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EVLI IN BRIEF

Private bank specializing in investment

Evli is a genuine private bank specializing in investment, which offers individuals, companies and institutions a full range of products, and client services in investment and asset management, backed by robust professional skills. Evli has over EUR 10 billion in client assets under management. The majority of the company's revenue is accumulated in Finland, but Sweden, and Central Europe for product sales, are also important market areas.

The company offers asset management services, various services related to the capital markets, such as brokerage of equity and other investment products, market making and investment research, and Corporate Finance services. The company also offers a comprehensive selection of funds, and banking services that support clients' investment operations. Evli has a professional staff of over 200 employees.

Evli's operations are divided into three segments. Wealth Management is a growth area for Evli, and is complemented by its Markets and Corporate Finance operations. The service concept formed by the business functions enables Evli to offer its clients high-quality products and services for individual needs.

Wealth Management

The company's Wealth Management unit provides personal asset management service to private individuals who have substantial investment assets, their families and related companies (Private Banking), and also to institutional clients such as insurance companies, pension funds, organizations, municipalities and companies (institutional asset management). Fund products are also an integral part of the service and product offer of the Wealth Management unit. These include Evli's own mutual funds and the mutual funds of external fund managers.

Markets

The Markets unit offers brokerage of equity and other investment products, market making services and investment research. The unit's clients are mainly Finnish and international professional investors. In addition to equities, the Markets unit brokers derivatives, ETFs, money market products, corporate bonds and structured products.

Corporate Finance

The Corporate Finance unit provides advisory services related to mergers and acquisitions transactions and securities offerings. Advisory services regarding mergers and acquisitions include advisory services related to corporate acquisitions, divestments, mergers and demergers, for example. Securities offerings include IPOs, share issues and sales, equity and debt arrangements and private placement arrangements, for example.

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EVLI'S STRATEGY

Simply Unique

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Evli's long-term target is to be a growing and profitable private bank with a unique clientele and broader international business operations than at present. The company's vision is to be "Simply Unique." This describes the aim of simplifying Evli's own and its clients' investment-related processes, and offering clients unique product and service solutions.

Revenue growth is sought primarily organically, and as far as possible also through acquisitions. The focus of operations is on asset management operations and in addition to Finland and Sweden, growth potential can also be seen in the other Nordic countries. Selected, internationally successful investment products will be used to pave the way to other European markets.

Evli is constantly focusing on developing new investment solutions and products. Here it makes use of the robust professional skills of its business areas.



Evli is constantly focusing on developing new investment solutions and products.

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YEAR 2016 IN BRIEF

Strong performance in Wealth Management

Evli's Wealth Management increased the amount of its assets under management and the number of clients in 2016. The international sales of Evli's funds grew significantly in Europe.

HIGHLIGHTS OF THE YEAR

- The Group's client assets under management reached a record EUR 10.6 billion.
- Net subscriptions worth over EUR 1 billion were made to Evli's funds, which is the second highest amount in Finland. Evli's fund capital increased to EUR 6.5 million and its market share to six percent. This made Evli Finland's fourth largest fund management company at the end of the year.
- Corporate Finance unit's development was stable and the unit participated in 18 executed transactions in Finland and Sweden.
- Evli Alexander Management Oy, which offers administration services for share-based incentive programs purchased the entire share capital of Equatex Finland Oy and launched its new name, Evli Awards Management Oy (EAM). As a result of this transaction, EAM is a market leader in Finland offering specialized services based on its local expertise to companies.

CLIENT ASSETS UNDER MANAGEMENT REACHED

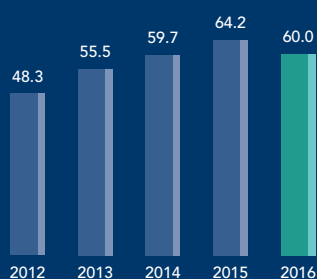
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EUR billion

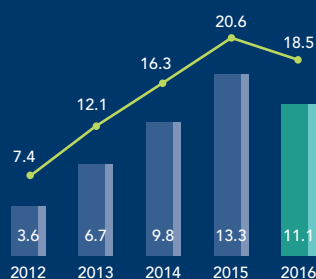
2. LARGEST AMOUNT OF FUND SUBSCRIPTIONS IN FINLAND

- Evli and Nordic Shine Ltd launched Finland's first solar power investment fund in December. The fund offers property owners and tenants the possibility to invest in solar power production without tying up own resources or capital. The aim is to multiply solar power production in Finland.
- Evli's investment research was centralized into a separate company called Evli Research Partners Oy. The company offers small and mid-sized listed companies corporate analyses and visibility among institutional investors, a broader investor base and the media.
- Evli Investment Solutions Oy was established to boost product sales. The company coordinates Evli's tied agent network and supports the local sale of individual products, such as structured instruments, on the Finnish market.

Net Revenue
(million euros)



Operating profit (million euros) and profit margin (%)



Earnings/share, diluted (IFRS) (euro) and dividend/share (euro)



*Includes an additional return of capital 0.20 euros/share.

** A Board of Directors' proposal

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Evli Emerging Frontier Fund – 3 years, 5 stars from Morningstar



Research company Morningstar awarded the Evli Emerging Frontier equity fund with the full five stars on its third anniversary. The fund's investment strategy, which is different from that of its peers, has raised the fund to among the world's best Top 1% in Bloomberg's comparison of the performance of emerging funds. The fund focuses on fast-growing small and medium-sized developing countries. It seeks out quality companies with attractive valuations, strong growth and consumption-oriented operations.



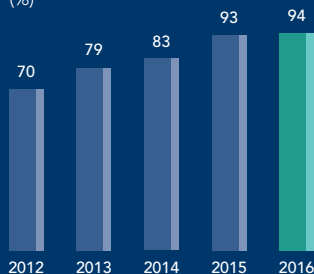
Finland's best institutional asset manager

Finland's largest institutions selected Evli as the best asset manager in two respected surveys (SFR and TNS Sifo Prospera). Institutions also use Evli's asset management services the most. Evli received particular praise for the return on its investments, its ability to form investment views and the quality of its client service.

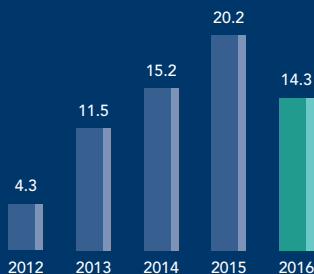
OTHER AWARDS AND ACKNOWLEDGEMENTS

- Janne Kujala and Evli Finnish Small Cap fund were awarded for being the best Finland Equity fund (Morningstar).
- Juhamatti Pukka and the Evli Short Corporate Bond fund were ranked number one in the Eurostars Top 250 Fund Manager ranking in the Corporate Bond Category (Citywire).
- The Evli Global equity fund was chosen as the best global fund (Sweden's largest fund trading site, fondmarknaden.se).
- Evli was ranked the best in generational change processes and family and tax law services (TNS Sifo Prospera Private Banking survey).
- Evli achieved the best client satisfaction for its private banking services among members of the Finnish Shareholders' Association (Viisas Rahas magazine).

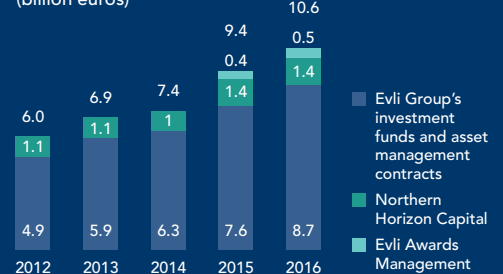
Proportion of recurring revenue to operating expenses (%)



Return on equity (%)



Net assets under management including associated companies (billion euros)



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CEO'S REVIEW

Increasingly client-oriented service

In financial terms 2016 was a challenging year for Evli. We responded to market developments by launching new business functions, by developing our digital services and by creating a new organizational model for introduction in 2017. These changes will make Evli an even more client-oriented private bank.

Our revenue declined seven percent and our profit before taxes by 16 percent from the previous year, which resulted from a considerable decline, of about 20 percent, in brokerage commissions and from a lower level of performance-based fees than in 2015. Despite the decline in profit, our profitability remained excellent and our capital adequacy and liquidity were strong.

The decline in brokerage commissions has been a long-term trend throughout the sector, but in Finland this trend became much steeper in 2016. The reasons for this included the continued increase in the transition to automated implementation of orders and institutions' uncertainty regarding the details of the disclosure requirement concerning managers' transactions imposed by the Market Abuse Regu-

lation (MAR) that entered force in the summer.

New initiatives to respond to market developments

For a long time now we have been adjusting our Markets operations to the declining commissions. In 2016 we continued our adjustment measures by reducing the cost structure and by setting up two new areas of operation, which we will use to acquire entirely new business and clientele.

Evli Investment Solutions Oy, which was established in the fall, extends our sales and distribution organization by using tied agents to sell all our investment products. Another new area of operation is Evli Research Partners Oy, which was created by corporatizing our equity

analysis operations. The company's business concept is to offer equity analysis services to listed companies. Commercializing our analysis operations has enabled us to change the income structure of our Markets business from a transaction-based to a contract-based structure, which makes it easier to forecast. The operations of both new business functions have started promisingly.

MiFID II will shake up capital market operating models

Evli Research Partners is also responsible for the investment research requirement imposed by the MiFID II directive that will be applied from the beginning of 2018, which in practice will lead to the unbundling of research and brokerage operations. This is a groundbreaking change for the entire



brokerage business, where a significant share of the clientele is typically made up of professional investors, such as asset management and fund management companies. It is likely that the change will lead on the one hand to the emergence of specialized research companies and on the other to professional investors focusing their procurement of research with large international investment banks in order to retain active contacts with them.

Mid-sized operators, such as Evli, that offer a comprehensive service could easily fall by the wayside in this shake-up of the market. With Evli Research Partners we want to create entirely new business operations that are in accordance with the terms of the directive and that improve our visibility among retail investors. We have the required expertise and infrastructure and we have already concluded the first agreements with listed companies.

Another excellent year for Wealth Management

The strong performance in Wealth Management continued in 2016 and we reached a significant milestone when the Group's client assets under management exceeded EUR 10 billion. There were record net subscriptions of over EUR 1 billion to our funds, which increased our fund capital to EUR 6.5 billion and our market share to six percent. We are very pleased with this development, which again proves that the strategic alignment carried out over a decade ago to increase the share of asset management in our operations was an excellent decision.

Top-class digital services for Wealth Management clients

We implemented an extensive information system update, so our system architecture is now extremely modern and efficient. Our clients will benefit from this in the form of even better online services. During spring 2017 we will launch a fully-updated My Evli online service designed for a mobile environment. Clients are demanding even more digital services alongside traditional asset management services, and we aim to be at the forefront of this digital development. Interest in fully-automated asset management is also likely to increase in the future. We will respond to this challenge by launching a next-generation Online Banker service on the market during 2017. In the future, our clients will be able to model the type of portfolio that will enable each of them, with their individual starting points and needs, to reach their return targets with the highest likelihood.

Increasingly client-oriented comprehensive service model

As a continuation of our strategic policy we will carry out an organizational change during 2017 where we will transfer from operations organized by products and services to a client-oriented comprehensive service model. In the new organization, our asset management clients will be able to take care of all of their investment-related matters through one asset manager.

An implementation group of experts from different areas will be responsible for executing, clearing and reporting

orders received from asset managers. We will centralize the service for companies around advisory operations, the administration of incentive programs and research services. Companies can use these services either comprehensively or choose the services that meet their needs.

With this reorganization, we aim to achieve an even more client-oriented and efficient customer service and an improvement in our internal efficiency. We also hope that the changes will further strengthen our resources in our focus areas and channel an even larger share of our clients' execution of orders into our own organization.

The new operating model will strengthen our profile in asset management and investment services and as a private bank specializing in expert services. We believe this to be the right direction from the perspectives of the market development in the coming years, the change in customer needs and further increasing regulation.

In our first full year as a listed company we achieved a stable financial result in an uncertain market environment. We also received plenty of recognition for our expertise from various parties and we built a strong foundation for our future success. Our outlook for 2017 has remained unchanged and we anticipate that the result for 2017 will be clearly positive.

Maunu Lehtimäki
CEO

/// The new operating model will strengthen our profile in asset management and investment services and as a private bank specializing in expert services.

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CORPORATE RESPONSIBILITY

Financial responsibility has special importance in Evli's operations

As a finance-sector company, Evli's responsibility is founded on promoting the financial wellbeing of society by providing jobs and retaining and increasing client wealth. Ensuring the wellbeing and personal development of its personnel and supporting entrepreneurship in society at large are also key themes of Evli's responsibility.

For more than 30 years, Evli's principal responsibility has been to increase its clients' wealth. During this time, the company has grown into a financially solid and respected investment and asset management bank, employer and listed company with roots and values that are deeply ingrained in Finnish entrepreneurship.

Business based on trust

Evli's long client relationships that often extend across generations are the cornerstone of its business. It is only possible to achieve these kind of client relationships through mutual trust and by conducting business operations responsibly and in an ethically sustainable manner.

The company's values are its essence: entrepreneurship, valuable relationships, continuous learning and integrity. They also form the foundation for the ethical principles which direct the actions of Evli and its employees and which guide the company's relationship with its clients and stakeholders.

As an asset management bank, Evli has a big responsibility for the high standards and transparency of the services and products it offers to its clients. Evli always places its clients' interests ahead of everything else and every product and service it offers is intended to benefit the client. The most important guarantees of Evli's high standards are its professional experts and the integrity of its activities that is reflected as open and appropriate communications and interaction.

Evli is also responsible for the efficient monitoring and prevention of risks related to its business and investment functions. This is taken care of by the company's business units as well as independent risk management and internal audit functions.

Evli's business operations always comply with the principles of corporate governance, legislation and the authorities' instructions, and the company engages actively in the development of regulation and good practices. Evli's head office is located in Finland, and the company also has branch offices and subsidiaries in Sweden and the United Arab Emirates. Taxes are paid locally to the country in which the business is located.

Evli always places its clients' interests ahead of everything else and every product and service it offers is intended to benefit the client.

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Responsible investment is growing

Evli's primary responsibility is for the best possible return on its clients' investments. Increasingly, this is done in a way that integrates environmental issues, social responsibility and corporate governance, so called ESG factors (Environmental, Social, Governance), as a part of asset management and investment activities.

At Evli, responsible investment is guided by a clear operating model that is directed by the guidelines for responsible investment that were approved by the Executive Group in March 2016. Evli's Asset Management has a Responsible Investment Coordinator who regularly monitors and analyses the investment portfolios of asset management from the perspective of the ESG factors. Evli not only excludes companies that violate norms from its portfolio but seeks active engagement with them to influence their practices.

One of the most important measures of the responsibility of investment instruments is the UN's Global Compact initiative and its principles on human rights, anti-corruption measures and environmental issues. Evli is also committed to the goals of the Carbon Disclosure (CDP) Project and has signed the UN's principles of responsible investing, and it also expects its international asset management and mutual fund partners to do the same. Evli is a member of FINSIF, Finland's Sustainable Investment Forum.

In December 2016 the company took an important step forward to increase the use of solar energy in Finland and the related expertise. Evli and Nordic Shine Ltd, in which Evli is the majority shareholder, founded Finland's first private equity fund that invests in solar energy, EAI Solar Ky. The fund offers property owners and tenants an opportunity to invest in solar energy without committing their own resources or capital.

Development opportunities for employees

A skilled, motivated and committed staff is a prerequisite of Evli's existence, growth and development. For this reason it has to be able to hire the best people of its field of business.

Evli attracts employees and encourages personal development by offering competitive salaries, a reward model that includes the entire staff and opportunities to learn and increase knowledge. An internal corporate university, the Evli Academy, also supports employees' further training and the know-how built on experience is transferred forward with a special mentoring program. Evli works closely with universities that offer relevant training and attracts young talents through the company's Trainee program.

Employees take part in an annual work satisfaction survey that provides information on what should be done to improve the working environment and comfort.

Promoting growth and entrepreneurship

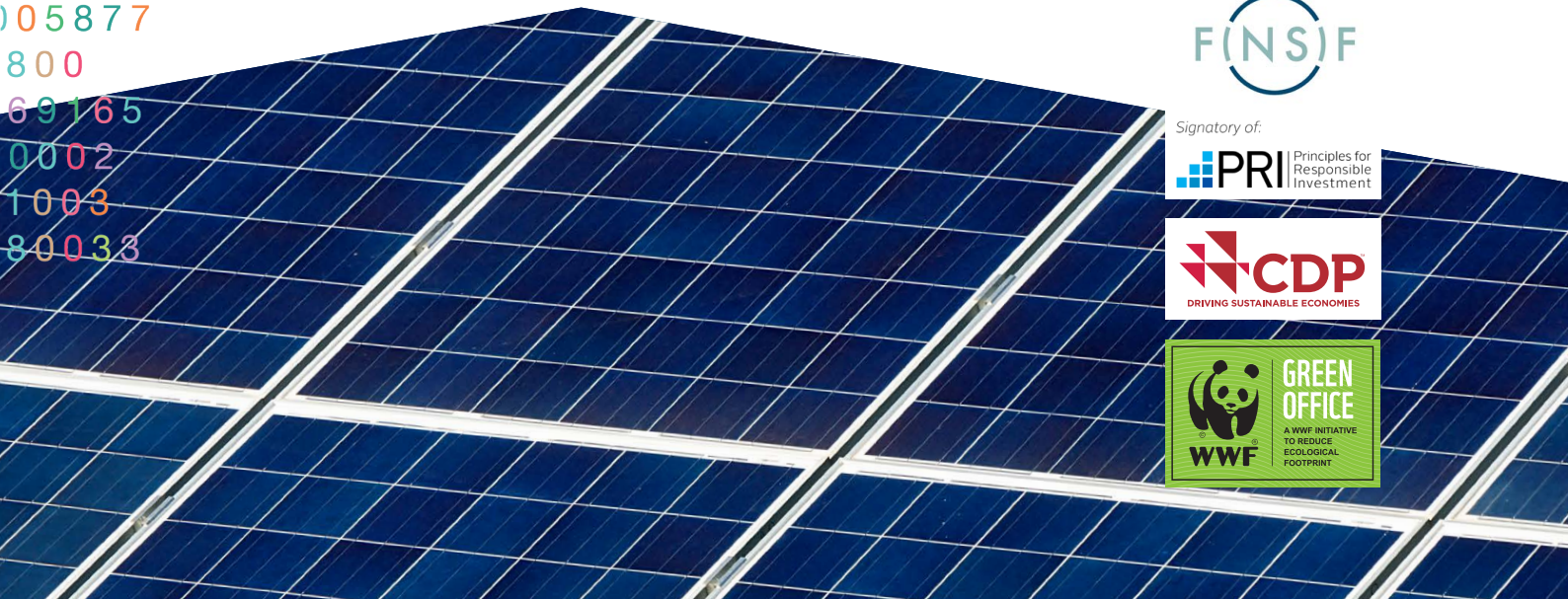
Thanks to its entrepreneur background and skills, Evli is able to support entrepreneurs and promote their conditions in society. Evli has been a partner of the EY Entrepreneur of the Year program for many years. The program promotes Finnish growth and family businesses. Evli also participates in Slush, one of the biggest startup events in the world. In 2016 Evli contributed 100,000 euros to the prize awarded in the Slush 100 pitching competition for start-ups. Evli also offers its experience for the use of Growth Collective Finland that promotes Finnish entrepreneurship.

Evli also sponsors and funds the Women's Bank, the new national children's hospital, the Finnish Red Cross and the Mannerheim League for Child Welfare, among others.

Shared responsibility for the environment

Evli's office in Helsinki has been granted the right to use the WWF Green Office logo and the office has also been awarded LEED Gold (Leadership in Energy and Environmental Design) certification, one of the world's best-known green-building certificates. Evli is committed to reducing the energy consumptions and carbon dioxide emissions of its offices and its employees are responsible for reducing their ecological footprint in their everyday work.

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Financial Statement 2016

BOARD OF DIRECTORS' REPORT

1.1.–31.12.2016

Market performance

Despite the uncertainty, 2016 was mainly positive on the capital markets. The crude oil price trend and China's economic outlook both raised concerns in the spring, political risks, central banks' monetary policy and companies' profit performance all caused a stir in the autumn. At the end of the year the US equity markets hit an all-time record high and Donald Trump's election as the president of the USA and the resulting expectations of an acceleration in economic growth stimulated the markets before the end of the year.

Central banks' aggressive stimulus measures resulting from the world economy's subdued growth have pushed interest rates down to historical lows. Despite the steps taken, the trend in inflation has been moderate. Towards the end of the year it became clear that the US Federal Reserve's and the ECB's monetary policies are starting to diverge more clearly now. The ECB is continuing its strategy of strong stimulus measures and in its December meeting it decided to continue its purchase program until the end of 2017. However, the amount of monthly purchases will be reduced from EUR 80 billion to EUR 60 billion. The markets were pleased with this decision, and it shows that the ECB still wants to stimulate economic growth. However, in the USA the Federal Reserve started to tighten its monetary policy and as expected raised its federal funds rate by 0.25 percent. These rate increases are expected to continue supported by strong economic growth.

The spread between German and US government bonds grew to its widest for at least 25 years reflecting the central banks' measures and growth outlooks. The yield on the 10-year US government bond rose and was 2.43 percent at the end of the year. Correspondingly, the yield on the 10-year German government bond declined and was 0.21 percent. The German government's 10-year bond was -0.18 percent at its lowest.

The divergence of the monetary policies and the moderate acceleration of economic growth in the USA have strengthened the dollar against the euro. The euro exchange rate ended up at the lowest level against the dollar in 14 years at 1.05 dollars to the euro.

The positive development in the world economy, especially during the second half of the year, strengthened equity prices globally. The growth was strongest in the emerging markets, which rose by 15.3 percent during the year (MSCI Emerging Markets). European equities clearly lagged behind, only rising by 3.5 percent (MSCI Europe). The global equity markets rose 11.0 percent in euros (MSCI World Index). Correspondingly, the Finnish equity markets rose 13.3 percent (OMX Helsinki CAP GI). The general strengthening of business outlooks in manufacturing and services could also be seen in Finland. Commodity prices that started to rise during 2016 are at least partly responsible for this change.

Revenue and result

The Evli Group's net revenue decreased by seven percent during the review period and was EUR 60.0 million (EUR 64.2 million). The Group's net commission income was EUR 54.3 million (EUR 57.2 million).

Net revenue declined particularly in Evli's Markets unit. Trading activity that was lower than the comparison period resulted in a significant decline in commission income, and return on investment operations also declined. The Corporate Finance unit's returns were also lower than the comparison period. In the Wealth Management unit, revenue was also reduced by the decline in performance-based fees from the previous year's high levels. However, there was a considerable growth in fund management fees as a result of the increase in the assets under management.

Overall costs for the period, including depreciation, amounted to EUR 48.9 million (EUR 51.0 million). The Group's personnel expenses totaled EUR 27.7 million (EUR 27.5 million) including estimated performance bonuses for the personnel. Total costs of EUR 0.3 million, resulting from the statutory personnel negotiations that were concluded in the summer and the shutdown of the Russian operations, have been included in the result for the review period. The Group's administrative expenses were EUR 14.8 million (EUR 15.8 million). The Group's depreciation and write-downs were EUR 3.1 million (EUR 3.9 million), which includes a EUR 0.2 million goodwill write-down related to the company's Russian operations. Other operating expenses totaled EUR 3.3 million (EUR 3.8 million) during the period under review. Evli's expense/income ratio somewhat weakened from the previous year and was 0.82 (0.79).

The Group's operating profit for the review period decreased by 16 percent from the corresponding level of the previous year to EUR 11.1 million (EUR 13.3 million). The operating margin was 19 percent (21 percent). The profit for the period was EUR 9.7 million (EUR 12.3 million). The Group's return on equity was 14.3 percent (20.2 percent), which slightly falls short of the Group's 15 percent long-term return on equity target.

Balance sheet and funding

At the end of December, the Evli Group's balance sheet total was EUR 755.0 million (EUR 632.2 million). Due to daily changes in client activity, significant fluctuations in the size of the balance sheet total are possible from one quarter to the next. At the end of the review period, the Evli Group's equity was EUR 65.3 million (EUR 70.2 million).

Evli applies the standardized approach (capital requirement for credit risk) and the basic indicator approach (capital requirement for operational risk) in its capital adequacy calculation. The Group's capital adequacy ratio of 15.3 percent clearly exceeds the

regulator's requirement of 10.5 percent including the extra capital requirement. The Group's own minimum target for capital adequacy is 13 percent.

The Group's funding from the public and credit institutions increased by 26 percent compared with the previous year. The company's loan portfolio increased by 26 percent year on year to approximately EUR 70.4 million. The ratio of loans granted by the Group to Evli Bank Plc's deposits from the public was 16 percent. The Group's liquidity is very good. Evli clearly meets the regulators' Liquidity Coverage Ratio (LCR) requirement.

Personnel and organization

The Group had 244 (248) employees at the end of the review period. The number of employees decreased by four, or just under two percent (1.6%), from the comparison period.

91 percent of the personnel were employed in Finland and nine percent abroad.

Business areas

Wealth Management

The Wealth Management unit provides a personalized asset management service to private individuals, companies and institutions. Fund products are also an integral part of the service and product offering of the Wealth Management business. These include Evli's own mutual funds and the mutual funds of external fund managers.

Mutual funds

At the end of December, Evli had 30 funds registered in Finland. During the review period, Evli Fund Management Company Ltd was granted a license according to the AIFM Directive, which will allow it to offer non-UCITS funds to Evli clients.

The performance of fund sales was clearly positive during the review period. Evli received the second largest amount of net subscriptions in Finland, totaling EUR 1,019 million (EUR 493 million). According to the Mutual Fund Report carried out by Investment Research Finland, Evli Fund Management Company's market share increased by 0.7 percentage points on the previous year and was 6.0 percent at the end of December. The combined assets of the mutual funds managed by the company were EUR 6,516 million (EUR 5,213 million). Clients invested most new assets in the funds Evli Euro Liquidity (EUR 465 million), Evli Short Corporate Bond (EUR 439 million) and Evli Equity Factor USA (EUR 105 million).

There were two opposing trends in fund performance. Whereas the equity funds investing in traditional western markets and Russia achieved good returns and exceeded their benchmark indexes, equity funds investing in nearby areas in Finland and Sweden fell

short of their index returns, though they did achieve positive returns. Fixed income fund returns were clearly positive across the board, but the riskier fixed income funds fell short of their index returns by an amount roughly corresponding to the fund expenses. By the end of the year the best-performing equity fund was Evli Russia (69.2%), the best-performing balanced fund was Evli Finland Mix (6.7%), and the best-performing fixed income fund was Evli European High Yield (8.2%). Evli Japan outperformed its benchmark index by the widest margin, (+13.1%).

In a fund comparison carried out in December by the independent Morningstar, the average star rating of Evli's funds was 3.5 (3.6). Of Evli's 30 funds, 24 were included in the comparison, and 11 of them received the highest or second highest Morningstar rating.

Evli set up three mutual funds during the year. The Evli GEM Fund that invests in emerging equity markets was launched in January, Evli Equity Factor USA was launched in August and non-UCITS fund Evli Q7 was launched in October. During the year the new funds accumulated net subscriptions of over EUR 200 million. In addition, during the year as a result of an acquisition the Head Nordic Select Dividend Fund that invests in Nordic equities was also added to the funds managed by Evli.

At the end of the year, Evli Bank Plc and Nordic Shine Ltd established Finland's first solar power investment fund, EAI Solar I Ky, which aims to multiply solar power production in Finland.

Wealth Management

Despite the general uncertainty on the markets, Evli's Wealth Management unit was able to increase assets under management and the number of clients. During the period under review, Evli also received significant recognition for its success in the area of asset management.

For the second consecutive year, Evli was ranked Finland's best asset manager by institutional clients in the TNS Sifo Prospera External Asset Management Institutions 2016, Finland survey. The ranking is based on the overall asset management score, which Evli increased for the fourth year in a row. Evli was ranked number one also in return on investment operations, portfolio management and client service personnel's competence and in clients' willingness to recommend their asset manager.

Evli was also ranked as best and most used institutional asset manager in Finland in SFR's Institutional Asset Management Client Survey. As a recognition of this, Evli was awarded with the SFR Platinum Award. Evli received particular praise for its 3-year investment performance, ability to take a market view and the quality of the client service.

Profit performance of the Wealth Management business

Wealth Management in numbers	1-12/2016	1-12/2015	Change %
Net revenue, M€	42.5	42.8	-1
Operating profit/loss before Group allocations and bonuses, M€	19.1	20.6	-7
Operating profit / loss, M€	10.6	11.3	-7
Personnel, at the end of period	118	107	10
Market share (Evli Fund Management Company), %*	6.0	5.3	
Net subscriptions to own funds, M€*	1 019	493	
Average rating of Evli funds in Morningstar	3.5	3.6	

* Source: Fund report by Finanssialan Keskusliitto ry

Evli Group's Assets Under Management ("AUM") including associated companies, billion euros	31.12.2016	31.12.2015
of which in mutual funds and asset management,	11.5	10.3
in real-estate funds managed by Northern Horizon Capital, ***	1.4	1.4
in incentive systems managed by Evli Alexander Management	0.5	0.4
Evli Group's gross AUM	13.4	12.1
Evli Group's net AUM**	10.6	9.4

** Net AUM excludes mutual funds within asset management agreements

*** AUM figure for Northern Horizon Capital is derived previous quarter, as the latest AUM figure for ongoing quarter has not yet been verified

The Wealth Management business performed well during the review period. Net revenue was similar to that of the corresponding period at EUR 42.5 million (EUR 42.8 million). The development of net revenue was negatively affected by the considerable decline in performance-based fees. The funds' performance-based fees were EUR 1.6 million (EUR 3.4 million) during the period. The trend in funds' management fees and asset management fees was positive and there was a considerable increase in the fees compared with the comparison period.

The Wealth Management unit's net assets under management totaled a record EUR 10.6 billion (EUR 9.4 billion) at the end of December, including the Group's associated companies.

Markets

The Markets unit offers brokerage of equity and other investment products, market making services and investment research. The unit's clients are mainly Finnish and international professional clients. In addition to equities, the Markets unit brokers derivatives, ETFs, money market products, corporate bonds and structured products.

Equity brokerage

The review period was very challenging for conventional equity brokerage as client initiative declined throughout the market. The trading volume on Nasdaq Helsinki Ltd declined six percent from the same period in 2015. The decline in client initiative had a negative impact on the unit's equity brokerage income. Gross commissions from equity brokerage declined 24 percent year on year. In the comparison period the level of commissions was raised by trading commissions related to Corporate Finance orders.

Statutory personnel negotiations concerning equity brokerage activities in the Markets unit were held during the summer, and as a result a decision was made to centralize investment research into a separate company. In connection with this, Evli Research Partners Oy launched operations in the third quarter of 2016. The operations have begun as planned and in the final quarter of the year alone the company signed several client relationship agreements with Finnish listed companies regarding the provision of corporate analysis.

Brokerage of other investment products

The challenging market environment also affected the brokerage of other investment products. Brokerage income declined in all product groups. Gross commissions from brokerage of other investment products declined 14 percent year on year.

During the review period Evli established a new company, Evli Investment Solutions Oy, to boost the Group's product sales. The company coordinates Evli's tied agent network and promotes the sale of individual products, such as structured instruments, locally on the Finnish market. At the end of the review period Evli had five tied agents. The operations have started as planned and are anticipated to have a positive impact on profit performance during 2017.

Profit performance of the Markets business

Markets in numbers	1-12/2016	1-12/2015	Change %
Net revenue, M€	8.0	11.9	-33
Operating profit/loss before Group allocations and bonuses, M€	0.4	3.3	-89
Operating profit/loss, M€	-2.3	0.4	-
Personnel, at the end of period	29	35	-17

Performance in the review period was clearly weaker than in the corresponding period of the previous year. Net revenue declined 33 percent from the previous year and was EUR 8.0 million (EUR 11.9 million). Commission income from brokerage declined in all sales units from the previous year. The unit's trading income also declined significantly year on year.

The target of Evli's Markets unit is to raise the proportion of non-equity brokerage in its operations. In the fourth quarter of 2016, the proportion of the unit's brokerage income accounted for by product areas other than equity brokerage was 55 percent.

Corporate Finance

The Corporate Finance unit provides advisory services related to M&A transactions and securities offerings. Advisory services regarding mergers and acquisitions include advisory services related to corporate acquisitions, divestments, mergers and demergers, for example. Securities offerings include IPOs, share issues and sales, equity and debt arrangements and private placement arrangements, for example.

Profit performance of the Corporate Finance business

Corporate Finance in numbers	1-12/2016	1-12/2015	Change %
Net revenue, M€	4.8	5.5	-14
Operating profit/loss before Group allocations and bonuses, M€	1.2	1.4	-12
Operating profit/loss, M€	1.0	1.2	-14
Personnel, at the end of period	16	21	-24

Despite the strong M&A market, the profit performance of the Corporate Finance unit was lower than that of the corresponding period in 2015. Evli was an advisor in a total of 18 executed transactions in the review period. The unit has effectively increased its existing mandate base and strengthened its senior advisor network.

The Corporate Finance unit's net revenue decreased by 14 percent from the previous year and was EUR 4.8 million (EUR 5.5 million). Significant fluctuations in revenue from one quarter to the next are typical of the Corporate Finance business. The unit's mandate base is strong.

Group operations

Group operations include all support functions serving the entire Evli Bank Group. They include Treasury, Payments, Credit Management, management of the Group's own investments, Financial Administration, Group Risk Management, Information Management, Group Communications, Legal Department, Compliance, Human Resources and Internal Services.

Profit performance of Group operations

January–December

The net income of Group operations increased 32 percent year on year and was EUR 4.1 million (EUR 3.1 million). The growth is based on the interest margin that was stronger than that of the previous year and the value increase of the investment portfolio. The costs of Group operations declined nine percent year on year.

Changes in Group structure

On May 4, 2016 Evli closed down its Estonian subsidiary Evli Securities AS. The closing down of Evli Russia Ltd's Russian subsidiary is also currently in progress.

On May 31, 2016 Evli acquired the remainder of Evli Alexander Management Oy, in which it previously had a 45 percent ownership. The transaction amount paid by cash amounted to EUR 6.6 million.

On July 1, 2016 Evli established a company called Evli Research Partners, which focuses on investment research, together with key employees. The Group's equity and bond research will be concentrated into the new company, and the products and business model related to the operations will continue to be developed significantly.

On August 17, 2016 Evli established a company called Evli Investment Solutions Oy together with key employees. The company coordinates Evli's tied agent network and promotes the sale of individual products, such as structured instruments, locally on the Finnish market.

Evli Alexander Management Oy, Evli's subsidiary, purchased the entire share capital of Equatex Finland Oy on September 16, 2016. The share transaction will enable the company to expand and to further develop its operations for an even larger group of customers. In conjunction with the transaction Evli Alexander Management Oy launched its new name, Evli Awards Management Oy, and changed the name of Equatex Finland Oy to EAM Finland Oy.

According to the contract of sale dated November 8, 2016, Evli acquired 58 percent of the shares of Nordic Shine Ltd. With the transaction Evli is enhancing its expertise in alternative investment products.

Evli's shares and share capital

At the end of December, 2016, Evli Bank Plc's total number of shares was 23,313,920 shares, of which 16,962,136 were series A shares and 6,351,784 were series B shares. The company held 209,540 series A shares. The company's series B shares are listed on the official list of Nasdaq Helsinki Ltd.

Trading in the shares in January–December came to EUR 5.9 million, with 855,048 Evli shares traded. The highest share price during the review period was EUR 8.09 and the lowest was EUR 6.56. The share price on December 31, 2016 was EUR 6.75. Evli's market capitalization was EUR 157.4 million on December 31, 2016. The market capitalization is calculated on the basis of both unlisted series A shares and listed series B shares. Series A shares are valued at the closing value of the series B share at the end of the reporting period. The total number of shareholders at the end of the financial year was 2,238 (2,642).

Decisions of a General Meeting of Shareholders

Evli Bank Plc's Annual General Meeting, held in Helsinki on Tuesday March 8, 2016, made a decision on the following matters:

Adoption of the financial statements and use of the profit shown on the balance sheet and the payment of dividend

Evli Bank Plc's Annual General Meeting adopted the financial statements and resolved in accordance with the proposal of the Board of Directors to pay EUR 0.31 per share in dividends. The dividend was paid to a shareholder who on the record date March 10,

2016 was registered in the shareholders' register of the company held by Euroclear Finland Ltd. The date of the payment of dividends was resolved to be March 17, 2016.

The release from liability of the members of the Board of Directors and the CEO

The Annual General Meeting granted release from liability to the Members of the Board of Directors and the CEO for the 2015 financial year.

Number of Board members, members and fees

The Annual General Meeting confirmed seven as the total number of members of the Board of Directors. Henrik Andersin, Robert Ingman, Harri-Pekka Kaukonen, Johanna Lamminen, Mikael Lilius, Teuvo Salminen and Thomas Thesleff were re-elected to Evli Bank Plc's Board of Directors.

The meeting attendance fee payable to Board members is EUR 4,100.00 per month, and the Chairman's attendance fee is EUR 6,000.00 per month. In addition, the Chairmen of the Committees will be paid EUR 800.00 for each Committee meeting.

Auditors and auditors' fees

KPMG Oy Ab, an auditing firm, was elected as the auditor, with Marcus Tötterman, Authorized Public Accountant, as the principally responsible auditor. The auditor is paid a remuneration according to a reasonable invoice approved by the company.

Board authorizations

The Annual General Meeting authorized the Board of Directors to decide on the repurchase of the company's own series A and series B shares in one or more lots as follows:

The total number of own series A shares to be repurchased may be a maximum of 1,696,213 shares, and the total number of own series B shares to be repurchased may be a maximum of 635,178 shares, which corresponds to a total of approximately 10 percent of the total number of the company's shares on the date of the Notice of Annual General Meeting February 15, 2016. On the basis of the authorization, the company's own shares may only be repurchased with unrestricted equity. The company's own shares may be repurchased at the price formed for series B shares in public trading or at the price otherwise formed on the market on the purchase day. The Board of Directors will decide how the company's own shares will be repurchased. Financial instruments such as derivatives may be used in the purchasing. The company's own shares may be repurchased in other proportion than the shareholders' proportional shareholdings (private purchase). The authorization will replace earlier unused authorizations to repurchase the company's own shares. The authorization will be in force until the next Annual General Meeting but not later than until June 30, 2017.

The Annual General Meeting authorized the Board of Directors to decide on the issuance of shares and special rights entit-

ling to shares pursuant to Chapter 10, section 1, of the Limited Liability Companies Act in one or more lots, for a fee or free of charge. Based on the authorization, the number of shares issued or transferred, including shares received on the basis of special rights, may total a maximum of 2,331,392 series B shares, which corresponds to approximately 10 percent of the total number of the company's shares on the date of the Notice of Annual General Meeting February 15, 2016. Of the above-mentioned total number, however, a maximum of 233,139 shares may be used as part of the company's share-based incentive schemes, which corresponds to approximately one percent of all the shares of the company. The authorization will entitle the Board of Directors to decide on all the terms and conditions related to the issuing of shares and special rights entitling to shares, including the right to deviate from the shareholders' pre-emptive subscription rights. The Board of Directors may decide to issue either new shares or any own shares in the possession of the company. The authorization will replace earlier unused authorizations concerning the issuance of shares as well as the issuance of options and other special rights entitling to shares. The authorization is proposed to be in force until the end of the next Annual General Meeting but not longer than until June 30, 2017.

Risk Management and business risks

The objective of risk management is to support the uninterrupted implementation of the Group's strategy and income-generating activities. The Board of Evli's parent company confirms the risk management principles, the Group's risk limits and other guidelines according to which risk management and internal control are organized at Evli. The Board has also set up a credit and asset liability committee (Credalco) that briefs it on risk-taking matters. The Risk Management unit oversees daily operations and compliance with the risk limits granted to the business units.

Evli's most significant near-term risk is the impact of market performance on the company's business functions. Securities market performance has a direct impact on the asset management business, whose revenue is based on the performance of assets under management and is therefore subject to market fluctuations. The general performance of the markets also has an impact on brokerage operations. In the Corporate Finance unit, any changes in the market confidence of investors and corporate management may result in the lengthening or termination of projects.

The delta-adjusted price risk of Evli's own investment portfolio and proprietary trading was approximately EUR 8.0 million at the end of December, and a 20 percent negative market movement would have resulted in a scenario loss of approximately EUR 1.5 million. At the end of December, the Treasury unit's interest rate risk was approximately EUR +/-0.5 million, assuming that market rates rise/fall by one percentage point. Evli's liquidity has remained solid. No operational risks with financial significance materialized during the review period.

Business environment

The prevailing business environment is favorable for the growth of Evli's operations. The company has a strong selection of products which contains excellent alternatives for investors, even regarded from an international perspective. Evli's clients also have a high level confidence in the company, which can be seen in the outstanding trend in net sales in funds and the recognition received in a competitor comparison. Efforts to improve sales will improve the visibility and availability of Evli's products in Finland and abroad.

Regarding traditional funds, clients have mainly been interested in lower margin money market funds. However, Evli also offers excellent equity funds, which have also attracted international interest. Sales abroad did, in fact, show signs of picking up, especially towards the end of the year and increased efforts will be focused in this area from now on. In traditional asset management operations, Evli has established its strong position and net assets under management have continued to grow. Digitalization will offer new opportunities in the selection of investment services. As part of the company's strategy, the target is to create an even higher-quality digital asset management service.

Client demand for alternative investment products has continued to grow. Evli reinforced its selection of alternative investment products by launching its first non-UCITS fund and by investing in cooperation with Nordic Shine. Evli will increasingly focus on creating these types of products in the future.

The future outlook of the Markets unit is now more positive as a result of the changes made to the organization and systems in the summer. Lower expenses and the new business models for product sales and investment research will help the unit to respond to the market challenges of the equity brokering operations. The M&A market has remained active and the mandate base for Evli's Corporate Finance operations is strong. Interest rates are expected to remain at a low level for a long time.

Developments after the reporting period

Evli Bank Plc launched a restructuring of its organization on January 24, 2017.

The restructuring of the organization and functions was prompted by trends in the business environment, clients' needs and changing regulation. The objective is to better adapt to changing trends and further strengthen Evli's client-oriented approach. As a result, Evli will have two business functions: Wealth Management and Investment Services, and Corporate Finance.

Under Article 4 of its Articles of Association, the company converted 1,050,464 A shares into B shares on January 3, 2017. Public trading on the converted shares began at Nasdaq Helsinki Ltd on January 4, 2017.

Outlook for 2017

The stable performance of Evli's Wealth Management unit is expected to continue. As a result, the proportion of recurring revenue to operating expenses is expected to reach the long-term target level of 100 percent. The Corporate Finance unit's mandate base is good. Substantial fluctuations in annual profits are possible for the unit. We believe that the result for 2017 will be clearly positive.

Helsinki, February 13, 2017

Board of Directors

KEY FIGURES

	1.1.–31.12.2016	1.1.–31.12.2015	1.1.–31.12.2014	1.1.–31.12.2013	1.1.–31.12.2012
Net Revenue, 1 000€	60 016	64 249	59 734	55 528	48 344
Operating profit, 1 000€	11 082	13 261	9 764	6 710	3 553
% of net revenue	18.5	20.6	16.3	12.1	7.4
Profit for the financial year, 1 000€	9 704	12 349	7 674	5 647	2 144
% of net revenue	16.2	19.2	12.8	10.2	4.4
Return on equity (ROE), %	14.3	20.2	15.2	11.5	4.3
Return on assets (ROA), %	1.4	2.2	1.4	0.9	0.4
Equity-to-assets ratio, %	8.6	11.1	10.7	8.5	8.3
Expense ratio (operating costs to net revenue)	0.8	0.8	0.8	0.9	0.9
Capital adequacy ratio, %	15.3	19.2	15.2	13.9	14.6
Diluted earnings/share, IFRS**	0.40	0.53	0.31	0.24	0,08
Dividend/Share, €	0.40***	0.31	0.41*	0.21	0.24
Personnel at the end of period	244	248	242	245	243

* Includes an additional return of capital 0.20 euros/share

** Split-adjusted share count 2012-2014

*** Board of Directors' proposal

Calculation of key ratios

Income		Net interest income + fee and commission income + net income from securities transactions and foreign exchange dealing + other operating income	
Net revenue		From Income Statement. Includes gross returns, deducted by interest and commission expenses.	
Operating profit		From Income Statement	
Profit for the financial year		From Income Statement	
Return on equity (ROE), %	=	$\frac{\text{Profit/Loss for the financial year}}{\text{Equity capital and minority interest (average of the figures for the beginning and at the end of the year)}}$	x 100
Return on assets (ROA), %	=	$\frac{\text{Profit/Loss for the financial year}}{\text{Average total assets (average of the figures for the beginning and at the end of the year)}}$	x 100
Equity / Total assets ratio, %	=	$\frac{\text{Equity capital + appropriations}}{\text{Total assets}}$	x 100
Expense ratio as earnings to operating costs	=	$\frac{\text{Administrative expenses + depreciation and impairment charges + other}}{\text{Net interest income + net commission income + net income from securities transactions and foreign exchange dealing + other operating income}}$	
Earnings / share	=	$\frac{\text{Total recognised income and expenses for the period without the share of the non-controlling interest}}{\text{Shares outstanding}}$	

CONSOLIDATED INCOME STATEMENT, IFRS

1 000 EUROS	Note	1.1.–31.12.2016	1.1.–31.12.2015
Interest income	1.	2 822	2 598
Interest expenses	2.	-1 188	-1 192
NET INTEREST INCOME		1 633	1 406
Fee and commission income	4.	56 390	58 986
Fee and commission expenses	5.	-2 073	-1 770
Net income from securities transactions and foreign exchange dealing	6.		
Net income from securities transactions		2 545	4 105
Net income from foreign exchange dealing		1 209	952
Income from equity investments, total	3.	244	334
Other operating income	7.	67	236
NET REVENUE		60 016	64 249
Administrative expenses			
Personnel expenses	8.		
Wages and salaries		-21 690	-21 550
Other social security costs		-1 727	-1 612
Pension expenses		-4 275	-4 318
Other administrative expenses	9.	-14 752	-15 785
Impairment losses from goodwill	10.	-179	-705
Depreciation, amortization and impairment charges	10.	-2 971	-3 239
Other operating expenses	11.	-3 311	-3 779
Impairment losses on other financial assets	12.	-31	0
OPERATING PROFIT/LOSS		11 082	13 261
Share of profit or loss of associates		1 063	2 104
PROFIT BEFORE INCOME TAX		12 144	15 366
Income taxes	13.	-2 440	-3 017
PROFIT/LOSS FOR THE FINANCIAL YEAR		9 704	12 349
Attributable to			
Minority interest		152	867
Shareholders of parent company		9 551	11 482
PROFIT/LOSS FOR THE FINANCIAL YEAR		9 704	12 349
INCOME AND EXPENSES RECOGNIZED DIRECTLY IN EQUITY:			
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences - foreign operations		86	135
PROFIT / LOSS FOR FINANCIAL YEAR		86	135
Other recognized income and expenses after tax		86	135
TOTAL RECOGNIZED INCOME AND EXPENSES FOR THE PERIOD		9 790	12 484
Attributable to			
Non-controlling interest		152	867
Equity holders of parent company		9 637	11 617

CONSOLIDATED BALANCE SHEET, IFRS

1 000 EUROS	Note	31.12.2016	31.12.2015
ASSETS			
Cash and cash equivalents		203 126	127 986
Loans and other receivables			
Claims on credit institutions	14.	65 969	119 396
Claims on the public and public sector entities	15.	70 432	56 042
Loans and other receivables, total		136 401	175 438
Financial assets at fair value through profit or loss			
Debt securities eligible for refinancing with central banks	16.	39 137	38 461
Debt securities	16.	183 931	132 965
Shares and participations	17.	65 827	37 958
Derivative contracts	19.	26 910	21 603
Financial assets at fair value through profit or loss, total		315 804	230 988
Saleable financial assets			
Shares and participations	17.	0	0
Saleable financial assets, total		0	0
Other than financial assets			
Shares and participations in associates	18.	3 036	5 018
Intangible assets	20.	9 908	9 971
Property, plant and equipment	21.	1 885	1 934
Other assets	22.	80 797	77 671
Accrued income and prepayments	23.	3 638	2 954
Deferred tax assets	24.	414	287
Other than financial assets, total		99 678	97 835
TOTAL ASSETS		755 010	632 247

CONSOLIDATED BALANCE SHEET, IFRS

1 000 EUROS	Note	31.12.2016	31.12.2015
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities at amortized cost			
Liabilities to credit institutions and central banks	25.		
Credit institutions		5 450	5 530
Liabilities to the public and public sector entities	26.		
Deposits		444 991	352 439
Debt securities issued to the public	27.		
Bonds		36 142	35 722
Other		9 966	0
Financial liabilities at amortized cost, total		496 549	393 691
Financial liabilities at fair value through profit or loss			
Derivative contracts and other liabilities held for trading	28.	40 995	36 468
Other than financial liabilities			
Other liabilities	29.	136 409	116 058
Accrued expenses and deferred income	30.	15 251	15 127
Deferred tax liabilities	31.	499	668
Other than financial liabilities, total		152 159	131 854
TOTAL LIABILITIES		689 703	562 013
EQUITY	33., 34.		
Share capital		30 194	30 194
Share premium fund		1 839	1 839
Fund of invested non-restricted equity		18 374	24 218
Other reserves		75	180
Translation difference		0	-279
Retained earnings		14 414	12 855
Minority interest		409	1 227
TOTAL EQUITY		65 307	70 234
TOTAL LIABILITIES AND EQUITY		755 010	632 247

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY, IFRS

1 000 EUROS									
Consolidated statement of changes in equity	Share capital	Share premium fund	Reserve for invested unrestricted equity	Other reserves	Translation difference	Retained earnings	Total	Minority interests	Total equity
2015									
Equity capital 1.1.	30 194	1 839	13 178	180	-405	5 996	50 982	1 219	52 201
Translation difference					127		127	41	167
Profit/loss for the period						11 482	11 482	867	12 349
Total recognized income	0	0	0	0	127	11 482	11 609	907	12 516
Dividends/additional return of capital			-4 247			-4 337	-8 584	-899	-9 483
Transfer between items			252			-252	0		0
Share issue			1 370				1 370		1 370
IPO			14 175				14 175		14 175
Expenses related to IPO			-436				-436		-436
Acquisition of own shares			-75				-75		-75
Other changes						-34	-34		-34
Equity capital 31.12.	30 194	1 839	24 218	180	-279	12 855	69 008	1 227	70 234
Consolidated statement of changes in equity	Share capital	Share premium fund	Reserve for invested unrestricted equity	Other reserves	Translation difference	Retained earnings	Total	Minority interests	Total equity
2016									
Equity capital 1.1.	30 194	1 839	24 218	180	-279	12 855	69 008	1 227	70 234
Translation difference					82		82		82
Profit/loss for the period						9 551	9 551	152	9 704
Total recognized income	0	0	0	0	82	9 551	9 634	152	9 786
Dividends						-7 612	-7 612	-653	-8 265
Acquisition of minority interest			-6 238				-6 238		-6 238
Acquisition of own shares			-731				-731		-731
Transfer between items			700			-700	0		0
Other changes			426	-105		516	837	-316	521
Equity capital 31.12.	30 194	1 839	18 374	75	-196	14 610	64 897	409	65 307
The translation reserve includes foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries.									

CONSOLIDATED STATEMENT OF CASH FLOW, IFRS

1 000 EUROS	1.1.–31.12.2016	1.1.–31.12.2015
Cash flow from operating activities		
Interest and commission received and proceeds from securities transactions incl. dividends	58 328	77 321
Open trades, net	31 745	-2 755
Interest and commissions paid	-3 292	-3 176
Cash payments to employees and suppliers	-45 145	-34 091
Increase (-) or decrease in operating assets:		
Net change in trading book assets and liabilities	-84 143	-91 990
Deposits held for regulatory or monetary control purposes	1 583	6 953
Issue of loan capital	10 386	2 627
Funds advanced to customers	75 895	91 028
Net cash from operating activities before income taxes	45 358	45 917
Income taxes	-3 559	-2 591
Net cash used in operating activities	41 799	43 324
Cash flow from investing activities		
Proceeds from sales of subsidiaries and associates	-7 152	-6 343
Acquisition of property, plant and equipment and intangible assets	-3 056	-1 726
Net cash used in investing activities	-10 208	-8 071
Cash flow from financing activities		
IPO	0	13 739
Proceeds from issue of share capital	0	1 370
Purchase of own shares	-731	-75
Net decrease in other borrowings	-31	19
Payment of finance lease liabilities	-38	-220
Dividends paid	-7 620	-8 581
Net cash from financing activities	-8 420	6 252
Net increase in cash and cash equivalents	23 172	41 507
Cash and cash equivalents at beginning of period	205 023	163 581
Effects of exchange rate changes on cash and cash equivalents	124	-65
Cash and cash equivalents* at end of period	228 320	205 023
* Cash and cash equivalents include cash and cash equivalents and claims on credit institutions repayable on demand.		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Basic information on the company

Evli Bank Plc is a private bank specializing in investment whose clients are institutions, companies and present or future high net worth individuals. Evli Bank Plc and its subsidiaries form the Evli Group ("Evli"). Clients are served by international groups operating in three business areas that provide asset management services and mutual funds, broker shares, derivatives, exchange-traded funds, bonds and structured investment products, and provide advisory services. Its head office is in Finland and the company operates also in Sweden through the branch office of Evli Bank Plc and Evli Fund Management Ltd and its subsidiary Evli Corporate Finance Ab and in the United Arab Emirates through its subsidiary Terra Nova Ltd.

The Group's parent company is Evli Bank Plc. The parent company is domiciled in Helsinki and its registered address is Aleksanterinkatu 19 A, 00101 Helsinki.

A copy of the consolidated financial statements can be obtained from www.evli.com or from the parent company's registered office at Aleksanterinkatu 19 A, 00101 Helsinki.

Accounting policies

Basis for preparation of the financial statements

The consolidated financial statements have been prepared in compliance with IFRSs (International Financial Reporting Standards), approved for application in the EU, and IASs (International Accounting Standards) valid at the end of 2015, together with their respective SIC (Standing Interpretations Committee) and IFRIC (International Financial Reporting Interpretations Committee) interpretations. In addition, Finland's Act on Credit Institutions and official regulations have also been applied in preparing the consolidated financial statements. The figures in the financial statements are presented in thousands of euros, unless indicated otherwise. The consolidated financial statements have been prepared based on historical cost, with the exception of financial assets and liabilities recognized at fair value through profit or loss, and derivative financial instruments.

During the year, the figures are presented in the interim reports so that the income statement items are compared

with the corresponding period of the previous year while the comparison of balance sheet items relates to the previous year-end, unless specified otherwise.

As of January 1, 2014, capital adequacy has been calculated according to the Basel III standards. The term Basel III is used in the financial statements to mean the EU's Capital Requirements Regulation 575/2013 and the related additional regulations issued by the European supervisory authority and international supervisory authorities.

Consolidation principles

The consolidated financial statements comprise the financial statements of parent company Evli Bank Plc and all the subsidiaries in which the parent company has a controlling interest. The Group is considered to have a controlling interest if its shareholding directly or indirectly carries more than 50 percent of the company's voting rights, or if it is otherwise entitled to exercise an influence on the company's financial position and operating policies so as to obtain benefits from its activities.

The Group's internal shareholdings are eliminated using the acquisition method of accounting. The assets, liabilities, contingent assets and contingent liabilities of a company acquired according to the acquisition method are assessed at fair value at the time of acquisition. Intangible assets, such as trademarks, patents or client relationships, that are not included in the acquired company's balance sheet are identified and assessed in connection with the acquisition. Following assessment at fair value, either goodwill or negative goodwill can arise. Goodwill is tested at least in connection with the financial statements. Subsidiaries are consolidated from acquisition date to date of sale.

The consolidated financial statements encompass those associates in which the parent company directly or indirectly owns 20–50 percent of the shares with voting rights or in which it otherwise exercises significant influence, but not control. Associates are consolidated using the equity method. In the equity method the Group's share of the associate's equity and results increases or decreases the value of the shares recognized on the balance sheet date. An investment in an associate includes the goodwill generated by the acquisition. In accordance with the

equity method, these stakes are measured at acquisition cost, including the changes in the Group's stake in the company's net assets following the acquisition.

All intra-group transactions, receivables, liabilities, unrealized gains and internal distribution of profits are eliminated in preparing the consolidated financial statements. Unrealized losses are not eliminated if the loss is due to impairment of an asset. The profit for the period attributable to the parent company's equity holders and non-controlling interests is presented in the income statement, and the non-controlling interest's share of equity is presented separately in the balance sheet within equity.

Mutual funds managed on behalf of clients are not consolidated, since the Group has no control over them.

Northern Horizon Capital Ltd was consolidated using the equity method. Evli Bank Plc holds a 50 percent stake in Northern Horizon Capital Ltd shares, which confer a 45 percent voting right in the company. This company specializes in the management of real estate funds and Evli acquired a stake in conjunction with a corporate transaction carried out in 2011.

The figures of Evli's associates Baltic SME Management B.V. and BIF Management Ltd are not significant for the Group.

The subsidiaries and associates included in the consolidated financial statements are listed on section 'Companies included in the Consolidated Accounts'.

Translation of items denominated in foreign currency

The figures showing the profit/loss and financial position of the Group's units are measured in the currency used in each unit's main functional environment ("functional currency"). The consolidated financial statements are presented in euros, which is the functional and presentation currency of the Group's parent company.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the date of the transaction. Monetary balance sheet items are translated into the functional currency at the rate prevailing on the balance sheet date. Exchange rate differences arising in connection with the valuation are included in net income from foreign exchange.

The income statements of foreign Group entities are translated into euros at

the weighted average rates for the period, and the balance sheets at the rates prevailing on the balance sheet date. In the consolidated income statement and balance sheet, the translation differences resulting from the use of different rates for the translation of Group results for the period is recognized in income and expenses recognized directly in equity and presented under equity. The translation differences arising from the elimination of the acquisition cost of foreign subsidiaries and from post-acquisition cumulative changes in equity items are recognized in income and expenses recognized directly in equity and presented under equity. When a subsidiary is disposed of wholly or partly, the cumulative translation differences are recognized in profit or loss as part of gains or losses from disposal.

Property, plant and equipment

Tangible fixed assets are measured at historical cost less accumulated depreciation and impairment losses. Subsequent costs are included in the carrying amount of tangible fixed assets only if it is probable that the future economic benefits attributable to the assets will flow to the Group and that the cost of acquiring the assets can be reliably measured. Other repair and maintenance costs are recognized in profit or loss in the period in which they were incurred.

Assets are depreciated on a straight-line basis over their estimated useful lives. The estimated useful lives are as follows:

Machinery and equipment:	5 years
IT equipment:	3 years
Assets under finance leases:	3–5 years
Renovations of leased premises:	term of lease

The residual values and useful lives of assets are reviewed at each reporting date and, if necessary, are adjusted to reflect changes occurring in expectations of useful life.

The depreciation of an item of property, plant and equipment will cease when the tangible fixed asset is classified as held for sale under IFRS 5 Non-current assets held for sale and discontinued operations.

Gains and losses from the sales or disposals of tangible fixed assets are included in other operating income and expenses.

Intangible assets

Intangible assets are recognized in the balance sheet only if their acquisition cost can be reliably measured and if it is probable that the expected future economic benefits attributable to the assets will flow to the company. Intangible assets with definite useful lives are recognized in the balance sheet at historical cost and are amortized in the profit and loss account on a straight-line basis over their known or estimated useful lives. Intangible assets include software licenses and other intangible rights whose useful life is 3–5 years.

Evli acquired a majority holding in Aurora Asset Management Ltd on January 4, 2013. The intangible rights arising from the transaction will be amortized over five years. No goodwill was generated from this transaction.

Evli acquired a majority holding in Head Asset Management Ltd with an agreement signed on September 30, 2015. The transaction was executed on October 19, 2015. Goodwill was generated from this transaction. In addition to this, the sale price included intangible rights, such as client agreements, which will be completely amortized within 5 years.

Evli Awards Management Ltd, the subsidiary of Evli Bank Plc, acquired EAM Finland Ltd on September 16, 2016. The intangible rights arising from the transaction will be completely amortized within five years. No goodwill was generated from this transaction.

Evli Alternative Investments Ltd, the subsidiary of Evli Bank Plc, acquired Nordic Shine Ltd on November 8, 2016. The intangible rights arising from the transaction will be completely amortized within three years. No goodwill was generated from this transaction.

Goodwill

Goodwill represents the excess of the cost of an acquired entity over the Group's interest in the fair value of the identifiable net assets and liabilities acquired at the acquisition date. Goodwill is measured at historical cost less cumulative impairment losses. Goodwill is not amortized. Goodwill arising in connection with acquisitions is tested annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For this purpose, goodwill is allocated to

cash-generating units, or, in the case of a subsidiary, goodwill is included in the subsidiary's acquisition cost and the subsidiary forms a cash-generating unit. If the carrying amount of goodwill for a cash-generating unit exceeds its recoverable amount, an impairment loss equal to the difference will be recognized.

For the testing of impairment, the recoverable amounts of an asset are determined by calculating the asset's value in use. The calculations are based on five-year cash flow plans approved by the management. In the cash flow model, items affecting each cash-generating unit's operational cash flow – mainly income and expenses – are examined. Cash flows extending after the five-year forecast period have been calculated using the "final value method". In the final value method growth is determined using the management's conservative assessment of the long-term growth of cash flow. In the testing carried out in 2016, annual growth of either 1 or 2 percent, depending on the risk of the unit tested, has been used as the growth factor of the final value. The cash flows used to measure value in use are discounted to the present value using the discount rate that reflects assessments of the time value of money and the risks specific to the asset. The discount rate used in the testing of business functions was 11 percent.

In conjunction with goodwill testing, the sensitivity of the testing to changes in the variable affecting each result is also assessed. Sensitivity analyses are performed on goodwill impairment testing calculations using worst-case scenario forecasts. These scenarios were used to examine the change in value in use by changing the basic assumptions in the definition of value. Future income and expense cash flows, the discount rate and final value growth rate were changed in the sensitivity analyses. On the basis of the sensitivity analyses carried out, the change in the recoverable amount for the units tested does not lead to a situation in which the carrying amount is greater than the value in use. Based on the testing of impairment an impairment loss of EUR 0.2 million relating to business functions in Russia is recognized in 2016.

Borrowing costs

Borrowing costs are recognized as an expense in the period in which they are

incurred. The attributable transaction costs of a certain borrowing are included in the original amortized cost of the borrowing, and are amortized as interest expense by using the effective interest method or, if necessary, by following a formula whose result can be deemed as being sufficiently near the sum calculated by using the effective interest method.

Leases

Leases of property, plant and equipment in which substantially all the risks and rewards of ownership are transferred to the Group are classified as finance leases. Workstations, multifunction printers, monitors and servers have been obtained in the Group through finance leases. An asset leased under a finance lease is recognized at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. An asset leased under a finance lease is depreciated over the shorter of the asset's useful life and the lease term. Lease payments are allocated between the interest expense and the reduction of the outstanding liability during the lease term to produce a constant periodic rate of interest on the remaining balance of the liability for each financial period. Finance lease liabilities are included in other liabilities.

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made on operating leases are recognized in profit or loss on a straight-line basis over the lease term.

Impairment

At each balance sheet date the Group assesses whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated. In addition, goodwill and intangible assets not yet available for use are tested for impairment annually, regardless of the existence of indication of impairment. The need for impairment is assessed for each cash-generating unit which, in the case of the Evli Group, means for each subsidiary or segment.

The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. The value in use is determined as the future net cash flows expected to be

derived from the said asset or cash-generating unit which are discounted to present value. The discount rate used is a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying amount of an asset is higher than its recoverable amount. The useful life of the asset is reviewed when the impairment loss is recognized. An impairment loss is reversed if circumstances have changed and the recoverable amount has changed since the date of recognizing the impairment loss. Impairment losses recognized for goodwill are not reversed under any circumstances.

Employee benefits

Pension obligations

All of the Evli Group's retirement plans are defined contribution plans. Payments to defined contribution plans are reflected in profit or loss in the period in which they are incurred. The Evli Group finances all its retirement plans as contributions to pension insurance companies. The contributions take different countries' local regulations and practices into account.

Remuneration

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 system comprises fixed and variable remunerations and long-term incentive systems. 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 at least three Board members and is chaired by an independent Board member. The Board adopts the reward system annually. The Board also decides on the remuneration of the CEO and the remuneration of the members of

the Executive Group based on a proposal by the CEO.

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.

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 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 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.

The allocation of variable remunerations to individuals takes into account both task difficulty and individual performance. The performance is evaluated with both quantitative and qualitative indicators. 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 the 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.

In addition to the above remuneration methods, the company may create separate long-term incentive systems. The Evli Group has two share-based incentive programs that are based on stock options that are currently in effect. Under these systems, 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.

Provisions

A provision is recognized when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and the Group can reliably estimate the amount of the obligation.

Income taxes

The profit and loss account's tax expense comprises current and deferred tax. Current tax is calculated on the taxable profit for the period determined on the basis of the enacted tax rate of each country, adjusted by any taxes related to previous periods.

Deferred tax is generally calculated on all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. However, deferred tax assets have been recognized to the extent that future taxable income is likely to be generated, against which the temporary difference can be used. The largest temporary differences arise from the depreciation of fixed assets and tax losses. No deferred tax is recognized on the undistributed profits of subsidiaries to the extent it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is measured by using the tax rates enacted by the balance sheet date.

Financial assets and liabilities

The Group's financial assets and liabilities are classified in accordance with IAS 39 Financial Instruments: Recognition and Measurement into the following categories: financial assets and liabilities at fair value through profit or loss, available-for-sale financial assets, loans and receivables and other financial liabilities. The classification is done when a financial instrument is recognized initially. The Group does not have financial assets that belong in the held-to-maturity investments category.

A financial asset is derecognized when the contractual rights to the cash flows from the financial asset expire or the Group has transferred substantially all the risks and rewards of ownership of the financial asset to an external party. Financial assets and liabilities are recognized according to the trade date. A financial liability is derecog-

nized when the obligation specified in the contract is discharged.

A financial asset and a financial liability shall be offset only when the Group has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The Group's measurement process for financial instruments is approved by Evli Bank's Board of Directors. The measurements are based on IFRS 13 and IAS 39, and on the Financial Supervisory Authority's regulations 2/2016: Accounting, financial statements and management reporting. The bank's financial administration together with risk management administers the Group's measurement process which includes the inspection and validation of valuation prices, checking the parameters used in measurement, and classification of financial instruments in accordance with the standard. Every quarter, the bank's Audit Committee audits and submits for approval by the Board of Directors the measurement of equities and units for which no market value is available (instruments in measurement level 3 and measurements by associates).

Financial assets

The financial assets at fair value through profit or loss category is divided into two sub-categories: trading assets, e.g. shares and derivatives, and financial assets designated as at fair value through profit or loss upon initial recognition, e.g. long-term investments in funds and shares, and the Treasury's investments in bonds and other interest-bearing papers.

The use of the fair value option for items not in the trading stock is justified because the performance and risk of these financial assets are evaluated on the basis of fair value in accordance with the risk management and investment strategy.

Trading assets are acquired principally to obtain profit in the short term through changes in market prices.

The value of financial assets at fair value is determined on the basis of prices quoted on active markets, i.e. bid quotations on the balance sheet date and closing prices. In cases where price quotations have not been available from active markets, the fair value has been determined using common

theoretical measurement models, such as derivative pricing models. The fair value of unlisted equities, private equity funds and other instruments is estimated primarily using the instrument's net asset value, a cash flow analysis based on future outlooks, or the latest valuation published by a private equity fund's or real estate fund's management company. If the acquisition price of an unlisted investment falls short of the theoretical valuation, in individual cases, the instrument's acquisition price may be used as the measurement principle, subject to consideration. Unrealized and realized gains and losses arising from changes in the fair value are recognized in net income or loss from securities trading in profit or loss for the period in which they were incurred. Available-for-sale financial assets include long-term investments for which a public price quotation is not available from an active market, and whose fair value cannot therefore be reliably determined. Such investments' fair value is estimated primarily using the share's net asset value or, alternatively, using a cash flow analysis based on future outlook. An estimate is made quarterly to assess whether there is objective evidence of the value of the investment declining. The bank's Audit Committee audits and submits its valuations to the Board of Directors for approval. The realized profit and impairment losses are recognized in profit or loss in net income from available-for-sale financial assets, while unrealized value increase is recognized in the fair value reserve. If the acquisition price of an unlisted investment falls short of the theoretical valuation, in individual cases, the instrument's acquisition price may be used as the measurement principle, subject to consideration. The total value of the Group's available-for-sale shares is very low. Loans and receivables comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, and that the Group is not holding for trading purposes. Loans and other receivables are initially recognized at fair value inclusive of expenses immediately caused by the acquisition. After initial recognition, loans and receivables are measured at amortized cost.

Cash and cash equivalents comprise the cash reserves and minimum deposit balances required by the Bank of Finland.

Repayable on demand deposits in credit institutions are also included in cash and cash equivalents in the cash flow statement.

Negative market values from derivatives

Financial liabilities are initially recognized at fair value based on the consideration received inclusive of expenses immediately caused by the acquisition. Subsequently, all bonds and certificates of deposit issued by the company are measured at amortized cost, using the effective interest rate method. Shorted shares, stock options set and other derivatives recognized as liabilities are measured at fair value through profit or loss.

The fair value of liabilities measured at fair value through profit or loss is determined principally on the basis of prices quoted on active markets, i.e. asking prices quoted on the balance sheet date and closing prices on the balance sheet date. In cases where reliable price quotations have not been available from active markets, the fair value has been determined using common theoretical measurement models.

In securities lending occurring in conjunction with shorting shares, the securities are retained in the original owner's balance sheet.

The liability corresponding to assets acquired with financial leasing agreements is included under other liabilities.

Impairment of financial assets

An item of loans and receivables is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Objective evidence of adverse changes in the borrower's ability to settle its obligations is based on the borrower's risk rating and Group's experience and management's estimate of the effects of delayed payments on future cash flows.

An impairment loss is recognized if the present value of the estimated future cash flows of the receivable discounted at the original effective interest rate is lower than the carrying amount of the receivable. The analysis takes into account the amount received upon the liquidation of the collateral. After the impairment the interest

expense is recognized on the impaired amount.

In addition to individual impairments, the management regularly evaluates the collective need for impairment losses.

The impairment is cancelled in part or in whole if, after recognition of the impairment, the recognition is deemed to be groundless due to an improvement in the debtor's financial position or due to another event that has a positive effect on the cash flows received from the debt.

The impairment is recognized as a credit loss when the debtor has been found insolvent in bankruptcy proceedings, it has closed down or the receivable has been forgiven in a voluntary or statutory loan arrangement.

Derivative contracts

The Group has treated derivative financial instruments in accordance with IAS 39 Financial Instruments: Recognition and Measurement. Derivative financial instruments are initially recognized at cost, which corresponds to their fair value. Subsequently derivative financial instruments are measured at fair value. Resulting gains and losses are treated in accordance with the purpose of the derivative instrument. Positive changes in the value of derivative contracts are recognized in the balance sheet as assets and negative changes as liabilities.

The company does not apply hedge accounting, and derivative financial instruments are classified as held for trading. Changes in the value of derivatives in this category during the year and the realized gains/losses are presented in the income statement under net income from securities trading.

Recognition of equity linked notes

The calculatory commission from issued equity linked notes, is recognized immediately in the income statement. The entire commission is available for use on the date of issue of the notes, and the commission is used to cover the arrangement and issuance of the notes. The notes are recognized in the balance sheet at the amortized cost, and the interest component of the loan, which is the same as the value of the option, is recognized as a separate debt item in the group "Derivative contracts and trading lia-

bilities". The interest expense for the notes is calculated by using the effective interest method.

Treasury shares

The cost of treasury shares acquired by the parent company is deducted from equity. When such shares are sold later, all of the consideration received is included in equity.

Operating profit

IAS 1 Presentation of Financial Statements does not define the concept of operating profit. The Group has defined it as follows: operating profit is the net sum formed after employee benefits expenses, other administrative expenses, depreciation, amortization and possible impairment losses, and other operating expenses are deducted from revenue. All other items than the ones mentioned above are presented below operating profit in profit or loss.

Diluted earnings per share

Undiluted earnings per share are calculated by dividing the profit or loss attributable to the parent company's shareholders by the weighted average number of shares in circulation during the financial period, excluding Evli shares acquired and held by the Group during the period. Diluted earnings per share are calculated by adjusting the weighted average number of shares by the dilutive effect of the stock options.

Revenue recognition principles

Commissions from asset management are accrued monthly and are invoiced in arrears in three-, six- or twelve- month periods. The performance based fees relating to asset management and funds are recognized only after the amount can be assessed reliably.

Income from projects related to Corporate Finance operations are recognized as profits for the financial year in which the project's end result can be assessed reliably. The expenses arising from a project and the loss that can be expected are expensed immediately.

Securities brokerage events are recognized according to the trading date. The income of the above-mentioned segments is recognized as profits in commission income.

Interest income and expenses are calculated by using the effective interest method or, if necessary, by following a formula whose result can be deemed as being sufficiently near the sum calculated by using the effective interest method. In recognizing an impairment loss on a contract classified as a financial asset, the recovery of interest is continued at the lowered accounting balance using the original effective interest rate of the contract. If the receipt of interest is unlikely, it is recognized as an impairment loss. Interest income obtained from financial assets is recognized as interest income.

Accounting policies requiring management's judgment and key sources of estimation uncertainty

Preparation of the financial statements requires the making of certain estimates and assumptions about the future, and the actual outcomes may differ from these estimates and assumptions. The estimates are based on experience and on management's assumptions that were considered reasonable under the circumstances at the time. The most significant estimates concern the impairment testing of goodwill and the measurement principles of theoretically measured financial instruments.

Impairment testing of goodwill is based on the estimated future recoverable net cash flows of the cash generating units to which goodwill has been allocated, which is then compared to these units' carrying amounts. The testing requires making of assumptions concerning variables such as the growth rate of returns, costs of operations and the discount rate.

In situations where no external market price is available for individual financial instruments when valuing unquoted securities or derivatives at their fair value, a price is used, which is theoretically calculated based on the generally approved valuation models used in the market. Alternatively, valuation based on net asset value is employed.

An impairment is recognized in an associate's value if the company's financial position has deteriorated substantially or if the company's future outlook is deemed to contain substantial risk factors that, if realized, would weaken the associated company's financial position. The valuation is calculated using theoretical methods, and the

impairment is reported under impairment losses of other financial assets.

New International Financial Reporting Standards (IFRS)

The IASB has published the following new or revised standards and interpretations that the Group has applied from the beginning of 2016.

- Annual Improvements to IFRSs (2012–2014 cycle) (effective for financial years beginning on or after January 1, 2016): The annual improvements process provides a mechanism for minor and non-urgent amendments to IFRSs to be grouped together and issued in one package annually. The cycle contains amendments to four standards. Their impacts vary standard by standard but are not significant in Evli's consolidated financial statements.
- Amendments to IAS 27 Separate Financial Statements – Equity Method in Separate Financial Statements (effective for financial years beginning on or after January 1, 2016): The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendments will not have an impact on Evli's consolidated financial statements.
- Amendment to IAS 1 Presentation of Financial Statements: Disclosure Initiative (effective for financial years beginning on or after January 1, 2016). The amendments clarify the guidance in IAS 1 in relation to applying the materiality concept, disaggregating line items in the balance sheet and in the statement of profit or loss, presenting subtotals and to the structure and accounting policies in the financial statement. The amendments have had a minor impact on presentation in Evli's consolidated financial statements.
- Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures: Investment Entities: Applying the Consolidation Exception* (effective for financial years beginning on or after 1 January 2016): The amendments to IFRS 10, IFRS 12 and

IAS 28 clarify the requirements for preparing consolidated financial statements when there are investment entities within the group. The amendments also provide relief for non-investment entities for equity accounting of investment entities. The amendments have had no impact on Evli's consolidated financial statements.

- Amendments to IFRS 11 Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations (effective for financial years beginning on or after January 1, 2016): The amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business. The amendments have had no impact on Evli's consolidated financial statements.

Adoption of new and amended standards and interpretations applicable in future financial years

Evli has not yet adopted the following new and amended standards and interpretations already issued by the IASB. The Group will adopt them as of the effective date or, if the date is other than the first day of the financial year, from the beginning of the subsequent financial year.

* = not yet endorsed for use by the European Union as of December 31, 2016.

- IFRS 15 Revenue from Contracts with Customers (effective for financial years beginning on or after January 1, 2018): The new standard replaces current IAS 18 and IAS 11 -standards and related interpretations. In IFRS 15 a five-step model is applied to determine when to recognise revenue, and at what amount. Revenue is recognised when (or as) a company transfers control of goods or services to a customer either over time or at a point in time. The standard introduces also extensive new disclosure requirements. The impacts of IFRS 15 on Evli's consolidated financial statements have been assessed as follows:
 - o Key concepts of IFRS 15 have been analysed for different revenue streams by considering when to recognize revenue and at what amount.
 - o Evli will adopt the standard on January 1, 2018

- o The impacts are not expected to be significant in determining the transaction price or the timing of revenue recognition. The standard will however add some new disclosure requirement to Evli's consolidated financial statements.
- Amendments to IFRS 15 - Clarifications to IFRS 15 Revenue from Contracts with Customers* (effective for financial years beginning on or after January 1, 2018). The amendments include clarifications and further examples on how to apply certain aspects of the five-step recognition model. The impact assessment of the clarifications has been included in the IFRS 15 impact assessment described above.
- IFRS 9 Financial Instruments* (effective for financial years beginning on or after January 1, 2018) IFRS 9 includes revised guidelines on the classification and measurement of financial instruments. All financial assets will be classified and measured at either amortized cost or fair value. Impairment calculation will also change significantly from the method used in the previous IAS 39. The recognition of impairment of credit losses will be based on expected credit losses. The impairment will need to be analyzed and preparations will have to be made for all the items within the sphere of the standard. These include loans, financial receivables designated at fair value through other comprehensive income, promised credit, collateral given, and sale and rental receivables. According to IFRS 9, impairment is evaluated in two ways, either based on expected credit losses for the next 12 months or on the amount of the expected credit losses over the lifetime of the receivable. The latter is used if there is evidence that the receivable's credit risk has increased or that there has been significant impairment of the value of the financial asset. IFRS 9 also introduces changes to hedging.
- Evli has set up a working group functioning under the guidance of Financial Administration to assess the impacts of IFRS 9 on the company's principles of recognition. On the basis of preliminary assessments, the amended standard is not expected to have a

significant impact on Evli's consolidated financial statements. According to the current IAS 39 Evli has generally always classified financial assets at fair value through profit or loss, and the IFRS 9 will not significantly change the principles of recognition in this respect. Regarding impairment, the company has assessed that the amendment of the standard will not result in a significant credit loss provision. Evli's loan portfolio is very small and loans are low-risk investment loans with liquid collateral that are generally only offered to Evli's own clients. However, the development of the final model for calculating the expected credit losses and the resulting potential loss provision is still ongoing and will be continued during 2017. The model is expected to be completed during fall 2017. The recognition methods related to impairment and the related risk management process are still incomplete. Regarding hedging, IFRS 9 will not have an impact on Evli's consolidated financial statements as the company has not engaged in hedging.

- IFRS 16 Leases* (effective for financial years beginning on or after January 1, 2019): The new standard replaces the current IAS 17 -standard and related interpretations. IFRS 16 requires the lessees to recognise the lease agreements on the balance sheet as a right-of-use assets and lease liabilities. The accounting model is similar to current finance lease accounting according to IAS 17. There are two exceptions available, these relate to either short term contracts in which the lease term is 12 months or less, or to low value items i.e. assets of value USD 5,000 or less. The lessor accounting remains mostly similar to current IAS 17 accounting. The preliminary impact assessment of the standard has been started in the group. Accordingly the impact on the Evli's consolidated financial statements is not significant.
- Amendments to IAS 7 Statement of Cash Flows- Disclosure Initiative* (effective for financial years beginning on or after January 1, 2017). The changes were made to enable users of financial statements to evaluate changes in lia-

bilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments have an impact on the disclosures in Evli's consolidated financial statements.

- Amendments to IAS 12 Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses *(effective for financial years beginning on or after 1 January 2017). The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments have no impact on Evli's consolidated financial statements.
- Amendments to IFRS 2 Sharebased payments - Clarification and Measurement of Sharebased Payment Transactions * (effective for financial years beginning on or after 1 January 2018). The amendments clarify the accounting for certain types of arrangements. Three accounting areas are covered: measurement of cash-settled share-based payments; classification of share-based payments settled net of tax withholdings; and accounting for a modification of a share-based payment from cash-settled to equity-settled. The

amendments have no impact on Evli's consolidated financial statements.

- Amendments to IFRS 4 Insurance Contracts - Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts* (effective for financial years beginning on or after January 1, 2018). The amendments respond to industry concerns about the impact of differing effective dates by allowing two optional solutions to alleviate temporary accounting mismatches and volatility. The amendments have no impact on Evli's consolidated financial statements.
- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture * (the effective date has been postponed indefinitely). The amendments address to clarify the requirements in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments have no impact on Evli's consolidated financial statements.
- IFRIC 22 Interpretation Foreign Currency Transactions and Advance Consideration* (effective for financial years beginning on or after January 1, 2018). When foreign currency consideration is paid or received in advance of the item

it relates to – which may be an asset, an expense or income – IAS 21 The Effects of Changes in Foreign Exchange Rates is not clear on how to determine the transaction date for translating the related item. The interpretation clarifies that the transaction date is the date on which the company initially recognizes the prepayment or deferred income arising from the advance consideration. For transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date. The interpretation has no impact on Evli's consolidated financial statements.

- Annual Improvements to IFRSs (2014-2016 cycle)* (effective for financial years beginning on or after January 1, 2017 for IFRS 12 and on or after 1 January 2018 for IFRS 1 and IAS 28). The annual improvements process provides a mechanism for minor and non-urgent amendments to IFRSs to be grouped together and issued in one package annually. The cycle contains amendments to three standards. Their impacts vary standard by standard but are not significant.

Other new or revised standards and interpretations will not have an impact on Evli's consolidated financial statements.

SEGMENT REPORTING

Segment reporting

Evli Bank's primary segment reporting is based on the Group's business segments, and these are also used in the Group's internal reporting. The highest operational decision-making body in the company is the Board of Directors. Evli Bank Plc's business segments are asset management, markets and corporate finance. The Group also has a number of joint functions, which are reported under Group operations. Secondary segment reporting for monitoring revenue is based on geographical areas: Finland, Sweden and other countries.

The business segments consist of business units, each of which has its own products, services, earnings logic and profitability that differ from those of the other units. The business risks of the various segments are also different.

Intersegment pricing occurs in arm's length transactions at fair value. The revenue and expenses that are deemed as directly attributable to, or can be allocated on a reasonable basis to, a particular business area are allocated to that business area. The revenue and expenses that are not allocated to a particular business area, and the inter-business area eliminations in the Group, are reported under Group operations. The distribution of the Group's assets and liabilities among the business

areas is not monitored on a regular basis and is therefore not reported in connection with the segment reporting.

Asset Management

Evli's asset management service comprises individualized institutional asset management and the Evli Private Banking service, as well as a wide range of mutual funds. Institutional asset management offers professional total asset management solutions to clients such as insurance companies, pension funds, organizations, municipalities and companies. Evli's Private Banking is a comprehensive asset management service for private individuals with investment assets in excess of EUR 300,000. Other private clients are offered the electronic Online Banker asset management service, mutual funds, electronic banking services and other standardized money market products.

Markets

The Markets unit's operations are divided into four business areas: equity brokerage, alternative investment product brokerage, market making, and investment research. Alternative investment products include derivatives, ETFs and fixed income instruments, and structured products.

Corporate Finance

The Corporate Finance unit provides advisory services related to M&A transactions and securities offerings. M&A transactions include acquisitions, divestments, mergers and demergers. Securities offerings comprise initial public offerings, share issues, share sales, convertible bonds and private placement arrangements.

Group operations

Group operations comprise the treasury, payments, credit management, Evli Bank's investments, financial administration, risk management, IT, corporate communications, legal affairs, compliance activities, human resources administration and internal services.

Renewal of organizational structure in 2017

On January 24, 2017, Evli decided to renew its organizational structure. In the future, Evli will have two business areas; Wealth & Investment Services and Corporate Finance. The organizational change is assessed to come fully in force by March 1, 2017. The financial result for the first quarter 2017 will be reported in accordance with the new organizational structure.

	Markets	Corporate Finance	Asset Management	Group Operations	Unallocated	Group
2016 (1 000 EUROS)	1.1.–31.12.2016	1.1.–31.12.2016	1.1.–31.12.2016	1.1.–31.12.2016		1.1.–31.12.2016
SEGMENT INCOME STATEMENT						
REVENUE						
External sales	8 237	4 787	42 482	3 828	683	60 016
Inter-segment sales	-268	-22	-10	299	0	
Total revenue	7 969	4 765	42 472	4 127	683	60 016
RESULT						
Segment operating expenses	-8 055	-3 736	-24 878	-11 455	-810	-48 934
Corporate expenses	-2 231	0	-6 988	9 228		0
Operating profit	-2 317	1 029	10 606	1 900	-127	11 090
Share of profits (losses) of associates					1 063	1 063
Segment income taxes					-2 440	-2 440
Segment profit/loss after taxes	-2 317	1 029	10 606	1 900	-1 513	9 704

	Markets	Corporate Finance	Asset Management	Group Operations	Unallocated	Group
2015 (1 000 EUROS)	1.1.–31.12.2015	1.1.–31.12.2015	1.1.–31.12.2015	1.1.–31.12.2015		1.1.–31.12.2015
SEGMENT INCOME STATEMENT						
REVENUE						
External sales	12 272	5 201	42 968	2 935	873	64 249
Inter-segment sales	-361	324	-150	189	-2	
Total revenue	11 911	5 525	42 818	3 124	871	64 249
RESULT						
Segment operating expenses	-9 085	-4 329	-23 918	-12 750	-907	-50 988
Corporate expenses	-2 462	0	-6 911	9 373		0
Operating profit	365	1 196	11 989	-252	-35	13 261
Share of profits (losses) of associates					2 104	2 104
Segment income taxes					-3 017	-3 017
Segment profit/loss after taxes	365	1 196	11 989	-252	-948	12 349

Regular reporting to top management does not include breakdown of assets and liabilities of Evli Group to different business segments. Because of this the breakdown of assets and liabilities to segments is not included in the official segment report. Allocated corporate expenses includes cost items relating to general administration of Evli Group and banking business that are allocated to business units using allocation drivers in place at each time of review. Group operations comprise Management of Evli Group, certain back-office functions, Treasury, Group Risk Management, Financial Administration, Information Management, Group Communications, Legal Department and Compliance and Human resources.

	Finland	Sweden	Other countries	Group
2016 (1 000 EUROS)	1.1.–31.12.2016	1.1.–31.12.2016	1.1.–31.12.2016	1.1.–31.12.2016
SEGMENT INCOME STATEMENT (GEOGRAPHICAL)				
Net revenue	52 414	7 088	514	60 016
SEGMENT BALANCE SHEET (GEOGRAPHICAL)				
Segment assets	749 675	4 774	560	755 010
2015 (1 000 EUROS)				
SEGMENT INCOME STATEMENT (GEOGRAPHICAL)				
Net revenue	56 075	7 114	1 061	64 249
SEGMENT BALANCE SHEET (GEOGRAPHICAL)				
Segment assets	626 491	4 843	913	632 247

No individual customers of Evli Bank Plc have returns that exceed 10 percent of the total returns.

RISK MANAGEMENT AND INTERNAL CONTROL

Evli's values and its policy of transparent and appropriate communications support the company's operational integrity and high ethical standards. The company's organizational structure, clearly established responsibilities and authorizations, and its competent staff support the planning, execution, control and monitoring of business operations in a manner that facilitates the achievement of the set objectives.

Risk management refers to actions aimed at systematically surveying, identifying, analyzing and preventing risks. The objective of risk management is to ensure that the company's assets are sufficient in relation to its risk positions, that fluctuations in financial results and valuations remain within the confirmed objectives and limits, and that risks are priced in the right way to achieve sustainable profitability.

Organization of risk management

Evli Bank's Board of Directors is primarily responsible for the Evli Group's risk management, and confirms the risk management policies, responsibilities, the Group's risk limits and other general guidelines governing how risk management and internal control is to be organized. The Board has also set up a credit and asset liability committee (Credalco) that briefs it on risk-taking matters. The members during the review period were Kristian Nybergh (Chairman), Juho Mikola, Lea Keinänen, and Maunu Lehtimäki, and the expert members were Mari Etholén, Jarkko Heikkilä and Bengt Wahlström.

The managers of the business units are responsible for ensuring that risk management is at a sufficient level in each respective unit. The business units' task is to develop risk management and internal control processes and competence, identify and analyze risks, and make decisions on risk management with the aid of various protection measures.

The Risk Management unit oversees daily operations and compliance with the risk limits granted to the business units, as well as compliance with risk-taking policies and guidelines. Risk Management reports on the Evli Group's overall risk position to the Board and the Executive Group each month.

The Compliance function is responsible for ensuring compliance with the rules in all of the Evli Group's operations by supporting operating management and the business units in applying the provisions of the law, the official regulations and internal guidelines, and in identifying, managing and reporting on any risks of insufficient compliance with the rules in accordance with the separate Compliance policy and monitoring plan confirmed by Evli Bank's Board of Directors. The Compliance function reports regularly via the audit committee to Evli Bank's Board and also to the operating management.

The internal audit, which supports the Board of Directors and the senior management, is a body that is independent of business operations. It is organized administratively under the CEO and reports to the CEO and, by way of the audit committee, to Evli Bank's Board of Directors.

The internal audit assesses the functioning of the Evli Group's internal control system, the appropriateness and efficiency of its operations, and the compliance with guidelines, through audits that are based on a plan of action for internal auditing that is confirmed annually by the audit committee of Evli Bank's Board of Directors.

The internal audit follows not only the internal audit guidelines, but also an internationally acknowledged framework of professional practices (The Institute of Internal Auditors) and corresponding information systems audit standards (The Information Systems Audit and Control Association).

Risk concepts

Evli divides risks into three main categories:

1. Financial risks, including market, liquidity and credit risks
2. Operational risks including legal, compliance and information security risks
3. Business risks.

Market risks

Price risks:

One substantial market risk is the price risk of Evli's own investment portfolio and trading stock. The own-book trading in which Evli engages on the equity markets is focused on securities quoted on the stock exchanges of Helsinki and Stockholm, and

on derivatives connected to these securities. The investment activity related to the equity markets comprises market making operations, temporary investments for brokerage purposes, trading based on various trading strategies, and fund and private equity investments. Evli's Treasury engages in investment activity on the fixed income and currency markets.

The delta-adjusted equity market risk was at the same level as in the previous year. The equity risk is measured by using delta-adjusted risk and other so-called "Greeks," as well as by using stress tests. The delta-adjusted average of the total equity risk for 2016 was EUR 6.6 million, and at the end of the year EUR 8.0 million (the corresponding figures for 2015 were EUR 7.3 million and EUR 7.4 million). See notes 17 and 19 in the Notes to the Financial Statements.

The equity-related risks were moderate in relation to Evli's risk-bearing capacity. In the end-of-year situation, a scenario featuring negative market movements of 20 percent would have led to a loss of about EUR 1.5 million (a loss of EUR 1.4 million in 2015). Evli did not have significant equity risks related to an individual issuer at the end of the year. The Board has set maximum limits for investments in single issuers and for the total amount of investments in the emerging markets. In addition, illiquid investments and investment commitments are monitored regularly.

Share-based incentive plans managed for clients on a contractual basis were carried out by acquiring equities in the client companies in question. There was no equity market risk for Evli. The credit and counterparty risks arising from market price fluctuations are monitored separately.

Approximately four percent of the total value of the investment portfolio and the trading stock has been measured using valuation models. Information on the methods used to measure investment instruments can be found under Accounting Policies in the Financial Review. Instruments measured by theoretical means were recognized entirely through profit or loss during the financial year, because the maturity periods of theoretically measured agreements are short and the accounting parameters used are primarily based on information from the markets.

Currency risks and interest rate risks:

The Evli Treasury's currency risk limits have been defined by currency, and currency-specific and aggregate stop-loss limits have been linked to them. Considering the scope of Evli's business, direct currency risks were of minor significance in 2016. The fixed income risk of the Treasury's investments was approximately EUR 500,000 at the end of the year (EUR 400,000 in 2015) assuming that market rates change by one percentage point. The interest rate risk is also measured by means of change scenarios linked to the shape of the interest rate curve. If the shape of the interest rate curve is stressed on the assumption that the 3-month rate would rise or fall by one percentage point and that the 5-year rate would fall or rise by half a percentage point, the effect would be EUR 150,000.

In 2016, market risks accounted for 2.5 percent of Evli's total risk-based capital requirement including operational risks (37.9%).

Liquidity risk and solvency

The Board of Directors of Evli Bank Plc sets limits for the use of corporate capital. The proposals for these limits are prepared by the Group's risk management committee, Credalco. Evli's funding policy always assumes the full use of these limits.

Evli's Treasury is responsible for managing the liquidity risk. Liquidity risk is monitored by the Group Risk Management Unit, which reports its findings to Credalco and the company's Board of Directors.

The use of funds was primarily related to capital market products and lending. Capital is also tied by collateral for settlement and derivatives trading. Deposits from the public and credit institutions totaled approximately EUR 450 million at the end of 2016. The immediately available liquidity, consisting of the sum of avista account funds and non-pledged securities, was about EUR 405 million at the end of the year. This figure incorporates the use of capital within the Group. The bulk of funds were raised for a term of less than one year and the primary sources of funds were the customer deposits. The long-term funding increased during 2016 and was about EUR 34.9 million (EUR 31.4 million in 2015).

Evli's Internal Capital Adequacy Assess-

ment Process (ICAAP) found no need for extra capital to cover liquidity risk.

The Liquidity Coverage Requirement (LCR) entered into force on October 1, 2015 which means that the liquidity coverage ratio must be a minimum of 60 percent. The requirement will be raised gradually so that as of January 1, 2017 the requirement will be 80 percent and finally 100 percent in 2018.

The Liquidity Coverage Requirement reflects the bank's pool of liquid assets in relation to net cash outflows over a 30-day stress period, such as outflows of deposits and other financial assets.

The Evli Group's LCR ratio was 102 percent on December 31, 2016.

Evli's Internal Liquidity Assessment Process has been developed according to Basel II requirements.

Credit risks

The Board of Directors has approved a corporation-wide strategy for managing credit risks. The strategy defines the lending policies and specifies collateral requirements, pricing and maturities. The credit risk strategy also defines a classification scheme for customers and loans to be used in Evli. Credit risks are monitored by the Group Risk Management Unit, which reports them to the Executive Group, to Credalco and to the company's Board of Directors. Credit risks occur primarily through lending, the Treasury unit's investment operations and counterparty risk in derivative operations.

The external credit exposure of Evli's banking operations was EUR 70.4 million at the end of the year (EUR 56 million at the end of 2015). Loans to corporate customers accounted for 13 percent (10%) of this. The bank did not have any non-performing receivables at the end of the financial year. Credalco is authorized to make credit decisions within the limits set by the Board of Directors. Lending is focused on asset management clients with collateral for security.

As the Treasury invests primarily in banks and credit institutions with high credit ratings (at least A-) and bonds issued by governments and other public sector issuers, the credit risks of its investment portfolio are moderate. The investments in credit institutions are focused in credit institutions that operate in the Nordic countries. Lim-

its on investment operations are set taking into account the issuer's credit rating and geographical location, for example.

Brokerage-related credit risks were minor during the year under review. The counterparty risk in derivative operations is managed with daily collateral requirements and collateral management for both OTC and standardized contracts. Evli monitors the size of its clients' derivative positions, and limits the size of individual clients' derivative positions if necessary. All clients engaging in OTC derivative operations must be approved by Evli's risk committee. The risks of share brokerage settlement operations were minor during the year under review. The amount of matured sales receivables is small, and is monitored using specific guidelines.

In 2016, credit risks accounted for 59.5 percent of Evli's total risk-based capital requirement (54% in 2015). The capital requirement primarily consists of the risks related to lending, the Treasury's investments and strategic investments. In 2016, credit risks outside the balance sheet accounted for approximately 0.6 percent of the overall credit risk.

Leverage Ratio

The Leverage Ratio reflects the ratio of tier 1 capital to total exposures. The total exposures includes the exposure values of all assets and the amount of off-balance sheet items, which have not been subject to decreases when defining the amount of own funds. Off-balance sheet items are included in the calculation according to the credit counter-value ratio and derivatives according to the exposure value. The Evli Group's Leverage Ratio was 6.4 percent on December 31, 2016.

Operational risks

Operational risks refer to the direct or indirect risk of financial loss caused by shortfalls or failures in internal processes, systems, personnel or external factors. Legal, compliance and information security risks are also considered to be operational risks. Operational risks therefore relate to factors such as the company's management system, operating processes, information systems, personnel and various external fac-

tors or threats. Each unit is responsible for managing its own operational risks.

Evli continuously pays particular attention to the identification, monitoring and management of its operational risks. Each business unit conducts regular self-evaluations of the operational risks related to its products, services, personnel, operating processes and systems. Evli has prepared specific, corporation-wide guidelines for the identification, assessment, monitoring and reporting of operational risks.

Operational risks increase the minimum capital requirements in the capital adequacy calculation. Evli applies the "Basic Indicator Approach" to capital adequacy, in which the capital requirement for operational risk is based on the average gross income of the preceding three years multiplied by a factor (0.15) set by the Basel Committee. Using this approach, the capital requirement for operational risk amounted to approximately EUR 9.0 million at the end of 2016. However, the capital requirement for operational risk calculated by Evli's own internal capital adequacy management process was smaller.

Processes

Business processes are developed due to changes in the Group's business. Evli's key processes are documented in process descriptions that can be used as tools in employee orientation and systems development. As these processes change, the guidelines are updated to reflect the new approaches. Processes and working instructions are reviewed and updated regularly. The responsibility for making the descriptions rests with the head of each unit, and compliance is monitored through spot checks by the corporate Internal Audit. Job descriptions and divisions of labor and responsibilities must be so clearly defined in writing that the party responsible for reconciliations, verifications and approvals is easily identifiable.

Legal risks

Rapid changes in legislation and legal practice create challenges for the introduction of different guidelines and regulations. Implementing the changes often takes a

lot of time and effort. The primary responsibility for compliance with specific laws and governmental regulations applicable to the different Evli companies always rests with the line management in charge of the function in question. Evli's Board of Directors has appointed a Compliance Officer, and the Executive Group has designated a Compliance Steering Committee whose members represent the various business functions.

Information risk

Evli's operations are based to a large extent on the utilization of information technology and telecommunications. One of the key objectives of all Evli functions is the efficient, error free and secure processing of information in a variety of formats. Evli handles and stores large amounts of information that is designated as confidential under applicable law, guidelines or contracts or otherwise requires special security arrangements. The confidentiality, accuracy and usability of such information must be protected at all times. In order to manage information risk, it is necessary to ensure that information systems function properly and reliably and to pay particular attention to the accuracy of information updated in databases and to the management of access rights.

Information asset owners are primarily responsible for protection of the information assets at Evli (authenticity, availability and confidentiality). The system administrator is the person who takes care of the technical maintenance tasks required for the system. Evli's Information Management is responsible for organizing the maintenance of Evli's systems. Technical maintenance is planned and executed in collaboration with the information system owner and the application administrator. For this reason, a specific "Information Security Policy" that addresses information security and related procedures has been prepared for the management of operational risks related to information systems and information security.

No financial losses were sustained in 2016 as a result of misuse of information systems or disturbances affecting them. In

addition to arranging normal asset protection, Evli has comprehensive insurance coverage for liability and criminal losses.

Continuity management

Evli's operations may be threatened by external or internal crises of a physical or other nature. In crisis situations, an organization must:

- be prepared for crisis situations
- have crisis management capability
- have prepared by means of drills.

To ensure operational continuity, each function has a continuity plan. The purpose of continuity planning is to ensure that, in the event of certain threats materializing, it is possible to ensure the safety of Evli's customers and employees, to protect tangible and intangible property, to comply with the law and other regulations, to maintain the targeted level of customer service and internal operations and to preserve the trust of stakeholders.

Each continuity plan will include system recovery plans, including guidelines on how to get information systems into operating condition in situations of severe failure, how to continue operations and how to return operations to normal.

Evli has compiled a Recovery Plan that complies with official requirements. The law states that each bank must have a Recovery Plan that describes the measures that will ensure the continuation of operations if the bank's financial position weakens.

The coordination of continuity planning is the responsibility of the Group Risk Management Unit.

New products and services

The safe introduction of new products and services requires that, prior to making the final decision on introduction, assurance has been obtained that all units participating in the delivery of the product know their respective duties and that they have made the function in question aware of any operational and other risks involved in launching it on the market. The indirect effects of risks on the whole Group need to be assessed with particular care. Specific guidelines are in use in the Evli Group concerning the

approval and introduction of new products and services.

Outsourcing of operations

The delegation of business operations to agents or other outsourcing of operations does not relieve Evli of its responsibilities or obligations. Evli has adopted guidelines regarding the principles that must be complied with when Evli's business operations are delegated outside the Group. These guidelines ensure that the management and monitoring of operational risks relating to the outsourced functions is arranged in the manner required by the Financial Supervisory Authority.

Reporting

The Group Risk Management Unit is responsible for corporate-wide risk reporting, which consists of both numerical and written reports. The Group Risk Management reports include at least the following:

1. Daily report to the Executive Group on the utilization of corporate limits and any observations arising from risk monitoring
2. Monthly numerical and verbal risk management report and summary of cus-

tomers exposure and limit utilization to Credalco

3. Monthly report to the Board of Directors and the Executive Group
4. Annual operational risk assessment report to the Executive Group and the Board of Directors.

In addition, the Compliance function and the internal audit report regularly on risk management matters to the top management.

Managing capital adequacy

An essential element of the Basel II capital adequacy regulations is compliance with the principles of pillar 2. Pillar 2 considers the risks included in the measurement of minimum capital requirements and all their dimensions and the residual risks outside this measurement. The capital adequacy regulation is based on the principle that the quantity, quality and allocation of the bank's own assets must be continuously sufficient to cover the material risks applying to the supervised party. It is not possible, however, to use capital to replace deficiencies in the qualitative aspects of risk bearing capacity. Broadly speaking, risk bearing capacity

includes not only capital and profitability, but also reliable management, well-organized internal control and risk management. Evli's Internal Capital Adequacy Assessment Process (ICAAP) has been developed in line with the requirements of Basel III.

Evli Bank's Board of Directors has set a target of maintaining at least a 13 percent BIS capital adequacy. This target is monitored by means of the Group Risk Management Unit's monthly reports to the Board of Directors, the Executive Group and Credalco. Evli's internal capital adequacy management calculations are updated as deemed necessary by the management. However, this updating takes place at least once a year as part of strategic planning during the budgetary process.

CAPITAL ADEQUACY OF THE GROUP

	1.1.2016- 31.12.2016	1.1.2015- 31.12.2015	1.1.2014- 31.12.2014	1.1.2013- 31.12.2013	1.1.2012- 31.12.2012
Own funds, M€	45.7	52.4	39.3	35.0	34.9
Risk-weighted receivables, investments and off-balance sheet obligations for credit- and market risk, M€	184.8	162.9	157.5	152.8	137.4
Own funds to cover operational risk, M€	9.0	8.8	8.1	7.9	8.2
Capital adequacy ratio, %	15.3	19.2	15.2	13.9	14.6
Evli Bank Plc's capital adequacy ratio, %	20.7	24.0	18.7	18.4	18.7
Own funds surplus, M€	21.8	30.6	18.7	14.9	15.7
Own funds in relation to the minimum capital requirement	1.9	2.4	1.9	1.7	1.8

Own funds	2016	2015
Own funds include share capital, funds and profits for the year. These items are not subject to special terms.		
Total tier 1 capital, M€		
Share capital	30.2	30.2
Funds total	25.2	38.8
Minority interest	0.0	0.0
Decreases:		
Intangible assets	9.4	9.3
Other decreases	0.3	7.3
Total tier 1 capital	45.7	52.4

Evli Bank has no tier 2 capital.

Capital adequacy management and minimum own funds		Risk-weighted value	Exposure value
See section 'Managing capital adequacy'.	Min. requirement		
Minimum capital adequacy requirement by exposure group, standard method for credit risk, M€			
Claims from the state and central banks	0.0	0.0	149.4
Claims from regional governments and local authorities	0.0	0.0	204.8
Claims from credit institutions and investment firms	2.9	36.4	149.2
Investments in mutual funds	1.2	15.0	15.0
Claims secured with property	0.2	2.2	6.3
Claims from corporate customers	2.4	29.6	31.7
Items with high risk, as defined by the authorities	0.4	4.4	2.9
Matured receivables	0.0	0.0	0.0
Other items	7.2	89.5	91.1
Total	14.2	177.2	650.5
Minimum amount of own funds, market risk, M€	0.6	7.6	
Risk-weighted receivables, investments and off-balance sheet obligations, total	14.8	184.8	
Minimum amount of own funds, operational risk, M€	9.0	112.9	
Total	23.8	297.7	

General information on credit and dilution risk

Loans are entered as non-performing if payment of interest or instalments is overdue by at least 90 days.

No value impairments concerning loans were made during the year, and there were no non-performing loans at year-end.

The goal of the lending is to support customer relations and the Bank's main businesses, and also the risk corrected income from lending has to be sufficient.

Lending is focused on asset management customers, domestic private customer's share of the loan stock was 82 percent, and foreign private customer's share was 5 percent.

The Treasury unit's investments are focused at Nordic bank bonds, whose credit rating is at minimum A-, and at short term investments like commercial papers and local government notes. In the capital adequacy calculations, 68 percent of the investments had a risk weight of 0 percent, 22 percent a risk weight of 20 percent, 2 percent a risk weight of 50 percent, and 8 percent had a risk weight of 100 percent.

Credit risk (standard method)

The credit rating institutions used in the standard method are Standard & Poor's and Moody's.

Techniques to reduce credit risk

The valuation of collateral uses risk committee-approved collateral factors that are based on the collateral's realizability and susceptibility to changes in value. The goal is to receive liquid collateral, which can also be used in the capital adequacy calculations. The Group's risk committee decides the maximum amount of illiquid collateral which can be accepted per customer. Only in certain special cases, can the Bank deviate from the normal process for accepting collateral.

Principal real collateral types used in capital adequacy calculation:

- Residential property collateral
- Cash deposits
- Bonds issued by Evli

Exposures hedged with approved collateral in capital adequacy calculation, € million	2016	2015
Mortgages	6.3	6.4
Other credits	3.2	3.0
Counterparty exposure of OTC derivatives	21.1	14.8
Credit risk (counterparty risk) € million		
Positive fair value of OTC derivatives in the financial statement	26.4	19.5
The derivatives comprise equity, currency and fixed income derivatives		
Collateral reducing counterparty risk in capital adequacy calculations	21.1	14.8
After the collateral-reducing effect the credit counter-value of derivatives totaled	38.3	31.5
Market risk		
Minimum capital adequacy requirement, trading book, M€:		
Position risk	0.4	1.0
Minimum capital adequacy requirement for the currency risk of all operations, M€	0.2	0.3
Total	0.6	1.3

The delta corrected equity risk for the trading book was at year end EUR 0.4 million, and the interest market risk EUR 0.5 million. The largest net currency positions for the Group were 31.12. GBP (EUR 0.3 million) and SEK (EUR 1.7 million).

Operational risk

The method applied in the capital adequacy calculations is the basic method, which is based on the Group's revenues for the previous three years.

Shares outside the trading book

Shares and participations in the banking book are measured at fair value through profit or loss and as available-for sale investments.

The value of the investments in the financial statements was EUR 37.9 million, which is the fair value of the investments.

The listed shares are related to the equity incentive schemes, the shares don't affect the market risk of the bank.

Investment types, M€:		
Private equity funds	2.9	2.9
Real estate funds	2.1	3.1
Unlisted shares	0.6	0.8
Mutual funds	14.9	0.7
Listed shares	17.3	15.8
Total	37.9	23.4

Private equity funds, real estate funds and mutual funds have been valued by applying the last known fair value from the funds' management companies. The fair value of unlisted shares is estimated primarily by using the share's net asset value or a cash flow analysis based on future outlooks. If no better estimate of the fair value is available, the acquisition price can be used as the fair value.

Companies included in the Consolidated Accounts

Evli Bank Plc, Helsinki (parent company)

Evli Life Ltd, Helsinki (100%)

Evli Fund Management Company Ltd, Helsinki (100%)

Evli Awards Management Oy, Helsinki (97%)

EAM Finland Ltd, Helsinki (100%), was acquired on September 16, 2016

Evli Russia Ltd, Helsinki (100%)

OOO Evli St. Petersburg, St.Petersburg (100%), was merged with OOO Evli Moscow on February 29, 2016

OOO Evli Moscow, Moscow (100%)

Evli Corporate Finance AB, Stockholm (75%)

Aurator Varainhoito Ltd, Helsinki (91%)

Terra Nova Capital Advisors Ltd, Dubai (69%)

Evli Securities AS, Tallinn (100%), was dissolved on May 4, 2016

Evli Alternative Investments Ltd, Helsinki (100%) was founded on January 16, 2015

Nordic Shine Ltd, Helsinki (58%), was acquired on November 8, 2016

Nordic Shine GP Ltd, Helsinki (100%), was acquired on November 8, 2016

EAI Residential Partners Ltd, Helsinki (78%) was founded on May 8, 2015

Head Asset Management Ltd, Helsinki (91%) was acquired on October 19, 2015

Evli Research Partners Ltd, Helsinki (70%), was founded on July 1, 2016

Evli Investment Solutions Ltd, Helsinki (70%), was founded on August 17, 2016

Associated companies

Northern Horizon Capital A/S, Copenhagen (50%)*

The Group's parent company is Evli Bank Plc, domiciled in Helsinki.

The consolidated accounts are available on the Internet at www.evli.com

or at the address Aleksanterinkatu 19 A, P.O. Box 1081, FI-00101 Helsinki, Finland

All subsidiaries and branch offices are included in the consolidated accounts.

The pooling method has not been used in the consolidation of subsidiaries.

All subsidiaries included in the consolidated accounts have the same financial year.

* The company is Evli's associated company: according to the shareholders' agreement Evli is not the controlling company.

Associates are consolidated by using equity method.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

1 000 EUROS		2016	2015
1.	INTEREST INCOME		
	At fair value through profit or loss		
	Debt securities	663	833
	Interest income from other loans and claims		
	Claims on credit institutions	268	557
	Claims on the public and public sector entities	1 010	965
	Other interest income	881	243
	Interest income, total	2 822	2 598
	Fixed income returns do not include returns from financial assets that have been impaired.		
2.	INTEREST EXPENSES		
	At fair value through profit or loss		
	Derivative contracts and trading liabilities	-8	-6
	Interest expenses from other borrowing		
	Liabilities to the public, public sector entities and credit institutions	-789	-492
	Debt securities issued to the public	-377	-679
	Other interest expenses	-15	-16
	Interest expenses, total	-1 188	-1 192
3.	INCOME FROM EQUITY INVESTMENTS		
	Dividends from financial assets valued at fair value	244	334
	Dividends from associated companies	0	0
	Income from equity investments, total	244	334
4.	COMMISSION INCOME		
	Credit related fees and commissions	71	25
	Income from payment transactions	55	51
	Insurance brokerage	333	405
	Advisory services	8 278	8 219
	Securities brokerage	8 717	11 739
	Mutual funds	26 596	26 663
	Asset management	7 714	7 849
	Custody services	4 453	3 862
	Other operations	173	175
	Commission income, total	56 390	58 986
5.	COMMISSION EXPENSES		
	Trading fees paid to stock exchanges	-772	-543
	Other	-1 301	-1 227
	Commission expenses, total	-2 073	-1 770
6.	NET INCOME FROM SECURITIES TRANSACTIONS AND FOREIGN EXCHANGE DEALING		
	Net income from securities transactions		
	Financial assets held for trading	1 523	4 297
	Financial assets at fair value through profit or loss	1 021	-193
	Net income from securities transactions, total	2 545	4 105

1 000 EUROS

Remuneration				
2016	Markets	Corporate Finance	Wealth Management	Group Operations
Variable remuneration paid in cash				
Wages and salaries	546	228	1 116	949
Other social security costs	34	14	69	58
Pension costs	98	41	201	171
Postponed remuneration	13	0	128	79
Number of recipients	30	10	77	52
2015	Markets	Corporate Finance	Wealth Management	Group Operations
Variable remuneration paid in cash				
Wages and salaries	440	278	1 741	403
Other social security costs	24	15	93	22
Pension costs	79	50	313	73
Postponed remuneration	8	12	158	11
Number of recipients	22	7	60	63
2016			Top management	Risk takers
Variable remuneration paid in cash				
Wages and salaries			471	366
Other social security costs			29	22
Pension costs			85	66
Postponed remuneration			138	13
Number of recipients			12	15
2015			Top management	Risk takers
Variable remuneration paid in cash				
Wages and salaries			300	1 172
Other social security costs			16	63
Pension costs			54	211
Postponed remuneration			34	142
Number of recipients			7	22
At the end of an employment relationship, the company pays compensation in accordance with valid legislation and the applicable legislation and the applicable collective agreement. The company did not pay sign-on payments to new employees during the financial year.				
9. OTHER ADMINISTRATIVE EXPENSES			2016	2015
Office maintenance expenses			-604	-537
Office expenses			-1 631	-1 525
Telephone and postage expenses			-388	-432
Information expenses			-3 312	-3 527
IT related expenses			-3 708	-3 585
Business expenses			-760	-692
Travel expenses			-729	-793
Car costs			-118	-118
Other human resources related expenses			-609	-856
Marketing expenses			-973	-1 843
Banking and custodian expenses			-558	-618
External services fees			-1 362	-1 258
Other administrative expenses, total			-14 752	-15 785

1 000 EUROS		2016	2015
10. DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES			
Depreciation and amortization			
Applications and software	-1 213	-1 607	
Other intangible assets	-1 381	-1 028	
Leasehold improvements	-131	-131	
Assets acquired under finance leases	-138	-147	
Equipment and furniture	-107	-325	
Write-downs			
Depreciation of goodwill	-179	-705	
Depreciation, amortization and impairment losses, total	-3 150	-3 944	
11. OTHER OPERATING EXPENSES			
Supervision expenses	-226	-156	
Rental expenses	-2 918	-3 276	
Other expenses	-168	-346	
Other operating expenses, total	-3 311	-3 779	
12. IMPAIRMENT LOSSES ON LOANS AND OTHER COMMITMENTS AND OTHER FINANCIAL ASSETS			
Claims on the public and public sector entities			
Actual impairment losses	0	0	
Other financial impairment losses	-31	0	
Impairment losses, total	-31	0	
13. Income taxes			
Current tax expense	-2 724	-2 857	
Taxes from previous years	-22	-99	
Deferred taxes	308	-60	
Other taxes	-2	0	
Income taxes, total	-2 440	-3 017	
Reconciliation between the income tax expense recognized in the income statement and the taxes calculated using the parent company's domestic tax rate:			
Profit/loss before taxes, Finland	10 415	14 299	
Profit/loss before taxes, other countries	1 730	1 066	
Profit/loss before taxes, total	12 144	15 366	
Tax at domestic tax rate	2 429	3 073	
Effect of foreign subsidiaries' differing tax rates	25	-67	
Tax at source paid abroad	-3	-3	
Income not subject to tax	-226	-159	
Expenses not deductible for tax purposes	501	257	
Taxes from previous years	22	99	
Change in other deferred tax assets	-216	-60	
Unrecognised tax assets on previous years' losses	-91	-126	
Other taxes	-1	0	
Income tax charge in the consolidated income statement	2 440	3 017	

NOTES TO CONSOLIDATED BALANCE SHEET

1 000 EUROS		2016	2015	
14. CLAIMS ON CREDIT INSTITUTIONS				
Repayable on demand				
Domestic credit institutions		23 651	70 319	
Foreign credit institutions		1 543	6 718	
Repayable on demand, total		25 194	77 037	
Other than repayable on demand				
Domestic credit institutions		21 387	2 576	
Foreign credit institutions		19 388	39 783	
Other than repayable on demand, total		40 776	42 359	
Claims on credit institutions, total		65 969	119 396	
15. CLAIMS ON THE PUBLIC AND PUBLIC SECTOR ENTITIES BY SECTOR				
Other than repayable on demand				
Enterprises and housing associations		8 315	5 093	
Financial and insurance corporations		350	0	
Households		57 845	46 714	
Foreign countries		3 922	4 235	
Other than repayable on demand, total		70 432	56 042	
Claims on the public and public sector entities by sector, total		70 432	56 042	
16. DEBT SECURITIES				
Issued by public corporations	Publicly quoted	Other	Total	Total
Local government notes	0	149 234	149 234	91 507
Issued by public corporations, total	0	149 234	149 234	91 507
Issued by other than public corporations				
Held for trading				
Bonds issued by banks	41 145	12 090	53 234	70 944
Other debt securities	4 650	15 949	20 599	8 976
Issued by other than public corporations, total	45 795	28 039	73 833	79 920
Debt securities, total			223 067	171 426
Debt securities by balance sheet category				
Debt securities eligible for refinancing with central banks				
On public sector entities			0	0
Other			39 137	38 461
Debt securities				
On public sector entities			149 234	91 507
Other			34 697	41 458
Total			223 067	171 426

1 000 EUROS		2016	2015
Debt securities by country			
Finland		190 385	122 685
Sweden		18 145	13 129
Canada		13 026	13 003
Denmark		1 511	0
Australia		0	14 435
Holland		0	6 008
France		0	2 168
17. SHARES AND PARTICIPATIONS			
		2016	
Balance sheet category	Publicly quoted	Other	Total
Shares and participations			
Available for sale	0	0	0
Valued at fair value through profit or loss			
Held for trading	27 883	87	27 971
Other	32 193	5 664	37 856
Shares and participations, total	60 076	5 751	65 827
		2015	
Balance sheet category	Publicly quoted	Other	Total
Shares and participations			
Available for sale	0	0	0
Valued at fair value through profit or loss			
Held for trading	14 461	147	14 608
Other	16 533	6 817	23 350
Shares and participations, total	30 994	6 965	37 959
Net risk position is described in the section Risk Management (Market risks).			
18. SHARES AND PARTICIPATIONS IN ASSOCIATES AND JOINT VENTURES			
At the beginning of the period		5 018	3 514
Share of profit/loss		1 063	2 104
Disposals		-3 044	-600
At the end of the period		3 036	5 018
Shares and participations in associates contain the fair value of the indirectly owned funds by the companies. The Evli Group has combined the earnings of associates, taking uncertainty factors into account in accordance with the Group's accounting principles. Evli Bank Plc holds 10 percent of the share capital of BIF Management Ltd and 33.33 percent of the share capital of Baltic SME Management B.V. These companies are treated as normal investments and are not consolidated in the Evli Group.			
Holdings in consolidated associated companies			
Company			Northern Horizon Capital A/S
Domicile			Denmark
Assets			8 549
Liabilities			5 223
Revenue			10 908
Profit/Loss			1 790
Ownership (%)			50%

1 000 EUROS						
19. DERIVATIVE CONTRACTS						
Overall effect of risks associated with derivative contracts						
Nominal value of underlying , gross						
	Remaining maturity				2016	2016
	Less than 1 year	1–5 years	5–15 years	Fair value (+/-)	ASSETS	LIABILITIES
Held for trading						
Interest rate derivatives						
Interest rate swaps	0	11 954	0	0	0	0
Currency-linked derivatives	2 697 171	0	0	3	24 459	24 456
Equity-linked derivatives						
Futures	15 602	0	0	376	457	81
Options bought	103 713	56 289	2 350	1 571	1 872	301
Options sold	76 942	56 289	2 350	-1 324	122	1 446
Other derivatives						
Held for trading, total	2 893 428	124 532	4 700	625	26 910	26 285
Derivative contracts, total	2 893 428	124 532	4 700	625	26 910	26 285
Overall effect of risks associated with derivative contracts						
					2015	2015
Held for trading						
Interest rate derivatives						
Interest rate swaps	0	7 394	2 870	0	0	0
Currency-linked derivatives	2 306 309	0	0	270	17 676	17 406
Equity-linked derivatives						
Futures	6 179	0	0	305	385	80
Options bought	26 441	27 349	2 750	2 259	2 394	135
Options sold	45 890	27 430	2 750	-3 810	1 148	4 958
Other derivatives						
Held for trading, total	2 384 820	62 173	8 370	-976	21 603	22 579
Derivative contracts, total	2 384 820	62 173	8 370	-976	21 603	22 579
<p>Equity derivatives held for trading, and other liabilities held for trading (notes 19 and 28) hedge the equity delta risk for shares and participations in the trading book (note 17). The delta-adjusted equity risk was at the end of 2016 EUR 8.0 million, including shares and participations in the banking book.</p> <p>Equity derivatives in the banking book hedge the equity risk in equity-linked bonds issued to the public.</p> <p>The interest rate derivatives hedge the interest rate risk in assets and liabilities in the balance sheet.</p> <p>Currency derivatives comprise commitments made against clients and the associated hedges, and contracts made to hedge currency risk in the balance sheet. The net open risk position of the total amount is small. The largest part of the contracts are in SEK (EUR 1 511 million), and in USD (EUR 508 million).</p>						

1 000 EUROS		2016	2015
20. INTANGIBLE ASSETS AND GOODWILL			
Goodwill			
Cost at 1.1.	5 883	4 663	
Increases	0	3 482	
Decreases	0	-2 262	
Cost at 31.12.	5 883	5 883	
Accumulated impairment losses at 1.1.	-2 793	-2 087	
Impairment losses for the period	-179	-705	
Accumulated impairment losses at 31.12.	-2 972	-2 793	
Book value at 31.12.	2 911	3 090	
Software or projects in progress			
Cost at 1.1.	944	38	
Transfer between balance items	-1 893	0	
Increases	1 230	906	
Cost at 31.12.	282	944	
Book value at 31.12.	282	944	
Applications and software			
Cost at 1.1.	20 086	19 462	
Transfer between balance items	1 893	0	
Increases	761	624	
Decreases	-12	0	
Cost at 31.12.	22 728	20 086	
Accumulated amortisation and impairment losses at 1.1.	-18 258	-16 651	
Amortisation for the period	-1 213	-1 607	
Accumulated amortisation in respect of decreases	12	0	
Accumulated amortisation and impairment losses at 31.12.	-19 460	-18 258	
Book value at 31.12.	3 268	1 828	
Other intangible assets			
Cost at 1.1.	9 651	6 827	
Increases	720	3 016	
Decreases	0	-191	
Cost at 31.12.	10 371	9 651	
Accumulated amortisation and impairment losses at 1.1.	-5 542	-4 654	
Amortisation for the period	-1 381	-1 028	
Accumulated depreciation in respect of decreases	0	140	
Accumulated amortisation and impairment losses at 31.12.	-6 924	-5 542	
Book value at 31.12.	3 447	4 109	
The most significant "Other intangible assets" are client relationships with a depreciation period of 5 years.			
Intangible assets, total at 31.12.	9 908	9 971	
Book value of intangible assets at 31.12.	9 908	9 971	

The Group's goodwill is allocated to the subsidiaries Evli Awards Management Ltd, Head Asset Management Ltd and Evli Alternative Investments Ltd and Wealth Management segment. Evli has made a EUR 0.3 million impairment in 2015 and EUR 0.2 million impairment in 2016 to the goodwill in its balance sheet concerning business functions in Russia. In 2015 Evli concentrated the services it provides to asset management clients in the Baltic countries in Helsinki and closed down the operational activities of Evli's subsidiary Evli Securities AS. Because of this the goodwill of EUR 0.4 million was written down in 2015. On October 19, 2015 Evli acquired majority of the share capital of Head Asset Management Ltd. The acquisition generated EUR 1,200,000 goodwill. The goodwill testing process is described in detail in the notes to the consolidated financial statements.

1 000 EUROS	2016	2015
21. PROPERTY, PLANT AND EQUIPMENT		
Equipment and furniture		
Cost at 1.1.	6 537	6 519
Exchange difference	4	-7
Increases	56	54
Decreases	-46	-30
Cost at 31.12.	6 550	6 537
Accumulated depreciation at 1.1.	-6 141	-5 906
Exchange difference	-5	8
Depreciation for the period	-107	-325
Translation difference from depreciation for the period	0	-3
Accumulated depreciation in respect of decreases	53	85
Accumulated depreciation 31.12.	-6 201	-6 141
Book value at 31.12.	349	396
Assets acquired under finance leases		
Cost at 1.1.	2 940	2 847
Increases	267	92
Cost at 31.12.	3 207	2 940
Accumulated depreciation at 1.1.	-2 803	-2 655
Depreciation for the period	-138	-147
Accumulated depreciation at 31.12.	-2 940	-2 803
Book value at 31.12.	267	137
Property, plant, and equipment, total 31.12.	616	533
Leasehold improvements		
Cost at 1.1.	1 401	1 401
Cost at 31.12.	1 401	1 401
Accumulated depreciation at 1.1.	-601	-470
Depreciation for the period	-131	-131
Accumulated depreciation at 31.12.	-733	-601
Book value at 31.12.	668	800
Other tangible assets		
Cost at 1.1.	601	601
Cost at 31.12.	601	601
Book value at 31.12.	601	601
Property, plant and equipment, total at 31.12.	1 885	1 934
Book value of tangible assets at 31.12.	1 885	1 934

1 000 EUROS		2016	2015
22. OTHER ASSETS			
Securities sale receivables		7 473	1 223
Commission receivables		10 127	9 929
Securities broking receivables		63 104	66 105
Other receivables		93	414
Other assets total		80 797	77 671
23. ACCRUED INCOME AND PREPAYMENTS			
Interest		203	418
Taxes		791	101
Staff-related		608	41
Other items		2 036	2 395
Accrued income and prepayments total		3 638	2 954
24. DEFERRED TAXES			
Tax assets			
Due to timing differences		141	266
Other temporary differences			
From tax losses carried forward		273	21
Deferred taxes total		414	287
Deferred tax assets result from timing differences in fixed asset depreciation.			
25. LIABILITIES TO CREDIT INSTITUTIONS AND CENTRAL BANKS			
Credit institutions			
Other than repayable on demand		5 450	5 530
Liabilities to credit institutions and central banks, total		5 450	5 530
26. LIABILITIES TO THE PUBLIC AND PUBLIC SECTOR ENTITIES			
Deposits			
Repayable on demand		444 919	352 158
Other than repayable on demand		72	281
Other liabilities			
Repayable on demand		0	0
Other than repayable on demand		0	0
Liabilities to the public and public sector entities, total		444 991	352 439
27. DEBT SECURITIES ISSUED TO THE PUBLIC			
Certificate of deposits		9 966	0
Bonds		36 142	35 722
Debt securities issued to the public, total		46 108	35 722
Changes in bonds issued to the public			
Issues		7 187	14 959
Repurchases		8 184	12 268

1 000 EUROS		2016	2015
28. DERIVATIVE CONTRACTS AND OTHER LIABILITIES HELD FOR TRADING			
Derivative contracts		26 285	22 579
Due to short selling of shares		14 710	13 889
Derivative contracts and other liabilities held for trading, total		40 995	36 468
29. BREAKDOWN OF OTHER LIABILITIES			
Securities broking liabilities		68 478	75 582
Securities purchase liabilities		17 386	15 213
Finance lease payables		277	147
Income tax payable		185	64
Personnel related		726	760
Other short-term liabilities		20 404	20 169
Prepayments of cash customers		28 620	3 505
VAT payable		333	617
Other liabilities, total		136 409	116 058
30. ACCRUED EXPENSES AND DEFERRED INCOME			
Interest		183	214
Tax payables		616	923
Personnel related		7 000	8 107
Other accrued expenses		7 452	5 883
Accrued expenses and deferred income, total		15 251	15 127
31. DEFERRED TAX LIABILITIES			
Due to timing differences		499	668
Deferred tax liability, total		499	668
32. OWN SHARES HELD BY THE CREDIT INSTITUTION			
The company has acquired a total of 209,540 shares during 2016.			
The cost of purchase EUR 731,286.22 has been deducted from unrestricted equity.			
On December 31, 2016 the company hold a total of 209,540 own shares.			
33. SHARE CAPITAL, PARENT COMPANY			
Evli has two share series: series A and series B, whose rights are determined in the manner specified in the amended Articles of Association. The main difference between the shares series concerns the voting rights. The A share confers 20 votes in a General Meeting while a B share confers one vote.			
Number of A shares	16 962 136 pcs		
Number of B shares	6 351 784 pcs		
Total number of shares is	23 313 920 pcs		
Dividend/Share, €		0.40*	0.31
* Board of Directors' proposal			

1 000 EUROS

34. MATURITIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES OF CREDIT INSTITUTION

Due to the nature of the business, predicting future cashflows is difficult, especially for derivative contracts. The maturities of derivatives are also provided in note 19, with the nominal value of the underlying instrument as basis, which does not conform to real cash flows. Debt securities, loans and other claims, derivatives and financial liabilities at amortized cost are reported in the maturity class according to the maturity of the instrument. Shares and participations are reported so that quoted shares in the trading book and quoted mutual funds are in the shortest maturity period. Unquoted shares are reported according to the estimated liquidation period, and venture capital- and real estate funds are reported according to the expected ending day of the fund.

2016	Less than 3 months	3-12 months	1-5 years	5-10 years	Over 10 years	Total
Assets						
Cash and cash equivalents	203 126					203 126
Loans and other claims						
Claims on credit institutions	65 969	0	0	0	0	65 969
Claims on the public and public sector entities	7 084	19 205	43 741	402	0	70 432
Financial assets at fair value through profit or loss						
Debt securities eligible for refinancing with central banks	4 002	8 009	27 126	0	0	39 137
Debt securities	136 338	36 409	11 115	69	0	183 931
Shares and participations	42 788	21 138	0	1 901	0	65 827
Derivative contracts	22 003	4 284	623	0	0	26 910
Financial assets available for sale						
Shares and participations	0	0	0	0	0	0
Accrued interest	124	7	71	0	0	203
Debts						
Financial liabilities at amortized cost						
Liabilities to credit institutions	2 450	3 000	0	0	0	5 450
Liabilities to the public and public sector entities	444 987	4	0	0	0	444 991
Debt securities issued to the public	0	11 200	30 247	4 660	0	46 108
Financial liabilities at fair value through profit or loss	36 416	3 905	674	0	0	40 995
Accrued interest	183	0	0	0	0	183
Off-balance sheet commitments	7 419	158	75	0	0	7 651

1 000 EUROS

2015						
	Less than 3 months	3–12 months	1–5 years	5–10 years	Over 10 years	Total
Assets						
Cash and cash equivalents	127 986					127 986
Loans and other claims						
Claims on credit institutions	119 396	0	0	0	0	119 396
Claims on the public and public sector entities	2 568	23 547	29 484	443	0	56 042
Financial assets at fair value through profit or loss						
Debt securities eligible for refinancing with central banks	1 000	12 518	24 944	0	0	38 461
Debt securities	91 252	17 520	24 088	105	0	132 965
Shares and participations	31 106	417	4 671	1 764	0	37 958
Derivative contracts	15 901	5 198	504	0	0	21 603
Financial assets available for sale						
Shares and participations	0	0	0	0	0	0
Accrued interest	349	68	0	0	0	418
Debts						
Financial liabilities at amortized cost						
Liabilities to credit institutions	3 530	2 000	0	0	0	5 530
Liabilities to the public and public sector entities	352 252	172	15	0	0	352 439
Debt securities issued to the public	200	4 078	24 725	6 720	0	35 722
Financial liabilities at fair value through profit or loss	30 020	5 920	528	0	0	36 468
Accrued interest	213	1	0	0	0	214
Off-balance sheet commitments	7 903	392	170	0	0	8 465

Commitments outside the balance sheet are presented in Appendix 44.

35. ASSETS AND LIABILITIES DENOMINATED IN DOMESTIC AND FOREIGN CURRENCY

Balance sheet item	2016			2015		
	Domestic	Foreign currency	Total	Domestic	Foreign currency	Total
Loans and other claims						
Cash on hand	203 126	0	203 126	127 986	0	127 986
Claims on credit institutions	41 143	24 826	65 969	113 208	6 188	119 396
Claims on the public and public sector entities	70 432	0	70 432	56 042	0	56 042
Financial assets at fair value through profit or loss						
Debt securities	223 067	0	223 067	171 426	0	171 426
Shares and participations	62 277	3 550	65 827	35 232	2 727	37 959
Derivative financial instruments	26 882	28	26 910	21 559	44	21 603
Other assets	82 619	17 060	99 678	88 806	9 029	97 835
Total	709 546	45 464	755 010	614 260	17 987	632 247
Financial liabilities at amortized cost						
Liabilities to credit institutions	5 450	0	5 450	5 530	0	5 530
Liabilities to the public and public sector entities	400 810	44 181	444 991	312 026	40 414	352 439
Debt securities issued to the public	46 108	0	46 108	35 722	0	35 722
Financial assets at fair value through profit or loss						
Derivative contracts and liabilities held for trading	40 945	50	40 995	36 446	22	36 468
Other liabilities	125 713	26 446	152 159	117 667	14 187	131 854
Total	619 027	70 676	689 703	507 391	54 622	562 013

The largest foreign currency assets and liabilities are in SEK (assets EUR 31.8 million, liabilities EUR 30.1 million and USD (assets EUR 10.5 million, liabilities EUR 31.6 million).

1 000 EUROS

36. VALUE OF FINANCIAL INSTRUMENTS ACROSS THE THREE LEVELS OF THE FAIR VALUE HIERARCHY

	Level 1	Level 2	Level 3	Total
Fair value	2016	2016	2016	
Financial assets:				
Shares and participations classified as held for trading	24 669	0	3 301	27 971
Shares and participations, other	32 193	0	5 664	37 857
Debt securities eligible for refinancing with central banks	39 137	0	0	39 137
Debt securities	18 746	164 204	981	183 931
Positive market values from derivatives	887	24 459	1 564	26 910
Total financial assets held at fair value	115 631	188 663	11 510	315 805
Financial liabilities:				
Shares and participations classified as held for trading	13 489	0	1 221	14 710
Negative market values from derivatives	1 025	24 456	804	26 285
Total financial liabilities held at fair value	14 514	24 456	2 025	40 995
	2015	2015	2015	Total
Financial assets:				
Shares and participations classified as held for trading	10 778	0	3 830	14 608
Shares and participations, other	16 533	0	6 818	23 351
Debt securities eligible for refinancing with central banks	38 461	0	0	38 461
Debt securities	14 794	110 754	7 418	132 965
Positive market values from derivatives	2 276	17 676	1 650	21 603
Total financial assets held at fair value	82 842	128 430	19 716	230 988
Financial liabilities:				
Shares and participations classified as held for trading	12 604	0	1 285	13 889
Negative market values from derivatives	3 688	17 406	1 485	22 579
Total financial liabilities held at fair value	16 291	17 406	2 770	36 468

Explanation of fair value hierarchies:

Level 1

Fair values measured using quoted prices in active markets for identical instruments

Level 2

Fair values measured using directly or indirectly observable inputs, other than those included in level 1

Level 3

Fair values measured using inputs that are not based on observable market data.

Level 1 of the hierarchy includes listed shares, mutual funds and derivatives listed on exchanges, and debt securities that are traded in active OTC- and public markets.

Shares and participations classified in level 3 are usually instruments which are not publicly traded, like venture capital funds and real estate funds.

Derivatives in level 2 or 3 are derivatives whose values are calculated with pricing models widely in use, like Black-Scholes.

Derivative valuations for level 3 instruments contain inputs (volatility and dividend estimate) which are not directly observable in the market.

Debt securities valuations that are obtained from markets that are not fully active, have a fair value level hierarchy of 2. Level 3 valuations for debt securities are valuations received directly from the arranger of the issue.

The fair values of financial instruments are defined in accordance to IFRS13. In principle, valuation of financial instruments is based on public market quotations. For unquoted financial instruments, Evli Bank's Financial Administration together with Risk Management function evaluate and classify instruments.

1 000 EUROS	2016	2015
37. ANALYSIS OF FINANCIAL INSTRUMENTS CATEGORIZED IN LEVEL 3		
Financial assets:		
Shares and participations classified as held for trading	3 301	3 830
Unlisted shares and participations	639	770
Venture capital funds and real estate funds	5 025	6 047
Debt securities	981	7 418
Quoted equity derivatives	0	0
OTC equity derivatives	1 564	1 650
Total financial assets held at fair value	11 510	19 716
Financial liabilities:		
Shares and participations classified as held for trading	1 221	1 285
Quoted equity derivatives	0	0
OTC equity derivatives	804	1 485
Total financial liabilities held at fair value	2 025	2 770
Significant changes during the year, considering level 3 categorized instruments:		
Financial assets:	2016	
Shares and participations classified as held for trading 31.12.2015	3 830	
Net purchases and sales	-1 128	
Valuation changes	599	
Shares and participations classified as held for trading 31.12.2016	3 301	
Unlisted shares and participations 31.12.2015	770	
Purchases	5	
Sales	0	
Valuation changes	-137	
Unlisted shares and participations 31.12.2016	639	
Venture capital funds and real estate funds 31.12.2015	6 047	
Purchases	133	
Sales	1 596	
Valuation changes	441	
Venture capital funds and real estate funds 31.12.2016	5 025	
Debt securities 31.12.2015	7 418	
Purchases	911	
Sales	7 343	
Valuation changes	-6	
Debt securities 31.12.2016	981	
OTC equity derivatives 31.12.2015	1 650	
Net purchases and sales	-148	
Valuation changes	62	
OTC equity derivatives 31.12.2016	1 564	

1 000 EUROS		2016	2015
Financial liabilities:			
Shares and participations classified as held for trading 31.12.2015		1 285	
Net purchases and sales		0	
Valuation changes		-65	
Shares and participations classified as held for trading 31.12.2016		1 221	
OTC equity derivatives 31.12.2015		1 485	
Net purchases and sales		-434	
Valuation changes		-247	
OTC equity derivatives 31.12.2016		804	
<p>If the volatility estimate in the options pricing model for level 3 categorized options, is changed to a publicly available historical volatility (12 months), the options market value would change by net EUR -0.09 million. Volatility is the standard deviation or variability of the price of the underlying instrument for a given time period.</p>			
38.	UNREALIZED PROFIT/LOSS FOR FINANCIAL INSTRUMENTS CATEGORIZED IN LEVEL 3	Unrealized P/L at year-end 2016	Unrealized P/L at year-end 2015
Financial assets:			
	Shares and participations classified as held for trading	-116	-715
	Shares and participations, other	-380	-430
	Debt securities	-20	5
	Positive market values from derivatives	165	-548
	Unrealized P/L at year-end, financial assets	-351	-1 688
Financial liabilities:			
	Shares and participations classified as held for trading	-83	-131
	Negative market values from derivatives	-339	558
	Unrealized P/L at year-end, financial liabilities	-422	427
	Total unrealized profit (loss), level 3 instruments	-774	-1 261
Total unrealized profit is recorded in net income from securities transactions.			
41.	SECURITIES LENDING	2016	2015
	Market value of securities lending at 31.12., lent in	30 838	15 830
	Market value of securities lending at 31.12., lent out	282	392

1 000 EUROS		2016	2015
40. FAIR VALUES AND BOOK VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES		2016	2016
		Book value	Fair value
Liquid assets		203 126	203 126
Debt securities eligible for refinancing with central banks		39 137	39 137
Claims on credit institutions		65 969	65 969
Claims on the public and public sector entities		70 432	70 432
Debt securities		183 931	183 931
Shares and participations		65 827	65 827
Derivative contracts		26 910	26 910
Financial liabilities			
Liabilities to credit institutions		5 450	5 450
Liabilities to the public and public sector entities		444 991	444 991
Debt securities issued to the public		46 108	45 607
Derivative contracts and other trading liabilities		40 995	40 995
The lending rate is tied to the Euribor rates, and so the carrying amount of loans is not considered to differ significantly from the fair value.			
41. ASSETS PLEDGED AS COLLATERAL AND OTHER COMMITMENTS		2016	2015
Securities		36 500	38 500
Cash deposits		40 776	42 359
Usage of collateral			
Marketplace collateral, stock- and derivatives trades		13 233	33 545
Collateral for currency trades		2 628	2 607
Collateral for securities lending		26 915	9 206
Bank Of Finland, collateral for daily limit account		34 500	35 500
42. OPERATING LEASES			
Not later than one year		266	187
Over year not later than five year		290	164
43. OTHER RENTAL COMMITMENTS			
Rental liabilities up to one year		1 487	2 411
Rental liabilities over one year and less than 5 years		5 704	196
Rental liabilities over 5 years		2 971	0
44. BREAKDOWN OF OFF-BALANCE SHEET COMMITMENTS			
Commitments given to a third party on behalf of a customer*		4 620	4 963
Irrevocable commitments given in favour of a customer		233	562
Guarantees on behalf of others		514	500
Unused credit facilities, given to clients		2 284	2 441
* Commitments given on behalf of a customer for a third party include collaterals for derivatives positions given on behalf of customers in Nasdaq OMX and New Edge. The customers have covered their derivatives collateral to Evli in full, except for one customer's temporary deficit of EUR 0.3 million. Other irrevocable commitments given on behalf of a customer comprise subscription commitments guaranteed on behalf of customers.			
45. ASSET MANAGEMENT SERVICES OFFERED BY THE CREDIT INSTITUTION (MILLION EUROS)			
Assets under management at Evli Bank's Asset Management as of 31 December			
Gross		11 491	10 263
Net		8 891	7 559
Assets under management on the basis of power of attorney			
Discretionary asset management		3 967	3 926
Consultative asset management		139	155
Total		4 106	4 081

1 000 EUROS

46. ACQUIRED BUSINESSES**Changes in corporate structure 2015**

Evli Bank Plc's wholly owned subsidiary Evli Alternative Investments Ltd was founded on March 9, 2015.

Evli Bank Plc's acquired 90.83 percent of share capital and voting rights of Head Asset Management Ltd on October 19, 2015.

The Lithuanian branch of Evli Bank's subsidiary Evli Securities AS was shut down on December 4, 2015.

Changes in corporate structure 2016

Evli Bank Plc closed down its subsidiary Evli Securities AS on May 4, 2016.

Evli Bank Plc acquired 52 percent of Evli Awards Management Oy, in which it previously had a 45 percent ownership on May 31, 2016.

Evli Bank Plc established a company called Evli Research Partners Ltd, in which it owns 70 percent, on July 1, 2016.

Evli Bank Plc established a company called Evli Investment Solutions Ltd, in which it owns 70 percent, on August 17, 2016.

Evli Bank Plc's 97 percent owned subsidiary Evli Awards Management Ltd acquired 100 percent of share capital and voting rights of EAM Finland Ltd on September 16, 2016.

Evli Bank's wholly owned subsidiary Evli Alternative Investments Ltd acquired 58 percent of the shares of Nordic Shine Ltd on November 8, 2016.

Evli Bank Plc acquired 10.5 percent of Terra Nova Capital Advisors Ltd, in which it previously had a 58 percent ownership on November 22, 2016. The share of ownership after the transaction is 68.5 percent.

Evli Bank Plc acquired Head Asset Management Ltd with a contract signed on September 30, 2015.

After the Financial Supervisory Authority's approval, the share transaction was implemented on October 19, 2015. The acquisition is for 90.83 percent of the target company's share capital and voting rights. The acquisition generated EUR 1,200,000 goodwill.

Head Asset Management Oy's profit from 19.10–31.12.2015 is included in Evli Group's figures 2015.	-1
	-1
ASSETS	Fair values recognized in merger
Cash and cash equivalents	
Claims on credit institutions	2 598
Intangible assets	
Property, plant and equipment	20
Other assets	111
Accrued income and prepayments	61
TOTAL ASSETS	2 790
LIABILITIES AND EQUITY	
LIABILITIES	
Other liabilities	
Accrued expenses and deferred income	50
TOTAL LIABILITIES	50
Net assets	2 740
Acquisition price paid in cash	6 202
Additional transaction price	251
Transaction price allocated into customer contracts	-3 016
Tax liabilities	503
Goodwill	-1 200

1 000 EUROS

47. SUBSIDIARIES AND ASSOCIATES

Subsidiaries and associates	Domicile	In ownership from	In ownership until	Ownership, %	Share of voting rights, %
Evli Fund Management Ltd	Finland			100	100
Evli Life Ltd	Finland			100	100
Evli Awards Management Ltd	Finland			97	97
EAM Finland Ltd	Finland	16/09/16		100	100
Eli Russia Ltd	Finland			100	100
OOO Evli St. Petersburg	Russia		29/02/16	100	100
OOO Evli Moscow	Russia			100	100
AS Evli Securities	Estonia		04/05/16	100	100
Aurator Varainhoito Ltd	Finland			91	91
Evli Corporate Finance AB	Sweden			75	75
Terra Nova Capital Ltd	UAE			69	69
Evli Alternative Investments Ltd	Finland	16/01/15		100	100
EAI Residential Partners Ltd	Finland	08/05/15		78	78
Head Asset Management Ltd	Finland	19/10/15		91	91
Evli Research Partners Ltd	Finland	01/07/16		70	70
Evli Investment Solutions Ltd	Finland	17/08/16		70	70
Nordic Shine Ltd	Finland	08/11/16		58	58
Nordic Shine GP Ltd	Finland	08/11/16		100	100
Minority interest					
Evli Corporate Finance AB	Sweden			25	25
Terra Nova Capital Ltd	UAE			31	31
Evli Research Partners Ltd	Finland			30	30
Evli Investment Solutions Ltd	Finland			30	30
EAI Residential Partners Ltd	Finland			22	22
Nordic Shine Ltd	Finland			42	42
Associated companies					
Northern Horizon Capital A/S	Denmark			50	45

Evli Bank Plc holds 50 percent of the share capital of Northern Horizon Capital A/S, which confers 45 percent of the votes in the company as agreed upon in the partnership agreement. Evli Bank Plc does not have control in the company, which is why the associate is not consolidated. The equity method of accounting is used in the consolidation.

The minority interests recognized in the consolidated financial statements are generated from Evli Corporate Finance AB, Terra Nova Capital Advisors Ltd, Evli Research Partners Ltd, Evli Investment Solutions Ltd, EAI Residential Partners Ltd and Nordic Shine Ltd.

Company	Evli Corporate Finance AB	Terra Nova Capital Advisors Ltd	Evli Research Partners Ltd	Evli Investment Solutions Ltd	EAI Residential Partners Ltd	Nordic Shine Ltd
Domicile	Sweden	UAE	Finland	Finland	Finland	Finland
Assets	1 613	304	327	125	93	283
Liabilities	763	35	319	121	5	43
Profit/Loss	856	-92	5	-37	31	-57

Mutual funds managed on behalf of clients are not consolidated, since the Group has no control over them.

1 000 EUROS			2016	2015
48. RELATED PARTY DISCLOSURES				
The Group's related parties include the parent company, subsidiaries, and associates. Related parties also include the Group management consisting of the members of the board of directors and the Group's management team, as well as the board members of the subsidiaries.				
Compensation of Board of Directors and CEOs				
Salaries, CEOs			-1 637	-1 498
Salaries, Deputy to the CEO			-384	-390
Salaries, members of Board of Directors			-398	-381
Salaries, Members of the Executive Group			-1 700	-1 697
The company does not have any defined benefit pension plans.				
Management remunerations is reported in more detail under 'Compensation' and 'CEO and Executive Group'.				
Transactions with related parties 2016		Subsidiaries	Associated companies	Group management
Sales		12 624	0	2
Purchases		1 275	0	54
Receivables		19 952	0	118
Liabilities		408	0	467
Shares owned by related parties: 13,449,591				
Transactions with related parties 2015				
Sales		9 856	0	2
Purchases		150	0	32
Receivables		1 466	0	90
Liabilities		130	0	1 215
Shares owned by related parties: 13,449,591				
Fees paid to auditors			2016	2015
Audit fees	KPMG		-247	-186
Fees paid to auditors	KPMG		-27	-121
Audit fees	Other		-25	-57
Total			-299	-364

PARENT COMPANY'S INCOME STATEMENT

1 000 EUROS	Note	1.1.–31.12.2016	1.1.–31.12.2015
Interest income	1.	2 858	2 624
Interest expenses	2.	-1 173	-1 181
NET INTEREST INCOME		1 685	1 443
Income from equity investments	3.		
Dividends from Associated companies		3 017	600
Dividends from financial assets valued at fair value		-487	-244
Dividends from group companies		6 241	7 063
Fee and commission income	4.	32 658	31 663
Fee and commission expenses	5.	-3 256	-1 838
Net income from securities transactions and foreign exchange dealing	6.		
Net income from securities transactions		2 527	3 595
Net income from foreign exchange dealing		1 179	1 094
Other operating income	7.	2 734	2 619
NET REVENUE		46 299	45 996
Administrative expenses			
Personnel expenses	8.		
Wages and salaries		-14 158	-14 756
Other social security costs		-938	-907
Pension expenses		-2 742	-2 797
Other administrative expenses	9.	-10 782	-12 719
Depreciation, amortization and impairment charges	10.	-1 116	-1 852
Other operating expenses	11.	-2 989	-3 401
Impairment losses on other financial assets	12.	-797	-1 573
OPERATING PROFIT/LOSS		12 777	7 992
PROFIT BEFORE INCOME TAX		12 777	7 992
Income taxes	13.	-1 092	-493
PROFIT/LOSS FOR THE FINANCIAL YEAR		11 685	7 499

PARENT COMPANY'S BALANCE SHEET

1 000 EUROS	Note	31.12.2016	31.12.2015
ASSETS			
Cash and cash equivalents		203 126	127 986
Debt securities eligible for refinancing with central banks	16.	39 137	38 461
Claims on credit institutions	14.		
Repayable on demand		22 738	73 376
Other than those repayable on demand		40 776	42 359
Claims on the public and public sector entities	15.		
Other than those repayable on demand		71 923	56 765
Debt securities	16.		
On public sector entities		149 234	91 507
Other		34 697	41 458
Shares and participations	17.	48 157	21 807
Shares and participations in associates	18.	4 354	4 354
Shares and participations in group undertakings	18.	27 508	21 241
Derivative contracts	19.	26 910	21 603
Intangible assets	20.	3 635	2 993
Property, plant and equipment	21.	901	931
Other assets	22.	74 035	71 173
Accrued income and prepayments	23.	1 972	1 911
Deferred tax assets	24.	141	441
TOTAL ASSETS		749 243	618 367

PARENT COMPANY'S BALANCE SHEET

1 000 EUROS	Note	31.12.2016	31.12.2015
LIABILITIES AND EQUITY			
LIABILITIES			
Liabilities to credit institutions and central banks	25.		
Credit institutions			
Other than those repayable on demand		5 450	5 530
Liabilities to the public and public sector entities	26.		
Deposits			
Repayable on demand		464 586	370 525
Other		72	281
Debt securities issued to the public	27.		
Bonds		36 142	35 722
Other		9 966	
Derivative contracts and other trading liabilities	28.	40 995	36 468
Other liabilities	29.	118 414	99 240
Accrued expenses and deferred income	30.	5 224	6 172
Deferred tax liabilities	31.	0	68
TOTAL LIABILITIES		680 849	554 006
EQUITY	32.		
Share capital		30 194	30 194
Share premium fund		1 839	1 839
Unrestricted reserves			
Fund of invested non-restricted equity		24 245	24 976
Retained earnings		431	-148
Profit/loss for financial year		11 685	7 499
TOTAL EQUITY		68 394	64 361
TOTAL LIABILITIES AND EQUITY		749 243	618 367

PARENT COMPANY'S STATEMENT OF CASH FLOW

1 000 EUROS	1.1.–31.12.2016	1.1.–31.12.2015
Cash flow from operating activities		
Interest and commission received and proceeds from securities transactions incl. dividends	68 225	51 839
Interest and commissions paid	-4 461	-3 233
Cash payments to employees and suppliers	-33 709	-31 838
Increase (-) or decrease in operating assets:		
Net change in trading book assets and liabilities	-82 623	-82 955
Deposits held for regulatory or monetary control purposes	1 583	6 935
Issue of loan capital	10 386	2 627
Funds advanced to customers	77 150	93 447
Net cash from operating activities before income taxes	36 553	36 824
Income taxes	-514	-870
Net cash used in operating activities	34 481	35 953
Cash flow from investing activities		
Proceeds from sales of subsidiaries and associates	-6 388	-6 905
Dividend received	6 241	7 063
Interest received	40	47
Acquisition of property, plant and equipment and intangible assets	-1 728	-1 099
Group loans receivables	-1 444	374
Net cash used in investing activities	-3 279	-520
Cash flow from financing activities		
Proceeds from issue of share capital	0	14 853
Purchase of own shares	-731	-75
Payment of finance lease liabilities	-290	-284
Dividends paid	-7 227	-8 584
Net cash from financing activities	-8 248	5 911
Net increase in cash and cash equivalents	24 511	41 343
Cash and cash equivalents at beginning of period	201 362	160 011
Effects of exchange rate changes on cash and cash equivalents	-9	0
Cash and cash equivalents* at end of period	225 864	201 362
* Cash and cash equivalents include cash and cash equivalents and claims on credit institutions repayable on demand.		

PARENT COMPANY'S ACCOUNTING POLICIES

Basic information on the company

Evli Bank Plc is domiciled in Helsinki and its registered address is Aleksanterinkatu 19 A, 00101 Helsinki.

Evli Bank Plc's financial statements are prepared and presented in accordance with the regulations of the Act on Credit Institutions, the Ministry of Finance decision regarding credit institutions' and investment services providers' financial statements and the Financial Supervisory Authority's regulations. The Accounting Act and the regulations on financial statements of the Limited Liability Companies Act are complied with, with the exceptions stated in Section 30(2) of the Act on Credit Institutions.

Evli Bank Plc's notes to the separate financial statements correspond to the exceptions listed below the Evli Group's principles.

Employee benefits

Evli finances all its retirement plans as payments to employee pension companies.

Income taxes

Deferred tax is generally calculated on all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The largest temporary differences arise from the depreciation of fixed assets.

Leases

Leases of property, plant and equipment in which the company bears a substantial portion of the risks and rewards of ownership are classified as finance leases. In the parent company financial statements, the payment made on the basis of such leases are treated as rental expenses. The assets acquired through finance leases are also not recognized in the balance sheet.

Acquired businesses

On May 31, 2016 Evli acquired the remainder of Evli Alexander Management Oy, in which it previously had a 45 percent ownership.

According to the contract of sale dated November 8, 2016, Evli acquired 58 percent of the shares of Nordic Shine Ltd.

NOTES TO INCOME STATEMENT

1 000 EUROS		2016	2015	
1. INTEREST INCOME				
At fair value through profit or loss				
Debt securities		663	820	
Interest income from other loans and claims				
Claims on credit institutions		268	557	
Claims on the public and public sector entities		1 051	1 012	
Other interest income		877	236	
Interest income, total		2 858	2 624	
2. INTEREST EXPENSES				
Liabilities to the public, public sector entities and credit institutions		-788	-492	
Debt securities issued to the public		-377	-675	
Other interest expenses		-8	-15	
Interest expenses, total		-1 173	-1 181	
3. NET INCOME FROM SECURITIES TRANSACTIONS AND FOREIGN EXCHANGE DEALING				
Dividends from Associated companies		3 017	600	
Dividends from financial assets valued at fair value		-487	-244	
Dividends from group companies		6 241	7 063	
Income from equity investments, total		8 772	7 420	
4. COMMISSION INCOME				
Credit related fees and commissions		71	25	
Income from payment transactions		55	51	
Advisory services		1 245	1 108	
Securities brokerage		8 033	10 317	
Mutual funds		12 253	10 390	
Asset management		6 228	5 706	
Custody services		4 639	4 005	
Other operations		133	62	
Commission income, total		32 658	31 663	
5. COMMISSION EXPENSES				
Trading fees paid to stock exchanges		-772	-543	
Other		-2 484	-1 294	
Commission expenses, total		-3 256	-1 838	
6. NET INCOME FROM SECURITIES TRANSACTIONS AND FOREIGN EXCHANGE DEALING				
Net income from securities transactions				
Financial assets held for trading		1 506	3 804	
Financial assets at fair value through profit or loss		1 022	-209	
Financial assets available for sale		0	0	
Net income from securities transactions, total		2 527	3 595	
Net income from securities transactions by instrument	Gains and losses on sales	Changes in fair value	Total	Total
Debt securities	560	370	930	282
Shares and derivative contracts	2 501	-904	1 597	3 313
Net income from securities transactions, total	3 061	-534	2 527	3 595
Net income from foreign exchange operations			1 179	1 094
Net income from securities transactions and foreign exchange operations, total			3 707	4 690

1 000 EUROS		2016	2015
7. OTHER OPERATING INCOME			
Rental income		153	275
Other income		2 581	2 343
Other operating income, total		2 734	2 619
8. EMPLOYEE BENEFITS		2016	2015
Wages and salaries		-14 158	-14 756
- of which bonuses	-854		-1 744
Other social security costs		-938	-907
- of which relating to bonuses	-11		-37
Pension expenses		-2 742	-2 797
- of which relating to bonuses	-151		-314
- defined contribution plans	-2 742		-2 797
Employee benefits, total		-17 838	-18 460
		2016	2015
Number of personnel during the period, average		160	164
Number of personnel at the end of the period		155	166
Employees by business segment at the end of the period			
Markets		13	24
Corporate finance		4	4
Asset management		56	54
Administration and other		82	84
Total		155	166
9. OTHER ADMINISTRATIVE EXPENSES			
Office maintenance expenses		-558	-488
Office expenses		-805	-852
Telephone and postage expenses		-275	-323
Information expenses		-2 217	-2 391
IT related expenses		-3 549	-3 438
Business expenses		-471	-481
Travel Expenses		-397	-434
Car costs		-66	-78
Other human resources related expenses		-417	-633
Marketing expenses		-725	-1 732
Banking and custodian expenses		-525	-588
External services fees		-775	-734
Expenses related to IPO		0	-545
Other administrative expenses, total		-10 782	-12 719
10. DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES			
Depreciation and amortization			
Applications and software		-649	-1 050
Other intangible assets		-392	-531
Equipment and furniture		-75	-271
Depreciation, amortization and impairment losses, total		-1 116	-1 852

1 000 EUROS		2016	2015
11. OTHER OPERATING EXPENSES			
Supervision expenses		-86	-48
Rental expenses		-2 896	-3 165
Other expenses		-8	-188
Other operating expenses, total		-2 989	-3 401
12. IMPAIRMENT LOSSES ON LOANS AND OTHER COMMITMENTS AND OTHER FINANCIAL ASSETS			
Claims on the public and public sector entities			
Actual impairment losses		0	0
Other financial impairment losses			
Impairment losses from subsidiary shares		-797	-1 573
Impairment losses, total		-797	-1 573
13. INCOME TAXES			
Current tax expense		-952	-529
Taxes from previous years		93	-92
Deferred taxes		-233	128
Other taxes		-1	0
Income taxes, total		-1 092	-493

NOTES TO BALANCE SHEET

1 000 EUROS		2016	2015
14. CLAIMS ON CREDIT INSTITUTIONS			
Repayable on demand			
Domestic credit institutions		21 772	69 117
Foreign credit institutions		966	4 259
Repayable on demand, total		22 738	73 376
Other than repayable on demand			
Domestic credit institutions		21 387	2 576
Foreign credit institutions		19 388	39 783
Other than repayable on demand, total		40 776	42 359
Claims on credit institutions, total		63 514	115 735
15. CLAIMS ON THE PUBLIC AND PUBLIC SECTOR ENTITIES BY SECTOR			
Repayable on demand			
Other than repayable on demand			
Enterprises and housing associations		8 315	5 093
Financial and insurance corporations		1 152	722
Households		57 845	46 714
Subordinated loans to subsidiaries		493	0
Foreign countries		4 118	4 236
Other than repayable on demand, total		71 923	56 765
Claims on the public and public sector entities by sector, total		71 923	56 765
<p>Evli Bank Plc has granted subordinated loans to its subsidiaries Evli Alternative Investments Ltd amounting EUR 453,062.18 and to Evli Investment Solutions Ltd amounting EUR 40,000. The loans do not accrue interest, they do not have a maturity date and can be repaid only to the extent that companies' distributable assets exceed the amount of loss in the balance sheet for the financial year.</p>			

1 000 EUROS			2016	2015
16. DEBT SECURITIES	Publicly quoted	Others	Total	Total
Issued by public corporations				
Local government notes	0	149 234	149 234	91 507
Issued by public corporations, total	0	149 234	149 234	91 507
Issued by other than public corporations				
Bonds issued by banks	41 145	12 090	53 234	70 944
Other debt securities	4 650	15 949	20 599	8 976
Issued by other than public corporations, total	45 795	28 039	73 833	79 920
Debt securities, total			223 067	171 426
Debt securities by balance sheet category				
Debt securities eligible for refinancing with central banks				
On public sector entities			0	0
Other			39 137	38 461
Debt securities				
On public sector entities			149 234	91 507
Other			34 697	41 458
Total			223 067	171 426
Debt securities by country				
Finland			190 385	122 685
Sweden			18 145	13 129
Canada			13 026	13 003
Denmark			1 511	0
Australia			0	14 435
Holland			0	6 008
France			0	2 168

1 000 EUROS			
17. SHARES AND PARTICIPATIONS			
Fair valued through profit or loss			
2016			
Balance sheet category	Publicly quoted	Other	Total
Shares and participations			
Valued at fair value through profit or loss			
Held for trading	27 883	54	27 937
Other	14 562	5 659	20 220
Shares and participations, total	42 445	5 712	48 157
2015			
Balance sheet category	Publicly quoted	Other	Total
Shares and participations			
Valued at fair value through profit or loss			
Held for trading	14 461	112	14 573
Other	419	6 815	7 234
Shares and participations, total	14 880	6 927	21 807
Net risk position is described on the section 'Risk Management', 'Market risks'.			
18. SHARES AND PARTICIPATIONS IN ASSOCIATES AND JOINT VENTURES			
	2016	2015	
At the beginning of the period	4 354	4 354	
Additions	0	0	
Disposals	0	0	
At the end of the period	4 354	4 354	
Shares and participations in group undertakings			
At the beginning of the period	21 241	15 909	
Additions	7 513	6 905	
Impairment	-1 246	-1 573	
At the end of the period	27 508	21 241	

1 000 EUROS							
19. DERIVATIVE CONTRACTS							
Overall effect of risks associated with derivative contracts							
Nominal value of underlying, brutto					2016	2016	
Remaining maturity							
Held for trading	Less than 1 year	1–5 years	5–15 years	Fair value (+/-)	ASSETS	LIABILITIES	
Interest rate derivatives							
Interest rate swaps	0	11 954	0	0	0	0	
Currency-linked derivatives	2 697 171	0	0	3	24 459	24 456	
Equity-linked derivatives							
Futures	15 602	0	0	376	457	81	
Options bought	103 713	56 289	2 350	1 571	1 872	301	
Options sold	76 942	56 289	2 350	-1 324	122	1 446	
Other derivatives							
Held for trading, total	2 893 428	124 532	4 700	625	26 910	26 285	
Derivative contracts, total	2 893 428	124 532	4 700	625	26 910	26 285	
Overall effect of risks associated with derivative contracts							
					2015	2015	
Held for trading							
Interest rate derivatives							
Interest rate swaps	0	7 394	2 870	0	0	0	
Currency-linked derivatives	2 306 309	0	0	270	17 676	17 406	
Equity-linked derivatives							
Futures	6 179	0	0	305	385	80	
Bought	26 441	27 349	2 750	2 259	2 394	135	
Sold	45 890	27 430	2 750	-3 810	1 148	4 958	
Other derivatives							
Held for trading, total	2 384 820	62 173	8 370	-976	21 603	22 579	
Derivative contracts, total	2 384 820	62 173	8 370	-976	21 603	22 579	
<p>Equity derivatives held for trading, and other liabilities held for trading (notes 19 and 28) hedge the equity delta risk for shares and participations in the trading book (note 17). The delta-adjusted equity risk was at the end of 2016 EUR 8.0 million, including shares and participations in the banking book.</p> <p>Equity derivatives in the banking book hedge the equity risk in equity-linked bonds issued to the public.</p> <p>The interest rate derivatives hedge the interest rate risk in assets and liabilities in the balance sheet.</p> <p>Currency derivatives comprise commitments made against clients and the associated hedges, and contracts made to hedge currency risk in the balance sheet. The net open risk position of the total amount is small. The largest part of the contracts are in SEK (EUR 1,511 million), and in USD (EUR 508 million).</p>							

1 000 EUROS	2016	2015
20. INTANGIBLE ASSETS		
Software or projects in progress		
Cost at 1.1.	944	38
Transfer between balance items	-1 893	0
Increases	1 230	906
Cost at 31.12.	282	944
Book value at 31.12.	282	944
Applications and software		
Cost at 1.1.	16 354	16 230
Transfer between balance items	1 893	0
Increases	453	123
Cost at 31.12.	18 699	16 354
Accumulated amortisation and impairment losses at 1.1.	-15 365	-14 315
Amortisation for the period	-649	-1 050
Accumulated amortisation and impairment losses at 31.12.	-16 014	-15 365
Book value at 31.12.	2 685	989
Depreciation leasehold improvements FAS		
Acquisition cost at 1.1.	1 401	1 401
Acquisition cost at 31.12.	1 401	1 401
Accumulated depreciation at 1.1.	-601	-470
Depreciation for the period	-131	-131
Accumulated depreciation at 31.12.	-733	-601
Book value at 31.12.	668	800
Other intangible assets		
Cost at 1.1.	4 197	4 215
Decreases	0	-18
Cost at 31.12.	4 197	4 197
Accumulated amortisation and impairment losses at 1.1.	-3 937	-3 561
Amortisation for the period	-260	-400
Accumulated depreciation in respect of decreases	0	23
Accumulated amortisation and impairment losses at 31.12.	-4 197	-3 937
Book value at 31.12.	0	260
Intangible assets, total at 31.12.	3 635	2 993
Book value of intangible assets at 31.12.	3 635	2 993

1 000 EUROS		2016	2015
21. PROPERTY, PLANT AND EQUIPMENT			
Equipment and furniture			
Cost at 1.1.	6 339	6 274	
Increases	46	64	
Cost at 31.12.	6 384	6 339	
Accumulated depreciation at 1.1.	-6 009	-5 738	
Depreciation for the period	-75	-271	
Accumulated depreciation 31.12.	-6 084	-6 009	
Book value at 31.12.	300	330	
Property, plant, and equipment, total 31.12.	300	330	
Other tangible assets			
Cost at 1.1.	601	601	
Increases	0	0	
Cost at 31.12.	601	601	
Book value at 31.12.	601	601	
Property, plant and equipment, total at 31.12.	901	931	
Book value of tangible assets at 31.12.	901	931	
22. OTHER ASSETS			
Securities sale receivables	7 668	1 581	
Commission receivables	2 305	2 744	
Securities broking receivables	63 097	66 105	
Other receivables	966	744	
Other assets total	74 035	71 173	
23. ACCRUED INCOME AND PREPAYMENTS			
Interest	206	414	
Taxes	31	100	
Staff-related	557	23	
Other items	1 178	1 374	
Accrued income and prepayments total	1 972	1 911	
24. Deferred tax assets			
Due to timing differences	141	441	
Deferred tax assets total	141	441	
Deferred tax assets result from timing differences in fixed asset depreciation.			
25. LIABILITIES TO CREDIT INSTITUTIONS AND CENTRAL BANKS			
Credit institutions			
Repayable on demand	0	0	
Other than repayable on demand	5 450	5 530	
Liabilities to credit institutions and central banks, total	5 450	5 530	
26. LIABILITIES TO THE PUBLIC AND PUBLIC SECTOR ENTITIES			
Deposits			
Repayable on demand	464 586	370 525	
Other than repayable on demand	72	281	
Liabilities to the public and public sector entities, total	464 658	370 807	

1 000 EUROS		2016	2015
27. DEBT SECURITIES ISSUED TO THE PUBLIC			
Certificate of deposits		9 966	0
Bonds		36 142	35 722
Debt securities issued to the public, total		46 108	35 722
Changes in bonds issued to the public			
Issues		7 187	14 959
Repurchases		8 184	12 268
28. DERIVATIVE CONTRACTS AND OTHER LIABILITIES HELD FOR TRADING			
Derivative contracts		26 285	22 579
Due to short selling of shares		14 710	13 889
Derivative contracts and other liabilities held for trading, total		40 995	36 468
29. BREAKDOWN OF OTHER LIABILITIES			
Securities broking liabilities		68 478	75 582
Securities purchase liabilities		17 386	15 213
Income tax payable		185	64
Personnel related		458	507
Other short-term liabilities		3 154	4 083
Prepayments of cash customers		28 620	3 505
VAT payable		133	285
Other liabilities, total		118 414	99 240
30. ACCRUED EXPENSES AND DEFERRED INCOME			
Interest		183	214
Tax payables		192	36
Personnel related		4 022	5 170
Other accrued expenses		826	751
Accrued expenses and deferred income, total		5 224	6 172
31. DEFERRED TAX LIABILITIES			
Due to timing differences		0	68
Deferred tax liability, total		0	68
32. CHANGES IN EQUITY CAPITAL			
Share capital			
Book value 1.1		30 194	30 194
Book value 31.12		30 194	30 194
Share premium			
Book value 1.1		1 839	1 839
Book value 31.12		1 839	1 839
Fund of invested non-restricted equity			
Book value 1.1		24 976	13 500
Increases		0	15 798
Decreases		0	-4 247
Acquisition of own shares		-731	-75
Book value 31.12		24 245	24 976
Retained earnings from previous years			
Book value 1.1		7 351	4 668
Increases		307	20
Decreases		-7 227	-4 836
Transfers between other items			
Book value 31.12		431	-148
Profit/loss for financial year		11 685	7 499

1 000 EUROS		2016	2015			
33. OWN SHARES HELD BY THE CREDIT INSTITUTION						
	The credit institution holds own shares 209 540					
	The cost of own shares is € 731 286.22					
	The cost of purchase has been deducted from unrestricted equity.					
34. SHARE CAPITAL, PARENT COMPANY						
	Evli has two share series: series A and series B, whose rights are determined in the manner specifies in the amended Articles of Association. The main difference between the share series concerns the voting rights. The A share confers 20 votes in a General Meeting while a B share confers one vote.					
	Number of A shares	16 962 136 pcs				
	Number of B shares	6 351 784 pcs				
	Total number of shares is	23 313 920 pcs				
35. MATURITIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES OF CREDIT INSTITUTION						
	Due to the nature of the business, predicting future cashflows is difficult, especially for derivative contracts. The maturities of derivatives are also provided in note 19, with the nominal value of the underlying instrument as basis, which does not conform to real cash flows. Debt securities, loans and other claims, derivatives and financial liabilities at amortized cost are reported in the maturity class according to the maturity of the instrument. Shares and participations are reported so that quoted shares in the trading book and quoted mutual funds are in the shortest maturity period,. Unquoted shares are reported according to the estimated liquidation period, and venture capital- and real estate funds are reported according to the expected ending day of the fund.					
2016	less than 3 months	3–12 months	1–5 years	5–10 years	more than 10 years	Total
Assets						
Cash and cash equivalents	203 126					203 126
Loans and other claims						
Claims on credit institutions	63 514	0	0	0	0	63 514
Claims on the public and public sector entities	8 575	19 205	43 741	402	0	71 923
Financial assets at fair value through profit or loss						
Debt securities eligible for refinancing with central banks	4 002	8 009	27 126	0	0	39 137
Debt securities	136 338	36 409	11 115	69	0	183 931
Shares and participations	42 444	3 813	0	1 901	0	48 157
Derivative contracts	22 003	4 284	623	0	0	26 910
Financial assets available for sale						
Shares and participations	0	0	0	0	0	0
Accrued interest	127	7	71	0	0	206
Debts						
Financial liabilities at amortized cost						
Liabilities to credit institutions	2 450	3 000	0	0	0	5 450
Liabilities to the public and public sector entities	464 654	4	0	0	0	464 658
Debt securities issued to the public	0	11 200	30 247	4 660	0	46 108
Subordinated liabilities	0	0	0	0	0	0
Financial liabilities at fair value through profit or loss	36 416	3 905	674	0	0	40 995
Accrued interest	183	0	0	0	0	183
Off-balance sheet commitments	7 419	158	75	0	0	7 651

1 000 EUROS						
2015	less than 3 months	3–12 months	1–5 years	5–10 years	more than 10 years	Total
Assets						
Cash and cash equivalents	127 986					127 986
Loans and other claims						
Claims on credit institutions	115 735	0	0	0	0	115 735
Claims on the public and public sector entities	2 568	24 270	29 484	443	0	56 765
Financial assets at fair value through profit or loss						
Debt securities eligible for refinancing with central banks	1 000	12 518	24 944	0	0	38 461
Debt securities	91 252	17 520	24 088	105	0	132 965
Shares and participations	14 993	417	4 634	1 764	0	21 807
Derivative contracts	15 901	5 198	504	0	0	21 603
Financial assets available for sale						
Shares and participations	0	0	0	0	0	0
Accrued interest	346	68	0	0	0	414
Debts						
Financial liabilities at amortized cost						
Liabilities to credit institutions	3 530	2 000	0	0	0	5 530
Liabilities to the public and public sector entities	370 620	172	15	0	0	370 807
Debt securities issued to the public	200	4 078	24 725	6 720	0	35 722
Subordinated liabilities	0	0	0	0	0	0
Financial liabilities at fair value through profit or loss						
Accrued interest	213	1	0	0	0	214
Off-balance sheet commitments	7 903	392	170	0	0	8 465
Commitments outside the balance sheet are presented in Note 42.						
36. ASSETS AND LIABILITIES DENOMINATED IN DOMESTIC AND FOREIGN CURRENCY						
Balance sheet item	Domestic	Foreign currency	2016 Total	Domestic	Foreign currency	2015 Total
Loans and other claims						
Cash on hand	203 126	0	203 126	127 986	0	127 986
Claims on credit institutions	38 884	24 629	63 514	111 842	3 893	115 735
Claims on the public and public sector entities	71 727	196	71 923	56 764	1	56 765
Financial assets at fair value through profit or loss						
Debt securities	223 067	0	223 067	171 426	0	171 426
Shares and participations	44 639	3 519	48 157	19 113	2 694	21 807
Derivative financial instruments	26 882	28	26 910	21 559	44	21 603
Other assets	95 486	17 060	112 546	95 266	7 778	103 043
Total	703 811	45 432	749 243	603 957	14 410	618 367
Financial liabilities at amortized cost						
Liabilities to credit institutions	5 450	0	5 450	5 530	0	5 530
Liabilities to the public and public sector entities	418 796	45 862	464 658	330 269	40 538	370 807
Debt securities issued to the public	46 108	0	46 108	35 722	0	35 722
Financial assets at fair value through profit or loss						
Derivative contracts and liabilities held for trading	40 945	50	40 995	36 446	22	36 468
Other liabilities	97 192	26 446	123 638	92 497	12 983	105 480
Total	608 492	72 357	680 849	500 464	53 542	554 006
The largest foreign currency assets and liabilities are in SEK (assets EUR 30.1 million, liabilities EUR 30.9 million) and USD (assets EUR 10.5 million, liabilities EUR 31.6 million).						
37. SECURITIES LENDING				2016	2015	
Market value of securities lending at 31.12., lent in				30 838	15 830	
Market value of securities lending at 31.12., lent out				282	392	

1 000 EUROS		
38. FAIR VALUES AND BOOK VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES	Book value	Fair value
	2016	2016
Liquid assets	203 126	203 126
Debt securities eligible for refinancing with central banks	39 137	39 137
Claims on credit institutions	63 514	63 514
Claims on the public and public sector entities	71 923	71 923
Debt securities	183 931	183 931
Shares and participations	48 157	48 157
Shares and participations in group undertakings	27 508	27 508
Derivative contracts	26 910	26 910
Financial liabilities		
Liabilities to credit institutions	5 450	5 450
Liabilities to the public and public sector entities	464 658	464 658
Debt securities issued to the public	46 108	45 607
Derivative contracts and other trading liabilities	40 995	40 995
39. ASSETS PLEDGED AS COLLATERAL AND OTHER COMMITMENTS	2016	2015
Securities	36 500	38 500
Cash deposits	40 776	42 359
Usage of collateral		
Markeplace collateral, stock- and derivatives trades	13 233	33 545
Collateral for currency trades	2 628	2 607
Collateral for securities lending	26 915	9 206
Bank Of Finland, collateral for daily limit account	34 500	35 500
40. OPERATING LEASES		
Not later than one year	264	176
Over year not later than five year	290	151
41. OTHER RENTAL COMMITMENTS		
Rental liabilities up to one year	1 487	2 411
Rental liabilities over one year and less than 5 years	5 704	196
Rental liabilities over 5 years	2 971	0
42. BREAKDOWN OF OFF-BALANCE SHEET COMMITMENTS		
Commitments given to a third party on behalf of a customer*	4 620	4 963
Irrevocable commitments given in favour of a customer	233	562
Guarantees on behalf of others	514	500
Unused credit facilities, given to clients	2 284	2 441
* Commitments given on behalf of a customer for a third party include collaterals for derivatives positions given on behalf of customers in Nasdaq OMX and New Edge. The customers have covered their derivatives collateral to Evli in full, except for one customer's temporary deficit of EUR 0.3 million. Other irrevocable commitments given on behalf of a customer comprise subscription commitments guaranteed on behalf of customers.		
43. ASSET MANAGEMENT SERVICES OFFERED BY THE CREDIT INSTITUTION, M€		
Assets under management at Evli Bank's Asset Management as of December 31		
Gross	11 491	10 263
Net	8 691	7 559
Assets under management on the basis of power of attorney		
Discretionary asset management	3 967	3 926
Consultative asset management	139	155
Total	4 106	4 081

SHARES AND SHAREHOLDERS

Evli's shares and share capital

Evli Bank has two share series, series A shares and series B shares. A series A share confers twenty (20) votes and a series B share confers one (1) vote at the General Meeting. The share series have identical entitlements to dividends and other profit distribution. The company's series B shares are listed on the official list of Nasdaq Helsinki with the ticker symbol "EVLI" and ISIN code FI4000170915. The total number of shareholders at the end of the financial year was 2,238 (2,642).

At the end of December, 2016, Evli Bank Plc's total number of shares was 23,313,920 shares, of which 16,962,136 were series A shares and 6,351,784 were series B shares. The company held 209,540 series A shares.

The company's share capital was EUR 30,194,097.31 at the end of the review period. No changes took place in the share capital.

Under Article 4 of its Articles of Association, Evli's A-shares can be converted to B-shares. The company converted 9,000 A shares into B shares on February 10, 2016. Public trading on the converted shares began at Nasdaq Helsinki Ltd on February 11, 2016.

Share price and trading

At the end of December, Evli had 6,351,784 series B shares subject to public trading on Nasdaq Helsinki Ltd. Trading in the shares in January-December came to EUR 5.9 million, with 855,048 Evli shares traded. The highest share price during the review period was EUR 8.09 and the lowest was EUR 6.56. The share price on December 31, 2016 was EUR 6.75. Evli's market capitalization was EUR 157.4 million on December

31, 2016. The market capitalization is calculated on the basis of both unlisted series A shares and listed series B shares. Series A shares are valued at the closing value of the series B share at the end of the reporting period.

Holdings of Board members, the CEO and Executive Group members

At the end of 2016, Evli's Board members held, either directly or through controlled corporations, altogether 11,890,278 shares that make about 51.00 percent of the company's total shares and about 55.49 percent of the company's total votes*. At the end of 2016, Evli's CEO held 542,160 shares that make about 2.33 percent of the company's total shares and about 2.54 percent of the company's total votes. In addition he had 42,000 option rights 2014 and 40,000 option rights 2016. The other members of the Executive Group together held 1 016 047 shares that make about 4.36 percent of the company's total shares and about 4.76 percent of the company's total votes. The Executive Group had 35,000 option rights 2016. The Board members had no option rights at the close of 2016.

Board authorizations

The Annual General Meeting authorized the Board of Directors to decide on the repurchase of the company's own series A and series B shares in one or more lots.

The total number of own series A shares to be repurchased may be a maximum of 1,696,213 shares, and the total number of own series B shares to be repurchased may be a maximum of 635,178 shares, which corresponds to a total of approximately 10 percent of the total number of company's own

shares on the date of the Notice of Annual General Meeting on February 15, 2016. On the basis of the authorization, the company's own shares may only be repurchased with unrestricted equity. The company's own shares may be repurchased at the price formed for series B shares in public trading or at the price otherwise formed on the market on the purchase day. The Board of Directors will decide how the company's own shares will be repurchased. Financial instruments such as derivatives may be used in the purchasing. The company's own shares may be repurchased in other proportion than the shareholders' proportional shareholdings (private purchase). The authorization will replace earlier unused authorizations to repurchase the company's own shares. The authorization will be in force until the next Annual General Meeting but not later than until June 30, 2017.

The Annual General Meeting authorized the Board of Directors to decide on the issuance of shares and special rights entitling to shares pursuant to Chapter 10, section 1, of the Limited Liability Companies Act in one or more lots, for a fee or free of charge. Based on the authorization, the number of shares issued or transferred, including shares received on the basis of special rights, may total a maximum of 2,331,392 series B shares, which corresponds to a total of approximately 10 percent of the total number of company's own shares on the date of the Notice of Annual General Meeting on February 15, 2016. Of the above-mentioned total number, however, a maximum of 233,139 shares may be used as part of the company's share-based incentive schemes, which corresponds to approximately one per-

Share price development (series B share) and trading volume 2.12.2015–31.12.2016



* Includes holdings of Ingman Group Oy Ab

cent of all the shares of the company. The authorization will entitle the Board of Directors to decide on all the terms and conditions related to the issuing of shares and special rights entitling to shares, including the right to deviate from the shareholders' pre-emptive subscription rights. The Board of Directors may decide to issue either new shares or any own shares in the possession of the company. The authorization will replace earlier unused authorizations concerning the issuance of shares as well as the issuance of options and other special rights entitling to shares. The authorization is proposed to be in force until the end of the next Annual General Meeting but not longer than until June 30, 2017.

The Board of Directors used the authorization granted by the Annual General Meeting on March 8, 2016 to issue stock options and/or for issuing special rights entitling the holder to shares pursuant to chapter 10, section 1 of the Limited Liability Companies Act, after a decision was made on June 14, 2016 to offer the company's key employees a maximum of 233,000 stock options that entitle their holders to subscribe for a total of 233,000 of the company's new shares in accordance with the terms and conditions of the stock option program.

In accordance with the shareholder agreement, the company acquired 201,540 of its own unlisted A shares on July 15, 2016 as a result of the termination of an employ-

ment relationship. The consideration paid in the transaction was, according to the terms and conditions of the shareholder agreement, 50 percent of the B share's closing price on Nasdaq Helsinki Ltd on July 14, 2016.

In accordance with the shareholder agreement, the company acquired 8,000 of its own unlisted A shares on October 24, 2016 as a result of the termination of an employment relationship. The consideration paid in the transaction was, according to the terms and conditions of the shareholder agreement, 50 percent of the B share's closing price on Nasdaq Helsinki Ltd on October 21, 2016.

1 000 EUROS						
LARGEST SHAREHOLDERS AND SHARE OWNERSHIP BREAKDOWN						
	A-share	B-share	Shares total	% of all shares	% of all votes	
Oy Prandium Ab	3 803 280	950 820	4 754 100	20.39	22.29	
Oy Scripo Ab	3 803 280	950 820	4 754 100	20.39	22.29	
Oy Fincorp Ab	2 319 780	571 945	2 891 725	12.40	13.59	
Ingman Group Oy Ab	1 860 000	500 000	2 360 000	10.12	10.91	
Maunu Lehtimäki	433 728	108 432	542 160	2.33	2.54	
Tallberg Claes	369 756	92 439	462 195	1.98	2.17	
Hollfast John Erik	328 320	82 080	410 400	1.76	1.92	
Thunekov AB	224 000	56 000	280 000	1.20	1.31	
Ridgeback Advisory AB	210 000	16 145	226 145	0.97	1.22	
Panu Jousimies	179 072	44 868	223 940	0.96	1.05	
	13 531 216	3 373 549	16 904 765	72.51	79.29	
Others	3 430 920	2 978 235	6 409 155	27.49	20.71	
Total	16 962 136	6 351 784	23 313 920	100.00	100.00	
Breakdown of shareholdings by owner group	Number of shareholders	Number of shares	Number of votes	Proportion of shareholders, %	Proportion of shares, %	Proportion of votes, %
National economy total (domestic sector)						
1. Households	2 033	5 626 577	79 831 077	90.8	24.1	23.1
2. Companies	154	15 724 091	245 340 915	6.9	67.4	71.0
3. Financial and insurance institutions	17	756 355	4 737 615	0.8	3.2	1.4
4. Non-profit institutions	9	255 121	255 121	0.4	1.1	0.1
Foreigners						
5. European Union	9	39 412	267 412	0.4	0.2	0.1
6. Other countries	17	912 364	15 162 364	0.8	3.9	4.4
Total	2 239	23 313 920	345 594 504	100.0	100.0	100.0
of which nominee registered		111 737	111 737		0.5	0.0
Breakdown of shareholdings by size class	Number of shareholders	Number of shares	Number of votes	Proportion of shareholders, %	Proportion of shares, %	Proportion of votes, %
1. 1-100	346	27 203	27 203	15.5	0.1	0.0
2. 101-500	1 420	251 861	251 861	63.4	1.1	0.1
3. 501-1 000	156	116 278	116 278	7.0	0.5	0.0
4. 1 001-5 000	194	441 099	547 499	8.7	1.9	0.2
5. 5 001-10 000	29	215 777	838 977	1.3	0.9	0.2
6. 10 001-50 000	48	1 124 998	10 583 350	2.1	4.8	3.1
7. 50 001-100 000	19	1 295 607	14 502 583	1.0	6.0	4.0
8. 100 001-500 000	22	4 539 012	71 243 376	1.0	19.0	21.0
9. 500 001-	5	15 302 085	247 483 377	0.0	66.0	72.0
Total	2 239	23 313 920	345 594 504	100.0	100.0	100.0

1 000 EUROS					
CHANGES IN THE SHARE CAPITAL, BOARD AUTHORIZATIONS AND OPTION PROGRAMS					
	Number of own shares held	Number of outstanding shares	Share capital	Share premium fund	Fund of invested non-restricted equity
1.1.2015	5 125	4 091 534	30 194	1 839	13 178
Aquisition of own shares 2015 authorization	6 250	-6 250	0	0	-75
Nullification of own shares 2015 authorization	-11 375	0	0	0	0
Share issue 2014 authorization	0	157 500	0	0	1 623
Additional return of capital 2015 authorization	0	0	0	0	-4 247
Share issue 2015 authorization	0	16 971 136	0	0	0
IPO 2015 authorization	0	2 100 000	0	0	14 175
Expenses related to IPO 2015 authorization	0	0	0	0	-436
31.12.2015	0	23 313 920	30 194	1 839	24 218
Total number of shares		23 313 920			24 218
1.1.2016	5 125	4 091 534	30 194	1 839	24 218
Aquisition of own shares 2016 authorization	201 540	-201 540	0	0	-703
Aquisition of own shares 2016 authorization	8 000	-8 000	0	0	-28
Acquisition of minority interest	0	0	0	0	-6 238
Sale of subsidiary shares	0	0	0	0	350
Translation difference	0	0	0	0	81
Expenses related to IPO 2015 authorization	0	0	0	0	-4
Transfer from retained earnings	0	0	0	0	700
31.12.2016	214 665	3 881 994	30 194	1 839	18 374
Total number of shares		4 096 659			18 374
Option programs					
Description of the stock option program in chapter Remuneration					
<p>The Board of Directors used the authorization granted by the AGM on March 8, 2016 to issue stock options and/or for issuing special rights entitling the holder to shares pursuant to chapter 10, section 1 of the Limited Liability Companies Act, after a decision was made on June 14, 2016 to offer the company's key employees a maximum of 233,000 stock options that entitle their holders to subscribe for a total of 233,000 of the company's new shares in accordance with the terms and conditions of the stock option program.</p>					

1 000 EUROS

SHARE BASED INCENTIVES DURING THE REPORTING PERIOD 1.1.2016–31.12.2016				
	Option program 2014	Option program 2016		Total
Type	Option	Option		
Instrument	2014	2016		TOT/WA
Annual General Shareholders' Meeting date	6.3.2013	8.3.2016		
Initial amount, pcs	127 500	233 000		360 500
The subscription ratio for underlying shares, pcs	5	1		
Initial exercise price, €	3.088	8.74		
Dividend adjustment	Yes	Yes		
Current exercise price, €	1.766	8.74		
Initial allocation date	13.2.2014	14.6.2016		
Vesting date	20.7.2014	1.6.2020		
Maturity date	30.4.2019	31.8.2020		
Maximum contractual life, yrs	5.2	4.2		4.6
Remaining contractual life, yrs	2.3	3.7		3.2
Number of persons at the end of the reporting year	3	13		
Payment method	Share	Share		
			Weighted average exercise price in €	Total
Changes during the period 2016	2014	2016		
1.1.2016				
Outstanding at the beginning of the reporting period, pcs	117 500	0	1.77	117 500
Reserve at the beginning of the reporting period	0	0	0.00	0
Changes during the period				
Granted	0	233 000	8.74	233 000
Forfeited	0	0	0.00	0
Invalidated during the period	0	0	0.00	0
Exercised	0	0	0.00	0
Weighted average subscription price, €	0.00	0.00		
Weighted average price of shares, € *	6.89	6.74		
Expired	0	0	0.00	0
31.12.2016				
Exercised at the end of the period	10 000	0	1.77	10 000
Outstanding at the end of the period	117 500	233 000	6.40	350 500
Vested & outstanding at the end of the period	117 500	0	1.77	117 500
Reserve at the end of the period	0	0	0.00	0
* Weighted average price for the company share during the reporting period or partial instrument term there in.				

THE BOARD OF DIRECTORS' PROPOSAL TO THE GENERAL MEETING FOR THE DISTRIBUTION OF PROFIT

The parent company's distributable assets of December 31, 2016 total EUR 36,360,968.98 which of retained earnings EUR 12,116,243.77 and reserve for invested unrestricted equity EUR 24,244,725.21. The Board of Directors proposes to the Annual General Meeting of Shareholders that a dividend of EUR 0.40 per share be paid, totaling EUR 9,241,752.

There has not been major changes in company's financial position after the end of the financial year. The Board of Directors feel that the proposed distribution of profit does not endanger the liquidity of the company.

Helsinki, February 13, 2017



Henrik Andersin
Chairman



Robert Ingman



Harri-Pekka Kaukonen



Johanna Lamminen



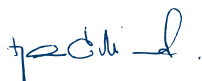
Mikael Lilius



Teuvo Salminen



Thomas Thesleff



Maunu Lehtimäki
Chief Executive Officer

AUDITOR'S REPORT

To the Annual General Meeting of Evli Pankki Oyj

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Evli Pankki Oyj (business identity code 0533755-0) for the year ended December 31, 2016. The financial statements comprise the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial performance, financial position and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

The scope of our audit was influenced by our application of materiality. The materiality is determined based on our professional judgement and is used to determine the nature, timing and extent of our audit procedures and to evaluate the effect of identified misstatements on the financial statements as a whole. The level of materiality we set is based on our assessment of the magnitude of misstatements that, individually or in aggregate, could reasonably be expected to have influence on the economic decisions of the users of the financial statements. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

THE KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
<p>Recognition of net commission income (Refer to Accounting principles for the consolidated financial statements, section Revenue recognition principles, and notes 4 and 5 to the consolidated and parent company's financial statements)</p>	
<ul style="list-style-type: none"> • The assets under managed by Evli Group entitle to fee and commission income on the grounds of the agreements entered into with customers and the cooperation parties. Fee and commission income is a significant item in the Group's income statement. • Calculation of fees and commissions has been primarily automatized and is based on contractual and other initial data. Therefore, the accuracy of calculation inherently involves operative risk. • It is essential to the accuracy of the financial statements that fee and commission income is recognized at accurate amounts on a timely basis. 	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> • We obtained an understanding of the elements making up Group's fee and commission income and assessed the areas potentially subject to a higher risk of error due to manual processing, tailored or complex contractual terms. Our audit procedures focused on those areas. • We tested the functionality of controls related to fee and commission calculations over processing of assets under management, structures of contractual terms and data maintenance in the IT systems. • We re-performed calculations in respect of fee and commission income recognized, and compared the parameters used in the calculations to contract documents on a sample basis. Furthermore, we compared market-based data against data provided by external parties.
<p>Valuation of financial assets and financial liabilities measured at fair value (Refer to Accounting principles for the consolidated financial statements, section Financial assets and liabilities, and notes 16, 17, 18, 19, 36, 37 and 38 to the consolidated financial statements)</p>	
<ul style="list-style-type: none"> • Financial assets and financial liabilities measured at fair value (below referred to as "investments") make up a significant part of the balance sheet. • Valuation of these investments involves management judgements. Furthermore, Evli uses fair value models for valuation of investments when quotations or prices are not observable in an active market. • Given the inherent judgements involved in measurement of investments, assessment of the accuracy of investment valuations is considered a key audit matter. 	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> • In respect of the investment valuation process, we tested the key controls over the accuracy of investment valuations. As part of our audit procedures we considered the valuation methodologies and processes, as well as assessed the techniques, inputs, assumptions and procedures used in fair value measurement. • Our work included testing of investment valuations. We also tested on a sample basis inputs used in the valuation models in comparison to market information at financial year-end. Furthermore, we considered the appropriateness of the notes in respect of investments.
<p>Other assets and Other liabilities (Refer to notes 22 and 29 to the consolidated and parent company's financial statements)</p>	
<ul style="list-style-type: none"> • The operations of the Group involve processing client transactions in the roles of broker and custodian. Considerable volumes of client transactions are being reported in the balance sheet as part of the Other assets and Other liabilities between trade and settlement dates. • During the financial year 2016 the Group carried out an IT renewal project. This has had a significant impact on the processes related to management of the balance sheet accounts Other assets and Other liabilities. Particularly during the implementation and migration phases there were operating risk factors present. Consequently, Other assets and Other liabilities are considered a key audit matter. 	<ul style="list-style-type: none"> • We evaluated the impacts of IT solutions resulting from the renewal project on the operating environment and processes. Based on the evaluation we considered the controls surrounding the processes as well as the functionality of data transfers within the new IT environment. Furthermore, we tested transactions on a sample basis in order to assess the completeness and the accurate timing of recognition of transactions.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER REPORTING REQUIREMENTS

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises information included in the report of the Board of Directors and in the Annual Report, but does not include the financial statements and our auditor's report thereon. We obtained the report of the Board of Directors on the date of this auditor's report, and the Annual Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge

obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the report of the Board of Directors, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki, February 13, 2017
KPMG OY AB

Marcus Tötterman
Authorised Public Accountant, KHT

CORPORATE GOVERNANCE STATEMENT 2016

The governance of Evli Bank Plc (hereinafter Evli) is based on the Articles of Association, the Finnish Limited Liability Companies Act, applicable statutory provisions governing the Finnish securities markets, the regulations of the Finnish Financial Supervisory Authority, the rules and regulations of Nasdaq Helsinki Ltd, and other statutes and regulations concerning the governance of public limited companies. Evli also complies with the Finnish Corporate Governance Code issued by the Securities Market Association. The Code can be viewed in full on the Securities Market Association website at www.cgfinland.fi/en/. Further information on Evli's risk management system is available in section 'Risk Management and Internal Control'.

General Meeting of Shareholders

The ultimate decision-making power in the company is exercised by shareholders at General Meetings. At these meetings shareholders are able to participate in the control and supervision of the company. General Meetings are held at least once a year. The Annual General Meeting (AGM) is held upon completion of the company's financial statements, at a place and on a date designated by the Board of Directors. The date must be no later than the end of June.

Matters to be discussed at a General Meeting are specified in the Limited Liability Companies Act and in Evli's Articles of Association. The General Meeting normally discusses not only the matters specified by law and in the Articles of Association but also items presented to the meeting by the Board of Directors. Under the Limited Liability Companies Act, shareholders are also entitled to bring for discussion at a General Meeting any matter that falls within the authority of the meeting.

At the AGM, information is presented about the company's activities, and the financial statements for the preceding annual period are adopted. Resolutions are also taken at the AGM concerning the company's profit distribution, granting release from liability for the Board members and the CEO and his deputy, the election of Board members and appointment of auditors and the remuneration to be paid to them.

The Board of Directors may convene an Extraordinary General Meeting if it con-

siders this necessary. The auditor and any shareholder with more than ten percent of the company's shares also have the right to demand that an Extraordinary General Meeting be called to discuss a matter to be presented by the auditor or shareholder.

Board of Directors and its committees

The Annual General Meeting of Evli Bank Plc each year elects a Board of Directors, which, between General Meetings, exercises the ultimate decision-making power in the Evli Group. The task of Evli's Board is to manage the company in accordance with the law and official regulations, and in compliance with the Articles of Association and the decisions of the General Meeting.

The AGM elects four to eight members to the Evli Board of Directors from among representatives of the major shareholders and from among external, independent experts who have diverse experience of business and of the industry in which Evli operates. Board members are elected for a term of one year, which begins at the close of the AGM and expires at the close of the first AGM following their election. The Board elects a Chairman and Vice Chairman from among its members.

The Board has approved a written procedure defining its duties and meeting practices. The Board of Directors is responsible for the company's administration and appropriate organization of operations, and for ensuring that the company's accounting and asset management are monitored in an appropriate manner. The Board handles all matters that are of extensive and fundamental importance for the operation of the company and the entire Group. The Board's responsibilities include deciding upon the Evli Group's business strategy, approving the budget and the principles for the arrangement of the Evli Group's risk management and internal control. The Board appoints the CEO and the members of the Executive Group, relieves them of their duties and decides upon the CEO's salary and other benefits. The Board also approves the objectives for the Group's human resources planning and monitors the implementation of these objectives, and it decides the basis for the Group's remuneration system and other far-reaching matters that concern the personnel. In accordance with the principles of good governance, the Board also ensures that the company, in its

operations, endorses the corporate values that have been set out for compliance. The Board conducts an annual review of its activities and working practices in the form of an internal self-assessment.

Evli Bank Plc's Annual General Meeting, held on March 8, 2016, confirmed seven as the number of members of its Board of Directors. Henrik Andersin, Robert Ingman, Harri-Pekka Kaukonen, Johanna Lamminen, Mikael Lilius, Teuvo Salminen and Thomas Thesleff were re-elected to Evli Bank Plc's Board of Directors. Henrik Andersin was chosen as Chairman of the Board.

Evli's current Board of Directors consists of industry experts and the company's major shareholders. Harri-Pekka Kaukonen, Mikael Lilius, Teuvo Salminen and Johanna Lamminen are independent of the company and shareholders.

The Board of Directors convened 10 times in 2016. The average attendance rate of Board members at the meetings was 97.1 percent. The meeting attendance fee payable to Board members in accordance with the AGM's decision was EUR 4,100 per month, and the Chairman's attendance fee was EUR 6,000 per month. The Chairmen of the committees were also paid EUR 800 for each committee meeting. During the financial year members of the Board received no shares or share-based rights as remuneration.

The Board has established an Audit Committee and a Compensation and Nomination Committee to prepare matters to be handled by the Board. The committees have no independent decision-making power; instead, decisions are made by the Board on the basis of recommendations and information supplied by the committees. The committees make regular reports on their activities to the Board.

Audit Committee

The Audit Committee is responsible for assisting the Board of Directors in ensuring that the company has an adequate internal control system covering all operations and that the company's risk management has been arranged appropriately, and it also monitors the financial statements reporting process. Additionally, the Audit Committee is responsible for overseeing the accuracy and correctness of the company's financial reporting, monitoring the statutory auditing of the financial statements and consoli-

dated financial statements, and preparing the proposal on the appointment of auditors and the auditors' fees, to be made to the AGM. Furthermore, the Audit Committee is responsible for ensuring that the company's operations and internal control have been arranged in accordance with all applicable laws, regulations, and good management and governance practices, as well as for monitoring the activity and efficiency of the internal audit function and assessing the independence of the statutory auditor or auditing firm, and especially the provision of ancillary services to the company. The Audit Committee consists of at least two members, who may not be part of the company's management and must be independent of the company. The committee is elected by the Board of Directors from among the Board's members. In addition to the committee's regular members, the meetings are attended by the auditors, the CEO, the CFO and the internal auditor. The committee meets every quarter.

The committee met five times in 2016. The Audit Committee's Chairman in 2016 was Teuvo Salminen and its members were Robert Ingman and Johanna Lamminen. The Audit Committee members' average attendance rate at meetings was 100 percent.

Compensation and Nomination Committee

The Compensation and Nomination Committee is responsible for assisting the Board of Directors in the preparation of matters related to the management's employment terms and compensation, the compensation and incentive systems for management and personnel, and the regular assessment of the functioning of and compliance with the compensation system. The committee consists of at least three members, elected by the Board from among its members. The committee Chairman is chosen from among the committee members and must be an independent Board member.

The members of Evli's Compensation and Nomination Committee are Harri-Pekka Kaukonen (Chairman), Henrik Andersin, Mikael Lilius and Thomas Thesleff. The committee met three times in 2016. The Compensation and Nomination Committee's members' average attendance rate at meetings was 91.7 percent.

Chief Executive Officer and Executive Group

Evli's Board of Directors appoints the company's CEO and decides the terms and conditions of his or her service relationship. The CEO is responsible for the company's day-to-day management in compliance with

the instructions and decisions provided by the Board of Directors. The CEO's duties include the management and supervision of the Group's business, preparation of matters to be handled by the Board, and implementation of the Board's decisions. In accordance with the Limited Liability Companies Act, the CEO ensures that the company's accounting is lawful and that the asset management is arranged reliably.

The CEO's period of notice is six months, and the severance compensation payable to the CEO in addition to the salary for the period of notice corresponds to 12 months' salary. The CEO's retirement age is 65 years and 4 months.

The company's CEO is Maunu Lehtimäki, M.Sc. (Econ.), born 1967. In 2016, the CEO was paid a salary of EUR 381,600.00 plus EUR 50,240.00 in performance bonuses and other benefits, making a total of EUR 431,840.00. As part of the incentive and commitment system 42,000 stock options 2014 and 40,000 stock options 2016 were granted to the CEO.

In managing the company's operations, the CEO is assisted by Evli's Executive Group. The Executive Group consists of the CEO and six members. The CEO presents a proposal regarding the choice of members to the Executive Group, and these names are then subject to confirmation by the Board of Directors. The CEO convenes the Executive Group as necessary and serves as its Chairman. The Executive Group normally meets twice a month. The Executive Group's task is to support the CEO in preparing and implementing the strategy and in coordinating the Group's operations. The Executive Group's duties also include preparing and executing matters that are significant or involve fundamental principles, and ensuring internal cooperation and communication.

Evli holdings of Board members, the CEO and Executive Group members

At the end of 2016, Evli's current Board members held, either directly or through controlled corporations, about 51.00 percent of the company's total stock and 55.49 percent of the total votes*. At the end of 2016, Evli's CEO held, either directly or indirectly, about 2.33 percent of the company's total stock and 2.54 percent of the total votes. The other members of the Executive Group together held 4.36 percent of the company's total stock and 4.76 percent of the votes at the close of 2016.

Insider management

Evli Bank Plc has a guideline on insider rules and regulations that is approved by its Board of Directors and is based on the

Market Abuse Regulation, Nasdaq Helsinki Ltd's Guidelines for Insiders of Listed Companies, as well as other relevant regulations and directives. Evli Group companies that are registered outside of Finland shall comply not only with these guidelines, but also with the national legislation and official regulations of the country where the companies are located. The guideline on insider rules and regulations is distributed to all persons engaged in an employment or service relationship with the Group. The persons defined in the guideline on insider rules and regulations shall comply with the restrictions regarding the use of insider information and trading, for example the closed window period.

Evli Bank maintains a register of permanent insiders, which includes members of the Board of Directors and Executive Group. Evli Bank also maintains registers of project-specific and transaction-specific insiders that are required at any given time. The insider registers are maintained in the Euroclear Finland Ltd's SIRE system.

Evli Bank has also specified that members of the Board of Directors and Executive Group and their related parties are required to disclose their business transactions with Evli Bank Plc's shares and other financial instruments based on these. The register of persons subject to the disclosure requirement is maintained in the Euroclear Finland Ltd's SIRE system.

Risk management and internal audit

Evli's values, and its policy of transparent and appropriate communications, support the company's operational integrity and high ethical standards. The company's organizational structure, clearly established responsibilities and authorizations, and its competent staff support the planning, execution, control and monitoring of business operations in a manner that facilitates the achievement of the set objectives.

Risk management refers to those actions aimed at systematically surveying, identifying, analyzing and preventing risks. The objective of risk management is to ensure that the company's assets are sufficient in relation to its risk positions, that financial results and valuations remain within the confirmed objectives and limits, and that risks are priced in the right way to achieve sustainable profitability.

The objective of risk management is to support the uninterrupted implementation of the Group's strategy and income generation. Evli Bank defines risk as an event or series of events that jeopardize the company's income generation over the short or long term.

* Includes holdings of Ingman Group Oy Ab

Evli Bank's Board of Directors is primarily responsible for the Evli Group's risk management, and confirms the risk management policies, the Group's risk limits and other guidelines governing how risk management and internal oversight is to be organized. The Board has also set up a credit and asset liability committee (Credalco) that briefs it on risk-taking matters.

In addition to the general risk management policies, the Evli Group's risk management is founded on the "three lines of defense" model.

First line of defense – business units

Risk management is part of internal control, and therefore the responsibility for executing risk management measures lies first with the business units, as the first line of defense. The managers of the business units are responsible for ensuring that risk management is at a sufficient level in each respective unit. They develop risk management and internal control processes and competence, identify and analyze risks, and make decisions on risk management with the aid of various protection measures.

Second line of defense – compliance and risk management functions

The second line of defense comprises the independent compliance and risk management operations whose primary task is to develop, maintain and oversee the general principles and framework of risk management.

The Risk Management unit oversees daily operations and compliance with the risk limits granted to the business units, as well as compliance with risk-taking policies and guidelines. Risk management reports on the Group's overall risk position to the Board and the Executive Group each month.

The compliance function is responsible for ensuring compliance with the rules in all of the Evli Group's operations by supporting operating management and the business units in applying the provisions of the law, the official regulations and internal guidelines, and in identifying, managing and reporting on any risks of insufficient compliance with the rules in accordance with the separate compliance policy and monitoring plan confirmed by Evli Bank's Board of Directors. The compliance function reports regularly via the audit committee to Evli Bank's Board and also to the operating management.

Third line of defense – internal audit

Internal audit is a support function for the Board of Directors and senior management and is independent of the business func-

tions. It is administratively subordinate to the CEO and it reports to the CEO and, via the Audit Committee, to the Board of Evli Bank.

Internal audit assesses the functioning of the Evli Group's internal control system, the appropriateness and effectiveness of the functions and compliance with instructions. It does this by means of inspections that are based on the internal audit action plan adopted annually by the Audit Committee of the Board of Evli Bank. Evli's Board of Directors, management and personnel can make use of the assessments for operational management, control and development purposes. Internal audit also proposes measures for developing risk management, internal control and managerial and administrative processes.

Internal audit follows not only the internal audit guidelines but also the internationally acknowledged framework of professional practices (The Institute of Internal Auditors) and corresponding information systems audit standards (Information Systems Audit and Control Association).

Auditors

The shareholders elect the company's auditors each year at the Annual General Meeting. The auditors must be an auditing firm approved by the Finland Chamber of Commerce. The auditors' term continues until the end of the first AGM that follows the election of the auditors. The auditors' duties are to ensure that the financial statements have been prepared in accordance with the applicable statutes and provide a true and fair view of the company's financial position and performance and other necessary information for the company's stakeholders.

As part of their annual audit duties, the auditors of Evli Bank Plc audit the accounts and administration of the separate companies. The internal control requirements are taken into account in the auditors' audit plans. Each year, the auditors submit their report to the Annual General Meeting of Evli Bank Plc. The auditors also report the main points of the annual audit plan to the Board of Directors and to the Board's Audit Committee as well as presenting, in connection with each interim report and the financial statements, a written audit report covering the entire Group.

The 2016 AGM elected KPMG Oy Ab, Authorized Public Accountants, as the company's auditor and Marcus Tötterman, APA, as the principally responsible auditor. KPMG generally serves as the auditor for all the subsidiaries, with the exception of Terra Nova Ltd and EAM Finland Ltd. Terra Nova's auditor was RSM Dahman Auditors

and the auditor for EAM Finland Ltd was Ernst & Young Oy, with Robert Söderlund as the principally responsible auditor.

In 2016 the auditing firms were paid fees totaling EUR 274,050.52. The fees for auditing came to EUR 247,496.57, and the fees for advisory services unconnected with auditing were EUR 26,553.95.

Description of the Evli Group's financial reporting process

The Board of Directors is responsible for overseeing the Evli Group's financial reporting. The Audit Committee assists the Board in this work. The CEO's and CFO's task is to monitor and ensure that the accounting and the financial reporting accord with the law, the Group's accounting policies and the guidelines and orders issued by the Group's Board of Directors.

The Group's accounting and results reporting are centralized under the responsibility of the Group's Financial Administration unit. The Financial Administration unit is subordinate to the CFO and is responsible for producing on a centralized basis the financial statements information required for external accounting. The unit also produces internal accounting analyses and the results reports for monitoring business activities, the separate companies and the Group's profitability. Profit performance is reported monthly both to the Executive Group and the Board of Directors in the form of specific results reports. The aim is to identify and demonstrate success factors as well as development areas well in advance, thus making it possible to react to these. Reporting practices are also used for monitoring the implementation of the business plans for the business units. The Group's Financial Administration unit is also responsible for monitoring and reporting on the performance of each business unit. Further responsibilities include reporting the financial results, sales and activity at least monthly, and even daily depending on the unit, to the Executive Group and other concerned parties. The Evli Group complies with the International Financial Reporting Standards (IFRS) approved for application in the EU. The Group prepares the annual financial statements and also a quarterly interim report (IAS34). The instructions on financial reporting and the accounting principles are applied in all the Group companies. The accounting of all the Group companies is included in the same accounting system, with the exception of Group companies in Russia and the United Arab Emirates.

Board of Directors

The composition of the Board of Directors was resolved at Evli Bank Plc's Annual General Meeting on March 8, 2016.



Henrik Andersin, born 1960

M.Sc. (Econ.)

- One of Evli Bank's founding partners and main owners
- Chairman of the Board of Directors of Nokian Panimo Oy
- Member of the Board of Directors of Evli Bank Plc since 1985, CEO of Evli Bank Plc 1994–2006 and Chairman of the Board since 2006
- Shareholding: Holdings through controlled company 3,803,280 A shares and 950,820 B shares



Harri-Pekka Kaukonen, born 1963

D.Sc. (Tech.)

- President and CEO of Sanoma Group 2011–2015
- Chairman of the Boards of Directors of Esperio Care Holding Oy and Suomen Asuntoneuvoja Oy, Member of the Boards of Directors of Ahlström Oyj, Lindström Oy, Tieto Oyj and Renideo Group
- Member of the Board of Directors of Evli Bank Plc since 2008
- Shareholding: 1,991 B shares



Robert Ingman, born 1961

M.Sc. (Tech.), M.Sc. (Econ. and Business Administration)

- Chairman of the Boards of Directors of Ingman Group Oy Ab, Ingman Finance Oy Ab, Halti Oy and Qt Group Ltd, Member of the Boards of Directors of Arla Oy Ab, Digia Oyj and M-Brain Oy
 - Member of the Board of Directors of Evli Bank Plc since 2010
 - Shareholding: 1,860,000 A shares, 502,000 B shares*
- * Includes holdings of Ingman Group Oy Ab



Johanna Lamminen, born 1966

D.Sc. (Tech.), MBA

- Managing Director of Gasum Ltd.
- Chairman of the Board of Directors of Skangas AS, Member of the Board of Directors of Tieto Oyj
- Member of the Board of Directors of Evli Bank Plc since October 2015
- Shareholding: 306 B shares

**Mikael Lilius, born 1949**

B.Sc. (Econ. and Business Administration)

- Previously served as a Senior Advisor at Fortum Corporation
- President and CEO of Fortum Corporation 2000–2009, and before this held various supervisory positions in the industry sector
- Chairman of the Boards of Directors of Metso Oyj, Wärtsilä Oyj and Ahlström Capital Oy, Member of the Board of Directors of Oy Kelonia Ab
- Member of the Board of Directors of Evli Bank Plc since 2010.
- Shareholding: 11,795 B shares

**Teuvo Salminen born 1954**

M.Sc. (Econ. and Business Administration)

- Various supervisory positions in Pöyry Plc 1985–2009
- Chairman of the Board of Directors of Havator Oy, Member of the Boards of Directors of Holiday Club Resorts Oy, Cargotec Oyj, Glaston Oyj, Pöyry Oyj and 3Step It Group Oy
- Member of the Board of Directors of Evli Bank Plc since 2010
- Shareholding: 5,986 B shares

**Thomas Thesleff, born 1951**

M.A.

- One of Evli Bank's founding partners and main owners
- In addition to Evli, holds several posts of trust
- Member of the Board of Directors of Evli Bank Plc since 1985, CEO of Evli Bank Plc 1985–1994 and Chairman of the Board 1994–2006
- Shareholding: Holdings through controlled company 3,803,280 A shares and 950,820 B shares

Management Group

**Maunu Lehtimäki**

M.Sc. (Econ.), born 1967

- Chief Executive Officer
- Joined Evli Bank Plc in 1996
- Shareholding: 433,728 A shares and 108,432 B shares

**Mari Etholén**

LLB, born 1973

- Legal and human resources functions
- Joined Evli Bank Plc in 2001
- Shareholding: 60,000 A shares and 15,306 B shares

**Panu Jousimies**

M.Sc. (Econ.), born 1969

- Execution and Operations unit
- Joined Evli Bank Plc in 1997
- Shareholding: 179,072 A shares and 44,868 B shares

**Lea Keinänen**

Certificate in Business Studies, MBA, born 1966

- Institutional clients
- Head of Wealth Management, Funds
- Joined Evli Bank Plc in 1998
- Shareholding: 138,848 A shares and 34,712 B shares

**Juho Mikola**

M.Sc. (Econ.), born 1981

- Financial and Group administration
- Joined Evli Bank Plc in 2004
- Shareholding: 68,000 A shares and 17,219 B shares

**Esa Pensala**

M.Sc. (Tech.), born 1974

- Private clients
- Joined Evli Bank Plc in 2001
- Shareholding: 142,000 A shares and 35,500 B shares

**Mikael Thunved**

B.Sc. (Econ.), born 1965

- Corporate Finance business area
- Joined Evli Bank Plc in 2002
- Shareholding: 522 B shares, holdings through controlled company 224,000 A shares and 56,000 B shares

Investor information

Evli Bank Plc is domiciled in Helsinki. The company's business ID is 0533755-0.

Basic share information

Evli Bank has two share series, series A shares and series B shares. A series A share confers twenty (20) votes and a series B share confers one (1) vote at the General Meeting. The share series have identical entitlements to dividends and other profit sharing. The company's series B shares are listed on the official list of Nasdaq Helsinki with the ticker symbol "EVLI" and ISIN code FI4000170915.

B shares (31.12.2016): 6,351,784
A shares (31.12.2016): 16,962,136

Investor calendar

Annual report & Financial review for 2016	Week 7
Final registration date for the General Meeting	Mar 6, 2017
Record date	Mar 15, 2017
Proposed payment date	Mar 22, 2017
Annual general meeting of shareholders, Helsinki	Mar 13, 2017
Silent period begins	Mar 26, 2017
Interim report 1–3/2017	Apr 24, 2017
Silent period begins	Jun 15, 2017
Half-year financial report 1–6/2017	Jul 14, 2017
Silent period begins	Sep 27, 2017
Interim report 1–9/2017	Oct 26, 2017

General Meeting of Shareholders

Evli Bank Plc's Annual General Meeting will be held on March 13, 2017 at 9.00 am in Helsinki. The notice of a General Meeting, the agenda, the proposals and the instructions on how to register for the General Meeting are available on Evli's website www.evli.com/agm.

The Board of Directors proposes to the Annual General Meeting of Shareholders that a dividend of EUR 0.40 per share be paid. The total proposed dividend calculated according to the number of shares on the balance sheet date is EUR 9,241,752.

Evli's investor communications

The main channel for Evli's investor communications is the company's website, where the company publishes all its stock exchange releases and press releases, its interim reports, financial statements, annual reports and General Meeting notices. The website also has presentations related to the reporting of results for investors and analysts, an investor calendar, and information intended for shareholders and analysts about the company's shares, financial performance, ownership and Corporate Governance.

www.evli.com/investors

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ENVI Bank PLC Annual Report 2016