

Interim report

Second quarter | January – June 2023

18 July 2023

Swedbank 

- Profit was strengthened – higher income and lower expenses
- Net interest income rose due to higher deposit margins
- Lower credit impairments and solid credit quality
- Stronger liquidity and high activity in funding markets
- Strong capitalisation – lower buffer due to increased countercyclical requirement
- Reorganisation to strengthen corporate business

”Swedbank stands strong”

Jens Henriksson,
President and CEO

Financial information	Q2	Q1		Jan-Jun	Jan-Jun ¹	
SEKm	2023	2023	%	2023	2022	%
Total income	18 173	17 387	5	35 560	22 360	59
Net interest income	12 768	11 936	7	24 704	13 871	78
Net commission income	3 811	3 660	4	7 472	7 068	6
Net gains and losses on financial items	524	916	-43	1 441	213	
Other income ²	1 069	875	22	1 944	1 209	61
Total expenses	5 717	6 410	-11	12 127	10 030	21
of which administrative fines	-3	890		887		
Profit before impairments, bank taxes and resolution fees	12 456	10 977	13	23 433	12 330	90
Impairment of intangible and tangible assets	11			11		
Credit impairment	188	777	-76	965	198	
Bank taxes and resolution fees	844	518	63	1 362	926	47
Profit before tax	11 414	9 681	18	21 095	11 206	88
Tax expense	2 291	2 121	8	4 412	2 217	99
Profit for the period	9 123	7 560	21	16 683	8 989	86
Earnings per share, SEK, after dilution	8.09	6.71		14.80	7.99	
Return on equity, %	20.4	17.0		18.6	11.2	
C/I ratio	0.31	0.37		0.34	0.45	
Common Equity Tier 1 capital ratio, %	18.6	18.3		18.6	18.3	
Credit impairment ratio, %	0.04	0.16		0.10	0.02	

1) Comparative figures have been restated due to the adoption of IFRS 17. For more information see note 1 and note 29.

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

CEO Comment

Swedbank stands strong. In a time of uncertainty we have strong liquidity, strong capitalisation and high profitability. Our proven business model is delivering as promised and we are here for our customers. A sustainable bank is a profitable bank that empower the many people and businesses to create a better future.

During the quarter, inflation moderated in our home markets but still remains too high in spite of central bank tightening. The global economy continues to show resilience. The IMF is stressing the importance of reducing inflation while maintaining financial stability and is recommending that a tight rein be kept on monetary and fiscal policy. As a result, interest rates are expected to remain high for longer. Many companies and individuals are therefore struggling financially.

Swedbank's profit for the quarter continued to develop well and rose to SEK 9.1bn. The return on equity was 20.4 per cent. Income was affected primarily by higher net interest income due to higher deposit margins. Lending margins on mortgages, on the other hand, decreased slightly.

Underlying expenses increased according to plan due to higher IT and marketing expenditure. Total expenses decreased, however, because of the administrative fee from the Swedish FSA and the provision for the settlement with the U.S. Office of Foreign Assets Control (OFAC) in the previous quarter. The cost/income ratio fell to 0.31.

Our credit quality is solid and we feel secure with our conservative and thorough lending process. We see that our customers are continuing to adapt to the prevailing economic conditions. Our property-related exposure is aligned with the bank's strategy and risk appetite. Credit impairments decreased to just under SEK 200m.

Swedbank strengthened its liquidity position by issuing during periods of market stability in an otherwise volatile market. The capital buffer decreased to 3.5 percentage points after the Swedish FSA increased the countercyclical buffer requirement in Sweden by one percentage point.

In Sweden, the new organisation Corporates and Institutions has begun to have an impact through a clearer focus on profitability. Corporate lending was stable while corporate deposits decreased. In Estonia, Latvia and Lithuania, investor sentiment was good and demand for business loans was stable and strong, particularly in the energy sector.

Swedbank has a competitive full-service offering. Deposits from private customers increased in all markets. In June, we decided to raise the interest rates

on our customers' deposits in Sweden. Thus, we are paying interest on all accounts held by private customers in any amount, in SEK. We also raised the interest rate on three-month mortgages.

We are maintaining our leading positions in mortgages despite tough competition in all home markets. In Estonia, Latvia and Lithuania, our green mortgage business grew. In Sweden, the mortgage market was cautious, although house prices rose slightly. Our private customers are continuing to amortise on a broad basis.

We will deliver a sustainable return on equity of 15 percent from 2025 and going forward through higher availability and efficiency. An important step is the roll-out of the cloud-based communication platform. In the previous quarter, it entered into service in Latvia and now it is also in place in Estonia and Lithuania. In Sweden, this work is also underway.

We continue to make our customers' financial lives easier. Corporate customers can now open accounts themselves in the Internet bank or app. Availability improves when customers bank digitally. This leaves our advisors with more time to focus on business issues when interfacing with customers. Digital availability was very high in the quarter. Meanwhile, we are focused on improving availability in customer centres in Sweden, including by opening a new centre in Umeå.

Swedbank's climate position is aligned with the Paris Agreement's 1.5°C goal. As a bank we have a responsibility and good opportunities to contribute to the climate transition. Our focus is on financing and advice for customers in all four home markets. On the corporate side, demand for loans for sustainable investments rose in the Baltic markets.

A financially sound and sustainable society is our vision. I am proud to see that we are now investing in nature conservation and biodiversity after purchasing the first Swedish biodiversity credits from Orsa Besparingskog. Here we see opportunities to create financial incentives for climate change mitigation and biodiversity work.

Our customers' future is our focus.



Jens Henriksson
President and CEO

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

Financial overview

Income statement SEKm	Q2	Q1		Q2 ¹		Jan-Jun	Jan-Jun ¹	
	2023	2023	%	2022	%	2023	2022	%
Net interest income	12 768	11 936	7	7 111	80	24 704	13 871	78
Net commission income	3 811	3 660	4	3 516	8	7 472	7 068	6
Net gains and losses on financial items	524	916	-43	74		1 441	213	
Other income ²	1 069	875	22	514		1 944	1 209	61
Total income	18 173	17 387	5	11 215	62	35 560	22 360	59
Staff costs	3 417	3 466	-1	3 157	8	6 883	6 274	10
Other expenses	2 303	2 055	12	1 935	19	4 358	3 756	16
Administrative fines	-3	890				887		
Total expenses	5 717	6 410	-11	5 092	12	12 127	10 030	21
Profit before impairments, bank taxes and resolution fees	12 456	10 977	13	6 124		23 433	12 330	90
Impairment of intangible assets	11					11		
Credit impairment	188	777	-76	40		965	198	
Bank taxes and resolution fees	844	518	63	470	80	1 362	926	47
Profit before tax	11 414	9 681	18	5 614		21 095	11 206	88
Tax expense	2 291	2 121	8	1 109		4 412	2 217	99
Profit for the period	9 123	7 560	21	4 505		16 683	8 989	86

1) Comparative figures have been restated due to the adoption of IFRS 17. For more information see note 1 and note 29.

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

Key ratios and data per share	Q2	Q1	Q2 ¹	Jan-Jun	Jan-Jun ¹
	2023	2023	2022	2023	2022
Return on equity, %	20.4	17.0	11.4	18.6	11.2
Earnings per share before dilution, SEK ²	8.11	6.73	4.01	14.84	8.01
Earnings per share after dilution, SEK ²	8.09	6.71	4.00	14.80	7.99
C/I ratio	0.31	0.37	0.45	0.34	0.45
Equity per share, SEK ²	164.1	154.1	144.0	164.1	144.0
Loans to customers/deposit from customers ratio, %	139	137	138	139	138
Common Equity Tier 1 capital ratio, %	18.6	18.3	18.3	18.6	18.3
Tier 1 capital ratio, %	20.4	20.1	19.5	20.4	19.5
Total capital ratio, %	23.7	23.1	21.8	23.7	21.8
Credit impairment ratio, %	0.04	0.16	0.01	0.10	0.02
Share of Stage 3 loans, gross, %	0.34	0.32	0.32	0.34	0.32
Total credit impairment provision ratio, %	0.38	0.37	0.27	0.38	0.27
Liquidity coverage ratio (LCR), %	167	165	143	167	143
Net stable funding ratio (NSFR), %	123	120	119	123	119

1) Comparative figures have been restated due to the adoption of IFRS 17. For more information see note 1 and note 29.

2) The number of shares and calculation of earnings per share are specified in note 28.

Balance sheet data SEKbn	30 Jun	31 Dec ¹		30 Jun ¹	
	2023	2022	%	2022	%
Loans to customers	1 803	1 799	0	1 766	2
Deposits from customers	1 298	1 298	0	1 284	1
Equity attributable to shareholders of the parent company	185	176	5	162	14
Total assets ¹	3 050	2 855	7	2 912	5
Risk exposure amount	819	809	1	744	10

1) Comparative figures have been restated due to the adoption of IFRS 17. For more information see note 1 and note 29.

Definitions of all key ratios can be found in Swedbank's Fact book on page 74.

Economy and market

Global uncertainty persisted during the quarter, not least due to Russia's war of aggression against Ukraine, geopolitical risks and the continued tensions in international trade relations. In the financial markets, sentiment improved after authorities in the U.S. and Switzerland took forceful measures to deal with the troubled banks. Globally, stock markets have performed well.

Inflation fell from high levels in Europe and the U.S. while global economic development was stable, particularly due to strong labour markets. To further reduce inflation, the Federal Reserve, the Bank of England and the ECB have among other things raised their policy rates and signalled further rate hikes going forward, although at a slower pace. These hikes, together with the Riksbank's slightly more dovish monetary policy decision in April, probably contributed to the continued weakening of the Swedish krona during the quarter, and in June, the krona fell to a new all-time low against the euro. The Riksbank raised its policy rate at its June meeting and decided to increase the pace of government bond sales.

The Swedish economy was relatively strong during the quarter, although there were also signs of weakness. GDP rose by 0.6 per cent in the first quarter compared to the previous quarter, impacted by strong goods exports and high inventory buildup. In April and May, activity indicators for manufacturing and the service sector continued to trend higher, while activity in construction and retail weakened due to lower demand. The labour market held up well and more people found work, especially foreign-born workers. In addition, long-term unemployment fell and job openings reached a record high. Meanwhile, unemployment remained relatively high from a European perspective at 7.2 per cent in May. Inflation continued to fall, but underlying inflation was still 8.1 per cent in June. The Swedish stock market performed well during the quarter.

In the housing market, buyers remained cautious. Prices seem to have risen slightly, although the number of transactions remained low, which affected credit demand. In May, aggregate mortgage volume was 2 per cent higher than the same month in 2022, but it was largely unchanged compared to the end of the previous quarter.

In Estonia and Lithuania, GDP continued to fall due to weaker consumption and lower exports. The Latvian economy was more resilient with rising investment, but lower foreign demand resulted in weaker exports. The labour markets in Estonia and Latvia were stable, while the Lithuanian market saw less new hiring and higher unemployment. The previously very high inflation rate continued to fall during the quarter, and in June, was just under 9 per cent on average in the three countries.

Important to note

A reorganisation implemented as of 1 May 2023 mainly affected Swedish Banking and Large Corporates and Institutions, which changed its name to Corporates and Institutions. Comparative figures have been restated, for more information, see Note 4. Since 1 May, there have been additional customer transfers between business areas. Restatements have not been made to reflect these transfers. These changes do not affect the Group's comprehensive income or equity.

This interim report contains alternative performance measures that Swedbank considers valuable information for the reader, since they are used by the executive management for internal governance and performance measurement as well as for comparisons between reporting periods. Further information on the alternative performance measures used in the interim report can be found on page 61.

Group development

Result second quarter 2023 compared with first quarter 2023

Swedbank's profit increased to SEK 9 123m (7 560) due to higher income, lower expenses and lower credit impairments. Expenses decreased due to the previous quarter's administrative fine from the Swedish Financial Supervisory Authority (FSA) and a provision related to the settlement with the U.S. Office of Foreign Assets Control (OFAC). Foreign exchange effects positively impacted profit before impairment, bank taxes and resolution fund fees by approximately SEK 99m.

The return on equity was 20.4 per cent (17.0) and the cost income ratio was 0.31 (0.37). Adjusted for the Swedish FSA's administrative fine and the provision related to OFAC, the return on equity was 19.0 per cent and the cost/income ratio was 0.32 in the previous quarter.

	Q2	Q1	Q1
	2023	2023	2023
Income statement, SEKm			excl¹
Total income	18 173	17 387	17 387
Total expenses	5 717	6 410	5 520
of which administrative fines	-3	890	
Profit before tax	11 414	9 681	10 571
Profit for the period	9 123	7 560	8 450
Return on equity, %	20.4	17.0	19.0
C/I ratio	0.31	0.37	0.32

1) Income statement excluding expenses for the administrative fines

Income increased to SEK 18 173m (17 387) mainly due to higher net interest income. Net commission income and other income rose, while net gains and losses on financial items decreased. Foreign exchange effects positively impacted income by approximately SEK 134m.

Net interest income increased by 7 per cent to SEK 12 768m (11 936). Underlying net interest income was positively affected by higher deposit margins due to rising market rates primarily in Baltic Banking. Lower mortgage margins and lower average deposit volumes negatively impacted net interest income. One additional day in the quarter as well as a weaker krona positively impacted net interest income.

Net commission income increased by 4 per cent to SEK 3 811m (3 660). Underlying income from card operations increased on a seasonal basis. Income from asset management increased because of a higher average volume of assets under management. One additional day in the quarter contributed positively.

Net gains and losses on financial items decreased to SEK 524m (916) from high levels in the previous quarter. Most of the decrease was related to negative valuation effects within Group Treasury. Corporates and Institutions' net gains and losses on financial items also decreased, because of lower customer activity in fixed income trading.

Other income increased by 22 per cent to SEK 1 069m (875) mainly due to a higher profit from the insurance business. Profit from partly owned savings banks and Entercard also increased.

Expenses decreased by 11 per cent to SEK 5 717m (6 410) due to the Swedish FSA's administrative fine of SEK 850m and a provision of SEK 40m related to the settlement with OFAC in the previous quarter. Adjusted for the administrative fine and provision, expenses increased by 4 per cent mainly due to higher IT and marketing expenditure as well as depreciation and amortisation. Staff costs decreased partly due to lower pension costs and variable remuneration. The effect of the extra compensation paid to employees in the Baltic countries in the previous quarter was offset by the salary review in the Baltic countries during the current quarter. Expenses of SEK 37m for the settlement with OFAC were offset by the reversal of the provision of SEK 40m in the previous quarter. AML-related investigation expenses amounted to SEK 78m (106). Foreign exchange effects increased expenses by approximately SEK 35m.

Credit impairments amounted to SEK 188m (777). Rating and stage migrations mainly within the property management sector accounted for SEK 648m (278), which was offset by a decrease in expert credit adjustments of SEK -315m (198), mainly within the same sector. Exposure changes reduced credit impairments by SEK -200m (-71). For individually assessed loans, credit impairments amounted to SEK 29m (10).

Bank taxes and resolution fees amounted to SEK 844m (518). The increase was due to the fact that Lithuania introduced a temporary bank tax in the middle of the second quarter that extends through 2024.

The tax expense amounted to SEK 2 291m (2 121), corresponding to an effective tax rate of 20.1 per cent (21.9). The higher effective tax rate in the previous quarter was largely due to the non-deductible administrative fine from the Swedish FSA.

Result January-June 2023 compared with January-June 2022

Swedbank's profit increased to SEK 16 683m (8 989) because of higher income. Higher expenses, credit impairments and bank taxes affected profit negatively. Expenses increased partly because of the Swedish FSA's administrative fine and the cost of the settlement with OFAC. Foreign exchange effects positively impacted profit before impairments, bank taxes and resolution fees by approximately SEK 606m.

The return on equity was 18.6 per cent (11.2) and the cost/income ratio was 0.34 (0.45). Adjusted for the Swedish FSA's administrative fine and the cost of the settlement with OFAC, the return on equity was 19.6 per cent and the cost/income ratio was 0.32.

	Jan-Jun 2023	Jan-Jun 2023 excl ¹	Jan-Jun 2022
Income statement, SEKm			
Total income	35 560	35 560	22 360
Total expenses	12 127	11 240	10 030
of which administrative fines	887		
Profit before tax	21 095	21 982	11 206
Profit for the period	16 683	17 570	8 989
Return on equity, %	18.6	19.6	11.2
C/I ratio	0.34	0.32	0.45

1) Income statement excluding expenses for the administrative fines

Income increased to SEK 35 560m (22 360) mainly because of higher net interest income. Net commission income, net gains and losses on financial items, and other income also increased. Foreign exchange effects positively impacted income by approximately SEK 852m.

Net interest income increased by 78 per cent to SEK 24 704m (13 871). Underlying net interest income was positively affected, mainly because of higher deposit margins due to higher market rates. Higher lending volumes also contributed together with a weaker krona.

Net commission income increased by 6 per cent to SEK 7 472m (7 068). Income from card operations and payments increased due to residual Covid effects in the previous year and discounts from Mastercard this year.

Net gains and losses on financial items increased to SEK 1 441m (213). Group Treasury's net gains and losses on financial items were positively affected by changes in the value of derivatives and equities this year, while they were negatively affected by derivatives and the liquidity portfolio in the previous year. Within Corporates and Institutions, higher market valuations in the trading portfolio and higher customer activity contributed positively.

Other income increased by 61 per cent to SEK 1 944m (1 209), mainly due to a higher profit from the insurance business in the Baltic countries.

Expenses increased by 21 per cent to SEK 12 127m (10 130). Adjusted for the Swedish FSA's administrative fine and the cost of the settlement with OFAC, expenses increased by 12 per cent. Staff costs increased primarily due to higher salaries. High inflation has also affected IT and consulting expenses to some extent. AML-related investigation expenses amounted to SEK 184m (147). Foreign exchange effects raised expenses by approximately SEK 246m.

Credit impairments amounted to SEK 965m (198) and were explained by weaker macroeconomic scenarios in the first quarter, negative rating and stage migrations, and expert credit adjustments.

Bank taxes and resolution fees amounted to SEK 1 362m (926). The increase was largely due to the Swedish bank tax rate being raised from 0.05 per cent to 0.06 per cent in 2023 and because Lithuania introduced a temporary bank tax in the middle of the second quarter.

The tax expense amounted to SEK 4 412m (2 217), corresponding to an effective tax rate of 20.9 per cent (19.8). The higher effective tax rate in the current period was largely due to the non-deductible administrative fine from the Swedish FSA.

Volume trend by product area

Swedbank mainly conducts business in the product areas lending, deposits, fund savings and life insurance, and payments.

Lending

Loans to customers increased by SEK 11bn to SEK 1 803bn (1 791) in the quarter. Compared to the second quarter 2022, lending increased by SEK 36bn or 2 per cent. Foreign exchange effects positively impacted lending volumes by approximately SEK 15bn compared to the first quarter 2023 and positively by approximately SEK 30bn compared to the second quarter 2022.

Loans to customers, SEKbn	30 Jun 2023	31 Mar ¹ 2023	30 Jun ¹ 2022
Loans, private mortgage	1 036	1 030	1 017
of which Swedish Banking	911	912	910
of which Baltic Banking	125	118	106
Loans, private other incl tenant-owner associations	145	145	147
of which Swedish Banking	30	37	82
of which Baltic Banking	24	22	20
of which Corporates and Inst.	92	85	45
Loans, corporate	621	617	601
of which Swedish Banking	134	138	148
of which Baltic Banking	106	102	88
of which Corporates and Inst.	381	376	366
of which Group Functions and Other	1	1	
Total	1 803	1 791	1 766

1) Comparative figures have been restated due to the reorganization as per 1 May 2023. For more information see Important to note on page 5.

Lending to mortgage customers within Swedish Banking decreased by SEK 1bn to SEK 911bn (912) during the quarter. The market share in mortgages in Sweden was 22 per cent as of 31 May. Other private lending in Sweden, including to tenant-owner associations, fell by SEK 1bn to SEK 121bn (123) in the quarter.

Baltic Banking's mortgage volumes increased by 1 per cent in local currency and amounted to the equivalent of SEK 125bn (118) at the end of the quarter.

Corporate lending increased by SEK 4bn during the quarter to SEK 620bn (617). In Sweden, the market share was 15 per cent as of 31 May.

The sustainable asset registry increased by SEK 6bn to SEK 67bn (61) in the quarter. The increase is primarily related to financing of green buildings but also financing of wind power and forest assets. The registry contained SEK 61bn in green assets and SEK 6bn in social assets at the end of the quarter. For more information on lending and the sustainable asset registry, see pages 34 and 67 of the Fact book.

Deposits

Total deposits in the business areas decreased by SEK 7bn to SEK 1 294bn (1 301) compared with the previous quarter. Compared to the second quarter 2022 deposits in the business areas increased by SEK 13bn or 1 per cent. During the quarter, deposits from the

public increased within both Baltic Banking, including foreign exchange effects, and Swedish Banking. Corporate deposits decreased within Corporates and Institutions and Swedish Banking but were stable within Baltic Banking, including foreign exchange effects.

Total deposits from customers amounted to SEK 1 298bn (1 303). Foreign exchange effects positively impacted the total deposit volume by approximately SEK 19bn compared to the previous quarter and positively by approximately SEK 39bn compared to the second quarter 2022.

Deposits from customers, SEKbn	30 Jun 2023	31 Mar ¹ 2023	30 Jun ¹ 2022
Deposits, private	716	699	694
of which Swedish Banking	481	476	490
of which Baltic Banking	235	223	204
Deposits, corporate	582	604	590
of which Swedish Banking	139	150	166
of which Baltic Banking	152	152	130
of which Corporates and Institutions	287	300	291
of which Group Functions and Other	4	2	3
Total	1 298	1 303	1 284

1) Comparative figures have been restated due to the reorganization as per 1 May 2023. For more information see Important to note on page 5.

Swedbank's deposits from private customers increased by SEK 17bn in the quarter to SEK 716bn (699).

Corporate deposits in the business areas decreased by SEK 25bn in the quarter to SEK 578bn (602).

As of 31 May, Swedbank's market share for deposits from private customers in Sweden was 18 per cent. The market share for corporate deposits was 15 per cent. For more information on deposits, see page 35 of the Fact book.

Fund savings and life insurance

Assets under management by Swedbank rose by 8 per cent in the quarter to SEK 1 578bn (1 456) as of 30 June, of which SEK 1 477bn (1 365) related to Sweden, SEK 99bn (89) to the Baltic countries and SEK 2bn (2) to other markets. The increase was largely due to market gains, but net inflows also contributed.

Asset management SEKbn	30 Jun 2023	31 Mar 2023	30 Jun 2022
Sweden	1 477	1 365	1 178
Estonia	27	24	22
Latvia	37	33	27
Lithuania	35	32	27
Other countries	2	2	2
Total Mutual funds under Management	1 578	1 456	1 256
Closed End Funds	1	0	0
Discretionary asset management	406	388	382
Total Assets under Management	1 984	1 844	1 638

The net inflow in the Swedish fund market amounted to SEK 34bn (17) during the quarter. As in the previous quarter, the largest inflow was to index funds, amounting to SEK 40bn. Equity funds and other funds also had net inflows, while mixed funds, fixed income funds and hedge funds all reported outflows.

The net inflow to Swedbank Robur's funds in Sweden amounted to SEK 7bn (5) during the quarter. The increase was in Swedish Banking and the savings banks as well as through third-party distributors.

Corporates and Institutions reported net outflows during the quarter. In the Baltic countries, the net inflow amounted to SEK 2bn (3).

By assets under management, Swedbank Robur is the leader in the Swedish and Baltic fund markets. As of 30 June, the market share in Sweden was 22 per cent. In Estonia and Lithuania it was 38 per cent, while in Latvia it was 40 per cent.

Life insurance assets under management in the Swedish operations increased by 7 per cent in the quarter to SEK 327bn (305). Premium income, consisting of premium payments and capital transfers, amounted to SEK 6bn (10).

Assets under management, life insurance SEKbn	30 Jun 2023	31 Mar 2023	30 Jun 2022
Sweden	327	305	272
of which collective occupational pensions	182	167	145
of which endowment insurance	93	90	83
of which occupational pensions	41	38	34
of which other	11	10	10
Baltic countries	9	9	8

For premium income excluding capital transfers, Swedbank's market share in the first quarter (latest available data) was 7 per cent (6 per cent in the previous quarter). In the transfer market, Swedbank's market share was 8 per cent in the first quarter (6 per cent in the previous quarter).

In Estonia, Latvia and Lithuania, Swedbank is the largest life insurance company. The market shares for premium payments in the first five months of 2023 were 49 per cent in Estonia, 30 per cent in Latvia and 22 per cent in Lithuania.

Payments

The total number of card transactions acquired in the quarter was 948 million, 3 per cent higher than the same period in 2022. The total number of transactions acquired in Sweden, Norway, Finland and Denmark increased by 1 per cent compared with the year-earlier period, while the number of transactions acquired in the Baltic countries increased by 14 per cent.

Acquired transaction volumes in Sweden, Norway, Finland and Denmark increased by SEK 231bn, 4 per cent higher than the same period in 2022. The corresponding volume in the Baltic countries amounted to SEK 36bn, 23 per cent higher than the same period in 2022. Due to the high inflation rate, acquired transaction volumes increased more than the number of acquired card transactions.

The total number of Swedbank cards in issue at the end of the quarter was 8.4 million, in line with the end of the previous quarter.

Number of cards	30 Jun 2023	31 Mar 2023	30 Jun 2022
Issued cards, million	8.4	8.3	8.2
of which Sweden	4.5	4.5	4.4
of which Baltic countries	3.9	3.9	3.8

The number of purchases in Sweden with Swedbank cards increased by 3 per cent in the quarter compared to the same quarter in 2022. A total of 385 million card purchases were made, positively affected by the lifting of pandemic-related restrictions. In the Baltic countries,

the number of card purchases grew by 14 per cent in the same period to 246 million in the quarter, also due to the easing of restrictions.

In Sweden, there were 226 million domestic payments in the second quarter, an increase of 0.3 per cent compared to the same period in 2022. In the Baltic countries, 118 million domestic payments were processed, up 10 per cent compared to the same period in 2022. Swedbank's market share of payments via Bankgirot was 34 per cent. The number of international payments in Sweden increased by 4 per cent compared to the same quarter in 2022 to 1.8 million. In the Baltic countries, international payments increased by 20 per cent to 7 million.

Credit and asset quality

Economic conditions with high inflation, rising interest rates and a weaker economy have presented a challenge for businesses and individuals.

The quality of Swedbank's mortgage portfolio, which accounts for just over half of total lending, is high with few bankruptcies or confirmed credit impairments. Credit quality indicators such as the share of loans with late payments have risen slightly but remain at low levels. Ratings downgrades mainly of property companies during the quarter partly led to an increase in loans in stage 2 and increased credit impairment provisions. Since this was expected, expert credit adjustments have been reduced, which offset the impact on credit impairments. Total credit impairment provisions amounted to SEK 7 847m (7 540), of which SEK 1 661m (1 937) consisted of expert credit adjustments.

Mortgages in Sweden, which account for just over half of Swedbank's total lending, are of a high quality and historical mortgage-related credit impairments have been very low. During the quarter, there was a slight increase in loans with late payments. The loan-to-value ratio in the mortgage portfolio in Sweden was 58 per cent. The loan-to-value ratios in the Baltic countries were 42 per cent in Estonia, 70 per cent in Latvia and 45 per cent in Lithuania.

Swedbank's lending to the property management sector amounted to SEK 299bn and accounts for 17 per cent of the total loan portfolio. Of this, 47 per cent relates mainly to offices, 30 per cent to residential properties and the rest to manufacturing facilities, warehouses and other property management. In its lending, Swedbank analyses the long-term repayment capacity of property companies and attaches great importance to stable cash flows. The loan-to-value ratio for lending to the property management sector was 53 per cent in total, 53 per cent for residential properties and 54 per cent for other properties.

The total share of loans in stage 2, gross, was 10.1 per cent (9.1), the share of personal loans was 8.4 per cent (8.0) and the share of corporate loans was 14.2 per cent (11.9). The increase in loans in stage 2 was due to the weaker macroeconomic outlook as well as ratings changes that primarily affect property companies.

The share of loans in stage 3, gross, was 0.34 per cent (0.32). The provision ratio for loans in stage 3 was 36 per cent (36).

For more information on credit exposures, provisions and credit quality, see notes 10 and 12-14 as well as pages 37-49 of the Fact book.

Funding and liquidity

During the quarter, the funding market continued to stabilise after the banking turmoil connected with the liquidity problems faced by certain US niche banks and the Swiss bank Credit Suisse. Although these concerns carried over to the start of the second quarter, capital market liquidity gradually improved – first in the short-term funding market and in the market for covered bonds, and then in the market for senior debt.

Swedbank's strategy for the year, namely to proactively seek out funding if market conditions are stable or favourable, resulted in fairly high activity during the quarter. The bank benefited from improved funding sentiment and issued in several currencies and instruments. Ahead of the fully phased-in MREL requirement from 2024, the bank has prioritised senior unsecured debt, including two green unsecured bonds in Swiss franc and British pounds. Tier 2 instruments and covered bonds were also issued during the quarter. The high issuance activity has further strengthened Swedbank's liquidity buffers, which creates flexibility and opportunities to manage any continued concerns and volatility in the financial markets. Further rate hikes by central banks have led to rising short-term market rates. Rates with longer maturities also rose during the quarter.

Swedbank issued SEK 51bn in long-term debt instruments in the quarter, of which SEK 4bn was Additional Tier 1 capital. As of 30 June, Swedbank's short-term funding (commercial paper) in issue amounted to SEK 364bn (407). Available cash and balances with central banks and reserves with the Swedish National Debt Office amounted to SEK 352bn (357) and the liquidity reserve amounted to SEK 672bn (692).

The Group's Liquidity Coverage Ratio (LCR) was 167 per cent (165) and for USD, EUR and SEK it was 142, 294 and 98 per cent, respectively. The net stable funding ratio (NSFR) was 123 per cent (120).

The total issuance need for the full-year 2023 is expected to be in line with issuance volumes in 2022 with a continued focus on senior unsecured and senior non-preferred bonds. The need for financing is impacted by regulatory requirements, the bank's liquidity situation, future maturities, and changes in deposit and lending volumes, and is therefore continually adjusted over the course of the year. Maturities in 2023 amount to SEK 127bn, of which SEK 35bn matures in the third quarter. For more information on funding and liquidity, see notes 16-18 and pages 54–64 of the Fact book.

Ratings

During the quarter, there were no changes in Swedbank's ratings. For more information on the ratings, see page 66 of the Fact book.

Operational risks

The bank has continued to prioritise IT and information security as the threat against the financial sector remains elevated due to geopolitical developments. Swedbank is closely monitoring developments and the bank's ability to manage these risks is good.

The risk of fraud posed by organised crime remains elevated. To mitigate this risk, Swedbank has continued to improve its ability to detect attempted fraud. Swedbank has made it easier for customers to report ongoing fraud attempts by telephone and has also updated its website with information and tips on how to protect against fraud.

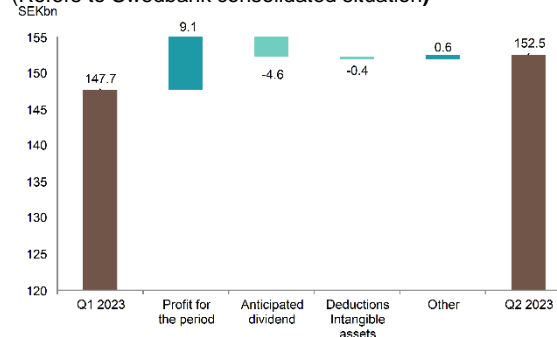
Capital and capital adequacy

Capital ratio and capital requirement

The Common Equity Tier 1 (CET1) capital ratio was 18.6 per cent (18.3) at the end of the quarter. The total CET1 capital requirement, including Pillar 2 guidance, was 15.2 per cent (14.4) of the Risk Exposure Amount (REA), which resulted in a CET1 capital buffer of 3.5 per cent (3.9). During the quarter, the countercyclical buffer requirement in Sweden increased from 1 per cent to 2 per cent, which led to an increase in the CET1 capital requirement. CET1 capital increased to SEK 152.5bn (147.7) and was mainly affected by the quarterly profit and anticipated dividend.

Change in Common Equity Tier 1 capital

(Refers to Swedbank consolidated situation)

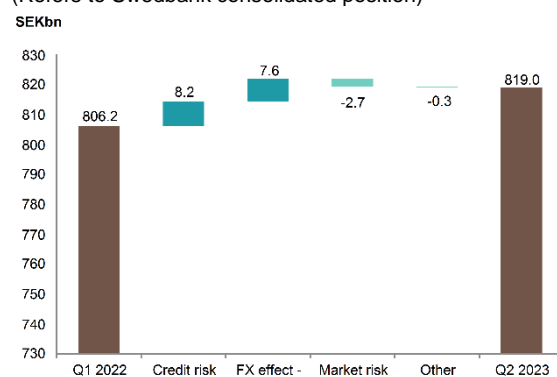


Risk Exposure Amount (REA)

Total REA increased to SEK 819.0bn (806.2) in the second quarter. REA for credit risk increased primarily due to higher lending and foreign exchange effects. REA for market risk decreased by SEK 2.7bn primarily through a decrease in REA for internal models. REA for Article 3 according to the EU's regulation on prudential requirements for credit institutions (CRR) resulted in a decrease of SEK 0.3bn.

Change in REA

(Refers to Swedbank consolidated position)



The leverage ratio was 5.8 per cent (5.6) and therefore exceeds the leverage ratio requirement including Pillar 2 guidance of 3.5 per cent.

Capital and resolution regulations

After the 2023 Supervisory Review and Evaluation Process (SREP), the Swedish FSA announced its preliminary decision on the upcoming year's capital

requirement. All in all, the changes in Pillar 2 and REA imply minor changes to the nominal capital requirement and a slightly higher MREL requirement. The preliminary decision raises the Pillar 2 requirement (P2R) by 0.3 percentage points and reduces Pillar 2 guidance (P2G) by 0.5 percentage points for Common Equity Tier 1 capital. As proposed, the P2G for the leverage ratio increases by 0.05 percentage points. The proposed increase in the P2R is mainly impacted by the ongoing review of internal risk classification models. This is partly offset by a decrease in the bank's own voluntary Article 3 add-on. As previously announced, the Swedish FSA has also proposed that the risk weight floor for exposures to commercial real estate be transferred directly to the risk exposure amount instead of via the add-on within Pillar 2 as currently applied. Swedbank will provide its feedback on the 2023 SREP to the Swedish FSA, after which the authority will make its final decision, effective as of 30 September 2023.

The Resolution Act, which entered into force in 2021, gradually phases in the MREL requirement by 1 January 2024. For Swedbank this has meant a gradually increased need for unsecured and non-preferred liabilities.

The revised Basel III regulation, also called Basel IV, is scheduled to enter into force in 2025 with a phase-in period through 2032. The revisions include changes to the standardised approaches and internal models used to calculate the capital requirements for credit and market risk, operational risk and a capital requirement floor for internal models. The regulation is expected to result in a minor increase in the risk exposure amount for Swedbank and it must be approved by the European Council and the EU Parliament before it enters into force.

Investigations

U.S. authorities continue to investigate Swedbank's historical anti-money laundering and counter-terrorism financing work and historical information disclosures. The investigations, which are being conducted by the Department of Justice (DoJ), the Securities and

Exchange Commission (SEC) and the Department of Financial Services in New York (DFS), are continuing and the bank is holding individual discussions with the authorities through its U.S. legal advisors. The investigations are at different stages and the bank cannot at this time determine any financial consequences or when the investigations will be completed.

During the quarter, Swedbank reached a settlement with the Office of Foreign Assets Control (OFAC) to remit SEK 37m for violating OFAC regulations. The settlement concerns transactions made in 2015 and 2016.

In the first quarter 2022, Swedbank AS was informed by the Estonian Prosecutor's Office of suspected offences relating to money laundering in 2014–2016. The criminal investigation originates from the Estonian FSA's previous investigation of Swedbank AS in 2019. The maximum fine for the suspected crime is EUR 16m.

Other events

On 20 April, P27 announced that it was withdrawing its clearing licence application from the Swedish FSA after it was decided that the Nordic solution for a new payment infrastructure is no longer viable. Swedbank, together with the other owner banks, supports P27 and Bankgirot by ensuring that they remain operational, and a dialogue is now ongoing to evaluate future Swedish payment infrastructure alternatives.

Events after the end of the period

On 10 July, it was announced that Swedbank will invest SEK 10m in Hemma, a B2B platform to promote energy efficiency investments, and will become a minority owner. Swedbank had already been collaborating with Hemma on energy advice for customers.

On 12 July, it was announced that Swedbank will establish new foundations to support education and growth in Estonia and Latvia. Swedbank will invest EUR 10m in each foundation.

Swedish Banking

- Net interest income remained strong and commission income increased
- Lower credit impairments
- New customer centre in Umeå to improve availability

Income statement

SEKm	Q2	Q1 ¹		Q2 ¹		Jan-Jun	Jan-Jun ¹	
	2023	2023	%	2022	%	2023	2022	%
Net interest income	6 597	6 563	1	3 759	75	13 159	7 226	82
Net commission income	2 284	2 188	4	2 064	11	4 472	4 228	6
Net gains and losses on financial items	88	103	-15	12		191	71	
Other income ²	463	320	44	296	56	783	745	5
Total income	9 432	9 174	3	6 131	54	18 605	12 270	52
Staff costs	688	699	-1	679	1	1 387	1 380	
Variable staff costs	9	14	-32	4		23	10	
Other expenses	2 000	1 793	12	1 689	18	3 794	3 336	14
Depreciation/amortisation	5	5	-10	7	-28	10	14	-29
Total expenses	2 703	2 511	8	2 379	14	5 214	4 740	10
Profit before impairments, bank taxes and resolution fees	6 729	6 662	1	3 752	79	13 391	7 530	78
Credit impairment	178	438	-59	78		616	148	
Bank taxes and resolution fees	264	293	-10	302	-13	557	596	-7
Profit before tax	6 287	5 931	6	3 373	86	12 219	6 787	80
Tax expense	1 219	1 161	5	638	91	2 380	1 278	86
Profit for the period	5 068	4 770	6	2 735	85	9 838	5 509	79
Non-controlling interests	1	-1		0		0	0	48
Return on allocated equity, %	31.6	29.7		17.3		30.7	17.6	
Loan/deposit ratio, %	173	174		174		173	174	
Credit impairment ratio, %	0.07	0.16		0.03		0.11	0.02	
Cost/income ratio ¹	0.29	0.27		0.39		0.28	0.39	
Loans to customers, SEKbn	1 075	1 088	-1	1 140	-6	1 075	1 140	-6
Deposits from customers, SEKbn	620	625	-1	656	-6	620	656	-6
Full-time employees	3 375	3 380	0	3 519	-4	3 375	3 519	-4

1) Comparative figures have been restated due to the reorganization as per 1 May 2023 and due to IFRS 17. For more information see Note 4, Note 1 and Note 29.

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

Result

Second quarter 2023 compared with first quarter 2023

Profit increased by 6 per cent to SEK 5 068m (4 770). Higher income and lower credit impairments were offset by increased expenses.

Net interest income increased by 1 per cent to SEK 6 597m (6 563). Higher deposit margins due to higher market interest rates had a positive effect but were offset by lower lending margins. Customer transfers negatively impacted net interest income.

Household mortgage volumes decreased by SEK 1bn to SEK 911bn (912). Lending to tenant-owner associations decreased by SEK 7bn to SEK 3bn (10). The decreases were due to customer transfers to Corporates and Institutions. Corporate lending decreased by SEK 5bn to SEK 134bn (138).

Deposit volumes decreased by SEK 5bn to SEK 620bn (625). Household deposits increased by SEK 5bn and

corporate deposits decreased by SEK 10bn, partly due to customer transfers to Corporates and Institutions.

Net commission income increased by 4 per cent to SEK 2 284m (2 188) largely due to higher card and asset management income.

Other income increased to SEK 463m (320) mainly due to increased net insurance and increased income from Entercard.

Expenses increased by 8 per cent to SEK 2 703m (2 511). The increase was largely due to a retroactive adjustment between Swedish Banking and Group Functions and Other.

Credit impairments amounted to SEK 178m (438) mainly due to rating and stage migrations and a weaker macroeconomic outlook.

January-June 2023 compared with January-June 2022

Profit increased to SEK 9 838m (5 509). Higher income was offset by higher expenses and credit impairments.

Net interest income increased by 82 per cent to SEK 13 159m (7 226) mainly due to higher deposit margins resulting from higher market interest rates. Lending margins decreased, but not to the same extent.

Net commission income increased to SEK 4 472m (4 228) mainly due to higher card income.

Net gains and losses on financial items increased to SEK 191m (71).

Other income increased to SEK 783m (745). Increased income from partly owned savings banks was offset by lower net insurance, where the previous year was positively affected by revised assumptions and calculations for provisions.

Expenses increased by 10 per cent to SEK 5 214m (4 740). The increase was partly due to a retroactive adjustment between Swedish Banking and Group Functions and Other. Higher expenses for Group Functions and Other also contributed to the increase.

Credit impairments amounted to SEK 616m (148) mainly due to a weaker macroeconomic outlook, rating and stage migrations, and expert credit adjustments.

Business development

Macroeconomic conditions were difficult for our customers with rising prices and interest rates as well as weak economic development in certain segments. To continue to support our customers based on their situation and specific needs, we increased the number of advisory meetings during the quarter.

Activity in the housing market moderated, but prices still rose slightly. Swedbank's mortgage volume fell as amortisation rates remained high. We have continued to contact customers proactively to attract more mortgage customers. Against the backdrop of higher market interest rates, Swedbank raised the interest rate on its 3-month variable rate mortgages, which is also the most common maturity.

Investor sentiment and activity in the SME market remained low due to economic uncertainty and rising interest rates. This is especially apparent in the real estate sector, but demand for financing also fell in other sectors.

Deposits from the public increased during the quarter due to tax refunds and electricity price support. Corporate deposits decreased mainly related to

customer transfers to Corporates and Institutions. Savings account volumes increased as more customers chose to lock in their savings at higher rates. In connection with the increase in mortgage rates at the end of the quarter, the bank also decided to start paying interest on current accounts and to raise deposit rates.

Swedish Banking began to establish a new customer centre in Umeå during the quarter to improve availability. The new centre increases the number of advisors for our customers, who are increasingly banking digitally and by phone.

During the quarter, we offered energy audits to our private customers free of charge through our collaboration with Hemma, a B2B platform that promotes energy efficiency improvements. We also offer financing alternatives for home energy improvements.

The development of our digital channels to improve the experience for private customers is continuing. Since May, customers with the Mastercard Ung (Young Adults) card can receive their PIN directly in the app and internet bank without needing a letter by post.

The work being carried out to improve the customer experience and availability for corporate customers has also continued. Customer applications have been digitised to improve the process and shorten response times. Electronic signatures are now available to corporate customers, who have the right to sign by proxy, thereby enabling electronic contract signatures.

The roll-out of the cloud-based communication platform is continuing. Among other things, the platform will offer improved functionality and availability, as well as increased capacity for advisory meetings.

As part of a reorganisation during the quarter the majority of mid-sized companies and tenant-owner associations were transferred to Corporates and Institutions to strengthen the offering for these clients. Swedish Banking has also improved its advisory business to meet demand from our remaining corporate customers in forestry and agriculture, among other areas, and to help them grow. Additional product specialists, including in life insurance and pension advice, have also been recruited in order to strengthen the advisory offering.



Mikael Björknert
Head of Swedish Banking

Sweden is Swedbank's largest market, with around 4 million private customers and over 250 000 corporate customers. This makes Swedbank the largest Swedish bank by number of customers. Swedish Banking offers private customers and small to medium-sized companies financial services and advice adapted to their specific situation and needs. The bank is there for them throughout their journey – from small to big. Swedbank is a digital bank with physical meeting points and satisfies customers' needs with the help of partners. We are available through digital devices, by telephone or in person, depending on what customers need help with. The bank is strongly committed to the community and invests in an inclusive future where we promote economically sustainable thinking.

Baltic Banking

- Stronger net interest income due to rising interest rates
- Increased lending with an emphasis on green loans
- The cloud-based communication platform was launched in Estonia

Income statement

SEKm	Q2			Q1		Q2'		Jan-Jun		Jan-Jun ¹	
	2023	2023	%	2022	%	2023	2022	2023	2022	%	%
Net interest income	4 629	3 940	17	1 495		8 569	2 877				
Net commission income	856	817	5	727	18	1 672	1 423	18			
Net gains and losses on financial items	140	133	5	86	62	273	190	43			
Other income ²	231	207	12	-109		438	-174				
Total income	5 855	5 097	15	2 200		10 952	4 317				
Staff costs	478	476		389	23	954	738	29			
Variable staff costs	30	19	58	11		48	28	72			
Other expenses	781	732	7	541	44	1 513	1 103	37			
Depreciation/amortisation	46	45	3	45	4	92	89	3			
Administrative fines	37					37					
Total expenses	1 371	1 273	8	985	39	2 644	1 958	35			
Profit before impairments, bank taxes and resolution fees	4 484	3 824	17	1 214		8 308	2 359				
Credit impairment	-26	-29		-2		-55	-13				
Bank taxes and resolution fees	349	24		25		373	49				
Profit before tax	4 160	3 829	9	1 191		7 989	2 323				
Tax expense	771	692	11	210		1 463	399				
Profit for the period	3 389	3 137	8	981		6 526	1 924				
Return on allocated equity, %	42.2	41.9		14.9		41.1	14.7				
Loan/deposit ratio, %	66	64		64		66	64				
Credit impairment ratio, %	-0.04	-0.05		0.00		-0.05	-0.01				
Cost/income ratio ¹	0.23	0.25		0.45		0.24	0.45				
Loans to customers, SEKbn	255	241	6	214	19	255	214	19			
Deposits from customers, SEKbn	387	375	3	334	16	387	334	16			
Full-time employees	4 706	4 674	1	4 678	1	4 706	4 678	1			

1) Comparative figures have been restated due to the adoption of IFRS 17. For more information see note 1 and note 29.

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

Result

Second quarter 2023 compared with first quarter 2023

Profit increased to SEK 3 389m (3 137). Profit in local currency rose due to higher income, partly offset by the bank tax in Lithuania and increased expenses. The Lithuanian bank tax was introduced from the middle of the quarter. Foreign exchange effects increased profit by SEK 80m.

Net interest income increased by 15 per cent in local currency mainly due to higher deposit margins resulting from rising market interest rates. Foreign exchange effects positively impacted net interest income by SEK 113m.

Lending increased by 1 per cent in local currency during the quarter. Lending to households increased by 2 per cent while corporate lending was stable. Foreign exchange effects contributed positively by SEK 11bn.

Deposit volumes decreased by 1 per cent in local currency during the quarter. Household deposits increased by 1 per cent while corporate deposits decreased by 4 per cent. Foreign exchange effects contributed positively by SEK 17bn.

Net commission income increased by 2 per cent in local currency, mainly impacted by seasonally higher card usage.

Net gains and losses on financial items increased by 3 per cent in local currency.

Other income increased by 9 per cent in local currency due to a better insurance result driven by higher income and lower claims.

Expenses increased by 5 per cent in local currency mainly due to seasonally higher marketing expenses, continued investments in digital solutions and the settlement with OFAC. Foreign exchange effects increased expenses by SEK 34m.

Credit impairments amounted to SEK -26m (-29) and were mainly explained by rating and stage migrations.

January-June 2023 compared with January-June 2022

Profit increased to SEK 6 526m (1 924). Profit in local currency increased mainly due to higher income, partly offset by higher expenses and the Lithuanian bank tax. Foreign exchange effects impacted profit positively by SEK 511m.

Net interest income increased by 174 per cent in local currency mainly due to rising deposit margins and higher lending volumes. Foreign exchange effects impacted net interest income positively by SEK 683m.

Lending increased by 8 per cent in local currency. Household lending increased by 7 per cent while corporate lending increased by 10 per cent. Foreign exchange effects increased lending by SEK 23bn.

Deposits increased by 5 per cent in local currency. Household deposits increased by 5 per cent while corporate deposits increased by 6 per cent. Foreign exchange effects increased deposits by SEK 35bn.

Net commission income increased by 8 per cent in local currency largely due to higher card income.

Net gains and losses on financial items increased by 32 per cent in local currency due to positive valuation effects on investments in Swedbank's own funds and assets in the insurance business.

Other income increased in local currency thanks to a better insurance result impacted by interest rate changes.

Expenses increased by 24 per cent in local currency mainly due to higher staff costs and other expenses, which were impacted by the higher inflation, as well as the settlement with OFAC and consulting expenses. Expenses for and investments in digital solutions continued to rise. Foreign exchange effects increased expenses by SEK 210m.

Credit impairments amounted to SEK -55m (-13) and were mainly explained by a better macroeconomic outlook.

Business development

The Baltic economies showed good resilience during the quarter despite the fact that individuals and companies continued to be impacted by higher prices and interest rates. Inflation fell mainly due to lower energy prices.

Swedbank's mortgage volumes continued to grow slightly and activity in the Baltic housing markets was

stable. The sustainability-related loan offers launched in Estonia and Latvia at the end of the last quarter contributed to mortgage growth. Loans to finance solar panels also increased in connection with the launch of the green loan offers.

Corporate lending was stable during the quarter and customer activity was strong primarily in the energy sector but also in property management, manufacturing and agriculture. Swedbank has signed a loan agreement of EUR 30m with Mirova and Evecon to build three new solar energy parks in Estonia. One of the facilities will be the largest in Estonia. Leasing-related lending also increased during the quarter.

Deposits from the public increased slightly during the quarter while corporate deposits fell. Savings account volumes from the public increased slightly and the interest rates on some of these accounts were raised.

Further improvements were made to customer service during the quarter. The new cloud-based communication platform was launched in Estonia. The platform offers simpler self-identification for customers and more effective connections to the right advisor. The same platform was successfully implemented in Latvia at the end of 2022 and is scheduled for launch in Lithuania in the third quarter of this year.

As part of its focus on sustainability, Swedbank has started issuing new cards made of recycled plastic in the Baltic countries. The cards also have a Touch Card feature to help visually impaired customers. Together with Arbonics, a tech-based carbon and ecosystem platform for forest and landowners in Europe, Swedbank has launched a new afforestation loan in Estonia and Latvia to encourage the planting of new forests.

According to a customer and brand survey published during the quarter, Swedbank has maintained a strong position in terms of customer satisfaction and trust in all three countries. Swedbank's commitment to social engagement has continued. Swedbank Latvia played a part in arranging Lampa – a democracy festival featuring more than 300 events and forums. In Latvia's national sustainability index, Swedbank reached the highest level for the second year in a row.



Jon Liddefelt
Head of Baltic Banking

Swedbank is the largest bank by number of customers in Estonia, Latvia and Lithuania, with around 3.4 million private customers and nearly 300 000 corporate customers. According to surveys, Swedbank is also the most loved brand in the Baltic countries. Through digital channels, customer centres and branches, the bank is always available. Swedbank is part of the local community. Local engagement is expressed in many ways, with initiatives to promote education, entrepreneurship and social welfare. Swedbank has 17 branches in Estonia, 21 in Latvia and 45 in Lithuania.

Corporates and Institutions

- Increased net interest income thanks to stronger deposit margins and customer transfers
- Lower credit impairments
- Reorganisation to strengthen the corporate business

Income statement

SEKm	Q2	Q1'		Q2'		Jan-Jun	Jan-Jun ¹	
	2023	2023	%	2022	%	2023	2022	%
Net interest income	2 567	2 360	9	1 591	61	4 927	3 074	60
Net commission income	794	715	11	799	-1	1 509	1 530	-1
Net gains and losses on financial items	363	397	-9	168		760	449	69
Other income ²	54	61	-12	65	-17	115	104	10
Total income	3 778	3 532	7	2 623	44	7 310	5 157	42
Staff costs	407	419	-3	405	1	827	797	4
Variable staff costs	13	41	-69	11	16	54	49	10
Other expenses	708	765	-7	764	-7	1 473	1 488	-1
Depreciation/amortisation	6	6	13	5	20	12	11	13
Total expenses	1 135	1 231	-8	1 185	-4	2 365	2 344	1
Profit before impairments, bank taxes and resolution fees	2 643	2 302	15	1 438	84	4 945	2 813	76
Credit impairment	38	358	-89	-47		396	46	
Bank taxes and resolution fees	225	196	15	138	63	421	273	54
Profit before tax	2 381	1 747	36	1 346	77	4 128	2 494	65
Tax expense	465	344	35	292	59	809	550	47
Profit for the period	1 915	1 404	36	1 054	82	3 319	1 945	71
Return on allocated equity, %	17.3	12.7		10.3		15.0	10.0	
Loan/deposit ratio, %	165	154		142		165	142	
Credit impairment ratio, %	0.03	0.27		-0.04		0.15	0.04	
Cost/income ratio ¹	0.30	0.35		0.45		0.32	0.45	
Loans to customers, SEKbn	472	462	2	411	15	472	411	15
Deposits from customers, SEKbn	287	300	-4	290	-1	287	290	-1
Full-time employees	1 195	1 165	3	1 173	2	1 195	1 173	2

1) Comparative figures have been restated due to the reorganization as per 1 May 2023. For more information see Note 4.

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

Result

Second quarter 2023 compared with first quarter 2023

Profit increased to SEK 1 915m (1 404) primarily due to higher net interest income and lower credit impairments.

Net interest income increased to SEK 2 567m (2 360), mainly affected by higher deposit margins and customer transfers from Swedish Banking.

Net commission income increased to SEK 794m (715). Higher income from lending commissions and M&A advisory commissions contributed positively, partly offset by lower income from bond issues. The bank's income from electricity price support payments from the Swedish Social Insurance Agency (Försäkringskassan) and a negative adjustment related to Visa in the previous quarter also contributed to the increase.

Net gains and losses on financial items decreased to SEK 363m (397) mainly due to lower income from fixed income trading and lower market valuations in the

trading portfolio of corporate bonds. Derivative valuation adjustments (CVA/DVA) had a positive effect.

Total expenses decreased to SEK 1 135m (1 231). Restructuring expenses in the previous quarter as well as lower IT and operating expenses related to merchant payments contributed to the lower expenses.

Credit impairments amounted to SEK 38m (358) and were mainly explained by rating and stage migrations in property management, which was largely offset by lower expert credit adjustments within the same sector.

January-June 2023 compared with January-June 2022

Profit increased to SEK 3 319m (1 945) largely due to higher net interest income and net gains and losses on financial items.

Net interest income increased to SEK 4 927m (3 074) mainly due to higher average lending volumes and higher deposit margins.

Net commission income decreased to SEK 1 509m (1 530). Lower income from merchant payments and lower M&A advisory commissions were offset by income from electricity price support payments, increased advisory commissions from equity-related transactions and customer transfers.

Net gains and losses on financial items increased to SEK 760m (449). The recovery in the market valuation of the trading portfolio of corporate bonds and higher income from fixed income trading contributed positively. Derivative valuation adjustments (CVA/DVA) had a negative effect.

Total expenses increased to SEK 2 365m (2 344). The annual salary increase and restructuring costs were offset by lower IT expenses.

Credit impairments amounted to SEK 396m (46) and were mainly explained by rating and stage migrations as well as the weaker macroeconomic outlook, which was partly offset by lower expert credit adjustments.

Business development

Corporate lending remained stable during the quarter. Lending to the real estate sector increased slightly while it decreased within manufacturing industry.

During the quarter, the real estate sector and banks' exposure to it was in focus. Swedbank is closely monitoring developments. Demand for bank financing in the sector was high and lending increased slightly. In the capital market, there were few primary market transactions in the real estate sector. However, Swedbank acted as an advisor on Vasakronan's and Diös Fastigheter's green bond issues, among others.

Companies with high creditworthiness remained active in the capital market. There is clearly a desire to diversify away from real estate risk in both SEK and euro given the favourable funding terms available outside the real estate sector. Swedbank served as an advisor in connection with Sveaskog's green bond,

Sparbanken Skåne's covered bond and the European Commission's first social bond in SEK. The willingness to invest in high-yield bonds remained low.

Activity in equity-related capital raising, where companies primarily wanted to strengthen their balance sheets, as well as in M&A was high. The focus was on real estate companies and Swedbank served as an advisor during the quarter in connection with Doxa's public takeover bid for Serneke, Besqab's rights issue and Swedish Logistic Property's new share issuance.

During the period, Swedbank enabled corporate proxies to sign contracts digitally. In addition, a portal was launched that gives corporate customers, which are not users of the internet bank the ability to sign contracts digitally.

The reorganisation within Corporates and Institutions took effect on 1 May 2023. Responsibility for the majority of mid-sized companies and tenant-owner associations has been taken over from Swedish Banking and the work on strengthening our focus and position in relation to these customers has been intensified.

The bank's representative office in South Africa has been closed. Swedbank continues to provide customers with advice and information on African markets, risk management, payments and export financing from Stockholm.



Bo Bengtsson
Head of Corporates and Institutions

Corporates and Institutions is responsible for Swedbank's offering to customers with revenues above SEK 2 billion and those with complex needs. The business area is also responsible for corporate and capital market products in other parts of the bank and for the Swedish savings banks. Corporates and Institutions works closely with customers, who receive advice to create long-term profitability and sustainable growth. The business area is represented in Sweden, Estonia, Latvia, Lithuania, Norway, Finland, China and the U.S.

Group Functions and Other

Income statement

SEKm	Q2	Q1 ¹	%	Q2 ¹	%	Jan-Jun	Jan-Jun ¹	%
	2023	2023		2022		2023	2022	
Net interest income	-1 044	-942		266		-1 987	695	
Net commission income	-113	-57		-82		-170	-123	
Net gains and losses on financial items	-66	283		-193		217	-498	
Other income ²	786	736	7	612	28	1 523	1 143	33
Total income	-437	20		602		-417	1 217	
Staff costs	1 735	1 739	0	1 637	6	3 474	3 227	8
Variable staff costs	61	62	-1	24		124	53	
Other expenses	-1 256	-1 252		-1 145		-2 509	-2 413	
Depreciation/amortisation	463	391	18	367	26	854	722	18
Administrative fines	-40	890				850		
Total expenses	963	1 831	-47	883	9	2 794	1 590	76
Profit before impairments, bank taxes and resolution fees	-1 400	-1 811		-280		-3 210	-372	
Impairment of intangible assets	11					11		
Credit impairment	-2	10		11		8	17	-53
Bank taxes and resolution fees	6	5		4	42	11	8	35
Profit before tax	-1 415	-1 826		-296		-3 240	-398	
Tax expense	-165	-76		-31		-240	-9	
Profit for the period	-1 250	-1 750		-266		-3 000	-389	
Full-time employees	7 589	7 569	0	7 318	4	7 589	7 318	4

1) Comparative figures have been restated due to the reorganization as per 1 May 2023 and due to IFRS 17. For more information see Note 4, Note 1 and Note 29.

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

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

Result

Second quarter 2023 compared with first quarter 2023

Profit increased to SEK -1 250m (-1 750). Lower expenses contributed but were offset by lower income.

Net interest income decreased to SEK -1 044m (-942). Net interest income within Group Treasury decreased to SEK -1 014m (-842).

Net gains and losses on financial items decreased to SEK -66m (283). Net gains and losses on financial items within Group Treasury decreased to SEK -56m (271) primarily related to negative derivative valuation adjustments.

Expenses decreased to SEK 963m (1 831) mainly due to the administrative fine from the Swedish FSA, which was charged to the previous quarter. The settlement with OFAC of SEK 40m, which was charged in the previous quarter, was reversed in the second quarter when the expense instead was charged to Baltic Banking. A retroactive adjustment between Swedish Banking and Group Functions and Other reduced the expenses, while higher depreciation and amortisation increased the expenses.

Group Functions & Other consists of central business support units and the customer advisory unit Group Products & Advice. The central units serve as strategic and administrative support and comprise Accounting & Finance, Branding, Communication and Sustainability, Risk, Group Channels & Technologies, Compliance, HR & Infrastructure, and Legal. Group Treasury is responsible for the bank's funding, liquidity and capital planning. Group Treasury also sets the prices for all internal deposit and loan flows in the Group through internal interest rates, where the most important parameters are maturity, interest fixing period, currency, and need for liquidity reserves.

January-June 2023 compared with January-June 2022

Profit decreased to SEK -3 000m (-389) mainly due to lower income and higher expenses.

Net interest income decreased to SEK -1 987m (695). Group Treasury's net interest income decreased to SEK -1 856m (793) due to effects of the bank's internal pricing model related to higher market interest rates.

Net gains and losses on financial items increased to SEK 217m (-498). Net gains and losses on financial items within Group Treasury increased to SEK 216m (-490) mainly as a result of positive valuation adjustments of derivatives and the liquidity portfolio.

Expenses increased to SEK 2 794m (1 590) mainly due to the administrative fine from the Swedish FSA. Higher staff costs also contributed. A retroactive adjustment between Swedish Banking and Group Functions and Other reduced the expenses.

Eliminations

Income statement

SEKm	Q2	Q1 ¹	%	Q2 ¹	%	Jan-Jun	Jan-Jun ¹	%
	2023	2023		2022		2023	2022	
Net interest income	19	16		1		35	-2	
Net commission income	-10	-2		9		-12	9	
Other income ²	-464	-449		-350		-914	-609	
Total income	-455	-435		-341		-890	-601	
Staff costs	-5	-4		-4		-9	-7	
Other expenses	-450	-432		-337		-882	-593	
Total expenses	-455	-435		-341		-890	-601	

1) Comparative figures have been restated due to the reorganization as per 1 May 2023 and due to IFRS 17. For more information see Note 4, Note 1 and Note 29.

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

Financial statements - Group

Income statement, condensed

Group SEKm	Q2 2023	Q1 2023	Q2' 2022	Jan-Jun 2023	Jan-Jun' 2022
Interest income on financial assets at amortised cost	24 761	21 240	8 423	46 001	15 923
Other interest income	106	192	64	299	177
Interest income	24 867	21 432	8 487	46 300	16 100
Interest expense	-12 099	-9 497	-1 376	-21 596	-2 230
Net interest income (note 5)	12 768	11 936	7 111	24 704	13 871
Commission income	6 022	5 625	5 558	11 647	11 005
Commission expense	-2 211	-1 965	-2 041	-4 176	-3 937
Net commission income (note 6)	3 811	3 660	3 516	7 472	7 068
Net gains and losses on financial items (note 7)	524	916	74	1 441	213
Insurance result	-514	-506	1 591	-1 019	3 062
Return on assets backing insurance liabilities	898	787	-1 576	1 685	-2 884
Net insurance income (note 8)	384	282	14	666	178
Share of profit or loss of associates and joint ventures	250	171	118	421	283
Other income	435	422	382	857	748
Total income	18 173	17 387	11 215	35 560	22 360
Staff costs	3 417	3 466	3 157	6 883	6 274
Other general administrative expenses (note 9)	1 783	1 607	1 512	3 390	2 920
Depreciation/amortisation of tangible and intangible assets	520	448	424	968	836
Administrative fines	-3	890		887	
Total expenses	5 717	6 410	5 092	12 127	10 030
Profit before impairments, bank taxes and resolution fees	12 456	10 977	6 124	23 433	12 330
Impairment of intangible assets (note 15)	11			11	
Credit impairment (note 10)	188	777	40	965	198
Bank taxes and resolution fees (note 11)	844	518	470	1 362	926
Profit before tax	11 414	9 681	5 614	21 095	11 206
Tax expense	2 291	2 121	1 109	4 412	2 217
Profit for the period	9 123	7 560	4 505	16 683	8 989
Profit for the period attributable to:					
Shareholders of Swedbank AB	9 122	7 561	4 505	16 683	8 989
Non-controlling interests	1	-1	0	0	0
Earnings per share, SEK	8.11	6.73	4.01	14.84	8.01
Earnings per share after dilution, SEK	8.09	6.71	4.00	14.80	7.99

1) Comparative figures have been restated due to the adoption of IFRS 17. For more information see note 1 and note 29.

Statement of comprehensive income, condensed

Group SEKm	Q2 2023	Q1 2023	Q2 2022	Jan-Jun 2023	Jan-Jun 2022
Profit for the period reported via income statement¹	9 123	7 560	4 505	16 683	8 989
Items that will not be reclassified to the income statement					
Remeasurements of defined benefit pension plans	1 338	312	1 889	1 650	2 590
Share related to associates and joint ventures:					
Remeasurements of defined benefit pension plans	43	22	56	64	115
Income tax	-276	-64	-389	-340	-534
Total	1 105	269	1 556	1 374	2 172
Items that may be reclassified to the income statement					
Exchange rate differences, foreign operations:					
Gains/losses arising during the period ¹	2 659	910	1 768	3 569	2 331
Hedging of net investments in foreign operations:					
Gains/losses arising during the period	-2 125	-675	-1 366	-2 800	-1 835
Cash flow hedges:					
Gains/losses arising during the period	381	126	247	507	341
Reclassification adjustments to the income statement, Net gains and losses on financial items	-373	-128	-239	-502	-331
Foreign currency basis risk:					
Gains/losses arising during the period	1	3	15	4	68
Share of other comprehensive income of associates and joint ventures	19	-38	-11	-19	16
Income tax	436	139	277	575	362
Total¹	998	336	691	1 334	952
Other comprehensive income for the period, net of tax¹	2 103	605	2 247	2 708	3 124
Total comprehensive income for the period¹	11 226	8 165	6 752	19 391	12 113
Total comprehensive income attributable to: Shareholders of Swedbank AB¹	11 225	8 166	6 752	19 391	12 113
Non-controlling interests	1	-1	0	0	0

1) Comparative figures have been restated due to the adoption of IFRS 17. For more information see note 1 and note 29.

For January – June 2023 a gain of SEK 1 650m (2 590) was recognised in other comprehensive income, relating to remeasurements of defined benefit pension plans. As per 31 March 2023 the discount rate used to calculate the closing pension obligation was 4.26 per cent, compared with 4.56 per cent per 31 December 2022. The inflation assumption was 1.78 per cent compared with 2.11 per cent per 31 December 2022. The fair value of plan assets increased during January – June 2023 by SEK 107m. In total, at 31 June 2023 the fair value of plan assets exceeded the obligation for funded defined benefit pension plans by SEK 4 298m, therefore the funded plans are presented as an asset.

For January – June 2023 an exchange rate difference of SEK 3 569m (2 331) was recognised for the Group's foreign net investments in subsidiaries. The gain related to subsidiaries mainly arose because the Swedish krona weakened against the euro during the period. In addition, an exchange rate difference of SEK -19m (16) for the Group's foreign net investments in associates and joint ventures is included in Share of other comprehensive income of associates and joint ventures. The total gain of SEK 3 550m is not taxable. Most of the Group's foreign net investments are hedged against currency risk resulting in a loss of SEK -2 800m (-1 835) for the hedging instruments.

Balance sheet, condensed

Group SEKm	30 Jun 2023	31 Dec ¹ 2022	30 Jun ¹ 2022
Assets			
Cash and balances with central banks	358 417	365 992	424 459
Treasury bills and other bills eligible for refinancing with central banks, etc.	270 034	151 483	121 871
Loans to credit institutions	60 527	56 589	60 163
Loans to the public	1 857 443	1 842 811	1 839 944
Value change of interest hedged items in portfolio hedges of interest rate	-17 544	-20 369	-18 610
Bonds and other interest-bearing securities	58 627	61 298	78 811
Financial assets for which customers bear the investment risk	311 831	268 594	256 891
Shares and participating interests	32 638	30 268	27 365
Investments in associates and joint ventures	8 188	7 830	7 204
Derivatives (note 19)	53 702	50 504	69 561
Intangible assets (note 15)	20 992	19 886	20 202
Tangible assets	5 678	5 449	5 230
Current tax assets	1 616	1 449	1 784
Deferred tax assets	87	159	138
Pension assets	4 298	2 431	880
Other assets	21 303	8 244	13 460
Prepaid expenses and accrued income	2 598	2 028	2 452
Total assets	3 050 436	2 854 646	2 911 805
Liabilities and equity			
Amounts owed to credit institutions (note 16)	132 893	72 826	153 351
Deposits and borrowings from the public (note 17)	1 303 267	1 305 948	1 303 122
Financial liabilities for which customers bear the investment risk	312 145	268 892	257 207
Debt securities in issue (note 18)	838 568	784 206	800 904
Short positions, securities	26 392	27 134	37 090
Derivatives (note 19)	49 098	68 679	58 807
Current tax liabilities	3 031	1 811	655
Deferred tax liabilities	4 330	3 615	4 293
Pension provisions	145	168	
Insurance provisions	26 535	24 875	24 098
Other liabilities and provisions	37 051	26 984	32 891
Accrued expenses and prepaid income	5 671	4 657	5 082
Senior non-preferred liabilities (note 18)	86 799	57 439	47 104
Subordinated liabilities (note 18)	39 855	31 331	25 461
Total liabilities	2 865 780	2 678 566	2 750 066
Equity			
Non-controlling interests	28	29	26
Equity attributable to shareholders of the parent company	184 627	176 052	161 713
Total equity	184 655	176 080	161 739
Total liabilities and equity	3 050 436	2 854 646	2 911 805

1) Comparative figures have been restated due to the adoption of IFRS 17. For more information see note 1 and note 29.

Statement of changes in equity, condensed

Group SEKm	Equity attributable to shareholders of Swedbank AB									
	Share capital	Other contri- buted equity ¹	Exchange differences, subsidiaries and associates	Hedging of net investments in foreign operations	Cash flow hedge reserves	Foreign currency basis reserves	Retained earnings	Total	Non- controlling interests	Total equity
January-June 2023										
Opening balance 1 January 2023	24 904	17 275	9 660	-5 964	11	-8	130 174	176 052	29	176 080
Dividends							-10 964	-10 964		-10 964
Share based payments to employees							142	142		142
Deferred tax related to share based payments to employees							-8	-8		-8
Current tax related to share based payments to employees							14	14		14
Total comprehensive income for the period			3 550	-2 223	4	3	18 057	19 391	0	19 391
of which reported through profit or loss							16 683	16 683	0	16 683
of which reported through other comprehensive income			3 550	-2 223	4	3	1 374	2 708		2 708
Closing balance 30 June 2023	24 904	17 275	13 210	-8 187	15	-5	137 415	184 627	29	184 656
January-December 2022										
Closing balance 31 December 2021	24 904	17 275	5 294	-3 248	2	-58	117 501	161 670	26	161 696
Changes in accounting policies IFRS 17							484	484		484
Opening balance 1 January 2022	24 904	17 275	5 294	-3 248	2	-58	117 985	162 154	26	162 180
Dividends							-12 632	-12 632		-12 632
Share based payments to employees							174	174		174
Deferred tax related to share based payments to employees							4	4		4
Current tax related to share based payments to employees							-1	-1		-1
Total comprehensive income for the period			4 366	-2 716	9	50	24 644	26 353	3	26 356
of which reported through profit or loss							21 365	21 365	3	21 368
of which reported through other comprehensive income			4 366	-2 716	9	50	3 279	4 988		4 988
Closing balance 31 December 2022	24 904	17 275	9 660	-5 964	11	-8	130 174	21 365	29	21 368
January-June 2022										
Closing balance 31 December 2021	24 904	17 275	5 294	-3 248	2	-58	117 501	161 670	26	161 696
Changes in accounting policies IFRS 17							484	484		484
Opening balance 1 January 2022	24 904	17 275	5 294	-3 248	2	-58	117 985	162 154	26	162 180
Dividends							-12 632	-12 632		-12 632
Share based payments to employees							87	87		87
Deferred tax related to share based payments to employees							-8	-8		-8
Current tax related to share based payments to employees							-1	-1		-1
Total comprehensive income for the period			2 347	-1 457	8	54	11 161	12 113		12 113
of which reported through profit or loss							8 989	8 989		8 989
of which reported through other comprehensive income			2 347	-1 457	8	54	2 172	3 124		3 124
Closing balance 30 June 2022	24 904	17 275	7 641	-4 705	10	-4	116 592	161 713	26	161 739

1) Other contributed equity consists mainly of share premiums.

Cash flow statement, condensed

Group SEKm	Jan-Jun 2023	Full year 2022	Jan-Jun 2022
Operating activities			
Profit before tax ¹	21 095	26 763	11 206
Adjustments for non-cash items in operating activities ¹	44	3 395	26
Income taxes paid	-3 295	-4 537	-2 544
Increase (-) / decrease (+) in loans to credit institution	-1 368	-16 637	-20 503
Increase (-) / decrease (+) in loans to the public	-765	-123 486	-127 283
Increase (-) / decrease (+) in holdings of securities	-114 853	16 856	29 255
Increase (-) / decrease (+) in other assets	-20 408	-6 593	-26 571
Increase (+) / decrease (-) in amounts owed to credit institutions	54 193	-25 043	57 806
Increase (+) / decrease (-) in deposits and borrowings from the public	-25 701	11 707	21 726
Increase (+) / decrease (-) in debt securities in issue	23 104	22 722	43 595
Increase (+) / decrease (-) in other liabilities	29 200	76 233	75 742
Cash flow from operating activities	-38 754	-18 620	62 455
Investing activities			
Acquisitions of and contributions to associates and joint ventures	-53	-135	-105
Dividend from associates and joint ventures	113	1 020	1 020
Acquisitions of other fixed assets and strategic financial assets	-440	-363	-134
Disposals of/maturity of other fixed assets and strategic financial assets	104	169	58
Cash flow from investing activities	-276	691	839
Financing activities			
Amortisation of lease liabilities	-403	-802	-378
Issuance of senior non-preferred liabilities	28 361	22 993	11 355
Redemption of senior non-preferred liabilities	-713	-257	-149
Issuance of subordinated liabilities	9 339	13 374	
Redemption of subordinated liabilities	-3 144	-12 661	-5 176
Dividends paid	-10 964	-12 632	
Cash flow from financing activities	22 476	10 015	-6 465
Cash flow for the period	-16 554	-7 914	56 829
Cash and cash equivalents at the beginning of the period	365 992	360 153	360 153
Cash flow for the period	-16 554	-7 914	56 829
Exchange rate differences on cash and cash equivalents	8 979	13 753	7 477
Cash and cash equivalents at end of the period	358 417	365 992	424 459

1) Comparative figures have been restated due to the adoption of IFRS 17. The real cash flow is not affected by the adoption, but amounts for relevant lines have been restated.

2023

During the year contributions were provided to the joint ventures P27 Nordic Payments Platform AB, Invidem AB and Tibern AB of SEK 48m, 3m and 2m respectively.

2022

During the year contributions were provided to the joint ventures P27 Nordic Payments Platform AB, Invidem AB and Tibern AB of SEK 72m, 49m and 3m. During the second quarter shares were acquired in the associate Thylling Insight AB of SEK 11m respectively.

Note 1 Accounting policies

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

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

The accounting policies applied in the interim report conform to those applied in the Annual and Sustainability Report for 2022, which was prepared in accordance with International Financial Reporting Standards as adopted by the European Union and interpretations thereof. Other than as described below, there have been no significant changes to the Group's accounting policies.

The financial statements are presented in Swedish kronor and all figures are rounded to millions of kronor (SEKm) unless otherwise indicated. No adjustments for rounding are made, therefore summation differences may occur.

Changes in accounting policies

The following new accounting pronouncements have been applied in the financial reports during 2023.

Insurance contracts (IFRS 17)

On 1 January 2023, the Group adopted IFRS 17 Insurance contracts. IFRS 17 replaces IFRS 4 Insurance contracts and sets out the principles for recognition, presentation, measurement, and disclosure of insurance contracts issued and reinsurance contracts. The key differences between IFRS 17 and IFRS 4 relate to revenue recognition and liability valuation. The new standard has been applied with transition date 1 January 2022, meaning that comparative figures have been restated. Note 29 presents comparative figures for the balance sheet and income statement before and after the introduction of IFRS 17. The notes that are impacted by the introduction of IFRS 17 state that the comparative figures have been restated. The reported amounts before the transition are not presented.

The related accounting policies applied from 1 January 2023 are set out in the 2022 Annual and Sustainability Report on pages 78-79.

Other changes in accounting regulations

Other amended regulations that have been adopted from 1 January 2023 did not have a significant impact on the Group's financial position, results, cash flows or disclosures.

Note 2 Critical accounting estimates

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

goodwill, deferred taxes and defined benefit pension provisions.

Post-model expert credit adjustments to the credit impairment provisions continue to be necessary, given the geopolitical and economic uncertainties. Details of these are found in Note 10. Beyond that, there have been no significant changes to the basis upon which the critical accounting judgments and estimates have been determined compared with 31 December 2022.

Note 3 Changes in the Group structure

No significant changes to the Group structure occurred during the first half year of 2023.

Note 4 Operating segments (business areas)

January-June 2023 SEKm	Swedish Banking	Baltic Banking	Corporates and Institutions	Group Functions and Other	Eliminations	Group
Income statement						
Net interest income	13 159	8 569	4 927	-1 987	35	24 704
Net commission income	4 472	1 672	1 509	-170	-12	7 472
Net gains and losses on financial items	191	273	760	217	-0	1 441
Other income ¹	783	438	115	1 523	-914	1 944
Total income	18 605	10 952	7 310	-417	-890	35 560
Staff costs	1 387	954	827	3 474	-9	6 633
Variable staff costs	23	48	54	124	0	249
Other expenses	3 794	1 513	1 473	-2 509	-882	3 390
Depreciation/amortisation	10	92	12	854	-0	968
Administrative fines		37		850		887
Total expenses	5 214	2 644	2 365	2 794	-890	12 127
Profit before impairments, bank taxes and resolution fees	13 391	8 308	4 945	-3 210		23 433
Impairment of intangible assets				11		11
Credit impairment	616	-55	396	8		965
Bank taxes and resolution fees	557	373	421	11		1 362
Profit before tax	12 219	7 989	4 128	-3 240		21 096
Tax expense	2 380	1 463	809	-240		4 412
Profit for the period	9 838	6 526	3 319	-3 000		16 683
Profit for the period attributable to:						
Shareholders of Swedbank AB	9 839	6 526	3 319	-3 000		16 683
Non-controlling interests	-0					-0
Net commission income						
Commission income						
Payment processing	312	337	391	205	-9	1 236
Cards	1 181	1 098	1 386	-218	0	3 447
Asset management and custody	3 533	295	918	-2	-158	4 585
Lending	18	114	476	2	-4	607
Other commission income ²	957	307	515	7	-13	1 772
Total Commission income	6 001	2 149	3 686	-5	-184	11 647
Commission expense	1 529	477	2 177	165	-172	4 176
Net commission income	4 472	1 672	1 509	-170	-12	7 472
Balance sheet, SEKbn						
Cash and balances with central banks	0	4	1	354	0	358
Loans to credit institutions	5		193	258	-396	61
Loans to the public	1 075	255	528	1	-1	1 857
Interest-bearing securities		2	55	277	-5	329
Financial assets for which customers bear the investment risk	309	2				312
Investments in associates and joint ventures	6			2		8
Derivatives		0	162	146	-255	54
Tangible and intangible assets	2	13	-0	11		27
Other assets	23	149	20	215	-363	45
Total assets	1 420	426	959	1 264	-1 019	3 050
Amounts owed to credit institutions	8	0	387	125	-388	133
Deposits and borrowings from the public	622	387	299	3	-8	1 303
Debt securities in issue	-0	3	2	839	-5	839
Financial liabilities for which customers bear the investment risk	310	2				312
Derivatives		0	175	129	-255	49
Other liabilities	416		49	1	-363	103
Senior non-preferred liabilities			-0	87		87
Subordinated liabilities				40		40
Total liabilities	1 356	393	913	1 223	-1 019	2 866
Allocated equity	64	33	46	42		185
Total liabilities and equity	1 420	426	959	1 264	-1 019	3 050
Key figures						
Return on allocated equity, %	30.7	41.1	15.0	-15.5		18.6
Cost/income ratio	0.28	0.24	0.32	-6.70		0.34
Credit impairment ratio, %	0.11	-0.05	0.15	0.05		0.10
Loan/deposit ratio, %	173	66	165	23		139
Lending to the public, stage 3, SEKbn (gross)	3	2	2			6
Loans to customers, total, SEKbn	1 075	255	472	1		1 803
Provisions for loans to customers, total, SEKbn	2	1	3			7
Deposits from customers, SEKbn	620	387	287	4		1 298
Risk exposure amount, SEKbn	360	171	259	29		819
Full-time employees	3 375	4 706	1 195	7 589		16 865
Allocated equity, average, SEKbn	64	32	44	39		179

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

2) Other commission income includes Service concepts, Insurance, Securities and corporate finance and Other, see note 6.

January-June 2022 ¹ SEKm	Swedish Banking	Baltic Banking	Corporates and Institutions	Group Functions and Other	Eliminations	Group
Income statement						
Net interest income	7 226	2 877	3 074	695	-2	13 871
Net commission income	4 228	1 423	1 530	-123	9	7 068
Net gains and losses on financial items	71	190	449	-498	-0	213
Other income ²	745	-174	104	1 143	-609	1 209
Total income	12 270	4 317	5 157	1 217	-601	22 360
Staff costs	1 380	738	797	3 227	-7	6 134
Variable staff costs	10	28	49	53	0	140
Other expenses	3 336	1 103	1 488	-2 413	-593	2 920
Depreciation/amortisation	14	89	11	722	0	835
Total expenses	4 740	1 958	2 344	1 590	-601	10 030
Profit before impairments, bank taxes and resolution fees						
	7 530	2 359	2 813	-372		12 330
Credit impairment	148	-13	46	17		198
Bank taxes and resolution fees	596	49	273	8		926
Profit before tax	6 787	2 323	2 494	-398		11 206
Tax expense	1 278	399	550	-9		2 217
Profit for the period	5 509	1 924	1 945	-389		8 989
Profit for the period attributable to:						
Shareholders of Swedbank AB	5 509	1 924	1 945	-389		8 989
Non-controlling interests	-0					-0
Net commission income						
Commission income						
Payment processing	280	329	315	160	-8	1 076
Cards	1 069	916	1 349	-231	0	3 104
Asset management and custody	3 504	267	825	-8	-151	4 439
Lending	60	94	479	5	-3	635
Other commission income ³	985	241	526	3	-4	1 751
Total Commission income	5 899	1 846	3 495	-69	-166	11 005
Commission expense	1 671	423	1 965	53	-175	3 937
Net commission income	4 228	1 423	1 530	-123	9	7 068
Balance sheet, SEKbn						
Cash and balances with central banks	2	4	2	418	-1	424
Loans to credit institutions	4	0	139	244	-326	60
Loans to the public	1 140	214	466	20	-1	1 840
Interest-bearing securities	0	2	62	138	-1	201
Financial assets for which customers bear the investment risk	255	2				257
Investments in associates	5			2		7
Derivatives		0	171	142	-243	70
Tangible and intangible assets	2	12	0	11	0	25
Other assets	22	131	12	355	-492	27
Total assets	1 430	365	851	1 330	-1 064	2 912
Amounts owed to credit institutions	7	0	310	155	-319	153
Deposits and borrowings from the public	657	334	316	2	-7	1 303
Debt securities in issue		1	3	798	-2	801
Financial liabilities for which customers bear the investment risk	255	2				257
Derivatives	0	0	180	121	-243	59
Other liabilities	448	0	0	150	-494	104
Senior non-preferred liabilities			-0	47		47
Subordinated liabilities			-0	25		25
Total liabilities	1 367	339	810	1 299	-1 064	2 750
Allocated equity	63	26	42	31		162
Total liabilities and equity	1 430	365	851	1 330	-1 064	2 912
Key figures						
Return on allocated equity, %	17.6	14.7	10.0	-2.4		11.2
Cost/income ratio	0.39	0.45	0.45	1.31		0.45
Credit impairment ratio, %	0.02	-0.01	0.04	0.18		0.02
Loan/deposit ratio, %	174	64	142	11		138
Lending to the public, stage 3, SEKbn (gross)	2	1	3			6
Loans to customers, total, SEKbn	1 140	214	411	0		1 766
Provisions for loans to customers, total, SEKbn	2	1	2			5
Deposits from customers, SEKbn	656	334	290	3		1284
Risk exposure amount, SEKbn	365	115	231	32		744
Full-time employees	3 519	4 678	1 173	7 318		16 688
Allocated equity, average, SEKbn	63	26	39	33		161

1) Comparative figures have been restated due to the reorganization as per 1 May 2023 and due to IFRS 17. For more information see Note 1 and Note 29.

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

3) Other commission income includes Service concepts, Insurance, Securities and corporate finance and Other, see note 6.

Operating segments accounting policies

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

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

The return on allocated equity for the operating segments is calculated based on profit for the period attributable to the shareholders for the operating segment, in relation to average monthly allocated equity for the operating segment. For periods shorter than one year the key ratio is annualised.

From 1 May 2023, Swedbank completed a reorganisation which mainly impacts Swedish Banking, Large Corporates and Institutions, which changed name to Corporates and Institutions, and Group Functions and Other. The majority of mid-sized corporate customers and tenant-owned associations were transferred from Swedish Banking to Corporates and Institutions. In connection with the change, certain support functions have also been transferred to Group Functions and Other. The comparative figures have been restated. Further transfers of customers between business areas have also occurred since 1 May. Restatements have not been made for these transfers. These changes have no impact on the Group's total profit or equity.

The comparative figures have also been restated due to the adoption of IFRS 17. For more information, see Note 1 and Note 29.

Changes between previous and new reporting per operating segment

January-June 2022 SEKm	Swedish Banking		Baltic Banking		Corporates and Institutions		Group Functions and Other		Eliminations		Group	
	IFRS 17	Reorg	IFRS 17	Reorg	IFRS 17	Reorg	IFRS 17	Reorg	IFRS 17	Reorg	IFRS 17	Reorg
	Income statement											
Net interest income	-0	-921	-5	-0			925	0	-4	0	0	-5
Net commission income	-22	-160	-36				145	-7	15	0	0	-64
Net gains and losses on financial items	7	-69	27	-0			71	-1	-2	-0	-0	34
Other income ²	-93	1	-597	-0			-14	-7	13	25		-672
Total income	-109	-1 150	-610	-0			1 127	-14	23	26	0	-707
Staff costs	-46	-232	-111	-0			15	-49	217	1	0	-206
Variable staff costs	-0	-3	0	-0			-1	-1	4	0		-1
Other expenses	-110	-234	-51	-0			308	37	-73	26	-0	-98
Depreciation/amortisation		-0		0			-49		49			
Total expenses	-156	-469	-162	-0			273	-13	196	26		-305
Profit before impairments, bank taxes and resolution fees												
	47	-681	-448	0			854	-1	-174			-402
Credit impairment		-84					84					
Bank taxes and resolution fees		-37					37					
Profit before tax	47	-560	-448	0			733	-1	-174			-402
Tax expense	9	-116	-72	0			143	-1	-27			-64
Profit for the period	38	-443	-376				590		-147			-338
Profit for the period attributable to: Shareholders of Swedbank AB	38	-443	-376	0			590		-147			-338
Net commission income												
Commission income												
Payment processing		-108					62		46			
Cards		-109					109					
Asset management and custody		-12					12					
Lending	1	-39	1				39	-1		-1		
Other commission income ³	-55	-51	-39				52	1	-0	1		-92
Total Commission income	-54	-320	-39				275		45			-92
Commission expense	-32	-160	-3				129	8	31			-28
Net commission income	-22	-160	-36				145	-7	15			-64
Balance sheet, SEKbn												
Cash and balances with central banks		-1					2	1	-1			
Loans to credit institutions		-0					-0		1			
Loans to the public		-134					134					
Financial assets for which customers bear the investment risk	-16		-5									-22
Tangible and intangible assets							-1		1			
Other assets	17	-0	1				-0	-1	-1	4	1	21
Total assets	1	-135	-4				134	-0	0	3	1	-0
Amounts owed to credit institutions		-25					25					
Deposits and borrowings from the public		-84	-1				84					
Debt securities in issue										-1		
Financial liabilities for which customers bear the investment risk	-18		-5									-23
Derivatives										-1		
Other liabilities	19	-20					19	-1	-0	4	1	22
Total liabilities	1	-128	-4				128	0	-0	3	1	-0
Allocated equity	0	-7	0				7	-1	1			0
Total liabilities and equity	1	-135	-4				134	-0	0	3	1	-0
Key figures												
Return on allocated equity, %	0.0	0.3	-2.9	0.0			1.8	0.0	-0.9			0.0
Cost/income ratio	-0.01	0.00	0.02	0.00			-0.06	0.00	0.14			0.00
Credit impairment ratio, %		-0.01					0.06					
Loan/deposit ratio, %		2					7					
Loans to customers, total, SEKbn		-134					134					
Deposits from customers, SEKbn		-84					83		0			
Risk exposure amount, SEKbn		-43					42		0			
Full-time employees		-544					-15		559			
Allocated equity, average, SEKbn		-6					6		1			

Note 5 Net interest income

SEKm	Q2 2023	Q1 2023	Q2 ¹ 2022	Jan-Jun 2023	Jan-Jun ¹ 2022
Interest income					
Cash and balances with central banks	3 954	3 406	-83	7 360	-366
Treasury bills and other bills eligible for refinancing with central banks, etc.	2 207	1 413	175	3 621	207
Loans to credit institutions	799	691	68	1 490	109
Loans to the public	19 225	16 769	8 442	35 993	16 179
Bonds and other interest-bearing securities	474	389	173	863	249
Derivatives ²	-182	-126	177	-308	311
Other assets	17	11	-9	28	1
Total	26 494	22 553	8 943	49 047	16 689
Deduction of trading-related interests reported in Net gains and losses on financial items	1 627	1 121	456	2 748	589
Total interest income	24 867	21 432	8 487	46 300	16 100
Interest expense					
Amounts owed to credit institutions	-1 656	-1 287	-26	-2 943	2
Deposits and borrowings from the public of which deposit guarantee fees	-6 210	-4 684	-366	-10 894	-481
Debt securities in issue	-6 718	-5 860	-1 667	-12 578	-2 802
Senior non-preferred liabilities	-483	-377	-123	-860	-214
Subordinated liabilities	-453	-374	-172	-827	-399
Derivatives ²	1 625	1 864	934	3 489	1 675
Other liabilities	-16	-21	-13	-37	-26
Total	-13 911	-10 739	-1 433	-24 650	-2 245
Deduction of trading-related interests reported in Net gains and losses on financial items	-1 812	-1 242	-58	-3 054	-15
Total interest expense	-12 099	-9 497	-1 376	-21 596	-2 230
Net interest income	12 768	11 936	7 111	24 704	13 871
Net investment margin before trading-related interests are deducted	1.62	1.55	1.00	1.58	0.97
Average total assets	3 105 025	3 051 193	3 008 736	3 084 076	3 002 086
Interest expense on financial liabilities at amortised cost	14 910	12 100	2 364	27 011	3 936

1) Comparative figures have been restated due to the adoption of IFRS 17.

2) Derivatives include net interest income related to hedged assets and liabilities. These may have both a positive and negative impact on interest income and interest expense.

Note 6 Net commission income

SEKm	Q2 2023	Q1 2023	Q2' 2022	Jan-Jun 2023	Jan-Jun' 2022
Commission income					
Payment processing	635	601	537	1 236	1 076
Cards	1 867	1 580	1 701	3 447	3 104
Service concepts	401	392	360	792	712
Asset management and custody	2 363	2 222	2 130	4 585	4 439
Insurance	77	86	99	163	228
Securities and corporate finance	167	199	200	366	369
Lending	311	296	322	607	635
Other	201	250	206	451	442
Total commission income	6 022	5 625	5 558	11 647	11 005
Commission expense					
Payment processing	-407	-364	-373	-771	-703
Cards	-865	-708	-825	-1 573	-1 531
Service concepts	-43	-47	-47	-90	-88
Asset management and custody	-626	-579	-532	-1 204	-1 090
Insurance	-76	-69	-79	-145	-159
Securities and corporate finance	-100	-93	-81	-194	-180
Lending	-33	-40	-39	-74	-79
Other	-60	-64	-65	-124	-108
Total commission expense	-2 211	-1 965	-2 041	-4 176	-3 937
Net commission income					
Payment processing	228	237	164	465	373
Cards	1 002	872	877	1 874	1 573
Service concepts	357	345	313	702	624
Asset management and custody	1 737	1 643	1 598	3 380	3 349
Insurance	1	17	20	18	69
Securities and corporate finance	67	105	120	173	189
Lending	278	256	283	534	556
Other	141	185	141	327	334
Total net commission income	3 811	3 660	3 516	7 472	7 068

1) Comparative figures have been restated due to the adoption of IFRS 17.

Note 7 Net gains and losses on financial items

SEKm	Q2 2023	Q1 2023	Q2' 2022	Jan-Jun 2023	Jan-Jun' 2022
Fair value through profit or loss					
Shares and share related derivatives	25	-14	196	12	536
of which dividend	60	88	52	149	113
Interest-bearing securities and interest related derivatives	380	472	-1 004	851	-1 708
Financial liabilities	2	0	7	2	17
Financial assets and liabilities where the customers bear the investment risk, net	2	-1	3	1	7
Other financial instruments	0	1	-1	0	-2
Total fair value through profit or loss	408	458	-799	866	-1 151
Hedge accounting					
Ineffectiveness, one-to-one fair value hedges	-72	86	-72	14	-92
of which hedging instruments	-3 441	3 676	-10 600	235	-23 771
of which hedged items	3 369	-3 590	10 527	-221	23 679
Ineffectiveness, portfolio fair value hedges	45	82	-65	127	-72
of which hedging instruments	200	-2 898	7 457	-2 699	16 785
of which hedged items	-155	2 980	-7 522	2 826	-16 856
Ineffectiveness, cash flow hedges	-1	-1	2	-2	2
Total hedge accounting	-27	167	-136	139	-162
Amortised cost					
Derecognition gain or loss for financial assets	17	11	-37	28	-2
Derecognition gain or loss for financial liabilities	11	9	237	20	215
Total amortised cost	28	20	200	48	213
Trading related interest					
Interest income	1 627	1 121	456	2 748	589
Interest expense	-1 812	-1 242	-58	-3 054	-15
Total trading related interest	-186	-121	398	-307	573
Change in exchange rates	301	393	411	694	740
Total	524	916	74	1 441	213

1) Comparative figures have been restated due to the adoption of IFRS 17.

Note 8 Net insurance income

Due to the adoption of IFRS 17 a note disclosing Net insurance income is reported, in accordance with the standard.

	Q2	Q1	Q2	Jan-Jun	Jan-Jun
SEKm	2023	2023	2022	2023	2022
Insurance service revenue	1 060	1 043	880	2 102	1 750
Insurance service expenses	-690	-799	-596	-1 488	-1 067
Insurance service result	370	244	285	614	682
Result from reinsurance contracts held	-4	-16	6	-20	-8
Insurance finance income or expense	-879	-734	1 300	-1 614	2 388
Insurance result	-514	-506	1 591	-1 019	3 062
Return on financial assets backing insurance contracts with participation features	898	787	-1 576	1 685	-2 884
Net insurance income	384	282	14	666	178

Note 9 Other general administrative expenses

	Q2	Q1 ¹	Q2 ¹	Jan-Jun	Jan-Jun ¹
SEKm	2023	2023	2022	2023	2022
Premises	126	121	100	247	212
IT expenses	730	631	592	1 362	1 184
Telecommunications and postage	30	32	24	62	53
Consultants	224	222	210	446	359
Compensation to savings banks	55	55	56	110	113
Other purchased services	278	267	241	545	484
Travel	36	27	25	63	31
Entertainment	9	6	6	16	10
Supplies	16	23	16	39	31
Advertising, PR and marketing	91	33	52	124	80
Security transport and alarm systems	17	17	17	34	36
Repair/maintenance of inventories	34	31	31	65	59
Other administrative expenses	112	111	117	223	227
Other operating expenses	26	29	25	55	41
Total	1 783	1 607	1 512	3 390	2 920

1) Comparative figures have been restated due to the adoption of IFRS 17.

Note 10 Credit impairment

SEKm	Q2 2023	Q1 2023	Q2 2022	Jan-Jun 2023	Jan-Jun 2022
Loans at amortised cost					
Credit impairment provisions - stage 1	-95	259	27	164	407
Credit impairment provisions - stage 2	168	456	90	624	-235
Credit impairment provisions - stage 3	54	4	-202	58	-536
Credit impairment provisions - purchased or originated credit impaired	1	0	-1	1	-1
Total	128	720	-86	848	-365
Write-offs	117	57	173	174	615
Recoveries	-51	-49	-47	-100	-82
Total	66	9	126	75	533
Total - loans at amortised cost	194	729	40	923	168
Loan commitments and guarantees					
Credit impairment provisions - stage 1	-2	35	14	33	104
Credit impairment provisions - stage 2	-4	21	-9	17	-64
Credit impairment provisions - stage 3	0	-8	-5	-8	-10
Total - loan commitments and guarantees	-6	48	0	42	30
Total	188	777	40	965	198
Credit impairment ratio, %	0.04	0.16	0.01	0.10	0.02

Calculation of credit impairment provisions

The measurement of expected credit losses is described in Note G3.1 Credit risk on pages 81-86 of the 2022 Annual and Sustainability Report.

Measurement of 12-month and lifetime expected credit losses

High inflation, increasing costs, high energy prices and rising interest rates combined with geopolitical instability continue to weigh on private persons and companies, resulting in a high level of uncertainty regarding economic growth going forward. As the quantitative risk models do not yet reflect all potential deteriorations in credit quality, post-model adjustments have been made to capture potential future rating and stage migrations.

Post-model expert credit adjustments to increase the credit impairment provisions continue to be deemed necessary and amounted to SEK 1 661m (SEK 1 937m at 31 March 2023, SEK 1 738m at 31 December 2022) and are allocated as SEK 943m in stage 1, SEK 717m in stage 2 and SEK 1m in stage 3. Customers and industries are reviewed and analysed considering the current situation, particularly in more vulnerable sectors. During the second quarter, changes were primarily attributable to releases of post-model expert credit adjustments for the Property management sector due to rating downgrades. The most significant post-model adjustments at 30 June 2023 were in the Property management, Manufacturing, Retail and wholesale, and Construction sectors.

Determination of a significant increase in credit risk

The tables below show the quantitative thresholds used by the Group for assessing a significant increase in credit risk, namely:

- Changes in the 12-month PD and internal risk rating grades, which have been applied for the portfolio of loans originated before 1 January 2018. For instance, for exposures originated with a risk grade between 0 and 5, a downgrade by 1 grade from initial recognition is assessed as a significant change in credit risk. Alternatively, for exposures originated with a risk grade between 18 and 21, a downgrade by 5 to 8 grades from initial recognition is considered significant. Internal risk ratings are assigned according to the risk management framework outlined in Note G3 Risks in the 2022 Annual and Sustainability Report.
- Changes in the lifetime PD, which have been applied for the portfolio of loans originated on or after 1 January 2018. For instance, for exposures originated with a risk grade between 0 and 5, a 50 per cent increase in the lifetime

PD from initial recognition is assessed as a significant change in credit risk. Alternatively, for exposures originated with a risk grade between 18 and 21, an increase of 200-300 per cent from initial recognition is considered significant.

These limits reflect a lower sensitivity to change in the low-risk end of the risk scale and a higher sensitivity to change in the high-risk end of the scale. The Group has performed a sensitivity analysis on how credit impairment provisions would change if thresholds applied were increased or decreased. A lower threshold would increase the number of loans that have migrated from Stage 1 to Stage 2 and also increase the estimated credit impairment provisions. A higher threshold would have the opposite effect.

The tables below disclose the impacts of this sensitivity analysis on the credit impairment provisions. Positive amounts represent higher credit impairment provisions that would be recognised.

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

Internal risk grade at initial recognition	12-month PD band at initial recognition, %	Threshold, rating downgrade ^{1,2,3}	Impairment provision impact of		Recognised credit impairment provisions 30 Jun 2023	Share of total portfolio in terms of gross carrying amount, % 30 Jun 2023	Impairment provision impact of		Recognised credit impairment provisions 31 Dec 2022	Share of total portfolio in terms of gross carrying amount, % 31 Dec 2022
			Increase in threshold by 1 grade, %	Decrease in threshold by 1 grade, %			Increase in threshold by 1 grade, %	Decrease in threshold by 1 grade, %		
18-21	<0.1	5 - 8 grades	-4.2	7.2	77	12	-5.6	5.4	60	12
13-17	0.1 - 0.5	3 - 7 grades	-4.8	10.2	254	12	-5.7	7.4	277	12
9-12	>0.5 - 2.0	1 - 5 grades	-10.9	13.4	221	5	-12.9	13.4	216	5
6-8	2.0 - 5.7	1 - 3 grades	-10.1	5.3	82	2	-6.1	5.1	100	2
0-5	>5.7 - 99.9	1 grade	-1.3	0.0	78	1	-1.2	0.0	72	1
			-7.0	9.2	712	30	-7.6	8.1	726	31
		Sovereigns and financial institutions with low credit risk			3	0			3	1
		Stage 3 financial instruments			725	0			653	0
		Post model expert credit adjustment ⁴			273				401	
		Total⁵			1 714	31			1 783	33

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

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

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

4) Represents post-model expert credit adjustments for stage 1 and stage 2.

5) Of which provisions for off-balance exposures are SEK 172m (217).

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

Internal risk grade at initial recognition	Threshold, increase in lifetime PD ¹ , %	Impairment provision impact of		Recognised credit impairment provisions 30 Jun 2023	Share of total portfolio in terms of gross carrying amount, % 30 Jun 2023	Impairment provision impact of		Recognised credit impairment provisions 31 Dec 2022	portfolio in terms of gross carrying amount, % 31 Dec 2022
		Increase in threshold by 100%, %	Decrease in threshold by 50%, %			Increase in threshold by 100%, %	Decrease in threshold by 50%, %		
18-21	200-300	-16.1	20.1	152	21	-14.3	24.1	86	20
13-17	100-250	-3.3	5.6	1 196	23	-2.3	10.0	706	22
9-12	100-200	-1.0	5.9	1 251	12	-1.5	8.0	873	11
6-8	50-150	-1.6	5.6	318	4	-2.0	6.8	285	3
0-5	50	-0.4	0.8	222	2	-1.2	1.3	166	1
		-2.7	6.1	3 139	61	-2.3	8.6	2 116	58
				37	8			26	9
				1 571	0			1 503	0
				1 387				1 335	
		Total³		6 133	69			4 981	67

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

2) Represents post-model expert credit adjustments for stage 1 and stage 2.

3) Of which provisions for off-balance exposures are SEK 595m (497).

Incorporation of forward-looking macroeconomic scenarios

The Swedbank Economic Outlook was published on 25 April and the baseline scenario was updated by Swedbank Macro Research as of 9 June. The baseline scenario, with an assigned probability weight of 66.6 per cent, is aligned with the published outlook and incorporates updated observed outcome and data

points. The alternative scenarios are aligned with the updated baseline scenario, with probability weights of 16.7 per cent assigned to both the upside and downside scenario. The table below sets out the key assumptions of the scenarios at 30 June 2023.

30 June 2023	Positive scenario			Baseline scenario			Negative scenario		
	2023	2024	2025	2023	2024	2025	2023	2024	2025
Sweden									
GDP (annual % change)	-0.6	1.3	2.6	-0.9	0.3	2.9	-3.8	-4.2	2.7
Unemployment (annual %) ¹	7.3	8.0	7.9	7.4	8.2	8.2	8.0	10.7	11.2
House prices (annual % change)	-12.2	-4.2	2.2	-12.2	-4.7	1.6	-17.6	-18.3	-0.9
Stibor 3m (%)	3.76	3.39	2.54	3.72	3.30	2.54	3.58	0.74	0.13
Estonia									
GDP (annual % change)	-0.8	3.9	2.8	-1.3	2.5	3.0	-3.7	-7.8	1.7
Unemployment (annual %)	5.6	5.4	5.1	5.7	5.6	5.3	6.7	11.1	13.4
House prices (annual % change)	1.2	-2.0	4.4	1.1	-3.4	4.3	-9.2	-22.2	-1.0
Latvia									
GDP (annual % change)	1.4	2.9	2.3	1.1	2.1	2.4	-2.0	-7.6	1.8
Unemployment (annual %)	6.2	6.0	6.0	6.3	6.3	6.2	7.7	12.3	13.9
House prices (annual % change)	-1.7	2.5	4.7	-2.5	0.9	5.2	-10.4	-21.2	0.4
Lithuania									
GDP (annual % change)	-1.8	2.5	2.2	-2.0	1.8	2.3	-4.1	-7.0	1.5
Unemployment (annual %)	7.2	6.7	6.3	7.3	7.0	6.6	7.9	12.1	15.5
House prices (annual % change)	-1.1	-1.9	5.2	-1.3	-2.8	4.3	-9.8	-24.5	5.0
Global indicators									
US GDP (annual %)	1.4	1.3	2.2	1.1	0.5	2.2	0.2	-4.0	0.5
EU GDP (annual %)	0.7	1.5	1.5	0.4	0.7	1.6	-1.0	-6.4	0.6
Brent Crude Oil (USD/Barrel)	77.0	72.0	69.0	76.4	71.0	68.9	67.7	40.8	49.3
Euribor 6m (%)	3.68	3.02	2.32	3.64	2.90	2.29	3.54	0.77	0.12

1) Unemployment rate, 16-64 years

The global economy is entering a cooldown, but not a crisis. GDP growth will be low in both 2023 and 2024 as high inflation and interest rates weigh on household consumption and corporate investments.

So far, both the euro area and the US economies have proven resilient to the high inflation and rapidly rising interest rates. Lower energy prices have also helped. China has reopened and rebounded. But the outlook is bleaker, and a slow recovery is expected for both the US and the euro area. Inflation will continue to fall in 2023. Lower energy and commodity prices, lower freight prices, and large inventories within the retail sector suggest that price pressures will ease.

Two tough years await the Swedish economy. Declines in consumption and in housing investment will contribute to a fall in GDP this year. Next year, only a weak recovery is expected. The labour market has been resilient but will start deteriorating more significantly after the summer. The housing market is under pressure and house prices are expected to fall further before bottoming out.

In the Baltics, GDP is expected to fall slightly in Estonia and Lithuania this year, while the Latvian economy will stagnate. Growth is likely to resume in 2024, but is unlikely to be robust. Inflation is on a steep downward path and will fall to low single digits by the end of 2023.

Sensitivity

The table below shows the credit impairment provisions that would result from the negative and positive scenarios, which are considered reasonably possible, being assigned a probability weight of 100 per cent. Post-model expert credit adjustments are assumed to be constant in the results.

Operating segments	30 Jun 2023				31 Dec 2022 ¹			
	Credit impairment provisions				Credit impairment provisions			
	Credit impairment provisions (probability weighted)	Of which: post-model expert credit adjustment	Negative scenario	Positive scenario	Credit impairment provisions (probability weighted)	Of which: post-model expert credit adjustment	Negative scenario	Positive scenario
Swedish Banking	2 356	323	2 550	2 304	1 799	213	1 927	1 659
Baltic Banking	1 436	411	1 718	1 258	1 400	363	1 692	1 254
Corporates and Institutions	4 025	927	4 443	3 787	3 542	1 162	4 110	3 294
Group ²	7 847	1 661	8 742	7 378	6 764	1 738	7 753	6 228

1) Comparative figures have been restated due to the reorganization as per 1 May 2023. For more information see Note 4.

2) Including operating segment Group Functions & Other.

Note 11 Bank taxes and resolution fees

SEKm	Q2 2023	Q1 2023	Q2 2022	Jan-Jun 2023	Jan-Jun 2022
Swedish bank tax	292	292	240	584	479
Lithuanian bank tax	325			325	
Resolution fees	227	226	230	453	447
Total	844	518	470	1 362	926

Lithuanian bank tax refers to the Lithuanian temporary solidarity contribution on credit institutions that was introduced and is calculated from May 2023 until the end of 2024. The bank tax is 60 percent and is applied to a part of the net interest income earned during the period which exceeds the average net interest income of four historical years by more than 50 percent.

Note 12 Loans

The following tables present loans to the public and credit institutions at amortised cost by industry sectors, loans and credit impairment provisions ratios.

30 June 2023	Stage 1			Stage 2			Stage 3 ¹			Total
	Gross carrying amount	Credit impairment provisions	Net	Gross carrying amount	Credit impairment provisions	Net	Gross carrying amount	Credit impairment provisions	Net	
SEKm										
Sector/industry										
Private customers	1 080 725	251	1 080 475	99 690	794	98 896	2 597	821	1 776	1 181 147
Private mortgage	948 424	104	948 320	86 626	392	86 234	1 631	291	1 340	1 035 894
Tenant owner associations	89 100	8	89 092	3 844	12	3 832	5	1	5	92 928
Private other	43 201	139	43 063	9 220	390	8 831	961	529	432	52 325
Corporate customers	533 368	1 431	531 937	89 080	2 292	86 787	3 795	1 451	2 344	621 069
Agriculture, forestry, fishing	54 069	96	53 974	7 880	137	7 744	203	37	167	61 884
Manufacturing	38 402	271	38 131	7 737	371	7 367	367	159	208	45 706
Public sector and utilities	31 169	45	31 124	3 427	115	3 312	14	2	11	34 447
Construction	16 792	124	16 668	5 274	100	5 174	169	68	101	21 943
Retail and wholesale	38 001	210	37 791	3 878	170	3 707	140	59	81	41 580
Transportation	12 923	91	12 831	2 555	163	2 392	34	8	26	15 250
Shipping and offshore	6 097	23	6 073	828	51	777	1 624	774	850	7 700
Hotels and restaurants	4 692	23	4 669	2 066	139	1 927	270	52	218	6 814
Information and communication	16 100	52	16 048	4 692	30	4 662	2	1	1	20 711
Finance and insurance	24 940	27	24 914	1 193	21	1 172	12	4	8	26 094
Property management, including	256 135	418	255 717	43 975	866	43 109	628	215	413	299 239
Residential properties	73 410	100	73 310	16 969	469	16 500	102	16	86	89 896
Commercial	126 348	222	126 126	14 806	260	14 546	254	139	115	140 787
Industrial and Warehouse	37 211	54	37 157	8 185	82	8 103	116	14	103	45 363
Other	19 166	42	19 124	4 015	55	3 960	156	46	109	23 193
Professional services	22 860	34	22 826	2 164	30	2 133	223	53	170	25 129
Other corporate lending	11 188	17	11 171	3 411	99	3 311	107	19	89	14 571
Loans to customers	1 614 093	1 682	1 612 412	188 770	3 086	185 683	6 392	2 271	4 121	1 802 216
Cash collaterals posted	2 424		2 424							2 424
Loans to the public, Swedish National Debt Office	0		0							0
Loans to credit institutions	57 213	38	57 175	260	3	257				57 432
Loans to the public and credit institutions at amortised cost	1 673 731	1 720	1 672 011	189 030	3 090	185 940	6 392	2 271	4 121	1 862 072
Share of loans, %	89.54			10.11			0.34			100
Credit impairment provision ratio, %	0.10			1.63			35.53			0.38

1) Including purchased or originated credit impaired

SEKm	Stage 1			Stage 2			Stage 3'			Total
	Gross carrying amount	Credit impairment provisions	Net	Gross carrying amount	Credit impairment provisions	Net	Gross carrying amount	Credit impairment provisions	Net	
Sector/industry										
Private customers	1 107 994	168	1 107 827	68 617	546	68 071	2 043	676	1 367	1 177 266
Private mortgage	973 876	68	973 809	56 758	243	56 514	1 219	229	990	1 031 313
Tenant owner associations	90 170	7	90 163	3 468	12	3 456	4	0	4	93 623
Private other	43 948	93	43 855	8 392	291	8 101	820	446	374	52 330
Corporate customers	552 194	1 330	550 864	69 831	1 858	67 973	3 695	1 445	2 250	621 087
Agriculture, forestry, fishing	55 387	88	55 299	7 609	130	7 479	241	39	203	62 981
Manufacturing	43 283	279	43 004	5 670	295	5 375	264	104	161	48 540
Public sector and utilities	35 435	58	35 378	2 048	38	2 011	17	2	15	37 403
Construction	15 502	64	15 438	4 318	91	4 228	107	54	52	19 718
Retail and wholesale	36 568	246	36 322	4 043	188	3 856	137	51	87	40 265
Transportation	12 747	78	12 669	1 936	120	1 816	48	10	38	14 522
Shipping and offshore	8 454	39	8 415	1 150	177	973	1 881	890	991	10 380
Hotels and restaurants	3 003	29	2 975	3 946	129	3 817	285	62	223	7 015
Information and communication	19 536	53	19 483	1 508	15	1 493	5	1	4	20 979
Finance and insurance	23 247	21	23 226	885	11	874	22	7	15	24 115
Property management, including	260 973	320	260 652	32 954	576	32 379	466	178	288	293 319
Residential properties	69 573	56	69 518	16 167	253	15 914	103	16	87	85 519
Commercial	123 507	170	123 337	7 925	207	7 717	208	127	81	131 134
Industrial and Warehouse	40 805	47	40 758	5 142	59	5 083	16	3	13	45 853
Other	27 087	47	27 040	3 722	56	3 665	140	33	107	30 813
Professional services	23 514	31	23 483	2 251	51	2 201	65	13	52	25 735
Other corporate lending	14 546	24	14 522	1 511	39	1 472	156	35	122	16 116
Loans to customers	1 660 189	1 498	1 658 691	138 449	2 404	136 044	5 738	2 121	3 617	1 798 352
Cash collaterals posted	3 605		3 605							3 605
Loans to the public, Swedish National Debt Office	10 004		10 004							10 004
Loans to credit institutions	56 453	26	56 427	147	0	146				56 574
Loans to the public and credit institutions at amortised cost	1 730 251	1 524	1 728 727	138 596	2 404	136 191	5 738	2 121	3 617	1 868 535
Share of loans, %	92.30			7.39			0.31			100
Credit impairment provision ratio, %	0.09			1.73			36.96			0.32

1) Including purchased or originated credit impaired

30 June 2022

SEKm	Stage 1			Stage 2			Stage 3'			Total
	Gross carrying amount	Credit impairment provisions	Net	Gross carrying amount	Credit impairment provisions	Net	Gross carrying amount	Credit impairment provisions	Net	
Sector/industry										
Private customers	1 119 376	121	1 119 255	43 545	329	43 216	2 113	533	1 580	1 164 051
Private mortgage	980 263	38	980 225	36 336	150	36 186	1 287	200	1 087	1 017 498
Tenant owner associations	91 393	5	91 388	1 439	4	1 435	82	7	75	92 898
Private other	47 720	78	47 642	5 770	175	5 595	744	326	418	53 655
Corporate customers	551 552	1 108	550 444	49 966	1 285	48 681	3 771	1 516	2 255	601 380
Agriculture, forestry, fishing	56 903	64	56 839	6 746	91	6 655	224	29	195	63 689
Manufacturing	38 934	205	38 729	4 557	160	4 397	232	88	144	43 270
Public sector and utilities	31 868	34	31 834	1 330	25	1 305	24	3	21	33 160
Construction	16 727	71	16 656	2 874	91	2 783	94	20	74	19 513
Retail and wholesale	34 611	147	34 464	2 529	73	2 456	118	53	65	36 985
Transportation	11 904	65	11 839	1 973	93	1 880	27	6	21	13 740
Shipping and offshore	9 033	230	8 803	1 962	247	1 715	2 390	1 081	1 309	11 827
Hotels and restaurants	3 537	24	3 513	3 685	121	3 564	222	56	166	7 243
Information and communication	22 929	42	22 887	781	15	766	6	1	5	23 658
Finance and insurance	23 693	15	23 678	467	4	463	15	3	12	24 153
Property management, including	265 839	172	265 667	19 206	300	18 906	264	130	134	284 707
Residential properties	78 636	32	78 604	6 311	79	6 232	77	7	70	84 906
Commercial	119 443	90	119 353	7 198	179	7 019	155	118	37	126 409
Industrial and Warehouse	40 830	21	40 809	3 175	15	3 160	17	2	15	43 984
Other	26 930	29	26 901	2 522	27	2 495	15	3	12	29 408
Professional services	19 891	19	19 872	2 357	38	2 319	81	23	58	22 249
Other corporate lending	15 683	20	15 663	1 499	27	1 472	74	23	51	17 186
Loans to customers	1 670 928	1 229	1 669 699	93 511	1 614	91 897	5 884	2 049	3 835	1 765 431
Cash collaterals posted	2 318		2 318							2 318
Loans to the public, Swedish National Debt	20 005		20 005							20 005
Loans to credit institutions	56 197	28	56 169	25		25				56 194
Loans to the public and credit institutions at amortised cost	1 749 448	1 257	1 748 191	93 536	1 614	91 922	5 884	2 049	3 835	1 843 948
Share of loans, %	94.62			5.06			0.32			100
Credit impairment provision ratio, %	0.07			1.73			34.82			0.27

1) Including purchased or originated credit impaired

Note 13 Credit impairment provisions

Reconciliation of credit impairment provisions for loans

The tables below provide a reconciliation of credit impairment provisions for loans to the public and credit institutions at amortised cost.

Loans to the public and credit institutions	2023				2022			
	Stage 1	Stage 2	Stage 3 ¹	Total	Stage 1	Stage 2	Stage 3 ¹	Total
SEKm								
Carrying amount before provisions								
Opening balance 1 January	1 730 251	138 596	5 738	1 874 585	1 616 594	98 633	6 362	1 721 589
Closing balance 30 June	1 673 731	189 030	6 392	1 869 152	1 749 448	93 536	5 884	1 848 868
Credit impairment provisions								
Opening balance 1 January	1 524	2 404	2 121	6 049	806	1 789	2 427	5 022
Movements affecting Credit impairments								
New and derecognised financial assets, net	256	-121	-173	-38	114	-60	-708	-654
Changes in risk factors (EAD, PD, LGD)	105	-122	61	44	-18	-161	7	-172
Changes in macroeconomic scenarios	138	155	-2	291	201	211	6	418
Changes to models	0	0		0				
Post-model expert credit adjustments	-15	-52	2	-65	163	-334	-1	-172
Individual assessments			40	40			57	57
Stage transfers	-320	764	193	637	-53	109	137	193
from 1 to 2	-378	1 123		745	-84	316		232
from 1 to 3	-1		16	15	0		31	31
from 2 to 1	57	-271		-213	31	-166		-135
from 2 to 3		-111	258	146		-46	146	100
from 3 to 2		23	-72	-49		5	-30	-25
from 3 to 1	2		-8	-6	0		-10	-10
Other			-62	-62			-35	-35
Total movements affecting credit impairments	165	624	58	847	407	-235	-537	-365
Movements recognised outside credit impairments								
Interest			62	62			35	35
Change in exchange rates	31	61	30	122	44	60	124	228
Closing balance 30 June	1 720	3 090	2 271	7 080	1 257	1 614	2 049	4 920
Carrying amount								
Opening balance 1 January	1 728 727	136 191	3 617	1 868 535	1 615 788	96 844	3 935	1 716 567
Closing balance 30 June	1 672 011	185 940	4 121	1 862 072	1 748 191	91 922	3 835	1 843 948

1) Including purchased or originated credit impaired

Loan commitments and financial guarantees

The tables below provide a reconciliation of credit impairment provisions for loan commitments and financial guarantees.

SEKm	2023				2022			
	Stage 1	Stage 2	Stage 3 ¹	Total	Stage 1	Stage 2	Stage 3 ¹	Total
Nominal amount								
Opening balance 1 January	286 621	23 956	131	310 708	306 298	16 134	221	322 653
Closing balance 30 June	275 129	38 336	126	313 591	309 365	18 669	213	328 247
Credit impairment provisions								
Opening balance 1 January	384	295	34	714	286	273	85	644
Movements affecting Credit impairments								
New and derecognised financial assets, net	50	5	-5	51	30	4	-23	11
Changes in risk factors (EAD, PD, LGD)	-7	15	-2	5	-17	-35	9	-43
Changes in macroeconomic scenarios	24	10	0	34	59	25	0	84
Changes to models	0	0		0				
Post-model expert credit adjustments	0	-51	0	-52	39	-75	0	-36
Individual assessments								
Stage transfers	-34	38	0	4	-7	17	4	14
from 1 to 2	-48	98		50	-13	36		23
from 1 to 3	0		1	1	0		1	1
from 2 to 1	14	-59		-45	6	-19		-13
from 2 to 3		-1	7	6		-1	5	4
from 3 to 2		0	-3	-2		1	-2	-1
from 3 to 1	0		-5	-5	0		0	0
Other								
Total movements affecting credit impairments	33	17	-8	42	104	-64	-10	30
Movements recognised outside credit impairments								
Change in exchange rates	8	3	-1	11	14	5	7	26
Closing balance 30 June	426	315	25	767	404	214	82	700

1) Including purchased or originated credit impaired

Note 14 Credit risk exposures

SEKm	30 Jun 2023	31 Dec 2022	30 Jun 2022
Assets			
Cash and balances with central banks	358 417	365 992	424 459
Interest-bearing securities	328 661	212 780	200 682
Loans to credit institutions	60 527	56 589	60 163
Loans to the public	1 857 443	1 842 811	1 839 944
Derivatives	53 702	50 504	69 561
Other financial assets	21 273	8 215	13 432
Total assets	2 680 024	2 536 891	2 608 241
Contingent liabilities and commitments			
Guarantees	45 012	45 632	56 448
Loan commitments	268 579	265 076	271 799
Total contingent liabilities and commitments	313 591	310 708	328 247
Total	2 993 616	2 847 599	2 936 487

Note 15 Intangible assets

SEKm	Indefinite useful life			Definite useful life			Total		
	Goodwill & Brand			Other intangible assets			Full year 2022	Jan-Jun 2022	Jan-Jun 2022
	Jan-Jun 2023	Full year 2022	Jan-Jun 2022	Jan-Jun 2023	Full year 2022	Jan-Jun 2022			
Opening balance	13 850	13 594	13 594	6 036	5 894	5 894	19 886	19 488	19 488
Additions				764	1 167	474	764	1 167	474
Amortisation for the period				-336	-525	-252	-336	-525	-252
Impairment for the period		-624		-11	-501		-11	-1 125	
Sales and disposals				-3	-4	-2	-3	-4	-2
Exchange rate differences	689	880	488	3	5	7	692	885	494
Closing balance	14 538	13 850	14 081	6 453	6 036	6 121	20 992	19 886	20 202

During the second quarter of 2023, an impairment of SEK 11m was made in relation to internally developed software, which will no longer be used. There were no additional indications of impairment of intangible assets.

During 2022, impairments were made relating to internally developed software of SEK 501m, of which 238 SEKm was related to PayEx and 263 SEKm was related to internally developed software. Impairment of brand name of SEK 18m was related to PayEx. Of the goodwill impairment of SEK 606m, 425 SEKm was related to PayEx and 191 SEKm referred to the Norwegian operations, which were transferred to Sparebank 1 Markets AS.

Note 16 Amounts owed to credit institutions

SEKm	30 Jun 2023	31 Dec 2022	30 Jun 2022
Central banks	21 688	12 092	44 444
Banks	90 446	54 857	99 609
Other credit institutions	6 337	5 219	6 176
Repurchase agreements	14 422	659	3 122
Total	132 893	72 826	153 351

Note 17 Deposits and borrowings from the public

SEKm	30 Jun 2023	31 Dec 2022	30 Jun 2022
Private customers	715 700	703 935	693 494
Corporate customers	581 997	594 343	590 286
Total deposits from customers	1 297 697	1 298 278	1 283 780
Cash collaterals received	5 117	4 754	9 128
Swedish National Debt Office	69	101	42
Repurchase agreements - Swedish National Debt Office	0	1	0
Repurchase agreements	383	2 815	10 172
Total borrowings	5 570	7 670	19 342
Deposits and borrowings from the public	1 303 267	1 305 948	1 303 122

Note 18 Debt securities in issue, senior non-preferred liabilities and subordinated liabilities

SEKm	30 Jun 2023	31 Dec 2022	30 Jun 2022
Commercial papers	364 025	316 114	302 957
Covered bonds	345 014	343 284	367 350
Senior unsecured bonds	127 654	122 559	127 980
Structured retail bonds	1 875	2 249	2 617
Total debt securities in issue	838 568	784 206	800 904
Senior non-preferred liabilities	86 799	57 439	47 104
Subordinated liabilities	39 855	31 331	25 461
Total	965 222	872 976	873 469

Turnover	Jan-Jun 2023	Full-year 2022	Jan-Jun 2022
Opening balance	872 976	802 353	802 353
Issued	520 547	1 008 334	540 453
Repurchased	-7 577	-35 067	-18 266
Repaid	-456 023	-927 096	-472 047
Interest, change in fair values or hedged items in fair value hedges and changes in exchange rates	35 298	24 452	20 976
Closing balance	965 222	872 976	873 469

Note 19 Derivatives

SEKm	Nominal amount			Positive fair value			Negative fair value		
	30 Jun 2023	31 Dec 2022	30 Jun 2022	30 Jun 2023	31 Dec 2022	30 Jun 2022	30 Jun 2023	31 Dec 2022	30 Jun 2022
Derivatives in hedge accounting									
One-to-one fair value hedges ¹	576 955	517 756	500 617	694	738	1 954	30 464	29 094	19 660
Portfolio fair value hedges ¹	356 900	436 005	490 078	18 300	20 289	17 952	1	23	97
Cash flow hedges ²	8 681	8 179	7 911	1 113	603	330			11
Total	942 536	961 940	998 606	20 107	21 630	20 236	30 465	29 117	19 768
Non-hedge accounting derivatives									
Gross amount	33 542 667	29 580 068	28 418 568	1 249 556	1 223 832	913 741	1 241 788	1 236 903	899 283
Offset amount				-1 215 961	-1 194 958	-864 416	-1 223 155	-1 197 341	-860 243
Total				53 702	50 504	69 561	49 098	68 679	58 807

1) Interest rate swaps

2) Cross currency basis swaps

The Group trades in derivatives in the normal course of business and for the purpose of hedging certain positions that are exposed to share price, interest rate, credit and currency risks. The carrying amounts of all derivatives refer to fair value including accrued interest.

Note 21 Financial instruments recognised at fair value

The determination of fair value, the valuation hierarchy and the valuation process for fair value measurements in Level 3 are described in the Annual and Sustainability Report 2022, note G47 Fair value of financial instruments.

The financial instruments are distributed in three levels depending on inputs to the measurement.

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

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

SEKm	30 Jun 2023				31 Dec 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Treasury bills etc.	16 962	3 157		20 119	15 630	3 112		18 742
Loans to credit institutions		3 095		3 095		15		15
Loans to the public		52 757	46	52 803		30 817	33	30 850
Bonds and other interest-bearing securities	45 240	13 387		58 627	42 138	19 160		61 298
Financial assets for which the customers bear the investment risk ¹	311 831			311 831	268 450		144	268 594
Shares and participating interests ¹	31 446	10	1 182	32 638	29 183	4	1 081	30 268
Derivatives	87	53 615		53 702	179	50 325		50 504
Total	405 565	126 022	1 228	532 814	355 580	103 433	1 258	460 271
Liabilities								
Amounts owed to credit institutions		14 422		14 422		659		659
Deposits and borrowings from the public		383		383		2 815		2 815
Debt securities in issue		2 000		2 000		2 371		2 371
Financial liabilities for which the customers bear the investment risk ¹		312 145		312 145		268 748	144	268 892
Derivatives	135	48 964		49 098	197	68 482		68 679
Short positions, securities	24 136	2 256		26 392	27 014	120		27 134
Total	24 271	380 170		404 440	27 211	343 195	144	370 550

1) Comparative figures have been restated due to the adoption of IFRS 17.

Transfers between levels are reflected as per the fair value at closing day. There were no transfers of financial instruments between valuation levels 1 and 2 during the period.

Changes in level 3

SEKm	2023						2022					
	Assets			Liabilities			Assets			Liabilities		
	Equity instruments	Loans	Fund units of which customers bear the investment risk	Total	Liabilities for which the customers bear the investment risk	Equity instruments	Loans	Fund units of which customers bear the investment risk	Total	Liabilities for which the customers bear the investment risk		
Opening balance 1 January	1 081	33	144	1 258	144	1 277	14		1 291			
Purchases	13	12		25		25	15		40			
Sale of assets/ dividends received	-11		-151	-159		-52		-5	-57			
Sale of liabilities					-151							
Repurchases	-1			-1								
Sale of liabilities												
Transferred from Level 1 to Level 3								139	139			
Transferred from Level 2 to Level 3										139		
Gains or losses, Net gains and losses on financial items of which changes in unrealised gains or losses for items held at closing day	100	1	7	105	7	100	1	-19	82	-19		
Closing balance 30 June	1 182	46		1 228		1 350	30	115	1 495	115		

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

Level 3 mainly comprises strategic unlisted shares. These include holdings in VISA Inc. C shares that are subject to selling restrictions until June 2028 and under

certain conditions may have to be returned. Liquid quotes are not available for these shares, therefore

the fair value is established with significant elements of Swedbank's own internal assumptions. The carrying amount of the holdings in Visa Inc. C amounted as per 30 June 2023 to SEK 495m (SEK 727m 30 June 2022).

In the Group's insurance operations, fund units are held in which the customers have chosen to invest their insurance savings. The holdings are reported in the balance sheet as financial assets where the customers bear the investment risk and are normally measured at fair value according to level 1, because the units are traded in an active market. The Group's obligations to insurance savers are reported as financial liabilities where the customers bear the investment risk because it is the customers who bear the entire market value

change of the assets. The liabilities are normally measured at fair value according to level 2. During the first quarter 2022, trading was closed in whole or in part in Russia and Eastern Europe targeted funds. These unit holdings and liabilities to the insurance savers have been measured at fair value according to level 3. Fully closed funds have been measured at an indicative value, alternatively SEK 0m, while funds that were open for sales have been measured at the sale value. The liabilities have been measured on the same basis.

Note 22 Assets pledged, contingent liabilities and commitments

SEKm	30 Jun 2023	31 Dec 2022	30 Jun 2022
Loans used as collateral for covered bonds ¹	382 836	382 095	448 013
Assets recorded in register on behalf of insurance policy holders	328 232	290 678	278 457
Other assets pledged for own liabilities	142 009	82 800	53 000
Other assets pledged	17 197	14 287	9 216
Assets pledged	870 274	769 860	788 686
Nominal amounts			
Guarantees	45 012	45 632	56 448
Other	72	75	114
Contingent liabilities	45 084	45 708	56 562
Nominal amounts			
Loans granted not paid	211 500	202 987	207 757
Overdraft facilities granted but not utilised	57 079	62 089	64 042
Commitments	268 579	265 076	271 799

1) The pledge is defined as the borrower's nominal debt including accrued interest and refers to the loans of the total available collateral that are used as the pledge at each point in time.

Swedbank is cooperating with authorities in the United States who are conducting investigations into Swedbank's historic AML compliance and the Group's response thereto, as well as related issues involving the Group's anti-money laundering controls and certain individuals and entities who may at some time have been customers of the Group. Investigations by the Department of Justice, the Securities and Exchange Commission and the Department of Financial Services in New York are ongoing. In June 2023, Swedbank reached an agreement to remit SEK 37m related to violation of OFAC regulations.

In March 2022, Swedbank AS in Estonia was informed by the Estonian Prosecutor's Office that Swedbank AS is suspected of money laundering during the period 2014-2016. The maximum fine for the suspected crime is EUR 16m.

The timing of the completion of the investigations is still unknown and the outcomes are still uncertain. It is therefore not possible to reliably estimate the amount of any potential settlement or fines, which could be material.

Note 23 Offsetting financial assets and liabilities

The tables below present recognised financial instruments that have been offset in the balance sheet under IAS 32 and those that are subject to legally enforceable master netting or similar agreements but do not qualify for offset. Such financial instruments relate to derivatives, repurchase and reverse repurchase agreements, securities settlements, securities borrowing and lending transactions. Collateral amounts represent financial instruments or cash collateral received or pledged for transactions that are subject to a legally

enforceable master netting or similar agreements and which allow for the netting of obligations against the counterparty in the event of a default. Collateral amounts are limited to the amount of the related instruments presented in the balance sheet; therefore any over-collateralisation is not included. Amounts that are not offset in the balance sheet are presented as a reduction to the financial assets or liabilities in order to derive net asset and net liability exposure.

SEKm	Financial assets			Financial liabilities		
	30 Jun 2023	31 Dec 2022	30 Jun 2022	30 Jun 2023	31 Dec 2022	30 Jun 2022
Financial assets and liabilities, which have been offset or are subject to netting						
Gross amount	1 407 287	1 362 130	1 074 440	1 365 235	1 354 318	1 018 926
Offset amount	-1 292 356	-1 281 853	-948 177	-1 299 550	-1 284 235	-944 005
Net amounts presented in the balance sheet	114 932	80 277	126 263	65 685	70 083	74 921
Related amounts not offset in the balance sheet						
Financial instruments, netting arrangements	22 305	28 509	30 687	22 306	28 509	30 687
Financial Instruments, collateral	58 489	29 865	51 551	20 740	9 100	17 085
Cash collateral	26 306	8 579	24 006	19 095	21 497	15 428
Total amount not offset in the balance sheet	107 100	66 953	106 244	62 142	59 106	63 200
Net amount	7 832	13 324	20 019	3 543	10 977	11 721

The amount offset for derivative assets includes offset cash collateral of SEK 18 164m (20 830) derived from the balance sheet item Amounts owed to credit institutions. The amount offset for derivative liabilities

includes offset cash collateral of SEK 22 358m (23 213), derived from the balance sheet item Loans to credit institutions.

Note 24 Capital adequacy, consolidated situation

This note contains the information made public according to the Swedish Financial Supervisory Authority Regulation FFFS 2014:12, chap. 8. Additional periodic information according to Regulation (EU) No 575/2013 of the European Parliament and of the Council on Supervisory Requirements for Credit Institutions and Implementing Regulation (EU) No 1423/2013 of the European Commission can be found on Swedbank's

website: <https://www.swedbank.com/investor-relations/reports-and-presentations/risk-reports>.

In the consolidated situation, the Group's insurance companies are consolidated according to the equity method instead of full consolidation. The EnterCard Group is consolidated by the proportional method instead of the equity method. Otherwise, the same principles for consolidations are applied as for the Group.

	30 Jun 2023	31 Mar 2023	31 Dec 2022	30 Sep 2022	30 Jun 2022
Consolidated situation, SEKm					
Available own funds					
Common Equity Tier 1 (CET1) capital	152 511	147 702	144 107	139 624	135 943
Tier 1 capital	167 442	162 241	153 320	149 435	145 312
Total capital	193 791	185 944	176 331	174 137	161 879
Risk-weighted exposure amounts					
Total risk exposure amount	819 021	806 178	809 438	753 060	743 767
Capital ratios as a percentage of risk-weighted exposure amount					
Common Equity Tier 1 ratio	18.6	18.3	17.8	18.5	18.3
Tier 1 ratio	20.4	20.1	18.9	19.8	19.5
Total capital ratio	23.7	23.1	21.8	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	2.3	2.3	2.3	2.3	1.7
of which: to be made up of CET1 capital	1.5	1.5	1.5	1.5	1.2
of which: to be made up of Tier 1 capital	1.8	1.8	1.8	1.8	1.3
Total SREP own funds requirements	10.3	10.3	10.3	10.3	9.7
Combined buffer and overall capital 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	1.6	0.9	0.9	0.8	0.1
Systemic risk buffer	3.1	3.0	3.0	3.0	3.0
Other Systemically Important Institution buffer	1.0	1.0	1.0	1.0	1.0
Combined buffer requirement	8.2	7.4	7.4	7.3	6.6
Overall capital requirements	18.4	17.7	17.7	17.6	16.3
CET1 available after meeting the total SREP own funds requirements	12.6	12.3	11.2	12.1	12.0
Leverage ratio					
Total exposure measure	2 892 936	2 921 562	2 735 019	2 844 556	2 796 534
Leverage ratio, %	5.8	5.6	5.6	5.3	5.2
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					
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, average weighted value	717 976	715 174	716 743	725 870	753 524
Cash outflows, total weighted value	582 461	579 756	578 133	570 543	572 353
Cash inflows, total weighted value	106 198	91 457	80 684	69 997	61 307
Total net cash outflows, adjusted value	476 264	488 298	497 449	500 545	511 046
Liquidity coverage ratio, %	151.7	147.4	145.4	146.4	148.7
Net stable funding ratio					
Total available stable funding	1 741 688	1 709 056	1 663 231	1 664 570	1 668 633
Total required stable funding	1 415 740	1 418 583	1 404 092	1 420 778	1 402 804
Net stable funding ratio, %	123.0	120.5	118.5	117.2	119.0

Common Equity Tier 1 capital Consolidated situation, SEKm	30 Jun 2023	31 Dec 2022	30 Jun 2022
Shareholders' equity according to the Group's balance sheet	184 627	176 064	161 552
Anticipated dividend	-8 342	-10 967	-4 664
Value changes in own financial liabilities	-294	-339	-328
Cash flow hedges	-17	-13	-11
Additional value adjustments	-605	-576	-1 340
Goodwill	-14 551	-13 863	-14 077
Deferred tax assets	-38	-106	-80
Intangible assets	-4 669	-4 005	-4 274
Insufficient coverage for non-performing exposures	-12	-11	-3
Deductions of CET1 capital due to Article 3 CRR	-134	-106	-116
Shares deducted from CET1 capital	-41	-40	-29
Pension fund assets	-3 412	-1 930	-687
Total	152 511	144 107	135 943

Risk exposure amount Consolidated situation, SEKm	30 Jun 2023	31 Dec 2022	30 Jun 2022
Risk exposure amount credit risks, standardised approach	55 743	54 992	52 290
Risk exposure amount credit risks, IRB	351 224	336 516	311 378
Risk exposure amount default fund contribution	149	149	294
Risk exposure amount market risks	17 122	21 461	23 596
Risk exposure amount credit value adjustment	1 981	3 809	4 011
Risk exposure amount operational risks	79 995	79 995	75 618
Additional risk exposure amount, Article 3 CRR	73 086	71 411	32 479
Additional risk exposure amount, Article 458 CRR	239 720	241 106	244 101
Total	819 021	809 438	743 767

	SEKm			%		
Capital requirements¹ Consolidated situation, SEKm / %	30 Jun 2023	31 Dec 2022	30 Jun 2022	30 Jun 2023	31 Dec 2022	30 Jun 2022
Capital requirement Pillar 1	132 353	124 756	108 279	16.2	15.4	14.6
of which Buffer requirements ²	66 831	60 001	48 778	8.2	7.4	6.6
Capital requirement Pillar 2 ³	18 592	18 374	12 644	2.3	2.3	1.7
Pillar 2 guidance ⁴	8 190	8 094	11 157	1.0	1.0	1.5
Total capital requirement including Pillar 2 guidance	159 135	151 225	132 080	19.4	18.7	17.8
Own funds	193 791	176 331	161 879			

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

2) Buffer requirements includes systemic risk buffer, capital conservation buffer, countercyclical capital buffer and buffer for other systemically important institutions.

3) Individual Pillar 2 requirement according to decision from SFSA SREP 2022.

4) From Q3 2021 Swedbank consolidated situation is subject to Pillar 2 guidance.

	SEKm			%		
Leverage ratio requirements¹ Consolidated situation, SEKm / %	30 Jun 2023	31 Dec 2022	30 Jun 2022	30 Jun 2023	31 Dec 2022	30 Jun 2022
Leverage ratio requirement Pillar 1	86 788	82 051	83 896	3.0	3.0	3.0
Leverage ratio Pillar 2 guidance	13 018	12 308	12 584	0.5	0.5	0.5
Total capital requirement including Pillar 2 guidance	99 806	94 358	96 480	3.5	3.5	3.5

1) Swedbank's calculation based on the SFSA's announced leverage ratio requirements, including Pillar 2 requirements and Pillar 2 guidance.

Note 25 Internal capital requirement

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

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

As a complement to the economic capital calculation, scenario-based simulations and stress tests are conducted at least once a year. The analyses provide an overview of the most important risks Swedbank is exposed to by quantifying their impact on the income statement and balance sheet

as well as the own funds and risk-weighted assets. The purpose is to ensure efficient use of capital. This methodology serves as a basis of proactive risk and capital management.

As of 30 June 2023, the internal capital assessment for Swedbank's consolidated situation amounted to SEK 42.8bn (SEK 41.5bn as of 31 December 2022). The capital to meet the internal capital assessment, i.e. the Total capital, amounted to SEK 193.8bn (SEK 176.3bn as of 31 December 2022) (see Note 24). Swedbank's internal capital assessment using its own models is not comparable with the estimated capital requirement that the SFSA releases quarterly and does not consider the SFSA risk-weight floor for Swedish mortgages.

The internally estimated capital requirement for the parent company amounted to SEK 31.2bn (SEK 28.8bn as of 31 December 2022) and the total capital amounted to SEK 146.3bn (SEK 134.6bn as of 31 December 2022) (see the parent company's note on capital adequacy).

In addition to what is stated in this interim report, risk management and capital adequacy according to the Basel 3 framework are described in more detail in Swedbank's Annual and Sustainability Report 2022 as well as in Swedbank's yearly Risk Management and Capital Adequacy Report, available on www.swedbank.se.

Note 26 Risks and uncertainties

Swedbank's earnings are affected by changes in the global marketplace over which it has no control, including macroeconomic factors such as GDP, asset prices and unemployment as well as changes in interest rates, equity prices and exchange rates.

Geopolitical situation

Europe has faced several geopolitical risks during the quarter, including the ongoing Russian invasion of Ukraine, climate-related events, unpredictable and increasingly protectionist trade policies, and the aftermath of the pandemic-related economic distortions. Many of these risks are related to the emergence of a new geopolitical reality due to the war in Ukraine and increased competition between the USA and China, which has fuelled fragmentation and the rise of geopolitical blocs.

Inflation has begun to decrease but remains at a high level

During the quarter, the high prices of grains and energy began to decline while some of the supply side issues underlying inflation stabilised leading to a subdued inflationary pressure. However, inflation remains high in both Sweden and the Baltic countries, and additionally, the depreciation of the Swedish krona has continued, contributing to the persistence of high inflation in Sweden.

Growth is slowing down in many economies while others show resilience

Despite high inflation and rising interest rates, the Swedish economy is holding up relatively well against both interest rate hikes and inflation. Swedish GDP increased in the first quarter of this year, while employment continued to rise. In the Baltic countries, Latvia resisted the economic downturn and grew, while Estonia and Lithuania entered a recession. However, the high inflation and rising interest rates are expected to dampen consumption and lead to a global economic slowdown, which is expected to also affect Sweden and Latvia in the coming quarters.

The value of the Swedish krona continues to fall

Monetary policy cannot explain the extent of the depreciation, nor the long period of depreciation. If the krona continues to depreciate, it may result in longer-term inflation, which may force the Riksbank to raise the interest rate further. However, the depreciation is a challenge for the Riksbank because an overly aggressive monetary policy can hamper economic growth, which in turn has a depreciating and inflationary effect on the currency's value.

Challenges and risk in digitalisation

IT and information security risk management continues to be a priority as the threat to the financial sector remains high, mainly as a result of geopolitical developments. Swedbank continues to monitor the

situation and the group's capacity to manage these risks is good.

Organised crime continues to contribute to an increased risk of fraud. Swedbank continued the work to improve detection of fraud attempts and increase fraud risk awareness among our customers.

Anti-money laundering and Counter terrorist financing and other compliance risks

For risks related to the ongoing investigations of authorities in US and Estonia related to historic anti-money laundering compliance and response related to anti-money laundering controls, please refer to Note 22 Assets pledged, contingent liabilities and commitments.

Tax

The tax area is complex and there can be a scope for different interpretations. Practices and interpretations of applicable laws can be changed, sometimes retroactively. In the event that the tax authorities and, where appropriate, the tax courts decide on a different interpretation than what Swedbank initially made, it could impact the Group's operations, results and financial position.

In addition to what is stated in this interim report, detailed descriptions are provided in Swedbank's 2022 Annual and sustainability report and in the disclosures in the Risk Management and Capital Adequacy reports available at www.swedbank.com.

Change in value if the market interest rate rises by one percentage point

Impact in SEKm on the net value of assets and liabilities, including derivatives, when market interest rates are increased by one percentage point.

	< 5 yrs	5-10 yrs	> 10 yrs	Total
30 June 2023				
SEK	-1 643	-359	238	-1 764
Foreign currencies	426	460	-149	737
Total	-1 217	101	89	-1 027
31 December 2022				
SEK	-1 423	-251	-7	-1 681
Foreign currencies	747	-69	17	695
Total	-676	-320	10	-986

Impact in SEKm on the net value of assets and liabilities measured at fair value through profit or loss, when market interest rates are increased by one percentage point.

	< 5 yrs	5-10 yrs	> 10 yrs	Total
30 June 2023				
SEK	607	-335	297	569
Foreign currencies	-1 229	758	-158	-629
Total	-622	423	139	-60
31 December 2022				
SEK	701	-249	-7	445
Foreign currencies	-554	-34	29	-559
Total	147	-283	22	-114

Note 27 Related-party transactions

During the period normal business transactions were executed between companies in the Group, including other related companies such as associates and joint ventures. The five partly owned savings banks are important associates.

Note 28 Swedbank's share

	30 Jun 2023	31 Dec 2022	30 Jun 2022
Number of outstanding ordinary shares			
Issued shares			
SWED A	1 132 005 722	1 132 005 722	1 132 005 722
Repurchased shares			
SWED A	-7 209 322	-8 934 918	-8 934 918
Number of outstanding ordinary shares on the closing day	1 124 796 400	1 123 070 804	1 123 070 804
SWED A			
Last price, SEK	181.85	177.30	129.30
Market capitalisation, SEKm	204 544	199 120	145 213

During 2023, within Swedbank's share-based compensation programme, Swedbank AB transferred 1 725 596 shares at no cost to employees.

	Q2 2023	Q1 2023	Q2' 2022	Jan-Jun 2023	Jan-Jun ¹ 2022
Earnings per share					
Average number of shares					
Average number of shares before dilution	1 124 725 789	1 123 704 913	1 123 000 342	1 124 218 171	1 122 593 331
Weighted average number of shares for potential ordinary shares that incur a dilutive effect due to share-based compensation programme	2 438 823	2 729 989	2 523 126	2 761 392	2 890 598
Average number of shares after dilution	1 127 164 612	1 126 434 902	1 125 523 468	1 126 979 563	1 125 483 929
Profit, SEKm					
Profit for the period attributable to shareholders of Swedbank	9 122	7 561	4 505	16 683	8 989
Earnings for the purpose of calculating earnings per share	9 122	7 561	4 505	16 683	8 989
Earnings per share, SEK					
Earnings per share before dilution	8.11	6.73	4.01	14.84	8.01
Earnings per share after dilution	8.09	6.71	4.00	14.80	7.99

1) Comparative figures have been restated due to the adoption of IFRS 17.

Note 29 Effects of changes in accounting policies regarding IFRS 17

Income statement, condensed	Q2 2022			Jan-Jun 2022		
	Group SEKm	Previous reporting	Change	New reporting	Previous reporting	Change
Interest income on financial assets at amortised cost	8 424		8 423	15 924		15 923
Other interest income	65	-2	64	181	-5	177
Interest income	8 489	-2	8 487	16 105	-5	16 100
Interest expense	-1 376		-1 376	-2 230		-2 230
Net interest income (note 5)	7 113	-2	7 111	13 875	-5	13 871
Commission income	5 603	-45	5 558	11 097	-92	11 005
Commission expense	-2 052	11	-2 041	-3 965	28	-3 937
Net commission income (note 6)	3 551	-35	3 516	7 132	-64	7 068
Net gains and losses on financial items (note 7)	57	17	74	179	34	213
Insurance result		1 591	1 591		3 062	3 062
Return on assets backing insurance liabilities		-1 576	-1 576		-2 884	-2 884
Net insurance (note 8)	391	-377	14	850	-672	178
Share of profit or loss of associates and joint ventures	118		118	283		283
Other income	382		382	748		748
Total income	11 612	-397	11 215	23 067	-707	22 360
Staff costs	3 263	-106	3 157	6 481	-207	6 274
Other general administrative expenses (note 9)	1 561	-49	1 512	3 018	-98	2 920
Depreciation/amortisation of tangible and intangible assets	424		424	836		836
Total expenses	5 248	-156	5 092	10 335	-305	10 030
Profit before impairments, bank taxes and resolution fees	6 364	-240	6 124	12 732	-402	12 330
Credit impairment (note 10)	40		40	198		198
Bank taxes and resolution fees (note 11)	470		470	926		926
Profit before tax	5 854	-240	5 614	11 608	-402	11 206
Tax expense	1 144	-35	1 109	2 281	-64	2 217
Profit for the period	4 710	-205	4 505	9 327	-338	8 989
Profit for the period attributable to: Shareholders of Swedbank AB	4 710	-205	4 505	9 327	-338	8 989
C/I ratio	0.45	0.00	0.45	0.45	0.00	0.45
Earnings per share, SEK	4.19	-0.18	4.01	8.31	-0.30	8.01
Earnings per share after dilution, SEK	4.18	-0.18	4.00	8.29	-0.30	7.99

The definition in IFRS 17 of cash flows within insurance contract boundaries includes not only premiums, claims, claim- and policy administration costs but also other overhead costs, both fixed and variable, which relate to the fulfilment of the insurance contract. This new definition means that for the second quarter 2022, administrative expenses in the income statement of SEK 156m was reclassified to the Net insurance line. Net insurance, restated for the second quarter 2022 and including the remeasurement impact, was SEK 377m lower than previously reported.

Due to the fact that IFRS 17 does not allow the unbundling of investment contracts and insurance contracts that was done according to IFRS 4, further minor reclassifications have been made between the income statement lines Net commission income, Net gains and losses on financial items and Net insurance.

Balance sheet, condensed

Group SEKm	31 Dec 2022			30 Jun 2022		
	Previous reporting	Change	New reporting	Previous reporting	Change	New reporting
Assets						
Cash and balances with central banks	365 992		365 992	424 459		424 459
Treasury bills and other bills eligible for refinancing with central banks, etc.	151 483		151 483	121 871		121 871
Loans to credit institutions	56 589		56 589	60 163		60 163
Loans to the public	1 842 811		1 842 811	1 839 944		1 839 944
Value change of interest hedged items in portfolio hedges of interest rate risk	-20 369		-20 369	-18 610		-18 610
Bonds and other interest-bearing securities	61 298		61 298	78 811		78 811
Financial assets for which customers bear the investment risk	290 678	-22 084	268 594	278 457	-21 566	256 891
Shares and participating interests	8 184	22 084	30 268	5 799	21 566	27 365
Investments in associates and joint ventures	7 830		7 830	7 204		7 204
Derivatives (note 19)	50 504		50 504	69 561		69 561
Intangible assets (note 15)	19 886		19 886	20 202		20 202
Tangible assets	5 449		5 449	5 230		5 230
Current tax assets	1 449		1 449	1 784		1 784
Deferred tax assets	159		159	138		138
Pension assets	2 431		2 431	880		880
Other assets	8 474	-230	8 244	13 660	-200	13 460
Prepaid expenses and accrued income	2 028		2 028	2 452		2 452
Total assets	2 854 876	-230	2 854 646	2 912 005	-200	2 911 805
Liabilities and equity						
Amounts owed to credit institutions (note 16)	72 826		72 826	153 351		153 351
Deposits and borrowings from the public (note 17)	1 305 948		1 305 948	1 303 122		1 303 122
Financial liabilities for which customers bear the investment risk	291 993	-23 101	268 892	279 753	-22 546	257 207
Debt securities in issue (note 18)	784 206		784 206	800 904		800 904
Short positions, securities	27 134		27 134	37 090		37 090
Derivatives (note 19)	68 679		68 679	58 807		58 807
Current tax liabilities	1 811		1 811	654		655
Deferred tax liabilities	3 599	16	3 615	4 258	35	4 293
Pension provisions	168		168			
Insurance provisions	2 041	22 834	24 875	2 001	22 097	24 098
Other liabilities and provisions	26 944	40	26 984	32 837	54	32 891
Accrued expenses and prepaid income	4 664	-7	4 657	5 085	-3	5 082
Senior non-preferred liabilities (note 18)	57 439		57 439	47 104		47 104
Subordinated liabilities (note 18)	31 331		31 331	25 461		25 461
Total liabilities	2 678 783	-217	2 678 566	2 750 427	-361	2 750 066
Equity						
Non-controlling interests	29		29	26		26
Equity attributable to shareholders of the parent company	176 064	-12	176 052	161 552	161	161 713
Total equity	176 092	-12	176 080	161 578	161	161 739
Total liabilities and equity	2 854 876	-230	2 854 646	2 912 005	-200	2 911 805

IFRS 17 does not allow the unbundling of traditional life insurance that was previously done in accordance with IFRS 4 between investment contracts, reported according to IFRS 9 Financial instruments, and insurance contracts. Instead, traditional life insurance in its entirety is reported as an insurance provision. Consequently, as of 31 December 2022, SEK 23 101m was reclassified in the balance sheet from Liabilities for which the customers bear the investment risk to Insurance provisions. Related assets to traditional life insurance, amounting to SEK 22 084m as of

31 December 2022, was reclassified in the balance sheet from Financial assets for which the customers bear the investment risk to Shares and participating interests.

As of 31 December 2022 the recognised insurance provision according to IFRS 17 amounted to SEK 24 875m, of which SEK 22 790m has been measured according to the general model with direct participation features.

Balance sheet, condensed

1 January
2022

Group SEKm	Previous reporting	Changed presentation	Remeasuremen t	New reporting
Assets				
Cash and balances with central banks	360 153			360 153
Treasury bills and other bills eligible for refinancing with central banks, etc.	163 590			163 590
Loans to credit institutions	39 504			39 504
Loans to the public	1 703 206			1 703 206
Value change of interest hedged items in portfolio hedges of interest rate risk	-1 753			-1 753
Bonds and other interest-bearing securities	58 093			58 093
Financial assets for which customers bear the investment risk	328 512	-24 635		303 877
Shares and participating interests	13 416	24 635		38 051
Investments in associates and joint ventures	7 705			7 705
Derivatives (note 19)	40 531			40 531
Intangible assets (note 15)	19 488			19 488
Tangible assets	5 523			5 523
Current tax assets	1 372			1 372
Deferred tax assets	113			113
Other assets	9 192	-138	-42	9 012
Prepaid expenses and accrued income	1 970			1 970
Total assets	2 750 617	-138	-42	2 750 437
Liabilities and equity				
Amounts owed to credit institutions (note 16)	92 812			92 812
Deposits and borrowings from the public (note 17)	1 265 783			1 265 783
Financial liabilities for which customers bear the investment risk	329 667	-25 486		304 181
Debt securities in issue (note 18)	735 917			735 917
Short positions, securities	28 613			28 613
Derivatives (note 19)	28 106			28 106
Current tax liabilities	672			672
Deferred tax liabilities	3 398		96	3 494
Pension provisions	1 801			1 801
Insurance provisions	1 970	25 309	-622	26 657
of which general model without direct participation features		212		212
of which general model with direct participation features		25 222		25 222
of which premium allocation approach		1 223		1 223
Other liabilities and provisions	28 934	44		28 978
Accrued expenses and prepaid income	4 813	-6		4 807
Senior non-preferred liabilities (note 18)	37 832			37 832
Subordinated liabilities (note 18)	28 604			28 604
Total liabilities	2 588 921	-138	-526	2 588 257
Equity				
Non-controlling interests	26			26
Equity attributable to shareholders of the parent company	161 670		484	162 155
Total equity	161 696		484	162 181
Total liabilities and equity	2 750 617	-138	-42	2 750 437

Financial statements - Swedbank AB

Income statement, condensed

Parent company SEKm	Q2 2023	Q1 2023	Q2 2022	Jan-Jun 2023	Jan-Jun 2022
Interest income on financial assets at amortised cost	18 672	15 684	3 680	34 356	6 329
Other interest income	2 823	2 452	1 738	5 275	3 197
Interest income	21 495	18 136	5 418	39 631	9 526
Interest expense	-14 093	-11 311	-856	-25 404	-1 107
Net interest income	7 402	6 825	4 562	14 227	8 419
Dividends received	1 370	6 262	3 888	7 632	9 657
Commission income	2 321	2 201	2 168	4 523	4 293
Commission expense	-586	-502	-595	-1 088	-1 150
Net commission income	1 736	1 699	1 573	3 434	3 143
Net gains and losses on financial items	528	342	-635	870	-1 561
Other income	965	923	764	1 888	1 452
Total income	12 001	16 051	10 152	28 051	21 110
Staff costs	2 885	2 883	2 585	5 768	5 131
Other expenses	1 709	1 557	1 469	3 266	2 783
Depreciation/amortisation and impairment of tangible and intangible fixed assets	1 379	1 265	1 257	2 644	2 505
Administrative fines ¹	-40	890		850	
Total expenses	5 933	6 596	5 311	12 529	10 419
Profit before impairments, Swedish bank tax and resolution fees	6 068	9 455	4 841	15 523	10 691
Credit impairments, net	123	547	12	670	119
Impairment of financial assets ²	125			125	
Swedish bank tax and resolution fees	339	337	280	676	559
Operating profit	5 481	8 571	4 549	14 052	10 013
Tax expense	1 243	1 101	779	2 343	1 373
Profit for the period	4 238	7 471	3 770	11 709	8 640

1) During the first quarter a provision was made related to the Office of Foreign Assets Control (OFAC) of SEK 40m. During the second quarter an agreement was reached with OFAC. The provision was reversed and has been recognised in Swedbank AS in Latvia.

2) Impairment of financial assets refers to impairment of Invidem AB.

Statement of comprehensive income, condensed

Parent company SEKm	Q2 2023	Q1 2023	Q2 2022	Jan-Jun 2023	Jan-Jun 2022
Profit for the period reported via income statement	4 238	7 471	3 770	11 709	8 640
Total comprehensive income for the period	4 238	7 471	3 770	11 709	8 640

Balance sheet, condensed

Parent company SEKm	30 Jun 2023	31 Dec 2022	30 Jun 2022
Assets			
Cash and balances with central banks	234 262	215 314	284 095
Loans to credit institutions	809 882	830 322	790 281
Loans to the public	470 075	470 187	496 137
Interest-bearing securities	325 547	204 942	193 094
Shares and participating interests	70 847	70 434	69 495
Derivatives	72 216	67 764	81 946
Other assets	41 678	39 794	37 962
Total assets	2 024 506	1 898 757	1 953 010
Liabilities and equity			
Amounts owed to credit institutions	218 979	162 348	211 837
Deposits and borrowings from the public	928 412	943 777	976 383
Debt securities in issue	486 051	435 782	429 975
Derivatives	86 510	100 346	87 044
Other liabilities and provisions	60 136	50 865	65 066
Senior non-preferred liabilities	86 799	57 439	47 104
Subordinated liabilities	39 855	31 331	25 461
Untaxed reserves	5 367	5 367	10 630
Equity	112 396	111 502	99 510
Total liabilities and equity	2 024 506	1 898 757	1 953 010
Pledged collateral	141 994	82 473	52 756
Other assets pledged	17 197	14 287	9 216
Contingent liabilities	92 978	132 608	146 588
Commitments	252 600	253 613	257 529

Statement of changes in equity, condensed

Parent company SEKm

	Restricted equity		Non-restricted equity		Total
	Share capital	Statutory reserve	Share premium reserve	Retained earnings	
January-June 2023					
Opening balance 1 January 2023	24 904	5 968	13 206	67 424	111 502
Dividend				-10 964	-10 964
Share based payments to employees				142	142
Deferred tax related to share based payments to employees				-6	-6
Current tax related to share based payments to employees				13	13
Total comprehensive income for the period				11 709	11 709
Closing balance 30 June 2023	24 904	5 968	13 206	68 318	112 396
January-December 2022					
Opening balance 1 January 2022	24 904	5 968	13 206	59 343	103 421
Dividend				-12 632	-12 632
Share based payments to employees				174	174
Deferred tax related to share based payments to employees				4	4
Current tax related to share based payments to employees				-1	-1
Total comprehensive income for the period				20 536	20 536
Closing balance 31 December 2022	24 904	5 968	13 206	67 424	111 502
January-June 2022					
Opening balance 1 January 2022	24 904	5 968	13 206	59 343	103 421
Dividend				-12 632	-12 632
Share based payments to employees				87	87
Deferred tax related to share based payments to employees				-9	-9
Current tax related to share based payments to employees				3	3
Total comprehensive income for the period				8 640	8 640
Closing balance 30 June 2022	24 904	5 968	13 206	55 432	99 510

Cash flow statement, condensed

Parent company SEKm	Jan-Jun 2023	Full-year 2022	Jan-Jun 2022
Cash flow from operating activities	-17 520	-2 081	79 821
Cash flow from investing activities	13 589	12 223	16 009
Cash flow from financing activities	22 879	10 819	-6 088
Cash flow for the period	18 948	20 961	89 742
Cash and cash equivalents at beginning of period	215 314	194 353	194 353
Cash flow for the period	18 948	20 961	89 742
Cash and cash equivalents at end of period	234 262	215 314	284 095

Capital adequacy

Parent company, SEKm	30 Jun 2023	31 Mar 2023	31 Dec 2022	30 Sep 2022	30 Jun 2022
Available own funds					
Common equity tier 1 (CET1) capital	106 100	106 324	102 528	100 941	100 550
Tier 1 capital	121 031	120 863	111 742	110 753	109 919
Total capital	146 348	143 484	134 563	135 353	126 835
Risk-weighted exposure amounts					
Total risk exposure amount	393 039	381 565	394 817	395 783	397 501
Capital ratios as a percentage of risk-weighted exposure amount					
Common equity tier 1 ratio	27.0	27.9	26.0	25.5	25.3
Tier 1 ratio	30.8	31.7	28.3	28.0	27.7
Total capital ratio	37.2	37.6	34.1	34.2	31.9
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	2.1	2.1	2.1	2.1	1.5
of which: to be made up of CET1 capital	1.4	1.4	1.4	1.4	1.1
of which: to be made up of Tier 1 capital	1.6	1.6	1.6	1.6	1.2
Total SREP own funds requirements	10.1	10.1	10.1	10.1	9.5
Combined buffer and overall capital 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	1.6	0.9	0.9	0.8	0.1
Systemic risk buffer	0.0	0.0	0.0	0.0	0.0
Global Systemically Important Institution buffer					
Other Systemically Important Institution buffer					
Combined buffer requirement	4.1	3.4	3.4	3.3	2.6
Overall capital requirements	14.2	13.5	13.5	13.4	12.1
CET1 available after meeting the total SREP own funds requirements	21.1	21.9	20.0	19.6	19.7
Leverage ratio					
Total exposure measure	1 529 710	1 521 947	1 340 798	1 463 298	1 440 224
Leverage ratio, %	7.9	7.9	8.3	7.6	7.6
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					
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, average weighted value	581 236	560 888	560 040	564 761	593 255
Cash outflows, total weighted value	591 762	597 651	607 726	596 307	607 638
Cash inflows, total weighted value	101 490	90 039	81 543	70 901	62 341
Total net cash outflows, adjusted value	490 272	507 612	526 182	525 406	545 298
Liquidity coverage ratio, %	119.0	111.1	106.7	107.8	108.8
Net stable funding ratio					
Total available stable funding	1 039 516	1 032 023	1 014 113	1 015 807	996 739
Total required stable funding	589 546	601 344	593 123	598 193	590 330
Net stable funding ratio, %	176.3	171.6	171.0	169.9	168.9

Risk exposure amount	30 Jun	31 Dec	30 Jun
Parent company, SEKm	2023	2022	2022
Risk exposure amount credit risks, standardised approach	115 135	103 867	102 474
Risk exposure amount credit risks, IRB	182 355	180 802	183 884
Risk exposure amount default fund contribution	149	149	294
Risk exposure amount market risks	17 063	21 352	23 912
Risk exposure amount credit value adjustment	1 977	3 801	4 002
Risk exposure amount operational risks	42 408	42 408	40 218
Additional risk exposure amount, Article 3 CRR	25 558	33 658	31 858
Additional risk exposure amount, Article 458 CRR	8 394	8 782	10 859
Total	393 039	394 817	397 501

	SEKm			%		
Capital requirements¹	30 Jun	31 Dec	30 Jun	30 Jun	31 Dec	30 Jun
Parent company, SEKm / %	2023	2022	2022	2023	2022	2022
Capital requirement Pillar 1	47 554	44 870	42 189	12.1	11.4	10.6
of which Buffer requirements ²	16 111	13 285	10 389	4.1	3.4	2.6
Capital requirement Pillar 2 ³	8 254	8 291	5 963	2.1	2.1	1.5
Total capital requirement including Pillar 2 guidance	55 808	53 161	48 152	14.2	13.5	12.1
Own funds	146 348	134 563	126 835			

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

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

3) Individual Pillar 2 requirement according to decision from SFSA SREP 2022.

	SEKm			%		
Leverage ratio requirements¹	30 Jun	31 Dec	30 Jun	30 Jun	31 Dec	30 Jun
Parent company, SEKm / %	2023	2022	2022	2023	2022	2022
Leverage ratio requirement Pillar 1	45 891	40 224	43 207	3.0	3.0	3.0
Total leverage ratio requirement including Pillar 2 guidance	45 891	40 224	43 207	3.0	3.0	3.0

1) Swedbank's calculation based on the SFSA's announced leverage ratio requirements, including Pillar 2 requirements and Pillar 2 guidance.

Alternative performance measures

Swedbank prepares its financial statements in accordance with IFRS as adopted by the EU, as set out in Note 1. The interim report includes a number of alternative performance measures, which exclude certain items that management believes are not representative of the underlying/ongoing performance of the business. Therefore the alternative performance measures provide more comparative information between periods. Management believes that inclusion of these measures provides information to the readers that enable comparability between periods.

Measure and definition	Purpose
Net investment margin before trading interest is deducted Calculated as Net interest income before trading-related interest is deducted, in relation to average total assets. The average is calculated using month-end figures ¹ including the prior year end. The nearest IFRS measure is Net interest income and can be reconciled in Note 5.	Considers all interest income and interest expense, independent of how it has been presented in the income statement.
Allocated equity Allocated equity is the operating segment's equity measure and is not directly required by IFRS. The Group's equity attributable to shareholders is allocated to each operating segment based on capital adequacy rules and estimated capital requirements based on the bank's internal Capital Adequacy Assessment Process (ICAAP). The allocated equity amounts per operating segment are reconciled to the Group Total equity, the nearest IFRS measure, in Note 4.	Used by Group Management for internal governance and operating segment performance management purposes.
Return on allocated equity Calculated based on profit for the period (annualised) attributable to the shareholders for the operating segment, in relation to average allocated equity for the operating segment. The average is calculated using month-end figures ¹ including the prior year end. The allocated equity amounts per operating segment are reconciled to the Group Total equity, the nearest IFRS measure, in Note 4.	Used by Group Management for internal governance and operating segment performance management purposes.
Income statement excluding expenses for the administrative fines Amount related to expenses is presented excluding expenses for administrative fines. The amounts are reconciled to the relevant IFRS income statement lines on page 5.	Provides comparability of figures between reporting periods.
Return on equity excluding expenses for administrative fines Calculated based on profit for the period (annualised) attributable to the shareholders excluding expenses for the administrative fines, in relation to average equity attributable to shareholders' of the parent company. The average is calculated using month-end figures ¹ including the prior year end. Profit for the period attributable to shareholders excluding expenses for administrative fines are reconciled to Profit for the period allocated to shareholders, the nearest IFRS measure, on page 5.	Provides comparability of figures between reporting periods.
Cost/Income ratio excluding expenses for administrative fines Total expenses excluding expenses related to administrative fines in relation to total income. Total expenses excluding expense for administrative fines is reconciled to Total expenses, the nearest IFRS measure, on page 5.	Provides comparability of figures between reporting periods.

Other alternative performance measures

These measures are defined in the Fact book on page 74 and are calculated from the financial statements without adjustment.

- Share of Stage 1 loans, gross
- Share of Stage 2 loans, gross
- Share of Stage 3 loans, gross
- Equity per share
- Cost/Income ratio
- Credit Impairment ratio
- Loans to customers/Deposits from customers ratio
- Credit impairment provision ratio Stage 1 loans
- Credit impairment provision ratio Stage 2 loans
- Credit impairment provision ratio Stage 3 loans
- Return on equity¹
- Total credit impairment provision ratio

Used by Group Management for internal governance and operating segment performance management purposes.

¹) The month-end figures used in the calculation of the average can be found on page 68 of the Fact book.

Signatures of the Board of Directors and the President

The Board of Directors and the President hereby certify that the Interim report for January-June 2023 provides a fair and accurate overview of the operations, position and results of the parent company and the Group and describes the significant risks and uncertainties faced by the parent company and the companies in the Group.

Stockholm, 17 July 2023

Göran Persson
Chair

Göran Bengtsson
Board Member

Annika Creutzer
Board Member

Hans Eckerström
Board Member

Kerstin Hermansson
Board Member

Helena Liljedahl
Board Member

Bengt Erik Lindgren
Board Member

Anna Mossberg
Board Member

Per Olof Nyman
Board member

Biljana Pehrsson
Board Member

Biörn Riese
Board Member

Roger Ljung
Board Member
Employee Representative

Åke Skoglund
Board Member
Employee Representative

Jens Henriksson
President and CEO

Review report

Introduction

We have reviewed the condensed interim financial information (interim report) of Swedbank AB (publ) as of 30 June 2023 and the six-month period then ended. The Board of Directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Annual Accounts Act for credit institutions and securities companies. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

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

Conclusion

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

Stockholm, 18 July 2023

PricewaterhouseCoopers AB

Anneli Granqvist
Authorised Public Accountant
Auditor in charge

Martin By
Authorised Public Accountant

Publication of financial information

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

Financial calendar 2023

Interim report for the third quarter 2023

26 October 2023

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

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