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Nordea launches Long Term Incentive Programme 2020-2022

Nordea Bank Abp – Stock exchange release – Other information disclosed according to the rules of the Exchange

The Board of Directors has decided to launch a Long Term Incentive Programme (LTIP) including the CEO and eight other members of the Group Leadership Team (GLT) in accordance with the remuneration policy for governing bodies adopted by the Annual General Meeting.

- The Board considers that a share-based, long-term incentive programme further aligns top management's interests with those of shareholders. We believe this will enhance value creation. Our ambition is that the Board will decide on a similar annual programme expanding the selected number of leaders included over time, says Torbjörn Magnusson, Chair of the Board of Directors of Nordea.

The LTIP has a three-year performance period from 2020-2022 and deferral and retention periods according to regulations.

The total maximum number of shares, that can be granted under the LTIP, is 675,000 Nordea shares, which will be nominally distributed among the participants in 2020. In 2023, based on Nordea's performance from a shareholder perspective, the maximum number of shares or a proportion of the shares will be granted to the participants. The potential grant is delivered so that the first portion of the shares is delivered in 2023, and the rest of the shares are deferred and delivered annually in five equal portions during 2024-2028. Each share delivery is subject to a 12-month retention period. The nominal allotment of shares in 2020 corresponds to, on average, 75 per cent of the annual base salary of the participants in the LTIP.

The aggregate maximum gross value of the LTIP, estimated based on the average share price on Nasdaq Helsinki of the last trading day preceding the date hereof, is approximately EUR 4.6 million, however subject to performance.

In order to rebalance variable pay remuneration for GLT members to long-term performance, the maximum possible outcome of the present annual short-term incentive programme has been reduced by 25 per cent.

The LTIP performance requirements have been set so that 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), and
- Absolute cumulative Earnings Per Share (Absolute EPS).

No shares will be granted if the participant's employment terminates before the end of the performance period, however, subject to local regulations and leaver provisions. Share grants may be reduced in part or full subject to risk and compliance adjustments.

The LTIP shares will be delivered to the participants either through transfer of own shares held by Nordea or by issuing new shares. Thus, the share delivery may have a marginal dilutive effect on the Nordea share.

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