

Swedbank AB
U.S. Resolution Plan
Public Section
December 31, 2018

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INTRODUCTION

Swedbank AB (“Swedbank” or the “Bank”, and together with its subsidiaries, the “Swedbank Group” or “Group”) is pleased to present its resolution plan as required by Regulation QQ, 12 CFR Part 243 of the Board of Governors of the Federal Reserve System (the “Federal Reserve”) and 12 CFR Part 381 of the Federal Deposit Insurance Corporation (the “FDIC”) (together, the “Final Rule”) issued pursuant to Section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”). The Federal Reserve and FDIC are together referred to as the “Agencies” in this plan.

Swedbank is a bank organized under the laws of Sweden. Swedbank is a foreign bank that (i) is treated as a bank holding company under Section 8(a) of the International Banking Act of 1978 (“IBA”) because it maintains a branch office located in New York, and (ii) has USD 50 billion or more in total consolidated assets, as determined based on Swedbank’s most recent annual Capital and Asset Reports for FBOs as reported on Federal Reserve Form FR Y-7Q. Accordingly, Swedbank is a “covered company” as defined in the Final Rule and is required to submit a U.S. resolution plan under Section 165(d) and the Final Rule.

As required by the Final Rule, this document constitutes the Public Section of the Bank’s U.S. resolution plan.

Overview of the Bank

Swedbank is a public limited liability bank company (Sw: Bankaktiebolag) incorporated under the laws of the Kingdom of Sweden with its registered office in Stockholm. Swedbank’s shares are listed on NASDAQ OMX Stockholm. As of December 31, 2017, the Group served a total of 7.4 million private customers and more than 600,000 corporate and organizational customers through approximately 350 branches in 11 countries, primarily in its principal markets of Sweden, Estonia, Latvia and Lithuania. To support business in these markets, the Group has established branches in neighboring markets such as Finland, Norway and Denmark, as well as in major markets of financial importance such as China (where the Group has a branch), and the United States (where the Group has both a branch and a subsidiary). The Group also has a branch in Luxembourg and representative offices in Spain and South Africa.

The Group offers a broad range of financial products and services, including retail banking, corporate and investment banking, asset management and insurance products, with the majority of the Group’s income being derived from its Swedish retail banking services.

The Group has four business areas (Swedish Banking, Large Corporates & Institutions, Baltic Banking and Group Functions & Other) and employs approximately 14 600 full-time employees.

Overview of the Bank's U.S. Operations

In the U.S., the Group has a branch in New York and one subsidiary, Swedbank Securities US, LLC which is conducting nonbanking operations. Another subsidiary, Ektornet US LLC, which also conducted nonbanking operations, was closed in October 2015.

Swedbank, New York Branch

Swedbank, New York Branch (the "Branch" or "NY Branch") was established 1991. The Branch is not a separate legal entity and as such forms part of Swedbank AB, Sweden as an integral part of *business area* Large Corporates & Institutions ("LC&I"), International Branches. The NY Branch conducts operations mainly through three functions: *Treasury, Corporate Banking* and *Commercial Real Estate*. The NY Branch does not engage in retail banking with private individual customers and is not allowed to offer deposits insured by the FDIC.

Swedbank Securities US, LLC

Swedbank Securities US, LLC ("Swedbank Securities"), established in 2006, is a registered broker-dealer under the Securities and Exchange Act of 1934. Swedbank Securities is a fully disclosed introducing broker/dealer whereby it does not hold customer funds or securities. Swedbank Securities does not trade for its own account. Swedbank Securities is a wholly owned subsidiary of Swedbank and has no subsidiaries.

Material Changes since the 2016 Resolution Plan Submission

There have been no material changes since the 2016 U.S. Resolution Plan submission.¹

Overview of the Resolution Plan

The key building blocks of the Bank's U.S. Resolution Plan are the identification of core business lines, critical operations, and material entities (each as defined in the Final Rule), if any, and the determination of whether any such core business lines, critical operations, or material entities are within the scope of the requirements of the Final Rule.

¹ The Bank was not required to submit a U.S. resolution plan in 2017. On September 28, 2017, the Federal Reserve and the FDIC extended by 1 year, to December 31, 2018, the next U.S. resolution plan submission deadline for 82 foreign banks with limited U.S. operations, including the Bank.

1. CORE BUSINESS LINES AND CRITICAL OPERATIONS

Definition

“Core business lines” are defined in the Final Rule as the business lines of the covered company which are conducted in whole or material part in the U.S., and the failure of which would result in a material loss of revenue, profit or franchise value to the covered company.

“Critical operations” are defined in the Final Rule as those operations of the covered company, including associated services, functions and support, the failure or discontinuance of which, in the view of the covered company or as jointly directed by the Agencies, would pose a threat to the financial stability of the United States.

Identification of Core Business Lines and Critical Operations

Swedbank has determined that it has no core business lines for purposes of the Final Rule. Additionally, Swedbank has determined that it has no critical operations for purposes of the Final Rule. Analyses included a combination of quantitative and qualitative judgments along with a comparison to the list of critical operations (as identified by the Agencies) and a review of market share and customer profiles.

Under the Final Rule, the Agencies have the authority to jointly designate an operation of a covered company as a critical operation. No operations of Swedbank have been designated by the Agencies as critical operations for purposes of the Final Rule.

2. MATERIAL ENTITIES

Definition

“Material entities” are defined as a subsidiary or foreign office of the covered company that is significant to the activities of a critical operation or core business line.

Identification of Material Entity

As noted above, Swedbank has determined that it has no core business lines and no critical operations for purposes of the Final Rule. Accordingly, the Bank has no material entities, as defined in the Final Rule.

3. CONSOLIDATED FINANCIAL INFORMATION REGARDING ASSETS, LIABILITIES, CAPITAL AND MAJOR FUNDING SOURCES

Consolidated Statement of Financial Position

The following table summarizes the consolidated accounts and presents the financial position of the Group, in accordance with International Financial Reporting Standards, as

adopted by the EU, and the Annual Accounts Act for Credit Institutions and Securities Companies.

Balance sheet, Group (as of December 31, 2017, amount in millions of SEK, unless otherwise stated)

SEKm	Note	2017	2016	1/1/2016
Assets				
Cash and balances with central banks		200 371	121 347	186 312
Treasury bills and other bills eligible for refinancing with central banks, etc.	G21	85 903	107 571	76 552
Loans to credit institutions	G22	30 746	32 197	86 418
Loans to the public	G23	1 535 198	1 507 247	1 413 955
Value change of interest hedged item in portfolio hedge		789	1 482	1 009
Bonds and other interest-bearing securities	G24	59 131	74 501	88 610
Financial assets for which the customers bear the investment risk	G25	180 320	160 114	153 442
Shares and participating interests	G26	19 850	23 897	11 074
Investments in associates	G27	6 357	7 319	5 382
Derivatives	G28	55 680	87 811	86 107
Intangible fixed assets	G29	16 329	14 279	13 690
Investment properties				8
Tangible assets	G30	1 955	1 864	1 981
Current tax assets		1 375	1 796	1 662
Deferred tax assets	G18	173	160	192
Pension assets	G38			1 274
Other assets	G31	14 499	8 067	14 677
Prepaid expenses and accrued income	G32	3 960	4 551	6 362
Group of assets classified as held for sale				148
Total assets		2 212 636	2 154 203	2 148 855
Liabilities and equity				
Liabilities				
Amounts owed to credit institutions	G33	68 055	71 831	150 493
Deposits and borrowings from the public	G34	855 609	792 924	748 271
Financial liabilities for which the customers bear the investment risk	G35	181 124	161 051	157 836
Debt securities in issue	G36	844 204	841 673	826 535
Short positions securities	G37	14 459	11 614	8 191
Derivatives	G28	46 200	85 589	68 681
Current tax liabilities		1 980	992	105
Deferred tax liabilities	G18	2 182	2 438	3 071
Pension provisions	G38	3 200	1 406	17
Insurance provisions	G39	1 834	1 820	1 728
Other liabilities and provisions	G40	25 059	14 989	22 715
Accrued expenses and prepaid income	G41	9 650	10 917	13 243
Subordinated liabilities	G42	25 508	27 254	24 613
Liabilities directly associated with group of assets classified as held for sale				14
Total liabilities		2 079 064	2 024 498	2 025 513
Equity				
Non-controlling interests	G43	200	190	179
Equity attributable to shareholders of the parent company		133 372	129 515	123 163
Total equity		133 572	129 705	123 342
Total liabilities and equity		2 212 636	2 154 203	2 148 855

Capital requirements

Swedbank's Common Equity Tier 1 (CET1) capital ratio was 24.6% as of year-end 2017 which was 270 bps above the CET1 capital requirement at that time.

The capital adequacy rules stipulates the regulatory requirements for how much capital a bank must hold in relation to the risk that the bank faces. When assessing its capital needs, Swedbank takes into consideration its current and future risk profile, internal risk measurement and assessment of the risk capital needed. In addition to capital requirements for credit, market and operational risk (i.e. Pillar 1), all other risks, such as interest rate risk in the banking book, concentration risks, pension risks, earnings volatility risk, and strategic risk must be taken into account when assessing the total capital need (i.e. as part of the Pillar 2 assessment). In recent years, the Pillar 2 capital

charges have increased in importance as a supervisory tool. In particular, the Swedish Financial Supervisory Authority (SFSA) has introduced both a systemic risk buffer (2%) for systemically important banks and a risk-weight floor (25%) for Swedish mortgages within the Pillar 2 framework. SFSA decided during the fall 2018 that the capital requirement related to the risk weight floor on Swedish mortgages is moved to pillar 1 from the end of 2018.

The table below outlines Swedbank Group's regulatory capital requirements in comparison to the capital position expressed as percent of Risk Exposure Amount (REA) end of 2017. As mentioned above, Swedbanks' buffers above the requirements were adequate the CET1 buffer amounted to 270bps and Total capital buffer was 300bps.

Estimated capital requirements (forward-looking) ¹⁾	CET1	AT1	T2	Total capital
Pillar 1				
Minimum requirement	4,5	1,5	2,0	8,0
Systemic risk buffer (P1) ²⁾	3,0			3,0
Capital conservation buffer (CCoB)	2,5			2,5
Countercyclical capital buffer (CCyB) ³⁾	1,3			1,3
	11,3	1,5	2,0	14,8
Pillar 2⁴⁾				
Mortgage floor ⁵⁾	6,8	0,7	1,0	8,5
Systemic risk charge (P2)	2,0			2,0
Individual Pillar 2 charge	1,8	0,2	0,3	2,3
of which Interest rate risk in the banking book	0,5	0,1	0,1	0,7
of which Credit-related concentration risk	0,6	0,1	0,1	0,8
of which Adjustment to estimates of probability of default	0,5	0,1	0,1	0,6
of which Maturity floor for corporate exposures	0,2	0,0	0,0	0,3
of which Pension risk	0,0	0,0	0,0	0,0
of which Other	0,0	0,0	0,0	0,0
	10,6	1,0	1,3	12,9
Capital requirements	21,9	2,5	3,3	27,7
Actual capital ratios as of 31 December 2017	24,6	2,7	3,4	30,7

1) Swedbank's estimate based on SFSA's announced capital requirements, including implemented buffers and Pillar 2 requirement

2) Other systemically important institution buffer (O-SII buffer) entered into force on 1 January 2016. The higher of the systemic risk buffer and the O-SII buffer applies. The O-SII buffer is 2%.

3) The estimate is based on Swedbank's relevant exposures and the calculation takes into account impending increases in the countercyclical buffer rates published by ESRB as of December 2017.

4) Mortgage floor and systemic buffer as of 31 December 2017. The individual Pillar 2 charge items as of 31 December 2016 according to SFSA's SREP report of 29 September 2016 relation to REA as of 31 December 2017.

5) The mortgage floor capital requirement is affected by the countercyclical buffer rate for Sweden.

Note: Values in columns and rows might not sum up exactly due to rounding

In addition, the leverage ratio, which is a non-risk-based solvency requirement proposed through Basel III. The leverage ratio requirement is a backstop requirement to the risk-based capital requirements intended to constrain excess leverage in the banking system and to provide an extra layer of protection against model risk and measurement error. The expected minimum Leverage ratio requirement in coming updates of the CRR (Capital requirement regulation (EU) No 575/2013) that Swedbank eventually has to meet is 3%. On 31 December 2017, Swedbank's leverage ratio was 5.25%

Major Funding Sources

The funding activities of the NY Branch are closely tied to Head Office. Treasury within the NY Branch manages the market and liquidity risk in the assets of the Branch, either directly in its own balance sheet within set risk limits, or through funding from Head Office.

4. DERIVATIVE ACTIVITIES AND HEDGING ACTIVITIES

The Branch does not enter into swap agreements with external parties directly. Such agreements are entered into with Head Office. The NY Branch may engage in transactions in cleared derivatives, such as financial futures, to hedge interest rate risk. The Branch uses these instruments to reduce its sensitivity to interest rate fluctuations.

5. MEMBERSHIPS IN MATERIAL PAYMENT, CLEARING AND SETTLEMENT SYSTEMS

Currently, Swedbank entities have direct access to USD clearing mechanisms via chosen correspondent banks and settle transactions independently from each other. The NY Branch uses one main SSI (Standard Settlement Instruction) counterpart in USD clearing, which is used only for interbank settlements on behalf of the Branch.

6. FOREIGN OPERATIONS

Swedbank has four geographical home markets: Sweden, Estonia, Latvia and Lithuania. To support our customers' businesses, Swedbank also has operations in Norway, Finland, Denmark, the US, China, Luxembourg and South Africa.

Sweden is Swedbank's largest market. Swedbank has a leading position in several of Sweden's most important market segments, including mortgage lending, private savings and cards. Swedbank also offers a broad range of products and banking services, including life and non-life insurance, as well as leasing, in Estonia, Latvia and Lithuania.

7. MATERIAL SUPERVISORY AUTHORITIES

Regulation and Supervision in Sweden

The banking and financing business in Sweden is regulated pursuant to the Swedish Banking and Financing Business Act (*Sw: lagen (2004:297) om bank- och finansieringsrörelse*) (the "BFBA"). The BFBA governs the conduct of banking business in Sweden.

The BFBA also empowers the SFSA to supervise the business of banking in Sweden and contains provisions regarding the SFSA's supervisory and regulatory authority, including the power to conduct examinations, access records and other information, and to take appropriate remedial actions. The SFSA supervises Swedbank and all of its subsidiaries on a consolidated basis.

The investment services of Swedish banks are regulated by the Swedish Securities Markets Act (*Sw: lagen (2007:528) om värdepappersmarknaden*) (the "SSMA"). The SSMA covers investment services provided by banks and investment firms.

Swedbank has been granted a license from the SFSA to conduct banking business under the BFBA as well as, *inter alia*, licenses to carry out securities business under the SSMA.

Regulation and Supervision in the U.S.

Banking regulation

Swedbank's banking operations in the U.S. are subject to both federal and state regulatory regimes. The NY Branch is licensed and supervised by the New York State Department of Financial Services ("NYSDFS") and subject to examination by the NYSDFS. The NY Branch is also supervised by the Federal Reserve. The NY Branch does not accept deposits insured by the FDIC.

Under the IBA, because Swedbank maintains a branch in the U.S., it is treated as a bank holding company and thus is subject to many of the provisions of the Bank Holding Company Act of 1956, as amended, including activity restrictions and supervisory and enforcement authorities of the Federal Reserve. The Federal Reserve is responsible for supervising all of Swedbank's activities in the U.S.

Broker Dealer Regulation

As a registered U.S. broker-dealer under the Securities Exchange Act of 1934, Swedbank Securities is subject to regulation by the Securities Exchange Commission and Financial Industry Regulatory Authority.

8. PRINCIPAL OFFICERS AS OF OCTOBER 31, 2018

Group Executive Committee	Position
Birgitte Bonnesen	President and CEO
Mikael Björknert	Chief Strategy Officer
Christer Trägårdh	Head of Swedish Banking
Anders Karlsson	Chief Financial Officer
Ģirts Bērziņš	Head of Strategy Digital Banking. Head of Baltic Banking Channel Development and Customer Service.
Björn Elfstrand	Head of Group Savings
Anders Ekedahl	Head of Group IT
Lars-Erik Danielsson	Chief Credit Officer
Leif Karlsson	Head of Lending & Payments
Ola Laurin	Head of Large Corporates & Institutions
Aet Altroff	Head of Group Customer Value Management
Ragnar Gustavii	Head of CEO Office
Cecilia Hernqvist	Head of Compliance
Helo Meigas	Chief Risk Officer
Lotta Lovén	Head of Digital Banking
Charlotte Elsnitz	Head of Baltic Banking
Carina Strand	Head of Human Resources

9. CORPORATE GOVERNANCE STRUCTURE AND RESOLUTION PLANNING PROCESS

Swedbank has established a governance framework at both the group level and U.S. operations level to ensure that all aspects of resolution planning receive appropriate attention by the designated Board of Directors and Executive Committees.

The Board of the Bank has laid down key principles for the structure which comprise of three primary levels:

- Board level oversight,
- Group level executive management oversight, and
- Business level executive management monitoring and oversight.

The governance framework establishes the roles and responsibilities of committees for the global and local management of recovery and resolution planning. The “Recovery and Resolution Planning” requirement that describes the roles and responsibilities around recovery and resolution planning was adopted by the CEO on October 21, 2016. Different functions within the Bank and the U.S. operations own the content, and thus are responsible for providing relevant information, reviewing and signing off on their

respective parts of the U.S. resolution plan. The maintenance of the plan is coordinated by the CRO through Group Operational Risk. This function is also responsible for coordinating the activities needed to keep the plan updated and securing proper review and approval by the authorized decision making bodies.

10. MATERIAL MANAGEMENT INFORMATION SYSTEMS

The Bank's U.S. banking operations utilize management information systems to support a variety of business functions. These systems include applications to conduct business activities across all financial products, as well as generate accounting, financial, operations, regulatory and risk management reports. The relevant management information systems are described in Swedbank's resolution plan.

11. RESOLUTION STRATEGY

As required by the Final Rule, the Bank has assumed for purposes of this Resolution Plan that:

- An idiosyncratic event causes the failure of one or more major branches and subsidiaries of the Bank, leading to the material financial distress and ultimate failure of the Bank under the severely adverse economic conditions provided to the Bank by the Federal Reserve pursuant to 12 U.S.C. § 5365(i)(1)(B);
- Financial markets are functioning normally; and
- There is no extraordinary government support available to the Bank in the U.S. or Sweden that would affect the U.S. operations of the Bank.

Swedbank is assuming for purposes of this resolution plan that the Bank's resolution strategy for its U.S. operations, in the event of a material financial distress or failure of the Bank, would be to pursue an orderly liquidation of all assets of the NY Branch and the Bank's U.S. nonbank subsidiary.

Swedbank's operations in the U.S. will be subject to several different insolvency regimes in the event of a failure or resolution of Swedbank:

- The NY Branch would be subject to liquidation under New York Banking Law.
- Swedbank Securities would be wound down after the initiation of a Securities Investor Protection Act (SIPA) proceeding. SIPA operates in conjunction with the U.S. Bankruptcy Code in a liquidation proceeding.

However, the Bank recognizes that future developments in the context of its global resolution strategy might impact its future resolution planning, and that ultimately, the resolution strategy chosen by the relevant resolution authority will be dependent on the facts and circumstances existing at the time of resolution. Sweden has adopted the legislative act implementing the European Parliament's and the Council's Bank Recovery and Resolution Directive (the "BRRD") into local legislation, and the recovery and resolution planning requirements of the BRRD are effective since February 1, 2016.