Information regarding the proposed re-domiciliation to Finland
All and any recipients of this document should read and understand what is stated in section 6 “Important Information”.
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1 Executive summary and background

1.1 Executive summary
On 6 September 2017, Nordea’s board of directors decided to initiate a re-domiciliation of the parent company of the Nordea Group from Sweden to Finland. This decision was based on the Nordea Group’s unique pan-Nordic and international structure, which means that the existing national regulatory frameworks do not fully accommodate the Nordea Group’s operating model and recent strategic developments. Nordea expects that domiciling the parent company of the Nordea Group in a country that is a participant of the EU’s banking union will mean that the Nordea Group will be subject to a similar prudential regulatory framework as its European peers, with greater consistency in the application of laws and regulations, therefore providing a more level playing field. Nordea expects this will promote the interests of its customers, shareholders and employees. The operations of the Nordea Group, including in its four Nordic home markets, will remain unchanged after the re-domiciliation and no changes in the day-to-day operations are expected from a customer perspective. Only a limited number of employees of the Nordea Group are expected to be affected by the re-domiciliation.

Following the decision to re-domicile, and in order to provide shareholders with additional information on the main considerations and drivers behind this decision, Nordea provides in this document more detail the financial impact of the re-domiciliation, the impact that the re-domiciliation is expected to have on Nordea’s corporate governance framework and the listing of the Nordea share, and also covers certain tax-related items arising in relation to the re-domiciliation (consequences of the merger and withholding tax).

In connection with these topics, this document discusses the cross-border merger (the “Merger”) through which the re-domiciliation is intended to be implemented. Please see also Section 6 “Important information” in this document. Detailed information about Nordea merger plan can be found on our website www.nordea.com.

As part of the formal merger process a prospectus will be prepared in accordance with the EU Prospectus Directive (as implemented in Finland). However, the information in the prospectus will be prepared on the basis information that has been previously made public by Nordea and will not include any material information relating to the rationale for the Merger or any other aspects of the re-domiciliation process that has not already been publicly disclosed by the time of the publication of the prospectus. Tentatively, the merger plan is expected to be presented to the annual general meeting scheduled for 15 March 2018. The prospectus is expected to be published and available to shareholders by the end of February.

1.2 Background to the re-domiciliation
Nordea is the largest financial services group in its Nordic markets (Denmark, Finland, Norway and Sweden) measured by total income, with additional operations in Russia and Luxembourg, and branches in a number of other international locations. In 2017, Nordea transferred its banking activities at its branches in Estonia, Latvia and Lithuania to Luminor, a Baltic bank owned by Nordea and DNB.
Nordea’s ambition and vision has always been to operate as “One Nordea” across the Nordic region. In order to realise that ambition and vision, Nordea introduced a transformational change agenda in 2015 involving, among other things, significant investments in technology in order to have one system for all core banking products.

Management believes that Nordea has a number of key strengths upon which it continues to build its strategy, including a large, diversified customer base and strong distribution network; clear strategic direction with a scalable business; strong balance sheet and capital position; and prudent risk management, solid funding position and strong credit rating.

In operational terms, Nordea has had a clear focus on constantly improving its cost and capital efficiency in recent years in order to maintain a sustainable operating model, secure competitive offerings and remain a solid banking institution. As part of the ongoing broader transformation of Nordea, and in order to strengthen corporate governance, reduce administrative complexity and enhance efficiency, Nordea simplified its legal structure by converting Nordea’s Danish, Finnish and Norwegian subsidiary banks to branches of Nordea, effective as of 2 January 2017.

Nordea will continue to evolve into “One Nordea” and deliver the future relationship bank model through strengthened culture and consistent execution focusing on the following four main areas: clear customer vision; common way of working; simplification of common systems; and common values.

In line with this ambition, Nordea’s strategic priorities include strengthening the Nordea Group’s customer-centric organisation, digitalisation and distribution transformation, simplification, and trust and responsibility.

In the first quarter of 2017, Nordea commenced an assessment of the options to address the impact on the Nordea Group of the Swedish regulatory framework, including its deviation from the regulatory framework of the EU’s banking union (the “Banking Union”). The options assessed included, but were not limited to, relocating the corporate headquarters of Nordea from Sweden. In the early summer of 2017, Nordea increasingly focused on domiciling in a country that is already in or has announced plans to participate in the Banking Union. On 6 September 2017, following the completion of the assessment, the board of directors of Nordea decided to initiate a re-domiciliation of the parent company of the Nordea Group from Sweden to Finland. Nordea expects that domiciling the parent company of the Nordea Group in a country that is a participant of the Banking Union will mean that the Nordea Group will be subject to a similar regulatory framework as its European peers, with greater consistency of the application of laws and regulations and, therefore, more of a level playing field. Nordea expects this will promote the interests of customers, shareholders and employees.

The board of directors of Nordea Bank AB (publ) (in this document referred to as “Nordea Sweden”) and a newly established Finnish subsidiary, Nordea Holding Abp (in this document referred to as “Nordea Finland”) on 25 October signed a joint merger plan. The plan has been available at www.nordea.com since 26 of October 2017.
Tentatively, the merger plan is expected to be presented to the shareholders at the annual general meeting of shareholders scheduled to be held on 15 March 2018. Approval of the merger plan requires a two-third majority of the shares and votes cast and present at the meeting. In addition to the shareholders’ approval, the execution of the Merger is also dependent on, among others, regulatory approvals. Provided that the shareholder approval and other conditions for completing the Merger have been fulfilled, the Merger is expected to be completed on or around 1 October 2018.

2 Financial impact of re-domiciliation

2.1 NPV calculation

This section discusses expected savings related to resolution fees, deposit guarantees and other transitional effects ensuing from the re-domiciliation to Finland. Nordea has calculated the expected net present value (NPV) impact of the re-domiciliation to Finland by discounting future, post-tax income statement effects, of the domicile change based on information currently available to it. In addition, Nordea has made a number of assumptions, including the following:

- The calculations have been based on currently applicable laws and regulations that are subject to change and interpretation.
- The calculations have been based on the assumption that the re-domiciliation and Merger will be completed within the timeframe, that is, by 1 October 2018, and in the manner currently contemplated that is, by way of a downstream cross-border merger.
- The discount rate used to calculate the NPV is 8.5%, equal to the Nordea Group’s cost of equity.
- A standard tax rate of 24% has been applied to convert pre-tax impacts into post-tax impacts.
- Any potential changes in the capital requirements are not considered in the NPV calculation.

This section includes forward-looking statements. Please see also Section 6 “Important information” in this document.

Nordea expects the (NPV) of the savings related to resolution fees, deposit guarantees and other transitional effects discussed below arising from the re-domiciliation to Finland to be approximately EUR 1.1-1.3bn, compared to remaining domiciled in Sweden. The NPV of EUR 1.1-1.3bn is in the higher compared to the range of the NPV of EUR 1.0-1.1bn that was communicated in the press release published by Nordea on 6 September 2017. This difference is primarily attributable to lower-than-expected costs of consent solicitation related to outstanding capital instruments discussed below and lower payments and longer payments periods under resolution and deposit guarantee schemes compared to Nordea’s earlier calculations.
The resolution and deposit guarantee fees for 2018 are expected to increase by approximately EUR 60-150m compared to 2017, and for 2019 the fees are expected to be approximately EUR 0-70m higher compared to 2017. As discussed above, these figures are based on the re-domiciliation taking place on 1 October 2018, while the earlier estimates reflected both 1 October and 1 July as dates for the re-domiciliation. The resolution and deposit guarantee fees for 2017 are expected to be approximately EUR 253m. The expected increase in resolution and deposit guarantee fees for 2019 is lower compared to earlier communication set forth in the press release on 6 September 2017. The change is partly due to lower-than-expected total fees to be paid, and also reflects a longer pay-in period than earlier expected.

The following table provides further details on the expected NPV impact of the re-domiciliation.

<table>
<thead>
<tr>
<th>Full Period (EURbn)</th>
<th>Finland vs Sweden</th>
</tr>
</thead>
<tbody>
<tr>
<td>A: Resolution fees</td>
<td>0.4-0.5</td>
</tr>
<tr>
<td>B: Deposit guarantee scheme</td>
<td>0.4-0.6</td>
</tr>
<tr>
<td>C: Interest rate deductibility on subordinated debt</td>
<td>0.4</td>
</tr>
<tr>
<td>D: Funding cost, Execution cost, Other</td>
<td>-0.1</td>
</tr>
<tr>
<td>Total</td>
<td>1.1-1.3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Full Period (EURm)</th>
<th>2017-2019</th>
<th>2020-</th>
<th>Total NPV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total (rounded to closest 10m)</td>
<td>20-130</td>
<td>1040-1210</td>
<td>1060-1340</td>
</tr>
</tbody>
</table>

2.1.1 Resolution fees (RF)

As a result of the re-domiciliation, the NPV of lower resolution fees is expected to be approximately EUR 0.4-0.5bn.

The contributions to the EU Single Resolution Fund ("SRF") are based on the size and risk profile of each bank. As the common overall annual target level is set for all banks participating in the EU Single Resolution Mechanism, and consequently the contributions of all euro area banks affect those of each individual bank. The 20 largest banks in the SRF contributed in excess of 60% of the overall amount paid in to the SRF.

The NPV of EUR 0.4-0.5bn remains subject to uncertainty resulting from the timing of the re-domiciliation as well as other factors such as the multiplier used for adjusting risk as well as the future balance sheets of the Nordea Group compared to the balance sheets of other banks. The major reason for the NPV range is different assumptions on the risk adjusting multiplier.

The Swedish Government has proposed a resolution regime which differs from the SRF. The key features in the Swedish proposal include initial contributions of 0.125% of covered deposits, which decreases to a long-term level of 0.05% in 2020. The target level is 3% of covered deposits and is expected to be reached by 2025.

By comparison, in Finland Nordea would be liable to pay EU resolution fees to the SRF. The target size of the SRF is 1% of covered deposits in the Banking Union and
will be built up during 2016–2023. In 2023, absent any pay outs from SRF and the fund size exceeding 1% of covered deposits, the contribution collection will cease. In terms of the risk for contributions beyond 2023 Nordea would be dependent on the financial condition of the more than 3,000 banks in the EU, that rely on SRF in a resolution scenario.

2.1.2 Deposit guarantee scheme (DGS)

As a result of the re-domiciliation, the NPV of lower DGS fees is expected to be approximately EUR 0.4-0.6bn.

The NPV of EUR 0.4-0.6bn remains subject to uncertainty stemming from the timing of the re-domiciliation as well as other factors such as risk weights and the progression of the amount of covered deposits. The major reason for the NPV range is different assumptions as regards DGS fees previously paid by Nordea Bank Finland Plc in Finland.

For the DGS, Nordea will pay in respect of the total amount of covered deposits in the Nordea Group irrespective of the domicile of the parent company of the group. The reason behind the difference in DGS fees is that although the target level is 0.8% of covered deposits in both countries for the fund, DGS fees will continue to be levied in Sweden also after the target level is reached. The annual risk-based DGS fee in Sweden is approximately 0.12% of covered deposits. The annual risk based DGS fee in Finland is approximately 0.10% of covered deposits.

In Finland the target level must be reached by 2024 at the latest with no levies thereafter. The risk for contributions beyond 2024 is dependent on the growth of the covered deposit pool and whether losses have been assumed by the DGS funds or not.

In addition, top-ups will be paid to Norway as the Norwegian coverage level exceeds the Swedish and Finnish coverage level.

2.1.3 Income tax deductibility of interest payments on subordinated debt (DSD)

As a result of the re-domiciliation, the NPV of DSD is expected to be EUR 0.4bn.

Sweden has abolished, as of January 2017, the income tax deductibility for interest payments on capital instruments and subordinated loans qualifying as additional Tier 1 capital and Tier 2 capital. Compared to remaining domiciled in Sweden, the DSD would be positive following the re-domiciliation. The expected positive annual effect is approximately EUR 38m. This calculation is based on the Nordea Group’s current level of subordinated debt, the interest payments on which are not tax deductible in Sweden.

2.1.4 Funding cost, execution cost and other

As a result of the re-domiciliation, there is an expected negative effect of approximately EUR 0.1bn on NPV from funding cost, execution cost and certain other costs.
2.1.4.1 **Funding cost**

Upon completion of the re-domiciliation and the Merger, the assets and liabilities of Nordea Sweden will, by operation of law, transfer Nordea Finland - currently Nordea Sweden’s wholly owned subsidiary in Finland. As a result, all assets, liabilities, rights, obligations and contractual relationships will be assumed by Nordea Finland. This will occur without any further action required under Finnish and Swedish corporate law.

To ensure that the terms and conditions of Nordea’s capital instruments reflect the re-domiciliation to Finland, Nordea announced in November 2017 consent solicitations in relation to certain series of its outstanding Additional Tier 1 (AT1) notes and Tier 2 notes to make certain technical amendments to the terms and conditions of these notes. The noteholders approved the amendments made pursuant to the consent solicitation that included updates to definitions such as the relevant prudential regulator, applicable banking regulations, and relevant jurisdiction for prudential and tax purposes as well as technical changes to the governing law and subordination provisions and the events of default relating to winding-up proceedings, in order to reflect the new jurisdiction. Nordea undertook the consent solicitations proactively prior to the re-domiciliation with the goal of ensuring that unforeseen legal issues are not encountered and that the conditions of the notes subject to the consent solicitations continue to provide appropriate protections for holders following the completion of the proposed Merger.

As of Q3 2017, Nordea had outstanding capital instruments of approximately EUR 9bn, EUR 2.8bn of which was counted as Tier 1 capital and EUR 5.9bn as Tier 2 capital. Of the total outstanding amount, notes representing approximately EUR 8bn were covered by the consent solicitation.

Nordea has five outstanding non-Basel III compliant instruments, which are currently being phased out as regulatory capital and, therefore, were not included in the consent solicitation. These instruments include three AT1 loans and two Tier 2 loans, with an aggregated outstanding amount of approximately EUR 1bn. Nordea will continue to evaluate the efficiency of the non-Basel III compliant instruments from both a cost and capital perspective.

2.1.4.2 **Execution cost and certain other cost**

The re-domiciliation process will result in increased costs related to execution cost, accounting and regulatory reporting requirements, legal work and communications with customers as well as the coordination and running of the re-domiciliation process.

2.2 **Capital and liquidity requirements**

Nordea expects that a change of domicile of the parent company of the Nordea Group will, to some degree, affect the applicable capital and liquidity requirements. Even though it is still highly uncertain and still nothing has been communicated from the regulators, it is currently assessed that the capital adequacy requirements will change, especially the Pillar 2 components.
2.2.1 Capital adequacy

On the capital side, it is noted that there are different regulatory regimes as of now, but it is still too early to have a view of how the total capital requirements for the Nordea Group will be affected by a re-domiciliation. Nordea has initiated a dialogue with the European Central Bank (“ECB”) to understand the detailed regulatory capital requirements that will be applied after the change of domicile.

In the current capital adequacy regime, the Swedish FSA publicly discloses the capital requirements applicable to Nordea on a quarterly basis. Figure 1 illustrates the common equity tier 1 (CET1) capital and own funds requirements for Q3 2017 as disclosed by the Swedish FSA. Under the current Pillar 1 framework Nordea is subject to minimum CET1 capital requirement of 4.5%, systemic risk buffer requirement of 3.0%, an exposures-weighted countercyclical capital buffer of 0.6% and a capital conservation buffer of 2.5%.

Under the current Pillar 2 framework, Nordea is, as of Q3 2017, subject to a 2.0% CET1 capital requirement for systemic risk and a 1.6% CET1 capital requirement for risk weight floors for residential mortgage portfolios in Norway and in Sweden. In addition, Nordea is subject to other institution-specific pillar 2 requirements of 3.2% in CET1 capital requirement.

Figure 1. Nordea CET1 capital and own funds requirement Q3 2017

Nordea notes that the current 3% CET1 capital requirement for the systemic risk buffer in Pillar 1 in Sweden is currently not implemented in Finland, but is expected to be implemented in similar terms prior to the Nordea change of domicile. Similar to Swe-

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1 Under CRD IV, institutions that fail to meet the combined buffer requirement (broadly, the combination of the capital conservation buffer, the institution-specific countercyclical buffer and the higher of (depending on the institution), the systemic risk buffer, the global systemically important institutions buffer and the other systemically important institution buffer, in each case as applicable to the institution) will be subject to restricted “discretionary payments” (which are defined broadly by CRD IV as payments relating to CET1 capital, variable remuneration and payments on additional tier 1 instruments). The restrictions on discretionary payments will be calculated as a percentage of the profits of the institution since the most recent decision on distribution of profits or discretionary payment. Such calculation will result in a “maximum distributable amount” (MDA) level at which automatic restrictions linked to the combined buffer requirement would come into effect.
dish law, Finnish law will give the Finnish FSA the possibility to set a systemic-risk buffer as a CET1 capital requirement between 1% and 5%. However, in order to set the requirement above 3%, the European Commission, after consulting the European Systemic Risk Board and the European Banking Authority (“EBA”), needs to approve the buffer rate. The Swedish systemic-risk buffer of 2% CET1 capital in Pillar 2, as shown in figure 1, is currently not visible in the ECB capital requirement framework and remains to be seen. In relation to the other bank-specific Pillar 2 add-ons, the current framework sets add-ons at a relatively detailed level on a risk-by-risk basis, such as individual benchmark risk (i.e. IRRBB, pension risk and concentration risk). The ECB framework is, however, expected to determine the bank-specific Pillar 2 add-ons from a more holistic risk perspective. How this will potentially impact Nordea is still unknown and expected to form part of the future Supervisory Review and Evaluation Process (“SREP”).

In line with the other banks supervised by the ECB, Nordea expects that Pillar 2 will be split into a Pillar 2 Requirement (“P2R”) and Pillar 2 Guidance (“P2G”). The level of both these Pillar 2 add-ons will be communicated by the ECB and the Finnish FSA as part of the formal SREP. Currently, the pillar 2 add-ons from the Swedish FSA do not affect the MDA level at which automatic restrictions linked to the combined buffer requirement would come into effect as the pillar 2 add-ons are not formally decided. However, for ECB supervised banks the P2R is formally decided and will thereby increase the MDA level. Accordingly, the current assessment is that the MDA restriction level is expected to increase for Nordea as a consequence of the change of domicile.

The Swedish banks have high total Pillar 2 add-ons compared to banks supervised by the Single Supervisory Mechanism (SSM). However, the current Pillar 2 add-ons from the Swedish FSA are more to be seen as a P2G since they do not affect the MDA level. The level of P2R for the SSM banks is disclosed by the individual banks and for peers the P2R is in the range of approximately 1.25% to 3.25% in terms of CET1 capital requirement as of Q2 2017. For SSM banks, the bank-specific P2G levels are not disclosed and a comparison of the full Pillar 2 add-ons is therefore not possible. The average actual CET1 capital ratio (fully loaded) for the same SSM peer banks is approximately 13.5% as of Q2 2017.

Until the re-domiciliation and Merger have been completed Nordea will be supervised according to the Swedish capital requirement framework. Nordea expects that any changes to the capital requirements will be addressed as part of the formal SREP once communicated by ECB and the Finnish FSA. Nordea also expects to be part of a targeted review of internal models (TRIM) / asset quality review (AQR) once under ECB supervision which could impact Nordea’s internal models and, as a result, the risk ex-

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2 Banks included in the P2R range: ABN Amro, AIB, BBVA, BNP Paribas, BoI, BPCE, Commerzbank, Credit Agricole, Deutsche Bank, Erste, ING, Intesa Sanpaolo, KBC, RBL, Santander, SocGen, UniCredit
3 Banks included in the P2R range: ABN Amro, AIB, BBVA, BNP Paribas, BoI, BPCE, Commerzbank, Credit Agricole, Deutsche Bank, Erste, ING, Intesa Sanpaolo, KBC, RBL, Santander, SocGen, UniCredit
posure amounts (“REA”). At this stage, it is not possible to assess the net outcome of revised capital requirements and potential REA change.

It is not only the regulatory capital requirements that need to be taken into consideration; Nordea is also committed to maintaining an AA rating for which a strong capital position is required. In addition to this, Nordea also needs to consider coming regulatory changes, including CRR2/CRD V and so-called Basel IV. The CRR2/CRD V package as proposed by the European Commission in November 2016 is currently being negotiated in the European legislative process by the European Council and European Parliament. Similarly, Basel Committee has released the memo on Basel IV which will need now to go through the European legislative process before implementation. Due to the early stage of both these initiatives it is still too early to assess their impact. However, these initiatives are expected to increase the REA for Nordea and streamline the application of the pillar II requirement.

Nordea expects that all capital considerations will be addressed as part of the SREP dialogue. The SREP for 2017 will remain applicable until the SREP for 2018. The format of the SREP process for 2018 is dependent upon the approach taken by the FSAs. Nordea expects to know the capital requirement, at the latest, by the completion of the re-domiciliation.

Worth noted that both Finland and Sweden have implemented the European Capital Requirement Directive (CRD) and both countries are subject to the European Capital Requirement Regulation (CRR).

Nordea intends to maintain its capital and dividend policy irrespective of the re-domiciliation.

2.2.2 Liquidity requirements

No material changes are expected to the liquidity requirements because of the re-domiciliation. The size and composition of the liquidity buffer is defined by the underlying liquidity risk from a Nordea Group perspective. In addition, Nordea assesses that its access to central banks will remain unchanged. Following the completion of the re-domiciliation, Nordea will have to comply with the ECB’s liquidity reporting requirements.

2.2.3 MREL and TLAC

The Minimum Requirement for own funds and Eligible Liabilities (“MREL”) framework is different between Sweden and the Banking Union. One difference is the calibration of the MREL requirement. In Sweden, the MREL requirement is the sum of the total capital requirement and the recapitalisation amount. The latter is the total capital requirement deducted by the combined buffer requirement. As of Q3 2017, Nordea’s MREL requirement is estimated as EUR 50bn and the recapitalisation amount as EUR 21bn.

In the Banking Union, the MREL requirement in the policy paper by the Single Resolution Board (“SRB”) can be summarised as twice the total capital requirement less 125bps. In addition, the SRB has communicated in its recent industry dialogue with
the banking industry that the MREL requirement can be adjusted taking into consideration factors such as resolution actions and recovery plan.

As in Sweden, the MREL requirement in the Banking Union is based on the capital requirement. Due to uncertainties about the capital requirement that will be determined by the ECB after Nordea re-domiciliation, the MREL requirement in the Banking Union is uncertain.

Another difference between Sweden and the Banking Union is the MREL liabilities that are eligible to meet the MREL requirement. In Sweden, MREL-eligible liabilities will, from 1 January 2022 need to be subordinated to the liabilities excluded from bail-in. In the Banking Union, there is currently no subordination requirement, although the SRB will monitor and assess the need for the subordination requirement going forward. In addition, in Sweden, the recapitalisation amount needs to be met only by MREL-eligible liabilities. In the Banking Union, there is currently no such a requirement.

Both the MREL and the Total Loss Absorption Capacity ("TLAC") have the same regulatory objective, that is, to ensure sufficient bail-in resources. However, the MREL is applied for all EU banks and the TLAC will only be applied for Global Systemically Important Banks ("G-SIBs") from 1 January 2019. The calibrations of the MREL and TLAC requirements are different. The TLAC is a Pillar 1 uniform minimum requirement for all G-SIBs while the MREL is a bank-specific requirement based on a bank’s capital requirement. In addition, the TLAC requirement needs to be met by own funds and subordinated liabilities except for certain limited exemptions. However, the MREL requirement can, at least currently, be met by own funds and senior unsecured liabilities.

2.2.4 Leverage ratio
The minimum requirement for leverage ratio is expected to be 3% to be met with Tier 1 capital.

In addition, there could, in a few years’ time, be an additional requirement for G-SIBs. It is currently expected that Nordea would be required to hold 3.5% if identified as a G-SIB.

3 Corporate governance

3.1 Applicable legislation and self-regulation
Nordea Finland is currently a public limited liability company incorporated in Finland and subject to, among other laws, the Finnish Companies Act. Nordea Finland will at the time of execution of the Merger, be a public limited liability banking company and as such be subject to, among other laws, the Finnish Act on Credit Institutions and the Finnish Act on Commercial Banks and Other Credit Institutions in the Form of a Limited Liability Company.
According to the rules of Nasdaq Helsinki, all issuers of shares that are traded on the official list of Nasdaq Helsinki must comply with the Finnish Corporate Governance Code (the “Finnish Code”), unless granted an exception. Consequently, following the completion of the Merger and the listing of Nordea Finland’s shares on Nasdaq Helsinki, Nasdaq Stockholm and Nasdaq Copenhagen, Nordea Finland must comply with the Finnish Code. The recommendations of the Finnish Code are supplementary to the provisions of law and work in accordance with the “comply or explain” principle. Therefore, a company may deviate from the specific recommendations of the Finnish Code provided that it reports each deviation and explains the reasons for it.

The Finnish corporate governance regime is based on the principle of majority rule, which is intended to promote active ownership. This is balanced by the principle of equal treatment, qualified majority requirements, and the rights given to minority shareholders, as well as a clear division between the responsibilities of the governing bodies of companies.

Sound corporate governance for companies listed in Finland is based on a combination of laws and decrees issued on the basis of the relevant laws, as well as self-regulation and other best practices. The most important regulations are contained in the Finnish Companies Act, the Finnish Act on Credit Institutions, the Finnish Securities Markets Act, the Finnish Auditing Act and the Finnish Accounting Act. Finnish listed companies are also subject to relevant EU regulations, the rules of Nasdaq Helsinki (including the Finnish Code and the associated reporting requirements), as well as the regulations and guidelines issued by the FFSA and the EBA, including, among others, the new EBA’s guidelines on internal governance under directive 2013/36/EU (“GL11”) and joint European Securities and Markets Authority (ESMA) and EBA guidelines on the assessment of the suitability of members of the management body and key function holders under Directive 2013/36/EU and Directive 2014/65/EU (“GL12”) entering into force on 30 June 2018.

3.2 Attendance at general meetings

Under both Swedish and Finnish law, shareholders may vote all the shares they own or represent unless otherwise stated in the articles of association. The articles of association of Nordea Finland and Nordea Sweden do not contain such restrictions. The determination of who is a shareholder and consequently eligible to vote at a general meeting is made, both in Finland and in Sweden, based on the shareholder being entered as such, in the share register maintained by Euroclear Finland Ltd eight business days prior to the general meeting (in respect of Finland), or in the share register maintained by Euroclear Sweden AB five business days prior to the general meeting (in respect of Sweden). Following the Merger, the general meetings of Nordea Finland are to be held in Helsinki unless there are particularly significant grounds for holding the general meeting at another location.

Any shareholder not personally present at the general meeting may exercise such shareholder rights at the meeting by proxy holding a written power of attorney that is dated and signed by the shareholder. Under Finnish law there is no time restriction on the validity of a power of attorney. However, a power of attorney is only valid for the immediately following general meeting, unless expressly stated otherwise therein.
3.3 Nomination process

Nordea Finland, if granted a credit institution licence by the ECB, is likely to be considered as a credit institution significant to the financial system, as referred to in the Finnish Act on Credit Institutions. Therefore, Nordea Finland is required to have either a board nomination committee consisting of board members or a shareholders’ nomination board appointed by the shareholders. The members of such committee or board may not participate in the daily management of Nordea Finland through an employment relationship.

The board of directors of Nordea Finland intends to propose that a shareholders’ nomination board be established following the granting to Nordea Finland of a credit institution licence by the ECB. Pursuant to the Finnish Code, the general meeting may establish such a shareholder nomination board, which is to consist of the company’s largest shareholders or persons appointed by the largest shareholders to prepare matters in relation to the appointment and remuneration of the board of directors. The shareholders’ nomination board may also include members of the board of directors. According to the GL 12, members of the Shareholders’ Nomination Board should have adequate collective knowledge, expertise and experience relating to the business of Nordea Finland, to be able to assess the appropriate composition of the board of directors, including recommending that candidates fill vacancies on the board of directors. The shareholders’ nomination board may not assume other responsibilities beyond those assigned to it in the charter adopted by the general meeting. The shareholders’ nomination board is to be established in an unambiguous and transparent process that treats all shareholders equally. The company must report at minimum the procedure and cut-off date for determining the company’s largest shareholders who have the right to nominate members to the shareholders’ nomination board as well as the procedure for appointing the members.

3.4 Employee representation in Nordea Finland

Currently there are three ordinary and one deputy employee representatives in the board of directors of Nordea Sweden. As of the date of this document, three ordinary board members and one deputy board member have been appointed by the employees. In respect of Nordea Finland, the employees will, following completion of the redomiciliation and Merger, have the right to participate in either the board of directors or a management group or similar body (provided that such bodies together cover the profit units of Nordea Finland). The final outcome of the employee representation in Nordea Finland will be determined in accordance with the Finnish Act on Personnel Representation in the Administration of Undertakings and the Finnish Act on Employee Involvement in European Companies and European Social Cooperatives as well as the Swedish Act on Employee Participation in Cross-border Mergers, which together set forth the rules regarding employee participation in cross-border mergers.
4 Listing

4.1 Venue
The Nordea Finland shares will be listed on the stock exchanges of Nasdaq Stockholm, Nasdaq Helsinki and Nasdaq Copenhagen. The Finnish Depositary Receipts (FDRs) in Finland will cease to exist and be replaced by directly registered Nordea Finland shares if the re-domiciliation is completed, as the Nordea Sweden shares will be delisted on or around the date of re-domiciliation.

4.2 Indexation
Currently 100% of Nordea Sweden shares are included in the Swedish general index, while only those shares that are registered in Denmark and registered as FDRs in Finland are included in the Danish and Finnish indices, respectively. As part of the first index weight change following the completion of the re-domiciliation, 100% of the shares of Nordea Finland will be included in the Finnish general index, while only those shares that are registered in Denmark and Sweden will be included in the Danish and Swedish indices.

5 Tax

The information in this section is not intended to be, nor should it be construed as being, legal or tax advice. It is recommended that each investor consults a professional tax advisor with respect to the tax consequences of the Merger, the withholding tax and the possibility to credit any Finnish withholding tax on dividends against taxes in the shareholder’s country of residency.

Please see also Section 6 “Important information” in this document.

5.1 Tax consequences at the Merger
Nordea Sweden is planned to be transferred to Finland as of 1 October 2018. The transfer will be executed as a downstream merger.

Any tax consequences for shareholders in Nordea Sweden due to the Merger will depend on the tax rules in the country where the shareholder is resident. Since a large number of shareholders are tax resident in Sweden, Denmark and Finland which also are the countries where the shares are listed, the tax consequences for shareholders who are resident in those countries are, at a general level, described below. For shareholders resident in other jurisdictions, the tax effects may be different.

The corporate tax rate in Finland is 20% compared to 22% in Sweden. There is a proposal to lower the corporate tax rate in Sweden with effect from 1st January 2019, while at the same time introduce new interest deduction limitation rules, constructed either as an EBIT-rule or EBITDA-rule.
**Sweden**

For shareholders in Nordea Sweden, tax residents of Sweden, the Merger will be considered as a disposal. However, the merger will not cause any taxable capital gains or tax deductible capital losses for natural persons. Each respective shareholder’s acquisition cost for tax purposes of its shares in Nordea Sweden will be the acquisition cost for its shares in Nordea Finland. There will be no need to report the exchange of shares in the tax return. Instead, taxation will occur when the Nordea Finland share is disposed of, or if the shareholder, under certain conditions, ceases to be tax resident in Sweden or another EEA country. Should a Swedish limited liability company realise a capital gain due to the merger, a tax deferral may be claimed in the tax return in accordance with the rules on deferred capital gains taxation. The deferred tax amount will be taxed at the latest when the shares received in the Merger are disposed of, if the shares cease to exist or if the shareholder so claims in the tax return. Should the merger result in a capital loss, such loss cannot be deferred by a Swedish limited liability company in accordance with the above.

If the shares are kept on a Swedish investment account (Sw: Investeringssparkonto) or a Swedish endowment insurance a disposal will not have any tax consequences.

**Finland**

For shareholders in Nordea Sweden who are tax residents of Finland, the exchange of Nordea Sweden shares to shares in Nordea Finland is not a taxable disposal, provided that the Merger is tax neutral from a corporate taxation perspective. An application for binding ruling on the tax neutrality of the Merger has been filed with the Finnish Tax Authority. Whether the tax neutrality also applies to the exchange of FDRs to shares in Nordea Finland is currently under investigation and still to be confirmed. Provided the merger is tax neutral, there will be no need to report the exchange of shares in the tax return. Instead, taxation occurs when the Nordea Finland share is disposed.

**Denmark**

For shareholders in Nordea Sweden, who are tax resident of Denmark the Merger will not be considered as a disposal as the Merger will be carried out on a tax-neutral basis pursuant to the Danish Tax Merger Act. Each respective shareholder’s acquisition cost for tax purposes of its shares in Nordea Sweden will be the acquisition cost for its shares in Nordea Finland. There will be no need to report the exchange of shares in the tax return. Instead, taxation will occur when the Nordea Finland share is disposed, or if the shareholder, under certain conditions, ceases to be tax resident in Denmark.

**5.2 Withholding tax on dividend distributions – Impact for different shareholder groups**

Nordea’s shareholders will be entitled to any dividend payments from Nordea Finland in 2019 with respect to 2018 which will be subject to Finnish withholding tax (WHT) regulation.

Natural persons and corporations that are tax residents of Finland should report the dividend in the tax return and pay final tax depending on income and deductions reported in the tax return.
Under current rules recipients that are non-Finnish resident corporations are subject to 20% WHT and other non-resident Finnish recipients are subject to 30% WHT. If a tax treaty applies the WHT can be reduced, normally to 15%.

Non-Finnish UCITS funds would normally be subject to 15% WHT but might be exempt from tax after a reclaim, if deemed comparable to Finnish funds receiving tax exempt dividends. The same could apply to other non-Finnish persons deemed comparable to Finnish organisations receiving tax exempt dividends.

The possibility to credit Finnish WHT (entirely, partly or not at all) against the taxes paid in the country where the shareholder is resident depends on the tax rules in that country and the individual shareholders tax position.

Finland currently has a so called simplified procedure for dividends paid on nominee-registered shares. If the payer/account operator knows the recipient’s country of residence at the payment stage and that country has a tax treaty with Finland, the payer may withhold WHT at a rate of 15% or a higher rate specified in the applicable tax treaty, even if no identification of the recipient has been available.

Should the tax withheld by the payer/account operator be in excess of what the shareholder should pay, the shareholder/recipient can always apply for a reclaim of tax directly with the Finnish Tax Authority.

5.3 Finnish proposal on abolishing current simplified procedure for reduced WHT at source
Currently, there is a draft government proposal pending in Finland on abolishing the current simplified procedure in relation to nominee registered shares. However, the proposal is not final and remains subject to further development and clarifications. The possibility to reclaim tax will remain.
6 Important information

This document has been prepared for information purposes only. It does not constitute an invitation or an offer to purchase, sell, trade or subscribe for any shares or other securities of the companies involved. Distribution of this document and any accompanying documents may be restricted by law in certain jurisdictions. Persons and legal entities that come into possession of this document must inform themselves about such restrictions and comply therewith. Any failure to comply with these restrictions may constitute a violation of the securities laws of any of such jurisdictions.

This information brochure is not a prospectus. Nordea Finland (as defined below) will publish a prospectus prior to the general meeting of shareholders deciding on the Merger which will be made available on Nordea’s website. Shareholders should review the prospectus prior to such general meeting of shareholders.

This document provides information on the main considerations and drivers behind the proposed re-domiciliation of the parent company of the Nordea Group from Sweden to Finland to be carried out through a cross-border reversed merger by way of absorption of Nordea Bank AB (publ) (Nordea Sweden) into Nordea Holding Abp (Nordea Finland). This document includes estimates relating to the expected future impact of the re-domiciliation and merger on the Nordea Group’s business, financial condition and results of operations. These estimates are based on a number of assumptions and judgements relating to, among others, resolution fees, deposit guarantees and other transitional effects due to the re-domiciliation, which are inherently uncertain and are subject to a wide variety of significant business, regulatory, economic and competitive risks and uncertainties that could cause the actual impact of the re-domiciliation and Merger to differ materially from the estimates in this document. Furthermore, there can be no certainty that the re-domiciliation and Merger will be completed in the manner and timeframe assumed in this document, or at all.

This document includes “forward-looking statements”. These statements may not be based on historical facts, but are statements about future expectations. When used in this document, the words “aims”, “anticipates”, “assumes”, “believes”, “could”, “estimates”, “expects”, “intends”, “may”, “plans”, “should”, “will”, “would” and similar expressions as they relate to Nordea Sweden, Nordea Finland, the Merger or the combination of the business operations of Nordea Sweden and Nordea Finland, identify certain of these forward-looking statements. Other forward-looking statements can be identified in the context in which the statements are made. These forward-looking statements are based on present plans, estimates, projections and expectations and are not guarantees of future performance. They are based on certain expectations, which, albeit seemingly reasonable at present, may turn out to be inaccurate. Such forward-looking statements are based on assumptions and are subject to various risks and uncertainties. Shareholders should not rely on these forward-looking statements. Numerous factors may cause the actual results of operations or financial condition of the combined company to differ materially from those expressed or implied in the forward-looking statements. Neither Nordea Sweden
nor Nordea Finland, nor any of their respective affiliates, advisors or representatives or any other person undertakes any obligation to review or confirm or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise after the date of this document.