

THE REGULATORY SYSTEM IN SWEDEN FOR DISCLAIMING THE RESPONSIBILITY OF BOARD MEMBER AND CEO AND BY SWEDBANK CONDUCTED LIABILITY INVESTIGATIONS

REGULATORY SYSTEM

1. Liability to the Bank

A founder, board member or CEO who, when he or she fulfils his or her assignment intentionally or through negligence, damages the company must compensate for the damage (29 Chapter, 1 § 1 section 1 paragraph of the Swedish Companies Act (**ABL**)).

For Swedbank AB (publ) (the **Bank**) to be able to claim liability from a board member or the CEO of the Bank, four fundamental conditions must be met:

1. A completed damage must have occurred; the damage must not only be latent and must be able to be determined to a certain monetary amount;
2. The damage must have been caused within the person causing the damage' assignment for the Bank, i.e. in the role of CEO or board member;
3. The person causing the damage must have acted negligently or intentionally; and
4. So-called adequate causality must exist between the negligent or intentional action and the damage in question, i.e. the damage must not only have been caused by chance but by a course of events which is a reasonably normal foreseeable consequence of the negligent or intentional act or omission.

In addition, it should be noted that the responsibility for action or omission in a subsidiary primarily rests with the board of the subsidiary.

2. Discharge from liability

At each Annual General Meeting, a decision shall be made as to whether discharge from liability for the CEO and Board members shall be granted for the past financial year. As a main principle, granted discharge from liability for a person means that an action for damages against the person is ruled out from the Bank's side. Refusal of discharge or the fact that more than one tenth of all shares in the company at the Annual General Meeting vote against discharge, means that it is possible for the Bank to make a claim for damages against the person. If this possibility is to be used, the Bank must in that case file a suit for damages to court against the person in question within one year. If this does not happen, the possibility for the Bank to direct claims against the person for the current financial year is lost, unless an exception is applicable.

3. The five-year rule

If, in material respects, correct and complete information has not been provided to the Annual General Meeting (information provided to the media or otherwise outside the relevant Annual General Meeting should not be considered in this assessment) on the decision or action on which a claim is based, an action for damages may be brought forward even though discharge has previously been granted. If these conditions prevail, the Bank must then file a suit for damages against the person in question to court within five years from the end of the financial

year in which the damaging act or omission was taken. If this does not happen, this possibility for the Bank to direct claims against the person for the current financial year also falls away (29 Chapter, 13 § 2 paragraph, ABL).

4. The right of a minority to file a suit for liability against the CEO and board members on behalf of the Bank

Owners of at least one tenth of all shares in the Bank have in their own name, i.e. not in the name of the Bank, the right to file a suit in court against the person in question for damages to the Bank (29 Chapter, 13 § 2 paragraph, ABL). Shareholders who file such a suit for damages are responsible for the legal costs themselves but are entitled to compensation from the Bank for costs that are covered by what has benefited the Bank in the event of a positive outcome of the legal process.

LIABILITY INVESTIGATIONS PREPARED BY SWEDBANK

1. Liability investigation concerning Birgitte Bonnesen regarding the financial years 2016-2018

The Bank's former CEO Birgitte Bonnesen was not granted discharge from liability for the 2018 financial year at the 2019 Annual General Meeting. In connection with this, the Board commissioned the lawyer and adjunct professor of corporate law Carl Svernlöv to investigate liability issues regarding Birgitte Bonnesen for the financial years 2016-2017, which was the period, in addition to 2018, during which liability issues could be asserted according to the so-called five-year rule. On 21 March 2020, Carl Svernlöv submitted to the Board an investigation into Birgitte Bonnesen's potential liability towards the Bank regarding the financial years 2016-2018.

Carl Svernlöv's liability investigation resulted in a recommendation to refrain from making a claim for damages against Birgitte Bonnesen, as there is a significant difficulty in showing a sufficiently strong causation between Birgitte Bonnesen's actions and the damages that have incurred for Swedbank.

The Board further instructed the law firm Mannheimer Swartling at the end of February 2020, to prepare a draft of a lawsuit as a basis for being able to file suit against Birgitte Bonnesen and to comment to the board of the Bank on the prospects of success for such a suit.

The result of Mannheimer Swartling's analysis was that a possible suit against Birgitte Bonnesen could rest on three grounds, but that it could be difficult to prove a sufficient causation between Birgitte Bonnesen's actions and the subsequent damages. Mannheimer Swartling also considered that Swedbank's opportunities to receive full compensation for damages and legal costs even in the event of success were low, based on the size of the Bank's historical liability insurance. Overall, Mannheimer Swartling's assessment was that the probability of success for Swedbank in a lawsuit against Birgitte Bonnesen was only 10–20 per cent.

In accordance with the recommendation and assessment, the Board decided not to file a suit for liability against Birgitte Bonnesen for the period under review, but to unilaterally terminate Birgitte Bonnesen's severance pay agreement.

2. Investigation of Michael Wolf's potential liability regarding the financial years 2015-2016

In the light of what occurred, in the spring of 2020 the Board instructed Carl Svernlöv to investigate liability issues regarding the Bank's former CEO Michael Wolf for the financial years 2015-2016, the period for which liability issues could be asserted according to the so-called five-year rule. On 22 May 2020, Carl Svernlöv submitted an investigation to the Board of Directors regarding Michael Wolf's potential liability to the Bank regarding the financial years 2015-2016.

The investigation of Michael Wolf's potential liability resulted in a recommendation not to make a claim for damages against him. The conclusion of the investigation was that it was not considered possible to prove necessary negligence, and that there was no basis for making a claim against him regarding the financial years 2015-2016.

In accordance with the recommendation, the Board decided not to initiate legal action for liability against Michael Wolf for the period under review.

3. Investigation of potential liability concerning Birgitte Bonnesen, Lars Idermark and Ulrika Francke regarding part of the financial year 2019 and the financial years 2015-2019, respectively

The Bank's former CEO Birgitte Bonnesen was not discharged from liability for the financial year 2019 at the Annual General Meeting 2020. Furthermore, a minority consisting of more than one tenth of all shares voted at the Annual General Meeting against discharge of liability for the Bank's former chairman Lars Idermark as well as for the Bank's former vice chairman Ulrika Francke who briefly took over as chairman when Lars Idermark left office.

In connection with this, the Board instructed Carl Svernlöv to investigate liability issues regarding Birgitte Bonnesen for the initial part of the financial year 2019 when she remained CEO of the Bank, and against Lars Idermark and Ulrika Francke regarding 2019, as well as regarding 2015-2018, the period beyond 2019 during which liability issues could be asserted in accordance with the so-called five-year rule. On 24 August 2020, Carl Svernlöv submitted to the Board an investigation into these matters.

The investigation resulted in a recommendation not to bring liability action against Birgitte Bonnesen, Lars Idermark or Ulrika Francke. Concerning Birgitte Bonnesen, it was stated that it could be possible to show that Bonnesen had acted negligently, but that it would be very difficult to show a causation between what happened during the first three months of 2019 and the damage that occurred. With regards to Lars Idermark, it was stated that it cannot be completely ruled out that he acted negligently within the framework of his assignment, but that there are compelling reasons against such negligence. In addition, there was not a sufficiently strong causal link. With regards to Ulrika Francke, it was established that no

information had emerged during the investigation that could constitute negligence that would mean ground for damages.

In accordance with the recommendation, the Board decided on 25 February 2021 not to initiate legal action for liability against Birgitte Bonnesen, Lars Idermark or Ulrika Francke for the period under review.

4. Analysis of whether there is a basis to proceed with a complete and in-depth investigation into other former board members

On 4 February 2021, The Swedish Association of Shareholders (“**Aktiespararna**”) submitted a letter to Swedbank's Board requesting, among other things, that the Annual General Meeting on 25 March 2021 address whether Swedbank should investigate the conditions for initiating damage proceedings in court against representatives listed below, in the light of the shortcomings discovered in Swedbank's work against money laundering.

The Board then instructed Carl Svernlöv, based on the insights provided by previous liability investigations, to analyse whether there is ground to proceed with a complete and in-depth investigation also regarding other previous board members specified by Aktiespararna, not already covered by previous liability investigations. They are Pia Rudengren, Siv Svensson, Karl-Henrik Sundström, Ingrid Friberg, Mats Granryd, Bo Johansson, Peter Norman, Magnus Uggla, Bodil Eriksson, Göran Hedman and Anders Sundström. On 23 February 2021, Carl Svernlöv submitted an analysis of the request by Aktiespararna to the Bank.

The analysis resulted in a recommendation to refrain from further investigative measures regarding the additional persons pointed out by Aktiespararna. Even if, in hindsight, it might be concluded that the former CEO and board should have acted differently, it is very difficult to prove this legally. It is also very difficult to show that there is a causal link between the actions and the damage suffered by Swedbank. According to the analysis, it appears almost impossible to succeed with an action against a member of the Board for failure to fulfil his supervisory duty, as it has not previously been considered possible to bring an action against the company's former CEOs.

In accordance with the recommendation, the Board decided on 25 February 2021 to refrain from taking any further investigative measures regarding the additional persons pointed out by Aktiespararna.

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