

Nordea

Remuneration Report for Governing Bodies 2020



Adopted through an advisory resolution, at Nordea's
Annual General Meeting 2021 on 24 March 2021 with 93.183% of the votes cast

This 2020 Remuneration Report for Governing Bodies ("Remuneration Report")* has been prepared in accordance with the requirements of the Finnish Corporate Governance Code 2020 and the Finnish Finance Ministry Decree 608/2019. It further reflects the recommendations of the European Commission Guidelines draft on the standardised presentation of the remuneration report regarding the encouragement of long-term shareholder engagement.

The report will be presented for an advisory vote at the Annual General Meeting in March 2021 and is disclosed with other information on Nordea's website on <https://www.nordea.com/en/about-nordea/corporate-governance/remuneration/disclosures>.

Our shareholders have shown broad support for remuneration-related topics brought before them at the previous AGMs.

Last year's AGM adopted the Remuneration Policy for Governing Bodies ("Remuneration Policy") through an advisory resolution with 97.9% votes in favour.

In 2019, the AGM adopted a 200% maximum ratio between the fixed and variable component of the total remuneration, with 99.3% votes in favour.

These votes on remuneration reflect our commitment to giving shareholders a say on pay. Further details on the say-on-pay votes at the 2020 AGM are provided in the table below.

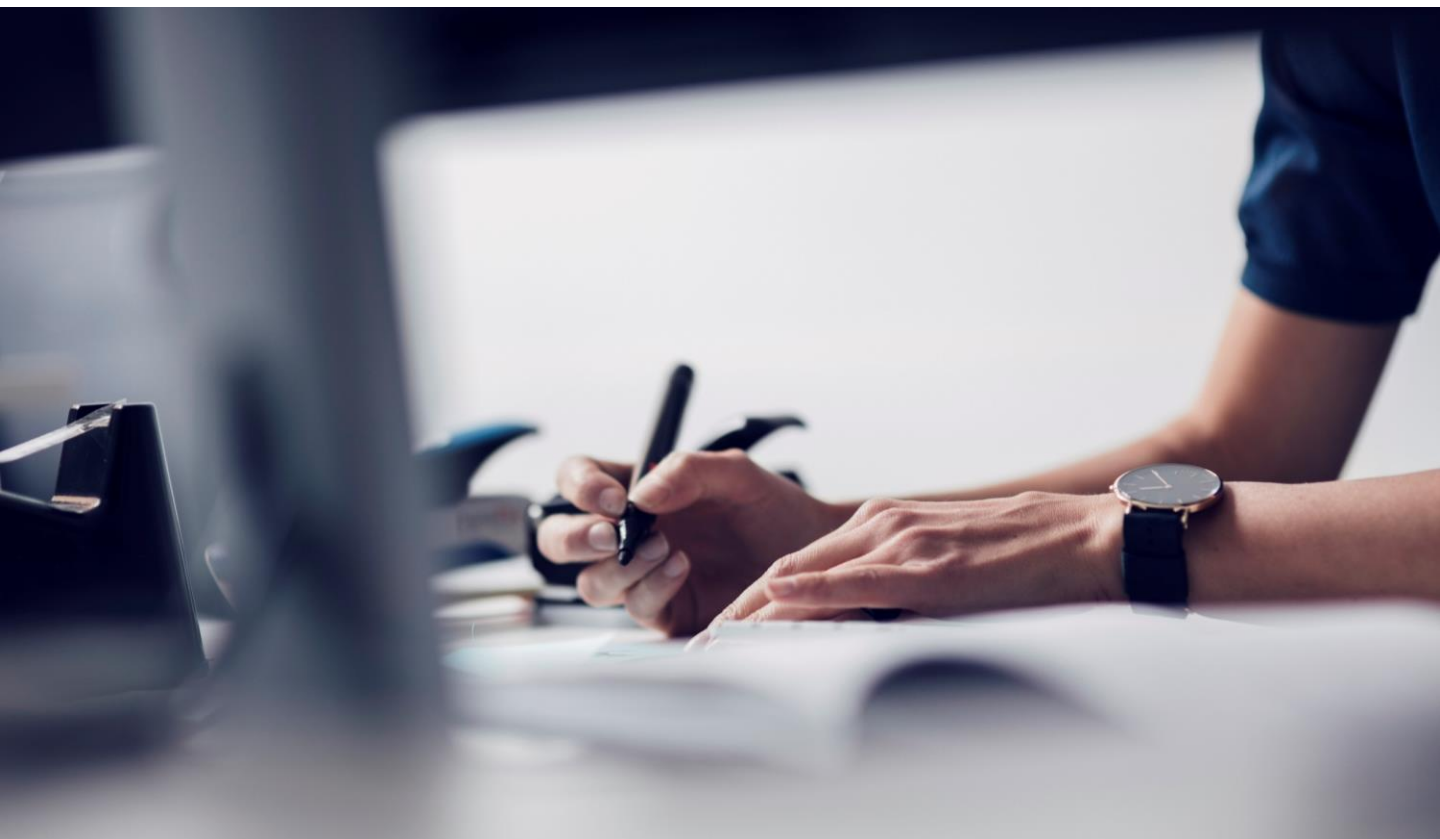
To increase transparency around the remuneration of governing bodies, this Remuneration Report provides an overview of the total remuneration received by each member of the Board of Directors, the President and Group CEO and the Interim Deputy Managing Director in the 2020 financial year with comparative figures for the past financial years where relevant. This Remuneration Report also explains how the remuneration is linked to the performance and the overall strategy of Nordea.

Furthermore, this Remuneration Report confirms that through the course of 2020 the Remuneration Policy was fully complied with and there have been no deviations.

Say on pay – remuneration-related votes at the 2020 AGM

2020 AGM say-on-pay resolutions	2020 AGM actual shareholder votes	Votes in favour
Advisory vote on remuneration policy for governing bodies	Shareholders approved Nordea's Remuneration Policy for Governing Bodies in an advisory vote	97.928%
Binding vote on the remuneration to the Board of Directors	Shareholders approved the remuneration to the members of the Board of Directors for the period from the 2020 AGM to the 2021 AGM	99.945%

*This Remuneration Report is published in English, Swedish and Finnish. In the event of any inconsistencies between the language versions, the Swedish version shall apply.





Dear shareholders

The Board of Directors and I wish to thank you for your support at last year's Annual General Meeting where the Remuneration Policy was approved. I am pleased to present the 2020 Remuneration Report that sets out how the Remuneration Policy has been implemented.



Torbjörn Magnusson

Chair of the Board of Directors,
Chair of the Board Remuneration
Committee

In 2020, the COVID-19 pandemic created challenging economic and societal conditions that tested and proved the resilience of Nordea's business model.

To ensure that Nordea can support the economies through these uncertain times, we have adopted some extraordinary measures to safeguard our capital base. Our shareholders have been impacted by the decision to postpone the payment of dividends, although we consider that to be only a timing matter. In line with that measure, the Remuneration Policy has been applied to ensure deferral and delivery in shares of larger portions of variable payments. In June 2020, the Board of Directors approved the launch of the long-term incentive programme (LTIP) for the Group Leadership Team (GLT) for the performance period 2020-2022. With the introduction of this new fully share-based award the variable remuneration structures for the GLT

shifted to incentivise a strong focus on the long-term performance of Nordea, aligning their interests with shareholder interests and providing a higher degree of share-based compensation while reducing the cash component.

While acknowledging the need for moderation in variable pay, the focus is on striking a balance between rewarding the strong efforts delivered by our people in a challenging environment and paying for performance against the business goals agreed at the beginning of the year.

For 2020 we have reported solid results and continued progress towards our 2022 goals, although return on equity has been negatively impacted by the crisis. At the same time, we have optimised our operational efficiency and lowered our cost base, thus improving the cost/income ratio. The dedication and engagement of Nordea employees have been remarkable, as

shown by the all-time high employee engagement score, and their extraordinary efforts paid off with improving customer satisfaction in all business areas.

As business performance was overall in line with expectations for the year, short-term incentive payouts have generally been close to target levels.

It is worth mentioning that there have been no special measures due to COVID-19 affecting the remuneration of the broader employee population, that is, no pandemic-related layoffs, salary reductions or the like. Also, the targets for variable pay that were agreed early in the year before a clear picture of the COVID-19 impact was available have remained unchanged for 2020.

On behalf of the Board Remuneration Committee and the Board of Directors, I would like to thank you again and respectfully ask for your continued support at the upcoming AGM.

Comparison of development of remuneration vs performance

The table below shows the link between directors' remuneration, company performance and the average remuneration to Nordea employees. This is done by presenting the relative development of total remuneration to the CEO and the Interim Deputy Managing Director and the Board of Directors over the past five years. To ensure like-for-like comparison the figures have been annualised where relevant. Nordea Bank Abp replaced Nordea Bank AB (publ) as the parent company of the Nordea Group on 1 October 2018. All figures shown below relate to the Nordea Group.

The relative performance of Nordea is presented through three financial metrics that are anchored in Nordea's strategic direction towards 2022: 1) Income; 2) Return on equity; 3) Cost/income ratio.

These goals underpin Nordea's vision

of becoming a strong and personal financial partner that provides great customer experiences and delivers on financial targets as well as creates value for shareholders.

Throughout the comparison period, the fixed base salary of the CEO and the Interim Deputy Managing Director has been largely flat, and the variable pay outcomes have been strongly linked to the company's performance. This is reflected in the fluctuations in total remuneration.

As regards the remuneration to the Board of Directors, there is no link to the company's performance, to emphasise their independent role. The remuneration to the Board of Directors is decided by the AGM annually. From 2015 to 2020 the Board member fees increased to reflect market conditions as follows: the ordinary Board member

fees by 10%, the Chair fee by 7.5%, the Vice Chair fee by 9.4%, the Board committee member fee by 20% and the Board committee chair fee by 71.4%. Individual changes in the remuneration to the Board members are attributable to the development in the different fee categories and changes in Board roles (for example, new committee responsibilities).

External benchmarking of peer companies is considered when determining fixed remuneration in Nordea.

The average employee remuneration in 2020 was roughly at the level of 2016. The main contributing factor for this development is Nordea's focus on moving tasks to low-cost locations, which on an average basis allowed us to decrease staff costs.

Comparison of development of directors' total remuneration and company performance

Annual development	2016 vs 2015	2017 vs 2016	2018 vs 2017	2019 vs 2018	2020 vs 2019
Managing Directors¹					
Frank Vang-Jensen, CEO	-	-	-	-	14.82%
Jussi Koskinen, Interim Deputy Managing Director	-	-	-	-	16.46%
Casper von Koskull, former CEO	-12.59%	2.60%	-3.55%	-20.57%	-
Torsten Hagen Jørgensen, former Deputy CEO	-11.40%	13.67%	1.19%	-18.26%	-
Board of Directors²					
Torbjörn Magnusson, Chair	-	-	-	-	-2.95%
Björn Wahlroos, former Chair	4.95%	2.88%	0.01%	0.10%	-
Kari Jordan, Vice Chair	-	-	-	-	0.00%
Lars G Nordström, former Vice Chair	-	-	14.32%	-5.23%	-
Marie Ehrling, former Vice Chair	6.05%	-0.39%	-	-	-
Pernille Erenbjerg, Board member	-	-	-3.08%	20.76%	5.70%
Nigel Hinshelwood, Board member	-	-	-	12.55%	2.04%
Petra von Hoeken, Board member	-	-	-	-	0.00%
John Maltby, Board member	-	-	-	-	0.00%
Robin Lawther, Board member	6.21%	10.04%	2.09%	5.37%	-7.24%
Sarah Russell, Board member	6.21%	18.42%	4.20%	7.78%	2.38%
Birger Steen, Board member	24.95%	25.18%	4.20%	23.80%	6.38%
Maria Varsellona, Board member	-	-	-3.08%	2.23%	0.69%
Torbjörn Magnusson, Board member	-	-	-	-0.42%	-
Silvija Seres, Board member	2.40%	5.75%	0.88%	0.10%	-
Kari Stadigh, Board member	6.75%	10.71%	0.66%	-	-
Lars Wollung, Board member	-	-	-2.59%	-	-
Tom Knutzen, Board member	6.75%	-0.39%	-	-	-
Lars G Nordström, Board member	6.21%	-	-	-	-
Company performance					
Income	-2.26%	-3.62%	-5.36%	-5.99%	-1.82%
Return on equity	0.82%	-22.76%	2.11%	-48.45%	42.00%
Cost/income ratio	6.38%	8.00%	5.56%	0.00%	-3.51%
Average remuneration to Nordea employees³	-10.87%	10.83%	-1.29%	0.35%	-6.30%

¹Total remuneration to the CEO and the Deputy Managing Director is the sum of fixed pay, variable pay, pension expenses and benefits as specified in Nordea Annual Reports.

²If the individual director performed several roles, these are shown as separate lines. The directors for whom no year-on-year comparison is available are not shown in the overview. The compared figures include all fees and potential benefits paid to an individual director for the duties performed in their capacity as a member of the Board, that is, both Board member and committee fees are added together.

³Average remuneration is calculated as salaries and remuneration reported under staff costs divided by the total number of employees as disclosed in the annual reports for the Nordea Group. The main contributing factor for decrease in 2020 can be attributed to Nordea's location strategy.



To supplement the remuneration comparison table featuring the development in the individual remuneration, below is a visualisation of the remuneration development presented as the total payments for the role of CEO and for the performance of Board duties.

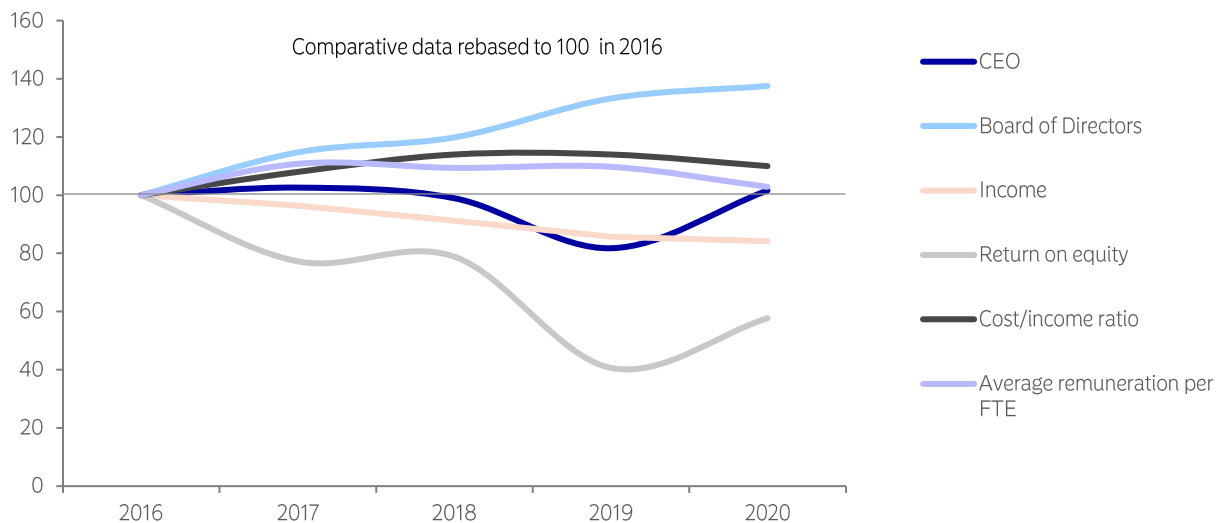
The graph shows the correlation between the total remuneration to the CEO and the company's performance. It illustrates a relative decrease in total

remuneration to the CEO following his appointment in 2019. The roles of the current Interim Deputy Managing Director and the former Deputy Managing Director are not directly comparable. Hence the development in their remuneration is not shown below. It was decided in September 2019 to remove the combined Deputy CEO and Group COO role.

As earlier noted, the remuneration to the Board of Directors is not linked to

company performance (no variable pay); rather it reflects the market conditions (peer benchmark considered) and is always decided by the AGM. Furthermore, the development in the total remuneration for the performance of Board duties reflects the increase in the number of committees over the five years (BOSC established in 2017) and that Board members take on more committee roles.

Remuneration comparison



Remuneration to the Board of Directors

All members of the Board of Directors receive a fixed base fee and additional committee fees if members of the Board committees. The Annual General Meeting (AGM) 2020 decided on the annual remuneration for the Board of Directors for the period from the 2020 AGM to the 2021 AGM, amounting to EUR 300,000 for the Chair, EUR 145,000 for the Vice Chair and EUR 95,000 to other members, which is unchanged compared to the previous period. The fees for Board committee work on the Board Operations and Sustainability Committee (BOSC), the Board Audit Committee (BAC) and the Board Risk Committee (BRIC) amount

to EUR 60,000 for the committee chair and EUR 30,000 to the other members, while for the work on the Board Remuneration Committee (BRC) the fees amount to EUR 42,000 for the committee chair and EUR 26,000 to the other members.

Nordea covers or reimburses all costs and expenses for the members of the Board related or directly arising from the Board work. Any benefits are included in the remuneration overview below at taxable values.

Employee representatives are not compensated separately for their Board duties and therefore are not included in

the overview.

The table below shows the remuneration per member of the Board of Directors for 2020, that is, it covers the last quarter of the period from the AGM 2019 to the AGM 2020 and three quarters of the period from the AGM 2020 to the AGM 2021.

Remuneration for 2020 to the members of the Board of Directors

Board member	Board fee	BAC Committee fee	BOSC Committee fee	BRIC Committee fee	BRC Committee fee	Other benefits	Total
Torbjörn Magnusson, Chair	300,000	7,500			38,000		345,500
Kari Jordan, Vice Chair	145,000				26,000		171,000
Nigel Hinshelwood	95,000		30,000	60,000			185,000
Birger Steen	95,000		60,000	30,000			185,000
John Maltby	95,000		30,000	30,000			155,000
Pernille Erenbjerg	95,000	30,000	30,000				155,000
Sarah Russell	95,000	60,000					155,000
Petra van Hoeken	95,000	30,000		22,500			155,000
Robin Lawther	95,000				30,000		125,000
Jonas Synnergren ¹	71,250	22,500	22,500				116,250
Maria Varsellona ²	23,750			7,500			31,250

¹New member of the Board as from the AGM 2020.

²Resigned as member of the Board as from the AGM 2020.



Remuneration to the CEO and Interim Deputy Managing Director

Remuneration for 2020: paid and due

The matrix below displays all remuneration including fees and other financial benefits paid or due to the CEO and the Interim Deputy Managing Director during the preceding financial year.

The presentation of remuneration below is different from the presentation and accounting policy applied in our 2020

Annual Report, e.g., related to LTIP.

A column ('Due 2020') displays the variable pay award that has been earned but not paid in 2020.

This amount relates to STIP (EIP) for the earning period that ended during the financial year being reported.

The pension contribution listed for the

CEO is a defined contribution paid into a pension fund. No such amount is listed for the Interim Deputy Managing Director as he is covered by the Finnish statutory pension scheme (TyEL).

No adjustments in terms of clawback of variable pay have been made in 2020.

Remuneration for 2020 to CEO and Interim Deputy Managing Director

EUR	Paid 2020				Total remun. paid ⁴	Due 2020		STIP as share of fixed pay ⁶
	Fixed pay	STIP earned pre 2020 ¹	Fringe benefits ²	Pension contribution ³		STIP earned in 2020	Total remun. earned ⁵	
Frank Vang-Jensen	1,252,912	202,273	211,989	375,788	2,042,962	610,313	2,451,002	48.7%
Jussi Koskinen	462,771	77,540	23,172	-	548,304	236,249	722,192	52.1%

¹Short-Term Incentive programme (STIP) includes Executive Incentive Programme (EIP) award. Deferred payments originate from short-term incentive earned prior to 2020: for CEO - 2017-2019 awards (CEO since Sep 2019) and for Interim Deputy Managing Director - 2018-2019 awards (Interim Deputy Managing Director since Sep 2019).

²Benefits include primarily car benefits, housing, security and travelling related benefits, as well as taxable costs for establishment in Finland and tax advice.

³The pension amount from Nordea is a voluntary pension contribution. The pension is based on defined contribution and there is no mandatory retirement age.

⁴Total remuneration paid: Fixed pay, short-term incentive earned prior to 2020, fringe benefits and pension.

⁵Total remuneration earned: Fixed pay, fringe benefits, pension and short-term incentive earned in 2020. LTIP 2020-2022 is not paid or due, until the end of the performance period, and hence not included.

⁶The ratio shows the share of short-term incentive earned in 2020 out of fixed pay.

Performance criteria of short-term incentive programme

The maximum award from the short-term incentive programme, STIP (EIP for GLT) is 75% of the annual fixed base salary. This maximum was reduced from 100% following the introduction of a long-term incentive programme which is outlined in the next section.

The variable remuneration awarded to the CEO and the Interim Deputy Managing Director for 2020 is based on performance measured against the

financial and non-financial criteria set by the Board in the beginning of the financial year. These criteria are aligned to the delivery on our key priorities to meet Nordea's 2022 financial targets, and include specific goals and targets. The financial goals cover income, return on equity and cost/income ratio, while the non-financial criteria are related to the behavioural aspects of the delivery of our key priorities including customer

satisfaction, customer focus and an engaged workforce. Additionally, risk, compliance and conduct requirements are included.

The 2020 STIP awards for the CEO and Interim Deputy Managing Director are shown in the section above.

General structure of performance criteria and performance achievement for STIP

Director	Performance criteria	Weight	Total performance assessment
Frank Vang-Jensen	Financial goals	45%	Above target
	Non-financial goals	30%	
	Risk and compliance priorities	25%	
Jussi Koskinen	Financial goals	55%	Above target
	Non-financial goals	25%	
	Risk and compliance priorities	20%	

Performance criteria of long-term incentive programme

In 2020, the Board of Directors decided to launch the Long-Term Incentive Programme 2020-2022 (LTIP) covering the CEO and the Interim Deputy Managing Director (and other members of the GLT), in accordance with the Remuneration Policy for Governing Bodies adopted through an advisory vote at Nordea's 2020 Annual General Meeting.

The main purpose of the LTIP is to further align the GLT's interests with those of shareholders.

The LTIP has a three-year performance period from 2020-2022 and deferral

and retention periods according to regulations.

To rebalance the variable remuneration structure for the CEO and the Interim Deputy Managing Director to long-term performance, the maximum possible outcome of the annual STIP (EIP for GLT) was reduced by 25% when launching the LTIP.

The LTIP performance requirements have been set so that the maximum outcome will require achieving exceptional performance from a shareholder perspective.

The assessment of performance during

the LTIP performance period will be based equally on the following performance criteria:

- Relative Total Shareholder Return (rTSR) measured against selected Nordic and European peer banks
- Absolute Total Shareholder Return (Absolute TSR)
- Absolute cumulative Earnings Per Share (Absolute EPS)

A risk adjustment underpin is included.

The number of shares to be granted will be determined after the end of the performance period.

Short-term incentive programme: Shares awarded in 2020 for 2019

50% of the 2019 variable remuneration awarded to the CEO and the Interim Deputy Managing Director in 2020 was awarded in Nordea shares. The number of shares, the grant price and the grant value are shown in the matrix below.

40% of the total number of shares awarded in 2020 vested in spring 2020. These shares will be retained for 12 months in a restricted book account and released in spring. Another 30% of the total number of

shares will vest in spring 2023 and is subject to a 12-month retention period. The remaining 30% of shares will vest in spring 2025. This last tranche will be released in spring 2026 after a 12-month retention period.

Shares and share-linked instruments awarded and paid in 2020 to CEO and Interim Deputy Managing Director

Director	Shares awarded in 2020			Shares delivered in 2020 ²	TSR-linked cash delivered in 2020
	No of shares	Grant price ¹	Grant value	No of shares	Total amount
Frank Vang-Jensen	32,374	DKK 37.047	EUR 160,557	12,949	EUR 73,402
Jussi Koskinen	19,507	EUR 4.9596	EUR 96,747	3,356	EUR 140

¹Grant price is based on the average Nordea share price on the Copenhagen Stock Exchange and the Nasdaq Helsinki Stock Exchange 30 March – 3 April 2020.

²12-month retention period applies.

Long-term incentive programme 2020-2022: Shares nominally distributed

The total maximum number of shares that can be nominally distributed under the LTIP was nominally distributed among the participants in 2020 as conditional share awards. In 2023, based on Nordea's performance from a shareholder perspective, the maximum number of shares or a proportion of the shares will be awarded.

The first portion of shares of the potential award will be delivered in 2023, subject to performance.

The rest of the shares will be deferred

and delivered annually in five equal portions during 2024-2028. Each share delivery is subject to a 12-month retention period.

Unvested shares will not be delivered where employment terminates before the award payment, however, subject to local regulations and leaver provisions.

Share grants may be reduced in part or in full subject to risk and compliance adjustments. The nominal allotment of conditional share awards in 2020 corresponded to 82% of the annual

fixed base salary for the CEO and 76% for the Interim Deputy Managing Director.

The CEO and the Interim Deputy Managing Director must hold a significant number of shares granted until the total value of the shareholding in Nordea in total corresponds to 100% of the gross annual fixed base salary. Such shares must be held until the end of the GLT membership.

Shares nominally distributed in 2020 to CEO and Interim Deputy Managing Director

Director	Number of conditional share awards nominally distributed in 2020	Grant price ¹	Grant value	Current shareholding ²
Frank Vang-Jensen	150,000	EUR 6.867	EUR 1,030,058	96,303
Jussi Koskinen	50,000	EUR 6.867	EUR 343,353	4,356

¹12-month retention period applies.

²Number of shares as at 1 December 2020.

