



# Remuneration Report 2020

EVLI BANK PLC



# Remuneration Report 2020

Evli Bank Plc (“Evli” or “company”) has published its first remuneration report in accordance with the Corporate Governance Code 2020 for the financial year beginning on January 1, 2020. This Remuneration Report sets out how Evli has implemented its Remuneration Policy in 2020 and presents the remuneration and other financial benefits paid to the members of the Board of Directors (“Board”) and the Group’s CEO during the year.

The Remuneration Report has been reviewed by Evli’s Compensation Committee and approved by the Board. The shareholders will make an advisory decision on the approval of the Remuneration Report at Evli’s Annual General Meeting 2021.

## Overview of remuneration in 2020

Remuneration of the company’s governing bodies is based on the Remuneration Policy that was presented for an advisory decision at the Annual General Meeting held on March 9, 2020. The policy will be applied until the Annual General Meeting 2024, unless the Board decides to bring it forward for an advisory decision at an earlier General Meeting.

The decision-making process on remuneration, as defined in the Remuneration Policy, has been followed in the remuneration decision-making in 2020. No temporary deviations from the Remuneration Policy were applied in 2020. Furthermore, the Board did not observe any circumstances or activities that would have resulted in a need to apply claw-back clauses applicable to the CEO’s variable remuneration in 2020. Regardless of the extraordinary business environment caused by the COVID-19 pandemic, the Board did not deem it necessary to use its right to adjust the performance criteria applied in 2020.

In line with the Remuneration Policy, remuneration in 2020 has supported Evli’s business strategy with a focus on creating long-term growth and shareholder value. Although a significant part of the CEO’s total remuneration is in the form of fixed payments, performance-based components are set to encourage the achievement of targets. Remuneration is balanced to avoid excessive risk-taking. The Compensation Committee has evaluated the CEO’s remuneration for 2020 to ensure a competitive and fair total remuneration opportunity compared to relevant peers and the market. To encourage share ownership in

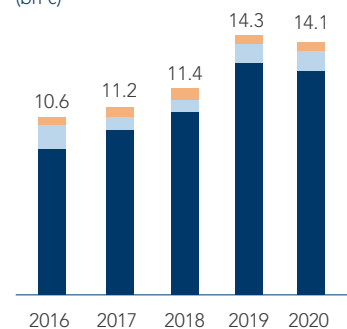
the company, shareholding guidelines for the CEO were in place to further support and align shareholder and top executive interests.

## Development of financial performance and remuneration

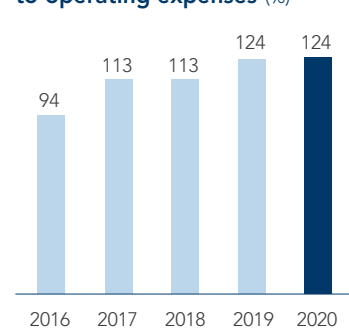
### 5-year development of financial performance

Evli’s business has developed steadily over the past five years. The company has set four key performance indicators that it considers to be good proxies for its business performance. These are the development of assets under management, the recurring revenue ratio, return on equity and net commission income. From a shareholder perspective, the company has been able to provide stable returns to investors as depicted by dividend per share development.

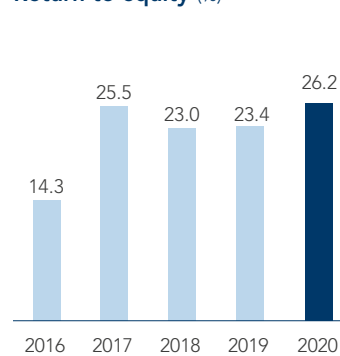
**Net Assets Under Management**  
(bn €)



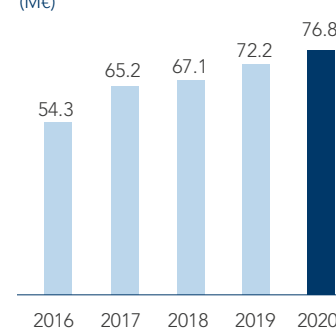
**Proportion of recurring revenue to operating expenses (%)**



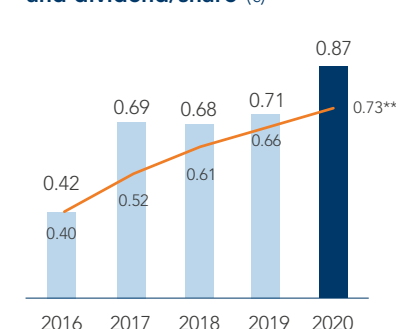
**Return to equity (%)**



**Net commission income**  
(M€)



**Earnings/share\* (€)**  
**and dividend/share (€)**



- Evli Bank Plc
- Northern Horizon Capital A/S
- Evli Alexander Incentives Oy

\*Diluted IFRS.

\*\*Board of Directors’ proposal.

## 5-year Development of Remuneration

	2016	2017	2018	2019	2020
<b>Board of Directors</b>					
Chairman of the Board of Directors, EUR	72,000	72,100	86,500	90,000	84,000
Development, %	-	0.1%	20%	4%	-7%
Chairmen of the committees (on average), EUR	52,400	52,400	70,834	72,000	67,200
Development, %	-	-	35%	2%	-7%
Other members of the Board of Directors (on average), EUR	49,200	49,200	60,000	60,000	56,000
Development, %	-	-	22%	-	-7%
<b>CEO</b>					
CEO, EUR	431,840	422,673	440,109	488,116 <sup>3)</sup>	446,605 <sup>4)</sup>
Development, %	-	-2%	4%	11%	-9%
<b>Average employee salary</b>					
Total salary costs, EUR	27,690,982	28,857,269	27,910,327	30,373,161	30,546,297
Number of employees at the end of the year	244	240	254	249	261
Average salary for the employees, EUR <sup>1)</sup>	113,488	120,239	109,883	121,981	122,676
Development, %	-	6%	-9%	11%	1%
<b>Financial performance</b>					
Financial performance of the company <sup>2)</sup>	60,016,144	71,399,497	68,508,584	75,797,457	79,700,850
Development, %	-	19%	-4%	11%	5%

<sup>1)</sup>The salary development of the average employee is calculated from personnel expenses by deducting other personnel expenses from the total and dividing it by the number of employees at the end of the year.

<sup>2)</sup>Development of net revenue

<sup>3)</sup>In addition, the CEO subscribed to the 212,500 shares granted to him in the Option-program 2014. The total value of the subscription was EUR 1,810,500 based on the closing price on the subscription day. The gross earned income was EUR 1,388,800.

<sup>4)</sup>In addition, the CEO subscribed to the 40,000 shares granted to him in the Option-program 2016. The total value of the subscription was EUR 372,000 based on the closing price on the subscription day. The gross earned income was EUR 93,732.

## Remuneration of the Board of Directors in 2020

Evli Bank Plc's General Meeting decides on the compensations payable to the Board members. The Annual General Meeting of March 9, 2020 made the following resolution on the compensation for attendance at meetings payable to the Chairman of the Board and other members:

- Chairman of the Board EUR 7,500 per month
- Chairmen of the committees EUR 6,000 per month
- Members EUR 5,000 per month

The Board has established and appointed an Audit Committee and a Compensation Committee to prepare matters to be handled by the Board. In the spring the Board of Directors cut its compensations for four months due to the COVID-19 pandemic. In 2020, the total compensation paid to the Evli Group Board members amounted to EUR 386,400. This sum is made up of meeting participation fees related to the work carried out in the Board and its committees. In 2020, the Board members did not receive any shares or share-based rights as compensation for their work, nor were they granted any other benefits.

## Compensation paid to the members of the board, €

	2020
Henrik Andersin, Chairman of the Board	84,000
Fredrik Hacklin, member of the Board of Directors	56,000
Sari Helander, member of the Board of Directors	56,000
Robert Ingman, member of the Board of Directors	56,000
Teuvo Salminen, Chairman of the Audit Committee	67,200
Mikael Lilius, Vice Chairman of the Board, Chairman of the Compensation Committee	67,200
<b>Total</b>	<b>386,400</b>

## Remuneration of the CEO

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

## Application of performance criteria in 2020

In 2020, Evli had a short-term incentive plan in place for the CEO. No long-term incentive plans were issued to the CEO during 2020. The purpose of the short-term incentive is to incentivise for the achievement of stretched financial and non-financial short-term targets aligned with the business strategy. The short-term incentive plan remuneration is dependent on the financial performance of Evli, as well as reaching strategic targets. The short-term incentive plan performance criteria are evaluated annually by the Board. The Board also resolves on the performance targets for the short-term incentive plan at the beginning of the financial year.

Short-term incentive plan criteria 2020	Weight
Evli Group financial performance	50%
Group level Key Performance Indicator targets	30-50%
Finalising strategic projects	0-20%

Although the business environment turned out to be extraordinary during 2020 due to the COVID-19 pandemic, no adjustments were made to the performance targets, due to Evli's relatively strong performance despite the challenging environment. The criteria outcome in the short-term incentive plan 2020 was at the target level. In accordance with the remuneration policy, the maximum earnings from the short-term incentive plan was 100 percent of the annual fixed earnings, while the maximum earnings from both the short-term and the long-term incentive plans were a maximum of 200 percent of the total fixed annual earnings. During 2020, the company paid the CEO the rewards that were earned for the short-term incentive plan 2019, based on the performance targets set for the financial year 2019 and for the long-term retention plan 2016-2020.

### Share-Based Incentives

The purpose of the share-based retention plans is to encourage the executives and the selected key employees to work on a long-term basis to increase shareholder value and to commit to the company. The shares are paid after a vesting period of a minimum of three years, provided that the person in question is still employed by Evli. The Board decides annually on the issuance of new plans based on the Compensation Committee's proposal within limits provided by the General Meeting.

The Restricted Share Plan offers an opportunity to earn a pre-determined number of the company's shares as a reward for continuous service and retention. Evli's Restricted Share Plans consist of one to three, annually commencing periods followed by vesting periods of a minimum of three years. After the vesting period, shares in the Restricted Share Plans are usually delivered to the participants provided that their employment with the company has continued uninterrupted throughout the duration of the plan and until the shares are delivered. The vesting period is further followed by a one-year waiting period in accordance with the regulation set for the financial sector. The possible rewards under the Restricted Share Plans are paid

as a combination of shares and cash. The cash component is dedicated to cover the taxes and tax-related costs related to restricted shares.

### Payment schedule for share based incentives

	Restricted Share Plan 2017			Restricted Share Plan 2018			Restricted Share Plan 2019
	Installment I	Installment II	Installment III	Installment I	Installment II	Installment III	
<b>Grant Date</b>	5.9.2017	10.9.2018	14.6.2019	8.6.2018	Not granted	11.6.2020	14.6.2019
<b>Payment</b>	23.9.2020	30.9.2021	30.9.2022	30.6.2021	30.6.2022	30.6.2023	30.6.2023
<b>Vesting</b>	30.9.2021	30.9.2022	30.9.2023	30.6.2022	30.6.2023	30.6.2024	30.6.2024
<b>Granted Reward Shares (gross)</b>							
Maunu Lehtimäki, CEO	-	-	-	-	-	-	50 000
Juho Mikola, Deputy CEO	9 200	9 200	9 200	4 667	-	4 667	30 000

### Summary of share based incentives paid to CEO in 2020

Plan	Granted	Granted options	Subscription period
Option Program 2016	August 19, 2016	40,000	June 1, 2020 to August 31, 2020

### Remuneration of the CEO in 2020

Evli's CEO in 2020 was Maunu Lehtimäki. The CEO was paid EUR 343,440 in salary and fringe benefits, performance bonuses amounting to EUR 58,849 and a supplementary pension of EUR 51,516, totalling EUR 453,805. In addition, the CEO subscribed to the 40,000 shares granted to him in the Option-program 2016 at a price of 6.992 euro/share. The total value of the subscription was EUR 372,000 based on the closing price on the subscription day.

The CEO has no significant separate fringe benefits and is covered by the shared Evli Group reward 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 12-months' salary if the CEO's contract is terminated by the company.

## Remuneration of the CEO in 2020

CEO, €	Base salary	Additional pension payment	Paid annual incentive	Paid long-term retention	Total paid compensation	Earned annual incentive	Earned long-term retention	Total earned compensation
<b>CEO, Maunu Lehtimäki</b>	343,440 <sup>1)</sup>	51,516	58,849 <sup>2)</sup>	93,732 <sup>3)</sup>	547,537	144,422 <sup>4)</sup>	-* <sup>5)</sup>	144,422* <sup>6)</sup>

<sup>1)</sup>Including fringe benefits

<sup>2)</sup>Earned in 2019.

<sup>3)</sup>Long-term retention for 2016-2020. 40,000 gross shares at July 15, 2020 share price EUR 6.992.

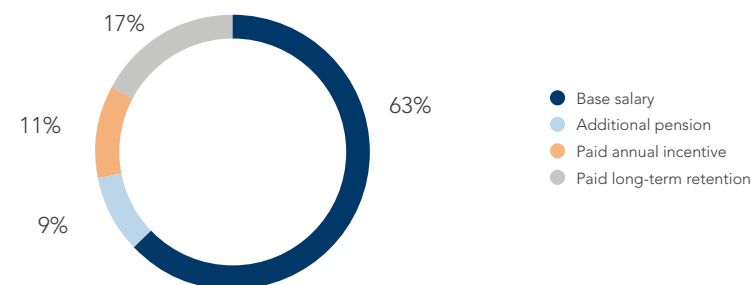
<sup>4)</sup>Earned in 2020, paid in 2021.

<sup>5)</sup>No long-term retention plans introduced for the CEO in 2020.

<sup>6)</sup>Total Annual incentives and long-term retention earned in 2020.

\*Actual value depends on Company share price at the reward payment date. For illustration purposes valued here using share price when plan was introduced.

### Structure of paid compensation in 2020



## Remuneration of the Deputy CEO in 2020

Deputy CEO, €	Base salary	Additional pension payment	Paid annual incentive	Paid long-term retention	Total paid compensation	Earned annual incentive	Earned long-term retention	Total earned compensation
<b>CFO, Deputy CEO, Juho Mikola</b>	163,200 <sup>1)</sup>	-	58,849 <sup>2)</sup>	171,953 <sup>3)</sup>	394,002	99,602 <sup>4)</sup>	-* <sup>5)</sup>	99,602* <sup>6)</sup>

<sup>1)</sup>Including fringe benefits

<sup>2)</sup>Earned in 2019.

<sup>3)</sup>Long-term retention for 2016-2020. 35,000 gross shares at July 15, 2020 share price EUR 6.992.

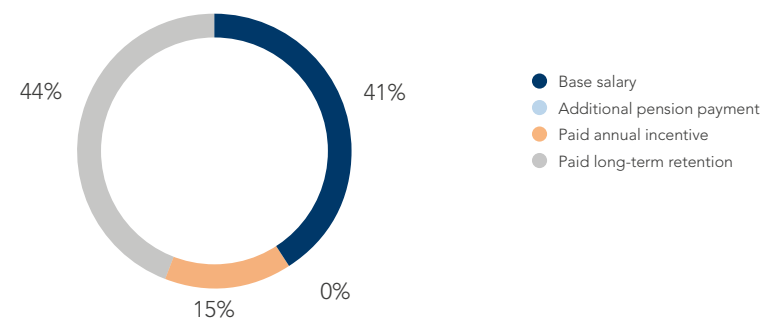
<sup>4)</sup>Earned in 2020, paid in 2021.

<sup>5)</sup>No long-term retention plans introduced for the Deputy CEO in 2020.

<sup>6)</sup>Total Annual incentives and long-term retention earned in 2020.

\*Actual value depends on Company share price at the reward payment date. For illustration purposes valued here using share price when plan was introduced.

### Structure of paid compensation in 2020





Evli Pankki\_WM (in Finnish)  
Evli Research (in Finnish)  
Evli Fund Management Company (in English)



Evli - Sijoittajan Pankki (in Finnish)  
Evli Fund Management Company (in English)  
Evli Research (in Finnish)



Evli Bank Plc (in Finnish)  
Evli Fund Management Company (in English)



evlipankki (in Finnish)



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