

# Nordea



## Remuneration Statement

Published on 27 February 2020



## Introduction

This Remuneration Statement has been resolved by the Board of Directors of Nordea Bank Abp at its meeting 20 February 2020.

It is issued in accordance with the requirements of the Finnish Corporate Governance Code 2015 from

the Securities Market Association, and is disclosed with other information on Nordea's website on <https://www.nordea.com/en/about-nordea/corporate-governance/remuneration/disclosures>.

## Nordea's decision-making procedures concerning remuneration

### *Remuneration for the Board of Directors*

Decisions concerning the remuneration of the Board of Directors are made at the Annual General Meeting (AGM). Preparatory work relating to the remuneration is delegated to the shareholders' Nomination Board.

### *Remuneration of the CEO, the Deputy Managing Director, and the Group Leadership Team*

The Board of Directors prepares proposal for the Remuneration Policy for Governing Bodies, which outlines remuneration for the CEO and the Deputy

Managing Director for advisory vote at the 2020 AGM.

Further, the Board of Directors approves the remuneration and specific terms that apply to all the GLT members.

The Board Remuneration Committee (BRC) is responsible for preparing and presenting proposals to the Board of Directors on remuneration issues. The BRC prepares alterations in salary levels and outcome of the variable pay programme, as well as other changes in the remuneration package for all the GLT members, for resolution by the Group Board.

## Principles of remuneration

Nordea offers competitive remuneration packages and has a total remuneration approach to compensation that recognises the importance of well-balanced but differentiated remuneration structures based on business and local market needs, as well as the importance of remuneration being consistent with and promoting sound and effective risk management, not encouraging excessive risk-taking or counteracting Nordea's long-term interests.

Nordea's aim is to align remuneration with the business strategy. Performance is assessed not only on "what" is achieved but equally important "how" it is achieved. There should be an equal balance between "what" and "how" when goals are assessed. Adherence to Nordea's purpose and values, business principles and Group Internal Rules are key considerations taken into account for determining variable remuneration awards.

### *The Board of Directors*

On proposal from the Nomination Board, the AGM annually decides on remuneration for the Board of Directors. In 2019, the remuneration of the board members was offered in cash. The Board members are not part of any incentive programme.

Remuneration is not paid to Board members who are employees of the Nordea Group.

In addition to the remuneration, the AGM may decide to cover or reimburse all costs and expenses relating to or arising from the Board membership.

There are no commitments for severance pay, pension or other remuneration to the members of the Board by 31 December 2019.

### *The CEO, interim Deputy Managing Director and other GLT members*

Remuneration for the CEO, the Deputy Managing Director, a formal Finnish company law role which is currently filled on an interim basis, and the other GLT members includes fixed base salary, variable remuneration and benefits.

In 2019, all of the GLT members (previously referred to as GEM members) participated in the Executive Incentive Programme (formerly GEM EIP, now GLT EIP), which had predetermined targets at Group, business area/group function (where relevant) and individual level. The effect on the long-term result is considered when the targets are determined. The outcome from the GLT EIP 2019 is based on the Board of Directors' assessment of performance against the predetermined targets.

Performance goals at Group level included financial goals measuring return, income and cost. BA/GF goals (where relevant) included BA/GF specific financial goals as well as non-financial goals relating to customer satisfaction and employee engagement. At individual level, performance was measured against the individually agreed goals and targets including risk and compliance as well as leadership and behaviours.

The weight of Group, business area or a group function (where relevant) and individual goals were determined in an individual manner for the CEO reflecting the CEO's overall responsibility for the Nordea Group, as well as for the GLT members heading a BA/GF. The overall ambition for 2019 was to increase business momentum and to drive structural cost efficiency. Any awards were determined on the basis of achievement against the agreed goals and targets following appropriate risk adjustments.



## Principles of remuneration (cont.)

The outcomes from the GLT EIP 2019 will be paid out partly in cash and partly in shares over a five-year period, and are subject to forfeiture clauses. Domestic rules and practices are taken into account where relevant.

40% of the award from the GLT EIP 2019 is paid in 2020, 30% is deferred for payout in 2023 and 30% is deferred for payout in 2025. When amounts are paid, 50% is subject to retention for 12 months. The GLT EIP 2019 had a one-year performance period and the outcome could not exceed the fixed salary.

## Proposed remuneration related changes during 2020

The EIP will continue as a remuneration component for the CEO and the other GLT members.

Furthermore, the shareholders of Nordea are asked to approve the Remuneration Policy for Governing Bodies at the Annual General Meeting 2020. Once approved, it will be disclosed on Nordea.com.

The Board of Directors may introduce a share-based long term incentive plan for GLT members, with any

The same will apply for 2020. The executive officers have been offered similar programmes since 2013.

In addition to the remuneration, the GLT members are in most cases subject to pension agreements offered in accordance with market practice in the country of which they are permanent residents. These are further summarized below.

The levels of benefits are determined by what is considered fair in relation to general market practice, and include primarily car benefits, tax consultation and housing as well as liability insurance.

award to potentially include a 1-year pre-grant assessment period followed by a 3-year performance period with deferral and retention according to applicable regulations.

The shares would vest after the end of each deferral period with restricted disposal rights during the following retention period of at least 12 months. The terms of the long term incentive plan will also include forfeiture and claw-back provisions.

## Pension

### *The CEO*

The CEO is covered by a defined contribution plan. The pension contribution was 30% of the fixed base salary.

### *Interim Deputy Managing Director*

The interim Deputy Managing Director is covered by the Finnish statutory pension scheme. According to the statutory pension rules, the part of the GLT EIP 2019 outcome paid or retained in 2020 is included in the pensionable income.

### *Other GLT members*

The pension agreements for the other six GLT members vary according to local country practices. Pension agreements are defined contribution plans

or a combination of defined contribution and defined benefit plans.

As at 31 December 2019, three members had pensions in accordance with the Swedish collective agreement, one in BTP1 (defined contribution plan) and two in BTP2 (defined benefit plan), with complementing defined contribution plans on top of the collective agreement. The pension contribution was in total 30% of the fixed base salary.

One member has a defined contribution plan in accordance with local practises in Denmark. The pension contribution was in total 30% of the fixed base salary.

Two members do not have a pension agreement with Nordea.

## Notice period and severance pay

### *The CEO*

In accordance with the employment contract, the CEO has a notice period of 12 months and Nordea a notice period of 12 months. The CEO has a severance pay entitlement equal to 12 months' salary to be reduced by the salary he receives from other employment during these 12 months.

### *The interim Deputy Managing Director and other GLT members*

The interim Deputy Managing Director and six GLT members have a notice period of 6 months and Nordea a notice period of 12 months. Entitlement to severance pay of up to 12 months' salary is provided to be reduced by the salary the executive receives from other employment during the severance pay period.



## Remuneration Report 2019 about remuneration to the Board of Directors, CEO, Deputy Managing Director and GLT paid in 2019

### *The Board of Directors*

The AGM 2019 resolved the annual remuneration to the board members amounting to EUR 300,000 for the Chair, EUR 145,000 for the Vice-Chair, and EUR 95,000 for other members.

In addition, annual remuneration paid for board committee work on the Board Operations and Sustainability Committee, the Board Audit Committee and the Board Risk Committee amounts to EUR 60,000 to the Committee Chair and EUR 30,000 to the other

members. The remuneration for board committee work on the Board Remuneration Committee amounts to EUR 42,000 to the Committee Chair and EUR 26,000 to the other members.

Nordea covers or reimburses all direct expenses to the members of the Board of Directors, including travel, logistics and accommodation, related to board work.

Separate remuneration is not paid to members who are employees of the Nordea Group.

### Remuneration to the Board of Directors<sup>1</sup>

	2019	2018
<b>EUR</b>		
<b>Chair of the Board:</b>		
Torbjörn Magnusson <sup>6</sup>	267,000	-
Björn Wahlroos <sup>4</sup>	80,088	320,045
<b>Vice-Chair of the Board:</b>		
Kari Jordan <sup>5</sup>	128,250	-
Lars G Nordström <sup>4</sup>	42,725	180,323
<b>Other Board members<sup>2</sup>:</b>		
Pernille Erenbjerg	146,638	121,434
Nigel Hinshelwood	181,300	120,818
Petra von Hoeken <sup>5</sup>	116,250	-
Robin Lawther	134,750	127,879
Torbjörn Magnusson <sup>6</sup>	30,388	91,552
John Maltby <sup>5</sup>	116,250	-
Sarah Russell	151,400	140,467
Silvija Seres <sup>4</sup>	30,388	121,435
Kari Stadigh <sup>3</sup>	-	34,566
Birger Steen	173,900	140,467
Maria Varsellona	124,138	121,434
Lars Wollung <sup>3</sup>	-	29,882
<b>Total</b>	<b>1,723,465</b>	<b>1,550,302</b>

- 1) Board remuneration consists of a fixed annual fee and a fixed annual fee for committee work. Any benefits are included at taxable values.
- 2) Employee representatives excluded.
- 3) Resigned as member of the Board as from the AGM 2018.
- 4) Resigned as member of the Board as from the AGM 2019.
- 5) New member of the Board as from the AGM 2019.
- 6) Elected as Chairman of the Board as from AGM 2019.

### Proposed 2020 remuneration for the Board of Directors

It has been proposed that the AGM 2020 resolves to approve the annual remuneration to the Board of Directors that are elected as follows:

The Chair EUR 300,000, the Vice-Chair EUR 145,000 and for other members EUR 95,000.

In addition, annual remuneration is proposed to be paid for board committee work on the Board Operations and Sustainability Committee, the Board Audit Committee and the Board Risk Committee amounting to EUR 60,000 for the Committee Chair

and EUR 30,000 for the other members, and for board committee work on the Board Remuneration Committee amounting to EUR 42,000 for the Committee Chair and EUR 26,000 for its other members.

In addition, it is proposed that the Company will cover or reimburse the members of the Board of Directors all costs and expenses related to or arising from the Board membership.





## Remuneration of the CEO, interim Deputy Managing Director and GLT (excluding LTIP 2012)

EUR	Fixed salary <sup>1</sup>		GLT EIP <sup>2</sup>		Benefits <sup>1</sup>		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
<b>Chief Executive Officer:</b>								
Frank Vang-Jensen <sup>3</sup>	408,314	-	158,416	-	7,844	-	574,574	
Casper von Koskull <sup>4</sup>	958,339	1,334,678	229,145	691,000	50,509	92,571	1,237,993	2,118,249
<b>Interim Deputy Managing Director:</b>								
Jussi Koskinen <sup>5</sup>	131,729	-	59,905	-	4,414	-	196,048	-
<b>Group Chief Operating Officer and Deputy Chief Executive Officer:</b>								
Torsten Hagen Jørgensen <sup>6</sup>	877,633	1,258,392	214,972	775,699	43,921	58,399	1,136,526	2,092,490
<b>Group Leadership Team:</b>								
9 (9) individuals excluding CEO and Interim Deputy MD <sup>7</sup>	5,232,982	5,600,291	1,454,983	3,298,847	86,786	86,987	6,774,751	8,986,125
<b>Total</b>	<b>7,608,997</b>	<b>8,193,361</b>	<b>2,117,421</b>	<b>4,765,546</b>	<b>193,474</b>	<b>237,957</b>	<b>9,919,892</b>	<b>13,196,864</b>
<b>Former Chief Executive Officer:</b>								
Casper von Koskull	417,852	-	109,470	-	18,649	-	545,971	-
<b>Former Group Chief Operating Officer and Deputy Chief Executive Officer:</b>								
Torsten Hagen Jørgensen	302,702	-	-	-	833	-	303,535	-
<b>Total <sup>8</sup></b>	<b>8,329,551</b>	<b>8,193,361</b>	<b>2,226,891</b>	<b>4,765,546</b>	<b>212,956</b>	<b>237,957</b>	<b>10,769,398</b>	<b>13,196,864</b>

- 1) The fixed salary is paid in local currencies and converted to EUR based on the average exchange rate each year. The fixed salary includes holiday pay and car allowance where applicable. Benefits are included at taxable values after salary deductions (if any).
- 2) Up until 2012 the CEO and members of GLT were offered a Variable Salary Part (VSP) and a share-based Long Term Incentive Programme (LTIP). Since 2013, an Executive Incentive Programme (formerly GEM EIP, now GLT EIP) was offered. The outcome from GLT EIP 2019 has been expensed in full in 2019 but will be paid out over a five-year deferral period with forfeiture clauses compliant to remuneration regulations. Part of the GLT EIP 2019 deferred outcome is delivered in Nordea shares (excluding dividends), with a post-deferral one-year retention period.
- 3) The annual fixed base salary of Frank Vang-Jensen as CEO was EUR 1,250,000 in 2019. Benefits included primarily car benefits, amounting to EUR 7,293. Frank Vang-Jensen took up the position as CEO on 5 September 2019.
- 4) The annual fixed base salary to Casper von Koskull as CEO was EUR 1,354,462 in 2019. Benefits included primarily housing benefits and tax consultation, amounting to EUR 45,370. Casper von Koskull stepped down as CEO on 5 September 2019.
- 5) The annual fixed base salary to Jussi Koskinen as interim Deputy Managing Director EUR 450,000 in 2019. Benefits included primarily car benefits, amounting to EUR 4,059. Jussi Koskinen took up the position as interim Deputy Managing Director on 10 September 2019.
- 6) The annual fixed base salary to Torsten Hagen Jørgensen as Group COO and Deputy CEO was DKK 8,560,000 (EUR 1,146,516) in 2019. In addition, car and holiday allowance paid amount to DKK 608,053 (EUR 81,442). Benefits included primarily housing benefits, amounting to EUR 41,846. Torsten Hagen Jørgensen stepped down as Group COO and Deputy CEO on 10 September 2019.
- 7) Remuneration to other GLT members is included for the period they have been appointed and eligible for GLT EIP 2019. Two GLT members left Nordea during 2019, one on 8 May 2019 and one on 10 September 2019. Two new GLT members were appointed by 17 December 2019.
- 8) Severance pay committed during 2019 to the five executives leaving Nordea amounts to EUR 2,427,212, of which EUR 0 is to the former CEO. Total remuneration to be paid in 2020 during the notice period to the five executives after leaving Nordea amounts to EUR 3,547,455, of which EUR 1,540,425 is to the former CEO and includes fixed salary, pensions costs and benefits. These provisions are not included in the above table.



## Pension

EUR	2019		2018	
	Pension Expense <sup>1)</sup>	Pension Obligation <sup>2)</sup>	Pension Expense <sup>1)</sup>	Pension Obligation <sup>2)</sup>
<b>Chief Executive Officer (CEO):</b>				
Frank Vang-Jensen	122,494	-	-	-
Casper von Koskull	74,620	-	313,663	357,936
<b>Group Chief Operating Officer and Deputy Chief Executive Officer (Group COO and Deputy CEO):</b>				
Torsten Hagen Jørgensen	238,857	-	344,546	-
<b>Group Leadership Team (GLT):</b>				
9 (9) individuals excluding CEO and interim Deputy CEO <sup>3)</sup>	905,302	1,004,303	872,073	777,583
<b>Board members <sup>4)</sup>:</b>				
Lars G Nordström	-	-	-	312,465
<b>Total</b>	<b>1,341,273</b>	<b>1,004,303</b>	<b>1,530,282</b>	<b>1,447,984</b>
<b>Former Chairman of the Board, former CEOs and Deputy CEOs:</b>				
Vesa Vainio <sup>5)</sup>	-	5,118,594	-	4,844,682
Lars G Nordström <sup>6)</sup>	-	313,010	-	-
Casper von Koskull <sup>6)</sup>	35,026	399,536	-	-
Torsten Hagen Jørgensen <sup>7)</sup>	96,893	-	-	-
<b>Total</b>	<b>1,473,192</b>	<b>6,835,443</b>	<b>1,530,282</b>	<b>6,292,666</b>

- 1) The pension expense is related to pension premiums paid under defined contribution agreements and pension rights earned during the year under defined benefit agreements (Current service cost and Past service cost and settlements as defined in IAS 19). Of the total pension expense EUR 1,436,414 (EUR 1,471,537) relates to defined contribution agreements. Contributions to the Finnish statutory pension schemes are reported as part of the social charges and thus excluded from the above disclosure.
- 2) The pension obligation (value of defined benefit pension plan liabilities) is calculated in accordance with IAS 19. The obligation is dependent on changes in actuarial assumptions and inter-annual variations can therefore be significant. IAS 19 includes an assumption about future increases in salary, so that the pension obligations disclosed are the earned pension rights calculated using the expected salary levels at retirement. The pension plans are funded, meaning that these obligations are backed with plan assets with fair value generally on a similar level as the obligations.
- 3) Members of GLT included for the period they are appointed. The pension obligation is the value of pension liabilities towards three Swedish GLT members on 31 December 2019.
- 4) Employee representatives excluded. The pension obligation is in accordance with the collective pension agreement BTP2 and earned during the employment period for one Swedish board member.
- 5) The pension obligation is mainly due to defined benefit pension rights earned at, and funded by, banks forming Nordea. The increase compared to 2018 is mainly due to lower interest rates applied in the valuation.
- 6) The pension obligation is in accordance with the collective pension agreement BTP2 in Sweden and earned from 5 September to 31 December 2019.
- 7) The pension contribution is in accordance with the agreed terms and conditions for the period from 10 September to 31 December 2019.

### Chief Executive Officer (CEO) from 5 September 2019

Frank Vang-Jensen was appointed CEO on 5 September 2019. The remuneration to the CEO consists of three components: Fixed salary, the GLT EIP and benefits.

The annual fixed base salary as CEO was decided to be EUR 1,250,000 as from 5 September 2019.

The GLT EIP 2019 was based on specific targets and could amount to a maximum of 100% of the

fixed base salary. For 2019 as CEO the outcome of the GLT EIP amounted to EUR 158,416.

The benefits for 2019 amounted to EUR 7,844 and include primarily car benefits.

The total earned remuneration for 2019, as CEO, based on the three components (excluding pension) amounted to EUR 574,574.

### Chief Executive Officer (CEO) until 5 September 2019

Casper von Koskull was appointed CEO on 1 November 2015 and stepped down on 5 September 2019. The remuneration until 5 September 2019 to the CEO consisted of three components: Fixed salary, the GLT EIP and benefits.

The annual fixed base salary as CEO was decided to be EUR 1,354,462 as from 1 January 2019.

The GLT EIP 2019 was based on specific targets and could amount to a maximum of 100% of the fixed base salary. For 2019 the outcome of the GLT EIP amounted to EUR 229,145 for his period as

CEO.

The benefits for 2019 amounted to EUR 50,509 and include primarily housing benefits and tax consultation.

The total earned remuneration for 2019, as CEO, based on the three components (excluding pension) amounted to EUR 1,237,993.

The CEO took part in past LTIPs until 2012. For more information on LTIP, see the separate section on remuneration in the Board of Directors' report and on page 7.



## Interim Deputy Managing Director from 10 September 2019

Jussi Koskinen was appointed interim Deputy Managing Director on 10 September 2019. The remuneration to the Deputy Managing Director consisted of three components: Fixed salary, the GLT EIP and benefits.

The annual fixed base salary as interim Deputy Managing Director was EUR 450,000 including holiday allowance as from 10 September 2019.

The GLT EIP 2019 was based on specific targets

and could amount to a maximum of 100% of the fixed base salary. For 2019 the outcome of the GLT EIP amounted to EUR 59,905.

The benefits for 2019 amounted to EUR 4,414 and included primarily car benefits.

The total earned remuneration for 2019, as interim Deputy Managing Director, based on the three components (excluding pension) amounted to EUR 196,049.

## GLT excluding the CEO and the interim Deputy Managing Director

Remuneration for the GLT excluding the CEO and the interim Deputy Managing Director is disclosed on an aggregated level in the table on page 5.

## Group COO and Deputy CEO until 10 September 2019

Torsten Hagen Jørgensen was appointed Group COO and Deputy CEO on 1 November 2015 and stepped down on 10 September 2019. The remuneration to the Group COO and Deputy CEO consisted of three components: Fixed salary, the GLT EIP and benefits.

The annual fixed base salary as Group COO and Deputy CEO for 2019 was decided to be DKK 8,560,000 (EUR 1,148,487).

The GLT EIP 2019 was based on specific targets and could amount to a maximum of 100% of the fixed base salary. For 2019 the outcome of the GLT

EIP amounted to EUR 214,972. The outcome is pro rata reflecting the period until 10 September 2019.

The benefits for 2019 amounted to EUR 43,921 and include primarily housing benefits.

The total earned remuneration for 2019, as Group COO and Deputy CEO, based on the three components (excluding pension) amounted to EUR 1,136,526.

The Group COO and Deputy CEO took part in past LTIPs until 2012. For more information on the LTIPs, see the separate section on remuneration in the Board of Directors' report and below.

## Former CEO from 5 September 2019

The remuneration to the former CEO consisted of three components: Fixed salary, the GLT EIP and benefits. The total earned remuneration for 2019, as

former CEO, based on the three components (excluding pension) amounted to EUR 545,971.

## Former Group COO and Deputy CEO from 10 September 2019

The remuneration to the former Group COO and Deputy CEO consisted of three components: Fixed salary, the GLT EIP and benefits. The total earned

remuneration for 2019, as former Group COO and Deputy CEO, based on the three components (excluding pension) amounted to EUR 303,535.

## Long Term Incentive Plan (LTIP) 2012

LTIP 2012 was fully expensed in May 2015. All shares in LTIP 2012 are fully vested and consequently not conditional. 60% of the vested shares were deferred with forfeiture clauses in line with regulatory requirements and allotted over a five-year period, for LTIP 2012 starting May 2015. The numbers of outstanding shares is presented as at 31 December 2019.

No current GLT members have outstanding LTIP shares.

Number of outstanding shares	LTIP 2012
<b>Former Chief Executive Officers (former CEOs):</b>	
Christian Clausen	15,075
Casper von Koskull	10,620
<b>Former Group Chief Operating Officer and Deputy Chief Executive Officer (former Group COO and Deputy CEO):</b>	
Torsten Hagen Jørgensen	9,848
<b>Total</b>	<b>35,543</b>