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Swedbank AB

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Swedbank AB

SACP	a+
Anchor	a-
Business Position	Strong +1
Capital and Earnings	Strong +1
Risk Position	Adequate 0
Funding	Average 0
Liquidity	Adequate

\+

Support	+1
ALAC Support	+1
GRE Support	0
Group Support	0
Sovereign Support	0

\+

Additional Factors	0

Issuer Credit Rating

AA-/Stable/A-1+

Major Rating Factors

Strengths:	Weaknesses:
• Retail banking market leader in Sweden, with a large customer base and wide distribution network. • Strong risk-adjusted capital (RAC) levels, reflecting the low risk profile of domestic operations. • Strong earnings capacity.	• More concentrated exposure to its domestic market and residential segment than peers. • Greater reliance on wholesale funding than international peers.

Outlook: Stable

The stable outlook on Swedbank reflects our view that the bank will maintain resilient earnings and capital as Sweden's economy benefits from improvements in Europe's economic environment and the domestic housing market adjusts to higher volumes and stricter amortization requirements. We also anticipate that Swedbank will build considerable additional loss-absorbing capacity (ALAC) buffers in the coming years as it fulfills its minimum eligible liabilities (MREL) requirements, likely by replacing a large share of senior unsecured debt with senior subordinated debt instruments by the end of 2021. As such, our projected RAC ratio before diversification will remain between 12% and 13% in the next 18-24 months. Additionally, we expect a quick increase of Swedbank's ALAC buffers from 2019, which we anticipate will already exceed 5% of our risk-weighted assets (RWAs) figure by the end of that year.

We could lower our ratings on Swedbank if excessive payouts or exposure growth resulted in our projected RAC ratio trending below 10%, or if the issuance of ALAC-eligible instruments totals less than 5% of RWAs.

We consider a positive rating action on Swedbank to be remote at present, given that our ratings on the bank are now among the highest of those on commercial banks we rate globally.

Rationale

Our ratings on Swedbank reflect our view of the Swedish banking industry, as well as the bank's market-leading retail position, strong revenue performance, and efficiency, as well as its prudent management and strategy. The ratings also take into account the bank's strong capitalization and asset quality. Swedbank's funding and liquidity profile is neutral to the rating because its higher-than-international-peers' wholesale funding share is counterbalanced by its proven access to the capital market and solid reputation. Our assessment factors in that we expect the bank will generate meaningful ALAC over a ramp-up period, protecting its senior bondholders from potential losses.

On April 19, 2018, we published new criteria for assigning resolution counterparty ratings (RCRs) to certain financial institutions (see "Methodology For Assigning Financial Institution Resolution Counterparty Ratings" published on RatingsDirect). We consider Sweden to have an effective resolution regime, and that an RCR may be relevant to Swedbank under these criteria. In the coming weeks, we will be reviewing our analysis of the resolution regime across 26 countries, including Sweden. This review will identify liability categories, if any, that are protected from default risk by structural or operational features of a given resolution framework. Upon completion of this review, we may assign RCRs under our new criteria to banks located in Sweden, including Swedbank.

Anchor: 'a-', reflecting the bank's focus on Sweden and its Baltic core markets

We use our Banking Industry Country Risk Assessment's economic risk and industry risk scores to determine a bank's anchor, the starting point in assigning an issuer credit rating. The anchor for a commercial bank operating only in Sweden is 'a-', based on an economic risk score of '2' and an industry risk score of '3'.

We view the Swedish economy as highly diverse and competitive, with considerable and demonstrated monetary and fiscal flexibility given a historical focus on prudent management of public finances. We believe that high property valuations, along with high and increasing household and private-sector debt, have contributed to material economic imbalances. Nevertheless, making use of macro prudential tools, Sweden now mandates amortization on new residential mortgages, which was further strengthened by additional amortization requirements as of March 1, 2018, specifically for high debt-to-income levels. Combined with significant increases in the supply of housing in the past two years and, in the pipeline for the next few years, we now anticipate that house prices will recalibrate, contracting by 7%-10% from August 2017 highs. This is similar to what occurred as a result of the external shocks in 2008-2009 and 2011-2012. In addition, we believe that projected increases of around 100 basis points (bps) in the repurchase (repo) rate through 2019 should, combined with a high share of variable-rate loans, constrain worsening of existing imbalances in Sweden over the coming years. Household incomes remain high, and households' net financial assets and high savings continue to support our assessment of economic risks. In addition, we expect banks' credit losses and nonperforming loans (NPLs) will remain low in the low-interest-rate environment.

In our view, Sweden's high banking sector net external indebtedness is a key risk factor. However, core customer deposits have increased due to high savings rates from the private sector, meaning that both corporate and retail depositors and are now close to 40% of domestic loans. Banks are filling the resulting funding gap largely with domestic covered bonds and international senior debt. We view the regulatory environment in Sweden as in line with that of other EU countries, noting the comparatively high capital buffer requirements and a history of capital and liquidity support to the sector. We also view the relative stability of the banking sector and absence of significant complexity as sector strengths.

Table 1

Swedbank AB Key Figures					
		--Year-ended Dec. 31--			
(Mil. SEK)	**2018***	**2017**	**2016**	**2015**	**2014**
Adjusted assets	2,269,709	2,015,987	1,979,810	1,981,723	1,963,659
Customer loans (gross)	1,534,165	1,505,536	1,462,142	1,373,931	1,328,605
Adjusted common equity	96,822	97,462	95,216	97,716	90,546
Operating revenues	10,740	42,438	41,178	37,582	39,304
Noninterest expenses	4,169	16,436	16,163	16,405	17,858
Core earnings	5,034	19,539	19,520	15,966	16,672

*Data as of March 31. SEK--Swedish krona.

Business position: Sweden's incumbent retail and SME lender, with a strong and stable profitability

Our view of Swedbank's business position reflects the stability of its retail franchise, high steady revenues, and efficiency. The bank's somewhat narrow geographic focus, compared to large domestic and international peers, partly offsets these strengths.

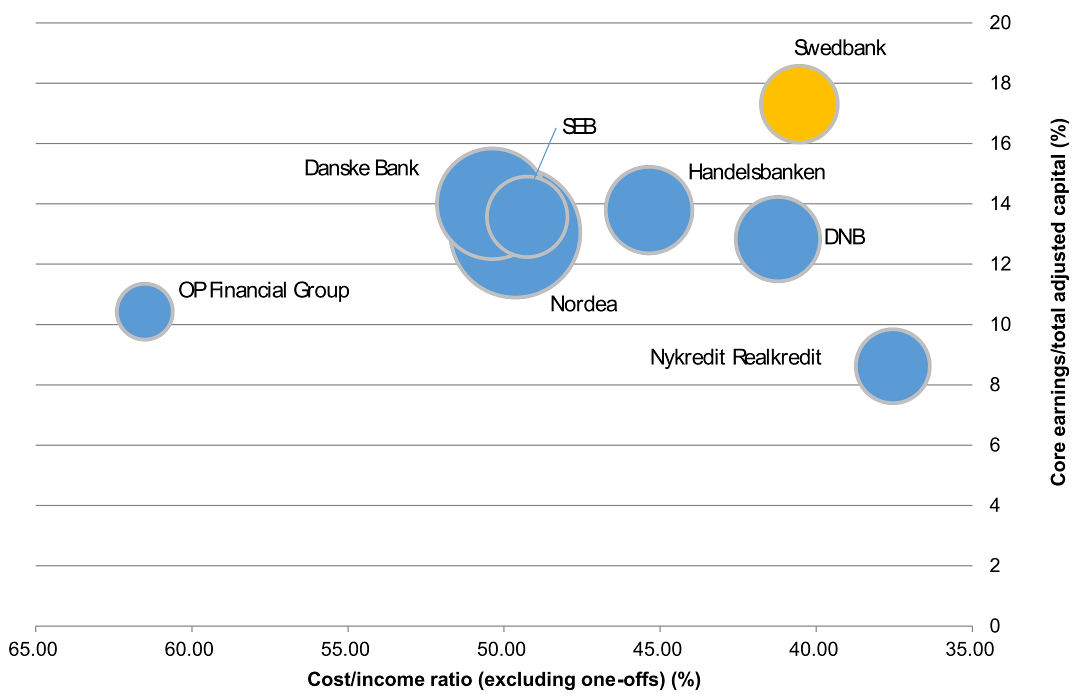
Swedbank has a market-leading position among Swedish households and small and midsize entities (SMEs), and it dominates the Baltic banking sector. We estimate that the bank's domestic market shares for mortgage lending (24%) and SME lending (25%) were the highest in Sweden at year-end 2017. The bank also maintains sizable shares of Swedish corporate lending (17%) and deposits (20%). In addition, Swedbank considers the three Baltic countries as core markets and holds private lending and deposit market shares of around 37% and 33% respectively in the region

(24% for corporate lending) and around 45% and 49% respectively in Estonia in particular (39% corporate lending). The bank is also a market leader in mutual funds and payment processing, generating a stable stream of low risk commission income in its core markets.

Since 2013, Swedbank has had the highest core capital generation among its Nordic peers and similar banks across Europe (see chart 1). Swedbank has a three-year average of core earnings to adjusted assets at 0.92% as a result of its large and stable retail-focused core earnings base, high efficiency metrics, and low loss provisions. Swedbank is a top-three bank (the other two being Nordic peers) in its peer group in terms of efficiency, with an average cost-to-income ratio of 42% over the past five years (39% at first-quarter [Q1] 2018).

Chart 1

Swedbank Versus Nordic Peers (2015-2017 Average)



Note: Bubble size represents average adjusted assets as of 2017. Source: S&P Global Ratings.

Swedbank's revenue diversification is slightly lower than that of larger European and Nordic peers and the majority of the bank's operating revenues come from its Swedish corporate and retail clients, 82% of the 2017 total.

The bank is also a market leader in retail mutual funds and payment processing, generating a stable stream of low-risk commission income in its core markets. Swedbank's earnings volatility has historically remained at around 3% (as measured by the average deviation to the mean), and the swing in fees and commissions has been smaller than peers with significant markets and investment banking operations. Moreover, volatile corporate sectors such as shipping and offshore, hotel and restaurants, retail, and transportation only account for 11% of total loans.

We believe Swedbank is advanced in adopting a digitalization strategy, which helps to bolster its overall profitability. The bank is investing substantially to develop a fully digitalized product offering and full vertical integration of IT systems.

Additionally, Swedbank undertook its first direct investment in the fintech industry in April 2017--in the Swedish personal finance management app Mina Tjänster. In 2018, the bank acquired the payment service provider, Payex, for Swedish krona (SEK)1,268 million, with the aim to continue to develop long-term payment and attractive payment solutions to retail businesses and customers.

Table 2

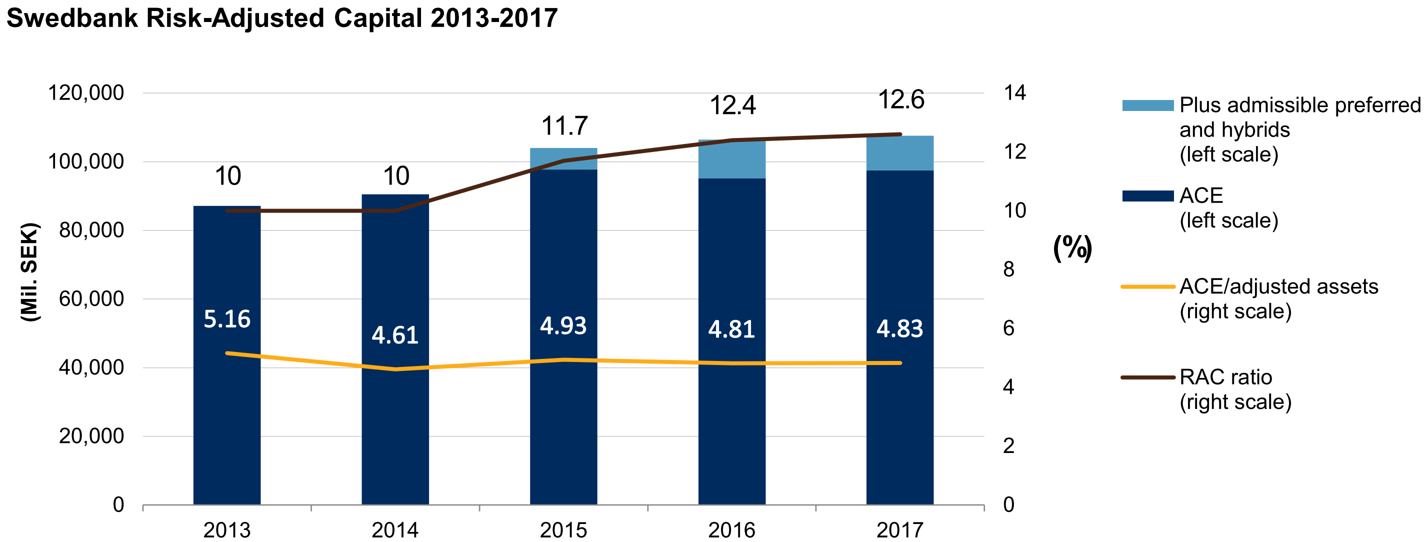
Swedbank AB Business Position					
		--Year-ended Dec. 31--			
(%)	**2018***	**2017**	**2016**	**2015**	**2014**
Loan market share in country of domicile	N/A	23.0	23.0	23	21.5
Deposit market share in country of domicile	N/A	21.0	21.0	21	18.5
Total revenues from business line (mil. SEK)	10,740	42,438	41,635	37,624	39,304
Commercial banking/total revenues from business line	19.9	18.5	18.8	19.9	19.7
Retail banking/total revenues from business line	58.1	59.2	56.3	59.9	57.9
Other revenues/total revenues from business line	4.2	4.7	8.6	3.4	6.8
Return on equity	15.7	14.7	15.5	13.1	14.5

*Data as of March 31. SEK--Swedish krona. N/A--Not applicable.

Capital and earnings: Strong assessment of capital and earnings

Our assessment of Swedbank's capital and earnings is based on our projection that the RAC ratio will remain substantially above 10% over the next 18-24 months. The ratio stood at 12.6% at year-end 2017, an increase from 12.4% a year earlier. We expect RAC to increase further toward 12.5%-13.0% in the next 18-24 months, underpinned primarily by retained earnings. Our forecast factors in the effect of International Financial Reporting Standard (IFRS) 9 and incorporates Swedbank's 75% dividend policy, based on our expectation of a net profit base of SEK19 billion-SEK21 billion (approximately €1.9 billion-€2.1 billion). In our view, the bank's currently high dividends could provide sizable equity capital flexibility if needed.

Chart 2



ACE--Adjusted common equity. RAC--Risk-adjusted capital.

Swedbank's regulatory Common Equity Tier 1 (CET1) ratio stood at 24.8% on March 31, 2018, against a requirement of 22.0%. In late March 2018, the Swedish Financial Supervisory Authority proposed changes to its current methodology in the application of the risk weight floor for Swedish mortgages from Pillar 2 to Pillar 1. The proposed change date is Dec. 31, 2018, and is not likely to effect total capital requirements in nominal SEK terms, but could have a large impact on Swedbank's CET1 ratio. While we note that this would reduce the ratio's distance to Swedbank's Additional Tier 1 (AT1) Maximum Distributable Amount (MDA) triggers, we expect it to remain over 700 bps above, in line with our current rating on the bank.

Swedbank's income and returns have been strong in recent years, with net income before extraordinaries increasing on average by 6.3% annually since 2014, and return on equity on average at 14.5% over the same period. We expect earnings to remain strong. Improvements will be supported by a continued focus on cost efficiency (and our expectation that costs will be maintained below SEK17 billion over the coming years), low but increasing loss provisions, and some benefit to net interest income from continued lending growth and mortgage repricing of the back-book. We calculate the bank's earnings buffer, which measures the capacity of its earnings to cover modeled normalized losses (28 bps based on Swedbank's own credit exposures), at nearly 242 bps over the next two years. This is better than most of the bank's Nordic and top-50 European peers.

Table 3

Swedbank AB Capital And Earnings

		--Year-ended Dec. 31--			
(%)	**2018***	**2017**	**2016**	**2015**	**2014**
Tier 1 capital ratio	27.5	27.3	28.7	26.9	22.4
S&P RAC ratio before diversification	N/A	12.6	12.4	11.7	10.0

Table 3

Swedbank AB Capital And Earnings (cont.)

		--Year-ended Dec. 31--			
(%)	**2018***	**2017**	**2016**	**2015**	**2014**
S&P RAC ratio after diversification	N/A	12.0	11.6	12.0	10.0
Adjusted common equity/total adjusted capital	90.5	90.6	89.5	94.0	100.0
Double leverage	N/A	73.5	68.7	76.8	79.4
Net interest income/operating revenues	58.6	58.0	57.5	61.2	57.6
Fee income/operating revenues	28.7	28.3	27.5	29.8	28.5
Market-sensitive income/operating revenues	5.2	4.6	4.3	1.5	5.1
Noninterest expenses/operating revenues	38.8	38.7	39.3	43.7	45.4
Preprovision operating income/average assets	1.1	1.2	1.2	1.0	1.1
Core earnings/average managed assets	0.9	0.9	0.9	0.7	0.8

*Data as of March 31. RAC--Risk-adjusted capital. N/A--Not applicable.

Table 4

Swedbank AB Risk-Adjusted Capital Framework Data

(SEK 000s)	EAD (1)	Basel III RWA (2)	Average Basel III RW (%)	S&P Global Ratings RWA	Average S&P Global Ratings RW (%)
Credit risk					
Government and central banks	320,116,875	3,302,982	1	4,697,263	1
Institutions and CCPs	78,235,521	12,017,401	15	12,797,956	16
Corporate	522,546,377	174,195,027	33	373,865,453	72
Retail	1,130,663,957	88,170,717	8	331,766,642	29
Of which mortgage	1,026,713,263	51,056,017	5	256,510,550	25
Securitization (3)	0	0	0	0	0
Other assets (4)	13,097,568	10,259,094	78	16,935,893	129
Total credit risk	2,064,660,298	287,945,221	14	740,063,206	36
Credit valuation adjustment	--	3,744,530	--	8,282,460	--
Market risk					
Equity in the banking book	798,000	1,995,000	250	6,507,500	815
Trading book market risk	--	8,362,500	--	13,972,500	--
Total market risk	--	10,357,500	--	20,480,000	--
Operational risk					
Total operational risk	--	62,337,500	--	85,414,077	--
(SEK 000s)		**Basel II RWA**		**S&P Global Ratings RWA**	**% of S&P Global Ratings RWA**
Diversification adjustments					
RWA before diversification	--	364,384,751	--	854,239,743	100
Total Diversification/Concentration Adjustments	--	--	--	44,907,774	5
RWA after diversification	--	364,384,751	--	899,147,517	105

Table 4

Swedbank AB Risk-Adjusted Capital Framework Data (cont.)

(SEK 000s)	Tier 1 capital	Tier 1 ratio (%)	Total adjusted capital	S&P Global Ratings RAC ratio (%)
Capital ratio				
Capital ratio before adjustments	0	0	107,543,000	12.6
Capital ratio after adjustments (5)	0	0	107,543,000	12.0

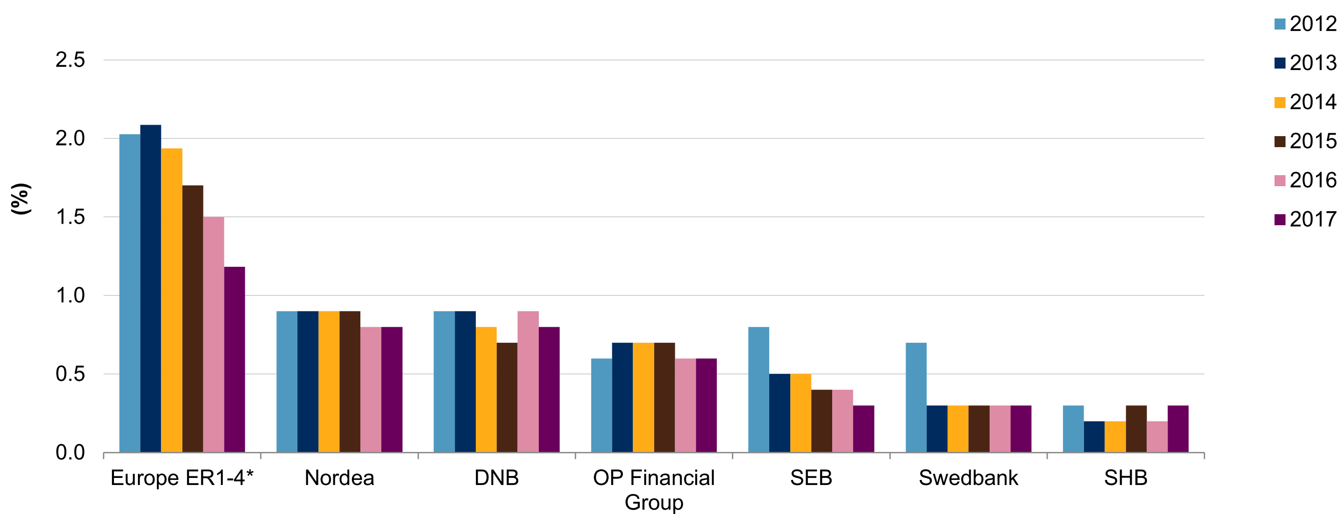
Footnotes: (1) EAD: Exposure at default. (2) RWA: Risk-weighted assets. (3) Securitization exposure includes the securitization tranches deducted from capital in the regulatory framework. (4) Other assets includes deferred tax assets (DTAs) not deducted from ACE. (5) For Tier 1 ratio, adjustments are additional regulatory requirements (e.g. transitional floor or Pillar 2 add-ons). Sources: Company data as of Dec. 31, 2017, S&P Global Ratings.

Risk position: Adequate, based on market-leading lending customer coverage

Our view of Swedbank's risk position is primarily based on our judgement that our RAC assessment accurately reflects its overall risk profile in its primary lending activities. Swedbank's domestic portfolio covers a broader geographic spectrum of Swedish retail customers than its domestic peers. This provides diversification, but also exposes the bank to less dynamic economic areas outside of the larger conurbations. At the group level, NPLs were stable in 2017 compared with a year earlier, at 0.6% of total loans. This value was 0.7% at Q1 2018, factoring in all stage 3 loans under IFRS9 instead of the previous approach under International Accounting Standard (IAS) 39. Furthermore, Swedbank's level of loss reserves continues to compare favorably with Nordic and European peers in more benign economic risk categories (chart 3).

Chart 3

Loan Loss Reserves/Customer Loans (%)



*Europe ER 1-4--Includes top 34 European banks from countries with ER1-4.

Swedbank has made material improvements in its approach to risk management and risk appetite in the Baltic countries in recent years. We consider that its provisioning for these portfolios remains adequate or even overstated given the steady flow of recoveries and the region's ongoing economic recovery, spurring the pace of amortization and recovery of impaired loans. Under IFRS 9, new loan loss provisions remained very low at 3bps in March 31, 2018 from 9bps in a year earlier under IAS 39. In 2018-2019, we expect the loan loss provision to remain around 9 bps, driven mostly by our expectations of stable credit conditions in Sweden. Swedbank's exposure to the shipping and offshore sector included SEK24.6 billion of loans at year-end 2017 (reduced from SEK28 billion in 2016), of which SEK1.2 billion or 4.8% was provisioned. Within this group, the bank has identified a group of oil-related vulnerable clients, including counterparts with prolonged restructuring, with a total exposure of SEK20 billion (SEK7 billion of committed loans).

Table 5

Swedbank AB Risk Position						
		--Year-ended Dec. 31--				
(%)	**2018***	**2017**	**2016**	**2015**	**2014**	**2013**
Growth in customer loans**	7.6	3.0	6.4	3.4	9.0	2.2
Total diversification adjustment / S&P RWA before diversification	N.M.	5.3	(0.7)	(2.7)	(0.1)	(4.6)
Total managed assets/adjusted common equity (x)	25.5	22.7	22.6	22.0	23.4	20.9
New loan loss provisions/average customer loans	0.0	0.1	0.1	0.0	0.0	0.0
Net charge-offs/average customer loans	0.0	0.0	0.1	0.0	0.1	0.2
Gross nonperforming assets/customer loans + other real estate owned	0.7	0.6	0.6	0.5	0.5	0.6
Loan loss reserves/gross nonperforming assets	49.7	44.3	45.3	54.9	47.3	54.0

*Data as of March 31. **Annualized. RWA--Risk-weighted assets. N.M.--Not meaningful.

Funding and liquidity: Wholesale funding reliance mitigated by resilience of Swedish covered bond market

We consider Swedbank's funding to be average and liquidity to be adequate, given the strong structural support for the high proportion of wholesale funding in the Swedish market. We regard Swedbank as comparable to its largest domestic peers in terms of balancing its short- and long-term assets and liabilities with a regulatory net stable funding ratio of 110% as of Q1 2018, and a stable funding ratio of 102% as of Q1 2018.

The dependence of Swedbank and its domestic peers on wholesale funding stems from structural factors in the mortgage market and large pension funds needing to invest. While short-term reliance has decreased, annual refinancing needs are still high (SEK115 billion maturing in 2018). Because of the covered bond market's importance for financial stability, we believe, however, that the Swedish government would be willing and able to provide ongoing liquidity support to banks and support the functioning of the covered bond market if a new funding crisis were to emerge.

In our view, Swedbank has a higher share of covered bonds as a proportion of wholesale funding due in part to the greater share of eligible residential mortgages in its loan book and its preference for low-cost funding at somewhat longer maturities. As a result, the bank has a high degree of asset encumbrance, even compared with its larger domestic and Nordic peers.

Swedbank manages liquidity internally using a cash flow survival horizon, and it closely monitors the sensitivity of its covered pool to Swedish housing price declines. The bank's one-year liquidity ratio (the coverage of short-term wholesale funding by broad liquid assets) was 1.2x at Q1 2018, up from an average of 1.11x in the past three years. We believe that the bank would survive with no market access in stressed conditions for more than six months.

Table 6

Swedbank AB Funding And Liquidity					
		--Year-ended Dec. 31--			
(%)	**2018***	**2017**	**2016**	**2015**	**2014**
Core deposits/funding base	45.9	47.4	45.5	42.5	38.2
Customer loans (net)/customer deposits	162.6	177.3	186.5	184.2	200.5
Long term funding ratio	78.0	82.3	80.7	79.8	71.9
Stable funding ratio	102.2	98.1	95.8	101.4	91.3
Short-term wholesale funding/funding base	23.3	18.9	20.7	21.5	29.8
Broad liquid assets/short-term wholesale funding (x)	1.2	1.1	1.0	1.2	0.8
Net broad liquid assets/short-term customer deposits	9.9	3.3	(0.8)	8.2	(16.1)
Short-term wholesale funding/total wholesale funding	42.6	35.6	37.6	37.2	48.2
Narrow liquid assets/3-month wholesale funding (x)	1.8	1.7	1.7	1.6	1.1

*Data as of March 31.

Support: One notch of rating uplift for additional loss-absorbing capacity

We include one notch of support above Swedbank's 'a+' stand-alone credit profile (SACP) as we expect the bank will build meaningful ALAC over the next two to four years that will protect the bank's senior bondholders. With the implementation of the EU's Banking Recovery and Resolution Directive (BRRD) in Sweden in 2016 and the formal decision on MREL by the Swedish Debt Office at the end of 2017, we view government support as uncertain and consider that the country now has an effective resolution regime (see "Swedish Bank Ratings Affirmed Amid Housing Market Transformation; Five Outlooks Revised to Stable," published Nov. 24, 2017 on RatingsDirect for further details).

The Swedish National Debt Office, acting as resolution authority, published a bank-specific MREL in December 2017. Banks with domestic systemic importance, such as Swedbank, will need to meet MREL by subordinating liabilities by the Jan. 1, 2022 deadline. While we await further details on legislation that will clarify the creditor hierarchy of such instruments, we expect Swedbank to issue approximately SEK100 billion (about €9.7 billion) in total over the period in order to meet MREL. As such, we anticipate that Swebank's ALAC buffers will exceed 5% of RWA by 2019, compared with the estimate of 3.9% as of year-end 2017.

Related ratings: Swedbank Mortgage

We rate Swedbank's covered bond issuing subsidiary, Swedbank Mortgage, in line with the rating on the parent given its core status and vital role in the bank's overall funding strategy, in particular in relation to Swedish household mortgages.

Ratings on hybrid instruments

We rate the nondeferrable subordinated debt instruments of Swedbank at 'A-', two notches below the bank's SACP. The rating reflects our view of the debt's contractual subordination as a Tier 2 instrument and that BRRD is equivalent to a contractual write-down clause.

We rate Swewdbank's AT1 instruments with a going-concern trigger at 'BBB', four notches lower than the SACP, reflecting our deduction of:

- One notch for contractual subordination;
- Two notches for the instruments' status as Tier 1 regulatory capital; and
- One notch because the instruments allow for the full or partial temporary write-down of the principal amount.

We do not apply additional notching because we assume that the group's regulatory CET1 capital ratio will remain well above 15% over the next 24 months. A CET1 ratio of greater than 15% provides a substantial buffer of more than 700 bps over the 8% CET1 trigger level (which we view as a going-concern trigger), below which the instruments would mandatorily be written down. As of March 2018, the relevant CET1 ratio for the group was 24.8%.

Related Criteria

- Criteria - Financial Institutions - General: Methodology For Assigning Financial Institution Resolution Counterparty Ratings, April 19, 2018
- Criteria - Financial Institutions - General: Risk-Adjusted Capital Framework Methodology, July 20, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- Criteria - Financial Institutions - Banks: Bank Rating Methodology And Assumptions: Additional Loss-Absorbing Capacity, April 27, 2015
- Criteria - Financial Institutions - Banks: Bank Hybrid Capital And Nondeferrable Subordinated Debt Methodology And Assumptions, Jan. 29, 2015
- General Criteria: Group Rating Methodology, Nov. 19, 2013
- Criteria - Financial Institutions - Banks: Quantitative Metrics For Rating Banks Globally: Methodology And Assumptions, July 17, 2013
- Criteria - Financial Institutions - Banks: Banks: Rating Methodology And Assumptions, Nov. 9, 2011
- Criteria - Financial Institutions - Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Nov. 9, 2011
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009
- Criteria - Financial Institutions - Banks: Commercial Paper I: Banks, March 23, 2004

Related Research

- Banking Industry Country Risk Assessment Update: June 2018, June 20, 2018
- The Resolution Story For Europe's Banks: The Clock Is Ticking, April 25, 2018
- Second Chapter Of Nordic Resolution Regimes Approaches An End, But The Book Is Not Complete, Feb. 14, 2018
- Nordic Banks' Capitalization Should Remain Stable Despite Revised Basel III Standards, Jan. 24, 2018

- Swedish Bank Ratings Affirmed Amid Housing Market Transformation; Five Outlooks Revised To Stable, Nov. 24, 2017
- Banking Industry Country Risk Assessment: Sweden, Nov. 24, 2017

Anchor Matrix

Industry Risk	Economic Risk									
	1	**2**	3	4	5	6	7	8	9	10
1	a	a	a-	bbb+	bbb+	bbb	-	-	-	-
2	a	a-	a-	bbb+	bbb	bbb	bbb-	-	-	-
3	a-	**a-**	bbb+	bbb+	bbb	bbb-	bbb-	bb+	-	-
4	bbb+	bbb+	bbb+	bbb	bbb	bbb-	bb+	bb	bb	-
5	bbb+	bbb	bbb	bbb	bbb-	bbb-	bb+	bb	bb-	b+
6	bbb	bbb	bbb-	bbb-	bbb-	bb+	bb	bb	bb-	b+
7	-	bbb-	bbb-	bb+	bb+	bb	bb	bb-	b+	b+
8	-	-	bb+	bb	bb	bb	bb-	bb-	b+	b
9	-	-	-	bb	bb-	bb-	b+	b+	b+	b
10	-	-	-	-	b+	b+	b+	b	b	b-

Ratings Detail (As Of June 27, 2018)	
Swedbank AB	
Issuer Credit Rating	AA-/Stable/A-1+
Commercial Paper	A-1+
Junior Subordinated	BBB
Senior Unsecured	A-
Senior Unsecured	AA-
Short-Term Debt	A-1+
Subordinated	A-
Issuer Credit Ratings History	
24-Nov-2017	AA-/Stable/A-1+
02-Dec-2015	AA-/Negative/A-1+
25-Jun-2015	A+/Stable/A-1
29-Apr-2014	A+/Negative/A-1
19-Jul-2013	A+/Stable/A-1
Sovereign Rating	
Sweden	AAA/Stable/A-1+
Related Entities	
Swedbank AB (New York Branch)	
Senior Unsecured	AA-
Swedbank Mortgage AB	
Issuer Credit Rating	AA-/Stable/A-1+
Senior Secured	AAA/Stable
Short-Term Secured Debt	A-1+

Ratings Detail (As Of June 27, 2018) (cont.)

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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