

Corporate governance report 2019

Swedbank plays an important role in society as a bank for the many households and businesses. The bank has a strong foundation in the savings bank movement and in the countries where it is active. Swedbank promotes a sound and sustainable financial situation for our customers as well as society as a whole. This requires a corporate governance model with a clear delegation of responsibilities and satisfactory internal control, risk management and transparency.

2019 was a turbulent year for Swedbank. There was great focus from the media and internally on Swedbank's anti-money laundering work and historical shortcomings in the bank's routines and processes in the Baltic countries. Swedbank was also investigated during the same period by regulatory authorities in our home markets and the US. There is a connection between the observations and shortcomings that were noted and Swedbank's corporate governance, because of which these issues were a point of emphasis for the Board and management in 2019, and will remain a high priority in 2020.

Importance of corporate governance

Good corporate governance means managing the bank as sustainably, effectively and responsibly as possible. Decision-making processes should be simple, systematic and have clear lines of responsibility. There have to be clearly defined routines to manage conflicts of interest and effective tools for internal governance, risk management and control of risk management. The corporate culture should be characterised by transparency, compliance and risk awareness.

Regulations

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

- Swedish Companies Act
- Banking and Financing Business Act
- Securities Market Act
- Market Abuse Act
- Annual Accounts Act
- Nasdaq Stockholm rules for issuers
- Swedish Code of Corporate Governance
- Rules and guidelines of the Swedish Financial Supervisory Authority and other authorities

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

- The Capital Requirements Regulation ("CRR") of the European Parliament and of the Council
- The Market Abuse Regulation ("MAR") of the European Parliament and of the Council

- The General Data Protection Regulation ("GDPR") of the European Parliament and of the Council
- The EBA's guidelines on internal governance ("GL 11")
- The ESMA and EBA's guidelines on the assessment of suitability of members of the management body and key function holders ("GL 12")

In recent years these regulations have become more extensive and detailed. As a result, greater effort is needed by the bank to ensure that it lives up to all pertinent regulations.

Swedbank also has internal Group regulations. Through the internal and external regulations, responsibility for governance, control and monitoring operations is divided between the shareholders, the Board and the CEO. Internal regulations include the following overarching documents:

- Governance policy and governance instruction
- The rules of procedure for the Board and instructions for the Board's committees
- The instructions for the CEO and the head of Internal Audit
- The Group's ERM policy and policy for operational risks
- Credit policy
- Policy and instruction on anti-money laundering and counter-terrorist financing
- Remuneration policy
- Policy for the Compliance function
- Code of Conduct and policy for managing conflicts of interest
- Anti-corruption policy
- Policy on gender equality, diversity and inclusiveness
- Sustainability policy and environmental policy
- Policy for financial reporting

No deviations from the Swedish Code of Corporate Governance (the Code) or the rules of the stock exchange (NASDAQ OMX Stockholm) were reported in 2019.

The Swedbank Group consists of the parent company, Swedbank AB, as well as several subsidiaries, including the subsidiary banks in the Baltic countries, Swedbank Robur, Swedbank Hypotek and Swedbank Försäkring. Board members of major subsidiaries are appointed through a process where the proposals are approved by the bank's Board.

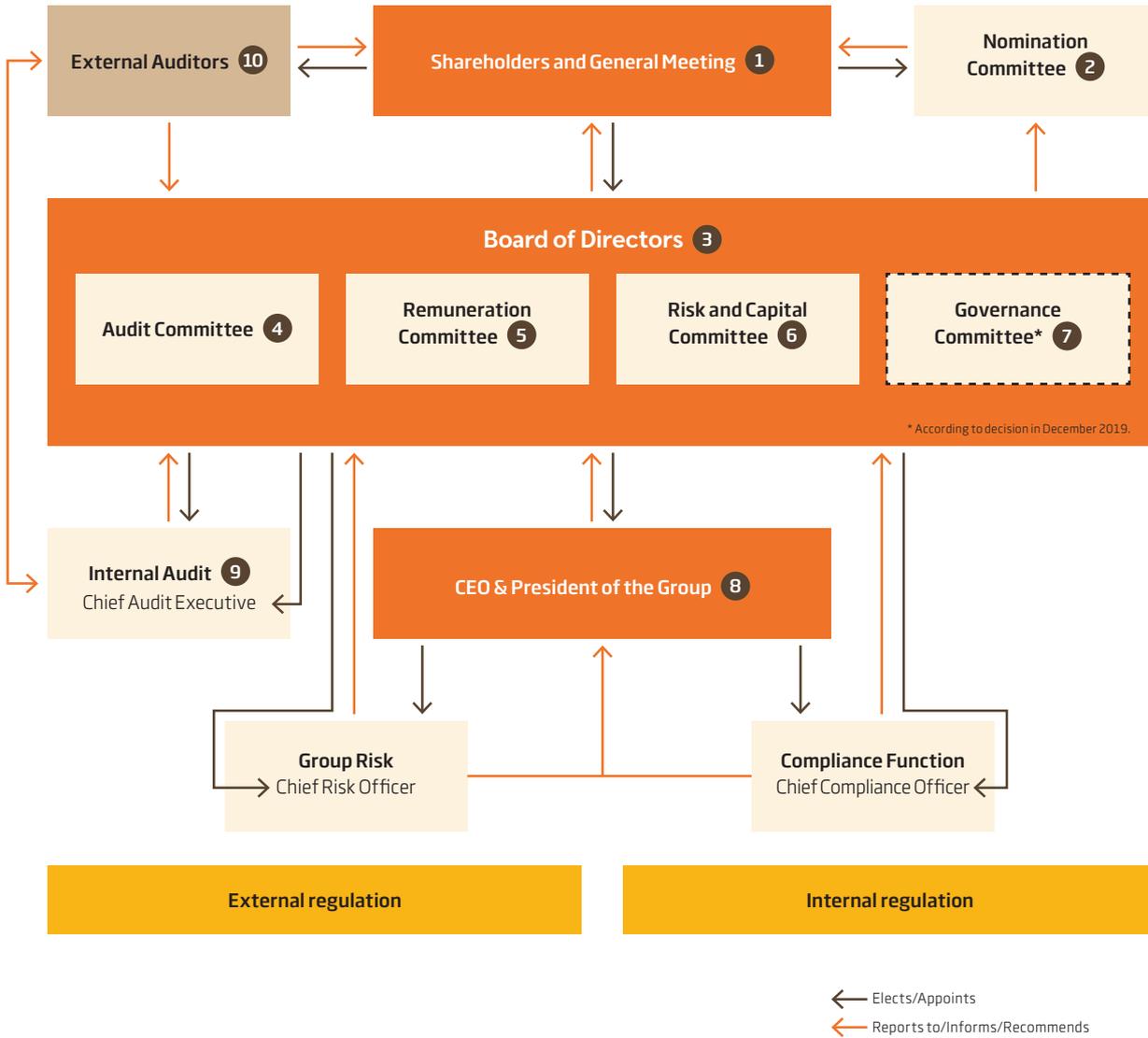
The bank uses a matrix organisation to complement the legal structure, e.g. by allocating resources in an appropriate manner and exercising governance and control from a Group perspective. The bank's governance model describes the delegation of responsibilities within the Group, with role descriptions designed to create strong and efficient processes. In accordance with the model, authority and responsibilities are delegated based on Group-wide principles. Business decisions are made close to customers, which places high demands on risk control and monitoring.

The Board and the CEO initiated a review of the bank's corporate governance model late in the fourth quarter 2019, which will be implemented in 2020. Within the framework of the review, the bank will ensure that the new matrix organisation approved in December 2019 is integrated into the bank's internal rules and mandates in a clear and appropriate manner and that improved routines and processes are implemented where needed to improve the efficiency in the Group's governance and control.

A sampling of important events in 2019:

Date	Event
9 January	Annika Poutiainen asked to step down from the Board due to a conflict of interest
28 March	The Board dismissed CEO Birgitte Bonnesen and appointed Anders Karlsson as acting CEO.
Annual General Meeting 28 March	Ulrika Francke, Lars Idermark, Siv Svensson, Bodil Eriksson, Anna Mossberg, Peter Norman, Mats Granryd, Bo Johansson and Magnus Uggla were re-elected as Board members. Kerstin Hermansson was elected as a new Board member. Lars Idermark was elected as Chair of the Board. Birgitte Bonnesen was not discharged from liability by the AGM.
4 April	The Board decided to hire attorney Biörn Riese as a legal advisor and Peje Emilsson, Kreab, as a communication advisor.
5 April	Lars Idermark announced his intension to immediately step down as the Board's Chair. Vice Chair Ulrika Francke took over as Chair.
25 April	The Anti Financial Crime unit was established after a decision by the Board. The Board resolved to appoint a new Head of Compliance and a new acting Head of Internal Audit.
Extraordinary General Meeting 19 June	Prior to the Extraordinary General Meeting, Ulrika Francke, Siv Svensson and Peter Norman announced their intension to step down from the Board in connection with the Extraordinary General Meeting. Josefin Lindstrand, Bo Magnusson and Göran Persson were elected as new board members. Göran Persson was appointed the Board's Chair.
27 August	The Board decided to establish a work group to manage the ongoing investigations and anti-money laundering measures.
28 August	A new CEO of the bank was appointed by the Board.
17 September	The Board appointed a permanent Head of Compliance.
1 October	A new CEO of the bank took office.
9 December	The CEO named a new Group Management effective 1 January 2020. The Board dismissed the Head of Group Risk and appointed an acting Head of Group Risk, both effective immediately. The CEO established the Special Task Force.
19 December	A new head of Internal Audit was appointed by the Board.

The illustration below shows the formal corporate governance structure. The number of each box refers to the corresponding numbered section in the corporate governance report.



1 Shareholders and general meetings

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

The AGM's resolutions include:

- election of the Board of Directors and remuneration for Board members, including for committee work
- discharge from liability for Board members and the CEO
- amendments to the Articles of Association
- election of the Auditor
- adoption of the income statement and balance sheet
- disposition of the bank's profit or loss
- remuneration principles and guidelines for the CEO and certain other senior executives

In addition to appointing the Board, Swedbank's AGM decides, as shown above, whether to discharge the Board and CEO from liability for the financial period covered in the accounting documents presented to the AGM. This means that the 2020 AGM will decide whether to discharge the Board and CEO from liability for the financial year 2019.

Annual General Meeting 2019

The 2019 AGM was held on 28 March in Stockholm. A total of 1 770 shareholders attended, representing about 57 per cent of the votes in the bank. All Board members who were nominated for re-election and new election, the majority of the Group Executive Committee and the Chief Auditor attended the AGM.

Among the 2019 AGM resolutions were as follows:

- Adoption of the annual report.
- Dividend for the 2018 financial year of SEK 14.20 per share.
- The number of Board members shall be ten. Nine Board members were re-elected and one new member was elected.
- Lars Idermark was elected as the Chair
- The Articles of Association were amended to increase the Board's flexibility in terms of the number of Board meetings per year.
- Remuneration to the Board members and the Auditor.
- Repurchase of shares by the securities operations and authorisation of the Board to resolve to repurchase additional shares to adjust the bank's capital structure to prevailing capital needs.
- Mandate to issue convertibles that can be converted to shares.
- Remuneration guidelines for senior executives.
- Group-level performance- and share-based remuneration programmes for 2019. As a result of this and previously approved programmes, it was resolved to transfer ordinary shares (or other financial instruments in the bank) to employees covered by the programmes.

- Principles for appointing the Nomination Committee.
- The Board's members were discharged from liability.
- The CEO was not discharged from liability

Extraordinary General Meeting 2019

An Extraordinary General Meeting was held on 19 June in Stockholm. A total of 1 158 shareholders attended, representing about 58 per cent of the votes in the bank. All Board members who were nominated for election and the majority of the Group Executive Committee and the Chief Auditor attended the Extraordinary General Meeting. The General Meeting resolved that there shall be nine elected Board members, three of whom were newly elected. Göran Persson was elected as Chair of the Board.

2 Nomination Committee

The Nomination Committee has adopted guidelines for its work, whereby the Board shall at all times be composed of members with a diversity and breadth in terms of competence, experience and background. Gender parity is encouraged. The bank's operations, stage of development and future direction are taken into account. It is important that the Board has the support of shareholders, at the same time that it has to be independent in relation to the bank, the executive management and the bank's major shareholders. At the 2020 AGM, the AGM will adopt an instruction for the work of the Nomination Committee.

The 2019 AGM decided on the principles for the appointment of the Nomination Committee prior to the 2020 AGM. They include that the committee comprise six members, including representatives of the five largest shareholders, on the condition that they wish to appoint a member. The right to appoint a member otherwise goes to the next largest shareholder. The Chair of the Board is a member of the Nomination Committee. The members of the Nomination Committee receive no remuneration. From the time that former Chair Lars Idermark stepped down on 5 April 2019 until 16 September 2019, when a new Nomination Committee was assembled, the Nomination Committee consisted of five members.

As part of its work, the Nomination Committee had personal conversations with every Board member to ask for their input on the Board's performance and their experience with the last year's events and how the bank handled them. The Board's Chair was not present during these conversations. Based on the Board evaluation, oral statements and other information, the Nomination Committee discussed the Board's composition, which competencies should be represented in the Board and the Board's size. The Nomination Committee has conducted an internal suitability assessment of the proposed candidates and among other things evaluated the candidates' experience and competence, reputation, any conflicts of interest and suitability.

During its term the Nomination Committee also:

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

Current composition of the Nomination Committee prior to the 2020 AGM (announced on 16 September 2019).

Member	Representing
Lennart Haglund, Chair of the Nomination Committees	Sparbankernas Ägareförening
Ylva Wessén	Folksam
Charlotte Rydin	Alecta
Anders Oscarsson	AMF and AMF Fonder
Peter Karlström	Ownership group Sparbanksstiftelserna
Göran Persson, Chair of the Board	Swedbank AB (publ)

3 Board of Directors

The Board of Directors has overarching responsibility for managing Swedbank's affairs in the interests of the bank and its shareholders. This is done sustainably with a focus on the customer and sound risk taking to ensure the bank's long-term survival and instil the market's trust.

The Board currently consists of nine members elected by the AGM for one year. It also includes two employee representatives and two deputies. The Board meets the requirements of the Code with respect to its members' independence. All members except Bo Johansson are considered independent in relation to the bank and the executive management. All members are considered independent in relation to the bank's major shareholders. The current gender distribution is 44 per cent women and 56 per cent men. The CEO, the CFO and the Company Secretary attend Board meetings but are not members of the Board. The composition of the Board is presented on pages 46–49.

The Board's responsibilities and their delegation

The Board is the highest decision-making body after the AGM, and the highest executive body. Swedbank's Board sets the financial goals and strategies; appoints, dismisses and evaluates the CEO; verifies that effective systems are in place to monitor and control operations and that laws and regulations are followed; and ensures transparency and accurate information disclosures. The Board is also ultimately responsible for ensuring that the bank has an effective organisation and corporate governance. The Board

appoints/dismisses the heads of Group Risk, Compliance and Internal Audit. Internal Audit is directly subordinate to the Board.

In addition to appointing the Board, Swedbank's AGM decides whether to discharge the Board and CEO from liability for the financial period covered in the accounting documents presented to the AGM. This means that the 2020 AGM will decide whether to discharge the Board and CEO from liability for the financial year 2019. The Board appoints and dismisses the head of Internal Audit, the CRO and the head of Compliance. The Internal Audit function is directly subordinate to the Board.

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

- Lead Board meetings and work and encouraging an open and constructive debate
- Monitor and evaluate the competence, work and contributions of individual Board members
- Oversee the CEO's work, serve as a sounding board and support, and monitor that the Board's decisions and instructions are implemented
- Represent the bank on ownership and other key issues with investors and other stakeholders.

The Board's overarching responsibility cannot be delegated. The Board has appointed committees, however, to monitor, prepare and evaluate issues within specific areas for resolution by the Board. See below. In autumn 2019 the Board began a review of the Board's committees, which was completed in early 2020.

The division of tasks between the Board, the Chair of the Board and the CEO is determined annually through the Board's rules of procedure, the corporate governance policy and the instruction for the CEO, among other things. In October 2019 an evaluation of the Board's work was conducted to obtain input on the Board's performance. A summary of the results was presented to the Board.

The Board's work

The Board's work was very intensive in 2019 and it held 38 meetings, seven of which were by correspondence. The Board was unanimous in its decisions, and no dissenting opinions were noted on any issue during the year. Potential conflicts of interest for Board members are reported at each meeting and mean that the member may not take part in discussions or decisions on the particular topic.

Each year the Board establishes a work plan where it decides which issues to treat in depth. In 2019 the Board largely focused on the anti-money laundering and counter-terrorist financing work and within the Board established a work group to manage the ongoing regulatory investigations, follow up the anti-money laundering action plan established in 2019, and analyse reporting from the Anti Financial Crime, which was established during the year. The Board also hired attorney Biörn Riese as a legal advisor and Peje Emilsson from Kreab as an advisor on communication issues. In addition, the international law firm Clifford Chance was hired, with forensic expertise support, to conduct a comprehensive investigation to among other things describe how the bank

has dealt with money laundering issues, shortcomings in routines and processes, internal and external information disclosures, and liability issues. Clifford Chance was also asked to review the bank's current compliance work with respect to money laundering with the aim of issuing recommendations to ensure that the bank follows best industry practices. The Board decided in late autumn 2019 to expand its circle of legal advisors to include the US law firm Quinn Emanuel.

Other major issues in 2019 included:

- The bank's strategic plan with underlying strategies
- Measures to improve customer satisfaction and restore confidence in the bank.
- Implementation of sustainability issues in the bank's main processes: fund management, payments, lending and procurement
- Greater focus on customers and digital channels.
- Information security issues.
- Corporate governance and other regulatory issues.
- Macroeconomic developments and their impact on the bank and its limits and exposures.
- Capital and liquidity issues with an emphasis on the new capital requirements.
- liquidity strategies and funding issues.
- The current risk and capital situation, including the Internal Capital Adequacy Assessment Process (ICAAP) and other stress tests.
- Credit decisions where the total Group credit limit exceeds a certain amount as well as limits for credit risk concentrations and loans to bank officials with a vested interest.
- Major ongoing projects within the bank.
- Competition and business intelligence.

The Board's competence

Once a year the Board conducts a detailed analysis of one or more areas. In 2019 the focus was on the Baltic operations. Each year the Board establishes a training plan. For 2019 it comprised among other things action plans and improvements to anti-money laundering work, training on new regulatory requirements and corporate governance, and monitoring of the implementation of PSD2, GDPR, GL 11 and GL 12, among other regulations. The Board also receives regular training in cybersecurity.

New Board members attend the bank's introductory training, which is designed to quickly familiarise them with the organisation and operations and to help them better understand Swedbank's values and culture. Members are also informed of their legal responsibility as directors and of their roles on the various committees.

The Board's Committees

The Board has appointed a number of committees to prepare issues and facilitate in-depth discussions in certain areas. The committees assist the Board by preparing board issues. The Board's committees, which have no decision-making power of their own, instead recommend decisions to the Board. All committee minutes and all material prepared by the committees is available to the entire Board.

4 Audit Committee

The Audit Committee, through its work and in consultation with the external Auditor, the head of Internal Audit and the Group Executive Committee, provides the Board with access to information on the operations. Its purpose is to identify any deficiencies in routines and the organisation in terms of governance, risk management and control.

The Audit Committee's purpose is to ensure that the bank's executive management establishes and maintains effective routines for internal governance, risk management and control. These routines must be designed to provide reasonable assurance with respect to reporting (financial reporting, operational risk) and compliance (laws, regulations and internal rules) and ensure the suitability and efficiency of the bank's administrative processes and the protection of its assets. The Audit Committee also reviews the work of the internal and external auditors to ensure that it has been conducted effectively, impartially and satisfactorily. The committee proposes measures that are decided on by the Board as needed.

The head of Internal Audit is a co-opted member of the committee. The majority of the members must be independent in relation to the bank and its executive management. At least one member must also be independent in relation to the bank's major shareholders. At least one member must have special competence in accounting or auditing.

The work of the Audit Committee also includes:

- Reviewing and evaluating the Group's financial reporting process
- Responsibility for the quality of the company's reporting
- Responsibility for ensuring that interim and year-end reports are audited or reviewed by the external Auditor
- Meeting the external Auditor on each reporting date
- Approving consulting services by the external Auditor that exceed a set amount
- Staying informed of accounting standards
- Evaluating the head of Internal Audit
- Reviewing and approving Internal Audit's budget, instruction and annual plan
- Reviewing Internal Audit's quarterly reports and suggested improvements
- Monitoring Internal Audit's annual plan and strategic priorities
- Monitoring the external Auditor's plan and risks in the financial reporting

Auditing issues associated with the financial reporting within the Audit Committee were primarily addressed in 2019. In December 2019, however, the Board decided that all issues associated with internal and external audits would be handled by the Audit Committee.

Members of the Audit Committee:

22 March 2018– 28 March 2019	28 March– 19 June 2019	19 June– 26 March 2020
Siv Svensson, Chair	Siv Svensson, Chair	Bo Magnusson, Chair
Ulrika Francke	Ulrika Francke	Mats Granryd
Mats Granryd	Mats Granryd	Kerstin Hermansson
Peter Norman	Kerstin Hermansson	Josefin Lindstrand
Annika Poutiainen (until 9 January 2019)	Peter Norman	Anna Mossberg

Members of the Remuneration Committee:

22 March 2018–19 June 2019	19 June–26 March 2020
Lars Idermark, Chair (to 5 April 2019)	Göran Persson, Chair
Bodil Eriksson	Bodil Eriksson
Ulrika Francke, Chair (from 5 April 2019)	Bo Magnusson
Anna Mossberg	Anna Mossberg

5 Remuneration Committee

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

The committee's chair and members must have the knowledge and experience with risk analysis necessary to independently evaluate the suitability of the bank's remuneration policy. The members must be independent in relation to the bank and its executive management. Learn more about remuneration at Swedbank further down in the corporate governance G13.

The work of the Remuneration Committee also includes:

- Salaries, pensions, variable remuneration and other benefits for the Group Executive Committee (in accordance with the guidelines adopted by the AGM) and the head of Internal Audit
- The Board's proposal to the AGM regarding remuneration guidelines for senior executives
- Allocation and evaluation of the bank's performance- and share-based remuneration programmes and other issues associated with the programmes
- Swedbank's remuneration policy
- Decisions pursuant to or deviations from remuneration policies
- Annual review and evaluation of the effectiveness of the remuneration instructions
- Preparation and recommendation to the Board on remuneration to consultants where total remuneration exceeds a certain amount
- Review to ensure that salary differences are not arbitrary
- Succession planning

In December 2019 the Board decided that issues concerning the nominating process for Board members of major subsidiaries as well as the instruction for the bank's internal Nomination Committee will be prepared by the Remuneration Committee.

6 Risk and Capital Committee

The Board's Risk and Capital Committee supports the Board in its work to ensure that routines are in place to identify and define risks relating to business activities as well as to measure and control risk-taking. The members of the committee have special competence and experience working with risk and capital issues as well as compliance.

The work of the Risk and Capital Committee also includes:

- Internal Capital Adequacy Assessment Process (ICAAP) and the bank's capitalisation
- The bank's credit limits and exposures, including its largest exposures and provisions and the largest provisions.
- Stress tests of various credit portfolios and other analyses of the credit portfolios, especially the Swedish mortgage portfolio's composition and its importance to the bank's funding
- The size of the bank's liquidity portfolio and other liquidity issues
- Funding-related issues and strategies, especially with respect to covered bonds
- Reviews reporting from Compliance.

Each month the committee receives a risk report from Group Risks, which contains among other things a report on the Group's risks. A more detailed description of the Group's risk areas can be found in note G3.

The Compliance function reports quarterly on the Group's compliance risks and non-compliance. In addition, the function drafts an annual compliance plan, which contains the Group's principal compliance risk areas. The reporting of the Compliance function is prepared by the Risk and Capital Committee.

In December 2019 the Board decided to streamline the reporting to the Risk and Capital Committee to reports from the first and second lines of defence, i.e. the Credit, Group Risk and Compliance functions. This means that the Internal Audit function will continue to report primarily to the Audit Committee.

The annual plans for the Internal Audit, Group Risk and Compliance functions are presented each year to the Risk and Capital Committee and the Audit Committee.

Members of the Risk and Capital Committee:

22 March 2018-19 June 2019	19 June-26 March 2020
Magnus Uggla, Chair	Magnus Uggla, Chair
Ulrika Francke	Bo Johansson
Lars Idermark (to 5 april 2019)	Josefin Lindstrand
Bo Johansson	Bo Magnusson
Peter Norman	Göran Persson
Siv Svensson	

7 Governance Committee

In December 2019 the Board decided to convert the work group it formed in 2019 (see above) to a permanent Governance Committee. This committee will support the Board in its work to ensure that the bank's overarching organisation and corporate governance processes are effective and appropriate given the nature and scope of the business. The committee will also ensure that the business has clear mandates and principles for reporting, escalation and monitoring of internal control at the Group level. Through the new committee, more time is allocated for detailed preparations of corporate governance issues, including recurring reviews of the Board's overarching principles for corporate governance as well as internal control and monitoring of the implementation of the Group's internal rules by the subsidiaries. The committee will also monitor and coordinate regulators' investigations with an impact on the Group's operations or that relate to money laundering and financial crime.

The previous Board's work group

Bo Magnusson, Chair
Kerstin Hermansson
Josefin Lindstrand
Magnus Uggla

8 President and CEO

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

The CEO has the possibility to delegate duties to subordinates or Group committees, although ultimate responsibility is retained by the CEO. The committees do not have any collective decision-making authority; instead, decisions are made by the Chair of each committee or escalated to the CEO. The Board's view of the CEO's

special areas of responsibility is set out in, among other places, The Board's corporate governance policy and instructions for the CEO. The CEO is responsible for ensuring that the Board's decisions, policies and instructions are followed by the businesses and that they are evaluated annually.

The CEO establishes Group-wide rules on internal control. To support internal control, the CEO has a number of monitoring units within the Group, primarily Group Finance, Group Risk and Compliance. Follow-ups are done regularly through written reports and in-depth reviews with the heads of the various Group Functions and with the business areas. For more information, see the Board of Directors' report on internal control of financial reporting on page 45. The CEO is also responsible for ensuring that the Group has a strategy for competence management.

Group Executive Committee, other committees and forums

The Group Executive Committee (GEC) is the CEO's decision management forum and consists of 17 members. In 2019 Anti Financial Crime unit was formed, the Head of which also added to the GEC.

Jens Henriksson was appointed as CEO on 1 October 2019 and decided on 9 December 2019 to reorganise the GEC, which as of 1 January 2020 consists of 14 members: the Chief Executive Officer, the Heads of the business areas Swedish Banking, Baltic Banking and Large Corporates & Institutions, the Chief Financial Officer, the Chief Credit Officer, the Heads of Anti Financial Crime, Group Financial Products and Advice, Digital Banking and IT, Group Risk, Group Compliance, Group Human Resources and Infrastructure, Group Communication and Sustainability and Group Legal. A large number of the members have direct business responsibility and the GEC therefore also plays an important role as a forum for sharing information and ideas. The GEC normally meets every Monday.

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

The GEC is complemented by the following committees: Group Asset Allocation Committee (GAAC), Group Risk and Compliance Committee (GRCC), Group Investment Committee (GIC) and Group Crisis Management Team (GCMT).

GAAC is led by the CFO. One of GAAC's goals is to consolidate financial control of capital, liquidity, financing and tax issues as well as management and governance issues.

The GRCC is led by the Head of Group Risk, who together with the Head of Compliance, after consulting the other members of the GRCC, issues recommendations to the Board and the CEO. The GRCC contributes to the strategic planning of the Group's risk appetite to ensure harmonisation from a risk perspective.

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

The GCMT is led by the head of operational risks and is convened as needed to manage crisis situations.

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

The CEO has also established a Senior Management Forum (SMF), composed of senior executives in the bank, to ensure implementation and coordination of strategically important issues. The CEO evaluates SMF's composition to ensure it has a suitable combination of competence and experience.

Priority issues for the GEC in 2019

In 2019 the GEC addressed a number of issues of which the following is a selection:

- Measures to address money laundering, terrorist financing and corruption.
- Regulators' investigations on the bank's anti-money laundering work.
- New organisation, including a new GEC.
- Establishment of the Special Task Force to coordinate the ongoing investigations
- Investments to increase customer confidence and value.
- Capital and liquidity issues.
- Mobile payment alternatives were further expanded to include Google Pay and Apple Pay.
- Investment in and collaboration with the fintech company Kaching Retail.
- Sustainability issues, e.g. signing of the UN's Principles for Responsible Banking.
- Investor meetings.
- Further work with IT development and security.
- Internal control and risk management.

Internal control and risk management

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

First line of defence – risk management by business operations

The first line of defence are the business operations. In their day-to-day operations Swedbank's business units ensure that decisions are sound and that risk-taking is done under controlled and conscious forms in accordance with internal and external rules. Employees of the business units have a good understanding of their customers and specific insight into the local market. The bank's risk classification tools also serve as support for all business processes. As support in the first line the bank has built up certain central support functions to reduce risks in the first line of defence. These functions include Anti Financial Crime, Group Communication and Sustainability, Group Credit, Group Human Resources and Infrastructure, Group Finance and Group Legal.

Second line of defence – independent control functions

The second line of defence consists of the internal control functions Group Risk and Compliance, which among other things monitor, control and report the Group's risks and whether the Group

follows internal and external regulations. The bank has established central, independent control functions for risk and compliance that act in the business units. The control functions identify, monitor and report on risk management, including operational risks and compliance-related risks.

Risk control

Swedbank has an independent risk control function, Group Risk, which works with the Group's risk management. The Head of Group Risk is directly subordinate to the CEO and reports to the CEO and the Board.

Group Risk is responsible for identifying, quantifying, analysing and reporting risks and for conducting independent analyses and stress tests of how outside events impact Swedbank. Group Risk also provides expert advice and serves as an advisor to ensure that decisions are consistent with the bank's risk appetite and risk tolerance (limits). Accordingly, internal rules are issued for risk management and risk control at various levels.

Group Risk prioritizes resources to the areas where they the most significant risks exist.

The Board's Policy on Enterprise Risk Management (ERM) contains frameworks and describes roles and responsibilities pertaining to risk management and control. It also contains guidelines on the size of the capital buffer maintained as protection against major economic slowdowns.

Compliance

Swedbank has an independent compliance function responsible for monitoring and control of the Group's compliance. The Head of Compliance is directly subordinate to the CEO and reports to the CEO and the Board.

Compliance's work is based on four processes: plan compliance work based on risk assessments, monitor operations through random and recurring inspections, report to the CEO, the Board and other operations on areas of improvement identified through inspections, and advice and support.

Compliance's work is risk-based and thus prioritises resources to areas with the highest compliance risks. Compliance's work is governed by the Policy for the Compliance Function adopted by the Board.

9 Third line of defence – Internal Audit

Swedbank has an independent Internal Audit function. The Head of Internal Audit is directly subordinate to and reports to the Board and thus is independent of the executive management.

The purpose of Internal Audit's reviews is to create improvements in operations by evaluating risk management, governance and internal control.

All of the bank's activities and Group companies are the purview of Internal Audit. Internal Audit evaluates whether the executive management, through the internal controls and governance structures it has implemented, has ensured that the controls in

business operations are effective, risk management processes are effective, and governance processes and the organisation are appropriate, functioning and support the purpose of the business. Internal Audit also works proactively to suggest improvements in internal control.

In its work, Internal Audit follows professional guidelines on internal audits and the code of ethics of the Institute of Internal Auditors as established in the International Professional Practices Framework.

10 External Auditor

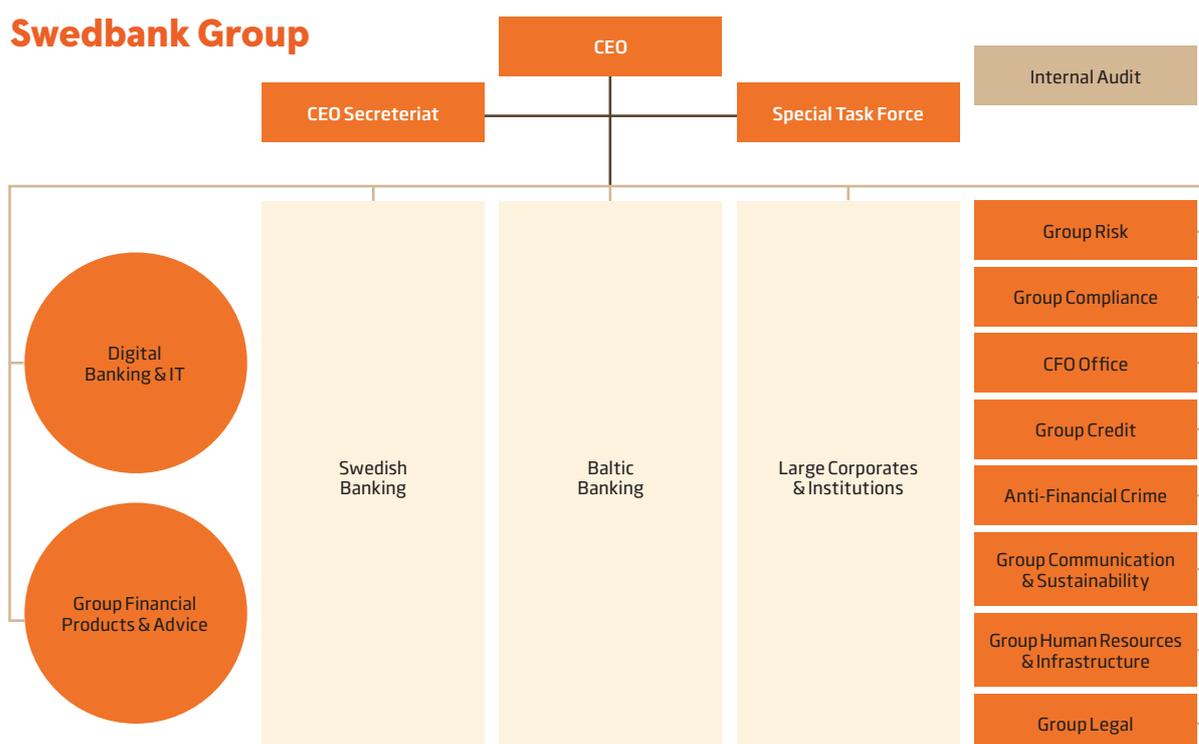
The external Auditor is an independent reviewer of the bank's financial accounts and determines whether they are materially accurate and complete and provide a fair view of the bank and its financial position and results. The Auditor also ensures that they are prepared according to current laws and recommendations. Moreover, the Auditor reviews the administration of the Board of Directors and the CEO.

At the AGM the Auditor presents the Auditors' report and describes the audit work. The Auditor presented its review and observations to the Board on three occasions in 2019. The Auditor has met regularly with the Chair of the Board, the Chair of the Audit Committee, the executive management and other operating managers on a regular basis. Swedbank's interim reports are reviewed briefly by the Auditor. The sustainability report has been

reviewed briefly as well, in accordance with the definition on page 194. According to the Articles of Association, the bank shall have no less than one and no more than two authorised public accountants and a registered auditing firm may also be appointed as auditor. The Chief Auditor is Authorised Public Accountant Anneli Granqvist. PwC is the accounting firm since its election by the 2019 AGM. Remuneration for the Group's Auditor is reported in note G14. In addition to the assignment as elected auditor, PwC has performed audit-related services, mainly involving accounting issues, tax services and other services such as transaction support. Assignments closely associated with the audit normally do not constitute a threat to the Auditor's independence. Other consulting services by the Auditor are, according to the bank's policy, performed restrictively. In accordance with current rules on auditor independence, all consulting services must be approved in advance by the Audit Committee and may not commence until then. The Audit Committee annually evaluates the Auditor's objectivity and independence. The Auditor annually reaffirms its independence in the audit report.

Group structure

An effective operating structure is important to the bank's governance. The Group structure provides a framework for various roles, functions and reporting channels within the bank. The bank's Group structure is divided into business areas, product areas and Group Functions. The CEO decided in December 2019 on a new Group structure that took effect on 1 January 2020. The organisational change resulted in among other things the merger



of the Group Functions Digital Banking and Group IT into one unit that also took over responsibility for consumer payments and card operations. Digital Banking and IT also develop and manage the digital channels as well as CRM tools. CVM was dissolved and large parts were integrated into the business area Swedish Banking, which has thereby taken over coordination of customer strategies, development of customer offers and management of campaigns. The functions for cash management, PayEx and payment infrastructure were integrated into the business area Large Corporates & Institutions. The bank's financial products were brought together in a new unit, Group Financial Products and Advice, as a result of which the previous units Group Savings and Group Lending and Payments were dissolved. The new unit is responsible for providing products and services in savings, insurance and lending, as well as ensuring an effective advisory process and supporting employees who meet customers.

Business areas

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

The business area managers' responsibilities are to:

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

Group Functions

The Group Functions' role is to support the CEO and the Group's business operations as well as to create consistent routines, ensure effective governance and monitoring within the Group, and clarify Swedbank's vision and strategy. Among the roles of the Group Functions is to develop Group-wide policies and instructions for the Board and CEO to adopt. Moreover, they propose other Group-wide internal rules, which are approved by the manager of each Group Function. The purpose of these Group-wide rules and processes is to support the CEO and the Group's business operations, to clarify Swedbank's vision, purpose, values and strategy, and to minimise risks in the business operations. Additionally, the Group Functions create and monitor Group-wide procedures, which serve as support for the business operations and facilitate a sharing of experience between the bank's various markets. They are responsible for compiling and analysing reports for the CEO and the Board as well as proposing solutions to issues that require immediate action within their respective area and thereby creating an effective solution to the problem. The heads of each Group Functions have unrestricted insight into the business operations in order to fulfil their obligations.

Further information on Swedbank's corporate governance

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

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

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

The Board of Directors is ultimately responsible for ensuring that financial reporting complies with external regulations as well as for monitoring internal control of financial reporting (ICFR). ICFR is based on the following five internal control components.

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

To support reliable reporting, Swedbank's internal control is rooted in the bank's organisational structure and the policies and instructions established by the Board. Furthermore, a directive has been specifically prepared for ICFR by the bank's CFO.

A Group-wide ICFR framework is in place based on the bank's vision, purpose and values (see page 1). The purpose of the framework is to identify and assess risks in relation to the financial reporting.

Risk analysis: Risk assessment based on essentiality and complexity

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

Risk analysis within the ICFR framework is conducted at the Group level to identify and create an understanding of the risks in financial reporting with regard to both essentiality and complexity. The risk analysis is then used as a basis for deciding which areas should be covered by the framework.

Control activities: Controls at different levels

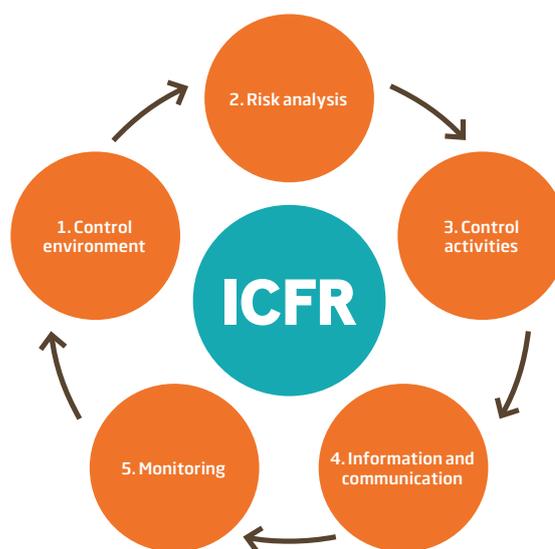
Controls are performed at various levels of the bank to ensure reliable financial reporting. They are categorised according to the ICFR framework's structured controls as follows: Group-level controls, controls at the process/ transaction level, and general IT controls.

Compliance – Follow-up and assessment

Follow-up on the ICFR framework controls is regularly performed through self-assessment, to ensure reliability of the financial reporting process. The results of the self-assessment are used as support for the bank's change and improvement work.

Communication - Follow-up and assessment

The self-assessment is compiled and analysed by the ICFR department to identify any risks of misstatement in the financial reporting as well as potential improvement areas. The results of the analysis are reported to Swedbank's CFO and Audit Committee on a quarterly basis.



Board of Directors



Göran Persson

Year of birth

Born 1949
Chair since 19 June 2019

Shareholdings in Swedbank¹

Own and closely related parties: 25 000

In Swedbank as

■ Chair
■ Remuneration Committee, chair
■ Risk and Capital Committee, member
Attendance: ■ 12/12 ■ 3/3 ■ 5/6
Total annual fees: ■ 2 630 000
■ 105 000 ■ 250 000

Göran Persson has extensive experience leading the boards of both state-owned and private enterprises. He contributes his social engagement and large network as well as broad experience with national and international economic issues and sustainable development.

Board member's independence

Independent in relation to the bank and the executive management and independent in relation to the bank's major shareholders

Education

University studies in Sociology and Political science

Bank specific experience

Board: 5 years (2015)

Professional experience

JKL Group, senior advisor
Sveaskog, Chair • Scandinavian Air Ambulance, Chair • Swedish Prime Minister • Swedish Finance Minister • Wiklöf Holding AB, Board member

Non-executive assignments

LKAB, Chair • Scandinavian Biogas Fuels International AB, Chair • Greengold, Chair



Bo Magnusson

Born 1962
Vice chair since 19 June 2019

Own and closely related parties: 20 000

■ Vice chair
■ Remuneration Committee, member
■ Risk and Capital Committee, member
■ Audit Committee, chair
Attendance: ■ 12/12 ■ 3/3 ■ 5/6
Total annual fees: ■ 885 000 ■ 105 000
■ 250 000 ■ 395 000

Bo Magnusson has many years of experience in the financial industry, both as a senior executive and director. In addition to broad competence from the financial sector, he contributes his skills from the real estate industry.

Independent in relation to the bank and the executive management and independent in relation to the bank's major shareholders

Wallenberg Institute, Executive Leadership Program • Barclays Bank, London, International Banking Program
Higher banking training

Operational: 29 years
Board: 7 years (2013)

SBAB Bank AB and Sveriges Säkerställda Obligationer AB, Chair • Carnegie Holding AB and Carnegie Investment Bank AB, Chair • NS Holding AB and Fastighetsbolaget Norrporten AB, Chair • 4T-WyWallet, Chair • Senior positions at SEB

Rikshem AB, Chair • Rikshem Intressenter AB, Chair • KBC Bank NV (Belgium), Board member



Bodil Eriksson

Born 1963
Board member since 2016

Own and closely related parties: 0

■ Board of Directors, member
■ Remuneration Committee, member
Attendance: ■ 32/38 ■ 7/7
Total annual fees: ■ 605 000 ■ 105 000

Bodil Eriksson is the CEO of Volvo Car Mobility. She has extensive experience from senior positions in consumer and service companies. She contributes broad branding expertise as well as knowledge and experience with digitised customer offers.

Independent in relation to the bank and the executive management and independent in relation to the bank's major shareholders.

University studies

Board: 4 years (2016)

Chief Executive, Volvo Cars Mobility
Executive Vice President, Volvo Cars USA, LLC • Senior Vice President, Volvo Car Corporation • Executive Vice President, Apotek Hjärtat • Senior Vice President, SCA • Executive Vice President, Axfood

1) Holdings as of 31 December 2019

**Mats Granryd**

Born 1962
Board member since 2017

Own and closely related parties: 1 000

■ Board of Directors, member
■ Audit Committee, member
Attendance: ■ 30/38 ■ 4/5
Total annual fees: ■ 605 000 ■ 240 000

Mats Granryd comes from the telecom industry and, through his experience at Ericsson and Tele 2 is used to leading large companies in a regulated environment.

Independent in relation to the bank and executive management and independent in relation to the bank's major shareholders.

MSc Royal Institute of Technology in Stockholm

Board: 3 years (2017)

Director General, GSMA
President and CEO Tele 2 • Senior positions within Ericsson

COOR, Chair

**Kerstin Hermansson**

Born 1957
Board member since 2019

Own and closely related parties: 0

■ Board of Directors, member
■ Audit Committee, member
Attendance: ■ 25/25 ■ 4/4
Total annual fees: ■ 605 000 ■ 240 000

Kerstin Hermansson brings to the Board mainly her expertise in securities and compliance issues. She is an attorney with many years of experience in the European securities market.

Independent in relation to the bank and the executive management and independent in relation to the bank's major shareholders

LLM, Lund University

Operational: 9 years
Board: 1 year (2019)

CEO, Swedish Securities Dealers Association (Svenska Fondhandlarföreningen) • Global Head of Legal & Compliance, Enskilda Securities AB (subsidiary of SEB Group) • Securities lawyer, SEB • Attorney, Jacobsson&Ponsbach Fondkommission AB • Notary services at Linköping's District Court and the police authorities in Katrineholm

European Banking Federation and ESMA's (European Securities and Market Authority) Securities and Markets Stakeholder Group

**Bo Johansson**

Born 1965
Board member since 2017

Own and closely related parties: 6 500

■ Board of Directors, member
■ Risk and Capital Committee, member
Attendance: ■ 38/38 ■ 11/12
Total annual fees: ■ 605 000 ■ 250 000

Bo Johansson has a strong background in the Swedish savings bank movement and at Swedbank, where he has worked for a large part of his professional life. Today he leads a savings bank.

Bo Johansson is the CEO of Swedbank Sjuhäradsregion, which according to the Swedish Corporate Governance Code is a closely related company to Swedbank. Thus, Bo Johansson is not considered independent in relation to Swedbank and the executive management. Bo Johansson is considered independent in relation to the bank's major shareholders.

MSc Economics

Operational: 29 years
Board: 3 years (2017)

CEO, Swedbank Sjuhäradsregion
Bank Manager Swedbank AB Jämtland/Härjedalen • Head of Trade Finance, Swedbank Markets • Bank Manager Härjedalen • Acting branch manager Sparbanken Svege

Year of birth

Shareholdings in Swedbank¹⁾

In Swedbank as

Board member's independence

Education

Bank specific experience

Professional experience

Non-executive assignments

1) Holdings as of 31 December 2019

Board of Directors



Camilla Linder

Year of birth Born 1968
Employee representative since 2015 and deputy since 2013

Shareholding¹ Own and closely related parties: 1 127

In Swedbank as ■ Board of Directors, member, employee representative
Total annual fees: No fees

Camilla Linder is an employee representative and has extensive experience in banking, including retail banking.

Board member's independence Not applicable

Education Upper secondary school

Bank specific experience Operational: 24 years

Professional experience **Employee, Swedbank AB** • Sparbanken Alfa • Föreningsparbanken

Non-executive assignments Finansförbundets koncernklubb Swedbank, Chair • SPK, Board member



Josefin Lindstrand

Year of birth Born 1976
New board member since 19 June 2019

Shareholding¹ Own and closely related parties: 0

■ Board member
■ Risk and Capital Committee, member
■ Audit Committee, member
Attendance: ■ 12/12 ■ 6/6 ■ 3/3
Total annual fees: ■ 605 000 ■ 250 000 ■ 240 000

Josefin Lindstrand is an attorney with many years of experience in the financial industry, including as a director. She brings to the Board mainly her expertise in compliance and money laundering issues.

Board member's independence Independent in relation to the bank and the executive management and independent in relation to the bank's major shareholders

Education LL.M., University of Stockholm • University Diploma in Business Administration, University of Stockholm

Bank specific experience Operational: 11 years
Board: 4 years (2016)

Specialist advisor in corporate governance through private practice
Specialist Counsel, Advokatfirman Hammar-skjöld & Co • BNP Paribas, member of the board of SevenDays Finans AB • Sörmlands Sparbank, vice chairman • Clearstone AB, founder and owner • Intertrust Group, Business Unit Director, Compliance Services • Citi, senior positions in Legal and Compliance • Swedbank AB, in-house counsel



Roger Ljung

Year of birth Born 1967
Employee representative since 2015

Shareholding¹ Own and closely related parties: 0

■ Board of Directors, member, employee representative
Total annual fees: No fees

Roger Ljung is an employee representative and has broad experience at Swedbank.

Board member's independence Not applicable

Education Upper secondary school

Bank specific experience Operational: 32 years

Business advisor, Swedbank AB • Retail advisor, branch manager, Swedbank AB • Finansförbundets förbundsstyrelse, Board member

Non-executive assignments Finansförbundets koncernklubb Swedbank, Deputy Chair • Finans och försäkringsbranschens A-kassa, Board member • SPK, Deputy Chair

¹ Holdings as of 31 December 2019



Anna Mossberg

Born 1972
Board member since 2018

Own and closely related parties: 1 800

■ Board of Directors, member
■ Remuneration Committee, member
■ Audit Committee, member

Attendance: ■ 37/38 ■ 7/7 ■ 3/3

Total annual fees: ■ 605 000
■ 105 000 ■ 240 000

Anna Mossberg contributes with her experience and expertise in digital change. She has a long background in the internet and telecom industries, including as Business Area Manager at Google, and many years in various senior roles at Telia and Deutsche Telecom AG.

Independent in relation to the bank and the executive management and independent in relation to the bank's major shareholders.

Executive MBA, IE University, Spain • Executive MBA, Stanford University, USA • MSc, Luleå University of Technology

Board: 2 years (2018)

Full-time working director

Business Area Manager, Google Sverige AB • CEO, Bahnhof AB • SvP, Strategy and Portfolio Management, Deutsche Telekom AG • Director Internet Services, Telia AB • Vice President, Telia International Carrier AB

SwissCom AG, Board member • Schibsted ASA, Board member



Magnus Ugglå

Born 1952
Board member since 2017

Own and closely related parties: 10 000

■ Board of Directors, member
■ Risk and Capital Committee, Chair

Attendance: ■ 36/38 ■ 12/12

Total annual fees: ■ 605 000 ■ 430 000

Magnus Ugglå has an extensive background from Handelsbanken, including as Vice President of Handelsbanken International, Head of Handelsbanken's UK region and Head of the Stockholm region.

Independent in relation to the bank and the executive management and independent in relation to the bank's major shareholders.

MSc Royal Institute of Technology in Stockholm • MBA Stockholm School of Economics • Stanford Executive Program

Operational: 34 years
Board: 3 years (2017)

Full-time working director

Vice President, Handelsbanken • Axel Johnson AB • Swedish Ministry of Industry • Sveriges Riksbank

Year of birth

Shareholding¹⁾

In Swedbank as

Board member's independence

Education

Bank specific experience

Professional experience

Non-executive assignments

1) Holdings as of 31 December 2019

Group Executive Committee



Jens Henriksson

President and CEO
Born 1967. Employed since 1 October 2019
Shareholdings in Swedbank:¹ 0
Education: BA Economics, MSc Electrical Engineering, Control Theory, and Fil. Lic. Economics



Mikael Björknert

Head of Swedish Banking.
Born 1966. Employed since 2010
Shareholdings in Swedbank:¹ 3 049
Education: BSc Business Administration and Economics
Directorships: NASDAQ Nordic, Board member • Bankgirot, Chair



Lars-Erik Danielsson

Chief Credit Officer
Born 1962. Employed since 1990
Shareholdings in Swedbank:¹ 6 523
Education: Studies in business and economics



Anders Ekedahl

Head of Anti-Financial Crime Unit
Born 1960. Employed since 1987
Shareholdings in Swedbank:¹ 21 933
Education: MSc, Stockholm School of Economics



Johan Eriksson

Acting Head of Group Communications & Sustainability
Born 1976. Employed since 2016
Shareholdings in Swedbank:¹ 0
Education: MSc in Business administration.



Eva de Falck

Chief Legal Officer and Head of Group Legal
Born 1960. Employed since 2010
Shareholdings in Swedbank:¹ 1 642
Education: Master of Laws, LL.M.



Gunilla Domeij Hallros

Acting Chief Risk Officer
Born 1961. Employed since 2010
Shareholdings in Swedbank:¹ 2 491
Education: Economist



Ingrid Harbo

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



Anders Karlsson

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

¹) Holdings as of 31 December 2019

**Ola Laurin**

Head of Large Corporates
& Institutions
Born 1971. Employed since 2000
Shareholdings in Swedbank:¹⁾
7 269
Education: M.Sc. in Business
Administration

**Jon Liddefelt**

Acting Head of Baltic Banking
Born 1973. Employed since 2013
Shareholdings in Swedbank:¹⁾
1 278
Education: MSc Engineering
Physics

**Lotta Lovén**

CIO and Head of Digital Banking & IT
Born 1967. Employed 1986-1999
and since 2004
Shareholdings in Swedbank:¹⁾
2 993
Education: Market economist
Directorships: Finansiell ID-teknik,
Board member

**Carina Strand**

Head of HR & Infrastructure
Born 1964. Employed since 2017
Shareholdings in Swedbank:¹⁾ 0
Education: Economist

**Kerstin Winlöf**

Head of Group Savings
Born 1966. Employed since 2019
Shareholdings in Swedbank:¹⁾
700
Education: MSc in Business
Administration and Economics

1) Holdings as of 31 December 2019

Proposed disposition of earnings and statement of the Board of Directors

In accordance with the balance sheet of Swedbank AB, SEK 49 340m is at the disposal of the Annual General Meeting:

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

A cash dividend of SEK 8.80 per ordinary share	9 856
To be carried forward to next year	39 484
Total disposed	49 340

The proposed total amounts to be distributed and carried forward to next year have been calculated on all 1 118 304 389 outstanding ordinary shares at 31 December of 2019, plus 1 715 349 outstanding ordinary shares entitled to dividends which have been estimated to be exercised by employees between 1 January to the Annual General Meeting as per 26 March 2020 relating to remuneration programs. The proposed total amounts to be distributed and carried forward to next year are ultimately calculated on the number shares entitled to dividends on the record day. The amounts could change in the event of additional share repurchases or sales of treasury shares before the record day. Unrealised changes in the value of assets and liabilities at fair value have had a negative effect on equity of SEK 781m.

The proposed record day for the dividend is 30 March 2020. The last day for trading in Swedbank's shares with the right to the dividend is 26 March 2020. If the Annual General Meeting accepts the Board's proposal, the dividend is expected to be paid by Euro-clear on 2 April 2020. At year-end, the consolidated situation's total capital requirement according to pillar 1 and buffer requirements by SEK 40 788m. The surplus in Swedbank AB was SEK 82 146m.

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

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

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