18. Proposal by the Board of Directors regarding a Long Term Incentive Programme

a) Long Term Incentive Programme

Background

The annual general meeting 2007 resolved to introduce a Long Term Incentive Programme 2007 and the programme has been followed by similar programmes annually. The Board proposes that the existing programmes are followed by a Long Term Incentive Programme 2012 ("LTIP 2012").

The underlying basic principles for compensation under the programmes are that the compensation shall be dependent on the creation of long term shareholder value and the fulfilment of Nordea's long term financial targets. Nordea has replaced the previous long term financial targets total shareholder return and risk-adjusted profit with the new financial target return on equity ("ROE"). In the proposed LTIP 2012 the financial performance criteria is risk-adjusted return on capital at risk ("RAROCAR") which is Nordea's internal version of ROE. RAROCAR replaces the performance criteria risk adjusted profit per share. In order to reward performance in line with Nordea's ambition to stay in the top league of European banks, the performance criteria total shareholder return is replaced by RAROCAR and the ratio Price to tangible Book ("P/B"). P/B has the last years been highlighted as a measure ranking quality and performance and there is a strong correlation between P/B and ROE.

LTIP 2012

The Board's main objective with the proposal is to strengthen Nordea's capability to retain and recruit the best talents for key leadership positions. The aim is further to stimulate the managers and key employees whose efforts have direct impact on Nordea's result, profitability and long term value growth, to increased efforts by aligning their interests and perspectives with those of the shareholders. The intention is that the programme will be followed by similar programmes during the coming years.

Personal investment

In order to participate the employees have to hold Nordea shares. The shares could be previously held or purchased in the market before entering into the LTIP 2012 agreement ("Saving Shares"). For each Saving Share held, Nordea shall, free of charge, allot a certain number of matching shares and performance shares based on the conditions set out below.

Allotment will take place after the period commencing on the 25 April 2012 and ending in conjunction with the release of the interim report for January-March 2015 ("Vesting Period"). For Nordea Group Executive Management ("GEM") and certain other employees within the group of employees being defined as identified staff by the board of directors in accordance with Nordea's Remuneration Policy ("Identified Staff"), a deferral period of 3-5 years is required by applicable laws and regulations and parts of the allotment under LTIP 2012 may thus be postponed accordingly ("Deferral Period").

The number of Saving Shares held within LTIP 2012 by each participant may not exceed a number equivalent to 10 per cent of the participant's annual base salary (for GEM the number is 15 per cent) by year-end 2011 divided by the average share price of the Nordea share on the NASDAQ OMX Stockholm during December 2011.[1]

To further align the interests of the participants with the interests of the shareholders, the Board views it positive if the participants, as the matching shares and performance shares are allotted, retain the allotted shares (those remaining after shares have been sold to pay applicable taxes). The guiding principle is that members of GEM over time, if possible, accumulate and retain shares with a value corresponding to twelve months' base salary and that other participants over time, if possible, accumulate and retain shares with a value corresponding to six months' base salary.

Terms and conditions

Allotment of matching shares, performance shares I and performance shares II is governed by the following terms and conditions:

- the participant must, with certain exemptions, remain employed within the Nordea Group during the entire Vesting Period and all Saving Shares must be retained during this period,
- the participant has no right to pledge, dispose or transfer the entitlement to allotment of Nordea shares or to execute any shareholders' rights during the Vesting Period, including, if applicable, the Deferral Period,
- the fulfilment of the performance conditions set out below to be entitled to allotment of performance shares I and II,
- allotment will take place free of charge after the Vesting Period, however, no later than 14 calendar days after the publication of Nordea's interim report for January-March 2015 and, if applicable, pro-rata during the Deferral Period,

[1] Considering the volatility in share price, the average share price is used when calculating the number of Saving Shares each participant may hold under LTIP 2012.

- dividends paid on the underlying Nordea share will increase the number of shares that each participant may be allotted after the Vesting Period and, if applicable, pro-rata during the Deferral Period,
- the participant's maximum profit of the LTIP 2012 will be calculated at the end of the Vesting Period and shall not exceed the participant's annual base salary by yearend 2011,
- prohibition to enter into personal hedging and insurance arrangements for certain financial effects during the Vesting Period and, if applicable, the Deferral Period, and
- retention period of up to twelve months on allotments under LTIP 2012 for certain Identified Staff as required by applicable laws and regulations.

The Board shall be responsible for preparing and deciding on the detailed terms and conditions for the LTIP 2012 in accordance with this proposal. To this end, the Board shall be entitled to make adjustments to the terms and conditions of LTIP 2012 to meet legal requirements. The Board may also make other adjustments if significant changes in the Nordea Group, or its operating environment, would result in a situation where the decided terms and conditions for the LTIP 2012 would become unsuitable. Any adjustments to the LTIP 2012 must however be within the limits of maximum number of shares and the calculated costs for the LTIP 2012. The Board may also reduce the number of shares to be allotted (including reducing to nil) if the allotment would be deemed unjustified given the performance of the Nordea Group, relevant business unit, if applicable, or the participant (forfeiture).

The Board shall also be entitled to recalculate RAROCAR due to a) new external regulations and requirements, including capital requirements in addition to what are so far announced b) deviations compared to forecasted effects from roll-out of already known regulatory approvals and c) model changes. The outcome of the recalculation has to be confirmed by Nordea's external auditor.

The Board may delegate the power to prepare, decide on, amend or adjust the LTIP 2012 in accordance with the above to the Board Remuneration Committee.

Performance conditions

The number of performance shares I and II the employees will be allotted is, in addition to the conditions mentioned above, dependent on the fulfilment of the below described performance conditions.

- *Performance share I* – If Nordea's average RAROCAR during the period 2012 to and including 2014 ("Average RaRoCaR") amounts to fourteen (14) per cent the participant is entitled to receive allotment of the number of performance shares I corresponding to ten (10) per cent of the maximum number of performance shares I that may be allotted (minimum hurdle). If Average RAROCAR amounts to or exceeds seventeen (17) per cent, the participant is entitled to receive allotment of the maximum number of performance shares I that may be allotted (stretch target). If Average RAROCAR exceeds the minimum hurdle but is less than the stretch target, the participant is entitled to receive allotment corresponding to ten (10) per cent of the maximum number of performance shares I that may be allotted plus a proportionate number of performance shares I based on a linear interpolation between the minimum hurdle and the stretch target.

- *Performance share II* – If Nordea's Average RAROCAR amounts to or exceeds fourteen (14) per cent and Nordea's P/B (where P is based on the closing share price of the Nordea share the trading day following the day of the last published interim report for 2014 in Nordea's peer group below and B is the book equity as of year-end 2014 adjusted for intangible assets in accordance with the interim report or annual report 2014 if made public) ("P/B 2014") places Nordea in the eleventh position or lower compared to the correspondent P/B 2014 for the other banks in the peer group, currently including five Nordic and fourteen other European banks as determined by the Board, presently Banco Bilbao Vizcaya Argenaria (BBVA), Barclays, BNP Paribas, Commerzbank, Crédit Agricole, Danske Bank, Deutsche Bank, DNB, Erste Bank, Banco Santander, Intesa Sanpaolo, KBC, Lloyds TSB, Royal Bank of Scotland, SEB, Société Générale, Svenska Handelsbanken, Swedbank and UniCredit, the participant will not be entitled to allotment. If Nordea's Average RAROCAR amounts to or exceeds fourteen (14) per cent and Nordea's P/B 2014 places Nordea in position 6-10 the participant is entitled to the following allotment of performance shares II: position six - allotment corresponding to seventy-five (75) per cent of the maximum number that may be allotted, position seven - allotment corresponding to sixty (60) per cent of the maximum number that may be allotted, position eight - allotment corresponding to forty-five (45) per cent of the maximum number that may be allotted, position nine - allotment corresponding to thirty (30) per cent of the maximum number that may be allotted and, position ten - allotment corresponding to fifteen (15) per cent of the maximum number that may be allotted. If Nordea's Average RAROCAR amounts to or exceeds fourteen (14) per cent and Nordea's P/B 2014 places Nordea in the first to fifth position, the participant is entitled to receive allotment corresponding to the maximum number of performance shares II that may be allotted (stretch target).

Allotment and allocation

Each Saving Share entitles the participant to allotment of one (1) matching share, a maximum of two (2) performance shares I and a maximum of one (1) performance share II. However, for Identified Staff, having to respect a Deferral Period and retention period as required by applicable laws and regulations, each Saving Share entitles the participant to allotment of one (1) matching share, a maximum of three (3) performance shares I and a maximum of one (1) performance shares II.

In total, LTIP 2012 comprises a maximum of 9,360,000 Nordea shares, of which 1,800,000 consist of matching shares and 6,000,000 consist of performance shares I and performance shares II. The additional 1,560,000 shares relate to such shares that may be conveyed by Nordea in order to cover certain costs, mainly social security costs. The maximum number of ordinary shares comprised by LTIP 2012 amounts to approximately 0.23 per cent of the total number of outstanding ordinary shares.

Hedging

LTIP 2012 entails a certain financial exposure for Nordea, due to market price changes for the Nordea share. The Board intends to hedge the financial exposure by way of entering into an equity swap agreement with a third party or, provided that the Annual General Meeting resolves in accordance with item 18 b) on the agenda, by way of a combination of (i) reallocation from the hedges of LTIP 2007-2009 to LTIP 2012 and (ii) a new issue of redeemable and convertible C-shares. The Board regards the latter to be the most cost efficient and flexible arrangement for the conveyance of Nordea shares and for covering certain costs, mainly social security costs. However, independent of hedging method, the costs of the LTIP 2012 will be charged to the income statement during the Vesting Period.

Estimated costs and values of LTIP 2012

The entitlement to matching shares and performance shares cannot be pledged or conveyed to others. An estimated value for each entitlement can however be calculated. The Board has estimated the value of each entitlement to a matching share to EUR 6.55 and the average value of each entitlement to a performance share to EUR 3.28. The estimation is based on generally accepted valuation models using the closing price for the ordinary share on 1 February 2012, statistics on ordinary share price development as well as projected dividends. The aggregated estimated value of all the 1,800,000 matching shares and 6,000,000 performance shares based on a fulfilment of the performance conditions for the performance shares I and II of 50 per cent and estimations on turnover of personnel, is approximately EUR 27m. The value is equivalent to approximately 0.10 per cent of the market capitalisation for Nordea as of 1 February 2012.

The value is expensed as a staff cost in the profit and loss accounts over 36 months, i.e. during the Vesting Period, in accordance with IFRS 2 Share-based payments. In the profit and loss accounts social security costs will be recognised in accordance with generally accepted accounting principles. The size of these costs will be calculated on the benefits derived from the Nordea share price development during the Vesting Period and at allotment of matching shares and performance shares I and II. Based on a theoretical assumption of an annual share price increase of 10 per cent and a vesting period of three years the cost of LTIP 2012 including social security costs equals approximately EUR 34m, which is equivalent to approximately 1.00 per cent of Nordea's total staff costs in financial year 2011. The estimated maximum cost for LTIP 2012 equals, based on the assumptions above, approximately EUR 63m, including EUR 20m in social security costs.

Effects on key ratios

The costs and the dilution are expected to have a marginal impact on the Nordea Group's key ratios.

Participants

LTIP 2012 comprises up to 400 managers and other key employees in the Nordea Group. If delivery of shares under LTIP 2012 cannot be accomplished at reasonable costs and with reasonable administrative efforts, the participants may instead be offered a cash-based settlement.

The preparation of the proposal

The Board Remuneration Committee has prepared this matter, whereafter the Board has resolved to propose the Annual General Meeting the current proposal for LTIP 2012.

The Board's proposal

Referring to the above-mentioned description, the Board proposes that the Annual General Meeting resolves to adopt LTIP 2012.

Majority Requirement

The decision by the Annual General Meeting regarding LTIP 2012 is valid where supported by shareholders holding more than half of the votes cast at the Annual General Meeting.

b) Conveyance of shares under the Long Term Incentive Programme

The Board's proposal

The Board proposes that the Annual General Meeting resolves on (i) issue of C-shares, (ii) acquisition of C-shares, (iii) reallocation of 6,680,832 shares from the hedges of the respective LTIPs 2007-2009 to LTIP 2012, since these shares no longer are required to secure Nordea's obligations under the LTIPs 2007-2009, and (iv) on conveyance of shares under the LTIPs 2008–2012, respectively, in accordance with the principal terms and conditions set out below.

1. Directed Cash Issue

Increase of Nordea's share capital by maximum EUR 2,679,168 through an issue of 2,679,168 C-shares.

The issue will be effected on the following terms.

a) The new shares shall – with deviation from the shareholders' preferential right to subscribe for shares – be subscribed for only by The Royal Bank of Scotland plc.

b) The new shares shall be issued at a price corresponding to the quotient value of the shares at the time of the subscription of the shares.

c) The new shares shall be subscribed for during the period 27 April – 25 May 2012, with a right for the Board to extend the subscription period. Oversubscription is not permitted.

d) Payment for shares subscribed for shall be effected at subscription of the shares.

e) The new shares do not entitle to any dividend.

f) The new shares will be subject to restrictions as set forth in Chapter 4, Section 6 (conversion provision) and Chapter 20, Section 31 (redemption provision) in the Swedish Companies Act (SFS 2005:551).

2. Authorisation for the Board to decide on a directed offer to acquire own shares

Authorisation for the Board to decide on acquisition of C-shares in Nordea on the following terms.

a) Acquisition may be made through a public offer directed to all owners of C-shares in Nordea.

b) The authorisation is valid and may be exercised until the Annual General Meeting of Shareholders 2013.

c) The number of C-shares permitted to be acquired shall amount to 2,679,168.

d) Acquisition of shares shall be made at a lowest price per share of 100 per cent and a highest price of 105 per cent of the quotient value, applicable at the time of the subscription of shares according to section 1 b) above.

e) Payment for shares acquired shall be made in cash.

f) The Board shall be authorised to establish additional terms for the acquisition.

g) Acquisition shall also include a so called interim share, designated by Euroclear Sweden AB as a ”paid subscription share” (Sw. “BTA”) relating to a C-share.

3. Reallocation of shares

Reallocation of 856,549 ordinary shares from the hedge of LTIP 2007, 1,000,897 ordinary shares from the hedge of LTIP 2008 and 4,823,386 ordinary shares from the hedge of LTIP 2009 to the hedge of LTIP 2012.

4. Conveyance of own shares acquired

The Board intends, in accordance with provisions in the Articles of Association, to decide on conversion of all C-shares to ordinary shares.

Resolutions on conveyance of the company's own shares may be made on the following terms.

a) Conveyance may be made only of ordinary shares in Nordea and a maximum of 7,800,000 shares may be conveyed to participants in LTIP 2012.

b) Conveyance of shares shall be made without consideration at the time and on such additional terms and conditions that participants in LTIP 2012 are entitled to receive allotment of shares.

c) Nordea shall have the right to, prior to the annual general meeting of Shareholders 2013, in order to cover certain costs, mainly social security costs:

- convey a maximum of 125,000 ordinary shares of the ordinary shares hedging Nordea's obligations under LTIP 2008;
- convey a maximum of 125,000 ordinary shares of the ordinary shares hedging Nordea's obligations under LTIP 2009;
- convey a maximum of 1,025,000 ordinary shares of the ordinary shares hedging Nordea's obligations under LTIP 2010;
- convey a maximum of 1,050,000 ordinary shares of the ordinary shares hedging Nordea's obligations under LTIP 2011; and
- convey a maximum of 1,560,000 ordinary shares of the 9,360,000 ordinary shares, which, after conversion from C-shares and reallocation of 6,680,832 shares from the hedges of LTIP 2007-2009 to LTIP 2012, are proposed to hedge Nordea's obligation under LTIP 2012.

Conveyance of the shares under this section 4 c) shall be effected at NASDAQ OMX Stockholm at a price within the price interval prevailing at each time for the share.

The reasons for the deviation from shareholders' preferential rights are the following. The issue of shares, the acquisition and the conveyance of own shares are integrated parts of the previously resolved LTIP 2008- LTIP 2011 and the now proposed LTIP 2012. Therefore, and in light of the above, the Board considers it to be to an advantage for Nordea and the shareholders that the participants in LTIP 2012 are offered to become shareholders in Nordea. For the purpose of minimising Nordea's costs for LTIP 2012, the subscription price has been fixed at a price equivalent to the quotient value of the share.

Authorization for the CEO

Finally, the Board proposes that the CEO is authorized to make the minor adjustments to the above resolutions regarding the Directed Cash Issue of C-shares in connection with the registration thereof with the Swedish Companies Registration Office.

Majority Requirement

The Board's proposal under item 18 b) sections 1-4 above, shall be viewed as one decision, and the decision by the annual general meeting is valid where supported by shareholders holding no less than 90 per cent of both the votes cast and the shares represented at the annual general meeting. The Board's proposal pursuant to this item 18 b) is subject to that the Board's proposal regarding the Long Term Incentive Programme has been approved by the annual general meeting ((item 18 a) above).

Stockholm 8 February 2012
THE BOARD OF DIRECTORS