

A photograph of an office environment with several people working at their desks. In the foreground, a person with glasses is seen from the back, looking at a computer monitor displaying a financial chart. Other people are visible in the background, some looking at their screens. The overall scene is dimly lit, suggesting an office at night or in low light.

EVLI

Evli Bank Plc

# 2015 REMUNERATION REPORT

2015

Evli Bank Plc complies with the Finnish Corporate Governance Code 2015 issued by the Securities Market Association. This remuneration report has been drawn up in

accordance with section V Remuneration of the code. The code can be viewed in full on the Securities Market Association website at [www.cgfinland.fi/en](http://www.cgfinland.fi/en).

## REMUNERATION MODEL IN EVLI GROUP

The objective of the Evli Group's reward system is to support the implementation of the company's strategy as well as promote its competitiveness and long-term financial success. A further aim is to contribute to a positive trend in Evli's shareholder value, committing the company employees to the company's objectives in the long run.

Remuneration at the Evli Group is made up of three elements:

1. Fixed salaries and bonuses
2. Varying remuneration, or bonus, payable in accordance with the annually adopted reward system; and
3. Long-term incentive systems.

A competitive fixed basic salary constitutes a solid foundation for maintained and constantly developing basic functions. To promote both Evli's short-term growth objectives and the attainment of its strategic goals, the company also has an annually adopted reward system based on annually varying salary elements. The long-term incentive systems, in turn, are in place to support the company's strategic development and to commit the key persons to Evli's operations.

## DECISION-MAKING RELATING TO REMUNERATION

The Compensation Committee, which is made up of members nominated from the Board of Directors, prepares a reward system in accordance with the targets set by the Board of Directors in which the criteria for determining the variable salary elements are determined.

The Compensation Committee consists of three Board members and is chaired by an independent Board member. The Board adopts the reward system annually.

The reward system must always comply with the valid legislation and guidelines issued by the authorities. The Compensation Committee monitors the functioning and results of the reward system. The Compensation Committee also monitors compliance with the reward system and the rewarding of the persons that are responsible for the company's risk management and control functions. Evli's internal audit function performs an annual audit of the reward system.

Evli Bank Plc's General Meeting will decide on the compensations payable to the Board members. The major shareholders are responsible for preparing the proposal concerning the remuneration.

The Board of the Evli Group adopts the principles and elements of the remunerations for the CEO and Executive Group on an annual basis. To prepare the Board resolutions, the Board Compensation Committee will draft the proposals related to remuneration. The CEO and Executive Group members are covered by the shared Evli Group reward system. All changes in the CEO's salary and remuneration are subject to the Board's approval.

## REMUNERATION PRINCIPLES IN EVLI BANK PLC

### FIXED SALARIES AND BONUSES

Evli's fixed salaries play a significant role in remuneration. Evli seeks to offer a competitive level of salaries in order to keep its competent employees with the company. Fixed salaries rise either on the basis of increases based on the collective agreement or on the basis of a personal pay rise awarded by the employee's supervisor. There are no significant separate fringe benefits in the Group.

### VARYING REMUNERATION

The Group's reward system covers its entire personnel. The objective of the reward system is to support the implementation of the company's strategy, and promote its competitiveness and long-term financial success. Remuneration payable in line with the reward system is linked to the financial success of the entire Group, compliance with the company's operating principles and guidelines, and to ensuring solvency. The model is built in a way that does not encourage unhealthy risk-taking.

Under all circumstances, remuneration in line with the reward system is always subject to a Board resolution. Through a Board resolution, the company can decide, if appropriate, not to pay the variable remuneration element, either in part or in total. Moreover, the company always has the right to reclaim a paid variable remuneration element, should it later discover that the actions taken by the individual remunerated have jeopardized the financial position of the company, the individual has violated the regulations affecting the company or the company's own operative principles and procedures, or has contributed to such an action through negligence.

The Evli Group's reward system contains restrictions to ensure that the variable element of the remuneration is not paid out if the Group's result does not show a favorable trend. The premise for bonus payments is a result that is sufficiently strong so that the company's solvency is not jeopardized through variable remunerations. Under no circumstances can remuneration and bonuses exceed 30 per cent of the company's result before the profit distribution with employees. The reward system also contains restric-

tions to ensure that the variable element in the total remuneration does not grow excessively in relation to the fixed salary which would encourage risk-taking beyond the risk-bearing capacity. In case of individuals, the share of the variable element must not exceed 100 per cent of the total fixed salary element, unless the General Meeting decides otherwise. Nevertheless, the share of the variable element cannot exceed 200 percent of the total fixed salary of the individual in question.

In order to avoid conflicts of interest, the remuneration of persons in control functions does not depend on the financial success of the Group or any of its business units. The remuneration of those working in control functions will be tied to their individual performance and attainment of objectives.

A certain percentage of the result of the Evli Group business units is reserved for the purposes of the reward system, to be determined on the basis of the unit's and Group's results. An upper limit has been set for the variable remunerations. In situations where the consolidated result exceeds this upper limit, no variable remuneration depending on the result is promised for the part in excess of the limit. The heads of the business units define the indicators and internal models that are used to determine the distribution of the bonus allocated to each business unit between the teams and individuals. The indicators and models are designed to account for long-term performance and compatibility of eventual bonuses with the company's operations and related risks.

Under certain circumstances, the company will be obliged to postpone the payment of the variable remuneration element. In this case, the postponement will be three (3) years from the end of the respective earning period. The amount of the remuneration payable after the postponement depends on the company's financial performance during the period of postponement, and it can also be zero. The company requires that employees do not take any personal action to protect themselves against risks related to the amount of their future variable remunerations or risks at the time of payment.

## LONG-TERM INCENTIVE SYSTEMS

In addition to the above remuneration methods, the company may create separate long-term incentive systems. The Evli Group has one share-based incentive program that is based on stock options that is currently in effect. Under this system, the stock options are issued gratuitously to the key persons employed or to be recruited by the Evli Group. In divergence to the preferential subscription rights of the shareholders, the option rights are issued to the key employees named by the company's Board of Directors, to promote their commitment and motivation. The company's Board of Directors decides upon the distribution of stock options. The Board also decides upon the redistribution of any stock options that may later be returned.

## BOARD COMPENSATIONS

Evli Bank Plc's General Meeting will decide on the compensations payable to the Board members. The Extraordinary General Meeting of 6 March 2015 made the following resolution on the compensation for attendance at meetings payable to the Chairman of the Board and other members:

Chairman EUR 6,000 per month  
Members EUR 4,100 per month

The Board has established and appointed an Audit Committee and a Compensation and Nomination Committee to prepare matters to be handled by the Board. The Chairmen of the committees were also paid EUR 800 for each committee meeting. Board members didn't receive any shares or share-based rights as compensation for their work.

## REMUNERATION OF THE CEO AND EXECUTIVE GROUP MEMBERS

The Board of the Evli Group adopts the principles and elements of the remunerations for the CEO and Executive Group on an annual basis. All changes in the CEO's salary and remuneration are subject to the Board's approval.

In 2015, the company's CEO Maunu Lehtimäki was paid EUR 381,600 in salary as well as performance bonuses and fringe benefits amounting to EUR 50,240, totaling EUR 431,840.

CEO has no significant separate fringe benefits. The CEO and Executive Group members are covered by the shared Evli Group reward system. CEO was issued 42,500 stock options as an element of the incentive and commitment system.

The CEO is covered by a six-month period of notice binding to both parties. The CEO is entitled to receive a severance pay corresponding to the salary of 12 months if the CEO contract is terminated by the company.

The company's Executive Group members' salaries and remunerations, including fringe benefits – the CEO salary and remunerations excluded – amounted to a total of EUR 1,265,000. The members of the Executive Group have no significant separate fringe benefits. The pension liability of the Executive Group has been arranged through statutory pension insurance policies.

## REMUNERATION REPORT 2015

### BOARD OF DIRECTORS

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Chairman EUR 6,000 per month  
Members EUR 4,100 per month

The Board has established and appointed an Audit Committee and a Compensation and Nomination Committee to prepare matters to be handled by the Board. The Chairmen of the committees were also paid EUR 800 for each committee meeting.

In 2015, the total compensation paid to the Evli Group Board members amounted to EUR 338,780. This sum is made up of meeting participation fees related to the work carried out in the Board and its committees. In 2015, the Board members did not receive any shares or share-based rights as compensation for their work.

Members of the Board, EUR	2015
Henrik Andersin, Chairman of the Board	72,240
Robert Ingman	49,200
Teuvo Salminen, Chairman of the Audit Committee	54,000
Harri-Pekka Kaukonen, Chairman of the Compensation and Nomination Committee	52,400
Johanna Lamminen*	12,300
Mikael Lilius	49,200
Thomas Thesleff	49,440
<b>Total</b>	<b>338,780</b>

\* Member of the Board of Directors since October 1, 2015.

### CEO AND EXECUTIVE GROUP MEMBERS

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CEO, EUR	2015
Salary and fringe benefits	381,840
Performance bonuses	50,000
<b>Total</b>	<b>431,840</b>

Members of the Executive Group, EUR	2015
Salary and fringe benefits	1,042,772
Performance bonuses	222,228
<b>Total</b>	<b>1,265,000</b>

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