

Guidelines on remuneration for the governing bodies of Aktia Bank Plc

1. Introduction

These guidelines on remuneration for the governing bodies of Aktia Bank Plc (hereinafter Aktia Bank) have been drawn up in accordance with the Limited Liability Companies Act (624/2006), Securities Markets Act (746/2012), the Decree of the Ministry of Finance (608/2019), and the Corporate Governance Code for Finnish Listed Companies (1 January 2020). Aktia Bank also complies with the provisions of the Act on Credit Institutions (213/2013) on remuneration systems.

These guidelines are applied to the remuneration for Aktia Bank's Board of Directors, CEO and the Deputy CEO. What is here stated about the CEO shall be applied also to the Deputy CEO.

The Corporate Governance Code is available on the Securities Market Association's website: www.cg.finland.fi. These guidelines are presented to Aktia Bank's Annual General Meeting on 16 April 2020.

1.1 Aktia's principles on remuneration

Aktia's principles on remuneration shall support the attainment of Aktia's long-term targets by

- supporting Aktia's possibilities to attract, recruit, develop and maintain the commitment of competent and goal-oriented employees, as well as versatile competence and co-operation;
- developing a culture with clearly performance-based variable compensation, and by governing the Group's development on the basis of the Group's strategy, goals, values, corporate culture and risk appetite; and by
- supporting good and effective risk management, restraining excess risk-taking so that excess risk-taking is not rewarded, and by opposing conflicts of interest in the Group.

2. Decision-making procedure for remuneration

These guidelines on remuneration for the governing bodies of Aktia Bank have been prepared by Aktia Bank's Board of Directors. To the extent the guidelines pertain to the Board of Director's compensations, the Shareholders' Nomination Board is consulted in the preparation.

These guidelines are confirmed by Aktia Bank's General Meeting at least every four years or more often when the guidelines are significantly changed. The Board of Directors evaluates the guidelines annually and proposes, if necessary, updates to the guidelines, which are, with the exception of technical adjustments, forwarded for approval to the following General Meeting. The General Meeting's possible voting on the guidelines is advisory. The company's Board of Directors and the company's operative management is responsible for the compliance with the guidelines.

Aktia Bank's Board of Directors decides on the remuneration paid to the CEO and on possible other financial benefits and employment terms and conditions of the CEO. The Board of Directors evaluates as a rule annually the CEO's total remuneration and sets the principles for the CEO's variable compensation for the following earning period. The Board of Directors' Remuneration and

Corporate Governance Committee is as a rule responsible for the preparation of the proposals to the Board of Directors.

The Board of Directors' Remuneration and Corporate Governance Committee is composed according to the recommendations of the Corporate Governance Code and representatives for the management are not included in the composition of the Committee. The company's support functions may be engaged, and external consults consulted for the preparation of remuneration issues.

Decisions regarding incentives in the form of shares are made by the General Meeting or through an authorisation from the General Meeting to the Board of Directors to make such decisions.

3. Remuneration for the Board of Directors and the decision-making procedure

Aktia Bank's General Meeting decides annually on the remuneration for the members of the company's Board of Directors. The proposal to the General Meeting on the remuneration to the Board of Directors is prepared by the Shareholders' Nomination Board, which also puts forward proposals to be decided upon at the General Meeting.

The remuneration for the Board of Directors may consist of annual or monthly compensation, meeting remuneration for attended meetings, as well as other remuneration elements, such as compensation for travel and accommodation costs, in accordance with the decision of the General Meeting. The remuneration may vary depending on the Board members' duties, workload or responsibility. A part of the remuneration may be paid in the form of Aktia Bank shares and may be subject to transfer restrictions. The Board of Directors is not included in the company's incentive scheme.

The Nomination Board evaluates regularly the remuneration for the Board of Directors. The remuneration for the Board of Directors shall be reasonable taking into account the nature and scope of the task, at the same time as it shall be competitive in order to recruit and maintain necessary competence in the Board of Directors with the goal to attain Aktia's long-term targets.

Paid remuneration for the Board of Directors is published in the annual remuneration report on the company's website. Current remuneration for the Board valid at any given time is presented in the minutes of the previous Annual General Meeting.

4. Remuneration for the CEO

Remuneration for the CEO is based on Aktia's principles for remuneration evident in item 1.1 above.

The Board of Directors evaluates annually, based on the preparation of the Board's Remuneration and Corporate Governance Committee, the total remuneration of the CEO in relation to comparable companies on the market, the company's strategy, long-term financial targets and development phase, as well as the CEO's individual performance. The compliance with the Group's remuneration principles for variable compensation is revised annually and reported to the Board's Remuneration and Corporate Governance Committee.

The CEO's remuneration comprises fixed and variable compensation.

4.1 Fixed compensation

The basic salary is a stable starting point and is determined taking into account the individual relevant competence and experience. The basic salary shall be competitive and sufficient to avoid an unreasonable outcome if the variable compensation does not result in payment. The CEO's fixed compensation is comprised of the basic monthly salary, benefits in kind, and a possible premium-based pension benefit.

In addition, the CEO is entitled to employee benefits, including occupational health, lunch, exercise and culture benefits, company car and phone, in accordance with Aktia Group's principles valid at any given time.

4.2 Variable compensation

The goals for the variable compensation are aimed at encouraging and rewarding the advancement of the strategy implementation in order to reach Aktia's long-term financial targets. The CEO's variable compensation is divided into a short-term incentive scheme (STI) and long-term incentive scheme (LTI).

4.2.1 Short-term incentive scheme

The short-term incentive scheme aims at supporting the attainment of goals during the business year, which in the long run shall result in Aktia reaching its long-term financial targets. The short-term incentive scheme (STI) may for the CEO amount at the most to the basic salary for 6 months. 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 measurement period. The targets are determined and followed up annually by the Board of Directors based on the preparation by the Remuneration and Corporate Governance Committee.

2.2.4 Long-term incentive scheme

The CEO participates in the Group's long-term share-based incentive scheme. The purpose of the long-term incentive scheme is to support the implementation of the company's long-term strategy, unify the objectives of the owners and key persons to raise the value of the company and to tie the key persons to the company and offering them competitive incentive schemes based on share ownership in the company. The incentive has, in addition, a binding effect since the incentive as a rule is not paid to a person who at the time of the payment of the incentive no longer is employed by the Aktia Group.

Aktia Group has as a rule a rolling long-term share-based incentive scheme in which the CEO participates. The share-based incentive scheme may comprise of a share savings part and a performance-based part.

In the savings part the CEO is offered the opportunity to put aside (save) a part of the salary for the acquisition of Aktia shares and in return to after a certain period receive matching shares under certain terms and conditions.

The CEO is furthermore included, provided participation in the share savings part, in the performance-based part of the share-based incentive scheme offered to the Group's key persons.

The performance-based part has as a rule rolling performance periods of several years. The Board of Directors decides on the establishment of new earning periods and determines the performance criteria before the start of a new earning period based on the Group's long-term financial targets. The Board of Directors follows during the performance period the development of the performance criteria and decides on the outcome after the end of the performance period. The remuneration consists of shares in proportion to how well the performance criteria have been reached during the earning period. The Board's Remuneration and Corporate Governance Committee prepares matters in connection to long-term variable compensation programmes.

In addition, the Board may due to certain reasons decide to offer also the CEO additional remuneration in the form of shares in a so-called Restricted Share Pool (RS pool), which is aimed at rewarding and engaging those who are especially critical for the attainment of Aktia's long-term financial targets. Shares from the RS pool are received as a rule after a waiting period without performance criteria, provided that the employee relationship has not been terminated before the payment of the shares.

In addition, the Board may under certain circumstances and to a reasonable extent decide on offering the CEO a one-time payment in the form of shares or cash.

4.2.3 Other terms and conditions for variable compensation

The variable compensation for the CEO may with the General Meeting's approval amount at the most to 200% of the fixed compensation. The criteria for variable compensation within the finance sector shall not encourage to excess risk-taking and attention shall be paid to potential conflicts of interest.

Aktia Bank complies with the finance sector's rules on variable compensation, which means that at least half of the variable compensation shall be paid in the form of shares. A part of the variable compensation shall as a rule be postponed for payment during a period of approximately three years, followed by a usual waiting period of one year. The CEO is encouraged to build up a substantial holding of Aktia shares.

The Board has at any given time full discretion to decide not to pay variable compensation or to reclaim paid variable compensation in exceptional cases, which would lead to or have led to a harmful or unreasonable result for the company.

4.3 Other central terms of agreement for the CEO

The CEO's contractual relation encompasses as a rule also other terms and conditions which have an impact on the total remuneration.

The CEO and the Deputy CEO may be entitled to an additional pension (premium-based) and the agreement may encompass terms and conditions regarding the retirement age, period of

notice and severance payment in case the agreement is terminated by the company. The CEO's agreement is in force as a rule until further notice.

The Board may in exceptional cases also use non-recurrent compensations to the CEO, a so-called sign on or stay on bonus.

The CEO's terms of agreement applied at any given time are described more in detail in the annual remuneration report published on the company's website.

5. Exceptions

Aktia Bank complies with the guidelines for remuneration for the bodies of Aktia Bank when it comes to valid remuneration for the company's bodies. With the Board's explicit decision exceptions from the guidelines can be made temporarily in exceptional circumstances, such as change of CEO, significant changes in the company structure, organisation, ownership or business operations (e.g. a merger, company acquisition, division, requiring changes in the fixed or variable compensation or other economic terms and conditions), or if the business operations otherwise are facing a substantial change, provided that the exception is necessary to secure the company's long-term interests. When assessing the company's long-term interests, the company's long-term financial interests, competitiveness and the development of the ownership value may be taken into account. Exceptions from the guidelines may be made temporarily also on the basis of new regulation or taxation, if this results in that compensations in accordance with the guidelines are no longer lawful, financially appropriate or sensible.

In exceptional cases that provide deviations from the guidelines the aim is that the Board of Directors shall have sufficient means for remuneration for the CEO.

These guidelines are drawn up in Swedish language. In the case this translation differs from the Swedish version the Swedish version shall prevail.