Swedbank

Risk Management and Capital Adequacy Report

Pillar 3 Annual Report 2023

Introduction

This Risk Management and Capital Adequacy Report Q4 2023 provides information on Swedbank's risk management and capital adequacy. The report is based on regulatory disclosure requirements set out in the Regulation (EU) 575/2013 "Capital Requirements Regulation" (CRR) and the Swedish Financial Supervisory Authority (SFSA) regulation FFFS 2014:12.

Swedbank AB (publ) is the parent company in Swedbank's consolidated situation. Information in this report pertains to the conditions for Swedbank's consolidated situation as of 31 December 2023 if not otherwise specified.

The capital adequacy framework builds on three pillars:

Pillar 1 capital requirements represent minimum requirements calculated according to prescribed rules for credit risk, market risk, CVA (Credit Value Adjustment) and operational risk.

Pillar 2 ensures that institutions have adequate capital and liquidity to cover all the risks to which they are exposed.

Pillar 3 enables market participants to access information through regulatory disclosure requirements to provide transparency and confidence about an institution's exposure to risk and the overall adequacy of its regulatory capital. This report constitutes the required annual disclosure. Swedbank also publish quarterly Pillar 3 reports on Swedbank's website.

This report is published by Swedbank AB, incorporated in Sweden, a public limited liability company with registration number 502017-7753. This document has not been audited and does not form part of Swedbank AB's audited financial statements.

Swedbank in brief

Swedbank is a full-service bank available to households and businesses having 7.1 million private customers and 620 000 corporate and organisational customers. The customers are served through 226 branches in Swedbank's four home markets Sweden, Estonia, Latvia and Lithuania, where Swedbank is active mainly in lending, payments and savings. Swedbank is also present in Norway, Denmark, Finland, China and the US, via own offices or partnerships.

Swedbank's vision is a financially sound and sustainable society where Swedbank empowers the many people and businesses to create a better future.

Swedbank's business operations are organised in three business areas: Swedish Banking, Baltic Banking and Corporates & Institutions.

Regulatory Scope

1. Risk management

The concept of three lines of defence is the foundation for Swedbank's risk management. Based on this, Board policys provide the foundation of a sound risk culture and risk awareness throughout the Group to ensure professional risk management protecting Swedbank from undesired risk taking.

Risk definition

Swedbank defines risk as a potential negative impact on the value of the Group that may arise from current internal processes or from internal or external future events. The concept of risk combines the probability of an event occurring with the impact that the event would have on profit and loss, equity and the value of the Group.

EU OVA - Institution risk management approach, CRR Article 435(1a-d)

Risk governance structure

Risk arises in all financial operations, hence a profound understanding of risks, a sound risk governance structure and solid risk management is vital to ensure sustainable and profitable operations. A robust and sound risk culture throughout the Group is an essential part of risk management and an additional necessity to accomplish a strong long-term risk-adjusted return.

The responsibilities and duties of the Board of Directors of Swedbank AB (publ) (Board) are primarily set out in the Swedish Companies Act, the Banking and Financing Business Act, the Securities Market Act and the Articles of Association of Swedbank. The Board is responsible for ensuring that Swedbank's organisation is properly designed to identify, measure, manage, report and control the risks associated with its operations.

To execute its responsibility, the Board ensures that there are adequate and effective governance and internal control structures in place by establishing internal governing documents, for both its own work and the work performed by the organisation. The division of responsibility between the Board, the Chair of the Board and the Chief Executive Officer of Swedbank AB (publ) (CEO) is determined through, e. g. the Board's rules of procedure and the Governance Policy adopted by the Board.

The CEO has the overall responsibility for ensuring that internal control and governance structures are satisfactory and in accordance with applicable laws, regulations and generally accepted practices or standards. The duties and responsibilities of the CEO are clarified through the Board´s instruction for the CEO. The CEO is responsible for ensuring that the internal control is implemented and well-functioning within the organisation. The CEO has established the Group Executive Committee (GEC) to support in the effective management and governance of the Group. Based on the internal governing documents adopted by the Board, the CEO issues more detailed instructions for the operational management and control of Swedbank's risks. The CEO also sets the details of the operational structure and steering, and delegates authority and responsibilities in the Governance Instruction.

Risk management framework

The Board is also responsible for ensuring that a group-wide risk management framework is established. Through the annually reviewed ERM Policy and the Risk Appetite Statement Policy the Board defines and communicates the Group's risk strategy and risk appetite as well as provides the foundation of a strong and sound risk culture and risk awareness throughout the organisation. Each licensed subsidiary has mirroring structures and processes in place and the Group's risk management framework, risk strategy and risk appetite, are implemented consistently both on a consolidated and sub-consolidated basis within the Group.

In accordance with its responsibility for ensuring that the risks associated with Swedbank's operations and strategy are managed in accordance with the risk strategy, the Board sets risk appetite statements for the main risk types defined in the Group's risk taxonomy on an annual basis. The risk appetites shall limit Swedbank's risk-taking and ensure minimum capital and liquidity levels are kept. The risk appetites are expressed qualitatively and, where applicable, quantitatively in the Risk Appetite Statement Policy adopted by the Board. The risk appetites are implemented by the CEO through internal rules and a risk limit framework that consist of Limits, Escalation Triggers and Key Risk Indicators (KRI) decided on CEO level, executive management level and, where applicable, lower management level and subsidiaries. Limits and KRIs are tools for monitoring and controlling risk exposures, risk concentrations and risk build-ups. Combined, their purpose is to ensure that the risks are kept within the risk appetite.

Main committees

To support the Board in matters related to risk management, governance, capital requirements and remuneration as well as preparing items for decision, the Board has established four Board committees. For further information on these committees, i. e. the Risk and Capital Committee (RCC), the Audit Committee (AC), the Remuneration and Sustainability Committee and the Governance Committee, please refer to Swedbank's Corporate Governance Report available in Swedbank's Annual and Sustainability Report for 2023.

In addition to GEC, the Group Risk and Compliance Committee (GRCC), chaired by the Chief Risk Officer (CRO), provide recommendations to the CEO, and supports senior management in decisions about management of non-financial risk and compliance matters. This includes reviewing, monitoring, and challenging of the Group's risks based on trends, stress tests, losses, management actions and actual risk profile versus the applicable risk appetite. The GRCC supports the accurate management of findings by Group Internal Audit, Group Risk and Group Compliance. To further strengthen the risk management arrangements in group functions, business areas and product area, the GRCC is supported by Business Area Risk and Compliance Committees.

The Group Asset Allocation Committee (GAAC), chaired by the Chief Financial Officer (CFO) and with CRO as one of the members, provides recommendations to the CEO and supports the CFO and senior management in matters related to the management of assets, liabilities, capital, balance sheet structure, as well as support towards maintaining the Group's financial risk exposures within the risk appetite and the distributed risk limits and ensuring that the risk appetite framework and the level, type and allocation of internal capital adequately cover the underlying financial risks. Each business area has established a Business Area Asset Allocation Committee, which assist heads of business area in discharging their duties related to e.g. volumes, capital, stress tests and business steering.

Three lines of defence

The concept of three lines of defence is the basis for Swedbank's risk management. By re-organising operations and re-allocating tasks, Swedbank has during 2023 strengthen the demarcation lines between first and second line of defence to further reinforce the division of responsibilities and thereby further clarify the respective roles.

First line of defence is accountable for the risks and risk management within their operations. To identify, assess, manage, monitor and report risks in accordance with the risk management framework and to ensure risks are kept within the established risk appetite, business management shall have appropriate processes and internal control structures in place within their respective area of responsibility. Business management is also responsible for communicating to the responsible head of group functions, business areas and product area when they identify risks that will impact areas outside their own responsibility.

Second line of defence consist of the independent internal control functions Group Risk and Group Compliance. The risk management framework, which is defined by these two functions, governs how to identify, assess, measure, monitor, manage and report risks. The functions monitor and assess that effective risk management processes and controls are implemented by the first line of defence. The second line of defence challenges and validates the first line of defence's risk management activities and controls. Further it analyses the Group's material risks and provides independent risk assessment, assurance and reporting to the CEO and the Board.

Third line of defence refers to Group Internal Audit, which is governed by and reports to the Board. Group Internal Audit is independent from the first and second lines of defence and is responsible for evaluating governance, risk management and the internal control processes within the first and second line of defence.

The Board shall on a continuous basis and at least once every year review and evaluate the effectiveness of the Swedbank´s first and second lines of defence risk management functions and assess whether there are sufficient resources allocated in that area.

Group Risk and Group Compliance

Swedbank's risk organisation and compliance organisation respectively, Group Risk and Group Compliance, are regulated in separate policies adopted by the Board. The heads of Group Risk and Group Compliance, the CRO and the Chief Compliance Officer (CCO), report to the CEO, but are also independently reporting to the RCC, AC (only Group Risk) and to the Board. The above-mentioned policies include delegation of authority and responsibilities from the CEO to the CRO and the CCO.

Group Risk and Group Compliance advice and support the business operations by developing and maintaining e. g. internal governing documents, and independently monitor that key risks are identified, assessed and properly managed by the business operations.

Decisions taken within the organisation shall be in line with the established risk strategy and risk appetites. The CRO and the CCO are responsible for critically reviewing and questioning decisions affecting the risk exposure of the Group within their respective areas of responsibility and for having ongoing dialogues with the Board and the CEO regarding these matters.

The appointment or removal of the CRO or the CCO, requires prior approval by the Board. Competent authorities should be promptly informed about the appointment or removal and the main reasons for the removal.

Group Internal Audit

Group Internal Audit is the independent Internal Audit function in Swedbank. The Chief Audit Executive is appointed by and reports to the Board.

Based on the Policy for Internal Audit adopted by the Board, Group Internal Audit provide independent, objective assurance and consulting services designed to add value and improve the Group's operations.

Group Internal Audit evaluates that governance, risk management and internal control processes are adequate and functioning in a manner to ensure inter alia that significant risks are identified and managed to support organisational objectives and align with the organisations's strategy.

Code of Conduct and incident management

Swedbank has established a Group-wide Code of Conduct and has a mandatory annual Code of Conduct and ethics training for all employees. Swedbank fosters an inclusive workplace where the employees are encouraged to act ethically, take responsibility and when necessary, voice genuine concerns and speak up against alleged irregularities and violations of the Code of Conduct, laws and external and internal rules and regulations.

All employees must be aware of circumstances and events in their daily work which can have a negative impact on the Group. There are internal rules, such as escalation routines, providing guidance for managers and employees on required actions based on the severity of the incident. All incidents must be handled in such a way that the negative impact is minimised.

Employees and other stakeholders have the possibility to report potential or actual irregularities and violations of the Code of Conduct, external and internal rules and regulations through the internal alerts process, i. e. whistleblowing. The channel is independent, autonomous and provides the possibility to submit alerts outside the regular reporting lines in an open or anonymous manner.

Risk disclosure and/or measurement systems including its main features

In accordance with the Policy for Group Risk, adopted by the Board, the CRO submits a monthly risk report to the CEO, the RCC and the Board. The report includes the risk exposure in relation to the risk appetite per risk type and comments on any risk appetite breach as well as limits and KRIs and recent risk-related events such as incidents. This report is complemented quarterly with results and follow up of assurance reviews and model validation. The assurance reviews are also submitted to the AC.

Detailed descriptions of the scope and nature of risk disclosure and/or measurements systems can be found in the respective chapters for Market risk, Liquidity risk, Credit risk (incl Counterparty credit risk) and Operational risk.

In accordance with the Policy for Group Compliance, adopted by the Board, the CCO provides a Compliance report to the CEO, the RCC and the Board on a quarterly basis. The reports include the quarterly Data Protection Officer report and the Annual Activity Report regarding the overall situation relating to financial crime, such as anti-money laundering and counter terrorism financing.

Strategies and processes to manage, hedge and mitigate risks

The Board has the overall responsibility for ensuring that the risks associated with the Group's operations and strategy are satisfactorily managed and controlled. The responsibility and delegation of authority of risk management and internal control stems from the Board to the CEO and is delegated further by the CEO to the heads of group functions, business areas and product area, who are the risk owners responsible for risk management.

Risk based planning is performed regularly by the internal control functions, Group Risk, Group Compliance, and Group Internal Audit, to identify and plan for the activities to be performed during the upcoming year. The Group Risk Plan, the Compliance Plan and the Group Internal Audit Annual Risk Assessment and Audit Plan are subject to alignment, especially regarding assurance reviews, to ascertain coordination and information-sharing for efficient use of resources and to provide the CEO, the executive management, and the Board with a holistic view of risks as well as risk responses from the assurance providers.

Swedbank has a sound and effective stress test program ensuring that stress tests and scenario analysis are an integral part of risk management. The outcome of the various stress tests will enable a forward-looking view, provide insights for decision making and facilitate preparation for necessary actions. A stress test inventory ensures that the Group has an overview and control of all stress tests performed within the Group. The stress test plan, based on the stress test inventory, accounts for the planned tier 1 and tier 2 stress tests. The various time-perspectives used for stress tests, such as Backward-looking, Point-in-Time and Forward-looking, allow for the information stemming from the stress tests to be used in a multitude of ways within risk management.

Swedbank's strategy is to maintain a low-risk profile applicable to all risk types identified in its risk taxonomy. Swedbank has a number of processes and activities in place to mitigate identified risks in order to limit their potential impact. Below it is described on an overall level how Swedbank ensures that risks remain within the defined risk appetite. Risk management per risk type is further described in respective chapter.

Credit risk arises through lending activities and commitments to customers. Swedbank has a low risk-appetite for credit risk. All credit activities strive for long-term customer relationships and rest on sound business acumen to achieve solid profitability and a sound credit expansion for long-term stability. The low risk is maintained through sustainable lending to customers which are expected to meet their obligations, by maintaining a strong collateral position and by portfolio diversification within and between sectors, and geographies. The customers should have a direct link to Swedbank's four home markets, Sweden, Estonia, Latvia and Lithuania, or in the other Nordic countries where Swedbank has branches.

Counterparty credit risk exposure arises mainly as a result of hedging of own positions in market risk and from customer-related trading activities and is integrated in the credit risk limit structure.

Swedbank is willing to accept market risk only as part of managing the Group's own financial risks and to support customer needs. Market risks shall be managed with the aim to have low earnings volatility and to preserve the long-term value of the Group.

A strong capital position is essential to the Group's strategy of being a low-risk bank. A range of methodologies are used to identify and manage capital risk, such as targets and limits, forecasting, modelling, and stress testing.

The liquidity profile shall be resilient towards both short-term and long-term liquidity stress, without relying on forced asset sales or other business disrupting activities. For meeting these requirements, an adequate liquidity generating capacity, properly sized for withstanding adverse circumstances, shall be maintained.

Swedbank strives to have a long-term, stable, well-diversified funding and investor base with a wholesale funding operation that is well diversified across markets, instruments and currencies. Furthermore, Swedbank strives to avoid maturity mismatch risk in assets funded by unsecured funding. All non-liquid assets, not eligible for covered bond issuance, shall be funded either through customer deposits or through wholesale funding with a maturity, to the largest extent, matching or exceeding that of the assets.

Swedbank seeks to maintain low operational risk exposure taking into account market sentiment and regulations, as well as Swedbank's strategy, rating ambitions and capacity to absorb operational risk losses. Operational risk shall be considered in business decisions and as far as possible in the pricing of products and services. Managers shall ensure that the operational risks inherent in their respective areas are identified, assessed, and properly managed in the day-to-day operations.

The impact of environmental, social and governance (ESG) factors on existing risk types shall be considered throughout the risk management process. The potential for negative reputational impacts stemming from ESG factors shall be considered in all relevant operations.

To enable managing the compliance risks in accordance with the principles set in relevant rules, regulations, and framework and to uphold the conduct of the Group, established risk appetites are coupled with robust and effective compliance risk management processes.

Group Risk and Group Compliance provide assurance to the Board and CEO that the Group´s risk management processes are adequate considering the risk appetite set by the Board.

To provide risk assurance for new and materially altered products, services, markets, processes, models or IT-systems as well as for major operational and organisational changes, including outsourcing, Swedbank has a New Product Approval Process (NPAP) in place.

To further mitigate risk, protect against potential disruptions and ensure that essential business processes continue to run even in challenging circumstances, Swedbank has established an Instruction on Business Continuity Management. To bring operations back to normal as quickly as possible following an unexpected event, Swedbank has established a Group-level recovery plan. The recovery plan describes a set of measures that can be applied in severe financial distress to restore the financial position of Swedbank and maintain core business lines and critical functions. The plan also describes the recovery indicators to be monitored to capture potential financial stress in a timely manner. Further, Swedbank's governance structure for escalation and decision-making under stressful conditions are described.

EU OVB - Disclosure on governance arrangements, CRR Article 435(2a-e)

Recruitment policy and Diversity policy

In the Policy on Diversity & Inclusion, Swedbank sets a high standard for equality, diversity and inclusion to be inherent parts of the organisation. The Board, the subsidiaries' board of directors and the top management shall, with due consideration to local regulations, consist of sufficient diversity concerning for example gender, educational- and professional background. Swedbank aims for a 40/60 gender balance either way in leadership.

The Board members are proposed by the Nomination Committee and elected at the Annual General Meeting (AGM). The instruction for the Nomination Committee is adopted by the AGM and currently sets out that an even gender representation is to be attained/maintained.

For 2023, the gender balance of the Board was 45/55, as the Board consisted of five women and six men. Employee Representatives are not included in the calculation, as they are appointed by the Trade unions and Swedbank has no influence over the decision.

On 29 January, 2024, Swedbank's Nomination Committee presented its proposal to the Annual General Meeting on 26 March 2024, encompassing re-election of all current Board members, with the exception of Bengt-Erik Lindgren, who has declined re-election. The Nomination Committee's proposal entails that the number of Board members elected by the general meeting should be ten, i.e. one less than in 2023, resulting in a gender balance of 50/50 as five are men and five are women.

Risk and Capital Committee and the frequency of the meetings

The Board has established the RCC, which held 13 meetings during 2023.

Information flow on risk to the management body

Group Risk and Group Compliance submit regular reports as described under the heading "Risk disclosure and/or measurement systems" above in this chapter.

The CEO and the Board are regularly informed on risks and changes in Swedbank's risk limit framework structure, the overall risk and the exposures for all risk types. Furthermore, the CEO and the Board are provided with information, in case of a limit breach, and required actions to mitigate the breach. In addition, Group Risk and Group Compliance shall promptly inform the CEO and Board on an ad-hoc, event-driven basis of materialising risks and/or urgent extraordinary risk-relevant matters.

Board and CEO table

The Board and CEO table on pages 11-12 below includes, inter alia, the number of directorships held by each member of the Board and the CEO as well as their actual knowledge, skills and expertise.

EU OVA - Institution risk management approach, CRR Article 435(1e-f)

The Board of Directors' risk statement and risk declaration

Risk statement

The Board has decided on low risk appetites for all risk types within Swedbank. The risk appetites set boundaries for and provide guidance on risk-taking for Swedbank. By executing on the low risk appetites, Swedbank strives to ensure stable earnings and to be a financially sound and sustainable bank in an economically uncertain world.

The Board advocates a strong risk culture throughout Swedbank and has established a risk strategy, risk appetite statements and a risk management framework. A profound understanding of risks is a prerequisite for sound and informed decisions and vital to ensure that Swedbank remains sustainable and profitable. As part of the risk strategy, Swedbank only takes on risks that are well understood and that can be properly managed and controlled. The sound internal risk governance structure and solid risk management within Swedbank underpins the low-risk profile.

Sustainable and profitable operations are necessary for Swedbank to be able to fulfil its strategy to make the financial life of the customers easier and empower the many people and business to create a better future. Hence, implementing the low risk appetites as described in the following will enable Swedbank to deliver on its customer promise.

To ensure that Swedbank is well capitalised and has a strong liquidity position in relation to its risk position and regulatory requirements, there are risk appetite statements in place for capitalisation and liquidity. In 2023, the capital remained stable and with a comfortable distance to the regulatory requirements and the risk appetite. The CET1 capital ratio was 19.0 per cent of the total risk exposure amount (REA) by year-end and the leverage ratio was 6.5 per cent.

Credit risk is Swedbank's most material risk and comprises over 85 per cent of Swedbank's total REA. Swedbank's credit exposure has low risk, which is confirmed in stress tests, and is well diversified. Swedbank aims to build long-term relationships with customers in its home markets and assumes credit risks in a conscious and controlled manner to support its customers. Swedbank's customer base, which mainly consists of private individuals and small and medium-sized companies in Sweden and the Baltic countries, but also large corporates, is the foundation for the low risk. Private mortgages are Swedbank's largest loan segment and amounted at the end of 2023 to SEK 1 033bn, 58 per cent of Swedbank's total loans to customers. The diversification in terms of number of customers is large and the geographical distribution wide. Property management is the second largest loan concentration, 17 per cent of total loans to customers or SEK 294bn.The property management portfolio is of high quality, supported by strict origination criteria with focus on stable cash-flows and long-term repayment capacity, and is well collateralised with generally low loan-to-value ratios. The portfolio is diversified to different segments, where offices and residential rental properties are the largest.

Market risk represents a limited part of the total REA for Swedbank, and in Q4 2023 it constituted 1.96 per cent thereof. During 2023 Swedbank kept a low-risk exposure for market risk within the Trading Book and the Bank Book. Therefore, on a comprehensive level, Swedbank kept a low risk exposure for market risk. Risk exposure is governed by the risk appetites, which limit the nature and size of market-risk taking. Both qualitative and quantitative risk appetites are set to cover market risk in the Trading Book and Banking Book respectively. The Group's activity is designed to satisfy the long-term needs of customers.

The Group has a low risk appetite for liquidity risk to ensure that the Group always can continue to serve its customers and shall therefore maintain resilience towards both short-term and long-term liquidity stress without relying on forced asset sales or other business disrupting activities. For the purpose of ensuring that liquidity risk stays within appetite, and ultimately for supporting the Group's strategic goals, the maintenance of a liquidity-generating capacity together with funding planning and risk identification, are central processes within Swedbank's liquidity risk management. Throughout 2023, Swedbank's liquidity position was strong with all key metrics remaining well above internal and regulatory requirements.

In addition, capital and liquidity stress tests are continuously conducted to increase the awareness of potential effects from disruptions in the financial markets. The stress tests focus on both Swedbank specific and market related disruptions, and consider combined effects, i.e. scenarios where multiple disruptions occur simultaneously. A key objective of Swedbank's ICAAP is to ensure that the Group's business model remains viable in different scenarios, ranging from adverse to severely adverse developments. In addition to stress testing scenarios, the economic capital calculations consistently demonstrate the Group's capital strength.

As a bank for the many private customers, small and midsized corporates, and a selected number of large corporates, key operational risks are often those related to the availability of Swedbank's services, and the integrity and confidentiality of the data entrusted to Swedbank. The risk appetite for operational risk is expressed in terms of tolerance for levels and types of risks with respect to Swedbank's overall low Operational risk appetite. During the year, total operational risk losses amounted to SEK 1 093m, mostly explained by the administrative fine of SEK 850m from the Swedish FSA regarding the April 2022 Customer Account Balance incident. During 2023 Swedbank has implemented several initiatives to mitigate the elevated IT risk exposure and further improve Swedbank's operational resilience and high level of availability for the bank's customers.

The low risk appetite for ESG risks is supported by the Groups commitment to align its business strategy to the Paris Agreement and to contribute to the fulfilment of the UN Sustainability Developments Goals. The impacts of ESG factors on other risks are considered throughout the risk management process.

The low risk appetite for compliance risks is supported by the Code of Conduct in which it is stated that the Group is committed to comply with the letter, spirit and intent of all applicable regulations, laws and standards of good market practice in every jurisdiction in which it operates. The risk level related to market conduct risk is elevated and initiatives are ongoing to strengthen the management of the risk.

There has been no transaction of such nature that it has had material impact on Swedbank´s risk profile during 2023.

Risk declaration

Swedbank has established a solid and well-structured risk management framework to ensure that Swedbank's risks are kept within the established risk strategy and risk appetite, and that Swedbank's strategic targets are met.

Board and CEO

Board of Directors[1]	Background	Education	Bank specific experience	Professional experience[3]	Number of directorships[2,3]
Göran Persson	Göran Persson has extensive experience leading the boards of both state-owned and private enterprises. He contributes through his social engagement and large network as well as broad experience of national and international economic issues and sustainable development.	University studies in sociology and political science	Board: 9 years (2015)	Prime Minister of Sweden • Finance Minister of Sweden • JKL Group, Advisor • Scandinavian Biogas Fuels, Chair • Ålandsbanken, Board member •Sveaskog, Chair • Scandinavian Air Ambulance, Chair • Wiklöf Holding AB, Board member	Three Board of Directors assignments.
Biörn Riese	Biörn Riese contributes with a deep knowledge of corporate governance and law in general. He has his own law firm, where he specialises in providing advice and support relating to corporate governance and sustainability, with particular focus on anti-corruption and risk management.	Master of Laws, Stockholm University •MBA, Economics/Business Economic, Stockholm University	Board: 2 year (2022)	Lawyer, Jurie Law AB • Mannheimer Swartling, Chair and Partner •Åbjörnsson & Rausing Advokatbyrå •Court service • Board assignments	Six Board of Directors assignments (three in organisations with no predominant commercial objective).
Göran Bengtsson	Göran Bengtsson brings to the Board his extensive experience in banking and finance. He has held a number of senior positions at Swedbank and is currently CEO of Falkenbergs Sparbank.	Bachelor's Programme in Business and Economics, University of Borås	Operative: 34 years Board: 4 years (2020)	Regional Head of Credit, Swedbank AB • Head of Corporate Business, Sparbanken Sjuhärad AB	CEO and four Board of Directors assignments (three part of role as CEO, all in organisations with no predominant commercial objective).
Annika Creutzer	Annika Creutzer contributes with her extensive experience in finance and the media, with a focus on business journalism and public education.	Economics degree in national economics, Stockholm University	Operative: 5 years Board: 3 years (2021)	Swedish Pensions Agency, Board member • Pengar24, Editor in Chief •Privata Affärer, Editor in Chief • Stockholm Consumer Cooperative Society, Board member • Poppius journalism school, Board member • Skandiabanken, Private economist	CEO and two Board of Directors assignments (one in role as CEO in own company).
Hans Eckerström	Hans Eckerström, who has an extensive background as a partner and employee of Nordic Capital as well as a director of investment companies, brings to the Board his business acumen and experience in the financial industry.	M.Sc. Mechanical Engineering, Chalmers University of Technology M.Sc. Business Administration, University of Gothenburg School of Business	Board: 4 years (2020)	Henri-Lloyd Group AB, Chair • Aligro Partners Acquisition Company AB, CIO • Nobia AB, Chair • Nordstjernan AB, Board member • Employee and Partner, NC Advisory AB, Nordic Capital •Manager, Arthur D. Little	Three Board of Directors assignments
Kerstin Hermansson	Kerstin Hermansson mainly contributes to the Board her expertise in securities and in compliance issues relating to the financial markets. She is an attorney with many years of experience in the European securities market.	LLM, Lund University	Operative: 9 years Board: 5 years (2019)	Swedish Securities Dealers Association (Svenska Fondhandlarföreningen), CEO • Enskilda Securities AB (subsidiary of SEB Group), Global Head of Legal & Compliance • SEB, Securities lawyer • Jacobsson & Ponsbach Fondkommission AB, Attorney • Member of the Securities and Markets Stakeholder Group of the European Securities and Markets Authority (ESMA)	Three Board of Directors assignments (two in organisations with no predominant commercial objective).
Helena Liljedahl	Helena Liljedahl has extensive knowledge and experience of development and management in the real estate sector and consumer-facing companies. She also contributes her experience with developing and implementing business strategies, and experience in asset management (real estate portfolio) and the insurance industry.	M.Sc, Business Administration, University of Örebro	Board: 4 years (2020)	Medmera Bank, Board member • Coeli Fastighet II, Chair • Technopolis Oiy, Board member • Ingka Centres Russia, Head of Commercial Development • Centrumutveckling, Deputy CEO • Alecta, Asset Manager	CEO and two Board of Directors assignments
Bengt Erik Lindgren	Bengt Erik Lindgren has many years of experience as a director in the banking and real estate sectors. He has also held many senior positions at Swedbank, Föreningssparbanken and in the Swedish savings bank movement.	Uppsala University, 2-year combined education (business administration, sociology, human resource management)	Operative: 35 years Board: 12 years (2012)	Humlegården Fastigheter AB, Board member • Prevas AB, Chair • Lansa Fastigheter AB and Lansa Bostads-fastigheter AB, Board member • Läns-försäkringar Bergslagen ömsesidigt, Chair • Länsförsäkringar Bank AB, Board member • Swedbank AB, Deputy CEO, Regional Director Stockholm and Mid-Sweden and Head of Large Customers • Spintab AB, CEO and senior positions at Förenings- sparbanken and in the Swedish savings bank movement	Two Board of Directors assignments.
Roger Ljung	Roger Ljung is an employee repre-sentative and has broad experience in banking from both the private and corporate sectors.	Upper secondary education	Operative: 37 years	Swedbank AB, Personal advisor, branch manager, business advisor	Five Board of Directors assignments (four related to union assignment and within organisations with no predominant commercial objective).

Anna Mossberg	Anna Mossberg contributes with her experience in and expertise of digital change and AI. She has a long background in the internet and telecom industries, including as Business Area Manager at Google, and has held senior roles for- many years at Telia and Deutsche Telecom AG.	Executive MBA, IE University, Spain • Executive MBA, Stanford University, USA • M.Sc. in Industrial Economics, Lulea University of Technology, Sweden	Board: 6 years (2018)	Schibsted ASA, Board member • Byggfakta Group Nordic AB, Board member • Google Sverige AB, Busi- ness Area Manager • Deutsche Tele- kom AG, Senior Vice President, Strat- egy & Portfolio Mgmt • Bahnhof AB, CEO • Telia International Carrier AB, Vice President • Telia AB, Director Internet Services • Silo AI, MD	Five Board of Directors assignments.
Per Olof Nyman	Per Olof Nyman has been CEO and Group CEO of Lantmännen, Northern Europe's leader in agriculture, machinery, bioenergy and food products. He has extensive knowledge of the agricultural and forestry sector as well as long operational experience from the food and white goods sectors.	M.Sc. in Industrial Economics (Investment and Financing Theory), Linköping University • IFL School of Economics, Accounting & Financing •IT and Commercial Law, Örebro University	Board: 3 years (2021)	Intercoop Europe, Chair • Lantmännen, CEO and Group CEO • Lantmännen, Vice President and CFO •Whirlpool Europe, Vice President and CFO; various senior positions within the company	Four Board of Directors assignments. (one within organisations with no predominant commercial objective).
Biljana Pehrsson	Biljana Pehrsson has an extensive background as a senior executive and director in real estate and private equity. Biljana brings to the Board her expertise and experience in strategy and business, leadership and change as well as the real estate and financial industries.	M.Sc. Engineering, Stockholm Royal Institute of Technology	Board: 4 years (2020)	Kungsleden AB, CEO • East Capital Baltic Property Fund (ECBPF I & II & III), Board member • Einar Mattsson AB/Fastighets AB Stadshus, Board member • East Capital Private Equity, Deputy CEO and Head of Real Estate •Centrumutveckling, CEO	CEO and two Board of Directors assignments.
Åke Skoglund	Åke Skoglund is an employee representative with many years of experience from various positions withinSwedbank.	Business administration, Stockholm University	Operative: 34 years	Business development • Accounting/annual accounts • Regulatory reporting	Three Board of Directors assignment (two related to union assignment and within organisations with no predominant commercial objective).

Chief executive officer	Background	Education	Bank specific experience		Number of directorships[2]
Jens Henriksson	Jens Henriksson has extensive experience from leading roles in government, public institutions and private companies. He has in depth knowledge of financial markets, international economic affairs and public finances, with a broad network within and over several industries.	BA Economics, MSc Electrical Engineering, Control Theory, and Fil. Lic. Economics	Operative: 4 years		Two Board of Directors assignments related to his role as CEO of Swedbank (all within organisations with no predominant commercial objective).

[1]Bo Bengtsson left Swedbank's Board of Directors as of 18 January 2023 and took up the position as head of the business area Corporates and Institutions within Swedbank on 1 March 2023.

[2]As per 31 Dec 2023. Includes directorships in Swedbank.

[3]The abbreviation CEO as defined in the table Terminology and abbreviations is not applicable to these columns.

2. Capital position

Swedbank's capital position continues to be strong with solid buffers towards regulatory requirements, enabling the bank to grow with its customers and withstand changes in the economic environment. Combined with its robust underlying profitability, Swedbank is well positioned to meet future changes in capital requirements.

Capital risk - definition

The risk of insufficient level or composition of capital to cover applicable capital requirements and support business activities under normal economic environments or stressed conditions.

Table 2.1: EU OV1 - Overview of risk weighted exposure amounts, CRR Article 438(d)

	Risk weighted exposure amount (RWEA)		Total own funds requirements
SEKm	**31 Dec 2023**	**30 Sep 2023**	**31 Dec 2023**
Credit risk (excluding CCR)	**715 541**	**729 036**	**57 243**
Of which the standardised approach	56 360	55 853	4 509
Of which the foundation IRB (FIRB) approach	108 319	107 396	8 666
Of which slotting approach	288	230	23
Of which equities under the simple riskweighted approach			
Of which the advanced IRB (AIRB) approach	253 414	247 116	20 273
Counterparty credit risk - CCR	**18 797**	**14 305**	**1 504**
Of which the standardised approach	12 902	10 049	1 032
Of which internal model method (IMM)			
Of which exposures to a CCP	953	792	76
Of which credit valuation adjustment - CVA	2 986	1 774	239
Of which other CCR	1 956	1 690	156
Empty set in the EU			
Empty set in the EU			
Empty set in the EU			
Empty set in the EU			
Empty set in the EU			
Settlement risk	**0**		**0**
Securitisation exposures in the non-trading book (after the	**68**	**70**	**5**
Of which SEC-IRBA approach			
Of which SEC-ERBA (including IAA)			
Of which SEC-SA approach	68	70	5
Of which 1250%/ deduction			
Position, foreign exchange and commodities risks (Market risk)	**16 593**	**14 538**	**1 327**
Of which the standardised approach	5 721	4 313	458
Of which IMA	10 872	10 225	870
Large exposures			
Operational risk	**96 123**	**79 994**	**7 690**
Of which basic indicator approach			
Of which standardised approach	96 123	79 994	7 690
Of which advanced measurement approach			
Amounts below the thresholds for deduction (subject to 250% risk weight)	**29 289**	**28 634**	**2 343**
Empty set in the EU			
Empty set in the EU			
Empty set in the EU			
Empty set in the EU			
Total	**847 121**	**837 943**	**67 770**

In Q4 2023, the risk exposure amount (REA) increased by SEK 9.2bn to SEK 847.1bn, driven by increased Operational risk REA (SEK 16.1bn), Counterparty Credit Risk (CCR) REA (SEK 4.4bn), partly offset by decreased Credit Risk REA excluding CCR (SEK 13.4bn), as compared to Q3 2023.

REA for exposures in the Advanced Internal Ratings-Based Approach (AIRB) increased by SEK 6.3bn, primarily explained by rating migration within corporates in Corporates and Institutions due to the roll out of the PD model for large corporate customers. Increase in AIRB REA was also driven by increased REA for the defaulted exposures by SEK 1.5bn, of which SEK 0.9bn for retail mortgage clients classified as non-performing forborne in Swedish Banking. AIRB REA decreased by SEK 3.6bn due to lower LGDs, mostly for corporates in Corporates and Institutions (SEK 3.2bn) due to additionally added collateral, as well as due to shorter corporate maturities (SEK 5.4bn), mainly in Corporates and Institutions (SEK 4.7bn), and due to FX effect (SEK 4.0bn).

Credit risk (excluding CCR) also includes the other risk exposure amounts, that is the REA for the mortgage floor add-on, the add-on for corporate real estate exposures in Norway, the Swedish CRE & RRE floors (Article 458 CRR) and the Article 3 add-on. The Article 3 add-on decreased by SEK 17.7bn, primarily within Corporates and Institutions (SEK 16.6bn) due to re-ratings of customers and the roll out of the PD model for large corporate customers. The add-on for market risk FX decreased by SEK 1.7bn mainly due to decreased difference for USD positions between front-office and accounting in the VaR model. The CRE & RRE floor decreased REA by SEK 2.5bn within corporates in Corporates and Institutions due to lower EAD and increased risk weights for the underlying exposures, subject to CRE & RRE floor. The mortgage floor was SEK 234.9bn at the end of the quarter and decreased by SEK 0.4bn during the quarter.

CCR increased REA by SEK 4.4bn due to increased replacement costs by SEK 1.6bn and potential future exposure by SEK 0.7bn, as well as due to increased CVA by SEK 1.2bn, driven by increased EAD.

Operational risk REA increased REA by SEK 16.1bn, due to the rolling three-year average of total net income being higher in year 2023 compared to year 2022.

Table 2.2: EU KM1 - Key metrics, CRR Article 447(a-g), 438(b)

SEKm	31 Dec 2023	30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2022
Available own funds (amounts)					
Common Equity Tier 1 (CET1) capital	160 659	156 880	152 511	147 702	144 107
Tier 1 capital	174 848	171 844	167 442	162 241	153 320
Total capital	195 648	192 499	193 791	185 944	176 331
Risk-weighted exposure amounts					
Total risk-weighted exposure amount	847 121	837 943	819 021	806 178	809 438
Capital ratios (as a percentage of risk-weighted exposure amount)					
Common Equity Tier 1 ratio (%)	19.0%	18.7%	18.6%	18.3%	17.8%
Tier 1 ratio (%)	20.6%	20.5%	20.4%	20.1%	18.9%
Total capital ratio (%)	23.1%	23.0%	23.7%	23.1%	21.8%
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)					
Additional own funds requirements to address risks other than the risk of excessive leverage (%)	2.7%	2.7%	2.3%	2.3%	2.3%
of which: to be made up of CET1 capital (percentage points)	1.8%	1.8%	1.5%	1.5%	1.5%
of which: to be made up of Tier 1 capital (percentage points)	2.1%	2.1%	1.8%	1.8%	1.8%
Total SREP own funds requirements (%)	10.7%	10.7%	10.3%	10.3%	10.3%
Combined buffer requirement (as a percentage of risk-weighted exposure amount)					
Capital conservation buffer (%)	2.5%	2.5%	2.5%	2.5%	2.5%
Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)					
Institution specific countercyclical capital buffer (%)	1.7%	1.6%	1.6%	0.9%	0.9%
Systemic risk buffer (%)	3.1%	3.1%	3.1%	3.0%	3.0%
Global Systemically Important Institution buffer (%)					
Other Systemically Important Institution buffer	1.0%	1.0%	1.0%	1.0%	1.0%
Combined buffer requirement (%)	8.3%	8.2%	8.2%	7.4%	7.4%
Overall capital requirements (%)	19.0%	18.9%	18.4%	17.7%	17.7%
CET1 available after meeting the total SREP own funds requirements	12.4%	12.3%	12.6%	12.3%	11.2%
Leverage ratio					
Total exposure measure	2 689 307	2 876 831	2 892 936	2 921 562	2 735 019
Leverage ratio (%)	6.5%	6.0%	5.8%	5.6%	5.6%
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
Additional own funds requirements to address the risk of excessive leverage (%)					
of which: to be made up of CET1 capital (percentage points)					
Total SREP leverage ratio requirements (%)	3.0%	3.0%	3.0%	3.0%	3.0%
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)					
Leverage ratio buffer requirement (%)					
Overall leverage ratio requirement (%)	3.0%	3.0%	3.0%	3.0%	3.0%
Liquidity Coverage Ratio					
Total high-quality liquid assets (HQLA) (Weighted value -average)	709 683	722 060	717 976	715 174	716 743
Cash outflows - Total weighted value	575 009	586 986	582 461	579 756	578 133
Cash inflows - Total weighted value	121 987	116 647	106 198	91 457	80 684
Total net cash outflows (adjusted value)	453 021	470 339	476 264	488 298	497 449
Liquidity coverage ratio (%)	157.6%	154.4%	151.7%	147.4%	145.4%
Net Stable Funding Ratio					
Total available stable funding	1 720 299	1 722 723	1 741 688	1 709 056	1 663 231
Total required stable funding	1 390 353	1 420 508	1 415 740	1 418 583	1 404 092
NSFR ratio (%)	123.7%	121.3%	123.0%	120.5%	118.5%

The Common Equity Tier 1 (CET1) ratio increased by 0.30% compared to Q3 due to increased CET1 capital. CET1 capital increased mainly due to growth in profit after anticipated dividends by SEK 4.2bn which increased CET1 ratio by 0.50%, REA increased by SEK 9.2bn, which decreased the CET 1 ratio by 0.45%.

Total REA increased by SEK 9.2bn with the largest drivers being a decrease of additional REA according to Article 3 by SEK 17.7bn, partly offset by increased Credit Risk REA by SEK 8.0bn and Operational risk REA by SEK 16.1bn.

The overall capital requirements increased by 0.1%, mainly due to increase of the countercyclical capital buffer (CCyB) requirement in Estonia from 1% to 1.5% in December 2023 and in Lithuania from 0% to 1% in October 2023.

Leverage ratio increased by 0.5% to 6.5% due to decreased leverage ratio exposure measure by SEK 187.51bn and increased Tier 1 capital by SEK 3.9bn as compared to Q3 2023.

Table 2.3: EU INS1 - Insurance participations, CRR Article 438(f)

SEKm	Exposure value	Risk exposure amount
Own fund instruments held in insurance or re-insurance undertakings or insurance holding company not deducted from own funds		

Swedbank does not deduct investments in insurance undertakings as the sum of such investments is less than 10% of the Common Equity Tier 1. This is in accordance with CRR Article 48 (1)(b) and not from a permission in accordance with Article 49 (1) of the CRR.

Table 2.4: EU INS2 - Financial conglomerates information on own funds and capital adequacy ratio, CRR Article 438(g)

SEKm	
Supplementary own fund requirements of the financial conglomerate (amount)	205 732
Capital adequacy ratio of the financial conglomerate (%)	118.1%

EU OVC – Internal Capital Adequacy Assessment Process

The internal capital adequacy assessment process (ICAAP) considers all relevant risks that arise within the Group. In addition to Pillar 1 risks, all other relevant risk types are evaluated in the ICAAP stress tests under Pillar 2 framework. Additionally, Swedbank's solvency and capital need is captured by economic capital (EC) models where it prepares and documents its own methods and processes to evaluate its internal capital need. Strategic and reputational risks are managed indirectly within the capital adequacy assessment, as the capital buffer implicitly protects against such risks, and they are carefully monitored and managed. Liquidity constraints may arise because of an imbalance between risk and capital. Additionally, there are risk categories that receive no explicit capital allocation but are nevertheless closely monitored e.g. liquidity risk and strategic risk. Table 2.5 below depicts significant risks identified within the Group.

Table 2.5: Risk types according to the ICAAP process

Risk type	Pillar 1	Pillar 2
	Capital is allocated?	Contributes to calculated capital need?
Credit risk	Yes	Yes
Concentration risk	No	Yes
Market risk	Yes	Yes
Market risk: Interest rate risk in banking book	No	Yes
Operational risk	Yes	Yes
Insurance risk	Yes[1]	Yes[2]
Risks in post-employment benefits	No	Yes

Risk type	Pillar 1	Pillar 2
		Identified and mitigated?
Reputational risk	No	Yes[3]
Liquidity risk	No	ILAAP[4]
Strategic risk: Decision risk, Business plans, Projects and acquisitions	No	Yes[5]

1) Holdings in insurance companies are risk weighted at 250%

2) The insurance companies in Swedbank Group perform an Own Risk and Solvency Assessment (ORSA). The aim of this process is to assess risks (both qualitatively and quantitatively) and the solvency position over a business planning period of three years. The calculations are performed by projecting the risk metrics under the base and adverse scenarios. Depending on the outcome of ORSAs, Swedbank might choose to set aside capital within its Economic Capital framework

3) Reputational risk is considered as part of the operation risk in the ICAAP context. The Scenario Simulation parameters can be adjusted to reflect

4) For information regarding liquidity risk in ILAAP and other stress tests and sensitivity analysis for liquidity risk, please see Chapter 5

5) Strategic and business risks are covered within the scope of the management buffer as part of the normal capital planning process. Economic Capital and adverse Scenario Simulation calculations can be adjusted to reflect forward looking perspective.

ICAAP stress test scenario methodologies

Swedbank uses macroeconomic scenario-based stress tests in the ICAAP for the purpose of forecasting its solvency and capital needs. The stress tests are an important means of analysing how Swedbank's portfolios would be affected by adverse macroeconomic developments, including the effects of negative events on Swedbank's total capital and risk profile.

The scenarios developed for the ICAAP stress test rests on a cache of risk factors identified by Swedbank during the risk identification session that precedes the scenario development process. It aims at isolating the global and regional risk factors most relevant to Swedbank's home markets. Sound identification of risk parameters and translating their response to adverse shocks is key to stringent stress testing of the Bank's balance sheet. Among the identified scenario variables are GDP, interest rates, inflation, unemployment rates, real estate, stock prices, and exchange rates. Since climate risk drivers bring about micro prudential risks to financial institutions - the exercise explores the impact of physical risks to real estate values and transition risks to corporate loans. The scenario factors in the transition and physical risk by incorporating rising borrowing costs from green stimulus packages and extreme flooding events impacting property prices.

These postulated scenarios include variables for Swedbank's four home markets and can thereby be used both on a Group level and for the subsidiaries. With the given macroeconomic scenarios, the development of different income statement items, REA and capital base is simulated over the scenario horizon. Profit and loss items such as net interest income and fees and commissions are modelled as per the scenario. While stressing credit risk, Swedbank uses statistical models that transform the adverse macroeconomic scenarios into loss levels for relevant balance sheet items. After stressed REA changes are accounted for, the total impact on capital adequacy is estimated. The resulting total capital and common equity tier 1 (CET1) ratios are examined, and conclusions are drawn with reference to the regulatory and internal capital requirements. Finally, the stress test outcomes and the methodology are evaluated and discussed by Swedbank's experts and management to ensure consistency and reliability. The scenarios are presented to the Board for approval along with an assessment of the effects on the main risk types.

Economic Capital

Economic Capital (EC) models are used in conjunction with stress tests to provide an objective internal view of the capital required to manage potential risks affecting Swedbank. In contrast to the capital assessment within Pillar 1, the estimation of Swedbank's EC is not limited by assumptions applied in the capital adequacy framework. Consequently, the EC generates a more accurate assessment of the risk to which Swedbank is exposed.

Within the EC framework, credit risk, market risk, operational risk and pension risk are considered, while insurance risk and business risk are evaluated separately. The business risk is assessed through stress tests performed in the ICAAP. If the stress test outcome indicates additional capital need, the EC could be increased accordingly. The insurance companies within Swedbank Group perform an annual Own Risk and Solvency Assessment (ORSA). The ORSA process assesses the risks and solvency positions by projecting the risk metrics under the base and adverse scenarios. Similar to business risk, if the outcome of the ORSA reveals a solvency need for the insurance companies, the EC could be increased accordingly.

In general, Value-at-Risk (VaR) based models with a confidence level of 99.9 per cent are used to calculate the EC for the different risk types. The confidence level, which corresponds to the confidence level used in the Basel IRB framework calibration, uses a one-year horizon.

EC models by risk type

Swedbank's EC model for credit risk is based on the similar theoretical foundation as the Basel IRB framework, but while the IRB framework is limited to a one-factor model, Swedbank's EC framework applies a multi-factor model. Accordingly, the actual portfolio setup can be used, and both concentration and diversification effects are taken into account.

The operational loss model is a statistical and mathematical approach based on extreme value theory where historical operational loss data is used. The model has been developed primarily using internal loss data and is complemented with scenario information to capture areas where additional input is required beyond loss data. The main cause for internal operational losses is process risk followed by personnel risk. Since Swedbank is heavily dependent on solid IT-solutions, one of the main drivers for operational risk is also low frequency high impact losses related to information and technology risk which, together with external risk, creates an impact on clients, products and business practices.

The EC for market risk is primarily driven by interest rate risk in the banking book (IRRBB), where an economic value methodology is used. For risk stemming from the trading operations, Swedbank's internal assessment is in line with the view of market risk within Pillar 1. The main difference is that Swedbank uses a standardised approach to calculate specific interest rate risk in Pillar 1, while an internal model is applied within the EC framework. In addition to market risk in the banking and trading books, the EC assessment also accounts for Credit Valuation Adjustment (CVA) risk.

Pension risk is the final risk type captured within the EC framework. The methodology for calculating post-employment benefit risk is based on the current post-employment benefit plan, where the underlying market risk factors are stressed to evaluate the capital requirement for pension risks under stressed conditions.

At year-end 2023, Swedbank's total EC amounted to SEK 50.5bn, which is an increase of 21 per cent compared to

SEK 41.6bn in 2022. All of the significant risk demonstrated a positive growth rate. Credit risk, being the major contributor to the total EC, added SEK 6.3bn (21 per cent). For market risk, the EC increased by 36 per cent to SEK 4.2bn in 2023 vs. 2022. Deposit modelling updates which increased VaR, resulted in this change. EC for operational risk amounted to SEK 6.7bn, which is 10 per cent higher than a year ago (SEK 6.1bn). The operational risk charge mirrors the development of the Pillar 1 capital requirement, although the two approaches are driven by different underlying factors. Pension risks as of 2023 year-end contributed SEK 4bn to EC. The EC is a crucial component of ICAAP.

Table 2.6: EC by risk type

Risk type **SEKbn**	**2023**	**2022**
Credit risk	35.6	29.3
Market risk	4.2	3.1
Operational risk	6.7	6.10
Risks in post-employment benefits	3.9	3.1
Total	**50.5**	**41.6**

Table 2.7: EU LI1 - Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories CRR Article 436(c)

			Carrying values of items:				
SEKm	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds
Breakdown by asset classes according to the balance sheet in the published financial statement							
Cash and balances with central banks	252 994	252 994	252 994				
Treasury bills and other bills eligible for refinancing with central banks, etc.	178 619	178 082	166 290			11 792	
Loans to public and credit institutions	67 534	51 936	9 422	42 514			
Loans to the public	1 863 375	1 879 461	1 828 732	50 428	301		
Value change of interest hedged item in portfolio hedge	-8 489	-8 489	-8 489				
Bonds and other interest-bearing securities	58 841	58 520	16 134			42 387	
Financial assets for which the customers bear the investment risk	319 795						
Shares and participating interests	34 316	7 744	1 944			5 800	
Investments in associates	8 275	5 650	5 650				
Investments subsidiaries		6 757	6 048				709
Derivatives	39 563	39 563		39 563		37 152	
Intangible fixed assets	20 440	19 828	1 036				18 792
Tangible assets	5 544	5 617	5 617				
Current tax assets	1 951	1 940	1 940				
Deferred tax assets	82	54	29				25
Pension assets	2 100	2 100					2 100
Other assets	8 001	8 743	6 003				2 740
Prepaid expenses and accrued income	2 579	2 709	2 709				
Total assets	**2 855 519**	**2 513 209**	**2 296 058**	**132 505**	**301**	**97 131**	**24 366**
Breakdown by liability classes according to the balance sheet in the published financial statements							
Amounts owed to credit institutions	72 054	71 614					
Deposits and borrowings from the public	1 234 262	1 239 828		94 629			
Value change of the hedged liabilities in portfolio hedges of interest rate risk	209	209					
Financial liabilities for which the customers bear the investment risk	320 609						
Debt securities in issue	728 548	728 548					
Short positions securities	17 297	17 313					
Derivatives	73 453	73 453					
Current tax liabilities	3 872	3 780					
Deferred tax liabilities	5 740	5 531					
Pension provisions	176	209					
Insurance provisions							
Other liabilities and provisions	57 477	30 830					
Accrued expenses and prepaid income	5 364	5 436					
Senior non - preferred liabilities	104 828	104 828					
Subordinated liabilities	32 841	32 841					
Total liabilities	**2 656 730**	**2 314 419**		**94 629**			

Table 2.8: EU LI2 - Main sources of differences between regulatory exposure amounts and carrying values in financial statements, CRR Article 436(d)

SEKm	Total	Items subject to: Credit risk framework	Counterparty credit risk framework	Securitisation framework	Market risk framework
Asset carrying value amount under scope of regulatory consolidation (as per template LI1)	**2 525 995**	2 296 058	132 505	301	97 131
Liabilities carrying value amount under regulatory scope of consolidation (as per template LI1)	**94 629**		94 629		
Total net amount under regulatory scope of consolidation	**2 620 624**	2 296 058	227 134	301	97 131
Off-balance sheet amounts	**367 406**	367 256		150	
Differences in valuations					
Differences due to different netting rules, other than those already included in row 2	**-882 043**		-882 043		
Differences due to consideration of provisions	**7 037**	7 037			
Differences due to the use of credit risk mitigation techniques (CRMs)	**-3 141**		-3 141		
Differences due to credit conversion factors	**-208 715**	-208 715			
Differences due to Securitisation with risk transfer					
Other differences	**674 620**	937	713 372		-39 689
Exposure amounts considered for regulatory	**2 575 788**	**2 462 573**	**55 322**	**451**	**57 442**

Table 2.9: EU LI3 - Outline of the differences in the scopes of consolidation (entity by entity), CRR Article 436(b)

Name of the entity	Method of accounting consolidation	Method of prudential consolidation: Full consolidation	Proportional consolidation	Equity method	Neither consolidated nor deducted	Deducted	Description of the entity
Swedbank AB	Full consolidation	X					Credit institution
Swedbank Mortgage AB	Full consolidation	X					Credit institution
Swedbank Robur AB	Full consolidation	X					Holding company
Swedbank Robur Fonder AB	Full consolidation	X					Mutual fund company
Swedbank Investeerimisfondid AS	Full consolidation	X					Investment firm
Swedbank Ieguldijumu Parvaldes Sabierdiba AS	Full consolidation	X					Investment firm
Swedbank investiciju valdymas UAB	Full consolidation	X					Investment firm
SwedLux S A	Full consolidation	X					Credit institution
Sparframjandet Aktiebolag	Full consolidation	X					Ancillary company - Other
Sparia Group Forsakrings AB	Full consolidation			X			Insurance company
Swedbank Fastighetsbyrå AB	Full consolidation	X					Ancillary company - Real estate
Fastighetsbyran The Real Estate Agency S L	Full consolidation	X					Ancillary company - Real estate
Bankernas Kontantkort CASH Sverige AB	Full consolidation	X					Financial institution
Swedbank PayEx Holding AB	Full consolidation	X					Holding company
PayEx Norge AS	Full consolidation	X					Ancillary company - Payments
PayEX Danmark AS	Full consolidation	X					Ancillary company - Payments
Swedbank PayEx Collection AB	Full consolidation	X					Ancillary company - Payments
PayEx Sverige AB	Full consolidation	X					Ancillary company - Payments
PayEx Suomi OY	Full consolidation	X					Ancillary company - Payments
PayEx Invest AB	Full consolidation	X					Ancillary company - Real estate
Faktab B1 AB	Full consolidation	X					Ancillary company - Real estate
Faktab V1 AB	Full consolidation	X					Ancillary company - Real estate
Faktab S1 AB	Full consolidation	X					Ancillary company - Real estate
Ektornet AB	Full consolidation	X					Ancillary company - Real estate
Swedbank Försäkring AB	Full consolidation			X			Insurance company
ATM Holding AB	Full consolidation	X					Holding company
Bankomat AB	Equity method			X			Ancillary company - Other
FRoR Invest AB	Full consolidation	X					Ancillary company - Other
First Securities AS	Full consolidation	X					Financial institution
Swedbank Management Company SA	Full consolidation	X					Holding company
Swedbank AS Latvia	Full consolidation	X					Credit institution
Swedbank Lizings SIA	Full consolidation	X					Financial institution - Leasing
Swedbank Atklatais Pensiju Fonds AS	Full consolidation	X					Investment firm
Swedbank AB Lithuania	Full consolidation	X					Credit institution
Swedbank Lizingas UAB	Full consolidation	X					Financial institution - Leasing
Swedbank AS Estonia	Full consolidation	X					Credit institution
Swedbank Liising AS	Full consolidation	X					Financial institution - Leasing
Ektornet Project Estonia 1 OU	Full consolidation	X					Ancillary company - Real estate
Swedbank Life Insurance SE	Full consolidation			X			Insurance company
Swedbank PoC Insurance AS	Full consolidation			X			Insurance company
Swedbank Support OU	Full consolidation	X					Ancillary company - IT
SK ID Solutions AS	Equity method			X			Ancillary company - Other
EnterCard Group AB	Equity method		X				Financial institution
Sparbanken Sjuhärad AB	Equity method			X			Credit institution
Sparbanken Rekarne AB	Equity method			X			Credit institution
Sparbanken Skåne AB	Equity method			X			Credit institution
Vimmerby Sparbank AB	Equity method			X			Credit institution

Ölands Bank AB	Equity method			X	Credit institution
Finansiell IDTeknik BID AB	Equity method			X	Ancillary company - IT
BGC Holding AB	Equity method			X	Ancillary company - Payments
Getswish AB	Equity method			X	Ancillary company - Payments
USE Intressenter AB	Equity method			X	Investment firm
P27 Nordic Payments Platform AB	Equity method		X		Ancillary company - Payments
Invidem AB	Equity method		X		Ancillary company - Other
Swedbank Baltics AS	Full consolidation	X			Holding company
Tibern AB	Proportional		X		Ancillary company - Real estate
Thylling Insight AB	Equity method			X	Ancillary company - Real estate

EU LIA - Explanations of differences between accounting and regulatory exposure amounts, CRR Article 436(b)

The regulatory consolidation as of 31 December 2023 comprised the Swedbank Group except for a different consolidation method for EnterCard Group, P27 Nordic Payments Platform, Invidem AB and Insurance undertakings that are consolidated according to the equity method. The EnterCard Group, P27 Nordic Payments Platform AB, Invidem AB are included through the proportionate consolidation method for regulatory purposes, compared to the equity method in Swedbank Group. The total difference between the regulatory and accounting consolidation is SEK 342bn.

Difference between the regulatory and accounting framework as presented in Table 2.8 are explained by different rules set out in IFRS and CRR. The exposure amounts considered for regulatory purposes are original exposures before credit risk mitigation. The main differences for the items subject to credit risk framework are:

- Off-balance sheet amounts are not part of carrying values of asset items but are included in regulatory exposure amounts.
- Provisions are not part of risk-weighting in the IRB framework, therefore are re-integrated to be comparable to carrying amounts that are net of provisions.
- Other differences are due to certain manual adjustments to accounting balances that are not eliminated from regulatory exposures due to late data delivery.

Instruments under the Counterparty credit risk framework in Swedbank include repurchase transactions, security lending and derivatives. The differences arise due to different netting rules between risk and accounting frameworks, as well as different treatment and rules on recognition of collaterals. Additionally, capital has to be set aside for potential future exposure of listed instruments.

EU LIB - Other qualitative information on the scope of application, CRR Article 436(f,g,h)

Impediment to the prompt transfer of own funds or to the repayment of liabilities within the Group

Currently, there is no known or foreseen impediment to the prompt transfer of own funds or to the repayment of liabilities within the Group.

Subsidiaries not included in the consolidation with own funds less than required

All subsidiaries are included in consolidation of the Group in accordance with equity method, proportional or full consolidation as presented in Table 2.9.

Use of derogation referred to in Article 7 CRR or individual consolidation method laid down in Article 9 CRR

The Group does not use derogation referred to in Article 7 CRR or individual consolidation method laid down in Article 9 CRR.

Aggregate amount by which the actual own funds are less than required in all subsidiaries that are not included in the consolidation

All subsidiaries are included in consolidation of the Group in accordance with equity method, proportional or full consolidation as presented in Table 2.9.

Table 2.10: EU PV1 - Prudent valuation adjustments (PVA), CRR Article 436(e)

SEKm	Risk category					Category level AVA - Valuation uncertainty		Total category level post-diversification		
	Equity	Interest Rates	Foreign exchange	Credit	Commodities	Unearned credit spreads AVA	Investment and funding costs AVA		Of which: Total core approach in the trading book	Of which: Total core approach in the banking book
Market price uncertainty	22	135	1	328		29	10	262	225	37
Set not applicable in the										
Close-out cost	14	189		1		34	10	124	108	16
Concentrated positions	2			102				104	2	102
Early termination										
Model risk		29	0			3	10	21	21	0
Operational risk	2	18	0	18				39	33	6
Set not applicable in the										
Set not applicable in the										
Future administrative	12	19	14	14				58	48	10
Set not applicable in the										
Total Additional Valuation Adjustments (AVAs)								**609**	**439**	**169**

Prudent valuation is a regulatory requirement which takes into account uncertainties in the valuation of assets and liabilities carried at fair value. The prudent valuation adjustment is deducted from the CET1 capital in accordance with the CRR Article 105. In addition to the fair value adjustments made in the accounts, Swedbank calculates Additional Valuation Adjustments (AVAs) for fair valued positions in the trading and banking book. The purpose of the prudent valuation adjustment is to ensure, with an appropriate degree of certainty, that the valuations are sufficiently prudent taking into account the factors corresponding to the AVAs.

Table 2.11: EU CC1 - Composition of regulatory own funds, CRR Article 437 (a,d,e,f)

SEKm Common Equity Tier 1 capital: instruments and reserves		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
1	Capital instruments and the related share premium accounts	38 110	26 (1), 27, 28, 29
	of which: Instrument type 1		EBA list 26 (3)
	of which: Instrument type 2		EBA list 26 (3)
	of which: Instrument type 3		EBA list 26 (3)
2	Retained earnings	99 116	26 (1) (c)
3	Accumulated other comprehensive income (and other reserves)	28 312	26 (1)
EU-3a	Funds for general banking risk		26 (1) (f)
4	Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1		486 (2)
5	Minority interests (amount allowed in consolidated CET1)		84
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	17 079	26 (2)
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**182 617**	
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	-609	34, 105
8	Intangible assets (net of related tax liability) (negative amount)	-18 344	36 (1) (b), 37
9	Not applicable		
10	Deferred tax assets that rely on future profitability excluding those arising from temporary difference (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	-25	36 (1) (c), 38
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	-9	33 (1) (a)
12	Negative amounts resulting from the calculation of expected loss amounts		36 (1) (d), 40, 159
13	Any increase in equity that results from securitised assets (negative amount)		32 (1)
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing		33 (1) (b)
15	Defined-benefit pension fund assets (negative amount)	-1 667	36 (1) (e), 41
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	-907	36 (1) (f), 42
17	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		36 (1) (g), 44
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		36 (1) (h), 43, 45, 46, 49 (2) (3), 79
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		36 (1) (i), 43, 45, 47, 48 (1) (b), 49 (1) to (3), 79
20	Not applicable		
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative		36 (1) (k)
EU-	of which: qualifying holdings outside the financial sector (negative amount)		36 (1) (k) (i), 89 to 91
EU-20c	of which: securitisation positions (negative amount)		36 (1) (k) (ii), 243 (1) (b), 244 (1) (b), 258
EU-	of which: free deliveries (negative amount)		36 (1) (k) (iii), 379 (3)
21	Deferred tax assets arising from temporary difference (amount above 10 % threshold, net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)		36 (1) (c), 38, 48 (1) (a)
22	Amount exceeding the 17,65% threshold (negative amount)		48 (1)
23	of which: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities		36 (1) (i), 48 (1) (b)
24	Empty set in the EU		
25	of which: deferred tax assets arising from temporary difference		36 (1) (c), 38, 48 (1) (a)
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)		36 (1) (l)
26	Empty set in the EU		
27	Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)		36 (1) (j)
27a	Other regulatory adjustments	-397	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**-21 958**	
29	**Common Equity Tier 1 (CET1) capital**	**160 659**	
Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	14 238	51, 52
31	of which: classified as equity under applicable accounting standards		
32	of which: classified as liabilities under applicable accounting standards		
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1		486 (3)
EU-	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1		
EU-	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1		
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interest not included in row 5) issued by subsidiaries and held by third parties		85, 86
35	of which: instruments issued by subsidiaries subject to phase-out		486 (3)
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**14 238**	
Additional Tier 1 (AT1) capital: regulatory adjustments			
37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)		52 (1) (b), 56 (a), 57
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		56 (b), 58

39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		56 (c), 59, 60, 79
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)		56 (d), 59, 79
41	Empty set in the EU		
42	Qualifying T2 deductions that exceed the T2 capital of the institution (negative amount)		56 (e)
42a	Other regulatory adjustments to AT1 capital	-50	
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	**-50**	
44	**Additional Tier 1 (AT1) capital**	**14 188**	
45	**Tier 1 capital (T1 = CET1 + AT1)**	**174 848**	
Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts	18 154	62, 63
47	Amount of qualifying items referred to in Article 484 (5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR		486 (4)
EU-	Amount of qualifying items referred to in Article 494a (2) CRR subject to phase out from T2		
EU-	Amount of qualifying items referred to in Article 494b (2) CRR subject to phase out from T2		
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties		87, 88
49	of which: instruments issued by subsidiaries subject to phase out		486 (4)
50	Credit risk adjustments	2 684	62 (c) & (d)
51	**Tier 2 (T2) capital before regulatory adjustments**	**20 838**	
Tier 2 (T2) capital: regulatory adjustments			
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)		63 (b) (i), 66 (a), 67
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		66 (b), 68
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		66 (c), 69, 70, 79
54a	Not applicable		
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amounts)		66 (d), 69, 79, 477 (4)
56	Not applicable		
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)		
EU-	Other regulatory adjustments to T2 capital	-38	
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**-38**	
58	**Tier 2 (T2) capital**	**20 800**	
59	**Total capital (TC = T1 + T2)**	**195 648**	
60	**Total Risk exposure amount**	**847 121**	
Capital ratios and requirements including buffers			
61	Common Equity Tier 1 capital	19.0%	92 (2) (a)
62	Tier 1 capital	20.6%	92 (2) (b)
63	Total capital	23.1%	92 (2) (c)
64	Institution CET1 overall capital requirements	14.6%	CRD 128, 129, 130, 131, 133
65	of which: capital conservation buffer requirement	2.5%	
66	of which: countercyclical buffer requirement	1.7%	
67	of which: systemic risk buffer requirement	3.1%	
67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	1.0%	
67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	1.8%	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	12.4%	CRD 128
National minima (if different from Basel III)			
69	Not applicable		
70	Not applicable		
71	Not applicable		
Amounts below the thresholds for deduction (before risk-weighting)			
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	1 589	36 (1) (h), 45, 46, 56 (c), 59, 60, 66 (c), 69, 70
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	11 687	36 (1) (i), 45, 48
74	Not applicable		
75	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	29	36 (1) (c), 38, 48
Applicable caps on the inclusion of provisions in Tier 2			
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)		62
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach		62
78	Credit risk adjustments included in T2 in respect of exposures subject to internal rating-based approach (prior to the application of the cap)	2 684	62
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	3 855	62

Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)		
80	Current cap on CET1 instruments subject to phase out arrangements	484 (3), 486 (2) & (5)
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	484 (3), 486 (2) & (5)
82	Current cap on AT1 instruments subject to phase out arrangements	484 (4), 486 (3) & (5)
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	484 (4), 486 (3) & (5)
84	Current cap on T2 instruments subject to phase out arrangements	484 (5), 486 (4) & (5)
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	484 (5), 486 (4) & (5)

CET1 ratio for Swedbank Group increased by 0.4% to 19.0% as compared to 18.6% as of Q2 2023. The increase was due to higher CET1 capital by SEK 8.1bn, driven by the profit after anticipated dividends during Q3 and Q4.

Table 2.12: EU CC2 - Reconciliation of regulatory own funds to balance sheet in the audited financial statements, CRR Article 437(a)

SEKm		Balance sheet as in published financial statements As at period end	Under regulatory scope of consolidation As at period end	Reference to row in disclosure template
Assets - Breakdown by asset classes according to the balance sheet in the published financial statements				
1	Cash and balances with central banks	252 994	252 994	
2	Treasury bills and other bills eligible for refinancing with central banks, etc.	178 619	178 082	
3	Loans to credit institutions	67 534	51 936	
4	Loans to the public	1 863 375	1 879 461	
5	Value change of the hedged assets in portfolio hedges of interest rate risk	-8 489	-8 489	
6	Bonds and other interest-bearing securities	58 841	58 520	
7	Financial assets for which the customers bear the investment risk	319 795	0	
8	Shares and participating interests	34 316	7 744	
9	Investments in associates and joint ventures	8 275	5 650	
10	Investments subsidiaries	0	6 757	
11	Derivatives	39 563	39 563	
12	Intangible assets	20 440	19 828	
	of which: goodwill	13 786	13 874	8
	of which: other intangible assets (under regulatory scope of consolidation includes software assets prudential	6 653	5 627	8
13	Tangible assets	5 544	5 617	
14	Current tax assets	1 951	1 940	
15	Deferred tax assets	82	54	
16	Pension assets	2 100	2 100	15 (adjusted with deferred tax liability)
17	Other assets	8 001	8 743	
18	Prepaid expenses and accrued income	2 579	2 709	
	Total assets	**2 855 519**	**2 513 209**	
Liabilities - Breakdown by liability classes according to the balance sheet in the published financial statements				
1	Amounts owed to credit institutions	72 054	71 614	
2	Deposits and borrowings from the public	1 234 262	1 239 828	
3	Value change of the hedged liabilities in portfolio hedges of	209	209	
4	Financial liabilities for which the customers bear the investment risk	320 609	0	
5	Debt securities in issue	728 548	728 548	
6	Short positions, securities	17 297	17 297	
7	Derivatives	73 453	73 453	
8	Current tax liabilities	3 872	3 780	
9	Deferred tax liabilities	5 740	5 531	
	of which: deferred tax liabilities associated to other intangible assets	-5 111	-5 111	8
10	Pension provisions	176	209	
11	Insurance provisions	26 315	0	
12	Other liabilities and provisions	31 162	30 846	
13	Accrued expenses and prepaid income	5 364	5 436	
14	Senior non-preferred liabilities	104 828	104 828	
15	Subordinated liabilities	32 841	32 841	
	of which: Capital instruments and the related share premium accounts AT1	14 981	14 981	30
	of which: Capital instruments and the related share premium accounts AT2	24 199	24 199	46
	Total liabilities	**2 656 730**	**2 314 419**	
Shareholders' Equity				
1	Equity attributable to shareholders of the parent company	198 760	198 760	
	of which: capital instruments and the related share -premium accounts	38 110	38 110	1
	of which: retained earnings	101 656	99 114	2
	of which: accumulated other comprehensive income (and other reserves)	28 213	28 314	3
	of which: profit or loss	34 128	34 128	5a
	of which: less anticipated dividends for the year	17 049	17 049	5a
	of which: fair value reserves related to gains or losses on cash flow hedges	-9	-9	11
	of which: direct holdings by an institution of own CET1 instruments (negative amount)	-3 348	-907	16
2	Non-controlling interests	30	30	
	Total shareholders' equity	**198 790**	**198 790**	

Table 2.13: EU CCA - Main features of regulatory own funds instruments and eligible liabilities instruments, CRR Article 437(b,c)

1	Issuer	Swedbank AB (publ)	Swedbank AB (publ)	Swedbank AB (publ)	Swedbank AB (publ)	Swedbank AB (publ)	Swedbank AB (publ)
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	SE0000242455	XS2377291963	XS2046625765	XS2580715147	XS1796813589	XS12491158866
2a	Public or private placement	Public	Public	Public	Public	Public	Public
3	Governing law(s) of the instrument	Swedish	English/Swedish	English/Swedish	English/Swedish	English/Swedish	English/Swedish
3a	Contractual recognition of write down and conversion powers of resolution authorities	Yes	Yes	Yes	Yes	Yes	Yes
	Regulatory treatment						
4	Current treatment taking into account, where applicable, transitional CRR rules	Common Equity Tier 1	Additional Tier 1	Additional Tier 1	Additional Tier 1	Tier 2	Tier 2
5	Post-transitional CRR rules	Common Equity Tier 1	Additional Tier 1	Additional Tier 1	Additional Tier 1	Tier 2	Tier 2
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Solo & consolidated	Solo & Consolidated	Solo & Consolidated	Solo & Consolidated	Solo & Consolidated	Solo & Consolidated
7	Instrument type (types to be specified by each jurisdiction)	Share capital as published in Regulation (EU) No 575/2013 article 28	Additional Tier 1 as published in Regulation (EU) No 575/2013 art 52	Additional Tier 1 as published in Regulation (EU) No 575/2013 art 52	Additional Tier 1 as published in Regulation (EU) No 575/2013 art 52	Tier 2 as published in Regulation (EU) No 575/2013 article 63	Tier 2 as published in Regulation (EU) No 575/2013 article 63
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	SEK 24 904m	SEK 4 353m	SEK 4 873m	SEK 5 012m	SEK 352m	SEK 494m
9	Nominal amount of instrument	SEK 24 904m	USD 500m	USD 500m	USD 500m	JPY 5 000m	JPY 7 000m
EU-9a	Issue price	N/A	100 per cent	100 per cent	100 per cent	100 per cent	100 per cent
EU-9b	Redemption price	N/A	100 per cent of Nominal amount	100 per cent of Nominal amount	100 per cent of Nominal amount	100 per cent of Nominal amount	100 per cent of Nominal amount
10	Accounting classification	Shareholders' equity	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost
11	Original date of issuance	N/A	25.Aug.21	29.Aug.19	23.Feb.23	28.Mar.18	16.Jun22
12	Perpetual or dated	Perpetual	Perpetual	Perpetual	Perpetual	Dated	Dated
13	Original maturity date	No maturity	No maturity	No maturity	No maturity	28.Mar.33	16.Jun.32
14	Issuer call subject to prior supervisory	No	Yes	Yes	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	N/A	17-SEP-29 100 per cent of Nominal amount In addition Tax/Regulatory call	17-SEP-24 100 per cent of Nominal amount In addition Tax/Regulatory call	17-MAR-28 100 per cent of Nominal amount In addition Tax/Regulatory call	28-MAR-28 100 per cent of Nominal amount In addition Tax/Regulatory call	16-JUN-27 100 per cent of Nominal amount In addition Tax/Regulatory call
16	Subsequent call dates, if applicable	N/A	Any Reset Date after first call date	Any Reset Date after first call date	Any Reset Date after first call date	N/A	N/A
	Coupons / dividends						
17	Fixed or floating dividend/coupon	N/A	Fixed	Fixed	Fixed	Fixed	Fixed
18	Coupon rate and any related index	N/A	Fixed 4.0 per cent per annum to call date (equiv to USD Swap Rate +2.864 per cent per annum), thereafter reset Fixed rate equiv to USD Swap Rate +2.864 per cent per annum	Fixed 5.625 per cent per annum to call date (equiv to USD Swap Rate +4.134 per cent per annum), thereafter reset Fixed rate equiv to USD Swap Rate +4.134 per cent per annum	Fixed 7.625 per cent per annum to call date (equiv to USD Swap Rate +3.589 per cent per annum), thereafter reset Fixed rate equiv to USD Swap Rate +3.589 per cent per annum	Fixed 0.9 per cent per annum payable in arrear on each Interest Payment Date, thereafter reset Fixed rate equivalent to JPY 6M Swap Rate +0.6425 per cent per annum	Fixed 1.45 per cent per annum payable in arrear on each Interest Payment Date, thereafter reset Fixed rate equivalent to JPY 6M Swap Rate +1.46 per cent per annum
19	Existence of a dividend stopper	N/A	No	No	No	No	No
EU-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary	Mandatory	Mandatory
EU-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary	Mandatory	Mandatory
21	Existence of step up or other incentive to	N/A	No	No	No	No	No
22	Noncumulative or cumulative	N/A	Non cumulative	Non cumulative	Non cumulative	Cumulative	Cumulative

23	Convertible or non-convertible	N/A	Convertible	Convertible	Convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A	8% CET1 ratio on consolidated	8% CET1 ratio on consolidated	8% CET1 ratio on consolidated	N/A	N/A
25	If convertible, fully or partially	N/A	Fully	Fully	Fully	N/A	N/A
26	If convertible, conversion rate	N/A	The greater of the current	The greater of the current	The greater of the current	N/A	N/A
27	If convertible, mandatory or optional	N/A	Mandatory	Mandatory	Mandatory	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	Ordinary Share	Ordinary Share	Ordinary Share	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	Swedbank AB (publ)	Swedbank AB (publ)	Swedbank AB (publ)	N/A	N/A
30	Write-down features	N/A	No	No	No	No	No
31	If write-down, write-down trigger(s)	N/A	N/A	N/A	N/A	N/A	N/A
32	If write-down, full or partial	N/A	N/A	N/A	N/A	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A	N/A	N/A	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	N/A	N/A	N/A
34a	Type of subordination (only for eligible	N/A	N/A	N/A	N/A	N/A	N/A
EU-34b	Ranking of the instrument in normal insolvency proceedings	1	3	3	3	4	4
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Additional Tier 1	Tier 2	Tier 2	Tier 2	Senior debt	Senior debt
36	Non-compliant transitioned features	No	No	No	No	No	No
37	If yes, specify non-compliant features	N/A	N/A	N/A	N/A	N/A	N/A
37a	Link to the full term and conditions of the instrument (signposting)	N/A	Link	Link	Link	Link	Link

'N/A' if the item is not applicable

1	Issuer	Swedbank AB (publ)	Swedbank AB (publ)	Swedbank AB (publ)	Swedbank AB (publ)	Swedbank AB (publ)	Swedbank AB (publ)
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	XS2522879654	XS2555706337	XS2626017656	XS2633856674	XS2633859777	XS2633860783
2a	Public or private placement	Public	Public	Public	Public	Public	Public
3	Governing law(s) of the instrument	English/Swedish	English/Swedish	English/Swedish	English/Swedish	English/Swedish	English/Swedish
3a	Contractual recognition of write down and conversion powers of resolution authorities	Yes	Yes	Yes	Yes	Yes	Yes
	Regulatory treatment						
4	Current treatment taking into account, where applicable, transitional CRR rules	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2
5	Post-transitional CRR rules	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Solo & Consolidated	Solo & Consolidated	Solo & Consolidated	Solo & Consolidated	Solo & Consolidated	Solo & Consolidated
7	Instrument type (types to be specified by each jurisdiction)	Tier 2 as published in Regulation (EU) No 575/2013 article 63	Tier 2 as published in Regulation (EU) No 575/2013 article 63	Tier 2 as published in Regulation (EU) No 575/2013 article 63	Tier 2 as published in Regulation (EU) No 575/2013 article 63	Tier 2 as published in Regulation (EU) No 575/2013 article 63	Tier 2 as published in Regulation (EU) No 575/2013 article 63
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	SEK 8 031m	SEK 5 198m	SEK 705m	SEK 1 536m	SEK 1 246m	SEK 593m
9	Nominal amount of instrument	EUR 750m	GBP 400m	JPY 10 000m	SEK 1 500m	SEK 1 250m	NOK 600m
EU-9a	Issue price	99.686 per cent	100 per cent	100 per cent	100 per cent	100 per cent	100 per cent

EU-9b	Redemption price	100 per cent of Nominal amount	100 per cent of Nominal amount	100 per cent of Nominal amount	100 per cent of Nominal amount	100 per cent of Nominal amount	100 per cent of Nominal amount
10	Accounting classification	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost
11	Original date of issuance	23.Aug.22	15.Nov.22	25.May.23	09.Jun.23	09.Jun.23	09.Jun.23
12	Perpetual or dated	Dated	Dated	Dated	Dated	Dated	Dated
13	Original maturity date	23.Aug.32	15.Nov.32	25.May.33	09.Jun.33	09.Jun.33	09.Jun.33
14	Issuer call subject to prior supervisory	Yes	Yes	Yes	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	23-AUG-27 100 per cent of Nominal amount In addition Tax/Regulatory call	15-NOV.27 100 per cent of Nominal amount In addition Tax/Regulatory call	25-MAY-28 100 per cent of Nominal amount In addition Tax/Regulatory call	09-JUN-28 100 per cent of Nominal amount In addition Tax/Regulatory call	09-JUN-28 100 per cent of Nominal amount In addition Tax/Regulatory call	09-JUN-28 100 per cent of Nominal amount In addition Tax/Regulatory call
16	Subsequent call dates, if applicable	N/A	N/A	N/A	N/A	N/A	N/A
	Coupons / dividends						
17	Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed	Floating	Floating
18	Coupon rate and any related index	Fixed 3.625 per cent per annum to call date (equivalent to Euro Swap Rate +1.545 per cent per annum), thereafter reset Fixed rate equivalent to Euro Swap Rate +2.150 per cent per annum	Fixed 7.272 per cent per annum payable semi-annually in arrear on each Interest Payment Date, thereafter reset Fixed rate equivalent to UK Gilt Rate +3.8 per cent per annum	Fixed 2.00 per cent per annum payable in arrear on each Interest Payment Date, thereafter reset Fixed rate equivalent to JPY 6M Swap Rate +1.905 per cent per annum	Fixed 5.793 per cent per annum to call date payable in arrear on each Interest Payment Date, thereafter reset Floating rate equivalent to 3M Stibor+2.75 per cent per annum	Floating 3M Stibor+2.75 per cent per annum payable in arrear on each Interest Payment Date	Floating 3M Nibor+2.75 per cent per annum payable in arrear on each Interest Payment Date
19	Existence of a dividend stopper	No	No	No	No	No	No
EU-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory
EU-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to	No	No	No	No	No	No
22	Noncumulative or cumulative	Cumulative	Cumulative	Cumulative	Cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A	N/A	N/A	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A	N/A	N/A	N/A
27	If convertible, mandatory or optional	N/A	N/A	N/A	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A	N/A	N/A	N/A
30	Write-down features	No	No	No	No	No	No
31	If write-down, write-down trigger(s)	N/A	N/A	N/A	N/A	N/A	N/A
32	If write-down, full or partial	N/A	N/A	N/A	N/A	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A	N/A	N/A	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	N/A	N/A	N/A
34a	Type of subordination (only for eligible	N/A	N/A	N/A	N/A	N/A	N/A
EU-34b	Ranking of the instrument in normal	4	4	4	4	4	4
35	Position in subordination hierarchy in liquidation (specify instrument type	Senior debt	Senior debt	Senior debt	Senior debt	Senior debt	Senior debt
36	Non-compliant transitioned features	No	No	No	No	No	No
37	If yes, specify non-compliant features	N/A	N/A	N/A	N/A	N/A	N/A
37a	Link to the full term and conditions of the instrument (signposting)	Link	Link	Link	Link	Link	Link

Table 2.14: EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer, CRR Article 440(a)

Breakdown by country	General credit exposures		Relevant credit exposures – Market risk				Own fund requirements						
SEKm	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Securitisation exposures Exposure value for non-trading book	Total exposure value	Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total	Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
Sweden	44 610	1 540 734	44 497			1 629 841	38 402	332		38 734	484 175	71.0%	2.0%
Estonia	7 625	112 300	3			119 928	4 299	0		4 299	53 738	7.9%	1.5%
Latvia	1 365	51 861				53 226	2 883			2 883	36 038	5.3%	
Lithuania	3 951	100 149	218		451	104 769	3 848	1	5	3 854	48 175	7.1%	1.0%
Norway	7 771	50 802	453			59 026	1 923	3		1 926	24 075	3.5%	2.5%
Finland	510	33 864	1 153			35 527	1 238	9		1 247	15 588	2.3%	
Denmark	4 599	5 193	330			10 122	359	2		360	4 500	0.7%	2.5%
USA	538	4 749				5 287	224			224	2 800	0.4%	
Great Britain	119	2 201	1			2 321	71	0		71	888	0.1%	2.0%
Luxemburg	651	6 437	5			7 093	245	1		245	3 063	0.4%	0.5%
Other countries	2 507	14 695	27		0	17 229	726	2	0	730	9 125	1.3%	
Total	**74 246**	**1 922 985**	**46 687**		**451**	**2 044 369**	**54 218**	**350**	**5**	**54 573**	**682 163**	**100.0%**	

The most significant impact for Swedbank Group was due to increased countercyclical capital buffer (CCyB) requirement in Lithuania from 0% to 1% in October 2023 and Estonia from 1% to 1.5% in December 2023. There was also an increase of CCyB in Great Britain from 1% to 2% in July 2023, but this increase did not have a significant impact on own funds requirements.

Table 2.15: EU CCyB2 - Amount of institution-specific countercyclical capital buffer, CRR Article 440(b)

SEKm	
Total risk exposure amount	847 121
Institution specific countercyclical capital buffer rate	1.7%
Institution specific countercyclical capital buffer requirement	14 591

Institution specific countercyclical capital buffer requirement increased by SEK 1.5bn compared to Q2 2023, mainly due to increased REA for Swedish credit risk exposures by SEK 43.6bn.

Table 2.16: EU LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures, CRR Article 451 (1)(b)

SEKm	Applicable amount
Total assets as per published financial statements	2 855 519
Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	-342 310
(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	
(Adjustment for temporary exemption of exposures to central bank (if applicable))	
(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but	
Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	
Adjustment for eligible cash pooling transactions	
Adjustments for derivative financial instruments	2 277
Adjustment for securities financing transactions (SFTs)	89 723
Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	149 694
(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	
(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	
(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)	
Other adjustments	-65 596
Total exposure measure	**2 689 307**

Leverage ratio exposure measure decreased by SEK 203.6bn, as compared to Q2 2023. Other assets decreased by SEK 201.3bn due to decreased cash and balances with central banks by SEK 105.4bn and decreased bonds by SEK 91.5bn.

Table 2.17: EU LR2 - LRCom: Leverage ratio common disclosure, CRR Article 451 (1)(a,b,c), 451(2)(3)

SEKm		CRR leverage ratio exposures	
On-balance sheet exposures (excluding derivatives and SFTs)		**31 Dec 2023**	**30 Jun 2023**
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	2 435 984	2 625 726
2	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework		
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-52 001	-40 479
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)		
5	(General credit risk adjustments to on-balance sheet items)		
6	(Asset amounts deducted in determining Tier 1 capital)	-21 796	-24 425
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**2 362 187**	**2 560 822**
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	7 736	12 254
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach		
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	35 275	36 893
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach		
EU-9b	Exposure determined under Original Exposure Method		
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	-1 171	-662
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)		
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (Original Exposure Method)		
11	Adjusted effective notional amount of written credit derivatives		
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)		
13	**Total derivatives exposures**	**41 840**	**48 485**
Securities financing transaction (SFT) exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	131 635	122 296
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)		
16	Counterparty credit risk exposure for SFT assets	4 294	5 143
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR		
17	Agent transaction exposures		
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)		
18	**Total securities financing transaction exposures**	**135 929**	**127 439**
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	367 406	387 377
20	(Adjustments for conversion to credit equivalent amounts)	-217 712	-230 537
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)		
22	**Off-balance sheet exposures**	**149 694**	**156 840**
Excluded exposures			
EU-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1)		
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a (1) CRR (on and off balance sheet))		
EU-22c	(Excluded exposures of public development banks (or units) - Public sector investments)		
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans)		
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units))		
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	-343	-650
EU-22g	(Excluded excess collateral deposited at triparty agents)		
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)		
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)		
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)		
EU-22k	**(Total exempted exposures)**	**-343**	**-650**

Capital and total exposure measure				
23	**Tier 1 capital**		**174 848**	**167 442**
24	**Total exposure measure**		**2 689 307**	**2 892 936**
Leverage ratio				
25	Leverage ratio		6.5%	5.8%
EU-25	Leverage ratio excluding the impact of the exemption of public sector investments and promotional loans)(%)		6.5%	5.8%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)(%)		6.5%	5.8%
26	Regulatory minimum leverage ratio requirement (%)		3.0%	3.0%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)			
EU-26b	of which: to be made up of CET1 capital (percentage points)			
27	Leverage ratio buffer requirement (%)			
EU-27a	Overall leverage ratio requirement (%)		3.0%	3.0%
Choice on transitional arrangements and relevant exposures				
EU-27b	Choice on transitional arrangements for the definition of the capital measure			
Disclosure of mean values				
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables		147 011	134 072
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables		131 635	122 296
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)		2 704 683	2 904 712
30a	Total exposures (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)		2 704 683	2 904 712
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)		6.5%	5.8%
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)		6.5%	5.8%

Leverage ratio increased by 0.7% and reached 6.5% as compared to Q2 2023, due to increase in Tier 1 capital by SEK 7.4bn, driven by increased retained earnings and profit, and decreased total leverage exposure measure by SEK 203.6bn, driven by decreased other assets by SEK 201.3bn due to decreased sovereign by SEK 167.0bn, institutional by SEK 16.3bn and corporate exposures by SEK 12.8bn.

Table 2.18: EU LR3 - LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures), CRR Article 451 (1)(b)

SEKm	CRR leverage ratio exposures
Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	2 383 984
Trading book exposures	62 804
Banking book exposures, of which:	2 321 180
Covered bonds	11 161
Exposures treated as sovereigns	454 094
Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	4 789
Institutions	12 077
Secured by mortgages of immovable properties	1 172 099
Retail exposures	93 872
Corporates	512 242
Exposures in default	6 524
Other exposures (eg equity, securitisations, and other non-credit obligation assets)	54 322

Total on balance sheet exposures decreased by SEK 201.3bn as compared to Q2 2023 mainly due to decreased sovereign by SEK 167.0bn, institutional by SEK 16.3bn and corporate exposures SEK 12.8bn.

EU LRA - Disclosure of LR qualitative information, CRR Article 451(1)(d,e)

Swedbank takes the risk of excessive leverage into account in the forward-looking capital planning process by forecasting the leverage ratio at least on a quarterly basis. Other business steering or asset-and-liability management tools are also considered as means to affect the total exposure measure and may be accessed, should such a need arise. As a part of the capital planning process, Swedbank performs an assessment if the entire Group, as well as the parent company and its subsidiaries, are adequately capitalised. In case of a deterioration, Swedbank Group can also increase the Tier 1 capital by issuing Additional Tier 1 capital. Likewise, a capital injection to support subsidiaries may be performed. In addition to the injection of equity capital, the total capital in a subsidiary may also be strengthened through subordinated loans within the Group. To the extent that non-restricted equity is available in subsidiaries, funds can be transferred back to the parent company as dividends.

Swedbank regularly reviews the capitalisation of the Group and the individual legal entities. The outcome of such reviews may trigger adjustments deemed necessary to ensure compliance with regulatory requirements and an efficient capital management within the Group. Further, there are no current or foreseen material practical or legal impediments to the prompt transfer of own funds or repayment of liabilities to or from the parent company and its subsidiaries.

The leverage ratio increased by 0.9 percentage points from 5.6 per cent to 6.5 per cent during 2023. The Tier 1 capital increased by SEK 21.5bn, whereof CET1 capital increased by SEK 16.6bn and AT1 capital increased by SEK 4.9bn. The leverage ratio exposure amount decreased by SEK 45.7bn, where the main driver was other assets which decreased by SEK 98.7bn mainly due to decreased cash and balances with central banks offset by increased bonds and loans to customers. Other drivers which decreased the leverage ratio exposure amount were increased derivatives (SEK 42.9bn) and SFTs (SEK 17.3bn).

3. Credit risk

Swedbank's credit risk remained low and credit quality strong in 2023 despite the weak economic conditions. Credit quality indicators such as past-due and forborne exposures increased but remained at low levels.

Credit risk - definition

The risk that a counterparty fails to meet its obligations towards Swedbank and the risk that the pledged collateral does not cover the claims.

EU CRA - General qualitative information about credit risk, CRR Article 435(1)(a,b,d,f)

Credit risk appetite

Swedbank's credit risk appetite is aligned with the overall risk strategy and risk appetite, which is described in "EU OVA - Institution risk management approach".

The credit risk appetite states that Swedbank shall maintain a well-diversified credit portfolio with low risk. The focus is on long-term customer relationships and credit exposures are mainly concentrated to customers in Swedbank's four home markets, including the other Nordic countries where Swedbank has branches. Exposures outside the home markets shall have a direct link to the home market business or be necessary for supporting this business.

The low risk is maintained through sustainable lending to customers with high debt-service capabilities, by maintaining a strong collateral position and by portfolio diversification within and between sectors and geographies.

Processes to manage credit risk

Swedbank's overall risk management processes are described in "EU OVA - Institution risk management approach". Within credit risk, the most important processes are outlined below.

Credit policy – The credit policy establishes and describes the high-level principles and rules within the Group on credit risk management and credit operations.

It provides basis for the Group´s business and credit strategy and serves as a guide to create long-term customer relationship and maintain a low risk in the credit portfolio as well as good risk-adjusted profitability.

Prudent banking is one of the main governing factors. It means sound and reasonable risk management practices in line with Swedbank values and low risk appetite. It also considers responsible lending from a consumer protection perspective as well as from a societal perspective.

The credit portfolio shall be well-diversified with low risk. Diversification is obtained by geographical and industrial spread, a diversified customer base and by avoiding undesirable risk concentrations of any kind. Low risk is developed and maintained through relevant credit risk steering principles as well as clear credit strategy and appropriate targets within each business unit that are in line with the strategy and risk appetite of the Group. A continuous and structured monitoring of the credit portfolio is essential to maintain a desired risk level and long-term quality of the business relations.

The credit operations shall strive towards long-term customer relationships and rest on sound business acumen to achieve solid profitability. A customer's sustainable cash flow, solvency and collateral are always key lending variables. Credits shall only be granted to customers with a demonstrated repayment ability and a sufficient financial situation.

Duality and segregation of duties are essential in all credit operations within the Group to ensure sound credit operations including well-founded decisions. It shall be reflected in the organisation of the credit risk management with an independent credit function and applied in decision-making and otherwise in the credit process.

The credit framework shall always be read in conjunction with policies, position statements and other internal guidelines in the ESG area. The ESG risk perspective shall be an integrated part of all credit risk assessments to mitigate such risk and identify opportunities.

Credit operations processes – The main processes of the credit operations include credit risk assessment, decision on credit risk, and credit monitoring and review, as described below.

Credit risk assessment, including business analysis, is the basis for a credit decision. The credit assessment covers the counterparty's capacity to repay. It also includes collateral considerations and other risk mitigating actions, as well as terms and conditions for the credit arrangement. Risk-classification of the counterparty is an important part of the credit risk assessment. Relevant environmental, social and governance (ESG) aspects is included in the analysis of the counterparty´s opportunities and risks.

Decisions on credit proposals are made according to an established structure of credit decision-making bodies. The primary credit decision is made in a credit decision-making body within the business area responsible for the borrower and its credit risk. Credit proposals implying higher risks are reassessed and finally decided by an upper credit committee. For smaller standardised credits automated solutions for credit assessment and decision-making may be used.

Credit monitoring and review of individual credit risk exposures is performed continuously to early identify any change in credit risk. In addition to continuous monitoring, corporate customers, financial institutions and sovereigns are also reviewed at least annually. If a counterparty's risk has deteriorated, several corrective measures are considered and implemented, with the objective to avoid impairment, and/or minimise the risk of loss in case of default.

Hedging and mitigation of credit risk – There are several ways to mitigate credit risk, including mainly:

- The credit policy and credit strategy with a clear guidance on the low risk appetite for the bank.
- The credit risk limit framework including key risk indicators to monitor and protect against unwanted risk-taking.
- The use of financial and physical collateral valued using Group common valuation methodologies, risk transfer mechanisms such as guarantees and insurance, and covenants in credit documentation.
- The use of hedging strategies, netting agreements, and clearing through central counterparties.
- Diversification or increasing the portfolio mix of customers.

The main types of collateral, collateral valuation and netting policies are described in "EU CRC – Qualitative disclosure requirements related to CRM techniques".

Credit risk limits – The purpose of the risk limit framework is to integrate the risk appetite into the Group's daily operations and to facilitate effective and structured monitoring and reporting to keep the Group's risk exposure within the established Group risk appetite.

The risk limit framework consists of limits decided by the CEO and by executive management. The framework also includes KRIs where required from a risk perspective. The limits and KRIs are tools for controlling and monitoring that the risks stay within the risk appetite, and are defined on Group level and business area level.

The credit risk limits are organised in four categories:

- Strong asset quality – These measures monitor the risk development of the portfolios.
- Sound loan growth –These limits control growth versus capital situation and credit strategy thus preventing unsustainable growth.
- Prevent risk drivers – These measures aim at controlling parts of the portfolio with higher risk, higher volatility or which have potential increased risk in the future.
- Avoid risk concentration – Limits here aim to safeguard from unwanted concentration of larger exposures and single sectors.

The CRO has an overall responsibility for the risk limit framework, which is reviewed annually to secure that the limits and levels are relevant, up to date, and sufficiently reflects that Swedbank operates within the risk appetite.

Monitoring and reporting of credit risk – Group Risk oversees the Group's credit risk development and reports monthly to the CRO, who informs the CEO and the Board. Important parts of the monthly risk reports are credit portfolio trends and findings from stress tests and other analysis. The control and monitor of credit exposures against risk limits are also performed monthly and reported to the CRO in a credit risk limit report.

Group Risk conducts stress tests on selected sectors, typically the largest sectors, and specific segments or exposure types with potentially increased risks. For relevant sectors, stress tests using climate scenarios are made to assess climate risk exposure at the portfolio level.

Group Risk annually performs a thorough and comprehensive stress test of the entire Group, the ICAAP (see "EU OVC - Internal Capital Adequacy Assessment Process"), which includes a credit loss stress of the total credit portfolio.

Credit governance structure and responsibilities

Swedbank's governance structure for risk management including the three lines of defence is described in "EU OVA - Institution risk management approach". In the credit risk area, the governance structure details as follows.

The business units, the first line of defence, are responsible for the operational credit management of their customers and own all credit risks that arise within their area of operation. The head of the unit ensures that all credits are assessed, decided, administrated, and followed-up in accordance with the credit framework, including establishing an integrated internal control of high quality in the credit process. The head of each business unit shall also make sure that the credit transactions are in line with Swedbank's strategies, policies, and instructions. The business unit is furthermore accountable for the profitability connected to the credit decision.

Group Risk, the second line of defence, is responsible for independent monitoring and control of the credit risk management carried out by the business operations (first line of defence). This includes verification that internal rules and processes defined in the credit risk framework are complied with, and that the first line of defence has adequate controls in place. Group Risk also has the responsibility to maintain, develop and monitor the risk classification system. Group Risk shall independently report relevant risk information to the CEO and the Board.

Group Compliance, also within the second line of defence is, in the credit risk area, responsible for screening and control of regulatory compliance.

Group Internal Audit, the third line of defence, is governed by and reports to the Board. It performs independent periodic reviews of the credit management, and the credit control processes within the first and second line of defence.

EU CRB - Additional disclosure related to the credit quality of assets, CRR Article 442(a,b)

Past due and impaired exposures

Past due exposures refer to exposures where amounts due for payment have not been paid in accordance with the payment terms of the credit agreements.

Credit-impaired exposures are exposures for which it is unlikely that the payments will be received in accordance with the contractual terms and where there is a risk that Swedbank will not receive full payment. Credit-impaired exposures are moved to stage 3 according to the accounting framework IFRS 9.

Swedbank's IFRS 9 definitions of default and credit-impaired exposures are aligned to its regulatory definition of default.

A credit exposure is regarded to be in default, and credit-impaired, if any of the following criteria are met:

- The borrower is past due more than 90 days on any material credit obligation to Swedbank Group.
- The Group considers that the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security.

When assessing whether a borrower is unlikely to pay its obligations, Swedbank assesses both qualitative and quantitative factors, including but not limited to, overdue status, non-payment on other obligations of the same borrower, bankruptcy filing, and breaches of financial covenants.

For sovereign and financial institutions exposure classes, the trigger of default and credit-impaired status is based on manual decisions rather than strictly 90 days past due.

Methods for determining credit risk adjustments

Credit impairment provisions are measured according to an expected credit loss model in line with the accounting standard IFRS 9. All exposures, performing as well as non-performing, will carry a credit impairment provision (loss allowance) depending on their stage allocation.

The exposures are allocated to one of three stages:

- Stage 1 - Performing exposures where the credit risk has not increased significantly since initial recognition.
- Stage 2 - Performing exposures where the risk of default has increased significantly since initial recognition, but the asset is still not classified as credit-impaired.
- Stage 3 - Credit-impaired exposures.

Regardless of which stage an exposure is allocated to, provisions will be calculated according to Swedbank's models. The key inputs used in the quantitative models are probability of default (PD), loss given default (LGD), exposure at default (EAD) and expected lifetime. Expected credit losses reflect both historical data and probability weighted forward-looking scenarios. For large exposures in stage 3, the provisioning will be assessed manually by using scenario-based cash flows and then decided by the relevant credit decision-making body.

More details about credit impairment provisions are found in the Annual Report, note G2 (3.8) and note G3 (3.1.4).

Forborne exposures

Forborne exposures refer to exposures where the contractual terms have been changed due to the customer's financial difficulties. The purpose of forbearance measures is to enable the borrower to make full payments again and to avoid foreclosure, or when this is not considered possible, to maximise the repayment of outstanding exposures. Changes in contractual terms include various forms of concessions such as amortisation suspensions, reductions in interest rates to below market rate, forgiveness of all or part of the exposure, or issuance of new loans to pay overdue amounts.

Depending on when the forbearance measures are taken and the severity of the financial difficulties of the borrower, the forborne exposure could either be classified as performing or non-performing.

Table 3.1: EU CR1 - Performing and non-performing exposures and related provisions, CRR Article 442(c,f)

SEKm	Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
	Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3			
Cash balances at central banks and other demand deposits	**251 764**	**251 764**													
Loans and advances	**1 842 698**	**1 649 037**	**193 396**	**9 598**		**9 530**	**-5 697**	**-1 880**	**-3 816**	**-3 043**		**-3 041**		**1 645 172**	**5 103**
Central banks	46	46													
General governments	37 542	37 520	22				-2	-2	0					1 347	
Credit institutions	6 841	6 814	27				-18	-17	0					16	
Other financial corporations	25 686	22 518	3 168	33		33	-110	-73	-37	-26		-26		13 384	8
Non-financial corporations	604 212	511 175	92 833	3 365		3 365	-3 586	-1 163	-2 423	-853		-853		513 467	2 255
Of which SMEs	328 253	280 000	48 049	1 879		1 879	-1 383	-463	-920	-453		-453		318 285	1 385
Households	1 168 371	1 070 964	97 346	6 200		6 132	-1 981	-625	-1 356	-2 164		-2 162		1 116 958	2 840
Debt securities	**181 767**	**159 947**												**118**	
Central banks	159 947	159 947													
General governments	6 293													118	
Credit institutions	5 925														
Other financial corporations	9 602														
Non-financial corporations															
Off-balance-sheet exposures	**364 866**	**281 423**	**32 735**	**793**		**790**	**-784**	**-334**	**-449**	**-320**		**-320**		**21 151**	**21**
Central banks															
General governments	26 553	26 507	6				0	0	0					6	
Credit institutions	13 275	13 032	243				-8	-7	-1						
Other financial corporations	16 833	13 358	3 398	3		3	-70	-37	-32	0		0		561	
Non-financial corporations	221 816	187 286	27 993	787		784	-683	-277	-406	-319		-319		18 825	21
Households	86 389	41 240	1 095	3		3	-23	-13	-10	-1		-1		1 759	
Total	**2 641 095**	**2 342 171**	**226 131**	**10 391**		**10 320**	**-6 481**	**-2 214**	**-4 265**	**-3 363**		**-3 361**		**1 666 441**	**5 124**

Total performing exposures decreased by SEK 263bn compared to June 2023, mainly explained by decreased cash balances at central banks and decreased central banks debt securities. Performing loans and advances decreased by SEK 38bn, mainly due to repayments of loans and lower inflow in both corporations and households.

Stage 2 (significantly increased credit risk) loans and advances increased by SEK 3.0bn, mainly explained by rating downgrades in non-financial corporations, partly offset by a decrease in households mainly due to revised SICR (significant increase in credit risk) thresholds for Swedish private mortgage loans.

Non-performing loans and advances (stage 3) increased by SEK 1.5bn, mainly in Swedish private mortgage loans due to weaker household finances and a simplified application process for amortisation deferrals. Accumulated impairments increased in Stage 2 and Stage 3, while decreased in Stage 1. The quality of Swedbank’s exposures is high with less than 1% non-performing exposures.

Table 3.2: EU CR1-A - Maturity of exposures, CRR Article 442(g)

SEKm	Net exposure value					
	On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
Loans and advances	699	296 973	422 051	1 123 833	0	1 843 556
Debt securities		167 748	5 662	8 357		181 767
Total	**699**	**464 721**	**427 713**	**1 132 190**	**0**	**2 025 323**

A major part of loans and advances, 61% (61% in June 2023), has a maturity over five years, mainly explained by private mortgage loans. Compared to June 2023, the loans with maturity less than 1 year have increased, while the loans with maturity 1-5 years and with maturity over 5 years have decreased. The changes between maturity buckets are explained by shorter corporate maturities, partly by changes in methodology for maturity data.

Table 3.3: EU CR2 - Changes in the stock of non-performing loans and advances, CRR Article 442(f)

SEKm	Gross carrying amount
Initial stock of non-performing loans and advances	**7 549**
Inflows to non-performing portfolios	6 650
Outflows from non-performing portfolios	-4 601
Outflows due to write-offs	-1 139
Outflow due to other situations	-3 462
Final stock of non-performing loans and advances	**9 598**

Non-performing loans and advances increased by SEK 2.0bn compared to December 2022, mainly in Swedish private mortgage loans due to weaker household finances and a simplified application process for amortisation deferrals.

Table 3.4: EU CR2a - Changes in the stock of non-performing loans and advances and related net accumulated recoveries, CRR Article 442(c,f)

According to CRR, EU CR2a is applicable to institutions with a threshold ratio on non-performing loans and advances (NPL ratio) of 5% or above. Swedbank's NPL ratio is below 5%.

Table 3.5: EU CQ1 - Credit quality of forborne exposures, CRR Article 442(c)

SEKm	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
	Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
			Of which defaulted	Of which impaired				
Cash balances at central banks and other demand deposits								
Loans and advances	11 129	2 617	2 617	2 617	-438	-691	11 913	1 587
Central banks								
General governments	22				0			
Credit institutions								
Other financial corporations								
Non-financial corporations	5 244	980	980	980	-400	-453	5 223	499
Households	5 863	1 637	1 637	1 637	-38	-238	6 690	1 088
Debt Securities								
Loan commitments given	109	3	3	1	-6	0	80	2
Total	**11 238**	**2 620**	**2 620**	**2 618**	**-444**	**-691**	**11 993**	**1 589**

Performing forborne loans and advances increased by SEK 3.9bn compared to June 2023, mainly driven by increased amortisation deferrals in Swedish private mortgage loans. Non-performing forborne loans and advances decreased by SEK 0.7bn. An increase in private mortgage loans, mainly due to granted amortisation deferrals not passing a new household budget calculation, was offset by a decrease in non-financial corporations, mainly due to write-offs of defaulted loans. The total forborne loans and advances remained on a low level with less than 1% forborne.

Table 3.6: EU CQ2 - Quality of forbearance, CRR Article 442(c)

According to CRR, EU CQ2 is applicable to institutions with a threshold ratio on non-performing loans and advances (NPL ratio) of 5% or above. Swedbank's NPL ratio is below 5%.

Table 3.7: EU CQ3: Credit quality of performing and non-performing exposures by past due days, CRR Article442(d)

	Gross carrying amount/nominal amount											
	Performing exposures			Non-performing exposures								
SEKm		Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
Cash balances at central banks and other demand deposits	251 764	251 764										
Loans and advances	1 842 698	1 841 021	1 677	9 598	5 532	872	898	826	1 391	26	51	9 598
Central banks	46	46										
General governments	37 542	37 542										
Credit institutions	6 841	6 841										
Other financial corporations	25 686	25 686		33	33							33
Non-financial corporations	604 212	603 953	259	3 365	2 912	141	163	74	69	1	3	3 365
Of which SMEs	328 253	327 994	259	1 879	1 500	68	163	74	69	1	3	1 879
Households	1 168 371	1 166 953	1 418	6 200	2 587	731	735	752	1 322	25	48	6 200
Debt securities	181 767	181 767										
Central banks	159 947	159 947										
General governments	6 293	6 293										
Credit institutions	5 925	5 925										
Other financial corporations	9 602	9 602										
Non-financial corporations												
Off-balance-sheet exposures	364 866			793								793
Central banks												
General governments	26 553											
Credit institutions	13 275											
Other financial corporations	16 833			3								3
Non-financial corporations	221 816			787								787
Households	86 389			3								3
Total	**2 641 095**	**2 274 552**	**1 677**	**10 391**	**5 532**	**872**	**898**	**826**	**1 391**	**26**	**51**	**10 391**

Performing exposures with past due more than 30 days but less or equal to 90 days increased by SEK 0.2bn compared to December 2022, mainly in non-financial corporations. Non-performing exposures increased by SEK 2.7bn, mainly in Swedish private mortgage loans. The total exposures that are past due remained on a low level with less than 1% past due more than 30 days.

Table 3.8: EU CQ4 - Quality of non-performing exposures by geography, CRR Article 442(c,e)

SEKm	Gross carrying/nominal amount				Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		Of which non-performing		Of which subject to impairment			
			Of which defaulted				
On-balance-sheet exposures	**2 034 062**		**9 598**		**-8 738**		
Sweden	1 667 712		7 789		-5 986		
Norway	49 745		318		-770		
Denmark	9 341		96		-196		
Finland	24 421		47		-194		
Estonia	112 761		610		-552		
Latvia	50 147		178		-342		
Lithuania	96 622		447		-500		
USA	6 952				-2		
Other countries	16 361		113		-196		
Off-balance-sheet exposures	**365 657**		**793**			**-1 105**	
Sweden	243 129		757			-845	
Norway	23 945					-71	
Denmark	2 628					-1	
Finland	25 301					-25	
Estonia	17 788		17			-46	
Latvia	10 783		1			-13	
Lithuania	17 625		19			-50	
USA	4 029					0	
Other countries	20 429					-54	
Total	**2 399 719**		**10 391**		**-8 738**	**-1 105**	

Swedbank's total exposures are concentrated to the four home markets. As of end December 2023, 80% of total exposures were in Sweden, 13% in the Baltic countries, and the rest mainly in other Nordic countries.

Defaulted exposures increased compared to June 2023, mainly in Swedish private mortgage loans in households. Defaulted exposures in Norway decreased due to repayments and write-offs of oil- and offshore exposures. The total amount of defaulted exposures was below 1%.

According to CRR, the columns "of which non-performing" and "of which subject to impairment" in EU CQ4, are applicable to institutions with a threshold ratio on non-performing loans and advances (NPL ratio) of 5% or above. Swedbank's NPL ratio is below 5%.

Table 3.9: EU CQ5 - Credit quality of loans and advances by industry, CRR Article 442(c,e)

SEKm	Gross carrying amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		Of which non-performing		of which: loans and advances subject to impairment		
			Of which defaulted			
Agriculture, forestry and fishing	15 404		90		-158	
Mining and quarrying	1 914		120		-142	
Manufacturing	41 036		268		-782	
Electricity, gas, steam and air conditioning supply	19 905		9		-34	
Water supply	2 997		1		-26	
Construction	19 813		152		-326	
Wholesale and retail trade	37 837		277		-394	
Transport and storage	17 196		83		-147	
Accommodation and food service activities	5 005		44		-104	
Information and communication	19 671		808		-269	
Financial and insurance activities	10 273		11		-49	
Real estate activities	379 439		1 144		-1 629	
Professional, scientific and technical activities	14 574		188		-119	
Administrative and support service activities	10 451		13		-83	
Public administration and defense, compulsory social	67		0		0	
Education	998		64		-14	
Human health services and social work activities	4 761		5		-84	
Arts, entertainment and recreation	4 729		87		-73	
Other services	1 505		2		-3	
Total	**607 575**		**3 366**		**-4 436**	

Industry distribution in EU CQ5 is according to NACE industry classification and differs from the sector distribution used by Swedbank in annual and interim reports.

Loans and advances to non-financial corporations, decreased by SEK 19bn compared to June 2023, with the largest decreases in the industries Real estate, SEK 5.9bn, Financial and insurance activities, SEK 4.7bn, and Manufacturing, SEK 4.1bn.

The largest industry concentration is real estate activities (including tenant-owner associations), 62% of gross carrying amount of loans and advances to non-financial corporations.

Accumulated impairments decreased by SEK 0.4bn, mainly due to repayments and write-offs of defaulted oil- and offshore exposures in industry Mining and quarrying.

According to CRR, the columns “of which non-performing” and “of which loans and advances subject to impairment” in EU CQ5, are applicable to institutions with a threshold ratio on non-performing loans and advances (NPL ratio) of 5% or above. Swedbank’s NPL ratio is below 5%.

Table 3.10: EU CQ6 - Collateral valuation - loans and advances, CRR Article 442(c)

According to CRR, EU CQ6 is applicable to institutions with a threshold ratio on non-performing loans and advances (NPL ratio) of 5% or above. Swedbank’s NPL ratio is below 5%.

Table 3.11: EU CQ7 - Collateral obtained by taking possession and execution processes, CRR Article 442(c)

	Collateral obtained by taking possession	
SEKm	**Value at initial recognition**	**Accumulated negative changes**
Property, plant and equipment (PP&E)		
Other than PP&E	43	-8
Residential immovable property	14	-8
Commercial Immovable property		
Movable property (auto, shipping, etc.)	29	
Equity and debt instruments		
Other collateral		
Total	**43**	**-8**

The amount of collateral obtained by taking possession remained low with no significant changes compared to June 2023.

Table 3.12: EU CQ8 - Collateral obtained by taking possession and execution processes – vintage breakdown, CRR Article 442(c)

According to CRR, EU CQ8 is applicable to institutions with a threshold ratio on non-performing loans and advances (NPL ratio) of 5% or above. Swedbank’s NPL ratio is below 5%.

EU CRC – Qualitative disclosure requirements related to CRM techniques, CRR Article 453(a-e)

Netting policies

Swedbank enters into master netting agreements (MNAs) with counterparties with whom derivatives or securities financing transactions are made. The main types of MNAs are the ISDA Master Agreement, used for derivatives, the Global Master Repurchase Agreement (GMRA), used for repurchase agreements, and the Global Master Securities Lending Agreement (GMSLA), used for securities financing transactions. All are global standards commonly used for documenting transactions of respective type.

The use of MNAs allows for novation of individual transactions into one single contract instead of treating all transactions individually.

Management and valuation of eligible collateral

Swedbank has internal policies stipulating the eligibility requirements of different types of credit protection that need to be fulfilled in order to achieve credit risk mitigation in the calculation of capital requirements. These requirements are aligned with the regulatory requirements stipulated in CRR. Every type of collateral has specific requirements, however in general all types of credit protection arrangement must have their legal certainty verified by obtaining a legal opinion. This legal opinion should verify that the credit protection agreement is legally effective and enforceable in the relevant jurisdictions and whether the credit protection arrangement meet the specific conditions for each specific type of credit protection.

For collateral types which are eligible as part of Swedbank’s permissions to use own estimates of loss given default (LGD) parameter, the effect of those collateral types may be recognised through the use of modelled LGD. For other cases and collateral types where own LGD estimates are not used, the method for recognition used is the prescribed regulatory approach as set out by the CRR.

Collateral is valuable from a risk perspective even if the credit protection is not eligible for capital adequacy purposes. When granting credits, Swedbank applies adequate credit protection, e.g., pledged collateral and guarantees. The collateral, its value and risk mitigating effect are considered through the credit process.

The valuation of collateral is based on a thorough review and analysis of the pledged assets and is an integrated part of the credit risk assessment. The establishment of the collateral value is part of the credit decision. The value of the collateral is reassessed as part of periodic credit reviews and in situations where Swedbank has reason to believe that the value has deteriorated, or the exposure has become non-performing. For financial collateral, such as debt securities and equities, valuation is normally performed daily and reduced by haircuts when applicable.

The established value of the collateral shall correspond to the most likely sales price at the date of valuation estimated in a qualitative process and characterised by prudence. The risk mitigating effect of the collateral shall be considered. If the risk mitigating effect is limited, the value shall be reduced accordingly.

Real estate valuation shall be based on facts concerning the object, circumstances in the local market and an adequate estimation of all relevant factors which may affect the market value in a situation where the collateral is sold. The estimated value shall correspond to the market value and be based on fair assumptions, a conservative approach, and a reliable outlook. Uncertain conditions that may have an impact on the value must be reported in a sensitivity analysis that illustrates the impact that changes in these conditions may have on the proposed market value. Risks associated with sustainability and environmental issues, such as pollutions or contamination of a property, shall be taken into consideration when setting market value of the property.

For commercial real estate (cash-flow generating properties), the cash-flow shall be analysed to ensure that the property over time generates a positive net operating income that covers the financial costs. Cash-flow calculations shall be based on market rents and complemented with current rental agreements for the contract period.

For private residential real estate, including tenant-owner rights, the market valuation is normally based on sales comparison. This can be made either by an individual analysis and valuation, or by using an automatic valuation support system based on qualitative and quantitative information about the objects and the sales. A market value proposed by a valuation support system shall always be assessed by an appointed valuer with special notice to location, standard and condition.

Main types of collateral

The most common types of pledged collateral used by Swedbank are residential real estate including tenant-owner rights, commercial real estate, floating charge, and financial instruments.

Credits without collateral are mainly granted for small loans to private customers or loans to large companies with very solid repayment capacity. For the latter, special loan covenants are commonly created which entitle Swedbank to renegotiate or terminate the agreement if the borrower's repayment capacity deteriorates, or if the covenants are otherwise breached.

Collaterals used to mitigate counterparty credit risk exposures are described in EU CCRA.

Guarantors and credit derivative counterparties

Main types of guarantees used in the credit risk mitigation are guarantees provided by parent companies to subsidiaries. Other types of guarantees used are those received from export credit agencies as part of the trade finance activities and sovereign guarantees provided to particular types of loans. For a guarantee to be effective in the credit risk mitigation, the credit worthiness of the guarantor must be superior to the obligor and the guarantor cannot be in default state.

In special circumstances, Swedbank may buy credit derivatives or financial guarantees to hedge the credit risk, but this is not part of Swedbank's normal lending operations. Credit derivatives are currently not being used as a risk mitigation technique for credit risk.

Credit risk concentrations within mitigation instruments

Approximately 58 per cent of Swedbank's total loans to customers have private housing mortgages as collateral indicating a high concentration risk. However, the composition of the portfolio, with a large number of customers, in all four home markets and a variation between customers in larger city areas and countryside as well as relatively small amounts on each borrower, mitigates the risks. Another 22 per cent of the loans have other types of real estate as collateral. This portfolio is spread over a large number of customers, several geographies and different property segments.

The use of guarantees does not provide significant additional concentration. As mentioned, the main types of guarantees are group internal guarantees within a group of connected clients, where the parent and subsidiary normally are of same type.

Table 3.13: EU CR3 - CRM techniques overview: Disclosure of the use of credit risk mitigation techniques, CRR Article 453(f)

SEKm	Unsecured carrying amount	Secured carrying amount	Of which secured by collateral	Of which secured by financial guarantees	Of which secured by credit derivatives
Loans and advances	453 787	1 650 273	1 582 290	67 984	
Debt securities	181 649	118		118	
Total	**635 436**	**1 650 391**	**1 582 290**	**68 102**	
Of which non-performing exposures	4 459	5 102	4 115	988	
Of which defaulted	4 459	5 102			

In table EU CR3, the item Loans and advances includes cash balances at central banks of SEK 252bn. Excluding the cash balances, 85% of Swedbank's loans and advances were secured by eligible collaterals in December 2023, which is the same level as in June 2023. The major part is secured by private housing mortgages or other real estate collateral.

EU CRD – Qualitative disclosure requirements related to standardised model, CRR Article 444(a-d)

External ratings used

Swedbank uses ratings assigned by Standard & Poor's, and in the Baltic subsidiaries also ratings assigned by Moody's and Fitch.

Exposure classes using external ratings

Ratings are required to be used in the calculation of risk weights for central governments and central banks, regional governments and local authorities, institutions, and corporate exposure classes. Swedbank uses this methodology for exposures in the Baltic countries for central governments and central banks, regional governments and local authorities.

Process used to determine the risk weight

In the standardised approach, fixed risk weights are applied to each exposure class split into credit quality steps, based on ratings assigned by external credit rating agencies. Each exposure is assigned to a credit quality step, and dependent on exposure class, a risk weight associated with the credit quality step. The risk weights are in some cases also affected by maturity. When an external credit rating is not available, a default treatment is applied.

Mapping of external ratings to credit quality steps

External ratings for the nominated external credit assessment institutions (ECAI) and corresponding credit quality steps and risk weights are shown in the tables below.

Table 3.14 Credit quality steps and external credit ratings

	External credit ratings		
Credit quality step	S&P	Moody's	Fitch
Step 1	AAA to AA-	Aaa to Aa3	AAA to AA-
Step 2	A+ to A-	A1 to A3	A+ to A-
Step 3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-
Step 4	BB+ to BB-	Ba1 to Ba3	BB+ to BB-
Step 5	B+ to B-	B1 to B3	B+ to B-
Step 6	CCC+ and below	Caa1 and below	CCC+ and below

Table 3.15 Credit quality steps and risk weights

	Exposure classes		
Credit quality step	Corporates	Central governments and central banks	Regional and local authorities, Institutions
Step 1	20%	0%	20%
Step 2	50%	20%	50%
Step 3	100%	50%	50%
Step 4	100%	100%	100%
Step 5	150%	100%	100%
Step 6	150%	150%	150%
Unrated	100%	100%	100% or other RW derived from central governments ratings

Table 3.16: EU CR4 - Standardised approach - Credit risk exposure and CRM effects, CRR Article 453(g,h,i), 444(e)

Exposure classes	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
SEKm	On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWAs	RWA density (%)
Central governments or central banks	112		112			0.0%
Regional government or local authorities	4 783	403	4 841	151	761	15.2%
Public sector entities	289	1 776	289	871	328	28.3%
Multilateral development banks	2 439	1	2 441	1		0.0%
International organisations						
Institutions	1 316	1	1 316	0	252	19.1%
Corporates	3 739	2 749	3 583	511	3 972	97.0%
Retail	23 446	23 121	23 297	378	16 973	71.7%
Secured by mortgages on immovable property	3 032	0	3 032	0	1 061	35.0%
Exposures in default	860	12	860	6	904	104.4%
Exposures associated with particularly high risk						
Covered bonds	161		161		16	9.9%
Institutions and corporates with a short term credit assessment						
Collective investment undertakings	1		1		18	1800.0%
Equity	13 637		13 637		31 201	228.8%
Other items	921		921		875	95.0%
Total	**54 736**	**28 063**	**54 491**	**1 918**	**56 361**	**99.9%**

The exposures in the standardised approach constitute a small part of Swedbank's total credit risk exposure. REA under standardised approach increased by SEK 3.0bn compared to June 2023, of which SEK 2.4bn due to an increase in equity exposures in insurance undertakings.

Table 3.17: EU CR5 - Standardised approach, CRR Article 444(e)

Exposure classes	Risk Weight															Total	Of which unrated
SEKm	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others		
Central governments or central banks	112															112	
Regional government or local authorities	1 186				3 806											4 992	
Public sector entities					839		321									1 160	
Multilateral development banks	2 442															2 442	
International organisations																	
Institutions	63				1 249		4									1 316	
Corporates										4 093						4 093	
Retail									23 675							23 675	
Exposures secured by mortgages on immovable property						3 032										3 032	
Exposures in default										791	75					866	
Exposures associated with particularly high risk																	
Covered bonds				161												161	
Exposures to institutions and corporates with a short term credit																	
Units or shares in collective investment undertakings														1		1	
Equity exposures										1 947		11 687		3		13 637	
Other items	47									875						922	
Total	**3 850**			**161**	**5 894**	**3 032**	**325**		**23 675**	**7 706**	**75**	**11 687**		**4**		**56 409**	

The exposures in the standardised approach constitute a small part of Swedbank's total credit risk exposure. This table shows exposures post CCF and post CRM (EAD) distributed by exposure class and risk-weight.

EU CRE -Qualitative disclosure requirements related to IRB approach, CRR Article 452(1(a-f)

Scope of IRB approaches

The IRB approach is applied for a vast majority, 98 per cent, of Swedbank's credit risk exposures. Swedbank has approval from the SFSA to use the IRB approach as described below.

For the retail exposure class in Sweden and the Baltic countries, Swedbank has approval to use the IRB approach. For corporate exposures in Sweden and Norway, Swedbank has approval to use the advanced IRB approach. For corporate exposures in other countries, including the Baltic countries, and for institutions and sovereign exposures, Swedbank uses the foundation IRB approach, and calculates its own PD estimates, but uses prescribed levels for the parameters LGD and credit conversion factor (CCF) in calculating capital requirements.

For non-IRB approved parts of Swedbank's credit portfolio, and where an exception has been granted by the regulatory supervisory college, Swedbank uses the standardised approach to calculate capital requirements for credit risks.

The scope of the use of IRB and standardised approaches is disclosed in table EU CR6-A. This table also disclose the parts under IRB roll-out plans.

Control mechanisms for the risk classification system

Swedbank defines its risk classification system in its governing documents. The overarching rules are established by the Board of Directors, with more detailed regulations issued by the CEO, CRO, or Chief Credit Officer, respectively. These regulations contain rules as to how models should be structured and validated and stipulate regular quality controls. The controls are carried out in several processes performed in different parts of the organisation to ensure independency.

Tests are conducted during the model development to ensure that the model design is robust and minimises future model performance risks. The evaluation procedures are used when determining if models are acceptable to model developers, model owners and model users. In addition, the validation function reviews new models when they are finalised.

Existing models are reviewed according to each model's individual review cycle. Regular calibration of models is done on a periodic basis. The models are also regularly monitored, assessing performance of models and their stability over time. The outcome of the monitoring process is part of the regular review of estimates for credit risk.

Quantitative and qualitative validations of the models are performed regularly and at least yearly. The validation is prepared by an independent validation function within Group Risk, which is separated from the functions responsible for model development and calibration. All validation reports shall be approved by the CRO.

Risk-based reviews of the implementation, use and adequacy of the risk classification system is made by a credit risk control function within Group Risk. As a second line of defence unit, it is independent from the functions responsible for originating and renewing exposures, in line with Article 190 of the CRR.

The Group Internal Audit, the third line of defence, performs independent audits on the risk classification system at least on an annual basis and in specific cases related to model updates and applications.

Responsibilities for the risk classification system

The CRO is responsible for the credit risk models and related methods used in Swedbank's risk classification system and set detailed Group standards for credit risk model development, validation, and risk control in relation to the risk classification system. The CRO appoints responsible units within Group Risk to manage the different stages in the model life cycle for credit risk models, as described below.

The unit Credit Risk Modelling is the owner of credit risk models and the associated risks. It has the responsibility to set up and monitor the model life cycle management of credit risk models and coordinate that models are developed, validated, implemented, and used appropriately and in line with relevant regulatory requirements. The unit Credit Risk Modelling is also responsible for the model development as well as model implementation.

The credit risk control function is responsible for performing risk-based reviews of the implementation, use and adequacy of the risk classification system.

The validation function is responsible for model validation, including to secure that model validation methods are compliant with regulatory requirements.

The Board of Directors approves major changes of the risk classification systems. Subsequent changes to the models are handled by the unit Credit Risk Modelling and are approved by the CRO.

Management reporting on risk classification system

Each year the Board of Directors receives an evaluation of the risk classification system on the design and performance of the risk classification system, as well as areas of improvement. It also includes an assessment of to what extent internal principles are fulfilled and relevant information about measures taken to further develop the risk classification system.

The CRO is responsible for ensuring that all risk classification systems and sub-systems are operating properly and that the Board of Directors regularly receives information in these matters, in line with Article 189 in CRR.

Characteristics of the risk classification models

Swedbank's internal risk classification system is a central component in the credit process. The system aims to measure the risk that a customer or a contract will default and, in that case, what the losses would be for Swedbank.

Swedbank uses a number of internal rating systems for different exposures classes, which can be grouped into systems relying on expert models and systems relying on statistical models. The models are adapted to the geography in which the customer operates. In addition, for private persons and small-sized companies in the retail segment there are different models for existing customers (portfolio scoring) and for new customers (application scoring system). The systems used for different exposure types are summarised in the tables below.

Table 3.18: Risk classification systems in Sweden

Customer types	Definition	PD dimension Application	PD dimension Portfolio	LGD dimension	CCF dimension
Credit institutions	All	Rating System for Countries, Bank Systems and Banks		–	–
Sovereigns	All	Rating System for Central Governments and Central Banks, Regional Governments and Local Authorities*		–	–
Insurance companies	All	Rating System for Insurance Companies		–	–
Corporates	Asset > SEK 1bn or Revenue > SEK 0.5bn	Corporate Rating System		Corporate LGD Models	Corporate CCF Models
Medium-sized companies (SMEs)	Exposure > SEK 1m	SME Application and Portfolio Scoring System			
Small-sized companies (SSEs)	Exposure < SEK 1m	SSE Application Scoring System	SSE Portfolio Scoring System	Retail LGD Models	Retail CF Models
Private individuals	All	Application Scoring System for Private Individuals	Portfolio Scoring System for Private Individuals		

System relying on expert models
System relying on statistical models
* Only Regional Governments and Local Authorities which, according to EBA, may be treated as exposures to Central Governments are in the scope of the model.

Table 3.19: Risk classification systems in the Baltic countries

Customer types	Definition	PD dimension Application	PD dimension Portfolio	LGD dimension	CCF dimension
Credit institutions	All	Rating System for Countries, Bank Systems and Banks		–	–
Sovereigns	All	Rating System for Central Governments and Central Banks		–	–
Corporates	Exposure > EUR 0.8m	Corporate Rating System		–	–
Medium-sized companies (SMEs)	Exposure > EUR 0.2m and <= EUR 0.8m	SME Application Scoring System*	SME Portfolio Scoring System	Retail LGD Models	Retail CCF Models
Small-sized companies (SSEs)	Exposure <= EUR 0.2m	SSE Application Scoring System	SSE Portfolio Scoring System		
Private individuals	All	Application Scoring System for Private Individuals	Portfolio Scoring System for Private Individuals		

System relying on expert models
System relying on statistical models
* SME PD Models are not pure statistical models, but also incorporate expert judgement.

Rating systems (expert-based) – A rating system generates a risk rating for a counterparty with the help of an expert-based system, through which each selected criterion is weighted and converted into a risk grade. Rating systems are mainly used for large exposures where a thorough understanding of the risks is needed to ensure sound credit decisions. In these cases, Swedbank always conducts an extensive individual analysis before granting credits and updates the ratings at least annually.

The main characteristics of Swedbank's different rating systems can be described as follows:

- Sovereigns: The rating is based on an assessment of a number of parameters that, combined, describe the level of development, stability, and financial strength of the sovereign (government) in question.
- Credit institutions: The rating is based on a total appraisal of the sovereign's (government's) rating and the level of risk in the banking system and the specific bank. The level of risk in the banking system is determined by weighing several parameters that reflect its development, stability, and financial strength. The level of risk of the specific bank is calculated by weighing the financial strength, strategy, and risk level of its operations.
- Insurance companies: Insurance companies are rated by independent analysts. The risk classification is an expert-based assessment of variables such as financial key ratios, management of and access to capital, market position, country risk and regulatory compliance risk. The assessment is done for life and non-life insurance companies.
- Large corporates: The rating is based on a total appraisal of a quantitative assessment of the company's financial strength, and a qualitative component that assesses the position of the

industry, as well as the company's market position and strategy.

Scoring systems (statistical) – In a scoring system, the risk grade of the counterparty (or contract) is based on the statistical relation between a number of selected variables and defaults. Scoring systems are mainly used in portfolios with large numbers of smaller exposures where statistical relationships between different variables and default help to identify potential high-risk customers. When granting loans to counterparties in this type of portfolio, a credit process with a highly automated risk evaluation process is applied.

Swedbank's scoring systems are organised as follows:

- Medium-sized companies: The system comprises a combination of different scoring models and an expert component. In the statistical component, the risk assessment is based on information regarding the borrower's financial status and behaviour. Market conditions and the borrower's strategy are considered through the expert component.
- Retail exposures (private individuals and small companies): The system comprises a number of different statistical scoring models where each model is designed to provide an effective instrument in its area. The risk assessment is based on information regarding the borrower's financial status and credit behaviour.

Probability of default (PD) – PD estimates the risk that a counterparty or contract will default within a twelve-month period. PD is measured through Swedbank's different rating and scoring systems.

When calculating capital requirements, Swedbank uses a through-the-cycle (TtC) perspective, aiming at producing PD values that indicate the average twelve-month default frequency across a full business cycle. PD values also include a safety margin to account for the statistical uncertainty in the estimates. Thus, TtC-adjusted PD figures should remain stable across a business cycle at the portfolio level, while reflecting underlying long-term trends in the credit risk of the portfolio and taking a conservative view in estimated level of defaults. If the cyclical aspect is ignored, the result is a point-in-time PD (PiT), which is not used in capital requirement calculations, but when calculating the present risk level in a credit portfolio.

Swedbank uses a scale of 22 grades to classify the risk that a customer defaults, where grade 21 represents the lowest risk of default and grade 0 represents the highest risk. In addition, there is a default grade. Based on the PD estimate calculated using the TtC method, Swedbank assigns the customer, or exposure, a value on this risk scale.

Loss given default (LGD) - LGD measures what proportion of the exposure amount would be lost in case of default. Swedbank uses its own LGD estimates for retail exposures. Swedbank has an approval to apply its own LGD estimates to corporate exposures in Sweden and Norway. These estimates are in turn based on internal historic loss data. The LGD estimate depends on factors such as the counterparty's financial status, the value of the collateral, and on assumptions of how much can be recovered through the sale of any collateral based on historical outcomes and other factors. For corporate exposures not covered by the advanced IRB approval as well as for institutions and sovereign exposures, prescribed LGD values are used.

Capital requirements are based on LGD estimates which are representative for a severe economic downturn. This means that they correspond to a degree of loss incurred under economic stress and cannot be directly compared to current loss levels. The LGD values also include a safety margin that takes into account the statistical uncertainty in the estimates.

Credit conversion factor (CCF) – A credit conversion factor (CCF) is used when calculating capital requirements for off-balance exposures and typically estimates the percentage of a credit limit that is utilised by the time an obligor goes into default.

Internal models for CCF are applied on all portfolios with an advanced IRB permit (similar to LGD), whereas all other portfolios use prescribed CCF values. Safety margins and downturn adjustments are managed similarly to LGD and the measure should be conservative enough to capture a severe economic downturn.

Table 3.20: EU CR6 - IRB approach - Credit risk exposures by exposure class and PD range, CRR Article 452(g)

A-IRB SEKm	PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
Exposure classes AIRB													
Corporate: SME													
	0.00 to <0.15	8 896	145	57.6%	9 230	0.1%	129	13.7%	4.4	799	8.7%	1	-2
	0.00 to <0.10	3 942	28	85.0%	4 185	0.1%	80	15.2%	4.4	394	9.4%	0	-1
	0.10 to <0.15	4 954	118	50.9%	5 045	0.1%	49	12.6%	4.3	405	8.0%	1	-1
	0.15 to <0.25	13 685	2 546	57.7%	15 574	0.2%	339	16.2%	2.6	1 740	11.2%	5	-4
	0.25 to <0.50	39 952	3 194	59.9%	43 719	0.4%	1 658	14.3%	3.0	6 444	14.7%	23	-33
	0.50 to <0.75	18 369	1 310	61.7%	19 007	0.6%	1 321	16.1%	2.7	3 632	19.1%	18	-21
	0.75 to <2.50	57 994	4 318	64.8%	59 262	1.4%	4 437	15.2%	3.0	14 358	24.2%	124	-235
	0.75 to <1.75	48 847	3 790	63.9%	50 387	1.2%	3 717	15.2%	2.9	11 847	23.5%	93	-171
	1.75 to <2.5	9 147	527	71.7%	8 875	2.4%	720	14.9%	3.2	2 512	28.3%	32	-64
	2.50 to <10.00	20 376	1 560	77.8%	17 736	5.1%	1 262	15.9%	2.6	6 505	36.7%	146	-306
	2.5 to <5	14 402	999	76.7%	12 511	4.0%	880	15.3%	2.5	4 105	32.8%	74	-167
	5 to <10	5 973	561	79.4%	5 224	8.0%	382	17.3%	2.7	2 400	45.9%	72	-139
	10.00 to <100.00	3 073	398	54.8%	2 702	20.2%	180	18.4%	3.5	1 899	70.3%	100	-225
	10 to <20	2 258	91	64.8%	2 199	17.9%	104	18.9%	3.7	1 585	72.1%	75	-146
	20 to <30	660	307	42.3%	356	27.2%	64	18.1%	3.2	245	68.8%	18	-73
	30.00 to <100.00	154	1	65.9%	147	38.4%	12	11.5%	1.7	69	46.9%	6	-6
	100.00 (Default)	1 270	33	74.0%	1 194	100.0%	92	21.8%	3.0	1 367	114.5%	177	-200
Corporate: SME - Sub total		**163 614**	**13 505**	**62.7%**	**168 424**	**2.3%**	**9 418**	**15.3%**	**3.0**	**36 744**	**21.8%**	**594**	**-1 025**
Corporate: Other													
	0.00 to <0.15	18 721	32 771	39.1%	31 825	0.1%	102	32.0%	2.2	5 022	15.8%	7	-44
	0.00 to <0.10	11 013	22 778	37.7%	20 164	0.1%	69	36.3%	2.0	2 998	14.9%	4	-33
	0.10 to <0.15	7 708	9 993	42.2%	11 661	0.1%	33	24.1%	2.7	2 024	17.4%	3	-11
	0.15 to <0.25	37 610	37 028	39.6%	52 388	0.2%	142	27.1%	2.5	13 265	25.3%	25	-108
	0.25 to <0.50	61 813	36 551	39.6%	77 068	0.4%	219	23.5%	2.1	22 837	29.6%	66	-246
	0.50 to <0.75	40 959	15 925	39.8%	47 901	0.6%	150	24.3%	2.0	17 254	36.0%	64	-170
	0.75 to <2.50	79 192	27 309	43.5%	89 604	1.4%	395	21.0%	2.4	41 675	46.5%	271	-675
	0.75 to <1.75	62 943	24 974	43.4%	72 037	1.2%	334	20.7%	2.4	31 333	43.5%	177	-418
	1.75 to <2.5	16 249	2 335	45.2%	17 567	2.4%	61	22.6%	2.4	10 342	58.9%	94	-257
	2.50 to <10.00	17 851	3 622	43.7%	18 450	4.8%	133	24.1%	1.8	14 001	75.9%	225	-1 021
	2.5 to <5	13 060	2 750	43.0%	13 335	3.9%	93	22.2%	1.9	8 493	63.7%	116	-477
	5 to <10	4 791	873	46.1%	5 116	7.2%	40	29.1%	1.7	5 507	107.6%	108	-543
	10.00 to <100.00	2 444	1 275	42.0%	2 955	22.2%	39	19.3%	1.8	2 903	98.2%	143	-234
	10 to <20	1 680	850	44.5%	2 032	15.4%	18	15.9%	1.9	1 527	75.1%	49	-139
	20 to <30	68	50	38.8%	87	27.2%	4	26.2%	1.5	128	147.1%	6	-10
	30.00 to <100.00	696	375	37.3%	836	38.4%	17	27.2%	1.5	1 248	149.3%	87	-85
	100.00 (Default)	1 241	15	56.0%	510	100.0%	10	33.6%	2.4	860	168.6%	233	-312
Corporate: Other - Sub total		**259 833**	**154 496**	**40.3%**	**320 702**	**1.3%**	**1 190**	**24.4%**	**2.2**	**117 816**	**36.7%**	**1034**	**-2 811**
Secured by real estate property SME													
	0.00 to <0.15	70 004			69 600	0.1%	13 654	17.3%		1 906	2.7%	10	-3
	0.00 to <0.10	43 880			43 561	0.1%	8 792	16.2%		896	2.1%	4	-1
	0.10 to <0.15	26 124			26 039	0.1%	4 862	19.3%		1 010	3.9%	5	-1
	0.15 to <0.25	4 422			4 389	0.2%	1 309	20.1%		275	6.3%	2	-1
	0.25 to <0.50	8 535			8 344	0.4%	2 948	19.7%		867	10.4%	6	-5
	0.50 to <0.75	4 981			4 925	0.6%	1 189	21.1%		749	15.2%	6	-4
	0.75 to <2.50	5 414	4	70.3%	5 261	1.5%	2 816	21.3%		1 488	28.3%	16	-27

0.75 to <1.75	4 362	2	69.8%	4 218	1.2%	2 235	20.9%		1 040	24.7%	10	-18
1.75 to <2.5	1 052	2	70.7%	1 043	2.4%	581	22.9%		448	43.0%	6	-8
2.50 to <10.00	1 738	2	65.7%	1 733	5.0%	1 256	23.0%		1 181	68.1%	20	-34
2.5 to <5	1 270	1	69.0%	1 267	3.9%	910	23.0%		780	61.6%	11	-15
5 to <10	468	0	51.7%	465	8.0%	346	23.1%		401	86.2%	9	-18
10.00 to <100.00	275	3	64.3%	277	20.9%	222	26.0%		359	129.6%	16	-17
10 to <20	208	2	63.3%	209	16.4%	157	24.7%		246	117.7%	9	-12
20 to <30	20			20	27.2%	21	28.4%		32	160.0%	2	-1
30.00 to <100.00	47	0	69.0%	47	38.4%	44	30.7%		81	172.3%	6	-4
100.00 (Default)	103			103	100.0%	73	21.7%		121	117.5%	16	-16
Secured by real estate property SME - Subtotal	**95 473**	**8**	**67.3%**	**94 632**	**0.5%**	**23 467**	**18.2%**		**6 946**	**7.3%**	**92**	**-106**
Secured by real estate property Non-SME												
0.00 to <0.15	855 103	38 043	34.7%	868 305	0.1%	1 501 272	8.8%		11 486	1.3%	42	-86
0.00 to <0.10	707 911	34 591	34.7%	719 910	0.0%	1 265 080	8.7%		7 930	1.1%	27	-51
0.10 to <0.15	147 192	3 451	34.9%	148 395	0.1%	236 192	9.1%		3 556	2.4%	15	-35
0.15 to <0.25	51 202	6 099	38.4%	53 546	0.2%	92 418	13.7%		2 762	5.2%	13	-39
0.25 to <0.50	46 500	4 814	50.7%	48 941	0.4%	76 428	16.4%		5 219	10.7%	29	-23
0.50 to <0.75	26 490	1 346	41.3%	27 046	0.6%	38 696	17.7%		4 360	16.1%	29	-21
0.75 to <2.50	72 727	2 137	45.6%	73 713	1.4%	99 996	19.2%		21 910	29.7%	195	-208
0.75 to <1.75	61 395	1 936	44.9%	62 276	1.2%	84 817	19.1%		16 918	27.2%	142	-145
1.75 to <2.5	11 333	200	51.8%	11 436	2.4%	15 179	19.5%		4 992	43.7%	54	-63
2.50 to <10.00	17 614	340	52.1%	17 791	5.2%	25 976	19.0%		11 312	63.6%	173	-199
2.5 to <5	12 207	225	52.0%	12 324	4.0%	17 584	19.4%		7 172	58.2%	96	-114
5 to <10	5 407	116	52.2%	5 468	7.9%	8 392	18.0%		4 140	75.7%	78	-84
10.00 to <100.00	4 876	166	48.2%	4 956	23.6%	8 623	16.2%		4 610	93.0%	197	-154
10 to <20	2 749	72	55.1%	2 788	16.0%	4 470	15.6%		2 374	85.2%	70	-73
20 to <30	968	29	48.7%	982	27.2%	1 725	15.9%		940	95.7%	43	-41
30.00 to <100.00	1 159	65	40.2%	1 185	38.4%	2 428	17.8%		1 295	109.3%	84	-41
100.00 (Default)	3 044	0	100.0%	3 045	100.0%	5 172	12.8%		2 145	70.4%	449	-438
Secured by real estate property Non-SME - Subtotal	**1 077 556**	**52 945**	**37.4%**	**1 097 342**	**0.6%**	**1 848 581**	**10.5%**		**63 804**	**5.8%**	**1128**	**-1 168**
Retail other SME												
0.00 to <0.15	230	134	100.0%	362	0.1%	829	45.0%		35	9.7%	0	0
0.00 to <0.10	41	31	100.0%	71	0.1%	146	47.5%		5	7.0%	0	0
0.10 to <0.15	189	103	100.0%	291	0.1%	683	44.4%		30	10.3%	0	0
0.15 to <0.25	1 163	1 054	97.6%	2 159	0.2%	6 007	39.5%		297	13.8%	2	-1
0.25 to <0.50	2 493	2 194	97.9%	4 586	0.4%	8 794	40.5%		945	20.6%	7	-3
0.50 to <0.75	1 922	1 432	86.1%	3 153	0.6%	6 118	40.4%		839	26.6%	8	-5
0.75 to <2.50	11 873	4 536	83.2%	15 582	1.6%	50 313	34.0%		5 431	34.9%	85	-56
0.75 to <1.75	8 288	3 207	83.3%	10 922	1.3%	30 427	34.7%		3 601	33.0%	48	-32
1.75 to <2.5	3 584	1 329	83.0%	4 660	2.4%	19 886	32.4%		1 830	39.3%	36	-24
2.50 to <10.00	7 762	1 614	66.9%	8 802	5.2%	50 437	30.5%		3 656	41.5%	140	-121
2.5 to <5	5 321	1 140	66.5%	6 049	4.0%	38 601	30.4%		2 410	39.8%	73	-60
5 to <10	2 441	474	67.7%	2 753	7.9%	11 836	30.9%		1 247	45.3%	67	-61
10.00 to <100.00	1 619	221	60.4%	1 751	22.3%	7 249	29.7%		1 097	62.6%	117	-108
10 to <20	1 029	146	58.7%	1 113	15.9%	4 633	29.2%		625	56.2%	52	-45
20 to <30	250	26	77.2%	270	27.2%	930	30.8%		191	70.7%	23	-19
30.00 to <100.00	340	49	56.8%	368	38.4%	1 686	30.4%		281	76.4%	43	-43
100.00 (Default)	356	43	84.5%	379	100.0%	1 298	39.3%		775	204.5%	92	-93
Retail other SME - Subtotal	**27 419**	**11 228**	**85.3%**	**36 775**	**4.2%**	**131 045**	**34.8%**		**13 076**	**35.6%**	**451**	**-388**
Retail other Non-SME												
0.00 to <0.15	9 427	3 691	82.6%	12 452	0.1%	340 220	37.7%		859	6.9%	3	-21

0.00 to <0.10	6 512	2 948	88.9%	9 123	0.1%	237 730	38.2%		534	5.9%	2	-12
0.10 to <0.15	2 915	742	57.9%	3 329	0.1%	102 490	36.4%		325	9.8%	1	-9
0.15 to <0.25	5 658	1 320	57.2%	6 343	0.2%	202 580	45.4%		1 140	18.0%	5	-44
0.25 to <0.50	6 464	1 024	57.4%	6 898	0.4%	204 696	42.4%		1 834	26.6%	11	-60
0.50 to <0.75	4 021	632	62.9%	4 295	0.6%	114 621	31.6%		1 156	26.9%	8	-21
0.75 to <2.50	12 503	1 619	59.8%	13 015	1.5%	489 084	34.4%		5 682	43.7%	64	-121
0.75 to <1.75	9 965	1 398	59.8%	10 414	1.2%	423 932	35.0%		4 380	42.1%	44	-91
1.75 to <2.5	2 538	221	60.0%	2 600	2.4%	65 152	31.7%		1 302	50.1%	20	-30
2.50 to <10.00	4 889	568	52.9%	4 780	5.0%	260 231	37.1%		3 011	63.0%	90	-145
2.5 to <5	3 643	421	51.9%	3 491	4.0%	220 021	36.5%		2 128	61.0%	50	-70
5 to <10	1 246	147	55.6%	1 289	8.0%	40 210	38.8%		883	68.5%	39	-75
10.00 to <100.00	1 221	76	66.2%	1 224	23.1%	29 469	37.3%		1 174	95.9%	106	-161
10 to <20	726	48	67.5%	736	16.0%	16 607	37.1%		629	85.5%	44	-94
20 to <30	197	12	70.2%	202	27.2%	3 938	37.7%		216	106.9%	21	-30
30.00 to <100.00	298	17	59.5%	286	38.4%	8 924	37.3%		328	114.7%	41	-37
100.00 (Default)	1 046	3	85.4%	1 043	100.0%	12 344	51.3%		171	16.4%	620	-621
Retail other Non-SME - Subtotal	**45 228**	**8 933**	**68.5%**	**50 050**	**3.7%**	**1 653 245**	**38.1%**		**15 027**	**30.0%**	**906**	**-1 194**
Total all exposures AIRB	**1 669 124**	**241 115**	**44.0**	**1 767 925**	**1.1%**	**3 666 946**	**15.2%**	**2.5**	**253 414**	**14.3%**	**4205**	**-6 692**

F-IRB SEKm	PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
Exposure classes FIRB													
Central governments or central banks													
	0.00 to <0.15	451 259	27 349	72.3%	479 981	0.0%	325	45.0%	1.3	6 935	1.4%	5	-4
	0.00 to <0.10	451 259	27 349	72.3%	479 981	0.0%	325	45.0%	1.3	6 935	1.4%	5	-4
	0.10 to <0.15												
	0.15 to <0.25												
	0.25 to <0.50												
	0.50 to <0.75												
	0.75 to <2.50												
	0.75 to <1.75												
	1.75 to <2.5												
	2.50 to <10.00	5		0.0%	30	3.1%	2	45.0%	2.5	41	136.7%	0	
	2.5 to <5	5		0.0%	30	3.1%	2	45.0%	2.5	41	136.7%	0	
	5 to <10												
	10.00 to <100.00												
	10 to <20												
	20 to <30												
	30.00 to <100.00												
	100.00 (Default)												
Central governments or central banks - Subtotal		**451 264**	**27 349**	**72.2%**	**480 011**	**0.0%**	**327**	**45.0%**	**1.3**	**6 977**	**1.5%**	**6**	**-4**
Institutions													
	0.00 to <0.15	18 748	11 691	59.9%	26 185	0.0%	281	36.7%	2.5	3 647	13.9%	4	-6
	0.00 to <0.10	17 795	9 514	58.9%	23 820	0.0%	181	35.4%	2.5	2 858	12.0%	2	-2
	0.10 to <0.15	953	2 177	64.1%	2 365	0.1%	100	45.0%	2.5	789	33.4%	1	-4
	0.15 to <0.25	139	1 101	21.6%	379	0.2%	65	45.0%	2.5	221	58.3%	0	-2
	0.25 to <0.50	105	3	75.0%	108	0.3%	4	45.0%	2.5	81	75.0%	0	
	0.50 to <0.75	6	161	20.2%	39	0.6%	19	45.0%	2.5	34	87.2%	0	0

0.75 to <2.50												
0.75 to <1.75												
1.75 to <2.5												
2.50 to <10.00	36	2	24.1%	26	4.0%	14	45.0%	2.5	39	150.0%	0	-10
2.5 to <5	36	2	24.1%	26	4.0%	14	45.0%	2.5	39	150.0%	0	-10
5 to <10												
10.00 to <100.00												
10 to <20												
20 to <30												
30.00 to <100.00												
100.00 (Default)												
Institutions - Sub total	**19 034**	**12 958**	**56.1%**	**26 737**	**0.1%**	**383**	**36.9%**	**2.5**	**4 022**	**15.0%**	**5**	**-18**
Corporate: SME												
0.00 to <0.15	135	19	56.8%	40	0.1%	15	40.2%	2.5	10	25.0%	0	0
0.00 to <0.10	11			4	0.1%	2	38.6%	2.5	1	25.0%	0	0
0.10 to <0.15	124	19	56.8%	36	0.1%	13	40.7%	2.5	9	25.0%	0	0
0.15 to <0.25	344	38	27.5%	352	0.2%	30	39.0%	2.5	133	37.8%	0	0
0.25 to <0.50	349	117	21.9%	374	0.4%	97	43.9%	2.5	209	55.9%	1	0
0.50 to <0.75	1 137	194	22.7%	1 202	0.6%	185	38.6%	2.5	562	46.8%	3	-1
0.75 to <2.50	3 234	710	45.6%	3 226	1.6%	1 363	43.7%	2.5	2 657	82.4%	23	-14
0.75 to <1.75	2 519	454	46.3%	2 427	1.3%	973	43.6%	2.5	1 893	78.0%	14	-9
1.75 to <2.5	715	256	43.7%	799	2.4%	390	44.3%	2.5	763	95.5%	8	-5
2.50 to <10.00	1 631	654	33.3%	1 662	5.2%	704	43.9%	2.5	2 061	124.0%	37	-32
2.5 to <5	1 158	552	28.9%	1 167	4.0%	531	43.9%	2.5	1 326	113.6%	20	-19
5 to <10	473	102	68.9%	495	7.8%	173	43.8%	2.5	735	148.5%	17	-12
10.00 to <100.00	235	53	48.5%	250	20.2%	98	43.9%	2.5	542	216.8%	22	-12
10 to <20	182	41	57.1%	192	15.8%	63	43.8%	2.5	381	198.4%	13	-6
20 to <30	16	2	50.5%	17	27.2%	14	45.0%	2.5	54	317.6%	2	-1
30.00 to <100.00	37	10	35.5%	40	38.4%	21	44.1%	2.5	108	270.0%	7	-5
100.00 (Default)	15	7	21.3%	15	100.0%	8	44.8%	2.5		0.0%	7	-4
Corporate: SME - Subtotal	**7 080**	**1 793**	**36.8%**	**7 122**	**3.0%**	**2 500**	**42.7%**	**2.5**	**6 174**	**86.7%**	**93**	**-63**
Corporate: Other												
0.00 to <0.15	17 614	11 966	44.9%	22 932	0.1%	183	44.8%	2.5	6 049	26.4%	8	-9
0.00 to <0.10	9 337	6 951	42.9%	12 225	0.1%	75	44.7%	2.5	2 744	22.4%	3	-4
0.10 to <0.15	8 277	5 014	47.8%	10 707	0.1%	108	44.9%	2.5	3 306	30.9%	5	-5
0.15 to <0.25	8 748	13 089	31.1%	12 822	0.2%	147	44.8%	2.5	5 756	44.9%	12	-18
0.25 to <0.50	1 502	8 158	36.6%	4 478	0.4%	39	45.0%	2.5	2 866	64.0%	8	-40
0.50 to <0.75	19 954	5 699	50.3%	22 792	0.6%	420	44.8%	2.5	16 496	72.4%	61	-26
0.75 to <2.50	28 446	13 045	41.0%	33 703	1.5%	913	44.4%	2.5	33 780	100.2%	224	-192
0.75 to <1.75	23 531	11 029	41.9%	28 130	1.3%	698	44.4%	2.5	27 413	97.5%	164	-125
1.75 to <2.5	4 915	2 017	36.0%	5 574	2.4%	215	44.3%	2.5	6 367	114.2%	59	-67
2.50 to <10.00	5 175	2 184	34.8%	5 781	5.2%	354	43.9%	2.5	7 701	133.2%	132	-153
2.5 to <5	3 352	1 489	33.3%	3 747	4.0%	234	44.1%	2.5	4 702	125.5%	65	-71
5 to <10	1 823	695	38.2%	2 034	7.5%	120	43.5%	2.5	2 999	147.4%	67	-82
10.00 to <100.00	2 169	1 089	34.5%	2 485	27.7%	72	44.5%	2.5	6 258	251.8%	306	-239
10 to <20	230	197	23.4%	257	19.0%	25	43.7%	2.5	606	235.8%	21	-31
20 to <30	1 887	366	22.5%	1 927	27.2%	38	44.6%	2.5	4 887	253.6%	233	-167
30.00 to <100.00	53	526	47.2%	301	38.4%	9	44.7%	2.5	765	254.2%	52	-42
100.00 (Default)	629	692	22.2%	779	100.0%	27	44.9%	2.5		0.0%	350	-687
Corporate: Other - Subtotal	**84 238**	**55 922**	**39.2%**	**105 772**	**2.3%**	**2 155**	**44.6%**	**2.5**	**78 905**	**74.6%**	**1100**	**-1 364**
Total all exposures FIRB	**561 616**	**98 022**	**51.2%**	**619 643**	**0.4%**	**5 365**	**44.1%**	**1.6**	**96 077**	**15.5%**	**1204**	**-1 449**

REA under A-IRB increased by SEK 18.2bn compared to June 2023, mainly due to the implementation of the new PD model for large corporates. REA under F-IRB increased by SEK 1.4bn, mainly driven by increased EAD for corporate exposures.

Table 3.21: EU CR6-A – Scope of the use of IRB and SA approaches, CRR Article452(b)

SEKm	Exposure value as defined in Article 166 CRR for exposures subject to IRB approach	Total exposure value for exposures subject to the Standardised approach and to the IRB approach	Percentage of total exposure value subject to the permanent partial use of the SA (%)	Percentage of total exposure value subject to IRB Approach (%)	Percentage of total exposure value subject to a roll-out plan (%)
Central governments or central banks	471 762	471 748	1.3%	69.0%	29.8%
Of which Regional governments or local authorities		18 849	21.8%	73.8%	4.4%
Of which Public sector entities		631			100.0%
Institutions	26 319	26 953	10.6%	88.5%	0.9%
Corporates	608 338	617 503	0.2%	83.6%	16.2%
Of which Corporates - Specialised lending, excluding slotting approach					
Of which Corporates - Specialised lending under slotting approach		265		100.0%	
Retail	1 281 184	1 297 728	1.8%	97.7%	0.5%
of which Retail – Secured by real estate SMEs		224 414		100.0%	
of which Retail – Secured by real estate non-SMEs		965 368	0.1%	99.7%	0.2%
of which Retail – Qualifying revolving					
of which Retail – Other SMEs		42 765	1.0%	88.9%	10.1%
of which Retail – Other non-SMEs		65 182	33.8%	66.1%	0.2%
Equity		13 637	100.0%		
Other non-credit obligation assets	18 326	19 247	4.7%	43.9%	51.3%
Total	**2 405 929**	**2 446 815**	**2.0%**	**87.5%**	**10.5%**

The IRB approach is applied for the vast majority of Swedbank's credit risk exposures. For non-IRB approved parts of Swedbank's credit portfolio, and where an exception has been granted by the regulatory supervisory college, Swedbank uses the standardised approach. The standardised approach is mainly used for smaller retail portfolios and equity exposures. The parts under IRB roll-out plans also include exposures in F-IRB where Swedbank plans to apply A-IRB in the future. There are no significant changes compared to December 2022.

Table 3.22: EU CR7 - IRB approach - Effect on the RWEAs of credit derivatives used as CRM techniques, CRR Article 453(j)

SEKm	Pre-credit derivatives risk weighted exposure amount	Actual risk weighted exposure amount
Exposures under F-IRB	96 366	96 366
Central governments and central banks	6 977	6 977
Institutions	4 022	4 022
Corporates	85 367	85 367
of which Corporates - SMEs	6 174	6 174
of which Corporates - Specialised lending	288	288
Exposures under A-IRB	253 414	253 414
Central governments and central banks		
Institutions		
Corporates	154 561	154 561
of which Corporates - SMEs	36 744	36 744
of which Corporates - Specialised lending		
Retail	98 853	98 853
of which Retail – SMEs - Secured by immovable property collateral	6 946	6 946
of which Retail – non-SMEs - Secured by immovable property collateral	63 804	63 804
of which Retail – Qualifying revolving		
of which Retail – SMEs - Other	13 076	13 076
of which Retail – Non-SMEs- Other	15 027	15 027
Total (including F-IRB exposures and A-IRB exposures)	**349 780**	**349 780**

Credit derivatives are not used as CRM techniques in the capital requirement reporting of Swedbank.

Table 3.23: EU CR7-A - IRB approach - Disclosure of the extent of the use of CRM techniques, CRR Article 453(g)

A-IRB	Total exposures	Credit risk Mitigation techniques											Credit risk Mitigation methods in the calculation of RWEAs	
		Funded credit Protection (FCP)									Unfunded credit Protection (UFCP)		RWEA without substitution effects (reduction effects only)	RWEA with substitution effects (both reduction and substitution effects)
SEKm		Part of exposures covered by Financial Collaterals (%)	Part of exposures covered by Other eligible collaterals (%)	Part of exposures covered by Immovable property Collaterals (%)	Part of exposures covered by Receivables (%)	Part of exposures covered by Other physical collateral (%)	Part of exposures covered by Other funded credit protection (%)	Part of exposures covered by Cash on deposit (%)	Part of exposures covered by Life insurance policies (%)	Part of exposures covered by Instruments held by a third party (%)	Part of exposures covered by Guarantees (%)	Part of exposures covered by Credit Derivatives (%)		
Central governments and central banks														
Institutions														
Corporates	489 126	0.0%	54.2%	49.7%	0.5%	4.1%	0.0%	0.0%	0.0%	0.0%	10.8%	0.0%	154 815	154 560
of which Corporates - SMEs	168 424	0.0%	79.3%	71.8%	0.7%	6.8%	0.0%	0.0%	0.0%	0.0%	9.4%	0.0%	37 670	36 744
of which Corporates - Specialised lending														
of which Corporates – Other	320 702	0.0%	41.0%	38.1%	0.3%	2.6%	0.0%	0.0%	0.0%	0.0%	11.6%	0.0%	117 145	117 816
Retail	1 278 799	0.0%	91.0%	89.9%	0.0%	1.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	98 917	98 853
of which Retail – Immovable property SMEs	94 632	0.0%	99.1%	99.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	6 978	6 946
of which Retail – Immovable property non-SMEs	1 097 342	0.0%	96.0%	95.8%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	63 804	63 804
of which Retail – Qualifying revolving														
of which Retail – Other SMEs	36 775	0.0%	15.2%	0.0%	1.0%	14.2%	0.0%	0.0%	0.0%	0.0%	0.7%	0.0%	13 106	13 076
of which Retail – Other non-SMEs	50 050	0.0%	21.9%	7.5%	0.0%	14.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	15 029	15 027
Total	**1 767 925**	**0.0%**	**80.8%**	**78.7%**	**0.1%**	**1.9%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**3.0%**	**0.0%**	**253 732**	**253 413**

F-IRB	Total exposures	Credit risk Mitigation techniques											Credit risk Mitigation methods in the calculation of RWEAs	
		Funded credit Protection (FCP)									Unfunded credit Protection (UFCP)			
SEKm		Part of exposures covered by Financial Collaterals (%)	Part of exposures covered by Other eligible collaterals (%)	Part of exposures covered by Immovable property Collaterals (%)	Part of exposures covered by Receivables (%)	Part of exposures covered by Other physical collateral (%)	Part of exposures covered by Other funded credit protection (%)	Part of exposures covered by Cash on deposit (%)	Part of exposures covered by Life insurance policies (%)	Part of exposures covered by Instruments held by a third party (%)	Part of exposures covered by Guarantees (%)	Part of exposures covered by Credit Derivatives (%)	RWEA without substitution effects (reduction effects only)	RWEA with substitution effects (both reduction and substitution effects)
Central governments and central banks	480 011	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%				0.0%	0.0%	6 746	6 977
Institutions	26 737	2.2%	0.0%	0.0%	0.0%	0.0%	0.0%				0.0%	0.0%	3 909	4 022
Corporates	113 164	0.4%	3.3%	1.2%	1.7%	0.4%	0.0%				1.1%	0.0%	85 392	85 367
of which Corporates - SMEs	7 122	0.6%	19.5%	11.7%	1.8%	6.0%	0.0%				9.5%	0.0%	6 196	6 174
of which Corporates - Specialised lending	270	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%				0.0%	0.0%	288	288
Of which Corporates – Other	105 772	0.4%	2.2%	0.5%	1.7%	0.0%	0.0%				0.5%	0.0%	78 908	78 905
Total	**619 912**	**0.2%**	**0.6%**	**0.2%**	**0.3%**	**0.1%**	**0.0%**				**0.2%**	**0.0%**	**96 047**	**96 366**

Swedbank mainly uses immovable property collaterals as credit risk mitigation technique. Exposures under A-IRB are covered by immovable property collaterals to 79%. Exposures under F-IRB are mainly attributable to central governments and central banks.

Table 3.24: EU CR8 - RWEA flow statements of credit risk exposures under the IRB approach, CRR Article 438(h)

SEKm	Risk weighted exposure amount
Risk weighted exposure amount as at the end of the previous reporting period	**354 742**
Asset size (+/-)	2 565
Asset quality (+/-)	245
Model updates (+/-)	16 813
Methodology and policy (+/-)	
Acquisitions and disposals (+/-)	
Foreign exchange movements (+/-)	-7 172
Other (+/-)	-5 172
Risk weighted exposure amount as at the end of the reporting period	**362 021**

REA reported under IRB increased by SEK 7.3bn in Q4 2023.

Asset size changes increased REA by SEK 2.6bn, mainly explained by higher risk-weights for new agreements compared to outflows in business area Baltic Banking, partly offset by decreased exposure volumes mainly in business area Corporates and Institutions.

Asset quality changes increased REA by SEK 0.2bn, mainly due to negative rating (PD) changes in business areas Baltic Banking and Swedish Banking, and increased defaults for Swedish retail mortgage loans, which was partly offset by lower LGD values due to additional collaterals in business area Corporates and Institutions.

Model updates increased REA by SEK 16.8bn, explained by the implementation of a new PD model for large corporates in business area Corporates and Institutions.

Foreign exchange movements decreased REA by SEK 7.2bn, mainly driven by appreciation of SEK towards EUR.

Other factors decreased REA by SEK 5.2bn, mainly due to shorter maturities for corporate exposures in business area Corporates and Institutions.

Table 3.25: EU CR9 – IRB approach – Back-testing of PD per exposure class (fixed PD scale), CRR Article452(h)

A-IRB Exposure class	PD range	Number of obligors at the end of previous year	Of which number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
Corporates - Of Which: SME							
	0.00 to <0.15	90			0.1%	0.1%	
	0.00 to <0.10	57			0.1%	0.1%	
	0.10 to <0.15	33			0.1%	0.1%	
	0.15 to <0.25	291			0.2%	0.2%	0.1%
	0.25 to <0.50	1 474	5	0.3%	0.4%	0.4%	0.3%
	0.50 to <0.75	1 378	6	0.4%	0.6%	0.6%	0.4%
	0.75 to <2.50	4 509	45	1.0%	1.4%	1.4%	0.7%
	0.75 to <1.75	3 735	30	0.8%	1.2%	1.2%	0.6%
	1.75 to <2.5	774	15	1.9%	2.4%	2.4%	1.1%
	2.50 to <10.00	1 291	47	3.6%	5.1%	4.9%	3.1%
	2.5 to <5	981	24	2.5%	4.0%	3.9%	1.9%
	5 to <10	310	23	7.4%	8.0%	7.7%	6.8%
	10.00 to	147	31	21.1%	20.2%	20.6%	14.1%
	10 to <20	101	20	19.8%	17.9%	16.3%	10.0%
	20 to <30	34	8	23.5%	27.2%	27.2%	21.6%
	30.00 to	12	3	25.0%	38.4%	38.4%	26.7%
	100.00 (Default)				100.0%		
Corporates - Of Which: Other							
	0.00 to <0.15	195	3	1.5%	0.1%	0.1%	0.5%
	0.00 to <0.10	122	1	0.8%	0.1%	0.1%	0.4%
	0.10 to <0.15	73	2	2.7%	0.1%	0.1%	0.7%
	0.15 to <0.25	237	1	0.4%	0.2%	0.2%	0.6%
	0.25 to <0.50	486	3	0.6%	0.4%	0.4%	0.4%
	0.50 to <0.75	190			0.6%	0.6%	0.3%
	0.75 to <2.50	372	5	1.3%	1.4%	1.3%	1.1%
	0.75 to <1.75	339	5	1.5%	1.2%	1.1%	1.1%
	1.75 to <2.5	33			2.4%	2.4%	0.3%
	2.50 to <10.00	76	10	13.2%	4.8%	5.1%	5.6%
	2.5 to <5	57	7	12.3%	3.9%	4.1%	5.2%
	5 to <10	19	3	15.8%	7.2%	8.0%	6.9%
	10.00 to	54	4	7.4%	22.2%	26.2%	7.1%
	10 to <20	7	2	28.6%	15.4%	16.8%	8.6%
	20 to <30	45	2	4.4%	27.2%	27.2%	5.2%
	30.00 to	2			38.4%	38.4%	44.0%
	100.00 (Default)	78			100.0%	100.0%	
Retail - Secured by real estate property SME							

0.00 to <0.15	13 333			0.1%	0.1%	0.0%
0.00 to <0.10	9 540			0.1%	0.1%	0.0%
0.10 to <0.15	3 793			0.1%	0.1%	0.0%
0.15 to <0.25	977			0.2%	0.2%	0.1%
0.25 to <0.50	3 799			0.4%	0.4%	0.0%
0.50 to <0.75	3 799	3	0.1%	0.6%	0.6%	0.0%
0.75 to <2.50	10 879	35	0.3%	1.5%	1.5%	0.1%
0.75 to <1.75	8 632	30	0.4%	1.2%	1.2%	0.1%
1.75 to <2.5	2 247	5	0.2%	2.4%	2.4%	0.3%
2.50 to <10.00	2 393	23	1.0%	5.0%	4.8%	0.6%
2.5 to <5	1 882	5	0.3%	3.9%	4.0%	0.3%
5 to <10	511	18	3.5%	8.0%	7.9%	1.7%
10.00 to	325	37	11.4%	20.9%	22.7%	9.0%
10 to <20	203	22	10.8%	16.4%	17.1%	7.7%
20 to <30	70	7	10.0%	27.2%	27.2%	9.5%
30.00 to	52	8	15.4%	38.4%	38.4%	13.0%
100.00 (Default)	86			100.0%	100.0%	
Retail Secured by real estate property Non-SME						
0.00 to <0.15	1 513 232	1 344	0.1%	0.1%	0.1%	0.0%
0.00 to <0.10	1 272 759	1 096	0.1%	0.0%	0.0%	0.0%
0.10 to <0.15	240 473	248	0.1%	0.1%	0.1%	0.1%
0.15 to <0.25	85 739	314	0.4%	0.2%	0.2%	0.2%
0.25 to <0.50	78 551	94	0.1%	0.4%	0.4%	0.1%
0.50 to <0.75	34 361	58	0.2%	0.6%	0.6%	0.1%
0.75 to <2.50	85 814	425	0.5%	1.4%	1.4%	0.4%
0.75 to <1.75	72 576	314	0.4%	1.2%	1.2%	0.3%
1.75 to <2.5	13 238	111	0.8%	2.4%	2.4%	0.7%
2.50 to <10.00	21 221	594	2.8%	5.2%	5.2%	2.0%
2.5 to <5	14 418	279	1.9%	4.0%	3.9%	1.5%
5 to <10	6 803	315	4.6%	7.9%	7.9%	3.0%
10.00 to	7 263	1 037	14.3%	23.6%	25.1%	9.6%
10 to <20	3 602	406	11.3%	16.0%	16.2%	6.7%
20 to <30	1 462	222	15.2%	27.2%	27.2%	10.7%
30.00 to	2 199	409	18.6%	38.4%	38.4%	13.6%
100.00 (Default)	2 787			100.0%	100.0%	
Other Retail SME						
0.00 to <0.15	142			0.1%	0.1%	
0.00 to <0.10	95			0.1%	0.1%	
0.10 to <0.15	47			0.1%	0.1%	
0.15 to <0.25	372			0.2%	0.2%	
0.25 to <0.50	2 163			0.4%	0.4%	0.0%
0.50 to <0.75	4 073	6	0.2%	0.6%	0.6%	0.2%
0.75 to <2.50	44 018	80	0.2%	1.6%	1.8%	0.2%
0.75 to <1.75	27 116	44	0.2%	1.3%	1.3%	0.2%
1.75 to <2.5	16 902	36	0.2%	2.4%	2.4%	0.3%
2.50 to <10.00	44 784	326	0.7%	5.2%	4.8%	0.6%
2.5 to <5	36 977	156	0.4%	4.0%	4.2%	0.4%
5 to <10	7 807	170	2.2%	7.9%	7.7%	1.4%
10.00 to	4 273	362	8.5%	22.3%	23.2%	7.5%
10 to <20	2 479	95	3.8%	15.9%	15.1%	3.4%
20 to <30	631	47	7.5%	27.2%	27.2%	6.5%
30.00 to	1 163	220	18.9%	38.4%	38.4%	17.0%
100.00 (Default)	799			100.0%	100.0%	
Other Retail Non-SME						
0.00 to <0.15	467 216	215	0.1%	0.1%	0.1%	0.0%
0.00 to <0.10	366 125	137	0.0%	0.1%	0.0%	0.0%
0.10 to <0.15	101 091	78	0.1%	0.1%	0.1%	0.1%
0.15 to <0.25	210 478	477	0.2%	0.2%	0.2%	0.2%
0.25 to <0.50	208 342	572	0.3%	0.4%	0.4%	0.2%
0.50 to <0.75	102 231	226	0.2%	0.6%	0.6%	0.2%
0.75 to <2.50	448 213	1 663	0.4%	1.5%	1.4%	0.3%
0.75 to <1.75	381 695	1 250	0.3%	1.2%	1.2%	0.3%
1.75 to <2.5	66 518	413	0.6%	2.4%	2.4%	0.6%
2.50 to <10.00	272 212	1 694	0.6%	5.0%	4.3%	0.6%
2.5 to <5	231 514	766	0.3%	4.0%	3.6%	0.3%
5 to <10	40 698	928	2.3%	8.0%	7.9%	2.0%
10.00 to	29 530	3 182	10.8%	23.1%	23.8%	9.4%
10 to <20	17 234	1 162	6.7%	16.0%	15.9%	5.2%
20 to <30	3 981	471	11.8%	27.2%	27.2%	9.0%
30.00 to	8 315	1 549	18.6%	38.4%	38.4%	18.2%
100.00 (Default)	9 203			100.0%	100.0%	

F-IRB Exposure class	PD range	Number of obligors at the end of previous year	Of which number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
Central governments or central banks							
	0.00 to <0.15	282	1	0.4%	0.0%	0.0%	0.1%
	0.00 to <0.10	282	1	0.4%	0.0%	0.0%	0.1%
	0.10 to <0.15						
	0.15 to <0.25						
	0.25 to <0.50	1				0.5%	
	0.50 to <0.75						
	0.75 to <2.50						
	0.75 to <1.75						
	1.75 to <2.5						
	2.50 to <10.00	5			3.1%	3.1%	
	2.5 to <5	5			3.1%	3.1%	
	5 to <10						
	10.00 to						
	10 to <20						
	20 to <30						
	30.00 to						
	100.00 (Default)						
Institutions							
	0.00 to <0.15	284			0.0%	0.1%	
	0.00 to <0.10	185			0.0%	0.0%	
	0.10 to <0.15	99			0.1%	0.1%	
	0.15 to <0.25	55			0.2%	0.2%	
	0.25 to <0.50	4			0.3%	0.3%	
	0.50 to <0.75	19			0.6%	0.6%	
	0.75 to <2.50	2				1.7%	
	0.75 to <1.75	2				1.7%	
	1.75 to <2.5						
	2.50 to <10.00	18			4.0%	4.5%	
	2.5 to <5	18			4.0%	4.5%	
	5 to <10						
	10.00 to						
	10 to <20						
	20 to <30						
	30.00 to						
	100.00 (Default)						
Corporates Of Which: SME							
	0.00 to <0.15	6			0.1%	0.1%	
	0.00 to <0.10	3			0.1%	0.1%	
	0.10 to <0.15	3			0.1%	0.1%	
	0.15 to <0.25	29			0.2%	0.2%	
	0.25 to <0.50	72	1	1.4%	0.4%	0.4%	0.3%
	0.50 to <0.75	125			0.6%	0.6%	
	0.75 to <2.50	994	4	0.4%	1.6%	1.6%	0.3%
	0.75 to <1.75	738	3	0.4%	1.3%	1.3%	0.2%
	1.75 to <2.5	256	1	0.4%	2.4%	2.4%	0.4%
	2.50 to <10.00	498			5.2%	5.1%	0.6%
	2.5 to <5	360			4.0%	4.0%	0.5%
	5 to <10	138			7.8%	8.0%	1.0%
	10.00 to	67			20.2%	23.1%	3.3%
	10 to <20	37			15.8%	15.6%	1.1%
	20 to <30	16			27.2%	27.2%	1.7%
	30.00 to	14			38.4%	38.4%	10.9%
	100.00 (Default)				100.0%		
Corporates Of Which: Other							
	0.00 to <0.15	149			0.1%	0.1%	
	0.00 to <0.10	64			0.1%	0.1%	
	0.10 to <0.15	85			0.1%	0.1%	
	0.15 to <0.25	100			0.2%	0.2%	
	0.25 to <0.50	28	1	3.6%	0.4%	0.3%	0.9%
	0.50 to <0.75	275			0.6%	0.6%	0.5%
	0.75 to <2.50	560	2	0.4%	1.5%	1.6%	0.3%
	0.75 to <1.75	431	2	0.5%	1.3%	1.3%	0.4%
	1.75 to <2.5	129			2.4%	2.4%	
	2.50 to <10.00	218	2	0.9%	5.2%	5.1%	1.0%
	2.5 to <5	153	1	0.7%	4.0%	3.9%	0.5%
	5 to <10	65	1	1.5%	7.5%	7.8%	2.2%
	10.00 to	54	6	11.1%	27.7%	25.9%	15.1%
	10 to <20	25			19.0%	19.0%	1.1%
	20 to <30	17	3	17.7%	27.2%	27.2%	18.5%
	30.00 to	12	3	25.0%	38.4%	38.4%	39.6%
	100.00 (Default)				100.0%		

The annual observed default rates increased for several exposures classes compared to December 2022, with the largest increase in retail exposures secured by real estate property.

Table 3.26: EU CR9.1 – IRB approach – Back-testing of PD per exposure class (only for PD estimates according to point (f) of Article 180(1) CRR), CRR Article452(h),180(1)

According to CRR, EU CR9.1 is applicable to institutions that map its internal grades to the scale used by an ECAI or similar organisations and then attribute the default rate observed for the external organisation's grades to the institution's grades. Swedbank does not use default rates from external rating scales in its internal rating models.

Table 3.27-3.31: EU CR10 – Specialised lending and equity exposures under the simple risk-weighted approach, CRR Article 438(e)

There are no significant changes in the total exposure in specialised lending compared to June 2023. Swedbank has no equity exposures under the simple risk-weighted approach.

Table 3.27: EU CR10.1 - Specialised lending: Project finance (Slotting approach)

SEKm	Specialised lending: Project finance (Slotting approach)						
Regulatory categories	**Remaining maturity**	**On- balance sheet exposure**	**Off-balance sheet exposure**	**Risk weight**	**Exposure value**	**RWEA**	**Expected loss amount**
Category 1	Less than 2.5 years			50%			
	Equal to or more than 2.5 years			70%			
Category 2	Less than 2.5 years			70%			
	Equal to or more than 2.5 years			90%			
Category 3	Less than 2.5 years			115%			
	Equal to or more than 2.5 years			115%			
Category 4	Less than 2.5 years			250%			
	Equal to or more than 2.5 years			250%			
Category 5	Less than 2.5 years			-			
	Equal to or more than 2.5 years			-			
Total	**Less than 2.5 years**						
	Equal to or more than 2.5 years						

Table 3.28: EU CR10.2 - Specialised lending: Income-producing real estate and high volatility commercial real estate (Slotting approach)

SEKm	Specialised lending: Income-producing real estate and high volatility commercial real estate (Slotting approach)						
Regulatory categories	**Remaining maturity**	**On- balance sheet exposure**	**Off-balance sheet exposure**	**Risk weight**	**Exposure value**	**Risk weighted exposure amount**	**Expected loss amount**
Category 1	Less than 2.5 years	2	1	50%	2	1	
	Equal to or more than 2.5 years	2	0	70%	2	1	0
Category 2	Less than 2.5 years	62	55	70%	92	64	0
	Equal to or more than 2.5 years	1	1	90%	1	1	0
Category 3	Less than 2.5 years	33	0	115%	33	38	1
	Equal to or more than 2.5 years	125		115%	125	144	3
Category 4	Less than 2.5 years	12		250%	12	30	1
	Equal to or more than 2.5 years	4		250%	4	9	0
Category 5	Less than 2.5 years			-			
	Equal to or more than 2.5 years			-			
Total	**Less than 2.5 years**	**109**	**56**		**139**	**133**	**2**
	Equal to or more than 2.5 years	**131**	**1**		**132**	**155**	**4**

Table 3.29: EU CR10.3 - Specialised lending: Object finance (Slotting approach)

SEKm	Specialised lending: Object finance (Slotting approach)						
Regulatory categories	**Remaining maturity**	**On- balance sheet exposure**	**Off-balance sheet exposure**	**Risk weight**	**Exposure value**	**Risk weighted exposure amount**	**Expected loss amount**
Category 1	Less than 2.5 years			50%			
	Equal to or more than 2.5 years			70%			
Category 2	Less than 2.5 years			70%			
	Equal to or more than 2.5 years			90%			
Category 3	Less than 2.5 years			115%			
	Equal to or more than 2.5 years			115%			
Category 4	Less than 2.5 years			250%			
	Equal to or more than 2.5 years			250%			
Category 5	Less than 2.5 years			-			
	Equal to or more than 2.5 years			-			
Total	**Less than 2.5 years**						
	Equal to or more than 2.5 years						

Table 3.30: EU CR10.4 - Specialised lending: Commodities finance (Slotting approach)

SEKm		Specialised lending: Commodities finance (Slotting approach)					
Regulatory categories	Remaining maturity	On- balance sheet exposure	Off-balance sheet exposure	Risk weight	Exposure value	Risk weighted exposure amount	Expected loss amount
Category 1	Less than 2.5 years			50%			
	Equal to or more than 2.5 years			70%			
Category 2	Less than 2.5 years			70%			
	Equal to or more than 2.5 years			90%			
Category 3	Less than 2.5 years			115%			
	Equal to or more than 2.5 years			115%			
Category 4	Less than 2.5 years			250%			
	Equal to or more than 2.5 years			250%			
Category 5	Less than 2.5 years			-			
	Equal to or more than 2.5 years			-			
Total	**Less than 2.5 years**						
	Equal to or more than 2.5 years						

Table 3.31: EU CR10.5 - Equity exposures under the simple risk-weighted approach

SEKm	Equities exposures under the simple risk-weighted approach					
Categories	On- balance sheet exposure	Off-balance sheet exposure	Risk weight	Exposure value	Risk weighted exposure amount	Expected loss amount
Private equity exposures			190%			
Exchange-traded equity exposures			290%			
Other equity exposures			370%			
Total						

EU CCRA - Qualitative disclosure related to CCR

Article 439(a-d)

Risk management objectives and policies

Management of counterparty credit risk – Counterparty credit risk (including settlement risk) is the risk that a counterparty to a trading transaction would not meet its final obligations towards Swedbank and that collateral held would not be enough to cover the claims. This definition encompasses derivatives and securities financing transactions. The majority of Swedbank's counterparty credit risk emanates primarily from two units: Corporates & Institutions and Group Treasury. Counterparty credit exposure arises mainly as a result of hedging of own positions in market risk in foreign exchange, interest rate and other derivatives from customer-related trading activities. As for products, most counterparty credit risk derives from interest rate swaps, cross-currency basis swaps, and FX swaps.

Measurement of counterparty credit risk – Derivative and securities financing transactions market value fluctuates over time to maturity and requires that the uncertainty of the future market potential conditions is taken into account and estimated when measuring the exposure. For risk management purposes, counterparty credit risk in derivatives is measured as potential future exposure (PFE) at the 95% percentile using an advanced simulation-based framework covering a majority of the counterparty credit risk in the group. For transactions not included in the simulation-based calculation Swedbank uses enhanced versions of the measures used to calculate regulatory capital exposures, where several adaptations have been made for the approaches to fit the purpose of internal risk management and exposure calculations. The risk models for derivatives take close-out netting and collateral agreements into account. Risk measurement and evaluation is an ongoing process and Swedbank makes regular assessments. Follow-up and measurement of counterparty credit risk exposure against approved limits is performed in a system specific to the task.

Methodology to assign internal capital and credit limits for counterparty credit risk

Internal capital –Swedbank applies the standardised approach for counterparty credit risk (SA-CCR) method to calculate the Pillar 1 exposure amounts for derivative contracts concerning counterparty credit risk. In addition, derivative transactions are subject to capital requirements for credit value adjustment (CVA) risk where the standardised method is used as well. For the purposes to assign internal capital, as well as profitability steering, Swedbank distribute regulatory capital for each customer and contract to affected unit respectively.

Credit limits – Limits for counterparty credit exposures are assessed, set, and allocated in the regular credit process using the calculated estimates of maximum potential future exposure after recognition of netting agreements and collateral as appropriate. Limits are also established for exposure in specific countries and/or areas, and for FX settlement risk. Moreover, relevant credit risk limits that include counterparty credit risk are allocated to certain customer segments. The risk exposure is measured, monitored, and reported daily. Counterparty credit risk is reported monthly to the CRO Financial Risk Committee and to the Board.

Policies on credit risk mitigation

Swedbank uses a variety of tools to mitigate counterparty credit risk of which the most important is close-out netting agreements, whereby all positive and negative derivative market values under an agreement at a counterparty level can be netted. Swedbank strives to have ISDA master agreements supplemented with credit support annex (CSA) agreements where appropriate to ensure a well-functioning netting and collateral management process. The vast majority of the current received, and pledged collateral is cash, but interest-bearing securities are also used. The range of financial collateral selection accepted is specified in credit policies and for each counterparty the credit memo provided in the credit process specifies what collateral is accepted. Financial collateral is subject to daily monitoring and an independent valuation.

Other actions to mitigate counterparty credit risk include steering exposure and risks to clearing houses, which is standard procedure and mandatory for a range of products, to reduce bilateral counterparty credit risk. The counterparty credit risk can also be closed out through various portfolio compression activities.

A very small part of the counterparty credit risk is reduced by credit derivatives. Swedbank conducts credit derivative transactions primarily in connection with counterparty credit risk and mainly trades with counterparties where an ISDA CSA agreement has been established. Rather than using credit derivatives to mitigate counterparty credit risk in its trading operations, Swedbank prefers to make use of collateral arrangements.

Wrong-Way risk

Wrong-Way risk (WWR) is the risk that arises when exposure to a counterparty increases while the counterparty´s creditworthiness deteriorates, i.e., negatively correlated. WWR is divided into specific and general WWR. Specific WWR is identified by monitoring counterparties and transactions to capture any trade where there is a legal connection between the counterparty and the underlying issuer. Specific WWR is considered in the credit review process. General WWR is measured via a range of stress test scenarios.

Impact of the amount of collateral to provide if credit rating was downgraded

Swedbank has a very limited number of netting and collateral agreements with rating triggers. Rating-based threshold amounts are only accepted for a restricted number of counterparties, hence the impact, if Swedbank was to be downgraded, would be limited. Rating triggers may apply to the ratings of one or both parties in the agreement.

In the event of a downgrade, Swedbank would need to provide additional collateral of approximately SEK 36m for a one-notch long-term downgrade, and SEK 37m for a two-notch downgrade.

Table 3.32: EU CCR1 - Analysis of CCR exposure by approach, CRR Article 439(f,g,k)

SEKm	Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
EU - Original Exposure Method (for derivatives)				1.4				
EU - Simplified SA-CCR (for derivatives)				1.4				
SA-CCR (for derivatives)	17 358	22 285		1.4	116 644	55 489	51 018	13 451
IMM (for derivatives and SFTs)								
Of which securities financing transactions netting sets								
Of which derivatives and long settlement transactions netting sets								
Of which from contractual cross-product netting sets								
Financial collateral simple method (for SFTs)								
Financial collateral comprehensive method (for					228 237	4 304	4 304	2 025
VaR for SFTs								
Total					**344 881**	**59 793**	**55 322**	**15 476**

REA for derivatives increased by SEK 3.9bn compared to Q2 2023. This is mainly due to an increase of SEK 1bn in replacement cost (RC) for institutional exposures and SEK 0.6bn increase in potential future exposure (PFE) together with higher risk weights (RW) for corporate exposures (as a result of an updated Swedish Large Corporate PD model), increasing REA by SEK 1.2bn. SFTs exposures increased by SEK 0.4bn.

Table 3.33: EU CCR2 - Transactions subject to own funds requirements for CVA risk, CRR Article 439(h)

SEKm	Exposure value	RWEA
Total transactions subject to the Advanced method		
(i) VaR component (including the 3× multiplier)		
(ii) stressed VaR component (including the 3× multiplier)		
Transactions subject to the Standardised method	25 482	2 986
Transactions subject to the Alternative approach (Based on the Original Exposure Method)		
Total transactions subject to own funds requirements for CVA risk	**25 482**	**2 986**

CVA REA increased by SEK 1bn compared to Q2 2023, mainly due to increased EAD and lower hedging impact on REA in Q4 2023.

Table 3.34: EU CCR3 - Standardised approach - CCR exposures by regulatory exposure class and risk weights, CRR Article 439(l)

Exposure classes	Risk Weight											Total exposure value
SEKm	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	
Central governments or central banks												
Regional government or local authorities					4							4
Public sector entities	3											3
Multilateral development banks	1 082											1 082
International organisations												
Institutions		14 086			560							14 646
Corporates									2 565			2 565
Retail												
Institutions and corporates with a short-term credit assessment												
Other items												
Total exposure value	**1 085**	**14 086**			**563**				**2 565**			**18 299**

There were no significant exposure value changes for CCR exposures in Standardised approach.

Table 3.35: EU CCR4 - IRB approach - CCR exposures by exposure class and PD scale, CRR Article 439(l)

SEKm	PD scale	Exposure value	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	RWEA	Density of risk weighted exposure amounts
Central governments or central banks (F-IRB)								
	0.00 to <0.15	2 312	0.0%	36	45.0%	2.1	66	2.9%
	0.15 to <0.25							
	0.25 to <0.50							
	0.50 to <0.75							
	0.75 to <2.50							
	2.50 to <10.00							
	10.00 to <100.00							
	100.00 (Default)							
Central governments or central banks (F-IRB) - Sub total		2 312	0.0%	36	45.0%	2.1	66	2.9%
Central governments or central banks (A-IRB)								
	0.00 to <0.15							
	0.15 to <0.25							
	0.25 to <0.50							
	0.50 to <0.75							
	0.75 to <2.50							
	2.50 to <10.00							
	10.00 to <100.00							
	100.00 (Default)							
Central governments or central banks (A-IRB) - Sub total								
Institutions (F-IRB)								
	0.00 to <0.15	21 880	0.1%	127	45.0%	2.5	5 602	25.6%
	0.15 to <0.25	55	0.2%	16	45.0%	2.5	30	54.4%
	0.25 to <0.50							
	0.50 to <0.75	76	0.6%	1	45.0%	2.5	61	80.0%
	0.75 to <2.50	130	1.7%	3	45.0%	2.5	151	116.1%
	2.50 to <10.00	1	3.4%	1	45.0%	2.5	2	141.0%
	10.00 to <100.00							
	100.00 (Default)							
Institutions (F-IRB) - Sub total		22 143	0.1%	148	45.0%	2.5	5 846	26.4%
Institutions (A-IRB)								
	0.00 to <0.15							
	0.15 to <0.25							

	0.25 to <0.50							
	0.50 to <0.75							
	0.75 to <2.50							
	2.50 to <10.00							
	10.00 to <100.00							
	100.00 (Default)							
Institutions (A-IRB) - Sub total								
Corporates (F-IRB)								
	0.00 to <0.15	2 016	0.1%	21	45.0%	2.3	676	33.5%
	0.15 to <0.25	277	0.2%	6	45.0%	2.5	144	52.0%
	0.25 to <0.50							
	0.50 to <0.75	109	0.6%	10	45.0%	2.5	87	79.8%
	0.75 to <2.50	180	1.3%	27	45.0%	2.5	184	102.2%
	2.50 to <10.00	17	3.9%	4	45.0%	2.3	25	147.1%
	10.00 to <100.00							
	100.00 (Default)							
Corporates (F-IRB) - Sub total		2 598	0.2%	68	45.0%	2.3	1 115	42.9%
Corporates (A-IRB)								
	0.00 to <0.15	3 083	0.1%	56	37.5%	1.5	512	16.6%
	0.15 to <0.25	1 264	0.2%	62	36.6%	2.7	452	35.8%
	0.25 to <0.50	1 595	0.4%	108	36.7%	3.0	1 011	63.4%
	0.50 to <0.75	1 377	0.6%	45	36.6%	4.2	1 103	80.1%
	0.75 to <2.50	2 066	1.3%	124	37.1%	2.6	1 697	82.1%
	2.50 to <10.00	329	4.9%	23	39.7%	0.7	393	119.5%
	10.00 to <100.00	137	17.8%	7	36.6%	1.0	247	180.3%
	100.00 (Default)	2	100.0%	1	36.6%	1.0	9	450.0%
Corporates (A-IRB) - Sub total		9 854	0.9%	426	37.1%	2.4	5 425	55.1%
Retail (A-IRB)								
	0.00 to <0.15							
	0.15 to <0.25	1	0.2%	1	45.0%		0	0.0%
	0.25 to <0.50							
	0.50 to <0.75							
	0.75 to <2.50	7	1.8%	14	45.0%		5	71.4%
	2.50 to <10.00	107	4.7%	282	43.4%		59	55.1%
	10.00 to <100.00	1	32.1%	3	12.4%		0	25.6%
	100.00 (Default)							
Retail (A-IRB) - Sub total		117	4.7%	300	43.3%		65	55.6%
Total (all CCR relevant exposure classes)		**37 023**	**0.3%**	**978**	**42.9%**	**2.5**	**12 517**	**33.8%**

As compared to Q2 2023 REA for CCR exposures risk weighted under internal approach increased by SEK 3.7bn. This is mainly driven by increased risk weights (RW) affected by an updated Swedish Large Corporate PD model together with higher EAD for institutions and corporates, which was partly offset by decreased EAD for central governments.

Table 3.36: EU CCR5 - Composition of collateral for CCR exposures, CRR Article 439(e)

Collateral type	Collateral used in derivative transactions				Collateral used in SFTs			
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
SEKm	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
Cash – domestic		13 563		14 528				
Cash – other currencies		6 475		44 446				
Domestic sovereign debt	2 213	3	4 087	918		58 315		45 938
Other sovereign debt	6	989				45		
Government agency debt						69		
Corporate bonds								
Equity securities	135		135			374		16
Other collateral	834		6 628	1 470		76 255		48 598
Total	**3 188**	**21 030**	**10 850**	**61 362**		**135 058**		**94 552**

The table presents the fair values of collateral (received and/or posted) used in CCR exposures related to derivative transactions and SFTs.

Table 3.37: EU CCR6 - Credit derivatives exposures, CRR Article 439(j)

SEKm	Protection bought	Protection sold
Notionals		
Single-name credit default swaps		
Index credit default swaps	8 555	2 444
Total return swaps		
Credit options		
Other credit derivatives		
Total notionals	8 555	2 444
Fair values		
Positive fair value (asset)		56
Negative fair value (liability)	-182	

Notional values of index credit default swaps for protection bought was SEK 8.6bn and compared to Q2 2023 increased by SEK 4bn. Notional values of index credit default swaps for protection sold was SEK 2.4bn while no protection was sold in Q2 2023.

Table 3.38: EU CCR7 - RWEA flow statements of CCR exposures under the IMM, CRR Article 438(h)

Swedbank AB does not have an approved internal model method (IMM) for measuring EAD of exposures subject to the CCR framework and therefore table EU CCR7 is not populated with any information.

Table 3.39: EU CCR8 - Exposures to CCPs, CRR Article 439(i)

SEKm	Exposure value	RWEA
Exposures to QCCPs (total)		954
Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	7 035	364
(i) OTC derivatives	5 748	338
(ii) Exchange-traded derivatives		
(iii) SFTs	1 287	26
(iv) Netting sets where cross-product netting has been approved		
Segregated initial margin	10 862	
Non-segregated initial margin	10 357	255
Prefunded default fund contributions	1 211	335
Unfunded default fund contributions	1 211	
Exposures to non-QCCPs (total)		
Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which		
(i) OTC derivatives		
(ii) Exchange-traded derivatives		
(iii) SFTs		
(iv) Netting sets where cross-product netting has been approved		
Segregated initial margin		
Non-segregated initial margin		
Prefunded default fund contributions		
Unfunded default fund contributions		

Exposure value for Qualifying Central Counterparties (QCCPs) remained stable, while REA increased by SEK 0.2bn due to higher default fund contributions.

EU-SECA – Qualitative disclosure requirements related to securitisation exposures, CRR Article449(a-i)

Swedbank has not sponsored or originated any securitisation transactions and does not have any securitisation exposures in the trading book.

Swedbank's only securitisation exposure is an investment made in April 2022 in a senior securitisation position of a traditional non-STS securitisation, aimed at financing the renovation of multi-apartment buildings in Lithuania. SEC-SA approach is used to calculate REA for this transaction and amortised cost accounting methodology is used.

Table 3.40: EU SEC1 - Securitisation exposures in the non-trading book, CRR Article 449(j)

	Institution acts as originator							Institution acts as sponsor				Institution acts as investor			
	Traditional				Synthetic		Sub-total	Traditional		Synthetic	Sub-total	Traditional		Synthetic	Sub-total
	STS		Non-STS			of which SRT		STS	Non-STS			STS	Non-STS		
SEKm		of which SRT		of which SRT											
Total exposures													**451**		**451**
Retail (total)													451		451
residential mortgage															
credit card															
other retail exposures													451		451
re-securitisation															
Wholesale (total)															
loans to corporates															
commercial mortgage															
lease and receivables															
other wholesale															
re-securitisation															

In April 2022 Swedbank invested in a traditional securitisation financing the renovation of multi-apartment buildings in Lithuania.

Table 3.41: EU SEC2 - Securitisation exposures in the trading book, CRR Article 449(j)

Swedbank has no securitisation exposures in the trading book.

Table 3.43: EU SEC3 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor, CRR Article 449(k(i))

Swedbank has no sponsored or originated securitisation transactions.

Table 3.44: EU SEC4 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor, CRR Article 449(k(ii))

SEKm	Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)				RWEA (by regulatory approach)				Capital charge after cap			
	≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW / deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW
Total exposures	**451**							**451**				**68**				**5**	
Traditional securitisation	451							451				68				5	
Securitisation	451							451				68				5	
Retail underlying	451							451				68				5	
Of which STS																	
Wholesale																	
Of which STS																	
Re-securitisation																	
Synthetic transactions																	
Securitisation																	
Retail underlying																	
Wholesale																	
Re-securitisation																	

Swedbank has invested SEK 451m in a senior securitisation position. Swedbank's RWEA of the securitisation position was calculated using the SEC-SA approach and amounted to SEK 68m.

Table 3.45: EU SEC5 - Exposures securitised by the institution - Exposures in default and specific credit risk adjustments, CRR Article 449(l)

Swedbank has not securitised any exposures.

4. Market risk

During 2023 Swedbank kept a low risk exposure for market risk within the Trading Book and the Banking Book. Therefore on a comprehensive level Swedbank kept a low risk exposure for market risk.

Market risk - definition

The risk to value, earnings, capital or exposure arising from movements of risk factors in financial markets. Value covers both economic value and accounting value and includes valuation adjustments such as CVA (Credit Valuation Adjustment) and DVA (Debit Valuation Adjustment).

EU MRA - Qualitative disclosure requirements related to market risk, CRR Article 435(1) (a-d)

The majority of Swedbank's market risk is structural or strategic in nature and emerges within Group Treasury. Market risk also arises in the trading book as a consequence of daily market-making and client facilitation activities. Swedbank's trading operations are managed within the business areas Corporates and Institutions and Baltic Banking primarily to fulfil the clients' transaction requirements in the financial markets.

Swedbank has established strategies and processes for the overall management of the market risks that emerge within the trading and banking book, with the ERM Policy as the starting point. The Market Risk Instruction, which originates from the ERM Policy is reviewed and adopted at least annually by the CEO. All internal regulations and processes are reviewed on a regular basis by the risk organisation, internal and external auditors, and supervisors.

The Group's total risk-taking is governed by the risk appetites decided by the Board of Directors, which limit the nature and size of market risk-taking. Only risk-taking units, i.e. units approved for risk-taking by the CEO, are permitted to take market risk. The framework includes limits as well as escalation triggers (ETs) and key risk indicators (KRIs). CEO limits are allocated to the CFO for further allocation. To supplement limits allocated by the CEO, additional limits are set by Executive management to avoid building risk concentrations. CFO limits are allocated to the Head of Corporates and Institutions, Head of Baltic Banking and the Head of Group Treasury, respectively. Limits are further allocated within respective business area or group function. Additional limits could be assigned to specific desks, subsidiaries or organisational units.

There are other units within the Group where arising banking book market risk, for various practical purposes, cannot efficiently be transferred in its entirety to Group Treasury. In these cases, the Head of Group Treasury can grant market risk mandates to such units in the form of administrative limits, ETs or KRIs.

Group Treasury, as well as Corporates and Institutions and Baltic Banking, monitor and manage their market risks within the given mandates and have the possibility to use different types of derivative contracts, mainly interest rate and cross currency swaps, foreign exchange forwards & swaps as well as forward rate agreements, to mitigate currency and interest rate risks. In those cases where hedge accounting is applied, the effectiveness of the hedge is continuously monitored by evaluating the changes in fair values or cash flows of the hedged item compared with the changes in fair values or cash flows of the hedging instrument.

New products have to be pre-approved in the New Product Approval Process (NPAP), where some of the key stakeholders besides the business are the risk, compliance, and finance organisations. The process is a way of ensuring, for example, that all positions in the trading book are tradable or can be hedged.

The risk organisation performs limit monitoring, in-depth analysis, frequent stress testing and reporting of Swedbank's market risks. Internal reporting of market risk exposure and follow-up on limit usage is performed on a daily basis and delivered to various stakeholders, such as the risk-taking units and the senior management of Swedbank. The risk organisation has established sound escalation principles for limit breaches in which the market risk-takers, as well as Swedbank's senior management, are informed of the incident as well as mitigation actions.

EU MRB - Qualitative disclosure requirements for institutions using the internal market risk models, CRR 455(a,b,c,f)

Measurement of market risk at Swedbank uses a variety of risk measures, both statistical such as various Value-at-Risk (VaR) as well as non-statistical measures. In the trading book, VaR and Stressed VaR (SVaR) are used for the daily risk measurement as well as for calculating regulatory capital. In the banking book, VaR and sensitivities are used for risk monitoring in addition to a historical simulation that is used for calculating Economic Capital. Non-statistical measures such as sensitivity analyses and stress tests are important complementary measures that provide a better understanding of specific market risk factors or possible tail scenarios. Materiality is considered when analysing and measuring the risks, paying extra attention to the largest exposures. New products have to be pre-approved by the risk organisation in the NPAP to ensure that all risk factors associated with the new product are identified and can be managed in the risk measurement. The use of products that contain fundamentally new market risk characteristics, such as new asset classes, requires explicit approval by the CEO. The risk system is subject to a continuous maintenance process and a yearly validation process to ensure that a relevant set of risk factors is being used as the nature and volume of trades may vary over time.

VaR and SVaR

Swedbank's VaR model (using Monte Carlo simulations and a 99 per cent confidence level over a one-day time horizon) is a useful tool for comparing risk levels across different asset classes such as interest rate, credit spread, foreign exchange or equity; and thus, gives insight into each asset class as well as into their relative risk levels. VaR does not include strategic currency risk, since a VaR measure on a one-day time horizon is not relevant for positions which are meant to be held strategically for longer periods of time. VaR does, however, include positions that are designated as "Held to maturity" or are in a hedging relationship ("Hedge accounting") and therefore have no direct impact on Swedbank's net gains and losses on financial items at fair value.

Estimates of the parameters included in the VaR model are updated on a daily basis. Both absolute and relative returns are used when simulating potential movements in risk factors. A full revaluation approach is used for both VaR and SVaR, with a few exceptions such as structured equity products and interest rate products in the Baltic subsidiaries, for which the valuation is based on approximations. Since VaR is premised on model assumptions, Swedbank conducts daily backtesting to assess the accuracy and relevance of the model. Swedbank has an approval to partially use an internal models approach (IMA) when calculating regulatory capital requirements regarding market risk for Swedbank Consolidated Situation and Swedbank AB. The approval is based on VaR and SVaR models. For both Swedbank CS and Swedbank AB, the approval covers general interest rate risk, general equity risk, specific equity risk and currency risk in the trading book for the Swedish operations. For Swedbank CS, the approval also covers general interest rate risk and currency risk in the trading book for the Baltic subsidiaries. The IMA VaR and SVaR models differ from the VaR and SVaR models used for internal risk management purposes as they do not include credit spread risk. The SVaR model uses market data from the one-year period covering early 2008 to 2009, a period deemed to be of significant stress. The VaR model uses market data from one year back, with unweighted returns, but can use a shorter time period than one year in times of significant upsurge in price volatility. The 10-day VaR is determined by scaling one-day VaR by the square root of 10. The same methodology applies when calculating the 10-day SVaR.

In addition to the Monte Carlo-based VaR and SVaR models, Swedbank also runs historical VaR, and other variants such as exponential VaR and expected shortfall, for further complementary monitoring and analysis.

Sensitivity analysis

Swedbank uses various sensitivity measures in order to grasp each portfolio's sensitivity to changes in one or more market risk factors. For example, measures used for interest rate sensitivities may include one basis point shifts along various parts of the curve to capture basis risk or a 100 basis point parallel shift of the full curve which attempts to capture convexity effects. Another example is an FX risk matrix which shows each foreign currency's sensitivity to changes in both price and volatility. Together, these sensitivity measures provide important information to risk analysts who monitor changes, trends and anomalies. These measures also form the building blocks of important risk limits that guide Swedbank's trading activities and banking operations.

Stress tests

Several stress tests are performed and reported to various stakeholders on a daily basis. The various statistical and sensitivity measures described above have known shortfalls and limitations. For example, the VaR model inputs are based on market data from the past year which might not include stressed market conditions, i.e. VaR figures may not capture hypothetical extreme market movements. Moreover, the VaR model does not accurately capture correlation breakdown during extreme financial market stress. Additionally, sensitivity measures only show general sensitivity to movements but provide no historical context for the figures. To address these limitations, Swedbank has a comprehensive set of stress tests which are broadly categorised into scenarios: (i) historical, (ii) hypothetical, and (iii) method and model. The stress tests (and the scenarios on which they are based) are meant to cover significant movements in market risk factors and to highlight mismatches in open positions that might cause large-scale losses.

Historical stress tests attempt to capture various effects on the current portfolio using past market data from periods of particular stress. In effect, these tests present the possible losses to the current portfolio if history were to repeat itself. The set of historical scenarios and relevant market data goes as far back as 30 years. It covers financial events (such as the 1992 Swedish banking crisis or the 2008 subprime mortgage meltdown) and non-financial events (such as the September 2001 terror attacks or the 2011 Japan earthquake).

Hypothetical stress tests attempt to quantify the change in portfolio value that would result from hypothetical and extreme shifts in risk factors. These tests include standardised single or cross-asset tests with large but possible shifts that are historically informed. Other forward-looking tests can include more customised tests which may be run on an ad-hoc basis, or the EBA stress test performed every second year. Some customised tests may be more routinely established, such as the reverse stress tests.

Method and model stress tests measure how statistical measures (such as VaR and Expected Shortfall) respond to changes in assumptions, parameters and market conditions. The purpose is partly to capture the uncertainty in reported risk figures due to assumptions and parameter estimations, and partly to capture how dependent the reported risk figures are on current market conditions (such as interest rate levels and risk factor covariance).

Table 4.1: EU MR1 - Market risk under the standardised approach, CRR Article 445

SEKm	RWEAs
Outright products	
Interest rate risk (general and specific)	4 498
Equity risk (general and specific)	21
Foreign exchange risk	1 202
Commodity risk	
Options	
Simplified approach	
Delta-plus method	
Scenario approach	
Securitisation (specific risk)	
Total	**5 721**

Risk-weighted amount for market risk under the standardised approach decreased by SEK 0.3bn compared to Q2 2023. The decrease was mainly due to specific interest rate risk which decreased by SEK 1.0bn, driven by decreased positions in Swedish institutions' debt instruments. Foreign exchange risk in the Banking book increased by SEK 0.7bn, which was mainly driven by increased exposure to EUR and an update of EBA's list of closely correlated currencies, which no longer deems SEK closely correlated to EUR and NOK.

Table 4.2: EU MR2-A - Market risk under the internal Model Approach (IMA), CRR Article 455(e)

SEKm		RWEAs	Own funds requirements
1	**VaR** (higher of values a and b)	3 924	314
(a)	Previous day's VaR (VaRt-1)		101
(b)	Multiplication factor (mc) x average of previous 60 working days (VaRavg)		314
2	**SVaR** (higher of values a and b)	6 948	556
(a)	Latest available SVaR (SVaRt-1))		205
(b)	Multiplication factor (ms) x average of previous 60 working days (sVaRavg)		556
3	**IRC** (higher of values a and b)		
(a)	Most recent IRC measure		
(b)	12 weeks average IRC measure		
4	**Comprehensive risk measure** (higher of values a, b and c)		
(a)	Most recent risk measure of comprehensive risk measure		
(b)	12 weeks average of comprehensive risk measure		
(c)	Comprehensive risk measure Floor		
5	Other		
6	**Total**	**10 872**	**870**

Table 4.3: EU MR2-B - RWEA flow statements of market risk exposures under the IMA, CRR Article 438(h)

SEKm	VaR	SVaR	IRC	Comprehensive risk measure	Other	Total RWEAs	Total own funds requirements
RWEAs at previous period end	**3 814**	**6 411**				**10 225**	**818**
Regulatory adjustment	2 699	4 213				6 912	553
RWEAs at the previous quarter-end (end of the day)	1 115	2 198				3 313	265
Movement in risk levels	145	361				506	41
Model updates/changes							
Methodology and policy							
Acquisitions and disposals							
Foreign exchange movements							
Other							
RWEAs at the end of the disclosure period (end of the day)	1 260	2 559				3 819	306
Regulatory adjustment	2 664	4 389				7 053	564
RWEAs at the end of the disclosure period	**3 924**	**6 948**				**10 872**	**870**

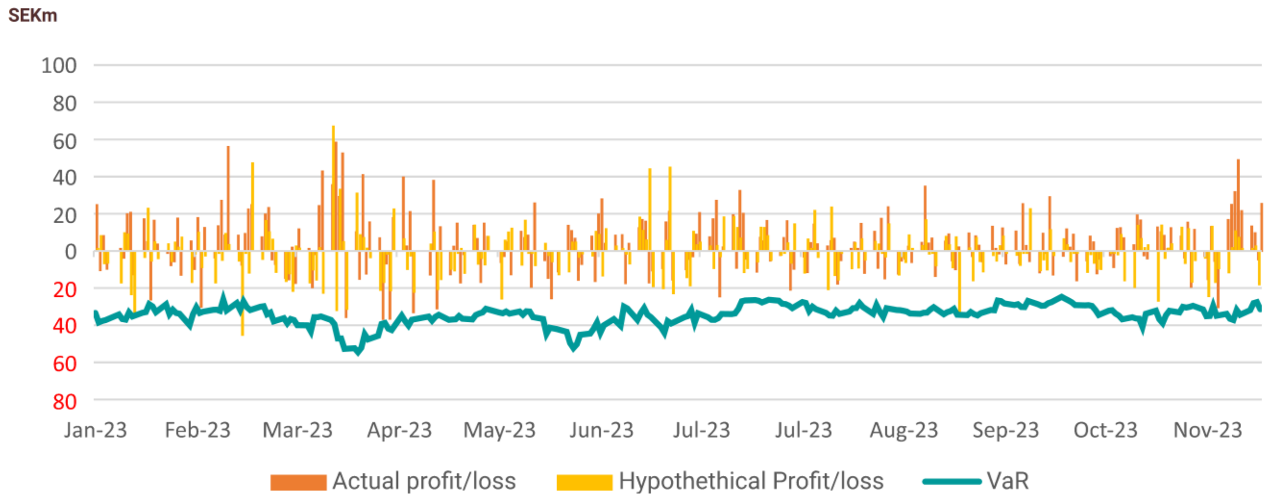
Table 4.4: EU MR3 - IMA values for trading portfolios, CRR Article 455(d)

SEKm	
VaR (10 day 99%)	
Maximum value	129
Average value	100
Minimum value	78
Period end	101
SVaR (10 day 99%)	
Maximum value	276
Average value	172
Minimum value	135
Period end	205
IRC (99.9%)	
Maximum value	
Average value	
Minimum value	
Period end	
Comprehensive risk measure (99.9%)	
Maximum value	
Average value	
Minimum value	
Period end	

At the end of the year, the REA for Swedbank's market risk, based on calculations according to the IMA, was SEK 10.9bn (SEK 11.1bn in Q2 2023). The reduction in REA was mainly attributable to the decrease of foreign exchange risk. The total REA for Swedbank's market risk was SEK 16.6bn (SEK 17.1bn in Q2 2023).

Table 4.5: (chart): EU MR4 - Comparison of VaR estimates with gains/losses, CRR Article 455(g)

Backtesting
Swedbank conducts both actual and hypothetical backtesting. Actual backtesting uses the trading operations' actual daily results, cleaned from commissions and fees and excluding monthly value adjustments (such as CVA reservations). The hypothetical backtesting uses close-of-business positions and revalues the portfolio with the latest market data to obtain a hypothetical result. The actual, as well as the hypothetical result, is then compared with VaR to ensure the validity of the IMA VaR model. If actual or hypothetical losses exceed the calculated value at risk estimated losses, it is considered an "exception". Backtesting exceptions impact the IMA REA. Given the confidence level of 99 per cent, an exception about 2-3 times per year would be statistically expected. Swedbank had one exception in the hypothetical backtesting and zero in the actual for 2023, as shown below. The exception concerning hypothetical backtesting was related to interest rate risk movements.



EU IRRBBA - Qualitative information on interest rate risk of non-trading book activities, CRR Article 448

In Swedbank IRRBB is defined as the risk in the banking book to value, earnings, or capital arising from movements in interest rate risk factors in financial markets. Value covers both economic value and accounting value.

When it comes to IRRBB risk management, different management layers and independent committees are established to monitor and control the IRRBB with the ultimate responsibility residing with the Board of Directors. A three lines of defence model with different authorities and responsibilities is adopted to manage the risk, subject to a well-defined structure of risk appetite and limits. The risk appetite and limits are reviewed at least on an annual basis while ad hoc updates are made when deemed necessary. The interest rate risk in the banking book is transferred from business units to Group Treasury, via a Funds Transfer Pricing mechanism, where it is centrally managed. Interest rate swaps are the main hedging instruments used to mitigate the interest rate risk, while future and forward contracts may also be considered. Risk identification, measurement, monitoring, and control are always performed from both economic value and earnings perspectives. Stress testing and reverse stress testing are periodically performed to explore possible adverse impacts on bank's economic value and earnings and to identify potential vulnerabilities.

Swedbank uses various sensitivity measures that are calculated daily in order to grasp each portfolio's sensitivity to changes in one or more interest rate risk factors. For example, measures used for interest rate sensitivities may include one basis point shifts along various parts of the curve to capture basis risk or a 100-basis point parallel shift which attempts to capture convexity effects. Additionally, supervisory outlier test scenarios are calculated in accordance with prescribed methodology along with proprietary stress testing scenarios. Other sensitivity measures applied to net interest income include for instance a 100-basis point shift and stress testing scenarios which are calculated on monthly basis.

There is also modelling of non-maturity deposits included in the calculation of the different sensitivity measures. For the modelled non-maturity deposits the average repricing maturity assigned to the core part is 1.8 years while the average and longest repricing maturity including all non-maturity deposits is 0.8 and 8.5 years, respectively.

In the disclosed table Net Interest Income Sensitivity has been modelled using the following assumptions: Loan contracts with a contractual floor have a zero percent floor on the market rate, deposits on transaction accounts get no change in the costumer rate when rates increase, and all deposits made by private costumers have a zero percent floor on the costumer rate when rates decrease. These assumptions are quite easy to grasp, however for everyday use within the bank some additional assumptions are applied to NII-sensitivity calculations in order to make them more rigorous. These additional assumptions apply to mortgage loans and deposits, which are divided into additional groups to more precisely model floors and other behavioural aspects.

To formulate its hedging strategy Swedbank considers its current interest rate risk profile, from both economic value and earnings perspectives, the anticipated balance sheet developments and their impact on interest rate risk metrics along with the economic and market developments. Swedbank also balances the potential impacts of the hedging on the risk metrics along with the execution costs and the potential income implications.
Interest rate swaps (IRS) are primarily employed for mitigating interest rate risk arising from issuing funding instruments (micro hedging) but also for mitigating interest rate risk arising from a portfolio of fixed rate mortgage lending (macro hedging). In order to minimize or avoid volatility in the profit or loss from fair value changes in derivatives that are entered to hedge non trading financial instruments, Swedbank has elected to apply hedge accounting under IFRS 9. For a fair value hedge of the interest rate exposure of a portfolio of financial assets and a portfolio of financial liabilities, Swedbank has elected to apply the hedge accounting requirements under IAS 39. Interest rate swaps designated as hedging instruments are reported in the balance sheet on the Derivatives line. The IRS currencies depend on the currency of the hedged exposure and the market conditions.
The IRS used for interest rate risk hedging, except for basis swaps, are cleared through Central Counterparty Clearing Houses (CCPs) and in this way the counterparty credit risk is eliminated.

Table 4.6: EU IRRBB1 - Interest rate risks of non-trading book activities, CRR Article 448

Supervisory shock scenarios	Changes of the economic value of equity		Changes of the net interest income	
SEKm	Current period	Last period	Current period	Last period
Parallel up	-2 499	-3 352	6 924	7 543
Parallel down	2 439	3 739	-2 146	-2 719
Steepener	-1 070	-1 193		
Flattener	-1 707	-1 077		
Short rates up	-2 925	-2 660		
Short rates down	-1 409	-239		

5. Liquidity risk

Swedbank's liquidity position remained strong with solid buffers above the risk appetite and regulatory requirements.

Liquidity risk- definition

The risk of not being able to meet payment obligations when they fall due without incurring considerable additional costs for obtaining funds or losses due to asset fire-sales.

EU LIQA – Liquidity risk management, CRR article 435 (1), 451a (4)

Strategies and processes in liquidity risk management

The liquidity risk that is acceptable for achieving the strategic goals of the Group, risk appetite, is defined by the Board. The risk appetite comprises both qualitative and quantitative statements. The Group has a low appetite for liquidity risk to ensure that the Group always should be able to continue to serve its customers and therefore maintains resilience towards both short-term and long-term liquidity stress without relying on forced asset sales or other business disrupting activities.

For the purpose of ensuring that liquidity risk stays within appetite, and ultimately for supporting the Group's strategic goals, the maintenance of a liquidity-generating capacity, together with funding planning and risk identification, are key processes within Swedbank's liquidity risk management.

The liquidity-generating capacity comprises two components. First, the Group's liquid assets, which comprise the liquidity reserve, i.e., liquid assets under the direct control of Group Treasury, as well as eligible unencumbered assets held elsewhere in the Group. Second, over-collateralisation in the cover pool, which also represents liquidity-generating capacity as it can be used to issue covered bonds.

The inclusion criteria for liquid assets correspond to the definition of High-Quality Liquid Assets (HQLA) in the delegated regulation on the Liquidity Coverage Ratio (LCR). The size and currency distribution of the reserve is determined by the maturity structure and composition of asset and liabilities and internal and external requirements, e.g., risk appetite, limits, and regulations applicable for Group and its subsidiaries.

Swedbank's funding strategy is based on three objectives: diversification, commitment, and proactivity. Funding shall be diversified based on long-term and short-term debt, different products, the maturity profile, geographies, and the currency distribution. Commitment is shown by maintaining a regular presence in the chosen markets and by providing liquidity. In order to be proactive in funding decisions, the Group monitors market developments and trends in the capital markets, including regulatory requirements, accounting changes and demands from rating agencies and investors. The funding strategy supports liquidity risk management, as it aims to ensure reliable access to funding markets.

The Group's funding strategy forms the basis for a more granular and tactical funding plan for issuance of debt where planned actions and activities are outlined. The funding plan spans a three-years period and is revised at least yearly, or when deemed appropriate due to changes in internal or external circumstances.

Liquidity risk identification is mainly managed through the Risk Identification Process, which is an annual process where liquidity risk topics are discussed. As part of this, a gross risk inventory is established and maintained. Liquidity risk factors stemming from on- and off-balance sheet items are well known and covered by the risk inventory.

Structure and organisation of the liquidity risk management function

Group Risk is responsible for ensuring that liquidity risks are identified and properly managed by Group Treasury and for this purpose have the responsibility to develop and maintain internal Group-wide methods for liquidity risk measurement and a limit framework. Group Risk is responsible for governance and strategies within the area of liquidity risk control and provides independent review of liquidity risk management. The division of responsibilities between Group Treasury and Group Risk with respect to liquidity risk management and control are regulated by internal policies.

The Baltic subsidiary banks have separate risk functions. The Baltic subsidiary banks' risk functions are responsible for ensuring that liquidity risks are identified and properly managed by Treasury function in subsidiaries and for governance and strategies within the area of liquidity risk control. Local liquidity risk control operate within governance and strategies set on Group level.

Centralisation of liquidity management and interaction between the Group's units

Swedbank Group employs a centralised liquidity management, in the sense that regardless of where the liquidity reserve is located, Group Treasury is responsible for monitoring and coordinating the management of the reserve in different legal entities. Regulatory or other reasons are taken into account in the allocation of liquidity, why parts of the liquidity reserve may be held by different legal entities within the Group when deemed necessary.

Besides the central Group Treasury function, Treasury functions in subsidiaries are established with responsibilities for local liquidity management. Due to the centralised approach, the Group Treasury function operates in close collaboration with the subsidiaries.

Scope and nature of liquidity risk reporting and measurement systems

The liquidity position is regularly reported to the management body through a range of channels. The monthly reports by the CFO and CRO target different committees and are reported to the Board. The scope covers the key liquidity metrics, including point in time outcomes, historical comparisons and forward-looking perspectives. In addition, the ILAAP and the Risk Management and Capital Adequacy reports are well anchored throughout the management lines and is ultimately targeting the Board. Besides the internal risk reporting, external reporting is made to supervisors and other stakeholders.

The liquidity systems provide information required in supporting the liquidity risk management processes and cater for measurement of key external and internal liquidity metrics as well as for data for analysis. The system solutions source relevant information and logic for generating cash flows and for structuring and compiling the data in accordance with common rules.

Mitigating liquidity risk

Internal rules and a risk limit framework aim to ensure that risks stay within appetite. The limits are decided by the CEO and allocated to the relevant executive management (the CFO in the case of liquidity risk). Executive management then allocates the limit to the ultimate risk-owner, which in the case of liquidity risk is the head of Group Treasury. Executive management may also impose limits in addition to the ones decided by the CEO.

Through the risk limit framework, the risk appetite determines minimums for the earlier described liquidity-generating capacity.

The risk appetite is limited by the regulatory metrics Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), and by survival periods, as measured by the internal survival horizon metric. The liquidity positions as captured by the limiting metrics are monitored daily.

The Survival horizon metric is central in the management of liquidity. The survival period in the survival horizon answer to the question: "for how many days would the bank survive assuming liquidity was under severe pressure?". In addition to estimating the survival period itself, the liquidity position is evaluated at certain key horizons.

The survival period is determined by the liquidity-generating capacity and the scenario-determined projected stressed cash flows. The projected cash flows cause the liquidity position to either increase or decrease over the scenario horizon. The survival period is defined as the number of consecutive days for which the liquidity position is non-negative. Cash flows are projected using stressed assumptions, meaning for instance that wholesale funding is not, or is only partially, rolled over. Other key assumptions are that significant deposit withdrawals occur, and a severe decline in house prices.

Business continuity

Swedbank maintains Business Continuity Plans (BCPs) to manage liquidity disruptions and incidents. The BCPs specify the situations under which Group Treasury's Crisis Management Team would be activated, and the range of actions that then may be taken to restore the situation.

A primary objective of the BCP for liquidity is to ensure that action is taken in an early phase, avoiding activation of the Recovery Plan. To this end, Group Treasury maintains limits and targets for Recovery indicators set above their Recovery trigger levels.

Should the situation nevertheless become more severe, the CEO summons the Recovery Committee, and more far-reaching recovery options become available.

There is also a BCP dedicated to intraday liquidity management which covers routines activated in the event of disruptions to critical IT systems used in the intraday liquidity management process, and in the event of an intraday liquidity crisis. BCPs are also established in the Baltic subsidiaries.

Stress testing

The risk appetite for liquidity risk is the range of adverse scenarios the bank shall have a capacity to withstand. The lower the risk appetite, the more adverse a scenario the bank must be able to manage.

In stress testing, scenarios that are more severe than envisioned in the risk appetite are imposed. The liquidity position in those severely adverse scenarios is compared to the risk appetite limits. The assessment is an attempt to answer the question – "given the current risk appetite, how would Swedbank fare if the materialised stress was significantly more severe than envisioned in the metrics used for daily liquidity steering?".

The stress test also assesses whether and when recovery triggers and/or regulatory requirements are breached for metrics such as the Survival horizon, LCR and NSFR.

In addition to the annual ILAAP stress test, quarterly stress tests (using the ILAAP scenario) and sensitivity analyses are conducted to continually attempt to identify weaknesses.

Risk declaration

Swedbank has, through its established risk management processes and governance framework, adequate arrangements for liquidity risk management and for maintaining the low risk appetite.

Risk statement

Risk appetite is the level of liquidity risk that is acceptable for achieving the strategic goals of the Group. The Group has a low appetite for liquidity risk to ensure that the Group always can continue to serve its customers and shall therefore maintain resilience towards both short-term and long-term liquidity stress without relying on forced-asset sales or other business disrupting activities.

For the purpose of ensuring that liquidity risk stays within appetite, and ultimately for supporting the Group's strategic goals, the maintenance of a liquidity-generating capacity, together with funding planning and risk identification, are central processes within Swedbank's liquidity risk management.

The risk appetite is limited by the regulatory metrics LCR and NSFR, and by survival periods, as measured by the internal Survival horizon metric. In an assumed adverse scenario, the Survival horizon metric displays the number of days with a positive net liquidity position, taking future cash flows from all aspects of the balance sheet into account. Throughout 2023 Swedbank's liquidity position was strong with all key metrics remaining well above internal and regulatory requirements.

Table 5.1: EU LIQ1 - Quantitative information of LCR, CRR Article 451a(2)

Quarter ending on SEKm	Total unweighted value (average)				Total weighted value (average)			
	31 Dec 2023	30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2023	30 Sep 2023	30 Jun 2023	31 Mar 2023
Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
HIGH-QUALITY LIQUID ASSETS								
Total high-quality liquid assets (HQLA)					709 683	722 060	717 976	715 174
CASH - OUTFLOWS								
Retail deposits and deposits from small business customers, of which:	876 595	875 923	871 188	862 328	57 156	57 059	56 742	56 160
Stable deposits	654 776	655 016	651 721	645 443	32 739	32 751	32 586	32 272
Less stable deposits	221 819	220 907	219 467	216 885	24 417	24 309	24 156	23 888
Unsecured wholesale funding	610 922	638 086	649 380	665 853	376 195	391 475	395 487	402 294
Operational deposits (all counterparties) and deposits in networks of cooperative	322 849	338 561	348 838	361 065	124 267	129 137	132 508	136 269
Non-operational deposits (all	212 194	218 415	220 184	214 661	176 049	181 227	182 621	175 898
Unsecured debt	75 878	81 110	80 359	90 126	75 878	81 110	80 359	90 126
Secured wholesale funding					4 756	5 284	6 316	7 356
Additional requirements	396 543	393 585	384 984	381 295	109 324	103 010	90 268	79 807
Outflows related to derivative exposures and other collateral requirements	77 113	70 279	57 500	46 744	77 113	70 279	57 500	46 744
Credit and liquidity facilities	319 430	323 306	327 484	334 552	32 211	32 731	32 768	33 064
Other contractual funding obligations	36 869	38 370	40 782	40 330	27 577	30 158	33 647	34 139
Other contingent funding obligations	44 824	46 878	49 826	52 852				
TOTAL CASH OUTFLOWS					575 009	586 986	582 461	579 756
CASH - INFLOWS								
Secured lending (e.g. reverse repos)	90 307	84 134	78 153	75 228	10 148	8 673	6 779	5 679
Inflows from fully performing exposures	42 736	42 000	41 285	41 609	32 527	31 649	31 063	30 497
Other cash inflows	79 313	76 325	68 356	55 281	79 313	76 325	68 356	55 281
(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)								
(Excess inflows from a related specialised credit institution)								
TOTAL CASH INFLOWS	212 355	202 459	187 794	172 118	121 987	116 647	106 198	91 457
Fully exempt inflows								
Inflows subject to 90% cap								
Inflows subject to 75% cap	212 355	202 459	187 794	172 118	121 987	116 647	106 198	91 457
TOTAL ADJUSTED VALUE								
Liquidity buffer					709 683	722 060	717 976	715 174
Total net cash outflows					453 021	470 339	476 264	488 298
Liquidity coverage ratio (LCR)					158%	154%	152%	147%

EU LIQB on qualitative information on LCR, which complements template EU LIQ1, CRR article 451a (2)

The average LCR has experienced an increase of three percentage point since the third quarter of 2023. This was driven by decrease in outflows and increase in inflows.

Swedbank is a retail bank with diversified funding. Low level of concentration is maintained by the large and broad base of depositors, and by wholesale funding that is diversified across investors, instrument types and currencies.

The largest volume of holdings in Swedbank's liquidity reserve are central bank assets. Residual assets of size in the reserve are government bonds and covered bonds of very high quality. For assessing potential additional outflows from derivatives and other collateral requirements, the historical look-back approach (HLBA) is used, together with estimated effects from eventual rating downgrades.

Swedbank actively manages currency mismatches in the Group. In addition, Swedbank is required to comply with LCR requirements for significant currencies.

There are no material items in Swedbank's LCR that are not captured in the disclosure template.

Table 5.2: EU LIQ2 – Net Stable Funding Ratio, CRR Article 451a(3)

SEKm	Unweighted value by residual maturity				Weighted value
	No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items					
Capital items and instruments	**191 605**		**5 014**	**18 116**	**209 721**
Own funds	191 605		5 014	18 116	209 721
Other capital instruments					
Retail deposits		867 069			812 526
Stable deposits		643 267			611 104
Less stable deposits		223 802			201 422
Wholesale funding:		717 745	141 927	462 473	696 702
Operational deposits		192 229			96 114
Other wholesale funding		525 516	141 927	462 473	600 588
Interdependent liabilities					
Other liabilities:	**5 700**	**75 894**		**1 349**	**1 349**
NSFR derivative liabilities	5 700				
All other liabilities and capital instruments not included in the above categories		75 894		1349	1349
Total available stable funding (ASF)					**1 720 299**
Required stable funding (RSF) Items					
Total high-quality liquid assets (HQLA)					**3 651**
Assets encumbered for more than 12m in cover pool				**278 729**	**236 920**
Deposits held at other financial institutions for operational purposes					
Performing loans and securities:		**231 306**	**94 624**	**1 321 922**	**1 055 593**
Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		31 937			
Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		75 981	8 195	22 921	31 398
Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		105 765	72 638	351 306	386 586
With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		50	159	6 127	4 087
Performing residential mortgages, of which:		15 315	13 144	937 614	627 845
With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		12 962	11 342	916 781	608 060
Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		2 308	648	10 080	9 764
Interdependent assets					
Other assets:		**78 008**		**69 589**	**74 904**
Physical traded commodities					
Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs				20 039	17 033
NSFR derivative assets					
NSFR derivative liabilities before deduction of variation margin		59 361			2 968
All other assets not included in the above categories		**18 647**		**49 550**	**54 903**
Off-balance sheet items		**71 480**	**29 439**	**246 962**	**19 285**
Total RSF					**1 390 353**
Net Stable Funding Ratio (%)					**124%**

The Net Stable Funding Ratio (NSFR) has increased during 2023, from 118% to 124%. The main driver behind this change has been a slight decrease in the Required Stable Funding (RSF) and an increase in Available Stable Funding (ASF), mainly due to an increase in wholesale funding.

The ASF is mostly composed of funding from deposits and long-term issued debt.

The RSF is mostly composed of funding needed to give out residential mortgage loans and loans to non-financial corporate clients. It is relevant to note that there is a slight interdependence between residential mortgage loans and long-term issued debt in the form of covered bonds. When a covered bond is issued, more stable funding is made available in the category wholesale funding. However, this also encumbers a corresponding volume of residential mortgage loans that then receive a slightly higher factor weight which in turn increases the required funding.

Table 5.3: EU AE1 - Encumbered and unencumbered assets, CRR Article 443

SEKm	Carrying amount of encumbered assets	of which notionally elligible EHQLA and HQLA	Fair value of encumbered assets	of which notionally elligible EHQLA and HQLA	Carrying amount of unencumbered assets	of which EHQLA and HQLA	Fair value of unencumbered assets	of which EHQLA and HQLA
Assets of the disclosing institution	**469 467**	**34 716**			**2 233 362**	**628 610**		
Equity instruments					9 208		9 208	
Debt securities	34 716	34 351	35 008	35 008	303 501	295 219	303 727	295 420
of which: covered bonds	21 076	21 076	21 313	21 313	23 423	23 234	23 538	23 347
of which: securitisations								
of which: issued by general governments	17 039	17 039	17 168	17 168	7 730	7 730	7 740	7 740
of which: issued by financial corporations	22 037	22 037	22 277	22 277	34 182	29 580	34 375	29 751
of which: issued by non-financial corporations					4 598	407	4 617	411
Other assets	434 750				1 904 513	321 862		

Table 5.4: EU AE2 - Collateral received and own debt securities issued, CRR Article 443

SEKm	Fair value of encumbered collateral received or own debt securities issued	of which notionally elligible EHQLA and HQLA	Unencumbered: Fair value of collateral received or own debt securities issued available for encumbrance	of which EHQLA and HQLA
Collateral received by the disclosing institution	48 930	48 930	76 882	38 568
Loans on demand				
Equity instruments			2 263	
Debt securities	48 930	48 930	43 170	38 568
of which: covered bonds	18 094	18 094	34 074	29 851
of which: securitisations				
of which: issued by general governments	27 490	27 490	3 724	3 724
of which: issued by financial corporations	22 016	22 016	38 544	34 315
of which: issued by non-financial corporations			447	73
Loans and advances other than loans on demand			32 310	
Other collateral received			623	
Own debt securities issued other than own covered bonds or asset-backed securities				
Own covered bonds and securitisations issued and not yet pledged			11 608	
TOTAL COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED	518 397	83 646		

Table 5.5: EU AE3 - Sources of encumbrance, CRR Article 443

SEKm	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered
Carrying amount of selected financial liabilities	490 552	492 917

EU AE4 – Accompanying narrative information, CRR article 443

A large share of Swedbank's assets is unencumbered, as can be seen in table 5.3. These assets provide flexibility and can be used if need would arise.

The main source of asset encumbrance is mortgages, which become encumbered when they are used as collateral when issuing covered bonds. Apart from these loans, assets are also encumbered as a natural consequence of derivative and repo transactions, with most of such encumbrance stemming from Swedbank AB. Unencumbered assets under "other assets" include assets not eligible for pledging in central banks such as intangible assets. See table 5.3 illustrating Swedbank's current and potential level of asset encumbrance.

6. Operational risk

Geopolitical tensions and organised crime have been the main drivers for increased cyber and external fraud risk during 2023.

Operational risk - definition

The risk of losses, business process disruptions and negative reputational impact resulting from inadequate or failed internal processes, human errors and systems, or from external events. Operational risk is divided into sub risk types.

EU ORA Qualitative information on operational risk, CRR Article 435(1), 446, 454

Operational risks are inherent in all Swedbank's business activities. It is not cost-efficient to attempt to eliminate all operational risks, nor is it possible to do so. Swedbank seeks to maintain low operational risk exposure, taking into account market sentiment and regulations, as well as Swedbank's strategy, rating ambition and capacity to absorb operational risk losses. Larger losses of material significance are rare and Swedbank aims to reduce the likelihood of such losses through operational risk management and control, as well as continuity management to maintain readiness for events that could cause financial losses or reputational damage or could impact the availability of significant customer-facing services.

Operational risks are considered in business decisions and as far as possible in the pricing of products and services.

The Board has defined the overall aim and principles for identification, analysis and reporting, monitoring and measurement of operational risk in the ERM Policy, the Policy for Group Risk as well as in the Policy for Operational Risk which is supplemented and supported by additional directives, instructions and guidelines.

Management of operational risk

Every business area, product area, group function, as well as the Swedbank branches and subsidiaries own operational risks inherent in their operations. All managers throughout Swedbank have the responsibility for the continuous and active operational risk management as part of their first line risk management.

Business managers, in their capacity as first line of defence, own the risks within their respective areas of responsibility. They are responsible to ensure that there are appropriate processes and internal control structures in place to secure operational risk identification, assessment, management, monitoring and reporting. Business managers are also responsible to monitor that operational risk exposures are being kept within the boundaries of operational risk appetite and in alignment with the operational risk management framework. Operational risk managers are embedded within the first line of defence and are dedicated to assist business managers in their day-to-day operational risk management to ensure an effective implementation of operational risk management and internal control framework.

Group Operational Risk is an independent second line of defence function which is responsible for uniform and Group-wide measurement and reporting of operational risk. Analyses of the bank's risks are performed in connection with major changes as well as at least once a year. Reporting is done periodically and, when needed, to local management and Risk and Capital committee as well as the Board, CEO and Swedbank's executive management.

Risk Assessment

The same methods (e.g., risk assessments) to self-assess operational risks are applied throughout the bank. These methods are used on regular basis to cover among others all significant processes within the Group and include identification of significant risks, action planning and monitoring to manage any risks that may arise.

New Product Approval Process

Swedbank has a Group-wide process for New Product Approval (NPAP) covering all new and materially altered products, services, markets, processes, models and IT-systems as well as for major operational or organisational changes including outsourcing. The purpose is to ensure that the Group does not enter into activities containing unintended risks and that accepted risks are adequately managed and controlled as part of the process when launching new or materially altered products or services. The process is designed to emphasise the responsibility and accountability of the business areas for continuous overview of initiated NPAPs and continuous risk identification, analysis and mitigating actions. Group Risk and Group Compliance contributes with an independent evaluation of the risk analysis process and the residual risks, and both Group Risk and Group Compliance have the mandate to object to changes where risks exceed the risk appetite and the underlying limits.

Business Continuity and Crisis management

The principles for incident, continuity and crisis management are defined in a Group-level framework. Crisis Management teams are available both on a Group and on a local level to coordinate and communicate internally and externally. Continuity plans are in place for all critical processes, for IT-systems supporting these processes, and for services that are critical for society in the countries where Swedbank operates. The plans are implemented on a Group and on a local level and describe how Swedbank shall operate in the event of a severe business disruption or potential crisis situation.

Process and control management

An internal regulation on managing processes and process control has been adopted. It includes a process universe, with information on process ownership for significant processes as support to Operational Risk management and risk control activities. Specific framework for internal controls over financial reporting is applied for the processes concerned.

Incident management

Swedbank works proactively to prevent and strengthen its resilience and ability to manage all types of incidents, such as IT disruptions, natural disasters, financial market disturbances, act of terrorism and pandemics, which may affect the Group's ability to provide services and offerings continually at an acceptable level. Swedbank has established routines and system support to facilitate reporting and following up on incidents. Group Risk supports business areas in reporting, analysing, and drafting action plans to ensure that underlying causes are identified, and suitable actions are taken. Incidents and operational risk losses are reported in a central database for further analysis.

Insurance policies

Swedbank has insurance protection for significant parts of its operations and maintains several insurance programmes to mitigate operational risks (and other types of risks). These insurance programmes consist of external insurance solutions, internal captive solutions, and externally reinsured captive solutions. The external programmes include crime, professional liability, directors' and officers' liability, property insurance, and cyber insurance.

IT Risk

Swedbank has a structured approach to manage IT risks. IT serves a vital role in Swedbank, enabling the bank and its subsidiaries to run their business operations in a cost efficient, secure and scalable manner. Swedbank has well-documented and implemented processes and procedures that define how the Group operates, monitors and controls IT systems and services.

Information security risk

Swedbank has a structured approach to protect information. To strengthen these efforts, processes and routines are being constantly reviewed to improve and complement the bank's management system for information security. The management system is a tool to manage and coordinate the Group's long–term efforts in a structured and methodical way.

Third-party Risk

All sourcing arrangements, including Outsourcing and intra-group Outsourcing, are associated with risks. Swedbank remains fully responsible and accountable for all outsourced processes, services or activities. Standards on sourcing as well as Outsourcing are defined to ensure that all arrangements are conducted in controlled manner and related risks are identified and adequately managed.

Legal risk

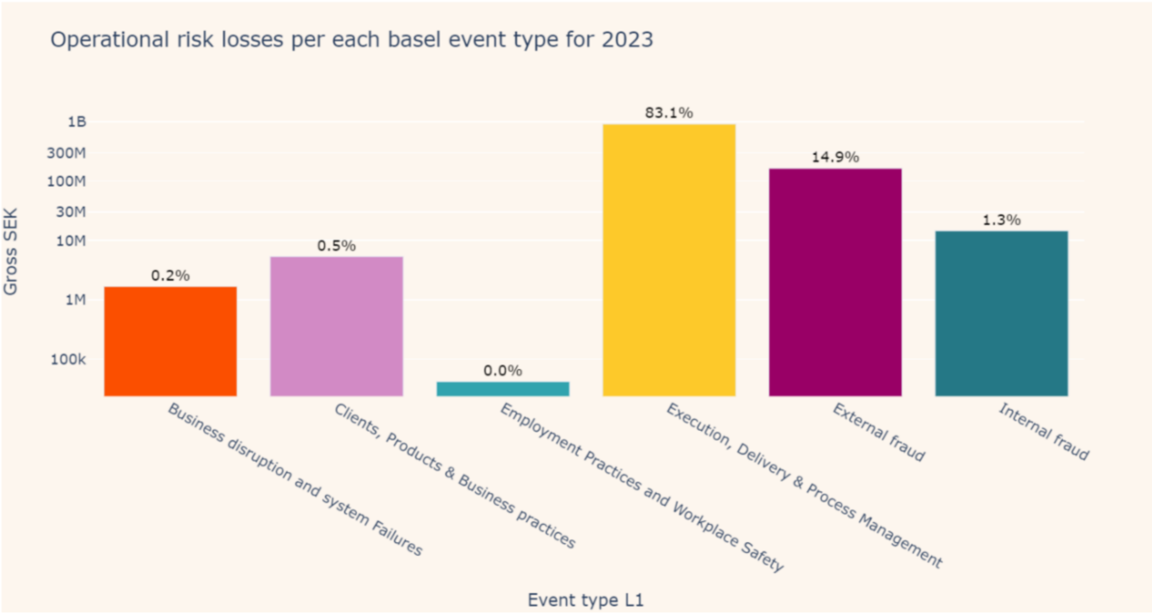
Group Legal has the overall responsibility for governing, controlling and supporting proper management of legal matters. Swedbank has legal counsels in all major business areas specialised in core areas of Swedbank's operations. The legal counsels provide legal services by supporting, and acting upon the need of the concerned business. There are also internal rules on escalation, information-sharing, and reporting of legal risks and lawsuits. Regular reviews are carried out to identify and follow-up on actual and/or potential legal risks, so that practices can be modified to ensure compliance with local regulatory requirements.

Table 6.1: EU OR1 - Operational risk own funds requirements and risk-weighted exposure amounts, CRR Article 446,454

	Relevant indicator			Own fund requirements	Risk weighted exposure amount
SEKm	2021	2022	2023		
Banking activities subject to basic indicator approach (BIA)					
Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches	47 419	53 614	74 415	7 690	96 123
Subject to TSA:	47 419	53 614	74 415		
Subject to ASA:					
Banking activities subject to advanced measurement approaches AMA					

The annual update of REA for operational risk led to an increase of SEK 16bn since the rolling three-year average of total income rose compared to 2022.

Figure 6.1: Operational risk losses during 2023 by Basel Event Types



During the year, total operational risk losses amounted to SEK 1 093m, mostly driven by administrative fine of SEK 850m from the S-FSA regarding the April 2022 Customer Account Balance incident. During 2023 Swedbank has implemented several initiatives to mitigate the elevated IT risk exposure and further improve Swedbank's operational resilience and high level of availability for the bank's customers.

Capital requirements for operational risk

Pillar 1 capital

The Swedbank calculates operational risk capital requirements using the standardised approach. Currently no other method is applied for this purpose. As such, the standardised approach assigns multipliers determined by the capital adequacy regulation and rules (beta factors) expressing the capital requirement in relation to gross income for each business line. A new method to calculate the operational risk capital requirements as a part of the amended CRR has been proposed to be implemented on 1 January 2025.

7. Compliance risk

Geopolitical tensions and organised crime continue to be main drivers for increased Financial Crime Risks during 2023. The Group continues to stay vigilant and allocate resources to mitigate the upcoming risks in this area as well as within the Conduct risk area.

Compliance risks - definitions

Regulatory Compliance Risk is the risk of failure by the Group to fulfil and meet the external and internal regulations applicable to the Group's licensed operations. Conduct risk is the risk of failure to act in accordance with customers' best interests, fair market practices, data protection legislation and code of conduct. Financial crime risk is the risk of money laundering, terrorist financing, sanctions violations, bribery and corruption, and facilitation of client tax evasion.

Compliance risk, CRR Article 431

Management of compliance risks

The first line of defence owns the compliance risks inherent in their operations. All managers throughout Swedbank have the responsibility for the continuous and active compliance risk management as part of their first line risk management. The following core compliance processes have been established to cater for effective management of compliance risks across the Group.

Regulatory screening and control

The main purpose of the regulatory screening and control process is to support Swedbank to identify and take action on new, amended or revoked external regulations. In addition, the process provides assurance that changes are implemented adequately and on time.

Interaction with regulators

The aim with the process for interaction with regulators is to ensure that Swedbank upholds high quality and consistent standards in its dealings with the supervisory authorities overseeing the Group. The process also serves to provide an oversight of all material supervisory matters between the Group and its supervisors.

Risk-based planning

The purpose of the risk-based planning process is to identify and plan adequate control activities for the Group´s material compliance risks. The process also involves coordination and information sharing with the other control functions Group Risk and Group Internal Audit.

Monitoring activities

Compliance testing activities are in-depth reviews conducted by Group Compliance to assess how the Group complies with applicable external and internal regulations.

Advice and support

The Group Compliance advisory process is a key activity for the function that enables sound and sustainable business in line with the regulatory expectations put on the Group.

Training

Mandatory compliance related trainings are regularly reviewed and updated to ensure they remain relevant and fit for purpose.

Compliance Change Activities

Swedbank continuously conducts compliance related change activities to ensure Swedbank's compliance risk management processes stay relevant and effective.

Management of Conduct risk

The risk level related to Market conduct risk is elevated. Swedbank continuously addresses risks related to the conduct of the bank and its employees by emphasising the importance of adherence to the Code of Conduct, sound ethics and mitigating conflicts of interest. Group Compliance is responsible for risk oversight and standard setting obligations for conduct risks (customer protection risks, market conduct risks and data protection risks).

Code of Conduct and compliance awareness

Swedbank has a mandatory Ethics training for all employees. The training is part of the compliance awareness scheme, which includes trainings and activities to continuously highlight and address compliance awareness and the importance of being compliant.

Conflicts of interest

Swedbank's conflicts of interest processes set a common structure in the Group for identifying, documenting and mitigating any conflicts of interest related to the organisation, executives, and key function holders.

Internal alerts (whistleblowing)

Swedbank's internal alerts process allows employees and other stakeholders (both internal and external) to report and raise concerns of potential or actual failures to comply with external and internal rules or regulations, concerns of breaches of internal standards, irregularities, and criminal offences, including but not limited to, corruption, fraud, other financial crimes and sexual harassment.

Management of Financial crime risk

Swedbank is a full-service retail bank offering a wide range of products and services to a large number of private and corporate customers. This makes the Group exposed to many predicate crimes in relation to money laundering as well as many different types of money laundering and terrorist financing schemes. The Group is also obliged to comply with various financial sanction programmes. Swedbank is applying robust and consistent AML/CTF and financial sanctions processes and procedures to prevent the use of the services, products or channels for purposes of money laundering and terrorist financing, as well as to comply with applicable financial sanction programmes. Group Compliance is responsible for risk oversight and standard setting obligations for financial crime risk (money-laundering and terrorist financing risk, financial sanctions risk, bribery- and corruption risk and facilitation of tax evasion risk).

Developments concerning the risk of money laundering and terrorist financing

The AML/CTF programme was closed January 2023 and continuous improvement is part of daily operations. Swedbank has since 2020 engaged external expertise to perform a yearly assessment of Swedbank´s AML/CTF progress to reach Swedbank´s target ambitions. The most recent assessment in 2023 demonstrated continued progress.

The U.S. authorities are continuing to investigate Swedbank's historical work and information disclosures concerning AML/CTF. The investigations are being conducted by the Department of Justice (DoJ), Securities Exchange Commission (SEC) and Department of Financial Services in New York (DFS). The investigations are at different stages and the bank cannot at this point in time predict any financial consequences or when the investigations will be completed.

The Estonian Prosecutor's Office continues its investigation of suspected money laundering in 2014 – 2016, which originates from the Estonian FSA's previous investigation of Swedbank AS in 2019. The maximum fine for the suspected crime is EUR 16m.

Group AML/CTF framework

The Group AML/CTF framework aims to ensure clear roles and responsibilities as well as a clear AML/CTF risk strategy and risk appetite. Combined with a strong and coherent AML/CTF organisation and processes, it ultimately aims to ensure an effective overall AML/CTF risk management. The AML/CTF framework is reviewed annually.

Group Financial Crime Committee

The Group Specially Appointed Executive is the chair of the Group Financial Crime Committee, which has been established to ensure adequate and effective management of money laundering and terrorist financing risks in the Group.

General Risk Assessment

The Group performs a General Risk Assessment on an annual basis. In accordance with the risk-based approach, the identified and assessed inherent risks shall set the foundation for all AML/CTF routines, processes and measures in Group. This is to ensure that measures taken are commensurate with the risks that Swedbank is exposed to.

Know your customer

The Group framework outlines the minimum requirements as regards the performance of risk-based know-your-customer measures on customers, the customers' beneficial owners and authorised representatives. The Group has an ambition to have common standards in all home markets, and the business areas and legal entity is accountable for implementing the requirements in its business processes and adhering to local legal requirements.

Transaction monitoring

To detect suspicious activities, behaviours or transactions which could be related to possible offences, money-laundering or terrorist financing, Swedbank performs risk-based transaction monitoring of its customer activities. This includes scrutiny of transactions undertaken throughout the course of the business relationship as well as occasional transactions.

Financial sanctions

The Group Financial Sanctions framework lays out the overarching views on how the bank achieves adherence to various relevant sanction programmes, i.e., financial sanctions enacted by the EU, the UN, the UK and the US. The Group takes a risk-based approach to sanctions screening, in line with the Wolfsberg Guidance on Sanctions Screening and the established low risk appetite. This means, inter alia, that the Group´s sanctions programme is applied in conjunction with other anti-financial crime processes, such as policies and procedures, risk assessment and internal controls.

The bank performs group-wide daily screening of all international payments, trade finance messages and the registers of new and existing customers, to ensure that Swedbank is not assisting with any transactions or retaining any business engagements that are subject to EU, UN or relevant US and/or UK sanctions.

Regulatory compliance risk

Swedbank's Policy on Enterprise Risk Management and the Policy for Group Compliance outline the scope for Regulatory Compliance Risk, which is to ensure risk oversight in relation to all regulations impacting the Group's licensed operations. Group Compliance has established processes and controls to provide assurance on regulatory compliance risk.

8. ESG risk

During the year Swedbank has continued to develop its ESG risk management capabilities, notably within the climate risk area. Climate related risks, both transition risks and physical risks, are assessed to be low and expected to remain low and manageable in our home markets in the short, medium and long term.

ESG risk - definition

The risk of any current or prospective negative impact on the Group stemming from Environmental, Social or Governance ("ESG") factors. The impact can be indirect through the Group's counterparties and invested assets, or direct on the Group.

Strategy and business processes

The Swedbank Strategic Direction

Sustainability, including the management of ESG risk, is an integrated part of Swedbank's long-term Strategic Direction as outlined by Swedbank's vision of "A financially sound and sustainable society". The vision subsequently cascades down into the strategy. The strategy is reviewed annually and assesses the external business environment, including for example customer demand and behaviour, the regulatory environment, and the macroeconomic environment. The process is complemented with a top-down risk assessment to capture strategic risks. The strategy also outlines specific strategic priorities related to sustainability, for example the focus to "Enable the sustainability transition" for corporate customers. Several key elements are in place to realise the focus area's ambition such as a Sustainable Funding Framework which includes green and social categories and various ESG-related financing offerings.

Business, activity and financial planning is the business process that concludes on ESG activities in the short- to mid-term, on Group level but also within business areas and Group Functions. The planning related to ESG is coordinated across the bank by the centralised Group Sustainability function, to support the transformation journey in the area across the bank and support with cross-group coordination.

Climate targets for the lending portfolio

As part of the commitment to the Science-Based Targets initiative and the Net-Zero Banking Alliance, Swedbank has committed to setting decarbonisation targets aiming to achieve net-zero emissions from own operations as well as from lending and investment activities by 2050 at the latest.

Swedbank during 2022 also adopted its first round of decarbonisation targets for the lending portfolio. The targets are in line with the global 1.5° C target and have been set for 2030 for the following sectors: mortgages, commercial real estate, oil & gas, power generation and steel. The targets are seen as a strategic steering tool for the bank to help society in transition, do financially good business, manage climate change-related risks, and capture opportunities in the portfolios.

The decarbonisation targets aim to ensure that Swedbank's future balance sheet is aligned with the expected development of society in the longer term and hence reduce the long-term risks of climate-related risk.

Swedbank has also set environmental targets for its own operations, including for direct greenhouse gas emissions and energy consumption.

Credit strategy, engagement policies and business processes

Through its annual Credit Risk Outlook report the independent risk management function provides input to the business areas when setting their respective credit strategies.

Climate-related transition risks were analysed in the light of the EU sustainable finance action plan and the climate targets set by the bank. In particular, the following sectors were focused on: real estate, power & heat, manufacturing and transport.

Swedbank has steering documents for sustainability consisting of policies, instruction, directives and guidelines that have their basis in the UN Global Compact's ten principles. Swedbank's policies include Policy on Diversity and Inclusion, Environmental Policy, Sustainability Policy and Policy on Human Rights. The Position statement on climate change prohibits or sets out conditions for the engagement with companies with carbon-intensive activities, and states that the bank shall advocate that its counterparties adopt a climate strategy and climate goals aligned with the Paris Agreement.

To support ESG risk assessment, Swedbank has implemented sector guidelines. The guidelines are tools to enable better insight into the sustainability issues faced by different industries, and to provide guidance on elements that can be discussed with clients, suppliers and other business partners.

In the procurement process all suppliers must sign Swedbank´s Code of Conduct and undergo a Sustainability Assessment before entering a contract. All suppliers who do not accept Swedbank Code of Conduct are escalated to the Procurement Sustainability Committee. All new suppliers need to answer several questions covering different ESG factors. Suppliers with a high "sustainability risk" tier will get a corrective action plan.

Swedbank has a Group-wide NPAP covering all new and/or revised products, services, activities, processes and/or systems as well as major operational and/or organisational changes. The purpose is to ensure that the Group does not enter into activities that entail unintended risks or risks that are not immediately managed and controlled as part of the process. In addition, the Group is able to assure quality when launching new and/or revised products and services.

Internal governance

As a risk type in Swedbank's Risk Taxonomy, ESG risk is integrated into the risk management process, with roles and responsibilities allocated in accordance with the three lines of defence concept.

To drive and coordinate specific group-wide efforts in the overall sustainability area, a group function, Group Sustainability, has been established. Group Sustainability is, inter alia, responsible for:

- Swedbank Sustainable Funding Framework (together with Group Treasury).
- Sustainability-related policies and position statements.
- A transformation plan centred on operationalising the sustainability aspects of the Strategic Direction and on stronger sustainability management.

The Head of Group Sustainability reports, on a quarterly basis, on sustainability related issues to the CEO.

Swedbank follows the Global Reporting Initiative (GRI) framework for sustainability reporting. The GRI report is linked to material topics, which have been identified by Swedbank in a materiality analysis, and how these material topics coincide with GRI's general and topic-specific disclosures. The materiality analysis is considered in Internal Audit's annual risk assessment to ensure that relevant sustainability aspects are included in the audit plan.

Swedbank Sustainability Committee

The Swedbank Sustainability Committee has been established to provide support in the effective management and governance of sustainability matters, which could include ESG risk, with the aim to support and promote an ethical standard, integrity and the corporate values in the organization.

Swedbank's sustainability committee is led by the Head of Group Brand, Communication & Sustainability. Swedbank's sustainability committee handles topics involving human rights, tax issues, environmental challenges and ethical dilemmas. In the case of difficult business decisions or where internal guidelines do not provide enough guidance, issues can be escalated to Swedbank's Sustainability Committee.

The Swedbank Sustainability Committee has no decision-making right in itself. Any decision made at meetings of the Swedbank Sustainability Committee is made by the Head of Group Brand, Communication & Sustainability or other committee members in accordance with their respective mandate. Matters dealt with by the Swedbank Sustainability Committee that are outside the authority of the Head of Group Communication & Sustainability or another member of the Swedbank Sustainability Committee shall be forwarded to the CEO, the Board of Directors or another relevant decision-making body as appropriate.

The Swedbank Sustainability Committee has the right to ask any executive or employee of the Group to help with the assessment of a matter brought to the Swedbank Sustainability Committee. Such executive or employee has to respond to such request from the Swedbank Sustainability Committee. The Committee may also proactively engage the business areas, product areas and group functions to present sufficient basis for assessments, including but not limited to conducting investigations/analyses on the state of matters, and presenting proposals on actions to be taken.

Other committees

In each Baltic country, Swedbank has established local Sustainability Committees following the same working principles and process as the group Sustainability Committee.

The Procurement Sustainability Committee handles procurement-related, escalated sustainability issues where the Head of Group Sustainability is also involved.

The Sustainable Bond Committee has been established as the decision-making body that approves the proposed loan's eligibility as a green or social asset and thus the inclusion in Swedbank's Sustainable Asset Register.

Risk management

ESG risk is a driver of other risk types in the Group's risk taxonomy. It can materialise through one or several transmission channels, including the financial position of counterparties, real estate values, household wealth, operational failures, and employee or customer dissatisfaction. All risk types in the risk taxonomy are subject to an ESG risk relevance assessment with the purpose of determining if the development of ESG factors is likely to have a potential impact on the risk type. ESG factors are relevant for most risk types, and in particular for credit risk and operational risk.

Definitions of ESG factors, ESG risks, and their drivers and transmission channels in the Group's risk management framework are to a large extent aligned with the definitions provided by the EBA in the final report on ESG risk management. Swedbank is also leveraging the Sustainability Accounting Standards Board (SASB) Materiality Map to identify financially material ESG issues on sector and industry level.

Although all ESG factors may in principle drive risks, the emphasis is currently on environmental factors and in particular on climate change. Climate and environmental risks have distinctive characteristics demanding special considerations, including a potentially large impact, an uncertain and longer-term time horizon during which they could materialise, and the dependency on short-term action. Thus, despite some risks being more likely to materialise in the medium and long term, they require management today. Swedbank during 2023 developed a basic method and process to assess the financial materiality of ESG risks. This process is informed by the different methodologies used by the bank to identify and assess ESG related risks. These are: (i) the alignment method, which focuses on how aligned an institution's portfolio is with global sustainability targets, (ii) the exposure method, which focuses on how individual exposures and counterparties perform on ESG factors, and (iii) the risk framework method, which focuses on how sustainability related issues affect the risk profile of a bank's portfolio and its standard risk indicators and includes scenario analysis and stress testing. Swedbank has developed methods within all three categories.

(i) The portfolio alignment method - Swedbank is measuring financed emissions and has set climate targets for the lending portfolio

The primary purpose of the climate targets is to contribute to combatting climate change by supporting our customers in their transition to more sustainable business models, but they also allow Swedbank to manage its exposure to ESG risk as they steer the lending portfolio towards activities that are aligned with limiting global warming to 1.5°C.

(ii) The exposure method - The ESG analysis

In the credit origination process, corporate customers are assessed from a sustainability perspective to ensure that risks are sufficiently managed and that the operations of the customer are in line with Swedbank's values and policies. This assessment is now being complemented with the ESG Analysis tool which uses a quantifiable methodology to focus on the most material ESG factors for each sector. By providing industry- and customer-specific ESG scores, the tool will enable Swedbank to manage ESG risks both on customer and portfolio levels.

The score is a result of (i) the identification of exposures to ESG factors (e.g., greenhouse-gas emissions, energy efficiency, employee health and safety) in each sector based on the customer's primary economic activity, and (ii) the assessment of the customer's ESG management capability based on a management questionnaire. The assessment leads to an ESG score and a classification of corporate customers into high, medium and low ESG exposure.

The ESG Analysis tool was launched for Large corporates in January 2023 and for the remaining segments the tool was launched in October 2023.

(iii) The risk framework method – forward looking risk identification and assessment

Swedbank is using both scenario analysis and stress testing to identify and assess potential risks in the short, medium and long term.

Scenario analysis

Two different scenarios have been used: (i) the Sustainable Development Scenario (SDS <2°C temperature increase) and (ii) the Stated Policy Scenario (SPS ~ 3°C temperature increase), both from the International Energy Association (IEA). The IEA global scenarios were used as a basis and then developed by the Group to account for regional and sector level conditions.

Climate-related risks are increasing in both scenarios but are likely to be contained given that they are carefully managed. The sustainable development scenario entails more transition risk in the short to medium term, while the stated policy scenario entails physical risks in the long term. The Group will closely manage these risks together with its customers while supporting them in their transition, and in this way build a sustainable lending portfolio. Risks identified in the TCFD scenario analysis are further discussed in the Annual Report, note G3.

ESG risk in the Internal Capital Adequacy Assessment Process

Climate-related transition risk is explored from a macroeconomic perspective in the stressed ICAAP scenarios by deploying a module that consider fiscal stimulus measures. The simulated stimulus packages are calibrated so that the investments made are, by and large, done in accordance with the pledges made under the Paris Agreement. The stimulus packages are further assumed to be deployed in accordance with the European Union's Green Deal as they stretch over a 30-year decarbonization horizon. The investments are deployed linearly such that about 1/30th of the investment amount is spent each year.

The size of the rational investment amounts suggests huge annual fiscal spending. Either the green investments made are done effectively, avoiding crowding out or harming private initiatives. Alternatively, the investments made result in no relief as a large chunk of the investments are done ineffectively, with significant shares of private investment initiatives being crowded out directly. This results in that the investments made in general are harmful. Both scenarios have been explored in Swedbank's ICAAP. This results in a macroeconomic impact absent of other activity which, together with qualitative assumptions on where the investments are needed the most, can be used for assessing the climate related transition risk.

In Swedbank's simulated stressed ICAAP scenarios, it was postulated that strong, and to some extent disorderly, public policy actions to combat climate change can introduce stress on Swedbank's loan assets. For base-line scenarios, climate risks are not expected to lead to such significant deterioration of credit quality to warrant increases in PD or LGD, but this is an area subject to further analysis and improvement of risk modelling within Swedbank.

Monitoring climate-related risks in the credit portfolio

Swedbank has implemented Key Risk Indicators (KRI) to monitor the lending exposure to corporate segments where significant transition risk has been identified. The identification and materiality assessment has mainly been made through the TCFD scenario exercises and supported by GHG emission data. Consequently, energy, transportation and materials and buildings are in scope for this KRI.

Table 8.1: Banking book- Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity, CRR Article 449a

Sector/subsector	Gross carrying amount (SEKm)					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions (SEKm)			GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO2 equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	<=5 years	>5 year <= 10 years	>10 year <= 20 years	>20 years	Average weighted maturity
		Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures		Of which Stage 2 exposures	Of which non-performing exposures		Of which Scope 3 financed emissions						
Exposures towards sectors that highly contribute to climate change	540 549	10 237		78 287	2 188	-3 744	-2 051	-558				358 267	23 929	32 112	126 241	7
A - Agriculture, forestry and fishing	15 404			1 814	90	-158	-51	-26				13 027	1 127	189	1 061	1
B - Mining and quarrying	1 914	162		1 457	120	-142	-52	-89				1 880	31	0	2	0
B.05 - Mining of coal and lignite																
B.06 - Extraction of crude petroleum and natural gas																
B.07 - Mining of metal ores	38			0		0	0					37			1	3
B.08 - Other mining and quarrying	265			45	4	-3	0	-1				233	31	0	1	1
B.09 - Mining support service activities	1 611	162		1 412	116	-140	-52	-87				1 611	0		0	0
C - Manufacturing	41 036	15		11 395	268	-782	-505	-115				38 792	2 010	46	188	1
C.10 - Manufacture of food products	5 900			2 811	118	-255	-184	-50				5 520	334	4	42	1
C.11 - Manufacture of beverages	149			42	6	-4	-2	-2				141	9		0	1
C.12 - Manufacture of tobacco products	13			1		0	0					13				3
C.13 - Manufacture of textiles	268			17	5	-1	0					247	17	3	1	1
C.14 - Manufacture of wearing apparel	529			447	0	-19	-19	0				528	1		0	0
C.15 - Manufacture of leather and related products	13			6		0	0					13			0	0
C.16 - Manufacture of wood and of products of wood and cork, except	5 264			901	36	-114	-57	-14				5 135	120	6	2	2
C.17 - Manufacture of pulp, paper and paperboard	1 408			182		-9	-6					826	579		2	4
C.18 - Printing and service activities related to printing	450			30	1	-3	0	0				411	37	1	1	1
C.19 - Manufacture of coke oven products	15	15		8		0	0					15			0	1
C.20 - Production of chemicals	1 150			140	1	-7	-5	0				1 136	13		1	0
C.21 - Manufacture of pharmaceutical preparations	2 776			1 624		-63	-51					2 775			1	4
C.22 - Manufacture of rubber products	3 612			652	3	-31	-13	-1				3 518	69	4	21	1
C.23 - Manufacture of other non-metallic mineral products	502			78	2	-6	-2	-1				438	64		1	1
C.24 - Manufacture of basic metals	659			11		-2	0					607	17	1	35	3
C.25 - Manufacture of fabricated metal products, except machinery and	4 794			716	61	-76	-28	-36				4 311	452	5	27	2
C.26 - Manufacture of computer, electronic and optical products	456			122		-4	-3					447	6		2	0
C.27 - Manufacture of electrical equipment	1 757			256	3	-49	-37	-1				1 714	43		1	3

C.28 - Manufacture of machinery and equipment n.e.c.	2 540			1 022	17	-31	-18	-7				2 436	91	1	12	1
C.29 - Manufacture of motor vehicles, trailers and semi-trailers	614			194		-5	-4					575	39		0	0
C.30 - Manufacture of other transport equipment	1 564			281	0	-12	-9	0				1 536	10	4	13	2
C.31 - Manufacture of furniture	1 706			1 117	11	-67	-61	-3				1 654	48	1	2	1
C.32 - Other manufacturing	4 055			613		-13	-3					4 045	6	3	1	2
C.33 - Repair and installation of machinery and equipment	841			124	3	-9	-4	-1				750	55	14	22	2
D - Electricity, gas, steam and air conditioning supply	19 905	9 846		1 112	9	-34	-2	-2				15 733	4 040	59	73	2
D35.1 - Electric power generation, transmission and distribution	14 379	8 420		1 023	2	-13	-2	-1				10 300	3 947	59	73	3
D35.11 - Production of electricity	8 749	5 963		242	2	-7	-1	-1				4 741	3 945	59	5	5
D35.2 - Manufacture of gas; distribution of gaseous fuels through mains	2 708	1 096		32	0	-4	0	0				2 680	28		0	1
D35.3 - Steam and air conditioning	2 819	329		57	7	-18	0	-1				2 754	65		0	2
E - Water supply; sewerage, waste management and remediation activities	2 997			891	1	-26	-17	0				2 412	517	8	59	1
F - Construction	19 813			5 970	152	-326	-163	-64				17 679	1 476	115	543	2
F.41 - Construction of buildings	8 150			3 874	26	-134	-98	-7				7 463	328	57	303	2
F.42 - Civil engineering	2 115			331	11	-18	-3	-2				1 923	172	4	16	1
F.43 - Specialised construction activities	9 548			1 765	115	-174	-62	-56				8 293	976	54	225	3
G - Wholesale and retail trade; repair of motor vehicles and motorcycles	37 837	214		3 628	277	-394	-162	-57				36 117	796	127	797	1
H - Transportation and storage	17 196			2 317	83	-148	-79	-25				14 993	1 396	381	426	1
H.49 - Land transport and transport via pipelines	7 351			1 702	79	-117	-66	-25				5 848	738	356	408	2
H.50 - Water transport	5 362			361		-16	-8					4 768	591		3	0
H.51 - Air transport	5			2	1	0	0	0				3	2		0	3
H.52 - Warehousing and support activities for transportation	4 392			247	4	-14	-4	-1				4 290	63	24	15	1
H.53 - Postal and courier activities	85			5	0	0	0	0				84	1		0	2
I - Accommodation and food service activities	5 005			1 138	44	-104	-67	-10				4 315	279	92	319	1
L - Real estate activities	379 442			48 564	1 144	-1 629	-952	-170				213 317	12 257	31 094	122 773	10
Exposures towards sectors other than those that highly contribute to climate	67 486	139		14 591	1 177	-695	-372	-188				60 477	2 083	556	4 369	2
K - Financial and insurance activities	10 719			1 610	11	-49	-25	-3				7 517	405	185	2 611	2
Exposures to other sectors (NACE codes J, M - U)	56 767	139		12 981	1 166	-646	-346	-184				52 960	1 678	371	1 758	2
TOTAL	608 035	10 376		92 878	3 365	-4 439	-2 423	-746				418 744	26 012	32 668	130 611	6

* In accordance with the Commission delegated regulation EU) 2020/1818 supplementing regulation (EU) 2016/1011 as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks -Climate Benchmark Standards Regulation - Recital 6: Sectors listed in Sections A to H and Section L of Annex I to Regulation (EC) No 1893/2006

Notes to the table

Figures are rounded and the sum of exposures at NACE level 2 may not always add up to the corresponding exposure at NACE level 1.

Development over the year

The overall corporate credit portfolio decreased by 3.6 per cent, or SEK 23 bn, over the year. Exposures towards sectors that highly contribute to climate change amount to 89 per cent of the overall credit portfolio (88 per cent in December 2022).

The single largest sector is Real estate activities (62 per cent of total corporate exposures). Exposures toward this sector decreased by SEK 1.7bn (less than -1 per cent). Exposures to Mining and quarrying decreased by SEK 1.85bn (-49 per cent). Notable changes in sub-segments include Oil and gas related activities (B.06+B.09, -54 per cent). Exposures to Manufacturing decreased by SEK 7.1bn (-15 per cent). Notable changes in sub-segments include production of chemicals (-49 per cent) and Manufacture of rubber products (-58 per cent). Exposures to Electricity, gas, steam and air conditioning supply decreased by SEK 1.8bn (-8 per cent). Exposures to Construction increased by SEK 2bn (+12 per cent). Exposures to Transportation and storage decreased by SEK 3.7bn (-18 per cent). Notable changes in sub-segments include Vehicle manufacturing (C.29+C30, -16 per cent). Exposures to Financial and insurance activities decreased by SEK 5.1bn (-32 per cent).

Exposures to companies excluded from Paris-aligned benchmarks

Gross carrying amounts in column (a) comprise all corporate customers whose primary business activity is associated the listed NACE codes. Disclosing reliable figures in column (b) is a complex challenge, which would require a systematic and detailed assessment of all counterparties in scope for column (a), regardless of their primary business activity, covering all the criteria specified in Article 12(1), points (d) to (g) and Article 12(2) of Delegated Regulation (EU) 2020/1818. Given the limitations of available data on counterparty-level, reporting on column (b) is done on a best-efforts basis, based on primary business activity defined by the relevant NACE codes, complemented by internal data collection and monitoring, as well as available third-party data.

The current quality of available data can cause under- or over-reporting of exposures to counterparties that are excluded from Paris-aligned benchmarks. Data availability is expected to improve over time.

Financed emissions

Swedbank is developing methods for measuring financed emissions for the full lending portfolio according to the methodology provided by the Partnership for Carbon Accounting Financials (PCAF). Already in 2022 Swedbank started by focusing on loans linked to Mortgage, Commercial Real Estate financing as well as certain carbon intensive large corporates. The main data inputs for real estate related lending are around building Energy Performance Certificates available in official registries and actual building area in combination with PCAF proxies for different building types. For certain large carbon intensive companies, we have gathered the data manually by either contacting the client directly or gathering the data from external reporting.

In 2023, the bank focused on improving the data quality and processes around the existing calculation methods and on improving the coverage of the financed emission data for all the other lending activities not covered by a method in 2022.

The aim is to finalise the financed emission calculation for the full lending portfolio before disclosure reference date 30 June 2024. The sources are expected to be mainly economic activity-based emissions using the PCAF emissions factor database for assets or revenues.

Table 8.2: Banking book - Climate change Transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral, CRR Article 449a

Counterparty sector	Gross carrying amount (SEKm)															
		Level of energy efficiency (EP score in kWh/m² of collateral)						Level of energy efficiency (EPC label of collateral)							Without EPC label of collateral	
		0; <= 100	> 100; <= 200	> 200; <= 300	> 300; <= 400	> 400; <= 500	> 500	A	B	C	D	E	F	G		Of which level of energy efficiency (EP score in kWh/m² of collateral) estimated
Total EU area	1 217 557	322 533	820 888	52 431	9 631	739	11 334	32 085	54 818	83 463	119 724	144 496	70 594	27 922	684 455	100%
Of which Loans collateralised by commercial immovable property	189 255	63 633	74 639	34 875	4 928	447	10 733	8 551	11 523	14 534	20 786	24 049	11 764	7 492	90 555	100%
Of which Loans collateralised by residential immovable property	1 028 302	258 900	746 249	17 555	4 703	293	600	23 534	43 295	68 929	98 938	120 447	58 830	20 430	593 900	100%
Of which Collateral obtained by taking possession: residential and commercial immovable properties																
Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated	684 455	8 379	630 499	30 340	4 010		11 228								684 455	100%
Total non-EU area	20 504	103	20 262	127	7	0	4	38	60	47	25	34	16	8	20 276	100%
Of which Loans collateralised by commercial immovable property	19 618		19 511	107											19 618	100%
Of which Loans collateralised by residential immovable property	885	103	751	20	7	0	4	38	60	47	25	34	16	8	658	100%
Of which Collateral obtained by taking possession: residential and commercial immovable properties																
Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated	20 276	0	20 165	107			4								20 276	100%

The energy efficiency of collateral is determined by referencing Energy Performance Certificates (EPCs) whenever they are accessible. In situations where EPCs are not accessible, the energy efficiency is estimated using the PCAF emissions factors database. In the Baltic countries, energy performance is estimated also in cases where EPCs exists as they do not contain information about actual energy performance. If a collateral lacks an EPC label and its energy efficiency cannot be estimated, a conservative approach is taken, assigning the loan to the category representing energy performance exceeding 500 kWh/m². When multiple collaterals are associated with a loan, allocation to energy performance categories is done on a pro rata basis.

Figures are rounded which may cause sums to not add up where they otherwise should.

Table 8.3: Banking book - Climate change transition risk: Exposures to top 20 carbon-intensive firms, CRR Article 449a

Gross carrying amount (aggregate)	Gross carrying amount towards the counterparties compared to total gross carrying amount (aggregate)*	Of which environmentally sustainable (CCM)	Weighted average maturity	Number of top 20 polluting firms included

*For counterparties among the top 20 carbon emitting companies in the world

As of 31 December 2023, Swedbank had no exposures to the top 20 companies listed in the Carbon Disclosure Project's Carbon Majors Database.

Table 8.4: Banking book - Climate change physical risk: Exposures subject to physical risk, Sweden, CRR Article 449a

	Gross carrying amount (SEKm)													
		of which exposures sensitive to impact from climate change physical events												
		Breakdown by maturity bucket					of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change events	Of which Stage 2 exposures	Of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
Sweden		<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity							of which Stage 2 exposures	Of which non-performing exposures
A - Agriculture, forestry and fishing														
B - Mining and quarrying														
C - Manufacturing														
D - Electricity, gas, steam and air conditioning supply														
E - Water supply; sewerage, waste management and remediation activities														
F - Construction														
G - Wholesale and retail trade; repair of motor vehicles and motorcycles														
H - Transportation and storage														
L - Real estate activities														
Loans collateralised by residential immovable property	909 325	797	1 084	8 619	27 963	23	9 421	28 632	411	2 609	72	-33	-15	-13
Loans collateralised by commercial immovable property	150 598	2 518	463	235	1 436	11	3 018	1 633		909	6	-24	-18	-1
Repossessed collaterals														
Other relevant sectors (breakdown below where relevant)														

Table 8.5: Banking book - Climate change physical risk: Exposures subject to physical risk, Estonia, CRR Article 449a

Estonia	Gross carrying amount (SEKm)												
		of which exposures sensitive to impact from climate change physical events											
		Breakdown by maturity bucket					of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change events	Of which Stage 2 exposures	Of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions	
		<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity							of which Stage 2 exposures	Of which non-performing exposures
A - Agriculture, forestry and fishing													
B - Mining and quarrying													
C - Manufacturing													
D - Electricity, gas, steam and air conditioning supply													
E - Water supply; sewerage, waste management and remediation activities													
F - Construction													
G - Wholesale and retail trade; repair of motor vehicles and motorcycles													
H - Transportation and storage													
L - Real estate activities													
Loans collateralised by residential immovable property	48 555	57	157	615	652	18		1 481		167	6		
Loans collateralised by commercial immovable property	26 210												
Repossessed collaterals													
Other relevant sectors (breakdown below where relevant)													

Table 8.6: Banking book - Climate change physical risk: Exposures subject to physical risk, Latvia, CRR Article 449a

Latvia	Gross carrying amount (SEKm)													
		of which exposures sensitive to impact from climate change physical events												
		Breakdown by maturity bucket					of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change events	Of which Stage 2 exposures	Of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
		<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity							of which Stage 2 exposures	Of which non-performing exposures
A - Agriculture, forestry and fishing														
B - Mining and quarrying														
C - Manufacturing														
D - Electricity, gas, steam and air conditioning supply														
E - Water supply; sewerage, waste management and remediation activities														
F - Construction														
G - Wholesale and retail trade; repair of motor vehicles and motorcycles														
H - Transportation and storage														
L - Real estate activities														
Loans collateralised by residential immovable property	21 007	1	2	7	1	14		10		2				
Loans collateralised by commercial immovable property	9 488													
Repossessed collaterals														
Other relevant sectors (breakdown below where relevant)														

Table 8.7: Banking book - Climate change physical risk: Exposures subject to physical risk, Lithuania, CRR Article 449a

Lithuania	Gross carrying amount (SEKm)													
		of which exposures sensitive to impact from climate change physical events												
		Breakdown by maturity bucket					of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change events	Of which Stage 2 exposures	Of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
		<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity							of which Stage 2 exposures	Of which non-performing exposures
A - Agriculture, forestry and fishing														
B - Mining and quarrying														
C - Manufacturing														
D - Electricity, gas, steam and air conditioning supply														
E - Water supply; sewerage, waste management and remediation activities														
F - Construction														
G - Wholesale and retail trade; repair of motor vehicles and motorcycles														
H - Transportation and storage														
L - Real estate activities														
Loans collateralised by residential immovable property	50 300	0	1	10	9	20		20		2				
Loans collateralised by commercial immovable property	22 576													
Repossessed collaterals														
Other relevant sectors (breakdown below where relevant)														

The identification of properties more sensitive to impact from climate change physical risk event was carried out by evaluating the development of physical risk indicators under certain carbon-concentration pathways. The analysis was underpinned by dataset comprising a grid of 11x11km squares containing climate indicators across Sweden, provided by the Swedish Meteorological Hydrological Institute (SMHI).

The UN Intergovernmental Panel on Climate Change (IPCC) presented four Representative Concentration Pathways (RCP) in 2014. The RCP scenarios describe the results of the emissions, the so-called radiation balance in the atmosphere, up to the year 2100. For the purposes of this table, the RCP 8.5 scenario with a time horizon up to 2040 was used. RCP 8.5 is a high-end scenario, where emissions continue to accelerate and where the temperature stabilises at just below 4 degrees.

Physical risks and their associated indicators were selected based on their potential impact on real estate and include rising temperatures, rising sea level, heatwave, drought, and flooding; caused by either increasing rain, heavy rain or flooding caused by more run-off.

The magnitude of change for each indicator in each grid square is divided across three groups. The first group correspond to today’s climate. Indicator outcomes within this group are not linked to climate change but are part of natural variation of today’s climate. Group 2 represent outcomes that occur less frequently than every twenty years and up to every ten thousand years and rarely seen today. Practically it means events that today occur less frequently than every twenty years will be the new normal for this level of change. Group 3 represent outcomes that in principle have never been seen before by humanity in that area; values that today only can be seen less often than every ten thousand years. It means a completely new type of climate for the geographical area will be typical for the area.

Figures reported as sensitive to physical risk are those exposures that are collateralised by immovable property located in areas that fall within either group 2 or group 3 for at least one of the seven risk indicators. Loan gross carrying amounts are being reported without adjustment, meaning that the figures shall not be interpreted as measurements of risk. They only indicate the amount of lending in areas sensitive to climate change physical risk under the specified scenario.

For Sweden, 4% of loans collateralised by immovable properties face increased sensitivity to physical climate change risk in the scenario. 3% were sensitive to acute physical risk. In the Baltic region, 1% of loans collateralised by residential immovable property face increased sensitivity to physical climate change risk. The indicator sea level rise was not computed for the Baltic region.

Table 8.8: Summary of key performance indicators (KPIs) on the Taxonomy-aligned exposures, CRR Article 449a

	KPI			% coverage (over total assets)*
	Climate change mitigation	Climate change adaptation	Total (Climate change mitigation + Climate change adaptation)	
GAR stock	1.4%	0.0%	1.4%	48.6%
GAR flow	2.0%	0.0%	2.0%	42.7%

* % of assets covered by the KPI over

Table 8.9: Mitigating actions: Assets for the calculation of GAR, CRR Article 449a

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		2023															
		Total gross carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)			
SEKm					Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which adaptation	Of which enabling			Of which specialised lending	Of which transitional/ adaptation	Of which enabling
	GAR - Covered assets in both numerator and denominator																
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	1225251	1046908	25470	23257	34	611		7				1046908	25470	23257	34	611
2	**Financial corporations**	13060	4854	39			18						4854	39			18
3	Credit institutions	2912	955										955				
4	Loans and advances	145	40										40				
5	Debt securities, including UoP	1442	317										317				
6	Equity instruments	1326	598										598				
7	Other financial corporations	10148	3899	39			18						3899	39			18
8	of which investment firms																
9	Loans and advances																
10	Debt securities, including UoP																
11	Equity instruments																
12	of which management companies	1	0										0				
13	Loans and advances	1	0										0				
14	Debt securities, including UoP																
15	Equity instruments																
16	of which insurance undertakings	1															
17	Loans and advances	1															
18	Debt securities, including UoP																
19	Equity instruments																
20	**Non-financial corporations (subject to NFRD disclosure obligations)**	37620	11442	2175		34	593		7				11442	2175		34	593
21	Loans and advances	37620	11442	2175		34	593		7				11442	2175		34	593
22	Debt securities, including UoP																
23	Equity instruments																
24	**Households**	1174571	1030612	23257	23257								1030612	23257	23257		
25	of which loans collateralised by residential immovable property	1029187	1029187	23257	23257								1029187	23257	23257		
26	of which building renovation loans	624	312										312				
27	of which motor vehicle loans	10967	1113										1113				
28	**Local governments financing**	0															
29	Housing financing																
30	Other local governments financing	0															
31	Collateral obtained by taking possession: residential and commercial immovable properties	14	14										14				
32	**TOTAL GAR ASSETS**	1225264	1046921	25470	23257	34	611		7				1046921	25470	23257	34	611

	Assets excluded from the numerator for GAR calculation (covered in the denominator)	
33	**EU Non-financial corporations (not subject to NFRD disclosure obligations)**	525572
34	Loans and advances	525189
35	Debt securities	
36	Equity instruments	382
37	**Non-EU Non-financial corporations (not subject to NFRD disclosure obligations)**	44844
38	Loans and advances	44767
39	Debt securities	
40	Equity instruments	76
41	Derivatives	1606
42	On demand interbank loans	2685
43	Cash and cash-related assets	3915
44	Other assets (e.g. Goodwill, commodities etc.)	72830
45	**TOTAL ASSETS IN THE DENOMINATOR (GAR)**	1876715
	Other assets excluded from both the numerator and denominator for GAR-calculation	
46	Sovereigns	43835
47	Central banks exposure	409072
48	Trading book	192335
49	**TOTAL ASSETS EXCLUDED FROM NUMERATOR AND DENOMINATOR**	645242
50	**TOTAL ASSETS**	2521956

Table 8.10: Mitigating actions – GAR (%), CRR Article 449a

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		2023: KPIs on stock															
		Climate Change Mitigation (CCM)					**Climate Change Adaptation (CCA)**					**TOTAL (CCM + CCA)**					
		Proportion of eligible assets funding taxonomy relevant sectors					Proportion of eligible assets funding taxonomy relevant sectors					Proportion of eligible assets funding taxonomy relevant sectors					Proportion of total assets covered
			Of which environmentally sustainable					Of which environmentally sustainable					Of which environmentally sustainable				
	% (compared to total covered assets in the denominator)			Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which adaptation	Of which enabling			Of which specialised lending	Of which transitional /adaptation	Of which enabling	
1	**GAR**	55.8%	1.4%	1.2%	0.0%	0.0%		0.0%				55.8%	1.4%	1.2%	0.0%	0.0%	48.6%
2	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	55.8%	1.4%	1.2%	0.0%	0.0%		0.0%				55.8%	1.4%	1.2%	0.0%	0.0%	48.6%
3	Financial corporations	0.3%	0.0%			0.0%						0.3%	0.0%			0.0%	0.5%
4	Credit institutions	0.1%										0.1%					0.1%
5	Other financial corporations	0.2%	0.0%			0.0%						0.2%	0.0%			0.0%	0.4%
6	of which investment firms																
7	of which management companies	0.0%										0.0%					0.0%
8	of which insurance undertakings																0.0%
9	Non-financial corporations subject to NFRD disclosure obligations	0.6%	0.1%		0.0%	0.0%		0.0%				0.6%	0.1%		0.0%	0.0%	1.5%
10	Households	54.9%	1.2%	1.2%								54.9%	1.2%	1.2%			46.6%
11	of which loans collateralised by residential	54.8%	1.2%	1.2%								54.8%	1.2%	1.2%			40.8%
12	of which building renovation loans	0.0%										0.0%					0.0%
13	of which motor vehicle	0.1%										0.1%					0.4%
14	Local government financing																
15	Housing financing																
16	Other local governments financing																
17	Collateral obtained by taking possession: residential and commercial immovable properties	0.0%										0.0%					0.0%

		q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae	af
		2023: KPIs on flows															
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					
		Proportion of new eligible assets funding taxonomy relevant sectors					Proportion of new eligible assets funding taxonomy relevant sectors					Proportion of new eligible assets funding taxonomy relevant sectors					Proportion of total new assets covered
			Of which environmentally sustainable					Of which environmentally sustainable					Of which environmentally sustainable				
	% (compared to total covered assets in the denominator)			Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which adaptation	Of which enabling			Of which specialised lending	Of which transitional /adaptation	Of which enabling	
1	**GAR**	36.7%	2.0%	1.4%	0.0%	0.1%		0.0%				36.7%	2.0%	1.4%	0.0%	0.1%	42.7%
2	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	36.7%	2.0%	1.4%	0.0%	0.1%		0.0%				36.7%	2.0%	1.4%	0.0%	0.1%	42.7%
3	Financial corporations	0.0%	0.0%									0.0%	0.0%				0.3%
4	Credit institutions	0.0%										0.0%					0.1%
5	Other financial corporations	0.0%	0.0%									0.0%	0.0%				0.2%
6	of which investment firms																
7	of which management companies	0.0%										0.0%					0.0%
8	of which insurance undertakings																
9	Non-financial corporations subject to NFRD disclosure obligations	2.5%	0.6%		0.0%	0.1%		0.0%				2.5%	0.6%		0.0%	0.1%	
10	Households	34.1%	1.4%	1.4%								34.1%	1.4%	1.4%			37.4%
11	of which loans collateralised by residential immovable property	34.1%	1.4%	1.4%								34.1%	1.4%	1.4%			31.0%
12	of which building renovation loans	0.0%										0.0%					0.1%
13	of which motor vehicle	0.2%										0.2%					1.2%
14	Local government financing																0.0%
15	Housing financing																
16	Other local governments financing																0.0%
17	Collateral obtained by taking possession: residential and commercial immovable properties																

Table 8.11: Other climate change mitigating actions that are not covered in the EU Taxonomy, CRR Article 449a

Type of financial instrument	Type of counterparty	Gross carrying amount (million EUR)	Type of risk mitigated (Climate change transition risk)	Type of risk mitigated (Climate change physical risk)	Qualitative information on the nature of the mitigating actions
Bonds (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Financial corporations	746	Yes	No	Green bonds in the liqudity portfolio
	Non-financial corporations	2 620	Yes	No	
	Of which Loans collateralised by commercial immovable property				
	Other counterparties		Yes	No	
Loans (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Financial corporations	259	Yes	No	Loans disclosed in this table the green assets in the sustainable asset registry, sustainability-linked loans and other green lending to households and corporates. Taxonomy-aligned loans are deducted.
	Non-financial corporations	70 843	Yes	No	
	Of which Loans collateralised by commercial immovable property	27 078			
	Households	3 887	Yes	No	
	Of which Loans collateralised by residential immovable property	3 324			
	Of which building renovation loans	397			
	Other counterparties	200	Yes	No	

9. Remuneration

Swedbank applies a total remuneration approach which aims to counteract excessive risk taking and incentivise employees to deliver sustainable performance that is consistent with Swedbank´s strategic goals, the interest of shareholders and customers as well as healthy and effective risk management. Sound risk taking is incorporated to Swedbank´s business strategy and there should be an alignment between the rewards and risk exposure of shareholders and employees.

EU REMA Remuneration policy, CRR Article 450(1) (a-f,j,k), 450 (2)

The Remuneration Policy states the foundations and principles for establishing remuneration within the Group, how the policy should be applied and followed-up as well as how the Group identifies which employees professional activities have a material impact on the risk profile (Material Risk Takers). In order for the bank to be able to identify, measure, direct and report internally and to control the risks its business is involved in, remuneration should counteract excessive risk taking and incentivise employees to deliver sustainable performance that is consistent with strategic goals as well as sound and effective risk management. Remuneration to individual employees shall be aligned with the bank's long-term strategy and shall not counteract the bank's long-term interests.

The Remuneration Policy is reviewed on an annual basis and at other times if necessary. The Board's decision to introduce the Remuneration Policy was preceded by and based on an analysis of the risks associated with the Group's remuneration system. The most recent Remuneration Policy was adopted on 21 June 2023.

The CEO and executives who are members of the Group Executive Committee, are subject to the Guidelines for remuneration of top executives. These guidelines are adopted by the general meeting in Swedbank AB pursuant to chapter 7 section 61 of the Companies Act.

Decision making process

Group HR & Infrastructure is responsible for preparing Remuneration Policy proposals. The CEO together with GEC recommends proposals for submission to the Board's Remuneration and Sustainability Committee. The Remuneration Policy is prepared by the Remuneration Committee and Sustainability Committee prior to a decision by the Board.

The Remuneration and Sustainability Committee is the Board committee which deals with matters concerning remuneration. The Board appoints the members of the committee. It consists of a minimum of three and a maximum of five board members. The committee's members shall be independent from Swedbank and the Group's executive management. The Chair of the committee should have knowledge and experience from risk analysis and the committee's members shall have requisite knowledge of and experience in matters regarding remuneration of top executives and risk management. The Remuneration and Sustainability Committee prepares matters concerning remuneration prior to discussion and decisions by the Board. The Remuneration and Sustainability Committee also prepares matters concerning remuneration to be decided by the Annual General Meeting. The Remuneration and Sustainability Committee held ten meetings during 2023.

The CEO together with GEC evaluate the fulfilment of targets that form the basis of variable remuneration in each business area and prepare and recommend proposals on payments, policies and guidelines for submission to the Remuneration and Sustainability Committee.

The heads of business areas provide the CEO with supporting information for decisions in each business area.

Group functions consist of among others of HR, Finance, Risk, Legal and Compliance. Their aim is to support the CEO and other decision makers in composing instructions and detailed provisions for variable remuneration within the Group. Some of the functions are also responsible for monitoring and reporting.

Remuneration in Swedbank

All employees in Swedbank are to be encouraged to perform according to Swedbank's goals and strategic direction. The remuneration shall also encourage employees to act according to Swedbank's values (open, simple and caring) since this is considered to be the foundation for a successful, sustainable and long-term business. Further, the total remuneration shall be designed in a way that makes Swedbank attract employees with the needed skills within the existing margins of cost.

Most of the Material Risk Takers have remuneration with one fixed and one variable part which, together with other benefits, make up the employee's total remuneration. The goal is to reach a healthy balance between variable and fixed remuneration. Benefits including pension are granted in accordance with collective bargaining agreements, the bank's principles and market practice in the country where each employee is a permanent resident.

Variable remuneration in Swedbank

Variable remuneration is a component of remuneration which aims to incentivise specific behaviours and desired results, create an alignment between the rewards and risk exposure to those of the shareholders and provide motivation and foster a performance driven culture in the Group.

Variable remuneration is tied to individual performance, the Group's total result and the business area result during the performance year. Variable remuneration is based on relevant, predetermined, and measurable criteria, set with the purpose of increasing the Group's long-term value. Both current and future risks will be taken into consideration as well as actual costs for capital and liquidity. Further, a multiple-year perspective shall be applied to ensure long-term sustainability of profits considering underlying business cycles and risks at the time of pay-out. In the event when subjective assessments are used for adjusting profit based on risk, factors forming the basis for the adjustment must be well balanced and documented. Variable remuneration will primarily be based on a common risk-adjusted measure of profit. Allotments of variable remuneration are contingent on a positive economic profit (operating profit after deducting company tax and the cost of capital) at the business area and Group levels.

Within Swedbank's Performance Development process, individual performance criteria are set to contribute and support Swedbank's overall strategic direction, in which sustainability is an important part. The individual performance criteria will include desired results as well as a behavioural part to ensure that individual behaviours are consistent with Swedbank's values (open, simple and caring). Further, sustainability risks are integrated in Swedbank's remuneration practices by including qualitative individual performance criteria as basis for allotment of variable remuneration for all employees, e.g. as adherence with Swedbank's values, as well as applying deferral periods and the delivery of variable remuneration in instruments for the majority of the employees. Lack of compliance with external or internal regulations or deficiencies in risk management capabilities are such circumstances that are considered inconsistent with Swedbank's values.

Swedbank has sustainability KPIs and targets on CEO and GEC level that are followed up by the Board in the performance management framework. The KPIs include prioritised sustainability areas and are linked to Swedbank´s long-term sustainability performance, such as improving employee engagement and increasing the volume of sustainable financing. The overall targets are cascaded from the CEO to the top executives in the bank and downwards as applicable to each part of the organisation and their role to enable the bank to deliver on the set Strategic Decision. Top executives´ performance is assessed based on results and behaviours that ensure long-term and sustainable results for the bank; their performance is an element that impacts their remuneration through fixed salary over the time.

Swedbank currently has two variable remuneration programs in which Material Risk Takers may participate. A) For the majority of the Material Risk Takers and other employees included in the Group common performance and share based program, Eken 2023, 100 per cent of the variable remuneration will be deferred for three years, whereas five years (including one year retention period) is applicable for Material Risk Takers with higher levels of remuneration and paid out in Swedbank AB shares. Shares is chosen as the financial instrument as it contributes to the alignment between the rewards and risk exposure of shareholders and employees. B) For employees included in the individual program, IP 2023, the variable remuneration is either based on Swedbank AB shares and cash or solely on cash. For Material Risk Takers half of the variable remuneration is based on Swedbank AB shares and half is cash based. At least 40 per cent of the variable remuneration will be deferred for three years, followed by an additional one-year retention period for the share-based part. For Material Risk Takers with higher levels of remuneration, the deferral period amounts to four years, followed by an additional one-year retention period for the share-based part. For other IP participants the variable remuneration is fully cash based and deferral is applied in certain cases.

Any variable remuneration, to employees in control functions will be determined based on objectives set in the respective control function, independently of the earnings in the business areas they oversee. Employees in control functions are not eligible for individual program (IP) 2023.

Eken is primarily based on the capital cost and risk-adjusted result for the Group. Eken for 2023 is based on the target level of 15 per cent Return on Equity (ROE) for Swedbank Group and if achieved, 0.5 monthly salaries to Swedish employees were committed to be allocated. Further the maximum salary allocation committed in Eken 2023 is 0.8 monthly salaries in Sweden, based on 18 per cent ROE or more is reached. The outcome for Eken 2023, the target fulfilment for ROE is 18.3 per cent, which gave an average allocation of 0.8 monthly salaries in Sweden. The Board can withhold variable remuneration if the Group's financial position has been greatly weakened or there is a significant risk of this occurring, or if improper actions by individuals have adversely affected Swedbank's or a business area's results.

Variable remuneration will only be delivered provided that delivery is justified considering: i) The financial health of the Group and, if relevant, the subsidiary in which the employee is employed and the relevant business unit where the employee works; and ii) The relevant employee's performance against the individual performance criteria. Further more, deferred variable remuneration may be cancelled during the deferral period for the aforementioned reasons. The bank or the employer has the right to reclaim any variable remuneration paid or delivered on the basis of information which has later turned out to be clearly erroneous or the result of fraudulent activities.

The maximum ratio between variable and fixed remuneration is set in accordance with legislation in force and may never exceed the variable remuneration cap as decided by the Annual General Meeting and/or applicable regulations. The variable remuneration shall not exceed 100 per cent of the yearly fixed remuneration for each individual.

Material Risk Takers are defined in accordance with the Swedish Financial Supervisory Authority's regulation FFFS 2011:1, which implements Directive 2013/36/EU Art. 92.3 in Sweden, and the Commission Delegated Regulation (EU) No 2021/923 based on Art. 94.2 in Directive 2013/36/EU with regard to regulatory technical standards with respect to qualitative and appropriate quantitative criteria to identify categories of employees whose professional activities have a material impact on an institution's risk profile. Material Risk Takers in Swedbank have been identified based on evaluated positions as of 31 December 2023. Identified staff based on other sectorial regulations covering employees within asset management, is not included in the definition of Material Risk Takers.

In addition to the limitations outlined above, some categories of employees are not eligible to participate in the Group's variable remuneration programs, including members of the GEC, employees in the PayEx group and employees in EnterCard.

Guaranteed variable remuneration and severance pay
Guaranteed variable remuneration is only permitted in connection with new employment, and if exceptional reasons apply, in the form of sign-on remuneration and shall be paid during the first year of employment.

Severance pay should not be awarded if a Material Risk Taker voluntarily and unilaterally resigns from his/her position and leaves his/her employment within the Group, unless severance pay is required by national labour law. Severance pay can be awarded to Material Risk Takers in order to comply with national labour laws and employment contracts and/or in order to avoid a potential or actual labour dispute and to therefore avoid a decision by the courts. Severance pay to Material Risk Takers should be determined based on objective criteria such as job level and length of employment. Severance pay shall also be in line with national labour laws and market practice and determined in accordance with the bank's internal severance pay practices.

Table 9.1: EU REM1 - Remuneration awarded for the financial year, CRR Article 450(1)(h(i-ii)

SEKm		MB Supervisory function	MB Management function	Other senior management	Other identified staff
Fixed remuneration	Number of identified staff	11	2	14	290
	Total fixed remuneration	19	26	93	535
	Of which: cash-based	19	26	93	535
	(Not applicable in the EU)				
	Of which: shares or equivalent ownership interests				
	Of which: share-linked instruments or equivalent non-cash instruments				
	Of which: other instruments				
	(Not applicable in the EU)				
	Of which: other forms				
	(Not applicable in the EU)				
Variable remuneration	Number of identified staff				246
	Total variable remuneration				31
	Of which: cash-based				5
	Of which: deferred				2
	Of which: shares or equivalent ownership interests				26
	Of which: deferred				23
	Of which: share-linked instruments or equivalent non-cash instruments				
	Of which: deferred				
	Of which: other instruments				
	Of which: deferred				
	Of which: other forms				
	Of which: deferred				
Total remuneration		19	26	93	566

Table 9.2: EU REM2 - Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff), CRR Article 450(1)(h(v-vii)

SEKm	MB Supervisory function	MB Management function	Other senior management	Other identified staff
Guaranteed variable remuneration awards				
Guaranteed variable remuneration awards - Number of identified staff				
Guaranteed variable remuneration awards -Total amount				
Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap				
Severance payments awarded in previous periods, that have been paid out during the financial year				
Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified				8
Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount				15
Severance payments awarded during the financial year				
Severance payments awarded during the financial year - Number of identified staff				8
Severance payments awarded during the financial year - Total amount				10
Of which paid during the financial year				7
Of which deferred				3
Of which severance payments paid during the financial year, that are not taken into account in the bonus cap				10
Of which highest payment that has been awarded to a single person				3

Table 9.3: EU REM3 - Deferred remuneration, CRR Article 450(1)(h(iii-iv)

Deferred and retained remuneration	Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e.changes of value of deferred remuneration due to the changes of prices of instruments)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
SEKm								
MB Supervisory function								
Cash-based								
Shares or equivalent ownership interests								
Share-linked instruments or equivalent non-cash instruments								
Other instruments								
Other forms								
MB Management function	0		0					
Cash-based								
Shares or equivalent ownership interests	0		0					
Share-linked instruments or equivalent non-cash instruments								
Other instruments								
Other forms								
Other senior management	3	1	2			0	1	
Cash-based								
Shares or equivalent ownership interests	3	1	2			0	1	
Share-linked instruments or equivalent non-cash instruments								
Other instruments								
Other forms								
Other identified staff	86	30	56			2	17	3
Cash-based	29	13	15				6	
Shares or equivalent ownership interests	58	17	41			2	11	3
Share-linked instruments or equivalent non-cash instruments								
Other instruments								
Other forms								
Total amount	89	31	58			2	17	3

Table 9.4: EU REM4 - Remuneration of 1 million EUR or more per year, CRR Article 450(1)(i)

EUR	Identified staff that are high earners as set out in Article 450(i) CRR
1 000 000 to below 1 500 000	1
1 500 000 to below 2 000 000	1
2 000 000 to below 2 500 000	
2 500 000 to below 3 000 000	
3 000 000 to below 3 500 000	
3 500 000 to below 4 000 000	
4 000 000 to below 4 500 000	
4 500 000 to below 5 000 000	
5 000 000 to below 6 000 000	
6 000 000 to below 7 000 000	
7 000 000 to below 8 000 000	
To be extended as appropriate if further payment bands are needed.	

Table 9.5: EU REM5 - Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff), CRR Article 450(1)(g)

	Management body remuneration			Business areas						
SEKm	MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	Total
Total number of identified staff										317
Of which: members of the MB	11	2	13							
Of which: other senior management				1	2		4	3	4	
Of which: other identified staff				61	47	11	43	44	84	
Total remuneration of identified staff	19	26	44	176	101	17	104	84	177	
Of which: variable remuneration				11	5	1	5	4	5	
Of which: fixed remuneration	19	26	44	165	96	16	100	80	172	

Terminology and abbreviations

A-IRB	Advanced Internal Ratings-Based Approach
AMA	Advanced Measurement Approach
AML	Anti-Money Laundering
AT1	Additional Tier 1 capital
AVA	Additional Valuation Adjustment
BARCC	Business Area Risk and Compliance Committee
Board	Board of Directors of Swedbank AB (publ)
BRRD	Bank Recovery and Resolution Directive 2014/59/EU
CCF	Credit Conversion Factor
CCO	Chief Compliance Officer
CCP	Central Counterparty
CEO	Chief Executive Officer of Swedbank AB (publ)
CRO	Chief Risk Officer
CRR	Capital Requirements Regulation (EU) No 575/2013
CS	Consolidated Situation
CSA	Credit Support Annex
CTF	Counter Terrorist Financing
CVA	Credit Valuation Adjustment
DVA	Debit Valuation Adjustment
DVP	Delivery-vs-Payments
EAD	Exposure at Default
EBA	European Banking Authority
EC	Economic Capital
ECB	European Central Bank
ERM Policy	Policy on Enterprise Risk Management
ESG	Environmental, Social and Governance
F-IRB	Foundation Internal Ratings Based Approach
FSA	Financial Supervisory Authority
GAAC	Group Asset Allocation Committee
GEC	Group Executive Committee
GRCC	Group Risk and Compliance Committee
Group	Swedbank Group (see definition below
G-SII	Global Systemically Important Institution
ICAAP	Internal Capital Adequacy Assessment Process
IFRS	International Financial Reporting Standards
ILAAP	Internal Liquidity Adequacy Assessment Process
IRB	Internal Ratings Based Approach
IRRBB	Interest Rate Risk in the Banking Book
ISDA	International Swaps and Derivatives Association
KRI	Key Risk Indicator
LCR	Liquidity Coverage Ratio
LGD	Loss Given Default
LRE	Leverage Ratio Exposure
LTV	Loan-to-Value
MDB	Multilateral Development Bank
NII	Net Interest Income
NPAP	New Product Approval Process
NSFR	Net Stable Funding Ratio
O-SII buffer	Important Institution buffer
OTC	Over-the-Counter
ORSA	Own Risk and Solvency Assessment
Own funds	The sum of Tier 1 and Tier 2capital
P2G	Pillar 2 Guidance
P2R	Pillar 2 Requirement
Parent Company	Swedbank AB (publ)
PD	Probability of Default
PFE	Potential Future Exposure
PSE	Public Sector Entity
PVP	Payment-vs-Payment
RC	Remuneration Committee
RCC	Risk and Capital Committee
REA	Risk Exposure Amount (Same as RWA)
RWA	Risk Weighted Exposure Amount (Same as REA)
RWEA	Risk Weighted Exposure Amount (Same as REA)
SA	Standardised Approach
SA-CCR	Standardised Approach for Measuring Counterparty Credit Risk Exposures
SFSA or Swedish FSA	Swedish Financial Supervisory Authority
SFT	Securities Financing Transaction
SME	Small and Medium-sized Enterprise
SNDO	Swedish National Debt Office (Swedish: Riksgälden)
SREP	Supervisory Review and Evaluation Process
SSE	Small-sized Enterprise
SVaR	Stressed Value-at-Risk
Swedbank	Swedbank Consolidated Situation
Swedbank Group	Swedbank AB (publ) and allits underlying legal entities (regardless of percentagesof holding)
TCFD	Task Force on Climate-Related Financial Disclosures
T2	Tier 2 capital
TtC	Through-the-Cycle
VaR	Value-at-Risk
WWR	Wrong Way Risk

Swedbank's legal entity structure and business activities

Swedbank Consolidated Situation

The consolidated situation for Swedbank as of 31 December 2023 comprises the Swedbank Group except for the wholly owned insurance companies, Swedbank Försäkring AB, Sparia Group Insurance Company Ltd, Swedbank Life Insurance SE and Swedbank P&C Insurance AS, that are included through equity method. EnterCard Group AB, P27 Nordic Payments Platform AB, Invidem AB and Tibern AB, all joint ventures, are included through the proportionate consolidation method. The difference between Swedbank Group and Swedbank Consolidated Situation (CS) is shown more in detail below, where "•" means 100% consolidation. Where percentages are shown, the company is included using the equity method or proportionate consolidation method unless otherwise stated. Any changes in legal entity structure are reflected on www.swedbank.com.

Legal entity name	Business activity	Country	Swedbank Group	Swedbank CS	Swedbank Estonia Group	Swedbank Estonia CS	Swedbank Latvia Group	Swedbank Latvia CS	Swedbank Lithuania Group	Swedbank Lithuania CS
Swedbank AB	Banking operations	SE	·	·						
Swedbank Mortgage AB	Mortgage	SE	·	·						
Swedbank Robur AB	Holding company	SE	·	·						
Swedbank Robur Fonder AB	Fund management	SE	·	·						
Swedbank Investeerimisfondid AS	Investment management	EE	·	·						
Swedbank Ieguldijumu Parvaldes Sabierdiba AS	Investment management	LV	·	·						
Swedbank investiciju valdymas UAB	Investment management	LT	·	·						
SwedLux S.A.	Banking operations	LU	·	·						
Sparfrämjandet AB	Inactive	SE	·	·						
Sparia Group Insurance Company Ltd	Insurance company	SE	·	100%						
Swedbank Fastighetsbyrå AB	Estate agent	SE	·	·						
Thylling Insight AB	Estate agent	SE	·	·						
Fastighetsbyran The Real Estate Agency S.L.	Estate agent	ES	·	·						
Bankernas Kontantkort CASH Sverige AB	Inactive	SE	·	·						
Swedbank PayEx Holding AB	Holding Company	SE	·	·						
PayEx Norge AS	Invoicing, ledger, debt collection, e-com, point-of-sale, value-added-service	NO	·	·						
PayEx Danmark AS	Invoicing, ledger, debt collection, e-com, point-of-sale, value-added-service	DK	·	·						
Swedbank PayEx Collection AB	Inactive	SE	·	·						
PayEx Sverige AB	Invoicing, ledger, debt collection, e-com, point-of-sale, value-added-service	SE	·	·						
PayEx Solutions OY	Inactive	FI	·	·						
PayEx Suomi OY	Invoicing, ledger, debt collection, e-com, point-of-sale, value-added-service	FI	·	·						
PayEx Invest AB	Real estate	SE	·	·						
Faktab B1 AB	Real estate	SE	·	·						
Faktab V1 AB	Real estate	SE	·	·						
Faktab S1 AB	Real estate	SE	·	·						
Ektornet AB	Real estate	SE	·	·						
Swedbank Försäkring AB	Insurance company	SE	·	100%						
ATM Holding AB	Holding company	SE	70%	70%						
Bankomat AB	ATM operations	SE	20%	20%						

Legal entity name	Business activity	Country	Swedbank Group	Swedbank CS	Swedbank Estonia Group	Swedbank Estonia CS	Swedbank Baltic Group	Swedbank Baltic CS	Swedbank Lithuania Group	Swedbank Lithuania CS
FR&R Invest AB	Financial reconstruction & recovery	SE	·	·						
First Securities AS	Inactive	NO	·	·						
Swedbank Management Company SA (ManCo)	Holding company	LU	·	·						
Swedbank Support OÜ	IT, property management	EE	·	·						
Swedbank Baltics AS	Holding company	LV	·	·						
Swedbank AS (Estonia)	Banking operations	EE	·	·	·	·	·	·		
Swedbank Liising AS	Leasing, factoring	EE	·	·	·	·	·	·		
Swedbank Life Insurance SE	Life insurance	EE	·	100%	·	100%	·	100%		
Swedbank P&C Insurance AS	Insurance	EE	·	100%	·	100%	·	100%		
SK ID Solutions AS	Certification services	EE	25%	25%	25%	25%	25%	25%		
Ektornet Project Estonia I OU	Real estate	EE	·	·	·	·	·	·		
Swedbank AS (Latvia)	Banking operations	LV	·	·			·	·		
Swedbank Lizings SIA	Leasing, factoring	LV	·	·			·	·		
Swedbank Atklatais Pensiju Fonds AS	Investment management	LV	·	·			·	·		
Swedbank AB (Lithuania)	Banking operations	LT	·	·			·	·	·	·
Swedbank Lizingas UAB	Leasing, factoring	LT	·	·			·	·	·	·
EnterCard Group AB	Credit card transactions	SE	50%	50%						
Sparbanken Sjuhärad AB	Banking operations	SE	48%	48%						
Sparbanken Rekarne AB	Banking operations	SE	50%	50%						
Sparbanken Skåne AB	Banking operations	SE	22%	22%						
Vimmerby Sparbank AB	Banking operations	SE	40%	40%						
Ölands Bank AB	Banking operations	SE	49%	49%						
Finansiell ID-Teknik BID AB	Computer services	SE	28%	28%						
BGC Holding AB	Giro transactions	SE	29%	29%						
Getswish AB	Mobile transactions	SE	20%	20%						
USE Intressenter AB	investment	SE	20%	20%						
P27 Nordic Payments Platform AB	Payment solutions	SE	17%	17%						
Invidem AB	KYC (Know Your Customer) service	SE	17%	17%						
Tibern AB	Real estate	SE	14%	14%						

Signatures of the Board of Directors, the President and the CRO

The Chair of Risk and Capital Committee of the Board of Directors, the President and CEO and the CRO hereby attest that the disclosures in Swedbank's Risk Management and Capital Adequacy Report (Pillar 3), provided according to Part Eight of Regulation (EU) No 575/2013, have been prepared in accordance with the internal controls and procedures set out in Swedbank's Policy on Pillar 3 disclosure requirements, approved by the Board of Directors. The Policy on Pillar 3 disclosure requirements stipulates the general principles that apply for the control processes and structures regarding the disclosure of risk and capital adequacy information in Swedbank. The policy ensures that the disclosed information is subject to effective, timely and adequate internal controls and monitoring structures. Furthermore, the policy outlines the distinguished responsibilities in the process and the frequency of the reporting.

Stockholm, 21 February 2024

Per Olof Nyman Chair of Risk and Capital Committee of the Board of Directors	Jens Henriksson President and CEO	Rolf Marquardt Chief Risk Officer