STOCK EXCHANGE
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EVLI BANK PLC'S FINANCIAL STATEMENTS 1-12/2016:
Stable result despite weaknesses in the brokerage business

January-December 2016

- The Group's net revenue was EUR 60.0 million (1-12/2015: EUR 64.2 million).
- The Group's operating profit was EUR 11.1 million (EUR 13.3 million).
- The Group's profit was EUR 9.7 million (EUR 12.3 million).
- Evli's diluted earnings per share were EUR 0.40 (EUR 0.53).
- A dividend of EUR 0.40 per share is proposed (EUR 0.31 per share).
- Net assets under management grew year on year and totaled a record EUR 10.6 billion (EUR 9.4 billion) at the end of December.

October-December 2016

- The Group's net revenue was EUR 15.9 million (EUR 18.0 million).
- The Group's operating profit for the review period was EUR 3.3 million (EUR 4.0 million).
- The Group's profit was EUR 1.8 million (EUR 5.4 million). The profit for the comparison period was positively affected by a divestment of business carried out by the associated company Northern Horizon Capital where Evli's share of the sales profit was EUR 2 million.
- Earnings per share amounted to EUR 0.07 (EUR 0.25).

Outlook for 2017

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

Evli Bank Plc, Aleksanterinkatu 19, P.O. Box 1081, FI-00101 Helsinki, switchboard +358 (0)9 476 690, www.evli.com

KEY FIGURES	10-12/ 2016	10-12/ 2015	1-12/ 2016	1-12/ 2015
Sales, M€	16,4	18,6	62,1	66,0
Net revenue, M€	15,9	18,0	60,0	64,2
Operating profit / loss, M€	3,3	4,0	11,1	13,3
Profit / Loss for financial year, M€	1,8	5,4	9,7	12,3
Operating profit / loss % of net revenue	20,7 %	22,4 %	18,5 %	20,6 %
Earnings/share (EPS)	0,08	0,26	0,42	0,54
Diluted earnings/share IFRS	0,07	0,25	0,40	0,53
Return on equity % (ROE)	-	-	14,3	20,2
Recurring revenue ratio	-	-	94 %	93 %
Dividend/share**	-	-	0,40	0,31
Shareholders' equity per share	-	-	2,81	2,96
Market value	-	-	157,37	190,94
Share price in end of period	-	-	6,75	8,19
Personnel in end of period	-	-	244	248

***2016 Board proposal for dividend*

***Series A shares are valued at the closing value of the series B shares.*

Maunu Lehtimäki, CEO

In financial terms 2016 was a challenging year for Evli. Our revenue declined in 2016 by about seven percent and profit before taxes 16 percent from the previous year. This was because of a considerable decline, of about 20 percent, in brokerage commissions and because performance-based fees were lower than they were in 2015.

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

The Corporate Finance-units development was stable and the unit participated in several transactions in Finland and Sweden. Evli has been able to gain a steady foothold in the M&A market, especially in Sweden. The unit has further strengthened its operations by increasing its senior advisor network during the year.

The decline in brokerage commissions has been a long-term trend throughout the sector, but in Finland this trend became much steeper in 2016. For a long time now we have been adjusting our Markets business according to the declining commissions. In 2016 we continued our adjustment measures by reducing the cost structure and setting up two new areas of operation with which we aim to acquire entirely new business and clientele.

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

Market performance

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

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

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

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

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

Revenue and result

January-December

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

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

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

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

October-December

The Evli Group’s net revenue decreased by 12 percent during the review period and was EUR 15.9 million (EUR 18.0 million). The Group’s net commission income was EUR 15.5 million (EUR 16.3 million). In particular, the returns of the Markets unit that were significantly lower than those of the comparison period had a negative impact on net revenue performance.

Overall costs for the fourth quarter, including depreciation, amounted to EUR 12.6 million (EUR 14.0 million). Expenses declined across the board. The reduction in expenses was especially large for depreciation. The reason for this is the ending of the depreciation of earlier IT projects.

The Group’s operating profit for the fourth quarter decreased from the corresponding level of the previous year to EUR 3.3 million (EUR 4.0 million). The operating margin was 21 percent (22 percent). The profit for the period was EUR 1.8 million (EUR 5.4 million). The profit for the comparison period was positively affected by a divestment of business carried out by the associated company Northern Horizon Capital where Evli's share of the sales profit was EUR 2 million.

The ongoing strategic project to simplify both Evli's and its clients' investment processes has fallen behind the original timetable. As part of the project, Evli is updating the majority of its information systems related to operations. A new core system was taken into use during the final quarter of the year, signifying the completion of the first stage of the project. In connection with this, the first reductions in expenses will have a more extensive impact during 2017. Further developments related to the project will be taken into use during 2017. The project costs will not will significantly increase the depreciations compared to 2016 depreciations.

Balance sheet and funding

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

Evli applies the standardized approach (capital requirement for credit risk) and the basic indicator approach (capital requirement for operational risk) in its capital adequacy calculation. The Group's capital adequacy ratio of 15.3 percent clearly exceeds the regulator's requirement of 10.5 percent including the extra capital requirement. The Group's own minimum target for capital adequacy is 13 percent.

Common equity tier 1 capital, M€	31.12.2016	31.12.2015
Share capital	30,2	30,2
Funds total	25,2	38,8
Minority interest	0,0	0,0
Decreases:		
Intangible assets	9,4	9,3
Other decreases	0,3	7,3
Total common equity tier 1 capital	45,7	52,4

Evli Bank has no tier 2 capital.

Minimum requirement of own funds, M€	31.12.2016	31.12.2016
Minimun capital adequacy requirement by asset group, standard credit risk method (€ million):	Min. requirement	Risk-weighted value
Claims from the state and central banks	0,0	0,0
Claims from regional governments and local authorities	0,0	0,0
Claims from credit institutions and investment firms	2,9	36,4
Investments in mutual funds	1,2	15,0
Claims secured with property	0,2	2,2
Claims from corporate customers	2,4	29,6
Items with high risk, as defined by the authorities	0,4	4,4
Other items	7,2	89,5
Minimum amount of own funds, market risk, € million	0,6	7,6
Minimum amount of own funds, operational risk, € million	9,0	112,9
Total	23,8	297,7

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

Personnel and organization

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

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

Business areas

Wealth Management

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

Mutual funds

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

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

There were two opposing trends in fund performance. Whereas the equity funds investing in traditional western markets and Russia achieved good returns and exceeded their benchmark indexes, equity funds investing in nearby areas in Finland and Swedenfell short of their index returns , though they did achieve positive returns. Fixed income fund returns were clearly positive across the board, but the riskier fixed income funds fell short of their index returns by an amount roughly corresponding to the fund expenses. By the end of the year the best-performing equity fund was Evli Russia (69.2%), the best-performing balanced fund was Evli Finland Mix (6.7%), and the best-performing fixed income fund was Evli European High Yield (8,2%). Evli Japan outperformed its benchmark index by the widest margin, (+13.1%).

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

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

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

Wealth Management

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

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

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

Profit performance of the Wealth Management business

Wealth Management in numbers	1-12/2016	1-12/2015	Change %	10-12/2016	10-12/2015	Change %
Net revenue, M€	42,5	42,8	-1 %	12,2	12,6	-3 %
Operating profit/loss before Group allocations and bonuses, M€	19,1	20,6	-7 %	6,4	6,3	1 %
Operating profit / loss, M€	10,6	11,3	-7 %	3,8	4,2	-8 %
Personnel, at the end of period	118	107	10 %			
Market share (Evli Fund Company), %*	6,0	5,3				
Net subscriptions to own funds, M€*	1019	493				
Average rating of Evli funds in MorningStar	3,5	3,6				

*source: fund report by Finanssialan Keskusliitto ry

Evli Group's Asset Under Management ("AUM") including associated companies, billion euros	31.12.2016	31.12.2015
of which in mutual funds and asset management,	11,5	10,3
in real-estate funds managed by Northern Horizon Capital,***	1,4	1,4
in incentive systems managed by Evli Alexander Management	0,5	0,4
Evli group's gross AUM	**13,4**	**12,1**
Evli Group's net AUM	**10,6**	**9,4**

** Net AUM excludes mutual funds within asset management agreements

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

January-December

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

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

October-December

The Wealth Management unit’s net revenue declined three percent, year-on-year, in the fourth quarter and was EUR 12.2 million (EUR 12.6 million). The development of net revenue was negatively affected by the considerable decline in performance-based fees. The development of net revenue was positively affected by the increase in assets under management, as a result of which management and asset management fees also increased.

Markets

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

Equity brokerage

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

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

Brokerage of other investment products

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

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

Profit performance of the Markets business

Markets in numbers	1-12/2016	1-12/2015	Change %	10-12/2016	10-12/2015	Change %
Net revenue, M€	8,0	11,9	-33 %	1,4	3,0	-53 %
Operating profit/loss before Group allocations and bonuses, M€	0,4	3,3	-89 %	-0,5	0,8	-
Operating profit / loss, M€	-2,3	0,4	-	-1,2	0,1	-
Personnel, at the end of period	29	35	-17 %			

January-December

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

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

October-December

The Markets unit's net revenue declined 53 percent, year-on-year, in the fourth quarter and was EUR 1.4 million (EUR 3.0 million). The decline in revenue was caused, in particular, by the trend in trading income, which was weaker than in the comparison period.

Corporate Finance

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

Profit performance of the Corporate Finance business

Corporate Finance in numbers	1-12/2016	1-12/2015	Change %	10-12/2016	10-12/2015	Change %
Net revenue, M€	4,8	5,5	-14 %	1,3	1,3	0 %
Operating profit/loss before Group allocations and bonuses, M€	1,2	1,4	-12 %	0,4	0,2	98 %
Operating profit / loss, M€	1,0	1,2	-14 %	0,2	-0,1	-
Personnel, at the end of period	16	21	-24 %			

January-December

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

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

October-December

The net revenue of advisory operations was similar to that of the corresponding period at EUR 1.3 million (EUR 1.3 million). The market environment has remained favorable for mergers and acquisitions, and the unit received many new orders. During the fourth quarter of the year, Evli was an advisor in the following transactions:

- Swedish listed company XANO's advisor regarding the acquisition of Jorgensen
- Obducat's AB's rights issue
- NSS Group Management's acquisition of Nordic Shelter Solutions
- Gasum's acquisition of Swedish Biogas International Ab

In the third quarter Evli was the advisor in ITAB Shop Concept AB's acquisition of La Fortezza. The transaction had to await the approval of the Russian competition authorities. The performance reward related to this transaction was recognized in the fourth quarter, when approval from the Russian competition authorities was recieved.

Group operations

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

Profit performance of Group operations

January-December

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

October-December

The net income of Group operations increased 11 percent year on year and was EUR 1.0 million (EUR 0.9 million). The trend in the value of the investment portfolio, among other things, had a positive impact on the revenue performance.

Changes in Group structure

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

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

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

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

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

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

Evli's shares and share capital

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

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

Under Article 4 of its Articles of Association, the company converted 9,000 A shares into B shares on February 10, 2016. Public trading on the converted shares began at NASDAQ OMX Helsinki Ltd on February 11, 2016.

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

In accordance with the shareholder agreement, the company acquired 201,540 of its own unlisted A shares on July 15, 2016 as a result of the termination of an employment relationship. The consideration paid in the transaction was, according to the terms and conditions of the shareholder agreement, 50 percent of the B share's closing price on NASDAQ OMX Helsinki Ltd on July 14, 2016.

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

Trading on NASDAQ OMX Helsinki

At the end of December, Evli had 6,351,784 series B shares subject to public trading on NASDAQ OMX Helsinki Ltd. Trading in the shares in January-December came to EUR 5.9 million, with 855,048 Evli shares traded. The share price on December 31, 2016 was EUR 6.75. The highest share price during the review period was EUR 8.09 and the lowest was EUR 6.56. Evli's market capitalization was EUR 157.4 million on December 31, 2016. The market capitalization is calculated on the basis of both unlisted series A shares and listed series B shares. Series A shares are valued at the closing value of the series B share at the end of the reporting period.

Shareholders

Evli's ten largest shareholders on December 31, 2016 are listed in the table below. The total number of shareholders at the end of the financial year was 2,238.

Shareholders 31.12.2016	A Shares	B Shares	Shares total	% of all shares	% of votes
1. Oy Prandium Ab	3 803 280	950 820	4 754 100	20,39	22,29
2. Oy Scripo Ab	3 803 280	950 820	4 754 100	20,39	22,29
3. Oy Fincorp Ab	2 319 780	571 945	2 891 725	12,4	13,59
4. Ingman Group Oy Ab	1 860 000	500 000	2 360 000	10,12	10,91
5. Maunu Lehtimäki	433 728	108 432	542 160	2,33	2,54
6. Tallberg Claes	369 756	92 439	462 195	1,98	2,17
7. Hollfast John Erik	328 320	82 080	410 400	1,76	1,92
8. Thunekov AB	224 000	56 000	280 000	1,2	1,31
9. Ridgeback Advisory AB	210 000	16 145	226 145	0,97	1,22
10. Panu Jousimies	179 072	44 868	223 940	0,96	1,05

Decisions of a General Meeting of Shareholders

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

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

Evli Bank Plc's Annual General Meeting adopted the financial statements and resolved in accordance with the proposal of the Board of Directors to pay EUR 0.31 per share in dividends. The dividend was paid to a shareholder who on the record date March 10, 2016 was registered in the shareholders' register of the company held by Euroclear Finland Ltd. The date of the payment of dividends was resolved to be March 17, 2016.

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

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

Number of Board members, members and fees

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

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

Auditors and auditors' fees

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

Board authorizations

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

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

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

Risk Management and business risks

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

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

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

Business environment

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

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

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

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

Suggestion for distribution of proceeds

The parent company's distributable assets on December 31, 2016 totaled EUR 36, 360,968.98 of which EUR 12,116,243.77 were retained earnings and EUR 24,244,725.21 were in the reserve for invested unrestricted equity. The Board of Directors proposes to the Annual General Meeting of Shareholders that a dividend of EUR 0,40 per share be paid. The total proposed dividend calculated according to the amount of shares on the balance sheet date is EUR 9,241,752.00.

There have been no major changes in the company's financial position after the end of the financial year. The proposed distribution of profit does not endanger the financial solidity or liquidity of the company.

Outlook for 2017

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

Helsinki, January 24, 2017

Board of Directors

Additional information:

Maunu Lehtimäki, CEO
tel. +358 (9) 4766 9304 or +358 (0) 50 553 3000

Juho Mikola, CFO
tel. +358 (9) 4766 9871 or +358 (0) 40 717 8888

www.evli.com

EVLI BANK PLC

CONSOLIDATED INCOME STATEMENT, M€	10-12/ 2016	10-12/ 2015	1-12/ 2016	1-12/ 2015
Net interest income	0,3	0,4	1,6	1,4
Commission income and expense, net	15,5	16,3	54,3	57,2
Net income from securities transactions and foreign exchange dealing	0,1	1,2	4,0	5,4
Other operating income	0,0	0,1	0,1	0,2
Administrative expenses				
Personnel expenses	-7,5	-7,7	-27,7	-27,5
Other administrative expenses	-3,8	-4,0	-14,8	-15,8
Depreciation, amortisation and write-down	-0,6	-1,2	-3,1	-3,9
Other operating expenses	-0,7	-1,1	-3,3	-3,8
Impairment losses on loans and other receivables	0,0	0,0	0,0	0,0
NET OPERATING PROFIT / LOSS	**3,3**	**4,0**	**11,1**	**13,3**
Share of profits (losses) of associates	-0,6	2,3	1,1	2,1
Income taxes*	-0,9	-0,9	-2,4	-3,0
PROFIT / LOSS FOR FINANCIAL YEAR	**1,8**	**5,4**	**9,7**	**12,3**
Attributable to				
Non-controlling interest	0,0	0,1	0,2	0,9
Equity holders of parent company	1,8	5,3	9,6	11,5
PROFIT / LOSS FOR FINANCIAL YEAR	**1,8**	**5,4**	**9,7**	**12,3**

INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY:				
Items, that will not be reclassified to profit or loss	0,0	0,0	0,0	0,0
Income and expenses recognised directly in equity	0,0	0,0	0,0	0,0
Items that are or may be reclassified subsequently to profit or loss				
Foreign currency translation differences - foreign operations	0,0	0,4	0,1	0,1
Tax on items that are or may be reclassified subsequently to profit or loss	0,0	0,0	0,0	0,0
PROFIT / LOSS FOR FINANCIAL YEAR	**0,0**	**0,4**	**0,1**	**0,1**
Income and expenses recognised directly in equity after taxes	0,0	0,4	0,1	0,1
TOTAL RECOGNISED INCOME AND EXPENSES FOR THE PERIOD	**1,8**	**5,8**	**9,8**	**12,5**
Attributable to				
Non-controlling interest	0,0	0,1	0,2	0,9
Equity holders of parent company	1,8	5,7	9,6	11,6

** Taxes are proportionate to the net profit for the period*

CONSOLIDATED INCOME STATEMENT, M€	10-12/ 2016	7-9/2016	4-6/2016	1-3/2016	10-12/2015
Net interest income	0,3	0,4	0,5	0,5	0,4
Commission income and expense, net	15,5	11,6	13,7	13,5	16,3
Net income from securities transactions and foreign exchange dealing	0,1	0,8	1,7	1,5	1,2
Other operating income	0,0	0,0	0,0	0,0	0,1
Administrative expenses					
Personnel expenses	-7,5	-5,7	-7,5	-7,0	-7,7
Other administrative expenses	-3,8	-3,2	-4,2	-3,6	-4,0
Depreciation, amortisation and write-down	-0,6	-0,7	-1,0	-0,8	-1,2
Other operating expenses	-0,7	-0,8	-0,8	-0,9	-1,1
Impairment losses on loans and other receivables	0,0	0,0	0,0	0,0	0,0
NET OPERATING PROFIT / LOSS	**3,3**	**2,3**	**2,4**	**3,1**	**4,0**
Share of profits (losses) of associates	-0,6	-0,1	-0,1	1,9	2,3
Income taxes*	-0,9	-0,4	-0,5	-0,7	-0,9
PROFIT / LOSS FOR FINANCIAL YEAR	**1,8**	**1,8**	**1,8**	**4,3**	**5,4**
Attributable to					
Non-controlling interest	0,0	0,1	-0,1	0,2	0,1
Equity holders of parent company	1,8	1,7	1,9	4,1	5,3
PROFIT / LOSS FOR FINANCIAL YEAR	**1,8**	**1,8**	**1,8**	**4,3**	**5,4**

INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY:					
Items, that will not be reclassified to profit or loss	0,0	0,0	0,0	0,0	0,0
Income and expenses recognised directly in equity	0,0	0,0	0,0	0,0	0,0
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences - foreign operations	0,0	0,0	0,0	0,1	0,4
PROFIT / LOSS FOR FINANCIAL YEAR	**0,0**	**0,0**	**0,0**	**0,1**	**0,4**
Income and expenses recognised directly in equity after taxes	0,0	0,0	0,0	0,1	0,4
TOTAL RECOGNISED INCOME AND EXPENSES FOR THE PERIOD	**1,8**	**1,8**	**1,8**	**4,4**	**5,8**
Attributable to					
Non-controlling interest	0,0	0,1	-0,1	0,2	0,1
Equity holders of parent company	1,8	1,8	1,9	4,2	5,7

** Taxes are proportionate to the net profit for the period*

CONSOLIDATED BALANCE SHEET, M€	31.12.2016	31.12.2015
ASSETS		
Liquid assets	203,1	128,0
Debt securities eligible for refinancing with central banks	39,1	38,5
Claims on credit institutions	66,0	119,4
Claims on the public and public sector entities	70,4	56,0
Debt securities	183,9	133,0
Shares and participations	65,8	38,0
Participating interests	3,0	5,0
Derivative contracts	26,9	21,6
Intangible assets	9,9	10,0
Property, plant and equipment	1,9	1,9
Other assets	80,8	77,7
Accrued income and prepayments	3,6	3,0
Deferred tax assets	0,4	0,3
TOTAL ASSETS	**755,0**	**632,2**

CONSOLIDATED BALANCE SHEET, M€	31.12.2016	31.12.2015
LIABILITIES		
Liabilities to credit institutions and central banks	5,5	5,5
Liabilities to the public and public sector entities	445,0	352,4
Debt securities issued to the public	46,1	35,7
Derivative contracts and other trading liabilities	41,0	36,5
Other liabilities	136,4	116,1
Accrued expenses and deferred income	15,3	15,1
Deferred tax liabilities	0,5	0,7
	689,7	**562,0**
Equity to holders of parent company	64,9	69,0
Non-controlling interest in capital	0,4	1,2
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**755,0**	**632,2**

EQUITY CAPITAL, M€

		Share capital	Share premium fund	Reserve for invested unrestricted equity	Other reserves	Translation difference	Retained earnings	Total	Non-controlling interest	Total Equity
Equity capital	31.12.2014	30,2	1,8	13,2	0,2	-0,4	6,0	51,0	1,2	52,2
Translation difference						0,1		0,1		0,1
Profit/loss for the period							11,5	11,5	0,9	12,3
Dividends				-4,2			-4,3	-8,6	-0,9	-9,5
Share issue				1,4				1,4		1,4
IPO				14,2				14,2		14,2
Expenses related to IPO				-0,4				-0,4		-0,4
Acquisition of own shares				-0,1				-0,1		-0,1
Other changes								0,0		0,0
Transfer between items				0,3			-0,3	0,0		0,0
Equity capital	31.12.2015	30,2	1,8	24,2	0,2	-0,3	12,9	69,0	1,2	70,2
Translation difference						0,1		0,1		0,1
Profit/loss for the period							9,6	9,6	0,2	9,7
Dividends							-7,6	-7,6	-0,7	-8,3
Acquisition of non-controlling interest				-6,2				-6,2		-6,2
Acquisition of own shares				-0,7				-0,7		-0,7
Other changes				0,4	-0,1		0,6	0,8	-0,3	0,5
Transfer between items				0,7			-0,7	0,0		0,0
Equity capital	31.12.2016	30,2	1,8	18,4	0,1	-0,2	14,6	64,9	0,4	65,3

CASH FLOW STATEMENT, M€	1-12/ 2016	1-12/ 2015
Cash flows from operating activities		
Interest and commission received	57,1	77,3
Open trades, net	31,7	-2,8
Interest and commissions paid	-3,3	-3,2
Cash payments to employees and suppliers	-45,1	-34,1
Increase(-) or decrease(+) in operating assets:		
Net change in trading book assets and liabilities	-84,1	-92,0
Deposits held for regulatory or monetary control purposes	1,6	7,0
Funds advanced to customers	75,9	91,0
Issue of loan capital	10,4	2,6
Asiakkaiden talletukset	0,0	0,0
Net cash from operating activities before income taxes	44,1	45,9
Income taxes	-3,6	-2,6
Net cash used in operating activities	40,5	43,3
Cash flows from investing activities		
Proceeds from sales of subsidiaries and associates	-7,2	-6,3
Acquisition of property, plant and equipment and intangible assets	-1,5	-1,7
Net cash used in investing activities	-8,7	-8,1
Cash flows from financing activities		
Proceeds from issue of shares capital	0,0	13,7
IPO	0,0	1,4
Purchase of own shares	-0,7	-0,1
Payment of finance lease liabilities	0,0	-0,2
Dividends paid	-7,6	-8,6
Net cash from financing activities	-8,4	6,3
Net increase / decrease in cash and cash equivalents	23,4	41,5
Cash and cash equivalents at beginning of period	205,0	163,6
Valuuttakurssien muutosten vaikutus rahavaroihin	0,1	-0,1
Cash and cash equivalents at end of period	228,3	205,0

2016 SEGMENT INCOME STATEMENT, M€	Markets 1-12/ 2016	Corporate Finance 1-12/ 2016	Wealth Management 1-12/ 2016	Group Operations 1-12/ 2016	Unallocated 1-12/ 2016	Group 1-12/ 2016
REVENUE						
External sales	8,2	4,8	42,5	3,8	0,7	60,0
Inter-segment sales	-0,3	0,0	0,0	0,3	0,0	0,0
Total revenue	8,0	4,8	42,5	4,1	0,7	60,0
RESULT						
Segment operating expenses	-8,1	-3,7	-24,9	-11,5	-0,8	-48,9
Business units operating profit before Group allocations	-0,1	1,0	17,6	-7,3	-0,1	11,1
Allocated corporate expenses	-2,2	0,0	-7,0	9,2	0,0	0,0
Operating profit including Group allocations	-2,3	1,0	10,6	1,9	-0,1	11,1
Share of profits (losses) of associates					1,1	1,1
Income taxes					-2,4	-2,4
Segment profit/loss after taxes	-2,3	1,0	10,6	1,9	-1,5	9,7

2015 SEGMENT INCOME STATEMENT, M€	Markets 1-12/ 2015	Corporate Finance 1-12/ 2015	Wealth Management 1-12/ 2015	Group Operations 1-12/ 2015	Unallocated 1-12/ 2015	Group 1-12/ 2015
REVENUE						
External sales	12,3	5,2	43,0	2,9	0,9	64,2
Inter-segment sales	-0,4	0,3	-0,1	0,2	0,0	0,0
Total revenue	11,9	5,5	42,8	3,1	0,9	64,2
RESULT						
Segment operating expenses	-9,1	-4,3	-23,9	-12,7	-0,9	-51,0
Business units operating profit before Group allocations	2,8	1,2	18,9	-9,6	0,0	13,3
Allocated corporate expenses	-2,5	0,0	-6,9	9,4	0,0	0,0
Operating profit including Group allocations	0,4	1,2	12,0	-0,3	0,0	13,3
Share of profits (losses) of associates					0,1	0,1
Income taxes					-3,0	-3,0
Segment profit/loss after taxes	0,4	1,2	12,0	-0,3	-0,9	12,3

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

KEY FIGURES DESCRIBING THE FINANCIAL PERFORMANCE OF THE GROUP	1-12/ 2016	1-12/ 2015
Net revenue, M€	60,0	64,2
Operating profit / loss, M€	11,1	13,3
% of net revenue	18,5	20,6
Profit / Loss for financial year, M€	9,7	12,3
% of net revenue	16,2	19,2
Expense ratio (operating costs to net revenue)	0,82	0,79
Earnings/share (EPS)	0,42	0,54
Diluted earnings/share IFRS	0,40	0,53
Return on equity % (ROE) *	14,3	20,2
Return on assets % (ROA) *	1,40	2,20
Equity/total assets ratio %	8,6	11,1
Dividend/share**	0,40	0,31
Personnel in end of period	244	248

**annualized*

***2016 Board proposal for dividend*

Evli Group´s capital adecuacy	31.12.2016	31.12.2015
Own assets (common equity Tier 1 capital), M€	45,7	52,4
Risk-weighted items total for market- and credit risks, M€	184,8	162,9
Capital adequacy ratio, %	15,3	19,2
Evli Bank Plc:s adequacy ratio, %	20,7	24,0
Own funds surplus M€	21,8	30,6
Own funds in relation to the minimum capital requirement	1,9	2,4
Own funds surplus M€ including additional capital requirement	14,4	23,8

Calculation of key ratios

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

NOTES TO BALANCE SHEET, M€	31.12.2016	31.12.2015
Equity and debt securities		
Equity securities are presented in the Statement of Changes in Equity		
Debt securities issued to the public		
Certificates of Deposits and commercial papers	10,0	10,0
Bonds	36,1	35,7
Debt securities issued to the public	46,1	35,7

Breakdown by maturity	less than 3	3-12	1-5 years	5-10 years
Debt securities issued to the public	0,0	11,2	30,2	4,7

Changes in bonds issued to the public	31.12.2016		31.12.2015	31.12.2015
Issues	7,2		15,0	15,0
Repurchases	8,2		12,3	12,3
Off-balance sheet commitments				
Commitments given to a third party on behalf of a customer	4,6		5,0	5,0
Irrevocable commitments given in favour of a customer	0,2		0,6	0,6
Guarantees on behalf of others	0,5		0,5	0,5
Unused credit facilities	2,3		2,4	2,4

Transactions with related parties	1-12/ 2016		Associated companies	Group management
Receivables			0,0	0,1
Liabilities			0,0	0,5

There were no major changes in transactions with related parties in the review period.

Value of financial instruments across the three levels of the fair value hierarchy, M€

Fair value, M€	Level1 2016	Level2 2016	Level3 2016	Total
Financial assets:				
Shares and participations classified as held for trading	24,7	0,0	3,3	28,0
Shares and participations, other	28,8	0,0	5,7	34,5
Debt securities eligible for refinancing with central banks	39,1	0,0	0,0	39,1
Debt securities	18,7	164,2	1,0	183,9
Positive market values from derivatives	0,9	24,5	1,6	26,9
Total financial assets held at fair value	112,3	188,7	11,5	312,5
Financial liabilities:				
Shares and participations classified as held for trading	13,5	0,0	1,2	14,7
Negative market values from derivatives	1,0	24,5	0,8	26,3
Total financial liabilities held at fair value	14,5	24,5	2,0	41,0

Explanation of fair value hierarchies:

Level 1

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

Level 2

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

Level 3

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

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

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

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

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

There are no significant change in the option fair values, If the volatility estimates are changed to publicly obtained historical volatilities.

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.

Derivative contracts

Overall effect of risks associated with derivative contracts				**2016**
Nominal value of underlying , brutto				
	Remaining maturity			
	Less than 1 year	1-5 years	5-15 years	Fair value (+/-)
Held for trading				
Interest rate derivatives				
Interest rate swaps	0,0	12,0	0,0	0,0
Currency-linked derivatives	2 697,2	0,0	0,0	0,0
Equity-linked derivatives				
Futures	15,6	0,0	0,0	0,4
Options bought	103,7	56,3	2,4	1,6
Options sold	76,9	56,3	2,4	-1,3
Other derivatives				
Held for trading, total	2 893,4	124,5	4,7	0,6
Derivative contracts, total	2 893,4	124,5	4,7	0,6

Equity derivatives held for trading, and other liabilities held for trading hedge the equity delta risk for shares and participations in the trading book.

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

Currency derivatives comprise commitments made against clients and the associated hedges, and contracts made to hedge currency risk in the balance sheet. The net open risk position of the total amount is small.

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

ACCOUNTING POLICIES

The Interim Report complies with IAS 34, Interim Reports, as approved by the EU.
The accounting policies applied to the financial statements and the segment reporting policies are detailed in the financial statements for 2015. The accounting policies applied for recognising items in the Interim Report are unchanged comparison with the 2014 Annual Report.
Evli Bank Plc applies the standards IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities since 1.1.2014. The amended standards are not expected to have an impact on Evli's consolidated financial statements.
The figures are unaudited.