exceeded the fair value of plan assets by SEK 5 839m compared with SEK 4 979m at year end.

For January-March 2019 an exchange rate difference of SEK 641m (1 963) was recognised for the Group's

foreign net investments in subsidiaries. In addition, an exchange rate difference of SEK 55m (92) for the Group's foreign net investments in associates is included in Share related to associates. The gain related to subsidiaries mainly arose because the Swedish krona weakened against the euro during the quarter. The total gain of SEK 696m is not taxable. Since the large part of the Group's foreign net investments is hedged against currency risk, a loss of SEK 542m (1 565) before tax arose for the hedging instruments.

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

Balance sheet, condensed

Group SEKm	31 Mar	31 Dec	Δ		31 Mar	
	2019	2018	SEKm	%	2018	%
Assets						
Cash and balances with central banks	235 850	163 161	72 689	45	398 889	-41
Treasury bills and other bills eligible for refinancing with central banks, etc.	142 540	99 579	42 961	43	80 231	78
Loans to credit institutions (note 10)	44 140	36 268	7 872	22	36 021	23
Loans to the public (note 10)	1 676 552	1 627 368	49 184	3	1 574 433	6
Value change of interest hedged item in portfolio hedge	1 061	766	295	39	1 032	3
Bonds and other interest-bearing securities	59 533	53 312	6 221	12	67 627	-12
Financial assets for which customers bear the investment risk	197 893	177 868	20 025	11	182 487	8
Shares and participating interests	6 106	4 921	1 185	24	8 201	-26
Investments in associates	6 202	6 088	114	2	6 376	-3
Derivatives (note 17)	45 766	39 665	6 101	15	62 594	-27
Intangible assets (note 13)	17 396	17 118	278	2	16 931	3
Tangible assets	5 922	1 966	3 956		1 981	
Current tax assets	2 046	2 065	-19	-1	1 550	32
Deferred tax assets	169	164	5	3	181	-7
Other assets	18 535	13 970	4 565	33	29 189	-37
Prepaid expenses and accrued income	2 650	1 813	837	46	1 404	89
Total assets	2 462 361	2 246 092	216 269	10	2 469 127	0
Liabilities and equity						
Amounts owed to credit institutions (note 14)	95 666	57 218	38 448	67	142 493	-33
Deposits and borrowings from the public (note 15)	943 288	920 750	22 538	2	953 763	-1
Financial liabilities for which customers bear the investment risk	200 027	178 662	21 365	12	184 272	9
Debt securities in issue (note 16)	919 626	804 360	115 266	14	902 370	2
Short positions, securities	45 333	38 333	7 000	18	32 671	39
Derivatives (note 17)	31 060	31 316	-256	-1	42 303	-27
Current tax liabilities	1 405	1 788	-383	-21	1 543	-9
Deferred tax liabilities	1 474	1 576	-102	-6	1 686	-13
Pension provisions	5 839	4 979	860	17	3 329	75
Insurance provisions	1 910	1 897	13	1	1 884	1
Other liabilities and provisions	59 022	30 035	28 987	97	49 999	18
Accrued expenses and prepaid income	4 175	3 385	790	23	3 387	23
Subordinated liabilities (note 16)	26 935	34 184	-7 249	-21	26 679	1
Total liabilities	2 335 760	2 108 483	227 277	11	2 346 379	0
Equity						
Non-controlling interests	217	213	4	2	203	7
Equity attributable to shareholders of the parent company	126 384	137 396	-11 012	-8	122 545	3
Total equity	126 601	137 609	-11 008	-8	122 748	3
Total liabilities and equity	2 462 361	2 246 092	216 269	10	2 469 127	0

Balance sheet analysis

Total assets have increased by SEK 216bn from 1 January 2019. Assets increased by SEK 73bn, mainly due to higher cash and balances with central banks. The increase is mainly attributable to higher deposits with central banks in the euro system and the US Federal Reserve. Lending to the public, excluding the National Debt Office and repos increased by SEK 13bn. Swedish mortgages increased by SEK 6bn. Deposits and borrowings from the public, excluding the National Debt Office and repos, rose by a total of SEK 11bn. Interest-bearing securities, Treasury bills, bonds and other securities, increased by SEK 49bn. Amounts owed to credit institutions increased by SEK 38bn. Balance sheet items related to credit institutions fluctuate over

time depending primarily on repos. The market value of derivatives increased on the asset side, mainly due to movements in interest rates and currencies. Financial assets and liabilities for which customers bear the investment risks increased by SEK 20bn as a result of the positive net inflow and positive market development. The increase of Debt Securities in issue was mainly a result of more issued than repaid commercial papers and covered bonds in the quarter of SEK 101bn. Due to adoption of IFRS 16, Tangible assets, corresponding to the right-of-use assets, increased by SEK 4.0bn, while Other financial liabilities, corresponding to the lease liability, increased by SEK 3.9bn.

Statement of changes in equity, condensed

Group SEKm	Shareholders' equity							Retained earnings	Non-controlling interests	Total equity	
	Share capital	Other contributed equity ¹⁾	Exchange differences, subsidiaries and associates	Hedging of net investments in foreign operations	Cash flow hedges	Foreign currency basis reserve	Own credit risk reserve				Total
January-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
January-December 2018											
Opening balance 1 January 2018	24 904	17 275	3 602	-2 255	-10	38	-36	87 713	131 231	202	131 433
Dividends								-14 517	-14 517	-5	-14 522
Share based payments to employees								321	321		321
Deferred tax related to share based payments to employees								-9	-9		-9
Current tax related to share based payments to employees								19	19		19
Total comprehensive income for the period			1 906	-1 189	14	-57	18	19 659	20 351	16	20 367
of which reported through profit or loss								21 162	21 162	16	21 178
of which reported through other comprehensive income			1 906	-1 189	14	-57	18	-1 503	-811		-811
Closing balance 31 December 2018	24 904	17 275	5 508	-3 444	4	-19	-18	93 186	137 396	213	137 609
January-March 2018											
Opening balance 1 January 2018	24 904	17 275	3 602	-2 255	-10	38	-36	87 713	131 231	202	131 433
Dividends								-14 517	-14 517		-14 517
Share based payments to employees								103	103		103
Deferred tax related to share based payments to employees								-19	-19		-19
Current tax related to share based payments to employees								21	21		21
Total comprehensive income for the period			2 055	-1 221	11	-36	5	4 912	5 726	1	5 727
of which reported through profit or loss								5 033	5 033	1	5 034
of which reported through other comprehensive income			2 055	-1 221	11	-36	5	-121	693		693
Closing balance 31 March 2018	24 904	17 275	5 657	-3 476	1	2	-31	78 213	122 545	203	122 748

1) Other contributed equity consists mainly of share premiums.

Cash flow statement, condensed

Group SEKm	Jan-Mar 2019	Full-year 2018	Jan-Mar 2018
Operating activities			
Operating profit	6 626	26 552	6 389
Adjustments for non-cash items in operating activities	1 010	-2 098	-4 604
Income taxes paid	-1 823	-6 531	-2 081
Increase/decrease in loans to credit institutions	-7 798	-5 257	-5 013
Increase/decrease in loans to the public	-46 940	-86 339	-32 425
Increase/decrease in holdings of securities for trading	-50 626	6 720	7 677
Increase/decrease in deposits and borrowings from the public including retail bonds	19 347	56 594	89 281
Increase/decrease in amounts owed to credit institutions	37 963	-12 167	73 044
Increase/decrease in other assets	-9 110	15 946	-21 269
Increase/decrease in other liabilities	28 180	33 714	60 347
Cash flow from operating activities	-23 171	27 134	171 346
Investing activities			
Disposal of shares in associates	71	277	
Dividend from associates	56	354	56
Acquisitions of other fixed assets and strategic financial assets	-4 198	-15 321	-2 532
Disposals of/maturity other fixed assets and strategic financial assets	4 140	16 361	2 369
Cash flow from investing activities	69	1 671	-107
Financing activities			
Issuance of interest-bearing securities	47 020	116 506	39 949
Redemption of interest-bearing securities	-38 458	-152 614	-35 000
Issuance of commercial paper	195 547	1 000 665	209 385
Redemption of commercial paper	-109 689	-1 018 910	-175 501
Dividends paid		-14 522	-14 517
Amortisation of lease liability	194		
Cash flow from financing activities	94 614	-68 875	24 316
Cash flow for the period	71 512	-40 070	195 555
Cash and cash equivalents at the beginning of the period	163 161	200 371	200 371
Cash flow for the period	71 512	-40 070	195 555
Exchange rate differences on cash and cash equivalents	1 177	2 860	2 963
Cash and cash equivalents at end of the period	235 850	163 161	398 889

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

of SEK 502 million. The capital gain was SEK 677 million.

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

Note 1 Accounting policies

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

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

The accounting policies applied in the interim report conform to those applied in the Annual and Sustainability Report for 2018, which was prepared in accordance with International Financial Reporting Standards as adopted by the European Union and interpretations thereof. There have been no significant changes to the Group's accounting policies set out in the 2018 Annual and Sustainability Report, except for the changes as set out below.

Leasing (IFRS 16)

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

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

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

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

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

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

The adoption impacts are disclosed in note 26.

Changes in Swedish regulations

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

Note 2 Critical accounting estimates

Presentation of consolidated financial statements in conformity with IFRS requires the executive management to make judgments and estimates that affect the recognised amounts for assets, liabilities and disclosures of contingent assets and liabilities as of the reporting date as well as the recognised income and expenses during the report period. The executive management continuously evaluates these judgments and estimates, including assessing control over

investment funds, the fair value of financial instruments, provisions for credit impairment, impairment testing of goodwill, deferred taxes and defined benefit pension provisions. There have been no significant changes to the basis upon which the critical accounting judgments and estimates have been determined compared with 31 December 2018.

Note 3 Changes in the Group structure

No significant changes to the Group structure occurred during the first quarter 2019.

Note 4 Operating segments (business areas)

Acc	Swedish		Large	Group		
Jan-Mar 2019	Banking	Baltic	Corporates &	Functions	Eliminations	Group
SEKm	Banking	Banking	Institutions	& Other		
Income statement						
Net interest income	4 151	1240	945	85		6 421
Net commission income	1859	649	576	-27	13	3 070
Net gains and losses on financial items	104	72	832	179	-1	1186
Share of profit or loss of associates	133			4		137
Other income ¹	202	181	34	170	-39	548
Total income	6 449	2 142	2 387	411	-27	11 362
of which internal income	11		29	154	-194	
Staff costs	760	246	342	1296		2 644
Variable staff costs	17	16	46	36		115
Other expenses	1447	448	550	-1041	-27	1377
Depreciation/amortisation	80	38	31	233		382
Total expenses	2 304	748	969	524	-27	4 518
Profit before impairment	4 145	1 394	1 418	-113		6 844
Credit impairment	141	-29	107	-1		218
Operating profit	4 004	1 423	1 311	-112		6 626
Tax expense	801	202	300	49		1352
Profit for the period	3 203	1 221	1 011	-161		5 274
Profit for the period attributable to the shareholders of Swedbank AB						
	3 199	1 221	1 011	-161		5 270
Non-controlling interests	4					4
Net commission income						
Commission income						
Payment processing	192	179	107	43	-10	511
Cards	582	384	457		-87	1336
Asset management and custody	1230	89	295		-9	1605
Lending and Guarantees	67	57	170			294
Other commission income ¹	518	88	199	1	-7	799
Total	2 589	797	1 228	44	-113	4 545
Commission expense	730	148	652	71	-126	1 475
Net commission income	1 859	649	576	-27	13	3 070
1) Other commission income include Service concepts, corporate finance, securities, deposits, real estate brokerage, life and non-life insurance						
Balance sheet, SEKbn						
Cash and balances with central banks	1	3	4	229	-1	236
Loans to credit institutions	7		115	178	-256	44
Loans to the public	1195	175	307			1677
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	1	7		23
Other assets	2	54	21	468	-515	30
Total assets	1 405	250	551	1 072	-816	2 462
Amounts owed to credit institutions	26		222	92	-244	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	17	-37	31
Other liabilities	563		73		-517	119
Subordinated liabilities				27		27
Total liabilities	1 340	225	524	1 063	-816	2 336
Allocated equity	65	25	27	9		126
Total liabilities and equity	1 405	250	551	1 072	-816	2 462
Key figures						
Return on allocated equity, %	19.9	19.8	15.5	-3.0		15.5
Cost/income ratio	0.36	0.35	0.41	1.27		0.40
Credit impairment ratio, %	0.05	-0.07	0.15	-0.01		0.05
Loan/deposit ratio, %	215	80	152	3		171
Loans, SEKbn ²	1195	174	222			1591
Deposits, SEKbn ²	556	218	146	10		930
Risk exposure amount, SEKbn	387	92	154	23		656
Full-time employees	3 764	3 662	1 193	6 336		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) Excluding the Swedish National Debt Office and repurchase agreements.

Acc	Swedish		Large	Group		
Jan-Mar 2018	Banking	Baltic	Corporates &	Functions	Eliminations	Group
SEKm		Banking	Institutions	& Other		
Income statement						
Net interest income	3 872	1 103	934	385		6 294
Net commission income	1 885	593	620	-25	8	3 081
Net gains and losses on financial items	97	55	566	-160	1	559
Share of profit or loss of associates	153			27		180
Other income ¹	185	154	22	260	-50	571
Total income	6 192	1 905	2 142	487	-41	10 685
of which internal income	9		14	13	-136	
Staff costs	789	212	349	1128		2 478
Variable staff costs	32	14	55	53		154
Other expenses	1 434	411	531	-966	-41	1 369
Depreciation/amortisation	14	24	25	105		168
Total expenses	2 269	661	960	320	-41	4 169
Profit before impairment	3 923	1 244	1 182	167		6 516
Credit impairment	253	-26	-100			127
Operating profit	3 670	1 270	1 282	167		6 389
Tax expense	751	180	270	154		1 355
Profit for the period	2 919	1 090	1 012	13		5 034
Profit for the period attributable to the shareholders of Swedbank AB	2 918	1 090	1 012	13		5 033
Non-controlling interests	1					1

Net commission income

Commission income						
Payment processing	189	164	98	49	-4	496
Cards	536	344	464	-3	-91	1 250
Asset management and custody	1216	101	284	-1	-10	1 590
Lending and Guarantees	69	56	164	4		293
Other commission income ¹	521	84	248	-13		840
Total	2 531	749	1 258	36	-105	4 469
Commission expense	646	156	638	61	-113	1 388
Net commission income	1 885	593	620	-25	8	3 081

¹⁾ Other commission income include Service concepts, corporate finance, securities, deposits, real estate brokerage, life and non-life insurance

Balance sheet, SEKbn

Cash and balances with central banks	3	3	6	387		399
Loans to credit institutions	6		65	186	-221	36
Loans to the public	1 164	160	245	5		1 574
Interest-bearing securities		2	47	102	-3	148
Financial assets for which customers bear inv. risk	178	4				182
Investments in associates	4			2		6
Derivatives			64	30	-31	63
Total tangible and intangible assets	1	12	1	5		19
Other assets	3	43	35	447	-486	42
Total assets	1 359	224	463	1 164	-741	2 469
Amounts owed to credit institutions	25		181	148	-212	142
Deposits and borrowings from the public	531	195	164	71	-7	954
Debt securities in issue		1	16	891	-6	902
Financial liabilities for which customers bear inv. risk	179	5				184
Derivatives			59	14	-31	42
Other liabilities	562		18		-485	95
Subordinated liabilities				27		27
Total liabilities	1 297	201	438	1 151	-741	2 346
Allocated equity	62	23	25	13		123
Total liabilities and equity	1 359	224	463	1 164	-741	2 469

Key figures

Return on allocated equity, %	19.6	19.2	16.9	0.2		15.4
Cost/income ratio	0.37	0.35	0.45	0.66		0.39
Credit impairment ratio, %	0.09	-0.07	-0.16	0.00		0.03
Loan/deposit ratio, %	222	82	138			163
Loans, SEKbn ²	1 164	159	205			1 528
Deposits, SEKbn ²	525	195	148	72		940
Risk exposure amount, SEKbn	171	81	138	21		411
Full-time employees	3 892	3 516	1 185	6 012		14 605
Allocated equity, average, SEKbn	59	23	24	25		131

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.

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

Operating segments accounting policies

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

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

The return on 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.

Note 5 Net interest income

Group SEKm	Q1 2019	Q4 2018	%	Q1 2018	%
Interest income					
Loans to credit institutions	87	64	36	17	
Loans to the public	8 147	7 844	4	7 548	8
Interest-bearing securities	98	57	72	21	
Derivatives	299	651	-54	423	-29
Other	265	196	35	186	42
Total interest income including negative yield on financial assets	8 896	8 812	1	8 195	9
deduction of trading interests reported in Net gains and losses on financial items	146	117	25	61	
Interest income, including negative yield on financial assets, according to the income statement	8 750	8 695	1	8 134	8
Interest expense					
Amounts owed to credit institutions	-306	-168	82	-289	6
Deposits and borrowings from the public	-570	-275		-295	93
of which deposit guarantee fees	-106	-107	-1	-104	2
Debt securities in issue	-3 210	-3 085	4	-2 731	18
Subordinated liabilities	-239	-267	-10	-241	-1
Derivatives	2 293	1 898	21	2 141	7
Other	-341	-424	-20	-390	-13
of which government resolution fund fee	-313	-414	-24	-382	-18
Total interest expenses including negative yield on financial liabilities	-2 373	-2 321	2	-1 805	31
deduction of trading interests reported in Net gains and losses on financial items	-44	39		35	
Interest expense, including negative yield on financial liabilities, according to the income statement	-2 329	-2 360	-1	-1 840	27
Net interest income	6 421	6 335	1	6 294	2
Net interest margin before trading interest is deducted	1.06	1.08		1.06	
Average total assets	2 468 059	2 414 046	2	2 420 194	2

Note 6 Net commission income

Group	Q1	Q4		Q1	
SEKm	2019	2018	%	2018	%
Commission income					
Payment processing	511	548	-7	496	3
Cards	1 336	1 444	-7	1 250	7
Service concepts	308	301	2	296	4
Asset management and custody	1 605	1 679	-4	1 590	1
Life insurance	143	143	0	153	-7
Securities	115	135	-15	111	4
Corporate finance		35		29	
Lending	240	245	-2	241	0
Guarantees	54	61	-11	52	4
Deposits	44	41	7	49	-10
Real estate brokerage	38	44	-14	39	-3
Non-life insurance	24	23	4	16	50
Other	127	121	5	147	-14
Total commission income	4 545	4 820	-6	4 469	2
Commission expense					
Payment processing	-289	-348	-17	-261	11
Cards	-573	-638	-10	-539	6
Service concepts	-42	-43	-2	-45	-7
Asset management and custody	-378	-405	-7	-371	2
Life insurance	-47	-59	-20	-44	7
Securities	-74	-76	-3	-74	0
Lending and guarantees	-14	-20	-30	-14	0
Non-life insurance	-9	-8	13	-6	50
Other	-49	-40	23	-34	44
Total commission expense	-1 475	-1 637	-10	-1 388	6
Net commission income					
Payment processing	222	200	11	235	-6
Cards	763	806	-5	711	7
Service concepts	266	258	3	251	6
Asset management and custody	1 227	1 274	-4	1 219	1
Life insurance	96	84	14	109	-12
Securities	41	59	-31	37	11
Corporate finance		35		29	
Lending and guarantees	280	286	-2	279	0
Deposits	44	41	7	49	-10
Real estate brokerage	38	44	-14	39	-3
Non-life insurance	15	15	0	10	50
Other	78	81	-4	113	-31
Total Net commission income	3 070	3 183	-4	3 081	0

Note 7 Net gains and losses on financial items

Group SEKm	Q1 2019	Q4 2018	%	Q1 2018	%
Fair value through profit or loss					
Shares and share related derivatives	319	258	24	347	-8
of w hich dividend	62	12		60	3
Interest-bearing securities and interest related derivatives	329	-425		-137	
Financial liabilities	22	30	-27	68	-68
Other financial instruments	-10	-7	43	-8	25
Total fair value through profit or loss	660	-144		270	
Hedge accounting					
Ineffective part in hedge accounting at fair value	-30	62		-45	-33
of w hich hedging instruments	2 760	2 526	9	-845	
of w hich hedged items	-2 790	-2 464	13	800	
Ineffective part in portfolio hedge accounting at fair value	45	-89		26	73
of w hich hedging instruments	-250	-276	-9	-217	15
of w hich hedged items	295	187	58	243	21
Total hedge accounting	15	-27		-19	
Derecognition gain or loss for financial assets at amortised cost	26	37	-30	26	0
Derecognition gain or loss for financial liabilities at amortised cost	-43	-11		-17	
Trading related interest					
Interest income	146	117	25	61	
Interest expense	-44	38		35	
Total trading related interest	102	155	-34	96	6
Change in exchange rates	426	420	1	203	
Total net gains and losses on financial items	1 186	430		559	

Note 8 Other expenses

Group SEKm	Q1 2019	Q4 2018	%	Q1 2018	%
Premises and rents	147	339	-57	284	-48
IT expenses	481	533	-10	464	4
Telecommunications and postage	30	33	-9	35	-14
Advertising, PR and marketing	63	112	-44	68	-7
Consultants	156	130	20	51	
Compensation to savings banks	56	56	0	56	0
Other purchased services	216	184	17	184	17
Security transport and alarm systems	17	17	0	13	31
Supplies	23	35	-34	19	21
Travel	52	65	-20	56	-7
Entertainment	10	19	-47	10	0
Repair/maintenance of inventories	19	20	-5	32	-41
Other expenses	107	111	-4	97	10
Total other expenses	1 377	1 654	-17	1 369	1

Note 9 Credit impairment

Group SEKm	Q1 2019	Q4 2018	%	Q1 2018	%
Loans at amortised cost					
Credit impairment provisions - Stage 1	32	-19		89	-64
Credit impairment provisions - Stage 2	88	10		-201	
Credit impairment provisions - Stage 3	35	370	-91	205	-83
Credit impairment provisions - Credit impaired, Purchased or originated	-1	-3	-67	-2	-50
Total	154	358	-57	91	69
Write-offs	95	314	-70	97	-2
Recoveries	-47	-111	-58	-61	-23
Total	48	203	-76	36	33
Total loans at amortised cost	202	561	-64	127	59
Commitments and financial guarantees					
Credit impairment provisions - Stage 1	26	-38		4	
Credit impairment provisions - Stage 2	-1	33		-37	-97
Credit impairment provisions - Stage 3	-9	-145	-94	15	
Total	16	-150		-18	
Write-offs		1		18	
Total commitments and financial guarantees	16	-149		0	
Total Credit impairment	218	412	-47	127	72
Credit impairment ratio, %	0.05	0.10	-50	0.03	67

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

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

Further details on the key inputs and assumptions used as at 31 March 2019 are provided below.

Determination of a significant increase in credit risk

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

- changes in the 12-month PD and internal risk rating grades, which have been applied for the portfolio of loans originated before 1 January 2018. For instance, for exposures originated with a risk grade between 0 and 5, a downgrade by 1 to 2 grades from initial recognition is assessed as a significant change in credit risk. Alternatively, for exposures

originated with a risk grade between 13 and 21, a downgrade by 5 to 7 grades from initial recognition is considered significant. Internal risk ratings are assigned according to the risk management framework outlined in Note G3 Risks in the 2018 Annual and Sustainability Report.

- changes in the lifetime PD, which have been applied for the portfolio of loans originated on or after 1 January 2018. For instance, for exposures originated with a risk grade between 0 and 5, a 50 per cent increase in the lifetime PD from initial recognition is assessed as a significant change in credit risk. Alternatively, for exposures originated with a risk grade between 13 and 21, an increase of 150-300 per cent from initial recognition is considered significant.

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

The Group has performed a sensitivity analysis on how credit impairment provisions would change if thresholds applied were increased or decreased. A lower threshold would increase the number of loans that have migrated from Stage 1 to Stage 2 and also increase the estimated credit impairment provisions. A higher threshold would have the opposite effect. The tables below disclose the impacts of this sensitivity analysis on the 31 March 2019 credit impairment provisions. Positive amounts represent higher credit impairment provisions that would be recognised.

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

Internal risk rating grade at initial recognition	12-month PD band at initial recognition	Threshold, rating downgrade ¹⁾²⁾ ³⁾	Impairment provision impact		Recognised credit impairment provisions 31 Mar 2019	Share of total portfolio (%) in terms of gross carrying amount	
			Increase in threshold by 1 grade	Decrease in threshold by 1 grade			
13-21	< 0.5%	3 - 8 grades	-6.9%	9.2%	959	48%	
9-12	0.5-2.0%	1 - 5 grades	-11.5%	14.9%	739	10%	
6-8	2.0-5.7%	1 - 3 grades	-6.8%	5.7%	223	4%	
0-5	>5.7% and <100%	1 - 2 grades	-1.6%	0.0%	216	1%	
			-8.0%	9.9%	2 137	64%	
		Financial instruments subject to the low credit risk exemption			3	5%	
		Stage 3 financial instruments			2 738	0%	
					Total provisions⁴⁾	4 878	69%

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

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

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

⁴⁾ Of which provisions for off-balance exposures are SEK 381m.

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

Internal risk rating grade at initial recognition	Threshold, increase in lifetime PD ⁵⁾	Impairment provision impact		Recognised credit impairment provisions 31 March 2019	Share of total portfolio (%) in terms of gross carrying amount	
		Increase in threshold by 100%	Decrease in threshold by 50%			
13-21	100-300%	-1.4%	4.6%	206	17%	
9-12	100-200%	-6.2%	1.0%	174	5%	
6-8	50-150%	-0.5%	2.3%	110	2%	
0-5	50%	-0.3%	0.3%	80	1%	
		-2.5%	2.4%	570	23%	
		Financial instruments subject to the low credit risk exemption		5	7%	
		Stage 3 financial instruments		1 322	0%	
				Total provisions⁶⁾	1 897	31%

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

⁶⁾ Of which provisions for off-balance exposures are SEK 53m

Incorporation of forward-looking macroeconomic scenarios

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

Set out below are the credit impairment provisions as at 31 March 2019 that would result from the downside and upside scenarios, which are considered reasonably possible, being assigned probabilities of 100 per cent.

Business area	Scenario	Credit impairment provisions resulting from the scenario	recognised probability-weighted credit impairment provisions, %
Swedish Banking	Downside scenario	2 183	20%
	Upside scenario	1 498	-17%
Baltic Banking	Downside scenario	842	33%
	Upside scenario	537	-15%
LC&I	Downside scenario	5 735	33%
	Upside scenario	2 428	-44%
Group ¹⁾	Downside scenario	8 760	29%
	Upside scenario	4 463	-34%

¹⁾ Including Group Functions & Other.

Measurement of 12-month and lifetime expected credit losses

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

Note 10 Loans

Group SEKm	31 Mar 2019			31 Dec 2018		31 Mar 2018	
	Gross carrying amount (IFRS 9)	Credit Impairment Provision (IFRS 9)	Carrying amount (IFRS 9)	Carrying amount (IFRS 9)	%	Carrying amount (IFRS 9)	%
Loans to credit institutions							
Banks	21 523	5	21 518	17 646	22	17 657	22
Repurchase agreements, banks	2 066		2 066			95	
Other credit institutions	18 631		18 631	18 530	1	15 688	19
Repurchase agreements, other credit institutions	1 925		1 925	92		2 581	-25
Loans to credit institutions	44 145	5	44 140	36 268	22	36 021	23
Loans to the public							
Private customers	1 036 868	870	1 035 998	1 029 620	1	997 168	4
Private, mortgage	885 721	552	885 169	876 785	1	844 479	5
Tenant owner association	104 918	26	104 892	106 895	-2	108 708	-4
Private, other	46 229	292	45 937	45 940	0	43 981	4
Corporate customers	560 668	5 466	555 202	547 881	1	531 404	4
Agriculture, forestry, fishing	67 352	162	67 190	67 128	0	68 583	-2
Manufacturing	41 679	443	41 236	43 263	-5	44 505	-7
Public sector and utilities	21 656	46	21 610	19 633	10	21 601	0
Construction	19 457	126	19 331	20 101	-4	18 982	2
Retail	32 077	681	31 396	30 690	2	31 177	1
Transportation	16 590	35	16 555	16 356	1	15 322	8
Shipping and offshore	23 916	2 570	21 346	21 795	-2	22 374	-5
Hotels and restaurants	8 885	42	8 843	8 629	2	7 975	11
Information and communications	13 546	252	13 294	13 443	-1	13 014	2
Finance and insurance	17 285	25	17 260	14 773	17	11 983	44
Property management	250 364	709	249 655	243 828	2	228 697	9
Residential properties	75 264	227	75 037	73 511	2	71 083	6
Commercial	98 699	249	98 450	95 063	4	87 307	13
Industrial and Warehouse	48 033	68	47 965	47 370	1	43 837	9
Other	28 368	165	28 203	27 884	1	26 470	7
Professional services	28 625	261	28 364	29 761	-5	30 797	-8
Other corporate lending	19 236	114	19 122	18 481	3	16 394	17
Loans to the public excluding the Swedish National Debt Office and repurchase agreements	1 597 536	6 336	1 591 200	1 577 501	1	1 528 572	4
Swedish National Debt Office	13		13	10 153	-100	5 640	-100
Repurchase agreements, Swedish National Debt Office	22 375		22 375	2 436		3 826	
Repurchase agreements, public	62 964		62 964	37 278	69	36 395	73
Loans to the public	1 682 888	6 336	1 676 552	1 627 368	3	1 574 433	6
Loans to the public and credit institutions	1 727 033	6 341	1 720 692	1 663 636	3	1 610 454	7
of which accrued interest	2 437			2 003		2 541	
of which loans at fair value through profit or loss	89 500			39 972		43 085	

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	2019	2018	%	2018	%
Credit institutions					
Stage 1					
Gross carrying amount	40 079	36 089	11	33 060	21
Credit impairment provisions	4	2		12	-67
Carrying amount	40 075	36 087	11	33 048	21
Stage 2					
Gross carrying amount	75	90	-17	299	-75
Credit impairment provisions	1	1	0	2	-50
Carrying amount	74	89	-17	297	-75
Total carrying amount for credit institutions	40 149	36 176	11	33 345	20
Public, private customers					
Stage 1					
Gross carrying amount	980 203	976 455	0	942 553	4
Credit impairment provisions	68	76	-11	68	0
Carrying amount	980 135	976 379	0	942 485	4
Stage 2					
Gross carrying amount	54 335	51 735	5	52 912	3
Credit impairment provisions	318	335	-5	325	-2
Carrying amount	54 017	51 400	5	52 587	3
Stage 3					
Gross carrying amount	2 324	2 317	0	2 597	-11
Credit impairment provisions	484	485	0	506	-4
Carrying amount	1 840	1 832	0	2 091	-12
Total carrying amount for public, private customers	1 035 992	1 029 611	1	997 163	4
Public, corporate customers					
Stage 1					
Gross carrying amount	490 671	498 243	-2	480 311	2
Credit impairment provisions	458	414	11	412	11
Carrying amount	490 213	497 829	-2	479 899	2
Stage 2					
Gross carrying amount	61 251	55 839	10	52 591	16
Credit impairment provisions	1 532	1 401	9	1 644	-7
Carrying amount	59 719	54 438	10	50 947	17
Stage 3					
Gross carrying amount	8 595	8 922	-4	8 653	-1
Credit impairment provisions	3 476	3 312	5	2 638	32
Carrying amount	5 119	5 610	-9	6 015	-15
Total carrying amount for public, corporate customers ¹⁾	555 051	557 877	-1	536 861	3
Totals					
Gross carrying amount Stage 1	1 510 953	1 510 787	0	1 455 924	4
Gross carrying amount Stage 2	115 661	107 664	7	105 802	9
Gross carrying amount Stage 3	10 919	11 239	-3	11 250	-3
Total Gross carrying amount	1 637 533	1 629 690	0	1 572 976	4
Credit impairment provisions Stage 1	530	492	8	492	8
Credit impairment provisions Stage 2	1 851	1 737	7	1 971	-6
Credit impairment provisions Stage 3	3 960	3 797	4	3 144	26
Total credit impairment provisions	6 341	6 026	5	5 607	13
Total carrying amount	1 631 192	1 623 664	0	1 567 369	4
Share of Stage 3 loans, gross, %	0.67	0.69		0.72	
Share of Stage 3 loans, net, %	0.43	0.46		0.52	
Credit impairment provision ratio Stage 1 loans	0.04	0.03		0.03	
Credit impairment provision ratio Stage 2 loans	1.60	1.61		1.86	
Credit impairment provision ratio Stage 3 loans	36.27	33.78		27.95	
Total credit impairment provision ratio	0.39	0.37		0.36	

¹⁾ Includes loans to the Swedish National Debt Office.

Reconciliation of credit impairment provisions for loans

The table below provides a reconciliation of the gross carrying amount and credit impairment provisions for

loans to the public and credit institutions at amortised cost.

Loans to the public and credit institutions	Non Credit-Impaired		Credit-Impaired	Total
	Stage 1	Stage 2	Stage 3 incl. purchased or originated	
Group				
SEKm				
Gross carrying amount				
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 impairments 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 stage 1 to stage 2</i>	-46	202		156
<i>from stage 1 to stage 3</i>	-2		18	16
<i>from stage 2 to stage 1</i>	6	-35		-29
<i>from stage 2 to stage 3</i>		-23	117	94
<i>from stage 3 to stage 2</i>		30	-54	-24
<i>from stage 3 to stage 1</i>			-6	-6
Other	-1	1	-33	-33
Total movements affecting Credit impairments line	32	88	34	154
Movements recognised outside Credit impairments 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

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

Loans to the public and credit institutions	Non Credit-Impaired		Credit-Impaired	Total
	Stage 1	Stage 2	Stage 3 incl. purchased or originated	
Group				
SEKm				
Gross carrying amount				
Opening balance as of 1 January 2018	1 415 169	120 226	10 194	1 545 588
Closing balance as of 31 March 2018	1 455 924	105 802	11 250	1 572 976
Credit impairment provisions				
Opening balance as of 1 January 2018	399	2 140	2 861	5 401
Movements affecting Credit impairments line				
New and derecognised financial assets, net	52	-69	-45	-62
Changes in risk factors (EAD, PD, LGD)	25	22	-57	-10
Changes in macroeconomic scenarios	25	45	1	71
Changes due to expert credit judgement (individual assessments and manual adjustments)			56	55
Stage transfers	-13	-197	277	67
<i>from stage 1 to stage 2</i>	-45	194		149
<i>from stage 1 to stage 3</i>	-7		20	13
<i>from stage 2 to stage 1</i>	39	-154		-115
<i>from stage 2 to stage 3</i>		-237	257	20
Other		-3	-21	-24
Total movements affecting Credit impairments line	89	-202	211	97
Movements recognised outside Credit impairments line				
Interest			18	18
Change in exchange rates	4	33	54	91
Closing balance as of 31 March 2018	492	1 971	3 144	5 607
Carrying amount				
Opening balance as of 1 January 2018	1 414 769	118 085	7 332	1 540 187
Closing balance as of 31 March 2018	1 455 432	103 831	8 106	1 567 369

Note 12 Credit risk exposures

Group SEKm	31 Mar 2019	31 Dec 2018	%	31 Mar 2018	%
Assets					
Cash and balances with central banks	235 850	163 161	45	398 889	-41
Interest-bearing securities	202 073	152 891	32	147 858	37
Loans to credit institutions	44 140	36 268	22	36 021	23
Loans to the public	1 676 552	1 627 368	3	1 574 433	6
Derivatives	45 766	39 665	15	62 594	-27
Other financial assets	18 453	13 889	33	29 109	-37
Total assets	2 222 834	2 033 242	9	2 248 904	-1
Contingent liabilities and commitments					
Guarantees	49 520	48 989	1	51 679	-4
Commitments	278 392	278 339	0	258 154	8
Total contingent liabilities and commitments	327 912	327 328	0	309 833	6
Total credit exposures	2 550 746	2 360 570	8	2 558 737	0

Note 13 Intangible assets

Group SEKm	31 Mar 2019	31 Dec 2018	%	31 Mar 2018	%
With indefinite useful life					
Goodwill	13 696	13 549	1	13 564	1
Brand name	161	161	0	161	0
Total	13 857	13 710	1	13 725	1
With finite useful life					
Customer base	369	382	-3	456	-19
Internally developed software	2 832	2 672	6	1 995	42
Other	338	354	-5	755	-55
Total	3 539	3 408	4	3 206	10
Total intangible assets	17 396	17 118	2	16 931	3

Impairment of intangible assets

As of 31 March 2019 there were no indicators of impairment.

Note 14 Amounts owed to credit institutions

Group SEKm	31 Mar 2019	31 Dec 2018	%	31 Mar 2018	%
Amounts owed to credit institutions					
Central banks	30 327	13 892		28 899	5
Banks	53 808	38 424	40	107 402	-50
Other credit institutions	1 726	4 636	-63	3 597	-52
Repurchase agreements - banks	8 914	266		47	
Repurchase agreements - other credit institutions	891			2 548	-65
Amounts owed to credit institutions	95 666	57 218	67	142 493	-33

Note 15 Deposits and borrowings from the public

Group SEKm	31 Mar 2019	31 Dec 2018	%	31 Mar 2018	%
Deposits from the public					
Private customers	515 201	518 775	-1	483 963	6
Corporate customers	415 176	400 995	4	455 808	-9
Deposits from the public excluding the Swedish National Debt Office and repurchase agreements	930 377	919 770	1	939 771	-1
Swedish National Debt Office	271	339		270	
Repurchase agreements - Swedish National Debt Office				3 262	
Repurchase agreements - public	12 640	641		10 460	21
Deposits and borrowings from the public	943 288	920 750	2	953 763	-1

Note 16 Debt securities in issue and subordinated liabilities

Group SEKm	31 Mar 2019	31 Dec 2018	%	31 Mar 2018	%
Commercial papers	219 533	131 434	67	184 810	19
Covered bonds	543 456	497 936	9	554 304	-2
Senior unsecured bonds	145 986	164 243	-11	149 665	-2
Structured retail bonds	10 651	10 747	-1	13 591	-22
Total debt securities in issue	919 626	804 360	14	902 370	2
Subordinated liabilities	26 935	34 184	-21	26 679	1
Total debt securities in issue and subordinated liabilities	946 561	838 544	13	929 049	2

Turnover during the period	Jan-Mar 2019	Full year 2018	%	Jan-Mar 2018	%
Closing balance		869 712		869 712	
Changed presentation of accrued interest		6 361		6 361	
Opening balance	838 544	876 073	-4	876 073	-4
Issued	242 567	1 117 261	-78	249 334	-3
Repurchased	-6 627	-54 223	-88	-5 609	18
Repaid	-141 520	-1 118 861	-87	-204 892	-31
Accrued interest	743	-1 614		0	
Change in market value or in hedged item in fair value hedge accounting	1 978	-6 599		-1 620	
Changes in exchange rates	10 876	26 507	-59	15 763	-31
Closing balance	946 561	838 544	13	929 049	2

Note 17 Derivatives

Group SEKm	Nominal amount			Nominal amount		Positive fair value		Negative fair value	
	Remaining contractual maturity			2019	2018				
	< 1 yr.	1-5 yrs.	> 5 yrs.	31 Mar	31 Dec	31 Mar	31 Dec	31 Mar	31 Dec
Derivatives in hedge accounting	131 432	688 887	105 487	925 806	889 367	12 941	10 551	2 332	2 438
Fair value hedges, interest rate sw aps	40 139	439 851	85 505	565 495	544 157	12 452	10 255	632	972
Portfolio fair value hedges, interest rate sw aps	91 050	247 480	12 275	350 805	335 805	305	207	1 663	1 401
Cash flow hedges, foreign currency sw aps	243	1 556	7 707	9 506	9 405	184	89	37	65
Non-hedging derivatives	8 001 094	4 967 541	1 331 154	14 299 789	12 933 005	81 302	59 379	80 275	61 788
Gross amount	8 132 526	5 656 428	1 436 641	15 225 595	13 822 372	94 243	69 930	82 607	64 226
Offset amount (see also note 20)	-6 263 548	-3 810 321	-957 556	-11 031 425	-6 880 365	-48 477	-30 265	-51 547	-32 910
Total	1 868 978	1 846 107	479 085	4 194 170	6 942 007	45 766	39 665	31 060	31 316

The Group trades derivatives in the normal course of business and to hedge certain positions with regard

to the value of equities, interest rates and currencies.

Note 18 Fair value of financial instruments

Group SEKm	31 Mar 2019			31 Dec 2018		
	Fair value	Carrying amount	Difference	Fair value	Carrying amount	Difference
Assets						
Financial assets						
Cash and balances w ith central banks	235 850	235 850		163 161	163 161	
Treasury bills and other bills eligible for refinancing w ith central banks	142 590	142 540	50	99 743	99 579	164
Loans to credit institutions	44 140	44 140		36 268	36 268	
Loans to the public	1 678 792	1 676 552	2 240	1 629 641	1 627 368	2 273
Value change of interest hedged items in portfolio hedge	1 061	1 061		766	766	
Bonds and interest-bearing securities	59 536	59 533	3	53 316	53 312	4
Financial assets for w hich the customers bear the investment risk	197 893	197 893		177 868	177 868	
Shares and participating interest	6 106	6 106		4 921	4 921	
Derivatives	45 766	45 766		39 665	39 665	
Other financial assets	18 355	18 355		13 889	13 889	
Total	2 430 089	2 427 796	2 293	2 219 238	2 216 797	2 441
Investment in associates		6 202			6 088	
Non-financial assets		28 363			23 207	
Total		2 462 361			2 246 092	
Liabilities						
Financial liabilities						
Amounts ow ed to credit institutions	95 666	95 666		58 595	57 218	1 377
Deposits and borrow ings f rom the public	943 283	943 288	-5	920 745	920 750	-5
Debt securities in issue	914 225	919 626	-5 401	810 617	804 360	6 257
Financial liabilities for w hich the customers bear the investment risk	200 027	200 027		178 662	178 662	
Subordinated liabilities	27 112	26 935	177	34 366	34 184	182
Derivatives	31 060	31 060		31 316	31 316	
Short positions securities	45 333	45 333		38 333	38 333	
Other financial liabilities	58 543	58 543		29 576	29 576	
Total	2 315 249	2 320 478	-5 229	2 102 209	2 094 399	7 810
Non-financial liabilities		15 282			14 084	
Total		2 335 760			2 108 483	

Financial instruments recognised at fair value

Group 31 Mar 2019 SEKm	Instruments with quoted market prices in active markets (Level 1)	Valuation techniques using observable market data (Level 2)	Valuation techniques using non- observable market data (Level 3)	Total
Assets				
Treasury bills etc.	12 936	5 673		18 609
Loans to credit institutions		3 991		3 991
Loans to the public		85 509		85 509
Bonds and other interest-bearing securities	27 492	29 780		57 272
Financial assets for which the customers bear the investment risk	197 893			197 893
Shares and participating interests	4 608		1 498	6 106
Derivatives	39	45 727		45 766
Total	242 968	170 680	1 498	415 146
Liabilities				
Amounts owed to credit institutions		9 805		9 805
Deposits and borrowings from the public		12 640		12 640
Debt securities in issue		14 579		14 579
Financial liabilities for which the customers bear the investment risk		200 027		200 027
Derivatives	28	31 032		31 060
Short positions, securities	45 333			45 333
Total	45 361	268 083		313 444

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

The methods are divided into three different levels:

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

When financial assets and financial liabilities in active markets have market risks that offset each other, an average of bid and ask prices is used as a basis to determine the fair values of the risk

positions that offset each other. For any open net positions, bid rates are applied for long positions and ask rates for short positions.

The Group has a continuous process whereby financial instruments that indicate a high level of internal estimates or low level of observable market data are captured. The process determines the way to calculate and how the internal assumptions are expected to affect the valuation. In cases where internal assumptions have a significant impact on fair value, the financial instrument is reported in level 3. The process also includes an analysis and evaluation based on the quality of the valuation data as well as whether a type of financial instrument is to be transferred between levels.

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

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

Changes in level 3

Group SEKm	Assets		
	Equity instruments	Derivatives	Total
January-March 2019			
Opening balance 1 January 2019	1 264	2	1 266
Purchases	1		1
Sale of assets	-3		-3
Maturities		-1	-1
Gains and losses recognised as Net gains and losses on financial instruments	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

Level 3 primarily contains unlisted equity instruments and illiquid options. In connection with the sale of shares in VISA Europe convertible preference shares in VISA Inc. were obtained. The shares are subject to selling restrictions for a period of up to 10 years and under certain conditions may have to be returned. Because liquid quotes are not available for the instrument, its fair value is established with significant elements of own internal assumptions and reported in level 3 as equity instruments. The options hedge changes in the market value of hybrid debt instruments, so-called structured products. Structured products consist of a corresponding option element and a host contract, which in principle is an ordinary interest-bearing bond. When the Group evaluates the level on which the financial instruments are reported, the entire instrument is assessed on an individual

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

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

Changes in level 3 Group SEKm	Assets		
	Equity instruments	Derivatives	Total
January-March 2018			
Opening balance 1 January 2018	449	26	475
Purchases	31		31
Sale of assets	-1		-1
Maturities		-6	-6
Settlements	-1		-1
Gains and losses recognised as Net gains and losses on financial instruments	27		27
of which changes in unrealised gains or losses for items held at closing day	18	-2	16
Closing balance 31 March 2018	505	20	525

Note 19 Pledged collateral and contingent liabilities

Group SEKm	31 Mar 2019	31 Dec 2018	%	31 Mar 2018	%
Loan receivables ¹	534 769	497 691	7	542 924	-2
Financial assets pledged for policyholders	195 559	174 668	12	180 323	8
Other assets pledged	46 600	39 276	19	35 843	30
Pledged collateral	776 928	711 635	9	759 090	2

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 Mar 2019	31 Dec 2018	%	31 Mar 2018	%
Guarantees	49 520	48 989	1	51 679	-4
Other	273	366	-25	358	-24
Contingent liabilities	49 793	49 355	1	52 037	-4

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

information. Swedbank is cooperating with these authorities. The timing of the completion of the investigations, the outcome and the subsequent discussions with the authorities are uncertain. At present, it is not possible to reliably estimate the timing or amount of any potential settlement or fines, which could be material.

Note 20 Offsetting financial assets and liabilities

Group SEKm	Assets			Liabilities		
	31 Mar 2019	31 Dec 2018	%	31 Mar 2019	31 Dec 2018	%
Financial assets and liabilities, which have been offset or are subject to netting or similar agreements						
Gross amount	208 360	162 062	29	127 723	117 107	9
Offset amount	-75 668	-84 058	-10	-78 738	-86 703	-9
Net amounts presented in the balance sheet	132 692	78 004	70	48 985	30 404	61
Related amounts not offset in the balance sheet						
Financial instruments, netting arrangements	28 398	17 320	64	28 398	17 320	64
Financial Instruments, collateral	40 292	35 212	14	9 628	2 594	
Cash, collateral	16 301	1 535		10 959	4 890	
Total amount not offset in the balance sheet	84 991	54 067	57	48 985	24 804	97
Net amount	47 701	23 937	99	0	5 600	

The amount offset for derivative assets includes offset cash collateral of SEK 5 039m (4 177) derived from the balance sheet item Amounts owed to credit institutions.

The amount offset for derivative liabilities includes offset cash collateral of SEK 1 969m (1 532), 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	2019	2018	2018
Shareholders' equity according to the Group's balance sheet	126 384	137 396	122 545
Non-controlling interests	73	72	67
Anticipated dividend	-3 952	-15 885	-3 774
Deconsolidation of insurance companies	-219	-438	371
Value changes in own financial liabilities	-66	-107	30
Cash flow hedges	-3	-2	-1
Additional value adjustments ¹⁾	-631	-454	-701
Goodwill	-13 786	-13 638	-13 653
Deferred tax assets	-117	-113	-124
Intangible assets	-3 072	-2 974	-2 805
Net provisions for reported IRB credit exposures			
Shares deducted from CET1 capital	-25	-45	-42
Common Equity Tier 1 capital	104 586	103 812	101 913
Additional Tier 1 capital	11 398	10 949	11 114
Total Tier 1 capital	115 984	114 761	113 027
Tier 2 capital	15 060	22 232	14 978
Total capital	131 044	136 993	128 005
Minimum capital requirement for credit risks, standardised approach	3 475	3 328	3 174
Minimum capital requirement for credit risks, IRB	22 268	21 715	21 007
Minimum capital requirement for credit risk, default fund contribution	31	29	37
Minimum capital requirement for settlement risks	0	0	0
Minimum capital requirement for market risks	1 260	1 042	1 052
Trading book	1 202	999	1 018
of which VaR and SVaR	863	719	652
of which risks outside VaR and SVaR	339	280	366
FX risk other operations	58	43	34
Minimum capital requirement for credit value adjustment	340	307	374
Minimum capital requirement for operational risks	5 481	5 182	5 182
Additional minimum capital requirement, Article 3 CRR ²⁾	2 856	2 743	2 037
Additional minimum capital requirement, Article 458 CRR ⁵⁾	16 797	16 685	
Minimum capital requirement	52 508	51 031	32 863
Risk exposure amount credit risks, standardised approach	43 441	41 606	39 674
Risk exposure amount credit risks, IRB	278 346	271 437	262 584
Risk exposure amount default fund contribution	384	357	463
Risk exposure amount settlement risks	0	0	0
Risk exposure amount market risks	15 743	13 024	13 150
Risk exposure amount credit value adjustment	4 253	3 826	4 681
Risk exposure amount operational risks	68 514	64 779	64 779
Additional risk exposure amount, Article 3 CRR ²⁾	35 701	34 286	25 460
Additional risk exposure amount, Article 458 CRR ⁵⁾	209 968	208 567	
Risk exposure amount	656 350	637 882	410 791
Common Equity Tier 1 capital ratio, %	15.9	16.3	24.8
Tier 1 capital ratio, %	17.7	18.0	27.5
Total capital ratio, %	20.0	21.5	31.2
Capital buffer requirement ³⁾	31 Mar	31 Dec	31 Mar
%	2019	2018	2018
CET1 capital requirement including buffer requirements	11.6	11.6	11.3
of which minimum CET1 requirement	4.5	4.5	4.5
of which capital conservation buffer	2.5	2.5	2.5
of which countercyclical capital buffer	1.6	1.6	1.3
of which systemic risk buffer	3.0	3.0	3.0
CET 1 capital available to meet buffer requirement ⁴⁾	11.4	11.8	20.3
Leverage ratio	31 Mar	31 Dec	31 Mar
	2019	2018	2018
Tier 1 Capital, SEKm	115 984	114 761	113 027
Leverage ratio exposure, SEKm	2 429 858	2 241 604	2 383 757
Leverage ratio, %	4.8	5.1	4.7

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 Swedish FSA. The amount also includes planned implementation of EBA's Guideline on new default definition and increased safety margins.

³⁾ Buffer requirement according to Swedish implementation of CRD IV

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

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

The consolidated situation for Swedbank as of 31 March 2019 comprised the Swedbank Group with the exception of insurance companies. The EnterCard Group was included as well through the proportionate consolidation method.

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

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

Swedbank consolidated situation Credit risk, IRB SEKm	Exposure value		Average risk weight, %		Minimum capital requirement	
	31 Mar	31 Dec	31 Mar	31 Dec	31 Mar	31 Dec
	2019	2018	2019	2018	2019	2018
Central government or central banks exposures	403 422	296 418	1	2	427	375
Institutional exposures	53 042	49 183	19	19	817	766
Corporate exposures	542 475	532 566	32	33	14 081	13 963
Retail exposures	1 174 927	1 165 008	7	7	6 284	6 226
of which mortgage	1 055 961	1 047 939	5	5	3 983	3 929
of which other	118 966	117 069	24	25	2 301	2 297
Non credit obligation	11 779	8 508	70	57	659	385
Total credit risks, IRB	2 185 645	2 051 683	13	13	22 268	21 715

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

31 Mar 2019 SEKm	Exposure amount	Risk exposure amount	Minimum capital requirement
Credit risks, STD	71 500	43 441	3 475
Central government or central banks exposures	1 573		
Regional governments or local authorities exposures	2 342	290	23
Public sector entities exposures	864	65	5
Multilateral development banks exposures	3 038		
International organisation exposures	380		
Institutional exposures	19 470	425	34
Corporate exposures	6 188	5 967	477
Retail exposures	18 851	13 565	1 086
Exposures secured by mortgages on immovable property	6 187	2 168	173
Exposures in default	664	684	55
Exposures in the form of covered bonds	234	23	2
Exposures in the form of collective investment undertakings (CIUs)	8	8	1
Equity exposures	8 391	17 817	1 425
Other items	3 310	2 429	194
Credit risks, IRB	2 185 645	278 346	22 268
Central government or central banks exposures	403 422	5 341	427
Institutional exposures	53 042	10 206	817
Corporate exposures	542 475	176 018	14 081
of which specialized lending in category 1	62	34	3
of which specialized lending in category 2	328	284	23
of which specialized lending in category 3	109	125	10
of which specialized lending in category 4	133	333	27
of which specialized lending in category 5	79		
Retail exposures	1 174 927	78 550	6 284
of which mortgage lending	1 055 961	49 794	3 983
of which other lending	118 966	28 756	2 301
Non-credit obligation	11 779	8 231	659
Credit risks, Default fund contribution		384	31
Settlement risks	0	0	0
Market risks		15 743	1 260
Trading book		15 019	1 202
of which VaR and SVaR		10 786	863
of which risks outside VaR and SVaR		4 233	339
FX risk other operations		724	58
Credit value adjustment	17 111	4 253	340
Operational risks		68 514	5 481
of which Standardised approach		68 514	5 481
Additional risk exposure amount, Article 3 CRR		35 701	2 856
Additional risk exposure amount, Article 458 CRR		209 968	16 797
Total	2 274 256	656 350	52 508

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

31 Dec 2018

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

Credit risks

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

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

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

Market risks

Under current regulations capital adequacy for market risks can be based on either the standardised approach or an internal Value at Risk model, which requires the

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

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

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

Credit value adjustment

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

Operational risk

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

Note 22 Internal capital requirement

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

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

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

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

As of 31 March 2019 the internal capital assessment for Swedbank's consolidated situation amounted to SEK 33.5bn (32.7). The capital to meet the internal capital assessment, i.e. the capital base, amounted to SEK 131.0bn (137.0) (see Note 21). Swedbank's internal capital assessment using its own models is not comparable with the estimated capital requirement that the SFSA releases quarterly and is presented without Swedish mortgage floor effect.

The internally estimated capital requirement for the parent company is SEK 29.1bn (29.4) and the capital base is SEK 109.3bn (115.6) (see the parent company, capital adequacy on page 55).

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

Note 23 Risks and uncertainties

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

contingent liabilities. In addition to what is stated in this interim report, detailed descriptions are provided in Swedbank's 2018 annual report and in the annual disclosure on risk management and capital adequacy available on www.swedbank.com

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

Group SEKm	< 5 years	5-10 years	>10 years	Total
Swedbank, the Group	752	-877	-234	-359
of which SEK	-139	-1 007	-208	-1 354
of which foreign currency	891	130	-26	995
Of which financial instruments at fair value reported through profit or loss	2 205	-558	-164	1 483
of which SEK	1 294	-751	-194	349
of which foreign currency	911	193	30	1 134

Note 24 Related-party transactions

During the period normal business transactions were executed between companies in the Group, including

other related companies such as associates. Partly owned savings banks are major associates.

Note 25 Swedbank's share

	31 Mar 2018	31 Dec 2018	%	31 Mar 2018	%
SWED A					
Share price, SEK	131.35	197.75	-34	187.00	-30
Number of outstanding ordinary shares	1 118 173 959	1 116 674 361	0	1 116 670 928	0
Market capitalisation, SEKm	146 872	220 822	-33	208 817	-30

	31 Mar 2019	31 Dec 2018	31 Mar 2018
Number of outstanding shares			
Issued shares			
SWED A	1 132 005 722	1 132 005 722	1 132 005 722
Repurchased shares			
SWED A	-13 831 763	-15 331 361	-15 334 794
Number of outstanding shares on the closing day	1 118 173 959	1 116 674 361	1 116 670 928

Within Sw edbank's share-based compensation programme, Sw edbank AB has during the first quarter 2019 transferred 1 499 598 shares at no cost to employees.

	Q1 2019	Q4 2018	Q1 2018
Earnings per share			
Average number of shares			
Average number of shares before dilution	1 117 342 751	1 116 674 361	1 114 909 893
Weighted average number of shares for potential ordinary shares that incur a dilutive effect due to share-based compensation programme	3 334 409	4 026 102	4 271 046
Average number of shares after dilution	1 120 677 160	1 120 700 463	1 119 180 940
Profit, SEKm			
Profit for the period attributable to shareholders of Sw edbank	5 270	4 590	5 033
Earnings for the purpose of calculating earnings per share	5 270	4 590	5 033
Earnings per share, SEK			
Earnings per share before dilution	4.72	4.11	4.51
Earnings per share after dilution	4.70	4.09	4.50

Note 26 Effects of changes in accounting policies, IFRS 16

Effects of the balance sheet

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

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

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

¹⁾ The amounts mainly relate to premises.

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

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

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

Impact from transition to IFRS 16

SEKm

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

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

Income statement, condensed

Parent company SEKm	Q1 2019	Q4 2018	%	Q1 2018	%
Interest income	5 008	5 430	-8	4 648	8
Negative yield on financial assets	-494	-798	-38	-646	-24
Interest income, including negative yield on financial assets	4 514	4 632	-3	4 002	13
Interest expense	-1 603	-1 620	-1	-1 128	42
Negative yield on financial liabilities	149	205	-27	164	-9
Interest expense, including negative yield on financial liabilities	-1 454	-1 415	3	-964	51
Net interest income	3 060	3 217	-5	3 038	1
Dividends received	4 544	6 346	-28	6 552	-31
Commission income	2 409	2 563	-6	2 361	2
Commission expense	-901	-949	-5	-806	12
Net commission income	1 508	1 614	-7	1 555	-3
Net gains and losses on financial items	841	146		55	
Other income	294	332	-11	326	-10
Total income	10 247	11 655	-12	11 526	-11
Staff costs	2 123	1 897	12	2 062	3
Other expenses	1 312	1 456	-10	1 120	17
Depreciation/amortisation and impairment of tangible and intangible fixed assets	1 178	1 245	-5	1 161	1
Total expenses	4 613	4 598	0	4 343	6
Profit before impairment	5 634	7 057	-20	7 183	-22
Impairment of financial fixed assets		11		0	
Credit impairments	218	486	-55	44	
Operating profit	5 416	6 560	-17	7 139	-24
Appropriations		72		0	
Tax expense	964	1 373	-30	727	33
Profit for the period	4 452	5 115	-13	6 412	-31

Statement of comprehensive income, condensed

Parent company SEKm	Q1 2019	Q4 2018	%	Q1 2018	%
Profit for the period reported via income statement	4 452	5 115	-13	6 412	-31
Total comprehensive income for the period	4 452	5 115	-13	6 412	-31

Balance sheet, condensed

Parent company SEKm	31 Mar 2019	31 Dec 2018	%	31 Mar 2018	%
Assets					
Cash and balance with central banks	159 479	80 903	97	334 687	-52
Loans to credit institutions	531 961	523 699	2	463 408	15
Loans to the public	466 257	428 966	9	416 043	12
Interest-bearing securities	202 336	152 413	33	145 047	39
Shares and participating interests	70 011	68 849	2	72 018	-3
Derivatives	49 407	43 275	14	67 425	-27
Other assets	42 864	46 433	-8	47 518	-10
Total assets	1 522 315	1 344 538	13	1 546 146	-2
Liabilities and equity					
Amounts owed to credit institutions	148 588	83 218	79	181 120	-18
Deposits and borrowings from the public	725 894	700 256	4	758 142	-4
Debt securities in issue	372 948	303 622	23	345 201	8
Derivatives	58 859	54 063	9	66 053	-11
Other liabilities and provisions	98 751	67 496	46	80 605	23
Subordinated liabilities	26 935	34 184	-21	26 679	1
Untaxed reserves	10 647	10 647	0	10 575	1
Equity	79 693	91 052	-12	77 771	2
Total liabilities and equity	1 522 315	1 344 538	13	1 546 146	-2
Pledged collateral	43 547	41 363	5	36 338	20
Other assets pledged	3 043	2 467	23	3 021	1
Contingent liabilities	500 581	492 882	2	578 252	-13
Commitments	241 150	237 692	1	226 346	7

Statement of changes in equity, condensed

Parent company
SEKm

	Share capital	Share premium reserve	Statutory reserve	Retained earnings	Total
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
January-December 2018					
Opening balance 1 January 2018	24 904	13 206	5 968	41 693	85 771
Dividend				-14 517	-14 517
Share based payments to employees				321	321
Deferred tax related to share based payments to employees				-7	-7
Current tax related to share based payments to employees				17	17
Total comprehensive income for the period				19 467	19 467
Closing balance 31 December 2018	24 904	13 206	5 968	46 974	91 052
January-March 2018					
Opening balance 1 January 2018	24 904	13 206	5 968	41 693	85 771
Dividend				-14 517	-14 517
Share based payments to employees				103	103
Deferred tax related to share based payments to employees				-18	-18
Current tax related to share based payments to employees				20	20
Total comprehensive income for the period				6 412	6 412
Closing balance 31 March 2018	24 904	13 206	5 968	33 693	77 771

Cash flow statement, condensed

Parent company
SEKm

	Jan-Mar 2019	Full-year 2018	Jan-Mar 2018
Cash flow from operating activities	11 122	-26 404	180 136
Cash flow from investing activities	13 000	12 927	15 239
Cash flow from financing activities	54 454	-41 681	3 251
Cash flow for the period	78 576	-55 158	198 626
Cash and cash equivalents at beginning of period	80 903	136 061	136 061
Cash flow for the period	78 576	-55 158	198 626
Cash and cash equivalents at end of period	159 479	80 903	334 687

Capital adequacy

Capital adequacy, Parent company SEKm	31 Mar 2019	31 Dec 2018	31 Mar 2018
Common Equity Tier 1 capital	82 303	81 824	80 441
Additional Tier 1 capital	11 390	10 937	11 103
Tier 1 capital	93 693	92 761	91 544
Tier 2 capital	15 626	22 862	15 646
Total capital	109 319	115 623	107 190
Minimum capital requirement	26 663	26 014	25 182
Risk exposure amount	333 286	325 180	314 779
Common Equity Tier 1 capital ratio, %	24.7	25.2	25.6
Tier 1 capital ratio, %	28.1	28.5	29.1
Total capital ratio, %	32.8	35.6	34.1
Capital buffer requirement¹⁾ %	31 Mar 2019	31 Dec 2018	31 Mar 2018
CET1 capital requirement including buffer requirements	8.5	8.5	8.5
of which minimum CET1 requirement	4.5	4.5	4.5
of which capital conservation buffer	2.5	2.5	2.5
of which countercyclical capital buffer	1.5	1.5	1.5
CET 1 capital available to meet buffer requirement ²⁾	20.2	20.7	21.1
Leverage ratio	31 Mar 2019	31 Dec 2018	31 Mar 2018
Tier 1 Capital, SEKm	93 693	92 761	91 544
Total exposure, SEKm ³⁾	1 190 032	1 017 859	1 213 266
Leverage ratio, % ³⁾	7.9	9.1	7.6

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.

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

31 Mar 2019

SEKm	Exposure amount	Risk exposure amount	Minimum capital requirement
Credit risks, STD	1 049 123	80 880	6 470
Central government or central banks exposures	19		
Regional governments or local authorities exposures	39	8	1
Public sector entities exposures	170		
Multilateral development banks exposures	2 827		
International organisation exposures	283		
Institutional exposures	970 754	612	49
Corporate exposures	5 444	5 265	421
Retail exposures	288	216	17
Exposures secured by mortgages on immovable property	2 953	1 034	83
Exposures in default	0	0	
Equity exposures	65 511	72 914	5 833
Other items	835	831	66
Credit risks, IRB	913 123	164 217	13 137
Central government or central banks exposures	318 601	3 884	311
Institutional exposures	56 162	10 878	870
Corporate exposures	441 567	127 069	10 166
of which specialized lending			
Retail exposures	94 124	19 633	1 570
of which mortgage lending	10 954	2 201	176
of which other lending	83 170	17 432	1 394
Non-credit obligation	2 669	2 753	220
Credit risks, Default fund contribution		384	31
Settlement risks	0	0	0
Market risks		15 800	1 264
Trading book		15 054	1 204
of which VaR and SVaR		10 863	869
of which risks outside VaR and SVaR		4 191	335
FX risk other operations		746	60
Credit value adjustment	15 975	4 195	336
Operational risks		36 815	2 945
Standardised approach		36 815	2 945
Additional risk exposure amount, Article 3 CRR		30 458	2 437
Additional risk exposure amount, Article 458 CRR		537	43
Total	1 978 221	333 286	26 663

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

31 Dec 2018

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

Alternative performance measures

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

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

Measure and definition

Purpose

Net stable funding ratio (NSFR)

NSFR aims to have a sufficiently large proportion of stable funding in relation to long-term assets. The measure is governed by the EU's Capital Requirements Regulation (CRR); however no calculation methods have yet been established. Consequently, the measure cannot be calculated based on current rules. NSFR is presented in accordance with Swedbank's interpretation of the Basel Committee's recommendation (BCBS295).

This measure is relevant for investors since it will be required in the near future and as it is already followed as part of internal governance.

Net interest 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.

Other alternative performance measures

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

- Cost/Income ratio
- Credit impairment provision ratio Stage 1 loans
- Credit impairment provision ratio Stage 2 loans
- Credit impairment provision ratio Stage 3 loans
- Credit Impairment ratio
- Loan/Deposit ratio
- Equity per share
- Return on 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 2019 provides a fair and accurate overview of the operations, position and results of the parent company and the Group and describes the significant risks and uncertainties faced by the parent company and the companies in the Group.

Stockholm, 24 April 2019

Ulrika Francke
Chair

Bodil Eriksson
Board Member

Mats Granryd
Board Member

Kerstin Hermansson
Board Member

Bo Johansson
Board Member

Anna Mossberg
Board Member

Peter Norman
Board Member

Siv Svensson
Board Member

Magnus Ugglå
Board Member

Camilla Linder
Board Member
Employee Representative

Roger Ljung
Board Member
Employee Representative

Anders Karlsson
Acting President and CEO

Review report

Introduction

We have reviewed the condensed interim financial information (interim report) of Swedbank AB as of 31 March 2019 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, 25 April 2019

PricewaterhouseCoopers AB

Anneli Granqvist
Authorised Public Accountant
Auditor in charge

Martin By
Authorised Public Accountant

Publication of financial information

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

Financial calendar 2019

Interim report for the second quarter	17 July 2019
Interim report for the third quarter	22 October 2019

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