



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	979 315 503
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	PAYEX NORGE AS
Forretningsadresse:	Kongens gate 6 0153 OSLO

Regnskapsår

Årsregnskapets periode:	01.01.2021 - 31.12.2021
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Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	-

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Raymond Klavestad
Dato for fastsettelse av årsregnskapet:	13.06.2022

Grunnlag for avgivelse

År 2021: Årsregnskapet er elektronisk innlevert
År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 22.06.2023



Resultatregnskap

Beløp i: NOK	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	2,14	267 406 365	246 477 686
Inkassoinntekter	2,14	14 909 999	14 856 450
Sum inntekter		282 316 364	261 334 136
Kostnader			
Betalingsløsning- og inkassorelatert	4,14	56 265 237	43 102 062
Lønnskostnad	3	123 474 873	114 350 853
Avskrivning av driftsmidler og immaterielle eiendeler	9	6 934 016	6 479 059
Annen driftskostnad	3	81 726 229	88 295 316
Sum kostnader		268 400 355	252 227 290
Driftsresultat		13 916 009	9 106 846
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern	14	3 317	45 085
Annen finansinntekt	5	1 018 392	1 238 864
Sum finansinntekter		1 021 709	1 283 949
Reversert nedskrivning finansiell invest	13		-7 054 830
Rentekostnad til foretak i samme konsern	14	151 304	79 307
Annen rentekostnad		175	
Annen finanskostnad	5	7 666	1 135 249
Sum finanskostnader		159 145	-5 840 274
Netto finans		862 564	7 124 223
Ordinært resultat før skattekostnad		14 778 573	16 231 069
Skattekostnad på ordinært resultat	10	3 269 764	2 049 636
Ordinært resultat etter skattekostnad		11 508 809	14 181 433
Årsresultat		11 508 809	14 181 433
Minoritetsinteresser		0	0
Årsresultat etter minoritetsinteresser		11 508 809	14 181 433



Resultatregnskap

Beløp i: NOK	Note	2021	2020
Andre resultatkomponenter for IFRS-foretak		0	0
Totalresultat		11 508 809	14 181 433
Overføringer og disponeringer			
Overført til/fra annen egenkapital		14 181 433	-21 009 384
Sum overføringer og disponeringer		14 181 433	-21 009 384



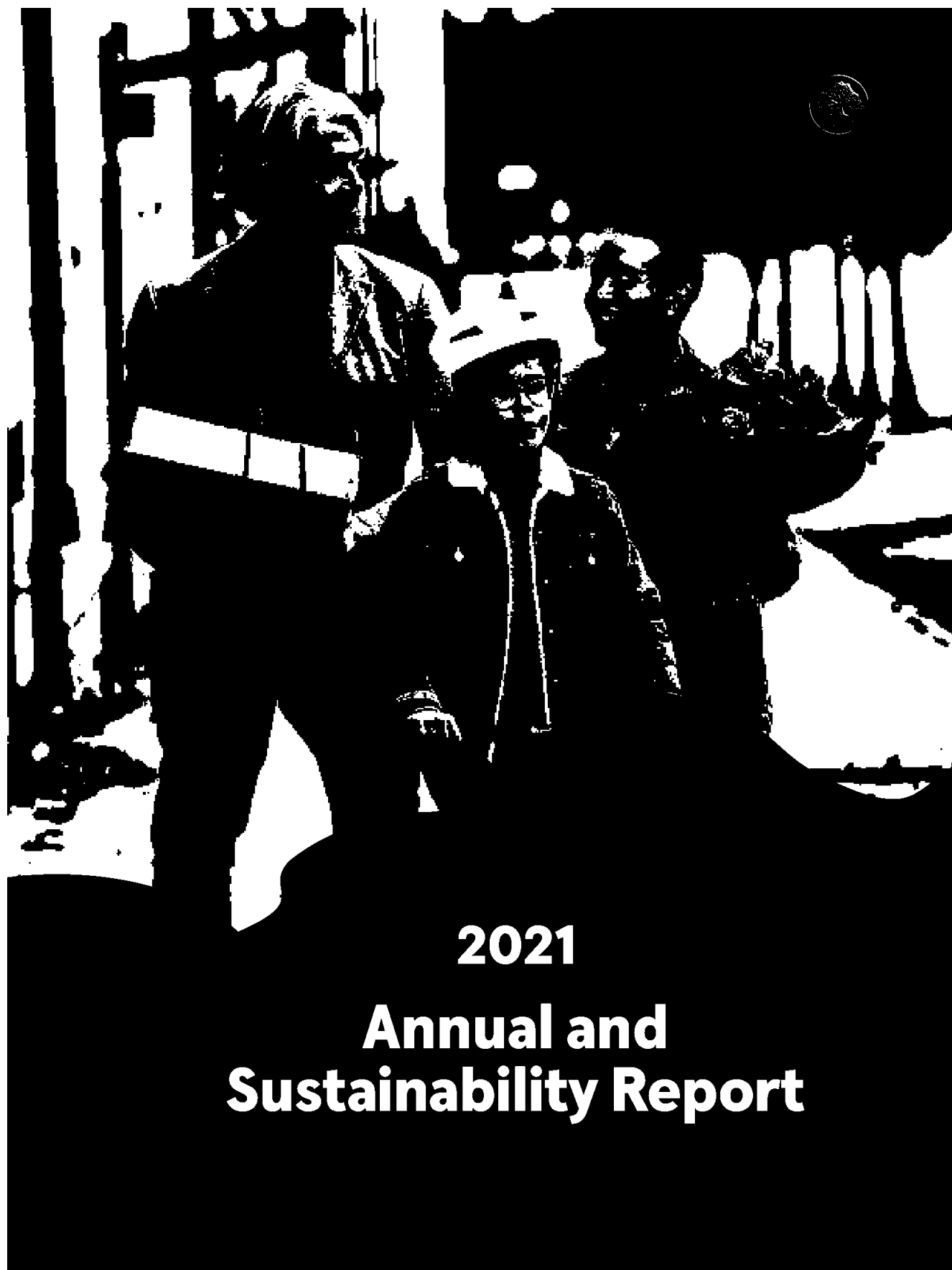
Balanse

Beløp i: NOK	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Aktiverte utviklingskostnader	9	1 977 460	7 665 448
Utsatt skattefordel	10	10 774 844	17 228 870
Sum immaterielle eiendeler		12 752 304	24 894 318
Varige driftsmidler			
Driftsløsøre, inventar o.a. utstyr	9	1 282 925	1 956 643
Sum varige driftsmidler		1 282 925	1 956 643
Finansielle anleggsmidler			
Investering i datterselskap	13	9 535 219	9 535 219
Sum finansielle anleggsmidler		9 535 219	9 535 219
Sum anleggsmidler		23 570 448	36 386 180
Omløpsmidler			
Varer			
Varelager	4	2 709 510	7 381 656
Sum varer	4	2 709 510	7 381 656
Fordringer			
Kundefordringer	8,14	4 467 864	8 115 587
Andre kortsiktige fordringer	14	137 107 398	92 063 383
Opptjente, ikke fakturerte inkassoinntekter		2 708 869	4 019 720
Sum fordringer		144 284 131	104 198 690
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter o.l.	6,7,15	11 790 205	8 077 303
Sum bankinnskudd, kontanter og lignende		11 790 205	8 077 303
Sum omløpsmidler		158 783 846	119 657 649
SUM EIENDELER		182 354 294	156 043 829



Balanse

Beløp i: NOK	Note	2021	2020
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Aksjekapital	11,12	2 700 000	2 700 000
Beholdning av egne aksjer	11		
Overkurs	12	121 802 584	121 802 584
Annen innskutt egenkapital	12	11 289 650	
Sum innskutt egenkapital		135 792 234	124 502 584
Opptjent egenkapital			
Annen egenkapital	12	18 047 381	6 538 573
Sum opptjent egenkapital		18 047 381	6 538 573
Sum egenkapital		153 839 615	131 041 157
Sum langsiktig gjeld		0	0
Kortsiktig gjeld			
Leverandørgjeld		2 730 387	2 287 628
Skyldig offentlig avgifter		6 906 821	6 475 067
Annen kortsiktig gjeld	14	18 877 471	16 239 976
Sum kortsiktig gjeld		28 514 679	25 002 671
Sum gjeld		28 514 679	25 002 671
SUM EGENKAPITAL OG GJELD		182 354 294	156 043 828



2021 Annual and Sustainability Report

**Annual General Meeting 2022**

The Annual General Meeting will be held on Wednesday, 30 March 2022. For more information, see the notice of the AGM at www.swedbank.com. The proposed record day for the dividend is 1 April 2022. The last day for trading in Swedbank's shares including the right to the dividend is 30 March 2022. If the Annual General Meeting adopts the Board of Directors' proposal, the dividend is expected to be paid by Euroclear on 6 April 2022.

Financial information 2022

Q1 Interim report	28 April
Q2 Interim report	19 July
Q3 Interim report	27 October



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While every care has been taken in the translation of this annual and sustainability report, readers are reminded that the original annual and sustainability report, signed by the Board of Directors, is in Swedish and in European single electronic format (Esef). The annual and sustainability report in ESEF is published on www.swedbank.com.



The year in brief

The year in brief

Higher profit in uncertain times

- Continued growth in lending volumes
- Higher income thanks to record-high net commission income
- Expenses according to plan
- Return on equity increased to 13.2 per cent – target of 15 per cent is unchanged
- Second best annual profit ever
- Continued high credit quality and significantly lower credit impairments
- Continued strong capital and liquidity situation
- Proposed dividend per share for 2021 of SEK 9.25 (ordinary) and SEK 2.00 (special)

Financial information, SEKm	2021	2020
Total income	46 890	45 676
Net interest income	26 257	26 853
Net commission income	14 853	12 770
Net gains and losses on financial items	2 048	2 655
Other income ¹	3 732	3 398
Total expenses	20 847	24 560
of which administrative fine		4 000
Profit before impairments	26 043	21 116
Impairment of intangible and tangible assets	56	2
Credit impairment	170	4 334
Tax expense	4 945	3 851
Profit for the year attributable to the shareholders	20 871	12 929
Earnings per share, SEK, after dilution	18.56	11.51
Return on equity, %	13.2	8.9
Return on equity excl. administrative fine, %	13.2	11.4
Cost/income ratio	0.44	0.54
C/I ratio excl. administrative fine	0.44	0.45
Common Equity Tier 1 capital ratio, %	18.3	17.5
Credit impairment ratio, %	0.01	0.26

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



The year in brief

A selection of key events

Jan

Kick-off of an updated strategic direction

The strategic direction describes the Group's vision, purpose, values, customer promise and foundation. Swedbank's vision is a financially sound and sustainable society, and the purpose is to empower the many people and businesses to create a better future.

28 Jan

The Estonian FSA closes its investigation

The Estonian FSA announced that the measures Swedbank has taken to combat money laundering and other financial crime were sufficient and that it had no further remarks.

1 Feb

Swedbank establishes Baltic holding company

Swedbank's Board of Directors decided to establish a Baltic subsidiary in the form of a holding company headquartered in Riga, where ownership of the current subsidiary banks in Estonia, Latvia and Lithuania was placed. The measures, which are the result of a corporate governance evaluation, strengthen the governance both on a Group level and in the Baltic subsidiaries.

28 Nov

Collaboration with the savings banks is renewed

The cooperation agreement with the savings banks was renewed, which means that the combined range of services and products reaches a total of 6 million customers in Sweden. The collaboration with the savings banks continues to develop and benefits all our customers.

24 Sep

Most loved brand in the Baltic countries

During the Baltic Brand Awards, Swedbank was named in the "Most loved brand" in all three countries for the third year in a row. Swedbank also received awards for the most appreciated and humane brand in the Baltic countries.

Dec

Decisions on dividends for 2019, 2020 and 2021

All in all, 50 per cent of the bank's net profit was paid to the shareholders for 2019 and 2020, in accordance with the bank's policy, at the Annual General Meeting and Extraordinary General Meetings during the year. The Board of Directors also proposed a dividend for 2021 of SEK 9.25 (ordinary) and SEK 2.00 (special), totalling SEK 11.25 per share.

CEO statement

CEO statement

What was most important for Swedbank in 2021?

To manage the pandemic has been the greatest challenge! We have continued to support our customers when they need us. We have guided companies and private customers in their climate transition with qualified advice. The branches have stayed open as much as possible, with specialised solutions for older customers, among others. And we have expanded capacity and functionality in our digital channels for our customers there. We are a digital bank with physical meeting points and during the pandemic customers have become more digital.

The continuing work to prevent money laundering has also been important. Here we made major progress during the year. We are working consistently and diligently to eliminate the shortcomings we have had. To prevent money laundering, everyone in society must work together. It is something we have gotten better at, and something which we will always continue to work with.

Finally, the business focus that is clearly taking shape is also important for the long-term development of the bank. Our strategic direction with sustainability at its core constitutes the base for this work. We have previously developed a framework for green equity. We have continued to increase the bank's green funding with bonds in several currencies. We have Sweden's largest fund company. We have regained our market-leading position in mortgages in Sweden and are thereby the mortgage leader in all four home markets.

Are you satisfied with the financial result?

It was the second highest profit in the bank's history, so of course I am proud. But there is always more to be done. We maintained our strong profitability in 2021 and the bank's shareholders received dividends corresponding to 50 per cent of profit for both 2019 and 2020. In 2021, we delivered a return of 13.2 per cent. Our target of a return on equity of 15 per cent is unchanged. At Swedbank we are focused on long-term value creation for our shareholders.

You have been CEO for two years.

What have you achieved?

We have managed the pandemic with strong profitability. We have improved our anti-money laundering work. And lastly, we have focused on delivering on our strategy.

One key issue is that I have adjusted how we govern the bank. It is more evolution than revolution. With simplicity and clarity, every employee will work toward the same goals and support the bank's vision: to contribute to a financially sound and sustainable society. We have established a Baltic company where responsibility and accountability for the subsidiary banks are formalised. And with the recruitments I have done, we now have a strong team management.

I am one of over 16,000 employees of the bank. We are all working for the business! From Scrum Masters to customer advisors. From compliance to loan processing. From Narva to Trelleborg.

Personally, I have spent more time meeting with customers. In 2021, I was able to meet them in a totally different way.

Besides virtual visits, there were also a number of face-to-face meetings. It is truly a privilege as a bank CEO to sit down and speak with customers. To hear them talk about their daily lives. How retailers, for example, work with their customers and suppliers. To understand what the bank means to them. Or to listen to medium-sized companies considering an expansion outside Sweden. Or to learn about the day-to-day business of a multinational with large, complex capital market transactions. To sit with real estate companies searching for various ways to become greener. To hear customers talk about their businesses, which create job opportunities and strengthen society. It is truly inspiring. Sustainability in practice.

How is the bank's digitisation going?

We are a digital bank with physical meeting points and our customers are becoming increasingly digital. Don't forget that we are a 200-year-old fintech company and have been at the forefront with branches, bank boats, ATMs, Internet banking, our app and wearables. And we will keep innovating. Our transformation is a continuous process. In 2021, the focus was on stability and IT security – resilience – to meet the requirements of a rapidly developing society. We also began working with a new IT platform for personal savings in collaboration with our partner FNZ. This is a major investment, which enables us to create even better solutions for our customers to meet the bank when, how and where they choose. Quite simply, this will lead to better availability, with the goal of making it easier for customers to manage their financial lives.

Has the money laundering issue been cleared up now?

I don't think the issue of money laundering will ever disappear. It is a societal problem. But as the investigations are closed, we can put these historical issues behind us. We are beginning to clearly see the results of the major structural work we have done internally. We have better systems and routines in place. But even more will be done. The world is constantly changing, and criminals are always finding new ways to circumvent the rules and systems. We must remain diligent and at the forefront in the fight against financial crime.

History has taught us that efficiency and productivity require competence and resources, but that the alternative is even more costly. For this reason, we have worked hard to improve risk control and compliance and strengthen the bank.

We have seen our costs increase due to investments to prevent money laundering.

Why is sustainability so important?

Our entire business is based on the idea of a sustainable economy. When the first savings bank was founded in Gothenburg more than 200 years ago, it was to help people of limited means to manage their money sustainably. Since then, the bank has expanded into lending, embraced technology and played a part in giving so many Swedes the opportunity to invest in financial products. These are our roots.

We also come from Föreningsbanken, which was an outgrowth of the old agricultural credit cooperatives. There we

CEO statement



have helped to finance the transition of the Swedish forestry and agricultural sector into a global leader.

We have as a bank historically been part of Sweden's transformation from a poor agrarian society to a modern welfare state. In the Baltic countries, we have played a role in society for nearly 25 years in Estonia, Latvia and Lithuania. Three young nations, three markets which in a brief time have lifted their economies.

How has sustainability affected your business?

We see large opportunities and our green business is growing. We have on average helped two clients a week to issue green corporate bonds during the year.

In our own funding we have issued green bonds in euro and pounds, and in November we were a pioneer with a green US dollar bond. That was an achievement!

To contribute to the UN's Sustainable Development Goals and the Paris Agreement, we have redefined our climate position and decided to exclude certain businesses. Step one was our decision not to finance unconventional prospecting of

fossil fuels, such as oil extraction in the Arctics, or new oil and gas fields. In step two we also excluded the financing of refineries and oil tankers.

While we may lose some business because of this, we gain so much more by avoiding it. Fewer credit impairments. Greater credibility. And other, better business.

Perhaps most notable was our first pioneering effort – a framework for green equity which we developed based on a need we saw in customers. The framework has since laid the foundation for Nasdaq's official green labelling of shares, "Nasdaq's Green Designations".

Swedbank Robur will continue to deliver in sustainability. During the year, we established more stringent investment criteria for fossil fuels in all funds. Robur has also published new metrics and methods to reach net zero by 2040. These are important factors to steer investments.

And savings customers can now more easily choose smart climate options in Swedbank's fund marketplace, where a label shows each fund's ratings on carbon risk and ESG (environment, social, governance), for example.

CEO statement

How do you view the risk of greenwashing and do you think the transition to a sustainable society is going too slowly?

Let's start with the biggest problem, which is what happens when you don't discuss the environment and sustainability. I am proud that Swedbank has been at the forefront and talked about sustainability issues for years. We have sustainability at the core of our business strategy and work hard to support customers in their climate transition. Now it is important that society acts and truly changes.

Can this be exploited for greenwashing? Of course. It is important that the transition leads to results and that we as individuals, businesses and communities actually help to reduce our carbon footprint.

It is positive that so many people are working toward the same goal, that public opinion, companies and individuals change, and that policy provides support. The EU Taxonomy comes to mind. If correctly designed, regulations can move us forward – especially in the area of transparency. It should be easy to do the right thing, and my belief is that you must be able to show that you are open, simple and caring.

The taxonomy is a form of governance. How will it change the way the bank works?

It will lead to big changes down the road. You can never underestimate the impact of the work that the EU does in the area of sustainability. I expect the taxonomy to have the same importance as GDPR, the General Data Protection Regulation, which regulates data privacy in the public and private sector.

Sometimes the taxonomy is described as a bureaucratic monster. And while there certainly are some unwieldy elements, in the end it provides clear categories and definitions – what is green and what isn't – along with the openness needed for change to happen. Clarity and openness are good.

Our customers' future is Swedbank's focus. What does that mean?

It lies at the heart of everything we do! We start from the strategic direction and customer promise that were laid out at the beginning of 2021. Only by working together with our customers can we truly simplify their financial lives. We will do so in four ways.

One, by always starting with the customer's needs, not the bank's earnings.

Two, by always considering how we can help our customers to be more sustainable. This could mean saving for retirement, having extra savings should a dishwasher break down, being able to borrow to replace a gas-powered car with an EV, or perhaps to put solar panels on their roof. When it comes to companies, today it is often a question of transitioning to a more sustainable business.

Three. By being proactive and understanding the customer's day-to-day. When customers have to make a potentially life-changing decisions, I am convinced that it is good to talk to an advisor. We will be there when they need us. Through the Internet bank and app we can be there on the bus or in the living room. We will be there when they discuss money with their children or partner. We will always be available.

Four. By making the difficult simple for our customers. I want us to be straightforward when we communicate with customers. As we have done for 200 years.



By focusing on these areas, we focus on our customers' future.

How will the business grow?

We have many areas with growth opportunities. But allow me to mention four in particular.

Swedbank is a leader in mortgages in all four of our home markets. After a slow start in Sweden, we regained first place during the summer. It is a growing market and we have know-how, history and customers to continue to develop strongly. The real estate market is also our strongest commercial area. In segments such as offices, retail, warehouses and industry, we are seeing positive development in Sweden, Estonia, Latvia and Lithuania as the economies grow.

In the area of advisory services, there is high demand. We have more than 7 million private customers and over a half million corporate customers in our four home markets. Here we can make a difference. By understanding each customer's needs and situation, we can customise advice through both virtual and in-person meetings. The need for advice to maintain financial health is great for many in society.

The transition that society is now undergoing is dominated by sustainability. We have been part of social change through history, and this will continue in the future. It is a core issue for Swedbank. Through advice and financing we would like to contribute to make our communities more sustainable.

In Estonia, Latvia and Lithuania we see great potential. Young, modern economies where the standard of living is improving and demand for banking services is on the rise. These are three countries that are growing much faster than Sweden.

We are an important institution in our home markets. We continue to adapt to the pandemic and monitor inflation and geopolitical developments in our neighbouring region. When I look ahead to 2022, I envision everyone in the bank working single-mindedly for our customers and their financial health.

Our customers' future is our focus.

Stockholm, February 2022

Jens Henriksson
President and CEO

Swedbank in brief

Swedbank is a digital bank with physical meeting points

With over seven million private customers and 620 000 corporate customers, Swedbank is the leading bank for the many households and businesses in our four home markets: Sweden, Estonia, Latvia and Lithuania. We are active mainly in lending, payments and savings. We are available 24 hours a day through our digital channels and our customers can also meet us in any of our physical meeting points.

Purpose

We empower the many people and businesses to create a better future.

Vision

A financially sound and sustainable society.

Values

Simple, open and caring.

2.2 bn
Digital customer
interactions
per year

99%
of our customers'
interactions
are digital



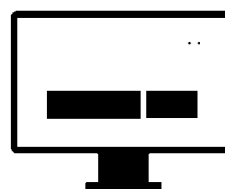
Digital channels

- App and Internet bank
- Everyday banking services
- Sales
- Virtual assistants



Physical meeting points

- 153 branches in Sweden
- 80 branches in Baltic countries
- Contact center
- Telephone, email, chat, social media
- Flexible meeting places
- Video meetings
- Pop-up branches
- Partners
- Competence hubs
- Complex questions
- Specialists



Learn more about Swedbank

- On our website www.swedbank.com
- In our interim reports www.swedbank.com/ir
- In our risk and capital adequacy reports www.swedbank.com/ir

The world around us

Macroeconomic development

The global economy recovered during the year with support from vaccinations and expansionary policy. Global supply chain problems, labour shortages and increased inflation are among economic impacts of the pandemic. The pandemic and the increased requirements for social distancing have also accelerated society's digitalisation as many households and businesses change their views on how and where they work, shop and meet.

2021 was a turbulent year with major changes in the world. At the beginning of the year, we were in the midst of the second wave of the pandemic and the restrictions that followed. Now that the year has ended, we have experienced a worldwide vaccination campaign and nearly 70 per cent of the EU population is fully vaccinated. Despite this, the coronavirus still is not under control and new variants have led to record-high caseloads in Europe. Many countries therefore reinstated restrictions temporarily. Vaccination rates have been slower in the Baltic countries, but are gradually closing in on the EU average. An important parameter is that the number of Omicron hospitalisations has not kept pace with the contagion in the same way as before vaccinations started. In other words, the vaccine provides good protection against severe illness at the same time that Omicron generally seems to produce milder symptoms. This is allowing households and businesses to return to a life similar to before the pandemic as restrictions are now being lifted.

Expansionary economic policy gradually being tightened

The global economy recovered during the year with support from vaccinations and expansionary economic policy. Unemployment has fallen and more people have found work. The recovery has also led to higher global inflation. Our view is that the rising inflation is partly temporary, but to prevent it from lasting we expect central banks to reduce the expansionary stance and begin raising their benchmark rates. The Riksbank is signalling that a first repo rate hike is likely in the later part of 2024 and that its asset holding will remain more or less unchanged in 2022. Swedbank's view, however, is that we will see an earlier reduction of the balance sheet and that the repo rate will begin to rise at the end of 2022.

Global supply chain problems and labour shortages in the wake of the pandemic

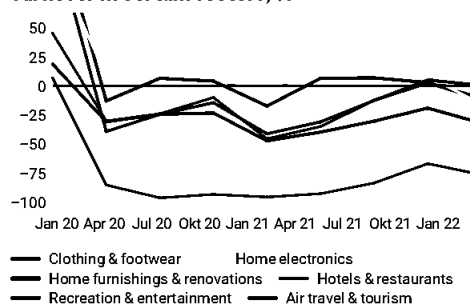
Even if labour market conditions continue to improve, there is a significant mismatch in both Sweden and the Baltics. The skills that companies are looking for don't match those of job seekers. Labour shortages and global supply chain problems due to shutdowns during the pandemic made it hard for businesses to meet increased demand during the year. This means that the recovery is now progressing at a slower pace. For Swedish industry, these bottlenecks periodically forced companies to halt production with a negative impact on goods exports.

Restrictions temporarily dampened the recovery in hard-hit service sectors

During the summer and autumn, the embattled hospitality sector recovered. When the restrictions were lifted in Sweden at the end of September, areas such as conference facilities began to fill up. From very low levels, airlines and other tourism businesses also recovered. In Sweden, the number of airline passengers rose significantly. The activity was however still far below pre-pandemic levels. In December, restrictions were reintroduced temporarily in Sweden to slow the spread of the Omicron variant. As a result, sales for service businesses such as travel, hotels, restaurants and entertainment venues plummeted. In the Baltics, we saw a strong recovery during the summer, but higher caseloads during the autumn kept a lid on the recovery.

More people working remotely and less social contact have led to higher demand for larger homes. The increased demand and high level of housing activity led to broad-based price increases during the year. The increases have been highest for large apartments and single-family homes, which is also where supply is low.

Turnover in certain sectors, %



Change (%) vs corresponding day in 2019, four week moving average.

Source: Swedbank

Value creation

Swedbank's strategic direction

We empower the many people and businesses to create a better future. Our purpose is firmly anchored in our 200-year heritage. Since the start of the savings bank movement, we have believed that everyone has the opportunity to improve their financial situation. We have the same purpose today, where we believe that by providing the right advice, services and products to the many customers in our home markets every day, we can have a positive impact on their lives and on society.

A financially sound and sustainable society

Our vision is based on the belief that Swedbank, with our large customer base, can continue to greatly impact our society. We envision a society that is sustainable from an environmental, social, financial and ethical perspective. We believe that a sustainable bank with sustainable customers can contribute to a long-term sustainable society.

We make your financial life easier

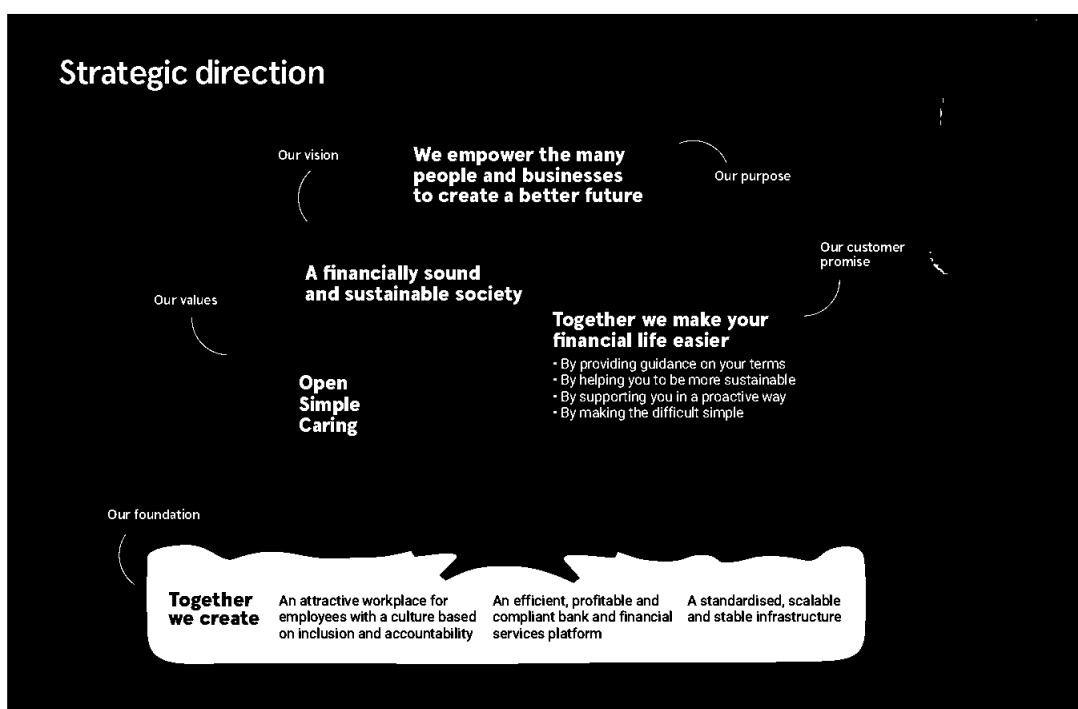
We promise our customers to advise them on their terms, help them with sustainable decisions and make the difficult simple. Our customers are key to our success, and we are there for them throughout their lifetime.

Open, Simple, Caring

Our values are at the centre of our identity and the basis of our culture. We are a straightforward, honest and reliable partner. We are accessible and easy to understand in order to create an uncomplicated banking experience. We are committed, helpful and attentive to our customers' needs.

Our foundation

The key building blocks are of great importance to deliver on our purpose, vision and customer promise. We always have to ensure that we offer an attractive workplace for employees with a culture based on inclusion and accountability. We have to be an efficient, profitable and compliant bank and financial services platform. It is also fundamental that we have a standardised, scalable and stable infrastructure.



Value creation

Sustainable value creation for our customers, owners and society

We focus on sustainable value creation for our stakeholders and therefore aim for a competitive return on invested capital, market-leading cost efficiency, low risk and an excellent customer experience, in combination with a strong commitment to sustainability.

An easier financial life for our customers

Customer value is created by servicing our customers with proactive, timely and relevant offerings based on their needs in the channels they prefer. We focus on having a stable infrastructure and solid digital performance to enable accessibility to products and services when and where needed. Delivering high value to our customers is a precondition to sustainable profitability and our customers' choice of Swedbank as a trusted partner for their financial growth.

Competitive return and market-leading cost efficiency

Shareholder value is created through long-term and profitable growth and efficiency. We value consistent profitability over fast growth, since it creates stability and predictability for our customers and owners as well as society. Therefore, we do not follow short-term market trends and instead price our products based on risk and capital requirements. A strong financial performance is further upheld by market-leading cost efficiency. This allows us to continuously invest in our products and channels and offer competitive prices to our customers.

Low risk

Low risk in our operations is the basis for building trust and our long-term survival. It allows us to finance our operations through deposits from the public and funding from the capital market in order to lend money to households and businesses at competitive prices, even during difficult economic times. It further enables us to take informed and sound decisions balancing risks, return and market shares. With the transition towards digital solutions we also target high stability, availability and information security in all our systems to secure long-term customer relationships and trust.

Strong commitment to sustainability

Swedbank's strong commitment to sustainability is fundamental to our business. We support the green transition in society by minimising our own carbon footprint and through our investments, financing activities and services to our customers. We are highly engaged in our society and communities and take responsibility for our structural importance in the financial system by maintaining a strong financial position, robust asset quality and strong capitalisation.



Value creation

Swedbank's strategic focus

Swedbank has four strategic focus areas:

Core business

Swedbank will focus on growing the strong and profitable core business in Latvia, Estonia, Lithuania and Sweden, our home markets. Swedbank primarily serves the many private customers and small to medium-sized corporates as well as a selected number of large companies within our core product segments: lending, financing, savings, insurance and daily banking. Partnerships and collaborations will be leveraged to address customer needs and the savings banks will remain our most important partner. Further, sustainability is an important part of Swedbank's core and Swedbank will continue to take lead in the sustainability transformation.

Customer value creation

Swedbank's operations are based on the relationship with our customers. We have a competitive advantage in being a digital bank with a physical presence and an ability to create value for customers based on their needs. Success has been built on long-term relationships and an offering that allows customers to entrust their whole financial situation with Swedbank. It is important to remain an attractive choice for the many customers and ensure that Swedbank delivers on their expectations and remains a reliable partner throughout their lives. This is achieved through a strategic focus on customer relationships and customer experience with a customer-centric mindset. The focus will be on delivering an "easier financial life" in line with the customer promise, with focus on proactivity, advice, sustainability and simplicity.

Fundamentals

To enable Swedbank's strong and profitable core business, the foundation on which the bank stands must be stable and resilient to ensure long-term shareholder value. It is strategically important therefore to focus on the fundamentals relating to regulatory compliance, internal governance and controls, stable and resilient technological infrastructure and being an attractive workplace with a culture based on inclusion and accountability. These areas are critical to ensure Swedbank's license to operate, sound risk management, customer trust and satisfaction, employee engagement and cost efficiency, but they are also central to further transformation in other strategic areas.

Operational efficiency

Our focus is to reduce complexity, standardise products and offerings and increase efficiency in processes and the ways we work in order to simplify for our customers and realise the value of our investments and resources. New technology and automation is a key lever to enable further efficiencies and release capacity for the most value-adding tasks. This will allow Swedbank to profitably serve the many, leverage economies of scale, continue to meet the expectations of our customers and keep up with competition.

Business model

A business model for a financially sound and sustainable society

Through proactive advice on the customer's terms, Swedbank offers secure and effective solutions to simplify their financial life. With the goal of a financially sound and sustainable society, we empower the many people and businesses to create a better future.

An important part of society

As part of the financial system, Swedbank plays an important role in society, but at the same time is affected by global changes. This includes regulatory, economic and behavioural changes.

Customer needs – Advice is growing in importance to the customer relationship and a targeted offer for the various stages of life will therefore become more important. Customers are increasingly choosing to bank digitally. Our aim is to enable customers to handle all their day-to-day transactions digitally, but with personal support in connection to more qualified advice.

Sustainability – Swedbank wants to actively contribute to a more sustainable society. Climate change and the effects of the climate transition are placing new and increased demands on Swedbank. We are therefore adapting our lending and savings operations to meet these demands. Financial crime is a threat to a sustainable society and Swedbank is working continuously to combat it. Our aim is to strive for international best practices.

Regulation and reporting – The banking sector is subject to a number of regulations and increased reporting requirements, which are designed to among other things increase financial stability and improve the position of customers. In the area of sustainability, regulations are rapidly being tightened with increased requirements on climate transition and fighting financial crime.

Competition – Our competition consists of traditional banks as well as new firms. To stay relevant for our customers, we must continuously improve our offering by designing more customised and qualified services. We do this partly on our own, but also together with the savings banks and other partners.

Macroeconomic development – As an integral part of the economy, we are affected by long-term economic trends and fluctuations. To stay competitive and relevant, we must be able to quickly adapt to changing market conditions.

Net interest income is our largest income source

By customising lending for households and businesses, promoting sustainable savings and offering secure and simple payment services, we contribute to our customers' financial security and support the national economy. Net interest income and income from savings products and payment services are also Swedbank's largest income source, at the same time that personnel and IT account for the large part of our expenses.

Net interest income – The difference between interest income from lending and interest expenses for deposits and funding is net interest income. The lending is financed through deposits from businesses and private customers and through funding from the capital market. To maintain a low risk level, we have to correctly understand and price our lending. The margin we earn must therefore be high enough to cover credit impairments for borrowers who cannot pay their interest or amortise their loans. The margin must also cover the bank's own expenses, fees to strengthen financial stability and provide a return on shareholders' equity. It is important for us that the money we lend contributes to sustainable development and we are therefore steadily growing our share of green loans – as a bank we play an important role in the transition to a sustainable society.

Net commission income – Our second largest income source is comprised of fees on products and services such as asset management and payments. Swedbank Robur managed in total SEK 2 016bn at year-end. Income from asset management is generated from a fee on assets under management and is therefore affected by the performance of the financial markets. Interest in saving sustainably continues to grow and during the year we took further steps towards our sustainability goals. Card fees account for the large share of payment income. Income is generated from customers who use the cards we have issued, but also from businesses such as shops and restaurants that use our card terminals. The income consists of annual fees and fees based on transaction volumes.

Expenses – Swedbank's main expenses are for personnel and IT. Demand for easy-to-access services with a greater degree of advice is increasing. More extensive regulation and increased reporting requirements are also affecting expenses. To meet the demand from customers, satisfy the requirements from authorities and increase cost efficiency, investments must be made in both HR and modern services and systems.

Credit impairments – Swedbank's credit impairments are normally low, since we have long maintained low risk-taking. During the pandemic, however, Swedbank has reported large estimated credit impairments that arose mainly at the start of 2020 and were based on an assessment of future expected losses. Credit quality remains high and default rates were at low historical levels. In 2021, credit impairments were low. Although the outlook has improved, Swedbank has considered the uncertainty surrounding the economic recovery to be so high that it would not be appropriate to reduce the provisions allocated in 2020. Credit impairments for 2021 were low.



Business model

Simplified income statement, SEKm

+ Our income	
Net interest income (interest income – interest expenses)	26 257
Lending generates interest income and interest expenses are incurred for deposits and the bank's funding.	
Net commission income	14 853
Fees charged for services such as card usage, payments and asset management.	
Net gains and losses on financial items	2 048
Result arising through trading in financial instruments and valuation effects from the derivatives, for example.	
Other income	3 732
Share of result from associated companies, services sold to savings banks and net insurance.	
Total income	46 890
– Our expenses	
– Staff costs	12 739
We are dependent on attracting and developing people with the right skills to meet customer demand, but also to meet internal and external compliance and reporting requirements.	
– Other expenses	7 753
Development, production and distribution expenses together comprise other expenses.	
– Consulting expenses to manage money laundering related investigations	355
Total expenses	20 847
= Profit before impairment	26 043
– Impairments	226
Credit impairments are natural for a bank as all lending carries a risk. Both write-offs and expected credit losses are included.	
– Tax	4 945
Swedbank is one of the largest corporate taxpayers in Sweden and together with the country's other banks accounts for about 10 per cent of total corporate income tax collected.	
= Our profit attributable to the shareholders	20 871
Earnings distribution	
Swedbank's dividend policy is to distribute 50 per cent of profit to shareholders, who demand a competitive return on the capital they invest. The remaining 50 per cent is used to finance investments in increased customer value and growth and to weather economic slowdowns in difficult times. For 2021 a special dividend of approximately 10 per cent of profit has also been proposed against the backdrop of the bank's strong capital situation.	
Dividend incl. special dividend	Equity

Simplified balance sheet, SEKm

Our assets	
Cash, treasury bills and bonds	581 836
Swedbank maintains a liquidity buffer in the form of cash and liquid securities to meet its commitments even if access to funding is closed for an extended period.	
Loans to the public	1 703 206
About half of Swedbank's lending to the public consists of mortgages in Sweden. Swedbank is one of the largest lenders to private and corporate customers in our four home markets.	
Loans to credit institutions	39 504
Swedbank also offers lending and deposits to other banks and credit institutions.	
Derivatives	40 531
To protect the bank and its customers against unwanted market movements, the bank uses and offers various types of derivatives, which are reported on both the asset and liability sides of the balance sheet.	
Other assets	385 540
Total assets	2 750 617
Our liabilities and equity	
Deposits and borrowings from the public	1 265 783
Customer deposits fund a significant share of lending. Swedbank has a large, stable base of deposits.	
Debt securities in issue	735 917
Lending not funded with deposits is funded through the capital markets. Swedbank's market funding is almost exclusively long-term and mainly consists of covered bonds.	
Derivatives	28 106
See comment under assets above.	
Other liabilities	559 115
Equity	161 696
Equity ensures that the bank can operate well even under unfavourable conditions.	
Total liabilities and equity	2 750 617

For more detailed information on Swedbank's income statement and balance sheet, see pages 65 and 67.

Goals and results

Focus on sustainable value creation for customers, employees, owners and society

Swedbank's strong commitment to sustainability is fundamental to our business. We continue to integrate a sustainability perspective as a natural element in everything we do, because we believe that sustainability is profitable in the long term for customers, employees, owners and society as a whole. Our ambition is to be a leading bank in sustainability.

Swedbank has signed and is actively committed to the UN Principles for Responsible Banking. The bank wants to contribute to the UN Sustainable Development Goals and the Paris Agreement. As part of this, Swedbank Robur has set a goal that by 2025 its aggregate assets under management will align with the Paris Agreement's target to limit global warming to 1.5°C and by 2040 will be placed in carbon neutral investments. During the year, Swedbank Robur launched additional

Paris Aligned funds, where management and analysis are based on the EU Sustainable Finance climate benchmark.

Swedbank's direct GHG emissions continued to decline during the year. The long-term goal is to reduce direct GHG emissions by 60 per cent from 2019 to 2030. At the same time, we will continue in 2022 to measure indirect emissions from the bank's financing.

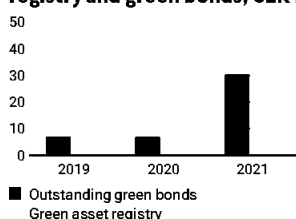
Sustainability goal

Reduce the bank's climate impact



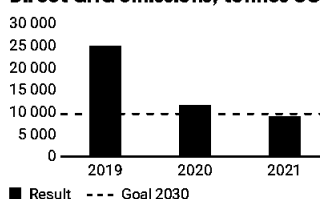
Why? Global warming is one of the greatest challenges of our time. Swedbank has a big responsibility to enable capital to flow to more sustainable investments and reduce our own climate impact. During the year, the bank continued to facilitate a climate transition in line with the Paris Agreement's 1.5°C target and to contribute to the Sustainable Development Goals.

Growth in Swedbank's green registry and green bonds, SEK bn



The registry for green assets increased by 220 per cent from 2019 to 2021. The large part of the increase in 2021 was due to the inclusion of green mortgages. Financing through the bank's green bonds eliminated 595,029 tonnes of emissions during the year.

Direct GHG emissions, tonnes CO₂e



Result

Swedbank is making good progress towards the Group's climate target to reduce direct emissions. In 2019–2021, the bank lowered emissions by 63 percent, which can largely be explained by the reduction in the number of flights due to the pandemic. Going forward, one of Swedbank's priorities will be to maintain direct emissions at a low level.

In 2021, Swedbank improved its monitoring of indirect emissions at the customer level, in investments through Swedbank Robur and in financing. Emissions from Swedbank Robur's funds are also measured and have decreased from 3.5 million tonnes CO₂e in 2019 to 1.7 million tonnes CO₂e in 2021. The work being done to improve the bank's metrics for financed emissions will continue in 2022.

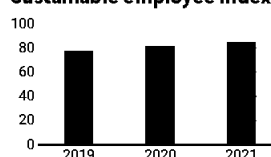
Goals and results

Employee goal

Increase employee engagement

Why? Swedbank considers sustainable employees to be vital to both their personal engagement and to a better customer experience. To have sustainable employees and be an attractive employer, the bank works continuously to provide healthy and sustainable working conditions and an inclusive work environment distinguished by collaboration. The bank's sustainable employee index measures well-being on the job by surveying employees on their work situation, work-life balance, work environment and teamwork. The sustainable employee index continued to improve during the year regarding how our employees rate their working environment. This was partly thanks to a better work-life balance and to the bank's efforts to create a safe place to work and promote health and well-being during the pandemic.

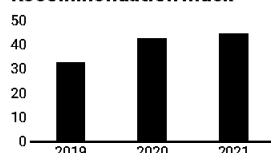
Sustainable employee index



Result

Employees' ratings of their work situation continuously improved during the year.

Recommendation index



Result

The willingness to recommend Swedbank as an employer, the so-called eNPS score, further improved during the year.



Customer goal

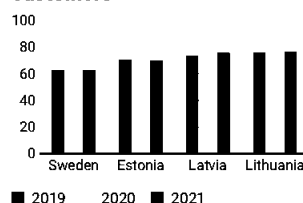
Increase customer value

Why? Customer value, along with customer satisfaction, trust and a positive brand image, explains why customers choose our products and services. High customer value, with a focus on proactivity, advice, sustainability and simplicity, is a precondition for sustainable value creation and profitability. Customer value is tracked through our own and public surveys that measure customer satisfaction.

Result

The money laundering incidents negatively affected the CSI in 2019, primarily in Sweden, while the Baltic countries were less affected. In Sweden, customer satisfaction has since remained stable but slightly lower. Latvia and Lithuania have had the highest customer satisfaction and positive trends in recent years.

Customer satisfaction, private customers



Customer satisfaction as measured by the customer satisfaction index (NKI).



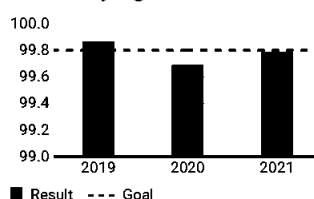
Goals and results

Availability goal

Availability in digital channels

Why? Our customers are making more and more digital transactions and over 99 per cent of total customer interactions are digital. It is critical therefore that the digital channels maintain the highest possible availability. Our customers expect to use the digital services 24 hours a day, 7 days a week. The rapid increase in the number of digital interactions makes availability a goal of the highest priority. Every minute that customers cannot access our digital banking services, we take very seriously. We take action and investigate as quickly as possible. The availability goal in our digital channels is 99.8 per cent.

Availability digital channels, %



Result

Availability in both Sweden and the Baltic countries was 99.8 per cent in 2021. In Sweden, availability was affected by a few extensive disruptions, while availability in the Baltics was affected by several shorter disruptions.

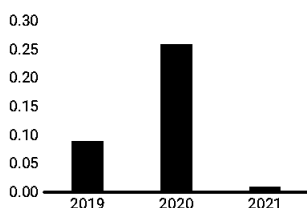
Risk goal

Proper risk management

Why? Taking and managing risk in a conscious and controlled manner is fundamental to our business model and value creation. Swedbank has a low risk appetite and has built its business on long-term customer relationships. Risk management affects everything we do and is anchored in our values and strategy.

Swedbank's lending will be low risk and well-diversified. Our capitalisation and liquidity position will ensure that the bank can manage economic slowdowns, and therefore the goal is to maintain a buffer to the capital requirement of 1–3 percentage points. Strong capitalisation is necessary to ensure access to competitive capital market funding.

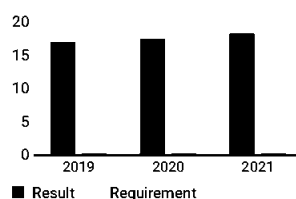
Credit impairment ratio, %



Result

Credit impairments decreased to SEK 170m (4 334) after having been strongly impacted by the outbreak of the pandemic in 2020.

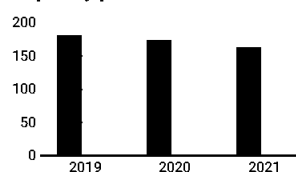
Common Equity Tier 1 capital ratio, %



Result

The Common Equity Tier 1 capital ratio was 18.3 per cent (17.5) at 31 December. During the year, the Swedish FSA raised the Common Equity Tier 1 capital ratio to 13.7 per cent (12.4), which made the buffer to the capital requirement 4.6 percentage points. Going forward, the buffer will be affected by increases in the countercyclical buffer requirement, among other things.

Liquidity position, %



■ Liquidity coverage ratio (LCR)
■ Stable net funding ratio (NSFR)

Goals and results

Financial goal

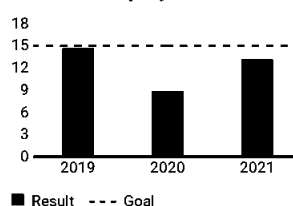
A return on equity of at least 15 per cent...

Why? Swedbank's shareholders demand a competitive return on the capital they invest. Consistent profitability is also necessary to stay competitive in the long term and create opportunities to invest and develop the business in a way that increases customer value. We also have to ensure that the bank can withstand periods of major economic stress, which is largely determined by our earning capacity, risk level and capitalisation.

Result

The return on equity was 13.2 per cent during the year. In 2020, the return was 8.9 per cent including the administrative fee and 11.4 per cent excluding the administrative fee. Swedbank's target is a 15 per cent return on equity.

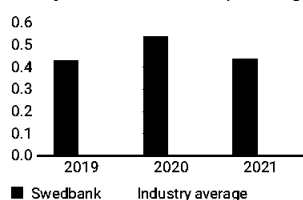
Return on equity, %



...requires market-leading cost efficiency

Why? Digitisation is increasing competition and transparency in parts of the banking sector while banking products and services are becoming more standardised. The price of our services, and thereby the cost to produce them, is becoming more important. To remain competitive in the long term requires a continuous effort to maintain market-leading cost efficiency.

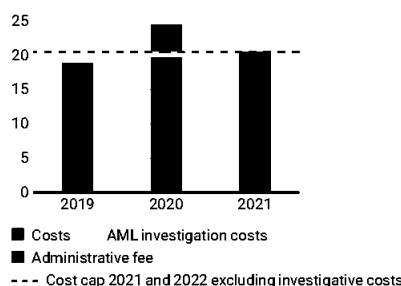
Swedbank's cost/income ratio compared with industry average



Result

Swedbank's C/I ratio was 0.44 (0.54) in 2021. The average for the three other major banks in Sweden – Nordea, SEB and Handelsbanken – was 0.46.

Costs, SEK bn



Result

Costs decreased to SEK 20.8bn (24.6), since the Swedish FSA's administrative fine of SEK 4bn affected the previous year. Adjusted for the administration fine, costs increased slightly, mainly because of more employees and higher staff costs. The increase in the number of employees has mainly been in IT, but also in AML. Consulting costs for money laundering-related investigations decreased. For 2022 the underlying cost cap of SEK 20.5bn is unchanged and excludes the new bank tax. Besides the underlying costs, there are costs for money laundering-related investigations, which are difficult to assess, but our estimate is approximately SEK 0.5bn in 2022.

Sustainability year in brief

Sustainability year in brief

A selection of key events

26
Jan

Swedbank's position on climate change was updated during the year. The bank no longer directly finances unconventional fossil fuel production or exploration of new oil and gas fields. Later in the year this was expanded to include new oil tankers and new investments in crude refinery capacity for transport fuel (with the exception of biofuels).

12
May

During the year, Swedbank intensified efforts to increase its share of green lending and issued three green bonds. The bank has now issued green bonds in all the major currencies – USD, EUR, GBP and SEK – equivalent to SEK 30 billion.

9
Jun

Together with its customers, Swedbank has been a pioneer in green equity. In 2021, the bank was an advisor on the new Nasdaq Green Equity Designation for equity issuers that are considered green or in transition. The designation is available to publicly listed companies in Sweden, Finland and Denmark.

15
Oct

Swedbank is proud to have committed to Business Ambition 1.5°C, a coalition of UN agencies and businesses. Swedbank will decide on climate targets that align with what the latest research says is needed to meet the Paris Agreement's 1.5°C target (using the Science-Based Targets initiative's method and validation).

25
Oct

Swedbank shared first place in the banking category in Dagens Industri's sustainable company survey 2021, where Swedish listed companies with the most ambitious sustainability work are ranked.

29
Oct

Swedbank Robur established stricter fossil fuel criteria for all its funds and published new intermediate targets and methods to reach its goal of net zero by 2040.

12
Nov

For the second year in a row, Swedbank was included in the Dow Jones Sustainability World Index of the world's most sustainable businesses, demonstrating that the bank's sustainable business strategy is working.

The sustainability report aligns with the Global Reporting Initiative (GRI) and has been prepared in accordance with the GRI Standards: core option. The report has been reviewed by PwC (limited assurance) in accordance with the assurance report on page 244. The information in the sustainability report pertains to the calendar year 2021 (the previous report was 2020), unless otherwise indicated, and describes the most important aspects of Swedbank's sustainability work. The sustainability report comprises Swedbank AB and its subsidiaries (see Note G1 and P24). The aim is

to present the progress that has been made as well as areas that need further improvement.

In the notes, the results of the work are reported from the standpoint of four core processes: pay, save/invest, finance and procure. Results are also presented based on how the bank works with HR issues, the environment, taxes, business ethics and information security, human rights and social engagement. The sustainability report is presented on pages 18–29 and 198–237 and is published on www.swedbank.com.



Sustainability year in brief

Sustainability information	2021	2020
Sustainable financing (SEK bn)	56.0	23.7
of which Swedish Banking	26,4	2.8
of which Baltic Banking	6.9	3.2
of which Large Corporates & Institutions	22.7	17.7
Asset management, Swedbank Robur		
Engagement work, participation in annual general meetings ¹	786	593
Engagement work, governance and sustainability dialogues ¹	1 155	948
Total carbon emissions from equity fund portfolios based on ownership interests in the portfolio companies (million tonnes CO ₂ e) ¹	1.7	2.4
Climate impact		
Direct climate impact, total emissions (million tonnes CO ₂ e)	0.009	0.01
Societal engagement		
Financial literacy presentations	3 152	2 101
Liquidity loans, Covid-19, SEK bn ²	0.6	1

1) Information from Swedbank Robur.

2) Offered to companies applying for a government loan guarantee to help them bridge short-term financial difficulties caused by Covid-19.



THE GLOBAL GOALS

For Sustainable Development

United Nations Sustainable Development Goals

Swedbank has committed to the UN Sustainable Development Goals.

Global Reporting Initiative

Swedbank's Annual and Sustainability Report 2021 is aligned with the Global Reporting Initiative.



United Nations Global Compact

UN Global Compact commitment

Swedbank has signed the UN Global Compact and supports the ten principles on human rights, labour rights, the environment and anti-corruption.



TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Task Force on Climate-related Financial Disclosures

Swedbank reports climate-related risks according to the Task Force on Climate-related Financial Disclosures (TCFD). See the bank's reporting on page 206–208.



Principles for Responsible Banking

Principles for Responsible Banking

As part of the effort to integrate sustainability in its business operations, Swedbank has signed the UN Principles for Responsible Banking.

Sustainability

Swedbank's sustainable business strategy

Swedbank's vision of a financially sound and sustainable society reconnects to the bank's purpose, to empower the many people and businesses to create a better future. During the year, Swedbank intensified its efforts to further contribute to a sustainable society, where sustainability is a part of everything the bank does, and thereby create long-term value for the bank and all its stakeholders. To accelerate this work, Swedbank's sustainability strategy is now fully integrated in the business strategy, a sustainable business strategy.

Basis of Swedbank's sustainability work

To identify which sustainability areas to focus on and report on, Swedbank mainly uses two different analyses: a materiality analysis to show which sustainability areas the bank's stakeholders consider the most important, and an impact analysis to describe the sustainability areas where Swedbank's business operations have the biggest impact. As guidance on integrating the key sustainability areas, the bank follows international commitments such as the Principles for Responsible Banking (PRB), Principles for Responsible Investment (PRI) and UN Global Compact. The bank also uses the sustainable finance regulations developed at a European level. With this as a basis, Swedbank has defined what sustainability means to the bank (see "Sustainability for Swedbank" on page 24) as well as a sustainable business strategy with an operational plan on how sustainability will be integrated in to the bank's operations.

Materiality and impact analyses

A continuous dialogue was maintained with stakeholders during the year to obtain feedback and ideas through customer surveys, industry forums and investor meetings. The bank closely monitors which sustainability areas are being covered by the media and trade associations. In this way, Swedbank gains insight into trends, business risks and opportunities that help the bank to contribute to a sustainable society. The year's dialogues were based on the materiality analysis conducted in 2020, since no major changes were made in 2021 that required it to be updated. Swedbank conducts a large materiality analysis every few years.

The materiality analysis was conducted by selecting sustainability areas based on the most material sustainability aspects for the financial sector. These areas were then used in a survey of around 120 key employees from the various business areas and Group functions who also had a good

understanding of the bank's stakeholders. Based on the results of the internal survey, a second survey was sent to external stakeholders. Responses were received from around 900 private customers, 400 corporate customers, 500 employees, 17 social actors (e.g. authorities and interest groups) and eight investors. The materiality analysis was conducted in Sweden, Estonia, Latvia and Lithuania.

The results show that stakeholders ranked the areas that were important to the bank's core business highest, while product and thematically oriented areas rated slightly lower. Moreover, all the sustainability areas were considered important, with a lowest average score of 7.4 (on a scale of 1–10). Areas such as financial stability, stable IT systems with high security, and business ethics are among Swedbank's main success factors, according to stakeholders. Other more product-related areas such as sustainable investment and sustainable finance are also considered important for Swedbank to have a positive impact on society. The results have been used as the basis of strategic business decisions and annual activity planning. For more details on the stakeholder dialogues, see page 202.

As a complement to the materiality analysis, Swedbank updated the portfolio impact analysis from a sustainability perspective during the year. The methodology used in the impact analysis is based on the UN Environment Programme Financial Initiative (UNEP FI), which is part of the Principles for Responsible Banking (PRB). The areas where the bank's portfolio has the greatest impact include climate change, resource efficiency, inclusive and healthy economies, and employment. For a more detailed description of the analysis, see page 203.

Both analyses are used as guidelines in developing the bank's business strategy in order to reduce negative sustainability impacts and increase positive impacts. A summary of the results of the materiality analysis and impact analysis is presented on the following page.



Sustainability

Summary of Swedbank's materiality analysis and impact analysis

	Order of priority from the materiality analysis	Note	Significant sustainability area from the impact analysis*
Key parameters	1 Secure and stable IT systems	S7	Justice
	2 Business ethics	S7, S10	Inclusive & healthy economies
	3 Financially stable bank	S8	Inclusive & healthy economies
	4 Combat financial crime	S7	Justice
	5 Responsible governance	S7, S10	Inclusive & healthy economies
	6 High accessibility	S1	Justice
	7 Attractive employer	S6	Inclusive & healthy economies
Thematic areas	8 Promote sustainable investment	S2, S9	Employment
	9 Promote climate transition	S2, S3, S4, S5	Climate
	10 Societal engagement	S8	Biodiversity & ecosystem
	11 Promote sustainable finance	S3, S9	Waste

* Can be both positive and negative impact.

The figure above describes the key sustainability areas based on the results of Swedbank's materiality analysis and impact analysis. The areas from the impact analysis have been aligned with the areas from the materiality analysis. A description of how the analyses were conducted is provided under Materiality and Impact analyses on the previous page as well as on page 202–203.

Swedbank's most important voluntary commitments

It is in collaboration with others that Swedbank can make the biggest difference. The bank follows a number of international commitments to ensure that it lives up to international expectations. During the year, the bank continued to implement the PRB. By signing the principles, Swedbank has joined over 260 other banks committing to align with the Paris Agreement

and the Sustainable Development Goals as well as contributing to their success. Swedbank has also signed the UN Global Compact and bases its sustainability work on the underlying conventions and declarations. See a summary of the bank's most important commitments on the next page.

Sustainability

Commitment	Description
UN Global Compact	Global framework to encourage businesses to take responsibility for sustainability issues. The UN Global Compact consists of ten principles including human rights, labour rights, environmental issues and anti-corruption. The guidelines are based on international conventions and declarations.
Principles for Responsible Banking (PRB)	Framework and practices consisting of six principles to align the financial sector with the Sustainable Development Goals and the Paris Agreement.
UN Guiding Principles on Business and Human Rights	Guiding principles on how businesses should work with human rights.
UN Women's Empowerment Principles	Seven guiding principles on women's empowerment in order to adapt the financial sector to the Sustainable Development Goals.
Task-Force on Climate-related Financial Disclosures (TCFD)	Framework for reporting climate impacts and scenario testing of loans and investments that includes governance, strategy, risk management, and metrics and targets.
Science Based Targets initiative (SBTi)	Method for setting and validating science-based climate targets for companies in line with the Paris Agreement.
Equator Principles (EP)	Risk management framework for project financing to assess sustainability risks.
Principles for Responsible Investments (PRI) (Swedbank Robur)	Framework and practices consisting of six principles to increase the understanding of responsible and sustainable investments.
Climate Action 100+ (Swedbank Robur)	An investor-led initiative to ensure that the world's largest corporate greenhouse gas emitters take the necessary action on climate change.
Finance for Biodiversity (Swedbank Robur)	Commitment where signatories by 2024 will collaborate and assess their own impact as well as set targets and report biodiversity related data.
International Corporate Governance Network (Swedbank Robur)	An investor-led organisation whose mission is to promote effective standards of corporate governance and investor stewardship to advance efficient markets and sustainable economies worldwide.

Sustainable finance regulations set a new standard

In recent years, the EU has developed a sustainability agenda with the EU Green Deal and the EU Action Plan on Financing Sustainable Growth where the latter focuses on the financial sector. Swedbank supports EU's vision and is developing its operations to contribute to a more sustainable economy where customers and investors can make well-informed decisions. Swedbank views the EU initiatives as something that can positively contribute to the bank's purpose, to "empower the many people and businesses to create a better future".

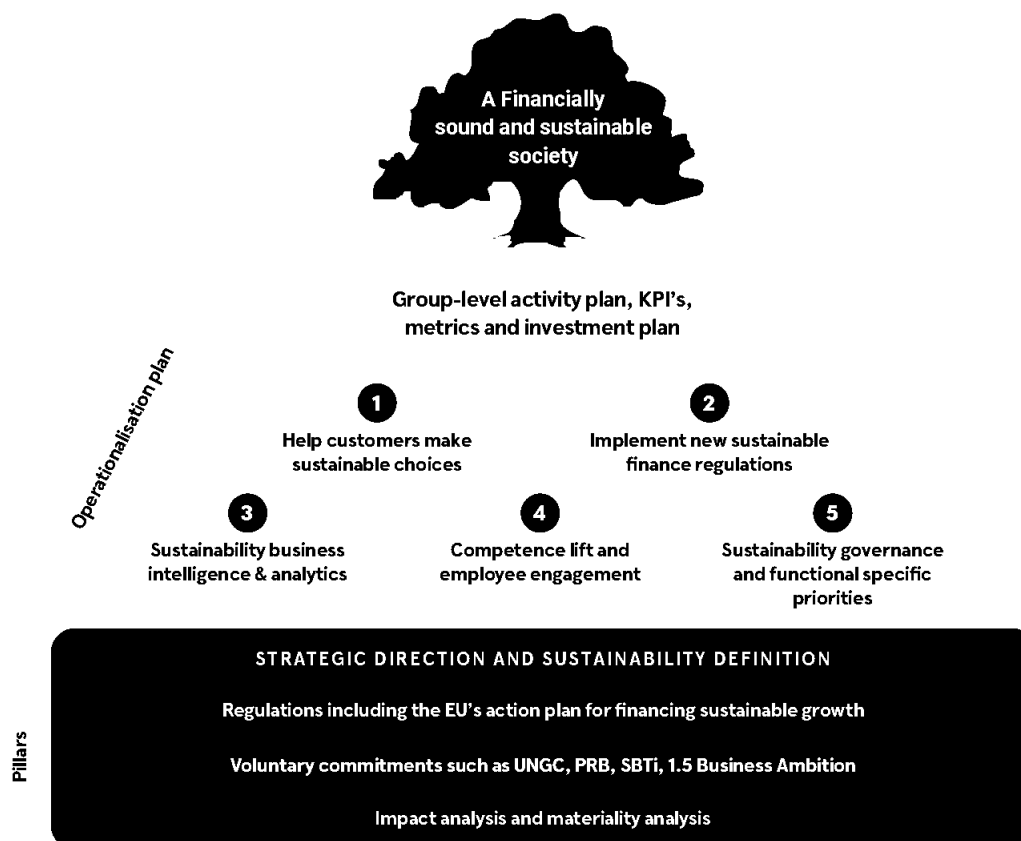
During 2022, several EU sustainable finance regulations will start to apply or be further developed. Those regulations with an application date in 2022 that impact the bank are the Sustainable Finance Disclosure Regulation (SFDR), the sustainability related amendments to MiFID II and IDD, the inclusion

of ESG risk in the Pillar 3 report and the Taxonomy Regulation ("the Taxonomy"). These regulations aim, among others, to enhance the transparency on how sustainable investments are and how sustainability risks are managed, as well as to better understand the sustainability preferences of the bank's customers when providing investment- or insurance advice.

The Taxonomy creates a classification system in the EU for environmentally sustainable economic activities. The purpose is to help investors identify environmentally sustainable investments. Swedbank is reporting in accordance with the Taxonomy for the first time in this Annual and Sustainability Report. For more information on Swedbank's mandatory Taxonomy reporting see page 204–205 and for the voluntary Taxonomy reporting see page 216–217.

Sustainability

Swedbank's sustainability work



Operationalisation of the bank's strategic direction
Based on the key sustainability areas as determined by the bank's stakeholders, the impact analysis, voluntary commitments and regulations, a definition was developed of what sustainability means to the bank. At the same time a business strategy with sustainability at its core was developed. The work during the year to operationalise the strategy resulted in a Group-level, five-year transformation plan centred on sustainability and stronger sustainability management through

the establishment of the Swedbank Sustainability Committee. The plan addresses the areas where the bank has to develop in order to deliver on the strategic direction as well as coordinate priority for activities and targets. It is also structured according to the five main areas that are integrated in Swedbank's activity plan in coming years. See a summary of the bank's work in the figure above.

Sustainability

Sustainability for Swedbank

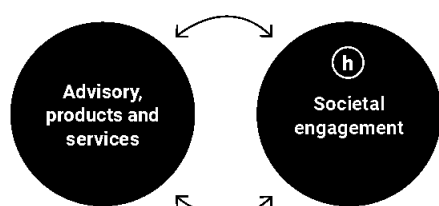
Doing things right

Sustainability basics through our own operations

- a Environmental Sustainability**
 - Environmentally safe operations
 - Paris-aligned financing and investments
- b Social Sustainability**
 - Diverse, inclusive and sustainable workforce
 - Fighting financial crime
- c Governance & Ethics**
 - Responsible corporate governance and business ethics incl. purchasing
 - Compliant business and transparent disclosure
- d Financial Sustainability**
 - Profitable and financially stable
 - Secure, accessible and stable infrastructure



- e Doing the right things**
Our impact and contribution through our customers
- f Empower the many People to create a better future by supporting sustainable choices**



- g Empower the many Businesses to create a better future by supporting the transition**

Integrating sustainability in the bank and by customers

Together with the strategic direction, Swedbank has defined what sustainability means to the bank and its stakeholders. This has resulted in the sustainability definition illustrated above, which rests on two pillars: "Doing things right" and "Doing the right things". The definition supports the transition needed in society and is a natural element in the bank's strategy to enable customers, employees, owners and society to create a better future.

'Doing things right' – a sustainable foundation is created through the bank's own operations

Swedbank made important strides during the year to further integrate sustainability in all its operations. "Doing things right" is the foundation for the bank's sustainability work and building blocks, and the source of the bank's credibility. It is how we describe our internal work across four areas: Environmental Sustainability, Social Sustainability, Governance & Ethics and Financial Sustainability.

a Environmental Sustainability

Swedbank's environmental impact consists of a direct impact from its own operations and an indirect impact via customers and suppliers. Swedbank has to continuously reduce the negative impact in the organisation by further improving processes and systems. As a bank, we also have a big responsibility to redirect capital flows to sustainable alternatives and empower private customers to transition to a more sustainable lifestyle and businesses to a Paris-aligned business model.

Environmentally safe operations

Over the years, Swedbank has invested in structured and purposeful work within the environmental area and was already in 2003, as the only listed bank in Sweden, environmentally certified according to ISO 14001. The environmental work is carefully structured according to this international environmental management standard, which also includes an annual third-party review.

Based on the management system, the bank decides on goals and implements initiatives with the aim of reducing the bank's environmental impact. In 2021, Swedbank's units and subsidiaries decided on more than 260 sustainability goals. Through the yearly Management Review, which is part of the management system and is carried out at Group management level, the bank's clear and measurable sustainability goals are followed up on, with continued focus on development and improvement.

As for the emissions Swedbank cannot remedy on its own, the bank compensates. This has meant that Swedbank has been net zero since 2019 based on its direct emissions. Climate compensation is done by supporting Vi-skogen, which through tree planting, agro-forestry and sustainable cultivation methods contributes to the storage of carbon dioxide. In 2021, Swedbank compensated for 9 201 tonnes of carbon dioxide.

Swedbank reports on a wide range of environmental performance indicators. The main indicators to monitor the bank's environmental impact are GHG emissions, energy consumption and business travel (for more details, see page 216–218). In the period 2019–2021, Swedbank reduced its direct GHG emissions by 63 per cent with Covid-19 as a strong factor due to the drop in air travel in 2020–2021.

Continuous upskilling for the bank's employees on the environment and climate change is critical to development in this area. A large number of employees have received a thorough review of the IPCC's latest climate report, and the bank's e-training on climate risks is now available to all employees. The training comprises three levels: a mandatory course for all employees, more in-depth mandatory training for all those who meet customers as well as their support functions, and lastly a detailed course for everyone who participates in scenario analyses based on the TCFD recommendations.

Sustainability

During the year, Swedbank also initiated many activities to reduce its internal carbon footprint. One was a climate challenge to employees, where researchers from KTH Royal Institute of Technology analysed the role that organisations play in promoting more sustainable lifestyles. Over eight weeks, 137 employees participated in the project, which among other things analysed their personal carbon footprint using the digital tool Habit. The goal for the employees was to reduce the carbon impact by 22 tonnes, but in fact they achieved more than double that, 55.7 tonnes. The project was part of employee upskilling on climate change, which also helps us to better support customers in their transition.

Another climate related activity is the bank's work to digitalise customer mailings, which is continuing. Some annual mailings have more than two million recipients and it is gratifying to see that the digital share is steadily growing. In 2021, it was around 75 per cent for several mailings, and the goal is to further increase that in coming years.

Paris-aligned financing and investments

Swedbank has an important responsibility to align the bank, its customers and society as a whole with the Paris Agreement's 1.5°C target. As part of this work, Swedbank has pledged to decide on science-based emissions reduction targets in accordance with Science-Based Target initiative (SBTi) and Net Zero Banking Alliance (NZBA). This means that Swedbank is committing to set both short- and long-term targets as needed to limit global warming to 1.5°C.

Swedbank is currently developing targets in accordance with the above-mentioned commitments and intends to gradually implement them for various asset classes where calculation methods are available. Swedbank has initially chosen to focus on the real estate sector, which includes both mortgages and financing for commercial properties, since it represents a significant portion of the bank's balance sheet.

The reduction targets in the real estate sector will be based on SBTi's Sectoral Decarbonisation Approach (SDA). By using SDA, the targets are developed using the baseline year's financed emissions as well as the annual reduction needed to achieve the overarching long-term target. In the work of setting science-based reduction targets, inadequate data is a challenge. Swedbank has chosen to use an emissions calculation method provided by the Partnership for Carbon Accounting Financials (PCAF). This makes it possible to initially perform the calculations with fairly limited data. As more data becomes available, the calculations will be based more on primary data and in this way improve the reliability. A preliminary assessment shows that the method is favorable for Swedbank, with good opportunities for improvement over time.

During the year, Swedbank Robur, Swedbank's asset management subsidiary, adopted stringent fossil fuel criteria for all its funds and published new intermediate targets and methods to reach its goal of net zero by 2040.

Assessing climate risks is another important part of the bank's environmental work to ensure future profitability and security for its customers. In addition to TCFD reporting and scenario testing (for more information, see page 206–208), Swedbank has established a cooperation with the Swedish Meteorological and Hydrological Institute (SMHI) to improve the bank's methods and skills to assess the physical climate risk in the property-related portfolio and understand how much

value is put at risk in different scenarios. The research shows that more extreme weather can be expected with heavy precipitation, more storms, a warmer climate and more humidity, which could lead to damages caused e.g. by moisture, mould and rot. These are factors that can impact a property's future value.

Swedbank's climate work draws attention

During the year, Swedbank's climate management was highlighted in the Financial Times Europe's Climate Leaders and the Haga Initiative's analysis of listed Swedish companies' climate goals. The former survey lists the 300 companies that achieved the largest GHG emissions reductions (scope 1 and 2) between 2014 and 2019. Swedbank's total score was 71 per cent, one of the highest among the Swedish companies and the strongest in the Swedish financial sector.

The Haga Initiative's Ambition Index 2021 shows which major publicly listed companies have goals to cut their direct GHG emissions in half by 2030, in accordance with the Paris Agreement's 1.5°C target. Swedbank was given green status, but also commended for its decision to set indirect climate targets for investments and loans.

b Social Sustainability

Swedbank feels that its success as a bank goes hand in hand with reducing social challenges. There is a big competitive advantage in being able to attract customers, employees and investors by contributing to a sound and sustainable society and being an inclusive bank. Swedbank offers banking services distinguished by being caring, simple and open to all customers and employees regardless of their financial situation, age, gender, ethnicity, sexual orientation or disability.

Work environment and health – strategically important areas

Offering a safe and stimulating work environment where employees can perform their best and build long-term relationships is strategically important for the bank and to build sustainable customer relations. In 2021, the Covid pandemic necessitated further measures to provide a work environment that functions both in the office and at home. The Group's Swedbank at Work concept consists of both working in the office and remotely depending on the employee's role and responsibilities.

For Swedbank, "sustainable employees" is a term that means employees who feel healthy and enjoy their work. A positive work environment and good health are important cornerstones to achieve this. Extensive work is being done to detect, manage and prevent illness, where managers play a central role.

Opportunities for personal development are another important part of creating a good work environment. The bank offers a wide range of internal training in various areas relevant to employees, such as the bank's code of conduct, environmental issues and anti-financial crime. In addition, nearly 10 000 employees have signed up to LinkedIn Learning, where they have free access to a large number of courses. The world is rapidly changing and the bank has to adapt to new conditions and needs and employees have to continuously improve their skills. The bank's view is that employees have to practice self-leadership and drive their own development.

Sustainability

The bank's occupational health and safety work is monitored and evaluated through employee surveys three times a year, to gauge how employees feel and how well they understand and deliver on the bank's strategically important areas. All managers are tasked with reviewing and following up the results with their teams. These surveys can thereby contribute to a continuous dialogue and open feedback culture. The results from Swedbank's Sustainable Employee index show a positive trend during the year and rose from 81 to 85.

Diverse, inclusive and sustainable workforce

Swedbank is an inclusive bank where gender equality and diversity are widely accepted. Differences are beneficial to the bank's decision-making, creativity and performance. The goal is to be a leader in gender equality and diversity in all our home markets and that the bank's employees will reflect the diversity of the local community. There is a strong belief that inclusion also increases employee competency and understanding for others and the varying needs of all customers. The employee surveys confirm that Swedbank offers an inclusive workplace.

Discrimination and harassment are taken with the utmost seriousness. In 2021, the process for handling discrimination and harassment cases was updated. Managers receive frequent training in the area and the units are offered workshops through the Swedish anti-bullying organisation Friends.

Fighting financial crime

One of Swedbank's biggest responsibilities is to prevent the Group from being used to facilitate the movement of criminal proceedings or transfer of funds destined to finance terrorism. In this sense, the bank isn't for everyone in that we work hard to exclude criminal elements. This is essential to Swedbank's vision of "a financially sound and sustainable society" and has major social consequences in the event of a failure. Like all financial institutions, Swedbank is exposed to the risk of being targeted for money laundering and terrorist financing (together called financial crime). Internal rules, processes, collaborations and support functions are in place to prevent the bank's payment systems from being used as a tool for criminal activity. As a general rule, the Group has an overarching policy on anti-money laundering and terrorist financing that is adopted by the Board of Directors and revised annually. The bank has established an Anti-Financial Crime unit (AFC) to strengthen AML/CTF work.

In January 2021, the 244-point AML/CTF action plan was concluded and replaced by the long-term AML/CTF & Sanctions Transformation Program, which aims for international best practices in the financial industry. The program comprises the development and improvement of controls and ensures a strong model and organisation to manage risks in the bank. This is facilitated by integrated systems, data and infrastructure, which create a solid and transparent foundation for AML/CTF work in the bank. The program's goal is to stay on the forefront in the fight against financial crime in order to alleviate the shortcomings identified in the investigations by the Swedish and Estonian FSA's. This work will take several years and result in higher efficiency.

In the fight against financial crime, Swedbank is active in the Swedish Anti-Money Laundering Initiative (SAMLIT), a collaboration with the Swedish Police Authority and the banks to better identify and combat money laundering, organised crime

and terrorist financing crime through increased information sharing. This has made it possible, for example, to more easily share new approaches, typologies and other patterns that have been identified together.

The work to resolve the historical shortcomings in internal governance and control is making step-by-step progress. The investigations by Nasdaq OMX and the Swedish FSA have been presented and concluded.

Swedbank has articulated a low-risk profile comprising the entire bank.

C Governance & Ethics

Responsible corporate governance

Swedbank plays an important role in society for the many households and businesses. Without the products and services that banks provide, the financial system would cease to work. To maintain a functioning financial system, Swedbank has a corporate governance model that includes clearly defined responsibilities and effective internal governance and control, risk management and compliance. Managing sustainability risks responsibly is important to Swedbank and helps maintain trust in the brand. For more information on Swedbank's corporate governance, see pages 42–63.

Swedbank's work with sustainability risks

During the year, Swedbank refined its approach to sustainability risks. In the bank's Top-Down Risk Assessment, sustainability risk has been identified as one of the bank's greatest strategic risks, and a sustainability risk appetite has been introduced with special emphasis on climate-related risks. To limit the exposure to the most at-risk sectors, limits have been introduced for selected customer segments identified as especially vulnerable to transition risks. Customers in these sectors now also receive special attention in connection with individual credit decisions. The aim is to ensure that the bank makes well-informed credit decisions that also take into account climate-related transition risks. These risks arise, e.g. due to political decisions, breakthrough technological developments and changing market behaviour. The bank and many corporate customers are seeing accelerating development in environmental issues and climate change, which make the in-depth analysis important.

Other useful tools in this work are stress tests and scenario analyses. In the bank's Internal Capital Adequacy Assessment Programme (ICAAP) for 2021, the effects of a disorderly climate scenario that negatively impacts the macroeconomy has been taken into account. The effects of extensive flooding on property prices are investigated as well. Sustainability risk as a possible driver of liquidity risk has also been addressed in the Internal Liquidity Adequacy Assessment Programme (ILAAP). Moreover, Swedbank is collaborating with SMHI to analyse climate impacts in Sweden and the Baltic countries, including on the real estate sector. This will better improve understanding of the physical risks caused by climate change.

During the year, Baltic Banking conducted a self-assessment of the bank's climate risk management at the request of the European Central Bank (ECB). The evaluation describes the plans to ensure that Swedbank's Baltic operations meet the ECB's expectations for managing climate risks. For more on the ECB's expectations and Swedbank's risk management, see pages 206–208 and 216.

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Business ethics

To maintain a viable financial system, Swedbank is dependent on public trust. Trust is built on behaviours that reflect the bank's values as an organisation. To ensure compliance with these values, guidelines are in place that require all employees to follow the bank's code of conduct. The code describes what Swedbank does in practice to follow the values simple, open and caring. For more information on the bank's code of conduct and other policies, visit Swedbank's website. To read more about the bank's anti-corruption work see page 223.

Compliance and transparent disclosure

Compliance and transparency are important parts of Swedbank's corporate culture. The bank is constantly increasing transparency on its sustainability management through reporting in accordance with e.g. TCFD, PRB and the Taxonomy. Increased transparency on the effects of loans and investments is being demanded by Swedbank's stakeholders, and it is important that the bank lives up to their expectations. Swedbank supports this development and sees great value in transparently disclosing relevant information to its stakeholders.

Contributing to a sustainable society requires transparent information, so that everyone can make better-informed decisions. For Swedbank, this means among other things that its auditors review all sustainability information in the Annual and Sustainability Report and that independent evaluations are conducted, e.g. of the bank's green bond framework and ISO 14001 environmental management system.

d Financial Sustainability

Financial sustainability is a natural part of Swedbank. For the bank to maintain a critical role in society requires long-term economic stability. It is important that Swedbank continues to develop a secure, accessible and stable infrastructure of banking services for customers.

Profitable and financially stable

Swedbank values consistent profitability ahead of rapid growth. This contributes to stability and predictability for the bank's stakeholders. The keys are a competitive return on invested capital and market-leading cost efficiency. Stability

is strengthened, e.g. by pricing products based on risk and capital requirements, and avoiding short-term market trends. This has helped Swedbank to maintain strong financial results. See the financial targets on page 17.

Secure, accessible and stable infrastructure

Swedbank is a digital bank with physical meeting points that focuses on maintaining a stable infrastructure and reliable digital performance to ensure that its products and services are available when needed. If Swedbank's digital performance is not what it should be, it could have negative consequences for customers. Efforts to develop a secure, accessible and stable infrastructure are therefore a high priority for the bank. Rapid digital development also increases digital vulnerability. Swedbank therefore devotes large resources to prevent violations, misuse of existing and new technology, cyberthreats and fraud. For more information on the bank's work with information security, see page 223–224.

e 'Doing the right things' – we contribute to and influence

The savings bank idea of savings and financial security is still a guiding force in the bank's operations. Swedbank wants to empower the many people and businesses to create a better future by making access to financial literacy and financial services more widely available and simple to understand. With advice and support, sustainable choices and simpler solutions, the bank helps people and companies to improve their finances and businesses. Together with customers, Swedbank is building a more economically sound and sustainable society.

The bank's advice, products and services facilitate the transition to a society that addresses economic, social and environmental concerns. Swedbank continuously develops its offerings from a sustainability perspective.

f Advice for private customers

Financial inclusion

Swedbank's vision is a society that is financially sound and sustainable. Digitisation and new technology enable the bank to reach out to customers with services that save time, reduce costs and make everyday banking easier. Society's digitisation also means that these channels are increasingly exposed to

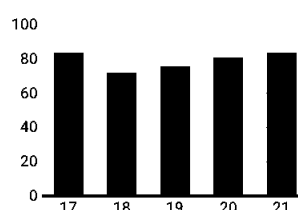
Member of

Dow Jones Sustainability Indices

Powered by the S&P Global CSA

Swedbank was listed in the Dow Jones Sustainability World Index for the second year in a row. The index annually ranks the world's most sustainable companies. Inclusion is proof that Swedbank has been successful in its work with corporate governance, risk management, human rights, the environment and labour issues.

Dow Jones Sustainability World Index Score



Sustainability

financial crime. For Swedbank, it is important that customers can do their banking in the digital channels safely and securely. Swedbank therefore has several ways to identify and carefully monitor the development of security solutions.

Due to the pandemic, Swedbank's customers interacted with the bank through digital channels to a greater extent. During the year, the bank, amongst other things, made it possible for children and young people to become customers digitally. To improve their mobile experience, the bank has created a financial dictionary especially for them. With a guardian's approval, young customers older than 12 can now upgrade their mobile SecurityID to a mobile BankID without visiting a branch. This is an improvement since Covid-19 testing requires identification with BankID. During the year, Swedbank also enabled private customers without a bank card to order cards through the Internet Bank. Demand for virtual services has quickly risen, and to improve Swedbank's digital accessibility in the Baltic countries a video advisory service has been launched for both private and corporate customers. Examples of other mobile services are subscription tools, share balance inquiries by mobile phone, contact-less payments, integrated cost controls, budgeting tools, e-bookkeeping and 24/7 virtual user help.

Swedbank, the savings banks and the savings bank foundations created in partnership "Digital Economy" to help those who feel uncomfortable trying digital services such as BankID and Swish. During the year, a recurring day "Digital today" was also arranged in over 50 locations throughout Sweden. The goal of the nationwide initiative, in collaboration with other sectors of society, is to inspire everyone to willingly take part of the digital transformation.

In addition to a large branch network, the bank has a customer center responsible for non-physical channels that is also available for a large part of the day. Most services are available on digital platforms such as on the internet bank, mobile apps and tablets. In addition, all branches are accessible to those with disabilities in Sweden, and in the Baltic countries the figure is 96 per cent.

Financial health and well-being

Financial health and well-being are based on three factors: a feeling of financial security, a sense of financial freedom by being able to perform meaningful activities and a feeling of control over your finances. Swedbank helps the many customers to achieve financial security, freedom and control at every stage of life. Below is a selection of initiatives on financial health and well-being for private customers.

Our entire society is undergoing a digital transformation and Swedbank is now developing digital advice on a large scale for the many customers. The bank's customers should be able to combine digital aids and analysis tools with personal meetings with our advisors online or in any of our branches.

Swedbank continued during the year to meet its customers' needs when economic conditions change. Sustainable savings are attracting more people, especially the young. To encourage long-term savings in this group, a campaign called "Birthday Present 18" was launched in Estonia where custom-

ers who turn 18 receive one free share in Swedbank Robur's Access Edge Global fund. Swedbank has also continued to provide students and children financial literacy training in all home markets.

In Estonia, the bank launched a new form of personal savings to meet the increased demand generated by the country's pension reform. In the Baltic countries, the number of customers who use savings and investment products is quickly growing. To meet this demand, Swedbank now offers customers in the three countries 19 funds managed by Swedbank Robur.

In Estonia, Latvia and Lithuania, Swedbank participates in a state-guaranteed mortgage assistance programme to aid various groups in financing a home, based on established criteria. In Latvia, e.g. families (with three or more children) and those up to the age of 35 with a higher education or professional training can apply for these loans. During the year, the offer was expanded to include energy improvements to existing homes.

Climate change

Swedbank's aim is to help people make sustainable choices. To encourage green living, the bank offers an additional 10 basis point discount on a customer's mortgage if their home meets any of the bank's criteria, e.g. energy class A or B or the Nordic Swan ecolabel. The discount is applied after the customer has received a personal mortgage rate.

Swedbank has created a solar loan for private customers who want to invest in solar panels from a retailer of their choice. Private customers who plan to purchase a more environmentally friendly car are offered a lower loan rate.

Going forward, Swedbank will focus even more on helping customers with energy efficiency improvements in their real estate assets. Therefore the bank joined the initiative Energy Efficient Mortgages from the European Commission that includes around 70 loan companies. The collaboration aims to drive the development of energy-efficient investments and shape standards and financing models that can provide more favorable conditions for mortgage customers who improve the energy efficiency of their homes. Swedbank also participates in the Nordic Energy Efficient Mortgage initiative, which is based on the Nordic climate and housing standard.

Advice for corporate customers

One of the bank's missions is to support corporate customers in transitioning to sustainable business models. This is done through dialogue, advice, financing products and services that contribute to the transition for the company and make them more competitive.

Green building loans and green housing loans are two new products for corporate customers that were launched during the year. Green building loans are designed for companies that build energy-efficient and sustainability certified properties in energy class A or B. Green housing loans are offered to companies that want to finance activities that align with Swedbank's green bond framework.

Together with six other banks, Swedbank is part of an initiative to contribute to a more sustainable construction industry. The banks have developed harmonised guidelines and tighter

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lending requirements for construction and real estate companies. The harmonised guidelines are scheduled for launch in 2022. The aim, together with the real estate and construction sectors, is to achieve greater control over labour issues at every level of the supply chain, and in this way reduce the risk of employee mistreatment and financial crime.

Since 2017, Swedbank has been an issuer of green bonds in its own name. Based on the green bond business, the bank can support the financing of sectors that contribute to a more sustainable society. The increased interest in this type of bond enables the bank to further intensify its efforts to increase green lending. Swedbank is the first Nordic bank to issue a green bond in the U.S. market for the equivalent to USD 1bn. It was the third green bond in 2021, and by issuing green bonds and offering sustainable loans the bank promotes sustainable development. Swedbank has now issued green bonds in all the major currencies – USD, EUR, GBP and SEK – equivalent to SEK 30bn.

Swedbank also provides advice to customers seeking financing in the capital market and wants to do it by issuing green, social or sustainable bonds to, e.g. companies and municipalities. This also benefits investors who seek sustainable investments and buy these bonds, e.g. insurance companies and pension fund managers. Swedbank was an advisor on an average of two sustainable bond issues per week in 2021 and is the market leader in issuing bonds in Swedish kronor. Both for traditional and ESG bonds.

To coordinate advice on wholesale funding, Swedbank chose last year to further broaden its range of sustainable products. Swedbank has strengthened its leading position in green equity by collaborating with Nasdaq on the creation of a new designation for this asset class. The designation is available to companies listed on the stock exchanges in Sweden, Finland and Denmark.

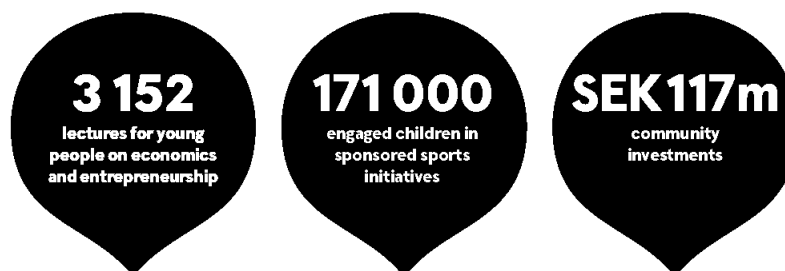
Societal engagement

Societal engagement has played a key role throughout Swedbank's history. The first Swedish savings bank was founded in 1820 to help the general public save and achieve long-term financial security. As a leading bank in Sweden and the Baltic countries, Swedbank is in a position to influence, but is also influenced by, developments in society. The bank is engaged in social issues such as education, health and well-being, jobs and entrepreneurship.

As engaged owners, the savings banks and savings bank foundations, like Swedbank, are active in these issues and promote social development in line with the original values.

Part of Swedbank's profit goes to the foundations in the form of dividends and is invested in various social projects, mainly locally and regionally but also nationally.

Progress in these areas is important to society's development and the bank's business. For more information on Swedbank's societal engagements, see page 224–225.



The Share

Stability and resilience in uncertain times create value for our shareholders

Growing lending and higher net commission income contributed together with low risk and a continued focus on cost efficiency to a strong result in 2021. This, coupled with the bank's strong capital situation, led the Board of Directors to propose a dividend of SEK 9.25 per share, in accordance with the bank's dividend policy of 50 per cent of profit, as well as a special dividend of SEK 2 per share.

Swedbank's strategy – a positive customer experience, long-term value creation, a competitive return, market-leading cost efficiency and sound risk management, combined with a strong commitment to sustainability – aims to create stability and predictability for our shareholders.

In 2021, the return on equity was 13.2 per cent, compared with the target of 15 per cent. Against the backdrop of Swedbank's strong capital situation, the Board of Directors is proposing to the Annual General Meeting a dividend of SEK 9.25 per share, in accordance with the bank's dividend policy to distribute 50 per cent of profit for the year to the shareholders, as well as a special dividend of SEK 2 per share.

The stock market was strong in 2021. Swedbank's share price rose during the year by 26.7 per cent, compared with an increase in the OMX Nordic Banks index of 34.9 per cent and the OMX 30 Large Cap index, which rose by 27.7 per cent. The total return on the Swedbank share was 30.4 per cent and Swedbank had a market capitalisation of SEK 204.2bn at year-end 2021, compared with SEK 161.4bn at year-end 2020.

Trading on several markets

Swedbank has one class of share, ordinary shares (A shares), which has been listed on NASDAQ OMX Stockholm's Large Cap list since 1995. The bank also has an American Depositary Receipt (ADR) programme, which enables investors, through depositary receipts, to invest in the Swedbank share on the

US OTC market without having to register with Euroclear or buy SEK. Swedbank's shares are traded on a number of marketplaces, with Nasdaq OMX Stockholm generating the highest turnover. On average, Swedbank shares with a value of SEK 523m were traded per day on Nasdaq OMX Stockholm in 2021.

Today there are a number of funds and equity indices for companies that meet sustainability criteria. Swedbank is included, for example, in the Dow Jones Sustainability Index 2021 and FTSE4Good. The former is one of the world's most prestigious sustainability indices, which classifies yearly the world's most sustainable companies, and the latter was created to facilitate investments in companies that demonstrate globally recognised levels of responsibility. Other examples can be found on the website under Sustainability/Sustainability indices.

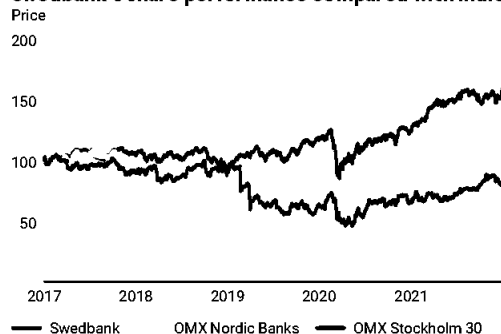
Ownership and information

Swedbank had 1 132 005 722 shares in issue at year-end 2021, of which 40.3 per cent was owned by international investors and 59.7 per cent by Swedish investors, whereof 12.1 percentage points was individual investors.

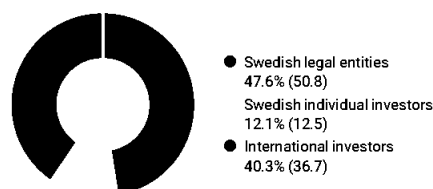
Holding of own shares

Swedbank held 10 570 929 of its own shares as of 31 December 2021 to secure the commitments in its performance-based remuneration programmes. Remuneration in the form of

Swedbank's share performance compared with indices



Shareholder categories, % as of 31 December 2021 (figures in brackets refer to 2020)





The Share

deferred shares is designed to build long-term employee engagement through share ownership. In total, 1 443 018 shares were transferred in 2021, corresponding to a dilution effect of about 0.13 per cent based on the number of outstanding shares and votes as of 31 December 2020.

The 2021 AGM resolved to adopt new performance-based remuneration programmes for 2021 and to transfer ordinary shares under these and previously approved programmes. The programmes for 2021 are expected to result in the transfer of approximately 1.4 million ordinary shares, corresponding to a total dilution effect of about 0.12 per cent based on the number of outstanding shares and votes as of 31 December 2020.

Additionally, the Board of Directors was authorised by the 2021 AGM to resolve to repurchase up to 10 per cent of the total number of shares (including shares repurchased by the securities operations; see below) to continuously adapt the bank's capital structure to prevailing capital requirements.

The Board was also authorised to issue promissory notes that can be converted to shares. In 2015, 2016, 2019 and most recently in August 2021, the bank utilised the Board's mandate and issued promissory notes that can be converted to shares in the event that the bank's Tier 1 capital falls below a certain level. The issues helped to meet the capital requirements set by the Swedish FSA for Swedish banks. In its capacity as a securities institution, Swedbank engages in securities operations, including trading in financial instruments on its own account. In this business, the bank needs to acquire its own shares. Accordingly, the 2021 AGM resolved that the bank, until the 2022 AGM, may acquire its own shares on an ongoing basis such that the total holding does not exceed at any time 1 per cent of outstanding shares, and that this is done at the prevailing market price. For more information on Swedbank's share, visit www.swedbank.com/ir

Largest shareholders, 31 December 2021, by owner group

Share of capital and votes, %	2021
Sparbanksgruppen ¹	11.41 %
Folksam	6.87 %
Norges Bank	3.69 %
Sparbanksstiftelser – ej Sparbanksgruppen ²	3.55 %
Swedbank Robur Fonder	3.54 %
AMF Pension & Fonder	3.40 %
BlackRock	3.33 %
Alecta Pensionsförsäkring	2.85 %
Vanguard	2.82 %
T. Rowe Price	2.18 %
Total number of shareholders	343 522

- 1) Sparbanksgruppen (Sparbankernas Ägareförening) consists of 44 savings banks, 9 savings bank companies, 13 foundations, 1 association and 2 profit-sharing schemes. Each member owns shares in Swedbank and their ownership interests are managed cooperatively through annual proxies authorising the owners association.
- 2) Savings bank foundations – ej Sparbanksgruppen consists of 17 savings bank foundations and other foundations as well as 3 companies owned by the foundations. 12 of the savings bank foundations cooperate but cast votes individually.

Source: Modular Finance AB/Euroclear Sweden AB

Number of shareholders, 31 December 2021

Size of holding	No. of shareholders	Holding, %
1–500	284 363	82.8 %
501–1 000	30 590	8.9 %
1 001–5 000	24 484	7.1 %
5 001–10 000	2 191	0.6 %
10 001–15 000	610	0.2 %
15 001–20 000	277	0.1 %
20 001–	1 007	0.3 %
Total	343 522	100.0 %

Source: Euroclear Sweden AB

Data per share

SEK	2021	2020	2019	2018	2017
Earnings per share before dilution	18.62	11.55	17.62	18.96	17.38
Earnings per share after dilution	18.56	11.51	17.56	18.89	17.30
Equity per share	144.16	138.54	123.94	123.04	119.76
Cash dividend per ordinary share	14.55		14.20	13.00	13.20
Dividend per share distributed by year of earnings	11.25 ¹	5.80	8.75	14.20	13.00
of which special dividend	2.00 ¹				
P/E	9.8	12.5	7.9	10.5	11.4
Price/equity per share	1.26	1.04	1.13	1.61	1.65

1) Board of Director's proposal.

Share statistics, A share	2021	2020	2019	2018	2017
High price, SEK	196.7	162.7	214.8	221.7	231.4
Low price, SEK	143.2	99.1	120.8	177.2	194.2
Closing price, 31 Dec., SEK	182.1	144.1	139.5	197.8	197.9
Average number of trades per listed day ¹	9 193	11 420	10 622	6 733	6 090
Average turnover per listed day, SEKm, ¹	523	632	655	597	538
Total market capitalisation, 31 Dec., SEKbn	204	161	156	221	224
ISIN code A share: SE0000242455					

1) Turnover data include turnover on Nasdaq Stockholm.

Sources: NASDAQ OMX, www.nasdaqomxnordic.com

Financial analysis

A selection of key events

1
Feb

Year-end report 2020
Swedbank's profit decreased in 2020 compared with the previous year, mainly due to the Swedish FSA's administrative fine of SEK 4bn and higher credit impairments. Cost targets for 2021 and 2022 were announced.

27
Apr

Interim report first quarter 2021
In the first quarter, Swedbank's profit increased mainly due to seasonally lower expenses and lower credit impairments. Net interest income was stable.

16
Jul

Interim report second quarter 2021
In the second quarter, Swedbank's profit increased due to higher income and lower credit impairments. Market shares for new mortgage loans increased and net commission income reached a record level.

21
Oct

Interim report third quarter 2021
In the third quarter, Swedbank's profit decreased slightly. Net interest income was stable and net commission income increased to a new record level.

28
Oct

Decision on dividend for 2019 and 2020
The Board of Directors proposed in 2021 to distribute SEK 4.35 per share for the financial year 2019 at an Extraordinary General Meeting in February and to distribute SEK 2.90 per share for the financial year 2020 at the Annual General Meeting in March. After the Swedish FSA lifted its recommendations on dividend limits, an Extraordinary General Meeting in October decided to distribute a total of SEK 7.30 per share for 2019 and 2020, in accordance with the bank's policy to distribute 50 per cent of net profit to the shareholders.

Dec

Cost cap for 2021 met
The bank's underlying costs excluding expenses related to the U.S. investigations amounted according to plan to SEK 20.5bn for 2021.

Market shares, percent

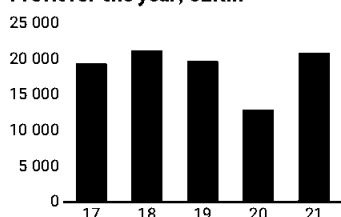


	Lending (private) ¹	Lending (corporate) ¹	Deposits (private)	Deposits (corporate)	Payments ²	Funds
Sweden	21	16	19	16	34	21
Estonia	43	37	51	43	56	39
Latvia	34	20	36	27	55	41
Lithuania	40	21	44	29	51	38

¹ Excluding the Swedish National Debt Office and repurchase agreements.

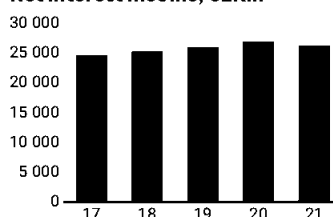
² Bank Giro transactions (Sweden) and domestic payments (Estonia, Latvia and Lithuania).

Profit for the year, SEKm



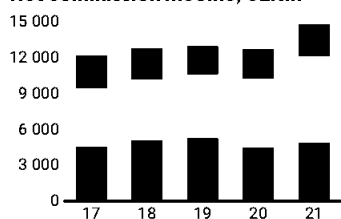
Swedbank's profit amounted to SEK 20 871m, compared with SEK 12 929m in the previous year. The increase is mainly due to rising income, lower expenses (including the Swedish FSA's administrative fine in 2020) and lower credit impairments.

Net interest income, SEKm



Net interest income decreased by 2 per cent to SEK 26 257m, mainly due to increased margin pressure, which was not fully offset by rising lending volumes and increased deposit volumes.

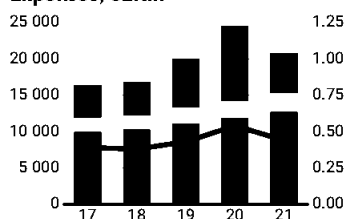
Net commission income, SEKm



■ Payment processing Asset management ■ Other

Net commission income increased by 16 per cent. Income from asset management increased due to growing AUM, but income from cards and corporate finance also contributed.

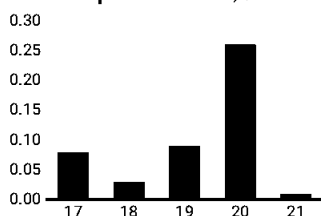
Expenses, SEKm



■ Staff costs IT expenses ■ Other expenses
— Cost/income ratio

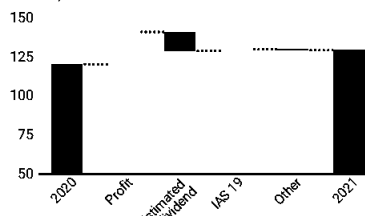
Total expenses decreased to SEK 20 847m, not least because the Swedish FSA's administrative fine of SEK 4 000m was recognised in the previous year. Adjusted for the administrative fine, expenses increased by 1 per cent, mainly due to higher staff costs.

Credit impairment ratio, %



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

Change in Common Equity Tier 1 capital, 2021, SEKbn



Profit after deducting the proposed dividend positively affected Common Equity Tier 1 capital by SEK 8.3bn. The revaluation of the estimated pension liability according to IAS 19 increased Common Equity Tier 1 capital by approximately SEK 1.4bn.

The annual report contains alternative performance measures that Swedbank considers valuable information for the reader, since they are used by the executive management for internal governance and performance measurement as well as for comparisons between reporting periods. Further information on the alternative performance measures used in the annual report can be found on page 197.

Board of Directors' Report Financial analysis

Financial analysis

Higher income and lower credit impairments strengthened profit

Swedbank's profit increased to SEK 20 872m (12 929) due to higher income and lower credit impairments, and since the Swedish FSA's administrative fine was paid in the first quarter 2020. Foreign exchange effects negatively affected profit before impairment by around SEK 177m. The return on equity was 13.2 per cent (8.9) and the cost/income ratio was 0.44 (0.54).

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

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

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

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

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

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

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

The tax expense amounted to SEK 4 945m (3 851), corresponding to an effective tax rate of 19.2 per cent (22.9). Profit in 2020 included among other things the Swedish FSA's fine,

Income statement. SEKm	2021	2020 excl. administrative fine	2020
Net interest income	26 257	26 853	26 853
Net commission income	14 853	12 770	12 770
Net gains and losses on financial items	2 048	2 655	2 655
Share of profit or loss of associates	976	582	582
Other income ¹	2 756	2 816	2 816
Total income	46 890	45 676	45 676
Total expenses	20 847	20 560	24 560
of which administrative fine			4 000
Impairments	226	4 336	4 336
Operating profit	25 817	20 780	16 780
Tax expense	4 945	3 851	3 851
Profit for the year attributable to the shareholders of Swedbank AB	20 871	16 929	12 929
Return on equity	13.2	11.4	8.9
Cost/Income ratio	0.44	0.45	0.54

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

which was not tax deductible. The Group's effective tax rate is estimated at 19–21 per cent in the medium term.

Continued positive volume trend and good credit quality

Swedbank mainly conducts business within the three product areas lending, payments and savings.

Total lending to the public, excluding repos and lending to the Swedish National Debt Office, increased during the year by SEK 63bn, corresponding to annual growth of nearly 4 per cent. The biggest contribution to the increase came from mortgages in Sweden, which grew by SEK 44bn. Corporate lending increased by SEK 9bn, driven by an increase in the Baltic countries of SEK 8bn. Foreign exchange effects positively affected lending volumes by SEK 8bn compared with the end of 2020.

The total number of Swedbank cards in issue at the end of the year was 8.2 million, which is slightly higher than the previous year. In Sweden, 4.4 million cards were in issue and in the Baltic countries 3.8 million. The number of purchases with Swedbank cards continued to be negatively affected by the pandemic, but recovered and increased by 4 per cent compared with the previous year. In the Baltic countries the number of card transactions increased by 9 per cent compared with the previous year as the economies recovered.

Total deposits within the business areas increased during the year by SEK 130bn, corresponding to growth of 11 per cent. Corporate deposits rose by SEK 62bn and deposits from the public by SEK 68bn. All the business areas contributed to the increase. Foreign exchange effects led to an increase in deposits of SEK 8bn during the year.

Assets under management in Swedbank Robur rose during the year to SEK 1 519bn as of 31 December, compared with SEK 1 220bn as of 31 December 2020. The change corresponds to an increase of just under 25 per cent and is largely due to higher valuations, although net inflows contributed as well. Of the assets under management, SEK 1 445bn related to Sweden and SEK 74bn to the Baltic countries. By assets under management Swedbank Robur is the leader in the Swedish and Baltic fund markets. As of 31 December, the market share in Sweden was 21 per cent, while the market shares in Estonia, Latvia and Lithuania were 39, 41 and 38 percent respectively.

Swedbank's credit quality remained good and the economic impact of Covid-19 remained small for the large part of Swedbank's lending. Credit quality in Swedbank's mortgage portfolio remained very high and stable. The sectors most affected by the pandemic, such as hotels and restaurants, parts of retail and passenger travel, as well as oil-related commitments, represent a limited share of Swedbank's lending. Swedbank's oil-related portfolio is small and is being reduced and restructured.

The quality of the mortgage portfolio, which accounts for just over half of Swedbank's total lending, is high and historical credit impairments are very low. Customers' long-term repay-

ment capacity is a critical factor in lending, which ensures high quality and low risks for both the customer and the bank. The average loan-to-value ratios for mortgages were 51 per cent in Sweden, 45 per cent in Estonia, 69 per cent in Latvia and 54 per cent in Lithuania.

Swedbank's lending to the property management sector accounts for approximately 15 per cent of the total loan portfolio and is largely to property management companies with strong finances and collateral with low loan-to-value ratios. Swedbank's lending to retail and hotel properties accounts for a small share of the total loan volume within property management. Swedbank is focused on lending to commercial properties with stable cash flows and customers' long-term ability to repay interest and amortisation. The loan-to-value ratios in lending to property management companies are generally low and average 54 per cent in Sweden.

The total share of loans in stage 2, gross, was 5.7 per cent (6.4) as of 31 December, of which 3.7 per cent (3.9) was for private loans and 10.3 per cent (10.7) for corporate loans. During the year, the largest increases in the share of loans in stage 2 have been in the sectors hard hit by Covid-19, such as hotels and restaurants. The share of loans in stage 3, gross, was 0.4 per cent (0.6).

Strong liquidity position and unchanged ratings

Funding activity in 2021 was in line with 2020, but significantly lower than earlier years due to large deposit inflows. Covered bond issuance in particular decreased and the focus was on issuing unsecured bonds to meet regulatory requirements. In 2021, long-term issuance corresponded to SEK 138bn, including SEK 4bn in Additional Tier 1 capital instruments (AT1).

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

As of 31 December, short-term funding and commercial paper in issue amounted to SEK 1 65bn. Available cash and balances with central banks and reserves with the Swedish National Debt Office amounted to SEK 355bn and the liquidity reserve amounted to SEK 546bn.

The Group's liquidity coverage ratio (LCR) was 163 per cent and for USD, EUR and SEK was 152, 419 and 113 per cent respectively. The net stable funding ratio (NSFR) was 123 per cent. For more information on funding and liquidity, see the fact book, which is available at [swedbank.com/ir](https://www.swedbank.com/ir).

During the year, Fitch revised the outlook on Swedbank's Long-Term Issuer Default Rating to positive from stable against the backdrop of the progress in addressing anti-money laundering control deficiencies in the Baltic operations. Moody's placed Swedbank's deposit and senior unsecured debt ratings under review against the backdrop of the Swedish

Board of Directors' Report Financial analysis

National Debt Office's amended rules on banks' resolution plans. Swedbank's ratings were otherwise unchanged during the year.

Strong capitalisation

Swedbank's Common Equity Tier 1 capital ratio was 18.3 per cent (17.5) at the end of the year, compared with the requirement of 13.7 per cent (12.4). Common Equity Tier 1 capital increased during the year by SEK 9.1bn, to SEK 129.6bn (120.5). Profit after deducting the proposed dividend positively affected Common Equity Tier 1 capital by SEK 8.3bn. The revaluation of the estimated pension liability according to IAS 19 increased Common Equity Tier 1 capital by approximately SEK 1.4bn.

Swedbank's leverage ratio as of 31 December 2021 was 5.4 per cent (5.1).

In 2021, the risk exposure amount (REA) increased by SEK 18.2bn, to SEK 707.8bn (689.6). The increase was mainly attributable to article 3 of the EU's Capital Requirements Regulation (CRR) (additional REA) and REA for credit risk (including the mortgage floor, article 458 of CRR). Article 3 contributed an increase of SEK 9.5bn, mainly due to changes in the probability of default in the model for large corporates. REA for credit risk including the mortgage floor increased REA by SEK 5.6bn due to higher lending volumes, but was partly offset by improved credit quality. REA for market risk increased by SEK 3.0bn while REA for credit value adjustments (CVA) decreased by SEK 2.1bn. REA for operational risks increased by SEK 2.1bn due to higher income.

Investigations

In Sweden, the FSA announced on 26 October 2021 that it had closed its investigation of the bank's suspected breaches of the EU's Market Abuse Regulation. The suspected breaches occurred in connection with the disclosure of suspected money laundering in the bank in the period September 2018 to February 2019. The FSA closed the investigation with reference to the decision by the Disciplinary Committee at Nasdaq Stockholm on 5 May 2021, which ordered the bank to pay a fine of twelve annual fees, equivalent of SEK 47 million for shortcomings regarding the distribution of information on the same issues.

In Denmark, the Danish Financial Supervisory Authority (DFSA) announced on 25 November as part of its regular supervision that Swedbank's Danish branch must adapt its internal AML/CTF routines and processes to fully comply with local regulations. Swedbank adapts its routines and processes in accordance with the DFSA's decision.

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

activity has taken place in Swedbank AS. The bank has no information as to when this investigation will be completed. In Estonia, the FSA announced on 28 January 2020 that it had assessed the final report on the AML/CTF measures that Swedbank AS submitted on 19 November 2019. The Estonian FSA considers the measures taken to be sufficient and has no further remarks. In its assessment, the Estonian FSA also took into account the action plan, including development, presented by Swedbank.

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

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

Events after 31 December 2021

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

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

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

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

Sustainability report

Swedbank's sustainability report is prepared in accordance with the requirements of the Annual Accounts Act (chapter 6, paragraph 12) on sustainability reporting. The scope is defined on pages 18–29 and 199–229.



Swedish Banking

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

Result 2021

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

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

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

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

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

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

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

Condensed income statement, SEKm	2021	2020
Net interest income	14 973	16 277
Net commission income	9 205	7 922
Net gains and losses on financial items	586	351
Other income	1 855	1 593
Total income	26 619	26 143
Staff costs	3 283	3 097
Other expenses	7 488	6 928
Total expenses	10 771	10 025
Profit before impairments	15 848	16 118
Impairments	-42	664
Profit before tax	15 890	15 454
Tax expense and non-controlling interests	2 893	3 008
Profit for the year attributable to Shareholders in Swedbank AB	12 997	12 446
Business volumes, SEKbn		
Lending ¹	1 252	1 211
Deposits ¹	712	646
Key ratios		
Return on allocated equity, %	20.0	18.6
Cost/income ratio	0.40	0.38
Credit impairment ratio ² , %	0.00	0.06
Full-time employees	4 041	3 962

1) Excluding Swedish National Debt Office and repurchase agreements.

2) For more information about the credit impairment ratio see page 43 of the Fact book.



Board of Directors' Report Baltic Banking

Baltic Banking

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

Result 2021

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

Net interest income increased by 2 per cent in local currency. Higher lending volumes and a positive effect when Swedbank qualified for the European Central Bank's targeted longer-term refinancing operations (TLTRO3) were partly offset by lower deposit margins. Foreign exchange effects negatively affected net interest income by SEK 184m.

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

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

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

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

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

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

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

Condensed income statement, SEKm	2021	2020
Net interest income	5 296	5 354
Net commission income	2 603	2 430
Net gains and losses on financial items	390	337
Other income	763	912
Total income	9 052	9 033
Staff costs	1 481	1 431
Other expenses	2 496	2 193
Total expenses	3 977	3 624
Profit before impairments	5 075	5 409
Impairments	160	239
Profit before tax	4 915	5 170
Tax expense and non-controlling interests	822	864
Profit for the year attributable to Shareholders in Swedbank AB	4 093	4 306
Business volumes, SEKbn		
Lending ¹	199	182
Deposits ¹	329	284
Key ratios		
Return on allocated equity, %	16.6	17.4
Cost/income ratio	0.44	0.40
Credit impairment ratio ² , %	0.09	0.12
Full-time employees	4 257	4 265

1) Excluding Swedish National Debt Office and repurchase agreements.

2) For more information about the credit impairment ratio see page 43 of the Fact book.



Large Corporates & Institutions

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

Result 2021

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

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

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

Net gains and losses on financial items decreased to SEK 1 014m (1 897). Decreased income from fixed income trading was offset by derivative valuation adjustments (CVA/DVA).

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

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

Condensed income statement, SEKm	2021	2020
Net interest income	3 732	3 834
Net commission income	3 220	2 436
Net gains and losses on financial items	1 014	1 897
Other income	133	116
Total income	8 099	8 283
Staff costs	2 649	2 421
Other expenses	1 685	1 682
Total expenses	4 334	4 103
Profit before impairments	3 765	4 180
Impairments	69	3 425
Profit before tax	3 696	755
Tax expense and non-controlling interests	709	-271
Profit for the year attributable to Shareholders in Swedbank AB	2 987	1 026
Business volumes, SEKbn		
Lending ¹	228	223
Deposits ¹	220	200
Key ratios		
Return on allocated equity, %	9.3	3.2
Cost/income ratio	0.54	0.50
Credit impairment ratio ² , %	0.02	1.16
Full-time employees	2 460	2 374

1) Excluding Swedish National Debt Office and repurchase agreements.

2) For more information about the credit impairment ratio see page 43 of the Fact book.



Board of Directors' Report Group Functions & Other

Group Functions & Other

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

Result 2021

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

Net interest income increased to SEK 2 272m (1 416).

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

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

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

Condensed income statement, SEKm	2021	2020
Net interest income	2 272	1 416
Net commission income	-176	-137
Net gains and losses on financial items	58	71
Other income	1 432	1 050
Total income	3 586	2 400
Staff costs	5 340	4 938
Other expenses	-3 109	-1 947
Administrative fine		4 000
Total expenses	2 231	6 991
Profit before impairments	1 355	-4 591
Impairments	39	8
Profit before tax	1 316	-4 599
Tax expense and non-controlling interests	522	250
Profit for the year attributable to Shareholders in Swedbank AB	794	-4 849
Full-time employees	5 807	5 612

Proposed disposition of earnings and statement of the Board of Directors

In accordance with the balance sheet of Swedbank AB, earnings of SEK 59 343m are at the disposal of the Annual General Meeting.

The Board of Directors recommends that the earnings should be disposed as follows:

SEKm	2021
Cash dividend of SEK 11.25 per ordinary share	12 632
To be carried forward to next year	46 711
Total disposed	59 343

The proposed total amounts to be distributed and carried forward to next year have been calculated on all 1 121 434 793 outstanding ordinary shares at 31 December of 2021, plus 1 428 021 outstanding ordinary shares entitled to dividends which have been estimated to be exercised by employees between 1 January to the Annual General Meeting as per 30 March 2022 relating to remuneration programs. The proposed total amounts to be distributed and carried forward to next year are ultimately calculated on the number shares entitled to dividends on the record day. The amounts could change in the event of additional share repurchases or sales of treasury shares before the record day. Unrealised changes in the value of assets and liabilities at fair value have had a negative effect on equity of SEK 610m.

The proposed record day for the dividend is 1 April 2022. The last day for trading in Swedbank's shares with the right to the dividend is 30 March 2022. If the Annual General Meeting accepts the Board's proposal, the dividend is expected to be

paid by Euroclear on 6 April 2022. At year-end, the consolidated situation's total capital requirement according to pillar 1 and buffer requirements by SEK 55 928m. The surplus in Swedbank AB was SEK 88 594m.

The business conducted in the parent company and the Group involves no risks beyond what occur or can be assumed will occur in the industry or the risks associated with conducting business activities. The Board of Directors has considered the parent company's and the Group's consolidation needs through a comprehensive assessment of the parent company's and the Group's financial position and the parent company's and the Group's ability to meet their obligations. The assessment has also been done based on currently expected regulatory changes.

Given the financial position of the parent company and the Group, there can be no assessment other than that the parent company and the Group can continue their business and that the parent company and the Group can be expected to meet their liabilities in both the short and long term and have the ability to make the necessary investments. It is the assessment of the Board of Directors that the size of the equity, even after the proposed dividend, is reasonable in proportion to the scope of the parent company's and the Group's business and the risks associated with conducting the business.

The assessment of the Board of Directors is that the proposed dividend is justifiable given the demands that are imposed due to the nature, scope and risks associated with the business and the Group's business on the size of the parent company's and the Group's equity as well as on the parent company's and the Group's balance sheets, liquidity and financial positions.

Corporate Governance Report

Corporate Governance Report 2021

Selected highlights from 2021

15 Jan

Acting head of business area Large Corporates & Institutions
Björn Meltzer was named acting head of the business area Large Corporates & Institutions.

15 Feb

Decisions by Extraordinary General Meeting on 15 February 2021
In accordance with the Board of Directors' proposal, the General Meeting resolved to distribute a dividend of SEK 4.35 per share to the shareholders for the financial year 2019. Due to the ongoing pandemic, the General Meeting was executed through postal voting, without shareholders being physically present.

27 Feb

Swedbank strengthens governance and control of Baltic Banking
Swedbank's Board of Directors decided to establish a new Baltic subsidiary of Swedbank AB, which during the year will become owner of the existing subsidiary banks in Estonia, Latvia and Lithuania. In this way Swedbank formalised the current operating model while increasing the accountability and responsibility of the Baltic Banking management.

25 Mar

Swedbank's Annual Meeting held
The Annual General Meeting resolved that there shall be twelve board members. Annika Creutzer and Per Olof Nyman were elected as new members. Bo Bengtsson, Göran Bengtsson, Hans Eckerström, Kerstin Hermansson, Bengt Erik Lindgren, Josefin Lindstrand, Bo Magnusson, Anna Mossberg, Biljana Pehrsson, and Göran Persson were re-elected. The Annual General Meeting re-elected Göran Persson as Chair of the Board. At the statutory Board meeting, Bo Magnusson was appointed Deputy Chair.

5 May

Decision by Nasdaq Disciplinary Committee
The Disciplinary Committee of Nasdaq Stockholm ordered Swedbank to pay a fine of twelve annual fees, totalling SEK 46.6m, for historical shortcomings related to the disclosure of information.

18 May

Pål Bergström new Head of business area Large Corporates & Institutions
Pål Bergström took over in August and joined the Group Executive Committee.

16 Jun

Tomas Hedberg named Deputy CEO
Tomas Hedberg was named Deputy President and CEO as of July 1.

21 Sep

Chief Compliance Officer to retire in 2022
Chief Compliance Officer Ingrid Harbo announced her retirement effective spring 2022.

1 Oct

Strengthened governance of the Baltic operations
Swedbank AB implemented the previously announced change in the governance and control of the Baltic operations. The wholly owned holding company Swedbank Baltics AS took over the shares of the subsidiary banks in Estonia, Latvia and Lithuania. In this way Swedbank AB formalised the current operating model while increasing the accountability and responsibility of the Baltic Banking management.

Corporate Governance Report

25
Oct

Josefin Lindstrand left Swedbank's Board of Directors

Josefin Lindstrand stepped down as a member of Swedbank's Board of Directors to pursue board positions with other companies in financial technology and financial products.

26
Oct

Swedish FSA closes investigation with no remark

The Swedish FSA announced that it closed its investigation of breaches of the EU's regulation on market abuse with no remark.

28
Oct

Decision from Extraordinary General Meeting on 28 October 2021

In accordance with the Board of Directors' proposal, the General Meeting resolved to distribute to an additional ordinary dividend of SEK 7.30 per share to the shareholders. Together with the dividends paid in February and April 2021, the additional dividend corresponded to 50 per cent of the net profit for the financial years 2019 and 2020, in line with the bank's dividend policy. Due to the ongoing pandemic, the General Meeting was executed through postal voting, without shareholders being physically present.



"The Board of Directors is firmly convinced that thorough and intelligent corporate governance processes are critical to ensuring an environment with effective and sustainable oversight and clear accountability.

They are also fundamental to a corporate culture based on integrity. The Board has a steady focus and is working continuously to maintain confidence in the bank. During the year, the bank took additional steps to strengthen corporate governance in the Group of Baltic Banking by establishing a new Baltic subsidiary of Swedbank AB, which during the year became owner of the existing subsidiaries with banking operations in Estonia, Latvia and Lithuania."

Göran Persson
Chair

Corporate Governance Report

Corporate Governance Report 2021

Swedbank plays an important role in society as a bank for the many households and businesses. The bank has a strong foundation in the savings bank movement and in the countries where it is active. Swedbank promotes a sound and sustainable financial situation for our customers and shareholders as well as society as a whole. This requires confidence in the financial system and in the banks, which makes a corporate governance model with clearly defined responsibilities and effective internal governance and control, risk management and compliance fundamental. In addition, it is imperative that a sound risk culture is maintained.

In 2021, Swedbank continued its efforts to safeguard and maintain customers, shareholders and society's trust in the bank. The comprehensive action plan launched in 2020 has continued with the aim of remedying the shortcomings in the area of anti-money laundering and counter-terrorist financing (collectively referred to "financial crime") that were identified in 2019. During the year, the bank continued to invest in improved routines, processes and system support to strengthen the bank's ability to identify and mitigate financial crime. Swedbank has evaluated and strengthened the corporate governance model and framework to ensure that the bank has an appropriate corporate governance model with effective governance, control and risk management across the Group.

In October 2021, Swedbank AB implemented changes in the governance and control of Baltic Banking. A wholly owned holding company was established, Swedbank Baltics AS, and became owner of the subsidiary banks in Estonia, Latvia and Lithuania. This way Swedbank AB formalised the current operating model while increasing the accountability and responsibility of the Baltic Banking management. The new legal structure has three main goals: (i) to anchor the business area Baltic Banking's matrix organisation in legal form, (ii) increase transparency in Swedbank AB with respect to Baltic Banking's decision-making process, and (iii) strengthen Swedbank AB's governance and control. The Supervisory Board (Council) of the holding company Swedbank Baltics AS is represented by Swedbank AB through the bank's Chief Executive Officer, Chief Financial Officer and Chief Legal Officer, who are members of the company's board. In addition, the Head of Baltic Banking is also the CEO of the holding company Swedbank Baltics AS.

Importance of corporate governance

Sound corporate governance means that the Group, on the basis of Swedbank's strategies, goals and values, is governed as sustainably, effectively and responsibly as possible. This is of importance in order to maintain the trust of Swedbank's shareholders, customers, employees and other stakeholders, and to ensure effective and sound risk management and internal steering and control. Sound corporate governance also contributes to efficient and transparent internal and external information disclosure. Decision-making processes shall be simple and transparent with clear lines of responsibility. There must be clear rules and routines to manage conflicts of interest and effective tools for internal steering, risk management and control. The corporate culture shall be characterised by trans-

parency, integrity, compliance and risk awareness. Swedbank's values provide a foundation for decision-making on a daily basis and for employees' daily work.

Regulations

Swedbank is a Swedish public banking company listed on Nasdaq Stockholm and will comply with the following regulations:

- Swedish Companies Act
- Banking and Financing Business Act
- Securities Market Act
- Market Abuse Act
- Annual Accounts Act for Credit Institutions
- Money Laundering and Financing of Terrorism (Prevention) Act
- Nasdaq Stockholm Rules for Issuers
- Swedish Code of Corporate Governance
- Rules and guidelines of the Swedish Financial Supervisory Authority and other authorities

Swedbank also follows a large number of regulations adopted at the EU level, including:

- The Capital Requirements Regulation ("CRR") of the European Parliament and of the Council
- The Market Abuse Regulation ("MAR") of the European Parliament and of the Council
- The General Data Protection Regulation ("GDPR") of the European Parliament and of the Council
- The EBA's guidelines on internal governance
- The EBA's guidelines on outsourcing
- The ESMA and EBA's guidelines on the assessment of suitability of members of the management body and key function holders

In recent years, regulations have become more extensive and detailed. All in all, this requires a greater effort from the bank to ensure that it lives up to all relevant regulations. Laws and regulations that apply to Swedbank are implemented through the Group's own internal regulations. Through the internal and external regulations, responsibility for steering, risk management and control, and monitoring of operations is divided between the shareholders, the Board and the CEO. Besides the Articles of Association and the rules adopted by the Board, internal regulations include the following overarching policies:

Corporate Governance Report

- Rules of procedure for the Board and instructions for the Board's committees
- Instruction for the CEO
- Governance Policy
- Group's Enterprise Risk Management (ERM) Policy and Policy for Operational Risks
- Risk Policy
- Compliance Policy
- Internal Audit Policy
- Credit policy
- Policy and Instruction on Anti-Money Laundering and Counter-Terrorist Financing
- Remuneration Policy
- Code of Conduct and Policy for managing conflicts of interest
- Anti-corruption Policy
- Policy on gender equality, diversity and inclusion
- Sustainability Policy and Environmental Policy
- Policy for Financial Reporting

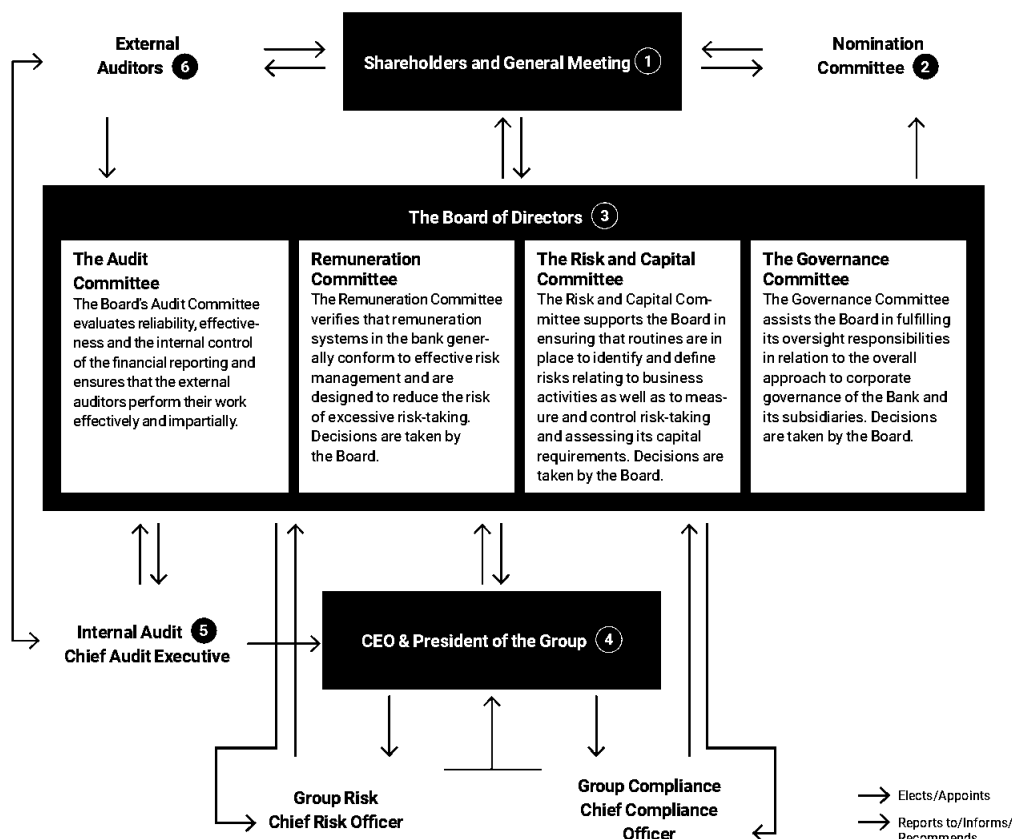
No non-compliance with the Swedish Corporate Governance Code (the Code) or the rules of the stock exchange (NASDAQ OMX Stockholm) were reported in 2021.

The Swedbank Group consists of the parent company, Swedbank AB (publ), and several subsidiaries, including the subsidiary banks in the Baltic countries that Swedbank owns through the wholly owned holding company Swedbank Baltics AS, Swedbank Robur, Swedbank Mortgage and Swedbank Insurance. Board members of subsidiaries are appointed and evaluated through an internal nomination process.

The Group is governed through a matrix organisation that complements its legal structure. The organisational structure ensures that the bank can continuously exercise oversight and control, ensure good internal reporting and maintain control over the risks that the Group is or can be exposed to. The matrix organisation also facilitates collaboration within the Group and ensures that operations are carried out efficiently. The bank's governance model sets out the division of responsibilities within the Group, with mandates and role descriptions designed to create a clear and transparent division of functions and areas of responsibility.

The illustration below shows the formal corporate governance structure.

The number of each box refers to the corresponding numbered section in the corporate governance report.



Corporate Governance Report

In 2020, a review was conducted of the bank's corporate governance model, the purpose of which was to ensure that the bank has an effective and satisfactory model that is clear, consistent and aligned with current corporate governance principles. As part of this review, a decision was made in 2021 to implement changes to the legal structure of Swedbank AB's ownership of the Baltic subsidiary banks. This was done by transferring the bank's ownership of the Baltic subsidiary banks to the wholly owned holding company Swedbank Baltics AS. This change formalised the operating model while increasing the accountability and responsibility of the Baltic Banking management.

1 Shareholders and general meetings

The shareholders exercise their influence through participation in the general meeting. According to the bank's Articles of Association, the Annual General Meeting (AGM) shall be held before the end of April, or under special circumstances not later than 30 June. Resolutions by the AGM are made by acclamation or voting. Swedbank has only one class of shares, ordinary shares, also called A shares. The shares carry one vote each.

Due to the coronavirus pandemic, the Board decided that the Extraordinary General Meeting on 15 February 2021, the Annual General Meeting 2021 and the Extraordinary General Meeting on 28 October 2021 would be held without shareholders, proxies or external participants physically present and that voting could only be done by post prior to the meeting.

The AGM's resolutions include:

- Election of the Board of Directors and remuneration for Board members, including for committee work
- Discharge from liability for Board members and the CEO
- Amendments to the Articles of Association
- Election of the Auditor
- Adoption of the income statement and balance sheet
- Disposition of the bank's profit or loss
- Remuneration guidelines for the CEO and certain other senior executives

The Board of Directors is the highest decision-making body after the AGM and the highest executive body within the bank. In addition to appointing the Board, Swedbank's AGM decides whether to discharge the Board and CEO from liability for the financial period covered in the accounting documents presented to the AGM.

Extraordinary General Meeting February 2021

In light of the economic uncertainty caused by the ongoing corona pandemic, the Swedish FSA announced on 18 December 2020 that it expected banks to be restrictive with dividends and share buybacks until 30 September 2021. The Swedish FSA also announced that the sum of the banks' dividends and share buybacks until then therefore should not exceed 25 per cent of their aggregate net earnings for the two financial years 2019 and 2020.

The 2020 AGM resolved that the total profit at the disposal of the AGM shall be carried forward. After having evaluated the bank's financial position (which was considered strong),

the impact of the pandemic up until that point, and the Swedish FSA's recommendation, the Board called an Extraordinary General Meeting on 15 February 2021. The EGM was held without shareholders being physically present, and voting was held exclusively by post prior to the EGM. A total of 614 335 446 shares were represented at the EGM, corresponding to approximately 54 per cent of the total number of shares in the bank. The EGM decided on a dividend for the financial year 2019 of SEK 4.35 per share, corresponding to approximately 25 per cent of net profit for the financial year 2019.

Annual General Meeting 2021

The 2021 AGM was held on 25 March in Stockholm. Due to the corona pandemic, the AGM was held without shareholders being physically present, and voting was held exclusively by post prior to the AGM. A total of 637 274 673 shares were represented at the AGM, corresponding to approximately 56 per cent of the total number of shares in the bank. The Chair of the Board, the CEO and the bank's external auditor attended through a virtual meeting. A board quorum was in attendance.

Among the 2021 AGM resolutions were as follows:

- Adoption of the annual report
- That of the total profit at the disposal of the AGM of approximately SEK 54 484m, approximately SEK 3 252m shall be distributed to the shareholders and that the remainder, approximately SEK 51 232m, shall be carried forward. The dividend was set at SEK 2.90 per share, corresponding to approximately 25 per cent of net profit for the financial year 2020. The Board also announced that when there was more clarity on the consequences of the corona pandemic and if conditions were right, the Board intended to propose additional dividends for 2020.
- The number of Board members shall be twelve. This decision was preceded by a decision to amend the Articles of Association so that the bank's Board shall consist of no less than seven and no more than twelve members.
- Ten Board members were re-elected and two new members were elected
- Re-election of Göran Persson as Chair of the Board of Directors
- Remuneration for Board members and the Auditor
- Acquisition of own shares to facilitate the bank's securities operations and authorisation of the Board to resolve on acquisition of own shares to adjust the bank's capital structure to prevailing capital requirements
- Authorisation of the Board on the issuance of convertibles
- Group-level performance- and share-based remuneration programmes for 2021. As a result of this and previously approved programmes, it was resolved to transfer shares (or other financial instruments in the bank) to employees covered by the programmes
- Principles for appointing the Nomination Committee and instruction for the Nomination Committee
- Discharge of liability to members of the Board of Directors and the CEO

Extraordinary General Meeting October 2021

An Extraordinary General Meeting was held on 28 October 2021. Due to the ongoing corona pandemic, the EGM was held without shareholders, proxies and other parties being physically present. Voting was held exclusively by post prior to the

Corporate Governance Report

EGM. A total of 583 637 828 shares were represented at the EGM, corresponding to approximately 51.5 per cent of the total number of shares in the bank.

With more clarity on the consequences of the corona pandemic, and since the Swedish FSA had decided not to extend its recommendation to limit share dividends after 30 September 2021, the Board proposed a dividend of SEK 7.30 per share, corresponding to an additional 25 per cent of the net profit for 2019 and 2020. The EGM voted in accordance with the Board's proposal.

2 Nomination Committee

The AGM adopted the instruction for the Nomination Committee's work prior to the 2021 AGM, which among other things states that the Board shall at all times be composed of members with diversity and breadth in terms of competence, experience and background. Gender parity is strived for over time. The bank's operations, stage of development and future direction should be taken into account. It is important that the Board has the support of shareholders, at the same time that it is independent in relation to the bank, the executive management and the bank's major shareholders.

The 2021 AGM decided on the principles for the appointment of the Nomination Committee prior to the 2022 AGM. They include that the committee is comprised of six members, including representatives of the five largest shareholders as of 31 August 2021, as well as the Chair of the Board. If a shareholder does not wish to appoint a member, the right to appoint the member is passed on to the next largest shareholder. The members of the Nomination Committee receive no remuneration.

As part of its work, the Nomination Committee takes note of the Board evaluation and has personal conversations with each Board member to amongst other obtain their input on the Board's performance. The Chair of the Board is not present for these discussions. Based on the Board evaluation, oral statements and other information, the Nomination Committee discusses the Board's composition, which competencies should be represented on the Board and the Board's size. The Nomination Committee conducts an internal suitability assessment of the proposed candidates and evaluates among other things their experience, competence, reputation, potential conflicts of interest, suitability, ability to devote sufficient time to the assignment and documents this.

During its term, the Nomination Committee has also:

- Obtained the Chair's and the CEO's views on the bank's operations and the challenges that the bank faces in coming years as well as the need for additional competence on the Board
- Reviewed competence needs and discussed the Board's composition in view of Swedbank's strategies, future challenges and the requirements of the Companies Act
- Considered the rules limiting the number of directorships a member of a bank of Swedbank's size may hold and whether the candidates were able to devote sufficient time to the Board's work
- Evaluated the candidates' independence and any conflicts of interest
- Evaluated the collective knowledge and expertise of the Board

The current composition of the Nomination Committee prior to the 2022 AGM:

Member	Representing
Lennart Haglund, Chair of the Nomination Committee	Sparbankernas Ägareförening
Ylva Wessén	Folksam
Hans Sterte	Alecta
Anders Oscarsson	AMF and AMF Fonder
Annette Björkman	Sparbanksstiftelserna
Göran Persson, Chair of the Board	Swedbank AB (publ)

3 The Board of Directors

The Board of Directors has overarching responsibility for Swedbank's organisation, operations and management. This is done sustainably with a focus on the customer and sound risk taking to ensure the bank's long-term existence and to maintain trust in the bank.

The 2021 AGM elected twelve members. On 25 October 2021, Josefin Lindstrand stepped down as a member of Swedbank's Board of Directors to pursue board positions with other companies in financial technology and financial products. As of 25 October, Swedbank's Board therefore consisted of eleven members elected by the AGM. The Board also includes two employee representatives and two deputies. The Board meets the requirements of Swedish Corporate Governance Code (the Code) with respect to its members' independence. All members except Göran Bengtsson and Bo Bengtsson are considered independent in relation to the bank and the executive management. All members are considered independent in relation to the bank's major shareholders. After the 2021 AGM, the gender distribution was approximately 42 per cent women and approximately 58 per cent men. Following Josefin Lindstrand's departure, the gender distribution changed to approximately 36 per cent women and 64 per cent men. The CEO, the Deputy CEO, the CFO and the Company Secretary attend Board meetings but are not members of the Board. The composition of the Board is presented on pages 56–60.

The Board's obligations and division of responsibilities

The Board is the highest decision-making body after the AGM, and the highest executive body. In accordance with its established rules of procedure, the Board decides on goals, strategies, operational frameworks and the business plan. The Board appoints, dismisses and evaluates the CEO; verifies that efficient systems are in place to monitor and control operations and that laws and regulations are followed; and ensures transparent and accurate information disclosures. The Board is also ultimately responsible for ensuring that the bank has an appropriate organisation and corporate governance.

The Board appoints/dismisses the heads of Group Risk, Group Compliance and Group Internal Audit, and decides on their remuneration. Internal Audit is directly subordinate to the Board.

Corporate Governance Report

The Board is responsible for ensuring that operations are organised in accordance with external and internal rules, so that accounting, treasury, operational risks and the bank's economic conditions otherwise are managed satisfactorily.

The Chair of the Board has certain specific responsibilities, which include the following:

- Lead Board meetings and work and encouraging an open and constructive discussion
- Ensure that the Board of Directors is evaluated annually and that Board members receive necessary training
- Oversee the CEO's work, serve as a sounding board and support to the CEO and oversee that the Board's decisions and instructions are implemented
- Represent the bank on ownership and other key matters with investors and other stakeholders

The Board's overarching responsibility cannot be delegated. The Board has appointed committees, however, to monitor, prepare and evaluate matters within specific areas for resolution by the Board; see below.

The division of responsibility between the Board, the Chair of the Board and the CEO is determined annually, among other ways through the Board's rules of procedure, the Governance Policy and the instruction for the CEO.

An evaluation of the Board's performance was conducted in October 2021. An external assessment tool was used in the evaluation. A summary of the results was presented to the Board and Nomination Committee.

The Board's work

In 2021, the Board held 28 meetings, five of which were per capsulam. Until October, all Board meetings were virtual due to the coronavirus pandemic. The Board was unanimous in its decisions, and no dissenting opinions were noted on any matter during the year. Potential conflicts of interest for Board members are reported at each meeting and mean that the Board member may not review the background information, take part in discussions or participate in decisions on the specific matter.

Important matters in 2021 included:

- Annual plan for the Board's work
- The bank's strategic plan
- Sustainability matters
- Matters leading up to AGM and extraordinary general meetings, as well as dividend
- Annual review of policies and instructions
- Macroeconomic development and the impact on the bank, its limits and exposures
- Capital and liquidity matters
- Remuneration matters
- Internal control, including reports from the external and internal auditors, as well as from Group Risk and Group Compliance
- Risks and capital situation, including the internal capital and liquidity assessment processes (ICAAP and ILAAP), as well as other stress tests
- Credit decisions, as well as monitoring of credit impairments, credit risks and credit quality
- Ongoing investigations by authorities of historical events tied to the Group's financial crime prevention
- AML/CTF matters

- Cybersecurity and information security
- Competition and business intelligence
- Training/education and succession planning
- Major ongoing projects within the bank

In 2021, the Board continued to focus on the impacts of the corona pandemic on individuals, businesses and society as a whole in Sweden and globally. The Board has regularly received updates on these impacts and the effect on the bank and its customers, and made the necessary decisions to manage the pandemic's effects.

Because the bank's former Chair and CEO were not discharged from liability by the 2020 AGM for the time they were in office in 2019, the current Board of Directors investigated whether to file claims for damages. This was reviewed by outside legal experts, who concluded that Swedbank's likelihood of success in a claim is extremely low. Swedbank's current Board therefore decided in February 2021 not to file claims against the former Chair and CEO for the financial year 2019.

The Board's competence

The members of the Board continuously update and deepen their knowledge of the bank's operations and applicable regulations. To this end, the Board establishes a training plan each year.

New Board members also attend introductory training with in-depth information on the organisation and operations, the control functions and the bank's corporate governance model and framework. In addition, the Board usually holds an annual seminar with in-depth reviews of one or more areas.

The Board's Committees

The Board's overarching responsibility cannot be delegated. However, the Board has committees to prepare matters and facilitate in-depth discussions in certain areas. The committees have no substantive decision-making authority and instead recommend decisions to the Board. All committee minutes and all material prepared by the committees is available to the entire Board.

Governance Committee

The Governance Committee assists the Board of Directors in monitoring the bank's governance model and processes and evaluating whether they are effective and appropriate and have been established in the organisation in a way that ensures effective steering and control throughout the Group. The committee also ensures that clear and consistent principles are applied for reporting, escalation and division of responsibilities.



"The Governance Committee's main task is to assist the Board in ensuring that the bank has a sustainable and transparent governance model and processes for corporate governance and internal control."

Bo Bengtsson, Chair

Corporate Governance Report

Through the committee, more time is allocated for detailed preparations on corporate governance matters, including recurring reviews and evaluations of the Board's overarching corporate governance principles as well as internal control and monitoring of the subsidiaries' implementation of the Group's internal rules. The committee also monitors the bank's work with ongoing regulatory investigations with an overarching impact on the Group's operations.

The Governance Committee's work includes:

- Monitor and evaluate that the Group's internal rules on corporate governance are aligned with industry best practices and the bank's core values and that the rules have been implemented satisfactorily in the Group
- Monitor and evaluate that the corporate governance structure, including the organisational structure, create a well-defined chain of command and clear division of responsibilities
- Monitor developments in corporate governance, inform the Board of material regulatory changes and new industry practices in regards to corporate governance, and issue recommendations on revising the governance strategy
- In dialogue with representatives of the Board's various committees, annually evaluate the Board's committee structure and instructions from a corporate governance perspective
- Monitor material changes in the organisational structure to ensure that the Group complies with regulatory obligations and its internal framework for corporate governance
- Monitor that the Group's matrix organisation complements the legal structure in a way that involves the use of expertise, knowledge transfers and transparency (e.g. regarding reporting and escalation) between subsidiaries and the parent company, at the same time that specific legal requirements that apply to each legal entity are observed

Members of the Governance Committee:

Since the 2021 AGM

Bo Bengtsson, Chair (as of 15 November 2021)

Josefin Lindstrand, Chair (through 25 October 2021)

Kerstin Hermansson

Bo Magnusson

Göran Persson

Focus in 2021

The priorities in 2021 included the continued review and implementation of the Group's corporate governance structures and all related processes, including the division of roles, responsibilities, and internal steering and control. Another focus of the committee was the ongoing investigations of Swedbank's historical shortcomings in AML steering and control in the bank's Baltic subsidiary banks. For more information, see Swedbank's Board of Directors Report.

Audit Committee

The Audit Committee, through its work and in consultation with the external auditor, the head of Internal Audit, the CEO and the Group Executive Committee, assists the Board by reviewing the reliability and efficiency in the financial reporting, identifies potential weaknesses in the internal control of the financial reporting, and ensures that the external auditor conducts its work effectively and impartially.



"It is the job of the Audit Committee to support the Board of Directors in ensuring that the bank has sound internal control and high-quality financial reporting. These are basic preconditions for well-functioning steering and a successful banking business."

Kerstin Hermansson, Chair

The Audit Committee's work is to ensure that the bank's CEO establishes and maintains effective routines for risk management and internal control of the Group's financial reporting. The routines shall be designed to provide assurance of the reliability of the financial reporting. Compliance and suitability and effectiveness of the administrative processes and protection for the bank's assets. The Audit Committee informs the Board of the results of the external audit and how the audit has contributed to the reliability of the financial reporting. Furthermore, the committee prepares recommendations that are approved by the Board on the shortcomings that have been observed in the internal control and financial reporting. The majority of the members must be independent in relation to the bank and its executive management. At least one member must also be independent in relation to the bank's major shareholders. At least one member must have competence in accounting or auditing. The head of Internal Audit is a co-opted member of the committee.

The work of the Audit Committee also includes:

- Review and evaluate the Group's financial reporting process
- Responsibility for the quality of the company's financial reporting and that the reporting meets current requirements
- Responsibility for ensuring that interim and year-end reports are audited or reviewed by the external auditor
- Meet the external auditor on each reporting date
- Review and monitor the external auditor's impartiality and independence with particular attention if the auditor provides services other than auditing
- Assist in preparing proposals to the general meeting on the external auditor's appointment
- Evaluate the head of Internal Audit
- Review Internal Audit's budget, policy, instruction and annual plan and recommend them for approval by the Board
- Review Internal Audit's quarterly reports and suggest improvements
- Monitor Internal Audit's annual plan and strategic priorities
- Monitor the external auditor's annual plan and discuss coordination between external audit and internal audit and the view of the Group's risks
- Review the committee's areas of responsibility

Corporate Governance Report

Focus in 2021

The Audit Committee's focus in 2021 was to monitor the financial reporting and internal control as well as the external audit and its independence. The committee was especially focused on monitoring observations from the external and internal audits and ensuring effective control of the financial reporting.

Members of the Audit Committee:

Since the 2021 AGM

Kerstin Hermansson, Chair
Bo Magnusson
Anna Mossberg
Annika Creutzer (as of 25 March 2021)
Per-Olof Nyman (as of 25 March 2021)

Risk and Capital Committee

The Risk and Capital Committee supports the Board of Directors in its work to ensure that routines are in place to identify and define the risks in the business activities, and that risk taking is measured and monitored. The members of the committee have special competence and experience from risk and capital matters as well as compliance.



"Our work was dominated again in 2021 by managing the risks associated with Covid-19 and the consequences for the bank's risk exposure. The committee continued during the year to strongly focus on compliance matters and further developing the bank's management of risk and capital matters."

Bo Magnusson, Chair

The work of the Risk and Capital Committee includes:

- Review the Group's overarching risk framework (ERM Policy) and risk policies
- Monitor and prepare the monthly risk report from Group Risk, which includes a report on the Group's risks. A more detailed description of the Group's risks can be found in note G3
- Monitor and prepare the Compliance function's quarterly report on the Group's compliance risks and non-compliance.
- Monitor and prepare the Compliance and risk functions' annual plans and strategic priorities
- Internal Capital Adequacy Assessment Process (ICAAP) and the bank's capitalisation
- The bank's credit limits and exposures
- Funding-related matters and strategies

Focus in 2021

An important task again in 2021 was the management of the corona pandemic's impact on the bank's risk exposure. The committee also focused on the ongoing improvements in the compliance area, especially as regards financial crime.

Members of the Risk and Capital Committee:

Since the 2021 AGM

Bo Magnusson, Chair
Göran Bengtsson
Bengt-Erik Lindgren
Josefin Lindstrand (through 25 October 2021)
Göran Persson

Remuneration Committee

The Remuneration Committee verifies that the bank's remuneration systems generally conform to effective risk management practices and legal requirements. Remuneration systems must comply with applicable rules, such as the Swedish Corporate Governance Code, the Swedish FSA's rules and the European Banking Authority's guidelines for senior executives.

The work of the Remuneration Committee includes:

- Salaries, pensions, variable remuneration and other benefits for the Group Executive Committee in accordance with the guidelines adopted by the AGM and for the Head of Internal Audit
- The Board's proposal to the AGM regarding remuneration for top executives
- Allocation and evaluation of the bank's performance- and share-based remuneration programmes and other matters associated with the programmes.
- Swedbank's Remuneration Policy
- Decisions pursuant to or deviations from remuneration policies
- Annual review and evaluation of the appropriateness of the remuneration instructions
- Preparation and recommendation to the Board on remuneration to consultants in cases where the total remuneration exceeds a certain amount
- Review of salary differences to ensure that they are not arbitrary
- Matters concerning the nomination process for board members of material subsidiaries and the instruction for the bank's internal nomination committee.

For more information on remuneration at Swedbank, see below in the Corporate Governance Report and in note G13.

Members of the Remuneration Committee:

Since the 2021 AGM

Göran Persson, Chair
Bo Magnusson
Anna Mossberg
Biljana Pehrsson
Hans Eckerström

Corporate Governance Report

4 President and CEO

The President and CEO is responsible for managing the bank's day-to-day operations and is the officer ultimately responsible for ensuring that the Board's strategic direction and other decisions are implemented and followed by the business areas and subsidiaries, and that risk management, governance, IT systems, the organisation and processes are satisfactory. The CEO represents the bank externally on various matters, leads the work of the Group Executive Committee, and makes decisions after consulting its members.

The CEO has the possibility to delegate duties to subordinates or Group committees, although ultimate responsibility is retained by the CEO. The committees do not have any collective decision-making authority; instead, decisions are made by the Chair of each committee or escalated to the CEO. The Board's view of the CEO's special areas of responsibility is set out in, among other places, the Board's Governance Policy and instruction for the CEO. The CEO is responsible for ensuring that the Board's decisions, policies and instructions are followed by the businesses and that they are evaluated annually.

The CEO establishes Group-level rules on governance and internal control. To support internal control, the CEO has a number of monitoring Group Functions, primarily Finance, Group Risk and Group Compliance. Monitoring is performed regularly through written reports and in-depth follow-up meetings with the heads of the various Group Functions and with the business areas. For more information, see the Board of Directors' report on internal control of financial reporting on page 55. The CEO is also responsible for ensuring that the Group has a strategy for competence management.

Group Executive Committee, other committees and forums

The Group Executive Committee (GEC) is the CEO's preparatory decision forum and consisted through the end of the year of 15 members.

The GEC consists of the Chief Executive Officer, the Deputy Chief Executive Officer, the Heads of the Business Areas Swedish Banking, Baltic Banking and Large Corporates & Institutions, the Chief Financial Officer, the Chief Credit Officer, the Heads of Anti Financial Crime, Group Products and Advice, Digital Banking and IT, Group Risk, Group Compliance, Group Human Resources and Infrastructure, Group Brand, Group Communication & Sustainability, and Group Legal. A large number of the members have direct business responsibility and the GEC therefore plays an important role as a forum for sharing information and ideas. The GEC normally meets weekly. Among the purposes of the weekly meetings is to ensure a uniform overview and transparency in matters of importance to the bank and the Group.

The GEC drafts proposals for remuneration systems and recommends variable remuneration for employees to the Board's Remuneration Committee. The view is that remuneration should be individually designed as far as possible, encourage performance in line with Swedbank's vision, strategy and goals, and contribute to sound risk-taking.

The GEC is complemented by the following committees: Group Asset Allocation Committee (GAAC), Group Risk and Compliance Committee (GRCC), Group Investment Committee (GIC), Group Financial Crime Committee (GFCC), Group Product Oversight Committee (GPOC) and Swedbank Sustainability Committee (SSC).

The GAAC is led by the CFO. The purpose of the GAAC is among other things to consolidate the financial steering of capital, liquidity, financing and tax matters as well as governance matters.

The GRCC is led by the Head of Group Risk, who together with the Head of Compliance, after consulting the other members of the GRCC, issues recommendations to the CEO on issues concerning non-financial risks, including compliance risk. The GRCC contributes to the strategic planning of the Group's risk appetite to ensure harmonisation from a risk perspective.

The GIC is led by the CFO. The GIC plans and prioritises the Group's strategic investments and ensures that they conform with the bank's strategy.

The GFCC is led by the Group's Specially Appointed Executive (SAE). The GFCC ensures sufficient and effective management of the Group's money laundering and financial sanction risks, as well as complete and uniform implementation of the Group's internal rules on AML/CTF and financial sanctions.

The GPOC is led by the Head of Group Products and Advice, GPA. The GPOC has been established to provide support and advice for decisions on the product and service offering in savings and insurance that is distributed to customers in Sweden, and to provide support and advice as well as maintain an overview at the Group level of the product and service offering in savings and insurance before it is distributed to customers in Estonia, Latvia and Lithuania.

The SCC is led by the Head of Group Brand, Communication & Sustainability. The SCC shall provide support and advice for effective management of the Group's sustainability perspective, and to support and promote ethical standards, integrity and the company's values in the organisation.

Similar committees to those mentioned above have also been formed at other levels of the organisation.

Priority issues for the GEC in 2021

In 2021, the GEC addressed a number of matters, including the following:

- Assist our customers during the corona pandemic
- Extensive work to improve routines, system support and processes to prevent all types of financial crime
- Regulators' investigations
- Measures to build trust and customer value
- Internal control and risk management, e.g. the change in governance and control of Baltic Banking by making the wholly owned holding company Swedbank Baltics AS owner of the banking operations in Estonia, Latvia and Lithuania
- Capital and liquidity matters
- Investor meetings
- Strengthen sustainability work, including by no longer financing unconventional extraction of fossil fuels such as oil and gas, and developed a concept for green equity. Swedbank qualified for the Dow Jones Sustainability Index for the second year in a row.

Corporate Governance Report

- Further work on IT development and security
- Monitor strategy, business plans and expenses
- Measures in the Swedish mortgage market including shorter wait times
- Investment and work on the savings platform as part of a long-term focus on financial health for private customers and SMEs in Sweden.
- Transparency on data integrity and further strengthening quality through among other things authentication and automation.

Internal control and risk management

The foundation for effective risk management is a strong, shared risk culture. The bank's functions for internal control and risk management are based on three lines of defence.

First line of defence – risk management by business operations

The 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 business operations take, or are exposed to, risks and are responsible for continuous and active risk management. The operations own the risks within their respective area of responsibility and are also responsible for ensuring that structures for internal control and reliable processes are in place so 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 governance structure to ensure compliance with external and internal requirements. An important part of the revised risk management framework has been to clarify the first line's ultimate risk management responsibility.

Second line of defence – independent control functions

The second line of defence refers to the independent control functions: Group Risk and Group Compliance. These functions define, within their area of responsibility, the risk management framework, which covers all material risks within the Group. The framework determines how risks are identified, assessed, measured, managed, monitored and reported. The second line of defence also monitors and determines whether effective risk management processes and controls are implemented by relevant risk owners. The second line of defence challenges and validates the first line's risk management activities, controls and analyses the Group's material risks, and provides the CEO and the Board with independent risk reporting.

The second line of defence is organisationally independent from first line and is not operationally involved in the business activity or the unit it monitors and controls.

Group Risk



*Rolf Marquardt,
Chief Risk Officer*

Swedbank has an independent risk control function, Group Risk, which works with the Group's risk management. The Head of Group Risk is directly subordinate to the CEO and reports to the CEO and the Board. Group Risk provides a holistic view of all risks, is responsible for the Group's risk management framework, and provides assurance to the Board and CEO that the Group's risk management processes are adequate and sufficient in relation to the risk appetite as set by the Board. Group Risk also guides and supports the business operations to drive and maintain a strong and sustainable risk culture. Group Risk prioritises resources to the areas with the most significant risks.

The Board's Policy on Enterprise Risk Management (ERM) and Policy for Group Risk contain frameworks and describe roles and responsibilities pertaining to risk management and control.

Group Compliance



*Ingrid Harbo,
Chief Compliance Officer*

Swedbank has an independent compliance function, Group Compliance, which manages the Group's compliance risks. The Head of Group Compliance is directly subordinate to the CEO and reports to the CEO and the Board on the Group's compliance.

Group Compliance's task is to propose and define minimum standards in the areas of money laundering, terrorist financing, financial sanctions and customer protection (including data protection) and monitors management of compliance within the Group. Group Compliance's main activities are continuous monitoring of the Group's compliance and advice and support to the business operations to ensure that decisions are consistent with the Board of Directors' risk appetite and compliance risk tolerance.

Group Compliance's work, which is governed by the Policy for Group Compliance as determined by the Board, is risk based and planned based on an annual assessment of compliance risks.

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5 Third line of defence – Internal Audit



Ana Maria Matei,
Chief Audit Executive

Swedbank has an independent Internal Audit function, Group Internal Audit. The Head of Internal Audit is appointed by and reports to the Board and thus is independent of the executive management.

The purpose of Internal Audit's reviews is to create improvements in operations by independently evaluating the bank's governance, risk management and internal control processes. All of the bank's activities and Group companies under the supervision of a financial supervisory authority as well as other Group companies that the Board of Directors considers material from time to time are the purview of Internal Audit. The assignment is based on a policy established by the Board and performed using a risk-based methodology in accordance with internationally accepted standards issued by the Institute of Internal Auditors (IIA). Internal Audit prepares an annual risk analysis and an audit plan that are approved by the Board, but which can be revised and updated as needed. Audit reports are submitted to management and the conclusions, together with the measures that will be taken and their status, are compiled in quarterly reports and presented to the Audit Committee and the Board.

6 External auditor

The external auditor is elected by the AGM for a period that concludes at the end of the AGM held in the first, second, third or fourth financial year after the auditor was elected. The external auditor is an independent reviewer of the bank's financial accounts and determines whether they are materially accurate and complete and provide a fair view of the bank and its financial position and results. The auditor also ensures that they are prepared according to current laws and recommendations. Moreover, the auditor reviews the Board of Directors and the CEO's management of the bank.

According to the Articles of Association, the bank shall have no less than one and no more than two auditors. A registered auditing firm may also be appointed as auditor. PwC was elected as accounting firm by the 2019 AGM until the conclusion of the 2023 AGM and the Chief Auditor is Authorised Public Accountant Anneli Granqvist. At the AGM the external auditor presents the auditors' report and describes the audit work.

In 2021, the external auditor reported to the Audit Committee on six occasions. The auditor also participated in three

Board meetings at which a summary of the year's audit was presented. The auditor has met on a regular basis with the Chair of the Audit Committee, the Head of Internal Audit, the executive management and other operating managers. Swedbank's interim reports are reviewed briefly by the Auditor. The Sustainability Report has also been briefly reviewed. Remuneration to the Group's auditor is reported in note G14. The Audit Committee annually evaluates the auditor's objectivity and independence. The auditor annually reaffirms its independence in the audit report.

Group structure

An effective operating structure is important to the bank's governance. The Group structure provides a framework for various roles, functions and reporting channels within the bank. The bank's Group structure is divided into business areas, product areas and Group Functions. A change was made to the Group structure in 2021 and the business area Baltic Banking through the establishment of the holding company Swedbank Baltics AS. Swedbank Baltics AS is owner (100%) of the banking operations in Estonia, Latvia and Lithuania.

Business areas

The bank's operations are conducted in three business areas: Swedish Banking, Baltic Banking and Large Corporates & Institutions. The business area managers are directly subordinate to the CEO. They have overarching responsibility for the business area's operations and report continuously to the CEO.

The head of each business area's responsibility is to:

- Implement the Group's strategies and compile business plans for each business area and ensure that they are implemented and reported to the CEO
- Create and maintain reporting and escalation routines to highlight matters for information or decision at the CEO or Board level
- Ensure that policies and instructions are implemented within the business area
- Customer offering and product development
- Integrate sustainability in business decisions and procedures
- Profitability and financial stability in the business area
- Monitor, supervise and manage the business area's assets, liabilities and profitability
- Maintain a sound internal control system to identify and manage risks in accordance with the bank's risk appetite
- Effective implementation of the bank's corporate governance model within the business area

Group Functions

The task of the Group Functions is to support the CEO and the Group's business operations, and to create Group-level routines, ensure effective steering, control and oversight in the Group, and clarify Swedbank's vision and strategy. Among the roles of the Group Functions is to develop Group-level policies and instructions for the Board and CEO to adopt. They also propose other Group-level internal rules, which are approved by the manager of each Group Function. The purpose of these



Corporate Governance Report

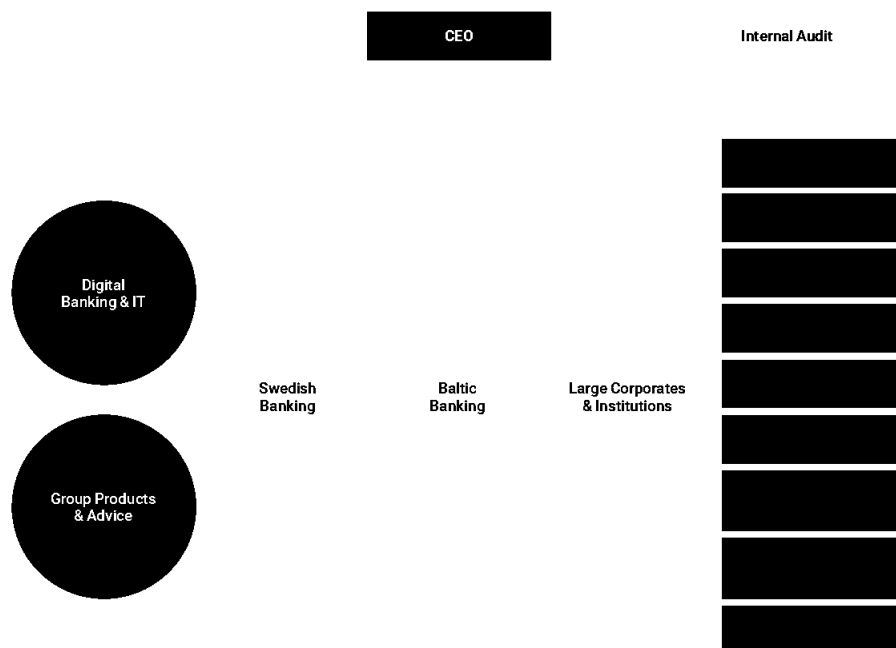
Group-level rules and processes is to support the CEO and the Group's business operations, to clarify Swedbank's vision, purpose, values and strategy, and to minimise risks in the business operations. Additionally, the Group Functions create and monitor Group-level routines, which serve as support for the business operations and facilitate the sharing of experience between the bank's various markets. They are responsible for compiling and analysing reports for the CEO and the Board, as well as proposing solutions to matters that require immediate action within their respective area and thereby creating an effective solution to the problem. The head of each Group Function has unrestricted insight into the business operations in order to fulfil their obligations.

Further information on Swedbank's corporate governance

On Swedbank's website, www.swedbank.com, under the tab "About Swedbank", is a special section on corporate governance matters, which contains, among other things:

- Swedbank's Articles of Association
- The Nomination Committee's principles and work
- Information on Swedbank's Annual General Meetings since 2011
- Information on remuneration in Swedbank and evaluation of the remuneration guidelines for Swedbank's top executives
- The bank's code of conduct

Swedbank Group



The Board of Directors' report on internal control of financial reporting

The Board of Directors is ultimately responsible for ensuring that the financial reporting complies with external regulations and is responsible for monitoring internal control of financial reporting (ICFR). ICFR is based on the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework applying the following five internal control components.

Control environment – The Board of Directors and executive management establish the foundation for internal control

To support reliable reporting, Swedbank's internal control is rooted in the bank's organisational structure and the policies and instructions established by the Board. A directive issued by the Group CFO addresses ICFR specifically.

A supporting Group-wide ICFR framework is in place based on the bank's vision, purpose and values (see page 7). The purpose of the directive and the framework is to provide reasonable assurance of the reliability of the financial reporting.

Risk analysis – Risk assessment based on materiality and complexity

Risk management is an integral part of business activities. Every manager has a primary responsibility for risk management and assessment in their operations and in the financial reporting process.

Risk assessment within the ICFR framework is conducted at Group level to identify and create an understanding of the risks in the financial reporting with regard to materiality and complexity. The risk assessment is also used to decide which areas should be covered by the framework.

Control activities – Controls at different levels

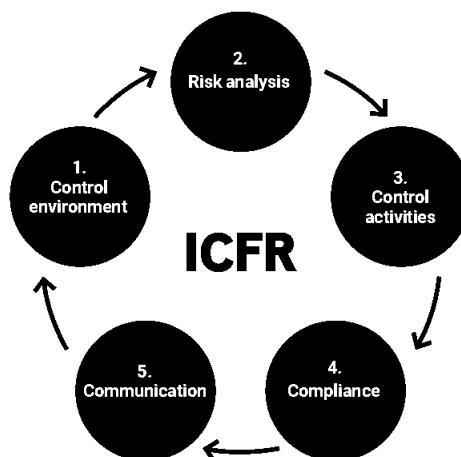
Controls are performed at various levels of the bank to ensure the reliability of the financial reporting. They are categorised according to the ICFR framework's structured controls as follows: Group-level controls, controls at the process/ transaction level, and general IT controls.

Compliance – Follow-up and assessment

Follow-up on the ICFR framework controls is regularly performed through self-assessment of the control effectiveness. The results of the self-assessment are used to monitor the reliability of the financial reporting.

Communication – Analysis and reporting

The self-assessment result is compiled and analysed by Group Finance to identify any material risks of misstatement in the financial reporting. The results of the analysis are reported to Swedbank's CFO, the Group Executive Committee and the Audit Committee on a quarterly basis.



Corporate Governance Report Board of Directors

Board of Directors



Göran Persson

Year of birth	Born 1949. Elected 2019. Chair since 2019
Share-holdings in Swedbank¹	Own and closely related parties: 35 000
In Swedbank as²	● Board of Directors, Chair ● Remuneration Committee, Chair ● Risk and Capital Committee, member ● Governance Committee, member Attendance: ● 29/29 ● 9/9 ● 13/13 9/9 Total annual fees, SEK: ● 2 840 000 ● 113 400 ● 270 000 259 200 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.
Board member's independence	Independent in relation to the bank and the executive management and independent in relation to the bank's major shareholders.
Education	University studies in sociology and political science
Bank specific experience	Board: 7 years (2015)
Professional experience	Sveaskog, Chair • Scandinavian Air Ambulance, Chair • Prime Minister of Sweden • Finance Minister of Sweden • Wiklöf Holding AB, Board member
Non-executive assignments	LKAB, Chair • Greengold Group AB, Chair • Cambio Healthcare Systems AB, Advisor • Bablock Scandinavian Holding AB, Advisor • Lumo Advise AB, Senior Advisor



Bo Magnusson

Year of birth	Born 1962. Elected 2019. Vice Chair since 2019
Share-holdings in Swedbank¹	Own and closely related parties: 20 000
In Swedbank as²	● Board of Directors, Vice Chair ● Remuneration Committee, member ● Risk and Capital Committee, Chair ● Audit Committee, member ● Governance Committee, member Attendance: ● 29/29 ● 9/9 ● 13/13 ● 10/10 8/9 Total annual fees, SEK: ● 955 800 ● 113 400 ● 464 400 ● 259 200 259 200 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.
Board member's independence	Independent in relation to the bank and the executive management and independent in relation to the bank's major shareholders.
Education	Higher banking education
Bank specific experience	Operational: 29 years Board: 9 years (2013)
Professional experience	Rikshem AB, Chair • Rikshem Intressenter AB, Chair • SBAB Bank AB and Sveriges Sakerställda Obligationer AB, Chair • Carnegie Holding AB and Carnegie Investment Bank AB, Chair • NS Holding AB and Fastighetsbolaget Norrporten AB, Chair • 4T-WyWallet, Chair • Deputy CEO, SEB
Non-executive assignments	KBC Bank NV, (Belgium), Board member

¹) Holdings as of 31 December 2021
²) For paid amounts see note G13

Board of Directors Corporate Governance Report



Bo Bengtsson

Year of birth	Born 1966 Board member since 2020
Share-holdings in Swedbank¹	Own and closely related parties: 2 500
In Swedbank as²	● Board of Directors, member ● Audit Committee, member (to 25 March 2021) ● Governance Committee, member. From 15 November 2021 Chair Attendance: ● 28/29 ● 2/3 ● 9/9 Total annual fees, SEK: ● 653 400 ● 259 200 ● 426 600 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.
Board member's independence	Dependent in relation to the bank and the executive management but independent in relation to the bank's major shareholders.
Education	Higher educational studies, leadership training, etc.
Bank specific experience	Operational: 23 years Board: 2 years (2020)
Professional experience	Sparbanken Skåne, CEO, Sparbanken 1826, CEO • Kristianstads Sparbank, CEO • Kristianstads Sparbank, Marketing Director • Ikano-banken, Deputy Bank Manager responsible for marketing and product development
Non-executive assignments	Sparbanken Skåne, Chair



Göran Bengtsson

Year of birth	Born 1967 Board member since 2020
Share-holdings in Swedbank¹	Own and closely related parties: 1 500
In Swedbank as²	● Board of Directors, member ● Risk and Capital Committee, member ● Audit Committee, member (to 25 March 2021) Attendance: ● 29/29 ● 13/13 ● 3/3 Total annual fees, SEK: ● 653 400 ● 270 000 ● 259 200 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.
Board member's independence	Dependent in relation to the bank and the executive management but independent in relation to the bank's major shareholders.
Education	Bachelor's Programme in Business and Economics, University of Borås
Bank specific experience	Operational: 32 years Board: 2 years (2020)
Professional experience	Regional Head of Credit, Swedbank AB • Head of Corporate Business, Sparbanken Sjuhärads AB
Non-executive assignments	Falkenbergs Sparbank, CEO • Destination Falkenberg AB, Board member



Annika Creutzer

Year of birth	Born 1957 Board member since 2021
Share-holdings in Swedbank¹	Own and closely related parties: 300
In Swedbank as²	● Board of Directors, member ● Audit Committee, member Attendance: ● 20/20 ● 7/7 Total annual fees, SEK: ● 653 400 ● 259 200 Annika Creutzer contributes her extensive experience in finance and the media, with a focus on business journalism and public education.
Board member's independence	Independent in relation to the bank and the executive management and independent in relation to the bank's major shareholders.
Education	Economics degree, Stockholm University
Bank specific experience	Operational: 5 years Board: 1 year
Professional experience	Swedish Pensions Agency, Board member • the startup Påmind, Board member • Pengar24, Editor in Chief • Privata Affärer, Editor in Chief • Stockholm Consumer Cooperative Society, Board member • Poppius journalism school, Board member • Skandiabanken, Private economist
Non-executive assignments	Consultancy in business journalism and public education, Creutzer & Co AB

1) Holdings as of 31 December 2021
2) For paid amounts see note G13

Corporate Governance Report Board of Directors



Hans Eckerström

Year of birth	Born 1972 Board member since 2020
Share-holdings in Swedbank¹	Own and closely related parties: 75 000
In Swedbank as²	● Board of Directors, member ● Remuneration Committee, member Attendance: ● 29/29 ● 9/9 Total annual fees, SEK: ● 653 400 ● 113 400 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.
Board member's independence	Independent in relation to the bank and the executive management and independent in relation to the bank's major shareholders.
Education	M.Sc. Mechanical Engineering, Chalmers University of Technology M.Sc. Business Administration, University of Gothenburg School of Business
Bank specific experience	Board: 2 years (2020)
Professional experience	Nobia, Chair • Nordstjernan AB, Board member • Employee and Partner, NC Advisory AB, Nordic Capital • Manager, Arthur D. Little
Non-executive assignments	Henri-Lloyd Group AB, Chair • Profoto Holding AB, Chair • Thule Group AB, Board member • Aligro Partners Acquisition Company AB (publ), Chief Investment Officer • Carnegie Investment Capital, Member of Investment Committee



Kerstin Hermansson

Year of birth	Born 1957 Board member since 2019
Share-holdings in Swedbank¹	Own and closely related parties: 1 000
In Swedbank as²	● Board of Directors, member ● Audit Committee, Chair ● Governance Committee, member Attendance: ● 29/29 ● 10/10 ● 9/9 Total annual fees, SEK: ● 653 400 ● 426 600 ● 259 200 Kerstin Hermansson mainly contributes to the Board her expertise in securities and compliance issues. She is an attorney with many years of experience in the European securities market.
Board member's independence	Independent in relation to the bank and the executive management and independent in relation to the bank's major shareholders.
Education	LLM, Lund University
Bank specific experience	Operational: 9 years Board: 3 years (2019)
Professional experience	CEO, Swedish Securities Dealers Association (Svenska Fondhandlarförbundet) • Global Head of Legal & Compliance, Enskilda Securities AB (subsidiary of SEB Group) • Attorney, Jacobsson&Ponsbach Fondkommission AB • Member of the Securities and Markets Stakeholder Group of the European Securities and Markets Authority (ESMA)
Non-executive assignments	Linnaeus University, Chair • Swedsec Licensiering AB, Board member (Vice Chair) • Swedish Financial Benchmark Facility AB, Board member



Bengt Erik Lindgren

Year of birth	Born 1950 Board member since 2020
Share-holdings in Swedbank¹	Own and closely related parties: 4 500
In Swedbank as²	● Board of Directors, member ● Risk and Capital Committee, member Attendance: ● 29/29 ● 13/13 Total annual fees, SEK: ● 653 400 ● 270 000 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.
Board member's independence	Independent in relation to the bank and the executive management and independent in relation to the bank's major shareholders.
Education	Uppsala University, 2-year combined education (Business administration, Sociology, Human resource management)
Bank specific experience	Operational: 35 years Board: 10 years
Professional experience	Prevas AB, Chair • Lansa Fastigheter AB, Board member • Länsförsäkrings Bergslagen ömsesidigt, Chair • Länsförsäkringar Bank AB, Board member • Deputy CEO, Regional Director Stockholm and Head of Large Customers, Swedbank • Deputy CEO and Regional Director Region Mid-Sweden, Swedbank • CEO, Spintab AB and senior positions at Föreningssparbanken and in the Swedish savings bank movement
Non-executive assignments	Sunnerstaholm Invest AB, Board member

¹) Holdings as of 31 December 2021
²) For paid amounts see note G13

Board of Directors Corporate Governance Report



Josefin Lindstrand

Year of birth	Born 1976 Board member from 2019 until 25 October 2021
Shareholdings in Swedbank¹	Own and closely related parties: N/A
In Swedbank as²	● Board of Directors, member ● Risk and Capital Committee, member ● Governance Committee, Chair until 25 October Attendance: ● 25/25 ● 11/11 ● 8/8 Total annual fees, SEK: ● 653 400 ● 270 000 ● 426 600 Josefin Lindstrand has many years of experience in the financial industry, both in operational roles and as a director. She mainly brought to the Board her expertise in compliance, corporate governance and money laundering issues.
Board member's independence	Independent in relation to the bank and the executive management and independent in relation to the bank's major shareholders.
Education	LLM, University of Stockholm • University Diploma in Business Administration, Stockholm University
Bank specific experience	Operational: 11 years Board: 6 years (2016)
Professional experience	Specialist Counsel, Advokatfirman Hammarstiöld & Co • BNP Paribas, member of the board of SevenDay Finans AB • Sörmlands Sparbank, Vice Chair • Intertrust Group, Business Unit Director, Compliance Services • Citi, senior positions in Legal and Compliance • Swedbank AB, Legal Counsel
Non-executive assignments	Specialist adviser in Risk Management, Compliance and Corporate Governance through her own practice, Josefin Lindstrand Advisory AB



Roger Ljung

Year of birth	Born 1967 Employee representative since 2015
Shareholdings in Swedbank¹	Own and closely related parties: 0
In Swedbank as²	● Board of Directors, member, employee representative Total annual fees, SEK: No fees Roger Ljung is an employee representative and has broad experience in banking from both the private and corporate sectors.
Board member's independence	Not applicable.
Education	Upper secondary education
Bank specific experience	Operational: 35 years
Professional experience	Personal advisor, branch manager, business advisor, Swedbank AB
Non-executive assignments	Business advisor, Swedbank AB • Financial Sector Union's Swedbank branch, First Deputy Chair • Finans och försäkringsbranschens A-kassa, Board member • SPK, Deputy Chair • A number of assignments within the Financial Sector Union



Anna Mossberg

Year of birth	Born 1972 Board member since 2018
Shareholdings in Swedbank¹	Own and closely related parties: 1 487
In Swedbank as²	● Board of Directors, member ● Remuneration Committee, member ● Audit Committee, member Attendance: ● 26/29 ● 8/9 ● 10/10 Total annual fees, SEK: ● 653 400 ● 113 400 ● 259 200 Anna Mossberg contributes her experience and expertise in digital change. She has a 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 Telekom AG.
Board member's independence	Independent in relation to the bank and the executive management and independent in relation to the bank's major shareholders.
Education	Executive MBA, IE University, Spain • Executive MBA, Stanford University, USA • MSc, Lulea University of Technology
Bank specific experience	Board: 4 years (2018)
Professional experience	Google Sverige AB, Business Area Manager • Bahnhof AB, CEO • Deutsche Telekom AG, Senior Vice President, Strategy & Portfolio Mgmt • Telia International Carrier AB, Vice President • Telia AB, Director Internet Services
Non-executive assignments	Swisscom AG, Board member • Schibsted ASA, Board member • Orkla ASA, Board member • Managing Director, Silo.AI Sweden • Byggfakta Group Nordic AB, Board member • Axcel Management AB, Member of Advisory Board

1) Holdings as of 31 December 2021
2) For paid amounts see note G13

Corporate Governance Report Board of Directors



Per Olof Nyman



Biljana Pehrsson



Åke Skoglund

Year of birth	Born 1956 Board member since 2021	Born 1970 Board member since 2020	Born 1959 Employee representative since 2020 and deputy since 2018
Shareholdings in Swedbank¹	Own and closely related parties: 5 000	Own and closely related parties: 9 000	Own and closely related parties: 1 084
In Swedbank as²	● Board of Directors, member ● Audit Committee, member Attendance: ● 20/20 ● 7/7 Total annual fees, SEK: ● 653 400 ● 259 200 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.	● Board of Directors, member ● Remuneration Committee, member Attendance: ● 27/29 ● 9/9 Total annual fees, SEK: ● 653 400 ● 113 400 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.	● Board of Directors, member, Employee representative Total annual fees, SEK: No fees Åke Skoglund is an employee representative with many years of experience from various positions within Swedbank.
Board member's independence	Independent in relation to the bank and the executive management and independent in relation to the bank's major shareholders.	Independent in relation to the bank and the executive management and independent in relation to the bank's major shareholders.	Not applicable.
Education	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	Business administration, Stockholm University
Bank specific experience	Board: 1 year	Board: 2 years (2020)	Operational: 32 years
Professional experience	Lantmännen, Vice President and CFO • Whirlpool Europe, Vice President & CFO, various senior positions within the company	East Capital Baltic Property Fund (ECBPF I & II & III), Board member • Einar Mattsson AB/Fastighets AB Stadshus, Board member • East Capital Private Equity, Deputy CEO and Head of Real Estate • Centrumutveckling, CEO • Kungsleden AB, CEO	Business development • accounting/annual accounts • regulatory reporting
Non-executive assignments	Lantmännen Ek För, Group President and CEO • HKScan Oyj, Board member • Hauptgenossenschaft Nord AG (HaGe Kiel), Board member • Intercoop Europe, Chair	Kungliga Dramatiska Teatern AB, Board member • Stadsutvecklarna i Värtahamnen AB, Board member	Swedbank AB, Business Analyst • Financial Sector Union's Swedbank branch, Member • Financial Sector Union's Local branch Central Units, Chair • Swedbank AB, Coordinating safety representative

¹) Holdings as of 31 December 2021

²) For paid amounts see note G13

Group Executive Committee



Jens Henriksson

President and CEO
Born 1967. Employed since 2019
Shareholdings in Swedbank:¹
20 000
Education: BA Economics, MSc
Electrical Engineering, Control
Theory, and Fil. Lic. Economics



Tomas Hedberg

**Deputy CEO and Deputy
President**
Born 1963. Employed since 2000
Shareholdings in Swedbank:¹
2 000
Education: Studies in Economics



Pål Bergström

**Head of Large Corporates
& Institutions**
Born 1967. Employed since 2021
Shareholdings in Swedbank:¹
0
Education: PhD, Economics



Mikael Björkner

Head of Swedish Banking
Born 1966. Employed since 2010
Shareholdings in Swedbank:¹
4 118
Education: BSc Business
Administration and Economics



Lars-Erik Danielsson

Chief Credit Officer
Born 1962. Employed since 1990
Shareholdings in Swedbank:¹
8 029
Education: Studies in business
and economics



Anders Ekedahl

Head of Anti-Financial Crime Unit
Born 1960. Employed since 1987
Shareholdings in Swedbank:¹
22 887
Education: MSc, Stockholm
School of Economics



Ingrid Harbo

Chief Compliance Officer
Born 1959. Employed since 2011
Shareholdings in Swedbank:¹
1 500
Education: Master of Laws,
LL.M.



Anders Karlsson

Group Financial Officer (CFO)
Born: 1966. Employed 1999–
2008 and since 2010
Shareholdings in Swedbank:¹
22 848
Education: MSc Economics



Jon Lidfeldt

Head of Baltic Banking
Born 1973. Employed since 2013
Shareholdings in Swedbank:¹
1 796
Education: MSc Engineering
Physics

¹⁾ Holdings as of 31 December 2021

Corporate Governance Report Group Executive Committee



Erik Ljungberg

Head of Group Communication and Sustainability

Born 1971. Employed since 2020
Shareholdings in Swedbank:¹
850

Education: M.Sc. in Business administration



Lotta Lovén

CIO and Head of Digital Banking & IT

Born 1967. Employed 1986–1999 and since 2004

Shareholdings in Swedbank:¹
3 645

Education: Market economist



Rolf Marquardt

Chief Risk Officer

Born 1964. Employed since 2020

Shareholdings in Swedbank:¹
4 000

Education: PhD in Business Administration



Charlotte Rydin

Chief Legal Officer and Head of Group Legal

Born 1968. Employed since 2021

Shareholdings in Swedbank:¹

No holding but participates in the profit-sharing scheme Kopparmyntet

Education: Master of Laws, LL.M.



Carina Strand

Head of HR & Infrastructure

Born 1964. Employed since 2017

Shareholdings in Swedbank:¹
0

Education: Economist



Kerstin Winlöf

Head of Group Products & Advice

Born 1966. Employed since 2019

Shareholdings in Swedbank:¹
700

Education: MSc in Business Administration and Economics

¹⁾ Holdings as of 31 December 2021





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Income statement, Group

SEKm	Note	2021	2020
Interest income on financial assets at amortised cost		29 912	32 020
Other interest income		452	1 771
Interest income		30 364	33 791
Interest expense		-4 107	-6 938
Net interest income	G8	26 257	26 853
Commission income		22 407	19 476
Commission expense		-7 554	-6 706
Net commission income	G9	14 853	12 770
Net gains and losses on financial items	G10	2 048	2 655
Net insurance	G11	1 457	1 518
Share of profit or loss of associates and joint ventures	G27	976	582
Other income	G12	1 299	1 298
Total income		46 890	45 676
Staff costs	G13	12 739	11 873
Other general administrative expenses	G14	6 477	7 107
Depreciation/amortisation of tangible and intangible assets	G15	1 631	1 580
Administrative fine			4 000
Total expense		20 847	24 560
Profit before impairment		26 043	21 116
Impairment of intangible assets	G30	56	
Impairment of tangible assets	G16		2
Credit impairments	G17	170	4 334
Profit before tax		25 817	16 780
Tax expense	G18	4 945	3 851
Profit for the year		20 872	12 929
Profit for the year attributable to:			
Shareholders of Swedbank AB		20 871	12 929
Non-controlling interests		1	0
Earnings per share, SEK	G19	18.62	11.55
Earnings per share after dilution, SEK	G19	18.56	11.51



Financial statements and notes Group

Statement of comprehensive income, Group

SEKm	Note	2021	2020
Profit for the year reported via income statement		20 872	12 929
Items that will not be reclassified to the income statement			
Remeasurements of defined benefit pension plans	G39	1 686	5 166
Share related to associates and joint ventures:			
Remeasurements of defined benefit pension plans		21	96
Change in fair value attributable to changes in own credit risk of financial liabilities designated at fair value through profit or loss	G46	0	6
Income tax	G20	-347	-1 065
Total		1 360	4 203
Items that may be reclassified to the income statement			
Exchange rate differences, foreign operations:			
Gains/losses arising during the year		848	-1 838
Reclassification adjustments to income statement, Net gains and losses on financial items			-2
Hedging of net investments in foreign operations:	G29		
Gains/losses arising during the year		-729	1 523
Reclassification adjustments to income statement, Net gains and losses on financial items			9
Cash flow hedges:	G29		
Gains/losses arising during the year		145	-358
Reclassification adjustments to income statement, Net gains and losses on financial items		-143	349
Foreign currency basis risk:			
Gains/losses arising during the year		5	-42
Share of other comprehensive income of associates and joint ventures:			
Exchange rate differences, foreign operations		91	-84
Income tax:	G20		
Gains/losses arising during the year		119	-229
Reclassification adjustments to the income statement, Tax expense		29	-77
Total		365	-749
Other comprehensive income for the year, net of tax		1 725	3 454
Total comprehensive income for the year		22 597	16 383
Total comprehensive income for the year attributable to:			
Shareholders of Swedbank AB		22 596	16 383
Non-controlling interests		1	0



Balance sheet, Group

SEKm	Note	2021	2020	1/1/2020
Assets				
Cash and balances with central banks		360 153	293 811	195 286
Treasury bills and other bills eligible for refinancing with central banks, etc.	G21	163 590	137 191	137 094
Loans to credit institutions	G22	39 504	47 954	45 452
Loans to the public	G23	1 703 206	1 680 987	1 652 296
Value change of the hedged items in portfolio hedges of interest rate risk		-1 753	1 774	271
Bonds and other interest-bearing securities	G24	58 093	59 975	57 367
Financial assets for which the customers bear the investment risk	G25	328 512	252 411	224 893
Shares and participating interests	G26	13 416	17 215	6 568
Investments in associates and joint ventures	G27	7 705	7 287	6 679
Derivatives	G28	40 531	52 177	44 424
Intangible assets	G30	19 488	18 361	17 864
Tangible assets	G31	5 523	5 421	5 572
Current tax assets		1 372	1 554	2 408
Deferred tax assets	G18	113	124	170
Other assets	G32	9 194	16 483	8 859
Prepaid expenses and accrued income	G33	1 970	1 917	3 025
Total assets		2 750 617	2 594 642	2 408 228
Liabilities and equity				
Liabilities				
Amounts owed to credit institutions	G34	92 812	150 313	69 686
Deposits and borrowings from the public	G35	1 265 783	1 148 240	954 013
Financial liabilities for which the customers bear the investment risk	G36	329 667	253 229	225 792
Debt securities in issue	G37	735 917	732 814	855 754
Short positions securities	G38	28 613	23 300	34 345
Derivatives	G28	28 106	54 380	40 977
Current tax liabilities		672	424	836
Deferred tax liabilities	G18	3 398	2 784	1 571
Pension provisions	G39	1 801	3 665	8 798
Insurance provisions	G40	1 970	1 859	1 894
Other liabilities and provisions	G41	28 933	30 610	28 807
Accrued expenses and prepaid income	G42	4 813	4 038	4 383
Senior non-preferred liabilities		37 832	10 359	10 805
Subordinated liabilities	G43	28 604	23 434	31 934
Total liabilities		2 588 921	2 439 449	2 269 595
Equity				
Non-controlling interests		26	25	25
Equity attributable to shareholders of the parent company		161 670	155 168	138 608
Total equity	G44	161 696	155 193	138 633
Total liabilities and equity		2 750 617	2 594 642	2 408 228



Financial statements and notes Group

Statement of changes in equity, Group

	Equity attributable to shareholders of Swedbank AB											
SEKm	Share capital	Other contributed equity¹	Exchange differences, subsidiaries and associates	Hedging of net investments in foreign operations	Cash flow hedge reserves	Foreign currency basis reserves	Own credit risk reserve	Retained earnings	Total	Non-controlling interests	Total equity	
Opening balance 1 January 2021	24 904	17 275	4 355	-2 669	1	-62	0	111 364	155 168	25	155 193	
Dividends								-16 310	-16 310		-16 310	
Share based payments to employees								195	195		195	
Deferred tax related to share based payments to employees								20	20		20	
Current tax related to share based payments to employees								1	1		1	
Total comprehensive income for the year			939	-579	1	4	0	22 231	22 596	1	22 597	
of which reported through profit or loss								20 871	20 871	1	20 872	
of which reported through other comprehensive income, before tax			939	-729	2	5	0	1 707	1 924		1 924	
of which income tax reported through other comprehensive income				150	-1	-1	0	-347	-199		-199	
Closing balance 31 December 2021	24 904	17 275	5 294	-3 248	2	-58	0	117 501	161 670	26	161 696	

1) Other contributed equity consists mainly of share premiums.

	Equity attributable to shareholders of Swedbank AB											
SEKm	Share capital	Other contributed equity ¹	Exchange differences, subsidiaries and associates	Hedging of net investments in foreign operations	Cash flow hedge reserves	Foreign currency basis reserves	Own credit risk reserve	Retained earnings	Total	Non-controlling interests	Total equity	
Opening balance 1 January 2020	24 904	17 275	6 279	-3 880	8	-33	-5	94 060	138 608	25	138 633	
Share based payments to employees								178	178		178	
Deferred tax related to share based payments to employees								7	7		7	
Current tax related to share based payments to employees								-8	-8		-8	
Total comprehensive income for the year			-1 924	1 211	-7	-29	5	17 127	16 383	0	16 383	
of which reported through profit or loss								12 929	12 929	0	12 929	
of which reported through other comprehensive income, before tax			-1 924	1 532	-9	-42	6	5 262	4 825		4 825	
of which income tax reported through other comprehensive income				-321	2	13	-1	-1 064	-1 371		-1 371	
Closing balance 31 December 2020	24 904	17 275	4 355	-2 669	1	-62	0	111 364	155 168	25	155 193	

1) Other contributed equity consists mainly of share premiums.



Statement of cash flow, Group

SEKm	Note	2021	2020
Operating activities			
Profit before tax		25 817	16 780
Adjustments for non-cash items in operating activities	G48	-2 863	447
Income taxes paid		-4 478	-4 331
Increase (-) /decrease (+) in loans to credit institution		8 733	-2 708
Increase (-) /decrease (+) in loans to the public		-18 746	-39 022
Increase (-) /decrease (+) in holdings of securities for trading		-20 742	-15 081
Increase (-) /decrease (+) in other assets		19 618	-17 957
Increase (+) /decrease (-) in amounts owed to credit institutions		-58 471	82 381
Increase (+) /decrease (-) in deposits and borrowings from the public		112 568	203 526
Increase (+) /decrease (-) in debt securities in issue ²		-6 447	-104 629
Increase (+) /decrease (-) in other liabilities		-5 580	-10 169
Cash flow from operating activities		49 409	109 237
Investing activities			
Acquisitions of and contributions to joint ventures		-51	-54
Disposals of shares in associates			76
Dividends from associates and joint ventures		587	2
Acquisitions of other fixed assets and strategic financial assets		-253	-364
Disposals of/maturity of other fixed assets and strategic financial assets		345	1 723
Cash flow from investing activities		628	1 383
Financing activities			
Amortisation of lease liabilities	G3.2.8	-751	-723
Issuance of senior non-preferred liabilities	G3.2.8	27 501	
Redemption of senior non-preferred liabilities	G3.2.8		-95
Issuance of subordinated liabilities	G3.2.8	4 328	
Redemption of subordinated liabilities	G3.2.8	-617	-7 880
Dividends paid		-16 310	
Cash flow from financing activities		14 151	-8 698
Cash flow for the year		64 188	101 922
Cash and cash equivalents at the beginning of the year		293 811	195 286
Cash flow for the year		64 188	101 922
Exchange rate differences on cash and cash equivalents		2 154	-3 397
Cash and cash equivalents at end of the year		360 153	293 811

Events during the year are described further in note G49.



Financial statements and notes Group

Notes

All amounts in the notes are in millions of Swedish kronor (SEKm) and represent carrying amounts unless indicated otherwise. Figures in parentheses refer to the previous year.

G1 Corporate information

The consolidated financial statements and the annual report for Swedbank AB (publ) for the financial year 2021 were approved by the Board of Directors and the CEO for publication on 23 February 2022. The parent company, Swedbank AB, maintains its registered office in Stockholm, Sweden. The company's shares are traded on the NASDAQ OMX Nordic Exchange in Stockholm in the Nordic Large Cap segment. The Group offers financial services and products in its home mar-

kets of Sweden, Estonia, Latvia and Lithuania. Main products are financing, savings & investments, payments & cards and trading & capital markets. The products are more described in note G6.

The consolidated financial statements and the annual report will ultimately be adopted by the parent company's Annual General Meeting on 30 March 2022.

Name	Swedbank AB (publ)
Domicile	Sweden
Legal form	Public limited company
Country of incorporation	Sweden
Address, registered office	Landsvägen 40, 172 63 Sundbyberg
Corporate number	502017-7753
LEI code	M312WZV08Y7LYUC71685
Principal place of business	Sweden
Nature of operations and principal activities	Bank and Insurance
Name of parent entity	Swedbank AB (publ)
Name of ultimate parent of group	Swedbank AB (publ)
Website	www.swedbank.com

G2 Accounting policies

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3.18	Operating segments (IFRS 8)
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1 Basis of accounting

70	The financial reports and the consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and interpretations of them. The standards are issued by the International Accounting Standards Board (IASB) and the interpretations by the IFRS Interpretations Committee. The standards and interpretations become mandatory for Swedbank's consolidated financial statements concurrently with their approval by the EU. Complete financial reports refer to:
71	• balance sheet as at the end of the period,
71	• statement of comprehensive income for the period,
74	• statement of changes in equity for the period,
75	• cash flow statement for the period, and
75	• notes, comprising a summary of significant accounting policies and other explanatory information.

The consolidated financial statements are also prepared according to the Swedish Financial Reporting Board's recommendation RFR 1 Complementary accounting rules for groups and pronouncements, certain complementary rules in the Annual Accounts Act for Credit Institutions and Securities Companies and the regulations and general advice of the Swedish Financial Supervisory Authority, FFSS 2008:25.

The financial statements are prepared using several measurement bases. Financial assets and liabilities are measured at amortised cost, except for certain financial assets and liabilities (including derivative instruments), which are measured at fair value. The carrying amounts of financial assets and liabilities subject to fair value hedge accounting are adjusted for changes in fair value attributable to the hedged risk. Non-monetary items are measured on a historical cost basis. Pension liabilities are measured at their present value.

The financial statements are presented in Swedish kronor and all figures are rounded to millions of kronor (SEKm) unless indicated otherwise.

2 Changes in accounting policies

The following new accounting pronouncements and changes have been applied in the financial reports during 2021.

Amendments for Interest Rate Benchmark Reform (phase 2)

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

The amendments address the accounting issues that arise when financial instruments that reference an IBOR interest rate transition to an alternative benchmark rate. The amendments include a practical expedient for modifications required by the Interest Rate Benchmark Reform (the Reform), to be treated as changes to a floating interest rate. They also permit changes required by the Reform to be implemented in hedge designations and hedge documentation without the hedging relationship being discontinued. The adoption did not have any impact on the Group's financial position, results or cash flows. Disclosures required about IBOR phase 2 are included in note G45.

Other changes in IFRS and Swedish regulations

Other amended IFRS, IFRS-interpretations and Swedish regulations which have been adopted during 2021 did not have a significant impact on the Group's financial position, results, cash flows or disclosures.

3 Significant accounting policies

3.1 Presentation of financial statements (IAS 1)

Financial statements provide a structured representation of a company's financial position, financial results and cash flows, to provide information useful in connection with financial decisions. The financial statements also indicate the results of executive management's administration of the resources entrusted to them. Complete financial statements consist of a balance sheet, statement of comprehensive income, statement of changes in equity, cash flow statement and notes. Swedbank presents the statement of comprehensive income in the form of two statements. A separate income statement contains all revenue and expense items, provided that a special IFRS does not require or allow otherwise. Other revenue and expense items are recognised in other comprehensive income. The statement of comprehensive income contains the profit or loss recognised in the income statement as well as the components included in other comprehensive income.

3.2 Consolidated financial statements (IFRS 3, IFRS 10)

The consolidated financial statements comprise the parent company and those entities (including special purpose vehicles) over which the parent company has control. The parent company has control when it has power and is capable of managing the relevant activities of another entity, is exposed to variable returns and is able to use its power to affect those returns. These entities, subsidiaries, are included in the consolidated financial statements in accordance with the acquisition method from the day that control is obtained and are excluded from the day that control ceases.

According to the acquisition method, the acquired entity's identifiable assets, liabilities and contingent liabilities that satisfy the recognition criteria are recognised and measured at fair value upon acquisition. The surplus between the cost of the business combination, transferred consideration measured at fair value on the acquisition date (purchase price) and the fair value of the acquired share of identifiable assets, liabilities and reported contingent liabilities is recognised as goodwill. If the amount is less than the fair value of the acquired company's net assets, the difference is recognised directly in the income statement as bargain purchase within Other income. The transferred consideration includes the fair value of transferred assets, liabilities and shares which, in applicable cases, have been issued by the Group as well as the fair value of all assets or liabilities that are the result of an agreement on contingent consideration. Acquisition-related costs are recognised when they arise. For each acquisition, the Group determines whether all non-controlling interests in the acquired company should be recognised at fair value or at the non-controlling interest's proportionate share of the acquired subsidiary's net assets. A subsidiary's contribution to equity includes only the equity that arises between acquisition and disposal. All intra-Group transactions and intra-Group gains are eliminated.

Transactions with non-controlling owners are recognised as equity transactions with the Group's shareholders in their capacity as owners. In the case of acquisitions of interests from non-controlling owners, the difference between the price paid for the interests and the acquired share of the carrying amount of the subsidiary's net assets is recognised in Equity attributable to the shareholders of the parent company as retained earnings. The carrying amounts of holdings with and without control are adjusted to reflect the changes in their relative holdings.

Gains and losses on the sale of interests to non-controlling owners are recognised in equity. If, following a sale of its interests, the Group no longer has control, its remaining holding is re-measured at fair value and the change is recognised in its entirety in the income statement. This fair value subsequently serves as the

cost of the remaining holding in the former subsidiary for reporting purposes. All amounts related to the divested entity that were previously recognised in other comprehensive income are recognised as if the Group directly divested the related assets or liabilities, due to which amounts previously recognised in other comprehensive income may be reclassified as profit or loss. If the interest in an associate is reduced but a significant influence is retained, the proportionate share of the amount previously recognised in other comprehensive income is reclassified to profit or loss.

3.3 Assets and liabilities in foreign currencies (IAS 21)

The consolidated financial statements are presented in SEK, which is also the parent company's functional currency and presentation currency. An entity's functional currency is the currency in which the entity primarily generates and expends cash. Each entity within the Group determines its own functional currency according to its primary economic environment. Transactions in a currency other than the functional currency, foreign currency, are initially recorded at the exchange rate prevailing at the transaction date. Monetary assets and liabilities in foreign currency and non-monetary assets in foreign currency measured at fair value are translated at the rates prevailing at the closing date. All gains and losses on the translation of monetary items, and non-monetary items measured at fair value are recognised in the income statement within Net gains and losses on financial items as changes in exchange rates. Assets and liabilities in subsidiaries and associates with a functional currency other than SEK are translated to the presentation currency at the closing date exchange rate. The income statement is translated at the exchange rate for each transaction. For practical purposes, the average rate for the period is generally used. Exchange rate differences that arise are recognised in other comprehensive income. As a result, exchange rate differences attributable to hedges of net investments in foreign operations are also recognised in other comprehensive income, net of deferred tax. This is applied when the requirements for hedge accounting are met. Ineffectiveness in hedges is recognised directly in the income statement in Net gains and losses on financial items. When subsidiaries and associates are divested, cumulative translation differences and exchange rate differences are recognised in the income statement.

3.4 Financial instruments (IAS 32, IFRS 9, IAS 39)

3.4.1 General

Financial instruments represent the largest part of the Group's balance sheet. A financial instrument is any contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity. Cash and contractual rights to receive cash are examples of financial assets, whereas a contractual obligation to deliver cash or another financial asset is an example of a financial liability. A derivative is a financial instrument that is distinguished by the fact that its value changes in response to the change in a specified variable, such as foreign exchange rates, interest rates or share prices, it requires little or no initial net investment and it is settled on a future date.

Financial instruments are classified on relevant lines of the balance sheet depending on the nature of the instrument and the counterparty. If a financial instrument does not have a specific counterparty or it is listed on the market, the instrument is classified on the balance sheet as securities. Financial liabilities where the creditor has a lower priority than others are classified on the balance sheet as Subordinated liabilities. Senior non-preferred liabilities that fulfil the minimum requirements for own funds and eligible liabilities (MREL) are presented on a separate line in the balance sheet.

Recognition and derecognition

Financial assets and liabilities are recognised on the balance sheet on the trade date, which is the date when the Group becomes a party to the instrument's contractual provisions, with the exception of financial assets measured at amortised cost, which are recognised on the settlement date. Financial assets are derecognised when the right to receive cash flows from a financial asset has expired or the Group has transferred substantially all the risks and rewards of ownership to another party.

When a financial asset is modified, the Group assesses whether the modification results in derecognition. A financial asset is considered modified where the contractual terms governing the cash flows are amended versus the original agreement, for example due to forbearance measures being applied, changes in market conditions, customer retention reasons or other factors unrelated to the credit deterioration of a borrower. Modified financial assets are derecognised from the balance sheet and a new loan recognised where an agreement is cancelled and replaced with a new agreement on substantially different terms or where the terms of an existing agreement are substantially modified. Modifications due to financial difficulties, including forbearance measures, are not considered substantial on their own.

Financial liabilities are derecognised when the obligation in the agreement has been discharged, cancelled or expired.

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Embedded derivatives

An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract, with the effect such that some of the cash flows vary in a manner similar to a stand-alone derivative. Derivatives embedded in financial liabilities, financial assets not in scope of IFRS 9, such as lease receivables and insurance contracts, or non-financial items are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value through profit or loss. Financial assets in the scope of IFRS 9 are not assessed for the existence of embedded derivatives, but rather the entire contract, including any features which alter the contractual cash flows, is assessed for classification.

Repurchase transactions

A genuine repurchase transaction (repo) is defined as a contract where the parties have agreed on the sale of securities and the subsequent repurchase of corresponding assets at a predetermined price. In a repo, the sold security remains on the balance sheet, since the Group is exposed to the risk that the security will fluctuate in value. The payment received is recognised as a financial liability on the balance sheet based on the respective counterparty. The securities sold are also recognised as pledged assets. The proceeds paid for acquired securities, so-called reverse repos, are recognised on the balance sheet as a loan to the selling party.

Securities loans

Securities that have been lent remain on the balance sheet, since the Group remains exposed to the risk that they will fluctuate in value. Securities that have been lent are recognised on the trade date as assets pledged, while borrowed securities are not reported as assets. Securities that are lent are measured in the same way as other security holdings of the same type. In cases where borrowed securities are sold, the so-called short-selling, an amount corresponding to the fair value of the securities is recognised within Other liabilities on the balance sheet.

Offsetting

Financial assets and financial liabilities are offset and recognised net in the balance sheet if there is a legal right of set-off both in the normal course of business and in the event of bankruptcy, and if the intent is to settle the items with a net amount or to simultaneously realise the asset and settle the liability.

Net interest income

Interest income on financial assets and interest expense on financial liabilities include interest payments received or paid, change in accrued interest and amortisation of any difference between the initial amount and the maturity amount during the period, which produces a constant rate of return over the instrument's life, referred to as the effective interest rate. The effective interest rate is the rate that discounts future cash flows to the gross carrying amount of a financial asset or to the amortised cost of a financial liability, taking into account transaction costs, premiums or discounts and fees paid or received that are an integral part of the return.

Interest income on financial assets is generally calculated by applying the effective interest rate to the gross carrying amount, with two exceptions. Where financial assets measured at amortised cost have become credit-impaired subsequent to initial recognition (Stage 3 financial assets), interest income is calculated by applying the effective interest rate to the amortised cost, which is the gross carrying amount less credit impairment provisions. If such financial assets are no longer credit-impaired, the calculation of interest income reverts back to the gross carrying amount basis. Where financial assets measured at amortised cost are credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost until the financial asset is derecognised from the balance sheet. The credit-adjusted effective interest rate is calculated based on the amortised cost of the financial asset rather than the gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

Interest expense is calculated by applying the effective interest rate to the amortised cost of financial liabilities.

Interest income and interest expense on financial instruments which are held for trading financial instruments and related interests within the LC&I operating segment are excluded from Net interest income and reported as Net gains and losses on financial items to better reflect the character of the business.

The Group holds some financial assets and liabilities with negative yield, which are presented in note G8.

3.4.2 Classification and measurement

Financial assets are classified as measured at either amortised cost or fair value through profit or loss, based on the business model for managing the assets and the asset's contractual terms. The Group does not have any financial assets classi-

fied as fair value through other comprehensive income (managed under a hold to collect and sell business model).

The business model reflects how the Group manages portfolios of financial assets in order to generate cash flows. The factors considered in determining the business model for a portfolio of financial assets include past experience on how the cash flows have been collected, how the financial assets' performance is evaluated and reported to management, how risks are assessed and managed and how compensation is linked to performance.

The Group assesses the contractual terms of financial assets to identify whether the contractual cash flows are solely payments of principal and interest. In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement. Principal is defined as the fair value of a financial asset on initial recognition. Interest is defined as the compensation for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is not compliant with the solely payments of principal and interest criterion.

Financial liabilities are classified as measured at either amortised cost or fair value through profit or loss.

Financial assets at amortised cost

Financial assets which are debt instruments are classified as measured at amortised cost if they are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows and if the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are initially recognised at fair value including transaction costs that are directly attributable to the acquisition of financial assets and subsequently measured at amortised cost. Fair value is normally the amount advanced, including fees and commissions. The amortised cost is the amount at which the financial asset is measured at initial recognition minus repayments of principal, plus accrued interest, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and adjusted for any credit impairment provisions. Accounting policies regarding credit impairment provisions are disclosed in section 3.4.3.

Financial assets at fair value through profit or loss

Financial assets classified as measured at fair value through profit or loss are comprised of financial assets mandatorily measured at fair value through profit or loss. The mandatory classification includes:

- Debt instruments that are held in a business model other than held to collect contractual cash flows, including those that are held for trading and those that are managed and whose performance is evaluated on a fair value basis
- Debt instruments with contractual cash flows that are not solely payments of principal and interest
- Equity instruments
- Derivative assets that are not designated for hedge accounting

Financial instruments held for trading are acquired for the purpose of selling in the near term or are part of a portfolio for which there is evidence of a pattern of short-term profit taking.

Financial assets at fair value through profit or loss are initially recognised and subsequently measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets at fair value through profit or loss are expensed in profit or loss. The fair value of financial instruments is determined based on quoted prices in active markets. When such market prices are not available, generally accepted valuation models such as discounted future cash flows are used. The valuation models are based on observable market data, such as quoted prices in active markets for similar instruments or quoted prices for identical instruments in inactive markets. Differences that arise at initial recognition between the transaction price and the fair value according to a valuation model, so-called 'day 1 profits or losses', are recognised in the income statement only when the valuation model is based entirely on observable market data.

Changes in fair value and share dividends are recognised in the income statement within Net gains and losses on financial items. Changes in fair value due to changes in exchange rates are recognised as changes in exchange rates in the same profit or loss line.

Financial liabilities at amortised cost

Financial liabilities classified as measured at amortised cost include those that are not classified as fair value through profit or loss. Such financial liabilities are recognised on the trade date at fair value, which is typically the amount borrowed including transaction costs that are directly attributable to the issuance, and subse-

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quently measured at amortised cost using the effective interest method. The amortised cost measurement is analogous to that which is applied to financial assets, however it does not include adjustments for credit impairment provisions.

Financial liabilities at fair value through profit or loss

Financial liabilities classified as measured at fair value through profit or loss are comprised of:

- Financial liabilities held for trading
- Derivatives that are not designated for hedge accounting
- Financial liabilities designated at fair value through profit or loss at initial recognition

The Group applies the option to irrevocably designate financial liabilities at fair value through profit or loss for:

- Investment contract liabilities in insurance operations, where the customer bears the investment risk and the corresponding financial assets are measured at fair value through profit or loss. The contractual amount due to investors is determined on the basis of the fair value of the corresponding financial assets.
- Debt securities in issue, which have fixed contractual interest rates, and for which the portfolio's aggregate interest rate risk is essentially eliminated with derivatives that are measured at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are initially recognised at fair value on the trade date and subsequently measured at fair value. The determination of fair value and the accounting for gains or losses on initial recognition are analogous to financial assets at fair value through profit or loss. Changes in fair value are recognised in the income statement within Net gains and losses on financial items, except for changes in fair value due to changes in the Group's own credit risk. Such changes are presented in other comprehensive income, with no subsequent reclassification to the income statement.

Reclassification of financial assets and liabilities

The Group does not reclassify its financial assets unless the business model under which the financial assets are held changes, which is expected to be very exceptional. Financial liabilities are never reclassified.

3.4.3 Credit impairments

Credit impairment provisions are recognised on the following financial instruments: financial assets that are measured at amortised cost, lease receivables, irrevocable loan commitments issued, and financial guarantee contracts issued. Credit impairment provisions are measured according to an expected credit loss model and reflect an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes and considering all reasonable and supportable information available without undue cost or effort at the reporting date. Such provisions are measured according to whether there has been a significant increase in credit risk since initial recognition of an instrument.

- Stage 1 includes financial instruments that have not experienced a significant increase in credit risk since initial recognition and those within the Group's policy to assess for low credit risk at the reporting date, which is defined as having an investment grade equivalent rating.
- Stage 2 includes financial instruments that have deteriorated significantly in credit quality since the initial recognition but for which there is no objective evidence of credit impairment.
- Stage 3 includes financial instruments which are credit-impaired and for which there is objective evidence of impairment.

12-month expected credit losses are recognised on instruments in Stage 1 and lifetime expected credit losses are recognised on instruments in Stage 2 and Stage 3. The lifetime expected credit losses represent losses from all possible default events over the remaining life of the financial instrument. The 12-month expected credit losses are losses resulting from the default events that are possible within 12 months after the reporting date and consequently represent only a portion of the lifetime expected credit losses.

Measurement of expected credit losses

Expected credit losses are measured for each individual exposure as the discounted product of a probability of default (PD), an exposure at default (EAD), and a loss given default (LGD). The PD represents the likelihood that a borrower will default on its obligation. The EAD is an expected exposure at the time of default, taking into account scheduled repayments of principal and interest, and expected further drawdowns on irrevocable facilities. The LGD represents the expected loss on a defaulted exposure, taking into account such factors as counterparty characteristics, collateral and product type.

Expected credit losses are determined by projecting the PD, LGD and EAD for each future month over the expected lifetime of an exposure. The three parameters

are multiplied together and adjusted for the probability of survival, or the likelihood that the exposure has not been prepaid or has not defaulted in an earlier month. This effectively calculates monthly expected credit losses, which are discounted back to the reporting date using the original effective interest rate and summed. The sum of all months over the remaining expected lifetime results in the lifetime expected credit losses and the sum of the next 12 months results in the 12-month expected credit losses.

When estimating expected credit losses, the Group considers at least three scenarios (a base case, an upside and a downside), represented by relevant macroeconomic variables, such as GDP, house prices, and unemployment rates. The risk parameters used to estimate expected credit losses incorporate the effects of the macroeconomic forecasts and associated expected probabilities, to measure an unbiased probability weighted average. In cases where the impacts of relevant factors are not captured in the modelled expected credit loss results, the Group uses its experienced credit judgement to incorporate such effects.

The Group assesses material credit-impaired exposures individually and without the use of modelled inputs. The credit impairment provisions for these exposures are established using the discounted expected cash flows and considering a minimum of two possible outcomes, one of which is a loss outcome. The possible outcomes consider both macroeconomic and non-macroeconomic (borrower-specific) scenarios.

Definition of default and credit-impaired assets

Default is an input to the PD, which affects both the identification of a significant increase in credit risk and the measurement of the expected credit losses. Financial assets classified as credit-impaired are included in Stage 3.

The Group's IFRS 9 definitions of default and credit-impaired assets are aligned to the Group's regulatory definition of default, as this is what is used for risk management purposes. Default and credit-impairment are triggered when one of the following occurs: an exposure is more than 90 days past due, an exposure is declared in bankruptcy or similar order, a non-performing forbearance measure is applied towards the borrower or there is an assessment that the borrower is unlikely to pay its obligations as agreed. When assessing whether a borrower is unlikely to pay its obligations, the Group takes into account both qualitative and quantitative factors including but not limited to the overdue status or non-payment on other obligations of the same borrower, expected bankruptcy and breaches of financial covenants. The Group has elected to rebut the presumption that instruments which are 90 days past due are in default or credit-impaired for instruments in the sovereign and financial institutions exposure classes only, due to that default is triggered based on manual decisions.

An instrument is no longer considered to be in default or credit-impaired when it no longer meets any of the default criteria for at least three consecutive months. Where a loan is in default due to a non-performing forbearance measure having been applied, longer probation periods are applied.

Determining a significant increase in credit risk since initial recognition

The Group assesses changes in credit risk using a combination of individual and collective information and reflects significant increases in credit risk at the individual financial instrument level. For financial instruments with an initial recognition date of 1 January 2018 or later, the primary indicator used to assess changes in credit risk is changes in the forward-looking lifetime probability of default since initial recognition, which incorporates the effects of past and current forecasted economic conditions. Changes in Swedbank internal credit ratings since initial recognition, where each rating corresponds to a 12-month probability of default, is used as a secondary indicator of significant increase in credit risk. The estimation of the forward-looking lifetime probabilities of default for initial recognition dates prior to the adoption of IFRS 9 would not have been possible without the use of hindsight and would have required undue cost and effort. Consequently, for those instruments with an initial recognition date prior to 1 January 2018, changes in Swedbank internal credit ratings since initial recognition is used as the primary indicator.

Qualitative indicators are also considered in the stage allocation assessment; for example, whether a borrower is monitored on the watch list or has been extended performing forbearance measures. Furthermore, a significant increase in credit risk is considered to have occurred for all financial instruments which are 30 days past due.

The Group considers that certain financial instruments with low credit risk at the reporting date have not experienced a significant increase in credit risk. The Group applies this policy to financial instruments issued to sovereign and financial institutions only.

A financial instrument is no longer considered to have experienced a significant increase in credit risk when all indicators are no longer breached.

Expected lifetime

The lifetime of a financial instrument is relevant for both the assessment of significant increase in credit risk, which considers changes in the probability of default

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over the expected lifetime, and the measurement of lifetime expected credit losses. The expected lifetime is generally limited by the maximum contractual period over which the Group is exposed to credit risk, even if a longer period is consistent with business practice. All contractual terms are considered when determining the expected lifetime, including prepayment options and extension and roll-over options that are binding to the Group. For the mortgage portfolio, the Group uses a behavioural life model which predicts the likelihood that an exposure will still be open and not defaulted at any point during its remaining life (accounting for the probability of early repayment).

The only exception to this general principle applies for credit cards, where the expected lifetime is estimated based on the period over which the Group is exposed to credit risk and where the credit losses would not be mitigated by risk management actions. This so-called behavioural life is determined using product-specific historical data and ranges up to 10 years.

Modifications

Where a loan is modified but is not derecognised, significant increases in credit risk continue to be assessed for impairment purposes as compared to the initial recognition credit risk. Modifications do not automatically lead to a decrease in credit risk and all quantitative and qualitative indicators will continue to be assessed. Further to this, a modification gain or loss is recognised in the income statement within Credit impairments, which represents the difference in the present value of the contractual cash flows, discounted at the original effective interest rate.

Where a loan is modified and derecognised, the date of the modification is the initial recognition date of the new loan for credit impairment purposes, including the assessment of significant increases in credit risk. Where the new loan is considered to be credit-impaired on initial recognition, it is classified as a purchased or originated credit impaired asset and therefore lifetime expected credit losses are calculated until the loan is repaid or written-off.

Purchased or originated credit impaired assets

Instruments which are credit impaired on initial recognition are accounted for as purchased or originated credit-impaired assets. The expected credit losses for such assets are always measured at an amount equal to the lifetime expected credit losses. However, the expected credit loss on initial recognition are considered as part of the gross carrying amount and therefore the recognised credit impairment provision represents only the changes in the lifetime expected credit losses from the initial recognition date. Favourable changes in the lifetime expected credit losses are recognised as an impairment gain, even if those changes are more than the amount previously recognised as credit impairments.

Presentation of credit impairments

For financial assets measured at amortised cost, credit impairment provisions are presented in the balance sheet as a reduction of the gross carrying amount of the assets. For loan commitments and financial guarantee contracts, such provisions are presented as a liability within Other liabilities and provisions. Where a financial instrument includes both a loan and a loan commitment component, such as revolving credit facilities, the Group recognises the credit impairment provisions separately for the loan and the loan commitment components.

A write-off reduces the gross carrying amount of a financial asset. Credit impairment losses and write-offs are presented as Credit impairments in the income statement. Write-offs are recognised when the amount of loss is ultimately determined and represent the amount before the utilisation of any previous provisions. Any subsequent recoveries of write-offs or impairment provisions are recognised as gains within Credit impairments.

3.4.4 Hedge accounting (IFRS 9, IAS 39)

Fair value hedges

One-to-one hedges (IFRS 9):

Fair value hedge accounting is applied in certain cases when the interest rate exposure in a recognised financial asset or financial liability is hedged with derivatives. Where hedge accounting is applied, the hedged risk in the individual hedged item is also measured at fair value. The value of the hedged risk in an individual financial asset or financial liability is recognised on the same line in the balance sheet as the financial instrument. Both the change in the value of the derivative hedging instruments and the change in the value of the hedged risk are recognised in the income statement within Net gains and losses on financial items.

In order to apply hedge accounting, the hedge relationship has been formally identified and documented. The hedge's effectiveness is proven to remain prospectively effective. There is an economic relationship between the hedged item and the hedging instrument, and the effect of credit risk does not dominate the value changes resulting from that relationship. Also, the hedge ratio is the same as that resulting from the quantity of both the hedged item and the hedging instrument actually used.

Portfolio hedges (IAS 39):

Portfolio fair value hedge accounting is applied by the Group in certain cases where the interest rate exposure in loan portfolios is hedged with derivatives. Where hedge accounting is applied, the hedged risk in the hedged portfolio is also measured at fair value. The value of the hedged risk in the hedged portfolio is recognised on a separate line in the balance sheet as Value change of the hedged items in portfolio hedges of interest rate risk. The item is recognised in connection with Loans to the public. Both the change in the value of the derivative hedging instruments and the change in the value of the hedged risk are recognised in the income statement within Net gains and losses on financial items.

In order to apply hedge accounting, the hedge relationship has been formally identified and documented. The hedge's effectiveness must be measurable in a reliable way and must be proven to remain very effective, both prospectively and retrospectively, in offsetting changes in the fair value of the hedged risk.

Cash flow hedges (IFRS 9)

Derivative transactions are sometimes entered into to hedge the exposure to variations in future cash flows resulting from changes in exchange rates. These hedges can be recognised as cash flow hedges, whereby the effective portion of the change in the value of the derivative hedging instrument, is recognised directly in other comprehensive income. Where the derivative hedging instrument is a cross currency basis swap, the Group excludes the foreign currency basis spread from the hedging relationship. The changes in fair value of the cross currency basis swap are recognised in other comprehensive income; however the changes related to the effective portion of the hedge relationship and the foreign currency basis spread component are recognised separately in the cash flow hedge reserve and the foreign currency basis reserve, respectively. The amounts accumulated in the respective reserves are subsequently reclassified to profit or loss in the same periods that the hedged future cash flows or the foreign currency basis spread cash flows affect profit or loss. Any ineffective portion is recognised in the income statement within Net gains and losses on financial items.

In order to apply hedge accounting, the hedge relationship has been formally identified and documented. The hedge's effectiveness is proven to remain prospectively effective. There is an economic relationship between the hedged item and the hedging instrument, and the effect of credit risk does not dominate the value changes resulting from that relationship. Also, the hedge ratio is the same as that resulting from the quantity of both the hedged item and the hedging instrument actually used.

Hedging of net investments in foreign operations (IFRS 9)

Hedges of net investments in foreign operations are applied to protect the Group from translation differences that arise from the translation of operations in a functional currency other than the presentation currency. Financial liabilities reported in the foreign operation's functional currency are translated at the closing date exchange rate. The portion of the exchange rate result from hedging instruments that are effective is recognised in other comprehensive income. Any ineffective portion is recognised in the income statement within Net gains and losses on financial items. When a foreign operation is divested, the gain or loss from the hedging instrument is reclassified from other comprehensive income and recognised in profit or loss.

In order to apply hedge accounting, the hedge relationship has been formally designated and documented. The hedge's effectiveness is proven to remain prospectively effective.

3.5 Leases (IFRS 16)

Lessee

Where the Group act as a lessee, the standard requires that right-of-use assets and lease liabilities arising from most leases are recognised on the balance sheet.

Right-of-use assets are presented within Tangible assets and lease liabilities within Other liabilities. Depreciation of the right-of-use assets and interest expenses related to lease liabilities are recognised in the income statement. In the cash flow statement payments for the principal portion of the lease liability are presented within financing activities and payments for the interest portion are presented within operating activities.

The lease liability is initially measured as the present value of lease payments that are not paid at the commencement date. Over time, the liability will increase with interest expense accruals and decrease with lease payments. The right-of-use asset is initially measured at cost i.e. the same amount as the initial measurement of the lease liability plus certain other costs, for example lease payments made at or before commencement date. The right-of-use asset is thereafter depreciated over the lease term. Lease payments are discounted using the incremental borrowing rate. The Group applies the exemptions afforded by the standard regarding short-term leases and leases for which the underlying asset is of low value.

Expenses related to these lease agreements are recognised as Other expenses. After the commencement date, the carrying amount of the lease liability is remeas-



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ured to reflect any reassessment or modification of a lease agreement. The remeasurement of the lease liability is adjusted against the right-of-use asset. Gains or losses relating to modifications are recognised in the income statement.

Lessor

When acting as a lessor all leases shall be classified as either an operating lease or a finance lease. In a finance lease, the economic risks and benefits associated with ownership of an asset are essentially transferred from the lessor to the lessee. Operating leases are those leases where the lessor bears the economic risks and benefits.

The Group's leasing operations, as a lessor, consist of finance leases and are therefore recognised as loans and receivables. The carrying amount corresponds to the present value of future lease payments. The difference between all future lease payments, the gross receivable, and the present value of future lease payments constitutes unearned income. Consequently, lease payments received are recognised in part in the income statement as interest income and in part in the balance sheet as instalments, such that the financial income corresponds to an even return on the net investment.

3.6 Associates and joint ventures (IAS 28, IFRS 11)

Associates and joint ventures are entities where the Group has significant influence or joint control, but not sole control, of another entity and are accounted for according to the equity method. The equity method means that the participating interests in an entity are recognised at cost at the time of acquisition and subsequently adjusted for the owned share of the change in the entity's net assets. Goodwill attributable to the associate or the joint venture is included in the carrying amount of the participating interests and is not amortised.

The carrying amount of the participating interests is subsequently compared with the recoverable amount of the net investment in the associate or the joint venture to determine whether an impairment need exists. The owned share of the associate's or the joint venture's profit according to the associate's or the joint venture's income statement, together with any impairment, is recognised on a separate line, Share of profit or loss of associates and joint ventures, including taxes related to associates. The associates' and joint venture's reporting dates and accounting policies conform to the Group's.

3.7 Intangible assets (IAS 38)

Goodwill

Goodwill acquired through a business combination is initially measured at cost and subsequently at cost less accumulated impairment. Goodwill is tested annually for impairment or more frequently if events or circumstances indicate a decrease in value. In order to test goodwill from business combinations for impairment, it is allocated upon acquisition to the cash generating unit or units that are expected to benefit from the acquisition. Identified cash generating units correspond to the lowest level in the entity for which the goodwill is monitored in the internal control of the entity. A cash generating unit is not larger than a business segment in the segment reporting. Impairment is determined and recognised when the recoverable amount of the cash generating unit to which the goodwill is allocated is lower than the carrying amount. Recognised impairment is not reversed.

Other intangible assets

Intangible assets are initially measured at cost and subsequently at cost less accumulated amortisation and accumulated impairment. The cost of intangible assets in a business combination corresponds to fair value upon acquisition. The useful life of an intangible asset is considered either finite or indefinite. Intangible assets with a finite useful life are amortised over their useful life and tested for impairment when impairment indication exist. Useful lives and amortisation methods are reassessed and when needed amended in connection with each closing date. Development expenses are capitalised and recognised in the balance sheet when such costs can be calculated in a reliable way and for which it is likely that future economic benefits attributable to the assets will accrue to the Group. In other cases, development costs are expensed when they arise.

3.8 Tangible assets (IAS 2, IAS 16)

For protection of claims

Tangible assets acquired or recovered to protect claims are recognised as inventory. Inventories are measured at the lower of cost and net realisable value. The cost includes all expenses for purchasing, manufacturing and to otherwise bring the goods to their current location and condition. The net realisable value represents to the amount that is expected to be realised from a sale.

For own use

Tangible fixed assets, such as equipment and owner-occupied properties, are initially recognised at cost and subsequently measured at cost less accumulated depreciation and impairments.

3.9 Provisions (IAS 37)

A provision is recognised in the balance sheet when the Group has a legal or constructive obligation arising from past events and it is probable that an outflow of resources will be required to settle the obligation. Additionally, a reliable estimation of the amount must be made, and estimated outflows are calculated at present value. Provisions are reassessed on each reporting date and adjusted when needed, so that they correspond to the current estimate of the value of the obligations.

Provisions are recognised for restructurings. Restructurings are extensive organisational changes which may require the payment of employee severance for early termination or branches to be shut down. For a provision to be recognised, a restructuring plan must be in place and announced, so that it has created a valid expectation among those affected that the company will implement a restructuring. A provision for restructuring includes only direct expenses related to the restructuring and not to future operations, such as of the cost of severance.

3.10 Pensions (IAS 19)

The Group's post-employment benefits, which consist of pension obligations, are classified as either defined contribution plans or defined benefit plans. In defined contribution plans, the Group pays contributions to separate legal entities, and the risk of a change in value until the funds are paid out rests with the employee. Thus, the Group has no further obligations once the fees are paid. Other pension obligations are classified as defined benefit plans. Premiums for defined contribution plans are expensed when an employee has rendered his/her services. In defined benefit plans, the present value of pension obligations is calculated and recognised as a provision. Both legal and constructive obligations that arise as a result of informal practices are considered. The calculation is made according to the Projected Unit Credit Method and also includes payroll tax. As such, future benefits are attributed to periods of service. The fair value of the assets (plan assets) that are allocated to cover obligations is deducted from the provision. The income statement, staff costs, is charged with the net of service costs, interest on obligations and the anticipated return on plan assets. The calculations are based on the Group's actuarial assumptions i.e. the Group's best estimate of future developments. The same interest rate is used to calculate both interest expense and interest income. If the actual outcome deviates or assumptions change, so-called actuarial gains and losses arise. The net of actuarial gains and losses is recognised as Remeasurements of defined benefit pension plans in other comprehensive income, where the difference between the actual return and estimated interest income on plan assets is recognised as well.

3.11 Insurance contracts (IFRS 4)

In the financial statements, insurance policies refer to policies where significant insurance risk is transferred from the insured to the insurer. The majority of the Group's insurance policies do not transfer significant insurance risk; therefore, they are recognised as financial instruments in the balance sheet line Financial liabilities where the customers bear the investment risk. For insurance policies with significant insurance risk, actuarial provisions are allocated corresponding to pledged obligations. In the income statement, revenues from premiums and expenses for provisions are reported as Net insurance.

3.12 Net commission income (IFRS 15)

Revenue from contracts with customers consists primarily of service-related fees and is reported as Commission income. Revenue is recognised when a performance obligation is satisfied, which is when control of the service is transferred to the customer. The total consideration received is allocated to each performance obligation, depending on whether they are satisfied either over time or at a point in time.

Commission income for asset management and custody services is generally recognised as revenue over time, as services are performed. Where fees are variable, i.e. performance-based fees, revenue is recognised when it is highly probable that a significant reversal in the amount will not occur.

Payment commissions and card fees are generally recognised when the services are provided, at a point in time. Fees related to service concepts are recognised over the period of time when the services are provided. Lending fees that are not an integral part of the effective interest rate are recognised as commission income. Lending and deposits fees are recognised both over time and at a point in time, depending on when the performance obligation is satisfied.

Expenses for bought service directly attributable to generating commission income for service provided are reported as commission expense.

3.13 Other income

IT and other services mainly provided to the Saving banks are included in Other income and accounted for in accordance with IFRS 15, see 3.12 Net commission. The revenues regarding IT-services are typically recognised over time. Revenues



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for other services are recognised both over time and at a point in time, depending on when the performance obligation is satisfied.

In addition, Other income includes capital gains and losses on the sale of ownership interests in subsidiaries and associates, to the extent they do not represent an independent service line, or a significant business conducted within a geographical area. Other income also includes capital gains and losses on the sale of tangible assets.

3.14 Share-based payment (IFRS 2)

Since the Group receives services from its employees and assumes an obligation to settle the transactions with equity instruments, this is recognised as share-based payment. The fair value of the services that entitle the employees to an allotment of equity instruments is expensed at the time the services are rendered and, at the same time, a corresponding increase in equity is recognised as Retained earnings.

For share-based payment to employees settled with equity instruments, the services rendered are measured with reference to the fair value of the granted equity instruments. The fair value of the equity instruments is calculated as per the grant date for accounting purposes i.e. the measurement date. The measurement date refers to the date when a contract was entered into and the parties agreed on the terms of the share-based payment. On the grant date, the employees are granted rights to share-based payment. Since the granted equity instruments are not vested until the employees have fulfilled a period of service, it is assumed that the services are rendered during the vesting period. This means that the cost and corresponding increase in equity are recognised over the entire vesting period. Non-market based vesting terms, such as a requirement that a person remains employed, are taken into account in the assumption of how many equity instruments are expected to be vested. At the end of each report period the Group reassesses its judgements of how many shares it expects to be vested based on the non-market based vesting terms. Any deviation from the original judgement is recognised in profit or loss and a corresponding adjustment is recognised in Retained earnings within equity. Related social insurance charges are recognised as cash-settled share-based payment i.e. as a cost during the corresponding period but based on the fair value that at any given time serves as the basis for a payment of social insurance charges.

3.15 Impairment (IAS 36)

For assets that are not tested for impairment according to other standards, the Group periodically determines whether there are indications of diminished value. If such indications exist, the asset is tested for impairment by estimating its recoverable amount. An asset's recoverable amount is the higher of its selling price less costs to sell and its value in use. If the carrying amount exceeds the recoverable amount, the asset is reduced to its recoverable amount. When estimating value in use, estimated future cash flows are discounted using a discount rate before tax that includes the market's estimate of the time value of money and other risks associated with the specific asset. An assessment is also made on each reporting date whether there are indications that the need for previous impairments has decreased or no longer exists. If such indications exist, the recoverable amount is determined. Previous impairment losses are reversed only if there were changes in the estimates made when the impairment was recognised. Goodwill impairment is not reversed. Impairments are recognised separately in the income statement for tangible or intangible assets.

3.16 Tax (IAS 12)

Current tax assets and tax liabilities for current and previous periods are measured at the amount expected to be obtained from or paid to tax authorities. Deferred taxes refer to tax on differences between the carrying amount and the tax base, which in the future serves as the basis for current tax.

Deferred tax liabilities are the tax attributable to taxable temporary differences and are expected to be paid in the future. Deferred tax liabilities are recognised on all taxable temporary differences, with the exception of the portion of tax liabilities attributable to the initial recognition of goodwill or to certain taxable differences owing to holdings in subsidiaries. Deferred tax assets represent a reduction in the future tax attributable to deductible temporary differences, tax loss carry-forwards or other future taxable deductions. Deferred tax assets are tested on each closing date and recognised to the extent it is likely on each closing date that they can be utilised. As a result, a previously unrecognised deferred tax asset is recognised when it is considered likely that a sufficient surplus will be available in the future. Tax rates which have been enacted or substantively enacted as of the reporting date are used in the calculations.

The Group's deferred tax assets and tax liabilities are estimated at nominal value using each country's tax rate in effect in subsequent years. Deferred tax assets are netted against deferred tax liabilities for Group entities that have offsetting rights. All current and deferred taxes are recognised in the income statement as Tax

expense, with the exception of tax attributable to items that are recognised directly in other comprehensive income or equity.

3.17 Cash and cash equivalents (IAS 7)

Cash and cash equivalents consist of cash and balances with central banks, when the central bank is domiciled in a country where Swedbank has a valid banking licence. Balances refer to funds that are available at any time. This means that all cash and cash equivalents are immediately available.

3.18 Operating segments (IFRS 8)

Segment reporting is presented on the basis of the executive management's perspective and relates to the parts of the Group that are defined as operating segments. Operating segments are identified on the basis of internal reports to the company's chief operating decision maker. The Group has identified the Chief Executive Officer (CEO) as its chief operating decision maker and the internal reports used by the CEO to oversee operations and make decisions on allocating resources serve as the basis of the information presented.

The accounting policies for an operating segment consist of the above accounting policies and policies that specifically refer to segment reporting. Market-based compensation is applied between operating segments, while all costs for IT, other shared services and Group staff are transferred at full cost-based transfer prices to the operating segments. Group Executive Management expenses are not distributed. Cross-border services are invoiced according to the OECD's guidelines on transfer pricing. The Group's equity attributable to the shareholders is allocated to each operating segment based on the capital adequacy rules and estimated utilised capital.

The return on equity for the operating segments is based on profit before tax less estimated tax and non-controlling interests in relation to average allocated equity.

4 Critical accounting judgements and estimates

The presentation of consolidated financial statements in conformity with IFRS requires the executive management to make judgements, assumptions and estimates that affect the recognised amounts for assets, liabilities and disclosures of contingent assets and liabilities as of the closing day as well as recognised income and expenses during the report period. The executive management continuously evaluates these judgements and estimates, including those that affect the fair value of financial instruments, provisions for impaired loans, impairment of intangible assets, deferred taxes, pension provisions and share-based payments. The executive management bases its judgements and assumptions on previous experience and several other factors that are considered reasonable under the circumstances. Actual results may deviate from judgements and estimates.

Investment funds

Entities in the Group have established investment funds for their customers' savings needs. The Group manages the assets of these funds on behalf of customers in accordance with predetermined provisions approved by the Swedish Financial Supervisory Authority. The return generated by these assets, as well as the risk of a change in value, accrues to customers. Within the framework of the approved fund provisions, the Group receives management fees as well as, in certain cases, application and withdrawal fees for the management duties it performs. The decisions regarding the management of an investment fund are governed by the fund's provisions. Since the Group determines the fund's provisions and is acting within them, the Group has the power over the decision making of the relevant activities of the investment funds. The Group's exposure to variable returns from its involvement in those funds is primarily related to the fees charged. In certain cases, Group entities also invest in the investment funds to fulfil their obligations to customers. The Group's holdings in the investment funds represent an additional variable exposure in the investment funds. The Group's interests in total are seen as principal activity for the Group's own benefit where such interests exceed 35 per cent and, consequently, the investment fund would be controlled and consolidated. In all other cases investment funds are not consolidated, instead the Group is considered to act as agent on behalf of the investment funds' investors. The Group considers that holdings in investment funds through unit-linked mutual insurance contracts do not result in a variable exposure and therefore are excluded from the assessment of control over such investment funds. Holdings in investment funds through unit-linked mutual insurance contracts of SEK 254bn (194) are recognised as Financial assets for which the customer bears the investment risk and the corresponding liabilities of SEK 254bn (194) are recognised as Financial liabilities for which the customer bears the investment risk. If the Group had considered such holdings to be a variable exposure and that it had control over such investment funds, additional financial assets and financial liabilities corresponding to SEK 111bn (82) respectively would have been recognised in the Group's balance sheet.



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Financial instruments

When determining the fair values of financial instruments, the Group uses various methods depending on the degree of available observable market data and the level of activity in the market. Quoted prices on active markets are primarily used. When financial assets and financial liabilities in active markets have offsetting market risks, the average of bid and sell prices is used as a basis for determining the fair value of the offsetting risk positions. For any open net positions, bid or sell prices are applied as appropriate, i.e. bid prices for long positions and sell prices for short positions. The Group's executive management has determined the method for which market risks offset each other and how the net positions are calculated. When quoted prices on active markets are not available, the Group instead uses valuation models. The Group's executive management determines when the markets are considered inactive and when quoted prices no longer correspond to fair value, therefore requiring that valuation models are used. An active market is considered a regulated marketplace where quoted prices are easily accessible and which demonstrates regularity. Activity is evaluated continuously by analysing factors such as trading volumes and differences between bid and sell prices. When certain criteria are not met, the market or markets are considered inactive. The Group's executive management determines which valuation model and which pricing parameters are most appropriate for the individual instrument. Swedbank uses valuation models that are generally accepted and are subject to independent risk control.

When financial instruments are measured at fair value according to valuation models, a determination is made on which observable market data should be used in those models. The assumption is that quoted prices for financial instruments with similar activity will be used. When such prices or components of prices cannot be identified, the executive management must make its own assumptions. Note G46 shows financial instruments at fair value divided into three valuation levels: quoted prices, valuation models with observable market inputs and valuation models with significant assumptions. As of year-end the value of financial instruments measured with significant assumptions amounted to SEK 1 291m (1 127), related to holdings in unlisted shares and loans.

A determination is made about which financial instruments hedge accounting will be applied to in order to reduce accounting volatility as far as possible. Accounting volatility lacks economic relevance and arises when financial instruments are measured with different measurement principles despite that they financially hedge each other.

Tax

For the Estonian Group entity, Swedbank AS, income taxation is triggered only if dividends are paid. The parent company determines the dividend payment and does not intend to distribute dividends from the subsidiary's accumulated earnings before 2017 and no deferred tax is reported for this part. Accumulated earnings before 2017 amounted to SEK 13 963m (13 724). The unrecognised deferred tax liability amounted to SEK 2 793m (2 745).

Provisions for credit impairments

Credit impairment provisions are estimated using quantitative models incorporate inputs, assumptions and methodologies that involve a high degree of management judgement. In particular, the following can have a significant impact on the level of impairment provisions: the determination of a significant increase in credit risk and the incorporation of forward-looking macroeconomic scenarios. Incorporating forward-looking information requires significant judgement, both in terms of the scenarios to be applied and ensuring that only relevant forward-looking information is considered in the calculation of expected credit losses.

There have been no significant changes to the methodologies applied during the reporting period. However, due to the continued uncertainties related to Covid-19 post-model expert credit adjustments to the credit impairment provisions continue to be necessary. Details of these are found on page 85. Analysis of the sensitivity of credit impairment provisions in relation to significant increase in credit risk assumptions is found on page 84 and in relation to the forward-looking macroeconomic scenarios is found on page 83.

Significant credit-impaired exposures (which are those where the borrower's or limit group's total group credit limit is SEK 50m or more), are assessed on an individual basis and without the use of modelled inputs. The credit impairment provisions for these exposures are established using the discounted expected cash flows and considering a minimum of two possible outcomes, of which at least one is a loss outcome. The possible outcomes consider both macroeconomic and non-macroeconomic (borrower-specific) scenarios. The estimation of future cash flows takes into account a range of relevant factors such as the amount and

sources of cash flows, the level and quality of the borrower's earnings, the realisable value of collateral, the Group's position relative to other claimants, the likely cost and duration of the work-out process and current and future economic conditions. The amount and timing of future recoveries depend on the future performance of the borrower and the valuation of collateral, both of which might be affected by future economic conditions; additionally, collateral may not be readily marketable. Judgements change as new information becomes available or as work-out strategies evolve, resulting in regular revisions to the credit impairment provisions. The change in credit impairment provisions recognised in the income statement in relation to individually assessed loans is SEK -2 764m (603).

Impairment testing of goodwill

Goodwill is tested at least annually for impairment. Testing is conducted by calculating the recoverable amount i.e. the highest of value in use or the selling price less costs to sell. If the recoverable amount is lower than the carrying amount, the asset is reduced to its recoverable amount. Goodwill impairment does not affect either cash flow or the capital adequacy ratio, since goodwill is a deduction in the calculation of the capital base. The executive management's tests are done by calculating value in use. The calculation is based on estimated future cash flows from the cash generating unit that the goodwill relates to and has been allocated to as well as when the cash flows are received. The first three years' cash flows are determined on the basis of the financial plans the executive management has established. Subsequent determinations of the size of future cash flows require more subjective estimates of future growth, margins and profitability levels. The Group estimates perpetual cash flows, since all cash generating units are part of the Group's home markets, which it has no intention of leaving. In addition, a discount rate is determined that in addition to reflecting the time value of money also reflects the risk that the asset is associated with. Different discounting factors are used for different time periods. As far as possible, the discount rate and assumptions, or portions of the assumptions, are based on external sources. Nevertheless, a large part of the calculation is dependent on the executive management's own assumptions. The executive management considers the assumptions to be significant to the Group's results and financial position. The Group's goodwill amounted to SEK 13 501m (13 327) at year-end, of which SEK 10 378m (10 200) relates to the investment in the Baltic banking operations. The executive management's assumptions in the calculation of value in use as of year-end did not lead to any impairment losses. If the discount rate had been increased by one percentage point or the growth assumption had been reduced by one percentage point, it would not have created any impairment losses for the investments in the Baltic banking operations.

Defined benefit pensions

For pension provisions for defined benefit obligations, the executive management uses a number of actuarial assumptions to estimate future cash flows. The assumptions are assessed and updated, if necessary, at each reporting date. Changes in assumptions are described in Note G39. Important estimates are made with regard to the final salary the employee has at the time of retirement, the size of the benefit when it relates to the income base amount and the payment period and economic life. Estimated future cash flows are projected at present value using an assumed discount rate. When actual outcomes deviate from the assumptions made, an experience-based actuarial gain or loss arises. Actuarial gains or losses also arise when assumptions change. During the year a gain of SEK 1 686m (5 166) was recognised in other comprehensive income, regarding remeasurements of defined benefit pension plans. At year end the discount rate, which are used in the calculation of the pension liability, was 2.10 per cent as per year end 2021 compared to 1.41 per cent last year end. The inflation assumption was 2.30 per cent compared with 1.51 per cent last year end. The changed assumptions represent SEK 461m (2 792) of the positive result in other comprehensive income. The fair value of plan assets increased during the year by SEK 1 225m (2 374). In total, the obligation for defined benefit pension plans exceeded the fair value of plan assets by SEK 1 801m (3 665).

Contingent liabilities

The Group is subject to different authorities' investigations regarding Swedbank's historic anti money laundering compliance. At year end no amount has been recognised as a provision or has been reported as a contingent liability for potential fines. The outcome of the investigations is still not known, and it was not possible to reliably estimate potential fines.



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5 New standards and interpretations

5.1 Standards issued but not yet adopted

The International Accounting Standards Board (IASB) and IFRS Interpretations Committee (IFRIC) have issued standards, amendments to standards and interpretations that apply in or after 2022. The IASB permits earlier application. For Swedbank to apply them also requires that they have been approved by the EU if the amendments are not consistent with previous IFRS rules. Swedbank has not applied the following in the 2021 annual report.

Insurance (IFRS 17)

IFRS 17 is applicable from 1 January 2023 and was approved by the EU in November 2021. The EU approval included an annual cohort exemption which is not expected to have a significant impact on Swedbank. The new standard establishes principles for recognition, presentation, measurement and disclosure of insurance contracts issued. Insurance contracts in scope will be measured at current value, based on the current estimates of amounts expected to be collected from premiums and paid out for claims, benefits and expenses plus expected profit for providing insurance coverage. The impacts on the Group's financial reports are still being assessed by the Group.

Other changes in IFRS and Swedish regulations

Other new or amended IFRSs, interpretations and Swedish regulations issued and not yet adopted are not expected to have a significant impact on the Group's financial position, results, cash flows or disclosures.

G3 Risks

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.

The Group Policy on Enterprise Risk Management (ERM Policy) describes the Enterprise Risk Management framework. This includes the Group's Risk Strategy and Risk Appetite, fundamental principles on risk management such as risk culture and risk awareness, as well as allocation of roles and responsibilities in the risk management process. The framework embeds risk management into existing practices and processes within the Group.

Risk management includes the processes which ensure that the Group identifies, assesses and measures where applicable, manages, monitors and reports on risk. The processes encompass all types of risk and result in an assessment of Swedbank's risk level, which in turn serves as the basis of the internal capital adequacy assessment process.

An area that has become increasingly important for society and Swedbank is sustainability and Environmental, Social and Governance (ESG) risk. ESG risk is a separate type of risk and includes the risk that comes from being unable to correctly manage environmental (including climate change aspects), social and governance aspects, such as human rights, fair labor and business ethics, which have the potential to adversely affect finances and the Group's brand and reputation. ESG factors are important risk drivers and can affect several types of risks, e.g. governance, strategic, credit and operational risks. ESG risk has been included in the ERM-Policy for the purpose of integrate sustainability aspects in the Groups risk management processes.

To ensure that Swedbank's risk exposure maintains a low level also in the long term perspective, the Board has defined an overall low risk appetite by adopting the Group's Risk Appetite Statement Policy. The Group's risk appetite is implemented by the CEO through internal rules and a risk limit framework that consist of limits decided on CEO level, executive management level and, where applicable, lower management level and Subsidiaries. The risk limit framework also includes key risk indicators where required from a risk perspective. Limits and key risk indicators are tools for controlling and monitoring risk exposure, risk concentration and risk build-ups. Combined, their purpose is to ensure that the risks stay within the risk appetite.

The capital adequacy assessment process evaluates capital needs based on Swedbank's aggregate risk level, goals and business strategy. The aim is to ensure efficient use of capital and at the same time, even under adverse market conditions, ensure that Swedbank meets legal minimum capital requirements, maintains access to both domestic and international capital markets and ability to support their customers.

External risks and other factors that affect risk

In order to manage risks in a proactive manner Swedbank monitors the development closely within several areas, focusing on:

Covid-19

During 2021 the remaining challenges associated with Covid-19 and the extraordinary need to continuously strengthen the remote availability of our banking services has remained in focus in all Swedbank home markets. In light of the pandemic, the remote access and ongoing digital transformation has raised certain information security threats including cyber risk and external fraud risk, requiring the implementation of new and improved ways of protection.

The economic development has been strong during the year. The recovery has continued throughout the year in parallel with the release of the restrictions and the return to more normal circumstances. The asset quality remains strong, and the default rates were at historic low levels. However, uncertainty remains concerning the consequences of the pandemic, such as repayments of deferred taxes and the increased costs for energy, freight and components, and potential further waves of the pandemic.

Geopolitical situation

The geopolitical tensions between major powers remained heightened over the year. Russia increased its military presence on the border with Ukraine and demanded that NATO would not expand further east and in the US, the new Biden administration maintained the US tough stance on China. The increase in global tension was also noticeable when Russia and Belarus conducted the largest military exercise since the 1980s. Belarus also used refugees to Europe as a weapon against countries that criticized the 2020 election when they allowed the refugees to travel freely through the country to the EU. The geopolitical developments discussed above have not affected Swedbank negatively in any significant way but will continue to be closely monitored going forward.

Global inflation trend

The economic consequences of the Covid-19 were fought off with unprecedented monetary and fiscal stimulus packages in many countries. Because the pandemic hampered established global trade patterns, resulted in production problems, and also caused a shortage of goods and since all these factors are price inflationary, concerns were raised with regards to long run inflation trends. The US inflation rate also begun to rise during the year, reaching levels not seen in decades. Also, other economies experienced similar inflation patterns and long-term bond yields were quick to react as investors begun to price in the risk of an uncontrolled global consumer price growth. Inflation and long-term interest rate developments will be monitored closely going forward.

Climate change

During the summer, climate change was put under the spotlight when the Intergovernmental Panel on Climate Change (IPCC) published its sixth assessment report. The report, that was discussed at the UN COP26 meeting in Glasgow in November 2021, presented the pace at which the climate is changing, its risks and consequences and clarified its origins. In addition to the report, several extreme weather events occurred during the summer when, among others, France, the USA and Russia were affected by extreme heat waves and wildfires, while Russia, China, Belgium, Germany and Sweden were hit by severe flooding events. The extreme weather that occurred during the year showed the physical risks of climate change and taken together with the Glasgow meeting, there is currently a clear political momentum towards decarbonization. In order to examine the impact of climate change on companies and banks, the ECB conducted a comprehensive climate stress test during the year. One conclusion of the study is that European banks may be severely affected in a scenario where climate change is not addressed.

Challenges and risk in digitalization

Swedbank's strategy is firmly based on being an available and accessible full-service bank in our four home markets. To follow our Strategic Direction, Swedbank need to meet our customers' interests in a secure, convenient and continuously accessible way and where our customers choose to meet us. Swedbank's ability to uphold the service promise to customers is dependent on the ability to achieve and maintain an effective, stable and resilient IT-environment, including outsourced services.

Digital transformation raises information security threats including cyber risk and external fraud risk and requires also new ways of protection. Swedbank's IT and information security risks must be identified and addressed in all types of development, procurement and change management.

Due to elevated operational risks, certain measures were taken throughout 2021 to increase IT stability, including improvements related to external suppliers. In addition, Swedbank has several ongoing initiatives to further improve operational resilience, ensure acceptable level of residual risks, and secure a high level of availability for its customers.

Anti-money laundering and Counter Terrorist financing (AML/CTF)

Swedbank is a full-service retail bank offering a wide range of products and services to a large number of private and corporate customers. Swedbank's business model means that the Group is exposed to risks and many predicate crimes in relation to Money Laundering and Terrorist Financing (ML/TF) schemes.

The Swedish and Estonian supervisory authorities concluded their investigations of Swedbank in March 2020. The investigations showed that Swedbank had deficiencies in its internal governance and controls related to the prevention money laundering. 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 programs: culture project, governance initiative and compliance review. Currently these programs are in an ongoing transformation phase. In addition, an external consultancy firm has been assigned to conduct a yearly maturity assessment of Swedbank's AML/CTF programs for three years. The first report of 2020 demonstrated the high pace of Swedbank remediation programs to remediate its historical deficiencies. The progress of the program was confirmed also in the second report issued during the fall 2021.

The Anti-Financial Crime Unit (AFC) has continued to concentrate the Group's resources for technological and investigative resources and competences connected to the prevention of financial crime. Swedbank is also investing heavily in additional resources and infrastructure regarding know your customer (KYC), risk classification, transaction monitoring and screening of financial sanctions. Further, Swedbank has continued its work of updating its current AML/CTF framework to ensure robustness and consistency in the Group in the AML/CTF work that takes place across the Group. Through these frameworks, Swedbank expresses its risk appetite for money laundering.

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Other Compliance Risks

Swedbank has also identified elevated compliance risks in the customer protection area, and in the market surveillance area. Work is ongoing within Swedbank to address the deficiencies identified. Swedbank's Compliance function monitors this work.

Other factors

Tax

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

Swedbank's risk taxonomy

Swedbank has a Group risk taxonomy, which is a system for categorizing risks into groups based on common characteristics of risks. The categories in the risk taxonomy are called risk types.

Risk types	Description
Credit risk (3.1)	The risk that a counterparty fails to meet its obligations to the Group and the risk that the pledged collateral does not cover the claims.
Liquidity risk (3.2)	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.
Market risk (3.3)	The risk to value, earnings, capital or exposure arising from movements of risk factors in financial markets.
Operational risk (3.4)	The risk of losses, business process disruption and negative reputational impact resulting from inadequate or failed internal processes, people and systems, or from external events.
Risk in the Insurance Business (3.5)	Risk in the insurance business is defined as insurance underwriting risk, market risk, credit risk, and liquidity risk in respect of the wholly owned insurance companies in the Group.
Other risk types (3.6)	Other risk types within Swedbank's risk taxonomy are Capital risk, Environmental, Social and Governance risk, Strategic risk and Compliance risk.

3.1 Credit risk

3.1.1 Definition

Credit risk is the risk that a counterparty fails to meet its contractual obligations towards the Group and the risk that the pledged collateral does not cover the claims. Credit risk also includes concentration risk, country risk, counterparty credit risk in trading transactions and settlement risk.

3.1.2 Risk management

A central principle for Swedbank's lending is that each of the Group's business units have full responsibility for their credit risks, that credit decisions adhere to the credit process and are made in accordance with applicable regulations, and that these decisions are in line with Swedbank's business and credit strategies. Depending on the size and nature of each credit, a lending decision can be made, for example, by an officer with help from system support or by a credit committee. The business unit has full liability regardless of who makes the ultimate decision, including responsibility for internal credit control. The duality principle serves as guidance for credit management throughout the Group. The principle is reflected in the credit organisation, in decision-making bodies and in the credit process. Each business unit is responsible for ensuring that internal controls are integrated in the relevant parts of the credit process.

The credit process comprises operating and decision-making processes for lending, credit monitoring, and quantification of credit risk. The decision to grant credit requires that the borrower, on good grounds, is expected to fulfil its commitment towards the Group. Moreover, the Group strives to obtain relevant collaterals. Sound, robust and balanced lending requires that each transaction is viewed in relation to relevant external factors, taking into account what the Group and the market know about anticipated local, regional and global changes and developments which could impact the transaction and its risks. Sustainability, including environmental considerations, social responsibility and business ethics are important factors that are considered in the credit process.

A sustainability analysis is done in the credit processes for corporates. The analysis is an integrated part of the credit analysis and aims at evaluating how risks related to these areas could impact for example the borrower's profitability, repayment capacity and the value of the collateral. The borrowers, and by extension Swedbank's reputational risk is also considered in the analysis. The sustainability analysis is mandatory for all customers in the exposure class Corporate where the total group credit limit exceeds SEK 8m in Sweden, and EUR 0.8m in the Baltic states after deducting credits collateralised by residential housing.

Risk classification is a central part of the credit process. Risk class is assessed and assigned as part of each credit decision. The risk class also affects the scope of the analysis, and documentation, and how customers are monitored. In this way, low-risk transactions can be approved through a simpler and faster credit process. All credit exposures are systematically assessed on a continuous basis for early identification of significant increase in credit risk. Exposures with elevated risk, and larger exposures to customers, financial institutions and sovereigns are also reviewed at least once a year. This is done to ensure a comprehensive assessment of the borrower's financial situation and forward-looking creditworthiness, review and establishment of risk class, and assessment of long-term relationship with the borrower.

The Group Risk organisation is responsible for independent monitoring and control of credit risk management, including the credit process, risk limits and the risk classification system. The risk organisation regularly reviews and assess the aggregate credit portfolio's risk level and risk development. Stress tests are performed regularly, e.g., as a part of the annual Internal Capital Adequacy Assessment Process (ICAAP). Risk concentrations and increased risks in different segments as well as in large individual exposures are thoroughly monitored. Specific analyses and stress tests of certain segments or sub portfolios are performed as required. Climate risks in different sectors are regularly identified and analysed by Swedbank. These analyses are incorporated in business plans and credit strategies where the climate perspective is integrated when both transition risks and physical risks are taken into account.

3.1.3 Risk measurement

Swedbank's internal risk classification system is the basis for, among other things:

- Risk assessment and credit decisions
- Calculating capital requirements and capital allocation
- Calculating risk-adjusted returns (including RAROC)
- Credit impairment provisions
- Monitoring and managing credit risks
- Reporting credit risks to for example the Board, CEO and Group Executive Management
- Developing credit strategies and associated risk management activities.

The most important risk parameters for calculating expected losses and regulatory capital requirements for credit exposures are:

Probability of Default (PD) – the probability that a counterparty or contract will have a payment default within a twelve-month period,

Loss Given Default (LGD) – the proportion of the credit exposure that is expected to be lost in the event of default, and

Exposure at Default (EAD) – the credit exposure the Group is estimated to have when a counterparty has defaulted.

In the PD models, the risk grades are expressed on a scale of 22 risk grades, where 0 represents the highest risk and 21 represents the lowest risk of default. In addition, there is one grade for defaulted loans. The table below describes the risk scale and how it relates to the theoretical probability of default (PD) within 12 months, as well as to an indicative rating from Standard & Poor's.

Risk grade according to IRB methodology

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

Swedbank's internal risk classification system is approved by the Swedish Financial Supervisory Authority, and Swedbank is permitted to apply the IRB approach to calculate a major part of the capital requirement for credit risks. Swedbank uses several different risk classification models for different subsegments of the credit portfolio. There are primarily two types of models. One type is based on statistical



methods, requiring access to a large amount of information on counterparties and sufficient information regarding counterparties that have entered default. The other type is based on expert opinions and is used in cases where statistical methods are not applicable. Many of the models are a combination of those two types. The models are validated when new models are introduced and when major changes are made, as well as on a periodic basis, at least annually. The validation is designed to ensure that each model measures risk in a satisfactory manner. In addition, the models are evaluated to ensure that they work well in daily credit operations.

In the financial statements, expected credit losses are calculated in accordance with International Financial Reporting Standard (IFRS 9), which is described below in section 3.1.4. The main differences between the expected loss calculation for regulatory capital requirements (Basel regulatory framework) and the measurement of expected credit losses according to the accounting are summarised in the table in section 3.1.5 "IFRS 9 vs Regulatory capital framework".

3.1.4 Calculation of credit impairment provisions

Provisioning of expected credit losses

The Group measures credit impairment provisions using an expected credit loss approach. Expected credit losses are measured based on the stage to which the individual asset is allocated at each reporting date. For financial assets with no significant increase in credit risk since initial recognition (Stage 1), impairment provisions reflect 12-months expected credit losses.

For financial assets with a significant increase in credit risk (Stage 2) and those which are credit impaired (Stage 3), impairment provisions reflect lifetime expected credit losses. Such measurements are estimated using internally developed statistical models or individual assessments of expected contractual cash flows, both of which involve a high degree of management judgement. The portfolios for estimating expected credit losses are determined according to the same segmentation that is applied for regulatory purposes, with shared risk characteristics. This is based on homogeneous subsegments of the total credit portfolio, such as obligor type, country, business area, or product group.

The key inputs used in the quantitative models are Probability of Default, Loss Given Default, Exposure At Default and expected lifetime. Expected credit losses reflect both historical data and probability weighted forward-looking scenarios.

Probability of Default (PD)

The 12-months and lifetime PDs of a financial instrument represent the probability of a default occurring over the next 12 months and over its expected lifetime respectively, based on conditions existing at the balance sheet date and future economic conditions that affect credit risk.

Internal risk rating grades based on IRB PD models are inputs to the IFRS 9 PD models and historic default rates are used to generate the PD term structure covering the lifetime of financial assets. The developed PD models are segmented based on shared risk characteristics such as obligor type, country, product group and industry segment, and are used to derive both the 12-months and lifetime PDs. Segment and country specific credit cycle indexes are forecasted given different macroeconomic scenarios.

For each scenario, PD term structures are adjusted based on the correlation to the forecasted credit cycle indexes, to obtain forward-looking point-in-time PD estimates. Consequently, a worsening of an economic outlook or an increase in the probability of the downside scenario occurring results in higher 12-months and lifetime PDs, thus increasing the estimated expected credit losses as well as the number of loans migrating from Stage 1 to Stage 2.

Loss Given Default (LGD)

LGD represents an estimate of the loss arising on default, taking into account the probability and the expected value of future recoveries including realization of collateral, the length of the recovery period and the time value of money. LGD estimates are based on historical loss data segmented by geography, type of collateral, type of obligor, and product information. Forward-looking information is reflected in the LGD estimates by using forecasted collateral value indexes for each macroeconomic scenario to adjust future loan-to-value and recovery rates. An economic outlook with deteriorating collateral values decreases recovery rates and increases loan-to-value, and therefore increases LGD and expected credit losses.

Exposure At Default (EAD)

The EAD represents an estimated exposure at a future default date, considering expected changes in the exposure after the reporting date. The Group's modelling approach for EAD reflects current contractual terms of principal and interest payments, contractual maturity date and expected utilisation of undrawn limits on revolving facilities and irrevocable off-balance sheet commitments.

Expected lifetime

The Group measures expected credit losses considering the risk of default over the expected life. The expected lifetime is generally limited by the maximum contractual period over which the Group is exposed to credit risk, even if a longer period is consistent with business practice. All contractual terms are considered when determining the expected lifetime, including prepayment options and extension and rollover options that are binding to the Group. For the mortgage portfolio, the Group uses a behavioral life model which predicts the likelihood that an exposure will still be open and not defaulted at any point during its remaining life (accounting for the probability of early repayment). For credit cards, the expected behavioral life, is determined using product specific historical data and ranges up to 10 years.

Determination of significant increase in credit risk

The Group uses both quantitative and qualitative indicators for assessing a significant increase in credit risk. The criteria are disclosed in note G2 Accounting Policies section 3.4.3 Credit impairments, Determining a significant increase in credit risk since initial recognition. The tables on the next page show the quantitative thresholds, namely:

- Changes in the 12-months PD and internal risk rating grades, which have been applied for the portfolio of loans originated before 1 January 2018. For instance, for exposures originated with a risk grade between 0 and 5, a downgrade by 1 grade from initial recognition is assessed as a significant change in credit risk. Alternatively, for exposures originated with a risk grade between 18 and 21, a downgrade by 5 to 8 grades from initial recognition is considered significant.
- Changes in the lifetime PD, which have been applied for the portfolio of loans originated on or after 1 January 2018. For instance, for exposures originated with a risk grade between 0 and 5, a 50 per cent increase in the lifetime PD from initial recognition is assessed as a significant change in credit risk. Alternatively, for exposures originated with a risk grade between 18 and 21, an increase of 200-300 per cent from initial recognition is considered significant. These thresholds reflect a lower sensitivity to change in the low risk end of the risk scale and a higher sensitivity to change in the high-risk end of the scale.

Further to this and in light of Covid-19, the Group has provided support measures to customers, in the form of principal amortisation deferrals, which have generally not been automatically treated as indicators of significant increase in credit risk. More detailed information on these measures is found on page 91.



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

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

Internal risk grade at initial recognition	12-month PD band at initial recognition, %	Threshold, rating down-grade ^{1,2,3}	2021				2020			
			Impairment provision impact of		Recognised credit impairment provisions	Share of total portfolio in terms of gross carrying amount, %	Impairment provision impact of		Recognised credit impairment provisions	Share of total portfolio in terms of gross carrying amount, %
			Increase in threshold by 1 grade, %	Decrease in threshold by 1 grade, %			Increase in threshold by 1 grade, %	Decrease in threshold by 1 grade, %		
18–21	<0.1	5–8 grades	–6.4	14.9	43	15	–6.2	8.4	53	17
13–17	0.1–0.5	3–7 grades	–5.5	6.8	214	15	–7.8	6.9	461	18
9–12	>0.5–2.0	1–5 grades	–21.8	16.0	159	5	–13.5	13.0	330	7
6–8	>2.0–5.7	1–3 grades	–7.9	4.9	60	2	–11.5	4.0	84	3
0–5	>5.7–99.9	1 grade	–2.2	0.0	38	1	–0.9	0.0	141	1
			–11.2	9.5	514	38	–9.0	7.7	1 069	46
		Sovereigns and financial institutions with low credit risk			1	9			17	8
		Stage 3 financial instruments			961	0			2 207	0
		Post model expert credit adjustment ⁴			595				673	
Total ⁵					2 071	47			3 966	54

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

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

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

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

5) Of which provisions for off-balance exposures are SEK 284m (499).

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

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

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

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

3) Of which provisions for off-balance exposures are SEK 360m (307).



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Incorporation of forward-looking macroeconomic information

Forward-looking information is incorporated into both the assessment of significant increase in credit risk and calculation of expected credit losses. From analyses of historical data, the Group Risk organisation has identified and reflected relevant macroeconomic variables that contribute to credit risk and losses for different portfolios based on geography, borrower, and product type, in the models. The most highly correlated variables are GDP growth, housing and property prices, unemployment, oil prices and interest rates. Swedbank continuously monitors the global macroeconomic environment, with particular focus on Sweden and the other home markets. This includes defining forward-looking macroeconomic scenarios for different jurisdictions and translating those scenarios into macroeconomic forecasts.

The macroeconomic scenarios are provided by Swedbank Macro Research and are aligned with the Swedbank Economic Outlook. The scenarios are developed to reflect assumptions about future economic conditions given the current state of the local and global economies. The macroeconomic forecasts consider internal and external information and are consistent with the forward-looking information used for other purposes such as budgeting and forecasting. The base scenario is based on the assumptions corresponding to the Group's budget scenario, and alternative scenarios reflecting more positive as well as more negative outlook are developed accordingly. The Group considers three scenarios when estimating expected credit losses, which are incorporated into the PD and LGD inputs for model-based expected credit losses. The base scenario has an assigned probability weight of 66.6 per cent and 16.7 per cent is assigned to both the upside and downside alternative scenarios.

Scenarios

The recovery has been much faster than expected a year ago. GDP growth as well as inflation have been revised upwards. 2021 was dominated by a swift recovery following the downturn caused by the Covid-19. In many countries, economic activity rebounded to pre-pandemic levels during the year, and in Sweden GDP is already back at the pre-pandemic trend. Growth could have been even higher; however, the strong demand has created a global shortage of many input goods and labour. On top of that, the energy crisis hit, which has lifted inflation to record highs.

In the Group's home markets, the housing market surprised during the pandemic and prices have increased much faster than expected. As there is still an imbalance between supply and demand and mortgage rates remain relatively low, house prices are expected to increase going forward.

Compared with the Swedbank Economic Outlook, the GDP and unemployment rates used in the expected credit losses calculations are seasonally adjusted.

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

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

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

3) Unemployment rate, 16–64 years



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2020	Positive scenario				Baseline scenario				Negative scenario			
	2020 ¹	2021	2022	2023	2020 ¹	2021	2022	2023 ²	2020 ¹	2021	2022	2023
Sweden												
GDP, annual % change	-3.5	3.0	2.7	2.3	-3.7	2.0	3.1	2.3	-4.2	-5.6	2.0	4.6
Unemployment, % ³	8.5	8.3	7.6	7.2	8.4	9.1	8.8	8.1	8.6	11.1	12.0	10.9
House prices, annual % change	6.9	6.9	5.5	6.1	6.7	5.6	4.1	5.0	5.8	-1.5	-0.4	2.0
Stibor 3m, %	0.09	0.10	0.29	0.56	0.08	-0.02	0.07	0.27	0.08	-0.39	-0.59	-0.55
Estonia												
GDP, annual % change	-3.1	3.7	4.2	2.5	-3.2	3.1	4.1	1.9	-3.5	-4.2	3.1	2.4
Unemployment, %	6.8	6.7	5.8	5.5	6.8	7.5	6.9	6.4	7.0	12.9	11.5	10.2
House prices, annual % change	6.5	9.1	9.8	5.3	6.4	6.1	8.5	5.0	6.1	-13.2	4.9	4.3
Latvia												
GDP, annual % change	-4.8	3.6	4.3	3.4	-5.0	3.1	4.1	3.0	-5.3	-3.8	4.6	3.0
Unemployment, %	8.1	6.9	5.9	5.4	8.3	8.1	6.5	6.0	8.4	13.4	12.3	10.8
House prices, annual % change	2.1	8.2	8.2	6.4	2.0	3.3	6.3	5.4	1.7	-10.7	4.9	4.7
Lithuania												
GDP, annual % change	-1.8	4.6	4.8	3.2	-1.9	4.0	4.7	2.5	-2.2	-4.0	4.5	2.4
Unemployment, %	7.8	6.4	5.6	5.4	7.9	7.2	6.3	6.0	8.0	12.4	11.4	10.2
House prices, annual % change	12.8	7.1	8.3	5.6	12.6	4.6	6.0	4.9	12.4	-12.5	5.4	5.3
Global indicators												
US GDP, annual % change	-3.9	3.6	4.3	2.8	3.9	3.0	3.3	1.9	-4.0	-0.2	1.1	1.5
EU GDP, annual % change	-6.4	6.2	2.0	1.4	7.3	3.7	3.3	1.6	-8.6	0.5	4.5	2.8
Brent Crude Oil, USD/Barrel	39.4	54.0	59.1	61.9	37.7	43.3	45.4	46.8	34.0	28.6	34.6	39.5
Euribor 6m, %	-0.36	-0.14	0.53	1.37	-0.39	-0.50	-0.44	-0.21	-0.46	-0.80	-0.69	-0.59

1) Forecasted 2020 values, as the actual official numbers were not published when the scenarios were set.

2) The baseline scenario for 2020, 2021 and 2022 are based on the published Swedbank Economic Outlook. The baseline scenario variables for 2023 are model-based extrapolations.

3) Unemployment rate, 16-64 years

Sensitivity analysis

In general, a worsening of forecasted macroeconomic variables for each scenario or an increase in the probability of the downside scenario occurring will both increase the number of loans migrating from Stage 1 to Stage 2 and increase the estimated credit impairment provisions. In contrast, an improvement in the outlook on forecasted macroeconomic variables or an increase in the probability of the upside scenario occurring will have a positive impact. It is not possible to meaningfully isolate the impact of changes in the various macroeconomic variables for a

particular scenario due to the interrelationship between the variables as well as the interrelationship between the level of pessimism inherent in a particular scenario and its loss of occurring.

The following table presents the credit impairment provisions as at year end that would result from applying only the downside or only the upside scenario, which are considered reasonably possible. Post-model expert credit adjustments are assumed to be constant in the results.

Operating segments	2021				2020			
	Credit impairment provisions		Credit impairment provisions		Credit impairment provisions		Credit impairment provisions	
	Credit impairment provisions (probability weighted)	Of which: post-model expert credit adjustment	Negative scenario	Positive scenario	Credit impairment provisions (probability weighted)	Of which: post-model expert credit adjustment	Negative scenario	Positive scenario
Swedish Banking	1 558	447	1 632	1 530	1 788	424	1 969	1 690
Baltic Banking	895	389	982	819	754	242	872	669
LC&I	3 206	960	3 615	2 858	6 423	867	7 471	5 640
Group1	5 666	1 796	6 235	5 212	8 975	1 533	10 323	8 010

1) including operating segment Group Functions & Other



Post-model expert credit adjustment

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

The post-model expert credit adjustments increased to SEK 1 796m (SEK 1 533m) attributable to continued uncertainty in certain sectors. The post-model expert credit adjustments were allocated as SEK 723m (SEK 518m) in Stage 1, SEK 1 071m (SEK 1 001m) in Stage 2 and SEK 2m (SEK 13m) in Stage 3. As of year end, the most significant impacts of the post-model expert credit adjustments were reflected in the Shipping and offshore, Hotels and restaurants, Retail and wholesale and Manufacturing sectors.

Individual assessments on significant credit-impaired assets

The criteria for credit-impaired assets are disclosed in note G2 Accounting policies, paragraph 3.4.3 Credit impairments, under the heading Definition of default and credit-impaired assets. The Group estimates expected credit losses on significant impaired exposures individually and without the use of modelled inputs. Significant means that the borrower's or limit group's total credit limit is SEK 50m or higher. The credit impairment provisions for these exposures are established using discounted expected cash flows and considering a minimum of two scenarios, one of which is a loss outcome. The possible outcomes consider both macroeconomic and non-macroeconomic borrower-specific scenarios. The estimation of future cash flows takes into account a range of relevant factors such as the amount and sources of cash flows, the level and quality of the borrower's earnings, the realisable value of collateral, the Group's position relative to other claimants, the likely cost and duration of the work-out process as well as current and future economic conditions.

3.1.5 IFRS 9 vs the Regulatory capital framework

The measurement of expected credit losses according to IFRS 9 is different to the expected loss calculation for regulatory purposes. Although Swedbank's regulatory IRB models serve as a base for the IFRS 9 expected credit loss models, adjustments are made and, in some instances, separate models are used to meet the objectives of IFRS 9. The main differences are summarised in the table below.

	Regulatory capital	IFRS 9
PD	- Fixed 1-year default horizon - Through-the-cycle, based on a long-run average - Conservative calibration based on backward-looking information including data from downturns	12-months PD for Stage 1 and lifetime PD for Stages 2 and 3 - Point-in-time, based on the current position in the economic cycle - Incorporation of forward-looking information - No conservative add-ons
LGD	- Downturn adjusted collateral values and through-the-cycle calibration - All workout costs included	- Point-in-time, based on the current position in the cycle - Adjusted to incorporate forward-looking information - Internal workout cost excluded - Recoveries discounted using the instrument specific effective interest rate
EAD	1-year outcome period - Credit conversion factor, with downturn adjustment, applied to off-balance sheet instruments	- EAD over the expected lifetime of instruments - Point-in-time credit conversion factor applied to off-balance sheet instruments - Prepayments taken into account
Expected life-time	Not applicable	- Early repayment behaviour in portfolios with longer maturities but predominant prepayments, e.g., mortgages. - Estimating maturities for certain revolving credit facilities, such as credit cards
Discounting	No discounting, except in LGD models	Expected credit losses discounted to the reporting date, using the instrument's effective interest rate
Significant increase in credit risk	Not applicable	- Relative measure of increase in credit risk since initial recognition - Identification of levels estimated to result in significant increase in credit risk



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3.1.6 Swedbank's credit risk exposure

Maximum credit risk exposure, geographic distribution

The following tables presents the Group's maximum credit risk exposure by geography and type of class and counterparty. For financial assets recognised on the balance sheet, the maximum exposure to credit risk equals their carrying amount. The carrying amount of loans are presented by type of collateral when collateral is available.

This means that a single loan is presented in the respective collateral line to the extent of the fair value of the collateral amount and any remaining carrying amount is presented as unsecured. For financial guarantees and similar contracts granted, the maximum amount that would have to be paid if the guarantees were called upon is presented. For loan commitments and other credit-related commitments, the unutilised amount of the committed facility is presented.

2021

	Note	Sweden	Estonia	Latvia	Lithuania	Norway	Denmark	Finland	USA	Other	Total
Assets											
Cash and balances with central banks		170 452	41 365	36 274	88 161	1 976	428	2 072	19 370	55	360 153
Treasury bills and other bills eligible for refinancing with central banks	G21	153 955	2 500	1 140	3 643	1 439				913	163 590
Governments		150 826	2 500	1 140	3 643	1 439				913	160 461
Municipalities		3 129									3 129
Loans to credit institutions	G22	32 168	1 024	3 132	1 300	33	44	6	34	1 763	39 504
Banks		9 474	1 024	3 132	1 300	33	44	6	34	389	15 436
Other credit institutions		21 311								1 374	22 685
Repurchase agreements, banks ¹		736									736
Repurchase agreements, other credit institutions ¹		647									647
Loans to the public	G23	1 426 068	92 980	37 886	68 352	55 410	1 653	16 814	2 273	1 770	1 703 206
Swedish National Debt Office		3									3
Repurchase agreements, Swedish National Debt Office ¹		3 021									3 021
Repurchase agreements, other public ¹		4 519				17 022					21 541
Real Estate Residential		1 059 492	41 307	16 994	40 253	1 616	1 357	917			1 161 936
Real Estate Commercial		177 680	18 952	7 129	9 981	8 232	163	75			222 212
Guarantees		28 903	2 857	492	1 523			3 204		1 753	38 732
Received cash		5 874	22	263	739						6 898
Other collateral		52 241	8 968	6 588	11 369	4 165	124	149			83 604
Unsecured ²		94 335	20 874	6 420	4 487	24 375	9	12 469	2 273	17	165 259
Bonds and other interest-bearing securities	G24	37 226	45	42	190	7 519	1 812	3 998	2 697	4 564	58 093
Mortgage institutions		29 135									29 135
Banks		2 260	29			1 818	219	2 339	2 533	4 101	13 299
Other financial companies		3 942			12	4 768	1 578	116	18	60	10 494
Non-financial companies		1 889	16	42	178	933	15	1 543	146	403	5 165
Derivatives	G28	13 376	25	27	163	3 714	2 297	1 890		19 039	40 531
Other financial assets	G32	5 587	562	394	488	1 464	17	529		125	9 166
Contingent liabilities and commitments											
Guarantees		38 045	2 927	759	1 214	5 210	174	247	5 045	48	53 669
Commitments		202 889	9 269	4 952	8 367	25 428		17 779		300	268 984
Total		2 079 766	150 697	84 606	171 878	102 193	6 425	43 335	29 419	28 577	2 696 896
% of total		77	6	3	6	4	0	2	1	1	100

1) Fair value of received securities in repurchase agreements covers the carrying amount of the repurchase agreements.

2) Unsecured includes both unsecured lending and the unsecured share of the loans where collateral does not cover the exposure in full.

Derivatives, netting and collaterals held

2021

	Sweden	Estonia	Latvia	Lithuania	Norway	Denmark	Finland	USA	Other	Total
Positive fair value of contracts, balance sheet	13 376	25	27	163	3 714	2 297	1 890		19 039	40 531
Netting agreements, related amount not offset in the balance sheet	2 793				856	1 142	962		9 579	15 332
Credit risk exposure, after offset of netting agreements	10 584	25	27	163	2 858	1 155	928		9 460	25 199
Collateral held ¹	5 669				752	1 155	463		7 378	15 416
Net credit risk exposures after collateral held	4 915	25	27	163	2 107		465		2 082	9 783

1) Collateral consist of cash 89,8 per cent and AAA rated bonds by Standard & Poor's 10,2 per cent.

Credit derivatives are used in customer trading but also to optimise the credit risk in trading portfolios with interest-bearing securities. The nominal amount of these credit derivatives at year-end were SEK 3 069m.



Group Financial statements and notes

2020

	Note	Sweden	Estonia	Latvia	Lithuania	Norway	Denmark	Finland	USA	Other	Total
Assets											
Cash and balances with central banks		128 788	32 272	29 759	64 658	926	68	17 745	19 466	129	293 811
Treasury bills and other bills eligible for refinancing with central banks	G21	131 400	302	1 067	3 541	457				424	137 191
Governments		128 354	302	1 067	3 541	457				424	134 145
Municipalities		3 046									3 046
Loans to credit institutions	G22	28 939	2 384	1 360	11 726	58	26	892	29	2 540	47 954
Banks		7 342	2 384	1 360	11 726	58	26	892	29	1 034	24 852
Other credit institutions		20 015	–0		–0			–0		1 506	21 521
Repurchase agreements, banks ¹		689									689
Repurchase agreements, other credit institutions ¹		893									893
Loans to the public	G23	1 425 150	85 450	35 911	60 582	52 266	1 639	16 472	1 752	1 764	1 680 987
Swedish National Debt Office		25 003									25 003
Repurchase agreements, Swedish National Debt Office ¹		7 243									7 243
Repurchase agreements, other public ¹		19 513				13 192					32 704
Real Estate Residential		1 018 734	38 326	15 171	36 238		1 386	918			1 110 773
Real Estate Commercial		174 293	17 643	8 528	9 154	2 811	153	201	67		212 850
Guarantees		28 512	2 909	449	1 637	321		2 974		1 517	38 319
Received cash		6 096	7	286	655	29					7 073
Other collateral		57 055	6 978	6 446	8 703	6 116	84	126			85 508
Unsecured ²		88 703	19 587	5 031	4 195	29 797	16	12 253	1 685	247	161 514
Bonds and other interest-bearing securities	G24	41 168	69	32	74	7 763	1 757	4 626	1 576	2 910	59 975
Mortgage institutions		25 192									25 192
Banks		5 085	54			3 610	187	2 563	1 423	2 523	15 445
Other financial companies		7 547				3 530	1 565	483	13	43	13 181
Non-financial companies		3 344	15	32	74	623	5	1 580	140	344	6 157
Derivatives	G28	13 748	98	39	128	3 964	1 788	4 227	21	28 164	52 177
Other financial assets	G32, G33	11 218	620	217	292	3 978	24	45	1	56	16 451
Contingent liabilities and commitments											
Guarantees		34 430	2 593	834	1 020	6 778	171	285	4 555	30	50 696
Commitments		260 715	6 752	5 621	6 163	27 023		19 630		271	326 175
Total		2 075 556	130 540	74 840	148 184	103 213	5 473	63 922	27 399	36 289	2 665 417
% of total		78	5	3	6	4	0	2	1	1	100

1) Fair value of received securities in repurchase agreements covers the carrying amount of the repurchase agreements.

2) Unsecured includes both unsecured lending and the unsecured share of the loans where collateral does not cover the exposure in full.

Derivatives, netting and collaterals held

2020

	Sweden	Estonia	Latvia	Lithuania	Norway	Denmark	Finland	USA	Other	Total
Positive fair value of contracts, balance sheet	13 748	98	39	128	3 964	1 788	4 227	21	28 164	52 177
Netting agreements, related amount not offset in the balance sheet	2 483				1 157	1 684	1 494	6	11 263	18 088
Credit risk exposure, after offset of netting agreements	11 265	98	39	128	2 807	104	2 733	14	16 901	34 089
Collateral held ¹	2 104				589	21	892	137	11 540	15 284
Net credit risk exposures after collateral held	9 161	98	39	128	2 218	83	1 841	–123	5 361	18 806

1) Collateral consist of cash 99,9 per cent and AAA rated bonds by Standard & Poor's 0,1 per cent.

Credit derivatives are used in customer trading but also to optimise the credit risk in trading portfolios with interest-bearing securities. The nominal amount of these credit derivatives at year-end were SEK 1 207m.



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Loans to the public in Stage 3 by collateral type 2021

	Sweden	Estonia	Latvia	Lithuania	Norway	Denmark	Finland	USA	Other	Total
Real Estate Residential	592	73	91	277						1 033
Real Estate Commercial	223	220	19	25			73			560
Guarantees	77	9	1	1						88
Received cash	3	0	2	6						11
Other collateral	180	33	195	16	731	2				1 157
Unsecured ¹	299	31	28	18	709		1			1 086
Total	1 374	366	336	343	1 440	2	74			3 935

1) Unsecured includes both unsecured lending and the unsecured share of the loans where collateral does not cover the exposure in full.

2020

	Sweden	Estonia	Latvia	Lithuania	Norway	Denmark	Finland	USA	Other	Total
Real Estate Residential	685	113	150	357						1 305
Real Estate Commercial	257	70	14	52			200	67		660
Guarantees	131	33	2	1						167
Received cash	24	-1	3	8						35
Other collateral	403	41	227	104	1 879	18	1			2 673
Unsecured ¹	230	52	22	13	374		1			692
Total	1 730	309	418	535	2 253	18	202	67		5 532

1) Unsecured includes both unsecured lending and the unsecured share of the loans where collateral does not cover the exposure in full.

Collateral that can be sold or pledged even if the counterparty fulfils its contractual obligations

Granting repos implies that the Group receives securities that can be sold or pledged. The fair value of these securities covers the carrying amount of the repos. The Group also receives collateral in terms of securities that can be sold or pledged for derivatives and other exposures. The fair value of such collateral as of year end amounted to SEK 2 543 m (37). None of this collateral had been sold or repledged as of year end.



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Distribution by internal credit risk rating

The tables below show the credit quality of financial instruments that are subject to the IFRS 9 impairment requirements. The gross carrying or nominal amounts are distributed by internal credit risk rating and stage.

Financial instruments that are subject to the IFRS 9 impairment requirements 2021

Internal risk grade	PD, %	Financial assets at amortised cost, gross carrying amount				Loan commitments and guarantees, nominal amount			
		Stage 1	Stage 2	Stage 3 ¹	Total	Stage 1	Stage 2	Stage 3 ¹	Total
18–21	<0.1	1 295 574	959	10	1 296 543	87 024	119	1	87 144
13–17	0.1–0.5	562 681	13 558	27	576 266	165 635	404	0	166 039
9–12	>0.5–2.0	192 853	41 070	58	233 981	31 319	8 884	4	40 207
6–8	>2.0–5.7	34 466	26 764	60	61 290	5 423	2 514	0	7 937
0–5	>5.7–99.9	5 279	15 753	255	21 287	1 034	1 569	14	2 617
Default	100			5 953	5 953			201	201
Non-rated exposures		23 502	598	11	24 111	15 863	2 644	1	18 508
Total		2 114 355	98 702	6 374	2 219 431	306 298	16 134	221	322 653

1) including purchased or originated credit impaired

2020

Internal risk grade	PD, %	Financial assets at amortised cost, gross carrying amount				Loan commitments and guarantees, nominal amount			
		Stage 1	Stage 2	Stage 3 ¹	Total	Stage 1	Stage 2	Stage 3 ¹	Total
18–21	<0.1	1 223 668	1 456	13	1 225 137	144 217	236	1	144 454
13–17	0.1–0.5	537 325	14 215	21	551 561	170 606	963	0	171 569
9–12	>0.5–2.0	180 245	45 680	66	225 991	35 880	8 836	2	44 718
6–8	>2.0–5.7	33 562	28 027	91	61 680	4 384	3 196	3	7 583
0–5	>5.7–99.9	4 453	18 724	274	23 451	779	2 247	9	3 035
Default	100			10 062	10 062			527	527
Non-rated exposures		22 579	223	26	22 828	3 122	1 863		4 985
Total		2 001 832	108 325	10 553	2 120 710	358 988	17 341	542	376 871

1) including purchased or originated credit impaired

Financial assets at amortised cost 2021

Internal risk grade	Cash and balances with central banks	Treasury bills and other bills eligible for refinancing with central banks, etc	Loans to credit institutions	Loans to the public	Bonds and other interest-bearing securities	Other financial assets	Total
18–21	360 153	128 523	12 557	795 291		19	1 296 543
13–17			17 651	558 603		12	576 266
9–12			558	233 411		12	233 981
6–8			152	61 126		12	61 290
0–5			1	21 278		8	21 287
Default				5 951		2	5 953
Non-rated exposures			7 210	7 800		9 101	24 111
Total	360 153	128 523	38 129	1 683 460		9 166	2 219 431

2020

Internal risk grade	Cash and balances with central banks	Treasury bills and other bills eligible for refinancing with central banks, etc	Loans to credit institutions	Loans to the public	Bonds and other interest-bearing securities	Other financial assets	Total
18–21	293 811	114 923	40 937	775 422	36	8	1 225 137
13–17			1 043	550 514		4	551 561
9–12			1 203	224 777		11	225 991
6–8			214	61 459		7	61 680
0–5				23 441		10	23 451
Default				10 039		23	10 062
Non-rated exposures			3 003	3 428		16 397	22 828
Total	293 811	114 923	46 400	1 649 080	36	16 460	2 120 710



Financial statements and notes Group

Loans to the public and credit institutions at amortised cost, carrying amount

The following tables present loans to the public and credit institutions at amortised cost by operating segments, geographical distribution.

2021

	Stage 1			Stage 2			Stage 31			Total
	Gross carrying amount	Credit impairment provisions	Net	Gross carrying amount	Credit impairment provisions	Net	Gross carrying amount	Credit impairment provisions	Net	
Operating segments										
Swedish Banking	1 194 296	194	1 194 102	56 605	710	55 895	1 888	513	1 375	1 251 372
Baltic Banking	174 582	108	174 474	24 181	482	23 699	1 315	270	1 045	199 218
Large Corporates & Institutions	209 339	496	208 843	17 820	597	17 223	3 159	1 644	1 515	227 581
Group Functions & Other	272		272							272
Loans to the public excluding the Swedish National Debt Office and repurchase agreements	1 578 489	798	1 577 691	98 606	1 789	96 817	6 362	2 427	3 935	1 678 443
Geographical distribution										
Sweden	1 350 983	418	1 350 565	67 349	962	66 387	1 895	520	1 375	1 418 327
Estonia	83 858	35	83 823	9 021	230	8 791	490	124	366	92 980
Latvia	31 513	36	31 477	6 208	136	6 072	383	46	337	37 886
Lithuania	59 212	38	59 174	8 952	116	8 836	442	100	342	68 352
Norway	32 092	224	31 868	5 370	290	5 080	2 966	1 526	1 440	38 388
Denmark	1 652		1 652				3	2	1	1 653
Finland	15 107	18	15 089	1 706	55	1 651	86	12	74	16 814
USA	2 273		2 273				97	97		2 273
Other	1 799	29	1 770							1 770
Loans to the public excluding the Swedish National Debt Office and repurchase agreements	1 578 489	798	1 577 691	98 606	1 789	96 817	6 362	2 427	3 935	1 678 443

1) Including purchased or originated credit impaired

2020

	Stage 1			Stage 2			Stage 31			Total
	Gross carrying amount	Credit impairment provisions	Net	Gross carrying amount	Credit impairment provisions	Net	Gross carrying amount	Credit impairment provisions	Net	
Operating segments										
Swedish Banking	1 146 965	214	1 146 751	63 614	846	62 768	2 208	555	1 653	1 211 172
Baltic Banking	157 155	83	157 072	23 944	335	23 609	1 580	318	1 262	181 943
Large Corporates & Institutions	200 919	530	200 389	20 702	1 135	19 567	6 742	4 125	2 617	222 573
Group Functions & Other	248		248							248
Loans to the public excluding the Swedish National Debt Office and repurchase agreements	1 505 287	827	1 504 460	108 260	2 316	105 944	10 530	4 998	5 532	1 615 936
Geographical distribution										
Sweden	1 296 148	479	1 295 669	77 195	1 303	75 892	2 473	742	1 731	1 373 292
Estonia	76 517	33	76 484	8 812	155	8 657	402	93	309	85 450
Latvia	28 960	28	28 932	6 647	86	6 561	504	86	418	35 911
Lithuania	51 678	22	51 656	8 485	94	8 391	674	139	535	60 582
Norway	31 678	169	31 509	5 895	583	5 312	6 011	3 758	2 253	39 074
Denmark	1 622		1 622				92	75	17	1 639
Finland	15 193	54	15 139	1 226	95	1 131	282	80	202	16 472
USA	1 685		1 685				92	25	67	1 752
Other	1 806	42	1 764							1 764
Loans to the public excluding the Swedish National Debt Office and repurchase agreements	1 505 287	827	1 504 460	108 260	2 316	105 944	10 530	4 998	5 532	1 615 936

1) Including purchased or originated credit impaired



Group Financial statements and notes

Loans to the public and credit institutions at amortised cost, carrying amount

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

2021

Sector/industry	Stage 1			Stage 2			Stage 31			Total
	Gross carrying amount	Credit impairment provisions	Net	Gross carrying amount	Credit impairment provisions	Net	Gross carrying amount	Credit impairment provisions	Net	
Private customers	1 090 376	98	1 090 278	42 148	259	41 889	1 844	480	1 364	1 133 531
Private mortgage	954 265	31	954 234	35 629	140	35 489	1 254	220	1 034	990 757
Tenant owner associations	90 670	2	90 668	1 015	3	1 012				91 680
Private other	45 441	65	45 376	5 504	116	5 388	590	260	330	51 094
Corporate customers	488 113	700	487 413	56 458	1 530	54 928	4 518	1 947	2 571	544 912
Agriculture, forestry, fishing	56 741	7	56 734	6 646	50	6 596	195	27	168	63 498
Manufacturing	33 379	108	33 271	3 715	181	3 534	161	82	79	36 884
Public sector and utilities	28 922	10	28 912	2 398	29	2 369	15	2	13	31 294
Construction	17 143	14	17 129	2 753	51	2 702	180	35	145	19 976
Retail and wholesale	26 470	76	26 394	3 527	178	3 349	134	40	94	29 837
Transportation	11 187	8	11 179	2 079	36	2 043	29	7	22	13 244
Shipping and offshore	7 983	264	7 719	2 353	364	1 989	2 966	1 526	1 440	11 148
Hotels and restaurants	3 480	66	3 414	3 801	309	3 492	390	53	337	7 243
Information and communication	14 576	14	14 562	1 199	11	1 188	2		2	15 752
Finance and insurance	18 021	8	18 013	569	3	566	14	3	11	18 590
Property management, including	239 228	105	239 123	21 827	213	21 614	267	125	142	260 879
Residential properties	76 842	27	76 815	6 884	65	6 819	64	12	52	83 686
Commercial	98 300	49	98 251	9 355	80	9 275	166	108	58	107 584
Industrial and Warehouse	40 619	13	40 606	2 950	14	2 936	23	2	21	43 563
Other	23 467	16	23 451	2 638	54	2 584	14	3	11	26 046
Professional services	17 053	8	17 045	2 514	42	2 472	86	25	61	19 578
Other corporate lending	13 930	12	13 918	3 077	63	3 014	79	22	57	16 989
Loans to the public excluding the Swedish National Debt Office and repurchase agreements	1 578 489	798	1 577 691	98 606	1 789	96 817	6 362	2 427	3 935	1 678 443
of which cash collaterals posted	1 832		1 832							1 832
of which customer lending	1 576 657	798	1 575 859	98 606	1 789	96 817	6 362	2 427	3 935	1 676 611
Loans to the public, Swedish National Debt Office	3		3							3
Loans to credit institutions excluding repurchase agreements	38 102	8	38 094	27		27				38 121
Loans to the public and credit institutions	1 616 594	806	1 615 788	98 633	1 789	96 844	6 362	2 427	3 935	1 716 567
Share of loans, %	93,90			5,73			0,37			100
Credit impairment provision ratio, %	0,05			1,81			38,15			0,29

1) Including purchased or originated credit impaired



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2020

Sector/industry	Stage 1			Stage 2			Stage 31			Total
	Gross carrying amount	Credit impairment provisions	Net	Gross carrying amount	Credit impairment provisions	Net	Gross carrying amount	Credit impairment provisions	Net	
Private customers	1 036 489	118	1 036 371	42 251	291	41 960	2 152	505	1 647	1 079 978
Private mortgage	902 233	51	902 182	35 323	171	35 152	1 531	290	1 241	938 575
Tenant owner associations	91 286	4	91 282	1 582	5	1 577	109	2	107	92 966
Private other	42 970	63	42 907	5 346	115	5 231	512	213	299	48 437
Corporate customers	468 798	709	468 089	66 009	2 025	63 984	8 378	4 493	3 885	535 958
Agriculture, forestry, fishing	57 258	11	57 247	7 283	57	7 226	204	33	171	64 644
Manufacturing	32 876	133	32 743	5 910	141	5 769	298	97	201	38 713
Public sector and utilities	24 821	13	24 808	990	16	974	53	12	41	25 823
Construction	14 952	32	14 920	4 643	122	4 521	159	40	119	19 560
Retail and wholesale	23 019	67	22 952	5 955	244	5 711	531	216	315	28 978
Transportation	11 480	8	11 472	1 483	28	1 455	19	4	15	12 942
Shipping and offshore	6 634	32	6 602	4 251	560	3 691	6 235	3 917	2 318	12 611
Hotels and restaurants	4 339	49	4 290	4 655	313	4 342	323	27	296	8 928
Information and communication	11 041	10	11 031	2 569	35	2 534	13	3	10	13 575
Finance and insurance	20 083	29	20 054	744	12	732	22	10	12	20 798
Property management, including	224 852	272	224 580	22 533	376	22 157	244	62	182	246 919
Residential properties	65 530	74	65 456	8 517	99	8 418	22	11	11	73 885
Commercial	92 881	125	92 756	7 123	118	7 005	162	40	122	99 883
Industrial and Warehouse	42 009	47	41 962	2 721	18	2 703	33	7	26	44 691
Other	24 432	26	24 406	4 172	141	4 031	27	4	23	28 460
Professional services	17 896	35	17 861	3 283	76	3 207	169	44	125	21 193
Other corporate lending	19 547	18	19 529	1 710	45	1 665	108	28	80	21 274
Loans to the public excluding the Swedish National Debt Office and repurchase agreements	1 505 287	827	1 504 460	108 260	2 316	105 944	10 530	4 998	5 532	1 615 936
of which cash collaterals posted	9 630		9 630							9 630
of which customer lending	1 495 657	827	1 494 830	108 260	2 316	105 944	10 530	4 998	5 532	1 606 306
Loans to the public, Swedish National Debt Office	25 003		25 003							25 003
Loans to credit institutions excluding repurchase agreements	46 367	28	46 339	33		33				46 372
Loans to the public and credit institutions	1 576 657	855	1 575 802	108 293	2 316	105 977	10 530	4 998	5 532	1 687 311
Share of loans. %	92.99			6.39			0.62			100
Credit impairment provision ratio. %	0.05			2.14			47.46			0.48

1) Including purchased or originated credit impaired

Concentration risk, customer exposure

The Group did not have any exposures against individual counterparties that exceeded 10 per cent of the capital base.



Group Financial statements and notes

Reconciliations of credit impairment provisions

The tables below provide reconciliations of credit impairment provisions for loans to credit institutions at amortised cost, loans to the public at amortised cost as well as commitments and financial guarantees. Stage transfers are reflected as taking place at the end of the year.

Loans to credit institutions	2021				2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Carrying amount before provisions								
Opening balance	46 367	33		46 400	45 373	75		45 448
Closing balance	38 102	27		38 129	46 367	33		46 400
Credit impairment provisions								
Opening balance	28			28	4	1		5
Movements affecting credit impairments								
New and derecognised financial assets, net	2			2	5			5
Changes in risk factors (EAD, PD, LGD)	-19			-19	19	-1		18
Changes in macroeconomic scenarios	-2			-2				
Post-model expert credit adjustments	-2			-2				
Total movements affecting credit impairments	-21			-21	24	-1		23
Movements recognised outside credit impairments								
Change in exchange rates	1			1				
Closing balance	8			8	28	0		28
Carrying amount								
Opening balance	46 339	33		46 372	45 369	74		45 443
Closing balance	38 094	27		38 121	46 339	33		46 372



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Loans to the public	2021				2020			
	Stage 1	Stage 2	Stage 31	Total	Stage 1	Stage 2	Stage 31	Total
Carrying amount before provisions								
Opening balance	1 530 290	108 260	10 530	1 649 080	1 492 372	106 189	13 593	1 612 154
Closing balance	1 578 492	98 606	6 362	1 683 460	1 530 290	108 260	10 530	1 649 080
Credit impairment provisions								
Opening balance	827	2 316	4 998	8 141	479	1 347	4 853	6 679
Movements affecting credit impairments								
New financial assets	149	96	46	291	171	221	40	432
Derecognised financial assets	-90	-371	-217	-678	-83	-132	-277	-492
Write-offs		-121	-3 683	-3 804			-1 669	-1 669
Changes in risk factors (EAD, PD, LGD)	37	-266	5	-224	120	-116	7	11
Changes in macroeconomic scenarios	-108	-157	-1	-266	-21	-90	-5	-116
Post-model expert credit adjustments	88	78	-12	154	387	823	13	1 223
Individual assessments			826	826			2 388	2 388
Stage transfers	-127	145	232	250	-195	389	227	421
from 1 to 2	-138	316		178	-206	496		290
from 1 to 3	-1		62	61	-2		89	87
from 2 to 1	12	-90		-78	12	-75		-63
from 2 to 3		-89	228	139		-37	201	164
from 3 to 2		8	-48	-40		5	-30	-25
from 3 to 1	0		-10	-10	1		-33	-32
Other	1	0	-82	-81			-166	-166
Total movements affecting credit impairments	-50	-596	-2 886	-3 532	379	1 095	558	2 032
Movements recognised outside credit impairments								
Interest			82	82			166	166
Change in exchange rates	21	69	233	323	-31	-126	-579	-736
Closing balance	798	1 789	2 427	5 014	827	2 316	4 998	8 141
Carrying amount								
Opening balance	1 529 463	105 944	5 532	1 640 939	1 491 893	104 842	8 740	1 605 475
Closing balance	1 577 694	96 817	3 935	1 678 446	1 529 463	105 944	5 532	1 640 939

1) Including purchased or originated credit impaired

Loans to the public, private customers	2021				2020			
	Stage 1	Stage 2	Stage 31	Total	Stage 1	Stage 2	Stage 31	Total
Carrying amount before provisions								
Opening balance	1 036 489	42 251	2 152	1 080 892	1 002 000	49 132	2 196	1 053 328
Closing balance	1 090 376	42 148	1 844	1 134 368	1 036 489	42 251	2 152	1 080 892
Credit impairment provisions								
Opening balance	118	291	505	914	72	255	479	806
New financial assets	32	25	22	79	36	28	23	87
Derecognised financial assets	-11	-31	-56	-98	-10	-27	-46	-83
Write-offs			-71	-71			-67	-67
Changes in risk factors (EAD, PD, LGD)	20	-67	5	-42	35	-39	26	22
Changes in macroeconomic scenarios	-6	-7	-1	-14	-13	-51	-6	-70
Post-model expert credit adjustments	-22	-17	-12	-51	39	72	12	123
Individual assessments			2	2			-1	-1
Stage transfers	-16	29	-13		-12	22	-10	
Remeasurement of provisions due to stage transfers	-18	33	96	111	-25	40	104	119
Change in exchange rates and other	1	3	3	7	-4	-9	-9	-22
Closing balance	98	259	480	837	118	291	505	914
Carrying amount								
Opening balance	1 036 371	41 960	1 647	1 079 978	1 001 928	48 877	1 717	1 052 522
Closing balance	1 090 278	41 889	1 364	1 133 531	1 036 371	41 960	1 647	1 079 978

1) Including purchased or originated credit impaired



Group Financial statements and notes

Loans to the public, corporate customers

	2021				2020			
	Stage 1	Stage 2	Stage 31	Total	Stage 1	Stage 2	Stage 31	Total
Carrying amount before provisions								
Opening balance	493 801	66 009	8 378	568 188	490 372	57 057	11 397	558 826
Closing balance	488 116	56 458	4 518	549 092	493 801	66 009	8 378	568 188

Credit impairment provisions

Opening balance	709	2 025	4 493	7 227	407	1 092	4 374	5 873
New financial assets	117	71	24	212	135	193	17	345
Derecognised financial assets	-79	-340	-161	-580	-73	-105	-231	-409
Write-offs		-121	-3 612	-3 733			-1 602	-1 602
Changes in risk factors (EAD, PD, LGD)	17	-199	0	-182	85	-77	-19	-11
Changes in macroeconomic scenarios	-102	-150	0	-252	-8	-39	1	-46
Post-model expert credit adjustments	110	95	0	205	348	751	1	1 100
Individual assessments			824	824			2 389	2 389
Stage transfers	-22	-23	45		-88	102	-14	
Remeasurement of provisions due to stage transfers	-71	106	104	139	-70	225	147	302
Change in exchange rates and other	21	66	230	317	-27	-117	-570	-714
Closing balance	700	1 530	1 947	4 177	709	2 025	4 493	7 227

Carrying amount

Opening balance	493 092	63 984	3 885	560 961	489 965	55 965	7 023	552 953
Closing balance	487 416	54 928	2 571	544 915	493 092	63 984	3 885	560 961

1) Including purchased or originated credit impaired

Loan commitments and financial guarantees

	2021				2020			
	Stage 1	Stage 2	Stage 31	Total	Stage 1	Stage 2	Stage 31	Total
Nominal amount								
Opening balance	358 988	17 341	542	376 871	322 384	11 325	1 248	334 957
Closing balance	306 298	16 134	221	322 653	358 988	17 341	542	376 871

Credit impairment provisions

Opening balance	249	396	161	806	113	144	326	583
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Movements affecting credit impairments

New and derecognised financial assets, net	-1	-21	-91	-113	25	5	-198	-168
Changes in risk factors (EAD, PD, LGD)	-20	-57	6	-71	21	32	-10	43
Changes in macroeconomic scenarios	-36	-45	0	-81	-3	-4		-7
Post-model expert credit adjustments	86	-17	0	69	132	178	0	310
Individual assessments			-3	-3			2	2
Stage transfers	-3	1	0	-2	-26	58	70	102
from 1 to 2	-5	15		10	-28	77		49
from 1 to 3	0		1	1	-1		12	11
from 2 to 1	3	-14		-11	3	-10		-7
from 2 to 3		0	2	2		-9	59	50
from 3 to 2		0	-3	-3		0	-1	-1
from 3 to 1	-1		0	-1				
Other	0	0	0	0				
Total movements affecting credit impairments	26	-139	-88	-201	149	269	-136	282

Movements recognised outside credit impairments

Interest								
Change in exchange rates	11	16	12	39	-13	-17	-29	-59
Closing balance	286	273	85	644	249	396	161	806

1) Including purchased or originated credit impaired



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Reconciliations of credit impairment provisions by business area

The tables below provide reconciliations of total credit impairment provisions for loans to the public and credit institutions at amortised cost per business area. Stage transfers are reflected as taking place at the end of the year. Credit impairment provisions of SEK 12m (1) relating to Group functions and others are not presented in the tables below.

Swedish Banking

Loans to the public and credit institutions

	2021				2020			
	Stage 1	Stage 2	Stage 3 ¹	Total	Stage 1	Stage 2	Stage 3 ¹	Total
Carrying amount before provisions								
Opening balance	1 147 308	63 618	2 208	1 213 134	1 126 499	68 506	2 882	1 197 887
Closing balance	1 194 612	56 605	1 888	1 253 105	1 147 308	63 618	2 208	1 213 134
Credit impairment provisions								
Opening balance	214	846	555	1 615	147	599	699	1 445
New financial assets	38	41	26	105	53	63	12	128
Derecognised financial assets	-15	-84	-71	-170	-25	-76	-99	-200
Write-offs			-96	-96			-199	-199
Changes in risk factors (EAD, PD, LGD)	5	-118	2	-111	30	-139	27	-82
Changes in macroeconomic scenarios	-27	-61	0	-88	-16	-51	-1	-68
Post-model expert credit adjustments	17	-10	0	7	85	274	1	360
Individual assessments			2	2			1	1
Stage transfers	31	-7	-24		10	7	-17	
Remeasurement of provisions due to stage transfers	-62	105	118	161	-68	172	141	245
Change in exchange rates and other	-7	-2	1	-8	-2	-3	-10	-15
Closing balance	194	710	513	1 417	214	846	555	1 615

Carrying amount

Opening balance	1 147 094	62 772	1 653	1 211 519	1 126 352	67 907	2 183	1 196 442
Closing balance	1 194 418	55 895	1 375	1 251 688	1 147 094	62 772	1 653	1 211 519

1) Including purchased or originated credit impaired

Baltic Banking

Loans to the public and credit institutions

	2021				2020			
	Stage 1	Stage 2	Stage 3 ¹	Total	Stage 1	Stage 2	Stage 3 ¹	Total
Carrying amount before provisions								
Opening balance	157 249	23 951	1 580	182 780	162 025	22 608	1 589	186 222
Closing balance	174 582	24 181	1 315	200 078	157 249	23 951	1 580	182 780
Credit impairment provisions								
Opening balance	83	335	318	736	34	193	402	629
New financial assets	50	23	20	93	24	41	21	86
Derecognised financial assets	-5	-36	-62	-103	-2	-19	-38	-59
Write-offs			-63	-63			-84	-84
Changes in risk factors (EAD, PD, LGD)	45	-30	-12	3	77	-90	-21	-34
Changes in macroeconomic scenarios	-5	-9	-1	-15	-8	-40	-4	-52
Post-model expert credit adjustments	24	114	-12	126	52	173	12	237
Individual assessments			-2	-2			-1	-1
Stage transfers	-75	68	7		-85	78	7	
Remeasurement of provisions due to stage transfers	-11	11	71	71	-8	17	43	52
Change in exchange rates and other	2	6	6	14	-1	-18	-19	-38
Closing balance	108	482	270	860	83	335	318	736

Carrying amount

Opening balance	157 166	23 616	1 262	182 044	161 991	22 415	1 187	185 593
Closing balance	174 474	23 699	1 045	199 218	157 166	23 616	1 262	182 044

1) Including purchased or originated credit impaired



Group Financial statements and notes

Large Corporates and Institutions

Loans to the public and credit institutions

	2021				2020			
	Stage 1	Stage 2	Stage 3 ¹	Total	Stage 1	Stage 2	Stage 3 ¹	Total
Carrying amount before provisions								
Opening balance	228 389	20 724	6 742	255 855	228 698	15 150	9 122	252 970
Closing balance	228 989	17 832	3 159	249 980	228 389	20 724	6 742	255 855
Credit impairment provisions								
Opening balance	546	1 135	4 125	5 806	301	556	3 752	4 609
New financial assets	67	32		99	95	115	23	233
Derecognised financial assets	-74	-251	-84	-409	-55	-35	-156	-246
Write-offs		-121	-3 524	-3 645			-1 386	-1 386
Changes in risk factors (EAD, PD, LGD)	-26	-118	15	-129	24	112	1	137
Changes in macroeconomic scenarios	-78	-87		-165	3	1		4
Post-model expert credit adjustments	45	-26		19	250	376		626
Individual assessments			826	826			2 388	2 388
Stage transfers	5	-54	49		-25	40	-15	
Remeasurement of provisions due to stage transfers	-15	22	11	18	-19	75	68	124
Change in exchange rates and other	28	65	226	319	-28	-105	-550	-683
Closing balance	498	597	1 644	2 739	546	1 135	4 125	5 806
Carrying amount								
Opening balance	227 843	19 589	2 617	250 049	228 397	14 594	5 370	248 361
Closing balance	228 491	17 235	1 515	247 241	227 843	19 589	2 617	250 049

1) Including purchased or originated credit impaired

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Forborne loans

Forborne loans refer to loans where the contractual terms have been changed due to the customers' financial difficulties. The purpose of the forbearance measure is to enable the borrower to make full payments again or 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 rates, forgiveness of all or part of the loan, or issuance of new loans to pay overdue amounts. Depending on when the forbearance measures are taken and the severity of the financial difficulties of the borrower, the forborne loan could either be treated as a performing forborne loan or a non-performing forborne loan. The following tables show the gross carrying amounts of forborne loans.

Loan write-offs

Loans are written off when the loss amount is ultimately established and there are no realistic options of recovery. The remaining loan amount for those that are partially written off is still included in credit-impaired loans or forborne loans. Previous provisions are reversed in connection with the write-off. The loss amount is ultimately determined when a receiver has presented a bankruptcy distribution, when a bankruptcy settlement has been reached, when a concession has been granted, or when the Swedish Enforcement Agency, or a collection company has reported that the physical person has no distrainable assets. A write-off normally does not mean that the claim against the borrower has been forgiven. Generally, a proof of claim is filed against the borrower or guarantor after the write-off. A proof of claim is not filed when a legal entity has ceased to exist due to a bankruptcy, when a bankruptcy settlement has been reached or when receivables have been completely forgiven. The total contractual amount on loans that were written off during the year, and which still are subject to enforcement activity, is SEK 198m (266).

Gross carrying amount of forborne loans

2021

	Sweden	Estonia	Latvia	Lithuania	Norway	Other	Total
Performing	1 427	2 318	1 193	551	336	349	6 174
Non-performing	456	462	214	285	2 874	183	4 474
Total	1 883	2 780	1 407	836	3 210	532	10 648

2020

	Sweden	Estonia	Latvia	Lithuania	Norway	Other	Total
Performing	1 919	999	1 153	403	1 216	147	5 837
Non-performing	643	289	331	423	6 423	237	8 346
Total	2 562	1 288	1 484	826	7 639	384	14 183

Covid-19 support measures

The impact of Covid-19 on society, governments, and some private individuals and corporates could be long-lasting and severe. As a way of supporting customers with Covid-19 related liquidity constraints, the Group provided amortisation deferrals of principal amounts due. Generally, these measures were not automatically or individually treated as a Stage 2 trigger or forbearance measures, in accordance with statements by supervisory authorities. Amortisation deferrals granted by the

Group were primarily related to private mortgages. All amortisation deferrals have expired by year end. The gross carrying amount of loans as of year end that had been subject to such amortisation deferrals amounted to SEK 79.8n (74.9bn), of which 90 per cent (93) are classified in Stage 1, 9 per cent (6) in Stage 2, and 1 per cent (1) in Stage 3.

3.1.7 Assets taken over for protection of claims and cancelled leases

One way for the Group to manage credit risk is by requesting relevant collateral for credit risk exposures. The Group's definition of credit risk includes the risk that pledged collateral does not cover the claims. In some cases, when the counterparty fails to meet its contractual obligations towards the Group, the Group needs to take over pledged collateral or cancel leases aiming at protecting the claim. The measure is aiming to provide greater opportunities to recover cash flows to the extent possible, and thereby minimising credit impairments. This is expected to be done through active asset management and other value-creation measures. The aim is also to minimise the cost of ownership while the repossessed collateral is held. The internal assumptions in the calculation of the fair values are considered of such significance that the appraisal is attributed to level three in the hierarchy of fair value, a valuation model where significant valuation parameters are non-observable and based on internal assumptions.

	2021				2020			
	Number	Carrying amount, overtaken during 2021	Carrying amount	Fair value	Number	Carrying amount, overtaken during 2020	Carrying amount	Fair value
Buildings and land	15	1	24	28	29	14	54	56
Shares and other participating interests	1	20	20	20	1	10	31	31
Other	18	1	28	30	39	5	32	34
Total	34	22	72	78	69	28	117	122

3.1.8 Capital requirement for credit risks

The capital requirement for credit risks in Swedbank (consolidated situation) at year end 2021 amounted to SEK 27 111m (27 881). For more information, see note G4 Capital.



Group Financial statements and notes

3.1.9 Climate related information

Climate change, including changes made to meet the threat of climate risks may give rise to credit risk, especially in certain sectors. The table below shows the part of lending to the public and credit institutions that present material climate-related risks exposures. Groups and sectors are defined in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). TCFD's selection criteria for activities that are deemed materially impacted by climate change are greenhouse gas emissions, energy use and water use. Within the Transportation group, Swedbank has chosen to include manufacturing, trading, and services with vehicles to capture the entire value chain. This differs from the sectors in the table Loans to the public and credit institutions, carrying amount, section 3.1.6. For more information about the work with TCFD, please refer to Swedbank's sustainability report, page 206–208.

TCFD material groups	Gross carrying amount		TCFD sector	Gross carrying amount	
	2021	2020		2021	2020
Financial Group	53 349	63 065	Credit institutions	38 129	46 400
			Insurance companies	127	144
			Asset owners and asset managers	15 093	16 521
Energy Group	23 274	26 721	Oil and gas	6 002	13 029
			Coal	0	0
			Utilities	17 272	13 692
Transportation Group	33 802	32 734	Air transport	665	300
			Shipping	11 577	10 399
			Rail transportation	359	395
			Trucks, busses and working machines	15 461	15 947
			Automobiles and components	5 740	5 693
Agriculture, Food and Forest products Group	64 134	65 748	Agriculture	37 637	38 147
			Beverages, Packaged food and Meats	3 933	4 324
			Forestry	18 232	18 071
			Paper and forest products	4 332	5 206
Materials and Buildings Group	391 633	375 188	Metals & Mining	2 884	3 417
			Chemicals	6 759	8 203
			Construction materials (excl wood)	3 024	2 866
			Capital goods	4 517	3 627
			Real Estate management and development	374 449	357 075
Total	566 192	563 456	Total	566 192	563 456

TCFD's way of grouping economic activities differs significantly from Swedbank's traditional sectoral classification. The manufacturing sector, for example, in TCFD reporting is divided into several sectors that are found in all groups except Finance, see the table below.

	2021		2020	
	Loans gross carrying amount	% of total TCFD sector	Loans gross carrying amount	% of total TCFD sector
Manufacturing	37 255		39 084	
– of which TCFD:	28 483		32 340	
Air transportation	4	1	3	1
Automobiles and components	443	8	388	7
Beverages, Packaged foods and Meats	3 916	100	4 308	100
Capital goods	4 434	98	3 553	98
Chemicals	6 741	100	8 195	100
Construction materials	2 934	97	2 849	99
Metals & Mining	2 869	99	3 389	99
Oil & gas	1 178	20	3 465	27
Paper & Forest products	4 307	99	5 132	99
Rail transportation	16	4	19	5
Trucks, bus and working machines	1 264	8	1 039	7
Utilities	2	0		
Agriculture	4	0		
Forestry	225	1		
Real estate management and development	122	0		
Shipping	24	0		



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3.2 Liquidity risk

3.2.1 Definition

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

3.2.2. Risk management

The Board of Directors sets the Group's risk appetite for liquidity risk, including quantitative limits for internal and regulatory metrics. The CEO is responsible for implementing liquidity risk policies and for ensuring that business operations stay within the risk appetite established by the Board. The CEO has delegated responsibility for managing Swedbank's liquidity to the CFO and for this purpose the CFO has established a Group Treasury function. Group Risk constitutes the independent risk management function and is responsible for ensuring that liquidity risks are identified and properly managed, and for developing and maintaining a risk limit framework and Group-wide internal methods for liquidity risk measurement.

The funding strategy and management of the liquidity reserve, along with risk assessment processes, intraday operations, Funds Transfer Pricing (FTP) methodology and Business Continuity Plans (BCP's) are all key components in Swedbank's management of liquidity risk.

3.2.3. Risk measurement

Swedbank uses a range of liquidity risk measures to assess liquidity and funding risks across various time horizons, including intraday, under both normal and stressed scenarios. The liquidity metrics are either defined internally or by external regulatory requirements. A survival period limit based on the internally defined risk metric "Survival horizon" has been established. The survival period is measured as the number of days with a positive cumulative net liquidity position, taking future cash flows into account. The risk measure is conservative and assumes a stressed scenario, e.g. that there is limited access to the funding markets and that there are large outflows of deposits within a short time-period. In the measure, a severe drop in house prices is also assumed, affecting the over-collateralisation of the cover pool.

Swedbank also ensures compliance with two regulatory mandated liquidity risk metrics; the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio

(NSFR). These risk metrics are calculated regularly, monitored, and reported to relevant authorities by Group Treasury. The purpose of the LCR is to ensure that Swedbank has a sufficiently large liquidity reserve of high-quality unpledged assets to meet its liquidity needs in stressed situations during the next 30 days. The NSFR requires banks to maintain a stable funding profile and constrains overreliance on short-term funding. The NSFR ensures that a bank's illiquid long-term assets are financed using a minimum level of stable long-term funding. In addition, Swedbank monitors a set of early warning metrics on a daily basis.

3.2.4 Funding strategy

Swedbank's funding strategy is based on the quality and composition of its assets and uses several different funding programs to meet its short- and long-term needs of e.g. commercial paper, certificates of deposit, covered bonds and unsecured funding. More than half of the lending consists of Swedish mortgages, which to a large extent are funded by covered bonds.

Swedbank is the leading savings bank in its home markets. Deposit volumes, together with issued covered bonds and shareholders' equity, cover nearly all its funding requirements. As a result, Swedbank has a limited structural need for senior unsecured funding.

Swedbank aims to match unsecured funding against assets with corresponding amounts and maturities. The demand for senior unsecured funding is determined by Minimum Requirements for own funds and Eligible Liabilities (MREL) requirements.

For more information regarding Swedbank's distribution of liabilities and encumbered assets, refer to the Group's Pillar 3 report.

3.2.5 Liquidity reserve

Swedbank maintains a liquidity reserve to manage the Group's liquidity risk. The liquidity reserve is a central component in mitigating liquidity risk and is calibrated in such way that the risk appetite limits are safeguarded also under severely stressed circumstances.

Liquidity Reserve ¹	2021	2020
Level 1 assets	541 428	484 553
Cash and balances with central banks ²	354 991	315 446
Securities issued or guaranteed by sovereigns, central banks, MDBs and international organisations	148 839	131 695
Securities issued by municipalities and PSEs	5 581	1 309
Extremely high quality covered bonds	32 017	36 103
Level 2 assets	4 724	10 487
Level 2A assets	4 126	9 408
High quality covered bonds	4 123	9 405
Corporate debt securities (lowest rating AA-)	3	3
Level 2B assets	598	1 079
Corporate debt securities (rated A+ to BBB-)	598	785
Shares (major stock index)		294
Total	546 152	495 040

1) Unadjusted Liquid Assets classified in accordance with Commission Delegated Regulation (EU 2015/61).

2) Minimum reserve requirements held in the Central Bank of Estonia, Latvia, Lithuania and Bank of Finland are excluded from liquid assets.



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3.2.6 Summary of maturities

In the summary of maturities, undiscounted contractual cash flows are distributed on the basis of remaining maturities until the agreed time of maturity. For lending to the public, amortising loans are distributed based on amortisation schedules. Liabilities whose contracts contain a prepayment option have been distributed based on the earliest date on which repayment can be demanded. The large part of deposits from the public is contractually payable on demand. Despite the contractual terms, the deposits are essentially a stable and a long-term source of funding. The difference between the nominal amount and carrying amount, the discount effect, is presented in the column "No maturity/discount effect". This column also includes items without an agreed maturity date and where the anticipated repayment date has not been determined.

Loan commitments that are not recognised as financial liabilities amounting to SEK 268 984m (326 175) may be drawn at any time by the customer. Issued guarantees and other contingent liabilities of SEK 53 668m (50 696) may lead to future cash outflows if certain events occur. The expected cash outflows, amounting to SEK 644m (806), are reported in the time buckets up to one year, within Other liabilities. In the maturity distribution below, cash flows for derivatives have been distributed between assets and liabilities based on whether the individual derivative has a positive or negative fair value, without taking into account whether the derivatives have been offset in the accounts. Amounts that have been offset in the accounts are reported in the column "No maturity/discount effect".

Remaining maturity 2021	Undiscounted contractual cash flows						No maturity/ discount effect	Total
	Payable on demand	≤ 3 mths	>3 mths–1 yr	>1–5 yrs	>5–10 yrs	> 10 yrs		
Assets								
Cash and balances with central banks	360 153							360 153
Treasury bills and other bills eligible for refinancing with central banks		136 042	9 086	13 526	3 721	860	355	163 590
Loans to credit institutions	2 861	19 269	4 448	11 452	108	1 366		39 504
Loans to the public	312	63 478	143 400	387 857	149 017	961 324	-2 182	1 703 206
Value change of interest hedged items in portfolio hedges of interest rate risk							-1 753	-1 753
Bonds and other interest-bearing securities		5 550	10 054	36 476	6 894	258	-1 139	58 093
Financial assets for which the customers bear the investment risk	7 550	104 728	4 438	28 450	47 400	135 946		328 512
Shares and participating interests							21 121	21 121
Derivatives		12 775	4 116	80 457	65 391	16 008	-138 216	40 531
Intangible assets							19 488	19 488
Tangible assets							5 523	5 523
Other assets		11 163	1 486					12 649
Total	370 876	353 005	177 028	558 218	272 531	1 115 762	-96 803	2 750 617
Liabilities								
Amounts owed to credit institutions	30 834	34 995	187	26 796				92 812
Deposits and borrowings from the public	1 219 163	25 913	19 509	1 154	40	4		1 265 783
Debt securities in issue		109 939	216 063	374 284	24 076	16 602	-5 047	735 917
Financial liabilities where customers bear the investment risk	3 633	102 537	4 789	29 787	49 635	139 286		329 667
Derivatives		7 725	2 326	83 449	65 227	14 808	-145 429	28 106
Other liabilities		58 096	1 956	6 120	2 284	1 948	-204	70 200
of which lease liabilities		200	589	1 950	1 011	213	-204	3 759
Senior non-preferred liabilities				23 433	15 187		-788	37 832
Subordinated liabilities		4 516	6 651	12 323	4 894		220	28 604
Equity							161 696	161 696
Total	1 253 630	343 721	251 481	557 346	161 343	172 648	10 448	2 750 617

Remaining maturity 2020	Undiscounted contractual cash flows						No maturity/ discount effect	Total
	Payable on demand	≤ 3 mths	>3 mths–1 yr	>1–5 yrs	>5–10 yrs	> 10 yrs		
Assets								
Cash and balances with central banks	293 811							293 811
Treasury bills and other bills eligible for refinancing with central banks		115 528	4 225	12 030	2 971	2 271	166	137 191
Loans to credit institutions	5 934	23 647	7 263	9 934	293	883		47 954
Loans to the public	242	125 734	147 431	346 771	134 859	945 136	-19 186	1 680 987
Value change of interest hedged items in portfolio hedges of interest rate risk							1 774	1 774
Bonds and other interest-bearing securities		1 841	3 553	49 050	5 511	228	-208	59 975
Financial assets for which the customers bear the investment risk	6 059	81 271	3 210	22 126	35 015	104 730		252 411
Shares and participating interests							24 502	24 502
Derivatives		21 244	23 603	69 609	22 077	10 303	-94 659	52 177
Intangible assets							18 361	18 361
Tangible assets							5 421	5 421
Other assets		18 402	1 678				-2	20 078
Total	306 046	387 667	190 963	509 520	200 726	1 063 551	-63 831	2 594 642
Liabilities								
Amounts owed to credit institutions	38 605	37 190	441	74 077				150 313
Deposits and borrowings from the public	1 091 927	32 359	22 501	1 392	56	5		1 148 240
Debt securities in issue		92 885	164 579	430 558	28 552	17 519	-1 279	732 814
Financial liabilities where customers bear the investment risk	3 027	79 361	3 457	23 211	36 849	107 324		253 229
Derivatives		29 072	26 142	72 345	24 090	8 023	-105 292	54 380
Other liabilities	1	53 667	1 830	5 597	2 478	3 319	-212	66 680
of which lease liabilities			680	1 848	965	330	-212	3 611
Senior non-preferred liabilities				10 076	201		82	10 359
Subordinated liabilities				22 466	394		574	23 434
Equity							155 193	155 193
Total	1 133 560	324 534	218 950	639 722	92 620	136 190	49 066	2 594 642



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3.2.7 Stress tests

Stress tests are conducted regularly to increase preparedness for possible disruptions in the financial markets. Both Swedbank-specific and market-related disruptions are in focus in these analyses. They also consider the combined effects that would occur if all disruptions would occur at the same time.

In the scenarios, risk drivers are stressed to levels that are unlikely, but not inconceivable. Examples include large-scale withdrawals from deposit accounts, high utilisation of credit facilities and increased collateral requirements for various purposes. In addition, assumptions are also made that Swedbank's liquidity reserve decreases in value, and the properties that serve as collateral for the loans in the mortgage operations are likewise subject to stressed valuations. The latter

risk driver impacts Swedbank's ability to issue covered bonds, which is of strategic importance to its funding. As a last example of stress testing risk drivers, assumptions are made that access to wholesale funding markets becomes unavailable, while Swedbank's liquid assets still can generate liquidity.

In addition, a sensitivity analysis of the over-collateralisation level of the cover pool is regularly produced, as shown in the snapshot of the cover pool as of 31 December 2021 ("Current") in the table below. The analysis illustrates the effects on Swedbank Mortgage's over-collateralisation level given different levels of house price decline.

Cover pool sensitivity analysis, house price decline

House price decline	Current	-5%	-10%	-15%	-20%	-25%	-30%	-35%	-40%
Total assets in the cover pool, SEKm	1 061 963	1 058 590	1 052 665	1 042 725	1 027 983	1 008 241	983 612	953 793	918 353
Total outstanding covered bonds, SEKm	453 517	453 517	453 517	453 517	453 517	453 517	453 517	453 517	453 517
Over collateralisation level, %	134.2	133.4	132.1	129.9	126.7	122.3	116.9	110.3	102.5

Liquidity coverage ratio¹

	2021	2020
High Quality Liquid Assets (HQLA), SEKm		
High quality liquid assets, Level 1	530 878	482 025
High quality liquid assets, Level 2	3 806	8 536
Total HQLA	534 684	490 561
Cash Outflows, SEKm		
Retail deposits and deposits from small business customers	53 306	47 852
Unsecured wholesale funding	234 399	200 763
Secured wholesale funding	5 341	8 632
Additional requirements	65 863	69 477
Other cash outflows	6 698	3 310
Total cash outflows	365 608	330 034
Cash Inflows, SEKm		
Secured lending	6 439	4 361
Inflows from fully performing exposures	19 154	18 932
Other cash inflows	11 395	24 987
Total Cash Inflows	36 989	48 280
Liquidity coverage ratio, Total, %	163	174
Liquidity coverage ratio, EUR, %	419	263
Liquidity coverage ratio, USD, %	152	145
Liquidity coverage ratio, SEK ² , %	113	134

1) LCR - calculated in accordance with Commission Delegated Regulation (EU) 2018/1620

2) For LCR in SEK, the regulatory requirement is 75%. For EUR, USD and total, the requirement is 100%.

Liquidity and NSFR components

	2021	2020
NSFR, %	123	125
Available stable funding (ASF), SEKm	1 644 050	1 652 303
Required stable funding (RSF), SEKm	1 331 522	1 316 918



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3.2.8 Interest-bearing securities and lease liabilities

Swedbank has remained active in several capital markets to diversify its funding. During the year, Swedbank issued a total of SEK 106bn (77) in long-term debt instruments, of which covered bonds were the majority. Swedbank issued senior non-preferred liabilities of SEK 28bn and Additional Tier 1 capital of SEK 4bn.

The phase-in of MREL will be completed in 2024. Repayments of lease liabilities includes interest payments of SEK 42m (44).

Turnover during the year, 2021	Debts securities in issue				Total debt securities in issue	Senior non-preferred liabilities	Subordinated liabilities	Lease liabilities	Total
	Commercial papers	Covered bonds	Senior unsecured bonds	Structure retail bonds					
Opening balance	127 209	471 491	128 437	5 677	732 814	10 359	23 434	3 611	770 218
Issued/New contracts	653 596	74 334	31 503		759 433	27 501	4 328	519	791 781
Repurchased		-23 901		-1 972	-25 873				-25 873
Repaid	-619 612	-85 021	-35 374		-740 007		-617	-793	-741 417
Modifications and other								367	367
Change in value including interest	3 874	86	5 243	347	9 550	-28	1 459	55	11 036
Closing balance	165 067	436 989	129 809	4 052	735 917	37 832	28 604	3 759	806 112

Turnover during the year, 2020	Debts securities in issue				Total debt securities in issue	Senior non-preferred liabilities	Subordinated liabilities	Lease liabilities	Total
	Commercial papers	Covered bonds	Senior unsecured bonds	Structure retail bonds					
Opening balance	128 772	589 627	128 445	8 910	855 754	10 805	31 934	3 659	902 152
Issued/New contracts	420 734	40 517	36 833		498 084			396	498 480
Repurchased		-54 877		-2 527	-57 404				-57 404
Repaid	-411 121	-102 712	-31 476		-545 309	-95	-7 880	-767	-554 051
Modifications and other								305	305
Change in value including interest	-11 176	-1 064	-5 365	-706	-18 311	-351	-620	18	-19 264
Closing balance	127 209	471 491	128 437	5 677	732 814	10 359	23 434	3 611	770 218

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3.3 Market risk

3.3.1 Definition

Market risk is defined as 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).

3.3.2 Risk management

The Group's total risk-taking is governed by the risk appetites decided by the Board of Directors, which limit the nature and size of market risk-taking. Only risk-taking units, i.e. units that are approved for risk-taking by the CEO, are permitted to take market risks. The CEO assigns risk limits to the CFO as well as the Head of Business Area (BA) for Large corporates and institutions (LC&I). In order to monitor the limits assigned by the CEO, the CFO and the Head of BA for 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 BA for LC&I there are also local business area limits, which also serve as important tools in the risk-taking units' daily activities. The Group's unit for Risk control work on a daily basis with measuring, monitoring and reporting market risk within Swedbank.

The majority of the Group's market risks are of structural or strategic nature and are managed primarily by Group Treasury.

Structural interest rate risks are a natural part of a bank that manages deposits and loans. Interest rate risk arises primarily when there is a difference in maturity and interest fixing periods between the Group's assets and liabilities. Group Treasury manages risk within given limits, primarily by matching maturities either directly or through the use of various derivatives such as interest rate swaps. Interest rate risk also arises in the Group's trading operations. The Group's currency risk comprises of structural currency risk in the banking operations, currency risk as a result of the trading operations, and investments in the foreign operations. Share price risks arise due to holdings in equities and equity related derivatives.

All market risks are managed within given limits, for example by means of forward contracts.

3.3.3 Risk measurement

Swedbank uses a number of different risk measures, both statistical and non-statistical, with the purpose of limiting the Group's risk-taking units as well as to ensure compliance with regulations. Statistical measures such as Value-at-Risk (VaR) and Stressed Value-at-Risk (SVaR) are important tools in Swedbank's risk management processes and are used, among other things, to calculate the Group's capital requirement.

Non-statistical measures such as sensitivity analyses are important complements to VaR and SVaR, since these, in some cases, provide a deeper understanding of the market risk factors being measured. Sensitivity analyses provide a clearer view of risk concentration within specific factors of market risk which one cannot be concluded from eg. VaR.

In addition to VaR and various types of sensitivity analyses, Swedbank conducts an extensive array of stress tests. These tests are built on scenarios and can be divided into three groups: historical, forward-looking, and method- and model stress scenarios. The purpose of these stress tests, and the scenarios that serve as a basis for them, is to further identify significant movements in risk factors or losses that could arise due to exceptional market disruptions.

3.3.4 Risk exposure

Swedbank's market risks primarily arise within the Group's banking operations managed by Group Treasury. Market risk is also present in the trading operations, primarily as a result of customer transactions executed within the business area Large Corporates & Institutions (LC&I).

3.3.5 Value-at-Risk (VaR)

VaR implicates the use of a model to estimate a probability distribution for the change in value of Swedbank's portfolios. The model is based on the previous year's movements in various market risk factors such as interest rates, currency rates and equity prices. The estimation is based on the hypothetical assumption that the portfolios will remain unchanged over a certain time horizon. The Group uses a VaR model with a confidence interval of 99 per cent and a time horizon of one trading day. Statistically, this means that the potential loss of a portfolio will exceed the VaR amount one day out of 100. VaR is a useful tool, not only for determining the risk level of an individual security or asset class, but also when it comes to comparing risk levels for example between asset classes. Since VaR is a model

based on a number of assumptions, Swedbank evaluates its VaR model's accuracy on a daily basis through backtesting.

"Regular" VaR and Stressed VaR (SVaR) differ slightly in that the stressed model applies market data from a one-year period of considerable stress. The period selected by Swedbank covers parts of the years 2008 and 2009, a period characterized by the financial crisis.

The trading operations at Swedbank are conducted within the business area LC&I for the primary purpose of assisting customers to execute transactions in the financial markets. Positioning occurs only to a limited extent. The risk level (measured as VaR) is applied in the calculation of Swedbank's capital requirement.

Swedbank evaluates the VaR model's reliability on a daily basis with actual and hypothetical backtesting. Actual backtesting uses the trading operations' actual daily results to determine the accuracy of the VaR model, while hypothetical backtesting compares the portfolio's value at the end of the day with its estimated value at the end of the subsequent day. The estimated value is obtained by applying market movements during the day for which the test is performed, with the assumption that the positions in the portfolio remain unchanged during this time period. The hypothetical backtesting conducted by the Group in 2021 exceeded the actual VaR level on 5 occasions.

Regulatory VaR trading LC&I	Jan-dec 2021 (2020)			2021	2020
	Max	Min	Average	31 dec	31 dec
SEKm					
Value-at-Risk	35 (32)	14 (14)	21 (22)	24	23
Stressed Value-at-Risk	127 (118)	71 (58)	96 (85)	86	82

In addition to the VaR model applied in the calculation of Swedbank's capital requirement, the Group uses a VaR model that also captures credit spread risk in its internal risk management. The trading operations' total VaR had an average value of SEK 24m in 2021, which can be compared to the average value of 28m for 2020.

Risk VaR trading LC&I	Jan-dec 2021 (2020)			2021	2020
	Max	Min	Average	31 dec	31 dec
SEKm					
Credit spread risk	24 (27)	4 (4)	9 (17)	6	14
Share price risk	16 (18)	2 (3)	5 (6)	6	7
Currency risk	10 (13)	1 (0)	3 (3)	5	4
Interest rate risk	33 (29)	15 (16)	21 (21)	24	21
Diversification	-41 (-46)	-5 (-6)	-14 (-19)	-17	-15
Total	42 (41)	16 (18)	24 (28)	24	30

Data in the table are compiled using the VaR model that the Group applies to internal risk management and therefore differs from the values generated by the VaR model for capital requirements.

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3.3.6 Interest rate risk

Interest rate risk refers to the risk that the value of the Group's assets, liabilities and interest related derivatives will be negatively affected by changes in interest rates or other relevant risk factors.

The majority of the Group's interest rate risk is structural and arises within the banking operations when there is a mismatch between the interest fixing periods of assets and liabilities, including derivatives. The interest rate risk in fixed rate assets, primarily customer loans, accounts for the larger part of this risk and is hedged through fixed rate funding or by entering into various types of swap agreements. Interest rate risk also arises within the trading operations, e.g. through customer related activities.

An increase in all market interest rates of one percentage point would have increased the net value of the Group's assets and liabilities, including derivatives, by SEK -257m (1 901) at year end. The effect on positions in Swedish krona would have been an increase of SEK -1 290m (518), while positions in foreign currency would have increased by SEK 1 033m (1 383). The Group's Net gains and losses on financial items would have been affected by SEK 74m (316).

The Group uses derivatives for so-called cash flow hedges. A change in market interest rates, as indicated above, would have affected the Group's other comprehensive income by SEK 16m (16).

The market risk measurement will need to adapt gradually to the expected changes related to the Interest Rate Benchmark reform and the new risk-free reference rates. The transition to the new risk-free interest rates is likely to proceed for some years. The effect on risk measurements such as Value-at-Risk due to the IBOR reform is difficult to predict as of today.

3.3.7 Credit spread risk

For financial assets and liabilities measured at fair value within the Group's trading operations and liquidity portfolio, credit spread risk is measured separately as well. Credit spread risk refers to the risk that the value of these assets and liabilities will be affected by changes in issuer specific interest mark-ups (credit spreads), e.g. the difference between a security's interest mark-up and the current market rate with the corresponding maturity for an issuer.

An increase in all issuer specific spreads of 1 basis point at year end would have reduced the value of these interest-bearing assets, including derivatives, by SEK 5m (12).

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

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

2021	≤ 3 mths	>3-6 mths	>6-12 mths	>1-2 yrs	>2-3 yrs	>3-4 yrs	>4-5 yrs	>5-10 yrs	> 10 yrs	Total
SEK	-623	19	-130	-246	-477	475	491	-1 020	221	-1 290
Foreign currency	22	94	27	129	553	-350	282	191	85	1 033
Total	-601	113	-103	-117	76	125	773	-829	306	-257
2020	≤ 3 mths	>3-6 mths	>6-12 mths	>1-2 yrs	>2-3 yrs	>3-4 yrs	>4-5 yrs	>5-10 yrs	> 10 yrs	Total
SEK	-422	77	-97	492	123	801	216	-1 202	530	518
Foreign currency	78	-30	473	494	1 102	-1 552	790	-13	41	1 383
Total	-344	47	376	986	1 225	-751	1 006	-1 215	571	1 901

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

2021	≤ 3 mths	>3-6 mths	>6-12 mths	>1-2 yrs	>2-3 yrs	>3-4 yrs	>4-5 yrs	>5-10 yrs	> 10 yrs	Total
SEK	-20	20	-59	-262	-118	130	670	-220	84	225
Foreign currency	-311	31	-171	-102	560	-851	439	246	8	-151
Total	-331	51	-230	-364	442	-721	1 109	26	92	74
2020	≤ 3 mths	>3-6 mths	>6-12 mths	>1-2 yrs	>2-3 yrs	>3-4 yrs	>4-5 yrs	>5-10 yrs	> 10 yrs	Total
SEK	180	104	-67	411	57	333	113	-1 047	484	568
Foreign currency	-396	-240	573	610	3 044	-6 552	2 592	341	-224	-252
Total	-216	-136	506	1 021	3 101	-6 219	2 705	-706	260	316

3.3.8 Currency risk

Currency risk refers to the risk that the value of the Group's assets and liabilities, including derivatives, will be negatively affected by changes in exchange rates or other relevant risk factors.

The Group has currency positions through goodwill and other intangible assets, which are deductible from the capital base. These currency positions are financed in Swedish kronor and are not hedged since changes in exchange rates between the foreign currencies and Swedish kronor do not affect either profit or the capital base. The major single position is in euro and relates to the Baltic operations. At year end the foreign currency position arising from goodwill in the Baltic currency position amounted to SEK 10 378m (10 200m).

In addition, the Group has structural currency risks within the banking operations due to deposits and lending in different currencies. Currency risk also arises in the trading operations, e.g. due to customer transactions. Currency risk that arises in the banking operations or that is strategic in nature is managed by Group Treasury by limiting the total value of assets and liabilities (including derivatives) in one currency to a desired level using derivatives, such as cross currency swaps and forward exchange agreements. Currency risks arising in the trading operations are also managed by means of currency derivatives.

The Group's exposure to currency risks with the probability to affect earnings, i.e. excluding exposures related to goodwill in foreign operations and related hedges, is limited. A shift in exchange rates between foreign currencies and the Swedish krona of +5 percent at year-end would have a direct effect on the Group's reported

profit of SEK 19m (66), of which 9m (64) relates to euro. Moreover, a shift in exchange rates between foreign currencies and the Swedish krona of -5 percent at year-end would have a direct effect on the Group's reported profit of SEK 46m (-56), of which 48m (-60) relates to euro.

A shift in exchange rates between the Swedish krona and foreign currencies of +/- 5 per cent, with respect to net investments in foreign operations and related hedges, would have a direct effect on other comprehensive income of SEK +/- 950 m after tax (+/- 879), of which 947m (927) relates to euro.

The Group recognises certain currency derivatives as cash flow hedges. An increase in the basis spread, (i.e. the price to swap cash flows in one currency for another) of one basis point would have had a positive effect on these derivatives in other comprehensive income of SEK 6m (8) after tax at year end. Net funding in foreign currency with a corresponding recognised amount of SEK 38 214m (35 168) is used as a hedging instrument to hedge the net investment in foreign operations. The below net position in currencies pertains mainly to parts of net investments in foreign operations that are not hedged. Exchange rate changes to this position are recognised in other comprehensive income (OCI) as translation difference.

Below the carrying amounts in the balance sheet are presented according to the transaction currency, except for derivatives. Derivatives might include cash flows in different currencies and are therefore presented according to the contract's different currencies. All carrying amounts in the table are presented in SEK.



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Currency distribution

2021	EUR	USD	GBP	DKK	NOK	Other	Total foreign currency	SEK	Total
Assets									
Cash and balances with central banks	167 873	19 370		428	293	55	188 019	172 134	360 153
Treasury bills and other bills eligible for refinancing with central banks, etc.	7 585	836			1 486		9 907	153 683	163 590
Loans to credit institutions	15 786	3 157	232	1 558	4 946	244	25 923	13 581	39 504
Loans to the public	237 627	22 899	2 799	5 090	41 453	2 187	312 055	1 391 151	1 703 206
Bonds and other interest-bearing securities	5 806	1 959		348	7 712		15 825	42 268	58 093
Derivatives and other assets, not distributed								426 071	426 071
Total	434 677	48 221	3 031	7 424	55 890	2 486	551 729	2 198 888	2 750 617
Liabilities									
Amounts owed to credit institutions	51 012	2 868	10	225	921		55 036	37 776	92 812
Deposits and borrowings from the public	345 349	36 786	1 946	3 052	5 014	3 273	395 420	870 363	1 265 783
Debt securities in issue	187 417	164 049	26 263		7 952	13 105	398 786	337 131	735 917
Senior non-preferred liabilities	25 997		4 261		5 292	1 331	36 881	951	37 832
Subordinated liabilities	11 870	13 625				1 891	27 386	1 218	28 604
Derivatives and other liabilities, not distributed								427 973	427 973
Equity								161 696	161 696
Total	621 645	217 328	32 480	3 277	19 179	19 600	913 509	1 837 108	2 750 617
Derivatives, other assets and liabilities	198 113	169 009	29 392	-4 127	-36 493	17 097	372 991		
Net position in currency	11 145	-98	-57	20	218	-17	11 211		
2020									
Assets									
Cash and balances with central banks	144 434	19 466		68	82	129	164 179	129 632	293 811
Treasury bills and other bills eligible for refinancing with central banks, etc.	4 664	713			705		6 082	131 109	137 191
Loans to credit institutions	19 914	3 886	1 001	1 652	3 847	3 987	34 287	13 667	47 954
Loans to the public	224 649	25 392	3 669	5 168	31 101	2 539	292 518	1 388 469	1 680 987
Bonds and other interest-bearing securities	6 670	580		410	8 227		15 887	44 088	59 975
Derivatives and other assets, not distributed								374 724	374 724
Total	400 331	50 037	4 670	7 298	43 962	6 655	512 953	2 081 689	2 594 642
Liabilities									
Amounts owed to credit institutions	40 969	3 179	5 346	1 356	9 469	4 546	64 865	85 448	150 313
Deposits and borrowings from the public	308 646	30 776	812	117	548	8 718	349 617	798 623	1 148 240
Debt securities in issue	221 847	114 537	38 625		10 548	14 595	400 152	332 662	732 814
Senior non-preferred liabilities	7 564				2 795		10 359		10 359
Subordinated liabilities	11 751	8 535				1 921	22 207	1 227	23 434
Derivatives and other liabilities, not distributed								374 289	374 289
Equity								155 193	155 193
Total	590 777	157 027	44 783	1 473	23 360	29 780	847 200	1 747 442	2 594 642
Derivatives, other assets and liabilities	201 778	106 939	40 125	-5 831	-20 408	23 127	345 730		
Net position in currency	11 332	-51	12	-6	194	2	11 483		

3.3.9 Share price risk

Share price risk refers to the risk that the value of the Group's holdings of shares and share related derivatives may be negatively affected by changes in share prices or other relevant risk factors such as share price volatility.

Share price risk arises due to holdings in equities and equity related derivatives. The main purpose of Swedbank's equity trading is to generate liquidity for the Group's customers. Share price risk is measured and limited in the Group, e.g. with respect to the worst possible outcomes in 81 different scenarios based on changes in share prices and implied volatility. In these scenarios, share prices change by a maximum of +/- 20 percent and the implied volatility by a maximum of +/- 30 percent. The outcomes for the various combinations form a risk matrix for share price risk, where the worst-case scenario is limited.

As of year-end, the worst-case scenario would have affected the value of the trading operations' positions by SEK -21m (-27%).

3.3.10 Commodity risk

Commodity risk refers to the risk that the value of the Group's holdings of commodity related derivatives will be negatively affected by a change in asset prices. Exposure to commodity risks arises in the Group only in exceptional cases as part of customer related products. Swedbank hedges all positions with a commodity exposure with another party, so that no open exposure remains.

3.3.11 Capital requirement for market risks

The capital requirement for market risks in Swedbank amounted to SEK 1 625m (1 385) at year end.

3.4 Operational risks

3.4.1 Definition

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 divided into sub risk types.

3.4.2 Risk management

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

3.4.3 Risk assessments

All business areas apply the same methods (e.g. risk assessments) to self-assess operational risks. These methods are used on regular basis to cover among others all key processes within the Group and include risk identification, action planning and monitoring to manage any risk that may arise.

3.4.4 New Product Approval Processes

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.

3.4.5 Incident, Continuity and Crisis management

Swedbank works proactively to prevent and strengthen its resilience and ability to manage all types of incidents, such as IT disruptions, natural disasters, financial market disturbances and pandemics, which may affect the Group's ability to provide services and offerings continually at an acceptable level. The principles for incident, continuity and crisis management are defined in a Group-common framework as well as established system support for incidents and losses. A Group-level crisis management team is responsible for management, coordination and communication in collaboration with local crisis management teams. Continuity plans are drafted for all business and systemically critical operations and services. The plans describe how Swedbank will operate in the event of a serious disruption. Swedbank's models for continuity and crisis management are based on international and national standards.

Incident reporting

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

3.4.6 Process and control management

An internal regulation on managing processes and process control has been adopted. It includes a process univers, with information on process ownership for essential processes as support to risk managing activities and a regulation on internal control of financial reporting.

3.4.7 Information security risk

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

3.4.8 Capital requirements for operational risks

Swedbank applies the standardised approach to calculate the capital requirement for operational risks. Swedbank's capital requirement for operational risk as of year end amounted to SEK 6 049m (SEK 5 881m).

3.5 Risk in the insurance business

3.5.1 Definition

Risk in the insurance business is defined as insurance underwriting risk, market risk, credit risk, and liquidity risk in respect of the wholly owned insurance companies in the Group. The companies are also exposed to Operational risk. Insurance underwriting risk is defined as the risk to value, earnings, or capital, arising from a deviation between actual and anticipated insurance costs (claims and expenses). In other words, the risk that actual outcomes will deviate from projections e.g. in terms of longevity, mortality, morbidity or claim frequency. This includes expense risk i.e. the risk that administrative costs and sales commissions will exceed the cost estimates that served as the basis for the premiums.

The wholly owned insurance companies within the Group are Swedbank Försäkring AB, Swedbank Life Insurance SE, and Swedbank Property & Casualty Insurance AS. In addition, Swedbank owns a so-called captive insurance company, Sparia Group Försäkrings AB, only ensuring risks of Swedbank Group.

3.5.2 Risk profile

3.5.2.1 Swedbank Försäkring AB

Swedbank Försäkring acts on the Swedish insurance market and is predominantly a unit-linked and custody account savings company without financial guarantees, which relates to more than 90 percent of savings assets. The contracts leads to that equity risks and lapse risks related to future income are the main risks.

A relatively small, currently less than 10 per cent, and over time decreasing, part of Swedbank Försäkring's savings business consists of contracts with financial guarantees where Swedbank Försäkring determines the asset allocation. In addition to the risks described above, these contracts can lead to situations where Swedbank Försäkring needs to do capital injections in order to honour the guarantees, should the asset returns over time not be sufficient. Currently the accrued buffers that mitigate the guarantee risk are sufficient, but e.g. future significantly unfavourable asset returns could reduce the buffers and thus increase the risks. The relatively small guarantee business in combination with the available buffers results in a limited vulnerability to lower interest rates.

Also longevity risk is a risk that can be important for savings business. Losses from longevity occurs if the duration of the pension payments is longer than expected. Swedbank Försäkring manages this risk through monitoring the development of the mortality of the insured. Based on predetermined triggers, the risk premiums ("arvsvinster") that are added to the contracts with longevity protection are adapted.

The risk profile for Swedbank Försäkring's protection business, net of reinsurance, mainly consists of mortality risks emanating from an older mortgage loan protection portfolio and the private mortality protection business, followed by disability/morbidity risks. Reinsurance programs mitigate some of the exposures to disability/morbidity risks. Further, risks in the protection business are managed through individual risk assessment of health declarations and, in case of large insured amounts, health examinations. Insurance contracts and pricing of future premiums can be adapted e.g. as a consequence of changed health situation in the society. The most onerous life and health risk events identified related to the result of the protection business would be a severe pandemic with a large number of deaths amongst ages under 65, or a large general increase of sickness amongst the insured population. The table below shows the Solvency Capital Requirement for Swedbank Försäkring AB, split by product category and risk type. It shows that the pure insurance risk is small compared to the other risk types.

Risk type in per cent	Savings business (Unit-linked, custody and guarantee)		Protection business		Total	
	2021	2020	2021	2020	2021	2020
Market risk	51	47	0	0	51	47
Life underwriting risk (excl expense- and lapse risk)	1	2	3	4	5	6
Expense risk	7	8	0	0	8	8
Lapse risk	30	31	1	1	31	32
Health underwriting risk (excl expense- and lapse risk)	0	0	2	2	2	2
Other risks					4	5
Total					100	100

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3.5.2.2 Swedbank Life Insurance SE

Swedbank Life Insurance is a life insurance company operating in Estonia, Latvia, and Lithuania. Its main field of activity is term life and savings insurance. Currently offered products are intended for mass market segment and are designed to be simple.

The company's primary focus is term life insurance. As a result, lapse risk is the dominating risk in the company's profile. Also, the risk of increase in interest rates and mortality risk are among the major risks. Interest rate risk is significant due to long contract boundaries.

Savings insurance includes both guaranteed interest and unit-linked insurance products. The guaranteed interest product portfolio comprises less than 10 per cent of the savings business and is decreasing as such products are not offered anymore. Some of the unit-linked insurance products contain premium or capital guarantee; hence equity risk is another major risk for the company. The former guarantee type makes 57 per cent of total unit-linked business while the latter only 3 per cent and is constantly decreasing.

3.5.2.3 Swedbank Property & Casualty Insurance AS

Swedbank Property & Casualty Insurance is a non-life insurance company operating in Estonia, Latvia, and Lithuania. Its main field of activity are property, motor, travel, and payment protection insurance. The portfolio is mainly located in Estonia (55 per cent) followed by Lithuania (27 per cent) and Latvia (18 per cent).

The company's focus is on simple short insurance products for the mass market. The main products are property insurance and Motor Own Damage which together make up almost 80 per cent of the portfolio. The main risks are underwriting risk, mitigated by a scrupulous underwriting policy, and natural and man-made catastrophe risk. Reinsurance programs are used to further mitigate these risks.

The pandemic had impact on the company's portfolio resulting in a decrease of travel insurance.

3.5.3 Capital requirement for Risk in the insurance business

Solvency is a measure of the insurance company's financial position and strength. The purpose is to show that the size of the company's capital buffer is large enough to fulfil its commitments to customers in accordance with the terms and guarantees in its insurance contracts. The insurance companies' capital buffer is designed to cover all types of risks. The solvency requirements in the insurance companies are calculated according to Solvency II. The capital base (Own Funds, OF) is calculated through a market valuation of the net of the insurance company's future cash flows, and capital requirement (Solvency Capital Requirement, SCR) by stressing OF in various scenarios. The solvency ratio is defined as OF divided by SCR. The capital base in Swedbank's Swedish insurance operations amounted to SEK 11 100m (9 707). This compares with the Solvency Capital Requirement of SEK 8 778m (6 848). The solvency ratio was 1.26 (1.42). The capital base in the Baltic life insurance operations amounted to SEK 1 891m (1 672). The solvency ratio was 1.50 (1.50). The capital base in the Baltic property and casualty insurance operations amounted to SEK 501m (496). The solvency ratio was 1.58 (1.64).

3.6 Other risk types

In addition to the risk types described in 3.1–3.5, Swedbank's Risk Taxonomy also includes Capital risk, ESG risk, Strategic risk, and Compliance risk.

3.6.1 Capital risk

Capital risk is defined as the risk that the Group has an insufficient level or composition of capital to cover applicable capital requirements and support its business activities under normal economic environments or stressed conditions.

3.6.2 ESG risk

The risk that arises from the inability to properly identify and manage ESG related events that, if they occur, could cause material negative financial impact and material negative impact on the Group's brand and reputation.

ESG risk also impacts several other risk types, primarily Compliance, Credit, Operational and Strategic risks.

3.6.3 Strategic risk

Strategic risk is defined as the risk arising from changes in the business environment (sometimes also called as business risk) 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 Group's strategic goals.

3.6.4 Compliance risk

Compliance risk is defined as the risk of failure by the Group to fulfil and meet the external and internal regulations applicable to the Group's licensed operations. Compliance risk includes three risk areas: Conduct risk (market conduct, data protection and customer protection risk), Financial crime risk (money laundering and terrorist financing, bribery and corruption, financial sanctions and facilitation of client tax evasion risk) and Regulatory compliance risk.

G4 Capital

4.1 Internal capital assessment

4.1.1 Purpose

The Internal Capital Adequacy Assessment Process (ICAAP) is an exercise to test the resilience of the bank in periods of stress. Its purpose is to check and ensure that the Group is adequately capitalised to cover severe financial losses by the use of a forward looking capital adequacy assessment. Swedbank's capital need is evaluated based on its aggregate risk level, goals and business strategy.

Internal capital stress tests are used to ensure efficient use of capital and at the same time, even under adverse market conditions, to ensure that Swedbank meets legal minimum capital requirements and thereby maintains access to both domestic and international capital markets. Swedbank prepares and documents its own methods and processes to evaluate its capital requirement.

The results of the stress tests are considered in the capital planning process when calibrating the size of the management buffer above the regulatory requirements. This in turn affects capital allocation, product pricing and performance measurement of business segments. Failure to meet the internal targets for capital adequacy under stress could result in issuance of additional capital, adjustment of internal controls and risk mitigation measures. Furthermore it could also lead to reassessment of exposure limits within business areas and review of the long-term strategy of the bank.

4.1.2 Risk coverage

The internal capital adequacy assessment takes into account all relevant risks that arise within the Group. In addition to Pillar 1 risks, other types of risk are also assessed and evaluated. Additionally, there are risk categories that receive no explicit capital allocation but are nevertheless closely monitored e.g. liquidity risk and strategic risk. Significant risks identified within the Group include:

Risk types according to the ICAAP process

Risk type	Pillar 1	Pillar 2
	Capital is allocated?	Contributes to calculated capital requirement?
Credit risk	Yes	Yes
Concentration risk	No	Yes
Market risk	Yes	Yes
Market risk: Interest risk in banking book	No	Yes
Operational risk	Yes	Yes
Risk in the insurance business	Yes ¹	Yes ²
Risk in post-employment benefits	No	Yes
No specific capital is allocated		Identified and mitigated?
Reputational risk	No	Yes ³
Liquidity risk	No	ILAAP ⁴
Strategic risk	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 make a qualitative and quantitative assessment of risks 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 the ORSAs, Swedbank might choose to set aside capital within its Economic Capital framework.

3) Reputational risk is considered as part of the Operational risk in the ICAAP context.

The Scenario Simulation parameters can be adjusted to reflect reputational risk. Liquidity risks are assessed annually in the Internal Liquidity Adequacy Assessment. Process (ILAAP).

5) Strategic 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 a forward-looking perspective.

4.1.3 ICAAP 2021

Stress testing exercises carried out by Swedbank in the ICAAP 2021 show that the bank is resilient to major macroeconomic shocks and is able to survive in a highly unfavourable economic environment. Swedbank's strong asset quality, income statement and capital situation are the key factors behind this conclusion.

Description of the 2021 adverse scenario

The scenario elaborates on re-emergence of the virus and the ensuing increase in infection rates followed by renewed restrictions. In this version of the second downturn, the potential output in all countries is affected negatively as also the ongoing deglobalization trend is strengthened. This leads to a deepening of the initial downturn and pushing the prospect of an economic recovery further into the future.

The scenario assumes that aggregate household income will decrease due to rising unemployment that decreases aggregate wages - thus affecting consumer prices negatively. Central banks are assumed to act on their mandate and thus reduce policy rates such that yields are pushed down. Transition risk from climate change is also assessed as the economic downturn is combated using green fiscal stimulus. If such measure are applied efficiently, they contribute positively to economic growth but if done inefficient, annual growth rates are hampered such that the economic downturn prolonged.

The table below depicts the forecasted ICAAP 21 macro economic variables in detail.

Stress test ICAAP-scenario - parameters¹

Sweden	2020	2021	2022	2023
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	2020	2021	2022	2023
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	2020	2021	2022	2023
GDP-growth, % Q4/Q4	-5.0	-5.1	-2.2	-0.2
Unemployment, %	8.3	16.5	15.3	13.1
Inflation, % yoy	0.7	-0.6	-0.1	0.2
Residential real estate price index	100.0	64.1	73.3	76.2
Lithuania	2020	2021	2022	2023
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	2020	2021	2022	2023
3M government rates SEK, %	0.04	-0.32	-0.99	-1.06
3M government rates EUR, %	-0.45	-0.71	-1.04	-1.06
FX	2020	2021	2022	2023
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.



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Stress test ICAAP scenario

Triggers

Demand shock due to Covid-19 lockdowns and restrictions creates a severe second downturn. Ongoing deglobalization trend coupled with trade wars causes supply shock which further drives down output. The supply shock is "overtaken" by the size of the demand shock. Central banks act on their mandate and adjust policy rates downwards in attempt to prevent deflation. Economic sentiment fades as virus spreads and restrictions become stringent. Consequently, industrial recovery is put on hold. Financial markets are stressed. The downturn is combated by governmental green investments which turn out to be inefficient.

Outcome in Swedbank's home markets

In Sweden, GDP vs starting point falls by a maximum of 7.0%. Unemployment increases to a maximum of 14.0% and house prices fall by a maximum of 35.6%.
In Estonia, GDP vs starting point falls by a maximum of 5.6%. Unemployment increases to a maximum of 16.0% and house prices fall by a maximum of 34.6%.
In Latvia, GDP vs starting point falls by a maximum of 6.2%. Unemployment increases to a maximum of 16.7% and house prices fall by a maximum of 35.9%.
In Lithuania, GDP vs starting point falls by a maximum of 5.7%. Unemployment increases to a maximum of 16.3% and house prices fall by a maximum of 32.4%.

Income statement under ICAAP-Scenario¹

SEKbn	2020	2021	2022	2023
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	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
Profit before tax	16.6	0.7	6.8	11.1
Tax expense	3.7	0.1	1.3	2.2
Profit for the year	12.9	0.6	5.5	8.9
Profit for the year attributable to:				
Shareholders of Swedbank AB	12.9	0.6	5.5	8.9
Non-controlling interests	0.0	0.0	0.0	0.0

1) The ICAAP calculations are based on the consolidated situation which in some cases differs from Swedbank Group.

Swedbank in the scenario

The simulated scenario is calibrated to have an approximate likelihood of "once in twenty-five" years, or less. The cumulative drop in net interest income at the end of the forecast horizon was SEK 4.0bn compared to the starting position. The main drivers underlying this development are falling short term rates and widened wholesale funding spreads. 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.

Swedbank factors in known regulatory and accounting changes during the simulation period. These scenario neutral effects are integrated in the calculations according to their expected implementation schedule. The adjustments include IRB (Internal Ratings Based) model revisions and introduction of the standardised approach to counterparty credit risk.

The nominal amount of CET 1 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.

REA and Capital	2020	2021	2022	2023
REA, SEKbn	689.6	851.8	833.4	877.3
Common Equity Tier 1, SEKbn	120.5	117.2	117.5	120.4
Common Equity Tier 1 ratio, %	17.5	13.8	14.1	13.7

Credit impairments and Loans per Business area²

SEKbn	Loans 2020	Credit Impairments			
		2021	2022	2023	
Swedish Banking	1 233.7	3.9	3.9	2.8	
Large Corporates & Institutions	293.7	9.0	3.9	1.8	
Baltic Banking - Estonia	89.3	1.0	0.4	0.4	
Baltic Banking - Latvia	39.3	0.8	0.2	0.1	
Baltic Banking - Lithuania	64.4	0.9	0.4	0.3	
Total	1 720.4	15.6	8.9	5.4	

2) The ICAAP calculations are based on the consolidated situation which in some cases differs from Swedbank Group.

4.1.4 Internal capital requirement

The scenario-based simulations and stress tests performed under normative perspective are complemented by a calculation of the capital requirement using internal methods under the Economic Capital perspective. The models that serve as the basis for the internal capital assessment measure the economic capital requirement over a one year horizon with a 99.9 per cent confidence level for each risk type. Diversification effects between risk types are not taken into consideration in the calculation of economic capital. As of 31 December 2020, the total economic capital demand for Swedbank CS amounted to SEK 37.0bn. The capital supply that meets the internal capital requirement, i.e. the Common Equity Tier 1 capital, amounted to SEK 120.5bn.

4.1.5 External stress tests

The European Banking Authority (EBA) conducts the EU-wide stress test on biennial basis, and the 2020 EU-wide stress test was initiated in January 2020. However, due to the outbreak of Covid-19, EBA decided in March 2020 to postpone the exercise to 2021 allowing banks to focus on and ensure continuity of their core operations. The exercise was re-launched at the end of January 2021 and the result was published on 31 July. The result proved that Swedbank displays a high degree of resilience and capacity to withstand a severe shock while still maintaining adequate capital ratios.



4.2 Capital adequacy analysis

The capital adequacy regulation is the legislator's requirement of how much capital, designated as the own funds, a bank must have in relation to the size of the risks it faces. The rules strengthen the connection between risk taking and required capital in the Group's operations. Swedbank's legal requirement is based on the European Parliament's and the Council's regulation (EU) No 575/2013 on prudential requirements for credit institutions. In the consolidated situation the Group's insurance companies are consolidated according to the equity method instead of full consolidation. The EnterCard Group is consolidated by proportional method instead of the equity method. Otherwise, the same principles for consolidations are applied as for the Group.

The table below contains the information that must be published according to the SFSA's regulation (FFFS 2014:12), chapter 8. Additional periodic information according to the European Parliament's and the Council's regulation (EU) No 575/2013 on prudential requirements for credit institutions and the Commission's implementing regulation EU No 1423/2013 can be found on Swedbank's website at <https://www.swedbank.com/investor-relations/risk-and-capital-adequacy/risk-report/index.htm>

Consolidated situation	2021	2020	Consolidated situation	2021	2020
Available own funds			Leverage ratio		
Common equity tier 1 (CET1) capital	129 644	120 496	Total exposure measure	2 626 642	2 526 721
Tier 1 capital	143 022	128 848	Leverage ratio, %	5.4	5.1
Total capital	158 552	144 737			
Risk-weighted exposure amounts			Additional own funds requirements to address the risk of excessive leverage as a percentage of total exposure measure		
Total risk exposure amount	707 753	689 594	Additional own funds requirements to address the risk of excessive leverage		
Capital ratios as a percentage of risk-weighted exposure amount			of which: to be made up of CET1 capital		
Common equity tier 1 ratio	18.3	17.5	Total SREP leverage ratio requirements	3.0	
Tier 1 ratio	20.2	18.7	Leverage ratio buffer and overall leverage ratio requirement as a percentage of total exposure measure		
Total capital ratio	22.4	21.0	Leverage ratio buffer requirement		
Additional own funds requirements to address risks other than the risk of excessive leverage as a percentage of risk-weighted exposure amount			Overall leverage ratio requirement	3.0	
Additional own funds requirements to address risks other than the risk of excessive leverage	1.7	2.0	Liquidity coverage ratio		
of which: to be made up of CET1 capital	1.2	1.4	Total high-quality liquid assets, average weighted value	717 469	537 572
of which: to be made up of Tier 1 capital	1.3	1.7	Cash outflows, total weighted value	528 742	413 139
Total SREP own funds requirements	9.7	10.0	Cash inflows, total weighted value	53 820	77 124
Combined buffer and overall capital requirement as a percentage of risk-weighted exposure amount			Total net cash outflows, adjusted value	474 922	336 015
Capital conservation buffer	2.5	2.5	Liquidity coverage ratio, %	151.8	160.7
Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State			Net stable funding ratio		
Institution specific countercyclical capital buffer	0.0	0.0	Total available stable funding	1 644 050	1 652 303
Systemic risk buffer	3.0	3.0	Total required stable funding	1 331 522	1 316 918
Global Systemically Important Institution buffer			Net stable funding ratio, %	123.0	125.0
Other Systemically Important Institution buffer	1.0	1.0			
Combined buffer requirement	6.5	6.5			
Overall capital requirements	16.2	16.5			
CET1 available after meeting the total SREP own funds requirements	8.6	7.5			



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Common equity tier 1 capital	2021	2020	Risk exposure amount	2021	2020
Shareholders' equity according to the Group's balance sheet	161 670	155 168	Risk exposure amount credit risks, standardised approach	51 273	48 309
Anticipated dividend	-12 632	-16 320	Risk exposure amount credit risks, IRB	287 328	299 652
Value changes in own financial liabilities	-91	-77	Risk exposure amount default fund contribution	281	556
Cash flow hedges	-2	2	Risk exposure amount settlement risks	2	0
Additional value adjustments	-1 037	-478	Risk exposure amount market risks	20 306	17 314
Goodwill	-13 590	-13 414	Risk exposure amount credit value adjustment	2 338	4 398
Deferred tax assets	-68	-78	Risk exposure amount operational risks	75 618	73 521
Intangible assets	-4 427	-4 116	Additional risk exposure amount, article 3 CRR	29 302	19 800
Insufficient coverage for non-performing exposures	-1		Additional risk exposure amount, article 458 CRR	241 305	226 044
Deductions of CET1 capital due to article 3 CRR	-137	-158	Total	707 753	689 594
Shares deducted from CET1 capital	-41	-33			
Total	129 644	120 496			

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

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

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

3) Individual Pillar 2 requirement according to decision from SFSA SREP 2021.

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

	SEKm		%	
Leverage ratio requirements ¹	2021	2020	2021	2020
Leverage ratio requirement Pillar 1	7 879 926		3.0	
Leverage ratio Pillar 2 guidance	1 181 989		0.5	
Total leverage ratio requirement including Pillar 2 guidance	9 061 915		3.5	

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

Since the 30th of January 2017, Swedbank must also comply with a capital requirement at the financial conglomerate level in accordance with the Special Supervision of Financial Conglomerates Act (2006:531), see capital adequacy for the financial conglomerate below.

	Financial conglomerate	
Capital adequacy for the financial conglomerate ¹	2021	2020
Own funds after adjustments and deductions	167 589	153 168
Capital requirement	124 327	121 343
Surplus	43 262	31 825
Financial conglomerate solvency ratio, %²	134.8	126.2

1) The own funds and capital requirement for the financial conglomerate are calculated according to the accounting consolidation method in the Special Supervision of Financial Conglomerates Act (2006:531).

2) Calculated as the financial conglomerate's own funds after adjustments and deductions divided with the capital requirement for the financial conglomerate.



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G5 Operating segments

2021	Swedish Banking	Baltic Banking	Large corporates & Institutions	Group Functions & Other	Elimination	Total
Income statement						
Net interest income	14 973	5 296	3 732	2 272	-16	26 257
Net commission income	9 205	2 603	3 220	-176	1	14 853
Net gains and losses on financial items	586	390	1 014	58		2 048
Share of the profit or loss of associates and joint ventures	920		-29	85		976
Other income	935	763	162	1 347	-451	2 756
Total income	26 619	9 052	8 099	3 586	-466	46 890
of which internal income	1	56	4	405	-466	
Staff costs	3 222	1 424	2 489	5 196	-14	12 317
Variable staff costs	61	57	160	144		422
Other general administrative expenses	7 450	2 326	1 424	-4 271	-452	6 477
Depreciation/amortisation of tangible and intangible assets	38	170	261	1 162		1 631
Total expenses	10 771	3 977	4 334	2 231	-466	20 847
Profit before impairment	15 848	5 075	3 765	1 355		26 043
Impairment of intangible assets			13	43		56
Impairment of tangible assets						
Credit impairments	-42	160	56	-4		170
Profit before tax	15 890	4 915	3 696	1 316		25 817
Tax expense	2 892	822	709	522		4 945
Profit for the year	12 998	4 093	2 987	794		20 872
Profit for the year attributable to:						
Shareholders of Swedbank AB	12 997	4 093	2 987	794		20 871
Non-controlling interests	1					1
Net commission income						
Commission income						
Payment processing	730	647	649	122	-30	2 118
Cards	2 096	1 618	2 327		-363	5 678
Service concepts	806	169	305			1 280
Asset Management and custody	7 595	413	1 874	-18	-318	9 546
Life insurance	525	88		2		615
Securities	297	69	458	42	-7	859
Corporate Finance			89			89
Lending	210	163	840	7	-7	1 213
Guarantee	34	73	124			231
Deposits	15	118	4	-1		136
Real estate brokerage	224					224
Non-life Insurance	68	1				69
Other	173	21	151	4		349
Total commission income	12 773	3 380	6 821	158	-725	22 407
Commission expense	3 568	777	3 601	334	-726	7 554
Net Commission Income	9 205	2 603	3 220	-176	1	14 853

The operating segment report is based on Swedbank's accounting policies, organisation and management accounts. Market-based transfer prices are applied between operating segments, while all expenses for Group functions and Group staffs are transfer priced at cost to the operating segments. Cross-border transfer pricing is applied according to OECD transfer pricing guidelines. The Group's equity attributable to shareholders is allocated to each operating segment based on capital adequacy rules and estimated capital requirements based on the Group's internal Capital Adequacy Assessment Process (ICAAP). The return on allocated equity for the operating segments is calculated based on profit for the year attributable to the shareholders for the operating segment, in relation to average monthly allocated equity for the operating segment. Swedish Banking, Swedbank's dominant operating segment, is responsible for all Swedish customers except for large corporates and financial institutions. The operating segment's services are sold through Swedbank's own branch network, the customer center, the Internet Bank and the distribution network of the independent savings banks. The operating segment also includes a number of subsidiaries. Baltic Banking operates in Estonia,

Latvia and Lithuania. Its services are sold through its own branch network, the Customer center and digital channels.

The effects of Swedbank's ownership interests in the Baltic operation are also reported in Baltic Banking in the form of financing costs, Group goodwill and Group amortisation on surplus values in deposit portfolios identified at the time of acquisition in 2005. Large Corporates & Institutions is responsible for large corporates, financial institutions and banks as well as for trading and capital market products. Operations are carried out in Sweden, Norway, Finland, US and China, and through the trading and capital market operation in Estonia, Latvia and Lithuania. The Group Functions operate across the business areas and serve as strategic and administrative support for them. Group Functions and other are Group Products & Advice, Digital Banking & IT, CFO Office (including Group Treasury), Group Risk, Group Compliance, Group Credit, Group Communication & Sustainability, Group HR & Infrastructure, Group Legal, the Group Executive Committee and Internal Audit.



Financial statements and notes Group

2021	Swedish Banking	Baltic Banking	Large corporates & Institutions	Group Functions & Other	Elimination	Total
Balance sheet						
Cash and balances with central banks	2 196	3 257	173 104	183 772	-2 176	360 153
Loans to credit institutions	5 631	307	128 070	190 785	-285 289	39 504
Loans to the public	1 251 556	199 219	252 150	281		1 703 206
Interest-bearing securities	348	1 366	54 715	167 511	-2 257	221 683
Financial assets for which customers bear inv. risk	320 963	7 549				328 512
Investments in associates and joint ventures	5 640		29	2 036		7 705
Derivatives			59 823	37 840	-57 132	40 531
Tangible and intangible assets	2 036	11 639	2 425	8 887	24	25 011
Other assets	3 729	138 958	17 645	358 527	-494 547	24 312
Total assets	1 592 099	362 295	687 961	949 639	-841 377	2 750 617
Amounts owed to credit institutions	26 985		216 976	97 003	-248 152	92 812
Deposits and borrowings from the public	711 842	329 129	234 610	1 295	-11 093	1 265 783
Debt securities in issue		710	5 136	733 123	-3 052	735 917
Financial liabilities for which customers bear inv. risk	321 846	7 821				329 667
Derivatives			57 457	27 815	-57 166	28 106
Other liabilities	466 338	200	143 279	-17 677	-521 914	70 226
Senior non-preferred liabilities			-49	37 881		37 832
Subordinated liabilities			-15	28 619		28 604
Total liabilities	1 527 011	337 860	657 394	908 059	-841 377	2 588 947
Allocated equity	65 088	24 435	30 567	41 580		161 670
Total liabilities and equity	1 592 099	362 295	687 961	949 639	-841 377	2 750 617
Key figures						
Return on allocated equity, %	20,0	16,6	9,3	2,2		13,2
Cost/income ratio	0,40	0,44	0,54	0,62		0,44
Credit impairment ratio ¹⁾ , %	0,00	0,09	0,02	-0,01		0,01
Loans/deposits	176	61	104	52		133
Loans to the public, stage 3, SEKbn	2	1	3			6
Loans to the public, excl repurchase agreements and Swedish National Debt Office, total, SEKbn	1 252	199	228			1 679
Provisions for loans to the public, excl repurchase agreements and Swedish National Debt Office, total, SEKbn	1	1	3			5
Deposits, excl repurchase agreements and Swedish National Debt Office, SEKbn	712	329	220			1 261
Risk exposure amount, SEKbn	405	107	168	28		708
Full-time employees	4 041	4 257	2 460	5 807		16 565
Allocated equity, average, SEKbn	65	25	32	37		159

1) For information about calculation of credit impairment ratio, see Fact book page 43.



Group Financial statements and notes

2020	Swedish Banking	Baltic Banking	Large corporates & Institutions	Group Functions & Other	Eliminations	Total
Income statement						
Net interest income	16 277	5 354	3 834	1 416	-28	26 853
Net commission income	7 922	2 430	2 436	-137	119	12 770
Net gains and losses on financial items	351	337	1 897	71	-1	2 655
Share of the profit or loss of associates and joint ventures	642		-32	-28		582
Other income	951	912	148	1 078	-273	2 816
Total income	26 143	9 033	8 283	2 400	-183	45 676
of which internal income		64	6	113	-183	
Staff costs	3 050	1 381	2 327	4 767	-14	11 511
Variable staff costs	47	50	94	171		362
Other general administrative expenses	6 875	2 018	1 434	-3 051	-169	7 107
Administrative fine				4 000		4 000
Depreciation/amortisation of tangible and intangible assets	53	175	248	1 104		1 580
Total expenses	10 025	3 624	4 103	6 991	-183	24 560
Profit before impairment	16 118	5 409	4 180	-4 591		21 116
Impairment of fixed assets						
Impairment of tangible assets		2				2
Credit impairments	664	237	3 425	8		4 334
Profit before tax	15 454	5 170	755	-4 599		16 780
Tax expense	3 008	864	-271	250		3 851
Profit for the year	12 446	4 306	1 026	-4 849		12 929
Profit for the year attributable to:						
Shareholders of Swedbank AB	12 446	4 306	1 026	-4 849		12 929
Non-controlling interests	0					0
Net commission income						
Commission income						
Payment processing	719	647	585	61	7	2 019
Cards	2 168	1 543	1 969	-6	-423	5 251
Service concepts	796	151	293			1 240
Asset Management and custody	5 943	341	1 473	-13	-260	7 484
Life insurance	534	82		2		618
Securities	290	66	324	38	-8	710
Corporate Finance			100			100
Lending	219	167	666	13	-8	1 057
Guarantee	32	72	102	1		207
Deposits	16	117	4			137
Real estate brokerage	192					192
Non-life Insurance	68			4		72
Other	208	15	168	-3	1	389
Total commission income	11 185	3 201	5 684	97	-691	19 476
Commission expense	3 263	771	3 248	234	-810	6 706
Net Commission Income	7 922	2 430	2 436	-137	119	12 770



Financial statements and notes Group

2020	Swedish Banking	Baltic Banking	Large corporates & Institutions	Group Functions & Other	Eliminations	Total
Balance sheet						
Cash and balances with central banks	1 017	2 777	130 889	159 971	-843	293 811
Loans to credit institutions	7 217	352	108 670	264 199	-332 484	47 954
Loans to the public	1 211 142	181 944	262 523	25 378		1 680 987
Interest-bearing securities		1 223	52 030	146 601	-2 688	197 166
Financial assets for which customers bear inv. risk	246 352	6 059				252 411
Investments in associates and joint ventures	5 186		67	2 034		7 287
Derivatives	-34		65 440	32 741	-45 970	52 177
Tangible and intangible assets	1 932	11 580	2 285	7 985		23 782
Other assets	3 503	109 964	24 612	354 485	-453 497	39 067
Total assets	1 476 315	313 899	646 516	993 394	-835 482	2 594 642
Amounts owed to credit institutions	27 187		263 126	179 169	-319 169	150 313
Deposits and borrowings from the public	646 221	283 584	225 914	2 025	-9 504	1 148 240
Debt securities in issue		172	6 768	729 503	-3 629	732 814
Financial liabilities for which customers bear inv. risk	247 393	5 836				253 229
Derivatives			67 154	33 195	-45 969	54 380
Other liabilities	488 698		50 710	-15 492	-457 211	66 705
Senior non-preferred liabilities			-94	10 453		10 359
Subordinated liabilities			-3	23 437		23 434
Total liabilities	1 409 499	289 592	613 575	962 290	-835 482	2 439 474
Allocated equity	66 816	24 307	32 941	31 104		155 168
Total liabilities and equity	1 476 315	313 899	646 516	993 394	-835 482	2 594 642
Key figures						
Return on allocated equity, %	18.6	17.4	3.2	-21.7		8.9
Cost/income ratio	0.38	0.40	0.50	2.91		0.54
Credit impairment ratio ¹ , %	0.06	0.12	1.16	0.04		0.26
Loans/deposits	187	64	111	46		143
Loans to the public, stage 3, SEKbn	2.0	2.0	7.0			11.0
Loans to the public, excl repurchase agreements and Swedish National Debt Office, total, SEKbn	1 211	182	223			1 616
Provisions for loans to the public, excl repurchase agreements and Swedish National Debt Office, total, SEKbn	2	1	5			8
Deposits, excl repurchase agreements and Swedish National Debt Office, SEKbn	646	284	200	1		1 131
Risk exposure amount, SEKbn	391	92	168	39		690
Full-time employees	3 962	4 265	2 374	5 612		16 213
Allocated equity, average, SEKbn	67	25	32	22		146

1) For information about calculation of credit impairment ratio, see Fact book page 43.



Group Financial statements and notes

G6 Products

2021	Financing	Savings & Investments	Payments & Cards	Trading & Capital markets	Other	Total
Net interest income	22 636	685	1 449	-127	1 614	26 257
Net commission income	1 229	7 337	5 087	756	444	14 853
Net gains and losses on financial items	-30	5	-22	1 439	658	2 048
Share of the profit or loss of associates and joint ventures			511		465	976
Other income	31	1 533	-345	36	1 502	2 756
Total income	23 866	9 560	6 679	2 103	4 683	46 890

2020	Financing	Savings & Investments	Payments & Cards	Trading & Capital markets	Other	Total
Net interest income	21 738	1 903	2 466	-118	864	26 853
Net commission income	1 101	5 913	4 716	539	501	12 770
Net gains and losses on financial items	39	-4	17	2 106	497	2 655
Share of the profit or loss of associates and joint ventures			283		299	582
Other income	32	1 605	25	32	1 122	2 816
Total income	22 910	9 417	7 507	2 559	3 283	45 676

In the product area report income from Sweden, Baltics and Norway has been distributed among five principal product areas. Income from other countries are included in Other. The Group does not have a single customer which accounts for more than 10 per cent of its total income.

Financing

private residential lending
consumer financing
corporate lending
leasing
other financing products
trade finance
factoring

Savings & Investments

savings accounts
mutual funds and insurance savings
pension savings
institutional asset management
other savings and investment products

Payments & Cards

current accounts (incl. cash management)
cash handling
domestic payments
international payments
mobile payments
document payments
debit cards
credit cards (incl. EnterCard)
card acquiring
other payment products

Trading & Capital Market Products

equity trading
structured products
corporate finance
custody services
fixed income trading
currency trading
other capital market products

Other

administrative services
treasury operations
real estate brokerage
real estate management
legal services
safe deposit boxes
other



Financial statements and notes Group

G7 Geographical distribution

The geographical distribution is based on where the business is primarily carried out and is not comparable to the operating segment reporting. In the geographical distribution, intangible assets, mainly goodwill related to acquisitions, have been allocated to the country where the operations were acquired. The column Other includes operations in Finland, Denmark, Luxembourg and China. A more detailed country distribution is provided on Swedbank's website.

2021	Sweden	Estonia	Latvia	Lithuania	Norway	USA	Other	Eliminations	Total
Income statement									
Net interest income	20 551	2 234	961	1 206	771	122	401	11	26 257
Net commission income	11 423	881	808	1 066	382	38	304	-49	14 853
Net gains and losses on financial items	1 484	110	112	158	177	-6	13		2 048
Share of the profit or loss of associates and joint ventures	821	4			93		58		976
Other income	2 577	756	293	548	186		53	-1 657	2 756
Total income	36 856	3 985	2 174	2 978	1 610	154	828	-1 695	46 890
Staff costs	9 176	1 105	653	872	347	31	133		12 317
Variable staff costs	301	37	23	27	28		6		422
Other general administrative expenses	5 796	582	601	723	299	-1	172	-1 695	6 477
Depreciation/amortisation of tangible and intangible assets	1 274	102	52	83	90	4	26		1 631
Total expenses	16 547	1 826	1 329	1 705	764	34	337	-1 695	20 847
Profit before impairment	20 309	2 159	845	1 273	846	120	491		26 043
Impairment of intangible assets	56								56
Credit impairments	-456	117	25	18	569	65	-168		170
Profit before tax	20 709	2 042	820	1 255	277	55	659		25 817
Tax expense	4 139	311	165	219	-34	12	133		4 945
of which current tax	3 950	304	22	200	35	14	120		4 645
of which paid tax	3 740	306	32	185	-78	-2	48		4 231
Profit for the year	16 570	1 731	655	1 036	310	43	527		20 872
Profit for the year attributable to:									
Shareholders of Swedbank AB	16 569	1 731	655	1 036	310	43	527		20 871
Non-controlling interests	1								1
Net commission income									
Commission income									
Payment processing	1 435	212	229	231	4		7		2 118
Cards	3 327	492	500	626	196		620	-83	5 678
Service concepts	955	32		137	112		44		1 280
Asset Management and custody	9 102	209	179	115				-59	9 546
Life Insurance	527	24	15	49					615
Securities	584	43	10	17	73		133	-1	859
Corporate Finance	40	2		10	33		4		89
Lending	814	50	43	70	122	47	83	-16	1 213
Guarantee	122	45	13	15	43		4	-11	231
Deposits	17	6	51	62					136
Real estate brokerage	213						11		224
Non-life Insurance	68			1					69
Other	265	17	10	7	43		10	-3	349
Total commission income	17 469	1 132	1 050	1 340	626	47	916	-173	22 407
Commission expense	6 046	251	242	274	244	9	612	-124	7 554
Net Commission Income	11 423	881	808	1 066	382	38	304	-49	14 853



Group Financial statements and notes

2021	Sweden	Estonia	Latvia	Lithuania	Norway	USA	Other	Eliminations	Total
Balance sheet									
Cash and balances with central banks	170 452	41 365	36 274	88 161	1 976	19 370	2 555		360 153
Loans to credit institutions	153 871	846	2 782	925	14 059	36 137	4 146	-173 262	39 504
Loans to the public	1 425 769	93 278	37 970	68 469	55 409	2 272	21 383	-1 344	1 703 206
Interest-bearing securities	204 331	23 932	1 086	12 830	5 085	1 942	1 633	-29 156	221 683
Financial assets for which customers bear the investment risk	320 963	2 063	1 551	3 935					328 512
Investments in associates and joint ventures	6 730	18			702		255		7 705
Derivatives	30 844	154	75	180	11 816		7	-2 545	40 531
Tangible assets and intangible assets	12 363	4 683	2 617	4 645	579	36	88		25 011
Other assets	19 928	630	497	1 027	9 291	753	4 306	-12 120	24 312
Total assets	2 345 251	166 969	82 852	180 172	98 916	60 510	34 374	-218 427	2 750 617
Amounts owed to credit institutions	120 011	16 932	18	10 263	70 198	18 726	25 628	-168 964	92 812
Deposits and borrowings from the public	921 145	123 796	65 817	144 378	6 349	334	3 963	1	1 265 783
Debt securities in issue	724 558	3				40 512		-29 156	735 917
Financial liabilities for which customers bear inv. risk	321 846	2 231	1 594	3 996					329 667
Derivatives	18 340	155	65	155	12 621		12	-3 242	28 106
Other liabilities	45 067	14 454	9 153	7 963	3 937	147	2 273	-12 768	70 226
Senior non-preferred liabilities	37 832								37 832
Subordinated liabilities	28 604			4 298				-4 298	28 604
Total liabilities	2 217 403	157 571	76 647	171 053	93 105	59 719	31 876	-218 427	2 588 947
Allocated equity	127 848	9 398	6 205	9 119	5 811	791	2 498		161 670
Total liabilities and equity	2 345 251	166 969	82 852	180 172	98 916	60 510	34 374	-218 427	2 750 617



Financial statements and notes Group

2020	Sweden	Estonia	Latvia	Lithuania	Norway	USA	Other	Eliminations	Total
Income statement									
Net interest income	20 874	2 242	1 032	1 370	852	58	405	20	26 853
Net commission income	9 485	848	771	1 016	378	51	251	-30	12 770
Net gains and losses on financial items	2 238	94	111	162	12	-1	39		2 655
Share of the profit or loss of associates and joint ventures	409				113		60		582
Other income	2 426	1 054	108	293	179	1	52	-1 297	2 816
Total income	35 432	4 238	2 022	2 841	1 534	109	807	-1 307	45 676
Staff costs	8 441	1 119	601	825	347	41	137		11 511
Variable staff costs	268	36	21	24	9	3	1		362
Other general administrative expenses	6 472	500	509	467	310	3	153	-1 307	7 107
Depreciation/amortisation of tangible and intangible assets	1 214	118	55	81	86	4	22		1 580
Administrative fine		3 173	810	17					4 000
Total expenses	16 395	4 946	1 996	1 414	753	51	312	-1 307	24 560
Profit before impairment	19 037	-708	26	1 427	781	58	495		21 116
Impairment of intangible assets	-7				7		0		
Impairment of tangible fixed assets				2					2
Credit impairments	1 287	135	53	50	2 810	-15	14		4 334
Profit before tax	17 743	-843	-27	1 375	-2 022	73	481		16 780
Tax expense	3 949	318	146	224	-640	-203	57		3 851
of which current tax	3 851	335	6	193	-545	16	88		3 944
of which paid tax	3 204	296	38	252	-10	8	33		3 820
Profit for the year	13 794	-1 161	-173	1 151	-1 382	276	424		12 929
Profit for the year attributable to:									
Shareholders of Swedbank AB	13 794	-1 161	-173	1 151	-1 382	276	424		12 929
Non-controlling interests	0								0
Net commission income									
Commission income									
Payment processing	1 333	219	222	246	4		9	-14	2 019
Cards	3 065	520	484	540	177		522	-57	5 251
Service concepts	938	18		133	99		53	-1	1 240
Asset Management and custody	7 108	205	113	113				-55	7 484
Life Insurance	537	82	6	8				-15	618
Securities	496	27	9	21	67	1	89		710
Corporate Finance	54		1	18	27				100
Lending	668	49	47	70	115	49	73	-14	1 057
Guarantee	113	43	14	16	37		4	-20	207
Deposits	20	5	46	66					137
Real estate brokerage	187						5		192
Non-life Insurance	71		19	15				-33	72
Other	275	9	11	10	68	9	9	-2	389
Total commission income	14 865	1 177	972	1 256	594	59	764	-211	19 476
Commission expense	5 380	329	201	240	216	8	513	-181	6 706
Net Commission Income	9 485	848	771	1 016	378	51	251	-30	12 770
Balance sheet									
Cash and balances with central banks	128 788	32 272	29 759	64 658	926	19 466	17 942		293 811
Loans to credit institutions	211 487	2 328	1 304	11 659	19 005	17 621	4 215	-219 665	47 954
Loans to the public	1 424 927	85 678	35 985	60 664	52 266	1 752	20 883	-1 168	1 680 987
Interest-bearing securities	181 437	22 080	9 576	2 577	6 319	1 065	1 519	-27 407	197 166
Financial assets for which customers bear the investment risk	246 352	6 059							252 411
Investments in associates and joint ventures	6 262	13			777		235		7 287
Derivatives	39 404	116	40	152	17 357		14	-4 906	52 177
Tangible assets and intangible assets	11 418	4 667	2 607	4 606	395		89		23 782
Other assets	32 738	1 074	323	473	4 716	727	261	-1 245	39 067
Total assets	2 282 813	154 287	79 594	144 789	101 760	40 631	45 159	-254 391	2 594 642
Amounts owed to credit institutions	170 931	16 881	7 735	69	61 590	21 846	36 803	-165 542	150 313
Deposits and borrowings from the public	847 746	106 585	58 791	123 230	7 013	147	5 112	-384	1 148 240
Debt securities in issue	742 653	3				17 563		-27 405	732 814
Financial liabilities for which customers bear inv. risk	246 893	6 336							253 229
Derivatives	39 299	120	48	153	18 506		25	-3 771	54 380
Other liabilities	82 929	14 284	6 096	6 270	6 803	109	458	-50 244	66 705
Senior non-preferred liabilities	10 359								10 359
Subordinated liabilities	23 434		805	6 240				-7 045	23 434
Total liabilities	2 164 244	144 209	73 475	135 962	93 912	39 665	42 398	-254 391	2 439 474
Allocated equity	118 569	10 078	6 119	8 827	7 849	966	2 760		155 168
Total liabilities and equity	2 282 813	154 287	79 594	144 789	101 760	40 631	45 159	-254 391	2 594 642



Group Financial statements and notes

G8 Net interest income

	2021			2020		
	Amortised cost	Fair value through profit or loss	Total	Amortised cost	Fair value through profit or loss	Total
Assets						
Cash and balances with central banks	-1 129		-1 129	-547		-547
Treasury bills and other bills eligible for refinancing with central banks, etc.	4	82	86	-7	83	76
Loans to credit institutions	192	-3	189	325	-11	314
Loans to the public	30 773	-149	30 624	32 249	396	32 645
Interest-bearing securities	11	166	177		378	378
Total interest-bearing instruments	29 851	96	29 947	32 020	846	32 866
Derivatives ¹		292	292		637	637
Other assets	61	2	63		190	190
Total	29 912	390	30 302	32 020	1 673	33 693
Deduction of trading-related interests reported within Net gains and losses on financial items			-62			-98
Interest income			30 364			33 791
Liabilities						
Amounts owed to credit institutions	-217	9	-208	209	-5	204
Deposits and borrowings from the public	398	-44	354	852	-5	847
of which deposit guarantee fees	461		461	566		566
Debt securities in issue	4 612	21	4 633	7 154	128	7 282
Senior non-preferred liabilities	213		213	102		102
Subordinated liabilities	764		764	821		821
Total interest-bearing instruments	5 770	-14	5 756	9 138	118	9 256
Derivatives ¹		-2 879	-2 879		-3 450	-3 450
Other liabilities	80		80	99		99
of which lease liabilities	42		42	44		44
Total	5 850	-2 893	2 957	9 237	-3 332	5 905
Resolution fund fee			791			863
Deduction of trading-related interests reported in Net gains and losses on financial items			-359			-170
Interest expense			4 107			6 938
Net interest income			26 257			26 853
Interest income on stage 3 loans			117			224
Negative yield on financial assets			1 405			1 554
Negative yield on financial liabilities			1 072			497

1) The derivatives line includes net interest income related to hedged assets and liabilities. These may have both a positive and negative impact on interest income and interest expense

	Average annual interest rate, %		Average balance	
	2021	2020	2021	2020
Interest rates on selected balance sheet items				
Assets				
Cash and balances with central banks	-0.21	-0.16	529 765	332 928
Treasury bills and other bills eligible for refinancing with central banks, etc.	0.06	0.05	140 694	143 126
Loans to credit institutions	0.36	0.55	52 981	57 207
Loans to the public	1.82	1.93	1 683 510	1 689 245
Interest-bearing securities	0.27	0.45	66 681	84 792
Total interest-bearing instruments	1.21	1.42	2 473 632	2 307 298
Derivatives			40 589	56 693
Other assets			374 649	306 870
Total	1.05	1.26	2 888 870	2 670 861
Liabilities				
Amounts owed to credit institutions	-0.13	0.13	158 702	156 827
Deposits and borrowings from the public	0.03	0.08	1 280 661	1 108 462
Debt securities in issue	0.56	0.86	831 480	851 691
Senior non-preferred liabilities	0.74	0.94	28 681	10 811
Subordinated liabilities	3.00	3.06	25 429	26 800
Total interest-bearing instruments	0.25	0.43	2 324 953	2 154 591
Derivatives			31 985	48 237
Other liabilities			373 424	321 987
Total	0.14	0.27	2 730 362	2 524 815
Net investment margin before trading-related interests are deducted	0.92	1.01		



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G9 Net commission income

2021	Commission income			Commission expense	Net commission income
	Over time	Point in time	Total		
Payment processing	442	1 676	2 118	-1 309	809
Cards	639	5 039	5 678	-2 713	2 965
Service concepts	1 280	0	1 280	-157	1 123
Asset management and custody	9 398	148	9 546	-2 308	7 238
Life insurance	608	7	615	-335	280
Securities	50	809	859	-344	515
Corporate finance	2	87	89		89
Lending	926	287	1 213	-157	1 056
Guarantee	189	42	231		231
Deposits	113	23	136		136
Real estate brokerage		224	224		224
Non-life insurance	69		69	-1	68
Other	268	81	349	-230	119
Total	13 984	8 423	22 407	-7 554	14 853

2020	Commission income			Commission expense	Net commission income
	Over time	Point in time	Total		
Payment processing	457	1 562	2 019	-1 128	891
Cards	364	4 887	5 251	-2 719	2 532
Service concepts	1 152	88	1 240	-156	1 084
Asset management and custody	7 132	352	7 484	-1 763	5 721
Life insurance	609	9	618	-280	338
Securities	54	656	710	-328	382
Corporate finance	8	92	100		100
Lending	750	307	1 057	-119	938
Guarantee	167	40	207	-0	207
Deposits	114	23	137		137
Real estate brokerage		192	192		192
Non-life insurance	72		72	-1	71
Other	276	113	389	-212	177
Total	11 155	8 321	19 476	-6 706	12 770



G10 Net gains and losses on financial items

	2021	2020
Fair value through profit or loss		
Trading		
Shares and share related derivatives	256	166
of which dividend	150	24
Interest-bearing securities and interest related derivatives	70	749
Other financial instruments	3	-15
Total	329	900
Other		
Shares	163	203
of which dividend	117	23
Interest-bearing securities	-139	179
Total	24	382
Financial liabilities designated at fair value through profit or loss	11	36
Total fair value through profit or loss	364	1 318
Hedge accounting		
Ineffectiveness, one-to-one fair value hedges	54	3
of which hedging instruments	-8 333	3 314
of which hedged items	8 387	-3 311
Ineffectiveness, portfolio fair value hedges	1	-27
of which hedging instruments	3 527	-1 531
of which hedged items	-3 526	1 504
Ineffectiveness, cash flow hedges	1	-2
Total hedge accounting	56	-26
Amortised cost		
Derecognition gain or loss for financial assets	208	214
Derecognition gain or loss for financial liabilities	-32	-112
Total amortised cost	176	102
Trading related interest		
Interest income	-62	-98
Interest expense	359	170
Total trading related interest	297	72
Change in exchange rates	1 155	1 189
Total	2 048	2 655

G11 Net insurance

	2021	2020
Insurance premiums		
Life insurance	1 818	1 746
Non-life insurance	1 134	1 133
Total	2 952	2 879
Insurance provisions		
Life insurance	-797	-707
Non-life insurance	-698	-654
Total	-1 495	-1 361
Net insurance		
Life insurance	1 021	1 038
Non-life insurance	436	480
Total	1 457	1 518

G12 Other income

	2021	2020
Profit from sale of subsidiaries and associates	0	3
Income from real estate operations	11	11
Sold inventories	13	1
of which revenues	174	160
of which carrying amount	-161	-159
IT services	602	585
Other operating income	673	698
Total	1 299	1 298

During 2020 the shares in the associated company Svensk Mäklarstatistik AB were sold resulting in a capital gain of SEK 3m.

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G13 Staff costs and other staff-related key ratios

1 Compensation within Swedbank

The majority of employees at Swedbank have fixed and variable compensation components, which together with pension and other benefits represent their total compensation. Total compensation is market based and designed to achieve a sound balance between the fixed and variable components.

Information on compensation according to the SFSA's regulations and general guidelines on compensation policies (FFFS 2011:1) is published on Swedbank's website.

Total staff costs	2021	2020
Salaries and Board fees	8 161	7 524
Compensation through shares in Swedbank AB	195	178
Social insurance charges	2 348	2 117
Pension costs ¹	1 493	1 579
Training costs	74	82
Other staff costs	468	393
Total	12 739	11 873
of which variable staff costs	422	362
of which personnel redundancy costs	103	61

1) The Group's pension cost for the year is specified in note G39.

2 Variable compensation

Swedbank currently has five ongoing share-based variable compensation programmes: Programme 2017 (for Group Executive Committee 2017) Programme 2018, Programme 2019, Programme 2020 and Programme 2021.

In 2021 shares associated with Programme 2017 and 2019 were transferred.

2.1 Programme 2021

Programme 2021 consists of three parts: a general programme (Eken), an individual programme (IP) and an individual programme for employees in asset management (IPAM). Eken covers the majority of employees in the Group and consists of share-based compensation that is deferred for 3 years (5 years for the Group Executive Committee). IP covers approximately 360 participants. For IP participants who have been identified as material risk takers, half of the variable pay within IP will be share-based, and the other half cash-based. At least 40 per cent of the variable pay is deferred for a minimum of 3 years, followed by an additional one year retention period for the share-based part. For other IP participants variable pay is cash-based. IPAM covers around 60 participants and consists of half fund unit-based compensation and half cash compensation. At least 40 per cent of the variable compensation is deferred for 3–5 years. For all programs final transfer of rights following deferral periods is only made when specific conditions are fulfilled at the time of delivery.

Further information on Programme 2021 as well as Programmes 2017–2020 can be found in Swedbank's Factbook, which is published on the group website in the detailed documents that serve as a basis for resolutions by the Annual General Meeting.

2.2 Reporting of share-based compensation

Share-based compensation is allotted in the form of so-called performance rights (future shares in Swedbank) and accrued over the duration of each programme.

Transfer of shares requires following deferral periods requires continued employment at the time of transfer (Eken) or during a defined part of the deferral period (IP) as well as fulfillment of certain other conditions regarding, among other things, performance fulfillment and financial conditions.

The duration of each programme comprises of i) the initial performance year, followed by ii) allotments and a deferral period of at least three years (at least five years for eligible GEC members) followed by iii) the conditional transfer of shares to the participants that ends the deferral period.

During the initial performance year the compensation is expressed and measured in the form of a monetary value corresponding to the performance amount. Thereafter, the compensation is expressed in terms of the number of performance rights until the delivery date.

Performance rights for each programme are valued in the accounts based on the Swedbank share price on the valuation date i.e. the date when the company and the counterpart agree to the contractual terms and conditions in each programme.

Each performance right entitles its holder to one share in Swedbank plus, for the majority of the participants, compensation for any dividends distributed that the performance right did not qualify for during the programme's duration.

The reported cost of each programme can change during the period until the delivery date if the performance amount changes or because the performance rights are forfeited. The reported cost, excluding social insurance charges, does not change when the market value of the performance rights changes. Social insurance charges are calculated and recognised continuously based on market value and ultimately determined at the time of delivery.

Variable Compensation Programmes

	2021	2020
Programme 2016		
Recognised expense for compensation that is settled with shares in Swedbank AB		11
Recognised expense for social insurance charges related to the share settled compensation		5
Recognised expense for cash settled compensation		1
Recognised expense for payroll overhead costs related to the cash settled compensation		1
Programme 2017		
Recognised expense for compensation that is settled with shares in Swedbank AB	8	47
Recognised expense for social insurance charges related to the share settled compensation	6	10
Recognised expense for cash settled compensation	0	4
Recognised expense for fund compensation	1	3
Recognised expense for payroll overhead costs related to the cash settled compensation and fund shares	0	2
Programme 2018		
Recognised expense for compensation that is settled with shares in Swedbank AB	60	49
Recognised expense for social insurance charges related to the share settled compensation	22	5
Recognised expense for cash settled compensation	9	9
Recognised expense for fund compensation	1	1
Recognised expense for payroll overhead costs related to the cash settled compensation and fund shares	3	3
Programme 2019		
Recognised expense for compensation that is settled with shares in Swedbank AB	44	31
Recognised expense for social insurance charges related to the share settled compensation	18	5
Recognised expense for cash settled compensation	7	21
Recognised expense for fund compensation	5	4
Recognised expense for payroll overhead costs related to the cash settled compensation and fund shares	3	9
Programme 2020		
Recognised expense for compensation that is settled with shares in Swedbank AB	1	40
Recognised expense for social insurance charges related to the share settled compensation	0	11
Recognised expense for cash settled compensation	11	36
Recognised expense for fund compensation	5	4
Recognised expense for payroll overhead costs related to the cash settled compensation and fund shares	3	11
Programme 2020		
Recognised expense for compensation that is settled with shares in Swedbank AB	81	40
Recognised expense for social insurance charges related to the share settled compensation	18	11
Recognised expense for cash settled compensation	45	36
Recognised expense for fund compensation	9	4
Recognised expense for payroll overhead costs related to the cash settled compensation and fund shares	15	11
Total recognised expense	375	323

Number of performance rights that establish the recognised share based expense, millions	2021	2020
Outstanding at the beginning of the year	5,2	6,7
Allotted	1,6	0,9
Forfeited	0,2	0,4
Exercised	1,3	2
Outstanding at the end of the year	5,3	5,2
Exercisable at the end of the period	0	0
Weighted average fair value per performance right at measurement date, SEK	163	150
Weighted average remaining contractual life, months	23	16
Weighted average exercise price per performance right, SEK	0	0



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3 CEO and deputy CEO compensation

3.1 CEO and President compensation

Jens Henriksson's fixed annual salary is SEK 13 234 thousand, the employment terms do not contain any variable compensation.

The ordinary retirement age is 65 and Jens Henriksson has a premium to pension insurance of 4,5 per cent on salary up to 7,5 income base amount and 30 per cent on salary over 7,5 income base amount up to the fixed annual salary. The pensionable salary is capped at SEK 15 000 thousand by decision from the Board of Directors. If the employment is terminated by Swedbank, Jens Henriksson receives 75 per cent of his salary during a 12-month term of notice and in addition a severance pay, equivalent to 75 per cent of his salary during 12 months. A deduction against salary and severance pay is made for income earned from new employment. If Jens Henriksson resigns, the term of notice is six months and no severance pay is paid.

SEK Thousands	2021	2020
Jens Henriksson		
Fixed compensation, salary	13 234	13 000
Other compensation/benefits	230	226
Total	13 464	13 226
Pension cost, excluding payroll tax	3 897	3 299

3.2 Deputy CEO and deputy President compensation

Tomas Hedberg assumed the role as deputy CEO on 1 July 2021. Tomas Hedberg's fixed annual salary is SEK 5 580 thousand, the employment terms as deputy CEO do not contain any variable compensation.

The ordinary retirement age is 65 and Tomas Hedberg has a defined benefit pension capped at 30 income base amount and a individual defined contribution pension paid with 30 percent on fixed salaries exceeding 30 income base amounts up to maximum 80 income base amount.

If the employment is terminated by Swedbank, Tomas Hedberg has a 12-month term of notice during which he receives his fixed salary. In addition he receives a severance pay, equivalent to his fixed salary for 6 months. A deduction against salary and severance pay is made for income earned from new employment. If Tomas Hedberg resigns, the term of notice is six months and no severance pay is paid.

SEK Thousands	2021	2020
Tomas Hedberg		
Fixed compensation, salary	2 790	
Other compensation/benefits	125	
Total	2 915	
Pension cost, excluding payroll tax	1 004	

4 Compensation to other senior executives

4.1 General on other senior executives

Members of the Group Executive Committee, excluding the CEO and deputy CEO, are defined in this context as other senior executives. Compensation to other senior executives includes compensation paid by all Group companies during the year, Swedish as well as foreign, and refers to compensation paid during the period which these individuals were active as senior executives. Senior executives are eligible for Eken except for the CEO, the deputy CEO and three other senior executives.

A total of 13 individuals were members of the Group Executive Committee at the end of the year: Pål Bergström, Mikael Björknert, Lars-Erik Danielsson, Anders Ekedahl, Ingrid Harbo, Anders Karlsson, Jon Lidelfelt, Erik Ljungberg, Lotta Lovén, Rolf Marquardt, Charlotte Rydin, Carina Strand and Kerstin Winlöf. 11 individuals have been active as other senior executives throughout the entire year. 5 individuals were active as senior executives during part of the year: Pål Bergström, Stefan Frisk, Ola Laurin, Björn Meltzer and Charlotte Rydin.

Other key management	2021	2020
Fixed compensation, salary	61	58
Variable compensation, cash	0	0
Variable compensation, share based	1	1
Other compensation/benefits ¹	1	2
Compensation at terminated contract ²	9	6
Total	72	67
Pension cost, excluding payroll tax	24	21
Number of performance rights share based compensation used for the annual cost	2 827	4 537
Total number of allotted performance rights share based compensation	13 505	25 629
No. of persons as of 31 December	13	13

¹ Includes holiday pay, employee loan interest benefit, share benefit, lunch subsidy, health insurance benefit, telephone and fund discount

² Includes salary during term of notice, severance, pension costs and any benefits

4.2 Variable compensation to other senior executives

Senior executives are eligible for Eken, except for the CEO, the deputy CEO and three other senior executives. Below is an average outcome as a proportion of the monthly salary for eligible employees in each ongoing Eken program.

Year	Return on equity	Share of monthly salary, general	Share of monthly salary, other senior executives
Eken 2017	15.1	0.5	0.5
Eken 2018	16.1	0.6	0.6
Eken 2019	14.7	0.4	— ¹
Eken 2020	8.9	0.1	0.1
Eken 2021	13.2	0.3	0.3

¹ No allotments were made for senior executives for performance year 2019

4.3 Pension and other contractual terms to other senior executives

4.3.1 Pension

Swedbank applies the BTP collective pension for employees in Sweden. The BTP plan is in addition to the State pension for Swedish employees and consists of BTP1, a defined contribution pension plan, and BTP2, primarily a defined benefit pension plan. BTP1 applies to all employees hired from 1 February 2013.

In a defined contribution pension plan the employer pays a pension premium equivalent to a percentage of the employee's salary. In a defined benefit pension plan the employer guarantees a future pension, often expressed as a percentage of salary. The pensionable salary is capped at 30 income base amounts (the income base amount for 2021 was SEK 68 200).

Seven senior executives are eligible for BTP2 and six senior executives are eligible for BTP1. In addition, an individual defined contribution pension is paid on fixed salaries exceeding 30 income base amounts for all senior executives.

The maximum pensionable salary for the defined contribution portion for all senior executives is determined by the Board of Directors.

4.3.2 Other contractual terms

	Term of notice, termination by Swedbank	Severance pay, termination by Swedbank	Resignation by employee
3 persons	12 months	12 months	6 months
10 persons	12 months	6 months	6 months

Conditions within the framework of the contractual terms:

- In case of termination, salary and benefits are paid during the term of notice.
- In case of termination by Swedbank, severance pay is paid.
- If new work is found, a deduction is made for salary income during the term of notice and during the period when severance pay is paid.



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5 Compensation to the Board of Directors

5.1 General

Compensation to the members of the Board of Directors, as indicated below, is determined by the Annual General Meeting and refers to annual fees from the Annual General Meeting 2021 to the Annual General Meeting 2022. Board compensation consists of fixed compensation for board work as well as fixed compensation for any committee work. The four committees are the Audit Committee, the

Risk and Capital Committee, the Remuneration Committee and the Governance Committee. The Group does not have any pension entitlements for Board members. Compensation payments have been adjusted to the time working in the Board for members leaving their assignments and members with changed assignments during the year, as shown below.

Compensation to the Board of Directors, corresponds to the annual fees up to the AGM. SEK thousands	2021			2020		
	Board fees	Committee work	Total	Board fees	Committee work	Total
Göran Persson, Chair	2 840	643	3 483	2 630	595	3 225
Bo Bengtsson, Director	653	322	975	605	480	1 085
Göran Bengtsson, Director	653	270	923	605	490	1 095
Annika Creutzer, Director	653	259	912			
Hans Eckerström, Director	653	113	766	605	105	710
Kerstin Hermansson, Director	653	686	1 339	605	635	1 240
Bengt Erik Lindgren, Director	653	270	923	605	250	855
Josefin Lindstrand, Director to 2021-10-25	381	406	787	605	645	1 250
Bo Magnusson, Deputy chair	956	1 096	2 052	885	1 015	1 900
Anna Mossberg, Director	653	373	1 026	605	345	950
Per Olof Nyman, Director	653	259	912			
Biljana Phersson, Director	653	113	766	605	105	710
Total	10 054	4 810	14 864	8 355	4 665	13 020

5.2 Compensation to the Chair

The Chair receives fixed compensation for board work as well as fixed compensation for committee work i.e. no variable compensation, pension or other benefits.

Within framework of Board fees set by the Board	2021	2020
Göran Persson	3 418	3 125
Total	3 418	3 125

6 Summary – compensation to the Board of Directors, CEO and others in the Group Executive Committee

Below shows the costs for the Board of Directors, CEO and others in the Group Executive Committee. The costs exclude social charges and payroll taxes.

	2021	2020
Short-term employee benefits	93	86
Post employment benefits, pension costs	29	24
Termination benefits, severance pay	9	6
Share-based payments	1	1
Total	132	117
Granted loans	73	61

7 Summary – pensions and loans to Boards of Directors and equivalent senior executives in the entire Group

Pension costs reported below refer to current Directors, CEOs, Vice Presidents and equivalent senior executives in the Group. The costs exclude social charges and payroll taxes.

	2021	2020
Cost for the year related to pensions and similar benefits	49	45
No. of persons	47	48
Granted loans	219	243
No. of persons	81	92

Pension obligations for former CEOs and Vice Presidents have been funded through insurance and pension foundations. The latter's obligations amounted to SEK 255 m (264). The Group has not pledged any assets or other collateral or committed to contingent liabilities on behalf of anyone in the above-mentioned group of senior executives.



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8 Summary – compensation to Boards of Directors and equivalent senior executives in the entire Group

Below shows the salaries and other compensation for Boards of Directors, CEOs, Vice Presidents and equivalent senior executives in the Group. This group includes current employees. Fees to CEOs and other senior executives for internal board duties are deducted against their salaries, unless otherwise agreed. The costs exclude social charges and payroll taxes.

Country	2021					2020				
	Boards of Directors, CEOs, Vice Presidents and equivalent senior executives		Other employees		All employees	Boards of Directors, CEOs, Vice Presidents and equivalent senior executives		Other employees		All employees
	Number of persons	Salaries and Board fees	Variable compensation	Salaries and variable compensation	Total	Number of persons	Salaries and Board fees	Variable compensation	Salaries and variable compensation	Total
Sweden	93	132	1	5 644	5 777	43	103	2	5 088	5 193
Estonia	27	9	0	818	827	22	20	1	824	845
Latvia	9	13	2	503	518	14	11	1	467	479
Lithuania	15	23	2	811	835	17	16	0	775	791
Norway	1	4	0	266	270	4	1	0	250	251
USA	0	0	0	23	23	0	0	0	34	34
Other countries	0	0	0	105	105	0	0	0	109	109
Total	145	180	5	8 170	8 356	100	151	4	7 547	7 702

9 Key ratios

Average number of employees based on 1 585 hours per employee

	2021	2020	Parental leave women/men, %	2021	2020
Sweden	10 074	9 505	Sweden	72.3/27.7	71.4/28.6
Estonia	2 819	2 809	Estonia	96.9/3.1	97.4/2.6
Latvia	2 125	2 048	Latvia	98.4/1.6	99.2/0.8
Lithuania	2 862	2 812	Lithuania	97.3/2.7	96.7/3.3
Norway	321	338			
USA	14	14			
Other countries	113	103			
Total	18 328	17 629			

Number of hours worked (thousands)

	2021	2020	Gender distribution by country, %	2021	2020
Number of Group employees at year-end excluding long-term absentees in relation to hours worked expressed as full-time positions	29 050	27 940	Sweden	55	45
	16 565	16 213	Estonia	74	26
			Latvia	75	25
			Lithuania	70	30
			Norway	29	71
			USA	23	77
			Other countries	55	45

Employee turnover including retired staff¹, %

	2021	2020	Gender distribution for all employees, Group Executive Committee and Boards of Directors, %	2021	2020
Swedish Banking	11.6	6.9	All employees	62	38
Large Corporates & Institutions	9.4	6.5	Swedbank's Board of Directors	36	64
Baltic Banking	10.1	8.2	Group Executive Committee incl. CEO	33	67
Group Functions	9.8	6.2	Group Executive Committee and their respective management teams	48	52
Total	10.3	6.9	Boards of Directors in the entire Group incl. subsidiaries	39	61
			Senior executives in the entire Group incl. subsidiaries	51	49

Employee turnover excluding retired staff¹, %

	2021	2020	Gender distribution, management positions by country, %	2021	2020
Swedish Banking	11.2	4.9	Management positions, total ¹	56	44
Large Corporates & Institutions	8.5	5.7	Management positions, Sweden	50	50
Baltic Banking	8.9	8.0	Management positions, Estonia	68	32
Group Functions	7.6	5.1	Management positions, Latvia	69	31
Total	9.2	5.8	Management positions, Lithuania	58	42

1) Employee turnover is calculated as the number of employees who terminated their employment during the year divided by the number of employees as of year end of the previous year.

Other key ratios

	2021	2020		2021	2020
Average number of employees	18 328	17 629	Management positions, total ¹	56	44
Number of employees at year-end	17 700	17 373	Management positions, Sweden	50	50
Number of full-time positions	16 565	16 213	Management positions, Estonia	68	32
			Management positions, Latvia	69	31
			Management positions, Lithuania	58	42
Sick leave, %	2021	2020			
Sick leave Sweden	3.6	4.0			
Sick leave Estonia	2.7	1.9			
Sick leave Latvia	3.2	2.9			
Sick leave Lithuania	1.6	1.9			
Sick Leave Group	3.2	3.2			
Long-term healthy employees, % ¹	67.5	65.3			

1) Refers to the Swedish operations. Long-term healthy refer to employees with a maximum of five working days of sick leave during a rolling 12 month period

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G14 Other general administrative expenses

	2021	2020
Premises	454	459
IT expenses	2 550	2 318
Telecommunications, postage	126	162
Consulting	933	1 545
Compensation to savings banks	228	231
Other purchased services	939	1 054
Travel	18	62
Entertainment	22	26
Office supplies	79	95
Advertising, public relations, marketing	301	420
Security transports, alarm systems	71	68
Maintenance	126	94
Other administrative expenses	498	468
Other operating expenses	132	105
Total	6 477	7 107

The following leasingrelated expenses are included in Premises and IT expenses:

Short-term leases	11	13
Leases of low-value assets	8	7
Variable lease payments not included in the lease liability	42	34

	2021	2020
Remuneration to auditors elected by Annual General Meeting, PwC		
Statutory audit	59	53
Other audit	9	10
Tax advisory	0	1
Other	16	27
Remuneration to auditors elected by Annual General Meeting, Deloitte		
Statutory audit	0	0
Other audit	3	3
Total remuneration to auditors	84	94
Internal Audit	90	81

Audit assignment is defined as the audit of annual financial statements, the administration of the Board of Directors and the President, other tasks resting upon the auditor as well as consulting and other assistance, which have been initiated by the findings in performing audit work or implementation of such tasks. Other audit include quarterly reviews, regulatory reporting and services in connection with issuing of certificates and opinions.

Tax advisory include general expatriate services and other tax services work. Other services include consultation on financial accounting, services related to mergers and acquisitions activities, operational effectiveness and assessments of internal control.

G15 Depreciation/amortisation of tangible and intangible assets

	2021	2020
Equipment	299	322
Owner-occupied properties	36	38
Right-of-use assets for rented premises	705	690
Other	93	58
Intangible assets	498	472
Total	1 631	1 580

G16 Impairments of tangible assets

	2021	2020
Investment properties	0	2
Total	0	2

G17 Credit impairments

	2021	2020
Loans at amortised cost		
Credit impairment provisions - stage 1	-71	403
Credit impairment provisions - stage 2	-596	1 094
Credit impairment provisions - stage 3	-2 884	561
Credit impairment provisions - purchased or originated credit impaired	-3	-4
Total	-3 554	2 054
Write-offs	4 157	2 166
Recoveries	-225	-174
Total	3 932	1 992
Total - loans at amortised cost	378	4 046
Other assets at amortised cost	-7	6
Loan commitments and guarantees		
Credit impairment provisions - stage 1	26	149
Credit impairment provisions - stage 2	-139	269
Credit impairment provisions - stage 3	-88	-136
Total	-201	282
Total - loan commitments and guarantees	-201	282
Total credit impairments	170	4 334
Credit impairments by borrower category		
Credit institutions	-22	23
General public	192	4 311
Total	170	4 334

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



G18 Tax

Tax expense	2021	2020
Tax related to previous years	28	-299
Current tax	4 645	3 944
Deferred tax	272	206
Total	4 945	3 851

The difference between the Group's tax expense and the tax expense based on the Swedish tax rate is explained below:

	2021		2020	
		%		%
Results	4 945	19.2	3 851	22.9
Current tax of pre-tax profit	5 318	20.6	3 591	21.4
Difference	-373	-1.4	260	1.5
The difference consists of the following items:				
Tax previous years	-28	-0.1	299	1.8
Tax-exempt income/non-deductible expenses	-36	-0.2	-26	-0.1
Non deductible interest related to subordinated liabilities	-159	-0.6	-180	-1.1
Non deductible fine from the Swedish Financial Supervisory Authority			-856	-5.1
Tax-exempt gains and non-deductible losses on shares and participating interest	31	0.1	-10	0.0
Other tax basis in insurance operations	200	0.8	171	1.0
Tax in associates and joint ventures	200	0.8	124	0.7
Deviating tax rates in other countries	163	0.6	214	1.3
Other, net	2	0.0	4	0.0
Total	373	1.4	-260	-1.5

2021

Deferred tax assets	Opening balance	Income statement	Other comprehensive income	Equity	Exchange rate differences	Closing balance
Deductible temporary differences						
Share-based payments	9	-9		1		1
Lease assets	8	3				11
Unused tax losses	82	11			5	98
Unrecognised deferred tax assets	-4					-4
Other	29	-21			-1	7
Total	124	-16		1	4	113

Deferred tax liabilities

Taxable temporary differences						
Untaxed reserves	2 286	-11				2 275
Hedge of net investments in foreign operations	1	0	-1			0
Provision for pensions	-833	24	347			-462
Cash flow hedges	-1	3	1			3
Intangible assets	934	196				1 130
Credit impairment provisions	44				1	45
Foreign currency basis risks	-150	7	1			-142
Share-based payments	10	-6		-19		-15
Owner-occupied properties	17	-3				14
Deferred tax undistributed profits (dividend)	647	158			8	813
Other	-171	-112			20	-263
Total	2 784	256	348	-19	29	3 398

Deferred tax related to the hedging of net investments in foreign operations and cash flow hedging is recognised directly in other comprehensive income, since the change in the value of the hedging instrument is also recognised directly in other comprehensive income. The unrecognised portion of deferred tax assets amounted to SEK 4m (4). The assets are not recognised due to uncertainty when sufficient taxable earnings will be generated.



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Unused tax losses and unused tax credits according to tax calculation

Maturity	Total deduction	Deduction for which deferred tax is recognised			Deduction for which deferred tax is not recognised
		Lithuania	Denmark	Norway	
Without maturity	448	375	5	48	20
Total	448	375	5	48	20

When the Group determines the deferred tax assets it will recognise, it forecasts future taxable profits that can be utilised against tax loss carryforwards or other future tax credits. Deferred tax assets are recognised only to the extent such profits are probable. The Group expects that about 82 per cent (55) of the taxable

losses that serve as the basis for recognised deferred tax assets will be utilised before the end of 2024 i.e. within the framework of the Group's three-year financial plan. The losses for which deferred tax assets are recognised derive from the Group's home markets.

2020

Deferred tax assets	Opening balance	Income statement	Other comprehensive income	Equity	Exchange rate differences	Closing balance
Deductible temporary differences						
Share-based payments	2	8		-1		9
Lease assets	2	6				8
Unused tax losses	112	-25			-5	82
Unrecognised deferred tax assets	-4					-4
Other	58	-26			-3	29
Total	170	-37		-1	-8	124

Deferred tax liabilities

Taxable temporary differences

Untaxed reserves	2 300	-14				2 286
Hedge of net investments in foreign operations	0	-3	4			1
Provision for pensions	-1 877	-20	1 064			-833
Cash flow hedges	6	-5	-2			-1
Intangible assets	753	181				934
Credit impairment provisions	45				-1	44
Foreign currency basis risks	-135	-8	-7			-150
Share-based payment	18			-8		10
Owner-occupied properties	15	2				17
Deferred tax undistributed profits (dividend)	527	120				647
Other	-81	-84			-6	-171
Total	1 571	169	1 059	-8	-7	2 784

Unused tax losses and unused tax credits according to tax calculation

Maturity	Total deduction	Deduction for which deferred tax is recognised			Deduction for which deferred tax is not recognised
		Lithuania	Denmark	Norway	
Without maturity	573	460	20	73	20
Total	573	460	20	73	20



G19 Earnings per share

Earnings per share are calculated by dividing profit for the year attributable to holders of ordinary shares in the parent company by a weighted average number of ordinary shares outstanding. Earnings per share after dilution is calculated by dividing profit for the year attributable to holders of ordinary shares in the parent company by the average of the number of ordinary shares outstanding, adjusted for the dilution effect of potential shares.

Swedbank's share-related compensation programmes give rise to potential ordinary shares from the grant date of these shares from an accounting perspective. The grant date refers here to the date when the parties agreed to the terms and conditions of the programmes. The rights are treated as options in the calculation of earnings per share after dilution.

Share based programme:	Grant date from an accounting perspective
2017	30 March
2018	26 March
2019	28 March
2020	28 May
2021	25 March

	2021	2020
Average number of shares		
Weighted average number of shares, before dilution	1 121 117 329	1 119 720 567
Weighted average number of shares for dilutive potential ordinary shares resulting from share-based compensation programme	3 676 236	3 708 306
Weighted average number of shares, after dilution	1 124 793 565	1 123 428 873
Earnings per share		
Profit for the year attributable to the shareholders of Swedbank AB	20 871	12 929
Earnings per share before dilution, SEK	18.62	11.55
Earnings per share after dilution, SEK	18.56	11.51

G20 Tax for each component in other comprehensive income

	2021				2020			
	Pre-tax amount	Deferred tax	Current tax	Total tax amount	Pre-tax amount	Deferred tax	Current tax	Total tax amount
Items that will not be reclassified to the income statement								
Remeasurements of defined benefit pension plans	1 686	-347		-347	5 166	-1 064		-1 064
Share of other comprehensive income of associates, Remeasurements of defined benefit pension plans	21				96			
Change in fair value attributable to changes in own credit risk of financial liabilities designated at fair value through profit or loss					6		-1	-1
Total	1 707	-347		-347	5 268	-1 064	-1	-1 065
Items that may be reclassified to the income statement								
Exchange differences, foreign operations	848				-1 840			
Hedging of net investments in foreign operations	-729	1	149	150	1 532	-4	-317	-321
Cash flow hedges	2	-1		-1	-9	2		2
Foreign currency basis risk	5	-1		-1	-42	7	6	13
Share of associates and joint ventures	91				-84			
Total	217	-1	149	148	-443	5	-311	-306
Other comprehensive income	1 924	-348	149	-199	4 825	-1 059	-312	-1 371



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G21 Treasury bills and other bills eligible for refinancing with central banks etc.

	Carrying amount			Nominal amount		
	2021	2020	1/1/2020	2021	2020	1/1/2020
Governments	160 461	134 145	133 012	158 889	133 289	131 426
Municipalities	3 129	3 046	4 082	3 096	2 979	4 027
Total	163 590	137 191	137 094	161 985	136 268	135 453

G22 Loans to credit institutions

	2021	2020	1/1/2020
Loans and advances	34 362	37 075	41 662
Repurchase agreements	1 383	1 582	9
Cash collaterals posted	3 759	9 297	3 781
Total	39 504	47 954	45 452
of which subordinated loans			
Associates	0	120	120
Other companies	0	48	53
Total	0	168	173

G23 Loans to the public

	2021	2020	1/1/2020
Loans and advances	1 641 878	1 572 550	1 567 228
Finance leases	34 932	33 857	32 740
Cash collaterals posted	1 832	9 630	5 657
Total loans to the public excl repurchase agreements and Swedish National Debt Office	1 678 642	1 616 037	1 605 625
Repurchase agreements	21 541	32 704	36 942
Repurchase agreements, Swedish National Debt Office	3 020	7 243	9 725
Swedish National Debt Office	3	25 003	4
Total	1 703 206	1 680 987	1 652 296

Finance lease agreements distributed by maturity

	2021				2020			
	< 1 yr	1–5 yrs	> 5 yrs	Total	< 1 yr	1–5 yrs	> 5 yrs	Total
Gross investments	10 755	21 945	3 946	36 646	11 540	20 170	3 749	35 459
Unearned finance income	635	896	183	1 714	632	802	168	1 602
Net investments	10 120	21 049	3 763	34 932	10 908	19 368	3 581	33 857

Finance leases relate to leases of vehicles, machinery and boats. The residual value of the leases in all cases are guaranteed by the lessees or a third party. The lease income does not include any contingent rents.



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G24 Bonds and other interest-bearing securities

	Carrying amount			Nominal amount		
	2021	2020	1/1/2020	2021	2020	1/1/2020
Mortgage institutions	29 135	25 192	26 556	28 690	24 365	25 687
Banks	13 299	15 445	11 459	13 219	15 182	11 330
Other financial companies	10 494	13 181	8 894	10 341	12 930	9 204
Non-financial companies	5 165	6 157	10 458	5 117	6 095	9 809
Total	58 093	59 975	57 367	57 367	58 572	56 030
of which subordinated bonds and other interest-bearing securities	203	137		199	132	
of which senior non-preferred bonds and other interest-bearing securities	719	234		713	232	

Bonds and other interest-bearing securities are issued by other than public agencies.

G25 Financial assets for which the customers bear the investment risks

	2021	2020	1/1/2020
Fund units	297 595	231 563	207 158
Interest-bearing securities	5 562	4 696	4 497
Shares	25 355	16 152	13 238
Total	328 512	252 411	224 893

G26 Shares and participating interests

	Carrying amount			Cost		
	2021	2020	1/1/2020	2021	2020	1/1/2020
Trading shares	6 368	4 644	611	6 131	4 474	606
Trading fund units	5 862	11 491	3 612	5 581	11 080	3 360
Shares for protection of claims	20	31		20	10	
Condominiums	11	11	11	11	11	11
Other	1 155	1 038	2 334	1 189	1 031	1 644
Total	13 416	17 215	6 568	12 931	16 605	5 621



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G27 Investments in associates and joint ventures

	2021	2020	1/1/2020
Fixed assets			
Credit institutions - Associates	4 004	3 634	3 210
Credit institutions - Joint ventures	3 228	3 219	3 036
Other associates	436	354	317
Other joint ventures	37	80	116
Total	7 705	7 287	6 679
Opening balance	7 287	6 679	
Additions during the year	26	23	
Change in accumulated profit shares, total comprehensive income	1 088	589	
Dividends received and reversed provision	-696	-2	
Disposals during the year		-2	
Closing balance	7 705	7 287	

2021						
Associates	Corporate name, Domicile	Corporate identity number	Number of shares	Carrying amount	Cost	Share of capital, % Share of associate's profit
Credit institutions						
	Sparbanken Skåne AB, Lund	516401-0091	3 670 342	1 587	1 070	22.00 166
	Sparbanken Rekarne AB, Eskilstuna	516401-9928	865 000	579	125	50.00 88
	Sparbanken Sjuhärads AB, Borås	516401-9852	4 750 000	1 455	288	47.50 129
	Vimmerby Sparbank AB, Vimmerby	516401-0174	340 000	99	41	40.00 5
	Ölands Bank AB, Borgholm	516401-0034	637 000	284	231	49.00 22
Total credit institutions				4 004	1 755	410
Other associates						
Owned by parent company						
	BGC Holding AB, Stockholm	556607-0933	29 360	292	99	29.36 61
	Finansiell ID-Teknik BID AB, Stockholm	556630-4928	12 735	28	24	28.30 8
	Getswish AB, Stockholm	556913-7382	10 000	19	21	20.00 3
	USE Intressenter AB, Uppsala	559161-9464	2 000	0	0	20.00 0
	VISA Sweden, ek för, Stockholm liquidated during 2021	769619-6828				110
Owned by subsidiaries						
	Bankomat AB, Stockholm	556817-9716	150	79	66	20.00 5
	SK ID Solutions AS	10747013	16	18	10	25.00 4
Total other associates				436	220	191
Total associates				4 440	1 975	601

The share of the voting rights in each entity corresponds to the share of its equity. All shares are unlisted. Swedbank does not have any individual material interests in associates. Swedbank's share of associates' other comprehensive income for the year amounted to SEK 48 m (71) and the share of the year's total comprehensive income amounted to SEK 649 m (466). As of 31 December 2021 Swedbank's share of associates' contingent liabilities and commitments amounted to SEK 369 m (366) and SEK 5 180m (2 703), respectively. During the year Visa Sweden was liquidated.



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2021

Joint ventures Corporate identity, domicile	Corporate identity number	Number of shares	Carrying amount	Cost	Share of capital, %	Share of joint venture's profit
Credit institutions						
EnterCard Group AB, Stockholm	556673-0585	3 000	3 228	420	50,00	444
Other joint ventures						
Invidem AB, Stockholm	559210-0779	10 000	8	73	16,67	-31
P27 Nordic Payments Platform AB, Stockholm	559198-9610	10 000	29	117	16,67	-38
Total joint ventures			3 265	610		375
Total associates and joint ventures			7 705	2 585		976

During the year Swedbank AB made a capital contribution to Invidem AB of SEK 25 m (23). Swedbank's share of joint ventures' other comprehensive income for the year amounted to SEK 64 m (-59). Swedbank AB received a dividend of 500m (0) from EnterCard Group AB.

Condensed financial information for the EnterCard Group:

	2021	2020
Loans to the public	30 474	31 179
Total assets	38 224	38 085
Amounts owed to credit institutions	31 204	30 941
Total liabilities	31 707	31 563
Total equity	6 517	6 522
Net interest income	2 988	3 123
Total income	3 376	3 448
Total expenses	1 330	1 365
Credit impairments	1 002	1 399
Profit before tax	1 044	683
Tax expense	156	190
Profit for the year	888	493
Total comprehensive income	1 015	366



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G28 Derivatives

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

Note	Nominal amount Remaining contractual maturity			Nominal amount		Positive fair value			Negative fair value		
	< 1 yr	1–5 yrs	> 5 yrs.	2021	2020	2021	2020	1/1 2020	2021	2020	1/1 2020
Derivatives in hedge accounting											
One-to-one fair value hedges, interest rate swaps	G29	141 732	327 295	48 309	517 336	514 849	8 156	14 953	13 013	1 675	37
Portfolio fair value hedges, interest rate swaps	G29	135 659	350 300	9 315	495 274	457 647	1 969	137	702	853	2 412
Cash flow hedges, cross currency basis swaps	G29	512	3 826	3 789	8 127	8 500	41	19	190	130	256
Total		277 903	681 421	61 413	1 020 737	980 996	10 166	15 109	13 905	2 658	2 705
Non-hedge accounting derivatives											
		6 059 407	10 592 527	8 293 818	24 945 752	19 302 025	174 838	126 813	102 833	170 723	143 547
Gross amount		6 337 310	11 273 948	8 355 231	25 966 489	20 283 021	185 004	141 922	116 738	173 381	146 252
Offset amount	G47	-4 081 964	-9 868 821	-8 027 757	-21 978 542	-16 771 805	-89 745	-72 314	-145 275	-91 872	-74 232
Total		2 255 346	1 405 127	327 474	3 987 947	3 511 216	40 531	52 177	44 424	28 106	54 380
Non-hedge accounting derivatives											
Interest-related											
Options		169 070	599 048	191 889	960 007	976 068	1 589	2 796	1 954	1 974	3 101
Forward contracts		2 726 663	980 255		3 706 918	4 419 434	859	1 058	958	881	1 074
Swaps		1 923 356	8 525 563	7 980 995	18 429 914	12 231 553	146 941	94 475	58 317	148 943	96 411
Currency-related											
Options		19 922	42		19 964	16 433	78	154	231	77	164
Forward contracts		921 423	14 351		935 774	828 045	13 240	9 247	7 804	7 387	20 095
Swaps		222 323	454 097	117 865	794 285	725 691	9 732	14 804	8 015	9 749	18 560
Equity-related											
Options		57 276	4 788		62 064	78 464	1 936	4 171	25 385	959	3 422
Forward contracts		1 691			1 691	6 919	11	26	30	14	29
Swaps		14 782	14 383		29 165	14 756	311	4	19	544	537
Credit-related											
Swaps				3 069	3 069	1 207				74	94
Commodity-related											
Options									15		15
Forward contracts		2 901			2 901	3 455	141	77	105	121	60
Total		6 059 407	10 592 527	8 293 818	24 945 752	19 302 025	174 838	126 813	102 833	170 723	143 547

G29 Hedge accounting

29.1 Fair value hedges

The Group's approach to managing market risk, including interest rate risk, and its exposure to those risks are presented in note G3. The risk of changes in interest rates on the fair value of certain fixed rate financial instruments is mitigated in accordance with the Group's risk management strategy by using interest rate swaps. Where hedge accounting is applied, interest rate risk on fixed rate loans to the public (mortgages) is hedged on a portfolio basis whereas debt securities in issue, senior non-preferred liabilities and subordinated liabilities are identified and hedged on an issuance by issuance basis. Interest rate swaps designated as the hedging instruments are reported in the balance sheet in the Derivatives line.

Designated fair value hedge relationships are used to hedge the benchmark interest rate risk, which is an observable and reliably measurable component of the interest rate risk and of the fair value. Where hedge accounting is applied, the Group ensures that the relationships meet the criteria outlined in note G2 section 3.4.4, including the effectiveness requirements. The Group manages other risks on these exposures, such as credit risk, but does not apply hedge accounting for them.

Hedge ineffectiveness is reported in the income statement as Net gains and losses on financial items. Potential sources of hedge ineffectiveness are related to the following:

- There is an exposure to the interest rate swap counterparty's credit risk that is not offset by the respective hedged item. This risk is minimized by entering into interest rate swaps with high credit quality counterparties.
- Different discount curves are in some cases applied for the valuation of the respective hedged item and the interest rate swaps.

One-to-one hedges – effectiveness assessment under IFRS 9

The economic relationship between the debt securities, senior non-preferred liabilities or subordinated liabilities and the interest rate swaps are assessed using a qualitative analysis of the critical terms. The critical terms are matched between the financial instruments, particularly regarding notional amount, reference interest rate, repricing dates and tenor. The fair values of the instruments are expected to move in opposite directions as a result of changes in the hedged benchmark interest rate risk. The effect of credit risk is not considered to dominate the changes in fair value. The hedge ratio is one-to-one as the nominal amount of the interest rate swap matches the issued amount of the hedged debt securities, senior non-preferred liabilities or subordinated liabilities. The Group assesses hedge effectiveness by comparing the changes in fair value of the debt securities, senior non-preferred liabilities or subordinated liabilities resulting from movements in the benchmark interest rate with the changes in fair value of the designated interest rate swaps.

Portfolio hedges – effectiveness test under IAS 39

Mortgage loans are grouped into quarterly time buckets based on the next interest rate fixing dates. Each time bucket position is hedged using interest rate swaps with a nominal amount covering a portion of the total loans. A specified loan amount in each time bucket is therefore designated as the hedged item. The portfolio fair value hedges are assessed for effectiveness both prospectively and retrospectively. The prospective assessment is performed using a qualitative analysis of the critical terms of the hedged item and the interest rate swap. The retrospective assessment is performed daily on cumulative basis by using the dollar offset method. The changes in fair value of the mortgage loans resulting from movements in the benchmark interest rate are compared to the changes in fair value of the designated interest rate swaps.

The tables below provide information relating to the hedged items and hedging instruments in qualifying fair value hedge relationships.

Hedging instruments and hedge ineffectiveness	2021						2020					
	Carrying amount			Change in fair value used for recognising hedge ineffectiveness	Ineffectiveness recognised in Profit or loss		Carrying amount			Change in fair value used for recognising hedge ineffectiveness	Ineffectiveness recognised in Profit or loss	
	Nominal amount	Assets	Liabilities				Nominal amount	Assets	Liabilities			
Interest rate risk												
Interest rate swaps, Loans to the public, Portfolio hedges	495 274	1 969	853	1 711	1		457 647	137	2 412	-1 818	-27	
Interest rate swaps, Debt securities in issue	456 817	7 926	1 127	5 672	57		482 092	14 321	37	12 876	-6	
Interest rate swaps, Senior non-preferred liabilities	32 120	12	448	-431	-1		9 893	105		100	1	
Interest rate swaps, Subordinated liabilities	28 399	218	100	44	-2		22 863	527		474	9	
Total	1 012 610	10 125	2 527	6 996	55		972 496	15 090	2 449	11 634	-24	

Hedged items	2021						2020					
	Carrying amount		Accumulated adjustment on the hedged item		Change in value used for recognising hedge ineffectiveness		Carrying amount		Accumulated adjustment on the hedged item		Change in value used for recognising hedge ineffectiveness	
	Assets	Liabilities	Assets	Liabilities			Assets	Liabilities	Assets	Liabilities		
Portfolio hedges												
Loans to the public	495 276						457 647					
Value change of the hedged items in portfolio hedges of interest rate risk	-1 753		-1 753		-1 753		1 774		1 774		1 774	
One-to-one hedges												
Debt securities in issue		466 972		5 617	-5 617			498 227		12 900	-12 900	
Senior non-preferred liabilities		32 114		-429	429			9 874		101	-101	
Subordinated liabilities		28 576		44	-44			22 966		473	-473	
Total	493 523	527 662	-1 753	5 233	-6 986		459 421	531 067	1 774	13 474	-11 700	



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Maturity profile and average price, hedging instruments	2021			2020		
	Remaining contractual maturity			Remaining contractual maturity		
	<1 yr	1–5 yrs	>5 yrs	<1 yr	1–5 yrs	>5 yrs
Portfolio hedges						
Nominal amount	135 659	350 300	9 315	111 530	335 627	10 490
Average fixed interest rate (%)	0.18	0.20	0.64	0.10	0.19	0.42
One-to-one hedges						
Nominal amount	141 732	327 295	48 309	96 636	377 161	41 052
Average fixed interest rate (%)	0.43	0.31	1.62	0.45	0.37	1.84

Hedge relationships in scope for Interest Rate Benchmark Reform

The Group applies the Amendments to IFRS 9, IAS 39 and IFRS 7 due to the Interest Rate Benchmark Reform– Phase 1. For more information on the Reform itself, see Note G45. The amendments provide certain temporary relief from the hedge accounting requirements in connection with the Reform. This has the effect that the Reform will not generally cause hedge accounting relationships to be terminated.

The tables below provide details, based on the nominal amounts of the Group's relationships which are considered to be in scope. In December 2021, the hedge relationships referring to Libor in CHF, GBP and JPY were transitioned to an alternative reference rate or, in a few cases, hedge accounting was discontinued. The transitioned hedges are considered in scope of the Amendments to IFRS 9, IAS 39 and IFRS 7 due to the Interest Rate Benchmark Reform– Phase 2 and the hedging relationship continues.

Hedged items and hedging instruments	2021		2020		
	USD	CHF	GBP	JPY	USD
All contracts	47 475	3 242	16 300	6 758	51 321
Maturity before Interest Rate Benchmark Reform	22 581	926	11 847	0	30 796 ¹
Directly attributable to Interest Rate Benchmark Reform	24 894	2 316	4 454	6 758	20 525

1) The prior year USD figure has been restated due to the decision to prolong the transition date for USD to 30 June 2023.



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29.2 Cash flow hedges

The Group's approach to managing market risk, including currency risk, and its exposure to those risks are presented in note G3. In accordance with the Group's risk management strategy, cross currency basis swaps are entered to mitigate the foreign currency risk on future principal and interest payments of foreign currency debt securities. The hedged items are the aggregate exposure of foreign currency fixed rate debt securities in issue and interest rate swaps in the same foreign currency. The hedging instruments are cross currency basis swaps, which convert the foreign currency cash flows into SEK. The foreign currency basis spread in the cross currency basis swaps is excluded from the hedge accounting relationship and is accounted for as described in note G2 section 3.4.4. Cross currency basis swaps designated as hedging instruments are reported in the balance sheet in the Derivatives line.

Designated cash flow hedge relationships are used to hedge against movements in foreign currencies. Where hedge accounting is applied, the Group ensures that the relationships meet the criteria outlined in note G2 section 3.4.4. The Group manages other risks on these exposures, such as credit risk, but does not apply hedge accounting for them.

The Group ensures that designated hedge relationships fulfil the effectiveness requirements. The economic relationship between the aggregate exposure and the cross currency basis swap are assessed using a qualitative analysis of the critical terms, which are matched. The fair values of the instruments are expected to move in opposite directions as a result of a change in the foreign currency rate. The effect of credit risk is not considered to dominate the changes in fair value.

The hedge ratio is one-to-one as the issued amount of the cross currency basis swap matches the issued amount of the hedged aggregate exposure.

The Group assesses hedge effectiveness by comparing the changes in fair value of the aggregate exposure due to movements in the foreign currency rate with the changes in fair value of the designated part of the cross currency basis swap. The changes in fair value of the aggregate exposure are calculated using a hypothetical derivative, which reflects the terms of the aggregate exposure. Hedge ineffectiveness is reported in the income statement as Net gains and losses on financial items. Potential sources of hedge ineffectiveness are related to the following:

- There is an exposure to the derivative counterparty's credit risk that is not offset by the respective hedged item. This risk is minimized by entering into cross currency basis swaps with high credit quality counterparties.
- Different discount curves are applied for the valuation of the respective hedged item and the cross currency basis swaps.

The tables below provide information about the Group's qualifying cash flow hedge relationships. The Group designates cash flow hedges of foreign currency risk, where the hedging instruments are cross currency basis swaps in EUR/SEK and the hedged items are debt securities in issue and interest rate swaps, both denominated in EUR.

Hedging instruments	2021	2020
Cross currency basis swaps, EUR/SEK		
Nominal amount	8 127	8 500
Carrying amount		
Assets	41	19
Liabilities	130	256
Hedge effectiveness		
Change in fair value of hedging instruments used for measuring hedge ineffectiveness	-7	-151
Change in fair value of hedged items used for measuring hedge ineffectiveness		
EUR debt securities in issue and interest rate swaps	7	152
Ineffectiveness recognised in the income statement during the year	1	-2
Cash flow hedge reserve		
Opening balance 1 January	1	8
Gains or losses from hedges recognised in other comprehensive income	145	-358
Amount reclassified to the income statement, net gains and losses on financial items	-143	349
Other comprehensive income before tax	2	-9
Tax	-1	2
Closing balance 31 December	2	1

Maturity profile and average price, hedging instruments	2021			2020		
	Remaining contractual maturity			Remaining contractual maturity		
Foreign currency risk	<1 yr	1-5 yrs	>5 yrs	<1 yr	1-5 yrs	>5 yrs
Nominal amount	512	3 826	3 789	405	2 877	5 218
Average FX rate	9.77	10.34	10.21	10.12	10.22	10.25



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29.3 Hedging of net investments in foreign operations

Foreign currency translation differences arise from the translation of operations which do not have SEK as the functional currency. The foreign currency risk arises as a result of fluctuations in the spot rate of the functional currency of the foreign operation versus SEK, which causes the carrying amount of the net investment to vary. The Group hedges these exposures by issuing debt securities and subordinated liabilities in the same currency as the hedged net investment in the foreign operation.

The Group applies hedge accounting for the foreign currency translation of these liabilities to the extent they are designated as hedging instrument. The foreign exchange effects for hedging instruments are reported in other comprehensive income instead of the income statement.

The Group's hedging policy is to generally hedge net investments in subsidiaries and associates denominated in foreign currencies to minimize the foreign exchange effect on the Common Equity Tier 1 capital.

The Group ensures that designated hedge relationships fulfil the effectiveness requirements. The economic relationship between the net investment in the foreign operation and the debt securities is assessed using a qualitative analysis of the critical terms, which are matched. The carrying amounts are expected to move in opposite directions as a result of a change in the foreign currency rate. The hedge ratio is one-to-one as the carrying amount of hedging instrument match the portion of the net investment in the foreign operation that is designated as the hedged item. The carrying amount for the hedging instrument is equal to its nominal value. The Group assesses hedge effectiveness by comparing the changes in value of the designated net investment, with the changes in the carrying amount of the hedging instruments, due to movements in the foreign currency rate. Rebalancing occurs monthly or when net assets change significantly during a month.

The tables below provide information relating to the hedged items and hedging instruments in qualifying hedges of net investments in foreign operations.

	2021				2020			
	Carrying amount, Liabilities	Change in fair value used for measuring hedge ineffectiveness	Change in value of the hedging instrument recognized in OCI before tax	Hedging of net investments in foreign operations after tax	Carrying amount, Liabilities	Change in fair value used for measuring hedge ineffectiveness	Change in value of the hedging instrument recognized in OCI before tax	Hedging of net investments in foreign operations after tax
Hedging instruments and hedge ineffectiveness								
Foreign currency risk								
EUR denominated, Debt securities in issue	37 455	-661	-661	-3 352	34 189	1 425	1 425	-2 827
USD denominated, Debt securities in issue						6	6	
NOK denominated, Debt securities in issue	760	-68	-68	104	979	92	92	158
Total	38 214	-729	-729	-3 248	35 168	1 523	1 523	-2 669

	2021	2020
	Change in value used for measuring hedge ineffectiveness	Change in value used for measuring hedge ineffectiveness
Hedged items		
EUR net investments	661	-1 425
USD net investments		-6
NOK net investments	68	-92
Total	729	-1 523

**G30 Intangible assets**

	Indefinite useful life		Definite useful life			Total
	Goodwill	Brand	Customer base	Internally developed software	Other	
2021						
Cost, opening balance	15 488	158	1 878	6 593	1 432	25 549
Additions through internal development				1 423		1 423
Additions through separate acquisitions					88	88
Sales and disposals					-50	-50
Exchange rate differences	212	1	15	10	4	242
Cost, closing balance	15 700	159	1 893	8 026	1 474	27 252
Amortisation, opening balance			-1 348	-1 562	-1 062	-3 972
Amortisation for the year			-42	-366	-90	-498
Sales and disposals					45	45
Exchange rate differences			-15	-10	-4	-29
Amortisation, closing balance			-1 405	-1 938	-1 111	-4 454
Impairment, opening balance	-2 161	-66	-237	-712	-40	-3 216
Impairment for the year				-56		-56
Exchange rate differences	-38					-38
Impairment, closing balance	-2 199	-66	-237	-768	-40	-3 310
Carrying amount	13 501	93	251	5 320	323	19 488

For intangible assets with a finite useful life, the amortisable amount is allocated linearly over the useful life. The original useful life is between 3 and 20 years, except for internally developed software. The original useful life for internally developed software is between 3 and 10 years. Amortization of these assets will commence once the asset is ready to use. During the year an impairment was recognised for internally developed software of SEK 56m. At year end there was no indication of additional impairment of intangible assets.

	Indefinite useful life		Definite useful life			Total
	Goodwill	Brand	Customer base	Internally developed software	Other	
2020						
Cost, opening balance	15 950	160	1 911	5 288	1 422	24 731
Additions through internal development				1 309		1 309
Additions through separate acquisitions					64	64
Sales and disposals					-45	-45
Exchange rate differences	-462	-2	-33	-4	-9	-510
Cost, closing balance	15 488	158	1 878	6 593	1 432	25 549
Amortisation, opening balance			-1 338	-1 226	-1 007	-3 571
Amortisation for the year			-41	-338	-93	-472
Sales and disposals					30	30
Exchange rate differences			31	2	8	41
Amortisation, closing balance			-1 348	-1 562	-1 062	-3 972
Impairment, opening balance	-2 241	-66	-237	-712	-40	-3 296
Impairment for the year						
Exchange rate differences	80					80
Impairment, closing balance	-2 161	-66	-237	-712	-40	-3 216
Carrying amount	13 327	92	293	4 319	330	18 361



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Specification of intangible assets with indefinite useful life	Acquisition year	Carrying amount		
		2021	2020	1/1/2020
Goodwill				
Swedbank Robur AB	1995	328	328	328
Föreningsbanken AB	1997	1 342	1 342	1 342
Swedbank Försäkring AB	1998	651	651	651
Kontoret i Bergsjö	1998	13	13	13
FSB Bolåndirekt Bank AB	2002	159	159	159
Söderhamns Sparbank AB	2007	24	24	24
PayEx	2017	425	429	429
Sweden		2 942	2 946	2 946
of which banking operations		1 538	1 538	1 538
of which other		1 404	1 408	1 408
Swedbank AS	1999	1 238	1 218	1 263
Swedbank AS	2000	13	12	13
Swedbank AS	2001	146	143	149
Swedbank AS	2005	8 981	8 827	9 157
Baltic countries		10 378	10 200	10 582
of which allocated to:				
Banking operations in Estonia		4 344	4 269	4 429
Banking operations in Latvia		2 236	2 198	2 280
Banking operations in Lithuania		3 798	3 733	3 873
First Securities ASA	2005	181	181	181
Norway		181	181	181
Total		13 501	13 327	13 709

Value in use

Goodwill acquired in business combinations has been allocated to the lowest possible cash generating unit. Recoverable amount has been determined based on value in use. This means that the assets' estimated future cash flows are calculated at present value using a discount rate. Estimated future cash flows are based on the Group's established three-year financial plans. The most important assumptions in the three-year plan are the executive management's estimate of net profit, including credit impairments; growth in each economy, both GDP and industry growth; and the trend in risk weighted assets. Financial planning is done at a lower level than the cash generating unit. The necessary assumptions in the planning are based as far as possible and appropriate on external information. Future cash flows are subsequently estimated with the help of long-term growth assumptions for risk weighted assets as well as on net profit in relation to risk weighted assets. Due to the long-term nature of the investments, cash flow is expected to continue indefinitely. Use of an indefinite cash flow is motivated by the fact that all cash generating units are part of the Group's home markets, which it has no intention of leaving. Net cash flow refers to the amount that theoretically could be received as dividends or must be contributed as capital to comply with capital adequacy or solvency rules. The Group currently believes that a Common Equity Tier 1 capital ratio of 15 per cent (15) is reasonably the lowest level for the cash generating unit, because of which any surpluses or deficits calculated in relation to this level are

theoretically considered payable as dividends or will have to be contributed as capital and therefore constitute net cash flow. The discount rate is determined based on the market's risk-free rate of interest and yield requirements, the unit's performance in the stock market in relation to the entire market, and the asset's specific risks. The discount rate is adapted to various periods if needed. Any adjustments needed to the discount factor are determined based on the economic stage the cash generating unit is in and means that each year's cumulative cash flow is discounted by a unique discounting factor. Projected growth in risk weighted assets corresponds to estimated inflation, projected real GDP growth and any additional growth expected in the banking sector, depending on the economic stage the sector is in. In accordance with IAS 36, the long-term growth estimate does not include any potential increase in market share. Long-term growth estimates are based on external projections as well as the Group's experience and growth projections for the banking sector in relation to GDP growth and inflation. Estimated net profit in relation to risk weighted assets is based on historical experience and adjusted based on the economic stage the cash generating unit is in. The adjustment is also based on how the composition of the cash generating unit's balance sheet is expected to change. The parameters are based as far as possible on external sources. The most important assumptions and their sensitivity are described in the table on the following page.



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	Annual average REA growth %		Annual REA growth %		Annual average REA growth %		Annual REA growth %	
	2021	2020	2021	2020	2021	2020	2021	2020
	2022–2024	2021–2023	2025–2048	2024–2048	2025–2048	2024–2048	2049–	2049–
Cash-generating unit								
Banking operations								
Estonia	6.4	1.6	3.2–2.8	3.1–2.8	3.0	3.0	3.0	3.0
Latvia	13.1	7.0	4.4–1.9	3.5–2.2	2.6	2.9	3.0	3.0
Lithuania	9.2	6.4	3.4–1.8	4.0–2.6	2.8	3.6	3.0	3.0
Sweden	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0

	Annual average discount rate %		Average discount rate %		Annual average discount rate %		Average discount rate %	
	2021	2020	2021	2020	2021	2020	2021	2020
	2022–2024	2021–2023	2025–2048	2024–2048	2025–2048	2024–2048	2049–	2049–
Cash-generating unit								
Banking operations								
Estonia	8.9	9.4	8.9	9.4–9.0	8.9	9.2	8.9	9.0
Latvia	9.4	9.9	9.4–9.0	9.9–9.0	9.2	9.5	9.0	9.0
Lithuania	9.1	9.9	9.1–9.0	9.9–9.0	9.0	9.5	9.0	9.0
Sweden	4.3	5.3	4.3	5.3	4.3	5.3	4.3	5.3

Sensitivity analysis, change in recoverable amount

	Net asset including goodwill. Carrying amount. SEKm		Recoverable amount. SEKm		Decrease in assumption of yearly growth by 1 percentage point		Increase in discount rate by 1 percentage point	
	2021	2020	2021	2020	2021	2020	2021	2020
Cash-generating unit								
Banking operations								
Estonia	22 174	21 739	34 624	31 732	–1 677	–1 210	–3 378	–2 645
Latvia	11 442	11 018	13 935	12 487	–587	–464	–1 098	–928
Lithuania	14 354	13 405	19 049	16 138	–1 445	–729	–2 201	–1 467
Sweden ¹	66 478	68 626	122 803	93 376	–18 087	–7 299	–27 044	–14 229

1) The cash-generating unit is part of the segment Swedish Banking

Sensitivity analysis

Given a reasonable change in any of the above assumptions there would be no impairment loss for any cash generating unit. For the other cash generating units there is still room for a reasonable change if both assumptions were to occur simultaneously as indicated in the table i.e. both an increase in the discount rate of 1 percentage point and a decrease in the growth assumption of 1 percentage point. The Group is also confident there is room for a reasonable change in the net profit margin assumption for these units without causing an impairment loss.

Banking operations in Baltic countries

Recognised goodwill totalled SEK 10 378 m (10 200). Goodwill is tested for impairment separately for each country. Essentially the same assumptions were used in the impairment testing for 2021 as at the previous year-end. The three-year financial plans have been updated, as a result of which the initial growth assumptions after the planning period have been reduced. The discounting factor has been updated with new country-specific risk premiums. No impairments were identified on the balance sheet date. The three-year financial plans have been updated based

on conditions in each country. Initial growth assumed in the established three-year financial plans is based on management's best estimate of inflation, real GDP growth and growth in the banking sector in each market. The assessments are based on external sources. After the planning period a linear reduction in annual growth is assumed in principle during the period between 2025 and 2049 from 4 per cent down to 3 per cent, which is considered sustainable growth for a mature market. The initial discount rate for each period reflects a country-specific risk premium that will converge on a straight-line basis to 5 per cent, which is considered relevant for a mature market. Risk premiums are derived from external sources. The discount rate before tax for the period 2022–2024 was approximately 12 per cent (12).

Other cash generating units, excluding banking operations

Other recognised goodwill totalled SEK 1 585 m (1 589). No impairments were needed as of the closing day. Average annual growth for other cash generating units has been assumed to be 3 per cent (3) and the lowest discount rate was 4 per cent (5), or 5 per cent (7) before tax.



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G31 Tangible assets

2021	Current assets		Fixed assets			Total
	Properties	Equipment	Owner-occupied properties	Right-of-use assets for rented premises	Other	
Cost, opening balance	79	2 975	1 345	4 820	260	9 479
Additions	3	241	7	389	264	904
Sales and disposals	-47	-191	-27	-113	-31	-409
Assessments and modifications				352	52	404
Exchange rate differences	1	11	21	14		47
Cost, closing balance	36	3 036	1 346	5 462	545	10 425
Amortisation, opening balance		-2 213	-487	-1 231	-102	-4 033
Amortisation for the year		-299	-36	-705	-93	-1 133
Sales and disposals		161	14	105	11	291
Exchange rate differences		-6	-8	-2		-16
Amortisation, closing balance		-2 357	-517	-1 833	-184	-4 891
Impairment, opening balance	-25					-25
Sales and disposals	14					14
Impairment, closing balance	-11					-11
Carrying amount ¹	25	679	829	3 629	361	5 523

1) In the carrying amount for Other, Right-of-use assets are included with SEK 207m (72).

The useful life of equipment is deemed to be between three and ten years and its residual value is deemed to be zero as in previous years. The depreciable amount is recognised linearly in profit or loss over the useful life. There was no change in useful lives in 2021. No indications of impairment were identified on the balance sheet date for Fixed assets. Owner-occupied properties structural components are deemed to have useful lives of between 12 and 25 years. The residual value is

deemed to be zero. The depreciable amount is recognised linearly in profit or loss over the useful life. Land has an indefinite useful life and is not depreciated.

The useful life of right-of-use assets are considered to be the same as the lease terms, which were between 1 and 12 years. The depreciable amount is recognized on a straight-line basis in the income statement over the useful life. Information about the corresponding lease liabilities are presented within Other liabilities in note G41.

2020	Current assets		Fixed assets			Total
	Properties	Equipment	Owner-occupied properties	Right-of-use assets for rented premises	Other	
Cost, opening balance	116	3 002	1 419	4 316	106	8 959
Additions	38	332	8	325	177	880
Sales and disposals	-70	-334	-35	-157	-5	-601
Assessments and modifications				358	-18	340
Exchange rate differences	-5	-25	-47	-22		-99
Cost, closing balance	79	2 975	1 345	4 820	260	9 479
Amortisation, opening balance		-2 147	-496	-653	-45	-3 341
Amortisation for the year		-322	-38	-690	-58	-1 108
Sales and disposals		242	29	102	1	374
Exchange rate differences		14	18	10		42
Amortisation, closing balance		-2 213	-487	-1 231	-102	-4 033
Impairment, opening balance	-43		-3			-46
Impairment for the year			-2			-2
Sales and disposals	16		5			21
Exchange rate differences	2					2
Impairment, closing balance	-25					-25
Carrying amount ¹	54	762	858	3 589	158	5 421

1) In the carrying amount for Other, Right-of-use assets are included with SEK 72m (61).



G32 Other assets

	2021	2020	1/1/2020
Security settlement claims	4 891	8 760	6 580
Other financial assets	4 275	7 691	2 224
Total financial assets	9 166	16 451	8 804
Property taken over to protect claims	28	32	55
Total	9 194	16 483	8 859

G36 Financial liabilities for which customers bear the investment risk

	2021	2020	1/1/2020
Investment contracts, unit-link	309 289	234 395	206 981
Investment contracts, life	20 378	18 834	18 811
Total	329 667	253 229	225 792

G33 Prepaid expenses and accrued income

	2021	2020	1/1/2020
Prepaid expenses	1 475	1 369	2 457
Unbilled receivables	495	548	568
Total	1 970	1 917	3 025

G37 Debt securities in issue

	2021	2020	1/1/2020
Commercial papers	165 067	127 209	128 772
Covered bonds	436 989	471 491	589 627
Senior unsecured bonds	129 809	128 437	128 445
Structured retail bonds	4 052	5 677	8 910
Total	735 917	732 814	855 754

G34 Amounts owed to credit institutions

	2021	2020	1/1/2020
Swedish central bank	22	49 941	
Swedish banks	35 847	32 180	21 573
Other Swedish credit institutions	5 242	6 938	4 892
Foreign central banks	28 149	29 774	6 306
Foreign banks	22 507	27 930	36 305
Foreign credit institutions	231	257	606
Repurchased agreements, Swedish credit institutions	814	1 419	4
Repurchase agreements, foreign credit institutions,	0	1 874	
Total	92 812	150 313	69 686

G38 Short positions in securities

	2021	2020	1/1/2020
Shares	249	561	247
Interest-bearing securities	28 364	22 739	34 097
Total	28 613	23 300	34 345
of which own issued shares	121	155	24

G35 Deposits and borrowings from the public

	2021	2020	1/1/2020
Swedish public	909 656	831 048	698 948
Non-Swedish public	350 971	300 299	254 718
Total deposits and borrowings from the public excl repurchase agreements and Swedish National Debt Office	1 260 627	1 131 347	953 666
Repurchase agreements	5 088	16 824	18
Repurchase agreements, Swedish National Debt Office	0	0	1
Swedish National Debt Office	68	69	328
Total	1 265 783	1 148 240	954 013



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G39 Pensions

Defined benefit pension plans are recognised in the balance sheet as a provision and in the income statement in their entirety as a pension cost in staff costs. Remeasurements of defined benefit pension plans are recognised in other comprehensive income. The provision in the balance sheet is a net of the pension obligations and the fair value of the assets allocated to fund the obligations, so-called plan assets. The Group calculates provisions and costs for defined benefit pension obligations based on the obligations' significance and assumptions related to future development. The pension obligations as well as the cost of services rendered and interest expense for the pension obligations include payroll tax, which is calculated according to an actuarial method.

Nearly all employees hired in the Swedish part of the Group before 2013 are covered by the BTP2 defined benefit pension plan (a multi-employer occupational pension for Swedish banks). According to this plan, employees are guaranteed a life-time pension corresponding to a specific percentage of their salary and mainly comprising retirement pension, disability pension and survivor's pension. Remuneration levels differ for salaries with different income base amounts. For salaries over 30 income base amounts, there is no pension according to BTP2. Consequently, the Group's provision and pension cost are affected by each employee's anticipated longevity, final salary and income base amounts.

The pension plan also contains a complementary retirement pension which has been defined contribution since 2001 rather than defined benefit. In 2012 BTP was renegotiated as entirely a defined contribution pension plan for all new employees as of 2013. The defined benefit pension plan therefore covers only those employed before 2013 and hence is being dissolved. The defined benefit portion of the BTP2 pension plan is funded by purchasing pension insurance from the insurance company SPK (SPK Pension Tjänstepensionsförening). SPK administers pensions and manages pension assets for Swedbank and other employers. The Group has to determine its share of the plan assets held by SPK. The share amounted to 74 per cent. This is done using the metric SPK is likely to have used on the closing day to distribute assets if the plan were immediately dissolved or if a situation arose that required an additional payment from employers due to insufficient assets. The employers are responsible for ensuring that SPK has sufficient assets to meet the pension plan's obligations measured on the basis of SPK's legal obligations. There is no such deficit. SPK's asset management is mainly based on the regulations it faces. The Group's provision and other comprehensive income are therefore affected by SPK's return on assets.

During 2017 PayEx was acquired. Its Swedish part provides defined benefit pension according to the so-called ITP plan (Industry and Trade Supplementary Pension). The benefits mainly correspond to the benefits in BTP 2. The provision in the balance sheet was SEK 253m (235) at the end of the year. The pension commitments are secured in own balance sheet in accordance with the Act on Safeguarding Pension Benefits. During 2020, approximately 180 employees entitled to the defined-benefit pension plan ITP was transferred to the defined-contribution plan within BTP regarding future vesting. The change entailed a settlement gain of SEK 4m.

For individuals who have been in executive positions, there are complementary individual defined benefit pension obligations. They are funded through provisions to pension funds which comply with the Act on Safeguarding Pension Benefits.

Amount reported in balance sheet for defined benefit pension plans	2021	2020	1/1/2020
Funded pension obligations and payroll tax	26 438	26 824	29 316
Unfunded pension obligations and payroll tax	253	235	308
Fair value of plan assets	-24 890	-23 394	-20 826
Pension provisions	1 801	3 665	8 798

Changes in defined benefit pension plans, including payroll tax	2021	2020
Opening obligations	27 059	29 624
Current service cost and payroll tax	701	817
Interest expense on pension obligations	375	425
Pension payments	-802	-801
Payroll tax payments	-181	-169
Remeasurement	-461	-2 792
Settlements		-45
Closing obligations	26 691	27 059

	2021	2020	2021
Pension obligations, including payroll tax			Number
Active members	9 824	10 688	4 081
Deferred members	5 886	5 750	10 441
Pensioners	10 981	10 621	13 076
Total	26 691	27 059	27 598
Vested benefits	24 223	23 596	
Non-vested benefits	2 468	3 463	
Total	26 691	27 059	
of which attributable to future salary increases	2 685	3 008	

Changes in plan assets	2021	2020
Opening fair value	23 394	20 826
Interest income on plan assets	330	303
Contributions by the employer	743	691
Pension payments	-801	-800
Remeasurement	1 225	2 374
Closing fair value	24 890	23 394

Fair value of plan assets	2021	of which quoted market price in an active market	2020	of which quoted market price in an active market
Bank balances	149		461	
Debt instruments, Swedish government and municipalities	375	375	390	390
Derivatives, currency-related	-33		59	
Investment funds, interest	11 242	11 242	10 923	10 923
Investment funds, shares	8 045	8 045	7 374	7 374
Investment funds, other	5 112	1 958	4 187	2 006
Total	24 890	21 619	23 394	20 693



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	Undiscounted cash flows											
	2021			2020								
Remaining maturity	≤ 1 yr	> 1–5 yrs	> 5–10 yrs	> 10 yrs	No maturity/discount effect	Total	≤ 1 yr	> 1–5 yrs	> 5–10 yrs	> 10 yrs	No maturity/discount effect	Total
Pension obligations, including payroll tax	860	3 491	4 707	31 758	–14 125	26 691	851	3 410	4 421	27 268	–8 892	27 059
Plan assets	288	196	39		24 367	24 890	633	153	65		22 543	23 394
Expected contributions by the employer	680						742					

Pension costs reported in income statement	2021	2020
Current service cost and payroll tax	701	817
Interest expense on pension obligations	375	425
Interest income on plan assets	–330	–303
Settlements		–4
Pension cost defined benefit pension plans	746	936
Premiums paid for defined contribution pension plans and payroll tax	747	644
Total	1 493	1 579

Remeasurements of defined benefit pension plans reported in other comprehensive income	2021	2020
Actuarial gains and losses based on experience	310	165
Actuarial gains and losses arising from changes in financial assumptions	152	2 627
Return on plan assets, excluding amounts included in interest income	1 225	2 374
Total	1 686	5 166

Actuarial assumptions, per cent	2021	2020
Financial		
Discount rate, 1 January	1,41	1,46
Discount rate, 31 December	2,10	1,41
Future annual salary increases, 1 January	3,01	3,76
Future annual salary increases, 31 December	3,51	3,01
Future annual pension indexations/inflation, 1 January	1,51	1,98
Future annual pension indexations/inflation, 31 December	2,30	1,51
Future annual changes in income base amount, 1 January	3,17	3,73
Future annual changes in income base amount, 31 December	4,04	3,17

Demographic		
Entitled employees who choose early retirement option	50,00	50,00
Future annual employee turnover	3,50	3,50
Expected remaining life for a 65 years old man	22	22
Expected remaining life for a 65 years old woman	24	24

Sensitivity analysis, pension obligations	2021	2020
Financial		
Change in discount rate –25 bps	1 263	1 301
Change in salary assumption +25 bps	502	564
Change in pension indexation/inflation assumption +25 bps	1 230	1 196
Change in income base amount assumption –25 bps	229	250

Demographic		
All entitled employees choose early retirement option at maximum	604	723
Change in employee turnover assumption –25 bps	31	57
Expected remaining life for a 65 years old man and woman +2 year	2 121	2 091

When the cost of defined benefit pension plans is calculated, financial and demographic assumptions have to be made for factors that affect the size of future pension payments. The discount rate is the interest rate used to discount the value of future payments. The interest rate is based on a market rate of interest for first-class corporate bonds traded on a functioning market with remaining maturities and currencies matching those of the pension obligations. The Group considers Swedish bonds using mortgages as collateral as such bonds, because of which the discount rate is based on their quoted prices. The Group's own issues are excluded. Quoted prices are adjusted for remaining maturities with the help of prices for interest rate swaps. The weighted average maturity of the defined benefit obligation is nearly 21 years (21). A reduction in the discount rate of 0.25 bp would increase the pension provision by approximately SEK 1 263m (1 301) and the pension cost by SEK 52m (46). Future annual salary increases reflect projected future salary increases as an aggregate effect of both contractual wage increases and wage drift. Because the defined benefit pension plan no longer covers new employees, only those employed before 2013, the salary increase assumption has been adapted to assume that the plan is closed. As of 2014 an age-based salary increase assumption is therefore used instead. This means that a unique salary increase assumption is set for each age group of employees. As of 2014 the inflation assumption is based on quoted prices for nominal and index-linked government bonds. For longer maturities that lack quoted prices, the inflation assumption is gradually adapted to the Riksbank's target of 2 percentage points. The final benefits under BTP are determined on the basis of the income base amount. Therefore, future changes in the income base amount have to be estimated. The assumption is based on historical outcomes. Annual pension indexation has to be determined as well, since indexation historically has always been necessary. The indexation is assumed to correspond to the inflation assumption. BTP2 gives employees born in 1966 or earlier the option to choose a slightly earlier retirement age than normal in exchange for a slightly lower benefit level. Since this option is totally voluntary on the part of those employees, an estimate is made of the future outcome. Early retirements jointly agreed to by the employer and employee are recognised as they arise rather than estimated among actuarial assumptions. The assumed remaining lifetime of beneficiaries is updated annually.

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G40 Insurance provisions

	Life insurance			Non-life insurance			Total		
	2021	2020	1/1/2020	2021	2020	1/1/2020	2021	2020	1/1/2020
Opening balance	1 406	1 416	1 469	453	478	428	1 859	1 894	1 897
Provisions	798	701	611	704	625	648	1 502	1 326	1 259
Payments	-794	-684	-677	-617	-633	-604	-1 411	-1 317	-1 281
Exchange rate differences	11	-27	13	9	-17	6	20	-44	19
Closing balance	1 421	1 406	1 416	549	453	478	1 970	1 859	1 894

Provisions for insurance contracts

The Group allocates provisions for the insurance contracts or parts of contracts where significant insurance risks are transferred from the policyholder to the Group. Insurance risks differ from financial risks and mean that the Group compensates the policyholder if a specified uncertain future event adversely impacts the policyholder. The Group is compensated through premiums received from policy-

holders. Provisions are allocated for established claims and correspond to the amount that will be paid out. Provisions are also made for damages incurred but not reported. A statistical assessment of anticipated claims based on previous years' experience with each type of insurance contract is used as a basis for the provision. Assumptions are made with regard to interest rates, morbidity, mortality and expenses.

G41 Other liabilities and provisions

	2021	2020	1/1/2020
Security settlement liabilities	4 463	5 047	2 328
Lease liabilities	3 759	3 611	3 659
Other financial liabilities	19 994	21 072	22 128
Provisions for commitments and financial guarantees	644	806	582
Total financial liabilities	28 860	30 536	28 697
Restructuring provision	1	5	26
Other provisions	72	69	86
Total	28 933	30 610	28 807

Recognised lease liabilities reflects the present value of future cash flows in lease agreements where the Group acts as a lessee. Future cashflows of the lease liabilities are presented in a maturity analysis within note 3.2.6. Changes in the lease liabilities are presented in note 3.2.8. Information about the corresponding right-of-use assets are presented within note G31 Tangible Assets.

Future cash outflows related to potential extension and termination options in lease agreements, that are not reflected in the measurement of lease liabilities amounted to SEK 3 595m (3 665). Future cash outflows for leases not yet commenced to which the Group is committed amounted to SEK 769m (1 071). Expenses related to short-term leases, leases of low-value assets and variable lease payments are presented within Other general administrative expenses in note G14.

G42 Accrued expenses and prepaid income

	2021	2020	1/1/2020
Accrued expenses	3 169	2 842	3 742
Contract liabilities	1 644	1 196	641
Total	4 813	4 038	4 383



G43 Subordinated liabilities

	2021	2020	1/1/2020
Subordinated loans	14 980	14 900	15 453
Undated subordinated loans, Additional Tier 1 capital	13 624	8 534	16 481
Total	28 604	23 434	31 934

Fixed-term subordinated loans

Year of issue	Maturity	First optional call date	Currency	Nominal amount	Carrying amount	Coupon interest %
2017	2027	2022-11-22	EUR	650	6 689	1.00%
2018	2033	2028-03-28	JPY	5 000	398	0.90%
2018	2028	2023-04-12	JPY	8 000	630	0.75%
2018	2028	2023-05-08	SEK	1 200	1 219	0.00%
2018	2028	2023-06-29	JPY	11 000	864	0.95%
2018	2028	2023-09-18	EUR	500	5 180	0.00%
Total					14 980	

Undated subordinated loans, approved by Swedish Financial Supervisory Authority as Additional Tier 1 capital

The liabilities will be converted to ordinary shares in Swedbank AB if the core tier one ratio of Swedbank AB falls below 5.125 per cent or if the core tier one ratio of the consolidated situation falls below 8.0 per cent.

Year of issue	Maturity	First optional call date	Currency	Nominal amount	Carrying amount	Coupon interest %
2016	Undated	2022-03-17 ¹	USD	500	4 607	6.00%
2019	Undated	2024-09-17 ²	USD	500	4 587	5.63%
2021	Undated	2029-09-17 ³	USD	500	4 430	4.00%
Total					13 624	

1) The liability is converted at current share price, but not lower than USD 15.70 converted to SEK.

2) The liability is converted at current share price but not lower than USD 8.75 converted to SEK.

3) The liability is converted at current share price but not lower than USD 12.92 converted to SEK.

G44 Equity

The table below shows the Group's equity distributed according to the Annual Accounts Act for Credit Institutions and Securities Companies. The distribution, and the changes in equity for the year, according to IFRS are presented in the Statement of changes in equity, Group.

	2021	2020	1/1/2020		2021	2020	1/1/2020
Restricted equity				Ordinary shares			
Share capital, ordinary shares	24 904	24 904	24 904	Number of shares			
Statutory reserve	10 399	9 627	9 665	Number of shares authorised, issued and fully paid	1 132 005 722	1 132 005 722	1 132 005 722
Equity method reserve	5 376	4 995	4 410	Own shares	-10 570 929	-12 013 947	-13 701 333
Fund for internally developed software	4 224	3 430	2 660	Number of outstanding shares	1 121 434 793	1 119 991 775	1 118 304 389
Other reserve	19 936	17 478	18 154	Opening balance	1 119 991 775	1 118 304 389	1 116 674 361
Total	51 968	60 434	59 793	Share delivery due to Equity-settled share based programmes	1 443 018	1 687 386	1 630 028
Non-restricted equity				Closing balance	1 121 434 793	1 119 991 775	1 118 304 389
Currency translation from foreign operations	2 046	1 686	2 399	The quote value per share is SEK 22.			
Cash flow hedge reserve	2	1	8	Ordinary shares each carry one vote and a share in profits. Treasury shares are not eligible for dividends.			
Foreign currency basis reserve	-57	-62	-33				
Own credit risk reserve	0	-18	-5				
Share premium reserve	13 206	13 206	13 206				
Retained earnings	81 634	79 921	63 240				
Total	109 702	94 734	78 815				
Non-controlling interest	26	25	25				
Total equity	161 696	155 193	138 633				



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G45 Valuation categories of financial instruments

The tables below present the carrying amount and fair value of financial assets and financial liabilities, according to valuation categories.

2021							
Financial assets	Amortised cost	Fair value through profit or loss			Hedging Instruments	Total carrying amount	Fair value
		Mandatorily		Total			
		Trading	Other				
Cash and balances with central banks	360 153					360 153	360 153
Treasury bills and other bills eligible for refinancing with central banks, etc	128 523	25 314	9 753	35 067		163 590	163 600
Loans to credit institutions	38 121	1 383		1 383		39 504	39 504
Loans to the public ¹	1 678 446	24 561	199	24 760		1 703 206	1 703 553
Value change of the hedged items in portfolio hedges of interest rate risk	-1 753					-1 753	-1 753
Bonds and other interest-bearing securities		29 584	28 509	58 093		58 093	58 093
Financial assets for which customers bear the investment risk			328 512	328 512		328 512	328 512
Shares and participating interests		12 067	1 349	13 416		13 416	13 416
Derivatives		30 970		30 970	9 561	40 531	40 531
Other financial assets (G32)	9 166					9 166	9 166
Total	2 212 656	123 879	368 322	492 201	9 561	2 714 418	2 714 775
Financial liabilities	Amortised cost	Fair value through profit or loss			Hedging instruments	Total carrying amount	Fair value
		Trading	Designated	Total			
Amounts owed to credit institutions	91 998	814		814		92 812	92 812
Deposits and borrowings from the public	1 260 695	5 088		5 088		1 265 783	1 265 779
Financial liabilities for which customers bear the investment risk			329 667	329 667		329 667	329 667
Debt securities in issue ²	731 727	4 053	137	4 190		735 917	740 327
Short position securities		28 613		28 613		28 613	28 613
Derivatives		26 401		26 401	1 705	28 106	28 106
Senior non-preferred liabilities	37 832					37 832	38 492
Subordinated liabilities	28 604					28 604	29 026
Other financial liabilities (G41)	28 860					28 860	28 860
Total	2 179 716	64 969	329 804	394 773	1 705	2 576 194	2 581 682

1) Financial leasing agreements, when the Group is acting as lessor, are included in the valuation category Amortised cost since they are covered by provisions for expected credit losses.

2) Nominal amount of debt securities in issue designated at fair value through profit or loss was SEK 102m.



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2020							
Financial assets	Amortised cost	Fair value through profit or loss			Hedging Instruments	Total carrying amount	Fair value
		Mandatorily		Total			
		Trading	Other				
Cash and balances with central banks	293 811					293 811	293 811
Treasury bills and other bills eligible for refinancing with central banks, etc	114 923	15 201	7 067	22 268		137 191	137 206
Loans to credit institutions	46 372	1 582		1 582		47 954	47 954
Loans to the public ¹	1 640 938	39 948	101	40 049		1 680 987	1 684 884
Value change of interest hedged items in portfolio hedges	1 774					1 774	1 774
Bonds and other interest-bearing securities	35	34 371	25 569	59 940		59 975	59 976
Financial assets for which customers bear the investment risk			252 411	252 411		252 411	252 411
Shares and participating interests		15 948	1 267	17 215		17 215	17 215
Derivatives		38 583		38 583	13 594	52 177	52 177
Other financial assets (G32)	16 451					16 451	16 451
Total	2 114 304	145 633	286 415	432 048	13 594	2 559 946	2 563 859
Financial liabilities	Amortised cost	Fair value through profit or loss			Hedging instruments	Total carrying amount	Fair value
		Trading	Designated	Total			
Amounts owed to credit institutions	147 019	3 294		3 294		150 313	150 313
Deposits and borrowings from the public	1 131 416	16 824		16 824		1 148 240	1 148 231
Financial liabilities for which customers bear the investment risk			253 229	253 229		253 229	253 229
Debt securities in issue ²	726 047	5 677	1 090	6 767		732 814	738 196
Short position securities		23 300		23 300		23 300	23 300
Derivatives		51 675		51 675	2 705	54 380	54 380
Senior non-preferred liabilities	10 359					10 359	10 545
Subordinated liabilities	23 434					23 434	23 688
Other financial liabilities (G41)	30 536					30 536	30 536
Total	2 068 811	100 770	254 319	355 089	2 705	2 426 605	2 432 418

1) Financial leasing agreements, when the Group is acting as lessor, are included in the valuation category Amortised cost since they are covered by provisions for expected credit losses.

2) Nominal amount of debt securities in issue designated at fair value through profit or loss was SEK 1 027m.



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Interest Rate Benchmark Reform

IBOR transition is a market move from existing Interbank Offered Rates (IBORs) towards alternative Risk Free Rates (RFRs). IBORs act as reference rates for a broad range of financial instruments and are therefore key to financial stability. At Swedbank, as a large full-service bank, IBORs are currently used across lending, deposit, investment and trading products and feature across other internal processes. To address the challenge and ensure smooth transition, Swedbank runs an IBOR Transition programme across the Group. The goal is to ensure the Group's ability to issue, trade, and utilize the RFRs, as well as supporting the transition of the back book to the alternative rates.

Libor rates (GBP, USD, CHF, EUR, JPY) ceased to exist on 31 December 2021 (except for 1m, 3m, 6m and 12m USD Libor which will end in June 2023). EONIA ceased to exist on 3rd of January 2022.

Euribor (EUR), Stibor (SEK), Nibor (NOK) and Cibor (DKK) have undergone a reform to meet the requirements of the Benchmark Regulation. Euribor and Cibor were approved in 2019 and Nibor in 2020. Stibor Administrator The Swedish Financial Benchmark Facility (SFBF) applied for authorisation in the end of 2021 and the expectation is that this application will be approved by the Swedish Financial Supervisory Authority during 2022. These IBORs are expected to be available beyond 2021 for the foreseeable future. If there is a transfer of liquidity from an IBOR to a RFR or if a relevant authority announces that any of the interbank rates will cease, the Group will act in accordance with the new circumstances.

To manage the transition for the benchmark rates which cease, Swedbank adhered to the ISDA 2020 Benchmark Supplement Protocol for its derivative exposures. The Group's current bilateral derivative exposures where counterparties did not adhere to the ISDA 2020 Benchmark Supplement Protocol are insignificant in both quantity and exposure and the Group plans to ensure voluntary transition to alternative benchmark rates ahead of the cessation dates. In addition, Swedbank updated its bond issuance programs with proper fallback language for the benchmark rates expected to cease.

During 2021, the Group has developed new products with alternative reference rates to replace the products that refer to any term of GBP Libor, EUR Libor, CHF Libor and JPY Libor, EONIA as well as the products that refer to USD Libor with a maturity of 1 week or 2 months. The bank has also migrated existing instruments that reference these interbank rates to alternative reference rates. The focus in 2022 will be to transfer USD Libor instruments that refer to maturities of 1 month, 3 months, 6 months, and 12 months to alternative reference rates. The Group will also start preparing for the eventual transition of the Nordic IBORs, by updating agreements and developing new products based on the RFRs in each currency.

The table below shows the nominal amounts of financial assets, financial liabilities and derivatives affected by IBOR reform that have yet to transition to an alternative benchmark interest rate. Derivatives which have both pay and receive legs with exposure to the benchmark reform, such as cross currency swaps, are disclosed for both legs.

	2021				Total
	EUR Libor ¹	GBP Libor ¹	USD Libor	Other ²	
Financial assets					
Loans to credit institutions		47	1 878	13	1 939
Loans to the public	1 984	1 959	19 585	79	23 607
Total	1 984	2 007	21 463	93	25 546
Financial liabilities					
Amounts owed to credit institutions			32		-
Debt securities in issue			20 955		20 955
Total			20 988		20 988
Derivatives			1 367 171		1 367 171

1) The remaining EUR Libor and GBP Libor loans are expected to transition to alternative reference rates during the first half of 2022. Until they transition, the EUR Libor loans refer to the last available published rate according to the agreement terms and the GBP Libor loans will use synthetic GBP Libor.

2) Other includes CHF Libor and JPY Libor.

G46 Fair value of financial instruments

Determination of fair values of financial instruments

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

The methods are divided in three different levels:

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

For financial assets and financial liabilities, mid prices are used as a basis of determining fair value. For any open net positions, a bid/ask adjustment is applied to ensure that long positions are recognised at bid price and short positions – at ask price. For floating rate lending and deposits, the carrying amount equals the fair value.

In cases that lack an active market, fair value is determined with the help of established valuation methods and models. In these cases assumptions that can-

not be directly attributed to a market may be applied. These assumptions are based on experience and knowledge of the valuation of financial markets. The ambition, however, is to always maximise the use of data from an active market.

All valuation methods and models are validated continuously by the independent risk control unit. In cases where it is considered necessary, adjustments are made to reflect fair value, so-called fair value adjustments. This is done to correctly reflect the parameters in the financial instruments and which should be considered in their valuations. For OTC derivatives, for example, where the counterparty risk is not settled with cash collateral, the fair value adjustment is based on the current counterparty risk (CVA and DVA). CVA and DVA are calculated using simulated exposures; the method is calibrated with market implied parameters.

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

Transfers between fair value hierarchy levels are reflected as taking place at the end of each quarter. During the years ended 2021 and 2020, there were no transfers of financial instruments between valuation levels 1 and 2.

Financial instruments recognised at fair value

The following tables presents the fair values of financial instruments recognised at fair value according to the valuation hierarchy levels.

	2021				2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Treasury bills and other bills eligible for refinancing with central banks, etc	27 580	7 487		35 067	18 968	3 300		22 268
Loans to credit institutions		1 383		1 383		1 582		1 582
Loans to the public		24 746	14	24 760		40 049		40 049
Bonds and interest-bearing securities	29 272	28 821		58 093	22 676	37 264		59 940
Financial assets for which the customers bear the investment risk	328 512			328 512	252 411			252 411
Shares and participating interest	12 139		1 277	13 416	16 088		1 127	17 215
Derivatives	162	40 369		40 531	85	52 092		52 177
Total	397 665	102 806	1 291	501 762	310 228	134 287	1 127	445 642
Liabilities								
Amounts owed to credit institutions		814		814		3 294		3 294
Deposits and borrowings from the public		5 088		5 088		16 824		16 824
Debt securities in issue		4 190		4 190		6 767		6 767
Financial liabilities for which the customers bear the investment risk		329 667		329 667		253 229		253 229
Derivatives	123	27 983		28 106	69	54 311		54 380
Short positions securities	25 738	2 875		28 613	22 307	993		23 300
Total	25 861	370 617		396 478	22 376	335 418		357 794

Level 1 primarily contains equities, fund shares, bonds, treasury bills, commercial papers, debt securities in issue and standardised derivatives, where quoted prices on an active market are used in the valuation.

Level 2 primarily contains OTC derivatives, less liquid bonds, debt securities in issue, deposits, and investment contract liabilities in the insurance operations. Equity derivatives and all instruments with optionality are valued using option pricing models calibrated by market implied parameters. All other interest rate, foreign exchange or credit derivatives as well as interest-bearing instruments are valued by discounted cash flows using market implied curves. The fair value of investment contract liabilities in the insurance operations is determined by the fair value of the underlying assets (i.e., amount payable on surrender of the policies).

Level 3 primarily contains unlisted equity instruments, where the price is unobservable and the sensitivity in the value to changes in the unobservable parameter is linear in the model applied. To estimate the unobservable price different methods are applied depending on the type of available data. The primary method is based on executed transactions or quoted share price of similar equities. Other inputs to these methods are primarily prices, proxy prices, market indicators and company information. When valuation models are used to determine the fair value of financial instruments in level 3, the transaction price paid or received is assessed as the best evidence of fair value at initial recognition. Due to the possibility that a difference could arise between the transaction price and the fair value calculated at the time using the valuation model, so called day 1 profit or loss, the valuation model is calibrated against the transaction price. As of year-end there were no cumulative differences reported in the balance sheet.



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Changes in Level 3

	2021			2020		
	Assets			Assets		
	Equity instruments	Loans	Total	Equity instruments		Total
Opening balance	1 127		1 127	1 854		1 854
Purchases	13	5	18	9		9
Shares received	21		21			
Sales of assets/dividends received	-88		-88	-2		-2
Conversion to VISA Inc A-shares				-819		-819
Issued		8	8			
Gains and losses	204	1	205	85		85
of which changes in unrealised gains or losses for items held at closing day	135	1	136	-84		-84
Closing balance	1 277	14	1 291	1 277		1 277

The level 3 unlisted equity instruments include strategic investments. The carrying amount of Visa Inc. C shares is SEK 675m (602). These holdings are subject to selling restrictions for a period of up to 7 years and under certain conditions may have to be returned. Liquid quotes are not available for these shares, therefore the fair value is established with significant elements of Swedbank's own internal assumptions. During September 2020 Visa Inc. converted half of the outstanding Visa Inc. C shares to Visa Inc. A shares.

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

Financial instruments at amortised cost

The following table presents the fair value for financial instruments at amortised cost by the valuation hierarchy levels.

	2021				2020			
	Carrying amount	Fair value		Total	Carrying amount	Fair value		Total
		Level 1	Level 2			Level 1	Level 2	
Assets								
Treasury bills and other bills eligible for refinancing with central banks, etc.	128 523	86	128 447	128 533	114 923	196	114 742	114 938
Loans to credit institutions	38 121		38 121	38 121	46 372		46 372	46 372
Loans to the public	1 678 446		1 678 794	1 678 794	1 640 938		1 644 835	1 644 835
Bonds and other interest-bearing securities					36	37		37
Total	1 845 091	86	1 845 362	1 845 448	1 802 269	233	1 805 949	1 806 182
Liabilities								
Amounts owed to credit institutions	91 998		91 998	91 998	147 019		147 019	147 019
Deposits and borrowing from the public	1 260 695		1 260 691	1 260 691	1 131 416		1 131 407	1 131 407
Debts securities in issue	731 727	310 473	425 665	736 138	726 047	307 901	423 529	731 430
Senior non-preferred liabilities	37 832		38 493	38 493	10 359		10 545	10 545
Subordinated liabilities	28 604		29 026	29 026	23 434		23 688	23 688
Total	2 150 857	310 473	1 845 873	2 156 346	2 038 275	307 901	1 736 188	2 044 089

G47 Financial assets and liabilities which have been offset or are subject to netting or similar agreements

The tables below present recognised financial instruments that have been offset in the balance sheet under IAS 32 and those that are subject to legally enforceable master netting or similar agreements but do not qualify for offset. Such financial instruments relate to derivatives, repurchase and reverse repurchase agreements, securities borrowing and lending transactions. Collateral amounts represent financial instruments or cash collateral received or pledged for transactions that are subject to a legally enforceable master netting or similar agreements and which allow for the netting of obligations against the counterparty in the event of a default. Collateral amounts are limited to the amount of the related instruments presented in the balance sheet; therefore any over-collateralisation is not included. Amounts that are not offset in the balance sheet are presented as a reduction to

the financial assets or liabilities in order to derive net asset and net liability exposures. The amount offset for derivative assets includes offset cash collateral of SEK 1 447m (3 934) derived from the balance sheet item Amounts owed to credit institutions. The amount offset for derivative liabilities includes offset cash collateral of SEK 2 249m (6 061), derived from the balance sheet item Loans to credit institutions. The amount offset for reverse repurchase agreements includes offset security settlements liabilities of SEK 3 021m (-), which derive from the balance sheet item Other liabilities. The amount offset for repurchase agreements includes offset security settlement claims of SEK 28m (-), which derive from the balance sheet item's Other assets.

Assets	2021				2020			
	Derivatives	Reverse repurchase agreements	Securities borrowing	Total	Derivatives	Reverse repurchase agreements	Securities borrowing	Total
Financial assets, which not have been offset or are not subject to netting agreements	1 099			1 099	2 368			2 368
Financial assets, which have been offset or are subject to netting agreements	39 433	25 944		65 377	49 809	41 529	14	91 352
Net carrying amount on the balance sheet	40 531	25 944		66 475	52 177	41 529	14	93 720
Financial assets, which have been offset or are subject to netting agreements								
Gross amount	183 906	88 507		272 413	139 554	84 795	14	224 363
Offset amount	-144 473	-62 563		-207 036	-89 745	-43 265		-133 010
Net carrying amount on the balance sheet	39 433	25 944		65 377	49 809	41 529	14	91 352
Related amount not offset on the balance sheet								
Financial instruments, netting agreements	15 332	3 960		19 292	18 088	1 600		19 688
Financial instruments, collateral	1 566	21 953		23 519	10	39 925	14	39 949
Cash, collateral	13 850	0		13 850	15 274	4		15 278
Total amount not offset on the balance sheet	30 748	25 913		56 661	33 372	41 529	14	74 915
Net amount	8 685	31		8 716	16 438			16 438
Liabilities	2021				2020			
	Derivatives	Repurchase agreements	Securities lending	Total	Derivatives	Repurchase agreements	Securities lending	Total
Financial liabilities, which have not been offset or are not subject to netting agreements	480			480	2 234			2 234
Financial liabilities, which have been offset or are subject to netting agreements	27 625	5 902	28	33 555	52 146	20 118	54	72 318
Net carrying amount on the balance sheet	28 106	5 902	28	34 036	54 380	20 118	54	74 552
Financial liabilities, which have been offset or are subject to netting agreements								
Gross amount	172 900	65 472	28	238 400	144 018	63 383	54	207 455
Offset amount	-145 275	-59 570		-204 845	-91 872	-43 265		-135 137
Net carrying amount on the balance sheet	27 625	5 902	28	33 555	52 146	20 118	54	72 318
Related amount not offset on the balance sheet								
Financial instruments, netting agreements	15 332	3 932		19 264	18 088	1 600		19 688
Financial instruments, collateral	7 492	1 949	28	9 469	5 741	18 518	54	24 313
Cash, collateral	4 801			4 801	15 551			15 551
Total amount not offset on the balance sheet	27 625	5 881	28	33 534	39 380	20 118	54	59 552
Net amount	1	21		22	12 766			12 766

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G48 Specification of adjustments for non-cash items in operating activities

	2021	2020
Amortised origination fees	-764	-647
Unrealised changes in value/currency changes	-2 266	-210
Capital gains/losses on sale of subsidiaries and associates	0	-3
Undistributed share of equity in associates	-976	-582
Depreciation and impairment of tangible fixed assets including repossessed leased assets	1 133	1 108
Amortisation and impairment of goodwill and other intangible assets	554	472
Credit impairments	395	4 509
Prepaid expenses and accrued income	-54	1 108
Accrued expenses and prepaid income	-1 078	-5 478
Share-based payment	195	178
Other	-2	-8
Total	-2 863	447

Visa Inc. A shares were sold and Swedbank received a cash payment of SEK 794m which are reported in Disposals of/maturity of other fixed assets and strategic financial assets in the cash flow statement.

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

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

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

Cash and cash equivalents

Cash and cash equivalents consist of cash and balances with central banks, which correspond to the balance sheet item Cash and balances with central banks. Cash and cash equivalents in the statement of cash flow are defined according to IAS 7 and do not correspond to what the Group considers liquidity.

What the Group considers to be liquidity and the Group's risk management of liquidity risks are described in note G 3.2

G49 Cash flow statement, events during the year

The cash flow statement shows receipts and payments during the year as well as cash and cash equivalents at the beginning and end of the year. The cash flow statement is reported using the indirect method and is divided into payments from operating activities, investing activities and financing activities.

Operating activities

Cash flow from operating activities is based on operating profit for the year. Adjustments are made for items not included in cash flow from operating activities. Changes in assets and liabilities from operating activities consist of items which are part of normal business activities, such as loans to and deposits and borrowings from the public and credit institutions, and which are not attributable to investing and financing activities.

Cash flow includes interest receipts of SEK 30 810m (33 244) and interest payments of SEK 4 068m (5 042). Capitalised interest is included.

Investing activities

Investing activities consist of purchases and sales of businesses and other fixed assets such as owner-occupied properties and equipment, and strategic financial assets. Strategic financial assets refer to holdings of interest-bearing securities held to maturity and strategic shareholdings in companies other than subsidiaries and associates.

2021

Contributions were provided to joint ventures P27 Nordic Payments Platform AB of SEK 25m and Invidem AB of SEK 25m. Additional shares were acquired in associate BGC Holding AB of SEK 1m.

Shares in Hemnet Group AB were sold and Swedbank received a cash payment of SEK 110m which are reported within Disposals of/maturity of other fixed assets and strategic financial assets in the cash flow statement.

2020

Contributions were provided to joint ventures Invidem AB of SEK 23m and P27 Nordic Payments Platform AB of SEK 31m.

G50 Dividend paid and proposed

	2021		2020	
	SEK per share	Total	SEK per share	Total
Ordinary shares				
Dividend paid, 22nd of February	4.35	4 871		
Dividend paid, 1st of April	2.90	3 252		
Dividend paid, 4th of November	7.30	8 187		
Total	14.55	16 310		
Proposed dividend to Extraordinary General Meeting on 15th of February 2021			4.35	4 871
Proposed dividend to Annual General Meeting	11.25	12 632	2.90	3 252
Proposed dividend to Extraordinary General Meeting on 28th of October 2021			7.30	8 187
Total	11.25	12 632	14.55	16 310

The Board of Directors recommends that shareholders receive a dividend of SEK 11,25 (14,55) per ordinary share in 2022 for the financial year 2021, corresponding to SEK 12 632m (16 310). For more information see parent company note P43.

G51 Assets pledged, contingent liabilities and commitments

Assets pledged

Assets pledged for own liabilities	2021	2020	1/1/2020
Government securities and bonds at the Swedish central bank	348	50 725	10 000
Government securities and bonds at foreign central banks	14 981	12 401	5 356
Government securities and bonds for liabilities to credit institutions, repurchase agreements	2 360	10 986	8 687
Government securities and bonds pledged for deposits from the public, repurchase agreements	32 957	17 515	15 680
Loans secured for covered bonds ¹	473 539	561 209	578 758
Financial assets pledged for investment contracts	328 512	247 632	220 589
Cash	5 109	18 464	9 002
Total	857 807	918 932	848 072

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

The carrying amount of liabilities for which assets are pledged amounted to SEK 856 675m (813 125) for the Group.

Other assets pledged	2021	2020	1/1/2020
Shares	449	447	84
Government securities and bonds pledged for other commitments	7 597	6 256	3 475
Cash	482	463	436
Total	8 529	7 166	3 995

Companies in the Group regularly pledge financial assets as collateral for their obligations to central banks, stock exchanges, central securities depositories, clearing organisations and other institutions with similar or closely related functions, as well as to insurance policyholders. The transactions can be made by one or more companies in the Group depending on the operations of each company. These financial assets are recognised as assets pledged.

Companies in the Group participate in arrangements that are not pledges but where financial assets are used for similar purposes. Such financial assets are also recognised as assets pledged. One example of assets pledged is when financial assets of a certain value are transferred to derivative counterparties to offset their credit risk vis-à-vis the Group. Another example involves transfers of financial assets that the Group is obligated to repurchase, so-called repos. A third example is that certain types of loans can be included in the cover pool for covered bonds and thereby give preferential rights to the assets to investors who hold such bonds. Because of the pledges and other arrangements mentioned above, the value of the financial assets in question cannot be utilised in any other way as long as the pledge or arrangement remains in effect. The transactions are made on commercial terms.

Contingent liabilities

Nominal amount	2021	2020	1/1/2020
Loan guarantees	2 868	5 121	6 263
Other guarantees	46 032	41 676	41 767
Accepted and endorsed notes	1 073	828	1 200
Letters of credit granted but not utilised	3 697	3 071	2 778
Other contingent liabilities	156	172	27
Total	53 825	50 868	52 035

Commitments

Nominal amount	2021	2020	1/1/2020
Loans granted but not paid ²	204 812	259 683	223 108
Overdraft facilities granted but not utilised	64 172	66 492	64 305
Total	268 984	326 175	287 413

Credit impairment provisions for contingent liabilities and commitments

	-644	-806	-582
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2) During the year a change has been made regarding which engagements are included in Loans granted not paid.

Money laundering

Swedbank is cooperating with authorities in the United States, who are conducting investigations into Swedbank's historic AML compliance and the Group's response thereto, as well as related issues involving the Group's anti-money laundering controls and certain individuals and entities who may at some time have been customers of the Group. The timing of the completion of the investigations is still unknown and the outcome is still uncertain. At present, it is not possible to reliably estimate the amount of any potential settlement or fines, which could be material.

G52 Transferred financial assets

The Group transfers ownership of financial assets in connection with repurchase agreements and security lending. Although ownership has been transferred in these transactions, the asset remains on the balance sheet since the Group is still exposed to the asset's risk of fluctuating in value. This is because the agreement stipulates at the time of transfer that the asset will be restored. The sales proceeds received in connection with repos are recognised as liabilities. Related liabilities are reported in the note before any offsetting in the balance sheet. All assets and liabilities related to repurchase agreements are recognised at fair value and included in

the valuation category fair value through profit and loss, trading. Liabilities related to securities lending refer to collateral received in the form of cash. These liabilities are reported in the valuation category amortised cost. In addition to what is indicated in the table for securities lending, collateral is received in the form of other securities to cover the difference between the fair value of the transferred assets and the recognised liability's fair value. As of year-end the Group had no transfers of financial assets that had been derecognised and where the Group has continuing involvement.

	Transferred assets			Associated liabilities		
	Carrying amount	Of which repurchase agreements	Of which securities lending	Carrying amount	Of which repurchase agreements	Of which securities lending
2021						
Shares	449		449	25		25
Debt securities	35 317	35 317		35 365	35 365	
Total	35 766	35 317	449	35 390	35 365	25
	Transferred assets			Associated liabilities		
	Carrying amount	Of which repurchase agreements	Of which securities lending	Carrying amount	Of which repurchase agreements	Of which securities lending
2020						
Shares	447		447	47		47
Debt securities	28 502	28 502		28 513	28 513	
Total	28 949	28 502	447	28 560	28 513	47



Financial statements and notes Group

G53 Related parties and other significant relationships

Assets	Associates and joint ventures		Other related parties	
	2021	2020	2021	2020
Loans to credit institutions	15 868	15 730		
Loans to the public	8	10		
Derivatives	6	20		
Other assets	6			
Total assets	15 888	15 760		
Liabilities				
Amount owed to credit institutions	4 912	4 968		
Deposits and borrowing from the public	2	3	250	738
Debt securities in issue, etc.	632	633		
Derivatives	12	10		
Other liabilities	49	41		
Accrued expenses and prepaid income	114	42		
Total liabilities	5 722	5 655	250	738
Derivatives, nominal amount	774	808		
Income and expenses				
Interest income	-103	122		
Interest expenses	3			
Dividends received	587	2		
Commission income	595	429		
Commission expenses	593	484		
Net gains and losses on financial items	3			
Other income	715	653		
Other general administrative expenses	48	4		

Associates and Joint ventures

Investments in associates and joint ventures are specified in note G27. During the year the Group provided capital injections to joint ventures of SEK 51m (54). Dividend received from associates and joint ventures amounted to SEK 587m (2). As of 31 December associates have issued guarantees and pledged assets of SEK 575m (570) on behalf of Swedbank.

The Group has sold services to associates and joint ventures that are not credit institutions primarily in the form of product and systems development as well as marketing. The Group's expenses to, and purchases of services from, associates and joint ventures that are not credit institutions mainly consist of payment services and cash management.

The five partly owned banks that are associates sell products that are provided by the Group and receive commissions for servicing the products. The cooperation between the partly owned banks and Swedbank is governed by the agreement described in the section, Other significant relationships. The Group's holding in EnterCard is a joint venture. EnterCard issues debit and credit cards in Sweden and Norway to Swedbank's customers. Swedbank AB finances EnterCard's corresponding holding.

Key persons

Disclosures regarding Board members and the Group Executive Committee can be found in note G13 Staff costs and other staff-related key ratios.

Other related parties

Swedbank's pension funds and Sparinstituten's Pensionskassa secure employees' postemployment benefits. They rely on Swedbank for traditional banking services.

Other significant relationships

Swedbank has its historical roots in the savings banks' movement and operates according to the basic savings bank ideology; to empower the many people and businesses to create a better future. In the view of this, Swedbank has a close and comprehensive cooperation with 58 of the total 59 Savings Banks in Sweden. A comprehensive cooperation agreement between Swedbank and the collaborating Savings Banks is the foundation of the unique partnership and this agreement was extended during 2021. The Savings Banks have also entered into distribution agreements with some of Swedbank's subsidiaries. Through the cooperation, the Savings Banks are able to offer a broad distribution of Swedbank's products and services to their customers, while having continued access to Swedbank's infrastructure and product range. In addition to marketing and product issues, close cooperation exists in a number of administrative areas. Swedbank is the clearing bank for the Savings Banks and provides a wide range of IT services, which also offers the possibility to distribute development costs over a larger business volume. The cooperation is built upon a strong foundation of many shared values and guarantees continuity.

For Swedbank's and the Savings Banks' customers, the extended cooperation agreement entails a continued access to competitive products in combination with a strong local presence and knowledge.



G54 Interests in unconsolidated structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when all voting rights relate to administrative tasks and the relevant activities are directed by means of contractual arrangements. During the year Swedbank owned interests in structured entities that were not consolidated since Swedbank did not control the entities. Information on the Group's interests in unconsolidated structured entities is provided below.

Sponsor definition

Swedbank is a sponsor of structured entities when the Group sets up and determines the design of a structured entity and when the structured entity's products are associated with Swedbank's brand.

Investment funds

Swedbank is a primarily sponsor of investment funds where the Group serves as a manager. Swedbank's interests in such funds mainly refer to capital investments by the Group's insurance operations, starting capital and fees received to manage the funds' investments. Asset management fees are based on the fair value of the funds' net assets. Consequently, these fees expose Swedbank to a variable return based on the funds' performance. Swedbank has provided unused loan commitments to these investment funds, which entails a financial support to the investment funds.

Swedbank's interests in unconsolidated structured entities are shown below. The interests do not include ordinary derivatives such as interest rate and currency swaps and transactions where Swedbank creates rather than receives variable returns from the structured entity. Total assets in Group sponsored investments funds amounts to SEK 1 519 191 m (1 220 162).

	2021		2020	
	Group Sponsored Investment Funds	Total	Group Sponsored Investment Funds	Total
Financial assets of which the customers bear the investment risk	19 529	19 529	18 376	18 376
Shares and participating interests	160	160	184	184
Total assets recognised in the balance sheet	19 689	19 689	18 560	18 560
Loan commitment	1 170	1 170	595	595
The Group's maximum exposure to loss	20 859	20 859	19 155	19 155
Total income from interests ¹	11 371	11 371	7 037	7 037

1) The result from interests in unconsolidated structured entities includes asset management fees, changes in fair value and interest income.

During the year Swedbank did not provide any non-contractual financial or other support to unconsolidated structured entities and as of the closing day had no intention to provide such support.



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G55 Sensitivity analysis

	Change	2021	2020
Net interest income, 12 months¹			
Increased interest rates	+ 1 % point	4 578	9 880
Decreased interest rates	- 1 % point	-2 373	-5 395
Change in value²			
Market interest rate	+ 1 % point	76	316
	- 1 % point	-114	-331
Stock prices	+10%	14	5
	-10%	50	-7
Exchange rates	+5%	19	66
	-5%	46	-56
Other			
Stock market performance ³	+/- 10 %	+/- 677	+/- 531
Staff changes	+/- 100 persons	+/- 78	+/- 76
Payroll changes	+/- 1 % point	+/- 117	+/- 110
Credit impairment ratio	+/- 0.1 % point	+/- 1 743	+/- 1 729

1) The NII sensitivity calculation covers all interest bearing assets and liabilities, including derivatives, in the banking book. It is a static analysis with parallel shifts across the interest rate curve that takes place over-night, and illustrates the effect on NII for a 12 month period. Maturing assets and liabilities during the 12 month period are assumed to be repriced to the existing contractual interest rate +/- the shift. The assets that are re-priced are assumed to have the same interest rate throughout the remaining part of the 12-month period. Contractual reference rate floors on floating asset contracts are taken into account in the sensitivity calculation. In the positive shift transaction accounts are assumed to have 0 per cent elasticity i.e. there is no adjustment made to the paid interest. All other deposits have a 100 per cent elasticity to changes in the market rate i.e. adjustments are made to the interest paid. In the negative shift scenario a floor of 0 per cent on contractual rates for deposits from private individuals is applied. All other balance sheet items allow for negative contractual rates.

2) The calculation refers to the immediate effect on profit of each scenario for the Group's interest rate positions at fair value and its equity and currency positions. Note that nonsymmetric effects can occur due to non-linear products.

3) Refers to the effect on net commission income from a change in value of Swedbank Robur's equity funds.

G56 Events after 31 December 2021

From 1 January 2022 a bank tax for the nine largest banking groups will be applicable. The tax is based on the liabilities of Swedish credit institutions and branches and amounts to 5 basis points for 2022 and 6 basis points as of 2023. Swedbank estimates the cost for 2022 to be SEK 1bn, which is income tax deductible. The after-tax cost is estimated to be SEK 800m.

On 21 January 2022, Britta Hjorth-Larsen was recruited as Chief Compliance Officer. When she starts on 1 August 2022 at the latest, she will become a member of Swedbank's Group Executive Committee.



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Financial statements and notes Parent company

Income statement, Parent company

SEKm	Note	2021	2020
Interest income on financial assets measured at amortised cost		9 872	12 727
Other interest income		457	1 030
Leasing income		4 906	4 835
Interest income		15 235	18 592
Interest expense		-962	-3 529
Net interest income	P5	14 273	15 063
Dividends received	P6	17 065	16 201
Commission income		8 660	7 779
Commission expense		-2 119	-2 180
Net commission income	P7	6 541	5 599
Net gains and losses on financial items	P8	920	2 243
Other income	P9	2 249	1 923
Total income		41 048	41 029
Staff costs	P10	9 862	8 743
Other general administrative expenses	P11	6 087	6 531
Depreciation/amortisation and impairment of tangible and intangible assets	P12	4 956	4 820
Administrative fine			4 000
Total expenses		20 905	24 094
Profit before impairment		20 143	16 935
Credit impairments, net	P13	78	4 068
Impairment of financial fixed assets	P14		-16
Operating profit		20 065	12 883
Appropriations	P15	-53	-42
Tax expense	P16	4 031	3 089
Profit for the year		16 087	9 836

Statement of comprehensive income, Parent company

SEKm	Note	2021	2020
Profit for the year reported via income statement		16 087	9 836
Total comprehensive income for the year		16 087	9 836



Balance sheet, Parent company

SEKm	Note	2021	2020	1/1/2020
Assets				
Cash and balances with central banks		194 353	167 121	107 596
Treasury bills and other bills eligible for refinancing with central banks, etc.	P17	155 998	131 857	132 934
Loans to credit institutions	P18	650 948	669 495	537 151
Loans to the public	P19	391 675	428 997	422 794
Bonds and other interest-bearing securities	P20	58 199	60 631	58 150
Shares and participating interests	P21	12 815	16 576	6 235
Investments in associates and joint ventures	P22	2 365	2 339	2 315
Investments in Group entities	P23	63 744	63 406	63 082
Derivatives	P24	44 323	59 644	48 332
Intangible assets	P26	314	328	366
Leasing equipment	P27	16 586	16 135	16 024
Tangible assets	P28	560	580	569
Current tax assets		1 226	1 275	2 197
Other assets	P29	22 595	28 586	21 418
Prepaid expenses and accrued income	P30	1 795	1 634	2 747
Total assets		1 617 496	1 648 604	1 421 910
Liabilities and equity				
Liabilities				
Amounts owed to credit institutions	P31	100 610	246 804	161 454
Deposits and borrowings from the public	P32	942 932	869 222	719 211
Debt securities in issue	P33	296 918	259 922	263 181
Derivatives	P24	42 542	74 236	69 908
Current tax liabilities		666	363	832
Deferred tax liabilities	P16	239	152	477
Other liabilities	P34	49 838	46 327	55 589
Accrued expenses and prepaid income	P35	2 641	2 856	3 734
Provisions	P36	623	814	643
Senior non-preferred liabilities		37 832	10 359	10 805
Subordinated liabilities	P37	28 604	23 434	31 934
Total liabilities		1 503 445	1 534 489	1 317 768
Untaxed reserves	P38	10 630	10 682	10 724
Equity				
Share capital		24 904	24 904	24 904
Other funds		19 174	19 174	19 174
Retained earnings		59 343	59 355	49 340
Total equity		103 421	103 433	93 418
Total liabilities and equity		1 617 496	1 648 604	1 421 910

The balance sheet and income statement will be adopted at the Annual General Meeting on 30 March 2022.



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Statement of changes in equity,
Parent company

SEKm	Restricted equity		Non-restricted equity		Total
	Share capital ¹⁾	Statutory reserve	Share premium reserve	Retained earnings	
Opening balance 1 January 2021	24 904	5 968	13 206	59 355	103 433
Dividend				-16 310	-16 310
Share-based payments to employees				195	195
Deferred tax related to share-based payments to employees				18	18
Current tax related to share-based payments to employees				-2	-2
Total comprehensive income for the year				16 087	16 087
of which through the Profit and loss account				16 087	16 087
Closing balance 31 December 2021	24 904	5 968	13 206	59 343	103 421
of which through compensation paid and received for own shares				-3 348	
Opening balance 1 January 2020	24 904	5 968	13 206	49 340	93 418
Share-based payments to employees				178	178
Deferred tax related to share-based payments to employees				7	7
Current tax related to share-based payments to employees				-6	-6
Total comprehensive income for the year				9 836	9 836
of which through the Profit and loss account				9 836	9 836
Closing balance 31 December 2020	24 904	5 968	13 206	59 355	103 433
of which through compensation paid and received for own shares				-3 348	

1) Ordinary shares. For number of shares and quote value see note G44.



Statement of cash flow, Parent company

SEKm	Note	2021	2020
Operating activities			
Operating profit		20 065	12 883
Adjustments for non-cash items in operating activities	P42	-11 286	-4 298
Taxes paid		-3 504	-2 866
Increase (-) / decrease (+) in loans to credit institutions		18 520	-132 378
Increase (-) / decrease (+) in loans to the public		37 619	-9 762
Increase (-) / decrease (+) in holdings of securities for trading		-18 148	-13 239
Increase (+) / decrease (-) in deposits and borrowings from the public		73 709	149 979
Increase (+) / decrease (-) in amounts owed to credit institutions		-146 192	85 386
Increase (-) / decrease (+) in other assets		33 493	-37 316
Increase (+) / decrease (-) in debt securities in issue		28 140	12 444
Increase (+) / decrease (-) in other liabilities		-29 567	-2 445
Cash flow from operating activities		2 849	58 388
Investing activities			
Acquisition of and contribution to Group entities and associates and joint ventures		-52	-55
Disposal of/repayment from Group entities and associates			87
Acquisition of other fixed assets and strategic financial assets		-8 142	-7 844
Disposals of other fixed assets and strategic financial assets		2 865	4 348
Dividends and Group contributions received		14 809	12 576
Cash flow from investing activities		9 480	9 112
Financing activities			
Issuance of senior non-preferred liabilities	P2.2	27 501	
Redemption of senior non-preferred liabilities	P2.2		-94
Issuance of subordinated liabilities	P2.2	4 328	
Redemption of subordinated liabilities	P2.2	-616	-7 881
Dividends paid		-16 310	
Cash flow from financing activities		14 903	-7 975
Cash flow for the year		27 232	59 525
Cash and cash equivalents at the beginning of the year		167 121	107 596
Cash flow for the year		27 232	59 525
Cash and cash equivalents at end of the year		194 353	167 121

Comments on the cash flow statement

The cash flow statement shows receipts and payments during the year as well as cash and cash equivalents at the beginning and end of the year. The cash flow statement is reported using the indirect method and is divided into payments from operating activities, investing activities and financing activities.

Operating activities

Cash flow from operating activities is based on operating profit for the year. Adjustments are made for items not included in cash flow from operating activities. Changes in assets and liabilities from operating activities consist of items which are part of normal business activities such as loans to and deposits from the public and credit institutions, and which are not attributable to investing and financing activities. Cash flow includes interest receipts of SEK 15 137m (17 589) and interest payments of SEK 978m (3 089). Capitalised interest is included.

Investing activities

Investing activities consist of purchases and sales of strategic financial assets or other fixed assets, contributions to and repayments from subsidiaries, associates or joint ventures.

2021

During the year additional shares were acquired in the associate BGC Holding AB amounting to SEK 1m. Contributions were during the year provided to Invidem AB of SEK 25m and to P27 Nordic Payment Platform AB of SEK 25m.

2020

In December the liquidations of the subsidiaries Cerdo Bankpartner AB and Swedbank First Securities LLC were approved. Distribution proceeds of SEK 26m for Cerdo Bankpartner AB and SEK 61m for Swedbank First Securities LLC were received. In October Visa Inc. A shares were sold and a cash payment of SEK 794m was received. In September the shareholding in the Finnish credit information company Eneto Group was sold and a cash payment of SEK 570m was received. In August Swedbank AB originated a convertible debt to Kaching AB for SEK 5m. Contributions were during the year provided to Invidem AB of SEK 23m and to P27 Nordic Payment Platform AB of SEK 31m.

Cash and cash equivalents

Cash and cash equivalents consist of cash and balances with central banks, which correspond to the balance sheet item Cash and balances with central banks. Cash and cash equivalents in the statement of cash flow are defined according to IAS 7 and do not correspond to what considers liquidity.

Notes

All amounts in the notes are in millions of Swedish kronor (SEKm) and represent carrying amounts unless indicated otherwise. Figures in parentheses refer to the previous year.

P1 Accounting policies

Basis of accounting

As a rule, the parent company follows IFRS standards and the accounting principles applied in the consolidated financial statements, as reported on pages 70-78. In addition, the parent company is required to consider and prepare its annual report in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies, the regulations and general advice of the Swedish Financial Supervisory Authority FFFS 2008:25 and recommendation RFR 2 Reporting for Legal Entities issued by the Swedish Financial Reporting Board. The parent company's annual report is therefore prepared in accordance with IFRS to the extent in which it is compliant with the Annual Accounts Act for Credit Institutions and Securities Companies, RFR 2 and the Swedish Financial Supervisory Authority regulations. The most significant differences in principle between the parent company's accounting and the Group's accounting policies relate to the recognition of:

- the currency component in currency hedges of investments in foreign subsidiaries and associates and joint ventures.
- associates and joint ventures
- goodwill and internally generated intangible assets
- leasing agreements when the parent company act as a lessee
- finance leases when the parent company act as a lessor
- pensions
- untaxed reserves and Group contributions, and
- operating segments

The headings in the financial statements follow the Annual Accounts Act for Credit Institutions and Securities Companies and the Swedish Financial Supervisory Authority's regulations, thus they differ in certain cases from the headings in the Group's accounts.

Other changes in IFRS and Swedish regulations

Other new or amended IFRS standards or interpretations or Swedish regulations issued and not yet adopted are not expected to have a significant impact on the parent company's financial position, results, cash flows or disclosures.

Significant differences in the parent company's accounting policies compared with the group's accounting policies

Hedging of net investments in foreign operations

The currency component of liabilities that constitute currency hedges of net investments in foreign subsidiaries and associates is valued at cost in the parent company.

Associates and joint ventures

Investments in associates and joint ventures are recognised in the parent company at cost less any impairment. All dividends received are recognised in profit or loss in Dividends received.

Subsidiaries

Investments in subsidiaries are recognised according to the acquisition cost method. The investments' value is tested for impairment if there is any indication of diminished value. In cases where the value has decreased, it is written down to its value at Group level. All dividends received are recognised through profit or loss in Dividends received.

Intangible assets

The parent company amortises goodwill systematically based on estimated useful life. All expenditures, including development, which are attributable to internally generated intangible assets are expensed through profit or loss.

Leasing agreements

Lessee

The parent company has according to the option in RFR 2 chosen not to apply IFRS 16, which means that accounting for leases in the parent company has not been changed. The parent company acts as the lessee for operating leases, which are those leases where the lessor bears the economic risks and benefits. Lease payments where the parent company acts as lessee are expensed linearly over the lease term.

Lessor

The parent company recognises finance leases as operating leases. This means that the assets are recognised as equipment with depreciation within Depreciation/amortisation of tangible and intangible assets in the income statement. Rent income is recognised as leasing income within Net interest income in the income statement.

Pensions

The parent company recognises pension costs for Swedish defined benefit pension plans according to the Act on Safeguarding Pension Benefits, which means that they are recognised as defined contribution plans. Premiums paid to defined contribution plans are expensed when an employee has rendered his/her services.

Untaxed reserves and Group contributions

Due to the connection between accounting and taxation, the deferred tax liability attributable to untaxed reserves is not recognised separately in the parent company. The reserves are instead recognised gross in the balance sheet and income statement. Group contributions received are recognised through profit or loss in Dividends received.

Operating segments

The parent company does not provide segment information, which is provided in the Group. A geographical distribution of revenue is reported, however.



P2 Risks

Swedbank's risk management is described in note G3. Specific information on the parent company's risks is presented in the following tables.

2.1 Credit risk

Loans to credit institutions	2021			2020		
	Stage 1	Stage 2	Total	Stage 1	Stage 2	Total
Gross carrying amount before provisions						
Opening balance	608 546	27	608 573	536 542	515	537 057
Closing balance	648 877	12	648 889	608 546	27	608 573
Credit impairment provisions						
Opening balance	37	0	37	13	9	22
Movements affecting credit impairments						
New and derecognised financial assets, net	-2	0	-2	5	0	5
Changes in risk factors (EAD, PD, LGD)	-19	0	-19	19	-7	12
Changes in macroeconomic scenarios	-2	0	-2	0	0	0
Post-model expert credit adjustments	-2	0	-2			
Stage transfers				0	-1	-1
from 2 to 1				0	-1	-1
Total movements affecting credit impairments	-25	0	-25	24	-8	16
Movements recognised outside credit impairments						
Change in exchange rates	2		2		-1	-1
Closing balance	14	0	14	37	0	37
Carrying amount						
Opening balance	608 509	27	608 536	536 529	506	537 035
Closing balance	648 863	12	648 875	608 509	27	608 536

Loans to the public	2021				2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount before provisions								
Opening balance	345 263	42 560	7 935	395 758	331 781	38 660	10 981	381 422
Closing balance	330 543	36 002	4 027	370 572	345 263	42 560	7 935	395 758
Credit impairment provisions								
Opening balance	656	1 675	4 480	6 811	384	802	4 266	5 452
Movements affecting credit impairments								
New financial assets	91	57	24	172	133	166	17	316
Derecognised financial assets	-80	-290	-116	-486	-72	-72	-208	-352
Write-offs		-121	-3 616	-3 737			-1 575	-1 575
Changes in risk factors (EAD, PD, LGD)	-13	-187	9	-191	28	83	-12	99
Changes in macroeconomic scenarios	-89	-130		-219	-6	-25	0	-31
Post-model expert credit adjustments	70	-55	1	16	306	609	1	916
Individual assessments			826	826			2 395	2 395
Stage transfers	-35	47	140	152	-88	218	157	287
from 1 to 2	-41	139		98	-94	261		167
from 1 to 3	-1		51	50	-1		55	54
from 2 to 1	7	-37		-30	7	-29		-22
from 2 to 3		-59	116	57		-15	139	124
from 3 to 2		4	-23	-19		1	-11	-10
from 3 to 1	0		-4	-4	0		-26	-26
Other			-73	-73			-155	-155
Total movements affecting credit impairments	-56	-679	-2 805	-3 540	301	979	620	1 900
Movements recognised outside credit impairments								
Interest			73	73			155	155
Change in exchange rates	18	63	226	307	-29	-106	-561	-696
Closing balance	618	1 059	1 974	3 651	656	1 675	4 480	6 811
Carrying amount								
Opening balance	344 607	40 885	3 455	388 947	331 397	37 858	6 715	375 970
Closing balance	329 925	34 943	2 053	366 921	344 607	40 885	3 455	388 947



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	2021				2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Commitments and guarantees								
Nominal amount								
Opening balance	622 568	16 188	490	639 246	745 962	9 837	1 240	757 039
Closing balance	480 294	15 104	197	495 595	622 568	16 188	490	639 246
Credit impairment provisions								
Opening balance	244	405	155	804	110	154	326	590
Movements affecting credit impairments								
New and derecognised financial assets, net	-16	-23	-90	-129	18	5	-197	-174
Changes in risk factors (EAD, PD, LGD)	-8	-54	6	-56	28	32	-11	49
Changes in macroeconomic scenarios	-36	-46	0	-82	-3	-5	0	-8
Post-model expert credit adjustments	75	-23	0	52	128	177	0	305
Individual assessments							2	2
Stage transfers	-1	-1	-1	-3	-25	57	65	97
from 1 to 2	-3	12		9	-28	75		47
from 1 to 3	0		1	1	0		7	7
from 2 to 1	2	-13		-11	3	-9		-6
from 2 to 3		0	1	1		-9	59	50
from 3 to 2		0	-2	-2		0	-1	-1
from 3 to 1	0		-1	-1	0		0	0
Total movements affecting credit impairments	14	-147	-85	-218	146	266	-141	271
Movements recognised outside credit impairments								
Change in exchange rates	10	13	13	36	-12	-15	-30	-57
Closing balance	268	271	83	622	244	405	155	804
Gross carrying amount of forborne loans								
	2021	2020						
Performing	1 857	3 029						
Non-performing	3 456	7 275						
Total	5 313	10 304						

Concentration risk, customer exposure

At end of 2021 the parent company did not have any exposures against single counterparties that exceeded 10 per cent of the capital base.

Collateral that can be sold or pledged even if the counterparty fulfills its contractual obligations

When it grants repos, the parent company receives securities that can be sold or pledged. The fair value of these securities covers the carrying amount of the repos. The parent company also receives collateral in the form of securities that can be sold or pledged for derivatives and other exposures. The fair value of such collateral as of year-end amounted to SEK 2 543m (37). None of this collateral has been sold or pledged.



2.2 Liquidity risk

In the summary of maturities, undiscounted contractual cash flows are distributed on the basis of remaining maturities until the agreed time of maturity. For lending to the public, amortising loans are distributed based on amortisation schedules. Liabilities, whose contracts contain a prepayment option, have been distributed based on the earliest date on which repayment can be demanded. The large part of deposits from the public is contractually payable on demand. Despite the contractual terms, the deposits are essentially a stable and a long-term source of funding. The difference between the nominal amount and carrying amount, the discount effect, is presented in the column "No maturity date/ discount effect". This column also includes items without an agreed maturity date and where the anticipated repayment date has not been determined. Loan commitments that are not recog-

nised as financial liabilities amounting to SEK 263 331m (324 052) may be drawn at any time by the customer. Issued guarantees and other contingent liabilities of SEK 232 264m (315 195) may lead to future cash outflows if certain events occur. The expected cash outflows, amounting to SEK 644m (804), are reported in the time buckets up to one year, within Other liabilities. In the maturity distribution above, cash flows for derivatives have been distributed between assets and liabilities based on whether the individual derivative has a positive or negative fair value, without taking into account whether the derivatives have been offset in the accounts. Amounts that have been offset in the accounts are reported in the column No maturity/ discount effect.

2.2.1 Summary of maturities

Remaining maturity 2021	Undiscounted contractual cash flows						No maturity/ discount effect	Total
	Payable on demand	≤ 3 mths.	>3 mths., -1 yr	>1-5 yrs	>5-10 yrs	> 10 yrs		
Assets								
Cash and balances with central banks	194 353							194 353
Treasury bills and other bills eligible for refinancing with central banks, etc.		131 830	8 774	10 554	3 639	846	355	155 998
Loans to credit institutions	2 183	20 370	595 536	31 374	119	1 366		650 948
Loans to the public		42 606	96 971	221 063	23 398	7 637		391 675
Bonds and other interest-bearing securities		5 455	10 056	36 047	7 590	178	-1 127	58 199
Shares and participating interests							78 924	78 924
Derivatives		12 964	4 604	82 549	65 510	16 123	-137 427	44 323
Intangible assets							314	314
Tangible assets							17 146	17 146
Other assets		8 832	1 226				15 558	25 616
Total	196 536	222 057	717 167	381 587	100 256	26 150	-26 257	1 617 496
Liabilities								
Amounts owed to credit institutions	64 630	35 747	187	46				100 610
Deposits and borrowings from the public	918 811	16 933	6 538	650				942 932
Debt securities in issue		96 327	112 488	86 382	2 319		-598	296 918
Derivatives		9 187	4 720	90 921	67 467	16 283	-146 036	42 542
Other liabilities		52 032	773	861			10 971	64 637
Senior non-preferred liabilities				23 432	15 187		-787	37 832
Subordinated liabilities		4 516	6 651	12 324	4 894		219	28 604
Equity							103 421	103 421
Total	983 441	214 742	131 357	214 616	89 867	16 283	-32 810	1 617 496

Remaining maturity 2020	Undiscounted contractual cash flows						No maturity/ discount effect	Total
	Payable on demand	≤ 3 mths.	>3 mths., -1 yr	>1-5 yrs	>5-10 yrs	> 10 yrs		
Assets								
Cash and balances with central banks	167 121							167 121
Treasury bills and other bills eligible for refinancing with central banks, etc.		114 746	3 815	7 959	2 916	2 255	166	131 857
Loans to credit institutions	5 118	83 386	547 314	32 491	303	883		669 495
Loans to the public		88 612	104 895	200 655	27 234	7 601		428 997
Bonds and other interest-bearing securities		1 229	3 377	50 766	5 394	120	-255	60 631
Shares and participating interests							82 321	82 321
Derivatives		21 916	25 772	74 125	23 103	10 845	-96 117	59 644
Intangible assets							328	328
Tangible assets							16 715	16 715
Other assets		16 266	1 275				13 954	31 495
Total	172 239	326 155	686 448	365 996	58 950	21 704	17 112	1 648 604
Liabilities								
Amounts owed to credit institutions	144 434	51 827	438	50 105				246 804
Deposits and borrowings from the public	836 518	22 875	9 017	812				869 222
Debt securities in issue		72 881	90 286	94 203	2 258		294	259 922
Derivatives		31 019	29 450	80 840	26 351	8 888	-102 312	74 236
Other liabilities		18 019	4 913	155			38 107	61 194
Senior non-preferred liabilities				10 077	201		81	10 359
Subordinated liabilities				22 466	394		574	23 434
Equity							103 433	103 433
Total	980 952	196 621	134 104	258 658	29 204	8 888	40 177	1 648 604



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2.2.2 Interest-bearing securities

Turnover during the year, 2021	Debt securities in issue				Senior non-preferred liabilities	Subordinated liabilities	Total
	Commercial papers	Senior unsecured bonds	Structured retail bonds	Total debt securities in issue			
Opening balance	127 212	127 037	5 673	259 922	10 359	23 434	293 715
Issued	653 595	31 503		685 098	27 501	4 328	716 927
Repaid	-619 613	-35 374	-1 972	-656 959		-616	-657 575
Change in value including interest	3 873	4 635	349	8 857	-28	1 458	10 287
Closing balance	165 067	127 801	4 050	296 918	37 832	28 604	363 354

Turnover during the year, 2020	Debt securities in issue				Senior non-preferred liabilities	Subordinated liabilities	Total
	Commercial papers	Senior unsecured bonds	Structured retail bonds	Total debt securities in issue			
Opening balance	128 774	125 505	8 902	263 181	10 805	31 934	305 920
Issued	420 734	36 832		457 566			457 566
Repaid	-411 120	-31 476	-2 527	-445 123	-94	-7 881	-453 098
Change in value including interest	-11 176	-3 824	-702	-15 702	-352	-619	-16 673
Closing balance	127 212	127 037	5 673	259 922	10 359	23 434	293 715

2.3 Market risk

2.3.1 Interest rate risk

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

The impact on the net value of assets and liabilities, including derivatives, when market interest rates rise by one percentage point.

2021	≤ 3 mths.	>3-6 mths.	>6-12 mths.	>1-2 yrs	>2-3 yrs	>3-4 yrs	>4-5 yrs	>5-10 yrs	>10 yrs	Total
SEK	-723	69	186	109	-95	586	551	-1 004	108	-213
Foreign currency	-28	-20	24	28	-116	145	-130	158	89	150
Total	-751	49	210	137	-211	731	421	-846	197	-63

2020	≤ 3 mths.	>3-6 mths.	>6-12 mths.	>1-2 yrs	>2-3 yrs	>3-4 yrs	>4-5 yrs	>5-10 yrs	>10 yrs	Total
SEK	-192	195	-57	593	409	760	530	-1 828	894	1 304
Foreign currency	104	-27	210	-59	1 036	-2 748	1 176	181	-95	-222
Total	-88	168	153	534	1 445	-1 988	1 706	-1 647	799	1 082

of which financial instruments measured at fair value through profit or loss

2021	≤ 3 mths.	>3-6 mths.	>6-12 mths.	>1-2 yrs	>2-3 yrs	>3-4 yrs	>4-5 yrs	>5-10 yrs	>10 yrs	Total
SEK	79	101	47	-128	-148	516	518	-821	74	238
Foreign currency	-162	63	-188	-87	844	-1 145	662	114	-88	13
Total	-83	164	-141	-215	696	-629	1 180	-707	-14	251

2020	≤ 3 mths.	>3-6 mths.	>6-12 mths.	>1-2 yrs	>2-3 yrs	>3-4 yrs	>4-5 yrs	>5-10 yrs	>10 yrs	Total
SEK	100	103	-74	416	60	331	124	-1 050	512	522
Foreign currency	-255	-244	377	211	3 120	-7 005	3 295	610	-244	-135
Total	-155	-141	303	627	3 180	-6 674	3 419	-440	268	387



2.3.2 Currency risk

Currency distribution

2021	EUR	USD	GBP	DKK	NOK	Other	Total foreign currency	SEK	Total
Assets									
Cash and balances with central banks	2 072	19 370		428	294	55	22 219	172 134	194 353
Loans to credit institutions	20 114	3 059	176	2 094	5 249	257	30 949	619 999	650 948
Loans to the public	38 308	22 555	2 799	5 151	41 747	2 206	112 766	278 909	391 675
Treasury bills and other bills eligible for refinancing with central banks, etc.	569	270			1 486		2 325	153 673	155 998
Bonds and other interest-bearing securities	4 669	1 959		348	7 713		14 689	43 510	58 199
Derivatives and other assets not distributed								166 323	166 323
Total	65 732	47 213	2 975	8 021	56 489	2 518	182 948	1 434 548	1 617 496
Liabilities									
Amounts owed to credit institutions	25 076	2 882	8	221	1 325	1 781	31 293	69 317	100 610
Deposits and borrowings from the public	25 897	25 423	828	2 920	4 537	2 501	62 106	880 826	942 932
Debt securities in issue	78 479	163 992	26 263		2 549	11 584	282 867	14 051	296 918
Senior non-preferred liabilities	25 997		4 261		5 292	1 331	36 881	951	37 832
Subordinated liabilities	11 870	13 625				1 891	27 386	1 218	28 604
Derivatives and other liabilities not distributed								107 179	107 179
Equity								103 421	103 421
Total	167 319	205 922	31 360	3 141	13 703	19 088	440 533	1 176 963	1 617 496
Derivatives, other assets and other liabilities	112 732	158 611	28 328	-4 860	-42 568	16 553	268 796		
Net position in currency	11 145	-98	-57	20	218	-17	11 211		

Currency distribution

2020	EUR	USD	GBP	DKK	NOK	Other	Total foreign currency	SEK	Total
Assets									
Cash and balances with central banks	17 745	19 466		68	82	129	37 490	129 631	167 121
Loans to credit institutions	26 723	4 025	933	1 520	3 849	4 297	41 347	628 148	669 495
Loans to the public	42 825	25 087	3 658	5 137	32 454	2 534	111 695	317 302	428 997
Treasury bills and other bills eligible for refinancing with central banks, etc.	43				705		748	131 109	131 857
Bonds and other interest-bearing securities	5 804	57		410	8 285		14 556	46 075	60 631
Derivatives and other assets not distributed								190 503	190 503
Total	93 140	48 635	4 591	7 135	45 375	6 960	205 836	1 442 768	1 648 604
Liabilities									
Amounts owed to credit institutions	26 929	6 140	5 636	1 355	9 469	4 661	54 190	192 614	246 804
Deposits and borrowings from the public	32 888	21 271				7 867	62 026	807 196	869 222
Debt securities in issue	85 223	114 483	31 740		2 525	11 233	245 204	14 718	259 922
Senior non-preferred liabilities	7 564				2 795		10 359		10 359
Subordinated liabilities	11 751	8 535				1 922	22 208	1 226	23 434
Derivatives and other liabilities not distributed								135 430	135 430
Equity								103 433	103 433
Total	164 355	150 429	37 376	1 355	14 789	25 683	393 987	1 254 617	1 648 604
Derivatives, other assets and other liabilities	82 552	101 743	32 797	-5 786	-30 392	18 725	199 639		
Net position in currency	11 337	-51	12	-6	194	2	11 488		



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P3 Capital adequacy analysis

	2021	2020		2021	2020
Available own funds			Liquidity Coverage Ratio		
Common Equity Tier 1 (CET1) capital	96 715	93 880	Total high-quality liquid assets, average weighted value	569 030	420 572
Tier 1 capital	110 093	102 232	Cash outflows, total weighted value	555 590	471 021
Total capital	126 056	118 091	Cash inflows, total weighted value	62 120	109 926
			Total net cash outflows, adjusted value	493 470	361 095
Risk-weighted exposure amounts			Liquidity coverage ratio, %	115.6	116.7
Total risk exposure amount	353 415	358 278			
			Net Stable Funding Ratio		
Capital ratios as a percentage of risk-weighted exposure amount			Total available stable funding	965 167	
Common Equity Tier 1 ratio	27.4	26.2	Total required stable funding	534 747	
Tier 1 ratio	31.2	28.5	Net stable funding ratio, %	180.5	
Total capital ratio	35.7	33.0			
Additional own funds requirements to address risks other than the risk of excessive leverage as a percentage of risk-weighted exposure amount			Common Equity Tier 1 capital	2021	2020
Additional own funds requirements to address risks other than the risk of excessive leverage	1.5	2.2	Shareholders' equity according to the balance sheet	103 421	103 433
of which: to be made up of CET1 capital	1.1	1.4	Anticipated dividend	-12 632	-16 320
of which: to be made up of Tier 1 capital	1.2	1.8	Share of capital of accrual reserve	8 290	8 331
Total SREP own funds requirements	9.5	10.2	Value changes in own financial liabilities	-379	-77
			Additional value adjustments	-924	-422
Combined buffer and overall capital requirement as a percentage of risk-weighted exposure amount			Goodwill	-709	-709
Capital conservation buffer	2.5	2.5	Intangible assets	-311	-323
Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State			Shares deducted from CET1 capital	-41	-33
Institution specific countercyclical capital buffer	0.1	0.1	Total	96 715	93 880
Systemic risk buffer	0.0	0.0			
Global Systemically Important Institution buffer			Risk exposure amount	2021	2020
Other Systemically Important Institution buffer			Risk exposure amount credit risks, standardised approach	86 177	85 062
Combined buffer requirement	2.6	2.6	Risk exposure amount credit risks, IRB	167 375	189 909
Overall capital requirements	12.1	12.8	Risk exposure amount default fund contribution	281	556
CET1 available after meeting the total SREP own funds requirements	17.9	16.0	Risk exposure amount settlement risks	2	0
			Risk exposure amount market risks	20 987	17 004
Leverage ratio			Risk exposure amount credit value adjustment	2 333	4 362
Total exposure measure	1 209 752	1 263 146	Risk exposure amount operational risks	40 218	39 068
Leverage ratio, %	9.1	8.1	Additional risk exposure amount, Article 3 CRR	26 458	17 658
			Additional risk exposure amount, Article 458 CRR	9 584	4 659
Additional own funds requirements to address the risk of excessive leverage as a percentage of total exposure measure			Total	353 415	358 278
Additional own funds requirements to address the risk of excessive leverage					
of which: to be made up of CET1 capital				SEKm	Per cent
Total SREP leverage ratio requirements	3.0		Capital requirements¹	2021	2020
			Capital requirement Pillar 1	37 462	37 977
Leverage ratio buffer and overall leverage ratio requirement as a percentage of total exposure measure			of which Buffer requirements ²	9 189	9 315
Leverage ratio buffer requirement			Total capital requirement Pillar 2 ³	5 301	8 035
Overall leverage ratio requirement	3.0		Total capital requirement including Pillar 2 guidance	42 763	46 012
			Own funds	126 056	118 091

- 1) Swedbank's calculation based on the SFSA's announced capital requirements, including Pillar 2 requirements and Pillar 2 guidance.
- 2) Buffer requirements includes capital conservation buffer and countercyclical capital buffer.
- 3) Individual Pillar 2 requirement according to decision from SFSA SREP 2021.

	SEKm	Per cent
Leverage ratio requirements¹	2021	2020
Leverage ratio requirement Pillar 1	3 629 256	3.0
Total leverage ratio requirement including Pillar 2 guidance	3 629 256	3.0

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



P4 Geographical distribution of revenue

2021	Sweden	Norway	Denmark	Finland	USA	Other	Total
Interest income	8 645	1 621	47	-346	220	142	10 329
Leasing income	4 906						4 906
Dividends received	17 065						17 065
Commission income	8 173	244	17	175	47	4	8 660
Net gains and losses on financial items	-3 280	3 232	5	986	-3	-20	920
Other income	2 073	4		6		166	2 249
Total	37 582	5 101	69	821	264	292	44 129
2020	Sweden	Norway	Denmark	Finland	USA	Other	Total
Interest income	11 109	2 096	50	-27	420	109	13 757
Leasing income	4 835						4 835
Dividends received	16 201						16 201
Commission income	7 290	284	17	135	49	4	7 779
Net gains or losses on financial items	4 722	-2 514	5	29	-1	2	2 243
Other income	1 892	5			1	25	1 923
Total	46 049	-129	72	137	469	140	46 738

The geographical distribution has been allocated to the country where the business was carried out.

P5 Net interest income

	2021	2020
Interest income	10 329	13 757
Leasing income	4 906	4 835
Interest expense	962	3 529
Net interest income before depreciation for financial leases	14 273	15 063
Depreciation according to plan finance leases	4 658	4 482
Net interest income after depreciation for financial leases	9 615	10 581



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	2021			2020		
	Amortised cost	Fair value through profit or loss	Total	Amortised cost	Fair value through profit or loss	Total
Assets						
Cash and balances with central banks	-511		-511	-112		-112
Treasury bills and other bills eligible for refinancing with central banks, etc.		38	38	-7	25	18
Loans to credit institutions	1 369	-18	1 351	2 883	-9	2 874
Loans to the public	8 953	-38	8 915	9 774	1	9 775
Bonds and other interest-bearing securities		161	161		340	340
Total interest-bearing instruments	9 811	143	9 954	12 538	357	12 895
Derivatives ¹		314	314		673	673
Other assets	4 967		4 967	5 024		5 024
Interest income	14 778	457	15 235	17 562	1 030	18 592
Liabilities						
Amounts owed to credit institutions	183	-13	170	598	-3	595
Deposits and borrowings from the public	292	-95	197	734	-85	649
of which deposit guarantee fees	251		251	381		381
Debt securities in issue	1 404	16	1 420	2 848	88	2 936
Senior non-preferred liabilities	213		213	102		102
Subordinated liabilities	764		764	821		821
Total interest-bearing instruments	2 856	-92	2 764	5 103	0	5 103
Derivatives ¹		-2 130	-2 130		-1 961	-1 961
Other liabilities	23		23	44		44
Summa	2 879	-2 222	657	5 147	-1 961	3 186
Resolution fund fee			305			343
Interest expense			962			3 529
Net interest income			14 273			15 063
Interest income on stage 3 loans			77			183
Negative yield on financial assets			784			1 138
Negative yield on financial liabilities			649			404

1) The derivatives line includes net interest income related to hedged assets and liabilities. There may have both a positive and negative impact on interest income and interest expense.

	Average annual interest rate, %		Average balance	
	2021	2020	2021	2020
Assets				
Cash and balances with central banks	-0.13	-0.05	385 078	227 901
Treasury bills and other bills eligible for refinancing with central banks, etc.	0.03	0.01	134 140	138 219
Loans to credit institutions	0.20	0.48	667 841	597 459
Loans to the public	2.19	2.20	408 002	445 032
Bonds and other interest-bearing securities	0.36	0.54	45 202	62 419
Total interest-bearing instruments	0.61	0.88	1 640 263	1 471 030
Derivatives			45 928	61 983
Other assets			140 265	133 684
Total	0.83	1.12	1 826 456	1 666 697
Liabilities				
Amounts owed to credit institutions	0.08	0.24	202 841	245 591
Deposits and borrowings from the public	0.02	0.08	986 613	852 834
Debt securities in issue	0.37	0.98	380 169	298 420
Senior non-preferred liabilities	0.74	0.94	28 684	10 811
Subordinated liabilities	3.00	3.06	25 429	26 800
Total interest-bearing instruments	0.17	0.36	1 623 736	1 434 456
Derivatives			48 548	76 983
Other liabilities			52 516	60 799
Total	0.06	0.22	1 724 800	1 572 238
Investment margin	0.78	0.90		



P6 Dividends received

	2021	2020
Shares and participating interests	161	45
Investments in associates	587	2
Investments in Group entities ¹	16 317	16 154
Total	17 065	16 201
1) Of which, through Group contributions	15 538	13 954

P7 Net commission income

2021	Commission income			Commission expense	Net commission income
	Over time	Point in time	Total		
Payment processing	343	1 114	1 457	-1 119	338
Cards	315	1 098	1 413	-239	1 174
Service concepts	702		702	-10	692
Asset management and custody	2 269	27	2 296	-143	2 153
Life insurance	513	2	515	-3	512
Securities	1	796	797	-288	509
Corporate finance	2	75	77		77
Lending	722	200	922	-105	817
Guarantee	169		169		169
Deposits	15	3	18		18
Non-life insurance	69		69		69
Other	173	52	225	-212	13
Total	5 293	3 367	8 660	-2 119	6 541

2020	Commission income			Commission expense	Net commission income
	Over time	Point in time	Total		
Payment processing	381	973	1 354	-945	409
Cards		1 417	1 417	-510	907
Service concepts	594	88	682	-15	667
Asset management and custody	1 583	246	1 829	-133	1 696
Life insurance	455	3	458	-2	456
Securities	1	659	660	-286	374
Corporate finance	8	73	81		81
Lending	576	208	784	-92	692
Guarantee	154		154		154
Deposits	15	6	21		21
Non-life insurance	72		72		72
Other	187	80	267	-197	70
Total	4 026	3 753	7 779	-2 180	5 599



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P8 Net gains and losses on financial items

	2021	2020
Fair value through profit or loss		
Held for trading		
Shares and share related derivatives	52	124
Interest-bearing securities and interest related derivatives	233	835
Total	285	959
Other		
Shares	49	187
Interest-bearing securities	-76	154
Total	-27	341
Total fair value through profit or loss	258	1 300
Hedge accounting		
Ineffectiveness, one-to-one fair value hedges		
Hedging instruments	-2 337	1 137
Hedged items	2 334	-1 138
Total hedge accounting	-3	-1
Amortised cost		
Derecognition gain or loss for financial liabilities	2	11
Derecognition gain or loss for financial assets	3	13
Total amortised cost	5	24
Change in exchange rates	660	920
Total	920	2 243

P9 Other income

	2021	2020
IT services	1 034	950
Other operating income	1 215	973
Total	2 249	1 923



P10 Staff costs

Total staff costs	2021	2020	Number of performance rights that establish the recognised share based expense, millions	2021	2020
Salaries and remuneration	6 046	5 324	Outstanding at the beginning of the period	3.3	3.7
Compensation through shares in Swedbank AB	128	106	Allotted	1.0	0.6
Social insurance charges	1 899	1 676	Forfeited	0.1	0.1
Pension costs	1 444	1 314	Exercised	0.8	0.9
Training costs	53	62	Outstanding at the end of the period	3.4	3.3
Other staff costs	292	261	Weighted average fair value per performance right at measurement date, SEK	161	133
Total	9 862	8 743	Weighted average remaining contractual life, months	18	17
of which variable staff costs	254	232			

Variable Compensation Programme 2016-2021	2021	2020	2021	Board of directors, President and equivalent senior executives	Other employees
Programme 2016				Salaries and other re-munerations	Salaries and variable pay
Recognised expense for compensation that is settled with shares in Swedbank AB		6	Countries	Number of persons	Total
Recognised expense for social charges related to the share settled compensation		5	Sweden	26	90
Recognised expense for payroll overhead costs related to the cash settled compensation		1	Denmark		17
			Norway		172
			USA		23
			Finland		51
			China		13
			Estonia		170
			Latvia		86
			Lithuania		206
			Total	26	90
Programme 2017					
Recognised expense for compensation that is settled with shares in Swedbank AB	5	30			
Recognised expense for social charges related to the share settled compensation	5	9			
Recognised expense for cash settled compensation	-1	4			
Recognised expense for payroll overhead costs related to the cash settled compensation	-1	2			
Programme 2018					
Recognised expense for compensation that is settled with shares in Swedbank AB	39	22			
Recognised expense for social charges related to the share settled compensation	21	5			
Recognised expense for cash settled compensation	8	8			
Recognised expense for payroll overhead costs related to the cash settled compensation	4	4			
Programme 2019					
Recognised expense for compensation that is settled with shares in Swedbank AB	28	13			
Recognised expense for social charges related to the share settled compensation	17	5			
Recognised expense for cash settled compensation	5	18			
Recognised expense for payroll overhead costs related to the cash settled compensation	3	15			
Programme 2020					
Recognised expense for compensation that is settled with shares in Swedbank AB	-5	34			
Recognised expense for social charges related to the share settled compensation	-1	10			
Recognised expense for cash settled compensation	6	25			
Recognised expense for payroll overhead costs related to the cash settled compensation	1	16			
Programme 2021					
Recognised expense for compensation that is settled with shares in Swedbank AB	61				
Recognised expense for social charges related to the share settled compensation	17				
Recognised expense for cash settled compensation	27				
Recognised expense for payroll overhead costs related to the cash settled compensation	15				
Total recognised expense	254	232			

2021	2020
Board members, President and equivalent senior executives	
Costs during the year for pensions and similar benefits	29
No. of persons	18
Granted loans, SEKm	73
No. of persons	14

2021	2020
Distribution by gender %	
Female	Male
All employees	63
Directors	36
Other senior executives, including President	33



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P11 Other general administrative expenses

	2021	2020
Rents, etc.	892	869
IT expenses	2 955	2 555
Telecommunications, postage	98	129
Consulting	885	1 482
Other outside services	558	712
Travel	15	40
Entertainment	11	15
Office supplies	51	64
Advertising, public relations, marketing	165	279
Security transports, alarm systems	46	45
Maintenance	93	61
Other administrative expenses	226	196
Other operating expenses	92	84
Total	6 087	6 531

Remuneration to Auditors elected by Annual General Meeting, PwC

	2021	2020
Audit assignment	36	31
Audit related services	8	9
Tax advisory	0	1
Other services	16	26
Total	60	67
Internal Audit	80	71

Audit assignment is defined as the audit of annual financial statements, the administration of the Board of Directors and the President, other tasks resting upon the auditor as well as consulting and other assistance, which have been initiated by the findings in performing audit work or implementation of such tasks. The audit related services include quarterly reviews, regulatory reporting and services in connection with issuing of certificates and opinions.

Tax advisory include general expatriate services and other tax services work. Other services include consultation on financial accounting, services related to mergers and acquisitions activities, operational effectiveness and assessments of internal control.

P13 Credit impairments, net

	2021	2020
Loan at amortised cost		
Credit impairment provisions - stage 1	-81	325
Credit impairment provisions - stage 2	-679	971
Credit impairment provisions - stage 3	-2 805	620
Total	-3 565	1 916
Write-offs	3 956	1 925
Recoveries	-95	-43
Total	3 861	1 882
Total loan at amortised cost	296	3 798
Commitments and guarantees		
Credit impairment provisions - stage 1	14	146
Credit impairment provisions - stage 2	-147	266
Credit impairment provisions - stage 3	-85	-142
Total commitments and guarantees	-218	270
Total credit impairments	78	4 068
Credit impairments by borrower category		
Credit institutions	25	16
General public	53	4 052
Total	78	4 068

P14 Impairments of financial fixed assets

	2021	2020
Reversal of previous impairment in Group entities		
Cerdo Bankpartner AB, Helsingborg		-13
Swedbank First Securities LLC, New York		-3
Total		-16

P12 Depreciation/amortisation and impairments of tangible and intangible assets

	2021	2020
Depreciation/amortisation		
Equipment	230	230
Intangible assets	90	83
Lease objects	4 658	4 482
Total	4 978	4 795
Impairment		
Lease objects	-22	25
Total	-22	25
Total	4 956	4 820

P15 Appropriations

	2021	2020
Accelerated depreciation, equipment	-53	-42
Total	-53	-42



P16 Tax

Tax expense	2021	2020
Tax related to previous years	6	-300
Current tax	3 935	3 722
Deferred tax	90	-333
Total	4 031	3 089

The difference between the parent company's tax expense and the tax expense based on current Swedish tax rate is explained below:

	2021		2020	
	SEKm	%	SEKm	%
Results	4 031	20.0	3 089	23.9
Current tax of pre-tax profit	4 144	20.6	2 766	21.4
Difference	113	0.6	-323	-2.5
The difference consists of the following items				
Tax previous years	-6		300	2.3
Tax-exempt income/non-deductible expenses	-3		-47	-0.4
Non-deductible interest related to subordinated liabilities	-159	-0.8	-180	-1.4
Non-deductible administrative fine Swedish Financial Supervisory Authority			-856	-6.6
Non-taxable dividends	283	1.4	475	3.7
Tax-exempt gains and non-deductible losses on shares and participating interests	10		-10	-0.1
Standard income tax allocation reserve	-6		-6	
Non-deductible impairment of financial fixed asset			3	
Deviating tax rates in other countries	-6		-2	
Total	113	0.6	-323	-2.5

2021

Deferred tax liabilities	Opening balance	Income statement	Equity	Exchange rate differences	Closing balance
Deductible and taxable temporary differences					
Hedge of net investments	288	125			413
Provisions for pensions	-127	-16			-143
Share related compensation	11		-18		-7
Intangible assets	5	-2			3
Other	-25	-17		15	-27
Total	152	90	-18	15	239

2020

Deferred tax liabilities	Opening balance	Income statement	Equity	Exchange rate differences	Closing balance
Deductible and taxable temporary differences					
Hedge of net investments	605	-317			288
Provisions for pensions	-116	-11			-127
Share related compensation	18		-7		11
Intangible assets	7	-2			5
Other	-37	-3		15	-25
Total	477	-333	-7	15	152



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P17 Treasury bills and other bills eligible for refinancing with central banks etc.

	Carrying amount			Amortised cost			Nominal amount		
	2021	2020	1/1/2020	2021	2020	1/1/2020	2021	2020	1/1/2020
Valuation category, fair value through profit or loss									
Held for trading									
Swedish government	22 099	13 745	8 541	22 436	14 072	9 430	20 610	12 987	6 981
Swedish municipalities	749	659	13	749	656	13	731	637	13
Foreign governments	638	76	60	641	73	59	592	71	58
Foreign municipalities	1 415	381	145	1 420	380	145	1 416	371	143
Total	24 901	14 861	8 759	25 246	15 181	9 647	23 349	14 066	7 195
Other									
Swedish government	270	246		271	245		271	246	
Swedish municipalities	2 380	2 007	3 924	2 394	2 005	3 881	2 365	1 971	3 871
Total	2 650	2 253	3 924	2 665	2 250	3 881	2 636	2 217	3 871
Valuation category, amortised cost									
Swedish central bank	128 447	114 743	120 251	128 447	114 743	120 251	128 447	114 743	120 244
Total	128 447	114 743	120 251	128 447	114 743	120 251	128 447	114 743	120 244
Total	155 998	131 857	132 934	156 358	132 174	133 779	154 432	131 026	131 310

P18 Loans to credit institutions

	2021	2020	1/1/2020
Valuation category, amortised cost			
Swedish banks	1 610	5 336	3 832
Other Swedish credit institutions	625 571	623 895	510 098
Foreign credit institutions	21 694	30 973	23 104
Total	648 875	660 204	537 034
Valuation category, fair value through profit or loss			
Held for trading			
Swedish banks, repurchase agreements			9
Other Swedish credit institutions, repurchase agreements	1 337	8 449	107
Foreign credit institutions, repurchase agreements	736	842	1
Total	2 073	9 291	117
Total	650 948	669 495	537 151
Of which subordinated loans			
Associates		120	120
Other companies		48	53
Total		168	173
Of which senior non-preferred loans			
Subsidiaries	19 303	22 240	20 501

P19 Loans to the public

	2021	2020	1/1/2020
Valuation category, amortised cost			
Swedish public	298 141	292 910	295 717
Swedish National Debt Office	3	25 003	4
Foreign public	68 785	71 036	80 252
Total	366 929	388 949	375 973
Valuation category, fair value through profit or loss			
Held for trading			
Swedish public, repurchase agreements	3 938	74	2 439
Swedish National Debt Office, repurchase agreements	3 021	7 243	9 725
Foreign public, repurchase agreements	17 602	32 630	34 503
Total	24 561	39 947	46 667
Other			
Swedish public	185	101	154
Total	185	101	154
Total	391 675	428 997	422 794



P20 Bonds and other interest-bearing securities

	Carrying amount			Amortised cost			Nominal amount		
	2021	2020	1/1/2020	2021	2020	1/1/2020	2021	2020	1/1/2020
Valuation category, fair value through profit or loss									
Held for trading									
Swedish mortgage institutions	15 144	10 795	10 174	15 187	10 775	10 225	14 957	10 438	9 858
Swedish financial entities	4 103	10 457	9 219	4 110	10 444	9 235	4 072	10 219	9 543
Swedish non-financial entities	1 841	3 318	3 876	1 845	3 306	3 873	1 812	3 275	3 332
Foreign financial entities	6 056	9 760	7 098	6 088	9 748	7 107	6 034	9 597	6 994
Foreign non-financial entities	2 670	2 340	4 910	2 673	2 347	4 912	2 661	2 336	4 886
Total	29 814	36 670	35 277	29 903	36 620	35 352	29 536	35 865	34 613
Other									
Swedish mortgage institutions	15 293	16 562	18 852	15 264	16 489	18 930	15 064	16 131	18 300
Swedish financial entities	2 037	2 062	2	2 031	2 046	2	2 000	2 000	2
Foreign credit institutions	5 961	3 065	1 118	5 961	3 052	1 119	5 922	3 048	1 118
Foreign financial entities	5 094	2 272	1 910	5 091	2 270	1 909	4 994	2 248	1 881
Foreign non-financial entities			990			990			958
Total	28 385	23 961	22 872	28 347	23 857	22 950	27 980	23 427	22 259
Valuation category, amortised cost									
Foreign credit institutions			1			1			1
Total			1			1			1
Total	58 199	60 631	58 150	58 250	60 477	58 303	57 516	59 292	56 873
Of which subordinated bonds and other interest-bearing securities	203	137		204	136		199	132	
Of which senior non-preferred bonds and other interest-bearing securities	719	234		720	233		713	232	

Bonds and other interest-bearing securities issued by other than public agencies.



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P21 Shares and participating interests

	Carrying amount 2021	Cost 2021	Carrying amount 2020	Cost 2020	Carrying amount 1/1/2020	Cost 1/1/2020
Valuation category, fair value through profit or loss						
Held for trading						
Trading stock shares	6 345	6 112	4 627	4 459	591	586
Trading stock fund shares	5 293	5 188	10 918	10 700	3 316	3 257
Total	11 638	11 300	15 545	15 159	3 907	3 843
Other						
Strategic holdings and other	1 146	1 167	1 020	1 357	2 317	1 639
Condominiums	11	11	11	11	11	11
Shares for protection of claim	20	20				
Total	1 177	1 198	1 031	1 368	2 328	1 650
Total	12 815	12 498	16 576	16 527	6 235	5 493

P22 Investments in associates and joint ventures

Fixed assets	2021	2020	1/1/2020
Credit institutions	2 054	2 054	2 054
Other associates	311	285	261
Total	2 365	2 339	2 315
Opening balance	2 339	2 315	2 085
Additions during the year	26	24	251
Sold during the year			-21
Closing balance	2 365	2 339	2 315

Corporate identity, domicile	Corporate identity number	Number	Carrying amount	Cost	Share of capital, %
Swedish credit institutions					
EnterCard Group AB, Stockholm, joint venture	556673-0585	3 000	420	420	50.00
Sparbanken Rekarne AB, Eskilstuna	516401-9928	865 000	125	125	50.00
Sparbanken Skåne AB, Lund	516401-0091	3 670 342	1 070	1 070	22.00
Sparbanken Sjuhärads AB, Borås	516401-9852	4 750 000	288	288	47.50
Vimmerby Sparbank AB, Vimmerby	516401-0174	340 000	41	41	40.00
Ölands Bank AB, Borgholm	516401-0034	637 000	110	110	49.00
Total			2 054	2 054	
Other					
BGC Holding AB, Stockholm	556607-0933	29 360	99	99	29.36
Finansiell ID-Teknik BID AB, Stockholm	556630-4928	12 735	4	24	28.30
Getswish AB, Stockholm	556913-7382	10 000	19	21	20.00
Invidem AB, Stockholm, joint venture	559210-0779	10 000	73	73	16.67
P27 Nordic Payments Platform AB, Stockholm, joint venture	559198-9610	10 000	116	117	16.67
USE Intressenter AB, Uppsala	559161-9464	2 000	0	0	20.00
Total			311	334	
Total			2 365	2 388	

The share of the voting rights in each entity corresponds to the share of its equity. All shares and participating interests are unlisted.
In 2021, capital contribution was paid to Invidem AB of SEK 25m (24). During 2021, shares in BGC Holding AB were acquired of SEK 1m.



P23 Investments in Group entities

Fixed assets	2021	2020	1/1/2020
Swedish credit institutions	24 073	24 073	24 073
Foreign credit institutions	19	29 371	29 353
Other entities	39 652	9 962	9 656
Total	63 744	63 406	63 082
Opening balance	63 406	63 082	62 135
Additions during the year	29 736	398	1 105
Impairments during the year			-22
Disposals during the year	-29 398	-74	-136
Closing balance	63 744	63 406	63 082

Corporate identity, domicile	Corporate identity number	Number	Carrying amount	Cost	Share of capital, %
Swedish credit institutions					
Swedbank Hypotek AB, Stockholm	556003-3283	23 000 000	24 073	24 073	100
Total			24 073	24 073	
Foreign credit institutions					
Swedbank (Luxembourg) S.A., Luxembourg	302018-5066	300 000	15	143	100
Swedbank Management Company S.A., Luxembourg	B149317	250 000	4	42	100
Total			19	185	
Other entities					
ATM Holding AB, Stockholm	556886-6692	350	40	47	70
Ektornet AB, Stockholm	556788-7152	5 000 000	165	1 978	100
FR & R Invest AB, Stockholm	556815-9718	10 000 000	43	70	100
Sparfrämjandet AB, Stockholm	556041-9995	45 000	5	5	100
Sparia Group Försäkring AB, Stockholm	516406-0963	70 000	146	146	100
Swedbank Baltics AS, Riga	40 203 295 309	3 882 550 000	29 411	29 411	100
Swedbank Fastighetsbyrå AB, Stockholm	556090-2115	1 000	283	283	100
Swedbank Försäkring AB, Stockholm	516401-8292	150 000	3 364	3 364	100
Swedbank PayEx Holding AB, Visby	556714-2798	500 000	2 870	2 870	100
Swedbank Robur AB, Stockholm	556110-3895	10 000 000	3 325	3 325	100
Other entities		1 100	0	0	
Total			39 652	41 499	
Total			63 744	65 757	

The share of the voting rights in each entity corresponds to the share of its equity. All entities are unlisted.

In March 2021, the Latvian holding company Swedbank Baltics AS was formed. On 1 October 2021, a change to the Baltic activities governance and control was implemented. Swedbank Baltics AS thereby became owner of the shares in Swedbank AS (Estonia), Swedbank AS (Latvia) and Swedbank AB (Lithuania), which previously were owned by Swedbank AB. In 2021, capital contribution was paid to Ektornet AB SEK 0.2m (0.2), Swedbank PayEx Holding AB SEK 262m (324) and to FR & R Invest AB SEK 9m.



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P24 Derivatives

	Note	Nominal amount 2021 Remaining contractual maturity			Nominal amount		Positive fair value		Negative fair value	
		< 1 yr.	1–5 yrs.	> 5 yrs.	2021	2020	2021	2020	2021	2020
Derivatives in hedge accounting	P25	47 518	103 744	17 572	168 834	143 293	776	2 110	974	0
Non-hedging derivatives		6 601 362	11 806 809	8 400 105	26 808 276	21 160 344	188 020	147 279	186 842	166 108
Gross amount		6 648 880	11 910 553	8 417 677	26 977 110	21 303 637	188 796	149 389	187 816	166 108
Offset amount	P41	-4 081 964	-9 868 821	-8 027 757	-21 978 542	-16 771 805	-144 473	-89 745	-145 274	-91 872
Total		2 566 916	2 041 732	389 920	4 998 568	4 531 832	44 323	59 644	42 542	74 236
Non-hedging derivatives										
Interest-related										
Options held		169 070	598 976	193 219	961 265	977 376	2 129	3 488	1 974	3 101
Forward contracts		2 726 615	980 255		3 706 870	4 419 434	858	1 073	881	1 074
Swaps		2 400 180	9 680 256	8 059 459	20 139 895	13 905 894	157 993	110 097	160 632	112 778
Currency-related										
Options held		19 922	42		19 964	16 412	78	154	77	163
Forward contracts		934 281	14 361		948 642	838 212	13 263	9 293	7 439	20 126
Swaps		277 588	513 934	144 358	935 880	901 814	11 443	18 973	14 259	24 787
Equity-related										
Options held		57 236	4 601		61 837	78 322	1 934	4 171	948	3 419
Forward contracts		1 688			1 688	6 917	11	26	14	29
Swaps		14 782	14 384		29 166	14 756	311	4	544	537
Credit-related										
Swaps				3 069	3 069	1 207			74	94
Total		6 601 362	11 806 809	8 400 105	26 808 276	21 160 344	188 020	147 279	186 842	166 108

P25 Hedge accounting at fair value

Swedbank's hedge accounting is described in note G29. Specific information on the parent company's hedge accounting is presented in the following tables and refers to one-to-one fair value hedges.

	2021					2020				
	Carrying amount			Accumulated change in fair value used for measuring hedge ineffectiveness	Ineffectiveness recognised in Profit or loss	Carrying amount			Accumulated change in fair value used for measuring hedge ineffectiveness	Ineffectiveness recognised in Profit or loss
	Nominal amount	Assets	Liabilities			Nominal amount	Assets	Liabilities		
Hedging instruments and hedge ineffectiveness										
Interest rate risk										
Interest rate swap, Debt securities in issue	108 315	546	426	-69	0	110 536	1 478	1 271	-11	
Interest rate swap, Senior non-preferred liabilities	32 120	12	448	-431	-1	9 894	105	100	0	
Interest rate swap, Subordinated liabilities	28 399	218	100	44	-2	22 863	527	474	10	
Total	168 834	776	974	-456	-3	143 293	2 110	1 845	-1	



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Hedged items	2021			2020		
	Carrying amount	Accumulated adjustment on the hedged item	Accumulated change in value used for measuring hedge ineffectiveness	Carrying amount	Accumulated adjustment on the hedged item	Accumulated change in value used for measuring hedge ineffectiveness
Debt securities in issue	108 518	-65	65	111 030	1 266	-1 266
Senior non-preferred liabilities	32 114	-428	428	9 874	101	-101
Subordinated liabilities	28 576	44	-44	22 966	473	-473
Total	169 208	-449	449	143 870	1 840	-1 840

Maturity profile and average price, hedging instruments	2021			2020		
	Remaining contractual maturity			Remaining contractual maturity		
	<1 yr	1-5 yrs.	>5 yrs.	<1 yr	1-5 yrs.	>5 yrs.
Nominal amount	47 518	103 744	17 572	30 438	109 998	2 857
Average fixed interest rate	0.65	0.03	0.34	0.51	0.27	1.03

Hedged reference rates in scope for interest rate benchmark reform

Hedged items and hedging instruments	Nominal amount				
	2021	2020	2020	2020	2020
	USD	CHF	GBP	JPY	USD
All contracts	47 475	926	10 021	6 758	51 272
Maturity before Interest rate benchmark reform	22 581	0	5 567	0	30 796 ¹
Directly attributable to Interest rate benchmark reform	24 894	926	4 454	6 758	20 476

1) The prior year USD figure has been restated due to the decision to prolong the transition date for USD to 30 June 2023.

P26 Intangible assets

	2021				2020			
	Goodwill	Customer base	Other	Total	Goodwill	Customer base	Other	Total
Cost, opening balance	3 429	130	1 124	4 683	3 429	130	1 097	4 656
Additions through separate acquisitions			81	81			47	47
Sales and disposals			-30	-30			-20	-20
Cost, closing balance	3 429	130	1 175	4 734	3 429	130	1 124	4 683
Amortisation, opening balance	-3 429	-73	-573	-4 075	-3 429	-73	-508	-4 010
Amortisation for the year			-90	-90			-83	-83
Sales and disposals			25	25			18	18
Amortisation, closing balance	-3 429	-73	-638	-4 140	-3 429	-73	-573	-4 075
Impairments, opening and closing balance			-57	-223			-57	-223
Carrying amount			314	314			328	328

Goodwill is amortised over an estimated useful life of 5 to 20 years. For other intangible assets with a finite useful life, the amortisable amount is divided linearly over the useful life. The original useful life is between 3 and 15 years. No indications of impairment were identified on the balance sheet date.



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P27 Leasing equipment

Fixed assets	2021	2020
Cost, opening balance	27 018	26 367
Additions	7 903	7 583
Sales and disposals	-6 921	-6 932
Cost, closing balance	28 000	27 018
Depreciation, opening balance	-10 819	-10 298
Depreciation for the year	-4 658	-4 482
Sales and disposals	4 105	3 961
Depreciation, closing balance	-11 372	-10 819
Impairments, opening balance	-64	-45
Impairments for the year	22	-25
Sales and disposals	0	6
Impairments, closing balance	-42	-64
Carrying amount	16 586	16 135

2021	< 1 yr	1-5 yrs	> 5 yrs	Total
Future minimum lease payment	4 839	8 820	3 739	17 398

The residual value of all lease assets is guaranteed by lessees or third parties. The lease assets are depreciated over the lease term according to the annuity method. The lease assets primarily consist of vehicles and machinery. The lease payments do not contain any variable fee.

P28 Tangible assets

Fixed assets	2021	2020
Cost, opening balance	2 377	2 297
Additions	234	256
Sales and disposals	-82	-176
Cost, closing balance	2 529	2 377
Depreciation, opening balance	-1 797	-1 728
Depreciation for the year	-230	-230
Sales and disposals	58	161
Depreciation, closing balance	-1 969	-1 797
Carrying amount	560	580

The useful life of equipment is deemed to be between three and ten years. Leasehold improvements are depreciated over their useful life. The residual value is zero as in previous years. The depreciable amount is recognised linearly in profit or loss over the useful life. No indications of impairment were identified on the balance sheet date.



P29 Other assets

	2021	2020	1/1/2020
Security settlement claims	4 888	8 627	6 392
Group contributions	15 557	13 954	14 921
Other financial assets	2 122	5 977	76
Total financial assets	22 567	28 558	21 389
Property taken over protection of claims and cancelled leases	28	28	29
Total	22 595	28 586	21 418

P30 Prepaid expenses and accrued income

	2021	2020	1/1/2020
Prepaid expenses	1 441	1 337	2 464
Unbilled receivable	354	297	283
Total	1 795	1 634	2 747

P31 Amounts owed to credit institutions

	2021	2020	1/1/2020
Valuation category, amortised cost			
Swedish central bank	22	50 004	
Swedish banks	35 848	32 179	21 577
Other Swedish credit institutions	36 171	113 452	94 050
Foreign central banks	1 400	5 739	6 306
Foreign credit institutions	26 355	42 136	39 517
Total	99 796	243 510	161 450
Valuation category, fair value through profit or loss			
Held for trading			
Swedish banks, repurchase agreements	167	4	4
Other Swedish credit institutions, repurchase agreements	647	1 416	
Foreign credit institutions, repurchase agreements		1 874	
Total	814	3 294	4
Total	100 610	246 804	161 454

P32 Deposits and borrowings from the public

	2021	2020	1/1/2020
Valuation category, amortised cost			
Deposits from Swedish public	920 796	840 251	708 839
Deposits from Swedish National Debt Office	68	69	329
Deposits from foreign public	16 980	12 078	10 025
Total	937 844	852 398	719 193

Valuation category, fair value through profit or loss

Held for trading

Deposits from Swedish public, repurchase agreements	141	15 061	18
Deposits from foreign public, repurchase agreements	4 947	1 763	
Total	5 088	16 824	18
Total	942 932	869 222	719 211

P33 Debt securities in issue

	2021	2020	1/1/2020
Valuation category, amortised cost			
Commercial papers	165 067	127 211	128 774
Senior unsecured bonds	127 801	127 037	125 505
Total	292 868	254 248	254 279

Valuation category, fair value through profit or loss

Held for trading

Structured retail bonds	4 050	5 674	8 902
Total	4 050	5 674	8 902
Total	296 918	259 922	263 181

Turnover of debt securities in issue is reported in note P2 Liquidity risks.

P34 Other liabilities

	2021	2020	1/1/2020
Security settlement liabilities	4 320	4 910	2 259
Group contributions	341	413	0
Short position in shares	248	561	247
of which own issued shares	121	155	24
Short position in interest-bearing securities	28 364	22 740	34 098
Unsettled payments	10 085	9 200	9 807
Other financial liabilities	6 480	8 503	9 178
Total financial liabilities	49 838	46 327	55 589



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P35 Accrued expenses and prepaid income

	2021	2020	1/1/2020
Accrued expenses	2 611	2 823	3 697
Contract liabilities	30	33	37
Total	2 641	2 856	3 734

P36 Provisions

	2021	2020	1/1/2020
Provisions for guarantees and other commitments	622	804	590
Restructuring provision		2	10
Other	1	8	43
Total	623	814	643

P37 Subordinated liabilities

	2021	2020	1/1/2020
Valuation category, amortised cost			
Subordinated loans	14 980	14 900	15 453
Undated subordinated loans, Additional Tier 1 capital	13 624	8 534	16 481
Total	28 604	23 434	31 934

Fixed-term subordinated loans

Year of issue	Maturity	First optional call date	Currency	Nominal amount	Carrying amount	Coupon interest, %
2017	2027	11/22/2022	EUR	650	6 689	1.00%
2018	2033	3/28/2028	JPY	5 000	398	0.90%
2018	2028	4/12/2023	JPY	8 000	630	0.75%
2018	2028	5/8/2023	SEK	1 200	1 219	0.00%
2018	2028	6/29/2023	JPY	11 000	864	0.95%
2018	2028	9/18/2023	EUR	500	5 180	0.00%
Total					14 980	

Undated subordinated loans approved by the Swedish Financial Supervisory

Authority as Tier 1 capital contribution

The liabilities will be converted to ordinary shares in Swedbank AB if the core tier one ratio of: Swedbank AB falls below 5.125 per cent or if the core tier one ratio of the consolidated situation falls below 8.0 per cent.

Year of issue	Maturity	First optional call date	Currency	Nominal amount	Carrying amount	Coupon interest, %
2016	Undated	3/17/2022 ¹	USD	500	4 607	6.00%
2019	Undated	9/17/2024 ²	USD	500	4 587	5.63%
2021	Undated	9/17/2029 ³	USD	500	4 430	4.00%
Total					13 624	

1) The liability is converted at current share price, but not lower than USD 15.70 converted to SEK.

2) The liability is converted at current share price, but not lower than USD 8.75 converted to SEK.

3) The liability is converted at current share price, but not lower than USD 12.92 converted to SEK.



P38 Untaxed reserves

	Accumulated accelerated depreciation	Tax allocation reserve	Total
Opening balance 2020	5 274	5 451	10 724
Allocation/Reversal	-42		-42
Closing balance 2020	5 232	5 451	10 682
Allocation/Reversal	-53		-53
Closing balance 2021	5 179	5 451	10 630

	Tax value in accordance with depreciation as recorded in the books	Assets that are not included in the calculation of depreciation as recorded in the books	Total
Intangible assets	124	190	314
Leasing equipment	16 586		16 586
Tangible assets	404	156	560
Prepaid expenses and accrued income	273	1 522	1 795
Accumulated accelerated depreciation	-5 179		-5 179
Net value	12 208	1 868	14 076

Prepaid expenses and accrued income included in the basis for depreciation in accordance with depreciation as recorded in the books are software licenses with a maturity of less than 36 months.

Non-depreciable assets such as art and preliminary registered fixed assets and leasehold improvements and other assets that are not considered to constitute fixed assets according to depreciations as recorded in the books, are excluded from the calculation, a total of SEK 346m.

Tax allocation reserve	2021	2020	1/1/2020
Allocation 2017	1 862	1 862	1 862
Allocation 2018	3 538	3 538	3 538
Allocation 2019	51	51	51
Total	5 451	5 451	5 451

P39 Valuation categories of financial instruments

		2021						
		Fair value through profit or loss						
		Mandatorily						
Financial assets	Note	Amortised cost	Trading	Other	Total	Hedging instruments	Total carrying amount	Fair value
Cash and balances with central banks		194 353					194 353	194 353
Treasury bills and other bills eligible for refinancing with central banks, etc.		128 447	24 901	2 650	27 551		155 998	155 998
Loans to credit institutions		648 875	2 073		2 073		650 948	650 948
Loans to the public		366 929	24 561	185	24 746		391 675	391 675
Bonds and interest-bearing securities			29 814	28 385	58 199		58 199	58 199
Shares and participating interest			11 638	1 177	12 815		12 815	12 815
Derivatives			44 153		44 153	170	44 323	44 323
Other financial assets	P29	22 567					22 567	22 567
Total		1 361 171	137 140	32 397	169 537	170	1 530 878	1 530 878

		Fair value through profit or loss						
Financial liabilities	Note	Amortised cost	Trading		Total	Hedging instruments	Total carrying amount	Fair value
Amounts owed to credit institutions		99 796	814		814		100 610	100 610
Deposits and borrowings from the public		937 844	5 088		5 088		942 932	942 932
Debt securities in issue		292 868	4 050		4 050		296 918	299 529
Senior non-preferred liabilities		37 832					37 832	38 493
Subordinated liabilities		28 604					28 604	29 026
Derivatives			42 521		42 521	21	42 542	42 542
Short positions securities	P34		28 612		28 612		28 612	28 612
Other financial liabilities	P34	21 226					21 226	21 226
Total		1 418 170	81 085		81 085	21	1 499 276	1 502 970



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2020								
Fair value through profit or loss								
Mandatorily								
Financial assets	Note	Amortised cost	Trading	Other	Total	Hedging instruments	Total carrying amount	Fair value
Cash and balances with central banks		167 121					167 121	167 121
Treasury bills and other bills eligible for refinancing with central banks, etc.		114 743	14 862	2 252	17 114		131 857	131 857
Loans to credit institutions		660 204	9 291		9 291		669 495	669 495
Loans to the public		388 949	39 947	101	40 048		428 997	428 997
Bonds and interest-bearing securities			36 670	23 961	60 631		60 631	60 631
Shares and participating interest			15 544	1 032	16 576		16 576	16 576
Derivatives			59 050		59 050	594	59 644	59 644
Other financial assets	P29	28 558					28 558	28 558
Total		1 359 575	175 364	27 346	202 710	594	1 562 879	1 562 879

Fair value through profit or loss								
Financial liabilities	Note	Amortised cost	Trading		Total	Hedging instruments	Total carrying amount	Fair value
Amounts owed to credit institutions		243 510	3 294		3 294		246 804	246 804
Deposits and borrowings from the public		852 398	16 824		16 824		869 222	869 222
Debt securities in issue		254 248	5 674		5 674		259 922	262 643
Senior non-preferred liabilities		10 359					10 359	10 545
Subordinated liabilities		23 434					23 434	23 688
Derivatives			74 236		74 236		74 236	74 236
Short positions securities	P34		23 301		23 301		23 301	23 301
Other financial liabilities	P34	23 026					23 026	23 026
Total		1 406 975	123 329		123 329		1 530 304	1 533 465

Interest Rate Benchmark Reform

Interest Rate Benchmark Reform is described in note G45.

2021				
	GBP Libor ¹	USD Libor	Other ²	Total
Financial assets				
Loans to credit institutions	47	1 878	13	1 938
Loans to the public	1 959	19 406	71	21 436
Total	2 006	21 284	84	23 374
Financial liabilities				
Amounts owed to credit institutions		32		32
Debt securities in issue		20 955		20 955
Total		20 987		20 987
Derivatives		1 367 279		1 367 279

1) The remaining GBP Libor loans are expected to transition to alternative reference rates during the first half of 2022. Until they transition, the GBP Libor loans will continue to use synthetic GBP Libor.

2) Other includes CHF Libor and JPY Libor.



P40 Fair value of financial instruments

Used methods for determination of fair values of financial instruments is described in note G46.

Financial instruments recognised at fair value

During the years ended 2021 and 2020 there were no transfers of financial instruments between valuation levels 1 and 2. The following tables present fair values of financial instruments recognised at fair value, split between the three valuation hierarchy levels.

	2021				2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Treasury bills and other bills eligible for refinancing with central banks, etc.	22 564	4 987		27 551	14 116	2 998		17 114
Loans to credit institutions		2 073		2 073		9 291		9 291
Loans to the public		24 737	9	24 746		40 048		40 048
Bonds and interest-bearing securities	29 269	28 930		58 199	21 933	38 698		60 631
Shares and participating interest	11 637		1 178	12 815	15 544		1 032	16 576
Derivatives	26	44 297		44 323	12	59 632		59 644
Total	63 496	105 024	1 187	169 707	51 605	150 667	1 032	203 304
Liabilities								
Amounts owed to credit institutions		814		814		3 294		3 294
Deposits and borrowings from the public		5 088		5 088		16 824		16 824
Debt securities in issue, etc		4 050		4 050		5 674		5 674
Derivatives	8	42 534		42 542	12	74 224		74 236
Short positions securities	25 737	2 875		28 612	22 308	993		23 301
Total	25 745	55 361		81 106	22 320	101 009		123 329



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Changes in level 3

	2021			2020	
	Assets			Assets	
	Equity instruments	Loans	Total	Equity instruments	Total
Opening balance	1 032		1 032	1 748	1 748
Purchases	21		21		
Converted to Visa Inc. A-shares				-819	-819
Sale of assets/ dividends received	-1		-1		
Issues		8	8		
Gains or loss	126	1	127	103	103
of which are changes in unrealised gains or losses for items held at closing day	126	1	127	-73	-73
Closing balance	1 178	9	1 187	1 032	1 032

Financial instruments at amortised cost

The following tables distribute fair values by valuation levels for financial instruments at amortised cost.

	2021		2020	
	Carrying amount	Fair value Level 2	Carrying amount	Fair value Level 2
Assets				
Treasury bills and other bills eligible for refinancing with central banks, etc.	128 447	128 447	114 743	114 743
Loans to credit institutions	648 875	648 875	660 204	660 204
Loans to the public	366 929	366 929	388 949	388 949
Total	1 144 251	1 144 251	1 163 896	1 163 896
Liabilities				
Amounts owed to credit institutions	99 796	99 796	243 510	243 510
Deposits and borrowing from the public	937 844	937 844	852 398	852 398
Debt securities in issue	292 868	295 479	254 248	256 969
Senior non-preferred liabilities	37 832	38 493	10 359	10 545
Subordinated liabilities	28 604	29 026	23 434	23 688
Total	1 396 944	1 400 638	1 383 949	1 387 110



P41 Financial assets and liabilities which have been offset or are subject to netting or similar agreements

The disclosures below refer to recognised financial instruments that have been offset in the balance sheet or are subject to legally binding netting agreements, even when they have not been offset in the balance sheet, as well as to related rights to financial collateral. As of the closing day these financial instruments referred to derivatives, repos (including reverse), security settlement claims and securities loans.

Assets	2021				2020			
	Derivatives	Reverse repurchase agreements	Securities borrowing	Total	Derivatives	Reverse repurchase agreements	Securities borrowing	Total
Financial assets, which not have been offset or are subject to netting	1 188			1 188	2 550			2 550
Financial assets, which have been offset or are subject to netting	43 135	26 634		69 769	57 094	100 907	14	158 015
Net amount presented in the balance sheet	44 323	26 634		70 957	59 644	100 907	14	160 565
Financial assets, which have been offset or are subject to netting or similar agreements								
Gross amount	187 608	89 197		276 805	146 839	144 172	14	291 025
Offset amount	-144 473	-62 563		-207 036	-89 745	-43 265		-133 010
Net amount presented in the balance sheet	43 135	26 634		69 769	57 094	100 907	14	158 015
Related amount not offset in the balance sheet								
Financial instruments, netting agreements	19 250	3 960		23 210	25 599	1 600		27 199
Financial instruments, collateral	1 566	22 643		24 209	10	99 303	14	99 327
Cash, collateral	13 850			13 850	15 274	4		15 278
Total amount not offset in the balance sheet	34 666	26 603		61 269	40 883	100 907	14	141 804
Net amount	8 469	31		8 500	16 211			16 211
Liabilities	Derivatives	Repurchase agreements	Securities lending	Total	Derivatives	Repurchase agreements	Securities lending	Total
	Derivatives	Repurchase agreements	Securities lending	Total	Derivatives	Repurchase agreements	Securities lending	Total
Financial liabilities, which not have been offset or are subject to netting	561		28	589	2 278		54	2 332
Financial liabilities, which have been offset or are subject to netting	41 980	5 902		47 882	71 959	20 118		92 077
Net amount presented in the balance sheet	42 541	5 902	28	48 471	74 237	20 118	54	94 409
Financial liabilities, which have been offset or are subject to netting or similar agreements								
Gross amount	187 255	65 472	28	252 755	163 831	63 383	54	227 268
Offset amount	-145 275	-59 570		-204 845	-91 872	-43 265		-135 137
Net amount presented in the balance sheet	41 980	5 902	28	47 910	71 959	20 118	54	92 131
Related amount not offset in the balance sheet								
Financial instruments, netting agreements	19 250	3 932		23 182	25 599	1 600		27 199
Financial instruments, collateral	7 492	1 950	28	9 470	5 741	18 518	54	24 313
Cash, collateral	10 158			10 158	27 510			27 510
Total amount not offset in the balance sheet	36 900	5 882	28	42 810	58 850	20 118	54	79 022
Net amount	5 080	20		5 100	13 109			13 109

P42 Specification of adjustments for non-cash items in operating activities

	2021	2020
Amortised origination fees	-615	-499
Unrealised changes in value/currency changes	1 348	-576
Depreciation of tangible and intangible assets	4 978	4 795
Reversal of previous impairment and impairment of tangible and intangible assets	-22	25
Reversal of previous impairment of fixed assets		-16
Credit impairment provisions and write-offs	392	3 840
Dividend Group entities	-16 825	-11 823
Prepaid expenses and accrued income	-250	1 495
Accrued expenses and prepaid income	-218	-1 318
Share-based payments to employees	128	106
Capital gains/losses on financial assets	0	-493
Other	-202	166
Total	-11 286	-4 298

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P43 Dividend paid and proposed disposition of earnings

	2021		2020	
	SEK per share	Total	SEK per share	Total
Ordinary shares				
Dividend paid, 22nd of February	4.35	4 871		
Dividend paid, 1st of April	2.90	3 252		
Dividend paid, 4th of November	7.30	8 187		
Total	14.55	16 310		
Proposed dividend				
Extraordinary General Meeting on 15th of February 2021			4.35	4 871
Annual General Meeting	11.25	12 632	2.90	3 252
Extraordinary General Meeting on 28th of October 2021			7.30	8 187
Total	11.25	12 632	14.55	16 310

The Board of Directors recommends that shareholders receive a dividend of SEK 11.25 per ordinary share in 2022 for the financial year 2021, corresponding to SEK 12 632m.

Earnings in accordance with the balance sheet of Swedbank AB to SEK 59 343m is at the disposal of the Annual General Meeting. The Board of Directors recommends that the earnings be disposed as follows (SEKm):

	2021	2020
Proposed dividend per ordinary share	12 632	16 387
To be carried forward to next year	46 711	42 968
Total disposed	59 343	59 355

The proposed total amounts to be distributed and carried forward to next year have been calculated on all 1 121 434 793 outstanding ordinary shares at 31 December 2021, plus 1 428 021 outstanding ordinary shares entitled to dividends which have been estimated to be exercised by employees between 1 January to the Annual General Meeting as per 30 March 2022 relating to remuneration programs. The proposed total amounts to be distributed and carried forward to next year are ultimately calculated on the number of shares entitled to dividends on the record day. The amounts could change in the event of additional share repurchases or sales of treasury shares before the record day. Unrealised changes in the value of assets and liabilities at fair value have had a negative effect on equity of SEK 610m.

The proposed record day for the dividend is 1 April 2022. The last day for trading in Swedbank's shares with the right to the dividend is 30 March 2022. If the Annual General Meeting accepts the Board's proposal, the dividend is expected to be paid by Euroclear on 6 April 2022. At year-end, the consolidated situation's total capital requirement according to pillar 1 and buffer requirements by SEK 55 928m. The surplus in Swedbank AB was SEK 88 594m.

The business conducted in the parent company and the Group involves no risks beyond what occur and can be assumed will occur in the industry or the risks associated with conducting business activities. The Board of Directors has considered the parent company's and the Group's consolidation needs through a comprehensive assessment of the parent company's and the Group's financial position and the parent company's and the Group's ability to meet their obligations. The assessment has also been done based on currently expected regulatory changes.

Given the financial position of the parent company and the Group, there can be no assessment other than that the parent company and the Group can continue their business and that the parent company and the Group can be expected to meet their liabilities in both the short and long term and have the ability to make the necessary investments. It is the assessment of the Board of Directors that the size of the equity, even after the proposed dividend, is reasonable in proportion to the scope of the parent company's and the Group's business and the risks associated with conducting the business.

The assessment of the Board of Directors is that the proposed dividend is justifiable given the demands that are imposed due to the nature, scope and risks associated with the business and the Group's business on the size of the parent company's and the Group's equity as well as on the parent company's and the Group's balance sheets, liquidity and financial positions.

P44 Assets pledged, contingent liabilities and commitments

Assets pledged			
Assets pledged for own liabilities	2021	2020	1/1/2020
Government securities and bonds at the Swedish central bank		50 726	10 000
Government securities and bonds at foreign central banks	14 981	12 401	5 355
Government securities and bonds for liabilities to credit institutions, repurchase agreements	2 360	10 986	8 687
Government securities and bonds for deposits from the public, repurchase agreements	32 957	17 515	15 680
Cash	5 109	18 464	9 002
Total	55 407	110 092	48 724

The carrying amount of liabilities for which assets are pledged amounted to SEK 52 664m (108 090) in 2021.

Other assets pledged			
	2021	2020	1/1/2020
Shares	449	447	84
Government securities and bonds for other commitments	7 597	6 256	3 475
Cash	483	446	429
Total	8 529	7 149	3 988

Collateral is pledged in the form of government securities or bonds to central banks in order to execute transactions with the central banks. In so-called genuine repurchase transactions, where the parent company sells a security and at the same time agrees to repurchase it, the sold security remains on the balance sheet. The carrying amount of the security is also recognised as a pledged asset. In principle, the parent company cannot dispose of pledged collateral. Generally, the assets are also separated behalf of the beneficiaries in the event of the parent company's insolvency.

Contingent liabilities			
Nominal amount	2021	2020	1/1/2020
Loan guarantees	184 089	272 397	456 261
Other guarantees	43 437	38 948	38 667
Accepted and endorsed notes	1 073	828	1 200
Letters of credit granted but not utilised	3 665	3 022	2 764
Other contingent liabilities	12	11	
Total	232 276	315 206	498 892

Commitments			
Nominal amount	2021	2020	1/1/2020
Loans granted but not paid	194 554	253 934	189 680
Overdraft facilities granted but not utilised	68 777	70 118	68 468
Total	263 331	324 052	258 148
Credit impairment provisions for contingent liabilities and commitments	-622	-804	-590

The nominal amount of interest, equity and currency related contracts are shown in note P24 Derivatives.

Money laundering

Swedbank is cooperating with authorities in the United States who are conducting investigations into Swedbank's historical AML compliance and the Group's response thereto, as well as related issues involving the Group's anti-money laundering controls and certain individuals and entities who may at some time have been customers of the Group. The timing of the completion of the investigations is still unknown and the outcome is still uncertain. At present, it is not possible to reliably estimate the amount of any potential settlement or fines, which could be material.



P45 Transferred financial assets

The parent company transfers ownership of financial assets in connection with repurchase agreements and securities lending. Although ownership has been transferred in these transactions, the asset remains on the balance sheet since the parent company is still exposed to the asset's risk of fluctuating in value. This is because the agreement stipulates at the time of transfer that the asset will be restored. Sales proceeds received in connection with repos are recognised as liabilities. Related liabilities are reported in the note before any offsetting in the balance sheet. All assets and liabilities related to repurchase agreements are recognised

at fair value and are included in the valuation category fair value through profit and loss, trading. Liabilities related to securities lending refer to collateral received in the form of cash. These liabilities are reported in the valuation category amortised cost. In addition to what is indicated in the table for securities lending, collateral is received in the form of other securities to cover the difference between the fair value of the transferred assets and the recognised liability's fair value. At year-end the parent company had no commitments in financial assets that had been removed from the balance sheet.

	Transferred assets			Associated liabilities		
	Carrying amount	Of which repurchase agreements	Of which securities lending	Carrying amount	Of which repurchase agreements	Of which securities lending
2021						
Valuation category, fair value through profit or loss						
Held for trading						
Shares	449		449	25		25
Debt securities	35 317	35 317		35 365	35 365	
Total	35 766	35 317	449	35 390	35 365	25
2020						
Valuation category, fair value through profit or loss						
Held for trading						
Shares	447		447	47		47
Debt securities	28 502	28 502		28 513	28 513	
Total	28 949	28 502	447	28 560	28 513	47

P46 Operational leasing

The agreements mainly relate to premises in which the parent company is the lessee. The terms of the agreements comply with customary practices and include clauses on inflation and property tax. The combined amount of future minimum lease payments that relate to non-cancellable agreements is allocated on the due dates as follows:

2021	Expenses	Income subleasing	Total	2020	Expenses	Income subleasing	Total
2022	794	33	761	2021	658	30	628
2023	676	33	643	2022	596	29	567
2024	526	32	494	2023	543	29	514
2025	471	32	439	2024	437	27	410
2026	441	32	409	2025	410	27	383
2027	410	32	378	2026	406	27	379
2028	367	32	335	2027	375	26	349
2029	297	10	287	2028	342	26	316
2030	278	10	268	2029	286	17	269
2031 or later	1 046	71	975	2030 or later	1 305	81	1 224
Total	5 306	317	4 989	Total	5 358	319	5 039



Financial statements and notes Parent company

P47 Related parties and other significant relationships

	Subsidiaries		Associates and joint ventures		Other related parties	
	2021	2020	2021	2020	2021	2020
Assets						
Loans to credit institutions	612 258	622 699	15 868	15 730		
Loans to the public	791	1 771				
Bonds and other interest-bearing securities	1 657	2 517				
Derivatives	4 025	7 681	6	20		
Other assets	15 678	13 975				
Prepaid expenses and accrued income	297	265				
Total assets	634 706	648 908	15 874	15 750		
Liabilities						
Amount owed to credit institutions	34 705	120 594	4 912	4 968		
Deposits and borrowing from the public	11 596	9 931			250	738
Derivatives	14 624	19 949	12	10		
Other liabilities	380	461				
Accrued expenses and prepaid income	344					
Total liabilities	61 649	150 935	4 924	4 978	250	738
Guarantees	183 661	269 071				
Commitments	27 627	26 253				
Derivatives, nominal amount	1 021 888	1 031 275	774	808		
Income and expenses						
Interest income	471	1 504	86	121		
Interest expenses	32	814	3			
Dividends received	700	2 128	587	2		
Commission income	2 836	2 334	122	68		
Commission expenses	87	81	179	167		
Net gains and losses on financial items			3			
Other income	739	324	715	653		
Other general administrative expenses	101	1	1		687	637

Other related parties

Swedbank's pension funds and Sparinstituten's Pensjonskassa secure employees' postemployment benefits. They rely on Swedbank for traditional banking services.

P48 Events after 31 December 2021

See Group note G56.



Alternative performance measures

Alternative performance measures

Swedbank prepares its financial statements in accordance with IFRS as adopted by the EU, as set out in Note G2. The annual report includes a number of alternative performance measures, which exclude certain items which management believes are not representative of the underlying/ongoing performance of the business.

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

Measure and definition	Purpose
Net investment margin before trading interest is deducted Calculated as Net interest income before trading-related interest is deducted, in relation to average total assets. The average is calculated using month-end figures¹, including the prior year end. The nearest IFRS measure is Net interest income and can be reconciled in Note G8.	Considers all interest income and interest expense, independent of how it has been presented in the income statement.
Allocated equity Allocated equity is the operating segment's equity measure and is not directly required by IFRS. The Group's equity attributable to shareholders is allocated to each operating segment based on capital adequacy rules and estimated capital requirements based on the bank's internal Capital Adequacy Assessment Process (ICAAP). The allocated equity amounts per operating segment are reconciled to the Group Total equity, the nearest IFRS measure, in Note G5.	Used by Group management for internal governance and operating segment performance management purposes.
Return on allocated equity Calculated based on profit for the financial year attributable to the shareholders for the operating segment, in relation to average allocated equity for the operating segment. The average is calculated using month-end figures¹, including the prior year end. The allocated equity amounts per operating segment are reconciled to the Group Total equity, the nearest IFRS measure, in Note G5.	Used by Group management for internal governance and operating segment performance management purposes.
Income statement measures excluding expenses for the administrative fine Amounts related to expenses is presented excluding expenses for administrative fine. The amounts are reconciled to the relevant IFRS income statement lines on page 36.	Provides comparability of figures between reporting financial years.
Return on equity excluding expenses for administrative fine Represents profit for the financial year allocated to shareholders excluding expenses for the administrative fine in relation to average Equity attributable to shareholders' of the parent company. The average is calculated using month-end figures¹, including the prior year end. Profit for the financial year allocated to shareholders excluding expenses for administrative fine are reconciled to Profit for the financial year allocated to shareholders, the nearest IFRS measure, on page 36.	Provides comparability of figures between reporting financial years.
Cost/Income ratio excluding expenses for administrative fine Total expenses excluding expenses related to administrative fine in relation to total income. Total expenses excluding expense for administrative fine is reconciled to Total expenses, the nearest IFRS measure, on page 36.	Provides comparability of figures between reporting financial years.
Other alternative performance measures These measures are defined on page 252 and are calculated from the financial statements without adjustment. • Cost/Income ratio • Credit Impairment ratio • Credit impairment provision ratio Stage 1 loans • Credit impairment provision ratio Stage 2 loans • Credit impairment provision ratio Stage 3 loans • Equity per share • Investment margin • Loan/Deposit ratio • Return on equity¹ • Return on total assets • Share of Stage 1 loans, gross • Share of Stage 2 loans, gross • Share of Stage 3 loans, gross • Total credit impairment provision ratio	Used by Group management for internal governance and operating segment performance management purposes.

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



Sustainability

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Sustainability management

Swedbank's governance model ensures that the bank can deliver on its core business – to empower the many people and businesses to create a better future. Sustainability management is based on a framework of sustainability policies, instructions, position statements and sector guidelines. The Group's operational controls also include Swedbank's strategic direction, Group-level goals, implementation, monitoring and reporting to integrate sustainability in the bank's core processes. Swedbank's definition of sustainability furthermore rests on two pillars: "Doing things right" and "Doing the right things".

Doing things right means integrating sustainability in Swedbank's own operations and is based on the bank's governing framework. For example, Swedbank applies the precautionary principle and follows the UN Global Compact's ten principles. Another example is Swedbank's ISO 14001 certified environmental management system, which organises environmental work and provides a structure to monitor targets and results. The management system requires the bank to continuously improve its operations in accordance with the requirements in the standard and report the results in the annual "Management Review" where the bank presents the results from the business units to the Group Executive Committee. The results are also presented in the internal and external audits of the environmental management system.

Doing the right things includes Swedbank's indirect impact through customers and their activities. First, Swedbank will give people the opportunity to create a better future by supporting sustainable choices through advice, products, services and societal engagement. Secondly, the bank will give businesses the opportunity to create a better future by supporting them as they transition, where the bank e.g. must ensure that its financing and investment align with the Paris Agreement's 1.5°C target.

The Board of Directors has ultimate responsibility for Swedbank's sustainability management. The Board is actively engaged in the bank's sustainability matters and receives continuous updates on the work. The bank's policies in the area are adopted by the Board. All of the bank's sustainability policies (available on swedbank.com/sustainability) are based on Swedbank's Code of Conduct, which sets the standard for Swedbank's sustainability management. Aside from the Code of Conduct, the policies most relevant to sustainability are the Group's Anti Bribery & Corruption Policy (ABC policy), Sustainability Policy, Environmental Policy, Human rights Policy, the bank's Code of Conduct for Suppliers, and the Policy on Diversity and Inclusion.

The President and CEO's main responsibility is to ensure that Swedbank can deliver on the strategic direction, which shows where the bank is headed and what has to be done to achieve the bank's vision and goals, of which a sustainable society is an important part. The CEO is also responsible for the Group's position statements on defence equipment and climate change as well as the instructions that support the implementation of the bank's policies. The position statements generally contain more details than Swedbank's policies.

Swedbank's sustainability committee was established in February 2021 and is led by the Head of Group Brand, Communication & Sustainability, who has been authorised by the CEO to lead the committee at the Group level. The committee's goal is to guide and support the management on sustainability related matters within the Group. Swedbank's sustainability committee handles areas involving human rights, tax issues, environmental challenges and ethical dilemmas.

All business areas and Group Functions have an opportunity, prior to a business decision, to request the committee's assistance with various sustainability matters. The committee provides knowledge and experience in the field and helps decision-makers within the Group understand risks and opportunities in order to make sound and sustainable decisions. The members, who include representatives of the Group Executive Committee, represent the bank's various business areas and Group Functions. The committee's recommendations must be followed, but cases can also be escalated to the CEO if a consensus cannot be reached. The cases that are taken up are monitored by and distributed to the CEO and Group Executive Committee on a quarterly basis.

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

Group Brand, Communication & Sustainability drives Swedbank's sustainability management forward and passes on proposals to the CEO. Group Sustainability, which is part of this unit, is led by the bank's Head of Sustainability that reports to the Head of Group Brand, Communication & Sustainability. Group Sustainability's main task is to promote sustainability-related matters in strategies, goals and monitoring. The Head of Group Sustainability is also Chair of Swedbank's Green Bond Committee, which decides on green assets in accordance with the Green Bond Framework.

Group Sustainability consists of two units: Center of Excellence and Sustainability Management, with a combined staff of twelve. Sustainability Management mainly works with sustainable bonds, reporting and ISO 14001, while the Center of Excellence works with the integration of sustainability in each business area. Also included in the unit is Swedbank's programme to coordinate the implementation of the EU action plan on financing sustainable growth.

Throughout Swedbank, sustainability ambassadors have been appointed in the Group Functions, product areas and business areas. They serve as contacts with Group Sustainability and are responsible, together with the line manager, for aligning their operations with sustainability policies, instructions and routines. The sustainability ambassadors, together with the line managers, also draft action plans, environmental goals and activities with support from Group Sustainability. During the year, around 45 sustainability ambassadors helped to drive the sustainability agenda forward using the ISO 14001 environmental management system as a basis.

Other Group Functions collaborate with Group Sustainability on the integration of frameworks, policies and governance tied to sustainability. Each Group Function is responsible within its area of operation for sustainability management. The sustainability area and the skills needed determine which unit has the main responsibility. For example, HR is responsible for the Policy on Diversity and Inclusion.

Successful risk management requires a well-established risk culture and uniform approach. Swedbank's risk management is built on three lines of defence with clearly defined responsibilities. The first line of defence consists of risk management by the business operations within the business areas, product areas and Group Functions. Management in the first line is responsible for continuous and active risk management and owns the risks within their respective area. They ensure that appropriate processes and internal control structures are in place so that risks are identified, assessed, managed, monitored, reported and kept within the boundaries of the Group's risk appetite and Risk Management Framework.

The second line of defence is the bank's independent control functions, such as the risk organisation (Group Risk) and the compliance organisation (Group Compliance). They are responsible for the risk management framework, which includes all material risks in the Group, and determine whether an effective risk management process and controls are implemented in the bank. The second line of defence validates and challenges the first line's risk management activities. The functions are independent from the operations and report to the CEO and the Board.



Reports and notes Sustainability

The **third line of defence** consists of Swedbank's Internal Audit, an independent control function where the Head of Internal Audit is appointed by and reports to the Board and thus is independent of the executive management. Internal Audit's reviews are designed to create operational improvements by independently evaluating the bank's governance, risk management and internal control processes. The materiality analysis is considered in Internal Audit's annual risk assessment to ensure that relevant sustainability aspects are included in the audit plan. In 2021, Internal Audit conducted a number of reviews of the bank's sustainability commitments. The reviews included the areas of sustainable finance, sustainable investment, business ethics and information security. With the help of these reviews, processes and tools have been developed and refined.

Committees: The preparatory bodies Group Risk and Compliance Committee and Group Credit Committee are responsible for handling sustainability-related issues. The Procurement Sustainability Council handles procurement-related, escalated sustainability issues where the Head of Sustainability is also involved. In the case of difficult business decisions or when the framework does not provide enough guidance, issues can be escalated to Swedbank's Sustainability Committee.

Line managers in the business area and product area are responsible for implementing sustainability in the bank's business decisions and routines. They also monitor implementation of the sustainability framework.

Product areas: Sustainability is a key part of Group Products & Advice. Sustainability is incorporated in various areas such as lending, savings and insurance products, advisory processes and Swedbank's subsidiaries: Swedbank Insurance, Swedbank Robur and Swedbank Mortgage. This unit has dedicated sustainability teams and/or managers to ensure that the unit can meet various stakeholders' sustainability demands.

Business areas: Customers' demands for a sustainability focus in product offers are growing for Swedbank's business areas: Swedish Banking, Baltic Banking and Large Corporates & Institutions. To meet this demand, there is dedicated sustainability experts in each business area. They are mainly responsible for implementing the Group's sustainability framework and ensuring that the right resources and expertise are in place to meet customers' demands.

External audits of Swedbank's sustainability management are conducted by third parties for various purposes. Swedbank's Annual and Sustainability Report is audited based on the criteria in the GRI Standards, Swedbank's Green Bond Impact Report is audited annually, and an external ISO 14001 audit is also conducted. Third party audits are important to help Swedbank improve its sustainability processes, ensure high quality and contribute to further development.

For more information, see Swedbank's corporate governance report on page 42–63.

Commitments

- Equator Principles
- Principles for Responsible Banking (PRB)
- Science Based Targets initiative (SBTi)
- Task Force on Climate related Financial Disclosures (TCFD)
- UN Women's Empowerment Principles
- UN Global Compact
- UN Guiding Principles on Business and Human Rights
- Climate Action 100+ (Swedbank Robur)
- Finance for Biodiversity (Swedbank Robur)
- ICGN, International Corporate Governance Network (Swedbank Robur)
- Principles for Responsible Investments (PRI) (Swedbank Robur)

Memberships and networks

- Bankers' associations in Sweden, Estonia, Latvia and Lithuania.
- Energy Efficiency Financial Institutions Group (EEFIG)
- Diversity Charter in Estonia, Latvia and Lithuania
- European Savings and Retail Banking Group Sustainable Finance Committee
- ICC Business Charter for Sustainable Development
- Institute for Sustainability and Corporate Social Responsibility in Latvia
- Lithuanian Association of Responsible Business
- Nordic CEOs for a Sustainable Future
- The Swedish Association for Sustainable Business (NMC)
- Swedish Bankers' Association's Sustainability Council and Committee
- Swedish banking sector's (employer association BAO and trade union Finansförbundet) Central Gender Equality and Diversity Committee
- Swedish National Advisory Board for Impact Investing (NAB)
- UN Environmental Programme for the Financial Sector (UNEP-FI)
- UN Global Compact's Sustainable Ocean Business Action Platform in Norway

The above are a selection of Swedbank's commitments, memberships and networks.

Sustainability indexes

For the second year in a row Swedbank qualified for the Dow Jones Sustainability World Index, one of the world's most prestigious sustainability indexes. Each year the index ranks sustainable companies, and inclusion is proof that Swedbank has well-established sustainability practices in areas such as corporate governance, risk management, human rights, climate strategy and labour conditions. For the second year Swedbank was also ranked highest among major Swedish banks in Fair Finance Guide's annual policy report.

Swedbank follows the demands and recommendations in various sustainability surveys and indexes to ensure a high sustainability standard. This is for example done through a continuous dialogue with various stakeholder groups on the results in order to continuously develop the business.

Sustainability index/ranking	2021	2020	2019
Bloomberg Gender and Equality Index ¹	69	77	77
CDP ²	B	B	B
Dow Jones Sustainability World Index ³	84	81	76
EY SHE Index Sweden ⁴	82		
Fair Finance Guide ⁵	68	68	65
FTSE4Good ESG rating ⁶	4.3	4.5	4.6
ISS Corporate Governance ⁷	C (Prime)	C (Prime)	C (Prime)
MSCI ESG rating ⁸	AA	AA	A
Sustainalytics ⁹	24.8	27.6	27.5

1) Scoring scale 0–100 (max 100)

2) Scoring scale A–D- (max A). B was the average score for the financial sector in 2021.

3) Scoring scale 0–100 (max 100). The scores for 2019 was revised due to shortcomings in the bank's anti-money laundering work.

4) Scoring scale 0–100 (max 100)

5) Scoring scale 0–100% (max 100%)

6) Scoring scale 0–5 (max 5). Swedbank has qualified for the FTSE-4Good Index.

7) Scoring scale A+ – D- (max A+)

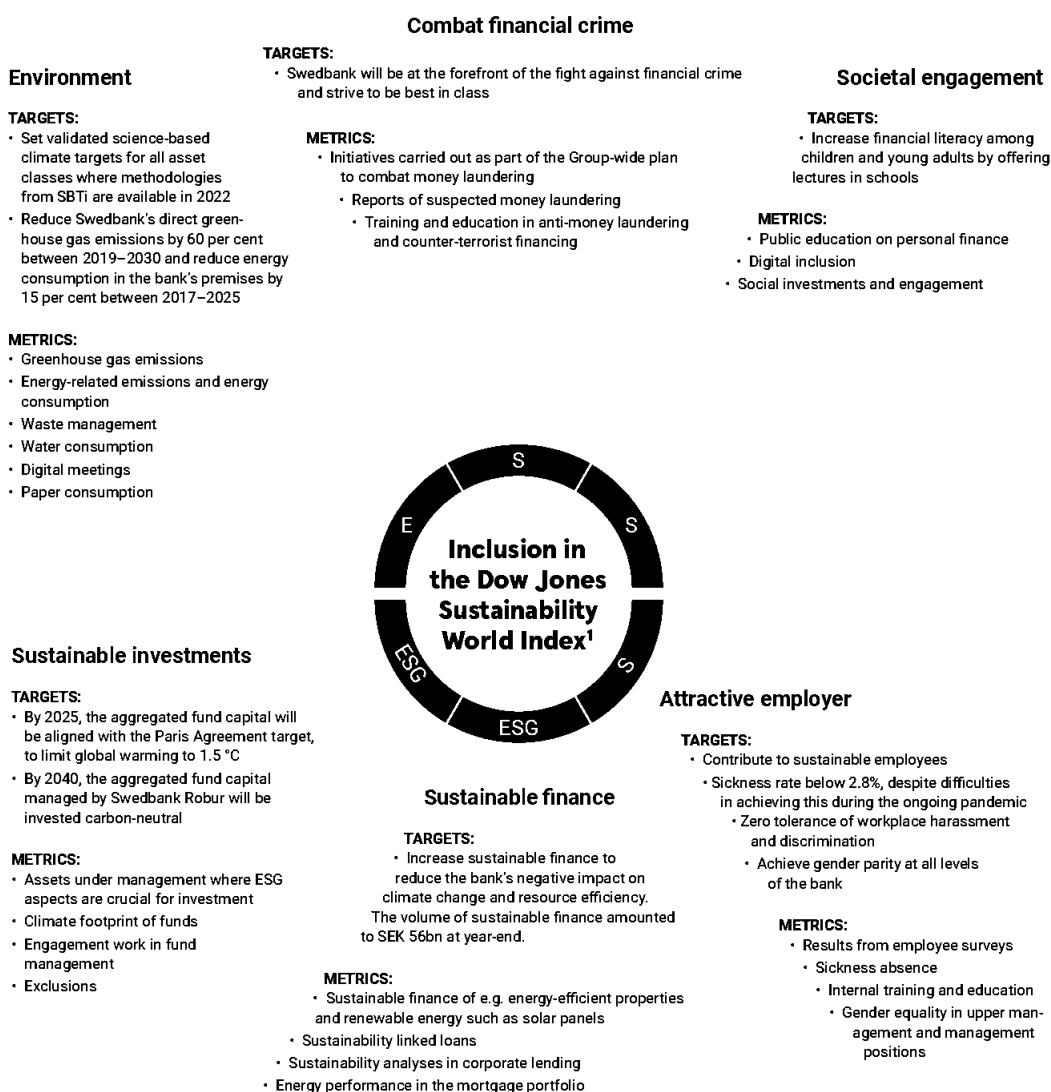
8) Scoring scale AAA – CCC (max AAA)

9) Scoring scale 0–10 negligible risk, 10–20 low risk, 20–30 medium risk, 30–40 high risk, 40+ severe risk.

Monitoring and evaluation

Swedbank considers it essential to continuously track its progress and contribute to a society that is sustainable from an environmental, social and governance (ESG) perspective. The model below presents a selection of targets and metrics for Swedbank's material topics. Swedbank monitors the targets using an estab-

lished internal structure that included management and the Board of Directors during the year. The results are shown on pages 18–29 and in the sustainability notes on pages 209–229.



1) Inclusion in the Dow Jones Sustainability World Index is used as an overarching sustainability target for Swedbank. This means Swedbank must continuously improve its work within all material sustainability areas.



Reports and notes Sustainability

Stakeholder engagement

Stakeholder groups

Swedbank maintains a continuous dialogue with its various stakeholders. Customers, employees, owners and investors as well as society and the world around us are the stakeholder groups that the bank is most involved with. In addition to these main groups, Swedbank interacts with a large number of other groups at different levels. They include the following:

- Authorities
- Municipalities and county councils
- Regulators
- Pension managers
- Asset managers
- Analysts
- Journalists
- Unions
- Students
- Foundations
- Not-for-profit organisations
- Stakeholder organisations
- Trade organisations
- Associations
- Primary and secondary schools
- Colleges and universities
- Suppliers
- Subsidiaries
- Competitors
- Ratings agencies and indexes
- Auditors

Identifying and selecting stakeholders

Swedbank's stakeholder groups are based on which stakeholders are materially impacted by and have an impact on the bank's operations. Swedbank has then selected the relevant stakeholders within each group. The selection is based on the Group's overarching framework, market analysis, internal discussions and active participation in various forums for dialogue and advocacy.

Material topics and approach to stakeholder engagement

Through continuous dialogue with the stakeholder groups, Swedbank develops its operations. The bank receives support and guidelines for stakeholder dialogue from Group Brand, Communication & Sustainability. Dialogues are also adapted to each market and type of stakeholder depending on the geographical and industry context. Following is a description of some of the key topics discussed with stakeholders during the year.

Customers

The bank mainly dialogues with customers via its various channels, both physical and digital. Dialogues with customers also take place at marketing events and other activities. During the year, Swedbank continued to develop its digital offer and adapted it after the pandemic and restrictions at the time. By offering various webinar series, the bank has been able to maintain a dialogue with several stakeholder groups. In addition, annual customer surveys of various types are conducted to gauge customers' thoughts and suggestions. Key topics raised during the year included:

- Availability for Swedbank's customers in digital channels and services.
- Increased demand for savings and investment products with sustainability themes and advice on how customers can transition to a more sustainable business. Among sustainability areas, climate change was an even higher priority during the year.
- How Swedbank integrates sustainability issues in the bank's governance model and how they impact customers today and in the future. For example, the question of how corporate customers will finance their transition and how it could impact their future financing.
- Matters tied to previous shortcomings in the bank's anti-money laundering/combating the financing of terrorism (AML/CTF) work decreased during the year but still come up in some dialogues.
- Increased interest in how sustainability-related regulations impact the bank and its customers.
- The discussion of fraud issues increased during the year with customers wanting to know how Swedbank is combatting fraud.

Employees

The work environment for Swedbank's employees has a big impact on their performance, engagement and well-being. Another year with Covid-19 has affected the bank's employees in different ways. To track how employees feel about their jobs, surveys are conducted continuously. The results of the surveys and employee's opinions are discussed and followed up on by all units in the bank. Key topics raised during the year included:

- Further work on Covid-19 with the aim of creating a safe and secure workplace and limiting the spread of the coronavirus.
- Implementation of a clear strategic direction. Encouragement of an open feedback culture that enables successful performance by employees and the organisation. Continuous support and upskilling in key areas through specialised training.
- Communication on the bank's leadership principles and expectations on the bank's leaders as well as continuous support and upskilling in key areas through specialised training.
- Further development of the "Swedbank at Work" concept.

Owners and investors

Swedbank continuously dialogues on the Group's strategic direction and development with existing and potential investors, analysts and the media. The dialogues are mainly conducted through various channels such as quarterly reports, annual and sustainability reports, meetings with investors, teleconferences, the company's website and press releases. Key topics raised during the year included:

- How the bank is impacted by and manages the consequences of the pandemic, e.g. in terms of credit impairments, lending and amortisation exemptions.
- Ongoing action plan to further strengthen the bank's work with AML/CTF and the remaining regulatory investigations.
- The bank's sustainability agenda and work in connection with this transition.

Society and the world around us

Swedbank places great importance on being a good social partner and continuously cooperates with supervisory authorities and decision makers on issues related to the current sustainability agenda. This includes bilateral dialogue and collaborations with other banks through various trade organisations. For example, Swedbank is a member of the Swedish Bankers' Association's sustainability council and sustainability committee, the European Savings and Retail Banking Group's (ESBG) Sustainable Finance Committee and Corporate Social Responsibility Committee, and the European Banking Federation's (EBF) ESG Financial Markets Task Force. Most of the dialogue with authorities is with the Ministry of Finance, the FSA and other relevant Swedish authorities, but also with the European Commission, the European Central Bank and the European Banking Authority.

To promote social development, Swedbank is engaged in a number of initiatives. The bank continuously interacts with various groups in society through projects in all its home markets, including public education and volunteer work. Key topics raised during the year included:

- Issues related to EU regulations (e.g. the Taxonomy, disclosure regulation, sustainability related revisions to MiFID II). For example, the challenge of how the Taxonomy will be applied nationally to certain activities such as forestry have been discussed. The focus has also been on the reporting of sustainability risk management, the EU's AML/CTF regulations, and discussions on the social dimensions of the Commission's action plan to finance sustainable growth.
- Progress on internal AML/CTF work.
- Together with the savings bank foundations, several initiatives such as Young Economy, Digital Economy and Junior Achievement have strengthened the dialogue in these sustainability areas. As another example, Swedbank focuses on diversity and inclusion as a participant in the annual week-long political gathering Järvaveckan.
- Covid-19 has affected many and to support people who have been negatively affected, Swedbank has among other things created web pages that aggregate information, videos, calculators, tips and advice to help the bank's private and corporate customers. The partnership with the talent matching firm Gigstr and the Switch Jobs initiative also continued in 2021.

UN Principles for Responsible Banking

Swedbank signed the Principles for Responsible Banking (PRB) in 2019, joining over 260 other banks around the world. PRB accelerates the banking industry's contribution to the Sustainable Development Goals as well as the Paris Agreement and supports Swedbank in driving its positive impact and reducing the negative impact from the bank's core business.

Implementation of the principles

PRB consists of six principles: 1) Alignment, 2) Impact and Target Setting, 3) Clients and Customers, 4) Stakeholders, 5) Governance and Culture 6) Transparency and Accountability. These principles provide a global sustainability framework adapted to banking activities and mean that Swedbank adapts its strategic direction to align with the Paris Agreement and the Sustainable Development Goals. During the year, Swedbank conducted activities involving each principal with a focus on the continued implementation of the bank's new strategic direction, with the overarching vision to achieve a financially sound and sustainable society, and updated its portfolio impact analysis. The latter shows how Swedbank, through its products and services, impacts various sustainability areas from the UN Impact Radar, both positively and negatively. The bank's PRB self-assessment is shown on page 234–235.

Analysis of the bank's impact

At the beginning of the year, PRB released an updated method for banks' portfolio impact analysis. As in 2021, the focus has therefore been on Principle 2 – Impact and Target Setting. The impact analysis was updated in order to present a more detailed result and complement Swedbank's materiality analysis. More information on the analyses are presented on page 20–21.

Methodology

To understand and analyse how Swedbank, through its business, impacts and creates value for its stakeholders and society as a whole, an analysis was conducted of the bank's portfolio in 2021. It is important to take into consideration when interpreting the results that the methodology and tool launched by UNEP-FI is new and will continuously be refined and revised. In addition, the quality of the results depends on how well the underlying information fits the tool's structure and design. The aim is to give Swedbank a holistic view of its impacts.

The analysis was conducted on a Group level including Sweden, Estonia, Latvia, Lithuania and Norway utilising information from each business area: Swedish Banking, Baltic Banking and Large Corporate and Institutions (LC&I). The analysis was based on the income distribution for the corporate business in 2020 and on the various loan products for private customers as a way to cover the bank's entire operations and geographical distribution to the extent possible. Input data for the private market consisted of the number of active customers per financial product as of August 2021, while data for the corporate market consisted of income divided geographically and by sector as of 31 December 2020.

Every country is unique and therefore requires different measures when it comes to the areas impacted by sustainability aspects, e.g. biodiversity, infrastructure or food accessibility. The analysis tool takes this into account by assigning each country a weight. The weights are based on 22 impact areas across social, economic and environmental pillars to show the need in relation to how well the country performs in each area.

Asset management, insurance and capital market products were not covered by the analysis since the areas were not yet included in the analysis tool. Consequently, the end result is impacted, since a significant share of Swedbank's business is in these areas.

Results of the analysis

The results of the analysis show that Swedbank, through its business, plays an important role in society and its development. It is mainly in the areas of housing, inclusive and sound economies, and employment that Swedbank can impact in a positive direction, particularly in sectors such as real estate and manufacturing. The bank's positive impact in the area of housing is rooted in increased access to housing opportunities e.g. in the form of financing for individuals and construction and real estate companies. The bank also contributes positively to inclusive and sound economies by providing increased access to secure financial services.

This in turn generates a positive impact on UN Sustainable Development Goal 8 Decent Work and Economic Growth and Goal 11 Sustainable Cities and Communities.

The results also show that Swedbank, through its business, has an important commitment to limit its negative impacts, mainly in environmentally related areas such as climate change, biodiversity, waste and resource efficiency. In these areas the bank also has a positive impact on the food supply and livelihoods, for example, but at the same time improvement potential in the real estate, manufacturing, agricultural, forestry and fishing sectors as well as in certain parts of the energy sector.

Resource efficiency and a smaller climate impact are important areas that impact UN Sustainable Development Goal 12 Sustainable Consumption and Production and Goal 13 Climate Action.

Targets

In line with PRB's principles, Swedbank has adopted two overarching targets to help it contribute positively to the Sustainable Development Goals and the Paris Agreement.

- In 2022, set validated science-based climate targets for all asset classes where methodologies from SBTi are available.
- In 2022, increase Swedbank's sustainable finance. Total sustainable finance volume was SEK 56bn at year-end 2021.

The key to reaching Swedbank's targets is close collaboration with customers and industry colleagues in order to make the biggest possible difference. For implementation of the Group-level targets, the relevant Group Function is included as part of the bank's day-to-day activity and business planning. The targets are evaluated continuously as part of this process. In addition, Group Sustainability has a responsibility to build a better understanding of how the work and the progress being made affect the bank's identified impact areas in close dialogue with the responsible officials in each business area.

Swedbank's implementation of the Taxonomy Regulation

The EU has created a classification system for environmentally sustainable economic activities called the Taxonomy. The aim is to help investors identify environmentally sustainable investments. For an economic activity to be defined as environmentally sustainable under the Taxonomy, and thereby classified as aligned with the Taxonomy, it has to meet the following criteria:

- contributes substantially to one or more of the six environmental objectives,
- does not cause significant harm to the remaining environmental objectives, and
- meets certain social minimum safeguards.

The criteria for when an activity can be considered to substantially contribute and not cause significant harm are detailed in the technical screening criteria that are included in delegated acts. If an activity is not included in the technical screening criteria, it cannot be assessed under the Taxonomy and is therefore not a Taxonomy-eligible activity.

There are technical screening criteria for two of the environmental objectives: climate change mitigation and climate change adaptation. The other four environmental objectives do not yet have established technical screening criteria.

The Taxonomy is currently limited to the classification of environmentally sustainable economic activities. However, work is ongoing at the EU level to review whether the Taxonomy will be expanded to classify e.g. social sustainability and activities that could cause significant harm to the environment.

Operationalisation of the Taxonomy in the business strategy

Swedbank's vision, "A financially sound and sustainable society", is based on a conviction that the bank, together with its customers, can continue to have a major positive impact on society. The Taxonomy can help Swedbank to deliver on its vision by guiding customers to make well-informed and sustainable choices. Determining what is sustainable requires a common framework. Swedbank sees the Taxonomy as one of several future tools to assess environmental sustainability and to increase transparency in the financial industry. Going forward, the Taxonomy will help Swedbank and other banks to assess how future proof the activities of private and corporate customers are from an environmentally sustainable perspective. This will be important in Swedbank's work to define and reach its own climate targets in line with the Paris Agreement's 1.5°C target. Swedbank welcomes that companies engage and invest in Taxonomy-aligned activities.

In 2021, Swedbank established a Group-level coordination programme for the EU's sustainable finance regulations, including the Taxonomy. The chair of the steering committee is the Head of Group Brand, Communications & Sustainability. The programme is coordinated by Group Sustainability to facilitate implementation of the EU's mandatory sustainable finance regulations at the Group level.

The Taxonomy's potential impact on the bank's products and customers

The Taxonomy is expected to help give the financial industry a common language to easily compare the degree of sustainability in investments and in businesses. Since the Taxonomy is in an early stage, Swedbank is still analysing its impact on the bank's products and customers. The result of the Taxonomy's impact will therefore change over time.

In the area of savings, the Taxonomy will impact the sustainability information that funds, life insurance and portfolio management have to disclose according to the Sustainable Finance Disclosure Regulation (SFDR). In pre-contractual disclosure and periodic reporting, these financial products will have to include information on e.g. the product's ambition with regard to investing in Taxonomy-aligned

investments. This means that the Taxonomy will be used as a tool to compare these products. The Taxonomy will also affect the bank's insurance and investment advice when Swedbank begins to include sustainability preferences in advisory meetings. One reason for this is that the Taxonomy can be used to identify a customer's sustainability preferences.

For Swedbank to identify how Taxonomy-aligned its assets are, which mainly relates to the bank's loans, the bank will have to collect additional sustainability related information on its customers. The Taxonomy could be used as a tool in Swedbank's conversations with customers and thereby simplify the customers' transition journey. The Taxonomy could therefore have an impact on future customer meetings, customer dialogues and the information that must be collected on the counterparty. Initially, only a limited part of the market is expected to be Taxonomy-aligned. Swedbank is closely monitoring the EU's sustainable finance regulations and welcomes that the Taxonomy may be expanded to include more sustainability areas.

Taxonomy report 2021 and information on the quantitative indicators

Companies that are subject to the EU's Non-Financial Reporting Directive (NFRD), i.e., large public-interest companies with more than 500 employees ("NFRD companies"), have to report in accordance with the Taxonomy in their sustainability reporting. Swedbank is defined as a NFRD company and is subject to the requirements for credit institutions.

The financial year 2021 is the first year that NFRD companies, including Swedbank, are reporting according to the Taxonomy. For banks, the transitional rules for 2021 and 2022 are limited to the reporting of the extent to which their customers and counterparties' activities are Taxonomy-eligible as well as information on assets that cannot be assessed under the Taxonomy, e.g. derivatives.

The reporting requirements under the Taxonomy were published by the European Commission in July 2021. This has left little time for implementing the requirements. The bank's Taxonomy reporting has been prepared based on Swedbank's interpretation of the reporting requirements. There is some ambiguity about the interpretation of the requirements, e.g. how exposures to regional and local governments will be treated. Swedbank has made the interpretation that exposures to regional and local governments are not to be included in any of the mandatory reporting for 2021.

The transitional rules for financial companies mean that Swedbank shall, for the financial year 2021, report the KPIs that are included in the table below. As a financial company, Swedbank will base the information for these KPIs on actual information, i.e. estimates cannot be used. The bank's customers and counterparties that are defined as NFRD companies will disclose the proportion of their Taxonomy-eligible and Taxonomy non-eligible economic activities for the first time for the financial year 2021. Since this information is not yet available, Swedbank does not report this exposure in the mandatory Taxonomy reporting.



The bank presents the Taxonomy reporting based on the consolidated situation as defined in the Regulation (EU) No 575/2013 of the European Parliament and the Council on prudential requirements for credit institutions. The consolidated situation consolidates the Group's insurance companies according to the equity method instead of full consolidation. The Entercard Group is consolidated by proportional method instead of the equity method. Otherwise, the same principles for consolidation are applied as for the Group. The assets in the Taxonomy report are presented as the carrying amount before provisions.

Swedbank's total assets amount to SEK 2 429 773m. The table below does not add up to 100 percent since other assets, such as cash and goodwill, and exposures to NFRD companies, regional and local governments and social security funds are not included.

Assets	Share of total assets, %
Taxonomy-eligible assets	40.7
Taxonomy non-eligible assets	6.0
Assets to central governments, central banks, supranational issuers	20.3
Derivatives, hedge accounting	0.4
Assets to companies not subject to NFRD	24.1
Trading portfolio	5.1
On demand inter-bank loans	0.1

Clarification of Taxonomy-related KPIs

To increase transparency on which assets are included in the various KPIs, this is clarified below.

Taxonomy-eligible assets

The proportion of Taxonomy-eligible assets consists of the assets that can be assessed under the Taxonomy. Today 12 sectors are subject to the Taxonomy. Some examples are forestry, energy, transport, construction and property management. The Taxonomy also limits which counterparties and products the bank may include in its reporting of exposures subject to the Taxonomy. The share of the bank's assets that are Taxonomy-eligible does therefore not provide any information on how environmentally sustainable the bank's assets are. An example to illustrate this is that all mortgages to households are Taxonomy-eligible, regardless of how energy-efficient the properties are.

Mortgages to households and repossessed real estate collaterals

Ownership of immovable property is seen as a Taxonomy-eligible economic activity. Consequently, loans to households collateralised by residential immovable property are therefore Taxonomy-eligible in their entirety. The majority of Swedbank's Taxonomy-eligible assets are mortgages to households, which means that when Swedbank reports environmentally sustainable assets for the financial year 2023, these loans will have the biggest impact on the results.

Repossessed real estate collaterals have also been included in their entirety.

Taxonomy non-eligible assets

This category includes loans to households excluding mortgages. Loans included are for example car loans and unsecured loans.

Assets to companies not subject to NFRD

Swedbank shall report on the proportion in their total assets of the exposures to companies not subject to NFRD ("non-NFRD companies"), i.e. do not meet all the criteria for NFRD companies. However, exposures to non-NFRD companies are to be excluded from the reporting on Taxonomy-aligned assets, and thereby also from Taxonomy-eligible assets.

To obtain the information on the bank's exposures to non-NFRD companies, Swedbank had to first identify the exposure to NFRD companies and then separate non-NFRD companies from the total exposure to companies. To identify NFRD companies, Swedbank has used internal data, that is data collected directly by Swedbank from the counterpart, and external data, that is data collected by Swedbank from third-party. When identifying NFRD companies, there are limits in the data on customers and counterparties. As a result, the information for non-NFRD companies may be inadequate.

Most of Swedbank's corporate clients are defined as non-NFRD companies.

On demand inter-bank loans, central governments, central banks and supranational issuers, as well as derivatives hedge accounting and trading portfolio. These assets are excluded from being reported as Taxonomy-aligned. Derivatives, hedge accounting, will however be included in the denominator in future KPI reporting under the Taxonomy, while exposures to central governments, central banks, supranational issuers and trading portfolio will be fully excluded.

Voluntary Taxonomy reporting

Voluntary Taxonomy reporting, which includes estimates, has also been prepared for the Annual and Sustainability Report for 2021 on pages 216–217.

TCFD recommendations

The banking and financial sector is the heart of the global economy. Climate change will impact the economic system and could, for example, adversely affect public infrastructure, agriculture, transport and real estate. Consequences such as droughts and flooding affect human health and well-being, which in turn creates a risk for the financial sector that Swedbank is a part of. Because of these effects, it is important that firms in this sector analyse how climate change will impact their operations, in the short and long term.

The Task Force on Climate-related Financial Disclosures (TCFD), which was created by the Financial Sustainability Board, is a framework that describes how companies should measure the financial impact of climate change on their business. Reporting according to the recommendations gives stakeholders insight into how climate change may affect operations and how Swedbank can counteract the bank's negative impact on the climate as well as increase the positive.

Scenario analyses are a useful tool to understand how global temperature increases could impact various sectors. Swedbank has conducted scenario analyses of TCFD's five sector groups 1) energy, 2) materials and buildings, 3) transportation, 4) agriculture, food, and forest products, and 5) finance. Two different scenarios have been analysed for these sectors: the Sustainable Development Scenario (SDS <2°C temperature increase) and the Stated Policy Scenario (SPS ~3°C temperature increase), both from the International Energy Association (IEA).

The scenarios include global, regional and sector levels in order to understand how various temperature increases could impact Swedbank's lending and investments in the future.

The table below shows a selection of climate-related risks and opportunities for Swedbank identified in the scenario analyses. For example, Swedbank sees a clear transition risk in the SDS scenario due to increased climate regulations and rapid technological development. The physical risks are most evident in the SPS scenario. The risks become most visible in the bank's business, where they can lead to increased credit risk and reputational risk. The opportunities arise in terms of new business volumes in the sectors where the transition is occurring. Regardless of the scenario, Swedbank sees change coming in every sector, and developments will be affected by political decisions, technological progress and demands from stakeholders, among other factors.

Short term (1–5 years)	Medium term (6–15 years)	Long term (16–25 years)
Risks		
- Oil-related revenue and asset values fall, which contributes to increased credit risk in the energy sector. - Costly investments for transition and electrification of the transport sector. - Lower EU subsidies to farmers in favour of measures that target the environment and climate change could be a financial issue for the agricultural and forestry sector. - New political laws and initiatives in all sectors. - Rapid changes in consumption patterns in all sectors.	- Demand for new resource efficiency technology, e.g. precision agriculture in farming and forestry. - Challenge to improve agricultural production methods that help to meet food demand with less climate impact. - Lower demand for energy-intensive properties could lead to price declines/lower valuations in the real estate sector. - ESG investors exclude engagements with significant exposure to areas with elevated climate risk within the financial sector. - Reputational risk if the bank's own management of climate risks is seen as insufficient. - Stricter climate policies force customers to develop solutions to reduce GHG admissions in all sectors. - Customer demand for ESG advice in all sectors.	- More extreme weather events such as heat waves, more frequent forest fires and heavy precipitation could lead to unusable land and infestations within the agricultural and forestry sector. - Sea level rise in flood-prone areas could lead to price declines and increased need for building maintenance and repairs in the real estate sector. - Unsuccessful energy transformation in the real estate sector. - Global impacts due to climate change that affect the global economy could have negative consequences for the financial sector. - Investment and holding companies that have little focus on climate change or own assets that cannot be adapted are at risk of seeing some of their assets grounded in the financial sector.
Opportunities		
- Increased financing need for investments in technology and distribution for the transition in energy sector. - Expected growth in solar and wind power in both the energy and real estate sectors. - Increased need for energy efficiency in the real estate sector. - Established relations with major players make direct climate adaptation measures possible in the agricultural and forestry sector. - Regulations and subsidies open up opportunities for investments in electric vehicles and renewable fuels in the transport sector. - Develop advisory services focused on transition and integration of climate aspects, related products and issuance of debt and capital instruments in the financial sector.	- Increased investment needs for climate change adaptation in order to reduce physical risks, mainly in the agricultural and forestry and real estate sectors. - The transition to more circular and resource-efficient processes could give customers a competitive edge in the real estate sector. - Increased demand for ESG products and services in all sectors. - Financing of new technologies, e.g. electrification, digitisation and automation, in all sectors.	- Extended growing season in Northern Europe due to higher temperatures and longer warm periods could result in increased food and lumber production, benefiting the agricultural and forestry sector. - A growing bioeconomy could give customers access to new markets and segments due to increased demand for bioenergy as renewable raw materials in the agricultural and forestry sector. - Lending to customers with a deep insight into the impact of climate change and their sector-specific transition needs in the financial sector.

Governance

The risk appetite describes the level of risk that the Board of Directors is prepared to expose the company to in order to achieve the bank's strategic targets. Swedbank's Board has decided on a risk appetite for sustainability risk (incl. climate-related risks). The Board monitors that the risk appetite is not exceeded through regular reporting from the independent risk management function. Management is responsible for annually integrating climate risks and opportunities in the bank's strategy and planning. Swedbank's Sustainability Committee was established during the year and includes members of the Group Executive Committee. Prior to business decisions, all business areas and Group Functions have the opportunity to utilise the committee's expertise in, for example, sustainability risk.

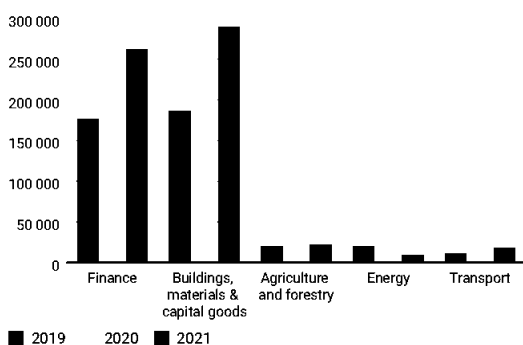
Strategy

To help the bank's customers through a sustainable transition, it is important to continuously analyse climate-related risks and opportunities. The following steps have therefore been taken, based on the work with the TCFD recommendations, as important elements in the bank's strategic direction:

- **Support the transition to a low carbon economy** – The bank will play an obvious part in the transition and help customers make more sustainable business decisions. Swedbank continues to try to offer products that meet the transition need and focus on advice that includes sustainability aspects.
- **Increase climate change awareness** – Education is one of the pillars to ensure that Swedbank and its employees have sufficient knowledge about climate change in order to proactively, through advice, help customers reduce their impact.
- **Transparent reporting** – The bank places a high priority on improving its climate reporting in a transparent and objective way. There is a high demand for increased information on climate-related risks and opportunities and the bank is therefore working actively to collect and analyse data from relevant sectors to meet this demand.

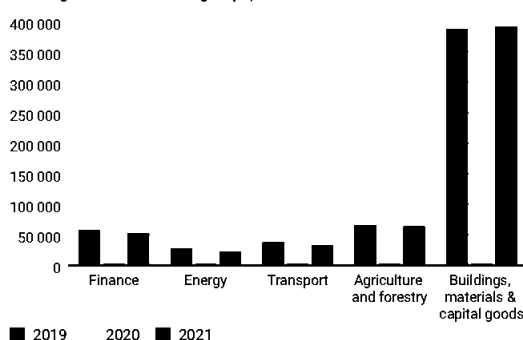
In 2020, Swedbank conducted scenario analyses where risks and opportunities tied to sectors with elevated risk due to climate change were analysed. Lending to these sectors started being reported as well. The following tables show lending to sectors with elevated risk due to climate change as well as the change over time.

Investments in TCFD material groups through Swedbank Robur, SEKm¹



1) Total fund assets under management refers to holdings in TCFD significant groups.

Lending to TCFD material groups, SEKm



Detailed TCFD information on Swedbank's exposure to climate risks in its lending can be found in Note 3.1.9 (Climate-related information).

Through the scenario analyses and other knowledge that the bank has on climate-related risks, and on customers and lending, the bank is considered resilient in both the short and long term. The identified transition risks in the next decade are reduced through Swedbank's low credit exposure to the most vulnerable sectors, such as energy and transport. The transition risks have been analysed and can be managed in close collaboration with customers to facilitate the transition. Swedbank is also adapting its advisory services and financing. The long-term analyses state that the physical climate risks could be material for Swedbank, since it has greater exposure in the real estate, agriculture and forestry sectors. The bank is also able to manage physical climate risks by preventing and mitigating the effect of various climate and weather events. Measures could include helping customers protect their properties or ensuring that companies can handle increased volatility in production and cash flows. Swedbank sees good opportunities together with customers to manage possible events and finance the new needs.

It should be underscored that this is the bank's assessment today, and as indicated is mainly based on qualitative analysis applied to the current portfolios. The greatest uncertainty is in the area of physical risks, where more knowledge, methodologies, standards and data will have to be developed and continuously improved. A collaboration was established with the Swedish Meteorological and Hydrological Institute (SMHI) in 2021 to better understand the risks in the property related portfolio.

Risk management

The risk management process comprises processes which ensure that risks within the Group are identified, assessed (and in appropriate cases measured), managed, monitored and reported. The process encompasses all types of risk and results in an assessment of Swedbank's risk level, which in turn serves as the basis of the internal capital adequacy assessment process.

One area that has grown in importance for society and Swedbank is sustainability risk, which is the inability to correctly manage environmental (including climate-related risks), social and governance aspects, such as human rights, fair labour and business ethics, which have the potential to adversely affect finances and/or the Group's brand and reputation. Sustainability risk is an important risk driver and can affect several types of risks, e.g., compliance, strategic, credit and operational risks. Sustainability risk has been included in the Group's Enterprise Risk Management (ERM) policy in order to integrate sustainability aspects in the Group's risk management process. Sustainability risk has been specified in the ERM policy since the end of December 2021 as ESG risk.

To ensure that Swedbank maintains a low risk exposure in the long term, the Board has defined an overall risk appetite. In line with this risk appetite, individual CEO limits have been established that together with limits at lower levels and risk



Reports and notes Sustainability

indicators are closely monitored and designed to provide early warning signals if the risk landscape would change.

Swedbank's identification of climate-related risks and opportunities starts with sector and scenario analyses (including TCFD), and the credit strategy reflects the conclusions of these analyses. A sustainability analysis is required with all corporate loans. The sustainability analysis is mandatory for all corporate exposures where the total group credit limit exceeds SEK 8m in Sweden and EUR 0.8m in the Baltic countries after deducting credits secured by residential mortgages.

Limits are also applied at the portfolio level for sectors identified in the TCFD analysis as especially vulnerable to climate-related risks. Through its position on climate change, Swedbank steers lending away from businesses that are not environmentally sustainable.

To identify possible sustainability risks, Group Risk compiles an annual Credit Risk Outlook, which presents identified climate risks and provides recommendations for the bank's credit strategy. Swedbank also conducts regular analyses of various trends that could affect lending.

In addition to managing climate-related credit risks, Swedbank has defined a risk appetite for sustainability risk which will ensure that the bank lives up to its sustainability goals and that every type of sustainability risk is considered, including credit risk, market risk, operational risk and compliance risk. The bank's Internal Capital Adequacy Assessment Process (ICAAP) also evaluates how climate-related physical and transition risks could impact the bank in an overtly negative scenario. The management of climate-related risks is also integrated in the bank's New Product Approval Process (NPAP), and in procurement all suppliers are reviewed from a sustainability perspective.

Management of climate risks in the investment portfolio – asset management

Analyses of the sustainability impact of companies and issuers are done partly on an aggregated level for all holdings and partly at a portfolio level for each portfolio manager. Both internal and external analyses are used to identify climate risks by fund or fund family. All company holdings are reviewed against the requirements in Swedbank Robur's Responsible Investment Policy. Each manager is also responsible for identifying climate risks in their portfolio and describing their investment process.

Three overarching methods are used to manage climate-related risks and integrate them in investment decisions: opt in, opt out and engage. Application of the method may differ depending on the type of asset and type of fund.

Monitoring of the fund company's risks and how they are managed is done on a quarterly basis by a special risk committee consisting of the fund company's CEO, Chief Risk Officer, head of asset management and representatives of the fund company's board. The committee is responsible for monitoring compliance with the fund company's risk policy. Sustainability management is monitored both externally and internally. The fund company's board receives a quarterly report on sustainability risks through the company's risk committee. External reporting is mainly integrated in annual reporting within the Swedbank Group, in annual reports for funds, the Sustainable Investment report, Swedbank Robur's TCFD report, separate reporting on voting and dialogues, and in customer reports.

More information on the management of sustainability related risks, including the climate, can be found in the instruction for integrating sustainability risks, Swedbank Robur's Sustainable Risk Policy and the process for managing negative consequences, all available on Swedbank Robur's website.

Climate-related training

Swedbank has three levels of training on climate change and climate-related risks and opportunities. The training programme consists of a general level that is mandatory for all employees, a more in-depth level mandatory for all employees who

interact with customers and related support functions, and detailed training for everyone who participates in the TCFD's scenario analyses.

Targets and metrics

Swedbank has joined the Science Based Targets initiative and uses its methods to develop emission reduction targets for the bank's value chain in line with the Paris Agreement's 1.5°C target. For more information on the work with the bank's environmental targets, see page 25.

Targets and metrics in the credit portfolio

The Board of Directors and the Group Executive Committee receive regular updates on sustainability-related risks through various reports on risk trends and exposures. Key indicators show exposures to sectors with elevated transition risks. With the help of these indicators, which are used to show risk drivers for credit risk, Swedbank monitors its exposure to segments with elevated climate risk.

Since all of the bank's customers, directly or indirectly, impact total GHG emissions, Swedbank has an important role to play, using a broad range of measures, to help them reduce their emissions. One way in the future to measure customers' environmental impact is to analyse their transition from "brown" to "green" according to the EU taxonomy. Therefore, Swedbank will gradually structure its environmental- and climate-related information on loans and assets according to the emerging standard in the EU, IFRS and other relevant standards so that it can measure and monitor that the bank, along with its customers, is contributing to a transition in accordance with the Paris Agreement.

Targets and metrics in investment portfolio

Aggregated assets under management will align with the Paris Agreement by 2025 and will be carbon neutral by 2040.

Carbon neutral fund capital means net zero absolute GHG emissions in scope 1 and 2 and relevant scope 3 categories from companies and issuers in the funds. According to the UN Intergovernmental Panel on Climate Change (IPCC), global GHG emissions have to reach net zero by 2050 to limit global warming to 1.5°C. Swedbank Robur annually reports the carbon emissions of the companies in its equity and corporate bond funds in relation to their income. An analysis conducted in the third quarter showed that GHG emissions for these equities and corporate bonds had decreased by 50 per cent between 2017 and 2020.

In October, the fund company set new net-zero milestones in its climate strategy: to cut emissions in half by 2030 (compared with 2019 benchmark) and 100 percent by 2040; to increase investments in climate solutions, and; to identify and prioritise dialogues with companies which account for the largest share of Swedbank Robur's owned emissions in material sectors. The milestone to cut emissions in half by 2030 will be achieved through increased investments in companies that have set net-zero targets themselves, with the overarching goal that the share of AUM in holdings that set net-zero targets will be 60 percent by 2030 and 100 percent by 2040. To increase investments in climate solutions, the initial focus is on renewable energy, where the benchmark is that 1.4 per cent of the fund company's portfolio's aggregated AUM will be invested in renewable energy by 2030 and then increased to 3.8 per cent by 2040. The priority dialogues are to identify and prioritise dialogues with companies in TCFD sectors that account for 70 per cent of Swedbank Robur's owned emissions. The method to calculate emissions and outcomes as well as definitions of key indicators are publicly available on the fund company's website.

Sustainability notes

S1 Available banking services

Material topic:

High availability

- During the year, the availability of internet banking amounted to 99.8% in all of Swedbank's home markets.
- The "Digital Economy" initiative with the savings banks and savings bank foundations helped customers who are uncomfortable trying digital services such as BankID and Swish.



Share of sales in digital channels, %

Sweden

71 ↗

Baltic countries

78 →

Available banking services

Swedbank strives to be a bank for the many people and businesses. The availability aspect is given high priority. It should be easy to access the bank's services and receive advice digitally through various platforms as well as physically at any of the bank's meeting points.

The customer experience, availability and stability are important parameters for the bank to reach over seven million customers with services that make their lives easier.

The availability benchmark for the digital channels is 99.73–99.81 per cent. Several incidents occurred in 2021, following which an IT resiliency plan was established to ensure that the bank remains competitive now and in the future. Digitisation is an established way to bank and allows us to reach even more customers via digital channels with services that save time, reduce customers' costs and simplify their day.

Digital inclusion

The broad customer base requires high availability in several aspects.

Classes on digital services are held in branches, digitally and through pensioners' networks, to help more seniors and others who do not feel included in the digital development. The Digital Economy initiative is a partnership with the savings banks and savings bank foundations with the aim of helping those who feel uncomfortable trying digital services such as BankID and Swish. One point of emphasis is online security and how to avoid fraud.

Customers in the Baltic countries are also able to log into the internet bank with biometric authentication, i.e. fingerprint or facial recognition. At swedbank.se customers can find information about the bank, banking services and security information in nine different languages. The website also has services that can make it easier for people with visual or hearing impairments.

In addition, the security token for the mobile and internet bank is available with larger buttons and louder sound as well as a voice assisted version.

Physical meeting points

In Sweden all branches are accessible for those with disabilities, and in the Baltic countries the figure is 96 per cent.

In partnership with retailers and suppliers of various services, Swedbank can offer banking services in more locations in its four home markets. The bank is also located in various instances in shopping centres and other public places. ATMs for cash handling are provided as well. In Estonia, Latvia and Lithuania there are over 1 100 ATMs. Swedbank partners with Bankomat AB in Sweden, which has ATMs in over 500 locations.

Swedish Banking	2021	2020	2019
Number of card purchases (million)	1 319	1 271	1 372
Branches	153	159	168
Number of digitally active customers (million) ¹	3.4	3.2	3.1
Availability in digital channels, internet bank (%) ²	99.80	99.74	99.84
Availability in digital channels, app (%) ²	99.79	99.71	99.76
Share of sales in digital channels, (%)	71	70	54
– of which Daily Banking products ³	41	36	29
– of which Savings & Pension	93	92	85
– of which Private Lending	24	20	17
– of which Corporate	8	7	7
– of which Insurance	19	17	11
Swish payments (million)	350	282	248
Prepaid cards (number) ⁴	15 661	13 642	16 172

1) Number of customers with at least 3 logins, including shake balance inquiries, in a digital channel in the last month. Including savings banks.

2) Refers to operating hours.

3) Refers to cards and payments. Sales in percentage measured in SEK.

4) Number of activated cards. Prepaid cards are used to pay out financial assistance and benefits to people without an ID number or bank account, or as a collective debit card for employees of schools, public housing, social services etc. The card, which replaces cash handling and can be used in all stores and ATMs, is offered to municipalities, regions, authorities and state-owned enterprises

Baltic Banking	2021	2020	2019
Number of card purchases (million)	710	652	628
Branches	80	82	99
Accessible branches and representation points	95	100	116
ATMs	1 142	1 148	1 162
Number of digitally active customers (million) ¹	2.2	2.0	1.9
Availability in digital channels, internet bank (%)	99.82	99.77	99.94
Availability in digital channels, app (%) ²	99.76	99.55	
Share of sales in digital channels, (%)	78	78	65
– of which Daily Banking products ³	72	74	64
– of which Savings & Pension	86	80	64
– of which Private lending	86	85	83
– of which Corporate	65	58	36
– of which Insurance	74	72	72

1) Number of customers with at least 3 logins, including shake balance inquiries, in a digital channel in the last month.

2) Refers to operating hours.

3) Refers to cards and payments.

Partnerships

- Getswish – Payment service
- Bankgirot – Real-time clearing service
- Minna Technologies – Subscription manager app
- Meniga – Mobile spending tracker
- Asteria – AI-powered smart cash flow management technology for small and medium-sized businesses
- Yabie – Cloud-based POS system for businesses

Sustainability notes

S2 Sustainable investments

Material topic:

Promote sustainable investment

- Investing sustainably is one way to positively impact environmental, social and economic factors.
- Through active influence and dialogue, Swedbank Robur can inspire and place sustainability and governance requirements on companies.
- During the year, Swedbank Robur adopted more stringent investment criteria for fossil fuels for all its funds. They took effect on 1 January 2021.
- Swedbank Robur published new targets and methods to reach net zero by 2040.



Participation in annual meetings

786 ↗

Dialogues on governance and sustainability issues

1 155 ↗

Swedbank believes that responsible and sustainable investments make a difference for sustainable development and are essential to generate a long-term return. The subsidiary Swedbank Robur manages capital for customers, either in funds or discretionary management. Sustainability is an integral part of asset management. Swedbank is seeing growing demand for sustainable products from customers, at the same time that European regulations are being tightened, which will affect this market in the years to come. Today Swedbank Robur offers both light green funds, which promote the environment and social aspects, and dark green funds, which have sustainable investment goals, as classified by the European Sustainable Finance Disclosure Regulation (SFDR).

Sustainability in Swedbank Robur's funds

Swedbank Robur's vision is to be a world leader in sustainable value creation. The strategy to achieve this is to offer sustainable, simple and innovative products that create value for customers. Swedbank Robur's Responsible Investment Policy serves as the basis for the sustainability work in all its funds and today is an integral part of asset management. The policy is revised annually. As a major shareholder on the Stockholm Stock Exchange and with holdings in companies both in and outside Sweden, Swedbank Robur has a responsibility and an opportunity to engage. The fund company's dialogues and other work as an active owner are the key to developing the companies' work with sustainability and responsible governance. During the year, Swedbank Robur continued to play an active role in industry forums to improve customer information on sustainable funds in response to the EU Action Plan for Financing Sustainable Growth.

Work with new products and development of strategies and targets has been influenced by climate change, one of the greatest challenges of our time. Swedbank Robur has seen growing interest in creating a sustainable society in both younger generations and decision makers. During the year, it therefore launched Climate Impact, an actively managed fund that invests around the world. The fund has holdings in companies that are contributing to the Sustainable Development Goals 7 and 13 on sustainable energy and climate action. This is the latest in series of funds specially designed to meet sustainable development needs.

Asset management ¹	2021	2020	2019
Total assets under management by 2020-12-31 (SEKbn)	2 016	1 678	1 530
– of which in funds (SEKbn)	1 519	1 220	1 083
Assets under management factoring in sustainability (%) ²	100	100	100
Assets under management with expanded exclusion or inclusion criteria (%) ³	52	52	54
Investments in sustainable bonds (SEKbn)	38	29	21
AUM in funds classified as light or dark green according to SFDR (%) ⁴	100		
Funds managed for the purpose of meeting the 17 UN Sustainable Development Goals (of the total number)	13/94	11/89	6/85
Charitable donations from Swedbank Robur Humanfond ⁵ (SEKbn)	55	43	45

1) Assets under management as of 31 December 2021 refer to Swedbank's fund companies in Sweden, Estonia, Latvia and Lithuania. Other metrics in the table refer to Swedish funds.

2) Since 2018, all AUM are subject to Swedbank Robur's Responsible Investment Policy and apply sustainability risk assessments and exclusions.

3) Capital managed with exclusion criteria or criteria that are more extensive than the Responsible Investment Policy.

4) SFDR = EU Sustainable Finance Disclosure Regulation.

5) There were 73 affiliated charitable organisations. Total distributions since the fund's inception amount to approximately SEK 1.3bn.

Sustainable asset management

Sustainability is integrated in the investment philosophy of all asset management operations and sustainability criteria are part of the investment analysis for every asset class. During the year, Swedbank Robur's managers, sustainability analysts and corporate governance specialists continued to meet companies virtually, evaluate company risks and opportunities, and give them concrete suggestions to develop and support the sustainability work.

Swedbank Robur's funds actively invest in companies that focus on the environment and climate, human rights, working conditions or business ethics. Swedbank Robur has also participated in several issues of green and other sustainable bonds and continues to be a major player in this market. All managers annually present their funds' sustainability process and performance to the fund company's CEO, the head of asset management and the head of sustainability and governance.

Impact as an owner

Swedbank Robur is an active owner and maintains continuous contact with the boards and managements of companies in which its funds are major shareholders. To create sustainable value, the companies must have a good strategy and good operational controls, which includes opportunities and risks in corporate governance and sustainability. This benefits both the companies and fund investors. Swedbank Robur impacts companies around the world – partly on its own and partly through collaborations, e.g. with the UN-supported Principles for Responsible Investment (PRI) network, investor groups, engagement consultants and lobbying groups.

Dialogues during the year focused on climate transition and reporting strategies and the desire that companies adopt science-based targets. Swedbank Robur's partnership with the Net Zero Asset Manager initiative has influenced the content and choice of climate dialogues. Companies with unusually high emissions in sectors with a big climate impact have been contacted and encouraged to speed up their transition. Areas such as labour standards, human rights and supply chains were brought up in dialogues during the year, not least because of the changing conditions caused by the global pandemic.

A year ago, Swedbank Robur signed the Finance for Biodiversity Pledge. The network grew during the year from 37 to over 80 banks, asset managers and insurance companies. Three working groups were formed to provide guidance on among other things risk assessments and dialogues with companies on biodiversity. The network has also engaged with decision makers leading up to the COP15 of the UN Convention on Biological Diversity, which was held in October. Finance for Biodiversity's aim is to protect and restore biodiversity globally. Harmonised goals and methodologies to map and report risks and public policy advocacy are key aspects of the initiative. In collaboration with other investors, the fund company has engaged companies and decision makers active in and around Amazonas and Cerrado to reverse deforestation and better protect rain forests and their buffer zones.



Sustainability notes

Transparency is key to Swedbank Robur's ownership work and is constantly being improved. For several years, Swedbank Robur has provided detailed information on its voting at the annual meetings of Swedish and international companies and its participation in nomination committees. Swedbank Robur's principles for shareholder engagement, which cover all funds, are the basis of its ownership work. Important topics from a shareholder perspective include board composition, management compensation (including share-related incentive programs), capital structure, sustainability and that the companies have adequate systems for governance, control and disclosure.

Swedbank Robur promotes boards with the right combination of competence, experience and diversity, including gender parity, as well as a balance between independent and non-independent directors. The board must also actively address sustainability issues relevant to their company. For companies where Swedbank Robur has been on the nomination committee, the average share of women has increased compared with the baseline and, as in previous years, was higher than for listed companies as a whole. The fund company voted during the year at a number of annual meetings outside Sweden, including in the US, UK and Japan. During the year, Swedbank Robur voted for several "Say on Climate" proposals, the first of their kind, where the companies' boards presented proposals to their shareholders to approve robust climate strategies.

Engagement work in funds	2021	2020	2019
Participation in annual general meetings	786	593	429
– of which companies listed in Sweden	298	261	229
– of which companies listed outside Sweden	488	332	200
Participation in nominating committees ¹	111	96	94
– Share of women on corporate boards (%) ²	38	38	37
Dialogues on governance and sustainability issues ³	1155	948	645
Share of holdings in companies with dialogue			
– of which combined dialogues on E, S, G (%)	48	61	62
– of which dialogues primarily on the environment (%)	24	13	9
– of which dialogues primarily on social issues (%)	12	3	4
– of which dialogues primarily on governance (%)	16	23	25

1) Of which 109 (95) companies publicly listed in Sweden and 2 (1) listed in Finland.

2) Including CEO if elected as board member at AGM. Refers to boards where Swedbank Robur has participated in the nomination committee. Nomination committee companies vary from year to year. The baselines for the years 2019–2021 were on average 36%, 35% and 37% which is an annual increase of 1 (2019), 3 (2020) and 1 (2021) percentage points.

3) Refers to unique companies adjusted for duplications. Total number of companies contacted by Robur's sustainability analysts, fund managers and corporate governance specialists: 1 049 (625); by suppliers: 289 (206); and as part of investor collaborations: 177 (178).

Exclusions

Swedbank Robur does not invest in controversial weapons (cluster bombs, anti-personnel mines, chemical and biological weapons) or nuclear weapons. The funds also exclude companies that generate revenue from tobacco, cannabis, pornography and fossil fuels. As a rule, no more than five per cent of a company's sales may come from these sources. Fossil fuel companies in transition that meet specific criteria and are considered being able to meet the Paris Agreement's goal of net zero emissions by 2050 or which have set other relevant transition targets can be exempted in special cases. They are reported on a Green List on Swedbank Robur's website. In addition to the above-mentioned criteria, companies have been excluded because they seriously violated international norms and conventions to protect people and the environment without showing a willingness to change. During the year, decisions were made on two levels to exclude: funds that follow the Responsible Investment Policy and funds that go further in their criteria. For more information, see Swedbank Robur's exclusion strategy.

Carbon footprint of the funds

Swedbank Robur's climate target is to align its aggregated AUM with the Paris Agreement by 2025 and reach net zero by 2040. An analysis conducted in the third quarter showed that GHG emissions for managed capital decreased by 50 per cent between 2017 and 2020. The analysis is based on the Task Force on Climate-

related Disclosures' (TCFD) recommendations and shows average carbon intensity for Scope 1 and 2, expressed in tonnes of CO₂/SEKm.

In October, the fund company established an action plan to reach net zero. It describes the effect of the measures that have been taken to date to reduce emissions in the funds and presents three new milestones and measures in the climate strategy. The publication of these milestones came before Glasgow climate summit in a collective report from 43 members of the Net Zero Asset Manager (NZAM) initiative, which brings together asset managers from around the world to set net zero goals for their investments. Swedbank Robur was one of the three signatories of NZAM and the work led to the new milestones, which cover three areas: continued reduction of CO₂e emissions, increased investments in climate solutions, and targeted dialogues with companies in which it invests to speed up their transition.

In March, Swedbank Robur published its annual climate report describing the results of its funds' climate work in terms of emissions, engagement and investments.

Climate footprint	2021	2020	2019
Climate footprint of equity funds, weighted average (tonnes CO ₂ e) ¹	4	6	7
Total GHG emissions (million tonnes CO ₂ e) ²	1.7	2.4	3.5
AUM with Science Based Targets ³	30		
AUM in fossil fuel extraction ⁴	0		

1) Method in accordance with TCFD's recommendations. Weighted average emission intensity Scope 1+2, tonnes CO₂e/SEKm. The portfolio company's GHG emissions distributed by portfolio weight, i.e. the value of the company investment in relation to the portfolio value.

2) Method in accordance with TCFD's recommendations. Total CO₂e emissions from equity fund portfolios based on ownership interests in the portfolio companies.

3) Share of total AUM in equities and corporate bonds, in holdings with Science Based Targets.

4) Investment limits > 5 per cent of a company's turnover from fossil fuel extraction.

Swedbank Insurance

Swedbank Insurance, a wholly owned subsidiary of Swedbank, offers pension, endowment and personal/risk insurance for private customers and businesses.

Swedbank Insurance's sustainability work in investments is based on Swedbank's vision, to enable an economically sound and sustainable society. Swedbank Insurance supports both the Paris Agreement and the Sustainable Development Goals. The insurance solutions contribute in many ways to a sustainable society, and especially important are the ties to goal 3 Good Health and Well-being and goal 8 Decent Work and Economic Growth. Swedbank Insurance is working to increase the information on sustainability for its investments to enable customers to make sustainable investment decisions. The insurance company also offers funds that are evaluated based on sustainability criteria at both the fund and fund company level. Swedbank Insurance's goal is to offer funds that embrace financial, social and environmental sustainability in their management.

The insurance company actively participates in industry forums to improve customer information on sustainability in insurance products and to meet current and upcoming EU legislation on sustainable growth.

During the year, Swedbank Insurance appointed a new head of sustainability and a sustainability analyst to further develop the sustainability work. A new website was created with sustainability information as well as a new sustainability policy and Responsible Investment Policy. Swedbank Insurance's policies provide a foundation for the sustainability management and cover all investments in traditional, unit linked or variable universal life insurance.

The ambition of the fund offering from a sustainability perspective is becoming increasingly important. The insurance company has therefore dialogued with external fund managers to assess and influence their sustainability work based on current and upcoming EU legislation. During this work, Swedbank Insurance has eliminated a number of funds whose sustainability levels did not meet its requirement.

When it comes to sustainability, climate change is one of today's greatest global environmental problems. Swedbank Insurance sets requirements for active climate work in the funds in which savers are offered to invest. During the year, Swedbank Robur launched the Climate Impact fund with Swedbank Insurance as the anchor investor. The insurance company annually publishes a sustainability report. Carbon footprint is measured and reported for investment portfolios in accordance with Swedish Insurance's recommendation. Sustainability ratings are measured and reported for funds in the investment portfolios in Morningstar globes. During the year, Swedbank Insurance also conducted a climate analysis of its equity and corporate bond holdings in the sectors most impacted by the transition to a fossil free society. The analysis was performed according to analysis program PACTA. The overarching conclusion was that the insurance company's share of investments that are highly exposed to climate risks is low compared with the global market.

Sustainability notes

S3 Sustainable finance

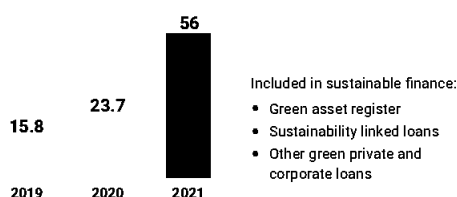
Material topic:

Promote sustainable finance

- Sustainability analysis is performed when lending to companies with higher credit volumes and during the year 40,542 analyses were performed on Swedbank's corporate customers.
- At year-end Swedbank's green asset register amounted to SEK 45bn, an increase of 143 per cent from 2020.



Sustainable finance volume 2019–2021 (SEKbn)



Emissions avoidance (tCO₂e) from loans in the green asset register

595 029

Promoting responsible long-term lending is part of Swedbank's core business. For Swedbank, sustainable finance means long-term lending by assessing the customer's financial situation as well as identifying and analysing any sustainability risks through advice.

Responsible lending, Swedish Banking, private customers (%)	2021	2020	2019
Households with loan to value ratios above 70% of property value	10	14	16
Share of households with loan to value ratios above 70% that amortise (new lending) ¹	99	98	99
Share of households with loan to value ratios above 70% that amortise (total portfolio)	99	84	98

¹) New lending refers to all mortgages paid out in the fourth quarter of each year.

Sustainability analysis in lending

In the lending process sustainability risks are taken into consideration in all loan reviews. A detailed sustainability analysis is done of corporate loan applications over SEK 8m in Sweden and EUR 0.8m in the Baltic countries. For other customers a basic assessment is made of sustainability-related factors based on the structure and complexity of the business.

Work was done during the year on a Group-wide basis to improve the sustainability analysis of corporate customers. Development of the model has focused on automation and simplification of the process as well as data management for reporting and monitoring purposes. The analysis looks at sector-specific risks from three perspectives: environmental, social and governance. The tool makes it possible in an automated way to identify the most material sustainability risks in a sector. This serves as the basis for the questions that the companies are asked to understand how they manage the identified risks. The idea is to gain a better understanding of Swedbank's corporate customers from a risk perspective and to help companies create a better future by identifying risks and opportunities early on. The work is expected to continue in 2022.

The sustainability analysis is supported by 13 sector guidelines, which serve as a tool to gain better insight into sustainability issues in various industries and provide suggestions and advice on which aspects should be addressed with the customer.

If a loan application is considered as having an elevated sustainability risk, it is escalated to the Swedbank Sustainability Committee for a more thorough analysis and guidance. The cases submitted to the committee in 2021 concerned ethical dilemmas related to Swedbank's exclusion list and Swedbank's two position statements on the defence equipment and climate change.

The position statements clarify that Swedbank will not directly finance new coal-fired power plants, exploration of new oil and gas fields, new oil tankers, or new or expanded crude refineries for transportation of fuel (with the exception of biofuel production) or finance companies that generate over five per cent of their turnover from the production of coal, oil or gas.

They also state that Swedbank will only provide financial services to the defence sector which conforms to national regulations and sanctions adopted by the UN Security Council, the European Union or the U.S. Additionally, the bank has zero tolerance for controversial weapons, which means that it will not provide financial services to companies that produce, maintain or trade controversial weapons.

Swedbank's position statements serve as the basis for the exclusion list of companies it will not work with. Companies can be excluded if they violate various international norms on human rights and the environment.

Sustainability analysis corporate lending	2021	2020	2019
Swedish Banking (no. of approved loan applications) ¹	36 399	36 484	35 668
Baltic Banking (no. of analyses)	2 678	2 655	2 453
Large Corporate and Institutions (no. of approved loan applications)	1 465	1 647	1 403
Total number of cases escalated to Swedbank's Sustainability Committee	13	8	10
– of which customer-related cases	4	3	8
– of which policy and governance-related cases	9	5	2

¹) In 2020, the limit for mandatory sustainability analysis in Sweden was raised from SEK5m to SEK 8m. Revision for the year 2019 due to the modified calculation method where only cases with validated dates in the current period are included.

Mortgage loans, Swedish Banking, Energy class (SEK m) ¹	2021	2020	2019
Energy class A	2 040	1 629	
Energy class B	18 106	12 802	
Energy class C	45 882	33 783	
Energy class D	70 094	63 009	
Energy class E	82 362	87 219	
Energy class F	43 396	43 224	
Energy class G	17 972	15 381	
Not Classified	813 518	796 441	

¹) Volumes as of 31 December 2021, energy classes as of October 2021.



Sustainability notes

Share of loans to the public by country, %	2021	2020	2019
Sweden	85	85	85
Estonia	6	6	6
Latvia	2	2	2
Lithuania	4	4	4
Norway	2	3	3

Share of corporate lending by sector, %	2021	2020	2019
Property management	48	46	46
Agriculture, forestry and fishing	12	12	12
Manufacturing	7	8	8
Retail	5	5	6
Shipping	2	2	3
Public sector and utilities	6	5	4
Construction	4	4	3
Corporate services	4	4	4
Transportation	2	2	3
Finance and insurance	3	4	3
Hotel and restaurant	1	2	2
Information and communications	3	2	2
Other corporate lending	3	4	4

Swedbank's green bond framework

Since 2017, Swedbank has an established framework for green bonds. The framework defines and categorises financing that contributes to a lower environmental impact and serves as the basis for the bank's green asset portfolio. During the year, three new green bonds were issued for a combined SEK 23bn and the green asset register continued to grow to SEK 45bn. Existing green mortgages were included in the asset portfolio during the year and accounted for the majority of the increase.

Loan volume and its expected impact are shown in the Swedbank Green Bond Impact Report, which is available to the public on Swedbank's website. The invested capital is mainly used to finance sustainable investments in real estate, renewable energy sources, green transports, forestry and waste management.

Swedbank's Green bonds	2021	2020	2019
Green Asset Register, total (SEK m) ¹	44 655	18 344	13 958
– share of renewable energy (%)	5	15	17
– share of green buildings (%)	90	75	83
– share of waste management (%)	3	6	
– share of green transports (%)	1	1	
– share of forest (%)	1	3	
Outstanding green bonds (SEK m) ²	30 526	7 028	7 216
Environmental impact			
Avoided emissions (tCO ₂ e)	595 029	589 547	434 678
Green buildings – energy savings (GWh)	21	19	13
Renewable energy – energy production (GWh)	1 805	1 831	1 725
Waste management – processed waste (tonnes) ³	150 000	150 000	
Forestry – FSC/PEFC certified forest area (ha) ³	26 740	26 740	
Green transport – public transit million passenger km ³	94	94	

1) Qualified green loans according to Swedbank's green bond framework. Also reported per business area in the tables Sustainable finance Swedish Banking, Sustainable finance, Baltic Banking and Sustainable finance, Large Corporates & Institutions LC&I.

2) Swedbank AB issuer.

3) No change in underlying assets.

Offers for private customers

- **Green mortgages** – Swedbank wants to promote sustainable housing and offers customers who live in green housing a discounted mortgage rate.
- **More environmentally friendly car loans** – Customers are offered a discount when they borrow for an environmentally classified car that meets certain criteria.
- **Solar loans** – Discounted interest rate on loans for solar panels.
- **State-guaranteed mortgage loan** – In the three Baltic countries Swedbank participates in a state-guaranteed mortgage assistance programme.

State guaranteed mortgage loan programmes	2021	2020	2019
Estonia			
– number of loans granted during the year	1 158	1 062	1 053
– portfolio volume (SEK m)	4 107	2 583	2 478
Latvia			
– number of loans granted during the year	2 120	1 581	1 521
– portfolio volume (SEK m)	10 258	4 119	3 241
Lithuania			
– number of loans granted during the year	957	726	746
– portfolio volume (SEK m)	1 595	1 118	877

Offers for corporate customers

- **Green loans** – Part of Swedbank's total financing offer designed to promote the environment and sustainability.
- **Sustainability linked loans** – Differ from green loans in that they can be used for general business purposes rather than a specific purpose. The loans are tied to the borrower's sustainability targets and strategy, and are monitored through social, ethical or environmental indicators.
- **Corporate loans for renewable energy** – Offered by Baltic Banking to encourage small businesses to finance the installation of solar panels, wind power farms and/or geothermal energy.
- **Liquidity loans** – Offered to companies that want to apply for a state loan guarantee to bridge short-term economic difficulties due to Covid-19.
- **ESG-related bonds** – Swedbank Sustainable Capital Markets, in business area Large Corporates and Institutions, offers green, social and sustainability bonds. Swedbank has also offered sustainability linked bonds in the capital market since 2019. Their structure differs from traditional green, social and sustainability bonds in that this type of debt instrument is used for general business purposes and the coupon rate is linked to meeting specific sustainability targets by a deadline.
- **Green equity** – Swedbank offers green equity. To classify as green, the majority (> 50%) of a company's revenue and investments must also be green. Green equity is available with IPOs, new share issues or as public recognition that all the company's outstanding shares are green (without any specific transactions).
- **Sustainability-related advice** – Swedbank Sustainable Capital Markets offers sustainability-related advice to both issuers and investors in the capital market. This includes ESG Risk Rating peer reviews based on data from external sources, evaluations of compliance with the EU taxonomy and weekly newsletters.



Sustainability notes

Sustainable finance, Swedish Banking	2021	2020	2019
Private			
Private lending, total (SEK bn)	1 017 000	972 000	948 000
Green mortgages (SEK m) ¹	1 106	479	52
More environmentally friendly car loans (SEK m)	177	105	3
Solar loans (SEK m)	170	136	69
Energy loans (SEK m) ²	18	22	30
Corporate			
Corporate lending, total (SEK m)	235 000	239 000	248 000
Liquidity loans, COVID-19 (SEK m) ³	464	782	
Green loans, portfolio volume (SEK m) ⁴	9 506	2 098	1 394
– of which renewable energy	265	276	377
– of which green buildings ⁵	9 241	1 822	1 017

- 1) The figures for 2021 and 2020 refers only to loans discounted during the year.
2) Financing of energy efficiencies in buildings. Does not include the savings banks.
3) Loans offered to companies that want to apply for a state loan guarantee. They are designed to help companies bridge short-term economic difficulties due to COVID-19.
4) Qualified green loans according to Swedbank's green bond framework.
5) Green and/or energy-efficient properties.

Sustainable finance, Baltic Banking	2021	2020	2019
Private			
Private lending, total (SEK bn)	115 000	106 000	104 000
Sustainable mortgages (SEK m)	153	9	
More environmentally friendly car leasing (SEK m)	544	134	
Solar panels loans (SEK m)	30	31	
Corporate			
Corporate lending, total (SEK bn)	84 000	76 000	82 000
Liquidity loans, COVID-19 (SEK m) ¹	171	215	
Renewable energy loans – small businesses (SEK m)	10	6	
Green loans, portfolio volume (SEK m) ²	6 127	3 022	571
– of which renewable energy	1 168	1 140	571
– of which green buildings ³	3 234	165	
– of which waste management	1 130	1 154	
– of which forestry	595	563	

- 1) Loans offered to companies that want to apply for a state loan guarantee. They are designed to help companies bridge short-term economic difficulties due to COVID-19.
2) Qualified green loans according to Swedbank's green bond framework.
3) Green and/or energy-efficient properties.

Sustainable finance, Large Corporates and Institutions LC&I	2021	2020	2019
Corporate			
Corporate lending, total (SEK bn)	226 000	221 000	222 000
Green loans, portfolio volume (SEK m) ¹	13 595	13 224	11 993
– of which renewable energy	968	1 314	1 469
– of which green buildings ²	12 375	11 645	10 524
– of which green transports	252	265	
Sustainability linked loans, portfolio volume (SEK m) ³	9 146	4 481	1 708
Capital market – ESG transactions			
Transactions that Swedbank arranged during the year (number) ⁴	99	63	51
Total volume that Swedbank arranged during the year (SEK bn) ⁴	49.9	36.6	25.3
Share in relation to total volume that Swedbank arranged during the year (%) ⁴	23.7	23.8	14
Total volume that Swedbank arranged from the start (SEK bn) ⁴	141.1	91.2	54.6

- 1) Qualified green loans according to Swedbank's green bond framework.
2) Green and/or energy-efficient properties.
3) Adjusted data for 2019 to correspond to utilised credit.
4) Swedbank AB issuer of ESG bonds (green, social and sustainability bonds).

Socially important lending (SEK m)	2021	2020	2019
Healthcare	5 333	4 582	4 143
– of which Swedish Banking	1 552	1 583	1 162
– of which Baltic Banking	675	505	530
– of which Large Corporates and Institutions	3 106	2 494	2 451
Education	1 715	1 730	1 774
– of which Swedish Banking	1 481	1 535	1 567
– of which Baltic Banking	3	13	2
– of which Large Corporates and Institutions	231	182	206

Equator Principles

The Equator Principles are a common risk management framework that banks can use to identify, assess and manage environmental and social risks when financing large projects. Swedbank has been a signatory to the Equator Principles since 2019, however there have not been any transaction that has fallen under the criteria during the year. In Swedbank's directive on sustainability in lending, the equator principles constitute part of the internal guidelines for risk assessments. The process clarifies that the bank's business areas are responsible for identifying potential transactions that should be reviewed. When a transaction is identified, an internal review team is formed. This team consists of representatives from the bank's risk and sustainability units and the business area in question, where each member has a clear role depending on their expertise.

Equator Principles	2021	2020	2019
Number of transactions			1
– of which approved category A transactions			
– of which approved category B transactions ¹		1	
– of which approved category C transactions			

- 1) Project-related corporate loans.

Sustainability notes

S4 Procurement

Material topic:

Promote climate transition

- Suppliers must comply with the requirements in Swedbank's Supplier Code of Conduct.
- Risk of noncompliance with our requirements is evaluated as part of our procurement process.



Number of active suppliers

3 785

Total procurement volume

9 593

Swedbank has a coordinated procurement function whose purpose is to minimise the bank's external costs and risks when new business relationships are established with new or existing suppliers. Procurements must support the bank's strategic direction as well as internal and external regulations. Swedbank has around 3 785 suppliers and an annual procurement cost of approximately SEK 9.6bn, divided between IT and digital banking services, group services, financial products and corporate banking activities.

The procurement function has established five focus areas with related activities to achieve the bank's purpose and objectives. One of these areas is "Best in class in sustainable procurement", where three milestones have been established: reduce risk, increase positive impact, and innovation. Concrete measures are then taken with these focus areas in mind to become the best in the financial industry.

Reduce risk

In 2020, the procurement unit focused on further digitising the procurement process. The result is a more linear approach and greater oversight of how potential suppliers are evaluated, and thereby how the function manages risks.

Suppliers must meet the requirements in the bank's Code of Conduct for Suppliers and verify this before a contract is signed. The risk of noncompliance is evaluated as part of the bank's procurement process. The results of the evaluation are recorded in the bank's procurement system for monitoring and follow-up.

Suppliers are evaluated in several control areas through questionnaires and external data collection. During the year, the sustainability criteria were expanded to put more emphasis on high-risk countries and align the bank with the strategic direction. Swedbank's suppliers are mainly in Europe and over 99 per cent of them are in markets with lower assessed risk. In a next step, the country of production will also be assessed and requirements will be set for further evaluation at higher registered risk. Procurement also includes any reputational risks from external parties in the evaluation. The purpose is to be aware of any material risks and have a mitigation plan in place before new contracts are signed.

Noncompliance with Swedbank's Code of Conduct for Suppliers is addressed on a continuous basis. The goal is to contribute to improvements and reduce risks associated with the brand and society. In 2022, the bank will increase the focus on the monitoring process for high risk suppliers.

Positive impact

Swedbank's strategic direction serves as the basis for the areas where the bank will influence and contribute to the positive impact. The aim is to reach out to suppliers with a strong sustainability profile and maximise the exchange of competencies and strengths. Suppliers are mainly identified through a sustainability evaluation, but also through continuous dialogue.

In the area of diversity and inclusion, Swedbank has conducted a more thorough evaluation, particularly of contracts with consultants, to identify those who have reported strong sustainability results. Together with one of the suppliers, two seminars were held to build knowledge on inclusive leadership, with a focus on people diagnosed with asperger syndrome. Over 100 managers and employees attended the seminars.

Swedbank continuously dialogues with its suppliers. In 2021, the procurement unit did not conduct any face-to-face meetings due to Covid-19; all meetings were virtual instead. With its strategic suppliers, the bank measures and monitors targets in relevant sustainability areas. Particularly important areas during the year were CO₂e reductions and human rights. The targets will be monitored annually to track performance.

Swedbank is also trying to push its suppliers to develop circular services and products. For example, IT equipment is reused by the bank. In Sweden, where the largest share of the use occurs, approximately 97 per cent of all computers and monitors are reused. The bank is also trying to ship 50–60 per cent of the computers it purchases by train instead of air in 2021. In the last year, this saved an estimated 762 tonnes of emissions.

Innovation

In October, Swedbank Sustainability Innovation Day was arranged. Existing suppliers were challenged to produce innovative ideas that support the bank's strategic effort with the goal of accelerating the sustainability work vis-à-vis customers and internally. In total, over 50 ideas were received, eleven of which were selected to be presented by ten different suppliers live in Swedbank's studio and broadcasted digitally to over 270 participants.

A big reason for the success of the event was the engagement of participants, who provided feedback and asked challenging questions to the presenting suppliers. The further evaluation of the ideas for potential implementation will continue in the organisation in 2022.

A new area that the procurement unit is investigating is artificial intelligence in order to improve data collection while minimising labour input. Process digitisation has been underway for some time in close collaboration with developers. Some of Swedbank's contracts were signed before this work began. To identify information in older contracts, an AI solution was tested during the year to collect data tied to the bank's Code of Conduct for Suppliers. The hope is to be able to evaluate and ensure that the right data is in Swedbank's contracts in additional areas, and that measures can be taken if it is not.

Supplier audits	2021	2020	2019
Procurement value (SEKbn)	9 593	14 219	9 680
Number of active suppliers	3 785	4 107	
Percentage of suppliers registered in countries with low environmental risk ¹	99		
Percentage of suppliers registered in countries with low social risk ²	99		
Number of supplier dialogues 2021 ³	46		
Number of sustainability evaluations 2021 ⁴	129		

1) Based on the Environmental Performance Index. All suppliers with risk scores over 50 are considered low risk.

2) Based on the Amfori BSCI index. All suppliers with risk scores over 60 are considered low risk.

3) Supplier dialogues are structured meetings with sustainability agenda managed by Swedbank.

4) Sustainability evaluation conducted on contracted suppliers in 2021.

Sustainability notes

S5 Environmental impacts

Material topic:

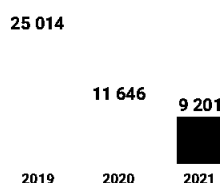
Promote climate transition

- ISO 14001 environmental management system provides a structured way to monitor Swedbank's environmental targets and improve the bank's environmental work.
- Swedbank has further developed the bank's sustainability reporting during the year, e.g. by reporting on the taxonomy and on financed emissions.



Climate action leads to results

Emissions from Swedbank's direct operations, tonnes CO₂e



Includes emissions from the bank's offices, business travel, security transports and paper consumption.

GHG emissions per earned krona, tonnes CO₂e/SEK



GHG emissions per employee, tonnes CO₂e/FTE



Swedbank has a responsibility to allocate capital to sustainable solutions that can reduce carbon emissions and develop timely solutions for society as a whole in order to address the consequences of climate change. To minimise global warming, the entire financial sector has to work together to greatly reduce GHG emissions.

Environmental management

Swedbank's environmental work is rooted in its Sustainability Policy and Environmental Policy, which are adopted annually by the Board of Directors. With its ISO 14001 certified environmental management system, the bank takes a structured approach to continuously reduce negative impact. The subsidiaries Swedbank Robur, Swedbank Insurance, Swedbank Mortgage, Sparia, Swedbank Fastighetsbyrå and PayEx AB are covered by Swedbank's certification. The management system includes the management of indirect impact through financing, investments, payments and procurement, as well as direct impact through the bank's internal operations. Each unit has operating managers responsible for their unit's environmental work. Swedbank also has a network of sustainability ambassadors who coordinate the operation's target-setting and monitoring.

Since 1996, Swedbank has reported its climate work in various types of environmental reports. The Group-wide targets adopted in 2020 encompassed direct GHG emissions in order to steer operations in the right direction. As of 2019, the target

is to reduce emissions by 60 per cent by 2030. The large part of the bank's own emissions are generated through energy consumption in the bank's offices as well as through business travel, as shown in the tables on pages 217–218.

To reduce emissions, the bank's property management unit encourages the use of energy-efficient and space-saving properties and works with property owners to adopt energy-conservation measures.

The bank has adopted intensity-based targets to curb energy consumption in its offices by 10 per cent per m² in 2017–2021, which the bank has managed to accomplish with an 18 per cent reduction. Now the bank is striving towards 15 per cent reduction in 2017–2025.

Swedbank also works actively to reduce the environmental impact of travel. Internal targets have been set by unit with a focus on increasing the share of meetings via digital platforms. In 2021, travel continued to drop significantly due to the global pandemic. The number of flights was reduced by 86 per cent compared with the previous year. Virtual meetings will continue to take priority over face-to-face meetings.

European Central Bank's guide on climate-related and environmental risks

In 2020, the European Central Bank (ECB) released a guide on climate-related and environmental risks to ensure that risks are managed safely and prudently in the banking sector. The guide describes the ECB's expectations on how banks should manage and transparently report environmental and climate-related risks. In 2021, Swedbank's Baltic operations conducted a self-assessment of how the bank manages climate-related and environmental risks and drafted an action plan to comply with the ECB's expectations. In 2022, the ECB will perform a full review of the bank's sector's processes to manage climate-related and environmental risks.

The ECB's guide consists of 13 expectations. Examples of the expectations are that Swedbank need to understand how climate-related and environmental risks impact the business climate in the short, medium and long term through scenario analyses; integrate climate-related and environmental risks in the bank's overarching business strategy, business objectives and risk management framework; and report various indicators to measure emissions. Some of these expectations align with the Task Force on Climate related Financial Disclosures (TCFD). Since Swedbank already reports according to TCFD, some expectations are already in place while others have to be developed.

As an interim measure, Swedbank has committed to disclose Scope 3 emissions for its entire operations by 2023. One condition for reporting indirect emissions is that established methods and accurate data are available. During the year, Swedbank chose to use an emissions measurement method provided by the Partnership for Carbon Accounting Financials (PCAF), which is developing a uniform way to measure GHG emissions associated with financing. The method helps Swedbank to assess its existing financed emissions through a combination of financial information, information on individual collateral and regional data, and this is subsequently used as a basis for developing Swedbank's Scope 3 emissions targets. Swedbank will continue in 2022 to implement all of the ECB's expectations relating to the banking sector.

Voluntary Taxonomy reporting

Swedbank reports the bank's mandatory Taxonomy reporting on page 204-205. Since the mandatory reporting may not contain estimates, Swedbank has in this voluntary reporting chosen to include KPIs that are partly based on estimates. The reason is to increase transparency for the bank's stakeholders and to provide a comprehensive view of the bank's assets from the standpoint of the Taxonomy.

Swedbank's voluntary taxonomy reporting is consolidated and reported in the same way as the mandatory taxonomy reporting, i.e. consolidation based on the consolidated situation with the assets presented as the carrying amount before provisions. For more information see page 204. Which KPIs that are identical to Swedbank's mandatory reporting is clarified in the table on page 217 by a footnote.

Covered assets

As of the 2023 financial year, Swedbank will report how environmentally sustainable the assets on the balance sheet are with the Taxonomy. This will also be reported through the KPI Green Asset Ratio ("GAR"), which is calculated as assets that are consistent with the Taxonomy (numerator) divided by total covered assets (denominator).

According to the reporting requirements, certain exposures are excluded from the numerator regardless of whether they could meet the requirements of the Taxonomy or not. Examples of such exposures are those to non-NFRD companies and derivatives. These assets are included in the denominator of GAR and are therefore part of covered assets and will impact a future GAR. Certain other exposures – central governments, central banks and supranational issuers and the bank's trading portfolio are completely excluded from GAR.

Sustainability notes

Exposure to NFRD companies

Since the bank's customers and counterparties subject to NFRD will disclose the proportion of their Taxonomy-eligible and Taxonomy non-eligible economic activities for the first time for the financial year 2021, this information is not yet available. In this voluntary reporting, Swedbank has chosen to report on these customers and counterparties based on estimates. Swedbank has assessed how taxonomy-eligible its customers and counterparties are based on the NACE code applicable to the customer or counterparty based on their economic activities. NACE is the European statistical classification of economic activities. NACE classifies organisations according to their business activities. NACE codes have been used, since Taxonomy-eligible economic activities are identified partly with the help of NACE codes in the Taxonomy.

Assets	SEKm	Share of total covered assets, %	Share of total assets, %
Taxonomy-eligible assets	1 000 718	55.2	41.2
Of which mortgages to households and repossessed real estate collateral ¹	988 734	54.5	40.7
Of which exposure to NFRD ² companies	11 985	0.7	0.5
Taxonomy non-eligible assets	167 295	9.2	6.9
Of which loans to households other than mortgages ¹	147 424	8.1	6.1
Of which exposure to NFRD companies	19 871	1.1	0.8
Exposures to companies not subject to NFRD ¹	586 309	32.3	24.1
Derivatives, hedge accounting ¹	9 561	0.5	0.4
On demand inter-bank loans ¹	2 982	0.2	0.1
Exposures to regional and local governments and social security funds	6 337	0.4	0.3
Other assets (e.g. cash, goodwill etc.)	39 828	2.2	1.6
Total covered assets	1 813 030	100.0	74.6
Exposures to central governments, central banks and supranational issuers ¹	493 470		20.3
Trading portfolio ¹	123 272		5.1
Total assets	2 429 773		100.0

1) Identical KPIs as reported in Swedbank's mandatory Taxonomy reporting on page 204-205

2) NFRD = EU directive on non-financial reporting that includes sustainability reporting requirements for large companies of public interest with more than 500 employees

Measuring financed emissions

During the year, Swedbank worked on aligning itself with the Paris Agreement's 1.5°C target and pledged to set science-based emissions reduction targets in accordance with the Science-Based Target initiative (SBTi) and the Net Zero Banking Alliance (NZBA). As a starting point, Swedbank analyses its current financed emissions, which will then be used as a benchmark for future measurements and to develop climate targets.

One challenge is to access reliable data in order to analyse the bank's financed emissions. Swedbank therefore chose the Partnership for Carbon Accounting Financials (PCAF), which has a standardised method to measure financed emissions for banks. An analysis made by external consultants was conducted in 2021 to see whether PCAF was the right method for Swedbank, which the results showed. The determination was mainly based on PCAF, since it is one of the most common methods to calculate financed emissions and can be used with the data Swedbank has on financed assets. By using PCAF's method, Swedbank began during the year to calculate its financed emissions in the asset classes mortgages and commercial properties. The goal was to cover as large a share of the bank's properties as possible, but certain types have been excluded from the results as the reliability of the results has been lacking. Swedbank has chosen not to include properties that fall under type code 300–399 (rental units) in the Swedish calculation, since the bank does not have a method to separate emissions from individual apartments from the property's total emissions. This exclusion means that neither condominiums nor tenant owner associations are included in the results, because of which lending in the table differs from the financial reporting.

The calculation of financed emissions consists of three parts: the property's loan-to-value ratio, its energy consumption and an emissions factor. The loan-to-value ratio is used to measure how large a share of the property's emissions can be attributed to Swedbank. Energy consumption together with the emissions factor (emissions per unit of produced energy) is used to calculate the emissions. Access to information on the properties' energy consumption and energy sources

has been limited and therefore the figures have been estimated based on type of property and geographic location. This adds a degree of uncertainty to the results. Various sources have been used to estimate the figures, but as far as possible Swedbank has used the government's data from Statistics Sweden, the World Energy Council and the Swedish Energy Agency, among others.

See the table below for this year's results of the bank's financed emissions. The table includes five columns. The column "Asset class" shows whether it is a mortgage loan or a loan for commercial purposes. Carrying amount before provisions shows the lending volume. Scope 1 and scope 2 emissions contain information on the total financed emissions of the loans, i.e. the share of the property's emissions that Swedbank finances, which has arisen through energy use and through operations. Emissions intensity is the total financed emissions, divided by the total number of square meters in the portfolio. Weighted data quality point is the average data quality level Swedbank has on its properties, calculated according to PCAF's framework. Swedbank will continue to develop the calculations of the bank's financed emissions as well as underlying data during 2022.

Asset class	Carrying amount before provisions (SEKm)	Scope 1 & scope 2 emissions (tCO ₂ e)	Emissions intensity (tCO ₂ e/m ²)	Weighted data quality points (high quality = 1, low quality = 5)
Mortgages (Sweden)	331 604	58 893	1.93	4.5
Mortgages (Baltics)	90 280	215 161	12.59	3.97
Loans to commercial properties (Sweden)	73 303	14 356	3.14	4.5
Loans to commercial properties (Baltics)	37 937	812 740	36.87	4

Greenhouse gas emissions ¹ , tonnes CO ₂ e	2021	2020	2019
Total emissions	9 201	11 646	25 014
Reduction target 2030, 60% ²	15 008	15 008	15 008
Carbon offsetting ³	9 201	11 646	25 014
Total emissions after carbon offsetting	0	0	0

Emissions by scope according to GHG protocol

Emissions scope 1 ⁴	466	632	1 020
Emissions scope 2 ⁵	4 787	5 331	6 067
Emissions scope 3 ⁶	3 948	5 683	17 927

Emissions by country

Emissions, Sweden	3 842	5 847	14 692
Emissions, Estonia	2 146	2 394	3 559
Emissions, Latvia	1 594	1 735	2 425
Emissions, Lithuania	1 482	1 366	2 908
Emissions, other ⁷	137	304	1 430

Energy-related emissions according to Scope 2

Market-based	4 787	5 331	6 067
Location-based	14 805	16 444	18 801

1) Included GHG: carbon dioxide, methane, nitrous oxide and chlorofluorocarbons (refrigerants). In all GHG calculations, Swedbank used Ecometrica software through a system called Our Impact, administered by U&We, which annually revise their emission factors. Emissions are reported in accordance with the Greenhouse Gas Protocol (World Resources Institute).

2) The baseline year is 2019 which equals to 25 014 tonnes of CO₂ emissions.

3) Carbon offsets relate to carbon storage through sustainable tree planting.

4) Swedbank's direct emissions. Based on fuel consumption in company cars and refrigerant gas loss. Emissions from cooling equipment are estimated using operational controls (based on weight and type of cooling medium). Emissions from company-owned vehicles are estimated with the help of the bank's financial controls. None of Swedbank's Scope 1 emissions are biogenic.

5) Swedbank's indirect emissions in the form of electricity consumption and heating/cooling. Emissions are estimated based on operational controls in Swedbank's offices/buildings.

6) Swedbank's other indirect emissions from business travel, security transports, paper consumption, water consumption and waste. None of Swedbank's Scope 3 emissions are biogenic.

7) Norway, Finland, Denmark, USA, South Africa and China. Luxembourg was included 2019.



Sustainability notes

Emissions by category, tonnes CO ₂ e	2021	2020	2019	Comparative figures, tonnes CO ₂ e	2021	2020	2019
Sweden				Total emissions per employee (tonnes/FTE)	0.59	0.74	1.52
Office premises	1 890	2 229	2 555	Scope 1 and 2 emissions per employee (tonnes/FTE)	0.33	0.38	0.43
Business travel	1 838	3 435	11 959	Total emissions per office space (tonnes/m ²)	0.024	0.030	0.063
Other emissions ¹	114	183	178	Scope 1 and 2 emissions per office space (tonnes/m ²)	0.014	0.015	0.018
Estonia				Emissions per income (tonnes/SEKm)	0.20	0.25	0.54
Office premises	2 028	1 897	1 718	Scope 1 and 2 emissions per income (tonnes/SEKm)	0.11	0.13	0.15
Business travel	112	466	1 806				
Other emissions ¹	6	31	35				
Latvia				AutoPlan			
Office premises	1 245	1 156	1 284	Swedbank is one of Sweden's largest fleet owners through the subsidiary AutoPlan, which offers fleet administration for companies. AutoPlan works actively to reduce its climate impact by helping customers adopt green car policies, supporting them on sustainability issues, and measuring and monitoring their climate impact. In 2021, 74 per cent of all new vehicles were electric or hybrid: 14 per cent electric and 60 per cent plug-in hybrids. In the Swedish market, AutoPlan has 5.8 per cent electric vehicles, compared with 1.7 per cent of the total market, and is working to expand its electric vehicle offering.			
Business travel	336	517	1 069	Swedbank has a company car programme that results in taxable wages. Since the programme was introduced in 2006, Swedbank and the savings banks have reached nearly 1 000 vehicles. Through the programme, Swedbank uses various incentives to encourage employees to drive more environmentally friendly cars. Almost all new passenger cars are electric or hybrids.			
Other emissions ¹	13	62	72	In addition to AutoPlan and its own fleet, Swedbank finances cars for many consumers and businesses. Here as well Swedbank works actively to increase the share of green cars. For example, a lower interest rate is offered on vehicles that emit less than 50 gr CO ₂ /km. Green Leasing is also offered in Estonia, Latvia and Lithuania, with a lower interest rate for more environmentally friendly cars.			
Lithuania							
Office premises	1 057	785	888				
Business travel	84	468	1 904				
Other emissions ^{1,2}	341	113	116				
Other countries							
Office premises	112	181	652				
Business travel	24	122	776				
Other emissions ¹	1	1	2				
1) Security transports and paper consumption. 2) In 2021, the security transport company and calculation method were changed.							
Other environmental data	2021	2020	2019	Auto leasing AutoPlan	2021	2020	2019
Energy consumption in our offices (MWh)	79 213	78 767	93 087	Leasing of vehicles (tonnes CO ₂ e) ¹	169 158	175 777	195 219
– of which Sweden	39 183	41 307	51 614	Total number of leased cars	42 082	43 780	43 787
– of which Estonia	16 993	15 654	17 612	Average emissions, new cars CO ₂ (g/km) ²	71.18	87.07	110.6
– of which Latvia	10 316	10 391	11 316	Average emissions, total CO ₂ (g/km) ²	98.71	108.8	117.0
– of which Lithuania	11 875	10 469	11 453	Average emissions, new company cars in Swedbank CO ₂ (g/km)	43	54	80
– of which Other	846	946	1 092				
Electricity consumption in our offices (MWh)	40 790	40 447	51 687				
Renewable electricity as a share of total electricity consumption (%) ¹	99.9	98	82				
Paper consumption (tonnes)	714	1 137	1 100				
Share of Ecolabel paper (%)	100	98					
Water consumption (m ³ /FTE)	4	5	7				
Recycled waste (tonnes)	529	440	437				
Incinerated waste (tonnes)	461	328	315				
Landfill waste (tonnes)	183	297	153				
Hazardous waste (tonnes)	2.2	1.7	3				
Compostable waste (tonnes)	47	11					
Number of digital conferences (million) ²	1.9	1.5	0.42				
Number digital conference attendees (million) ²	3.60	4	1.69				
1) Renewable energy refers to wind, biomass and hydroelectric. 2) Digital meetings via Skype/Teams.							
Internal energy consumption¹	2021	2020	2019				
Total emissions from energy consumption (tonnes CO ₂ e/MWh)	0.066	0.07	0.07				
Energy consumption per employee (MWh/FTE)	5.0	5.0	5.7				
Energy consumption per m ² (MWh/m ²)	0.208	0.200	0.236				
Energy reduction target of 10% per m ² 2017–2021 (MWh/m ²)	0.226	0.226	0.226				
Energy reduction target of 15% per m ² 2017–2025 (MWh/m ²)	0.213	0.213	0.213				
1) Swedbank's internal energy consumption consists of consumption of energy, heating, cooling and gas.							

AutoPlan
Swedbank is one of Sweden's largest fleet owners through the subsidiary AutoPlan, which offers fleet administration for companies. AutoPlan works actively to reduce its climate impact by helping customers adopt green car policies, supporting them on sustainability issues, and measuring and monitoring their climate impact. In 2021, 74 per cent of all new vehicles were electric or hybrid: 14 per cent electric and 60 per cent plug-in hybrids. In the Swedish market, AutoPlan has 5.8 per cent electric vehicles, compared with 1.7 per cent of the total market, and is working to expand its electric vehicle offering.

Swedbank has a company car programme that results in taxable wages. Since the programme was introduced in 2006, Swedbank and the savings banks have reached nearly 1 000 vehicles. Through the programme, Swedbank uses various incentives to encourage employees to drive more environmentally friendly cars. Almost all new passenger cars are electric or hybrids.

In addition to AutoPlan and its own fleet, Swedbank finances cars for many consumers and businesses. Here as well Swedbank works actively to increase the share of green cars. For example, a lower interest rate is offered on vehicles that emit less than 50 gr CO₂/km. Green Leasing is also offered in Estonia, Latvia and Lithuania, with a lower interest rate for more environmentally friendly cars.

Auto leasing AutoPlan	2021	2020	2019
Leasing of vehicles (tonnes CO ₂ e) ¹	169 158	175 777	195 219
Total number of leased cars	42 082	43 780	43 787
Average emissions, new cars CO ₂ (g/km) ²	71.18	87.07	110.6
Average emissions, total CO ₂ (g/km) ²	98.71	108.8	117.0
Average emissions, new company cars in Swedbank CO ₂ (g/km)	43	54	80

1) Emissions based on fuel consumption and fuel type per vehicle over one year.

2) Refers to company cars administered by Swedbank by Swedbank AutoPlan.

Sustainability notes

S6 Employees

Material topic: Attractive employer

- In total, Swedbank's employees have received 497 490 hours of training, an increase of 37 per cent from 2020.
- Employee surveys in 2021 show high, stable engagement and that employees were satisfied about their jobs despite the pandemic and changes in how they worked.



Three years of improvement

Engagement index, 2021
2020: 81

85 ↗

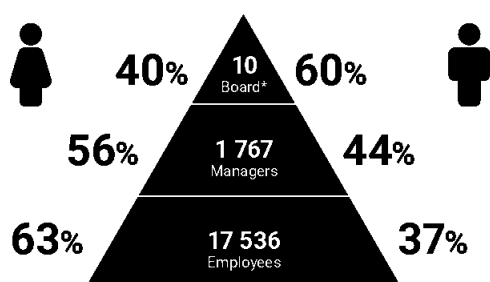
Recommendation index, 2021
2020: 43

45 ↗

Sustainable employee index, 2021
2020: 82

85 ↗

Share of women and men



* Employee representatives are not included in the calculation of Board members.

Swedbank developed a new strategic direction in 2020 with strong engagement from employees, who were invited to participate in this work. In 2021, the strategic direction was implemented with the aim of unifying all of the bank's employees and clarifying the journey forward. In addition to our purpose, vision and customer promise, the strategic direction comprises Swedbank's values – Open, Simple and Caring – as well as the necessary conditions for the bank to live up to and act in accordance with the purpose and vision. All employees are expected to contribute to the bank's profitability and desired culture, and to comply with rules and processes.

The year was dominated by the ongoing pandemic. The overarching aim has been to maintain a safe and secure workplace and limit the spread of Covid-19. At the same time focus has been on keeping an inspiring and stimulating work environment and find new, flexible ways of working, where customers continue to receive high quality products and services and where employees can work from

home. The process has improved during the pandemic thanks to established virtual meeting options. This has been helped by new tools and systems support such as Microsoft Teams for all employees, which has also increased opportunities for advisors within Large Corporates and Institutions (LC&I), Swedish Banking, the savings banks and Baltic Banking to meet customers digitally.

Leadership and self-leadership

Being a leader at Swedbank means continuously adapting to rapid changes and challenges based on customers' demands, new ways of working and how the business develops and is driven forward. Building trust, inspire and demonstrate courage define how a leader at Swedbank should act.

All employees are offered opportunities to develop and find inspiration as market conditions change, and to take responsibility for their personal development. A rapidly changing and complex environment requires self-leadership, the ability to be flexible and a willingness to adapt to change and make the best of existing opportunities. Self-leaders also contribute to new thinking and promote a learning culture that helps the bank to develop.

Sustainable employees

Occupational health and safety is an important area to create a climate with sustainable employees. During the year, with an ongoing pandemic, the bank placed additional focus on preventing and managing illness among employees. Support in the form of targeted communication to managers and new management training has been developed on how ill health can be detected, managed and prevented, as well as how a common and systematic approach can contribute to sustainable employees. The key to this work is a close, continuous dialogue between manager and employees.

Through Swedbank at Work, the bank is continuing to develop and implement new ways of working. Swedbank at Work describes the bank's working methods, both physical and digital work environment and the design of workplaces and office space. The purpose of Swedbank at Work is to create healthy and functional workplaces to facilitate and encourage movement and variation during the workday, which is important to both physical and mental health.

The Swedbank Group's occupational health and safety targets for sustainable employees are as follows:

- Employees' valuation of their workload, work-life balance and a supportive and inclusive work environment.
- Reduce sickness absences. The goal remains <2.8% despite difficulties achieving this during the ongoing pandemic.
- The bank's zero tolerance for harassment and discrimination.

Diversity and inclusion

Swedbank's goal is a workplace free from discrimination that offers equal opportunities to everyone based on their unique needs and potential. To ensure an inclusive workplace and a culture where everyone feels respected and can perform at their best, it is important that gender equality, diversity and inclusion are naturally integrated in every part of operations. Updates and follow-ups are performed on a regular basis. To achieve gender parity, key indicators are in place for the CEO and Group Executive Committee, which measure wage gaps and gender parity in senior management and among managers at an aggregate level. Measurements are also taken based on classification and level of seniority.

Employee surveys confirm that Swedbank is an inclusive workplace. The work to prevent discrimination and harassment is treated with the utmost seriousness. In 2021, the process for addressing discrimination and harassment cases was updated. Managers receive regular training in the area and the units are offered workshops through Friends, a Swedish organisation to prevent bullying.

Gender equality and diversity are also an important part of the bank's societal engagement. Swedbank was a corporate partner of Baltic Pride in 2021, which was held in Riga, and the HBTQ+ network GLaS for employees has steadily grown and celebrated its first anniversary. Another goal for Swedbank is to increase gender parity in male-dominated areas such as technology and IT. The Swedbank Women in Tech network has promoted female employees who work in tech and IT. Swedbank is also collaborating with the external Swedish network Women in Tech which promotes female leadership in the tech industry.

Flexible working conditions are known to be an important factor to improve gender equality and diversity and in order to combine family and career. Flexibility at work was already a permanent and natural part of the bank's Swedbank at Work concept. Throughout the pandemic, the bank has applied a more flexible approach that offers the opportunity to stay home with children without loss of compensation in situations where schools have closed. Parents who return from parental leave are offered flexible schedules and can work part-time.



Sustainability notes

Swedbank works continuously at the Group level to ensure equal pay between men and women for the same or similar work. To identify wage gaps and take action, salaries are systematically analysed and compared to the market standard. Follow-ups are done regularly to eliminate any gaps. Management training and reviews of policies, guidelines and processes are done continuously to eliminate gender-specific disparities. When it comes to pay gaps where wages are compared regardless of the nature of the job, the gap is affected by the lower share of women in senior positions in the bank.

Swedbank participates in several third-party evaluations and indexes to continuously monitor diversity and inclusion work, e.g. Bloomberg Gender Equality Index 2021 and Financial Times Diversity Leaders in Europe. Swedbank has signed the UN Women's Empowerment Principles and is one of the founders of the EU Diversity Charters in its home markets.

Employee surveys and employee engagement

It is important to monitor and evaluate what employees think about their work on a regular basis. Swedbank's employee survey is called People Pulse and was conducted three times in 2021. The purpose of People Pulse is to encourage employees to grow, to understand how they feel, and to find out how well they understand and adhere to the bank's strategic areas. The survey is designed to track and promote behavioural changes on a daily basis as well as encourage a continuous dialogue and open feedback in every unit. The questions in People Pulse varied during the year and related to both engagement and strategically important areas. Nine areas have been identified and are being monitored: engagement, loyalty/interest, direction, compensation, work culture, performance, leadership, sustainable employees and unequal treatment.

In 2021, every People Pulse had questions on engagement and sustainable employees to measure how employees feel about their work situation and degree of engagement. The results show a high and stable level of engagement and that employees felt good about their job during the year despite the pandemic and changing work arrangements, with around half of all employees still working from home. The surveys conducted during the year had high response rates and reported improved results.

Employee engagement is critical to the bank's success. Engaged and proud employees create a better customer experience and more satisfied customers, and can thereby contribute to our business objectives. To fulfil Swedbank's vision and purpose requires that everyone is engaged and takes responsibility in line with the bank's expectations to fully embrace the values of openness, simplicity and caring. Measuring employee engagement is one way to ensure that Swedbank is an attractive workplace with a culture based on inclusion and responsibility.

Employee surveys, index	2021	2020	2019
Sustainable Employee Index¹	85	82	78
Target for sustainable employee index ²	80	85	
Engagement index¹	85	81	81
– Sweden	82	78	
– Estonia	89	85	
– Latvia	88	84	
– Lithuania	89	84	
Recommendation index^{1,3}	45	43	33
Target for recommendation index	40	33	
Leadership index⁴	86		85

1) Survey sent to all employees.

2) The Sustainable Employee Index was measured in previous years according to the traffic light model: green, yellow and red. Green is the target level and was previously from 80 and upward, but with a stretch target of 85. After requests from operations to simplify the measurement method for the Sustainable Employee Index, the bank set the same target for the entire Group, i.e. from 80 and upward, in 2021.

3) Likelihood of recommending Swedbank as an employer externally (eNPS). Calculated on a scale of 0–10, where the share of negative responses (0–6) is subtracted from the share of positive responses (9–10).

4) Not measured in 2020.

Internal training	2021	2020	2019
Total number of training hours ¹	497 490 ²	363 315	556 983
Training costs per FTE (SEK)	4 784	4 700	7 900
– of which mandatory	1 149	1 200	
– of which non-mandatory	3 635	3 500	
– of which women	5 498	3 400	
– of which men	3 660	1 300	
Training hours per FTE ¹	32	24	37
– of which men	24	18	28
– of which women	38	28	44
– of which managers	44	28	45
– of which specialists	30	24	32

Completed training	2021	2020	2019
– ethics (number) ³	16 593	16 797	3 693
– sustainability incl. climate (number)	7 636	16 149	15 896
– anti-money laundering and counter-terrorist financing (number)	17 625	17 153	15 976
Number of advisors with Swedsec license ⁴	3 976	4 031	4 023
Number of employees who completed the annual knowledge update (ÅKU) ⁴	6 298	6 254	5 743

1) The number of training hours measures only how large a percentage of skills building is done through traditional training (e-training and classroom training). The table also includes savings banks.

2) Share of mandatory training 24%.

3) Contains a section on anti-corruption policies and procedures.

4) Refers to Sweden.

Employees who have received training in anti-money laundering and counter-terrorist financing, by region (%)	2021	2020
Sweden	96	98
Estonia	99	99
Latvia	99	99
Lithuania	99	99
Group total	98	98

Employees who have received training in anti-money laundering and counter-terrorist financing, by category (%)	2021	2020
Managers	99	99
Specialists	97	98

Employees who received anti-corruption training in 2021	Number of employees	Percentage of total
Estonia	2 303	90
Managers	249	92
Specialists	2 054	90
Latvia	1 678	88
Managers	195	88
Specialists	1 483	88
Lithuania	2 268	89
Managers	256	92
Specialists	2 012	89
Sweden	8 437	85
Managers	942	92
Specialists	7 495	85
Total	14 686	87



Sustainability notes

Total number of employees by employment type 2020, by gender ¹	Female	Male	Total
Full-time	9 750	6 010	15 760
Part-time	1 261	515	1 776
Total	11 011	6 525	17 536

1) The variation in the number of employees during the year is fairly constant.

Total number and share of employees by employment contract 2020, by gender ¹	Female	%	Male	%	Total
Permanent	10 308	63	6 153	37	16 461
Temporary	703	65	372	35	1 075
Total	11 011	63	6 525	37	17 536

1) The variation in the number of employees during the year is fairly constant.

Total number of employees by employment contract 2020, by region ¹	Sweden	Estonia	Latvia	Lithuania	Total
Permanent	9 278	2 590	1 954	2 639	16 461
Temporary	678	120	145	132	1 075
Total	9 956	2 710	2 099	2 771	17 536

1) The percentage who are not employed by the bank is very low. The variation in the number of employees during the year is fairly constant.

Total number ¹ and share of new employees by gender, age group and country, %	2021	2020	2019
Women	58	55	61
Men	42	45	39
Under 30 years	52	45	54
30–50	43	49	42
50–	5	6	4
Sweden	48	57	34
Estonia	14	13	18
Latvia	17	13	21
Lithuania	21	17	27

1) Number of new employees: 2021: 2 178, 2020: 2 043, 2019: 1912.

Total number and rate of employee turnover by gender, age group and country, % ¹	2021	2020	2019
Women	9.7	6.4	9.3
Men	11.5	7.3	10.4
Under 30 years	16.6	9.0	14.1
30–50	8.4	5.5	8.0
50–	8.9	7.6	9.6
Sweden	8.8	6.0	9.4
Estonia	10.4	6.5	8.3
Latvia	11.2	7.3	10.9
Lithuania	14.9	9.3	11.7
Group total	10.3	6.8	9.7

1) Number of employees who left the bank during the year: 2021: 1 802, 2020: 1 166, 2019: 1 601.

Wage difference women vs. men, managers ¹ by country, %	2021	2020	2019
Sweden	-20	-20	-22
Estonia	-27	-30	-27
Latvia	-35	-35	-39
Lithuania	-29	-29	-32
Group total	-29	-30	-31

1) Includes managers at every level. HR responsibility is the common denominator for this category.

Wage difference women vs. men, level 1–3 managers by country, %	2021	2020	2019
Sweden	-26		
Estonia	-35		
Latvia	-17		
Lithuania	-27		
Group total	-27		

Wage difference women vs. men, specialists by country, %	2021	2020	2019
Sweden	-20	-20	-20
Estonia	-33	-34	-35
Latvia	-28	-28	-29
Lithuania	-33	-33	-34
Total	-31	-32	-32

Wage difference women vs. men, all employees by country, %	2021	2020	2019
Sweden	-21		
Estonia	-33		
Latvia	-32		
Lithuania	-36		
Total	-32		

Labour/management relations	2021	2020	2019
Percentage of employees with collective or local agreement or covered by labour law – Sweden ¹	100	100	100
Percentage of employees covered by collective bargaining agreements ^{2,3}	73	72	69

1) The members of the Group Executive Committee are not covered by collective agreements (except holiday regulations) and the Act on Employment Protection.

2) 100 per cent in Sweden and Lithuania.

3) Swedbank has established a Group-level European works council with participants from the various countries where it operates.

Level of education, %	2021	2020	2019
Sweden			
University degree	41	40	40
Other university education	10	11	11
Upper secondary school	48	47	48
Other education	1	2	1
Estonia			
University degree	64	64	62
Other university education	11	11	11
Upper secondary school	19	19	20
Other education	6	6	7
Latvia			
University degree	66	74	73
Other university education	17	16	16
Upper secondary school	17	10	11
Other education	0	0	0
Lithuania			
University degree	84	84	83
Other university education	6	5	6
Upper secondary school	5	5	5
Other education	5	6	6



Sustainability notes

	Number of employees who received performance review ¹		Number of employees who approved performance review		Percentage of employees who received performance review		Percentage of employees who approved performance review	
	2021	2020	2021	2020	2021	2020	2021	2020
Men	5 987	6 296	5 163	4 695	100	100	86	75
Managers	799	874	641	555	100	100	80	64
Specialists	5 188	5 422	4 522	4 140	100	100	87	76
Women	9 185	10 108	8 594	8 156	100	100	94	81
Managers	984	1 045	867	757	100	100	88	72
Specialists	8 201	9 063	7 727	7 399	100	100	94	82
Total	15 172	16 406	13 757	12 851	100	100	91	78

1) In a performance review, the manager and employee evaluate the year's performance. Evaluation and assessment of total performance are documented by the manager and approved by the employee.

Age distribution by country, %	2021	2020	2019
Sweden			
Under 30 years	21	21	21
30–50	51	50	49
50–	28	29	30
Estonia			
Under 30 years	19	19	20
30–50	66	68	68
50–	15	13	12
Latvia			
Under 30 years	22	22	24
30–50	71	71	70
50–	7	7	6
Lithuania			
Under 30 years	27	29	32
30–50	60	59	57
50–	13	12	11
Age distribution management and Board of Directors, %	2021	2020	2019
Group Executive Committee			
Under 30 years	0	0	0
30–50	13	21	25
50–	87	79	75
Board of Directors¹			
Under 30 years	0	0	0
30–50	18	40	22
50–	82	60	78

1) Excluding employee representatives.

Sustainability notes

S7 Business ethics and information security

Material topic:

Secure and stable IT systems

Responsible corporate governance

Business ethics

Fight financial crime

- Swedbank will be at the forefront of the fight against financial crime and strive to be best in class.
- Swedbank started following the requirements of the new Swedish whistleblower law in December 2021, a half year earlier than required for large organisations.



Employees who have received AML/CTF training

Completed courses: 17 625

98%

Business ethics at Swedbank

Swedbank has zero tolerance for any type of corruption. The bank's anti-corruption work is structured in an ABC Framework consisting of Swedbank's Anti-Bribery and Corruption Policy (ABC Policy) as well as Group-level instructions that provide guidance to the bank's units and employees on questions of preventative measures. Every unit in Swedbank and its subsidiaries are responsible for identifying, evaluating and understanding which corruption risks they are exposed to as well as taking the necessary measures to mitigate and manage risks.

An important factor in order to mitigate and manage the bank's corruption risks is that employees have enough knowledge in the area. This means that all employees and consultants who work within the Group must complete a mandatory basic anti-corruption course when they join Swedbank, after which training is provided annually to keep them updated. Employees who work in functions at greater risk of corruption, such as procurement, HR and advisory services, have special anti-corruption training more frequently.

Information security strategy and management

Information security is always top of mind for the bank. It is an important area for various stakeholders, with supervisory authorities, customers, partners and society as a whole having greater demands and expectations. Swedbank works constantly to understand threat scenarios and determine if and where vulnerabilities exist and can be exploited to harm the bank and indirectly society as well. To ensure information security, the bank's CEO has decided on a strategy together with the Board of Directors. The Board provides advice and has access to the bank's risk and threat assessments and has also received training in the area.

Swedbank's information security strategy describes the strategic goals and vision. The bank's new strategic direction and supporting strategies for Tech, People, Consumer and Corporate outline the need to modernise and strengthen information security in order to support operational targets and change, manage information security risks and strengthen oversight and compliance. Swedbank's information security strategy was updated in 2021 for the new strategic direction, a changing threat and risk landscape, and new demands. Going forward, greater focus will be on working more uniformly and consistent with information security to strengthen the bank's digital operational resilience, and especially its cyber resilience to prevent attacks against Swedbank and close third parties.

Information security work is led by the bank's Chief Information Security Officer (CISO). The CISO is supported by a central function with responsibility for leading and coordinating the development and implementation of the bank's information security system based on the international ISO 27001 standard. The system is regulated based on policy documents and guidance as well as a control framework based on ISF Standard of Good Practice, which manages all of the tools and controls the bank uses to protect its information and customers' information. Several other functions provide important information security capabilities, including the IT organisation DBIT. An Information Security Manager is appointed by each business area and relevant Group functions as support for senior executives. Functions for security incident response and proactive security testing of the bank's IT environment are overseen by the CISO. It has become increasingly important for financial companies to test their information security capabilities and resilience. To ensure a high standard, Swedbank conducts external audits and third-party certification at least once a year.

Swedbank conducts periodic security tests, such as penetration testing of critical and new applications, systems and infrastructure as well as advanced simulations, so-called red teaming tests. The tests involve a controlled simulation of a cyberattack on an organisation's employees, processes and technology. The purpose is to identify deficiencies in order to then improve resilience. In addition to the tests, the bank regularly searches all its IT systems for vulnerabilities.

The incident response team, Swedbank SIRT, is an accredited SIRT organisation and member of the Trusted Introducer Network TF-CSIRT since 2010. The bank has insurance coverage for certain expenses that can arise in connection with a cyber incident. Swedbank has a rigorous framework to manage information security risks that arise when activities and assignments are outsourced. In connection with every procurement the supplier is analysed to ensure that they can live up to Swedbank's information security requirements, which is then included in the agreement and continuously monitored.

In 2021, Swedbank also issued new policy documents dedicated to information security, the CEO's information security instruction.

For information security to succeed, it is important to promote a security-conscious culture. All employees must understand the importance of good security in their daily work and be given the opportunity to develop their own security skills and awareness of current threats. All of Swedbank's employees must complete information security training, which includes the General Data Protection Regulation. The bank also has customised measures for specific employee categories. In addition, it is important that employees know how to report suspicious incidents.

General Data Protection Regulation (GDPR)

Swedbank has extensive experience storing and managing customers' personal information, and it is important that the customers feel secure about how their personal information is used. Confidential information is a key aspect of daily banking operations and is used e.g. in customer surveys, daily banking services and market analyses. Correctly managing personal information is also critical to prevent and investigate criminal activity. It is also important when conducting payment, credit and risk assessments. To ensure compliance with the GDPR, the bank has processes in place for using personal information. For example, Swedbank has appointed data protection officers to serve as contact points, give advice in difficult cases, and cooperate when needed with the Swedish Authority for Privacy Protection (ICY). The data protection officers act independently and are especially concerned with cases from the whistleblower's standpoint. The network of data protection officers is coordinated by the bank's Group Data Protection Officer.

Whistleblowing ensures compliance

Swedbank's operations are guided by its values: Open, Simple and Caring. The Group's whistleblower routine encourages all employees and external stakeholders to report potential or actual violations of local laws or noncompliance with the Group's policies. The tool is available in every native language in the bank's home markets as well as English and enables anonymous, confidential reporting.

Swedbank started following the requirements of the new Swedish whistleblower law in December 2021, a half year earlier than required for large organisations, showing that Swedbank early on realised the importance of detecting and mitigating risks and fraud in a systematic and objective way.

In 2021, the bank received 122 reports, five of which related to operations in Estonia and six related to Latvia and Lithuania. Of these 122 reports, 31 reports have been assessed as whistleblowing in accordance with Swedbank's definition.

Sustainability notes

IT security, data protection and crime prevention	2021	2020	2019
Number of suspicious orders and transactions (MAR) ¹ reported	63	76	57
– of which Sweden	38	46	23
– of which Estonia	3	0	2
– of which Latvia	11	10	16
– of which Lithuania	11	20	16
Number of suspicious transactions involving money laundering/terrorist financing (SAR) ^{1,2} reported	8 598	5 501	4 597
– of which Sweden	6 851	3 480	2 736
– of which Estonia	608	973	882
– of which Latvia	748	591	632
– of which Lithuania	391	457	347
Whistleblower reports	122	61	30
Processing of personal data			
Number of queries/complaints from registered parties to data protection officer, total ²	8	13	10
– of which Sweden	0	7	5
– of which Estonia	1	1	0
– of which Latvia ³	4		
– of which Lithuania	3	5	5
Number of queries/complaints from data protection authority, total	19	6	7
– of which Sweden	6	0	0
– of which Estonia	1	0	0
– of which Latvia	3	1	1
– of which Lithuania	9	5	6

1) Market Abuse Regulation (MAR) and Suspicious Activity Report (SAR). Banks are obligated to report suspicions of market abuse: insider trading, market manipulation and unlawful disclosure of inside information (MAR). According to the Anti-Money Laundering Act, Swedbank is also obligated, without delay, to report suspicions of money laundering or terrorist financing (SAR) to the Financial Intelligence Unit of the Swedish Police.

2) Registered parties that have submitted queries or complaints through correspondence by mail or email to the data protection authority.

S8 Societal engagement

Material topic: Societal engagement

- Swedbank teaches financial literacy to children and young people in all its home markets.
- Volunteering by employees shows a strong commitment to social issues.



Societal investment, SEKm

117 ↗

Number of lectures

3152 ↗

Financial literacy training for young people

Swedbank's societal engagement is largely focused on teaching personal finance and how various life choices can affect the future. Swedbank meets many children and young people through various initiatives and helps to promote financial literacy. In this way the bank reaches out broadly with its message and knowledge to thousands of children and young people, regardless of background and prior knowledge.

Through the "Young Economy" initiative with the Swedish savings banks and savings bank foundations, 92 700 (53 753) students attended lectures in 2021. Swedbank's employees in Sweden guest lecture in schools during working hours. Due to the pandemic, all lectures were held online. In Latvia Swedbank held 140 online lectures for high school students through the bank's Ready for Life programme, which also distributed educational material to classes that was used by more than 1 200 teachers and reached 31 000 students. In Estonia, Latvia and Sweden educational material has been created and used for digital presentations, and in Lithuania a new book called "Start Now: A Financial Guide for Young People" has been published. Copies of the book were also donated to preschools and libraries around the country.

Together with the Economy Museum in Sweden, Swedbank has created an educational programme available both online and in printed versions. The programme combines Swedbank's Young Economy lectures and the museum's current exhibits.

In Latvia and Lithuania the "Financial Laboratory" initiative gives children and young people access to digital presentations, virtual tours and other educational material. Swedbank's Estonian employees have the opportunity during working hours to guest lecture, online or in person, in schools via the digital platform Back to School. During the year, Swedbank organised Lithuania's largest online learning programme, known as Mokonoma. Over 250 000 participants were introduced to 24 short lessons on financial literacy, sustainability, citizenship and other important topics.

An initiative called Digital Economy contributes to digital inclusion in society. Through local presentations – both physical and digital – the bank's employees inform and guide those who want help getting started with digital services.

Educating the public in all four home markets also includes drawing attention to current economic issues. Swedbank arranges seminars on these and other current topics tied to its societal engagement.



Sustainability notes

Societal engagement for today

Swedbank has worked for several years with two labour market initiatives: "Young Jobs" and "A Job at Last". Due to the pandemic, another initiative called "Switch Jobs" was initiated in 2020 and continued in 2021. In collaboration with the talent matching firm Gigstr, "Switch jobs" was launched to enable Swedish companies to share employees due to Covid-19.

In Latvia and Estonia, the bank is engaged in projects where college graduates and those who want to change careers receive additional training to become teachers and thereby help to create a more equitable educational system. The teachers are placed in schools with the highest resignations. In 2021, 38 participants were accepted to the programme in Estonia and 93 in Latvia.

The bank participates every year in Politicians' Week in Almedalen and Järva, Sweden, and similar events in Latvia, Estonia and Lithuania, to promote dialogue between politicians, businesses and other organisations. Due to Covid-19, Almedalen and Järvaveckan were held digitally in 2021. In Latvia the bank participated in and was a co-arranger of the annual democracy festival LAMPA, which was held both in-person and digitally. Swedbank arranged a stage with 14 sustainability related events and sustainability programmes for young people. In Lithuania Swedbank partnered with Food Bank with the goal of stressing the importance of sustainability, responsible consumption and environmental protection. It also initiated the "17/Seventeen" project, which interactively introduced the Sustainable Development Goals to the general public.

Swedbank in Sweden has been working for several years with the organisation Friends, which is another important engagement in schools, in sports and online focused on preventing bullying. As part of this collaboration, anti-bullying protection is included in the home insurance, which provides support and compensation to the victim.

Health and exercise are also important social issues. In addition to the health aspect, it is a proven way for many new immigrants in Sweden to integrate in society. The bank sponsors various forms of sporting activities, mainly with a focus on young people and often involving football. During the summer, the bank participated in the youth football camp arranged by the Swedish Football Association, which brought together over 23 000 players from around Sweden. Swedbank also sponsored a football academy with free football programmes in areas where participation in sport is low allowing 19 local clubs to offer free football practices.

In Estonia Swedbank is one of the founders of Estonian Health Tracks, which offers free access throughout the year to 120 outdoor tracks around the country. In Latvia Swedbank supports the national Olympic Committee and its Olympic month, which works with schools and youth to inspire and encourage them to exercise on a daily basis. In 2021, the initiative had more than 148 000 participants.

Entrepreneurship and innovation collaborations

To encourage innovation and entrepreneurship, Swedbank has projects with several organisations. One way is to teach entrepreneurship to young people whilst they are still in school, increasing their likelihood that they will start new businesses and create jobs.

Junior Achievement in Sweden and Latvia and Everyone Can in Lithuania are different types of entrepreneurial collaborations focused on young people. In Estonia Swedbank is a co-arranger of one of the largest entrepreneurial festivals in the Baltic countries, sTARTUp Day, which brings together more than 3 000 start-up representatives, CEO's, investors, university students, specialists and enthusiasts from around the world to learn, pitch and discuss topics such as startups, innovation, and future technologies. In Lithuania Swedbank also organised the initiative "Anyone Can Do It - Small Business Academy" to support sustainable growth in small businesses, which has been around for several years but is still struggling to gain momentum. Ten firms were selected to receive their own mentors and methods to use to improve their businesses.

Strong engagement among employees

Back in 2008 Swedbank and Good Deed Foundation joined together to establish the donation portal "I love to help", the largest website of its kind in Estonia, which brings together customers and various charitable organisations to provide help in vulnerable areas. All employees of Swedbank in Estonia have an opportunity to volunteer, and in 2021 engagement was higher than ever before. A total of 1 230 employees volunteered for the initiative Summer of Good Deeds. In Latvia Swedbank runs a program for employee engagement called "Let's Do It Together", which combines more than 10 different activities where employees offer to help others and the community by providing their knowledge, energy, time and other resources.

In Lithuania Swedbank's volunteering programme is called We Care. Here as well employees have an opportunity during working hours to volunteer in a wide range of areas.

Societal investment, SEKm.	2021	2020	2019
Societal investments, total	117	101	104
– of which Sweden ¹	83	75	89
– of which Estonia	14	14	7
– of which Latvia	13	7	3
– of which Lithuania	7	5	5

1) Of which 55 SEKm consists of charitable donations from Swedbank Robur Humanfond 2021.

Societal investment per engagement 2021, %	Sweden	Estonia	Latvia	Lithuania
Sponsorship of social activities	32	53	68	18
Employees' societal engagement during paid working hours	2	15	2	16
Management costs	0	6	30	66
Products and services with a social value	0	0	0	0
Gifts from customers via the bank's products and services	66	26	0	0

Number of presentations	2021	2020	2019
Sweden ¹	2 318	1 498	2 283
Estonia	60	67	157
Latvia	134	218	683
Lithuania	640	318	674

1) Refers to the Young Economy initiative in collaboration with the Savings Banks and Savings Bank Foundations. Including savings banks.

	2021	
Direct economic value generated and distributed, %	SEKm	% ¹
Total income	46 890	
Interest paid to the public (deposits)	354	1
Interest paid on other funding/financing	5 818	12
Deposit guarantee fees	461	1
Resolution fees	791	2
Tax for the year	4 645	10
Non-deductible VAT	1 681	4
Social insurance costs and pensions	3 787	8
Salaries and fees incl. shares in Swedbank	8 356	18
Payments to suppliers, home markets	9 593	20
Proposed shareholder dividend	12 632	27
Profit for the year reinvested in the bank	8 239	18

1) Distribution of financial value creation in relation to total value.

Sustainability notes

S9 Human rights

Material topic:

Promote sustainable lending

Promote sustainable investment

- Within the bank's core processes, investment, lending and procurement, sustainability analyses are carried out where human rights is included as an important area.



Human rights are one of the four areas to determine whether a company can be included in Swedbank Robur's sustainability funds.

1 of 4

Swedbank respects universal human rights in all markets where it operates. As a basis for its active efforts to respect human rights, Swedbank follows the United Nations Guiding Principles on Business and Human Rights and the UN Global Compact. Swedbank's focus is that companies should be aware of human rights risks and work to strengthen human rights in their business operations.

A Group Policy on Human Rights, adopted by the Board of Directors, clarifies the bank's responsibility to take precautionary measures and prevent human rights violations. Swedbank's Code of Conduct also makes clear the responsibility of employees to act in accordance with the bank's values on equal respect for everyone. On this basis, risks related to human rights are continuously assessed in processes and business decisions. This means that the bank's core processes – investing, lending and procurement – undergo sustainability analyses in which human rights are central. These core processes are defined as material and, as a result, are central to the assessment of human rights risks.

In 2021, Swedbank conducted an analysis of the methods used to identify, understand and act on potential and actual human rights impact. The focus has been on the core processes investing, lending and procurement as well as Swedbank's internal work. In compliance with the UN Guiding Principles on Business and Human Rights, the analysis has covered the effectiveness of Swedbank's methods for 1) analysis and assessment of consequences and impacts on human rights, 2) channels where stakeholders can report concerns about or detected adverse effects on human rights, 3) actions taken in response to the results from point one and two, 4) changes in risks, and 5) integration of the results. The analysis has allowed the bank to assess the effectiveness of the methods and improvements needed to further advance Swedbank's human rights work. The following parts of the note describe how these core processes, including the internal work, take due diligence into account in an operational context.

Human rights in lending and investments

Swedbank conducts a sustainability analysis in connection with all corporate loan applications where human rights could be a fundamental concern. In the analysis the bank discusses with the customer any risks associated with e.g. its supply chain, and if the company has production, procurement or sales in high-risk countries. The customer's ability to manage sustainability-related risks is of high importance. It also assesses the company's understanding of its potential risks of violating human rights and whether such risks are systematically mitigated in the company's operations (see more about Swedbank's sustainability analysis on page 212).

As support for the analysis, the advisor has sector guidelines on sustainability risks specific to each sector to facilitate dialogue and risk assessment. The guidelines create further opportunities to identify and minimise potential and actual risks that commonly occur in the company's operational context. For example, companies in mining and metals are analysed and informed of concerns involving respect for the local population, gender equality and occupational health and safety. If the company is considered to have material sustainability risks, the case is forwarded to a credit committee for final decision. All firms financed by Swedbank undergo an annual follow-up on sustainability aspects. The follow-up also covers issues that give Swedbank a chance to persuade the companies to better address human rights.

Swedbank Robur's investment process includes an analysis of all holdings in terms of how well they live up to international conventions and declarations of human rights based on the OECD Guidelines for Multinational Enterprises and the ILO's core conventions, among other things. Every investment is also preceded by a risk assessment that includes human rights, based on the risks associated for example with the industry, geographic location and whether the company is mature enough to identify, prevent and manage social, environmental and governance issues. To prevent and reduce serious consequences involving human rights, Swedbank Robur participates in different types of dialogues with companies. There are various types of dialogues: with companies at especially high risk that are on Swedbank Robur's watch list, in response to incidents, on topics such as human rights, and as a stakeholder in companies in which the funds are major investors. Children are an especially vulnerable group and Swedbank Robur has a position statement on children's rights, which is used to influence companies.

Swedbank has adopted a Group position statement on the defence equipment, which sets the conditions for providing financial services to this sector and is safeguarding against human rights violations. Swedbank has among other things zero tolerance for nuclear weapons and controversial weapons, which means it will not provide financial services to companies that produce, maintain or trade with these weapons.

Gender equality and diversity in the bank's operations

All employees of the bank receive mandatory sustainability training on topics such as gender equality, diversity and human rights. Gender equality and diversity are important to the bank's work environment and corporate culture. For that reason, Swedbank tries to represent people with different backgrounds, ethnicities and ages in its marketing. To further improve working conditions for employees, Swedbank encourages continuous dialogue between managers and employees in addition to the basic training. The Group Executive Committee supports development in this area by clearly integrating an equality perspective in the business. For more information on Swedbank's work, see page 219–222.

Swedbank's internal work involving human rights issues is evaluated continuously, both when specific indicators of lapses arise, but also in general, where approaches and activities are discussed and analysed to increase the bank's understanding of what can possibly cause harm. The continuous evaluation gives Swedbank the opportunity to work proactively and take appropriate measures. This approach has led to changes, for example, in work processes, internal training and integration of specific activities and projects.

Supply chain evaluations

Swedbank assesses risks related to human rights in its procurement process. The scope of the assessment depends on the industry and where the supplier is located geographically, which is determined through an initial screening. If the supplier is considered high risk with respect to human rights, a more thorough evaluation is conducted. In addition, all suppliers that are part of the bank's central procurement unit must sign Swedbank's Code of Conduct for Suppliers, where human rights expectations are a critical element. Existing suppliers are monitored, mainly through dialogue, to determine whether established demands are being met. The monitoring also gives Swedbank the opportunity to consider any changes in the suppliers' operational contexts that could impact human rights. For more information on Swedbank's work, see page 215.

Swedbank's Code of Conduct for Suppliers requires due diligence on human rights, and the bank therefore expects all suppliers to report any violations, whereupon Swedbank, together with the specific supplier in certain cases, decides on suitable measures. This could, for example, entail modifications to operational processes without delay.

S10 Taxes

Material topic:

Responsible corporate governance

Business ethics

- Taxes are an important sustainability issue and Swedbank strives to be transparent in all tax reporting and contacts with authorities.



Reporting in accordance with the new GRI tax standard (GRI 207: TAX 2019), which includes disclosures on tax strategy, governance and risk management.

Being a good taxpayer and contributing to the community is a fundamental part of a company's sustainability work. In accordance with Swedbank's vision and values, it is important to address tax issues responsibly, ethically and transparently. This responsibility applies to tax issues that affect both the bank and its customers.

Taxes are an important sustainability issue for Swedbank. Since 2008, Swedbank has a Group-wide Tax Policy adopted by the Board of Directors (available on swedbank.com/sustainability). The policy is updated annually. Swedbank follows current Swedish and international tax laws, regulations and standards, but also strives to act in accordance with the laws' purpose. Swedbank openly reports operating profits, assets and tax costs in every country where it operates. Swedbank acts transparently in all communication with tax authorities in all relevant countries and tries to maintain strong, long-term relationships built on openness and trust. In situations where there may be alternative interpretations of case law, Swedbank relies on internal and/or external experts to ensure appropriate and accurate interpretations. When needed Swedbank enters into dialogue with the tax authorities.

Swedbank's economic contribution

In addition to paying corporate tax, Swedbank is a major employer in its home markets and provides jobs for more than 16 500 people. By paying social security charges for its employees, the bank contributes to social welfare. Swedbank incurs large net costs for value-added tax (VAT). In addition, Swedbank pays bank fees in the form of a resolution fee and deposit guarantee fee, which contribute to society's financial stability. Swedbank's total cost for taxes and social security was approximately SEK 8 600m in 2021. During the year, Swedbank also paid approximately SEK 1 250m in bank fees.

Operating taxes

The sustainability analysis conducted in connection with corporate loan applications requires the borrower to transparently report taxes. Swedbank has internal processes to reduce the risk that its operations are exploited for tax evasion purposes.

Swedbank does not provide tax advice or engage in artificial arrangements whose main purpose is tax avoidance. Transactions containing elements that typically could be interpreted as tax-driven receive extra scrutiny. In difficult situations a transaction can be escalated to the Group's Business Ethics Committee. Swedbank withholds, pays and reports the taxes that its private customers owe for interest, dividends and various types of savings.

In addition to the Tax Policy, the Swedbank Group has position statements on tax issues, e.g. in the bank's sector guidelines and in Swedbank's public positions on investments and asset management.

Internal tax management

Ultimate responsibility for tax management and tax policy rests with the Board of Directors. Swedbank's CEO makes sure that tax policy is followed and that the right resources and competence are available to the organisation to manage tax issues. The Group Corporate Tax and Group Operational Tax departments monitor compliance, including by annually reviewing the tax statements of large Group companies, questioning any differences between the subsidiaries' effective tax rates and the standard tax rate, and examining the Group's internal pricing. Further, the bank's control functions perform risk-based compliance reviews of documentation, reporting and tax deductions for customers. In addition, there are externally performed controls made by the tax authorities in the bank's home markets and by US tax authorities with respect to specific US requirements. The external auditors review the tax expense and the sustainability report.

All activities in Swedbank should be characterised by high ethical standards, where every transaction, relationship and activity are assessed based on the bank's ethical norms and positions. Swedbank will not engage in aggressive tax planning, the main purpose of which is to reduce tax costs. Swedbank has a whistleblower routine for employees and other stakeholders to report suspicious misconduct that do not align with the bank's values, policies or ethical norms, including Swedbank's Tax Policy (whistleblower routine).

Tax issues that entail a material financial risk and/or reputational risk for the Swedbank Group are reported to the CEO and Board of Directors. Through an annual materiality analysis, Swedbank evaluates the significance of external tax reporting by its stakeholders.

Swedbank is an active member of the Swedish Bankers' Association's tax committee, which in turn is a consultative committee on new tax legislation.



Sustainability notes

2021	Sweden	Estonia	Latvia	Lithuania	Norway	USA	Finland	Denmark	Luxembourg	China	Spain	Total
Primary activities of the organisation ¹	RB, WB, AM, Other	RB, WB, AM, Other	RB, WB, AM	RB, WB, AM	RB, WB, AM	RB, WB, Other	RB, WB	RB, WB	Business being phased out	RB, WB	Other	
Number of employees ²	9 315	2 491	1 886	2 485	267	13	53	35		18	2	16 565
Revenues from thirdparty sales ³	35 943	3 712	2 085	2 783	2 126	84	-129	188	2	85	11	46 890
Revenues from intragroup transactions ³	913	273	89	195	-516	71	711	11		-52		1 695
Operating profit (SEKm) ³	20 709	2 042	820	1 255	277	55	554	84		16	5	25 817
Tangible assets (SEKm)	3 743	283	332	828	248	35	38	10		6		5 523
Tax expense – paid (SEKm)	3 740	306	32	185	-78	-2	42	2		4		4 231
Current tax expense – accrued (SEKm)	3 950	304	22	200	35	14	108	7		4	1	4 645
Non-deductible VAT (SEKm)	1 408	68	51	140	14							1 681
Social security contributions (SEKm)	1 794	272	115	14	55	2	2	5		3		2 262
Resolution fees (SEKm)	682	26	28	36	15		4	1				792
Deposit guarantee fees (SEKm)	251	52	85	72								460
Effective tax rate, excl. temp differences (%)	19.1	14.9	2.7	15.9	12.6	25.5	19.5	8.3	25.0	25.0	25.0	18.0
Statutory tax rate (%)	20.6	14.0	20.0	20.0	25.0	25.0	20.0	22.0	25.0	25.0	25.0	
Difference current/statutory tax	-1.5% (-316)	0.9% (18)	-17.3% (-142)	-4.1% (-51)	-12.4% (-34)	0.5% (0)	-0.5% (-3)	-13.7% (-12)	0% (0)	0% (0)	0% (0)	(-540)
Explanation difference current/statutory tax (SEKm)												
Special tax rate for insurance business	-200											-200
Associated companies reported after tax	-167				-21			-13				-201
Non-deductible interest on subordinated loans	159											159
Temporary differences	-113	15		-22	-6			-3				-129
Latvia taxed at dividend distribution (temporary difference)			-143									-143
Variable tax rate within jurisdiction				-9	-4							-13
Other	5	3	1	-20	-3		-3	4				-13

1) RB-Retail banking, WB-Wholesales banking, AM-Asset management

2) Number of Group employees at year-end excluding long-term absentees in relation to hours worked expressed as full-time positions

3) Amounts are based on consolidated financial statements. Intra-group transactions within each jurisdiction have been eliminated

List with names of tax resident entities per jurisdiction can be found at [swedbank.com/investor-relations/risk-and-capital-adequacy.html](https://www.swedbank.com/investor-relations/risk-and-capital-adequacy.html)



About this sustainability report

2020 is the twelfth year in a row that Swedbank's report has followed GRI's framework for sustainability reporting. The GRI report is linked to material topics, which are defined based on the bank's materiality analysis, and how these material topics coincide with GRI's general and topic-specific disclosures.

Data collection and calculation methods

Swedbank's data collection process utilises a large number of internal and external systems. The data that appears in the sustainability report is reported by the bank's data suppliers through Swedbank's digital sustainability platform.

The systems used to collect, and in some cases calculate, the data and statistics presented in each section are reported below:

S1 Accessible banking: The information in the section is mainly compiled through the bank's financial reporting. The number of payments is obtained through the platform jointly owned by Swedish banks to facilitate Swish payments in real time.

S2 Sustainable investment: The information on assets under management per fund is obtained from the bank's financial system. The climate calculations are based on data from an external supplier. Sustainability analyses are performed using an internal programme at Swedbank Robur based on data from several large ESG data suppliers. Dialogs are logged.

S3 Sustainable finance: The information on corporate loans is obtained from the bank's financial reporting. The volume of sustainability-related products is compiled from internal and external systems. The information on sustainability analyses that have been performed is obtained from several different CRM systems.

S4 Procurement: The bank's supplier statistics are compiled through the Supplier Risk & Contract Management and an external digital platform.

S5 Environmental impacts: A digital system for climate calculations is provided by an external supplier. Data on consumption of energy, paper and water as well as security transports and waste management is compiled directly from the bank's suppliers. Information on the bank's business travel is compiled through a system

from an external supplier, and Autoplan's car leasing data is obtained from the bank's fleet administration system.

A limited selection of environmental data is based on a different financial period than the standard sustainability reporting.

S6 Employees: The information is obtained from the bank's HR system and training data from the internal training portal.

S7 Business ethics and information security: Data on suspicious orders and transactions (MAR) and reports of suspicious transactions regarding money laundering/terrorist financing (SAR) are obtained from systems specially designed for this purpose. Whistleblower reports are registered and filed through internal systems and handled by the Compliance unit, PayEx is not included.

S8 Societal engagement: The information is compiled through several different internal systems and the bank's internal sponsorship navigator, a system designed for Swedbank.

H9 Human rights: Sustainability analyses by Swedbank Robur are based on data from several large ESG data suppliers. Information on sustainability analyses within lending is obtained from several different CRM systems.

S10 Taxes: The information is obtained from the bank's financial notes, internal reporting system and HR system.

Changes, recalculations and omissions

Changes and recalculations of measurement data are reported when the information that has been calculated in a new way is presented in the report. Swedbank report according to the GRI Standards, Core level, but make a few omissions as indicated in the table below.

GRI Standard	Reasons for omission	Explanation
205-1	Not applicable	The percentage, type of corruption risk identified through the risk assessment in each core process, and total number analysed based on corruption risks are measured only for certain parts of the organisation and, as a result, key figures cannot be presented for the Group as a whole. Swedbank is working actively to develop its risk assessments. The bank will work to include these indicators in coming years.
405-1	Not applicable	Age groups by employment contract is not a key indicator that Swedbank uses in its reporting today. The bank will work to include these indicators in coming years.



GRI Content Index

Swedbank reports according to the GRI Standards, level core. Shown below are the GRI indicators associated with the key topics that were defined based on the bank's materiality analysis, and how these key topics align with GRI's general and topic-specific disclosures. The same table shows how Swedbank's work supports the Global Compact's ten principles and how Swedbank lives up to the Swedish act on sustainability reporting. One or more disclosures are reported for each material topic. Swedbank has used one or more of GRI's disclosures where available and report them in the table below. For material topics that lack GRI disclosures, the bank's own disclosures have been used. At least one general or topic-specific disclosure is reported for each of Swedbank's material topics in accordance with the GRI Standards. Swedbank's sustainability reporting aligns with the GRI's four principles for defining report content: stakeholder inclusiveness, materiality, sustainability context and completeness.

closure is reported for each of Swedbank's material topics in accordance with the GRI Standards. Swedbank's sustainability reporting aligns with the GRI's four principles for defining report content: stakeholder inclusiveness, materiality, sustainability context and completeness.

GRI 101: Foundation
GRI 102: General Disclosures
GRI 103: Management Approach
GRI 200: Economic
GRI 300: Environmental
GRI 400: Social

Disclosure number	Disclosure title	Page reference	Global Compact (principle no.)
GRI 101: Foundation			
GRI 102: General disclosures			
Organisational profile			
102-1 (GRI 2016)	Name of the organisation	Front cover	
102-2 (GRI 2016)	Activities, brands, products, and services	117 note G6	
102-3 (GRI 2016)	Location of headquarters	70 note G1	
102-4 (GRI 2016)	Location of operations	118 note G7	
102-5 (GRI 2016)	Ownership and legal form	30–31	
102-6 (GRI 2016)	Markets served	7, 32, 118 note G7	
102-7 (GRI 2016)	Scale of the organisation	13, 32–33, 65–67, 70 not K1, 111 not K6, 124 not K13	
102-8 (GRI 2016)	Information on employees and other workers	124 note G13, 219–222	1–6
102-9 (GRI 2016)	Supply chain	215	1–6
102-10 (GRI 2016)	Significant changes to the organisation and its supply chain	215	1–10
102-11 (GRI 2016)	Precautionary principle or approach	199	7–9
102-12 (GRI 2016)	External initiatives	19, 22, 200	
102-13 (GRI 2016)	Memberships of associations	200	
Strategy			
102-14 (GRI 2016)	Statement from senior decision-maker	4–6	
Ethics and integrity			
102-16 (GRI 2016)	Values, principles, standards, and norms of behaviour	24, 199, 215, 226	1–10
Governance			
102-18 (GRI 2016)	Governance structure	42–63	
Stakeholder engagement			
102-40 (GRI 2016)	List of stakeholder groups	202	
102-41 (GRI 2016)	Collective bargaining agreements	221	3
102-42 (GRI 2016)	Identifying and selecting stakeholders	20, 202	
102-43 (GRI 2016)	Approach to stakeholder engagement	20, 202	
102-44 (GRI 2016)	Key topics and concerns raised	20, 202	
Reporting practice			
102-45 (GRI 2016)	Entities included in the consolidated financial statements	18, 34–41	
102-46 (GRI 2016)	Defining report content and topic boundaries	20–21, 199–202, 229–230	1–10
102-47 (GRI 2016)	List of key topics	21	
102-48 (GRI 2016)	Restatements of information	63, note G2, 218, 220	
102-49 (GRI 2016)	Changes in reporting	20–21, 202	
102-50 (GRI 2016)	Reporting period	18, 244	
102-51 (GRI 2016)	Date of most recent report	18	
102-52 (GRI 2016)	Reporting cycle	18	
102-53 (GRI 2016)	Contact point for questions regarding the report	254	
102-54 (GRI 2016)	Claims of reporting in accordance with the GRI Standards	18, 230	
102-55 (GRI 2016)	GRI content index	230–233	
102-56 (GRI 2016)	External assurance	18, 244	1–10



GRI Topic-specific disclosures

Below is a list of specific disclosures associated with the key topics as defined based on the year's materiality analysis, and how these key topics align with GRI's topic-specific disclosures. The same table shows how our work supports the Global Compacts ten principles.

One or more disclosures are reported for each key topic. Swedbank has used one or more of GRI's disclosures where available and report them in the table below using GRI's designations. For material topics that lack GRI disclosures, Swedbank has used its own disclosures, which do not have GRI designations. At least one topic-specific disclosure is reported for each of our material topics in accordance with the GRI Standards.

Disclosure number	Key topics	Topic-specific disclosure	Page reference	Global Compact (principle no)
Business ethics				1–10
GRI 103: Management Approach				
103-1 (GRI 2016)		Explanation of the key topic and its boundary	20–21, 223–224	
103-2 (GRI 2016)		Management	42–63, 199–200	
103-3 (GRI 2016)		Sustainability management assessment	199–200, 223–224	
GRI 201: Economic Performance				
201-1 (GRI 2016)		Direct economic value generated and distributed	225	
		Reporting of taxes for the year	129 note G18, 227–228	
		Reporting of profit for the year	2, 65–66	
Attractive employer				1–6
GRI 103: Management Approach				
103-1 (GRI 2016)		Explanation of the key topic and its boundary	20–21, 25–26, 219–220	
103-2 (GRI 2016)		Management	42–63, 199–200	
103-3 (GRI 2016)		Sustainability management assessment	199–200, 219–222	
GRI 401: Employment				
401-1 (GRI 2016)		New employee hires and employee turnover	221	
GRI 404: Training and Education				
404-1 (GRI 2016)		Average hours of training per year per employee	220	
404-3 (GRI 2016)		Percentage of employees receiving regular performance and career development reviews	220, 222	
GRI 405: Diversity and Equal Opportunity				
405-1 (GRI 2016)		Diversity of governance bodies and employees	42–63, 124 note G13, 221–222	
Financially stable bank				1–10
GRI 103: Management Approach				
103-1 (GRI 2016)		Explanation of the key topic and its boundary	10–11, 20–21, 34–41	
103-2 (GRI 2016)		Management	42–63, 199–200	
103-3 (GRI 2016)		Sustainability management assessment	199–201	
GRI 201: Economic Performance				
201-1 (GRI 2016)		Direct economic value generated and distributed	225	
		Results and ROE	2, 65–66	
		Capital adequacy ratio	109 note G4	
		Profit for the year	2, 65–66	
		Dividend per share	2, 30–31	
Sustainable investment				1–10
GRI 103: Management Approach				
103-1 (GRI 2016)		Explanation of the key topic and its boundary	20–21, 210–211	



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Disclosure number	Key topics	Topic-specific disclosure	Page reference	Global Compact (principle no)
103-2 (GRI 2016)		Management	42–63, 199–200	
103-3 (GRI 2016)		Sustainability management assessment	199–200, 210–211	
G4-FS10		Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental or social issues	210–211	
Sustainable financing				1–6
GRI 103: Management Approach				
103-1 (GRI 2016)		Explanation of the key topic and its boundary	20–21, 26–27, 206–208, 212–214	
103-2 (GRI 2016)		Management	42–63, 199–200	
103-3 (GRI 2016)		Sustainability management assessment	201, 212–214	
		Households with loan-to-value ratio over 70% of property value	212	
		Share of households with loan-to-value ratio over 70% that amortise	212	
G4-FS6		Percentage of the portfolio for business lines by specific region, size and by sector	213	
G4-FS7		Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	213–214	
G4-FS8		Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	213–214	
Promote climate transition				7–9
GRI 103: Management Approach				
103-1 (GRI 2016)		Explanation of the key topic and its boundary	20–21, 24–25, 206–208, 216	
103-2 (GRI 2016)		Management	42–63, 199–200, 206–208	
103-3 (GRI 2016)		Sustainability management assessment	201, 216–218	
GRI 302: Energy				
302-3 (GRI 2016)		Energy intensity	218	
GRI 305: Emissions				
305-1 (GRI 2016)		Direct (Scope 1) GHG emissions	216–217	
305-2 (GRI 2016)		Energy indirect (Scope 2) GHG emissions	217	
305-3 (GRI 2016)		Other indirect (Scope 3) GHG emissions	217	
305-4 (GRI 2016)		GHG emissions intensity	216–218	
GRI 306: Waste				
306-3 (GRI 2016)		Waste generated	218	
Combat financial crime				10
GRI 103: Management Approach				
103-1 (GRI 2016)		Explanation of the key topic and its boundary	20–21, 26	
103-2 (GRI 2016)		Management	42–63, 199–201	
103-3 (GRI 2016)		Sustainability management assessment	201, 223–224	
GRI 205: Anti-Corruption				
205-1 (GRI 2016)		Operations assessed for risks related to corruption	223–224, 229	
205-2 (GRI 2016)		Communication and training about anti-corruption policies and procedures	199, 220, 223	
		Percentage of suppliers undergoing business ethics riskassessments	215	
		Percentage of holdings in fund portfolios undergoing business ethics risk assessments	210–211	
		Number of corporate customers undergoing business ethics risk assessments	212	
		Number of suspicious orders and transactions reported	224	



Sustainability Reports and notes

Disclosure number	Key topics	Topic-specific disclosure	Page reference	Global Compact (principle no)
		Number of suspicious transactions regarding money laundering/terrorist financing reported	224	
	Societal engagement			1–6
GRI 103: Management Approach				
103-1 (GRI 2016)		Explanation of the key topic and its boundary	20–21, 224–225	
103-2 (GRI 2016)		Management	42–63, 199–200	
103-3 (GRI 2016)		Sustainability management assessment	201, 224–225	
GRI 201: Economic Performance				
201-1 (GRI 2016)		Direct economic value generated and distributed	225	
		Social investment	225	
	Responsible governance			1–6, 10
GRI 103: Management Approach				
103-1 (GRI 2016)		Explanation of the key topic and its boundary	20–21, 223–224	
103-2 (GRI 2016)		Management	42–63, 199–200	
103-3 (GRI 2016)		Sustainability management assessment	124 note G13, 223–224, 228	
		Compensation within Swedbank	124 note G13	
GRI 201: Economic Performance				
201-3 (GRI 2016)		Defined benefit plan obligations and other retirement plans	124 note G13	
207-1 (GRI 2016)		Approach to tax	227–228	
207-2 (GRI 2016)		Tax governance, control and risk management	227–228	
207-3 (GRI 2016)		Stakeholder engagement and management concerns related to tax	202, 227–228	
207-4 (GRI 2016)		Country-by-country reporting	118 note G7, 228	
	Secure and stable IT systems			3–6, 10
GRI 103: Management Approach				
103-1 (GRI 2016)		Explanation of the key topic and its boundary	20–21, 27, 223–224	
103-2 (GRI 2016)		Management	42–63, 199–200	
103-3 (GRI 2016)		Sustainability management assessment	223–224	
		Number of complaints from registered parties to data protection officer	224	
		Number of complaints from Swedish Data Protection Authority	224	
	High availability			1–2
GRI 103: Management Approach				
103-1 (GRI 2016)		Explanation of the key topic and its boundary	20–21, 209	
103-2 (GRI 2016)		Management	42–63, 199–200	
103-3 (GRI 2016)		Sustainability management assessment	209	
		Availability in digital channels	209	



PRB Self-Assessment

The following table shows page references in Swedbank's Annual and Sustainability Report where PRB reporting is presented. Swedbank's PRB Self-Assessment follows the Principles of Responsible Banking's requirements for self-assessment.

Areas 2.1, 2.2, 2.3, 2.4, 5.3 and 6.1 and have been reviewed by PwC (limited assurance) in accordance with the assurance report on page 244.

Requirement	Swedbank's self-assessment	Reference
Principle 1: Alignment <i>Swedbank will align its business strategy to be consistent with and contribute to the UN Sustainability Development Goals, the Paris Agreement and other relevant and national frameworks, from both the individual's and society's perspective.</i>		
1.1 Description of business model	- Swedbank is a leading bank for the many households and companies in its four home markets: Sweden, Estonia, Latvia and Lithuania. Swedbank's main business is organised in three product areas: lending (residential and commercial properties), payments (cards and payment processing) and savings (funds, equities and deposits). - Main customer segments: private customers, corporate customers, tenant owner associations, public sector and financial institutions. - Swedbank's corporate lending based on largest sector exposure: property management, agriculture, forestry & fishing, and manufacturing.	12–13, 32–33, 79 note G3, 117 note G6, 245
1.2 Description of the business strategy	Swedbank's purpose is rooted in its 200-year history, where the bank has, since the start of the savings bank movement, been committed to providing opportunities for all people to improve their financial situation. This idea remains unchanged and is central to the bank's purpose to this day and established by offering relevant advice, services and products to the many customers in its home markets every day. For more information on Swedbank's sustainable business strategy, see pages 7–12.	7–12
Principle 2: Impact and Target Setting <i>Swedbank will continuously increase its positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from the bank's activities, products and services. To this end, Swedbank will set and publish targets where the bank has the most significant impacts.</i>		
2.1 Impact analysis	- A portfolio impact analysis was conducted at the Group level during the year. The tool applied in the impact analysis was the UNEP FI Portfolio Impact Analysis Tool v.2. Products and services were analysed for the private and corporate markets in Sweden, Estonia, Latvia, Lithuania and Norway. Asset management, insurance and capital market products were not included in the analysis. - Swedbank will work together with sectors where the bank has opportunities to increase positive impacts, e.g. by meeting and financing transition pathways.	20–21, 203, 234
2.2 Target setting	Swedbank has adopted two targets based on the outcome of the impact analysis. The first is that the bank in 2022 will set validated science-based climate targets for all asset classes where methods from SBTi are available. The baseline year is 2020. However, for any future climate targets that are adopted the baseline year may differ. This target is a key element in the bank's strategic approach to climate change and is focused on sectors where the bank has a major impact and exposure. The second target is that in 2022 Swedbank will increase its sustainable finance. Total sustainable finance volume amounted to SEK 56bn at year-end 2021. To achieve this target, the bank will work with customers by offering advice and financing solutions to support their transition. The bank concludes that the targets that have been adopted do not constitute a risk for society and the UN Sustainable Development Goals. However, the bank believes it is important to continuously evaluate this.	203, 234
2.3 Plan for target implementation and monitoring	- The targets comprise the entire Group and are implemented at the management level within each business area and relevant Group function as a part of the bank's day-to-day activity and business planning. This means that the targets are monitored continuously during the year. A Group-wide project with representatives from the bank's various business areas, Group functions and subsidiaries was established to draft climate targets for the real estate sector aligned with the Paris Agreement. These targets are implemented in operations and can therefore be measured and continuously monitored in accordance with established performance metrics. This also includes Swedbank's five-year transformation plan, which was developed during the year. - To support the transition in sectors (e.g. agriculture and forestry) where it has identified an opportunity to reduce the impacts on the climate and resource consumption, the bank considers it important to develop sustainable financing. The target to increase the bank's sustainable finance is integrated in the business areas' activity plans and specific KPIs are implemented to monitor volume growth.	203, 234
2.4 Progress on implementing targets	Implementation of the targets is continuously monitored internally and reported publicly in the next sustainability report.	203, 234
Principle 3: Clients and Customers <i>Swedbank will work responsibly with its customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.</i>		
3.1 Policies and practices	- Swedbank's governing sustainability framework, policies (adopted by the Board of Directors), instructions/position statements (adopted by the CEO) and sector guidelines are implemented in the bank and updated annually. The results of the bank's sustainability policies are reported on pages 18–29 and 199–227. - The rules adopted at the EU level tied to the EU's Green Deal and the EU Action Plan for Financing Sustainable Growth provide support for Swedbank's effort to encourage sustainable choices in customer interactions.	18 se not K13 29, 199–227
3.2 Encourage sustainable practices and activities	Swedbank's vision is a society that is financially sound and sustainable. To promote sustainable growth, it is imperative that Swedbank allocates capital to firms whose business models contribute to the necessary transition. Engagement and interest in sustainability are rapidly growing. During the year, Swedbank therefore intensified its effort to develop and strengthen ESG products and services. For example, the bank has developed a sustainability analysis to use in lending and Swedbank Robur has developed more ESG funds.	28–29, 212–214



Requirement	Swedbank's self-assessment	Reference
Principle 4: Stakeholders <i>Swedbank will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.</i>		
4.1 Stakeholder engagement and partnerships	- Communication with stakeholders is important to the bank's operations, and an open dialogue is maintained with various groups in society. Swedbank's main stakeholder groups are customers, employees, owners/investors and society at large. Issues that were addressed and which the bank collaborated on with stakeholders during the year are shown on page 20–21 and 202. - A Group-wide materiality analysis was conducted in 2020 with nearly 2 000 responses to a survey on how the bank should prioritise various sustainability issues. Two key areas that were given high priority were secure and stable IT systems and business ethics. - Swedbank has established partnerships with the goal of developing and delivering solutions for sustainable production and consumption. One example is the partnership with the talent matching firm Gigstr, where an initiative called "Switch Jobs" helps companies to share employees to meet their staffing needs. Another example is the ongoing work with P27 NPP (Nordic Payment Platform), a clearing platform owned by the six largest Nordic banks to promote trading in and between the Nordic countries by building a common, modern and cost-effective infrastructure for clearing and settlement for the Nordic payment market.	20–21, 202
Principle 5: Governance and Culture <i>Swedbank will implement its commitment to these principles through effective governance and a culture of responsible banking.</i>		
5.1 Governance structure	- Swedbank has an effective governance structure which enables the creation of long-term value for the bank's owners and other stakeholders. Swedbank's policies, position statements and guidelines in this area provide the foundation for governance of Swedbank's sustainability work. For more information on Swedbank's sustainability management, see page 199–200. - Swedbank has established an ethics committee to support the CEO with effective management and oversight in the areas of ethics and sustainability. The members represent the bank's various business areas and Group Functions. Members of the Group Executive Committee are represented as well. Swedbank's Head of Group Brand, Communication & Sustainability is chair of the committee, whose purpose is to guide the organisation to minimise sustainability risks and any negative impacts caused by and for the bank.	199–200
5.2 Initiatives and measures	Swedbank has implemented several initiatives and measures to support sustainability integration. For more detailed information, see pages 18–29 and 199–227.	18–29, 199–227
5.3 Governance structure for implementation of the principles	The governance structure and increased focus on sustainability support the bank's implementation of the principles. Swedbank has established two Group-wide targets as a result of the impact analysis of its portfolio. KPIs to monitor targets set by Group Executive Management are implemented in relevant business areas and Group functions and align with the bank's ordinary activity structure. To support efforts to achieve the targets, the number of sustainability-oriented products has been expanded, a clearer focus on sustainability in advisory services has been established, and an extensive training program on climate change has been launched to improve the knowledge of the bank's employees. The targets are continuously monitored.	199–201
Principle 6: Transparency and Accountability <i>Swedbank will periodically review its individual and collective implementation of the principles and be transparent about and accountable for its positive and negative impacts and contribution to society's goals.</i>		
6.1 Progress on implementing the Principles for Responsible Banking	The bank is reporting for the second year according to the Principles for Responsible Banking. The year's report shows the results of the impact analysis that was conducted and the bank's adopted targets and results. Examples of results are that sustainable financing has increased during the years 2020–2021 and that the bank has begun calculations of the bank's financed emissions in order to be able to set validated science based reduction targets. Swedbank monitors other banks' reporting on the principles and the work to implement them. Swedbank's aim is to achieve a high level in its reporting and be inspired by best practices in order to deeply integrate the principles in its daily work.	201, 203, 209–227, 235
Conclusion: <i>Swedbank concludes that it has met the requirements for progress in implementing the Principles for Responsible Banking. Swedbank's conclusion is that the bank specifically meets the requirements for progress on the principles 2.1, 2.2, 2.3, 2.4, 5.3, and 6.1.</i>		



Reports and notes Sustainability

TCFD index

The following table shows page references in Swedbank's Annual and Sustainability Report where TCFD reporting is presented.

Reference	Page
Governance	
a) Describe the board's oversight of climate-related risks and opportunities.	26–27, 199–200, 207
b) Describe management's role in assessing and managing climate-related risks and opportunities.	26–27, 199–200, 207
Strategy	
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	26–27, 206–208
b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	26–27, 206–208
c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	206–208
Risk management	
a) Describe the organisation's processes for identifying and assessing climate-related risks.	26–27, 99, 206–208
b) Describe the organisation's processes for managing climate-related risks.	26–27, 206–208, 212–214
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	26–27, 102 note G4, 206–208, 210–212
Targets and metrics	
a) Describe the metrics used by the organisation to assess climate-related risks and opportunities aligned with its strategy and risk management process.	208, 210–212, 217–218
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	217–218
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	201, 210–211, 216–218

SASB index

The table below provides references on where to find information in Swedbank's sustainability reporting related to metrics applied in the Sustainability Accounting Standards Board (SASB) industry-specific standard for commercial banks.

Topic	Accounting Metric	Code	Page
Data Security	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected	FN-CB-230a.1	223–224
	Description of approach to identifying and addressing data security risks	FN-CB-230a.2	
Financial Inclusion	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	FN-CB-240a.1	209, 212–214, 224–225
	(1) Number and (2) amount of past due and non-accrual loans qualified to programs designed to promote small business and community development	FN-CB-240a.2	
	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	FN-CB-240a.3	
	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	FN-CB-240a.4	
Incorporation of Environmental, Social, and Governance Factors in Credit Analysis	Commercial and industrial credit exposure, by industry	FN-CB-410a.1	212–214
	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	FN-CB-410a.2	
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	FN-CB-510a.1	223–224, 113 note G5
	Description of whistleblower policies and procedures	FN-CB-510a.2	
Systemic Risk Management	Global Systemically Important Bank (G-SIB) score, by category	FN-CB-550a.1	Swedbank's systematic importance indicators, accessible at swedbank.com , 109 note G4
	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	FN-CB-550a.2	
Activity Metric		Code	Page
	(1) Number and (2) value of current and savings accounts by segment: (a) personal and (b) small business	FN-CB-000.A	
	(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate	FN-CB-000.B	



Sustainability reporting

In 2017 sustainability reporting requirements were introduced in the Swedish Annual Accounts Act (chapter 6, paragraph 12). The new requirements state that sustainability reports must contain the sustainability disclosures needed to understand the company's development, financial position and results and the consequences of its activities, including disclosures on the environment, social

conditions, HR, respect for human rights and anti-corruption. The following table with page references to the report is provided to show how Swedbank meets the new legal requirements. Swedbank's taxonomy reports is found on pages 204 and 216–217.

Page reference by area	Environment	Employees and Social conditions	Human rights	Anti-corruption
Business model	7, 9–11	7, 9–11	7, 9–11	7, 9–11
Material risks	26–27, 199–200, 202, 206–208, 216–218	26–27, 199–200, 202, 219–222	26–27, 199–200, 202, 212–215, 219–222, 226	26–27, 199–200, 202, 223
Policy, results and indicators ¹	- Note G3 page 71, 199–200, 206–208, 216–218 - Environmental Policy - ISO 14001 certified environmental management system - Position on climate change - Sustainability Policy - Swedbank's Code of Conduct - Code of Conduct for Suppliers - Responsible Investment Policy - Exclusion list	199–200, 219–222, 224–226 - Occupational Health and Safety Policy - Policy on Gender Equality, Diversity and Inclusion - Human Rights Policy - Sustainability Policy - Swedbank's Code of Conduct	199–200, 210–211, 212–215, 219–222, 226 - Human Rights Policy - Policy on Gender Equality, Diversity and Inclusion - Position on defence industry - Sustainability Policy - Swedbank's Code of Conduct - Code of Conduct for Suppliers - Responsible Investment Policy - Exclusion list	199–200, 223 - Anti-Corruption Policy - Anti-Money Laundering and Counter-Terrorist Financing Policy - Financial Reporting Policy - Sustainability Policy - Swedbank's Code of Conduct - Code of Conduct for Suppliers - Tax Policy - Whistleblower routine - Exclusion list
Management of risks	26–27, 199–200, 206–208, Note G3 page 71, Pillar 3 report, available at swedbank.com	26–27, Note G3 page 71, 199–200, Pillar 3 report, available at swedbank.com	26–27, Note G3 page 71, 199–200, Pillar 3 report, available at swedbank.com	26–27, Note G3 page 71, 199–200, Pillar 3 report, available at swedbank.com

1) All policies are available at swedbank.com/sustainability



Signatures of the Board of Directors and the CEO

Signatures of the Board of Directors and the CEO

The Board of Directors and the President hereby affirm that the annual report has been prepared in accordance with the Act on Annual Accounts in Credit Institutions and Securities Companies (ÅRKL), the instructions and general guidelines of the Swedish Financial Supervisory Authority (FFFS 2008:25) and the Swedish Financial Accounting Standards Council's recommendation RFR 2 Accounting for Legal Entities, and provides an accurate portrayal of the Parent Company's position and earnings and that the Board of Directors' Report provides an accurate review of trends in the company's operations, posi-

tion and earnings, as well as describes significant risks and instability factors faced by the company.

The Board of Directors and the President hereby affirm that the consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and provide an accurate portrayal of the Group's position and earnings and that the Board of Directors' report for the Group provides an accurate review of trends in the Group's operations, position and earnings, as well as describes significant risks and instability factors faced by the Group.

Stockholm 22 February 2022

Göran Persson
Chair

Bo Magnusson
Vice Chair

Bo Bengtsson
Board member

Göran Bengtsson
Board member

Annika Creutzer
Board member

Hans Eckerström
Board member

Kerstin Hermansson
Board member

Bengt Erik Lindgren
Board member

Anna Mossberg
Board member

Per Olof Nyman
Board member

Biljana Pehrsson
Board member

Roger Ljung
Employee representative

Åke Skoglund
Employee representative

Jens Henriksson
President and CEO

Our auditors' report was submitted on 23 February 2022

PricewaterhouseCoopers AB

Anneli Granqvist
*Authorised Public Accountant
Auditor in charge*

Martin By
Authorised Public Accountant

Auditors' report

Auditors' report

To the annual meeting of the shareholders of Swedbank AB (publ), corporate identity number 502017-7753

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Swedbank AB (publ) for the year 2021, except for the corporate governance statement on pages 42–62. The annual accounts and consolidated accounts of the company are included on pages 32–197 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and present fairly, in all material respects, the financial position of parent company as of 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies. The consolidated accounts have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and present fairly, in all material respects, the financial position of the group as of 31 December 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act for Credit Institutions and Securities Companies. Our opinions do not cover the corporate governance statement on pages 42–62.

The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Our audit approach

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. We considered where management and the Board of Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, considering the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

Swedbank's banking activities in all countries are audited by local PwC audit teams. The Swedbank group has centralized service centers, systems, and processes for several processes. We have organized the audit work by having our central audit team to carry out the testing of all centralized systems and processes. Local audit teams carry out additional testing based on our instructions.

Full scope audit and reporting is performed at entities with high significance and risk to the group. The audit is carried out in accordance with ISA and local audit requirements. The procedures applied generally include an assessment and testing of controls over key business processes, analytical procedures of individual account balances, tests of accounting records through inspection, observation, or confirmation, and obtaining corroborating evidential matter in response to inquiries.

For some entities, even though not considered to have high significance or risk, it is required from a group audit perspective to obtain assurance on certain accounting areas. In these cases, local audit teams are instructed to perform certain procedures and report back to us. The procedures applied generally include a detailed analytical review, reconciliation to underlying sub-ledgers, substantive testing for specific processes, areas and accounts, discussion with management regarding accounting, tax, and internal control as well as follow-ups on known issues from previous periods.

As part of our audit, we place reliance on internal controls for the business processes, applications/systems and related platforms that support Swedbank's accounting and financial reporting. Therefore, we perform audit procedures to determine that systems and processes are designed, maintained, operated, and kept secure in such a way as to provide assurance that the risk of error is minimized. The audit procedures include walk-throughs of processes and evaluation of design and test of effectiveness of controls. Substantive testing has also been performed.

Our audit is carried out continuously during the year with special attention at each quarter end. In connection with the Swedbank group's issuance of interim reports, we report our observations to the audit committee of the Board of Directors and issue interim review reports. Twice a year, we also report our main observations to the Board of Directors.

Auditors' report

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or mistakes. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole. These, together with qualitative considerations,

helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Key audit matter

Credit Impairment allowances on loans

Accounting for impairment of loans to customers requires subjective judgement over both timing and size of any such impairment.

Swedbank makes provisions for expected credit losses (ECL) in accordance with accounting standard IFRS 9 which categorize loans into three stages depending on the level of credit risk or changes in credit risk for each individual loan.

Stage 1 representing a probable 12 month Expected Credit Loss (ECL) applies to all loans performing as originally intended. For loans where there is deemed to be a significant increase in credit risk since initial recognition, stage 2, or loans in default, stage 3, a lifetime ECL is calculated. The ECL is calculated as a function of the probability of default, the exposure at default and the loss given default, as well as the timing of the loss. IFRS 9 also allows for expert credit judgement to be applied to loan loss provisioning.

The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Group's estimation of ECLs are:

Model estimations - inherently judgmental modelling is used to estimate ECLs which involves determining Probabilities of Default ("PD"), Loss Given Default ("LGD") and Exposures at Default ("EAD"). The PD models are the key drivers of the ECLs and impact the staging of assets. As a result, the PD models are considered the most significant judgmental aspect of the Group's ECL modelling approach.

Economic scenarios - IFRS 9 requires the Group to measure ECLs on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the economic scenarios used and the probability weightings applied to them.

Management overlays - Adjustments to the model-driven ECL results are raised by management to address known impairment model limitations or emerging trends. Such adjustments are inherently uncertain and significant management judgement is involved in estimating these amounts.

The economic scenarios and qualitative adjustments have been subject to an increased level of subjective judgements in the prior year because of the Covid-19 pandemic which has meant that the uncertainty involved in forward looking information has been increased. Some of this uncertainty remains this year.

Refer to Annual Report note G2 and P1 Accounting policies for critical judgements and estimates, G3 and P2 Risks for credit risk disclosures and note G17 and P13 Credit Impairments.

How our audit addressed the Key audit matter

In our audit we perform a variety of procedures over the credit impairments.

Controls testing: We performed end to end process walk-throughs to identify the key systems, applications and controls used in the ECL processes. We tested the relevant general IT and applications controls over key systems used in the ECL process.

Key aspects of our controls testing included testing the design and operating effectiveness of the controls covering the completeness and accuracy of the input data as well as the application of the staging criteria. We also evaluated the controls over the design, implementation, and monitoring of the models as well as controls over the calculation and authorization of year end management overlays.

Model estimations: Our experts on credit modelling have, together with the audit team, reviewed key assumptions and estimates and performed detailed recalculations for a sample of loans and model outputs for us to obtain comfort that the ECL is calculated correctly and that it is in line with our expectations. These recalculations were performed on the most significant models used in the loan portfolio.

Economic scenarios: We have involved our valuation experts to assess the reasonability of the assumptions Swedbank uses in their calculations of economic scenarios. This included analysis of Gross Domestic Product, property price increase and unemployment rate projections against other independent sources as well as our own professional judgement.

Tests of details: We have performed tests of details in many areas including the testing of key model inputs for a sample of loan contracts as well as testing the year end management overlays.

Disclosures: We have assessed whether the disclosures in the annual report appropriately disclose and address the uncertainty which exists when determining the expected credit losses.



Auditors' report

Key audit matter

Valuation of complex or illiquid financial instruments held at fair value

When accounting for financial instruments held at fair value, these are divided into three levels in accordance with IFRS 9. Level 1 are actively traded instruments where the value can be derived from a marketplace. Level 2 are instruments where the value is calculated using a model, but the model inputs can be derived from an actively traded marketplace such as foreign exchange rates or interest rates. Level 3 are instruments where the value is calculated using a model that is to a large extent dependent on estimates and judgements made by Swedbank.

Valuation of Level 2 and Level 3 financial instruments held at fair value was an area of audit focus due to the degree of complexity involved in valuing these positions, the judgements and estimates made by management and their significance in presenting both financial position and performance in the financial statements.

Determining the fair value of Level 2 and Level 3 financial instruments is inherently complex due to several factors including the structure of the instrument. The value of level 3 instruments is also based on inputs which are not observable in active markets and the use of valuation models to calculate the fair value. Because of these factors, the valuation of level 3 instruments is subject to significant estimation uncertainty and therefore involves significant judgement and estimates made by management.

Refer to the Annual Report note G2 and P1 Accounting policies for critical judgments and estimates, note G3 and P2 Risks for related market risk disclosures, note G45 Valuation categories of financial instruments, note G46 and P40 Fair value of financial instruments.

Financial effects from regulatory investigations of money laundering

As disclosed in the Board of Directors' report, authorities' investigations into anti money laundering and counter terrorist financing (AML/CTF) related matters continue. These investigations could potentially lead to significant consequences in the form of fines, withdrawn licenses, restrictions on currency trading and others ("the sanctions"). None of these investigations have been completed as of today.

Due to ongoing investigations, Swedbank have considered whether possible sanction fees should be accounted for as a provision or a contingent liability. The criteria to be evaluated are:

- if it is more likely than not that an economic outflow because of ongoing investigations will occur, and
- if the amount of the sanction can be reliably estimated.

At present, Swedbank considers that it is not yet possible to reliably estimate the timing or amount of any potential settlement or fines, which could be material.

Please refer to the Annual Report, Board of Directors' report, note G2 and P1 Accounting policies for critical judgments and estimates and G51 and P44 Assets pledged, contingent liabilities and commitments.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–31, 198–237, and 243–253. The other information also includes the Remuneration Report which we received before the signing date of this Auditor's report. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

How our audit addressed the Key audit matter

In our audit, we perform a variety of procedures over valuation of financial instruments held at fair value.

Controls testing: We performed end to end process walk-throughs to identify the key systems, applications and controls used in the valuation processes. We tested the relevant general IT and application controls over key systems used in the valuation of financial instruments held at fair value.

Key aspects of our controls testing included testing the design and operating effectiveness of key controls supporting the identification, measurement, and oversight of valuation risk of financial instruments, including:

- Test of appropriate segregation of duties.
- Examined Swedbank's model validation and approval processes.
- Controls over data feeds and valuation inputs.
- Fair value adjustments; and
- Swedbank's governance and reporting processes.

Test of details: We have performed tests of details for all three levels of financial instruments. For valuations dependent on unobservable inputs or models which involved a higher degree of judgement, we used our valuation specialists to perform independent valuations of a sample of positions.

Disclosures: We have assessed whether the disclosures in the annual report are appropriate.

In our audit, we perform a variety of procedures over financial effects from regulatory investigations of money laundering.

Test of details: We have considered the extent to which any deficiencies in regulatory compliance may affect the financial statements of the annual report. This includes accounting of and disclosures regarding provisioning and contingent liabilities.

We have not conducted a separate study regarding historical deficiencies in regulatory compliance. We have received Swedbank's own assessments in relation to accounting and reviewed these.

We have performed this through the following activities

- Inspected correspondence between Swedbank and authorities investigating the bank.
- Inquiry meetings and review of reports and legal opinions from Swedbank's internal and external legal counsel.
- Regular inquiries with responsible parties to understand the subject matter and communication
- with the applicable authorities.

Responsible parties include but are not limited to, the Risk committee of the board, the Audit committee of the board, the Governance committee of the board, the managing director, the Chief Financial Officer, the Group Compliance Officer, the Group Internal Auditor, the head of the Anti-Financial Crime unit, and the head of Special investigations task force.

Disclosures: We have assessed the risk that any of the ongoing investigations may result in effects that need to be presented in the annual report and, if so, to what amount and in what way this would occur.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also consider our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Auditors' report

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act or Credit Institutions and Securities Companies and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or mistakes.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts, as a whole, are free from material misstatement, whether due to fraud or mistakes, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or mistakes and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Swedbank AB (publ) for the year 2021 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company

and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant



Auditors' report

to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

THE AUDITOR'S EXAMINATION OF THE ESEF REPORT Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Swedbank AB (publ) for the financial year 2021.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report c09ccba2a1f17838488a95e227f2264f789b7f2d0ef1fec5038065507fac72b2 has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for the opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Swedbank AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for ensuring that the Esef report has been prepared in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or mistakes.

Auditor's responsibilities

Our responsibility is to form an opinion with reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the ESEF report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and

accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The reasonable assurance engagement involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts.

The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The reasonable assurance engagement also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a technical validation of the Esef report, i.e., if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, statement of financial position, statement of changes in equity and the statement of cash flow.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 42–62 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with ISA and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies.

PricewaterhouseCoopers AB was appointed auditor of Swedbank AB (publ) by the general meeting of the shareholders on the 25 March 2021 and has been the company's auditor since 2019.

Stockholm 23 February 2022

PricewaterhouseCoopers AB

Anneli Granqvist

Authorised Public Accountant
Auditor in charge

Martin By

Authorised Public Accountant

Assurance report Sustainability report

Auditor's Limited Assurance Report on Swedbank AB's Sustainability Report, self-assessment of the Principles for Responsible Banking and statement on the Statutory Sustainability Report

To the annual general meeting of Swedbank AB (publ.),
corporate identity number 502017-7753

This is a translation of the original report in Swedish.

Introduction

We have been engaged by the Board of Directors and the Chief Executive Officer of Swedbank AB to undertake a limited assurance of Swedbank AB's Sustainability Report and Swedbank AB's self-assessments/assertions of its fulfillment of its commitments as a signatory of the Principles for Responsible Banking for the year 2021. The company has defined the scope of its sustainability report on page 18. The self-assessment/assertions are defined on page 234. The statutory sustainability report is defined on page 237.

Responsibilities of the Board and Group Management

The Board of Directors and Group Management are responsible for the preparation of the Sustainability Report, and the self-assessment of the Principles for Responsible Banking and the statutory sustainability report, in accordance with the applicable criteria and the Annual Accounts Act. The criteria for the Sustainability Report are described on page 18 of the Sustainability Report, and consists of the parts of the GRI Sustainability Reporting Standards which are applicable to the Sustainability Report, as well as the accounting and calculation principles that Swedbank has developed. The criteria for Swedbank AB's self-assessment of its fulfilments of its commitments as signatory of the Principles for Responsible Banking are described on page 234 and cover the Principle for Responsible Banking assessment areas including 2.1 Impact Analysis, 2.2 Target Setting, 2.3 Plans for Target Implementation and Monitoring, 2.4 Progress on Implementing Targets, 5.3 Governance Structure for Implementation of the Principles and 6.1 Progress on Implementing the Principles for Responsible Banking. This responsibility also includes the internal control which is deemed necessary to establish a sustainability report that does not contain material misstatement, whether due to fraud or error.

Responsibilities of the Auditor

Our responsibility is to express a conclusion on the Sustainability Report and self-assessment of the Principles for Responsible Banking based on the limited assurance procedures we have performed and to provide a statement on the statutory sustainability report. Our assignment is limited to the historical information that is presented and thus does not include future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report

and applying analytical and other limited assurance procedures. We have conducted our examination regarding the statutory sustainability report in accordance with FAR's recommendation RevR 12, the Auditor's Opinion on the Statutory Sustainability Report. A limited assurance engagement and an examination according to RevR 12 have a different focus and a considerably smaller scope compared to the focus and scope of an audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The audit firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent in relation to Swedbank according to generally accepted auditing standards in Sweden and have fulfilled our professional ethics responsibility according to these requirements.

The procedures performed in a limited assurance engagement and an examination according to RevR 12 do not allow us to obtain such assurance that we become aware of all significant matters that could have been identified if an audit was performed. The conclusion based on a limited assurance engagement and an examination in accordance with RevR 12, therefore, does not provide the same level of assurance as a conclusion based on an audit has.

Our procedures are based on the criteria defined by the Board of Directors and the Group Management as described above. We consider these criteria as suitable for the preparation of the Sustainability Report and self-assessment of the Principles for Responsible Banking.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

Conclusion

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report and the self-assessment of the Principles for Responsible Banking is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Group Management.

A Statutory Sustainability Report has been prepared.

Stockholm, 23 February 2022

PricewaterhouseCoopers AB

Anneli Granqvist Karin Juslin
Authorised Public Accountant Expert Member of FAR



Market shares

Market shares

Market shares, per cent						Volumes, SEKbn				
Sweden	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Private Market										
Deposits ¹	19	19	19	20	20	454	420	384	381	357
Lending	21	21	22	23	23	992	950	921	904	867
<i>of which mortgage lending</i>	23	23	24	24	24	895	851	820	800	761
Bank Cards (thousands)	n.a.	n.a.	n.a.	n.a.	n.a.	4 413	4 384	4 345	4 291	4 226
Corporate Market										
Deposits ¹	16	16	16	18	17	273	241	190	186	173
Lending ¹	16	16	17	18	18	408	403	418	415	399

Market shares, per cent						Volumes, SEKbn				
Baltic countries	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Private Market										
Estonia										
Deposits	51	51	50	55	55	62	52	47	45	39
Lending	43	43	44	47	46	48	45	45	41	37
<i>of which mortgage lending</i>	44	45	45	46	46	41	38	37	34	31
Bank Cards (thousands) (as of 2021-09)	60	61	61	62	60	924	922	957	965	960
Latvia (as of 2021-09)										
Deposits	36	34	32	34	32	40	35	31	30	26
Lending	34	35	34	33	31	20	19	19	18	17
<i>of which mortgage lending</i>	40	40	38	37	34	18	17	17	15	14
Bank Cards (thousands)	49	48	48	46	45	1 007	1 011	1 017	1 013	1 000
Lithuania (as of 2021-09)										
Deposits	44	44	43	43	40	87	79	67	59	47
Lending	40	40	39	35	34	46	42	40	34	29
<i>of which mortgage lending</i>	39	39	38	35	33	41	38	36	31	26
Bank Cards (thousands)	54	53	52	51	51	1 689	1 685	1 668	1 657	1 673

Market shares, per cent						Volumes, SEKbn				
Baltic countries	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Corporate Market										
Estonia										
Deposits	43	44	45	45	43	54	51	43	38	35
Lending	37	37	38	37	37	45	41	41	39	35
Latvia (as of 2021-09)										
Deposits	27	28	24	25	15	24	24	20	21	17
Lending	20	22	21	20	17	17	17	18	17	15
Lithuania (as of 2021-09)										
Deposits	29	31	30	29	25	38	41	29	24	18
Lending	21	22	23	20	18	20	19	23	21	18

¹) Swedbank has updated the definitions of corporate lending and deposits in Sweden from Q2 2018. Corporate lending includes lending to non-financial corporations. Corporate deposits includes deposits from non-financial corporations. Previous periods have been restated.



Five-year summary Group

Five-year summary

Key ratios	2021	2020	2019	2018	2017
Profit					
Return on equity, %	13.2	8.9	14.7	16.1	15.1
Return on total assets, %	0.72	0.48	0.79	0.84	0.79
Cost/income ratio	0.44	0.54	0.43	0.38	0.39
Net interest margin before trading interest is deducted, %	0.92	1.01	1.06	1.02	1.03
Capital adequacy					
Common Equity Tier 1 ratio, %	18.3	17.5	17.0	16.3	24.6
Tier 1 capital ratio, %	20.2	18.7	19.4	18.0	27.3
Total capital ratio, %	22.4	21.0	21.8	21.5	30.7
Common Equity Tier 1 capital	129 644	120 496	110 073	103 812	100 510
Tier 1 capital	143 022	128 848	126 226	114 761	111 560
Total own Funds	158 552	144 737	141 554	136 993	125 256
Risk exposure amount	707 753	689 594	649 237	637 882	408 351
Credit quality					
Credit impairment ratio, %	0.01	0.26	0.09	0.03	0.08
Total credit impairment provision ratio, %	0.29	0.48	0.40	0.37	n/a
Share of Stage 3 loans, gross, %	0.37	0.62	0.82	0.69	n/a
Share of impaired loans, gross, %	n/a	n/a	n/a	n/a	0.55
Provision ratio for impaired loans, %	n/a	n/a	n/a	n/a	34
Total provision ratio for impaired loans, %	n/a	n/a	n/a	n/a	45
Other data					
Private customers, million	7	7	7	7.3	7.4
Corporate customers, thousands	620	616	618	620	625
Full-time employees	16 565	16 213	15 218	14 865	14 588
Branches ¹	423	431	464	521	561
ATMs ¹	1 142	1 148	1 162	1 166	1 199

1) Including savings banks and partly owned banks.

Comments to five-year summary

2021 – Profit for the year increased to SEK 20 872m (12 929) due to higher income and lower credit impairments, and since the Swedish FSA's administrative fine was paid in the previous year. Income increase to SEK 46 890m (45 676) and was positively affected primarily by higher net commission income. Expenses decreased to SEK 20 847m (24 560) since the Swedish FSA's administrative fine of SEK 4 000m affected the previous year. Credit impairments decreased to SEK 170m (4 334) since credit impairments in 2020 were strongly impacted by the Covid-19 outbreak.

2020 – Profit for the year decreased to SEK 12 929m, compared with SEK 19 697m 2019, due to higher expenses including the Swedish FSA's administrative fine, higher credit impairments and lower net gains and losses on financial items. Income decrease to SEK 45 676m (45 960). Expenses increased to SEK 24 560m (19 984), mainly due to the Swedish FSA's administrative fine and higher staff costs and IT expenses. Credit impairments increased to SEK 4 334m (1 469), mainly due to increased provisions for a few oil-related counterparties, negative risk class changes in pandemic affected industries, and experienced credit adjustments due to the uncertainty surrounded future economic impacts of Covid-19.

2019 – Profit for the year decreased 7 per cent to SEK 19 697m, compared with SEK 21 162m 2018. Higher income was offset by higher expenses and credit impairments in 2019. Income rose 4 per cent to SEK 45 960m (44 222). Expenses rose to SEK 19 984m (16 835), mainly related

to higher staff costs and investigative costs connected with money laundering. Credit impairments increased to SEK 1 469m (521) and mainly related to additional provisions for a few oil-related problem loans.

2018 – Profit for the year rose 9 per cent to SEK 21 162m, compared with SEK 19 350m 2017. The increase was due to higher net interest income and net commission income as well as an increase in other income. Lower credit impairments also contributed positively. Income increased 5 per cent to SEK 44 222m (42 203). Expenses rose to SEK 16 835m (16 415), largely due to increased staff costs following the acquisition of PayEx. Credit impairments according to IFRS 9 amounted to SEK 521m.

2017 – Profit for the year decreased to SEK 19 350m, compared with SEK 19 539m in the equivalent period in 2016, mainly because the 2016 result was positively affected by a gain of SEK 2 115m on the sale of Visa Europe. Income increased 4 per cent to SEK 42 438m (40 821). Expenses rose to SEK 16 415m (15 627) mainly due to increased staff costs. A restructuring reserve of SEK 300m was established during the year due to changes in the IT organisation. PayEx added SEK 194m to expenses. FX effects raised expenses by SEK 64m. Credit impairments fell to SEK 1 285m (1 367) due to lower provisions for oil related commitments within Large Corporates & Institutions. Credit impairments increased in Swedish Banking due to provisions for a number of individual commitments while Baltic Banking reported net recoveries.



Group Five-year summary

Income statement, SEKm	2021	2020	2019	2018	2017
Net interest income	26 257	26 853	25 989	25 228	24 595
Net commissions	14 853	12 770	12 984	12 836	12 206
Net gains and losses on financial items	2 048	2 655	3 629	2 112	1 934
Net insurance	1 457	1 518	1 465	1 192	937
Share of profit or loss of associates and joint ventures	976	582	822	1 028	736
Other income	1 299	1 298	1 071	1 826	1 795
Total income	46 890	45 676	45 960	44 222	42 203
Staff costs	12 739	11 873	11 119	10 284	9 945
Other general administrative expenses	6 477	7 107	7 314	5 865	5 870
Depreciation/amortisation of tangible and intangible fixed assets	1 631	1 580	1 551	686	600
Administrative fine		4 000			
Total expenses	20 847	24 560	19 984	16 835	16 415
Profit before impairments	26 043	21 116	25 976	27 387	25 788
Impairments of intangible fixed assets	56		79	306	175
Impairments of tangible fixed assets		2	8	8	21
Credit impairments	170	4 334	1 469	521	1 285
Profit before tax	25 817	16 780	24 420	26 552	24 307
Tax expense	4 945	3 851	4 711	5 374	4 943
Profit for the year	20 872	12 929	19 709	21 178	19 364
Profit for the year attributable to Shareholders in Swedbank AB	20 871	12 929	19 697	21 162	19 350
Non-controlling interests	1	0	12	16	14
Balance sheet, SEKm	2021	2020	2019	2018	2017
Loans to credit institutions	39 504	47 954	45 452	36 268	30 746
Loans to the public	1 703 206	1 680 987	1 652 296	1 627 368	1 535 198
Interest-bearing securities					
Treasury bills and other bills eligible for refinancing with central banks	163 590	137 191	137 094	99 579	85 903
Bonds and other interest-bearing securities	58 093	59 975	57 367	53 312	59 131
Shares and participating interests					
Financial assets for which customers bear the investment risk	328 512	252 411	224 893	177 868	180 320
Shares and participating interests	13 416	17 215	6 568	4 921	19 850
Shares and participating interests in associates	7 705	7 287	6 679	6 088	6 357
Derivatives	40 531	52 177	44 424	39 665	55 680
Others	396 060	339 445	233 455	201 023	239 451
Total assets	2 750 617	2 594 642	2 408 228	2 246 092	2 212 636
Amounts owed to credit institutions	92 812	150 313	69 686	57 218	68 055
Deposits and borrowings from the public	1 265 783	1 148 240	954 013	920 750	855 609
Debt securities in issue	735 917	732 814	855 754	804 360	844 204
Financial liabilities for which customers bear the investment risk	329 667	253 229	225 792	178 662	181 124
Derivatives	28 106	54 380	40 977	31 316	46 200
Other	70 200	66 680	80 634	81 993	58 364
Senior non-preferred liabilities	37 832	10 359	10 805		
Subordinated liabilities	28 604	23 434	31 934	34 184	25 508
Equity	161 696	155 193	138 633	137 609	133 572
Total liabilities and equity	2 750 617	2 594 642	2 408 228	2 246 092	2 212 636



Three-year summary Business segments

Three-year summary Swedish Banking

SEKm	2021	2020	2019
Income statement			
Net interest income	14 973	16 277	16 255
Net commissions	9 205	7 922	7 854
Net gains and losses on financial items	586	351	433
Share of profit or loss of associates and joint ventures	920	642	839
Other income	935	951	968
Total income	26 619	26 143	26 349
Staff costs	3 222	3 050	2 915
Variable staff costs	61	47	47
Other general administrative expenses	7 450	6 875	6 021
Depreciation/amortization	38	53	237
Total expenses	10 771	10 025	9 220
Profit before impairments	15 848	16 118	17 129
Impairment of intangible assets			
Impairment of tangible assets			
Credit impairments	-42	664	154
Profit before tax	15 890	15 454	16 975
Tax expense	2 892	3 008	3 281
Profit for the year attributable to Shareholders of Swedbank AB	12 997	12 446	13 682
Non-controlling interests	1	0	12
Balance sheet, SEKbn			
Cash and balances with central banks	2	1	1
Loans to credit institutions	6	7	6
Loans to the public	1 252	1 211	1 196
Bonds and other interest-bearing securities			
Financial assets for which customers bear inv. risk	321	246	219
Derivatives			
Other assets	11	11	11
Total assets	1 592	1 476	1 433
Amounts owed to credit institutions	27	27	26
Deposits and borrowings from the public	712	646	571
Debt securities in issue			
Financial liabilities for which customers bear inv. risk	322	247	220
Derivatives			
Other liabilities	466	489	551
Subordinated liabilities			
Total liabilities	1 527	1 409	1 368
Allocated equity	65	67	65
Total liabilities and equity	1 592	1 476	1 433
Income items			
Income from external customers	26 573	26 088	26 286
Key ratios			
Return on allocated equity, %	20.0	18.6	21.2
Loans/deposits	176	187	209
Loans, excluding repurchase agreements and Swedish National Debt Office, SEKbn	1 252	1 211	1 196
Deposits, excluding repurchase agreements and Swedish National Debt Office, SEKbn	712	646	571
Credit impairment ratio ¹ , %	0.00	0.06	0.01
Cost/income ratio	0.40	0.38	0.35
Risk exposure amount	405	391	391
Full-time employees	4 041	3 962	3 592
Allocated equity, average, SEKbn	65	67	64

1) For more information about the credit impairment ratio see page 43 of the Fact book.



Business segments **Three-year summary**

Three-year summary Baltic Banking

SEKm	2021	2020	2019
Income statement			
Net interest income	5 296	5 354	5 232
Net commissions	2 603	2 430	2 627
Net gains and losses on financial items	390	337	396
Share of profit or loss of associates and joint ventures	0		
Other income	763	912	927
Total income	9 052	9 033	9 182
Staff costs	1 424	1 381	1 279
Variable staff costs	57	50	64
Other general administrative expenses	2 326	2 018	1 947
Depreciation/amortization	170	175	178
Total expenses	3 977	3 624	3 468
Profit before impairments	5 075	5 409	5 714
Impairment of intangible assets	0		
Impairment of tangible assets	0	2	8
Credit impairments	160	237	3
Profit before tax	4 915	5 170	5 703
Tax expense	822	864	815
Profit for the year attributable to Shareholders of Swedbank AB	4 093	4 306	4 888
Non-controlling interests	0	0	0
Balance sheet, SEKbn			
Cash and balances with central banks	3	3	3
Loans to credit institutions	0	0	0
Loans to the public	199	182	186
Bonds and other interest-bearing securities	1	1	1
Financial assets for which customers bear inv. risk	0	6	6
Derivatives	0	0	0
Other assets	151	122	77
Total assets	362	314	273
Amounts owed to credit institutions	0	0	0
Deposits and borrowings from the public	329	284	241
Debt securities in issue	1	0	1
Financial liabilities for which customers bear inv. risk	0	6	6
Derivatives	0	0	0
Other liabilities	0	0	0
Subordinated liabilities	0	0	0
Total liabilities	330	290	248
Allocated equity	24	24	25
Total liabilities and equity	362	314	273
Income items			
Income from external customers	9 052	9 030	9 182
Key ratios			
Return on allocated equity, %	16.6	17.4	19.5
Loans/deposits	61	64	77
Loans, excluding repurchase agreements and Swedish National Debt Office, SEKbn	199	182	186
Deposits, excluding repurchase agreements and Swedish National Debt Office, SEKbn	329	284	241
Credit impairment ratio ¹ , %	0.09	0.12	0.00
Cost/income ratio	0.44	0.40	0.38
Risk exposure amount	107	92	94
Full-time employees	4 257	4 265	4 178
Allocated equity, average, SEKbn	25	25	25

1) For more information about the credit impairment ratio see page 43 of the Fact book.



Three-year summary Business segments

Three-year summary

Large Corporates & Institutions

SEKm	2021	2020	2019
Income statement			
Net interest income	3 732	3 834	3 769
Net commissions	3 220	2 436	2 411
Net gains and losses on financial items	1 014	1 897	2 085
Share of profit or loss of associates and joint ventures	-29	0	0
Other income	162	116	112
Total income	8 099	8 283	8 377
Staff costs	2 489	2 327	2 190
Variable staff costs	160	94	176
Other general administrative expenses	1 424	1 434	1 455
Depreciation/amortization	261	248	233
Total expenses	4 334	4 103	4 054
Profit before impairments	3 765	4 180	4 323
Impairment of intangible assets	13	0	79
Impairment of tangible assets	0	0	0
Credit impairments	56	3 425	1 311
Profit before tax	3 696	755	2 933
Tax expense	709	-271	682
Profit for the year attributable to Shareholders of Swedbank AB	2 987	1 026	2 251
Non-controlling interests			
Balance sheet, SEKbn			
Cash and balances with central banks	173	131	42
Loans to credit institutions	128	109	81
Loans to the public	252	263	270
Bonds and other interest-bearing securities	55	52	45
Financial assets for which customers bear inv. risk	0	0	
Derivatives	60	65	53
Other assets	20	27	12
Total assets	688	647	503
Amounts owed to credit institutions	217	263	177
Deposits and borrowings from the public	235	226	149
Debt securities in issue	5	7	10
Financial liabilities for which customers bear inv. risk	0		
Derivatives	57	67	55
Other liabilities	143	51	83
Subordinated liabilities	0	0	1
Total liabilities	657	614	475
Allocated equity	31	33	28
Total liabilities and equity	688	647	503
Income items			
Income from external customers	8 082	8 266	8 362
Key ratios			
Return on allocated equity, %	9.3	3.2	8.3
Loans/deposits, %	104	111	159
Loans, excluding repurchase agreements and Swedish National Debt Office, SEKbn	228	223	223
Deposits, excluding repurchase agreements and Swedish National Debt Office, SEKbn	220	200	142
Credit impairment ratio ¹ , %	0.02	1.16	0.47
Cost/income ratio	0.54	0.50	0.48
Risk exposure amount	168	168	144
Full-time employees	2 460	2 374	2 260
Allocated equity, average, SEKbn	32	32	27

1) For more information about the credit impairment ratio see page 43 of the Fact book.



Definitions

Definitions

Capital Requirement Regulations, CRR, stated in EU Regulation No 575/2013 Requirement

Additional Tier 1 capital

Capital instruments and related share premium accounts that fulfill certain regulatory conditions after considering regulatory adjustments.

Average risk weight

Total risk exposure amount divided by the total exposure value for a number of exposures.

Common Equity Tier 1 capital

Capital consisting of capital instruments, related share premium accounts, retained earnings and other comprehensive income after considering regulatory adjustments.

Common Equity Tier 1 capital ratio

Common Equity Tier 1 capital in relation to the total risk exposure amount.

Default

Credit exposures are regarded to be in default if there has been an assessment indicating that the counterpart is unlikely to pay its credit obligations as agreed or if the counterpart is past due more than 90 days.

Expected loss (EL)

Expected loss shall provide an indication of the mean value of the credit losses that Swedbank may reasonably be expected to incur. The expected loss (EL) is the product of the parameters PD, LGD and exposure value.

Exposure at default (EAD)

Exposure at default (EAD) measures the utilised exposure at default. For off-balance sheet exposures, EAD is calculated by using a credit conversion factor (CCF) estimating the future utilisation level of unutilised amounts.

Exposure value IRB

The exposure after taking into account credit risk mitigation with substitution effects and credit conversion factors, the exposure value is the value to which the risk weight is applied when calculating the risk exposure amount.

Leverage ratio

Tier 1 capital in relation to the total exposure measure, where the exposure measure includes both on- and off-balance sheet items.

Liquidity Coverage Ratio (LCR)

The LCR was introduced by the EU through LCR according to the Commission Delegated Regulation (EU) 2015/61 in October 2015. The LCR is used to define a quantitative regulatory requirement on European banks' liquidity risk. A LCR ratio above 100 per cent implies that the bank has enough of liquid assets to cover its liquidity over 30 calendar day time horizon under a significantly severe liquidity stress scenario.

Loss given default (LGD)

Loss given default (LGD) measures how large a proportion of the exposure amount that is expected to be lost in the event of default.

Minimum capital requirement

The minimum capital a bank must hold for its credit, market, credit value adjustment, settlement and operational risks according to Pillar I, i.e. 8 per cent of total risk exposure amount.

Net stable funding ratio (NSFR)

The Net Stable Funding Ratio measures an institution's amount of available stable funding to its amount of required stable funding over a one-year horizon. The objective is to require institutions to hold a sufficiently large proportion of long-term stable funding in relation to long-term stable assets. The measure is defined by the amended Capital Requirements Regulation (EU) 2019/876 ("CRR2").

Own funds

The sum of Tier 1 and Tier 2 capital.

Probability of default (PD)

The probability of default (PD) indicates the risk that a counterparty or contract will default within a 12-month period.

Risk exposure amount

Risk weighted exposure value i.e. the exposure value after considering the risk inherent in the asset.

Tier 1 capital

The sum of Common Equity Tier 1 capital and Additional Tier 1 capital according to article 25 in CRR.

Tier 1 capital ratio

Tier 1 capital in relation to the total risk exposure amount.

Tier 2 capital

Capital instruments and subordinated loans and related share premium accounts that fulfill certain regulatory conditions after considering regulatory adjustments.

Total capital ratio

Own funds in relation to the total risk exposure amount.



Definitions

Others

Allocated equity

Allocated equity is the operating segment's equity measure and is not a measure that is directly required by IFRS. The Group's equity attributable to shareholders is allocated to each operating segment based on capital adequacy rules and estimated capital requirements based on the bank's internal Capital Adequacy Assessment Process (ICAAP).

Cost/income ratio

Total expenses in relation to total income.

Credit impairment

Established losses and provisions for the financial year less recoveries related to loans as well as the financial year's net expenses for guarantees and other contingent liabilities.

Credit impairment provision ratio Stage 1 loans

Credit impairment provisions Stage 1 in relation to the gross carrying amount Stage 1 loans.

Credit impairment provision ratio Stage 2 loans

Credit impairment provisions Stage 2 in relation to the gross carrying amount Stage 2 loans.

Credit impairment provision ratio Stage 3 loans

Credit impairment provisions Stage 3 in relation to the gross carrying amount Stage 3 loans.

Credit impairment ratio

Credit impairment on loans and other credit risk provisions, net, in relation to the opening balance of loans to credit institutions and loans to public after provisions. More information see page 43 in Facts.

Earnings per share after dilution

Profit for the financial year allocated to shareholders in relation to the weighted average number of shares outstanding during the financial year, rights issue adjustment factor included, adjusted for the dilution effect of potential shares.

Earnings per share before dilution

Profit for the financial year allocated to shareholders in relation to the weighted average number of shares outstanding during the financial year, rights issue adjustment factor included.

Equity per share

Shareholders' equity in relation to the number of shares outstanding.

Forborne loan

A loan where the terms have been modified to more favorable for the borrower, due to the borrower's financial difficulties.

Loan/deposit ratio

Lending to the public excluding Swedish National Debt Office and repurchase agreements in relation to deposits from the public excluding Swedish National Debt Office and repurchase agreements.

Interest fixing period

Contracted period during which interest on an asset or liability is fixed.

Investment margin

Calculated as Net interest margin, in relation to average total assets. The average is calculated using month-end figures, including the prior year end.

Maturity

The time remaining until an asset or liability's terms change or its maturity date.

Net investment margin before trading interest is deducted

Calculated as Net interest margin before trading interest is deducted, in relation to average total assets. The average is calculated using month-end figures, including the prior year end.

Number of employees

The number of employees at year-end, excluding long-term absences, in relation to the number of hours worked expressed in terms of full-time positions.

P/E ratio

Market capitalisation at year-end in relation to Profit for the financial year allocated to shareholders.

Price/equity

The share price at year-end in relation to the equity per share at year-end.

Return on allocated equity

Calculated based on profit for the financial year for the operating segments (operating profit less estimated tax and non-controlling interests), in relation to average allocated equity for the operating segment. The average is calculated using month-end figures, including the prior year end.

Return on equity

Profit for the financial year allocated to shareholders in relation to average equity attributable to shareholders of the parent company. The average is calculated using month-end figures, including the prior year end.

Return on total assets

Profit for the financial year in relation to average total assets. The average is calculated using month-end figures, including the prior year end.

Share of Stage 2 loans, gross

Carrying amount of Stage 2 loans, gross, in relation to the carrying amount of loans to credit institutions and the public excluding provisions.

Share of Stage 3 loans, gross

Carrying amount of Stage 3 loans, gross, in relation to the carrying amount of loans to credit institutions and the public excluding provisions.

Total credit impairment provision ratio

Credit impairment provisions in relation to the gross carrying amount loans.

Total return

Share price development during the financial year including the actual dividend, in relation to the share price at the beginning of the year.

VaR

Value at Risk (VaR) is a statistical measure used to quantify market risk. VaR is defined as the expected maximum loss in value of a portfolio with a given probability over a certain time horizon.



Annual General Meeting

Annual General Meeting

The Annual General Meeting will be held at Folkets Hus, Barnhusgatan 12–14, Stockholm, at 11:00 am (CET) on Wednesday, 30 March 2022. Those who wish to exercise their voting rights at the AGM must:

- be recorded in the share register maintained by Euroclear Sweden AB ("Euroclear", the Swedish Central Securities Depository) on 22 March 2022 (the "Record Date"),
- notify the company of their intention to attend the Annual General Meeting according to the instructions in the notice no later than 24 March 2022.

Nominee-registered shares

Shareholders whose shares are nominee-registered through a bank or other authorised depository, e.g. in a custody account, must – in addition to giving notice of their attendance – request that the shares be temporarily re-registered in their own name so that the shareholder is registered in Euroclear's share register as of the Record Date on 22 March 2022. Re-registration may be temporary (so-called voting rights registration) and requested from the nominee in advance in accordance with the nominee's routines. Voting right registration that the shareholder has requested and has been issued by the

nominee no later than 24 March 2022 will be accepted in the preparation of the share register.

Notice and agenda

A list of the items on the agenda for the Annual General Meeting is included in the notice of the meeting. The notice will be published on 22 February 2022 at <http://www.swedbank.com/> and on 24 February 2022 in Post och Inrikes Tidningar (The Official Swedish Gazette). An announcement of the notice will also be published in Dagens Nyheter and elsewhere.

Dividend

The Board of Directors proposes that the Annual General Meeting resolve to pay an ordinary dividend of SEK 9.25 per share. Additionally, it proposes a special dividend of SEK 2.00 per share. Consequently, the Board proposes that the Annual General Meeting resolve to pay a total dividend of SEK 11.25 per share. The proposed record day for the dividend is 1 April 2022. The last day for trading in Swedbank's shares including the right to the dividend is 30 March 2022. If the Annual General Meeting adopts the Board of Directors' proposal, the dividend is expected to be paid by Euroclear on 6 April 2022.





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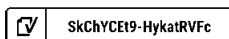
swedbank.se



Årsregnskap 2021 Payex Norge AS

Styrets årsberetning
Resultatregnskap
Balanse
Kontantstrøm
Noter til regnskapet

Org.nr.: 979 315 503





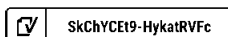
Resultatregnskap

Payex Norge AS

Driftsinntekter og driftskostnader	Note	2021	2020
Inkassoinntekter	2, 14	14 909 999	14 856 450
Salgsinntekt	2, 14	267 406 365	246 477 686
Sum driftsinntekter		282 316 364	261 334 136
Betalingsløsnings- og inkassorelaterte kostnader	4, 14	56 265 237	43 102 062
Lønnskostnad	3	123 474 873	114 350 853
Avskrivning av driftsmidler og immaterielle eiendeler	9	6 934 016	6 479 059
Annen driftskostnad	3	81 726 230	88 295 316
Sum driftskostnader		268 400 355	252 227 290
Driftsresultat		13 916 009	9 106 846
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern	14	3 317	45 085
Annen finansinntekt	5	1 018 392	1 238 864
Reversert nedskrivning finansiell investering	13	0	-7 054 830
Rentekostnad til foretak i samme konsern	14	151 305	79 307
Annen rentekostnad		175	0
Annen finanskostnad	5	7 666	1 135 249
Resultat av finansposter		862 564	7 124 223
Ordinært resultat før skattekostnad		14 778 573	16 231 069
Skattekostnad på ordinært resultat	10	3 269 764	2 049 636
Årsresultat		11 508 809	14 181 433
Overføringer			
Overført til/fra annen egenkapital		-11 508 809	-14 181 433
Sum overføringer		11 508 809	14 181 433

Payex Norge AS

Side 6





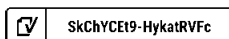
Balanse

Payex Norge AS

Eiendeler	Note	2021	2020
Anleggsmidler			
Immaterielle eiendeler			
Aktiverte utviklingskostnader	9	1 977 460	7 665 448
Utsatt skattefordel	10	10 774 845	17 228 870
Sum immaterielle eiendeler		12 752 304	24 894 318
Varige driftsmidler			
Driftsløsøre, inventar o.a. utstyr	9	1 282 925	1 956 644
Sum varige driftsmidler		1 282 925	1 956 644
Finansielle anleggsmidler			
Investeringer i datterselskap	13	9 535 219	9 535 219
Sum finansielle anleggsmidler		9 535 219	9 535 219
Sum anleggsmidler		23 570 448	36 386 180
Omløpsmidler			
Lager av varer og annen beholdning	4	2 709 510	7 381 656
Fordringer			
Kundefordringer	8, 14	4 467 864	8 115 587
Andre kortsiktige fordringer	14	137 107 398	92 063 383
Opptjente, ikke fakturerte inkassoinntekter		2 708 869	4 019 721
Sum fordringer		144 284 131	104 198 690
Bankinnskudd, kontanter o.l.	6, 7, 15	11 790 206	8 077 303
Sum omløpsmidler		158 783 847	119 657 649
Sum eiendeler		182 354 295	156 043 829

Payex Norge AS

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Payex Norge AS

Egenkapital og gjeld	Note	2021	2020
Egenkapital			
Innskutt egenkapital			
Aksjekapital	11, 12	2 700 000	2 700 000
Overkurs	12	121 802 584	121 802 584
Annen innskutt egenkapital	12	11 289 650	0
Sum innskutt egenkapital		135 792 234	124 502 584
Opptjent egenkapital			
Annen egenkapital		18 047 380	6 538 573
Sum opptjent egenkapital	12	18 047 380	6 538 573
Sum egenkapital		153 839 615	131 041 157
Gjeld			
Kortsiktig gjeld			
Leverandørgjeld		2 730 387	2 287 628
Skyldig offentlige avgifter		6 906 821	6 475 067
Annen kortsiktig gjeld	14	18 877 471	16 239 976
Sum kortsiktig gjeld		28 514 680	25 002 672
Sum gjeld		28 514 680	25 002 672
Sum egenkapital og gjeld		182 354 294	156 043 828

Oslo, 13.06.2022
Styret i Payex Norge AS

Peter Lomsdalen Brechan
styreleder

Steinar Nybråten
styremedlem

Gro Jørgensen
styremedlem

Kenneth Øve Taule
styremedlem

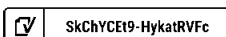
Freddy Haraldsen
styremedlem

Jan Ingemar Darlin
styremedlem

Raymond Klavestad
daglig leder

Payex Norge AS

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Indirekte kontantstrøm

Payex Norge AS

	Note	2021	2020
Kontantstrømmer fra operasjonelle aktiviteter			
Resultat før skattekostnad	10	14 778 573	16 231 069
Ordinære avskrivninger	9	6 934 016	6 479 059
Reversert nedskrivning investering i datterselskap		0	-7 054 830
Endring i varelager	4	4 672 146	-4 794 282
Endring i kundefordringer	8	3 647 722	-1 435 231
Endring i leverandørgjeld		442 759	1 158 694
Endring i andre tidsavgrensningsposter		-46 427 108	-3 630 335
Netto kontantstrøm fra operasjonelle aktiviteter		-15 951 891	6 954 144
Kontantstrømmer fra investeringsaktiviteter			
Utbetalinger ved kjøp av varige driftsmidler	9	572 309	534 020
Netto kontantstrøm fra investeringsaktiviteter		-572 309	-534 020
Kontantstrømmer fra finansieringsaktiviteter			
Netto endring konsernkontoordning		20 237 102	-5 453 179
Netto kontantstrøm fra finansieringsaktiviteter		20 237 102	-5 453 179
Netto endring i kontanter og kontantekvivalenter		3 712 902	966 944
Beh. av kont. og kontantekvivalenter ved per. begynnelse		8 077 303	7 110 360
Beh. av kont. og kontantekvivalenter ved per. slutt	6	11 790 206	8 077 303

Payex Norge AS

Note 1 Regnskapsprinsipper

Årsregnskapet består av resultatregnskap, balanse, kontantstrømoppstilling og noteopplysninger og er avlagt i samsvar med aksjelov, regnskapslov, forskrift om årsregnskap for inkassovirksomhet og god regnskapsskikk i Norge gjeldende pr. 31.desember 2021.

Regnskapet for PayEx Norge AS inngår i konsernregnskapet for Swedbank AB med hovedkontoradresse Landsvägen 40, Sundbyberg, Sverige

Datterselskap/tilknyttet selskap

Datterselskap og tilknyttede selskaper vurderes etter kostmetoden i selskapsregnskapet. Investeringer er vurdert til anskaffelseskost for aksjene med mindre nedskrivning har vært nødvendig. Det er foretatt nedskrivning til virkelig verdi når verdifall skyldes årsaker som ikke kan antas å være forbigående, og det må anses nødvendig etter god regnskapsskikk. Nedskrivninger er reversert når grunnlag for nedskrivning ikke lenger er til stede.

Utbytte og andre utdelinger er inntektsført samme år som det er avsatt i datterselskapet. Overstiger utbyttet andel av tilbakeholdt resultat eller kjøpet, representerer den overskytende tilbakebetalingen av investert kapital, og utdelingene er fratrukket investeringsverdi i balansen.

Inntektsføringstidspunkt

Inntekt resultatføres når den er opptjent, normalt på leveringstidspunktet ved salg av varer og tjenester. Inntekter fra inkassosaker resultatføres løpende i takt med fremdriften. Se ytterligere beskrivelse nedenfor (opptjent inntekt fra inkassosaker). Inntekter fra fakturavirksomheten skjer i takt med utførelsen. Arbeid under utførelse knyttet til fastpriskontrakter med lang tilvirkningstid, vurderes etter løpende avregningsmetode. Inntekter som er transaksjonsbasert, resultatføres i den perioden transaksjonene blir gjennomført. Abonnementsinntekter inntektsføres over abonnementsperioden og fakturert abonnement som gjelder fremtidige perioder blir presentert som utsatt inntekt. Løpende avtaler som for eksempel vedlikehold og drift/hosting over en gitt avtaleperiode inntektsføres lineært over denne avtaleperioden.

Opptjent inntekt fra inkassosaker

Opptjente ikke betalte inkassotjenester inntektsføres i takt med fullføringsgraden for inkassosaker. Dette gjelder for alle saker med unntak av saker til langtidsovervåking hvor salærinntekter inntektsføres ved betaling fra debitor. Ved beregning av opptjent inntekt på porteføljen legges til grunn at inkassosakene i gjennomsnitt er halvveis fullført. Opptjent inntekt beregnes ut fra oppnådd gjennomsnittlig salær på avsluttende saker siste år. Risiko for at saker ikke løses er hensyntatt ved utregningen.

Presentasjon av oppgjørsmidler og oppgjørsgjeld

Opgjørsmidler innestående på enkelte bankkonti skal benyttes til å dekke oppgjørsgjeld. Selskapet mottar penger på vegne av kundene, men får tilsvarende forpliktelse til å betale oppgjørene videre til kundene. Innestående på bankkonti knyttet til slike oppgjør presenteres som likvider, mens skyldig oppgjørsgjeld inngår i annen kortsiktig gjeld. Endringer i fordringer på oppgjørsmidler og oppgjørsgjeld presenteres som en del av andre tidsavgrensninger i kontantstrømmen. Det vises til note 15 for ytterligere opplysninger.

Kostnadsføringstidspunkt/sammenstilling

Utgifter sammenstilles med og kostnadsføres samtidig med de inntekter utgiftene kan henføres til. Utgifter som ikke kan henføres direkte til inntekter, kostnadsføres når de påløper.

Payex Norge AS

Vurdering og klassifisering av eiendeler og gjeld

Omløpsmidler og kortsiktig gjeld omfatter normalt poster som forfaller til betaling innen ett år etter balansedagen, samt poster som knytter seg til varekretsløpet. Øvrige poster er klassifisert som anleggsmidler. Omløpsmidler vurderes til laveste verdi av anskaffelseskost og antatt virkelig verdi. Kortsiktig gjeld balanseføres til nominell verdi på etableringstidspunktet.

Anleggsmidler er vurdert til anskaffelseskost fratrasket av- og nedskrivninger.

Varebeholdning

Varelager regnskapsføres til det laveste av anskaffelseskost og netto salgspris. Netto salgspris er estimert salgspris ved ordinær drift etter fradrag for beregnede nødvendige utgifter for gjennomføring av salget. Anskaffelseskost tilordnes ved bruk av FIFO metoden og inkluderer utgifter påløpt ved anskaffelse av varene og kostnader for å bringe varene til nåværende tilstand og plassering.

Fordringer

Kundefordringer og andre fordringer oppføres til pålydende etter fradrag for avsetning til forventet tap. Avsetning til tap gjøres på grunnlag av en individuell vurdering av de enkelte fordringene. I tillegg gjøres det for øvrige kundefordringer en uspesifisert avsetning for å dekke tap.

Valuta

Transaksjoner i utenlandsk valuta omregnes til kursen på transaksjonstidspunktet. Pengeposter i utenlandsk valuta vurderes etter kursen ved regnskapsårets slutt. Ikke-pengeposter som måles til historisk kurs uttrykt i utenlandsk valuta, omregnes til norske kroner ved å benytte valutakursen på transaksjonstidspunktet. Ikke-pengeposter som måles til virkelig verdi uttrykt i utenlandsk valuta, omregnes til valutakursen fastsatt på balansetidspunktet. Valutakursendringer resultatføres løpende i regnskapsperioden under andre finansposter.

Varige driftsmidler

Varige driftsmidler balanseføres og avskrives over driftsmidlets levetid. Direkte vedlikehold av driftsmidler kostnadsføres løpende under driftskostnader, mens påkostninger eller forbedringer tillegges driftsmidlets kostpris og avskrives i takt med driftsmidlet. Nedskrivning foretas til virkelig verdi dersom verdifall ikke forventes å være forbigående.

Immatrielle eiendeler

Utgifter til immatrielle eiendeler, herunder utgifter til forskning og utvikling, er balanseført i den utstrekning kriteriene for balanseføring er oppfylt.

Skatt

Skattekostnaden i resultatregnskapet omfatter både periodens betalbare skatt og endring i utsatt skatt. Utsatt skatt er beregnet med 22% for 2021 og 22% for 2020, på grunnlag av de midlertidige forskjeller som eksisterer mellom regnskapsmessige og skattemessige verdier, samt ligningsmessige underskudd til fremføring ved utgangen av regnskapsåret. Skatteøkende og skattereduserende midlertidige forskjeller som reverserer eller kan reversere i samme periode er utlignet og nettoført. Netto utsatt skattefordel balanseføres i den grad det er sannsynlig at denne kan bli nyttegjort.



Payex Norge AS

Pensjoner

Bedriften har innført obligatorisk tjenstepensjon i tråd med gjeldende lover. Selskapet har en innskuddsbasert pensjonsordning. Årets regnskapsmessige kostnad er lik årets premie. Pensjonskostnad er klassifisert som del av selskapets lønnskostnad i resultatregnskapet

Kontantstrømoppstilling

Selskapet har utarbeidet kontantstrømoppstilling etter den indirekte metode. Kontanter og kontantekvivalenter består av kontanter og bankinnskudd.



Payex Norge AS

Note 2 Salgsinntekter

Virksomhetsområde	2021	2020
Transaksjonsinntekter	76 405 085	61 229 732
Lisens- og terminalinntekter	31 797 187	30 378 120
Fakturerings tjenester	11 089 135	9 038 901
Inkassotjenester	14 909 999	14 856 453
Konsernintern IT-fakturerings	79 181 298	89 337 411
Konsernintern Transfer Pricing	66 436 041	55 000 000
Andre inntekter	2 497 519	1 493 519
Sum	282 316 264	261 334 136

Geografisk fordeling	2021	2020
Norge	73 758 669	106 451 238
Utland	208 557 695	154 882 898
Sum	282 316 364	261 334 136

Note 3 Lønnskostnader, antall ansatte mv.

Lønnskostnader	2021	2020
Lønn	95 825 361	88 162 438
Arbeidsgiveravgift	15 011 298	13 340 297
Pensjonskostnader	12 253 648	14 893 882
Andre personalkostnader	384 567	-2 045 764
Reduksjon lønnskostnader grunnet skattefunn	0	0
Sum	123 474 873	114 350 853

Antall årsverk 142 138

Godtgjørelse til daglig leder	2021	2020
Lønn	3 696 057	3 865 793
Pensjonskostnader	330 000	330 000
Annen godtgjørelse	211 540	212 591
Sum	4 237 597	4 408 384

Selskapets styre har mottatt godtgjørelse for sitt arbeid i 2021 på NOK 621 250. Styreleder har ikke avtale om bonus eller lignende fra PayEx Norge AS. Daglig leder har ikke øvrige avtaler om overskuddsdeling eller lignende. Daglig leder har krav på 6 måneders etterlønn ved fratreden.

Selskapet har opprettet kollektiv innskuddspensjonsordning for sine ansatte. Ordningen medfører ingen forpliktelse for selskapet utover årlig premie som er kostnadsført i sin helhet i innskuddsåret. Ordningen anses å tilfredsstille tjenestepensjonsordning som selskapet er pliktig til å opprette iht. lov om obligatorisk tjenestepensjon.

Revisor	2021	2020
Lovpålagt revisjon, ekskl. mva.	521 025	265 312
Andre attestasjonstjenester, ekskl. mva.	0	40 000
Annen bistand, ekskl. mva.	0	0
Total	521 025	305 312



Payex Norge AS

Note 4 Varelager/varekostnad

Varekostnader består i all hovedsak av fakturaservice og netthandelskostnader, vareinnkjøp og distribusjonskostnader. Varer på lager er ferdigvarer og består av terminaler med tilhørende utstyr for videresalg til kunder. Per 31.12.2021 er det avsatt kr 5 315 574 for ukurans, per 31.12.2020 var det avsatt kr 2 456 750.

Note 5 Andre finansinntekter og kostnader

Annen finansinntekt/finanskostnad inneholder valutakursdifferanser på fordringer og gjeld, samt øvrige eksterne renteinntekter og rentekostnader.

Note 6 Bankinnskudd, kontanter ol.

Skattetrekksinnskudd utgjør pr 31.12.2021 kr 9 642 829.

Note 7 Klientmidler

I forbindelse med selskapets inkassovirksomhet oppbevarer selskapet midler på vegne av kunder. Midlene oppbevares på separat konto. Klientmidler og klientansvar er som følger:

	2021	2020
Klientmidler	1 716 937	1 546 197
Klientansvar	1 355 731	1 211 124
Netto klientmidler	361 206	335 073

Klientmidler representerer de beløp som er inkassert for klienter, men som ikke er utbetalt. Klientmidler og klientgjeld er i samsvar med forskrifter om årsregnskap mm for inkassovirksomhet (1999 05 nr 655) nettoført i regnskapet (inngår i bankinnskudd).

Netto klientmidler utgjør selskapets tilgodehavende salærer og utlegg.

Note 8 Kundefordringer

Kundefordringene er oppført til pålydende og redusert med antatt tap på kr 1 213 176 pr. 31.12.2021. Tilsvarende var tapsavsetningen relatert til kundefordringene kr 896 486 pr 31.12.2020



Payex Norge AS

Note 9 Anleggsmidler

	Utleie terminaler	Driftsløsøre, inventar ol.	Software, lisenser, mv
Anskaffelseskost pr. 01.01.21	7 462 829	4 655 695	3 843 068
+ Tilgang kjøpte driftsmidler		572 309	
= Anskaffelseskost 31.12.21	7 462 829	5 228 004	3 843 068
Av- og nedskrivninger pr. 01.01.21	6 286 652	3 875 228	3 843 068
+ Årets ordinære avskrivninger	1 005 268	240 760	
= Av- og nedskrivninger pr. 31.12.21	7 291 920	4 115 988	3 843 068
Bokført verdi 01.01.21	1 176 177	780 467	0
+ Tilgang i året		572 309	
- Årets avskrivning og nedskrivning	1 005 268	240 760	0
= Bokført verdi 31.12.21	170 909	1 112 016	0
Økonomisk levetid	Lineær	Lineær	Lineær
Avskrivningsplan	3 år	3-5 år	3-5 år

	Utvikling	Sum
Anskaffelseskost pr. 01.01.21	148 289 347	164 250 939
+ Tilgang kjøpte driftsmidler		572 309
= Anskaffelseskost 31.12.21	148 289 347	164 823 248
Av- og nedskrivninger pr. 01.01.21	140 623 899	154 628 847
+ Årets ordinære avskrivninger	5 687 988	6 934 016
= Av- og nedskrivninger pr. 31.12.21	146 311 887	161 562 863
Bokført verdi 01.01.21	7 665 448	9 622 092
+ Tilgang i året		572 309
- Årets avskrivning og nedskrivning	5 687 988	6 934 016
= Bokført verdi 31.12.21	1 977 460	3 260 385
Økonomisk levetid	Lineær	
Avskrivningsplan	3 år	

Aktiverte utviklingskostnader omfatter kostnader medgått til å utvikle nye produktløsninger og funksjonaliteter på eksisterende produkter som leveres til kunder. Forventet samlet inntjening fra aktiverte utviklingskostnader forventes å motsvare medgåtte samlede utgifter.



Payex Norge AS

Note 10 Skatt

Årets skattekostnad	2021	2020
Resultatført skatt på ordinært resultat:		
Betalbar skatt	0	0
Endring i utsatt skattefordel	3 269 764	2 049 636
Skattekostnad ordinært resultat	3 269 764	2 049 636
Skattepliktig inntekt:		
Ordinært resultat før skatt	14 778 573	16 231 069
Permanente forskjeller	83 993	-6 914 544
Endring i midlertidige forskjeller	3 918 108	540 586
Mottatt konsernbidrag	14 473 910	0
Anvendelse av fremførbart underskudd	-33 254 584	-9 857 111
Skattepliktig inntekt	0	0
Betalbar skatt i balansen:		
Betalbar skatt på årets resultat	-3 184 260	0
Betalbar skatt på mottatt konsernbidrag	3 184 260	0
Sum betalbar skatt i balansen	0	0

Skatteeffekten av midlertidige forskjeller og underskudd til fremføring som har gitt opphav til utsatt skatt og utsatte skattefordeler, spesifisert på typer av midlertidige forskjeller

	2021	2020	Endring
Varige driftsmidler	-2 240 837	-1 559 782	681 056
Varebeholdning	-5 315 574	-2 456 750	2 858 824
Fordringer	-1 213 176	-896 486	316 689
Gevinst – og tapskonto	246 153	307 692	61 539
Sum	-8 523 434	-4 605 326	3 918 108
Akkumulert fremførbart underskudd	-40 453 137	-73 707 721	-33 254 584
Grunnlag for utsatt skattefordel	-48 976 571	-78 313 047	-29 336 476
Utsatt skattefordel (22 %)	-10 774 846	-17 228 870	-6 454 025

Basert på gjennomførte og planlagte strategiske investeringer forventer selskapet å få et skattemessig overskudd fremover som er tilstrekkelig til å utnytte det fremførbare underskuddet og den utsatte skattefordelen er derfor balanseført med det nominelle beløpet. Det foreligger ingen tidsbegrensning for utnyttelse av fremførbart underskudd.



Payex Norge AS

Note 11 Aksjonærer

Aksjekapitalen i Payex Norge AS pr. 31.12 består av:

	Antall	Pålydende	Bokført
Ordinære aksjer	100	27 000,0	2 700 000
Sum	100		2 700 000

Eierstruktur

De største aksjonærene i % pr. 31.12 var:

	Ordinære	Eierandel
Swedbank PayEx Holding AB	100	100,0

Det er kun 1 aksjeklasse. Swedbank PayEx Holding AB er et svensk selskap med hovedkontor i Visby, Sverige. Selskapets organisasjonsnr. er 556714-2798.

Note 12 Egenkapital

	Aksjekapital	Overkursfond	Annen Innskutt EK	Annen EK	Sum
Egenkapital pr 31.12.2020	2 700 000	121 802 584	0	6 538 573	131 041 157
Årets resultat			0	11 508 809	11 508 809
Mottatt konsernbidrag (78%)		0	11 289 650		11 289 650
Egenkapital pr. 31.12.2021	2 700 000	121 802 584	11 289 650	18 047 381	153 839 615

Note 13 Datterselskaper og tilknyttede selskaper

	Ansk.tidsp.	Selskapets EK	Selskapets res.	Bokført verdi
PayEx Collection AB (Sverige)	31.12.2006	3 046 719	38 911	90 988
PayEx Danmark A/S (Danmark)	31.12.2006	7 131 710	1 334 820	9 444 231
Totale investeringer				9 535 219

PayEx Collection AB har forretningskontor i Stockholm, mens PayEx A/S har forretningskontor i København. Pay Ex Collection AB og PayEx A/S eies 100 %. I 2020 er det foretatt en reversering av tidligere nedskrivning på aksjeverdien i PayEx Danmark A/S med 7.054.831 kr.

Etter regnskapsloven §3-7 er det ikke utarbeidet konsernregnskap i Norge da morselskap i konsernet, Swedbank AB utarbeider konsernregnskap som omfatter hele gruppen. Konsernregnskap utleveres ved henvendelse til Swedbank AB, Landsvägen 40, Sundbyberg, Sverige



Payex Norge AS

Note 14 Mellomværende mellom selskap i samme konsern mv.

Kundefordringer og andre fordringer konsern	2021	2020
PayEx Sverige AB	66 435 041	57 368 541
PayEx Danmark A/S	-11 795	-11 795
PayEx Finland OY	0	-110 049
Sum	66 423 246	57 246 697

Fordring i konsernkontoordning(cashpool)	2021	2020
Swedbank PayEx Holding AB	45 161 522	24 924 420
Sum	45 161 522	24 924 420

Selskapet hadde ved årets utgang inntestående kr 45 161 522 på konsernets cashpool. Morselskapet Swedbank PayEx Holding AB er ansvarlig for cashpoolen. PayEx Norge AS inngår i konsernets konsernkontoordning.

Annen kortsiktig gjeld	2021	2020
PayEx Sverige AB	11 195 733	7 657 247
Sum	11 195 733	7 657 247

Konserninternt salg	2021	2020
PayEx Sverige AB	145 628 744	144 349 407
Swedbank PayEx Holding AB	0	0
PayEx Finland OY	0	0
PayEx Sverige AB NUF	1 355 824	0
PayEx Danmark A/S	0	0
Sum	146 984 568	144 349 407

Konserninternt kjøp	2021	2020
PayEx Sverige AB	19 812	809 068
Swedbank PayEx Holding AB	417 624	451 183
Sum	437 436	1 260 251

Konsernintern rente		2021	2020
Swedbank PayEx Holding AB	Inntekt	3 317	45 085
Swedbank PayEx Holding AB	Kostnad	151 305	79 307
Sum		-147 988	-34 223



Payex Norge AS

Note 15 Oppgjørsmidler og oppgjørsgjeld

PayEx Norge har levert løsninger for sine kunder som skal håndtere betalingstransaksjoner. Inntekten til PayEx er som oftest et vederlag pr transaksjon. Kundene skal ha en innbetaling ved salg av varer og tjenester fra sine kunder, men deler av oppgjøret skal beholdes av PayEx Norge som et vederlag for betalingstjenestene. Hele oppgjøret innbetales på oppgjørskonti i bank. Det foretas ikke noen avregning for hver enkelt transaksjon, slik at innestående på konti for oppgjørsmidler består både av midler som skal benyttes til å betale oppgjørsgjeld, samt vederlag til selskapet.

Midler som dekker ansvar er ikke selskapets eiendeler, og er presentert netto som del av bankinnskudd. Avstemming av oppgjørsmidler er presentert nedenfor.

	2021
Oppgjørsmidler	51 440 567
Oppgjørsgjeld	-50 056 266
Netto oppgjørsmidler	1 384 301

Note 16 Pant og garantier

Selskapet har pr. 31.12 2021 ingen tinglyste pantestiftelser.

Note 17 Hendelser etter balansedagen

I Oktober 2021 godkjente styret i PayEx Norge AS forslag om å gjennomføre en intern overdragelse av Selskapets virksomhet innen online og butikk betalinger til PayEx Sverige AB sin filial i Norge som mottagende selskap. Gjennom å samordne betalingsvirksomheten innen online og butikk i en legal struktur i PayEx Sverige AB oppnår vi en bedre og mer effektiv kundeprosess samt en enklere operativ og legal struktur. Virksomhetsoverdragelsen er gjennomført 1. juni 2022 og er godkjent av både avgivende og mottagende selskap.



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Activity log

RECIPIENT	ACTION*	TIMESTAMP (CET)	METHOD	DETAILS
Raymond Klavestad raymond.klavestad@payex.com	Signed Authenticated	13.06.2022 17:54 13.06.2022 17:53	eID Low	Norwegian BankID (DOB: 1962/12/11) IP: 212.37.1.98
Gro Jørgensen gro.jorgensen@gmail.com	Signed Authenticated	13.06.2022 18:22 13.06.2022 18:17	eID Low	Norwegian BankID (DOB: 1967/11/05) IP: 81.191.168.213
Peter Lomsdalen Brechan brechan@online.no	Signed Authenticated	13.06.2022 18:51 13.06.2022 18:49	eID Low	Norwegian BankID (DOB: 1959/02/05) IP: 51.175.96.25
Kenneth Ove Taule kenneth.taule@gmail.com	Signed Authenticated	13.06.2022 19:38 13.06.2022 19:35	eID Low	Norwegian BankID (DOB: 1970/01/20) IP: 85.166.70.70
JAN DARLIN jan.darlin@swedbank.se	Signed Authenticated	13.06.2022 20:51 13.06.2022 20:50	eID Low	Swedish BankID (DOB: 25/02/1972) IP: 164.10.46.63
Steinar Nybråten steinar.nybraten@swedbankpay.no	Signed Authenticated	13.06.2022 20:56 13.06.2022 20:54	eID Low	Norwegian BankID (DOB: 1954/08/28) IP: 193.234.26.1
Freddy Haraldsen frehar@online.no	Signed Authenticated	13.06.2022 21:18 13.06.2022 21:16	eID Low	Norwegian BankID (DOB: 1963/06/13) IP: 85.252.81.148

* Action describes both the signing and authentication performed by each recipient. Authentication refers to the ID method used to access the document.

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GDPR
compliant



eIDAS
standard



PAdES
sealed



Til generalforsamlingen i PayEx Norge AS

Uavhengig revisors beretning

Konklusjon

Vi har revidert PayEx Norge AS' årsregnskap som består av balanse per 31. desember 2021, resultatregnskap og indirekte kontantstrøm for regnskapsåret avsluttet per denne datoen og noter til årsregnskapet, herunder et sammendrag av viktige regnskapsprinsipper.

Etter vår mening

- oppfyller årsregnskapet gjeldende lovkrav, og
- gir årsregnskapet et rettviseende bilde av selskapets finansielle stilling per 31. desember 2021, og av dets resultater og kontantstrømmer for regnskapsåret avsluttet per denne datoen i samsvar med regnskapslovens regler og god regnskapsskikk i Norge.

Grunnlag for konklusjonen

Vi har gjennomført revisjonen i samsvar med de internasjonale revisjonsstandardene International Standards on Auditing (ISA-ene). Våre oppgaver og plikter i henhold til disse standardene er beskrevet nedenfor under *Revisors oppgaver og plikter ved revisjonen av årsregnskapet*. Vi er uavhengige av selskapet slik det kreves i lov, forskrift og International Code of Ethics for Professional Accountants (inkludert internasjonale uavhengighetsstandarder) utstedt av the International Ethics Standards Board for Accountants (IESBA-reglene), og vi har overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene. Innhentet revisjonsbevis er etter vår vurdering tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

Øvrig informasjon

Styret og daglig leder (ledelsen) er ansvarlige for informasjonen i årsberetningen. Øvrig informasjon omfatter informasjon i årsrapporten bortsett fra årsregnskapet og den tilhørende revisjonsberetningen. Vår konklusjon om årsregnskapet ovenfor dekker ikke informasjonen i årsberetningen.

I forbindelse med revisjonen av årsregnskapet er det vår oppgave å lese årsberetningen. Formålet er å vurdere hvorvidt det foreligger vesentlig inkonsistens mellom årsberetningen og årsregnskapet og den kunnskap vi har opparbeidet oss under revisjonen av årsregnskapet, eller hvorvidt informasjon i årsberetningen ellers fremstår som vesentlig feil. Vi har plikt til å rapportere dersom årsberetningen fremstår som vesentlig feil. Vi har ingenting å rapportere i så henseende.

Basert på kunnskapen vi har opparbeidet oss i revisjonen, mener vi at årsberetningen

- er konsistent med årsregnskapet og
- inneholder de opplysninger som skal gis i henhold til gjeldende lovkrav.

PricewaterhouseCoopers AS, Dronning Eufemias gate 71, Postboks 748 Sentrum, NO-0106 Oslo
T: 02316, org. no.: 987 009 713 MVA, www.pwc.no
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap



Uavhengig revisors beretning - PayEx Norge AS



Ledelsens ansvar for årsregnskapet

Ledelsen er ansvarlig for å utarbeide årsregnskapet og for at det gir et rettviseende bilde i samsvar med regnskapslovens regler og god regnskapsskikk i Norge. Ledelsen er også ansvarlig for slik internkontroll som den finner nødvendig for å kunne utarbeide et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil.

Ved utarbeidelsen av årsregnskapet må ledelsen ta standpunkt til selskapets evne til fortsatt drift og opplyse om forhold av betydning for fortsatt drift. Forutsetningen om fortsatt drift skal legges til grunn for årsregnskapet så lenge det ikke er sannsynlig at virksomheten vil bli avviklet.

Revisors oppgaver og plikter ved revisjonen av årsregnskapet

Vårt mål er å oppnå betryggende sikkerhet for at årsregnskapet som helhet ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil, og å avgi en revisjonsberetning som inneholder vår konklusjon. Betryggende sikkerhet er en høy grad av sikkerhet, men ingen garanti for at en revisjon utført i samsvar med ISA-ene, alltid vil avdekke vesentlig feilinformasjon som eksisterer. Feilinformasjon kan oppstå som følge av misligheter eller utilsiktede feil. Feilinformasjon blir vurdert som vesentlig dersom den enkeltvis eller samlet med rimelighet kan forventes å påvirke økonomiske beslutninger som brukerne foretar basert på årsregnskapet.

For videre beskrivelse av revisors oppgaver og plikter vises det til:
<https://revisorforeningen.no/revisjonsberetninger>

Oslo, 13. juni 2022
PricewaterhouseCoopers AS

Stig Lund
Statsautorisert revisor
(elektronisk signert)



Revisjonsberetning

Signers:

Name	Method	Date
Lund, Stig Arild	BANKID	2022-06-23 12:14

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Årsberetning 2021 for Payex Norge AS

Virksomhetens art

PayEx Norge As (Selskapet) er et heleid selskap av Swedbank PayEx Holding AB, org.nr SE 5567142798. Selskapet er en nordisk leverandør av et bredt spekter av innovative tjenester for betalinger innen internett, mobil og varehandel samt tjenester for kunderskontroll, fakturering og inkasso.

Selskapet har i 2021 fokusert ytterligere på leveranse av tjenester innen IT- og utvikling, som vil bidra til at PayEx (konsernet) styrker sin markedsposisjon. PayEx er vel posisjonert gjennom å kunne tilby et helhetlig konsept for betaling i alle kanaler – nett, mobil, automater, fysisk butikk – med markedets bredeste tilbud av betalingstjenester. Våre kunder kan dermed betale eller ta betalt – når, hvor og hvordan de vil. Sektorene som Selskapet satser mest på er innen media, drivstoff, faghandel, kiosker, helse og transport, og vi ser en fortsatt sterk interesse fra kunder innen disse sektorer.

PayEx tjenester blir levert av Selskapet eller av søsterselskaper. En stor del av tjenestene utvikles og vedlikeholdes av Selskapet. Virksomheten utøves primært fra Selskapets lokaler i Kongens gate 6 i Oslo. PayEx ble 15 august 2018 en del av en finansiell foretaksgruppe, og Selskapet har konsesjon fra Finanstilsynet som betalingsforetak og inkassoselskap.

Selskapet har, for 2021 i tråd med PayEx' strategi, ambisjon om ytterligere styrking av sin posisjon i det norske markedet gjennom nye initiativ og investeringer. Gjennom samordning av tjenester samt løpende fokus på digital kundeopplevelse skal Selskapet ha fokus på å gi eksisterende og nye kunder Nordens bredeste og beste tjenester med avtalt service.

Vesentlige hendelser

I Q4 2019 ble Swedbank AB sin innløser-virksomhet i Norden innlemmet i PayEx og i Norge som en filial av PayEx Sverige AB. Innlemmelsen av kortinnløservirksomheten var i 2021 integrert med PayEx konsernets øvrige virksomhet. Selskapets fokus i 2021 var å investere videre i henhold til besluttet vekststrategi i PayEx, slik at konsernet styrker sin posisjon i det nordiske og baltiske markedet. Året 2021 har vært vesentlig preget av fortsettelse av Covid-19 pandemien med tilhørende markedskonsekvenser samt fortsettelse av den endringsprosess som ble startet i 2020 (optimalisering av kundeprosesser og legalstruktur, utvikling av neste generasjon betalingsløsninger på tvers av kanaler samt digitalisering av alle kundeprosesser).

Covid-19 pandemien har fått stor påvirkning på samfunnet og Selskapets virksomhet også i 2021. Resultatutviklingen har blitt påvirket negativt ved at deler av samfunnet i perioder har vært stengt ned. Selskapet har håndtert situasjonen på en så god måte som mulig. Hjemmekontor har fungert for de fleste funksjoner digitale verktøy og prosesser har blitt utnyttet fullt ut for å optimalisere virksomheten i denne situasjonen.

I Oktober 2021 godkjente styret i PayEx Norge AS forslag om å gjennomføre en intern overdragelse av Selskapets virksomhet innen online og butikk betalinger til PayEx Sverige AB sin filial i Norge som mottagende selskap. Gjennom å samordne betalingsvirksomheten innen online og butikk i en legal struktur i PayEx Sverige AB oppnår vi en bedre og mer effektiv kundeprosess samt en enklere operativ og legal

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struktur. Virksomhetsoverdragelsen er planlagt gjennomført 1. juni 2022 og er godkjent av både avgivende og mottagende selskap.

Utvikling i resultat og stilling

Omsetningen har økt i 2021 med MNOK 21 til MNOK 282,3 fra MNOK 261,3 i 2020. En økning på 8,0% i et marked med hard konkurranse og Covid-19 effekt. Selskapet hadde i 2021 et positivt resultat på MNOK 11,5 mot et resultat på MNOK 14,2, i 2020. Selskapets bokførte totalkapital var ved utgangen av året MNOK 182 mot MNOK 156 ved utgangen av 2020. Egenkapitalen var 153,8 MNOK på samme tidspunkt mot MNOK 131 i 2020. Dette gir egenkapitalandel på 84,5 % mot 63,2 % i 2021.

Kontantstrømmen fra driften i Selskapet er negativ med MNOK -16,0 i 2021 mot positiv MNOK 7,0 i 2020. Dette skyldes hovedsakelig endring i tidsavgrensningsposter/klientmidler. Netto kontantstrøm etter investerings- og finansieringsaktiviteter utgjør MNOK 3,7. Ved utgangen av året utgjorde kontanter og kontantekvivalenter MNOK 11,8.

Konsernregnskap

Regnskapet for PayEx Norge AS inngår i konsernregnskapet for Swedbank AB (publ) (SE 5020177753), Landsvägen 40, Stockholm, Sverige.

Fortsatt drift

Forutsetningen om fortsatt drift er tilstede og regnskapet for 2021 er satt opp under denne forutsetningen.

Finansiell risiko

Markedsrisiko

Selskapets eksponering for endringer i valutakurser er begrenset til et fåtall utenlandske leverandører av varer og tjenester. Det er derfor ikke inngått terminkontrakter, eller andre avtaler for å redusere selskapets valutarisiko og derigjennom den driftstilknyttede markedsrisiko.

Kreditrisiko

Hoveddelen av Selskapets inntekter kommer fra salg av tjenester til konsernselskaper og transaksjonsbaserte inntekter som trekkes fra kundenes oppgjør før vederlag utbetales, og dermed anses risiko for tap knyttet til disse inntektsstrømmene for å være lav. Selskapets kreditrisiko knyttet til eksterne konsulentinntekter, inkassovirksomhet og fakturaservice vurderes som moderat.

Likviditetsrisiko

Selskapet vurderer likviditeten som tilfredsstillende. Selskapet er deltaker i konsernkonto-ordning administrert av Swedbank PayEx Holding AB.

Forsknings og utviklingsaktiviteter

Selskapet driver løpende med forskning og utviklingsaktiviteter, men hadde ingen investeringer tilknyttet FoU i 2021. Investeringene i 2020 omfattet for det meste utvikling av nye og forbedrede tjenester, med ny funksjonalitet, og fjorårets aktiverte utviklingskostnadene var MNOK 7,6. Nedgangen skyldes iverksettelse av vedtatt konsernstrategi.

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Compliance

For å skape en god risiko- og compliance kultur i Selskapet og for å øke kunnskapen hos medarbeiderne har intern opplæring vært prioritert også i 2021, med kurs med bruk av e-learning innen ulike områder til ansatte. Intranett og flere digitale informasjonskanaler er også forbedret i 2021 og har økt muligheten for å informere medarbeidere på en effektiv og tydelig måte om hva som pågår i virksomheten på alle nivåer. Det vil dermed legges til rette for en bedre kontroll i Selskapet og gi bedre forutsetninger for å skape en god risiko- og compliance kultur. Spesielt relatert til Covid-19 informasjon har intranettet vært en viktig informasjonskanal. Fokuset i Selskapet har i 2021 vært etterlevelse av nye regelverk innen GDPR og PSD2 i tillegg til videreføring av fokus på Outsourcing og AML.

Arbeidsmiljø, personale, diskriminering og likestilling

Selskapet arbeider bevisst for at arbeidsmiljøet skal være best mulig. Langtidssykefraværet i Selskapet i 2021 var på 3,1% (opp fra 2,8% i 2020) og det er ikke rapportert om skader eller ulykker blant de ansatte. Korttidsfraværet var på 1,5% (opp fra 1,4% i 2020).

Redegjørelse for kjønnslikestilling pr. 31.12.2021:

PayEx Norge AS	Kvinner	Menn
Totalt ansatt ansatte i virksomheten	35	111
Midlertidige ansatte (antall)	2	0
Ansatte i deltidsstillinger (antall)	0	3
Gjennomsnittlig antall uker foreldrepermisjon	Ingen tilfeller for 2021	Uker 18 Ansatte 2

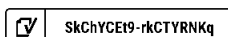
Styret består av én kvinne og fem menn.

Vårt arbeid for likestilling og mot diskriminering er forankret i konsernets styringsdokumenter. PayEx har utarbeidet en policy hvor hensikten er at alle ansatte skal ha de samme mulighetene når de jobber for PayEx. Det betyr at hver ansatt innenfor sine egne evner, kvalifikasjoner og livserfaring er en likeverdig del av fellesskapet. Alle ansatte uansett kjønn, etnisk bakgrunn, religion eller annen tro, alder, seksuell legning, kjønnsidentitet og kjønnsuttrykk eller fysisk evne skal ha lik tilgang til utvikling og karrieremuligheter. Mangfoldet av våre ansatte, i tillegg til menneskerettighetsperspektiv, er til slutt en mulighet til å utnytte en rekke erfaringer og kompetanser som gjør mangfold til en faktor i å heve lønnsomhet kontinuerlig, og sikre at PayEx forblir en attraktiv arbeidsgiver. Derfor er likestilling og mangfold av strategisk betydning.

PayEx' mål er å skape mennesker med forskjellige erfaringer og bakgrunn, og en jevn fordeling av kvinner og menn på alle nivåer - fra toppledelse til ansattnivå. Hver leder har et ansvar for å fremme målrettet kjønnslikestilling og mangfolds arbeid, som inkluderer implementering av endringer, informasjon, gjennomføring av kontinuerlig oppfølging og bidrag til endring av mønstre og strukturer som hindrer mangfold og inkludering. En positiv holdning til mangfold og inkludering er integrert i den daglige driften i PayEx.

Ytre miljø

Selskapet påvirker det ytre miljøet gjennom forbruk av papir, energi og reiseaktivitet, men ikke utover det som er normalt for denne type virksomhet.





Årsresultat og disponeringer

I 2021 hadde selskapet et resultat etter skattekostnad på NOK 11 508 809 som foreslås disponert slik:

Disponering	Beløp
Overført til annen egenkapital	NOK 11 508 809

Oslo, 13. juni 2022
Styret i Payex Norge AS

Peter Lomsdalen Brechan
styreleder

Steinar Nybråten
styremedlem

Gro Jørgensen
styremedlem

Kenneth Ove Taule
styremedlem

Jan Ingemar Darlin
styremedlem

Freddy Haraldsen
styremedlem

Raymond Klavestad
daglig leder

 SkChYCEt9-rkCTYRNKq



COMPLETED BY ALL:
13.06.2022 21:20

SENT BY OWNER:
Nils Karlander · 13.06.2022 17:37

DOCUMENT ID:
rkCTYRNKq

ENVELOPE ID:
SkChYCEt9-rkCTYRNKq

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Activity log

RECIPIENT	ACTION*	TIMESTAMP (CET)	METHOD	DETAILS
Raymond Klavestad raymond.klavestad@payex.com	Signed Authenticated	13.06.2022 17:55 13.06.2022 17:53	eID Low	Norwegian BankID (DOB: 1962/12/11) IP: 212.37.1.98
Gro Jørgensen gro.jorgensen@gmail.com	Signed Authenticated	13.06.2022 18:24 13.06.2022 18:17	eID Low	Norwegian BankID (DOB: 1967/11/05) IP: 81.191.168.213
Peter Lomsdalen Brechan brechan@online.no	Signed Authenticated	13.06.2022 18:53 13.06.2022 18:49	eID Low	Norwegian BankID (DOB: 1959/02/05) IP: 51.175.96.25
Kenneth Ove Taule kenneth.taule@gmail.com	Signed Authenticated	13.06.2022 19:40 13.06.2022 19:35	eID Low	Norwegian BankID (DOB: 1970/01/20) IP: 85.166.70.70
JAN DARLIN jan.darlin@swedbank.se	Signed Authenticated	13.06.2022 20:53 13.06.2022 20:50	eID Low	Swedish BankID (DOB: 25/02/1972) IP: 164.10.46.63
Steinar Nybråten steinar.nybraten@swedbankpay.no	Signed Authenticated	13.06.2022 20:57 13.06.2022 20:54	eID Low	Norwegian BankID (DOB: 1954/08/28) IP: 193.234.26.1
Freddy Haraldsen frehar@online.no	Signed Authenticated	13.06.2022 21:20 13.06.2022 21:16	eID Low	Norwegian BankID (DOB: 1963/06/13) IP: 85.252.81.148

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