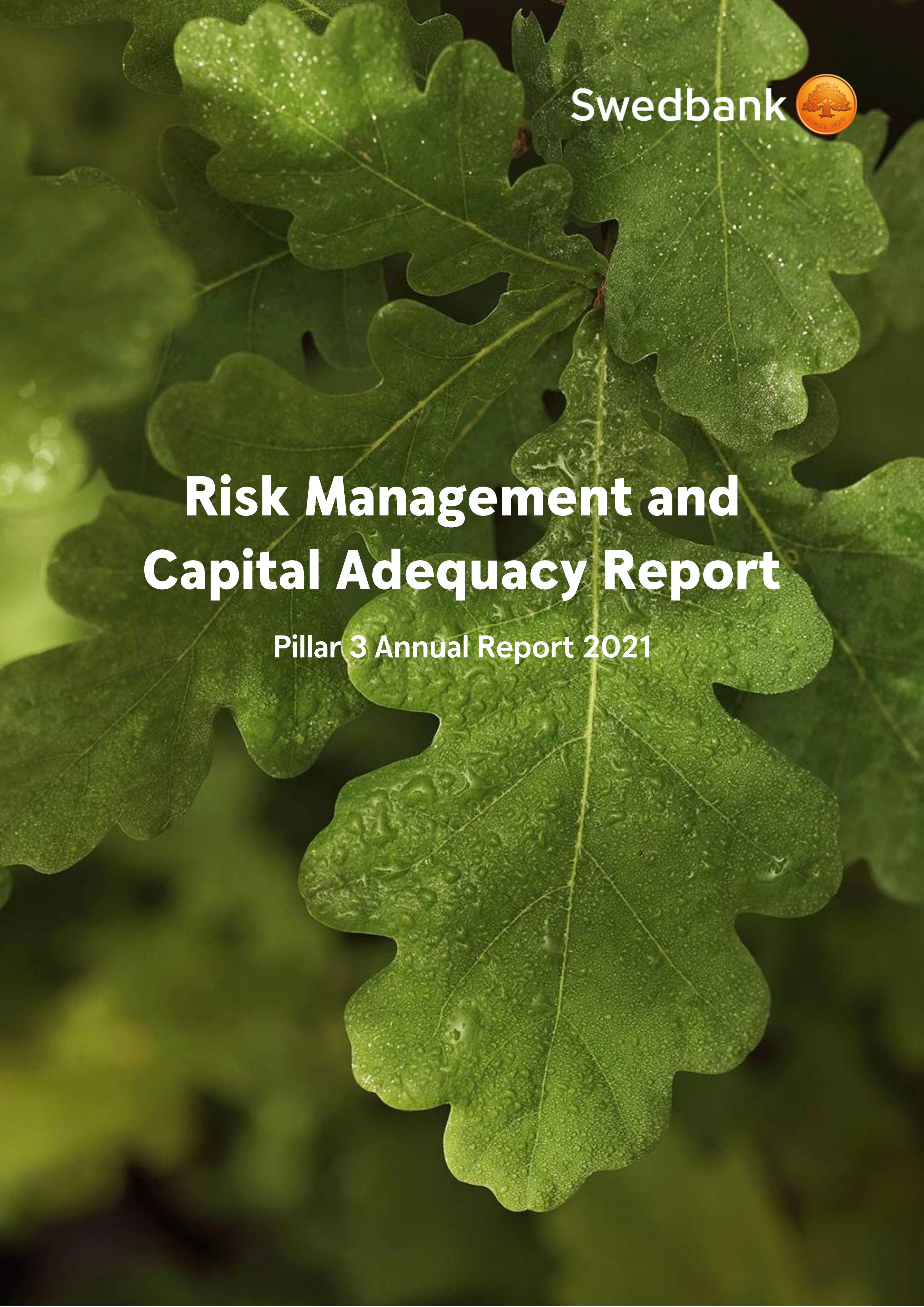

Swedbank

Risk Management and Capital Adequacy Report

Pillar 3 Annual Report 2021

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Introduction

This Risk Management and Capital Adequacy Report Q4 2021 provides information on Swedbank's risk management and capital adequacy. The report is based on regulatory disclosure requirements set out in the Regulation (EU) 575/2013 "Capital Requirements Regulation" (CRR) and the Swedish Financial Supervisory Authority (SFSA) regulation FFFS 2014:12.

Information in this report pertains to the conditions for Swedbank Consolidated Situation as of period end if not otherwise stated. Disclosures are made annually in conjunction with the publication of Swedbank's Annual Report and quarterly in conjunction with the quarterly reports.

Unless otherwise stated, the reports of Q1 and Q3 follow the quarterly disclosure format, the report for Q2 follows the semi-annual format, and the report for Q4 follows the annual format and includes the most comprehensive details. In this report Swedbank Consolidated Situation is referred to as Swedbank, unless otherwise stated.

The capital adequacy framework builds on three pillars:

Pillar 1 provides rules for how to calculate minimum capital requirements for credit risk, market risk and operational risk. For credit risk and market risk, the calculations can be done either by using prescribed standardised risk measures or by using the bank's own internally used risk measures. Swedbank must fulfil certain requirements in order to apply its own internal risk measures and must seek approval from relevant supervisors in countries where Swedbank operates.

Pillar 2 requires institutions to prepare and document their own internal capital and liquidity adequacy assessment processes (ICAAP and ILAAP respectively). All significant sources of risks must be taken into account in the ICAAP, that is, not only those already included in Pillar 1. Similarly, the analysis in the ILAAP should go beyond the minimum liquidity requirements. The Supervisory College assesses the bank in the Supervisory Review and Evaluation Process (SREP) and may impose additional measures.

Pillar 3 requires institutions to disclose comprehensive information about their risks, risk management and associated capital. This report constitutes the required disclosure for Swedbank.

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

Swedbank in brief

Swedbank is a full-service bank available to households and businesses in its home markets, having 7.3 million private customers and 620 000 corporate and organisational customers. The customers are served through 233 branches in Swedbank's four home markets – Sweden, Estonia, Latvia and Lithuania – and through presence in neighbouring markets in Denmark, Finland and Norway. Swedbank also operates in the United States, China and South Africa. Swedbank's vision is a financially sound and sustainable society where Swedbank empowers the many people and businesses to create a better future.

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

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Continued measures to reinforce risk management and control

The year 2021 was another year highly influenced by the pandemic, characterised by recovery but also by new covid waves, reintroduced restrictions and continued uncertainty. The economic activity accelerated, but global supply chain problems and increased energy prices held back growth and increased inflation. Several central banks began signalling tightened monetary policy and tapering which was followed by market turbulence. Geopolitical developments also increasingly came into focus. In this situation Swedbank stands strong and well-positioned for economic growth as well as potential continued market turbulence and economic uncertainty.

Credit quality continued to be strong in 2021, supported by the economic recovery. Swedbank had a strong growth in private mortgage lending in all home markets, supported by high activity in the housing markets. Credit impairments were very low and important indicators of credit quality such as past due loans, credit migrations and watch list exposures had a positive development. Uncertainty however remains about how the hospitality and the retail sectors will be affected when government support measures will be phased out. The expert adjustments of credit provisions, mainly related to covid impacted sectors and oil & offshore, were largely unchanged. The winding down of the oil and offshore exit portfolio continued and has now been significantly reduced.

Swedbank's capital buffers and capital generation capacity is strong, making Swedbank well-positioned to meet increased demand for credit and to support customers in case of a negative macroeconomic development. Both the ICAAP and EBA stress test in 2021 demonstrated that the capital is sufficient to support Swedbank's business model in adverse scenarios and the liquidity position is equally strong.

The importance of operational resilience is increasingly acknowledged internationally, not least in view of several complex cyber-attacks perpetrated globally during 2021. Swedbank is prioritising resources towards this, including replacement of legacy infrastructure and investments in new technologies and improved processes. The sustainability of operations and the trust in the bank are linked to the ability to recover quickly from incidents with as little damage as possible. During 2021 IT incidents occurred that caused disruptions in significant customer-facing services. Several activities have been initiated to increase IT stability.

During 2021 Swedbank made important changes to governance and structures with the aim to strengthen the governance operating model. For the Baltic operations a new operating model was formalised through forming a financial holding company, which increase accountability and responsibility of Baltic Banking management. Further, responsibilities within the Group regarding the lending process and payments have been clarified with a defined end to end responsibility. This is aimed at improving coordination and efficiency and to reduce operational risks. In 2020 the Enterprise Risk Management (ERM) Policy was revised and the Risk Appetite Statement Policy was enhanced. These policies embed a low risk appetite for all risk types and a more direct link between Swedbank's strategic direction, our risk strategy and day-to-day risk management activities. During 2021 the framework was implemented with an ongoing evaluation of the risk exposure within all risk types. The framework has also been updated to enhance the monitoring, management and reporting of Environmental, Social and Governance (ESG) risk, with particular focus on climate change. This is an important step in our continued journey towards a sustainable bank that, in line with our strategic direction, actively contributes to the societal development and the transition to a low-carbon economy, while managing risks and preserving shareholder value.

Rolf Marquardt – Chief Risk Officer

1. Risk governance

Swedbank's structure for risk management is founded in the Group's Enterprise Risk Management framework and based on the principle of three lines of defence. With well-established processes, the purpose is to ensure professional risk management protecting Swedbank from undesired risk taking and to support the bank's low risk appetite.

EU OVA - Institution risk management approach & EU OVB - Disclosure on governance arrangements

Risk exposure

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

During 2020 a project on Enterprise Risk Management was performed in order to strengthen and attain a more holistic view on risk management and improve oversight and control across the Group. A revised Enterprise Risk Management Policy (ERM Policy) was adopted by the Board of Directors. During 2021 the ERM Policy has been updated and measures have been taken to implement the revised policy. Swedbank's vision is a financially sound and sustainable society where Swedbank empowers the many people and businesses to create a better future. Additions have been made to ensure reporting and monitoring of Environmental, Social and Governance (ESG) risk in general, and especially in terms of climate change. The policy contains the Group's Risk Strategy including fundamental principles for the Group's risk management. Swedbank's strategy is to maintain a low-risk exposure and the Board of Directors articulates the attitude towards risk by expressing the Group's low risk appetite. Risk appetite statements are defined by the Board for the main risk types in the Group's Risk Taxonomy and expressed qualitatively and quantitatively in the Risk Appetite Statement Policy and further implemented by the CEO through a risk limit framework. The risk limit framework consists of limits decided on CEO level, executive management level and, where applicable, lower management levels, as well as Key Risk Indicators (KRI) where required from a risk perspective. Limits and KRIs are tools for monitoring and controlling risk exposures and risk concentrations. Combined, their purpose is to ensure that the risks are kept within the risk appetite.

Swedbank's customer base, which mainly consists of private individuals and small and medium-sized companies in Sweden and in the Baltic countries, is the foundation for the low risk. The credit quality remained strong in 2021, and visible negative impacts from Covid-19 were limited. Swedbank's exposure to sectors that are considerably affected by Covid-19 is low and Swedbank's loan portfolio showed resilience with low credit impairments also in 2021. Swedbank's liquidity position remained strong, due to proactive funding activities and stable demand from debt investors and substantial increase in deposits. In terms of operational risks, during 2021 Swedbank saw an increase in operational incidents compared to 2020. Following these incidents, a proactive implementation of mitigating actions and other preventive measures has been performed. The existing challenges associated with the Covid-19 pandemic and the extraordinary need to continuously strengthen the remote availability of our banking services has remained in focus in all Swedbank home markets. The ongoing digital transformation, evolving technological trends, remote access as well as organized crime and geopolitical tensions has raised information security threats, including cyber and external fraud risk, and has required the implementation of improved protection. Internal and external stress tests resulted in a clear picture of adequate capitalization and strong capacity to manage severe negative scenarios.

In order to continuously secure a low risk level, Swedbank's operations are based on structured risk management and control. The Enterprise Risk Management framework aims to ensure risk awareness, support a strong risk culture, strong accountability and business acumen within all parts of Swedbank. The framework is aligned with Swedbank's strategy and business planning process, in which risk-based planning is an integrated part. Internal regulations and guidelines are developed to secure strong risk control and steering. Swedbank's Enterprise Risk Management framework includes risk limits and KRIs applied for individual risk types, starting from the Board´s risk appetite down to the business areas for appropriate steering. The framework also includes well-developed origination standards for prudent lending.

The Swedish and Estonian supervisory authorities concluded their investigations of Swedbank in March 2020. The investigations confirmed that Swedbank had deficiencies in its internal governance and control systems to prevent money laundering. A similar conclusion was reached by the independent investigation by Clifford Chance. In order to remediate the deficiencies and strengthen Swedbank´s capability to identify and control risks related to money laundering, Swedbank initiated a number of strategic programmes: Culture assessment, governance initiative and compliance review. The review phases of these programmes have been concluded, and a large number of measures have been taken. The programmes form part of the ongoing transformation phase of Swedbank. Further, an external consultancy firm has been assigned to conduct a yearly maturity assessment of Swedbank's Anti-Money Laundering and Counter-Terrorist Financing (AML/CTF) programme for three years. The first report confirmed a good progress of Swedbank's remediation programmes to remediate its historical deficiencies. The progress of the program was confirmed also in the second report issued during the fall 2021.

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.

Internal control and framework

Risk arises in all financial operations; hence a profound understanding and solid management of risks are central for any successful business. The risk culture throughout Swedbank is important for efficient risk management and, consequently, for a strong risk-adjusted return. The Board of Directors has the ultimate responsibility to set the risk appetite to limit Swedbank's risk-taking including minimum capital and liquidity levels. Through the ERM Policy, the Board provides the key principles on risk management and control in order to support the business strategy. Furthermore, the ERM Policy stipulates Swedbank's risk strategy and risk appetite, the concept of three lines of defence and the fundamental principles of risk management.

The activities of the risk organisation and compliance organisation are regulated in separate policies adopted by the Board. The Board has established a Risk and Capital Committee (RCC), an Audit Committee (AC), a Remuneration Committee (RC) and a Governance Committee (GC). The committees support the Board in matters related to risk management, governance, capital requirements and remuneration. For further information on these committees, see the Swedbank Corporate Governance Report available on:

www.swedbank.com/about-swedbank/management-and-corporate-governance/

Swedbank's risk organisation and compliance organisation are responsible for independently ensuring that key risks are identified, assessed and properly managed. Decisions made should always be in line with Swedbank's risk appetite. The Board and the CEO are regularly informed on the overall risk and the exposures for all risk types. Furthermore, the Board and the CEO are also regularly provided with information regarding changes in Swedbank's risk limit framework structure and, in case of a breach, the actions needed to be taken to mitigate the breach. Swedbank's risk organisation and compliance organisation are responsible for providing the business operations with guidance and support by developing and maintaining, for example, internal regulations and guidelines.

The CEO has overall operational responsibility for the management and control of Swedbank's risks including the responsibility for reporting to the Board of Directors. The CEO is responsible for communicating and implementing the risk management and control defined by the Board, to ensure that there is an implemented and well-functioning internal control within the organisation. Based on the Board's overall governing documents, the CEO issues more detailed regulations for the operational management and control of Swedbank's risks. The CEO also has delegated parts of the operational responsibility for risk management to Swedbank's unit managers. The CEO has established the Group Executive Committee (GEC) to support in the effective management and governance of the Group.

The Group Risk and Compliance Committee (GRCC), chaired by the CRO, gives recommendations to the CEO and supports senior management in decisions about management of non-financial risk and compliance matters. This includes reviewing, monitoring, and challenging of the Group's risks in terms of significant exposures, risk trends, losses, management actions, and performance versus risk appetite. The GRCC supports the accurate management of findings by internal audit, risk and compliance. In order to further strengthen the risk management arrangements, in both Group functions and business areas, the GRCC is supported by Business Area Risk and Compliance Committees (BARCCs). Individual BARCCs are established in all business areas and relevant Group functions, and have similar setup as the GRCC.

The Group Asset Allocation Committee (GAAC), chaired by the CFO, gives recommendations to the CEO and supports senior management in matters related to the management of assets, liabilities, capital and the balance sheet structure, in order to ensure a robust system of financial control. GAAC is responsible for supporting that the Group's financial risk exposures stay within the risk appetite and the distributed risk limits as well as ensuring that the risk appetite framework and the level, type and allocation of internal capital adequately cover the underlying financial risks. Furthermore, GAAC supports the CFO in decisions on the management and allocation of capital, liquidity and funding position, in order to support the implementation of business objectives. Each Business Area (BA) has established a Business Area Asset Allocation Committee (BAAC). BAAC assists the BA Head in discharging his/her duties in the BAAC scope. This includes pre-approval of annual targets on BA level for lending volume and/or total Risk Exposure Amount (REA) growth, partake in tasks concerning the internal capital assessment, provide recommendations regarding choice of scenarios and evaluate the results of simulations and stress prior to submission to GAAC. Furthermore, BAAC ensures BAs are compliant with the business steering principles decided by the Group in GAAC.

In the Group Policy on Diversity & Inclusion the bank sets a high standard for equality, diversity and inclusion to be inherent parts of the organization - all employees shall be treated equally which is followed up annually, and active measures are in place to increase gender balance and diversity where needed. In order to favour independent opinions and critical thinking both the Board, the Subsidiary Boards and the top management shall, with due consideration to local regulations, consist of sufficient diversity concerning for example gender, age, geographical origin, educational- and professional background. Swedbank aims for a 40/60 gender balance either way in all decision-making bodies, which also applies for the Board. The Board members are proposed by the Nomination Committee and elected at the Annual Shareholder Meeting. The Board does not currently meet the aspiration of gender balance, as it consists of 36% women and 64% men, without Employee Representatives included in the calculation, as they are nominated by the Trade Unions, which the bank cannot affect. The instruction for the Nomination Committee work sets out that an even gender representation shall be attained over time, meaning that at least 40% of the members of the Board of Directors shall be of either gender.

Risk-based planning

The Risk-based planning (RBP) process ensures that senior management considers the risks related to the business, that adequate resource and actions to manage the risks are planned for and prioritized as well as an overarching risk view is communicated. RBP also helps to improve coordination and information-sharing between Group Risk, Group Compliance and Group Internal Audit towards aligned assurance. The RBP process is an integrated part of Swedbank's annual Activity planning.

Recovery planning

Swedbank has established a Group-level recovery plan in accordance with the Bank Recovery and Resolution Directive (BRRD) regulatory framework. The plan has been aligned with the guidelines and technical standards issued by the European Banking Authority. The recovery plan describes a set of measures that can be applied in distress in order to restore the sound financial position of Swedbank, and to ensure the continuity of critical financial services provided by Swedbank in all its home markets. The plan also describes a wide range of recovery indicators along with trigger levels that can be easily monitored to capture potential stress in a timely manner. Further, in Swedbank’s corporate governance structure, the rules for escalation and decision-making to be used under stressful conditions are described.

Three lines of defence

Successful risk management requires a strong risk culture and a common approach. Swedbank has built its risk management on the concept of three lines of defence, with clear division of responsibilities between the risk owners in first line of defence responsible for managing risks and control functions, i.e. Group Risk, Group Compliance and Group Internal Audit.

Swedbank's risk management

Board of Directors		
CEO		
Risk Management **First line of defence** **Owns and manages risks in the day to day operations** • **Business and product areas** • **Support functions**	Monitor and Control **Second line of defence** **Establishes infrastructure, monitors and assesses risks** • **Group Risk** • **Group Compliance**	Evaluation **Third line of defence** **Evaluates the effectiveness of the first and second lines of defence** • **Group Internal Audit**

First line of defence

First line of defence refers to all risk management activities carried out by the business operations within the business areas, product areas and group functions. The first line management take or are object of risks and are responsible for the continuous and active risk management. Management own the risks within their respective area of responsibility and are responsible for ensuring that there are appropriate processes and internal control structures in place that aim to ensure that risks are identified, assessed, managed, monitored, reported and kept within the boundaries of the Group´s risk appetite and in accordance with the risk management framework. First line responsibilities also include establishing a relevant governance structure and to secure that activities comply with external and internal requirements. The risk management framework clarifies the ultimate risk management responsibility by the first line of defence.

Second line of defence

Second line of defence refers to the independent risk management functions, the risk control organisation (Group Risk) and compliance organisation (Group Compliance). These functions define the risk management framework, covering all material risks that the Group faces. The framework governs how to identify, assess, measure, monitor, manage and report on risks. Second line also monitors and assesses that effective risk management processes and controls are implemented by the relevant risk owners. The second line challenges and validates the first line's risk management activities, controls and analyses the Group's material risks and provides independent risk assessment and reporting to the CEO and the Board.

The second line of defence is organisationally independent from first line and shall not carry out operational activities in the business or the unit they monitor and control.

Third line of defence

Third line of defence refers to Group Internal Audit which is governed by and reports to the Board. Group Internal Audit is responsible for evaluating governance, risk management and the control processes within the first and second lines of defence. Group Internal Audit is organisationally independent from the first and second lines and shall not carry out operational activities in the other functions.

Risk appetite

The ERM Policy states that Swedbank shall maintain a low-risk exposure. The Board of Directors establishes the fundamental principles for Swedbank's risk management and decides on the overall risk appetite as well as risk appetites for each main risk type (see below). The risk appetites are further operationalised by limits and complementary KRIs set by the CEO and Executive management and, where applicable, lower management level. The limits and KRIs are independently assessed and approved by second line.

The risk appetite and limits are designed to secure that Swedbank sustains its low-risk exposure, taking into account Swedbank's business operations. The risk limit framework structure includes escalation principles in the event of any breaches of the risk appetite or limits.

Credit risk

Swedbank maintains a well-diversified credit portfolio with a low-risk exposure. All credit activities strive for long-term customer relationships and rest on strong business acumen to achieve solid profitability and a sound credit expansion for long-term stability. The low-risk exposure is maintained by sustainable lending to customers with high debt-service capabilities, by maintaining a strong collateral position and by portfolio diversification within and between sectors and geographies. The customers are present in Swedbank's four home markets and in the other Nordic countries where Swedbank has branches, and are mainly private individuals, and small and medium-sized companies.

Counterparty credit risk

Counterparty credit risk arises as a result of hedging of own market risk and from customer-related trading activities. Swedbank is conservative when choosing interbank counterparts. In the derivatives business, Swedbank strives to have International Swaps and Derivatives Association (ISDA) supplemented with credit support annex (CSA), similar or other netting agreements with Swedbank's customers. Furthermore, Swedbank restricts the extent of its counterparty credit risk exposure through several actions such as setting counterparty limits, CVA limits and FX settlement limits. Counterparty credit risk is integrated in the Credit Risk limit structure.

Market risk

The majority of Swedbank's market risk is structural or strategic in nature and emerges within Group Treasury. Market risk also arises in the daily market-making and client facilitation activities of the trading book. Swedbank's risk-taking is limited by a risk appetite, established by the Board of Directors. The Group has a low risk appetite for market risk and is willing to accept it only as part of managing the Group's own financial risks and to support customer needs. Market risks shall be managed with the aim to have low earnings volatility and to preserve the long-term value of the Group.

Capital risk

A strong capital position is essential to the Group's strategy of being a low-risk bank. Long-term stability in the capital position enables the Group to seek business opportunities, access cost-efficient funding, retain its competitiveness as a counterparty and achieve its targets for shareholder distributions, under normal economic environments and stressed conditions (both actual and as defined for internal capital planning or stress testing purposes). Capital management is intended to be holistic and flexible in order to react to a range of potential events and handle different sources of capital risk. A range of methodologies are used to identify and manage the risk, such as targets and limits, forecasting, modelling and stress testing.

Liquidity risk and Funding

The level of liquidity risk that is acceptable for achieving the strategic goals of the Group, the risk appetite, is defined by the Board of Directors. Internal policies state that Swedbank's appetite for liquidity risk shall be low, and that the liquidity profile shall be resilient towards both short-term and long-term liquidity stress, without relying on forced asset sales or other business disrupting activities. For meeting these requirements, an adequate liquidity generating capacity shall be maintained – properly sized for withstanding adverse circumstances.

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

Group Treasury has the overall responsibility to manage the Group's liquidity, which includes ensuring that the Group's liquidity risk is kept within the mandates provided by the Board of Directors, the CEO and the CFO. Group Treasury is responsible for the first line risk management including identifying, measuring, analysing, reporting, monitoring and management of the liquidity risk exposure across Swedbank.

Operational risk

Swedbank strives to maintain a low risk exposure in operational risk, with the aim to manage operational risks to be resilient without experiencing incidents, reputational damage and operational losses that have material negative impact on Swedbank's business continuity, funding, capitalisation, or third-party credit rating. The maximum level of operational risk is further defined as qualitative and quantitative statements and the risk limits.

Operational risks are to be kept at the lowest possible level taking into account business strategy, market sentiment, regulatory requirements, rating ambitions, and the capacity to absorb losses through earnings and capital. They shall be considered in business decisions and as far as possible in the pricing of products and services. Managers shall ensure that the operational risks inherent in their respective areas are identified, assessed, and properly managed in the day-to-day operations.

ESG risk

The impact of ESG factors on existing risk types should be considered throughout the risk management process. Reporting and monitoring of ESG risk relating climate change shall be done, and reporting in relation to greenhouse gas emissions shall be implemented to provide a track record for Swedbank's progress towards net-zero emission.

Strategic risk

Strategic risk is inherent in all banking activities such as risk arising from changes in the business environment and from business decisions, improper implementation of decisions or lack of responsiveness to changes in the business environment that might lead to failure in reaching the bank's strategic goals. The Group's risk appetite for strategic risk is low. This means that the Group shall have in place robust and effective risk management and processes that supports and ensures that the Group´s material strategic decisions, responses to a changing business environment and governance are aligned with the Group’s strategic direction and supports the Group in reaching its strategic targets.

Compliance risk

Compliance risk encompasses financial crime risk, conduct risk, and regulatory compliance risks which are further divided into respective sub-types in order to provide clarity in roles and responsibilities. All sub-types have clear qualitative risk appetite statements which are aligned with the overall strategy of the bank and supplemented with qualitative and quantitative ways of measuring the risk exposure (KRIs) in order to provide active steering and oversight for each sub-type. Risk appetites shall be coupled with robust and effective risk management processes to uphold the conduct of the Group, which enables management of the risks in accordance with the principles set in relevant rules, regulations, and frameworks.

For governing, controlling and supporting the proper handling of compliance matters, Swedbank has established Group Compliance that is responsible for monitoring compliance risks and providing assurance to the CEO and the Board of Directors that Swedbank’s business is being conducted in accordance with the compliance risk appetite.

The Board of Directors’ risk statement and risk declaration

The Board of Directors has decided on the following risk statement and risk declaration.

Risk statement

Swedbank strives to meet stakeholders' expectations and financial needs, and taking and managing risks is fundamental to the Group’s business model and value creation. As part of the risk strategy, the Group aims to build long-term relationships with customers in the Group’s home markets, as well as in the other Nordic countries where the Group has branches. Hence, the Group assumes risks in a conscious and controlled manner when supporting its customers. The work associated with ESG risks has intensified and enhances the bank’s capability to further assume risk in accordance with the business model.

The Group’s risk appetite is decided by the Board of Directors and implemented by the CEO through internal rules and a risk management framework. This framework consists of several parts. A Group-wide risk culture, rooted in the Group’s values and ethical standards. Clear goals and focus on low risk appetite. A continually good administrative order, is a key element of the Group’s effective risk management and enables the Group to make sound and informed decisions.

To ensure that Swedbank is well capitalised in relation to the risks and maintains a sound liquidity position, there are risk appetites for capitalisation and liquidity. The risk appetite for capitalisation considers both statutory and future requirements as well as an assessment of capital requirement, based on Swedbank’s model for economic capital (EC), and the impact of adverse scenarios. The CET1 capital ratio stood at 18.3% by the end of 2021 and the total capital ratio at 22.4% while the leverage ratio reached 5.4%. The strong capital ratios are well above the regulatory requirements and the CET1 ratio buffer is above Swedbank’s capital target range. The leverage ratio shows a healthy distance to the minimum leverage ratio requirement of 3% implemented in conjunction with CRR in June 2021.

Risk appetite is the level of liquidity risk that is acceptable for achieving the strategic goals of the Group. The Group has a low appetite for liquidity risk to ensure that the Group always can continue to serve its customers and shall therefore maintain resilience towards both short-term and long-term liquidity stress without relying on forced asset sales or other business disrupting activities. For the purpose of ensuring that liquidity risk stays within appetite, and ultimately for supporting the Group’s strategic goals, the maintenance of a liquidity-generating capacity together with funding planning and risk identification, are central processes within Swedbank’s liquidity risk management.

The risk appetite is limited by the regulatory metrics Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), and by survival periods, as measured by the internal Survival horizon metric. In an assumed adverse scenario, the Survival horizon metric displays the number of days with a positive net liquidity position, taking future cash flows from all aspects of the balance sheet into account. Throughout 2021, Swedbank’s liquidity position was strong with all key metrics remaining well above internal and regulatory requirements.

In addition, capital and liquidity stress tests were conducted to increase the awareness of potential effects from disruptions in the financial markets. The stress tests focused on both Swedbank specific and market related disruptions, and considered combined effects, i.e. scenarios where disruptions occur at the same time. A key objective of Swedbank’s ICAAP stress testing programme is to ensure that the Group’s business model remains viable in different scenarios, ranging from expected to severely adverse. In 2021, Swedbank simulated the impact of escalating trade wars, Covid-19 pandemic lockdowns and considered the transition risks stemming from the implementation of climate change combatting policies. All ICAAP stress tests confirmed that the Group’s financial position and risk exposure provide sufficient resilience to withstand the impact of severe economic stress. In addition to stress testing scenarios, the economic capital calculations consistently demonstrate the Group’s capital strength.

Swedbank’s credit exposures have low risk and are well diversified. The low risk is confirmed in stress tests and 86% of all risk classified exposures have an internal rating corresponding to investment grade. Swedbank’s customer base, which mainly consists of private individuals and small and medium-sized companies in Sweden and in the Baltic countries, but also large corporates, mainly in Sweden, is the foundation for the low risk. Private mortgage is Swedbank’s largest loan segment and amounted at the end of 2021 to SEK 991bn, almost 60% of Swedbank’s total loans to the public. The risks in household mortgage lending are low and the customers repayment capacity is good, proved by low historical losses. The diversification in terms of number of customers is large and the geographical distribution wide.

Market risk comprises 2.9% of the total Risk Exposure Amount (REA) for Swedbank. Swedbank shall keep a low risk exposure including limited risks in the financial markets. The Group's activity in these markets is designed to satisfy the long-term needs of its customers. The low risk exposure is manifested through the risk appetites for Trading Book and Banking Book respectively, combined with a comprehensive limit structure. For the Banking Book, there are additional risk appetite levels expressed as the negative impact on economic value, mark-to-market and net interest income due to adverse stressed interest rate risk movements.

Operational risk is the second largest risk type for Swedbank, from the Pillar 1 perspective, amounting to SEK 6 049m minimum capital requirement as of 31 December 2021. As a bank for the many households and companies, key operational risks are often those related to the availability of Swedbank's services, and the integrity and confidentiality of the data entrusted to Swedbank. The risk appetite for operational risk is expressed in terms of tolerance for levels and types of risks with respect to Swedbank's overall low risk exposure. During the year, total operational risk losses amounted to SEK 168m. During 2021, the critical impacts of the Covid-19 pandemic have been gradually decreasing. However, the existing challenges associated with the pandemic and the extraordinary need to continuously strengthen the remote availability of our banking services has remained in focus in all Swedbank home markets. The ongoing digital transformation, evolving technological trends, remote ways of working as well as organized crime exposes Swedbank to security threats including cyber risk and external fraud risk which has raised the need for improved IT risk, business continuity and information security management. In addition, during 2021, Swedbank faced several recurring IT incidents which caused disruptions in significant customer-facing services, and elevated operational risks related to IT stability. In order to respond to that, several initiatives are ongoing to further improve operational resilience, ensure acceptable levels of residual risks, and ensure a high level of availability for our customers.

The Board of Directors has initiated substantial changes to the management of the Group and as a result several remedial programmes have been established, including programmes to improve measures of combating money laundering and terrorist financing, to improve governance, an enhanced compliance programme as well as the cultural behavioural mapping. During 2021 the governance structure has been reviewed and changed in order to further clarify responsibilities and strengthen overall steering.

The previously identified shortcomings related to the governance of anti-money laundering within Swedbank have negatively impacted the market value and reputation of Swedbank beyond the risk appetite set by the Board of Directors. In addition to the observations reported on money laundering and terrorist financing, 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 the work.

During 2021 there has been no transaction of material enough nature to impact Swedbank´s overall risk exposure. The remedial programme related to AML deficiencies continues according to plan. A strengthening of the governance arrangements in the Baltic entities have largely been implemented.

Risk declaration

Swedbank has through established risk management processes, including strengthened governance, organisational changes, increased resources and the remedial programme to combat money laundering and terrorist financing, adequate arrangements for risk management considering the bank's low risk appetite and the bank´s chosen strategy of being the leading bank for the many households and businesses in our home markets.

Board of Directors

	Göran Persson	Bo Magnusson	Bo Bengtsson	Göran Bengtsson
	Göran Persson has extensive experience leading the boards of both state-owned and private enterprises. He provides his social engagement and large network as well as broad experience with national and international economic issues and sustainable development.	Bo Magnusson has many years of experience in the financial industry in Sweden and internationally both as a senior executive and director. In addition to broad competence from the financial sector, he contributes his knowledge of the real estate industry.	Bo Bengtsson brings to the Board a wealth of experience in banking and finance and has held a number of senior positions in the Swedish savings bank movement, including many years as CEO. Bo is currently Chair of Sparbanken Skåne.	Göran Bengtsson brings to the Board his extensive experience in banking and finance. Göran has held a number of senior positions at Swedbank in the credit area and is currently CEO of Falkenbergs Sparbank.
Education	University studies in sociology and political science	Higher banking education	Higher educational studies, leadership training etc	Bachelor's Programme in Business and Economics, University of Borås
Bank specific experience	Board: 7 years (2015)	Operational: 29 years Board: 9 years (2013)	Operational: 23 years Board: 2 years (2020)	Operational: 32 years Board: 2 years (2020)
Number of directorships*	Three Board of Directors assignments.	Two Board of Directors assignments.	Three Board of Directors assignments (one in an organisation with no predominant commercial objective).	CEO and four Board of Directors assignments (three part of role as CEO, all in organisations with no predominant commercial objective).

* As per 31 Dec 2021. Includes directorships in Swedbank.

Board of Directors

	Annika Creutzer	Hans Eckerström	Kerstin Hermansson	Bengt Erik Lindgren
	Annika Creutzer contributes her extensive experience in finance and the media, with a focus on business journalism and public education.	Hans Eckerström, who has an extensive background as a partner and employee of Nordic Capital as well as a director of investment companies, brings to the Board his business acumen and experience in the financial industry.	Kerstin Hermansson mainly contributes to the Board her experience in securities and compliance issues. She is an attorney with many years of experience in the European securities market.	Bengt Erik Lindgren has many years of experience as a director in the banking and real estate sectors. He has also held many senior positions at Swedbank, Föreningssparbanken and in the Swedish savings bank movement.
Education	Economics degree, Stockholm University	M.Sc. Mechanical Engineering, Chalmers University of Technology M.Sc. Business Administration, University of Gothenburg School of Business	LLM, Lund University	Uppsala University, 2-year combined education (Business Administration, Sociology, Human resource management)
Bank specific experience	Operational: 5 years Board: 1 year	Board: 2 years (2020)	Operational: 9 years Board: 3 years (2019)	Operational. 35 years Board: 10 years
Number of directorships*	CEO and two Board of Directors assignments (one in role as CEO).	Four Board of Directors assignments.	Four Board of Directors assignments (three in organisations with no predominant commercial objective).	Two Board of Directors assignments.

* As per 31 Dec 2021. Includes directorships in Swedbank.

Board of directors

	Roger Ljung	Anna Mossberg	Per Olof Nyman	Biljana Pehrsson
	Roger Ljung is an employee representative and has broad experience in banking from both the private and corporate sectors.	Anna Mossberg contributes her experience in digital change. She has long background in the internet and telecom industries, including as Business Area Manager at Google, and many years in various senior roles at Telia and Deutsche Telecom AG.	Per Olof Nyman is CEO and Group President of Lantmännen, Northern Europe's leader in agriculture, machinery, bioenergy and food products, where he has held senior positions since 2008. Per Olof has extensive knowledge from the agricultural and forestry sector as well as long operational experience from the food and white goods sectors.	Biljana Pehrsson has an extensive background as a senior executive and director in real estate and private equity. Biljana brings to the Board her expertise and experience in strategy, leadership and change as well as the real estate and financial industries.
Education	Upper secondary education	Executive MBA, IE University, Spain Executive MBA, Stanford University, USA M.Sc., Luleå University of Technology	M.Sc. Industrial Economics (investment and finance theory), Linköping University IFL School of Economics, Accounting & Financial Management IT and commercial law, Örebro University	M.Sc. Engineering, Stockholm Royal Institute of Technology
Bank specific experience	Operational: 35 years	Board: 4 years (2018)	Board: 1 year	Board: 2 years (2020)
Number of directorships*	Four Board of Directors assignments (all related to union assignment and within organisations with no predominant commercial objective).	Five Board of Directors assignments (the fifth assignment separately approved by SFSA).	CEO and seven Board of Directors assignments (six part of role as CEO, of which two are within the same group and two within organisations with no predominant commercial objective, and one separately approved by SFSA as additional assignment).	CEO and 131 Board of Directors assignments (130 part of role as CEO and of which 129 are within the same group and one within organisation with no predominant commercial objective). **

* As per 31 Dec 2021. Includes directorships in Swedbank.
** It is noted that Biljana Pehrsson left her position as CEO, and all Board of Directors assignments related to her role as CEO, on 10 January 2022.

Board of directors | Chief executive officer

	Åke Skoglund	Jens Henriksson
	Åke Skoglund is an employee representative with many years of experience from various positions within Swedbank.	Jens Henriksson has extensive experience from leading roles in government, public institutions and private companies. He has in depth knowledge of financial markets, international economic affairs and public finances, with a broad network within and over several industries.
Education	Business administration, Stockholm University	BA Economics, MSc Electrical Engineering, Control Theory, and Fil. Lic. Economics
Bank specific experience	Operational: 32 years	Operational: 3 years Board: 1 year
Number of directorships*	Three Board of Directors assignment (all related to union assignment and within organisations with no predominant commercial objective).	Four Board of Directors assignments related to his role as CEO of Swedbank (all within organisations with no predominant commercial objective).

* As per 31 Dec 2021. Includes directorships in Swedbank.

EU REMA – Remuneration Policy

The Remuneration Policy states the foundations and principles for establishing remunerations within the Group, how the policy should be applied and followed-up as well as how the Group identifies which employees whose professional activities have a material impact on the risk profile (Material Risk Takers). In order for the bank to be able to identify, measure, direct and report internally and to control the risks its business involves in, the remunerations within the bank should be designed so that they are compatible with and encourage efficient risk management and counteract excessive risk taking. Remunerations to individual employees must not counteract the bank's long-term interests.

The Remuneration Policy is reviewed on an annual basis and at other times as necessary. The bank's Board of Directors' decision to introduce the Remuneration Policy is preceded by and based on an analysis of what risks are associated with the Group's remuneration system and policy. The most recent Remuneration Policy was adopted on 18 February 2021. The adjustments mainly concerned (i) prolonged deferral periods for Material Risk Takers reaching higher variable remuneration levels and (ii) revised criteria for identifying Material Risk Takers. Both changes related to new regulatory requirements. Based on Swedbank's current remuneration practices, variable remuneration levels and practices for identifying Material Risk Takers, the changes are not anticipated to lead to significant changes for Swedbank's remuneration practices nor make any significant impact on affected individuals.

The CEO of the bank and those executives who are members of the Group Executive Committee, are subject to the Guidelines for remuneration of top executives applicable at any given time. These guidelines are decided by the shareholders meeting in Swedbank AB pursuant to chapter 7 section 61 of the Companies Act.

Decision making process

The principles for variable remuneration are set out in the Remuneration Policy, which covers all employees within the Group. Group HR & Infrastructure is responsible for preparing Remuneration Policy proposals. The CEO together with GEC recommends proposals for submission to the Board's Remuneration Committee. The Remuneration Policy is prepared by the Remuneration Committee prior to a decision by the Board of Directors.

The Remuneration Committee is the committee of the Board of Directors which deals with matters concerning remuneration. The Board of Directors appoints the members of the committee. It consists of a minimum of two and a maximum of five board members. The committee's members shall be independent from Swedbank and the Group's executive management. The Chair of the committee should have knowledge and experience from risk analysis and the committee's members shall have requisite knowledge of and experience in matters regarding remuneration of top executives and risk management. The Remuneration Committee prepares matters concerning remuneration prior to discussion and decisions by the Board of Directors. The Remuneration Committee also prepares matters concerning remuneration to be decided by the Annual General Meeting. The Remuneration Committee had nine meetings during 2021.

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

The Business Area Heads provide the CEO with supporting information for decisions in each business area.

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

Remuneration in Swedbank

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

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

Variable remuneration in Swedbank

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

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

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

Swedbank currently has two variable remuneration programs in which Material Risk Takers may participate. A) For the majority of the Material Risk Takers and other employees included in the general program, Eken 2021, 100% of the variable remuneration will be deferred for three years, whereas five years (including one year retention period) is applicable for Material Risk Takers with higher levels of remuneration, and paid out in Swedbank AB shares. The deferral period for Material Risk Takers who are also members of the Group Executive Committee is five years, followed by a one-year retention period for half of the shares. Shares is chosen as the financial instrument as it contributes to the alignment between the rewards and risk exposure of shareholders and employees. B) For employees included in the individual program, IP 2021, the variable remuneration is either based on Swedbank AB shares and cash or solely on cash. For Material Risk Takers half of the variable remuneration is based on Swedbank AB shares and half is cash based. At least 40% of the variable remuneration will be deferred for three years, followed by an additional one-year retention period for the share-based part. For Material Risk Takers with higher levels of remuneration, the deferral period amounts to four years, followed by an additional one-year retention period for the share-based part. For other IP participants the variable remuneration is fully cash based and deferral is applied in certain cases.

266 Material Risk Takers in Eken 2021 and IP 2021 benefitted from the possibility of derogations under Art. 94 (3) b of Directive 2013/36/EU. The derogations were applied by granting the affected Material Risk Takers shorter deferral periods (three years), and for participants in Eken 2021, no retention period was applied. The total remuneration for the affected Material Risk Takers amounted to SEK 487m, of which SEK 399m constitutes fixed remuneration and SEK 87m constitutes variable remuneration.

Any variable remuneration to employees in control functions will be determined based on objectives set in the respective control function, independently of the earnings in the business areas they oversee.

Eken is primarily based on the capital cost and risk-adjusted result for the Group, where Eken 2021 has been based on the target level of 15% Return on Equity (ROE) for Swedbank Group, which in average can give an allocation of 0.5 monthly salaries as regards employees in Sweden. The individual average allocation in Eken 2021 can amount to a maximum of 0.8 monthly salaries for employees in Sweden. If maximum re-allocation is made, the maximum Share Performance Amount corresponds to three times the average allocation based on the ROE result. In Eken 2021, the target fulfilment for ROE was 13.2%, which can give an average allocation of 0.3 monthly salaries for employees in Sweden.

The Board can withhold variable remuneration if the Group's financial position has been greatly weakened or there is a significant risk of this occurring, or if improper actions by individuals have adversely affected Swedbank's or a business area's results.

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

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

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

Guaranteed variable remuneration and severance pay

Guaranteed variable remuneration is only permitted in connection with new employment, and if exceptional reasons apply, in the form of sign-on remuneration and shall be paid during the first year of employment. Guaranteed variable remuneration may only be granted subject to prior approval from GEC.

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

Table 1.1: EU REM1 - Remuneration awarded for the financial year, 31 December 2021

SEKm		MB Supervisory function	MB Management function	Other senior management	Other identified staff
Fixed remuneration	Number of identified staff	12	2	14	317
	Total fixed remuneration	15	21	88	544
	Of which: cash-based	15	21	88	544
	(Not applicable in the EU)				
	Of which: shares or equivalent ownership interests				
	Of which: share-linked instruments or equivalent non-cash instruments				
	Of which: other instruments				
	(Not applicable in the EU)				
	Of which: other forms				
	(Not applicable in the EU)				
Variable remuneration	Number of identified staff	0	1	10	266
	Total variable remuneration		0	2	42
	Of which: cash-based				14
	Of which: deferred				6
	Of which: shares or equivalent ownership interests		0	2	28
	Of which: deferred		0	2	20
	Of which: share-linked instruments or equivalent non-cash instruments				
	Of which: deferred				
	Of which: other instruments				
	Of which: deferred				
	Of which: other forms				
	Of which: deferred				
Total remuneration		**15**	**21**	**90**	**586**

Table 1.2: EU REM2 - Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff), 31 December 2021

SEKm	MB Supervisory function	MB Management function	Other senior management	Other identified staff
Guaranteed variable remuneration awards				
Guaranteed variable remuneration awards - Number of identified staff	0	0	0	1
Guaranteed variable remuneration awards -Total amount				1
Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap				1
Severance payments awarded in previous periods, that have been paid out during the financial year				
Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff	0	0	0	0
Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount				
Severance payments awarded during the financial year				
Severance payments awarded during the financial year - Number of identified staff	0	0	0	1
Severance payments awarded during the financial year - Total amount				2
Of which paid during the financial year				2
Of which deferred				
Of which severance payments paid during the financial year, that are not taken into account in the bonus cap				
Of which highest payment that has been awarded to a single person				2

Table 1.3: EU REM3 - Deferred remuneration, 31 December 2021

SEKm Deferred and retained remuneration	Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e.changes of value of deferred remuneration due to the changes of prices of instruments)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
MB Supervisory function								
Cash-based								
Shares or equivalent ownership interests								
Share-linked instruments or equivalent non-cash instruments								
Other instruments								
Other forms								
MB Management function								
Cash-based								
Shares or equivalent ownership interests								
Share-linked instruments or equivalent non-cash instruments								
Other instruments								
Other forms								
Other senior management	**2**	**0**	**2**			**0**	**0**	
Cash-based								
Shares or equivalent ownership interests	2	0	2			0	0	
Share-linked instruments or equivalent non-cash instruments								
Other instruments								
Other forms								
Other identified staff	**94**	**27**	**67**		**0**	**-1**	**13**	
Cash-based	29	11	18		0		8	
Shares or equivalent ownership interests	65	17	48		0	-1	5	
Share-linked instruments or equivalent non-cash instruments								
Other instruments								
Other forms								
Total amount	**96**	**28**	**68**		**0**	**-1**	**14**	

Table 1.4: EU REM4 - Remuneration of 1 million EUR or more per year, 31 December 2021

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

Table 1.5: EU REM5 - Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff), 31 December 2021

SEKm	Management body remuneration			Business areas						Total
	MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	
Total number of identified staff										**345**
Of which: members of the MB	12	2	**14**							
Of which: other senior management				2	2	0	3	4	4	
Of which: other identified staff				57	73	7	38	44	98	
Total remuneration of identified staff	**15**	**21**	**36**	**169**	**129**	**10**	**91**	**83**	**194**	
Of which: variable remuneration	0	0	**0**	19	11	0	6	3	5	
Of which: fixed remuneration	15	21	**36**	150	118	9	85	80	190	

2. Capital position

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

Capital risk

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

Highlights 2021

Swedbank's Common Equity Tier 1 (CET1) capital ratio was 18.3% as of year-end, which represents a buffer towards the Swedish Financial Supervisory Authority's (SFSA) requirement and the Pillar 2 Guidance of 4.6 percentage points and makes Swedbank well-positioned to meet both current and future capital requirements. While the Covid-19 pandemic is still prevailing, the year has been marked by economic recovery. The capital generation of Swedbank has remained healthy with decreased credit losses and improved asset quality. At the same time, Swedbank has continued to support its customers to manage the pandemic.

Swedbank has adhered to its dividend policy of 50% pay-out ratio during the year. In line with the recommendation on dividend restrictions from the SFSA, Swedbank distributed only 25 percent of the profit of the financial years 2019 and 2020 in the beginning of 2021. The SFSA decided to not extend its recommendation on dividend restrictions after 30 September which enabled Swedbank to distribute the remaining dividend of 25 percent of 2019 and 2020 years' profit in October.

As a result of the strong capital position, Swedbank's Board of Directors proposed to distribute a special dividend of SEK 2 per share in addition to the ordinary dividend for the financial year of 2021. The special dividend reduces CET1 capital by SEK 2.2 billion and the CET1 capital ratio by 0.3 percentage points. The CET1 capital buffer of 4.6 percentage points remains well above Swedbank's capital target range of 1 to 3 percentage points. Swedbank has also issued USD 500 million of Additional Tier 1 capital during 2021 to optimise its capital structure.

The European Banking Authority (EBA) conducted its biennial stress test during the year and the result confirmed that Swedbank is one of the most resilient banks in Europe and has a good ability to withstand an adverse scenario. The maximum impact of the stress test on the CET1 capital ratio of Swedbank amounted to 2.5 percentage points, which would imply a robust buffer above capital requirements in the adverse scenario. The internal stress testing, conducted through ICAAP, also showed a satisfactory resilience against severe economic downturns.

The remaining parts of the Banking Package, containing the amended Capital Requirements Regulation and Directive (CRR II/CRD IV), entered into force during the year. In line with the revised Pillar 2 framework, Swedbank received a new Pillar 2 Requirement (P2R), replacing the previous Individual Pillar 2 requirement, and Pillar 2 Guidance (P2G) through the yearly SREP decision. Swedbank is subject to a P2R of 1.7% and a P2G of 1.5% REA. As part of the Banking Package, Swedbank became subject to a 3.0% minimum leverage ratio requirement which was supplemented by the SFSA with an additional 0.45% of P2G in Q3 2021.

The SFSA decided to raise the Countercyclical Capital Buffer (CCyB) rate to 1.0% in September 2021, which enters into force in September 2022. The SFSA has communicated that it will gradually increase the CCyB rate to 2.0% during 2022 if the recovery continues.

Key figures

At year-end 2021, the CET1 capital ratio (i.e., the CET1 capital in relation to the REA), was 18.3% (31 December 2020: 17.5%). This can be compared with the capital requirement of 13.7% (12.4%).

During 2021, Swedbank's CET1 capital increased by SEK 9.1bn, to SEK 129.6bn. The change was mainly attributable to earnings, net of proposed dividend. The accounting for employee benefits (IAS 19) created volatility in the estimated pension liabilities and increased the CET1 capital by approximately SEK 1.4bn. The changes in the CET1 capital are shown in Figure 2.2 below.

REA increased during 2021 by SEK 18.2bn to SEK 707.8bn (31 December 2020: SEK 689.6bn). Credit risk REA excluding additional REA for Article 458 (mortgage floor) decreased during 2021 by SEK 9.6bn.

Increased exposures including FX has increased credit risk REA by SEK 12.6bn, mainly due to increased exposures towards retail mortgage and corporate customers within both Swedish Banking and Baltic Banking. Credit risk REA increased also due to REA from equity investments as well as from FX effect, primarily affecting exposures within LC&I and Baltic Banking. The increases were partially offset by a decrease in other assets.

The additional REA according to Article 458 CRR contributed with an increase in REA by SEK 15.3bn during 2021, of which the mortgage floor for Swedish retail mortgages contributed by SEK 11.5bn. During the third quarter, the Swedish FSA decided to recognise the Norwegian Ministry of Finance's decision to introduce average risk weight floors for retail and corporate real estate exposures in Norway. This resulted in an increase in REA by SEK 3.8bn during 2021.

Improved asset quality (defaults, LGD and PD migrations) decreased credit risk REA by SEK 10.1bn. REA from defaults decreased by SEK 4.7bn, mainly due to increased provisions for corporate customers in default within LC&I.

LGD further decreased credit risk REA by SEK 3.6bn. Improved LGD levels from increased collaterals within retail mortgage customers in Swedish Banking and Baltic Banking as well as towards corporate customers within LC&I and Swedish Banking decreased REA by SEK 5.2bn. The decrease was partially offset by a REA increase of SEK 1.6bn due to a LGD model update towards retail mortgage customers within Baltic Banking. The model update was performed during the third quarter.

PD migrations contributed with a decrease in credit risk REA of SEK 1.9bn, mainly towards corporates within LC&I and Swedish Banking as well as towards retail customers within Swedish Banking. The decrease was partially offset by an increase due to downgrade of PD scores for corporate customers within Baltic Banking.

Other credit risk decreased REA by SEK 9.3bn. The supporting factor for small and medium enterprises contributed with a decrease of SEK 4.8bn, mainly due to the introduction of the modified supporting factor method during the second quarter. The remaining decrease in credit risk REA is primarily due to shorter maturities for corporate exposures within LC&I.

Counterparty credit risk decreased REA by SEK 2.8bn, primarily due to decreased exposures towards institutions within LC&I.

REA for market risks increased by SEK 3.0bn in 2021, partly explained by market volatility during Q4 which created conditions for two new back testing breaches.

In 2021, REA for credit valuation adjustment decreased by SEK 2.1bn where the main driver was a decrease in EAD during the year.

The annual update of the operational risk calculation increased REA by SEK 2.1bn during the year. The increase in REA was mainly due to increased income levels. This impacted the capital requirement for operational risks since it is calculated based on a rolling three-year average of revenues.

The additional risk exposure amounts for Article 3 in the CRR resulted in a REA increase of SEK 9.5bn, primarily associated with changes of probability of default in the PD model for large corporates.

On 31 December 2021, Swedbank's leverage ratio was 5.4% (31 December 2020: 5.1%). The Tier 1 capital increased by SEK 14.2bn to SEK 143.0bn. The change was mainly attributable to earnings, net of the proposed dividend, and the increase in Additional Tier 1 capital. The exposures included in the calculation of the leverage ratio increased by SEK 99.9bn. Please see Tables 2.20, 2.21 and 2.22 for a full reconciliation of the leverage ratio.

Figure 2.1: Link between shareholders' equity and total capital

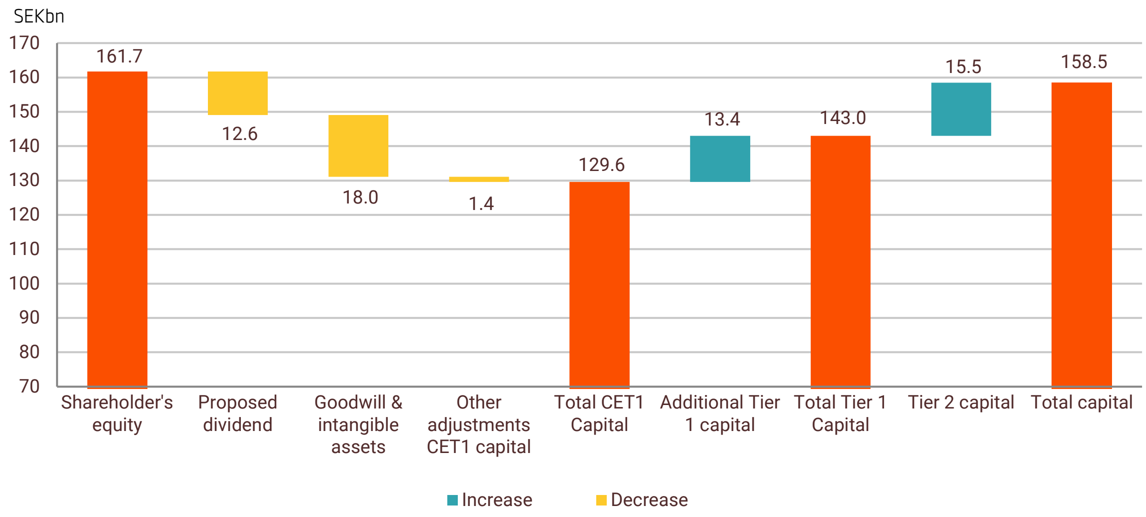


Figure 2.2: CET1 capital, changes during 2021, Swedbank Consolidated Situation

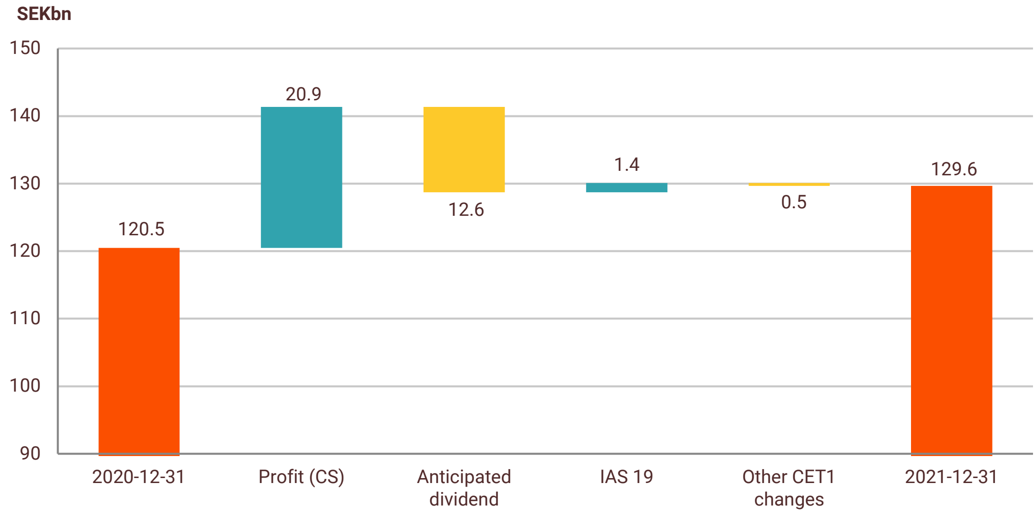


Figure 2.3: REA, changes during 2021, Swedbank Consolidated Situation

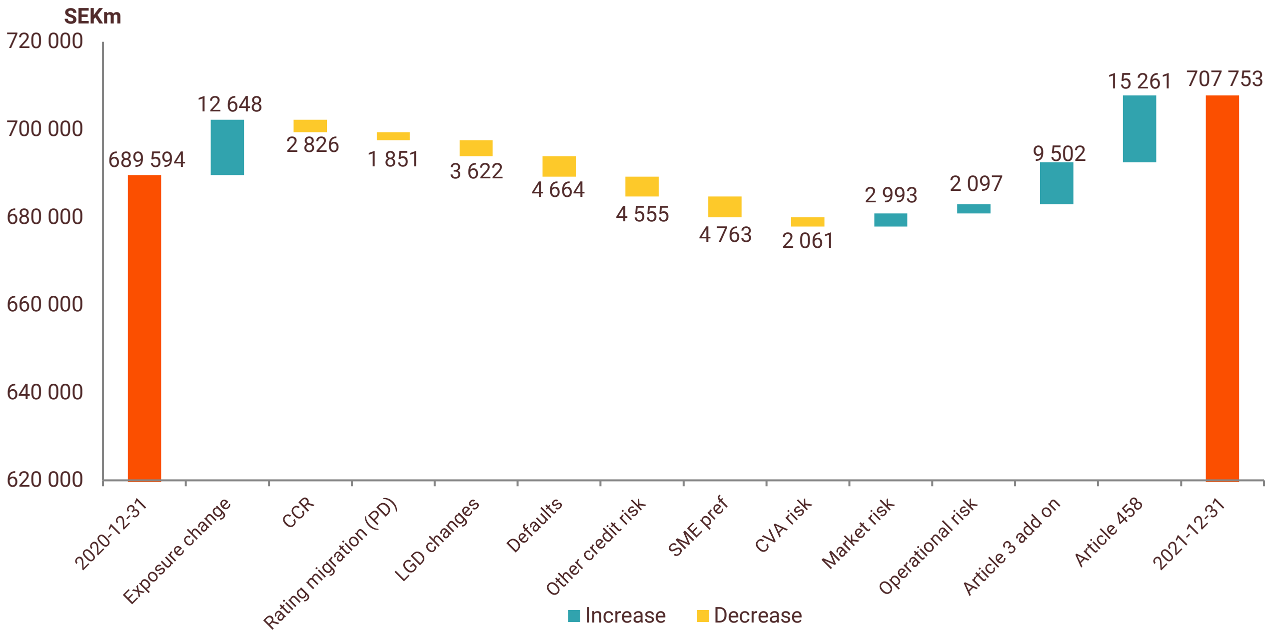


Figure 2.4: CET1 capital ratio

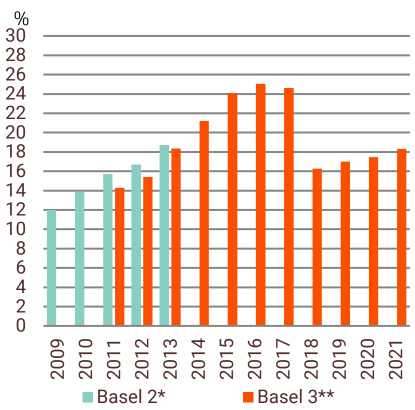


Figure 2.5: Tier 1 capital ratio

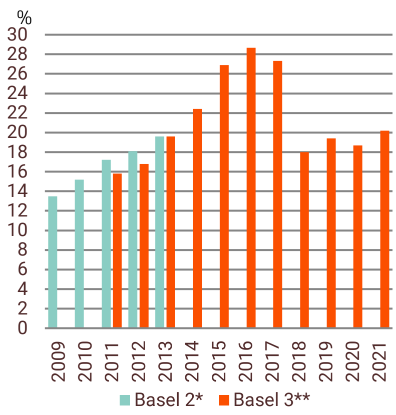
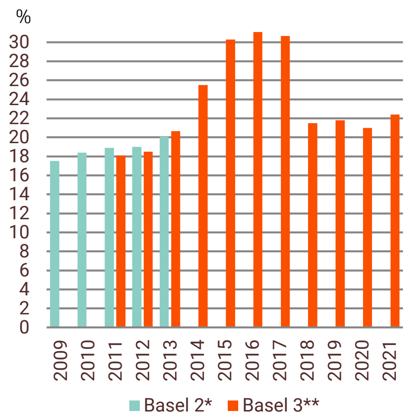


Figure 2.6: Total capital ratio



*As the new capital regulations came into force in January 2014, Swedbank's capital adequacy reporting under Basel II ceased from that date.
**2011-2013 according to Swedbank's calculation based on the proposed regulations.

Table 2.1: EU OV1 - Overview of risk weighted exposure amounts, 31 December 2021

SEKm	Risk weighted exposure amounts (RWEAs)		Total own funds requirements
	31 Dec 2021	30 Sep 2021	31 Dec 2021
Credit risk (excluding CCR)	**595 201**	**590 581**	**47 616**
Of which the standardised approach	49 195	47 472	3 936
Of which the foundation IRB (FIRB) approach	74 000	75 089	5 920
Of which slotting approach	418	390	33
Of which equities under the simple riskweighted approach			
Of which the advanced IRB (AIRB) approach	200 981	200 807	16 078
Counterparty credit risk - CCR	**16 625**	**20 637**	**1 330**
Of which the standardised approach	12 649	15 049	1 012
Of which internal model method (IMM)			
Of which exposures to a CCP	644	668	52
Of which credit valuation adjustment - CVA	2 337	3 502	187
Of which other CCR	995	1 418	80
Empty set in the EU			
Empty set in the EU			
Empty set in the EU			
Empty set in the EU			
Empty set in the EU			
Settlement risk	**2**	**0**	**0**
Securitisation exposures in the non-trading book (after the cap)			
Of which SEC-IRBA approach			
Of which SEC-ERBA (including IAA)			
Of which SEC-SA approach			
Of which 1250%/ deduction			
Position, foreign exchange and commodities risks (Market risk)	**20 307**	**18 481**	**1 625**
Of which the standardised approach	4 423	4 383	354
Of which IMA	15 884	14 098	1 271
Large exposures			
Operational risk	**75 618**	**73 521**	**6 049**
Of which basic indicator approach			
Of which standardised approach	75 618	73 521	6 049
Of which advanced measurement approach			
Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)	**23 557**	**23 114**	**1 885**
Empty set in the EU			
Empty set in the EU			
Empty set in the EU			
Empty set in the EU			
Total	**707 753**	**703 220**	**56 620**

The Risk Exposure Amount (REA) increased by SEK 4.5bn to SEK 707.8bn (703.2bn for Q3 2021), mainly due to increase in credit risk including risk weight floors add-on. REA for credit risk, excluding the items reported under amounts below the thresholds for deduction, increased by SEK 4.6bn as compared to Q3 2021. Standardised approach (SA) REA increased mainly due to increased corporates exposures as well as increase in retail exposures of branches and subsidiaries. Foundation IRB (F-IRB) REA was primarily impacted by decrease in cash balances with central banks (SEK 2.3bn) as well as decreased institutional exposures (SEK 0.5bn), offset by increase in corporate exposures by SEK 1.8bn (mainly within Baltic Banking). Advanced IRB (A-IRB) REA changes were primarily driven by increased retail mortgages (SEK 1.4bn) and offset by decreased corporate REA (SEK 1.3bn). Increase of retail mortgage portfolio was impacted by volume growth (SEK 2.5bn), which was offset by changes in asset quality (SEK 1.3bn) due to improved probability of default (PD) and loss given default (LGD). Even though exposure at default (EAD) for corporates increased and led to increase in asset growth REA (SEK 3.5bn), it was compensated by improved LGD (SEK 3.6bn), rating migration (SEK 1.1bn) and shorter maturities (SEK 0.5bn).

Credit risk (excluding counterparty credit risk) (CCR)), also includes the other risk exposure amounts, that is the risk weighted assets for the mortgage floor add-on, the add-on for corporate real estate exposures in Norway (article 458 CRR) and article 3 add-on. The mortgage floor was SEK 237.5bn at the end of the fourth quarter (SEK 236.4bn for Q2 2021) and increased by SEK 1.2bn during the quarter due to volume growth in Swedish mortgages. Counterparty credit risk REA exposure decreased REA by SEK 2.9bn due to outflows, decreased PFE (Potential Future Exposure) for corporate and institutional counterparties as well as decreased market values for corporates. Credit valuation adjustment (CVA) REA decreased (SEK 1.2bn) primarily due to hedging effect and decreased EAD. REA for market risk increased by SEK 1.8bn during Q4 2021, explained by increase in REA for internal models (SEK 1.1bn in VaR; SEK 0.7bn in sVaR). The annual update of the operational risk REA calculation resulted in an increase in REA of SEK 2.1bn, mainly due to that the rolling three-year average of total income was higher this year compared to last year. Amounts below the thresholds for deduction (subject to 250% risk weight) increased by SEK 0.4bn mainly due to increase in Equity holdings of insurance undertakings.

Table 2.2: EU KM1 - Key metrics, 31 December 2021

SEKm	31 Dec 2021	30 Sep 2021	30 Jun 2021	31 Mar 2021	31 Dec 2020
Available own funds (amounts)					
Common Equity Tier 1 (CET1) capital	129 664	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
Risk-weighted exposure amounts					
Total risk-weighted exposure amount	707 753	703 220	688 517	694 625	689 594
Capital ratios (as a percentage of risk-weighted exposure amount)					
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%
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)					
Additional own funds requirements to address risks other than the risk of excessive leverage (%)	1.7%	1.7%	2.0%	2.0%	2.0%
of which: to be made up of CET1 capital (percentage points)	1.2%	1.2%	1.4%	1.4%	1.4%
of which: to be made up of Tier 1 capital (percentage points)	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%
Combined buffer requirement (as a percentage of risk-weighted exposure amount)					
Capital conservation buffer (%)	2.5%	2.5%	2.5%	2.5%	2.5%
Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)					
Institution specific countercyclical capital buffer (%)	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%
Leverage ratio					
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%
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
Additional own funds requirements to address the risk of excessive leverage (%)					
of which: to be made up of CET1 capital (percentage points)					
Total SREP leverage ratio requirements (%)	3.0%	3.0%	3.0%	n/a	n/a
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)					
Leverage ratio buffer requirement (%)					
Overall leverage ratio requirement (%)	3.0%	3.0%	3.0%	n/a	n/a
Liquidity Coverage Ratio					
Total high-quality liquid assets (HQLA) (Weighted value -average)	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 (%)	152%	155%	155%	159%	161%
Net Stable Funding Ratio					
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
NSFR ratio (%)	123%	124%	123%	123%	125%

Table 2.3: EU INS1 - Insurance participations, 31 December 2021

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

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

Table 2.4: EU INS2 - Financial conglomerates information on own funds and capital adequacy ratio, 31 December 2021

SEKm	
Supplementary own fund requirements of the financial conglomerate (amount)	167 589
Capital adequacy ratio of the financial conglomerate (%)	134.80%

EU OVC - ICAAP information

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

Table 2.5: Risk types according to the ICAAP process

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

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

1) Holdings in insurance companies are risk weighted at 250%
2) The insurance companies in Swedbank Group perform an Own Risk and Solvency Assessment (ORSA). The aim of this process is to assess risks (both qualitatively and quantitatively) and the solvency position over a business planning period of three years. The calculations are performed by projecting the risk metrics under the base and adverse scenarios. Depending on the outcome of ORSAs, Swedbank might choose to set aside capital within its Economic Capital framework
3) Reputational risk is considered as part of the operation risk in the ICAAP context. The Scenario Simulation parameters can be adjusted to reflect reputational risk
4) For information regarding liquidity risk in ILAAP and other stress tests and sensitivity analysis for liquidity risk, please see Chapter 3
5) Strategic and business risks are covered within the scope of the management buffer as part of the normal capital planning process. Economic Capital and adverse Scenario Simulation calculations can be adjusted to reflect forward looking perspective.

Stress tests

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

The Group-wide stress test methodology takes its starting point in the identification of systemic risks that may have an adverse impact on Swedbank's capital. The identified systemic risks are transformed into quantitative effects on key macroeconomic variables to build macroeconomic scenarios. The scenarios include variables for Swedbank's four home markets and can thereby be used both on a Group level and for the subsidiaries. When stressing credit risk, Swedbank uses statistical models that transform the adverse macroeconomic scenarios into loss levels for relevant balance sheet items. Profit and loss items such as net interest income and fees and commissions are also stressed in the scenario. After REA changes are accounted for, a total impact on capital adequacy can be readily estimated. Finally, the stress test outcomes and the methodology are evaluated and discussed by Swedbank's experts and by management, to ensure consistency and reliability. The scenarios are presented to the Board of Directors for approval along with an assessment of the effects on the main risk types.

The adverse ICAAP scenarios

For ICAAP purposes, Swedbank develops a narrative describing adverse macroeconomic scenario and calibrates it to two different severity levels, both with a three-year time horizon. One is a mild recession scenario reflecting a possible macroeconomic development expected to occur once in seven years, and the other is a severe recession scenario reflecting a possible but improbable course of events occurring no more than once in 25 years.

The 1-in-7-years scenario is used to assess Swedbank's capacity to withstand expected recessions maintaining a comfortable capital adequacy level. If a scenario analysis indicates that Swedbank could slip below the regulatory requirement threshold, a remedial action would be considered. Currently, no such need has been identified. Swedbank uses the 1-in-25-years scenario to determine whether the capital level is aligned with the risk appetite. If the risk appetite for capital is exceeded, relevant measures are taken to restore a sufficient capital level.

The scenario narrative and the postulated macro variables developed in late 2020 elaborates on re-emergence of the virus and the increase in infection rates followed by renewed restrictions. In this version of the second downturn, the potential output in all countries were severely affected whilst the ongoing deglobalization trend strengthened. This lead to a deepening of the initial downturn and the prospect of an economic recovery pushed further into the future. The scenario assumes that aggregate household income will decrease due to both rising unemployment and decreasing wages, thus affecting consumer prices negatively. Transition risk from climate change was also incorporated reducing annual growth rates in the home markets.

Swedish historical downturns compared to the stress test scenarios for the ICAAP

Figures 2.7 & 2.8 below compare developments in Swedish GDP and unemployment rates in various adverse scenarios that have been used for stress testing over the last few years. The realised economic downturn of 2007-2010 is also included for comparison purposes.

The starting points in the ICAAP 2020 and 2021 are remarkably different. In 2019, a minor GDP growth was observed while the Covid-19 pandemic of 2020 resulted in a recession like no other in recent history. Elaborating on the Covid-19 pandemic is a key theme of the new 2021 ICAAP scenarios, even though some of the elements explored in the ICAAP 2020 also return this year. These are the repercussions of the ensuing trade wars that have become even more topical during Covid-19 pandemic, as well as climate change transition risks. Taken together, the ICAAP 2021 scenarios are significantly more severe in terms of GDP dynamics, especially when the weaker starting point in 2020 is taken into consideration.

In Sweden, GDP vs starting point falls by a maximum of 7.0%. Swedish unemployment in the ICAAP scenario increases to a maximum of 14.0% as depicted in Figure 2.8 below. House prices were forecasted to fall by a maximum of 35.6%.

Figure 2.7: Scenario Severity - GDP indices

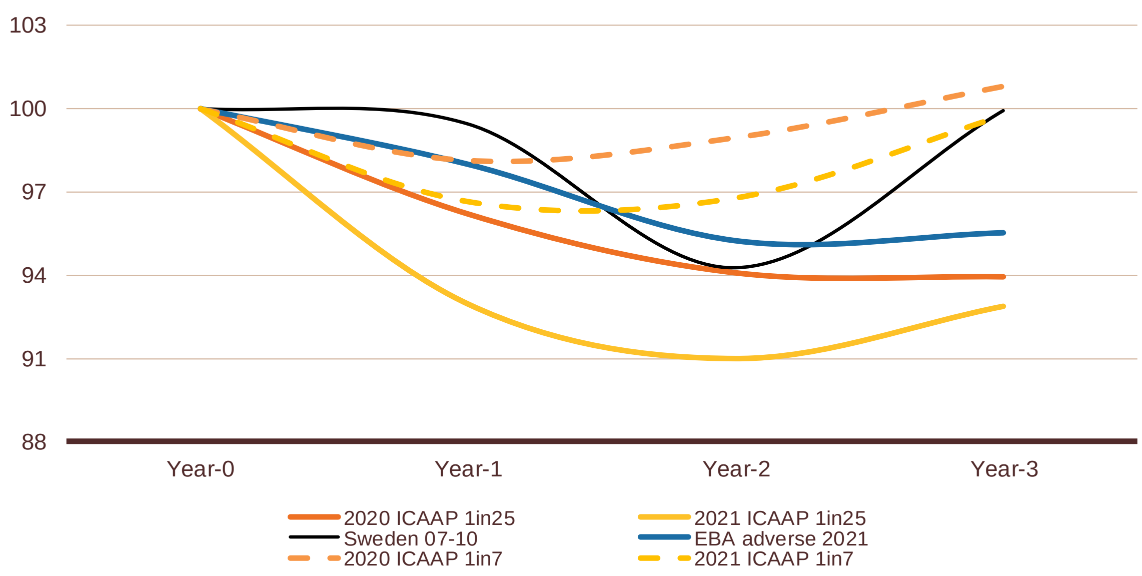
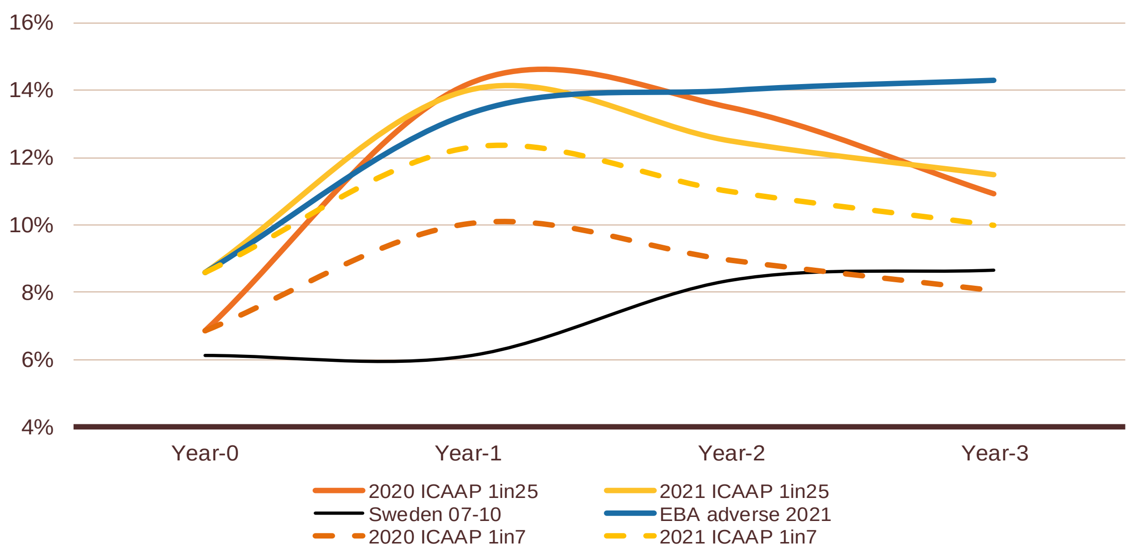


Figure 2.8: Scenario Severity - Unemployment rate



In Estonia, GDP vs starting point falls by a maximum of 5.6%. In Latvia, GDP vs starting point falls by a maximum of 6.2%. In Lithuania, GDP vs starting point falls by a maximum of 5.7%. Estonian unemployment increases to a maximum of 16.0 % and house prices fall by a maximum of 34.6%. Latvian unemployment increases to a maximum of 16.7% and house prices fall by a maximum of 35.9% per cent. Lithuanian unemployment increases to a maximum of 16.3% and house prices fall by a maximum of 32.4%. The table below depicts the forecasted ICAAP 21 macro-economic variables in detail.

Table 2.6: Stress test ICAAP scenario parameters

	Severity level 1-in-25 years			
	2020[1)]	2021f	2022f	2023f
Sweden				
Real GDP growth, % Q4/Q4	-5.2	-7.1	-2.0	1.9
Unemployment, %	8.9	14.0	12.5	11.5
Inflation, % yoy	0.6	-0.5	0.1	0.3
Residential real estate price index	100.0	75.9	64.6	65.0
Estonia				
Real GDP growth, % Q4/Q4	-4.3	-5.2	-2.3	-0.4
Unemployment, %	8.1	16.0	14.2	11.9
Inflation, % yoy	0.0	-0.6	-0.1	-0.2
Residential real estate price index	100.0	68.7	75.0	78.1
Latvia				
Real GDP growth, % Q4/Q4	-5.0	-5.1	-2.2	-0.2
Unemployment, %	8.3	16.5	15.3	13.6
Inflation, % yoy	0.7	-0.6	-0.1	0.2
Residential real estate price index	100.0	64.1	73.3	76.2
Lithuania				
Real GDP growth, % Q4/Q4	-2.0	-5.6	-1.9	-0.2
Unemployment, %	7.5	16.3	14.5	12.5
Inflation, % yoy	1.2	-0.6	-0.0	0.2
Residential real estate price index	100.0	67.9	76.3	79.4
Interest rates				
3m Government rate SEK, %	0.04	-0.32	-0.9	-1.06
3m Government rate EUR, %	-0.45	-0.71	-1.04	-1.06
FX				
USD/SEK	8.24	9.06	8.73	8.39
EUR/SEK	10.57	11.06	10.65	10.24

1) Figures for 2020 are based on preliminary estimates due to final figures being published after the submission of the ICAAP report.

Stress Test outcome – Income and impairments

In the ICAAP, Swedbank factors known changes in regulatory and accounting practices which will take effect during the simulation period and that can be analysed with a high degree of certainty. These changes are integrated in the calculations according to their expected implementation schedule. The adjustments include, amongst others, IRB model revisions and introduction of the standardised approach to counterparty credit risk.

Table 2.7: Income statement under the ICAAP scenario

Income statement under ICAAP scenario [1)]	Severity level 1-in-25 years			
SEKbn	**2020[1)]**	**2021f**	**2022f**	**2023f**
Total net interest income	28.4	27.7	25.3	24.4
Total income	46.5	37.1	35.6	36.5
Total expenses	**24.8[2)]**	**20.7**	**20.0**	**20.0**
Profit before impairments	**21.6**	**16.4**	**15.7**	**16.5**
Credit impairments	5.0	15.7	8.9	5.4
Operating profit	**16.6**	**0.7**	**6.8**	**11.1**
Tax expense	3.7	0.1	1.3	2.2
Non-controlling interests	0.0	0.0	0.0	0.0
Profit for the period attributable to[3)] Shareholders of Swedbank AB	**12.9**	**0.6**	**5.5**	**8.9**

1) The ICAAP is based on Swedbank CS which does not include insurance companies.

2) Expenses include one-off AML charge of SEK 4bn.

3) The Board of Directors has set the dividend policy to 50% of profit for the year. This policy is applied in the ICAAP stress test.

Net interest income

In the simulated scenario the net interest income drops by SEK 4.0bn compared to the starting position. The main drivers underlying this development are falling benchmark interest rates (EURIBOR and STIBOR) and widened wholesale funding spreads.

Expenses

In the scenario, the development of core operating expenses is primarily inflation driven, floored at the previous year level, i.e. assumed to be non-decreasing. The forecasted deflationary environment prevents core costs from rising in the ICAAP 1-25 scenario. In addition to the core administration costs, the general administrative expenses item includes forecasts for operational risk losses and AML legal and advisory expenditures.

Credit impairments

New credit losses accumulate to SEK 29.9bn or 1.6% of total loans as of Q4 2020. Losses peak in the first year, partly due to dampened economic starting point and existing hardship in the most Covid-19 exposed sectors. This drives migrations from stage 1 to stage 2 and additional stage 3 losses. In the second year, there are net reversals of provisions in both stage 1 and stage 2, while new defaults and stage 3 losses increase. Stage 3 impairments explain the net loss in the third year, driven by continued new defaults and an increase in provisions for existing stage 3 loans. The scenario generates high loss ratios in small sectors like retail and manufacturing, while loss ratios are relatively less in the larger private mortgage and property management portfolios. The share of climate loss is high in the offshore sector and certain parts of the manufacturing industry as these are more directly impacted by government policies, while property management is only indirectly affected through lower rental income and higher energy costs. These five sectors together account for 64% of the total credit loss in the simulated scenario.

Table 2.8: Credit impairments under the ICAAP scenario

Credit impairment by business area, SEKbn	Loans 2020	Severity level 1-in-25 years 2021	2022	2023	Cumulative loss ratio, %
Swedish banking	1 233.7	3.9	3.9	2.8	0.9
Large Corporates & Institutions	293.7	9.0	3.9	1.8	5.0
Estonia	89.3	1.0	0.4	0.4	2.1
Latvia	39.4	0.8	0.2	0.1	3.1
Lithuania	64.4	0.9	0.4	0.3	2.4
Total	**1 720.4**	**15.7**	**8.9**	**5.4**	**1.7**

Stress Test outcome – REA and capital

The REA in the 1-25 scenario increases by 27% in 2023 vs. the starting point. The scenario-neutral REA development is a dominant driver of this increase. The deterioration of the Loss Given Default (LGD) is the main factor explaining development of the credit REA. The nominal amount of CET1 capital contracts by 3% in 2021 due to low profitability and high IAS 19 valuation losses (pensions). Only in 2023, when credit losses recede and income levels improve, the CET1 returns to growth. The dividend pay-out ratio is maintained at 50% in the scenario. Additional Tier 1 (AT1) and Tier 2 (T2) instruments are neither called nor issued and CET1 ratio stays above the estimated regulatory requirement. Thus, the total capital ratio (TCR) of Swedbank Consolidated Situation falls by a cumulative amount of 470bp but stays above the corresponding requirement by 18bp. No Pillar 1 capital buffers are utilised in the scenario.

Table 2.9: Swedbank Consolidated Situation capital assessment results

Capital assessment SEKbn	Severity level 1-in-25 years 2020	2021f	2022f	2023f
Total REA	689.6	851.8	833.4	877.3
Common Equity Tier 1	120.5	117.2	117.5	120.4
Common Equity Tier 1 ratio, %	17.5	13.8	14.1	13.7

Economic Capital (EC)

EC models are used to provide an objective internal view of the capital requirement for significant risks affecting Swedbank. In contrast to the capital assessment within Pillar 1, the estimation of Swedbank's EC is not limited by assumptions applied in the Basel framework. Consequently, the EC generates a more accurate assessment of the risk to which Swedbank is exposed.

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

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

EC models by risk type

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

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

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

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

At year-end 2021, Swedbank's total EC amounted to SEK 36.6bn, which is a reduction of 1.3% compared to 37.0bn in 2020. All of the significant risk types moved in a consistent manner demonstrating a positive growth rate. Credit risk, being the major contributor to the total EC, added SEK 0.06bn (0.22%). For market risk, the EC decreased by 10% (SEK 0.6bn) to 5.2bn in 2021 vs. 2020 mainly due to reduction in the trading book exposure. The EC for operational risk amounted to SEK 5.5bn, which is 7.9% higher than a year ago (5.1bn). The operational risk charge mirrors the development of the Pillar 1 capital requirement, although the two approaches are driven by different underlying factors. There is no capital requirement for post-employment benefit risks as of 2021 year-end due to a equity value increase. The EC is a crucial component for and serves as primary input to the ICAAP.

Table 2.10: EC by risk type

Risk type, SEKbn	2021	2020
Credit risk	25.8	25.8
Market risk	5.2	5.8
Operational risk	5.5	5.1
Risks in post-employment benefits	0.0	0.4
Total	**36.6**	**34.7**

Table 2.11: EU LI1 - Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories, 31 December 2021

	SEKm	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Carrying values of items				
				Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds
Breakdown by asset classes according to the balance sheet in the published financial statements								
1	Cash and balances with central banks	360 153	360 153	360 153				
2	Treasury bills and other bills eligible for refinancing with central banks, etc.	163 590	163 188	163 188				
3	Loans to public and credit institutions	39 504	24 009	8 847	15 162			
4	Loans to the public	1 703 206	1 718 443	1 692 391	26 053			
5	Value change of interest hedged item in portfolio hedge	-1 753	-1 753	-1 753				
6	Bonds and other interest-bearing securities	58 093	58 155	5 073			53 083	
7	Financial assets for which the customers bear the investment risk	328 512						
8	Shares and participating interests	13 416	13 010	1 361			11 649	
9	Investments in associates	7 705	4 440	4 416				25
10	Investments subsidiaries	0	5 637	4 952				685
11	Derivatives	40 531	40 531	0	40 531		23 616	
12	Intangible fixed assets	19 488	18 877	557				18 320
13	Tangible assets	5 523	5 587	5 587				
14	Current tax assets	1 372	1 367	1 367				
15	Deferred tax assets	113	87	18				68
16	Pension assets							
17	Other assets	9 194	9 432	4 532				4 900
18	Prepaid expenses and accrued income	1 970	2 102	2 102				
19	**Total assets**	**2 750 617**	**2 423 265**	**2 252 791**	**81 746**		**88 348**	**23 998**
Breakdown by liability classes according to the balance sheet in the published financial statements								
1	Amounts owed to credit institutions	92 812	93 119					
2	Deposits and borrowings from the public	1 265 783	1 269 771		65 472			
3	Financial liabilities for which the customers bear the investment risk	329 667						
4	Debt securities in issue	735 917	735 917					
5	Short positions securities	28 471	28 471					
6	Derivatives	28 106	28 106					
7	Current tax liabilities	672	667					
8	Deferred tax liabilities	3 398	3 294					
9	Pension provisions	1 801	1 877					
10	Insurance provisions	1 970						
11	Other liabilities and provisions	29 076	28 987					
12	Accrued expenses and prepaid income	4 813	4 923					
13	Senior non - preferred liabilities	37 832	37 832					
14	Subordinated liabilities	28 604	28 604					
15	**Total liabilities**	**2 588 921**	**2 261 569**		**65 472**			

Table 2.12: EU LI2 - Main sources of differences between regulatory exposure amounts and carrying values in financial statements, 31 December 2021

SEKm	Total	Items subject to			
		Credit risk framework	Securitisation framework	CCR framework	Market risk framework
Assets carrying value amount under the scope of regulatory consolidation (as per template LI1)	**2 422 885**	**2 252 791**		**81 746**	**88 348**
Liabilities carrying value amount under the regulatory scope of consolidation (as per template LI1)	**65 472**			**65 472**	
Total net amount under the regulatory scope of consolidation	**2 488 357**	**2 252 791**		**147 218**	**88 348**
Off-balance-sheet amounts	**407 312**	**407 312**			
Differences in valuations					
Differences due to different netting rules, other than those already included in row 2	-162 071			-162 071	
Differences due to consideration of provisions	4 930	4 930			
Differences due to the use of credit risk mitigation techniques (CRMs)	-2 587			-2 587	
Differences due to credit conversion factors	-229 408	-229 408			
Differences due to Securitisation with risk transfer					
Other differences	43 981	1 853		66 688	-24 560
Exposure amounts considered for regulatory purposes	**2 550 475**	**2 437 478**	**0**	**49 248**	**63 748**

Table 2.13: EU LI3 - Outline of the differences in the scopes of consolidation (entity by entity), 31 December 2021

Name of the entity	Method of accounting consolidation	Method of prudential consolidation					Description of the entity
		Full consolidation	Proportional consolidation	Equity method	Neither consolidated nor deducted	Deducted	
Swedbank AB							Credit institution
Swedbank Mortgage AB	Full consolidation	X					Credit institution
Swedbank Robur AB	Full consolidation	X					Financial institution
Swedbank Robur Fonder AB	Full consolidation	X					Mutual fund company
Swedbank Investeerimisfondid AS	Full consolidation	X					Investment firm
Swedbank Ieguldijumu Parvaldes Sabierdiba AS	Full consolidation	X					Investment firm
Swedbank investiciju valdymas UAB	Full consolidation	X					Investment firm
SwedLux S A	Full consolidation	X					Credit institution
Sparfrämjandet AB	Full consolidation	X					
Sparia Group Insurance Company Ltd	Full consolidation			X			Insurance company
Swedbank Fastighetsbyrå AB	Full consolidation	X					Financial institution
Fastighetsbyran The Real Estate Agency S L	Full consolidation	X					Ancillary company - Real estate
Bankernas Kontantkort CASH Sverige AB	Full consolidation	X					
Swedbank PayEx Holding AB	Full consolidation	X					Financial institution
PayEx Norge AS	Full consolidation	X					Ancillary company - Payments
PayEx Danmark AS	Full consolidation	X					Ancillary company - Payments
Swedbank PayEx Collection AB	Full consolidation	X					
PayEx Sverige AB	Full consolidation	X					Ancillary company - Payments
PayEx Solutions OY	Full consolidation	X					
PayEx Suomi OY	Full consolidation	X					Ancillary company - Payments
PayEx Invest AB	Full consolidation	X					Ancillary company - Real estate
Faktab B1 AB	Full consolidation	X					Ancillary company - Real estate
Faktab V1 AB	Full consolidation	X					Ancillary company - Real estate
Faktab S1 AB	Full consolidation	X					Ancillary company - Real estate
Ektornet AB	Full consolidation	X					Holding company
Swedbank Försäkring AB	Full consolidation			X			Insurance company
ATM Holding AB	Full consolidation	X					Financial institution
Bankomat AB	Equity method			X			Ancillary company - Other
FRoR Invest AB	Full consolidation	X					Ancillary company - Other
First Securities AS	Full consolidation	X					Financial institution
Swedbank Management Company SA ManCo	Full consolidation	X					Financial institution
Swedbank AS Latvia	Full consolidation	X					Credit institution
Swedbank Lizings SIA	Full consolidation	X					Financial institution - Leasing
Swedbank Atklatais Pensiju Fonds AS	Full consolidation	X					Investment firm
Swedbank Baltics AS	Full consolidation	X					Holding company
Swedbank AB Lithuania	Full consolidation	X					Credit institution
Swedbank Lizingas UAB	Full consolidation	X					Financial institution - Leasing
Swedbank AS Estonia	Full consolidation	X					Credit institution
Swedbank Liising AS	Full consolidation	X					Financial institution - Leasing
Ektornet Project Estonia 1 OU	Full consolidation	X					
Swedbank Life Insurance SE	Full consolidation			X			Insurance company
Swedbank PoC Insurance AS	Full consolidation			X			Insurance company
Swedbank Support OU	Full consolidation	X					Ancillary company - IT
SK ID Solutions AS	Equity method			X			Ancillary company - Other
EnterCard Group AB	Equity method		X				Financial institution
Sparbanken Sjuhärad AB	Equity method			X			Credit institution
Sparbanken Rekarne AB	Equity method			X			Credit institution
Sparbanken Skåne AB	Equity method			X			Credit institution
Vimmerby Sparbank AB	Equity method			X			Credit institution
Ölands Bank AB	Equity method			X			Credit institution
Finansiell IDTeknik BID AB	Equity method			X			Ancillary company - IT
BGC Holding AB	Equity method			X			Ancillary company - Payments
Getswish AB	Equity method			X			Ancillary company - Payments
VISA Sweden, ek för	Equity method			X			Ancillary company - Other
USE Intressenter AB	Equity method			X			Holding company
P27 Nordic Payments Platform AB	Equity method			X			Ancillary company - Payments
Invidem AB	Equity method			X			Ancillary company - Other

EU LIA - Explanations of differences between accounting and regulatory exposure amounts

The regulatory consolidation as of 31 December 2021 comprised the Swedbank Group except for a different consolidation method for EnterCard Group and Insurance undertakings that are consolidated according to the equity method. The EnterCard Group is included through the proportionate consolidation method for regulatory purposes, compared to the equity method in Swedbank Group. The total difference between the regulatory and accounting consolidation is SEK 327.4bn.

Difference between the regulatory and accounting framework as presented in Table 2.12 are explained by different rules set out in IFRS and CRR. The exposure amounts considered for regulatory purposes are original exposures before credit risk mitigation. The main differences for the items subject to credit risk framework are:

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

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

EU LIB - Other qualitative information on the scope of application

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

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

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

All subsidiaries are included in consolidation of the Group in accordance with equity method, proportional or full consolidation as presented in Table 2.13.

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

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

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

All subsidiaries are included in consolidation of the Group in accordance with equity method, proportional or full consolidation as presented in Table 2.13.

Table 2.14: EU PV1 - Prudent valuation adjustments (PVA), 31 December 2021

SEKm	Risk category					Category level AVA - Valuation uncertainty				
Category level AVA	Equity	Interest Rates	Foreign exchange	Credit	Commodities	Unearned credit spreads AVA	Investment and funding costs AVA	Total category level post-diversification	Of which: Total core approach in the trading book	Of which: Total core approach in the banking book
Market price uncertainty	54	361	1	331		19	57	411	352	59
Set not applicable in the EU										
Close-out cost	8	492	0	2		27	57	293	277	16
Concentrated positions	3			170				173	43	130
Early termination										
Model risk		22	0			1	57	40	40	0
Operational risk	3	48	0	19				70	63	7
Set not applicable in the EU										
Set not applicable in the EU										
Future administrative costs	10	16	12	12				49	40	9
Set not applicable in the EU										
Total Additional Valuation Adjustments (AVAs)								**1 036**	**814**	**222**

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

Table 2.15: EU CC1 - Composition of regulatory own funds, 31 December 2021

SEKm		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	38 110	26 (1), 27, 28, 29
	of which: Instrument type 1		EBA list 26 (3)
	of which: Instrument type 2		EBA list 26 (3)
	of which: Instrument type 3		EBA list 26 (3)
2	Retained earnings	79 270	26 (1) (c)
3	Accumulated other comprehensive income (and other reserves)	24 638	26 (1)
EU-3a	Funds for general banking risk		26 (1) (f)
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1		486 (2)
5	Minority interests (amount allowed in consolidated CET1)		84
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	8 239	26 (2)
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**150 257**	
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	- 1 036	34, 105
8	Intangible assets (net of related tax liability) (negative amount)	-18 017	36 (1) (b), 37
9	Empty set in the EU		
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	-68	36 (1) (c), 38
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	-2	33 (1) (a)
12	Negative amounts resulting from the calculation of expected loss amounts		36 (1) (d), 40, 159
13	Any increase in equity that results from securitised assets (negative amount)		32 (1)
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing		33 (1) (b)
15	Defined-benefit pension fund assets (negative amount)		36 (1) (e), 41
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	-1 219	36 (1) (f), 42

17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		36 (1) (g), 44
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		36 (1) (h), 43, 45, 46, 49 (2) (3), 79
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		36 (1) (i), 43, 45, 47, 48 (1) (b), 49 (1) to (3), 79
20	Empty set in the EU		
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative		36 (1) (k)
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)		36 (1) (k) (i), 89 to 91
EU-20c	of which: securitisation positions (negative amount)		36 (1) (k) (ii), 243 (1) (b), 244 (1) (b), 258
EU-20d	of which: free deliveries (negative amount)		36 (1) (k) (iii), 379 (3)
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)		36 (1) (c), 38, 48 (1) (a)
22	Amount exceeding the 17,65% threshold (negative amount)		48 (1)
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities		36 (1) (i), 48 (1) (b)
24	Empty set in the EU		
25	of which: deferred tax assets arising from temporary differences		36 (1) (c), 38, 48 (1) (a)
EU-25a	Losses for the current financial year (negative amount)	0	36 (1) (a)
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)		36 (1) (l)
26	Empty set in the EU		
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)		36 (1) (j)
27a	Other regulatory adjustments to CET1 capital *(including IFRS 9 transitional adjustments when relevant)*	-270	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**-20 612**	
29	**Common Equity Tier 1 (CET1) capital**	**129 644**	
Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	13 427	51, 52
31	of which: classified as equity under applicable accounting standards		
32	of which: classified as liabilities under applicable accounting standards		
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1 as described in Article 486(3) CRR		486 (3)
EU-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1		
EU-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1		
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties		85, 86
35	of which: instruments issued by subsidiaries subject to phase out		486 (3)
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**13 427**	
Additional Tier 1 (AT1) capital: regulatory adjustments			
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)		52 (1) (b), 56 (a), 57
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		56 (b), 58
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		56 (c), 59, 60, 79
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)		56 (d), 59, 79
41	Empty set in the EU		
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)		56 (e)
42a	Other regulatory adjustments to AT1 capital	-50	
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	**-50**	
44	**Additional Tier 1 (AT1) capital**	**13 377**	
45	**Tier 1 capital (T1 = CET1 + AT1)**	**143 022**	
Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts	14 937	62, 63
47	Amount of qualifying items referred to in Article 484 (5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR		486 (4)
EU-47a	Amount of qualifying items referred to in Article 494a (2) CRR subject to phase out from T2		
EU-47b	Amount of qualifying items referred to in Article 494b (2) CRR subject to phase out from T2		
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties		87, 88
49	of which: instruments issued by subsidiaries subject to phase out		486 (4)
50	Credit risk adjustments	628	62 (c) & (d)
51	**Tier 2 (T2) capital before regulatory adjustments**	**15 565**	
Tier 2 (T2) capital: regulatory adjustments			
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)		63 (b) (i), 66 (a), 67
53	Direct, indirect and synthetic goldings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		66 (b), 68

54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		66 (c), 69, 70, 79
54a	Empty set in the EU		
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)		66 (d), 69, 79, 477 (4)
56	Empty set in the EU		
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)		
EU-56b	Other regulatory adjustments to T2 capital	-35	
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**-35**	
58	**Tier 2 (T2) capital**	**15 530**	
59	**Total capital (TC = T1 + T2)**	**158 552**	
60	**Total Risk exposure amount**	**707 753**	
Capital ratios and requirements including buffers			
61	Common Equity Tier 1 capital	18.3%	92 (2) (a)
62	Tier 1 capital	20.2%	92 (2) (b)
63	Total capital	22.4%	92 (2) (c)
64	Institution CET1 overall capital requirements	5.7%	CRD 128, 129, 130, 131, 133
65	of which: capital conservation buffer requirement	2.5%	
66	of which: countercyclical buffer requirement		
67	of which: systemic risk buffer requirement	3.0%	
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	1.0%	
EU 67-b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	1.2%	
68	**Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)**	12.6%	CRD 128
National minima (if different from Basel III)			
69	Not applicable		
70	Not applicable		
71	Not applicable		
Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	1 001	36 (1) (h), 45, 46, 56 (c), 59, 60, 66 (c), 69, 70
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	9 404	36 (1) (i), 45, 48
74	Not applicable		
75	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	18	36 (1) (c), 38, 48
Applicable caps on the inclusion of provisions in Tier 2			
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)		62
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach		62
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	628	62
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	3 172	62
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements		484 (3), 486 (2) & (5)
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)		484 (3), 486 (2) & (5)
82	Current cap on AT1 instruments subject to phase out arrangements		484 (4), 486 (3) & (5)
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)		484 (4), 486 (3) & (5)
84	Current cap on T2 instruments subject to phase out arrangements		484 (5), 486 (4) & (5)
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)		484 (5), 486 (4) & (5)

During 2021, Swedbank's CET1 capital increased by SEK 9.1bn, to SEK 129.6bn as compared to Q4 2020. The change was mainly attributable to earnings and net of proposed dividend. Own funds in Swedbank are calculated in accordance with CRR.

Table 2.16: EU CC2 - reconciliation of regulatory own funds to balance sheet in the audited financial statements, 31 December 2021

		Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
SEKm		As at period end	As at period end	
Assets - Breakdown by asset clases according to the balance sheet in the published financial statements				
1	Cash and balances with central banks	360 153	360 153	
2	Treasury bills and other bills eligible for refinancing with central banks, etc.	163 590	163 188	
3	Loans to credit institutions	39 504	24 009	
4	Loans to the public	1 703 206	1 718 443	
5	Value change of interest hedged item in portfolio hedge	-1 753	-1 753	
6	Bonds and other interest-bearing securities	58 093	58 155	
7	Financial assets for which the customers bear the investment risk	328 512	0	
8	Shares and participating interests	13 416	13 010	
9	Investments in associates and joint ventures	7 705	4 440	
10	Investments subsidiaries	0	5 637	
11	Derivatives	40 531	40 531	
12	Intangible assets	19 488	18 877	
	of which: goodwill	13 501	13 590	8
	of which: other intangible assets	4 974	4 983	8
13	Tangible assets	5 523	5 587	
14	Current tax assets	1 373	1 367	
15	Deferred tax assets	114	87	
	of which: deferred tax assets that rely on future profitability excluding those arising from temporary differences	94	68	10
16	Other assets	9 192	9 432	
17	Prepaid expenses and accrued income	1 970	2 102	
	Total assets	**2 750 617**	**2 423 265**	
Liabilities - Breakdown by liability clases according to the balance sheet in the published financial statements				
1	Amounts owed to credit institutions	92 812	93 119	
2	Deposits and borrowings from the public	1 265 783	1 269 772	
3	Financial liabilities for which the customers bear the investment risk	329 666	0	
4	Debt securities in issue	735 917	735 917	
5	Short positions, securities	28 613	28 613	
6	Derivatives	28 106	28 106	
7	Current tax liabilities	672	667	
8	Deferred tax liabilities	3 398	3 294	
	of which: deferred tax liabilities associated to other intangible assets	1 013	1 013	8
9	Pension provisions	1 801	1 877	
10	Insurance provisions	1 970	0	
11	Other liabilities and provisions	28 934	28 845	
12	Accrued expenses and prepaid income	4 813	4 923	
13	Senior non-preferred liabilities	37 832	37 832	
14	Subordinated liabilities	28 604	28 604	
	of which: Capital instruments and the related share premium accounts AT1	13 427	13 427	30
	of which: Capital instruments and the related share premium accounts AT2	14 937	14 937	46
	Total liabilities	**2 588 921**	**2 261 569**	
Shareholders' Equity				
1	Equity attributable to shareholders of the parent company	161 670	161 670	
	of which: capital instruments and the related share - premium accounts	38 110	38 110	1
	of which retained earnings	79 749	79 270	2
	of which: accumulated other comprehensive income (and other reserves)	24 160	24 638	3
	of which: profit or loss	20 871	20 871	5a
	of which: less anticipated dividends for the year	12 632	12 632	5a
	of which: fair value reserves related to gains or losses on cash flow hedges	-2	-2	11
	of which: direct holdings by an institution of own CET1 instruments (negative amount)	-1 219	-1 219	16
2	Non-controlling interests	26	26	
	Total shareholders' equity	**161 696**	**161 696**	

Table 2.17: EU CCA - Main features of regulatory own funds instruments and eligible liabilities instruments, 31 December 2021

1	Issuer	Swedbank AB (publ)	Swedbank AB (publ)
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	SE0000242455	XS2377291963
2a	Public or private placement	Public	Public
3	Governing law(s) of the instrument	Swedish	English/Swedish
3a	Contractual recognition of write down and conversion powers of resolution authorities	Yes	Yes
Regulatory treatment			
4	Current treatment taking into account, where applicable, transitional CRR rules	Common Equity Tier 1	Additional Tier 1
5	Post-transitional CRR rules	Common Equity Tier 1	Additional Tier 1
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Solo & consolidated	Solo & Consolidated
7	Instrument type (types to be specified by each jurisdiction)	Share capital as published in Regulation (EU) No 575/2013 article 28	Additional Tier 1 as published in Regulation (EU) No 575/2013 art 52
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	SEK 24 904m	SEK 4 369m
9	Nominal amount of instrument	SEK 24 904m	USD 500m
EU-9a	Issue price	N/A	100 per cent
EU-9b	Redemption price	N/A	100 per cent of Nominal amount
10	Accounting classification	Shareholders' equity	Liability - amortised cost
11	Original date of issuance	N/A	25.Aug.21
12	Perpetual or dated	Perpetual	Perpetual
13	Original maturity date	No maturity	No maturity
14	Issuer call subject to prior supervisory approval	No	Yes
15	Optional call date, contingent call dates and redemption amount	N/A	17-SEP-29 100 per cent of Nominal amount In addition Tax/Regulatory call
16	Subsequent call dates, if applicable	N/A	Any Reset Date after first call date
Coupons / dividends			
17	Fixed or floating dividend/coupon	N/A	Fixed
18	Coupon rate and any related index	N/A	Fixed 4.0 per cent per annum to call date (equiv to USD Swap Rate +2.864 per cent per annum), thereafter reset Fixed rate equiv to USD Swap Rate +2.864 per cent per annum
19	Existence of a dividend stopper	N/A	No
EU-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	Fully discretionary
EU-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	Fully discretionary
21	Existence of step up or other incentive to redeem	N/A	No
22	Noncumulative or cumulative	N/A	Non cumulative
23	Convertible or non-convertible	N/A	Convertible
24	If convertible, conversion trigger(s)	N/A	8% CET1 ratio on consolidated level, 5.125% CET1 ratio on solo level
25	If convertible, fully or partially	N/A	Fully
26	If convertible, conversion rate	N/A	The greater of the current market price of an Ordinary Share, the Quota value of an Ordinary Share and the Floor Price, all as of the Conversion Date. Floor price means USD 12.92 (subject to limited anti-dilution adjustments)
27	If convertible, mandatory or optional conversion	N/A	Mandatory
28	If convertible, specify instrument type convertible into	N/A	Ordinary Share
29	If convertible, specify issuer of instrument it converts into	N/A	Swedbank AB (publ)
30	Write-down features	N/A	No
31	If write-down, write-down trigger(s)	N/A	N/A
32	If write-down, full or partial	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A
34a	Type of subordination (only for eligible liabilities)	N/A	N/A
EU-34b	Ranking of the instrument in normal insolvency proceedings	1	3
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Additional Tier 1	Tier 2
36	Non-compliant transitioned features	No	No
37	If yes, specify non-compliant features	N/A	N/A
37a	Link to the full term and conditions of the instrument (signposting)	N/A	Link

‘N/A’ if the item is not applicable

1	Issuer	Swedbank AB (publ)	Swedbank AB (publ)
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	XS2046625765	XS1535953134
2a	Public or private placement	Public	Public
3	Governing law(s) of the instrument	English/Swedish	English/Swedish
3a	Contractual recognition of write down and conversion powers of resolution authorities	Yes	Yes
Regulatory treatment			
4	Current treatment taking into account, where applicable, transitional CRR rules	Additional Tier 1	Additional Tier 1
5	Post-transitional CRR rules	Additional Tier 1	Additional Tier 1
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Solo & consolidated	Solo & Consolidated
7	Instrument type (types to be specified by each jurisdiction)	Additional Tier 1 as published in Regulation (EU) No 575/2013 art 52	Additional Tier 1 as published in Regulation (EU) No 575/2013 art 52
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	SEK 4 529m	SEK 4 529m
9	Nominal amount of instrument	USD 500m	USD 500m
EU-9a	Issue price	100 per cent	100 per cent
EU-9b	Redemption price	100 per cent of Nominal amount	100 per cent of Nominal amount
10	Accounting classification	Liability - amortised cost	Liability - amortised cost
11	Original date of issuance	29.Aug.19	16.Dec.16
12	Perpetual or dated	Perpetual	Perpetual
13	Original maturity date	No maturity	No maturity
14	Issuer call subject to prior supervisory approval	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	17-SEP-24 100 per cent of Nominal amount In addition Tax/Regulatory call	17-MAR-22 100 per cent of Nominal amount In addition Tax/Regulatory call
16	Subsequent call dates, if applicable	Any Reset Date after first call date	Any Reset Date after first call date
Coupons / dividends			
17	Fixed or floating dividend/coupon	Fixed	Fixed
18	Coupon rate and any related index	Fixed 5.625 per cent per annum to call date (equiv to USD Swap Rate +4.134 per cent per annum), thereafter reset Fixed rate equiv to USD Swap Rate +4.134 per cent per annum	Fixed 6.0 per cent per annum to call date (equiv to USD Swap Rate +4.106 per cent per annum), thereafter reset Fixed rate equiv to USD Swap Rate +4.106 per cent per annum
19	Existence of a dividend stopper	No	No
EU-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	Fully discretionary
EU-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	Fully discretionary
21	Existence of step up or other incentive to redeem	No	No
22	Noncumulative or cumulative	Non cumulative	Non cumulative
23	Convertible or non-convertible	Convertible	Convertible
24	If convertible, conversion trigger(s)	8% CET1 ratio on consolidated level, 5.125% CET1 ratio on solo level	8% CET1 ratio on consolidated level, 5.125% CET1 ratio on solo level
25	If convertible, fully or partially	Fully	Fully
26	If convertible, conversion rate	The greater of the current market price of an Ordinary Share, the Quota value of an Ordinary Share and the Floor Price, all as of the Conversion Date. Floor price means USD 8.75 (subject to limited anti-dilution adjustments)	The greater of the current market price of an Ordinary Share, the Quota value of an Ordinary Share and the Floor Price, all as of the Conversion Date. Floor price means USD 15.70 (subject to limited anti-dilution adjustments)
27	If convertible, mandatory or optional conversion	Mandatory	Mandatory
28	If convertible, specify instrument type convertible into	Ordinary Share	Ordinary Share
29	If convertible, specify issuer of instrument it converts into	Swedbank AB (publ)	Swedbank AB (publ)
30	Write-down features	No	No
31	If write-down, write-down trigger(s)	N/A	N/A
32	If write-down, full or partial	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A
34a	Type of subordination (only for eligible liabilities)	N/A	N/A
EU-34b	Ranking of the instrument in normal insolvency proceedings	3	3
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Tier 2	Tier 2
36	Non-compliant transitioned features	No	No
37	If yes, specify non-compliant features	N/A	N/A
37a	Link to the full term and conditions of the instrument (signposting)	Link	Link

‘N/A’ if the item is not applicable

1	Issuer	Swedbank AB (publ)	Swedbank AB (publ)
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	XS1617859464	XS1796813589
2a	Public or private placement	Public	Public
3	Governing law(s) of the instrument	English/Swedish	English/Swedish
3a	Contractual recognition of write down and conversion powers of resolution authorities	Yes	Yes
Regulatory treatment			
4	Current treatment taking into account, where applicable, transitional CRR rules	Tier 2	Tier 2
5	Post-transitional CRR rules	Tier 2	Tier 2
6	Eligible at solo/(sub-)consolidated/ solo&(sub)consolidated	Solo & consolidated	Solo & Consolidated
7	Instrument type (types to be specified by each jurisdiction)	Tier 2 as published in Regulation (EU) No 575/2013 article 63	Tier 2 as published in Regulation (EU) No 575/2013 article 63
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	SEK 6 682m	SEK 397m
9	Nominal amount of instrument	EUR 650m	JPY 5 000m
EU-9a	Issue price	99.475 per cent	100 per cent
EU-9b	Redemption price	100 per cent of Nominal amount	100 per cent of Nominal amount
10	Accounting classification	Liability - amortised cost	Liability - amortised cost
11	Original date of issuance	22.May.17	28.Mar.18
12	Perpetual or dated	Dated	Dated
13	Original maturity date	22.Nov.27	28.Mar.33
14	Issuer call subject to prior supervisory approval	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	22-NOV-22 100 per cent of Nominal amount In addition Tax/Regulatory call	28-MAR-28 100 per cent of Nominal amount In addition Tax/Regulatory call
16	Subsequent call dates, if applicable	N/A	N/A
Coupons / dividends			
17	Fixed or floating dividend/coupon	Fixed	Fixed
18	Coupon rate and any related index	Fixed 1 per cent per annum to call date (equivalent to Euro Swap Rate +0.82 per cent per annum), thereafter reset Fixed rate equivalent to Euro Swap Rate +0.82 per cent per annum	Fixed 0.9 per cent per annum payable in arrear on each Interest Payment Date, thereafter reset Fixed rate equivalent to JPY 6M Swap Rate +0.6425 per cent per annum
19	Existence of a dividend stopper	No	No
EU-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory
EU-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No
22	Noncumulative or cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A
30	Write-down features	No	No
31	If write-down, write-down trigger(s)	N/A	N/A
32	If write-down, full or partial	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A
34a	Type of subordination (only for eligible liabilities)	N/A	N/A
EU-34b	Ranking of the instrument in normal insolvency proceedings	4	4
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Senior debt	Senior debt
36	Non-compliant transitioned features	No	No
37	If yes, specify non-compliant features	N/A	N/A
37a	Link to the full term and conditions of the instrument (signposting)	Link	Link

'N/A' if the item is not applicable

1	Issuer	Swedbank AB (publ)	Swedbank AB (publ)
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	XS1807179277	XS1816641937
2a	Public or private placement	Public	Public
3	Governing law(s) of the instrument	English/Swedish	English/Swedish
3a	Contractual recognition of write down and conversion powers of resolution authorities	Yes	Yes
Regulatory treatment			
4	Current treatment taking into account, where applicable, transitional CRR rules	Tier 2	Tier 2
5	Post-transitional CRR rules	Tier 2	Tier 2
6	Eligible at solo/(sub-)consolidated/solo&(sub-)consolidated	Solo & consolidated	Solo & Consolidated
7	Instrument type (types to be specified by each jurisdiction)	Tier 2 as published in Regulation (EU) No 575/2013 article 63	Tier 2 as published in Regulation (EU) No 575/2013 article 63
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	SEK 629m	SEK 1 206m
9	Nominal amount of instrument	JPY 8 000m	SEK 1 200m
EU-9a	Issue price	100 per cent	100 per cent
EU-9b	Redemption price	100 per cent of Nominal amount	100 per cent of Nominal amount
10	Accounting classification	Liability - amortised cost	Liability - amortised cost
11	Original date of issuance	12.Apr.18	08.May.18
12	Perpetual or dated	Dated	Dated
13	Original maturity date	12.Apr.28	08.May.28
14	Issuer call subject to prior supervisory approval	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	12-APR-23 100 per cent of Nominal amount In addition Tax/Regulatory call	08-MAY-23 100 per cent of Nominal amount In addition Tax/Regulatory call
16	Subsequent call dates, if applicable	N/A	N/A
Coupons / dividends			
17	Fixed or floating dividend/coupon	Fixed	Fixed
18	Coupon rate and any related index	Fixed 0.75 per cent per annum payable in arrear on each Interest Payment Date, thereafter reset Fixed rate equivalent to JPY 6M Swap Rate +0.64625 per cent per annum	Fixed 1.55875 per cent per annum payable in arrear on each Interest Payment Date, thereafter reset Floating rate 3-month STIBOR +1.03 per cent per annum
19	Existence of a dividend stopper	No	No
EU-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory
EU-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No
22	Noncumulative or cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A
30	Write-down features	No	No
31	If write-down, write-down trigger(s)	N/A	N/A
32	If write-down, full or partial	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A
34a	Type of subordination (only for eligible liabilities)	N/A	N/A
EU-34b	Ranking of the instrument in normal insolvency proceedings	4	4
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Senior debt	Senior debt
36	Non-compliant transitioned features	No	No
37	If yes, specify non-compliant features	N/A	N/A
37a	Link to the full term and conditions of the instrument (signposting)	Link	Link

'N/A' if the item is not applicable

1	Issuer	Swedbank AB (publ)	Swedbank AB (publ)
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	XS1848755358	XS1880928459
2a	Public or private placement	Public	Public
3	Governing law(s) of the instrument	English/Swedish	English/Swedish
3a	Contractual recognition of write down and conversion powers of resolution authorities	Yes	Yes
Regulatory treatment			
4	Current treatment taking into account, where applicable, transitional CRR rules	Tier 2	Tier 2
5	Post-transitional CRR rules	Tier 2	Tier 2
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Solo & consolidated	Solo & Consolidated
7	Instrument type (types to be specified by each jurisdiction)	Tier 2 as published in Regulation (EU) No 575/2013 article 63	Tier 2 as published in Regulation (EU) No 575/2013 article 63
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	SEK 864m	SEK 5 159m
9	Nominal amount of instrument	JPY 11 000m	EUR 500m
EU-9a	Issue price	100 per cent	99.523 per cent
EU-9b	Redemption price	100 per cent of Nominal amount	100 per cent of Nominal amount
10	Accounting classification	Liability - amortised cost	Liability - amortised cost
11	Original date of issuance	29.Jun.18	18.Sep.18
12	Perpetual or dated	Dated	Dated
13	Original maturity date	29.Jun.28	18.Sep.28
14	Issuer call subject to prior supervisory approval	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	29-JUN-23 100 per cent of Nominal amount In addition Tax/Regulatory call	18-SEP-23 100 per cent of Nominal amount In addition Tax/Regulatory call
16	Subsequent call dates, if applicable	N/A	N/A
Coupons / dividends			
17	Fixed or floating dividend/coupon	Fixed	Fixed
18	Coupon rate and any related index	Fixed 0.95 per cent per annum payable in arrear on each Interest Payment Date, thereafter reset Fixed rate equivalent to JPY 6M Swap Rate +0.85125 per cent per annum	Fixed 1 per cent per annum to call date (equivalent to Euro Swap Rate +0.82 per cent per annum), thereafter reset Fixed rate equivalent to Euro Swap Rate +1.28 per cent per annum
19	Existence of a dividend stopper	No	No
EU-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory
EU-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No
22	Noncumulative or cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A
30	Write-down features	No	No
31	If write-down, write-down trigger(s)	N/A	N/A
32	If write-down, full or partial	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A
34a	Type of subordination (only for eligible liabilities)	N/A	N/A
EU-34b	Ranking of the instrument in normal insolvency proceedings	4	4
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Senior debt	Senior debt
36	Non-compliant transitioned features	No	No
37	If yes, specify non-compliant features	N/A	N/A
37a	Link to the full term and conditions of the instrument (signposting)	Link	Link

'N/A' if the item is not applicable

Table 2.18: EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer, 31 December 2021

Breakdown by country SEKm	General credit exposures		Relevant credit exposures – Market risk		Securitisation exposures Exposure value for non-trading book	Total exposure value	Own fund requirements				Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models			Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total			
Sweden	41 778	1 546 635	29 109			1 617 522	33 919	218		34 137	426 713	75.67%	0.0%
Estonia	6 949	91 423	2			98 374	2 883	0		2 884	36 050	6.39%	
Latvia	898	40 195				41 093	1 707			1 707	21 338	3.79%	0.0%
Lithuania	3 949	71 553	96			75 598	2 155	1		2 156	26 950	4.78%	0.0%
Norway	9 166	44 700	1 573			55 439	1 631	25		1 656	20 700	3.67%	1.0%
Finland	336	25 254	1 451			27 041	834	6		840	10 500	1.86%	
Denmark	5 795	5 192	267			11 254	295	2		297	3 713	0.66%	
USA	682	4 809	1			5 492	262	0		262	3 275	0.58%	
Great Britain	118	2 900	1			3 019	79	0		79	988	0.18%	
Luxemburg	714	8 523				9 237	212			212	2 650	0.47%	0.5%
Other countries	2 026	19 072	140			21 238	878	4		882	11 025	1.95%	0.0%
Total	**72 411**	**1 860 256**	**32 640**			**1 965 307**	**44 855**	**256**		**45 112**	**563 900**	**100.00%**	

Institution specific CCyB rate is equal to 0.0391%, there have been no significant changes for Q4 2021 as compared to Q2 2021. The majority or relevant exposures is in the country of residence Sweden where the CCyB is set to 0%.

Table 2.19: EU CCyB2 - Amount of institution-specific countercyclical capital buffer, 31 December 2021

SEKm	
Total risk exposure amount	707 753
Institution specific countercyclical capital buffer rate	0.04%
Institution specific countercyclical capital buffer requirement	276

Institution specific CCyB rate is equal to 0.0391%. The majority or relevant exposures is in the country of residence Sweden where the CCyB is set to 0%.

Table 2.20: EU LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures, 31 December 2021

SEKm	Applicable amount
Total assets as per published financial statements	2 750 617
Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	-327 352
(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	
(Adjustment for temporary exemption of exposures to central bank (if applicable))	
(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of point (i) of Article 429a(1) CRR)	
Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	
Adjustment for eligible cash pooling transactions	
Adjustments for derivative financial instruments	-5 943
Adjustment for securities financing transactions (SFTs)	65 695
Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	164 195
(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	
(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	
(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)	
Other adjustments	-20 570
Total exposure measure	**2 626 642**

Leverage ratio exposure measure decreased by SEK 211.9bn as compared to Q2 2021. The decrease was mainly due to lower balances with central banks.

Table 2.21: EU LR2 - LRCom: Leverage ratio common disclosure, 31 December 2021

		CRR leverage ratio exposures	
		31 Dec 2021	30 June 2021
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	2 350 682	2 575 159
2	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework		
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-7 738	7 635
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)		
5	(General credit risk adjustments to on-balance sheet items)		
6	(Asset amounts deducted in determining Tier 1 capital)	-20 571	-19 548
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**2 322 373**	**2 547 975**
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	15 501	15 006
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach		
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	34 224	38 191
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach		
EU-9b	Exposure determined under Original Exposure Method		
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	-1 292	-287
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)		
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (Original exposure method)		
11	Adjusted effective notional amount of written credit derivatives		
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)		
13	**Total derivatives exposures**	**48 433**	**52 910**
Securities financing transaction (SFT) exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	88 535	70 569
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)		
16	Counterparty credit risk exposure for SFT assets	3 105	6 386
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR		
17	Agent transaction exposures		
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)		
18	**Total securities financing transaction exposures**	**91 640**	**76 955**
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	407 305	408 879
20	(Adjustments for conversion to credit equivalent amounts)	-242 491	247 488

21	(General provisions deducted in determining Tier 1 capital and specific provisions associated associated with off-balance sheet exposures)		
22	**Off-balance sheet exposures**	**164 814**	**161 391**
Excluded exposures			
EU-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)		
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a (1) CRR (on and off balance sheet))		
EU-22c	(Excluded exposures of public development banks (or units) - Public sector investments)		
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans)		
EU-22e	Excluded passing-through promotional loan exposures by non-public development banks (or units))		
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	-619	-698
EU-22g	(Excluded excess collateral deposited at triparty agents)		
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)		
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)		
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)		
EU-22k	**(Total exempted exposures)**	**-619**	**-698**
Capital and total exposure measure			
23	**Tier 1 capital**	**143 022**	**136 146**
24	**Total exposure measure**	**2 626 642**	**2 838 534**
Leverage ratio			
25	Leverage ratio (%)	5.4%	4.8%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	5.4%	4.8%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	5.4%	4.8%
26	Regulatory minimum leverage ratio requirement (%)	3.0%	3.0%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)		
EU-26b	of which: to be made up of CET1 capital		
27	Leverage ratio buffer requirement (%)	3.0%	3.0%
	Overall leverage ratio requirement (%)	3.0%	3.0%
Choice on transitional arrangements and relevant exposures			
EU-27b	Choice on transitional arrangements for the definition of the capital measure		
Disclosure of mean values			
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable	110 771	97 401
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	88 535	70 569
30	Total exposures (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	2 648 878	2 865 365
30a	Total exposures (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	2 648 878	2 865 365
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	5.4%	4.8%
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	5.4%	4.8%

Swedbank monitors and discloses its leverage ratio according to the requirements and as of Q2 2021 must meet a minimum leverage ratio requirement of 3% under the CRR II. The leverage ratio has slightly increased to 5.4% during Q4 2021 as compared to Q2 2021 (4.8%).

Table 2.22: EU LR3 - LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures), 31 December 2021

SEKm	CRR leverage ratio exposures
Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	**2 388 685**
Trading book exposures	11 845
Banking book exposures, of which:	2 376 840
Covered bonds	21 718
Exposures treated as sovereigns	505 243
Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	3 913
Institutions	8 675
Secured by mortgages of immovable properties	1 142 580
Retail exposures	95 554
Corporate	445 485
Exposures in default	4 431
Other exposures (eg equity, securitisations, and other non-credit obligation assets)	149 241

Decrease in exposures towards sovereigns had the highest impact on the decrease of on-balance sheet excluding SFTs and derivatives as compared to Q2 2021.

EU LRA - Disclosure of LR qualitative information

Swedbank takes the risk of excessive leverage into account in the forward-looking capital planning process by forecasting the leverage ratio at least on a quarterly basis. Other business steering or asset-and-liability management tools are also considered as means to affect the total exposure measure and may be accessed, should such a need arise. Swedbank assesses if the entire Group, as well as the parent company and its subsidiaries, are adequately capitalised. In case of a deterioration, Swedbank Group can also increase the Tier 1 capital by issuing Additional Tier 1 capital. Likewise, a capital injection to support subsidiaries may be performed. In addition to the injection of equity capital, the total capital in a subsidiary may also be strengthened through subordinated loans within the Group. To the extent that non-restricted equity is available in subsidiaries, funds can be transferred back to the parent company as dividends. Swedbank regularly reviews the capitalisation of the Group and the individual legal entities. The outcome of such reviews may trigger adjustments deemed necessary to ensure compliance with regulatory requirements and an efficient capital management within the Group. Further, there are no current or foreseen material practical or legal impediments to the prompt transfer of own funds or repayment of liabilities to or from the parent company and its subsidiaries.

The leverage ratio increased by 0.35 percentage points from 5.1% percent to 5.4% percent during 2021. The Tier 1 capital increased by SEK 14.1 bn, whereof CET1 capital increased by SEK 9.1bn and AT1 capital increased by SEK 5bn. The leverage ratio exposure amount increased by SEK 99.9bn, whereof the main driver was other assets which increased by SEK 107.3bn mainly due to increased cash and balances with central banks and loans to the public. Other drivers which increased the leverage ratio exposure amount were SFTs by 2.9bn and off-balance items by 6.9bn while derivatives decreased it by 16bn.

3. Liquidity risk

Swedbank's liquidity position remained strong with solid buffers above regulatory requirements, enabling the bank to grow with its customers and withstand changes in the economic conditions.

Liquidity risk

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

Highlights 2021

Throughout the year, central bank asset purchases were continued in accordance to announced programmes. This has led to continued inflows of deposits into the banking sector.

EU LIQA - Liquidity risk management

Strategies and processes in liquidity risk management

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

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

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

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

Swedbank's funding strategy is based on three objectives: diversification, commitment, and proactivity. Funding shall be diversified based on long-term and short-term debt, different products, the maturity profile, geographies and the currency distribution.

Commitment is shown by maintaining a regular presence in the chosen markets and by providing liquidity. In order to be proactive in funding decisions, the Group monitors market developments and trends in the capital markets, including regulatory requirements, accounting changes and demands from rating agencies and investors. The funding strategy supports liquidity risk management, as it aims to ensure reliable access to funding markets.

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

Liquidity risk identification is mainly managed through two separate processes. Besides the New Product Approval Process (NPAP), there is the Risk Identification Process (RIP), which is an annual process where liquidity risk topics are discussed. As part of the RIP, a gross risk inventory is established and maintained. Liquidity risk factors stemming from on- and off-balance sheet items are well known and covered by the risk inventory.

Structure and organisation of the liquidity risk management function

The independent risk management function, or the second line of defence, is constituted by the risk management function (Group Risk) and the compliance organisation (Group Compliance). The lines of defence are described in the Risk governance chapter of this report. Group Risk is responsible for ensuring that liquidity risks are identified and properly managed by Group Treasury and for this purpose have the responsibility to develop and maintain internal Group-wide methods for liquidity risk measurement and a limit framework. Group Risk is responsible for governance and strategies within the area of liquidity risk control and provides independent review of liquidity risk management. The division of responsibilities between Group Treasury and Group Risk with respect to liquidity risk management and control are regulated by internal policies.

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

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

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

Scope and nature of liquidity risk reporting and measurement systems

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

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

Mitigating liquidity risk

The Risk Limit Framework (RLF) aims to ensure that risks stay within appetite. The RLF comprises limits decided by the CEO and allocated to the relevant Executive management (the CFO in the case of liquidity risk). Executive management then allocates the limit to the ultimate risk-owner, which in the case of liquidity risk is the Head of Group Treasury. Executive management may also impose limits in addition to the ones decided by the CEO.

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

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

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

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

Business continuity

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

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

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

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

Stress testing

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

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

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

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

Risk declaration

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

Risk statement

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

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

The risk appetite is limited by the regulatory metrics Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), and by survival periods, as measured by the internal Survival horizon metric. In an assumed adverse scenario, the Survival horizon metric displays the number of days with a positive net liquidity position, taking future cash flows from all aspects of the balance sheet into account. Throughout 2021 Swedbank's liquidity position was strong with all key metrics remaining well above internal and regulatory requirements.

Table 3.1: EU LIQ1 - Quantitative information of LCR, 31 December 2021

	Total unweighted value (average)				Total weighted value (average)			
Quarter ending on (DD Month YYY) **SEKm**	**31 December 2021**	**30 September 2021**	**30 June 2021**	**31 March 2021**	**31 December 2021**	**30 September 2021**	**30 June 2021**	**31 March 2021**
Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
HIGH-QUALITY LIQUID ASSETS								
Total high-quality liquid assets (HQLA)					717 469	671 691	609 652	574 930
CASH - OUTFLOWS								
Retail deposits and deposits from small business customers, of which:	777 566	758 357	740 333	724 931	50 524	49 276	47 979	46 882
Stable deposits	579 527	561 735	546 980	534 837	28 976	28 087	27 349	26 742
Less stable deposits	195 391	192 211	187 066	182 748	21 547	21 189	20 630	20 140
Unsecured wholesale funding	677 619	633 302	594 987	561 247	389 526	353 766	318 792	296 210
Operational deposits (all counterparties) and deposits in networks of cooperative banks	377 988	354 017	339 701	319 445	128 681	114 073	101 738	91 308
Non-operational deposits (all counterparties)	211 263	201 991	186 676	181 100	172 477	162 399	148 444	144 201
Unsecured debt	88 368	77 294	68 611	60 701	88 368	77 294	68 611	60 701
Secured wholesale funding					5 303	5 874	6 709	9 036
Additional requirements	377 049	371 507	364 374	353 757	67 004	66 124	65 230	65 016
Outflows related to derivative exposures and other collateral requirements	33 378	32 821	32 112	32 176	33 378	32 821	32 112	32 176
Outflows related to loss of funding on debt products								
Credit and liquidity facilities	343 671	338 685	332 261	321 581	33 625	33 302	33 118	32 840
Other contractual funding obligations	23 150	21 163	21 628	22 946	16 386	14 387	14 771	15 986
Other contingent funding obligations	53 878	53 196	52 563	51 836				
TOTAL CASH OUTFLOWS					528 742	489 426	453 480	433 130
CASH - INFLOWS								
Secured lending (e.g. reverse repos)	59 981	59 592	65 266	72 901	3 919	3 849	5 596	9 395
Inflows from fully performing exposures	33 311	33 463	34 773	35 623	24 162	24 513	25 798	26 431
Other cash inflows	25 739	25 316	27 071	33 613	25 739	25 316	27 071	33 613

(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)								
(Excess inflows from a related specialised credit institution)								
TOTAL CASH INFLOWS	119 030	118 371	127 110	142 137	53 820	53 679	58 464	69 439
Fully exempt inflows								
Inflows subject to 90% cap								
Inflows subject to 75% cap	119 030	118 371	127 110	142 137	53 820	53 679	58 464	69 439
TOTAL ADJUSTED VALUE								
LIQUIDITY BUFFER					717 469	671 691	609 652	574 930
TOTAL NET CASH OUTFLOWS					474 922	435 747	395 016	363 691
LIQUIDITY COVERAGE RATIO					152%	155%	155%	159%

EU LIQB on qualitative information on LCR, which complements template EU LIQ1

The LCR outcome depends on the underlying dynamics of a) the liquidity reserve and b) the net cash outflows. Net cash outflows have increased over time, driven by an increase in deposit volumes since the introduction of quantitative easing by central banks. However, the size of the liquidity reserve has also been substantially increased over time, resulting in a general upshift of LCR levels.

Since the third quarter of 2021, the average LCR was slightly down. The LCR was for the period mostly affected by various factors such as the maturity distribution of debt as well as other temporary effects.

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

The majority of holdings in Swedbank's liquidity reserve are central bank assets. Residual assets of size in the reserve are government bonds and covered bonds of very high quality.

For assessing potential additional outflows from derivatives and other collateral requirements, the historical look-back approach (HLBA) is used, together with estimated effects from eventual rating downgrades.

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

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

Table 3.2: EU LIQ2 - Net Stable Funding Ratio, 31 December 2021

	Unweighted value by residual maturity				Weighted value
SEKm	No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items					
Capital items and instruments	**159 168**	**4 516**	**6 651**	**8 914**	**168 082**
Own funds	159 168	4 516	6 651	8 914	168 082
Other capital instruments					
Retail deposits		**817 813**	**683**	**650**	**768 055**
Stable deposits		614 716	458	428	584 843
Less stable deposits		203 097	225	223	183 212
Wholesale funding:		**766 474**	**70 984**	**476 099**	**705 390**
Operational deposits		257 709			128 854
Other wholesale funding		508 765	70 984	476 099	576 536
Interdependent liabilities					
Other liabilities:		**72 566**		**2 522**	**2 522**
NSFR derivative liabilities					
All other liabilities and capital instruments not included in the above categories		72 566		2 522	2 522
Total available stable funding (ASF)					**1 644 050**
Required stable funding (RSF) Items					
Total high-quality liquid assets (HQLA)					**7 221**
Assets encumbered for more than 12m in cover pool				**347 225**	**295 141**
Deposits held at other financial institutions for operational purposes					
Performing loans and securities:		**136 602**	**82 967**	**1 185 179**	**940 088**
Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		4 223			
Performing securities financing transactions with financial customer collateralised by other assets and loans and advances		35 019	5 114	18 039	23 186

to financial institutions					
Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		79 212	64 693	319 487	343 401
With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		31	35	580	410
Performing residential mortgages, of which:		13 355	12 397	834 103	559 780
With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		11 510	10 843	810 415	537 946
Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		4 794	764	13 549	13 721
Interdependent assets					
Other assets:		**34 777**		**59 839**	**67 248**
Physical traded commodities					
Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs				15 829	13 455
NSFR derivative assets		5 168			5 168
NSFR derivative liabilities before deduction of variation margin posted		11 438			572
All other assets not included in the above categories		18 171		44 009	48 053
Off-balance sheet items		**100 266**	**44 455**	**252 220**	**21 825**
Total RSF					**1 331 522**
Net Stable Funding Ratio (%)					**123**

The Available Stable Funding (ASF) is mostly composed of funding from deposits and long-term issued debt. A general trend during the period since 2021 Q2 has been an increase in deposits, most importantly, retail deposits, that are classified as being more stable. This has lessened the need for market-based funding and resulted in a decrease in wholesale funding. The Required Stable Funding (RSF) is mostly composed of funding needed to give out residential mortgage loans and loans to non-financial corporate clients. During the period since 2021 Q2 there was a slight increase in lending to non-financial corporate clients which slightly increased the required funding. Overall, however, the NSFR saw no change.

It is interesting to note that there is a slight interdependence between residential mortgage loans and long-term issued debt in the form of covered bonds. When a covered bond is emitted, more stable funding is made available in the category wholesale funding. However, this also encumbers a corresponding volume of residential mortgage loans that then receive a slightly higher factor weight which in turn increases the required funding.

Table 3.3: EU AE1 - Encumbered and unencumbered assets, 31 December 2021

	Carrying amount of encumbered assets		**Fair value of encumbered assets**		**Carrying amount of unencumbered assets**		**Fair value of unencumbered assets**	
SEKm		**of which notionally eligible EHQLA and HQLA**		**of which notionally eligible EHQLA and HQLA**		**of which EHQLA and HQLA**		**of which EHQLA and HQLA**
Assets of the reporting institution	**539 683**	**42 322**			**2 028 025**	**688 388**		
Equity instruments					22 188			
Debt securities	42 322	43 120	42 433	42 433	179 482	159 100	179 612	159 209
of which: covered bonds	10 603	10 603	10 646	10 646	25 320	24 186	25 376	24 240
of which: securitisations								
of which: issued by general governments	27 034	27 034	27 077	27 077	14 284	12 603	14 295	12 612
of which: issued by financial corporations	15 232	15 232	15 288	15 288	41 748	30 139	41 837	30 205
of which: issued by non-financial corporations					10 110	675	10 132	679
Other assets	497 361				1 868 707	549 123		

Table 3.4: EU AE2 - Collateral received and own debt securities issued, 31 December 2021

SEKm	Fair value of encumbered collateral received or own debt securities issued		Unencumbered: Fair value of collateral received or own debt securities issued available for encumbrance	
		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA
Collateral received by the reporting institution	**34 914**	**34 914**	**43 859**	**23 365**
Loans on demand				
Equity instruments			3 375	
Debt securities	34 914	34 914	25 824	23 365
of which: covered bonds	10 340	10 340	20 934	18 936
of which: securitisations				
of which: issued by general governments	22 737	22 737	2 826	2 826
of which: issued by financial corporations	12 647	12 647	22 189	19 717
of which: issued by non-financial corporations			516	135
Loans and advances other than loans on demand			13 892	
Other collateral received			765	
Own debt securities issued other than own covered bonds or securitisations				
Own covered bonds and asset-backed securities issued and not yet pledged			**734**	
TOTAL ASSETS, COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED	**574 597**	**77 236**		

Table 3.5: EU AE3 - Sources of encumbrance, 31 December 2021

SEKm	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered
Carrying amount of selected financial liabilities	542 790	546 726

EU AE4 - Accompanying narrative information

The types of assets and funding instruments that are being utilised to encumber the balance sheet of a bank determine the quality of the asset encumbrance. In Swedbank's opinion, secured funding in the form of covered bonds, which has a direct link to the underlying business line of mortgage lending, is of higher quality than secured funding in the form of repos, where several different types of assets are used.

The main source of asset encumbrance is mortgages which become encumbered when they are used as collateral when emitting covered bonds. Apart from these loans, smaller encumbrance volumes also come from derivatives and repos, with most of such encumbrance stemming from Swedbank AB. Unencumbered assets under "other assets" include assets not eligible for pledging in central banks such as intangible assets. See table 3.3 illustrating Swedbank's current and potential level of asset encumbrance.

4.Credit risk

Swedbank's credit exposures are concentrated to low-risk segments such as private mortgages, tenant-owner associations, and residential property management. Conservative lending standards and close dialogue with customers are keys to the sustained high credit quality. Covid-19 has so far had a limited impact on Swedbank's credit exposures.

Credit risk

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

Credit risk also includes concentration risk, country risk, and counterparty credit risk in trading transactions, including settlement risk.

Highlights 2021

Swedbank's credit quality remained strong in 2021. The visible effects from Covid-19 remained small in the majority of Swedbank's loan portfolio and the economic recovery continued throughout the year. However, the uncertainties increased in the latter part of the year, due to both renewed virus spread with increased restrictions, and increased inflation pressure in many countries. So far, there has been no negative impact from this on Swedbank's asset quality, but the long-term effects of continued inflationary pressure as well as potential effects from Covid-19 in different sectors are being closely monitored. The segments most affected by the pandemic, such as hotels, restaurants, and parts of transportation and retail, account for a limited share of Swedbank's lending. The buffer of expert credit adjustment provisions to cover potential future credit impairments, allocated mainly in 2020, amounted to SEK 1 796m at the end of 2021 (1 533m at the end of 2020).

Credit impairments in 2021 were SEK 170m (4 334m) and the credit impairment ratio was 0.01% (0.26%). Additional individual provisions were made for a few ongoing restructuring cases in the oil and offshore sector, which was partly offset by reversals due to updated macro scenarios.

Oil and offshore exposures constitute a small share of Swedbank's total credit exposures and restructuring of defaulted exposures is ongoing. Investments in the oil and offshore industry remain low and the market situation is challenging, despite the continued rise in oil prices. The sector's recovery is uncertain with additional risks due to the global energy transition.

Swedbank's total lending, carrying amount, increased to SEK 1 679bn (SEK 1 616bn) in 2021, mainly explained by a strong growth in private mortgage loans. Corporate lending grew by SEK 9.0bn, mainly within residential and commercial property management, and public sector and utilities.

Swedbank's growth in mortgage loans in Sweden was 5.2%, supported by a high number of transactions and increased housing prices. This was lower than market growth of 7.1%, explained by fierce competition and Swedbank's strict lending criteria. Swedbank's growth in the Baltic countries was 7.5% in local currencies, driven by rising wages, low interest rates and increased housing prices.

Private mortgage loans constitute almost 60% of Swedbank's total loan portfolio, where 90% is in Sweden and 10% in the Baltic countries. The private mortgage portfolio is of high quality with low historical loan losses and low average loan-to-value (LTV) ratios. Lending is based on the borrower's repayment capacity, including the ability to manage a significantly increased interest rate and still be able to afford relevant loan amortisation and other costs of living.

Property management constitutes the second largest loan concentration, 15% of the total loan portfolio. The main part of the property management loans, 82%, is in Sweden, 10% in other Nordic countries, and 8% in the Baltic countries. Swedbank's underwriting criteria is focused on the customer's long-term ability to make interest payments and amortisations on the loan, with special attention to a stress of the future cash flow. In addition, customers should be financially strong, and collateral should have sound LTV ratios.

Swedbank's growth in property management in 2021 was mainly within residential properties in Sweden, and also commercial properties in Sweden and Norway. The growth in Sweden was 4.4%, supported by the strong transaction market. In the Baltic countries, Swedbank's lending to property management decreased by 2.3% in local currencies.

Disclosure of exposures to credit risk, dilution risk and credit quality

EU CRA - General qualitative information about credit risk

Credit risk appetite

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

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

The credit risk appetite statement governs the credit portfolio through four principles: (i) Strong asset quality, (ii) Sound loan growth, (iii) Prevent risk drivers, and (iv) Avoid concentration. Risk limits and complementary key risk indicators (KRIs) for credit risk are based on these four principles and are defined on Group level and business area level.

A sustainable repayment ability and an adequate financial position of the customer or counterparty are key factors when granting credits. ESG considerations shall be an integrated part of all credit operations in order to identify and avoid undesired risk, and to assume risk in support of Swedbank's strive for an environmentally, socially, and financially sustainable society.

Processes to manage credit risk

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

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

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

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

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

The credit operations shall strive towards long-term customer relationships and rest on sound business acumen to achieve solid profitability. Risk-taking should be adequately balanced between the borrower and the bank. The credit risk shall moreover be balanced against expected profitability of each borrower as well as in the business unit's credit portfolio.

A customer's sustainable cash flow, solvency and collateral are always key lending variables. Credits should only be granted to customers with a demonstrated repayment ability and a sufficient financial situation.

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

The credit framework should always be read in conjunction with policies, position statements and other internal guidelines in the ESG area.

Swedbank shall play an active role in contributing to a more sustainable society. In the credit area this could be achieved by the choice of customers that Swedbank finances and by providing and promoting sustainable lending products, such as loans for green investments, as well as by assessing and managing ESG risks and opportunities linked to borrowers. An ESG perspective shall be an integrated part of all credit risk assessments in order to mitigate risk and identify opportunities.

Credit operations processes – The principle of essentiality and risk is important within all parts of the credit operations. The main processes of the credit operations include credit risk assessment, decision on credit risk, and credit monitoring and review, as described below.

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

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

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

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

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

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

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

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

The credit risk limits are organised in four categories:

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

The CRO develops and maintains the risk limit framework. The risk limit framework is reviewed annually to secure that the limits and levels are relevant, up to date, and sufficiently reflects that Swedbank operates within the risk appetite.

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

The Credit Risk unit conducts stress tests on selected sectors, typically the largest sectors, and specific segments or exposure types with potentially increased risks. For relevant sectors, stress tests using climate scenarios are made to assess climate risk exposure at the portfolio level. Furthermore, the Credit Risk unit performs annual reviews of all sectors including portfolio risk profiles and industry outlook.

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

Credit governance structure and responsibilities

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

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

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

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

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

EU CRB - Additional disclosure related to the credit quality of assets

Past-due and impaired exposures

Past-due loans refer to overdrawn accounts and loans where amounts due for payment have not been paid in accordance with the terms of the loan agreements.

Credit-impaired loans are loans for which it is unlikely that the payments will be received in accordance with the contractual terms and where there is a risk that Swedbank will not receive full payment. A loan is considered credit-impaired when there is objective proof that an event has occurred on an individual level following the first reporting date of the loan, and that a risk of loss arises when the loan's anticipated future cash flows differ from the contractual cash flows.

Events on an individual level arise, implying an impairment test, e.g., when:

- A borrower incurs significant financial difficulties.
- It is likely that the borrower will enter into bankruptcy, liquidation or financial restructuring.
- There is a breach of contract, such as materially delayed or non-payment of interest or principal.

A loan in default is also considered as a credit-impaired loan, and vice versa. Exposures that are past-due by more than 90 days, or exposures where the terms have changed in a significant manner due to the borrower's financial difficulties, are considered as being in default. For sovereign and financial institutions exposure classes, the trigger of default and credit-impaired status is based on manual decisions rather than strictly 90 days past-due. Credit-impaired loans are moved to stage 3 according to the accounting framework IFRS 9.

Methods for determining credit risk adjustments

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

The exposures are allocated to one of three stages:

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

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

More details about credit impairment provisions are found in the Annual Report, note G2 (3.4.3) and note G3 (3.1.4).

Forborne exposures

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

Depending on the severity of the financial difficulties of the borrower, the forborne loan could either be classified as performing or non-performing.

Table 4.1: EU CR1 - Performing and non-performing exposures and related provisions, 31 December 2021

SEKm	Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
	Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3			
Cash balances at central banks and other demand deposits	**359 793**	**359 793**													
Loans and advances	**1 720 846**	**1 621 007**	**99 645**	**8 443**	**225**	**8 103**	**3 042**	**1 050**	**1 990**	**3 466**	**6**	**3 459**		**1 566 477**	**3 707**
Central banks															
General governments	4 736	4 735	0				0	0						1 018	
Credit institutions	14 973	14 946	28				1	0	0					3 483	
Other financial corporations	31 144	30 582	562	0		0	34	20	13	0		0		5 391	0
Non-financial corporations	537 870	489 007	48 679	4 429	37	4 392	2 092	673	1 419	1 922	2	1 920		475 602	2 353
Of which SMEs	304 790	275 719	29 071	1 176	37	1 138	649	167	482	259	2	257		296 880	885
Households	1 132 123	1 081 737	50 376	4 014	188	3 711	915	357	558	1 544	4	1 539		1 080 983	1 354
Debt securities	**166 645**	**128 447**													
Central banks	128 447	128 447													
General governments	9 814														
Credit institutions	5 036														
Other financial corporations	21 406														
Non-financial corporations	1 942														
Off-balance-sheet exposures	**417 285**	**329 112**	**14 812**	**230**	**1**	**216**	**574**	**298**	**276**	**86**		**86**		**76 642**	**112**
Central banks															
General governments	22 363	20 845	5				0	0	0					11	
Credit institutions	10 262	10 182	80				1	1	0					2	
Other financial corporations	17 100	16 556	513				6	5	1					243	
Non-financial corporations	250 596	226 068	13 087	223	1	209	541	274	267	85		85		50 935	106
Households	116 964	55 461	1 127	7	0	7	26	18	8	1		1		25 451	6
Total	**2 664 569**	**2 438 359**	**114 457**	**8 673**	**226**	**8 319**	**3 616**	**1 348**	**2 266**	**3 552**	**6**	**3 545**		**1 643 119**	**3 819**

The total gross carrying amount of loans and advances increased by SEK 29.3bn compared to June 2021. Performing loans and advances increased by SEK 29.9bn, mainly driven by growth in private mortgage loans. Increased exposures in other financial corporations were counteracted by decreased exposures in non-financial corporations, explained by data adjustments between these two categories. Stage 2 (significantly increased credit risk) loans decreased by SEK 2.7bn, mainly explained by reduced oil- and offshore exposures due to divestment. Non-performing loans and advances decreased by SEK 0.6bn, mainly due to write-offs of restructured stage 3 oil- and offshore exposures within Non-financial corporations. The quality of Swedbank's exposures is high with less than 1% of non-performing exposures.

Table 4.2: EU CR1-A - Maturity of exposures, 31 December 2021

	Net exposure value					
SEKm	On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
Loans and advances	833	206 642	310 733	1 204 573		1 722 781
Debt securities	0	160 873	5 772			166 645
Total	**833**	**367 515**	**316 505**	**1 204 573**		**1 889 426**

A major part of loans and advances, 70%, has a maturity over five years, mainly explained by private mortgage loans, which is the same share compared to June 2021. The share with maturity 1-5 years has increased, while the share with maturity less than 1 year has decreased.

Table 4.3: EU CR2 - Changes in the stock of non-performing loans and advances, 31 December 2021

SEKm	Gross carrying amount
Initial stock of non-performing loans and advances	**12 346**
Inflows to non-performing portfolios	3 346
Outflows from non-performing portfolios	-7 249
Outflows due to write-offs	-4 475
Outflow due to other situations	-2 774
Final stock of non-performing loans and advances	**8 443**

Non-performing loans and advances decreased by SEK 3.9bn compared to the end of 2020, mainly due to write-offs of oil- and offshore exposures. Other outflows, including repayments of loans and recoveries, were offset by inflows, mainly within oil- and offshore, and hotels.

Table 4.4: EU CR2a - Changes in the stock of non-performing loans and advances and related net accumulated recoveries, 31 December 2021

SEKm	Gross carrying amount	Related net accumulated recoveries
Initial stock of non-performing loans and advances		
Inflows to non-performing portfolios		
Outflows from non-performing portfolios		
Outflow to performing portfolio		
Outflow due to loan repayment, partial or total		
Outflow due to collateral liquidations		
Outflow due to taking possession of collateral		
Outflow due to sale of instruments		
Outflow due to risk transfers		
Outflows due to write-offs		
Outflow due to other situations		
Outflow due to reclassification as held for sale		
Final stock of non-performing loans and advances		

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

Table 4.5: EU CQ1 - Credit quality of forborne exposures, 31 December 2021

SEKm	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
	Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
			Of which defaulted	Of which impaired				
Cash balances at central banks and other demand deposits								
Loans and advances	6 349	4 623	3 903	3 965	311	1 863	7 331	2 388
Central banks								
General governments	0							
Credit institutions								
Other financial corporations								
Non-financial corporations	5 013	3 792	3 566	3 576	281	1 747	5 774	1 863
Households	1 336	831	337	389	30	116	1 557	525
Debt Securities								
Loan commitments given	585	5	4	1	11	0	17	5
Total	**6 934**	**4 628**	**3 907**	**3 966**	**322**	**1 863**	**7 348**	**2 393**

Total forborne loans and advances decreased by SEK 2.5bn (performing -1.9bn, non-performing -0.6bn) compared to June 2021, mainly attributable to write-offs of restructured oil- and offshore exposures.

Table 4.6: EU CQ2 - Quality of forbearance, 31 December 2021

SEKm	Gross carrying amount of forborne exposures
Loans and advances that have been forborne more than twice	
Non-performing forborne loans and advances that failed to meet the non-performing exit criteria	

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

Table 4.7: EU CQ3: Credit quality of performing and non-performing exposures by past due days, 31 December 2021

	Gross carrying amount/nominal amount											
	Performing exposures			Non-performing exposures								
SEKm		Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
Cash balances at central banks and other demand deposits	359 793	359 793										
Loans and advances	1 720 846	1 719 743	1 101	8 443	5 384	483	632	801	980	60	104	8 064
Central banks												
General governments	4 736	4 736										
Credit institutions	14 973	14 973										
Other financial corporations	31 144	31 144		0	0	0						0
Non-financial corporations	537 870	537 783	86	4 429	4 017	37	86	161	85	23	21	4 379
Of which SMEs	304 790	304 704	86	1 176	845	37	86	86	78	22	21	1 126
Households	1 132 123	1 131 107	1 015	4 014	1 367	446	546	640	895	37	83	3 685
Debt securities	166 645	166 645										
Central banks	128 447	128 447										
General governments	9 814	9 814										
Credit institutions	5 036	5 036										
Other financial corporations	21 406	21 406										
Non-financial corporations	1 942	1 942										
Off-balance-sheet exposures	417 285			230								229
Central banks												
General governments	22 363											
Credit institutions	10 262											
Other financial corporations	17 100											
Non-financial corporations	250 596			223								222
Households	116 964			7								7
Total	**2 664 569**	**2 246 181**	**1 101**	**8 673**	**5 384**	**483**	**632**	**801**	**980**	**60**	**104**	**8 293**

Non-performing exposures decreased by SEK 0.8bn compared to June 2021, mainly due to write-offs of restructured oil and offshore exposures, of which SEK 0.2bn in off-balance. The performing exposures with past due days more than 30 but less or equal to 90 increased by SEK 0.1bn, mainly in household exposures. The total exposures that are past due remained on a low level with less than 1% of total exposures past due more than 30 days. Most of the exposures that are non-performing are less than 90 days past due.

Table 4.8: EU CQ4 - Quality of non-performing exposures by geography, 31 December 2021

SEKm	Gross carrying/nominal amount				Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		Of which non-performing		Of which subject to impairment			
			Of which defaulted				
On-balance-sheet exposures	**1 895 935**		**8 064**		**6 508**		
-Sweden	1 581 564		2 458		2 734		
-Norway	42 190		3 708		2 024		
-Denmark	9 373		102		143		
-Finland	22 217		88		88		
-Estonia	94 933		468		388		
-Latvia	39 257		339		215		
-Lithuania	75 559		341		252		
-USA	5 998		0		2		
-Other countries	24 844		560		662		
Off-balance-sheet exposures	**417 514**		**228**			**659**	
-Sweden	308 610		65			288	
-Norway	28 709		126			252	
-Denmark	2 583					3	
-Finland	18 835		1			25	
-Estonia	13 665		34			13	
-Latvia	6 046		0			9	
-Lithuania	10 419		2			14	
-USA	4 278					0	
-Other countries	24 369		0			55	
Total	**2 313 449**		**8 292**		**6 508**	**659**	

Swedbank's exposures are concentrated to the four home markets. At the end of 2021, 82% of total exposures were in Sweden, 10% in the Baltic countries, and the rest mainly in other Nordic countries. The total amount of defaulted exposures is below 1%. The share of defaulted exposures is higher in Norway and Other countries, explained by oil- and offshore exposures. Defaulted exposures decreased compared to June 2021, mainly due to write-offs of oil- and offshore exposures in Other countries.

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

Table 4.9: EU CQ5 - Credit quality of loans and advances to non-financial corporations by industry, 31 December 2021

SEKm	Gross carrying amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		Of which non-performing		Of which loans and advances subject to impairment		
			Of which defaulted			
Agriculture, forestry and fishing	13 260		88		23	
Mining and quarrying	5 205		2 984		1 878	
Manufacturing	34 974		154		332	
Electricity, gas, steam and air conditioning supply	17 063		0		8	
Water supply	1 834		1		8	
Construction	15 808		173		93	
Wholesale and retail trade	27 981		131		282	
Transport and storage	20 564		29		329	
Accommodation and food service activities	6 469		389		416	
Information and communication	15 546		2		25	
Financial and insurance actvities	4 276		14		8	
Real estate activities	347 560		304		455	
Professional, scientific and technical activities	12 965		50		46	
Administrative and support service activities	5 271		2		17	
Public administration and defense, compulsory social security	94		0		0	
Education	1 117		2		1	
Human health services and social work	5 024		12		24	

activities			
Arts, entertainment and recreation	4 807	39	36
Other services	2 481	5	33
Total	**542 299**	**4 379**	**4 014**

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

Loans and advances to non-financial corporations, gross carrying amount, decreased by SEK 16.6bn compared to June 2021. The largest decrease was in the industry financial and insurance activities, SEK 27.2bn, mainly due to data adjustment with movement of exposures to other financial corporations (outside the scope of this table). The largest increase was in real estate activities SEK 11.6bn, mainly within residential properties in Sweden, and also commercial properties in Sweden and Norway.

The largest industry concentration is real estate activities (including tenant-owner associations), 64% of gross carrying amount of loans and advances to non-financial corporations. The large part of defaulted loans in mining and quarrying is within oil- and offshore exposures. The decrease in oil and offshore exposures continued, including additional write-offs.

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

Table 4.10: EU CQ6 - Collateral valuation - loans and advances, 31 December 2021

	Loans and advances											
		Performing		Non-performing								
					Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days						
SEKm			Of which past due > 30 days ≤ 90 days				Of which past due > 90 days ≤ 180 days	Of which: past due > 180 days ≤ 1 year	Of which: past due > 1 years ≤ 2 years	Of which: past due > 2 years ≤ 5 years	Of which: past due > 5 years ≤ 7 years	Of which: past due > 7 years
Gross carrying amount												
Of which secured												
Of which secured with immovable property												
Of which instruments with LTV higher than 60% and lower or equal to 80%												
Of which instruments with LTV higher than 80% and lower or equal to 100%												
Of which instruments with LTV higher than 100%												
Accumulated impairment for secured assets												
Collateral												
Of which value capped at the value of exposure												
Of which immovable property												
Of which value above the cap												
Of which immovable property												
Financial guarantees received												
Accumulated partial write-off												

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

Table 4.11: EU CQ7 - Collateral obtained by taking possession and execution processes, 31 December 2021

SEKm	Collateral obtained by taking possession	
	Value at initial recognition	Accumulated negative changes
Property, plant and equipment (PP&E)		
Other than PP&E	84	11
Residential immovable property	23	3
Commercial Immovable property	13	8
Movable property (auto, shipping, etc.)	28	
Equity and debt instruments	20	
Other collateral	0	
Total	**84**	**11**

The amount of collateral obtained by taking possession remained low and the value at initial recognition decreased by SEK 16m compared to June 2021. The decrease was mainly within commercial properties (SEK 12m).

Table 4.12: EU CQ8 - Collateral obtained by taking possession and execution processes – vintage breakdown, 31 December 2021

	Debt balance reduction		Total collateral obtained by taking possession									
					Foreclosed ≤ 2 years		Foreclosed > 2 years ≤ 5 years		Foreclosed > 5 years		Of which non-current assets held-for-sale	
SEKm	Gross carrying amount	Accumulated negative changes	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes
Collateral obtained by taking possession classified as PP&E												
Collateral obtained by taking possession other than that classified as PP&E												
Residential immovable property												
Commercial immovable property												
Movable property (auto, shipping, etc.)												
Equity and debt instruments												
Other collateral												
Total												

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

Disclosure of exposures subject to measures applied in response to the Covid-19 crisis

Table 4.13: Information on loans and advances subject to legislative and non-legislative moratoria, 31 December 2021

	Gross carrying amount							Accumulated impairment, accumulated negative changes in fair value due to credit risk							Gross carrying amount
		Performing			Non performing				Performing			Non performing			
SEKm			Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days			Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days	Inflows to non-performing exposures
Loans and advances subject to moratorium															
of which: Households															
of which: Collateralised by residential immovable property															
of which: Non-financial corporations															
of which: Small and Medium-sized Enterprises															
of which: Collateralised by commercial immovable property															

There are no loans and advances subject to active moratoria (SEK 39.7bn in June 2021).

Table 4.14: Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria, 31 December 2021

SEKm	Number of obligors	Gross carrying amount							
			Of which: legislative moratoria	Of which: expired	Residual maturity of moratoria				
					<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12 months	> 1 year
Loans and advances for which moratorium was offered	60 443	79 278							
Loans and advances subject to moratorium (granted)	59 421	77 162	63 837	77 162					
of which: Households		68 930	63 837	68 930					
of which: Collateralised by residential immovable property		67 520		67 520					
of which: Non-financial corporations		8 227		8 227					
of which: Small and Medium-sized Enterprises		7 807		7 807					
of which: Collateralised by commercial immovable property		4 694		4 694					

There are no loans and advances subject to active moratoria (SEK 39.7bn in June 2021).

Table 4.15: Information on newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to COVID-19 crisis, 31 December 2021

SEKm	Gross carrying amount		Maximum amount of the guarantee that can be considered	Gross carrying amount
		of which: forborne	Public guarantees received	Inflows to non-performing exposures
Newly originated loans and advances subject to public guarantee schemes	636	138	472	3
of which: Households	9			1
of which: Collateralised by residential immovable property	1			1
of which: Non-financial corporations	627	137	465	2
of which: Small and Medium-sized Enterprises	567			2
of which: Collateralised by commercial immovable property	123			2

The gross carrying amount of newly originated loans subject to public guarantee schemes decreased compared to June 2021 (SEK 881m). The loans are mainly to small and medium-sized companies and to sectors affected by Covid-19.

Disclosure of the use of credit risk mitigation techniques

EU CRC – Qualitative disclosure requirements related to CRM techniques

Netting policies

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

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

Management and valuation of eligible collateral

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

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

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

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

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

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

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

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

Main types of collateral

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

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

Guarantors and credit derivative counterparties

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

In special circumstances, Swedbank may buy credit derivatives or financial guarantees to hedge the credit risk, but this is not part of Swedbank's normal lending operations.

Credit risk concentrations within mitigation instruments

Approximately 59% of Swedbank's total loans have private housing mortgages as collateral indicating a high concentration risk. However, the composition of the portfolio, with a large number of customers, in all four home markets and a variation between customers in larger city areas and countryside as well as relatively small amounts on each borrower, mitigates the risks. Another 24% of the loans have other types of real estate as collateral. This portfolio is spread over a large number of customers, several geographies and different property segments.

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

Table 4.16: EU CR3 - CRM techniques overview: Disclosure of the use of credit risk mitigation techniques, 31 December 2021

SEKm	Unsecured carrying amount	Secured carrying amount			
			Of which secured by collateral	Of which secured by financial guarantees	
					Of which secured by credit derivatives
Loans and advances	518 897	1 570 185	1 511 418	58 767	
Debt securities	166 645				
Total	685 542	1 570 185	1 511 418	58 767	
Of which non-performing exposures	4 736	3 707	3 605	102	
Of which defaulted	4 736	3 707			

In table EU CR3, the item Loans and advances includes cash balances at central banks of SEK 360bn. Excluding the cash balances, 87% of Swedbank's loans and advances were secured by collaterals at end of 2021, which is the same level as in June 2021. The major part is secured by private housing mortgages or other real estate collateral.

Disclosure of the use of the standardised approach

EU CRD – Qualitative disclosure requirements related to standardised model

External ratings used

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

Exposure classes using external ratings

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

Process used to determine the risk weight

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

Mapping of external ratings to credit quality steps

External ratings for the nominated ECAI and corresponding credit quality steps and risk weights are shown in the tables below.

Table 4.17: Credit quality steps and external credit ratings

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

Table 4.18: Credit quality steps and risk weights

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

Table 4.19: EU CR4 - standardised approach - Credit risk exposure and CRM effects, 31 December 2021

Exposure classes	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
SEKm	On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet amount	RWAs	RWAs density (%)
Central governments or central banks	70		70			0.0%
Regional government or local authorities	3 931	161	3 969	44	604	15.1%
Public sector entities	303	1 571	303	770	205	19.1%
Multilateral development banks	4 065	18	4 066	4		0.0%
International organisations						
Institutions	956	8	956	8	75	7.8%
Corporates	2 562	3 821	2 478	1 436	3 795	97.0%
Retail	21 136	23 057	20 764	393	15 251	72.1%
Secured by mortgages on immovable property	4 690	475	4 690	475	1 807	35.0%
Exposures in default	854	89	854	44	942	104.9%
Exposures associated with particularly high risk						
Covered bonds	360		360		36	10.0%
Institutions and corporates with a short-term credit assessment						
Collective investment undertakings	3		3		37	1233.3%
Equity	10 737		10 737		24 889	231.8%
Other items	2 763		2 763		1 554	56.2%
Total	**52 430**	**29 200**	**52 013**	**3 174**	**49 195**	**89.1%**

The exposures in the standardised approach constitute a small part of Swedbank's total credit risk exposure. There are no significant changes compared to Q2 2021.

Table 4.20: EU CR5 - Standardised approach, 31 December 2021

Exposure classes SEKm	Risk weight															Total	Of which unrated
	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others		
Central governments or central banks	70															**70**	
Regional government or local authorities	994				3 018											**4 012**	
Public sector entities	200				772		101									**1 073**	
Multilateral development banks	4 070															**4 070**	
International organisations																	
Institutions	607				344		12									**963**	
Corporates										3 914						**3 914**	
Retail exposures									21 157							**21 157**	
Exposures secured by mortgages on immovable property						5 165										**5 165**	
Exposures in default										811	87					**898**	
Exposures associated with particularly high risk																	
Covered bonds				360												**360**	
Exposures to institutions and corporates with a short-term credit assessment																	
Units or shares in collective investment undertakings														3		**3**	
Equity exposures										1 329		9 404		4		**10 737**	
Other items	980				287					1 497					0	**2 764**	
Total	**6 921**			**360**	**4 421**	**5 165**	**113**		**21 157**	**7 551**	**87**	**9 404**		**7**	**0**	**55 186**	

The exposures in the standardised approach constitute a small part of Swedbank's total credit risk exposure. This table shows exposures post CCF and post CRM (EAD) distributed by exposure class and risk-weight. The table presented in June 2021 also included CCR exposures, but after the EBA amendments the CCR exposures were removed from this table. The decrease in exposures compared to June 2021 is mainly explained by the removal of the CCR exposures.

Disclosure of the use of the IRB approach to credit risk

EU CRE – Qualitative disclosure requirements related to IRB approach

Scope of IRB approaches

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

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

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

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

Control mechanisms for the risk classification system

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

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

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

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

The Risk Control unit within Group Risk has the responsibility to perform risk-based reviews of the implementation, use and adequacy of the risk classification system. As a second line of defence unit, it is independent from the functions responsible for originating and renewing exposures, in line with Article 190 of the CRR.

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

Responsibilities for the risk classification system

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

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

The unit Credit Risk and Modelling is also responsible for the model development as well as model implementation.

The unit Model Risk and Validation is an independent risk control function responsible for model validation. The responsibility also includes to secure that model validation methods are compliant with regulatory requirements.

The unit Risk Control is responsible for performing risk-based reviews of the implementation, use and adequacy of the risk classification system.

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

Management reporting on risk classification system

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

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

Characteristics of the risk classification models

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

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

Table 4.21: Risk classification systems in Sweden

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

System relying on expert models

System relying on statistical models

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

Table 4.22: Risk classification systems in the Baltic countries

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

System relying on expert models

System relying on statistical models

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

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

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

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

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

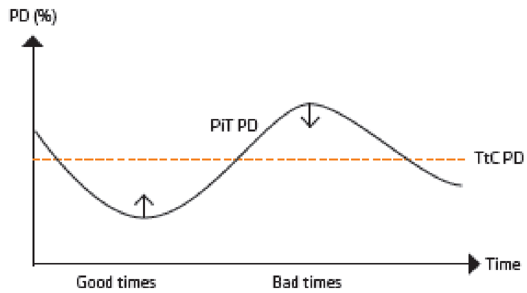
Swedbank's scoring systems are organised as follows:

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

Probability of default (PD) – PD estimates the risk that a counterparty or contract will default within a 12-month period. PD is measured through Swedbank's different rating and scoring systems.

When calculating capital requirements, Swedbank uses a through-the-cycle (TtC) perspective, aiming at producing PD values that indicate the average 12-month default frequency across a full business cycle. PD values also include a safety margin to account for the statistical uncertainty in the estimates. Thus, TtC-adjusted PD figures should remain stable across a business cycle at the portfolio level, while reflecting underlying long-term trends in the credit risk of the portfolio and taking a conservative view in estimated level of defaults. If the cyclical aspect is ignored, the result is a point-in-time PD (PiT), which is not used in capital requirement calculations, but when calculating the present risk level in a credit portfolio.

Figure 4.1: PD over economic cycles



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

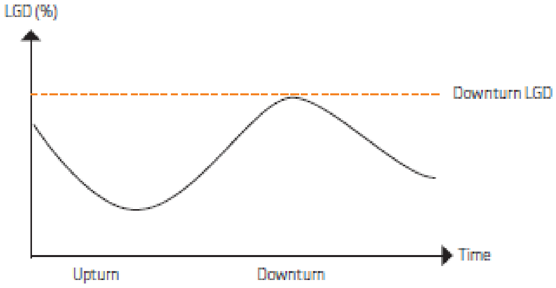
Table 4.23: Risk scale in the IRB approach

Internal risk grade	PD,%	Indicative rating Standard & Poor's
18–21	<0.1	A- to AAA
13–17	0.1–0.5	BBB- to BBB+
9–12	>0.5–2.0	BB to BB+
6–8	>2.0–5.7	B+ to BB-
0–5	>5.7–99.9	C to B
Default	100	D

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

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

Figure 4.2: LGD over economic cycles



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

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

Table 4.24: EU CR6 - IRB approach - Credit risk exposures by exposure class and PD range, 31 December 2021

A-IRB SEKm	PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjust-ments and provisions
Exposure classes AIRB													
Corporate: SME													
	0.00 to <0.15	5 885	765	71.1%	5 694	0.1%	145	13.0%	4.1	443	7.8%	1	0
	0.00 to <0.10	3 352	661	83.1%	3 112	0.1%	88	13.4%	4.3	238	7.6%	0	0
	0.10 to <0.15	2 533	104	57.6%	2 581	0.1%	57	12.4%	3.9	204	7.9%	0	0
	0.15 to <0.25	19 764	2 197	70.5%	21 445	0.2%	515	16.8%	3.4	3 005	14.0%	7	-2
	0.25 to <0.50	39 038	5 098	60.3%	42 244	0.4%	2 368	15.7%	3.2	7 572	17.9%	24	-8
	0.50 to <0.75	23 044	2 652	72.2%	24 846	0.6%	2 043	16.6%	3.1	5 476	22.0%	25	-10
	0.75 to <2.50	58 700	6 650	66.5%	57 915	1.3%	4 973	16.0%	3.1	16 007	27.6%	122	-121
	0.75 to <1.75	50 958	5 643	67.7%	51 075	1.2%	4 378	16.0%	3.1	13 714	26.9%	97	-83
	1.75 to <2.5	7 743	1 008	52.8%	6 840	2.4%	1 132	15.5%	3.2	2 293	33.5%	25	-38
	2.50 to <10.00	12 203	1 198	65.0%	9 784	4.7%	1 607	16.7%	3.1	4 043	41.3%	78	-123
	2.5 to <5	9 840	985	67.8%	7 833	3.8%	1 292	16.3%	3.1	3 074	39.2%	50	-71
	5 to <10	2 364	213	56.9%	1 951	8.0%	440	18.2%	3.2	969	49.7%	28	-52
	10.00 to <100.00	971	122	62.9%	911	20.7%	285	23.0%	3.0	768	84.3%	45	-83
	10 to <20	595	83	60.2%	565	15.2%	120	21.8%	3.3	437	77.3%	19	-30
	20 to <30	283	19	65.4%	264	27.2%	157	25.3%	2.1	257	97.3%	18	-25
	30.00 to <100.00	93	20	70.7%	82	38.4%	30	24.0%	3.8	74	90.2%	8	-28
	100.00 (Default)	305	36	88.2%	334	100.0%	58	26.4%	3.6	310	92.8%	76	-77
Corporate: SME - Subtotal		**159 909**	**18 719**	**66.2%**	**163 172**	**1.3%**	**11 994**	**16.1%**	**3.2**	**37 624**	**23.1%**	**376**	**-425**
Corporate: Other													
	0.00 to <0.15	38 525	68 095	41.2%	68 717	0.1%	304	28.5%	2.3	11 145	16.2%	16	-15
	0.00 to <0.10	15 226	41 097	41.3%	34 908	0.1%	182	30.2%	2.3	5 059	14.5%	7	-3
	0.10 to <0.15	23 299	26 997	41.1%	33 808	0.1%	146	26.5%	2.3	6 086	18.0%	9	-12
	0.15 to <0.25	57 140	59 813	41.1%	83 648	0.2%	285	24.9%	2.4	19 248	23.0%	37	-91
	0.25 to <0.50	76 409	30 470	44.9%	89 481	0.4%	394	20.0%	2.7	22 950	25.6%	60	-152
	0.50 to <0.75	14 670	5 913	43.9%	18 049	0.6%	168	28.8%	2.8	8 610	47.7%	31	-118
	0.75 to <2.50	20 554	11 408	45.1%	24 377	1.1%	353	31.4%	2.7	15 620	64.1%	83	-556
	0.75 to <1.75	19 062	11 056	45.1%	22 736	1.0%	321	31.3%	2.6	14 452	63.6%	70	-478
	1.75 to <2.5	1 492	351	43.9%	1 640	2.4%	36	32.9%	3.0	1 167	71.2%	12	-78
	2.50 to <10.00	4 199	914	42.4%	4 399	4.9%	54	27.4%	2.4	3 902	88.7%	57	-408
	2.5 to <5	3 184	686	40.8%	3 280	4.2%	36	27.5%	2.1	2 768	84.4%	36	-288
	5 to <10	1 014	229	47.4%	1 119	7.1%	20	27.0%	3.4	1 134	101.3%	21	-119
	10.00 to <100.00	639	21	38.8%	522	24.3%	10	32.7%	1.9	812	155.6%	44	-258
	10 to <20	426	21	38.8%	309	14.6%	6	28.9%	2.5	366	118.4%	13	-77
	20 to <30												
	30.00 to <100.00	212		38.8%	212	38.4%	4	38.3%	1.2	446	210.4%	31	-181
	100.00 (Default)	3 108	126	100.0%	3 234	100.0%	18	39.4%	2.2	1 070	33.1%	1 709	-1 709
Corporate: Other - Subtotal		**215 243**	**176 761**	**42.2%**	**292 426**	**1.5%**	**1 586**	**25.3%**	**2.5**	**83 356**	**28.5%**	**2 038**	**-3 307**

A-IRB SEKm	PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjust-ments and provisions
Secured by real estate property SME													
	0.00 to <0.15	71 253			70 904	0.1%	14 805	17.6%		2 238	3.2%	9	-1
	0.00 to <0.10	49 014			48 704	0.1%	10 195	17.0%		1 215	2.5%	5	0
	0.10 to <0.15	22 238			22 200	0.1%	4 610	18.9%		1 023	4.6%	4	0
	0.15 to <0.25	5 763			5 668	0.2%	1 712	21.9%		469	8.3%	2	0
	0.25 to <0.50	7 367			7 017	0.4%	2 441	20.4%		873	12.4%	5	-1
	0.50 to <0.75	2 833	0	79.7%	2 786	0.6%	890	21.7%		521	18.7%	4	-1
	0.75 to <2.50	5 395	7	73.6%	5 354	1.4%	3 106	21.4%		1 633	30.5%	16	-11
	0.75 to <1.75	4 422	6	69.0%	4 388	1.2%	2 547	20.9%		1 175	26.8%	11	-7
	1.75 to <2.5	973	1	91.9%	966	2.4%	559	23.6%		458	47.4%	5	-3
	2.50 to <10.00	1 380	13	66.0%	1 386	4.7%	1 255	20.4%		795	57.4%	13	-18
	2.5 to <5	1 069	10	65.1%	1 076	3.9%	940	20.4%		573	53.3%	9	-11
	5 to <10	311	3	69.0%	310	7.3%	315	20.5%		222	71.6%	5	-7
	10.00 to <100.00	147	3	64.5%	149	21.2%	189	20.1%		146	98.0%	8	-12
	10 to <20	96	1	69.0%	97	14.4%	122	14.2%		64	66.0%	2	-4
	20 to <30	20	2	62.6%	22	27.2%	23	26.7%		28	127.3%	2	-5
	30.00 to <100.00	31			31	38.4%	44	34.0%		54	174.2%	4	-4
	100.00 (Default)	31			31	100.0%	27	26.3%		48	154.8%	5	-5
Secured by real estate property SME - Subtotal		**94 168**	**24**	**68.3%**	**93 293**	**0.3%**	**24 425**	**18.5%**		**6 722**	**7.2%**	**62**	**-48**
Secured by real estate property Non-SME													
	0.00 to <0.15	852 320	60 313	35.8%	873 930	0.1%	1 571 626	8.9%		11 425	1.3%	42	-12
	0.00 to <0.10	701 390	54 392	35.6%	720 742	0.0%	1 321 278	8.9%		7 815	1.1%	27	-7
	0.10 to <0.15	150 929	5 920	38.2%	153 188	0.1%	250 349	9.1%		3 610	2.4%	15	-5
	0.15 to <0.25	46 026	8 896	39.7%	49 561	0.2%	92 708	12.8%		2 349	4.7%	11	-4
	0.25 to <0.50	48 172	7 033	46.7%	51 454	0.4%	93 024	13.7%		4 534	8.8%	26	-6
	0.50 to <0.75	20 564	2 100	39.9%	21 402	0.6%	36 184	15.6%		2 988	14.0%	20	-6
	0.75 to <2.50	60 398	3 438	47.4%	62 046	1.3%	98 853	15.9%		14 575	23.5%	130	-79
	0.75 to <1.75	52 228	3 154	46.2%	53 703	1.2%	85 055	15.9%		11 636	21.7%	98	-54
	1.75 to <2.5	8 171	285	60.6%	8 343	2.4%	13 799	15.9%		2 939	35.2%	32	-25
	2.50 to <10.00	12 904	544	54.3%	13 199	5.0%	23 512	15.6%		6 747	51.1%	104	-75
	2.5 to <5	9 287	356	53.4%	9 477	3.9%	16 525	15.8%		4 379	46.2%	59	-47
	5 to <10	3 617	188	56.0%	3 722	7.9%	6 988	15.3%		2 368	63.6%	45	-28
	10.00 to <100.00	3 364	254	46.5%	3 482	24.6%	7 540	15.2%		2 997	86.1%	133	-53
	10 to <20	1 756	112	48.2%	1 810	15.8%	3 597	14.9%		1 449	80.1%	42	-21
	20 to <30	613	45	49.9%	635	27.2%	1 315	14.4%		550	86.6%	25	-10
	30.00 to <100.00	995	97	42.9%	1 037	38.4%	2 630	16.3%		997	96.1%	65	-22
	100.00 (Default)	1 056	10	70.2%	1 063	100.0%	2 695	12.7%		550	51.7%	224	-217
Secured by real estate property Non-SME - Subtotal		**1 044 804**	**82 588**	**37.9%**	**1 076 138**	**0.4%**	**1 926 142**	**10.0%**		**46 165**	**4.3%**	**690**	**-452**

A-IRB SEKm	PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjust-ments and provisions
Retail other SME													
	0.00 to <0.15	397	192	87.9%	565	0.1%	2 392	43.8%		55	9.7%	0	0
	0.00 to <0.10	90	71	71.0%	140	0.1%	367	47.8%		11	7.9%	0	
	0.10 to <0.15	308	120	98.0%	424	0.1%	2 025	42.5%		44	10.4%	0	0
	0.15 to <0.25	1 529	2 301	96.9%	3 726	0.2%	17 494	41.9%		582	15.6%	3	-1
	0.25 to <0.50	2 635	1 848	97.0%	4 333	0.4%	18 913	41.2%		967	22.3%	7	-3
	0.50 to <0.75	2 266	1 493	96.3%	3 696	0.6%	14 079	41.2%		1 045	28.3%	9	-3
	0.75 to <2.50	12 772	5 130	86.2%	17 094	1.6%	80 418	36.1%		6 111	35.7%	96	-43
	0.75 to <1.75	9 480	3 651	85.3%	12 515	1.3%	55 351	36.4%		4 206	33.6%	57	-22
	1.75 to <2.5	3 292	1 479	88.3%	4 580	2.4%	25 068	35.5%		1 905	41.6%	39	-22
	2.50 to <10.00	6 883	1 906	76.9%	8 312	5.1%	55 137	35.6%		3 643	43.8%	147	-86
	2.5 to <5	4 825	1 511	79.1%	5 986	4.0%	41 954	36.2%		2 614	43.7%	85	-41
	5 to <10	2 058	395	68.8%	2 325	7.9%	13 184	34.0%		1 029	44.3%	63	-45
	10.00 to <100.00	1 242	240	62.4%	1 386	22.3%	7 387	32.9%		847	61.1%	103	-78
	10 to <20	775	159	62.7%	872	15.9%	4 607	31.9%		466	53.4%	44	-28
	20 to <30	218	36	67.3%	238	27.2%	1 202	34.7%		175	73.5%	22	-17
	30.00 to <100.00	249	45	57.2%	275	38.4%	1 580	34.5%		207	75.3%	36	-33
	100.00 (Default)	242	31	83.9%	262	100.0%	1 399	37.2%		537	205.0%	58	-59
Retail other SME - Subtotal		**27 966**	**13 142**	**88.9%**	**39 375**	**3.3%**	**197 219**	**37.6%**		**13 788**	**35.0%**	**423**	**-272**
Retail other Non-SME													
	0.00 to <0.15	14 006	5 119	89.2%	18 565	0.1%	966 289	36.7%		1 217	6.6%	4	-5
	0.00 to <0.10	9 685	4 374	93.8%	13 788	0.1%	788 530	37.4%		777	5.6%	3	-3
	0.10 to <0.15	4 321	744	62.2%	4 777	0.1%	177 760	34.7%		441	9.2%	2	-2
	0.15 to <0.25	6 926	1 088	58.0%	7 512	0.2%	282 832	43.4%		1 272	16.9%	6	-9
	0.25 to <0.50	6 652	1 098	58.4%	7 220	0.4%	246 603	38.9%		1 735	24.0%	10	-15
	0.50 to <0.75	4 647	559	63.2%	4 938	0.6%	133 800	27.4%		1 105	22.4%	8	-6
	0.75 to <2.50	10 730	1 465	61.7%	11 231	1.4%	555 481	35.7%		4 667	41.6%	56	-39
	0.75 to <1.75	8 906	1 262	61.5%	9 460	1.2%	482 264	35.3%		3 738	39.5%	40	-29
	1.75 to <2.5	1 825	203	62.7%	1 771	2.4%	73 218	37.4%		930	52.5%	16	-10
	2.50 to <10.00	3 305	492	57.9%	3 153	5.2%	270 591	39.6%		1 930	61.2%	65	-48
	2.5 to <5	2 391	345	57.7%	2 189	3.9%	224 581	38.9%		1 276	58.3%	34	-28
	5 to <10	914	147	58.3%	963	8.0%	46 011	41.0%		653	67.8%	31	-20
	10.00 to <100.00	756	65	64.0%	769	23.0%	32 204	41.4%		747	97.1%	74	-44
	10 to <20	449	37	62.7%	459	15.9%	18 366	41.1%		397	86.5%	30	-22
	20 to <30	129	13	75.7%	135	27.2%	4 685	40.9%		144	106.7%	15	-9
	30.00 to <100.00	178	15	56.9%	174	38.4%	9 155	42.4%		207	119.0%	28	-13
	100.00 (Default)	556	1	90.1%	551	100.0%	12 864	51.7%		653	118.5%	239	-240
Retail other Non-SME - Subtotal		**47 578**	**9 886**	**75.2%**	**53 939**	**2.1%**	**2 500 664**	**37.2%**		**13 327**	**24.7%**	**462**	**-406**
Total all exposures AIRB		**1 589 668**	**301 119**	**45.5%**	**1 718 344**		**4 661 761**		**0.7**	**200 981**	**11.7%**	**4 051**	**-4 912**

F-IRB SEKm	PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjust-ments and provisions
Exposure classes FIRB													
Central governments or central banks													
	0.00 to <0.15	499 947	23 162	66.1%	526 025	0.0%	451	45.0%	1.6	6 258	1.2%	5	0
	0.00 to <0.10	499 947	23 162	66.1%	526 025	0.0%	451	45.0%	1.6	6 258	1.2%	5	0
	0.10 to <0.15												
	0.15 to <0.25												
	0.25 to <0.50												
	0.50 to <0.75												
	0.75 to <2.50												
	0.75 to <1.75												
	1.75 to <2.5												
	2.50 to <10.00	841	302	75.0%	1 067	3.1%	28	45.0%	2.5	343	32.1%	3	
	2.5 to <5	841	302	75.0%	1 067	3.1%	28	45.0%	2.5	343	32.1%	3	
	5 to <10												
	10.00 to <100.00												
	10 to <20												
	20 to <30												
	30.00 to <100.00												
	100.00 (Default)												
Central governments or central banks - Subtotal		**500 788**	**23 465**	**66.2%**	**527 091**	**0.0%**	**479**	**45.0%**	**1.6**	**6 601**	**1.3%**	**9**	**0**
Institutions													
	0.00 to <0.15	28 749	10 244	59.5%	35 234	0.0%	390	30.2%	2.5	3 773	10.7%	4	-2
	0.00 to <0.10	27 887	8 814	60.4%	33 582	0.0%	252	28.7%	2.5	3 219	9.6%	3	-2
	0.10 to <0.15	861	1 430	53.3%	1 652	0.1%	148	45.0%	2.5	554	33.5%	1	-1
	0.15 to <0.25												
	0.25 to <0.50	246	1 092	41.0%	721	0.3%	96	45.0%	2.5	460	63.8%	1	0
	0.50 to <0.75	64	291	20.0%	107	0.6%	32	45.0%	2.5	89	83.2%	0	-1
	0.75 to <2.50	3	50	20.0%	13	1.7%	10	45.0%	2.5	15	115.4%	0	0
	0.75 to <1.75	3	50	20.0%	13	1.7%	10	45.0%	2.5	15	115.4%	0	0
	1.75 to <2.5												
	2.50 to <10.00	4	0	20.0%	1	6.2%	21	45.0%	2.5	2	200.0%	0	0
	2.5 to <5	4			0	4.8%	19	45.0%	2.5	0	0.0%	0	0
	5 to <10	1	0	20.0%	1	6.8%	2	45.0%	2.5	1	100.0%	0	0
	10.00 to <100.00												
	10 to <20												
	20 to <30												
	30.00 to <100.00												
	100.00 (Default)												
Institutions - Subtotal		**29 066**	**11 678**	**56.7%**	**36 075**	**0.0%**	**549**	**30.5%**	**2.5**	**4 338**	**12.0%**	**5**	**-3**

F-IRB SEKm	PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjust-ments and provisions
Corporate: SME													
	0.00 to <0.15	183	1	63.9%	77	0.1%	8	35.6%	2.5	19	24.7%	0	0
	0.00 to <0.10	109			2	0.0%	3	35.0%	2.5	0	0.0%		0
	0.10 to <0.15	74	1	63.9%	75	0.1%	5	35.6%	2.5	19	25.3%	0	0
	0.15 to <0.25	390	187	23.6%	312	0.2%	38	43.3%	2.5	97	31.1%	0	0
	0.25 to <0.50	810	234	31.6%	888	0.4%	102	42.0%	2.5	375	42.2%	2	0
	0.50 to <0.75	470	57	46.2%	462	0.6%	153	40.9%	2.5	264	57.1%	1	0
	0.75 to <2.50	2 973	660	44.1%	3 078	1.3%	922	42.0%	2.5	2 084	67.7%	18	-8
	0.75 to <1.75	2 466	586	43.2%	2 575	1.1%	708	41.5%	2.5	1 646	63.9%	12	-4
	1.75 to <2.5	507	74	49.2%	503	2.4%	216	43.8%	2.5	438	87.1%	5	-3
	2.50 to <10.00	1 384	645	31.9%	1 399	5.3%	415	43.7%	2.5	1 502	107.4%	32	-30
	2.5 to <5	841	549	27.9%	985	4.0%	302	43.8%	2.5	961	97.6%	17	-8
	5 to <10	543	96	57.7%	414	8.3%	113	43.7%	2.5	541	130.7%	15	-22
	10.00 to <100.00	236	48	40.9%	195	20.1%	61	43.0%	2.5	330	169.2%	17	-18
	10 to <20	158	28	39.1%	129	15.0%	37	42.4%	2.5	200	155.0%	8	-9
	20 to <30	49	9	26.2%	48	27.2%	11	44.5%	2.5	93	193.8%	6	-7
	30.00 to <100.00	29	11	50.5%	17	38.4%	13	44.7%	2.5	37	217.6%	3	-2
	100.00 (Default)	23	6	21.5%	24	100.0%	11	43.8%	2.5		0.0%	11	-1
Corporate: SME - Subtotal		**6 470**	**1 838**	**36.6%**	**6 435**	**2.9%**	**1 710**	**42.2%**	**2.5**	**4 671**	**72.6%**	**81**	**-58**
Corporate: Other													
	0.00 to <0.15	14 498	9 402	30.4%	17 154	0.1%	211	44.8%	2.5	4 449	25.9%	6	-2
	0.00 to <0.10	8 098	3 495	26.2%	8 788	0.1%	111	44.7%	2.5	1 896	21.6%	2	-1
	0.10 to <0.15	6 399	5 907	32.9%	8 366	0.1%	106	44.9%	2.5	2 553	30.5%	4	-2
	0.15 to <0.25	18 225	14 880	26.5%	22 137	0.2%	273	44.7%	2.5	9 543	43.1%	20	-20
	0.25 to <0.50	16 390	7 981	48.9%	20 154	0.4%	357	44.7%	2.5	12 266	60.9%	37	-6
	0.50 to <0.75	403	597	20.0%	519	0.6%	59	45.0%	2.5	422	81.3%	1	-2
	0.75 to <2.50	11 120	4 725	43.0%	13 007	1.0%	534	44.3%	2.5	10 934	84.1%	58	-58
	0.75 to <1.75	11 093	4 705	43.1%	12 977	1.0%	510	44.3%	2.5	10 899	84.0%	58	-58
	1.75 to <2.5	28	20	21.4%	31	2.4%	24	44.7%	2.5	35	112.9%	0	0
	2.50 to <10.00	4 016	1 455	40.1%	4 387	4.9%	274	43.8%	2.5	5 799	132.2%	93	-76
	2.5 to <5	3 323	1 347	41.4%	3 688	4.3%	214	43.7%	2.5	4 744	128.6%	69	-45
	5 to <10	693	107	22.9%	698	7.9%	60	44.1%	2.5	1 055	151.1%	24	-31
	10.00 to <100.00	1 788	712	47.6%	2 106	26.2%	41	44.5%	2.5	5 195	246.7%	246	-199
	10 to <20	435	125	41.3%	471	17.4%	18	43.4%	2.5	1 025	217.6%	35	-17
	20 to <30	1 124	568	50.5%	1 404	27.2%	17	45.0%	2.5	3 652	260.1%	172	-135
	30.00 to <100.00	230	19	3.6%	231	38.4%	6	44.3%	2.5	518	224.2%	39	-47
	100.00 (Default)	664	30	49.8%	679	100.0%	15	45.0%	2.5		0.0%	305	-245
Corporate: Other - Subtotal		**67 103**	**39 780**	**34.7%**	**80 142**	**2.2%**	**1 764**	**44.6%**	**2.5**	**48 609**	**60.7%**	**768**	**-608**
Total all exposures FIRB		**603 428**	**76 762**	**48.7%**	**649 743**		**4 469**		**1.8**	**64 219**	**9.9%**	**862**	**-669**

REA under A-IRB increased by SEK 4.1bn compared to June 2021, mainly explained by growth in corporate exposures: non-SME secured by real estate property. REA under F-IRB decreased by SEK 0.7bn. Decreased cash balances at central banks and decreased exposures to institutions was counteracted by increased corporate exposures.

Table 4.25: EU CR6-A – Scope of the use of IRB and SA approaches, 31 December 2021

SEKm	Exposure value as defined in Article 166 CRR for exposures subject to IRB approach	Total exposure value for exposures subject to the Standardised approach and to the IRB approach	Percentage of total exposure value subject to the permanent partial use of the SA (%)	Percentage of total exposure value subject to IRB Approach (%)	Percentage of total exposure value subject to a roll-out plan (%)
Central governments or central banks	519 055	520 298	2%	66%	33%
Of which Regional governments or local authorities		18 109	22%	78%	0%
Of which Public sector entities		332			100%
Institutions	35 917	35 814	5%	92%	2%
Corporates	548 227	561 806	0%	87%	13%
Of which Corporates - Specialised lending, excluding slotting approach					
Of which Corporates - Specialised lending under slotting approach		318		100%	
Retail	1 264 843	1 280 122	2%	98%	0%
of which Retail – Secured by real estate SMEs		204 647		100%	
of which Retail – Secured by real estate non-SMEs		959 442		100%	0%
of which Retail – Qualifying revolving					
of which Retail – Other SMEs		45 744	1%	91%	8%
of which Retail – Other non-SMEs		67 408	33%	67%	0%
Equity		10 737	90%		10%
Other non-credit obligation assets	13 841	16 606	5%	47%	48%
Total	**2 381 883**	**2 425 383**	**1.98%**	**87.35%**	**10.67%**

The IRB approach is applied for the vast majority of Swedbank's credit risk exposures. For non-IRB approved parts of Swedbank's credit portfolio, and where an exception has been granted by the regulatory supervisory college, Swedbank uses the standardised approach. The standardised approach is mainly used in smaller retail portfolios and equity exposures in Entercard. The parts under IRB roll-out plans also include exposures in F-IRB where Swedbank plans to apply A-IRB in the future.

The material difference between the values in the first and second columns of the same exposures, is the use of different CCFs for calculation of off- balance sheet items, and provisions that are excluded from the amount in the first column.

Table 4.26: EU CR7 - IRB approach - Effect on the RWEAs of credit derivatives used as CRM techniques, 31 December 2021

SEKm	Pre-credit derivatives risk weighted exposure amount	Actual risk weighted exposure amount
Exposures under F-IRB	64 637	64 637
Central governments and central banks	6 601	6 601
Institutions	4 338	4 338
Corporates	53 698	53 698
of which Corporates - SMEs	4 671	4 671
of which Corporates - Specialised lending	418	418
Exposures under A-IRB	200 981	200 981
Central governments and central banks		
Institutions		
Corporates	120 980	120 980
of which Corporates - SMEs	37 624	37 624
of which Corporates - Specialised lending		
Retail	80 002	80 002
of which Retail – SMEs - Secured by immovable property collateral	6 722	6 722
of which Retail – non-SMEs - Secured by immovable property collateral	46 165	46 165
of which Retail – Qualifying revolving		
of which Retail – SMEs - Other	13 788	13 788
of which Retail – Non-SMEs- Other	13 327	13 327
Total (including F-IRB exposures and A-IRB exposures)	**265 619**	**265 619**

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

Table 4.27: EU CR7-A - IRB approach - Disclosure of the extent of the use of CRM techniques, 31 December 2021

A-IRB	Total exposures	Credit risk Mitigation techniques											Credit risk Mitigation methods in the calculation of RWEAs	
		Funded credit Protection (FCP)									Unfunded credit Protection (UFCP)			
SEKm		Part of exposures covered by Financial Collaterals (%)	Part of exposures covered by Other eligible collaterals (%)	Part of exposures covered by Immovable property Collaterals (%)	Part of exposures covered by Receivables (%)	Part of exposures covered by Other physical collateral (%)	Part of exposures covered by Other funded credit protection (%)	Part of exposures covered by Cash on deposit (%)	Part of exposures covered by Life insurance policies (%)	Part of exposures covered by Instruments held by a third party (%)	Part of exposures covered by Guarantees (%)	Part of exposures covered by Credit Derivatives (%)	RWEA without substitution effects (reduction effects only)	RWEA with substitution effects (both reduction and sustitution effects)
Central governments and central banks														
Institutions														
Corporates	455 598	0.00%	52.84%	48.26%	0.47%	4.11%	0.00%	0.00%	0.00%	0.00%	9.08%	0.00%	121 297	120 980
Of which Corporates – SMEs	163 172	0.00%	76.14%	68.52%	0.81%	6.82%	0.00%	0.00%	0.00%	0.00%	11.11%	0.00%	39 730	37 624
Of which Corporates – Specialised lending														
Of which Corporates – Other	292 426	0.00%	39.84%	36.95%	0.29%	2.60%	0.00%	0.00%	0.00%	0.00%	7.94%	0.00%	81 568	83 356
Retail	1 262 745	0.00%	90.06%	88.60%	0.03%	1.43%	0.00%	0.00%	0.00%	0.00%	0.04%	0.00%	80 060	80 002
Of which Retail – Immovable property SMEs	93 293	0.00%	98.94%	98.94%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	6 755	6 722
Of which Retail – Immovable property non-SMEs	1 076 138	0.00%	95.06%	94.85%	0.00%	0.21%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	46 165	46 165
Of which Retail – Qualifying revolving														
Of which Retail – Other SMEs	39 375	0.00%	15.80%	0.04%	0.93%	14.83%	0.00%	0.00%	0.00%	0.00%	1.32%	0.00%	13 807	13 788
Of which Retail – Other non-SMEs	53 939	0.00%	29.13%	10.56%	0.01%	18.57%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	13 333	13 327
Total	**1 718 343**	**0.00%**	**80.19%**	**77.90%**	**0.15%**	**2.14%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**2.44%**	**0.00%**	**201 357**	**200 982**

F-IRB	Total exposures	Credit risk Mitigation techniques											Credit risk Mitigation methods in the calculation of RWEAs	
		Funded credit Protection (FCP)									Unfunded credit Protection (UFCP)			
SEKm		Part of exposures covered by Financial Collaterals (%)	Part of exposures covered by Other eligible collaterals (%)	Part of exposures covered by Immovable property Collaterals (%)	Part of exposures covered by Receivables (%)	Part of exposures covered by Other physical collateral (%)	Part of exposures covered by Other funded credit protection (%)	Part of exposures covered by Cash on deposit (%)	Part of exposures covered by Life insurance policies (%)	Part of exposures covered by Instruments held by a third party (%)	Part of exposures covered by Guarantees (%)	Part of exposures covered by Credit Derivatives (%)	RWEA without substitution effects (reduction effects only)	RWEA with substitution effects (both reduction and sustitution effects)
Central governments and central banks	527 091	0.00%	0.02%	0.00%	0.00%	0.02%	0.00%				0.00%	0.00%	6 309	6 601
Institutions	36 075	2.13%	0.01%	0.00%	0.00%	0.01%	0.00%				0.06%	0.00%	4 197	4 338
Corporates	86 940	0.38%	3.93%	1.38%	2.15%	0.41%	0.00%				2.09%	0.00%	53 755	53 698
Of which Corporates – SMEs	6 435	0.71%	22.00%	14.59%	1.97%	5.45%	0.00%				12.12%	0.00%	4 719	4 671
Of which Corporates – Specialised lending	363	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%				0.00%	0.00%	418	418
Of which Corporates – Other	80 142	0.35%	2.50%	0.33%	2.17%	0.00%	0.00%				1.29%	0.00%	48 618	48 609
Total	**650 106**	**0.17%**	**0.54%**	**0.18%**	**0.29%**	**0.07%**	**0.00%**				**0.28%**	**0.00%**	**64 261**	**64 637**

Swedbank mainly uses immovable property collaterals as credit risk mitigation technique. Exposures under A-IRB are covered by immovable property collaterals to 77.9%. Exposures under F-IRB are mainly to central governments and central banks.

Table 4.28: EU CR8 - RWEA flow statements of credit risk exposures under the IRB approach, 31 December 2021

SEKm	Risk weighted exposure amount
Risk weighted exposure amount as at the end of the previous reporting period	**276 285**
Asset size (+/-)	3 774
Asset quality (+/-)	-5 670
Model updates (+/-)	161
Methodology and policy (+/-)	
Acquisitions and disposals (+/-)	
Foreign exchange movements (+/-)	1 163
Other (+/-)	-314
Risk weighted exposure amount as at the end of the reporting period	**275 399**

REA reported under IRB decreased by SEK 0.9bn in the fourth quarter. The main changes were:

(1) Asset growth increased REA by SEK 3.8bn, explained by volume growth for retail exposures in business areas Baltic Banking and Swedish Banking, and corporate exposures in LC&I and Swedish Banking. Decreased cash balances with central banks partly offset the increase.

(2) Asset quality changes decreased REA by SEK 5.7bn, explained by increased collaterals and updated collateral values (LGD), mainly in LC&I and Swedish Banking, and positive rating (PD) changes, also in LC&I and Swedish Banking.

(3) Model updates increased REA by SEK 0.2bn, due to deficiencies within the Baltic retail mortgage default calculations, until an updated model has been approved.

(4) Foreign exchange movements increased REA by SEK 1.2bn, mainly driven by depreciation of SEK towards EUR and USD.

(5) Other factors decreased REA by SEK 0.3bn, mainly due to shorter corporate maturities in LC&I and Swedish Banking

Table 4.29: CR9 – IRB approach – Back-testing of PD per exposure class (fixed PD scale), 31 December 2021

A-IRB							
Exposure class	PD range	Number of obligors at the end of previous year		Observed average default rate (%)	Exposures weighted average PD (%) average PD	Average PD (%)	Average historical annual default rate (%)
			Of which number of obligors which defaulted in the year				
Corporates - Of which: SME							
	0.00 to <0.15	108	0	0.0%	0.1%	0.1%	0.0%
	0.00 to <0.10	74	0	0.0%	0.1%	0.1%	0.0%
	0.10 to <0.15	34	0	0.0%	0.1%	0.1%	0.0%
	0.15 to <0.25	289	0	0.0%	0.2%	0.2%	0.9%
	0.25 to <0.50	1 623	5	0.3%	0.4%	0.4%	0.7%
	0.50 to <0.75	1 269	1	0.1%	0.6%	0.6%	1.0%
	0.75 to <2.50	4 274	17	0.4%	1.3%	1.5%	2.3%
	0.75 to <1.75	3 458	11	0.3%	1.2%	1.2%	2.0%
	1.75 to <2.5	816	6	0.7%	2.4%	2.4%	3.4%
	2.50 to <10.00	1 372	18	1.3%	4.7%	5.0%	6.1%
	2.5 to <5	1 006	4	0.4%	3.8%	3.9%	4.7%
	5 to <10	366	14	3.8%	8.0%	7.8%	10.5%
	10.00 to <100.00	167	19	11.4%	20.7%	24.1%	19.9%
	10 to <20	79	3	3.8%	15.2%	15.9%	15.2%
	20 to <30	54	9	16.7%	27.2%	27.2%	23.9%
	30.00 to <100.00	34	7	20.6%	38.4%	38.4%	40.8%
	100.00 (Default)	67			100.0%	100.0%	
Corporates - Of which: Other							
	0.00 to <0.15	205	0	0.0%	0.1%	0.1%	4.8%
	0.00 to <0.10	109	0	0.0%	0.1%	0.1%	2.6%
	0.10 to <0.15	96	0	0.0%	0.1%	0.1%	7.6%
	0.15 to <0.25	213	2	0.9%	0.2%	0.2%	5.5%
	0.25 to <0.50	432	1	0.2%	0.4%	0.4%	3.3%
	0.50 to <0.75	202	0	0.0%	0.6%	0.6%	2.0%
	0.75 to <2.50	507	1	0.2%	1.1%	1.3%	2.8%
	0.75 to <1.75	450	1	0.2%	1.0%	1.2%	3.0%
	1.75 to <2.5	57	0	0.0%	2.4%	2.4%	2.1%
	2.50 to <10.00	113	2	1.8%	4.9%	4.8%	3.9%
	2.5 to <5	87	2	2.3%	4.2%	4.1%	2.7%
	5 to <10	26	0	0.0%	7.1%	7.2%	7.7%
	10.00 to <100.00	71	1	1.4%	24.3%	26.9%	9.1%
	10 to <20	7	0	0.0%	14.6%	16.8%	5.6%
	20 to <30	59	1	1.7%	0.0%	27.2%	9.7%
	30.00 to <100.00	5	0	0.0%	38.4%	38.4%	50.0%
	100.00 (Default)	37	2		100.0%	100.0%	

A-IRB

Exposure class	PD range	Number of obligors at the end of previous year		Observed average default rate (%)	Exposures weighted average PD (%) average PD	Average PD (%)	Average historical annual default rate (%)
			Of which number of obligors which defaulted in the year				
Retail - Secured by real estate property SME							
	0.00 to <0.15	14 375	0	0.0%	0.1%	0.1%	0.0%
	0.00 to <0.10	10 209	0	0.0%	0.1%	0.1%	0.0%
	0.10 to <0.15	4 166	0	0.0%	0.1%	0.1%	0.0%
	0.15 to <0.25	1 249	0	0.0%	0.2%	0.2%	0.0%
	0.25 to <0.50	4 117	0	0.0%	0.4%	0.4%	0.0%
	0.50 to <0.75	3 760	1	0.0%	0.6%	0.6%	0.0%
	0.75 to <2.50	10 888	2	0.0%	1.4%	1.4%	0.0%
	0.75 to <1.75	9 131	2	0.0%	1.2%	1.2%	0.0%
	1.75 to <2.5	1 757	0	0.0%	2.4%	2.4%	0.0%
	2.50 to <10.00	2 497	12	0.5%	4.7%	4.8%	0.0%
	2.5 to <5	1 932	4	0.2%	3.9%	3.9%	0.0%
	5 to <10	565	8	1.4%	7.3%	7.8%	0.3%
	10.00 to <100.00	376	25	6.7%	21.2%	24.0%	0.3%
	10 to <20	213	3	1.4%	14.4%	15.9%	0.6%
	20 to <30	56	4	7.1%	27.2%	27.2%	1.0%
	30.00 to <100.00	107	18	16.8%	38.4%	38.4%	2.7%
	100.00 (Default)	60			100.0%	100.0%	
Retail - Secured by real estate property Non-SME							
	0.00 to <0.15	1 493 923	264	0.0%	0.1%	0.1%	0.0%
	0.00 to <0.10	1 251 615	201	0.0%	0.0%	0.0%	0.0%
	0.10 to <0.15	242 308	63	0.0%	0.1%	0.1%	0.0%
	0.15 to <0.25	93 387	59	0.1%	0.2%	0.2%	0.0%
	0.25 to <0.50	84 815	58	0.1%	0.4%	0.4%	0.0%
	0.50 to <0.75	33 678	14	0.0%	0.6%	0.6%	0.0%
	0.75 to <2.50	91 328	203	0.2%	1.3%	1.4%	0.0%
	0.75 to <1.75	77 635	147	0.2%	1.2%	1.2%	0.0%
	1.75 to <2.5	13 693	56	0.4%	2.4%	2.4%	0.1%
	2.50 to <10.00	22 621	268	1.2%	5.0%	5.2%	0.2%
	2.5 to <5	15 272	146	1.0%	3.9%	4.0%	0.1%
	5 to <10	7 349	122	1.7%	7.9%	7.9%	0.2%
	10.00 to <100.00	8 238	514	6.2%	24.6%	25.6%	0.8%
	10 to <20	3 988	152	3.8%	15.8%	16.2%	0.5%
	20 to <30	1 505	115	7.6%	27.2%	27.2%	0.8%
	30.00 to <100.00	2 745	247	9.0%	38.4%	38.4%	1.2%
	100.00 (Default)	3 093			100.0%	100.0%	

A-IRB

Exposure class	PD range	Number of obligors at the end of previous year	Of which number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%) average PD	Average PD (%)	Average historical annual default rate (%)
Other Retail SME							
	0.00 to <0.15	181	0	0.0%	0.1%	0.1%	0.0%
	0.00 to <0.10	134	0	0.0%	0.1%	0.1%	0.0%
	0.10 to <0.15	47	0	0.0%	0.1%	0.1%	0.0%
	0.15 to <0.25	328	0	0.0%	0.2%	0.2%	0.0%
	0.25 to <0.50	2 978	0	0.0%	0.4%	0.4%	0.0%
	0.50 to <0.75	4 841	2	0.0%	0.6%	0.6%	0.0%
	0.75 to <2.50	47 613	40	0.1%	1.6%	1.6%	0.0%
	0.75 to <1.75	33 929	16	0.1%	1.3%	1.3%	0.0%
	1.75 to <2.5	13 684	24	0.2%	2.4%	2.4%	0.1%
	2.50 to <10.00	39 587	162	0.4%	5.1%	5.1%	0.0%
	2.5 to <5	30 687	76	0.3%	4.0%	4.3%	0.1%
	5 to <10	8 900	86	1.0%	7.9%	7.9%	0.6%
	10.00 to <100.00	5 090	338	6.6%	22.3%	24.1%	0.4%
	10 to <20	2 828	61	2.2%	15.9%	16.0%	0.7%
	20 to <30	815	50	6.1%	27.2%	27.2%	1.5%
	30.00 to <100.00	1 447	227	15.7%	38.4%	38.4%	6.4%
	100.00 (Default)	1 057			100.0%	100.0%	
Other Retail Non-SME							
	0.00 to <0.15	525 887	200	0.0%	0.1%	0.1%	0.00%
	0.00 to <0.10	440 266	117	0.0%	0.0%	0.1%	0.00%
	0.10 to <0.15	85 621	83	0.1%	0.1%	0.1%	0.01%
	0.15 to <0.25	217 037	359	0.2%	0.2%	0.2%	0.01%
	0.25 to <0.50	244 678	466	0.2%	0.4%	0.4%	0.02%
	0.50 to <0.75	134 328	200	0.2%	0.6%	0.6%	0.02%
	0.75 to <2.50	462 827	1 442	0.3%	1.4%	1.4%	0.03%
	0.75 to <1.75	371 749	983	0.3%	1.2%	1.2%	0.03%
	1.75 to <2.5	91 078	459	0.5%	2.4%	2.4%	0.06%
	2.50 to <10.00	273 845	1 468	0.5%	5.2%	4.3%	0.06%
	2.5 to <5	233 502	761	0.3%	3.9%	3.7%	0.03%
	5 to <10	40 343	707	1.8%	8.0%	8.0%	0.19%
	10.00 to <100.00	32 990	2 776	8.4%	23.0%	25.0%	0.98%
	10 to <20	17 247	756	4.4%	15.9%	16.0%	0.50%
	20 to <30	5 050	372	7.4%	27.2%	27.2%	0.88%
	30.00 to <100.00	10 693	1 648	15.4%	38.4%	38.4%	1.76%
	100.00 (Default)	8 744			100.0%	100.0%	

F-IRB

Exposure class	PD range	Number of obligors in the end of previous year		Observed average default rate (%)	Exposure weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
			Of which number of obligors which defaulted in the year				
Central governments or central banks							
	0.00 to <0.15	366	0	0.0%	0.0%	0.0%	0.0%
	0.00 to <0.10	366	0	0.0%	0.0%	0.0%	0.0%
	0.10 to <0.15						
	0.15 to <0.25	1	0	0.0%	0.0%	0.0%	0.0%
	0.25 to <0.50						
	0.50 to <0.75						
	0.75 to <2.50						
	0.75 to <1.75						
	1.75 to <2.5						
	2.50 to <10.00	14	0	0.0%	3.1%	3.0%	0.0%
	2.5 to <5	14	0	0.0%	3.1%	3.0%	0.0%
	5 to <10						
	10.00 to <100.00						
	10 to <20						
	20 to <30						
	30.00 to <100.00						
	100.00 (Default)						
Institutions							
	0.00 to <0.15	330	0	0.0%	0.0%	0.1%	0.0%
	0.00 to <0.10	208	0	0.0%	0.0%	0.1%	0.0%
	0.10 to <0.15	122	0	0.0%	0.1%	0.1%	0.0%
	0.15 to <0.25	0	0				
	0.25 to <0.50	70	0	0.0%	0.3%	0.3%	0.0%
	0.50 to <0.75	18	0	0.0%	0.6%	0.6%	0.0%
	0.75 to <2.50	7	0	0.0%	1.7%	1.7%	0.0%
	0.75 to <1.75	7	0	0.0%	1.7%	1.7%	0.0%
	1.75 to <2.5	0	0				
	2.50 to <10.00	13	0	0.0%	6.2%	5.0%	0.0%
	2.5 to <5	13	0	0.0%	4.8%	5.0%	0.0%
	5 to <10	0	0	0.0%	6.8%	0.0%	0.0%
	10.00 to <100.00						
	10 to <20						
	20 to <30						
	30.00 to <100.00						
	100.00 (Default)						

F-IRB

Exposure class	PD range	Number of obligors in the end of previous year	Of which number of obligors which defaulted in the year	Observed average default rate (%)	Exposure weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
Corporates - Of which: SME							
	0.00 to <0.15	129	0	0.0%	0.1%	0.1%	0.2%
	0.00 to <0.10	92	0	0.0%	0.0%	0.1%	0.4%
	0.10 to <0.15	37	0	0.0%	0.1%	0.1%	0.0%
	0.15 to <0.25	326	0	0.0%	0.2%	0.2%	0.0%
	0.25 to <0.50	1 883	0	0.0%	0.4%	0.4%	0.0%
	0.50 to <0.75	1 442	0	0.0%	0.6%	0.6%	0.1%
	0.75 to <2.50	5 365	1	0.0%	1.3%	1.5%	0.3%
	0.75 to <1.75	4 325	1	0.0%	1.1%	1.2%	0.3%
	1.75 to <2.5	1 040	0	0.0%	2.4%	2.4%	0.3%
	2.50 to <10.00	1 842	1	0.1%	5.3%	5.0%	1.0%
	2.5 to <5	1 353	0	0.0%	4.0%	4.0%	0.8%
	5 to <10	489	1	0.2%	8.2%	7.8%	1.3%
	10.00 to <100.00	295	4	1.4%	20.1%	24.6%	5.9%
	10 to <20	120	0	0.0%	15.0%	16.1%	3.5%
	20 to <30	123	0	0.0%	27.2%	27.2%	4.1%
	30.00 to <100.00	52	4	7.7%	38.4%	38.4%	10.8%
	100.00 (Default)	72	1		100.0%	100.0%	
Corporates - Of which: Other							
	0.00 to <0.15	313	0	0.0%	0.1%	0.1%	0.0%
	0.00 to <0.10	174	0	0.0%	0.1%	0.1%	0.0%
	0.10 to <0.15	139	0	0.0%	0.1%	0.1%	0.0%
	0.15 to <0.25	378	0	0.0%	0.2%	0.2%	0.2%
	0.25 to <0.50	511	0	0.0%	0.4%	0.4%	0.5%
	0.50 to <0.75	139	0	0.0%	0.6%	0.6%	0.0%
	0.75 to <2.50	618	0	0.0%	1.0%	1.2%	0.7%
	0.75 to <1.75	583	0	0.0%	1.0%	1.1%	1.5%
	1.75 to <2.5	35	0	0.0%	2.4%	2.4%	0.0%
	2.50 to <10.00	242	3	1.2%	4.8%	4.8%	4.6%
	2.5 to <5	194	2	1.0%	4.3%	4.0%	2.0%
	5 to <10	48	1	2.1%	7.9%	7.9%	7.3%
	10.00 to <100.00	48	4	8.3%	26.2%	25.5%	20.8%
	10 to <20	24	1	4.2%	17.4%	16.9%	1.7%
	20 to <30	9	1	11.1%	27.2%	27.2%	33.7%
	30.00 to <100.00	15	2	13.3%	38.4%	38.4%	34.4%
	100.00 (Default)	14	4		100.0%	100.0%	

The retail exposures' realised default ratios have been stable and at a low level over time, and decreased somewhat compared to December 2020. For the corporate exposures in the advanced IRB approach, the realised defaults decreased compared to 2020 and remained below the historical levels. Also for the corporate exposures in the foundation IRB approach, the realised defaults decreased compared to 2020 and remained below the historical default frequencies.

Table 4.30: CR9.1 – IRB approach – Back-testing of PD per exposure class (only for PD estimates according to point (f) of Article 180(1) CRR), 31 December 2021

A-IRB

Exposure class	PD range	External rating equivalent	Number of obligors at the end of previous year		Observed average default rate (%)	Average PD (%)	Average historical annual default rate (%)
				Of which number of obligors which defaulted in the year			

F-IRB

Exposure class	PD range	External rating equivalent	Number of obligors in the end of previous year		Observed average default rate (%)	Average PD (%)	Average historical annual default rate (%)
				Of which number of obligors which defaulted in the year			

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

Disclosure of specialised lending and equity exposure under the simple risk weight approach

EU CR10 – Specialised lending and equity exposures under the simple risk weighted approach

There were no significant changes in the total exposure in specialised lending compared to June 2021. Exposures previously reported as project finance are now reported as income-producing real estate and high volatility commercial real estate. Swedbank has no equity exposures under the simple risk-weighted approach.

Table 4.31: EU CR10.1 - Specialised lending: Project finance (Slotting approach), 31 December 2021

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

Table 4.32: EU CR10.2 - Specialised lending: Income-producing real estate and high volatility commercial real estate (Slotting approach), 31 December 2021

SEKm	Specialised lending: Income-producing real estate and high volatility commercial real estate (Slotting approach)						
Regulatory categories	**Remaining maturity**	**On-balance sheet exposure**	**Off-balance sheet exposure**	**Risk weight**	**Exposure value**	**Risk weighted exposure amount**	**Expected loss amount**
Category 1	Less than 2.5 years	1		50%	1	1	
	Equal to or more than 2.5 years	5	71	70%	40	28	0
Category 2	Less than 2.5 years	78	104	70%	156	109	1
	Equal to or more than 2.5 years	2		90%	2	1	0
Category 3	Less than 2.5 years	56	50	115%	92	101	2
	Equal to or more than 2.5 years	0		115%	0	1	0
Category 4	Less than 2.5 years	71		250%	71	177	6
	Equal to or more than 2.5 years			250%			
Category 5	Less than 2.5 years	1		-	1	0	
	Equal to or more than 2.5 years			-			
Total	**Less than 2.5 years**	**206**	**154**		**320**	**387**	**9**
	Equal to or more than 2.5 years	**7**	**71**		**42**	**30**	**0**

Table 4.33: EU CR10.3 - Specialised lending: Object finance (Slotting approach), 31 December 2021

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

Table 4.34: EU CR10.4 - Specialised lending: Commodities finance (Slotting approach), 31 December 2021

SEKm		Specialised lending: Commodities finance (Slotting approach)					
Regulatory categories	**Remaining maturity**	**On-balance sheet exposure**	**Off-balance sheet exposure**	**Risk weight**	**Exposure value**	**Risk weighted exposure amount**	**Expected loss amount**
Category 1	Less than 2.5 years			50%			
	Equal to or more than 2.5 years			70%			
Category 2	Less than 2.5 years	0		70%	0	0	0
	Equal to or more than 2.5 years			90%			
Category 3	Less than 2.5 years	0		115%	0	0	0
	Equal to or more than 2.5 years			115%			
Category 4	Less than 2.5 years			250%			
	Equal to or more than 2.5 years			250%			
Category 5	Less than 2.5 years			-			
	Equal to or more than 2.5 years			-			
Total	**Less than 2.5 years**	**0**			**0**	**1**	**0**
	Equal to or more than 2.5 years						

Table 4.35: EU CR10.5 - Equity exposures under the simple risk-weighted approach, 31 December 2021

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

Disclosure of exposures to counterparty credit risk

EU CCRA – Qualitative disclosure related to CCR

Risk management objectives and policies

Management of counterparty credit risk – Counterparty credit risk is the risk that a counterparty to a derivative contact will not meet its final obligations towards Swedbank and that collateral held will not be enough to cover the claims. Counterparty credit risk also encompasses repurchasing agreements and securities financing contracts. The majority of Swedbank's counterparty credit risk emanates primarily from two units: LC&I, and Group Treasury. Counterparty credit exposure arises mainly as a result of hedging of own positions in market risk in foreign exchange, interest rate and other derivatives from customer-related trading activities. As for products, most counterparty credit risk derives from interest rate swaps, basis swaps, and currency forwards. In nominal terms, forward rate agreements comprise a large share of the derivatives trading. However, since these contracts to a large extent are centrally cleared and have short maturities, the counterparty credit risk inherent in these derivatives is low.

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

Swedbank maintains an independent control on Group level with responsibility to identify, quantify, follow-up, analyse and report the counterparty credit risk inherent in the business. This unit also proposes preventive actions, implements policies, works with early warning indicators, and addresses relevant mitigating actions. New products and processes are reviewed in the New Product Approval Process (NPAP) before becoming operational.

Swedbank also conducts various ad-hoc stress test to estimate tail events, pertaining to political, market or other macro events. Effects on counterparty exposures, credit losses, REA, collateral flows and market values are considered.

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

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

Credit limits – Limits for counterparty credit exposures are assessed, set and allocated in the regular credit process using the calculated estimates of maximum potential future exposure after recognition of netting agreements and collateral as appropriate. In the process of setting and approving counterparty credit risk exposure limits, a number of factors have to be taken into account; included but not limited to guidance from the core credit policies, procedures and standards, and judgement and experience of credit risk professionals, the credit quality and rationale for the trading activity. Limits are also established for exposure in specific countries and/or areas, and for FX settlement risk. Moreover, relevant credit risk limits that include counterparty credit risk are allocated to certain customer segments. Limits are reviewed at least annually.

Policies on credit risk mitigants

Swedbank uses a variety of tools to mitigate counterparty credit risk of which the most important is close-out netting agreements whereby derivatives at a counterparty level can be offset. Swedbank strives to have ISDA Master Agreements supplemented with credit support annex (CSA) agreements in place with all financial counterparties concerned to ensure a well-functioning netting and collateral management process. The vast majority of the current received, and pledged collateral is cash, but interest-bearing security instruments are also used. As part of the credit process, credit memos provided to credit committees specify what collateral is accepted for each individual counterparty. The range of financial collateral selection accepted is specified in credit policies. Financial collateral is subject to daily monitoring and an independent valuation.

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

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

Swedbank mitigates settlement risk through Delivery-vs-Payment (DVP) or Payment-vs-Payment (PVP) arrangements when possible. One such settlement vehicle is the global FX clearing that is conducted through CLS Group (originally Continuous Linked Settlement), where Swedbank is a member. They eliminate settlement risk in FX transactions with counterparties that are eligible for CLS clearing.

Wrong-Way risk

Wrong-Way risk (WWR) is the risk that arises when exposure to a counterparty increases while the counterparty´s creditworthiness deteriorates, i.e. negatively correlates. WWR is divided into specific and general WWR.

Existence of Specific WWR is detected by monitoring CCR generating trades to capture any trade where there is a legal connection between the counterparty and the underlying issuer. General WWR is typically measured via a range of stress test scenarios. For Swedbank, it is deemed reasonable to examine sectors and/or counterparties individually to detect relationships and significant correlation between exposures and counterparties' probabilities of default.

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

In the event of a downgrade, Swedbank would need to provide additional collateral of approximately SEK 316m for a one-notch long term downgrade by Moody's, approximately SEK 456m for a one-notch long term downgrade by Standard & Poor's and approximately SEK 316m for a one-notch downgrade by Fitch. Swedbank has a very limited number of netting and collateral agreements with rating triggers. Rating triggers may apply to the ratings of one or both parties in the agreement. The effects of a potential rating downgrade do not pose a threat on Swedbank's liquidity and collateral preparedness.

Table 4.36: EU CCR1 - Analysis of CCR exposure by approach, 31 December 2021

SEKm	Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
EU - Original Exposure Method (for derivatives)				1.4				
EU - Simplified SA-CCR (for derivatives)				1.4				
SA-CCR (for derivatives)	12 643	22 656		1.4	100 367	49 411	46 142	12 943
IMM (for derivatives and SFTs)								
Of which securities financing transactions netting sets								
Of which derivatives and long settlement transactions netting sets								
Of which from contractual cross-product netting sets								
Financial collateral simple method (for SFTs)								
Financial collateral comprehensive method (for SFTs)					154 484	3 105	3 105	1 064
VaR for SFTs								
Total					**254 851**	**52 516**	**49 248**	**14 008**

Swedbank uses the standardized approach (SA-CCR) method for calculation of derivative exposures and financial collateral comprehensive method for SFTs. Derivatives RWEA decreased by SEK 2.6bn as compared to end Q2 2021 mainly due to lower EAD. Lower EAD is caused partially to a decrease in Potential Future Exposure (PFE) and outflows.

Table 4.37: EU CCR2 - Transactions subject to own funds requirements for CVA risk, 31 December 2021

SEKm	Exposure value	RWEA
Total transactions subject to the Advanced method		
(i) VaR component (including the 3× multiplier)		
(ii) stressed VaR component (including the 3× multiplier)		
Transactions subject to the Standardised method	19 401	2 337
Transactions subject to the Alternative approach (Based on the Original Exposure Method)		
Total transactions subject to own funds requirements for CVA risk	**19 401**	**2 337**

The table presents exposure values after CRM techniques and the associated risk for credit valuation adjustment (CVA). CVA capital charge is calculated according to standardized method. CVA RWEA decreased by SEK 0.9bn compared to end Q2 2021, mainly due to hedging effect and decreased EAD.

Table 4.38: EU CCR3 - Standardised approach - CCR exposures by regulatory exposure class and risk weights, 31 December 2021

Exposure classes SEKm	Risk weight											Total exposure value
	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	
Central governments or central banks												
Regional government or local authorities					47							47
Public sector entities	40											40
Multilateral development banks	740								38			778
International organisations												
Institutions		7 212			114							7 326
Corporates									1 864			1 864
Retail												
Institutions and corporates with a short-term credit assessment												
Other items												
Total exposure value	**780**	**7 212**			**161**				**1 902**			**10 055**

Exposure value for CCR exposures in the Standardised approach decreased compared to end Q2 2021, as SFTs EAD of multilateral development banks and derivatives EAD of CCPs have decreased (institutions with 2% risk weight).

Table 4.39: EU CCR4 - IRB approach - CCR exposures by exposure class and PD scale, 31 December 2021

Exposure classes IRB SEKm	PD scale	Exposure value	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	RWEA	Density of risk weighted exposure amounts
Central governments or central banks (F-IRB)								
	0.00 to <0.15	3 558	0.0%	44	45.0%	2.2	113	3.2%
	0.15 to <0.25							
	0.25 to <0.50							
	0.50 to <0.75							
	0.75 to <2.50							
	2.50 to <10.00							
	10.00 to <100.00							
	100.00 (Default)							
Central governments or central banks (F-IRB) - Sub total		3 558	0.0%	44	45.0%	2.2	113	3.2%
Central governments or central banks (A-IRB)								
	0.00 to <0.15							
	0.15 to <0.25							
	0.25 to <0.50							
	0.50 to <0.75							
	0.75 to <2.50							
	2.50 to <10.00							
	10.00 to <100.00							
	100.00 (Default)							
Central governments or central banks (A-IRB) - Sub total								

Institutions (F-IRB)								
	0.00 to <0.15	15 649	0.1%	131	45.0%	2.5	3 731	23.8%
	0.15 to <0.25							
	0.25 to <0.50	151	0.3%	18	45.0%	2.5	93	61.2%
	0.50 to <0.75	56	0.6%	2	45.0%	2.5	45	80.0%
	0.75 to <2.50	3	1.7%	1	45.0%	2.5	3	116.2%
	2.50 to <10.00	3	3.4%	1	45.0%	2.5	4	141.0%
	10.00 to <100.00							
	100.00 (Default)							
Institutions (F-IRB) - Sub total		15 862	0.1%	153	45.0%	2.5	3 875	24.4%
Institutions (A-IRB)								
	0.00 to <0.15							
	0.15 to <0.25							
	0.25 to <0.50							
	0.50 to <0.75							
	0.75 to <2.50							
	2.50 to <10.00							
	10.00 to <100.00							
	100.00 (Default)							
Institutions (A-IRB) - Sub total								
Corporates (F-IRB)								
	0.00 to <0.15	2 237	0.1%	22	45.0%	2.5	578	25.9%
	0.15 to <0.25	156	0.2%	10	45.0%	2.5	72	46.2%
	0.25 to <0.50	362	0.4%	16	45.0%	2.5	249	68.7%
	0.50 to <0.75							
	0.75 to <2.50	62	1.0%	12	45.0%	2.3	57	93.0%
	2.50 to <10.00	38	4.7%	12	45.0%	2.1	55	145.6%
	10.00 to <100.00	1	19.2%	2	45.0%	2.5	3	250.4%
	100.00 (Default)							
Corporates (F-IRB) - Sub total		2 856	0.2%	74	45.0%	2.5	1 015	35.5%
Corporates (A-IRB)								
	0.00 to <0.15	6 609	0.1%	107	36.6%	2.3	1 282	19.4%
	0.15 to <0.25	4 505	0.2%	99	36.7%	2.1	1 629	36.2%
	0.25 to <0.50	3 487	0.3%	106	36.6%	3.7	2 037	58.4%
	0.50 to <0.75	851	0.6%	41	36.7%	2.6	610	71.6%
	0.75 to <2.50	1 147	1.8%	80	36.6%	3.1	1 161	101.2%
	2.50 to <10.00	31	5.5%	13	36.9%	2.1	39	126.0%
	10.00 to <100.00	0	27.2%	1	42.8%	1.0	0	141.7%
	100.00 (Default)							
Corporates (A-IRB) - Sub total		16 630	0.3%	447	36.6%	2.6	6 758	40.6%
Retail (A-IRB)								
	0.00 to <0.15							
	0.15 to <0.25							
	0.25 to <0.50	1	0.3%	1	45.0%		0	25.2%
	0.50 to <0.75	0	0.6%	1	45.0%		0	30.8%
	0.75 to <2.50	6	1.5%	16	44.7%		3	42.4%
	2.50 to <10.00	279	4.8%	291	45.0%		164	58.8%
	10.00 to <100.00	1	14.6%	3	53.4%		1	105.8%

	100.00 (Default)							
Retail (A-IRB) - Sub total		288	4.8%	312	45.0%		168	58.5%
Total (all CCR relevant exposure classes)		**39 194**	**0.2%**	**1 030**	**41.4%**	**2.7**	**11 929**	**30.4%**

As compared to end-Q2 2021 RWEA for CCR exposures risk weighted under internal approach decreased by SEK 3.0bn. This is due to lower EAD for institutions and corporates as of end Q2 2021.

Table 4.40: EU CCR5 - Composition of collateral for CCR exposures, 31 December 2021

Collateral type	Collateral used in derivative transactions				Collateral used in SFTs			
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
SEKm	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
Cash – domestic currency		4 279		2 771				
Cash – other currencies		10 701		7 516				
Domestic sovereign debt	3 912	734	9 294	40		45 492		43 213
Other sovereign debt	230	1 038		111		204		
Government agency debt								
Corporate bonds								
Equity securities	893		893			358		142
Other collateral	514	773	830			42 296		22 264
Total	**5 549**	**17 525**	**11 017**	**10 438**		**88 350**		**65 619**

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

Table 4.41: EU CCR6 - Credit derivatives exposures, 31 December 2021

SEKm	Protection bought	Protection sold
Notionals		
Single-name credit default swaps		
Index credit default swaps	3 069	
Total return swaps		
Credit options		
Other credit derivatives		
Total notionals	3 069	
Fair values		
Positive fair value (asset)		
Negative fair value (liability)	-74	

The table present the notional amounts of fair value of credit derivative transactions. As compared to end Q2 2021 notional values of Index credit default swaps have increased by SEK 1.9bn.

Table 4.42: EU CCR7 - RWEA flow statements of CCR exposures under the IMM, 31 December 2021

SEKm	RWEA
RWEA as at the end of the previous reporting period	
Asset size	
Credit quality of counterparties	
Model updates (IMM only)	
Methodology and policy (IMM only)	
Acquisitions and disposals	
Foreign exchange movements	
Other	
RWEA as at the end of the current reporting period	

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

Table 4.43: EU CCR8 - Exposures to CCPs, 31 December 2021

SEKm	Exposure value	RWEA
Exposures to QCCPs (total)		644
Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	6 709	270
(i) OTC derivatives	5 858	253
(ii) Exchange-traded derivatives		
(iii) SFTs	851	17
(iv) Netting sets where cross-product netting has been approved		
Segregated initial margin	10 701	
Non-segregated initial margin	3 769	93
Prefunded default fund contributions	1 190	281
Unfunded default fund contributions	1 190	
Exposures to non-QCCPs (total)		
Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which		
(i) OTC derivatives		
(ii) Exchange-traded derivatives		
(iii) SFTs		
(iv) Netting sets where cross-product netting has been approved		
Segregated initial margin		
Non-segregated initial margin		
Prefunded default fund contributions		
Unfunded default fund contributions		

The table presents the exposure value and RWEA amounts derived from qualified central counterparties (QCCPs). There were no significant changes in RWEA for QCCPs as compared to end Q2 2021.

Disclosure of exposures to securitisation positions

EU-SECA - Qualitative disclosure requirements related to securitisation exposures

Swedbank does not have any securitisation exposures.

Table 4.44: EU SEC1 - Securitisation exposures in the non-trading book, 31 December 2021

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

Swedbank does not have any securitisation exposures.

Table 4.45: EU SEC2 - Securitisation exposures in the trading book, 31 December 2021

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

Swedbank does not have any securitisation exposures.

Table 4.46: EU SEC3 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor, 31 December 2021

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

Swedbank does not have any securitisation exposures.

Table 4.47: EU SEC4 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor, 31 December 2021

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

Swedbank does not have any securitisation exposures.

Table 4.48: EU SEC5 - Exposures securitised by the institution - Exposures in default and specific credit risk adjustments, 31 December 2021

SEKm	Exposures securitised by the institution - Institution acts as originator or as sponsor		
	Total outstanding nominal amount		Total amount of specific credit risk adjustments made during the period
		Of which exposures in default	
Total exposures			
Retail (total)			
residential mortgage			
credit card			
other retail exposures			
re-securitisation			
Wholesale (total)			
loans to corporates			
commercial mortgage			
lease and receivables			
other wholesale			
re-securitisation			

Swedbank does not have any securitisation exposures.

5. Market risk

Swedbank's risk appetite for market risk is low and the majority of the risk is structural or strategic in nature and emerges within Group Treasury. Market risk also arises in the daily market-making and client facilitation activities of the trading book.

Market risk

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

Highlights 2021

Financial markets in 2021 were largely characterised by a continuation of the positive sentiment from 2020 and strong equity markets, but also from signs of inflation and interest rate volatility. Towards the year end, central banks and upcoming rate hikes were in focus, as well as the end of the FED quantitative easing program. While further waves and variants of Covid-19 had little effect on financial markets, high inflation readings were a central theme towards the end of the year. The question remains how persistent the observed inflation will be. In conjunction with uncertainty around the timeline for the FED tapering, rate hikes posed a threat to investors and interest rate options premia were driven up forcefully.

EU MRA - Qualitative disclosure requirements related to market risk

The majority of Swedbank's market risk is structural or strategic in nature and emerges within Group Treasury. Market risk also arises in the daily market-making and client facilitation activities of the trading book. Swedbank's trading operations are managed within the business area LC&I primarily to fulfil the clients' transaction requirements in the financial markets.

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

Swedbank's market risk-taking is limited via the risk appetite established by Swedbank's Board of Directors. Using the risk appetites as starting points, a strict risk management framework has been adopted on both CEO level and Executive management level in order to prevent Swedbank from unintentional losses. The CEO assigns risk limits to the CFO as well as the Head of LC&I. In order to monitor the limits assigned by the CEO, the CFO and the Head of LC&I additionally set limits, as well as different types of indicators which at certain levels signal increased risk. In addition to limits set by the CFO and the Head of LC&I there are also local business area limits.

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

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

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

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

EU MRB - Qualitative disclosure requirements for institutions using the internal market risk models

Measurement of market risk at Swedbank uses a variety of risk measures, both statistical such as various Value-at-Risk (VaR) as well as non-statistical measures. In the trading book, VaR and Stressed VaR are used for the daily risk measurement as well as for calculating regulatory capital. In the banking book, not using an internal model, VaR and sensitivities are used for risk monitoring in addition to a historical simulation that is used for calculating Economic Capital. Non-statistical measures such as sensitivity analyses and stress tests are important complementary measures that provide a better understanding of specific market risk factors or possible tail scenarios. Materiality is considered when analysing and measuring the risks, paying extra attention to the largest exposures. New products have to be pre-approved by the risk organisation in the NPAP to ensure that all risk factors associated with the new product are identified and can be managed in the risk measurement. The use of products that contain fundamentally new market risk characteristics, such as new asset classes, requires explicit approval by the CEO. The risk system is subject to a continuous maintenance process and a yearly validation process to ensure that a relevant set of risk factors is being used as the nature and volume of trades may vary over time.

VaR and Stressed VaR

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

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

In addition to the Monte Carlo-based VaR and SVaR models, Swedbank also runs Historical VaR, and other variants such as Exponential VaR and Expected Shortfall, for further complementary monitoring and analysis.

Sensitivity analysis

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

Stress tests

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

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

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

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

Table 5.1: EU MR1 - Market risk under the standardised approach, 31 December 2021

SEKm	RWEAs
Outright products	
Interest rate risk (general and specific)	4 073
Equity risk (general and specific)	9
Foreign exchange risk	340
Commodity risk	
Options	
Simplified approach	
Delta-plus approach	
Scenario approach	0
Securitisation (specific risk)	
Total	**4 422**

As of Q4 2021, Swedbank's risk exposure amount, based on calculations according to the standardised approach, was SEK 4 422m (Q2 2021: SEK 5 046m). The decrease mainly stems from reduced REA for specific interest rate risk in the trading book, which was mainly driven by decreased positions in Swedish (SEK -496m) and Norwegian (SEK -190m) corporate debt instruments.

Table 5.2: EU MR2-A - Market risk under the internal Model Approach (IMA), 31 December 2021

	SEKm	RWEAs	Own funds requirements
1	**VaR** (higher of values a and b)	3 211	257
(a)	Previous day's VaR (VaRt-1)		77
(b)	Multiplication factor (mc) x average of previous 60 working days (VaRavg)		257
2	**SVaR** (higher of values a and b)	12 673	1 014
(a)	Latest available SVaR (SVaRt-1))		273
(b)	Multiplication factor (ms) x average of previous 60 working days (sVaRavg)		1 014
3	**IRC** (higher of values a and b)		
(a)	Most recent IRC measure		
(b)	12 weeks average IRC measure		
4	**Comprehensive risk measure** (higher of values a, b and c)		
(a)	Most recent risk measure of comprehensive risk measure		
(b)	12 weeks average of comprehensive risk measure		
(c)	Comprehensive risk measure Floor		
5	Other		
6	**Total**	**15 884**	**1 271**

Table 5.3: EU MR2-B - RWEA flow statements of market risk exposures under the IMA, 31 December2021

SEKm	VaR	SVaR	IRC	Comprehensive risk measure	Other	Total RWEAs	Total own funds requirements
RWEAs at previous period end	**2 143**	**11 955**				**14 098**	**1 128**
Regulatory adjustment	1 477	8 103				9 580	766
RWEAs at the previous quarter-end (end of the day)	666	3 852				4 518	361
Movement in risk levels	293	-435				-142	-11
Model updates/changes							
Methodology and policy							
Acquisitions and disposals							
Foreign exchange movements							
Other							
RWEAs at the end of the disclosure period (end of the day)	959	3 417				4 376	350
Regulatory adjustment	2 252	9 256				11 508	921
RWEAs at the end of the disclosure period	**3 211**	**12 673**				**15 884**	**1 271**

Table 5.4: EU MR3 - IMA values for trading portfolios, 31 December 2021

SEKm	
VaR (10 day 99%)	
Maximum value	96
Average value	64
Minimum value	47
Period end	77
SVaR (10 day 99%)	
Maximum value	356
Average value	299
Minimum value	246
Period end	273
IRC (99.9%)	
Maximum value	
Average value	
Minimum value	
Period end	
Comprehensive risk measure (99.9%)	
Maximum value	
Average value	
Minimum value	
Period end	

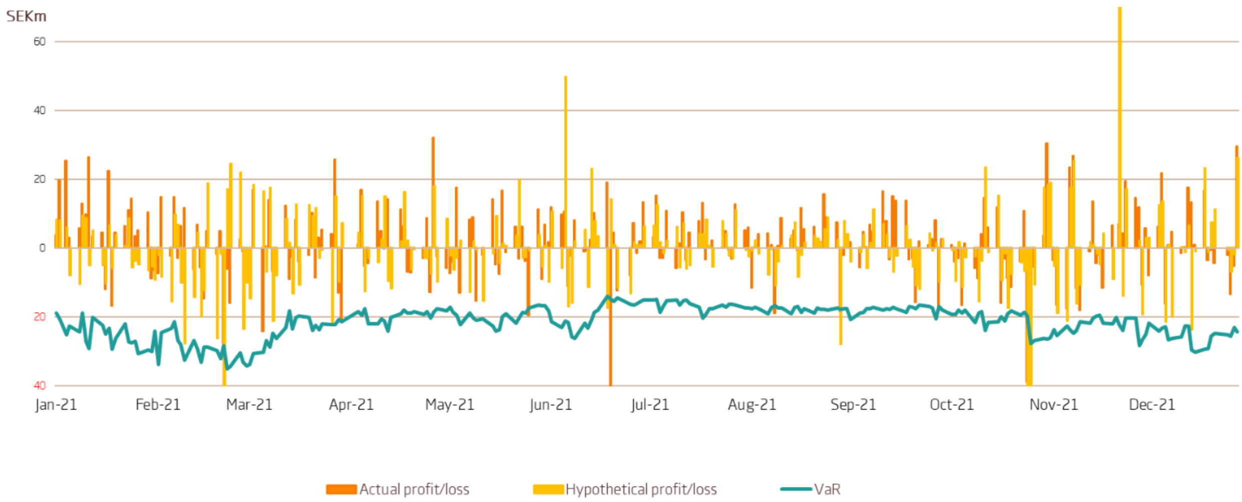
At the end of the year, the capital requirement for Swedbank's market risk, based on calculations according to the IMA, was SEK 1 271m (Q2 2021: SEK 1 160m). The increase was mainly attributable to increased general interest rate risk exposure. The total capital requirement for Swedbank's market risk was SEK 1 625m (Q2 2021: SEK 1 564m).

Table 5.5: EU MR4 - Comparison of VaR estimates with gains/losses

Backtesting

Swedbank conducts both actual and hypothetical backtesting. Actual backtesting uses the trading operations' actual daily results, cleaned from commissions and fees and excluding monthly value adjustments (such as CVA reservations). The hypothetical backtesting uses close-of-business positions and revalues the portfolio with the latest market data to obtain a hypothetical result. The actual, as well as the hypothetical result, is then compared with VaR to ensure the validity of the IMA VaR model. If actual or hypothetical losses exceed the calculated value at risk estimated losses, it is considered an "exception". Backtesting exceptions against hypothetical P&L impact the IMA REA estimate while exceptions against actual P&L do not. Given the confidence level of 99%, an exception about 2-3 times per year would be statistically expected.

Swedbank had five exceptions in the hypothetical backtesting in 2021, as shown below. All exceptions were related to interest rate risk positions.



EU IRRBBA - Qualitative information on interest rate risks of non-trading book activities

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

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

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

There is also modelling of non-maturity deposits included in the calculation of the different sensitivity measures. For these non-maturity deposits the average repricing maturity assigned to the core part is 1.1 years, while the average and longest repricing maturity assigned to all non-maturity deposits is 0.3 years and 3.2 years respectively.

In Table 5.6, Net Interest Income Sensitivity has been modelled using the following assumptions: Loan contracts with a contractual floor have a zero percent floor on the market rate, deposits on transaction accounts get no change in the customer rate when rates increase and all deposits made by private customers have a zero percent floor on the customer rate when rates decrease. These assumptions are quite easy to grasp, however for everyday use within the bank some additional assumptions are applied to NII-sensitivity calculations in order to make them more rigorous. These additional assumptions apply to mortgage loans and deposits, which are divided into additional groups to more precisely model floors and other behavioural aspects.

To formulate its hedging strategy, Swedbank considers its current interest rate risk profile, from both economic value and earnings perspectives, the anticipated balance sheet developments and their impact on interest rate risk metrics along with the economic and market developments. Swedbank also balances the potential impacts of the hedging on the risk metrics along with the execution costs and the potential income implications.

Interest rate swaps are primarily employed for mitigating interest rate risk arising from issuing funding instruments (micro hedging) but also for mitigating interest rate risk arising from a portfolio of fixed rate mortgage lending (macro hedging). In order to minimize or avoid volatility in the profit or loss from fair value changes in derivatives that are entered to hedge non trading financial instruments, Swedbank has elected to apply hedge accounting under IFRS 9. For a fair value hedge of the interest rate exposure of a portfolio of financial assets or liabilities, Swedbank has elected to apply the hedge accounting requirements under IAS 39.

Interest rate swaps designated as hedging instruments are reported in the derivatives balance sheet line item/row. The Interest Rate Swap (IRS) currencies depend on the currency of the hedged exposure and the market conditions.

The IRS used for interest rate risk hedging, with the exception of basis swaps, are cleared through Central Counterparty Clearing Houses (CCPs) eliminating in this way the counterparty credit risk.

Table 5.6: EU IRRBB1 - Interest rate risks of non-trading book activities

Supervisory shock scenarios	Changes of the economic value of equity		Changes of the net interest income	
SEKm	Current period	Last period	Current period	Last period
Parallel up	-5 414	-1 419	4 578	9 880
Parallel down	3 291	2 416	-2 373	-5 395
Steepener	-1 091	-520		
Flattener	-452	402		
Short rates up	-2 493	-585		
Short rates down	1 905	1 495		

6. Operational risk

During 2021 the Covid-19 pandemic and the remote availability of services remained in focus in all Swedbank home markets. The ongoing digital transformation, evolving technological trends, remote access as well as organised crime and geopolitical tensions raised information security threats, including cyber and external fraud risk, requiring improved ways of protection.

Operational risk

The risk of losses, business process disruptions and negative reputational impact resulting from inadequate or failed internal processes, people and systems, or from external events. It also includes risk from external events not covered by any other risk type.

Operational risk is broken down into the following subtypes: Business continuity risk, third-party risk, information security risk, IT risk, legal & internal governance risk, statutory reporting & tax risk, processing & execution risk, physical security & safety risk, people risk, data management risk, model risk, internal fraud risk and external fraud risk.

Highlights 2021

In 2021 Swedbank saw an increase in operational incidents compared to 2020. Risks and recurring incident events that continuously require a closer attention are associated with (but not limited to) information security & IT risks, business continuity risks and third-party risks connected to reoccurring disruptions in critical customer-facing services. Following these incidents and elevated operational risks, a proactive implementation of mitigating actions and other preventive measures has been performed. Several other initiatives are ongoing to further improve operational resilience and to ensure acceptable levels of residual risks and a high level of availability for the bank's customers.

Availability and accessibility as a full-service bank in all four home markets remains as a key priority for Swedbank. In order to follow the Strategic Direction, Swedbank strives to meet the customer interests in a secure, convenient and continuously accessible way via channels customers choose to use. The bank's ability to uphold the service promise to customers is dependent on the ability to achieve and maintain effective operations, stable and resilient IT-environment, including outsourced services. Swedbank's Resilience Program, which was launched during 2020, is increasingly strengthening the bank's digital services and capabilities as well as future proofing the overall IT infrastructure and cybersecurity. In addition, the progress of the Resilience Program is one of the bank's key factors to lower operational risks and operational incidents for Swedbank Group.

However, the ongoing challenges associated with Covid-19 pandemic and the extraordinary need to continuously strengthen the remote availability of the banking services has remained in focus in all Swedbank home markets throughout 2021. The continuing digital transformation, evolving technological trends, remote ways of working as well as organised crime and geopolitical tensions have raised certain information security threats towards Swedbank including cyber risk and external fraud risk. Due to these aspects Swedbank continuously works on effective implementation of new and improved ways of protection. Information security and IT risks are being identified and addressed in all types of development, procurement and change management. Additional measures were taken during 2021 to increase IT stability, including improvements related to external suppliers.

EU ORA - Qualitative information on operational risk

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

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

Management of operational risk

Every Business Area, Product Area, Group Function, as well as the Swedbank Branches and Subsidiaries own operational risks inherent in their operations. All managers throughout Swedbank have the responsibility for the continuous and active operational risk management as part of their first line risk management.

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

Group Risk is an independent second line of defence function which is responsible for identifying, monitoring, measuring, analysing and reporting on Swedbank's operational risks. In this capacity it provides operational risk assurance to the senior management, different risk committees, CEO and the Board of Directors by monitoring and assessing whether the first line of defence has adequate and effective operational risk management processes and controls in place. By providing independent and periodic risk reports, Group Risk caters and summarizes a detailed overview of operational risk appetites, risk exposures, statuses on operational risk limits, including key risk indicators, as well as covering significant incident and other relevant risk highlights.

Risk Assessment

All business areas apply the same methods to self-assess operational risks e.g. Risk Assessment. This method is used on a regular basis to cover all key processes within Swedbank and includes risk identification, planning for risk mitigation and monitoring to manage any potential risks. Risk Assessment is also triggered when major changes occur within the organisation.

New Product Approval Process

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

Business Continuity Management

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

Processes and controls

Swedbank has established a framework for processes and internal controls which is common to all types of processes and controls. Processes are managed and internal controls are identified by every Business Area, Product Area, Group Function across the bank. Specific framework for internal controls over financial reporting (ICFR) are applied for the processes concerned. In addition, a process universe has been introduced which clarifies the responsibilities of the significant processes, as well as for controls needed in these processes. As such, it supports operational risk management and risk control activities within Swedbank.

Incident management

Swedbank has established procedures and system support to facilitate reporting and following-up on incidents. Group Risk supports business areas in reporting, analysing, and drafting action plans to ensure that underlying causes are identified, and suitable actions are taken. Incidents and operational risk losses are reported in a central database for further analysis.

Risk Management Maturity Assessment (RMMA)

RMMA is a scorecard used to assess the risk management maturity level through following up the implementation of risk management processes. A high risk-management maturity level within the business indicates a strong risk awareness, which in turn reduces the threat of unforeseen losses and keeps business assets secure. The RMMA score is also used for adjusting capital allocation to further encourage the business to improve their operational risk management as it impacts the capital related profitability measures.

Information security risk

Swedbank has a structured approach to continuously manage information security risk and establish sound protection of confidentiality, integrity, and availability of Swedbank's information assets. In order to ensure comprehensive governance and monitoring of related risk exposure, Swedbank has established information security risk appetite, risk tolerance limits and risk metrics. Continuous work is conducted to further improve in maturity and keep in pace with the challenges of ongoing digital transformation, increasing complexity of external threat landscape, technological developments and increased regulatory expectations.

Legal risk

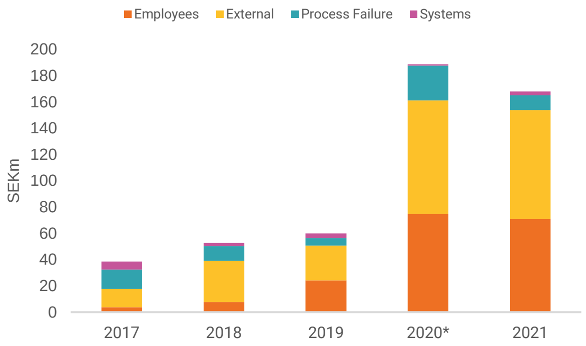
The CEO has established a Group Legal function with the overall responsibility for governing, controlling and supporting proper management of legal matters. Swedbank has legal counsels in all major business areas specialised in core areas of Swedbank's operations. The legal counsels provide legal services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

Insurance policies

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

Operational risk losses

Figure 6.1: Total annual operational risk losses by Cause Categories



* Excludes the SEK 4bn administrative fine issued to Swedbank for systematic deficiencies to combat money laundering.

Figure 6.2: Operational risk losses during 2021 by Basel Event Types

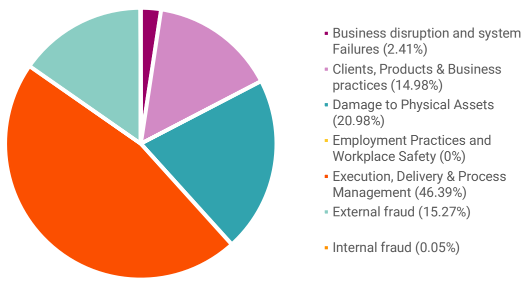
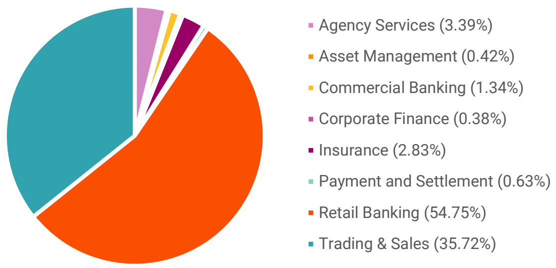


Figure 6.3: Operational risk losses during 2021 by Basel Business Lines



Capital requirements for operational risk

Pillar 1 capital

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

Table 6.1: EU OR1 - Operational risk own funds requirements and risk-weighted exposure amounts, 31 December 2021

Banking activities	Relevant indicator			Own funds requirements	Risk weighted exposure amount
SEKm	2019	2020	2021		
Banking activities subject to basic indicator approach (BIA)					
Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches	45 198	46 152	47 419	6 049	75 618
Subject to TSA:	45 198	46 152	47 419		
Subject to ASA:					
Banking activities subject to advanced measurement approaches AMA					

7. Compliance risk

Compliance risks exist in all levels of Swedbank´s organisation and Swedbank's Board of Directors has articulated a low-risk appetite for the compliance risk type and the risk subtypes: regulatory compliance risk, conduct risk and financial crime risk. When it comes to the financial crime risk area, the historical shortcomings identified by the supervisors are assessed to have been addressed by Swedbank and are subject to ongoing remediation activities.

Compliance risk

The risk of failure by the Group to fulfil and meet the external and internal regulations applicable to the Group's licensed operations. More specifically, compliance risk includes regulatory compliance risk, financial crime risk and conduct risk.

Highlights 2021

Compliance Transformation Programme

In 2020, Swedbank launched a Compliance Transformation Programme to raise the Group´s compliance maturity. The Programme has in 2021 delivered frameworks, processes, and standards to ensure that the Group has a robust foundation to manage compliance risks. The programme will continue in 2022 and will focus on strengthening data and IT capabilities for key compliance processes.

Reducing the risks of money laundering and terrorist financing

On 19 March 2020 the FSAs in Sweden and Estonia announced the results of the parallel investigations of Swedbank. On 23 March 2020 the international law firm Clifford Chance presented its report on Swedbank's AML/CTF work. Clifford Chance was hired by the Board in February 2019 to conduct the investigation that served as the basis of the report.

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.

Based on the investigations and reports, the bank has during 2020 and 2021 addressed the identified shortcomings in terms of AML/CTF by an extensive remediation program consisting of a number of key activities. The progress of the program has been followed up quarterly both by internal control units as well as external independent consultancy firms.

The bank's priority has been to remedy the shortcomings that the Estonian and Swedish FSAs pointed out, but also during 2021, lay the foundation for a shift of focus in order to be in the forefront of the fight against financial crime.

Swedbank's remediation programme to address AML/CTF related shortcomings is continuing according to plan. The Anti Financial Crime (AFC) unit is coordinating the work and the programme has amongst other things improved the Group's key processes and IT systems, connected to the Group Risk Assessment process, know your customer (KYC)-, customer risk classification-, transaction monitoring-, Financial Sanctions – as well as internal and external reporting.

In order to reach expectations from regulators and target being in the forefront in the fight against financial crime, Group Compliance has progressed in a transformation programme clarifying responsibilities between first and second line of defence and where Group compliance going forward will own the overarching Group AML/CTF and Financial Sanctions frameworks as well as have the role as standard setter with certain veto rights. Group Compliance is furthermore, about to strengthen the control structure with the aim to quality assure the first line activities and to continuously ensure a holistic AML/CTF/FS risk oversight. Group Compliance has also implemented a new Financial Crime Intelligence Unit (FCIU).

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 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 separate 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.

An evaluation of the Group's internal governance and control was conducted in 2020. The project was closed in January 2021.

The aim of all AML/CTF related initiatives is to ensure that Swedbank is doing the right things to combat financial crime, at the right time and with the right quality. Over a three-year period, external experts will conduct an annual evaluation. Evaluations have been made both in 2020 and 2021 and will further be completed in the fourth quarter of 2022.

Conduct risk

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.

The Swedish Economic Crime Authority (EBM) concluded its investigation begun in 2019 and the prosecutor´s office filed charges against the former CEO of Swedbank on 4 January 2022. The case does not affect Swedbank.

In May 2021, the Disciplinary Committee at Nasdaq Stockholm ordered Swedbank to pay a fine of twelve annual fees, or a total of SEK 46.6m. As Swedbank stated in the interim report on 27 April 2021, this applied to historical shortcomings in the period December 2016 to February 2019.

The SFSA announced on 26 October 2021 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.

Management of compliance risk

Regulatory Screening and Control Process

The Regulatory Screening and Control process is a support and control process, established by Group Compliance as a control function. The main purpose of the Regulatory Screening and Control process is to enable responsible function holders within Swedbank to identify and take action on Legislative Acts under their respective area of responsibility. In addition, the process provides assurance to the Board, the CEO, Heads of Business Area/Product Area/Group Functions (BA/PA/GF) and other competent decision-making bodies of Licensed Subsidiaries that Legislative Acts are implemented adequately and on time as well as that systematic post-implementation assurance of how the Group complies, is given to the Board and the CEO.

Risk-based planning

The risk-based planning process serves to make sure that the Group's material compliance risks are identified and assessed, and that relevant control activities are planned, using the risk-based approach to manage the related risk. It also helps to improve coordination and information-sharing between Group Risk, Group Compliance and Group Internal Audit towards aligned assurance.

Monitoring activities

The monitoring activities are derived from a standardised process where the Compliance function, using a risk-based approach, assesses how the Group complies with the applicable external regulations as well as the relevant internal regulations. The Independent Testing unit has been established as a designated unit for conducting and coordinating the monitoring activities.

Advice & support

The advisory process for Group Compliance is a key activity for the function that enables sound and sustainable business in line with the regulatory expectations put on the Group. The Compliance function's involvement in the NPAP is an example of how the function supports the business in a proactive way, by providing compliance related advice and support in material change initiatives within the Group.

Training

Compliance training processes are implemented in order to ensure that all relevant employees are properly trained and informed about the regulations and ethical standards applicable to their day-to-day tasks. Trainings are regularly reviewed and updated to ensure they remain relevant and fit for purpose.

Conduct risk

Swedbank continuously addresses risks related to the conduct of the bank and its employees by emphasising the importance of sound ethics and identifying and mitigating conflicts of interest. Swedbank has Group-level policies for Code of Conduct and Conflicts of Interest. The Group Compliance units, Conduct Risk and Data Protection Risk are responsible for risk oversight and standard setting obligations for conduct risks (market conduct risks and customer protection risks) and data protection risks.

Market conduct

All activities related to market conduct shall be conducted in compliance with applicable laws, the Group's corporate values and within the boundaries defined by the risk appetite, as set by the Board.

Market conduct risk is defined as the risk of inappropriate or poor sales and marketing practices to the public, lack of transparency and disclosures, inappropriate incentives, the misuse of information and the distortion of price-setting mechanisms, leading to unfair treatment of customers or undermining the integrity of the financial market and confidence in the financial system. It also includes the risk of contributing to investing in or financing activities/businesses detrimental to environmental and social considerations.

Customer protection

All activities related to customer protection shall be conducted in compliance with applicable laws, the Group's corporate values and within the boundaries defined by the risk appetite, as set by the Board.

Customer protection risk is defined as the risk that Swedbank, when providing financial products and services, do not treat customers in a fair and transparent way and do not put customers interests at the centre of business models and corporate culture. It also includes the risk of contributing to investing in or financing activities/businesses detrimental to environmental and social considerations.

Code of Conduct and compliance awareness

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

Conflicts of interest management

The bank's conflicts of interest management processes set a common structure in the Group in order to identify, document and mitigate different conflicts of interest related to the organisation, executives, and key position holders.

Process for internal alerts

Swedbank has established a Group wide internal alerts process that sets the requirements on how the Group shall handle internal alerts. The process allows employees and other stakeholders (both internal and external) to report and raise concerns of potential or actual failures to comply with external and internal rules or regulations, concerns of breaches of internal standards, irregularities, criminal offences, including, but not limited to, corruption, fraud, other financial crimes and sexual harassment.

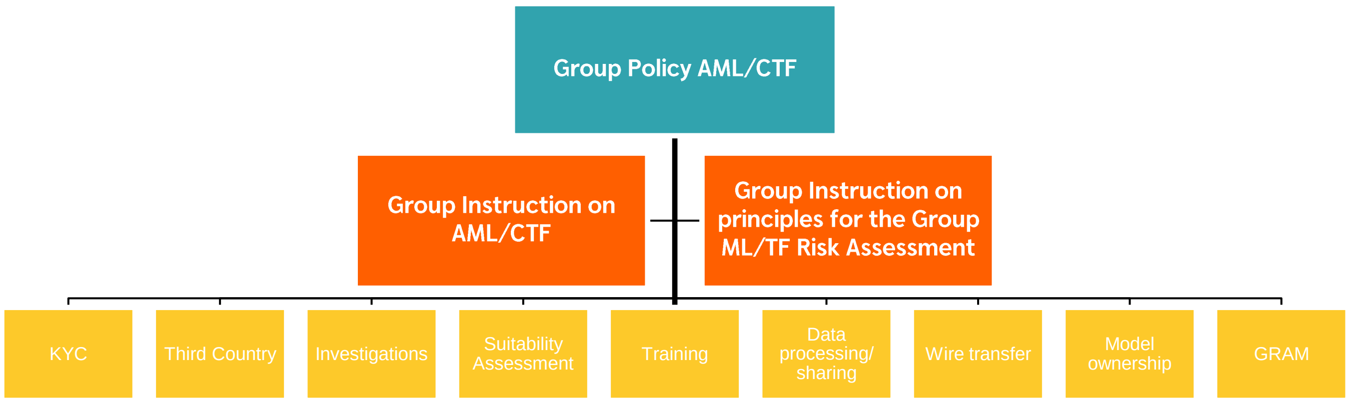
Data protection risk

The processing of personal data shall be compliant with the General Data Protection Regulation (GDPR) and any other applicable data protection regulation and the processing shall be conducted within the boundaries defined by the risk appetite, as set by the Board.

The data protection risk is the risk of deficient processing of personal data which may jeopardize privacy rights and freedom of individuals.

Financial crime risk

Figure 7.1: Group AML/CTF Framework



Risk of Money Laundering and Terrorist Financing

Swedbank is a full-service retail bank offering a wide range of products and services to a large number of private and corporate customers. This makes the Group vulnerable and exposed to many predicate crimes in relation to ML as well as many different types of Money Laundering/ Terrorist Financing (ML/TF) schemes. The ML/TF risks are inherent to Swedbank's business activities. Swedbank has a responsibility to its customers, shareholders, and regulators to prevent the Group from being used for ML/TF. Therefore, Swedbank will apply robust and consistent AML/CTF processes and procedures to prevent use of the services, products or channels for purposes of ML/TF in the jurisdictions in which it operates.

Governance and Group AML/CTF Framework

To strengthen the overall Group AML/CTF approach and the roles and responsibilities between the first and second line of defence, an updated Group AML/CTF Framework has been rolled out in Swedbank starting during 2020 and 2021. The updated Group AML/CTF Framework aims to ensure clear roles and responsibilities as well as a clear AML/CTF risk strategy and risk appetite. Apart from outlining the minimum requirements in the Group, it is employed to ensure a centralised approach to AML/CTF, which will work to both achieve a higher degree of effectiveness and to facilitate oversight of the level of compliance within the Group. Coupled with a stronger and more coherent framework governance and AML/CTF organisation, it ultimately aims to improve the possibilities of an effective overall AML/CTF risk management. The AML/CTF Framework is reviewed annually.

The Group instruction on AML/CTF outlines the AML/CTF governance in the Group, including accountabilities and responsibilities, the Group AML/CTF organisation, the AML/CTF reporting procedures and the governance concerning the Group AML/CTF framework. The appointed Chief Compliance Officer is accountable for the overarching Group AML/CTF framework.

The Group Specially Appointed Executive (Group SAE) is responsible for the AFC unit. The Group SAE is chairing the group-wide risk committee, Group Financial Crime Committee (GFCC), which has been established to ensure adequate and effective management of ML/TF risks in the Group.

In line with the established governance, each subsidiary shall similarly ensure that a subsidiary SAE is appointed (unless restricted by local legal requirements). The subsidiary SAE shall report directly to the subsidiary Board and subsidiary CEO and functionally to the Group SAE and the relevant BA/PA/GF Head on AML/CTF matters. The BA/PA/GF Head is accountable for the implementation of AML/CTF processes and procedures in its respective BA/PA/GF.

Group Risk Assessment

The Group instruction on principles for the Group ML/TF Risk Assessment outlines the overall principles for the risk assessments in the Group. Based on the overarching approach outlined in the instruction, the Group Directive on Group Risk Assessment Methodology (the GRAM Directive) outlines further details of the approach to the overall Group Risk Assessment Process and the mandatory risk assessments that all legal entities within the Group are obliged to perform.

In accordance with the risk-based approach, the identified and assessed inherent risks shall set the foundation for all AML/CTF routines and processes (measures) in the bank. This is to ensure that measures taken are commensurate with the ML/TF risks that Swedbank is exposed to (i.e., resources are to be dedicated to the areas where risks are higher).

Know your customer

The Group Directive on KYC outlines the minimum requirements as regards the performance of risk-based KYC measures on customers, the customers' Beneficial Owners and Authorised Representatives. The directive is designed to allow for the application of a risk-based approach, as well as adaption to the nature and scale of the business activities and services etc. Each BA/SUB is accountable for interpreting and implementing the requirements in its business processes to manage the ML/TF risks to which it is exposed.

Transaction monitoring and FIU reporting

To detect suspicious activities, behaviours or transactions which could be related to possible offences, ML or TF, Swedbank performs risk-based monitoring of its customer relationships. This includes scrutiny of transactions undertaken throughout the course of the business relationship as well as occasional transactions. The performance of transaction monitoring and investigation of alerts in the Group falls under the responsibility of the Group Function Group AML Investigations within AFC (i.e., the responsibility of the Group SAE).

The Group Officer for Controlling and Reporting (Group OCR) is accountable for the FIU reporting and for the handling of requests from local FIUs through the appointed Money Laundering Reporting Officers (MLROs). The appointed MLROs for each legal entity in the Group are responsible for the FIU-reporting. In line with the accountability of the OCR, the Group Compliance function also monitors and controls the adherence to regulatory requirements, internal regulations, adherence to stated risk appetite, and efficiency of processes related to AML/CTF and especially transaction monitoring and reporting to the FIUs.

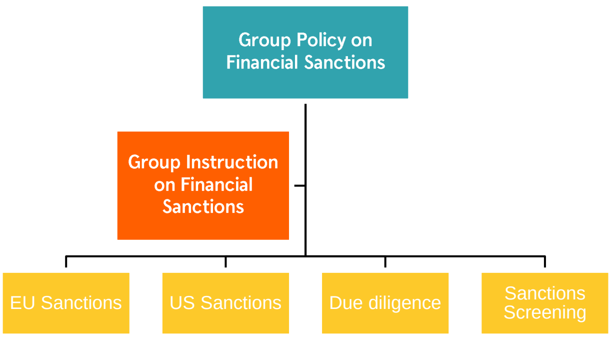
Financial sanctions

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

The bank performs Group-wide daily screening of all international payments, trade finance messages and the registers of new and existing customers, to ensure that Swedbank is not assisting with any transactions or retaining any business engagements that are subject to EU, UN or relevant US sanctions. Furthermore, there are multiple processes in place to stop those who try to use Swedbank to evade sanctions. Should a customer's business model or transactions indicate a sanctions risk that surpasses the bank's risk appetite, an off-boarding procedure will be initiated.

Besides the Policy on Financial Sanctions, the Group also has adopted an instruction as well as four new Directives (as shown in figure 7.2), in line with the new approach on Group AML/CTF Framework and Governance, and in order to meet new challenges and set an appropriate risk appetite.

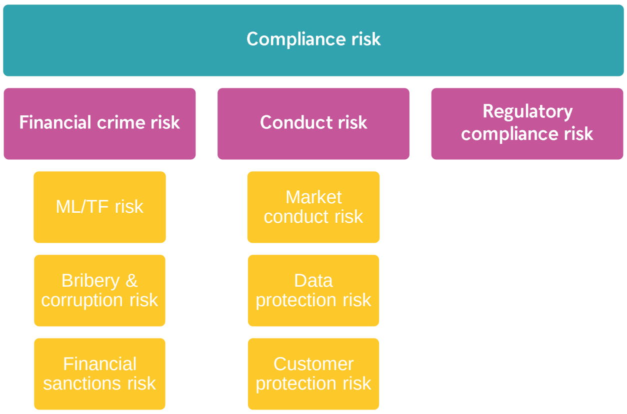
Figure 7.2: Group Financial Sanctions Framework



Regulatory compliance risk

The Board has adopted the ERM Policy and the Policy for Group Compliance. Through these policies, the Board has decided, that the Group Compliance scope also covers the regulatory compliance risk type, a subset of compliance risk together with financial crime risk and conduct risk.

Figure 7.3: Compliance risk



The purpose of including regulatory compliance risk in the Group´s risk taxonomy is to assure that there are controls in place across all of the defined risk types to enable a continuous and comprehensive monitoring of compliance with the laws and regulations impacting the Group's licensed business. Given this, Group Compliance established a new unit, in June 2021 with the mission objective of establishing processes and controls to be able to provide assurance on the regulatory compliance risk also for Financial, Sustainability and Operational risks (FSO-risks). During 2021, Group Compliance has, in accordance with the expectations started with establishing processes and controls to be able to identify, measure and report on the Group´s regulatory compliance risk exposure when it comes to the FSO-risks.

Swedbank's legal entity structure and business activities

Swedbank Consolidated Situation

The consolidated situation for Swedbank as of 31 December 2021 comprises the Swedbank Group except for the wholly owned insurance companies, Swedbank Försäkring AB, Sparia Group Insurance Company Ltd, Swedbank Life Insurance SE and Swedbank P&C Insurance AS, that are included through equity method. EnterCard Group, P27 Nordic Payments Platform AB and Invidem AB, all joint ventures, are included through the proportionate consolidation method. The difference between Swedbank Group and Swedbank Consolidated Situation (CS) is shown more in detail below, where "•" means 100% consolidation. Where percentages are shown, the company is included using the equity method unless otherwise stated. Any changes in legal entity structure are reflected on www.swedbank.com.

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

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

Terminology and abbreviations

"AC"	Audit Committee
"A-IRB"	Advanced Internal Ratings-Based Approach
"ALM"	Asset Liability Management
"AMA"	Advanced Measurement Approach
"AML"	Anti-Money Laundering
"AT1"	Additional Tier 1 capital
"AVA"	Additional Valuation Adjustment
"BARCC"	Business Area Risk and Compliance Committee
"BCBS"	Basel Committee on Banking Supervision
"Board"	Board of Directors of Swedbank AB
"BRRD"	Bank Recovery and Resolution Directive 2014/59/EU
"CCF"	Credit Conversion Factor
"CCoB"	Capital Conservation Buffer
"CCP"	Central Counterparty
"CCR"	Counterparty Credit Risk
"CCyB"	Countercyclical Capital Buffer
"CET1"	Common Equity Tier 1
"CIU"	Collective Investment Undertaking
"CPC"	Credit Process Control
"CRO"	Chief Risk Officer of Swedbank AB
"CRD"	Capital Requirements Directive 2013/36/EU
"CRR"	Capital Requirements Regulation (EU) No 575/2013
"CS"	Consolidated Situation
"CSA"	Credit Support Annex
"CTF"	Counter Terrorist Financing
"CVA"	Credit Value Adjustment
"DVA"	Debit Valuation Adjustment
"DVP"	Delivery-vs-Payment
"EAD"	Exposure at Default
"EBA"	European Banking Authority
"EC"	Economic Capital
"ECB"	European Central Bank
"EL"	Expected Loss
"ERM Policy"	Enterprise Risk Management Policy
"ESG"	Environmental, Social and Governance
"F-IRB"	Foundation Internal Ratings Based Approach
"FRTB"	Fundamental Review of the Trading Book (review by the BCBS)
"FSA"	Financial Supervisory Authority
"FSB"	Financial Stability Board
"FTP"	Funds Transfer Pricing
"GAAC"	Group Asset Allocation Committee
"GF"	Group Functions
"GRCC"	Group Risk and Compliance Committee
"Group"	Swedbank Group (see definition below)
"G-SIB"	Global Systemically Important Bank
"G-SII"	Global Systemically Important Institution
"ICAAP"	Internal Capital Adequacy Assessment Process
"ICFR"	Internal Control over Financial Reporting
"IFRS"	International Financial Reporting Standards
"ILAAP"	Internal Liquidity Adequacy Assessment Process
"IRB"	Internal Ratings Based Approach
"IRRBB"	Interest Rate Risk in the Banking Book
"ISDA"	International Swaps and Derivatives Association
"KRI"	Key Risk Indicator
"LC&I"	Large Corporate & Institutions
"LCR"	Liquidity Coverage Ratio
"LGD"	Loss Given Default
"LRE"	Leverage Ratio Exposure
"LTV"	Loan-to-Value
"MDB"	Multilateral Development Bank
"MREL"	Minimum level of own funds and eligible liabilities
"NII"	Net Interest Income
"NPAP"	New Product Approval Process
"NSFR"	Net Stable Funding Ratio
"OC"	Overcollateralisation
"O-SII buffer"	Other Systemically Important Institution buffer
"OTC"	Over-the-Counter
"ORSA"	Own Risk and Solvency Assessment
"Own funds"	The sum of Tier 1 and Tier 2 capital
"P2G"	Pillar 2 Guidance
"P2R"	Pillar 2 Requirement
"Parent Company"	Swedbank AB (publ)
"PD"	Probability of Default
"PFE"	Potential Future Exposure
"PSE"	Public Sector Entity
"PVP"	Payment-vs-Payment
"RAROC"	Risk Adjusted Return On Capital
"RC"	Remuneration Committee
"RCC"	Risk and Capital Committee
"REA"	Risk Exposure Amount (Same as RWEA)
"Riksbank"	Sweden's Central Bank
"RMMA"	Risk Management Maturity Assessment
"RTS"	Regulatory Technical Standards
"RWEA"	Risk Weighted Exposure Amount (Same as REA)
"SA"	Standardised Approach
"SA-CCR"	Standardised Approach for Measuring Counterparty Credit Risk Exposures
"SFSA" or "Swedish FSA"	Swedish Financial Supervisory Authority
"SFT"	Securities Financing Transaction
"SMA"	Standardised Measurement Approach
"SME"	Small and Medium-sized Enterpris
"SNDO"	Swedish National Debt Office (Swedish: Riksgälden)
"SPK"	Sparinstitutens PensionsKassa Försäkringsförening (pension fund)
"SREP"	Supervisory Review and Evaluation Process
"SRB"	Single Resolution Board
"SRM"	Single Resolution Mechanism
"SSE"	Small-sized Enterprise
"SSM"	Single Supervisory Mechanism
"SVaR"	Stressed Value-at-Risk
"Swedbank"	Swedbank Consolidated Situation
"Swedbank Baltic"	Swedbank AS (Estonia), Swedbank AS (Latvia) and Swedbank AB (Lithuania)
"Swedbank Group"	Swedbank AB (publ) and all its underlying legal entities (regardless of percentages of holding)
"TCFD"	Task Force on Climate-Related Financial Disclosures
"T2"	Tier 2 capital
"TLAC"	Total Loss-Absorbing Capacity
"TLTRO"	Targeted Long-Term Refinancing Operations
"TOA"	Tenant-Owner Association
"TOR"	Tenant-Owner Right
"TtC"	Through-the-Cycle
"VaR"	Value-at-Risk
"VAT"	Value-Added Tax
"WWR"	Wrong Way Risk

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

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

Stockholm, 22 February 2022

Bo Magnusson Chair of Risk and Capital Committee of the Board of Directors	Jens Henriksson President and CEO	Rolf Marquardt Chief Risk Officer