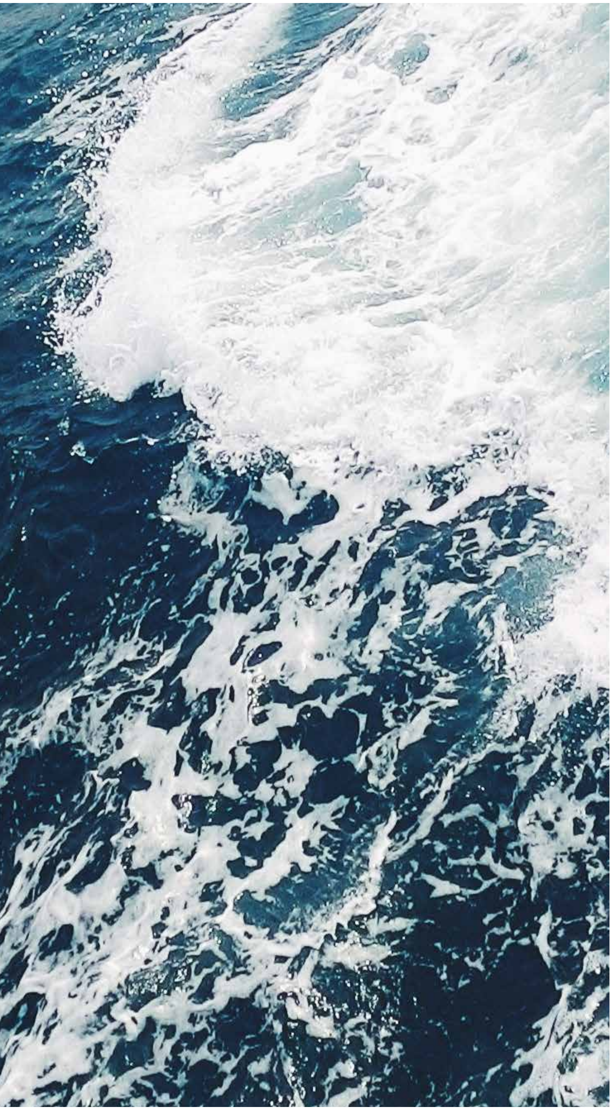
Remuneration policy

EVLI BANK PLC



Remuneration policy

Introduction

This Evli Bank Plc's ("Evli" or "company") remuneration policy describes the general principles and the framework concerning the remuneration of the Board of Directors and the CEO. Policies regarding the CEO also apply to a potential Deputy CEO. Evli also complies with the Finnish Corporate Governance Code issued by the Securities Market Association. The objective of the Evli Group's remuneration model is to support the implementation of the company's strategy and to promote the company's competitiveness and long-term financial success. A further aim is to contribute to a positive trend in shareholder value, committing Evli's Board of Directors and CEO to the company's objectives in the long run.

Evli complies with the Securities Market Association's Corporate Governance Code. This remuneration policy has been prepared in accordance with Corporate Governance Code 2020. Evli's remuneration policy is presented at Evli's Annual General Meeting (AGM) at least every four years and whenever significant changes are proposed. The Remuneration Report is presented annually (starting from 2021) at Evli's AGM.

In all remuneration, Evli complies with applicable financial regulations. This Remuneration Policy has been prepared taking into account applicable regulations and Evli Group's overall remuneration model for all employees. The remuneration policy must comply with the remuneration principles applicable to all Evli employees.

The Group's remuneration model consists of the following elements:

- a competitive fixed basic salary constitutes a solid foundation for maintaining and constantly developing basic functions
- a variable remuneration in accordance with the annual remuneration plan approved by the Board of Directors to promote both Evli's short-term growth objectives and the attainment of its strategic targets
- long-term incentive programs to support the company's strategic development and to commit key employees to the company's business operations.

In accordance with the remuneration principles the variable bonus may not exceed 100 percent of the annual fixed salary. Correspondingly the variable remuneration and the long-term incentives may not exceed 200 percent of the annual fixed salary.

Decision-making relating to remuneration

The Remuneration Policy is prepared by the Board's Compensation Committee and approved by the Board for presentation to the General Meeting. Compliance with and the performance and outcomes of the remuneration model are monitored by the Compensation Committee appointed by the Board of Directors, and by the Board of Directors. The Company's internal audit function conducts an annual audit of remuneration.

Remuneration of members of the Evli Group's bodies is always decided by the body that has appointed them.

Evli's AGM decides on the compensations payable to the members of the Board of Directors. The company's major shareholders are responsible for preparing the remuneration proposal. The principles and elements of the remuneration of the CEO and any Deputy CEO are approved by Evli's Board of Directors in accordance with this Remuneration Policy. The Compensation Committee, appointed by the Board of Directors, prepares proposals on matters related to remuneration for decision-making by the Board. All changes to the CEO's salary and remuneration or executive contract are made by the Board of Directors on a proposal by the Compensation Committee in accordance with the Remuneration Policy.

Remuneration of the Board of Directors

In general, the remuneration of the Board of Directors is decided by the General Meeting based on a proposal by the major shareholders. The decision on the remuneration of the members of the Board of Directors shall be based on the Remuneration Policy presented to the AGM and which is in force.

The remuneration of the members of the Board of Directors consists of a fixed monthly compensation and possible compensation for meeting attendance. The Chairman of the Board of Directors and the chairmen of the committees appointed by the Board of Directors may be paid an increased compensation.

In situations in which a member of the Board of Directors participates in project-based activities to develop the company's operations outside the work carried out by the Board of Directors, separate compensation may be paid for such work at the Board's discretion. In addition to the monthly compensation and compensation for meetings, the members of the Board of Directors are compensated for their travel expenses. In principle, the Board of Directors' compensation and allowance are paid in cash.

Remuneration of the CEO

The Board of Directors of Evli Group adopts the principles and elements of the CEO's remuneration on an annual basis in line with the Remuneration Policy in force. All changes to the CEO's salary and remuneration are subject to approval by the Board of Directors. The CEO's remuneration comprises, in principle, of a fixed salary, variable remuneration, and long-term incentives and commitment programs. In addition, the CEO may be granted a separate, reasonable retirement plan or other benefits to ensure that a competent CEO is committed to the company's development.

The amount of the CEO's variable remuneration and the relative proportion to his fixed salary are within the limits set by financial regulations. The CEO's variable remuneration shall not exceed 100 percent of the CEO's annual fixed salary. Correspondingly the variable remuneration and the long-term incentives may not exceed 200 percent of the CEO's annual fixed salary. The variable bonus is linked to the company's financial success and the achievement of its strategic goals. If deemed pertinent, the company may, by a decision of the Board of Directors, decide not to pay the variable bonus, in whole or in part. The Board decides on the long-term incentive and commitment systems for the CEO on a case-by-case basis.

ELEMENTS OF THE REMUNERATION	PURPOSE AND LINK TO STRATEGY	DESCRIPTION
Fixed salaries	The aim is to recruit and commit high-quality experts to implement the company's strategy.	Base salary includes taxable fringe benefits (for example mobile phone). When evaluating the base salary level, a variety of factors can be taken into account, such as market conditions, competitiveness, past performance and individual skills, as well as experience in the company and in business management. The base salary is, in principle, reviewed annually.
Short-term incentives (STI)	The purpose is to encourage and guide in achieving short-term financial and operational goals.	The short-term incentive scheme is based on one-year performance criteria. Rewards are paid in cash after the end of the performance period, based on the achievement of the targets. The maximum payout for the annual incentive is capped. Short-term incentives are tied to the company's financial success, adherence to policies and guidelines, and ensuring solvency. The annual short-term incentive may not exceed 100 percent of a person's annual fixed salary.
Long-term incentives (LTI)	The purpose is to encourage to long-term shareholder value growth and commitment to the company.	The Board of Directors decides on long-term incentives within the limits set by the Annual General Meeting. Long-term incentive programs generally include a minimum three-year earning period. The Board of Directors sets the targets, indicators and their weightings that may be the basis for the incentives. Long-term incentive programs can also be purely engagement programs if they are considered to support the execution of the company's long-term strategy. At the end of the earning period, the Board of Directors can evaluate the award criteria to determine the final payment level. The annual short- and long-term incentives may not exceed 200 percent of a person's annual fixed salary.
Pension	The purpose is to provide a pension in accordance with local market practices.	Retirement age and any supplementary pension arrangements provided are decided by the Board of Directors in line with market practices.
Share ownership	The purpose is to ensure strong alignment between the interests of the CEO and the shareholders in the longer term.	The Board decides on the long-term target share ownership for the CEO.

In certain circumstances, the company is obliged to defer payment of the variable bonus. In such a case, the company will defer payment of the variable bonus in accordance with the regulations set by the financial market. The amount of the bonus payable after the deferral depends on the financial performance of the company during the deferral period and may even be zero. The company expects that the CEO will not hedge with his/her personal actions against any risk related to the amount or timing of future variable remuneration.

In certain circumstances, the company may also reclaim a variable bonus already paid. The company shall also always have the right to reclaim a variable bonus already paid if, after such payment, it becomes apparent that the person receiving the bonus has endangered the financial position of the company, violated the company's operating principles and practices, or contributed to such conduct through neglect.

The CEO has a notice period consistent with current market practices. Similarly, in cases where the CEO's contract is terminated by the company, he/she is entitled to severance pay in accordance with prevailing market practices.

The above matters concerning the CEO also apply to a potential Deputy CEO.

Conditions for temporary deviation

Remuneration of the company's bodies must, in general, be based on the remuneration policy approved by the General Meeting. Deviations from the policy's principles can only be made if the achievement of the company's long-term goals and strategy is otherwise judged to be at risk. The option to temporarily deviate from the remuneration policy of the bodies is intended to apply only in exceptional circumstances in which the core operating circumstances of a listed company have, after the General Meeting's consideration of the bodies' Remuneration policy, changed as a result of a change of CEO or a merger or an acquisition proposal and the existing remuneration policy is no longer appropriate in the changed circumstances.

If the deviation from the Remuneration policy is expected to continue other than on a temporary basis, the company shall draw up a new Remuneration policy, which will be discussed at the next AGM. Because of the provisions regarding the notice to the AGM and the availability of the meeting materials there may be insufficient time to submit a new Remuneration policy to the next AGM if the need for deviation arises close to the time of the meeting. In such a case, the Remuneration policy shall be submitted to the General Meeting for which it can be appropriately prepared. If the temporary deviation from the Remuneration policy concerns the remuneration of a new CEO or is due to corporate restructuring or similar exceptional circumstances, the new remuneration terms will apply as agreed regardless of the duration of the temporary deviation.

Deviations from the policies and principles of the policy are documented and reported to the Board of Directors and as part of the remuneration report at the AGM.

Evli Pankki_WM (in Finnish)
Evli Research (in Finnish)
Evli Fund Management Company (in English)

Evli - Sijoittajan Pankki (in Finnish)
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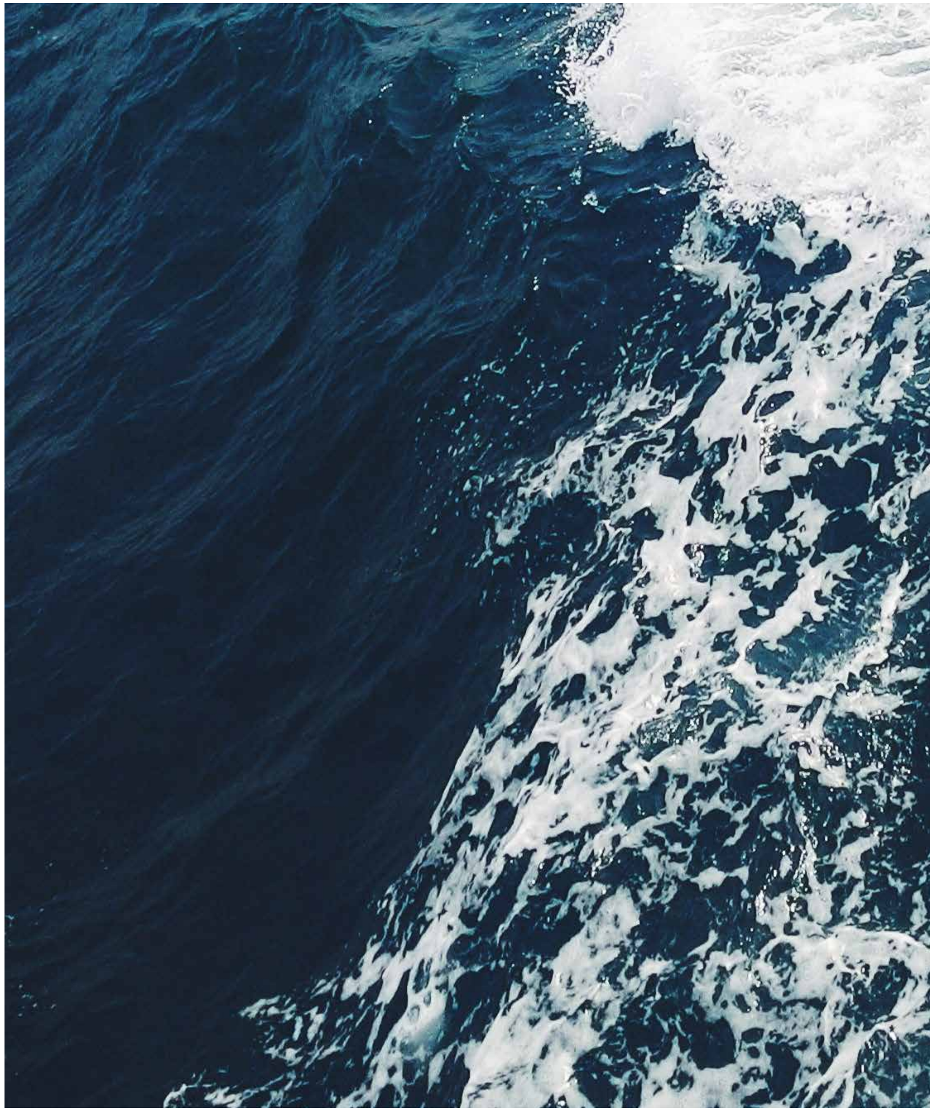

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