

Increasing clients' wealth as main responsibility





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YEAR 2017 IN BRIEF

The operating profit nearly doubled

For the third year in a row Evli was ranked as the best institutional asset manager in Finland by TNS Sifo Prospera External Asset Management Finland 2017 and SFR Scandinavian Financial Research Institutional Investment Services, Finland 2017 (shared first place) -surveys.

CEO'S REVIEW

A year of strong growth

2017 was an excellent year for Evli. Our revenue and operating profit grew strongly and there was growth in all target client segments and almost all product and service areas. The international sales of our investment products also developed very positively.

We started the year with renewing our organizational structure. We moved away from functional units to an operating model organized on the basis of client segments. Our new Wealth Management and Investor Clients, and Advisory and Corporate Clients segments now offer our clients a comprehensive service package. The objective of the renewal was to make Evli an even more client-oriented bank specializing in investment. Now, after 12 months' experience I would say that we successfully achieved this objective.

Our revenue grew 19 percent in 2017, and our operating profit nearly doubled on the previous year. Growth was strongest in the Wealth Management and Investor Clients segment, where client assets under man-

agement increased substantially and were EUR 11.2 billion at the end of the year. With the increase in client assets under management, the ratio of our recurring revenue in relation to the Group's total costs exceeded the targeted level of 100 percent and came to 113 percent.

Growth from new markets and new products

Since there is limited potential for growth in our traditional markets and product groups, we are seeking further growth in two focus areas: selling selected fund products that finish at the top of their class in comparisons to international institutional investors and offering new alternative investment products to our Finnish clients.



Maunu Lehtimäki
CEO

CEO's review

During the past few years, we have invested strongly in developing digital services as well as in robotic process automation and using artificial intelligence in wealth management support functions.

At the end of 2017, the company's funds were available to institutional investors in for example Spain, Italy, France and Latin America in addition to the domestic markets of Finland and Sweden. We are also in the process of launching sales in German-speaking Europe. Of our EUR 7.7 billion fund capital, as much as EUR 1.7 billion is already from outside Finland. On the international markets, our products are sold by local agents but our own portfolio managers also actively meet with clients to present our products to them. As there is proven international interest in our products, our goal is to further expand their availability and increase our focus on international sales.

Every year, we seek to offer new alternative investment products to our Finnish clients that suit their needs. The rental apartment fund EAI Residential I Ky that we established in 2015 has performed well and we collected

more assets for it in 2017. In addition, we collaborated with the Swiss company Akina to introduce a new alternative investment fund to the clients.

Operations adjusted to MiFID II requirements

The MiFID II directive, the purpose of which is to increase the transparency of the capital market and improve investor protection, came into force in the beginning of 2018 and caused a huge amount of work for us and other capital market service providers in 2017. As the directive requires in-depth reviews and reports of all client relationships and transactions, we have had to make significant changes to operating guidelines and processes as well as systems. While I approve of the goals of the directive as such, I question the purpose of the huge amount of additional administrative work it has introduced.

MiFID II also requires banks and securities brokerage companies to segregate analysis and brokerage operations from each other and to charge them as separate services. We reacted to this requirement already in 2016 by corporatizing equity analysis operations to form Evli Research Partners Oy. The company offers equity analysis services to small and medium-sized listed companies on which no or only insufficient analyses are otherwise performed. The operations of the new company got off to a good start and it had some 20 paying analysis clients at the end of 2017. Analysis services supplement our traditional advisory and incentive program services, forming a comprehensive service package for listed companies.

Responsibility perspective for all operations

During the past decade, a growing number of investors have started comprehensively to take responsibility matters into consideration in their investment operations. They look for investment and wealth management solutions that have integrated environmental and social responsibility and good governance and require their investment service providers to operate more responsibly and transparently than before.

Our primary responsibility has always been to increase our clients' wealth. While this will not change in the future, we will also pay more comprehensive attention to responsible investment and operations. Therefore, we appointed Outi Helenius as the Group's

Head of Sustainability in September 2017. In her previous post as our Responsible Investment Coordinator, she was involved in integrating responsibility factors into our investment operations. As the Head of Sustainability, she is able to more extensively develop responsible operations on the Group level.

Ready for future challenges

In the international markets, the rise of share prices has continued for an exceptionally long period and yield spreads on bonds are at record low levels. It is obvious that this will eventually change.

In a bull market, our strategy has resulted in strong growth and excellent results. In accordance with our vision, simply unique, we have simplified and enhanced the efficiency of our processes and systems, lightened our cost structure, developed unique product and service solutions and expanded our clientele. We have also invested strongly in developing digital services and robotic process automation and using artificial intelligence in wealth management support functions. I believe that with these measures we are prepared to meet more challenging market conditions.

I offer my warmest thanks to our clients, personnel, owners and partners for successful cooperation in 2017.

Maunu Lehtimäki
CEO

Highlights of 2017

Net subscriptions of EUR 991 million were made to Evli's funds, which is the 2nd highest amount in Finland. The company's fund capital increased to EUR 7.7 billion, making Evli Finland's 4th largest fund management company.

Renewing the organizational structure

Evli renewed its organizational structure in January 2017. This was done to further strengthen the client-oriented approach of the operations and enable the company to respond better to the emerging trends and regulatory changes in the business environment. The organization was divided into two business segments. Wealth Management and Investor Clients, and Advisory and Corporate Clients.

Great Place to Work® certificate

Evli was awarded the Great Place to Work® certificate among the first companies in Finland* in March 2017. The Great Place to Work certificate is awarded to companies whose Trust Index® is at least 70 percent. The Trust Index® measures employees' experience of their workplace.

Redemption and switch fees were eliminated from mutual funds

Redemption and switch fees were eliminated from Evli's mutual funds on June 1, 2017. Evli's funds can now be purchased, sold or switched without fees. This changes also applies to Evli's continuous fund saving agreements.

JANUARY

Cooperation started with tennis player Henri Kontinen

Evli signed a cooperation agreement with tennis player Henri Kontinen in March 2017. Both agreement parties are professionals and share a strong commitment to continuous development and are seeking to make a full international breakthrough.

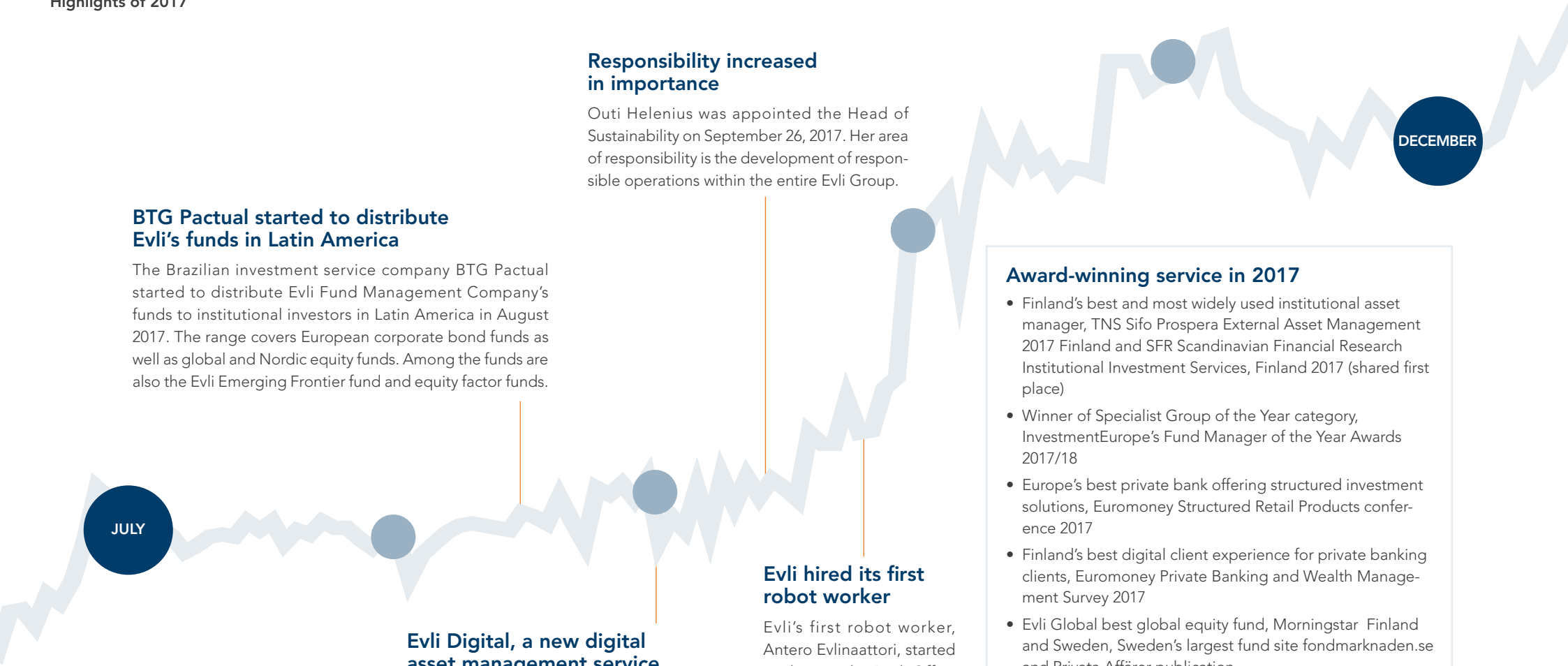
JUNE

CLIENT ASSETS UNDER MANAGEMENT
INCREASED TO A RECORD-BREAKING, EUR

11.2 BILLION

*In 2017, the certificate was awarded to 18 organizations in addition to Evli.

Highlights of 2017



BTG Pactual started to distribute Evli's funds in Latin America

The Brazilian investment service company BTG Pactual started to distribute Evli Fund Management Company's funds to institutional investors in Latin America in August 2017. The range covers European corporate bond funds as well as global and Nordic equity funds. Among the funds are also the Evli Emerging Frontier fund and equity factor funds.

Responsibility increased in importance

Outi Helenius was appointed the Head of Sustainability on September 26, 2017. Her area of responsibility is the development of responsible operations within the entire Evli Group.

Evli Digital, a new digital asset management service

The Evli Digital asset management service was launched on September 16, 2017. The service offers personalized, goal-oriented asset management starting from EUR 10,000.

Evli hired its first robot worker

Evli's first robot worker, Antero Evlinaattori, started working at the Back Office on October 10, 2017.

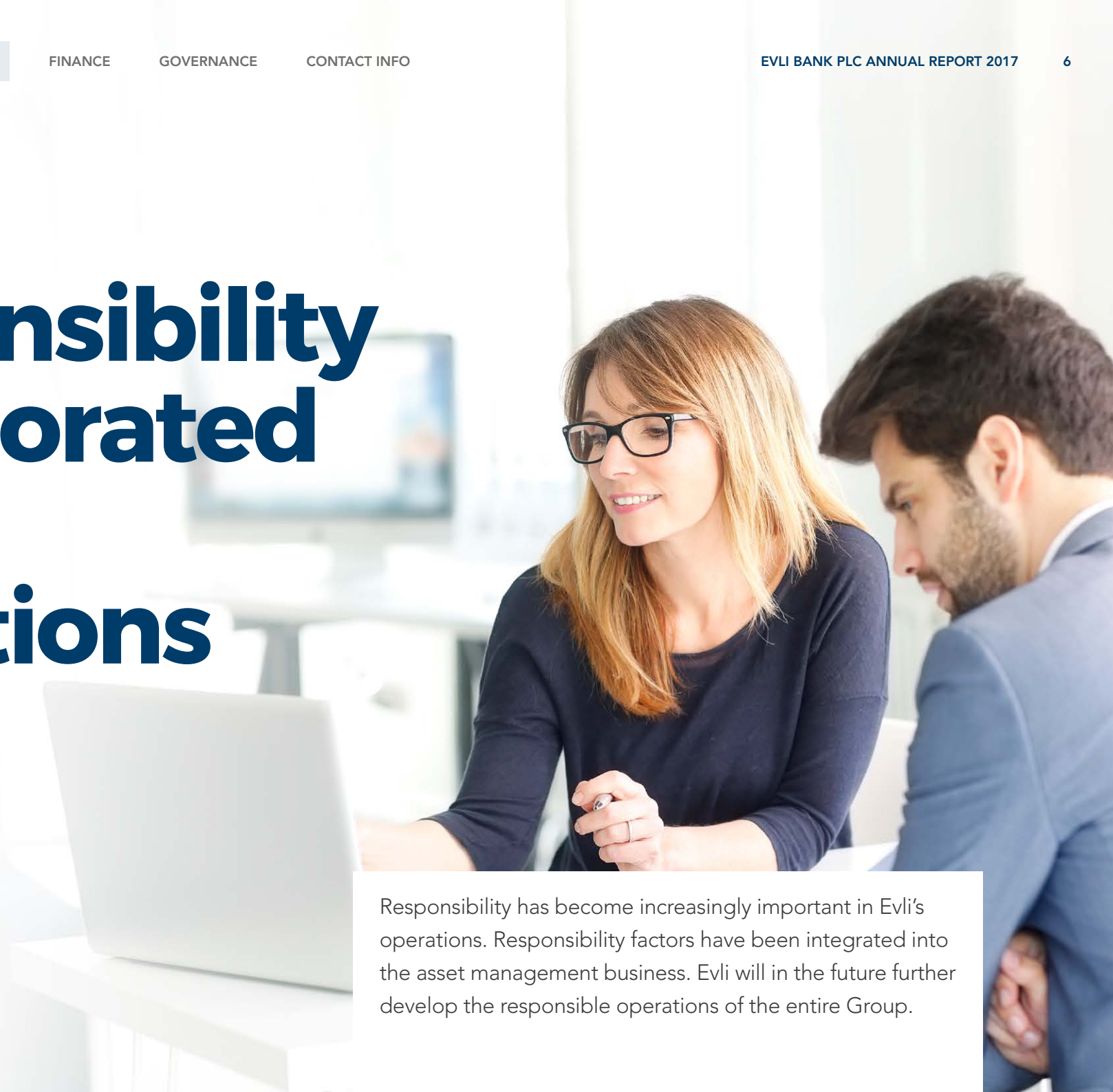
Award-winning service in 2017

- Finland's best and most widely used institutional asset manager, TNS Sifo Prospera External Asset Management 2017 Finland and SFR Scandinavian Financial Research Institutional Investment Services, Finland 2017 (shared first place)
- Winner of Specialist Group of the Year category, InvestmentEurope's Fund Manager of the Year Awards 2017/18
- Europe's best private bank offering structured investment solutions, Euromoney Structured Retail Products conference 2017
- Finland's best digital client experience for private banking clients, Euromoney Private Banking and Wealth Management Survey 2017
- Evli Global best global equity fund, Morningstar Finland and Sweden, Sweden's largest fund site fondmarknaden.se and Privata Affärer publication
- Evli Emerging Frontier the Nordic countries' best fund investing in developing countries, Lipper Fund Awards 2017
- Portfolio Manager Juhamatti Pukka ranked among the top 20 young portfolio managers, Citywire Top talent age 40 and under 2017
- Analyst Joonas Häyhä produces the best result forecasts in the Consumer Goods and Services category, Thomson Reuters Analyst Awards 2017.

4. LARGEST FUND MANAGEMENT COMPANY IN FINLAND

STRATEGY

Responsibility incorporated in all operations



Responsibility has become increasingly important in Evli's operations. Responsibility factors have been integrated into the asset management business. Evli will in the future further develop the responsible operations of the entire Group.

EVLI IN BRIEF

Bank specializing in investments

Evli is a bank specialized in investments that helps institutions, corporations and private persons increase their wealth. The company's operations are divided into two segments. The Wealth Management and Investor Clients segment comprises conventional assets management and mutual funds as well as capital market services and alternative investment products. The Advisory and Corporate Client segment includes Corporate Finance advisory, management of incentive programs and the research service provided to companies. Evli also offers banking services that support clients' investment operations. Owing to the comprehensive

service palette of its segments, Evli can provide its clients with diverse product and service solutions to meet their specific needs.

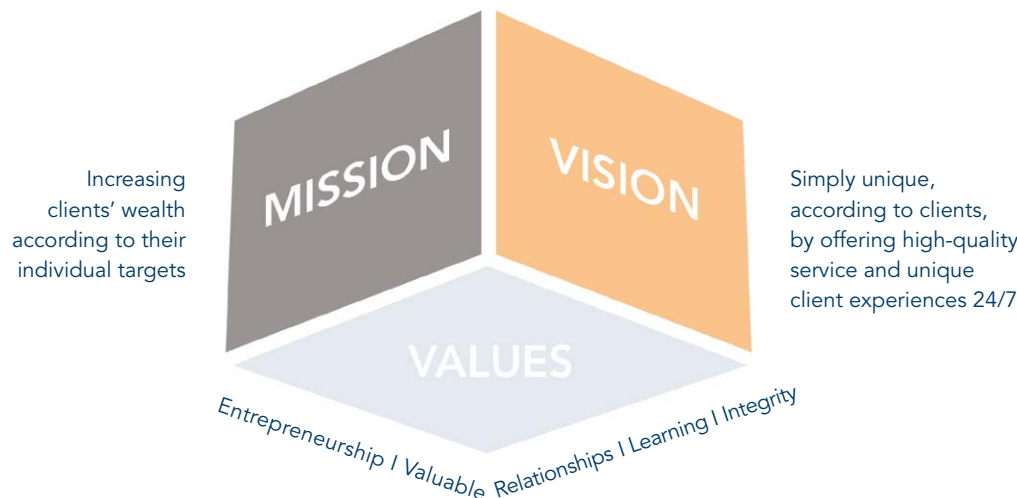
In 2017, the client assets managed by Evli totaled EUR 11.2 billion (net 12/2017). Finland accounts for the largest share of the company's revenue, while the other Nordic countries, Continental Europe and Latin America are also important market areas, the latter two in product sales. The number of professionals employed by the company is over 200. The series B shares of Evli Bank Plc are listed on Nasdaq Helsinki.

Evli as an investment means long-term growth and development

Through its sensible and persistent work, Evli's aim is to increase its shareholder value in the long term. The objective is not only to increase the company value but also to distribute competitive dividends on an annual basis. Evli's market position in the Wealth Management and Investor Clients segment is stable in the domestic market, with a good potential of international growth. The sales of asset management services show a steady growth in the domestic market where Evli

enjoys solid trust among its clients. Alongside traditional services models, Evli invests heavily in the development of digital services, ensuring good conditions for growth. Owing to Evli's expertise, the international product sales have been positively received in the growing finance markets of Continental Europe and Latin America. This puts the Company in a good position to further expand its international fund sales. In the Advisory and Corporate Clients segment, the new service models targeted at corporate clients as well as the inputs in product sales have been welcomed, which has been shown by the new client accounts secured and the stronger mandate base.

Evli's growth objectives are underpinned by its solid solvency and constant cost-efficiency efforts. They make Evli well prepared to reach its strategic objectives.



CHANGING OPERATING ENVIRONMENT

Digitalization and client needs at the essence of change

The financial sector is in the midst of a great transformation driven foremost by technological development and the change in the needs of clients. Changes in the operating and competition environment, increasing regulation and societal developments also play a role and contribute to the shift. All these factors impact the possibilities of the financial sector companies to meet their clients' needs through financial services produced efficiently and profitably.

Digitalization creates new opportunities to serve clients

Technological development and globalization have changed the operating environment of companies in the financial service business. Digitalization makes it possible to provide the services in a larger geographic area, at the same time serving the clients more cost-efficiently and with a sharper focus on their individual needs.

Investors have a larger selection of markets and investments to choose from which permits greater diversification and thereby more efficient portfolio management. The market

has also seen the introduction of so-called robot managers, fully automated services that are able to take the clients' individual targets and needs into account.

Digitalization generates new competition across sectorial boundaries, thus changing the competitive scene. FinTech start-ups and international technology giants (such as Google, Apple, Amazon and Facebook) are competing to develop new banking, financial and insurance services, offering new distribution channels. Their advantage is the far-reaching expertise and competence in latest IT, especially in big data, AI (Artificial Intelligence) and machine learning. These com-

The aim of the service providers is to be able to provide an outstanding customer experience by combining the digital and the personal service.

Changing operating environment



Investors require increasing attention to responsibility issues in the investments.

panies surpass the conventional banks and other financial sector operators in identifying the needs of different sectors and are more agile in creating new solutions. In turn, the conventional financial sector operators have the advantage of extensive client databases, the trust of their clients and the restrictions brought about by the strongly regulated market. However, their challenge is to develop an IT infrastructure that would be able to react more rapidly to the demands of the changing operating environment and new technology. Digitalization also entails new risks. Cyber risks must be considered not only in every element of the digital value chain but also in the different steps of the product and service design process.

Due to the increasingly fragmented value chain and the new competitors becoming established, the conventional financial sector operators must develop their own service models and processes and increase the rate of digitalization more significantly to be able to offer more integrated product and service concepts. Their clients want to have smoothly working and more personalized

service solutions, where the ease and speed offered by technology are combined with the individuality of personal service. The aim of the service providers is to be able to provide an outstanding customer experience by combining the digital and the personal service.

Regulation changes procedures and boosts consolidation

As a result of the financial crisis that started in 2008, combined with the globalization of the investment market and market disturbances, the regulatory and reporting demands on the financial sector have grown significantly, and the trend will persist in the near future. Enacted at the beginning of 2018, the Markets in Financial Instruments Directive (MiFID II) will considerably increase the regulatory actions related to the trading in financial instruments and provision of investment services. From the investor perspective, tighter regulation will improve consumer protection, contributing to more transparent procedures. The tighter regulation and supervision will considerably increase costs for financial

sector operators resulting from, for example, IT development and staff training needs as well as new sizable reporting requirements.

The increasing costs will most probably lead to consolidation in the financial sector when the administrative costs of smaller operators grow excessively and larger actors seek synergies, especially in administrative tasks. The potential to reach new clients and acquire novel competencies are other factors that will promote the consolidation trend.

Aging population creates new needs for financial services

Societal transitions, such as the aging of the population, pose challenges to the financial sector. Service providers must be able to respond to the needs of different client segments, using both the conventional and digital channels.

The aging of the population and the retirement of the baby-boomers will increase society's expenditure and, at the same time, decrease the amount of work performed. In the future, society will not be able to meet the citizens' every demand for welfare services but instead, there will be a growing need for private wealth to finance the services. This development will expand the clientele of the financial sector, creating new needs for investment and savings products and service solutions.

The capacity to utilize new technology divides the population. Some people con-

tinue to need personal banking and advisory services while others want to take care of banking and investment online, using more and more smart devices and online services. The young generation of digital natives is a new and different client target group. They expect a fully novel kind of interaction with their service provider, characterized by transparency and possibility to use the services smoothly, and independent of time and place.

Growing importance of responsible investment operations

Responsibility is a growing trend in investment operations. Investors want the operator implementing their investment strategy to pay increasing attention to responsibility issues in the investments, and seek investment and asset management solutions with integrated environmental and social responsibility and good governance, in other words the ESG factors (Environmental, Social, Governance). Banks and investment service companies are required to conduct increasingly responsible business operations, with open and transparent reporting.

The operating environment is guided by megatrends and the new phenomena are strongly interlinked and thus mutually strengthening. Evli follows the developments and changes in the operating environment with a keen eye and makes constant analyses of the possibilities and challenges arising from them.

STRATEGY

Simply unique

Evli's strategic priorities

- GROWTH**
 Promoting international growth through thoroughly selected fund products. Stable growth of Assets under Management in the domestic market
- NEW PRODUCTS AND SERVICES**
 Extending the product offering in the domestic market with new alternative investment products. Further development of the comprehensive corporate service offering
- DIGITIZATION**
 Developing the business and improving internal efficiency by investing in process automation, software robotics and utilization of artificial intelligence
- CUSTOMER EXPERIENCE**
 Ensuring a simply unique service and customer experience.

Evli's long-term target is to be a growing and profitable bank specialized in investments, which consolidates its position as a leading asset manager in Finland and engages in expanding international operations. The cornerstone of Evli's strategy is to harness the company's unique investment expertise by pursuing carefully defined strategies across an extensive geographical area.

International growth with carefully selected fund products

Evli has successfully established itself as a leading asset manager among Finnish investors and one of the biggest fund houses in the country. About 60 percent of Finnish institutions use Evli's asset management services*. Given the substantial share of the domestic market and the small size of the market, international growth is a natural objective for Evli. The company enjoys all the necessary competitive advantages to increase its sales to international investors. Sales in the Nordic countries are managed by own offices in Helsinki and Stockholm. In other countries, such as Central Europe and Latin America, sales are handled locally by carefully selected partners.

Growth is sought through thoroughly selected fund products with a crystal-clear strategy, excellent historical return and which are large enough in terms of the amounts of capital to be invested. Particularly in Central Europe, Evli benefits from the image of reliability and transparency associated with Nordic countries. Compared with international fund houses, Evli is small to size. This enables agility and more personalized service including direct contacts with portfolio managers and short response times.

New and more comprehensive product and service offerings

In the Finnish market, Evli's strategic priorities are to consolidate its position as the leading asset manager for high net worth

individuals and institutions as well as to extend the range of products and services available to existing clients. The offerings will be extended by alternative investments products intended for private individuals and institutions, and developing the comprehensive range of services provided for corporate clients.

Demand for alternative investment products has been growing for some time now. This is supported by several long-term trends, such as urbanization and a growing interest in alternative energy sources. Aside from the alternative investment products offered to international investors by Northern Horizon Capital, an affiliated company, Evli seeks to expand the range of these products available to Finnish investors.

*TNS Sifo Prospera External Asset Management 2017 Finland and SFR Scandinavian Financial Research Institutional Investment Services, Finland 2017.

Strategy

The efforts to develop the range of products intended for corporate clients are based on the creation of a unique system geared to increasing shareholder value. Companies are offered both corporate advice and services related to M&A activity, as well as management of incentive plans and corporate analyses. The strategy is to increase sales of these services in Finland and Sweden by demonstrating the benefits of an integrated, comprehensive range of services to clients.

Digital service models to respond to market development

Evli's business environment is becoming more and more digitized. As a result, clients are increasingly looking for digital solutions for the selection and use of investment services. Digital tools are also needed for day-to-day operations in the investment business. Evli's competitive edge relative to large operators is its higher agility to adjust to the fast-changing operating environment. At the same time, Evli is able to allocate more resources to digital systems than smaller competitors. While ensuring the scalability of its operations, Evli is also investing heavily in the development of digital services side

by side with more traditional service concepts. To guarantee its long-term competitiveness and to improve profitability, Evli will also focus on process automation, software robotics and the utilization of artificial intelligence.

Creating a superior customer experience

Evli's vision is to ensure that it is perceived as "simply unique" in offering a high standard of service and an unsurpassed customer experience 24/7. Focus on customer experience is a key element of Evli's strategy. The aim of the development of product and service concepts is to offer clients more flexible services with regard to individual needs and requirements. The key products and services consist of innovative institutional products and services and a sound corporate culture which is based on Evli's values: entrepreneurship, valuable relationships, integrity and continuous learning. These values and Evli's Ethical Code of Conduct serve as the guiding principles in the management of client relationships.

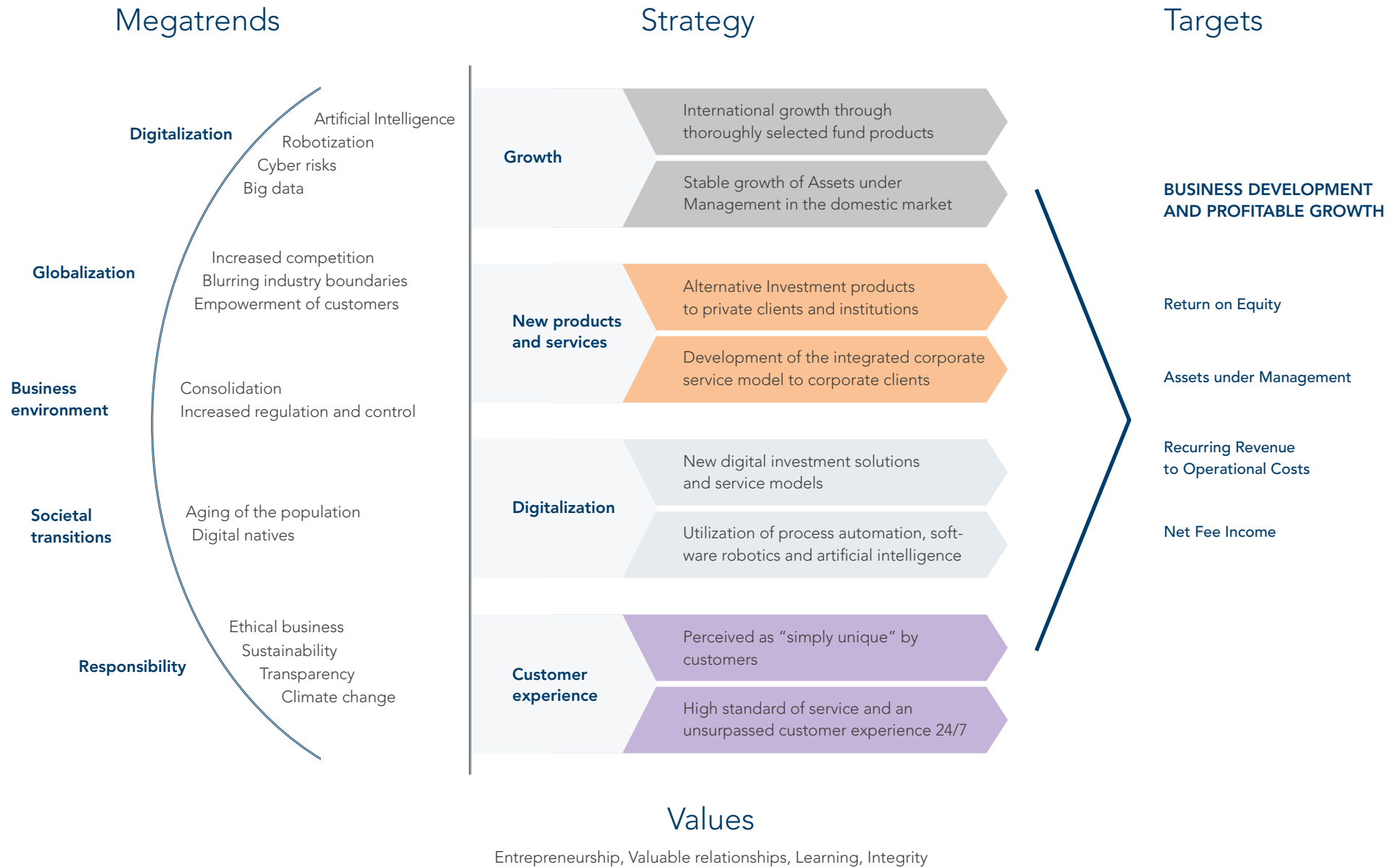
Customer experience is measured and monitored using internal and external indicators.

On the Private Banking side, customer experience is assessed by means of indicators that measure the expertise of Evli's employees and the quality of the service they provide. The findings are used for developing customer service, reinforcing client relationships and implementing Evli's strategy at client meetings. The customer experience of institutional clients is monitored by third-party companies such as TNS Sifo Prospera and SFR Scandinavian Financial Research. According to the surveys, Evli is the best and most used asset manager in Finland. The company is committed to maintaining and reinforcing this position.

Responsibility is an integral part of Evli's strategy and day to day operations. Responsible investment and responsible operations are a significant competitive advantage for Evli. Therefore Evli wishes to strengthen its corporate image as a responsible company. Evli's goal is to improve its responsibility on a more systematic basis.

Focus on customer experience is a key element of Evli's strategy.

Strategy



CORPORATE RESPONSIBILITY

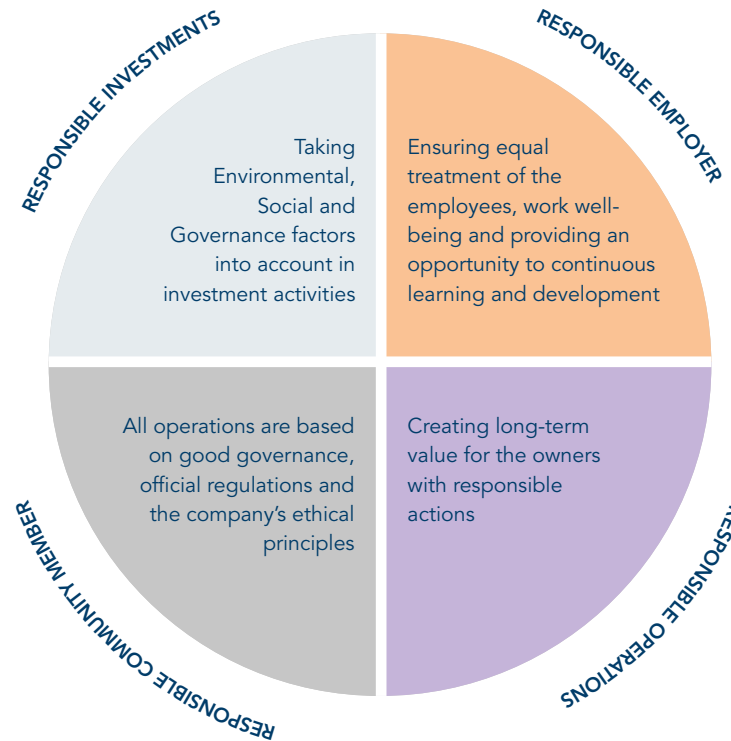
Evli's values and transparency at the core

Evli's clients and understanding their needs is at the cornerstone of its business. Evli's primary responsibility is to increase its clients' wealth based on the clients' individual goals. Evli's client relationships are long and based on mutual trust and ethically sustainable business.

Evli's development and business opportunities depend not only on the clients' trust, but also on the trust of the employees, owners, investors and society. To maintain and strengthen this trust, Evli must be proactive, transparent, highly ethical and responsible in all its operations.

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

Evli aims to develop its sustainability more systematically. For this purpose, Evli appointed a Head of Sustainability in the fall 2017.



Responsible investment increases transparency and openness

Evli's responsible investment activities are based on the principles of responsible investing which are applied to all Wealth Management's active investments. The company follows three procedures:

- a) Analysis of responsibility factors and calculation of ESG ratings*
- b) Monitoring of the principles of the UN's Global Compact
- c) Active ownership and engagement.

Analysis of responsibility factors means active and regular analysis of investments from the perspective of ESG factors and calculating ESG ratings for funds. Most of Evli's funds and model portfolios have earned an AA or A** rating, i.e. the investments in the funds take into account the ESG risks and opportunities within their own sector better than average.

Evli aims to develop its sustainability more systematically. For this purpose, Evli appointed a Head of Sustainability in the fall 2017.

*ESG refers to Environmental, Social and Governance factors. **The ESG rating scale from best to worst is AAA, AA, A, BBB, BB, B and CCC.

Corporate Responsibility

The second procedure is that in its direct investments and own funds, Evli monitors the possible violations of the principles of the UN Global Compact corporate responsibility initiative. The UN Global Compact principles apply to human rights, workers' rights, anti-corruption measures and environmental issues. The ESG ratings of the funds and any breaches of the norms are always processed in Evli's Responsible Investment Steering Group that consists of the Wealth Management unit's executives. In case of a violation of UN Global Compact norms, the steering group has three options:

- 1) Monitor the situation
- 2) Start engagement
- 3) Sell of the holding.

Active ownership and engagement are an essential part of Evli's principles of responsible investment practices. Evli seeks to act in ways that promote responsible business. The third procedure consists of participating in the General Meetings of the investment targets and discussing with the companies to promote responsible business practices.

In 2017, Evli engaged with nine companies. The engagement cases concerned, for example, environmental problems, respect of the rights of indigenous peoples, suspected violation of human rights, reporting

of responsibility factors and matters related to corporate governance. In addition to individual engagement cases, Evli participated in CDP 's* investor letters. The investment letters are a tool for investors to encourage companies that create an unusually high risk of climate change to report on their operations and associated climate risks.

Evli's portfolio managers use an ESG database that is based on data from the MSCI ESG Research service**, which helps them to analyze responsibility factors in a systematic manner. The use of the ESG database was extended in 2017 by deploying a new collection of databases associated with climate change. Evli was also the first asset manager in Finland that started to publicly report the ESG rating of its funds, which represented a significant leap forward in transparency and openness. Thanks to the reporting, anyone can evaluate the responsibility of Evli's funds. In addition, Evli published its first report on responsible investing in 2017.

Climate change has become an increasingly important theme in responsible investing, which is why two of Evli's factor funds were converted to low-carbon funds in 2017. The low-carbon funds exclude major coal mining companies and companies that produce the highest amount of greenhouse emissions, which is why Evli's factor funds have a signif-

KEY FIGURES OF EVLI'S RESPONSIBLE INVESTING IN 2017

ENGAGEMENT WITH A TOTAL OF COMPANIES **9**

22 PUBLIC ESG REPORTS FOR A TOTAL OF EVLI FUNDS

Joint engagement with other investors: **participation in CDP's investor letters and the Climate Action 100+ initiative.**

For the first time, **Evli ranked first in assessments on the responsibility of investment activities by the TNS Sifo Prospera and SFR surveys***.**

Success stems from motivated and thriving personnel

Evli's success is based on the professional skill of its employees and their ability to create new solutions for the benefit of the clients. Evli's services are provided by skilled employees. Particular attention is paid to the hiring process as well as developing and maintaining the motivation of the employees to ensure that the best experts in the business are available to serve Evli's clients.

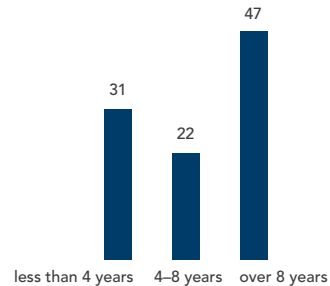
The skills of motivated and committed employees support the execution of the company's strategy and goals. As a responsible employer, Evli wishes to ensure equal treatment of the employees, work well-being and provide an opportunity to continuous learning and development. In 2006, Evli established the Evli Academy that provides training for the employees. In 2017, Evli held approximately twenty events that support the employees' development and well-being. Furthermore, Evli launched a training program with Aalto University Executive Education that will run until 2019. The program seeks to train the employees in an increasingly rapidly changing world to face the challenges of the digitalized environment.

icantly smaller carbon footprint than the market-weighted index. In December 2017, Evli signed the Climate Action 100+ initiative, in which investors act together to influence the top 100 greenhouse gas emitting companies to mitigate climate change.

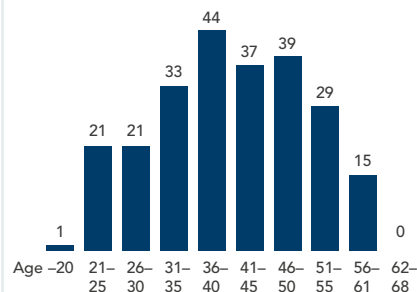
*CDP is an independent organization whose aim is to encourage companies to report on and manage their impact on the environment. Evli Bank has been an investment member of CDP since 2007.
 **MSCI ESG Research is an external service provider that assesses companies based on their responsibility factors.
 ***TNS Sifo Prospera External Asset Management Finland 2017 and SFR Scandinavian Financial Research Institutional Investment Services, Finland 2017.

Corporate Responsibility

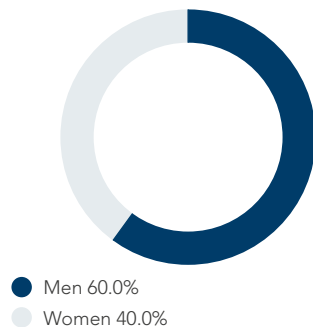
Duration of employment (%)



Age distribution (persons)



Gender diversity



Evli treats all employees equally, irrespective of their gender, age, ethnic or national background, nationality, language or religion. The company offers equal opportunities for all in recruitment, promotions and development. Furthermore, women and men are offered equal opportunities to combine working and family life.

Evli seeks to offer its employees a good working environment that promotes well-being at work and helps the employees to thrive. Job satisfaction and well-being at work are measured annually by means of an employee survey and smaller in-house surveys. The results drive further development of the work environment and work methods.

In 2017, Evli carried out a new employee survey created by Corporate Spirit. The new survey contained questions that corresponded better to the company's needs and reflected Evli's values and focus areas. 93.2 percent of the employees responded to the survey. The results indicate that Evli's key strengths include its recent development and future prospects. Furthermore, trust in Evli's Executive Group was at a high level. Areas needing development were internal communication and awareness of the company's values and

goals. In addition, the employees wished for more support in learning new things and individual development. These are areas which Evli will focus on in the next few years. Based on the results of the employee survey 2017, Evli was rewarded with the Finland's Most Inspiring Workplaces 2018 acknowledgement.

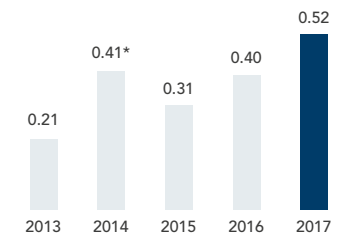
Responsible operations bring long-lasting value

Evli wants to be an interesting investment, both from the perspective of dividend income and increase in value. Evli avoids unnecessary risks and concentrates on moderate, long-term growth and development. These goals are supported by continuous efforts towards cost-efficiency, investments on growth and strong solvency. Responsible operations create long-term value for the owners and improve the ability to react to the opportunities and risks arising from economic, social and environmental megatrends.

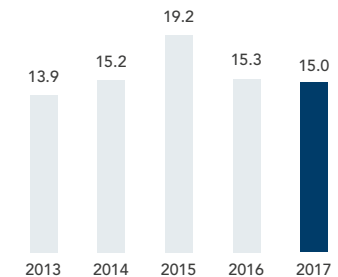
Every quarter, Evli publishes information on its financial development and operations for investors and analysts. The Annual General Meeting gives Evli's shareholders the oppor-

tunity to pose questions to the company's executives and the Board of Directors. During 2017, Evli started to plan the new ESG reporting. Evli aims to publish even more information on its corporate responsibility and its development from the perspective of clients, owners and investors. The first corporate responsibility report is scheduled to be published in 2018.

Dividend per share (€)



Capital adequacy ratio (%)



*Includes return of capital EUR 0.20 per share

Based on the results of the employee survey 2017, Evli was rewarded with the Finland's Most Inspiring Workplaces 2018 acknowledgement.

Corporate Responsibility

Common responsibility for supporting the society

Evli wishes to be a responsible member of the society and is committed to taking into account both the direct and indirect environmental impact of its operations. As a bank and investment services company, Evli's primary task is to offer investment and financial services that help private persons, institutions and companies to achieve their financial goals.

Evli's operations are always based on good governance, legislation and official regulations. Evli's head office is located in Finland, and the company also has branch offices and subsidiaries in Sweden and the United Arab Emirates. In each country, Evli pays its taxes in accordance with the local legislation.

As a bank, Evli plays an important role in preventing money laundering and funding of terrorism. For this purpose, Evli has clear operating instructions that apply to the entire personnel. The employees also receive annual training. Training in 2017 concerned the prevention of money laundering and funding of terrorism, customer due diligence and the MiFID II legislation. Evli has also adopted an active role in developing the regulation and good operating practices in the industry.

Evli wishes to increase environmental awareness among its clients and employees and offer services that help to mitigate harmful environmental impacts. Thanks to continu-

ous development of digital transaction channels and opportunities afforded by new technology, Evli can offer new forms of services that have a smaller environmental impact than before. Among the aims are reduction of paper consumption and replacing traditional paper letters with emails and online services. For example, the clients and other stakeholders can receive reports, bank statements and market reviews via the My Evli online service or by email.

Evli's headquarters in Helsinki has been granted the right to use the WWF Green Office logo and the office has also been awarded the LEED Gold (Leadership in Energy and Environmental Design) certification, one of the world's best-known green-building certificates. The company is committed to reducing the energy consumption and CO₂ emissions of its offices and paying attention to the environmental impacts of waste and consumption of paper. Since 2013, Evli has succeeded in reducing its energy consumption by 30 percent for example by improving the electricity consumption habits in its offices. Paper consumption has decreased by around 50 percent. Unnecessary travel is avoided by favoring telephone and video conferences. In addition, the employees strive to reduce their ecological footprint in their everyday work.

Due to its entrepreneurial background and skills, Evli is able to support entrepreneurs and promote entrepreneurship in society. Evli is a long-time partner of the EY Entrepreneur of the Year program that seeks to

promote Finnish growth and family entrepreneurship. Evli also offers its experience in Kasvuryhmä, a group that supports Finnish entrepreneurship, and also participates in the Yrittäjästä omistajaksi (From entrepreneur to owner) group that offers help to entrepreneurs that are transitioning from being entrepreneurs to owners.

In 2017, Evli honored the centenary of Finnish independence by participating in the national Nuku rauhassa (Sleep peacefully) campaign jointly organized by defense organizations and companies. Another action related to the centenary of Finnish independence was participation in Finland's largest ever volunteer work campaign, in which all Evli employees had the opportunity to spend one working day carrying out volunteer work of their choice. Among the volunteer work options were donating blood via the Finnish Red Cross, distributing food aid in Finland via Hurstin Laupeudentyö, a humanitarian organization, and donating clothes and other necessities to children of low-income families.

Evli wishes to increase environmental awareness among its clients and employees and offers products and services that help mitigating harmful environmental impacts.

FINANCE

Growth from new markets and new products

Evli has expanded its international business by selling selected fund products to international institutional investors. 22 percent of Evli's fund capital already comes from abroad. In addition, Evli has expanded the supply of alternative investment products to domestic clients.

Financial figures

| | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---------|-------|-------|-------|-------|
| Income statement key figures | | | | | |
| Operating income | 71.4 | 60.0 | 64.2 | 59.7 | 55.5 |
| Operating profit/loss | 21.3 | 11.1 | 13.3 | 9.8 | 6.7 |
| Operating profit margin, % | 29.8 | 18.5 | 20.6 | 16.3 | 12.1 |
| Profit for the financial year | 17.5 | 9.7 | 12.3 | 7.7 | 5.6 |
| Profitability key figures | | | | | |
| Return on equity (ROE), % | 25.5 | 14.3 | 20.2 | 15.2 | 11.5 |
| Return on assets (ROA), % | 2.0 | 1.4 | 2.2 | 1.4 | 1.0 |
| Balance sheet key figures | | | | | |
| Equity-to-assets ratio, % | 7.6 | 8.6 | 11.1 | 10.7 | 8.5 |
| Capital adequacy ratio, % | 15.0 | 15.3 | 19.2 | 15.2 | 13.9 |
| Key figures per share | | | | | |
| Earnings per share (EPS), fully diluted | 0.72 | 0.42 | 0.54 | 0.33 | 1.22 |
| Comprehensive earnings per share (EPS), fully diluted** | 0.69 | 0.40 | 0.53 | 0.31 | 0.24 |
| Dividend per share | 0.52*** | 0.40 | 0.31 | 0.41* | 0.21 |
| Equity per share | 3.12 | 2.81 | 2.96 | 12.44 | 11.66 |
| Share price at the end of the period | 9.60 | 6.75 | 8.19 | - | - |
| Other key figures | | | | | |
| Expense/income ratio | 0.7 | 0.8 | 0.8 | 0.8 | 0.9 |
| Recurring revenue ratio, % | 113.0 | 94.0 | 93.0 | 83.0 | 79.0 |
| Personnel at the end of the period | 240 | 244 | 248 | 242 | 245 |
| Market value | 224.9 | 157.4 | 190.9 | - | - |

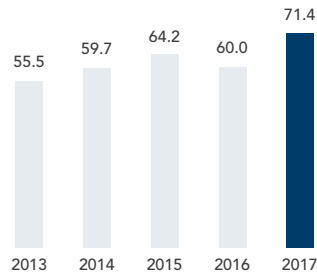
*Includes an additional return of capital 0.20 euros/share

**Split-adjusted share count 2013–2014

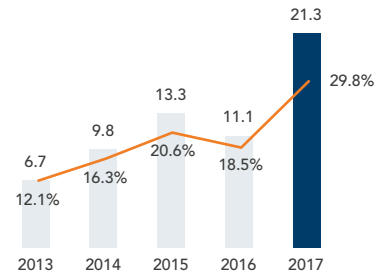
***Dividend for 2017, proposal by the Board of Directors

Graphs of the financial development

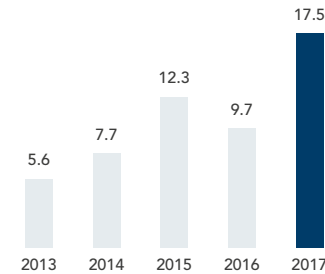
Net Revenue (M€)



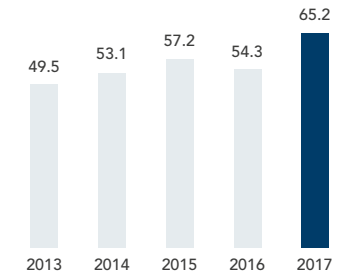
Operating profit (M€) and profit margin



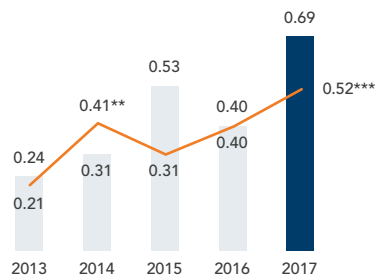
Net profit (M€)



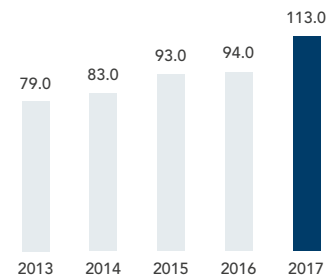
Net fee income (M€)



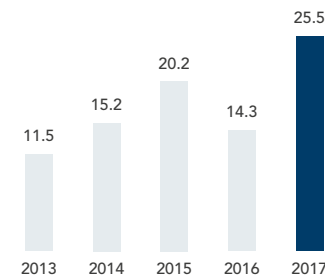
Earnings/share* (€) and dividend/share (€)



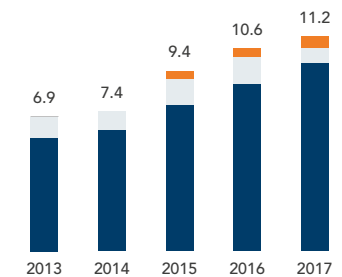
Proportion of recurring revenue to operating expenses (%)



Return on equity (%)



Net Assets under Management* (bn €)



* Diluted (IFRS)

** Includes an additional return of capital 0.20 euro/share

*** Board of Directors proposal

● Evli Bank Plc
 ● Northern Horizon Capital
 ● Evli Awards Management

*including associated companies

Board of Directors report

1.1.-31.12.2017

MARKET PERFORMANCE

2017 was a year of positive economic surprises and strong growth. Global economic growth was on a steady footing as all regions from Asia to the United States experienced significant growth. The euro area, which had been growing at a more moderate pace for a long time, saw strong accelerated growth. Despite growth, inflation growth remained low globally and was surprisingly weak especially in the United States. At the end of the year, market confidence in continued growth was boosted by the US tax reform and the associated improved economic forecasts for 2018. The growth has allowed central banks to continue their moderate tightening of monetary policy. In the US, official interest rates were increased on three occasions. In Europe, the European Central Bank (ECB) tapered its bond-buying program.

Political risks marked the entire year 2017. Uncertainty dominated the beginning of the year as President Donald Trump took office. In the summer, elections around Europe caused concern. In the fall, investors were worried about Catalonia's plans for independence and the Brexit negotiations. Uncertainty was also increased by the war of words between North Korea and the United States that was set off by

North Korea's nuclear tests, but in the end the market reaction was very moderate.

Equity markets improved robustly during 2017 and broke records. However, the strengthening of the euro against the dollar by as much as 14 percent during the year, reduced euro-denominated returns. European equities (Stoxx 600) returned 10.6 percent while US equities (S&P 500) returned 6.9 percent in euros. In Finland, equities rose 11.5 percent (OMX Helsinki Cap GI). The good equity performance was especially the result of strong profit growth which reached double digits in many markets such as Europe and the United States. With the rise in equity prices, valuation levels increased somewhat. In the United States especially, equity valuations are at a historically high level. In Europe and the emerging markets, valuation levels are more moderate according to almost all indicators.

In 2017, euro area high yield corporate bonds with a lower credit rating returned 6.9 percent. In contrast, the bonds of companies with a higher credit rating returned 2.4 percent while government bonds returned 0.1 percent. Price fluctuation was very low in all markets especially at the end of the year.

FINANCIAL PERFORMANCE

Development of revenue and result

The Evli Group's net revenue grew by 19 percent in 2017 and was EUR 71.4 million (EUR 60.0 million, 2016). The Group's net commission income was EUR 65.2 million (EUR 54.3 million). The increase in net revenue was positively affected especially by the considerable growth in recurring revenue. Brokerage of direct investment products also developed well.

Overall costs for January-December, including depreciation, amounted to EUR 50.1 million (EUR 48.9 million). The Group's personnel expenses totaled EUR 28.9 million (EUR 27.7 million) including estimated performance bonuses for the personnel. The Group's administrative expenses were EUR 15.1 million (EUR 14.8 million). The Group's depreciation, amortization and write-downs were EUR 2.3 million (EUR 3.1 million). Other operating expenses totaled EUR 3.9 million (EUR 3.3 million). Evli's expense/income ratio improved considerably on the previous year and was 0.70 (0.82).

The Group's operating profit for the review period almost doubled compared to the previous year to EUR 21.3 million (EUR 11.1 million). The operating margin was 29.8 percent

(18.5%). The profit for the review period was EUR 17.5 million (EUR 9.7 million). The profit in the current period and the comparison period was positively affected by the profit development in the associated company. The Group's return on equity was 25.5 percent (14.3%), which clearly exceeds the long-term return on equity target of 15.0 percent.

Balance sheet and funding

At the end of the year, the Evli Group's balance sheet total was EUR 960.7 million (EUR 755.0 million). Due to daily changes in client activity, significant fluctuations in the size of the balance sheet total are possible from one year to the next. At the end of the review period, the Evli Group's equity was EUR 72.5 million (EUR 65.3 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 15.0 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 13.0 percent.

The Group's funding from the public and credit institutions increased by 51.2 percent

compared with the previous year. The company's loan portfolio increased by 30.6 percent year on year to approximately EUR 92.0 million. The ratio of loans granted by the Group to Evli Bank Plc's deposits from the public was 14.8 percent. The Group's liquidity is very good, and Evli clearly meets the regulators' Liquidity Coverage Ratio (LCR) requirement.

BUSINESS AREA DEVELOPMENT

Wealth Management and Investor Clients

The Wealth Management and Investor Clients segment offers personal asset management services to present and future high net worth private individuals and institutions. The comprehensive product and service selection includes fund products offered by Evli and its partners, and various capital market services and alternative investment products. The segment also includes operations and execution activities that directly support these core activities.

Wealth Management

Sales of Evli's Wealth Management services were good during 2017. The number of clients continued to grow in both traditional and digital asset management.

During the first half of the year, Evli received acknowledgement for its digital services when the digital client experience of Evli's private clients was awarded best in Finland. The survey was carried out by Euromoney, one of the world's most respected financial industry periodicals. During the third quarter of the year,

Evli launched Evli Digital, its next generation digital asset management service. In this service, the goal-oriented investment strategy of major international institutions is now also available to private investors for the first time in Finland as a fully digital product. During the last quarter of the year, Evli launched a new mobile-friendly service in My Evli for trading with equities and ETFs. The trading service is part of the future My Evli, which has the objective of offering the most seamless and easy-to-use investment services. Evli will continue to focus strongly on the development of new digital services.

Evli also received recognition for its traditional wealth management expertise. For the third consecutive year, Evli was ranked as the best institutional asset manager in the TNS Sifo Prospera External Asset Management Finland 2017 survey. The ranking is based on the overall asset management score, which is calculated based on 12 quality criteria. Evli received particular praise and was placed first overall in portfolio management competence, product quality and responsible investments. Evli was also the most widely used institutional asset manager in Finland. Over 56 percent of the respondents use Evli's asset management services.

Evli was also ranked for the third time as best and most used institutional asset manager in Finland in SFR's Institutional Asset Management Client Survey 2017. As a recognition of this, Evli was awarded with the SFR Platinum Award. Evli received particular praise relative to its competitors in investment performance,

stability and resources as well as responsible investments.

Investment products - mutual funds

Within Evli's product selection, the fastest growth was in fund sales during 2017. Evli accumulated the second largest amount of net subscriptions among fund management companies in Finland, with EUR 991.0 million (EUR 1,018.6 million) in total. According to the Mutual Fund Report carried out by Investment Research Finland, Evli Fund Management Company's market share increased by 0.6 percentage points on the previous year and was 6.6 percent at the end of December. At the end of December, Evli had 29 funds registered in Finland. The combined assets of the mutual funds managed by the company were EUR 7,720 million (EUR 6,516 million). Of this, EUR 2,631 million were invested in equity funds (EUR 2,101 million), EUR 4,988 million in fixed income funds (EUR 4,237 million) and EUR 85 million in balanced funds (EUR 67 million). Evli's clients invested the most new assets in the Evli Short Corporate Bond (EUR 476 million), the Evli Equity Factor Europe (EUR 125 million) and the Evli Euro Liquidity (EUR 123 million) funds.

One of Evli's strategic targets is to boost the international sales of its investment products. The company's funds are currently available to institutional investors in for example Italy, Spain, France and Latin America in addition to the domestic markets of Finland and Sweden. The intention is to extend the availability of products to new markets and to increase the efforts in international sales. The international

interest in Evli's products has been good. The assets under management of clients outside of Finland grew from the previous year by 49 percent to EUR 1.7 billion at the end of 2017.

Evli's fund expertise was recognized during 2017. Evli Fund Management Company was rewarded with the Specialist Group of the Year award in the Fund Manager of the Year Awards 2017/18 by InvestmentEurope. In the ceremony the outstanding achievements of fund managers whose funds are available for sale across Continental Europe were celebrated.

Regarding individual funds, Evli's global equity fund Evli Global was awarded by the Swedish publications *Fondmarknaden.se* and *Privata Affärer* and by Morningstar in Finland and Sweden for being the best globally investing equity fund. Similarly, the Evli Emerging Frontier Fund was ranked the best Nordic equity fund investing in Emerging Markets in the Lipper Fund Awards 2017. The fund was awarded the highest points for consistent results over a period of three years.

Portfolio manager Juhamatti Pukka also received special acknowledgement and was ranked among the top 20 young portfolio managers in Citywire's Top talent age 40 and under comparison. Juhamatti Pukka reached a sixth place in the comparison and was the only Finnish portfolio manager among the top 20 talents.

During 2017, Evli made changes to its fund selection. Among others, the company launched the new non-UCITS fund Evli Factor Premia. Evli also merged the Head Nordic

Select Dividend fund with the Evli Nordic fund. The reasons for the merger were the decline in the number of clients in the merging fund and the decision to combine two Nordic equity funds to make one larger fund. In addition, the strategy of the Evli Alpha Bond fund was refined in the third quarter and its name was changed to Evli Nordic Corporate Bond.

Investment products - others

The customer activity for conventional equity brokerage in the Finnish market developed favorably during 2017. Cumulatively, the trading volume on Nasdaq Helsinki rose by 11 per-

cent from the same period last year. Despite the pick-up in customer activity, gross commissions from Evli's equity brokerage stayed at the same level as the previous year. By contrast, gross commissions received from brokerage of other investment products developed positively.

Evli has strengthened the group's product sales by establishing a tied agent network, coordinated by Evli Investment Solutions Oy. At the end of December, Evli had seven tied agents specializing in sales. The business has developed as planned.

Profit performance of the Wealth Management and Investor Clients segment

| Wealth Management and Investor Clients in numbers | 1-12/2017 | 1-12/2016 | Change % |
|--|------------------|------------------|-----------------|
| Net revenue, M€ | 55.4 | 47.1 | 17.6 |
| Operating profit/loss before Group allocations, M€ | 22.4 | 15.4 | 45.3 |
| Operating profit / loss, M€ | 15.7 | 6.9 | 128.8 |
| Personnel, at the end of period | 154 | 164 | -6.1 |
| Market share (Evli Fund Company), %* | 6.6 | 6.0 | |
| Net subscriptions to own funds, M€ | 991.0 | 1,018.6 | |

*Source: fund report by Finance Finland (FFI)

The Wealth Management and Investor Clients segment performed well during the review period. Net revenue increased by 17.6 percent on the corresponding period of the previous year and was EUR 55.4 million (EUR 47.1 million). Revenue was boosted especially by an increase in fund management fees, which resulted from the growth of net assets under management. EUR 2.4 million in performance-

based fees were received during the review period as a result of successful funds and wealth management (EUR 1.6 million).

Advisory and Corporate Clients

The Advisory and Corporate Clients segment provides advisory services related to M&A transactions, including corporate acquisitions

and divestments, IPOs and share issues. The segment also offers incentive program administration services and corporate analysis for listed companies.

M&A transactions

During 2017 Evli acted as the advisor in 28 transactions. The company has set the target of increasing its market share, particularly in public orders, and has launched measures to achieve this target, focusing especially on small- and middle-sized companies. During the year Evli has participated in eight share and bond issues. In addition, advisory activities outside of the Nordic countries have been concentrated through the global AICA network (Alliance of International Corporate Advisors). Through the network, Evli participated in one transaction. Towards the end of the year, the unit's activity significantly picked up on the year before and several orders were executed. Simultaneously work was carried out on new orders and marketing the operations and as a result, the outlook for the immediate future is positive. The company's mandate base has remained strong.

During 2017 Evli acted as Lead Manager in for example the following transactions:

- Efecte Plc's EUR 11.3 million IPO
- GoFore Plc's 21.2 million IPO
- Soundtrap's asset acquisition
- PEQ Invest's sale of Feab Isolerproffs to Cremab
- M-Brain's bond issue amounting to EUR 15 million
- SSH Communications Security's directed share issue amounting to EUR 7 million

- Digia's share issue with pre-emptive rights amounting to EUR 12 million
- Nortal's bond issue amounting to EUR 15 million
- Qt Group's rights issue amounting to EUR 15.3 million
- Svenska Brandslangfabriken AB's sale.

Incentive systems

A positive development marked the entire year 2017 regarding the administration of share-based incentive systems. The business potential has remained stable as new listings have increased the number of companies listed on the stock exchange. At the end of the year, Evli was responsible for the administration of the incentive systems for about 50 listed companies.

Investment research

The performance of Evli's investment research during its first full calendar year was a success. Almost without exception, clients have given the unit's services a positive reception and operations have developed as anticipated. During 2017, the company recruited three new analysts and at the end of the year, Evli's research service had 18 companies as its clients.

During the review period analyst Joonas Häyhä was awarded in Thomson Reuters yearly Analyst Award. Häyhä was ranked the best earnings estimator in the category Consumer Goods & Services in the Nordic countries.

Profit performance of the Advisory and Corporate Clients segment

| Advisory and Corporate Clients in numbers | 1-12/2017 | 1-12/2016 | Change % |
|--|-----------|-----------|----------|
| Net revenue, M€ | 9.9 | 7.8 | 26.2 |
| Operating profit/loss before Group allocations, M€ | 3.1 | 1.3 | 141.1 |
| Operating profit / loss, M€ | 2.4 | 1.3 | 84.4 |
| Personnel, at the end of period | 41 | 37 | 10.8 |

The net revenue of the Advisory and Corporate Clients segment increased by 26.2 percent compared to the previous year and was EUR 9.9 million (EUR 7.8 million). The first half of the year was quieter in the M&A business, but client activity clearly picked up during the second half. Significant fluctuations in revenue from one quarter to the next are typical of the segment's Corporate Finance activities.

Group Operations

The Group Operations segment includes support functions serving the business areas, such as Information Management, Financial Administration, Group Communications and Investor Relations, Legal Department, Human Resources, and Internal Services. Banking services and the company's own investment operations that support the company's operations, and the Group's supervisory functions; Compliance, Risk Management and Internal Audit, are also part of Group Operations.

Profit performance of the Group Operations segment

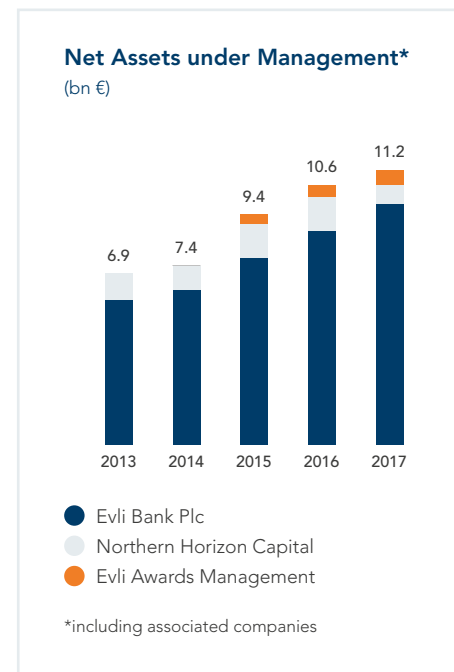
| Group Operations in numbers | 1-12/2017 | 1-12/2016 | Change % |
|--|-----------|-----------|----------|
| Net revenue, M€ | 5.5 | 4.4 | 23.7 |
| Operating profit/loss before Group allocations, M€ | -5.2 | -5.5 | -5.1 |
| Operating profit / loss, M€ | 2.2 | 3.1 | -27.3 |
| Personnel, at the end of period | 45 | 43 | 4.7 |

The net income of Group Operations increased by 23.7 percent year on year and was EUR 5.5 million in total (EUR 4.4 million). The growth is based on a better return from the own invest-

ment portfolio than the previous year. The costs of Group Operations remained at the previous year's level.

DEVELOPMENT OF CLIENT ASSETS UNDER MANAGEMENT

There was positive development in assets under management during 2017, apart from the assets under management of the associated company Northern Horizon Capital (NHC), which declined towards the fall as a result of the realization of the target portfolio. The negative development of NHC's assets under management does not have a material impact on Evli's result. The Group's combined net assets under management at the end of the year was EUR 11.2 billion (EUR 10.6 billion). When examining the assets under management of Evli's asset management and funds, 18.2 percent of the assets are those of international investors.



PERSONNEL

The group had 240 employees (244) at the end of December. The number of employees decreased by two percent, from the comparison period. 91 percent of the personnel were employed in Finland and nine percent abroad.

CHANGES IN GROUP STRUCTURE

During the review period Evli sold 8.5 percent of its shares in Evli Corporate Finance Ab to the company's employees. Evli's stake in the company is now 66.5 percent.

At the end of May 2017 Evli acquired the remaining of its company, Head Asset Management Oy, in which it previously had a 90 percent ownership. This transaction made Head Asset Management a wholly-owned subsidiary of Evli.

During the review period, Evli sold 13.5 percent of its shares in Terra Nova Capital Advisor Ltd to an employee of the company. As a result of the procedure, Evli's stake in the company is now 55.0 percent.

The operations of the OOO Evli Moscow company, which was part of the Evli Group, were liquidated on October 11, 2017 in accordance with the decision approved by the authorities.

A decision was made to terminate the operations of Nordic Shine Ltd, which was part of the Evli Group, in accordance with a decision made on October 18, 2017.

EVLI'S SHARES AND SHARE CAPITAL

At the end of December 2017, Evli Bank Plc's total number of shares was 23,430,420 shares, of which 15,624,177 were series A shares and 7,806,243 were series B shares. The company held 355,655 series A shares.

At the end of December, Evli had 7,806,243 series B shares subject to public trading on Nasdaq Helsinki Ltd. Trading in the shares in January-December came to EUR 16.1 million, with 2,175,167 Evli shares traded. The closing price on December 31, 2017 was EUR 9.60. The highest share price during 2017 was EUR 9.75 and the lowest was EUR 6.16. Evli's market capitalization was EUR 224.9 million on December 31, 2017. The market capitalization is calculated based on 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.

Additional information on major shareholders, shareholder allocation and ownership by owner group, and information on share-based key figures are available in the Shares and shareholders section on page 26.

DECISIONS OF THE GENERAL MEETING OF SHAREHOLDERS

Evli Bank Plc's Annual General Meeting was held in Helsinki on March 13, 2017. The meeting approved the financial statements and granted release from liability to the Members of the Board of Directors and the CEO for the 2016 financial year. The General Meeting approved a dividend of EUR 0.40 per share

as proposed by the Board of Directors. The date of record for dividend distribution was March 15, 2017 and the dividends were paid on March 22, 2017.

The Annual General Meeting confirmed six as the total number of members of the Board of Directors. Henrik Andersin, Robert Ingman, Harri-Pekka Kaukonen, Johanna Lamminen, Mikael Lilius and Teuvo Salminen were re-elected to Evli Bank Plc's Board of Directors. At its meeting held after the General Meeting, the Board of Directors elected from among its members, Henrik Andersin as Chairman and Harri-Pekka Kaukonen as Vice Chairman.

The Annual General Meeting confirmed the meeting attendance fee payable to Board members to EUR 5,000.00 per month, and the attendance fee payable to the Chairman of the Board and the Chairmen of the Committees to EUR 6,000.00 per month.

The Annual General Meeting authorized the Board of Directors to decide on the repurchase of the company's own series A and series B shares in one or more lots. The total number of own series A shares to be repurchased may be a maximum of 1,696,213 shares, and the total number of own series B shares to be repurchased may be a maximum of 635,178 shares. The proposed number of shares corresponds to a total of approximately 10 percent of the total number of the company's all shares on the date of the Notice of the Annual General Meeting.

Based on 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, 2018.

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. The proposed number of shares corresponds to a total of approximately 10 percent of the total number of the company's own shares on the date of the Notice of Annual General Meeting. 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 the total number of the company's all shares on the date of the Notice of Annual General Meeting.

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 will be in force until the next Annual General Meeting but not later than until June 30, 2018.

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

BUSINESS ENVIRONMENT

No material changes took place in Evli's business environment in 2017. As a result of tightening regulation, the competitive field has consolidated somewhat, but this has not changed Evli's competitive position in any essential way. The prevailing environment is favorable for the growth of the company's traditional operations and the situation in the company's domestic market in Finland is very stable. In 2017, Evli increasingly focused on improving international sales and developing alternative investment products. These are considered important sources of growth for

the company. Work has also been done to further improve scalability.

Evli has successfully established itself as a leading asset manager among Finnish investors and one of the biggest fund houses in the country. It has received significant recognition for these achievements. During 2017, Evli successfully gained a foothold in the fund markets of continental Europe. The competitive field and market practices in Central Europe differ from those in Finland, which means expansion into new markets requires efforts in the areas of sales and administration and will also take time. For international institutional investors, evaluating the suitability of investment products and making subscription decisions are processes that take a lot of time. There is significant potential in the market, however, and international growth is a strategic priority for Evli and its development is monitored closely.

Another strategic priority for the company is alternative investment products. Demand for this asset class has continued to grow for quite some time. In addition, several long-term trends, such as ageing of the population, urbanization and increasing interest in alternative sources of energy, support this growth trend. Evli is investigating several alternative investment products to develop new solutions that perform well for investors. The company's goal is to turn alternative products into a significant source of revenue.

As a part of the scalability of its operations, Evli has also invested significantly in the devel-

opment of its digital services alongside traditional service models. Process automation, robotic process automation and artificial intelligence will, in the future, play an increasing role in the daily activities of the investment services industry. Together, they also make costs structures more efficient. Evli will continue to invest in digital services and automation of its practices in the future to maintain its competitiveness.

RISK MANAGEMENT AND BUSINESS RISKS

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 wealth management business. Its 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 advisory assignments, any changes in the market confidence of investors and corporate management may result in the lengthening or termination of projects.

Evli's most significant risks associated with its bank and investment activities are liquidity, market and interest rate risks. These risks are controlled with limits set by Evli Bank's Board of Directors. The limits are constantly monitored. The basis for investments made by the company is that they must not endanger Evli's result or solvency. Evli's investments are very highly diversified, and dependency on a sin-

gle company is restricted by limiting the size of company-specific investments, for example. Regardless of good monitoring, there is always a certain degree of risk involved in investment activities, which means the return from investment activities can fluctuate significantly from one quarter to the next.

EVENTS TAKING PLACE AFTER THE FINANCIAL PERIOD

Evli has decided to focus the development of alternative investment products to Evli Fund-management Company, through which the business operations and subsidiaries of Evli Alternative Investments Oy will be transferred to Evli Fund Management Company.

OUTLOOK FOR 2018

The risks associated with the general trend in the equity and fixed income markets have increased along with high valuation levels especially in US equities and corporate bonds with a lower rating. A decline in equity prices or a weakening of investors' risk appetite would have a negative impact on the company's performance. Demand for Evli's products has remained stable and assets under the Group's management have grown substantially in recent years, softening the result-impact of any reversal of the market.

The performance of the Advisory and Corporate Clients segment has been positive and the outlook for 2018 is stable. Investment activities through Evli's own balance sheet and

lending have been increased in 2017 according to plan. In the advisory business and in own investment activities, substantial fluctuations in annual returns are possible.

Thanks to successful and stable development in 2017, we estimate that our result for the financial year 2018 will be clearly positive.

Helsinki, February 12, 2018

Board of Directors

Shares and Shareholders

Shares and Shareholders' Equity

Evli Bank has two series of shares, the A and B series. One series A share entitles the holder to twenty (20) votes and one series B to one (1) vote at the Annual General Meeting. The two series of shares have equal rights to dividends and other forms of profit distribution. The Company's series B share is listed on the official list of Nasdaq Helsinki with the ticker symbol "EVLI" and ISIN code FI4000170915.

At the end of December 2017, the aggregate number of Evli's shares was 23,430,420, with

the series A shares accounting for 15,624,177 shares and series B shares for 7,806,243 shares. The Company held 355,655 of its own series A shares. At the end of 2017, the Company's share capital amounted to 30,194,097.31 euro. The share capital remained unchanged throughout the year.

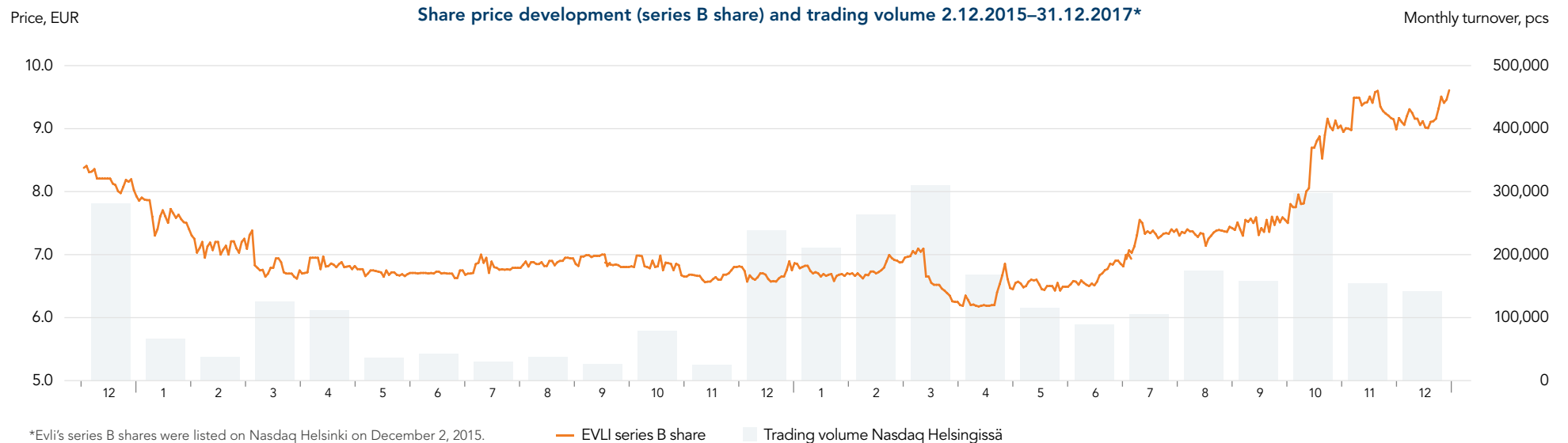
Trading in shares

At the end of December 7,806,243 of Evli's series B shares were publicly traded in Nasdaq Helsinki. The share exchange between January and December totalled 16.1 million euro

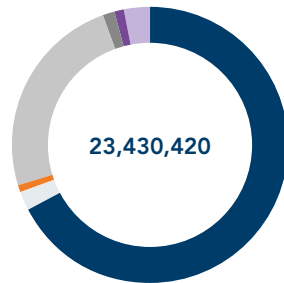
while the number of Evli shares exchanged was 2,175,167. During the review period, the maximum trading price of the share was EUR 9.75 while the lowest price was EUR 6.16. The share's closing price on December 31, 2017 was EUR 9.60. Evli's market capitalisation, calculated based on both the unlisted series A and the listed series B shares, was EUR 224.9 million on December 31, 2017. The series A shares are valued at the review year closing price of the series B shares.

Shareholders

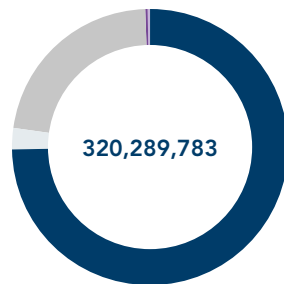
At the end of 2017, Evli had 3,044 (2,238) shareholders in the book-entry register. The stake of Finnish companies was 67.3 percent (67.4%) and that of private Finnish individuals was 24.2 percent (24.1%).



Breakdown of shareholdings by owner group



Breakdown of votes by owner group



- Companies
- Financial and insurance institutions
- Public sector organizations
- Households
- Non-profit institutions
- Foreigners
- Nominee registered

LARGEST SHAREHOLDERS

| | A Shares | B Shares | Shares total | % of all shares | % of votes |
|--|-----------|----------|--------------|-----------------|------------|
| 1. Oy Scripo Ab | 3,803,280 | 950,820 | 4,754,100 | 20.3 | 24.1 |
| 2. Prandium Oy Ab | 3,803,280 | 950,820 | 4,754,100 | 20.3 | 24.1 |
| 3. Oy Fincorp Ab | 2,319,780 | 511,172 | 2,830,952 | 12.1 | 14.7 |
| 4. Ingman Group Oy Ab | 1,860,000 | 500,000 | 2,360,000 | 10.1 | 11.8 |
| 5. Lehtimäki Maunu | 433,728 | 108,432 | 542,160 | 2.3 | 2.7 |
| 6. Hollfast John Erik | 328,320 | 82,080 | 410,400 | 1.8 | 2.1 |
| 7. Tallberg Claes | 369,756 | 32,588 | 402,344 | 1.7 | 2.3 |
| 8. Evli Bank Plc | 355,655 | - | 355,655 | 1.5 | 2.2 |
| 9. Moomin Characters Oy Ltd | - | 249,627 | 249,627 | 1.1 | 0.1 |
| 10. Svenska Litteratursällskapet i Finland | - | 220,336 | 220,336 | 0.9 | 0.1 |

BREAKDOWN OF SHAREHOLDINGS BY OWNER GROUP

| | Number of shareholders | Proportion of shareholders, % | Number of shares | Proportion of shares, % | Number of votes | Proportion of votes, % |
|--------------------------------------|------------------------|-------------------------------|-------------------|-------------------------|--------------------|------------------------|
| Companies | 162 | 5.3 | 15,772,746 | 67.3 | 240,343,930 | 75.0 |
| Financial and insurance institutions | 20 | 0.7 | 562,817 | 2.4 | 8,001,573 | 2.5 |
| Public sector organizations | 2 | 0.1 | 184,433 | 0.8 | 184,433 | 0.1 |
| Households | 2,828 | 92.9 | 5,660,103 | 24.2 | 70,962,837 | 22.2 |
| Non-profit institutions | 11 | 0.4 | 312,467 | 1.3 | 312,467 | 0.1 |
| Foreigners | 21 | 0.7 | 254,861 | 1.1 | 484,543 | 0.2 |
| Total | 3,044 | 100.0 | 22,747,427 | 97.1 | 320,289,783 | 99.8 |
| Nominee registered | 7 | | 682,993 | 2.9 | 682,993 | 0.2 |
| Number of shares issued | | | 23,430,420 | 100.0 | 320,289,783 | 100.0 |

BREAKDOWN OF SHAREHOLDINGS BY SIZE CLASS

| | Number of shareholders | Proportion of shareholders, % | Number of shares | Proportion of shares, % | Number of votes | Proportion of votes, % |
|--------------------------------|------------------------|-------------------------------|-------------------|-------------------------|--------------------|------------------------|
| 1-100 | 693 | 22.8 | 41,725 | 0.2 | 41,725 | 0.0 |
| 101-1,000 | 1,976 | 64.9 | 562,268 | 2.4 | 562,268 | 0.2 |
| 1,001-10,000 | 282 | 9.3 | 811,422 | 3.5 | 1,363,676 | 0.4 |
| 10,001-100,000 | 66 | 2.2 | 2,265,967 | 9.7 | 20,626,465 | 6.4 |
| 100,001-1,000,000 | 23 | 0.8 | 5,049,886 | 21.6 | 59,056,037 | 18.4 |
| 1,000,001- | 4 | 0.1 | 14,699,152 | 62.7 | 238,639,612 | 74.5 |
| Total | 3,044 | 100.0 | 23,430,420 | 100.0 | 320,289,783 | 100.0 |
| of which nominee registered | 7 | | 682,993 | 2.9 | 682,993 | 0.2 |
| Number of shares issued | | | 23,430,420 | 100 | 320,289,783 | 100 |

Authorisations given to the Board of Directors

The Annual General Meeting authorised the Board to decide on the purchase of the Company's own series A and B shares in one or several instalments. The maximum total number of purchased series A shares is 1,696,213 while the maximum total number of purchased series B shares is 635,178. The proposed number of shares corresponds to approximately 10 percent of the total shares of the Company on the date of the invitation to the Annual General Meeting. The authorisation remains in force until the following Annual General Meeting, however, no longer than until June 30, 2018.

Evli's series A share can be converted into a series B share under Article 4 of the Articles of Association. During 2017, the company converted its series A series into series B shares as follows:

- On January 3, 2017, 1,050,464 series A shares were converted into series B shares. The converted shares became publicly tradeable at Nasdaq Helsinki as of January 4, 2017.
- On May 11, 2017, 150,432 series A shares were converted into series B shares. The converted shares became publicly tradeable at Nasdaq Helsinki as of May 12, 2017.
- On November 17, 2017, 14,667 series A shares were converted into series B shares. The converted shares became publicly tradeable at Nasdaq Helsinki as of November 20, 2017.
- On December 5, 2017, 14,667 series A shares were converted into series B shares. The converted shares became

publicly tradeable at Nasdaq Helsinki as of December 7, 2017.

- On December 28, 2017, 200,929 series A shares were converted into series B shares. The converted shares became publicly tradeable at Nasdaq Helsinki as of December 29, 2017.

Option Programs

Evli's Option Programs 2014 and 2016 are part of Evli Group's incentive and commitment system targeted at the key employees. For further information on the Company's Option Program, please go to the web page www.evli.com/investors or Note 1.8 Employee benefits,

in the Notes to the consolidated income statement. In addition to the option programs, the Evli Group established a share-based incentive programme in 2017. The rewards based on the incentive programme are given in Evli shares. Further information on the incentive programme can be found in section Evli Banks Plc's Remuneration report.

Share ownership of executives

The share ownership of the Board members of Evli Bank Plc, including the holdings in the controlled corporations, were 7,175,705 shares in total on December 31, 2017, accounting for 30.6 percent of the total shares and 35.8 per-

cent of voting rights. At year-end, CEO Maunu Lehtimäki owned 542,160 shares which is 2.3 percent of the shares and 2.7 percent of the voting rights. Moreover, he has been given 42,000 stock options 2014 and 40,000 stock options 2016. At year-end, other members of the Evli Group's Executive Group owned 846,775 shares in aggregate, corresponding to 3.6 percent of the total shares and 3.3 percent of the voting rights. In addition, the Executive Group was given 35,000 stock options 2016 and 9,200 Evli shares in the context of the share-based incentive programme established in 2017. The members of the Board of Directors of Evli Bank Plc had no stock options.

CHANGES IN THE SHARE CAPITAL, BOARD AUTHORIZATIONS AND OPTION PROGRAMS

| | Number of own shares held | Number of outstanding shares | Share capital, M€ | Share premium fund, M€ | Fund of invested non-restricted equity, M€ |
|--|---------------------------|------------------------------|-------------------|------------------------|--|
| 1.1.2016 | 0 | 23,313,920 | 30.2 | 1.8 | 24.2 |
| Aquisition of own shares, 2016 authorization | 209,540 | -209,540 | 0 | 0 | -0.7 |
| Aquisition of minority interest | 0 | 0 | 0 | 0 | -6.2 |
| Sale of subsidiary shares | 0 | 0 | 0 | 0 | 0.4 |
| Translation difference | 0 | 0 | 0 | 0 | 0.1 |
| Transfer from retained earnings | 0 | 0 | 0 | 0 | 0.7 |
| 31.12.2016 | 209,540 | 23,104,380 | 30.2 | 1.8 | 18.4 |
| Total number of shares | | 23,313,920 | | | |
| 1.1.2017 | 209,540 | 23,104,380 | 30.2 | 1.8 | 18.4 |
| Aquisition of own shares | 146,115 | -146,115 | 0.0 | 0.0 | -0.5 |
| Optio-oikeus merkinnät (optio-ohjelma 2014) | 0 | 116,500 | 0.0 | 0.0 | 0.2 |
| Share issue | 0 | 0 | 0.0 | 0.0 | -0.5 |
| Translation difference | | | | | 0.0 |
| 31.12.2017 | 355,655 | 23,074,765 | 30.2 | 1.8 | 17.5 |
| Total number of shares | | 23,430,420 | | | |

Calculation of key ratios

| | | | | | | |
|-------------------------------|---|--|---|---|---|-------|
| Sales | Net interest income + commission income + net income from securities transactions and foreign exchange dealing + other operating income | | Comprehensive Earnings per Share (EPS), fully diluted | = | Comprehensive income for the year after taxes attributable to the shareholders of Evli Bank Plc | |
| | | | | | Average number of shares outstanding including issued share and option rights | |
| Net revenue | From Income Statement. Includes gross returns, deducted by interest and commission expenses. | | | | | |
| Operating profit/loss | From Income Statement | | Earnings per Share (EPS) | = | Profit for the year after taxes attributable to the shareholders of Evli Bank Plc | |
| | | | | | Average number of shares outstanding including issued share and option rights | |
| Profit for the financial year | From Income Statement | | Group's capital adequacy (CET1), % | = | Group assets (common equity Tier 1 capital) | x 100 |
| | | | | | Risk-weighted items total | |
| Return on equity (ROE), % | = | $\frac{\text{Profit / Loss for financial year}}{\text{Equity capital and minority interest (average of the figures for the beginning and at the end of the year)}} \times 100$ | Equity per share | = | Equity attributable to the shareholders of Evli Bank Plc | |
| | | | | | Number of shares at the end of the year | |
| Return on assets (ROA), % | = | $\frac{\text{Profit / Loss for financial year}}{\text{Average total assets (average of the figures for the beginning and at the end of the year)}} \times 100$ | Recurring revenue to operating costs ratio | = | All revenues that are not transaction based but time dependant* | |
| | | | | | All operative expenses excluding reservation for bonuses from review period | |
| Equity ratio, % | = | $\frac{\text{Equity incl. non-controlling interest's share of equity}}{\text{Average balance total}} \times 100$ | | | | |
| Expense/income ratio | = | $\frac{\text{Administrative expenses + depreciation and impairment charges + other operating expenses}}{\text{Net interest income + net commission income + net income from securities transactions and foreign exchange dealing + other operating income}}$ | | | | |

*Asset management, fund fees, administration of incentive schemes, research, custody and client net interest fees

Financial statements 1.1.–31.12.2017

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6. Parent company's financial statements

The figures in the financial statements are presented in millions of euros, unless indicated otherwise.

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Consolidated income statement, IFRS

Accounting principle

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 personnel expenses, other administrative expenses, depreciation, amortization and possible impairment losses, and other operating expenses are deducted from net revenue. All other items than the ones mentioned above are presented below operating profit in 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 granted under share-based incentive programs.

| | Note | 1.1.–31.12.2017 | 1.1.–31.12.2016 |
|---|------|-----------------|-----------------|
| Interest income | 1.1. | 3.2 | 2.8 |
| Interest expenses | 1.2. | -2.3 | -1.2 |
| NET INTEREST INCOME | | 0.9 | 1.6 |
| Fee and commission income | 1.3. | 67.1 | 56.4 |
| Fee and commission expenses | 1.4. | -1.9 | -2.1 |
| Net income from securities transactions | 1.5. | 5.2 | 3.8 |
| Income from equity investments, total | 1.6. | -0.3 | 0.2 |
| Other operating income | 1.7. | 0.4 | 0.1 |
| NET REVENUE | | 71.4 | 60.0 |

| | Note | 1.1.–31.12.2017 | 1.1.–31.12.2016 |
|---|-------|-----------------|-----------------|
| Operating expenses | | | |
| Administrative expenses | | | |
| Personnel expenses | 1.8. | -28.9 | -27.7 |
| Other expenses | 1.9. | -19.0 | -18.1 |
| Impairment charges on goodwill | 1.10. | 0.0 | -0.2 |
| Depreciation and amortization on tangible and intangible assets | 1.10. | -2.3 | -3.0 |
| Impairment losses on loans and other receivables | 1.10. | 0.0 | 0.0 |
| Impairment losses on other financial assets | 1.11. | 0.0 | 0.0 |
| OPERATING PROFIT/LOSS | | 21.3 | 11.1 |
| Share of profit or loss of associates | 1.12. | 0.6 | 1.1 |
| PROFIT BEFORE INCOME TAX | | 21.8 | 12.1 |
| Income taxes | 1.13. | -4.3 | -2.4 |
| PROFIT / LOSS FOR THE FINANCIAL YEAR | | 17.5 | 9.7 |
| Attributable to | | | |
| Minority interest | | 0.8 | 0.2 |
| Shareholders of parent company | | 16.7 | 9.6 |
| PROFIT / LOSS FOR THE FINANCIAL YEAR | | 17.5 | 9.7 |
| OTHER COMPREHENSIVE INCOME / LOSS | | | |
| Items that are or may be reclassified subsequently to profit or loss | | | |
| Foreign currency translation differences - foreign operations | | -0.2 | 0.1 |
| Other comprehensive income/loss | | -0.2 | 0.1 |
| Other comprehensive income after taxes / loss for the year | | -0.2 | 0.1 |
| Other comprehensive income / loss for the year | | 17.4 | 9.8 |
| Attributable to | | | |
| Non-controlling interest | | 0.8 | 0.2 |
| Equity holders of parent company | | 16.5 | 9.6 |
| Earnings per share (EPS), fully diluted | | 0.72 | 0.42 |
| Comprehensive earnings per share (EPS), fully diluted | | 0.69 | 0.40 |

To the Financial statements contents

Consolidated balance sheet, IFRS

| ASSETS | Note | 31.12.2017 | 31.12.2016 | LIABILITIES AND EQUITY | Note | 31.12.2017 | 31.12.2016 |
|--|-------|--------------|--------------|---|-------|--------------|--------------|
| CASH AND CASH EQUIVALENTS | 2.1. | 383.2 | 203.1 | LIABILITIES | | | |
| Loans and other receivables | | | | Financial liabilities at amortized cost | | | |
| Claims on credit institutions | 2.2. | 64.1 | 66.0 | Liabilities to credit institutions and central banks | 2.13. | 31.7 | 5.5 |
| Claims on the public and public sector entities | 2.3. | 92.0 | 70.4 | Liabilities to the public and public sector entities | 2.14. | 621.5 | 445.0 |
| LOANS AND OTHER RECEIVABLES, TOTAL | | 156.1 | 136.4 | Debt securities issued to the public | 2.15. | 97.5 | 46.1 |
| Financial assets at fair value through profit or loss | | | | FINANCIAL LIABILITIES AT AMORTIZED COST, TOTAL | | 750.7 | 496.5 |
| Debt securities eligible for refinancing with central banks | 2.4. | 36.3 | 39.1 | Financial liabilities at fair value through profit or loss | | | |
| Debt securities | 2.4. | 229.4 | 183.9 | Derivative contracts and other liabilities held for trading | 2.16. | 34.6 | 41.0 |
| Shares and participations | 2.5. | 31.5 | 65.8 | FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS | | 34.6 | 41.0 |
| Derivative contracts | 2.6. | 30.2 | 26.9 | Other than financial liabilities | | | |
| FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS | | 327.4 | 315.8 | Other liabilities | 2.17. | 83.6 | 136.4 |
| Other than financial assets | | | | Accrued expenses and deferred income | 2.18. | 19.1 | 15.3 |
| Shares and participations in associates | 2.7. | 3.6 | 3.0 | Deferred tax liabilities | 2.19. | 0.2 | 0.5 |
| Intangible assets and goodwill | 2.8. | 10.0 | 9.9 | Other than financial liabilities, total | | 102.9 | 152.2 |
| Property, plant and equipment | 2.9. | 1.8 | 1.9 | TOTAL LIABILITIES | | 888.2 | 689.7 |
| Other assets | 2.10. | 73.9 | 80.8 | EQUITY | 2.20. | | |
| Accrued income and prepayments | 2.11. | 4.0 | 3.6 | Share capital | | 30.2 | 30.2 |
| Deferred tax assets | 2.12. | 0.7 | 0.4 | Share premium fund | | 1.8 | 1.8 |
| OTHER THAN FINANCIAL ASSETS, TOTAL | | 93.9 | 99.7 | Fund of invested non-restricted equity | | 17.5 | 16.7 |
| TOTAL ASSETS | | 960.7 | 755.0 | Other reserves | | 0.1 | 0.1 |
| | | | | Translation difference | | -0.2 | -0.2 |
| | | | | Retained earnings | | 22.2 | 14.6 |
| | | | | Minority interest | | 0.9 | 0.4 |
| | | | | TOTAL EQUITY | | 72.5 | 65.3 |
| | | | | TOTAL LIABILITIES AND EQUITY | | 960.7 | 755.0 |

To the Financial statements contents

Consolidated statement of cash flow, IFRS

Accounting principle

Comments on the cash flow statement

In the cash flow statement, the flows of cash and cash equivalents during the financial year are presented for all operations. Evli Bank Plc's cash flow statement has been prepared in accordance with the direct method, where cash inflows and outflows are reported primarily in gross terms. Cash flows are classified as cash flows from operating activities, cash flows from investing activities and cash flows from financing activities.

Operating activities

Operating activities are the principal revenue-producing activities. Cash flows are primarily fees and interest received, and payments to providers of goods and services and personnel. Changes in operating assets and liabilities consist of assets and liabilities that are part of normal business activities, such as loans, deposits and debt securities in issue. Pending transactions and changes in the trading book are presented in net terms.

Investing activities

Cash flow from investing activities consists of investments in intangible rights such as software licenses and client agreements, and payments related to mergers and acquisitions.

Financing activities

Financing activities include payments from equity items to shareholders, share issues and payments of leasing liabilities.

Cash and cash equivalents

Cash assets consist of cash, and loans to banks payable on demand.

| | 1.1.–31.12.2017 | 1.1.–31.12.2016 |
|--|-----------------|-----------------|
| Cash flow from operating activities | | |
| Interest and commission received and proceeds from securities transactions incl. dividends | 71.3 | 58.3 |
| Open trades, net | -34.3 | 31.7 |
| Interest and commissions paid | -4.2 | -3.2 |
| Cash payments to employees and suppliers | -57.2 | -45.1 |
| Increase (-) or decrease in operating assets: | | |
| Net change in trading book assets and liabilities | -14.5 | -84.1 |
| Deposits held for regulatory or monetary control purposes | -17.9 | 1.6 |
| Issue of loan capital | 51.4 | 10.4 |
| Funds advanced to customers | 182.4 | 75.9 |
| Net cash from operating activities before income taxes | 177.0 | 45.4 |
| Income taxes | -4.1 | -3.6 |
| Net cash used in operating activities | 172.9 | 41.8 |
| Cash flow from investing activities | | |
| Proceeds from sales of subsidiaries and associates | -1.1 | -7.2 |
| Acquisition of property, plant and equipment and intangible assets | -1.9 | -3.1 |
| Net cash used in investing activities | -3.0 | -10.2 |
| Cash flow from financing activities | | |
| Purchase of own shares | -0.3 | -0.7 |
| Payment of finance lease liabilities | -0.2 | 0.0 |
| Dividends paid | -9.2 | -7.6 |
| Net cash from financing activities | -9.6 | -8.4 |
| Net increase in cash and cash equivalents | 160.3 | 23.2 |
| Cash and cash equivalents at beginning of period | 228.3 | 205.0 |
| FX-rate impact on cash and cash equivalents | 0.1 | 0.1 |
| Cash and cash equivalents at end of period | 388.6 | 228.3 |

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Consolidated statement of changes in equity, IFRS

| | Share capital | Share premium fund | Reserve for invested unrestricted equity | Other reserves | Translation difference | Retained earnings | Total | Non-controlling interest | Total Equity |
|---|---------------|--------------------|--|----------------|------------------------|-------------------|-------------|--------------------------|--------------|
| Equity capital 31.12.2015 | 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 | 0.9 | -0.3 | 0.6 |
| 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 |
| Translation difference | | | | | 0.0 | | 0.0 | | 0.0 |
| Profit/loss for the period | | | | | | 16.7 | 16.7 | 0.8 | 17.5 |
| Dividends | | | | | | -9.2 | -9.2 | -0.3 | -9.5 |
| Share options exercised | | | 0.2 | | | | 0.2 | | 0.2 |
| Acquisition of own shares | | | -0.5 | | | | -0.5 | | -0.5 |
| Acquisition of non-controlling interest | | | -0.5 | | | | -0.5 | | -0.5 |
| Other changes | | | -0.1 | 0.1 | | 0.0 | 0.0 | 0.0 | 0.0 |
| Equity capital 31.12.2017 | 30.2 | 1.8 | 17.5 | 0.1 | -0.2 | 22.2 | 71.6 | 0.9 | 72.5 |

The Group's equity capital is shown in detail in note 2.20 Equity Capital

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Segment information

Accounting principle

Segment information is reported in accordance with the Group's division of business and geographical segments. Evli renewed its organizational structure in 2017 and has reported segment information for the current and previous financial years in accordance with the new structure from the beginning of 2017.

The business segments consist of business units whose products and services and earnings logic and profitability differ from one another. The business risks related to the business segments are also different. Evli's operations are divided by client type and services into two segments: the Wealth Management and Investor Clients segment and the Advisory and Corporate Clients segment. Operations not included above are classified as Group Operations, and the business

segments mentioned above make use of these operations.

The Wealth Management and Investor Clients segment offers personal asset management services to present and future high net worth private individuals and institutions. The comprehensive product and service selection includes fund products offered by Evli and its partners, and various capital market services and alternative investment products. The segment also includes production and implementation activities that directly support core activities.

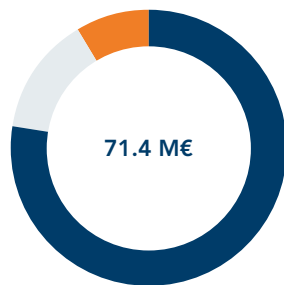
The Advisory and Corporate Clients segment provides services related to M&A transactions, including corporate acquisitions and divestments, and advisory ser-

vices related to IPOs and share issues. The segment also offers administration of incentive programs and corporate analysis for listed companies.

The Group Operations segment includes support functions serving the business areas, such as Information Management, Financial Administration, Group Communications and Investor Relations, Legal Department, Human Resources and Internal Services. Banking services and the company's own investment operations that support the company's operations, and the Group's supervisory functions; Compliance, Risk Management and Internal Audit, are also part of Group Operations.

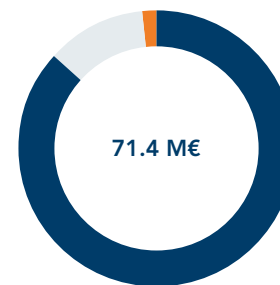
Inter-segment pricing occurs in arm's length transactions at fair value. The revenue and expenses that are deemed as directly attributable to or can be allocated on a reasonable basis to a particular business area are allocated to that business area. The revenue and expenses that are not allocated to a particular business area, and the inter-business-area eliminations in the Group, are reported under Group Operations. The distribution of the Group's assets and liabilities among the business areas is not monitored on a regular basis and is therefore not reported in connection with the segment reporting.

In addition to business segments, the Group uses geographical areas in monitoring revenue: Finland, Sweden and other countries.



Net revenue per Segment

- Wealth Management and Investor Clients: 77.6%
- Advisory and Corporate Clients: 13.9%
- Group Operations and Eliminations: 8.5%



Net revenue per Country

- Finland: 86.8%
- Sweden: 11.8%
- Other countries: 1.4%

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| | 2017 | | | | | 2016 | | | | |
|---|--|--------------------------------|------------------|-------------|-------------|--|--------------------------------|------------------|-------------|-------------|
| | Wealth Management and Investor Clients | Advisory and Corporate Clients | Group Operations | Unallocated | Group | Wealth Management and Investor Clients | Advisory and Corporate Clients | Group Operations | Unallocated | Group |
| SEGMENT INCOME STATEMENT | | | | | | | | | | |
| REVENUE | | | | | | | | | | |
| Net interest | 0.1 | 0.0 | 0.8 | 0.0 | 0.9 | 0.0 | 0.0 | 1.6 | 0.0 | 1.6 |
| Net commissions | 55.0 | 9.9 | 0.2 | 0.0 | 65.2 | 46.3 | 7.8 | -0.1 | 0.3 | 54.3 |
| Trading and FX result | 0.4 | 0.0 | 4.3 | 0.2 | 4.9 | 0.8 | 0.0 | 2.8 | 0.4 | 4.0 |
| Other operative income | 0.0 | 0.0 | 0.0 | 0.4 | 0.4 | 0.0 | 0.0 | 0.1 | 0.0 | 0.1 |
| External sales | 55.4 | 9.9 | 5.4 | 0.7 | 71.4 | 47.2 | 7.9 | 4.3 | 0.7 | 60.0 |
| Inter-segment sales | -0.1 | 0.0 | 0.1 | 0.0 | 0.0 | -0.1 | 0.0 | 0.1 | 0.0 | 0.0 |
| Total revenue | 55.4 | 9.9 | 5.5 | 0.7 | 71.4 | 47.1 | 7.8 | 4.4 | 0.7 | 60.0 |
| RESULT | | | | | | | | | | |
| Segment operating expenses | -32.0 | -6.2 | -10.3 | 0.6 | -47.9 | -30.2 | -6.0 | -9.2 | -0.4 | -45.8 |
| Business units operating profit before depreciations and Group allocations | 23.4 | 3.7 | -4.8 | 1.3 | 23.5 | 16.9 | 1.9 | -4.8 | 0.3 | 14.2 |
| Depreciations | -1.0 | -0.5 | -0.4 | -0.4 | -2.3 | -1.5 | -0.6 | -0.7 | -0.4 | -3.1 |
| Business units operating profit before Group allocations | 22.4 | 3.1 | -5.2 | 1.0 | 21.3 | 15.4 | 1.3 | -5.5 | -0.1 | 11.1 |
| Allocated corporate expenses | -6.7 | -0.7 | 7.4 | 0.0 | 0.0 | -8.5 | 0.0 | 8.5 | 0.0 | 0.0 |
| Operating profit/loss including Group allocations | 15.7 | 2.4 | 2.2 | 1.0 | 21.3 | 6.9 | 1.3 | 3.1 | -0.1 | 11.1 |
| Share of profits (losses) of associates | | | | 0.6 | 0.6 | | | | 1.1 | 1.1 |
| Income taxes | | | | -4.3 | -4.3 | | | | -2.4 | -2.4 |
| Segment profit/loss | 15.7 | 2.4 | 2.2 | -2.8 | 17.5 | 6.9 | 1.3 | 3.1 | -1.5 | 9.7 |

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. The Group Operations segment includes support functions serving the business areas, such as Information Management, Financial Administration, Group Communications and Investor Relations, Legal Department, Human Resources, and Internal Services. Banking services and the company's own investment operations that support the company's operations, and the Group's supervisory functions; Compliance, Risk Management and Internal Audit, are also part of Group Operations.

| | 1.1.-31.12.2017 | | | | 1.1.-31.12.2016 | | | |
|--|-----------------|--------|-----------------|-------|-----------------|--------|-----------------|-------|
| | Finland | Sweden | Other countries | Group | Finland | Sweden | Other countries | Group |
| SEGMENT INCOME STATEMENT (GEOGRAPHICAL) | | | | | | | | |
| Net revenue | 62.0 | 8.4 | 1.0 | 71.4 | 52.4 | 7.1 | 0.5 | 60.0 |
| SEGMENT BALANCE SHEET (GEOGRAPHICAL) | | | | | | | | |
| Segment assets | 952.6 | 7.5 | 0.5 | 960.7 | 749.7 | 4.8 | 0.6 | 755.0 |

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Notes to the consolidated financial statements

ACCOUNTING POLICIES

Basic information on the company

Evli Bank Plc is a private bank specialized in investments whose clients are institutions, corporations and present or future high net worth private individuals. Evli Bank Plc and its subsidiaries form the Evli Group ("Evli"). Evli serves its clients in international groups in two business areas: Wealth Management and Investor Clients, and Advisory and Corporate Clients. The product and service selection includes mutual funds, asset management, capital market services, alternative investment products, investment research, management of incentive systems, and Corporate Finance services. The company also offers banking services that support clients' investment activities.

Evli's head office is in Finland. In addition, the company operates in Sweden through its branch office and its subsidiary Evli Corporate Finance Ab and in the United Arab Emirates through its subsidiary Terra Nova Ltd.

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

A copy of the consolidated financial statements can be obtained from www.evli.com or from the parent company's head office at Aleksanterinkatu 19 A, 00100 Helsinki.

Basis for preparation of the financial statements

The consolidated financial statements have been prepared in compliance with IFRSs (International Financial Reporting Standards), approved for application in the EU, and IASs (International Accounting Standards) valid at the end of 2017, together with their respective SIC (Standing Interpretations Committee) and IFRIC (International Financial Reporting Interpretations Committee) interpretations. In addition, Finland's accounting and limited liability company legislation and official regulations have also been considered in preparing the consolidated financial statements. The figures in the financial statements are presented in millions of euros, unless indicated otherwise. The consolidated financial statements have been prepared based on historical cost, with the exception of financial assets and liabilities recognized at fair value through profit or loss, and derivative financial instruments.

During a financial year, the figures are presented in interim reports so that the income statement items are compared with the corresponding period of the previous year while the comparison of balance sheet items relates to the end of the previous year, unless specified otherwise.

As of January 1, 2014, capital adequacy has been calculated according to the Basel III standards. The term Basel III is used in the

financial statements to mean the EU's Capital Requirements Regulation 575/2013 and the related additional regulations issued by the European supervisory authority and international supervisory authorities.

Translation of items denominated in foreign currency

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

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

The income statements of foreign Group entities are translated into euros at the weighted average rates for the period, and the balance sheets at the rates prevailing on the balance sheet date. In the consolidated income statement and balance sheet, the translation differences resulting from the use of different rates

for the translation of Group results for the period is recognized in income and expenses recognized directly in equity and presented under equity. The translation differences arising from the elimination of the acquisition cost of foreign subsidiaries and from post-acquisition cumulative changes in equity items are recognized in income and expenses recognized directly in equity and presented under equity. When a subsidiary is disposed of wholly or partly, the cumulative translation differences are recognized in profit or loss as part of gains or losses from disposal.

Leases

Leases of property, plant and equipment in which substantially all the risks and rewards of ownership are transferred to the Group are classified as finance leases. An asset leased under a finance lease is recognized at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. An asset leased under a finance lease is depreciated over the shorter of the asset's useful life and the lease term. Lease payments are allocated between the interest expense and the reduction of the outstanding liability during the lease term to produce a constant periodic rate of interest on the remaining balance of the liability for each financial period. Finance lease liabilities are included in other liabilities. During the financial period, the Group had no valid financial leases.

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

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 IFRS 13 and IAS 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 associates).

Financial assets

Financial assets recognize at fair value through profit or loss

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 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 accord-

ance 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. The bank's Audit Committee audits and submits its valuations of unquoted instruments to the Board of Directors for approval. 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

Available-for-sale financial assets include long-term investments for which a public price quo-

tation 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. 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 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. The total value of the Group's available-for-sale shares is very low.

Loans and other receivables

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, such as loans granted to the public. Loans and other receivables are initially recognized at fair value inclusive of expenses immediately caused by the acquisition. After initial recognition, loans and receivables are measured at amortized cost.

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

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Financial liabilities

Financial measured at amortized cost

Financial liabilities are initially recognized at fair value based on the consideration received inclusive of expenses immediately caused by the acquisition. After initial recognition, financial liabilities such as bonds issued by the company, deposits by the public and other financial liabilities are measured using the effective interest rate method at amortized cost.

Financial liabilities recognized at fair value through profit or loss

Liabilities recognized at fair value through profit or loss include shorted equities and derivative liabilities held for trading, such as set stock options.

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.

Distribution of financial liabilities IAS 39

| | | |
|-----------------------|---|---|
| Financial liabilities | Financial liabilities measured at fair value through profit or loss | Derivative contracts Shorted shares |
| | Other financial liabilities, at amortized cost | Deposits by financial institutions Deposits by the public Issued bonds Other financial 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.

A loan is recognized as non-performing when more than 90 days have passed without the borrower paying interest or making repayment or if it is estimated that the borrower is unlikely to perform on their future payment obligations.

Factors that influence the estimation of counterparty credit risk include overdue payments and contract violations, negative changes in the counterparty's financial situation and

credit rating and material changes in macro-economic factors that have direct influence on the borrower's solvency.

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.

Distribution of financial assets IAS 39

| | | | |
|-------------------------------------|--|---|--|
| Financial assets | Loans and other receivables, measured at amortized cost | Receivables from credit institutions and cash | |
| | | Receivables from the public; lending | -Promissory notes from individuals and corporate entities -Accounts with credit facility, individuals and companies |
| | Financial assets measured at fair value through profit or loss | Financial assets held for trading | -Shares and participations, quoted -Derivatives -Bonds |
| | | Other measured at fair value through profit or loss | -Shares and participations, quoted and unquoted -Bonds and money market instruments -Mutual funds -Private equity and real estate funds |
| Available-for-sale financial assets | Unquoted shares | | |

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

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

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

IFRS 15 Revenue from Contracts with Customers

(effective for financial years beginning on or after January 1, 2018)

The new standard replaces current IAS 18 and IAS 11 -standards and related interpretations. The IFRS 15 guidance applies to all revenues collected from clients that are not processed in accordance with other IFRS standards such as IFRS 9. Interest and dividend income are also examples of revenue items that do not come under IFRS 15. In IFRS 15 a five-step model is applied to determine when to recognize revenue, and at what amount. Revenue is recognized when (or as) a company transfers control of goods or services to a customer either over time or at a point in time. The impacts of IFRS

15 on Evli's consolidated financial statements have been assessed as follows:

Key revenue streams that fall under the standard and are based on client contracts have been analyzed using the five-step model. The client contract on which the stream is based and any performance criteria on which fees are based have been identified for each revenue stream. The fee charged has then been allocated to each performance criterion and the revenue recognition principles have been built around meeting the criteria. Based on analysis, the IFRS 15 standard will not change Evli's revenue recognition practices and will hence not have a material impact on the company's consolidated financial statements. Evli will adopt the standard as of the financial period starting on January 1, 2018.

IFRS 9 Financial Instruments and amendments to it

(effective for financial years beginning on or after January 1, 2018)

IFRS 9 includes revised guidelines on the classification and measurement of financial instruments. All financial assets will be classified and measured at either amortized cost or fair value. Under the new IFRS standard the classification of financial assets will change so that it will be based on the business model and the type of contractually accrued cash flows. The previous four classification groups will no longer be used and they will be replaced by three groups:

- Financial assets measured at amortized cost
- Financial assets measured at fair value through comprehensive income
- Financial assets measured at fair value through profit or loss

Evli uses the fair value option and measures all financial instruments, including shares and proofs of claim at fair value under IFRS 9 as a general principle. Loans and other receivables are measured at amortized cost.

The calculation of financial liabilities will not change from the IAS 39 standard, with the exception of the measurement of own debts; changes in measurements associated with a change in credit risk must be reported under equity under IFRS 9. Evli does not measure its own debt at fair value.

Impairment calculation will also change significantly from the method used in the previous IAS 39. The recognition of impairment of credit losses will be based on expected credit losses. The impairment will need to be analyzed and preparations will have to be made for all the items within the sphere of the standard. These include loans, financial receivables designated at fair value through other comprehensive income, promised credit, collateral given, and sale and rental receivables. The bank must draw up a calculation model for impairment, and the goal for the model is that negative changes in clients' credit risks will immediately show in the bank's impairment recognition instead of after the losses have been realized.

In IFRS 9, credit losses are measured using two measurement models: An estimate of the likelihood that the debtor will experience payment issues within the following 12 months (level 1). Level 1 includes items where credit risk is estimated not to have materially increased after initial recognition or that the credit risk of an item is estimated to be low. If the debtor's credit risk has materially increased after initial recognition, expected credit loss is estimated for the entire duration of the contract (Level 2). Assets with impaired value regarding which matters have already come to light that will have a negative impact on future cash flows, including the insolvency of the counterparty are moved to level 3.

The analysis of credit risk includes information on public defaults, payments made past due, changes to credit rating, changes in the debtor's performance indicators, changes in collateral, and changes in the general economic environment that affect the debtor's credit risk, and trend forecasts.

Expected credit losses (ECL) are calculated using the following formula with weighted probabilities: $\text{Liability} * \text{PD (probability of default)} * \text{LGD (loss \% of liability when realization of collateral is included)}$. The ECL is an indicator of the bank's estimate of how much less cash flow it will receive on the loan than it should under the contract. Impairments also concern off-balance sheet commitments, such as unused credit facilities. The probability of loss is estimated using various statistical methods such as an analysis of the bank's loan port-

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folio and its loss history or a wider group with a credit risk that is assumed to be similar.

For IFRS 9 calculations, Evli divides its loan portfolio into various groups that have similar credit risks, product types, collateral types and durations. Level 1 credit loss probability is determined at the group level as a general principle and level 2 credit loss is determined individually per credit.

Credit loss expected on accounts receivable is estimated using a simplified method immediately for the entire duration of the contract. IFRS 9 also introduces changes to hedging.

Evli has set up a working group functioning under the guidance of Financial Administration to assess the impacts of IFRS 9 on the company's principles of recognition. The amended standard is not expected to have a significant impact on Evli's consolidated financial statements. According to the current IAS 39, Evli has generally always classified financial assets at fair value through profit or loss, and the IFRS 9 will not significantly change the principles of recognition in this respect. Regarding impairment, the company has assessed that the amendment of the standard will not result in a significant credit loss provision. Evli's loan portfolio is relatively small and in general, loans are low-risk investment loans with liquid collateral that are mainly offered to Evli's own clients. IFRS 9 also introduces changes to hedging. Regarding hedging, IFRS

9 will not have an impact on Evli's consolidated financial statements.

IFRS 16 Leases

(effective for financial years beginning on or after January 1, 2019).

The new standard replaces the current IAS 17 standard and associated interpretations. IFRS 16 requires the lessees to recognize the lease agreements on the balance sheet as a right-of-use assets and lease liabilities. The accounting model is similar to current finance lease accounting according to IAS 17. There are two exceptions available, these relate to either short term contracts in which the lease term is 12 months or less, or to low-value items i.e. assets of value USD 5 000 or less. The lessor accounting remains mostly similar to current IAS 17 accounting. Accordingly, the impact on Evli's consolidated financial statements is not significant.

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

Matters requiring management judgement

The drawing up of financial statements in accordance with IFRS standards requires that certain accounting assessments are made. In addition, management must use its judgement. Judgement affects the choice

of accounting policies and their application, the amount of assets, liabilities, revenues and expenses to be reported and the notes that must be presented. The management will exercise its judgement on the basis of estimates and assumptions that are based on earlier experience and the best view available to it on the balance sheet date especially concerning the future performance of the investment services market. Estimates and decisions based on judgement are constantly monitored and they are based on actual performance and certain other factors such as expected future events that are reasonably anticipated to occur considering prevailing circumstances. Actual performance may deviate from estimates.

At Evli, the most significant estimates concern the impairment testing of goodwill and the measurement principles of theoretically measured financial instruments. Further information on them is provided in the note in question, under the title Management judgement.

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.

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Notes to income statement

Accounting principle

Interest income and expenses are calculated using the effective interest rate 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.

Borrowing costs

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

| 1.1. INTEREST INCOME | 2017 | 2016 |
|---|------------|------------|
| At fair value through profit or loss | | |
| Debt securities | 0.5 | 0.7 |
| Derivative contracts | 0.0 | 0.0 |
| Interest income from other loans and claims | | |
| Claims on credit institutions | 0.1 | 0.3 |
| Claims on the public and public sector entities | 1.3 | 1.0 |
| Other interest income | 1.3 | 0.9 |
| Interest income, total | 3.2 | 2.8 |

| 1.2. INTEREST EXPENSES | 2017 | 2016 |
|---|-------------|-------------|
| At fair value through profit or loss | | |
| Derivative contracts and trading liabilities | 0.0 | 0.0 |
| Interest expenses from other borrowing | | |
| Liabilities to the public, public sector entities and credit institutions | -1.2 | -0.8 |
| Debt securities issued to the public | -0.5 | -0.4 |
| Other interest expenses | -0.5 | 0.0 |
| Interest expenses, total | -2.3 | -1.2 |

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Accounting principle

Revenue recognition

Management fees obtained from management of funds are taken into account in the funds' daily values and are invoiced monthly.

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

Income from projects related to Corporate Finance operations are invoiced monthly. In addition, a project manager may be eligible for a separate commission in projects that result in a transaction. These commissions are recognized as profits for the financial year in which the transaction is executed and the right to the commission is realized. The expenses arising from a project and the loss that can be expected are expensed immediately.

Other advisory commissions including administration of incentive programs and research services are invoiced monthly, quarterly or annually. Fees are amortized evenly for the period in which the work is carried out.

Securities brokerage transactions are recognized according to the trade date.

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.

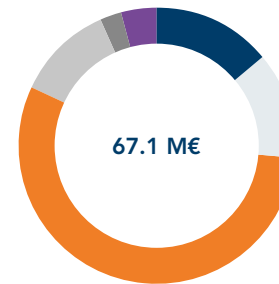
Management judgment

The commission income of asset management and mutual funds is subject to adjustment items that can in some circumstances include ambiguity with respect to the date of validity and scope, among other things. This applies to situations in which price reductions have been agreed upon with clients by using "fee reimbursement contracts". For this reason, the man-

agement has used its judgment and has strived to make the most conservative assessment of the fee reimbursement debt arising from these, or any contracts of which there is knowledge but have not yet been entered in the system. The debt is recovered monthly and is included as an item that reduces fund and asset management fees.

1.3. COMMISSION INCOME

| | 2017 | 2016 |
|-------------------------------------|-------------|-------------|
| Credit related fees and commissions | 0.1 | 0.1 |
| Income from payment transactions | 0.1 | 0.1 |
| Insurance brokerage | 0.3 | 0.3 |
| Advisory services | 9.4 | 8.3 |
| Securities brokerage | 8.4 | 8.7 |
| Securities issue | 0.0 | 0.0 |
| Mutual funds | 37.3 | 26.6 |
| Asset management | 7.6 | 7.7 |
| Custody services | 1.7 | 4.5 |
| Other operations | 2.2 | 0.2 |
| Commission income, total | 67.1 | 56.4 |



Comission income

- Advisory services: 14.0%
- Securities brokerage: 12.5%
- Mutual funds: 55.6%
- Asset management: 11.3%
- Custody services: 2.5%
- Other*: 4.0%

* Other include: Credit related fees and commissions, Income from payment transactions, Insurance brokerage, Securities issue and Other operations.

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| 1.4. COMMISSION EXPENSES | 2017 | 2016 |
|--------------------------------------|-------------|-------------|
| Trading fees paid to stock exchanges | -0.8 | -0.8 |
| Other | -1.2 | -1.3 |
| Commission expenses, total | -1.9 | -2.1 |

| 1.5. NET INCOME FROM SECURITIES TRANSACTIONS AND FOREIGN EXCHANGE DEALING | 2017 | 2016 |
|---|------------|------------|
| Net income from securities transactions | | |
| Financial assets held for trading | 2.7 | 1.5 |
| Financial assets at fair value through profit or loss | 0.7 | 1.0 |
| Net income from securities transactions, total | 3.5 | 2.5 |

| | Gains and losses on sales | Changes in fair value | Total 2017 | Total 2016 |
|---|---------------------------|-----------------------|------------|------------|
| Net income from securities transactions by instrument | | | | |
| Debt securities | 0.5 | 0.0 | 0.5 | 0.9 |
| Shares and derivative contracts | 1.7 | 1.3 | 3.0 | 1.6 |
| Net income from securities transactions, total | 2.2 | 1.3 | 3.5 | 2.5 |
| Net income from foreign exchange operations | | | 1.7 | 1.2 |
| Net income from securities transactions and foreign exchange operations, total | 2.2 | 1.3 | 5.2 | 3.8 |

| 1.6. INCOME FROM EQUITY INVESTMENTS | 2017 | 2016 |
|--|-------------|------------|
| Income from equity investments | | |
| Dividends from financial assets valued at fair value | -0.3 | 0.2 |
| Dividends from available-for-sales securities | 0.0 | 0.0 |
| Dividends from associated companies | 0.0 | 0.0 |
| Income from equity investments, total | -0.3 | 0.2 |

| 1.7. OTHER OPERATING INCOME | 2017 | 2016 |
|--|------------|------------|
| Rental income | 0.0 | 0.1 |
| Gain on sale of owner-occupied investment properties | 0.0 | 0.0 |
| Other income | 0.4 | 0.0 |
| Other operating income, total | 0.4 | 0.1 |

1.8. EMPLOYEE BENEFITS



Accounting principle

The total salaries paid by the Evli Group to its personnel consist of fixed salaries and remuneration, variable remuneration under the annually adopted reward system, and long-term incentive systems.

Fixed salaries play an important role in the company. By aiming to offer its employees a competitive pay level, the company ensures that it continues to be staffed by a skilled workforce. A reward system based on variable salaries applies to all the Group's employees. The objective of the reward system is to support the implementation of the company's strategy as well as promote its competitiveness and long-term financial success.

In addition to the above remuneration methods, the company may create separate long-term incentive systems. The Evli Group has two share-based incentive programs that are based on stock options that are currently in effect: Option Program 2014 and Option Program 2016. Under these programs, the stock options are issued gratuitously to the key persons employed by the Evli Group. In divergence to the preferential subscription rights of the shareholders, the option rights are issued to the key employees named by the company's Board of Directors, to promote their commitment and motivation. The company's Board of Directors decides upon the distribution of stock options. The Board also decides upon the redistribution of any stock options that may later be returned. In addition to the stock option programs, the company has one share-based incentive program that is currently in effect: Share Program 2017. Under this program, shares are issued gratuitously during the next three years in equal installments to the members

of the program, provided that the people are still employed by the company. After granting, there is still a three-year evaluation period during which the company has the right to recall the shares if there is a valid reason, such as resignation. The company's Board of Directors decides upon the distribution of shares.

The Evli Group provides a reward fund for its employees. All employees of the Evli Group companies that are based in Finland are members of the fund. Using the fund is voluntary. Decisions to enter rewards in the fund are made one year at a time. Social security costs are not withheld from assets invested in the fund. The fund invests its member share capital in accordance with the Act on Personnel Funds. Capital is invested in accordance with a strategy prepared jointly by the fund's Board of Directors and Wealth Management.

The company does not have any defined benefit pension plans.

In the payment of benefits payable upon termination of employment, Evli complies with normal agreements related to termination of employment pursuant to valid legislation. During the financial year, the company has not paid sign-on payments to new employees.

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.

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| Employee benefits | 2017 | 2016 |
|---------------------------------|--------------|--------------|
| Wages and salaries | -23.2 | -21.7 |
| of which bonuses | -4.1 | -2.2 |
| Other social security costs | -1.4 | -1.7 |
| of which relating to bonuses | -0.2 | -0.1 |
| Pension expenses | -4.2 | -4.3 |
| of which relating to bonuses | -0.8 | -0.2 |
| defined contribution plans | -4.2 | -4.3 |
| Equity-settled share options | -0.1 | 0.0 |
| Employee benefits, total | -28.9 | -27.7 |

| | 2017 | 2016 |
|--|------------|------------|
| Number of personnel during the period, average | 248 | 244 |
| Number of personnel at the end of the period | 240 | 244 |
| Employees by business segment at the end of the period | | |
| Advisory and Corporate Clients | 41 | 37 |
| Wealth Management and Investor Clients | 154 | 164 |
| Group Operations | 45 | 43 |
| Total | 240 | 244 |

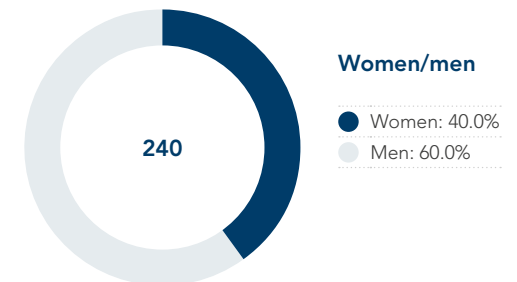
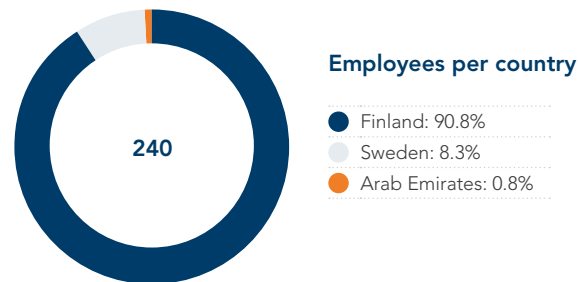
| Employees by geographic market at the end of the period | 2017 | 2016 |
|---|------------|------------|
| Finland | 218 | 223 |
| Sweden | 20 | 19 |
| Arab Emirates | 2 | 2 |
| Total | 240 | 244 |

| 2017 | Wealth Management and Investor Clients | Advisory and Corporate Clients | Group Operations |
|-----------------------------|--|--------------------------------|------------------|
| | Variable remuneration paid in cash | 1.4 | 0.4 |
| Other social security costs | 0.0 | 0.0 | 0.0 |
| Pension costs | 0.2 | 0.1 | 0.0 |
| Postponed remuneration | 0.1 | 0.0 | 0.0 |
| Number of recipients | 66 | 12 | 26 |

| 2016 | Wealth Management and Investor Clients | Advisory and Corporate Clients | Group Operations |
|-----------------------------|--|--------------------------------|------------------|
| | Variable remuneration paid in cash | 1.7 | 0.2 |
| Other social security costs | 0.1 | 0.0 | 0.1 |
| Pension costs | 0.3 | 0.0 | 0.2 |
| Postponed remuneration | 0.1 | 0.0 | 0.1 |
| Number of recipients | 99 | 18 | 52 |

| | 2017 | | 2016 | |
|------------------------------------|----------------|-------------|----------------|-------------|
| | Top management | Risk takers | Top management | Risk takers |
| Variable remuneration paid in cash | 0.5 | 0.5 | 0.5 | 0.4 |
| Other social security costs | 0.0 | 0.0 | 0.0 | 0.0 |
| Pension costs | 0.1 | 0.1 | 0.1 | 0.1 |
| Postponed remuneration | 0.0 | 0.1 | 0.1 | 0.0 |
| Number of recipients | 10 | 18 | 12 | 15 |

Employee facts



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SHARE BASED INCENTIVES

| Plan Type | Option program 2014 Option | Option program 2016 Option | Restricted Share Plan 2017 Share | Total |
|--|----------------------------------|----------------------------------|--|---------|
| Annual General Shareholders' Meeting date | 6.3.2013 | 8.3.2016 | | |
| Initial amount, pcs | 127,500 | 233,000 | 233,000 | 593,500 |
| The subscription ratio for underlying shares, pcs | 5 | 1 | - | |
| Initial exercise price, € | 3.088 | 8.74 | - | |
| Dividend adjustment | Yes * | Yes | - | |
| Current exercise price, € | 2.00 | 8.34 | - | |
| Initial allocation date | 13.2.2014 | 14.6.2016 | 30.9.2017 30.9.2023 | |
| Vesting date | 20.7.2014 | 1.6.2020 | 30.9.2021 / 30.9.2022 / 30.9.2023 | |
| Maturity date | 30.4.2019 | 31.8.2020 | - | |
| Maximum contractual life, yrs | 5.2 | 4.2 | 6.0 | 5.1 |
| Remaining contractual life, yrs | 1.3 | 2.7 | 5.8 | 3.6 |
| Number of persons at the end of the reporting year | 3 | 12 | 10 | |
| Payment method | Equity | Equity | Cash & Equity | |

* Share subscription price is always at least EUR 2.0.

| Changes during the period 2017 | Option program 2014 | Option program 2016 | Restricted Share Plan 2017 | Weighted average exercise price in € |
|---|------------------------|------------------------|-------------------------------|---|
| 1.1.2017 | | | | |
| Outstanding at the beginning of the reporting period, pcs | 117,500 | 233,000 | 0 | 6.48 |
| Changes during the period | | | | |
| Granted | 0 | 0 | 76,670 | 0.00 |
| Forfeited | 0 | 10,000 | 0 | 8.34 |
| Invalidated during the period | 0 | 0 | 0 | 0.00 |
| Exercised | 23,300 | 0 | 0 | 2.00 |
| Weighted average subscription price, € | 2.00 | 0.00 | - | 2.00 |
| Weighted average price of shares, €* | 7.44 | 0.00 | - | 7.44 |
| Expired | 0 | 0 | - | 0.00 |
| 31.12.2017 | | | | |
| Exercised at the end of the period | 33,300 | 0 | 0 | 2.00 |
| Outstanding at the end of the period | 94,200 | 223,000 | 76,670 | 6.46 |

*Weighted average price for the company share during the reporting period or partial instrument term there in.

FAIR VALUE DETERMINATION

The fair value of share based incentives have been determined at grant date and the fair value is expensed until vesting. The pricing of the share based incentives granted during the period was determined by the following inputs and had the following effect:

Valuation parameters for instruments granted during period

| | |
|--|---------|
| Share price at grant, € | 7.51 |
| Share price at reporting period end, € | 9.60 |
| Expected dividends, € | 1.46 |
| Fair value December 31, 2017, € | 540,430 |

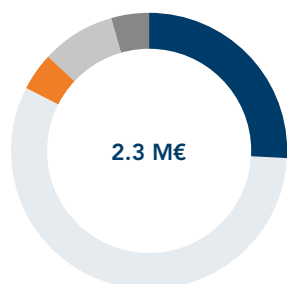
Effect of Share-based Incentives on the result and financial position during the period

| | |
|--|--------|
| Expenses for the financial year, share-based payments, € | 62,629 |
| Expenses for the financial year, share-based payments, equity-settled, € | 27,764 |
| Liabilities arising from share-based payments December 31, 2017, € | 34,865 |

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| 1.9. OTHER EXPENSES | 2017 | 2016 |
|---|--------------|--------------|
| Office maintenance expenses | -0.7 | -0.6 |
| Office expenses | -1.0 | -1.6 |
| Telephone and postage expenses | -0.4 | -0.4 |
| Information expenses | -3.5 | -3.3 |
| IT related expenses | -3.6 | -3.7 |
| Business expenses | -0.6 | -0.8 |
| Travel expenses | -0.7 | -0.7 |
| Car costs | -0.1 | -0.1 |
| Other human resources related expenses | -0.9 | -0.6 |
| Marketing expenses | -1.0 | -1.0 |
| Banking and custodian expenses | -1.0 | -0.6 |
| External services fees | -1.6 | -1.4 |
| Supervision expenses | -0.3 | -0.2 |
| Rental expenses | -2.4 | -2.9 |
| Other expenses | -1.2 | -0.2 |
| Other administrative expenses, total | -19.0 | -18.1 |

| 1.10. DEPRECIATION AND IMPAIRMENT | 2017 | 2016 |
|--|-------------|-------------|
| Depreciation and amortization | | |
| Applications and software | -0.6 | -1.2 |
| Other intangible assets | -1.3 | -1.4 |
| Leasehold improvements | -0.1 | -0.1 |
| Assets acquired under finance leases | -0.2 | -0.1 |
| Equipment and furniture | -0.1 | -0.1 |
| Write-downs | | |
| Impairment of goodwill | 0.0 | -0.2 |
| Depreciation, amortization and impairment losses, total | -2.3 | -3.1 |



Goodwill depreciation

- Applications and software: 26.1%
- Other intangible assets: 56.5%
- Leasehold improvements: 4.3%
- Assets acquired under finance leases: 8.7%
- Equipment and furniture: 4.3%

| 1.11. IMPAIRMENT LOSSES ON LOANS AND OTHER COMMITMENTS AND OTHER FINANCIAL ASSETS | 2017 | 2016 |
|---|------------|------------|
| Claims on the public and public sector entities | | |
| Actual impairment losses | 0.0 | 0.0 |
| Other financial impairment losses | 0.0 | 0.0 |
| Impairment losses, total | 0.0 | 0.0 |

| 1.12. SHARE OF PROFIT OR LOSS OF ASSOCIATE COMPANIES | 2017 | 2016 |
|--|------------|------------|
| Northern Horizon Capital A/S | 0.6 | 1.1 |

Management judgment

Evli does not participate in daily management of associated companies' business operations, and instead focuses on influencing strategic decisions at the board level. At the time of preparing Evli's consolidated financial statements, the income statement and balance sheet of associated companies are not yet known, which is why Evli's management must use judgment in estimating the share of associated companies' profit for the financial year. The estimate is based on the most recent known profit performance, prior experience of possible last-minute changes, and other possible factors that indicate changes.

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1.13. INCOME TAXES

Accounting principle

The profit and loss account's tax expenses comprise 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. 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.

| Income taxes | 2017 | 2016 |
|---|-------------|-------------|
| Current tax expense | -4.7 | -2.7 |
| Taxes from previous years | -0.1 | 0.0 |
| Deferred taxes | 0.5 | 0.3 |
| Other taxes | 0.0 | 0.0 |
| Income taxes, total | -4.3 | -2.4 |
| Reconciliation between the income tax expense recognized in the income statement and the taxes calculated using the parent company's domestic tax rate. | | |
| Profit before taxes, Finland | 18.2 | 10.4 |
| Profit before taxes, other countries | 3.6 | 1.7 |
| Profit before taxes, total | 21.8 | 12.1 |
| Tax at domestic tax rate | 4.4 | 2.4 |
| Effect of foreign subsidiaries' differing tax rates | 0.0 | -0.1 |
| Tax at source paid abroad | 0.0 | 0.0 |
| Income not subject to tax | -0.6 | -0.4 |
| Expenses not deductible for tax purposes | 0.1 | 0.1 |
| Taxes from previous years | -0.1 | 0.0 |
| Change in other deferred tax assets | 0.5 | 0.3 |
| Unrecognised tax assets on previous years' losses | 0.0 | 0.0 |
| Other taxes | 0.0 | 0.0 |
| Income tax charge in the consolidated income statement | 4.3 | 2.4 |

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Notes to balance sheet

| 2.1. CASH AND CASH EQUIVALENTS | 2017 | 2016 |
|---|--------------|--------------|
| Balances with central banks | 383.1 | 203.1 |
| Other | 0.1 | 0.0 |
| Cash and cash equivalents total | 383.2 | 203.1 |
| 2.2. CLAIMS ON CREDIT INSTITUTIONS | | |
| | 2017 | 2016 |
| Repayable on demand | | |
| Domestic credit institutions | 1.7 | 23.7 |
| Foreign credit institutions | 3.7 | 1.5 |
| Repayable on demand, total | 5.4 | 25.2 |
| Other than repayable on demand | | |
| Domestic credit institutions | 27.8 | 21.4 |
| Foreign credit institutions | 30.9 | 19.4 |
| Other than repayable on demand, total | 58.7 | 40.8 |
| Claims on credit institutions, total | 64.1 | 66.0 |
| 2.3. CLAIMS ON THE PUBLIC AND PUBLIC SECTOR ENTITIES BY SECTOR | | |
| | 2017 | 2016 |
| Other than repayable on demand | | |
| Enterprises and housing associations | 14.2 | 8.3 |
| Financial and insurance corporations | 1.2 | 0.4 |
| Households | 67.3 | 57.8 |
| Foreign countries | 9.3 | 3.9 |
| Other than repayable on demand, total | 92.0 | 70.4 |
| Claims on the public and public sector entities by sector, total | 92.0 | 70.4 |

2.4. DEBT SECURITIES ELIGIBLE FOR REFINANCING WITH CENTRAL BANKS

| | 2017 | 2016 |
|---|--------------|--------------|
| Issued by public corporations | | |
| Publicly quoted | | |
| Other | 208.4 | 149.2 |
| Local government notes | | |
| Issued by public corporations, total | 0.0 | 149.2 |
| Issued by other than public corporations | | |
| Fair valued | | |
| Bonds issued by banks | 31.2 | 53.2 |
| Other debt securities | 0.0 | 20.6 |
| Issued by other than public corporations, total | 31.2 | 73.8 |
| Debt securities, total | 265.7 | 223.1 |
| 2017 | | |
| Debt securities by balance sheet category | | 2016 |
| Debt securities eligible for refinancing with central banks | | |
| On public sector entities | 0.0 | 0.0 |
| Other | 36.3 | 39.1 |
| Debt securities | | |
| On public sector entities | 208.4 | 149.2 |
| Other | 21.0 | 34.7 |
| Total | 265.7 | 223.1 |

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| Debt securities by country | 2017 | 2016 |
|----------------------------|-------|-------|
| Finland | 237.1 | 190.4 |
| Sweden | 18.2 | 18.1 |
| Canada | 5.0 | 13.0 |
| Switzerland | 2.2 | 0.0 |
| France | 1.5 | 0.0 |
| Norway | 1.2 | 0.0 |
| Holland | 0.3 | 0.0 |
| United States | 0.1 | 0.0 |
| Denmark | 0.0 | 1.5 |



Debt securities by country

- Finland: 89.3%
- Sweden: 6.9%
- Canada: 1.9%
- Switzerland: 0.8%
- Other countries 1.2%

2.5. SHARES AND PARTICIPATIONS

| Balance sheet category | 2017 | | | 2016 | | |
|---|-----------------|------------|-------------|-----------------|------------|-------------|
| | Publicly quoted | Other | Total | Publicly quoted | Other | Total |
| Shares and participations | | | | | | |
| Available for sale | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Valued at fair value through profit or loss | | | | | | |
| Held for trading | 17.2 | 0.0 | 17.2 | 27.9 | 0.1 | 28.0 |
| Other fair valued through profit and loss | 10.1 | 4.3 | 14.3 | 32.2 | 5.7 | 37.9 |
| Shares and participations, total | 27.2 | 4.3 | 31.5 | 60.1 | 5.8 | 65.8 |

Net risk position is described in section Capital Adequacy, Market Risk.

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2.6. DERIVATIVE CONTRACTS



Accounting principle

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.

Equity derivatives held for trading, and other liabilities held for trading (notes 2.6 and 2.16) hedge the equity delta risk for shares and participations in the trading book (note 2.5). Net equity risk is presented in section Capital Adequacy, Market Risk.

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 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 2,222 million), and in USD (EUR 559 million).

Overall effect of risks associated with derivative contracts

| | Remaining maturity | | | Fair value (+/-) | 2017 | 2017 |
|------------------------------------|------------------------------------|--------------|-------------|---------------------|-------------|-------------|
| | Nominal value of underlying, gross | | | | ASSETS | LIABILITIES |
| | Less than 1 year | 1–5 years | 5–15 years | | | |
| Held for trading | | | | | | |
| Interest rate derivatives | | | | | | |
| Interest rate swaps | 0.0 | 20.8 | 10.3 | 0.0 | 0.0 | 0.0 |
| Currency-linked derivatives | 3,464.1 | 0.0 | 0.0 | 0.1 | 24.9 | 24.8 |
| Equity-linked derivatives | | | | | | |
| Futures | 12.6 | 0.0 | 0.0 | 1.2 | 1.2 | 0.0 |
| Options bought | 79.9 | 49.4 | 0.0 | 3.7 | 3.7 | 0.1 |
| Options sold | 52.8 | 49.4 | 0.0 | -4.3 | 0.4 | 4.7 |
| Other derivatives | | | | | | |
| Held for trading, total | 3,609.5 | 119.6 | 10.3 | 0.6 | 30.2 | 29.6 |
| Derivative contracts, total | 3,609.5 | 119.6 | 10.3 | 0.6 | 30.2 | 29.6 |

Overall effect of risks associated with derivative contracts

| | Remaining maturity | | | Fair value (+/-) | 2016 | 2016 |
|------------------------------------|------------------------------------|--------------|------------|---------------------|-------------|-------------|
| | Nominal value of underlying, gross | | | | ASSETS | LIABILITIES |
| | Less than 1 year | 1–5 years | 5–15 years | | | |
| Held for trading | | | | | | |
| Interest rate derivatives | | | | | | |
| Interest rate swaps | 0.0 | 12.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Currency-linked derivatives | 2,697.2 | 0.0 | 0.0 | 0.0 | 24.5 | 24.5 |
| Equity-linked derivatives | | | | | | |
| Futures | 15.6 | 0.0 | 0.0 | 0.4 | 0.5 | 0.1 |
| Options bought | 103.7 | 56.3 | 2.4 | 1.6 | 1.9 | 0.3 |
| Options sold | 76.9 | 56.3 | 2.4 | -1.3 | 0.1 | 1.4 |
| Other derivatives | | | | | | |
| Held for trading, total | 2,893.4 | 124.5 | 4.7 | 0.6 | 26.9 | 26.3 |
| Derivative contracts, total | 2,893.4 | 124.5 | 4.7 | 0.6 | 26.9 | 26.3 |

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2.7. SHARES AND PARTICIPATIONS IN ASSOCIATES AND JOINT VENTURES

Management judgment

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

| Shares and participations in associates and joint ventures | 2017 | 2016 |
|--|------------|------------|
| At the beginning of the period | 3.0 | 5.0 |
| Share of profit/loss | 0.8 | 1.1 |
| Additions | 0.0 | 0.0 |
| Disposals | -0.2 | -3.0 |
| At the end of the period | 3.6 | 3.0 |

Holdings in consolidated associated companies

| Company | Northern Horizon Capital A/S |
|-----------------------------|------------------------------|
| Domicile | Denmark |
| Assets | 11.4 |
| Liabilities | 55.6 |
| Revenue | 10.0 |
| Profit/Loss | 2.3 |
| Adjusted profit/loss | 1.2 |
| Evli's share of profit/loss | 0.6 |
| Ownership (%) | 50 |

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2.8. INTANGIBLE ASSETS AND GOODWILL

Accounting principle

Goodwill

Goodwill represents the excess of the cost of an acquired entity over the Group's interest in the fair value of the identifiable net assets and liabilities acquired at the acquisition date. Goodwill is measured at historical cost less cumulative impairment losses. Goodwill is not amortized. Goodwill arising in connection with acquisitions is tested annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For this purpose, goodwill is allocated to cash-generating units, or, in the case of a subsidiary, goodwill is included in the subsidiary's acquisition cost and the subsidiary forms a cash-generating unit. If the carrying amount of goodwill for a cash-generating unit exceeds its recoverable amount, an impairment loss equal to the difference will be recognized.

For the testing of impairment, the recoverable amounts of an asset are determined by calculating the asset's value in use. The calculations are based on five-year cash flow plans approved by the management.

In the cash flow model, items affecting each cash-generating unit's operational cash flow, mainly income and expenses, are examined. Cash flows extending after the five-year forecast period have been calculated using the "final value method".

The income and expenses of each asset are estimated based on the management's understanding of future development taking the general performance of the market area into consideration. Generally, income is expected to grow by 0-4 percent annually during the financial year. Correspondingly, expenses are expected to grow by around 2 percent annually.

In the final value method growth is determined using the management's conservative assessment of the

long-term growth of cash flow. In the testing carried out in 2017, annual growth of either 1 or 2 percent, depending on the risk of the unit tested, has been used as the growth factor of the final value. The cash flows used to measure value in use are discounted to the present value using the discount rate that reflects assessments of the time value of money and the risks specific to the asset. The discount rate used in the testing of business functions was 11 percent.

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

Management judgment

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 at which the incoming cash flows are converted to the current value.

Accounting principle

Intangible assets

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

Impairment of tangible and intangible assets

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

The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. The value in use is determined as the future net cash flows expected to be derived from the said asset or cash-generating unit which are discounted to present value. The discount rate used is a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

Management judgment

At each balance sheet date the management 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.

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| Goodwill and Intangible assets | 2017 | 2016 |
|---|-------------|-------------|
| Goodwill | | |
| Cost at 1.1. | 5.9 | 5.9 |
| Cost at 31.12. | 5.9 | 5.9 |
| Accumulated depreciation at 1.1. | -3.0 | -2.8 |
| Impairment losses for the period | 0.0 | -0.2 |
| Accumulated depreciation at 31.12. | -3.0 | -3.0 |
| Book value at 31.12. | 2.9 | 2.9 |



Goodwill allocation

- Administration of incentive programs: 42.6%
- Fund management: 15.5%
- Private Banking: 41.2%
- Alternative investment funds: 0.7%

| Software or projects in progress | 2017 | 2016 |
|----------------------------------|------------|------------|
| Cost at 1.1. | 0.3 | 0.9 |
| Transfer between balance items | -0.1 | -1.9 |
| Increases | 0.0 | 1.2 |
| Cost at 31.12. | 0.2 | 0.3 |
| Book value at 31.12. | 0.2 | 0.3 |

| Applications and software | 2017 | 2016 |
|---|--------------|--------------|
| Cost at 1.1. | 22.7 | 20.1 |
| Transfer between balance items | 0.1 | 1.9 |
| Increases | 1.9 | 0.8 |
| Decreases | 0.0 | 0.0 |
| Cost at 31.12. | 24.8 | 22.7 |
| Accumulated amortisation and impairment losses at 1.1. | -19.5 | -18.3 |
| Amortisation for the period | -0.6 | -1.2 |
| Accumulated amortisation in respect of decreases | 0.0 | 0.0 |
| Accumulated amortisation and impairment losses at 31.12. | -20.1 | -19.5 |
| Book value at 31.12. | 4.7 | 3.3 |

Other intangible assets

| | | |
|---|-------------|-------------|
| Cost at 1.1. | 10.4 | 9.7 |
| Increases | 0.0 | 0.7 |
| Decreases | -4.1 | 0.0 |
| Cost at 31.12. | 6.2 | 10.4 |
| Accumulated amortisation and impairment losses at 1.1. | -6.9 | -5.5 |
| Amortisation for the period | -1.3 | -1.4 |
| Accumulated depreciation in respect of decreases | 4.1 | 0.0 |
| Accumulated amortisation and impairment losses at 31.12. | -4.0 | -6.9 |
| Book value at 31.12. | 2.2 | 3.4 |

The most significant "Other intangible assets" are client relationships with a remaining depreciation period of 5 years.

| | | |
|--|-------------|------------|
| Intangible assets, total at 31.12. | 10.0 | 9.9 |
| Book value of intangible assets at 31.12. | 10.0 | 9.9 |

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2.9. PROPERTY, PLANT AND EQUIPMENT

Accounting principle

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

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

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

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

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

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

| Property, plant and equipment | 2017 | 2016 |
|---|-------------|-------------|
| Equipment and furniture | | |
| Cost at 1.1. | 6.5 | 6.5 |
| Exchange difference | -0.0 | 0.0 |
| Increases | 0.2 | 0.1 |
| Decreases | 0.0 | 0.0 |
| Cost at 31.12. | 6.7 | 6.5 |
| Accumulated depreciation at 1.1. | -6.2 | -6.1 |

| | 2017 | 2016 |
|---|-------------|-------------|
| Exchange difference | 0.0 | 0.0 |
| Depreciation for the period | -0.1 | -0.1 |
| Translation difference from depreciation for the period | 0.0 | 0.0 |
| Accumulated depreciation in respect of decreases | 0.0 | 0.1 |
| Accumulated depreciation 31.12. | -6.3 | -6.2 |
| Book value at 31.12. | 0.4 | 0.3 |
| Assets acquired under finance leases | | |
| Cost at 1.1. | 3.2 | 2.9 |
| Increases | 0.1 | 0.3 |
| Cost at 31.12. | 3.4 | 3.2 |
| Accumulated depreciation at 1.1. | -2.9 | -2.8 |
| Depreciation for the period | -0.2 | -0.1 |
| Accumulated depreciation at 31.12. | -3.1 | -2.9 |
| Book value at 31.12. | 0.3 | 0.3 |
| Property, plant, and equipment, total 31.12. | 0.7 | 0.6 |
| Leasehold improvements | | |
| Cost at 1.1. | 1.4 | 1.4 |
| Cost at 31.12. | 1.4 | 1.4 |
| Accumulated depreciation at 1.1. | -0.7 | -0.6 |
| Depreciation for the period | -0.1 | -0.1 |
| Accumulated depreciation at 31.12. | -0.9 | -0.7 |
| Book value at 31.12. | 0.5 | 0.7 |
| Other tangible assets | | |
| Cost at 1.1. | 0.6 | 0.6 |
| Cost at 31.12. | 0.6 | 0.6 |
| Book value at 31.12. | 0.6 | 0.6 |
| Property, plant and equipment, total at 31.12. | 1.8 | 1.9 |
| Book value of tangible assets at 31.12. | 1.8 | 1.9 |

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| 2.10. OTHER ASSETS | 2017 | 2016 |
|--------------------------------|-------------|-------------|
| Securities sale receivables | 10.9 | 7.5 |
| Commission receivables | 11.2 | 10.1 |
| Securities broking receivables | 51.6 | 63.1 |
| Other receivables | 0.1 | 0.1 |
| Other assets total | 73.9 | 80.8 |

| 2.11. ACCRUED INCOME AND PREPAYMENTS | 2017 | 2016 |
|---|-------------|------------|
| Interest | 0.3 | 0.2 |
| Taxes | 0.1 | 0.8 |
| Staff-related | 1.1 | 0.6 |
| Other items | 2.5 | 2.0 |
| Accrued income and prepayments total | 4.0 | 3.6 |

2.12. DEFERRED TAXES

Management judgment

The entry of deferred tax assets in the balance sheet calls for judgment. Deferred tax assets are recognized to the extent that future taxable income is likely to be generated, against which the confirmed losses can be used. The impairment of deferred tax assets may be necessary if the future taxable income does not correspond with the estimate. Deferred tax assets are assessed annually in relation to the Group's ability to generate sufficient taxable income in the future.

| Deferred taxes | 2017 | 2016 |
|---------------------------------|-------------|------------|
| Tax assets | | |
| Due to timing differences* | 0.1 | 0.1 |
| Other temporary differences | | |
| From tax losses carried forward | 0.5 | 0.3 |
| Deferred taxes total | 0.7 | 0.4 |

*Deferred tax assets result from timing differences in fixed asset depreciation.

| 2.13. LIABILITIES TO CREDIT INSTITUTIONS AND CENTRAL BANKS | 2017 | 2016 |
|--|-------------|------------|
| Credit institutions | | |
| Repayable on demand | 18.1 | 0 |
| Other than repayable on demand | 13.6 | 5.5 |
| Liabilities to credit institutions and central banks, total | 31.7 | 5.5 |

| 2.14. LIABILITIES TO THE PUBLIC AND PUBLIC SECTOR ENTITIES | 2017 | 2016 |
|--|--------------|--------------|
| Deposits | | |
| Repayable on demand | 621.3 | 444.9 |
| Other than repayable on demand | 0.2 | 0.1 |
| Other liabilities | | |
| Repayable on demand | 0.0 | 0.0 |
| Other than repayable on demand | 0.0 | 0.0 |
| Liabilities to the public and public sector entities, total | 621.5 | 445.0 |

| 2.15. DEBT SECURITIES ISSUED TO THE PUBLIC | 2017 | 2016 |
|--|-------------|-------------|
| Certificate of deposits | 22.5 | 10.0 |
| Bonds | 75.0 | 36.1 |
| Debt securities issued to the public, total | 97.5 | 46.1 |

| Changes in bonds issued to the public | 2017 | 2016 |
|--|-------------|------|
| Issues | 49.5 | 7.2 |
| Repurchases | 10.2 | 8.2 |

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2.16. DERIVATIVE CONTRACTS AND OTHER LIABILITIES HELD FOR TRADING

| | 2017 | 2016 |
|---|-------------|-------------|
| Derivative contracts | 29.6 | 26.3 |
| Due to short selling of shares | 5.0 | 14.7 |
| Derivative contracts and other liabilities held for trading, total | 34.6 | 41.0 |

2.17. BREAKDOWN OF OTHER LIABILITIES

| | 2017 | 2016 |
|---------------------------------|-------------|--------------|
| Securities broking liabilities | 68.2 | 85.7 |
| Securities purchase liabilities | 1.9 | 0.2 |
| Finance lease payables | 0.3 | 0.3 |
| Income tax payable | 0.3 | 0.2 |
| Personnel related | 0.6 | 0.7 |
| Other short-term liabilities | 8.5 | 20.4 |
| Prepayments of cash customers | 3.2 | 28.6 |
| VAT payable | 0.7 | 0.3 |
| Other liabilities, total | 83.6 | 136.4 |

2.18. ACCRUED EXPENSES AND DEFERRED INCOME

| | 2017 | 2016 |
|--|-------------|-------------|
| Interest | 0.2 | 0.2 |
| Tax payables | 0.6 | 0.6 |
| Personnel related | 9.5 | 7.0 |
| Other accrued expenses | 8.7 | 7.5 |
| Accrued expenses and deferred income, total | 19.1 | 15.3 |

2.19. DEFERRED TAX LIABILITIES

| | 2017 | 2016 |
|--------------------------------------|------------|------------|
| Due to timing differences | 0.2 | 0.5 |
| Deferred tax liability, total | 0.2 | 0.5 |

2.20. EQUITY CAPITAL

Accounting principle

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.

| | 2017 | 2016 |
|---|-------------|-------------|
| Equity capital | 2017 | 2016 |
| Share capital | 30.2 | 30.2 |
| Share premium fund | 1.8 | 1.8 |
| Other reserves | 0.1 | 0.1 |
| Restricted equity | 32.2 | 32.1 |
| Reserve for invested unrestricted equity | 17.5 | 18.4 |
| Retained earnings 1.1. | 14.6 | 12.8 |
| Dividends | -9.2 | -7.2 |
| Translation difference and other changes in retained earnings | -0.2 | -0.7 |
| Retained earnings 31.12. | 5.2 | 4.9 |
| Profit for the period | 16.7 | 9.6 |
| Unrestricted equity for shareholders | 39.4 | 32.8 |
| Shareholders' share of equity | 0.9 | 0.4 |
| Equity capital | 72.5 | 65.3 |

Share premium fund

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

Fund of invested non-restricted equity

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

Own shares held by the credit institution

The company has acquired a total of 146,115 shares with a price of EUR 524,759.31 during 2017. The cost of purchase has been deducted from unrestricted equity. On December 31, 2017 the company hold a total of 355,655 own shares.

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Off-balance-sheet commitments

3.1. OPERATING LEASES

| | 2017 | 2016 |
|------------------------------------|------|------|
| Not later than one year | 0.3 | 0.3 |
| Over year not later than five year | 0.3 | 0.3 |

3.2. OTHER RENTAL COMMITMENTS

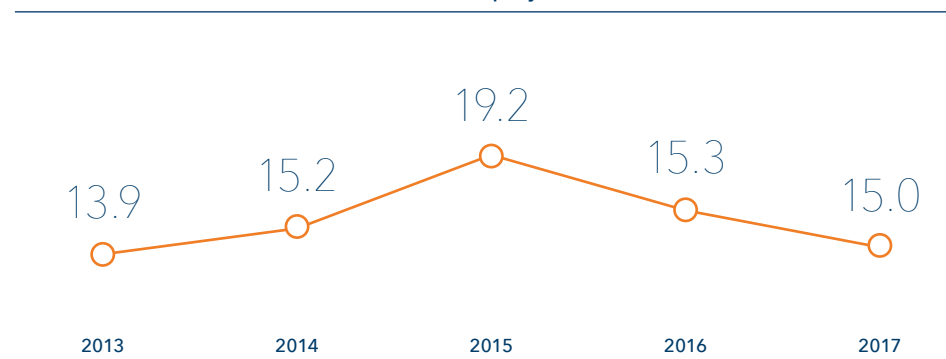
| | 2017 | 2016 |
|--|------|------|
| Rental liabilities up to one year | 1.9 | 1.5 |
| Rental liabilities over one year and less than 5 years | 5.5 | 5.7 |
| Rental liabilities over 5 years | 0.0 | 3.0 |

3.3. BREAKDOWN OF OFF-BALANCE SHEET COMMITMENTS

| | 2017 | 2016 |
|---|------|------|
| Commitments given to a third party on behalf of a customer* | 8.2 | 4.6 |
| Irrevocable commitments given in favour of a customer | 0.2 | 0.2 |
| Guarantees on behalf of others | 0.5 | 0.5 |
| Unused credit facilities, given to clients | 2.4 | 2.3 |

*Commitments given on behalf of a customer for a third party include collaterals for derivatives positions given on behalf of customers in Nasdaq OMX and New Edge. The customers have covered their derivatives collateral to Evli in full, except for two customers temporary total deficit of EUR 0.01 million. Other irrevocable commitments given on behalf of a customer comprise subscription commitments guaranteed on behalf of customers.

BIS adequacy, %



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Other notes

| 4.1. CAPITAL ADEQUACY | 1.1.2017– 31.12.2017 | 1.1.2016– 31.12.2016 | 1.1.2015– 31.12.2015 | 1.1.2014– 31.12.2014 | 1.1.2013– 31.12.2013 |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Own funds | 43.0 | 45.7 | 52.4 | 39.3 | 35.0 |
| Risk-weighted receivables, investments and off-balance sheet obligations for credit- and market risk | 166.9 | 184.8 | 162.9 | 157.5 | 152.8 |
| Own funds to cover operational risk | 9.6 | 9.0 | 8.8 | 8.1 | 7.9 |
| Capital adequacy ratio, % | 15.0 | 15.3 | 19.2 | 15.2 | 13.9 |
| Evlı Bank Plc's capital adequacy ratio, % | 20.4 | 20.7 | 24.0 | 18.7 | 18.4 |
| Own funds surplus | 20.0 | 21.8 | 30.6 | 18.7 | 14.9 |
| Own funds in relation to the minimum capital requirement | 1.9 | 1.9 | 2.4 | 1.9 | 1.7 |

4.1.1. OWN FUNDS

| | 2017 | 2016 |
|---|-------------|-------------|
| Own funds include share capital, funds and retained earnings. These items are not subject to special terms. | | |
| Own assets (common equity tier 1 capital) | | |
| Share capital | 30.2 | 30.2 |
| Funds total and retained earnings | 24.7 | 25.2 |
| Minority interest | 0.0 | 0.0 |
| Decreases: | | |
| Intangible assets | 9.7 | 9.4 |
| Other decreases | 2.1 | 0.3 |
| Total tier 1 capital | 43.0 | 45.7 |

Evlı Bank has no tier 2 capital. Own funds does not include profit for the last financial year.

4.1.2. MINIMUM OWN FUNDS BY EXPOSURE GROUP

| | Own funds min. requirement | Risk- weighted value | Exposure value after credit risk deductions |
|---|----------------------------------|----------------------------|--|
| Minimum capital adequacy requirement by exposure group, standard method for credit risk | | | |
| Claims from the state and central banks | 0.0 | 0.0 | 144.6 |
| Claims from regional governments and local authorities | 0.0 | 0.0 | 384.9 |
| Claims from credit institutions and investment firms | 2.9 | 36.3 | 208.4 |
| Investments in mutual funds | 0.5 | 6.9 | 6.9 |
| Claims secured with property | 0.1 | 1.2 | 3.5 |
| Claims from corporate customers | 2.1 | 26.0 | 27.8 |
| Items with high risk, as defined by the authorities | 0.2 | 2.6 | 1.7 |
| Matured receivables | 0.0 | 0.0 | 0.0 |
| Other items | 6.6 | 81.9 | 81.9 |
| Total | 12.4 | 154.9 | 859.8 |
| Minimum amount of own funds, market risk | 1.0 | 12.0 | |
| Risk-weighted receivables, investments and off-balance sheet obligations, total | 13.4 | 166.9 | |
| Minimum amount of own funds, operational risk | 9.6 | 120.4 | |
| Total | 23.0 | 287.3 | |

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4.1.3. GENERAL INFORMATION ON CREDIT AND DILUTION RISK (STANDARD MODEL)

Lending, exposure per geographic area and non-performing credits

| Exposure and home country | Lending stock | Average remaining maturity years | Overdue by at least 90 days | Impairment losses |
|---------------------------------|---------------|----------------------------------|-----------------------------|-------------------|
| Private persons Finland | 66.2 | 1.3 | 0.0 | 0.0 |
| Corporations Finland | 15.4 | 2.3 | 0.0 | 0.0 |
| Other sectors Finland | 1.0 | 0.5 | 0.0 | 0.0 |
| Private persons EU countries | 4.2 | 2.7 | 0.0 | 0.0 |
| Corporations EU countries | 1.5 | 1.2 | 0.0 | 0.0 |
| Private persons other countries | 3.6 | 1.6 | 0.0 | 0.0 |
| Total | 92.0 | 1.5 | 0.0 | 0.0 |

Loans are entered as non-performing if payment of interest or instalments is overdue by at least 90 days, or if it is estimated that the debtor is probably not going to be able to manage the loan commitments.

No value impairments concerning loans were made during the year, and there were no non-performing loans at year-end. There were no loans overdue by at least 90 days in the loan stock by December 31, 2017.

The goal of the lending is to support customer relations and the Bank's main businesses. At the same time, 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 72 percent, and foreign private customer's share was 9 percent.

Exposures by risk weight, credit risk standard model

| Risk weight-% | Original exposure value | Credit risk reducing collateral | Exposure value after credit risk deductions | Risk-weighted value |
|--------------------------------|-------------------------|---------------------------------|---|---------------------|
| 0 | 593.3 | 0.0 | 593.3 | 0.0 |
| 20 | 131.3 | -7.3 | 124.1 | 24.8 |
| 35 | 3.5 | 0.0 | 3.5 | 1.2 |
| 50 | 23.3 | -5.1 | 18.2 | 9.1 |
| 76 | 7.5 | 0.0 | 7.5 | 5.7 |
| 100 | 147.8 | -36.7 | 109.1 | 109.1 |
| 150 | 1.7 | 0.0 | 1.7 | 2.6 |
| | 908.5 | -49.1 | 857.4 | 152.5 |
| Credit value adjustment | 2.3 | 0.0 | 2.3 | 2.3 |
| Total | 910.8 | -49.1 | 859.8 | 154.9 |

The credit rating institutions used in the standard method are Standard & Poor's, Moody's and Fitch, whose credit ratings are used to assign risk weights for credit institutions and corporations. If a credit rating is not available, the risk weight is assigned in accordance with the credit quality group of the home country of the institution.

The Treasury function's investments in debt instruments are focused at Nordic bank bonds, whose credit rating is at minimum A, and at short term investments like local government notes and commercial papers. In the capital adequacy calculations, 79 percent of the investments had a risk weight of 0 percent, 13 percent a risk weight of 20 percent, 4 percent a risk weight of 50 percent, and 4 percent had a risk weight of 100 percent. Total investments in debt instruments was at year-end EUR 264 million for the Treasury function.

4.1.4. 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 as risk-reducing collateral 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

Evli does not use master netting agreements or similar agreements in capital adequacy calculation.

Exposures hedged with approved collateral in capital adequacy calculation

| | 2017 | 2016 |
|--|------|------|
| Mortgages | 3.5 | 6.3 |
| Other credits | 15.8 | 3.2 |
| Counterparty exposure of OTC derivatives | 33.2 | 21.1 |

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| 4.1.5. CREDIT RISK (COUNTERPARTY RISK) | 2017 | 2016 |
|--|------------|------------|
| Positive fair value of OTC derivatives in the financial statement | 28.6 | 26.4 |
| The derivatives comprise equity, currency and fixed income derivatives | | |
| Collateral reducing counterparty risk in capital adequacy calculations | 33.2 | 21.1 |
| After the collateral-reducing effect the credit counter-value of derivatives totaled | 32.3 | 38.3 |
| 4.1.6. MARKET RISK | | |
| | 2017 | 2016 |
| Minimum capital adequacy requirement, trading book | | |
| Position risk | 0.5 | 0.4 |
| -of which position risk for equity instruments | 0.4 | 0.3 |
| -of which position risk for debt instruments | 0.2 | 0.1 |
| Settlement risk | 0.0 | 0.0 |
| Minimum capital adequacy requirement for the currency risk of all operations | 0.4 | 0.2 |
| Total | 1.0 | 0.6 |
| Net positions in trading book, equity instruments: | | |
| Long net positions | 0.9 | 1.3 |
| Short net positions | -0.2 | -0.8 |
| Net total | 0.7 | 0.5 |
| Net positions in trading book, debt positions: | | |
| Long net positions | 1.4 | 0.5 |
| Short net positions | 0.0 | 0.0 |
| Net total | 1.4 | 0.5 |
| Net positions in currencies: | | |
| Swedish krona | 3.2 | 1.7 |
| Norwegian krone | 1.2 | 0.1 |
| US dollar | -0.9 | 0.0 |
| Swiss franc | 0.2 | 0.0 |
| Pound sterling | 0.2 | 0.3 |
| Japanese yen | 0.1 | 0.1 |
| Other currencies | 0.2 | 0.1 |
| Total net position | 4.3 | 2.3 |

4.1.7. OPERATIONAL RISK

The method applied in the capital adequacy calculations is the basic indicator approach, which is based on the Group's revenues for the previous three years. The capital requirement is 15 percent of the average revenue from the previous three calendar years.

4.1.8. 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 14.3 million, which is the fair value of the investments.

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

| Investment types | 2017 | 2016 |
|---|-------------|-------------|
| Private equity funds | 1.7 | 2.9 |
| Real estate funds | 2.2 | 2.1 |
| Unlisted shares | 0.3 | 0.6 |
| Mutual funds (interest rate - and equity funds) | 6.9 | 14.9 |
| Listed shares | 3.2 | 17.3 |
| Total | 14.3 | 37.9 |

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.

Based on the capital adequacy disclosure requirements (CRR article 431), the following required additional disclosures are presented in the financial statements in the following sections:

- Risk management objectives and policies: Administration/ Risk management and internal control
- Unencumbered assets: Notes to balance sheet/ Assets pledged as collateral and other commitments
- Exposure to interest rate risk on positions not included in the trading book: Administration/ Risk management and internal control
- Remuneration policy: Administration/ Remuneration report 2017
- Leverage: Administration/ Risk management and internal control
- Capital requirements, adequacy of internal capital: Risk management and internal control.

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4.2. MATURITIES OF FINANCIAL ASSETS AND LIABILITIES

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.

| | 2017 | | | | | Total | 2016 | | | | | Total |
|---|--------------------|-------------|-----------|------------|---------------|--------------|--------------------|-------------|-----------|------------|---------------|--------------|
| | less than 3 months | 3-12 months | 1-5 years | 5-10 years | over 10 years | | less than 3 months | 3-12 months | 1-5 years | 5-10 years | over 10 years | |
| Assets | | | | | | | | | | | | |
| Cash and cash equivalents | 383.2 | | | | | 383.2 | 203.1 | 0.0 | 0.0 | 0.0 | 0.0 | 203.1 |
| Loans and other claims | | | | | | | | | | | | |
| Claims on credit institutions | 59.1 | 5.0 | 0.0 | 0.0 | 0.0 | 64.1 | 66.0 | 0.0 | 0.0 | 0.0 | 0.0 | 66.0 |
| Claims on the public and public sector entities | 12.2 | 29.4 | 46.8 | 3.6 | 0.0 | 92.0 | 7.1 | 19.2 | 43.7 | 0.4 | 0.0 | 70.4 |
| Financial assets at fair value through profit or loss | | | | | | | | | | | | |
| Debt securities eligible for refinancing with central banks | 0.0 | 5.0 | 31.3 | 0.0 | 0.0 | 36.3 | 4.0 | 8.0 | 27.1 | 0.0 | 0.0 | 39.1 |
| Debt securities | 181.9 | 34.9 | 11.1 | 1.5 | 0.0 | 229.4 | 136.3 | 36.4 | 11.1 | 0.1 | 0.0 | 183.9 |
| Shares and participations | 27.2 | 2.0 | 0.1 | 2.2 | 0.0 | 31.5 | 42.8 | 21.1 | 0.0 | 1.9 | 0.0 | 65.8 |
| Derivative contracts | 23.8 | 4.6 | 1.8 | 0.0 | 0.0 | 30.2 | 22.0 | 4.3 | 0.6 | 0.0 | 0.0 | 26.9 |
| Financial assets available for sale | | | | | | | | | | | | |
| Shares and participations | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Accrued interest | 0.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.3 | 0.1 | 0.0 | 0.1 | 0.0 | 0.0 | 0.2 |
| Debts | | | | | | | | | | | | |
| Financial liabilities at amortized cost | | | | | | | | | | | | |
| Liabilities to credit institutions | 31.2 | 0.5 | 0.0 | 0.0 | 0.0 | 31.7 | 2.5 | 3.0 | 0.0 | 0.0 | 0.0 | 5.5 |
| Liabilities to the public and public sector entities | 621.3 | 0.2 | 0.0 | 0.0 | 0.0 | 621.5 | 445.0 | 0.0 | 0.0 | 0.0 | 0.0 | 445.0 |
| Debt securities issued to the public | 9.5 | 16.0 | 57.4 | 14.6 | 0.0 | 97.5 | 0.0 | 11.2 | 30.2 | 4.7 | 0.0 | 46.1 |
| Financial liabilities at fair value through profit or loss | 28.9 | 3.9 | 1.8 | 0.0 | 0.0 | 34.6 | 36.4 | 3.9 | 0.7 | 0.0 | 0.0 | 41.0 |
| Accrued interest | 0.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.2 | 0.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.2 |
| Off-balance sheet commitments | 8.9 | 2.1 | 0.3 | 0.0 | 0.0 | 11.4 | 7.4 | 0.2 | 0.1 | 0.0 | 0.0 | 7.7 |

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4.3. ASSETS AND LIABILITIES DENOMINATED IN DOMESTIC AND FOREIGN CURRENCY

| Balance sheet item | 2017 | | | 2016 | | |
|---|-------------------|------------------|--------------|-------------------|------------------|--------------|
| | Domestic currency | Foreign currency | Total | Domestic currency | Foreign currency | Total |
| Loans and other claims | | | | | | |
| Cash on hand | 383.2 | 0.0 | 383.2 | 203.1 | 0.0 | 203.1 |
| Claims on credit institutions | 58.3 | 5.8 | 64.1 | 41.1 | 24.8 | 66.0 |
| Claims on the public and public sector entities | 92.0 | 0.0 | 92.0 | 70.4 | 0.0 | 70.4 |
| Financial assets at fair value through profit or loss | | | | | | |
| Debt securities | 261.6 | 4.1 | 265.7 | 223.1 | 0.0 | 223.1 |
| Shares and participations | 30.2 | 1.4 | 31.5 | 62.3 | 3.6 | 65.8 |
| Derivative financial instruments | 30.2 | 0.0 | 30.2 | 26.9 | 0.0 | 26.9 |
| Other assets | 70.9 | 23.0 | 93.9 | 82.6 | 17.1 | 99.7 |
| Total | 926.3 | 34.3 | 960.7 | 709.5 | 45.5 | 755.0 |
| Financial liabilities at amortized cost | | | | | | |
| Liabilities to credit institutions | 13.6 | 18.1 | 31.7 | 5.5 | 0.0 | 5.5 |
| Liabilities to the public and public sector entities | 545.6 | 75.9 | 621.5 | 400.8 | 44.2 | 445.0 |
| Debt securities issued to the public | 97.5 | 0.0 | 97.5 | 46.1 | 0.0 | 46.1 |
| Financial assets at fair value through profit or loss | | | | | | |
| Derivative contracts and liabilities held for trading | 34.3 | 0.2 | 34.6 | 40.9 | 0.0 | 41.0 |
| Other liabilities | 93.3 | 9.6 | 102.9 | 125.7 | 26.4 | 152.2 |
| Total | 784.3 | 103.8 | 888.2 | 619.0 | 70.7 | 689.7 |

The largest foreign currency assets and liabilities are in SEK (assets EUR 18.8 million, liabilities EUR 45.9 million) and USD (assets EUR 9.9 million, liabilities EUR 20.9 million).

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

Management judgment

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 which is calculated based on the generally approved valuation models used on the market is generally used. Alternatively, valuation based on net asset value is employed.

Value of financial instruments across the three levels of the fair value hierarchy

| | Level 1 | Level 2 | Level 3 | Total |
|---|--------------|--------------|-------------|--------------|
| 2017 | 2017 | 2017 | 2017 | 2017 |
| Financial assets | | | | |
| Shares and participations classified as held for trading | 17.2 | 0.0 | 0.0 | 17.2 |
| Shares and participations, other | 10.1 | 0.0 | 4.3 | 14.3 |
| Debt securities eligible for refinancing with central banks | 36.3 | 0.0 | 0.0 | 36.3 |
| Debt securities | 4.1 | 222.0 | 3.3 | 229.4 |
| Positive market values from derivatives | 2.0 | 24.9 | 3.3 | 30.2 |
| Total financial assets held at fair value | 69.6 | 246.9 | 10.8 | 327.4 |
| Financial liabilities | | | | |
| Shares and participations classified as held for trading | 3.9 | 0.0 | 1.1 | 5.0 |
| Negative market values from derivatives | 1.7 | 24.8 | 3.1 | 29.6 |
| Total financial liabilities held at fair value | 5.6 | 24.8 | 4.2 | 34.6 |
| 2016 | 2016 | 2016 | 2016 | Total |
| Financial assets | | | | |
| Shares and participations classified as held for trading | 24.7 | 0.0 | 3.3 | 28.0 |
| Shares and participations, other | 32.2 | 0.0 | 5.7 | 37.9 |
| 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 | 115.6 | 188.7 | 11.5 | 315.8 |
| 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 |

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Explanation of fair value hierarchies:

Level 1

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

Level 2

Fair values are measured with valuation models using parameters quoted on public markets.

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, real estate funds, equities and equity rights.

Derivatives in level 2 are forwards whose values are calculated with inputs like quoted interest rates and currency rates.

Derivative valuations for level 3 instruments contain inputs (volatility and dividend estimate) which are not directly observable in the market. The values are calculated with pricing models widely in use, like Black-Scholes. Valuations received from the counterparty of the OTC trade are classified as level 3 valuations.

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 for illiquid securities that are received directly from the arranger of the issue, or the valuation is calculated by Evli Bank.

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 the Risk Management function evaluate and classify instruments.

Level 2 valuation methods, detailed description:

| Financial instrument | Valuation method/ inputs |
|--------------------------------------|--|
| Money market instrument, not quoted | Interest rate spread to Euribor-curve, acquisition date spread is used if no significant change has occurred in the credit risk of the instrument. |
| Bond instrument, no active market | Bid quote (price source Bloomberg) |
| Derivative instruments: OTC forwards | Price calculated by using the market price of the underlying instrument, and quoted interest - and currency rates. |

Level 3 valuation methods, detailed description:

| Financial instrument | Valuation method/ inputs |
|--|--|
| Bond instrument, illiquid/ not quoted | Price received from arranger of issue or price calculated by Evli Bank. |
| Shares, unlisted | Estimate of company value calculated by using the book value of the share, or by an estimated future cash-flow analysis. If the share has been traded, the price level can be used in the valuation. If no better estimate of the fair value is available, the acquisition price can be used as the fair value. |
| Unlisted options, warrants and equity rights | The values are calculated at Evli Bank with pricing models widely in use. Calculation inputs which are estimated are the volatility of the underlying instrument, and dividend estimate. |
| Venture capital and real estate funds | Last known fair value from the funds' management companies, valuation received four times a year. Valuation is corrected if after the valuation date, such information has been received of an ownership in the portfolio that significantly will affect the value of the fund. |

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4.5. ANALYSIS OF FINANCIAL INSTRUMENTS CATEGORIZED IN LEVEL 3

| | 2017 | 2016 |
|--|-------------|-------------|
| Financial assets | | |
| Shares and participations classified as held for trading | 0.0 | 3.3 |
| Unlisted shares and participations | 0.3 | 0.6 |
| Venture capital funds and real estate funds | 3.9 | 5.0 |
| Debt securities | 3.3 | 1.0 |
| Quoted equity derivatives | 0.0 | 0.0 |
| OTC equity derivatives | 3.3 | 1.6 |
| Total financial assets held at fair value | 10.8 | 11.5 |
| Financial liabilities | | |
| Shares and participations classified as held for trading | 1.1 | 1.2 |
| Quoted equity derivatives | 0.0 | 0.0 |
| OTC equity derivatives | 3.1 | 0.8 |
| Total financial liabilities held at fair value | 4.2 | 2.0 |

Significant changes during the year, considering level 3 categorized instruments:

Financial assets

| | |
|--|------------|
| Shares and participations classified as held for trading 31.12.2016 | 3.3 |
| Net purchases and sales | -3.2 |
| Valuation changes | 0.0 |
| Shares and participations classified as held for trading 31.12.2017 | 0.0 |

| | |
|--|------------|
| Unlisted shares and participations 31.12.2016 | 0.6 |
| Purchases | 0.0 |
| Sales | 0.0 |
| Valuation changes | -0.3 |
| Unlisted shares and participations 31.12.2017 | 0.3 |

| | |
|---|------------|
| Venture capital funds and real estate funds 31.12.2016 | 5.0 |
| Purchases | 0.0 |
| Sales | 1.2 |
| Valuation changes | 0.1 |
| Venture capital funds and real estate funds 31.12.2017 | 3.9 |

| | |
|--|------------|
| Debt securities 31.12.2016 | 1.0 |
| Purchases | 2.3 |
| Sales | 0.0 |
| Valuation changes | 0.0 |
| Debt securities 31.12.2017 | 3.3 |
| OTC equity derivatives 31.12.2016 | 1.6 |
| Net purchases and sales | -1.9 |
| Valuation changes | -0.2 |
| OTC equity derivatives 31.12.2017 | 3.3 |

Financial liabilities

| | |
|--|------------|
| Shares and participations classified as held for trading 31.12.2016 | 1.2 |
| Net purchases and sales | 0.1 |
| Valuation changes | 0.2 |
| Shares and participations classified as held for trading 31.12.2017 | 1.1 |

| | |
|--|------------|
| OTC equity derivatives 31.12.2016 | 0.8 |
| Net purchases and sales | -2.6 |
| Valuation changes | 0.3 |
| OTC equity derivatives 31.12.2017 | 3.1 |

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

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4.6. UNREALIZED PROFIT/LOSS FOR FINANCIAL INSTRUMENTS CATEGORIZED IN LEVEL 3

| | Unrealized P/L at year-end | |
|---|----------------------------|-------------|
| | 2017 | 2016 |
| Financial assets: | | |
| Shares and participations classified as held for trading | 0.0 | -0.1 |
| Shares and participations, other | -0.3 | -0.4 |
| Debt securities | 0.0 | 0.0 |
| Positive market values from derivatives | 0.0 | 0.2 |
| Unrealized P/L at year-end, financial assets | -0.3 | -0.4 |
| Financial liabilities: | | |
| Shares and participations classified as held for trading | 0.2 | -0.1 |
| Negative market values from derivatives | 0.0 | -0.3 |
| Unrealized P/L at year-end, financial liabilities | 0.2 | -0.4 |
| Total unrealized profit (loss)*, level 3 instruments | -0.1 | -0.8 |

*Total unrealized profit (loss) is recorded in net income from securities transactions.

4.7. CLASSIFICATION OF FINANCIAL INSTRUMENTS

| | Financial assets at fair value through profit or loss | | | | | Total |
|---|---|------------------|--|--------------------|--------------|--------------|
| | Loans and other receivables | Held for trading | Others valued at fair value through profit or loss | Available for sale | Other assets | |
| 31.12.2017 Assets | | | | | | |
| Cash and cash equivalents | 383.2 | | | | | 383.2 |
| Claims on credit institutions | 64.1 | | | | | 64.1 |
| Claims on the public and public sector entities | 92.0 | | | | | 92.0 |
| Debt securities eligible for refinancing with central banks | | | 36.3 | | | 36.3 |
| Debt securities | | 1.7 | 227.7 | | | 229.4 |
| Shares and participations | | 17.2 | 14.3 | 0.0 | | 31.5 |
| Derivative contracts | | 30.2 | | | | 30.2 |
| Shares and participations in associates | | | | | 3.6 | 3.6 |
| Intangible assets and goodwill | | | | | 10.0 | 10.0 |
| Property, plant and equipment | | | | | 1.8 | 1.8 |
| Other assets | | | | | 73.9 | 73.9 |
| Accrued income and prepayments | | | | | 4.0 | 4.0 |
| Deferred tax assets | | | | | 0.7 | 0.7 |
| Total | 539.3 | 49.1 | 278.3 | 0.0 | 93.9 | 960.7 |

| | Financial liabilities at fair value through profit or loss | | | | Total |
|---|--|--|-----------------------------|-------------------|--------------|
| | Held for trading | Others valued at fair value through profit or loss | Other financial liabilities | Other liabilities | |
| 31.12.2017 Liabilities | | | | | |
| Liabilities to credit institutions and central banks | | | 31.7 | | 31.7 |
| Liabilities to the public and public sector entities | | | 621.5 | | 621.5 |
| Debt securities issued to the public | | | 97.5 | | 97.5 |
| Derivative contracts and other liabilities held for trading | 34.6 | | | | 34.6 |
| Other liabilities | | | | 83.6 | 83.6 |
| Accrued expenses and deferred income | | | | 19.1 | 19.1 |
| Deferred tax liabilities | | | | 0.3 | 0.3 |
| Total | 34.6 | 0.0 | 750.7 | 102.9 | 888.2 |

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| 4.8. LIQUIDITY COVERAGE REQUIREMENT (LCR) | 2017 | |
|---|--------------|--|
| Items included in the liquidity coverage ratio 31.12.2017 | | |
| Requirement 80% (100% beginning 1.1.2018) | | |
| Liquidity buffer | | |
| Central Bank deposits, withdrawable | 377.7 | |
| Local government notes | 208.4 | |
| Liquidity buffer total | 586.1 | |
| Inflows over the next 30 days | | |
| Maturing loans, retail customers | 1.2 | |
| Monies due from financial customers | 3.1 | |
| Inflow total | 4.2 | |
| Outflows over the next 30 days | | |
| Retail deposits | 11.9 | |
| Deposits by financial customers | 462.4 | |
| Deposits by other customers | 9.3 | |
| Impact of an adverse market scenario on derivatives, financing transactions and other contracts | 18.7 | |
| Credit facilities | 0.2 | |
| Planned derivatives payables | 0.1 | |
| Other off-balance sheet and contingent funding obligations | 0.1 | |
| Other debt | 32.4 | |
| Issued debt securities | 9.5 | |
| Outflow total | 544.6 | |
| Net liquidity outflow | 540.3 | |
| LCR % = Liquidity buffer / Net liquidity outflow | 108.5 | |

| 4.9. SECURITIES LENDING | 2017 | 2016 |
|--|------|------|
| Market value of securities lending at 31.12., lent in | 15.4 | 30.8 |
| Market value of securities lending at 31.12., lent out | 0.2 | 0.3 |

4.10. FAIR VALUES AND BOOK VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

| | 2017 | 2017 |
|---|------------|------------|
| | Book value | Fair value |
| Financial assets | | |
| Liquid assets | 383.2 | 383.2 |
| Debt securities eligible for refinancing with central banks | 36.3 | 36.3 |
| Claims on credit institutions | 64.1 | 64.1 |
| Claims on the public and public sector entities | 92.0 | 92.0 |
| Debt securities | 229.4 | 229.4 |
| Shares and participations | 31.5 | 31.5 |
| Derivative contracts | 30.2 | 30.2 |
| Financial liabilities | | |
| Liabilities to credit institutions | 31.7 | 31.7 |
| Liabilities to the public and public sector entities | 621.5 | 621.5 |
| Debt securities issued to the public | 97.5 | 97.9 |
| Derivative contracts and other trading liabilities | 34.6 | 34.6 |

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.

4.11. ASSETS PLEDGED AS COLLATERAL

| | 2017 | 2016 |
|--|------|------|
| Securities | 36.3 | 36.5 |
| Cash deposits | 53.6 | 40.8 |
| Usage of collateral | | |
| Markeplace collateral, stock- and derivatives trades | 16.9 | 13.2 |
| Collateral for OTC derivatives trades | 21.5 | 2.6 |
| Collateral for securities lending | 17.2 | 26.9 |
| Bank of Finland, collateral for daily limit account | 34.3 | 34.5 |

4.12. ASSET UNDER MANAGEMENT

| | 2017 | 2016 |
|---|----------------|----------------|
| Assets under Management at Evli Bank's asset management as of December 31 | | |
| Gross | 12,956.0 | 11,491.0 |
| Net | 9,848.0 | 8,691.0 |
| Assets under management on the basis of power of attorney | | |
| Discretionary asset management | 4,546.0 | 3,967.0 |
| Consultative asset management | 141.0 | 139.0 |
| Total | 4,687.0 | 4,106.0 |

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Consolidation

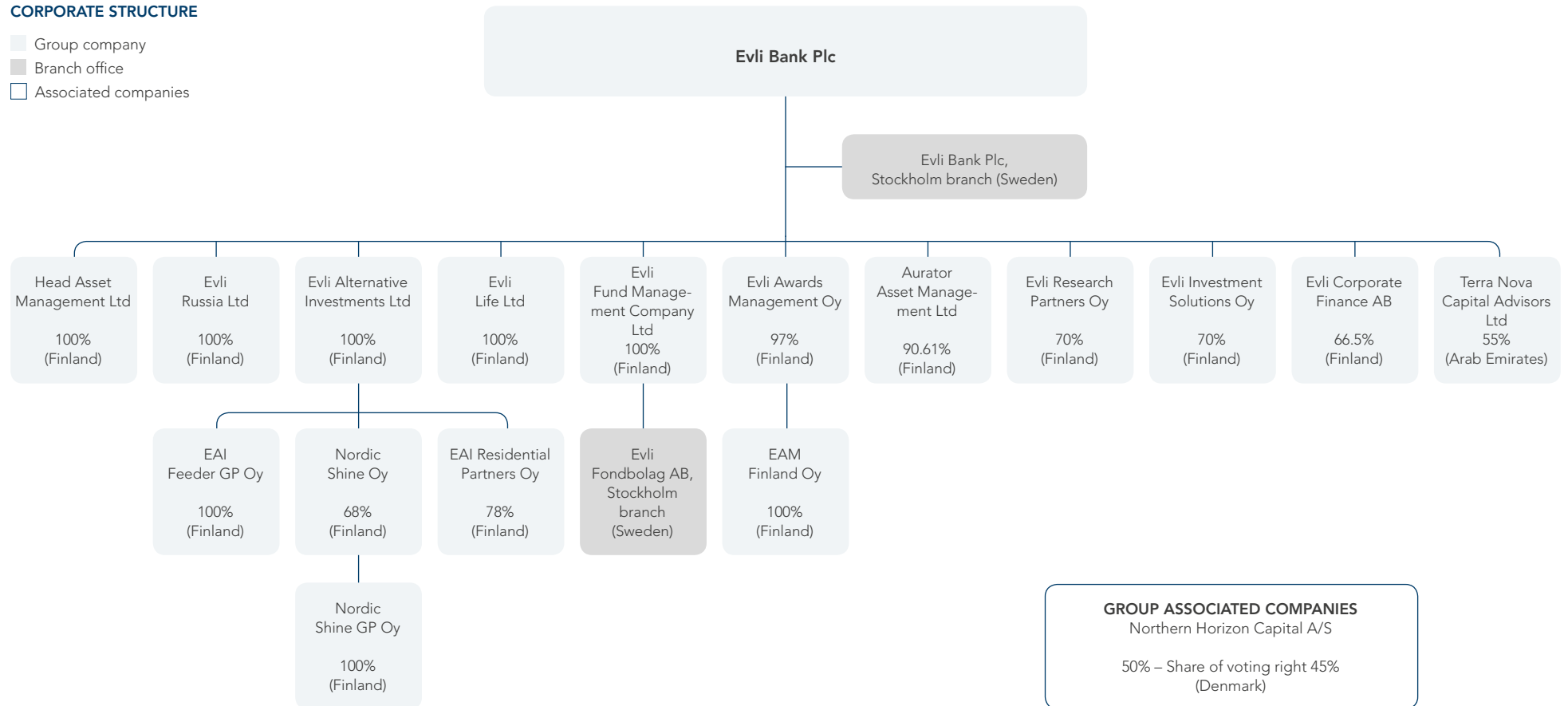
5.1. CORPORATE STRUCTURE

CORPORATE STRUCTURE

■ Group company

■ Branch office

□ Associated companies



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Accounting principle

General consolidation principles

Subsidiaries

The consolidated financial statements comprise the financial statements of Evli Bank Plc and all the subsidiaries in which the parent company has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group's internal shareholdings are eliminated using the acquisition method of accounting. The assets, liabilities, contingent assets and contingent liabilities of a company acquired according to the acquisition method are assessed at fair value at the time of acquisition. Intangible assets, such as trademarks, patents or client relationships, that are not included in the acquired company's balance sheet are identified and assessed in connection with the acquisition. Goodwill is recognized for the amount by which the transferred consideration, the share of non-controlling interests of the target of acquisition and the previously held share of the target of acquisition exceed the Group's share of the fair value of acquired net assets and liabilities.

All intra-group transactions, receivables, liabilities, unrealized gains and internal distribution of profits are eliminated in preparing the consolidated financial statements. Unrealized losses are not eliminated if the loss is due to impairment of an asset. The profit for the period attributable to the parent company's

equity holders and non-controlling interests is presented in the income statement. The non-controlling interests' share of equity is presented separately in the balance sheet within equity. Comprehensive income is allocated to the parent company's owners and to non-controlling interests even if this would lead to the non-controlling interests' share becoming negative, unless the non-controlling interests have an exemption not to meet obligations which exceed the non-controlling interests' investment in the company.

Associated companies

The consolidated financial statements encompass those associates in which the parent company directly or indirectly owns 20-50 percent of the shares with voting rights or in which it otherwise exercises significant influence, but not control. Associates are consolidated using the equity method. The Group's share of associates' profit is presented separately in the income statement.

Companies outside the Group

Subsidiaries and associated companies in which the Group has a majority holding but in which a third party has control are not consolidated in the consolidated financial statements. Mutual funds managed on behalf of clients are also not consolidated, since the Group has no control over them.

The figures of Evli's associates Baltic SME Management B.V. and BIF Management Ltd are not consolidated in the consolidated financial statements because they are not significant for the Group.

| | Country | Ownership % | Share of voting rights % |
|---------------------------------|----------------------|-------------|--------------------------|
| Minority interest | | | |
| Evli Corporate Finance AB | Sweden | 33.5% | 33.5% |
| Terra Nova Capital Advisors Ltd | United Arab Emirates | 45% | 45% |
| Evli Research Partners Oy | Finland | 30% | 30% |
| Evli Investment Solutions Oy | Finland | 30% | 30% |
| EAI Residential Partners Oy | Finland | 25% | 25% |
| Associated companies | | | |
| Northern Horizon Capital A/S | Denmark | 50% | 45% |

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

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

Financial success in companies with non-controlling owners

| Company | Evli Corporate Finance AB | Terra Nova Capital Advisors Ltd | Evli Research Partners Oy | Evli Investment Solutions Oy | EAI Residential Partners Oy |
|---|---------------------------|---------------------------------|---------------------------|------------------------------|-----------------------------|
| Domicile | Sweden | United Arab Emirates | Finland | Finland | Finland |
| Assets | 2.8 | 0.5 | 0.4 | 0.6 | 0.1 |
| Liabilities | 1.8 | 0.0 | 0.2 | 0.1 | 0.0 |
| Profit/Loss | 1.0 | 0.6 | 0.2 | 0.5 | 0.1 |
| Attributable to non-controlling interest | 0.3 | 0.2 | 0.1 | 0.1 | 0.0 |
| Dividens paid to non-controlling interest | 0.2 | 0.1 | 0.0 | 0.0 | 0.0 |

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5.2. CHANGES IN CORPORATE STRUCTURE

Evli Bank Plc sold 8.5 percent of its shares in Evli Corporate Finance Ab to the company's employees. Evli's stake in the company is now 66.5 percent.

In May 2017 Evli Bank Plc acquired the remaining of its company, Head Asset Management Oy, in which it previously had a 90.0 percent ownership. This transaction made Head Asset Management a wholly-owned subsidiary of Evli Bank Plc.

Evli Bank Plc sold 13.5 percent of its shares in Terra Nova Capital Advisor Ltd to an employee of the company. As a result of the procedure, Evli Bank Plc's stake in the company is now 55.0 percent.

The operations of the OOO Evli Moscow company, which was part of the Evli Group, were liquidated on October 11, 2017 in accordance with the decision approved by the authorities.

A decision was made to terminate the operations of Nordic Shine Ltd, which was part of the Evli Group, in accordance with a decision made on October 18, 2017.

5.3. 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 Executive Group, as well as the board members of the subsidiaries.

Transactions between management and the company are typical transactions between the Bank and the customer. The company's liabilities to management include the management's cash assets in their bank accounts in Evli. Similarly, receivables relate to potential market-based management loans. There are no other exceptional loan arrangements compared to other Evli's customers.

| Transactions with related parties 2017 | Subsidiaries | Associated companies | Group management |
|--|--------------|----------------------|------------------|
| Sales | 18.2 | 0.0 | 0.0 |
| Purchases | 2.1 | 0.0 | 0.0 |
| Receivables | 6.6 | 0.0 | 0.1 |
| Liabilities | 29.9 | 0.0 | 0.4 |

Shares owned by related parties: 8,565,641 pcs

Transactions with related parties 2016

| | | | |
|-------------|------|-----|-----|
| Sales | 12.6 | 0.0 | 0.0 |
| Purchases | 1.3 | 0.0 | 0.1 |
| Receivables | 0.4 | 0.0 | 0.1 |
| Liabilities | 20.0 | 0.0 | 0.0 |

Shares owned by related parties: 13,449,591 pcs

| | 2017 | 2016 |
|---|------------|------------|
| Fees paid to auditors | | |
| Audit - Group | | |
| PricewaterhouseCoopers | 0.1 | 0.0 |
| Other companies | 0.1 | 0.2 |
| Audit - Parent company | | |
| PricewaterhouseCoopers | 0.1 | 0.0 |
| Other companies | 0.0 | 0.1 |
| Total | 0.3 | 0.4 |
| Other than auditing fees | | |
| Advisory services - Group | | |
| PricewaterhouseCoopers* | 0.1 | 0.0 |
| Other companies | 0.0 | 0.0 |
| Advisory services - Parent company | | |
| PricewaterhouseCoopers | 0.0 | 0.0 |
| Other companies | 0.0 | 0.0 |
| Total | 0.1 | 0.0 |

*The advisory services provided by PricewaterhouseCoopers Oy to Evli Group for the financial year 2017 comprise EUR 53,728.98.

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Parent company income statement

| | Note | 2017 | 2016 |
|--|-------|-------------|-------------|
| Interest income | 6.1. | 3.2 | 2.9 |
| Interest expenses | 6.2. | -2.3 | -1.2 |
| NET INTEREST INCOME | | 0.9 | 1.7 |
| Income from equity investments | 6.3. | | |
| Dividends from Associated companies | | 0.0 | 3.0 |
| Dividends from financial assets valued at fair value | | -0.4 | -0.5 |
| Dividends from group companies | | 5.6 | 6.2 |
| Fee and commission income | 6.4. | 35.9 | 32.7 |
| Fee and commission expenses | 6.5. | -3.9 | -3.3 |
| Net income from securities transactions and foreign exchange dealing | 6.6. | | |
| Net income from securities transactions | | 3.5 | 2.5 |
| Net income from foreign exchange dealing | | 1.7 | 1.2 |
| Other operating income | 6.7. | 2.8 | 2.7 |
| NET REVENUE | | 46.2 | 46.3 |
| Operating expenses | | | |
| Personnel expenses | 6.8. | | |
| Wages and salaries | | -14.9 | -14.2 |
| Other social security costs | | -0.6 | -0.9 |
| Pension expenses | | -2.5 | -2.7 |
| Other administrative expenses | 6.9. | -11.1 | -10.8 |
| Depreciation and amortization on tangible and intangible assets | 6.10. | -0.4 | -1.1 |
| Other operating expenses | 6.11. | -2.9 | -3.0 |
| Impairment losses on other financial assets | 6.12. | 0.0 | -0.8 |
| OPERATING PROFIT/LOSS | | 13.6 | 12.8 |
| PROFIT BEFORE INCOME TAX | | 13.6 | 12.8 |
| Income taxes | 6.13. | -1.7 | -1.1 |
| PROFIT/LOSS FOR THE FINANCIAL YEAR | | 11.9 | 11.7 |

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Parent company balance sheet

| | Note | 31.12.2017 | 31.12.2016 |
|---|-------|--------------|--------------|
| ASSETS | | | |
| Cash and cash equivalents | 6.14. | 383.2 | 203.1 |
| Debt securities eligible for refinancing with central banks | 6.17. | 36.3 | 39.1 |
| Claims on credit institutions | 6.15. | | |
| Repayable on demand | | 3.1 | 22.7 |
| Other than those repayable on demand | | 58.7 | 40.8 |
| Claims on the public and public sector entities | 6.16. | 94.4 | 71.9 |
| Debt securities | 6.17. | | |
| On public sector entities | | 208.4 | 149.2 |
| Other | | 21.0 | 34.7 |
| Shares and participations | 6.18. | 28.3 | 48.2 |
| Shares and participations in associates | 6.19. | 4.4 | 4.4 |
| Shares and participations in group undertakings | 6.19. | 28.1 | 27.5 |
| Derivative contracts | 6.20. | 30.2 | 26.9 |
| Intangible assets | 6.21. | 5.0 | 3.6 |
| Property, plant and equipment | 6.22. | 1.0 | 0.9 |
| Other assets | 6.23. | 69.5 | 74.0 |
| Accrued income and prepayments | 6.24. | 3.3 | 2.0 |
| Deferred tax assets | 6.25. | 0.1 | 0.1 |
| TOTAL ASSETS | | 974.9 | 749.2 |
| LIABILITIES AND EQUITY | | | |
| LIABILITIES | | | |
| Liabilities to credit institutions and central banks | 6.26. | | |
| Repayable on demand | | 18.1 | 0.0 |
| Other than those repayable on demand | | 13.6 | 5.5 |
| Liabilities to the public and public sector entities | 6.27. | | |
| Deposits | | | |
| Repayable on demand | | 652.5 | 464.6 |
| Other | | 0.2 | 0.1 |
| Debt securities issued to the public | 6.28. | | |
| Bonds | | 75.0 | 36.1 |
| Other | | 22.5 | 10.0 |
| Derivative contracts and other trading liabilities | 6.29. | 34.6 | 41.0 |
| Other liabilities | 6.30. | 80.5 | 118.4 |
| Accrued expenses and deferred income | 6.31. | 7.0 | 5.2 |
| Deferred tax liabilities | 6.32. | 0.0 | 0.0 |
| TOTAL LIABILITIES | | 904.1 | 680.8 |
| EQUITY | | | |
| | 6.33. | | |
| Share capital | | 30.2 | 30.2 |
| Share premium fund | | 1.8 | 1.8 |
| Translation difference | | 0.0 | 0.0 |
| Fund of invested non-restricted equity | | 24.0 | 24.2 |
| Retained earnings | | 2.9 | 0.4 |
| Profit/loss for financial year | | 11.9 | 11.7 |
| TOTAL EQUITY | | 70.8 | 68.4 |
| TOTAL LIABILITIES AND EQUITY | | 974.9 | 749.2 |

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Parent company statement of cashflow

| | 2017 | 2016 |
|--|--------------|-------------|
| Cash flow from operating activities | | |
| Interest and commission received and proceeds from securities transactions incl. dividends | 5.4 | 68.2 |
| Interest and commissions paid | -6.1 | -4.5 |
| Cash payments to employees and suppliers | -28.5 | -33.7 |
| Increase (-) or decrease in operating assets: | | |
| Net change in trading book assets and liabilities | -28.9 | -82.6 |
| Deposits held for regulatory or monetary control purposes | -17.9 | 1.6 |
| Issue of loan capital | 51.4 | 10.4 |
| Funds advanced to customers | 194.1 | 77.2 |
| Net cash from operating activities before income taxes | 169.5 | 36.6 |
| Income taxes | -1.6 | -0.5 |
| Net cash used in operating activities | 167.8 | 36.0 |
| Cash flow from investing activities | | |
| Proceeds from sales of subsidiaries and associates | -1.1 | -6.4 |
| Dividend received | 5.6 | 6.2 |
| Interest received | 0.1 | 0.0 |
| Acquisition of property, plant and equipment and intangible assets | -1.9 | -1.7 |
| Group loans receivables | -0.9 | -1.4 |
| Net cash used in investing activities | 1.8 | -3.3 |

| | 2017 | 2016 |
|---|--------------|--------------|
| Cash flow from financing activities | | |
| Proceeds from issue of share capital | 0.0 | 0.0 |
| Purchase of own shares | -0.3 | -0.7 |
| Payment of finance lease liabilities | -0.3 | -0.3 |
| Dividends paid | -9.2 | -7.2 |
| Net cash from financing activities | -9.8 | -8.2 |
| Net increase in cash and cash equivalents | 160.4 | 24.5 |
| Cash and cash equivalents at beginning of period | 225.9 | 201.4 |
| Effects of exchange rate changes on cash and cash equivalents | 0.0 | 0.0 |
| Cash and cash equivalents* at end of period | 386.3 | 225.9 |

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

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Parent company's accounting policies

Basic information on the company

Evli Bank Plc is domiciled in Helsinki and its registered address is Aleksanterinkatu 19 A, 00100 Helsinki.

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

Evli Bank Plc's notes to the separate financial statements correspond to the exceptions listed below 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 sold 8.5 percent of its shares in Evli Corporate Finance Ab to the company's employees. Evli's stake in the company is now 66.5 percent.

In May 2017 Evli Bank Plc acquired the remaining of its company, Head Asset Management Oy, in which it previously had a 90.0 percent ownership. This transaction made Head Asset Management a wholly-owned subsidiary of Evli Bank Plc.

Evli Bank Plc sold 13.5 percent of its shares in Terra Nova Capital Advisor Ltd to an employee of the company. As a result of the procedure, Evli Bank Plc's stake in the company is now 55.0 percent.

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Notes to parent company income statement

| 6.1. INTEREST INCOME | 2017 | 2016 |
|--|-------------|-------------|
| At fair value through profit or loss | | |
| Debt securities | 0.5 | 0.7 |
| Interest income from other loans and claims | | |
| Claims on credit institutions | 0.1 | 0.3 |
| Claims on the public and public sector entities | 1.3 | 1.1 |
| Other interest income | 1.3 | 0.9 |
| Interest income, total | 3.2 | 2.9 |
| 6.2. INTEREST EXPENSES | 2017 | 2016 |
| Liabilities to the public, public sector entities and credit institutions | -1.2 | -0.8 |
| Debt securities issued to the public | -0.5 | -0.4 |
| Other interest expenses | -0.5 | 0.0 |
| Interest expenses, total | -2.3 | -1.2 |
| 6.3. NET INCOME FROM SECURITIES TRANSACTIONS AND FOREIGN EXCHANGE DEALING | 2017 | 2016 |
| Dividends from Associated companies | 0.0 | 3.0 |
| Dividends from financial assets valued at fair value | -0.4 | -0.5 |
| Dividends from group companies | 5.6 | 6.2 |
| Income from equity investments, total | 5.2 | 8.8 |
| 6.4. COMMISSION INCOME | 2017 | 2016 |
| Credit related fees and commissions | 0.1 | 0.1 |
| Income from payment transactions | 0.1 | 0.1 |
| Advisory services | 1.2 | 1.2 |
| Securities brokerage | 7.7 | 8.0 |
| Mutual funds | 14.4 | 12.3 |
| Asset management | 5.5 | 6.2 |
| Custody services | 4.7 | 4.6 |
| Other operations | 2.2 | 0.1 |
| Commission income, total | 35.9 | 32.7 |

| 6.5. COMMISSION EXPENSES | 2017 | 2016 |
|--------------------------------------|-------------|-------------|
| Trading fees paid to stock exchanges | -0.8 | -0.8 |
| Other | -3.1 | -2.5 |
| Commission expenses, total | -3.9 | -3.3 |

| 6.6. NET INCOME FROM SECURITIES TRANSACTIONS AND FOREIGN EXCHANGE DEALING | 2017 | 2016 |
|--|-------------|-------------|
| Net income from securities transactions | | |
| Financial assets held for trading | 2.7 | 1.5 |
| Financial assets at fair value through profit or loss | 0.7 | 1.0 |
| Financial assets available for sale | 0.0 | 0.0 |
| Net income from securities transactions, total | 3.5 | 2.5 |

| | Gains and losses on sales | Changes in fair value | Total | Total |
|---|----------------------------------|------------------------------|--------------|--------------|
| Net income from securities transactions by instrument | | | | |
| Debt securities | 0.5 | 0.0 | 0.5 | 0.9 |
| Shares and derivative contracts | 1.7 | 1.3 | 3.0 | 1.6 |
| Net income from securities transactions, total | 2.1 | 1.3 | 3.5 | 2.5 |
| Net income from foreign exchange operations | | | 1.7 | 1.2 |
| Net income from securities transactions and foreign exchange operations, total | | | 5.2 | 3.7 |

| 6.7. OTHER OPERATING INCOME | 2017 | 2016 |
|--------------------------------------|-------------|-------------|
| Rental income | 0.1 | 0.2 |
| Other income | 2.7 | 2.6 |
| Other operating income, total | 2.8 | 2.7 |

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| 6.8. EMPLOYEE BENEFITS | 2017 | 2016 |
|--|--------------|--------------|
| Wages and salaries | -14.9 | -14.2 |
| - of which bonuses | -2.2 | -0.9 |
| Other social security costs | -0.6 | -0.9 |
| - of which relating to bonuses | -0.1 | 0.0 |
| Pension expenses | -2.5 | -2.7 |
| - of which relating to bonuses | -0.4 | -0.2 |
| - defined contribution plans | -2.5 | -2.7 |
| Employee benefits, total | -18.1 | -17.8 |
| | 2017 | 2016 |
| Number of personnel during the period, average | 158 | 160 |
| Number of personnel at the end of the period | 154 | 155 |
| Employees by business segment at the end of the period | | |
| Advisory and Corporate Clients | 6 | 5 |
| Wealth Management and Investor Clients | 104 | 110 |
| Group Operations | 44 | 40 |
| Total | 154 | 155 |
| | 2017 | 2016 |
| 6.9. OTHER OPERATING EXPENSES | | |
| Office maintenance expenses | -0.6 | -0.6 |
| Office expenses | -0.8 | -0.8 |
| Telephone and postage expenses | -0.3 | -0.3 |
| Information expenses | -2.2 | -2.2 |
| IT related expenses | -3.4 | -3.5 |
| Business expenses | -0.3 | -0.5 |
| Travel Expenses | -0.4 | -0.4 |
| Car costs | -0.1 | -0.1 |
| Other human resources related expenses | -0.7 | -0.4 |
| Marketing expenses | -0.8 | -0.7 |
| Banking and custodian expenses | -1.0 | -0.5 |
| External services fees | -0.6 | -0.2 |
| Other administrative expenses, total | -11.1 | -10.8 |

| 6.10. DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES | 2017 | 2016 |
|--|-------------|-------------|
| Depreciation and amortization | | |
| Applications and software | -0.2 | -0.6 |
| Other intangible assets | -0.1 | -0.4 |
| Equipment and furniture | -0.1 | -0.1 |
| Depreciation, amortization and impairment losses, total | -0.4 | -1.1 |

| 6.11. OTHER OPERATING EXPENSES | 2017 | 2016 |
|--|-------------|-------------|
| Supervision expenses | -0.1 | -0.1 |
| Rental expenses | -2.4 | -2.9 |
| Other expenses | -0.4 | 0.0 |
| Other operating expenses, total | -2.9 | -3.0 |

| 6.12. IMPAIRMENT LOSSES ON LOANS AND OTHER COMMITMENTS AND OTHER FINANCIAL ASSETS | 2017 | 2016 |
|--|-------------|-------------|
| Claims on the public and public sector entities | | |
| Actual impairment losses | 0.0 | 0.0 |
| Other financial impairment losses | | |
| Impairment losses from subsidiary shares | 0.0 | -0.8 |
| Impairment losses, total | 0.0 | -0.8 |

| 6.13. INCOME TAXES | 2017 | 2016 |
|----------------------------|-------------|-------------|
| Current tax expense | -1.6 | -1.0 |
| Taxes from previous years | -0.1 | 0.1 |
| Deferred taxes | 0.0 | -0.2 |
| Other taxes | 0.0 | 0.0 |
| Income taxes, total | -1.7 | -1.1 |

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Notes to parent company balance sheet

| | 2017 | 2016 |
|---|--------------|--------------|
| 6.14. CASH AND CASH EQUIVALENTS | | |
| Balances with central banks | 383.1 | 203.1 |
| Other | 0.1 | 0.0 |
| Cash and cash equivalents total | 383.2 | 203.1 |
| 6.15. CLAIMS ON CREDIT INSTITUTIONS | | |
| Repayable on demand | | |
| Domestic credit institutions | 1.0 | 21.8 |
| Foreign credit institutions | 2.1 | 1.0 |
| Repayable on demand, total | 3.1 | 22.7 |
| Other than repayable on demand | | |
| Domestic credit institutions | 27.8 | 21.4 |
| Foreign credit institutions | 30.9 | 19.4 |
| Other than repayable on demand, total | 58.7 | 40.8 |
| Claims on credit institutions, total | 61.8 | 63.5 |
| 6.16. CLAIMS ON THE PUBLIC AND PUBLIC SECTOR ENTITIES BY SECTOR | | |
| Other than repayable on demand | | |
| Enterprises and housing associations | 14.2 | 8.3 |
| Financial and insurance corporations | 1.6 | 1.2 |
| Households | 67.3 | 57.8 |
| Subordinated loans | 0.9 | 0.5 |
| Foreign countries | 10.4 | 4.1 |
| Other than repayable on demand, total | 94.4 | 71.9 |
| Claims on the public and public sector entities by sector, total | 94.4 | 71.9 |

| | Publicly quoted | Other | 2017 Total | 2016 Total |
|---|-----------------|--------------|--------------|--------------|
| 6.17. DEBT SECURITIES | | | | |
| Issued by public corporations | | | | |
| Local government notes | 0.0 | 208.4 | 208.4 | 149.2 |
| Issued by public corporations, total | 0.0 | 208.4 | 208.4 | 149.2 |
| Issued by other than public corporations | | | | |
| Bonds issued by banks | 31.2 | 13.9 | 45.1 | 53.2 |
| Other debt securities | 0.0 | 12.2 | 12.2 | 20.6 |
| Issued by other than public corporations, total | 31.2 | 26.1 | 57.3 | 73.8 |
| Debt securities, total | | | 265.7 | 223.1 |
| Debt securities by balance sheet category | | | | |
| Debt securities eligible for refinancing with central banks | | | | |
| On public sector entities | | | 0.0 | 0.0 |
| Other | | | 36.3 | 39.1 |
| Debt securities | | | | |
| On public sector entities | | | 208.4 | 149.2 |
| Other | | | 21.0 | 34.7 |
| Total | | | 265.7 | 223.1 |
| Debt securities by country | | | | |
| Finland | | | 237.1 | 190.4 |
| Sweden | | | 18.2 | 18.1 |
| Canada | | | 5.0 | 13.0 |
| Switzerland | | | 2.2 | 0.0 |
| France | | | 1.5 | 0.0 |
| Norway | | | 1.2 | 0.0 |
| Holland | | | 0.3 | 0.0 |
| United States | | | 0.1 | 0.0 |
| Denmark | | | 0.0 | 1.5 |

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6.18. SHARES AND PARTICIPATIONS

| Fair valued through profit or loss | 2017 | | |
|---|-----------------|------------|-------------|
| | Publicly quoted | Other | Total |
| Balance sheet category | | | |
| Shares and participations | | | |
| Valued at fair value through profit or loss | | | |
| Held for trading | 17.2 | 0.0 | 17.2 |
| Other | 6.8 | 4.3 | 11.1 |
| Shares and participations, total | 24.0 | 4.3 | 28.3 |
| | 2016 | | |
| Balance sheet category | Publicly quoted | Other | Total |
| Shares and participations | | | |
| Valued at fair value through profit or loss | | | |
| Held for trading | 27.9 | 0.1 | 27.9 |
| Other | 14.6 | 5.7 | 20.2 |
| Shares and participations, total | 42.4 | 5.7 | 48.2 |

Net risk position is described in section Capital Adequacy, Market Risk.

6.19. SHARES AND PARTICIPATIONS IN ASSOCIATES AND JOINT VENTURES

| | 2017 | 2016 |
|--|-------------|-------------|
| At the beginning of the period | 4.4 | 4.4 |
| Additions | 0.0 | 0.0 |
| Disposals | 0.0 | 0.0 |
| At the end of the period | 4.4 | 4.4 |
| Shares and participations in group undertakings | | |
| At the beginning of the period | 27.5 | 21.2 |
| Additions | 0.6 | 7.5 |
| Impairment | 0.0 | -1.2 |
| At the end of the period | 28.1 | 27.5 |

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6.20. DERIVATIVE CONTRACTS

| Overall effect of risks associated with derivative contracts | | | | | 2017 | 2017 |
|---|--------------------|--------------|-------------|------------------|-------------|-------------|
| Nominal value of underlying, brutto | Remaining maturity | | | Fair value (+/-) | ASSETS | LIABILITIES |
| | Less than 1 year | 1–5 years | 5–15 years | | | |
| Held for trading | | | | | | |
| Interest rate derivatives | | | | | | |
| Interest rate swaps | 0.0 | 20.8 | 10.3 | 0.0 | 0.0 | 0.0 |
| Currency-linked derivatives | 3,464.1 | 0.0 | 0.0 | 0.1 | 24.9 | 24.8 |
| Equity-linked derivatives | | | | | | |
| Futures | 12.6 | 0.0 | 0.0 | 1.2 | 1.2 | 0.0 |
| Options bought | 79.9 | 49.4 | 0.0 | 3.7 | 3.7 | 0.1 |
| Options sold | 52.8 | 49.4 | 0.0 | -4.3 | 0.4 | 4.7 |
| Other derivatives | | | | | | |
| Held for trading, total | 3,609.5 | 119.6 | 10.3 | 0.6 | 30.2 | 29.6 |
| Derivative contracts, total | 3,609.5 | 119.6 | 10.3 | 0.6 | 30.2 | 29.6 |
| Overall effect of risks associated with derivative contracts | | | | | 2016 | 2016 |
| Held for trading | | | | | | |
| Interest rate derivatives | | | | | | |
| Interest rate swaps | 0.0 | 12.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Currency-linked derivatives | 2,697.2 | 0.0 | 0.0 | 0.0 | 24.5 | 24.5 |
| Equity-linked derivatives | | | | | | |
| Futures | 15.6 | 0.0 | 0.0 | 0.4 | 0.5 | 0.1 |
| Bought | 103.7 | 56.3 | 2.4 | 1.6 | 1.9 | 0.3 |
| Sold | 76.9 | 56.3 | 2.4 | -1.3 | 0.1 | 1.4 |
| Other derivatives | | | | | | |
| Held for trading, total | 2,893.4 | 124.5 | 4.7 | 0.6 | 26.9 | 26.3 |
| Derivative contracts, total | 2,893.4 | 124.5 | 4.7 | 0.6 | 26.9 | 26.3 |

Equity derivatives held for trading, and other liabilities held for trading (notes 6.20 and 6.29) hedge the equity delta risk for shares and participations in the trading book (note 6.18). Net equity risk is presented in section Capital Adequacy, Market Risk.

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 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 2,222 million), and in USD (EUR 559 million).

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| 6.21. INTANGIBLE ASSETS | 2017 | 2016 |
|---|--------------|--------------|
| Software or projects in progress | | |
| Cost at 1.1. | 0.3 | 0.9 |
| Transfer between balance items | -0.1 | -1.9 |
| Increases | 0.0 | 1.2 |
| Cost at 31.12. | 0.2 | 0.3 |
| Book value at 31.12. | 0.2 | 0.3 |
| Applications and software | | |
| Cost at 1.1. | 18.7 | 16.4 |
| Transfer between balance items | 0.1 | 1.9 |
| Increases | 1.7 | 0.5 |
| Cost at 31.12. | 20.5 | 18.7 |
| Accumulated amortisation and impairment losses at 1.1. | -16.0 | -15.4 |
| Amortisation for the period | -0.2 | -0.6 |
| Accumulated amortisation and impairment losses at 31.12. | -16.2 | -16.0 |
| Book value at 31.12. | 4.3 | 2.7 |
| Depreciation leasehold improvements | | |
| Acquisition cost at 1.1. | 1.4 | 1.4 |
| Acquisition cost at 31.12. | 1.4 | 1.4 |
| Accumulated depreciation at 1.1. | -0.7 | -0.6 |
| Depreciation for the period | -0.1 | -0.1 |
| Accumulated depreciation at 31.12. | -0.9 | -0.7 |
| Book value at 31.12. | 0.5 | 0.7 |
| Other intangible assets | | |
| Cost at 1.1. | 4.2 | 4.2 |
| Decreases | -4.1 | 0.0 |
| Cost at 31.12. | 0.1 | 4.2 |
| Accumulated amortisation and impairment losses at 1.1. | -4.2 | -3.9 |
| Amortisation for the period | 0.0 | -0.3 |
| Accumulated depreciation in respect of decreases | 4.1 | 0.0 |
| Accumulated amortisation and impairment losses at 31.12. | -0.1 | -4.2 |
| Book value at 31.12. | 0.0 | 0.0 |
| Book value of intangible assets, total at 31.12. | 5.0 | 3.6 |
| Intangible assets at 31.12. | 5.0 | 3.6 |

| 6.22. PROPERTY, PLANT AND EQUIPMENT | 2017 | 2016 |
|--|-------------|-------------|
| Equipment and furniture | | |
| Cost at 1.1. | 6.38 | 6.3 |
| Increases | 0.2 | 0.0 |
| Cost at 31.12. | 6.6 | 6.4 |
| Accumulated depreciation at 1.1. | -6.1 | -6.0 |
| Depreciation for the period | -0.1 | -0.1 |
| Accumulated depreciation 31.12. | -6.2 | -6.1 |
| Book value at 31.12. | 0.4 | 0.3 |
| Property, plant, and equipment, total at 31.12. | 0.4 | 0.3 |
| Other tangible assets | | |
| Cost at 1.1. | 0.6 | 0.6 |
| Increases | 0.0 | 0.0 |
| Cost at 31.12. | 0.6 | 0.6 |
| Book value at 31.12. | 0.6 | 0.6 |
| Book value of tangible assets at 31.12. | 1.0 | 0.9 |
| Property, plant and equipment at 31.12. | 1.0 | 0.9 |

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| 6.23. OTHER ASSETS | 2017 | 2016 |
|--------------------------------|-------------|-------------|
| Securities sale receivables | 10.9 | 7.7 |
| Commission receivables | 1.8 | 2.3 |
| Securities broking receivables | 51.6 | 63.1 |
| Other receivables | 5.1 | 1.0 |
| Other assets total | 69.5 | 74.0 |

| 6.24. ACCRUED INCOME AND PREPAYMENTS | 2017 | 2016 |
|---|-------------|-------------|
| Interest | 0.3 | 0.2 |
| Taxes | 0.0 | 0.0 |
| Staff-related | 1.0 | 0.6 |
| Other items | 2.0 | 1.2 |
| Accrued income and prepayments total | 3.3 | 2.0 |

| 6.25. DEFERRED TAX ASSETS | 2017 | 2016 |
|----------------------------------|-------------|-------------|
| Due to timing differences* | 0.1 | 0.1 |
| Deferred tax assets total | 0.1 | 0.1 |

*Deferred tax assets result from timing differences in fixed asset depreciation.

| 6.26. LIABILITIES TO CREDIT INSTITUTIONS AND CENTRAL BANKS | 2017 | 2016 |
|--|-------------|-------------|
| Credit institutions | | |
| Repayable on demand | 18.1 | 0.0 |
| Other than repayable on demand | 13.6 | 5.5 |
| Liabilities to credit institutions and central banks, total | 31.7 | 5.5 |

| 6.27. LIABILITIES TO THE PUBLIC AND PUBLIC SECTOR ENTITIES | 2017 | 2016 |
|--|--------------|--------------|
| Deposits | | |
| Repayable on demand | 652.5 | 464.6 |
| Other than repayable on demand | 0.2 | 0.1 |
| Liabilities to the public and public sector entities, total | 652.8 | 464.7 |

| 6.28. DEBT SECURITIES ISSUED TO THE PUBLIC | 2017 | 2016 |
|--|-------------|-------------|
| Certificate of deposits | 22.5 | 10.0 |
| Bonds | 75.0 | 36.1 |
| Debt securities issued to the public, total | 97.5 | 46.1 |

| | | |
|---------------------------------------|------|-----|
| Changes in bonds issued to the public | | |
| Issues | 49.5 | 7.2 |
| Repurchases | 10.2 | 8.2 |

| 6.29. DERIVATIVE CONTRACTS AND OTHER LIABILITIES HELD FOR TRADING | 2017 | 2016 |
|---|-------------|-------------|
| Derivative contracts | 29.6 | 26.3 |
| Due to short selling of shares | 5.0 | 14.7 |
| Derivative contracts and other liabilities held for trading, total | 34.6 | 41.0 |

| 6.30. BREAKDOWN OF OTHER LIABILITIES | 2017 | 2016 |
|---|-------------|--------------|
| Securities broking liabilities | 68.2 | 68.5 |
| Securities purchase liabilities | 1.9 | 17.4 |
| Income tax payable | 0.3 | 0.2 |
| Personnel related | 0.4 | 0.5 |
| Other short-term liabilities | 6.4 | 3.2 |
| Prepayments of cash customers | 3.2 | 28.6 |
| VAT payable | 0.3 | 0.1 |
| Other liabilities, total | 80.5 | 118.4 |

| 6.31. ACCRUED EXPENSES AND DEFERRED INCOME | 2017 | 2016 |
|--|-------------|-------------|
| Interest | 0.2 | 0.2 |
| Tax payables | 0.2 | 0.2 |
| Personnel related | 5.8 | 4.0 |
| Other accrued expenses | 0.9 | 0.8 |
| Accrued expenses and deferred income, total | 7.0 | 5.2 |

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| 6.32. DEFERRED TAX LIABILITIES | 2017 | 2016 |
|---------------------------------------|-------------|------------|
| Due to timing differences | 0.0 | 0.0 |
| Deferred tax liability, total | 0.0 | 0.0 |

| 6.33. CHANGES IN EQUITY CAPITAL | 2017 | 2016 |
|--|-------------|-------------|
| Share capital | | |
| Book value 1.1 | 30.2 | 30.2 |
| Book value 31.12 | 30.2 | 30.2 |
| Share premium | | |
| Book value 1.1 | 1.8 | 1.8 |
| Book value 31.12 | 1.8 | 1.8 |
| Fund of invested non-restricted equity | | |
| Book value 1.1 | 24.2 | 25.0 |
| Increases | 0.2 | 0.0 |
| Acquisition of own shares | -0.5 | -0.7 |
| Book value 31.12 | 24.0 | 24.2 |
| Retained earnings from previous years | | |
| Book value 1.1 | 12.1 | 7.4 |
| Increases | 0.0 | 0.3 |
| Decreases | -9.2 | -7.2 |
| Translation difference | 0.0 | 0.0 |
| Book value 31.12 | 2.9 | 0.4 |
| Profit/loss for financial year | 11.9 | 11.7 |

Share capital, parent company

Evli has two share series: series A and series B

The A share confers 20 votes in a General Meeting while a B share confers one vote.

| | |
|------------------------|----------------|
| Number of A shares | 15,624,177 pcs |
| Number of B shares | 7,806,243 pcs |
| Total number of shares | 23,430,420 pcs |

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

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.

| | 2017 | | | | | | 2016 | | | | | |
|---|-----------------------|----------------|--------------|---------------|------------------|--------------|-----------------------|----------------|--------------|---------------|------------------|--------------|
| | less than 3 months | 3–12 months | 1–5 years | 5–10 years | over 10 years | Total | less than 3 months | 3–12 months | 1–5 years | 5–10 years | over 10 years | Total |
| Assets | | | | | | | | | | | | |
| Cash and cash equivalents | 383.2 | | | | | 383.2 | 203.1 | 0.0 | 0.0 | 0.0 | 0.0 | 203.1 |
| Loans and other claims | | | | | | | | | | | | |
| Claims on credit institutions | 56.8 | 5.0 | 0.0 | 0.0 | 0.0 | 61.8 | 63.5 | 0.0 | 0.0 | 0.0 | 0.0 | 63.5 |
| Claims on the public and public sector entities | 13.3 | 30.7 | 46.8 | 3.6 | 0.0 | 94.4 | 8.6 | 19.2 | 43.7 | 0.4 | 0.0 | 71.9 |
| Financial assets at fair value through profit or loss | | | | | | | | | | | | |
| Debt securities eligible for refinancing with central banks | 0.0 | 5.0 | 31.3 | 0.0 | 0.0 | 36.3 | 4.0 | 8.0 | 27.1 | 0.0 | 0.0 | 39.1 |
| Debt securities | 181.9 | 34.9 | 11.1 | 1.5 | 0.0 | 229.4 | 136.3 | 36.4 | 11.1 | 0.1 | 0.0 | 183.9 |
| Shares and participations | 24.0 | 2.0 | 0.1 | 2.2 | 0.0 | 28.3 | 42.4 | 3.8 | 0.0 | 1.9 | 0.0 | 48.2 |
| Derivative contracts | 23.8 | 4.6 | 1.8 | 0.0 | 0.0 | 30.2 | 22.0 | 4.3 | 0.6 | 0.0 | 0.0 | 26.9 |
| Shares and participations | | | | | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Accrued interest | 0.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.3 | 0.1 | 0.0 | 0.1 | 0.0 | 0.0 | 0.2 |
| Debts | | | | | | | | | | | | |
| Financial liabilities at amortized cost | | | | | | | | | | | | |
| Liabilities to credit institutions | 31.2 | 0.5 | 0.0 | 0.0 | 0.0 | 31.7 | 2.5 | 3.0 | 0.0 | 0.0 | 0.0 | 5.5 |
| Liabilities to the public and public sector entities | 652.6 | 0.2 | 0.0 | 0.0 | 0.0 | 652.8 | 464.7 | 0.0 | 0.0 | 0.0 | 0.0 | 464.7 |
| Debt securities issued to the public | 9.5 | 16.0 | 57.4 | 14.6 | 0.0 | 97.5 | 0.0 | 11.2 | 30.2 | 4.7 | 0.0 | 46.1 |
| Financial liabilities at fair value through profit or loss | 28.9 | 3.9 | 1.8 | 0.0 | 0.0 | 34.6 | 36.4 | 3.9 | 0.7 | | | 41.0 |
| Accrued interest | 0.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.2 | 0.2 | 0.0 | 0.0 | | | 0.2 |
| Off-balance sheet commitments | 8.9 | 2.1 | 0.3 | 0.0 | 0.0 | 11.4 | 7.4 | 0.2 | 0.1 | 0.0 | 0.0 | 7.7 |

Commitments outside the balance sheet are presented in Note 3.3.

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6.35. ASSETS AND LIABILITIES DENOMINATED IN DOMESTIC AND FOREIGN CURRENCY

| Balance sheet item | Domestic currency | Foreign currency | 2017 Total | Domestic currency | Foreign currency | 2016 Total |
|---|----------------------|---------------------|---------------|----------------------|---------------------|---------------|
| Loans and other claims | | | | | | |
| Cash on hand | 383.2 | 0.0 | 383.2 | 203.1 | 0.0 | 203.1 |
| Claims on credit institutions | 57.1 | 4.7 | 61.8 | 38.9 | 24.6 | 63.5 |
| Claims on the public and public sector entities | 93.3 | 1.1 | 94.4 | 71.7 | 0.2 | 71.9 |
| Financial assets at fair value through profit or loss | | | | | | |
| Debt securities | 261.6 | 4.1 | 265.7 | 223.1 | 0.0 | 223.1 |
| Shares and participations | 26.9 | 1.4 | 28.3 | 44.6 | 3.5 | 48.2 |
| Derivative financial instruments | 30.2 | 0.0 | 30.2 | 26.9 | 0.0 | 26.9 |
| Other assets | 89.6 | 21.7 | 111.4 | 95.5 | 17.1 | 112.5 |
| Total | 941.9 | 33.0 | 974.9 | 703.8 | 45.4 | 749.2 |
| Financial liabilities at amortized cost | | | | | | |
| Liabilities to credit institutions | 13.6 | 18.1 | 31.7 | 5.5 | 0.0 | 5.5 |
| Liabilities to the public and public sector entities | 573.7 | 79.1 | 652.8 | 418.8 | 45.9 | 464.7 |
| Debt securities issued to the public | 97.5 | 0.0 | 97.5 | 46.1 | 0.0 | 46.1 |
| Financial assets at fair value through profit or loss | | | | | | |
| Derivative contracts and liabilities held for trading | 34.3 | 0.2 | 34.6 | 40.9 | 0.0 | 41.0 |
| Other liabilities | 78.7 | 8.9 | 87.6 | 97.2 | 26.4 | 123.6 |
| Total | 797.8 | 106.3 | 904.1 | 608.5 | 72.4 | 680.8 |

The largest foreign currency assets and liabilities are in SEK (assets EUR 17.4 million, liabilities EUR 48.4 million) and USD (assets EUR 9.9 million, liabilities EUR 20.9 million).

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| 6.36. SECURITIES LENDING | 2017 | 2016 |
|--|-------------|------|
| Market value of securities lending at 31.12., lent in | 15.4 | 30.8 |
| Market value of securities lending at 31.12., lent out | 0.2 | 0.3 |

| 6.37. FAIR VALUES AND BOOK VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES | Book value | Fair value |
|--|-------------------|-------------------|
| | 2017 | 2017 |
| Financial assets | | |
| Liquid assets | 383.2 | 383.2 |
| Debt securities eligible for refinancing with central banks | 36.3 | 36.3 |
| Claims on credit institutions | 61.8 | 61.8 |
| Claims on the public and public sector entities | 94.4 | 94.4 |
| Debt securities | 229.4 | 229.4 |
| Shares and participations | 28.3 | 28.3 |
| Derivative contracts | 30.2 | 30.2 |
| Financial liabilities | | |
| Liabilities to credit institutions | 31.7 | 31.7 |
| Liabilities to the public and public sector entities | 652.8 | 652.8 |
| Debt securities issued to the public | 97.5 | 97.9 |
| Derivative contracts and other trading liabilities | 34.6 | 34.6 |

| 6.38. ASSETS PLEDGED AS COLLATERAL AND OTHER COMMITMENTS | 2017 | 2016 |
|---|-------------|------|
| Securities | 36.3 | 36.5 |
| Cash deposits | 53.6 | 40.8 |
| Usage of collateral | | |
| Marketplace collateral, stock- and derivatives trades | 16.9 | 13.2 |
| Collateral for OTC derivatives trades | 21.5 | 2.6 |
| Collateral for securities lending | 17.2 | 26.9 |
| Bank of Finland, collateral for daily limit account | 34.3 | 34.5 |

| 6.39. OPERATING LEASES | 2017 | 2016 |
|-------------------------------------|-------------|------|
| Not later than one year | 0.3 | 0.3 |
| Over year not later than five years | 0.3 | 0.3 |

| 6.40. OTHER RENTAL COMMITMENTS | 2017 | 2016 |
|--|-------------|------|
| Rental liabilities up to one year | 1.9 | 1.5 |
| Rental liabilities over year not later than five years | 5.5 | 5.7 |
| Rental liabilities over five years | 0.0 | 3.0 |

| 6.41. BREAKDOWN OF OFF-BALANCE SHEET COMMITMENTS | 2017 | 2016 |
|---|-------------|------|
| Commitments given to a third party on behalf of a customer* | 8.2 | 4.6 |
| Irrevocable commitments given in favour of a customer | 0.2 | 0.2 |
| Guarantees on behalf of others | 0.5 | 0.5 |
| Unused credit facilities, given to clients | 2.4 | 2.3 |

*Commitments given on behalf of a customer for a third party include collaterals for derivatives positions given on behalf of customers in Nasdaq OMX and New Edge. The customers have covered their derivatives collateral to Evli in full, except for two customers temporary total deficit of EUR 0.01 million. Other irrevocable commitments given on behalf of a customer comprise subscription commitments guaranteed on behalf of customers.

| 6.42. ASSET MANAGEMENT SERVICES OFFERED BY THE CREDIT INSTITUTION | 2017 | 2016 |
|---|----------------|----------------|
| Assets under management at Evli Bank's Asset Management as of December 31 | | |
| Gross | 12,956.0 | 11,491.0 |
| Net | 9,848.0 | 8,691.0 |
| Assets under management on the basis of power of attorney | | |
| Discretionary asset management | 4,546.0 | 3,967.0 |
| Consultative asset management | 141.0 | 139.0 |
| Total | 4,687.0 | 4,106.0 |

The Board of Directors' proposal to the General Meeting for the distribution of profit

The parent company's distributable assets on December 31, 2017 totaled EUR 38,770,975.33 of which EUR 14,818,009.43 were retained earnings and EUR 23,952,965.90 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 0.52 per share be paid. The total proposed dividend calculated according to the amount of shares on the balance sheet date is EUR 12,183,818.40.

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.

Helsinki, February 12, 2018



Henrik Andersin
Chairman



Robert Ingman



Harri-Pekka Kaukonen



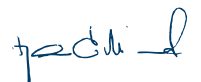
Johanna Lamminen



Mikael Lilius



Teuvo Salminen



Maunu Lehtimäki
CEO

Auditor's Report

(Translation of the Finnish Original)

To the Annual General Meeting of Evli Bank Plc

- the parent company's balance sheet, income statement, statement of cash flows and notes.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion

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

Our opinion is consistent with the additional report to the Audit Committee.

What we have audited

We have audited the financial statements of Evli Bank Plc (business identity code 0533755-0) for the year ended 31 December 2017. The financial statements comprise:

- the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies

Basis for Opinion

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

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

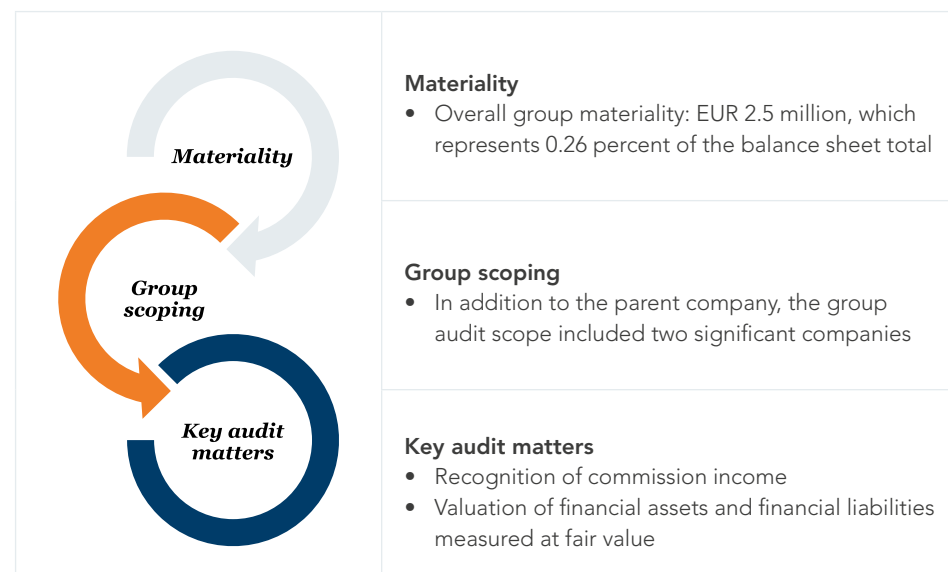
Independence

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

To the best of our knowledge and belief, the non-audit services that we have provided to the parent company and to the group companies are in accordance with the applicable law and regulations in Finland and we have not provided non-audit services that are prohibited under Article 5(1) of the Regulation (EU) No 537/2014. The non-audit services that we have provided are disclosed in note 5.3 to the Financial Statements.

Our Audit Approach

Overview



As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the eco-

conomic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements

as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial statements as a whole.

| | |
|--|--|
| Overall group materiality | EUR 2.5 million |
| How we determined it | 0.26 percent of the balance sheet total |
| Rationale for the materiality benchmark applied | We chose balance sheet total as the benchmark because, in our view, it is the benchmark against which the performance of the group is most commonly measured by users, and is a generally accepted benchmark. We chose 0.26 percent which is within the range of acceptable quantitative materiality thresholds in auditing standards. |

How we tailored our group audit scope

We tailored the scope of our audit, taking into account the structure of Evli Group, the accounting processes and controls, and the industry in which the group operates.

We determined the type of work that needed to be performed at group companies by us, as the group engagement team. Audits were performed in group companies which were considered significant either because of their individual financial significance or due to their

specific nature, covering the majority of revenue, assets and liabilities of the group. Analytical procedures were performed to cover the remaining group companies.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming

our opinion thereon, and we do not provide a separate opinion on these matters.

As in all of our audits, we also addressed the risk of management override of internal con-

trols, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

| Key audit matter in the audit of the group | How our audit addressed the key audit matter |
|---|--|
| Recognition of commission income | |
| <p>Refer to note 1.3 in the consolidated financial statements for the related disclosure</p> <p>The assets managed by Evli Group entitle it to fee and commission income under the agreements made with customers and cooperation parties. Commission income in the consolidated financial statements was EUR 67.1 million representing a significant item in the consolidated income statement.</p> <p>The accuracy of calculation of commission and fee income inherently involves risk, considering that the calculation is system-based and partly manual based on contract data and other source data.</p> <p>Due to above mentioned aspects, we have determined recognition of commission and fee income as a key audit matter in which we draw our attention to the accuracy and timeliness.</p> <p>This matter is a significant risk of material misstatement referred to in point (c) of Article 10(2) of the Regulation (EU) No 537/2014.</p> | <p>We obtained an understanding of business processes and IT systems related to commission and fee income and assessed the control environment.</p> <p>Our audit work included also a comparison of accounting data between sub-ledger systems and the general ledger. Furthermore, we have performed substantive testing by applying data analyses of commission and fee income.</p> <p>We have assessed calculation models for recognized commission and fee income and compared the input parameters applied in the calculations to agreements on a sample basis.</p> |

| Key audit matter in the audit of the group | How our audit addressed the key audit matter |
|---|--|
| Valuation of financial assets and financial liabilities measured at fair value | |
| <p>Refer to notes 4.4, 4.5 and 4.6 in the consolidated financial statements for the related disclosures</p> | <p>We have evaluated the valuation process, valuation model and control environment of investments and the compliance with the accounting policies in Evli Group.</p> |
| <p>Determination of fair values is based on valuation principles outlined in the accounting policies of Evli Group's financial statements.</p> | <p>In connection with our audit, we have compared input parameters applied in the valuation model to market quotations and other external price sources and assessed the results of the valuation model.</p> |
| <p>A significant amount of financial assets and liabilities valued at fair value (hereafter referred to as "investments") is comprised of investments for which a quoted market price cannot be obtained, i.e. hierarchy level 2 and 3 investments. Fair values for these are based on valuation models that involve management judgment.</p> | <p>We have also assessed the appropriateness of the notes in the consolidated financial statements regarding investments.</p> |
| <p>Investments are a material line item in Evli Group's financial statements and we have therefore determined their valuation as a key audit matter.</p> | |
| <p>With respect to the parent company financial statements, apart from those reported above, there are no other key audit matters or signifi-</p> | <p>cant risks of material misstatement referred to in point (c) of Article 10(2) of the Regulation (EU) No 537/2014 that should be reported.</p> |

Responsibilities of the Board of Directors and the CEO for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the CEO's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

outweigh the public interest benefits of such communication.

OTHER REPORTING REQUIREMENTS

Appointment

We were first appointed as auditors by the annual general meeting on March 13, 2017. We have acted as auditors consecutively for one fiscal year.

Other Information

The Board of Directors and the CEO are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion:

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

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

Helsinki February 12, 2018

PricewaterhouseCoopers Oy

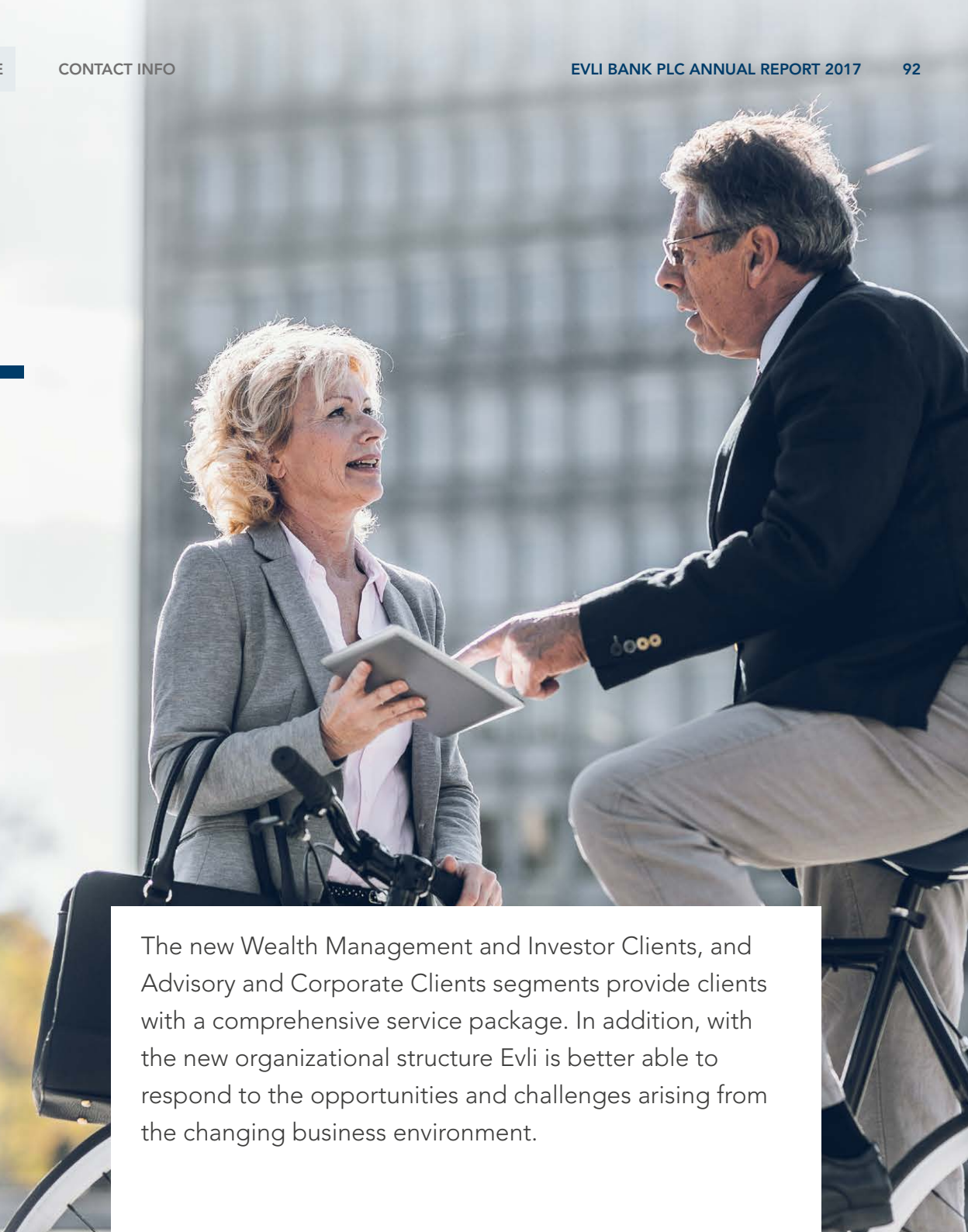
Authorised Public Accountants

Jukka Paunonen

Authorised Public Accountant (APA)

GOVERNANCE

New organizational structure to further strengthen client centricity



The new Wealth Management and Investor Clients, and Advisory and Corporate Clients segments provide clients with a comprehensive service package. In addition, with the new organizational structure Evli is better able to respond to the opportunities and challenges arising from the changing business environment.

Risk management and internal control

Evli's values and open, appropriate communications support the integrity and high ethical standards of Evli's operations. The company's organizational structure, clear responsibilities and authorizations, and competent employees enables to plan, execute, control and monitor the business operations in order to meet the goals.

Risk management refers to actions that systematically seek to assess, identify, analyze and prevent risks. The objective of risk management is to:

- ensure the sufficiency of own assets in relation to risk positions
- maintain the financial result and the variation in valuations within the set objectives and limits
- price risks correctly to reach sustainable profitability.

ORGANIZATION OF THE CONTROL OPERATIONS

Evli Bank's Board of Directors is primarily responsible for the Evli Group's risk management. The Board of Directors confirms the principles and responsibilities of risk management, the Group's risk limits and other general guidelines according to which the risk management and internal control is organized. The Board has also appointed a credit and asset liability committee (Credalco), that briefs it on risk-taking matters. Its members during the financial year were Kristian Nybergh (Chairman), Juho Mikola, Lea Keinänen (until May 2017), Kim Pessala (from June 2017 onward)

and Maunu Lehtimäki; expert members were Mari Etholén, Jarkko Heikkilä, Bengt Wahlström and Jan-Erik Eriksson.

Evli Group's risk management is founded on the "three lines of defense" model.

The first line of defense consists of the business units. The managers of the business units are responsible for ensuring that risk management is at a sufficient level in each respective unit.

The second line of defense consists of Compliance and Risk Management functions. The Risk Management function oversees daily operations and compliance with the risk limits granted to the business units, as well as compliance with risk-taking policies and guidelines.

The Compliance function is responsible for ensuring compliance with the rules in all of the Evli Group's operations by supporting operating management and the business units in applying the provisions of the law, the official regulations and internal guidelines, and in identifying, managing and reporting on any risks of insufficient compliance with the rules.

The third line of defense is internal audit. The internal audit is a body that is independent of business operations, supports the Board of Directors and the senior management, and is organized administratively under the CEO.

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

More information about the organization of Evli Bank's control operations is found in the Corporate governance statement.

RISK MANAGEMENT AND THE LARGEST RISKS

Evli operates in a constantly changing market environment, which subjects the company to risks caused by changes in the business environment or the company's own operations. The risk factors described below might have a negative impact on the business operations or financial situation of the company, and hence its value. Also, other risks, unknown to Evli at this time, or risks not considered significant at this time, might become significant in the future.

Evli divides risks into three main categories:

1. Financial risks: market, credit and liquidity risks
2. Operational risks: legal, compliance and information security risks
3. Strategic risk: deployment of new products and services and outsourcing of operations.

Financial risks

Financial risk is a risk caused by the operating environment of the company and any market changes therein, and the nature of the company's business. Financial risks include market risk that contains equity, currency and interest rate risk. Financial risks also include credit and liquidity risks.

Market risks

Equity risk

Equity risk means the sensitivity of the market value in the balance sheet to the changes in the general price level of the stock market.

Evli's direct equity risks consist of derivatives market-making operations, Corporate Finance operations, temporary position of the brokerage business and strategic investments. Most of the strategic investments are private equity funds, where Evli has either developed the product and/or acted as the distributor, difficult-to-sell equities obtained in corporate transactions or seed capital investments into Evli Fund Management Company's mutual funds or hedges associated with business operations. The direct equity risks are presented in the table below. Evli's business involves an indirect equity risk resulting from the business operations of Evli Fund Management Company and the Wealth Management and Investor Clients segment. The stock market affects the size of the capital managed in these business operations.

Table 1: Equity risks December 31, 2017, M€

| Business operations | Market value | Effect of a 20% change in the stock market to the financial result |
|-----------------------|--------------|--|
| Market-making | 12.7 | -1.9 (+20%) / -0.5 (-20%) |
| Brokerage | 0.0 | 0.0 |
| Strategic investments | 6.0 | -1.2 (-20%) |
| Corporate Finance | 0.0 | 0.0 |

Share-based incentive plans administered under agreement on behalf of clients are implemented by purchasing shares of the client companies. This arrangement does not pose an equity market risk to Evli. The credit risks and counterparty risks generated by changes in the market prices are monitored separately. The monitoring procedure is described in the paragraph Credit risks.

4.2 percent of the value of the entire investment portfolio and the trading book has been valued using theoretical valuation methods, since no market price has been available. Information about the methods used in the valuation of the investment instruments is presented in the accounting policies in the financial statements. 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 risk

Evli's Treasury manages the currency risk of the balance sheet. The currency risk limit is defined by currency and total gross amount. The gross

total currency position may not exceed four million euros without an authorization from Credalco. The maximum total currency position is six million euros, subject to Credalco's permission. The currency position on December 31, 2017 is described in more detail in the Other notes section 4.1.6. Market risk.

Interest risk

Interest risk means the sensitivity of the market value in the balance sheet to the changes in the general interest rate. Interest risk arises as a result of fixed income investments of the financial activities, trading book, derivatives market-making and strategic investments, which are seed capital investments into Evli Fund Management Company's interest funds.

The basic scenario, (Scenario A) measures the effect on the current value of the balance sheet, if the interest rate changes linearly by one percentage point. Another scenario (Scenario B), that is used for measuring the fixed income investments of the bank's financial activities, measures the effect of the change in the slope of the interest rate curve to the market value in the balance sheet. In Scenario B, the three-month interest rate changes by one percentage point, and at the same time,

the five-year interest rate changes in the opposite direction by 0.5 percentage points. The net result from Scenario A and B is added up, and the result indicates the total sensitivity of the financial activities to interest rates. The total amount of the trading book and strate-

gic investments is limited. The interest risk of market-making activities is limited by the sum of Scenario A. The interest rate risk, taking into account assets and liabilities, was EUR 0.6 million on December 31, 2017. In the other operations the credit risks were not significant.

Table 2: Interest risks December 31, 2017, M€

| Business operations | Market value | Scenario A | Scenario B | Total |
|------------------------------------|--------------|------------|------------|-------|
| Assets – Financial activities | 777.4 | -1.2 | 0.3 | -0.9 |
| Liabilities – Financial activities | 763.8 | 1.5 | 0.06 | 1.5 |
| Trading book | 1.4 | -0.02 | - | -0.02 |
| Derivatives market-making | 12.7 | -0.02 | - | -0.02 |
| Strategic investments | 0.3 | -0.01 | - | -0.01 |

Credit risks

Credit risks arise from the bank's financial activities, trading book and the counterparty risk of trading.

The credit risk in the bank's financial activities consists of customer lending, investments of the financial activities and the counterparty risk of currency/interest rate hedging. Lending focuses on the customers of Evli's Wealth Management, and loans must have corresponding collateral. Acceptable collateral includes cash, liquid shares, mutual funds, bonds and structured products. Not all of these products are eligible for deduction in the standard method used by Evli to assess the credit risk. The concentration risk in lending is limited to five million euro per individual customer.

The rest of the assets of banking operations are invested primarily in securities issued by the Government and other public-sector bod-

ies as well as banks and credit institutions that have a high credit rating (minimum A-). Investments in credit institutions focus on credit institutions operating in the Nordic countries. The counterparty risk of currency and interest hedges is managed using the same process as the counterparty risk in derivatives operations. As a result, the credit risks of financial operations are at a moderate level. The limits of financial operations are set by taking into account, among other factors, the credit rating and geographical location of the issuer.

Credit risks of brokerage activities were low during the financial year. The counterparty risk of derivatives operations is managed by means of daily collateral requirements and collateral management for standardized and non-standardized derivatives contracts. Evli monitors the size of the counterparties' derivatives positions and, if necessary, limits the size of the derivatives positions of an individual counterparty. Evli's credit and asset liability committee

(Credalco) gives its approvals to all counterparties with whom non-standardized derivatives agreements are made. The risks of share brokerage clearing were low during the financial year. The amount of matured sales receivables is low and is monitored with a standardized process.

The credit risk position is described in more detail in the Other notes sections 4.1.3 – 4.1.5.

Liquidity risks

Evli Bank Plc's Board of Directors confirms the limits for using tied-up capital. Proposals for these limits are prepared by the Group's risk committee Credalco. In its funding operations, Evli must always be prepared to ensure that its liquidity matches the set limits.

The Treasury function is responsible for managing the liquidity risk. The liquidity risk is monitored for example by having the risk management unit of the Group follow the maturity distribution of assets and liabilities and reporting this to both Credalco and the Board of the company. Assets and liabilities of the Group are presented in the Other notes section 4.2. Maturities of financial assets and liabilities.

Most of the expenditure in 2017 consisted of capital market products and lending. Other factors tying up capital were the collaterals for clearing and derivatives operations.

The Liquidity Coverage Requirement (LCR) entered force on October 1, 2015. The requirement describes the extent of the bank's liquid assets with relation to net outflows that take place in a stress situation in a 30-day

period. The net outflows include outflows of savings and other funding, and can be offset by inflows, such as receivables falling due in 30 days.

As the LCR entered force, the ratio had to be at least 60 percent. The requirement has increased gradually, being 80 percent on January 1, 2017 and will ultimately be 100 percent in 2018.

The LCR calculation and its results are described in more detail in the Other notes section 4.8 Liquidity Coverage Requirement (LCR).

Furthermore, Evli's internal liquidity adequacy assessment process (ILAAP) has been developed to meet the requirements of Basel III.

Leverage ratio

Leverage ratio describes the ratio of Tier 1 capital to the total exposures. The total exposure includes the exposure values of all assets and the amount of off-balance sheet items which have not been subject to decreases when determining the amount of own funds. Off-balance sheet items are included in the calculation according to the credit counter-value ratio and derivatives according to the exposure value. The leverage ratio of Evli Group was 4.6 percent on December 31, 2017.

Operational risks

Operational risks mean a direct or indirect danger or financial loss that is caused by insufficient or failed internal processes, systems, personnel or external factors. Operational risks

also include legal risks and compliance and data security risks. Therefore, operational risks are associated, for example, with the management system, operative processes, information systems, persons and various external factors or threats. Each unit is responsible for managing the operational risks of their respective areas.

Evli pays continuously special attention to the identification, monitoring and control of operational risks. Business units carry out regular self-assessments of the operational risks of products, services, persons, operating processes and systems. Evli has prepared a separate group-wide standard operating procedure for identifying, assessing, controlling and reporting operational risks.

Operational risks increase the requirement for minimum capital in the capital adequacy calculation. In its capital adequacy calculation, Evli uses the Basic Indicator Approach for operational risks, where the capital requirement of operational risks is based on the average gross income from the preceding three years multiplied by the factor set by the Basel committee (0.15). At the end of 2017, this calculated requirement associated with operational risks was approximately EUR 9.6 million.

Legal and compliance risks

Rapid changes in legislation and legal praxis pose challenges to the implementation of guidelines and regulations. Changes often require 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. Moreover, 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 security risks

Evli's operations are based to 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 substantial 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. To manage information risk, it is necessary to ensure that information systems function properly and reliably and to pay particular attention to the correctness of information updated in databases and to the management of access rights.

Information asset owners are primarily responsible for protection of the information assets at Evli. Information protection includes the correctness, availability and confidentiality of data. The system administrator is the person who takes care of the technical maintenance tasks required for the system. Evli's Information Management is responsible for organizing the maintenance of Evli's systems. Technical maintenance is planned and executed in collaboration with the information system owner and its administrator. For this reason, a specific "Information Security Policy" that

addresses information security and related procedures has been prepared for the management of operational risks related to information systems and information security.

No financial losses were sustained in 2017 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.

Strategic risks

New products and services

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 the realization of risks on the whole Group need to be assessed with particular care. Evli uses a standardized procedure concerning the approval and introduction of new products and services.

Outsourcing 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.

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
- have crisis management capability
- have prepared by means of drills.

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

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

operations and how to return operations to normal.

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

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

RISK MONITORING AND 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
2. Monthly numerical and verbal 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.

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

MANAGING CAPITAL ADEQUACY

An essential element of the regulations is compliance with the solvency requirement set by the regulations and the Internal Capital Adequacy Assessment Process (ICAAP). 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 Bank's Board of Directors has set a target of maintaining at least a 13.0 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.

Corporate governance statement 2017

The governance of Evli Bank Plc (hereinafter “Evli”) is based on the Articles of Association, the Finnish Limited Liability Companies Act, applicable statutory provisions governing the Finnish securities markets, the Market Abuse Regulation (MAR), the regulations of the Finnish Financial Supervisory Authority, the rules and regulations of Nasdaq Helsinki Ltd, and other statutes and regulations concerning the governance of public limited companies.

Evli also complies with the Finnish Corporate Governance Code issued by the Securities

Market Association. The Code can be viewed in full on the Securities Market Association’s website at www.cgfinland.fi/en/.

This Corporate Governance Statement referred to in Chapter 7, section 7 of the Securities Markets Act (746/2012) has been compiled in compliance with the Finnish Corporate Governance Code. This Statement is available as a separate document on the website at www.evli.com/investors. This Statement is also presented as part of the company’s Annual

Report 2017, which is available on the company website at www.evli.com/investors.

EVLI’S GOVERNANCE STRUCTURE

Evli’s management and business operations are the responsibility of the General Meeting, the Board of Directors and the CEO, whose tasks are determined in the Finnish Limited Liability Companies Act and in Evli’s Articles of Association. Evli Group’s Executive Group assists the CEO in the operative management of the company. The Executive Group consists

of managers of the business areas and group functions, and it helps the CEO in the approval and execution of group-level operating principles and procedures. The Executive Group is chaired by the CEO.

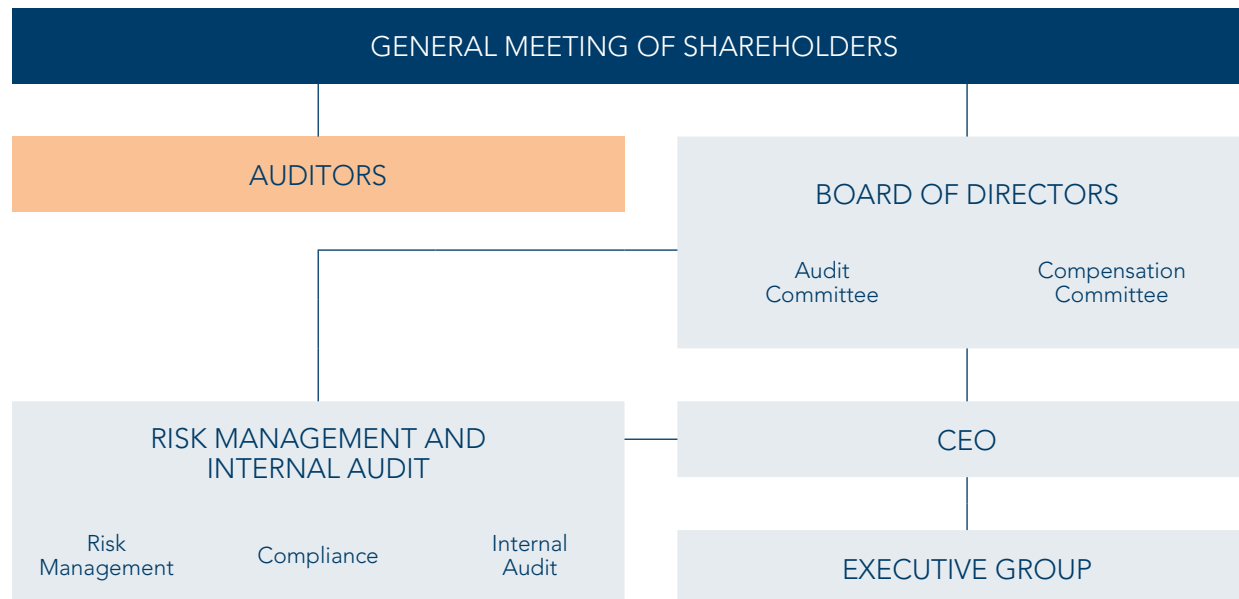
Evli Bank’s Board of Directors is primarily responsible for the Evli Group’s risk management. The Board of Directors confirms the principles and responsibilities of risk management, the risk limits of the Group and other general guidelines according to which the risk management and internal audit are organized.

GENERAL MEETING OF SHAREHOLDERS

The ultimate decision-making power in the company is exercised by shareholders at General Meetings. By participating in the General Meeting either personally or via a proxy, a shareholder may exercise his/her right to vote and make inquiries and participate in decision-making on matters concerning the company. At the General Meeting, each Series A share of Evli Bank Plc entitles its holder to twenty (20) votes and each Series B share to one (1) vote.

General Meetings are held at least once a year. The Annual General Meeting (AGM) is held upon completion of the company’s financial statements, at a place and on a date designated by the Board of Directors. The date must be no later than the end of June.

Matters to be discussed at a General Meeting are specified in the Limited Liability Com-



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

A notice to the General Meeting is published no earlier than three (3) months prior to the record date of the General Meeting, and no later than three (3) weeks prior to the General Meeting, however, no later than nine (9) days before the record date of the General Meeting. The notice is published on the company website and in a stock exchange release. The Board of Directors may, at their discretion, announce the General Meeting in one or more newspapers.

Documents to be presented in the General Meeting and the Board's proposals for decisions to the General Meeting are made available at the company website three (3) weeks before the General Meeting.

Annual General Meeting (AGM)

At the AGM, information is presented about the company's activities. The AGM also decides on the following:

- Adoption of the financial statements of the previous financial year
- The company's profit distribution
- Discharging the Board members and the CEO and his/her deputy from liability
- Election of Board members and their remuneration

- Appointment of auditors and their remuneration.

The 2017 AGM was held in Helsinki on March 13, 2017. A total of 56 shareholders participated in the AGM either personally or via a legal representative or an authorized proxy. A total of 84 percent of votes entitled by all shares was represented. The AGM participants included the Board members (except Mikael Lilius), the CEO and the principally responsible auditor of the company's auditing firm and a representative of the nominated auditing firm.

Extraordinary General Meeting

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

No Extraordinary General Meetings were held in 2017.

BOARD OF DIRECTORS

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

Duties of the Board of Directors

The Board has approved a written procedure defining its duties and meeting practices.

The tasks of the Board are:

- Taking responsibility for the company's administration and appropriate organization of operations
- Ensuring that the company's accounting and asset management are monitored in an appropriate manner
- Handling of all matters that are of extensive and fundamental importance for the operation of the company and the entire Group
- Deciding upon the Evli Group's business strategy and approving the budget
- Confirming the principles for the arrangement of Evli Group's risk management and internal audit
- Appointing the CEO and the members of the Executive Group and relieving them of their duties
- Deciding on the CEO's salary and other benefits
- Approving the objectives for the Group's human resources planning and monitoring the implementation of these objectives
- Deciding the basis for the Group's remuneration system and other comprehensive matters that concern the personnel.

In accordance with the principles of good governance, the Board also ensures that the company, in its operations, endorses the corporate values that have been set out for compliance.

The Board conducts an annual review of its activities and working practices in the form of an internal self-assessment.

Composition of the Board of Directors

The Annual General Meeting elects four to eight (4–8) members to Evli's Board of Directors among representatives of major shareholders and external independent experts.

The major shareholders of the company prepare a proposal on the composition of the Board for the AGM. The Board members should be elected so that the composition of the Board is as diverse as possible and supports Evli's business goals and meets the following principles:

- The Board as a whole must have sufficient competence and experience to be able to carry out its duties diligently and efficiently, taking into consideration the type and scope of the company's operations and its strategic goals and the changes of business and the rest of society.
- The members of the Board should have supplementary education and skills and experience in areas that are important to the company.
- The members of the Board should have experience of Board work and executive duties in business or other areas of society.
- The Board should include both men and women as far as is possible.
- The Board should also be diverse in terms of age distribution and number of terms.

In addition, in accordance with the Corporate Governance Code, persons elected to the Board must have the opportunity to spend sufficient time carrying out their duties.

All Board candidates must submit their own assessment of their independence to the Board at least once every year. In addition, the company also evaluates the independence of all existing members on the basis of documents in its possession and, when needed, using public documents in accordance with the Corporate Governance Code issued by the Securities Market Association in 2015 or other applicable regulations.

The Board members are elected for a term of one year, which starts at the conclusion of the AGM and ends at the conclusion of the next AGM following the election. The Board elects a chairman and a deputy chairman among themselves.

Evli Bank Plc's AGM held on March 13, 2017 confirmed six (6) as the number of members of its Board of Directors. Henrik Andersin, Robert Ingman, Harri-Pekka Kaukonen, Johanna Lamminen, Mikael Lilius and Teuvo Salminen were re-elected to Evli Bank Plc's Board of Directors. The Board elected Henrik Andersin as the Chairman and Harri-Pekka Kaukonen as the deputy Chairman. Thomas Thesleff, a long-term member of the Board announced to the AGM that he will resign from the Board of Evli Bank Plc.

In 2017, the Board of Directors convened nine times. The average attendance rate of Board members at the meetings was 98.2 percent.

Participation of each member in the meetings is listed in the table below.

Evli's current Board of Directors consists of industry experts and the company's major shareholders. The Board has assessed the independence of its members and has concluded that the members independent of the company and its shareholders are Harri-Pekka Kaukonen, Johanna Lamminen, Mikael Lilius and Teuvo Salminen.

Operations of the Board in 2017

In addition to statutory tasks and tasks laid out in the Board's rules of procedure, the Board concentrated on making Evli's growth strategy clearer in the business functions. During spring 2017, two separate working groups set up by the Board focused on this matter. One working group investigated opportunities for utilizing Evli's banking license better, and the other working group was tasked with creating a sharper action plan to increase the Corporate Finance business. During autumn, the growth strategy was made more detailed also in the Wealth Management and Investor Clients segment, when the Board examined the potential of international sales and alternative investment products as part of its work on strategy.

Another topical issue in addition to the growth plans was the changing regulation. Regular topics in Board meetings were the MiFID II directive that will have a wide-scale impact on the company's procedures and processes, and changes to the IFRS. As an expert organization, Evli's success depends on its ability to have the best possible experts for managing the clients' assets or investment tasks.

| Name | Personal data | Attendance at Board meetings in 2017 | Ownership in the company*, number of shares | |
|----------------------|---|--------------------------------------|---|---------|
| | | | A share | B share |
| Henrik Andersin | Board member since 1985, Chairman of the Board since 2006 Born 1960, M.Sc. (Econ) Committee memberships: Compensation Committee | 8/9 | 3,803,280 | 950,820 |
| Harri-Pekka Kaukonen | Board member since 2008 Born 1963, D.Sc. (Tech) Committee memberships: Compensation Committee (Chairman) | 9/9 | - | 6,991 |
| Robert Ingman | Board member since 2010 Born 1961, M.Sc. (Tech), M.Sc. (Econ. and Business Administration) Committee memberships: Audit Committee | 9/9 | 1,860,000** | 502,274 |
| Johanna Lamminen | Board member since 2015 Born 1966, D.Sc. (Tech), MBA Committee memberships: Audit Committee | 9/9 | - | 306 |
| Mikael Lilius | Board member since 2010 Born 1949, B.Sc. (Econ. and Business Administration) Committee memberships: Compensation Committee | 9/9 | - | 11,795 |
| Teuvo Salminen | Board member since 2010 Born 1954, M.Sc. (Econ. and business administration) Committee memberships: Audit Committee (Chairman) | 9/9 | - | 40,513 |

*Shareholding on December 31, 2017, including holdings through controlled company

**Includes holdings of Ingman Group Oy Ab

To ensure this, the Board processed and created one share incentive plan and launched an investigation on creating a wider commitment plan in the near future.

Diversity of the Board of Directors

The principles concerning diversity of the Board of Directors are stated in the Board’s diversity policy that the Board approved on December 13, 2017. Diversity strengthens Evli’s goal of having a Board whose overall competence profile supports the development of Evli’s business. Diversity is seen as a key success factor that enables Evli to reach its strategic goals and continuously improve its client-centric operations.

The diversity of the Board is viewed from different perspectives. For Evli, the essential factors are the Board members’ versatile and complementary expertise, experience from various industries and management, and the personal qualities of the members. The age and gender distribution of the Board members is taken into account, which supports the diversity of the Board.

The actualization and development of diversity towards the goals is evaluated in the annual self-evaluation discussion of the Board.

At the end of the financial year 2017, the Board members represented a wide range of expertise on management and board tasks in several industries, and their educational backgrounds and expertise complement each other. Both genders were represented in the Board. 16.7 percent of the Board members were women and 83.3 percent were men. The median of the

year of birth of the Board members was 1961, and the age difference between the youngest and the oldest member was 17 years.

COMMITTEES SET UP BY THE BOARD

The Board has established 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.

Board diversity – gender



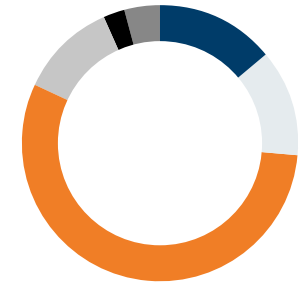
| | |
|---------|-------|
| ● Men | 83.3% |
| ● Woman | 16.7% |

Board diversity – age



| | |
|---------------|-------|
| ● 50–55 years | 33.3% |
| ● 56–59 years | 33.3% |
| ● 60–65 years | 16.7% |
| ● 66–69 years | 16.7% |

Board diversity – education



| | |
|---|-------|
| ● B.Sc. (Econ. and Business Administration) | 12.5% |
| ● M.Sc. (Tech.) | 12.5% |
| ● M.Sc. (Econ. and Business Administration) | 37.5% |
| ● MBA | 12.5% |
| ● D.Sc. (Tech.) | 25.0% |

Audit Committee

The Audit Committee is responsible for assisting the Board of Directors in ensuring that the company has an adequate internal audit system covering all operations and that the company’s risk management has been arranged appropriately, and it also monitors the financial statements reporting process.

The Audit Committee is also responsible for the following:

- Overseeing the accuracy and correctness of the company’s financial reporting, and monitoring the statutory auditing of the financial statements and consolidated financial statements

- Preparing the proposal on the appointment of auditors and the auditors’ fees, to be made to the AGM
- Ensuring that the company’s operations and internal audit have been arranged in accordance with all applicable laws, regulations, and good management and governance practices
- Monitoring the activity and efficiency of the internal audit function
- Assessing the independence of the statutory auditor or auditing firm, and especially the provision of ancillary services to the company.

The Audit Committee consists of at least two members, who may not be part of the company’s management and must be independent of the company. In addition to the Com-

mittee's regular members, the meetings are attended by the auditors, the CEO, the CFO and the internal auditor. The committee meets every quarter.

The Audit Committee's members were Teuvo Salminen (Chairman), Robert Ingman and

| Name | Role | Attendance in audit committee meetings 2017 |
|------------------|----------|---|
| Teuvo Salminen | Chairman | 5/5 |
| Robert Ingman | Member | 5/5 |
| Johanna Lamminen | Member | 4/5 |

Compensation Committee

The Compensation Committee is responsible for assisting the Board of Directors in the preparation of matters related to the company's employment terms and compensation. In addition, the Compensation Committee assists the Board in the following:

- Preparation of matters related to the compensation and incentive systems for management and personnel
- Regular assessment of the functioning of and compliance with the compensation system

| Name | Role | Attendance in compensation committee meetings 2017 |
|----------------------|----------|--|
| Harri-Pekka Kaukonen | Chairman | 3/3 |
| Henrik Andersin | Member | 3/3 |
| Mikael Lilius | Member | 3/3 |

Johanna Lamminen. The committee met five times in 2017. The Audit Committee members' average attendance rate at meetings was 93.3 percent. Participation of each member in the meetings is listed in the table below.

The committee consists of at least three members, elected by the Board from among its members. The committee Chairman is chosen from among the committee members and must be an independent Board member.

The members of Evli's Compensation Committee are Harri-Pekka Kaukonen (Chairman), Henrik Andersin and Mikael Lilius. The committee met three times in 2017. The Compensation Committee members' average attendance rate at meetings was 100.0 percent. Participation of each member in the meetings is listed in the table below.

CORPORATE MANAGEMENT

Evli's corporate structure

During the first half of 2017, Evli adopted a new organizational structure. As a result, Evli now has two business segments: Wealth Management and Investor Clients and Advisory and Corporate Clients. These are supported by common group functions, which include Information Management, Financial Administration, Group Communications and Investor Relations, Legal department and Compliance, Human Resources, Internal Services, Risk Management and Internal Audit.

Corporate management

Evli's Board of Directors appoints the company's CEO and decides the terms and conditions of his or her service relationship. The CEO is responsible for the company's day-to-day management in compliance with the instructions and decisions provided by the Board of Directors. Evli Group's Executive Group assists the CEO in the operative management of the company.

CEO

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

The CEO's period of notice is six months, and the severance compensation payable to the CEO in addition to the salary for the period of notice corresponds to 12 months' salary. The CEO's retirement age is 63 years.

The company's CEO is Maunu Lehtimäki, M.Sc. (Econ.), born 1967. In 2017, the CEO was paid a salary and other benefits of EUR 381,840 plus EUR 40,833 in performance bonuses, making a total of EUR 422,673. As part of the incentive and commitment system 42,500 stock options 2014 and 40,000 stock options 2016 were granted to the CEO.

Executive Group

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

The members of Evli Group's Executive Group in 2017

| Name | Area of responsibility | Ownership in the company*, number of shares | |
|--|---|---|---------|
| | | A share | B share |
| Maunu Lehtimäki**, born in 1967, M.Sc. (Econ.) | CEO | 433,728 | 108,642 |
| Mari Etholén, born 1973, LL.M. | Legal and Human Resources functions | 60,000 | 16,306 |
| Panu Jousimies, born in 1969, M.Sc. (Econ.) | Production and execution of securities transactions | 119,382 | 54,558 |
| Lea Keinänen***, born in 1966, Trade Technician, MBA | Institutional clients | 138,848 | 34,712 |
| Janne Lassila****, born in 1965, M.Sc. (Econ.) | Institutional clients | 125,248 | 31,562 |
| Juho Mikola*****, born in 1981, M.Sc. (Econ.) | Financial and Group Administration, Deputy CEO | 68,000 | 17,219 |
| Esa Pensala, born in 1974, M.Sc. (Tech) | Private clients | 142,000 | 35,500 |
| Mikael Thunved, born in 1965, B.Sc. (Econ.) | Corporate Finance business | | 177,000 |

*Shareholdings on December 31, 2017, including holdings through controlled entities

** Holds 42,500 stock options 2014 and 40,000 stock options 2016

*** Member of the Executive Group until May 1, 2017

**** Member of the Executive Group starting from May 1, 2017

***** Holds 35,000 stock options 2016

Operations of the Executive Group in 2017

In 2017, the Executive Group convened twice a month on average. During the spring, the Executive Group was busy with the implementation of the organizational reform and the associated changes in procedures. Another essential part of the Executive Group's work was working groups appointed by the Board that concentrated on growth strategies, including the preparation, review and planning of reports associated with the strategies.

During summer and fall, the Executive Group started to concentrate increasingly on the regulatory changes that will be brought about by the MiFID II directive, and associated changes to business models. In addition, the Executive Group discussed how digitalization can be harnessed to increase growth of business and

improve its efficiency. At the end of the year, the Executive Group traveled to San Francisco to investigate the opportunities brought about by artificial intelligence and other developments. In addition to administrative and strategic work, the members of the Executive Group spent as much time as possible with clients and other stakeholders, participating actively in sales promotion and other actions.

RISK MANAGEMENT AND INTERNAL CONTROL

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

that facilitates the achievement of set objectives.

Risk management refers to actions aimed at systematically surveying, identifying, analyzing and preventing risks. The objective of risk management is to:

- Ensure the sufficiency of own assets in relation to risk positions
- Ensure that fluctuations in financial results and valuations remain within the confirmed objectives and limits
- Price risks correctly to achieve sustainable profitability
- Support the uninterrupted implementation of the Group's strategy and income generation.

Evli Bank defines risk as an event or series of events that jeopardize the company's income generation over the short or long term.

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

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

First line of defense – business units

Risk management is a part of internal control, and therefore the responsibility for executing risk management measures lies first with the business units, as the first line of defense. The managers of the business units are responsible for ensuring that risk management is at a sufficient level in each respective unit. The task of business units is to:

- Build the processes and competence for risk management and internal audit
- Identify and analyze risks
- Make decisions on risk management by means of various protection measures.

Second line of defense – Compliance and Risk Management functions

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

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

The compliance function is responsible for ensuring compliance with the rules in all of the Evli Group's operations by supporting oper-

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

Third line of defense – internal audit

The third line of defense is internal audit. The internal audit is a support function for the Board of Directors and senior management that is independent of the business functions. It is administratively subordinate to the CEO and reports to the CEO and, via the Audit Committee, to the Board of Evli Bank.

The internal audit assesses the functioning of the Evli Group's internal control system, the appropriateness and efficiency of the functions and compliance with instructions. It does this by means of inspections that are based on the internal audit action plan adopted annually by the Audit Committee of the Board of Evli Bank.

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

AUDIT

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

As part of their annual audit duties, the auditors of Evli Bank Plc audit the accounts and administration of the separate companies. The internal audit requirements are taken into account in the auditors' audit plans. Each year, the auditors submit their report to the AGM of Evli Bank Plc. The auditors also report the main



points of the annual audit plan to the Board of Directors and to the Board's Audit Committee as well as presenting, in connection with each interim report and the financial statements, a written audit report covering the entire Group.

The Annual General meeting held on March 13, 2017, elected PricewaterhouseCoopers Oy, an auditing firm, as the auditor, with Jukka Paunonen, Authorized Public Accountant, as the principally responsible auditor. PricewaterhouseCoopers Oy generally serves as the auditor for all the subsidiaries, with the exception of Terra Nova Ltd. Terra Nova's auditor is RSM Dahman Auditors.

In 2017, the auditing firms were paid fees totaling EUR 295,388.32. The fees for auditing came to EUR 195,694.13, and the fees for services unconnected with auditing were EUR 99,694.19. Other fees consist mainly of tax and legal advisory services.

INSIDER MANAGEMENT

Evli Bank Plc has a guideline on insider rules and regulations that is approved by its Board of Directors and is based on the Market Abuse Regulation (MAR), Nasdaq Helsinki Ltd's Guidelines for Insiders of Listed Companies, as well as other relevant regulations and directives. Evli Group companies that are registered outside of Finland shall comply not only with these guidelines, but also with the national legislation and official regulations of the country where the company is located. The guideline on insider rules and regulations is distributed to all persons engaged in an employment or service relationship with the Group. The per-

sons defined in the guideline on insider rules and regulations shall comply with the restrictions regarding the use of insider information and trading, for example the closed window period.

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

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

Evli Bank Plc's insiders may not trade in securities issued by the company for 30 days before the publication of an interim report or the financial statements bulletin.

The person in charge of insider issues at Evli Bank Plc is the company's Head of Legal Affairs.

FINANCIAL REPORTING

The Board of Directors is responsible for overseeing the Evli Group's financial reporting. The Audit Committee assists the Board in this

work. The CEO's and CFO's task is to monitor and ensure that the accounting and the financial reporting accord with the law, the Group's accounting policies and the guidelines and orders issued by the Group's Board of Directors.

The Group's accounting and results reporting are centralized under the responsibility of the Group's Financial Administration unit. The Financial Administration unit is subordinate to the CFO and is responsible for producing on a centralized basis the financial statements information required for external accounting. The unit also produces internal accounting analyses and the results reports for monitoring business activities, the separate companies and the Group's profitability. Profit performance is reported monthly both to the Executive Group and the Board of Directors in the form of specific results reports. The aim is to identify and demonstrate success factors as well as development areas well in advance, thus making it possible to react to these. Reporting practices are also used for monitoring the implementation of the business plans for the business units. The Group's Financial Administration unit is also responsible for monitoring and reporting on the performance of each business unit. Further responsibilities include reporting the financial results, sales and activity at least monthly, and even daily depending on the unit, to the Executive Group and other concerned parties.

The Evli Group complies with the International Financial Reporting Standards (IFRS) approved for application in the EU. The Group prepares the annual financial statements and also a

quarterly interim report (IAS 34). The instructions on financial reporting and the accounting principles are applied in all the Group companies. The accounting of all the Group companies is included in the same accounting system, with the exception of Group companies in Russia and the United Arab Emirates.

Remuneration report 2017

Evli Bank Plc's ("Evli") remuneration report describes the remuneration practices of the company and the remuneration of senior management, in other words Board of Directors, CEO and members of the Executive Group in 2017. Evli Bank Plc complies with the Finnish Corporate Governance Code issued by the Securities Market Association. This remuneration report has been drawn up in accordance with the Corporate Governance Code 2015. The code can be viewed in full on the Securities Market Association website at www.cgfinland.fi/en.

REMUNERATION MODEL IN EVLI GROUP

The objective of the Evli Group's reward system is to support the implementation of the company's strategy as well as promote its competitiveness and long-term financial success. A further aim is to contribute to a positive trend in Evli's shareholder value, committing the company employees to the company's objectives in the long run.

The remuneration model is made up of the following elements:

1. **Fixed salaries and bonuses:** A competitive fixed basic salary constitutes a solid foundation for maintaining and constantly developing basic functions
2. **Varying remuneration:** To promote both Evli's short-term growth objectives and the attainment of its strategic goals, the com-

pany has an annually adopted reward system based on annually varying salary elements. The remuneration model is tied to the company's financial success, compliance with operating principles and guidelines, and solvency

3. **Long-term incentive and commitment systems:** The long-term incentive systems, decided by the board of directors, are in place to support the company's strategic development and to commit the key persons to Evli's operations.

DECISION-MAKING RELATING TO REMUNERATION

The Compensation Committee, which is made up of members nominated from the Board of Directors, prepares a reward system in accordance with the targets set by the Board of Directors in which the criteria for determining the variable salary elements are determined. The Compensation Committee consists of three Board members and is chaired by an independent Board member. The Board reviews and adopts the reward system annually. The Board of Directors also decide on the long-term incentive systems and the issuing of options rights or share-based incentive systems.

The reward system must always comply with the valid legislation and guidelines issued by the authorities. The Compensation Commit-

tee monitors the functioning and results of the reward system. The Compensation Committee also monitors compliance with the reward system and the rewarding of the persons that are responsible for the company's risk management and control functions. Evli's internal audit function performs an annual audit of the reward system.

Evli Bank Plc's General Meeting will decide on the compensations payable to the Board members. The major shareholders are responsible for preparing the proposal concerning the remuneration.

The Board of the Evli Group adopts the principles and elements of the remunerations for the CEO and Executive Group on an annual basis. To prepare the Board resolutions, the Board Compensation Committee will draft the proposals related to remuneration. The CEO and Executive Group members are covered by the shared Evli Group reward system. All changes in the CEO's salary and remuneration are subject to the Board's approval.

REMUNERATION PRINCIPLES IN EVLI BANK PLC

Fixed salaries and bonuses

Evli's fixed salaries play a significant role in remuneration. Evli seeks to offer a competitive level of salaries to keep its competent employ-

ees with the company. Fixed salaries rise either on the basis of increases based on the collective agreement or on the basis of a personal pay rise awarded by the employee's supervisor. There are no significant separate fringe benefits in the Group.

Varying remuneration

The Group's reward system covers its entire personnel. The objective of the reward system is to support the implementation of the company's strategy, and promote its competitiveness and long-term financial success. Remuneration payable in line with the reward system is linked to the financial success of the entire Group, compliance with the company's operating principles and guidelines, and to ensuring solvency. The model is built in a way that does not encourage unhealthy risk-taking.

Under all circumstances, remuneration in line with the reward system is always subject to a Board resolution. Through a Board resolution, the company can decide, if appropriate, not to pay the variable remuneration element, either in part or in total. Moreover, the company always has the right to reclaim a paid variable remuneration element, should it later discover that the actions taken by the individual remunerated have jeopardized the financial position of the company, the individual has violated the regulations affecting the company or the company's own operative principles

and procedures, or has contributed to such an action through negligence.

The Evli Group's reward system contains restrictions to ensure that the variable element of the remuneration is not paid out if the Group's result does not show a favorable trend. The premise for bonus payments is a result that is sufficiently strong so that the company's solvency is not jeopardized through variable remunerations. Under no circumstances can remuneration and bonuses exceed 25 percent of the company's result before the profit distribution with employees. The reward system also contains restrictions to ensure that the variable element in the total remuneration does not grow excessively in relation to the fixed salary which would encourage risk-taking beyond the risk bearing capacity. In case of individuals, the share of the variable element must not exceed 100 percent of the total fixed salary element, unless the General Meeting decides otherwise. Nevertheless, the share of the variable element cannot exceed 200 percent of the total fixed salary of the individual in question.

To avoid conflicts of interest, the remuneration of persons in control functions does not

depend on the financial success of the Group or any of its business units. The remuneration of those working in control functions will be tied to their individual performance and attainment of objectives.

Allocating variable commissions to individuals considers both the level of work required and the individual's performance. Both qualitative and quantitative indicators are used for assessing performance. The indicators are derived from Evli's strategy. The task of supervisors is to evaluate each individual's performance at least once a year. Based on these, a performance based reward per employee is calculated, which can be cut down if the model limits are compromised. The indicators and models are designed to account for long-term performance and compatibility of eventual bonuses with the company's operations and related risks.

Under certain circumstances, the company will be obliged to postpone the payment of the variable remuneration element. In this case, the postponement will be three (3) years from the end of the respective earning period. The amount of the remuneration payable after the postponement depends on the company's

financial performance during the period of postponement, and it can also be zero. The company requires that employees do not take any personal action to protect themselves against risks related to the amount of their future variable remunerations or risks at the time of payment.

Long-term incentive systems

In addition to the above remuneration methods, the company may create separate long-term incentive systems. Evli Group has two share-based incentive programs, incentive plan 2014 and incentive plan 2016, that are based on stock options that are currently in effect. In both cases, the stock options are issued gratuitously to the key persons employed by Evli Group. In divergence to the preferential subscription rights of the shareholders, the option rights are issued to the key employees named by the company's Board of Directors, to promote their commitment and motivation. The company's Board of Directors decides upon the distribution of stock options. The Board also decides upon the redistribution of any stock options that may later be returned.

In addition to the above-mentioned incentive plans, Evli Group has a shared-based incentive plan established in 2017. Rewards paid based on the plan will be paid in Evli's shares. The aim with the share-based incentive plan is to support Evli's strategy and align the objectives of the shareholders and the selected key employees to increase the value of Evli in the long-term. Moreover, the aim is to retain the selected key employees at the company and to offer them a competitive reward plan. The reward from the incentive plan is awarded in three installments. The first installment was awarded to the participants by the end of September 2017. The second and third installments are awarded to the participants by the end of September 2018 and 2019. The prerequisite for reward award and reward payment is that a participant's employment or service is in force. In addition, the Board of Directors may consider the participant's work contribution.

REMUNERATION REPORT 2017

Board of Directors

Evli Bank Plc's General Meeting will decide on the compensations payable to the Board members. The Extraordinary General Meeting of March 13, 2017 made the following resolution on the compensation for attendance at meetings payable to the Chairman of the Board and other members:

- Chairman and the chairmen of the committees EUR 6,000 per month
- Members EUR 5,000 per month.

| Members of the Board, € | 2017 |
|---|----------------|
| Henrik Andersin, Chairman of the Board | 72,100 |
| Robert Ingman | 57,300 |
| Teuvo Salminen, Chairman of the Audit Committee | 67,100 |
| Harri-Pekka Kaukonen, Vice Chairman of the Board, Chairman of the Compensation Committee | 66,300 |
| Johanna Lamminen | 57,300 |
| Mikael Lilius | 57,300 |
| Total | 377,400 |

The Board has established and appointed an Audit Committee and a Compensation Committee to prepare matters to be handled by the Board.

In 2017, the total compensation paid to the Evli Group Board members amounted to EUR 377,400. This sum is made up of meeting participation fees related to the work carried out in the Board and its committees. In 2017, the Board members did not receive any shares or share-based rights as compensation for their work.

CEO

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

Evli's CEO in 2017 was Maunu Lehtimäki. The CEO was paid EUR 381,840 in salary and fringe benefits as well as performance bonuses amounting to EUR 40,833, totaling EUR 422,673.

| CEO, € | 2017 |
|----------------------------|----------------|
| Salary and fringe benefits | 381,840 |
| Performance bonuses | 40,833 |
| Total | 422,673 |

The CEO has no significant separate fringe benefits and is covered by the shared Evli Group reward system. The CEO was issued 42,500 stock options 2014 and 40,000 stock options 2016.

The CEO is covered by a six-month period of notice binding to both parties. The CEO is entitled to receive a severance pay corresponding to the salary of 12 months if the CEO contract is terminated by the company.

Executive Group

The Board of Evli Group adopts the principles and elements of the remunerations for the Executive Group on an annual basis. In addition to the CEO, there were six members in the Executive Group in 2017. During the year 2017, Janne Lassila was appointed as a new member to the Executive Group and Lea Keinänen left the Executive Group on May 1, 2017. The members of the Executive Group are presented at www.evli.com/investors.

In 2017 the company's Executive Group members' salaries and remunerations, including fringe benefits – the CEO salary and remunerations excluded – amounted to a total of EUR 984,915. The members of the Executive Group have no significant separate fringe benefits and are covered by the shared Evli Group reward system. The Executive Group members were issued 35,000 stock options 2016 and 9,200 Evli shares as part of the share-based incentive plan established in 2017. The pension liability of the Executive Group has been arranged through statutory pension insurance policies.

| Members of the Executive Group, € | 2017 |
|-----------------------------------|----------------|
| Salary and fringe benefits | 868,540 |
| Performance bonuses | 116,375 |
| Total | 984,915 |

Board of Directors

The composition of the Board of Directors was resolved at Evli Bank Plc's Annual General Meeting on March 13, 2017.

Robert Ingman, born 1961

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

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

*Includes holdings of Ingman Group Oy Ab

Teuvo Salminen born 1954

M.Sc. (Econ. and Business Administration)

- Various supervisory positions in Pöyry Plc 1985–2009
- Chairman of the Board of Directors of Havator Oy, Vice Chairman of the Board of Glaston Oyj and Pöyry Oyj, Member of the Boards of Directors of Holiday Club Resorts Oy, Cargotec Oyj and 3Step It Group Oy
- Member of the Board of Directors of Evli Bank Plc since 2010
- Shareholding: 40,513 B shares

Henrik Andersin, born 1960

M.Sc. (Econ.)

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

Harri-Pekka Kaukonen, born 1963

D.Sc. (Tech.)

- President and CEO of Sanoma Group 2011–2015
- Chairman of the Boards of Directors of Esperio Care Holding Oy, Lindström Oy, Suomen Asuntoneuvoja Oy and Suomen VAKA-palvelut II Oy, Vice Chairman of the Board of Tieto Oyj, Member of the Boards of Directors of Ahlström -Munksjö Oyj and YIT
- Member of the Board of Directors of Evli Bank Plc since 2008
- Shareholding: 6,991 B shares

Mikael Lilius, born 1949

B.Sc. (Econ. and Business Administration)

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

Johanna Lamminen, born 1966

D.Sc. (Tech.), MBA

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

Shareholdings on December 31, 2017



Executive Group

Panu Jousimies, born 1969
M.Sc. (Econ.)

- Execution and Operations unit
- Joined Evli Bank Plc in 1997
- Shareholding: 119,382 A shares and 54,558 B shares

Esa Pensala, born 1974
M.Sc. (Tech.)

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

Maunu Lehtimäki, born 1967
M.Sc. (Econ.)

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

Juho Mikola, born 1981
M.Sc. (Econ.)

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

Mari Etholén, born 1973
LL.M.

- Legal and Human Resources functions
- Joined Evli Bank Plc in 2001
- Shareholding: 60,000 A shares and 16,306 B shares

Janne Lassila, born 1965
M.Sc. (Econ.)

- Institutional clients
- Joined Evli Bank Plc in 1993
- Shareholding: 125,248 A shares and 31,562 B shares

Mikael Thunved, born 1965
B.Sc. (Econ.)

- Corporate Finance business area
- Joined Evli Bank Plc in 2002
- Shareholding: Holdings through controlled company 177,000 B shares

Shareholdings on December 31, 2017



Information for shareholders and investor

Basic share information

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

- A shares (December 31, 2017): 15,624,177
- B shares (December 31, 2017): 7,806,243

Investor calendar 2018

- Annual report and financial statements for the financial year 2017: week 7
- Final registration date for the General Meeting: March 5
- Annual General Meeting (AGM), Helsinki: March 12
- Dividend record date: March 14
- Proposed dividend payment date: March 21
- Silent period: March 27 – April 25
- The interim report for January–March 2018, published on April 25
- Silent period: June 14 – July 13
- The half-year financial report for January–June 2018, published on July 13
- Silent period: October 1 – October 30
- The interim report for January–September 2018, published on October 30

Evli's financial reports are published in Finnish and in English. Evli's financial reports, stock exchange releases and press releases can be subscribed to at www.evli.com/investors.

Annual General Meeting of shareholders

The Annual General Meeting (AGM) of Evli Bank Plc will be held on Monday, March 12, 2018 at 9.00 am. at Finlandia Hall, Mannerheimintie 13e, Helsinki, Finland. Reception of registered participants starts at 8.30 am.

Notice to the Annual General Meeting

The notice to the Annual General Meeting and the Board's proposals to the Annual General Meeting are published as a stock exchange release and on www.evli.com. The notice lists the matters to be discussed at the AGM. Under the Limited Liability Companies Act, a shareholder has the right to bring a matter for discussion at the AGM, if it is a matter that shall be discussed at the AGM under law. The demand must be presented in writing to the Board of Directors sufficiently early in order for it to be included in the notice to the AGM.

Right to participate

A shareholder is entitled to participate in the AGM, if the shareholder's date of entry in the list of shareholders maintained by Euroclear Finland Oy is not later than February 28, 2018.

Registration

A shareholder wishing to participate in the Annual General Meeting and exercise the right to vote must register as a participant by March 5, 2018.

The following registration methods are available:

- Online at www.evli.com/agm
- Telephone call to +358 9 476 690, Monday–Friday 8.30 am – 5.00 pm
- In writing to Evli Bank Plc, AGM, P.O. Box 1081, FI-00101 Helsinki, Finland.

Holders of nominee-registered shares should request instructions early on from their asset manager on how to register to the list of shareholders, give powers of attorney and register to the AGM. The account operator of the asset manager issues a notification stating that the holder of nominee-registered shares wishes to participate in the AGM and should be entered in Evli's temporary list of shareholders by March 7, 2018 at 10.00 am.

Shareholders may participate in the Annual General Meeting themselves or via proxies they have authorized. Any powers of attorney should be submitted by the registration deadline to: Evli Bank Plc, AGM, P.O. Box 1081, FI-00101 Helsinki, Finland.

Proposed distribution of dividends

The Board proposes to the AGM that dividends be paid at EUR 0.52 for series A and series B shares, totaling approximately EUR 12.2 million.

The Board proposes March 21, 2018 as the dividend payment date.

Evli's investor communications

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

www.evli.com/investors

Contact information

firstname.lastname@evli.com

Juho Mikola

Chief Financial Officer

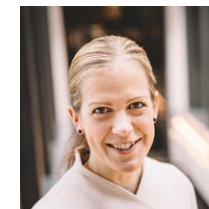
Tel. +358 9 4766 9871



Mikaela Herrala

IR and Communications Manager

Tel. +358 9 4766 9823



Contact information



Finland

Evli Bank Plc
Aleksanterinkatu 19 A, 4th floor
P.O. Box 1081, FI-00101 Helsinki, Finland
Tel. +358 (09) 476 690 (Switchboard 8.30 am. – 5.00 pm.)
Fax +358 (09) 661 387



www.evli.com



Evli Pankki_WM (in Finnish)
Markkinapulssi (in Finnish)
Evli Fund Management



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



Evli Bank Plc (in Finnish)
Evli Fundmanagement Company



Evli Bank Plc | Aleksanterinkatu 19 A | P.O. Box 1081 | FI-00101 Helsinki, Finland | Tel. +358 (0)9 476 690 | Fax +358 (0)9 661 387 | www.evli.com