

Information regarding remuneration in Swedbank 2020

According to the Swedish Financial Supervisory Authority's
Regulations (FFFS 2011:1) and Regulation (EU) No 575/2013

Report on remuneration in Swedbank 2020

BACKGROUND

This report has been established in accordance with the Swedish Financial Supervisory Authority's (SFSA) Regulations (FFFS 2011:1) and Regulation (EU) No 575/2013 on announcement of information regarding remuneration. The report describes Swedbank's view on remuneration and provides information on how variable and fixed remuneration is distributed within the Group.

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1. Overall description of remuneration

A) GENERAL DESCRIPTION OF REMUNERATION IN SWEDBANK

Employees in Swedbank are to be encouraged to perform according to Swedbank's goals, strategy and vision. The remuneration shall also encourage employees to act according to Swedbank's values - simple, open, caring - since this is considered to be the foundation for a successful and long-term business. Further, the total remuneration shall be designed in a way that makes Swedbank attract employees with the needed skills within the existing margins of cost.

Most of the employees have remunerations with one fixed and one variable part which, together with other benefits, make up the employee's total remuneration. The goal is to reach a healthy balance between the variable and the fixed part of the remuneration.

In Sweden most of the employees are also covered by collectively agreed occupational pension plan.

B) DESCRIPTION OF VARIABLE REMUNERATION IN SWEDBANK

Variable remuneration is a component of remuneration which aims to incentivise specific behaviours and desired results, create an alignment between the rewards and risk exposure to those of the shareholders and provide motivation and foster a performance driven culture in the Group.

Variable remuneration is tied to individual performance, the Group's total result and the business area result during the performance year. Variable remuneration is based on relevant, predetermined and measurable criteria, set with the purpose of increasing the Group's long-term value. Variable remuneration will primarily be based on a common risk-adjusted measure of profit. Allotments of variable remuneration are contingent on a positive economic profit (operating profit after deducting company tax and the cost of capital) at the business area and Group levels.

Any variable remuneration to employees in control functions will be determined based on objectives set in the respective control function, independently of the earnings in the business areas they oversee.

The Board can withhold variable remuneration if the Group's financial position has been greatly weakened or there is a significant risk of this occurring, or if improper actions by individuals have adversely affected Swedbank's or a business area's results.

The maximum ratio between variable and fixed remuneration is set in accordance to legislation in force and may never exceed the variable remuneration cap as decided by the Annual General Meeting and/or applicable regulations. For employees whose professional activities have a material impact on the risk profile (Material Risk Takers) the variable remuneration shall not exceed 100 per cent of the yearly fixed remuneration for each individual.

Swedbank currently has three variable remuneration programs. A) For employees included in the general program, Eken 2020, which comprises most of the employees in the Group, 100 % of the variable remuneration will be deferred for three years and paid out in Swedbank AB shares. The deferral period for members of the Group Executive Committee is five years, followed by a one-year retention period for half of the shares. B) For employees included in the individual program, IP 2020, which comprises around 460 employees in the Group, the variable remuneration is either based on Swedbank AB shares and cash or on solely on cash. For Material Risk Takers half of the variable remuneration is based on Swedbank AB shares and half is cash based. At least 40% of the variable remuneration will be deferred for three years, followed by an additional one year retention period for the share-based part. For other IP participants the variable remuneration is fully cash based and deferral is applied in certain cases. C) For employees included in the individual program covering approximately 60 employees within Asset Management, IPAM 2020, half of the variable remuneration is linked to funds managed by the employee and half consist of cash. At least 40% of the variable remuneration will be deferred for three to five years, followed by a one-year retention period for the fund linked part.

C) REMUNERATION POLICY AND THE DECISION-MAKING PROCESS

Remuneration policy

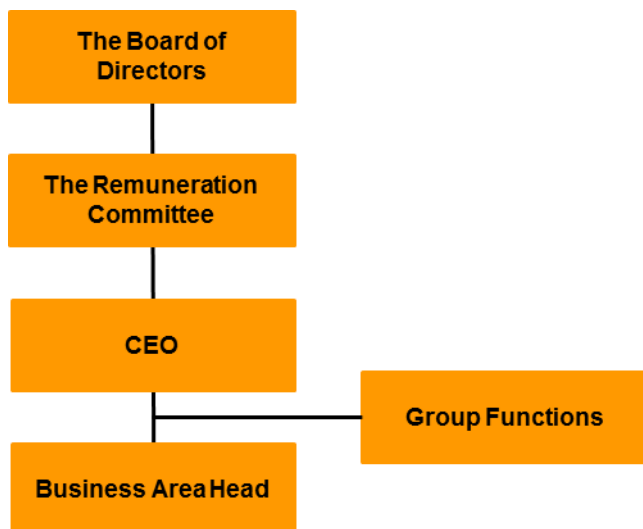
The remuneration policy states the foundations and principles for establishing remunerations within the Group, how the policy should be applied and followed-up as well as how the Group identifies which employees are considered to be Material Risk Takers. In order for the company to be able to identify, measure, direct and report internally and to control the risks its business involves in, the remunerations within the company should be designed so that they are compatible with and encourage efficient risk management and counteract excessive risk taking. Remunerations to individual employees must not counteract the company's long-term interests.

The remuneration policy is reviewed on an annual basis and at other times as necessary. The bank's Board of Directors' decision to introduce the remuneration policy is preceded by and based on an analysis of what risks are associated with the Group's remuneration system and policy.

The CEO of the Bank and those executives who are members of the Group Executive Committee, are subject to the Guidelines for remuneration of top executives applicable at any given time. These guidelines are decided by the shareholders meeting in Swedbank AB pursuant to chapter 7 section 61 of the Companies Act.

Decision making process etc.

The principles for variable remuneration are set out in the Remuneration Policy, which covers all employees within the group. Group HR is responsible for preparing policy proposals. The process for obtaining views on Remuneration Policy proposals conforms to the bank's internal rules for establishing policies. The CEO together with the Group Executive Committee recommends proposals for submission to the Board's Remuneration Committee. The Remuneration Policy is prepared by the Remuneration Committee prior to a decision by the Board of Directors. In order to ensure compliance with the Remuneration Policy, Swedbank has drawn up a workflow with a clear distribution of responsibilities, which is illustrated by the graphic below.



The **Remuneration Committee** is the committee of the Board of Directors which deals with matters concerning remuneration. The Board of Directors appoints the members of the committee. It consists of a minimum of two and a maximum of five board members. The committee's members shall be independent from Swedbank and the group's executive management. The Chair of the committee should have knowledge and experience from risk analysis and the committee's members shall have requisite knowledge of and experience in matters regarding remuneration of top executives and risk management. The Remuneration Committee prepares matters concerning remuneration prior to discussion and decisions by the **Board of Directors**. The Remuneration Committee also prepares matters concerning remuneration to be decided by the Annual General Meeting. The Remuneration Committee had 10 meetings during 2020.

The **CEO** together with the Group Executive Committee evaluates the fulfilment of targets that form the basis of variable remuneration in each business area and prepares and recommend proposals on payments, policies and guidelines for submission to the Board's Remuneration Committee.

The **Business Area Heads** provide the CEO with supporting documents for decisions in each business area.

Group Functions consist of among others the Group functions of HR, Finance, Risk, Legal and Compliance. Their aim is to support the CEO and other decision makers in composing instructions and detailed provisions for variable remuneration within the Group. Some of the functions are also responsible for monitoring and reporting.

2. Quantitative information about remuneration 2020

A) REMUNERATION OUTCOME 2020

In total two individuals in Swedbank consolidated situation has been remunerated between 1.0 – 2,0 MEUR for 2020.¹ The individuals do not belong to any of the sub-consolidated situations or the significant subsidiary reported separately. No other individuals have been remunerated more than 1 MEUR.

Quantitative information about remuneration for the consolidated situation for Swedbank and for the sub-consolidated situations for Estonia, Latvia and Lithuania, with the exception of associate companies, and for the significant subsidiary Swedbank Hypotek, is shown below. Information about fixed and variable remuneration, severance pay and sign-on related for new recruitments for employees whose professional activities have a material impact on the risk profile (Material Risk Takers) is divided into management body, senior executives and business areas. Also, for all employees total expensed fixed and variable remuneration earned 2020 are disclosed.

Comments and definitions on tables below:

- All amounts are presented excluding social costs
- Fixed remuneration include cost for pensions
- All deferred variable remuneration is unvested
- Remuneration for senior executives is reported separately, but is also included in the business area data.
- Senior executives, are defined as the CEO and executives that are part of the executive management.
- Awarded severance pay is normally paid following the notice period, therefore awarded numbers and paid numbers will differ.
- Due to confidentiality reasons Swedbank Hypotek is disclosed on total level only. Severance pay is not disclosed on business area level for all consolidated situations. In the event of one single individual this is only disclosed on total level only, not on business area level.
- Management body is defined as the Board of Directors. Management body members in subsidiaries are remunerated as part of their normal employment, and therefore do not receive any additional remuneration for their management body duties.
- Material Risk Takers, are defined in accordance with Commission Delegated Regulation (EU) No 604/2014 of 4 March 2014 supplementing Directive 2013/36/EU of the European Parliament and of the Council with regard to regulatory technical standards with respect to qualitative and appropriate quantitative criteria to identify categories of employees whose professional activities have a material impact on an institution's risk profile. Material Risk Takers has been defined based on evaluated positions as of December 31st 2020. Identified staff based on other sectorial regulations covering employees within asset management, is not included in the definition of Material Risk Takers.
- Number of employees are defined as full time employees per December 31st 2020.

¹ Remuneration includes fixed salary, variable remuneration, pensions and other benefits.

B) SWEDBANK CONSOLIDATED SITUATION

MSEK	Material Risk Takers								
	Management Body	Senior Executives	Investment Banking	Retail Banking	Asset Management	Corporate Functions	Control Functions	Other Areas	Total
Fixed remuneration 2020	13	97	295	323	11	121	101	137	988
Number of employees	14	17	142	307	8	56	60	68	641
Variable remuneration 2020		0	31	9	0	4	1	1	46
of which non-deferred cash			9	2		1			12
of which non-deferred shares			9	2		1			12
of which deferred cash			6	2		1			9
of which deferred shares		0	7	4	0	1	1	1	13
% of fixed remuneration		0%	11%	3%	1%	3%	1%	0%	5%
Number of beneficiaries		10	142	307	8	56	60	68	641
Severance pay 2020, paid out									9
Highest severance pay to single person									2
Number of beneficiaries									7
Severance pay 2020, awarded									12
Highest severance pay to single person									4
Number of beneficiaries									5
Guaranteed variable remuneration paid out 2020									0
Number of beneficiaries									1
Variable deferred remuneration earned 2016 paid out 2020		1	21	13	0	4	2	3	43
Variable deferred remuneration earned 2017-2019, not paid out		3	43	37	1	10	6	7	104
Variable remuneration earned previous years reduced through performance adjustments during 2020									

Data for all employees in consolidated situation:

Number of FTEs	17 629
Fixed remuneration 2020 (MSEK)	8 806
Variable remuneration 2020 (MSEK)	148
Variable % of fixed remuneration	2%

C) ESTONIA CONSOLIDATED SITUATION

MSEK	Material Risk Takers							Total
	Senior Executives	Investment Banking	Retail Banking	Asset Management	Corporate Functions	Control Functions	Other Areas	
Fixed remuneration 2020	10	5	34	-	7	8	3	57
Number of employees	8	5	49	-	7	11	3	76
Variable remuneration 2020	1	1	2	-	0	0	0	3
of which non-deferred cash	0	0	1	-	-	-	-	1
of which non-deferred shares	0	0	1	-	-	-	-	1
of which deferred cash	0	0	0	-	-	-	-	1
of which deferred shares	0	0	1	-	0	0	0	1
% of fixed remuneration	8%	15%	7%	-	2%	2%	2%	6%
Number of beneficiaries	8	5	49	-	7	11	3	76
Severance pay 2020, paid out								
Highest severance pay to single person								
Number of beneficiaries								
Severance pay 2020, awarded								
Highest severance pay to single person								
Number of beneficiaries								
Guaranteed variable remuneration paid out 2020								
Number of beneficiaries								
Variable deferred remuneration earned 2016 paid out 2020	0	0	2	0	0	0	0	3
Variable deferred remuneration earned 2017-2019, not paid out	1	1	6	0	1	1	0	10
Variable remuneration earned previous years reduced through performance adjustments during 2020								

Data for all employees in consolidated situation:

Number of FTEs	2 809
Fixed remuneration 2020 (MSEK)	664
Variable remuneration 2020 (MSEK)	15
Variable % of fixed remuneration	2%

D) LATVIA CONSOLIDATED SITUATION

MSEK	Material Risk Takers							
	Senior Executives	Investment Banking	Retail Banking	Asset Management	Corporate Functions	Control Functions	Other Areas	Total
Fixed remuneration 2020	13	3	26	2	4	4	3	42
Number of employees	10	5	40	4	5	6	3	63
Variable remuneration 2020	1	0	2	0	0	0	0	2
of which non-deferred cash	0		1					1
of which non-deferred shares	0		1					1
of which deferred cash	0		0					0
of which deferred shares	0	0	1	0	0	0	0	1
% of fixed remuneration	9%	1%	9%	2%	2%	2%	2%	6%
Number of beneficiaries	10	5	40	4	5	6	3	63
Severance pay 2020, paid out								
Highest severance pay to single person								
Number of beneficiaries								
Severance pay 2020, awarded								
Highest severance pay to single person								
Number of beneficiaries								
Guaranteed variable remuneration paid out 2020								
Number of beneficiaries								
Variable deferred remuneration earned 2016 paid out 2020	1	0	2	0	0	0	0	3
Variable deferred remuneration earned 2017-2019, not paid out	2	0	5	0	1	1	1	8
Variable remuneration earned previous years reduced through performance adjustments during 2020								

Data for all employees in consolidated situation:

Number of FTEs	2 048
Fixed remuneration 2020 (MSEK)	416
Variable remuneration 2020 (MSEK)	9
Variable % of fixed remuneration	2%

E) LITHUANIA CONSOLIDATED SITUATION

MSEK	Material Risk Takers							Total
	Senior Executives	Investment Banking	Retail Banking	Asset Management	Corporate Functions	Control Functions	Other Areas	
Fixed remuneration 2020	13	6	52	-	6	4	2	71
Number of employees	8	5	69	-	7	5	2	89
Variable remuneration 2020	1	0	3	-	0	0	0	4
of which non-deferred cash	0	0	1	-	-	-	-	1
of which non-deferred shares	0	0	1	-	-	-	-	1
of which deferred cash	0	0	1	-	-	-	-	1
of which deferred shares	0	0	1	-	0	0	0	1
% of fixed remuneration	10%	8%	6%	-	1%	1%	1%	6%
Number of beneficiaries	8	5	69	-	7	5	2	89
Severance pay 2020, paid out								
Highest severance pay to single person								
Number of beneficiaries								
Severance pay 2020, awarded								
Highest severance pay to single person								
Number of beneficiaries								
Guaranteed variable remuneration paid out 2020								
Number of beneficiaries								
Variable deferred remuneration earned 2016 paid out 2020	1	0	3	0	0	0	0	4
Variable deferred remuneration earned 2017-2019, not paid out	1	1	8	0	1	1	0	10
Variable remuneration earned previous years reduced through performance adjustments during 2020								

Data for all employees in consolidated situation:

Number of FTEs	2 812
Fixed remuneration 2020 (MSEK)	590
Variable remuneration 2020 (MSEK)	13
Variable % of fixed remuneration	2%

F) SWEDBANK HYPOTEK

	Material Risk Takers
MSEK	Total
Fixed remuneration 2020	4
Number of employees	3
Variable remuneration 2020	0
of which non-deferred cash	
of which non-deferred shares	
of which deferred cash	
of which deferred shares	0
% of fixed remuneration	1%
Number of beneficiaries	3
Severance pay 2020, paid out	
Highest severance pay to single person	
Number of beneficiaries	
Severance pay 2020, awarded	
Highest severance pay to single person	
Number of beneficiaries	
Guaranteed variable remuneration paid out 2020	
Number of beneficiaries	
Variable deferred remuneration earned 2016 paid out 2020	0
Variable deferred remuneration earned 2017-2019, not paid out	0
Variable remuneration earned previous years reduced through performance adjustments during 2020	

Data for all employees:

Number of FTEs	9
Fixed remuneration 2020 (MSEK)	8
Variable remuneration 2020 (MSEK)	0
Variable % of fixed remuneration	1%