

TRANSLATION

## Proposal of the Board of Directors of Swedbank AB for a resolution on guidelines for remuneration to top executives in accordance with item 16 of the proposed Agenda for the AGM 2016

This proposal has been prepared by the Board of Directors of Swedbank AB after preparation by the Board's Remuneration Committee in accordance with Chapter 8 Sections 51–54 of the Swedish Companies Act (2005:551). The Board of Directors proposes that the AGM resolves on the following guidelines for remuneration for top executives.

### Purpose and basic principles

These guidelines constitute a frame for which remuneration to top executives may be decided by the Board of Directors during the period of time for which the guidelines are in force.

The purpose of the guidelines is to increase the transparency in remuneration matters, to support the business objectives of the bank by effective remuneration structures and to establish basic values and guidelines for remuneration to the top executives of the bank.

Remuneration to and other terms of employment for the top executives of the bank shall be designed so that they are consistent with and promote effective risk management and counteract excessive risk-taking. Further, they shall be designed with the purpose of ensuring the bank's access to top executives with the competence that the bank needs at costs adapted to the bank and so that they have the intended effects on the business. Such remuneration and terms shall also:

- support the bank's vision, objectives, values and business strategy,
- encourage top executives to achieve set individual goals,
- be competitive and in line with market conditions, and
- be decided regardless of gender, transgender identity or expression, ethnicity, religion or other belief, disability, sexual orientation or age.

### Decision procedures

The Remuneration Committee of the Board shall review and evaluate the implementation of the guidelines, programs for variable remuneration for top executives that are in progress or have been completed during the year and applicable remuneration structures and remuneration levels in the bank. The Board of Directors shall not later than three weeks before the AGM submit a report of the outcome of the evaluation at the bank's web page, in its special section for corporate governance matters.

The Remuneration Committee of the Board shall each year prepare the Board of Director's proposal on guidelines. Based upon the Remuneration Committee of the Board

recommendation, the Board of Directors shall each year make a proposal on guidelines to be resolved by the AGM.

The guidelines shall be applied in relation to every commitment on remuneration to top executives, and every change of such commitment, which is resolved after the AGM at which the guidelines were adopted. Thus, they have no impact on already pre-existing contractually binding commitments. The guidelines shall apply until the next AGM. Guidelines resolved upon may also be amended by way of a resolution by any other General Meeting.

Within the scope and on the basis of the guidelines, the Board of Directors shall, starting from Remco's preparation and recommendations, annually decide on the specific revised remuneration terms for each top executive and make such other decisions on remuneration for top executives that may be required.

Even without support in the guidelines the Board of Directors may decide on items that are immaterial in this context and of a conventional type as well as on such benefits as are offered to a larger group of employees, inter alia lunch benefits.

Fixed remuneration is paid out by the bank in accordance with agreements entered into. Payment of variable remuneration to top executives under any incentive program shall be decided upon by the Board of Directors with respect to each specific program.

The Board of Directors may deviate from these guidelines, if there in a specific case exists special reasons for it. Any such deviation shall be reported and motivated by the Board of Directors in connection with the proposal for guidelines to the next AGM.

### Top executives

In this context top executives are defined as the CEO of Swedbank and the executives who are members of the Group Executive Committee.

### Principles for decisions on remuneration levels

The levels of the remuneration to top executives shall be decided, taking into consideration the following factors:

- degree of difficulty and complexity of the position,
- revenue and cost responsibility,
- performance,
- competence and experience, and
- market conditions.

### Principles for decisions on fixed remuneration and variable remuneration

The remuneration to the top executives can consist of the following components: *fixed remuneration* in the form of base salary, benefits and pension and *variable remuneration* in the form of cash or shares under incentive programs. When determining the various components, the following principles shall be applied.

### Fixed remuneration

*Base salary:* Each top executive shall receive a base salary, i.e. a fixed salary.

*Benefits:* Each top executive may be entitled to both general benefits that are offered to all staff and special extra benefits.

*Pension:* Pension benefits shall generally be granted in accordance with rules, collective agreements and practice in the country where each respective top executive is permanently resident. Pension benefits for top executives may be defined benefit according to collective agreements and/or defined contribution and are vested once they have accrued. For top executives the pensionable income shall have a cap decided by the Board of Directors.

*Severance pay etc:* Generally, salary during notice period and severance pay shall correspond with rules, collective agreements and practice in the country where each respective top executive is permanently resident. Further, the following shall apply: If the bank terminates the employment, salary may be paid during a notice period of 6–12 months. In addition, severance pay based on fixed monthly salaries can be paid during 6–12 months. Total remuneration during notice period and the period when severance pay is due shall not exceed a sum corresponding to the agreed fixed salary at the time of notice and benefits in accordance with the employment agreement during 12 months and the agreed fixed salary for 12 months.

Further details on fixed remuneration are set out in note G 13 to the bank's annual report for the most recent financial year.

### Variable remuneration

The General Meeting shall decide on material terms and conditions on any incentive program for top executives. Variable remuneration shall be relevant and reasonable in relation to total remuneration. Variable remuneration shall be linked to predetermined and measurable criteria and may be paid in the form of shares in Swedbank. For variable remuneration, limits for the maximum outcome shall be set for each individual top executive. Variable pay shall be deferred and be conditional on the criteria fulfilment on which the remuneration is based being proved long-term sustainable and on the group's position not having materially deteriorated.

The Board of Directors has, subject to the approval of the AGM 2016, resolved to establish a general performance and share based remuneration program for 2016 ("Eken 2016"), resting mainly on the same principles as Eken 2015. Top executives are as a general rule included in Eken 2016.

The Board of Directors has, subject to the approval of the AGM 2016, also resolved to establish an individual performance and share based remuneration program for 2016 ("IP 2016"), resting mainly on the same principles as IP 2015. Top executives are as a general rule not included in IP 2016. However, the Board of Directors, or the Board of Directors' Remuneration Committee after a resolution by the Board of Directors, may grant exemptions from this where material grounds exist.

Further details on variable remuneration, are set out in note G 13 in the bank's annual report for the most recent financial year and the board's proposal according to item 20 in the proposed agenda for the AGM 2016.

### Total remuneration cost

The total remuneration cost is comprised of the bank's annual cost for base salary, incentive programs, benefits and pension for each respective top executive, including social security contributions and special employer's contribution on pension costs.

**Remuneration previously resolved but not due**

Information of the pension undertakings of the bank are set out in note G 13 to the bank's annual report for the most recent financial year.

Stockholm in February 2016

Swedbank AB (publ)  
The Board of Directors