

# Nordea

## Decision proposals etc.

Annual General Meeting 28 March 2019



## **Matters on the agenda of the general meeting**

1. Opening of the meeting
2. Calling the meeting to order
3. Election of persons to confirm the minutes and to supervise the counting of votes
4. Recording the legality of the meeting
5. Recording the attendance at the meeting and adoption of the list of votes
6. Presentation of the annual accounts, the report of the board of directors and the auditor's report for the year 2018
  - Review by the CEO
7. Adoption of the annual accounts
8. Resolution on the use of the profit shown on the balance sheet and the payment of dividend
9. Resolution on the discharge of the members of the board of directors and the CEO from liability
10. Resolution on the remuneration for the members of the board of directors
11. Resolution on the number of members of the board of directors
12. Election of members of the board of directors and the board chair
13. Resolution on the remuneration of the auditor
14. Election of auditor
15. Resolution on the establishment of a permanent nomination board for the shareholders and approval of the nomination board's charter
16. Resolution on authorization for the board of directors to decide on issuance of special rights entitling to shares (convertibles) in the Company
17. Resolution on
  - a) acquisition of the Company's own shares in the securities trading business
  - b) transfer of the Company's own shares in the securities trading business
18. Resolution on authorization for the board of directors to decide on
  - a) acquisition of the Company's own shares
  - b) share issuances or the transfer of the Company's own shares
19. Resolution on the maximum ratio between fixed and variable component of total remuneration
20. Closing of the meeting

## 8. Resolution on the use of the profit shown on the balance sheet and the payment of dividend

The Board of Directors proposes to the general meeting that a dividend of EUR 0.69 per share be distributed for the year 2018.

The dividend is to be paid to shareholders who on the record date of the dividend on 1 April 2019 are recorded in the Company's shareholders' register maintained by Euroclear Finland Oy.

The Board of Directors proposes to the general meeting that the dividend is paid on 8 April 2019, or as soon as possible after that day.

## 10. Resolution on the remuneration for the members of the board of directors

The Nomination Board proposes to the general meeting the following annual remuneration to the members of the Board of Directors that are elected by the Annual General Meeting:

Role	2019 Proposed (EUR)	2018 (EUR)	Increase (%)
Chair	300,000	294,600	1.8
Vice-Chair	145,000	141,300	2.6
Other members of the Board of Directors	95,000	91,950	3.3

The Nomination Board proposes the following additional annual remuneration for Committee Chairs and Committee members:

Role	2019 Proposed (EUR)	2018 (EUR)	Increase (%)
Board Remuneration Committee Chair	42,000	36,050	16.5
Board Remuneration Committee members	26,000	25,750	1.0
All other Committee Chairs	60,000	48,650	23.3
All other Committee members	30,000	29,600	1.3

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

In addition, it is proposed that 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.

The Nomination Board notes the constantly increased regulatory requirements and the fact that Board work in Nordea has become more time-consuming – both in terms of preparation time and meeting time – and requires more comprehensive preparatory work by the committees, especially for the committee chairs. Taken together, this justifies an increase of the fees to the members of the Board of Directors. The level of the proposed fees is considered to be market-aligned taking into account Nordea's activities and market capitalisation.

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## **11. Resolution on the number of members of the board of directors**

The Nomination Board proposes to the general meeting that, for a period until the end of the next annual general meeting, the number of members of the board of directors to be elected by the annual general meeting is set at ten.

Further, the Company's board has three ordinary and one deputy members of the board of directors appointed by the employees.

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## **12. Election of members of the board of directors and the board chair**

The Nomination Board proposes to the general meeting, for a period until the end of the next annual general meeting:

- the re-election of Torbjörn Magnusson, Nigel Hinshelwood, Maria Varsellona, Birger Steen, Sarah Russell, Robin Lawther and Pernille Erenbjerg as members of the board of directors;
- the election of Kari Jordan, Petra van Hoeken and John Maltby as new members of the Board of Directors; and
- the election of Torbjörn Magnusson as chair of the board of directors.

Further, the Company's board has three ordinary and one deputy members of the board of directors appointed by the employees.

Björn Wahlroos, Lars G. Nordström and Silvija Seres are not available for re-election.

All proposed new members have given their consent to be elected as members of the board of directors of the Company and Torbjörn Magnusson has given his consent to be elected as chair of the board of directors.

It is the collective opinion of the Nomination Board and the Company that the proposed board of directors and its members are suitable for the assignment both collectively and individually and that Torbjörn Magnusson is suitable for the position as chair of the board of directors.

Applications for relevant authority approvals have been submitted with the authorities for all candidates.

**Independence pursuant to the Finnish Corporate Governance Code**

All proposed new Board members to be elected by the Annual General Meeting are, in accordance with the Finnish Corporate Governance Code, independent from the Company and from its major shareholders except for Torbjörn Magnusson, who is not independent from the major shareholders of the Company. Torbjörn Magnusson is employed by Sampo Group and Sampo plc is a major shareholder of the Company with an approximate 20 % shareholding. In addition, the members and deputy member of the Board of Directors appointed by the employees are employed by the Nordea Group and therefore not independent of the Company.

## Proposed election of new Board members:



### Kari Jordan

MSc (Economics). Born 1956. Nationality: Finnish.  
Board Chairman of Outokumpu Oyj and Jordan Group Oy/M Jordan Oy. Board member of Nokian Tyres Plc.

**Other assignments:** Board member of several charities, including the Finnish Business and Policy Forum EVA/ETLA

#### Previous positions:

2006–2018 President and CEO Metsä Group (former Metsäliitto Group)  
2004–2017 President and CEO Metsäliitto Cooperative  
1998–2004 Various executive management positions within Nordea Group  
1995–2000 Various executive management positions Merita Bank Plc  
1994–1995 Executive Vice President Kansallis-Osake-Pankki  
1987–1994 Member of the Board of Management OKOBANK  
1986–1987 Vice President Citicorp Investment Bank Limited  
1981–1985 Various positions in Citibank Plc

**Shareholding in Nordea:** 100,000\*

### Petra van Hoeken

Masters in Civil Law. Born 1961. Nationality: Dutch.  
Board member of Nederlandse Waterschapsbank NV, De Lage Landen (DLL) and Utrecht-America Holdings, Inc.

**Other assignments:** Board member of Oranje Fonds

#### Previous positions:

2016–2019 Chief Risk Officer Coöperatieve Rabobank U.A.  
2012–2016 Chief Risk Officer NIBC Bank NV  
2008–2012 Chief Risk Officer (EMEA) The Royal Bank of Scotland Plc  
1986–2008 Various management and other positions ABN Amro Bank NV

**Shareholding in Nordea:** 0\*



### John Maltby

BSc (Hons) (Engineering Science). Born 1962. Nationality: British. Board Chairman of Good Energy Group Plc and Pepper Money (designate). Board member of Simplyhealth Group and Bank of Ireland UK

**Other assignments:** Board member of National Citizens Service (NCS) Trust

#### Previous positions:

2015–2017 Chairman Bluestep Bank AS  
2015–2018 Board member Tandem Bank  
2014–2014 CEO Williams & Glyn  
2012–2013 Senior Advisor Corsair Capital  
2007–2012 Group Director Commercial Lloyds Banking Group  
2000–2007 CEO Kensington Group Plc  
1998–2000 Executive Director, First National Group, Abbey National Plc  
1994–1998 CEO Lombard Tricity, Natwest Group Plc  
1992–1994 Deputy Director Barclays Bank Plc  
1989–1992 Management Consultant Price Waterhouse Consultancy  
1983–1989 Manager Andersen Consulting

**Shareholding in Nordea:** 0\*

\* Shareholdings, as of 31 December 2018 also include shares held by family members and closely affiliated legal entities.

## Proposed re-election of Board members:



### Torbjörn Magnusson

Licentiate (Engineering). Board member since 2018. Born 1963. Nationality: Swedish. President and CEO of If P&C Insurance Holding Ltd (publ). Board Chairman of If P&C Insurance Ltd (publ) and Topdanmark A/S. Board member of If P&C Insurance Holding Ltd (publ).

**Other assignments:** Vice President of Insurance Europe and board member of the Swedish Insurance Employer Association and the Swedish Insurance Federation.

#### Previous position:

2001–2002 Head of Commercial Business Division If P&C Holding Ltd (publ)  
 1999–2001 Head of Commercial Products If P&C Holding Ltd (publ)  
 1998–1999 Head of P&C Support and Chief Actuary Försäkringsaktiebolaget Skandia  
 1996–1997 Chief Controller Försäkringsaktiebolaget Skandia  
 1995–1996 Chief Actuary Non-Life Mercantile & General Insurance  
 1994–1995 Deputy Actuary Non-Life Mercantile & General Insurance  
 1990–1993 Actuary Non-Life Skandia International  
 1988–1989 Information Systems Consultant Arthur Andersen & Company

**Shareholding in Nordea:** 4,000\*

### Pernille Erenbjerg

MSc (Business Economics and Auditing) and State Authorised Public Accountant. Board member since 2017. Born 1967. Nationality: Danish. Board member of Genmab A/S.

#### Previous positions:

2015–2018 Group CEO and President TDC A/S  
 2011–2015 Group Chief Financial Officer TDC A/S  
 2003–2011 Various management positions TDC A/S  
 2002–2003 Partner Deloitte Touche Tohmatsu  
 1987–2002 Auditor Arthur Andersen

**Shareholding in Nordea:** 0\*



### Robin Lawther

BA Honours (Economics) and MSc (Accounting & Finance). Board member since 2014. Born 1961. Nationality: American and British. Board member of Oras Invest Ltd

**Other assignments:** Board member of UK Government Investments.

#### Previous position:

1985–2012 Various positions within J.P. Morgan.  
 2007–2011 Head, Nordic Investment Bank, UK.  
 2005–2007 Head, Mergers & Acquisitions Execution, European Financial Institutions, UK.  
 2003–2005 Head, Commercial Banking Group, UK.  
 1994–2005 Managing Director, Financial Institutions Investment Banking, UK  
 1990–1994 Vice President, Mergers & Acquisitions, UK.  
 1985–1990 International Capital Markets, USA.

**Shareholding in Nordea:** 50,000\*

### Sarah Russell

Master of Applied Finance. Board member since 2010. Born 1962. Nationality: Australian. CEO Aegon Asset Management and Board member of several group companies incl. Chairman of the board of Aegon Asset Management Holdings BV and member of the Management Board of Aegon NV. Vice chairman of the Supervisory Board of La Banque Postale Asset Management SA.

**Other assignments:** Member of the Supervisory Board of Nederlandse Investeringsinstelling NV. Board member of the American Chamber of Commerce in the Netherlands.

#### Previous position:

1994–2008 Various executive management positions within ABN AMRO, including Senior Executive Vice President and CEO of ABN AMRO Asset Management 2006–2008.  
 1981–1994 Various management and other positions in Financial Markets within Toronto Dominion Australia Ltd.

**Shareholding in Nordea:** 0\*

\* Shareholdings, as of 31 December 2018, also include shares held by family members and closely affiliated legal entities.



### Birger Steen

MSc (Computer Science) and MBA. Board member since 2015. Born 1966. Nationality: Norwegian. Chairman of the board of Nordic Semiconductor ASA. Board member of Schibsted ASA and Skooler AS.

**Other assignments:** Member of the Board of Trustees of the Nordic Heritage Museum in Seattle.

**Previous position:**

2011–2016 CEO of Parallels, Inc.  
 2009–2010 Vice President of Worldwide SMB & Distribution at Microsoft Corporation.  
 2004–2009 General Manager of Microsoft Russia.  
 2002–2004 General Manager of Microsoft Norge.  
 2000–2002 CEO of Scandinavia Online AS.  
 1996–1999 Vice President of Business Development of Schibsted ASA.  
 1993–1996 Consultant of McKinsey & Company.  
 1992–1993 Oil Trader at Norwegian Oil Trading AS.

**Shareholding in Nordea:** 0\*

### Maria Varsellona

Law degree (Juris Doctor). Board member since 2017. Born 1970. Nationality: Italian.

**Other assignments:** Chief Legal Officer and member of the Leadership Team in Nokia Corporation.

**Previous position:**

2016–2018 Board Member in Nokia Shanghai Bell (formerly Alcatel Lucent Shanghai Bell)  
 2013–2014 Group General Counsel and member of the Executive Board Nokia Siemens & Networks  
 2011–2013 Group General Counsel and member of the Global Leadership Team Tetra Pak, Tetra Laval Group  
 2009–2010 Group General Counsel and member of the Global Leadership Team Sidel, Tetra Laval Group  
 2008–2009 Adjunct professor and lecturer Università degli Studi di Firenze, Italy  
 2006–2009 Senior Legal Counsel GE Oil & Gas  
 2005–2006 Senior Legal Counsel The Hertz Corporation  
 2001–2004 Senior Legal Counsel GE Oil & Gas  
 1998–2001 Lawyer Pini, Bingham & Partners  
 1994–1998 Lawyer The Greco Law firm

**Shareholding in Nordea:** 0\*



### Nigel Hinshelwood

HCIMA (Management). Board member since 2018.

Born 1966. Nationality: British. Member of Franchise Board of Lloyd's of London. Board member of Lloyds Bank plc and Bank of Scotland plc.

**Previous position:**

2016–2017 Head of UK Bank and Deputy CEO HSBC Bank plc  
 2015–2016 Group General Manager & Global Head of Operations HSBC Group Holdings  
 2011–2015 Group General Manager & Chief Operating Officer Europe, Middle East and Africa HSBC Group Holdings  
 2010–2011 Global Head HSBC Insurance Holdings  
 2008–2010 Global Chief Operating Officer HSBC Group Holdings  
 2005–2007 Head of Programme Management and Business Transformation  
 2003–2005 General Manager, Head of Global Banking and Insurance Services Asia Pacific Unisys Corporation  
 2000–2003 Chief Executive Officer South East Asia Capgemini  
 1997–2000 Partner Ernst & Young  
 1996–1997 National Sales Director Australia Sequent Computer Systems  
 1990–1996 Chief Operating Officer Asia Pacific Policy Management Systems Corporation

**Shareholding in Nordea:** 0\*

\* Shareholdings, as of 31 December 2018, also include shares held by family members and closely affiliated legal entities.



### **13. Resolution on the remuneration of the auditor**

The Board of Directors proposes, on recommendation of the Board Audit Committee, to the general meeting that the remuneration of the auditor is to be paid according to an approved invoice.

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### **14. Election of auditor**

The Board of Directors proposes, on the recommendation of the Board Audit Committee, to the general meeting that authorized public accountants PricewaterhouseCoopers Oy be re-elected as auditor until the end of the following annual general meeting.

PricewaterhouseCoopers Oy has notified the Company that the authorized public accountant Juha Wahlroos would continue as the responsible auditor.

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### **15. Resolution on the establishment of a permanent nomination board for the shareholders and approval of the nomination board's charter**

The Nomination Board proposes to the general meeting to establish a permanent nomination board and to approve the following charter for the nomination board:

#### **1. Duties of the nomination board**

The duties of the Nomination Board of Nordea Bank Abp (the "Company") are to prepare the proposals to the general meeting relating to the composition of the board of directors, the chairperson of the board of directors and the remuneration of the board 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 in therein.

The Nomination Board shall be entitled to employ, at the Company's expense, a recruitment consultant or any other resource that the Nomination Board finds necessary in order to perform its duties.

## **2. Composition and appointment of the nomination board**

The Nomination Board shall consist of the chairperson of the board of directors, as the convener, and further four members.

The shareholders with the four largest shareholdings in terms of voting rights in the Company, to be determined on the basis of the book-entry register kept by Euroclear Finland Ltd, shall have the right to appoint one member each. If any of these shareholders should opt to waive such right, the right will pass to the shareholder that holds the largest shareholding in terms of voting right next to the said four shareholders. The same rule applies if such next shareholder should waive its right, whereby the right will pass to the next shareholder in the order according to the size of the shareholding.

The Nomination Board may include other members of the board of directors in addition to the chairperson of the board of directors. The Nomination Board may not include members who are employed by the Nordea group.

Each member of the Nomination Board is to consider carefully whether there is a conflict of interest before accepting the assignment.

The Company shall publish the composition of the Nomination Board as soon as possible after its constitution.

## **3. Term of the nomination board**

The Nomination Board shall be constituted yearly on the basis of to the Company known shareholdings in the Company 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.

The above is valid until a general meeting decides otherwise. The board of directors or any shareholder may propose to the general meeting that the Nomination Board shall be abolished.

## **4. Changes to the nomination board**

If an appointed member leaves his/her office, a new member shall be appointed by the shareholder having appointed said member.

If a shareholder who has appointed a member to the Nomination Board subsequently should cease to have such right, the member appointed shall, after decision by the Nomination Board, be entitled to stay as a member of the Nomination Board as long as the shareholder who appointed the member owns shares in the Company. The Nomination Board may then attach members who are appointed by shareholders that after the constituting meeting of the Nomination Board are among the four largest shareholders in terms of voting right in the Company and that have not already appointed a member to the Nomination Board, thus enlarging the Nomination Board temporarily.

The Company shall publish the changes to the Nomination Board as soon as possible.

## **5. Chairperson**

The Nomination Board shall elect its chairperson. The chairperson of the board of directors must not be the chairperson of the Nomination Board.

The chairperson shall ensure that the Nomination Board fulfils its duties.

## **6. Meetings**

The chairperson of the Nomination Board shall ensure that meetings are held to the extent required to fulfil the duties of the Nomination Board.

Minutes shall be kept for the meetings of the Nomination Board. Decisions made by the Nomination Board shall be recorded in the minutes of the meeting. The minutes of the meeting shall be verified by the chairperson and one other member, who shall be appointed at every meeting.

The minutes of the meeting shall be dated, numbered consecutively and archived in a reliable manner.

The Nomination Board has a quorum when at least half of its member are present.

Decision in a matter may only be made if all members of the Nomination Board have been afforded the opportunity to participate in the handling of the matter and provided with satisfactory information.

It shall be strived for that all decisions regarding the proposals to the general meeting are made unanimously. If unanimity isn't reached, any shareholder represented in the Nomination Board may present its own proposals to the general meeting in accordance with the Finnish Companies Act.

Other decisions are made by a simple majority of the members present. In the event of a tied vote, the chairperson of the Nomination Board shall have the casting vote.

**7. Disqualification of a member of the nomination board**

A member of the Nomination Board may not participate in the handling of a matter pertaining to the member or where similar grounds for disqualification may be deemed to exist.

In the event of a conflict of interest, each member is to consider carefully whether he or she shall resign from the Nomination Board.

**8. Proposals to the general meeting**

The Nomination Board shall submit its proposals to the board of directors of the Company no later than in such time to be included in the notice convening the general meeting.

**9. Confidentiality**

The members of the Nomination Board and the shareholders they represent shall maintain the confidentiality of all information concerning the proposals to the general meeting until the Nomination Board has submitted its proposals and the Company has published them.

This confidentiality obligation of the members of the Nomination Board and the shareholders they represent also covers all other information disclosed to them during the work of the Nomination Board and shall remain valid until the Company has published the relevant information.

**10. Amendments to the charter**

The Nomination Board is to review this charter annually and propose amendments to the general meeting, if deemed needed.

The Nomination Board is authorized to execute necessary technical updates and amendments to this charter.

## **16. Resolution on authorization for the Board of Directors to decide on issuance of special rights entitling to shares (convertibles) in the Company**

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 requirements. The Board of Directors proposes that the annual general meeting authorizes the Board of Directors to issue such capital instruments.

The purpose of the authorization is to facilitate a flexible and efficient adjustment of the company's capital structure to the capital requirements. The authorization means that the Board of Directors will be able to swiftly carry out issuances without firstly holding an extraordinary general meeting, which the Board of Directors considers appropriate with regard to that these capital instruments principally are intended to be issued in the international debt market. The Board of Directors intends to use the authorization if the Board of Directors determines that the capital trigger level at which conversion shall take place is at such a level that gives the shareholders and the Board of Directors the possibility to act in good time and propose alternatives to conversion.

In light of the above the Board of Directors of Nordea Bank Abp (the "Company") proposes to the general meeting to resolve on the following authorization for the Board of Directors to decide on issuance of special rights entitling to shares (convertibles) in the Company.

"It was resolved to authorize the Board of Directors for the period until the end of the next Annual General Meeting, on one or several occasions, with or without preferential rights for existing shareholders, 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 authorization shall be 404,995,191 shares, which corresponds to approximately 10 % of the Company's outstanding shares.

The Board of Directors shall decide on all other matters related to the issuance of the special rights entitling to the shares in the Company. The issuance of convertibles by virtue of the authorization shall be made on market terms and principally be issued in the international debt market."

## 17. Resolution on

### **a) acquisition of the Company's own shares in the securities trading business**

In its securities trading business Nordea Bank Abp (the "Company"), among other things, acts as a market maker in its own shares on the relevant stock exchanges and in indices in which the Company's shares form a significant part as well as offers products related to the share. Should the Company not be able to trade in its own shares, the Company would not be able to provide a full range of products in the same manner as its competitors, which would lead to the Company losing market shares, and it would not be able to fulfil its current market maker undertakings towards relevant stock exchanges and the financial market at large.

The Company's holdings of its own shares in the trading book shall not at any time exceed the applicable limits decided by the European Central Bank.

In light of the above, the Board of Directors of the Company proposes to the general meeting to resolve on the following acquisition of the Company's own shares in the securities trading business.

"It was resolved that the Company, for the purpose of its ordinary course securities trading business as a credit institution, may repurchase own shares as follows.

The Company's own shares are repurchased otherwise than in proportion to the shareholdings of the Company's shareholders (directed repurchases). 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 directed repurchases.

The number of own shares to be repurchased may not exceed 175,000,000 shares, which corresponds to approximately 4.32 % of the Company's shares. The Company's own shares shall be repurchased on Nasdaq Helsinki, Nasdaq Stockholm or Nasdaq Copenhagen, as the case may be, or from counterparties of the securities trading business outside of the market or through the use of derivative instruments, in each case, at a total price that does not exceed the market price prevailing on the relevant stock exchange at the time of the repurchase or the time of entry into the relevant derivative instrument, as the case may be. The Company's own shares to be repurchased shall be offered to the Company no later than at the time of the repurchase and shall be paid for no later than upon delivery of such shares. The Company's own shares are repurchased using the invested unrestricted equity fund of the Company.

The Company's own shares shall be repurchased before the end of the next annual general meeting of shareholders."

**b) transfer of the Company's own shares in the securities trading business**

In its securities trading business Nordea Bank Abp (the "Company"), among other things, acts as a market maker in its own shares on the relevant stock exchanges and in indices in which the Company's shares form a significant part as well as offers products related to the share. Should the Company not be able to trade in its own shares, the Company would not be able to provide a full range of products in the same manner as its competitors, which would lead to the Company losing market shares, and it would not be able to fulfil its current market maker undertakings towards relevant stock exchanges and the financial market at large.

In light of the above, the Board of Directors of the Company proposes to the general meeting to resolve on the following transfer of the Company's own shares in the securities trading business.

"It was resolved that the Company, for the purpose of its ordinary course securities trading business as a credit institution, may transfer its existing own shares for consideration as follows (reissue of shares from treasury).

The Company may transfer its own shares in its ordinary course 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 % of the Company's shares. The Company's own shares shall be transferred through Nasdaq Helsinki, Nasdaq Stockholm or Nasdaq Copenhagen, as the case may be, or directly to counterparties of the securities trading business at a price that is no less than the market price prevailing on the relevant stock exchange at the time of the sale or at the time of the entry into the relevant derivative instrument, as the case may be. The Company's own shares to be transferred shall be subscribed for no later than at the time of the sale and shall be paid for no later than upon delivery of such shares. The subscription price shall be recorded in the invested unrestricted equity fund of the Company.

Own shares shall be transferred before the subscription period expires, that is, at the end of the next annual general meeting of shareholders.

It was resolved to approve all subscriptions that will be made in accordance with the terms and conditions of the directed issuance."

## **18. Resolution on authorization for the Board of Directors to decide on**

### **a) acquisition of the Company's own shares**

The Board of Directors proposes to the general meeting to resolve on the following authorization for the Board of Directors to decide on repurchase of own shares.

"It was resolved to authorize the Board of Directors to decide on the repurchase of not more than 225,000,000 shares, which corresponds to approximately 5.56 % of the total number of shares in Nordea Bank Abp (the "Company"), subject to that the number of own shares held by the Company at any given time may not exceed 10 % of all the shares in the Company.

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 repurchases). The Company's own shares shall be repurchased using the unrestricted equity of the Company.

The Company's own shares shall 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 optimize 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 optimize the capital structure may not exceed 200,000,000 shares.

The Board of Directors is authorized 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 shall be transferred or cancelled. The authorization shall remain in full force and effect until the earlier of (i) the end of the next annual general meeting of the Company or (ii) 18 months from the decision by the annual general meeting.



In addition to the terms in the above proposal, it is noted that any decision by the Board of Directors to repurchase shares based on the proposed authorization will also be subject to that the Company has obtained the necessary regulatory permissions from the European Central Bank."

**b) share issuances or the transfer of the Company's own shares**

The Board of Directors proposes to the general meeting to resolve on the following authorization for the Board of Directors to decide on share issuances or the transfer of own shares.

"It was resolved to authorize the Board of Directors 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 % of the total number of shares in Nordea Bank Abp (the "Company"), on one or several occasions. The shares may be issued or transferred with deviation from the shareholders' pre-emptive rights by way of directed issues (directed issues). The shares to be issued or transferred shall 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 Board of Directors is authorized to decide on all other terms concerning the issuance of new shares in the Company or transfers of the Company's own shares. The authorization shall remain in full force and effect until the earlier of (i) the end of the next annual general meeting of the Company or (ii) 18 months from the decision by the annual general meeting."

## **19. Resolution on the maximum ratio between fixed and variable component of total remuneration**

With reference to the background below, the Board of Directors proposes to the general meeting to resolve on the following maximum ratio between the variable component and the fixed 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 %.
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. Nordea Bank Abp (the "Company") shall exercise its voting rights to approve that a 200 % Cap for the above mentioned categories of staff applies also in subsidiaries of the Company, unless prevented by binding local rules and regulations.

### **Background for the Board's proposal**

The Finnish Credit Institution Act includes a requirement that the ratio of the variable remuneration cannot exceed 100 % of the fixed remuneration for each recipient of variable remuneration (the "Cap"). The maximum ratio may be increased to 200 % 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 employee receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers.

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

The Cap is proposed to be set to 200 % and to apply for Identified Staff including Group Executive Management as well as non-Identified Staff in the divisions Wholesale Banking and Asset Management as well as up to 250 selected key employees in other divisions, subject to approval from the Group CEO.

It is further proposed that the Company exercises its voting rights to approve that a 200 % Cap applies also for the specified categories of staff in subsidiaries of the Company, unless prevented by binding local rules and regulations.

### **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. This means that Nordea wishes to be able to apply a Cap of 200 % of fixed pay for certain categories of employees. The alternative would be to increase the fixed remuneration, which would reduce Nordea's cost-base flexibility. It would also imply a "guarantee" of a greater level of pay-out and reduction of deferred variable remuneration, reducing the impact of possible ex-post reductions.

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 Board of Directors is considering introducing a share-based long term incentive plan for members of the Group Executive Management and a small number of senior leaders in Nordea to further align to the long term interest of Nordea and its shareholders. The introduction of a share-based long term incentive plan would also align the remuneration structure of Nordea to its European peers.

The total number of participants considered is 40-60, including Group Executive Management. Members of the Board of Directors are not in scope.

To ensure the further alignment of Nordea and its shareholders, the long term incentive plan would be fully share based and not comprise any cash awards. A share ownership requirement for the CEO and members of the Group Executive Management will be introduced in connection with such a decision.

Share awards from a long term incentive plan are considered to commence from 2020, with any awards to include a 1-year pre-grant assessment period from 2019 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 12-24 months. The terms of the long term incentive plan will also include forfeiture and claw-back provisions.

Approval of a 200 % Cap as outlined in this proposal would also support the implementation of a share-based long term incentive plan, if decided by the Board of Directors.

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

If the proposed Cap is approved, approximately 1,800 staff in Nordea will continue to or may be eligible for a Cap of up to 200 %, subject to individual agreement.

The proposal will not have any impact on the solvency of Nordea.

In addition to Identified Staff, including Group Executive Management, employees with the following functions shall be 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 it is proposed that variable remuneration opportunity above 100 % of fixed remuneration is approved by the Group CEO with a view to avoid fixed pay increases.

The Cap for employees outside the groups and divisions mentioned above is 100 % or lower.

**The preparation of this proposal**

After preparation by the Board Remuneration Committee the Board of Directors has resolved to propose the general meeting the above proposal for a Cap.