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Decisions by Nordea's AGM 2019

Nordea Bank Abp – Stock exchange release – Decisions of general meeting

Today's Annual General Meeting (AGM) of Nordea Bank Abp approved the accounts for the accounting period ending 31 December 2018 and decided on a dividend of 0.69 euro per share with 1 April 2019 as the record date for dividend. The Board of Directors and the President and Group CEO were discharged from liability. Torbjörn Magnusson was elected new chair of the Board of Directors. Kari Jordan, Petra van Hoeken and John Maltby were elected new board members.

Dividend

The AGM decided on a dividend of 0.69 euro per share with 1 April 2019 as the record date for dividend.

The dividend will be paid on 8 April 2019 or as soon as possible after that day.

Election of board members

Torbjörn Magnusson, Pernille Erenbjerg, Nigel Hinshelwood, Robin Lawther, Sarah Russell, Birger Steen and Maria Varsellona were re-elected board members and Kari Jordan, Petra van Hoeken and John Maltby were elected new board members for the period until the next AGM. Torbjörn Magnusson was elected new chair of the Board of Directors.

Further, the Board of Directors has three ordinary members and one deputy member of the Board of Directors appointed by the employees: Gerhard Olsson, Hans Christian Riise, Dorrit Groth Brandt and Kari Ahola (deputy).

Decisions by the Board of Directors

At the subsequent statutory board meeting Kari Jordan was elected vice-chair of the Board of Directors.

With effect as of 1 January 2019, a new Group Risk & Compliance function was established at Nordea, consolidating the existing second line of defence functions, Group Compliance and Group Risk Management & Control, into one organisational unit. To align the board committee structure with the operational risk set-up, the Board of Directors decided to allocate compliance-related matters, currently in scope for the Board Operations and Compliance Committee ("BOCC"), to the Board Risk Committee in order to have one common board committee for the second line of defence. To reflect the changes in the scope of activities, the BOCC was renamed the Board Operations Committee.

The Board of Directors appointed the members of the four board committees as follows:

Sarah Russell (Chair), Pernille Erenbjerg, Petra van Hoeken and Torbjörn Magnusson were appointed members of the Board Audit Committee.

Nigel Hinshelwood (Chair), Petra van Hoeken, John Maltby, Birger Steen and Maria Varsellona were appointed members of the Board Risk Committee.

Robin Lawther (Chair), Kari Jordan, Torbjörn Magnusson and Gerhard Olsson were appointed members of the Board Remuneration Committee.

Birger Steen (Chair), Pernille Erenbjerg, Nigel Hinshelwood and John Maltby were appointed members of the Board Operations Committee.

Election of auditor

PricewaterhouseCoopers Oy was re-elected auditor for the period until the next AGM.

PricewaterhouseCoopers Oy has notified the company that the authorised public accountant Juha Wahlroos will continue as the responsible auditor.

Remuneration

The AGM resolved on the remuneration to board members amounting to 300,000 euro for the chair, 145,000 euro for the vice-chair and 95,000 euro for the other members.

In addition, remuneration will be paid for board committee work on the operations committee, the audit committee and the risk committee amounting to 60,000 euro for the committee chair and 30,000 euro for the other members and for board committee work on the remuneration committee amounting to 42,000 euro for the committee chair and 26,000 euro for the other members.

The company will cover or reimburse the members of the Board of Directors all direct expenses, including travel, logistics and accommodation, related to board work.

No remuneration is paid to members of the Board of Directors employed by the Nordea Group.

Fees to the auditor will be payable according to approved invoice.

Establishment of a permanent nomination board and approval of the nomination board's charter

The AGM resolved to establish a permanent nomination board and to approve the charter for the nomination board. The duties of the nomination board are to prepare the proposals to the general meeting relating to the composition of the board of directors, the chair of the board of directors and the remuneration of the board of directors, and to present the proposals at the general meeting. In order to fulfil its duties, the nomination board shall take account of the requirements set out in the Finnish Credit Institutions Act, and furthermore, carry out any additional tasks set out therein. The nomination board shall elect its chair. The chair of the Board of Directors must not be chair of the nomination board.

The nomination board shall be constituted yearly and shall consist of the board chair and further four members appointed by the four shareholders with the largest shareholdings in terms of voting rights in Nordea on 31 August the year preceding the annual general meeting. The nomination board's mandate is valid until a new nomination board has been constituted.

Authorisation for the Board of Directors to decide on issuance of special rights entitling to shares (convertibles)

The Board of Directors was authorised, for the period until the end of the next AGM, to decide on the issuance of special rights entitling to shares, either new shares or treasury shares, against payment (convertibles). The maximum number of shares that may be issued based on this authorisation is 404,995,191 shares, which corresponds to approximately 10 per cent of the company's outstanding shares. The issuance of special rights by virtue of the authorisation may be made with or without preferential rights for existing shareholders and must be made on market terms.

Nordea is required to satisfy certain capital requirements pursuant to EU and Finnish legislation. Within this legislative framework, capital instruments that absorb losses by converting into shares can be used to meet parts of the capital requirement. The purpose of the authorisation is to facilitate a flexible and efficient adjustment of the company's capital structure to capital requirements.

Acquisition of own shares in the securities trading business

The AGM resolved that Nordea, before the end of the next AGM, may purchase own shares on an ongoing basis in order to facilitate its securities trading business. In its securities trading business, Nordea, among other things, acts as a market maker in its own shares on the relevant stock exchanges and in indices in which Nordea shares form a significant part as well as offers products related to the shares. The company's own shares may be repurchased otherwise than in proportion to the shareholdings of the company's shareholders (directed purchases). The facilitation of the company's securities trading business, in which the ability to trade also in own shares, forms a weighty financial reason for directed purchases. The number of own shares to be repurchased may not exceed 175,000,000 shares, which corresponds to approximately 4.32 per cent of the company's shares.

Transfer of own shares in the securities trading business

The AGM resolved that Nordea, before the end of the next AGM, may transfer own shares in the ordinary course of its securities trading business with deviation from the shareholders' pre-emptive rights by way of a directed share issuance. The facilitation of the company's securities trading business, in which the ability to trade also in

own shares is required, forms a weighty financial reason for a directed issue. The number of own shares to be transferred may not exceed 175,000,000 shares, which corresponds to approximately 4.32 per cent of the company's shares.

Authorisation for the Board of Directors to decide on acquisition of the company's own shares

The Board of Directors was authorised to decide on the repurchase of not more than 225,000,000 shares, which corresponds to approximately 5.56 per cent of the total number of shares in the company, subject to the total number of own shares held by Nordea at any given time not exceeding 10 per cent of all shares. The shares may be repurchased on one or several occasions either through an offer to all shareholders on equal terms or through other means and in another proportion than that of the shares held by current shareholders (directed purchases). The company's own shares must be repurchased using the unrestricted equity of the company. The company's own shares must be repurchased at a price that does not exceed the market price prevailing on the relevant stock exchange at the time of the repurchase or otherwise at a price formed on the market.

The company's own shares may be repurchased to be used in the company's variable pay plans in accordance with regulatory requirements and/or as required for new variable pay plans for executive officers, senior management, other material risk takers and other employees as appropriate or in order to optimise the capital structure of the company or to be used as payment in connection with acquisitions of companies and businesses and may hence be further transferred or cancelled. However, the number of the company's own shares to be repurchased for remuneration purposes may not exceed 25,000,000 shares and the number of the company's own shares to be repurchased to optimise the capital structure may not exceed 200,000,000 shares.

The Board of Directors is authorised to decide on all other terms concerning acquisition of the company's own shares, including how shares are to be repurchased and whether the repurchased shares are to be transferred or cancelled. The authorisation will remain in full force and effect until the earlier of (i) the end of the next annual general meeting or (ii) 18 months from the decision by the annual general meeting.

Any decision by the Board of Directors to repurchase shares based on the proposed authorisation is subject to the company having obtained the necessary regulatory permissions from the European Central Bank.

Authorisation for the Board of Directors to decide on share issuances or the transfer of the company's own shares

The Board of Directors was authorised to decide on the issuance of new shares or transfer of own shares in an amount of not more than 30,000,000 shares in total, which corresponds to approximately 0.74 per cent of the total number of shares in the company, on one or several occasions. The shares may be issued or transferred with deviation from the shareholders' pre-emptive rights (directed issues). The shares to be issued or transferred must be used to implement the company's variable pay plans in line with regulatory requirements and/or as required for new variable pay plans for executive officers, senior management, other material risk takers and other employees as appropriate or as payment in connection with acquisitions of companies and businesses.

The authorisation will remain in full force and effect until the earlier of (i) the end of the next annual general meeting or (ii) 18 months from the decision by the annual general meeting.

Maximum ratio between fixed and variable component of total remuneration

The AGM resolved as follows on the maximum ratio between the fixed and the variable component of the total remuneration:

1. The maximum ratio between the variable component and the fixed component of the total remuneration for each individual shall be 200 per cent.
2. The maximum ratio shall apply to remuneration awarded to Identified Staff including Group Executive Management, non-Identified Staff currently in the divisions Wholesale Banking and Asset Management as well as a maximum of 250 selected key employees in other divisions of Nordea, subject to CEO approval.
3. The maximum ratio shall apply for the performance year 2019 and onwards.
4. The company shall exercise its voting rights to approve that a 200 per cent cap for the above-mentioned categories of staff applies also in subsidiaries of the company, unless prevented by binding local rules and regulations.

Background

The Finnish Credit Institutions Act includes a requirement that the ratio of the variable remuneration cannot exceed 100 per cent of the fixed remuneration for each recipient of variable remuneration (the "Cap"). The maximum ratio may be increased to 200 per cent if approved by shareholders.



The maximum ratio between the variable and the fixed remuneration for Identified Staff follows from EU rules on capital requirements for credit institutions and investment firms, Directive 2013/36/EU ("CRD IV"). Identified Staff covers senior management, staff whose professional activity could have a material impact on the risk profile of the credit institution, certain staff engaged in control functions and any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers.

The Finnish Credit Institutions Act implements the CRD IV requirement to apply not only to Identified Staff but to all staff receiving variable pay.

Introduction of a maximum cap

In order to continue remuneration structures in force before Nordea's re-domiciliation to Finland and to maintain the position as a leading European bank for business areas with employees directly exposed to international competition, Nordea must have the possibility to offer remuneration schemes not deviating substantially from international market standards.

Total remuneration aligned with performance and prudent risk-taking gives appropriate cost-base flexibility and supports Nordea's ability to strengthen its capital base without limitations due to high fixed costs.

The number of staff affected, their functions and the expected impact on the requirement to maintain a sound capital base

Approximately 1,800 staff at Nordea will continue to or may be eligible for a Cap of up to 200 per cent, subject to individual agreement.

The decision will not have any impact on the capital adequacy of Nordea.

In addition to Identified Staff, including Group Executive Management, employees with the following functions are in scope for the Cap, which will be applicable subject to individual agreement:

- Portfolio management and associated functions
- Investment management and associated functions
- Sales and relationship management and associated functions
- Distribution of products and associated functions
- Dealers and associated functions
- Analysts and associated functions
- Advisory services and associated functions
- Capital, liquidity, funding and market risk
- Strategic leaders and other leaders in Nordea's senior management
- Other key employees driving or contributing significantly to Nordea's transformation

Most of the employees in scope of the Cap currently work within Wholesale Banking and Asset Management. However, the Cap is proposed to also cover up to 250 staff members within other divisions of Nordea including selected staff in Nordea's senior management and other key employees across other of Nordea's business areas/group functions, where the variable remuneration opportunity above 100 per cent of fixed remuneration is approved by the Group CEO with a view to avoid fixed pay increases.

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