



EVLI BANK PLC

Remuneration report 2017

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Evli Bank Plc's ("Evli") remuneration report describes the remuneration practices of the company and the remuneration of senior management, in other words Board of Directors, CEO and members of the Executive Group in 2017. Evli Bank Plc complies with the Finnish Corporate Governance Code issued by the Securities Market Association. This remuneration report has been drawn up in accordance with the Corporate Governance Code 2015. The code can be viewed in full on the Securities Market Association website at 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.

The remuneration model is made up of the following elements:

1. **Fixed salaries and bonuses:** A competitive fixed basic salary constitutes a solid foundation for maintaining and constantly developing basic functions
2. **Varying remuneration:** To promote both Evli's short-term growth objectives and the attainment of its strategic goals, the com-

pany has an annually adopted reward system based on annually varying salary elements. The remuneration model is tied to the company's financial success, compliance with operating principles and guidelines, and solvency

3. **Long-term incentive and commitment systems:** The long-term incentive systems, decided by the board of directors, 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 reviews and adopts the reward system annually. The Board of Directors also decide on the long-term incentive systems and the issuing of options rights or share-based incentive systems.

The reward system must always comply with the valid legislation and guidelines issued by the authorities. The Compensation Commit-

tee 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 to keep its competent employ-

ees 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 25 percent of the company's result before the profit distribution with employees. The reward system also contains restrictions 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 percent 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.

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.

Allocating variable commissions to individuals considers both the level of work required and the individual's performance. Both qualitative and quantitative indicators are used for assessing performance. The indicators are derived from Evli's strategy. The task of supervisors is to evaluate each individual's performance at least once a year. Based on these, a performance based reward per employee is calculated, which can be cut down if the model limits are compromised. 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. Evli Group has two share-based incentive programs, incentive plan 2014 and incentive plan 2016, that are based on stock options that are currently in effect. In both cases, the stock options are issued gratuitously to the key persons employed by 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.

In addition to the above-mentioned incentive plans, Evli Group has a shared-based incentive plan established in 2017. Rewards paid based on the plan will be paid in Evli's shares. The aim with the share-based incentive plan is to support Evli's strategy and align the objectives of the shareholders and the selected key employees to increase the value of Evli in the long-term. Moreover, the aim is to retain the selected key employees at the company and to offer them a competitive reward plan. The reward from the incentive plan is awarded in three installments. The first installment was awarded to the participants by the end of September 2017. The second and third installments are awarded to the participants by the end of September 2018 and 2019. The prerequisite for reward award and reward payment is that a participant's employment or service is in force. In addition, the Board of Directors may consider the participant's work contribution.

REMUNERATION REPORT 2017

Board of Directors

Evli Bank Plc's General Meeting will decide on the compensations payable to the Board members. The Extraordinary General Meeting of March 13, 2017 made the following resolution on the compensation for attendance at meetings payable to the Chairman of the Board and other members:

- Chairman and the chairmen of the committees EUR 6,000 per month
- Members EUR 5,000 per month.

Members of the Board, €	2017
Henrik Andersin, Chairman of the Board	72,100
Robert Ingman	57,300
Teuvo Salminen, Chairman of the Audit Committee	67,100
Harri-Pekka Kaukonen, Vice Chairman of the Board, Chairman of the Compensation Committee	66,300
Johanna Lamminen	57,300
Mikael Lilius	57,300
Total	377,400

The Board has established and appointed an Audit Committee and a Compensation Committee to prepare matters to be handled by the Board.

In 2017, the total compensation paid to the Evli Group Board members amounted to EUR 377,400. This sum is made up of meeting participation fees related to the work carried out in the Board and its committees. In 2017, the Board members did not receive any shares or share-based rights as compensation for their work.

CEO

The Board of 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.

Evli's CEO in 2017 was Maunu Lehtimäki. The CEO was paid EUR 381,840 in salary and fringe benefits as well as performance bonuses amounting to EUR 40,833, totaling EUR 422,673.

CEO, €	2017
Salary and fringe benefits	381,840
Performance bonuses	40,833
Total	422,673

The CEO has no significant separate fringe benefits and is covered by the shared Evli Group reward system. The CEO was issued 42,500 stock options 2014 and 40,000 stock options 2016.

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.

Executive Group

The Board of Evli Group adopts the principles and elements of the remunerations for the Executive Group on an annual basis. In addition to the CEO, there were six members in the Executive Group in 2017. During the year 2017, Janne Lassila was appointed as a new member to the Executive Group and Lea Keinänen left the Executive Group on May 1, 2017. The members of the Executive Group are presented at www.evli.com/investors.

In 2017 the company's Executive Group members' salaries and remunerations, including fringe benefits – the CEO salary and remunerations excluded – amounted to a total of EUR 984,915. The members of the Executive Group have no significant separate fringe benefits and are covered by the shared Evli Group reward system. The Executive Group members were issued 35,000 stock options 2016 and 9,200 Evli shares as part of the share-based incentive plan established in 2017. The pension liability of the Executive Group has been arranged through statutory pension insurance policies.

Members of the Executive Group, €	2017
Salary and fringe benefits	868,540
Performance bonuses	116,375
Total	984,915



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