

ANNUAL REPORT
2014
EVLI BANK PLC



INVESTMENT BANKING &
WEALTH MANAGEMENT



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EVLI IN 2014

Evli is a bank that specializes in investment, helping private individuals, companies and institutions 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 solu-

tions 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. On December 31, 2014, the Evli Group's equity capital totalled EUR 52.2 million and its BIS capital adequacy ratio stood at 15.2%. Evli has a net total of approximately EUR 6.3 billion in assets under management.

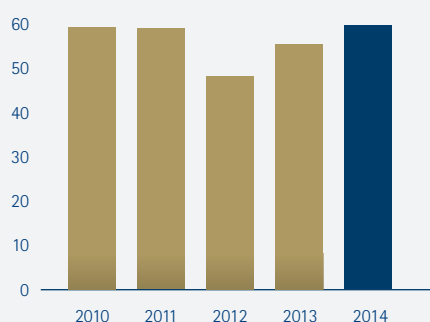
Evli Corporate Finance provided advisory services in a wide range of transactions, including:

- Advisor to Readsoft AB with respect to Lexmark's tender offer
- Advisor to Acando AB with respect to its tender offer for Connecta AB
- Advisor to Nordic Capital with respect to its tender offer for Gina Tricot
- Advisor to ÅF with respect to the sale of the Russian subsidiary Lonas
- Advisor to Gasum with respect to the sale of Gasum Eesti to Alexela
- Advisor to the owners of Optima Service with respect to the sale of the company to Telecare
- Advisor to Dedicare AB with respect to the sale of Dedicare Omsorg AB to Svensk Personlig Assistans AB
- Advisor to CapMan with respect to the sale of Sensia to Avonova
- Advisor to Advenica regarding the company's listing
- Advisor to M-Brain with respect to the company's share and bond issue
- Advisor to the owners of Osstell with respect to the sale of the company to Fouriertransform
- Advisor to the owners of Nutisal regarding the sale of the company to Cloetta.
- Advisor to Nordic Mines AB with respect to the company's restructuring and equity issue

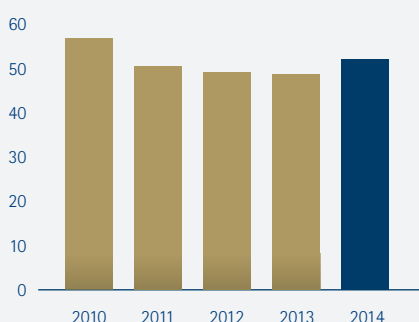
Recognition for Evli in rankings and surveys

- Europe's second best fund manager in fixed-income investments (Morningstar).
- The most widely used asset manager among Finnish institutions, and the second best in overall quality out of 14 asset managers in Finland (TNS Sifo Prospera).
- The most widely used mutual fund company among Finnish institutions, the second most widely used asset manager, and joint third place in overall quality (mutual funds and segregated asset management) (SFR).
- Top positions in the Nordic comparison of analyst performance based on the return on their stock recommendations and the accuracy of their earnings estimates, e.g. the most accurate earnings estimate and the third most accurate stock recommendation in the Diversified Industrials category (StarMine).

Revenue, EUR million



Equity capital, EUR million



Best wealth management for Finnish entrepreneurs and super affluent clients

Euromoney Private Banking and Wealth Management Survey 2014

"The survey result is testimony to our special competence in entrepreneurs' and private clients' wealth management. We are well positioned to continue our long-term efforts to meet clients' investment goals."

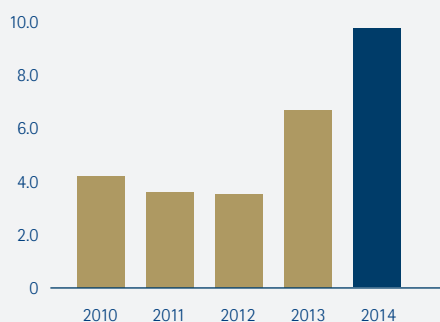


Esa Pensala, Head of Wealth Management

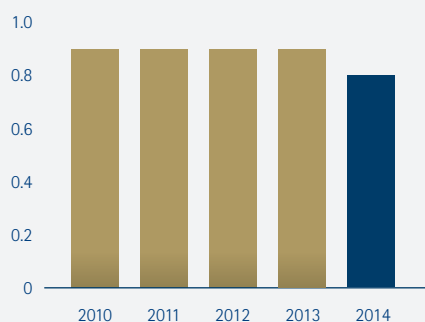
Key events of the year

- The Evli Group's profitability improved substantially on the previous year, with profit up nearly 40 percent to EUR 7.7 million. The Evli Group's net revenue continued to grow strongly and was EUR 59.7 million.
- The company's business performance was strong especially in asset management and advisory operations. In Sweden, direct fund sales and Corporate Finance operations performed well. In Finland, the amount of private banking clients increased during the year.
- Wealth Management's net assets under management totaled EUR 6.3 billion at the end of the year, which is eight percent more than a year earlier.
- The best-performing equity fund was Evli Emerging Frontier (annual return of 28.2%), the best-performing balanced fund was Evli Global Multi Manager 75 (12.0%), and the best-performing fixed income fund was Evli Euro Government Bond (9.63%). Evli Swedish Small Cap outperformed its benchmark index by the widest margin (6.05%).
- Of Evli's funds, Evli European High Yield (EUR 78 million) and Evli Sweden Equity Index (EUR 43 million) received the biggest net subscriptions. Evli European High Yield (EUR 825 million) and Evli Euro Liquidity (EUR 713 million) had the most assets at the end of the year.
- The net income of the Evli Corporate Finance unit more than doubled year on year, to EUR 6.6 million, and profit increased to a clearly positive level of EUR 1.3 million. Evli Corporate Finance will continue in its efforts to strengthen its position as a leading advisor in the Nordic Countries.
- As traditional equity brokerage decreases, the Markets unit is actively developing the role of other product areas, like corporate bond services and structured products. Already 46 percent of the unit's brokerage income was derived from areas other than equity brokerage.
- Evli's strategic venture "Simply Unique" proceeded swiftly. The aim is to simplify investment processes experienced by clients, and increase the quality and uniqueness of the service experienced by the clients.
- Evli acted as a partner in the international start-up event Slush and the Slush 100 competition, and was also a partner for the 11th consecutive year in the EY Entrepreneur of the Year program, which promotes growth and family entrepreneurship.

Operating profit/loss, EUR million



Expense/income ratio



Successful year creates good atmosphere for 30th anniversary

2015 will mark the 30th anniversary of Evli's operations, and we are preparing for the occasion in positive spirits. We had an excellent financial year in 2014. Our fixed cost structure was one of the main reasons that the steady growth of our revenue was reflected as a substantial improvement on our bottom line. In our largest business area, Wealth Management, our position strengthened further in Finland and grew substantially in Sweden.

Evli is celebrating 30 years in the business this year. This is a very respectable achievement in an industry that has undergone several major transformations over the last few decades. In these shifting sands very few investment firms have prevailed with their original name and without major mergers and acquisitions, or ownership arrangements taking place. Evli has successfully pulled this off. In my opinion, the main reason for this achievement is that Evli has been able to adapt in the manner required by the changes in the operating environment and the actions of its owners have always been resolute.

I took on the role of Evli's CEO in 2006 when the founding partners Henrik Andersin, Roger Kempe and Thomas Thesleff felt that the company had reached a point where it was best for them to focus on board work and hand over the operational activity to the professional management. At that time, the founding partners set three targets for my work: to build Evli into a single entity that pursues common objectives, to ensure that its operations are predictable and stable, and to focus investments on persistent development of competitiveness. In accordance with these instructions, we went about creating a new strategy for Evli, and the instructions have also subsequently helped us come through many storms relatively unscathed.



I believe that the most substantial change in the nature of Evli's operations during my time as CEO is related to the company's risk profile. Only ten years ago, our profit potential relied quite heavily on our own risk-taking and investment. Nowadays, our profit is accumulated almost entirely through the services we produce for our clients. We have reduced the risks of our operations partly because the regulatory environment has changed and steered banks towards more moderate risk taking, but also because of the founding partners' wise instructions.

Evli will continue to grow as a bank that specializes in serving investors

It will be nice to take a quick look back at Evli's eventful history during our anniversary year, but in our daily operations, we will set our sights firmly on the future. We will not be carrying out any major changes to our business in the coming years and will continue on the course we have been following in recent years. We are a bank for investors, and we will continue to increase the proportion of asset management services in our business.

In addition to Finland, we aim to achieve growth also on other markets by selling our highly competitive, Finnish-developed expertise. We already have strong evidence of this in our Swedish asset management services. Nearly 20 percent of the assets in our funds come from Swedish customers, and in 2014 half of the growth of new assets under our management came from Sweden.

We do not offer our entire palette of services in Sweden, as we only provide services from our carefully selected areas of expertise in asset management, markets and corporate finance. A strict focusing of services, achieved by trial and error, and more careful concentration on the professional investor client group than in the Finnish market has proved to be a financially sustainable way of operating in Sweden's very tough competitive environment.

We will continue using the Swedish model also in the other Nordic markets. In Central Europe, we have already started offering corporate bond products through distribution companies and are not even planning on hiring our own personnel in these countries.

Success on many fronts in 2014

2014 was a good year for us overall. Our net revenue rose by eight percent to EUR 59.7 million (2013: EUR 55.5 million), and our operating profit rose by nearly 50 percent to EUR 9.8 million (EUR 6.7 million). Since our cost structure is relatively fixed, even minor increases in profit are reflected as strong growth in profit. Another positive factor was that the ratio of our recurring profits in relation to the Group's total costs continued to improve and was 83 percent. Our target is 100 percent coverage because as a bank, our operations must be profitable and predictable. Our capital adequacy and liquidity continued to be very good throughout the year.

The net revenue of our largest unit, Wealth Management, increased by four percent to EUR 32.3 million (EUR 31.2 million), and its operating profit increased by 40 percent to EUR 6.5 million (EUR 4.6 million). Net

assets under our management totaled EUR 6.3 billion (EUR 5.9 billion) at the end of the year, and the capital of our mutual funds was EUR 4.4 billion (EUR 4.1 billion).

We were very successful in acquiring new clients in the Wealth Management unit, especially in the Private Banking client segment. We developed our Private Banking service by adopting the scenario analysis method that has already been used with institutional clients for a long time. In practice, this means that we evaluate the client's total assets and all the current and future cash flows and capital targets, and use this evaluation to prepare an investment strategy that provides the best probability for achieving the personal investment targets of each client. Offering this service to Private Banking clients is a pioneering endeavor even from an international perspective.

Our Markets unit's revenue was nearly at the level of the previous year and was EUR 15.9 million (EUR 16.1 million). The unit's profit was EUR 1.8 million (EUR 1.3 million). This is a good achievement in an operating environment that is challenging on many levels.

Our Corporate Finance unit had an excellent year. Its revenue more than doubled to EUR 6.6 million (EUR 3.0 million) and profit increased to a clearly positive level of EUR 1.3 million (EUR -1.9 million). The majority of the Corporate Finance unit's returns were generated in Sweden, where we were very successful as an arranger of acquisitions. In Russia, the difficulties caused by the Ukraine crisis, economic sanctions and the weakening oil price were reflected in our business. Because of the challenging situation, we closed our St Petersburg office and centralized our operations in Moscow.

Strategy work is evident as increasing quality of service

In 2013, we defined our new vision, to be a "Simply Unique" service provider. To achieve this, we simplified both our own investment processes and those experienced by clients, and increased the quality and uniqueness of the service experienced by clients. In 2014, we worked on several projects that promote these targets, and we believe that in 2015 our clients will see the results of our work in the quality of the service provided to them.

We do not serve all client groups, but we are certainly among the top providers of investment services to entrepreneurs, corporate executives, various institutions and affluent families. It is around these services that we want to strengthen our foothold and grow our business also in the future. I believe that the uncompromising service-mindedness and top expertise that have been the cornerstones of our operations throughout our 30-year journey will create good opportunities for this. As we embark on this anniversary year, it is an especially great pleasure to thank our clients, personnel and partners for the excellent results we have achieved.

Maunu Lehtimäki
CEO

BOARD OF DIRECTORS AND MANAGEMENT GROUP

The composition of the Board of Directors was resolved at Evli Bank Plc's Annual General Meeting on March 10, 2014.

Board of Directors

Henrik Andersin, born 1960

M.Sc. (Econ.)

- One of Evli Bank's founding partners and main owners. Stock holding: 950,820*
- Chairman of the Board of Directors of Nokian Panimo Oy
- Member of the Board of Directors of Evli Bank Plc since 1985, CEO of Evli Bank Plc 1994–2006 and Chairman of the Board since 2006.

*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 and Etteplan Oyj, Member of the Board of Directors of Arla Ingman Oy Ab, 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 Metso Oyj, Wärtsilä Oyj and Mehiläinen Oyj, Member of the Boards of Directors of Oy Kelonia Ab
- 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 Oy, Member of the Boards of Directors of Cargotec Oyj, Glaston Oyj, Tieto Oyj, 3Step IT Group Oy and YIT Oyj
- 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. 2014): 98,432

Panu Jousimies, born 1969

M.Sc. (Econ.)

- Head of Capital Markets
- Joined Evli Bank Plc in 1997
- Stock holding (31 Dec. 2014): 39,768

Lea Keinänen, born 1966

Yo-kauppateknikko, MBA

- Deputy to the CEO
- Head of Wealth Management, Funds
- Joined Evli Bank Plc in 1998
- Stock holding (31 Dec. 2014): 34,712

Juho Mikola, born 1981

M.Sc. (Econ.)

- Chief Financial Officer
- Joined Evli Bank Plc in 2004
- Stock holding (31 Dec. 2014): 17,000

Esa Pensala, born 1974

M.Sc. (Tech.)

- Head of Wealth Management, Advisory
- Joined Evli Bank Plc in 2001
- Stock holding (31 Dec. 2014): 20,500

Mikael Thunved, born 1965

B.Sc. (Econ.)

- Managing Director, Evli Corporate Finance AB
- Joined Evli Bank Plc in 2002
- Stock holding (31 Dec. 2014): 36,000

FINANCIAL STATEMENT 2014

BOARD OF DIRECTORS' REPORT 1.1.–31.12.2014

An improvement in the operating environment meant that 2014 was a good year for the entire financial sector. The Evli Group's profitability improved substantially on the previous year, with profit up nearly 40 percent. This is attributable especially to an increase in client initiatives in Wealth Management and advisory operations, and positive development of asset values. Evli has always been known for its strong expertise and competence, which brought acclaim for the company from industry surveys also this year. For example, institutional client surveys carried out by TNS Sifo Prospera and Scandinavian Financial Research offered convincing results that Evli is one of Finland's most widely used and highest quality service providers.

In 2014, the Board of Directors focused on securing profitable growth and implementing the strategy that was drawn up in the fall of 2013. The changing competitive field combined with closer regulation have forced the entire financial sector to reassess its business models. Efficiency and special emphasis on clients are the cornerstones of Evli's new strategy. Evli's aim for the future is to provide a service for its clients that is simply unique. Accordingly, the company has launched a project aimed at securing efficiency and growth in the coming years. The company has also increased its focus on raising the proportion of revenue accounted for by recurring revenue. The company adopted an important strategic objective of raising the share of recurring revenue to a level that would completely cover operating expenses. This aim is supported especially by investments in asset management operations. Evli will strive to expand in the future, in line with its strategy, especially in asset management services – both organically and through acquisitions.

The Board of Directors also concentrated on clarifying the organization's legal structure during the year. Accordingly, Evli Bank Plc's wholly owned subsidiary EPI Russia Partners II Ltd was dissolved during the summer. Furthermore, Evli Fonder Ab, which is registered in Sweden, was dissolved in the early fall. Evli also merged its subsidiary Evli Options with Evli Bank, thus centering all brokerage operations under a single legal entity. In asset management, changes were carried out in the Baltic countries. The Latvian and Lithuanian businesses were sold in December to the operating management, who will continue to represent Evli's products on these markets.

Asset management services became subject to value added tax as of May 2013, and ambiguities in the interpretation of this matter continued well into 2014. During the year, the Supreme Administrative Court issued

the first rulings related to the matter, clarifying operating models with respect to the asset management business. However, ambiguities remain in the matter. The Board of Directors has been actively monitoring the handling of the matter.

The convincing growth in 2014, Evli's strong market position and its improved operating environment provide a good starting point for the new year.

Market performance

Market performance was positive in 2014 in spite of the Ukraine crisis that shook the equity markets and the resulting sanctions between the USA, Europe and Russia. During the latter half of the year the markets were affected by a strong decline in the price of crude oil and the weakening of the euro. There were major differences between the outlooks and performance of different economic areas. Equity markets rose by 7 percent on average in Europe during 2014, and by 14 percent in the USA. The Finnish equity market rose by 11 percent.

The challenges affecting economic growth in the euro area continued and the threat of deflation increased. The European Central Bank was forced to resort to exceptional measures during the fall in its efforts to support the euro area economy. It lowered its deposit facility interest rate to a negative level of -0.20 percent for the first time ever. The ECB also announced an asset-backed securities purchasing program and a covered bond purchasing program on the markets. At the beginning of 2015, the ECB announced that it would also start the quantitative easing of monetary policy. The US Federal Reserve is expected to reduce its stimulus measures by starting to raise its federal funds rate during 2015.

Interest rates in the euro area fell to all-time lows. The yield on the German government's bonds with maturities of up to five years became negative, and the yield on the 10-year bond was also just 0.52 percent.

Revenue performance

The Evli Group's net revenue continued to grow strongly. During the financial year net revenue rose by 8 percent on the 2013 figure and was EUR 59.7 million (EUR 55.5 million). The growth in net revenue was boosted by increases in commission income. Good performance in fund and advisory operations in particular had a positive impact on revenue growth. Revenue in the comparison period was boosted by the exceptionally strong earnings of the Group's investment operations.

The Wealth Management unit's stable performance continued during the financial year. The unit's net revenue rose by 4 percent on the figure for 2013 and was EUR 32.3 million (EUR 31.2 million). This increase was supported by an increase in assets under management and direct fund sales in Finland and Sweden.

The Markets unit's net revenue for the financial year remained at the level of the previous year and was EUR 15.9 million (EUR 16.1 million). Revenue performance was negatively affected by the derivatives trading business environment that was more challenging than it had been the previous year and a decline in client initiatives regarding exchange traded funds. Revenue was boosted by an increase in net income from securities trading. This net income growth included income from both market making and bond brokerage. The unit's strategic goal has been to reduce its dependence on traditional equity brokerage and to increase the proportion of other capital market products brokerage in its revenue. Other capital market products include derivatives, exchange traded funds, structured investment products and bonds. During the financial year, 46 percent of the unit's revenue was derived from the other capital market products.

The Corporate Finance unit's net revenue was double the corresponding figure for the previous year. Significant fluctuations in net revenue from one quarter to the next are typical for the Corporate Finance business.

Evli's strategic objective is to raise the proportion of revenue accounted for by recurring revenue to a level that would fully cover operating expenses. In the financial year, recurring revenue covered 83 percent (77%) of the Group's operating expenses. Recurring revenue is composed of the client margin and also the revenues from Wealth Management operations, fund operations, custody operations and management of incentive systems.

Result and cost structure

The Group's profit for the financial year before taxes and profit sharing with employees grew substantially and was EUR 13.6 million (EUR 9.4 million). The profit for the period was EUR 7.7 million (EUR 5.6 million).

There were no significant changes in Evli's cost structure during the year. The Group's operating costs remained at the previous year's level. The operating costs for 2014 include an impairment of EUR 1.6 million to the goodwill of the Russian and Baltic operations. Comparable operating costs, excluding profit sharing with employees, declined by 3 percent from the comparison period. Evli's expense/income ratio improved and was 0.84 (0.88).

During the first half-year Evli launched a strategic project to achieve its new corporate vision, which is to be "simply unique." Evli's aim is to simplify both its own and its clients' processes related to investment and to offer clients a service that is increasingly perceived as truly unique. This is expected to further lighten the company's cost structure during 2015 and 2016.

Balance sheet and funding

The Group's equity totaled EUR 52.2 million at the end of the financial year. Evli applies the standardized approach (capital requirement for credit risk) and the basic indica-

tor approach (capital requirement for operational risk) in its capital adequacy calculation. The Group's capital adequacy ratio of 15.2 percent clearly exceeds the regulator's requirement of 8 percent.

The new capital adequacy requirements of the Basel Committee (Basel III) entered into force on January 1, 2014. Due to the capital adequacy requirements, the capital requirements related to credit risk have grown primarily with respect to the bank's Treasury unit's bond investments and the counterparty risks associated with OTC derivatives.

The Group's funding from the public and credit institutions decreased by 3 percent from the previous year. The company's loan portfolio decreased by 3 percent year on year to approximately EUR 57.0 million. The ratio of loans granted by the Group to Evli Bank Plc's deposits from the public was 19 percent. The Group's liquidity is good.

Employees and organization

The Group had 242 employees (245) at the end of the financial year. This represented a year-on-year decrease of 3 people, or 1.2 percent.

86 percent of the personnel were employed in Finland and 14 percent abroad.

Business areas

Group operations

The Group's interest margin developed favorably compared with the previous year. The returns from Evli's investment activities were clearly positive during the financial year, but were lower than the exceptionally high returns of 2013.

Wealth Management

Wealth Management in numbers	1-12/ 2014	1-12/ 2013	Change %
Net revenue, M€	32.3	31.2	4
Operating profit, M€	6.5	4.6	40
Personnel, at the end of period	87	87	0
Assets under management (net), at the end of period, M€	6 327	5 858	8
Assets under management including associated companies (net), at the end of period, M€	7 438	6 968	
Market share (Evli Fund Mgmt Company), %	5.1	5.4	
Net subscriptions to own funds, M€ *)	166	614	
Average rating of Evli funds in Morningstar	3.5	3.5	

*) Source: Fund Report by Finanssialan Keskusliitto ry

The Wealth Management unit's stable performance continued during the financial year. Net revenue from Wealth Management operations grew by 4 percent and was EUR

32.3 million (EUR 31.2 million). The increase in direct fund sales in Finland and in Sweden and the increase in private banking had a positive effect on revenue performance. The unit's net assets under management totaled EUR 6.3 billion (EUR 5.9 billion) at the end of the year, which is 8 percent more than a year earlier.

Of Evli's funds, Evli European High Yield (EUR 78 million) and Evli Sweden Equity Index (EUR 43 million) received the biggest net subscriptions by the end of December. Evli European High Yield (EUR 825 million) and Evli Euro Liquidity (EUR 713 million) had the most assets at the end of the year.

Net subscriptions to funds registered in Finland totaled EUR 8.6 billion in 2014 (EUR 4.7 billion). Net subscriptions to Evli's mutual funds totaled EUR 166 million (EUR 614 million). Evli Fund Management Company's market share decreased by 0.3 percentage points from the previous year and was 5.1 percent at the end of December. The combined assets of the 25 mutual funds managed by the company were EUR 4,442 million (EUR 4,126 million) and the number of unit holders was 17,480 (16,394).

During the last quarter of the year, Evli restructured its operations in the Baltic countries by selling its asset management business to the management operating in Lithuania. The new company established by the management will continue as a distributor of Evli products in Lithuania and Latvia. The divestment did not have a substantial impact on the Group's profit.

Markets

Markets in numbers	1-12/ 2014	1-12/ 2013	Change %
Net revenue, M€	15.9	16.1	-1
Operating profit / loss, M€	1.8	1.3	35
Personnel, at the end of period	45	44	2
Market share (OMX Helsinki), EUR volume, %	1.3	1.5	
Market share (OMX Helsinki), number of trades, %	1.0	1.1	

The Markets unit's net revenue of EUR 15.9 million was at the level of that recorded in the corresponding period of 2013 (EUR 16.1 million). This was due to low market volatility in the first half-year, which reduced the commission income from derivatives and ETF brokerage compared with 2013 and thus had a negative impact on returns. The performance of derivative market making had a positive impact on net income in the review period.

Evli's analysts did well in StarMine's 2014 survey of analyst performance in the Nordic region. StarMine ranks analysts based on the return on their stock recommendations and the accuracy of their earnings estimates. In a comparison of all Nordic analysts by industry, Evli's analysts came in first and third place in the Diversified Industrials category. The analysts made the most accurate earnings estimate and the third-most-accurate stock recommendation. StarMine is a Thomson Reuters com-

pany that carries out annual analyst comparisons in 15 global regions.

The strategic target of Evli's Markets unit is to raise the proportion of other forms of brokerage rather than 'traditional' equity brokerage in its operations. In 2014, the proportion of the unit's brokerage income accounted for by product areas other than equity brokerage was 46 percent.

Corporate Finance

Corporate Finance in numbers	1-12/ 2014	1-12/ 2013	Change %
Net revenue, M€	6.6	3.0	119
Operating profit / loss, M€	1.3	-1.9	-
Personnel, at the end of period	28	26	8

2014 was a favorable year for the Corporate Finance business. Client initiatives remained at a high level throughout the year especially in mergers and acquisitions. There was also interest in stock exchange listing. Evli Corporate Finance was involved in several transactions during the financial year. The unit was involved in the following transactions, for example, as an:

- Advisor to Readsoft with respect to Lexmark's tender offer
- Advisor to Acando with respect to its tender offer for Connecta
- Advisor to Nordic Capital with respect to its acquisition of Gina Tricot
- Assistant to Nordic Mines AB with respect to the company's financial restructuring and share issue
- Advisor to ÅF with respect to the sale of its Russian subsidiary Lonas
- Advisor to Gasum with respect to the sale of Gasum Eesti to Alexela
- Advisor to the owners of Optima Service with respect to the sale of the company to Telecare
- Advisor to Dedicare with respect to the sale of Dedicare Omsorg to Svensk Personlig Assistsans
- Advisor to CapMan with respect to the sale of Sensia to Avonova
- Advisor to Advenica regarding the company's listing
- Advisor to M-Brain with respect to the company's share and bond issue
- Advisor to the owners of Osstell regarding the sale of the company to Fouriertransform
- Advisor to the owners of Nutisal regarding the sale of the company to Cloetta

Due to these and other executed orders, the unit's result was clearly positive. Evli Corporate Finance will continue in its efforts to strengthen its position as a leading advisor in the Nordic Countries.

The net income of the Corporate Finance unit doubled year on year and was EUR 6.6 million (EUR 3.0 million). The unit's mandate base is strong. Significant fluctuations in revenue from one quarter to the next are typical of the Corporate Finance business.

Changes in Group structure

Evli Bank Plc's wholly owned subsidiary registered in Sweden, Evli Fonder AB, was dissolved on September 3, 2014.

Evli Bank Plc's wholly owned subsidiary EPI Russia Partners II Oy was dissolved on July 21, 2014.

Evli Options Ltd, a wholly owned subsidiary of Evli Bank Plc, was merged with Evli Bank Plc on October 31, 2014.

Evli Securities AS, a wholly owned Estonian subsidiary of Evli Bank Plc, sold its Lithuanian operations to the Lithuanian company Evernord UAB.

Evli's shares and share capital

Pursuant to the authorization to acquire own shares issued by the Annual General Meeting (AGM) on March 6, 2013, the company acquired a total of 2,000 Evli shares at the start of 2014. Pursuant to the authorization to acquire Evli shares issued by the AGM on March 10, 2014, the company acquired a total of 4,500 shares during the second quarter of 2014, a total of 525 shares during the third quarter of 2014, and a total of 5,125 shares during the fourth quarter of 2014. The shares were acquired in accordance with the shareholder agreements through changes in ownership.

The Board of Directors used the authorization granted by the AGM on March 6, 2013 to issue shares and stock options and/or for issuing special rights entitling the holder to shares pursuant to chapter 10, section 1 of the Limited Liability Companies Act, after a decision was made on February 13, 2014 to offer the company's key employees a maximum of 127,500 stock options that entitle their holders to subscribe for a total of 127,500 of the company's new shares in accordance with the terms and conditions of the stock option program. All 127,500 stock options were subscribed for during the stock options' subscription period of April 1–30, 2014.

The Board of Directors used the authorization granted by the AGM on March 10, 2014 to issue shares and stock options and/or for issuing special rights entitling the holder to shares pursuant to chapter 10, section 1 of the Limited Liability Companies Act, after a decision was made on July 16, 2014 to offer the company's key employees a maximum of 56,000 new shares for subscription, of which a total of 51,500 of the company's new shares were subscribed for during the subscription period. The new shares were entered in the Trade Register on September 8, 2014.

On July 16, 2014, Evli Bank's Board of Directors resolved to annul 46,350 Evli shares held by the company. The new number of shares was entered in the Trade Register on September 8, 2014. The total number of shares at the end of the financial year was 4,096,659 shares. At the end of the financial year, the company held a total of 5,125 Evli shares. Shareholders' equity was EUR 30,194,097.31 at the end of the financial year. There were no changes in the share capital during the financial year.

Dividend

In accordance with the proposal of the Board, the Annual General Meeting held on March 10, 2014 resolved to distribute EUR 0.65 per share in dividends, a total of EUR 2,632,619, for the 2013 financial year. Dividends were paid on March 20, 2014.

Pursuant to the authorization obtained from the Extraordinary General Meeting held on October 6, 2014, the Board of Directors resolved on October 9, 2014 to distribute EUR 0.40 per share in additional dividends, a total of EUR 1,638,663, for the 2013 financial year. Dividends were paid on October 20, 2014.

Board of Directors and auditors

Evli Bank Plc's Annual General Meeting, held on March 10, 2014, confirmed six as the number of members of the Board. Henrik Andersin, Robert Ingman, Harri-Pekka Kaukonen, Mikael Lilius, Teuvo Salminen and Thomas Thesleff were re-elected to Evli Bank Plc's Board of Directors. Henrik Andersin was chosen as Chairman of the Board.

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.

Board authorizations

Evli Bank Plc's AGM resolved on March 10, 2014 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 six thousand, eight hundred and sixty (306,860) 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.

Evli Bank Plc's Annual General Meeting resolved on March 10, 2014 to authorize the Board of Directors to decide on buying back Evli shares. A maximum of 409,150 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.

Evli Bank Plc's Extraordinary General Meeting resolved on October 6, 2014 to authorize the Board of Directors to decide on distributing an additional dividend that is a maximum of EUR 0.40 to shareholders for the financial year ending December 31, 2013 on the basis of the confirmed financial statements. Therefore, the total dividend for the 2013 annual period may be a maximum of EUR 1.05 per share. Pursuant to the authorization, the Board of Directors is entitled to decide upon all other terms and conditions of dividend distribution. The authorization expires on December 31, 2014. The Board of Directors used the authorization on October 9, 2014 by resolving to pay an additional dividend.

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 8.0 million at the end of December, and a 20 percent negative market movement would have resulted in a scenario loss of approximately EUR 1.6 million. At the end of December, the Treasury unit's interest rate risk was approximately EUR +/- 0.5 million, assuming that market rates rise/fall by one percentage point. Evli's liquidity has remained solid.

Developments after the reporting period

On December 15, 2014, Evli Bank Plc launched measures in the Baltic countries to clarify the legal structure and to improve efficiency. As a consequence, Evli has decided to place Evli Securities AS, its subsidiary operating in Estonia, in liquidation. The application for liquidation was entered in the Trade Register on January 5, 2015. In the future, Evli's Estonian clients will be served from Finland.

Business environment

Despite the protracted uncertainty on the financial markets, Evli's business environment remained favorable. Geopolitical tensions and the resulting weakening of the economic outlook were discernible as a dwindling of the advisory market in Russia. In view of the circumstances, the mandate base is nevertheless moderate, which combined with the adjustment measures carried out creates a positive outlook for operations in Russia.

The company's position as a leading investment bank and as an expert in asset management, brokerage and advisory business has contributed to the revenue growth. Accordingly, client initiatives remained at a high level throughout the year. Particularly on the Swedish market, performance was strong both for fund sales and Corporate Finance operations, and Evli was able to increase its recognizability. This creates good conditions for growth also in the future.

Low market volatility posed a challenge for the Markets unit in 2014, which was reflected in lower interest in derivative and ETF products. Volatility has increased very recently, which typically increases interest in derivatives that can be used for hedging, for example. Low interest rates are expected to continue for the time being, which will contribute negatively to bank interest margins.

Outlook

Earnings for 2015 are expected to be clearly positive. This view is supported by the fact that recurring revenue covers a substantial portion of the company's overall costs.

Helsinki, February 13, 2015

Board of Directors

KEY FIGURES

	1.1.–31.12.2014	1.1.–31.12.2013	1.1.–31.12.2012	1.1.–31.12.2011	1.1.–31.12.2010
Net Revenue, 1 000 €	59 734	55 528	48 344	59 033	59 380
Operating profit, 1 000 €	9 764	6 710	3 553	3 642	4 179
% of net revenue	16.3	12.1	7.4	6.2	7.0
Profit for the financial year, 1 000 €	7 674	5 647	2 144	3 794	3 407
% of net revenue	12.8	10.2	4.4	6.4	5.7
Return on equity (ROE), %	15.2	11.5	4.3	7.1	5.8
Return on assets (ROA), %	1.4	0.9	0.4	0.6	0.5
Equity-to-assets ratio, %	10.7	8.5	8.3	8.7	8.7
Expense ratio (earnings to operating costs)	0.8	0.9	0.9	0.9	0.9
Capital adequacy ratio, %	15.2	13.9	14.6	14.5	14.8
Dividend/share	1.05	1.18	0.61	1.25	1.20
Personnel, at the end of period	242	245	243	276	282

Calculation of key ratios

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

CONSOLIDATED INCOME STATEMENT

1 000 EUROS	Note	1.1.–31.12.2014	1.1.–31.12.2013
Interest income	1.	2 831	3 156
Interest expenses	2.	-1 794	-2 651
NET INTEREST INCOME		1 037	505
Income from equity investments, total	3.	1 007	1 075
Fee and commission income	4.	54 908	51 410
Fee and commission expenses	5.	-1 795	-1 897
Net income from securities transactions and foreign exchange dealing	6.		
Net income from securities transactions		2 435	2 171
Net income from foreign exchange dealing		1 777	1 891
Other operating income	7.	366	373
NET REVENUE		59 734	55 528
Administrative expenses			
Personnel expenses	8.		
Wages and salaries		-20 842	-20 269
Other social security costs		-1 613	-1 826
Pension expenses		-4 228	-3 952
Other administrative expenses	9.	-14 007	-13 903
Depreciation, amortization and impairment charges	10.	-1 606	-238
Depreciation, amortization and impairment losses	10.	-3 683	-4 415
Other operating expenses	11.	-3 980	-4 217
Impairment losses on loans and other receivables	12.	0	1
Impairment losses on other financial assets	12.	-12	0
OPERATING PROFIT/LOSS		9 764	6 710
Share of profit or loss of associates		266	160
PROFIT BEFORE INCOME TAX		10 030	6 870
Income taxes	13.	-2 355	-1 224
PROFIT/LOSS FOR THE FINANCIAL YEAR		7 674	5 647
Attributable to			
Minority interest		864	630
Shareholders of parent company		6 810	5 017
PROFIT/LOSS FOR THE FINANCIAL YEAR		7 674	5 647
INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY:			
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences - foreign operations		-130	-85
PROFIT / LOSS FOR FINANCIAL YEAR		-130	-85
Other recognized income and expenses after taxes		-130	-85
TOTAL RECOGNISED INCOME AND EXPENSES FOR THE PERIOD		7 545	5 561
Attributable to			
Non-controlling interest		864	630
Equity holders of parent company		6 680	4 931

CONSOLIDATED BALANCE SHEET

1 000 EUROS	Note	31.12.2014	31.12.2013
ASSETS			
Cash and cash equivalents		103 998	60 965
Loans and other receivables			
Claims on credit institutions	14.	108 877	90 411
Claims on the public and public sector entities	15.	56 944	58 651
Loans and other receivables, total		165 822	149 062
Financial assets at fair value through profit or loss			
Debt securities eligible for refinancing with central banks	16.	74 192	105 025
Debt securities	16.	32 769	64 005
Shares and participations	17.	35 730	45 994
Derivative contracts	19.	32 035	19 736
Financial assets at fair value through profit or loss, total		174 726	234 761
Saleable financial assets			
Shares and participations	17.	0	30
Saleable financial assets, total		0	30
Other than financial assets			
Shares and participations in associates	18.	3 514	3 561
Intangible assets	20.	7 598	11 505
Property, plant and equipment	21.	2 337	2 955
Other assets	22.	28 581	109 293
Accrued income and prepayments	23.	2 860	2 982
Deferred tax assets	24.	613	845
Other than financial assets, total		45 502	131 141
TOTAL ASSETS		490 047	575 959

CONSOLIDATED BALANCE SHEET

1 000 EUROS	Note	31.12.2014	31.12.2013
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities at amortized cost			
Liabilities to credit institutions and central banks	25.		
Credit institutions		8 000	18 867
Liabilities to the public and public sector entities	26.		
Deposits		297 037	259 031
Other liabilities		94	1 875
Debt securities issued to the public	27.		
Bonds		33 095	55 724
Other		0	14 996
Financial liabilities at amortized cost, total		338 225	350 492
Financial liabilities at fair value through profit or loss			
Derivative contracts and other liabilities held for trading	28.	40 739	46 365
Other than financial liabilities			
Other liabilities	29.	43 137	115 860
Accrued expenses and deferred income	30.	15 341	13 655
Deferred tax liabilities	31.	405	815
Other than financial liabilities, total		58 882	130 330
TOTAL LIABILITIES		437 847	527 188
EQUITY			
	33., 34.		
Share capital		30 194	30 194
Share premium fund		1 839	1 839
Fund of invested non-restricted equity		13 178	12 738
Other reserves		180	107
Translation difference		-405	90
Retained earnings		5 996	2 753
Minority interest		1 219	1 049
TOTAL EQUITY		52 201	48 771
TOTAL LIABILITIES AND EQUITY		490 047	575 959

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

1 000 EUROS

Consolidated statement of changes in equity	Share capital	Reserve for		Other reserves	Translation difference	Retained earnings	Total	Minority interests	Total equity
		Share premium fund	unrestricted equity						
2013									
Equity capital	30 194	1 839	11 145	107	324	4 727	48 336	896	49 232
Translation difference					-234		-234		-234
Profit/loss for the period						5 017	5 017	630	5 647
Total recognised income	0	0	0	0	-234	5 017	4 783	630	5 413
Dividends						-4 931	-4 931	-478	-5 409
Share issue			1 593				1 593		1 593
Acquisition of own shares						-979	-979		-979
Other changes						1 079	1 079		1 079
Equity capital	30 194	1 839	12 738	107	90	2 753	47 722	1 048	48 771

Consolidated statement of changes in equity	Share capital	Reserve for		Other reserves	Translation difference	Retained earnings	Total	Minority interests	Total equity
		Share premium fund	unrestricted equity						
2014									
Equity capital	30 194	1 839	12 738	107	90	2 753	47 722	1 048	48 771
Translation difference					208		208	-254	-46
Profit/loss for the period						6 810	6 810	864	7 674
Total recognised income	0	0	0	0	208	6 810	7 019	610	7 628
Dividends						-4 271	-4 271	-440	-4 711
Share-based compensation				73			73		73
Share issue			615				615		615
Acquisition of own shares			-176				-176		-176
Equity capital	30 194	1 839	13 178	180	299	5 292	50 982	1 219	52 201

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.–31.12.2014	1.1.–31.12.2013
Cash flow from operating activities		
Interest and commission received and proceeds from securities transactions incl. dividends	65 721	78 749
Interest and commissions paid	-3 593	-5 015
Recoveries on loans previously written off		
Cash payments to employees and suppliers	-42 885	-43 819
Increase (-) or decrease in operating assets:		
Net change in trading book assets and liabilities	28 708	-14 837
Deposits held for regulatory or monetary control purposes	-24 243	-20 673
Issue of loan capital	-37 626	7 811
Funds advanced to customers	57 779	12 877
Net cash from operating activities before income taxes	43 860	15 092
Income taxes	-1 777	-881
Net cash used in operating activities	42 083	14 211
Cash flow from investing activities		
Proceeds from sales of subsidiaries and associates **)	0	-2 760
Dividend received	400	1 000
Interest received	4	1
Proceeds from sales of non-dealing securities	-121	0
Acquisition of property, plant and equipment and intangible assets	-773	-2 111
Net cash used in investing activities	-491	-4 870
Cash flow from financing activities		
Proceeds from issue of share capital	615	693
Purchase of own shares	-176	-979
Net decrease in other borrowings	242	48
Payment of finance lease liabilities	-250	-180
Dividends paid	-4 631	-5 548
Net cash from financing activities	-4 200	-5 965
Net increase in cash and cash equivalents	37 392	3 376
Cash and cash equivalents at beginning of period	126 325	123 142
Effects of exchange rate changes on cash and cash equivalents	-136	-66
Cash and cash equivalents *) at end of period	163 581	126 325

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

***) Evli Bank Plc acquired a majority holding in Aurator Asset Management Ltd on January 4, 2013. The net impact of the acquisition was EUR -2.7 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Basic information on the company

Evli Bank Plc is a private bank specializing in investment whose clients are institutions, companies and present or future high net worth individuals. Evli Bank Plc and its subsidiaries form the Evli Group ("Evli"). Clients are served by international groups operating in three business areas that provide asset management services and mutual funds, broker shares, derivatives, exchange-traded funds, bonds and structured investment products, and provide advisory services. The Evli Group operates in five countries and its head office is in Finland. The company also operates in Sweden through its branch office and its subsidiary Evli Corporate Finance Ab, in Estonia and Lithuania through its subsidiary Evli Securities, and in St Petersburg and Moscow through its subsidiary Evli Russia Oy.

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 2014, 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, and derivative financial instruments. 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.

Consolidation principles

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 operat-

ing 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 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.

In accordance with the equity method, these stakes are measured at acquisition cost, inclusive of the changes in the Group's stake in the company's net assets following the acquisition. Goodwill generated from the acquisition is included in investments' book value, and its measurement is tested as a part of the testing of the value of the entire investment. Goodwill is not depreciated.

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

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

Evli Alexander Management Ltd is a company specializing in preparing executive reward systems. Evli Bank Plc has a 45.01 percent stake in the company. Pursuant to the shareholder agreement, Evli Bank Plc has control in the company, and therefore the company is consolidated as a subsidiary.

The subsidiaries and associates included in the consolidated financial statements are listed in the Notes to the Financial Statements on page 38.

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, such as client agreements, will be completely removed within two to seven years.

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

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 for a five-year period using discount factors that are either market-based or based on past performance and growth expectations. In the cash flow model, items that affect each unit's operational cash flow – mainly income and expenses – are examined. In addition to the cash flows of the forecast period, the terminal value, which is dependent on companies' and markets' general expected growth, is also taken into account in measurement. The cash flow forecasts for income and expenses are, by default, estimates based on history and growth expectations. A risk-free interest element obtained from the markets is used as the basis for the discount rate. In addition, each market area's riskiness and owners' capital return requirement for each unit are taken into consideration.

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

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

Impairment

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

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. 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 compensation may not, under any circumstances, exceed 30 percent of the company's profit before profit distribution with employees. A certain percentage of the Evli Group's profit is reserved for the reward system. This is allocated to the business units in proportion to their profitability. 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 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 and fulfillment of quality criteria carry sub-

stantial weight. Compliance with the Group's ethical rules and values is a further condition for rewarding an individual.

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 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 2014, the Board of Directors decided on one stock option program and one share issue. In the stock option program, the company's key employees were offered 127,500 stock options, all of which were subscribed during the stock options' subscription period of April 1–30, 2014. In the share issue, the company's key employees were offered a maximum of 56,000 shares, 51,500 of which were subscribed.

Human Resources maintains an up-to-date list of 'risk takers' and the rewards paid to them. 27 people in the Evli Group have been assessed to be risk takers on the basis of official definitions. In accordance with the principle of the reward system, portions of risk takers' compensation that exceed EUR 50,000 are paid over three years.

Share-based compensation

The Evli Group has one share-based incentive program implemented with stock options that is currently in effect. The stock options are granted for no consideration to key employees who are in the service of or being recruited into the service of the Evli Group. They are granted to key employees designated by the company's Board of Directors in divergence from shareholders' pre-emptive subscription rights in order to increase the key employees' commitment and work motivation. There is a weighty financial reason from the company's perspective for granting stock options, because the stock options are designed to be a part of the incentive and commitment system for the Evli Group's key employees. The company's Board of Directors decides upon the distribution of stock options to the Evli Group's key employees. The Board also decides upon the redistribution of any stock options that may later be returned.

Pursuant to the authorization issued by the Annual General Meeting on March 6, 2013, Evli Bank Plc's Board of Directors decided on February 13, 2014 to grant stock options to the key employees of the company and its subsidiaries. 127,500 stock options have been granted pursuant to this authorization. Shares may be subscribed for with stock options during the subscription windows stated below. The Board of Directors may decide to extend the stated subscription windows.

1. The subscription period begins two weeks after the General Meeting has decided upon the adoption of the financial statements and ends one month after it began.
2. The subscription period begins two weeks after the company's six-month interim report has been published and ends one month after it began.

Subscription window 2 was already applied in 2014. The subscription period for all stock options will end in 2019, and only subscription window 1 will be available at that point.

The subscription price of a share subscribed for with a stock option is EUR 15.44. The share subscription price is reduced by the dividends distributed after the stock options have been subscribed; the subscribed shares do not provide entitlement to these dividends. However, the subscription price of a share subscribed for with a stock option is always at least EUR 10.00.

The costs incurred by the Evli Group from the share-based incentive program during the financial year totaled EUR 73,208.

Provisions

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

Income taxes

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

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

Financial assets and liabilities

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

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

The Group's measurement process for financial instruments is approved by Evli Bank's Board of Directors. The measurements are based on International Accounting Standard (IAS) standards 13 and 39, and on the Financial Supervisory Authority's regulations 1/2013: Bookkeeping in the financial sector. The bank's financial administration together with risk management administers the Group's measurement process which includes the inspection and validation of valuation prices, checking the parameters used in measurement, and classification of financial instruments in accordance with the standard. Every quarter, the bank's Audit Committee audits and submits for approval by the Board of Directors the measurement of equities and units for which no market value is available (instruments in measurement level 3 and measurements by associated companies).

Financial assets

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

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

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

The value of financial assets at fair value is determined on the basis of prices quoted on active markets, i.e. bid quotations on the balance sheet date and closing prices. In cases where price quotations have not been available from active markets, the fair value has been determined using common theoretical measurement models, such as derivative pricing models. The fair value of unlisted equities, private equity funds and other instruments is estimated primarily using the instrument's net asset value, a cash flow analysis based on future outlooks, or the latest valuation published by a private equity fund's or real estate fund's management company. If the acquisition price of an unlisted investment falls short of the theoretical valuation, in individual cases, the instrument's acquisition price may be used as the measurement principle, subject to consideration. Unrealized and realized gains and losses arising from changes in the fair value are recognized in net income or loss from securities trading in profit or loss for the period in which they were incurred.

Available-for-sale financial assets include long-term investments for which a public price quotation is not available from an active market, and whose fair value cannot therefore be reliably determined. Such investments' fair value is estimated primarily using the share's net asset value or, alternatively, using a cash flow analysis based on future outlook. An estimate is made quarterly to assess whether there is objective evidence of the value of the investment declining. The bank's Audit Committee audits and submits its valuations to the Board of Directors

for approval. The realized profit and impairment losses are recognized in profit or loss in net income from available-for-sale financial assets, while unrealized value increase is recognized in the fair value reserve. If the acquisition price of an unlisted investment falls short of the theoretical valuation, in individual cases, the instrument's acquisition price may be used as the measurement principle, subject to consideration. The total value of the Group's available-for-sale shares is very low.

Loans and receivables comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, and that the Group is not holding for trading purposes. Loans and other receivables are initially recognized at fair value inclusive of expenses immediately caused by the acquisition. Loans and receivables are measured at amortized cost.

Cash and cash equivalents comprise the cash reserves and minimum deposit balances required by the Bank of Finland. Repayable on demand deposits in credit institutions are also included in cash and cash equivalents in the cash flow statement.

Negative market values from derivatives

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

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

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

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

Impairment of financial assets

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

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

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

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

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

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

Derivative contracts

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

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

Recognition of equity linked notes

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

Earnings per share

Undiluted earnings per share are calculated by dividing the profit or loss attributable to the parent company's

shareholders by the weighted average number of shares in circulation during the financial period, excluding Evli shares acquired and held by the Group during the period. Diluted earnings per share are calculated by adjusting the weighted average number of shares by the dilutive effect of the stock options.

Revenue recognition principles

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. The income of the above-mentioned segments is recognized as profits in commission income.

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

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

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

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

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

An impairment is recognized in an 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 applied from the beginning of 2014.

- 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. The new standard has not had a significant impact on Evli's consolidated financial statements.
- IFRS 11 *Joint Arrangements* and amendments to it (effective in the EU in annual periods beginning on or after January 1, 2014): IFRS 11 focuses on the rights and obligations arising from the accounting treatment of joint arrangements rather than their legal form. There are two kinds of joint arrangements: joint operations and joint ventures. In the future, one method – the equity method – must be used in the reporting of joint ventures, and the previous proportionate consolidation alternative is no longer permitted. The new standard has not had a significant impact on Evli's consolidated financial statements.
- 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 that concern various interests in other entities including associates, joint arrangements, structured units and other off-balance sheet entities. The new standard expanded 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. The amended standard has not had an impact on Evli's consolidated financial statements.
- 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. The amended standard did not have a significant impact on Evli's consolidated financial statements.
- 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 amendments did not have a significant impact on Evli's consolidated financial statements.
- Amendments to IAS 36 *Impairment of Assets* (effective in annual periods beginning on or after January 1, 2014). The objective of the amendments is to clarify that the scope of the disclosures of information about the recoverable amount of assets, where that amount is based on fair value less costs of disposal, is limited to impaired assets. The amended standard has did not have a significant impact on Evli's consolidated financial statements.
- Amendments to IAS 39 *Financial Instruments: Recognition and Measurement* (effective in annual periods beginning on or after January 1, 2014). The amendments made to IAS 39 provide an exception to the requirement to discontinue hedge accounting in certain circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. These amendments did not have an impact on Evli's consolidated financial statements.
- IFRIC 21 *Levies* (effective in annual periods beginning on or after January 1, 2014; in the EU no later than from the beginning of the annual period that begins on or after June 17, 2014): The interpretation specifies the accounting treatment of levies. A liability caused by a levy must be recognized when an event that triggers the obligation to pay in accordance with the relevant legislation takes place. IFRIC 21 does not include income taxes, fines and outflows within the scope of other IFRSs. The interpretation did not have a significant impact on Evli's consolidated financial statements.

New and amended standards and interpretations to be applied in forthcoming financial years

Evli has not yet applied the following new or amended standards and interpretations already published by IASB. 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.

* = The standard was not approved for application in the EU on December 31, 2014.

- *Annual Improvements to IFRSs 2011–2013 and 2010–2012**, December 2013 (effective in annual periods beginning on or after July 1, 2014): 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 four (2011–2013 cycle) and seven (2010–2012 cycle) standards. The impacts of the amendments vary from standard to standard, but are not substantial.
- Amendment to IAS 1 *Presentation of Financial Statements: Disclosure Initiative** (effective in annual periods beginning on or after January 1, 2016). The

objective is to encourage companies to exercise their judgement in presenting their financial reports. The amendments clarify the application of the materiality principle and exercising judgement in determining the order and position of the notes to the financial statements. The amendments to the standard are not expected to have a significant impact on Evli's consolidated financial statements.

- Amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation** (effective in annual periods beginning on or after January 1, 2016): The amendments clarify IAS 16 and IAS 38. Revenue-based amortization methods may not be applied to property, plant and equipment, and only rarely to intangible assets. The amendments to the standard will not have an effect on Evli's consolidated financial statements.
- Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture** (effective in annual periods beginning on or after January 1, 2016). The amendments have to do with conflicts between the requirements of IFRS 10 and IAS 28 in relation to the sales and disposals of asset items between an investor and its joint ventures or associates. Profit or loss is recognized in full when the transaction involves the acquisition of business assets, whether or not these are in a subsidiary. Profit or loss is recognized partially when a transaction includes asset items that are not part of business operations, even if these assets are in a subsidiary. The amendments to the standard are not expected to have a significant impact on Evli's consolidated financial statements.
- Amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in Other Entities* and IAS 28 *Investments in Associates - Investment Entities: Applying the Consolidation Exception** (Amendments may be applied immediately; effective in annual periods beginning on or after January 1, 2016): The narrow scope amendments to IFRS 10, IFRS 12 and IAS 28 clarify requirements regarding investment entities' accounting. The amendments also provide allowances under certain conditions, reducing the costs of applying the standard. The amendments will not have an effect on Evli's consolidated financial statements.
- Amendments to IFRS 11 *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations** (effective in annual periods beginning on or after January 1, 2016): The amendments provide new guidelines to IFRS 11 on how acquisitions of interests in joint operations are treated in accounting when the joint operations are a business. In this case, the relevant principles for business combinations are applied in the accounting. The amendments to the standard are not expected to have a significant impact on Evli's consolidated financial statements.
- Amendments to IAS 27 *Separate Financial Statements - Equity Method in Separate Financial Statements** (effective in annual periods beginning on or after January 1, 2016): The amendments to the standards allows entities to use the equity method of accounting in measuring investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendments to the standard will not have an effect on Evli's consolidated financial statements.
- Annual Improvements to IFRSs 2012-2014* (effective in annual periods beginning on or after January 1, 2016): The Annual Improvements process allows minor and less urgent amendments to be compiled into a single package and implemented once per year. The amendments apply to four standards. The impacts of the amendments vary from standard to standard, but are not substantial.
- New IFRS 15 *Revenue from Contracts with Customers** (effective in annual periods beginning on or after January 1, 2017). IFRS 15 creates a comprehensive framework for determining whether revenue can be recognized, how much and when. IFRS 15 replaces the valid instructions regarding recognition, e.g. IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programs. According to IFRS 15, an entity must recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Group is assessing the effects of IFRS 15.
- New IFRS 9 *Financial Instruments** (effective in annual periods beginning on or after January 1, 2018): The standard will replace the current IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes updated instructions on the recognition and measurement of financial instruments. This also covers the new accounting treatment model regarding expected losses that is applied in determining impairments recognized in financial assets. The provisions regarding general hedge accounting have also been amended. The provisions of IAS 39 on the recognition of financial instruments in the balance sheet and their derecognition from the balance sheet have been retained. The Group is still determining the effects of the standard.

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, alternative investment product brokerage, market mak-

ing, and investment research. Alternative investment products include derivatives, ETFs and fixed income instruments, and structured products. The unit's product selection also includes management's incentive schemes and the realization of 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, credit management, Evli Bank's investments, financial administration, risk management, IT, corporate communications, legal affairs, compliance activities, human resources administration and internal services.

2014 (1 000 EUROS)	Markets	Corporate Finance	Asset Management	Group Operations	Unallocated	Group
	1.1.-31.12.2014	1.1.-31.12.2014	1.1.-31.12.2014	1.1.-31.12.2014		
SEGMENT INCOME STATEMENT						
REVENUE						
External sales	16 321	6 661	32 355	3 617	780	59 734
Inter-segment sales	-393	-22	-10	425	0	
Total revenue	15 927	6 640	32 345	4 042	780	59 734
RESULT						
Segment operating expenses	-11 564	-4 770	-20 661	-12 444	-531	-49 970
Corporate expenses	-2 595	-188	-5 163	7 947		0
Operating profit	1 767	1 681	6 522	-456	249	10 030
Segment income taxes					-2 355	-2 355
Segment profit/loss after taxes	1 767	1 681	6 522	-456	-1 840	7 674
SEGMENT BALANCE SHEET						
Segment assets	175 094	1 323	15 731	322 843		
Unallocated corporate assets					-24 943	
Consolidated total assets						490 047
Segment liabilities	125 312	438	6 611	317 877		
Unallocated corporate liabilities					-12 391	
Consolidated total liabilities						437 847

2013 (1 000 EUROS)	Markets 1.1.–31.12.2013	Corporate Finance 1.1.–31.12.2013	Asset Management 1.1.–31.12.2013	Group Operations 1.1.–31.12.2013	Unallocated	Group 1.1.–31.12.2013
SEGMENT INCOME STATEMENT						
REVENUE						
External sales	16 484	3 049	31 188	4 456	351	55 528
Inter-segment sales	-340	-22	-10	371	0	
Total revenue	16 144	3 028	31 178	4 827	351	55 528
RESULT						
Segment operating expenses	-11 702	-4 612	-20 925	-11 224	-354	-48 818
Corporate expenses	-3 124	-301	-5 591	9 024		0
Operating profit	1 319	-1 885	4 662	2 627	-4	6 870
Segment income taxes					-1 224	-1 224
Segment profit/loss after taxes	1 319	-1 885	4 662	2 627	-1 076	5 647
SEGMENT BALANCE SHEET						
Segment assets	205 790	1 555	18 488	379 442		
Unallocated corporate assets					-29 316	
Consolidated total assets						575 959
Segment liabilities	150 881	527	7 961	382 738		
Unallocated corporate liabilities					-14 919	
Consolidated total liabilities						527 188

2014 (1 000 EUROS)	Finland 1.1.–31.12.2014	Sweden 1.1.–31.12.2014	Russia and Baltic countries 1.1.–31.12.2014	Group 1.1.–31.12.2014
SEGMENT INCOME STATEMENT (GEOGRAPHICAL)				
Net revenue	55 575	3 090	1 069	59 734
SEGMENT BALANCE SHEET (GEOGRAPHICAL)				
Segment assets	487 014	2 155	879	490 047

2013 (1 000 EUROS)	Finland 1.1.–31.12.2013	Sweden 1.1.–31.12.2013	Russia and Baltic countries 1.1.–31.12.2013	Group 1.1.–31.12.2013
SEGMENT INCOME STATEMENT (GEOGRAPHICAL)				
Net revenue	48 390	6 296	842	55 528
SEGMENT BALANCE SHEET (GEOGRAPHICAL)				
Segment assets	568 158	6 368	1 432	575 959

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

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, and the rules and regulations of the NASDAQ OMX Helsinki. Further information on Evli's risk management system is available on page 33.

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 among its members.

The Annual General Meeting held on March 10, 2014 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. Harri-Pekka Kaukonen, Mikael Lilius and Teuvo Salminen are independent of the company and shareholders.

The Board of Directors is responsible for the company's administration and appropriate organization of operations, and for ensuring that the company's accounting and asset management is monitored in an appropriate manner. The Board handles all matters that are of extensive and fundamental importance for the operation of the company and the entire Group. The Board's responsibilities include deciding upon the Evli Group's business strategy, approving the budget and the principles for the arrangement of the Evli Group's risk management and

internal control. The Board appoints the CEO and the members of the Executive Group, relieves them of their duties and decides upon the CEO's salary and other benefits. The Board also approves the objectives for the Group's human resources planning and monitors the implementation of these objectives, and it decides the basis for the Group's remuneration system and other far-reaching matters that concern the personnel. In accordance with the principles of good governance, the Board also ensures that the company, in its operations, endorses the corporate values set out for compliance.

The Board has approved a written procedure defining the Board's duties and meeting practices. The Board conducts an annual review of its activities and working practices in the form of an internal self-assessment.

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 nine times in 2014, of which six were actual meetings in which the members were present in person, and three meetings were arranged through other means. Board members' average attendance rate at meetings was 96.3 percent. The Board members' compensation in accordance with the AGM's decision was EUR 4,100 per month, and the Chairman's compensation was EUR 6,000 per month. The Chairmen of the committees were also paid EUR 800 for each committee meeting.

The Board has 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. The Compensation and Nomination Committee met five times in 2014. The Audit Committee's members' average attendance rate at meetings was 90 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 four times in 2014, of which two was an actual meeting in which the members were present in person, and two meetings were arranged through other means. 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 the management and supervision of the Group's business, preparation of matters to be handled by the Board, and implementation of the Board's decisions. The CEO's work is guided by a written procedure approved by the Board.

The company's CEO is Maunu Lehtimäki, M.Sc. (Econ.), born 1967. In 2014, the CEO was paid a salary of EUR 381,600.00 plus EUR 49,028.42 in performance bonuses and other benefits, making a total of EUR 430,628.42. 42,500 stock options were granted to the CEO as part of the incentive and commitment system.

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.

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

At the end of 2014, Evli's current Board members and the CEO held, either directly or indirectly through companies

controlled by them, approximately 60 percent of the company's total stock and votes. Evli's Board members, CEO and Executive Group held, either directly or indirectly through companies controlled by them, approximately 64 percent of the company's total stock and 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 framework 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 2014, the Group paid EUR

228,845 and the parent company EUR 109,590 in auditor's fees. Additionally, the Group paid the auditing firm EUR 133,892 and the parent company EUR 66,693 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. Group-level performance and future outlook is reported to the Executive Group and the Board of Directors every month. 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 Kristian Nybergh (Chairman), Juho Mikola, Lea Keinänen, and Maunu Lehtimäki and the expert members: Mari Etholén, Jarkko Heikkilä and 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 substantial market risk is the price risk of Evli's own investment portfolio and trading stock. The own-book trading in which Evli engages on the equity markets is focused on securities quoted on the stock exchanges of Helsinki and Stockholm, and on derivatives connected to these securities. The investment activity related to the equity markets comprises market making operations, temporary investments for brokerage purposes, trading based on various trading strategies, and fund and private equity investments. Evli's Treasury engages in investment activity on the fixed income and currency markets.

The delta-adjusted equity market risk was at the same level as in the previous year. The equity risk is measured by using delta-adjusted risk and other so-called 'Greeks', as well as by using stress tests. The delta-adjusted average of the total equity risk for 2014 was EUR 6.7 million, and at the end of the year EUR 8.0 million (the corresponding figures for 2013 were EUR 7.1 million and EUR 5.5 million). See notes 17 and 19 in the Notes to the Financial Statements.

The equity-related risks were moderate in relation to Evli's risk-bearing capacity. In the end-of-year situation, a scenario featuring negative market movements of 20 percent would have led to a loss of about EUR 1.6 million (a loss of EUR 1.6 million in 2013). 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 13 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 2014. The fixed income risk of the Treasury's investments was approximately EUR 500,000 at the end of the year (EUR 200,000 in 2013) 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 2014, market risks accounted for 4.4 percent of Evli's total risk-based capital requirement including operational risks (3.2%).

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 Treasury 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 305 million at the end of 2014. The immediately available liquidity, consisting of the sum of avista account funds and non-pledged securities, was on average about EUR 212 million at the end of the year. This figure incorporates the use of capital within the Group. The bulk of funds were raised for a term of less than one year and the primary sources of funds were the customer deposits and the issuance of certificates of deposit. The long-term funding increased during 2014 and was about EUR 28.5 million (EUR 26 million in 2013).

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 57 million at the end of the year (EUR 59 million at the end of 2013). Loans to corporate customers accounted for 6 (8%) 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 monitors the size of its clients' derivative positions, and lim-

its the size of individual clients' derivative positions if necessary. All clients engaging in OTC derivative operations must be approved by Evli's risk committee. The risks of share brokerage settlement operations were minor during the year under review. The amount of matured sales receivables is small, and is monitored using specific guidelines.

In 2014, credit risks accounted for 57 percent of Evli's total risk-based capital requirement (58% in 2013). The capital requirement primarily consists of the risks related to lending, the Treasury's investments and strategic investments. In 2014, credit risks outside the balance sheet accounted for approximately 8 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.

Operational risks increase the minimum capital requirements in the capital adequacy calculation. Evli applies the "Basic Indicator Approach" to capital adequacy, in which the capital requirement for operational risk is based on the average gross income of the preceding three years multiplied by a factor (0.15) set by the Basel Committee. Using this approach, the capital requirement for operational risk amounted to approximately EUR 8.1 million at the end of 2014. However, the capital requirement for operational risk calculated by Evli's own internal capital adequacy management process was smaller.

Processes

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

Legal risks

Rapid changes in legislation and legal practice create challenges for the introduction of different guidelines and regulations. Implementing the changes often takes a lot of time and effort. The primary responsibility for compliance with specific laws and governmental regulations applicable to the different Evli companies always rests with the line management in

charge of the function in question. Evli's Board of Directors has appointed a Compliance Officer, and the Executive Group has designated a Compliance Steering Committee whose members represent the various business functions.

Information risk

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

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 2014 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.

CAPITAL ADEQUACY OF THE GROUP

	1.1.2014- 31.12.2014	1.1.2013- 31.12.2013	1.1.2012- 31.12.2012	1.1.2011- 31.12.2011	1.1.2010- 31.12.2010
Own funds, M€ *)	39.3	35.0	34.9	33.1	37.5
Risk-weighted receivables, investments and off-balance sheet obligations for credit- and market risk, M€	157.5	152.8	137.4	130.5	148.1
Own funds to cover operational risk, M€	8.1	7.9	8.2	7.8	9.5
Capital adequacy ratio, %	15.2	13.9	14.6	14.5	14.8
Evli Bank Plc's capital adequacy ratio, %	18.7	18.4	18.7	19.3	17.2
Own funds surplus, M€	18.7	14.9	15.7	14.8	17.2
Own funds in relation to the minimum capital requirement	1.9	1.7	1.8	1.8	1.9

*) including only tier 1 capital.

Own funds	2014	2013
Own funds include share capital, funds and profits for the year. These items are not subject to special terms.		
Profit for the financial year is taken into account in own funds based on the permission granted by the Financial Supervisory.		
Authority to take profit for the financial year into account in own funds.		
Total tier 1 capital, M€:		
Share capital	30.2	30.2
Funds total	20.8	17.5
Minority interest	0.0	1.0
Decreases:		
Intangible assets	7.2	10.6
Other decreases	4.5	3.1
Total tier 1 capital	39.3	35.0

Evli Bank has no tier 2 capital.

Capital adequacy management and minimum own funds	Min. requirement	Risk-weighted value	Exposure value
See section 'Capital adequacy management'.			
Minimum capital adequacy requirement by exposure group, standard method for credit risk, M€			
Claims from the state and central banks	0.0	0.0	105.2
Claims from regional governments and local authorities	0.0	0.0	0.0
Claims from credit institutions and investment firms	5.1	63.4	233.3
Investments in mutual funds	0.2	2.1	2.1
Claims secured with property	0.3	3.5	9.9
Claims from corporate customers	0.5	5.9	6.4
Items with high risk, as defined by the authorities	0.3	4.1	2.7
Matured receivables	0.0	0.0	0.0
Other items	5.4	67.2	67.2
Total	11.7	146.2	426.8
Minimum amount of own funds, market risk, M€	0.9	11.4	
Risk-weighted receivables, investments and off-balance sheet obligations, total	12.6	157.5	
Minimum amount of own funds, operational risk, M€	8.1	100.8	
Total	20.7	258.3	

General information on credit and dilution risk

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

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

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

Lending is focused on asset management customers, domestic private customer's share of the loan stock was 84%, and foreign private customer's share was 7%.

The Treasury unit's investments are focused at European bank bonds and certificates of deposits, whose credit rating is at minimum A-.

In the capital adequacy calculations 61% of the investments had a risk weight of 20%, and 37% a risk weight of 50%, and 2% a risk weight of 100%.

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€	2014	2013
Mortgages	9.9	8.3
Other credits	3.3	9.4
Counterparty exposure of OTC derivatives	30.4	1.5

Credit risk (counterparty risk) M€

Positive fair value of OTC derivatives in the financial statement	31.2	17.1
The derivatives comprise equity, currency and fixed income derivatives		
Collateral reducing counterparty risk in capital adequacy calculations	30.4	1.5
After the collateral-reducing effect the credit counter-value of derivatives totaled	21.8	35.4

Market risk

Minimum capital adequacy requirement, trading book, M€:

Position risk	0.7	0.5
Minimum capital adequacy requirement for the currency risk of all operations, M€	0.2	0.2
Total	0.9	0.6

The delta corrected equity risk for the trading book was at year end EUR 1.0 million, and the interest market risk EUR 1.7 million.

The largest net currency positions for the Group were 31.12. USD (EUR 0.1 million), GBP (EUR 0.2 million) and SEK (EUR 2.0 million).

Operational risk

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

Shares outside the trading book

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

The value of the investments in the financial statements was EUR 13.6 million, which is the fair value of the investments.

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

Investment types, M€:

Private equity funds	2.7	2.5
Real estate funds	3.3	3.3
Unlisted shares	0.3	0.3
Mutual funds	0.5	0.5
Listed shares	6.8	6.7
Total	13.6	13.2

Private equity funds, real estate funds and mutual funds have been valued by applying the last known fair value from the funds' management companies.

The fair value of unlisted shares is estimated primarily by using the share's net asset value or a cash flow analysis based on future outlooks.

If no better estimate of the fair value is available, the acquisition price can be used as the fair value.

During the year, no profit has been realized from the investments.

Companies included in the Consolidated Accounts

Evli Bank Plc, Helsinki (parent company)
Evli Life Ltd, Helsinki (100%)
Evli Options Ltd, Helsinki (100%), was merged with Evli Bank Plc on October 31, 2014
Evli Fund Management Company Ltd, Helsinki (100%)
EPI Russia Partners II Oy, Helsinki (100%), was dissolved on July 21, 2014
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%), was dissolved on September 3, 2014
Evli Corporate Finance AB, Stockholm (75%)
Aurator Varainhoito Ltd, Helsinki (91%)
Terra Nova Capital Advisors Ltd, Dubai (58%)

Associated companies

Northern Horizon Capital A/S, Copenhagen (50%) **)
Baltic SME Management B.V., Amsterdam (33.3%)
BIF Management Ltd, Jersey (10%)

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

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

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

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

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

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

*) The company is Evli's associated company: according to the shareholders' agreement Evli is 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 THE CONSOLIDATED INCOME STATEMENT

1 000 EUROS	2014	2013
1. Interest income		
At fair value through profit or loss		
Debt securities	1 019	1 361
Interest income from other loans and claims		
Claims on credit institutions	798	821
Claims on the public and public sector entities	1 008	967
Other interest income	6	6
Interest income, total	2 831	3 156
Fixed income returns do not include returns from financial assets that have been impaired		
2. Interest expenses		
At fair value through profit or loss		
Derivative contracts and trading liabilities	-8	-13
Interest expenses from other borrowing		
Liabilities to the public, public sector entities and credit institutions	-531	-565
Debt securities issued to the public	-1 258	-1 903
Other interest expenses	2	-170
Interest expenses, total	-1 794	-2 651
3. Income from equity investments		
Dividends from financial assets valued at fair value	1 008	1 080
Dividends from associated companies	-1	-5
Income from equity investments, total	1 007	1 075
4. Commission income		
Credit related fees and commissions	47	69
Income from payment transactions	24	24
Insurance brokerage	469	263
Advisory services	10 526	6 436
Securities brokerage	10 173	11 458
Mutual funds	24 415	22 420
Asset management	5 841	5 966
Custody services	3 269	2 959
Other operations	144	1 815
Commission income, total	54 908	51 410
5. Commission expenses		
Trading fees paid to stock exchanges	-763	-918
Other	-1 031	-979
Commission expenses, total	-1 795	-1 897
6. Net income from securities transactions and foreign exchange dealing		
Net income from securities transactions		
Financial assets held for trading	1 870	1 146
Financial assets at fair value through profit or loss	566	1 026
Financial assets available for sale	0	0
Net income from securities transactions, total	2 435	2 171

1 000 EUROS

Remuneration				
2014	Markets	Corporate Finance	Wealth Management	Group Operations
Variable remuneration paid in cash				
Wages and salaries	400	6	1 443	293
Other social security costs	21	0	89	15
Pension costs	71	1	247	52
Postponed remuneration	0	0	0	0
Number of recipients	18	1	62	40
2013	Markets	Corporate Finance	Wealth Management	Group Operations
Variable remuneration paid in cash				
Wages and salaries	0	1	94	0
Other social security costs	0	0	16	0
Pension costs	0	0	5	0
Postponed remuneration	0	0	0	0
Number of recipients	0	3	19	0
2014	Top management			Risk takers
Variable remuneration paid in cash				
Wages and salaries			273	261
Other social security costs			14	14
Pension costs			49	46
Postponed remuneration			0	0
Number of recipients			8	13
2013	Top management			Risk takers
Variable remuneration paid in cash				
Wages and salaries			0	0
Other social security costs			0	0
Pension costs			0	0
Postponed remuneration			0	0
Number of recipients			0	0

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

9. Other administrative expenses	2014	2013
Office maintenance expenses	-558	-482
Office expenses	-1 444	-1 070
Telephone and postage expenses	-380	-434
Information expenses	-2 735	-2 910
IT related expenses	-3 812	-3 753
Business expenses	-507	-438
Travel expenses	-752	-679
Car costs	-113	-132
Other human resources related expenses	-586	-489
Marketing expenses	-1 317	-1 242
Banking and custodian expenses	-623	-664
External services fees	-1 180	-1 610
Other administrative expenses, total	-14 007	-13 903

1 000 EUROS	2014	2013
10. Depreciation, amortization and impairment losses		
Depreciation and amortization		
Applications and software	-1 774	-1 999
Other intangible assets	-1 133	-1 339
Leasehold improvements	-131	-140
Assets acquired under finance leases	-166	-202
Equipment and furniture	-479	-734
Write-downs		
Depreciation of goodwill	-1 606	-238
Depreciation, amortization and impairment losses, total	-5 290	-4 652
11. Other operating expenses		
Supervision expenses	-519	-490
Rental expenses	-3 272	-3 516
Loss on sale of owned properties, plant and equipment	-3	0
Other expenses	-186	-210
Other operating expenses, total	-3 980	-4 217
12. Impairment losses on loans and other commitments and other financial assets		
Claims on the public and public sector entities		
Reversals of impairment losses	0	1
Other financial impairment losses	-12	0
Impairment losses, total	-12	1
13. Income taxes		
Current tax expense	-2 427	-1 530
Taxes from previous years	-53	12
Deferred taxes	124	244
Other taxes	0	50
Income taxes, total	-2 355	-1 224
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	7 927	3 354
Profit/loss before taxes, other countries	2 103	3 516
Profit/loss before taxes, total	10 030	6 870
Tax at domestic tax rate	2 006	1 683
Effect of foreign subsidiaries' differing tax rates	-42	-95
Tax at source paid abroad	-25	-20
Income not subject to tax	-2	-726
Expenses not deductible for tax purposes	101	112
Taxes from previous years	53	12
Change in other deferred tax assets	264	207
Other taxes	0	50
Income tax charge in the consolidated income statement	2 355	1 224

NOTES TO THE CONSOLIDATED BALANCE SHEET

1 000 EUROS	2014	2013		
14. Claims on credit institutions				
Repayable on demand				
Domestic credit institutions	54 679	60 593		
Foreign credit institutions	4 904	4 767		
Repayable on demand, total	59 583	65 360		
Other than repayable on demand				
Domestic credit institutions	23 181	0		
Foreign credit institutions	26 113	25 051		
Other than repayable on demand, total	49 294	25 051		
Claims on credit institutions, total	108 877	90 411		
15. Claims on the public and public sector entities by sector				
Repayable on demand				
Repayable on demand, total	0	0		
Other than repayable on demand				
Enterprises and housing associations	2 550	4 645		
Households	49 626	50 165		
Foreign countries	4 768	3 841		
Other than repayable on demand, total	56 944	58 651		
Claims on the public and public sector entities by sector, total	56 944	58 651		
16. Debt securities				
	Publicly			
Public corporations	quoted	Other	Total	Total
Government bonds	0	0	0	0
Issued by public corporations, total	0	0	0	0
Issued by other than public corporations				
Held for trading				
Banks' certificates of deposit	0	1 983	1 983	56 855
Bonds issued by banks	94 256	7 011	101 267	110 173
Other debt securities	3 695	16	3 711	2 003
Issued by other than public corporations, total	97 951	9 010	106 961	169 031
Debt securities, total			106 961	169 031
Debt securities by balance sheet category				
Debt securities eligible for refinancing with central banks				
On public sector entities			0	0
Other			74 192	105 025
Debt securities				
On public sector entities			0	0
Other			32 769	64 005
Total			106 961	169 031

1 000 EUROS	2014	2013
Debt securities by country		
Holland	23 563	32 036
Finland	18 718	71 195
Australia	18 055	0
Sweden	14 559	25 929
United States	13 006	20 972
Canada	8 029	0
Switzerland	8 018	0
France	3 004	13 016
Luxembourg	8	0
Germany	0	5 005
Great Britain	0	878

17. Shares and participations

	2014		
	Publicly quoted	Other	Total
Fair valued through profit or loss			
Shares and participations			
Available for sale	0	0	0
Valued at fair value through profit or loss			
Held for trading	22 060	82	22 142
Other	7 256	6 332	13 588
Shares and participations, total	29 316	6 415	35 730
	2013		
Fair valued through profit or loss			
Shares and participations			
Available for sale	0	31	31
Valued at fair value through profit or loss			
Held for trading	32 711	67	32 778
Other	7 189	6 027	13 216
Shares and participations, total	39 900	6 125	46 024

Net risk position is described on page 33 Risk Management, Market risks.

18. Shares and participations in associates and joint ventures

At the beginning of the period	3 561	3 740
Share of profit/loss	379	313
Disposals	-426	-493
At the end of the period	3 514	3 561

Shares and participations in associates contain the fair value of the indirectly owned funds by the companies

The Evli Group has combined the earnings of associates, taking uncertainty factors into account in accordance with the Group's accounting principles.

Holdings in consolidated associated companies	Northern Horizon	BIF	Baltic SME
Company	Capital A/S	Management Ltd	Management B.V
	Denmark	Jersey	Netherlands
Assets	8 786	0	1
Liabilities	2 400	0	8
Revenue	8 661	0	0
Profit/Loss	758	-3	-1
Ownership (%)	50	10	33.33

1 000 EUROS

19. Derivative contracts

Overall effect of risks associated with derivative contracts						
Nominal value of underlying, gross						
	Nominal value of underlying			Fair value (+/-)	2014	2014
	Remaining maturity				ASSETS	LIABILITIES
Held for trading	Less than 1 year	1–5 years	5–15 years			
Interest rate derivatives						
Interest rate swaps	0	3 184	2 870	0	0	0
Currency-linked derivatives	1 767 795	0	0	141	24 988	24 847
Equity-linked derivatives						
Futures	15 563	0	0	642	764	122
Options bought	27 805	17 400	0	5 825	5 891	66
Options sold	69 313	17 400	0	-7 272	392	7 665
Other derivatives						
Held for trading, total	1 880 476	37 984	2 870	-665	32 035	32 700
Derivative contracts, total	1 880 476	37 984	2 870	-665	32 035	32 700
Overall effect of risks associated with derivative contracts, Nominal value of underlying Remaining maturity						
					2013	2013
Held for trading						
Interest rate derivatives						
Interest rate swaps	0	0	3 354	0	0	0
Currency-linked derivatives	1 301 441	0	0	124	7 585	7 460
Equity-linked derivatives						
Futures	4 837	0	0	-25	164	189
Bought	99 039	24 131	0	10 516	11 267	751
Sold	133 311	24 131	0	-16 112	721	16 833
Other derivatives						
Held for trading, total	1 538 628	48 262	3 354	-5 497	19 736	25 233
Derivative contracts, total	1 538 628	48 262	3 354	-5 497	19 736	25 233

Equity derivatives held for trading, and other liabilities held for trading (notes 19 and 28) hedge the equity delta risk for shares and participations in the trading book (note 17). The delta-adjusted equity risk was at the end of 2014 8.0 million euros, including shares and participations in the banking book.

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

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 (EUR 891 million), and in USD (EUR 543 million).

1 000 EUROS	2014	2013
20. Intangible assets and goodwill		
Goodwill		
Cost at 1.1.	4 663	4 663
Cost at 31.12.	4 663	4 663
Accumulated depreciation at 1.1.	-481	-243
Decreases	-1 606	-238
Accumulated depreciation at 31.12.	-2 087	-481
Book value at 31.12.	2 576	4 182
Software or projects in progress		
Cost at 1.1.	0	113
Transfer between balance items	0	-344
Increases	38	261
Decreases	0	-30
Cost at 31.12.	38	0
Book value at 31.12.	38	0
Applications and software		
Cost at 1.1.	19 080	18 257
Exchange difference	-4	-3
Transfer between balance items	0	120
Increases	498	818
Decreases	-111	-113
Cost at 31.12.	19 462	19 080
Accumulated amortisation and impairment losses at 1.1.	-14 992	-13 028
Exchange difference	4	3
Amortisation for the period	-1 774	-1 999
Accumulated amortisation in respect of decreases	111	32
Accumulated amortisation and impairment losses at 31.12.	-16 651	-14 992
Book value at 31.12.	2 811	4 088
Other intangible assets		
Cost at 1.1.	6 951	4 818
Increases	70	2 472
Decreases	-195	-339
Cost at 31.12.	6 827	6 951
Accumulated amortisation and impairment losses at 1.1.	-3 716	-2 748
Amortisation for the period	-1 133	-1 339
Accumulated depreciation in respect of decreases	195	371
Accumulated amortisation and impairment losses at 31.12.	-4 654	-3 716
Book value at 31.12.	2 172	3 235
The most significant 'Other intangible assets' are client relationships with a remaining depreciation period of 3 years.		
Intangible assets, total at 31.12.	7 598	11 505
Book value of intangible assets at 31.12.	7 598	11 505

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 2015 and five-year cash flow forecasts. The sustained growth after the forecast period was estimated to be approximately 2–3 percent depending on the company, and the weighted average cost of capital was estimated to be approximately 12–14 percent. In accordance with the results of the goodwill testing, Evli has made a EUR1,606,413 impairment to the goodwill in its balance sheet. The impairment was mainly attributable to the weakened market conditions in Russia. A one-percent change in the key variables used in the calculations would lead to a goodwill impairment of no more than about EUR 200,000.

1 000 EUROS	2014	2013
21. Property, plant and equipment		
Equipment and furniture		
Cost at 1.1.	7 260	7 422
Exchange difference	-94	-39
Transfer between balance items	0	224
Increases	62	463
Decreases	-709	-810
Cost at 31.12.	6 519	7 260
Accumulated depreciation at 1.1.	-6 234	-6 346
Exchange difference	81	34
Depreciation for the period	-479	-734
Translation difference from depreciation for the period	1	0
Accumulated depreciation in respect of decreases	724	813
Accumulated depreciation 31.12.	-5 906	-6 234
Book value at 31.12.	613	1 034
Assets acquired under finance leases		
Cost at 1.1.	2 759	2 569
Increases	88	191
Cost at 31.12.	2 847	2 759
Accumulated depreciation at 1.1.	-2 489	-2 288
Depreciation for the period	-166	-202
Accumulated depreciation at 31.12.	-2 655	-2 489
Book value at 31.12.	192	270
Property, plant, and equipment, total 31.12.	805	1 304
Leasehold improvements		
Cost at 1.1.	1 429	4 685
Decreases	-28	-3 256
Cost at 31.12.	1 401	1 429
Accumulated depreciation at 1.1.	-367	-1 995
Depreciation for the period	-131	-140
Accumulated depreciation in respect of decreases	28	1 768
Accumulated depreciation at 31.12.	-470	-367
Book value at 31.12.	931	1 062
Other tangible assets		
Cost at 1.1.	589	591
Increases	12	0
Decreases	0	-2
Cost at 31.12.	601	589
Book value at 31.12.	601	589
Property, plant and equipment, total at 31.12.	2 337	2 955
Book value of tangible assets at 31.12.	2 337	2 955

1 000 EUROS	2014	2013
22. Other assets		
Securities sale receivables	290	319
Commission receivables	7 584	7 911
Securities broking receivables	20 669	100 942
Other receivables	2	121
Other assets total	28 581	109 293
23. Accrued income and prepayments		
Interest	228	287
Taxes	45	331
Staff-related	513	487
Other items	2 074	1 877
Accrued income and prepayments total	2 860	2 982
24. Deferred taxes		
Tax assets		
Due to timing differences	613	845
Tax Liabilities		
Due to timing differences	-405	-815
Deferred taxes total	208	30
Deferred tax assets result from timing differences in fixed asset depreciation.		
25. Liabilities to credit institutions and central banks		
Credit institutions		
Repayable on demand	0	13 067
Other than repayable on demand	8 000	5 800
Liabilities to credit institutions and central banks, total	8 000	18 867
26. Liabilities to the public and public sector entities		
Deposits		
Repayable on demand	296 702	257 885
Other than repayable on demand	335	1 146
Other liabilities		
Repayable on demand	0	0
Other than repayable on demand	93	1 874
Liabilities to the public and public sector entities, total	297 131	260 905
27. Debt securities issued to the public		
Certificate of deposits	0	14 996
Bonds	33 095	55 724
Debt securities issued to the public, total	33 095	70 720
Changes in bonds issued to the public		
Issues	15 968	8 141
Repurchases	43 169	12 262

1 000 EUROS	2014	2013
28. Derivative contracts and other liabilities held for trading		
Derivative contracts	32 700	25 233
Due to short selling of shares	8 039	21 132
Derivative contracts and other liabilities held for trading, total	40 739	46 365
29. Breakdown of other liabilities		
Securities broking liabilities	22 254	99 159
Securities purchase liabilities	368	602
Finance lease payables	204	284
Income tax payable	71	2
Personnel related	687	645
Other short-term liabilities	8 148	8 164
Prepayments of cash customers	10 833	6 715
VAT payable	571	289
Other liabilities, total	43 137	115 860
30. Accrued expenses and deferred income		
Interest	424	433
Tax payables	995	536
Personnel related	7 526	6 463
Other accrued expenses	6 396	6 223
Accrued expenses and deferred income, total	15 341	13 655
31. Deferred tax liabilities		
Due to timing differences	405	815
Deferred tax liability, total	405	815
32. Own shares held by the credit institution		
The credit institution holds own shares	5 125 pcs	
The cost of own shares is	176 172 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	4 096 659 pcs	
Dividend/Share, €	1.05	1.18

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
1.1.2013	70 129	4 003 245	30 194	1 839	11 145
Aquisition of own shares 2012 authorization	0	-6 500	0	0	0
Aquisition of own shares 2013 authorization	0	-76 650	0	0	0
Nullification of own shares 2013	-113 954	0	0	0	0
Share issue 2012 authorization	6 500	0	0	0	0
Share issue 2013 authorization	76 650	132 089	0	0	1 593
31.12.2013	39 325	4 052 184	30 194	1 839	12 738
Total number of shares		4 091 509			
1.1.2014	39 325	4 052 184	30 194	1 839	12 738
Aquisition of own shares 2013 authorization	0	-2 000	0	0	0
Aquisition of own shares 2014 authorization	0	-10 150	0	0	0
Nullification of own shares 2014	-46 350	0	0	0	0
Share issue 2013 authorization	2 000	0	0	0	0
Share issue 2014 authorization	10 150	51 500	0	0	439
31.12.2014	5 125	4 091 534	30 194	1 839	13 178
Total number of shares		4 096 659			

Option programs

The company issued 127,500 stock options during the 2014 financial year, and these were all subscribed during the subscription period and were outstanding at the end of the period. Description of the stock option program on page 23 Share-based compensation.

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.

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.

35. Largest shareholders and share ownership breakdown

	Share	%
Oy Prandium Ab (Thomas Thesleff and his family)	950 820	23.21
Oy Scripo Ab (Henrik Andersin)	950 820	23.21
Oy Fincorp Ab (Roger Kempe)	579 945	14.16
Ingman Group Oy Ab	465 000	11.35
Lehtimäki Maunu	98 432	2.40
Tallberg Claes	92 439	2.26
Hollfast John	82 080	2.00
Dudarev Grigory	50 385	1.23
Piccone Holding Oy	49 793	1.22
Hartikainen Raimo	41 504	1.01
	3 361 218	82.05
Others	735 441	17.95
Total	4 096 659	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 19, with the nominal value of the underlying instrument as basis, which does not conform to real cash flows. Debt securities, loans and other claims, derivatives and financial liabilities at amortized cost are reported in the maturity class according to the maturity of the instrument. Shares and participations are reported so that quoted shares in the trading book and quoted mutual funds are in the shortest maturity period. Unquoted shares are reported according to the estimated liquidation period, and venture capital- and real estate funds are reported according to the expected ending day of the fund.

	less than				more than	
2014	3 months	3–12 months	1–5 years	5–10 years	10 years	Total
Assets						
Cash and cash equivalents	103 998					103 998
Loans and other claims						
Claims on credit institutions	108 877	0	0	0	0	108 877
Claims on the public and public sector entities	2 538	15 633	38 272	502	0	56 944
Financial assets at fair value through profit or loss						
Debt securities eligible for refinancing with central banks	0	0	74 192	0	0	74 192
Debt securities	16	1 988	30 177	588	0	32 769
Shares and participations	29 316	204	4 326	1 884	0	35 730
Derivative contracts	23 240	4 389	4 406	0	0	32 035
Financial assets available for sale						
Shares and participations	0	0	0	0	0	0
Accrued interest	22	206	0	0	0	228
Debts						
Financial liabilities at amortized cost						
Liabilities to credit institutions	7 000	1 000	0	0	0	8 000
Liabilities to the public and public sector entities	296 831	241	59	0	0	297 131
Debt securities issued to the public	3 662	888	25 674	2 870	0	33 095
Financial liabilities at fair value through profit or loss	32 132	4 208	4 399	0	0	40 739
Accrued interest	422	3	0	0	0	424
Off-balance sheet commitments	2 989	121	869	186	0	4 164
2013						
Assets						
Cash and cash equivalents	60 965	0	0	0	0	60 965
Loans and other claims						
Claims on credit institutions	90 411	0	0	0	0	90 411
Claims on the public and public sector entities	3 887	18 635	35 518	611	0	58 651
Financial assets at fair value through profit or loss						
Debt securities eligible for refinancing with central banks	0	23 512	81 513	0	0	105 025
Debt securities	12 881	44 860	5 946	319	0	64 005
Shares and participations	39 869	0	4 356	1 768	0	45 994
Derivative contracts	9 471	6 203	4 062	0	0	19 736
Financial assets available for sale						
Shares and participations	0	0	30	0	0	30
Accrued interest	53	234	0	0	0	287
Debts						
Financial liabilities at amortized cost						
Liabilities to credit institutions	17 867	1 000	0	0	0	18 867
Liabilities to the public and public sector entities	260 233	610	63	0	0	260 905
Debt securities issued to the public	22 508	23 200	21 658	3 354	0	70 720
Financial liabilities at fair value through profit or loss	34 873	7 431	4 061	0	0	46 365
Accrued interest	433	0	0	0	0	433
Off-balance sheet commitments	712	5 070	463	0	0	6 245

Commitments outside the balance sheet are presented in Appendix 46.

1 000 EUROS

Balance sheet item	2014			2013		
	Domestic	Foreign currency	Total	Domestic	Foreign currency	Total
37. Assets and liabilities denominated in domestic and foreign currency						
Loans and other claims						
Cash on hand	103 998	0	103 998	60 965	0	60 965
Claims on credit institutions	104 063	4 815	108 877	86 268	4 143	90 411
Claims on the public and public sector entities	56 944	0	56 944	58 651	0	58 651
Financial assets at fair value through profit or loss						
Debt securities	106 945	16	106 961	169 022	9	169 031
Shares and participations	26 611	9 119	35 730	44 102	1 923	46 024
Derivative financial instruments	31 767	268	32 035	19 679	58	19 736
Other assets	40 043	5 459	45 502	125 958	5 183	131 141
Total	470 371	19 677	490 047	564 644	11 315	575 959
Financial liabilities at amortized cost						
Liabilities to credit institutions	8 000	0	8 000	18 867	0	18 867
Liabilities to the public and public sector entities	269 263	27 868	297 131	240 463	20 442	260 905
Debt securities issued to the public	33 095	0	33 095	70 720	0	70 720
Financial assets at fair value through profit or loss						
Derivative contracts and liabilities held for trading	40 107	632	40 739	46 007	358	46 365
Other liabilities	42 204	16 678	58 882	118 978	11 352	130 330
Total	392 669	45 178	437 847	495 035	32 153	527 188

The largest foreign currency assets and liabilities are in SEK (assets EUR 13.4 million, liabilities EUR 20.0 million) and USD (assets EUR 3.4 million, liabilities EUR 20.0 million).

1 000 EUROS

38. Value of financial instruments across the three levels of the fair value hierarchy	Level 1	Level 2	Level 3	Total
Fair value	2014	2014	2014	
Financial assets:				
Shares and participations classified as held for trading	20 563	0	1 579	22 142
Shares and participations, other	7 256	0	6 333	13 589
Debt securities	93 142	6 011	7 808	106 961
Positive market values from derivatives	1 339	24 988	5 708	32 035
Total financial assets held at fair value	122 300	30 999	21 427	174 726
Financial liabilities:				
Shares and participations classified as held for trading	6 942	0	1 097	8 039
Negative market values from derivatives	2 667	24 847	5 186	32 700
Total financial liabilities held at fair value	9 609	24 847	6 283	40 739
	2013	2013	2013	Yhteensä
Financial assets:				
Shares and participations classified as held for trading	29 732	0	3 046	32 778
Shares and participations, other	7 159	0	6 088	13 246
Debt securities	106 222	56 855	5 954	169 031
Positive market values from derivatives	3 623	7 586	8 528	19 736
Total financial assets held at fair value	146 736	64 440	23 615	234 791
Financial liabilities:				
Shares and participations classified as held for trading	19 923	0	1 209	21 132
Negative market values from derivatives	9 801	7 492	7 941	25 234
Total financial liabilities held at fair value	29 723	7 492	9 151	46 366

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 1t.

Level 3

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

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

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

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

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

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

The fair values of financial instruments are defined in accordance to IFRS 13. In principle, valuation of financial instruments is based on public market quotations. For unquoted financial instruments, Evli Bank's Financial Administration together with Risk Management function evaluate and classify instruments.

1 000 EUROS 2014 2013

39. Analysis of financial instruments categorized in level 3

Financial assets:		
Shares and participations classified as held for trading	1 579	3 046
Unlisted shares and participations	265	326
Venture capital funds and real estate funds	6 068	5 762
Debt securities	7 808	5 954
Quoted equity derivatives	0	0
OTC equity derivatives	5 708	8 528
Total financial assets held at fair value	21 427	23 615
Financial liabilities:		
Shares and participations classified as held for trading	1 097	1 209
Quoted equity derivatives	0	0
OTC equity derivatives	5 186	7 941
Total financial liabilities held at fair value	6 283	9 151
Significant changes during the year, considering level 3 categorized instruments:		
Bought venture capital funds and real estate funds	69	63
Bought unlisted shares	0	0
Net fair value changes for venture capital funds and real estate funds	106	77
Redemptions for venture capital- and real estate funds	-241	-1 624
Fair value changes for unlisted shares	-31	-565
Subscription of shares and fair value changes for subscription rights	1 170	2 775
Bought debt securities	2 800	5 800
Sold debt securities	960	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 (12 months), the options market value would change by net EUR -0.05 million. Volatility is the standard deviation or variability of the price of the underlying instrument for a given time period.

40. Unrealized profit/loss for financial instruments categorized in level 3

	Unrealized P/L at year-end 2014	Unrealized P/L at year-end 2013
Financial assets:		
Shares and participations classified as held for trading	-580	-296
Shares and participations, other	-884	-920
Debt securities	0	-78
Positive market values from derivatives	2 327	960
Unrealized P/L at year-end, financial assets	864	-334
Financial liabilities:		
Shares and participations classified as held for trading	20	-387
Negative market values from derivatives	-2 272	-1 030
Unrealized P/L at year-end, financial liabilities	-2 253	-1 418
Total unrealized profit (loss), level 3 instruments	-1 389	-1 751

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

41. Securities lending

	2014	2013
Market value of securities lending at 31.12., lent in	29 497	32 675
Market value of securities lending at 31.12., lent out	0	0

1 000 EUROS	2014	2013
42. Fair values and book values of financial assets and financial liabilities	2014	2014
	Kirjanpitoarvo	Käypä arvo
Liquid assets	103 998	103 998
Debt securities eligible for refinancing with central banks	74 192	74 192
Claims on credit institutions	108 877	108 877
Claims on the public and public sector entities	56 944	56 944
Debt securities	32 769	32 769
Shares and participations	35 730	35 730
Derivative contracts	32 035	32 035
Financial liabilities		
Liabilities to credit institutions	8 000	8 000
Liabilities to the public and public sector entities	297 131	297 131
Debt securities issued to the public	33 095	32 541
Derivative contracts and other trading liabilities	40 739	40 739
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.		
43. Assets pledged as collateral and other commitments	2014	2013
Securities	43 000	55 500
Cash deposits	49 294	24 498
Usage of collateral		
Marketplace collateral, stock- and derivatives trades	19 624	18 874
Collateral for currency trades	19 478	4 227
Collateral for securities lending	18 192	23 897
Bank Of Finland, collateral for daily limit account	35 000	33 000
44. Operating leases		
Not later than one year	275	278
Over year not later than five year	172	222
45. Other rental commitments		
Rental liabilities up to one year	2 780	2 737
Rental liabilities over one year and less than 5 years	2 951	5 550
Rental liabilities over 5 years	0	0
46. Breakdown of off-balance sheet commitments		
Commitments given to a third party on behalf of a customer *)	5 257	3 053
Irrevocable commitments given in favour of a customer	555	463
Guarantees on behalf of others	621	621
Unused credit facilities, given to clients	2 989	2 108
*) Commitments given on behalf of a customer for a third party include collaterals for derivatives positions given on behalf of customers in Nasdaq OMX, Eurex and New Edge. The customers have covered their collateral to Evli in full, except for two uncovered positions to the value of EUR 0.1 million. Other irrevocable commitments given on behalf of a customer comprise subscription commitments guaranteed on behalf of customers.		
47. Asset management services offered by the credit institution, M€		
Assets under management at Evli Bank's Asset Management as of 31 December		
Gross	8 437	7 833
Net	6 327	5 965
Assets under management on the basis of power of attorney		
Discretionary asset management	3 091	3 039
Consultative asset management	132	117
Total	3 223	3 156

1 000 EUROS

48. Acquired businesses and other changes
Changes in corporate structure 2014

Evli Bank Plc's wholly owned subsidiary registered in Sweden, Evli Fonder AB, was dissolved on September 3, 2014.

Evli Bank Plc's wholly owned subsidiary EPI Russia Partners II Oy was dissolved on July 21, 2014.

Evli Options Ltd, a wholly owned subsidiary of Evli Bank Plc, was merged with Evli Bank Plc on October 31, 2014.

Evli Securities AS, a wholly owned Estonian subsidiary of Evli Bank Plc, sold its Lithuanian operations to the Lithuanian company Evernord UAB.

Acquisitions in 2013

Evli Bank Plc acquired Aurator Asset Management Ltd with a contract signed on November 28, 2012. After the Financial Supervisory Authority's approval, the share transaction was implemented on January 4, 2013. The acquisition is for 91 percent of the target company's share capital and voting rights. Evli strengthened its position as an asset manager in Western Finland. The transaction also supports Evli's asset management growth strategy. The acquisition did not generate goodwill for the Group.

Aurator Asset Management Ltd is an asset management house established in 1996 that offers personal discretionary asset management to private individuals, companies and entities.

Aurator Varainhoito Oy's profit includes Evli group's figures 2013 entirely.

583
583

ASSETS	Fair values recognized in merger	Book values before merger
Cash and cash equivalents		
Claims on credit institutions	1 099	1 099
Shares and participations	82	140
Derivative contracts	18	18
Intangible assets	2 495	2
Property, plant and equipment	89	89
Other assets	493	493
Accrued income and prepayments	193	193
TOTAL ASSETS	4 470	2 034
LIABILITIES AND EQUITY		
LIABILITIES		
Derivative contracts and other liabilities held for trading	18	18
Other liabilities	58	58
Accrued expenses and deferred income	195	195
Deferred tax liabilities	491	0
TOTAL LIABILITIES	762	271
EQUITY		
Share capital	730	730
Other reserves	84	84
Retained earnings	949	949
TOTAL EQUITY	1 763	1 763
TOTAL LIABILITIES AND EQUITY	2 525	2 034
Net assets	3 708	1 764
Acquisition price paid in cash		3 248
Additional transaction price		460
Transaction price allocated into customer contracts		-2 494
Tax liabilities		491
Goodwill		0

1 000 EUROS

The possible additional transaction price is tied to the growth of the company, business and assets under management in the coming years. The realization of the possible additional transaction price will be evaluated regularly, and will be taken into account if applicable. Evli Bank is committed to paying an additional transaction price for Aurator Asset Management during 2018 if the objectives for growth in assets under management are reached.

49. 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		Share of voting rights, %
		until	Ownership, %	
Evli Fund Management Ltd	Finland		100	100
Evli Life Ltd	Finland		100	100
Evli Options Ltd	Finland	31.10.2014	100	100
EPI Russia Partners II Ltd	Finland	21.07.2014	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	3.9.2014	100	100
Aurator Varainhoito Oy	Finland		91	91
Evli Corporate Finance AB	Sweden		75	75
Terra Nova Capital Ltd	Dubai		58	58
Minority interest				
Evli Corporate Finance AB	Sweden		25	25
Evli Alexander Management Oy	Finland		65	Minority
Terra Nova Capital Ltd	Dubai		42	42
Associated companies				
Baltic SME Management B.V	Netherlands		33	33
BIF Management Ltd	Jersey		10	33
Northern Horizon Capital A/S	Denmark		50	45

Evli Bank Plc holds 45 percent of the share capital of Evli Alexander Management Ltd, which confers a majority of votes in the company pursuant to the authorization under the partnership agreement.

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

The minority interests recognized in the consolidated financial statements are generated from Evli Alexander Management Ltd, Evli Corporate Finance AB and Terra Nova Capital Advisors Ltd.

Company	Evli Alexander	Evli Corporate	Terra Nova
	Management Oy	Finance AB	Capital Advisors Ltd
Domicile	Finland	Sweden	Dubai
Assets	8 251	2 558	446
Liabilities	7 300	1 140	285
Profit/Loss	789	1 576	119

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

1 000 EUROS	2014	2013
Compensation of Board of Directors and CEOs		
Salaries, CEOs	-1 650	-1 556
Salaries, executive vice presidents	-377	-385
Salaries, members of Board of Directors	-374	-347

The company does not have any defined benefit pension plans.

Management remunerations is reported in more detail under 'Compensation' on page 22 and 'CEO and Executive Group' on page 31.

Transactions with related parties 2014	Subsidiaries	Associated companies	Group management
Sales	8 562	0	0
Purchases	2	0	0
Receivables	1 708	0	156
Liabilities	167	0	549

Shares owned by related parties: 3 361 218

Transactions with related parties 2013	Subsidiaries	Associated companies	Group management
Sales	10 548	0	0
Purchases	404	0	0
Receivables	1 485	0	111
Liabilities	562	0	104

Shares owned by related parties: 3 361 218

Fees paid to auditors		2014	2013
Audit fees	KPMG	-229	-158
Other	KPMG	-110	-169
Total	KPMG	-339	-327

PARENT COMPANY'S INCOME STATEMENT

1 000 EUROS	Note	1.1.–31.12.2014	1.1.–31.12.2013
Interest income	1.	2 877	3 015
Interest expenses	2.	-1 799	-2 473
NET INTEREST INCOME		1 077	542
Income from equity investments	3.		
Dividends from Associated companies		400	335
Dividends from financial assets valued at fair value		413	800
Dividends from group companies		1 706	4 398
Fee and commission income	4.	29 503	29 295
Fee and commission expenses	5.	-1 644	-2 268
Net income from securities transactions and foreign exchange dealing	6.		
Net income from securities transactions		3 058	1 530
Net income from foreign exchange dealing		1 665	1 804
Other operating income	7.	4 223	3 315
NET REVENUE		40 402	39 750
Administrative expenses			
Personnel expenses	8.		
Wages and salaries		-13 310	-13 458
Other social security costs		-803	-1 038
Pension expenses		-2 705	-2 506
Other administrative expenses	9.	-10 572	-10 520
Depreciation, amortization and impairment charges	10.	-2 424	-3 021
Other operating expenses	11.	-5 472	-3 720
Impairment losses on loans and other receivables	12.	0	1
Impairment losses on other financial assets	12.	-2 269	-1 609
OPERATING PROFIT/LOSS		2 848	3 879
PROFIT BEFORE INCOME TAX		2 848	3 879
Income taxes	13.	-575	-168
PROFIT/LOSS FOR THE FINANCIAL YEAR		2 273	3 711

PARENT COMPANY'S BALANCE SHEET

1 000 EUROS	Note	31.12.2014	31.12.2013
ASSETS			
Cash and cash equivalents		103 998	60 965
Debt securities eligible for refinancing with central banks	16.		
Other		74 192	105 025
Claims on credit institutions	14.		
Repayable on demand		56 014	62 859
Other than those repayable on demand		49 294	25 051
Claims on the public and public sector entities	15.		
Other than those repayable on demand		58 041	60 220
Debt securities	16.		
Other		32 769	64 005
Shares and participations	17.	28 616	39 215
Shares and participations in associates	18.	4 354	4 354
Shares and participations in group undertakings	18.	15 909	22 868
Derivative contracts	19.	32 035	19 736
Intangible assets	20.	3 539	5 334
Property, plant and equipment	21.	1 137	1 509
Other assets	22.	24 758	105 774
Accrued income and prepayments	23.	1 774	2 063
Deferred tax assets	24.	441	434
TOTAL ASSETS		486 869	579 413

PARENT COMPANY'S BALANCE SHEET

1 000 EUROS	Note	31.12.2014	31.12.2013
LIABILITIES AND EQUITY			
LIABILITIES			
Liabilities to credit institutions and central banks	25.		
Credit institutions			
Repayable on demand		0	13 067
Other than those repayable on demand		8 000	5 800
Liabilities to the public and public sector entities	26.		
Deposits			
Repayable on demand		311 086	273 386
Other		335	1 146
Other liabilities			
Other than those repayable on demand		92	1 877
Debt securities issued to the public	27.		
Bonds		33 095	55 724
Other		0	14 996
Derivative contracts and other trading liabilities	28.	40 739	46 365
Other liabilities	29.	35 637	108 622
Accrued expenses and deferred income	30.	7 515	6 414
Deferred tax liabilities	31.	167	292
TOTAL LIABILITIES		436 667	527 689
EQUITY			
	32.		
Share capital		30 194	30 194
Share premium fund		1 839	1 839
Other restricted reserves			
From translation differences		0	-56
Unrestricted reserves			
Fund of invested non-restricted equity		13 500	13 061
Retained earnings		2 395	2 975
Profit/loss for financial year		2 273	3 711
TOTAL EQUITY		50 202	51 724
TOTAL LIABILITIES AND EQUITY		486 869	579 413

PARENT COMPANY'S STATEMENT OF CASH FLOW

1 000 EUROS	1.1.–31.12.2014	1.1.–31.12.2013
Cash flow from operating activities		
Interest and commission received and proceeds from securities transactions incl. dividends	45 031	60 229
Interest and commissions paid	-3 448	-5 209
Cash payments to employees and suppliers	-31 896	-29 216
Increase (-) or decrease in operating assets:		
Net change in trading book assets and liabilities	29 032	-20 803
Deposits held for regulatory or monetary control purposes	-24 243	-20 673
Issue of loan capital	-37 626	7 811
Funds advanced to customers	56 662	14 541
Deposits from customers	0	0
Increase or decrease (-) in operating liabilities:	0	0
Deposits from customers	0	0
Negotiable certificates of deposits	0	0
Net cash from operating activities before income taxes	33 512	6 679
Income taxes	-193	-532
Net cash used in operating activities	33 319	6 146
Cash flow from investing activities		
Proceeds from sales of subsidiaries and associates	5 062	-1 435
Dividend received	1 706	4 398
Interest received	51	27
Acquisition of property, plant and equipment and intangible assets	-256	-499
Group loans receivables	472	-1 569
Net cash used in investing activities	7 036	922
Cash flow from financing activities		
Proceeds from issue of share capital	615	693
Purchase of own shares	-176	-979
Payment of finance lease liabilities	-322	-365
Dividends paid	-4 271	-4 747
Net cash from financing activities	-4 154	-5 398
Net increase in cash and cash equivalents	36 200	1 670
Cash and cash equivalents at beginning of period	123 824	122 163
Effects of exchange rate changes on cash and cash equivalents	-13	-9
Cash and cash equivalents*) at end of period	160 011	123 824

*) 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 § 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 Bank Plc did not acquire any businesses in the 2014 financial year.

NOTES TO INCOME STATEMENT

1 000 EUROS	2014	2013		
1. Interest income				
At fair value through profit or loss				
Debt securities	1 019	1 190		
Interest income from other loans and claims				
Claims on credit institutions	798	821		
Claims on the public and public sector entities	1 057	999		
Other interest income	3	5		
Interest income, total	2 877	3 015		
2. Interest expenses				
Liabilities to the public, public sector entities and credit institutions	-531	-565		
Debt securities issued to the public	-1 258	-1 903		
Other interest expenses	-11	-6		
Interest expenses, total	-1 799	-2 473		
3. Net income from securities transactions and foreign exchange dealing				
Dividends from Associated companies	400	335		
Dividends from financial assets valued at fair value	413	800		
Dividends from group companies	1 706	4 398		
Income from equity investments, total	2 520	5 532		
4. Commission income				
Credit related fees and commissions	47	69		
Income from payment transactions	24	24		
Advisory services	1 333	639		
Securities brokerage	8 086	8 154		
Mutual funds	11 321	12 153		
Asset management	5 165	5 076		
Custody services	3 385	3 035		
Other operations	143	145		
Commission income, total	29 503	29 295		
5. Commission expenses				
Trading fees paid to stock exchanges	-763	-918		
Other	-881	-1 350		
Commission expenses, total	-1 644	-2 268		
6. Net income from securities transactions and foreign exchange dealing				
Net income from securities transactions				
Financial assets held for trading	2 503	1 338		
Financial assets at fair value through profit or loss	555	191		
Financial assets available for sale	0	0		
Net income from securities transactions, total	3 058	1 530		
	Gains and losses	Changes in		
Net income from securities transactions by instrument	on sales	fair value	Total	Total
Debt securities	833	-10	823	553
Shares and derivative contracts	2 305	-70	2 235	976
Net income from securities transactions, total	3 138	-80	3 058	1 530
Net income from foreign exchange operations			1 665	1 804
Net income from securities transactions and foreign exchange operations, total			4 724	3 333

1 000 EUROS	2014	2013
7. Other operating income		
Rental income	398	360
Gain on sale of owner-occupied investment properties	2	18
Fuusiovoitot	2 153	0
Other income	1 670	2 937
Other operating income, total	4 223	3 315
8. Employee benefits	2014	2013
Wages and salaries	-13 310	-13 458
- of which bonuses	-1 751	-1 317
Other social security costs	-803	-1 038
- of which relating to bonuses	-36	-27
Pension expenses	-2 705	-2 506
- of which relating to bonuses	-315	-228
- defined benefit plans	0	0
- defined contribution plans	-2 705	-2 506
Employee benefits, total	-16 818	-17 002
	2014	2013
Number of personnel during the period, average	152	149
Number of personnel at the end of the period	158	147
Employees by business segment at the end of the period		
Markets	24	21
Corporate finance	3	4
Asset management	51	45
Administration and other	80	77
Total	158	147
9. Other administrative expenses		
Office maintenance expenses	-502	-409
Office expenses	-658	-625
Telephone and postage expenses	-242	-267
Information expenses	-1 911	-2 095
IT related expenses	-3 662	-3 469
Business expenses	-310	-312
Travel Expenses	-415	-351
Car costs	-62	-61
Other human resources related expenses	-386	-289
Marketing expenses	-1 153	-1 047
Banking and custodian expenses	-598	-641
External services fees	-673	-952
Other administrative expenses, total	-10 572	-10 520
10. Depreciation, amortization and impairment losses		
Depreciation and amortization		
Applications and software	-1 317	-1 722
Other intangible assets	-670	-711
Equipment and furniture	-437	-588
Depreciation, amortization and impairment losses, total	-2 424	-3 021

1 000 EUROS	2014	2013
11. Other operating expenses		
Supervision expenses	-412	-381
Rental expenses	-3 167	-3 262
Loss on merger	-1 886	0
Other expenses	-7	-76
Other operating expenses, total	-5 472	-3 720
12. Impairment losses on loans and other commitments and other financial assets		
Claims on the public and public sector entities		
Reversals of impairment losses	0	1
Other financial impairment losses		
Impairment losses from subsidiary shares	-2 269	-1 609
Impairment losses, total	-2 269	-1 608
13. Income taxes		
Current tax expense	-720	-331
Taxes from previous years	-1	2
Deferred taxes	146	111
Other taxes	0	50
Income taxes, total	-575	-168

NOTES TO BALANCE SHEET

1 000 EUROS	2014	2013		
14. Claims on credit institutions				
Repayable on demand				
Domestic credit institutions	54 233	60 004		
Foreign credit institutions	1 780	2 855		
Repayable on demand, total	56 014	62 859		
Other than repayable on demand				
Domestic credit institutions	23 181	0		
Foreign credit institutions	26 113	25 051		
Other than repayable on demand, total	49 294	25 051		
Claims on credit institutions, total	105 308	87 910		
15. Claims on the public and public sector entities by sector				
Repayable on demand				
Other than repayable on demand				
Enterprises and housing associations	2 550	4 645		
Financial and insurance corporations	843	622		
Households	49 626	50 165		
Foreign countries	5 022	4 788		
Other than repayable on demand, total	58 041	60 220		
Claims on the public and public sector entities by sector, total	58 041	60 220		
16. Debt securities	Publicly quoted	Other	2014 Total	2013 Total
Issued by other than public corporations				
Banks' certificates of deposit	0	1 983	1 983	56 855
Bonds issued by banks	94 256	7 011	101 267	110 173
Other debt securities	3 695	16	3 711	2 003
Issued by other than public corporations, total	97 951	9 010	106 961	169 031
Debt securities, total			106 961	169 031
Debt securities by balance sheet category				
Debt securities eligible for refinancing with central banks				
On public sector entities			0	0
Other			74 192	105 025
Debt securities			32 769	64 005
Other				
Total			106 961	169 031
Debt securities by country				
Holland			23 563	32 036
Finland			18 718	71 195
Australia			18 055	0
Sweden			14 559	25 929
United States			13 006	20 972
Canada			8 029	0
Switzerland			8 018	0
France			3 004	13 016
Luxembourg			8	0
Great Britain			0	878
Germany			0	5 005

1 000 EUROS

17. Shares and participations

Fair valued through profit or loss

2014	Publicly quoted	Other	Total
Balance sheet category			
Shares and participations			
Available for sale	0	0	0
Valued at fair value through profit or loss			
Held for trading	21 768	80	21 848
Other	435	6 332	6 768
Shares and participations, total	22 204	6 412	28 616
2013	Publicly quoted	Other	Total
Balance sheet category			
Shares and participations			
Available for sale	0	0	0
Valued at fair value through profit or loss			
Held for trading	32 711	65	32 776
Other	383	6 057	6 440
Shares and participations, total	33 094	6 122	39 216

Net risk position is described on page 33 Risk Management, Market risks.

18. Shares and participations in associates and joint ventures

	2014	2013
At the beginning of the period	4 354	4 354
Additions	0	0
Disposals	0	0
At the end of the period	4 354	4 354
Shares and participations in group undertakings		
At the beginning of the period	22 868	20 366
Additions	21	4 111
Impairment	-2 269	-1 609
Other reductions	-4 712	0
At the end of the period	15 909	22 868

1 000 EUROS

19. Derivative contracts

Overall effect of risks associated with derivative contracts	Nominal value of underlying, brutto			Fair value (+/-)	2014	2014
	Remaining maturity				ASSETS	LIABILITIES
	Less than 1 year	1–5 years	5–15 years			
Held for trading						
Interest rate derivatives						
Interest rate swaps	0	3 184	2 870	0	0	0
Currency-linked derivatives	1 767 795	0	0	141	24 988	24 847
Equity-linked derivatives						
Futures	15 563	0	0	642	764	122
Options bought	27 805	17 400	0	5 825	5 891	66
Options sold	69 313	17 400	0	-7 272	392	7 665
Other derivatives						
Held for trading, total	1 880 476	37 984	2 870	-665	32 035	32 700
Derivative contracts, total	1 880 476	37 984	2 870	-665	32 035	32 700
Overall effect of risks associated with derivative contracts					2013	2013
Held for trading						
Interest rate derivatives						
Interest rate swaps	0	0	3 354	0	0	0
Currency-linked derivatives	1 301 441	0	0	124	7 585	7 460
Equity-linked derivatives						
Futures	4 837	0	0	-25	164	189
Bought	99 039	24 131	0	10 516	11 267	751
Sold	133 311	24 131	0	-16 112	721	16 833
Other derivatives						
Held for trading, total	1 538 628	48 262	3 354	-5 497	19 736	25 233
Derivative contracts, total	1 538 628	48 262	3 354	-5 497	19 736	25 233

Equity derivatives held for trading, and other liabilities held for trading (notes 19 and 28) hedge the equity delta risk for shares and participations in the trading book (note 17). The delta-adjusted equity risk was at the end of 2014 EUR 8.0 million, including shares and participations in the banking book.

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

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 (EUR 891 million), and in USD (EUR 543 million).

1 000 EUROS	2014	2013
20. Intangible assets		
Software or projects in progress		
Cost at 1.1.	0	113
Transfer between balance items	0	-344
Increases	38	261
Decreases	0	-30
Cost at 31.12.	38	0
Book value at 31.12.	38	0
Applications and software		
Cost at 1.1.	16 222	16 008
Exchange difference	-4	-2
Transfer between balance items	0	120
Increases	84	148
Decreases	-71	-52
Cost at 31.12.	16 230	16 222
Accumulated amortisation and impairment losses at 1.1.	-13 073	-11 354
Exchange difference	4	2
Amortisation for the period	-1 317	-1 722
Accumulated amortisation in respect of decreases	71	0
Accumulated amortisation and impairment losses at 31.12.	-14 315	-13 073
Book value at 31.12.	1 915	3 149
Depreciation leasehold improvements FAS		
Acquisition cost at 1.1.	4 376	4 448
Exchange difference	-2	-1
Decreases	-2 973	-71
Acquisition cost at 31.12.	1 401	4 376
Accumulated depreciation at 1.1.	-3 314	-3 174
Exchange difference	2	1
Depreciation for the period	-131	-140
Accumulated depreciation in respect of decreases	2 973	0
Accumulated depreciation at 31.12.	-470	-3 314
Book value at 31.12.	931	1 062
Other intangible assets		
Cost at 1.1.	4 145	4 111
Increases	70	34
Cost at 31.12.	4 215	4 145
Accumulated amortisation and impairment losses at 1.1.	-3 022	-2 452
Amortisation for the period	-538	-571
Accumulated amortisation and impairment losses at 31.12.	-3 561	-3 022
Book value at 31.12.	655	1 123
Intangible assets, total at 31.12.	3 539	5 334
Book value of intangible assets at 31.12.	3 539	5 334

1 000 EUROS	2014	2013
21. Property, plant and equipment		
Equipment and furniture		
Cost at 1.1.	6 885	6 690
Exchange difference	-38	-23
Transfer between balance items	0	224
Increases	53	357
Decreases	-626	-362
Cost at 31.12.	6 274	6 885
Accumulated depreciation at 1.1.	-5 973	-5 524
Exchange difference	38	22
Depreciation for the period	-437	-588
Translation difference from depreciation for the period	1	0
Accumulated depreciation in respect of decreases	633	86
Accumulated depreciation 31.12.	-5 738	-5 973
Book value at 31.12.	536	920
Property, plant and equipment, total 31.12.	536	920
Other tangible assets		
Cost at 1.1.	589	591
Increases	12	0
Decreases	0	-2
Cost at 31.12.	601	589
Book value at 31.12.	601	589
Property, plant and equipment, total at 31.12.	1 137	1 509
Book value of tangible assets at 31.12.	1 137	1 509

1 000 EUROS	2014	2013
22. Other assets		
Securities sale receivables	591	5 404
Commission receivables	2 921	2 912
Securities broking receivables	20 634	95 857
Other receivables	611	1 602
Other assets total	24 758	105 774
23. Accrued income and prepayments		
Interest	230	291
Taxes	25	237
Staff-related	377	315
Other items	1 142	1 220
Accrued income and prepayments total	1 774	2 063
24. Deferred tax assets		
Due to timing differences	441	434
Deferred tax assets total	441	434
Deferred tax assets result from timing differences in fixed asset depreciation.		
25. Liabilities to credit institutions and central banks		
Credit institutions		
Repayable on demand	0	13 067
Other than repayable on demand	8 000	5 800
Liabilities to credit institutions and central banks, total	8 000	18 867
26. Liabilities to the public and public sector entities		
Deposits		
Repayable on demand	311 086	273 386
Other than repayable on demand	335	1 146
Other liabilities		
Other than repayable on demand	92	1 877
Liabilities to the public and public sector entities, total	311 514	276 409
27. Debt securities issued to the public		
Certificate of deposits	0	14 996
Bonds	33 095	55 724
Debt securities issued to the public, total	33 095	70 720
Changes in bonds issued to the public		
Issues	15 968	8 141
Repurchases	43 169	12 262
28. Derivative contracts and other liabilities held for trading		
Derivative contracts	32 700	25 233
Due to short selling of shares	8 039	21 132
Derivative contracts and other liabilities held for trading, total	40 739	46 365

1 000 EUROS	2014	2013
29. Breakdown of other liabilities		
Securities broking liabilities	22 254	96 251
Securities purchase liabilities	368	3 510
Income tax payable	71	2
Personnel related	442	421
Other short-term liabilities	1 323	1 719
Prepayments of cash customers	10 833	6 715
VAT payable	345	4
Other liabilities, total	35 637	108 622
30. Accrued expenses and deferred income		
Interest	428	433
Tax payables	232	0
Personnel related	4 818	4 126
Other accrued expenses	2 037	1 855
Accrued expenses and deferred income, total	7 515	6 414
31. Deferred tax liabilities		
Due to timing differences	167	292
Deferred tax liability, total	167	292
32. Changes in equity capital		
Share capital		
Book value 1.1	30 194	30 194
Book value 31.12	30 194	30 194
Share premium		
Book value 1.1	1 839	1 839
Book value 31.12	1 839	1 839
Fund of invested non-restricted equity		
Book value 1.1	13 061	11 468
Increases	615	1 593
Acquisition of own shares	-176	0
Book value 31.12	13 500	13 061
Retained earnings from previous years		
Book value 1.1	6 629	8 683
Increases	37	0
Decreases	-4 271	-4 785
Acquisition of own shares	0	-979
Transfers between other items		
Book value 31.12	2 395	2 918
Profit/loss for financial year	2 273	3 711
33. Own shares held by the credit institution		
The credit institution holds own shares	5 125 pcs	
The cost of own shares is	176 172 euros	
The cost of purchase has been deducted from unrestricted equity.		
34. Share capital, parent company		
The company has one series of shares outstanding and each share represents one vote.		
Total number of shares is	4 096 659 pcs	

1 000 EUROS

35. 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
1.1.2013	70 129	4 003 245	30 194	1 839	11 468
Aquisition of own shares 2012 authorization	0	-6 500	0	0	0
Aquisition of own shares 2013 authorization	0	-76 650	0	0	0
Nullification of own shares 2013	-113 954	0	0	0	0
Share issue 2012 authorization	6 500	0	0	0	0
Share issue 2013 authorization	76 650	132 089	0	0	1 593
31.12.2013	39 325	4 052 184	30 194	1 839	13 061
Total number of shares		4 091 509			
1.1.2014	39 325	4 052 184	30 194	1 839	13 061
Aquisition of own shares 2013 authorization	0	-2 000	0	0	0
Aquisition of own shares 2014 authorization	0	-10 150	0	0	0
Nullification of own shares 2014	-46 350	0	0	0	0
Share issue 2013 authorization	2 000	0	0	0	0
Share issue 2014 authorization	10 150	51 500	0	0	439
31.12.2014	5 125	4 091 534	30 194	1 839	13 500
Total number of shares		4 096 659			

Option programs

The company issued 127,500 stock options during the 2014 financial year, and these were all subscribed during the subscription period and were outstanding at the end of the period. Description of the stock option program on page 23 Share-based compensation.

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 1 September 2006.

36. Largest shareholders and share ownership breakdown

	Share	%
Oy Prandium Ab (Thomas Thesleff and his family)	950 820	23.24
Oy Scripo Ab (Henrik Andersin)	950 820	23.24
Oy Fincorp Ab (Roger Kempe)	579 945	14.17
Ingman Group Oy Ab	465 000	11.37
Lehtimäki Maunu	98 432	2.41
Tallberg Claes	92 439	2.26
Hollfast John	82 080	2.01
Dudarev Grigory	50 385	1.23
Piccone Holding Oy	49 793	1.22
Hartikainen Raimo	41 504	1.01
	3 361 218	82.05
Others	735 441	17.95
Total	4 096 659	100.00

1 000 EUROS

37. Maturities of financial assets and financial liabilities of credit institution

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

	less than				more than	Total
	3 months	3–12 months	1–5 years	5–10 years	10 years	
2014						
Assets						
Cash and cash equivalents	103 998					103 998
Loans and other claims						
Claims on credit institutions	105 308	0	0	0	0	105 308
Claims on the public and public sector entities	2 538	16 729	38 272	502	0	58 041
Financial assets at fair value through profit or loss						
Debt securities eligible for refinancing with central banks	0	0	74 192	0	0	74 192
Debt securities	16	1 988	30 177	588	0	32 769
Shares and participations	22 204	204	4 324	1 884	0	28 616
Derivative contracts	23 240	4 389	4 406	0	0	32 035
Financial assets available for sale						
Shares and participations	0	0	0	0	0	0
Accrued interest	24	206	0	0	0	230
Debts						
Financial liabilities at amortized cost						
Liabilities to credit institutions	7 000	1 000	0	0	0	8 000
Liabilities to the public and public sector entities	311 214	241	59	0	0	311 514
Debt securities issued to the public	3 662	888	25 674	2 870	0	33 095
Subordinated liabilities	0	0	0	0	0	0
Financial liabilities at fair value through profit or loss	32 132	4 208	4 399	0	0	40 739
Accrued interest	426	3	0	0	0	428
Off-balance sheet commitments	2 989	121	869	186	0	4 164
2013						
Assets						
Cash and cash equivalents	60 965	0	0	0	0	60 965
Loans and other claims						
Claims on credit institutions	87 910	0	0	0	0	87 910
Claims on the public and public sector entities	5 456	18 635	35 518	611	0	60 220
Financial assets at fair value through profit or loss						
Debt securities eligible for refinancing with central banks	0	23 512	81 513	0	0	105 025
Debt securities	12 881	44 860	5 946	319	0	64 005
Shares and participations	33 094	0	4 354	1 768	0	39 216
Derivative contracts	9 471	6 203	4 062	0	0	19 736
Financial assets available for sale						
Shares and participations	0	0	0	0	0	0
Accrued interest	57	234	0	0	0	291
Debts						
Financial liabilities at amortized cost						
Liabilities to credit institutions	17 867	1 000	0	0	0	18 867
Liabilities to the public and public sector entities	275 737	610	63	0	0	276 409
Debt securities issued to the public	22 508	23 200	21 658	3 354	0	70 720
Financial liabilities at fair value through profit or loss	34 873	7 431	4 061	0	0	46 365
Accrued interest	433	0	0	0	0	433
Off-balance sheet commitments	712	5 070	463	0	0	6 245

Commitments outside the balance sheet are presented in Note 44.

1 000 EUROS

38. Assets and liabilities denominated in domestic and foreign currency

Balance sheet item	2014		2013		2013
	Domestic	Foreign currency	Domestic	Foreign currency	
Loans and other claims					
Cash on hand	103 998	0	60 965	0	60 965
Claims on credit institutions	103 516	1 792	85 434	2 476	87 910
Claims on the public and public sector entities	58 041	0	59 273	947	60 220
Financial assets at fair value through profit or loss					
Debt securities	106 945	16	169 022	9	169 031
Shares and participations	19 788	8 827	37 293	1 923	39 216
Derivative financial instruments	31 767	268	19 679	58	19 736
Other assets	46 887	5 024	134 505	7 830	142 336
Total	470 942	15 927	566 171	13 242	579 413
Financial liabilities at amortized cost					
Liabilities to credit institutions	8 000	0	18 867	0	18 867
Liabilities to the public and public sector entities	283 646	27 868	255 967	20 442	276 409
Debt securities issued to the public	33 095	0	70 720	0	70 720
Financial assets at fair value through profit or loss					
Derivative contracts and liabilities held for trading	40 107	632	46 007	358	46 365
Other liabilities	27 811	15 508	104 080	11 248	115 328
Total	392 659	44 007	495 641	32 048	527 689

The largest foreign currency assets and liabilities are in SEK (assets EUR 10.0 million, liabilities EUR 18.8 million) and USD (assets EUR 3.4 million, liabilities EUR 20.0 million).

39. Securities lending

	2014	2013
Market value of securities lending at 31.12., lent in	29 497	32 675
Market value of securities lending at 31.12., lent out	0	0

40. Fair values and book values of financial assets and financial liabilities

	Book value 2014	Fair value 2014
Liquid assets	103 998	103 998
Debt securities eligible for refinancing with central banks	74 192	74 192
Claims on credit institutions	105 308	105 308
Claims on the public and public sector entities	58 041	58 041
Debt securities	32 769	32 769
Shares and participations	28 616	28 616
Shares and participations in group undertakings	15 909	15 909
Derivative contracts	32 035	32 035
Financial liabilities		
Liabilities to credit institutions	8 000	8 000
Liabilities to the public and public sector entities	311 514	311 514
Debt securities issued to the public	33 095	32 541
Derivative contracts and other trading liabilities	40 739	40 739

1 000 EUROS	2014	2013
41. Assets pledged as collateral and other commitments		
Securities	43 000	55 500
Cash deposits	49 294	24 498
Usage of collateral		
Markeplace collateral, stock- and derivatives trades	19 624	18 874
Collateral for currency trades	19 478	4 227
Collateral for securities lending	18 192	23 897
Bank Of Finland, collateral for daily limit account	35 000	33 000
42. Operating leases		
Not later than one year	275	278
Over year not later than five year	172	222
43. Other rental commitments		
Rental liabilities up to one year	2 777	2 714
Rental liabilities over one year and less than 5 years	2 951	5 537
Rental liabilities over 5 years	0	0
44. Breakdown of off-balance sheet commitments		
Commitments given to a third party on behalf of a customer *)	5 257	3 053
Irrevocable commitments given in favour of a customer	555	463
Guarantees on behalf of others	621	621
Unused credit facilities, given to clients	2 989	2 108
45. Asset management services offered by the credit institution, M€		
Assets under management at Evli Bank's Asset Management as of 31 December		
Gross	8 437	7 833
Net	6 327	5 965
Assets under management on the basis of power of attorney		
Discretionary asset management	3 091	3 039
Consultative asset management	132	117
Total	3 223	3 156

*) Commitments given on behalf of a customer for a third party include collaterals for derivatives positions given on behalf of customers in Nasdaq OMX, Eurex and New Edge. The customers have covered their collateral to Evli in full, except for two uncovered positions to the value of EUR 0.1 million. Other irrevocable commitments given on behalf of a customer comprise subscription commitments guaranteed on behalf of customers.

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 4,668,425.35 of which profit for the financial year totals EUR 2,273,039.40.

The Board of Directors proposes to the Annual General Meeting of Shareholders that:

- a dividend of EUR 1.06 per share be paid, totaling EUR 4,337,026.04.
- a total of EUR 331,399.31 be left in shareholders' equity.

Helsinki, February 13, 2015



Henrik Andersin
Chairman



Robert Ingman



Harri-Pekka Kaukonen



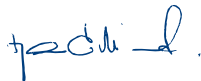
Mikael Lilius



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, 2014. 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, 2015

KPMG OY AB

Marcus Tötterman
Authorized Public Accountant in Finland

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INVESTMENT BANKING &
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