

# Q4 2021

Year-end report 2021, 2 February 2022

Swedbank 

## Interim report for the fourth quarter 2021

Fourth quarter 2021 compared with third quarter 2021

- Stable income and expenses according to plan
- Net commission income reaches new record level
- Continued high mortgage growth and increased fund savings
- Low credit impairments and continued good credit quality
- Proposed dividend of SEK 11.25 per share including a special dividend of SEK 2 per share

“Swedbank stands strong in an uncertain time”

Jens Henriksson,  
President and CEO

Financial information SEKm	Q4 2021	Q3 2021	%	Full-year 2021	Full-year 2020	%
<b>Total income</b>	<b>11 749</b>	<b>11 869</b>	<b>-1</b>	<b>46 890</b>	<b>45 676</b>	<b>3</b>
Net interest income	6 554	6 590	-1	26 257	26 853	-2
Net commission income	4 020	3 799	6	14 853	12 770	16
Net gains and losses on financial items	265	553	-52	2 048	2 655	-23
Other income <sup>1</sup>	910	927	-2	3 732	3 398	10
<b>Total expenses</b>	<b>5 842</b>	<b>5 042</b>	<b>16</b>	<b>20 847</b>	<b>24 560</b>	<b>-15</b>
of which administrative fine					4 000	
Profit before impairment	5 907	6 827	-13	26 043	21 116	23
Impairment of intangible and tangible assets				56	2	
Credit impairment	-67	18		170	4 334	-96
<b>Profit before tax</b>	<b>5 974</b>	<b>6 809</b>	<b>-12</b>	<b>25 817</b>	<b>16 780</b>	<b>54</b>
Tax expense	1 139	1 310	-13	4 945	3 851	28
<b>Profit for the period</b>	<b>4 835</b>	<b>5 499</b>	<b>-12</b>	<b>20 872</b>	<b>12 929</b>	<b>61</b>
<b>Profit for the period attributable to: Shareholders of Swedbank AB</b>	<b>4 835</b>	<b>5 498</b>	<b>-12</b>	<b>20 871</b>	<b>12 929</b>	<b>61</b>
Earnings per share, SEK, after dilution	4.30	4.89		18.56	11.51	
Return on equity, %	12.0	13.6		13.2	8.9	
Return on equity excl. administrative fine, %	12.0	13.6		13.2	11.4	
C/I ratio	0.50	0.42		0.44	0.54	
C/I ratio excl. administrative fine	0.50	0.42		0.44	0.45	
Common Equity Tier 1 capital ratio, %	18.3	18.5		18.3	17.5	
Credit impairment ratio, %	-0.02	0.00		0.01	0.26	

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.

## CEO Comment

Swedbank stands strong at a time of great uncertainty. The increased spread of Covid has led to new restrictions in all our home markets. In spite of this, the economies are developing well. However, continued global supply problems have again held back economic growth and increased inflation. Several central banks signalled that they would tighten monetary policy. Geopolitical developments have increasingly come into focus.

Swedbank's profit in the fourth quarter amounted to SEK 4.8bn with stable net interest income and commission income at a new record high. Expenses rose on a seasonal basis and for the full-year 2021 ended up just below our cost cap of SEK 20.5bn excluding investigation expenses. For 2022 the cost cap is unchanged but excludes the new bank tax. The return on equity was 12.0 per cent in the quarter and 13.2 per cent for the full-year 2021. Our target of a 15 per cent return remains unchanged regardless of the bank tax. Before the end of the year we will present a plan how we can reach the target.

Swedbank's capital and liquidity position remains strong with a buffer relative to the Swedish FSA's capital requirement of 4.6 percentage points. In November, the remaining dividend for 2019 and 2020 was paid out. In accordance with the bank's dividend policy, a dividend for 2021 of SEK 9.25 per share is proposed. Additionally, the strong capital position allows for a special dividend of SEK 2 per share. Hence the Board of Directors proposes a total dividend of SEK 11.25 per share to the Annual General Meeting. The bank's dividend policy of 50 per cent of annual profits remains. Dividends to our shareholders are important.

The Swedish housing market remained strong despite price increases slowing somewhat. Swedbank has consolidated its market-leading position in new mortgage sales. The measures to more quickly meet our customers' needs have produced results. We are also the mortgage leader in Estonia, Latvia and Lithuania.

Savings has been our core business for over 200 years. Saving in funds increased in the quarter in all our home markets. Above all, it was the personal advice at the branches which generated the higher inflows. Customer demand is constantly changing and technological developments enable new solutions and services. Easily accessible advice in our digital channels easily transitions to virtual meetings. Based on the customer's needs, we can listen, discuss and offer personalised advice to contribute to their financial health.

Swedbank Robur is Sweden's largest fund company and has a consistently green fund offering strongly focused on sustainability. During the quarter, Swedbank Robur established new targets and methods for its climate work. Carbon emissions for assets under management in equities and corporate bonds were halved between 2017 and 2020. Swedbank Robur is on track to meet its ambitious goal that assets under management align with the Paris Agreement as early as 2025.

Swedbank decided last year to no longer directly finance unconventional prospecting of fossil fuels or new oil and gas fields. Now we are taking the next step and will not directly finance either new oil tankers or new investments in crude oil refineries for transportation fuel. Our vision of a financially sound and sustainable society takes precedence.

We continue to develop our digital services and invest in increased functionality. Demand for help with day-to-day banking services was down by 15 per cent in 2021 in our customer centres and branches. In the Baltic countries, the mortgage process now is fully digital.

Estonia, Latvia and Lithuania are rapidly growing and demand for financial services is increasing in line with the economic development. This year we held more than 200 virtual seminars and podcasts for customers as well as more than 900 courses for students. In Sweden, we were named "Public Educator of the Year" by the business magazine Privata Affärer. We had over 90 000 students participate in the Young Economy course we provided as well as 4 400 seniors in the "Digital Economy" course. With increased knowledge, the foundation is laid for sound and sustainable personal finances.

Trust in the bank in Sweden is increasing in both our own surveys and external surveys. In the Baltic countries, trust has remained very high and customer satisfaction among businesses is rising.

Our collaboration with the savings banks is pivotal and is based on common values. During the quarter, the cooperation agreement was extended and our shared range of services and products thereby reaches a total of 6 million customers in Sweden. The savings bank collaboration continues to develop to the benefit of customers.

The U.S. authorities are continuing to investigate the bank. The various investigations are at different stages. As we have previously stated, we cannot determine the scope of any fines or when the investigations will be completed.

We are carefully monitoring the pandemic, which is currently causing large numbers of people to call in sick from work in society at large and among Swedbank's staff. The bank stands strong in an uncertain time, however. Our purpose is to enable the many people and businesses to create a better future. Our customers' future is our focus.



Jens Henriksson  
President and CEO

## Table of contents

	Page
<b>Market</b>	<b>5</b>
<b>Important to note</b>	<b>5</b>
<b>Group development</b>	<b>5</b>
Result fourth quarter 2021 compared with third quarter 2021	5
Result full-year 2021 compared with full-year 2020	6
Volume trend by product area	7
Credit and asset quality	8
Operational risks	9
Funding and liquidity	9
Ratings	9
Capital and capital adequacy	9
Investigations	10
Other events	11
Events after 31 December 2021	11
<b>Business areas</b>	
Swedish Banking	12
Baltic Banking	14
Large Corporates & Institutions	16
Group Functions & Other	18
Eliminations	19
<b>Group</b>	
Income statement, condensed	21
Statement of comprehensive income, condensed	22
Balance sheet, condensed	23
Statement of changes in equity, condensed	24
Cash flow statement, condensed	25
Notes	26
<b>Parent company</b>	<b>50</b>
<b>Alternative performance measures</b>	<b>55</b>
<b>Signatures of the Board of Directors and the President</b>	<b>57</b>
<b>Review report</b>	<b>57</b>
<b>Contact information</b>	<b>58</b>

More detailed information can be found in Swedbank's Fact book, [www.swedbank.com/ir](http://www.swedbank.com/ir), under Financial information and publications.

## Financial overview

Income statement SEKm	Q4 2021	Q3 2021	%	Q4 2020	%	Full-year 2021	Full-year 2020	%
Net interest income	6 554	6 590	-1	6 567	0	26 257	26 853	-2
Net commission income	4 020	3 799	6	3 376	19	14 853	12 770	16
Net gains and losses on financial items	265	553	-52	910	-71	2 048	2 655	-23
Other income <sup>1</sup>	910	927	-2	911	0	3 732	3 398	10
<b>Total income</b>	<b>11 749</b>	<b>11 869</b>	<b>-1</b>	<b>11 764</b>	<b>0</b>	<b>46 890</b>	<b>45 676</b>	<b>3</b>
Staff costs	3 361	3 127	7	3 205	5	12 739	11 873	7
Other expenses	2 481	1 915	30	2 381	4	8 108	8 687	-7
Administrative fine							4 000	
<b>Total expenses</b>	<b>5 842</b>	<b>5 042</b>	<b>16</b>	<b>5 586</b>	<b>5</b>	<b>20 847</b>	<b>24 560</b>	<b>-15</b>
<b>Profit before impairment</b>	<b>5 907</b>	<b>6 827</b>	<b>-13</b>	<b>6 178</b>	<b>-4</b>	<b>26 043</b>	<b>21 116</b>	<b>23</b>
Impairment of intangible assets						56		
Impairment of tangible assets				1			2	
Credit impairment	-67	18		523		170	4 334	-96
<b>Profit before tax</b>	<b>5 974</b>	<b>6 809</b>	<b>-12</b>	<b>5 654</b>	<b>6</b>	<b>25 817</b>	<b>16 780</b>	<b>54</b>
Tax expense	1 139	1 310	-13	1 144	0	4 945	3 851	28
<b>Profit for the period</b>	<b>4 835</b>	<b>5 499</b>	<b>-12</b>	<b>4 510</b>	<b>7</b>	<b>20 872</b>	<b>12 929</b>	<b>61</b>
<b>Profit for the period attributable to: Shareholders of Swedbank AB</b>	<b>4 835</b>	<b>5 498</b>	<b>-12</b>	<b>4 510</b>	<b>7</b>	<b>20 871</b>	<b>12 929</b>	<b>61</b>

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.

Key ratios and data per share	Q4 2021	Q3 2021	Q4 2020	Full-year 2021	Full-year 2020
Return on equity, %	12.0	13.6	11.8	13.2	8.9
Earnings per share before dilution, SEK <sup>1</sup>	4.31	4.90	4.03	18.62	11.55
Earnings per share after dilution, SEK <sup>1</sup>	4.30	4.89	4.01	18.56	11.51
C/I ratio	0.50	0.42	0.47	0.44	0.54
Equity per share, SEK <sup>1</sup>	144.2	146.8	138.5	144.2	138.5
Loan/deposit ratio, %	133	127	143	133	143
Common Equity Tier 1 capital ratio, %	18.3	18.5	17.5	18.3	17.5
Tier 1 capital ratio, %	20.2	20.3	18.7	20.2	18.7
Total capital ratio, %	22.4	22.6	21.0	22.4	21.0
Credit impairment ratio, %	-0.02	0.00	0.12	0.01	0.26
Share of Stage 3 loans, gross, %	0.37	0.40	0.62	0.37	0.62
Total credit impairment provision ratio, %	0.29	0.35	0.48	0.29	0.48
Liquidity coverage ratio (LCR), %	163	149	174	163	174
Net stable funding ratio (NSFR), %	123	124	125	123	125

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

Balance sheet data SEKbn	31 Dec 2021	31 Dec 2020	%
Loans to the public, excl. the Swedish National Debt Office and repurchase agreements	1 679	1 616	4
Deposits from the public, excl. the Swedish National Debt Office and repurchase agreements	1 261	1 131	11
Equity attributable to shareholders of the parent company	162	155	5
Total assets	2 751	2 595	6
Risk exposure amount	708	690	3

Definitions of all key ratios can be found in Swedbank's Fact book on page 78.

## Market

The economic recovery during the year was broad-based. The spread of Covid in Europe has risen to the highest levels during the pandemic and several countries have reintroduced restrictions. Sweden has also introduced new restrictions to slow the spread and reduce the impact on society. While we expect the economic impact of Omicron to be fairly brief, the reintroduced restrictions mean that it will take time before spending on services fully recovers.

The decline that followed the pandemic's outbreak in the Swedish and Baltic economies has been recouped, despite the growth rate in the fourth quarter falling slightly. In addition to the effects of new variants, global supply constraints and shortages of qualified manpower have continued to slow production. The labour shortages have been especially noticeable in the Baltic countries, where wage increases have accelerated.

The financial markets were also affected by the new variant and stocks have declined somewhat on a global basis. The capital markets recovered at the end of the year, however, before closing at or near a yearly high. The krona weakened slightly against the U.S. dollar and euro. Oil prices were volatile, but recovered to just under USD 80 dollar a barrel in December after having fallen significantly during the quarter.

Several central banks have signalled that tighter monetary policy is imminent to prevent the currently high inflation rate from taking hold. We expect the Riksbank to begin reducing holdings of securities around the mid-year and raise the repo rate twice in 2023, which is earlier than what it had announced.

In the Baltic countries, December inflation ranged between 8 and nearly 12 per cent on an annual basis. To some extent the impact of the high inflation is offset by a continued rapid rise in wages. In Sweden, inflation in November was over 4 per cent on an annual basis, but since wages did not rise at the same pace, Swedish households saw their purchasing power decline last autumn.

House prices in Sweden rose by 11 per cent in the quarter compared with the same quarter in 2020, a significantly slower pace than earlier in the year. On a full-year basis, house prices were up nearly 15 per cent. In 2022, we expect prices to continue to rise by approximately 5 per cent, since borrowers should still be in a good financial situation and mortgage rates are expected to increase at a fairly slow rate. Together with the continued high turnover in the housing market, this suggests a further increase in credit growth. During the quarter, lending for home purchases rose by an average of 7.1 per cent on an annual basis.

In the Baltic countries, house prices continue to rise at a fairly rapid rate. In Estonia and Lithuania, the annual price increase is over 15 per cent in the two capitals, while in Riga it is between 5 and 10 per cent. Just like in Sweden, Baltic consumers have been able to save more during the pandemic while spending less. In Estonia, a pension reform also increased the liquid savings of households. Because of this, credit growth in the region has not risen at the same rate as house prices.

## Important to note

In accordance with the bank's dividend policy, the Board of Directors is proposing a dividend of SEK 9.25 per share for the financial year 2021. Additionally, the strong capital position allows for a special dividend of SEK 2 per share. Hence the Board of Directors proposes a total dividend of SEK 11.25 per share to the Annual General Meeting. The bank's dividend policy ratio of 50 per cent of annual profits remains. The proposed record day for the dividend is 1 April 2022. The last day for trading in Swedbank's shares with the right to the dividend will be 30 March 2022. If the Annual General Meeting approves the Board's proposal, the dividend is expected to be paid out by Euroclear on 6 April 2022.

Swedbank's Annual General Meeting will be held on Wednesday, 30 March 2022. More information on the meeting will be available on the bank's website at [www.swedbank.se](http://www.swedbank.se) under the heading: About us/Management and corporate governance.

The interim report contains alternative performance measures that Swedbank considers valuable information for the reader, since they are used by the executive management for internal governance and performance measurement as well as for comparisons between reporting periods. Further information on the alternative performance measures used in the interim report can be found on page 55.

## Group development

### Result fourth quarter 2021 compared with third quarter 2021

Swedbank's profit decreased to SEK 4 835m (5 499) mainly due to higher expenses, but also due to lower income. Foreign exchange effects marginally affected profit before impairment.

The return on equity was 12.0 per cent (13.6) and the cost/income ratio was 0.50 (0.42).

Income decreased to SEK 11 749m (11 869). Above all, net gains and losses on financial items were lower, however net interest income and other income also decreased slightly. Net commission income increased and was the highest to date. Foreign exchange effects marginally affected income.

Net interest income decreased slightly in the quarter to SEK 6 554m (6 590). Underlying net interest income was negatively affected by slightly lower lending margins, but was partly offset by higher lending volumes. In mortgages, the overall impact on volume and margins was positive. In the Baltic countries, the conditions for increased corporate lending tied to the European Central Bank's liquidity loans were met, which raised net interest income by SEK 70m. Net interest income was negatively affected by SEK 60m due to a one-time effect in the leasing operations.

Net commission income increased by 6 per cent to SEK 4 020m (3 799). Income increased mainly from corporate finance as a result of a number of IPOs and share issues. Performance-based fees related to Swedbank's role as a market maker in the covered bond market had a positive effect. Asset management income rose as well thanks to performance-based income as well as a higher volume of assets under management.



Income from cards was unchanged after seasonally lower income and negative effects from the pandemic were offset by income related to discounts from MasterCard of SEK 64m.

Net gains and losses on financial items decreased to SEK 265m (553). Income mainly decreased within Large Corporates & Institutions due to a lower result in fixed income trading. The result decreased within Group Treasury mainly due to lower valuation changes in derivatives and shareholdings.

Other income decreased by 2 per cent to SEK 910m (927). Profit from the insurance operations in Swedish Banking decreased due to higher claim costs, and profit from Entercard decreased due to higher provisions for credit impairments. During the quarter, Swedbank reversed a provision for taxes attributable to Visa Sweden ekonomisk förening, which positively contributed to the result.

Expenses were seasonally high and increased by 16 per cent to SEK 5 842m (5 042). Higher staff, IT and consulting expenses, as well as higher expenses for marketing activities, mainly contributed to the increase. The higher staff costs were primarily due to a higher number of employees and lower activity in the third quarter due to the vacation period. Consulting expenses to manage money laundering related investigations amounted to SEK 92m (96). Foreign exchange effects marginally affected expenses.

Credit impairments amounted to SEK -67m (18). Updated macroeconomic scenarios led to lower credit impairment provisions, which were largely offset by additional expert credit adjustments due to lingering uncertainty about the pandemic's future impact. Individual provisions increased, but were offset by a reversal of previous expert credit adjustments in oil and offshore. Negative rating migrations and stage migrations contributed to increased credit impairment provisions. Oil-related lending continued to decrease due to divestments and restructurings, which reduced the credit impairment provisions.

Credit impairments by business area SEKm	Q4 2021	Q3 2021	Q4 2020	Full-year 2021	Full-year 2020
Swedish Banking	68	-83	-1	-42	664
Baltic Banking	-17	-20	-8	160	237
Estonia	20	-11	-10	117	135
Latvia	-29	-11	5	25	53
Lithuania	-8	2	-3	18	49
Large Corporates & Institutions	-118	124	537	56	3 425
Group Functions & Other		-3	-5	-4	8
<b>Total</b>	<b>-67</b>	<b>18</b>	<b>523</b>	<b>170</b>	<b>4 334</b>

The tax expense amounted to SEK 1 139m (1 310), corresponding to an effective tax rate of 19.1 per cent (19.2).

## Result full-year 2021 compared with full-year 2020

Swedbank's profit increased to SEK 20 872m (12 929) due to higher income and lower credit impairments, and since the Swedish FSA's administrative fine was paid in the first quarter of the previous year. The table below shows a simplified income statement adjusted for the Swedish FSA's administrative fine.

Income statement, SEKm	Full-year 2021	Full-year 2020	Full-year 2020 Excl administrative fine
<b>Total income</b>	<b>46 890</b>	<b>45 676</b>	<b>45 676</b>
<b>Total expenses</b>	<b>20 847</b>	<b>20 560</b>	<b>24 560</b>
of which administrative fine			4 000
Credit impairment and impairment	226	4 336	4 336
<b>Profit before tax</b>	<b>25 817</b>	<b>20 780</b>	<b>16 780</b>
Tax expense	4 945	3 851	3 851
<b>Profit for the period</b>	<b>20 872</b>	<b>16 929</b>	<b>12 929</b>
Return on equity, %	13.2	11.4	8.9
Cost/income ratio	0.44	0.45	0.54

Foreign exchange effects negatively affected profit before impairment by around SEK 177m.

The return on equity was 13.2 per cent (8.9) and the cost/income ratio was 0.44 (0.54).

Income increased to SEK 46 890m (45 676) and was positively affected primarily by higher net commission income. Other income also increased, while net interest income and net gains and losses on financial items decreased. Foreign exchange effects reduced income by SEK 316m.

Net interest income decreased by 2 per cent to SEK 26 257m (26 853). The decrease was mainly the result of lower margins and higher expenses for surplus liquidity after deposits increased faster than lending.

Net commission income increased by 16 per cent to SEK 14 853m (12 770). Income primarily increased in asset management, due to the higher average assets under management. Income from cards and corporate finance also contributed to the increase.

Net gains and losses on financial items decreased to SEK 2 048m (2 655). Income primarily decreased within Large Corporates & Institutions due to a lower result in fixed income trading.

Other income increased by 10 per cent to SEK 3 732m (3 398), mainly because associated companies were charged with provisions for credit impairments tied to the pandemic outbreak in the previous year.

Expenses decreased to SEK 20 847m (24 560) since the Swedish FSA's administrative fine of SEK 4 000m affected the first quarter of the previous year. Adjusted for the administrative fine, expenses increased by 1 per cent, mainly due to a higher number of employees and higher staff costs. Consulting expenses for money laundering-related investigations decreased to SEK 355m (852).

Credit impairments decreased to SEK 170m (4 334) since credit impairments in 2020 were strongly impacted by the Covid-19 outbreak. Additional provisions in oil and offshore in 2021 were largely offset by improved macroeconomic scenarios.

The tax expense amounted to SEK 4 945m (3 851), corresponding to an effective tax rate of 19.2 per cent (22.9). Profit in the 2020 figure included among other things the Swedish FSA's fine, which was not tax deductible. The Group's effective tax rate is estimated at 19-21 per cent in the medium term.

## Volume trend by product area

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

### Lending

Total lending to the public, excluding repos and lending to the Swedish National Debt Office, increased by SEK 26bn to SEK 1 679bn (1 653) compared with the end of the third quarter 2021. Compared with the end of the fourth quarter 2020 lending increased by SEK 63bn, or by 4 per cent. Foreign exchange effects positively affected lending volumes by SEK 3bn compared with the end of the third quarter 2021 and positively by SEK 8bn compared with the end of the fourth quarter 2020.

Loans to the public excl. the Swedish National Debt Office and repurchase agreements, SEKbn	31 Dec 2021	30 Sep 2021	31 Dec 2020
Loans, private mortgage	991	975	939
of which Swedish Banking	893	880	849
of which Baltic Banking	98	95	90
Loans, private other incl tenant-owner associations	143	141	141
of which Swedish Banking	124	122	123
of which Baltic Banking	17	17	16
of which Large Corporates & Inst.	2	2	2
Loans, corporate	545	537	536
of which Swedish Banking	235	241	239
of which Baltic Banking	84	80	76
of which Large Corporates & Inst.	226	216	221
<b>Total</b>	<b>1 679</b>	<b>1 653</b>	<b>1 616</b>

Lending to mortgage customers within Swedish Banking increased by SEK 13bn to SEK 893bn compared with the end of the third quarter 2021. The market share in mortgages was 23 per cent (23). Other private lending, including lending to tenant-owner associations, increased by SEK 2bn in the quarter.

Baltic Banking's mortgage volume increased by 2 per cent in local currency to the equivalent of SEK 98bn at the end of the quarter.

Corporate lending in all business areas increased by SEK 8bn in the quarter to SEK 545bn (537). In Sweden, the market share was 16 per cent (16).

During the year, Swedbank's green asset portfolio grew partly because we included mortgages on energy class A and B properties. At year-end, lending volume in Swedbank's green asset portfolio amounted to SEK 45bn (40), or an increase of nearly 12 per cent in the quarter. Lending volume grew largely because a number of certified green multi-family housing projects under construction were approved for green financing and were thus added to the asset portfolio. The green asset portfolio consists of qualified green loans according to Swedbank's green bond framework. For more information on the green asset portfolio, see page 70 of the Fact book and Note S3 Sustainable finance in the annual and sustainability report.

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

### Payments

The total number of Swedbank cards in issue at the end of the quarter was 8.2 million, in line with the end of the third quarter. In Sweden, 4.4 million cards were in issue and in the Baltic countries 3.8 million. Compared with the same quarter in 2020 corporate card issuance in Sweden grew by 2.0 per cent and private card issuance by 1.0 per cent.

Number of cards	31 Dec 2021	30 Sep 2021	31 Dec 2020
Issued cards, million	8.2	8.2	8.1
of which Sweden	4.4	4.4	4.3
of which Baltic countries	3.8	3.8	3.8

The number of purchases with Swedbank cards increased in Sweden by 13 per cent in the quarter compared with the same quarter in 2020. A total of 347 million card purchases were made and were positively affected by reduced restrictions. In the Baltic countries, the number of card purchases increased by 12 per cent in the same period to 186 million in the quarter.

The number of card transactions acquired by Swedbank increased by 11 per cent in the quarter compared with the year-earlier period. In Sweden, Norway, Finland and Denmark, 880 million card transactions were acquired, an increase of 12 per cent against the equivalent period in 2020. In the Baltic countries, the corresponding figure was 127 million transactions, up 8 per cent.

Card transactions acquired in Sweden, Norway, Finland and Denmark amounted to SEK 238bn, an increase of 13 per cent in the quarter compared with the equivalent period in 2020. Transaction volumes in the Baltic countries amounted to SEK 24bn, an increase of 15 per cent.

Reduced restrictions primarily in the first two months of the quarter positively affected transactions and transaction volumes. The important shopping period of Black Friday and Christmas also positively contributed as the share of store purchases increased from a year earlier.

In Sweden, there were 226 million domestic payments in the fourth quarter, an increase of 2 per cent against the fourth quarter of 2020. In the Baltic countries, 96 million domestic payments were processed, up 8 per cent compared with the same period in 2020. Swedbank's market share of payments through the Bankgiro system was 34 per cent. The number of international payments in Sweden increased by 6 per cent compared with the same quarter in 2020 to 1.7 million. In the Baltic countries, international payments increased by 27 per cent to 5.2 million.

### Savings

Total deposits within the business areas increased to SEK 1 261bn (1 222). Compared with the end of the fourth quarter 2020 the increase was SEK 131bn, corresponding to growth of 11 per cent. All business areas contributed to the increase compared to the equivalent period of 2020. Exchange rates positively affected deposits by SEK 3bn compared with the end of the third quarter 2021 and positively by SEK 8bn compared with the end of the fourth quarter 2020. Total deposits from the public, including volumes attributable to Group Treasury, amounted to SEK 1 261bn (1 300).

Deposits from the public excl. the Swedish National Debt Office and repurchase agreements, SEKbn	31 Dec 2021	30 Sep 2021	31 Dec 2020
Deposits, private	656	640	588
of which Swedish Banking	460	454	424
of which Baltic Banking	196	186	164
Deposits, corporate	605	660	543
of which Swedish Banking	252	236	222
of which Baltic Banking	133	115	120
of which Large Corporates & Inst.	220	231	200
of which Group Functions & Other	0	78	1
<b>Total</b>	<b>1 261</b>	<b>1 300</b>	<b>1 131</b>

Swedbank's deposits from private customers increased by SEK 16bn in the quarter to SEK 656bn (640).

Corporate deposits in the business areas increased in total by SEK 23bn in the quarter.

Swedbank's market share for household deposits in Sweden was unchanged at 19 per cent (19). The market share for corporate deposits was also unchanged at 16 per cent (16). For more information on deposits, see page 37 of the Fact book.

Asset management, SEKbn	31 Dec 2021	30 Sep 2021	31 Dec 2020
Sweden	1 445	1 319	1 147
Estonia	21	20	24
Latvia	29	27	23
Lithuania	23	21	17
Other countries	1	11	9
<b>Funds under Management, Swedbank Robur</b>	<b>1 519</b>	<b>1 398</b>	<b>1 220</b>
Funds under Management, Lithuania	2	1	7
<b>Total Funds under Management</b>	<b>1 521</b>	<b>1 399</b>	<b>1 227</b>
Discretionary asset management	497	485	459
<b>Total Assets under Management</b>	<b>2 018</b>	<b>1 884</b>	<b>1 686</b>

Assets under management in Swedbank Robur rose by nearly 9 per cent in the quarter to SEK 1 519bn (1 398) as of 31 December, of which SEK 1 445bn (1 319) related to Sweden, SEK 73bn (68) to the Baltic countries and the remaining SEK 1bn (11) to other markets. The increases in Sweden and the Baltic countries are partly due to positive market development and partly to net fund inflows.

The net flow in the Swedish fund market rose to SEK 82bn (25), of which SEK 42bn relates to the annual deposit from the Swedish Pensions Agency. All fund categories had net inflows, with the largest inflow, SEK 40bn, to fixed income funds, followed by SEK 16bn to mixed funds, SEK 15bn to index funds, SEK 9bn to active equity funds and SEK 2bn to hedge funds and other funds.

Including the annual deposit from the Swedish Pensions Agency of SEK 5bn, Swedbank Robur had net inflows of SEK 7bn (-3bn) in Sweden in the quarter. The improvement is mainly attributable to distribution via Swedish Banking and the savings banks, however institutional management sales improved as well.

Just over a year ago, Swedbank Robur was one of the first to sign the global Net Zero Asset Managers initiative, where Swedbank Robur and other asset managers are working together to achieve the Paris Agreement's net zero target by 2050. During the quarter and leading up to COP26, Net Zero Asset Managers presented a progress report with among other things Swedbank Robur's targets and methods to reach the Paris Agreement's targets based on a common framework. Swedbank Robur's target is that all its fund AUM align with the Paris Agreement's target to limit global warming to 1.5°C by 2025 and that all fund AUM reach net zero targets by 2040.

During the quarter, Swedbank Robur took another step towards our climate targets in that its five Transfer funds are aligned with the Paris Agreement. This means that the funds invest in companies with low carbon footprints today and plan to further reduce them in the future. The management and analysis method that Swedbank Robur has developed is based on the EU Sustainable Finance Climate Benchmark. Transfer funds are a

convenient choice for pension savers to reduce risk as they near retirement.

Net inflows in the Baltic countries amounted to SEK 2bn (-5) in the quarter. The previously large withdrawals in Estonia, which were due to a pension reform which permitted savers to make a one-time withdrawal from previously restricted savings, have now decreased. The net inflows in Latvia and Lithuania remained stable.

By assets under management Swedbank Robur is the leader in the Swedish and Baltic fund markets. As of 31 December, the market share in Sweden was 21 per cent. The market shares in Estonia, Latvia and Lithuania were 39, 41 and 38 percent respectively.

Assets under management, life insurance SEKbn	31 Dec 2021	30 Sep 2021	31 Dec 2020
Sweden	321	295	247
of which collective occupational pensions	168	152	125
of which endowment insurance	102	96	80
of which occupational pensions	39	36	32
of which other	12	11	10
Baltic countries	8	8	7

Life insurance assets under management in the Swedish operations rose by 9 per cent in the fourth quarter to SEK 321bn on 31 December. Premium income, consisting of premium payments and capital transfers, amounted to SEK 7bn (7) in the fourth quarter.

For premium income excluding capital transfers, Swedbank's market share in the third quarter was 7 per cent (7). In the transfer market, Swedbank's market share in the third quarter was 9 per cent (9).

In Estonia, Latvia and Lithuania, Swedbank is the largest life insurance company. The market shares for premium payments in the first 11 months of the year were 45 per cent in Estonia, 24 per cent in Latvia and 25 per cent in Lithuania.

## Credit and asset quality

Swedbank's credit quality remained good and was supported by the economic recovery in the quarter. Uncertainty increased, however, due to Omicron's spread and increased restrictions. Increased inflation pressures, mainly driven by high energy prices, also contributed to the uncertainty surrounding future economic development. The increased uncertainty has not yet negatively impacted Swedbank's credit quality, but the long-term effects of continued inflation pressures and the potential consequences of the pandemic in various sectors are being carefully monitored. Provisions for potential future declines in credit quality in the form of expert credit adjustments amounted to SEK 1 796m as of 31 December 2021 (1 533 as of 31 December 2020). The sectors most affected by the pandemic, such as hotels and restaurants, some parts of retail and passenger travel, account for a limited share of Swedbank's lending.

The total share of loans in stage 2, gross, decreased slightly in the quarter to 5.7 per cent (5.9), of which 3.7 per cent (3.7) was for private loans and 10.3 per cent (10.7) for corporate loans. In the fourth quarter 2020, the total share was 6.4 per cent. The decrease in stage 2 during the year mainly occurred in the shipping



and offshore sector, partly due to lower exposures to a few large counterparties.

The share of loans in stage 3, gross, decreased to 0.37 per cent (0.40) due to restructured exposures in the shipping and offshore sector. The provision ratio for loans in stage 3 was 38 per cent (44). In the fourth quarter 2020, the share of loans in stage 3, gross, was 0.62 per cent. The decrease during the year is also due to sold receivables in shipping and offshore.

The quality of Swedbank's mortgage portfolio, which accounts for just over half of total lending, is high and historical credit impairments are very low. Customers' long-term repayment capacity is a critical factor in lending, which leads to low risks for both the customer and the bank. The average loan-to-value ratios for the mortgage portfolio were 51 per cent in Sweden, 45 per cent in Estonia, 69 per cent in Latvia and 54 per cent in Lithuania.

Swedbank's lending to the property management sector accounts for approximately 15 per cent of the total loan portfolio. Stable cash flows and the customer's long-term ability to repay interest and amortisation are the key lending factors. In addition, customers should be financially strong and collateral should have sound loan-to-value ratios. The average loan-to-value ratio in Sweden was 54 per cent (53) at the end of the fourth quarter.

Swedbank's oil and offshore lending is limited and decreased during the year as a result of the ongoing restructuring of the portfolio. Investments in the oil and offshore industry remain low and the market situation is challenging despite oil prices rising in 2021 and reaching the highest levels in three years last autumn. The global energy transition is contributing to increased uncertainty in the sector.

For more information on credit exposures and credit quality, see notes 9-12 and pages 39-51 of the fact book.

## Operational risks

The spread of Covid-19 is still a risk for the bank, its employees and customers. The bank is carefully monitoring the new variant and in December reintroduced restrictions in accordance with the recommendations issued by the Public Health Agency of Sweden. The number of employees working remotely was stable while the number who were unable to work increased in the quarter. Discussions are underway at the Group level on future work models under the leadership of Group HR. The bank's position is to act cautiously. Consequently, measures are being taken to plan the reopening phase and recommendations are being prepared.

A serious IT incident occurred in the fourth quarter, which caused a disruption and affected the availability of the bank's services. After the incident, measures were taken to reduce the risk of new incidents. Several measures were also taken in the quarter to increase IT stability, including improvements related to external suppliers. Swedbank has several ongoing initiatives to further improve operational resilience and ensure a high level of availability for customers.

The value of accurately and securely managed and reported data is becoming increasingly clear in the financial industry. Customers' expectation of

transparency on data integrity is increasing, as are reporting requirements from authorities. These are areas where the bank is working to further strengthen quality through among other things authentication and automation.

## Funding and liquidity

Funding activity in 2021 was in line with 2020, but significantly lower than earlier years due to large deposit inflows. Covered bond issuance in particular were down. The focus was instead on senior unsecured and senior non-preferred debt issuance to meet regulatory requirements. In 2021, long-term issuance amounted to SEK 138bn, including SEK 4bn in Additional Tier 1 capital instruments (AT1).

In the fourth quarter, long-term issuance amounted to SEK 60bn, of which covered bond issuance was SEK 38bn. Swedbank's commitment to finance green projects enabled additional green bond issuance in the quarter, this time in U.S. dollars. Swedbank now has outstanding green bonds in a number of major currencies, including USD, EUR and GBP, as well as in SEK.

The total issuance need for the full-year 2022 is expected to be in line with issuance volume in 2021, with a continued focus on senior unsecured and non-preferred bonds to meet updated MREL needs. The rate of green bond issuance depends on the volume of green assets. Demand for the bank's financing is affected by the current liquidity situation, future maturities and changes in deposit and lending volumes, and is therefore adjusted over the course of the year. Maturities in 2022 amount to SEK 173bn calculated from the beginning of the year.

Increased long-term funding, continued high deposit growth, lower capital market activity by our customers, and less favourable market conditions contributed to lower short-term funding volumes in the quarter. As of 31 December, Swedbank's short-term funding and commercial paper in issue amounted to SEK 165bn (387). Available cash and balances with central banks and reserves with the Swedish National Debt Office amounted to SEK 355bn (646) and the liquidity reserve amounted to SEK 546bn (840). The Group's liquidity coverage ratio (LCR) was 163 per cent (149) and for USD, EUR and SEK was 152, 419 and 113 per cent respectively. The net stable funding ratio (NSFR) was 123 per cent (124).

For more information on funding and liquidity, see notes 14-16 and pages 55-67 of the fact book.

## Ratings

There were no changes in Swedbank's ratings in the fourth quarter. For more information on the ratings, see page 67 of the fact book.

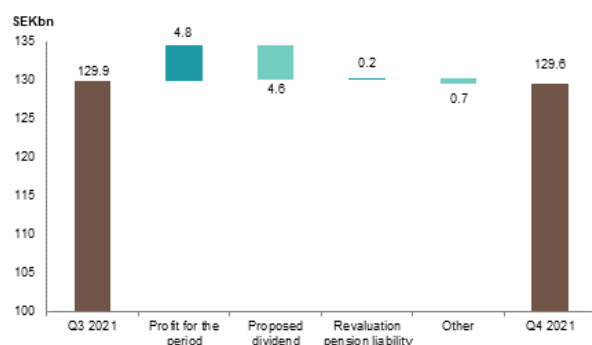
## Capital and capital adequacy

### Capital ratio and capital requirement

The Common Equity Tier 1 capital ratio was 18.3 per cent at the end of the quarter (18.5). The total Common Equity Tier 1 capital requirement, including Pillar 2 guidance, was 13.7 per cent (13.7) of the risk exposure amount (REA), which results in a Common Equity Tier 1 capital buffer of 4.6 per cent (4.8). Common Equity Tier 1 capital decreased to

SEK 129.6bn (129.9) and was mainly affected by the quarterly profit and proposed dividend.

#### Change in Common Equity Tier 1 capital<sup>1</sup>



<sup>1</sup> Refers to Swedbank consolidated situation

#### Risk Exposure Amount (REA)

Total REA increased to SEK 707.8bn (703.2) in the fourth quarter.

REA for credit risk decreased due to improved ratings, improved collateral and a lower REA for counterparty risk driven by lower derivative exposures. This was partly offset by an increase in REA for lending.

REA for market risk increased through higher REA from internal models, while a change in CVA due to lower exposures contributed to a decrease in REA.

In addition, the annual calculation of REA for operational risks led to an increase in REA.

Additional REA for article 3 of the EU's Capital Requirements Regulation (CRR) resulted in an increase of SEK 2.2bn, mainly due to a change in the probability of default in the model for large corporates.

#### Change in REA<sup>1</sup>



<sup>1</sup> Refers to Swedbank consolidated situation

The leverage ratio was 5.4 per cent (4.9) and thereby exceeds the leverage ratio requirement including Pillar 2 guidance of 3.45 per cent. The increase is largely due to lower total assets.

#### Capital and resolution regulations

In the fourth quarter 2018, the Swedish FSA published a memorandum explaining its view of the European Banking Authority's (EBA) updated guidelines on banks' internal risk rating based models. In the memorandum the Swedish FSA states that Swedish banks must adjust their internal rating based models to ensure that they continue to live up to the new requirements. The bank has submitted its updated internal risk classification

models to the Swedish FSA for evaluation and is awaiting a response. The implementation is expected to increase Swedbank's risk-weighted assets.

In the third quarter 2021, an amended Resolution Act took effect. The amendments are based on the EU's Bank Recovery and Resolution Directive (BRRD II), which among other things contains provisions on the minimum requirement for own funds and eligible liabilities (MREL). Due to the amended law, the Swedish National Debt Office decided how MREL would be applied as of 1 January 2022. The phase-in will be completed by 1 January 2024. For Swedbank, the application of MREL will increase the aggregate need for senior unsecured and senior non-preferred debt in relation to current funding.

In the third quarter 2021, the Swedish FSA announced that it is raising the countercyclical buffer rate to 1 per cent of REA. The requirement enters into force in the third quarter 2022. As a result of the pandemic, the countercyclical buffer in Sweden was lowered from 2.5 per cent to 0 per cent.

In the fourth quarter 2021, the EU Commission published its finalised Basel III proposal, also called Basel IV. The proposal contains actions to strengthen the comparability of risk-weighted capital ratios between banks in different countries and thereby reduce unjustified differences. The actions include revisions to the standardised approaches and internal models used to calculate the capital requirements for credit risk. A capital requirement floor was introduced for internal models where the risk-weighted assets may not fall below 72.5 per cent of the amount calculated using the standardised approach. The proposal also contains temporary exemptions beyond those previously proposed by the Basel Committee. The EU Commission's proposed changes would be gradually introduced in the period 2025 – 2030. The temporary exemptions would apply until end 2032. In the next stage the proposal will be negotiated by the European Council and the EU Parliament. The impact of the proposal is currently hard to assess.

#### Investigations

In Sweden, the FSA announced on 26 October that it had closed its investigation of the bank's suspected breaches of the EU's Market Abuse Regulation with no remark. The suspected breaches occurred in connection with the disclosure of suspected money laundering within the bank in the period September 2018 to February 2019.

In Estonia, the FSA submitted part of its investigation to the Estonian Prosecutor's Office in November 2019. The investigation is reviewing whether money laundering or other criminal activities have taken place in Swedbank AS. The bank has no information as to when this investigation will be completed.

The U.S. authorities are continuing to investigate Swedbank's historical AML/CTF work and historical information disclosures. The investigations are being conducted by the Department of Justice (DoJ), Securities and Exchange Commission (SEC), Office of Foreign Assets Control (OFAC) and Department of Financial Services in New York (DFS).

The investigations are progressing and the bank is holding individual discussions with relevant authorities

through our 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.

### Other events

On 25 October, Josefin Lindstrand announced that she was leaving Swedbank's Board of Directors to pursue board positions with other fintech and financial companies.

On 28 October, the Extraordinary General Meeting resolved, in accordance with the Board of Directors' proposal, to distribute an additional ordinary dividend of SEK 7.30 per share to the shareholders. Together with the dividends paid in February and April 2021, this dividend corresponds to 50 percent of the net profit for the financial years 2019 and 2020 and thus aligns with the bank's dividend policy.

On 15 November, Swedbank was included in the Dow Jones Sustainability Index for the second year in a row. The DJSI is a leading index for the world's most sustainable businesses.

On 25 November, the Danish Financial Supervisory Authority (DFSA), as part of its regular supervision, announced that Swedbank's Danish branch must adapt its internal anti-money laundering/counter-terrorism financing (AML/CTF) routines and processes to fully comply with local regulations. Swedbank is now adapting processes and routines in Denmark in accordance with the DFSA's decision.

On 29 November, Swedbank and the 58 collaborating savings banks extended the cooperation agreement that forms the foundation of the unique partnership. The agreement strengthens the savings banks' local presence with large-scale infrastructure and a full product range. The agreement also gives Swedbank broad product distribution.

On 12 December, it was announced that Ola Laurin was appointed the new CEO of PayEx. Ola Laurin was previously Chair of the Board of PayEx. Pål Bergström, Head of Large Corporates & Institutions at Swedbank, becomes the new Chair of the Board at PayEx.

On 14 December, the Swedish Parliament voted to introduce a bank tax for the nine largest banking groups as of 1 January 2022. The tax is based on the liabilities of Swedish credit institutions and branches and amounts to 5 basis points for 2022 and 6 basis points as of 2023. Swedbank's cost in 2022 is estimated at SEK 1bn. The tax is tax deductible and the after-tax cost is estimated at SEK 800m.

### Events after 31 December 2021

On 3 January, Swedbank Robur published an updated Policy for Responsible Investments. Swedbank Robur continuously reviews its policies and strategies and updates the guidelines it follows. As of 1 January, the fund company has further tightened its Policy for Responsible Investments.

The Swedish Economic Crime Authority concluded its investigation begun in 2019 and the prosecutor's office filed charges against the former CEO on 4 January. The case does not affect Swedbank.

On 21 January, Britta Hjorth-Larsen was recruited as Chief Compliance Officer. When she starts on 1 August at the latest, she will become a member of Swedbank's Group Executive Committee.

On 28 January, Swedbank's Nomination Committee presented its proposal for the Board of Directors to the Annual General Meeting. It proposed the re-election of Göran Persson, Bo Bengtsson, Göran Bengtsson, Annika Creutzer, Hans Eckerström, Kerstin Hermansson, Bengt Erik Lindgren, Anna Mossberg, Per Olof Nyman and Biljana Pehrsson. Björn Riese and Helena Liljedahl were proposed as new Board members. Bo Magnusson has announced that he is not available for re-election. Göran Persson is proposed as Chair of the Board of Directors.

## Swedish Banking

- Improved customer offering and higher market shares in new mortgage sales
- Net interest income negatively affected by customer transfers to Large Corporates & Institutions
- Large fund inflows through own distribution channels

### Income statement

SEKm	Q4 2021	Q3 2021	%	Q4 2020	%	Full-year 2021	Full-year 2020	%
Net interest income	3 562	3 725	-4	3 851	-8	14 973	16 277	-8
Net commission income	2 419	2 381	2	2 100	15	9 205	7 922	16
Net gains and losses on financial items	144	105	37	91	58	586	351	67
Other income <sup>1</sup>	361	513	-30	422	-14	1 855	1 593	16
<b>Total income</b>	<b>6 486</b>	<b>6 724</b>	<b>-4</b>	<b>6 464</b>	<b>0</b>	<b>26 619</b>	<b>26 143</b>	<b>2</b>
Staff costs	828	793	4	781	6	3 222	3 050	6
Variable staff costs	13	15	-13	17	-24	61	47	30
Other expenses	2 051	1 780	15	2 000	3	7 450	6 875	8
Depreciation/amortisation	8	9	-11	12	-33	38	53	-28
<b>Total expenses</b>	<b>2 900</b>	<b>2 597</b>	<b>12</b>	<b>2 810</b>	<b>3</b>	<b>10 771</b>	<b>10 025</b>	<b>7</b>
<b>Profit before impairment</b>	<b>3 586</b>	<b>4 127</b>	<b>-13</b>	<b>3 654</b>	<b>-2</b>	<b>15 848</b>	<b>16 118</b>	<b>-2</b>
Credit impairment	68	-83		-1		-42	664	
<b>Profit before tax</b>	<b>3 518</b>	<b>4 210</b>	<b>-16</b>	<b>3 655</b>	<b>-4</b>	<b>15 890</b>	<b>15 454</b>	<b>3</b>
Tax expense	592	777	-24	664	-11	2 892	3 008	-4
<b>Profit for the period</b>	<b>2 926</b>	<b>3 433</b>	<b>-15</b>	<b>2 991</b>	<b>-2</b>	<b>12 998</b>	<b>12 446</b>	<b>4</b>
<b>Profit for the period attributable to:</b>								
<b>Shareholders of Swedbank AB</b>	<b>2 926</b>	<b>3 432</b>	<b>-15</b>	<b>2 991</b>	<b>-2</b>	<b>12 997</b>	<b>12 446</b>	<b>4</b>
Non-controlling interests	0	1		0		1	0	
Return on allocated equity, %	18.1	21.3		17.7		20.0	18.6	
Loan/deposit ratio, %	176	180		187		176	187	
Credit impairment ratio, %	0.02	-0.03		0.00		0.00	0.06	
Cost/income ratio	0.45	0.39		0.43		0.40	0.38	
Loans, SEKbn <sup>2</sup>	1 252	1 243	1	1 211	3	1 252	1 211	3
Deposits, SEKbn <sup>2</sup>	712	691	3	646	10	712	646	10
Full-time employees	4 041	3 984	1	3 962	2	4 041	3 962	2

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) Excluding the Swedish National Debt Office and repurchase agreements.

### Result

#### Fourth quarter 2021 compared with third quarter 2021

Swedish Banking's profit decreased to SEK 2 926m (3 432), mainly due to seasonally higher expenses.

Net interest income decreased by 4 per cent to SEK 3 562m (3 725). To better help growing customers with more complex needs, they were transferred during the quarter to the Large Corporates & Institutions business area. This negatively affected net interest income in Swedish Banking.

Household mortgage volume increased by SEK 13bn (13) to SEK 893bn and the aggregate effect on volume and margins was slightly positive. Lending to tenant-owner associations increased to SEK 91bn (90). Underlying corporate lending was stable. The customer transfers to Large Corporates & Institutions negatively affected volumes by SEK 5bn, mainly in property management, and total lending thereby decreased to SEK 235bn (241).

Deposit volume increased to SEK 711bn (691), of which household deposits increased by SEK 6bn and corporate deposits by SEK 15bn.

Net commission income increased to SEK 2 419m (2 381), mainly through higher card commissions and higher income from securities trading. Card income was positively affected by discounts of SEK 64m from MasterCard, while underlying card income was seasonally lower and negatively affected by the pandemic.

Net gains and losses on financial items increased to SEK 144m (105), mainly due to a positive profit effect of the customer transfer to Large Corporates & Institutions.

Other income decreased to SEK 361m (513), mainly due to lower net insurance and lower income from Entercard.

Expenses increased to SEK 2 900m (2 597), largely due to higher costs for staff, premises and IT as well as internally purchased services.

Credit impairments amounted to SEK 68m (-83), mainly due to negative rating migrations and stage migrations.

#### Full-year 2021 compared with full-year 2020

Profit increased to SEK 12 997m (12 446), mainly due to higher net commission income and lower credit impairments.



Net interest income decreased to SEK 14 973m (16 277). Lower average market interest rates negatively affected net interest income, but this was partly offset by higher lending margins.

Net commission income increased to SEK 9 205m (7 922) through higher income from asset management.

Net gains and losses on financial items increased mainly due to a positive valuation effect on a shareholding in Hemnet, which went public in the second quarter 2021.

Other income, including the share from associated companies and joint ventures, increased mainly due to higher income from Entercard.

Expenses increased by 7 per cent to SEK 10 771m (10 025), mainly due to increased expenses related to compliance.

Credit impairments amounted to SEK -42m (664). In 2020, credit impairments were impacted by the outbreak of the pandemic.

## Business development

The Swedish mortgage market continued to grow at a rapid pace in the quarter, especially in large urban regions. We have maintained our market-leading position in both new sales and lending volume. During the quarter, we also improved our offering and continued to improve availability for our customers. Swedbank and several other mortgage institutions raised prices on longer interest fixing periods in the quarter, which led to more customers choosing variable rather than fixed rates on their mortgages.

The economic recovery continued in the quarter and we saw more activity among Swedish companies. We were able to help new and existing customers to grow through increased lending. The pandemic is still an impediment, especially in the hotel, restaurant and retail sectors.

To make it easier for private customers to identify themselves when they bank, they can now scan their passport or national ID card directly in the BankID app instead of contacting the bank. Young private customers of Swedbank and the savings banks with a MasterCard debit card now can easily track their orders for a new or replacement card or renewal in the young customer app.

We have launched digital allocation advice for occupational pensions that offers private customers easy-to-access personalised advice on choosing funds and risk levels. We have also improved our offering for those who want to consolidate their occupational pension with us.

To make it easier for our corporate customers to choose a more sustainable car, we have clarified the information on green leasing. We also offer a more favourable rate to lease low-emission vehicles. Corporate customers now can also replace a Business debit card in the internet bank for corporate customers and no longer have to call customer centre or contact a branch.

To reduce our carbon footprint and simplify things for customers, we have worked on an initiative to digitise customer communication since 2019. As a result, private customers have been receiving digital notifications in the internet bank or service portal for some time. More corporate documents were digitised in the quarter as well. Since 2019, we have reduced the amount of mail sent to customers of Swedbank and the savings banks by 15 million letters, which has reduced our carbon footprint by 1 000 tonnes CO<sub>2</sub>e.

We are continuously reviewing which countries and currencies to include in our foreign payment offering based on changes in our markets. During the quarter, we therefore reduced the number of countries that foreign payments can be issued to.

Swedbank was named "Public Educator of the Year" in Sweden by the business magazine Privata Affärer. We have had over 90 000 students participate in the Young Economy course as well as 4 400 seniors in the Digital Economy course.

During the quarter, Swedish Banking implemented a new organisation. The purpose of the change is to increase availability and better meet our customers' needs through faster and simpler advice.



Mikael Björknert  
Head of Swedish Banking

**Sweden is Swedbank's largest market**, with around 4 million private customers and over 250 000 corporate customers. This makes Swedbank Sweden's largest bank by number of customers. Through digital channels, customer centres and our branches, and through the cooperation with the savings banks and franchisees, we are always available. Swedbank is part of the local community. Branch managers have a strong mandate to act in their local communities. The bank's presence and engagement are expressed in various ways. A project called "Young Jobs", which has created thousands of trainee positions for young people, has played an important part in recent years. Swedbank has 153 branches in Sweden.



## Baltic Banking

- Increased lending to companies and consumers
- Positive effect from the European Central Bank's liquidity loans
- Improved savings offering with new funds launched

### Income statement

SEKm	Q4 2021	Q3 2021	%	Q4 2020	%	Full-year 2021	Full-year 2020	%
Net interest income	1 379	1 296	6	1 266	9	5 296	5 354	-1
Net commission income	675	682	-1	606	11	2 603	2 430	7
Net gains and losses on financial items	118	88	34	100	18	390	337	16
Other income <sup>1</sup>	192	160	20	242	-21	763	912	-16
<b>Total income</b>	<b>2 364</b>	<b>2 226</b>	<b>6</b>	<b>2 214</b>	<b>7</b>	<b>9 052</b>	<b>9 033</b>	<b>0</b>
Staff costs	377	365	3	364	4	1 424	1 381	3
Variable staff costs	14	13	8	21	-33	57	50	14
Other expenses	688	599	15	602	14	2 326	2 018	15
Depreciation/amortisation	42	43	-2	42	0	170	175	-3
<b>Total expenses</b>	<b>1 121</b>	<b>1 020</b>	<b>10</b>	<b>1 029</b>	<b>9</b>	<b>3 977</b>	<b>3 624</b>	<b>10</b>
<b>Profit before impairment</b>	<b>1 243</b>	<b>1 206</b>	<b>3</b>	<b>1 185</b>	<b>5</b>	<b>5 075</b>	<b>5 409</b>	<b>-6</b>
Impairment of tangible assets				1			2	
Credit impairment	-17	-20	-15	-8		160	237	-32
<b>Profit before tax</b>	<b>1 260</b>	<b>1 226</b>	<b>3</b>	<b>1 192</b>	<b>6</b>	<b>4 915</b>	<b>5 170</b>	<b>-5</b>
Tax expense	209	207	1	197	6	822	864	-5
<b>Profit for the period</b>	<b>1 051</b>	<b>1 019</b>	<b>3</b>	<b>995</b>	<b>6</b>	<b>4 093</b>	<b>4 306</b>	<b>-5</b>
<b>Profit for the period attributable to: Shareholders of Swedbank AB</b>	<b>1 051</b>	<b>1 019</b>	<b>3</b>	<b>995</b>	<b>6</b>	<b>4 093</b>	<b>4 306</b>	<b>-5</b>
Return on allocated equity, %	17.0	16.6		16.1		16.6	17.4	
Loan/deposit ratio, %	61	64		64		61	64	
Credit impairment ratio, %	-0.03	-0.04		-0.02		0.09	0.12	
Cost/income ratio	0.47	0.46		0.46		0.44	0.40	
Loans, SEKbn <sup>2</sup>	199	192	4	182	9	199	182	9
Deposits, SEKbn <sup>2</sup>	329	301	9	284	16	329	284	16
Full-time employees	4 257	4 251	0	4 265	0	4 257	4 265	0

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) Excluding the Swedish National Debt Office and repurchase agreements.

### Result

#### Fourth quarter 2021 compared with third quarter 2021

Profit in the fourth quarter increased to SEK 1 051m (1 019). Profit increased in local currency thanks to higher income at the same time that expenses rose in the quarter. Foreign exchange effects reduced profit by SEK 3m.

Net interest income increased by 7 per cent in local currency mainly due to the positive effect when Swedbank in the quarter qualified for the European Central Bank's targeted longer-term refinancing operations (TLTRO3) and higher lending volumes. Mortgage margins were unchanged in the quarter, at the same time the margins on corporate lending fell slightly. Foreign exchange effects reduced net interest income by SEK 4m.

Lending increased by 3 per cent in the quarter in local currency. Household lending increased by 2 per cent while corporate lending increased by 5 per cent. Foreign exchange effects positively contributed SEK 1bn.

In local currency, deposit volume increased by 9 per cent in the quarter. Private and corporate deposits both increased. Foreign exchange effects positively contributed SEK 2bn.

Net commission income decreased by 1 per cent in local currency in the quarter, with both card income and asset management income declining.

Net gains and losses on financial items increased by 33 per cent in local currency driven by increased income from FX transactions.

Other income increased by 20 per cent in local currency due to lower insurance claims in the quarter.

Expenses increased by 10 per cent in local currency, largely due to seasonally higher marketing expenses, staff costs and expenses for premises. Work to strengthen AML functions and improve KYC processes continued in the quarter.

Credit impairments amounted to SEK -17m (-20).

#### Full-year 2021 compared with full-year 2020

Profit amounted to SEK 4 093m (4 306) in the period. Profit decreased in local currency mainly due to higher expenses, which was offset by increased income and lower credit impairments. Foreign exchange effects negatively affected profit by SEK 138m.

Net interest income increased by 2 per cent in local currency. Higher lending volumes and a positive effect when Swedbank qualified for the European Central

Bank's targeted longer-term refinancing operations (TLTRO3) were partly offset by lower deposit margins. Foreign exchange effects negatively affected net interest income by SEK 184m.

Lending increased by 8 per cent in local currency. Household lending increased by 7 per cent while corporate lending increased by 8 per cent. Foreign exchange effects increased lending growth by SEK 3bn.

Deposits increased by 14 per cent in local currency. Deposits increased in all markets. Foreign exchange effects positively contributed SEK 6bn.

Net commission income increased by 11 per cent in local currency, mainly due to higher income from the card and payment operations, asset management and other fees.

Net gains and losses on financial items increased by 19 per cent in local currency, largely due to high unrealised losses in asset management and the insurance businesses in 2020 as well as increased income from FX transactions.

Other income decreased by 14 per cent in local currency due to a lower result in the insurance business.

Expenses increased by 13 per cent in local currency, mainly due to higher staff costs and expenses related to AML work, increased expenses for risk management and compliance, and higher expense allocations for Group Functions. Expenses for and investments in digital solutions increased as well. This was partly offset by cost savings in the branch network.

Credit impairments amounted to SEK 160m (237), mainly due to expert credit adjustments for Covid-affected sectors at the beginning of the year.

## Business development

Pandemic-related restrictions were reintroduced in the quarter due to an increased number of Covid cases. Although the big increase placed a major strain on the healthcare system, we noted very little impact on our customers. Demand remained high among both private and corporate customers. At the same time, new variants such as Omicron have increased uncertainty about future economic development.

To increase the use of our digital services and reduce the need for face-to-face meetings for private customers, digital mortgage signing was introduced in Latvia. This is a milestone for Baltic Banking as the

mortgage process is now fully digital in all three countries.

During the quarter, we improved the savings offering by launching the Corporate Bond Nordic EUR fund in all three Baltic markets. The fund is primarily designed for our corporate customers. Swedbank also launched two new equity index funds for Estonian and Latvian pension savers: one for publicly financed pension systems and one for private, voluntary pension systems. Both funds are managed according to Swedbank's sustainable investment strategy.

After the successful launch of Garmin Pay and Fitbit Pay, the range of digital wallets was expanded with Xiaomi Pay. Customers can now make contactless payments with the Xiaomi smartwatch as well. The launch has received a positive response in social media.

Swedbank has begun using recycled plastic in the manufacture of its debit cards. A full transition to recycled plastic is expected in early 2022 and is part of Swedbank's sustainability work.

Swedbank was the main organizer of the retail offering of Enefit Green's initial public offering. The IPO was oversubscribed four times and attracted more than 60 000 investors. This is the highest number ever for an IPO in the Baltic stock markets. Enefit Green is one of the leading producers of renewable energy in the region and the largest wind energy producer in the Baltic countries.

To promote the financial health of our customers, Swedbank launched a series of educational videos on investing, portfolio design and investment psychology in Russian in Estonia. In Latvia, Swedbank arranged a competition for schoolchildren on smart and creative ideas how money can be used. In Lithuania, Swedbank acted as principal partner in Food Bank's charitable initiative SHARE, to increase awareness of people in need, of poverty and of the effects of food waste on the climate.



Jon Lidefelt  
Head of Baltic Banking

**Swedbank is the largest bank** by number of customers in Estonia, Latvia and Lithuania, with around 3.3 million private customers and nearly 300 000 corporate customers. According to surveys, Swedbank is also the most popular brand in the Baltic countries. Through digital channels, customer centres and branches, the bank is always available. Swedbank is part of the local community. Its local social engagement is expressed in many ways, with initiatives to promote education, entrepreneurship and social welfare. Swedbank has 17 branches in Estonia, 21 in Latvia and 42 in Lithuania.

## Large Corporates & Institutions

- Net interest income positively affected by customer transfers from Swedish Banking
- Strong net commission income thanks to higher advisory commissions in the corporate finance business
- Improved customer satisfaction

### Income statement

SEKm	Q4 2021	Q3 2021	%	Q4 2020	%	Full-year 2021	Full-year 2020	%
Net interest income	997	922	8	942	6	3 732	3 834	-3
Net commission income	953	766	24	649	47	3 220	2 436	32
Net gains and losses on financial items	81	300	-73	677	-88	1 014	1 897	-47
Other income <sup>1</sup>	40	39	3	25	60	133	116	15
<b>Total income</b>	<b>2 071</b>	<b>2 027</b>	<b>2</b>	<b>2 293</b>	<b>-10</b>	<b>8 099</b>	<b>8 283</b>	<b>-2</b>
Staff costs	663	575	15	652	2	2 489	2 327	7
Variable staff costs	34	28	21	54	-37	160	94	70
Other expenses	417	342	22	342	22	1 424	1 434	-1
Depreciation/amortisation	62	61	2	65	-5	261	248	5
<b>Total expenses</b>	<b>1 176</b>	<b>1 006</b>	<b>17</b>	<b>1 113</b>	<b>6</b>	<b>4 334</b>	<b>4 103</b>	<b>6</b>
<b>Profit before impairment</b>	<b>895</b>	<b>1 021</b>	<b>-12</b>	<b>1 180</b>	<b>-24</b>	<b>3 765</b>	<b>4 180</b>	<b>-10</b>
Impairment of intangible assets						13		
Credit impairment	-118	124		537		56	3 425	-98
<b>Profit before tax</b>	<b>1 013</b>	<b>897</b>	<b>13</b>	<b>643</b>	<b>58</b>	<b>3 696</b>	<b>755</b>	
Tax expense	179	173	3	147	22	709	-271	
<b>Profit for the period</b>	<b>834</b>	<b>724</b>	<b>15</b>	<b>496</b>	<b>68</b>	<b>2 987</b>	<b>1 026</b>	
<b>Profit for the period attributable to:</b>								
<b>Shareholders of Swedbank AB</b>	<b>834</b>	<b>724</b>	<b>15</b>	<b>496</b>	<b>68</b>	<b>2 987</b>	<b>1 026</b>	
Return on allocated equity, %	10.9	9.2		6.0		9.3	3.2	
Loan/deposit ratio, %	104	95		111		104	111	
Credit impairment ratio, %	-0.16	0.18		0.68		0.02	1.16	
Cost/income ratio	0.57	0.50		0.49		0.54	0.50	
Loans, SEKbn <sup>2</sup>	228	218	5	223	2	228	223	
Deposits, SEKbn <sup>2</sup>	220	231	-5	200	10	220	200	10
Full-time employees	2 460	2 458	0	2 374	4	2 460	2 374	4

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) Excluding the Swedish National Debt Office and repurchase agreements.

### Result

#### Fourth quarter 2021 compared with third quarter 2021

Profit increased to SEK 834m (725), mainly due to reversals of credit impairments.

Net interest income increased by 8 per cent to SEK 997m (922), mainly due to higher volumes in property management following the customer transfer from Swedish Banking. Higher deposit income due to higher average deposit volumes positively affected net interest income in the quarter.

Net commission income increased by 24 per cent to SEK 953m (766). Higher advisory commissions related to IPOs and equity issues, as well as fees related to Swedbank's role as liquidity guarantor in the covered bond market, had a positive effect. Income from asset management also increased thanks to performance-based income.

Net gains and losses on financial items decreased to SEK 81m (300), mainly due to decreased income from fixed income trading.

Total expenses increased to SEK 1 176m (1 066), mainly due to seasonally higher costs for staff, IT and consultants.

Credit impairments amounted to SEK -118m (124), mainly due to lower credit impairment provisions within oil and offshore as a result of divestments and restructurings.

#### Full-year 2021 compared with full-year 2020

Profit increased to SEK 2 987m (1 026), mainly due to lower credit impairments.

Net interest income decreased by 3 per cent to SEK 3 732m (3 834) due to lower deposit margins.

Net commission income increased by 32 per cent to SEK 3 220m (2 436). Income from asset management and lending commissions was higher during the year. Increased income from advisory commissions related to equity issues and increased income from bond issues contributed positively as well. Income from card commissions increased due to higher transaction volumes.

Net gains and losses on financial items decreased to SEK 1 014m (1 897). Decreased income from fixed

income trading was offset by derivative valuation adjustments (CVA/DVA).

Expenses increased by 6 per cent to SEK 4 334m (4 103) partly due to a higher number of employees and annual salary increases.

Credit impairments amounted to SEK 56m (3 425), mainly driven by individual provisions for a few counterparties in oil and offshore.

## Business development

During the quarter, a number of customers were transferred to Large Corporates & Institutions from Swedish Banking. These customers are in a growth stage where their need for help and support is increasing in scope and complexity. It is gratifying to have the opportunity to assist them in their development.

Demand for transaction-driven financing has remained high. Swedbank participated in the financing of Heimstaden's acquisition of parts of Akelius' property portfolio and in financing in connection with Synsam's IPO. Demand for sustainable finance has also been high and Swedbank coordinated and participated in a sustainable loan to Dustin. During the quarter, we continued to reduce oil-related lending in line with the bank's strategy. The decrease amounted to approximately SEK 2bn, part of which had previously been reserved largely through the divestment of a few loans and a restructuring.

Despite increased volatility, customer activity remained good in the bond and equity markets in the quarter. Among other things, Swedbank assisted Nordic Investment Bank with green bond issues in connection

with its 10-year anniversary as a green bond issuer. Nordic Investment Bank finances water-related projects in the Nordic countries, such as the construction of the Slussen transportation hub in Stockholm. The bank also assisted Greenfood in its sustainability-linked bond issue. Swedbank was an advisor to several property companies such as Heimstaden, Wästbygg Gruppen, Fabege and Atrium Ljungberg in connection with bond issues in the quarter. For the full-year 2021 Swedbank had the largest market share as an advisor in SEK bond issues, both in total and for sustainable bonds.

Swedbank also participated in a number of equity-related funding issues in the quarter. Together with our partner, Kepler Cheuvreux, Swedbank participated in a total of seven IPOs, the largest number ever for Swedbank in a single quarter. For example, we were an advisor on IPOs for Volvo Cars and Enefit Green. Enefit Green is an Estonian renewable energy company.

In Prospera's customer satisfaction survey for the large corporate segment in Sweden, Swedbank improved its ranking. For the very largest customers with sales of over SEK 15bn, Swedbank climbed to second place. In Prospera's survey for Corporate Banking Real Estate 2021 Sweden, Swedbank again rated as one of the leading banks. Swedbank also ranked there as a leader in bond issuance in the real estate sector.



Pål Bergström  
Head of Large Corporates & Institutions

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

## Group Functions & Other

### Income statement

SEKm	Q4 2021	Q3 2021	%	Q4 2020	%	Full-year 2021	Full-year 2020	%
Net interest income	620	651	-5	517	20	2 272	1 416	60
Net commission income	-25	-32	-22	-44	-43	-176	-137	28
Net gains and losses on financial items	-77	59		43		58	71	-18
Other income <sup>1</sup>	544	340	60	321	69	1 432	1 050	36
<b>Total income</b>	<b>1 062</b>	<b>1 018</b>	<b>4</b>	<b>837</b>	<b>27</b>	<b>3 586</b>	<b>2 400</b>	<b>49</b>
Staff costs	1 391	1 294	7	1 238	12	5 196	4 767	9
Variable staff costs	44	48	-8	82	-46	144	171	-16
Other expenses	-855	-1 086	-21	-930	-8	-4 271	-3 051	40
Depreciation/amortisation	299	289	3	288	4	1 162	1 104	5
Administrative fine							4 000	
<b>Total expenses</b>	<b>879</b>	<b>545</b>	<b>61</b>	<b>678</b>	<b>30</b>	<b>2 231</b>	<b>6 991</b>	<b>-68</b>
<b>Profit before impairment</b>	<b>183</b>	<b>473</b>	<b>-61</b>	<b>159</b>	<b>15</b>	<b>1 355</b>	<b>-4 591</b>	
Impairment of intangible assets						43		
Credit impairment		-3		-5		-4	8	
<b>Profit before tax</b>	<b>183</b>	<b>476</b>	<b>-62</b>	<b>164</b>	<b>12</b>	<b>1 316</b>	<b>-4 599</b>	
Tax expense	159	153	4	136	17	522	250	
<b>Profit for the period</b>	<b>24</b>	<b>323</b>	<b>-93</b>	<b>28</b>	<b>-14</b>	<b>794</b>	<b>-4 849</b>	
<b>Profit for the period attributable to: Shareholders of Swedbank AB</b>	<b>24</b>	<b>323</b>	<b>-93</b>	<b>28</b>	<b>-14</b>	<b>794</b>	<b>-4 849</b>	
Full-time employees	5 807	5 745	1	5 612	3	5 807	5 612	3

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.

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

### Result

#### Fourth quarter 2021 compared with third quarter 2021

Profit decreased to SEK 24m (323) due to higher expenses.

Net interest income decreased to SEK 620m (651). Net interest income within Group Treasury decreased to SEK 656m (690), partly due to less favourable terms in the short-term funding market.

Net gains and losses on financial items decreased to SEK -77m (59). Net gains and losses on financial items within Group Treasury decreased to SEK -73m (56), mainly due to valuation changes in derivatives and shareholdings.

Expenses increased to SEK 879m (545), mainly due to higher staff, IT and consulting expenses.

#### Full-year 2021 compared with full-year 2020

Profit increased to SEK 794m (-4 849), largely due to the Swedish FSA's administrative fine in the first quarter 2020.

Net interest income increased to SEK 2 272m (1 416). Group Treasury's net interest income increased to SEK 2 427m (1 573), mainly because short-term funding costs decreased and short-term market interest rates were lower during the year.

Net gains and losses on financial items decreased to SEK 58m (71). Net gains and losses on financial items within Group Treasury increased to SEK 59m (3), mainly due to lower bond repurchase volumes during the year.

Expenses decreased to SEK 2 231m (6 991), mainly due to the Swedish FSA's administrative fine and high money laundering related consulting costs in 2020, as well as higher cost allocations to the business areas in 2021.

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



## Eliminations

### Income statement

SEKm	Q4 2021	Q3 2021	%	Q4 2020	%	Full-year 2021	Full-year 2020	%
Net interest income	-4	-4	0	-9	-56	-16	-28	-43
Net commission income	-2	2		65		1	119	-99
Net gains and losses on financial items	-1	1		-1	0		-1	
Other income <sup>1</sup>	-227	-125	82	-99		-451	-273	65
<b>Total income</b>	<b>-234</b>	<b>-126</b>	<b>86</b>	<b>-44</b>		<b>-466</b>	<b>-183</b>	
Staff costs	-3	-4	-25	-4	-25	-14	-14	0
Other expenses	-231	-122	89	-40		-452	-169	
<b>Total expenses</b>	<b>-234</b>	<b>-126</b>	<b>86</b>	<b>-44</b>		<b>-466</b>	<b>-183</b>	

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.

Group eliminations mainly consist of eliminations of internal transactions between Group Functions and the other business areas.

<b>Group</b>	<b>Page</b>
Income statement, condensed	21
Statement of comprehensive income, condensed	22
Balance sheet, condensed	23
Statement of changes in equity, condensed	24
Cash flow statement, condensed	25
<b>Notes</b>	
Note 1 Accounting policies	26
Note 2 Critical accounting estimates	26
Note 3 Changes in the Group structure	26
Note 4 Operating segments (business areas)	27
Note 5 Net interest income	29
Note 6 Net commission income	30
Note 7 Net gains and losses on financial items	31
Note 8 Other general administrative expenses	31
Note 9 Credit impairments	32
Note 10 Loans	35
Note 11 Credit impairment provisions	37
Note 12 Credit risk exposures	38
Note 13 Intangible assets	39
Note 14 Amounts owed to credit institutions	39
Note 15 Deposits and borrowings from the public	39
Note 16 Debt securities in issue, senior non-preferred liabilities and subordinated liabilities	40
Note 17 Derivatives	40
Note 18 Fair value of financial instruments	41
Note 19 Assets pledged, contingent liabilities and commitments	43
Note 20 Offsetting financial assets and liabilities	44
Note 21 Capital adequacy, consolidated situation	45
Note 22 Internal capital requirement	47
Note 23 Risks and uncertainties	47
Note 24 Related-party transactions	48
Note 25 Swedbank's share	49
<b>Parent company</b>	
Income statement, condensed	50
Statement of comprehensive income, condensed	50
Balance sheet, condensed	51
Statement of changes in equity, condensed	52
Cash flow statement, condensed	52
Capital adequacy	53

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

## Income statement, condensed

Group SEKm	Q4 2021	Q3 2021	Q4 2020	Full-year 2021	Full-year 2020
Interest income on financial assets at amortised cost	7 593	7 483	7 300	29 912	32 020
Other interest income	235	-38	804	452	1 771
<b>Interest income</b>	<b>7 828</b>	<b>7 445</b>	<b>8 104</b>	<b>30 364</b>	<b>33 791</b>
Interest expense	-1 274	-855	-1 537	-4 107	-6 938
<b>Net interest income (note 5)</b>	<b>6 554</b>	<b>6 590</b>	<b>6 567</b>	<b>26 257</b>	<b>26 853</b>
Commission income	6 021	5 743	5 185	22 407	19 476
Commission expense	-2 001	-1 944	-1 809	-7 554	-6 706
<b>Net commission income (note 6)</b>	<b>4 020</b>	<b>3 799</b>	<b>3 376</b>	<b>14 853</b>	<b>12 770</b>
Net gains and losses on financial items (note 7)	265	553	910	2 048	2 655
Net insurance	326	361	408	1 457	1 518
Share of profit or loss of associates and joint ventures	253	239	122	976	582
Other income	331	327	381	1 299	1 298
<b>Total income</b>	<b>11 749</b>	<b>11 869</b>	<b>11 764</b>	<b>46 890</b>	<b>45 676</b>
Staff costs	3 361	3 127	3 205	12 739	11 873
Other general administrative expenses (note 8)	2 070	1 513	1 974	6 477	7 107
Depreciation/amortisation of tangible and intangible assets	411	402	407	1 631	1 580
Administrative fine					4 000
<b>Total expenses</b>	<b>5 842</b>	<b>5 042</b>	<b>5 586</b>	<b>20 847</b>	<b>24 560</b>
<b>Profit before impairment</b>	<b>5 907</b>	<b>6 827</b>	<b>6 178</b>	<b>26 043</b>	<b>21 116</b>
Impairment of intangible assets				56	
Impairment of tangible assets			1		2
Credit impairment (note 9)	-67	18	523	170	4 334
<b>Profit before tax</b>	<b>5 974</b>	<b>6 809</b>	<b>5 654</b>	<b>25 817</b>	<b>16 780</b>
Tax expense	1 139	1 310	1 144	4 945	3 851
<b>Profit for the period</b>	<b>4 835</b>	<b>5 499</b>	<b>4 510</b>	<b>20 872</b>	<b>12 929</b>
<b>Profit for the period attributable to:</b>					
<b>Shareholders of Swedbank AB</b>	<b>4 835</b>	<b>5 498</b>	<b>4 510</b>	<b>20 871</b>	<b>12 929</b>
Non-controlling interests	0	1	0	1	0
Earnings per share, SEK	4.31	4.90	4.03	18.62	11.55
Earnings per share after dilution, SEK	4.30	4.89	4.01	18.56	11.51

## Statement of comprehensive income, condensed

Group SEKm	Q4 2021	Q3 2021	Q4 2020	Full-year 2021	Full-year 2020
<b>Profit for the period reported via income statement</b>	<b>4 835</b>	<b>5 499</b>	<b>4 510</b>	<b>20 872</b>	<b>12 929</b>
<b>Items that will not be reclassified to the income statement</b>					
Remeasurements of defined benefit pension plans	273	-467	1 148	1 686	5 166
Share related to associates and joint ventures:					
Remeasurements of defined benefit pension plans	14	-35	20	21	96
Change in fair value attributable to changes in own credit risk on financial liabilities designated at fair value through profit and loss	0	0	2	0	6
Income tax	-56	96	-236	-347	-1 065
<b>Total</b>	<b>231</b>	<b>-406</b>	<b>934</b>	<b>1 360</b>	<b>4 203</b>
<b>Items that may be reclassified to the income statement</b>					
Exchange rate differences, foreign operations:					
Gains/losses arising during the period	334	251	-2 337	848	-1 838
Reclassification adjustments to income statement, Net gains and losses on financial items			-2		-2
Hedging of net investments in foreign operations:					
Gains/losses arising during the period	-286	-204	1 808	-729	1 523
Reclassification adjustments to income statement, Net gains and losses on financial items			9		9
Cash flow hedges:					
Gains/losses arising during the period	55	42	-412	145	-358
Reclassification adjustments to the income statement, Net gains and losses on financial items	-55	-41	403	-143	349
Foreign currency basis risk:					
Gains/losses arising during the period	-1	11	-24	5	-42
Share of other comprehensive income of associates and joint ventures	9	13	6	91	-84
Income tax	59	39	-372	148	-306
<b>Total</b>	<b>115</b>	<b>111</b>	<b>-921</b>	<b>365</b>	<b>-749</b>
<b>Other comprehensive income for the period, net of tax</b>	<b>346</b>	<b>-295</b>	<b>13</b>	<b>1 725</b>	<b>3 454</b>
<b>Total comprehensive income for the period</b>	<b>5 181</b>	<b>5 204</b>	<b>4 523</b>	<b>22 597</b>	<b>16 383</b>
<b>Total comprehensive income attributable to:</b>					
<b>Shareholders of Swedbank AB</b>	<b>5 181</b>	<b>5 203</b>	<b>4 523</b>	<b>22 596</b>	<b>16 383</b>
Non-controlling interests	0	1	0	1	0

For 2021 a gain of SEK 1 686m (5 166) was recognised in other comprehensive income, relating to remeasurements of defined benefit pension plans. As per 31 December 2021 the discount rate used to calculate the closing pension obligation was 2.10 per cent, compared with 1.41 per cent at 31 December 2020. The inflation assumption was 2.30 per cent compared with 1.48 per cent at 31 December 2020. The changed assumptions together with gains and losses based on experience represented SEK 461m of the positive result in other comprehensive income. The fair value of plan assets increased during 2021 by SEK 1 225m. In total, the obligation for defined benefit pension plans exceeded the fair value of plan assets by SEK 1 801m compared with SEK 3 665m at year end 2020.

For 2021 an exchange rate difference of SEK 848m (- 1 840) 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 91m (-84) 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 939m is not taxable. The large part of the Group's foreign net investments is hedged against currency risk resulting in a loss of SEK 729m (profit 1 532) for the hedging instruments.

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

## Balance sheet, condensed

Group SEKm	31 Dec 2021	31 Dec 2020
<b>Assets</b>		
Cash and balances with central banks	360 153	293 811
Treasury bills and other bills eligible for refinancing with central banks, etc.	163 590	137 191
Loans to credit institutions (note 10)	39 504	47 954
Loans to the public (note 10)	1 703 206	1 680 987
Value change of interest hedged items in portfolio hedges of interest rate risk	-1 753	1 774
Bonds and other interest-bearing securities	58 093	59 975
Financial assets for which customers bear the investment risk	328 512	252 411
Shares and participating interests	13 416	17 215
Investments in associates and joint ventures	7 705	7 287
Derivatives (note 17)	40 531	52 177
Intangible assets (note 13)	19 488	18 361
Tangible assets	5 523	5 421
Current tax assets	1 372	1 554
Deferred tax assets	113	124
Other assets	9 194	16 483
Prepaid expenses and accrued income	1 970	1 917
<b>Total assets</b>	<b>2 750 617</b>	<b>2 594 642</b>
<b>Liabilities and equity</b>		
Amounts owed to credit institutions (note 14)	92 812	150 313
Deposits and borrowings from the public (note 15)	1 265 783	1 148 240
Financial liabilities for which customers bear the investment risk	329 667	253 229
Debt securities in issue (note 16)	735 917	732 814
Short positions, securities	28 613	23 300
Derivatives (note 17)	28 106	54 380
Current tax liabilities	672	424
Deferred tax liabilities	3 398	2 784
Pension provisions	1 801	3 665
Insurance provisions	1 970	1 859
Other liabilities and provisions	28 933	30 610
Accrued expenses and prepaid income	4 813	4 038
Senior non-preferred liabilities (note 16)	37 832	10 359
Subordinated liabilities (note 16)	28 604	23 434
<b>Total liabilities</b>	<b>2 588 921</b>	<b>2 439 449</b>
<b>Equity</b>		
Non-controlling interests	26	25
Equity attributable to shareholders of the parent company	161 670	155 168
<b>Total equity</b>	<b>161 696</b>	<b>155 193</b>
<b>Total liabilities and equity</b>	<b>2 750 617</b>	<b>2 594 642</b>



## Statement of changes in equity, condensed

Group SEKm	Equity attributable to shareholders of Swedbank AB										
	Share capital	Other contri- buted equity <sup>1</sup>	Exchange differences, subsidiaries and associates	Hedging of net investments in foreign operations	Cash flow hedge reserves	Foreign currency basis reserves	Own credit risk reserves	Retained earnings	Total	Non- controlling interests	Total equity
January-December 2021											
Opening balance 1 January 2021	24 904	17 275	4 355	-2 669	1	-62	0	111 364	155 168	25	155 193
Dividends								-16 310	-16 310		-16 310
Share based payments to employees								195	195		195
Deferred tax related to share based payments to employees								20	20		20
Current tax related to share based payments to employees								1	1		1
Total comprehensive income for the period			939	-579	1	4	0	22 231	22 596	1	22 597
of which reported through profit or loss								20 871	20 871	1	20 872
of which reported through other comprehensive income			939	-579	1	4	0	1 360	1 725		1 725
Closing balance 31 December 2021	24 904	17 275	5 294	-3 248	2	-58	0	117 501	161 670	26	161 696
January-December 2020											
Opening balance 1 January 2020	24 904	17 275	6 279	-3 880	8	-33	-5	94 060	138 608	25	138 633
Share based payments to employees								178	178		178
Deferred tax related to share based payments to employees								7	7		7
Current tax related to share based payments to employees								-8	-8		-8
Total comprehensive income for the period			-1 924	1 211	-7	-29	5	17 127	16 383	0	16 383
of which reported through profit or loss								12 929	12 929	0	12 929
of which reported through other comprehensive income			-1 924	1 211	-7	-29	5	4 198	3 454		3 454
Closing balance 31 December 2020	24 904	17 275	4 355	-2 669	1	-62	0	111 364	155 168	25	155 193

1) Other contributed equity consists mainly of share premiums.

## Cash flow statement, condensed

Group SEKm	Full-year 2021	Full-year 2020
<b>Operating activities</b>		
Profit before tax	25 817	16 780
Adjustments for non-cash items in operating activities	-2 863	447
Income taxes paid	-4 478	-4 331
Increase (-) / decrease (+) in loans to credit institution	8 733	-2 708
Increase (-) / decrease (+) in loans to the public	-18 746	-39 022
Increase (-) / decrease (+) in holdings of securities for trading	-20 742	-15 081
Increase (-) / decrease (+) in other assets	19 618	-17 957
Increase (+) / decrease (-) in amounts owed to credit institutions	-58 471	82 381
Increase (+) / decrease (-) in deposits and borrowings from the public	112 568	203 526
Increase (+) / decrease (-) in debt securities in issue	-6 447	-104 629
Increase (+) / decrease (-) in other liabilities	-5 580	-10 169
<b>Cash flow from operating activities</b>	<b>49 409</b>	<b>109 237</b>
<b>Investing activities</b>		
Acquisitions of and contributions to associates and joint ventures	-51	-54
Disposal of shares in associates		76
Dividend from associates and joint ventures	587	2
Acquisitions of other fixed assets and strategic financial assets	-253	-364
Disposals of/maturity of other fixed assets and strategic financial assets	345	1 723
<b>Cash flow from investing activities</b>	<b>628</b>	<b>1 383</b>
<b>Financing activities</b>		
Amortisation of lease liabilities	-751	-723
Issuance of senior non-preferred liabilities	27 501	
Redemption of senior non-preferred liabilities		-95
Issuance of subordinated liabilities	4 328	
Redemption of subordinated liabilities	-617	-7 880
Dividends paid	-16 310	
<b>Cash flow from financing activities</b>	<b>14 151</b>	<b>-8 698</b>
<b>Cash flow for the period</b>	<b>64 188</b>	<b>101 922</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>293 811</b>	<b>195 286</b>
Cash flow for the period	64 188	101 922
Exchange rate differences on cash and cash equivalents	2 154	-3 397
<b>Cash and cash equivalents at end of the period</b>	<b>360 153</b>	<b>293 811</b>

## 2021

During the year contributions were provided to joint ventures P27 Nordic Payments Platform AB of SEK 25m and Invidem AB of SEK 25m. During the third quarter additional shares were acquired in associate BGC Holding AB of SEK 1m.

During third and fourth quarter, shares in Hemnet Group AB were sold and Swedbank received a cash payment of SEK 110m which are reported in Disposals of/maturity of other fixed assets and strategic financial assets in the cash flow statement.

## 2020

During the year contributions were provided to joint ventures Invidem AB of SEK 23m and P27 Nordic Payments Platform AB of SEK 31m.

During the fourth quarter, the Visa Inc. A shares were sold and Swedbank received a cash payment of SEK

794m which are reported in Disposals of/maturity of other fixed assets and strategic financial assets in the cash flow statement.

During the third quarter, the shares in the Finnish credit information company Enento Group was sold. Swedbank received a cash payment of SEK 570m which are reported in Disposals of/maturity of other fixed assets and strategic financial assets in the cash flow statement.

During the second quarter the associated company Svensk Mäklarstatistik AB was sold. Swedbank received a cash payment of SEK 5m and the capital gain was SEK 3m.

During the first quarter, Swedbank received a cash payment of SEK 71m as a final payment for the sale of the associated company Hemnet AB in 2017.

## Note 1 Accounting policies

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

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

The accounting policies applied in the interim report conform to those applied in the Annual and Sustainability Report for 2020, which was prepared in accordance with International Financial Reporting Standards as adopted by the European Union and interpretations thereof. There have been no significant changes to the Group's accounting policies, except for the change as set out below.

#### **Amendments for Interest Rate Benchmark Reform (phase 2)**

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 due to the Interest Rate Benchmark Reform – Phase 2 are applied from 1 January 2021.

The amendments address the accounting issues that arise when financial instruments that reference an IBOR interest rate transition to an alternative benchmark rate. The amendments include a practical expedient for modifications required by the Interest Rate Benchmark Reform (the Reform), to be treated as changes to a floating interest rate. They also permit changes required by the Reform to be implemented in hedge designations and hedge documentation without the hedging relationship being discontinued. The adoption did not have any impact on the Group's financial position, results, cash flows or disclosures.

#### **Other changes in accounting regulations**

Other amended regulations that have been adopted from 1 January 2021 did not have a significant impact on the Group's financial position, results, cash flows or disclosures.

#### **Standards issued but not yet adopted**

IFRS 17 Insurance Contracts was approved by the EU in November 2021 and is applicable from 1 January 2023. The EU approval included an annual cohort exemption which is not expected to have a significant impact on Swedbank.

## **Note 2 Critical accounting estimates**

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

goodwill, deferred taxes and defined benefit pension provisions.

Due to the continued uncertainties related to Covid-19 post-model expert credit adjustments to the credit impairment provisions continue to be necessary. Details of these are found in Note 9. 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 2020.

## **Note 3 Changes in the Group structure**

On 1 October 2021, has implemented a change to Baltic activities governance and control. The wholly owned Latvian holding company Swedbank Baltics AS became owner of the subsidiaries Swedbank AS (Estonia),

Swedbank AS (Latvia) and Swedbank AB (Lithuania), which previously was owned by Swedbank AB. In doing this Swedbank AB formalises the current operating model and clarifies the accountability and responsibility of the Baltic management.

## Note 4 Operating segments (business areas)

Full-year 2021

SEKm	Swedish Banking	Baltic Banking	Large Corporates & Institutions	Group Functions & Other	Eliminations	Group
<b>Income statement</b>						
Net interest income	14 973	5 296	3 732	2 272	-16	26 257
Net commission income	9 205	2 603	3 220	-176	1	14 853
Net gains and losses on financial items	586	390	1 014	58		2 048
Other income <sup>1</sup>	1 855	763	133	1 432	-451	3 732
<b>Total income</b>	<b>26 619</b>	<b>9 052</b>	<b>8 099</b>	<b>3 586</b>	<b>-466</b>	<b>46 890</b>
Staff costs	3 222	1 424	2 489	5 196	-14	12 317
Variable staff costs	61	57	160	144		422
Other expenses	7 450	2 326	1 424	-4 271	-452	6 477
Depreciation/amortisation	38	170	261	1 162		1 631
<b>Total expenses</b>	<b>10 771</b>	<b>3 977</b>	<b>4 334</b>	<b>2 231</b>	<b>-466</b>	<b>20 847</b>
<b>Profit before impairment</b>	<b>15 848</b>	<b>5 075</b>	<b>3 765</b>	<b>1 355</b>		<b>26 043</b>
Impairment of intangible assets			13	43		56
Credit impairment	-42	160	56	-4		170
<b>Profit before tax</b>	<b>15 890</b>	<b>4 915</b>	<b>3 696</b>	<b>1 316</b>		<b>25 817</b>
Tax expense	2 892	822	709	522		4 945
<b>Profit for the period</b>	<b>12 998</b>	<b>4 093</b>	<b>2 987</b>	<b>794</b>		<b>20 872</b>
<b>Profit for the period attributable to:</b>						
<b>Shareholders of Swedbank AB</b>	<b>12 997</b>	<b>4 093</b>	<b>2 987</b>	<b>794</b>		<b>20 871</b>
Non-controlling interests	1					1
<b>Net commission income</b>						
<b>Commission income</b>						
Payment processing	730	647	649	122	-30	2 118
Cards	2 096	1 618	2 327		-363	5 678
Asset management and custody	7 595	413	1 874	-18	-318	9 546
Lending	210	163	840	7	-7	1 213
Other commission income <sup>2</sup>	2 142	539	1 131	47	-7	3 852
<b>Total Commission income</b>	<b>12 773</b>	<b>3 380</b>	<b>6 821</b>	<b>158</b>	<b>-725</b>	<b>22 407</b>
<b>Commission expense</b>	<b>3 568</b>	<b>777</b>	<b>3 601</b>	<b>334</b>	<b>-726</b>	<b>7 554</b>
<b>Net commission income</b>	<b>9 205</b>	<b>2 603</b>	<b>3 220</b>	<b>-176</b>	<b>1</b>	<b>14 853</b>
<b>Balance sheet, SEKbn</b>						
Cash and balances with central banks	2	3	173	184	-2	360
Loans to credit institutions	6		128	191	-285	40
Loans to the public	1 252	199	252			1 703
Interest-bearing securities		1	55	168	-2	222
Financial liabilities for which customers bears the investment risk	321	8				329
Investments in associates and joint ventures	6			2		8
Derivatives			60	38	-57	41
Tangible and intangible assets	2	12	2	9		25
Other assets	3	139	18	358	-495	23
<b>Total assets</b>	<b>1 592</b>	<b>362</b>	<b>688</b>	<b>950</b>	<b>-841</b>	<b>2 751</b>
Amounts owed to credit institutions	27		217	97	-248	93
Deposits and borrowings from the public	712	329	235	1	-11	1 266
Debt securities in issue		1	5	733	-3	736
Financial liabilities for which customers bears the investment risk	322	8				330
Derivatives			57	28	-57	28
Other liabilities	466		143	-18	-522	69
Senior non-preferred liabilities				38		38
Subordinated liabilities				29		29
<b>Total liabilities</b>	<b>1 527</b>	<b>338</b>	<b>657</b>	<b>908</b>	<b>-841</b>	<b>2 589</b>
Allocated equity	65	24	31	42		162
<b>Total liabilities and equity</b>	<b>1 592</b>	<b>362</b>	<b>688</b>	<b>950</b>	<b>-841</b>	<b>2 751</b>
<b>Key figures</b>						
Return on allocated equity, %	20.0	16.6	9.3	2.2		13.2
Cost/income ratio	0.40	0.44	0.54	0.62		0.44
Credit impairment ratio, %	0.00	0.09	0.02	-0.01		0.01
Loan/deposit ratio, %	176	61	104	52		133
Loans to the public, stage 3, SEKbn <sup>3</sup> (gross)	2	1	3			6
Loans to the public, total, SEKbn <sup>3</sup>	1 252	199	228			1 679
Provisions for loans to the public, total, SEKbn <sup>3</sup>	1	1	3			5
Deposits from the public, SEKbn <sup>3</sup>	712	329	220			1 261
Risk exposure amount, SEKbn	405	107	168	28		708
Full-time employees	4 041	4 257	2 460	5 807		16 565
Allocated equity, average, SEKbn	65	25	32	37		159

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.

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

**Full-year 2020**

SEKm	Swedish Banking	Baltic Banking	Large Corporates & Institutions	Group Functions & Other	Eliminations	Group
<b>Income statement</b>						
Net interest income	16 277	5 354	3 834	1 416	-28	26 853
Net commission income	7 922	2 430	2 436	-137	119	12 770
Net gains and losses on financial items	351	337	1 897	71	-1	2 655
Other income <sup>1</sup>	1 593	912	116	1 050	-273	3 398
<b>Total income</b>	<b>26 143</b>	<b>9 033</b>	<b>8 283</b>	<b>2 400</b>	<b>-183</b>	<b>45 676</b>
Staff costs	3 050	1 381	2 327	4 767	-14	11 511
Variable staff costs	47	50	94	171		362
Other expenses	6 875	2 018	1 434	-3 051	-169	7 107
Depreciation/amortisation	53	175	248	1 104		1 580
Administrative fine				4 000		4 000
<b>Total expenses</b>	<b>10 025</b>	<b>3 624</b>	<b>4 103</b>	<b>6 991</b>	<b>-183</b>	<b>24 560</b>
<b>Profit before impairment</b>	<b>16 118</b>	<b>5 409</b>	<b>4 180</b>	<b>-4 591</b>		<b>21 116</b>
Impairment of tangible assets		2				2
Credit impairment	664	237	3 425	8		4 334
<b>Profit before tax</b>	<b>15 454</b>	<b>5 170</b>	<b>755</b>	<b>-4 599</b>		<b>16 780</b>
Tax expense	3 008	864	-271	250		3 851
<b>Profit for the period</b>	<b>12 446</b>	<b>4 306</b>	<b>1 026</b>	<b>-4 849</b>		<b>12 929</b>
<b>Profit for the period attributable to:</b>						
<b>Shareholders of Swedbank AB</b>	<b>12 446</b>	<b>4 306</b>	<b>1 026</b>	<b>-4 849</b>		<b>12 929</b>
Non-controlling interests	0					0
<b>Net commission income</b>						
<b>Commission income</b>						
Payment processing	719	647	585	61	7	2 019
Cards	2 168	1 543	1 969	-6	-423	5 251
Asset management and custody	5 943	341	1 473	-13	-260	7 484
Lending	219	167	666	12	-7	1 057
Other commission income <sup>2</sup>	2 136	503	991	43	-8	3 665
<b>Total Commission income</b>	<b>11 185</b>	<b>3 201</b>	<b>5 684</b>	<b>97</b>	<b>-691</b>	<b>19 476</b>
<b>Commission expense</b>	<b>3 263</b>	<b>771</b>	<b>3 248</b>	<b>234</b>	<b>-810</b>	<b>6 706</b>
<b>Net commission income</b>	<b>7 922</b>	<b>2 430</b>	<b>2 436</b>	<b>-137</b>	<b>119</b>	<b>12 770</b>

**Balance sheet, SEKbn**

Cash and balances with central banks	1	3	131	160	-1	294
Loans to credit institutions	7		109	264	-332	48
Loans to the public	1 211	182	263	25		1 681
Interest-bearing securities		1	52	147	-3	197
Financial liabilities for which customers bears the investment risk	246	6				252
Investments in associates	5			2		7
Derivatives			65	33	-46	52
Tangible and intangible assets	2	12	2	8		24
Other assets	4	110	25	354	-453	40
<b>Total assets</b>	<b>1 476</b>	<b>314</b>	<b>647</b>	<b>993</b>	<b>-835</b>	<b>2 595</b>
Amounts owed to credit institutions	27		263	179	-319	150
Deposits and borrowings from the public	646	284	226	2	-10	1 148
Debt securities in issue			7	730	-4	733
Financial liabilities for which customers bears the investment risk	247	6				253
Derivatives			67	33	-46	54
Other liabilities	489		51	-15	-456	69
Senior non-preferred liabilities				10		10
Subordinated liabilities				23		23
<b>Total liabilities</b>	<b>1 409</b>	<b>290</b>	<b>614</b>	<b>962</b>	<b>-835</b>	<b>2 440</b>
Allocated equity	67	24	33	31		155
<b>Total liabilities and equity</b>	<b>1 476</b>	<b>314</b>	<b>647</b>	<b>993</b>	<b>-835</b>	<b>2 595</b>

**Key figures**

Return on allocated equity, %	18.6	17.4	3.2	-21.7		8.9
Cost/income ratio	0.38	0.40	0.50	2.91		0.54
Credit impairment ratio, %	0.06	0.12	1.16	0.04		0.26
Loan/deposit ratio, %	187	64	111	46		143
Loans to the public, stage 3, SEKbn <sup>3</sup> (gross)	2	2	7			11
Loans to the public, total, SEKbn <sup>3</sup>	1 211	182	223			1 616
Provisions for loans to the public, total, SEKbn <sup>3</sup>	2	1	5			8
Deposits, SEKbn <sup>3</sup>	646	284	200	1		1 131
Risk exposure amount, SEKbn	391	92	168	39		690
Full-time employees	3 962	4 265	2 374	5 612		16 213
Allocated equity, average, SEKbn	67	25	32	22		146

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.

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



## Operating segments accounting policies

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

The Group's equity attributable to shareholders is allocated to each operating segment based on capital adequacy rules and estimated capital

requirements based on the bank's Internal Capital Adequacy Assessment Process (ICAAP).

The return on allocated equity for the operating segments is calculated based on profit for the period 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.

During the first half of 2021, minor changes between Swedbank's operating segments were made to coincide with the organisational changes. Comparative figures have been restated.

## Note 5 Net interest income

Group SEKm	Q4 2021	Q3 2021	Q4 2020	Full-year 2021	Full-year 2020
<b>Interest income</b>					
Cash and balances with central banks	-295	-312	-165	-1 129	-547
Treasury bills and other bills eligible for refinancing with central banks, etc.	37	18	15	86	76
Loans to credit institutions	61	44	46	189	314
Loans to the public	7 657	7 674	7 892	30 624	32 645
Bonds and other interest-bearing securities	41	42	57	177	378
Derivatives <sup>1</sup>	280	-67	56	292	637
Other assets	-62	42	46	63	190
<b>Total</b>	<b>7 719</b>	<b>7 441</b>	<b>7 947</b>	<b>30 302</b>	<b>33 693</b>
Deduction of trading-related interests reported in Net gains and losses on financial items	-109	-4	-157	-62	-98
<b>Total interest income</b>	<b>7 828</b>	<b>7 445</b>	<b>8 104</b>	<b>30 364</b>	<b>33 791</b>
<b>Interest expense</b>					
Amounts owed to credit institutions	83	28	10	208	-204
Deposits and borrowings from the public	-61	-130	-224	-354	-847
of which deposit guarantee fees	-148	-142	-212	-461	-566
Debt securities in issue	-1 115	-1 102	-1 422	-4 633	-7 282
Senior non-preferred liabilities	-70	-67	10	-213	-102
Subordinated liabilities	-226	-198	-170	-764	-821
Derivatives <sup>1</sup>	469	910	561	2 879	3 450
Other liabilities	-211	-216	-233	-871	-962
of which resolution fund fee	-192	-198	-220	-791	-863
<b>Total</b>	<b>-1 131</b>	<b>-775</b>	<b>-1 468</b>	<b>-3 748</b>	<b>-6 768</b>
Deduction of trading-related interests reported in Net gains and losses on financial items	143	80	69	359	170
<b>Total interest expense</b>	<b>-1 274</b>	<b>-855</b>	<b>-1 537</b>	<b>-4 107</b>	<b>-6 938</b>
<b>Net interest income</b>	<b>6 554</b>	<b>6 590</b>	<b>6 567</b>	<b>26 257</b>	<b>26 853</b>
Net investment margin before trading-related interests are deducted	0.88	0.89	0.97	0.92	1.01
Average total assets	2 985 729	2 998 524	2 673 367	2 888 870	2 670 861
Interest expense on financial liabilities at amortised cost	944	1 488	1 839	5 850	9 237
Negative yield on financial assets	380	395	329	1 405	1 554
Negative yield on financial liabilities	384	241	164	1 072	497

1) 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

Group SEKm	Q4 2021	Q3 2021	Q4 2020	Full-year 2021	Full-year 2020
<b>Commission income</b>					
Payment processing	564	524	526	2 118	2 019
Cards	1 545	1 563	1 309	5 678	5 251
Service concepts	329	320	310	1 280	1 240
Asset management and custody	2 539	2 477	2 075	9 546	7 484
Insurance	167	172	164	684	690
Securities and corporate finance	337	170	299	948	810
Lending	301	320	280	1 213	1 057
Other	239	197	222	940	925
<b>Total commission income</b>	<b>6 021</b>	<b>5 743</b>	<b>5 185</b>	<b>22 407</b>	<b>19 476</b>
<b>Commission expense</b>					
Payment processing	-343	-325	-285	-1 309	-1 128
Cards	-723	-736	-783	-2 713	-2 719
Service concepts	-34	-41	-44	-157	-156
Asset management and custody	-612	-593	-471	-2 308	-1 763
Insurance	-88	-86	-74	-336	-280
Securities and corporate finance	-93	-86	-73	-344	-328
Lending	-47	-39	-36	-157	-119
Other	-61	-38	-43	-230	-213
<b>Total commission expense</b>	<b>-2 001</b>	<b>-1 944</b>	<b>-1 809</b>	<b>-7 554</b>	<b>-6 706</b>
<b>Net commission income</b>					
Payment processing	221	199	241	809	891
Cards	822	827	526	2 965	2 532
Service concepts	295	279	266	1 123	1 084
Asset management and custody	1 927	1 884	1 604	7 238	5 721
Insurance	79	86	90	348	410
Securities and corporate finance	244	84	226	604	482
Lending	254	281	244	1 056	938
Other	178	159	179	710	712
<b>Total net commission income</b>	<b>4 020</b>	<b>3 799</b>	<b>3 376</b>	<b>14 853</b>	<b>12 770</b>

## Note 7 Net gains and losses on financial items

Group SEKm	Q4 2021	Q3 2021	Q4 2020	Full-year 2021	Full-year 2020
<b>Fair value through profit or loss</b>					
Shares and share related derivatives	46	73	128	419	369
of which dividend	53	85	18	267	47
Interest-bearing securities and interest related derivatives	-240	85	434	-69	928
Financial liabilities	2	2	6	11	36
Other financial instruments	5	-1	3	3	-15
<b>Total fair value through profit or loss</b>	<b>-187</b>	<b>159</b>	<b>571</b>	<b>364</b>	<b>1 318</b>
<b>Hedge accounting</b>					
Ineffectiveness, one-to-one fair value hedges	58	22	58	54	3
of which hedging instruments	-2 623	-1 413	-1 185	-8 333	3 314
of which hedged items	2 681	1 435	1 243	8 387	-3 311
Ineffectiveness, portfolio fair value hedges	-18	-2	-40	1	-27
of which hedging instruments	1 506	627	594	3 527	-1 531
of which hedged items	-1 524	-629	-634	-3 526	1 504
Ineffectiveness, cash flow hedges	1	0	0	1	-2
<b>Total hedge accounting</b>	<b>41</b>	<b>20</b>	<b>18</b>	<b>56</b>	<b>-26</b>
<b>Amortised cost</b>					
Derecognition gain or loss for financial assets	52	46	63	208	214
Derecognition gain or loss for financial liabilities	-15	-5	1	-32	-112
<b>Total amortised cost</b>	<b>37</b>	<b>41</b>	<b>64</b>	<b>176</b>	<b>102</b>
<b>Trading related interest</b>					
Interest income	-109	-4	-157	-62	-98
Interest expense	143	80	69	359	170
<b>Total trading related interest</b>	<b>34</b>	<b>76</b>	<b>-88</b>	<b>297</b>	<b>72</b>
<b>Change in exchange rates</b>	<b>340</b>	<b>257</b>	<b>345</b>	<b>1 155</b>	<b>1 189</b>
<b>Total net gains and losses on financial items</b>	<b>265</b>	<b>553</b>	<b>910</b>	<b>2 048</b>	<b>2 655</b>

## Note 8 Other general administrative expenses

Group SEKm	Q4 2021	Q3 2021	Q4 2020	Full-year 2021	Full-year 2020
Premises	146	108	163	454	459
IT expenses	803	598	587	2 550	2 318
Telecommunications and postage	39	29	54	126	162
Consultants	310	192	271	933	1 545
Compensation to savings banks	57	56	57	228	231
Other purchased services	272	242	372	939	1 054
Travel	11	4	5	18	62
Entertainment	9	6	9	22	26
Supplies	36	13	33	79	95
Advertising, PR and marketing	148	58	198	301	420
Security transport and alarm systems	19	18	16	71	68
Repair/maintenance of inventories	41	31	19	126	94
Other administrative expenses	151	131	131	498	468
Other operating expenses	28	27	59	132	105
<b>Total other general administrative expenses</b>	<b>2 070</b>	<b>1 513</b>	<b>1 974</b>	<b>6 477</b>	<b>7 107</b>

## Note 9 Credit impairments

Group SEKm	Q4 2021	Q3 2021	Q4 2020	Full-year 2021	Full-year 2020
<b>Loans at amortised cost</b>					
Credit impairment provisions - stage 1	87	-11	-13	-71	403
Credit impairment provisions - stage 2	-430	-117	62	-596	1 094
Credit impairment provisions - stage 3	-660	167	-412	-2 884	561
Credit impairment provisions - purchased or originated credit impaired	0	-1	-2	-3	-4
<b>Total</b>	<b>-1 003</b>	<b>38</b>	<b>-365</b>	<b>-3 554</b>	<b>2 054</b>
Write-offs	992	61	1 149	4 157	2 166
Recoveries	-41	-49	-43	-225	-174
<b>Total</b>	<b>951</b>	<b>12</b>	<b>1 106</b>	<b>3 932</b>	<b>1 992</b>
<b>Total - loans at amortised cost</b>	<b>-52</b>	<b>50</b>	<b>741</b>	<b>378</b>	<b>4 046</b>
<b>Other assets at amortised cost</b>				<b>-7</b>	<b>6</b>
<b>Loan commitments and guarantees</b>					
Credit impairment provisions - stage 1	41	16	5	26	149
Credit impairment provisions - stage 2	28	-36	-61	-139	269
Credit impairment provisions - stage 3	-84	-12	-162	-88	-136
<b>Total</b>	<b>-15</b>	<b>-32</b>	<b>-218</b>	<b>-201</b>	<b>282</b>
Write-offs					
<b>Total - loan commitments and guarantees</b>	<b>-15</b>	<b>-32</b>	<b>-218</b>	<b>-201</b>	<b>282</b>
<b>Total credit impairments</b>	<b>-67</b>	<b>18</b>	<b>523</b>	<b>170</b>	<b>4 334</b>
Credit impairment ratio, %	-0.02	0.00	0.12	0.01	0.26

During the year, the Group has reduced its gross exposure in the Shipping and offshore sector through sales and restructuring, resulting in write offs of the gross exposures. The majority of the Stage 3 exposures that were written off were previously provisioned.

### Calculation of credit impairment provisions

The measurement of expected credit losses is described in Note G3.1 Credit risks on pages 73-77 of the 2020 Annual and Sustainability Report. There have been no significant changes during the year to the methodology.

### Measurement of 12-month and lifetime expected credit losses

The onset of Covid-19 in 2020 brought a deterioration of macroeconomic indicators – inter alia GDP growth, housing and property prices, unemployment, oil prices and interest rates – that would typically have contributed to increased credit risk. The downturn, however did, not result in the increased credit losses or default rates that would be expected from historical experience of similar economic shocks. Support measures have thus far been successful in limiting the economic impacts of Covid-19 but there is a risk that credit quality may start to deteriorate as the impacts of the support measures dissipate. Uncertainties which could further delay the recovery continue to exist, including in relation to unvaccinated populations, new virus variants, the potential for further outbreaks and localised restrictions. As the quantitative risk models do not appropriately incorporate these dynamics, post-model adjustments to increase the credit impairment provisions continue to be deemed necessary.

The post-model expert credit adjustments increased to SEK 1 796m (SEK 1 533m as of 31 December 2020), attributable to continued uncertainty in certain sectors.

The post-model expert credit adjustments are allocated as SEK 723m in stage 1, SEK 1 071m in stage 2 and SEK 2m in stage 3. The most significant adjustments are in the Shipping and offshore, Hotels and restaurants, Retails and wholesale and Manufacturing 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 to 2 grades from initial recognition is assessed as a significant change in credit risk. Alternatively, for exposures originated with a risk grade between 13 and 21, a downgrade by 3 to 8 grades from initial recognition is considered significant. Internal risk ratings are assigned according to the risk management framework outlined in Note G3 Risks in the 2020 Annual and Sustainability Report.
- changes in the lifetime PD, which have been applied for the portfolio of loans originated on or after 1 January 2018. For instance, for exposures originated with a risk grade between 0 and 5, a 50 per cent increase in the lifetime

PD from initial recognition is assessed as a significant change in credit risk. Alternatively, for exposures originated with a risk grade between 13 and 21, an increase of 100-300 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 <sup>1,2,3</sup>	Impairment provision impact of				Impairment provision impact of			
			Increase in threshold by 1 grade, %	Decrease in threshold by 1 grade, %	Recognised credit impairment provisions 31 Dec 2021	Share of total portfolio in terms of gross carrying amount, % 31 Dec 2021	Increase in threshold by 1 grade, %	Decrease in threshold by 1 grade, %	Recognised credit impairment provisions 31 Dec 2020	Share of total portfolio in terms of gross carrying amount, % 31 Dec 2020
18-21	<0.1	5 - 8 grades	-6.4	14.9	43	15	-6.2	8.4	53	17
13-17	0.1 - 0.5	3 - 7 grades	-5.5	6.8	214	15	-7.8	6.9	461	18
9-12	>0.5 - 2.0	1 - 5 grades	-21.8	16.0	159	5	-13.5	13.0	330	7
6-8	2.0 - 5.7	1 - 3 grades	-7.9	4.9	60	2	-11.5	4.0	84	3
0-5	>5.7 - 99.9	1 grade	-2.2	0.0	38	1	-0.9	0.0	141	1
			-11.2	9.5	514	38	-9.0	7.7	1 069	46
		Sovereigns and financial institutions with low credit risk			1	9			17	8
		Stage 3 financial instruments			961	0			2 207	0
		Post-model expert credit adjustment <sup>4</sup>			595				673	
		<b>Total<sup>5</sup></b>			<b>2 071</b>	<b>47</b>			<b>3 966</b>	<b>54</b>

- 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 284m (499).

### 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 <sup>1</sup> , %	Impairment provision impact of				Impairment provision impact of			
		Increase in threshold by 100%, %	Decrease in threshold by 50%, %	Recognised credit impairment provisions 31 Dec 2021	Share of total portfolio in terms of gross carrying amount, % 31 Dec 2021	Increase in threshold by 100%, %	Decrease in threshold by 50%, %	Recognised credit impairment provisions 31 Dec 2020	Share of total portfolio in terms of gross carrying amount, % 31 Dec 2020
18-21	200-300	-15.7	22.8	24	18	-6.7	28.4	25	14
13-17	100-250	-1.1	5.8	287	20	-2.8	4.0	315	17
9-12	100-200	-5.8	1.0	293	9	-4.8	2.2	413	8
6-8	50-150	-0.6	2.4	140	3	-0.7	0.9	143	3
0-5	50	0.1	0.7	94	1	0.0	0.1	299	1
		-3.0	3.5	838	51	-2.6	2.5	1 195	43
				7	2			15	3
				1 551	0			2 952	0
				1 199				847	
		<b>Total<sup>3</sup></b>		<b>3 595</b>	<b>53</b>			<b>5 009</b>	<b>46</b>

- 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 360m (307).

### Incorporation of forward-looking macroeconomic scenarios



The Swedbank Economic Outlook was published on 16 November which serves as the base scenario, with an assigned probability weight of 66.6 per cent. Aligned with the updated base scenario, new alternative scenarios were developed, with assigned probability

weights of 16.7 per cent on both the upside and downside scenario. These new macroeconomic scenarios were included in the expected credit losses calculations according to the Group's monthly process.

## IFRS 9 scenarios

31 December 2021	Positive scenario				Baseline scenario				Negative scenario			
	2021 <sup>1</sup>	2022	2023	2024	2021 <sup>1</sup>	2022	2023	2024 <sup>2</sup>	2021 <sup>1</sup>	2022	2023	2024
<b>Sweden</b>												
GDP (annual % change)	4.7	4.3	2.3	1.7	4.7	3.4	2.2	2.0	4.7	-5.7	1.5	3.3
Unemployment (annual %) <sup>3</sup>	8.9	7.4	6.9	6.8	8.9	7.6	7.2	7.0	8.9	9.4	10.6	9.5
House prices (annual % change)	15.6	8.5	4.9	3.2	15.6	7.5	3.9	2.8	15.6	-2.1	-2.9	-0.8
Stibor 3m (%)	-0.02	0.08	0.17	0.71	-0.02	0.08	0.13	0.58	-0.02	0.26	0.14	0.12
<b>Estonia</b>												
GDP (annual % change)	8.3	5.6	3.4	3.0	8.3	4.0	3.2	3.0	8.3	-4.1	3.5	3.2
Unemployment (annual %)	6.4	5.5	4.8	4.9	6.4	5.8	5.4	5.2	6.4	7.8	8.5	7.9
House prices (annual % change)	10.1	9.0	6.0	5.3	10.1	8.0	5.0	5.0	10.1	-8.8	1.5	6.8
<b>Latvia</b>												
GDP (annual % change)	4.7	5.8	3.5	2.9	4.7	4.6	3.5	3.0	4.7	-4.3	3.6	3.8
Unemployment (annual %)	7.5	6.4	5.8	5.6	7.5	6.7	6.0	5.9	7.5	9.0	9.5	8.9
House prices (annual % change)	6.0	9.7	6.3	5.0	6.0	8.1	6.0	5.5	6.0	-10.4	-0.4	7.6
<b>Lithuania</b>												
GDP (annual % change)	5.0	4.3	3.4	2.8	5.0	3.3	3.3	2.9	5.0	-5.4	3.1	3.1
Unemployment (annual %)	7.0	5.9	5.5	5.3	7.0	6.5	6.3	6.0	7.0	8.6	9.2	8.5
House prices (annual % change)	9.4	5.4	5.8	5.7	9.4	4.7	4.9	5.0	9.4	-11.3	3.6	7.1
<b>Global indicators</b>												
US GDP (annual %)	5.5	4.9	3.1	1.4	5.5	4.1	3.2	1.9	5.5	-1.3	-1.0	1.8
EU GDP (annual %)	5.0	5.1	2.7	1.6	5.0	4.2	2.3	1.7	5.0	-2.0	0.3	2.8
Brent Crude Oil (USD/Barrel)	71.5	79.0	75.8	73.0	71.5	77.5	72.6	69.6	71.5	44.4	32.8	43.0
Euribor 6m (%)	-0.52	-0.46	-0.06	0.50	-0.52	-0.47	-0.45	-0.32	-0.52	-0.04	-0.43	-0.44

1) Forecasted 2021 values, as the actual official numbers were not published when the scenarios were set.

2) The baseline scenario for 2021, 2022 and 2023 are based on the published Swedbank Economic Outlook. The baseline scenario variables for 2024 are model-based extrapolations.

3) Unemployment rate, 16-64 years.

The global economic recovery goes on, and the outlook for 2022 and 2023 still looks relatively bright. However, the global GDP forecast has been revised down compared to August on the back of lower expected growth in the US and China. Supply problems are weighing on trade-dependent sectors, and, in many European countries, both retail sales and industrial production have more or less stagnated over the past year. The Chinese economy has also lost momentum during the year. The world economy is expected to grow by 4.3 per cent in 2022 and 3.9 per cent in 2023.

The economic recovery in Sweden will continue over the next few years but at a somewhat slower pace. The rise

in inflation is to some extent protracted, which means that the Riksbank will slowly ease its stimulus over the next few years. Household consumption remains the major driver of the economic recovery. The labour market is improving but matching issues are increasing.

The spread of the virus picked up in many countries during the autumn, although the number of new serious cases and deaths overall remains relatively low in the US and the EU. The baseline scenario assumes that the high vaccination rates will be enough to contain the virus and keep those economies mostly open.

## Sensitivity

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

	31 Dec 2021				31 Dec 2020			
	Credit impairment provisions				Credit impairment provisions			
Operating segments	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	1 558	447	1 632	1 530	1 788	424	1 969	1 690
Baltic Banking	895	389	982	819	754	242	872	669
LC&I	3 206	960	3 615	2 858	6 423	867	7 471	5 640
Group <sup>1</sup>	5 666	1 796	6 235	5 212	8 975	1 533	10 323	8 010

1) Including operating segment Group Functions & Other.

## Note 10 Loans

31 December 2021	Stage 1			Stage 2			Stage 3 <sup>1</sup>			Total
	Gross carrying amount	Credit impairment provisions	Net	Gross carrying amount	Credit impairment provisions	Net	Gross carrying amount	Credit impairment provisions	Net	
<b>Loans to the public at amortised cost</b>										
<b>Private customers</b>	<b>1 090 376</b>	<b>98</b>	<b>1 090 278</b>	<b>42 148</b>	<b>259</b>	<b>41 889</b>	<b>1 844</b>	<b>480</b>	<b>1 364</b>	<b>1 133 531</b>
Private mortgage	954 265	31	954 234	35 629	140	35 489	1 254	220	1 034	990 757
Tenant owner associations	90 670	2	90 668	1 015	3	1 012				91 680
Private other	45 441	65	45 376	5 504	116	5 388	590	260	330	51 094
<b>Corporate customers</b>	<b>488 113</b>	<b>700</b>	<b>487 413</b>	<b>56 458</b>	<b>1 530</b>	<b>54 928</b>	<b>4 518</b>	<b>1 947</b>	<b>2 571</b>	<b>544 912</b>
Agriculture, forestry, fishing	56 741	7	56 734	6 646	50	6 596	195	27	168	63 498
Manufacturing	33 379	108	33 271	3 715	181	3 534	161	82	79	36 884
Public sector and utilities	28 922	10	28 912	2 398	29	2 369	15	2	13	31 294
Construction	17 143	14	17 129	2 753	51	2 702	180	35	145	19 976
Retail and wholesale	26 470	76	26 394	3 527	178	3 349	134	40	94	29 837
Transportation	11 187	8	11 179	2 079	36	2 043	29	7	22	13 244
Shipping and offshore	7 983	264	7 719	2 353	364	1 989	2 966	1 526	1 440	11 148
Hotels and restaurants	3 480	66	3 414	3 801	309	3 492	390	53	337	7 243
Information and communication	14 576	14	14 562	1 199	11	1 188	2	0	2	15 752
Finance and insurance	18 021	8	18 013	569	3	566	14	3	11	18 590
Property management, including	239 228	105	239 123	21 827	213	21 614	267	125	142	260 879
Residential properties	76 842	27	76 815	6 884	65	6 819	64	12	52	83 686
Commercial	98 300	49	98 251	9 355	80	9 275	166	108	58	107 584
Industrial and Warehouse	40 619	13	40 606	2 950	14	2 936	23	2	21	43 563
Other	23 467	16	23 451	2 638	54	2 584	14	3	11	26 046
Professional services	17 053	8	17 045	2 514	42	2 472	86	25	61	19 578
Other corporate lending	13 930	12	13 918	3 077	63	3 014	79	22	57	16 989
<b>Loans to the public at fair value through profit or loss</b>										199
<b>Loans to the public excluding the Swedish National Debt Office and repurchase agreements</b>	<b>1 578 489</b>	<b>798</b>	<b>1 577 691</b>	<b>98 606</b>	<b>1 789</b>	<b>96 817</b>	<b>6 362</b>	<b>2 427</b>	<b>3 935</b>	<b>1 678 642</b>
of which cash collaterals posted	1 832		1 832							1 832
of which customer lending	1 576 657	798	1 575 859	98 606	1 789	96 817	6 362	2 427	3 935	1 676 810
Swedish National Debt Office	3		3							3
Repurchase agreements <sup>2</sup>										24 561
<b>Loans to the public</b>	<b>1 578 492</b>	<b>798</b>	<b>1 577 694</b>	<b>98 606</b>	<b>1 789</b>	<b>96 817</b>	<b>6 362</b>	<b>2 427</b>	<b>3 935</b>	<b>1 703 206</b>
Banks and other credit institutions	38 102	8	38 094	27		27				38 121
Repurchase agreements <sup>2</sup>										1 383
<b>Loans to credit institutions</b>	<b>38 102</b>	<b>8</b>	<b>38 094</b>	<b>27</b>		<b>27</b>				<b>39 504</b>
<b>Loans to the public and credit institutions</b>	<b>1 616 594</b>	<b>806</b>	<b>1 615 788</b>	<b>98 633</b>	<b>1 789</b>	<b>96 844</b>	<b>6 362</b>	<b>2 427</b>	<b>3 935</b>	<b>1 742 710</b>
Share of loans, %	93.90			5.73			0.37			100
Credit impairment provision ratio, %	0.05			1.81			38.15			0.29

1) Including purchased or originated credit impaired.

2) At fair value through profit or loss.

31 December 2020

Stage 1

Stage 2

Stage 3<sup>1</sup>

Group SEKm	Gross carrying amount	Credit impairment provisions	Net	Gross carrying amount	Credit impairment provisions	Net	Gross carrying amount	Credit impairment provisions	Net	Total
<b>Loans to the public at amortised cost</b>										
<b>Private customers</b>	<b>1 036 489</b>	<b>118</b>	<b>1 036 371</b>	<b>42 251</b>	<b>291</b>	<b>41 960</b>	<b>2 152</b>	<b>505</b>	<b>1 647</b>	<b>1 079 978</b>
Private mortgage	902 233	51	902 182	35 323	171	35 152	1 531	290	1 241	938 575
Tenant owner associations	91 286	4	91 282	1 582	5	1 577	109	2	107	92 966
Private other	42 970	63	42 907	5 346	115	5 231	512	213	299	48 437
<b>Corporate customers</b>	<b>468 798</b>	<b>709</b>	<b>468 089</b>	<b>66 009</b>	<b>2 025</b>	<b>63 984</b>	<b>8 378</b>	<b>4 493</b>	<b>3 885</b>	<b>535 958</b>
Agriculture, forestry, fishing	57 258	11	57 247	7 283	57	7 226	204	33	171	64 644
Manufacturing	32 876	133	32 743	5 910	141	5 769	298	97	201	38 713
Public sector and utilities	24 821	13	24 808	990	16	974	53	12	41	25 823
Construction	14 952	32	14 920	4 643	122	4 521	159	40	119	19 560
Retail and wholesale	23 019	67	22 952	5 955	244	5 711	531	216	315	28 978
Transportation	11 480	8	11 472	1 483	28	1 455	19	4	15	12 942
Shipping and offshore	6 634	32	6 602	4 251	560	3 691	6 235	3 917	2 318	12 611
Hotels and restaurants	4 339	49	4 290	4 655	313	4 342	323	27	296	8 928
Information and communication	11 041	10	11 031	2 569	35	2 534	13	3	10	13 575
Finance and insurance	20 083	29	20 054	744	12	732	22	10	12	20 798
Property management, including Residential properties	224 852	272	224 580	22 533	376	22 157	244	62	182	246 919
Commercial	65 530	74	65 456	8 517	99	8 418	22	11	11	73 885
Industrial and Warehouse	92 881	125	92 756	7 123	118	7 005	162	40	122	99 883
Other	42 009	47	41 962	2 721	18	2 703	33	7	26	44 691
Professional services	24 432	26	24 406	4 172	141	4 031	27	4	23	28 460
Other corporate lending	17 896	35	17 861	3 283	76	3 207	169	44	125	21 193
	19 547	18	19 529	1 710	45	1 665	108	28	80	21 274
<b>Loans to the public at fair value through profit or loss</b>										<b>101</b>
<b>Loans to the public excluding the Swedish National Debt Office and repurchase agreements</b>										
of which cash collaterals posted	1 505 287	827	1 504 460	108 260	2 316	105 944	10 530	4 998	5 532	1 616 037
of which customer lending	9 630		9 630							9 630
	1 495 657	827	1 494 830	108 260	2 316	105 944	10 530	4 998	5 532	1 606 407
Swedish National Debt Office	25 003		25 003							25 003
Repurchase agreements <sup>2</sup>										39 947
<b>Loans to the public</b>	<b>1 530 290</b>	<b>827</b>	<b>1 529 463</b>	<b>108 260</b>	<b>2 316</b>	<b>105 944</b>	<b>10 530</b>	<b>4 998</b>	<b>5 532</b>	<b>1 680 987</b>
Banks and other credit institutions	46 367	28	46 339	33		33				46 372
Repurchase agreements <sup>2</sup>										1 582
<b>Loans to credit institutions</b>	<b>46 367</b>	<b>28</b>	<b>46 339</b>	<b>33</b>		<b>33</b>				<b>47 954</b>
<b>Loans to the public and credit institutions</b>	<b>1 576 657</b>	<b>855</b>	<b>1 575 802</b>	<b>108 293</b>	<b>2 316</b>	<b>105 977</b>	<b>10 530</b>	<b>4 998</b>	<b>5 532</b>	<b>1 728 941</b>
Share of loans, %	92.99			6.39			0.62			100
Credit impairment provision ratio, %	0.05			2.14			47.46			0.48

1) Including purchased or originated credit impaired.

2) At fair value through profit or loss.

## Note 11 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. Stage transfers are reflected as taking place at the end of the reporting period.

Loans to the public and credit institutions Group SEKm	2021				2020			
	Stage 1	Stage 2	Stage 3 <sup>1</sup>	Total	Stage 1	Stage 2	Stage 3 <sup>1</sup>	Total
<b>Carrying amount before provisions</b>								
Opening balance 1 January	1 576 657	108 293	10 530	1 695 480	1 537 745	106 264	13 593	1 657 602
Closing balance 31 December	1 616 594	98 633	6 362	1 721 589	1 576 657	108 293	10 530	1 695 480
<b>Credit impairment provisions</b>								
Opening balance 1 January	855	2 316	4 998	8 169	483	1 348	4 853	6 684
<b>Movements affecting credit impairments</b>								
New and derecognised financial assets, net	61	-396	-3 854	-4 189	93	89	-1 906	-1 724
Changes in risk factors (EAD, PD, LGD)	18	-266	5	-243	139	-117	7	29
Changes in macroeconomic scenarios	-110	-157	-1	-268	-21	-90	-5	-116
Post-model expert credit adjustments	86	78	-12	152	387	823	13	1 223
Individual assessments			826	826			2 388	2 388
Stage transfers	-127	145	232	250	-195	389	227	421
from 1 to 2	-138	316		178	-206	496		290
from 1 to 3	-1		62	61	-2		89	87
from 2 to 1	12	-90		-78	12	-75		-63
from 2 to 3		-89	228	139		-37	201	164
from 3 to 2		8	-48	-40		5	-30	-25
from 3 to 1	0		-10	-10	1		-33	-32
Other	1	0	-82	-81			-166	-166
<b>Total movements affecting credit impairments</b>	<b>-71</b>	<b>-596</b>	<b>-2 886</b>	<b>-3 553</b>	<b>403</b>	<b>1 094</b>	<b>558</b>	<b>2 055</b>
<b>Movements recognised outside credit impairments</b>								
Interest			82	82			166	166
Change in exchange rates	22	69	233	324	-31	-126	-579	-736
<b>Closing balance 31 December</b>	<b>806</b>	<b>1 789</b>	<b>2 427</b>	<b>5 022</b>	<b>855</b>	<b>2 316</b>	<b>4 998</b>	<b>8 169</b>
<b>Carrying amount</b>								
Opening balance 1 January	1 575 802	105 977	5 532	1 687 311	1 537 262	104 916	8 740	1 650 918
Closing balance 31 December	1 615 788	96 844	3 935	1 716 567	1 575 802	105 977	5 532	1 687 311

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

SEKm	2021				2020			
	Stage 1	Stage 2	Stage 3 <sup>1</sup>	Total	Stage 1	Stage 2	Stage 3 <sup>1</sup>	Total
<b>Nominal amount</b>								
Opening balance 1 January	358 988	17 341	542	376 871	322 384	11 325	1 248	334 957
Closing balance 31 December	306 298	16 134	221	322 653	358 988	17 341	542	376 871
<b>Credit impairment provisions</b>								
Opening balance 1 January	249	396	161	806	113	144	326	583
<b>Movements affecting credit impairments</b>								
New and derecognosed financial assets, net	-1	-21	-91	-113	25	5	-198	-168
Changes in risk factors (EAD, PD, LGD)	-20	-57	6	-71	21	32	-10	43
Changes in macroeconomic scenarios	-36	-45	0	-81	-3	-4		-7
Post-model expert credit adjustments	86	-17	0	69	132	178	0	310
Individual assessments			-3	-3			2	2
Stage transfers	-3	1	0	-2	-26	58	70	102
from 1 to 2	-5	15		10	-28	77		49
from 1 to 3	0		1	1	-1		12	11
from 2 to 1	3	-14		-11	3	-10		-7
from 2 to 3		0	2	2		-9	59	50
from 3 to 2		0	-3	-3		0	-1	-1
from 3 to 1	-1		0	-1				
Other	0	0	0	0				
<b>Total movements affecting credit impairments</b>	<b>26</b>	<b>-139</b>	<b>-88</b>	<b>-201</b>	<b>149</b>	<b>269</b>	<b>-136</b>	<b>282</b>
<b>Movements recognised outside credit impairments</b>								
Change in exchange rates	11	16	12	39	-13	-17	-29	-59
<b>Closing balance 31 December</b>	<b>286</b>	<b>273</b>	<b>85</b>	<b>644</b>	<b>249</b>	<b>396</b>	<b>161</b>	<b>806</b>

1) Including purchased or originated credit impaired.

## Note 12 Credit risk exposures

Group SEKm	31 Dec 2021	31 Dec 2020
<b>Assets</b>		
Cash and balances with central banks	360 153	293 811
Interest-bearing securities	221 683	197 166
Loans to credit institutions	39 504	47 954
Loans to the public	1 703 206	1 680 987
Derivatives	40 531	52 177
Other financial assets	9 164	16 451
<b>Total</b>	<b>2 374 241</b>	<b>2 288 546</b>
<b>Contingent liabilities and commitments</b>		
Guarantees	53 669	50 696
Loan commitments	268 984	326 175
<b>Total</b>	<b>322 653</b>	<b>376 871</b>
<b>Total credit risk exposures</b>	<b>2 696 894</b>	<b>2 665 417</b>

## Note 13 Intangible assets



Group SEKm	31 Dec 2021	31 Dec 2020
<b>With indefinite useful life</b>		
Goodwill	13 501	13 327
Brand name	93	92
<b>Total</b>	<b>13 594</b>	<b>13 419</b>
<b>With finite useful life</b>		
Customer base	251	293
Internally developed software	5 320	4 319
Other	323	330
<b>Total</b>	<b>5 894</b>	<b>4 942</b>
<b>Total intangible assets</b>	<b>19 488</b>	<b>18 361</b>

During the second quarter 2021, an impairment was recognised for internally developed software of SEK 56m. At 31 December 2021 there was no indication of additional impairment of intangible assets.

## Note 14 Amounts owed to credit institutions

Group SEKm	31 Dec 2021	31 Dec 2020
<b>Amounts owed to credit institutions</b>		
Central banks	28 171	79 715
Banks	58 354	60 110
Other credit institutions	5 473	7 195
Repurchase agreements	814	3 293
<b>Amounts owed to credit institutions</b>	<b>92 812</b>	<b>150 313</b>

## Note 15 Deposits and borrowings from the public

Group SEKm	31 Dec 2021	31 Dec 2020
<b>Deposits from the public</b>		
Private customers	655 636	588 487
Corporate customers	604 991	542 860
<b>Deposits from the public excluding the Swedish National Debt Office and repurchase agreements</b>	<b>1 260 627</b>	<b>1 131 347</b>
Swedish National Debt Office	68	69
Repurchase agreements - Swedish National Debt Office	0	0
Repurchase agreements	5 088	16 824
<b>Deposits and borrowings from the public</b>	<b>1 265 783</b>	<b>1 148 240</b>

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

Group SEKm	31 Dec 2021	31 Dec 2020
Commercial papers	165 067	127 209
Covered bonds	436 989	471 491
Senior unsecured bonds	129 809	128 437
Structured retail bonds	4 052	5 677
<b>Total debt securities in issue</b>	<b>735 917</b>	<b>732 814</b>
Senior non-preferred liabilities	37 832	10 359
Subordinated liabilities	28 604	23 434
<b>Total debt securities in issue, senior non-preferred liabilities and subordinated liabilities</b>	<b>802 353</b>	<b>766 607</b>

	Full-year 2021	Full-year 2020
<b>Turnover</b>		
<b>Opening balance</b>	<b>766 607</b>	<b>898 493</b>
Issued	791 262	498 084
Repurchased	-25 873	-57 404
Repaid	-740 624	-553 284
Interest	1 625	6 498
Change in fair values or hedged items in fair value hedges	-3 351	2 689
Changes in exchange rates	12 707	-28 469
<b>Closing balance</b>	<b>802 353</b>	<b>766 607</b>

## Note 17 Derivatives

Group SEKm	Nominal amount			Nominal amount		Positive fair value		Negative fair value	
	Remaining contractual maturity			31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
	< 1 yr.	1-5 yrs.	> 5 yrs.	2021	2020	2021	2020	2021	2020
<b>Derivatives in hedge accounting</b>									
One-to-one fair value hedges, interest rate swaps	141 732	327 295	48 309	517 336	514 849	8 156	14 953	1 675	37
Portfolio fair value hedges, interest rate swaps	135 659	350 300	9 315	495 274	457 647	1 969	137	853	2 412
Cash flow hedges, cross currency basis swaps	512	3 826	3 789	8 127	8 500	41	19	130	256
<b>Total</b>	<b>277 903</b>	<b>681 421</b>	<b>61 413</b>	<b>1 020 737</b>	<b>980 996</b>	<b>10 166</b>	<b>15 109</b>	<b>2 658</b>	<b>2 705</b>
<b>Non-hedge accounting derivatives</b>	<b>6 059 407</b>	<b>10 592 527</b>	<b>8 293 818</b>	<b>24 945 752</b>	<b>19 302 025</b>	<b>174 838</b>	<b>126 813</b>	<b>170 723</b>	<b>143 547</b>
<b>Gross amount</b>	<b>6 337 310</b>	<b>11 273 948</b>	<b>8 355 231</b>	<b>25 966 489</b>	<b>20 283 021</b>	<b>185 004</b>	<b>141 922</b>	<b>173 381</b>	<b>146 252</b>
Offset amount	-4 081 964	-9 868 821	-8 027 757	-21 978 542	-16 771 805	-144 473	-89 745	-145 275	-91 872
<b>Total</b>	<b>2 255 346</b>	<b>1 405 127</b>	<b>327 474</b>	<b>3 987 947</b>	<b>3 511 216</b>	<b>40 531</b>	<b>52 177</b>	<b>28 106</b>	<b>54 380</b>

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 18 Fair value of financial instruments

Group SEKm	31 Dec 2021			31 Dec 2020		
	Fair value	Carrying amount	Difference	Fair value	Carrying amount	Difference
<b>Assets</b>						
<b>Financial assets</b>						
Cash and balances with central banks	360 153	360 153		293 811	293 811	
Treasury bills and other bills eligible for refinancing with central banks	163 600	163 590	10	137 206	137 191	15
Loans to credit institutions	39 504	39 504		47 954	47 954	
Loans to the public	1 703 553	1 703 206	347	1 684 884	1 680 987	3 897
Value change of interest hedged items in portfolio hedge	-1 753	-1 753		1 774	1 774	
Bonds and interest-bearing securities	58 093	58 093		59 976	59 975	1
Financial assets for which the customers bear the investment risk	328 512	328 512		252 411	252 411	
Shares and participating interest	13 416	13 416		17 215	17 215	
Derivatives	40 531	40 531		52 177	52 177	
Other financial assets	9 164	9 164		16 451	16 451	
<b>Total</b>	<b>2 714 773</b>	<b>2 714 416</b>	<b>357</b>	<b>2 563 859</b>	<b>2 559 946</b>	<b>3 913</b>
<b>Investment in associates</b>		<b>7 705</b>			<b>7 287</b>	
<b>Non-financial assets</b>		<b>28 496</b>			<b>27 409</b>	
<b>Total</b>		<b>2 750 617</b>			<b>2 594 642</b>	
<b>Liabilities</b>						
<b>Financial liabilities</b>						
Amounts owed to credit institutions	92 812	92 812		150 313	150 313	
Deposits and borrowings from the public	1 265 779	1 265 783	-4	1 148 231	1 148 240	-9
Debt securities in issue	740 327	735 917	4 410	738 196	732 814	5 382
Financial liabilities for which the customers bear the investment risk	329 667	329 667		253 229	253 229	
Senior non-preferred liabilities	38 493	37 832	660	10 545	10 359	186
Subordinated liabilities	29 026	28 604	422	23 688	23 434	254
Derivatives	28 106	28 106		54 380	54 380	
Short positions securities	28 613	28 613		23 300	23 300	
Other financial liabilities	28 860	28 860		30 536	30 536	
<b>Total</b>	<b>2 581 683</b>	<b>2 576 194</b>	<b>5 488</b>	<b>2 432 418</b>	<b>2 426 605</b>	<b>5 813</b>
<b>Non-financial liabilities</b>		<b>12 727</b>			<b>12 844</b>	
<b>Total</b>		<b>2 588 921</b>			<b>2 439 449</b>	

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

The methods are divided into three different levels:

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

For financial assets and financial liabilities, mid prices are used as a basis of determining fair value. For any open net positions, a bid/ask adjustment is applied to

ensure that long positions are recognised at bid price and short positions – at ask price.

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

Transfers between fair value hierarchy levels are reflected as taking place at the end of each quarter. During the period, there were no transfers of financial instruments between valuation levels 1 and 2.

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

#### Financial instruments recognised at fair value

Group 31 December 2021 SEKm	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Treasury bills etc.	27 580	7 487		35 067
Loans to credit institutions		1 383		1 383
Loans to the public		24 746	14	24 760
Bonds and other interest-bearing securities	29 272	28 821		58 093
Financial assets for which the customers bear the investment risk	328 512			328 512
Shares and participating interests	12 139		1 277	13 416
Derivatives	162	40 369		40 531
<b>Total</b>	<b>397 665</b>	<b>102 806</b>	<b>1 291</b>	<b>501 762</b>
<b>Liabilities</b>				
Amounts owed to credit institutions		814		814
Deposits and borrowings from the public		5 088		5 088
Debt securities in issue		4 190		4 190
Financial liabilities for which the customers bear the investment risk		329 667		329 667
Derivatives	123	27 983		28 106
Short positions, securities	25 738	2 875		28 613
<b>Total</b>	<b>25 861</b>	<b>370 617</b>		<b>396 478</b>

Group 31 December 2020 SEKm	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Treasury bills etc.	18 968	3 300		22 268
Loans to credit institutions		1 582		1 582
Loans to the public		40 049		40 049
Bonds and other interest-bearing securities	22 676	37 264		59 940
Financial assets for which the customers bear the investment risk	252 411			252 411
Shares and participating interests	16 088		1 127	17 215
Derivatives	85	52 092		52 177
<b>Total</b>	<b>310 228</b>	<b>134 287</b>	<b>1 127</b>	<b>445 642</b>
<b>Liabilities</b>				
Amounts owed to credit institutions		3 294		3 294
Deposits and borrowings from the public		16 824		16 824
Debt securities in issue		6 767		6 767
Financial liabilities for which the customers bear the investment risk		253 229		253 229
Derivatives	69	54 311		54 380
Short positions, securities	22 307	993		23 300
<b>Total</b>	<b>22 376</b>	<b>335 418</b>		<b>357 794</b>

Level 3 primarily contains unlisted equity instruments, where the price is unobservable and the sensitivity in the value to changes in the unobservable parameter is linear in the model applied. To estimate the unobservable price different methods are applied

depending on the type of available data. The primary method is based on executed transactions or quoted share price of similar equities. Other inputs to these methods are primarily prices, proxy prices, market indicators and company information.

Changes in level 3 Group SEKm	2021 Assets			2020 Assets	
	Equity instruments	Loans	Total	Equity instruments	Total
<b>Opening balance 1 January</b>	<b>1 127</b>		<b>1 127</b>	<b>1 854</b>	<b>1 854</b>
Purchases	13	5	18	9	9
Shares received	21		21		
Sale of assets/ dividends received	-88		-88	-2	-2
Conversion Visa Inc shares				-819	-819
Issues		8	8		
Gains or losses	204	1	205	85	85
of which changes in unrealised gains or losses for items held at closing day	135		135	95	95
<b>Closing balance 31 December</b>	<b>1 277</b>	<b>14</b>	<b>1 291</b>	<b>1 127</b>	<b>1 127</b>

The level 3 unlisted equity instruments include strategic investments. Swedbank's holdings in VISA Inc. C shares are subject to selling restrictions for a period of up to 8 years 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. As of 31 December 2021, the carrying

amount for the holdings in Visa Inc. C amounts to SEK 675m (SEK 602m).

Financial instruments are transferred to or from level 3 depending on whether the internal assumptions have changed in significance to the valuation. There were no transfers of financial instruments to or from level 3 during the period.

## Note 19 Assets pledged, contingent liabilities and commitments

Group SEKm	31 Dec 2021	31 Dec 2020
Loans secured for covered bonds <sup>1</sup>	473 539	561 209
Financial assets pledged for insurance policy holders	328 512	247 632
Other assets pledged for own liabilities	55 756	110 091
Other assets pledged	8 529	7 166
<b>Assets pledged</b>	<b>866 336</b>	<b>926 098</b>
<b>Nominal amounts</b>		
Guarantees	53 669	50 696
Other	156	172
<b>Contingent liabilities</b>	<b>53 825</b>	<b>50 868</b>
<b>Nominal amounts</b>		
Loans granted not paid <sup>2</sup>	204 812	259 683
Overdraft facilities granted but not utilised	64 172	66 492
<b>Commitments</b>	<b>268 984</b>	<b>326 175</b>

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.

2) During the fourth quarter 2021, a change has been made regarding which engagements are included in Loans granted not paid.

Swedbank is cooperating with authorities in the United States who are conducting investigations into Swedbank's historic AML compliance and the Group's response thereto, as well as related issues involving the Group's anti-money laundering controls and certain individuals and entities who may at some time have

been customers of the Group. The timing of the completion of the investigations is still unknown and the outcome is still uncertain. At present, it is not possible to reliably estimate the amount of any potential settlement or fines, which could be material.

## Note 20 Offsetting financial assets and liabilities

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 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.



Group SEKm	Derivatives, reverse repurchase agreements, securities borrowing		Derivatives, repurchase agreements, securities lending	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
<b>Financial assets and liabilities, which have been offset or are subject to netting</b>				
Gross amount	272 413	224 363	238 400	207 455
Offset amount	-207 036	-133 010	-204 845	-135 137
<b>Net amounts presented in the balance sheet</b>	<b>65 377</b>	<b>91 353</b>	<b>33 555</b>	<b>72 318</b>
<b>Related amounts not offset in the balance sheet</b>				
Financial instruments, netting arrangements	19 292	19 688	19 264	19 688
Financial Instruments, collateral	23 519	39 949	9 469	24 313
Cash collateral	13 850	15 278	4 801	15 551
<b>Total amount not offset in the balance sheet</b>	<b>56 661</b>	<b>74 915</b>	<b>33 534</b>	<b>59 552</b>
<b>Net amount</b>	<b>8 716</b>	<b>16 438</b>	<b>21</b>	<b>12 766</b>

The amount offset for derivative assets includes offset cash collateral of SEK 1 447m (3 934) derived from the balance sheet item Amounts owed to credit institutions. The amount offset for derivative liabilities includes offset cash collateral of SEK 2 249m (6 061), derived from the balance sheet item Loans to credit institutions. The amount offset for reverse repurchase agreements

includes offset security settlements liabilities of SEK 3 021m, which derive from the balance sheet item Other liabilities. The amount offset for repurchase agreements includes offset security settlement claims of SEK 28m, which derive from the balance sheet item's Other assets.

## Note 21 Capital adequacy, consolidated situation

The note contains the information made public according to the Swedish Financial Supervisory Authority Regulation FFFS 2014:12, chap. 8. Additional periodic information according to Regulation (EU) No 575/2013 of the European Parliament and of the Council on supervisory requirements for credit institutions and Implementing Regulation (EU) No 1423/2013 of the European Commission can be found on Swedbank's website: [www.swedbank.com/investor-relations/reports-and-presentations/risk-reports](http://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 proportional method instead of the equity method. Otherwise, same principles for consolidations are applied as for the Group.

	31 Dec 2021	30 Sep 2021	30 Jun 2021	31 Mar 2021	31 Dec 2020
<b>Consolidated situation, SEKm</b>					
<b>Available own funds</b>					
Common Equity Tier 1 (CET1) capital	129 644	129 867	127 551	124 725	120 496
Tier 1 capital	143 022	142 960	136 146	133 548	128 848
Total capital	158 552	158 682	151 840	149 711	144 737
<b>Risk-weighted exposure amounts</b>					
Total risk exposure amount	707 753	703 220	688 517	694 625	689 594
<b>Capital ratios as a percentage of risk-weighted exposure amount</b>					
Common Equity Tier 1 ratio	18.3	18.5	18.5	18.0	17.5
Tier 1 ratio	20.2	20.3	19.8	19.2	18.7
Total capital ratio	22.4	22.6	22.1	21.6	21.0
<b>Additional own funds requirements to address risks other than the risk of excessive leverage as a percentage of risk-weighted exposure amount</b>					
Additional own funds requirements to address risks other than the risk of excessive leverage	1.7	1.7	2.0	2.0	2.0
of which: to be made up of CET1 capital	1.2	1.2	1.4	1.4	1.4
of which: to be made up of Tier 1 capital	1.3	1.3	1.7	1.7	1.7
Total SREP own funds requirements	9.7	9.7	10.0	10.0	10.0
<b>Combined buffer and overall capital requirement as a percentage of risk-weighted exposure amount</b>					
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	0.0	0.0	0.0	0.0	0.0
Systemic risk buffer	3.0	3.0	3.0	3.0	3.0
Global Systemically Important Institution buffer					
Other Systemically Important Institution buffer	1.0	1.0	1.0	1.0	1.0
Combined buffer requirement	6.5	6.5	6.5	6.5	6.5
Overall capital requirements	16.2	16.2	16.5	16.5	16.5
CET1 available after meeting the total SREP own funds requirements	8.6	8.8	8.5	8.0	7.5
<b>Leverage ratio</b>					
Total exposure measure	2 626 642	2 927 123	2 838 534	2 779 915	2 526 721
Leverage ratio, %	5.4	4.9	4.8	4.8	5.1
<b>Additional own funds requirements to address the risk of excessive leverage as a percentage of total exposure measure</b>					
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		
<b>Leverage ratio buffer and overall leverage ratio requirement as a percentage of total exposure measure</b>					
Leverage ratio buffer requirement					
Overall leverage ratio requirement	3.0	3.0	3.0		
<b>Liquidity Coverage Ratio</b>					
Total high-quality liquid assets, average weighted value	717 469	671 691	609 652	574 930	537 572
Cash outflows, total weighted value	528 742	489 426	453 480	433 130	413 139
Cash inflows, total weighted value	53 820	53 679	58 464	69 439	77 124
Total net cash outflows, adjusted value	474 922	435 747	395 016	363 691	336 015
Liquidity coverage ratio, %	151.8	155.2	155.3	158.5	160.7
<b>Net stable funding ratio</b>					
Total available stable funding	1 644 050	1 642 641	1 605 176	1 616 476	1 652 303
Total required stable funding	1 331 522	1 328 311	1 308 168	1 316 805	1 316 918
Net stable funding ratio, %	123.0	124.0	123.0	123.0	125.0

	31 Dec 2021	31 Dec 2020
<b>Common Equity Tier 1 capital</b>		
<b>Consolidated situation, SEKm</b>		
Shareholders' equity according to the Group's balance sheet	161 670	155 168
Anticipated dividend	-12 632	-16 320
Deconsolidation of insurance companies		
Value changes in own financial liabilities	-91	-77
Cash flow hedges	-2	2
Additional value adjustments	-1 037	-478
Goodwill	-13 590	-13 414
Deferred tax assets	-68	-78
Intangible assets	-4 427	-4 116
Insufficient coverage for non-performing exposures	-1	
Deductions of CET1 capital due to Article 3 CRR	-137	-158
Shares deducted from CET1 capital	-41	-33
<b>Total Common Equity Tier 1 capital</b>	<b>129 644</b>	<b>120 496</b>

<b>Risk exposure amount</b>	<b>31 Dec</b>	<b>31 Dec</b>
<b>Consolidated situation, SEKm</b>	<b>2021</b>	<b>2020</b>
Risk exposure amount credit risks, standardised approach	51 273	48 309
Risk exposure amount credit risks, IRB	287 328	299 652
Risk exposure amount default fund contribution	281	556
Risk exposure amount settlement risks	2	0
Risk exposure amount market risks	20 306	17 314
Risk exposure amount credit value adjustment	2 338	4 398
Risk exposure amount operational risks	75 618	73 521
Additional risk exposure amount, Article 3 CRR	29 302	19 800
Additional risk exposure amount, Article 458 CRR	241 305	226 044
<b>Total risk exposure amount</b>	<b>707 753</b>	<b>689 594</b>

	<b>SEKm</b>		<b>%</b>	
<b>Capital requirements<sup>1</sup></b>	<b>31 Dec</b>	<b>31 Dec</b>	<b>31 Dec</b>	<b>31 Dec</b>
<b>Consolidated situation, SEKm / %</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Capital requirement Pillar 1	102 624	99 991	14.5	14.5
of which Buffer requirements <sup>2</sup>	46 004	44 824	6.5	6.5
Capital requirement Pillar 2 <sup>3</sup>	12 032	13 712	1.7	2.0
Pillar 2 guidance <sup>4</sup>	10 616		1.5	
<b>Total capital requirement including Pillar 2 guidance</b>	<b>125 272</b>	<b>113 703</b>	<b>17.7</b>	<b>16.5</b>
<b>Own funds</b>	<b>158 552</b>	<b>144 737</b>		

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 2021.

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

	<b>SEKm</b>		<b>%</b>	
<b>Leverage ratio requirements<sup>1</sup></b>	<b>31 Dec</b>	<b>31 Dec</b>	<b>31 Dec</b>	<b>31 Dec</b>
<b>Consolidated situation, SEKm / %</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Leverage ratio requirement Pillar 1	7 879 926		3.0	
Leverage ratio Pillar 2 guidance	1 181 989		0.5	
<b>Total leverage ratio requirement including Pillar 2 guidance</b>	<b>9 061 915</b>		<b>3.5</b>	

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

## Note 22 Internal capital requirement

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

A bank must identify, measure and manage the risks with which its activities are associated and have sufficient capital to cover these risks. The

purpose of the Internal Capital Adequacy Assessment Process (ICAAP) is to ensure that the bank is sufficiently capitalised to cover its risks and to conduct and develop its business activities. Swedbank applies its own models and processes to evaluate its capital 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% 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. The methodology serves as a basis of proactive risk and capital management.

As of 31 December 2021, the internal capital assessment for Swedbank's consolidated situation amounted to SEK 36.6bn (SEK 37.0bn as of 31 December 2020). The capital to meet the internal capital assessment, i.e. the Common Equity Tier 1, amounted to SEK 158.6bn (SEK 144.7bn as of 31 December 2020) (see Note 21). Swedbank's internal capital assessment using its own models is

not comparable with the estimated capital requirement that the SFSA releases quarterly and does not consider the SFSA risk-weight floor for Swedish mortgages.

The internally estimated capital requirement for the parent company is SEK 25.3bn (SEK 25.7bn as of 31 December 2020) and the Common Equity Tier 1 capital amounted to SEK 126.1bn (SEK 118.1bn as of 31 December 2020) (see the parent company's note on capital adequacy).

In addition to what is stated in this interim report, risk management and capital adequacy according to the Basel 3 framework are described in more detail in Swedbank's annual report for 2020 as well as in Swedbank's yearly Risk and Capital Adequacy Report, available on [www.swedbank.se](http://www.swedbank.se).

## Note 23 Risks and uncertainties

Swedbank's earnings are affected by changes in the global marketplace over which it has no control, including macroeconomic factors such as GDP, asset prices and unemployment as well as changes in interest rates, equity prices and exchange rates. Covid-19 may continue to have consequences on Swedbank. Despite the overall positive economic forecasts in our home markets, uncertainty still remains in terms of impacts for many businesses in impacted sectors.

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

For risks related to the ongoing investigations in US related to historic AML compliance and response related to anti-money laundering controls, please refer to Note 19 Assets pledged, contingent liabilities and commitments.

In addition to the observations reported on money laundering and terrorist financing, Swedbank has previously identified elevated compliance risks within the bank related to internal governance as noted by supervisory authorities in their investigations of money laundering. In this regard, Swedbank assesses that the deficiencies identified by the supervisory authorities have been addressed by the bank, and to a large extent remediated. Swedbank has also identified elevated compliance risks in the customer protection area, and in the market surveillance area. Work is ongoing within the bank to address the deficiencies identified. Swedbank's Compliance function monitors this work.

### Interest Rate Benchmark Reform

The Group's IBOR (Interbank Offered Rate) transition Programme continues to manage transition activities and operational changes necessary for the move from existing IBORs to alternative risk-free rates, also called the IBOR reform. Based on the nominal amounts, significant exposures in the Group's balance sheet that are

affected by the IBOR reform are linked to STIBOR (SEK), EURIBOR (EUR), USD LIBOR and NIBOR (NOK). USD LIBOR will cease after 30 June 2023 (with the exception of 1 week and two months tenors that ceased at 31 of December 2021), while the rest of these IBORs are expected to be available for the foreseeable future in reformed formats. Other exposures that are affected by the IBOR reform are linked to EONIA, CHF LIBOR, EUR LIBOR, GBP LIBOR and JPY LIBOR. These LIBOR rates ceased at the year-end 2021.

To manage the transition for the benchmark rates which ceased or are expected to cease, Swedbank adhered to the ISDA 2020 Benchmark Supplement Protocol for its derivative exposures. The Group's current bilateral derivative exposures where counterparties did not adhere to the ISDA 2020 Benchmark Supplement Protocol were insignificant both in number and exposure and the Group ensured voluntary transition to alternative risk-free rates ahead of the cessation dates or used the fallback option through bilateral agreement. In addition, Swedbank updated its bond issuance programs with proper fallback language for the benchmark rates that ceased or are expected to cease.

### Tax

The tax area is complex and leaves room for judgement. 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 2020 Annual and sustainability report and in the disclosure in the Risk Management and Capital Adequacy reports available at [www.swedbank.com](http://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.

<b>31 December 2021</b>	<b>&lt; 5 yrs</b>	<b>5-10 yrs</b>	<b>&gt; 10 yrs</b>	<b>Total</b>
SEK	-491	-1 020	221	-1 290
Foreign currency	757	191	85	1 033
<b>Total</b>	<b>266</b>	<b>-829</b>	<b>306</b>	<b>-257</b>
<b>31 December 2020</b>				
SEK	1 190	-1 202	530	518
Foreign currency	1 355	-13	41	1 383
<b>Total</b>	<b>2 545</b>	<b>-1 215</b>	<b>571</b>	<b>1 901</b>

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.

<b>31 December 2021</b>	<b>&lt; 5 yrs</b>	<b>5-10 yrs</b>	<b>&gt; 10 yrs</b>	<b>Total</b>
SEK	361	-220	84	225
Foreign currency	-405	246	8	-151
<b>Total</b>	<b>-44</b>	<b>26</b>	<b>92</b>	<b>74</b>
<b>31 December 2020</b>				
SEK	1 131	-1 047	484	568
Foreign currency	-369	341	-224	-252
<b>Total</b>	<b>762</b>	<b>-706</b>	<b>260</b>	<b>316</b>

## Note 24 Related-party transactions

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

## Note 25 Swedbank's share

	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>
<b>Number of outstanding ordinary shares</b>		
<b>Issued shares</b>		
SWED A	1 132 005 722	1 132 005 722
<b>Repurchased shares</b>		
SWED A	-10 570 929	-12 013 947
<b>Number of outstanding ordinary shares on the closing day</b>	<b>1 121 434 793</b>	<b>1 119 991 775</b>
<b>SWED A</b>		
Last price, SEK	182.10	144.12
<b>Market capitalisation, SEKm</b>	<b>204 213</b>	<b>161 413</b>

Within Swedbank's share-based compensation programme, Swedbank AB has during 2021 transferred 1 443 018 shares at no cost to employees.

	Q4 2021	Q3 2021	Q4 2020	Full-year 2021	Full-year 2020
<b>Earnings per share</b>					
<b>Average number of shares</b>					
Average number of shares before dilution	1 121 434 587	1 121 430 775	1 119 991 775	1 121 117 329	1 119 720 567
Weighted average number of shares for potential ordinary shares that incur a dilutive effect due to share-based compensation programme	3 716 547	3 494 846	3 934 735	3 676 236	3 708 306
Average number of shares after dilution	1 125 151 134	1 124 925 621	1 123 926 510	1 124 793 565	1 123 428 873
<b>Profit, SEKm</b>					
Profit for the period attributable to shareholders of Swedbank	4 835	5 498	4 510	20 871	12 929
Earnings for the purpose of calculating earnings per share	4 835	5 498	4 510	20 871	12 929
<b>Earnings per share, SEK</b>					
Earnings per share before dilution	4.31	4.90	4.03	18.62	11.55
Earnings per share after dilution	4.30	4.89	4.01	18.56	11.51



## Swedbank AB

### Income statement, condensed

Parent company SEKm	Q4 2021	Q3 2021	Q4 2020	Full-year 2021	Full-year 2020
Interest income on financial assets at amortised cost	2 407	2 458	2 807	9 872	12 727
Other interest income	1 530	1 176	1 301	5 363	5 865
<b>Interest income</b>	<b>3 937</b>	<b>3 634</b>	<b>4 108</b>	<b>15 235</b>	<b>18 592</b>
Interest expense	-478	6	-702	-962	-3 529
<b>Net interest income</b>	<b>3 459</b>	<b>3 640</b>	<b>3 406</b>	<b>14 273</b>	<b>15 063</b>
Dividends received	6 158	3 102	7 785	17 065	16 201
Commission income	2 331	2 150	2 077	8 660	7 779
Commission expense	-500	-526	-620	-2 119	-2 180
<b>Net commission income</b>	<b>1 831</b>	<b>1 624</b>	<b>1 457</b>	<b>6 541</b>	<b>5 599</b>
Net gains and losses on financial items	228	125	795	920	2 243
Other income	712	578	680	2 249	1 923
<b>Total income</b>	<b>12 388</b>	<b>9 069</b>	<b>14 123</b>	<b>41 048</b>	<b>41 029</b>
Staff costs	2 651	2 446	2 406	9 862	8 743
Other expenses	1 966	1 347	2 014	6 087	6 531
Depreciation/amortisation and impairment of tangible and intangible fixed assets	1 238	1 234	1 208	4 956	4 820
Administrative fine					4 000
<b>Total expenses</b>	<b>5 855</b>	<b>5 027</b>	<b>5 628</b>	<b>20 905</b>	<b>24 094</b>
<b>Profit before impairment</b>	<b>6 533</b>	<b>4 042</b>	<b>8 495</b>	<b>20 143</b>	<b>16 935</b>
Impairment of financial assets			-16		-16
Credit impairment, net	-45	42	565	78	4 068
<b>Operating profit</b>	<b>6 578</b>	<b>4 000</b>	<b>7 946</b>	<b>20 065</b>	<b>12 883</b>
Appropriations	-53		-42	-53	-42
Tax expense	1 418	873	1 337	4 031	3 089
<b>Profit for the period</b>	<b>5 213</b>	<b>3 127</b>	<b>6 651</b>	<b>16 087</b>	<b>9 836</b>

### Statement of comprehensive income, condensed

Parent company SEKm	Q4 2021	Q3 2021	Q4 2020	Full-year 2021	Full-year 2020
<b>Profit for the period reported via income statement</b>	<b>5 213</b>	<b>3 127</b>	<b>6 651</b>	<b>16 087</b>	<b>9 836</b>
<b>Total comprehensive income for the period</b>	<b>5 213</b>	<b>3 127</b>	<b>6 651</b>	<b>16 087</b>	<b>9 836</b>

## Balance sheet, condensed

Parent company SEKm	31 Dec 2021	31 Dec 2020
<b>Assets</b>		
Cash and balance with central banks	194 353	167 121
Loans to credit institutions	650 948	669 495
Loans to the public	391 675	428 997
Interest-bearing securities	214 197	192 488
Shares and participating interests	78 924	82 321
Derivatives	44 323	59 644
Other assets	43 076	48 538
<b>Total assets</b>	<b>1 617 496</b>	<b>1 648 604</b>
<b>Liabilities and equity</b>		
Amounts owed to credit institutions	100 610	246 804
Deposits and borrowings from the public	942 932	869 222
Debt securities in issue	296 918	259 922
Derivatives	42 542	74 236
Other liabilities and provisions	54 007	50 512
Senior non-preferred liabilities	37 832	10 359
Subordinated liabilities	28 604	23 434
Untaxed reserves	10 630	10 682
Equity	103 421	103 433
<b>Total liabilities and equity</b>	<b>1 617 496</b>	<b>1 648 604</b>
Pledged collateral	55 407	110 092
Other assets pledged	8 529	7 149
Contingent liabilities	232 276	315 206
Commitments	263 331	324 052

## Statement of changes in equity, condensed

Parent company  
SEKm

	Share capital	Share premium reserve	Statutory reserve	Retained earnings	Total
<b>January-December 2021</b>					
<b>Opening balance 1 January 2021</b>	<b>24 904</b>	<b>13 206</b>	<b>5 968</b>	<b>59 355</b>	<b>103 433</b>
Dividend				-16 310	-16 310
Share based payments to employees				195	195
Deferred tax related to share based payments to employees				18	18
Current tax related to share based payments to employees				-2	-2
Total comprehensive income for the period				16 087	16 087
<b>Closing balance 31 December 2021</b>	<b>24 904</b>	<b>13 206</b>	<b>5 968</b>	<b>59 343</b>	<b>103 421</b>
<b>January-December 2020</b>					
<b>Opening balance 1 January 2020</b>	<b>24 904</b>	<b>13 206</b>	<b>5 968</b>	<b>49 340</b>	<b>93 418</b>
Share based payments to employees				178	178
Deferred tax related to share based payments to employees				7	7
Current tax related to share based payments to employees				-6	-6
Total comprehensive income for the period				9 836	9 836
<b>Closing balance 31 December 2020</b>	<b>24 904</b>	<b>13 206</b>	<b>5 968</b>	<b>59 355</b>	<b>103 433</b>

## Cash flow statement, condensed

Parent company SEKm	Full-year 2021	Full-year 2020
Cash flow from operating activities	2 849	58 388
Cash flow from investing activities	9 480	9 112
Cash flow from financing activities	14 903	-7 975
<b>Cash flow for the period</b>	<b>27 232</b>	<b>59 525</b>
Cash and cash equivalents at beginning of period	167 121	107 596
Cash flow for the period	27 232	59 525
<b>Cash and cash equivalents at end of period</b>	<b>194 353</b>	<b>167 121</b>

## Capital adequacy

Parent company, SEKm	31 Dec 2021	30 Sep 2021	30 Jun 2021	31 Mar 2021	31 Dec 2020
<b>Available own funds</b>					
Common equity tier 1 (CET1) capital	96 715	96 708	96 366	95 020	93 880
Tier 1 capital	110 093	109 802	104 962	103 843	102 232
Total capital	126 056	125 742	120 808	119 845	118 091
<b>Risk-weighted exposure amounts</b>					
Total risk exposure amount	353 415	355 318	349 604	360 259	358 278
<b>Capital ratios as a percentage of risk-weighted exposure amount</b>					
Common equity tier 1 ratio	27.4	27.2	27.6	26.4	26.2
Tier 1 ratio	31.2	30.9	30.0	28.8	28.5
Total capital ratio	35.7	35.4	34.6	33.3	33.0
<b>Additional own funds requirements to address risks other than the risk of excessive leverage as a percentage of risk-weighted exposure amount</b>					
Additional own funds requirements to address risks other than the risk of excessive leverage	1.5	1.5	2.2	2.2	2.2
of which: to be made up of CET1 capital	1.1	1.1	1.4	1.4	1.4
of which: to be made up of Tier 1 capital	1.2	1.2	1.8	1.8	1.8
Total SREP own funds requirements	9.5	9.5	10.2	10.2	10.2
<b>Combined buffer and overall capital requirement as a percentage of risk-weighted exposure amount</b>					
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	0.1	0.1	0.1	0.1	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	2.6	2.6	2.6	2.6	2.6
Overall capital requirements	12.1	12.1	12.8	12.8	12.8
CET1 available after meeting the total SREP own funds requirements	17.9	17.7	17.4	16.2	16.0
<b>Leverage ratio</b>					
Total exposure measure	1 209 752	1 555 142	1 486 600	1 454 485	1 263 146
Leverage ratio, %	9.1	7.1	7.1	7.1	8.1
<b>Additional own funds requirements to address the risk of excessive leverage as a percentage of total exposure measure</b>					
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		
<b>Leverage ratio buffer and overall leverage ratio requirement as a percentage of total exposure measure</b>					
Leverage ratio buffer requirement					
Overall leverage ratio requirement	3.0	3.0	3.0		
<b>Liquidity coverage ratio</b>					
Total high-quality liquid assets, average weighted value	569 030	528 923	474 877	445 488	420 572
Cash outflows, total weighted value	555 590	534 009	507 401	490 377	471 021
Cash inflows, total weighted value	62 120	75 333	93 156	111 442	109 926
Total net cash outflows, adjusted value	493 470	458 676	414 245	378 935	361 095
Liquidity coverage ratio, %	115.6	115.6	115.1	117.6	116.7
<b>Net stable funding ratio</b>					
Total available stable funding	965 167	960 113	935 457		
Total required stable funding	534 747	545 985	549 105		
Net stable funding ratio, %	180.5	175.5	170.4		

<b>Risk exposure amount</b>	<b>31 Dec</b>	<b>31 Dec</b>
<b>Parent company, SEKm</b>	<b>2021</b>	<b>2020</b>
Risk exposure amount credit risks, standardised approach	86 177	85 062
Risk exposure amount credit risks, IRB	167 375	189 909
Risk exposure amount default fund contribution	281	556
Risk exposure amount settlement risks	2	0
Risk exposure amount market risks	20 987	17 004
Risk exposure amount credit value adjustment	2 333	4 362
Risk exposure amount operational risks	40 218	39 068
Additional risk exposure amount, Article 3 CRR	26 458	17 658
Additional risk exposure amount, Article 458 CRR	9 584	4 659
<b>Total risk exposure amount</b>	<b>353 415</b>	<b>358 278</b>

	<b>SEKm</b>		<b>%</b>	
<b>Capital requirements<sup>1</sup></b>	<b>31 Dec</b>	<b>31 Dec</b>	<b>31 Dec</b>	<b>31 Dec</b>
<b>Parent company, SEKm / %</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Capital requirement Pillar 1	37 462	37 977	10.6	10.6
of which Buffer requirements <sup>2</sup>	9 189	9 315	2.6	2.6
Capital requirement Pillar 2 <sup>3</sup>	5 301	8 035	1.5	2.2
<b>Total capital requirement including Pillar 2 guidance</b>	<b>42 763</b>	<b>46 012</b>	<b>12.1</b>	<b>12.8</b>
<b>Own funds</b>	<b>126 056</b>	<b>118 091</b>		

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 2021.

	<b>SEKm</b>		<b>%</b>	
<b>Leverage ratio requirements<sup>1</sup></b>	<b>31 Dec</b>	<b>31 Dec</b>	<b>31 Dec</b>	<b>31 Dec</b>
<b>Parent company, SEKm / %</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Leverage ratio requirement Pillar 1	3 629 256		3.0	
<b>Total leverage ratio requirement including Pillar 2 guidance</b>	<b>3 629 256</b>		<b>3.0</b>	

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
<b>Net investment margin before trading interest is deducted</b>  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 <sup>1)</sup> 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.
<b>Allocated equity</b>  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.
<b>Return on allocated equity</b>  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 <sup>1)</sup> 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.
<b>Income statement measures excluding expenses for the administrative fine</b>  Amount related to expenses is presented excluding expenses for administrative fine. The amounts are reconciled to the relevant IFRS income statement lines on page 6.	Provides comparability of figures between reporting periods.
<b>Return on equity excluding expenses for administrative fine</b>  Represents profit for the period (annualised) attributable to shareholders excluding expenses for the administrative fine in relation to average Equity attributable to shareholders' of the parent company. The average is calculated using month-end figures <sup>1)</sup> including the prior year end. Profit for the period attributable to shareholders excluding expenses for administrative fine are reconciled to Profit for the period allocated to shareholders, the nearest IFRS measure, on page 6.	Provides comparability of figures between reporting periods.
<b>Cost/Income ratio excluding expenses for administrative fine</b>  Total expenses excluding expenses related to administrative fine in relation to total income. Total expenses excluding expense for administrative fine is reconciled to Total expenses, the nearest IFRS measure, on page 6.	Provides comparability of figures between reporting periods.



### Other alternative performance measures

These measures are defined in Fact book on page 78 and are calculated from the financial statements without adjustment.

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

- Share of Stage 1 loans, gross
- Share of Stage 2 loans, gross
- Share of Stage 3 loans, gross
- Cost/Income ratio
- Equity per share
- Credit Impairment ratio
- Credit impairment provision ratio Stage 1 loans
- Credit impairment provision ratio Stage 2 loans
- Credit impairment provision ratio Stage 3 loans
- Return on equity<sup>1)</sup>
- Total credit impairment provision ratio
- Loan/Deposit ratio

---

<sup>1)</sup> The month-end figures used in the calculation of the average can be found on page 71 of the Fact book.

## Signatures of the Board of Directors and the President

The Board of Directors and the President hereby certify that the Year-end report for 2021 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, 1 February 2022

Göran Persson  
Chair

Bo Bengtsson  
Board Member

Göran Bengtsson  
Board Member

Annika Creutzer  
Board Member

Hans Eckerström  
Board Member

Kerstin Hermansson  
Board Member

Bengt Erik Lindgren  
Board Member

Bo Magnusson  
Board Member

Anna Mossberg  
Board Member

Per Olof Nyman  
Board Member

Biljana Pehrsson  
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 Year-end report for Swedbank AB (publ) for the period 1 January - 31 December 2021. The Board of Directors and the CEO are responsible for the preparation and presentation of this Year-end report 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, 2 February 2021

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](http://www.swedbank.com/ir)

### Financial calendar 2022

Annual and sustainability report 2021	23 February 2022
Annual General Meeting	30 March 2022
Interim report for the first quarter 2022	28 April 2022
Interim report for the second quarter 2022	19 July 2022
Interim report for the third quarter 2022	27 October 2022

## For further information, please contact:

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

Anders Karlsson  
CFO  
Telephone +46 8 585 938 75

Annie Ho  
Head of Investor Relations  
Telephone +46 70 343 7815

Erik Ljungberg  
Head of Group Communications  
and Sustainability  
Telephone 08 +46 73-988 35 57

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

Information on Swedbank's strategy, values and share is also available on [www.swedbank.com](http://www.swedbank.com)

### Swedbank AB (publ)

Registration no. 502017-7753  
Landsvägen 40  
SE-105 34 Stockholm, Sweden  
Telephone +46 8 585 900 00  
[www.swedbank.com](http://www.swedbank.com)  
[info@swedbank.se](mailto:info@swedbank.se)