

Remuneration Report 2020 for the governing bodies of Aktia Bank Plc

Dear Shareholder

This Remuneration Report for the governing bodies at Aktia Bank Plc (hereinafter Aktia Bank) sets out how Aktia Bank has implemented its Guidelines on remuneration in 2020, concerning remuneration of the Board of Directors (hereinafter the Board) as well as the CEO and the Deputy CEO of Aktia Bank between 1 January 2020 and 31 December 2020. The Report is based on the Recommendations on Corporate Governance Code for Finnish Listed Companies (1 January 2020) as well as the provisions to the Finnish Securities Market Act (746/2012), the Limited Liability Companies Act (624/2006) and the Decree of the Ministry of Finance (608/2019). Aktia Bank also complies with the provisions of the Act on Credit Institutions (213/2013) on remuneration systems.

The Report has been reviewed by the Aktia Bank Remuneration and corporate governance committee (hereinafter the Committee) and approved by the Board. The Report will be presented to Aktia Bank's General Meeting on 13.4.2021 where the shareholders will make an advisory decision on its contents.

Overview of Aktia Bank Remuneration in 2020

Remuneration of the Aktia Bank governing bodies is based on the Guidelines on remuneration, that was presented for an advisory decision at the Annual General Meeting held on 16 April 2020. The Guidelines will be applied until the Annual General Meeting 2024, unless the Board decides to bring it for an advisory decision at an earlier General Meeting.

The decision-making process on remuneration, as defined in the Guidelines on remuneration, has been followed in the decision-making on remuneration in 2020. No temporary deviations from the Guidelines were applied in 2020. Furthermore, the Board did not observe any circumstances or activities that would have resulted in a need to apply clawback clauses applicable to the variable remuneration of the CEO and Deputy CEO in 2020. However, in order to support Aktia Bank's long-term interests, the Board used its right to take into account the extraordinary business environment caused by the COVID-19 pandemic by making adjustments to the performance criteria applied to the variable pay schemes in 2020. The Board will ensure that the Guidelines and the remuneration continue to support the Group strategy going forward in all circumstances.

Aktia Bank Remuneration Principles

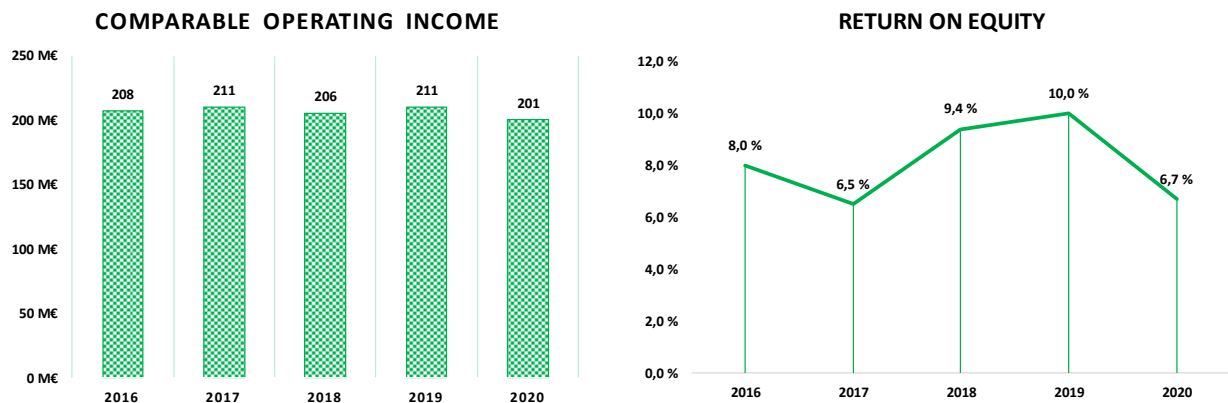
Aktia Bank is committed to developing a strong pay for performance culture throughout the organization. Aktia Bank's principles on remuneration are built to support and reward for such performance that is in line with the advancement of the company's strategy, long-term financial results, as well as the individual's personal performance. As part of the modernization of Aktia Bank, the Board has developed the remuneration models to support the need for cost control and as such an increased weight on variable components. The remuneration shall steer toward effective and appropriate risk management, restraining from excess risk-taking, so that excess risk-taking is not rewarded and conflicts of interest in the Group are prevented.

The Committee has benchmarked the total remuneration level and structure of the CEO and the Deputy CEO to be in line with performance and to be competitive in relation to relevant peers in the market. The variable compensation of the CEO and the Deputy CEO is comprised of a short-term incentive scheme (hereinafter STI) and a long-term incentive scheme (hereinafter LTI) for both of which the Board resolved on the earning

opportunities and performance targets at the beginning of the financial year. The CEO and the Deputy CEO are expected to build and maintain a meaningful shareholding of Aktia Bank shares to further support and align with shareholder interest.

Development of Aktia Bank's Financial Performance and Remuneration

The financial performance recovered quickly after a challenging spring. In addition, good development of net interest income continued and Aktia's market share in housing loans increased. We also saw continued strong strategic focus on asset management.

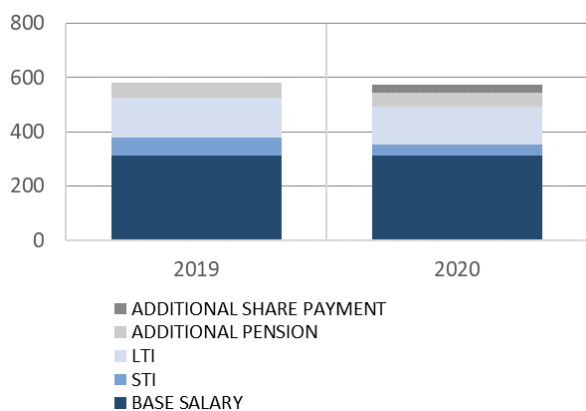


The Board has evaluated the CEO's and Deputy CEO's total remuneration for 2020. Because of the extraordinary business environment due to the COVID-19 outbreak, the Board decided in August 2020 to adjust the performance targets of the LTI to support the quick recovery, to maintain momentum and to emphasize the latter part of 2020. In line with the performance for 2020, the outcome for the short-term incentive plan was below the target level. The outcome for the long-term incentive plan that is reflecting a two-year performance period 2019-2020 was below the target level as well.

The total earned compensation for the CEO and the Deputy CEO for 2020 amounted to a total of EUR 575 000 and EUR 443 000 respectively, as is depicted in the following graph and tables.

Earned compensation of the CEO, Deputy CEO, Board and average employee, 5 years

DEVELOPMENT OF CURRENT
CEO REMUNERATION (EARNED) EUR 000



The Graph presents remuneration earned by the CEO during the corresponding financial year. For example, in 2020:

- Base Salary paid in 2020
- STI earned for 2020, paid out 2021-2024
- LTI earned for period 2019-2020, paid out 2021-2024*
- Supplementary pension contribution paid 2020
- Additional share payment paid 2020

DEVELOPMENT OF CEO AND DEPUTY COMPENSATION (EARNED)

CEO EUR 000	2016 ¹⁾	2017 ²⁾	2018 ³⁾	2019 ⁴⁾	2020
BASE SALARY	315	303	360	312	312
SHORT-TERM INCENTIVE (STI)	0	0	0	65	39
LONG-TERM INCENTIVE (LTI)*	0	91	0	150	141
ADDITIONAL PENSION	232	93	4	52	52
ADDITIONAL SHARE PAYMENT					31
TOTAL COMPENSATION	547	487	364	579	575

DEVELOPMENT:

¹⁾ 2016 Jussi Laitinen

²⁾ 2017 Jussi Laitinen (until 3.3.2017) Base/STI/LTI/additional pension: 46/0/0/55, Martin Backman: 257/0/91/38

³⁾ 2018 Martin Backman (until 7.3.2018) Base/STI/LTI/additional pension: 282/0/46/4, Mikko Ayub: 78/0/0/0

⁴⁾ 2019 - Mikko Ayub

* Share Price applied at 31.12. of year in question

DEPUTY CEO EUR 000	2016 ⁵⁾	2017 ⁶⁾	2018 ⁷⁾	2019	2020
BASE SALARY	246	335	278	278	278
SHORT-TERM INCENTIVE (STI)	20	16	26	54	33
LONG-TERM INCENTIVE (LTI)*	30	17	162	172	88
ADDITIONAL PENSION	126	94	41	44	44
TOTAL COMPENSATION	422	462	507	548	443

DEVELOPMENT:

⁵⁾ 2016 Taru Narvamaa

⁶⁾ 2017 Taru Narvamaa (until 5.5.2017) Base/STI/LTI/additional pension: 89/0/6/59, Juha Hammarén: 246/16/9/35

⁷⁾ 2018 - Juha Hammarén (interim CEO)

* Share Price applied at 31.12. of year in question

DEVELOPMENT OF BOARD REMUNERATION

EUR	2016	2017	2018	2019	2020
CHAIRMAN ANNUAL FEE	61 200	61 200	61 200	61 200	64 300
VICE CHAIRMAN ANNUAL FEE	34 650	34 650	34 650	34 650	36 400
BOARD MEMBER ANNUAL FEE	27 140	27 140	27 140	27 140	28 500
MEETING FEE	500	500	500	500	500
MEETING	1 000	1 000	1 000	1 000	1 000

DEVELOPMENT OF AVERAGE EMPLOYEE SALARY

EUR	2016	2017	2018	2019	2020
DEVELOPMENT	2,51 %	3,00 %	3,96 %	1,87 %	3,26 %

Remuneration of the Board of Directors in 2020

Aktia Bank Board Remuneration 1 January – 31 December 2020

The Annual General Meeting 2020 of Aktia Bank Plc established the remuneration for the Board members of Aktia Bank Plc. The members were paid an annual remuneration and a remuneration per attended meeting for the period from the Annual General Meeting 2020 to the Annual General Meeting 2021. The chairmen of the committees were entitled to double meeting remuneration for meetings where they acted as chairman. In 2020, the Board members of Aktia Bank were compensated as set out in the following table.

BOARD REMUNERATION IN 2020				
EUR		ANNUAL BOARD FEES GROSS *	BOARD AND COMMITTEE MEETING FEES	TOTAL FEES
Board members 31 December 2020				
Lasse Svens	Chairman, Risk Committee Member	64 300	19 500	83 800
Arja Talma	Vice Chairman, Audit Committee Chairman	36 400	13 500	49 900
Christina Dahlblom	Member, Remuneration and Corporate Governance Committee Chairman	28 500	17 000	45 500
Johan Hammarén	Member, Remuneration and Corporate Governance Committee Member	28 500	13 000	41 500
Maria Jerhamre Engström	Member, Risk Committee Chairman	28 500	19 000	47 500
Kari A.J. Järvinen (as of 16.4.2020)	Member, Remuneration and Corporate Governance Committee Member	28 500	6 500	35 000
Harri Lauslahti (as of 16.4.2020)	Member, Risk Committee Member	28 500	6 500	35 000
Olli-Petteri Lehtinen (as of 16.4.2020)	Member, Audit Committee Member	28 500	6 000	34 500
Johannes Schulman	Member, Audit Committee Member	28 500	11 000	39 500
Former Board members				
Stefan Damlin (until 16.4.2020)			6 500	6 500
Tarja Wist (until 16.4.2020)			6 000	6 000
TOTAL		300 200	124 500	424 700

* 40% of the Board members' annual remuneration was 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 Bank.

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 Bank has taken out a voluntary statutory (TyEL) union representative insurance for the Board members.

Remuneration of the CEO and Deputy CEO 2020

Fixed compensation Components and Benefits in Kind

Base Salary and Benefits

The CEO received a base salary of EUR 26,000 per month and the Deputy a base salary of EUR 22,000 per month in 2020, including benefits in kind. Both the CEO and the Deputy CEO are entitled to employee benefits in compliance with Aktia Group's principles valid at any given point in time.

Defined Contribution Supplementary Pension Plan

The CEO and the Deputy CEO are entitled to a premium-based defined contribution supplementary pension plan, according to the voluntary unit-linked group pension insurance that Aktia Bank has taken out for Aktia Bank's Executive Committee. The CEO and the Deputy CEO have the right to the paid-up policy if the duration of their contract is at least 5 years. The annual supplementary pension plan contribution amounts to 20% of the base salary for each person. The cost of the plan in 2020 was EUR 52,000 for the CEO and EUR 44,000 for the Deputy CEO respectively.

Variable Compensation Schemes

In 2020, the CEO and Deputy CEO were offered two performance-based incentive schemes: an annual STI and a share-based LTI. The performance criteria and earning opportunities for both schemes were set by the Board at the beginning of the financial year.

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 considerable part of the earned variable compensation shall be postponed for payment during a period of approximately three years, followed by a waiting period of one year. Additionally, each payment of variable remuneration requires that the Board considers the Group's Risk Control Function assessment that there is no impediment to payment, taking into account the Group's own funds, liquidity situation and how the key person performed his duties, taking into account mandatory regulation, the Group's strategy, rules and good practices.

In accordance with the resolution by the Annual General Meeting in 2020, the maximum ratio between the variable and the fixed compensation components for the total remuneration of the CEO and the Deputy CEO shall be 200%.

Short term incentive 2020

The short-term incentive scheme (STI) could in 2020 amount at the most to the base salary of 6 months for the CEO and the Deputy CEO.

The STI goals were partly based on the Group's financial targets, partly on both quantitative and qualitative operative and individual objectives, aimed at encouraging and measuring the advancement of the strategy implementation in order to reach Aktia Group's long-term financial targets. Among the financial targets for 2020 were the comparable operating result and the cost-to-income ratio, and among the operative targets were, among other things, the eNPS on Group level, individual leadership indexes, customer satisfaction measures, as well as compliance with values.

The achieved performance for the STI in 2020 equaled to 25% out of maximum for both the CEO and the Deputy CEO respectively. The rewards will be paid in compliance with regulation in 4 annual installments in Spring 2021 – 2024.

Long term incentive 2020

Aktia Bank's long-term remuneration framework is built on a share-based incentive scheme, where participants are offered to invest in the Aktia share and thus earn the right to receive additional Aktia shares as long-term incentives (LTI). The shares are earned as reward 1) partly through the all employee share savings plan AktiaUna and 2) partly through the Aktia Bank performance based key employee scheme.

Through AktiaUna, the CEO and the Deputy CEO have been offered the opportunity to put aside (save) up to 7% of their annual salary for the acquisition of Aktia shares at a discounted price (-10%). In return, the participants earn the right to receive one Aktia share (gross) (matching shares) for each acquired share within the plan, after a waiting period of approximately 2 years from the outset of the period, provided that the employment contract has not ended and that the participant has not sold the shares within the frame of the program.

The CEO and the Deputy CEO are furthermore included, provided that they participate in AktiaUna, in the performance-based scheme. Through the scheme, the CEO and the Deputy CEO may earn additional Aktia shares based on Board established earning criteria, against each share acquired within the AktiaUna scheme. The scheme has annually commencing performance periods that span over a two-year period. The earning criteria for the 2019-2020 performance period were the two-year development of the Aktia Group's comparable operating profit (60% weight), and the Group's two-year total net commission income (40% weight). The 2020-2021 performance period is ongoing with the same earning criteria and weightings respectively.

The total LTI earnings thus depend on the underlying share saving within the AktiaUna scheme and how well the set earning criteria for the performance-based scheme are met during each respective earning period. As a rule, earned shares are not paid to a participant whose employment contract has ended before the time of payment.

The achieved performance for the LTI period 2019-2020 equaled to 30% out of maximum, which amounted to total earned shares (including AktiaUna) of 14 407 gross shares for the CEO and 9 027 gross shares for the Deputy CEO. The rewards will be paid in compliance with regulation in 4 annual installments in Spring 2021 – 2024.

In addition to the LTI, the CEO was awarded a one-time payment in 2020 of 4 595 shares.

The CEO and the Deputy CEO must keep half of the shares earned through all LTI schemes until they own Aktia shares to an amount corresponding to the value of their fixed annual salary.

Summary of ongoing LTI schemes

CEO							
Plan	Aquired shares, through AktiaUna*	Matching gross shares, AktiaUna Scheme	Maximum gross shares, Performance Scheme	Payout%, Performance Scheme	Total gross earned shares	Reward payout schedule	
LTI 2018-2019	1 336	1 336	16 032	92 %	16 085	2020 - 2023	
LTI 2019-2020	3 132	3 132	37 584	30 %	14 407	2021 - 2024	
LTI 2020-2021**	na.	na.	na.			2022 - 2025	
DEPUTY CEO							
LTI 2018-2019	2 066	2 066	16 528	92 %	17 272	2020 - 2023	
LTI 2019-2020	2 655	2 655	21 240	30 %	9 027	2021 - 2024	
LTI 2020-2021**	na.	na.	na.			2022 - 2025	

* Participant aquires shares with net salary and receives the right to earn matching and performance shares.
 ** Acquisition of shares still ongoing. Number of matching- and maximum performance shares will be determined accordingly.

Paid remuneration to the CEO and Deputy CEO in 2020

The table below presents remuneration elements paid to the CEO and Deputy CEO and their total compensation in 2020. Rewards earned in Aktia Bank's STI and LTI have been deferred in compliance with the terms of the schemes as well as valid regulations in the financial sector. The paid STI and LTI presented in the table are the actual payments that have taken place during the reporting year 2020.

	Base Salary and Benefits	Additional Pension Payment	Paid Annual Incentive in 2020*	Paid Long-Term Incentives in 2020**	Total Paid Compensation in 2020
Mikko Ayub, CEO	327 840 61%	52 040 10%	64 789 12%	93 466 17%	538 136 100%
Juha Hammarén, Deputy CEO	289 931 51%	46 040 8%	55 305 10%	175 245 31%	566 521 100%

* The paid STI in 2020 for the CEO includes partial payment for the STI 2019 period, the rest of which has been deferred. The paid STI for the Deputy CEO, includes payments from the STI periods 2016-2019.

** The paid LTI in 2020 includes partial payment for the LTI period 2018-2019, the rest of which has been deferred. It also includes deferred portions from the LTI periods 2015-2018 for the Deputy CEO. The rewards were paid out partly in shares and partly in cash to cover the taxes arising from the share payment.

Termination Clauses

The period of notice of the CEO's and the Deputy CEO's employment contract is six (6) months. If notice is given by Aktia Bank they shall receive, in addition to the salary for the period of notice, a sum of money (severance pay) corresponding to their monetary salary for nine (9) months respectively. However, this is not the case if notice is given on grounds which would have entitled to a cancellation of the contract.