

# Statement of remuneration 2019

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This remuneration statement is a description of remunerations to the Board of Directors, CEO and other management of Aktia Bank Plc in compliance with the Corporate Governance Code for Listed Companies of the Finnish Securities Market Association from 2015 (Corporate Governance Code 2015).

## 1. Decision-making procedure regarding remuneration

Aktia Bank Plc's Annual General Meeting sets the remuneration for the members of the Board annually. The proposal for the decision is prepared by a Nomination Board comprising of representatives for the company's five largest shareholders and the Chairman of the Board of Directors as a specialist. The Nomination Board also prepares the proposal to the members of the Board of Directors.

Aktia Bank Plc's Board of Directors establishes the financial benefits, including incentive schemes, and other terms of employment of the CEO and the members of the Executive Committee. The Board's Remuneration and Corporate Governance Committee is in charge of the preparations. The establishment of the management's financial benefits and other terms of employment is based on an overview on the management's remuneration as a whole in relation to corresponding companies on the market, and the company's strategy and development phase.

## 2. Central principles of remuneration

### 2.1 Remuneration to Board members

The remuneration of the Chairman and the members of the Board shall be reasonable taking into account the nature and scope of the task. The remuneration shall be competitive for recruitment purposes and for maintaining necessary competence in the Board.

The Board members are paid an annual remuneration and a remuneration per attended meeting for the period from the Annual General Meeting 2019 to the Annual General Meeting 2020. The chairmen of the committees are entitled to double meeting remuneration for meetings where they act as chairman. The Annual General Meeting 2019 of Aktia Bank Plc has established the following remuneration for Board members of Aktia Bank Plc:

- Chairman, annual remuneration EUR 61,200 (2018: EUR 61,200)
- Deputy Chairman, annual remuneration EUR 34,650 (2018: EUR 34,650)
- Member, annual remuneration EUR 27,140 (2018: EUR 27,140)
- Meeting remuneration EUR 500 (2018: EUR 500)

40% of the Board members' annual remuneration is paid in the form of Aktia shares. The Board members are encouraged to keep these shares for the duration of their Board mandate in Aktia. In compliance with the Finnish Tax Administration's guidelines for travels, travel and accommodation expenses are paid to the Board members for travels that are directly related to the Board work.

In addition, Aktia has taken out a voluntary statutory (TyEL) union representative insurance for the Board members.

## 2.2 Remuneration to the CEO and members of the Executive Committee and main terms and conditions

Remuneration to the CEO and the members of the Executive Committee comprise in part of fixed compensation in form of basic salary, in part of an incentive scheme divided into short-term incentives (STI), and long-term incentives (LTI), which consist of two parts, the share savings plan AktiaUna and a performance-based scheme. The incentives could in 2019 amount at the most to 100% of the annual fixed compensation of the CEO and a member of the Executive Committee respectively.

### 2.2.1 Short-term incentive scheme

The short-term incentive scheme (STI) could in 2019 amount at the most to the basic salary of 3 months of the CEO and each member of the Executive Committee. The STI goals are partly based on the Group's financial targets, and partly on individual goals and comprise of both qualitative and quantitative criteria for the period of measurement. The goals are set and monitored annually by the Board of Directors. The goals for the short-term incentive scheme are aimed at encouraging and measuring the advancement of the strategy implementation in order to reach Aktia's long-term financial targets.

Among the financial targets for 2019 were the comparable operating result, income, cost-to-income ratio, and among the qualitative targets for 2019 were, among other things, the eNPS on Group level, individual leadership indexes, as well as the compliance with values.

### 2.2.2 Long-term incentive scheme

A joint long-term share-based incentive scheme, the share savings plan AktiaUna, was launched for Aktia personnel and management in 2018. The purpose of the long-term incentive scheme is to support the implementation of the company's long-term strategy, to unify the objectives of the owners and key personnel to raise the value of the company, and to commit the key personnel to the company and offer them competitive incentive schemes based on share ownership in the company.

The share savings plan AktiaUna enables all employees to put aside (save) a portion of their salary for the acquisition of Aktia shares at a reduced price. The CEO and members of the Executive Committee are offered the opportunity to participate in the AktiaUna programme one savings period at a time by saving 7% of their annual salary for the acquisition of Aktia shares. In return a person saving within the program receives one Aktia share (gross) (matching shares) for each acquired share within the frame of the programme.

Rules on payment of incentives to so-called risk-takers including e.g. deferral and waiting periods are applied to the payment of the compensation. A precondition for receiving matching shares is that the person's employment contract has not been terminated or cancelled before the payment of compensation and that the shares on the basis of which compensation is paid have not been transferred before payment of compensation. Should a person transfer their shares before the payment of compensation, the number of matching shares the person is entitled to are reduced in the same proportion.

The first savings programme runs to the end of May 2020 when matching shares are paid.

In addition, the CEO and the members of the Executive Committee are offered an opportunity within the AktiaUna share savings plan to take part also in a performance-based scheme that is aimed at the Group's key personnel. To receive the opportunity to earn shares in the performance-based scheme the person is required to participate in the AktiaUna share savings plan. In the performance-based scheme a person has the opportunity to receive Aktia shares on the basis of certain performance criteria against each share acquired within the AktiaUna share savings plan.

The performance-based scheme has a performance period spanning over more than two calendar years. The earning criteria for the earning period 2018-2019 consist of the development of the Aktia Group's comparable operating profit (50% weight), and the Group's total net commission income (50% weight) for the earning period.

The earning criteria for the earning period 2019-2020 consist of corresponding performance criteria as mentioned above, however, with a weight of 60% on the Aktia Group's comparable operating profit and 40% on the Group's total net commission income and net insurance income for the earning period.

The earning depends on the underlying share savings and on how well the set performance criteria are met during the earning period.

The incentive consists of a gross amount of Aktia shares. The binding effect of the incentive is that as a rule the incentive is not paid to a key person who at the time of the payment of the incentive no longer is employed by the Aktia Group. The incentive is paid in four instalments during four years after the end of the earning period. Received shares are paid after a waiting period of one year. The person should also thereafter keep half of the shares until they own Aktia shares to an amount corresponding to the value of the fixed annual salary, if the person is a member of the Group's Executive Committee.

The joint share savings plan and the performance-based scheme have been prepared with the support of Alexander Incentives.

### 2.2.3 Remuneration to the CEO and main terms and conditions

The CEO of Aktia Bank Plc is Mikko Ayub.

#### Fixed compensation and benefits in kind

The CEO received a basic salary of EUR 26,000 per month in 2019, and benefits in kind. The CEO is entitled to employee benefits in compliance with Aktia Group's principles valid at any given point in time. The CEO does not receive remuneration for possible Board tasks within the Group since the compensation terms and conditions of the CEO include such tasks and remuneration.

#### Incentive scheme

In addition to a short-term incentive scheme the CEO is included in the Group's AktiaUna share savings plan, and the performance-based scheme in accordance with what is mentioned above.

#### Pension terms and conditions

The CEO is entitled to a premium-based supplementary pension according to the voluntary unit-linked group pension insurance Aktia Bank Plc has taken out for Aktia's Executive Committee. Therefore, the CEO has the right to a paid-up policy if the duration of the term as CEO is at least 5 years. The CEO can start withdrawing the paid-up policy at the age of 63. Separate insurance terms and conditions are applied to the voluntary group pension insurance for Aktia's Executive Committee and the insurance is not linked to statutory pension cover. The CEO's statutory retirement age and statutory pension cover is defined according to the Finnish pension legislation valid at any given point in time.

#### Termination clause

The period of notice of the CEO's employment contract is six (6) months for both parties.

If notice is given by Aktia the CEO receives, in addition to the salary for the period of notice, a sum of money (severance pay) corresponding to the CEO's monetary salary for nine (9) months. However, this is not the case if notice is given on grounds which would have entitled to a cancellation of the contract.

### 2.2.4 Remuneration to other members of the Executive Committee and main terms and conditions

#### Fixed compensation, benefits in kind and incentives

Other members of the Executive Committee are, in addition to the basic salary and benefits in kind, entitled to employee benefits in accordance with the Aktia Group's principles valid at any given point in time.

#### Incentive scheme

In addition to having the opportunity to earn short-term incentives, the members of the Executive Committee are entitled to the Group's AktiaUna share savings plan and the performance-based scheme according to what is stated above. In addition, certain members of the Executive Committee have in 2017 been offered to participate in the Group's Share Ownership Program according to what is stated below.

#### Pension terms and conditions

In addition to the statutory pension cover Aktia has taken out a premium-based supplementary pension insurance for Aktia's Executive Committee. For more details, see Pension terms and conditions for the CEO above.

The retirement age for the members of the Executive Committee is defined according to pension legislation valid at any given point of time.

#### Share Ownership Programme (MRS)

Some of the members of the Executive Committee were in 2017 offered and took the opportunity to receive a conditional incentive which is based on the acquisition of Aktia shares at the start of the programme. One of these persons is still a member of the Executive Committee. This member will against acquired shares receive 10,000 Aktia shares as matching shares, as well as a sum of money for covering the taxes and costs of tax nature arising from the remuneration. The conditional incentive is paid during three years (2018, 2019, 2020) after the binding period has started and consists of both shares and money under the condition that the person is employed by the Aktia Group and that the shares required for the payment of the conditional incentive has not been transferred at the time of the payment of the incentive.

The member is required to keep half of the shares they receive from the incentive schemes until the total value of the shares corresponds to the value of their gross annual salary. The member must keep the shareholdings for the duration of their employment at the Group.

## 3. Remuneration report

Information on paid remuneration and financial benefits required by the remuneration statement is stated in [Aktia Bank Plc's financial statements 2019](#), note G43.