

**Swedbank AB**  
**U.S. Resolution Plan**  
**Public Section**  
**December 31, 2016**

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**TABLE OF CONTENTS**

**INTRODUCTION ..... 3**

    OVERVIEW OF THE BANK.....3

    OVERVIEW OF THE BANK’S U.S. OPERATIONS.....4

    MATERIAL CHANGES SINCE THE 2015 RESOLUTION PLAN SUBMISSION.....4

    OVERVIEW OF THE RESOLUTION PLAN.....4

**1. CORE BUSINESS LINES AND CRITICAL OPERATIONS..... 4**

**2. MATERIAL ENTITIES..... 5**

**3. CONSOLIDATED FINANCIAL INFORMATION REGARDING ASSETS, LIABILITIES,  
CAPITAL AND MAJOR FUNDING SOURCES ..... 5**

    CONSOLIDATED STATEMENT OF FINANCIAL POSITION .....5

    CAPITAL .....6

    MAJOR FUNDING SOURCES .....7

**4. DERIVATIVE ACTIVITIES AND HEDGING ACTIVITIES..... 7**

**5. MEMBERSHIPS IN MATERIAL PAYMENT, CLEARING AND SETTLEMENT SYSTEMS ..... 7**

**6. FOREIGN OPERATIONS..... 7**

**7. MATERIAL SUPERVISORY AUTHORITIES..... 8**

    REGULATION AND SUPERVISION IN SWEDEN.....8

    REGULATION AND SUPERVISION IN THE U.S. ....8

**8. PRINCIPAL OFFICERS AS OF OCTOBER 31, 2016 ..... 8**

**9. CORPORATE GOVERNANCE STRUCTURE AND RESOLUTION PLANNING PROCESS.... 9**

**10. MATERIAL MANAGEMENT INFORMATION SYSTEMS ..... 10**

**11. RESOLUTION STRATEGY..... 10**

## 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, 2015, the Group served a total of 7.2 million private customers and more than 600,000 corporate and organizational customers through approximately 420 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 and the U.S. The Group also has a branch in Luxembourg.

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 13 900 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 2015 Resolution Plan Submission

There have been no material changes since the 2015 U.S. Resolution Plan submission.

## 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. 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, 2015, amount in millions of SEK, unless otherwise stated)

SEKm	Note	2015	2014	1.01.2014
<b>Assets</b>				
Cash and balances with central banks		186 312	113 768	59 382
Treasury bills and other bills eligible for refinancing with central banks, etc.	G21	76 552	46 225	56 814
Loans to credit institutions	G22	86 418	113 820	82 278
Loans to the public	G23	1 413 955	1 404 507	1 264 910
Value change of interest hedged item in portfolio hedge		1 009	1 291	62
Bonds and other interest-bearing securities	G24	88 610	124 455	125 585
Financial assets for which the customers bear the investment risk	G25	153 442	143 319	122 743
Shares and participating interests	G26	11 074	9 931	7 109
Investments in associates	G27	5 382	4 924	3 640
Derivatives	G28	86 107	123 202	64 352
Intangible fixed assets	G29	13 690	14 319	13 658
Investment properties	G31	8	97	685
Tangible assets	G30	1 981	2 653	3 140
Current tax assets		1 662	1 304	895
Deferred tax assets	G18	192	638	417
Pension assets	G39	1 274		
Other assets	G32	14 677	10 103	9 578
Prepaid expenses and accrued income	G33	6 362	6 126	6 992
Group of assets classified as held for sale		148	615	1 862
<b>Total assets</b>		<b>2 148 855</b>	<b>2 121 297</b>	<b>1 824 102</b>
<b>Liabilities and equity</b>				
<b>Liabilities</b>				
Amounts owed to credit institutions	G34	150 493	171 453	121 621
Deposits and borrowings from the public	G35	748 271	676 679	620 608
Financial liabilities for which the customers bear the investment risk	G36	157 836	146 177	125 548
Debt securities in issue	G37	826 535	835 012	726 275
Short positions securities	G38	8 191	27 058	17 519
Derivatives	G28	68 681	85 694	55 011
Current tax liabilities		105	1 477	1 893
Deferred tax liabilities	G18	3 071	1 684	2 383
Pension provisions	G39	17	2 548	2 925
Insurance provisions	G40	1 728	1 745	1 645
Other liabilities and provisions	G41	22 715	22 330	14 397
Accrued expenses and prepaid income	G42	13 243	13 071	14 194
Subordinated liabilities	G43	24 613	18 957	10 159
Liabilities directly associated with group of assets classified as held for sale		14	39	219
<b>Total liabilities</b>		<b>2 025 513</b>	<b>2 003 924</b>	<b>1 714 397</b>
<b>Equity</b>				
Non-controlling interests	G44	179	170	165
Equity attributable to shareholders of the parent company		123 163	117 203	109 540
<b>Total equity</b>		<b>123 342</b>	<b>117 373</b>	<b>109 705</b>
<b>Total liabilities and equity</b>		<b>2 148 855</b>	<b>2 121 297</b>	<b>1 824 102</b>

## Capital

Swedbank's Common Equity Tier 1 ratio was 24.1 per cent according to Basel 3 rules as of December 31, 2015. The Basel 3 framework for bank regulation was introduced within the EU in 2014 through the EU regulation CRR (Capital Requirements Regulation) and the EU Directive CRD IV (Capital Requirements Directive IV). In 2014, the Swedish Financial Supervisory Authority (the "SFSA") decided which capital requirements would apply to Swedish banks beyond the minimum level of 7% CET 1 capital in accordance with the EU rules. The SFSA's requirements can be summarized as follows:

- As of 1 January 2015, the four major Swedish banks are assigned a systemic risk buffer of 3% in CET 1 capital within the framework of Pillar 1 and a further 2% within the framework of Pillar 2.

- There is a floor for average risk weights for Swedish mortgages of 25% within the framework of Pillar 2.
- The countercyclical buffer rate for Swedish exposures is 1.5% as of September 2016 and will be increased to 2.0% in March, 2017.

Such requirements mean that systemically important banks in Sweden are required to hold Common Equity Tier 1 capital around 13 percent of REA as of September 2016, including Pillar 1 buffers and the Systemic risk buffer in Pillar 2. The total capital requirement should be at least 3.5 percentage points higher. By including the risk weight floor on Swedish mortgages in Pillar 2 and the individual Pillar 2 charge, the actual Common Equity Tier 1 capital requirement and total capital requirement are considerably higher.

### **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, 2016



Group Executive Committee	Position
Birgitte Bonnesen	President and CEO
Mikael Björknert	Chief Strategy Officer and Head of CEO Office
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
Elisabeth Beskow	Head of Large Corporates & Institutions
Lars Ljungälv	Head of Large Corporates
Cecilia Hernqvist	Head of Compliance
Helo Meigas	Chief Risk Officer
Lotta Lovén	Head of Digital Banking
Priit Perens	Head of Baltic Banking

## 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.