EVLI BANK PLC
ANNUAL REPORT

2012

Evli is a bank that
helps institutions and
private persons to
increase their wealth.

EVLI

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CONSOLIDATED FINANCIAL STATEMENTS

PARENT COMPANY

Evli in 2012

Evli is a bank that helps institutions and private persons to increase their wealth. Evli provides wealth management, equity and derivatives brokerage, investment research and corporate finance services.

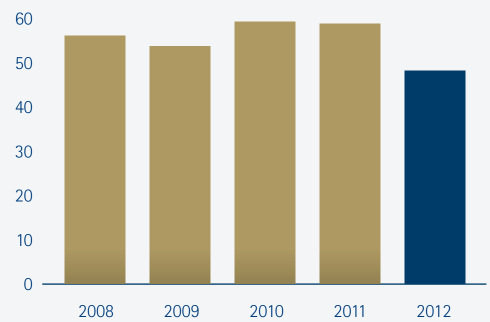
Evli was established in 1985, and has since then been a pioneer in the rapidly developing capital markets. The company's operations are based on the strong expertise of its employees and their ability, gained through experience, to seek out solutions that provide added value for their clients. Evli's objective is to build long-term client relationships based on trust.

Evli's principal market is the Baltic Sea region, and the company employs approximately 240 people. The Evli Group's equity capital is EUR 49.2 million and the BIS capital adequacy ratio stood at 14.6% on December 31, 2012. Evli has some EUR 5.0 billion net in assets under management.

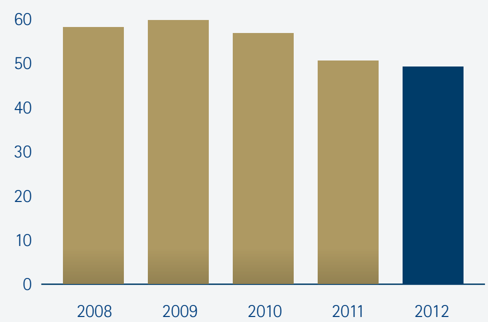
Key events of the year

- Evli acquired a 90% holding in Turku based Aurator Varainhoito Ltd.
- Evli launched the new Online Banker service, which offers discretionary asset management through the My Evli online service. The Online Banker service is the only one of its kind in Finland.
- Evli launched bond brokerage and expanded its analysis services to include credit risk analyses of Finnish companies that have issued debt instruments. Corporate bonds are also available in the My Evli online service.
- Evli launched the first unit series denominated in foreign currency in Finland in its four corporate bond funds (in Swedish kronor).
- Evli was ranked as one of the most widely used and highest quality wealth managers in Finland by institutional investors in client surveys carried out by TNS Sifo Prospera and Scandinavian Financial Research (SFR).
- Morningstar selected Mutual Fund Evli Finnish Equity as the best Finnish equity fund of 2012. Two of Evli's portfolio managers were included in Citywire's list of the top 1,000 portfolio managers in its global comparison.
- Evli's Corporate Finance acted as an advisor in seven published M&A and financing transactions in Finland, Sweden and Russia.

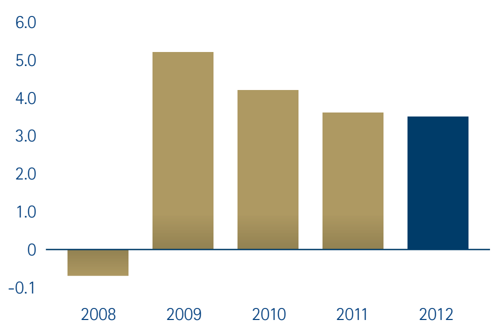
Revenue, EUR million



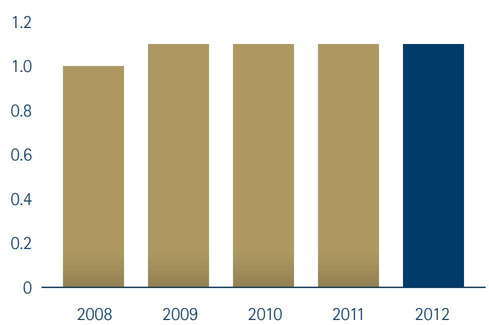
Equity capital, EUR million



Operating profit/loss, EUR million



Expense ratio (earnings to operating costs)



Evli's future service model is based on seamless cooperation between online and personal services

With the euro crisis persisting and global growth slowing down, 2012 was marked by record-low interest rates, general uncertainty and investor caution. Evli was relatively successful in these difficult market conditions. Evli continued its strong focus on asset management services, and has set itself a guiding vision of becoming Finland's leading private bank.

In view of the market conditions it was slightly surprising that, after a very weak first half, equity prices started to soar in many of the world's stock exchanges in the latter half of 2012. General indexes also closed the year at significantly higher levels than in the previous year. The positive performance was due to the European Central Bank's pledge made in the summer to provide practically unlimited support to the region's crisis states. This facilitated political decision-making and increased confidence in the euro area remaining intact.

Despite the equity price rise, trading volumes were disappointingly modest. Equity prices rose 8.3 percent on average in NASDAQ OMX Helsinki Ltd, but the value of transactions plunged by a further 28.5 percent from the previous year's low level. In other parts of Europe, trading volumes declined even more.

Well-timed efficiency improvement measures supported profitability

The market environment in 2012 was very difficult for a bank like Evli whose livelihood depends on investor activity. Investment portfolios' focus on low-risk investments, low trading volumes, and slow decision-making by investors reduced commission income levels in all our businesses.

We attained satisfactory results considering the market environment. This is owed to the fact that we saw the dark clouds gathering on the horizon already in the fall of 2011. At that time, we decided to launch an extensive efficiency improvement program that was completed at the beginning of 2012. We combined our Finnish and Swedish equity brokerage and Corporate Finance businesses, substantially reduced our Baltic operations and streamlined the Group's administration. The principle was to centralize the administration and systems of our various businesses in one country, while keeping service sales local in all our countries of operation. We were able to adjust our costs to a level that maintained profitability despite an unprecedented decrease in our commission income.

Expansion of brokerage services to new product areas continued

Global equity trading continues to evolve. Trading is spread out among numerous stock exchanges and alternative trading venues, and it also increasingly takes place in non-transparent market places called dark pools. Trading is often carried out with the help of computers in both day trading and execution of client orders, which forces commission income even lower.

"We want to continue to serve clients who have assets to invest in and to operate as a private bank in accordance with our definition."

Is there a niche for a local broker like Evli in such an ecosystem? Although we do offer high-quality computer-based trading services, we cannot compete with the trading volumes of global players. Therefore, we must develop our operations in line with our strengths. Our traditional trading expertise continues to be our clear competitive advantage: We know Finnish investors and understand their needs. Due to the shortage of Finnish equities that are sufficiently liquid for high frequency trading, competent brokers who can unite buyers and sellers are still needed in Finland.

However, with the current commission levels, this is still not enough. In 2012 we continued to expand our brokerage services to new product areas, a process which we initiated already a few years ago. We launched a corporate bond brokerage service and expanded our analysis services to include credit risk analysis of Finnish companies that have issued debt securities. We expect the corporate bond markets to grow, offering feasible alternatives for both institutional and private investors.

Online Banker provides active online asset management

We continued to develop the asset management services selected as focus areas. Due to our asset management expertise, we are already well-known and have a solid brand, and our market position further strengthened during 2012. In the second half of the year, we acquired Aurator Asset Management Ltd, which provides discretionary asset management primarily in the Turku region.

Since we believe that especially private individuals' demand for asset management services will grow strongly in the coming years, we concentrated on developing these services in 2012. We launched a new Online Banker service, which provides discretionary asset management to clients through the My Evli online service. Our traditional Private Banking service requires at least EUR 300,000 in investment assets, but by taking advantage of the scalability of the internet, we can now offer the same service for investment assets totaling just EUR 30,000.

In the Online Banker service, our clients' assets are managed with the same expertise, activeness and care with which the investments of our other asset management clients are managed. However, the investment strategies in the Online Banker focus on capital protection, and are consequently more sensitive to equity market declines than our neutral allocation model, for instance.

Evli aims to be Finland's leading private bank

As an investor-oriented bank, Evli has always served companies and people with enough assets to invest in, and Evli earns its revenue through the commission income associated with these operations. This sharply contrasts with the operating model for traditional retail banks, where credit is granted from banks' own balance sheets to parties that require additional finance, and the interest margin is the primary source of revenue.

In the 2012 strategy round, we did not identify any developments that would support a change in our fundamental business model. We want to continue to serve clients who have assets to invest in and to operate as a private bank in accordance with our definition. We have set ourselves a vision of becoming Finland's leading private bank by 2015.

In order to meet this challenge, in addition to securing the profitability and growth of our operations, we must be able to provide our clients with superior service experiences and develop innovative products and services which enable us to be accessible by and available to our clients 24/7. We envision the future of customer service as seamless cooperation between technology and personal service.

I would like to express my warmest thanks to all our clients, employees and partners for the excellent cooperation during 2012. Together, we have created an excellent foundation for attaining our vision.

Maunu Lehtimäki
Chief Executive Officer

BOARD OF DIRECTORS AND MANAGEMENT GROUP

Board of Directors

The composition of the Board of Directors was resolved at Evli Bank Plc's Annual General Meeting on March 5, 2012.

Henrik Andersin, born 1960

M.Sc. (Econ.)

- One of Evli Bank's founding partners and main owners. Stock holding: 950,820*
- Chairman of the Boardsof Directors of Nokian Panimo Oy, Member of the Board of Directors of KSF Holding Ltd since 2008
- 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.

*Through the Scripo Oy holding company

Robert Ingman, born 1961

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

- Chairman of the Board of Directors of Ingman Group Oy Ab, Member of the Board of Directors of Arla Ingman, Member of the Boards of Directors of Etteplan Oyj, Digia Oyj and M-Brain Oy
- Member of the Board of Directors of Evli Bank Plc since 2010.

Harri-Pekka Kaukonen, born 1963

D.Sc. (Tech.)

- President and CEO of Sanoma Group
- Member of the Board of Directors of Evli Bank Plc since 2008.

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 Huhtamäki Oyj, Wärtsilä Oyj and Mehiläinen Oyj, Member of the Boards of Directors of Ambea Ab and Aker Solutions ASA
- Member of the Board of Directors of Evli Bank Plc since 2010.

Teuvo Salminen born 1954

M.Sc. (Econ. and Business Administration), Authorised Public Accountant

- Various supervisory positions in Pöyry Plc 1985–2009
- Chairman of the Boards of Directors of Havator Oy and Holiday Club Resorts, Member of the Boards of Directors of Cargotec Oyj, Glaston Oyj, Tieto Oyj and 3Stepit Oy
- Member of the Board of Directors of Evli Bank Plc since 2010.

Thomas Thesleff, born 1951

M.A.

- One of Evli Bank's founding partners and main owners. Stock holding: 950,820*
- 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.

*With family members through the Prandium Oy holding company

Management Group

Maunu Lehtimäki, born 1967

M.Sc. (Econ.)

- Chief Executive Officer
- Joined Evli Bank Plc in 1996
- Stock holding (31 Dec. 2012): 98,432.

Panu Jousimies, born 1969

M.Sc. (Econ.)

- Head of Capital Markets
- Joined Evli Bank Plc in 1997
- Stock holding (31 Dec. 2012): 39,768.

Lea Keinänen, born 1966

Yo-kauppateknikko, MBA

- Head of Wealth Management, Funds
- Joined Evli Bank Plc in 1998
- Stock holding (31 Dec. 2012): 34,712.

Esa Pensala, born 1974

M.Sc. (Tech.)

- Head of Wealth Management, Advisory
- Joined Evli Bank Plc in 2001
- Stock holding (31 Dec. 2012): 20,500.

Mikael Thunved, born 1965

B.Sc. (Econ.)

- Managing Director, Sweden
- Joined Evli Bank Plc in 2002
- Stock holding (31 Dec. 2012): 36,000.

Eeva Vakkilainen, born 1966

B.Sc. (Econ.)

- Chief Financial Officer
- Joined Evli Bank Plc in 2011.

Financial Statement 2012

BOARD OF DIRECTORS' REPORT

2012 was a challenging year for banks and investment firms. The operating environment was overshadowed by the persistence of the euro area crisis and the slowing of global growth. Despite the challenging nature of the business environment, Evli was successful in many areas. The Group's profit excluding nonrecurring sales profits and losses improved substantially compared with the previous year. Evli has satisfied clients, and the company carries out high-quality investment research operations. Examples of this include Evli's analysts' top rankings in StarMine's survey of analyst performance for the Nordic region and the inclusion of Evli's fund managers in the top 1,000 fund managers in Citywire's rating. Evli also attained good results in institutional client surveys carried out by SFR and TNS Sifo Prospera.

The Board of Directors' main focus in 2012 was on ensuring profitability and expanding operations through acquisitions.

The Group's net revenue for the financial year was EUR 48.3 million (EUR 59.0 million). The comparability of revenue with the previous year was affected by the sale of the real estate fund business which took place in the previous year. The decline in net revenue was a result of low stock exchange trading due to market uncertainty, asset management fees being increasingly allocated in strategies focused on fixed income instruments, and clients' caution regarding mergers and acquisitions. The Group's profit before appropriations and taxes for the financial year was EUR 3.6 million (EUR 3.6 million).

Services offered to Finnish institutions and private investors comprise Evli's most profitable core business. Evli provides discretionary asset management services to institutional investors, private individuals and entrepreneur families. During the review period both the number of clients and the amount of client assets under management grew in all the above-mentioned client segments. Evli's liquidity and capital adequacy are solid.

In the first half of the year, the Board's areas of focus included the completion of adjustment measures commenced in fall 2011. As a result of the adjustment measures, the Group's costs decreased substantially, by 19 percent compared with the previous year. Evli reduced its Baltic operations, with the exception of asset management, and combined its Finnish and Swedish markets and corporate finance operations.

In the summer the Board of Directors focused on Evli's business strategy. The company added details to its growth strategy by defining a host of new growth areas. Evli's strategy is to continue serving clients who have surplus capital. Evli's vision is to become Finland's leading private bank by 2015. The key to success is that Evli will be able to offer its customers new and innovative products continuously and competitively also in the future.

Evli continued expanding its brokerage services to new product areas by launching bond brokerage and expanding its analysis services to include credit risk analyses of Finnish companies that have issued debt instruments. During the latter half of the year, Evli launched the new Online Banker service, which offers discretionary asset management through the My Evli online service. The new service also enables those clients who are unable to or simply do not want to use the traditional Private Banking service to benefit from Evli's best investment expertise.

The Board of Directors discussed Evli's possibilities of participating in various mergers and acquisitions on several occasions during the year. Evli implemented its asset management growth strategy especially in Western Finland by signing a contract on November 28, 2012 by which Evli became the owner of Aurator Asset Management Ltd at the beginning of January 2013 with a holding of approximately 90 percent. In accordance with its strategy, Evli will continue to strive to expand in asset management services through acquisitions.

One of the Board of Directors' main areas of focus in the second half of the year was restructuring Evli's Swedish operations in order to attain better profitability. Some of the Swedish funds' retail customers have been sold to a local operator, and the plan is to combine the Finnish and Swedish fund businesses during 2013. The plan is to turn the Swedish corporate finance functions into an independent company during the first half of 2013.

The Board of Directors actively monitors the development of tax and legislative amendments concerning the banking sector. Rising costs and increasingly strict regulations will continue to restrict small banks' opportunities to grow and operate profitably.

Evli believes that especially private individuals' demand for asset management services will rise strongly in the coming years. Evli's future service model is based on seamless cooperation between online and personal services. Competition for clients and orders is expected to remain tough. Due to stricter regulations and a difficult operating environment, consolidations are likely to continue in the financial sector.

Market performance

Although global and Finnish economic growth weakened, a turn for the better is expected in 2013. The European economy slipped into recession at the end of 2012.

The European Central Bank continued to support the markets through its measures. It lowered its refinancing rate from 1 percent to 0.75 percent, provided long-term financing to euro area banks and announced a bond-buying program to support Spain. The return levels of euro area core states' government bonds fell during the year, and the return level of the German government's 10-year bond was 1.3 percent at the end of 2012. The return levels of crisis states' long-term bonds also started to decline during the year. The euro strengthened by 1.8 percent against the dollar.

Equity prices rose globally by 13.2 percent in 2012 according to the MSCI World Index. The MSCI Emerging Markets Free index, which measures equity market performance in emerging markets, rose by 16.2 percent. The

European STOXX Index rose by 16.9 percent as the euro area crisis loosened its grip. The Finnish equity market rose, but not as much – by 12.4 percent measured by the OMX Helsinki CAP Index. In Sweden, equity prices rose by 19.6 percent measured by the OMX Stockholm CAP Index.

Net subscriptions to mutual funds registered in Finland totaled EUR 4,966.50 million in January–December 2012 (EUR 1,068.50 million).

Revenue performance

Evli Group's net revenue fell 18 percent on the corresponding period of 2011 and was EUR 48.3 million (EUR 59.0 million). The net revenue for last year included a non-recurring item arising from the sale of the real estate fund business.

Net revenue performance was positively influenced by the successful beginning of the year in Treasury operations. The decline in net revenue is a result of low stock exchange trading due to market uncertainty, asset management fees being increasingly allocated in strategies focused on fixed income instruments, a reduction in performance-based fees and changes to the Group structure. During this financial year, the company also recognized an impairment on its securities held for sale totaling EUR 1.2 million, which had a detrimental effect on revenue performance. The impairment as a whole is related to the shares of Burgundy AB which were sold in October 2012.

The Wealth Management unit's net revenue decreased by 15 percent from the corresponding period of 2011. During the review period, the income of the real estate fund business is shown as a share of the profit of the associated company BPT A/S in the item Share of profit or loss of associates. During the comparison period, the income of the real estate fund business was included in the Wealth Management unit's revenue.

The Markets unit's net revenue for the review period declined by 18 percent on the comparison period. A reduction in commission income and weaker profit from market-making and trading activities compared with the previous year contributed to the decline in revenue.

The Corporate Finance unit's net revenue decreased by 19 percent compared with the corresponding period of 2011. Significant fluctuations in net revenue from one quarter to the next are typical of the Corporate Finance business.

Result and cost structure

The Group's profit before appropriations and taxes for the financial year was EUR 3.6 million (EUR 3.6 million). The Group's income/expense ratio remained at the previous year's level, i.e. 1.1.

The savings measures implemented in 2011 and 2012 have reduced the Group's costs substantially. During the financial year, the Group recognized EUR 1.8 million (EUR 1.5 million) in non-recurring expenses primarily related to restructuring.

Parent company's profit performance

The net revenue of Evli Bank Plc, the Group's parent company, was approximately EUR 38.2 million for the financial year (EUR 48.2 million). The parent company's profit was EUR 1.2 million (EUR 4.4 million).

The successful beginning of the year in Treasury operations had a positive impact on the parent company's profit, and the recognition of impairment of shares in subsidiaries weakened the parent company's profit.

Balance sheet and funding

The Group's equity was EUR 49.2 million at the end of the financial year. In the Basel II capital adequacy calculation, Evli applies the standardized approach (capital requirement for credit risk) and the basic indicator approach (capital requirement for operational risk). The Group's capital adequacy ratio of 14.6 percent clearly exceeds the regulator's requirement (8%).

Personnel and organization

The Group had 243 employees (276) at the end of the review period. The number of employees decreased by 33, down by 12.0 percent from the comparison period.

77 percent of the personnel were employed in Finland and 23 percent abroad.

Business areas

Group operations

The successful year in Treasury operations had a positive influence on the profit of the Group's business units.

The company engages in real estate fund activity through the associated company BPT Asset Management A/S. BPT's result affected Evli by EUR 0.16 million during the financial year.

Wealth Management

Wealth Management in numbers	1–12/ 2012	1–12/ 2011	Change %
Net revenue, M€	26.7	31.5	-15
Operating profit / loss, M€	4.7	6.2	-25
Personnel, at the end of period	83	90	-8
Assets under management (net), at the end of period, M€	5 005	4 487	12
Market share (Evli Fund Mgmt Company), %	4.8	5.1	
Net subscriptions to own funds, M€	79	-14	
Average rating of Evli funds in Morningstar	3.5	3.6	

Wealth Management operations performed reasonably well during the financial year in view of the market conditions. The unit's net assets under management totaled EUR 5 billion (EUR 4.5 billion) at the end of December, which is 11.7 percent more than a year earlier.

Evli offers discretionary asset management services to institutional investors, private individuals and entrepreneur families. During the financial year, both the number of clients and the amount of client assets under management increased in all the above-mentioned client segments.

Evli reinforced its asset management growth strategy especially in Western Finland by acquiring a 90 percent holding in Aurator Asset Management Ltd after the end of the financial year.

During the latter half of the year, Evli launched the new Online Banker service, which offers discretionary asset management in the My Evli online service. Clients need an investment of EUR 30,000 in order to start using the service. In Finland, net subscriptions to Evli's funds totaled EUR 79 million in January–December (EUR 14 million). Evli Fund Management Company's market share declined by 0.3 percent to 4.9 percent. The combined capital of the 25 mutual funds managed by the company was EUR 3,255 million (EUR 2,879 million) and the number of shareholders was 15,499 (15,115).

Of Evli's funds, the biggest net subscriptions in 2012 were gathered by Evli Short Corporate Bond Fund (EUR 285 million) and Evli Europe (EUR 57 million). Evli Euro Liquidity (EUR 645 million) and Evli European High Yield (EUR 510 million) had the most capital at the year-end.

Fund performance matched general market performance. The returns for the calendar year were positive in all the fixed income funds and positive in all but one of the equity funds. The best-performing equity fund was Evli Europe (annual return 28.3%), the best-performing balanced fund was Evli Finland Mix (9.4%), and the best-performing fixed income fund was Evli European High Yield (21.1%). Evli Russia (+12.1%) had the greatest positive return differential in relation to its benchmark index.

In the fund comparison by the independent Morningstar, the average star rating of Evli's funds registered in Finland was 3.48 in December (3.55). Of Evli's 25 funds, 21 were included in the comparison. 10 funds in all received the highest or second-highest Morningstar rating.

The combined capital of Evli's funds registered in Sweden was SEK 1,560 million at the end of 2012. Net subscriptions to the seven mutual funds managed by Evli Fonder AB totaled SEK 95 million. The fund that achieved the best annual return was Evli Aktieindexfond Sverige (16.0%).

The UCITS IV Directive was implemented in Finland at the end of 2011. The changes required by the Directive, for example changes to fund rules, were implemented during 2012. The Directive created a new opportunity to establish unit series denominated in foreign currencies in mutual funds, and Evli launched unit series denominated in Swedish kronor in its four corporate bond funds. At the same time, Mutual Fund Evli European High Yield SEK was merged with Mutual Fund Evli European High Yield.

Evli Fund Management Company earned recognition from foreign fund rating agencies in 2012. Morningstar selected Mutual Fund Evli Finnish Equity (currently named Evli Finnish Small Cap) as the best Finnish equity fund of 2012. Two of Evli's portfolio managers were also included in Citywire's global list of top 1,000 portfolio managers. Evli also attained good results in institutional client surveys carried out by SFR and TNS Sifo Prospera.

Markets

Markets in numbers	1–12/ 2012	1–12/ 2011	Change %
Net revenue, M€	13.3	16.3	-18
Operating profit / loss, M€	-1.8	-2.9	38
Personnel, at the end of period	47	52	-10
Market share (OMX Helsinki), EUR volume, %	1.2	1.4	
Market share (OMX Helsinki), number of trades, %	1.1	1.4	

The trading volume on NASDAQ OMX Helsinki Ltd totaled EUR 98.7 billion during the financial year. The volume declined by 28.5 percent compared with the previous year, and was at its lowest level in the 21st century. The general index (HEX), which describes the price performance of the stock exchange, rose by 11 percent during the same period. Trading volumes declined dramatically.

The net revenue of the Markets unit declined by 18 percent compared with the 2011 financial year, and was EUR 13.3 million (EUR 16.3 million). The decrease in net revenue was due to a decline in commission income and trading activity, and weaker market-making profits. The decline in commission income resulted from a reduction in stock exchange trading as a consequence of the general market uncertainty.

During the review period, the significant share transactions executed by the Markets unit included the sale of UPM-Kymmene Corporation shares, 5.6 million shares (value of transaction EUR 56.7 million), the sale of Fortum Corporation shares, 2.3 million shares (EUR 39.0 million) and the sale of Outotec Oyj shares, 0.5 million shares (EUR 17.3 million).

Evli's Markets unit continued to adjust its operations and cut overhead costs, but also invested in developing new product areas. The unit complemented its traditional equity, ETF and derivatives brokerage with bond brokerage. The Markets unit also trades in structured products in addition to the above.

Evli Alexander Management Ltd, a subsidiary that administers incentive programs, performed strongly. The company's revenue increased by 27 percent year on year.

Corporate Finance

Corporate Finance in numbers	1–12/ 2012	1–12/ 2011	Change %
Net revenue, M€	4.1	5.1	-19
Operating profit / loss, M€	-1.6	-4.2	62
Personnel, at the end of period	30	46	-35

The year started off actively for mergers and acquisitions but calmed down during the spring as a result of weak market performance and a gloomier economic outlook in Europe. The continued weak outlook both internationally and in our domestic market has led to less activity in mergers and acquisitions also during the early fall. Despite our strong mandate base, many orders have been delayed due to investor cautiousness. However, due to the nature of the business, substantial and rapid changes from quarter to quarter are possible.

Evli's Corporate Finance participated in several M&A transactions during the financial year. In Sweden, the unit advised the private equity firm Litorina in the acquisition of Fiskarhedenvillan, one of Sweden's leading home builders. The unit also advised Sven Nordgren's family in the sale of their holding in the Stampen AB media company, and functioned as adviser and organizer in Mancx AB's share issue. The unit advised Seamless AB, a company specialized in mobile payment systems, in its listing on the main market of NASDAX OMX Stockholm, and in the execution of the same company's SEK 102.4 million share issue. The Swedish unit also advised Lammhults Design Group in the sale of Scandinavian Eyewear to Marchon, a subsidiary of VSP Global and one of the world's largest manufacturers and distributors of high-quality eyewear.

In Russia Evli advised the owners of IS-Service, Russia's leading escalator supplier, in their sale of the company to Transmashholding, an Alstom Group company. Evli also advised Fazer in its acquisition of an industrial site for bakery operations in the Moscow region.

Evli also advised Kartago Group, a leading Russian catering service provider, in selling the business to a major Russian strategic investor. Evli also advised Ramirent and Cramo on creating a joint venture. The joint venture will be a leading rental services company in Russia and Ukraine.

In Finland, Evli advised Lännen Tehtaat in the acquisition of Caternet Oy, Finland's leading producer of fresh food. Evli also advised Mediverkko Ltd in a private placement concerning slightly under 10 percent of the entire share capital.

Early in the year, Evli sold its Baltic Corporate Finance operations. The transaction had no impact on the Group's financial result.

Evli's Board of Directors and auditors

The Annual General Meeting held on March 5, 2012 re-elected Henrik Andersin, Robert Ingman, Harri-Pekka Kaukonen, Mikael Lilius, Teuvo Salminen and Thomas Thesleff to Evli Bank Plc's Board of Directors. Henrik Andersin was chosen as Chairman of the Board.

The Annual General Meeting elected KPMG Oy Ab, Authorized Public Accountants, as the company's auditor and Marcus Tötterman, APA, as the principally responsible auditor.

Changes in Evli's shares, ownership, and group structure

There were no changes in the number of Evli Bank Plc's shares during the first, third or fourth quarter. The number of Evli Bank Plc's shares decreased by 28,900 in the second quarter as a result of a share issue that took place in May 2012 and the entry of shares that were annulled at the same time in the Trade Register on June 15, 2012.

On November 28, 2012 Evli Bank Plc signed a contract under which Evli Bank is to take ownership of Aurator Asset Management Ltd with a stake of approximately 90 percent. The arrangement was completed in 2013.

Evli's share capital and Board authorizations

On April 24, 2012, Evli Bank's Board of Directors decided to annul a total of 59,000 Evli shares held by the company. The new number of shares was entered in the Trade Register on June 15, 2012.

Pursuant to the authorization to acquire own shares issued by the Annual General Meeting (AGM) on March 4, 2011, the company acquired a total of 33,016 Evli shares at the start of 2012. The shares were acquired in accordance with shareholder agreements through changes in ownership.

The Board of Directors did not use the share issue authorization issued by the General Meeting on March 4, 2011.

Evli Bank Plc's AGM resolved on March 5, 2012 to authorize the Board of Directors to decide on issuing shares and stock options and/or issuing special rights entitling the holder to shares pursuant to chapter 10, section 1, of the Limited Liability Companies Act in one or more lots in such a way that the total number of shares granted on the basis of the authorization would be a maximum of three hundred and seven thousand (307,000) shares. Based on the authorization, the Board of Directors is entitled to decide on issuing shares and stock options and/or issuing special rights entitling the holder to shares pursuant to chapter 10, section 1, of the Limited Liability Companies Act in the same way as a General Meeting could decide on such matters, in every respect. The authorization remains valid until further notice, but will expire no later than eighteen (18) months after the decision of the General Meeting.

The Board of Directors used the share issue authorization granted by the AGM on March 5, 2012 after a decision was made on April 24, 2012 to offer the company's key employees a total of 59,000 shares, 30,100 of which were subscribed. The new shares were entered in the Trade Register on June 15, 2012.

The AGM resolved on March 5, 2012 to authorize the Board of Directors to decide on buying back Evli shares. A maximum of 410,227 shares may be bought back pursuant to the authorization, and they may be bought back in one or more lots, provided that after the purchase the total number of shares in the possession of or held as pledges by the company and its subsidiaries does not exceed ten (10) percent of the company's total shares. The Board of Directors is also authorized to buy back Evli shares other than in proportion to the shareholders' holdings, and to determine the order of buying back the shares. The authorization will expire eighteen (18) months after the decision of the Annual General Meeting.

The Board acted on the AGM's Evli share buy-back authorization of March 5, 2012 by buying back 25,000 Evli shares in the first quarter, 9,801 shares in the second quarter, 6,362 shares in the third quarter and 13,750 shares in the fourth quarter. The shares were acquired in accordance with shareholder agreements through changes in ownership.

At the end of the financial year, the company held a total of 70,129 Evli shares. The total number of shares at the end of the financial year was 4,073,374 shares.

There were no changes in the company's share capital during the financial year.

Risk Management

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.

The delta-adjusted price risk of Evli's own investment portfolio and proprietary trading was approximately EUR 7.6 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 + /- 0.6 million, assuming that market rates rise/fall by one percentage point. Evli's liquidity has remained solid.

Business environment

The cautious optimism of the beginning of the year wore off during the spring and summer as general market uncertainty increased and the Group's operating environment became more challenging. Investment portfolios' focus on low-risk investments, low trading volumes, and slow decision-making by investors reduced commission income levels in all our businesses. The mood on the financial markets remained expectant in the fall, but expectations improved slightly towards the end of the year. Clients continue to be cautious with respect to execution of M&A transactions. Competition for clients and orders is expected to remain tough. Due to stricter regulations and a difficult operating environment, consolidations are likely to continue in the financial sector.

Outlook

Despite the uncertain operating environment, Evli anticipates positive earnings for 2013. This view is supported by the implemented adjustment measures and the company's strong liquidity and good capital adequacy.

Helsinki, February 13, 2013

Board of Directors

KEY FIGURES

	1.1.–31.12.2012	1.1.–31.12.2011	1.1.–31.12.2010	1.1.–31.12.2009	1.1.–31.12.2008
Net Revenue, 1 000 €	**48 344**	59 033	59 380	53 758	56 172
Operating profit, 1 000 €	**3 553**	3 642	4 176	5 251	-718
% of net revenue	**7.3**	6.2	7.0	9.8	-1.3
Profit for the financial year, 1 000 €	**2 144**	3 794	3 407	3 695	-1 134
% of net revenue	**4.4**	6.4	5.7	6.9	-2.0
Return on equity (ROE), %	**4.7**	7.0	5.9	6.3	-1.8
Return on assets (ROA), %	**0.4**	0.6	0.5	0.5	-0.1
Equity-to-assets ratio, %	**8.3**	8.7	8.7	8.6	8.7
Expense ratio (earnings to operating costs)	**1.1**	1.1	1.1	1.1	1.0
Capital adequacy ratio, %	**14.6**	14.5	14.8	13.6	14.1
Personnel, at the end of period	**243**	276	282	281	295

Calculation of key ratios

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), %	=	Operating profit/loss - taxes / 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), %	=	Operating profit/loss - taxes / Average total assets (average of the figures for the beginning and at the end of the year)	x 100
Equity / Total assets ratio, %	=	Equity capital + appropriations / Total assets	x 100
Expense ratio as earnings to operating costs	=	Net interest income + net commission income + net income from securities transactions and foreign exchange dealing + other operating income / Administrative expenses + depreciation and impairment charges + other	x 100

CONSOLIDATED INCOME STATEMENT

1 000 EUROS	Note	1.1.–31.12.2012	1.1.–31.12.2011
Interest income	1.	6 423	9 709
Interest expenses	2.	–3 302	–5 732
NET INTEREST INCOME		3 121	3 977
Fee and commission income	3.	45 782	54 282
Fee and commission expenses	4.	–2 481	–2 466
Net income from securities transactions and foreign exchange dealing	5.		
Net income from financial assets at fair value through profit or loss		1 589	-540
Net income from financial assets available for sale		–1 276	-633
Net income from foreign exchange dealing		888	-52
Other operating income	6.	722	4 465
NET REVENUE		48 344	59 033
Administrative expenses			
Personnel expenses	7.	–21 491	-28 879
Other administrative expenses	8.	–14 300	-18 559
Depreciation, amortization and impairment charges	9.	–4 368	-4 346
Other operating expenses	10.	–4 522	-3 604
Impairment losses on loans and other receivables	11.	2	-4
Impairment losses on other financial assets	11.	–111	0
OPERATING PROFIT/LOSS		3 553	3 642
Share of profit or loss of associates		–208	39
PROFIT BEFORE INCOME TAX		3 345	3 681
Income taxes	12.	–1 201	113
PROFIT/LOSS FOR THE FINANCIAL YEAR		2 144	3 794
Attributable to			
Minority interest		498	946
Shareholders of parent company		1 646	2 847
PROFIT/LOSS FOR THE FINANCIAL YEAR		2 144	3 794
Income and expense recognised directly in equity			
Foreign currency translation differencies for foreign operations		28	-109
Income and expense recognised directly in equity		28	-109
TOTAL RECOGNISED INCOME AND EXPENSES FOR THE PERIOD		2 172	3 684
Attributable to			
Minority interest		498	946
Equity holders of parent company		1 674	2 738

CONSOLIDATED BALANCE SHEET

1 000 EUROS	Note	31.12.2012	31.12.2011
ASSETS			
Cash and cash equivalents		118 682	205 146
Loans and other receivables			
Claims on credit institutions	13.	8 838	6 267
Claims on the public and public sector entities	14.	62 055	59 801
Loans and other receivables, total		70 894	66 068
Financial assets at fair value through profit or loss			
Debt securities eligible for refinancing with central banks	15.	154 148	130 575
Debt securities	15.	58 296	22 506
Shares and participations	16.	44 303	39 916
Derivative contracts	18.	12 175	17 368
Financial assets at fair value through profit or loss, total		268 922	210 365
Saleable financial assets			
Shares and participations	16.	19	1 258
Saleable financial assets, total		19	1 258
Other than financial assets			
Shares and participations in associates	17.	3 740	4 992
Intangible assets	19.	11 831	14 356
Property, plant and equipment	20.	3 141	3 408
Other assets	21.	113 978	69 205
Accrued income and prepayments	22.	3 356	5 259
Deferred tax assets	23.	1 029	1 864
Other than financial assets, total		137 075	99 085
TOTAL ASSETS		595 591	581 921

CONSOLIDATED BALANCE SHEET

1 000 EUROS	Note	31.12.2012	31.12.2011
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities at amortized cost			
Liabilities to credit institutions and central banks	24.		
Credit institutions		18 300	11 958
Liabilities to the public and public sector entities	25.		
Deposits		296 540	345 391
Other liabilities		5 063	1 979
Debt securities issued to the public	26.		
Bonds		61 910	66 708
Other		999	1 985
Financial liabilities at amortized cost, total		382 812	428 021
Financial liabilities at fair value through profit or loss			
Derivative contracts and other trading liabilities	27.	26 548	21 255
Other than financial liabilities			
Other liabilities	28.	125 640	68 512
Accrued expenses and deferred income	29.	10 824	12 758
Deferred tax liabilities	30.	535	759
Other than financial liabilities, total		136 999	82 029
TOTAL LIABILITIES		546 358	531 305
EQUITY	32.,33.		
Share capital		30 194	30 194
Share premium fund		1 839	1 839
Fund of invested non-restricted equity		11 145	10 789
Other reserves		107	107
Translation difference		324	-183
Retained earnings		4 727	7 230
Minority interest		896	639
TOTAL EQUITY		49 232	50 616
TOTAL LIABILITIES AND EQUITY		595 591	581 921

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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
2011									
Equity at 1.1.	30 194	1 839	10 483	107	-73	12 743	55 292	1 520	56 812
Net income recognized direct in equity	0	0	0	0	-109	0	-109	0	-109
Profit/loss for the period	0	0	0	0	0	2 847	2 847	946	3 794
Total recognised income									
and expenses for the period	0	0	0	0	-109	2 847	2 738	946	3 684
Share issue	0	0	306	0	0	438	744	0	744
Subscription of share capital	0	0	0	0	0	-1 960	-1 960	0	-1 960
Dividends	0	0	0	0	0	-5 184	-5 184	-790	-5 974
Other changes	0	0	0	0	0	-1 654	-1 654	-1 036	-2 690
Equity at 31.12.	30 194	1 839	10 789	107	-183	7 230	49 977	639	50 616

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
2012									
Equity at 1.1.	**30 194**	**1 839**	**10 789**	**107**	**–183**	**7 230**	**49 977**	**639**	**50 616**
Net income recognized direct in equity	**0**	**0**	**0**	**0**	**28**	**0**	**28**	**0**	**28**
Profit/loss for the period	**0**	**0**	**0**	**0**	**0**	**1 646**	**1 646**	**498**	**2 144**
Total recognised income									
and expenses for the period	**0**	**0**	**0**	**0**	**28**	**1 646**	**1 674**	**498**	**2 172**
Transfer between other items	**0**	**0**	**356**	**0**	**0**	**0**	**356**	**0**	**356**
Subscription of share capital	**0**	**0**	**0**	**0**	**0**	**–1 114**	**–1 114**	**0**	**–1 114**
Dividends	**0**	**0**	**0**	**0**	**0**	**–2 457**	**–2 457**	**–241**	**–2 698**
Other changes	**0**	**0**	**0**	**0**	**479**	**–578**	**–99**	**0**	**–99**
Equity at 31.12.	**30 194**	**1 839**	**11 145**	**107**	**324**	**4 727**	**48 336**	**896**	**49 232**

The translation reserve includes foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries.

CONSOLIDATED STATEMENT OF CASH FLOW

1 000 EUROS	**1.1.–31.12.2012**	1.1.–31.12.2011
Cash flow from operating activities		
Interest and commission received and proceeds from securities transactions incl. dividends	**55 365**	34 532
Interest and commissions paid	**–6 908**	-8 068
Cash payments to employees and suppliers	**–40 660**	-59 109
Increase (-) or decrease in operating assets:		
Net change in trading book assets and liabilities	**–15 863**	69 017
Deposits held for regulatory or monetary control purposes	**–2 651**	-543
Issue of loan capital	**–5 783**	5 864
Funds advanced to customers	**–65 222**	138 097
Net cash from operating activities before income taxes	**–81 722**	179 789
Income taxes	**–88**	-1 501
Net cash used in operating activities	**–81 810**	178 288
Cash flow from investing activities		
Proceeds from sales of subsidiaries and associates	**527**	-2 229
Interest received	**–3**	0
Acquisition of property, plant and equipment and intangible assets	**–1 572**	-5 000
Net cash used in investing activities	**–1 048**	-7 229
Cash flow from financing activities		
Proceeds from issue of share capital	**356**	744
Purchase of own shares	**–1 114**	-1 960
Net decrease in other borrowings	**–8**	2
Payment of finance lease liabilities	**–232**	-216
Dividends paid	**–2 699**	-5 274
Net cash from financing activities	**–3 697**	-6 704
Net increase in cash and cash equivalents	**–86 555**	164 355
Cash and cash equivalents at beginning of period	**209 698**	45 330
Effects of exchange rate changes on cash and cash equivalents	**11**	13
Cash and cash equivalents*) at end of period	**123 142**	209 698

*) Cash and cash equivalents include cash and cash equivalents and claims on credit institutions repayable on demand.

ACCOUNTING POLICIES

Basic information on the company

Evli Bank Plc is an independent investment and wealth management bank whose clients are institutions, companies and present or future high net worth individuals. Clients are served by international groups operating in three business areas that provide asset management services, broker shares and derivatives, and provide analysis and advisory services. The Evli Group operates in five countries. It has its head office in Finland and operations also in Sweden, and, through its subsidiary Evli Securities, in Estonia, Lithuania and, through its subsidiary Evli Russia Oy, in St. Petersburg and Moscow.

The Group's parent company is Evli Bank Plc. The parent company is domiciled in Helsinki and its registered address is Aleksanterinkatu 19 A, 00100 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, 00100 Helsinki.

Accounting policies

Basis for preparation of the financial statements

The consolidated financial statements have been prepared in compliance with the IFRSs (International Financial Reporting Standards) and IASs (International Accounting Standards) valid at the end of 2012, together with their respective SIC (Standing Interpretations Committee) and IFRIC (International Financial Reporting Interpretations Committee) interpretations. These standards and interpretations have been approved in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and the Council. In addition, Finland's Act on Credit Institutions has also been applied in preparing the consolidated financial statements.

Assets and liabilities in the consolidated financial statements have been measured at historical cost, with the exception of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, derivative financial instruments and hedged items in fair value hedges. With respect to business combinations occurring before 2005, goodwill is reported as the carrying amount recognized under previous accounting principles, and this is used as the deemed cost under IFRSs. The classification and accounting treatment of these acquisitions have not been restated in preparing the Group's IFRS opening balance sheet.

The Group has applied the following amended standard from January 1, 2012

- Amendments to IFRS 7 Financial Instruments: Disclosures (effective in annual periods beginning on or after July 1, 2011): The amendments promote the transparency of disclosures of transactions where financial instruments are transferred and improve the possibility of the users of financial statements to gain an understanding of the risks associated with the transfer of financial instruments and of the effect of these risks on the entity's financial position, especially when the securitization of financial assets is in question. The amendments affect the notes to the consolidated financial statements.

The amendment has not had a significant effect on the consolidated financial statements for the 2012 financial year.

Consolidation principles

Subsidiaries

The consolidated financial statements comprise the financial statements of Evli Bank Plc and all its subsidiaries. Entities qualify as subsidiaries if the Group has control. The Group obtains control if its shareholding carries more than half of the voting rights, or if it otherwise has the power to exercise control over the financial and operating policies of the entity so as to obtain benefits from its activities.

The Group's internal shareholdings are eliminated by using the purchase method of accounting. Subsidiaries acquired are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date that control ceases.

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 minority interests is presented in the profit and loss account, while the minority interest in equity is presented separately in the balance sheet within equity. The minority interest in cumulative losses is recognized in the consolidated financial statements up to the amount of the investment at most.

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

Associates

Associates are entities in which the Group has significant influence. Significant influence is demonstrated when the Group generally holds in excess of 20% of a company's voting rights or when the Group otherwise has significant influence, but not control. Associates are consolidated by using the equity method. Unrealized gains between the Group and associates are eliminated in proportion to the Group's ownership interest. An investment in an associate includes the goodwill generated by the acquisition.

The subsidiaries and associates included in the consolidated financial statements are listed in the Notes to the Financial Statements on page 34.

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 ("the 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 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 in 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 the assets can be reliably measured. Other repair and maintenance costs are recognized as expenses 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 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.

With a contract signed on October 7, 2009, Evli Acquired the entire share capital of Carnegie Asset Management Finland and Carnegie Fund Management Finland. No goodwill was generated from this transaction; the other intangible rights included in the sale price, including client agreements, will be completely removed within two to seven years.

Goodwill

Goodwill represents the excess of the cost of an acquisition (made after January 1, 2005) over the fair value of the Group's share of the net identifiable assets and liabilities of the acquired entity at the date of acquisition. The goodwill of prior business combinations is reported in accordance with previous accounting principles and the carrying amount is used as the deemed cost. The classification and accounting treatment of these acquisitions have not been restated in preparing the Group's IFRS opening balance sheet.

Goodwill is measured at historical cost less cumulative impairment losses. Goodwill is not amortized, but tested annually for impairment. For this purpose, goodwill is allocated to the cash-generating business segments, or, if it concerns a subsidiary, goodwill is included in the carrying amount of the subsidiary and the subsidiary forms a cash-generating unit.

In the Group, goodwill is tested on the basis of fair values by discounting the predicted future net cash flows (five years) using market-based discount factors. In addition to the cash flows of the forecast period, the terminal value, which is dependent on companies' and markets' growth expectations, is also taken into account in measurement.

Borrowing costs

Borrowing costs are recognized as an expense in the period in which they are incurred. Directly 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. 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 reporting 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 present value of the future net cash flows expected to be derived from the said asset or cash-generating unit. 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. 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 benefit plans. Contributions to defined benefit 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.

Compensation

The Evli Group's personnel consists of specialists in several different fields, therefore it has a reward system that covers its entire personnel. The aim of the reward system is to support the implementation of the company's strategy and to ensure the profitable growth of the Group. 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. The Board of Directors confirms the reward system annually on the basis of the Compensation Committee's proposal. The functioning and results of the reward system approved by the Board of Directors are monitored regularly by the Compensation Committee. The Compensation Committee meets at least four times per year. As a result of the monitoring, the Compensation Committee makes proposals and recommendations to the Board of Directors regarding rewarding or amendments to the reward system in use. 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.

At the Evli Group, variable compensation is a way of motivating the personnel and committing them to the Group's objectives. Although the Group has a reward system, fixed compensation nevertheless has the greatest significance in its salary policy. Fixed salaries rise either on the basis of increases based on the collective agreement or on the basis of a personal pay rise given to a person by a supervisor. The employee's supervisor makes the salary-related proposals, which his/her supervisor then approves in accordance with Evli's salary policy. There are no significant separate fringe benefits in the Group.

The Evli Group's reward system contains many restrictions for ensuring that the variable compensation is not paid if the Group's profit performance is not favorable. The proportion of variable compensation will not, under any circumstances, exceed the amount of fixed salaries, and the compensation may be at most 50 percent of fixed salaries. Also, the compensation may not, under any circumstances, exceed 50 percent of the company's profit before profit distribution with employees. A certain percentage of the Evli Group's business units' profit is reserved for the reward system. This percentage varies from unit to unit. Under all circumstances, a requirement for the reservation is that the Group's financial performance is within the limits set by the Board of Directors. Therefore, rewards are not paid in loss-making units or in units that made a profit if the Evli Group as a whole has not attained the minimum profit limit set for it.

The heads of the business units determine the indicators and internal models according to which the reward allocated to each business unit is distributed between teams and individual employees. In all measurement, at both team and individual levels, the reaching of financial objectives carries substantial weight. Supervisors also assess all the Evli Group's employees' compliance with the Group's ethical rules and values.

The Group also has an arrangement under which Evli offers shares for subscription. The Chief Executive Officer together with the Compensation Committee make a separate proposal to the Board of Directors regarding the person/persons to whom they would like shares to be granted. In general, shares are offered for subscription to persons whose commitment to the company is felt to be of primary importance for the company's success.

During 2012, the Board of Directors decided on one share issue. In the share issue, the company's key employees were offered a maximum of 59,000 shares, 30,100 of which were subscribed.

The Compensation Committee maintains an up-to-date list of 'risk takers' and the rewards paid to them. The Compensation Committee has assessed 28 people in the Evli Group to be risk takers on the basis of their duties. The Compensation Committee has specified as risk takers people who work in management positions or internal control duties in the company, and persons that otherwise have an essential influence on Evli's risk position. In accordance with the principle of the reward system, portions of risk takers' compensation that exceed EUR 50,000 are paid over three years.

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.

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 derecognized 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.

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, shares, bonds and other interest-bearing papers. Trading assets are acquired principally to obtain profit in the short term through changes in market prices.

The category's assets are measured at fair value and the fair value of all of this category's investments 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. If the theoretical measurement of an unlisted investment does not lead to a result that would change the investment's measurement, the investment is measured at the acquisition price. The fair value of unlisted instruments such as equities and private equity funds is estimated primarily using the share's net asset value or 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. 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 whose fair value cannot be reliably determined. Investments' fair value is estimated primarily using the share's net asset value or a cash flow analysis based on future outlook.

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. 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.

Financial liabilities

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 financial instruments

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 liabilities'. 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 interest expenses, commission expenses, 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 the profit or loss.

Revenue recognition principles

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.

Commissions from asset management are accrued monthly and are invoiced in arrears in three-, six- or twelve-month periods. Securities brokerage events are recognized according to the trading date.

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. The interest income and expenses related to the internal bank's trading operations are included in the profit and loss account item, net income from securities transactions. 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.

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. Preparation of the financial statements also requires, in some circumstances, the making of judgments with respect to accounting policies. 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 future prices, 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 that are valued at their fair value, a price is used, which is theoretically calculated based on the generally approved valuation models used in the market.

An impairment is recognized in an associated company'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 not yet applied but will have relevance for the consolidated financial statements when they enter into force. The Group applies each standard and interpretation from its effective date or, if the effective date is not the first day of the annual period, from the beginning of the next annual period.

- Amendments to IAS 1 Presentation of Financial Statements (effective in annual periods beginning on or after July 1, 2012): The single most significant amendment is the requirement to group other consolidated income items according to whether they will possibly be reclassified to profit or loss if certain conditions are fulfilled.
- IFRS 13 Fair Value Measurement (effective in annual periods beginning on or after January 1, 2013): IFRS 13 combines requirements on fair value measurement and on presenting relevant information in the financial statements. The new standard also contains definitions of fair value. The use of fair value is not expanded, but instructions are provided for its measurement when its use is permitted or it is required by some other standard. IFRS 13 expands the information to be disclosed regarding non-financial assets measured at fair value.
- Annual Improvements to IFRSs 2009–2011*, May 2012 (effective in annual periods beginning on or after January 1, 2013): The Annual Improvements process allows minor and less urgent amendments to be compiled into a single package and implemented once per year. The amendments concern a total of five standards. The effects of the amendments vary from standard to standard, but are not substantial.
- Amendments to IFRS 7 Financial Instruments: Disclosures (effective in annual periods beginning on or after January 1, 2013). The amendments specify the disclosure requirements concerning financial instruments presented in net terms in the balance sheet and general netting arrangements or corresponding agreements. The disclosures required by the amendments must be presented retroactively.
- IFRS 10 Consolidated Financial Statements and amendments to it (effective in the EU in annual periods beginning on or after January 1, 2014): In accordance with existing principles, IFRS 10 defines control as a key factor when determining whether an entity should be consolidated. The standard also provides additional instructions on the definition of control when it is difficult to assess.
- IFRS 12 Disclosure of Interests in Other Entities and amendments to it (effective in the EU in annual periods beginning on or after January 1, 2014): IFRS 12 brings together all the requirements on disclosures. These concern various interests in other entities including associates, joint arrangements, structured units and other off-balance sheet entities. The new standard expands the information to be disclosed by the Group regarding its interests in other entities.
- IAS 27 Separate Financial Statements (as amended in 2011) and amendments to it (effective in the EU in annual periods beginning on or after January 1, 2014): The revised standard contains the requirements regarding separate financial statements that remained when the sections regarding control were included in the new IFRS 10.
- IAS 28 (as amended in 2011) Investments in Associates and Joint Ventures (effective in the EU in annual periods beginning on or after January 1, 2014). The standard revised as a consequence of the publication of IFRS 11 contains requirements for the accounting treatment of associates and joint ventures using the equity method.
- Amendments to IAS 32 Financial Instruments: Presentation (effective in annual periods beginning on or after January 1, 2014). The amendments clarify the requirements regarding regulations concerning the presentation of financial assets and liabilities in the balance sheet in net terms and provide additional application guidelines regarding the matter. The amended standard must be applied retroactively.
- IFRS 9: Financial Instruments* and amendments to it (effective in annual periods beginning on or after January 1, 2015). The project, which was originally meant to be implemented in three phases, is intended to replace the currently valid IAS 39 Financial Instruments: Recognition and Measurement. The first phase of amendments (announced in November 2009) concern the classification and measurement of financial assets. Financial assets will be divided into two main groups according to the measurement method: those measured at amortized acquisition cost and those measured at fair value. The classification depends on the company's business model and the characteristics of contractual cash flows. The amendments announced in October 2010 deal with the classification and measurement of financial liabilities, and the relevant regulations of IAS 39 were transferred to the new standard largely unchanged. The parts of IFRS 9 that are still incomplete concern impairment of financial assets and general hedge accounting. The IASB has also suggested certain amendments to the principles of classification and measurement of financial instruments. The part regarding macro hedge accounting has been decoupled from IFRS 9 and made into a separate project. Since the IFRS 9 project is still in progress, an estimate of the standard's effects on the consolidated financial statements cannot yet be presented.

SEGMENT REPORTING

The primary segment reporting is based on the business segments used in the Group's internal reporting. The ultimate operational decision-making power 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 is based on geographical areas: Finland, Sweden, Russia and the Baltic countries.

The business segments consist of business units whose products, services, earnings logic and profitability are related, but are different from those of other business segments. The business risks of the various segments are also different.

Inter-segment pricing occurs in arm's length transactions at fair value. The revenue, expenses, assets and liabilities 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, expenses, investments and capital that are not allocated to a particular business area, and the inter-business-area eliminations in the Group, are reported under Group operations.

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 insurance companies, pension funds, organizations, municipalities and companies, for example. Evli's Private Banking is a comprehensive private banking 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, derivatives brokerage, investment research, market making and trading, and investment research. The unit's product range includes also structured products, brokerage of ETFs and fixed income instruments, and realization of management's share-based payment arrangements.

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, custodial services, credit management, Evli Bank's investments, financial administration, risk management, IT, corporate communications, legal affairs, compliance activities, human resources administration and internal services.

2012 (1 000 EUROS)	Markets	Corporate Finance	Asset Management	Group Operations	Unallocated	Group
	1.1.–31.12.2012	1.1.–31.12.2012	1.1.–31.12.2012	1.1.–31.12.2012		1.1.–31.12.2012
SEGMENT INCOME STATEMENT						
REVENUE						
External sales	13 789	4 121	26 706	3 381	347	48 344
Inter-segment sales	-445	-22	-14	480	0	
Total revenue	13 344	4 099	26 692	3 861	347	48 344
RESULT						
Segment operating expenses	-12 613	-4 900	-17 820	-9 128	-538	-44 999
Corporate expenses	-2 559	-787	-4 214	7 561		0
Operating profit	-1 827	-1 588	4 659	2 294	-191	3 345
Segment income taxes					-1 201	-1 201
Segment profit/loss after taxes	-1 827	-1 588	4 659	2 294	-1 394	2 144
SEGMENT BALANCE SHEET						
Segment assets	212 826	1 600	19 134	392 361		
Unallocated corporate assets					-30 330	
Consolidated total assets						595 591
Segment liabilities	156 349	526	8 265	396 680		
Unallocated corporate liabilities					-15 462	
Consolidated total liabilities						546 358

2011 (1 000 EUROS)	Markets	Corporate Finance	Asset Management	Group Operations	Unallocated	Group
	1.1.–31.12.2011	1.1.–31.12.2011	1.1.–31.12.2011	1.1.–31.12.2011		1.1.–31.12.2011
SEGMENT INCOME STATEMENT						
REVENUE						
External sales	17 064	5 080	31 492	5 406	-9	59 033
Inter-segment sales	-742	-26	-23	791	0	0
Total revenue	16 322	5 055	31 469	6 197	-9	59 033
RESULT						
Segment operating expenses	-16 362	-8 239	-20 809	-10 061	119	-55 353
Corporate expenses	-2 888	-1 033	-4 433	8 354	0	0
Operating profit	-2 927	-4 218	6 227	4 489	109	3 681
Segment income taxes					113	113
Segment profit/loss after taxes	-2 927	-4 218	6 227	4 489	222	3 794
SEGMENT BALANCE SHEET						
Segment assets	207 941	1 563	18 695	383 356		
Unallocated corporate assets					-29 633	
Consolidated total assets						581 921
Segment liabilities	152 041	511	8 038	385 751		
Unallocated corporate liabilities					-15 036	
Consolidated total liabilities						531 305

Group operations comprise the internal bank, Evli Bank's investments, financial administration, risk management, IT, administration, corporate communications, legal affairs, compliance activities, human resources administration and internal services. No individual customers of Evli Bank Plc have returns that exceed 10 percent of the total returns.

2012 (1 000 EUROS)	Finland	Sweden	Russia and Baltic countries	Group
	1.1.–31.12.2012	1.1.–31.12.2012	1.1.–31.12.2012	1.1.–31.12.2012
SEGMENT INCOME STATEMENT (GEOGRAPHICAL)				
Net revenue	**42 563**	**5 781**	0	**48 344**
SEGMENT BALANCE SHEET (GEOGRAPHICAL)				
Segment assets	**591 268**	**4 323**	0	**595 591**

2011 (1 000 EUROS)	Finland	Sweden	Russia and Baltic countries	Group
	1.1.–31.12.2011	1.1.–31.12.2011	1.1.–31.12.2011	1.1.–31.12.2011
SEGMENT INCOME STATEMENT (GEOGRAPHICAL)				
Net revenue	51 159	6 251	1 624	59 033
SEGMENT BALANCE SHEET (GEOGRAPHICAL)				
Segment assets	575 276	5 186	1 458	581 921

PRINCIPLES OF CORPORATE GOVERNANCE

The governance of Evli Bank Plc (hereinafter Evli) complies with the Finnish Limited Liability Companies Act, applicable statutory provisions governing the Finnish securities markets, the regulations of the Finnish Financial Supervisory Authority, the Finnish Corporate Governance Code issued by the Securities Market Association, and the rules and regulations of NASDAQ OMX Helsinki. Further information on Evli's risk management system is available in section 9.

General Meeting of Shareholders

The ultimate decision-making power in the company is vested in the General Meeting, at which shareholders 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, on a date designated by the Board of Directors no later than the end of June. Each Evli share represents one vote at a General Meeting.

The AGM adopts the financial statements and decides on the distribution of dividends. The AGM also decides on the number of members of the Board of Directors, elects them and confirms the yearly compensation. In addition to designating the company's Board of Directors, the AGM has the authority under the Limited Liability Companies Act to amend the company's articles of association, increase the company's share capital or grant an authorization thereto. The AGM also decides on the election of one or more auditors and the compensation payable to them.

Board of Directors and its committees

The AGM elects four to eight members to the Board of Directors, who serve until the end of the following year´s AGM. The Board members comprise representatives of major shareholders and external, independent members who have diverse experience of the business and industry in which Evli operates. The Board elects a Chairman and Vice Chairman from its members.

The Annual General Meeting held on March 5, 2012 re-elected Henrik Andersin, Robert Ingman, Harri-Pekka Kaukonen, Mikael Lilius, Teuvo Salminen and Thomas Thesleff to Evli Bank Plc's Board of Directors. During the financial year, Henrik Andersin continued as Chairman of the Board and Harri-Pekka Kaukonen as Vice Chairman.

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

The Board of Directors is responsible for looking after the company's administration and ap-propriate organization of operations, and ensuring that the supervision of the company's accounting and asset management has been arranged suitably. 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 their salaries and other benefits. Furthermore, the Board approves the objectives of the Evli Group's human resources plan and monitors their implementation, and decides the criteria for the Evli Group's compensation system and other extensive matters that concern the personnel. In accordance with principles of good corporate governance, the Board also ensures that the company reinforces the corporate values applied to its operations.

The Board has approved a written procedure, dated December 11, 2006, defining the Board's duties and meeting practices. The Board carries out an annual internal self-evaluation of its activities and working practices.

The Board of Directors and the CEO shall manage the company and the Group in a professional manner and in accordance with sound and prudent business principles. The Board's obligation is to promote and advance the interests of the company and all its shareholders.

Evli's Board of Directors met 10 times in 2012. Board members' average attendance rate at meetings was 91.7 percent. The Board members' compensation in accordance with the AGM's decision was EUR 3,690 per month.

On 11 December 2006, the Board established and appointed 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.

The Audit Committee is responsible for advising the company's Board 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. Additionally, the Audit Committee is responsible for overseeing the accuracy and correctness of the company's financial reporting and preparing the proposal on the election 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, good management and governance practices, as well as for monitoring the activity of the internal audit function. The Audit Committee consists of at least two members, which may not be part of the company's management. The committee is elected by the Board from its members that are independent of the company. In addition to the committee's regular members the auditors, the CEO, the CFO and the internal auditor shall attend the meetings. The members of Evli's Audit Committee are Teuvo Salminen (Chairman), and Robert Ingman. The committee meets regularly every quarter. In 2012, the Audit Committee met six times.

The Audit Committee's members' average attendance rate at meetings was 91.7 percent.

The Compensation and Nomination Committee is responsible for advising the company's Board 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 Compensation and Nomination Committee consists of at least three members, elected by the Board from its members, and the committee shall be chaired by 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 Compensation and Nomination Committee met three times in 2012. The Compensation and Nomination Committee's members' average attendance rate at meetings was 100 percent.

During the financial year members of the Board received no shares or share-based rights as compensation.

Chief Executive Officer and Executive Group

Evli's Board of Directors appoints the CEO, who is responsible for the company's day-to-day management in compliance with the Limited Liability Companies Act and the instructions and decisions provided by the Board of Directors. The CEO's duties include management and supervision of the Group's business, preparation of matters to be handled by the Board and implementation of the Board's decisions. The CEO's work is guided by a written procedure approved by the Board, effective as of November 1, 2006.

The company's CEO is Maunu Lehtimäki, M.Sc. (Econ.), born 1967. In 2012, the CEO was paid a salary of EUR 330,480.00 plus performance bonuses and other benefits EUR 240.00, making a total of EUR 330,720.00. During the financial year the CEO received no shares or share-based rights as compensation.

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 63 years.

The CEO is aided in the company's operating management by Evli's Executive Group, which is convened by the Chairman every second week. The Executive Group supports the CEO in preparing and executing the strategy, coordinating Evli's operations, preparing and executing significant or fundamental matters and decisions, and ensuring internal cooperation and communication. The Executive Group's work is guided by a written procedure approved by the Board, effective as of November 1, 2006.

Holdings of Board members, the CEO and Executive Group members in Evli

At the end of 2012, Evli's current Board members and the CEO held, either directly or indirectly through companies controlled by them, 60.5 percent of the company's total stock and 61.6 percent of the total votes. Evli's Board members, CEO and Executive Group held, either directly or indirectly through companies controlled by them, 63.7 percent of the company's total stock and 64.8 percent of the total votes.

Internal audit

Evli's internal audit is independent of the business functions. Its purpose is to assess the functioning and effectiveness of the internal control system and the quality of performance in the Evli Group. Evli's Board of Directors, management and personnel can make use of the audits for operational management, control and development purposes. The internal audit also proposes measures for developing risk management, internal control and managerial and administrative processes.

The internal audit reports its findings to the CEO and to Evli's Board of Directors through the Audit Committee. Evli's Board of Directors annually confirms the internal audit guidelines and annual plan.

The internal audit follows internal audit guidelines and an internationally acknowledged frame-work of professional practices (The Institute of Internal Auditors) and corresponding information systems audit standards (Information Systems Audit and Control Association).

Internal control

The target of internal control is to ensure the implementation of strategic and operational objectives, the comprehensiveness of risk management, the reliability of financial and other information provided, compliance with laws, other external regulation and Evli's internal codes of conduct, and the quality and efficiency of operations.

The operating principles and responsibilities of internal control are defined in the policies and guidelines considered and approved by the Board of Directors. Evli's values and policy of transparent, appropriate communications support the company's operational integrity and high ethical standards. The company's organizational structure, clear responsibilities and competent staff support the planning, execution, control and monitoring of business operations in a manner that facilitates the achievement of defined objectives. The Board of Directors and the Executive Group are responsible for internal control.

Auditors

Evli has one auditor. The auditor and a deputy, if any, must be a public accountant or auditing firm authorized by the Finnish Central Chamber of Commerce. If the auditor is an auditing firm, no deputy auditor need be elected. The auditor serves until the following year's AGM.

Evli's auditor is KPMG Oy Ab, an auditing firm, the principally responsible auditor being Marcus Tötterman, Authorized Public Accountant. The auditor issues a statutory audit report to the company's shareholders as part of the company's annual financial statements. The principal function of a statutory audit is to ensure that the company's financial statements provide a true and fair view of the company's financial position and performance for each reporting period. The auditor also confirms the net asset value of the company's share on a quarterly basis, which is an important part of the company's share-based incentive scheme. In 2012, the Group paid EUR 297,000 and the parent company EUR 143,368 in auditor's fees. Additionally, the Group paid the auditing firm EUR 122,000 and the parent company EUR 75,782 in other fees. Other fees were mainly related to tax advice and advice related to M&A transactions. From time to time, the company also purchases consultation services from the KPMG auditing firm, and the independence of this work from the audit is assessed by the Board of Directors.

Description of the Evli Group's financial reporting process

The Board of Directors monitors financial reporting and the Audit Committee assists the Board in this work. The CEO's and CFO's task is to monitor and ensure the quality of financial reporting.

The Group prepares the annual financial statements and also a quarterly interim report (IAS34), which is published as a press release. The Audit Committee meets well in advance before the AGM to deal with the annual and interim reports in detail. Reports are submitted to the Board on a monthly basis with separate reports relating to the business areas.

Operating under the CFO, the Finance Department produces and compiles the financial data on the financial performance of the individual areas of business in detail partly based on the financial data produced by their operative systems. The accuracy of financial data of separate companies and according to Group data is ensured at different daily, weekly and monthly controls and calculation and validation measures.

Data are transferred in batches from the information systems related to operations, which are maintained by the business units, to the financial administration's systems. Various balancing measures are employed to ensure that the data transferred from the information systems related to operations correspond with the data in the financial administration's systems. The financial administration also ensures that all the data are delivered and entered in the accounting records. Securities are revalued for accounting in the financial administration's systems in accordance with IFRS 39 and the Group's internal guidelines. Various balancing mechanisms are employed to ensure that all the positions and securities have been transferred to the accounting system, and to monitor differences between the valuation price in the information systems related to operations and the price used in the accounting system, as well as the reasons for these differences. The accounting of all the Group companies, with the exception of the Russian companies, is in the same accounting system, and the companies comply with the same accounting policies.

The aim of the Finance Department's Internal Cost Accounting function is to continuously monitor the Evli Group's financial performance on both the Group and business unit levels. 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. The Group Controller reports to the Executive Group and the Board of Directors every month on Group-level performance and future outlook. Performance is evaluated by comparing actual figures with the budget and the forecast for the rest of the year that is updated regularly. Internal Cost Accounting is also responsible for monitoring and reporting on the performance of each business unit. The team is responsible for reporting on the financial results, sales and activity at least monthly and depending on the unit, even daily, to the Executive Group and other concerned parties. In addition to the reporting for each business unit, the monitoring is also carried out for the separate countries. Country Managers receive a monthly report on the financial performance of the country they represent. In order to ensure the accuracy of the data and to avoid any human errors, the internal accounting reports are balanced each month against the Group accounting. Any discrepancies are documented and presented in connection with the reports.

RISK MANAGEMENT

Organization of risk management

The Evli Group defines risk as an event or series of events that jeopardize the company's short-term or long-term financial performance. The objective of risk management is to support the uninterrupted implementation of the Group's strategy and income-generating activities. Each employee bears responsibility for risk management.

The Board of Directors of Evli Bank Plc sets the risk management policies, corporate risk limits and other general guidelines used to organize risk management and internal controls at Evli. The Board has established a risk management committee (Credalco), which prepares risk-taking matters for the review of the Board. Credalco defines and monitors market, credit and counterparty risks and the company's capital structure. The members during the review period were Tuomas Hukka (Chairman), Jarkko Heikkilä, Eeva Vakkilainen, Kristian Nybergh, Mari Etholén, and Maunu Lehtimäki and the expert member: Bengt Wahlström.

Risk management tasks

The following five areas have been defined as ongoing risk management tasks:

1. Making management aware of any risks involving short-term or long-term financial exposures.
2. Ensuring that any financial losses related to the risks are under control.
3. Preparing presentations regarding risk-taking and hedging decisions in a way that is proportionate to Evli Group's risk-bearing capacity.
4. Securing the commitment of employees to continuous risk management.
5. Facilitating and ensuring the establishment of risk management as part of regular day-to-day management.

The managers of the business units are responsible for risk management being at a sufficient level in each respective unit. The Group Risk Management Unit oversees the Group's operations and compliance with the risk limits granted to the business units on a daily basis. The Group also has an independent internal audit function which is responsible for the continuous auditing of the Group's functions. The Group Risk Management Unit reports the Group's overall risk position to the Board and the Group's Executive Group monthly.

In addition to the above-mentioned duties, the Group Risk Management Unit also has various other functions: It is tasked with acting as a consultant and developer during the development of the units' risk management procedures and instructions. The Group Risk Management Unit also acts as a controller when the units prepare the necessary guidelines and train their staff. The unit's most important task is overseeing the units' compliance with risk limits on a daily basis.

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 of the most substantial market risks 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 2012 was EUR 7.8 million, and at the end of the year EUR 7.6 million (the corresponding figures for 2011 were EUR 7.8 million and EUR 7.6 million – see notes 16 and 18 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 1.5 million in 2011). 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 8 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 2012. The fixed income risk of the Treasury's investments was EUR 600,000 (EUR 1,000,000 in 2011) 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 100,000.

In 2012, market risks accounted for 1.5 percent of Evli's total risk-based capital requirement including operational risks (2%).

Liquidity risk

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 internal bank is responsible for managing the liquidity risk. Liquidity risk is monitored by the Group Risk Management Unit, which reports 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 330 million at the end of 2012. The immediately available liquidity, consisting of the sum of avista account funds and non-pledged securities, was on average about EUR 300 million during 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 and the issuance of certificates of deposit. The long-term funding remained practically unchanged during 2012 and was about EUR 62 million (EUR 64 million in 2011).

Evli's Internal Capital Adequacy Assessment Process (ICAAP) found no need for extra capital to cover liquidity risk.

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 62 million at the end of the year (EUR 60 million at the end of 2011). Loans to corporate customers accounted for 10 (10%) percent of this. The bank did not have any unarranged 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 in government bonds, the credit risks of its investment portfolio are moderate. The investments are focused in credit institutions that operate in the Nordic countries. Limits 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 limits the size of individual clients' derivative position and all clients engaging in OTC derivative operations must be approved by the 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 2012, credit risks accounted for 56 percent of Evli's total risk-based capital requirement (56% in 2011). The capital requirement primarily consists of the risks related to lending, the Treasury's investments and strategic investments. In 2012, off-balance sheet credit risks accounted for approximately 7 percent of the overall credit risk.

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 factors or threats. Each unit is responsible for managing their own operational risks.

Evli continuously pays particular attention to the identification, tracking 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.

With the introduction of the capital adequacy requirements of the Basel Committee on Banking Supervision (Basel II), operational risks are also incorporated in the minimum capital requirements of banks. 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 EUR 8.2 million at the end of 2012. However, the capital requirement for operational risk calculated by Evli's own internal capital adequacy management process was smaller.

Processes

Business processes are developed quickly 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.

The responsibility for ensuring that information is accurate rests primarily with the users of systems, rather than with information technology services such as systems support or systems development. 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.

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.

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 narrative risk management report and summary of customer 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.

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 outside 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 II.

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.

No financial losses were sustained in 2012 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. Due to the Group's high capital adequacy ratio and good risk bearing capacity, Evli applies a relatively high deductible in its insurance policies.

CAPITAL ADEQUACY OF THE GROUP

	1.1.2012– 31.12.2012	1.1.2011– 31.12.2011	1.1.2010– 31.12.2010	1.1.2009– 31.12.2009	1.1.2008– 31.12.2008
Own funds, M€*)	**34.9**	33.1	37.5	40.9	43.6
Risk-weighted receivables, investments and off-balance sheet obligations for credit- and market risk, M€	**137.4**	130.5	148.1	182.6	189.1
Own funds to cover operational risk, M€	**8.2**	7.8	9.5	9.6	9.5
Capital adequacy ratio, %	**14.6**	14.5	14.8	13.6	14.1
Evli Bank Plc's capital adequacy ratio, %	**18.7**	19.3	17.2	17.5	17.7
Own funds surplus M€	**15.7**	14.8	17.2	16.8	18.9
Own funds in relation to the minimum capital requirement	**1.8**	1.8	1.9	1.7	1.8

*) including only tier 1 capital

Figures for the years 2008–2012 have been calculated in accordance with Basel II.

Own funds	**2012**	2011
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	**18.1**	19.8
Minority interest	**0.9**	0.6
Decreases:		
Intangible assets	**11.3**	13.6
Other decreases	**3.0**	3.9
Total tier 1 capital	**34.9**	33.1

Evli Bank has no tier 2 capital.

Capital adequacy management and minimum own funds See section 'Capital adequacy management'.	Min. requirement	Risk-weighted value	Exposure value
Minimum capital adequacy requirement by exposure group, standard method for credit risk, M€			
Claims from the state and central banks	**0.0**	**0.0**	**120.1**
Claims from regional governments and local authorities	**0.0**	**0.0**	**0.0**
Claims from credit institutions and investment firms	**3.8**	**47.3**	**235.7**
Investments in mutual funds	**0.2**	**2.1**	**2.1**
Claims secured with property	**0.3**	**3.3**	**9.3**
Claims from corporate customers	**0.7**	**8.4**	**9.1**
Items with high risk, as defined by the authorities	**0.4**	**4.9**	**3.3**
Matured receivables	**0.0**	**0.0**	**0.0**
Other items	**5.4**	**67.9**	**79.1**
Total	**10.7**	**134.0**	**458.7**
Minimum amount of own funds, market risk, M€	**0.3**	**3.5**	
Risk-weighted receivables, investments and off-balance sheet obligations, total	**11.0**	**137.4**	
Minimum amount of own funds, operational risk, M€	**8.2**	**101.9**	
Total	**19.1**	**239.3**	

Risk management principles by risk area

See section 'Risk management'.

General information on credit and dilution risk

The definitions used in accounting for maturation and impairment are presented in the financial statements.

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

Value impairments of 6,000 euro concerning loans were made during the year, 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 85 percent, and foreign private customer's share was 6 percent. The Treasury unit's investments are focused at Nordic bank bonds and certicates of deposits, whose credit rating is at minimum A.
In the capital adequacy calculations, 99 percent of the investments had a risk weight of 20 percent, and 1 percent 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, M€	**2012**	2011
Mortgages	**9.3**	8.1
Other credits	**11.4**	12.0
Counterparty exposure of OTC derivatives	**1.3**	1.9

Credit risk (counterparty risk), M€

Positive fair value of OTC derivatives in the financial statement	**9.1**	11.8
The derivatives comprise equity, currency and fixed income derivatives		
Collateral reducing counterparty risk in capital adequacy calculations	**1.3**	1.9
After the collateral-reducing effect the credit counter-value of derivatives totaled	**18.7**	19.6

Market risk

Minimun capital adequacy requirement, trading book, M€:		
Position risk	**0.2**	0.2
Minimun capital adequacy requirement for the currency risk of all operations, M€	**0.1**	0.1
Total	**0.3**	0.3

The delta corrected equity and interest rate risk for the trading book was at year end 0.6 m€.
The largest net currency positions for the Group were 31.12. USD (0.5 m€), LTL (0.1 m€) and SEK (0.1 m€).

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 avalaible-for sale investments.
The value of the investments in the financial statements was EUR 17.3 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	**3.3**	3.4
Real estate funds	**3.3**	3.0
Unlisted shares	**0.8**	2.1
Mutual funds	**0.2**	0.5
Listed shares	**9.7**	12.1
Total	**17.3**	21.1

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 cah 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.
During the year, the net realized capital losses from the investments was net EUR -1.2 million.

Companies included in the Consolidated Accounts

Evli Bank Plc, Helsinki (parent company)
- Evli Life Ltd, Helsinki (100%)
- Evli Options Ltd, Helsinki (70%)
- Evli Fund Management Company Ltd, Helsinki (100%)
- EPI Russia Partners II Oy, Helsinki (100%)
- Evli Alexander Management Oy, Helsinki (45%)*)
- Evli Russia Ltd (100%)
  - OOO Evli St. Petersburg, St.Petersburg (100%)
  - OOO Evli Moscow, Moscow (100%)
- Evli Securities AS, Tallinn (100%)
- Evli Fonder AB, Stockholm (100%)

Associated companies

- BPT Asset management A/S, Copenhagen (50%)**)
- Baltic SME Management B.V., Amsterdam (33.3%)
- BIF Management Ltd, Jersey (10%)
- Primus Ventures Oy, Finland (12.5%)

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' agreeement Evli is the controlling company.
**) The company is Evli's associated company: according to the shareholders' agreement Evli is not the controlling company.
Associates are consolidated by using the equity method.

NOTES TO INCOME STATEMENT

1 000 EUROS	2012	2011
1. Interest income		
At fair value through profit or loss		
Debt securities	4 820	7 207
Interest income from other loans and claims		
Claims on credit institutions	372	1 044
Claims on the public and public sector entities	1 228	1 436
Other interest income	4	22
Interest income, total	6 423	9 709
2. Interest expenses		
At fair value through profit or loss		
Derivative contracts and trading liabilities	-13	-12
Interest expenses from other borrowing		
Liabilities to the public, public sector entities and credit institutions	-1 277	-3 653
Debt securities issued to the public	-2 004	-2 030
Other interest expenses	-9	-38
Interest expenses, total	-3 302	-5 732
3. Commission income		
Credit related fees and commissions	66	83
Insurance brokerage	190	425
Advisory services	7 297	7 422
Securities brokerage	10 357	13 089
Mutual funds	20 412	24 968
Asset management	4 677	3 992
Custody services	2 624	2 774
Other operations	159	1 528
Commission income, total	45 782	54 282
4. Commission expenses		
Trading fees paid to stock exchanges	-1 138	-1 168
Other	-1 343	-1 297
Commission expenses, total	-2 481	-2 466
5. Net income from securities transactions and foreign exchange dealing		
Income from equity investments		
Dividends from financial assets classified as held for trading	1 529	882
Dividends from associated companies	1	9
Income from equity investments, total	1 530	890
Financial assets held for trading	-649	1 969
Financial assets available for sale	-1 276	-633
Financial assets at fair value through profit or loss	708	-3 399
Net income from securities transactions, total	-1 217	-2 063

The net loss from financial assets available for sale, comes from a write-down (year 2011) and sales loss of an unquoted share (2012).
The loss is booked to the Markets unit.

Net income from securities transactions by instrument	Gains and losses on sales	Changes in fair value	Total	Total
Debt securities	57	698	754	-4 606
Shares and derivative contracts	-8 526	6 555	-1 971	2 543
Net income from securities transactions, total	-8 470	7 253	-1 217	-2 063
Net income from foreign exchange operations			888	-52
Net income from securities transactions and foreign exchange operations, total			-328	-2 115

1 000 EUROS	2012	2011
6. Other operating income		
Rental income	231	0
Gain on sale of owner-occupied investment properties	18	7
Proceeds from sales of subsidiaries	0	4 419
Other income	473	40
Other operating income, total	722	4 465

1 000 EUROS		2012		2011
7. Employee benefits				
Wages and salaries		-16 536		-22 253
- of which bonuses	-129		0	
Other social security costs		-1 797		-2 460
-of which relating to bonuses	-1			
Pension expenses		-3 158		-4 166
- of which relating to bonuses	-11		0	
-defined contribution plans	-3 158		-4 166	
Employee benefits, total		-21 491		-28 879

	2012	2011
Number of personnel during the period, average	249	293
Number of personnel at the end of the period	243	276
Employees by business segment at the end of the period		
Markets	42	46
Corporate Finance	33	54
Asset Management	73	83
Administration and other	95	93
Total	243	276
Employees by geographic market at the end of the period		
Finland	187	196
Sweden	28	37
Estonia	6	9
Lithuania	7	12
Russia	15	22
Total	243	276

1 000 EUROS

Remuneration

2012	**Markets**	**Corporate Finance**	**Asset Management**	**Group Operations**
Variable remuneration				
Wages and salaries	0	0	0	0
Other social security costs	0	0	0	0
Pension expenses	0	0	0	0
Postponed remuneration	0	0	0	0
Number of receiver				

2011	Markets	Corporate Finance	Asset Management	Group Operations
Variable remuneration				
Wages and salaries	1 189	32	1 354	121
Other social security costs	69	2	78	7
Pension expenses	212	6	241	22
Postponed remuneration	0	0	0	0
Number of receiver	27	1	42	16

2012	**Top management**	**Risk takers**
Variable remuneration		
Wages and salaries	0	0
Other social security costs	0	0
Pension expenses	0	0
Postponed remuneration	0	0
Number of receiver		

2011	Top management	Risk takers
Variable remuneration		
Wages and salaries	104	119
Other social security costs	6	7
Pension expenses	18	21
Postponed remuneration	0	0
Number of receiver	3	6

At the end of an employment relationship, the company pays compensation in accordance with valid legislation and the applicable collective agreement.
The company did not pay sign-on payments to new employees during the financial year.

8. Other administrative expenses	**2012**	2011
Office maintenance expenses	**-429**	-1 067
Office expenses	**-1 254**	-1 190
Telephone and postage expenses	**-512**	-668
Information expenses	**-2 973**	-2 988
IT related expenses	**-4 200**	-4 859
Business expenses	**-450**	-537
Travel expenses	**-591**	-953
Car costs	**-153**	-174
Other human resources related expenses	**-481**	-1 131
Marketing expenses	**-787**	-1 260
Banking and custodian expenses	**-611**	-732
External services fees	**-1 858**	-3 000
Other administrative expenses, total	**-14 300**	-18 559

1 000 EUROS	2012	2011
9. Depreciation, amortization and impairment losses		
Depreciation and amortization		
Applications and software	**-2 390**	-2 424
Other intangible assets	**-879**	-1 162
Leasehold improvements	**-178**	-111
Assets acquired under finance leases	**-188**	-166
Equipment and furniture	**-490**	-484
Write-downs		
Depreciation of goodwill	**-243**	0
Depreciation, amortization and impaiment losses, total	**-4 368**	-4 346
10. Other operating expenses		
Supervision expenses	**-235**	-220
Rental expenses	**-3 701**	-3 125
Loss on sale of owned properties, plant and equipment	**-2**	-6
Other expenses	**-584**	-252
Other operating expenses, total	**-4 522**	-3 604
11. Impairment losses on loans and other commitments and other financial assets		
Claims on the public and public sector entities		
Actual impairment losses	**0**	-6
Reversals of impairment losses	**2**	2
Other financial impairment losses	**-111**	0
Impairment losses, total	**-109**	-4
12. Income taxes		
Current tax expense	**-651**	-812
Taxes from previous years	**1**	0
Deferred taxes	**-500**	874
Other taxes	**-52**	51
Income taxes, total	**-1 201**	113
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	**3 863**	9 935
Profit/loss before taxes, other countries	**-518**	-6 255
Profit/loss before taxes, total	**3 345**	3 681
Tax at domestic tax rate	**816**	957
Effect of foreign subsidiaries' differing tax rates	**-127**	-126
Tax at source paid abroad	**-14**	-13
Income not subject to tax	**-1 290**	-1 090
Expenses not deductible for tax purposes	**2 363**	69
Change in other deferred tax assets	**-551**	316
Income tax charge in the consolidated income statement	**1 201**	-113

NOTES TO CONSOLIDATED BALANCE SHEET

1 000 EUROS			2012	2011
13. Claims on credit institutions				
Repayable on demand				
Domestic credit institutions			2 272	1 881
Foreign credit institutions			2 189	2 659
Repayable on demand, total			4 461	4 541
Other than repayable on demand				
Foreign credit institutions			4 377	1 726
Other than repayable on demand, total			4 377	1 726
Claims on credit institutions, total			8 838	6 267
14. Claims on the public and public sector entities by sector				
Repayable on demand				
Financial and insurance corporations			0	0
Repayable on demand, total			0	0
Other than repayable on demand				
Enterprises and housing associations			4 607	4 569
Public sector entities			0	0
Households			52 488	50 079
Foreign countries			4 959	5 152
Other than repayable on demand, total			62 055	59 801
Claims on the public and public sector entities by sector, total			62 055	59 801
15. Debt securities				
	Publicly			
Public sector entities	quoted	Other	Total	Total
Government bonds	930	0	930	920
Issued by public sector entities, total	930	0	930	920
Issued by other than public sector entities				
Fair valued through profit or loss				
Banks' certificates of deposit	0	57 850	57 850	22 036
Bonds issued by banks	153 217	200	153 417	130 125
Other debt securities	0	246	246	0
Issued by other than public sector entities, total	153 217	58 296	211 513	152 160
Debt securities, total			212 444	153 080
Debt securities by balance sheet category				
Debt securities eligible for refinancing with central banks				
On public sector entities			930	920
Other			153 217	129 655
Debt securities				
On public sector entities			0	0
Other			58 296	22 506
Total			212 444	153 080

1 000 EUROS	2012	2011
Debt securities by country		
Finland	66 240	40 057
Sweden	23 439	64 543
Norway	3 513	11 660
Denmark	22 463	10 894
Great Britain	26 123	3 958
Switzerland	13 028	11 038
Holland	27 595	10 930
United States	5 994	0
France	14 022	0
Germany	10 027	0

16. Shares and participations

		2012	
Fair valued through profit or loss	Publicly quoted	Other	Total
Shares and participations			
Available for sale	0	19	19
Valued at fair value throuh profit or loss			
Held for trading	26 463	583	27 046
Other	9 910	7 347	17 257
Shares and participations, total	36 373	7 948	44 321

		2011	
Fair valued through profit or loss	Publicly quoted	Other	Total
Shares and participations			
Available for sale	0	1 258	1 258
Valued at fair value throuh profit or loss			
Held for trading	19 456	616	20 073
Other	12 619	7 224	19 843
Shares and participations, total	32 075	9 099	41 174

Net risk position is described on page 29.

17. Shares and participations in associates and joint ventures

	2012	2011
At the beginning of the period	4 992	76
Share of profit/loss	–208	47
Additions	111	4 869
Disposals	–1 154	0
At the end of the period	3 740	4 992

Shares and participations in associates contain the fair values of mutual funds indirectly owned 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.

Holdings in consolidated associated companies	Primus	BPT Asset	BIF	Baltic SME
Company	Ventures Oy	Management A/S	Management Ltd	Management B.V
Domicile	Helsinki, Finland	Denmark	Jersey	Netherlands
Assets	25	10 219	5	5
Liabilities	19	3 937	0	4
Revenue	3	10 585	0	0
Profit/Loss	–95	449	–2	–7
Ownership (%)	12.50	50	10	33.33

1 000 EUROS

18. Derivative contracts

Overall effect of risks associated with derivative contracts						
	Nominal value of underlying				2012	2012
	Remaining maturity					
Held for trading	Less than 1 year	1–5 years	5–15 years	Fair value (+/-)	ASSETS	LIABILITIES
Interest rate derivatives						
Futures	0	0	0	0	0	0
Currency-linked derivatives	396 423	0	0	-53	1 677	1 729
Equity-linked derivatives						
Futures	6 992	0	0	117	189	72
Options bought	69 556	56 001	0	7 925	9 846	1 920
Options sold	63 609	55 990	0	-7 388	464	7 852
Other derivatives						
Held for trading, total	536 580	111 991	0	602	12 175	11 574
Derivative contracts, total	536 580	111 991	0	602	12 175	11 574

Overall effect of risks associated with derivative contracts						
					2011	2011
Held for trading						
Interest rate derivatives						
Futures	0	0	0	0	0	0
Currency-linked derivatives	136 936	0	0	-3	1 509	1 512
Equity-linked derivatives						
Futures	8 769	0	0	99	251	152
Options bought	58 280	78 980	0	13 673	14 992	1 319
Options sold	47 785	79 930	0	-9 403	616	10 019
Other derivatives						
Held for trading, total	251 770	158 910	0	4 367	17 368	13 001
Derivative contracts, total	251 770	158 910	0	4 367	17 368	13 001

Equity derivatives held for trading, and other liabilities held for trading (notes 18 and 27) hedge the equity delta risk for shares and participations in the trading book (note 16). The delta-adjusted equity risk was at the end of 2012 7.6 million euros, including shares and participations in the banking book.

The interest rate derivatives hedge the interest rate risk in assets and liabilities in the balance sheet.
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 (199 m€), and in GBP (147 m€).
Equity derivatives in the banking book hedge the equity risk in equity-linked bonds issued to the public.

1 000 EUROS	2012	2011
19. Intangible assets and goodwill		
Goodwill		
Cost at 1.1.	4 651	4 663
Decreases	-233	-12
Cost at 31.12.	4 418	4 651
Book value at 31.12.	4 418	4 651
Software or projects in progress		
Cost at 1.1.	217	1 871
Increases	70	2 006
Decreases	-174	-3 659
Cost at 31.12.	113	217
Book value at 31.12.	113	217
Applications and software		
Cost at 1.1.	17 200	13 458
Exchange difference	2	2
Increases	367	4 137
Decreases	0	-396
Cost at 31.12.	18 257	17 200
Accumulated amortisation and impairment losses at 1.1.	-10 638	-8 686
Exchange difference	-3	-1
Amortisation for the period	-2 390	-1 937
Translation difference from amortisation for the period	3	0
Accumulated amortisation in respect of decreases	0	-14
Accumulated amortisation and impairment losses at 31.12.	-13 028	-10 638
Book value at 31.12.	5 229	6 562
Other intangible assets		
Cost at 1.1.	4 994	4 145
Increases	0	883
Decreases	-176	-34
Cost at 31.12.	4 818	4 994
Accumulated amortisation and impairment losses at 1.1.	-2 068	-906
Amortisation for the period	-680	-1 162
Accumulated depreciation in respect of decreases	0	0
Accumulated amortisation and impairment losses at 31.12.	-2 748	-2 068
Book value at 31.12.	2 070	2 925
Intangible assets, total at 31.12.	11 831	14 356
Book value of intangible assets at 31.12.	11 831	14 356

The Group's goodwill was allocated to the subsidiaries Evli Alexander Management Ltd, Evli Russia Ltd and Evli Securities, and the Asset Management business segment. The goodwill testing carried out during the financial year was based on a cash flow model using the budgets for 2013 and five-year cash flow forecasts. The sustained growth after the forecast period was estimated to be approximately 2–3 percent, and the weighted average cost of capital was estimated to be approximately 14 percent. In accordance with the results of the goodwill testing, Evli has made a EUR 243,300 impairment to the goodwill in its balance sheet. The impairment was mainly attributable to the divestment of corporate finance operations in the Baltic countries.

A one-percent change in the key variables used in the calculations would lead to a goodwill impairment of no more than EUR 35,000.

1 000 EUROS	2012	2011
20. Property, plant and equipment		
Equipment and furniture		
Cost at 1.1.	6 981	5 811
Exchange difference	32	1
Increases	409	2 801
Decreases	0	-1 633
Cost at 31.12.	7 422	6 981
Accumulated depreciation at 1.1.	-5 926	-5 271
Exchange difference	-11	-2
Depreciation for the period	490	-435
Translation difference from depreciation for the period	0	-1
Accumulated depreciation in respect of decreases	0	-218
Accumulated depreciation 31.12.	-6 427	-5 926
Book value at 31.12.	995	1 055
Assets acquired under finance leases		
Cost at 1.1.	2 410	2 213
Increases	159	197
Cost at 31.12.	2 569	2 410
Accumulated depreciation at 1.1.	-2 100	-1 933
Depreciation for the period	-188	-166
Accumulated depreciation at 31.12.	-2 288	-2 100
Book value at 31.12.	281	311
Property, plant, and equipment, total 31.12.	1 276	1 365
Leasehold improvements		
Cost at 1.1.	3 268	3 344
Increases	0	1 472
Decreases	0	-1 548
Cost at 31.12.	3 268	3 268
Accumulated depreciation at 1.1.	-1 816	-3 246
Depreciation for the period	-178	0
Accumulated depreciation in respect of decreases	0	1 430
Accumulated depreciation at 31.12.	-1 994	-1 816
Book value at 31.12.	1 274	1 452
Other tangible assets		
Cost at 1.1.	591	591
Exchange difference	0	0
Cost at 31.12.	591	591
Book value at 31.12.	591	591
Property, plant and equipment, total at 31.12.	3 141	3 408
Book value of tangible assets at 31.12.	3 141	3 408

1 000 EUROS	2012	2011
21. Other assets		
Securities sale receivables	3 464	13 446
Commission receivables	6 190	5 860
Securities broking receivables	104 315	49 792
Other receivables	10	107
Other assets total	113 978	69 205
22. Accrued income and prepayments		
Interest	742	1 919
Taxes	71	458
Staff-related	348	1 189
Other items	2 194	1 692
Accrued income and prepayments total	3 356	5 259
23. Deferred taxes		
Due to timing differences	482	537
Other temporary differences		
From tax losses carried forward	548	1 327
Tax Liabilities	-535	-759
Due to timing differences	494	1 105
Deferred tax assets result from timing differences in fixed asset depreciation.		
24. Liabilities to credit institutions and central banks		
Credit institutions		
Other than repayable on demand	18 300	11 958
Liabilities to credit institutions and central banks, total	18 300	11 958
25. Liabilities to the public and public sector entities		
Deposits		
Repayable on demand	292 858	332 851
Other than repayable on demand	3 682	12 540
Other liabilities		
Repayable on demand	0	0
Other than repayable on demand	5 062	1 979
Liabilities to the public and public sector entities, total	301 603	347 370
26. Debt securities issued to the public		
Certificate of deposits	999	1 985
Bonds	61 910	66 708
Debt securities issued to the public, total	62 909	68 693
Changes in bonds issued to the public		
Issues	0	21 018
Repurchases	4 188	6 996

1 000 EUROS		2012	2011
27. Derivative contracts and other liabilities held for trading			
Derivative contracts		**11 574**	13 001
Due to short selling of shares		**14 974**	8 254
Derivative contracts and other liabilities held for trading, total		**26 548**	21 255
28. Breakdown of other liabilities			
Securities broking liabilities		**101 670**	49 113
Securities purchase liabilities		**2 084**	3 795
Finance lease payables		**296**	325
Income tax payable		**37**	26
Change in depreciation difference		**599**	784
Other short-term liabilities		**11 301**	11 155
Prepayments of cash customers		**9 447**	3 150
VAT payable		**206**	162
Other liabilities, total		**125 640**	68 512
29. Accrued expenses and deferred income			
Interest		**900**	2 026
Tax payables		**355**	251
Personnel related		**3 976**	6 739
Change in depreciation difference		**13**	3
Other accrued expenses		**5 579**	3 740
Accrued expenses and deferred income, total		**10 824**	12 755
30. Deferred tax liabilities			
Due to timing differences		**535**	759
Deferred tax liability, total		**535**	759
31. Own shares held by the credit institution			
The credit institution holds own shares	70 129 pcs		
The cost of own shares is	1 114 340 euros		
The cost of purchase has been deducted from unrestricted equity.			
32. Share capital, parent company			
The company has one series of shares outstanding and each share represents one vote.			
Total number of shares is	4 073 374 pcs		
Dividend/Share, €		**0.61**	0.61

1 000 EUROS

33. 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
1.1.2011	64 333	4 138 466	30 194	1 839	10 483
Aquisition of own shares 2010 authorization	18 376	-18 376	0	0	0
Aquisition of own shares 2011 authorization	136 952	-136 952	0	0	0
Nullification of own shares	-178 461	0	0	0	0
Share issue 2010 authorization	0	42 436	0	0	0
Share issue 2011 authorization	0	35 500	0	0	306
31.12.2011	41 200	4 061 074	30 194	1 839	10 789
Osakkeiden kokonaislukumäärä		4 102 274			
1.1.2012	**41 200**	**4 061 074**	**30 194**	**1 839**	**10 789**
Aquisition of own shares 2011 authorization	**33 016**	**-33 016**	**0**	**0**	**0**
Aquisition of own shares 2012 authorization	**54 913**	**-54 913**	**0**	**0**	**0**
Nullification of own shares	**-59 000**	**0**	**0**	**0**	**0**
Share issue 2012 authorization	**0**	**30 100**	**0**	**0**	**356**
31.12.2012	**70 129**	**4 003 245**	**30 194**	**1 839**	**11 145**
Total number of shares		**4 073 374**			

Share premium fund

The share premium fund comprises the following items: the amount exceeding the counter-book value of the share paid for shares prior to September 1, 2006 in a new issue; the amount paid for a subscription right based on an option right; gain on sale of the company's own shares; and the amount by which the share capital is lowered and which is not used to cover an adopted loss, transferred to a fund to be used in accordance with the decision of the general meeting of the shareholders or distributed to the shareholders.

Fund of invested non-restricted equity

The fund of invested non-restricted equity includes the proceeds from the disposals of own shares received after September 1, 2006.

The company's key employees subscribed for 33 016 Evli shares during the financial year. The shares will be entered in the Trade Register when they have been paid in full.

34. Largest shareholders and share ownership breakdown

	Share	%
Oy Prandium Ab (Thomas Thesleff and his family)	950 820	23.34
Oy Scripofilum Ab (Henrik Andersin)	950 820	23.34
Oy Fincorp Ab (Roger Kempe)	579 945	14.24
Ingman Group Oy Ab	465 000	11.42
Lehtimäki Maunu	98 432	2.42
Tallberg Claes	92 439	2.27
Hollfast John	82 080	2.02
Dudarev Grigory	50 385	1.24
Hartikainen Raimo	41 504	1.02
von Bonsdorff Petter	40 416	0.99
	3 351 841	82.29
Others	721 533	17.71
Total	4 073 374	100.00

1 000 EUROS

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 18, 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.

2012	less than 3 months	3–12 months	1–5 years	5–10 years	more than 10 years	Total
Assets						
Cash and cash equivalents	118 682					118 682
Loans and other claims						
Claims on credit institutions	8 838	0	0	0	0	8 838
Claims on the public and public sector entities	5 327	19 141	36 628	959	0	62 055
Financial assets at fair value through profit or loss						
Debt securities eligible for refinancing with central banks	38 957	62 594	52 596	0	0	154 148
Debt securities	5 121	52 855	319	0	0	58 296
Shares and participations	36 420	1 429	4 774	1 680	0	44 303
Derivative contracts	4 706	2 928	4 541	0	0	12 175
Financial assets available for sale						
Shares and participations	0	19	0	0	0	19
Accrued interest	451	292	0	0	0	742
Debts						
Financial liabilities at amortized cost						
Liabilities to credit institutions	17 300	1 000	0	0	0	18 300
Liabilities to the public and public sector entities	298 745	2 379	479	0	0	301 603
Debt securities issued to the public	1 425	5 940	55 545	0	0	62 909
Financial liabilities at fair value through profit or loss	18 634	3 373	4 540	0	0	26 548
Accrued interest	869	24	7	0	0	900
Off-balance sheet commitments	2 262	4 527	329	0	0	7 118
2011						
Assets						
Cash and cash equivalents	205 146	0	0	0	0	205 146
Loans and other claims						
Claims on credit institutions	6 267	0	0	0	0	6 267
Claims on the public and public sector entities	5 922	14 482	37 230	2 167	0	59 801
Financial assets at fair value through profit or loss						
Debt securities eligible for refinancing with central banks	224	49 740	80 611	0	0	130 575
Debt securities	0	22 506	0	0	0	22 506
Shares and participations	32 075	616	7 224	0	0	39 916
Derivative contracts	9 770	734	6 865	0	0	17 368
Financial assets available for sale						
Shares and participations	0	19	1 239	0	0	1 258
Accrued interest	790	1 129	0	0	0	1 919
Debts						
Financial liabilities at amortized cost						
Liabilities to credit institutions	10 208	1 750	0	0	0	11 958
Liabilities to the public and public sector entities	342 388	3 494	1 488	0	0	347 370
Debt securities issued to the public	3 544	1 365	63 783	0	0	68 693
Financial liabilities at fair value through profit or loss	11 021	2 761	7 473			21 255
Accrued interest	1 964	38	24			2 026
Off-balance sheet commitments	3 463	3 349	1 353	252		8 417

Commitments outside the balance sheet are presented in Appendix 45.

1 000 EUROS

36. Assets and liabilities denominated in domestic and foreign currency			2012			2011
Balance sheet item	Domestic	Foreign currency	Total	Domestic	Foreign currency	Total
Loans and other claims						
Cash on hand	118 682	0	118 682	205 146	0	205 146
Claims on credit institutions	7 005	1 834	8 838	3 999	2 268	6 267
Claims on the public and public sector entities	62 055	0	62 055	59 800	0	59 801
Financial assets at fair value through profit or loss						
Debt securities	211 437	1 007	212 444	152 160	920	153 080
Shares and participations	36 105	8 198	44 303	35 801	4 115	39 916
Derivative financial instruments	11 623	552	12 175	15 499	1 869	17 368
Other assets	124 867	12 226	137 094	86 391	13 952	100 343
Total	571 774	23 816	595 591	558 797	23 124	581 921
Financial liabilities at amortized cost						
Liabilities to credit institutions	18 300	0	18 300	11 958	0	11 958
Liabilities to the public and public sector entities	292 084	9 518	301 603	336 980	10 390	347 370
Debt securities issued to the public	62 909	0	62 909	68 693	0	68 693
Financial assets at fair value through profit or loss						
Derivative contracts and liabilities held for trading	25 984	563	26 548	16 984	4 271	21 255
Other liabilities	123 140	13 858	136 999	68 707	13 322	82 029
Total	522 418	23 940	546 358	503 321	27 984	531 305

The largest foreign currency assets and liabilities are in SEK (assets 12.3 m€, liabilities 11.3 m€, USD (assets 3.2 m€, liabilities 11.0 m€) and NOK (assets 5.5 m€, liabilities 0.9 m€).

1 000 EUROS

37. Value of financial instruments across the three levels of the fair value hierarchy	Level 1	Level 2	Level 3	Total
Fair value	2012	2012	2012	
Financial assets				
Shares and participations classified as held for trading	21 192	5 271	583	27 046
Shares and participations, other	9 910	0	7 366	17 276
Debt securities	154 318	57 850	276	212 444
Positive market values from derivatives	3 095	1 847	7 234	12 175
Total financial assets held at fair value	188 515	64 967	15 458	268 940
Financial liabilities:				
Shares and participations classified as held for trading	14 245	0	729	14 974
Negative market values from derivatives	3 565	1 729	6 279	11 574
Total financial liabilities held at fair value	17 810	1 729	7 009	26 548
	2011	2011	2011	Total
Financial assets:				
Shares and participations classified as held for trading	19 442	0	631	20 073
Shares and participations, other	12 619	0	8 482	21 101
Debt securities	130 575	22 506	0	153 080
Positive market values from derivatives	7 360	1 566	8 443	17 368
Total financial assets held at fair value	169 995	24 071	17 556	211 623
Financial liabilities:				
Shares and participations classified as held for trading	7 584	0	670	8 254
Negative market values from derivatives	5 427	1 518	6 056	13 001
Total financial liabilities held at fair value	13 012	1 518	6 725	21 255

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.

1 000 EUROS	2012	2011
38. Analysis of financial instruments categorized in level 3		
Financial assets:		
Shares and participations classified as held for trading	583	631
Unlisted shares and participations	815	2 255
Venture capital funds and real estate funds	6 551	6 428
Quoted equity derivatives	276	0
OTC equity derivatives	7 234	8 443
Total financial assets held at fair value	15 458	17 756
Financial liabilities:		
Shares and participations classified as held for trading	729	670
OTC equity derivatives	6 279	6 056
Total financial liabilities held at fair value	7 009	6 725
Significant changes during the year, considering level 3 categorized instruments:		
Bought venture capital funds and real estate funds	736	1 290
Bought unlisted shares	0	19
Fair value changes for venture capital funds and real estate funds	-154	332
Redemptions for venture capital- and real estate funds	-482	-355
Fair value changes for unlisted shares	-1 239	-166
Bought unlisted subscription rights for listed shares	0	1 397
Subscription of shares and fair value changes for subscription rights	-70	-3 751
Bought debt securities	76	0
Reclassified debt securities to level 3 from level 2	200	0

Change in derivatives is attributed to a change in value of bought and sold options.

If the volatility estimate in the options pricing model for level 3 categorized options, is changed to a publicly available historical volatility (3 months), the options market value would change by net + 0.02 million euros. Volatility is the standard deviation or variability of the price of the underlying instrument for a given time period.

39. Unrealized profit/loss for financial instruments categorized in level 3	Unrealized P/L at year-end 2012	Unrealized P/L at year-end 2011
Financial assets::		
Shares and participations classified as held for trading	0	-1 801
Shares and participations, other	-836	-873
Debt securities	0	0
Positive market values from derivatives	-3 179	-4 565
Unrealized P/L at year-end, financial assets	-4 015	-7 239
Financial liabilities:		
Negative market values from derivatives	3 123	4 427
Unrealized P/L at year-end, financial liabilities	3 137	4 505
Total unrealized profit (loss), level 3 instruments	-878	-2 734

Total unrealized profit is recorded in net income from securities transactions.

1 000 EUROS	2012	2011
40. Securities lending		
Market value of securities lending at 31.12., lent in	16 030	8 254
Market value of securities lending at 31.12., lent out	62	195
41. Fair values and book values of financial assets and financial liabilities	2012	2012
	Book value	Fair value
Liquid assets	118 682	118 682
Debt securities eligible for refinancing with central banks	154 148	154 148
Claims on credit institutions	8 838	8 838
Claims on the public and public sector entities	62 055	62 055
Debt securities	58 296	58 296
Shares and participations	44 321	44 321
Derivative contracts	12 175	12 175
Financial liabilities		
Liabilities to credit institutions	18 300	18 300
Liabilities to the public and public sectory entities	301 603	301 603
Debt securities issued to the public	62 909	63 869
Derivative contracts and other trading liabilities	26 548	26 548
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.		
42. Assets pledged as collateral and other commitments	2012	2011
Securities	79 550	103 200
Cash deposits	4 749	1 578
43. Operating leases		
Not later than one year	73	301
Over year not later than five year	22	243
44. Other rental commitments		
Rental liabilities up to one year	2 305	2 239
Rental liabilities over one year and less than 5 years	6 755	8 483
Rental liabilities over 5 years	0	177
45. Breakdown of off-balance sheet commitments		
Commitments given to a third party on behalf of a customer*)	4 117	2 964
Irrevocable commitments given in favour of a customer	860	1 104
Guarantees on behalf of others	621	885
Unused credit facilities, given to clients	1 519	3 463

*) Commitments given on behalf of a customer for a third party include collaterals for derivatives positions given on behalf of customers in OMX and SEB.
The customers have covered their collateral to Evli in full, with the exception of a collateral deficit of 0,17 million euros for two customers.
Other irrevocable commitments given on behalf of a customer comprise subscription commitments guaranteed on behalf of customers.

	2012	2011
46. Asset management services offered by the credit institution (million euros)		
Assets under management at Evli Bank's Asset Management as of 31 December		
Gross	6 904	6 270
Net	5 005	4 481
Assets under management on the basis of power of attorney		
Discretionary asset management	2 813	2 580
Consultative asset management	102	94
Total	2 915	2 674

1 000 EUROS

47. 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.

Subsidiaries and associates	Domicile	In ownership until	Ownership, %	Share of voting rights, %
Evli Fund Management Ltd	Finland		100	100
Evli Life Ltd	Finland		100	100
Evli Options Ltd	Finland		70	Majority
EPI Russia Partners II Ltd	Finland		100	100
Evli Alexander Management Oy	Finland		45	Majority
Eli Russia Ltd	Finland		100	100
OOO Evli St. Petersburg	Russia		100	100
OOO Evli Moscow	Russia		100	100
AS Evli Securities	Estonia		100	100
Evli Fonder AB	Sweden		100	100
Associated companies				
Baltic SME Management B.V	Netherlands		33	33
BIF Management Ltd	Jersey		10	33
BPT Asset Management A/S	Denmark		50	45
Primus Ventures Ab	Finland		12.5	12.5

Compensation of Board of Directors and CEOs	2012	2011
Salaries, CEOs	**–1 394**	-1 655
Salaries, members of Board of Directors	**–386**	-387

The company does not have any defined benefit pension plans.
Management renumeration is reported in more detail under 'Compensation' on page 20 and 'CEO and Executive Group' on page 27.

Transactions with related parties 2012	Subsidiaries	Associated companies	Group management
Sales	**13 182**	**0**	**1**
Purchases	**1 077**	**0**	**0**
Receivables	**2 167**	**0**	**83**
Liabilities	**370**	**0**	**45**

Shares owned by related parties: 3 311 425

Transactions with related parties 2011			
Sales	13 378	4 375	26
Purchases	550	0	0
Receivables	3 128	0	115
Liabilities	12 348	117	1

Shares owned by related parties: 3 441 449

Fees paid to auditors		2012	2011
Audit fees	KPMG	**–297**	-226
Other	KPMG	**–122**	-198
Total	KPMG	**–419**	-424

1 000 EUROS	2012

48. Acquired businesses and other changes

Events taking place after the financial period

Evli Bank Plc signed a contract regarding the acquisition of shares of Aurator Asset Management Ltd On November 28, 2012. The acquisition concerns 90% of the target company's entire stock. As the consolidation required the approval of the Financial Supervisory Authority, the share transaction took place on January 4, 2013.

1 000 EUROS		**2011**
Acquisitions in 2011		
Evli Bank acquired a 70% holding in KKM Partners Ltd (Evli Options Ltd as of June 1, 2011) through a transaction signed on April 20, 2011.		
The acquisition strengthened the Markets unit's derivatives brokerage operations. .		
Evli Options Ltd's profit for the year is		341
of which the profit for the first 4 months is		11
Evli Options Ltd's 8-month profit, which is included in the Group's 2011 income statement		330
The Group's net revenue for 2011 would have totaled and profit would have totaled		59 589
and profit would have totaled		3 804
if the company had been incorporated in the consolidated financial statements from the beginning of the financial year.		
	Fair values	Book values
ASSETS	recognized in merger	before merger
Claims on credit institutions	5	5
Intangible assets	1 005	0
Property, plant and equipment	40	40
Other assets	277	277
TOTAL ASSETS	**1 327**	**322**
LIABILITIES AND EQUITY		
LIABILITIES		
Other liabilities	12	12
Accrued expenses and deferred income	209	209
Deferred tax liabilities	261	
Share capital	88	88
Retained earnings	14	14
TOTAL LIABILITIES AND EQUITY	**584**	**322**
Net assets	845	102
Acquisition price paid in cash		845
Aqcuisition price allocated to acquired agreements		-1 005
Deferred tax liabilities		261
Goodwill		0

Other changes in 2011

Evli Bank sold the entire stock of its real estate fund business, Evli Property Investments Ltd, to the Danish company BPT Asset Management A/S on September 29, 2011. At the same time Evli acquired a 50 percent holding in BPT Asset Management A/S. The buyer and seller have agreed that the transaction price will not be made public. The transaction reinforces Evli's position in the Nordic real estate business. Evli Property Investments Ltd was consolidated into the Evli Group until the end of September. As of October, BPT Asset Management A/S has been included in the consolidated financial statements using the equity method. Evli does not have control in the company. The sale of the company does not have a material effect on the Group's profit or balance sheet.

PARENT COMPANY'S INCOME STATEMENT

1 000 EUROS	Note	1.1.–31.12.2012	1.1.–31.12.2011
Interest income	1.	6 413	9 694
Interest expenses	2.	–3 302	–5 825
NET INTEREST INCOME		3 111	3 869
Fee and commission income	3.	34 095	39 994
Fee and commission expenses	4.	–3 400	–2 956
Net income from securities transactions and foreign exchange dealing	5.		
Net income from securities transactions		828	1 450
Net income from foreign exchange dealing		841	-91
Other operating income	6.	2 702	5 974
NET REVENUE		38 177	48 239
Administrative expenses			
Personnel expenses	7.	–16 333	-22.155
Other administrative expenses	8.	–11 506	-14.911
Depreciation, amortization and impairment charges	9.	–3 223	-3.508
Other operating expenses	10.	–3 977	-3.195
Impairment losses on loans and other receivables		2	0
Impairment losses on other financial assets	11.	–1 944	-391
OPERATING PROFIT/LOSS		1 195	4.079
PROFIT BEFORE INCOME TAX		1 195	4 079
Income taxes	12.	38	309
PROFIT/LOSS FOR THE FINANCIAL YEAR		1 234	4 389

PARENT COMPANY'S BALANCE SHEET

1 000 EUROS	Note	31.12.2012	31.12.2011
ASSETS			
Cash and cash equivalents		**118 682**	205 146
Debt securities eligible for refinancing with central banks	15.		
Other		**153 217**	129 655
Claims on credit institutions	13.		
Repayable on demand		**3 482**	2 531
Other than those repayable on demand		**4 377**	1 726
Claims on the public and public sector entities	14.		
Other than those repayable on demand		**62 055**	59 800
Debt securities	15.		
Other		**58 296**	22 506
Shares and participations	16.	**34 091**	28 539
Shares and participations in associates	17.	**4 354**	4 869
Shares and participations in group undertakings	17.	**20 366**	21 735
Derivative contracts	18.	**12 175**	17 368
Intangible assets	19.	**7 734**	9 880
Property, plant and equipment	20.	**1 539**	1 590
Other assets	21.	**112 420**	69 519
Accrued income and prepayments	22.	**2 739**	4 725
Deferred tax assets	23.	**472**	534
TOTAL ASSETS		**595 998**	580 123

PARENT COMPANY'S BALANCE SHEET

1 000 EUROS	Note	31.12.2012	31.12.2011
LIABILITIES AND EQUITY			
LIABILITIES			
Liabilities to credit institutions and central banks			
Other than those repayable on demand	24.	18 300	11 958
Liabilities to the public and public sector entities	25.		
Deposits			
Repayable on demand		305 759	344 919
Other		3 682	12 540
Other liabilities			
Other than those repayable on demand		5 062	1 971
Debt securities issued to the public	26.		
Bonds		61 910	66 708
Other		999	1 985
Derivative contracts and other trading liabilities	27.	26 548	21 255
Other liabilities	28.	115 327	55 622
Accrued expenses and deferred income	29.	5 786	8 448
Subordinated liabilities			
Deferred tax liabilities	30.	440	558
TOTAL LIABILITIES		543 814	525 963
EQUITY	31.		
Share capital		30 194	30 194
Share premium fund		1 839	1 839
Fund of invested non-restricted equity		11 468	11 111
Retained earnings		8 683	11 015
TOTAL EQUITY		52 184	54 160
TOTAL LIABILITIES AND EQUITY		595 998	580 123

CASH FLOW STATEMENT

1 000 EUROS	1.1.–31.12.2012	1.1.–31.12.2011
Cash flow from operating activities		
Interest and commission received and proceeds from securities transactions incl. dividends	47 177	30 184
Interest and commissions paid	–7 830	-8 646
Cash payments to employees and suppliers	–32 149	-44 277
Increase (-) or decrease in operating assets:		
Net change in trading book assets and liabilities	–15 991	57 182
Deposits held for regulatory or monetary control purposes	–2 651	-551
Issue of loan capital	–5 783	5 864
Funds advanced to customers	–64 402	137 040
Net cash from operating activities before income taxes	–83 572	176 407
Income taxes	434	-498
Net cash used in operating activities	–83 138	175 909
Cash flow from investing activities		
Proceeds from sales of subsidiaries and associates	1 884	-2 923
Dividend received	354	2 631
Interest received	1	2
Acquisition of property, plant and equipment and intangible assets	–1 025	-4 768
Net cash used in investing activities	1 214	-5 058
Cash flow from financing activities		
Proceeds from issue of share capital	356	744
Purchase of own shares	–1 114	-1 960
Payment of finance lease liabilities	–371	-408
Dividends paid	–2 457	-5 150
Net cash from financing activities	–3 586	-6 774
Net increase in cash and cash equivalents	–85 510	164 077
Cash and cash equivalents at beginning of period	207 677	43 599
Effects of exchange rate changes on cash and cash equivalents	–4	1
Cash and cash equivalents*) at end of period	122 163	207 677

*) 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, 00100 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 with the exception of 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

Evli II Asset Management Ltd was merged with Evli Bank Plc as a parent-subsidiary merger. The merger assets arising from the merger have been dealt with as intangible rights and will be amortized over their useful life in accordance with the Group's accounting policies.

NOTES TO INCOME STATEMENT

1 000 EUROS			2012	2011
1. Interest income				
At fair value through profit or loss				
Debt securities			4 811	7 192
Interest income from other loans and claims				
Claims on credit institutions			371	1 043
Claims on the public and public sector entities			1 228	1 438
Other interest income			3	21
Interest income, total			6 413	9 694
2. Interest expenses				
Liabilities to the public, public sector entities and credit institutions			–1 277	-3 660
Debt securities issued to the public			–2 004	-2 030
Other interest expenses			–21	-135
Interest expenses, total			–3 302	-5 825
3. Commission income				
Credit related fees and commissions			66	83
Advisory services			3 867	4 085
Securities brokerage			8 283	11 468
Mutual funds			14 468	16 206
Asset management			4 583	3 818
Custody services			2 670	2 808
Other operations			157	1 526
Commission income, total			34 095	39 994
4. Commission expenses				
Trading fees paid to stock exchanges			–1 102	–1 131
Other			–2 299	–1 824
Commission expenses, total			–3 400	–2 956
5. Net income from securities transactions and foreign exchange dealing				
Income from equity investments				
Dividends from Associated companies			515	0
Dividends from financial assets classified as held for trading			1 175	882
Dividends from group companies			354	2 631
Income from equity investments, total			2 044	3 513
Net income from securities transactions				
Financial assets held for trading			–649	1 969
Financial assets available for sale			–1 276	-633
Financial assets at fair value through profit or loss			708	-3 399
Net income from securities transactions, total			–1 217	-2 063

The net loss from financial assets available for sale, comes from a write-down (year 2011) and sales loss of an unquoted share (2012).
The loss is booked to the Markets unit.

Net income from securities transactions by instrument	Gains and losses on sales	Changes in fair value	Total	Total
Debt securities	57	698	754	-4 606
Shares and derivative contracts	–8 526	6 555	–1 971	2 543
Net income from securities transactions, total	–8 470	7 253	–1 217	-2 063
Net income from foreign exchange operations			841	-91
Net income from securities transactions and foreign exchange operations, total			–376	-2 155

1 000 EUROS		2012		2011
6. Other operating income				
Rental income		**287**		38
Other income		**2 415**		5 935
Other operating income, total		**2 702**		5 974
7. Employee benefits		**2012**		2011
Wages and salaries		**-12 505**		-16 949
- of which bonuses	**0**		0	
Other social security costs		**-1 394**		-1 860
'-of which relating to bonuses	**0**		0	
Pension expenses		**-2 433**		-3 346
'- of which relating to bonuses	**0**		0	
'-defined benefit plans	**0**		0	
'-defined contribution plans	**-2 433**		-3 346	
Employee benefits, total		**-16 333**		-22 155
Number of personnel during the period, average		**169**		193
Number of personnel at the end of the period		**167**		185
Employees by business segment at the end of the period				
Markets		**30**		35
Corporate finance		**17**		27
Asset management		**39**		44
Administration and other		**81**		79
Total		**167**		185
8. Other administrative expenses				
Office maintenance expenses		**-396**		-994
Office expenses		**-763**		-930
Telephone and postage expenses		**-355**		-496
Information expenses		**-2 236**		-2 151
IT related expenses		**-3 898**		-4 370
Business expenses		**-359**		-482
Travel expenses		**-384**		-570
Car costs		**-80**		-79
Other human resources related expenses		**-379**		-930
Marketing expenses		**-671**		-1 087
Banking and custodian expenses		**-581**		-695
External services fees		**-1 402**		-2 128
Other administrative expenses, total		**-11 506**		-14 911
9. Depreciation, amortization and impairment losses				
Depreciation and amortization				
Applications and software		**-2 000**		-2 050
Other intangible assets		**-762**		-1 073
Equipment and furniture		**-461**		-385
Depreciation, amortization and impaiment losses, total		**-3 223**		-3 508

1 000 EUROS	2012	2011
10. Other operating expenses		
Supervision expenses	**–121**	-112
Rental expenses	**–3 601**	-2 676
Other expenses	**–255**	-408
Other operating expenses, total	**–3 977**	-3 195
11. Impairment losses on loans and other commitments and other financial assets		
Claims on the public and public sector entities		
Actual impairment losses	**0**	-6
Reversals of impairment losses	**2**	2
Guarantees and other off-balance sheet commitments		
Other financial impairment losses		
Impairment losses from subsidiary shares	**–1 944**	-387
Impairment losses on loans and other commitments, total	**–1 942**	-391
12. Income taxes		
Taxes from previous years	**0**	0
Deferred taxes	**89**	250
Other taxes	**–50**	59
Income taxes, total	**38**	309

NOTES TO BALANCE SHEET

1 000 EUROS			2012	2011
13. Claims on credit institutions				
Repayable on demand				
Domestic credit institutions			1 856	702
Foreign credit institutions			1 625	1 829
Repayable on demand, total			3 482	2 531
Other than repayable on demand				
Central banks				
Foreign credit institutions			4 377	1 726
Other than repayable on demand, total			4 377	1 726
Claims on credit institutions, total			7 859	4 257
14. Claims on the public and public sector entities by sector				
Other than repayable on demand				
Enterprises and housing associations			4 607	4 569
Households			52 488	50 079
Foreign countries			4 959	5 152
Other than repayable on demand, total			62 055	59 800
Claims on the public and public sector entities by sector, total			62 055	59 800
15. Debt securities	Publicly quoted	Other	2012 Total	2011 Total
Issued by other than public sector entities				
Banks' certificates of deposit	0	57 850	57 850	22 036
Bonds issued by banks	153 217	200	153 417	130 125
Other debt securities	0	246	246	0
Issued by other than public sector entities, total	153 217	58 296	211 513	152 160
Debt securities, total			211 513	152 160
Debt securities by balance sheet category				
Debt securities eligible for refinancing with central banks				
On public sector entities			0	0
Other			153 217	129 655
Debt securities				
Other			58 296	22 506
Total			211 513	152 160
Debt securities by country				
Finland			66 240	40 057
Sweden			22 509	63 623
Norway			3 513	11 660
Denmark			22 463	10 894
Great Britain			26 123	3 958
Switzerland			13 028	11 038
Holland			27 595	10 930
United States			5 994	0
France			14 022	0
Germany			10 027	0

1 000 EUROS

16. Shares and participations

Fair valued through profit or loss

2012 Balance sheet category	Publicly quoted	Other	Total
Shares and participations			
Available for sale	0	0	0
Valued at fair value throuh profit or loss			
Held for trading	26 463	583	27 046
Other	199	6 846	7 045
Shares and participations, total	26 662	7 428	34 091

2011 Balance sheet category	Publicly quoted	Other	Total
Shares and participations			
Available for sale	0	1 239	1 239
Valued at fair value throuh profit or loss			
Held for trading	19 456	616	20 073
Other	504	6 723	7 227
Shares and participations, total	19 960	8 579	28 539

Net risk position is described on page 29.

17. Shares and participations in associates and joint ventures	2012	2011
At the beginning of the period	4 869	0
Additions	0	4 869
Disposals	–515	0
At the end of the period	4 354	4 869

Shares and participations in group undertakings	2012	2011
At the beginning of the period	21 735	18 504
Additions	464	3 625
Disposals	–1 833	-395
At the end of the period	20 366	21 735

1 000 EUROS

18. Derivative contracts

Overall effect of risks associated with derivative contracts	**Nominal value of underlying**				**2012**	**2012**
	Remaining maturity					
Held for trading	**Less than 1 year**	**1–5 years**	**5–15 years**	**Fair value (+/–)**	**ASSETS**	**LIABILITIES**
Currency-linked derivatives	**396 423**	**0**	**0**	**–53**	**1 677**	**1 729**
Equity-linked derivatives						
Futures	**6 992**	**0**	**0**	**117**	**189**	**72**
Options bought	**69 556**	**56 001**	**0**	**7 925**	**9 846**	**1 920**
Options sold	**63 609**	**55 990**	**0**	**–7 388**	**464**	**7 852**
Other derivatives						
Held for trading, total	**536 580**	**111 991**	**0**	**602**	**12 175**	**11 574**
Derivative contracts, total	**536 580**	**111 991**	**0**	**602**	**12 175**	**11 574**

Overall effect of risks associated with derivative contracts					2011	2011
Held for trading						
Currency-linked derivatives	136 936	0	0	-3	1 509	1 512
Equity-linked derivatives						
Futures	8 769	0	0	99	251	152
Options bought	58 280	78 980	0	13 673	14 992	1 319
Options sold	47 785	79 930	0	-9 403	616	10 019
Other derivatives						
Held for trading, total	251 770	158 910	0	4 367	17 368	13 002
Derivative contracts, total	251 770	158 910	0	4 367	17 368	13 001

Equity derivatives held for trading, and other liabilities held for trading (notes 18 and 27) hedge the equity delta risk for shares and participations in the trading book (note 16). The delta-adjusted equity risk was at the end of 2012 7.6 million euros, including shares and participations in the banking book.

The interest rate derivatives hedge the interest rate risk in assets and liabilities in the balance sheet.

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 (199 m€), and in GBP (147 m€).

Equity derivatives in the banking book hedge the equity risk in equity-linked bonds issued to the public.

1 000 EUROS	2012	2011
19. Intangible assets		
Software or projects in progress		
Cost at 1.1.	217	1 553
Increases	70	2 006
Decreases	-174	-3 341
Cost at 31.12.	113	217
Book value at 31.12.	113	217
Applications and software		
Cost at 1.1.	15 319	12 040
Exchange difference	3	0
Increases	686	3 662
Decreases	0	-384
Cost at 31.12.	16 008	15 319
Accumulated amortisation and impairment losses at 1.1.	-9 351	-7 747
Exchange difference	-3	0
Amortisation for the period	-2 000	-1 727
Accumulated amortisation in respect of decreases	0	124
Accumulated amortisation and impairment losses at 31.12.	-11 354	-9 351
Book value at 31.12.	4 654	5 968
Depreciation leasehold improvements FAS		
Acquisition cost at 1.1.	4 625	3 245
Exchange difference	1	0
Increases	0	1 472
Acquisition cost at 31.12.	4 626	4 625
Accumulated depreciation at 1.1.	-3 173	-3 147
Exchange difference	-1	0
Depreciation for the period	-178	-52
Accumulated depreciation in respect of decreases	0	26
Accumulated depreciation at 31.12.	-3 353	-3 173
Book value at 31.12.	1 274	1 452
Other intangible assets		
Cost at 1.1.	4 111	4 145
Decreases	0	-34
Cost at 31.12.	4 111	4 111
Accumulated amortisation and impairment losses at 1.1.	-1 869	-906
Amortisation for the period	-583	-962
Accumulated amortisation and impairment losses at 31.12.	-2 452	-1 869
Book value at 31.12.	1 693	2 242
Intangible assets, total at 31.12.	7 734	9 880
Book value of intangible assets at 31.12.	7 734	9 880

1 000 EUROS	2012	2011
20. Property, plant and equipment		
Equipment and furniture		
Cost at 1.1.	6 036	5 146
Exchange difference	28	4
Increases	409	2 783
Decreases	0	-1 897
Cost at 31.12.	6 472	6 036
Accumulated depreciation at 1.1.	-5 036	-4 709
Exchange difference	-26	-4
Depreciation for the period	-462	-385
Translation difference from depreciation for the period	0	-1
Accumulated depreciation in respect of decreases	0	62
Accumulated depreciation 31.12.	-5 524	-5 036
Book value at 31.12.	949	1 000
Property, plant and equipment, total 31.12.	949	1 000
Other tangible assets		
Cost at 1.1.	591	591
Increases	0	0
Cost at 31.12.	591	591
Book value at 31.12.	591	591
Property, plant and equipment, total at 31.12.	1 539	1 590
Book value of tangible assets at 31.12.	1 539	1 590

1 000 EUROS	2012	2011
21. Other assets		
Securities sale receivables	3 464	13 446
Commission receivables	2 475	3 069
Securities broking receivables	104 315	49 792
Other receivables	2 167	3 212
Other assets total	112 420	69 519
22. Accrued income and prepayments		
Interest	742	1 911
Taxes	18	458
Staff-related	293	1 096
Other items	1 685	1 260
Accrued income and prepayments total	2 739	4 725
23. Deferred tax assets		
Due to timing differences	472	534
Deferred tax assets total	472	534
Deferred tax assets result from timing differences in fixed asset depreciation.		
24. Liabilities to credit institutions and central banks		
Credit institutions		
Repayable on demand	0	0
Other than repayable on demand	18 300	11 958
Liabilities to credit institutions and central banks, total	18 300	11 958
25. Liabilities to the public and public sector entities		
Deposits		
Repayable on demand	305 759	344 919
Other than repayable on demand	3 682	12 540
Other liabilities		
Other than repayable on demand	5 062	1 971
Liabilities to the public and public sector entities, total	314 503	359 429
26. Debt securities issued to the public		
Certificate of deposits	999	1 985
Bonds	61 910	66 708
Debt securities issued to the public, total	62 909	68 693
Changes in bonds issued to the public		
Issues	0	21 018
Repurchases	4 188	6 996
27. Derivative contracts and other liabilities held for trading		
Derivative contracts	11 574	13 001
Due to short selling of shares	14 974	8 254
Derivative contracts and other liabilities held for trading, total	26 548	21 255

1 000 EUROS	2012	2011
28. Breakdown of other liabilities		
Securities broking liabilities	101 670	49 113
Securities purchase liabilities	2 084	1 629
Income tax payable	37	26
Personnel related	466	603
Other short-term liabilities	1 568	1 100
Prepayments of cash customers	9 447	3 150
VAT payable	54	0
Other liabilities, total	115 327	55 622
29. Accrued expenses and deferred income		
Interest	900	2 029
Personnel related	2 916	5 363
Other accrued expenses	1 970	1 056
Accrued expenses and deferred income, total	5 786	8 448
30. Deferred tax liabilities		
Due to timing differences	440	558
Deferred tax liability, total	440	558
31. 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	11 111	10 291
Increases	356	820
Book value 31.12	11 468	11 111
Retained earnings from previous years		
Book value 1.1	11 015	13 436
Increases	-2 457	-5 150
Decreases	0	238
Acquisition of own shares	-1 114	-1 960
Tranlation difference	5	63
Book value 31.12	7 449	6 627
Profit/loss for financial year	1 234	4 389

32. Own shares held by the credit institution

The credit institution holds own shares	70 129 pcs
The cost of own shares is	1 114 340 euros

The cost of purchase has been deducted from unrestricted equity.

33. Share capital, parent company

The company has one series of shares outstanding and each share represents one vote.

Total number of shares is	4 073 374 pcs

1 000 EUROS

34. 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
1.1.2011	64 333	4 138 466	30 194	1 839	10 291
Aquisition of own shares 2010 authorization	18 376	-18 376	0	0	0
Aquisition of own shares 2011 authorization	136 952	-136 952	0	0	0
Nullification of own shares 2011	-178 461	0	0	0	0
Share issue 2010 authorization	0	42 436	0	0	0
Share issue 2011 authorization	0	35 500	0	0	820
31.12.2011	41 200	4 061 074	30 194	1 839	11 111
Total number of shares		4 102 274			
1.1.2012	**41 200**	**4 061 074**	**30 194**	**1 839**	**11 111**
Aquisition of own shares 2011 authorization	**33 016**	**-33 016**	**0**	**0**	**0**
Aquisition of own shares 2012 authorization	**54 913**	**-54 913**	**0**	**0**	**0**
Nullification of own shares 2012	**-59 000**	**0**	**0**	**0**	**0**
Share issue 2012 authorization	**0**	**30 100**	**0**	**0**	**356**
31.12.2012	**70 129**	**4 003 245**	**30 194**	**1 839**	**11 468**
Total number of shares		**4 073 374**			

Share premium fund

The share premium fund comprises the following items: the amount exceeding the counter-book value of the share paid for shares prior to 1 September 2006 in a new issue; the amount paid for a subscription right based on an option right; gain on sale of the company's own shares; and the amount by which the share capital is lowered and which is not used to cover an adopted loss, transferred to a fund to be used in accordance with the decision of the general meeting of the shareholders or distributed to the shareholders.

Fund of invested non-restricted equity

The fund of invested non-restricted equity includes the proceeds from the disposals of own shares received after 1 September 2006.

35. Largest shareholders and share ownership breakdown

	Share	%
Oy Prandium Ab (Thomas Thesleff and his family)	950 820	23.34
Oy Scripofilum Ab (Henrik Andersin)	950 820	23.34
Oy Fincorp Ab (Roger Kempe)	579 945	14.24
Ingman Group Oy Ab	465 000	11.42
Lehtimäki Maunu	98 432	2.42
Tallberg Claes	92 439	2.27
Hollfast John	82 080	2.02
Dudarev Grigory	50 385	1.24
Hartikainen Raimo	41 504	1.02
Jousimies Panu	40 416	0.99
	3 351 841	82.29
Others	721 533	17.71
Total	4 073 374	100.00

1 000 EUROS

36. 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 18, 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.

2012	less than 3 months	3–12 months	1–5 years	5–10 years	more than 10 years	Total
Assets						
Cash and cash equivalents	**118 682**					**118 682**
Loans and other claims						
Claims on credit institutions	**7 859**	**0**	**0**	**0**	**0**	**7 859**
Claims on the public and public sector entities	**5 327**	**19 141**	**36 628**	**959**	**0**	**62 055**
Financial assets at fair value through profit or loss						
Debt securities eligible for refinancing with central banks	**38 026**	**62 594**	**52 596**	**0**	**0**	**153 217**
Debt securities	**5 121**	**52 855**	**319**	**0**	**0**	**58 296**
Shares and participations	**26 709**	**928**	**4 774**	**1 680**	**0**	**34 091**
Derivative contracts	**4 706**	**2 928**	**4 541**	**0**	**0**	**12 175**
Financial assets available for sale						
Shares and participations	**0**	**0**	**0**	**0**	**0**	**0**
Accrued interest	**451**	**292**	**0**	**0**	**0**	**742**
Debts						
Financial liabilities at amortized cost						
Liabilities to credit institutions	**17 300**	**1 000**	**0**	**0**	**0**	**18 300**
Liabilities to the public and public sector entities	**311 645**	**2 379**	**479**	**0**	**0**	**314 503**
Debt securities issued to the public	**1 425**	**5 940**	**55 545**	**0**	**0**	**62 909**
Financial liabilities at fair value through profit or loss	**18 634**	**3 373**	**4 540**	**0**	**0**	**26 548**
Accrued interest	**869**	**24**	**7**	**0**	**0**	**900**
Off-balance sheet commitments	**2 262**	**4 527**	**329**	**0**	**0**	**7 118**
2011						
Assets						
Cash and cash equivalents	205 146					205 146
Loans and other claims						
Claims on credit institutions	4 257	0	0	0	0	4 257
Claims on the public and public sector entities	5 922	14 481	37 230	2 167	0	59 800
Financial assets at fair value through profit or loss						
Debt securities eligible for refinancing with central banks	0	49 044	80 611	0	0	129 655
Debt securities	0	22 506	0	0	0	22 506
Shares and participations	19 960	616	6 723	0	0	27 300
Derivative contracts	9 770	734	6 865	0	0	17 368
Financial assets available for sale						
Shares and participations	0	0	1 239	0	0	1 239
Accrued interest	782	1 129	0	0	0	1 911
Debts						
Financial liabilities at amortized cost						
Liabilities to credit institutions	10 208	1 750	0	0	0	11 958
Liabilities to the public and public sector entities	354 447	3 494	1 488	0	0	359 429
Debt securities issued to the public	3 544	1 365	63 783	0	0	68 693
Financial liabilities at fair value through profit or loss	11 021	2 761	7 473	0	0	21 255
Accrued interest	1 967	38	24	0	0	2 029
Off-balance sheet commitments	3 463	3 349	1 353	252		8 417

Commitments outside the balance sheet are presented in Appendix 43.

1 000 EUROS

37. Assets and liabilities denominated in domestic and foreign currency

Balance sheet item	Domestic	Foreign currency	2012 Total	Domestic	Foreign currency	2011 Total
Loans and other claims						
Cash on hand	**118 682**	**0**	**118 682**	205 146	0	205 146
Claims on credit institutions	**6 491**	**1 368**	**7 859**	2 829	1 428	4 257
Claims on the public and public sector entities	**62 055**	**0**	**62 055**	59 800	0	59 800
Financial assets at fair value through profit or loss						
Debt securities	**211 437**	**76**	**211 513**	152 160	0	152 160
Shares and participations	**25 893**	**8 198**	**34 091**	23 185	4 115	27 300
Derivative financial instruments	**11 623**	**552**	**12 175**	15 499	1 869	17 368
Other assets	**138 048**	**11 575**	**149 623**	100 317	13 775	114 092
Total	**574 228**	**21 769**	**595 998**	558 936	21 187	580 123
Financial liabilities at amortized cost						
Liabilities to credit institutions	**18 300**	**0**	**18 300**	11 958	0	11 958
Liabilities to the public and public sector entities	**304 984**	**9 518**	**314 503**	349 047	10 383	359 429
Debt securities issued to the public	**62 909**	**0**	**62 909**	68 693	0	68 693
Financial assets at fair value through profit or loss						
Derivative contracts and liabilities held for trading	**25 984**	**563**	**26 548**	16 984	4 271	21 255
Other liabilities	**108 403**	**13 150**	**121 554**	51 668	12 906	64 574
Total	**520 581**	**23 232**	**543 814**	498 349	27 560	525 909

The largest foreign currency assets and liabilities are in SEK (assets 10.3 m€, liabilities 10.6 m€, USD (assets 3.2 m€, liabilities 11.0 m€) and NOK (assets 5.5 m€, liabilities 0.9 m€).

1 000 EUROS	2012	2011
38. Securities lending		
Market value of securities lending at 31.12., lent in	16 030	8 254
Market value of securities lending at 31.12., lent out	62	195
39. Fair values and book values of financial assets and financial liabilities	Book value	Fair value
	2012	2012
Liquid assets	118 682	118 682
Debt securities eligible for refinancing with central banks	153 217	153 217
Claims on credit institutions	7 859	7 859
Claims on the public and public sector entities	62 055	62 055
Debt securities	58 296	58 296
Shares and participations	34 091	34 091
Shares and participations in group undertakings	20 366	20 366
Derivative contracts	12 175	12 175
Financial liabilities		
Liabilities to credit institutions	18 300	18 300
Liabilities to the public and public sectory entities	314 503	314 503
Debt securities issued to the public	62 909	63 869
Derivative contracts and other trading liabilities	26 548	26 548
40. Assets pledged as collateral and other commitments	2012	2011
Securities	79 550	103 200
Cash deposits	4 749	1 578
41. Operating leases		
Not later than one year	73	301
Over year not later than five year	22	243
42. Other rental commitments		
Rental liabilities up to one year	2 282	2 209
Rental liabilities over one year and less than 5 years	6 742	8 483
Rental liabilities over 5 years	0	177
43. Breakdown of off-balance sheet commitments		
Commitments given to a third party on behalf of a customer*)	4 117	2 964
Irrevocable commitments given in favour of a customer	860	1 104
Guarantees on behalf of others	621	885
Unused credit facilities, given to clients	1 519	3 463

*) Commitments given on behalf of a customer for a third party include collaterals for derivatives positions given on behalf of customers in OMX and SEB. The customers have covered their collateral to Evli in full, with the exception of a collateral deficit of 0,17 million euros for two customers. Other irrevocable commitments given on behalf of a customer comprise subscription commitments guaranteed on behalf of customers.

44. Asset management services offered by the credit institution, M€		
Assets under management at Evli Bank's Asset Management as of 31 December		
Gross	6 904	6 270
Net	5 005	4 481
Assets under management on the basis of power of attorney		
Discretionary asset management	2 813	2 580
Consultative asset management	102	94
Total	2 915	2 674

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

The parent company's distributable assets in the financial statements total EUR 8,683,138.46 of which profit for the financial year totals EUR 1,233,939.39.
The Board of Directors proposes to the Annual General Meeting of Shareholders that:

- a dividend of EUR 0.61 per share be paid, totaling EUR 2,441,979.45.
- a total of EUR 6,241,159.01 be left in shareholders' equity.

Helsinki, February 13, 2013

Henrik Andersin
Chairman

Robert Ingman

Harri-Pekka Kaukonen

Mikael Lilius

Teuvo Salminen

Thomas Thesleff

Maunu Lehtimäki
Chief Executive Officer

AUDITORS' REPORT

To the Annual General Meeting of Evli Bank plc

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Evli Bank Plc for the year ended on December 31, 2012. The financial statements comprise the consolidated statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

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, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company and the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Limited Liability Companies Act, Finnish Credit Institutions Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

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

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the company's financial statements and the report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Helsinki, February 13, 2013

KPMG OY AB

Marcus Tötterman
Authorized Public Accountant in Finland

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