

TRANSLATION

Proposal of the Board of Directors of Swedbank AB on approval of the resolution of the Board of Directors regarding deferred variable remuneration in the form of shares under the individual program 2021 (IP 2021) in accordance with item 20 b) in the proposed agenda at the AGM 2021

The Board of Directors of Swedbank AB (publ) ("Swedbank" or the "bank") has resolved on an individual performance and share based remuneration program for 2021, a part of which is intended to be allotted in the form of shares and the remaining part in cash ("IP 2021"). The part of the resolution regarding variable remuneration in the form of shares has been adopted subject to the AGM's subsequent approval, according to the following.

Purpose and main features

IP 2021 aims to:

- stimulate the employees in positions of direct importance for creating long-term and sustainable shareholder value to make further efforts,
- attract, keep and motivate the employees and to ensure that the bank's remuneration levels are competitive in every submarket, and
- create a long-term engagement in the bank with the employees and align their interests with the shareholders' interest through deferred variable remuneration in the form of shares.

IP 2021 shall be aligned to the bank's business strategy, promote a sound and effective risk management and discourage excessive risk taking.

In essence, IP 2021 means that to the extent certain performance targets ("Performance Targets") are achieved during the financial year 2021 (the "Performance Year"), the participants in IP 2021 (the "Participant" or the "Participants") can be allotted a variable remuneration in the beginning of 2022 (the "Gross Performance Amount"), a part of which (the "Share Performance Amount") is intended to be allotted in the form of conditional, non-transferable, rights ("Performance Rights"). Each Performance Right carries a right to, at the end of a retention period, ultimately receive; automatically and at no cost, one share in Swedbank ("Performance Share"). In order to retain, attract and motivate key competencies, one part of the Performance Shares will be received during the first half-year of 2023, the other part will be deferred and, therefore, received in 2026, in both cases after the publication of the year-end reports. Certain restrictions on disposal may apply in order to comply with external regulatory requirements. For Participants who have been identified as material risk takers and whose variable remuneration exceeds certain levels, this deferral period will be at least five years.

As a general rule, the deferred portion of the Performance Rights deferral period is divided into a qualification period of approximately three years beginning after the allotment of the Gross Performance Amount and a retention period of approximately one year following the qualification period. For Participants who have been identified as material risk takers and whose variable remuneration exceeds certain levels the qualification period amounts to four years and if a top executive should be awarded IP, the qualification period amounts to five years.

Variable remuneration in the form of shares is not pensionable income. However, the cash component might be pensionable income according to local pension agreements.

When amounts in SEK are described in this proposal, they are expressed exclusive of social security costs, ancillary salary costs and corporate income tax, unless otherwise stated.

Participants

Approximately 440 employees in the Swedbank-Group (the "Group") are included in positions where the individual performance is deemed to be of direct importance for creating revenues and where variable remunerations is considered to encourage the performance.

Top executives are as a general rule not included. Companies that are excluded are amongst others Swedbank Robur Fonder, the joint venture company Entercard and PayEx. Employees working within the Group with any of these companies may be included.

Participants that during the qualification period give or receive notice to leave or due to any other reason ceases to be employed by a IP-eligible company in the Group will not, as a general rule, have the right to continue to participate. However, these restrictions are removed when the retention period starts. Participants who enter leave of absence, parental leave, sick leave or similar during the Performance Year and remain employed have the right to continue to participate, subject to individual adjustments of the terms and conditions. Participants who have received allotment of the Gross Performance Amount and, thereafter, enter leave of absence, parental leave, sick leave or similar and remain employed or retire, have the right to continue to participate. The Board of Directors' Remuneration Committee (the "Remuneration Committee") or the CEO (normally via the Group Executive Committee "GEC"), may deviate from the distinctions above, both as general principles or in individual cases.

Any participation requires that such participation, in the bank's opinion, is permitted and appropriate with regard to applicable laws and regulations and that the bank deems it feasible at reasonable administrative and financial costs, where appropriate with local adjustments.

Performance Targets and Gross Performance Amount

The allotment of the Gross Performance Amount, i.e. the outcome for each Participant, is dependent on the extent to which the Performance Targets have been achieved. The Performance Targets are measured during the Performance Year and are, for the majority of the Participants, adopted based on the following evaluation levels:

- the profit after tax, adjusted for capital costs and risks, for the Group¹,
- the profit after tax, adjusted for capital costs and risks, for the respective business area and whether this has been achieved in accordance with a sound risk attitude,
- the risk adjusted results on an individual level and team level based on assessing, inter alia, the fulfillment of individual Performance Targets under the bank's performance development process comprising both financial as well as operational factors. The evaluation also comprises a number of behaviors linked to the Group's values – open, simple and caring, and
- risk evaluation, which is made on Group- and/or business area level and/or individual level.

The final assessment of the extent to which the Performance Targets have been achieved is made on a discretionary basis by the Board of Directors, or by a person authorized by the Board of Directors. The result of the assessment can be that the total allotment is limited, in whole or in part, at Group level, and/or business area level and/or individual level (so called haircut). Consequently, there is no automatic right to allotment of any Gross Performance Amount even if the Performance Targets, in whole or in part, could be considered to have been achieved.

The maximum Gross Performance Amount is individually predetermined for each Participant and is dependent on, inter alia, business area or function, the Participant's individual position and/or areas of responsibility. The maximum Gross Performance Amount for all employee categories across the Group cannot exceed the variable pay cap as decided by applicable laws or other regulations. For employees who have been identified as material risk takers, *inter alia*, the members of GEC, the Gross Performance Amount shall not exceed 100 per cent of the yearly fixed remuneration for each individual.

Share Performance Amount etc.

For each Participant, who has been identified as a material risk taker, the Gross Performance Amount is, as a general rule, divided into an upfront allotment (normally 60 per cent) and deferred allotment (normally 40 per cent). Both the upfront and deferred allotments are thereafter equally divided in cash (50 per cent) and a Share Performance Amount (50 per cent). The Share Performance Amount is allotted in Performance Rights. For Participants who have been identified as material risk takers and receive variable remuneration of a particularly high amount, at least 60 per cent of the variable remuneration shall be deferred for at least four years. For Participants who have not been identified as material risk takers, the Gross Performance Amount is normally fully paid out in cash.

The total Share Performance Amount for all Participants in IP 2021 is limited to a maximum of approximately SEK 190m.

As a general rule, the upfront cash portion is intended to be paid to the respective Participants during the first half-year of 2022 and the deferred cash portion in 2025, after the publication of the year-end report for 2024.

¹ The profit, adjusted for capital costs and risks is measured as Economic Profit ("EP"). A prerequisite for allocation is positive EP on Group level as well as on business area level.

Performance Rights

The Share Performance Amount is converted into a number of Performance Rights, rounded off to the nearest whole number, by dividing the Share Performance Amount by the average daily volume weighted price paid per share in Swedbank at Nasdaq Stockholm during the last ten trading days in January 2022 (the "Translation Rate"), however, not lower than SEK 100 per share (the "Floor Price"). The Board of Directors has the right, in connection with certain corporate events, inter alia, in case of a share split or a reverse share split, to resolve on an adjustment of the Floor Price in accordance with general principles on the equity market for recalculation in such events.

The total number of Performance Rights that may be allotted to the Participants amounts to a maximum of approximately 1.9m², which equals the quotient of (a) the highest aggregate Share Performance Amount for all Participants, divided by (b) the Floor Price. If the Translation Rate hypothetically is assumed to be SEK 140³ the total number of Performance Rights which may be allotted to the Participants amounts to a maximum of approximately 1.4m⁴.

A Performance Right does not constitute a security or a financial instrument and will not be registered on any VP account with any central securities depository. Participants do not have the right to pledge, sell, transfer or in any other way dispose of the Performance Rights.

The deferred portion of the Performance Rights will be subject to a deferral period of at least four years comprised of a qualification period of at least three years followed by a retention period of one year. The upfront Performance Rights are subject to a one year retention period.

A Performance Right does not, during the qualification period, carry any right to dividends or other shareholders' rights. During the retention period, dividends may be paid to the extent permitted in accordance with applicable regulatory requirements. If and at each time a record day for receiving a cash dividend to a share as resolved by the bank occurs during the retention period, the number of Performance Rights held by each Participant on such record day shall be adjusted by multiplying such number of Performance Rights by an adjustment factor, which shall be calculated according to the following. The adjustment factor shall be the sum of (1+K), where K is the quotient of the resolved cash dividend amount per share (expressed in SEK) divided by the average daily volume weighted price paid per share (expressed in SEK) at Nasdaq Stockholm during the ten trading days occurring from and including the first trading day prior to the relevant record day until and including the eighth trading day after the record day. Employees who have been identified as material risk takers are not entitled to dividend compensation. Further restrictions may be imposed in relation to material risk takers if it is necessary in order to comply with external regulatory or other requirements.

² Excluding anticipated dividend compensation and adjustment for forfeited Performance Rights.

³ Rounded share price per year end of 2020 has been used as example translation rate.

⁴ Excluding anticipated dividend compensation and adjustment for forfeited Performance Rights.

The number of Performance Rights can be recalculated in case of a bonus issue, new issue of shares, conversion of convertible instruments, share split or reverse share split and in certain other cases.

Each Performance Right carries a conditional right to receive at no cost and automatically one Performance Share in accordance with what is set out in the following.

Performance Shares

Each Performance Right held by a Participant bestows upon the Participant a conditional right to receive automatically and at no cost, one Performance Share at the end of the Performance Rights retention period. As a general rule, the upfront Performance Shares will be received during the first half-year of 2023 and the deferred Performance Shares will be received in 2026 after the publication of the year-end report for 2025. For Participants who have been identified as material risk takers and whose variable remuneration exceeds certain levels, the deferred Performance Shares will be received in 2027. The conditions for receiving a Performance Share are, firstly, as a general rule, that the Participant during the deferral period's qualification period has not given or received notice to leave or for any other reason has ceased to be employed by a IP-eligible company in the Group and, secondly, the following conditions.

In order for a Performance Right to entitle to receive a Performance Share at no cost, the following conditions must be fulfilled during the qualification period:

- (i) the Performance Targets shall still be deemed to have been achieved to the same extent as at the time of the allotment,
- (ii) the results and performances which formed the basis for the allotment of the Performance Rights shall be found sustainable in a long-term perspective with regard to the financial situation of the bank, the employer and/or the Group,
- (iii) the outcome shall still appear justified with regard to the financial situation of the bank, the employer and/or the Group,
- (iv) the outcome shall still appear justified with regard to (a) the results of the bank, the employer and/or the Group, (b) the results of the relevant business area or function, and (c) the relevant Participant's result,
- (v) the outcome shall appear reasonable with regard to other relevant circumstances, including the situation on the equity market and possible changes in accounting principles and regulatory requirements, and
- (vi) the bank's, the employer's and the Group's position shall not have deteriorated materially, and no apparent risk of such material deterioration shall exist.

The Board of Directors, or the Remuneration Committee after authorization by the Board of Directors, shall prior to and in close proximity to each transfer of Performance Shares by virtue of Performance Rights evaluate whether and to which extent the foregoing conditions are fulfilled on Group level and business area level. If not all the conditions are considered to be fulfilled at such time, the Board of Directors or, the Remuneration Committee, has the right, at its own discretion, to unilaterally change the terms and conditions within the framework of IP 2021 as the Board of Directors or, the Remuneration Committee, deems appropriate and in this context for example in whole or in part declare outstanding Performance Rights forfeited, meaning that fewer or no Performance Shares at

all will be transferred to the Participant. A decision of such change shall be publicly announced no later than in connection with the bank's first financial report following the decision.

Hedging

Swedbank shall, subject to certain conditions, ensure that shares are transferred at no cost to the Participants. To the extent the bank chooses to hedge such commitment, different methods are available to the bank. For example, the commitment can be secured by using own repurchased shares, entering into agreements with financial institutions (equity swap agreements, certificates or similar) or by way of directed issues of shares. The Board of Directors has considered different options and intends to hedge the bank's commitment in relation to IP 2021 through the use of own shares. If needed, own shares should be acquired in conjunction with the allotment of Performance Rights from Eken 2021 and IP 2021 (information on Swedbank's sharebased incentive program Eken is included in item 20a)).

The Board of Directors thus proposes that the AGM shall resolve to transfer own shares at no cost to entitled Participants, directly or, where applicable, indirectly through the bank's subsidiaries or to an external party engaged for this purpose, and, if the Board of Directors deems necessary, to transfer shares at Nasdaq Stockholm, in order to cover certain costs, in particular social security costs. For further information please refer to the proposal in item 20 c).

If the AGM does not approve the mentioned hedging alternative, the Board of Directors may instead hedge the bank's commitment to deliver shares according to IP 2021, in whole or in part, by way of an agreement (equity swap agreement, certificate or similar) with a financial institution, according to which the institution will acquire shares in Swedbank in its own name and transfer the shares to the Participants.

Estimated costs for the share part

In the Group's financial accounting, the total Share Performance Amount will normally be recognized as employee costs in the income statement during the accrual period which in the accounts is considered to correspond to the duration.

The total cost corresponds to the Share Performance Amount with deductions for forfeited Performance Rights due to the fact that Participants during the duration give or receive notice to leave or by any other reason cease to be employed by a IP-eligible company in the Group. The cost is thus adjusted for forfeited Performance Rights, i.e. for accrual conditions that are not market conditions. The cost is not adjusted for market conditions, such as the fluctuation of the real value of the Performance Rights between the time of valuation and when the Participant receives Performance Rights 2022 or as a consequence of the Participant receiving additional Performance Rights as dividend compensation. In addition, social security costs and ancillary salary costs are also treated as employee costs. Furthermore, there are corporate tax effects, mainly due to that the employee costs and the social security costs etc. are deductible.

The maximum cost for the Share Performance Amount amounts to approximately SEK 190m, which corresponds to approximately 0.1 per cent of the bank's market value as of 31 January 2021. The estimated cost for the Share Performance Amount amounts to

approximately SEK 61m⁵, which corresponds to approximately 0.05 per cent of the market value as of 31 January 2021.

The maximum annual cost in the income statement is expected to be approximately SEK 45m. The estimated annual cost in the income statement amounts to approximately SEK 15m if the bank's result is in line with previous years, but taking into account the current pandemic situation.

The social security costs, which are deductible, are recognized in the income statement. The costs are depending on the market value of the Performance Shares at the time of delivery, which may not fall earlier than 2023 and 2026. The corporate tax is normally affected by the market value of the Performance Shares at said point in time, since the market value as a rule is deductible when calculating the corporate tax. The corporate tax effect which corresponds to each respective country's corporate tax rate – calculated on the recognized cost for the Performance Rights, associated social security costs and other ancillary salary costs – is recognized in the income statement. Additional corporate tax effects are recognized directly in equity. The calculations take into account differences in tax rules in various countries.

Dilution and effect on key ratios

The total number of Performance Rights which may be allotted to the Participants amounts to a maximum of approximately 1.9m⁶. If the Translation Rate hypothetically is assumed to be SEK 140⁷ the total number of Performance Rights which may be allotted to the Participants amounts to a maximum of approximately 1.4m.

The bank's maximum commitment⁸, if hedged by way of a transfer of own shares, results in a total dilution of not more than approximately 0.2 per cent in relation to the outstanding number of shares and votes as of 31 December 2020.

The dilution is expected to have a marginal impact on the Group's key ratios, also when considering Eken 2021 (according to item 20 a)).

If Swedbank's commitment is hedged by way of an agreement (equity swap agreement, certificate or similar) with a financial institution, according to which the institution will acquire shares in Swedbank in its own name and transfer the shares to the Participants, IP 2021 will not have any dilutive effect, since no new outstanding shares will be added.

Taxation

Taxation of Participants

In Sweden, the Participants will be taxed the income year when the Performance Shares are received (the Performance Right is for tax purposes classified as a so called employee stock option). The taxable value of the fringe benefit that arises when receiving the Performance

⁵ Estimated cost constitutes a preliminary amount.

⁶ Excluding anticipated dividend compensation and adjustment for forfeited Performance Rights.

⁷ Rounded share price per year end of 2020 has been used as example translation rate.

⁸ Excluding anticipated dividend compensation and adjustment for forfeited Performance Rights.

Shares is calculated as the value of the Performance Shares upon delivery. The taxable value will be taxed for the Participants as income from employment.

For Participants in other countries than Sweden, the value of the fringe benefit will in some countries be taxed as income from employment and in some countries not taxed at all.

Taxation of the bank

In Sweden, the bank has full right to deduct the market value of the Performance Shares at the time of transfer to the Participants. The tax deduction follows the financial accounting, i.e., the tax deduction will be accrued over the duration. However, in connection with the transfer of the Performance Shares a final adjustment of the tax deduction (reversed deduction or additional deduction) is made by comparing the market value of the Performance Shares at the transfer with the previous tax deductions. The transfer does not result in any taxable income for Swedbank.

In Sweden, the bank is obliged to pay social security costs for the transfer of the Performance Shares based on the market value of the Performance Shares.

In countries outside Sweden, the bank is normally entitled to fully deduct for the recognized cost and is obliged to pay social security costs for the transfer of the Performance Shares based on the market value hereof. In some of the countries outside Sweden, the deduction and payment of social security costs can be treated differently depending on the tax legislation in the country in question.

Preparation of the program etc.

The proposal for IP 2021 has been prepared by the Remuneration Committee. The Board of Directors' overall assessment is that IP 2021 will motivate the eligible employees to further efforts which will result in long-term creation of value by aligning the interests of the employees with the shareholders' interests.

The Group has share-based programs for 2016 (concluded), 2017, 2018, 2019 and 2020, all of them approved by the general meeting of shareholders of the bank.

The individual program from the previous year has been evaluated. As a result of the evaluation, it is proposed that IP 2021 in large parts remain unchanged in comparison to IP 2020. IP will be assessed prior to next year's AGM and the intention is that a corresponding performance and share based remuneration program, subject to possible amendments resulting from such evaluation, will be proposed for the following years.

The Swedish Financial Supervisory Authority (Sw. Finansinspektionen) and the European Banking Authority issues rules, regulations, guidelines and other regulatory requirements regarding remuneration systems which comprise the bank. It may be necessary to adjust the design of IP 2021 with regard to any amendments to such rules and regulations.

The Board of Directors, or the Remuneration Committee, if so decided by the Board of Directors, has the right to, if necessary, adjust IP 2021 to any new or amended regulatory requirements, or amended practice or interpretation hereof. Such adjustments may result in more stringent as well as more lenient conditions to the variable remuneration according to

IP 2021, such adjustments shall however be made in accordance with the principles for IP 2021, as set out in this resolution. The Board of Directors, the Remuneration Committee, or the CEO (normally via GEC), if so decided by the Board of Directors, has the right to resolve on the detailed terms and conditions for IP 2021, based on the principles for the program as they appear in this resolution.

The Board of Directors shall have the right to resolve that the Share Performance Amount shall form a higher proportion of the Gross Performance Amount than 50 per cent and in such case resolve on how large share of the Share Performance Amount, which shall be deferred in accordance with applicable rules.

The Board of Directors' proposal to the AGM

The part of the resolution by the Board of Directors regarding IP 2021 that involves that variable remuneration under the program shall be paid in the form of shares is adopted subject to the AGM's subsequent approval.

Due to the above, the Board of Directors proposes that the AGM resolves to approve the resolution of the Board of Directors regarding deferred variable remuneration in the form of shares under IP 2021.

The AGM's resolution is valid if supported by shareholders holding more than half of the votes cast.

If the AGM does not approve the share part of the Board of Directors' resolution, the Board of Directors may instead resolve on an individual program for variable remuneration with cash remuneration only, from which, where appropriate and considering Eken 2021 (see item 20 a), categories of Participants that according to external regulatory requirements may not be comprised by a purely cash based remuneration program may be excluded. Such a decision could result in an increased cash portion within the limits of the maximum Gross Performance Amount and that IP 2021 will become a purely cash based program with a certain part as deferred cash remuneration.

Stockholm in February 2021
Swedbank AB (publ)
The Board of Directors