

TRANSLATION

Proposal of the Board of Directors of Swedbank AB for a resolution regarding authorisation for the Board of Directors to decide on acquisition of the bank's own shares, in accordance with item 18 of the proposed Agenda for the AGM 2016

Background and purpose

In 2014, the Swedish Financial Supervisory Authority (SFSA) clarified the majority of the capital requirements that apply for Swedish banks. The risk weight floor for Swedish mortgages was raised from 15 to 25 per cent. During 2015, the SFSA presented its opinion on the capital requirements for the so-called Pillar 2 risks, inter alia, concerning which methods for calculation that should be used for credit concentration risks, pension risks and interest risks in the bank's business outside of the securities market. In January 2016, the SFSA confirmed its previously presented intention to not pass any formal resolutions concerning capital requirements for Pillar 2 risks.

By reason hereof, it can be assessed that the Common Equity Tier 1 capital for Swedbank's individual Pillar 2 risks amounts to 0.9 per cent and that the capital requirement for Swedbank, calculated as of 31 December 2015, corresponds to a Common Equity Tier 1 capital ratio of 19.9 per cent and a total capital requirement of 25.3 per cent, with regard to a future increase of the countercyclical capital buffer value of 1.5 per cent in June 2016. Swedbank's Common Equity Tier 1 capital ratio was 24.1 per cent and the total capital ratio was 30.3 per cent as of 31 December 2015.

Given the current capitalization and earnings capacity, the Board of Directors is of the opinion that the bank meets the regulatory requirements on Common Equity Tier 1 capital with an adequate buffer.

At the same time that the Swedish capital requirements have been clarified, an international effort is underway regarding future capital requirements for banks. Among other things, the Basel Committee is conducting an extensive analysis to improve the comparability of banks' capital ratios. The review covers future standard methods for calculating capital requirements for credit, market and operational risks. The committee

also proposes a capital floor based on the standard methods for banks that use internal models. Due to uncertainty about the specifics of the new regulations as well as how and when they will be implemented, it is still too early to draw any conclusions on the potential impact on Swedbank. An evaluation of the leverage ratio is also underway ahead of the possible introduction of a minimum requirement in 2018. Swedbank's leverage ratio taking into account the EU Commission's clarification of the definition was 5.0 per cent as per 31 December 2015.

In addition, as of 1 February 2016, Sweden has implemented legislation concerning so-called resolution, which will provide the relevant public authorities with means to handle banks in crisis. A minimum requirement of debt and capital base, which is determined as a percentage, that the authorities may depreciate, form part of the legislation. This legislation might, also, affect the Board of Directors' opinion on the capital requirements.

Further, the conditions for the bank's business as well as the external conditions are constantly changing. Hence, it may become desirable to increase or decrease the capital base or change the composition between Common Equity Tier 1 capital and other capital, for example by repurchase of the bank's own shares, issue of loans eligible for inclusion in the capital base or a combination of different measures.

Consequently, an authorization by the AGM to the Board of Directors to decide on acquisition of own shares is justified as one of several measures to give the Board of Directors the possibility to continuously adapt the bank's capital structure to existing capital needs.

In accordance with item 19 of the proposed agenda, the Board of Directors proposes that the AGM, in addition to the authorization as set out below, authorize the Board of Directors to decide on the issuance of convertibles to be included in the capital base.

According to item 20 c) in the proposed agenda the Board of Directors proposes that, with deviation from the shareholders' preferential rights, repurchased own shares, held by Swedbank may be transferred at no cost to entitled participants in common and individual performance and share based remuneration programs resolved by or adopted by a General Meeting of shareholders.

According to Chapter 19 Section 17 of the Swedish Companies Act (2005:551), a public limited liability company's – with shares traded on a regulated market – acquisition of its own shares requires the approval of the institution's General Meeting or, with the authorisation of the General Meeting, the Board of Directors. Furthermore, it is necessary to receive approval from competent authorities, in the Swedbank case the SFSA, for the acquisition of the own shares.

Conditions for acquisition of the bank's own shares

Based on the foregoing the Board of Directors proposes that the AGM authorises the Board of Directors to, during the period until the AGM in 2017, resolve on acquisitions of the bank's own shares in Swedbank AB as set out below:

1. Acquisitions shall only be made through purchases on Nasdaq Stockholm
2. The authorisation may be utilised on one or several occasions prior to the AGM 2017
3. The bank's total holding of its own shares (including shares acquired under item 17 in the proposed agenda) may not exceed ten per cent of the total number of shares in Swedbank
4. Acquisitions may only be made at a price within the prevailing spread between the highest bid price and the lowest ask price at the time of acquisition
5. Acquisition may only be done if the SFSA has granted its approval

The Board of Directors' statement according to Chapter 19 Section 22 of the Swedish Companies Act is issued separately and is attached to this proposal.

Majority requirement

For a decision in accordance with the Board's proposal, it is required that the resolution of the AGM is supported by shareholders representing at least two-thirds both of the votes cast and of the shares represented at the Meeting.

Stockholm in February 2016

Swedbank AB (publ)
The Board of Directors