

Q3 2017

Interim report for the third quarter 2017

Third quarter 2017 compared with second quarter 2017

- Stable profit in a quarter with seasonally lower activity
- Increased lending volumes in our home markets supported net interest income
- The consolidation of PayEx positively affected net commission income
- Higher volumes of covered bond repurchases weighed on net gains and losses on financial items
- Seasonally lower costs
- Good credit quality
- Strong capitalisation

“The current high level of activity means we can aim even higher.”

Birgitte Bonnesen,
President and CEO

| Financial information SEKm | Q3 2017 | Q2 2017 | % | Jan-Sep 2017 | Jan-Sep 2016 | % |
|---|---------------|---------------|-----------|-----------------|-----------------|-----------|
| Total income | 10 418 | 10 393 | 0 | 31 462 | 30 874 | 2 |
| Net interest income | 6 208 | 6 090 | 2 | 18 269 | 16 850 | 8 |
| Net commission income | 2 917 | 3 000 | -3 | 8 739 | 8 278 | 6 |
| Net gains and losses on financial items at fair value ²⁾ | 525 | 567 | -7 | 1 578 | 1 946 | -19 |
| Other income ¹⁾²⁾³⁾ | 768 | 736 | 4 | 2 876 | 3 800 | -24 |
| Total expenses | 3 883 | 3 966 | -2 | 11 852 | 11 470 | 3 |
| Profit before impairments | 6 535 | 6 427 | 2 | 19 610 | 19 404 | 1 |
| Impairment of intangible and tangible assets | 107 | 1 | | 110 | 10 | |
| Credit impairments | 235 | 400 | -41 | 974 | 774 | 26 |
| Tax expense | 1 444 | 1 276 | 13 | 3 901 | 3 213 | 21 |
| Profit for the period attributable to the shareholders of Swedbank | 4 743 | 4 746 | 0 | 14 613 | 15 397 | -5 |
| Earnings per share, SEK, after dilution | 4.24 | 4.24 | | 13.07 | 13.80 | |
| Return on equity, % | 15.0 | 15.6 | | 15.4 | 16.8 | |
| C/l ratio | 0.37 | 0.38 | | 0.38 | 0.37 | |
| Common Equity Tier 1 capital ratio, % | 23.9 | 24.6 | | 23.9 | 23.8 | |
| Credit impairment ratio, % | 0.06 | 0.10 | | 0.08 | 0.07 | |

¹⁾ One-off income from sale of Hemnet of SEK 680m during first quarter 2017.

²⁾ One-off income from VISA, SEK 2 115m during first half year 2016 of which Net gains and losses on financial items at fair value SEK 457m and Other income SEK 1 658m.

³⁾ Other income in the table above includes the items Net insurance, Share of profit or loss of associates, and Other income from the Group income statement.

CEO Comment

In the third quarter we finalised two important strategic investments. Firstly, the acquisition of the payment services provider PayEx was approved by the authorities and the company's results were consolidated in Swedbank in August. The acquisition complements our offering in the strategically important payments area and facilitates the further development of competitive payment services for retailers and their customers. The integration of PayEx's payment services into our product offering has begun. Secondly, the partnership with the brokerage firm Kepler Cheuvreux in Stockholm and Oslo is now in place. Together, Swedbank and Kepler Cheuvreux offer a broad range of equity advisory services in the Nordic region as well as a global distribution network of 1 350 institutional clients.

It is also gratifying to see how two of our digital initiatives are making banking easier for customers. Since the launch of a fully digitised consumer credit process in Sweden, mobile applications have risen significantly. In the Baltic countries, the introduction of Smart ID, the app used as an identification tool and to sign contracts, has already added 270 000 users within the span of a few months.

In terms of sustainability, Swedbank excelled in several respects during the quarter. One of the most important was that five of Swedbank Robur's sustainability funds were approved for the Nordic Swan Ecolabel, which guides customers who want to invest in funds that live up to high sustainability requirements and pushes companies and society in a more sustainable direction. In addition, decision-makers in Sweden's largest companies named Swedbank the most sustainable bank in the Sustainable Brand Index Business to Business. We were also pleased to receive over 4 000 entries to an entrepreneurial contest in Sweden called Rivstart ("Flying Start"), which was completed in September. A total of ten winners were announced, each of whom received SEK 250 000 in seed capital and support to develop and implement their ideas. These awards and initiatives show how deeply rooted social engagement and a sustainability perspective are in Swedbank.

Long-term measures to improve customers' opinions of us continue. In the annual Finansbarometern survey, Swedbank raised its rankings in the categories of Sweden's best small business bank and the year's best commercial bank. In this year's Swedish Quality Index survey, however, in which around 600 of Swedbank's private and corporate customers took part, we lost ground slightly compared with last year. This autumn we are conducting a broader customer survey in which around 5 000 private and corporate customers will be interviewed. Deeper insight and understanding of our customers' opinions will help us to deliver even greater value in the future.

Solid macroeconomic growth in all our home markets

High, stable growth continues in Sweden and the Baltic countries. In Sweden, along with housing investment

and domestic consumption, exports provided a bigger contribution to growth due to improved global economic conditions. Higher demand from abroad has also benefited exports in the Baltic countries, and investments have increased. Inflation is expected to rise, which could eventually allow the Riksbank and the European Central Bank to begin phasing out the extraordinary stimulus measures they have taken since the financial crisis. Political uncertainty, natural disasters and geopolitical tensions have not been able to buck the positive economic trend, which bodes well.

The Swedish housing market showed signs of further slowdown in the third quarter. The rise in house prices and increase in household debt have dampened. This is positive, as it contributes to more sustainable economic development, but action is still needed to increase mobility in the housing market and facilitate the construction of affordable housing.

Stable financial results

We delivered stable results for the quarter. Mortgage demand remains strong, while we saw slightly broader loan demand than before in the corporate sectors. The acquisition of PayEx and high card activity kept commission income stable in an otherwise seasonally weaker summer period.

In the Baltic countries, household and corporate lending increased in all three countries. Our Estonian subsidiary's strong capital position allowed for an increase in its dividend policy during the quarter, which resulted in a slightly higher tax expense, since dividends are taxed in Estonia.

In the large corporate segment, the normal negative seasonal effects in funding and securities trading, among other areas, were offset by positive currency fluctuations and stable lending volumes.

High cost efficiency is part of the bank's corporate culture, as evident in this past quarter. Following the consolidation of PayEx, we estimate the Group's total expenses for full-year 2017 at around SEK 16.1bn.

Credit quality remains good, both in Sweden and the Baltic countries.

Even higher aims

During the final months of the year the Group Executive Committee and I will focus on completing planning for next year and formulating our priorities. The current high level of activity means we can aim even higher. Next year's priorities will be to further increase customer value at the same time that we consolidate the bank's long-term financial position.



Birgitte Bonnesen
President and CEO

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

Financial overview

| Income statement SEKm | Q3 2017 | Q2 2017 | % | Q3 2016 | % | Jan-Sep 2017 | Jan-Sep 2016 | % |
|--|---------------|---------------|-----------|---------------|-----------|-----------------|-----------------|-----------|
| Net interest income | 6 208 | 6 090 | 2 | 5 837 | 6 | 18 269 | 16 850 | 8 |
| Net commission income | 2 917 | 3 000 | -3 | 2 838 | 3 | 8 739 | 8 278 | 6 |
| Net gains and losses on financial items at fair value | 525 | 567 | -7 | 669 | -22 | 1 578 | 1 946 | -19 |
| Other income ¹⁾ | 768 | 736 | 4 | 696 | 10 | 2 876 | 3 800 | -24 |
| Total income | 10 418 | 10 393 | 0 | 10 040 | 4 | 31 462 | 30 874 | 2 |
| Staff costs | 2 414 | 2 386 | 1 | 2 315 | 4 | 7 248 | 6 936 | 4 |
| Other expenses | 1 469 | 1 580 | -7 | 1 489 | -1 | 4 604 | 4 534 | 2 |
| Total expenses | 3 883 | 3 966 | -2 | 3 804 | 2 | 11 852 | 11 470 | 3 |
| Profit before impairments | 6 535 | 6 427 | 2 | 6 236 | 5 | 19 610 | 19 404 | 1 |
| Impairment of intangible assets | 96 | | | | | 96 | | |
| Impairment of tangible assets | 11 | 1 | | 1 | | 14 | 10 | 40 |
| Credit impairments, net | 235 | 400 | -41 | 201 | 17 | 974 | 774 | 26 |
| Operating profit | 6 193 | 6 026 | 3 | 6 034 | 3 | 18 526 | 18 620 | -1 |
| Tax expense | 1 444 | 1 276 | 13 | 1 215 | 19 | 3 901 | 3 213 | 21 |
| Profit for the period | 4 749 | 4 750 | 0 | 4 819 | -1 | 14 625 | 15 407 | -5 |
| Profit for the period attributable to the shareholders of Swedbank AB | 4 743 | 4 746 | 0 | 4 816 | -2 | 14 613 | 15 397 | -5 |

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

| Key ratios and data per share | Q3 2017 | Q2 2017 | Q3 2016 | Jan-Sep 2017 | Jan-Sep 2016 |
|---|------------|------------|------------|-----------------|-----------------|
| Return on equity, % ¹⁾ | 15.0 | 15.6 | 15.8 | 15.4 | 16.8 |
| Earnings per share before dilution, SEK ²⁾ | 4.26 | 4.26 | 4.33 | 13.13 | 13.87 |
| Earnings per share after dilution, SEK ²⁾ | 4.24 | 4.24 | 4.31 | 13.07 | 13.80 |
| C/I ratio | 0.37 | 0.38 | 0.38 | 0.38 | 0.37 |
| Equity per share, SEK ²⁾ | 115.7 | 111.3 | 111.6 | 115.7 | 111.6 |
| Loan/deposit ratio, % | 164 | 166 | 166 | 164 | 166 |
| Common Equity Tier 1 capital ratio, % | 23.9 | 24.6 | 23.8 | 23.9 | 23.8 |
| Tier 1 capital ratio, % | 26.5 | 27.8 | 26.2 | 26.5 | 26.2 |
| Total capital ratio, % | 30.9 | 32.5 | 29.3 | 30.9 | 29.3 |
| Credit impairment ratio, % ³⁾ | 0.06 | 0.10 | 0.05 | 0.08 | 0.07 |
| Share of impaired loans, gross, % | 0.55 | 0.53 | 0.35 | 0.55 | 0.35 |
| Total provision ratio for impaired loans, % | 45 | 45 | 57 | 45 | 57 |
| Liquidity coverage ratio (LCR), % ⁴⁾ | 145 | 128 | 131 | 145 | 131 |
| Net stable funding ratio (NSFR), % | 109 | 110 | 104 | 109 | 104 |

| Balance sheet data SEKbn | 30 Sep 2017 | 31 Dec 2016 | % | 30 Sep 2016 | % |
|--|----------------|----------------|----|----------------|---|
| Loans to the public, excluding the Sw edish National Debt Office and repurchase agreements | 1 488 | 1 453 | 2 | 1 439 | 3 |
| Deposits and borrowings from the public, excluding the Sw edish National Debt Office and repurchase agreements | 910 | 782 | 16 | 865 | 5 |
| Shareholders' equity | 129 | 130 | -1 | 124 | 4 |
| Total assets | 2 460 | 2 154 | 14 | 2 394 | 3 |
| Risk exposure amount | 420 | 394 | 6 | 404 | 4 |

¹⁾ Average shareholders' equity can be found on pages 73-74 in the Fact book.

²⁾ The number of shares and calculation of earnings per share are specified on page 44.

³⁾ For more information about the credit impairment ratio, see page 42 of the Fact book.

⁴⁾ LCR - calculated in accordance with SFSA's regulations (FFFS 2012:6.).

Definitions of all key ratios can be found in Swedbank's Fact book on page 81.

Overview

Market

The global economic recovery is continuing. US GDP grew by 3.1 per cent on an adjusted annual basis in the second quarter. In the eurozone it rose by 2.3 per cent compared with the second quarter of 2016. Unemployment in the Eurozone is declining and is at the lowest level (9.1 per cent) since the financial crisis in 2008-2009, while in the US it remains around 4.5 per cent. The inflation rate is still at low levels, however.

Stronger macro data in the eurozone and growing expectations that the ECB may soon introduce a less expansionary policy strengthened the euro against the dollar in the third quarter. Oil prices rose in the quarter in the wake of stronger global demand.

The Swedish economy grew by 1.3 per cent in the second quarter and GDP rose by 3.1 per cent on an annual basis (calendar adjusted). The biggest contributor to growth was fixed gross investment, mainly housing investment, followed by exports and consumer spending. Tendency surveys and the Purchasing Managers' Index show that the Swedish economy remained strong in the third quarter.

Swedish short- and long-term market interest rates rose in the quarter, while the krona appreciated against both the dollar and the euro. Inflation and inflation expectations rose, although the increase was partly driven by temporary factors. CPI inflation – CPI at fixed interest rates – was 2.3 per cent in September, the third consecutive month that inflation exceeded the Riksbank's target of 2 per cent. The government's budget bill for 2018 promises around SEK 44bn in investments, targeting pensioners and families, which could increase consumer spending. Household lending from monetary financial institutions rose in August by 7.1 per cent on an annual basis. House prices rose slightly in the last three months. Residential housing supply has also risen, however, as has the number of apartment starts.

The Baltic economies continued to report robust growth. The strongest growth is evident in Estonia, where GDP rose by 5.7 per cent in the second quarter compared with the same period in 2016, followed by Lithuania (4.1 per cent) and Latvia (4.0 per cent). Growth broadened from being primarily domestically driven to also include stronger exports in the wake of improving global economic conditions. Investment, which recovered at the end of last year in all three Baltic countries thanks to increased flows from the EU's structural funds, received further support from improved export conditions and higher industrial production. Housing investment in particular has accelerated in 2017. Consumer spending is getting support from higher wages and falling unemployment, although the rising inflation rate cut into real wage growth. The inflation rate rose due to stronger domestic demand and rising commodity prices. This led to an inflation rate of over 3 per cent on average so far in 2017, the highest level since 2011. Inflation was highest in Lithuania, 4.8 per cent in August, followed by Estonia (3.7 per cent) and Latvia (2.9 per cent).

A brighter economic picture and low interest rates have been a support for global equities, despite increased geopolitical tension between the US and North Korea after the North Korean government conducted several missile tests. Stock indices in the US, Europe, and Stockholm rose during the quarter, although the OMXS30 Index was lower on average than in the previous quarter.

Important to note

Swedbank has previously estimated expenses for full-year 2017 at around SEK 15.8bn. Since the payment services provider PayEx was consolidated as of 15 August, after the acquisition was approved by regulatory authorities, total expenses for the full-year 2017 are estimated at around SEK 16.1bn.

The interim report contains alternative performance measures that Swedbank considers valuable information for the reader, since they are used by the executive management for internal governance and performance measurement as well as for comparisons between reporting periods. Further information on the alternative performance measures used in the interim report can be found on page 53.

Group development

Result third quarter 2017 compared with second quarter 2017

Swedbank reported profit of SEK 4 743m in the third quarter of 2017, compared with SEK 4 746m in the previous quarter. Higher net interest income and lower credit impairments had a positive effect, but were offset by higher tax. FX changes reduced profit by SEK 14m.

The return on equity was 15.0 per cent (15.6) and the cost/income ratio was 0.37 (0.38).

Income of SEK 10 418m was slightly higher than in the previous quarter (10 393) due to higher net interest income. PayEx, which was consolidated on 15 August, contributed SEK 38m, which mainly affected net commission income positively in the quarter (see note 25 for further information on PayEx).

In total, net interest income rose by 2 per cent to SEK 6 208m (6 090). The main reason was an increase in Swedish mortgage lending volumes and improved net interest income within Group Treasury. Improved deposit margins due to higher short-term market interest rates and an extra day in the quarter also had a positive effect. Margins on the Swedish mortgage portfolio were stable. The resolution fund fee negatively affected net interest income by SEK 300m (261). The fee in the previous quarter was affected by the final decision of the National Debt Office on the fee level for the resolution fund for 2017. This represents a decrease compared with the previously estimated amount, of which SEK 83m related to the first half year.

Net commission income decreased by 3 per cent to SEK 2 917m (3 000). Lower income from securities trading and corporate finance had a negative effect. Card commissions were seasonally higher, while asset management income was stable. PayEx positively affected net commission income by SEK 38m.

Net gains and losses on financial items at fair value decreased somewhat to SEK 525m (567) due to slightly larger covered bond repurchases within Group Treasury. Net gains and losses on financial items within Large Corporates & Institutions were positively affected by currency fluctuations during the quarter, but were otherwise weaker due to lower market volatility.

Other income increased to SEK 768m (736) because the value of the Visa shares within Visa Sweden, in which Swedbank is a member, increased during the quarter.

Expenses were seasonally lower at SEK 3 883m (3 966). Staff costs amounted to SEK 2 414m (2 386). Other expenses decreased due to lower activity during the summer months with lower costs for travel, consultants and marketing. PayEx affected expenses by SEK 34m.

Credit impairments decreased to SEK 235m (400) mainly due to lower provisions within Large Corporates & Institutions for oil related commitments. Credit impairments also decreased in Swedish Banking, and Baltic Banking reported net recoveries.

Impairment of intangible assets amounted to SEK 96m since a previous payment solution project was no longer estimated to have any value for the Group due to the acquisition of PayEx. Impairment of tangible assets amounted to SEK 11m.

The tax expense amounted to SEK 1 444m (1 276), corresponding to an effective tax rate of 23.3 per cent (21.2). The difference in the effective tax rate between quarters is largely due to a new dividend policy adopted in Estonia in the third quarter, which means that 100 per cent of profit for the year will be distributed, compared with 60 per cent previously. Since dividends are taxed in Estonia, the tax expense increased by SEK 115m in the quarter, of which SEK 80m related to the first half year 2017. The Group's effective tax rate is estimated at 21-23 per cent in the medium term.

Result January-September 2017 compared with January-September 2016

Profit fell to SEK 14 613m, compared with SEK 15 397m in the same period in 2016. The decrease was mainly because one-off income was higher in the same period in 2016 (sale of Visa Europe) compared with the same period in 2017 (sale of Hemnet). Tax increased as well during the period because of the new dividend policy in Estonia and the elimination of the tax deductibility of interest on certain subordinated debt in 2017. FX changes increased profit by SEK 64m.

The return on equity was 15.4 per cent (16.8) and the cost/income ratio was 0.38 (0.37). Excluding one-off income, the return on equity was 14.7 per cent (14.6).

The table below shows profit excluding the gains on the sales of Hemnet in 2017 and Visa in 2016.

| | Jan-Sep 2017 | Jan-Sep 2017 excl. one- off income Hemnet | Jan-Sep 2016 | Jan-Sep 2016 excl. one- off income VISA |
|---|-----------------|--|-----------------|--|
| Income statement, SEKm | | | | |
| Net interest income | 18 269 | 18 269 | 16 850 | 16 850 |
| Net commission income | 8 739 | 8 739 | 8 278 | 8 278 |
| Net gains and losses on financial items at fair value of which VISA | 1 578 | 1 578 | 1 946 | 1 489 |
| Share of profit or loss of associates of which VISA | 624 | 624 | 2 358 | 700 |
| Other income ¹⁾ of which Hemnet | 2 252 | 1 572 | 1 442 | 1 442 |
| Total income | 31 462 | 30 782 | 30 874 | 28 759 |
| Total expenses | 11 852 | 11 852 | 11 470 | 11 470 |
| Impairments | 1 084 | 1 084 | 784 | 784 |
| Operating profit | 18 526 | 17 846 | 18 620 | 16 505 |
| Tax expense | 3 901 | 3 901 | 3 213 | 3 213 |
| Profit for the period attributable to the shareholders of Swedbank | | | | |
| AB | 14 613 | 13 933 | 15 397 | 13 282 |
| Return on equity | 15.4 | 14.7 | 16.8 | 14.6 |
| Cost/Income ratio | 0.38 | 0.39 | 0.37 | 0.40 |

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

Income increased to SEK 31 461m (30 874). Excluding one-off items income rose by SEK 2 023m.

FX changes increased income by SEK 163m.

Net interest income rose by 8 per cent to SEK 18 269m (16 850). The increase was mainly due to higher lending volumes and margins on Swedish mortgages. The increase in the resolution fund fee of SEK 418m had a negative effect on net interest income.

Net commission income rose by 6 per cent to SEK 8 739m (8 278) mainly due to increased asset management income resulting from higher equity prices. Increased card income also contributed positively, while lower commissions from corporate finance and securities trading had a negative effect.

Net gains and losses on financial items at fair value fell to SEK 1 578m (1 946), mainly because income related to the Visa Europe sale had a positive effect on Group Treasury's result in the first nine months of 2016.

Other income including the share of profit of associates declined to SEK 2 876m (3 800) mainly due to income from the Visa sale in the same period in 2016.

Expenses rose to SEK 11 852m (11 470) mainly due to increased staff costs. FX effects raised expenses by SEK 76m.

Credit impairments increased to SEK 974m (774) due to increased provisions for oil related commitments within Large Corporates & Institutions as well as increased credit impairments within Swedish Banking. Baltic Banking reported net recoveries.

The tax expense amounted to SEK 3 901m (3 213), corresponding to an effective tax rate of 21.1 per cent (17.3). The effective tax rate for 2017 was affected by the tax-exempt capital gain on the Hemnet sale, the elimination of the deductibility of interest on subordinated liabilities introduced in 2017 and the new dividend policy in Estonia. The same period in 2016 was

affected by Swedbank's membership of Visa, which generated tax-exempt income from the sale of shares in Visa Europe. The Group's effective tax rate is estimated at 21-23 per cent in the medium term.

Volume trend by product area

Swedbank's main business is organised in two product areas: Group Lending & Payments and Group Savings.

Lending

Total lending to the public, excluding repos and the Swedish National Debt Office, increased by SEK 18bn to SEK 1 488bn (1 470) compared with the second quarter. Compared with 30 September 2016 the increase was SEK 49bn, or growth of 3 per cent.

| Loans to the public excl. the Swedish National Debt Office and repurchase agreements, SEKbn | 30 Sep 2017 | 30 Jun 2017 | 30 Sep 2016 |
|---|--------------|--------------|--------------|
| Loans, private mortgage | 813 | 802 | 761 |
| of w hich Sw edish Banking | 747 | 737 | 698 |
| of w hich Baltic Banking | 66 | 65 | 63 |
| of w hich Large Corporates & Inst. | | | |
| Loans, private other incl tenant-owner associations | 153 | 152 | 148 |
| of w hich Sw edish Banking | 139 | 139 | 135 |
| of w hich Baltic Banking | 13 | 12 | 13 |
| of w hich Large Corporates & Inst. | 1 | 1 | |
| Loans, corporate | 522 | 516 | 530 |
| of w hich Sw edish Banking | 252 | 249 | 278 |
| of w hich Baltic Banking | 67 | 65 | 65 |
| of w hich Large Corporates & Inst. | 203 | 202 | 187 |
| Total | 1 488 | 1 470 | 1 439 |

Lending to Swedish mortgage customers within Swedish Banking increased by SEK 10bn to SEK 747bn (737) compared with 30 June. As of 31 August 2017 the share of the year's net growth for mortgages was 18 per cent and the total market share was 24.5 per cent (24.8 per cent as of 31 December 2016). In Baltic Banking mortgage volume grew by 1 per cent in local currency to the equivalent of SEK 66bn.

Other private lending, including to tenant-owner associations, grew by SEK 1bn in the quarter.

Swedbank's Swedish consumer loan volume amounted to SEK 31bn, corresponding to a market share of about 10 per cent. Consumer loans include unsecured loans as well as loans secured by a car or boat. The Baltic consumer loan portfolio grew in the quarter by 3 per cent in local currency to the equivalent of SEK 7.9bn.

Corporate lending increased by SEK 6bn in the quarter to SEK 522bn. Corporate lending increased by SEK 3bn within Swedish Banking, SEK 2bn within Baltic Banking and SEK 1bn within Large Corporates & Institutions.

In Sweden the market share was 17.4 per cent in August (18.4 per cent as of 31 December 2016).

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

Payments

The total number of cards in issue at the end of the quarter was 8.0 million, unchanged compared with the end of the second quarter. Compared with the third

quarter of 2016 the number of cards in issue increased by 1 per cent.

In Sweden the number of cards in issue was 4.2 million at the end of the third quarter. Compared with the same period in 2016 corporate card issuance increased by 1 per cent and consumer card issuance increased by 2 per cent. The increase in the number of consumer cards is largely driven by the growing number of young people who are signing up for cards. The bank's many small business customers offer further growth potential in the corporate card issuance business. In the Baltic countries the number of cards in issue was 3.8 million.

| Number of cards | 30 Sep 2017 | 30 Jun 2017 | 30 Sep 2016 |
|----------------------------|-------------|-------------|-------------|
| Issued cards, million | 8.0 | 8.0 | 7.9 |
| of w hich Sw eden | 4.2 | 4.2 | 4.1 |
| of w hich Baltic countries | 3.8 | 3.8 | 3.8 |

A total of 323 million purchases were made in Sweden with Swedbank cards in the third quarter, an increase of 5 per cent compared with the third quarter of 2016. In the Baltic countries there were 124 million card purchases, an increase of 13 per cent.

The number of acquired card transactions also increased year-on-year. In the Nordic countries the number of acquired card transactions was 631 million in the third quarter, an increase of 8 per cent compared with the third quarter of 2016. In the Baltic countries the corresponding figures were 93 million and 11 per cent.

The share of retail payments made by card in the overall market exceeded 85 per cent in Sweden and 50 per cent in Estonia, while the figures were slightly lower in Latvia and Lithuania. Swedbank is working actively to increase card payments in stores by encouraging more retailers to accept cards and advising customers to pay by card instead of cash.

To make it easier for customers to pay for small purchases by card, Swedbank has added contactless cards. The launch began in the Baltic countries in 2016 and is continuing gradually in Sweden in 2017 for various types of cards. At the same time payment terminals at stores are being upgraded to accept contactless cards. In the Baltic countries more than 50 per cent of terminals support contactless payments. In Sweden the corresponding figure is currently around 20 per cent, but the number of terminals with contactless functionality is expected to grow quickly and reach more than 50 per cent of stores in 2018.

The number of domestic payments rose by 16 per cent in Sweden and by 4 per cent in the Baltic countries compared with the third quarter of 2016. Swedbank's market share of payments through the Bankgiro system was 37 per cent. The number of international payments rose by 6 per cent in Sweden and 18 per cent in the Baltic countries compared with the third quarter of 2016.

To better capitalise on emerging opportunities in e-commerce, Swedbank created a new unit, Group Commerce, within Group Lending & Payments, which focus on providing retailers with comprehensive payment solutions.

The acquisition of the payment service provider PayEx was finalised in mid-August after the deal was approved by regulatory authorities. The acquisition complements

Swedbank's payment and financing services, primarily through PayEx's PSP and solutions for invoicing and partial payments. It also creates opportunities to continue developing attractive long-term payment services for retailers and their customers.

Savings

Total deposits within the business segments – Swedish Banking, Baltic Banking and Large Corporates & Institutions – increased by SEK 15bn to SEK 820bn (805) compared with the end of the second quarter. Of this total, 59 per cent (58) related to on demand deposits. Total deposits from the public, including volumes attributable to Group Treasury within Group Functions & Other, increased by SEK 22bn in the quarter to SEK 910bn.

| Deposits from the public excl. the Swedish National Debt Office and repurchase agreements, SEKbn | 30 Sep 2017 | 30 Jun 2017 | 30 Sep 2016 |
|--|-------------|-------------|-------------|
| Deposits, private | 467 | 457 | 435 |
| of which Swedish Banking | 363 | 355 | 341 |
| of which Baltic Banking | 104 | 102 | 94 |
| Deposits, corporate | 443 | 431 | 430 |
| of which Swedish Banking | 156 | 155 | 147 |
| of which Baltic Banking | 68 | 67 | 72 |
| of which Large Corporates & Inst. | 129 | 126 | 123 |
| of which Group Functions & Other | 90 | 83 | 88 |
| Total | 910 | 888 | 865 |

Swedbank's deposits from private customers increased by SEK 10bn in the quarter to SEK 467bn (457). The large part of the inflow was within Swedish Banking.

Corporate deposits increased by a total of SEK 12bn in the quarter. Deposits within Large Corporates & Institutions increased by SEK 3bn. In Swedish Banking corporate deposits increased by SEK 1bn and in Baltic Banking they increased by SEK 1bn. Deposits within Group Treasury increased by SEK 7bn largely due to higher volumes from US money market funds.

Market shares in Sweden were stable in the quarter. The market share for household deposits was 21 per cent as of 30 August (21 per cent as of 31 December 2016) and for corporate deposits was 19 per cent (20). For more information on deposits, see page 37 of the Fact book.

| Asset management, SEKbn | 30 Sep 2017 | 30 Jun 2017 | 30 Sep 2016 |
|--|--------------|--------------|--------------|
| Total Asset Management | 1 237 | 1 226 | 1 137 |
| Assets under management | 853 | 840 | 769 |
| Assets under management, Robur | 848 | 835 | 764 |
| of which Sweden | 809 | 797 | 728 |
| of which Baltic countries | 40 | 39 | 33 |
| of which Norway | | | 4 |
| of which eliminations | -1 | -1 | -1 |
| Assets under management, Other, Baltic countries | 5 | 5 | 5 |
| Discretionary asset management | 384 | 386 | 369 |

Fund assets under management by Swedbank Robur rose during the quarter to SEK 848bn (835) as of 30 September, of which SEK 809bn (797) related to the Swedish fund business. The increase was due in its entirety to higher asset values. Fund assets under management by Swedbank Robur's Baltic business amounted to SEK 40bn (39) with positive net flows and rising asset values contributing to the increase.

The total net inflow to the Swedish fund market decreased in the third quarter to SEK 8.6bn (33.4). Of this inflow, SEK 6.9bn was in fixed income funds, SEK 1.2bn in mixed funds and SEK 1.0bn in hedge funds and other funds. The outflow from equity funds was SEK 0,5bn.

Swedbank Robur's net inflow in the Swedish fund market improved during the quarter but remained negative at SEK -1.7bn (-5.6 in the second quarter)

Institutional clients accounted for a negative net flow of SEK -0.4bn (-10.9 in the second quarter). Swedish Banking and the savings banks had negative flows of SEK -1.1bn (1.5 in the second quarter). Third-party business had a negative net flow of SEK -0.4bn (0.9). Like for the rest of the market, the beginning of the quarter saw outflows from equity funds. Rising equity prices in September contributed to a trend reversal, but for the quarter as a whole Swedbank Robur's net flow was negative for equity funds at SEK -1.9bn. The net flow for fixed income funds was also negative, at SEK -0.9bn, while mixed funds had a positive net flow of SEK 1.1bn.

The net flow in the Baltic countries stayed positive in the third quarter at SEK 1.0bn (1.1 in the second quarter).

By assets under management, Swedbank Robur is the largest player in the Swedish and Baltic fund markets. In Sweden the market share as of 30 September was 20.8 per cent, which, despite a negative net flow during the quarter, is at the same level as of 30 June. Swedbank Robur's fund assets under management therefore trended higher than the Swedish fund market as a whole. The market share was 42 per cent in Estonia and Latvia and 37 per cent in Lithuania.

| Assets under management, life insurance, SEKbn | 30 Sep 2017 | 30 Jun 2017 | 30 Sep 2016 |
|--|-------------|-------------|-------------|
| Sweden | 173 | 170 | 153 |
| of which collective occupational pensions | 78 | 76 | 66 |
| of which endowment insurance | 64 | 63 | 59 |
| of which occupational pensions | 21 | 21 | 19 |
| of which other | 9 | 9 | 9 |
| Baltic countries | 5 | 5 | 5 |

Life insurance assets under management in Sweden increased by 2 per cent in the quarter to SEK 173bn. The net inflow was SEK 0.9bn.

Swedbank remained the eighth largest life insurance company in Sweden in the second quarter of 2017, with a market share of about 7 per cent in premium payments excluding capital transfers. In total, capital transfers amounted to SEK 28.2bn. The market share for transferred capital increased from 9 per cent in the first quarter to about 11 per cent in the second quarter, ranking Swedbank third in the overall transfer market. Swedbank is the largest life insurance company in Estonia and the second largest in Lithuania and Latvia. Its market shares as of 30 June were 43 per cent in Estonia, 23 per cent in Lithuania and 25 per cent in Latvia.

Credit and asset quality

Strong economic growth in our home markets contributed to continued development with generally low credit impairments. In the third quarter credit

impairments amounted to SEK 235m (SEK 400m in the second quarter) and mainly related to provisions for anticipated credit impairments for a limited number of commitments within Large Corporates & Institutions.

The credit impairment ratio was 0.06 per cent (0.10).

| Credit impairments, net by business segment SEKm | Q3 | Q2 | Q3 |
|--|------------|------------|------------|
| | 2017 | 2017 | 2016 |
| Swedish Banking | 66 | 86 | 41 |
| Baltic Banking | -26 | 7 | -28 |
| Estonia | -16 | 10 | -1 |
| Latvia | -4 | 2 | 8 |
| Lithuania | -6 | -5 | -35 |
| Large Corporates & Institutions | 195 | 307 | 188 |
| Total | 235 | 400 | 201 |

Major oil companies remain reluctant to invest due to the continued low oil prices and the uncertainty in oil-related sectors persists. Swedbank continues to carefully follow the developments maintains a close dialogue with impacted customers. The share of impaired loans (gross) was 0.55 per cent (0.53 as of 30 June) of total lending. The total provision ratio for impaired loans was 45 per cent (45). For more information on asset quality, see pages 39-45 of the Fact book.

New residential construction in Sweden remains high, which in combination with increased house prices has contributed to increased mortgage volumes. While new construction has caught up with demand in some locations, the housing shortage still persists in many larger areas. Lending volumes and house prices are rising more slowly than before, however, partly due to the amortisation requirement introduced last year.

Swedbank's Swedish mortgages increased by 1.4 per cent in the quarter, or 5.6 per cent on an annual basis. The average loan-to-value ratio of Swedbank's mortgages was 53 per cent (53) in Sweden, 48 per cent (48) in Estonia, 83 per cent (82) in Latvia and 67 per cent (67) in Lithuania, based on property level. For new lending in the quarter the loan-to-value ratio was 68 per cent in Sweden, 69 per cent in Estonia, 76 per cent in Latvia and 75 per cent in Lithuania. Amortisations in the Swedish mortgage portfolio amounted to about SEK 13bn in the last 12-month period. For more information, see pages 46-47 of the Fact book.

Operational risks

Losses related to operational risks remained low. One incident that occurred in the third quarter affected our customers, however. In August the bank suffered a disruption to equity trading over a period of about 8 hours, during which orders could not be placed and trading came to a halt. The disruption was due to a software error by a supplier.

Funding and liquidity

In the third quarter Swedbank stayed active in the international bond markets. The bank took advantage of favourable market conditions and chose to fund future maturities early on. Swedbank issued SEK 46bn in long-term debt, of which SEK 39bn related to covered bond issues. The total issuance volume for 2017 is expected to be slightly higher than in 2016. Maturities for the full-

year 2017 are nominally SEK 166bn from the beginning of the year.

Issuance plans are mainly affected by changes in deposit volumes and lending growth and are adjusted over the course of the year. Outstanding short-term funding, commercial paper and Certificates of Deposit included in debt securities in issue, amounted to SEK 188bn as of 30 September (SEK 159bn as of 30 June 2017). At the same time, cash and balance with central banks amounted to SEK 337bn (435). The liquidity reserve amounted to SEK 536bn (559) as of 30 September. The Group's liquidity coverage ratio (LCR) was 145 per cent (128), and for USD and EUR was 121 and 191 per cent respectively. The net stable funding ratio (NSFR) was 109 per cent (110). For more information on funding and liquidity, see notes 15-17, and pages 56-71 of the Fact book.

Ratings

During the third quarter there were no changes in Swedbank's ratings.

Capital and capital adequacy

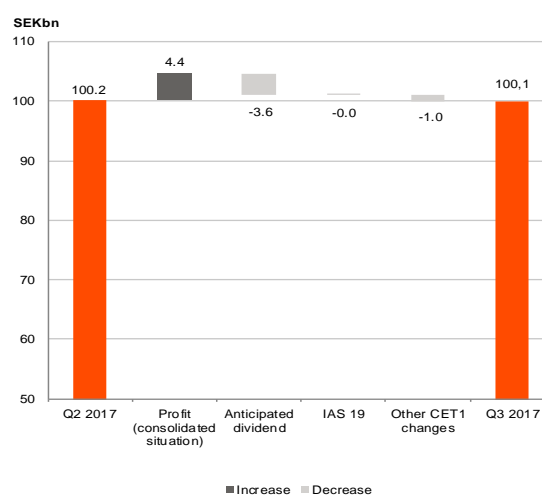
Capital ratio

The Common Equity Tier 1 capital ratio was 23.9 per cent on 30 September (24.6 per cent as of 30 June). Common Equity Tier 1 capital decreased by SEK 0.1bn in the quarter to SEK 100.1bn. Profit, after deducting the proposed dividend, positively affected Common Equity Tier 1 capital by SEK 0.9bn.

The acquisition of PayEx was finalised in the third quarter, which negatively affected the Common Equity Tier 1 capital by SEK 1.1bn, mainly through increased intangible assets.

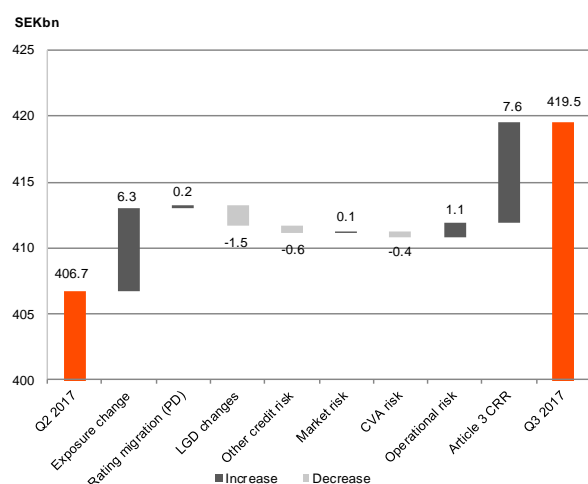
During the quarter Swedbank called an Additional Tier 1 capital (AT1) with a nominal value of SEK 2bn on the call date. Swedbank had previously issued Additional Tier 1 capital to ensure that it meets the capital requirements imposed by supervisory authorities.

Change in Common Equity Tier 1 capital, 2017, Swedbank consolidated situation



Swedbank's leverage ratio as of 30 September 2017 was 4.7 per cent (4.8). The ratio decreased because total assets were higher and the capital base was lower at the end of the third quarter of 2017 than at the end of the second quarter of 2017.

Change in REA, 2017, Swedbank consolidated situation



The risk exposure amount (REA) increased by SEK 12.8bn in the third quarter to SEK 419.5bn (406.7bn as of 30 June 2017). After the quarterly review of additional risk exposure amounts in accordance with article 3 of the EU's Capital Requirements Regulation (CRR), Swedbank decided to add SEK 7.6bn to the REA. This relates to the previously announced update of the model for large corporates. In connection with the update Swedbank also intends to adapt to the European Banking Authority's default definition guidelines.

REA for credit risk rose by a total of SEK 4.4bn, of which SEK 0.6bn related to PayEx. Within REA for credit risk, exposure changes contributed with an increase of SEK 6.3bn. Rating migration increased REA by SEK 0.2bn. These increases were offset by higher collateral values, which have a positive effect on Loss Given Default (LGD). Increased collateral values reduced REA by SEK 1.5bn. Other credit risk reduced REA by SEK 0.6bn, mainly driven by shorter maturities for exposures.

REA for valuation adjustments (CVA risk) decreased by SEK 0.4bn due to lower exposures, while REA for market risks increased by SEK 0.1bn. REA for operational risks increased during the quarter by SEK 1.1bn due to the consolidation of PayEx.

Capital requirement

Swedbank's total Common Equity Tier 1 capital requirement decreased in the quarter to 21.6 per cent, compared with the reported Common Equity Tier 1 capital ratio of 23.9 per cent as of 30 September 2017. The requirement decreased because the capital requirement with respect to the risk weight floor for mortgages in Pillar 2 decreased, as REA increased. The requirement for interest rate risk in the banking book also decreased because REA increased. The total requirement takes into account Swedbank's Common Equity Tier 1 capital requirement for individual Pillar 2 risks of 1.7 per cent as well as all announced increases in the contracyclical buffer values.

Future capital regulations

In November 2016 the EU Commission proposed changes to the EU's rules for banks. The proposal covers a number of areas, including the framework for a minimum requirement for own funds and eligible

liabilities (MREL). The proposal also introduces a new category of debt that banks can use to fulfil MREL. The Resolution Act enables the Swedish National Debt Office to write down a bank's liabilities in a crisis in order to absorb losses or convert the debt to equity. To ensure that they have sufficient capital and liabilities to write down or convert, banks will have to fulfil MREL as of 1 January 2018. Swedbank currently meets this requirement.

As of 2022, banks' eligible liabilities must be subordinated to the liabilities that are excluded from write-down or conversion. To enable Swedish banks to issue debt instruments that meet this requirement, Sweden has to amend its Rights of Priority Act in 2018 or possibly the beginning of 2019.

The Basel Committee has been working for several years to limit the international differences between banks' risk weights, probably including a capital floor for banks that use internal models. The Basel Committee has not completed the rule changes.

Until the new rules are finalised, it remains uncertain how Swedbank will be affected. With its robust profitability and strong capitalisation, however, Swedbank is well positioned to meet future changes in capital requirements.

Other events

On 16 August it was announced that Swedbank's acquisition of the payment service provider PayEx had been approved after the customary review by competition authorities in Sweden and Norway as well as the SFSA.

On 6 September it was announced that Swedbank's Annual General Meeting will be held on Thursday, 22 March 2018 in Stockholm. The Nomination Committee consists of the following members:

- Lennart Haglund, appointed by the owner-group Föreningen Sparbanksintressenter, Chair of the Nomination Committee
- Jens Henriksson, appointed by the owner-group Folksam
- Ramsay Brufer, appointed by Alecta
- Johan Sidenmark, appointed by AMF
- Peter Karlström, appointed by the owner-group Sparbanksstiftelserna
- Lars Idermark, Chair of the Board of Directors of Swedbank AB

On 29 September Ragnar Gustavii was appointed as the new Head of the CEO Office at Swedbank and a member of Swedbank's Group Executive Committee. Ragnar Gustavii currently works at the consulting firm EY, where he is part of the Nordic management team. The current head of the CEO Office, Mikael Björknert, has been appointed head of the new unit Group Strategy.

Events after 30 September 2017

No major events have occurred since 30 September 2017.

Swedish Banking

- Increased lending volumes supported net interest income
- PayEx affected net commission income and expenses
- Increased number of consumer loan applications

Income statement

| SEKm | Q3 2017 | Q2 2017 | % | Q3 2016 | % | Jan-Sep 2017 | Jan-Sep 2016 | % |
|--|--------------|--------------|----------|--------------|-----------|-----------------|-----------------|-----------|
| Net interest income | 3 811 | 3 792 | 1 | 3 577 | 7 | 11 240 | 10 310 | 9 |
| Net commission income | 1 860 | 1 881 | -1 | 1 806 | 3 | 5 498 | 5 149 | 7 |
| Net gains and losses on financial items at fair value | 88 | 105 | -16 | 74 | 19 | 290 | 248 | 17 |
| Share of profit or loss of associates | 217 | 208 | 4 | 211 | 3 | 569 | 672 | -15 |
| Other income ⁴⁾ | 139 | 129 | 8 | 128 | 9 | 1 096 | 422 | |
| Total income | 6 115 | 6 115 | 0 | 5 796 | 6 | 18 693 | 16 801 | 11 |
| Staff costs | 794 | 797 | 0 | 828 | -4 | 2 418 | 2 463 | -2 |
| Variable staff costs | 38 | 32 | 19 | 48 | -21 | 102 | 106 | -4 |
| Other expenses | 1 363 | 1 371 | -1 | 1 341 | 2 | 4 066 | 4 021 | 1 |
| Depreciation/amortisation | 18 | 17 | 6 | 26 | -31 | 52 | 76 | -32 |
| Total expenses | 2 213 | 2 217 | 0 | 2 243 | -1 | 6 638 | 6 666 | 0 |
| Profit before impairments | 3 902 | 3 898 | 0 | 3 553 | 10 | 12 055 | 10 135 | 19 |
| Credit impairments | 66 | 86 | -23 | 41 | 61 | 149 | -7 | |
| Operating profit | 3 836 | 3 812 | 1 | 3 512 | 9 | 11 906 | 10 142 | 17 |
| Tax expense | 812 | 823 | -1 | 749 | 8 | 2 392 | 2 205 | 8 |
| Profit for the period | 3 024 | 2 989 | 1 | 2 763 | 9 | 9 514 | 7 937 | 20 |
| Profit for the period attributable to the shareholders of Swedbank AB | 3 018 | 2 985 | 1 | 2 760 | 9 | 9 502 | 7 927 | 20 |
| Non-controlling interests | 6 | 4 | 50 | 3 | 100 | 12 | 10 | 20 |
| Return on allocated equity, % ¹⁾ | 21.5 | 21.4 | | 20.4 | | 22.8 | 20.1 | |
| Loan/deposit ratio, % | 219 | 221 | | 228 | | 219 | 228 | |
| Credit impairment ratio, % ²⁾ | 0.02 | 0.03 | | 0.01 | | 0.02 | 0.00 | |
| Cost/income ratio | 0.36 | 0.36 | | 0.39 | | 0.36 | 0.40 | |
| Loans, SEKbn ³⁾ | 1 138 | 1 125 | 1 | 1 111 | 2 | 1 138 | 1 111 | 2 |
| Deposits, SEKbn ³⁾ | 519 | 510 | 2 | 488 | 6 | 519 | 488 | 6 |
| Full-time employees | 4 042 | 4 091 | -1 | 4 192 | -4 | 4 042 | 4 192 | -4 |

1) For information about average allocated equity see page 16 of the Fact book.

2) For more information about the credit impairment ratio see page 42 of the Fact book.

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

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

Result

Third quarter 2017 compared with second quarter 2017

Profit increased to SEK 3 018m (2 985) mainly due to higher net interest income and lower credit impairments.

Net interest income rose by 1 per cent to SEK 3 811m (3 792). Increased mortgage and corporate lending volumes positively affected net interest income. Margins in the mortgage portfolio were stable. Slightly higher margins in corporate lending contributed positively. Deposit margins were positively affected by higher market interest rates. The resolution fund fee negatively affected the development in net interest income.

Household mortgage volume amounted to SEK 747bn at the end of the quarter, an increase of SEK 10bn. Corporate lending increased by SEK 3bn to SEK 252bn (249), of which SEK 107bn was loans to property management companies.

Household deposit volumes increased by SEK 8bn in the quarter. Corporate deposits within Swedish Banking increased by SEK 1bn in the quarter.

Net commission income decreased by 1 per cent to SEK 1 860m (1 881) mainly due to seasonally lower income from securities trading and lending commissions. This was partly offset by higher income from card commissions and asset management as well as the positive effect of the consolidation of PayEx as of the third quarter.

Other income increased slightly mainly as a result of higher net insurance driven by lower claims provisions in the life insurance business.

Total expenses were unchanged. Staff costs, maintenance costs for premises, and marketing costs decreased slightly. This was offset in its entirety by higher costs owing to the consolidation of PayEx.

Credit impairments of SEK 66m were reported in the third quarter, compared with credit impairments of SEK 86m in the second quarter.

January-September 2017 compared with January-September 2016

Profit increased to SEK 9 502m (7 927) mainly due to increased income.

Net interest income increased by 9 per cent to SEK 11 240m (10 310) mainly through increased lending volumes and mortgage margins. This was offset by the transfer of business volumes and financial results for a number of large corporate customers to Large Corporates & Institutions in the first quarter of 2017 and a higher resolution fund fee compared with 2016.

Net commission income increased by 7 per cent to SEK 5 498m (5 149). The increase was mainly due to higher equity prices and net fund inflows as well as increased card and payment commissions. This was offset by lower income from securities trading and lending commissions mainly explained by the transferred mortgage volumes from SBAB in 2016.

Other income increased mainly due to the sale of Fastighetsbyrån's holding in Hemnet.

Total expenses were stable. Staff costs decreased along with costs for premises and IT operations. This was largely offset by higher costs for internally purchased services.

Credit impairments of SEK 149m were reported during the period, compared with net recoveries of SEK 7m in the same period in 2016.

Business development

Our work to simplify for our customers continues. Among other things, this has resulted in a marked increase in the total number of digital consumer loan applications, since it became possible in June to manage the entire process from application to payout through the Mobile Bank. Mobile applications now account for about 75 per cent of the flow.

Swedbank was named this year's winner of "Anna's Award" for excellence in gender equality and diversity, presented by the Financial Sector Union of Sweden and the banking sector's employer federation, which cited the impacts that our long-term efforts have had at every level of the organisation and that we live up to our vision to be a bank for the many households and businesses.

Swedbank also received an award for pension information for last spring's campaign called "First Pension Aid". The jury cited the campaign's informative and humorous tone to a target group that needs to think more about saving for retirement. This autumn we are following up with a new campaign to demonstrate the impact of long-term savings and encourage adults to save for children. There will also be a corporate campaign to promote the importance of saving on a regular basis.

Entrepreneurship is important to Swedbank, and it was why we ran a campaign called Swedbank Rivstart ("Flying Start"), which ended in September. After a selection process among over 4 000 entries, ten winners were named, each of whom received SEK 250 000 in seed capital and support to develop and implement their ideas.

Our efforts to increase customer satisfaction are continuing. In the annual Finansbarometern survey Swedbank improved its rankings in the categories of Sweden's best bank for small businesses and best commercial bank. However, in this year's Swedish Quality Index survey, in which around 600 of Swedbank's private and corporate customers took part, we declined slightly compared with last year's results. This autumn we are conducting our own, broader, customer survey in which around 5 000 private and corporate customers will be interviewed.



Christer Trägårdh
Head of Swedish Banking

Sweden is Swedbank's largest market, with around 4 million private customers and more than 250 000 corporate customers. This makes it Sweden's largest bank by number of customers. Through our digital channels (Internet Bank and Mobile Bank), the Telephone Bank and branches, and with the cooperation of savings banks and franchisees, we are always available. Swedbank is part of the 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 several thousand trainee positions for young people, has played an important part in recent years. Swedbank has 220 branches in Sweden.

Baltic Banking

- Increased lending volumes in all three Baltic countries
- Strong credit quality
- Higher tax expense due to change in dividend policy in Estonia

Income statement

| SEKm | Q3 2017 | Q2 2017 | % | Q3 2016 | % | Jan-Sep 2017 | Jan-Sep 2016 | % |
|--|--------------|--------------|-----------|--------------|-----------|-----------------|-----------------|-----------|
| Net interest income | 1 060 | 1 044 | 2 | 1 045 | 1 | 3 105 | 2 933 | 6 |
| Net commission income | 565 | 561 | 1 | 511 | 11 | 1 653 | 1 492 | 11 |
| Net gains and losses on financial items at fair value | 56 | 52 | 8 | 59 | -5 | 161 | 158 | 2 |
| Other income ⁴⁾ | 163 | 157 | 4 | 126 | 29 | 457 | 373 | 23 |
| Total income | 1 844 | 1 814 | 2 | 1 741 | 6 | 5 376 | 4 956 | 8 |
| Staff costs | 221 | 222 | 0 | 234 | -6 | 662 | 657 | 1 |
| Variable staff costs | 12 | 11 | 9 | 18 | -33 | 40 | 53 | -25 |
| Other expenses | 390 | 400 | -3 | 364 | 7 | 1 163 | 1 056 | 10 |
| Depreciation/amortisation | 25 | 25 | 0 | 28 | -11 | 77 | 86 | -10 |
| Total expenses | 648 | 658 | -2 | 644 | 1 | 1 942 | 1 852 | 5 |
| Profit before impairments | 1 196 | 1 156 | 3 | 1 097 | 9 | 3 434 | 3 104 | 11 |
| Impairment of tangible assets | 11 | 1 | | 1 | | 14 | 1 | |
| Credit impairments | -26 | 7 | | -28 | -7 | -85 | -20 | |
| Operating profit | 1 211 | 1 148 | 5 | 1 124 | 8 | 3 505 | 3 123 | 12 |
| Tax expense | 283 | 155 | 83 | 152 | 86 | 597 | 417 | 43 |
| Profit for the period | 928 | 993 | -7 | 972 | -5 | 2 908 | 2 706 | 7 |
| Profit for the period attributable to the shareholders of Swedbank AB | 928 | 993 | -7 | 972 | -5 | 2 908 | 2 706 | 7 |
| Return on allocated equity, % ¹⁾ | 18.2 | 19.7 | | 19.2 | | 19.0 | 17.5 | |
| Loan/deposit ratio, % | 85 | 84 | | 85 | | 85 | 85 | |
| Credit impairment ratio, % ²⁾ | -0.07 | 0.02 | | -0.08 | | -0.08 | -0.02 | |
| Cost/income ratio | 0.35 | 0.36 | | 0.37 | | 0.36 | 0.37 | |
| Loans, SEKbn ³⁾ | 146 | 142 | 3 | 141 | 4 | 146 | 141 | 4 |
| Deposits, SEKbn ³⁾ | 172 | 169 | 2 | 166 | 4 | 172 | 166 | 4 |
| Full-time employees | 3 588 | 3 653 | -2 | 3 872 | -7 | 3 588 | 3 872 | -7 |

1) For information about average allocated equity see page 18 of the Fact book.

2) For more information about the credit impairment ratio see page 42 of the Fact book.

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

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

Result

Third quarter 2017 compared with second quarter 2017

Baltic Banking's profit decreased to SEK 928m (993) in the quarter. Higher income was offset by an increased tax expense after Swedbank decided to raise the dividend payout ratio in the Estonian sub-group from 60 to 100 per cent. FX effects reduced profit by SEK 11m.

Net interest income rose by 3 per cent in local currency due to higher lending volumes and an extra day in the quarter. The margins in the mortgage portfolio increased somewhat; the margins in corporate lending were stable. FX effects reduced net interest income by SEK 12m.

Lending to corporates and households both rose by about 2 per cent in local currency. Growth was evident in all three Baltic countries.

Deposits grew by 1 per cent in local currency. Corporates and households both contributed to the increase.

Net commission income rose by 1 per cent in local currency mainly due to seasonally higher card usage.

Net gains and losses on financial items increased mainly as a result of revaluations of interest-bearing assets. Other income also improved as repossessed assets in the form of properties were sold during the quarter.

Total expenses were unchanged in local currency. Higher staff costs were offset by lower marketing expenses.

Net recoveries amounted to SEK 26m. Recoveries were reported in all three Baltic countries. Impairment of tangible assets increased to SEK 11m (1) due to the revaluation of a repossessed asset. Underlying credit quality remained strong.

January-September 2017 compared with January-September 2016

Profit increased to SEK 2 908m (2 706) mainly due to stronger net interest income and net commission income compared with the same period in 2016. FX effects raised profit by SEK 65m.

Net interest income rose by 3 per cent in local currency. The increase was mainly a result of higher lending volumes. A change in the internal allocation of fees related to the resolution fund and deposit guarantee positively affected net interest income. FX effects raised net interest income by SEK 70m.

Lending volumes rose by 3 per cent in local currency driven by increased household borrowing. Lending grew in all three Baltic countries.

Deposit volumes increased by 3 per cent in local currency mainly as a result of strong growth from households, while corporate deposits decreased.

Net commission income rose by 8 per cent in local currency thanks to higher income from asset management and cards as well as the service packages introduced in Lithuania.

Net gains and losses on financial items were unchanged in local currency. Other income rose by 20 per cent in local currency thanks to higher income from the insurance business.

Total expenses rose by 2 per cent in local currency mainly due to higher staff costs.

Net recoveries amounted to SEK 85m, compared with net recoveries of SEK 20m in 2016.

Business development

The Estonian government has introduced changes in the taxation of corporate profits and dividends. The new rules, which will be phased in between 2018 and 2020, mean among other things that the tax on stable dividends will be reduced over time from 20 to 14 per cent. Banks will also have to pay an advanced tax of 14 per cent on their current year's profit, which can be offset when actual dividends occur.

Since the Estonian subsidiary is very well-capitalised, Swedbank has decided to raise the dividend payout ratio from 60 to 100 per cent. The change affects profits as of January 2017.

A new tax reform will be implemented in Latvia in 2018 to increase transparency in the economy. The principal changes are that the tax on profits that are reinvested in a business will be 0 per cent, while the tax on dividends will increase from 15 to 20 per cent. The progressive system of personal income tax has also been changed to benefit low income earners.

The number of active mobile banking customers has nearly doubled in one year. To further improve the digital customer experience, we introduced push notifications for electronic invoices and loan payments in the mobile app.

The launch of Smart ID in the first quarter of 2017 was successful and has increased customer convenience. Smart ID is used as an identification tool and to sign contracts as well as to confirm payments by mobile phone. The number of users rose to 271 000 in September, compared with 174 000 in June.

New digital solutions have been developed for our corporate customers. Among other things, we are testing a new digital accounting tool, which has been developed in cooperation with a third-party provider and is scheduled for launch in the fourth quarter.



Charlotte Elsnitz
Head of Baltic Banking

Swedbank is the largest bank by number of customers in Estonia, Latvia and Lithuania, with around 3.3 million private customers and over 300 000 corporate customers. According to surveys, Swedbank is also the most respected company in the financial sector. Through its digital channels (Telephone Bank, Internet Bank and Mobile Bank) and branches, the bank is always available. Swedbank is part of the local community. Its local social engagement is expressed in many ways, with initiatives to promote education, entrepreneurship and social welfare. Swedbank has 34 branches in Estonia, 36 in Latvia and 64 in Lithuania.

Large Corporates & Institutions

- Lower credit impairments for oil related commitments
- Currency fluctuations positively affected net gains and losses on financial items
- Partnership with Kepler Cheuvreux implemented

Income statement

| SEKm | Q3 2017 | Q2 2017 | % | Q3 2016 | % | Jan-Sep 2017 | Jan-Sep 2016 | % |
|--|--------------|--------------|-----------|--------------|-----------|-----------------|-----------------|-----------|
| Net interest income | 896 | 892 | 0 | 833 | 8 | 2 611 | 2 424 | 8 |
| Net commission income | 525 | 587 | -11 | 542 | -3 | 1 692 | 1 643 | 3 |
| Net gains and losses on financial items at fair value | 554 | 515 | 8 | 583 | -5 | 1 521 | 1 538 | -1 |
| Other income ⁴⁾ | 32 | 21 | 52 | 18 | 78 | 81 | 64 | 27 |
| Total income | 2 007 | 2 015 | 0 | 1 976 | 2 | 5 905 | 5 669 | 4 |
| Staff costs | 335 | 380 | -12 | 348 | -4 | 1 097 | 1 061 | 3 |
| Variable staff costs | 41 | 42 | -2 | 62 | -34 | 155 | 172 | -10 |
| Other expenses | 444 | 445 | 0 | 410 | 8 | 1 342 | 1 225 | 10 |
| Depreciation/amortisation | 20 | 17 | 18 | 28 | -29 | 53 | 57 | -7 |
| Total expenses | 840 | 884 | -5 | 848 | -1 | 2 647 | 2 515 | 5 |
| Profit before impairments | 1 167 | 1 131 | 3 | 1 128 | 3 | 3 258 | 3 154 | 3 |
| Impairment of tangible assets | | | | 1 | | | 8 | |
| Credit impairments | 195 | 307 | -36 | 188 | 4 | 910 | 830 | 10 |
| Operating profit | 972 | 824 | 18 | 939 | 4 | 2 348 | 2 316 | 1 |
| Tax expense | 237 | 177 | 34 | 209 | 13 | 518 | 374 | 39 |
| Profit for the period | 735 | 647 | 14 | 730 | 1 | 1 830 | 1 942 | -6 |
| Profit for the period attributable to the shareholders of Swedbank AB | 735 | 647 | 14 | 730 | 1 | 1 830 | 1 942 | -6 |
| Return on allocated equity, % ¹⁾ | 13.1 | 11.4 | | 14.6 | | 11.3 | 13.3 | |
| Loan/deposit ratio, % | 158 | 160 | | 153 | | 158 | 153 | |
| Credit impairment ratio, % ²⁾ | 0.28 | 0.43 | | 0.24 | | 0.50 | 0.44 | |
| Cost/income ratio | 0.42 | 0.44 | | 0.43 | | 0.45 | 0.44 | |
| Loans, SEKbn ³⁾ | 204 | 203 | 0 | 187 | 9 | 204 | 187 | 9 |
| Deposits, SEKbn ³⁾ | 129 | 126 | 2 | 123 | 5 | 129 | 123 | 5 |
| Full-time employees | 1 244 | 1 266 | -2 | 1 259 | -1 | 1 244 | 1 259 | -1 |

1) For information about average allocated equity see page 24 of the Fact book.

2) For more information about the credit impairment ratio see page 42 of the Fact book.

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

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

Result

Third quarter 2017 compared with second quarter 2017

Profit increased to SEK 735m (647) due to lower expenses and lower credit impairments.

Net interest income was largely unchanged between quarters at SEK 896m (892). Volumes and margins were unchanged.

Net commission income decreased to SEK 525m (587). The decrease was mainly related to lower net commission income from securities trading and seasonally lower activity in corporate finance and the market for bond issues.

Net gains and losses on financial items at fair value increased to SEK 554m (515). The main reason was positive FX effects. The third quarter was otherwise weak, as low market activity resulted in lower demand for risk management products.

Compared with the previous quarter total expenses decreased by 5 per cent mainly as a result of seasonally lower staff costs in Norway and because employees

were transferred to Kepler Cheuvreux in connection with the new partnership.

Credit impairments amounted to SEK 195m (307) in the third quarter, corresponding to a credit impairment ratio of 0.28 per cent. The credit impairments were attributable to a few commitments in both Sweden and Norway.

January-September 2017 compared with January-September 2016

Profit decreased to SEK 1 830m (1 942). Higher income mainly attributable to net interest income was offset by higher expenses.

Net interest income increased by 8 per cent to SEK 2 611m (2 424). Net interest income from lending rose due to increased volumes attributable to the transfer of a number of corporate customers from Swedish Banking to Large Corporates & Institutions. Net interest income related to deposits rose due to increased volumes from financial institutions, which are charged for negative interest rates. A higher resolution fund fee had a negative effect.

Net commission income increased to SEK 1 692m (1 643). The increase is mainly related to higher lending and guarantee commissions. Income from payment processing as well as asset management and custody fees also contributed positively. Corporate Finance income from equity issues decreased after last year's high level, which was partly compensated by higher income from bond issues.

Net gains and losses on financial items at fair value decreased to SEK 1 521m (1 538). Low volatility in the financial markets resulted in lower income from equity and FX trading. The decrease was however offset by positive valuation adjustments in the derivative portfolio (CVA).

Total expenses increased due to higher staff costs attributable to the transfer of employees from Swedish Banking to Large Corporates & Institutions, annual salary increases, and increased IT expenses.

Credit impairments amounted to SEK 910m, compared with SEK 830m in the same period last year. Credit impairments were mainly attributable to increased provisions for exposures in oil related sectors.

The share of impaired loans was 1.7 per cent.

Business development

In the third quarter Swedbank implemented its partnership with Kepler Cheuvreux, one of Europe's leading equity brokers, in Stockholm and Oslo. Together, Swedbank and Kepler Cheuvreux offer top-ranked advisory services in the Nordic region as well as a global distribution network with 1 350 institutional clients. Recruitment is underway to broaden Nordic coverage to around 300 companies. The new partnership was positively received by clients.

Corporate Solutions was created in the first quarter of 2016 to strengthen advice on capital structures and strategic risk. In the last year the unit has among other things expanded to comprise competencies in credit, equity, and risk analysis as well as specific industry expertise. Corporate Solutions saw a high level of activity in the quarter related to advice on capital structures, especially for companies in the real estate and IT industries.

During the quarter Swedbank strengthened its focus on green and sustainable funding solutions for issuers in the capital market. The bank is building a dedicated team in Debt Capital Markets (DCM) to offer green and social bonds that meet environmental, social and corporate governance (ESG) criteria, and related advice in the area.

Since the beginning of September we offer FX trading 24 hours a day, enabling our clients to hedge currencies whenever it suits them. Corporate and institutional clients now have access to our services round-the-clock through electronic channels and can place orders for monitoring and execution.

The number of users of the social equity trading platform Sprinklebit, where clients can discuss and learn to trade equities, is growing. The number of users rose by 62 per cent in August to 17 250. During the same period, the total of number of transactions increased by 79 per cent to 42 745.



Elisabeth Beskow & Ola Laurin
Co-Heads of Large Corporates & Institutions

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

Group Functions & Other

Income statement

| SEKm | Q3 2017 | Q2 2017 | % | Q3 2016 | % | Jan-Sep 2017 | Jan-Sep 2016 | % |
|--|------------|------------|------------|------------|------------|-----------------|-----------------|------------|
| Net interest income | 443 | 363 | 22 | 382 | 16 | 1 318 | 1 183 | 11 |
| Net commission income | -54 | -39 | 38 | -30 | 80 | -147 | -27 | |
| Net gains and losses on financial items at fair value | -173 | -106 | 63 | -49 | | -393 | | |
| Share of profit or loss of associates | 28 | -4 | | 27 | 4 | 55 | 1 686 | -97 |
| Other income ¹⁾ | 260 | 298 | -13 | 235 | 11 | 820 | 718 | 14 |
| Total income | 504 | 512 | -2 | 565 | -11 | 1 653 | 3 560 | -54 |
| Staff costs | 923 | 870 | 6 | 728 | 27 | 2 641 | 2 285 | 16 |
| Variable staff costs | 50 | 32 | 56 | 49 | 2 | 133 | 139 | -4 |
| Other expenses | -829 | -714 | 16 | -755 | 10 | -2 231 | -2 132 | -5 |
| Depreciation/amortisation | 90 | 82 | 10 | 85 | 6 | 247 | 257 | -4 |
| Total expenses | 234 | 270 | -13 | 107 | | 790 | 549 | 44 |
| Profit before impairments | 270 | 242 | 12 | 458 | -41 | 863 | 3 011 | -71 |
| Impairment of intangible assets | 96 | | | | | 96 | | |
| Impairment of tangible assets | | | | -1 | | | 1 | |
| Credit impairments | | | | | | | -29 | |
| Operating profit | 174 | 242 | -28 | 459 | -62 | 767 | 3 039 | -75 |
| Tax expense | 112 | 121 | -7 | 105 | 7 | 394 | 217 | 82 |
| Profit for the period | 62 | 121 | -49 | 354 | -82 | 373 | 2 822 | -87 |
| Profit for the period attributable to the shareholders of Swedbank AB | 62 | 121 | -49 | 354 | -82 | 373 | 2 822 | -87 |
| Full-time employees | 5 646 | 5 176 | 9 | 4 679 | 21 | 5 646 | 4 679 | 21 |

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

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

Third quarter 2017 compared with second quarter 2017

Profit decreased to SEK 62m (121) in the quarter. Profit within Group Treasury decreased to SEK 165m (148).

Net interest income increased to SEK 443m (363). Net interest income within Group Treasury rose to SEK 460m (395) mainly because of positive effects from covered bond repurchases, but also due to favourable conditions in the short-term fixed income market.

Net gains and losses on financial items fell to SEK -173m (-106). Net gains and losses on financial items within Group Treasury declined to SEK -173m (-100) as a result of slightly larger covered bond repurchases in the quarter.

Expenses decreased to SEK 234m (270).

Impairment of intangible assets amounted to SEK 96m (0) as the acquisition of PayEx meant that a previous payment solution project no longer had any value for the Group.

January-September 2017 compared with January-September 2016

Profit decreased to SEK 373m (2 822). Group Treasury's profit decreased to SEK 543m (2 706).

Net interest income rose to SEK 1 318m (1 183). Group Treasury's net interest income increased to SEK 1 369m (1 241) due to more favourable terms for currency swaps in early 2017.

Net gains and losses on financial items at fair value decreased to SEK -393m (0). Net gains and losses on financial items within Group Treasury decreased to SEK -391m (5). The first nine months of 2016 were positively affected by a gain of SEK 457m on the sale of Visa Europe. Excluding the Visa effect net gains and losses on financial items increased within Group Treasury mainly due to year-end related volatility in the currency swap market at the start of 2017.

The share of the profit or loss of associates decreased to SEK 55m (1 686) due to the positive effect of the Visa sale in the same period in 2016.

Expenses increased to SEK 790m (549), mainly due to higher staff and IT costs.

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

Eliminations

Income statement

| SEKm | Q3 2017 | Q2 2017 | % | Q3 2016 | % | Jan-Sep 2017 | Jan-Sep 2016 | % |
|---|------------|------------|------------|------------|-----------|-----------------|-----------------|------------|
| Net interest income | -2 | -1 | 100 | | | -5 | | |
| Net commission income | 21 | 10 | | 9 | | 43 | 21 | |
| Net gains and losses on financial items at fair value | | 1 | | 2 | | -1 | 2 | |
| Other income ¹⁾ | -71 | -73 | -3 | -49 | -45 | -202 | -135 | -50 |
| Total income | -52 | -63 | -17 | -38 | 37 | -165 | -112 | -47 |
| Staff costs | | | | | | | | |
| Variable staff costs | | | | | | | | |
| Other expenses | -52 | -63 | -17 | -38 | 37 | -165 | -112 | -47 |
| Depreciation/amortisation | | | | | | | | |
| Total expenses | -52 | -63 | -17 | -38 | 37 | -165 | -112 | -47 |

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

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

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

Income statement, condensed

| Group SEKm | Q3 2017 | Q2 2017 | % | Q3 2016 | % | Jan-Sep 2017 | Jan-Sep 2016 | % |
|--|---------------|---------------|-----------|---------------|-----------|-----------------|-----------------|------------|
| Interest income | 8 752 | 8 688 | 1 | 8 306 | 5 | 25 774 | 24 986 | 3 |
| Negative yield on financial assets | -631 | -592 | 7 | -469 | 35 | -1 647 | -1 166 | 41 |
| Interest income, including negative yield on financial assets | 8 121 | 8 096 | 0 | 7 837 | 4 | 24 127 | 23 820 | 1 |
| Interest expenses | -2 130 | -2 208 | -4 | -2 143 | -1 | -6 425 | -7 348 | -13 |
| Negative yield on financial liabilities | 217 | 202 | 7 | 143 | 52 | 567 | 378 | 50 |
| Interest expenses, including negative yield on financial liabilities | -1 913 | -2 006 | -5 | -2 000 | -4 | -5 858 | -6 970 | -16 |
| Net interest income (note 5) | 6 208 | 6 090 | 2 | 5 837 | 6 | 18 269 | 16 850 | 8 |
| Commission income | 4 275 | 4 317 | -1 | 4 027 | 6 | 12 628 | 11 721 | 8 |
| Commission expenses | -1 358 | -1 317 | 3 | -1 189 | 14 | -3 889 | -3 443 | 13 |
| Net commission income (note 6) | 2 917 | 3 000 | -3 | 2 838 | 3 | 8 739 | 8 278 | 6 |
| Net gains and losses on financial items at fair value (note 7) | 525 | 567 | -7 | 669 | -22 | 1 578 | 1 946 | -19 |
| Insurance premiums | 603 | 671 | -10 | 501 | 20 | 1 914 | 1 555 | 23 |
| Insurance provisions | -373 | -464 | -20 | -327 | 14 | -1 281 | -1 021 | 25 |
| Net insurance | 230 | 207 | 11 | 174 | 32 | 633 | 534 | 19 |
| Share of profit or loss of associates | 245 | 204 | 20 | 238 | 3 | 624 | 2 358 | -74 |
| Other income | 293 | 325 | -10 | 284 | 3 | 1 619 | 908 | 78 |
| Total income | 10 418 | 10 393 | 0 | 10 040 | 4 | 31 462 | 30 874 | 2 |
| Staff costs | 2 414 | 2 386 | 1 | 2 315 | 4 | 7 248 | 6 936 | 4 |
| Other expenses (note 8) | 1 316 | 1 439 | -9 | 1 322 | 0 | 4 175 | 4 058 | 3 |
| Depreciation/amortisation | 153 | 141 | 9 | 167 | -8 | 429 | 476 | -10 |
| Total expenses | 3 883 | 3 966 | -2 | 3 804 | 2 | 11 852 | 11 470 | 3 |
| Profit before impairments | 6 535 | 6 427 | 2 | 6 236 | 5 | 19 610 | 19 404 | 1 |
| Impairment of intangible assets (note 14) | 96 | | | | | 96 | | |
| Impairment of tangible assets | 11 | 1 | | 1 | | 14 | 10 | 40 |
| Credit impairments (note 9) | 235 | 400 | -41 | 201 | 17 | 974 | 774 | 26 |
| Operating profit | 6 193 | 6 026 | 3 | 6 034 | 3 | 18 526 | 18 620 | -1 |
| Tax expense | 1 444 | 1 276 | 13 | 1 215 | 19 | 3 901 | 3 213 | 21 |
| Profit for the period | 4 749 | 4 750 | 0 | 4 819 | -1 | 14 625 | 15 407 | -5 |
| Profit for the period attributable to the shareholders of Swedbank AB | 4 743 | 4 746 | 0 | 4 816 | -2 | 14 613 | 15 397 | -5 |
| Non-controlling interests | 6 | 4 | 50 | 3 | 100 | 12 | 10 | 20 |
| SEK | | | | | | | | |
| Earnings per share, SEK | 4,26 | 4,26 | | 4,33 | | 13,13 | 13,87 | |
| after dilution | 4,24 | 4,24 | | 4,31 | | 13,07 | 13,80 | |

Statement of comprehensive income, condensed

| Group SEKm | Q3 2017 | Q2 2017 | % | Q3 2016 | % | Jan-Sep 2017 | Jan-Sep 2016 | % |
|---|--------------|--------------|------------|--------------|------------|-----------------|-----------------|------------|
| Profit for the period reported via income statement | 4 749 | 4 750 | 0 | 4 819 | -1 | 14 625 | 15 407 | -5 |
| Items that will not be reclassified to the income statement | | | | | | | | |
| Remeasurements of defined benefit pension plans | -37 | -511 | -93 | -775 | -95 | -1 152 | -4 892 | -76 |
| Share related to associates | -5 | -16 | -69 | -23 | -78 | -41 | -141 | -71 |
| Income tax | 9 | 116 | -92 | 176 | -95 | 262 | 1 108 | -76 |
| Total | -33 | -411 | -92 | -622 | -95 | -931 | -3 925 | -76 |
| Items that may be reclassified to the income statement | | | | | | | | |
| Exchange differences, foreign operations | | | | | | | | |
| Gains/losses arising during the period | 134 | 298 | -55 | 772 | -83 | 345 | 1 900 | -82 |
| Reclassification adjustments to income statement, net gains and losses on financial items at fair value | | | | -3 | | | -3 | |
| Hedging of net investments in foreign operations: | | | | | | | | |
| Gains/losses arising during the period | -122 | -176 | -31 | -650 | -81 | -217 | -1 558 | -86 |
| Cash flow hedges: | | | | | | | | |
| Gains/losses arising during the period | 3 | | | 72 | -96 | -110 | 131 | |
| Reclassification adjustments to income statement, net interest income | 3 | 4 | -25 | 4 | -25 | 10 | 13 | -23 |
| Share of other comprehensive income of associates | 25 | -42 | | 72 | -65 | -31 | 146 | |
| Income tax | | | | | | | | |
| Income tax | 26 | 40 | -36 | 127 | -80 | 72 | 315 | -77 |
| Reclassification adjustments to income statement, tax | -1 | -1 | | -1 | -25 | -2 | -3 | -23 |
| Total | 68 | 123 | -45 | 393 | -83 | 67 | 941 | -93 |
| Other comprehensive income for the period, net of tax | 35 | -288 | | -229 | | -864 | -2 984 | -71 |
| Total comprehensive income for the period | 4 784 | 4 462 | 7 | 4 590 | 4 | 13 761 | 12 423 | 11 |
| Total comprehensive income attributable to the shareholders of Swedbank AB | 4 778 | 4 459 | 7 | 4 587 | 4 | 13 749 | 12 413 | 11 |
| Non-controlling interests | 6 | 3 | 100 | 3 | 100 | 12 | 10 | 20 |

For January-September 2017 an expense of SEK 931m (3 925) was recognised in other comprehensive income after tax, including remeasurements of defined benefit pension plans in associates. The 2017 expense arose primarily because market interest rates fell from year end. As per September 30 the discount rate, which is used to calculate the closing pension obligation, was 2.59 per cent, compared with 2.79 per cent at year end. The market's future inflation expectations increased slightly compared with the beginning of the year. The inflation assumption was 1.91 per cent. Actuarial losses based on experience by SEK 231m included. The fair value of plan assets increased during the first nine months 2017 by SEK 96m. As a whole, the obligation for defined benefit pension plans exceeded the fair value of plan assets by SEK 2 495m.

For January-September 2017 an exchange difference of SEK 345m (1 900) was recognised for the Group's foreign net investments in subsidiaries. In addition, an exchange rate difference of SEK -31m (146) for the Group's foreign net investments in associates is included in Share related to associates. The gain related to subsidiaries mainly arose because the Swedish krona weakened during the year against the euro. The total gain of SEK 314m is not taxable. Since the large part of the Group's foreign net investments is hedged against currency risk, a loss of SEK 217m before tax arose for the hedging instruments, compared with a year-earlier loss of SEK 1 558m.

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

Balance sheet, condensed

| Group SEKm | 30 Sep 2017 | 31 Dec 2016 | Δ SEKm | % | 30 Sep 2016 | % |
|--|------------------|------------------|----------------|-----------|------------------|----------|
| Assets | | | | | | |
| Cash and balance with central banks | 336 283 | 121 347 | 214 936 | | 262 773 | 28 |
| Loans to credit institutions (note 10) | 37 988 | 32 197 | 5 791 | 18 | 94 354 | -60 |
| Loans to the public (note 10) | 1 541 548 | 1 507 247 | 34 301 | 2 | 1 526 635 | 1 |
| Value change of interest hedged item in portfolio hedge | 918 | 1 482 | -564 | -38 | 2 413 | -62 |
| Interest-bearing securities | 210 205 | 182 072 | 28 133 | 15 | 182 525 | 15 |
| Financial assets for which customers bear the investment risk | 176 196 | 160 114 | 16 082 | 10 | 155 859 | 13 |
| Shares and participating interests | 25 532 | 23 897 | 1 635 | 7 | 24 200 | 6 |
| Investments in associates | 7 423 | 7 319 | 104 | 1 | 7 228 | 3 |
| Derivatives (note 18) | 66 127 | 87 811 | -21 684 | -25 | 93 294 | -29 |
| Intangible fixed assets (note 14) | 15 961 | 14 279 | 1 682 | 12 | 14 293 | 12 |
| Tangible assets | 1 970 | 1 864 | 106 | 6 | 1 928 | 2 |
| Current tax assets | 1 019 | 1 796 | -777 | -43 | 3 858 | -74 |
| Deferred tax assets | 161 | 160 | 1 | 1 | 183 | -12 |
| Other assets | 33 260 | 8 067 | 25 193 | | 18 948 | 76 |
| Prepaid expenses and accrued income | 5 284 | 4 551 | 733 | 16 | 5 252 | 1 |
| Total assets | 2 459 875 | 2 154 203 | 305 672 | 14 | 2 393 743 | 3 |
| Liabilities and equity | | | | | | |
| Amounts owed to credit institutions (note 15) | 136 687 | 71 831 | 64 856 | 90 | 158 128 | -14 |
| Deposits and borrowings from the public (note 16) | 935 754 | 792 924 | 142 830 | 18 | 879 181 | 6 |
| Financial liabilities for which customers bear the investment risk | 176 900 | 161 051 | 15 849 | 10 | 156 741 | 13 |
| Debt securities in issue (note 17) | 911 833 | 841 673 | 70 160 | 8 | 905 496 | 1 |
| Short positions, securities | 30 789 | 11 614 | 19 175 | | 19 424 | 59 |
| Derivatives (note 18) | 53 331 | 85 589 | -32 258 | -38 | 81 014 | -34 |
| Current tax liabilities | 1 579 | 992 | 587 | 59 | 1 329 | 19 |
| Deferred tax liabilities | 2 371 | 2 438 | -67 | -3 | 1 987 | 19 |
| Pension provisions | 2 495 | 1 406 | 1 089 | 77 | 3 337 | -25 |
| Insurance provisions | 1 905 | 1 820 | 85 | 5 | 1 854 | 3 |
| Other liabilities and provisions | 38 114 | 14 989 | 23 125 | | 26 541 | 44 |
| Accrued expenses and prepaid income | 8 607 | 10 917 | -2 310 | -21 | 11 629 | -26 |
| Subordinated liabilities (note 17) | 30 448 | 27 254 | 3 194 | 12 | 22 899 | 33 |
| Total liabilities | 2 330 813 | 2 024 498 | 306 315 | 15 | 2 269 560 | 3 |
| Equity | | | | | | |
| Non-controlling interests | 198 | 190 | 8 | 4 | 184 | 8 |
| Equity attributable to shareholders of the parent company | 128 864 | 129 515 | -651 | -1 | 123 999 | 4 |
| Total equity | 129 062 | 129 705 | -643 | 0 | 124 183 | 4 |
| Total liabilities and equity | 2 459 875 | 2 154 203 | 305 672 | 14 | 2 393 743 | 3 |

Balance sheet analysis

Total assets have increased by SEK 306bn from 1 January 2017. Assets increased mainly due to higher cash and balances with central banks, which rose by SEK 215bn. The increases are mainly attributable to higher deposits with the US Federal Reserve and central banks in the euro system. Deposits and borrowings from the public, excluding the National Debt Office and repos rose by a total of SEK 128bn mainly volumes from US money market funds, which increased by SEK 89bn. Interest-bearing securities, Treasury bills, increased by SEK 28bn. Lending to the public, excluding the National Debt Office and repos, increased by SEK 35bn. The increase primarily relates to Sweden of which SEK 28bn was mortgages. Lending to credit

institutions increased by SEK 6bn at the same time that amounts owed to them increased by SEK 65bn. Balance sheet items related to credit institutions fluctuate over time depending on repos, among other things. The market value of derivatives decreased on both the asset and liability side, mainly due to large movements in interest rates and currencies. The increase in securities in issue was mainly a result of higher issued volumes compared with repaid short-term securities funding of SEK 102bn. Long-term securities funding increased by SEK 73bn as an effect of higher issued volumes compared with repaid funding. The increase of Securities in issue was offset by repurchased covered bond loans of SEK 70bn.

Statement of changes in equity, condensed

| Group SEKm | Shareholders' equity | | | | | Non-controlling interests | | Total equity | |
|---|----------------------|--|---|--|------------------|---------------------------|----------------|--------------|----------------|
| | Share capital | Other contributed equity ¹⁾ | Exchange differences, subsidiaries and associates | Hedging of net investments in foreign operations | Cash flow hedges | Retained earnings | Total | | |
| January-September 2016 | | | | | | | | | |
| Opening balance 1 January 2016 | 24 904 | 17 275 | 836 | -704 | 17 | 80 835 | 123 163 | 179 | 123 342 |
| Dividends | | | | | | -11 880 | -11 880 | -5 | -11 885 |
| Share based payments to employees | | | | | | 304 | 304 | | 304 |
| Deferred tax related to share based payments to employees | | | | | | -36 | -36 | | -36 |
| Current tax related to share based payments to employees | | | | | | 35 | 35 | | 35 |
| Total comprehensive income for the period | | | 2 042 | -1 214 | 113 | 11 472 | 12 413 | 10 | 12 423 |
| of which reported through profit or loss | | | | | | 15 397 | 15 397 | 10 | 15 407 |
| of which reported through other comprehensive income | | | 2 042 | -1 214 | 113 | -3 925 | -2 984 | | -2 984 |
| Closing balance 30 September 2016 | 24 904 | 17 275 | 2 878 | -1 918 | 130 | 80 730 | 123 999 | 184 | 124 183 |
| January-December 2016 | | | | | | | | | |
| Opening balance 1 January 2016 | 24 904 | 17 275 | 836 | -704 | 17 | 80 835 | 123 163 | 179 | 123 342 |
| Dividends | | | | | | -11 880 | -11 880 | -5 | -11 885 |
| Share based payments to employees | | | | | | 378 | 378 | | 378 |
| Deferred tax related to share based payments to employees | | | | | | -15 | -15 | | -15 |
| Current tax related to share based payments | | | | | | 34 | 34 | | 34 |
| Contribution | | | | | | | | 3 | 3 |
| Total comprehensive income for the period | | | 1 765 | -1 044 | 60 | 17 054 | 17 835 | 13 | 17 848 |
| of which reported through profit or loss | | | | | | 19 539 | 19 539 | 13 | 19 552 |
| of which reported through other comprehensive income | | | 1 765 | -1 044 | 60 | -2 485 | -1 704 | | -1 704 |
| Closing balance 31 December 2016 | 24 904 | 17 275 | 2 601 | -1 748 | 77 | 86 406 | 129 515 | 190 | 129 705 |
| January-September 2017 | | | | | | | | | |
| Opening balance 1 January 2017 | 24 904 | 17 275 | 2 601 | -1 748 | 77 | 86 406 | 129 515 | 190 | 129 705 |
| Dividends | | | | | | -14 695 | -14 695 | -4 | -14 699 |
| Share based payments to employees | | | | | | 270 | 270 | | 270 |
| Deferred tax related to share based payments to employees | | | | | | -13 | -13 | | -13 |
| Current tax related to share based payments to employees | | | | | | 38 | 38 | | 38 |
| Total comprehensive income for the period | | | 314 | -169 | -78 | 13 682 | 13 749 | 12 | 13 761 |
| of which reported through profit or loss | | | | | | 14 613 | 14 613 | 12 | 14 625 |
| of which reported through other comprehensive income | | | 314 | -169 | -78 | -931 | -864 | | -864 |
| Closing balance 30 September 2017 | 24 904 | 17 275 | 2 915 | -1 917 | -1 | 85 688 | 128 864 | 198 | 129 062 |

¹⁾ Other contributed equity consists mainly of share premiums.

Cash flow statement, condensed

| Group SEKm | Jan-Sep 2017 | Full-year 2016 | Jan-Sep 2016 |
|---|-----------------|-------------------|-----------------|
| Operating activities | | | |
| Operating profit | 18 526 | 23 761 | 18 620 |
| Adjustments for non-cash items in operating activities | -3 023 | -2 174 | 1 203 |
| Taxes paid | -2 417 | -3 583 | -4 891 |
| Increase/decrease in loans to credit institutions | -5 445 | 54 341 | -7 802 |
| Increase/decrease in loans to the public | -34 299 | -90 692 | -107 913 |
| Increase/decrease in holdings of securities for trading | -29 476 | -29 220 | -30 777 |
| Increase/decrease in deposits and borrowings from the public including retail bonds | 141 065 | 38 245 | 123 248 |
| Increase/decrease in amounts owed to credit institutions | 64 926 | -79 929 | 6 209 |
| Increase/decrease in other assets | -3 886 | 7 829 | -9 525 |
| Increase/decrease in other liabilities | -24 340 | 27 777 | 33 922 |
| Cash flow from operating activities | 121 631 | -53 645 | 22 294 |
| Investing activities | | | |
| Business combinations | -1 268 | -19 | -19 |
| Business disposals | 6 | 20 | |
| Acquisitions of and contributions to associates | | -7 | -5 |
| Acquisitions of other fixed assets and strategic financial assets | -520 | -451 | -370 |
| Disposals/maturity of other fixed assets and strategic financial assets | 1 067 | 763 | 928 |
| Cash flow from investing activities | -715 | 306 | 534 |
| Financing activities | | | |
| Issuance of interest-bearing securities | 161 004 | 160 474 | 116 799 |
| Redemption of interest-bearing securities | -158 420 | -147 393 | -107 923 |
| Issuance of commercial paper etc. | 827 094 | 816 259 | 711 431 |
| Redemption of commercial paper etc. | -721 436 | -831 404 | -657 455 |
| Dividends paid | -14 699 | -11 885 | -11 885 |
| Cash flow from financing activities | 93 543 | -13 949 | 50 967 |
| Cash flow for the period | 214 459 | -67 288 | 73 795 |
| Cash and cash equivalents at the beginning of the period | 121 347 | 186 312 | 186 312 |
| Cash flow for the period | 214 459 | -67 288 | 73 795 |
| Exchange rate differences on cash and cash equivalents | 477 | 2 323 | 2 666 |
| Cash and cash equivalents at end of the period | 336 283 | 121 347 | 262 773 |

During the first quarter of 2017, the associated company Hemnet AB was sold. Swedbank received a payment of SEK 649m. The capital gain was SEK 680 million.

During the third quarter of 2017 we made an acquisition of PayEx Holding AB of SEK 1 268 million.

Note 1 Accounting policies

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

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

The accounting policies applied in the interim report conform to those applied in the Annual Report for 2016, which was prepared in accordance with International Financial Reporting Standards as adopted by the European Union and interpretations thereof. There have been no significant changes to the Group's accounting policies set out in the 2016 Annual Report, except for the changes as set out below.

Changed reporting of the compensation to the Savings banks for mortgage loans

Swedbank and the Savings banks, as of 1 January 2017, changed their bilateral contract regarding how the compensation will be divided between brokerage services and on-going administrative services for mortgages. Brokerage services costs for loans will be added to the loans acquisitions value and will be part of the loans effective interest. It causes that the transaction cost reports as a reduction of the interest income during the loans term. Costs for administrative services will be reported as an expense. Restatement of the historical comparative figures has been made according the new agreement to better illustrate trends

Note 2 Critical accounting estimates

Presentation of consolidated financial statements in conformity with IFRS requires the executive management to make judgments and estimates that affect the recognised amounts for assets, liabilities and disclosures of contingent assets and liabilities as of the closing day as well as the recognised income and expenses during the report period. The executive management continuously evaluates these judgments and estimates, including assessing control over investment funds, the fair value of financial instruments, provisions for credit impairments, impairment testing of goodwill, deferred taxes and defined benefit pension provisions. There have been no significant changes to

Note 3 Changes in the Group structure

On August 15, 2017 the Group acquired all the shares in PayEx Holdings AB for SEK 1 268m. PayEx Holding AB owns the subsidiaries: PayEx Norge AS and their subsidiaries PayEx Danmark A/S, PayEx Collection AB, PayEx Sverige AB and the subsidiaries PayEx Solution OY, PayEx Suomi OY and PayEx Invest AB and the subsidiaries Faktab B1 AB, Faktab

between periods. The change affects the interest income and expenses, but not the total result. Change in presentation of revenues and expenses will be presented in the note 28.

IFRS 9

Information on new accounting standards issued but not yet adopted can be found on pages 68 to 70 of the Annual Report 2016. During 2017, the Swedbank IFRS 9 Programme has delivered according to the established plans and the impairment parallel run in accordance with the new standard was initiated from the beginning of Q3 2017. The focus during the remainder of Q4 2017 will continue to be on the finalisation of processes, governance and associated business transformation, testing and calibration of models, quantification of impacts and internal education. Swedbank will disclose the impact on the Group's financial reports when these activities are sufficiently further advanced. As communicated in the Annual Report 2016, this is expected to be not later than at the issuance of the Annual Report 2017.

Other IFRS changes

IFRS 17, Insurance Contracts, was issued in May 2017 and is applicable from 1 January 2021. The standard has not yet been approved by the EU. 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 pay 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.

the basis upon which the critical accounting policies and judgments have been determined compared with 31 December 2016.

S1 AB and Faktab V1 AB. See note 25 Business combinations.

Note 4 Operating segments (business areas)

| Jan-Sep 2017 SEKm | Swedish Banking | Baltic Banking | Large Corporates & Institutions | Group Functions & Other | Eliminations | Group |
|--|--------------------|-------------------|---------------------------------------|-------------------------------|--------------|---------------|
| Income statement | | | | | | |
| Net interest income | 11240 | 3 105 | 2 611 | 1318 | -5 | 18 269 |
| Net commission income | 5 498 | 1653 | 1692 | -147 | 43 | 8 739 |
| Net gains and losses on financial items at fair value | 290 | 161 | 1521 | -393 | -1 | 1578 |
| Share of profit or loss of associates | 569 | | | 55 | | 624 |
| Other income ¹ | 1096 | 457 | 81 | 820 | -202 | 2 252 |
| Total income | 18 693 | 5 376 | 5 905 | 1 653 | -165 | 31 462 |
| of which internal income | 80 | | 29 | 515 | -624 | |
| Staff costs | 2 418 | 662 | 1097 | 2 641 | | 6 818 |
| Variable staff costs | 102 | 40 | 155 | 133 | | 430 |
| Other expenses | 4 066 | 1 163 | 1342 | -2 231 | -165 | 4 175 |
| Depreciation/amortisation | 52 | 77 | 53 | 247 | | 429 |
| Total expenses | 6 638 | 1 942 | 2 647 | 790 | -165 | 11 852 |
| Profit before impairments | 12 055 | 3 434 | 3 258 | 863 | | 19 610 |
| Impairment of intangible assets | | | | 96 | | 96 |
| Impairment of tangible assets | | 14 | | | | 14 |
| Credit impairments | 149 | -85 | 910 | | | 974 |
| Operating profit | 11 906 | 3 505 | 2 348 | 767 | | 18 526 |
| Tax expense | 2 392 | 597 | 518 | 394 | | 3 901 |
| Profit for the period | 9 514 | 2 908 | 1830 | 373 | | 14 625 |
| Profit for the period attributable to the shareholders of Swedbank AB | | | | | | |
| | 9 502 | 2 908 | 1 830 | 373 | | 14 613 |
| Non-controlling interests | 12 | | | | | 12 |
| Balance sheet, SEKbn | | | | | | |
| Cash and balances with central banks | | 3 | 8 | 325 | | 336 |
| Loans to credit institutions | 5 | | 58 | 205 | -230 | 38 |
| Loans to the public | 1138 | 146 | 258 | | | 1542 |
| Bonds and other interest-bearing securities | | 1 | 48 | 164 | -3 | 210 |
| Financial assets for which customers bear inv. risk | 172 | 4 | | | | 176 |
| Investments in associates | 4 | | | 3 | | 7 |
| Derivatives | | | 73 | 28 | -35 | 66 |
| Total tangible and intangible assets | 1 | 11 | 1 | 5 | | 18 |
| Other assets | 8 | 32 | 48 | 486 | -507 | 67 |
| Total assets | 1 328 | 197 | 494 | 1 216 | -775 | 2 460 |
| Amounts owed to credit institutions | 25 | | 187 | 148 | -223 | 137 |
| Deposits and borrowings from the public | 525 | 172 | 155 | 91 | -7 | 936 |
| Debt securities in issue | | | 18 | 900 | -6 | 912 |
| risk | 173 | 4 | | | | 177 |
| Derivatives | | | 71 | 17 | -35 | 53 |
| Other liabilities | 549 | | 41 | | -504 | 86 |
| Subordinated liabilities | | | | 30 | | 30 |
| Total liabilities | 1 272 | 176 | 472 | 1 186 | -775 | 2 331 |
| Allocated equity | 56 | 21 | 22 | 30 | | 129 |
| Total liabilities and equity | 1 328 | 197 | 494 | 1 216 | -775 | 2 460 |
| Key figures | | | | | | |
| Return on allocated equity, % | 22.8 | 19.0 | 11.3 | 1.7 | | 15.4 |
| Cost/income ratio | 0.36 | 0.36 | 0.45 | 0.48 | | 0.38 |
| Credit impairment ratio, % ² | 0.02 | -0.08 | 0.50 | 0.00 | | 0.08 |
| Loan/deposit ratio, % | 219 | 85 | 158 | | | 164 |
| Loans, SEKbn ³ | 1138 | 146 | 204 | | | 1488 |
| Deposits, SEKbn ³ | 519 | 172 | 129 | 90 | | 910 |
| Risk exposure amount, SEKbn | 173 | 80 | 140 | 27 | | 420 |
| Full-time employees | 4 042 | 3 588 | 1244 | 5 646 | | 14 520 |
| Allocated equity, average, SEKbn | 56 | 20 | 22 | 29 | | 126 |

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

²) For more information about the Credit impairment ratio see page 42 of the Fact book.

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

| Jan-Sep 2016 SEKm | Swedish Banking | Baltic Banking | Large Corporates & Institutions | Group Functions & Other | Eliminations | Group |
|-------------------------|--------------------|-------------------|---------------------------------------|-------------------------------|--------------|-------|
|-------------------------|--------------------|-------------------|---------------------------------------|-------------------------------|--------------|-------|

Income statement

| | | | | | | |
|--|---------------|--------------|--------------|--------------|-------------|---------------|
| Net interest income | 10 310 | 2 933 | 2 424 | 1 183 | | 16 850 |
| Net commission income | 5 149 | 1 492 | 1 643 | -27 | 21 | 8 278 |
| Net gains and losses on financial items at fair value | 248 | 158 | 1 538 | | 2 | 1 946 |
| Share of profit or loss of associates | 672 | | | 1 686 | | 2 358 |
| Other income ¹ | 422 | 373 | 64 | 718 | -135 | 1 442 |
| Total income | 16 801 | 4 956 | 5 669 | 3 560 | -112 | 30 874 |
| of which internal income | 81 | | 46 | 488 | -615 | |
| Staff costs | 2 463 | 657 | 1 061 | 2 285 | | 6 466 |
| Variable staff costs | 106 | 53 | 172 | 139 | | 470 |
| Other expenses | 4 021 | 1 056 | 1 225 | -2 132 | -112 | 4 058 |
| Depreciation/amortisation | 76 | 86 | 57 | 257 | | 476 |
| Total expenses | 6 666 | 1 852 | 2 515 | 549 | -112 | 11 470 |
| Profit before impairments | 10 135 | 3 104 | 3 154 | 3 011 | | 19 404 |
| Impairment of tangible assets | | 1 | 8 | 1 | | 10 |
| Credit impairments | -7 | -20 | 830 | -29 | | 774 |
| Operating profit | 10 142 | 3 123 | 2 316 | 3 039 | | 18 620 |
| Tax expense | 2 205 | 417 | 374 | 217 | | 3 213 |
| Profit for the period | 7 937 | 2 706 | 1 942 | 2 822 | | 15 407 |
| Profit for the period attributable to the shareholders of Swedbank AB | 7 927 | 2 706 | 1 942 | 2 822 | | 15 397 |
| Non-controlling interests | 10 | | | | | 10 |

Balance sheet, SEKbn

| | | | | | | |
|---|--------------|------------|------------|--------------|-------------|--------------|
| Cash and balances with central banks | | 3 | 3 | 257 | | 263 |
| Loans to credit institutions | 40 | | 70 | 201 | -217 | 94 |
| Loans to the public | 1 111 | 141 | 267 | 8 | | 1 527 |
| Bonds and other interest-bearing securities | | 1 | 73 | 113 | -4 | 183 |
| Financial assets for which customers bear inv. risk | 153 | 3 | | | | 156 |
| Investments in associates | 4 | | | 3 | | 7 |
| Derivatives | | | 101 | 45 | -53 | 93 |
| Total tangible and intangible assets | 2 | 11 | | 3 | | 16 |
| Other assets | 3 | 32 | 45 | 556 | -581 | 55 |
| Total assets | 1 313 | 191 | 559 | 1 186 | -855 | 2 394 |
| Amounts owed to credit institutions | 60 | | 191 | 120 | -213 | 158 |
| Deposits and borrowings from the public | 492 | 167 | 133 | 91 | -4 | 879 |
| Debt securities in issue | | | 18 | 894 | -7 | 905 |
| risk | 153 | 4 | | | | 157 |
| Derivatives | | | 106 | 28 | -53 | 81 |
| Other liabilities | 554 | | 91 | | -578 | 67 |
| Subordinated liabilities | | | | 23 | | 23 |
| Total liabilities | 1 259 | 171 | 539 | 1 156 | -855 | 2 270 |
| Allocated equity | 54 | 20 | 20 | 30 | | 124 |
| Total liabilities and equity | 1 313 | 191 | 559 | 1 186 | -855 | 2 394 |

Key figures

| | | | | | | |
|---|-------|-------|-------|-------|--|--------|
| Return on allocated equity, % | 20.1 | 17.5 | 13.3 | 12.8 | | 16.8 |
| Cost/income ratio | 0.40 | 0.37 | 0.44 | 0.15 | | 0.37 |
| Credit impairment ratio, % ² | 0.00 | -0.02 | 0.44 | -0.18 | | 0.07 |
| Loan/deposit ratio, % | 228 | 85 | 153 | | | 166 |
| Loans, SEKbn ³ | 1 111 | 141 | 187 | | | 1 439 |
| Deposits, SEKbn ³ | 488 | 166 | 123 | 88 | | 865 |
| Risk exposure amount, SEKbn | 182 | 81 | 119 | 22 | | 404 |
| Full-time employees | 4 192 | 3 872 | 1 259 | 4 679 | | 14 002 |
| Allocated equity, average, SEKbn | 52 | 21 | 19 | 29 | | 122 |

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

²⁾ For more information about the Credit impairment ratio see page 42 of the Fact book.

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

Operating segments' accounting policies

Operating segment reporting is based on Swedbank's accounting policies, organisation and management accounting. Market-based transfer prices are applied between operating segments, while all expenses within Group functions are transfer priced at cost to the operating segments. The net of services purchased and sold internally is recognised as other expenses in the income statements of 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 taking into account capital adequacy rules and estimated capital requirements based on the bank's Internal Capital Adequacy Assessment Process (ICAAP). All equity is allocated.

The return on allocated equity for the operating segments is calculated based on profit for the period for the operating segment (operating profit less estimated tax and non-controlling interests), in relation to average monthly allocated equity for the operating segment. For period shorter than one year the key ratio is annualised.

Note 5 Net interest income

| Group SEKm | Q3 2017 | Q2 2017 | % | Q3 2016 | % | Jan-Sep 2017 | Jan-Sep 2016 | % |
|--|------------------|------------------|-----------|------------------|-----------|------------------|------------------|------------|
| Interest income | | | | | | | | |
| Loans to credit institutions | -19 | 8 | | 15 | | -10 | 108 | |
| Loans to the public | 7 534 | 7 523 | 0 | 7 507 | 0 | 22 520 | 22 476 | 0 |
| Interest-bearing securities | 38 | 50 | -24 | 137 | -72 | 158 | 535 | -70 |
| Derivatives | 226 | 209 | 8 | 256 | -12 | 724 | 914 | -21 |
| Other | 358 | 367 | -2 | 231 | 55 | 999 | 755 | 32 |
| Total interest income including negative yield on financial assets | 8 137 | 8 157 | 0 | 8 146 | 0 | 24 391 | 24 788 | -2 |
| deduction of trading interests reported in net gains and losses on financial items at fair value | 16 | 61 | -74 | 309 | -95 | 264 | 968 | -73 |
| Interest income, including negative yield on financial assets, according to income statement | 8 121 | 8 096 | 0 | 7 837 | 4 | 24 127 | 23 820 | 1 |
| Interest expenses | | | | | | | | |
| Amounts owed to credit institutions | -243 | -175 | 39 | -134 | 81 | -566 | -367 | 54 |
| Deposits and borrowings from the public | -371 | -339 | 9 | -293 | 27 | -976 | -934 | 4 |
| of which deposit guarantee fees | -99 | -119 | -17 | -101 | -2 | -336 | -356 | -6 |
| Debt securities in issue | -2 977 | -2 935 | 1 | -3 649 | -18 | -9 041 | -9 849 | -8 |
| Subordinated liabilities | -310 | -311 | 0 | -235 | 32 | -925 | -726 | 27 |
| Derivatives | 2 357 | 2 089 | 13 | 2 507 | -6 | 6 786 | 5 446 | 25 |
| Other | -304 | -263 | 16 | -176 | 73 | -917 | -526 | 74 |
| of which government resolution fund fee | -300 | -261 | 15 | -164 | 83 | -904 | -486 | 86 |
| Total interest expenses including negative yield on financial liabilities | -1 848 | -1 934 | -4 | -1 980 | -7 | -5 639 | -6 956 | -19 |
| deduction of trading interests reported in net gains and losses on financial items at fair value | 65 | 72 | -10 | 20 | | 219 | 14 | |
| Interest expenses, including negative yield on financial liabilities, according to income statement | -1 913 | -2 006 | -5 | -2 000 | -4 | -5 858 | -6 970 | -16 |
| Net interest income | 6 208 | 6 090 | 2 | 5 837 | 6 | 18 269 | 16 850 | 8 |
| Net interest margin before trading interest is deducted | 1.04 | 1.01 | | 1.01 | | 1.03 | 0.99 | |
| Average total assets | 2 413 614 | 2 464 936 | -2 | 2 449 167 | -1 | 2 418 703 | 2 391 602 | 1 |

Note 6 Net commission income

| Group SEKm | Q3 2017 | Q2 2017 | % | Q3 2016 | % | Jan-Sep 2017 | Jan-Sep 2016 | % |
|------------------------------------|---------------|---------------|-----------|---------------|-----------|-----------------|-----------------|-----------|
| Commission income | | | | | | | | |
| Payment processing | 445 | 435 | 2 | 430 | 3 | 1 304 | 1 282 | 2 |
| Card commissions | 1 332 | 1 275 | 4 | 1 257 | 6 | 3 740 | 3 486 | 7 |
| Service concepts | 159 | 157 | 1 | 132 | 20 | 463 | 391 | 18 |
| Asset management and custody fees | 1 511 | 1 524 | -1 | 1 361 | 11 | 4 489 | 3 902 | 15 |
| Life insurance | 164 | 168 | -2 | 163 | 1 | 501 | 490 | 2 |
| Brokerage and other securities | 91 | 144 | -37 | 106 | -14 | 403 | 375 | 7 |
| Corporate finance | 17 | 49 | -65 | 55 | -69 | 111 | 220 | -50 |
| Lending | 232 | 239 | -3 | 251 | -8 | 693 | 731 | -5 |
| Guarantees | 53 | 68 | -22 | 55 | -4 | 175 | 160 | 9 |
| Deposits | 51 | 51 | 0 | 33 | 55 | 151 | 99 | 53 |
| Real estate brokerage | 53 | 57 | -7 | 57 | -7 | 153 | 173 | -12 |
| Non-life insurance | 20 | 20 | 0 | 18 | 11 | 53 | 48 | 10 |
| Other commission income | 147 | 130 | 13 | 109 | 35 | 392 | 364 | 8 |
| Total commission income | 4 275 | 4 317 | -1 | 4 027 | 6 | 12 628 | 11 721 | 8 |
| Commission expenses | | | | | | | | |
| Payment processing | -277 | -268 | 3 | -255 | 9 | -789 | -749 | 5 |
| Card commissions | -544 | -533 | 2 | -475 | 15 | -1 546 | -1 395 | 11 |
| Service concepts | -4 | -3 | 33 | -3 | 33 | -9 | -11 | -18 |
| Asset management and custody fees | -337 | -352 | -4 | -298 | 13 | -1 013 | -862 | 18 |
| Life insurance | -46 | -48 | -4 | -43 | 7 | -140 | -133 | 5 |
| Brokerage and other securities | -78 | -60 | 30 | -64 | 22 | -214 | -139 | 54 |
| Lending and guarantees | -16 | -15 | 7 | -15 | 7 | -42 | -53 | -21 |
| Non-life insurance | -6 | -5 | 20 | -4 | 50 | -15 | -10 | 50 |
| Other commission expenses | -50 | -33 | 52 | -32 | 56 | -121 | -91 | 33 |
| Total commission expenses | -1 358 | -1 317 | 3 | -1 189 | 14 | -3 889 | -3 443 | 13 |
| Total Net commission income | 2 917 | 3 000 | -3 | 2 838 | 3 | 8 739 | 8 278 | 6 |

Note 7 Net gains and losses on financial items at fair value

| Group SEKm | Q3 2017 | Q2 2017 | % | Q3 2016 | % | Jan-Sep 2017 | Jan-Sep 2016 | % |
|--|------------|-------------|------------|------------|------------|-----------------|-----------------|------------|
| Valuation category, fair value through profit or loss | | | | | | | | |
| Shares and share related derivatives | 67 | 373 | -82 | 185 | -64 | 373 | 895 | -58 |
| of which dividend | 3 | 126 | -98 | 8 | -63 | 227 | 33 | |
| Interest-bearing securities and interest related derivatives | 184 | 10 | | 568 | -68 | 487 | 1 095 | -56 |
| Loans to the public | -226 | -258 | -12 | -464 | -51 | -861 | -1 011 | -15 |
| Financial liabilities | 64 | 53 | 21 | 109 | -41 | 197 | 107 | 84 |
| Other financial instruments | -7 | 0 | | -119 | -94 | -7 | -245 | -97 |
| Total fair value through profit or loss | 82 | 178 | -54 | 279 | -71 | 189 | 841 | -78 |
| Hedge accounting | | | | | | | | |
| Ineffective part in hedge accounting at fair value | -11 | 22 | | 28 | | 28 | -107 | |
| of which hedging instruments | -695 | -1 319 | -47 | -1 192 | -42 | -4 079 | 5 060 | |
| of which hedged items | 684 | 1 341 | -49 | 1 220 | -44 | 4 107 | -5 167 | |
| Ineffective part in portfolio hedge accounting at fair value | 6 | 29 | -79 | -47 | | 4 | -81 | |
| of which hedging instruments | 94 | 251 | -63 | 19 | | 568 | -1 484 | |
| of which hedged items | -90 | -221 | -59 | -66 | 36 | -565 | 1 403 | |
| Total hedge accounting | -5 | 51 | | -19 | -74 | 32 | -188 | |
| Loan receivables at amortised cost | 26 | 30 | -13 | 36 | -28 | 82 | 111 | -26 |
| Financial liabilities valued at amortised cost | -75 | -42 | 79 | -70 | 7 | -361 | -282 | 28 |
| Trading related interest | | | | | | | | |
| Interest income | 16 | 61 | -74 | 308 | -95 | 264 | 968 | -73 |
| Interest expense | 65 | 72 | -10 | 20 | | 219 | 14 | |
| Total trading related interest | 81 | 133 | -39 | 328 | -75 | 483 | 982 | -51 |
| Change in exchange rates | 416 | 217 | 92 | 115 | | 1 153 | 482 | |
| Total net gains and losses on financial items at fair value | 525 | 567 | -7 | 669 | -22 | 1 578 | 1 946 | -19 |
| Distribution by business purpose | | | | | | | | |
| Financial instruments for trading related business | 516 | 853 | -40 | 692 | -25 | 2 194 | 2 351 | -7 |
| Financial instruments intended to be held to contractual maturity | 9 | -286 | | -23 | | -616 | -405 | 52 |
| Total | 525 | 567 | -7 | 669 | -22 | 1 578 | 1 946 | -19 |

Note 8 Other expenses

| Group SEKm | Q3 2017 | Q2 2017 | % | Q3 2016 | % | Jan-Sep 2017 | Jan-Sep 2016 | % |
|--------------------------------------|--------------|--------------|-----------|--------------|----------|-----------------|-----------------|----------|
| Premises and rents | 277 | 279 | -1 | 282 | -2 | 843 | 816 | 3 |
| IT expenses | 444 | 475 | -7 | 437 | 2 | 1 410 | 1 310 | 8 |
| Telecommunications and postage | 27 | 30 | -10 | 21 | 29 | 97 | 91 | 7 |
| Advertising, PR and marketing | 51 | 74 | -31 | 62 | -18 | 195 | 196 | -1 |
| Consultants | 67 | 90 | -26 | 76 | -12 | 227 | 238 | -5 |
| Compensation to savings banks | 55 | 56 | -2 | 58 | -5 | 167 | 176 | -5 |
| Other purchased services | 194 | 169 | 15 | 177 | 10 | 540 | 516 | 5 |
| Security transport and alarm systems | 17 | 19 | -11 | 18 | -6 | 50 | 51 | -2 |
| Supplies | 20 | 21 | -5 | 17 | 18 | 59 | 66 | -11 |
| Travel | 45 | 67 | -33 | 39 | 15 | 171 | 152 | 13 |
| Entertainment | 10 | 11 | -9 | 10 | 0 | 32 | 33 | -3 |
| Repair/maintenance of inventories | 14 | 41 | -66 | 25 | -44 | 86 | 79 | 9 |
| Other expenses | 95 | 107 | -11 | 100 | -5 | 298 | 334 | -11 |
| Total other expenses | 1 316 | 1 439 | -9 | 1 322 | 0 | 4 175 | 4 058 | 3 |

Note 9 Credit impairments

| Group SEKm | Q3 2017 | Q2 2017 | % | Q3 2016 | % | Jan-Sep 2017 | Jan-Sep 2016 | % |
|--|------------|------------|------------|------------|------------|-----------------|-----------------|-----------|
| Provision for loans individually assessed as impaired | | | | | | | | |
| Provisions | 282 | 2 | | 135 | | 668 | 734 | -9 |
| Reversal of previous provisions | -23 | -23 | 0 | -28 | -18 | -93 | -272 | -66 |
| Provision for homogenous groups of impaired loans, net | 1 | 6 | -83 | -12 | | 18 | -2 | |
| Total | 260 | -15 | | 95 | | 593 | 460 | 29 |
| Portfolio provisions for loans individually assessed as not impaired | -38 | 16 | | -10 | | -79 | 151 | |
| Write-offs | | | | | | | | |
| Established losses | 121 | 252 | -52 | 283 | -57 | 478 | 1 197 | -60 |
| Utilisation of previous provisions | -57 | -197 | -71 | -135 | -58 | -304 | -905 | -66 |
| Recoveries | -51 | -44 | 16 | -106 | -52 | -209 | -196 | 7 |
| Total | 13 | 11 | 18 | 42 | -69 | -35 | 96 | |
| Credit impairments for contingent liabilities and other credit risk exposures | 0 | 388 | | 74 | | 495 | 67 | |
| Credit impairments | 235 | 400 | -41 | 201 | 17 | 974 | 774 | 26 |
| Credit impairment ratio, % ¹⁾ | 0.06 | 0.10 | | 0.05 | | 0.08 | 0.07 | |

¹⁾ For more information about credit impairment ratio, see page 42 of the Fact book.

Note 10 Loans

| Group SEKm | 30 Sep 2017 | | | 31 Dec 2016 | | 30 Sep 2016 | |
|---|----------------------------|--------------|---|---|-----------|---|------------|
| | Loans before provisions | Provisions | Loans after provisions Carrying amount | Loans after provisions Carrying amount | % | Loans after provisions Carrying amount | % |
| Loans to credit institutions | | | | | | | |
| Banks | 21 546 | | 21 546 | 18 579 | 16 | 69 508 | -69 |
| Repurchase agreements, banks | 1 566 | | 1 566 | 617 | | 2 040 | -23 |
| Other credit institutions | 14 381 | | 14 381 | 12 766 | 13 | 13 214 | 9 |
| Repurchase agreements, other credit institutions | 495 | | 495 | 235 | | 9 592 | -95 |
| Loans to credit institutions | 37 988 | | 37 988 | 32 197 | 18 | 94 354 | -60 |
| Loans to the public | | | | | | | |
| Private customers | 966 924 | 768 | 966 156 | 931 670 | 4 | 909 315 | 6 |
| Private, mortgage | 813 973 | 468 | 813 505 | 782 972 | 4 | 761 072 | 7 |
| Housing cooperatives | 109 876 | 29 | 109 847 | 107 762 | 2 | 107 268 | 2 |
| Private, other | 43 075 | 271 | 42 804 | 40 936 | 5 | 40 975 | 4 |
| Corporate customers | 525 158 | 3 085 | 522 073 | 521 638 | 0 | 529 955 | -1 |
| Agriculture, forestry, fishing | 68 576 | 97 | 68 479 | 65 992 | 4 | 66 174 | 3 |
| Manufacturing | 45 009 | 264 | 44 745 | 44 940 | 0 | 45 425 | -1 |
| Public sector and utilities | 23 964 | 47 | 23 917 | 25 264 | -5 | 26 671 | -10 |
| Construction | 20 810 | 122 | 20 688 | 19 777 | 5 | 20 622 | 0 |
| Retail | 29 683 | 179 | 29 504 | 28 202 | 5 | 30 397 | -3 |
| Transportation | 15 478 | 27 | 15 451 | 15 265 | 1 | 13 772 | 12 |
| Shipping and offshore | 24 987 | 1 358 | 23 629 | 27 567 | -14 | 29 851 | -21 |
| Hotels and restaurants | 7 306 | 30 | 7 276 | 8 893 | -18 | 8 935 | -19 |
| Information and communications | 10 726 | 38 | 10 688 | 8 064 | 33 | 7 069 | 51 |
| Finance and insurance | 12 048 | 22 | 12 026 | 12 497 | -4 | 12 811 | -6 |
| Property management | 221 457 | 239 | 221 218 | 223 404 | -1 | 225 119 | -2 |
| Residential properties | 66 064 | 49 | 66 015 | 64 154 | 3 | 62 495 | 6 |
| Commercial | 84 228 | 79 | 84 149 | 87 942 | -4 | 95 152 | -12 |
| Industrial and Warehouse | 45 415 | 37 | 45 378 | 45 145 | 1 | 42 759 | 6 |
| Other | 25 750 | 74 | 25 676 | 26 163 | -2 | 24 713 | 4 |
| Professional services | 25 886 | 555 | 25 331 | 23 221 | 9 | 25 677 | -1 |
| Other corporate lending | 19 228 | 107 | 19 121 | 18 552 | 3 | 17 432 | 10 |
| Loans to the public excluding the Swedish National Debt Office and repurchase agreements | 1 492 082 | 3 853 | 1 488 229 | 1 453 308 | 2 | 1 439 270 | 3 |
| Swedish National Debt Office | 831 | | 831 | 5 079 | -84 | 9 080 | -91 |
| Repurchase agreements, Swedish National Debt Office | 18 480 | | 18 480 | 3 797 | | 6 918 | |
| Repurchase agreements, public | 34 008 | | 34 008 | 45 063 | -25 | 71 367 | -52 |
| Loans to the public | 1 545 401 | 3 853 | 1 541 548 | 1 507 247 | 2 | 1 526 635 | 1 |
| Loans to the public and credit institutions | 1 583 389 | 3 853 | 1 579 536 | 1 539 444 | 3 | 1 620 989 | -3 |

Note 11 Impaired loans etc.

| Group SEKm | 30 Sep 2017 | 31 Dec 2016 | % | 30 Sep 2016 | % |
|--|----------------|----------------|----------|----------------|------------|
| Impaired loans, gross | 8 655 | 8 095 | 7 | 5 708 | 52 |
| Provisions for individually assessed impaired loans | 2 388 | 2 254 | 6 | 1 477 | 62 |
| Provision for homogenous groups of impaired loans | 494 | 453 | 9 | 627 | -21 |
| Impaired loans, net | 5 773 | 5 388 | 7 | 3 604 | 60 |
| of which private customers | 964 | 1 113 | -13 | 1 223 | -21 |
| of which corporate customers | 4 809 | 4 275 | 12 | 2 381 | |
| Portfolio provisions for loans individually assessed as not impaired | 971 | 1 048 | -7 | 1 173 | -17 |
| Share of impaired loans, gross, % ¹⁾ | 0.55 | 0.52 | 6 | 0.35 | 57 |
| Share of impaired loans, net, % ¹⁾ | 0.37 | 0.35 | 6 | 0.22 | 68 |
| Provision ratio for impaired loans, % ¹⁾ | 33 | 33 | 0 | 37 | -11 |
| Total provision ratio for impaired loans, % ¹⁾ | 45 | 46 | -2 | 57 | -21 |
| Past due loans that are not impaired | 3 427 | 3 164 | 8 | 3 917 | -13 |
| of which past due 5-30 days | 2 132 | 1 768 | 21 | 2 671 | -20 |
| of which past due 31-60 days | 732 | 857 | -15 | 565 | 30 |
| of which past due 61-90 days | 297 | 269 | 10 | 279 | 6 |
| of which past due more than 90 days | 266 | 270 | -1 | 402 | -34 |

¹⁾ For more information about impaired loans see page 44-45 in the Fact book.

Note 12 Assets taken over for protection of claims and cancelled leases

| Group SEKm | 30 Sep 2017 | 31 Dec 2016 | % | 30 Sep 2016 | % |
|--|----------------|----------------|------------|----------------|------------|
| Buildings and land | 161 | 257 | -37 | 269 | -40 |
| Shares and participating interests | 25 | 3 | | 3 | |
| Other property taken over | 91 | 120 | -24 | 136 | -33 |
| Total assets taken over for protection of claims | 277 | 380 | -27 | 408 | -32 |
| Cancelled leases | 24 | 25 | -4 | 26 | -8 |
| Total assets taken over for protection of claims and cancelled leases | 301 | 405 | -26 | 434 | -31 |
| of which acquired by Ektornet group | 41 | 139 | -71 | 174 | -76 |

Note 13 Credit exposures

| Group SEKm | 30 Sep 2017 | 31 Dec 2016 | % | 30 Sep 2016 | % |
|---|------------------|------------------|-----------|------------------|----------|
| Assets | | | | | |
| Cash and balances with central banks | 336 283 | 121 347 | | 262 773 | 28 |
| Interest-bearing securities | 210 205 | 182 072 | 15 | 182 525 | 15 |
| Loans to credit institutions | 37 988 | 32 197 | 18 | 94 354 | -60 |
| Loans to the public | 1 541 548 | 1 507 247 | 2 | 1 526 635 | 1 |
| Derivatives | 66 127 | 87 811 | -25 | 93 294 | -29 |
| Other financial assets | 36 141 | 10 853 | | 22 154 | 63 |
| Total assets | 2 228 292 | 1 941 527 | 15 | 2 181 735 | 2 |
| Contingent liabilities and commitments | | | | | |
| Guarantees | 44 017 | 42 750 | 3 | 38 809 | 13 |
| Commitments | 266 827 | 262 701 | 2 | 264 696 | 1 |
| Total contingent liabilities and commitments | 310 844 | 305 451 | 2 | 303 505 | 2 |
| Total credit exposures | 2 539 136 | 2 246 978 | 13 | 2 485 240 | 2 |

Note 14 Intangible assets

| Group SEKm | 30 Sep 2017 | 31 Dec 2016 | % | 30 Sep 2016 | % |
|------------------------------------|----------------|----------------|-----------|----------------|-----------|
| With indefinite useful life | | | | | |
| Goodwill | 12 923 | 12 408 | 4 | 12 468 | 4 |
| Total | 12 923 | 12 408 | 4 | 12 468 | 4 |
| With finite useful life | | | | | |
| Customer base | 548 | 559 | -2 | 580 | -6 |
| Brand name | 162 | | | | |
| Internally developed software | 1 558 | 989 | 58 | 871 | 79 |
| Other | 770 | 323 | | 374 | |
| Total | 3 038 | 1 871 | 62 | 1 825 | 66 |
| Total intangible assets | 15 961 | 14 279 | 12 | 14 293 | 12 |

Impairment testing of intangible assets

During the third quarter, a write-down of SEK 96m was made for previously internally developed software. Similar software was obtained through the acquisition of our new subsidiary PayEx Holding AB.

Note 15 Amounts owed to credit institutions

| Group SEKm | 30 Sep 2017 | 31 Dec 2016 | % | 30 Sep 2016 | % |
|---|----------------|----------------|-----------|----------------|------------|
| Amounts owed to credit institutions | | | | | |
| Central banks | 17 503 | 22 079 | -21 | 24 941 | -30 |
| Banks | 116 358 | 47 771 | | 127 820 | -9 |
| Other credit institutions | 1 753 | 1 968 | -11 | 2 973 | -41 |
| Repurchase agreements - banks | 972 | 13 | | 1 951 | -50 |
| Repurchase agreements - other credit institutions | 101 | | | 443 | -77 |
| Amounts owed to credit institutions | 136 687 | 71 831 | 90 | 158 128 | -14 |

Note 16 Deposits and borrowings from the public

| Group SEKm | 30 Sep 2017 | 31 Dec 2016 | % | 30 Sep 2016 | % |
|--|----------------|----------------|-----------|----------------|----------|
| Deposits from the public | | | | | |
| Private customers | 466 586 | 441 817 | 6 | 435 275 | 7 |
| Corporate customers | 443 253 | 340 214 | 30 | 429 483 | 3 |
| Deposits from the public excluding the Swedish National Debt Office and repurchase agreements | 909 839 | 782 031 | 16 | 864 758 | 5 |
| Swedish National Debt Office | 309 | 1 | | 1 | |
| Repurchase agreements - public | 25 606 | 10 892 | | 14 422 | 78 |
| Deposits and borrowings from the public | 935 754 | 792 924 | 18 | 879 181 | 6 |

Note 17 Debt securities in issue and subordinated liabilities

| Group SEKm | 30 Sep | 31 Dec | % | 30 Sep | % |
|--|----------------|----------------|----------|----------------|----------|
| | 2017 | 2016 | | 2016 | |
| Commercial Paper and Certificates of Deposits | 188 056 | 102 225 | 84 | 162 544 | 16 |
| Covered bonds | 554 723 | 558 295 | -1 | 563 218 | -2 |
| Senior unsecured bonds | 154 291 | 166 161 | -7 | 164 665 | -6 |
| Structured retail bonds | 14 763 | 14 992 | -2 | 15 069 | -2 |
| Total debt securities in issue | 911 833 | 841 673 | 8 | 905 496 | 1 |
| Subordinated liabilities | 30 448 | 27 254 | 12 | 22 899 | 33 |
| Total debt securities in issue and subordinated liabilities | 942 281 | 868 927 | 8 | 928 395 | 1 |

| Turnover during the period | Jan-Sep | Full year | % | Jan-Sep | % |
|---|----------------|----------------|----------|----------------|----------|
| | 2017 | 2016 | | 2016 | |
| Opening balance | 868 927 | 851 148 | 2 | 851 148 | 2 |
| Issued | 988 099 | 976 733 | 1 | 827 439 | 19 |
| Repurchased | -70 369 | -44 963 | 57 | -18 336 | |
| Repaid | -809 490 | -933 835 | -13 | -747 169 | 8 |
| Change in market value or in hedged item in fair value hedge accounting | -8 993 | -8 240 | 9 | 427 | |
| Changes in exchange rates | -25 893 | 28 084 | | 14 886 | |
| Closing balance | 942 281 | 868 927 | 8 | 928 395 | 1 |

Note 18 Derivatives

| Group SEKm | Nominal amount 31 Mar 2017 | | | Nominal amount | | Positive fair value | | Negative fair value | |
|--|--------------------------------|------------------|----------------|------------------|-------------------|---------------------|---------------|---------------------|---------------|
| | Remaining contractual maturity | | | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| | < 1 yr. | 1-5 yrs. | > 5 yrs. | 30 Sep | 31 Dec | 30 Sep | 31 Dec | 30 Sep | 31 Dec |
| Derivatives in fair value hedges | 86 110 | 377 970 | 58 190 | 522 270 | 531 489 | 11 104 | 16 676 | 913 | 587 |
| Derivatives in portfolio fair value hedges | 37 000 | 165 355 | 13 350 | 215 705 | 171 230 | 278 | 223 | 1 487 | 2 063 |
| Derivatives in cash flow hedges | | 1 718 | 7 573 | 9 291 | 9 364 | | | 484 | 494 |
| Non-hedging derivatives | 5 004 045 | 3 373 749 | 666 503 | 9 044 297 | 9 614 077 | 63 945 | 82 749 | 62 021 | 96 150 |
| Gross amount | 5 127 155 | 3 918 792 | 745 616 | 9 791 563 | 10 326 160 | 75 327 | 99 648 | 64 905 | 99 294 |
| Offset amount (see also note 21) | -1 999 071 | -1 250 105 | -320 383 | -3 569 559 | -3 332 268 | -9 200 | -11 837 | -11 574 | -13 705 |
| Total | 3 128 084 | 2 668 687 | 425 233 | 6 222 004 | 6 993 892 | 66 127 | 87 811 | 53 331 | 85 589 |

The Group trades derivatives in the normal course of business and to hedge certain positions with regard to the value of equities, interest rates and currencies.

The amounts offset for derivative assets and derivative liabilities include cash collateral offsets of SEK 2 726m and SEK 352m respectively.

Note 19 Financial instruments at fair value

| Group SEKm | 30 Sep 2017 | | | 31 Dec 2016 | | |
|---|------------------|--------------------|--------------|------------------|--------------------|--------------|
| | Fair value | Carrying amount | Difference | Fair value | Carrying amount | Difference |
| Assets | | | | | | |
| Financial assets covered by IAS 39 | | | | | | |
| Cash and balances w ith central banks | 336 283 | 336 283 | | 121 347 | 121 347 | |
| Treasury bills etc. | 134 390 | 134 328 | 62 | 107 647 | 107 571 | 76 |
| Loans to credit institutions | 37 988 | 37 988 | | 32 197 | 32 197 | |
| Loans to the public | 1 545 728 | 1 541 548 | 4 180 | 1 512 686 | 1 507 247 | 5 439 |
| Value change of interest hedged items in portfolio hedge | 918 | 918 | | 1 482 | 1 482 | |
| Bonds and interest-bearing securities | 75 883 | 75 877 | 6 | 74 508 | 74 501 | 7 |
| Financial assets for w hich the customers bear the investment risk | 176 196 | 176 196 | | 160 114 | 160 114 | |
| Shares and participating interest | 25 532 | 25 532 | | 23 897 | 23 897 | |
| Derivatives | 66 127 | 66 127 | | 87 811 | 87 811 | |
| Other financial assets | 36 141 | 36 141 | | 10 851 | 10 851 | |
| Total | 2 435 186 | 2 430 938 | 4 248 | 2 132 540 | 2 127 018 | 5 522 |
| Investment in associates | | 7 423 | | | 7 319 | |
| Non-financial assets | | 21 514 | | | 19 866 | |
| Total | | 2 459 875 | | | 2 154 203 | |
| Liabilities | | | | | | |
| Financial liabilities covered by IAS 39 | | | | | | |
| Amounts owed to credit institutions | 136 687 | 136 687 | | 71 615 | 71 831 | -216 |
| Deposits and borrow ings from the public | 935 737 | 935 754 | -17 | 792 905 | 792 924 | -19 |
| Debt securities in issue | 918 743 | 911 833 | 6 910 | 849 097 | 841 673 | 7 424 |
| Financial liabilities for w hich the customers bear the investment risk | 176 900 | 176 900 | | 161 051 | 161 051 | |
| Subordinated liabilities | 30 467 | 30 448 | 19 | 27 254 | 27 254 | |
| Derivatives | 53 331 | 53 331 | | 85 589 | 85 589 | |
| Short positions securities | 30 789 | 30 789 | | 11 614 | 11 614 | |
| Other financial liabilities | 43 798 | 43 798 | | 22 524 | 22 524 | |
| Total | 2 326 451 | 2 319 540 | 6 911 | 2 021 649 | 2 014 460 | 7 189 |
| Non-financial liabilities | | 11 273 | | | 10 038 | |
| Total | | 2 330 813 | | | 2 024 498 | |

| Group 30 Sep 2017 SEKm | Instruments with quoted market prices in active markets (Level 1) | Valuation techniques using observable market data (Level 2) | Valuation techniques using non- observable market data (Level 3) | Total |
|---|---|--|---|----------------|
| | | | | |
| Assets | | | | |
| Treasury bills etc. | 17 190 | 6 731 | | 23 921 |
| Loans to credit institutions | | 2 061 | | 2 061 |
| Loans to the public | | 160 447 | | 160 447 |
| Bonds and other interest-bearing securities | 32 550 | 40 013 | | 72 563 |
| Financial assets for w hich the customers bear the investment risk | 176 196 | | | 176 196 |
| Shares and participating interests | 25 095 | | 437 | 25 532 |
| Derivatives | 167 | 65 919 | 41 | 66 126 |
| Total | 251 198 | 275 171 | 478 | 526 847 |
| Liabilities | | | | |
| Amounts owed to credit institutions | | 1 073 | | 1 073 |
| Deposits and borrow ings from the public | | 25 606 | | 25 606 |
| Debt securities in issue | 3 121 | 19 426 | | 22 547 |
| Financial liabilities for w hich the customers bear the investment risk | | 176 900 | | 176 900 |
| Derivatives | 130 | 53 201 | | 53 331 |
| Short positions, securities | 30 789 | | | 30 789 |
| Total | 34 040 | 276 206 | | 310 246 |

The table above contains financial instruments measured at fair value by valuation level. The Group uses various methods to determine the fair value for financial instruments depending on the degree of observable market data in the valuation and activity in the market. Activity is continuously evaluated by analysing factors such as differences in bid and ask prices.

The methods are divided into three different levels:

- Level 1: Unadjusted, quoted price on an active market
- Level 2: Adjusted, quoted price or valuation model with valuation parameters derived from an active market

- Level 3: Valuation model where a majority of valuation parameters are non-observable and based on internal assumptions.

When financial assets and financial liabilities in active markets have market risks that offset each other, an average of bid and ask prices is used as a basis to determine the fair values of the risk positions that offset each other. For any open net positions, bid rates are applied for long positions and ask rates for short positions.

The Group has a continuous process whereby financial instruments that indicate a high level of internal estimates or low level of observable market data are captured. The process determines the way

to calculate and how the internal assumptions are expected to affect the valuation. In cases where internal assumptions have a material impact on fair value, the financial instrument is reported in level 3. The process also includes an analysis and evaluation based on the quality of the valuation data as well as whether a type of financial instrument is to be transferred between levels.

When transfers occur between fair value hierarchy levels those are reflected as taking place at the end of each quarter. There were no transfers of financial instruments between valuation levels 1 and 2 during the quarter.

| Group 31 Dec 2016 SEKm | Instruments with quoted market prices in an active market (Level 1) | Valuation techniques using observable market data (Level 2) | Valuation techniques using non- observable market data (Level 3) | Total |
|--|---|--|---|----------------|
| Assets | | | | |
| Treasury bills etc. | 16 740 | 5 429 | | 22 169 |
| Loans to credit institutions | | 852 | | 852 |
| Loans to the public | | 190 512 | | 190 512 |
| Bonds and other interest-bearing securities | 42 650 | 28 183 | | 70 833 |
| Financial assets for which the customers bear the investment risk | 160 115 | | | 160 115 |
| Shares and participating interests | 23 604 | 135 | 158 | 23 897 |
| Derivatives | 138 | 87 608 | 65 | 87 811 |
| Total | 243 247 | 312 719 | 223 | 556 189 |
| Liabilities | | | | |
| Amounts owed to credit institutions | | 13 | | 13 |
| Deposits and borrowings from the public | | 10 892 | | 10 892 |
| Debt securities in issue | 3 270 | 19 830 | | 23 100 |
| Financial liabilities for which the customers bear the investment risk | | 161 051 | | 161 051 |
| Derivatives | 75 | 85 514 | | 85 589 |
| Short positions, securities | 11 614 | | | 11 614 |
| Total | 14 959 | 277 300 | | 292 259 |

| Group SEKm | Assets | | |
|---|-----------------------|-------------|------------|
| | Equity instruments | Derivatives | Total |
| Changes in level 3 | | | |
| January-September 2017 | | | |
| Opening balance 1 January 2017 | 158 | 65 | 223 |
| Purchases | 207 | | 207 |
| Sale of assets | -2 | | -2 |
| Maturities | | -21 | -21 |
| Transferred from Level 2 to Level 3 | 64 | | 64 |
| Transferred from Level 3 to Level 2 | | -2 | -2 |
| Gains or losses | 10 | -1 | 9 |
| of which in the income statement, net gains and losses on financial items at fair value | 10 | -1 | 9 |
| of which changes in unrealised gains or losses for items held at closing day | | 3 | 3 |
| Closing balance 30 September 2017 | 437 | 41 | 478 |

Level 3 primarily contains unlisted equity instruments and illiquid options. In connection with the sale of shares in VISA Europe convertible preference shares in VISA Inc. were obtained. The shares are subject to selling restrictions for a period of up to 12 years and under certain conditions may have to be returned. Because liquid quotes are not available for the instrument, its fair value is established with significant elements of own internal assumptions and reported in level 3 as equity instruments. The options hedge changes in the market value of hybrid debt instruments, so-called structured products. Structured products consist of a corresponding option element and a host contract, which in principle is an ordinary interest-bearing bond. When the Group evaluates the level on which the financial instruments are reported, the entire instrument is assessed on an individual basis. Since the bond portion of the structured products represents the majority of the financial instrument's fair value, the internal assumptions

used to value the illiquid option element normally do not have a significant effect on the valuation and the financial instrument is typically reported in level 2. However, the Group typically hedges the market risks that arise in structured products by holding individual options. The internal assumptions used to in the valuation of the individual financial instruments are therefore of greater significance, because of which several are reported as derivatives in level 3.

For all options included in level 3 an analysis is performed based on historical movements in contract prices. Given this, it is not likely that future price movements will affect the market value for options in level 3 with more than +/- SEK 4m.

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

| Changes in level 3 Group SEKm | Assets | | |
|---|-----------------------|-------------|------------|
| | Equity instruments | Derivatives | Total |
| January-September 2016 | | | |
| Opening balance 1 January 2016 | 73 | 114 | 187 |
| Purchases | 4 | | 4 |
| VISA Inc. C shares received | 62 | | 62 |
| Sale of assets | -55 | | -55 |
| Maturities | | -13 | -13 |
| Issues | | 2 | 2 |
| Transferred from Level 1 to Level 3 | 66 | | 66 |
| Transferred from Level 2 to Level 3 | | 2 | 2 |
| Transferred from Level 3 to Level 2 | | -3 | -3 |
| Gains or losses | 16 | -20 | -4 |
| of which in the income statement, net gains and losses on financial items at fair value | 16 | -20 | -4 |
| of which changes in unrealised gains or losses for items held at closing day | 18 | -14 | 4 |
| Closing balance 30 September 2016 | 166 | 82 | 248 |

Note 20 Pledged collateral

| Group SEKm | 30 Sep 2017 | 31 Dec 2016 | % | 30 Sep 2016 | % |
|--|----------------|----------------|----------|----------------|----------|
| Loan receivables ¹ | 550 404 | 542 278 | 1 | 541 663 | 2 |
| Financial assets pledged for policyholders | 173 422 | 157 804 | 10 | 153 727 | 13 |
| Other assets pledged | 46 087 | 37 546 | 23 | 42 457 | 9 |
| Pledged collateral | 769 913 | 737 628 | 4 | 737 847 | 4 |

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

Note 21 Offsetting financial assets and liabilities

| Group SEKm | Assets | | | Liabilities | | |
|---|----------------|----------------|------------|----------------|----------------|------------|
| | 30 Sep 2017 | 31 Dec 2016 | % | 30 Sep 2017 | 31 Dec 2016 | % |
| Financial assets and liabilities, which have been offset or are subject to netting or similar agreements | | | | | | |
| Gross amount | 137 317 | 152 098 | -10 | 103 145 | 111 865 | -8 |
| Offset amount | -18 336 | -16 340 | 12 | -20 710 | -18 208 | 14 |
| Net amounts presented in the balance sheet | 118 981 | 135 758 | -12 | 82 435 | 93 657 | -12 |
| Related amounts not offset in the balance sheet | | | | | | |
| Financial instruments, netting arrangements | 38 708 | 46 691 | -17 | 38 708 | 46 691 | -17 |
| Financial Instruments, collateral | 41 908 | 40 853 | 3 | 22 423 | 4 391 | |
| Cash, collateral | 10 959 | 12 676 | -14 | 9 203 | 13 775 | -33 |
| Total amount not offset in the balance sheet | 91 575 | 100 220 | -9 | 70 334 | 64 857 | 8 |
| Net amount | 27 406 | 35 538 | -23 | 12 101 | 28 800 | -58 |

The amounts offset for financial assets and financial liabilities include cash collateral offsets of SEK 2 726 m and SEK 352m respectively.

Note 22 Capital adequacy, consolidated situation

| Capital adequacy | 30 Sep | 31 Dec | 30 Sep |
|--|----------------|----------------|----------------|
| SEKm | 2017 | 2016 | 2016 |
| Shareholders' equity according to the Group's balance sheet | 128 864 | 129 515 | 123 999 |
| Non-controlling interests | 73 | 78 | 79 |
| Anticipated dividend | -10 959 | -14 695 | -11 548 |
| Deconsolidation of insurance companies | 41 | 96 | 204 |
| Value changes in own financial liabilities | 37 | -2 | -9 |
| Cash flow hedges | 1 | -77 | -129 |
| Additional value adjustments ¹⁾ | -729 | -598 | -918 |
| Goodwill | -13 012 | -12 497 | -12 558 |
| Deferred tax assets | -120 | -114 | -109 |
| Intangible assets | -2 553 | -1 601 | -1 547 |
| Net provisions for reported IRB credit exposures | -1 505 | -1 376 | -1 370 |
| Shares deducted from CET1 capital | -51 | -50 | -45 |
| Common Equity Tier 1 capital | 100 087 | 98 679 | 96 049 |
| Additional Tier 1 capital | 11 115 | 14 281 | 9 634 |
| Total Tier 1 capital | 111 202 | 112 960 | 105 683 |
| Tier 2 capital | 18 580 | 12 229 | 12 526 |
| Total capital | 129 782 | 125 189 | 118 209 |
| Minimum capital requirement for credit risks, standardised approach | 3 272 | 3 800 | 4 005 |
| Minimum capital requirement for credit risks, IRB | 21 592 | 21 478 | 21 830 |
| Minimum capital requirement for credit risk, default fund contribution | 43 | 34 | 3 |
| Minimum capital requirement for settlement risks | 0 | 0 | 0 |
| Minimum capital requirement for market risks | 784 | 754 | 918 |
| Trading book | 768 | 732 | 910 |
| of which VaR and SVaR | 501 | 563 | 515 |
| of which risks outside VaR and SVaR | 267 | 169 | 395 |
| FX risk other operations | 16 | 22 | 8 |
| Minimum capital requirement for credit value adjustment | 353 | 424 | 500 |
| Minimum capital requirement for operational risks | 5 079 | 4 972 | 4 972 |
| Additional minimum capital requirement, Article 3 CRR ²⁾ | 2 437 | 69 | 69 |
| Minimum capital requirement | 33 560 | 31 531 | 32 297 |
| Risk exposure amount credit risks, standardised approach | 40 894 | 47 503 | 50 068 |
| Risk exposure amount credit risks, IRB | 269 902 | 268 473 | 272 874 |
| Risk exposure amount default fund contribution | 548 | 431 | 38 |
| Risk exposure amount settlement risks | 1 | 0 | 0 |
| Risk exposure amount market risks | 9 803 | 9 419 | 11 472 |
| Risk exposure amount credit value adjustment | 4 415 | 5 297 | 6 247 |
| Risk exposure amount operational risks | 63 482 | 62 152 | 62 152 |
| Additional risk exposure amount, Article 3 CRR ²⁾ | 30 460 | 860 | 860 |
| Risk exposure amount | 419 505 | 394 135 | 403 711 |
| Common Equity Tier 1 capital ratio, % | 23.9 | 25.0 | 23.8 |
| Tier 1 capital ratio, % | 26.5 | 28.7 | 26.2 |
| Total capital ratio, % | 30.9 | 31.8 | 29.3 |
| Capital buffer requirement ³⁾ | 30 Sep | 31 Dec | 30 Sep |
| % | 2017 | 2016 | 2016 |
| CET1 capital requirement including buffer requirements | 11.3 | 11.0 | 11.0 |
| of which minimum CET1 requirement | 4.5 | 4.5 | 4.5 |
| of which capital conservation buffer | 2.5 | 2.5 | 2.5 |
| of which countercyclical capital buffer | 1.3 | 1.0 | 1.0 |
| of which systemic risk buffer | 3.0 | 3.0 | 3.0 |
| CET 1 capital available to meet buffer requirement ⁴⁾ | 19.4 | 20.5 | 19.3 |
| Capital adequacy Basel 1 floor ⁵⁾ | 30 Sep | 31 Dec | 30 Sep |
| SEKm | 2017 | 2016 | 2016 |
| Capital requirement Basel 1 floor | 76 502 | 75 749 | 73 406 |
| Own funds Basel 3 adjusted according to rules for Basel 1 floor | 131 287 | 126 565 | 119 579 |
| Surplus of capital according to Basel 1 floor | 54 785 | 50 816 | 46 173 |
| Leverage ratio | 30 Sep | 31 Dec | 30 Sep |
| | 2017 | 2016 | 2016 |
| Tier 1 Capital, SEKm | 111 202 | 112 960 | 105 683 |
| Leverage ratio exposure, SEKm | 2 376 836 | 2 098 179 | 2 358 761 |
| Leverage ratio, % | 4.7 | 5.4 | 4.5 |

¹⁾ Adjustment due to the implementation of EBA's technical standards on prudent valuation. The objective of these standards is to determine prudent values of fair valued positions.

²⁾ To rectify for underestimation of default frequency in the model for corporate exposures, Swedbank has decided to hold more capital until the updated model has been approved by the Swedish FSA. The amount also includes planned implementation of EBA's Guideline on new default definition and increased safety margins.

³⁾ Buffer requirement according to Swedish implementation of CRD IV

⁴⁾ CET1 capital ratio as reported, less minimum requirement of 4.5% (excluding buffer requirements) and less any CET1 items used to meet the Tier 1 and total capital requirements.

⁵⁾ Basel 1 floor based on the higher of the Basel 3 capital requirement and 80% of Basel 1 capital requirement. In the latter case the own funds is adjusted according to CRR article 500.4

The consolidated situation for Swedbank as of 30 September 2017 comprised the Swedbank Group with the exception of insurance companies. The Entercard Group was included as well through the proportionate consolidation method.

The note contains the information made public according to the Swedish Financial Supervisory Authority Regulation FFFS 2014:12, chap. 8. Additional

periodic information according to Regulation (EU) No 575/2013 of the European Parliament and of the Council on supervisory requirements for credit institutions and Implementing Regulation (EU) No 1423/2013 of the European Commission can be found on Swedbank's website: <https://www.swedbank.com/investor-relations/financial-information-and-publications/risk-report/index.htm>

| Swedbank Consolidated situation Credit risk, IRB SEKm | Exposure value | | Average risk weight, % | | Minimum capital requirement | |
|--|-------------------|------------------|---------------------------|----------------|--------------------------------|----------------|
| | 30 Sep 2017 | 31 Dec 2016 | 30 Sep 2017 | 31 Dec 2016 | 30 Sep 2017 | 31 Dec 2016 |
| Central government or central banks exposures | 494 492 | | 1 | | 514 | |
| Institutional exposures | 80 518 | 83 959 | 16 | 16 | 1 014 | 1 072 |
| Corporate exposures | 511 924 | 508 765 | 34 | 35 | 13 805 | 14 065 |
| Retail exposures | 1 088 717 | 1 032 298 | 7 | 7 | 5 912 | 5 772 |
| of w hich mortgage | 987 040 | 936 542 | 5 | 5 | 3 724 | 3 633 |
| of w hich other | 101 677 | 95 756 | 27 | 28 | 2 188 | 2 139 |
| Non credit obligation | 7 396 | 12 182 | 59 | 58 | 347 | 569 |
| Total credit risks, IRB | 2 183 047 | 1 637 204 | 12 | 16 | 21 592 | 21 478 |

| Exposure amount, Risk exposure amount and Minimum capital requirement, consolidated situation | | | |
|---|------------------|----------------------|-----------------------------|
| 30 Sep 2017 SEKm | Exposure amount | Risk exposure amount | Minimum capital requirement |
| Credit risks, STD | 56 645 | 40 894 | 3 272 |
| Central government or central banks exposures | 261 | | |
| Regional governments or local authorities exposures | 1 631 | 209 | 17 |
| Public sector entities exposures | 4 919 | 113 | 9 |
| Multilateral development banks exposures | 4 271 | | |
| International organisation exposures | 424 | | |
| Institutional exposures | 7 551 | 232 | 19 |
| Corporate exposures | 5 381 | 4 997 | 400 |
| Retail exposures | 13 600 | 9 939 | 795 |
| Exposures secured by mortgages on immovable property | 5 953 | 2 086 | 167 |
| Exposures in default | 513 | 521 | 42 |
| Exposures in the form of covered bonds | 125 | 13 | 1 |
| Equity exposures | 8 283 | 19 890 | 1 591 |
| Other items | 3 733 | 2 894 | 231 |
| Credit risks, IRB | 2 183 047 | 269 902 | 21 592 |
| Central government or central banks exposures | 494 492 | 6 422 | 514 |
| Institutional exposures | 80 518 | 12 676 | 1 014 |
| Corporate exposures | 511 924 | 172 568 | 13 805 |
| of w hich specialized lending in category 1 | 12 | 8 | 1 |
| of w hich specialized lending in category 2 | 309 | 259 | 21 |
| of w hich specialized lending in category 3 | 395 | 454 | 36 |
| of w hich specialized lending in category 4 | 185 | 461 | 37 |
| of w hich specialized lending in category 5 | 310 | 0 | 0 |
| Retail exposures | 1 088 717 | 73 902 | 5 912 |
| of w hich mortgage lending | 987 040 | 46 551 | 3 724 |
| of w hich other lending | 101 677 | 27 351 | 2 188 |
| Non-credit obligation | 7 396 | 4 334 | 347 |
| Credit risks, Default fund contribution | | 548 | 43 |
| Settlement risks | 3 | 1 | 0 |
| Market risks | | 9 803 | 784 |
| Trading book | | 9 607 | 768 |
| of w hich VaR and SVaR | | 6 260 | 501 |
| of w hich risks outside VaR and SVaR | | 3 347 | 267 |
| FX risk other operations | | 196 | 16 |
| Credit value adjustment | 20 730 | 4 415 | 353 |
| Operational risks | | 63 482 | 5 079 |
| of w hich Basic indicator approach | | 1 137 | 91 |
| of w hich Standardised approach | | 62 345 | 4 988 |
| Additional risk exposure amount, Article 3 CRR | | 30 460 | 2 437 |
| Total | 2 260 425 | 419 505 | 33 560 |

| Exposure amount, Risk exposure amount and Minimum capital requirement, consolidated situation | | | |
|---|------------------|----------------------|-----------------------------|
| 31 Dec 2016 SEKm | Exposure amount | Risk exposure amount | Minimum capital requirement |
| Credit risks, STD | 351 879 | 47 503 | 3 800 |
| Central government or central banks exposures | 245 746 | 449 | 36 |
| Regional governments or local authorities exposures | 32 453 | 276 | 22 |
| Public sector entities exposures | 5 551 | 60 | 5 |
| Multilateral development banks exposures | 6 411 | 20 | 2 |
| International organisation exposures | 609 | | |
| Institutional exposures | 5 456 | 127 | 10 |
| Corporate exposures | 4 909 | 4 630 | 370 |
| Retail exposures | 14 315 | 10 485 | 839 |
| Exposures secured by mortgages on immovable property | 23 884 | 8 361 | 669 |
| Exposures in default | 391 | 403 | 32 |
| Exposures in the form of covered bonds | 69 | 7 | 1 |
| Equity exposures | 8 088 | 19 691 | 1 575 |
| Other items | 3 997 | 2 994 | 240 |
| Credit risks, IRB | 1 637 204 | 268 473 | 21 478 |
| Institutional exposures | 83 959 | 13 406 | 1 072 |
| Corporate exposures | 508 765 | 175 810 | 14 065 |
| of w hich specialized lending in category 1 | 13 | 9 | 1 |
| of w hich specialized lending in category 2 | 321 | 274 | 22 |
| of w hich specialized lending in category 3 | 555 | 638 | 51 |
| of w hich specialized lending in category 4 | 261 | 654 | 52 |
| of w hich specialized lending in category 5 | 260 | 0 | 0 |
| Retail exposures | 1 032 298 | 72 151 | 5 772 |
| of w hich mortgage lending | 936 542 | 45 410 | 3 633 |
| of w hich other lending | 95 756 | 26 741 | 2 139 |
| Non-credit obligation | 12 182 | 7 106 | 569 |
| Credit risks, Default fund contribution | | 431 | 34 |
| Settlement risks | 0 | 0 | 0 |
| Market risks | | 9 419 | 754 |
| Trading book | | 9 147 | 732 |
| of w hich VaR and SVaR | | 7 033 | 563 |
| of w hich risks outside VaR and SVaR | | 2 114 | 169 |
| FX risk other operations | | 272 | 22 |
| Credit value adjustment | 21 393 | 5 297 | 424 |
| Operational risks | | 62 152 | 4 972 |
| of w hich Standardised approach | | 62 152 | 4 972 |
| Additional risk exposure amount, Article 3 CRR | | 860 | 69 |
| Total | 2 010 476 | 394 135 | 31 531 |

Credit risks

The Internal Ratings-Based Approach (IRB) is applied within the Swedish part of Swedbank's consolidated situation, including the branch offices in New York and Oslo but excluding EnterCard and several small subsidiaries. IRB is also applied for the majority of Swedbank's exposure classes in the Baltic countries.

When Swedbank acts as clearing member, the bank calculates a capital base requirement for its pre-funded, qualifying and non-qualifying central counterparty default fund contributions.

For exposures, excluding capital requirement for default fund contributions, where IRB-approach is not applied, the standardized approach is used.

Market risks

Under current regulations capital adequacy for market risks can be based on either a standardised approach or an internal Value at Risk model, which requires the approval of the SFSA. The parent company has received such approval and uses its internal VaR model for general interest rate risks, general and specific share price risks and foreign exchange risks in the trading

book. The approval also covers operations in the Baltic countries with respect to general interest rate risks and foreign exchange risks in the trading book. Foreign exchange risks outside the trading book, i.e. in other operations, are mainly of a structural and strategic nature and are less suited to a VaR model.

These risks are instead estimated according to the standardised approach, as per the Group's internal approach to managing these risks.

Strategic foreign exchange risks mainly arise through risks associated with holdings in foreign operations.

Credit value adjustment

The risk of a credit value adjustment is estimated according to the standardised approach and was added after the implementation of the new EU regulation (CRR).

Operational risk

Swedbank calculates operational risk mainly using the standardised approach. The SFSA has stated that Swedbank meets the qualitative requirements to apply this method.

Basel 1 floor

The transition rules state that the minimum capital requirement must not fall below 80 per cent of the requirement according to the older Basel 1 rules.

Note 23 Internal capital requirement

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

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

As a complement to the economic capital calculation, scenario-based simulations and stress tests are conducted at least once a year. The analyses provide an overview of the most important risks Swedbank is

exposed to by quantifying their impact on the income statement and balance sheet as well as the capital base and risk-weighted assets. The purpose is to ensure efficient use of capital. The methodology serves as a basis of proactive risk and capital management.

As of 30 September 2017 the internal capital assessment for Swedbank's consolidated situation amounted to SEK 30.1bn (SEK 29.2bn as of 30 June 2017). The capital to meet the internal capital assessment, i.e. the capital base, amounted to SEK 129.8bn (SEK 132.0bn as of 30 June 2017) (see Note 22). Swedbank's internal capital assessment using its own models is not comparable with the estimated capital requirement that the SFSA releases quarterly.

The internally estimated capital requirement for the parent company is SEK 23.1bn (SEK 24.8bn as of 30 June 2017) and the capital base is SEK 106.7bn (SEK 107.8bn as of 30 June 2017) (see the parent company's note on capital adequacy).

In addition to what is stated in this interim report, risk management and capital adequacy according to the Basel 3 framework are described in more detail in Swedbank's annual report for 2016 as well as in Swedbank's yearly Risk and Capital Adequacy Report, available on www.swedbank.com.

Note 24 Risks and uncertainties

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

In addition to what is stated in this interim report, detailed descriptions are provided in Swedbank's 2016 annual report and in the annual disclosure on risk management and capital adequacy available on www.swedbank.com

Effect on value of assets and liabilities in SEK and foreign currency, including derivatives if interest rates increase by 100bp, 30 Sep 2017

| Group | < 5 years | 5-10 years | >10 years | Total |
|---|-------------|-------------|------------|-------------|
| Swedbank, the Group | -378 | -392 | 165 | -605 |
| of which SEK | -1 346 | -47 | 124 | -1 270 |
| of which foreign currency | 968 | -345 | 42 | 665 |
| Of which financial instruments at fair value reported through profit or loss | 615 | -326 | 77 | 366 |
| of which SEK | -409 | -14 | 22 | -402 |
| of which foreign currency | 1 024 | -312 | 56 | 768 |

Note 25 Business Combinations 2017

On August 15, 2017 the Group acquired all the shares in PayEx Holdings AB for SEK 1 268m. PayEx Holding AB owns the subsidiaries: PayEx Norge AS and their subsidiaries PayEx Danmark A/S, PayEx

Collection AB, PayEx Sverige AB and the subsidiaries PayEx Solution OY, PayEx Suomi OY and PayEx Invest AB and the subsidiaries Faktab B1 AB, Faktab S1 AB and Faktab V1 AB.

| Group SEKm | Recognised in the Group at aquisition date 15 August 2017 |
|--|--|
| Cash and balances with central banks | 0 |
| Loans to credit institutions | 330 |
| Loans to the public | 271 |
| Interest-bearing securities | 28 |
| Intangible fixed assets | 653 |
| Tangible assets | 146 |
| Current tax assets | 21 |
| Deferred tax assets | 13 |
| Other assets | 88 |
| Prepaid expenses and accrued income | 79 |
| Total assets | 1 629 |
| Deposits and borrowings from the public | 224 |
| Current tax liabilities | 2 |
| Deferred tax liabilities | 153 |
| Other liabilities | 158 |
| Accrued expenses and prepaid income | 84 |
| Pension provisions | 152 |
| Total liabilities | 773 |
| Total identifiable net assets | 856 |
| Acquisition cost, cash | 1 268 |
| Goodwill | 412 |
| Cash flow | |
| Cash and cash equivalents in the acquired company | 0 |
| Acquisition cost, cash | -1 268 |
| Net | -1 268 |
| Acquired loans, fair value | 271 |
| Acquired loans, gross contractual amounts | 398 |
| Acquired loans, best estimate of the contractual cash flows not expected to be collected | 127 |

As from the acquisition date the acquired company contributed SEK 38m to income and SEK 3m to profit after tax. If the company had been acquired at the beginning of the 2017 financial year, the company

would have been contributed with about SEK 321m in income through September 2017 and contributed with about SEK -14m profit after tax

Note 26 Related-party transactions

During the period normal business transactions were executed between companies in the Group, including

other related companies such as associates. Partly owned savings banks are major associates.

Note 27 Swedbank's share

| | 30 Sep 2017 | 31 Dec 2016 | % | 30 Sep 2016 | % |
|---------------------------------------|----------------|----------------|----------|----------------|-----------|
| SWED A | | | | | |
| Share price, SEK | 225.20 | 220.30 | 2 | 201.60 | 12 |
| Number of outstanding ordinary shares | 1 113 629 621 | 1 110 731 820 | 0 | 1 110 731 820 | 0 |
| Market capitalisation, SEKm | 250 789 | 244 694 | 2 | 223 924 | 12 |

| | 30 Sep 2017 | 31 Dec 2016 | 30 Sep 2016 |
|--|----------------------|----------------------|----------------------|
| Number of outstanding shares | | | |
| Issued shares | | | |
| SWED A | 1 132 005 722 | 1 132 005 722 | 1 132 005 722 |
| Repurchased shares | | | |
| SWED A | -18 376 101 | -21 273 902 | -21 273 902 |
| Repurchase of own shares for trading purposes | | | |
| SWED A | | | |
| Number of outstanding shares on the closing day | 1 113 629 621 | 1 110 731 820 | 1 110 731 820 |

Within Sw edbank's share-based compensation programme, Sw edbank AB has during 2017 transferred 2 897 801 shares at no cost to employees.

| | Q3 2017 | Q2 2017 | Q3 2016 | Jan-Sep 2017 | Jan-Sep 2016 |
|--|---------------|---------------|---------------|-----------------|-----------------|
| Earnings per share | | | | | |
| Average number of shares | | | | | |
| Average number of shares before dilution | 1 113 629 566 | 1 113 487 141 | 1 110 731 820 | 1 113 086 410 | 1 109 796 224 |
| Weighted average number of shares for potential ordinary shares that incur a dilutive effect due to share-based compensation programme | 4 327 582 | 4 598 508 | 5 562 781 | 5 115 206 | 6 101 720 |
| Average number of shares after dilution | 1 117 957 147 | 1 118 085 649 | 1 116 294 601 | 1 118 201 616 | 1 115 897 944 |
| Profit, SEKm | | | | | |
| Profit for the period attributable to shareholders of Sw edbank | 4 743 | 4 746 | 4 816 | 14 613 | 15 397 |
| Earnings for the purpose of calculating earnings per share | 4 743 | 4 746 | 4 816 | 14 613 | 15 397 |
| Earnings per share, SEK | | | | | |
| Earnings per share before dilution | 4.26 | 4.26 | 4.33 | 13.13 | 13.87 |
| Earnings per share after dilution | 4.24 | 4.24 | 4.31 | 13.07 | 13.80 |

Note 28 Effects of changed reporting of the compensation to the Savings banks for mortgage loans

Income statement

| Group SEKm | New reporting | | Previous reporting | New reporting | | Previous reporting | New reporting | | Previous reporting |
|--|---------------|-------------|--------------------|-----------------|-------------|--------------------|-------------------|-------------|--------------------|
| | 2016 Q3 | Change | 2016 Q3 | 2016 Jan-Sep | Change | 2016 Jan-Sep | 2016 Full-year | Change | 2016 Full-year |
| Interest income | 8 306 | -225 | 8 531 | 24 986 | -567 | 25 553 | 32 914 | -814 | 33 728 |
| Negative yield on financial assets | -469 | | -469 | -1 166 | | -1 166 | -1 543 | | -1 543 |
| Interest income, including negative yield on financial assets | 7 837 | -225 | 8 062 | 23 820 | -567 | 24 387 | 31 371 | -814 | 32 185 |
| Interest expenses | -2 143 | | -2 143 | -7 113 | | -7 113 | -9 256 | | -9 256 |
| Negative yield on financial liabilities | 143 | | 143 | 143 | | 143 | 735 | | 735 |
| Interest expenses, including negative yield on financial liabilities | -2 000 | | -2 000 | -6 970 | | -6 970 | -8 521 | | -8 521 |
| Net interest income (note 5) | 5 837 | -225 | 6 062 | 16 850 | -567 | 17 417 | 22 850 | -814 | 23 664 |
| Net commission income (note 6) | 2 838 | | 2 838 | 8 278 | | 8 278 | 11 333 | | 11 333 |
| Net gains and losses on financial items at fair value (note 7) | 669 | | 669 | 1 946 | | 1 946 | 2 231 | | 2 231 |
| Net insurance | 174 | | 174 | 534 | | 534 | 754 | | 754 |
| Share of profit or loss of associates | 238 | | 238 | 2 358 | | 2 358 | 2 467 | | 2 467 |
| Other income | 284 | | 284 | 908 | | 908 | 1 186 | | 1 186 |
| Total income | 10 040 | -225 | 10 265 | 30 874 | -567 | 31 441 | 40 821 | -814 | 41 635 |
| Staff costs | 2 315 | | 2 315 | 6 936 | | 6 936 | 9 376 | | 9 376 |
| Other expenses (note 8) | 1 322 | -225 | 1 547 | 4 058 | -567 | 4 625 | 5 622 | -814 | 6 436 |
| Depreciation/amortisation | 167 | | 167 | 476 | | 476 | 629 | | 629 |
| Total expenses | 3 804 | -225 | 4 029 | 11 470 | -567 | 12 037 | 15 627 | -814 | 16 441 |
| Profit before impairments | 6 236 | | 6 236 | 19 404 | | 19 404 | 25 194 | | 25 194 |
| Impairment of intangible assets (note 14) | | | | | | | 35 | | 35 |
| Impairment of tangible assets | 1 | | 1 | 10 | | 10 | 31 | | 31 |
| Credit impairments (note 9) | 201 | | 201 | 774 | | 774 | 1 367 | | 1 367 |
| Operating profit | 6 034 | | 6 034 | 18 620 | | 18 620 | 23 761 | | 23 761 |
| Tax expense | 1 215 | | 1 215 | 3 213 | | 3 213 | 4 209 | | 4 209 |
| Profit for the period | 4 819 | | 4 819 | 15 407 | | 15 407 | 19 552 | | 19 552 |
| Profit for the period attributable to the shareholders of Swedbank AB | 4 816 | | 4 816 | 15 397 | | 15 397 | 19 539 | | 19 539 |
| Non-controlling interests | 3 | | 3 | 10 | | 10 | 13 | | 13 |
| C/I-ratio | 0.38 | | 0.39 | 0.37 | | 0.38 | 0.38 | | 0.39 |

For more information see note 1 Accounting policies.

Net interest income

| Group SEKm | New reporting 2016 | | Previous reporting 2016 | New reporting 2016 | | Previous reporting 2016 | New reporting 2016 | | Previous reporting 2016 |
|--|-----------------------|--------------|----------------------------|-----------------------|--------------|----------------------------|-----------------------|--------------|----------------------------|
| | Q3 | Change | Q3 | Jan-Sep | Change | Jan-Sep | Full-year | Change | Full-year |
| Interest income | | | | | | | | | |
| Loans to credit institutions | 15 | | 15 | 108 | | 108 | 64 | | 64 |
| Loans to the public | 7 507 | -225 | 7 732 | 22 476 | -567 | 23 043 | 30 031 | -814 | 30 845 |
| Interest-bearing securities | 137 | | 137 | 535 | | 535 | 651 | | 651 |
| Derivatives | 256 | | 256 | 914 | | 914 | 1 093 | | 1 093 |
| Other | 231 | | 231 | 755 | | 755 | 764 | | 764 |
| Total interest income including negative yield on financial assets | 8 146 | -225 | 8 371 | 24 788 | -567 | 25 355 | 32 603 | -814 | 33 417 |
| deduction of trading interests reported in net gains and losses on financial items at fair value | 309 | | 309 | 968 | | 968 | 1 232 | | 1 232 |
| Interest income, including negative yield on financial assets, according to income statement | 7 837 | -225 | 8 062 | 23 820 | -567 | 24 387 | 31 371 | -814 | 32 185 |
| Interest expenses | | | | | | | | | |
| Amounts owed to credit institutions | -134 | | -134 | -367 | | -367 | -269 | | -269 |
| Deposits and borrowings from the public | -293 | | -293 | -934 | | -934 | -1 100 | | -1 100 |
| of which deposit guarantee fees | -101 | | -101 | -356 | | -356 | -466 | | -466 |
| Debt securities in issue | -3 649 | | -3 649 | -9 849 | | -9 849 | -13 013 | | -13 013 |
| Subordinated liabilities | -235 | | -235 | -726 | | -726 | -977 | | -977 |
| Derivatives | 2 507 | | 2 507 | 5 446 | | 5 446 | 7 638 | | 7 638 |
| Other | -176 | | -176 | -526 | | -526 | -689 | | -689 |
| of which government stabilisation fund fee | -164 | | -164 | -486 | | -486 | -646 | | -646 |
| Total interest expenses including negative yield on financial liabilities | -1 980 | | -1 980 | -6 956 | | -6 956 | -8 410 | | -8 410 |
| deduction of trading interests reported in net gains and losses on financial items at fair value | 20 | | 20 | 14 | | 14 | 111 | | 111 |
| Interest expenses, including negative yield on financial liabilities, according to income statement | -2 000 | | -2 000 | -6 970 | | -6 970 | -8 521 | | -8 521 |
| Net interest income | 5 837 | -225 | 6 062 | 16 850 | -567 | 17 417 | 22 850 | -814 | 23 664 |
| Net interest margin before trading interest is deducted | 1.01 | -0.04 | 1.04 | 0.99 | -0.03 | 1.03 | 1.02 | -0.03 | 1.05 |
| Average total assets | 2 449 167 | | 2 449 167 | 2 391 602 | | 2 391 602 | 2 373 930 | | 2 373 930 |

Other expenses

| Group SEKm | New reporting 2016 | | Previous reporting 2016 | New reporting 2016 | | Previous reporting 2016 | New reporting 2016 | | Previous reporting 2016 |
|--------------------------------------|-----------------------|-------------|----------------------------|-----------------------|-------------|----------------------------|-----------------------|-------------|----------------------------|
| | Q3 | Change | Q3 | Jan-Sep | Change | Jan-Sep | Full-year | Change | Full-year |
| Premises and rents | 282 | | 282 | 816 | | 816 | 1 131 | | 1 131 |
| IT expenses | 437 | | 437 | 1 310 | | 1 310 | 1 834 | | 1 834 |
| Telecommunications and postage | 21 | | 21 | 91 | | 91 | 118 | | 118 |
| Advertising, PR and marketing | 62 | | 62 | 196 | | 196 | 285 | | 285 |
| Consultants | 76 | | 76 | 238 | | 238 | 314 | | 314 |
| Compensation to savings banks | 58 | -225 | 283 | 176 | -567 | 743 | 236 | -814 | 1 050 |
| Other purchased services | 177 | | 177 | 516 | | 516 | 708 | | 708 |
| Security transport and alarm systems | 18 | | 18 | 51 | | 51 | 72 | | 72 |
| Supplies | 17 | | 17 | 66 | | 66 | 103 | | 103 |
| Travel | 39 | | 39 | 152 | | 152 | 226 | | 226 |
| Entertainment | 10 | | 10 | 33 | | 33 | 51 | | 51 |
| Repair/maintenance of inventories | 25 | | 25 | 79 | | 79 | 111 | | 111 |
| Other expenses | 100 | | 100 | 334 | | 334 | 433 | | 433 |
| Total other expenses | 1 322 | -225 | 1 547 | 4 058 | -567 | 4 625 | 5 622 | -814 | 6 436 |

Swedbank AB

Income statement, condensed

| Parent company SEKm | Q3 2017 | Q2 2017 | % | Q3 2016 | % | Jan-Sep 2017 | Jan-Sep 2016 | % |
|---|---------------|--------------|-----------|--------------|-----------|-----------------|-----------------|------------|
| Interest income | 4 543 | 4 520 | 1 | 4 270 | 6 | 13 344 | 12 716 | 5 |
| Negative yield on financial assets | -583 | -546 | 7 | -467 | 25 | -1 512 | -1 155 | 31 |
| Interest income, including negative yield on financial assets | 3 960 | 3 974 | 0 | 3 803 | 4 | 11 832 | 11 561 | 2 |
| Interest expenses | -1 146 | -1 111 | 3 | -835 | 37 | -3 302 | -2 953 | 12 |
| Negative yield on financial liabilities | 205 | 186 | 10 | 134 | 53 | 531 | 359 | 48 |
| Interest expenses, including negative yield on financial liabilities | -941 | -925 | 2 | -701 | 34 | -2 771 | -2 594 | 7 |
| Net interest income | 3 019 | 3 049 | -1 | 3 102 | -3 | 9 061 | 8 967 | 1 |
| Dividends received | 5 207 | 3 368 | 55 | 655 | | 11 591 | 13 783 | -16 |
| Commission income | 2 383 | 2 444 | -2 | 2 321 | 3 | 7 116 | 6 814 | 4 |
| Commission expenses | -819 | -786 | 4 | -707 | 16 | -2 321 | -2 143 | 8 |
| Net commission income | 1 564 | 1 658 | -6 | 1 614 | -3 | 4 795 | 4 671 | 3 |
| Net gains and losses on financial items at fair value | 504 | 742 | -32 | 160 | | 1 899 | 669 | |
| Other income | 372 | 376 | -1 | 310 | 20 | 1 105 | 954 | 16 |
| Total income | 10 666 | 9 193 | 16 | 5 841 | 83 | 28 451 | 29 044 | -2 |
| Staff costs | 1 942 | 1 985 | -2 | 1 897 | 2 | 5 959 | 5 763 | 3 |
| Other expenses | 1 169 | 1 313 | -11 | 1 040 | 12 | 3 679 | 3 308 | 11 |
| Depreciation/amortisation and impairments of tangible and intangible fixed assets | 1 112 | 1 116 | 0 | 1 114 | 0 | 3 321 | 3 303 | 1 |
| Total expenses | 4 223 | 4 414 | -4 | 4 051 | 4 | 12 959 | 12 374 | 5 |
| Profit before impairments | 6 443 | 4 779 | 35 | 1 790 | | 15 492 | 16 670 | -7 |
| Impairment of financial fixed assets | | | | 1 | | | 88 | |
| Credit impairments | 261 | 385 | -32 | 221 | 18 | 1 042 | 807 | 29 |
| Operating profit | 6 182 | 4 394 | 41 | 1 568 | | 14 450 | 15 775 | -8 |
| Tax expense | 1 457 | 992 | 47 | 230 | | 2 737 | 1 130 | |
| Profit for the period | 4 725 | 3 402 | 39 | 1 338 | | 11 713 | 14 645 | -20 |

Statement of comprehensive income, condensed

| Parent company SEKm | Q3 2017 | Q2 2017 | % | Q3 2016 | % | Jan-Sep 2017 | Jan-Sep 2016 | % |
|--|--------------|--------------|-----------|--------------|---|-----------------|-----------------|------------|
| Profit for the period reported via income statement | 4 725 | 3 402 | 39 | 1 338 | | 11 713 | 14 645 | -20 |
| Total comprehensive income for the period | 4 725 | 3 402 | 39 | 1 338 | | 11 713 | 14 645 | -20 |

Balance sheet, condensed

| Parent company SEKm | 30 Sep 2017 | 31 Dec 2016 | % | 30 Sep 2016 | % |
|---|------------------|------------------|-----------|------------------|----------|
| Assets | | | | | |
| Cash and balance with central banks | 281 744 | 64 193 | | 208 490 | 35 |
| Loans to credit institutions | 467 574 | 409 763 | 14 | 483 453 | -3 |
| Loans to the public | 422 205 | 430 406 | -2 | 474 957 | -11 |
| Interest-bearing securities | 207 517 | 175 865 | 18 | 174 960 | 19 |
| Shares and participating interests | 89 191 | 82 267 | 8 | 80 153 | 11 |
| Derivatives | 73 561 | 96 243 | -24 | 103 511 | -29 |
| Other assets | 52 298 | 35 437 | 48 | 42 624 | 23 |
| Total assets | 1 594 090 | 1 294 174 | 23 | 1 568 148 | 2 |
| Liabilities and equity | | | | | |
| Amounts owed to credit institutions | 211 346 | 129 276 | 63 | 247 339 | -15 |
| Deposits and borrowings from the public | 763 351 | 617 704 | 24 | 705 121 | 8 |
| Debt securities in issue | 356 218 | 282 369 | 26 | 341 061 | 4 |
| Derivatives | 72 037 | 114 620 | -37 | 113 911 | -37 |
| Other liabilities and provisions | 68 055 | 27 390 | | 47 346 | 44 |
| Subordinated liabilities | 30 211 | 27 254 | 11 | 22 899 | 32 |
| Untaxed reserves | 10 206 | 10 206 | 0 | 10 021 | 2 |
| Equity | 82 666 | 85 355 | -3 | 80 450 | 3 |
| Total liabilities and equity | 1 594 090 | 1 294 174 | 23 | 1 568 148 | 2 |
| Pledged collateral | 39 884 | 33 624 | 19 | 38 774 | 3 |
| Other assets pledged | 7 673 | 4 241 | 81 | 3 685 | |
| Contingent liabilities | 586 220 | 588 167 | 0 | 583 381 | 0 |
| Commitments | 234 238 | 232 134 | 1 | 231 484 | 1 |

Statement of changes in equity, condensed

| Parent company SEKm | | | | | |
|---|---------------|-----------------------|-------------------|-------------------|---------------|
| | Share capital | Share premium reserve | Statutory reserve | Retained earnings | Total |
| January-September 2016 | | | | | |
| Opening balance 1 January 2016 | 24 904 | 13 206 | 5 968 | 33 304 | 77 382 |
| Dividend | | | | -11 880 | -11 880 |
| Share based payments to employees | | | | 304 | 304 |
| Deferred tax related to share based payments to employees | | | | -32 | -32 |
| Current tax related to share based payments to employees | | | | 31 | 31 |
| Total comprehensive income for the period | | | | 14 645 | 14 645 |
| Closing balance 30 September 2016 | 24 904 | 13 206 | 5 968 | 36 372 | 80 450 |
| January-December 2016 | | | | | |
| Opening balance 1 January 2016 | 24 904 | 13 206 | 5 968 | 33 304 | 77 382 |
| Dividend | | | | -11 880 | -11 880 |
| Share based payments to employees | | | | 378 | 378 |
| Deferred tax related to share based payments to employees | | | | -13 | -13 |
| Current tax related to share based payments to employees | | | | 30 | 30 |
| Total comprehensive income for the period | | | | 19 458 | 19 458 |
| Closing balance 31 December 2016 | 24 904 | 13 206 | 5 968 | 41 277 | 85 355 |
| January-September 2017 | | | | | |
| Opening balance 1 January 2017 | 24 904 | 13 206 | 5 968 | 41 277 | 85 355 |
| Dividend | | | | -14 695 | -14 695 |
| Share based payments to employees | | | | 270 | 270 |
| Deferred tax related to share based payments to employees | | | | -13 | -13 |
| Current tax related to share based payments to employees | | | | 36 | 36 |
| Total comprehensive income for the period | | | | 11 713 | 11 713 |
| Closing balance 30 September 2017 | 24 904 | 13 206 | 5 968 | 38 588 | 82 666 |

Cash flow statement, condensed

| Parent company SEKm | | | |
|---|----------------|----------------|----------------|
| | Jan-Sep 2017 | Full-year 2016 | Jan-Sep 2016 |
| Cash flow from operating activities | 127 617 | -61 179 | 14 664 |
| Cash flow from investing activities | 2 931 | 13 493 | 17 482 |
| Cash flow from financing activities | 87 003 | -19 980 | 44 485 |
| Cash flow for the period | 217 551 | -67 666 | 76 631 |
| Cash and cash equivalents at beginning of period | 64 193 | 131 859 | 131 859 |
| Cash flow for the period | 217 551 | -67 666 | 76 631 |
| Cash and cash equivalents at end of period | 281 744 | 64 193 | 208 490 |

Capital adequacy

| Capital adequacy, Parent company SEKm | 30 Sep 2017 | 31 Dec 2016 | 30 Sep 2016 |
|---|------------------------|------------------------|------------------------|
| Common Equity Tier 1 capital | 77 270 | 73 361 | 71 173 |
| Additional Tier 1 capital | 11 105 | 14 270 | 9 624 |
| Tier 1 capital | 88 375 | 87 631 | 80 797 |
| Tier 2 capital | 18 329 | 12 204 | 12 502 |
| Total capital | 106 704 | 99 835 | 93 299 |
| Minimum capital requirement | 25 743 | 23 537 | 24 368 |
| Risk exposure amount | 321 784 | 294 210 | 304 601 |
| Common Equity Tier 1 capital ratio, % | 24.0 | 24.9 | 23.4 |
| Tier 1 capital ratio, % | 27.5 | 29.8 | 26.5 |
| Total capital ratio, % | 33.2 | 33.9 | 30.6 |
| Capital buffer requirement¹⁾ % | 30 Sep 2017 | 31 Dec 2016 | 30 Sep 2016 |
| CET1 capital requirement including buffer requirements | 8.4 | 8.3 | 8.3 |
| of which minimum CET1 requirement | 4.5 | 4.5 | 4.5 |
| of which capital conservation buffer | 2.5 | 2.5 | 2.5 |
| of which countercyclical capital buffer | 1.4 | 1.3 | 1.3 |
| CET 1 capital available to meet buffer requirement ²⁾ | 19.5 | 20.4 | 18.9 |
| Capital adequacy transition rules Basel 1 floor³⁾ SEKm | 30 Sep 2017 | 31 Dec 2016 | 30 Sep 2016 |
| Capital requirement Basel 1 floor | 28 263 | 29 553 | 28 233 |
| Own funds Basel 3 adjusted according to rules for Basel 1 floor | 107 213 | 100 318 | 93 809 |
| Surplus of capital according to Basel 1 floor | 78 950 | 70 765 | 65 576 |
| Leverage ratio % | 30 Sep 2017 | 31 Dec 2016 | 30 Sep 2016 |
| Tier 1 Capital, SEKm | 88 375 | 87 631 | 80 797 |
| Total exposure, SEKm ⁴⁾ | 1 241 048 | 1 004 780 | 1 287 086 |
| Leverage ratio, % ⁴⁾ | 7.1 | 8.7 | 6.3 |

¹⁾ Buffer requirement according to Swedish implementation of CRD IV.

²⁾ CET1 capital ratio as reported, less minimum requirement of 4.5% (excluding buffer requirements) and less any CET1 items used to meet the Tier 1 and total capital requirements.

³⁾ Basel 1 floor based on the higher of the Basel 3 capital requirement and 80% of Basel 1 capital requirement. In the latter case the own funds is adjusted according to CRR article 500.4.

⁴⁾ Taking into account exemption according to CRR article 429.7 excluding certain intragroup exposures.

Exposure amount, Risk exposure amount and Minimum capital requirement, parent company

**30 Sep 2017
SEKm**

| | Exposure amount | Risk exposure amount | Minimum capital requirement |
|---|------------------------|-----------------------------|------------------------------------|
| Credit risks, STD | 1 073 321 | 77 276 | 6 182 |
| Central government or central banks exposures | 15 | | |
| Regional governments or local authorities exposures | 73 | 15 | 1 |
| Public sector entities exposures | 2 611 | | |
| Multilateral development banks exposures | 3 061 | | |
| International organisation exposures | 271 | | |
| Institutional exposures | 996 173 | 504 | 40 |
| Corporate exposures | 3 841 | 3 727 | 298 |
| Retail exposures | 420 | 314 | 25 |
| Exposures secured by mortgages on immovable property | 2 426 | 849 | 68 |
| Exposures in default | 0 | 0 | 0 |
| Equity exposures | 63 829 | 71 278 | 5 702 |
| Other items | 601 | 589 | 48 |
| Credit risks, IRB | 1 025 275 | 164 482 | 13 159 |
| Central government or central banks exposures | 431 242 | 5 187 | 415 |
| Institutional exposures | 90 300 | 14 793 | 1 183 |
| Corporate exposures | 405 607 | 120 611 | 9 649 |
| of w hich specialized lending | | | |
| Retail exposures | 94 940 | 20 872 | 1 670 |
| of w hich mortgage lending | 13 155 | 2 703 | 216 |
| of w hich other lending | 81 785 | 18 169 | 1 454 |
| Non-credit obligation | 3 186 | 3 019 | 242 |
| Credit risks, Default fund contribution | | 548 | 43 |
| Settlement risks | 3 | 1 | 0 |
| Market risks | | 9 721 | 778 |
| Trading book | | 9 532 | 763 |
| of w hich VaR and SVaR | | 6 262 | 501 |
| of w hich risks outside VaR and SVaR | | 3 270 | 262 |
| FX risk other operations | | 189 | 15 |
| Credit value adjustment | 19 688 | 4 381 | 351 |
| Operational risks | | 35 317 | 2 825 |
| Standardised approach | | 35 317 | 2 825 |
| Additional risk exposure amount, Article 3 CRR | | 30 058 | 2 405 |
| Total | 2 118 287 | 321 784 | 25 743 |

Exposure amount, Risk exposure amount and Minimum capital requirement, parent company

31 Dec 2016

SEKm

| | Exposure amount | Risk exposure amount | Minimum capital requirement |
|---|------------------|----------------------|-----------------------------|
| Credit risks, STD | 1 230 996 | 76 530 | 6 122 |
| Central government or central banks exposures | 185 049 | 70 | 6 |
| Regional governments or local authorities exposures | 23 475 | 60 | 5 |
| Public sector entities exposures | 4 034 | 46 | 4 |
| Multilateral development banks exposures | 3 890 | 1 | 0 |
| International organisation exposures | 20 | | |
| Institutional exposures | 944 642 | 753 | 60 |
| Corporate exposures | 3 734 | 3 665 | 293 |
| Retail exposures | 656 | 490 | 39 |
| Exposures secured by mortgages on immovable property | 2 317 | 811 | 65 |
| Exposures in default | 2 | 2 | 0 |
| Equity exposures | 62 321 | 69 787 | 5 583 |
| Other items | 856 | 846 | 68 |
| Credit risks, IRB | 600 185 | 166 590 | 13 327 |
| Institutional exposures | 90 999 | 14 860 | 1 189 |
| Corporate exposures | 409 505 | 124 448 | 9 956 |
| of w hich specialized lending | | | |
| Retail exposures | 91 458 | 21 429 | 1 714 |
| of w hich mortgage lending | 13 949 | 3 014 | 241 |
| of w hich other lending | 77 509 | 18 415 | 1 473 |
| Non-credit obligation | 8 223 | 5 853 | 468 |
| Credit risks, Default fund contribution | | 431 | 35 |
| Settlement risks | 0 | 0 | 0 |
| Market risks | | 9 291 | 743 |
| Trading book | | 9 026 | 722 |
| of w hich VaR and SVaR | | 7 030 | 562 |
| of w hich risks outside VaR and SVaR | | 1 996 | 160 |
| FX risk other operations | | 265 | 21 |
| Credit value adjustment | 20 138 | 5 252 | 420 |
| Operational risks | | 35 659 | 2 853 |
| Standardised approach | | 35 659 | 2 853 |
| Additional risk exposure amount, Article 3 CRR | | 458 | 37 |
| Total | 1 851 319 | 294 210 | 23 537 |

Alternative performance measures

Swedbank prepares its financial statements in accordance with IFRS as issued by the IASB, as set out in Note 1. The interim 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 periods.

| Measure | Definition | Purpose |
|--|---|--|
| Net stable funding ratio (NSFR) | NSFR aims to have a sufficiently large proportion of stable funding in relation to long-term assets. The measure is governed by the EU's Capital Requirements Regulation (CRR); however no calculation methods have yet been established. Consequently, the measure cannot be calculated based on current rules. NSFR is presented in accordance with Swedbank's interpretation of the Basel Committee's recommendation (BCBS295). | This measure is relevant for investors since it will be required in the near future and as it is already followed as part of internal governance. |
| Net interest margin before trading interest is deducted | Net interest margin before trading interest is deducted is calculated as Net interest income before trading interest is deducted, in relation to average total assets. The average is calculated using month-end figures, including the prior year end. The closest IFRS measure is Net interest income and can be reconciled in Note 5. | The presentation of this measure is relevant for investors as it 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 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). The allocated equity amounts per operating segment are reconciled to the Group Total equity, the nearest IFRS measure, in Note 4. | The presentation of this measure is relevant for investors since it used by Group management for internal governance and operating segment performance management purposes. |
| Return on allocated equity | Return on allocated equity for the operating segments is calculated based on profit for the period for the operating segment (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. The allocated equity amounts per operating segment are reconciled to the Group Total equity, the nearest IFRS measure, in Note 4. | The presentation of this measure is relevant for investors since it used by Group management for internal governance and operating segment performance management purposes. |
| Income statement measures excluding one-off VISA and Hemnet income | Amounts related to Net gains and losses on financial items at fair value, Share of profit or loss of associates and other income are presented excluding the one-off income related to the VISA (2016) and Hemnet (2017). The amounts are reconciled to the relevant IFRS income statement lines on page 7. | The presentation of this measure is relevant for investors as it provides comparability of figures between reporting periods. |
| Return on equity excluding VISA and Hemnet income | Profit for the period allocated to shareholders excluding one-off VISA and Hemnet income 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. Profit for the period allocated to shareholders excluding one-off VISA (2016) and Hemnet (2017) income are reconciled to Profit for the period allocated to shareholders, the nearest IFRS measure on page 7. | The presentation of this measure is relevant for investors as it provides comparability of figures between reporting periods. |

| | | |
|---|---|---|
| Cost/Income ratio excluding VISA and Hemnet income | <p>Total expenses in relation to total income excluding one-off VISA and Hemnet income.</p> <p>Total income excluding one-off VISA (2016) and Hemnet (2016) income are reconciled to Total income, the nearest IFRS measure on page 7.</p> | The presentation of this measure is relevant for investors as it provides comparability of figures between reporting periods. |
| <p>Cost/Income ratio</p> <p>Credit Impairment ratio</p> <p>Loan/Deposit ratio</p> <p>Equity per share</p> <p>Provision ratio for impaired loans</p> <p>Return on equity</p> <p>Share of impaired loans, gross</p> <p>Share of impaired loans, net</p> <p>Total provision ratio for impaired loans</p> | <p>The alternative performance measures set out below are calculated from the financial statements without adjustment.</p> <p>Total expenses in relation to total income.</p> <p>Credit impairment on loans and other credit risk provisions (annualised), net, in relation to the opening balance of loans to credit institutions and loans to public after provisions.</p> <p>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.</p> <p>Shareholders' equity in relation to the number of shares outstanding.</p> <p>Provisions for impaired loans assessed individually in relation to impaired loans, gross.</p> <p>Profit for the period (annualised) 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.</p> <p>Carrying amount of impaired loans, gross, in relation to the carrying amount of loans to credit institutions and the public excluding provisions.</p> <p>Carrying amount of impaired loans, net, in relation to the carrying amount of loans to credit institutions and the public.</p> <p>All provisions (individually assessed and portfolio) for loans in relation to impaired loans, gross.</p> | The presentation of these measures is relevant for investors since they are used by Group management for internal governance and operating segment performance management purposes. |

Signatures of the Board of Directors and the President

The Board of Directors and the President hereby certify that the interim report for January - September 2017 provides a fair and accurate overview of the operations, position and results of the parent company and the Group and describes the significant risks and uncertainties faced by the parent company and the companies in the Group.

Stockholm, 23 October 2017

Lars Idermark
Chair

Ulrika Francke
Deputy Chair

Bodil Eriksson
Board Member

Mats Granryd
Board Member

Bo Johansson
Board Member

Peter Norman
Board Member

Annika Poutiainen
Board Member

Siv Svensson
Board Member

Magnus Uggla
Board Member

Camilla Linder
Board Member
Employee Representative

Roger Ljung
Board Member
Employee Representative

Birgitte Bonnesen
President and CEO

Review report

Introduction

We have reviewed the interim report for Swedbank AB (publ) for the period 1 January – 30 September 2017. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2410 Review of Interim Financial Information performed by the company's auditors. A review consists of making inquiries, primarily with persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report for the Group is not, in all material aspects, in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies and as regards the parent company in accordance the Annual Accounts Act for Credit Institutions and Securities Companies.

Stockholm, 23 October 2017
Deloitte AB

Patrick Honeth
Authorised Public Accountant

Publication of financial information

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

Financial calendar 2017

| | |
|------------------------|------------------|
| Year-end report 2017 | 6 February 2018 |
| Annual report for 2017 | 23 February 2018 |

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

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