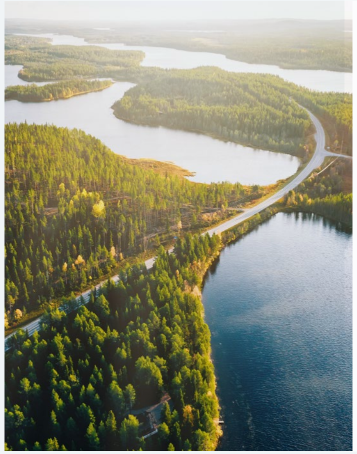
EVLI

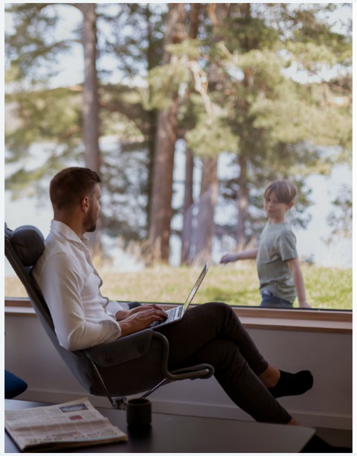
Increasing clients’ wealth sustainably as our mission

EVLI BANK PLC | ANNUAL REPORT 2020

Contents

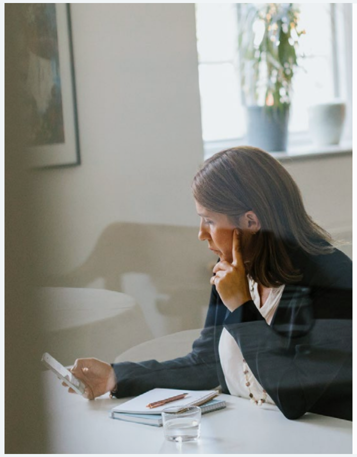


BUSINESS OVERVIEW



RESPONSIBILITY

FINANCIAL REVIEW



GOVERNANCE

A bank specialising in investments

Evli is a bank specialised in investments that help institutions, corporations, and private persons increase their wealth. Evli offers a wide range of investment and asset management services through the following business areas: Wealth Management and Investor Clients, and Advisory and Corporate Clients. The business areas are supported by Group operations.

The Wealth Management and Investor Clients segment offers asset management services, fund products, alternative investment products and various capital market services. The Advisory and Corporate Clients segment provides advisory services related to M&A transactions, incentive program design and administration services and investment research for listed companies. In addition, Evli offers banking services that support the investment activities. Due to the comprehensive service offering, Evli is able to offer its clients product and service solutions that meet their various needs.

Finland accounts for the largest share of the company's revenue, while the other Nordic and European countries also are important market areas.

> **Read more: www.evli.com**

Founded in
1985

Listed on the Nasdaq Helsinki main list since
2015

Sales in
15
countries through its own offices and co-operation partners

Assets Under Management EUR
14.1
billion

Finland's
4.
largest fund management company

Personnel
261

Market-specific positioning reflects Evli's competitive advantage

Finland and Sweden

Comprehensive Wealth Management and Investment Banking services.

Internationally

Nordic fund management boutique for institutional investors.

Evli's operations are divided into two client segments

Wealth Management and Investor Clients

- Product and service offering
  - Private Banking and Evli Digital wealth management services
  - Institutional Asset Management
  - Public and private market funds
  - Capital Market services
- Finland's 4th largest Fund Management Company. Market share 6.6%
- Employs 160 investment specialists in Finland and Sweden
- Multiple times awarded among the best and most used institutional asset managers in Finland[1)]
- Best Finnish Private Bank.[2)]

[1)]KANTAR SIFO Prospera External Asset Management Finland 2015, 2016, 2017, 2018, 2019, 2020 and SFR Institutional Asset Management 2015, 2016, 2017, 2018, 2019 -surveys.

[2)]KANTAR SIFO Prospera Private Banking 2019 and 2020 Finland -surveys.

Advisory and Corporate Clients

- Product and service offering
  - Corporate Finance: Financial advisor in financial arrangements for listed and unlisted companies
  - Evli Alexander Incentives: Incentive plan design and administration for listed and unlisted companies
  - Evli Research Partners: Research services to small and mid-sized listed companies
- Employs 53 investment specialists in Finland and Sweden.

Evli achieved a record result in an exceptional market environment

The capital market's development in 2020 was marked by the coronavirus pandemic, which brought on a roller coaster of volatility. After a positive start to the year, the pandemic derailed the market in March and rapidly weakened the earning potential of firms providing investment services. During the spring and summer, the markets quickly recovered, and equity prices were particularly strong. In these extreme exceptional circumstances, Evli managed to adapt its operations as the situation required and achieved a good earnings development.

After the pandemic caused a sharp fall in equity prices in March, the equity market recovered surprisingly fast in the spring. The positive market sentiment was reinforced by both broad government support packages and the central banks' commitment to long-term stimulative monetary policies, as well as the reduction in coronavirus infections and the expectations of a rapid introduction and rollout of vaccines. Towards the end of the year, the prices of many equities already exceeded the pre-pandemic level, and a large amount of capital was also directed to small and even unlisted companies.

To ensure that our operations could run smoothly without interruption, we at switched to a decentralised working model as soon as the pandemic started and very quickly to full-time remote working. Due to the extensive investments we've made to our IT systems in recent years and our employees' ability to rapidly adapt to the situation, we were able to carry out all of our operations efficiently and be in active contact with our clients even in this challenging situation.

With the fall in equities prices at the start of the year, our clients' assets under management clearly decreased during the first half of the year. For our international fund sales, which had risen sharply in the past few years, the pandemic-related restrictions were particularly challenging. However, at the end of the year, our client assets under management were almost at the previous years level, at EUR 14.1 billion. Our full-year net commission income increased from the previous year, amounting to EUR 76.8 million (EUR 72.2 million). Overall, the Group's operating income increased to EUR 79.7 million (EUR 75.8 million). The Group's operating profit increased by up to 21 percent to EUR 29.1 million (EUR 24.1 million). I believe this is an excellent achievement, given the very challenging market condition.

For Evli Awards Management Oy, one of our group companies, a significant event was the exchange of shares carried out in the autumn, in which Evli Awards Management Oy and Alexander Incentives Oy were merged to become Evli Alexander Incentives Oy. The new company will serve our clients throughout the entire value chain of incentive programs, from planning to management and implementation.

Responsibility as a strategic priority

Responsibility has already been an important part of both our portfolio management and our internal operations for years, and our clients' interest in the responsibility of investment targets continues to grow. To further emphasise the importance of responsibility in our operations, we raised it to one of our strategic priorities at the beginning of the year.

For us, it's important that responsibility isn't just a noble principle in our operations, but rather it needs to materialise concretely through actions. During the year, we published renewed ESG reports for our funds, updated our responsible investment principles, as well as our climate and corporate governance principles, and expanded the criteria by which our equity and fixed-income funds exclude companies offering controversial products or services from the point of view of responsibility.

During the year, we also launched new funds which featured responsibility as a key criterion in the selection of investment targets. Evli Green Corporate Bond is our first fund to invest in the green bond market through corporate bonds. The proceeds from each bond are to be used for projects that genuinely improve the climate. At the end of the year, we launched Evli Impact Forest Fund I, which invests in globally unlisted forest funds, thereby seeking to mitigate climate change through positive carbon effects. The fund's carbon footprint is monitored and reported to investors on a regular basis.

We have received several positive reviews from third parties, which speak to the success we've had in our responsibility work. These also encourage us to further develop the responsibility of our operations comprehensively and with great ambition.

Alternative investment products and index funds continue to grow in popularity

In a low-interest-rate environment that will continue well into the future, and with equity prices also at historically high levels, the weight of alternative investment products in investment portfolios will increase as investors seek returns on their investments. Instead of a traditional allocation consisting only of listed equities and fixed-income securities, the portfolios of professional investors increasingly include real estate assets, which provide inflation protection and cash flow, as well as the higher-yielding but illiquid private equity investments. We're seeing this development in all developed capital markets.

Alternative investment products are one of Evli's strategic growth areas. They enable us to improve the return potential of our clients' portfolios and expand their diversification. In recent years, we have systematically increased our expertise in alternative investment products and developed a new allocation model that allows for an even broader diversification of investments into different types of income sources. This model, which is individually tailored from the client's point of view, offers a return expectation that is a couple of percentage points higher than a traditional allocation for the same level of risk. Alternative investment products have become a significant asset class in the portfolios of many of our clients.

In light of the market situation and our more comprehensive approach, our sales of alternative investment products developed well in 2020. At the end of the year, over EUR 1 billion had already been invested in these products and their share of our commission income neared 25 percent.

Another trend in the investment market that remained strong in 2020 was the growing popularity of passive index funds. In ten years, USD 3 trillion has already been channelled globally into low-fee passive funds, mainly due to the inability of actively managed equity funds to create sufficient added value after taking their expenses into account.

As these trends intensify in the coming years, the capital allocated to traditional actively managed investments will continue to shrink and fee levels will decline. This development requires investment firms to be able to radically overhaul their services while adjusting their cost levels, which is very likely to lead to further consolidation in our industry.

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For us, it's important that responsibility isn't just a noble principle in our operations, but rather it needs to materialise concretely through actions. ”

Every cloud has a silver lining

The past year was very difficult for all of us on many levels. Despite this, the pandemic also had positive consequences for Evli, as it did for many other organisations.

Our employees adapted so well to the work patterns required by the emergency that, based on the results of our internal survey, we launched plans to increase the opportunities to work remotely, even under normal conditions. We have now introduced a so-called flex working model on a permanent basis, in which employees can choose, within certain limits, whether to work at the office or from home. In our office, many places no longer consist of personal workstations, but rather all systems work regardless of where the work is done. For us, this will mean a dramatic reduction in the need for business premises and so the annual costs for premises can be lowered.

I warmly thank our clients and shareholders for their continued cooperation and our employees for their flexibility and excellent contributions during this extremely exceptional year.

Maunu Lehtimäki

CEO

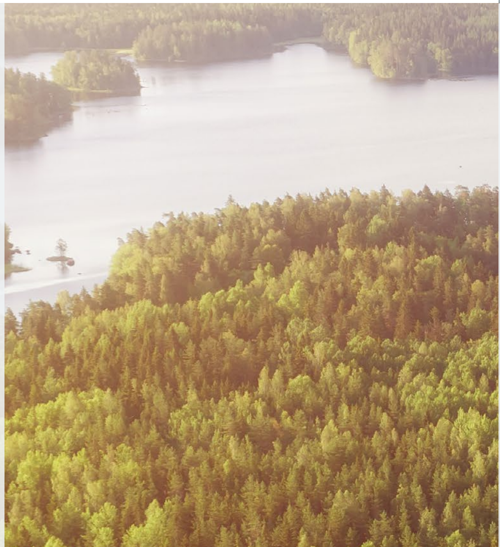
Responsibility at the core of all operations

01/2020

Responsibility as a strategic focus area

Evli seeks to invest even more in responsibility, which is why Evli has decided to make responsibility one of its strategic focus areas for the coming years. Although responsibility has been an integral part of Evli's portfolio management for many years, this decision aims to further emphasise its importance.

Read more: www.evli.com



03/2020

Best fund management company in Sweden

Morningstar chose Evli Fund Management Company as the best fund management company in Sweden. In the "Best Fund House: Overall" category, the rankings are determined based on five-year risk-adjusted returns, taking into account all of the funds registered in the country by the fund management company.

Read more: www.evli.com

Client assets under management EUR

14.1

billion

02/2020

New global infrastructure fund

In February, Evli launched a new private equity fund, Evli Infrastructure I. The fund invests globally in infrastructure projects, which include, e.g. water and gas companies, social infrastructure serving society, telecommunications companies, roads and ports, energy production and distribution companies, and renewable energy.

Read more: www.evli.com

Finland's

4.

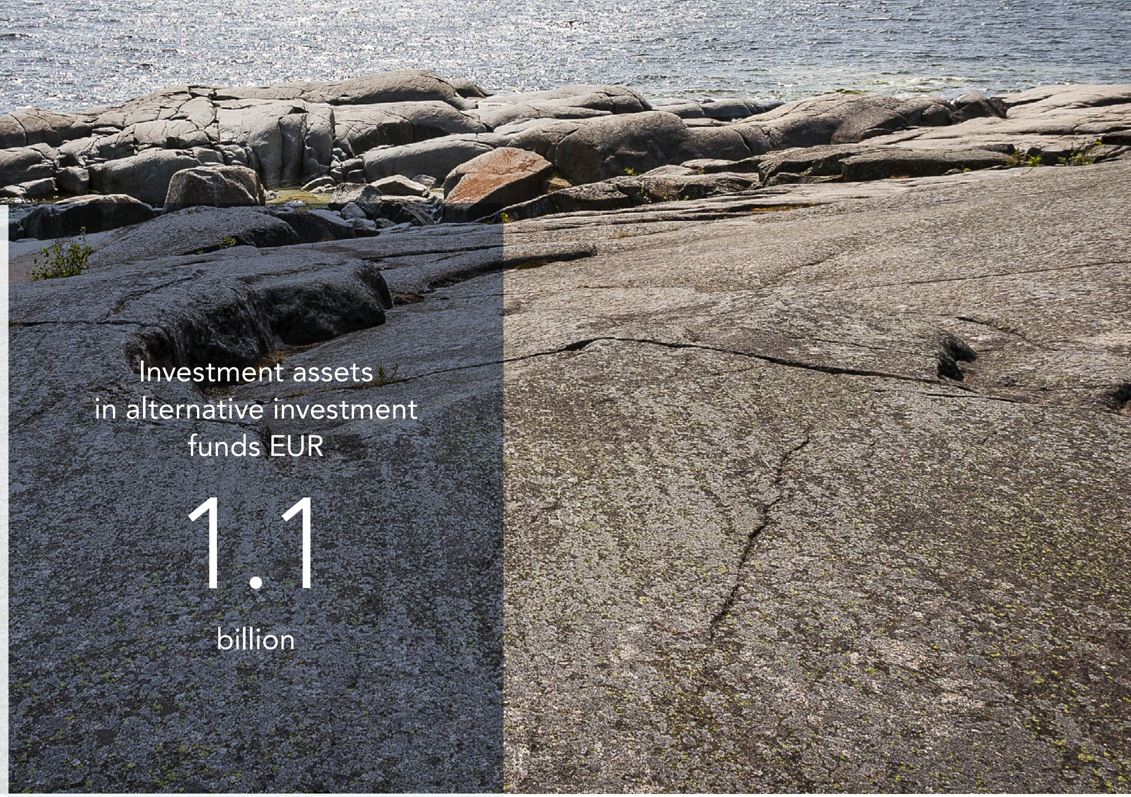
largest fund management company

06/2020

Ten years as a signatory of the UN Principles for Responsible Investment

Evli celebrated its tenth year as a signatory of the United Nations Principles for Responsible Investment (UN PRI). Evli signed the principles in June 2010 and has since then committed to implementing the UN PRI's six principles and has annually reported to the organisation on the responsibility of its investments.

Read more: www.evli.com



07/2020

The most used institutional asset manager in Finland for the fourth year in a row

For the fourth year in a row, Evli was the most used institutional asset manager in Finland in the KANTAR SIFO Prospera "External Asset Management 2020 Finland" -survey. A total of 62 percent of the participated institutions use Evli's asset management services.

Read more: www.evli.com

08/2020

Responsible investing achieved the highest international responsibility rating

In an international comparison, the UN's umbrella organisation for responsible investment, the PRI, awarded Evli the best rating (A+) in the strategy and governance category. The score obtained from this category is often considered an assessment of the overall approach.

Read more: www.evli.com

Investment assets in alternative investment funds EUR

1.1

billion

08/2020

Evli's first green corporate bond fund

In August, Evli launched a new investment fund focusing on green corporate bonds, Evli Green Corporate Bond. The fund invests in the green bond market through corporate bonds.

Read more: www.evli.com

09/2020

Evli expanded its fund distribution to the Netherlands

In September, Evli Fund Management Company signed a co-operation agreement with The Cardinal Partners Global for the selling of Evli funds to institutional investors in the Netherlands.

Read more: www.evli.com

10/2020

Evli's fund sales expanded to Austria

In October, Evli Fund Management Company signed a co-operation agreement with Absolute Return Consulting (ARC) for the offering of Evli funds to institutional investors in Austria.

Read more: www.evli.com

11/2020

New forest fund further expanded Evli's product offering

In November, Evli launched a new global forest fund, Evli Impact Forest Fund I. The fund invests in globally leading, unlisted forest funds that manage and develop forest assets.

Read more: www.evli.com

BUSINESS MODEL

Added value with stable earnings development

Resources

Personnel

- 261 investment specialists

Offices and distribution network

- 3 offices;
  Helsinki, Turku and Stockholm
- 7 tied agents
- Distribution through partners and own offices in 15 countries.

Intangible assets

- Products and services
- Brand
- Client relationships
- Social network:
  partners, distribution network and community relations.

Financial resources

- Balance sheet EUR 772.6 million
- Equity EUR 95.4 million
- Assets under Management
  EUR 14.1 billion
- Net revenue EUR 79.7 million.

Processes

- Product development
- Sales processes
- Utilization of automation, artificial intelligence and robotization
- Personnel management.

Mission

Increasing clients' wealth sustainably according to their individual targets.

Vision

Clients perceive Evli Simply Unique by offering high quality services and unique customer experience 24/7.

Business Areas

Wealth Management and Investor Clients

Wealth management services, mutual funds, various capital market services and alternative investment products to private persons, corporations and institutions.

Institutions and private persons

Corporations

Advisory and Corporate Clients

Corporate advisory services, incentive plan design and administration as well as investment research for companies of different sizes.

Business Processes

Self-developed products and services

Individual service combining traditional and digital service models and channels

Perseverance and goal orientation

Stewardship thinking and responsible operations

Comprehensive support functions and controls including IT, financial administration, back-office, marketing & communication, law and compliance

Strategy

More information on pages 10-13.

Values

Entrepreneurship, valuable relationships, learning, integrity

Added value and impacts

Clients

- Products and services that correspond to clients' needs and goals
- Opportunity to tailor service solutions
- Professional and competent service
- Responsible investments.

Personnel

- 261 investment specialists
- Salary and bonuses EUR 24.6 million
- Pension expenses EUR 3.4 million
- Personnel training EUR 0.1 million.

Owners and investors

- Dividend proposal EUR 0.73/share
- Equity/share EUR 3.86
- Stable development
- Responsible investment.

Society

- Investments EUR 0.9 million
- Paid taxes EUR 6.3 million
- Collaboration, support and sponsorship with universities, entrepreneurs as well as sports and culture.

Strategy - preserve and grow clients´ wealth sustainably

Megatrends create opportunities for Evli

The financial sector is in the midst of an enormous transformation, driven foremost by globalisation, digitalisation, increased regulation, societal developments and responsibility.

Regulatory and reporting requirements in the financial industry have increased greatly over the past decade, and this trend still continues. Tighter regulation improves consumer protection and makes the service providers' operating models more transparent to clients. At the same time, meeting the requirements of tightening regulation requires service providers to develop their information systems and educate the personnel.

The development of information systems and digital services enables the provision of services to a wider target group and in a wider geographical area. Digitalisation has also increased competition across sectorial boundaries. Clients can be served in more cost-effective and personalised ways, and increasingly by the use of artificial intelligence and robotics. Clients want to

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Evli's ability to integrate responsibility into its entire business is essential for creating added value.

invest regardless of time and place, and they demand smoother and more personalised service solutions that seamlessly integrate the ease and speed of technology and the individuality brought by personal service.

At the same time, the financial sector is challenged in developed markets by an ageing population and their limited ability to take advantage of digital services. Securing the standard of living and well-being at retirement is of interest to an ever-increasing client segment. These clients need and require investment services that take individual preferences into account in order to achieve this.

Because megatrends increase the demands of society, customers, and the environment for sustainable development, service providers need to develop responsible product and service solutions. In the financial industry, clients increasingly demand that responsibility is taken into account in investment operations and seek investment and asset management solutions that integrate environmental, social and corporate governance issues (ESG).

Evli's goal is to be a growing and profitable bank specialised in investments, consolidating its position as a leading asset manager in Finland and engaging in international expansion. The cornerstones of growth are the creation of unique customer experiences, the development of new products and services, as well as the utilisation of digitalisation and the integration of responsibility in day-to-day operations.

Creating unique customer experience

Evli's Vision is to be perceived by clients as Simply Unique by offering high-quality services and a unique customer experience 24/7. The aim of the development of product and service concepts is to offer clients more flexible products and services that take responsibility as well as individual needs and requirements into account. The key products and services consist of innovative institutional-level products and services and a sound corporate culture which is based on Evli's values: entrepreneurship, valuable relationships, integrity and learning. These values and Evli's Ethical Code of Conduct serve as the guiding principles in the management of client relationships.

International growth with carefully selected fund products

Evli has successfully established itself as a leading asset manager among Finnish affluent private individuals and institutions and one of the biggest fund houses in the country. The aim is to further strengthen its position as a leading asset manager. However, given its substantial share of the domestic market and the small size of the market, international growth is a natural objective for Evli. Evli is excellently placed where international sales are concerned, and the image of a high-quality Nordic fund management boutique is of interest to foreign investors. Particularly in Central Europe, Evli benefits from the image of reliability and transparency that is associated with the Nordic countries. Compared with large international fund houses, Evli's relatively smaller size enables agility and more personalised service. Evli leverages its competitive advantage by focusing on increasing the international sales of selected funds to institutional investors through carefully selected partners.

Alternative investment products at the heart of product development

In addition to international growth, an important strategic priority is the expansion of the product and service offering to private individuals and institutions. The cornerstone of expanding the product and service portfolio is the continued development of alternative investment products. Evli offers Finnish investors, and in the future also international clients, several alternative investment products. The aim is to turn the asset class into a considerable source of revenue.

In addition, Evli is constantly further developing the service concept to corporations 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 incentive plan design and management and corporate analyses. The aim is to increase the sales of these services in Finland and Sweden.

Responsibility at the core of all business operations

Evli raised responsibility to one of its strategic focus areas in early 2020, but responsibility has been a part of Evli's investment activities for a long time. Evli's ability to integrate responsibility into its entire business is essential for creating added value. Responsibility factors have been integrated into investment operations in Evli's most significant business area, Wealth Management, which means that responsible investment is a systematic part of portfolio management. Investments made by Evli's mutual funds are also monitored for possible norm violations, and Wealth Management engages with companies independently and together with other investors. Evli is constantly looking for new ways to further improve the responsibility of its products and services. More about Evli's responsibility and responsible investing is found on pages 14-41.

Added value through digitalisation

Evli's business environment is increasingly becoming digital, and as part of this change, clients are increasingly seeking digital investment service solutions. Process automation, software robotics and artificial intelligence have an increasingly important role in the daily activities of the investment services industry. They also have a direct impact on the client experience in the form of the smooth performance of the services.

To maintain its competitiveness, Evli invests strongly in the development of digital services alongside traditional service models. In addition, Evli invests in the automation of its practices, since improving efficiency is critical for the company's success in a digitalised business environment.

Increasing clients' wealth sustainably

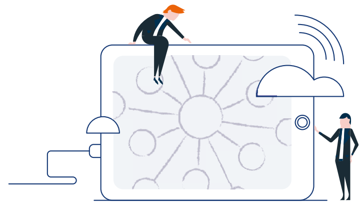
LEADING NORDIC WEALTH MANAGER

GROWTH TARGETS

Return on Equity
Net Fee Income
Recurring Revenue to Operational Costs
Assets under Management

STRATEGY FOCUS AREAS



Clients	Offering	Responsibility	Digitalization
Increasing the client base in Finland and internationally	Alternative investment products to private clients and institutions	Responsible products and services	New digital investment solutions and service models
Perceived as "Simply Unique" by clients	Development of the integrated corporate service model to corporate clients	Positive influence on society and the environment	Utilization of process automation, software robotics and artificial intelligence

MEGATRENDS

Globalization
Increased competition
Blurring industry boundaries
Empowerment of customer

Business environment
Consolidation
Increased regulation and control

Societal transitions
Aging of the population
Digital natives

Responsibility
Ethical business
Sustainability
Transparency
Climate change

Digitalization
Artificial Intelligence
Robotization
Big data
Cyber risks

Strategy in action

Cornerstones of the strategy	2020 Outcomes	Targets 2021
Clients • Increasing the client base in Finland and internationally • Perceived as "Simply Unique" by clients.	**Clients** • Fund net subscriptions of EUR -1.1 billion (2019: EUR 0.9 billion) • Total Assets under Management of EUR 14.1 billion (2019: EUR 14.3 billion) • Two new co-operation countries (Austria and the Netherlands) • Finland's most widely used institutional asset manager[1] and Finland's best Private Banking -services[2].	**Clients** • Deepen the presence in current markets and expand to new markets through co-operation partners • Expand the client base • The best and most used asset manager in Finland.
Offering • Alternative investment products to private clients and institutions • Development of the integrated corporate service model to corporate clients.	**Offering** • Assets under management in alternative investment products EUR 1.1 billion (2019: EUR 0.9 billion) • New alternative investment funds: Evli Infrastructure Fund I Ky and Evli Impact Forest Fund I • New mutual funds: Evli Green Corporate Bond and Evli Equity Factor Global. • Expansion of the incentive plan management to also include the design of incentive plans.	**Offering** • Expand the product offering by introducing 2-3 new alternative investment funds • Launch 1-2 new traditional mutual funds.
Responsibility • Responsible products and services • Positive influence on society and the environment.	**Responsibility** • New ESG reports for mutual funds • New sustainability funds (for example Evli Green Corporate Bond and Evli Equity Factor Global funds) • Systematic engaging with companies independently and together with other investors • Business operations developed favourably and dividend increased by 8%.	**Responsibility** • Deepen ESG integration in portfolio management • Launch new responsibility and impact funds • Set climate targets • Further improving the diversity of personnel • Increasing transparency in investor communications.
Digitalisation • New digital investment solutions and service models • Utilisation of process automation, software robotics and artificial intelligence.	**Digitalisation** • Launch of the new My Evli online service • Adopting a comprehensive remote working model • Outsourcing of custody of Evli's funds to Svenska Enskilda Banken (SEB).	**Digitalisation** • Further development of the My Evli online service and launching the new Evli Mobile • Development of internal processes • New operating model for fund publications • Process developments to support the strategic focus areas.

[1] KANTAR SIFO Prospera External Asset Management Finland 2015, 2016, 2017, 2018, 2019, 2020 -surveys
[2] KANTAR SIFO Prospera Private Banking 2019 ja 2020 Finland -surveys

Responsibility

Responsibility has been an integral part of Evli's business for many years. In 2020, Evli raised responsibility to one of its strategic focus areas and developed its procedures even more actively. During the year, Evli published, among others, renewed fund ESG reports, as well as updated the principles of responsible investing and the principles for climate change and ownership control, in addition to expanding the exclusion criteria. The safe and functioning work conditions both remotely and at the office also became more important due to the coronavirus pandemic.

Responsibility at the core of Evli's strategy

Responsibility built on Evli's values and transparency

Evli's business is based on understanding its clients' needs. The company's primary responsibility is to increase its clients' wealth responsibly based on the clients' individual goals. Evli's client relationships are long and based on mutual trust and doing business that is ethically sustainable. Evli's business opportunities and the development of its operations depend not only on its clients' trust, but also the trust of its employees, owners, investors, co-operation partners and society. To maintain and strengthen this trust, Evli must be proactive, transparent, highly ethical and responsible in all of its operations. Responsibility is based on Evli's values: entrepreneurship, valuable relationships, integrity and continuous learning. These values 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 other stakeholders.

Evli seeks to be a responsible member of society and is committed to taking into account both the direct and indirect environmental impacts of its operations. Because corporate responsibility is part of Evli's everyday business operations, its annual report includes a corporate responsibility report. The responsibility section includes detailed information on how responsibility has been integrated into business operations and what indicators have been deemed essential for measuring Evli's responsibility.

Responsibility report based on stakeholders' expectations

(GRI 102-46: Entities included in the consolidated financial statements, GRI 102-47: List of material topics, GRI 103-1 Explanation of the material topic and its boundary)

At Evli, responsibility means financial, social and environmental responsibility in a broad sense. In 2018, Evli conducted its first materiality analysis in order for the responsibility report and future priorities to correspond to the expectations of stakeholders and focus on matters that are relevant to the company. In 2020, the material topics were reassessed to ensure that these remain relevant and properly grouped. On the basis of the re-evaluation, the material topics remained unchanged,

Responsible business supports the company's value creation

but the grouping was changed by dividing the material topics into three main groups: base, development areas, and focus areas, which cover eleven material topics.

The materiality analysis considers the importance of the issues raised to stakeholders and Evli's business. The three main groups take into account Evli's ability to develop these areas in order to create even more responsible business operations. **The base** of the grouping are topics that create the foundation for banking operations and are directly related to stakeholders' trust in Evli and its business. At the middle of the grouping are **the development areas**, which are relevant to Evli and its stakeholders, enabling more responsible business, and are partly determined by laws and regulations. At the top of the grouping are **the focus areas** of Evli's responsibility work. These are the topics that Evli has identified as significant to ensure its future competitiveness and create added value for its stakeholders in the long term.

As a result of the materiality analysis, Evli has recognised, among others, that in improving responsibility and with regard to environmental impacts, the single most important factor in Evli's operations is the responsibility of the company's investment operations and taking this into account in the product and service range.

Continuous dialogue with stakeholders

(GRI 102-40: List of stakeholder groups, GRI 102-43: Approach to stakeholder engagement, GRI 102-44: Key topics and concerns raised)

Evli's principal stakeholders are its clients, personnel, shareholders, investors, the authorities, partners and media. An active and open dialogue with these principal stakeholders helps Evli to identify the areas of its operations that should be prioritised and developed. Regular discussions with different stakeholders form a foundation for understanding their views and needs. Correspondingly, it is important to tell stakeholders about the company's goals, execution policies, values and changes in the operating environment. This helps create a common understanding and trust concerning business operations and factors that influence it.

Grouping of material topics based on the materiality analysis

FOKUS AREAS	• Responsible investing • Profit performance • Fairness: equality, non-discrimination and diversity • Attractive employer	Prioritized areas of responsibility work at Evli. These have been identified as important to ensure Evli's future competitiveness and create added value for its stakeholders in the long term.
DEVELOPMENT AREAS	• Responsible marketing • Work well-being and health • Education and development • Direct environmental impacts	Issues relevant to Evli and its stakeholders that enable more responsible business operations. Determined in part by laws and regulations. However, Evli itself determines how much it develops these areas of responsibility in order to be a more responsible company and to meet stakeholder expectations now and in the future.
BASE	• Customer privacy protection and data security • Taxes and tax footprint • Corruption, bribes and money laundering	Areas that are fundamental to trust in the banking industry and are directly related to stakeholder confidence in Evli and its business. These are always handled in accordance with current legislation and regulatory requirements.

STAKEHOLDERS	STAKEHOLDER'S EXPECTATIONS	CHANNELS	EVLI'S ACTIONS IN 2020
Clients	• Competitive products and services • Useful auxiliary and advisory services • Reliability, data protection • Service channels that meet needs • Responsible operations	• Questionnaires and client feedback • Websites and social media channels • Client meetings, events and webinars • Emails, newsletters and phone calls	• Two new mutual funds and two new alternative investment funds were launched • The principles of responsible investment, climate and corporate governance principles were updated • The renewed fund ESG reports were launched • The new My Evli online service was launched • Internal processes were developed to improve operational efficiency and improve customer service
Personnel	• Fair treatment and open interaction • Job stability and competitive pay • Opportunities for professional development • Occupational health and well-being	• Intranet and HR personnel system • Occupational healthcare • Performance reviews and training events • Personnel satisfaction survey and other internal surveys • Personnel events	• The expertise and knowledge of the employees were developed • Team leaders were offered support in developing managerial work • Operations were developed based on personnel surveys and the 360-performance review made on team leaders • Self-management webinars were organised • The recruitment process and trainee program were developed
Shareholders and investors	• Creating long-term value • Profit performance • Dividend and good return on equity • Capital adequacy • Responsible operations	• Interim and half-year reports, financial statements bulletins and annual report • Corporate Governance Statement • Remuneration policy and report • Stock exchange and press releases • Annual General Meeting, Investor and analyst meetings • www.evli.com	• Evli continued to implement its strategy from 2017 • Operations were developed to create long-term stable financial performance • Economic, social and environmental aspects were taken into account in operations
Partners (including agents and distributors)	• Fair and equal treatment • Competitive products and services • Reliability and capital adequacy • Two-way communications	• www.evli.com • Meetings and training • Emails and phone calls	• Information and trainings about new products and services • Operational development based on feedback received • Open communication and continuous dialogue
The authorities	• Compliance with laws and regulations, integration of sustainable development with operations • Open, transparent and reliable reporting • Continuous interaction	• Phone calls and emails • Participation in events and training	• Compliance with new laws, regulations and provisions and developing business operations to adapt to changes in the operating environment • Open communication and continuous dialogue
Media and journalists	• Relevant, reliable and open communications • Expertise	• Press and stock exchange releases • Press events and interviews • www.evli.com and social media channels • Morning reviews, newsletters, emails and phone calls	• Multi-channel communication on topical matters • Prompt replies to inquiries and interview requests from the media • Regular media meetings
Local communities	• Employment opportunities • Co-operation with universities • Support to communities and co-operation with businesses	• Meetings, events and webinars • www.evli.com and social media channels	• Activities of the universities were supported • Summer employments and the trainee program were developed • Continued co-operation with entrepreneurial organisations to support entrepreneurship • Continued support for sports and cultural activities in Finland

Responsible products and services

Evli's key principle is to offer products and services that meet its clients' needs and goals. In selling products and services, Evli focuses on ensuring that clients understand the product or service they are buying and the associated risks, as well as ensuring that the product or service suits the clients' investment goals. At Evli, responsible investing means that environmental, social, and good governance factors are an integrated part of portfolio management.

Responsible marketing based on integrity, clarity and transparency

Evli's mission is to increase clients' wealth sustainably according to their individual targets and its vision is to ensure that it is perceived as "Simply Unique" by offering high-quality services and a unique customer experience 24/7. Trust plays a key role in order to achieve the company's mission and vision. To earn and maintain trust, the products and services are explained honestly and in accordance with valid legislation. Responsibility is emphasised in the communication and marketing of products and services by being transparent, professional and clear.

Evli's operations are based on the Stewardship philosophy, which means the client's best interest always comes first. In Evli, Stewardship means that the client's assets are managed as if they were Evli's own. The cornerstone of this kind of operation is that Evli knows its clients and becomes familiar with their business and financial situation as required by the client relationship. This enables Evli to offer every client products and services that fit their needs and goals and to ensure that clients truly understand the product or service they are buying.

Transparent products and services that promote clients' needs improve client satisfaction. Client feedback in Private Banking and institutional asset management is continuously monitored. By continuously measuring client satisfaction, Evli wants to identify issues that clients consider relevant, develop them and quickly react to problems. Client satisfaction is electronically measured after a meeting with a Private Banking or an institutional client. In the survey, the client and the asset manager assess the success of the client meeting and the service experience. Client satisfaction is reported weekly at the unit level and quarterly to the Executive Group. In addition to Evli's internal client satisfaction surveys, Evli takes part in annual asset management surveys conducted by external parties.

Results and priorities in 2020

- Evli's customer satisfaction remained at the previous years' high level and averaged 4.6 (2019: 4.6) on a scale from 1-5.
- In KANTAR SIFO Prospera's "External Asset Management 2020 Finland" -survey Evli was, for the fourth consecutive year, the most widely used institutional asset manager in Finland and in addition the second best institutional asset manager in Finland. Evli was especially praised for portfolio management competence, responsible investments, track record and sales competence.
- In KANTAR SIFO Prospera's "Private Banking 2020 Finland" -survey investors rated Evli's Private Banking as the best in Finland.
- To improve customer experience, Evli continued to streamline its operations and reorganise its work. Evli also invested in system upgrades and the development of new products and services.
- Due to the restrictions imposed by the coronavirus, Evli focused on active electronic client communication and the organisation of webinars.

Client data protection form the basis for trust

(GRI 418-1: Number of legitimate complaints about customer privacy violation and customer loss)

In Evli's operations, particular attention is devoted to data protection and the safeguarding of the client's privacy protection in the processing of personal data. In addition, Evli always ensures that bank secrecy is observed in processing personal data. Personal data is used for taking care of client relationships, offering products and services, direct marketing and risk management. Evli is committed to processing personal data in accordance with the laws, appropriately and transparently. Personal data is processed in compliance with the EU's General Data Protection Regulation (GDPR) and specific legislation for the financial industry.

Evli Group has several person registers for managing personal data, each of which has a separate data protection notice. Data security is improved on a continual basis to ensure that it meets the requirements of the authorities, clients and the changing operating environment.

Results and priorities in 2020

- New employees were trained in Evli's data protection and digital security.
- An electronic security review was sent by email to all employees on a regular basis, highlighting current security issues in Evli's business environment.

Responsible investing

Evli believes that incorporating responsibility considerations into investment decisions increases the understanding of the investments and the related risks and opportunities more than by simply analysing financial figures.

Responsible investment an integrated part of investment operations and reporting

At Evli, responsibility factors have been integrated into the investment operations of Wealth Management, which means that responsibility is systematically considered in portfolio management. In practice, this is done with the help of an internal ESG[1)] database which is based on responsibility data produced by MSCI ESG Research. The purpose of the ESG database is to provide portfolio managers with easy access to ESG data when making equity and fixed-income investments. For instance, portfolio managers can search for the following information on a company: responsibility assessments (so-called ESG scores), data on controversial activities' contribution to revenue, and any ESG violations as well as emission data. In 2020, an ISS ESG liability analysis for possible ESG violations was also added to the database.

The ESG database is also used for reporting purposes. Evli publishes public ESG reports on all of its equity and fixed income funds. This means that anyone can follow the responsibility of Evli's investments. In 2020, Evli significantly improved the ESG reports of its equity and fixed income funds. In addition to the ESG and UN Global Compact analysis, the reports include the development of the fund's responsibility score, reputational risk metrics, carbon footprint and company specific ESG information on the ten largest holdings.

An investment specific ESG analysis is also part of all investments in the alternative investment funds. For example, in the Evli Private Equity I and II funds and the Evli Infrastructure I fund, each new fund invested in is analysed using the same ESG criteria, and investments are only made in the funds that meet the criteria. Fund investments are also analysed during the investment time according to the same criteria, and the information from the ESG analysis is transparently available to investors.

[1)] ESG=Environmental, Social and Governance.

More responsible practices through engagement

Evli analyses the active selections made in equity and corporate bond funds and the direct investments in Wealth Management every three months for potential violations of UN Global Compact Principles and Evli's Climate Change Principles. The UN Global Compact is an international corporate responsibility initiative that requires companies to respect human rights, take actions to fight corruption and take environmental issues into consideration. Information on violations can be obtained from the MSCI and ISS ESG databases and from other sources, such as the news media.

Every case of non-compliance with the norms and Climate Change Principles triggers a pre-determined process at Evli. The case is first discussed with the portfolio manager, after which Evli's Responsible Investment team analyses the company's situation. The Responsible Investment team has two options for further action:

1. Initiate measures for engagement
2. Exclude the investment

Cases of engagement most often concern environmental problems, human rights, workers' rights or actions leading to climate change mitigation. Evli does not disclose the names of the companies that are subject to engagement activities, as it believes that the procedures and discussions are more effective when done confidentially.

1. Analysis of factors related to responsibility and calculation of ESG scores

Active investments are regularly analysed in terms of ESG factors. Evli has ESG data on 13,900 companies in an internal database. An ESG score is calculated for each fund and direct equity investment, which reflects how well the companies as a whole have taken into consideration the risks and opportunities associated with responsibility. Of Evli's funds, 67% have a very good or good ESG score.

2. Monitoring of the UN Global Compact principles, active ownership and engagement

Evli monitors its investments regularly and strives to influence the way companies operate. If it is observed that a company is violating the principles of human rights, labour standards, the environment or anti-corruption as set out in the UN Global Compact, Evli seeks to influence the company's operations or exclude it from investments. Evli also participates in various collaborative engagements and initiatives with other investors with the aim of making the operations of even more companies responsible.

3. Exclusion of companies from investments

All of Evli's equity and fixed income funds, as well as direct equity investments, follow the general exclusion principles. Companies manufacturing controversial weapons, tobacco manufacturers, adult entertainment producers, companies engaged in controversial lending and companies producing peat for energy production are excluded from the funds. In addition, the funds avoid investing in companies with more than 30% of their revenue coming from coal mining, its use in energy production, or oil sand extraction. Some funds comply with broader exclusion criteria. In addition to the industries mentioned above, these funds exclude companies with more than 5% of their turnover coming from gambling, the manufacture of alcohol or weapons, and the extraction, drilling and mining of fossil fuels or thermal coal. Evli's private equity funds also aim to comply with the general exclusion principles.

4. Reporting on investments' responsibility factors to clients

Evli's responsible investing is based on transparency and openness, which is why responsibility factors are reported comprehensively to clients. The responsibility reporting consists of the funds' ESG reports, client-specific portfolio reports and the responsible investment annual report.

Goals 2020-2021

Renewal of the ESG reports	Launch new responsibility funds	Deepen ESG integration in portfolio management	Set climate targets

Results and priorities in 2020

- The principles of responsible investment and the principles for climate change and ownership control were updated. As a result of the updates, tobacco manufacturers, adult entertainment producers and companies engaged in controversial lending (including so-called quick-roll companies) were added to the excluded companies, with a five percent turnover limit, in all of Evli's active equity and corporate bond funds. In addition, companies with more than 30 percent of their turnover coming from the extraction of oil sands were added to the list of companies to be avoided.
- The responsible investment ownership model was changed and Evli established a Responsible Investment Executive Group which, in addition to the CEO, consists of executives from the legal and risk management department, institutional and private clients' departments, portfolio management and the responsible investment team. The Responsible Investment Executive Group decides on Evli's Principles for Responsible Investment and related practices, and reports to Evli Bank's Executive Group.
- Renewed fund ESG reports were published. New indicators describing climate and reputation risks were added to the reports as the importance of climate change continued to grow. The new reports also feature each fund's ESG strategy, and the fund's responsible investment approaches and exclusions.
- Evli published the first analysis in accordance with the TCFD (Task Force on Climate-related Financial Disclosures) reporting framework. Additional information on pages 38-41.
- In August, Evli launched two new mutual funds. Evli Green Corporate Bond, an investment fund focusing on green corporate bonds and the Evli Equity Factor Global fund, where responsibility is an integral part of the choice of investment targets.
- In November, Evli launched Evli Impact Forest Fund I, which aims to mitigate climate change by achieving positive carbon effects. The new fund invests globally in leading, unlisted forest funds that manage and develop forest assets.
- During the year, Evli participated in 26 Annual General Meetings. Attendance at general meetings took into account the restrictive measures brought about by the coronavirus pandemic, and therefore most of the meetings were attended by issuing a power of attorney with voting instructions. Evli's representatives participated in, among others, the annual general meetings of Talenom, QT Group, Kojamo, Sanoma, Verkkokauppa.com, Consti, Marimekko, Detection Technology, Eezy, Adapteo, Fortum, Gofore, Huhtamaki, Tokmanni, Caverion, Ponsse, Glaston, Terveystalo, Revenion, Konecranes, MetsäBoard, Asiakastieto, Valmet and NoHo Partners. The meetings were chosen based on their agenda and the asset management company's ability to influence decisions.
- Evli continued its systematic engagement and was in contact with nine companies and excluded three companies based on a strong suspicion of violating international standards.
- In addition to engaging with companies independently, Evli signed new engagements and continued to participate in several collaborative engagement activities. Evli has participated in i.a. the following engagement activities: the CDP-coordinated investor letters (climate change, deforestation, water), Climate Action 100+, the PRI's collaborative engagement activities towards companies in the oil and gas sector, the Investor Agenda Statement to Governments on Climate Change, and the PRI's Investor Statement on deforestation and forest fires in the Amazon. In addition, during 2020, Evli joined the new PRI collaborative engagement, "The Need for Biodiversity Metrics", the CDP's new collaborative engagement to set science-based climate targets, and signed a joint statement, "A Sustainable Recovery from the COVID-19 Pandemic". Evli also joined the Green Building Council. The goal of the Green Building Council is to promote sustainable development practices related to the built environment.
- In June, Evli celebrated its 10-year anniversary as a signatory of the United Nations' Principles for Responsible Investment (PRI). The signatories are committed to implementing the six Principles for Responsible Investment and to reporting on the responsibility of its investments on an annual basis.
- Evli's responsible investing achieved good ratings in external evaluations. In the KANTAR SIFO Prospera External Asset Management Finland 2020 survey, Evli was ranked best in responsible investment in Finland for the fourth consecutive year. In addition, in an international comparison, the UN's umbrella organisation for responsible investment, the PRI, awarded Evli its highest rating (A+) in the Responsible Investment Strategy and Governance category.

It is vital for Evli to continuously develop its responsible investment practices and to listen to feedback from its clients and other stakeholders. Over the next few years, the goals include renewal of the ESG reporting, launching new responsibility funds, deepening ESG integration in portfolio management and setting climate targets.

CASE

Evli Green Corporate Bond - A truly green corporate bond fund

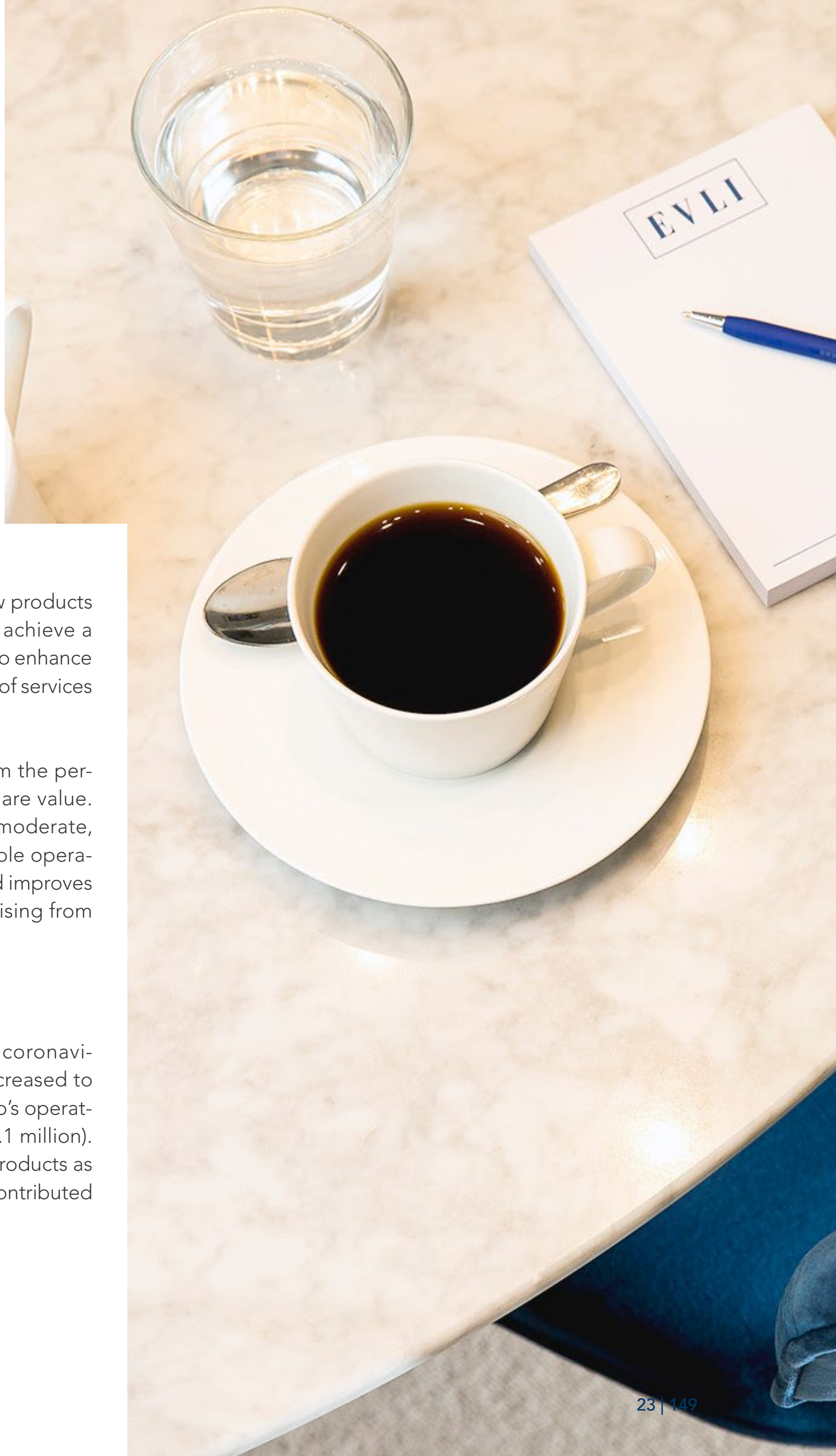
In August, Evli launched a new investment fund focusing on green corporate bonds - the Evli Green Corporate Bond fund. The fund is Evli's first fund to invest in the green bond market through corporate bonds. While many Green Bond funds also include and significantly emphasise bonds issued by, for example, governments and state bodies, the Evli Green Corporate Bond fund focuses only on green corporate bonds, which is rare on a European scale.

The fund aims to invest in projects that are expected to have a positive impact on the environment or society or on the achievement of the UN Sustainable Development Goals. Achieving the goals of the UN Sustainable Development and the Paris Agreement will require approximately USD 6.9 trillion in infrastructure investment annually until 2030. This means real long-term investment potential in the corporate bond segment, with the Evli Green Corporate Bond fund offering investors the opportunity to benefit from the segment's rapid growth.

However, finding genuinely green corporate bonds requires careful analysis and attention, especially with regard to the use of assets, but also to the reporting practices of the green corporate bonds and the responsibility of the issuer more broadly. In its analysis, Evli pays attention not only to the documentation of the green corporate bond, but also to the company's broader strategic goals and how well the green corporate bond fits into the issuer's other activities from an ESG perspective. This allows for a comprehensive assessment of whether the investment can be expected to contribute to a favourable environmental and social development.

> **Read more about the Evli Green Corporate Bond fund**

Responsible governance



Evli's operations are always based on good governance, legislation and official regulations. In addition, integrity and ethical operations are considered the foundation of sustainable business.

Profit performance forms the core of financial responsibility

(GRI 201-1: Direct economic value generated and distributed)

Financial responsibility is fundamental to Evli's operations. Financial responsibility means maintaining competitiveness, strong performance and good profit performance. These factors enable profitable growth and thus add value in the long-term to all Evli's key stakeholders: clients, society, personnel, and shareholders. Evli aims to improve profit performance by enhancing operating efficiency, innovating new products and service solutions and developing its core processes. A financially solid company can shoulder its responsibility for the environment, look after its personnel, meet its clients' needs and serve society.

Evli's goal is to increase the sales of its existing wealth management services, mutual funds and alternative investment products in Finland and to increase the international sales of selected mutual funds. The goal is also to bring new products and service solutions to the market, which help to achieve a positive result development. In addition, Evli's aim is to enhance its operations in order to ensure the competitiveness of services and continuity of operations in the future.

Evli aims to be an interesting investment, both from the perspective of dividend income and the increase in share value. Evli avoids unnecessary risks and concentrates on moderate, long-term growth and development. With responsible operations, Evli creates long-term value for the owners and improves the ability to react to the opportunities and risks arising from economic, social and environmental megatrends.

Results and priorities in 2020

- Despite the challenges brought about by the coronavirus pandemic, Evli Group's operating income increased to EUR 79.7 million (EUR 75.8 million) and the Group's operating profit 21 percent to EUR 29.1 million (EUR 24.1 million). Among others growth in alternative investment products as well as asset management and mutual fund fees contributed positively to profit performance.

BUSINESS OVERVIEW
RESPONSIBILITY
FINANCIAL REVIEW
GOVERNANCE

- Sales of alternative investment products developed according to plans and the total asset under management increased to EUR 1.1 billion (EUR 0.9 billion).
- International sales suffered from market price fluctuations and the extensive travel restrictions made acquisition of new clients in Europe challenging. The whole year net subscriptions from foreign investors were negative at EUR -471 million (EUR 590 million).
- Evli continued its work to streamline investment processes and improve the customer experience. During the year, among others, a new version of the My Evli online service was launched. Due to the remote working recommendations brought about by the coronavirus pandemic, most of Evli's employees worked remotely from March onwards. Despite the need to work remotely, all of Evli's work tasks were taken care of and the clients were served according to their needs. This was possible due to IT investments made in previous years.
- Evli paid its owners a dividend of EUR 0.66 per share (EUR 0.61), eight percent more than in the previous year.

Taxes are paid in accordance with local legislation in each country of operation

(GRI 201-1: Direct economic value generated and distributed)

Evli's head office is located in Finland. 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. Evli is committed to ensuring that it complies with all statutory obligations and it discloses all required information to the relevant tax authorities and engages in an open discussion with them. Evli considers compliance with tax legislation as an important part of its corporate responsibility.

Results and priorities in 2020

- Evli paid a total of EUR 6.3 million in taxes (EUR 4.9 million).

INCOME DISTRIBUTION, M€	2020	2019	2018
Net interest income	0.2	0.3	0.7
Commission income and expense, net	76.8	72.2	67.1
Net income from securities transactions and foreign exchange dealing	2.4	3.2	0.7
Other operating income	0.2	0.1	0.1
Share of profits (losses) of associates	0.4	-0.6	2.6
Total Income	**80.0**	**75.2**	**71.2**
Personnel expenses	25.9	24.8	23.1
Other administrative expenses	12.5	14.0	15.9
Depreciation, amortisation and write-down	5.7	3.5	2.1
Other operating expenses	1.7	3.7	3.6
Impairment losses on loans and other receivables	0.1	0.1	0.0
Society			
Taxes	6.3	4.9	4.2
Social security costs	1.2	1.4	1.2
Pension expenses	3.4	4.1	3.7
Equity holders of parent company	21.3	17.3	16.0
Non-controlling interest	1.9	1.4	1.3
Distribution of income	**80.0**	**75.2**	**71.2**

Corruption, bribes and money laundering not acceptable

(GRI 205-2: Communication and training about anti-corruption policies and procedures, GRI 205-3: Confirmed incidents of corruption and actions taken)

Evli does not accept corruption, bribery or any other illegal activity under any circumstances. Evli's ethical principles guide its personnel in this matter. For example, employees will not offer, demand or accept inappropriate gifts, trips or payments. Moreover, there is an internal guideline on hosting in the company's name and giving business gifts.

As a bank, Evli plays an important role in preventing money laundering and the funding of terrorism. For this purpose, Evli has clear operating instructions that apply to the entire personnel. In addition to statutory obligations, preventing money laundering is part of Evli's risk management and an important part of its business operations. Knowing the client is an integral part of the prevention of money laundering. Therefore, before a new client relationship is formed, the client's information is always analysed as required by guidelines based on the law. All personnel who have direct contact with clients must take part in annual trainings on money laundering and knowing the customer. Evli has also adopted an active role in developing the regulation and good operating practices in the industry.

Evli provides an opportunity to report violations through the whistleblowing procedure. If an employee suspects that unethical activities have occurred or that someone has engaged in activities that violate the law, regulations, the authorities' instructions, or the Evli Group's internal guidelines, a separate procedure is available with dedicated guidelines that the employee can follow to report the matter.

Results and priorities in 2020

- No cases of corruption, bribery or money laundering in Evli's operations were reported.
- Training events were mainly concerned with the prevention of money laundering and the funding of terrorism.

Own operations help promote positive environmental action

(GRI 302-1: Energy consumption within the organisation, GRI 302-4: Reduction of energy consumption)

Evli's own operations do not have any significant immediate environmental impacts. The company's principal environmental impacts are related to its investment activities. However, the company is aware that it can promote positive environmental impacts through its own operations by developing and improving digital services, and reducing air travel and the consumption of electricity.

It is also important for Evli to increase environmental awareness among its clients and employees and offer products and services that help to mitigate harmful environmental impacts. With the continuous development of digital transaction channels and utilising the opportunities given by technology, Evli offers new forms of services that have a smaller environmental impact than before.

In all purchases, Evli seeks to ensure the responsibility of the suppliers. The supplier's environmental responsibility is always a consideration in internal procurement concerning personnel needs, client premises, business gifts, office supplies and furniture. This means, among others, that business gifts are mainly procured by suppliers that manufacture products from recycled materials, and that durability is an important factor in choosing office furniture. The food offered in client meetings and events is prepared when possible using local and organic products and food wastage is minimised.

Evli's head office in Helsinki has been awarded the LEED[1)] Gold certification, one of the world's best-known green building certificates. Evli is committed to reducing the energy consumption and CO_2 emissions of its offices and paying attention to the environmental impacts of waste and consumption of paper. Unnecessary travel is avoided by favouring telephone and video conferences. In addition, employees continuously strive to reduce their ecological footprint in their everyday work.

Results and priorities in 2020

- Evli continued the development of its website www.evli.com and the My Evli online service in order to, among others, reduce the amount of paper reporting.
- Evli's energy consumption decreased by 46 percent. A main factor contributing to the decreased energy consumption was the extensive remote working recommendations during the year brought about by the coronavirus pandemic and the reduced office space at the Helsinki office. Air travel, including flown kilometers and flight emissions, decreased by 73 percent compared to 2019, mainly due to the restricted travel recommendations due to the coronavirus pandemic.

[1)] LEED=Leadership in Energy and Environmental Design.

Responsible employer

Evli's success is based on the professional skills of its employees and their ability to create new solutions, added value for the benefit of the clients and to serve them professionally. Evli believes that employee commitment and thriving at work is reinforced by creating a flexible, efficient and balanced work community, which is characterised by innovativeness and the capacity to change and achieve change.

To ensure that the best experts in the business will serve clients also in the future, Evli pays particular attention to employee development and motivation. In addition to competitive pay, personnel benefits include expert level occupational healthcare services and varied opportunities for developing skills.

Most of the personnel work in Finland

(GRI 102-8: Information on employees and other workers, GRI 401-1: New employee hires and employee turnover)

At the end of 2020, the Evli Group had 261 employees, an increase by five percent on the previous year. Of the total personnel, 94 percent worked in Finland, almost six percent in Sweden and less than one percent in the United Arab Emirates.

The total number of new hires in 2020 was 20. The number of new employees does not include summer workers and trainees. The average personnel turnover was eight percent.

PERSONNEL DATA	**2020**	2019	2018
Personnel	261	249	254
Permanent	233	224	226
Temporary[1)]	24	25	24
On study or parental leave	4	3	4
Full time[2)]	240	237	243
Part time[3)]	21	12	11
Women/men (%)	39/61	36/64	38/62
Average age	41.4	41.1	40.5
Average period of service	10.5	9.9	9.1
Average personnel turnover (%)[4)]	8.0	8.5	8.3
New hires	20	16	15
Sickness absences, days/person	1.2	2.2	2.9
Occupational accidents at work	0	0	0
Training days/person	1	2.1	3.7
Personnel covered by performance reviews (%)	100	100	100

1) Includes both trainees and summer workers
2) Includes both permanent and temporary employees with full-time contracts.
3) Includes both permanent and temporary employees with part-time contracts
4) Personnel turnover was calculated using the following formula: ((Number of new persons employed Jan 1-Dec 31 + number of employees leaving Jan 1-Dec 31)/2)/number of employees on Dec 31.

A diverse work environment and equal opportunities

(GRI 405-1: Diversity of governance bodies and employees)

Fairness, including equality, non-discrimination and diversity are a material part of Evli's responsibility. Work in this was further organised in 2018 as Evli Bank's Board of Directors approved Evli Group's diversity policy and goals for 2022. The diversity policy defines the company's principles concerning equality, non-discrimination and diversity. Under the principles, Evli commits to creating a workplace that is non-discriminatory, open and positive and in which all employees are treated equally, irrespective of gender, age, ethnic or national background, nationality, language or faith. In addition, a material factor of diversity is that all employees feel they have the same opportunities to develop and advance in their careers.

Good management of diversity and work for non-discrimination can improve personnel well-being and commitment and enable employees to perform to their full potential. In addition, diversity promotes innovations, productivity and the company's competitiveness. At Evli, diversity applies to all business areas and diversity is taken into account in all personnel management from hiring to career progress and development.

In addition to Evli Group's diversity policy, the goal of the Board of Directors' diversity policy is to ensure that the Board is as diverse as possible. Diversity emphasises the Board members' expertise regarding different industry sectors and training and skills that complement those of other members. In addition, factors that are relevant regarding the diversity of the Board include age and gender distribution and the length of term. The goal is for both genders to be represented on the Board. Additional information about the Board of Directors diversity is found on page 134.

Results and priorities in 2020

- In Evli's recruiting process, an increasing focus was on diversity, including collaboration with various stakeholders to make the investment industry more attractive to women.

EVLI'S DIVERSITY 2020

	Gender diversity entire personnel	Gender diversity team leaders	Gender diversity Executive Group	Gender diversity Board of Directors
Women	39%	22%	14%	17%
Men	61%	78%	86%	83%
	261 persons	41 persons	7 persons	6 persons

Diversity goals for 2022

- There are at least 40 percent of each gender represented in expert positions in all business areas.
- There are at least 30 percent of each gender represented in team leader positions in business areas and administration.
- Both genders are sufficiently represented on the Board of Directors and in the Executive Group. In planning the composition of the Board, important factors include members' skills, experience and expertise to ensure effective performance.
- In recruitment, the most suitable person for the position is always selected.
- Both genders must be represented in the group of people selected for the trainee program.

Evli looks after the well-being of its employees

(GRI 403-2: Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities, GRI 401-3: Parental leave)

Motivated and committed employees whose well-being are at a high level are vital to Evli's operations, development and profitability. Evli's goal is to develop and promote the comprehensive well-being of its employees and to focus on proactive measures on workplace well-being. One of the key prerequisites for both mental and physical well-being is a work-life balance. This is supported by offering a flexible work culture, which means, among others, the possibility of flexible working hours, remote working and a shortened workweek. In addition, Evli uses a so-called age management model that takes into account and supports employees at different stages of their careers and lives.

Evli's employees have access to expert level occupational healthcare including, among others, access to specialist-level doctors, physiotherapy, ultrasounds, MRIs and x-rays. In addition, the mental and physical well-being are supported by offering employees opportunities to take part in exercise classes and lectures. Evli's policy also includes preventing long-term sick leave through an early support model.

Job satisfaction and well-being at work are measured by means of an employee survey and smaller in-house surveys. The results drive the further development of workplace well-being and practices.

Results and priorities in 2020

- About three percent of the employees worked a shortemed work week and were, for example, on part-time childcare leave.
- With the coronavirus pandemic, the amount of remote working at Evli increased significantly. In the past, employees, depending on their job tasks, could occasionally work remotely. Due to the pandemic, most of Evli's employees worked, in part or in full, remotely from March onwards. In order to promote well-being at work in the exceptional situation, Evli supported the employees remote working by organising various webinars, sharing information on good remote working practices and work ergonomics.
- Eezy Spirit's Most Inspiring Workplaces survey was sent to all employees, with 95 percent of employees responding. Based on the results, the employees were satisfied with the efficiency of Evli's decision-making and the company's way of taking care of the employees' well-being. In addition, the employees thought that Evli has developed in the right direction in recent years and that the future prospects are good. On the other hand, employees wished for more development and support in, among others, one's own professional development and change management. Based on employee satisfaction results, Evli was once again awarded one of Finland's most inspiring workplaces.

Personnel development helps increase competitiveness

(GRI 404-1: Average hours of training per year per employee, GRI 404-2: Programs for upgrading employee skills and transition assistance programs)

The skills of motivated and committed employees support the execution of the company's strategy and targets. Evli constantly

> Based on the employee satisfaction survey results, Evli was once again awarded as one of the most inspiring workplaces in Finland.

develops its employees' professional expertise, as this enables it to keep up with the changes in the environment and offer innovative solutions that meet the market demand. Evli Academy, established in 2006, organises both internal and external training events to improve the employees' skills and to enhance occupational health and well-being.

In addition to training opportunities, Evli encourages learning on the job and job rotation. Job rotation is encouraged by, for example, publishing all open positions on Evli's Intranet.

The work of team leaders is considered an important part of personnel development and work satisfaction. Team leaders are trained on a continuous basis to enable them to support their team members as well as possible and to develop the teams' practices. The work of team leaders is evaluated regularly based on external surveys.

Results and priorities in 2020

- The number of training days per person was approximately one. Training days include both internally organised training and external training.
- Four persons transferred to new job tasks as part of internal job rotation.
- The work of team leaders became even more important with the coronavirus pandemic and the extensive remote working recommendation. To support the work of the team leaders, twelve team leader events were organised during the year. These included, for example, information on how to support employees in remote working conditions and working in exceptional circumstances brought about by the coronavirus pandemic, recruitment and new employees, and the 360-degree leadership feedback survey.
- All team leaders participated in the Eezy Spirit 360-degree leadership feedback survey, in which their own team leader, team members, and colleagues evaluated their managerial work. The aim of the survey was both to develop the work of each team leader and to obtain information on the areas of development that would be relevant to Evli's work in the coming years. Based on the results, team leaders received particularly good feedback for quick decision-making, task prioritisation, and good pressure tolerance. On the other hand, areas for development included setting goals and providing constructive feedback.

An attractive employer

Competition for the best talent is very severe in the finance sector. Finding the right people and keeping them is vital for a company that offers expert services. Evli believes that by offering its employees good learning and development opportunities, and by investing in their well-being and work-life balance, it can attract new employees and commit them to the company.

Evli's recruitment activities emphasise finding the right people who match Evli's corporate culture and are prepared to develop to become future top experts at Evli. Fresh graduates or students close to graduation are attracted to work at Evli mainly through the trainee program. The goal of the trainee program is to find motivated young talents that can become future top experts at Evli and bring innovations and ideas to the company.

In addition to the trainee program, Evli supports schools and participates in various recruitment events in Finland and Sweden. The purpose of these events is to increase awareness of Evli among potential employees.

Results and priorities in 2020

- The trainee program was carried out around the year despite the coronavirus pandemic. During the year over 600 persons applied for the trainee-program and from these seven persons were hired to Evli as trainees.
- Systematic work was started to improve employer branding. Evli feels that by improving the image of the company as an employer, it will be easier to attract promising new employees and to retain current employees. In order to improve the employer image, more systematic use of social media and the improvement of the content of Evli's own website were started.
- Evli partnered with the Women's Career Society in order to support female students' career paths.

CASE

Trainee in the Venture Capital world

Evli's trainee program offers recent graduates or students in the final stages of their studies the opportunity to become acquainted with working in investment banking, in various positions. According to Tiia Sinisalo, a participant in the trainee program that began in the autumn of 2020, an internship at Evli Growth Partners and Evli gave her a fast and deep learning curve in a warm work environment surrounded by top tier professionals.

"When I applied to Evli's trainee program in January 2020, I was convinced that Evli is an excellent fit for me. I had discussed Evli with my fellow students and co-workers, who had worked at Evli either as a trainee or in a permanent position. I got the impression that people at Evli are extremely talented and welcoming. The conversations convinced me that an internship at Evli would ensure an enhanced learning curve and a great experience. I decided to apply for a position in Evli Growth Partner's team due to a combination of my genuine interest in the Venture Capital sector and my background as a business developer.

During my time at Evli Growth Partners, I got the opportunity to get familiar with the Venture Capital world by seeing the investment process from the beginning to working with the portfolio companies. One of the two best things about my internship was that I was able to learn a lot. My team made very clear from the beginning that there are no wrong or silly questions and with their encouragement, I felt confident about asking questions about anything. Adding this to my diverse and challenging tasks, the internship helped me to distinguish what I am particularly good at and what I still need to improve. During the three months internship, I participated in a discussion with the operational team and Evli Growth Partners whether we should invest in the company or not, I conducted a few industry analyses and participated in the due diligence process. In addition, I attended the Artic15 e-event as an investor, where I pitched our fund to start-ups as well as listened to their pitch and offers for the investment.

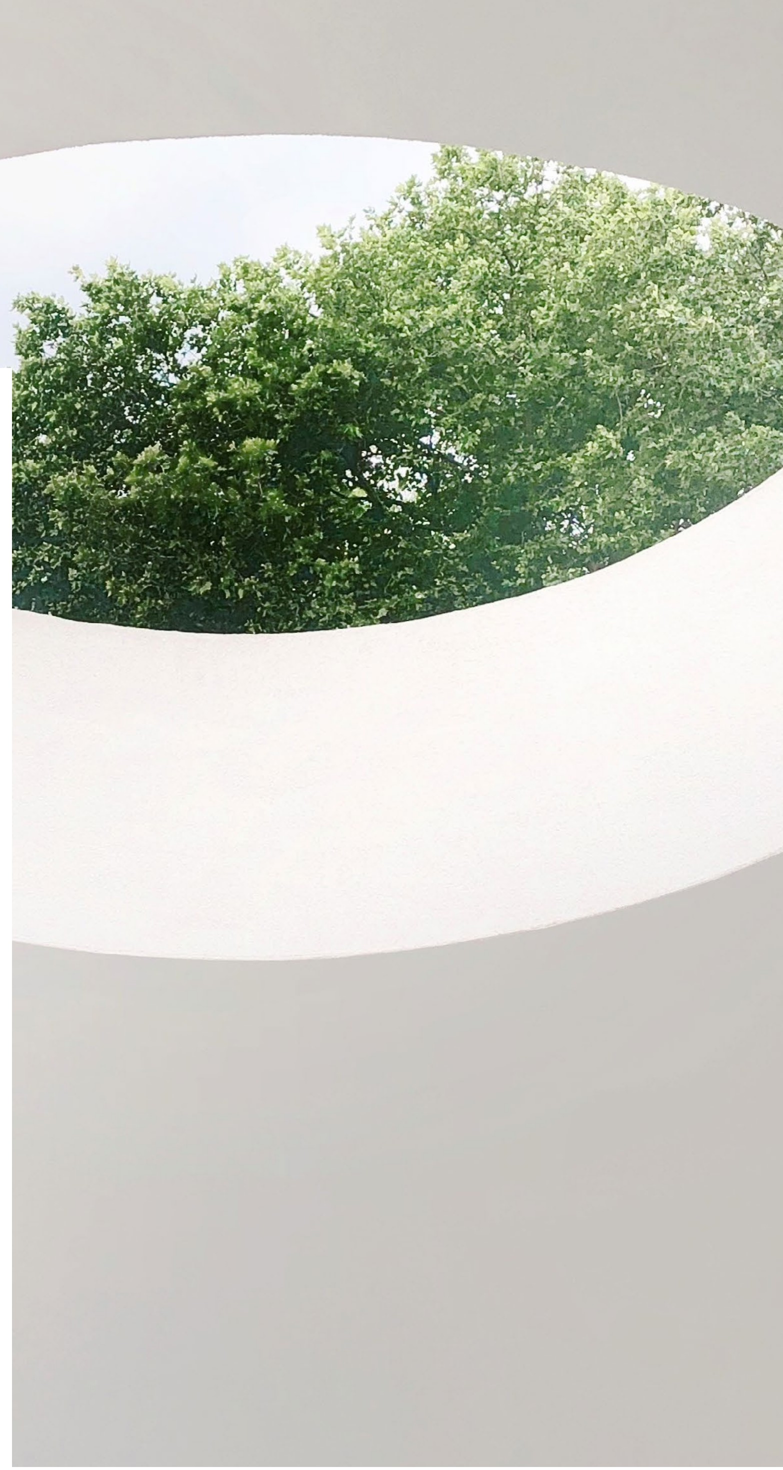
The other great thing, from the many amazing experiences, was the people and culture at Evli. Other teams organised short introductions in their functions, which helped in understanding Evli's operations in the bigger picture. When it comes to Evli's culture, I was impressed by Evli's goals to improve sustainability in their operations and encourage female students in their careers. As an active member of the Women's Career Society, I was thrilled that Evli was one of the companies that participated in the workshop organised by our society. The workshop aimed at giving support to the recruitment process by giving insights on how to prepare for an interview.

To summarise, Evli's trainee program met and went beyond my expectations. An internship at Evli provides a student with a variety of challenging and motivating tasks. The trainee's learning curve can be as fast and deep as wished for. Overall, I felt that the internship gave me an incredible amount of new experience and I was a valuable part of the team and Evli all the time."

Tiia Sinisalo

Trainee at Evli's autumn 2020 Trainee program

Reporting practice



GRI 102-47: List of material topics

The economic, social and environmental impact of Evli's business comes both directly through its own operations and indirectly through its investment activities. The topics and priorities relevant to Evli's responsibility are presented on pages 15-16.

GRI 102-48: Restatements of information

No material changes have been made to previously reported data.

GRI 102-49: Changes in reporting

Evli conducted its first GRI Corporate Responsibility Report in 2018. In the 2020 report, the scope and boundaries of the report have remained the same and the content matches that of the 2019 report.

GRI 102-50: Reporting period

The reporting period is from January 1 to December 31, 2020.

GRI 102-51: Date of most recent report

Evli's Annual Report 2019 including the Responsibility Report was published on February 13, 2020.

GRI 102-52: Reporting cycle

Evli's Annual Report is published yearly, by calendar year. The Annual Report consists of a Business Overview, Responsibility Report, Financial Statement and Corporate Governance Statement as well as the Remuneration Policy and Report.

GRI 102-53: Contact point for questions regarding the report

The contact point for questions is Evli's Responsible Investment team as well as the Marketing, communications and IR team. Contact details are available at **www.evli.com**.

GRI 102-54: Claims of reporting in accordance with the GRI standards

The corporate responsibility report includes a GRI report which has been drawn up in accordance with the GRI standards, where applicable. The report also includes information that concerns Evli's own relevant responsibility matters in accordance with the reporting principles of the GRI standard. The GRI content comparison on pages 33-37 lists the GRI indicators used and where more information is available. The corporate responsibility report, including the GRI report, supplements Evli's financial reporting and concerns the operations of the Group as a whole unless otherwise indicated. The GRI report includes information and indicators that have been identified through materiality analysis that are relevant to stakeholders and Evli's business operations.

GRI 102-56: External assurance

The responsibility report, which includes a GRI report, is not externally audited.

GRI 103-1: Explanation of the material topic and its boundary

RESPONSIBILITY THEMES	RELEVANT RESPONSIBILITY SUBJECTS	SIGNIFICANCE TO BUSINESS OPERATIONS AND STAKEHOLDERS	CALCULATION PARAMETERS
Responsible products and services	Responsible marketing	Development area	Own operations
	Customer privacy protection and data security	Base	Own operations
	Responsible investing	Focus area	Own operations - Responsibility of wealth management investment
Responsible governance	Profit performance	Focus area	Own operations
	Taxes and tax footprint	Base	Own operations
	Corruption, bribes and money laundering	Base	Own operations
	Direct environmental impacts	Development area	Own operations (Helsinki office)
Responsible employer	Fairness: equality, non-discrimination and diversity	Focus area	Own operations
	Work well-being and health	Development area	Own operations (Helsinki office)
	Education and development	Development area	Own operations (Helsinki office)
	Attractive employer	Focus area	Own operations

GRI 103-2: The management approach and its components

All business areas at Evli are part of ensuring that responsibility is integrated into everyday work. Every employee is responsible for observing it in practice. Evli's Responsible Investment team supports the business areas in matters concerning responsibility and especially the coordination of responsible investment.

Evli believes that through responsible investment activities the company can have the most impact on responsibility. This is why Evli has invested most in the development of responsible investment in recent years. Evli's Responsible Investment team, managed by the Head of Sustainability, is responsible for Evliäs responsible investment work. Compliance with the principles of responsible investment at Evli is supervised by the Responsible Investment Executive Group. The members of the Executive Group include the CEO, executives from the legal and risk management department, institutional and private clients' departments, portfolio management and the Responsible Investment team. The Responsible Investment Executive Group decides on Evli's Principles for Responsible Investment and related practices and reports to Evli Bank's Executive Group.

BUSINESS OVERVIEW
RESPONSIBILITY
FINANCIAL REVIEW
GOVERNANCE

GRI content index

DISCLOSURE INDEX	DISCLOSURE TITLE	PAGE	ADDITIONAL INFORMATION
GENERAL DISCLOSURE			
Organizational Profile			
102-1	Name of the organization	Financial Statements, p. 63	
102-2	Activities, brands, products and services	Evli in brief, p. 3-4	
102-3	Location of headquarters	Financial Statements, p. 63	Aleksanterinkatu 19 A, 00101 Helsinki
102-4	Location of operations	Evli in brief, p. 3-4	
102-5	Ownership and legal form	Shares and Shareholders, p. 52-54, Financial Statements, p. 105-107	
102-6	Markets served	Evli in brief, p. 3-4	
102-7	Scale of the organization	Evli in brief, p. 3-4, Financial figures, p. 43	
102-8	Information on employees and other workers	Responsibility, p. 26-27	
102-10	Significant changes to the organization and its supply chain	Financial Statements, p. 108	
102-11	Precautionary Principle or approach	Risk management and internal control, p. 69-73	
102-12	External initiatives	Responsibility, p. 21	
Strategy and analysis			
102-14	Statement from senior decision-maker	CEO's review, p. 5-6	
102-15	Key impacts, risks, and opportunities	Megatrends & Strategy, p. 10-11	
Ethics and integrity			
102-16	Values, principles, standards, and norms of behavior	Business model, p. 9	
102-17	Mechanisms for advice and concerns about ethics	Responsibility, p. 25	
Governance			
102-18	Governance structure	Corporate Governance Statement, p. 131	
102-19	Delegating authority	Responsibility, p. 32	
102-20	Executive-level responsibility for economic, environmental, and social topics	Responsibility, p. 32	
102-22	Composition of the highest governance body and its committees	Corporate Governance Statement, p. 133-134	
102-23	Chair of the highest governance body	Corporate Governance Statement, p. 133-134	
102-24	Nominating and selecting the highest governance body	Corporate Governance Statement, p. 132	
102-26	Role of highest governance body in setting purpose, values, and strategy	Corporate Governance Statement, p. 132	
102-27	Collective knowledge of highest governance body	Corporate Governance Statement, p. 134-135	
102-28	Evaluating the highest governance body's performance	Corporate Governance Statement, p. 132	
102-30	Effectiveness of risk management processes	Risk management and internal control, p. 69-73	
102-35	Remuneration policies	Remuneration policy, p. 140-142	
102-36	Process for determining remuneration	Remuneration policy, p. 140-142	

DISCLOSURE INDEX	DISCLOSURE TITLE	PAGE	ADDITIONAL INFORMATION
GENERAL DISCLOSURE			
Stakeholder engagement			
102-40	List of stakeholder groups	Responsibility, p. 17	
102-43	Approach to stakeholder engagement	Responsibility, p. 16-17	
102-44	Key topics and concerns raised	Responsibility, p. 17	
Reporting practice			
102-45	Entities included in the consolidated financial statements	Financial Statements, p. 63	
102-46	Defining report content and topic boundaries	Responsibility, p. 15-16	
102-47	List of material topics	Responsibility, p. 15-16	
102-48	Restatements of information	Responsibility, p. 31	
102-49	Changes in reporting	Responsibility, p. 31	
102-50	Reporting period	Responsibility, p. 31	
102-51	Date of most recent report	Responsibility, p. 31	
102-52	Reporting cycle	Responsibility, p. 31	
102-53	Contact point for questions regarding the report	Responsibility, p. 31	
102-54	Claims of reporting in accordance with the GRI Standards	Responsibility, p. 31	
102-55	GRI content index	GRI content index, p. 33-37	
102-56	External assurance	Responsibility, p. 31	The report has not been externally assured

DISCLOSURE INDEX	DISCLOSURE TITLE	PAGE	ADDITIONAL INFORMATION
MATERIAL TOPICS			
Management approach			
103-1	Explanation of the material topic and its boundary	Responsibility, p. 16	
103-2	The management approach and its components	Responsibility, p. 32	
Economic topics			
Economic performance			
201-1	Direct economic value generated and distributed		

ECONOMIC VALUE GENERATED AND DISTRIBUTED

Income distribution, M€	2020	2019	2018
Net interest income	0.2	0.3	0.7
Commission income and expense, net	76.8	72.2	67.1
Net income from securities transactions and foreign exchange dealing	2.4	3.2	0.7
Other operating income	0.2	0.1	0.1
Share of profits (losses) of associates	0.4	-0.6	2.6
Total Income	**80.0**	**75.2**	**71.2**
Personnel expenses	25.9	24.8	23.1
Other administrative expenses	12.5	14.0	15.9
Depreciation, amortization and write-down	5.7	3.5	2.1
Other operating expenses	1.7	3.7	3.6
Impairment losses on loans and other receivables	0.1	0.1	0.0
Society			
Taxes	6.3	4.9	4.2
Social security costs	1.2	1.4	1.2
Pension expenses	3.4	4.1	3.7
Equity holders of parent company	21.3	17.3	16.0
Non-controlling interest	1.9	1.4	1.3
Distribution of income	**80.0**	**75.2**	**71.2**

DISCLOSURE INDEX	DISCLOSURE TITLE	PAGE	ADDITIONAL INFORMATION
Anti-corruption and anti-bribery			
205-2	Communication and training about anti-corruption policies and procedures	Responsibility, p. 25	
205-3	Confirmed incidents of corruption and actions taken	Responsibility, p. 25	
Environmental topics			
Energy			
302-1	Energy consumption within the organization	Responsibility, p. 25	
302-4	Reduction of energy consumption	Responsibility, p. 25	

BUSINESS OVERVIEW
RESPONSIBILITY
FINANCIAL REVIEW
GOVERNANCE

DISCLOSURE INDEX	DISCLOSURE TITLE	PAGE	ADDITIONAL INFORMATION
MATERIAL TOPICS			
Social responsibility			
Employment			
401-1	New employee hires and employee turnover	Responsibility, p. 26	
401-2	Full-time staff benefits not provided to fixed-term or part-time staff		All employee benefits are offered throughout the personnel, regardless of employment.
401-3	Parental leave		Employees are provided with an opportunity of shortened working hours and depending on work tasks, the possibility of flexible working hours.
Occupational health and safety			
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Responsibility, p. 26	
Training and education			
404-1	Average hours of training per year per employee	Responsibility, p. 26	
404-2	Programs for upgrading employee skills and transition assistance programs	Responsibility, p. 28-29	
404-3	Percentage of employees receiving regular performance and career development reviews	Responsibility, p. 26	Evli's development discussion process covers all permanent employees who are not absent due to, for example, parental leave or study leave. Developmental discussion needs for temporary employees are assessed case-by-case.
Diversity and equal opportunity			
405-1	Diversity of governance bodies and employee	Responsibility, p. 27-28, Board of Director's Diversity; Corporate Governance Statement, p. 135	
Customer privacy protection			
418-1	Number of legitimate complaints about customer privacy violation and customer loss	Responsibility, p. 19	

DISCLOSURE INDEX	DISCLOSURE TITLE	PAGE	ADDITIONAL INFORMATION
MATERIAL TOPICS			
Social responsibility			
Evli's own material CSR topics			
Responsible investments			
	Engaging with investment objects on environmental, social and governance matters	Responsibility, p. 21	
Customer satisfaction			
	Customer satisfaction	Responsibility, p. 19	
Taxes and tax footprint			
	Total tax	Responsibility, p. 24	
Direct impacts of own operations			
	Decreasing amount of air travel	Responsibility, p. 25	

ANNEX

Task Force on Climate-related Financial Disclosures report

Evli has committed to support the Task Force on Climate-related Financial Disclosures (TCFD) and published its first TCFD-report in 2020. This annex includes updated information about Evli's climate risks and possibilities as well as information about the progress of Evli's climate work in 2020.

Introduction

In August 2019, Evli became a public supporter of the TCFD with the goal of developing Evli's own climate risk reporting. The TCFD is an international climate risk reporting framework designed to improve reporting on the economic impact of climate change by making it clearer, more comparable and more consistent.

It is important for asset managers and other investors to be able to identify and assess the economic impact of climate change on both their own operations and those of investment companies. The transition to a low-carbon economy is changing the business environment and companies are also exposed to the physical effects of climate change. On the other hand, climate change also creates opportunities for companies that offer products or services that contribute to climate change adaptation and mitigation.

Reports based on TCFD's recommendations provide stakeholders of the company information on:
1. the management of climate-related risks and opportunities (role of the Board of Directors and the management)
2. the actual and potential impact of climate-related risks and opportunities on the company's business, strategy and financial planning
3. the company's processes for identifying, assessing and managing climate risks
4. the indicators and targets for assessing and managing climate-related risks and opportunities.

Management

Evli's Board of Directors and Executive Group regularly address climate-related issues as part of a broader debate on responsibility. Evli's Head of Sustainability regularly attends Board and Executive Group meetings. In addition to the work carried out by the Board of Directors and the Executive Group, Evli has a Responsible Investment Executive Group, which decides on the principles and practical procedures of responsible investments at Evli. The members of the Executive Group include the CEO, executives from the legal and risk management department, institutional and private clients' departments, portfolio management and the Responsible Investment team.

Under the supervision of the Head of Sustainability, the Responsible Investment team is responsible for coordinating and developing ESG matters in funds and discretionary portfolio management, and for engaging with companies. **Evli´s Principles for Responsible Investment** define Wealth Management's approach to responsible investment. Wealth Management also observes **Evli´s Principles for Climate Change**, which describe Evli's practices for addressing climate change and its implications on investment activities. The Responsible Investment team monitors the implementation of the UN Global Compact principles and Evli´s Principles for Climate Change and has the right to exclude individual companies from investments.

Portfolio managers also take ESG matters, including climate issues, into consideration when analysing potential investments and making investment decisions. Portfolio managers

The responsible investments governance model

Responsible Investment Executive Group

- Decides on the principles and practical procedures of responsible investing
- Members: CEO, executives from the legal and risk management department, institutional and private clients' departments, portfolio management and the Responsible Investment team
- Regular meetings on a quarterly basis
- Reports to Evli's Executive Group.

Responsible Investment team

- Monitors the implementation of the UN Global Compact principles and Evli's Principles for Climate Change. Has the right to exclude individual companies from investments
- Responsible for engaging with companies
- Report to the Responsible Investment Executive Group.

Portfolio Managers

- Take ESG matters into consideration when analysing potential investments and making investment decisions
- Responsible for implementing the Principles for Responsible Investment and ESG integration
- Reports to the Responsible Investment team on companies that violate the Principles for Responsible Investment.

are responsible for implementing the Principles for Responsible Investment and ESG integration in portfolio management.

Strategy

At Evli, responsibility has been an integral part of portfolio management for many years. In January 2020, Evli raised responsibility to one of its strategic focus areas for the coming years. Regarding climate change, Evli is actively working on setting its own climate change targets. Climate change mitigation has always been important to Evli, and Evli wants to create products that meet the challenges of climate change and set concrete goals for Evli's operations.

As an asset manager, Evli's most significant climate risks and opportunities are related to investment activities, as Evli's own operations do not cause significant direct environmental impacts. Evli is committed to reducing energy and CO_2 emissions at its premises and avoiding unnecessary travel. Thus, Evli's strategy focuses on addressing climate-related risks and opportunities and their impact on Evli's products and investment strategies.

The TCFD divides climate change-related risks into risks related to the transition to a low-carbon economy and to the physical impacts of climate change. Transition risks are financial risks that are caused by the transition towards a low-carbon economy. These include risks arising from changes in policy, regulation, technology and markets that, if realised, may affect the market value and returns of investments. As clients' climate strategies evolve, Evli must also ensure that its products and services meet their changing needs. Investing in companies deemed to contribute to climate change will also increase the reputational risk associated with investment activities.

Physical risks, on the other hand, are economic risks linked to the physical effects of climate change, which may arise from particular events or long-term changes in the climate. In Evli's investment activities, physical risks can materialise through, for example, real estate investments, which may be increasingly exposed to extreme weather events and damage caused by sea-level rise or floods as a result of climate change. However, the physical effects of climate change are not limited to real estate investments, but also affect other asset classes such as equity and corporate bonds. In these asset classes, for example, industries dependent on foreign raw materials may be vulnerable to increasing extreme weather conditions.

Climate change also brings opportunities for investors. These include investments in companies that take advantage of opportunities relating to climate change mitigation and adaptation. In addition, climate change will increase the market for sustainable investments (e.g., green bonds), providing opportunities for new product development. For instance, in the fall of 2019, Evli organised the first ever issue of a structured Green Note on the Finnish market. The proceeds from the issue will be used to finance sustainable development projects. In addition, in 2020 Evli launched the Evli Green Corporate Bond fund, a new investment fund focusing on green corporate bonds and a new forest fund, Evli Impact Forest Fund I, which seeks to mitigate climate change by achieving positive carbon effects. In the case of the forest fund, which is part of the alternative investment funds, the return premium received by Evli depends on the achievement of the fund's carbon sequestration target.

Evli has analysed the sustainability of its investment strategy by conducting scenario analyses on a few of its investment portfolios. However, Evli still believes that both the tools available and the quality of data used in the analyses should be better in order to be able to assess and report with sufficient accuracy on the potential impacts of climate risks and opportunities in different global warming scenarios.

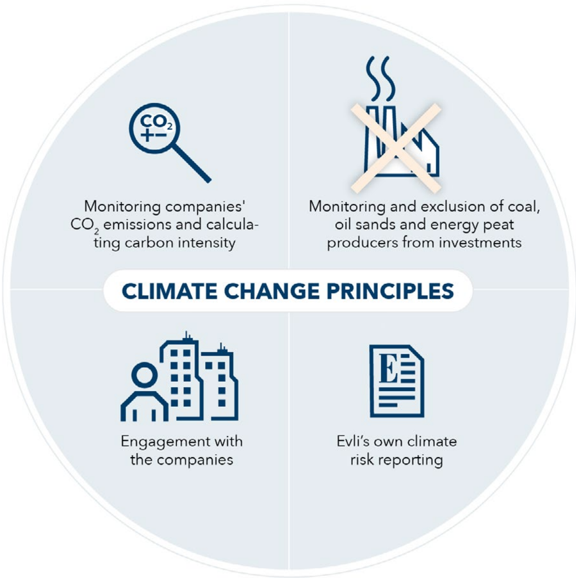
Risk Management

Evli's Principles for Climate Change establish the foundation for observing and managing climate change and its impacts on investment activities. The identification and assessment of climate risks are based on an analysis of the investment by portfolio managers and the Responsible Investment team. The measures used in climate risk management are based on the Principles for Climate Change and include analysing and monitoring the greenhouse gas emissions as well as engaging with companies and excluding companies. Evli uses external service provider's data to monitor the Principles for Climate Change and in other daily responsible investing work. The data is also used by the company's portfolio managers in investment decisions.

The emissions of companies in Evli's equity and fixed income funds are monitored by analysing, in accordance with the TCFD's recommendations, the funds' weighted average carbon intensity, which measures the portfolio's exposure to carbon-intensive companies. Emission data, among other ESG data, is integrated into the portfolio management systems and this way Evli is also able to monitor and evaluate the development of climate risks in the investments. In addition, Evli has excluded companies that manufacture peat for energy production and avoids investing in companies that earn a significant part of their revenue (at least 30 percent) from the mining of thermal coal or its use in energy production. If a company has a credible plan to reduce its use of thermal coal, the Responsible Investment team may decide to deviate from the exclusion. In 2020, the climate principles were tightened and companies with more than 30 percent of their revenue coming from oil sands extraction were added to the exclusion list.

Evli also sees engagement with companies as one way to manage risks related to climate change and seeks in its engagement work to encourage companies to report in line with the TCFD's recommendations. In addition, Evli participates in a number of investor initiatives (more information on page 21) aimed at, among others, influencing companies at risk from climate change, and at encouraging governments to take more ambitious measures to mitigate climate change. In addition to these measures, Evli regularly monitors changes in climate change regulation.

Evli's climate change principles



Indicators and targets

Evli regularly monitors the development of the carbon footprint of its equity and fixed-income funds by calculating their weighted average carbon intensity, that is, by analysing Scope 1 and 2 emissions[1)] for each investment, comparing them to the company's revenue and weighting each investment with its relative share in the portfolio. The carbon intensity of a fund is compared with the corresponding figure in the fund's benchmark index.

Evli has excluded Scope 3 emissions[1)] because they are not yet widely reported by companies and are still largely based on estimates.

While carbon footprinting helps to outline the emissions profile of investments, it is not a perfect indicator to illustrate the emission characteristics of a portfolio or help assess future emission trends or emission reduction opportunities. For this reason, Evli also analyses the proportion of companies owning fossil fuel reserves and compares them with the fund's benchmark index. In addition, Evli is also analysing the companies' transition to low carbon, by dividing the companies into different categories according to the risks and opportunities associated with the companies' energy transition. This enables Evli to assess the potential for reducing the fund's carbon footprint in greater detail and to identify companies that are exposed to risks related to climate change. Evli also regularly explores new tools to better measure the actual impact of investments on various stakeholders and the environment, including the impact on climate change.

In line with its responsible investment objectives, Evli updated the ESG reports of its funds in 2020 and they are publicly available on **www.evli.com**. In the future, Evli seeks to make its reporting more forward-looking, by using, for instance, scenario analysis. As this work progresses, Evli will also look into setting targets for managing the risks and opportunities associated with climate change in its investments. Evli is currently investigating, for example, when it would be possible for Evli's portfolios to achieve carbon neutrality.

[1)] The calculation of carbon footprint figures is defined by the international standard GHG protocol (Greenhouse Gas Protocol), for example. The GHG protocol breaks down greenhouse gas emissions into scopes 1-3. Scope 1 greenhouse gas emissions refer to emissions directly occurring from sources that are owned or controlled by the company. Scope 2 greenhouse gas emissions refer to indirect emissions generated in the production of electricity purchased by the company. Scope 3 includes indirect emissions related to the company, including those from products, outsourcing, and business travel.

	Carbon intensity (1) (t CO_2e / USD million)	Compared to benchmark (2)	Weight of companies owning fossil fuel reserves (3) (%)	Compared to benchmark (2)	Coverage / Fund (4)	Coverage / Benchmark index (4)	Investments in Solutions category in the MSCI's Low Carbon Transition classification (5)
Equity Funds							
Evli Emerging Frontier	473.3		1.6%		20.9%		
Evli Europe	249.9	71.8%	0.0%	-8.3%	98.5%	99.7%	7.9%
Evli GEM	944.0	263.2%	14.0%	5.1%	88.2%	99.8%	2.2%
Evli Japan	113.5	51.0%	0.0%	-5,1%	95.8%	100.0%	4.7%
Evli Global	48.1	-65.5%	0.0%	-5.3%	99.3%	99.7%	5.4%
Evli Global X	48.3	-65.4%	0.0%	-5.3%	98.7%	99.7%	5.2%
Evli Equity Factor Europe	57.4	-60.5%	0.2%	-8.1%	99.5%	99.7%	7.4%
Evli Equity Factor Global	44.0	-68.5%	0.1%	-5.2%	99.5%	99.7%	5.7%
Evli Equity Factor USA	41.4	-69.1%	0.0%	-3.6%	97.7%	99.7%	5.3%
Evli North America	78.4	-44.5%	0.9%	-3.1%	98.2%	99.7%	4.0%
Evli Nordic	55.4	-51.4%	0.0%	-1.9%	93.5%	99.8%	11.4%
Evli Sweden Equity Index	34.8	0.0%	0.0%	0.0%	99.6%	100.0%	2.6%
Evli Swedish Small Cap	33.9	-47.4%	0.0%	-2.3%	80.5%	90.9%	1.3%
Evli Finland Mix	185.5		0.0%		67.7%		6.5%
Evli Finnish Small Cap	65.9	-41.0%	0.0%	0.0%	43.8%	62.1%	9.0%
Evli Finland Select	352.9	29.8%	0.0%	0.0%	81.1%	88.0%	1.9%
Fixed Income Funds							
Evli Green Corporate Bond	178.6	-42.7%	3.1%	-9.4%	86.6%	96.0%	11.1%
Evli European High Yield	213.4	6.8%	0.4%	-4.1%	66.5%	83.7%	
Evli European Investment Grade	138.6	-28.3%	2.1%	-9.4%	89.9%	95.9%	2.9%
Evli Emerging Markets Credit	820.1	3.3%	10.9%	-7.6%	71.9%	89.1%	2.5%
Evli Euro Liquidity	263.6		2.2%		53.8%		3.3%
Evli Short Corporate Bond	166.2		1.4%		83.2%		5.1%
Evli Nordic Corporate Bond	189.2	24.5%	0.0%	-8.4%	72.3%	95.8%	7.5%
Evli Target Maturity Nordic Bond	189.4		0.0%		52.5%		5.4%
Evli Corporate Bond	180.3	1.2%	1.5%	-7.5%	82.9%	93.4%	3.0%

Sources: Evli, MSCI ESG Research.

1) Evli uses weighted average carbon intensity to measure carbon footprint. A fund's weighted average carbon intensity is calculated by dividing the company-specific scope 1 and scope 2 greenhouse gas emissions by the company's revenues. After that, company-specific carbon intensity is multiplied by the company's portfolio weight. The fund-specific carbon footprint is a sum of company-specific carbon intensities apportioned based on portfolio weights. Scope 1 greenhouse gas emissions refer to emissions directly occurring from sources that are owned or controlled by the company. Scope 2 greenhouse gas emissions refer to indirect emissions generated in the production of electricity purchased by the company.

2) Compared to benchmark figure shows how the fund compares to corresponding figures for the benchmark index. As it is not possible to calculate this figure to all benchmark indeces, some sections are left blank.

3) Weight of companies owning fossil fuel reserves shows the share of companies owning coal, gas or oil reserves in the fund. In this report coal reserves refer to use of coal in energy production (thermal coal).

4) Coverage indicates the share of fund's/index's holdings (measured by market value) for which emissions data is available. The emissions data is based on emissions reported by the companies or other publicly available emissions data (e.g. CDP) and the data provider's estimate of emissions.

5) Shows the share of companies which have been classified in MSCI's Low Carbon Transition Classification to Solutions category. The Solutions category means that, according to MSCI's analysis, the companies in this category have the potential to benefit through the growth of low-carbon products and services.

Financial review

The spread of the coronavirus into a global pandemic was reflected in Evli's operations and economic development in the first half of the year. However, with the recovery that began in the spring, Evli's business development in the second half of the year turned for the better and the earnings development in the fourth quarter in particular was excellent. For the full year, operating income increased by five percent to EUR 79.7 million and operating profit by 21 percent to EUR 29.1 million. Evli's return on equity rose to 26.2 percent and the ratio of recurring revenue to operating expenses was 124 percent.

Key financial figures

	2020	2019	2018	2017	2016
Income statement key figures					
Operating income, M€	79.7	75.8	68.5	71.4	60.0
Operating profit/loss, M€	29.1	24.1	18.9	21.3	11.1
Operating profit margin, %	36.5	31.8	27.6	29.8	18.5
Profit for the financial year, M€	23.2	18.7	17.3	17.5	9.7
Profitability key figures					
Return on equity (ROE), %	26.2	23.4	23.0	25.5	14.3
Return on assets (ROA), %	2.7	2.1	1.9	2.0	1.4
Balance sheet key figures					
Equity-to-assets ratio, %	12.3	8.9	9.5	7.6	8.6
Group´s capital adequacy ratio, %	15.2	15.1	16.2	15.0	15.3
Key figures per share					
Earnings per Share (EPS), fully diluted, €	0.87	0.71	0.68	0.69	0.42
Comprehensive Earnings per Share (EPS), fully diluted, €	0.88	0.71	0.67	0.69	0.40
Dividend/share, €	0.73*	0.66	0.61	0.52	0.40
Equity per share, €	3.86	3.40	3.27	3.12	2.81
Share price at the end of the period, €	12.20	10.40	7.28	9.60	6.75
Other key figures					
Expense ratio (operating costs to net revenue)	0.63	0.68	0.7	0.7	0.8
Recurring revenue ratio, %	124	124	113.0	113.0	94.0
Personnel at the end of the period	261	249	254	240	244
Market value, M€	294.1	248.6	172.5	224.9	157.4

*Board of Directors' proposal.

Return on equity (%)

26.2

(2019: 23.4)

Recurring revenue ratio (%)

124

(2019: 124)

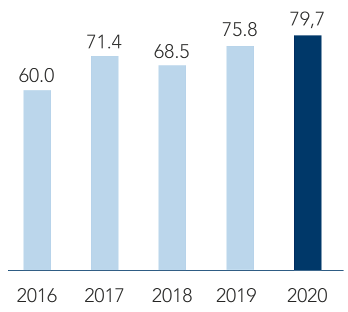
Dividend/share (EUR)

0.73*

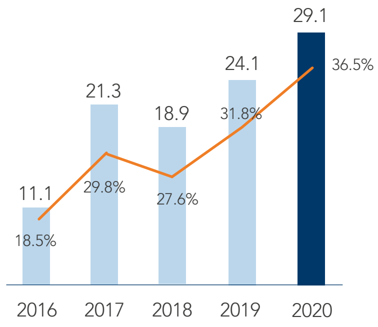
(2019: 0.66)

Graphs of the financial development

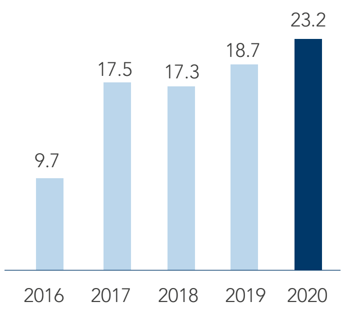
Net Revenue (M€)



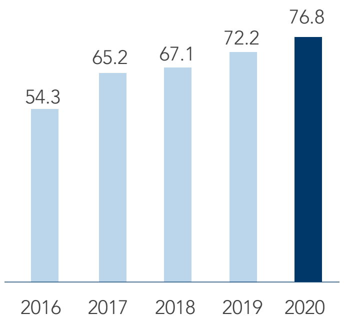
Operating profit (M€)
& profit margin (%)



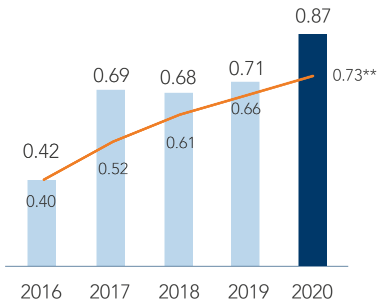
Net profit
(M€)



Net commission income
(M€)

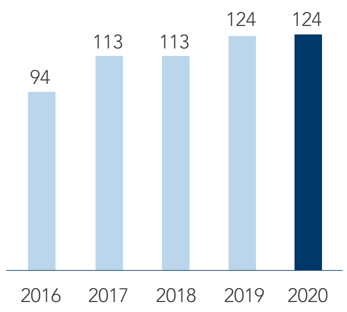


Earnings/share* (€)
and dividend/share (€)

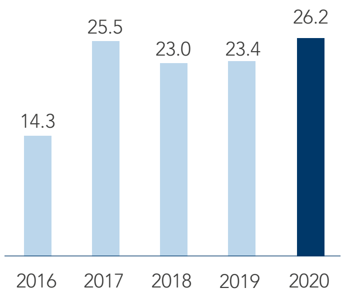


*Diluted IFRS.
**Board of Directors' proposal.

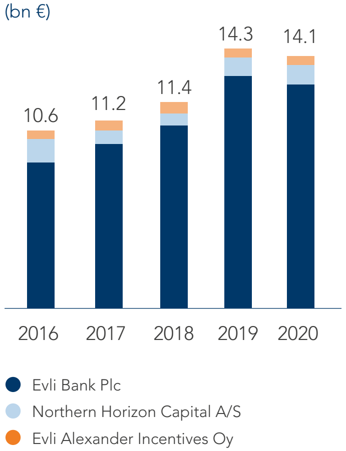
Proportion of recurring revenue to operating expenses (%)



Return to equity (%)



Net Assets Under Management
(bn €)



Board of directors report 1.1.–31.12.2020

Market performance

2020 was an exceptional investment year in many ways. The coronavirus crisis that started in the spring triggered an unprecedented panic reaction on the markets, leading to a rapid collapse in stock prices. At the same time, national economies globally plunged into recession or came to a standstill, as societies shut down due to coronavirus restrictions. The situation was not helped by persistently high political risks due to Brexit, the US presidential election and the trade war between China and the USA. However, as summer neared, coronavirus concerns abated slightly, and although concerns over a second wave of the virus maintained uncertainty on the markets, stock prices started to rise again rapidly, assisted by the unprecedented stimulus measures of governments and central banks. The growth continued throughout the rest of the year, as a result of which many stock exchanges reached new record levels at the end of the year.

Based on the Purchasing Managers' Index at the end of 2020, confidence in the corporate sector clearly improved from the lows of the coronavirus crisis, and companies are well positioned for earnings growth. However, uncertainty on the markets was increased by the aftermath of the US presidential elections and forthcoming political policies, as well as the development of the second wave of the coronavirus and the effectiveness of COVID-19 vaccines.

In the end, 2020 proved to be a good investment year. On the equity markets, US equities (S&P 500) rose 18.4 percent and Finnish equities (OMX Helsinki CAP) 15.7 percent. However, European equities (Stoxx 600) declined by 1.4 percent. The values of interest-bearing papers also developed positively. The values of corporate bonds with higher ratings rose 2.7 percent and the values of high yield bonds with lower ratings rose 1.7 percent during 2020. The values of euro area government bonds rose five percent over the same period. The euro strengthened by 8.9 percent against the dollar.

Due to the strong market recovery, net subscriptions to mutual funds registered in Finland turned positive after a challenging start to the year. Net subscriptions to all funds registered in Finland totalled EUR 1,222 million (2019: EUR 376 million) during 2020.

Financial performance

Development of revenue and result

In 2020 the Evli Group's net commission income was six percent above the comparison period and was EUR 76.8 million (EUR 72.2 million). The growth was particularly raised by the positive development of fund and asset management fees. During the year, profit-related fees from asset management or mutual funds came to EUR 6.7 million (EUR 1.1 million). As a consequence of the coronavirus crises during the spring, advisory fees decreased due to delays or suspensions in client assignments.

During 2020 net income from securities transactions and foreign exchange dealing decreased from the previous year to EUR 2.4 million (EUR 3.2 million). This was due to the significant negative value changes in the first-quarter result due to the market collapse. Overall, during 2020, the return from Evli Group's operations increased five percent year on year and was EUR 79.7 million (EUR 75.8 million).

Overall costs for 2020, including depreciation, amounted to EUR 50.6 million (EUR 51.7 million). The Group's personnel expenses totalled EUR 30.5 million (EUR 30.4 million) including estimated performance bonuses for the personnel. The Group's administrative expenses were EUR 12.5 million (EUR 14.0 million). The Group's depreciation, amortization and write-downs were EUR 5.7 million (EUR 3.6 million). The increase in depreciation is mainly explained by the transfer of rental expenses to depreciation in accordance with IFRS 16. In the comparison period, rental expenses were presented as part of other operating expenses. The Group's other operating expenses totalled EUR 1.7 million (EUR 3.7 million). Impairment losses on loans and other receivables were EUR 0.1 million (EUR 0.1 million). Evli's expense/income ratio was 0.63 (0.68).

The Group's operating profit for 2020 exceeded the comparison period and was EUR 29.1 million (EUR 24.1 million). The operating margin was 36.5 percent (31.8%). The profit for 2020 was EUR 23.2 million (EUR 18.7 million). The Group's annualized return on equity was 26.2 percent (23.4%).

Balance sheet and funding

At the end of 2020, the Evli Group's balance sheet total was EUR 772.6 million (EUR 923.2 million). Due to daily changes in client activity, significant fluctuations in the size of the balance sheet total are possible from one quarter and from one year to the next. At the end of 2020, the Evli Group's equity was EUR 95.4 million (EUR 81.8 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 15.2 percent clearly exceeds the regulator's requirement of 10.5 percent. In response to the coronavirus crisis, the authorities eased banks' capital requirements, and consequently, Evli's capital adequacy ratio fell to the current level from the previous level of 11.5 percent. The Group's own minimum target for capital adequacy is 13.0 percent.

The Group's funding from the public and credit institutions decreased by 26 percent compared to the previous year. The company's loan portfolio decreased four percent compared to the previous year and was EUR 109.6 million (EUR 114.0 million). The ratio of loans granted by the Group to Evli Bank Plc's deposits from the public was 28.4 percent. The Group's liquidity is good.

Due to the coronavirus crisis, the probability of credit losses has increased. As a result of this Evli increased its loan loss provision during the first half of the year by EUR 0.1 million in accordance with IFRS 9. Evli's loan portfolio consists mainly of secured investment loans, which collateral values are monitored on a daily basis. A credit loss of EUR 0.1 million was realized during the year.

Business areas

Wealth Management and Investor Clients

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

Wealth Management

The assets under management in Evli's Wealth Management decreased during the spring due to the coronavirus crises. Despite the market recovery the assets in discretionary asset management fell somewhat short of the previous year. At the end of the year, Evli had EUR 5.2 billion (EUR 5.3 billion) in discretionary asset management assets, which includes both the traditional and digital services.

Traditional mutual funds

The coronavirus crisis reflected negatively on fund sales during the year as clients sold their holdings during the spring and at the end of the year. The majority of redemptions were in short-duration fixed income funds. Net subscriptions for January-December were EUR -1,071.5 million (EUR 958.1 million). Evli's strategic target is to boost the international sales of its investment products. The coronavirus crisis was also reflected in the behaviour of foreign investors and led to net redemptions from fixed income funds. In addition, new sales was challenging due to extensive travel restrictions. During 2020 net subscriptions from foreign investors were negative at EUR -471 million (EUR 590 million).

According to the Mutual Fund Report carried out by Investment Research Finland, Evli Fund Management Company's market share decreased 1.1 percentage points on the previous year and was 6.6 percent at the end of December. At the end of the year, Evli had 30 investment funds registered in Finland. The combined assets of the traditional mutual funds managed by the company were EUR 8.7 billion (EUR 9.6 billion). Of this, approximately EUR 2.4 billion were invested in equity funds (EUR 2.5 billion), EUR 6.0 billion in fixed income funds (EUR 7.0 billion) and EUR 0.2 billion in balanced funds (EUR 0.1 billion).

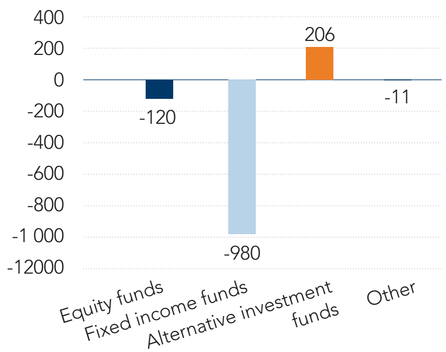
Alternative investment products

Sales of strategically important alternative investment products developed according to expectations, considering the market situation. Subscriptions and investment commitments for alternative investment products totalled EUR 206 million (EUR 258 million) during the year. In the spring, Evli launched the Evli Infrastructure Fund I, to which close to EUR 104 million was raised during the year. The fund focuses on global infrastructure projects. In November Evli launched the Evli Impact Forest Fund I. The fund invests in leading unlisted forest funds globally that manage and develop forest assets. By the end of the year EUR 28 million had been raised to the fund.

Other investment products

As a result of the market turmoil in the spring, there was a peak in demand for Evli's brokerage products, which, however, levelled off as the markets calmed down during the summer and fall. From a cumulative point of view, brokerage fees were almost on the previous years level.

Net sales per fund classes 1-12/2020
(MEUR)



Awards

During the first half of the year, Evli's institutional asset management received recognition from the independent KANTAR SIFO Prospera "External Asset Management Finland 2020" -survey, where Evli was for the fourth consecutive year in a row the most widely used institutional asset manager in Finland. In addition, institutional investors ranked Evli as the second-best institutional asset manager in Finland and Evli's brand strength was assessed as the strongest in asset management services. Evli was also placed first in among others portfolio management competence and responsible investments (ESG).

During the second half of the year Evli was awarded best Finnish Private Bank for the second year in a row, in the KANTAR SIFO Prospera "Private Banking 2020 Finland" -survey.

Evli's fund knowledge received international recognition during the first half of the year. Morningstar awarded Evli best fund management company in Sweden. In the "Best Fund House: Overall" category, the rankings are determined based on five-year risk-adjusted returns, taking into account all funds registered in the country by the fund management company.

In Lipper Fund Awards 2020 France, Evli received the award of best fixed income house among smaller fund management companies. In addition, Evli Short Corporate Bond B was rewarded with both "Best Fund over 3 years" and "Best Fund over 5 years" in the "Bond EUR Corporates Short Term" category In Lipper Fund Awards 2020 in Europe, Nordics, Germany and France. Evli Nordic fund was awarded "Best Fund over 5 years" and "Best Fund over 10 years" in Lipper Fund Awards 2020 in Europe and "Best Fund over 5 years" in Lipper Fund Awards 2020 in Germany and France in the "Equity Nordic" category.

Financial performance

In 2020 the Wealth Management and Investor Clients segment's profit developed favourably. The segment's net revenue grew nine percent year on year totalling EUR 67.1 million (EUR 61.6 million). In particular, an increase in the management fees of alternative investment products and the increased performance-based fees due to successful investment activities had a positive impact on the revenue development. During the year, EUR 6.7 million in performance-based and similar fees were received from asset management and funds (EUR 1.1 million).

Development of client assets under management

Client assets under management consist of direct investments in mutual funds and alternative investment funds, discretionary asset management and assets managed through Evli's subsidiaries and associated companies.

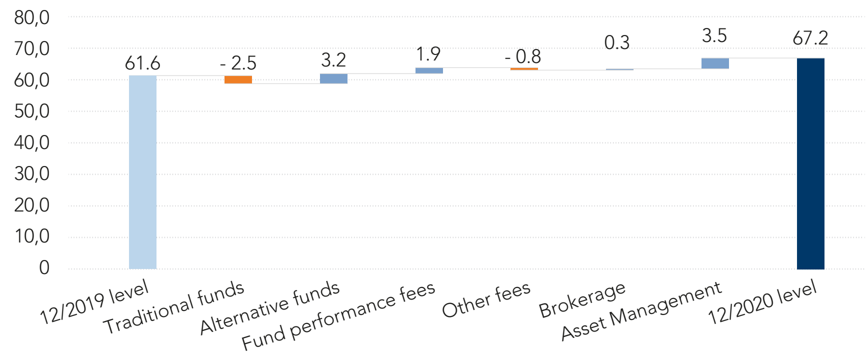
Assets under management decreased substantially during the market collapse in March but recovered during the summer and fall. Due to the positive development, the Group's total net assets under management nearly reached the record level of the previous year being

KEY FIGURES - WEALTH MANAGEMENT AND INVESTOR CLIENTS SEGMENT

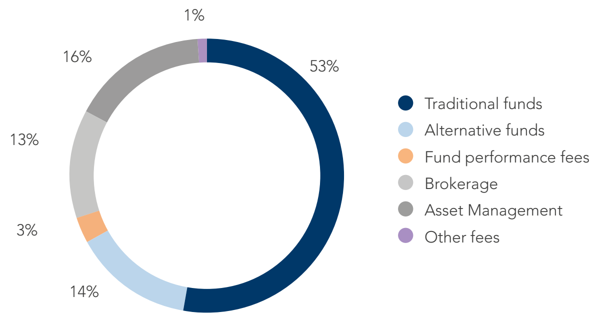
M€	**2020**	2019	Change %
Net revenue	67.1	61.6	9%
Operating profit/loss before Group allocations	33.5	28.3	18%
Operating profit/loss	27.7	20.8	33%
Number of personnel	160	154	-
Market share, %*	6.6	7.7	-14%
Net subscriptions**	-1.071	958.1	-

*Evli Fund Management Company. Source: fund report by Investment Research Finland
**Net subscription to Evli's traditional mutual funds. Source: fund report by Investment Research Finland

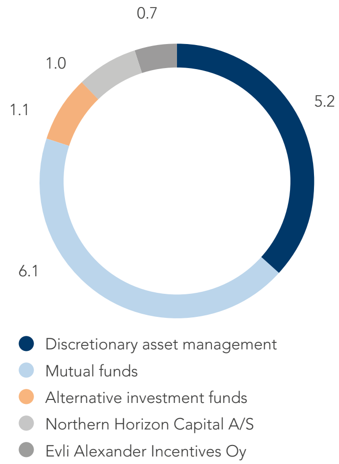
Development of Investor client commission (M€)



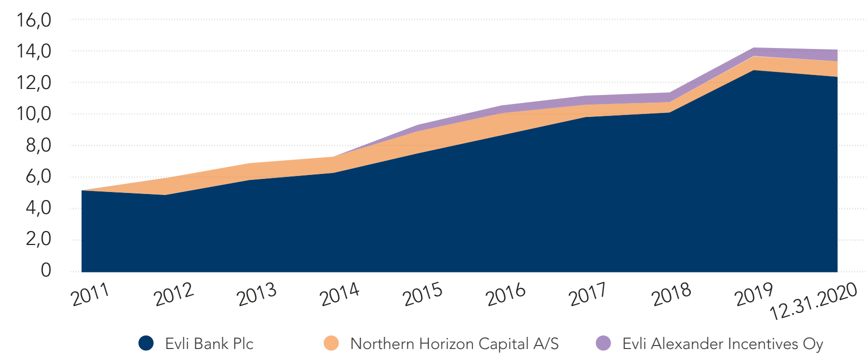
Split of Wealth Management fees 2020



Net assets under management December 31, 2020 (EUR bn.)



Net Assets Under Management EUR 14.1 bn.



EUR 14.1 billion (EUR 14.3 billion) at the end of December.

At the end of the year, assets under discretionary management amounted to EUR 5.2 billion (EUR 5.3 billion). Correspondingly, direct investments in Evli's traditional mutual funds were EUR 6.1 billion (EUR 6.7 billion) at the end of the year. The assets under management in alternative investment funds were EUR 1.1 billion (EUR 0.9 billion). Assets managed through subsidiaries and associated companies increased somewhat to EUR 1.7 billion (EUR 1.4 billion).

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 plan design and administration services and investment research for listed companies.

M&A transactions

The coronavirus crisis had a substantial impact on the unit's business, leading to delays and suspensions of advisory assignments in the spring. The M&A market reactivated in the fall, and the mandate base grew considerably. However, the increased uncertainty at the end of the year led to projects being postponed to 2021. At the end of December, the unit's mandate base was at a good level. For the whole year, invoiced advisory fees were clearly below the previous year at EUR 3.3 million (EUR 6.0 million). Significant fluctuations in revenue from one quarter to the next are typical of the segment's M&A activities.

During 2020 Evli acted as advisor in among others the following transactions:

- Lifvis Ab's advisor in the company's successful financing round
- Luci Intressenter AB's advisor in the public tender offer of LightLabSweden Ab
- The Swedish listed company Haldex advisor in a SEK 1.3 billion refinancing, including a SEK 157 million share issue
- The listed company Eltel's advisor in a EUR 150 million refinancing
- Advisor to the private owners in the sale of the life science company Laroda to the English company Associated British Foods
- Advisor to the Board of Directors of the Finnish company M-Brain regarding the company's refinancing.
- Advisor to the owners of Pisla Oy regarding the sale of the company to Volani AB
- Advisor to the PHM Group, backed by Norvestor and Intera, concerning add-on acquisitions in Sweden
- Advisory to the owners of IM Röntgen on the sale of the company to Capio
- Nordic Capital's advisor on the sale of Gina Tricot to Frankenius Equity
- Agile Content's advisor on the public offer for Edgeware AB
- Advisory to the owners of Svefa Holding AB on the sale to Broviken Gruppen

Incentive plans

The incentive plan business grew to an even more important strategic growth area for Evli as a result of the corporate transaction that took place in the fall. In the transaction, Alexander Incentives Oy, Finland's leading planner of share-based incentive systems, merged with Evli's subsidiary, Evli Awards Management Oy. As a result of the merger, Evli offers incentive plans throughout the value chain, from planning to administration and implementation. Evli holds a leading position in Finland in this business among listed companies.

At the end of 2020, the company managed over 80 incentive plans, of mainly Finnish companies. In addition, the company acted as an advisor to about 100 companies in reward-related planning during the year.

Evli's strategic objective is to expand the current product and service offering related to incentive plans to foreign and unlisted companies. During the year, the focus was especially on international sales. The company gained a total of about ten new Nordic and unlisted companies as clients during 2020.

The incentive business's revenue for the review period was EUR 5.9 million (EUR 4.6 million). Revenue growth was positively affected mainly by the increase in the number of client companies compared to the comparison period and the lower-than-expected impact of the coronavirus pandemic on the amount of transaction-based fees.

Financial performance

In 2020 the net revenue of the Advisory and Corporate Clients segment decreased eleven percent year on year totalling EUR 9.7 million (EUR 10.9 million).

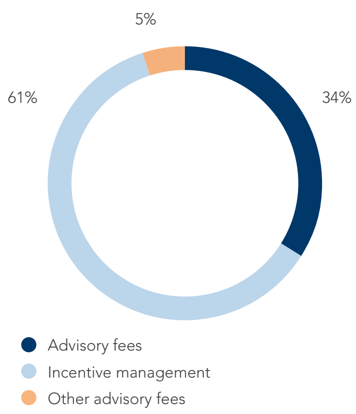
Group Operations

The Group Operations segment includes support functions serving the business areas, such as Information Management, Financial Administration, Marketing, 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.

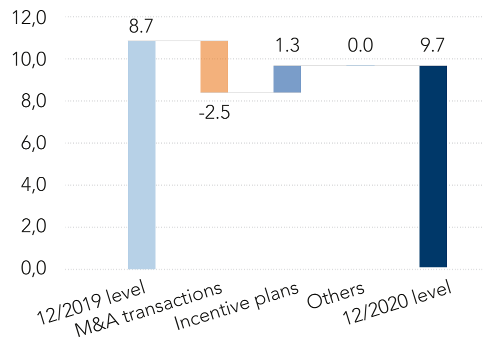
Financial performance

In 2020 the return of the Group operations segment decreased year on year and was EUR 2.8 million (EUR 3.6 million). The decrease was due to unrealized losses on fixed income investments in the own balance sheet caused by the market turmoil.

Split of advisory commissions 2020



Development of advisory commissions
M€



Personnel

The group had 261 employees (249) at the end of December. The number of employees increased by five percent, from the previous year. The growth was due to, among other things, the merger with Alexander Incentives Oy. Approximately 94 percent of the personnel were employed in Finland and six percent abroad.

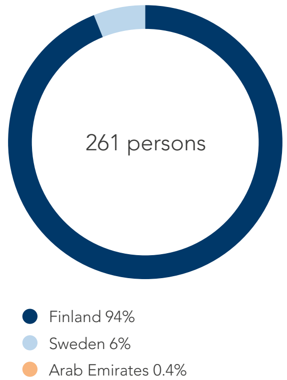
Corporate responsibility

Evli has raised responsibility to one of its strategic focus areas. Responsibility factors have been integrated into investment operations in Evli's most significant business area, Wealth Management, which means that responsible investment is a systematic part of portfolio management. Investments made by Evli's mutual funds are also monitored for possible norm violations, and Wealth Management engages with companies independently and together with other investors.

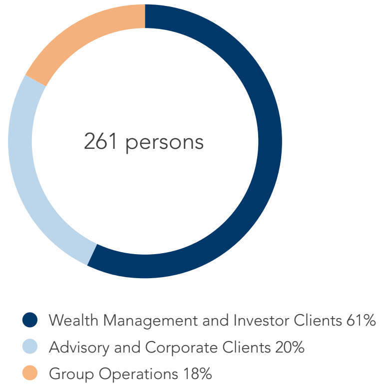
Evli's successful work in the area of responsible investment was again awarded with excellent ratings during the year in external assessments. In an international comparison, the UN's umbrella organization for responsible investment PRI awarded Evli its highest rating (A+) in the Responsible Investment Strategy and Governance category. In the KANTAR SIFO Prospera External Asset Management Finland 2020 survey, Evli was ranked best in responsib-

EMPLOYEE FACTS

Employees per country



Employees per segment



KEY FIGURES - ADVISORY AND CORPORATE CLIENTS SEGMENT

M€	2020	2019	Change %
Net revenue	9.7	10.9	-11%
Operating profit/loss before Group allocations	2.7	4.0	-33%
Operating profit/loss	1.8	2.8	-37%
Number of personnel	53	44	-

KEY FIGURES – GROUP OPERATIONS SEGMENT

M€	2020	2019	Change %
Net revenue	2.8	3.6	-21%
Operating profit/loss before Group allocations	-6.7	-8.4	-20%
Operating profit/loss	0.0	0.3	-95%
Number of personnel	48	51	-

le investment in Finland for the fourth consecutive year.

Additional information about responsibility and responsible investing in 2020 on pages 14-41.

Evli's shares and share capital

At the end of the year, Evli Bank Plc's total number of shares was 24,109,420, of which 14,635,264 were series A shares and 9,474,156 were series B shares. The company held 328,998 series B shares. The company's share capital was EUR 30,194,097.31 at the end of the year. No changes took place in the share capital.

At the end of the year, Evli had 9,474,156 B shares subject to public trading on Nasdaq Helsinki Ltd. Trading in the shares in January-December came to EUR 24.7 million, with 2,465,545 Evli shares traded. The closing price at the end of December was EUR 12.20. The highest share price during the year was EUR 13.20 and the lowest was EUR 6.80. Evli's market capitalization was EUR 294.1 million at the end of December. The market capitalization is calculated based on both unlisted A shares and listed B shares.

A shares are valued at the closing value of the B share at the end of the reporting period.

Additional information on major shareholders, shareholder allocation, ownership by owner group and information on share-based key figures on pages 52-54, Shares and shareholders.

Decisions taken by the annual general meeting

Evli Bank Plc's Annual General Meeting was held in Helsinki on March 9, 2020. The meeting adopted the financial statements and resolved in accordance with the proposal of the Board of Directors to pay EUR 0.66 per share in dividends. The dividend was paid to a shareholder who on the record date March 11, 2020 was registered in the shareholders' register of the company held by Euroclear Finland Ltd. The date of the payment of dividends was resolved to be March 18, 2020. In addition, the Annual General Meeting granted release from liability to the Members of the Board of Directors and the CEO for the 2019 financial year.

The Annual General Meeting approved the remuneration policy for governing bodies and decided that the amount of variable remuneration paid to a person employed by Evli may exceed 100 percent of the total fixed annual remuneration of the person, subject to the conditions described below. However, the variable remuneration component shall not exceed 200 percent of the total annual fixed remuneration of the recipient. An individual's short-term (one-year earnings criterion) variable remuneration may not exceed 100 percent of an individual's annual fixed remuneration. However, the combination of short-term variable remuneration and long-term commitment plan payments may exceed 100 percent of the individual's annual fixed remuneration. However, the aggregate of short-term variable remuneration and long-term commitment plan payments may not exceed 200 percent of the individual's annual fixed remuneration. The maximum variable remuneration applies to the remuneration of approximately 30 persons, that is, senior management and certain key personnel. The variable remuneration is not used to compensate the Board of Directors. The maximum variable remuneration applies until further notice.

The Annual General Meeting confirmed six as the total number of members of the Board of Directors. Henrik Andersin, Fredrik Hacklin, Sari Helander, Robert Ingman, Mikael Lilius and Teuvo Salminen were re-elected to Evli Bank Plc's Board of Directors. The meeting attendance fee payable to Board members is EUR 5,000.00 per month, and the attendance fee payable to the Chairmen of the Committees is EUR 6,000.00 per month. The meeting attendance fee payable to the Chairman of the Board is EUR 7,500.00 per month.

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.

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

The total number of own series A shares to be repurchased may be a maximum of 1,516,088 shares, and the total number of own series B shares to be repurchased may be a maximum of 874,055 shares. The number of shares represents approximately ten percent of all the shares of the company 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). Shares may be repurchased through public trading at the prevailing market price formed for the B-shares in public trading on the Nasdaq Helsinki Oy on the date of repurchase.

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 no later than until June 30, 2021.

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 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 based on special rights, may total a maximum of 2,390,140 series B shares. The number of shares represents approximately ten percent of all the shares of the company on the date of the Notice of the Annual General Meeting. Of the above-mentioned total number, however, a maximum of 239,014 shares may be used as part of the company's share-based incentive schemes, representing approximately one percent of all the shares of the company on the date of the Notice of the 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

BUSINESS OVERVIEW
RESPONSIBILITY
FINANCIAL REVIEW
GOVERNANCE

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 end of the next Annual General Meeting but no longer than until June 30, 2021.

Changes in group structure

In June, Evli sold three percent of its shares in Evli Corporate Finance Ab to its employees. Following the transaction, Evli's ownership in the company is 56.5 percent.

In August, Evli bought 35 percent of Terra Nova Capital Advisors Ltd shares from the company's employees. Following the transaction, Evli's ownership in the company is 90 percent.

In September, Evli Bank Plc and the owners of Alexander Incentives Oy signed an agreement on the exchange of shares between Evli Awards Management Oy ("EAM") and Alexander Incentives Oy, in which EAM gained 100 percent of the shares of Alexander Incentives Oy. As a consideration, EAM issued new own shares so that the minority interest in the company's shares rose to 35 percent. Evli Bank's holding in the company is 65 percent.

Business environment

Despite the recovery of the investment markets, Evli's business environment faces many challenges. Political uncertainty in the USA and the potential consequences and impacts of the second wave of the coronavirus on national economies may cause significant fluctuations in the investment markets. Investors' risk appetite and investment interest has, however, increased as a result of the market recovery supported by governments and central banks.

During the spring, the coronavirus pandemic led to a sudden crash in the equity and bond markets. However, the markets recovered quickly supported by strong stimulus. If the coronavirus pandemic prolongs, it may also be reflected in a reduction in the value of alternative investment products, such as office property funds. If this happens, it could make the sale of such products more difficult. Evli already has a strong position among institutions and high-net-worth individuals. Despite the challenging market environment, the conditions for the growth of the core business in the company's domestic market in Finland are good, especially with the expanded product range.

In line with its strategy, Evli has focused increasingly on international sales and developing alternative investment products. These are considered important sources of growth for the company and a means to further diversify the company's sources of revenue. Work has also been done to achieve even better business scalability, as a result of which an indicator critical to the company, the ratio of recurring revenue to operating costs, has developed favourably.

The company focuses its international growth on the Nordic and European markets. In addition to product availability, the streamlining and adaptation of administrative processes and structures to correspond to the standards that investors are accustomed to on other markets are critical for the success of international growth. Evli is excellently placed where international sales are concerned, and the image of a high-quality Nordic fund management boutique is of interest to foreign investors. Nevertheless, as a consequence of the coronavirus pandemic the market environment is currently exceptionally challenging in terms of international growth.

Alternative investment products are another important strategic focus area for Evli. The company's goal is to be able to offer a comprehensive product selection from typical, very liquid fixed income funds to more exotic real interest rate and private equity funds. To achieve this goal, Evli has launched several new products and will further expand its offering to new asset classes. There is considerable competition on the Finnish market in the area of alternative investment products. Despite the challenges arising from the operating environment, Evli's objective is to turn alternative investment products into a major source of revenue, with the help of a comprehensive selection and exceptional expertise.

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 single 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.

Outlook for 2021

We estimate that the operating profit for 2021 will be clearly positive.

The view is supported by a high ratio of recurring revenue to operating costs, as well as sales of alternative investment products, which have brought new, stable revenue.

Helsinki, February 8, 2021

EVLI BANK PLC

Board of Directors

BUSINESS OVERVIEW
RESPONSIBILITY
FINANCIAL REVIEW
GOVERNANCE

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 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 2020, the aggregate number of Evli's shares was 24,109,420, with the series A shares accounting for 14,635,264 shares and series B shares for 9,474,156 shares. The company held 328,998 of its own series B shares. At the end of 2020, 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 9,474,156 of Evli's series B shares were publicly traded in Nasdaq Helsinki. The share exchange between January and December totalled 24.7 million euro while the number of Evli shares exchanged was 2,465,545. During 2020, the highest trading price of the share was EUR 13.20 while the lowest price was EUR 6.80. The share's closing price on December 31, 2020 was EUR 12.20. Evli's market capitalisation, calculated based on both the unlisted series A and the listed series B shares, was EUR 294.1 million on December 31, 2020. The series A shares are valued at the review year closing price of the series B shares.

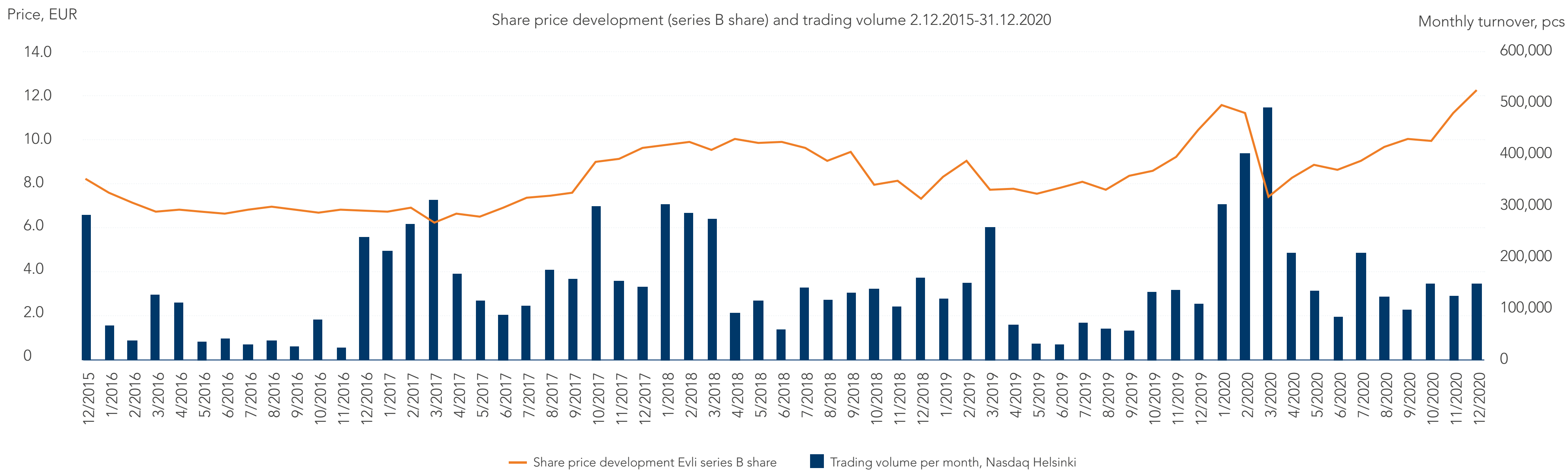
Shareholders

At the end of 2020, Evli had 5,172 (4,204) shareholders in the book-entry register. The stake of Finnish companies was 55 percent (54%) and that of private Finnish individuals was 27 percent (26%). The remaining 18 percent of the shares (20%) were owned by Financial and insurance institutions, public sector organizations, non-profit institutions serving households and foreign investors.

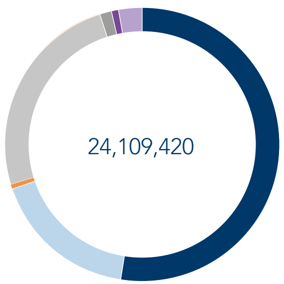
Market capitalisation, M€

294.1

(2019: 248.6)

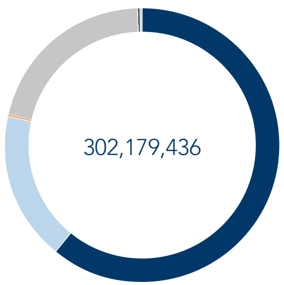


Breakdown of shareholdings by owner group



- Companies: 53.9%
- Financial and insurance institutions: 14.8%
- Public sector organizations: 0.8%
- Households: 26.4%
- Non-profit institutions: 1.6%
- Foreigners: 0.4%
- Nominee registered: 2.1%

Breakdown of votes by owner group



- Companies: 63.8%
- Financial and insurance institutions: 15.9%
- Public sector organizations: 0.1%
- Households: 20.0%
- Non-profit institutions: 0.1%
- Foreigners: 0.0%
- Nominee registered: 0.2%

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	19.7	25.5
2. Prandium Oy Ab	3,803,280	950,820	4,754,100	19.7	25.5
3. Oy Fincorp Ab	2,319,780	420;991	2,740,771	11.4	15.5
4. Ingman Group Oy Ab	1,860,000	650,000	2,510,000	10.4	12.5
5. Lehtimäki Maunu	533,728	171,031	704,759	2.9	3.6
6. Hollfast John Erik	328,320	82,080	410,400	1.7	2.2
7. Tallberg Claes	369,756	32,588	402,344	1.7	2.5
8. Moomin Characters Oy Ltd	0	396,351	396,351	1.6	0.1
9. Evli Bank Plc	0	328,998	328,998	1.4	0.1
10. Svenska Litteratursällskapet i Finland	0	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	219	4.2	12,995,043	53.9	192,859,683	63.8
Financial and insurance institutions	22	0.4	3,573,367	14.8	48,141,932	15.9
Public sector organizations	2	0.0	182,288	0.8	182,288	0.1
Households	4,886	94.5	6,372,768	26.4	60,502,324	20.0
Non-profit institutions	21	0.4	373,854	1.6	373,854	0.1
Foreigners	22	0.4	103,672	0.4	119,355	0.0
Total	**5,172**	**100.0**	**24,109,420**	**100.0**	**302,179,436**	**100.0**
of which nominee registered	10		508,428	2.1	508,428	0.2
Number of shares issued			**24,109,420**	**100.0**	**302,179,436**	**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	1,871	36.2	92,446	0.4	92,446	0.0
101-1.000	2,756	53.3	898,024	3.7	908,170	0.3
1.001-10.000	456	8.8	1,255,773	5.2	1,555,973	0.5
10.001-100.000	63	1.2	2,167,258	9.0	12,907,806	4.3
100.001-500.000	21	0.4	4,232,189	17.6	37,170,019	12.3
500.001-	5	0.1	15,463,730	64.1	249,545,022	82.6
Total	**5,172**	**100.0**	**24,109,420**	**100.0**	**302,179,436**	**100.0**
of which nominee registered	10		508,428	2.1	508,428	0.2
Number of shares issued			**24,109,420**	**100.0**	**302,179,436**	**100.0**

Authorisations given to the Board of Directors

The Annual General Meeting on March 9, 2020 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 1,516,088 shares, and the total number of own series B shares to be repurchased may be a maximum of 874,055 shares. The proposed number of shares represents approximately ten percent of all the shares of the company' on the date of the Notice of the Annual General Meeting. The authorisation remains in force until the following Annual General Meeting, however, no longer than until June 30, 2021. In 2020 Evli did not acquire any own shares.

Evli's series A shares can be converted into series B shares under Article 4 of the Articles of Association. During 2020, the company converted A shares into B shares as follows:

- 145,224 A shares were converted into B shares on April 24, 2020. Public trading with the converted shares began at Nasdaq Helsinki Ltd on April 27, 2020.
- 375,387 A shares were converted into B shares on September 11, 2020. Public trading with the converted shares began at Nasdaq Helsinki Ltd on September 14, 2020.
- 5,000 A shares were converted into B shares on December 18, 2020. Public trading with the converted shares began at Nasdaq Helsinki Ltd on December 21, 2020.

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€
1.1.2019	375,387	23,313,533	30.2	1.8	18.3
Aquisition of own shares	0	0	0.0	0.0	0.0
Option rights subscription (option program 2014)	0	212,500	0.0	0.0	0.4
Aquisition of minority interest	0	0	0.0	0.0	0.0
31.12.2019	**375,387**	**23,526,033**	**30.2**	**1.8**	**18.7**
Total number of shares		23,901,420			
1.1.2020	375,387	23,526,033	30.2	1.8	18.7
Aquisition of own shares	0	0	0.0	0.0	0.0
Option rights subscription (option program 2014)	-46,389	254,389	0.0	0.0	1.5
Aquisition of minority interest	0	0	0.0	0.0	2.7
31.12.2020	**328,998**	**23,780,422**	**30.2**	**1.8**	**22.8**
Total number of shares		24,109,420			

Option and share-based incentive programs

Evli's has three share-based incentive programs established in 2017, 2018 and 2019. The rewards based on the incentive program are given in Evli shares. Further information on the incentive program on the web page **www.evli.com/investors** and Note 1.8. Employee benefits as well as from the remuneration report on pages 140-142.

Share ownership of executives

The share ownership of the Board members of Evli Bank Plc, including the holdings in the controlled corporations, were 7,382,310 shares in total on December 31, 2020, accounting for 30.6 percent of the total shares and 38.1 percent of voting rights. The members of the Board of Directors of Evli Bank Plc held no stock options.

At year-end, CEO Maunu Lehtimäki owned 704,759 shares which is 2.9 percent of the shares and 3.6 percent of the voting rights. Moreover, he has been allocated 50,000 Evli shares in the context of the share-based incentive program established in 2019.

At year-end, other members of Evli Group's Executive Group owned 728,195 shares in aggregate, corresponding to 3.0 percent of the total shares and 2.4 percent of the voting rights. In addition, the Executive Group was allocated 18,400 Evli shares in the context of the share-based incentive program established in 2017 and 28,002 Evli shares in the context of the share-based incentive program established in 2018 and 140,000 Evli shares in the context of the share based incentive program established in 2019.

BUSINESS OVERVIEW
RESPONSIBILITY
FINANCIAL REVIEW
GOVERNANCE

Information to shareholders

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, 2020): 14.635.264
- B shares (December 31, 2020): 9.474.156.

Investor calendar 2021

- Annual report and financial statements for the financial year 2020: week 7
- Final registration date for voting at the Annual General Meeting: March 2, 2021 at 4.00 pm.
- Annual General Meeting (AGM), Helsinki: March 9, 2021
- Silent period: March 17-April 15, 2021
- The interim report for January-March 2021, published on April 15, 2021
- Silent period: June 15-July 14, 2021
- The half-year financial report for January-June 2021, published on July 14, 2021
- Silent period: September 21-October 20, 2021
- The interim report for January-September 2021, published on October 20, 2021.

Evli's financial reports as well as stock exchange and press releases are published in Finnish and in English. Evli's 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 Tuesday, March 9, 2021. The meeting will be held in accordance with the provisions of the temporary legislation approved by the Finnish Parliament on September 15, 2020 (677/2020, Act on temporary deviation from the Limited Liability Companies Act) without the physical presence of shareholders and their proxy representatives.

The notice to the AGM and the Board's proposals to the AGM are published as a stock exchange release and on **www.evli.com**. The notice lists the matters to be discussed at the AGM. A shareholder has the right to request on the agenda of the annual general meeting an item that falls within the competence of the general meeting by virtue of the Limited Liability Companies Act, provided that the shareholder demands so in writing from the Board of Directors, well in advance of the meeting, so that the item can be added in the notice of the annual general meeting. In accordance with the Act on temporary deviation from the Limited Liability Companies Act a decision proposal may be included in the AGM agenda provided that the shareholders having submitted the proposal hold at least one percent of all the shares in the company.

Registration and voting

A shareholder wishing exercise the right to vote on matters to be discussed at the AGM must register as a participant by March 2, 2021. Additional information about the registration at **www.evli.com/agm**

Proposed distribution of dividends

The Board proposes to the AGM a dividend of a maximum of EUR 0.73 per share be paid for series A and B shares, totalling approximately EUR 17.4 million. It is proposed that the Annual General Meeting would authorize the Board of Directors to decide on the payment of the dividend in one or more instalments at a time it deems best, taking into account the current authority recommendations.

Evli's investor communications

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

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Annual General Meeting

9.3.2021

BUSINESS OVERVIEW
RESPONSIBILITY
FINANCIAL REVIEW
GOVERNANCE

Capital adequacy

EVLI GROUP´S CAPITAL ADECUACY	**2020**	2019	2018	2017	2016
Own assets (common equity Tier 1 capital), M€	54.5	48.6	48.8	43.0	45.7
Risk-weighted items total for market- and credit risks, M€	220.6	188.1	177.3	166.9	184.8
Operational risk, capital requirement	11.1	10.7	9.9	9.6	9.0
Capital adequacy ratio, %	15.2	15.1	16.2	15.0	15.3
Evli Bank Plc:s adequacy ratio, %	18.7	19.1	18.8	20.4	20.7
Own funds surplus M€	25.8	22.8	24.8	20.0	21.8
Own funds in relation to the minimum capital requirement	1.9	1.9	2.0	1.9	1.9

Capital adequacy ratio, %

15.2

(2019: 15.1)

COMMON EQUITY TIER 1 CAPITAL, M€	**2020**	2019
Own funds include share capital, funds and retained earnings. These items are not subject to special terms.		
Common equity tier 1 capital		
Share capital	30.2	30.2
Funds total and retained earnings	40.3	32.7
Minority interest	0.0	0.0
Decreases:		
Intangible assets	16.0	14.3
Other decreases	0.0	0.0
Total common equity tier 1 capital	**54.5**	**48.6**

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:
- Exposure to counterparty credit risk: Notes on risk position/ Credit Risk (counterparty risk)
- Credit risk adjustments: Notes on risk position/ General information on credit and dilution risk (standard model) and Techniques to reduce credit risk.
- Use of ECAIs: Notes on risk position/ General information on credit and dilution risk (standard model)
- Exposure to market risk: Notes on risk position/ Market risk
- Operational risk: Notes on risk position/ Operational risk
- Exposures in equities not included in the trading book: Notes on risk position/ Shares outside the trading book.
- Risk management objectives and policies: 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:

Risk management and internal control
- Remuneration policy: Governance / Renumeration policy
- Leverage: Risk management and internal control
- Capital requirements, adequacy of internal capital: Risk management and internal control.

MINIMUN REQUIREMENT OF OWN FUNDS			
Minimun capital adequacy requirement by asset group, standard credit risk method	Own funds min. requirement	Risk-weighted value	Exposure value after credit risk deductions
Claims from the state and central banks	0.0	0.0	332.2
Claims from regional governments and local authorities	0.0	0.0	8.0
Claims from credit institutions and investment firms	2.8	35.0	152.3
Investments in mutual funds	4.1	50.7	50.7
Claims secured with property	0.1	1.1	3.1
Claims from corporate customers	2.5	30.9	34.5
Items with high risk, as defined by the authorities	0.1	1.3	0.9
Other items	7.7	95.8	95.8
Total	**17.2**	**214.8**	**677.6**
Minimum amount of own funds, market risk	0.5	5.8	0.0
Risk-weighted receivables, investments and off-balance sheet obligations, total	**17.7**	**220.6**	**677.6**
Minimum amount of own funds, operational risk	11.1	138.9	0.0
Total	**28.8**	**359.6**	**677.6**

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.

Calculation of key ratios

Sales — Net interest income + commission income + net income from securities transactions and foreign exchange dealing + other operating income.

Net revenue — From Income Statement. Includes gross returns, deducted by interest and commission expenses.

Operating profit/loss — From Income Statement.

Profit for the financial year — From Income Statement.

Return on equity (ROE), % = $\dfrac{\text{Profit / Loss for financial year}}{\text{Equity capital and minority interest (average of the figures for the beginning and at the end of the year)}}$ x 100

Return on assets (ROA), % = $\dfrac{\text{Profit / Loss for financial year}}{\text{Average total assets (average of the figures for the beginning and at the end of the year)}}$ x 100

Equity ratio, % = $\dfrac{\text{Equity incl. non-controlling interest's share of equity}}{\text{Average balance total}}$ x 100

Expense/income ratio = $\dfrac{\text{Administrative expenses + depreciation and impairment charges + other operating expenses}}{\text{Net interest income + net commission income + net income from securities transactions and foreign exchange dealing + other operating income}}$

Net revenue per employee = $\dfrac{\text{Net revenue}}{\text{Number of personnel during the period, avarage}}$

Earnings per Share (EPS) = $\dfrac{\text{Profit for the year after taxes attributable to the shareholders of Evli Bank Plc}}{\text{Average number of shares outstanding}}$

Comprehensive Earnings per Share (EPS), fully diluted = $\dfrac{\text{Comprehensive income for the year after taxes attributable to the shareholders of Evli Bank Plc}}{\text{Average number of shares outstanding including issued shares and option rights}}$

Earnings per Share (EPS), fully diluted = $\dfrac{\text{Profit for the year after taxes attributable to the shareholders of Evli Bank Plc}}{\text{Average number of shares outstanding including issued shares and option rights}}$

Group´s capital adecuacy (CET1), % = $\dfrac{\text{Group assets (common equity Tier 1 capital)}}{\text{Risk-weighted items total}}$ x 100

Equity per share = $\dfrac{\text{Equity attributable to the shareholders of Evli Bank Plc}}{\text{Number of shares at the end of the year}}$

Recurring revenue to operating costs ratio = $\dfrac{\text{All revenues that are not transaction based but time dependant*}}{\text{All operative expenses excluding reservation for bonuses from review period}}$

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

Financial statements 1.1.-31.12.2020

Contents

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

TO THE FINANCIAL STATEMENTS CONTENTS

BUSINESS OVERVIEW RESPONSIBILITY FINANCIAL REVIEW GOVERNANCE

Operating profit , IFRS

Accounting policies

Operating profit

IAS 1 Presentation of Financial Statements does not define the concept of operating profit. The Group has defined it as follows: operating profit is the net sum formed after employee benefits expenses, other administrative expenses, depreciation, amortization and possible impairment losses, and other operating expenses are deducted from 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	**2020**	2019
Interest income	1.1.	2.8	3.6
Interest expenses	1.2.	-2.6	-3.2
NET INTEREST INCOME		**0.2**	**0.3**
Income from equity investments	1.6.	0.0	0.0
Fee and commission income	1.3.	79.9	74.1
Fee and commission expenses	1.4.	-3.1	-1.9
Net income from securities transactions	1.5.	2.4	3.2
Other operating income	1.7.	0.2	0.1
NET REVENUE		**79.7**	**75.8**

Net revenue per employee, K€

318

(2019: 294)

	Liite	**2020**	2019
Operating expenses			
Personnel expenses	1.8.	-30.5	-30.4
Other administrative expenses	1.9.	-12.5	-14.0
Impairment charges on goodwill	1.11.	0.0	0.0
Depreciation and amortization on tangibleand intangible assets	1.11.	-5.7	-3.6
Other operating expenses	1.10.	-1.7	-3.7
Excpected credit losses on loans and other receivables	1.12.	-0.1	-0.1
Impairment losses on other financial assets	1.12.	0.0	0.0
OPERATING PROFIT/LOSS		**29.1**	**24.1**
Share of profit or loss of associates	1.13.	0.4	-0.6
PROFIT BEFORE INCOME TAX		**29.5**	**23.5**
Income taxes	1.14.	-6.3	-4.9
PROFIT / LOSS FOR THE FINANCIAL YEAR		**23.2**	**18.7**
Attributable to			
Minority interest		1.3	1.4
Shareholders of parent company		21.9	17.3
PROFIT / LOSS FOR THE FINANCIAL YEAR		**23.2**	**18.7**
OTHER COMPREHENSIVE INCOME / LOSS			
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences - foreign operations		0.2	0.0
Other comprehensive income/loss		**0.2**	**0.0**
Other comprehensive income after taxes / loss for the year		0.2	0.0
OTHER COMPREHENSIVE INCOME / LOSS FOR THE YEAR		**23.4**	**18.6**
Attributable to			
Non-controlling interest		1.3	1.4
Equity holders of parent company		22.1	17.2
Earnings / Share (EPS)	1.15.	0.90	0.73
Earnings / Share (EPS), fully diluted	1.15.	0.87	0.71
Diluted earnings / share IFRS, fully diluted	1.15.	0.88	0.71

Consolidated balance sheet, IFRS

ASSETS	Note	31.12.2020	31.12.2019
CASH AND EQUIVALENTS	2.1.	331.6	305.7
Financial assets measured at amortized cost			
Claims on credit institutions	2.2.	66.8	69.8
Claims on the public and public sector entities	2.3.	109.6	114.0
FINANCIAL ASSETS MEASURED AT AMORTIZED COST		**176.4**	**183.8**
Leasing		9.6	4.9
Financial assets at fair value through profit or loss			
Debt securities eligible for refinancing with central banks	2.4.	37.2	36.1
Debt securities	2.4.	9.8	227.6
Shares and participations	2.5.	57.3	31.5
Derivative contracts	2.6.	52.2	59.6
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		**156.3**	**354.8**
Other than financial assets			
Shares and participations in associates	8.2.	4.2	3.8
Intangible assets and goodwill	2.7.	16.0	14.3
Property, plant and equipment	2.8.	1.4	1.6
Other assets	2.9.	73.7	50.4
Accrued income and prepayments	2.10.	3.3	3.6
Deferred tax assets	2.11.	0.1	0.2
OTHER THAN FINANCIAL ASSETS, TOTAL		**98.8**	**74.0**
TOTAL ASSETS		**772.6**	**923.2**

LIABILITIES AND EQUITY	Liite	31.12.2020	31.12.2019
LIABILITIES			
Financial liabilities at amortized cost			
Liabilities to credit institutions and central banks	2.12.	0.7	1.9
Liabilities to the public and public sector entities	2.13.	385.2	551.6
Debt securities issued to the public	2.14.	131.1	148.6
FINANCIAL LIABILITIES AT AMORTIZED COST, TOTAL		**517.0**	**702.1**
Financial liabilities at fair value through profit or loss			
Derivative contracts and other liabilities held for trading	2.15.	52.5	59.7
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		**52.5**	**59.7**
Other than financial liabilities			
Other liabilities	2.16.	84.4	58.0
Accrued expenses and deferred income	2.17.	23.3	21.7
Deferred tax liabilities	2.18.	0.0	0.0
OTHER THAN FINANCIAL LIABILITIES, TOTAL		**107.7**	**79.7**
TOTAL LIABILITIES		**677.2**	**841.5**
EQUITY	2.19.		
Share capital		30.2	30.2
Share premium fund		1.8	1.8
Fund of invested non-restricted equity		22.8	18.7
Translation difference		0.2	0.0
Retained earnings		37.4	29.4
Minority interest		3.0	1.7
TOTAL EQUITY		**95.4**	**81.8**
Equity to holders of parent company		92.4	80.1
Non-controlling interest in capital		3.0	1.7
TOTAL LIABILITIES AND EQUITY		**772.6**	**923.2**

Cash flow statement , IFRS

Accounting policies

Additional information to 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. The 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.

	2020	2019
Operating activities		
Operating profit	29.1	24.1
Adjustment for items not included in cash flow	8.2	9.5
Income taxes paid	-5.0	-5.2
Cash flow from operating activities before changes in operating assets and liabilities	**32.3**	**28.5**
Changes in operating asset, total	**170.5**	**-6.0**
Changes in operating liablities, total	**-158.4**	**64.8**
Cash flow from operating activities	**44.5**	**87.2**
Investing activities		
Change in intangible asset	-0.6	-5.7
Change in property, plant and equipment	-0.2	-0.2
Cash flow from investing activities	**-0.9**	**-5.9**
Financing activities		
Dividends paid to company´s shareholders	-15.3	-14.4
Dividends paid to non-controlling interests in subsidiaries	-1.0	-0.7
Payment of finance lease liabilities	-2.0	-2.7
Used option rights	1.5	0.4
Cash flow from financing activities	**-16.8**	**-17.4**
Cash and cash equivalents at the beginning of period	311.4	247.4
Cash and cash equivalents at the end of year	338.2	311.4
Change	**26.8**	**64.0**

Consolidated statement of changes in equity, IFRS

	Share capital	Share premium fund	Reserve for invested unrestricted equity	Retained earnings	Total	Non-controlling interest	Total Equity
Equity 31.12.2018	30.2	1.8	18.3	26.0	**76.3**	1.1	**77.4**
Translation difference				0.0	**0.0**		**0.0**
Profit/loss for the period				17.2	**17.2**	1.4	**18.7**
Dividends				-14.4	**-14.4**	-1.1	**-15.5**
Share options exercised			0.4		**0.4**		**0.4**
Acquisition of own shares					**0.0**		**0.0**
Acquisition of non-controlling interest					**0.0**		**0.0**
Other changes*				0.6	**0.6**	0.2	**0.8**
Equity 31.12.2019	30.2	1.8	18.7	29.3	**80.1**	1.7	**81.8**
Translation difference				0.4	**0.4**		**0.4**
Profit/loss for the period				21.9	**21.3**	1.3	**23.2**
Dividends				-15.3	**-15.3**	-1.0	**-16.3**
Share options exercised			1.5		**1.5**		**1.5**
Acquisition of own shares					**0.0**		**0.0**
Acquisition of non-controlling interest					**0.0**		**0.0**
Other changes**			2.7	1.2	**3.8**	1.0	**5.4**
Equity 31.12.2020	**30.2**	**1.8**	**22.8**	**37.5**	**92.4**	**3.0**	**95.4**

The Group´s equity capital is specified in Note 2.19. Equity Capital.

*Other changes from 2019 include the accrual of expenses arising from granted retention share programs, which is presented as part of the change in the retained earnings column (0.6 M€).
**Other changes from 2020 include the accrual of expenses arising from granted retention share programs, which is presented as part of the change in the retained earnings column (1.2 M€). In addition, the share exchange between Evli Awards Management Oy and Alexander Incentives Oy and its effect is presented as other changes both in reserve for invested unrestricted equity (2.7 M€) fund and in non-controlling interests (1.0 M€).

Notes to the consolidated financial statements

Accounting policies

Basic information on the company

Evli Bank Plc is a bank specializing in investment whose clients are institutions, companies and present or future high net worth individuals. Evli Bank Plc and its subsidiaries form the Evli Group ("Evli"). Evli serves its clients in international groups in two business areas: Wealth Management and Investor Clients and Advisory and Corporate Clients. Evli's product and service selection include mutual funds, asset management, capital market services, alternative investment products, investment research, incentive plan design and administration, and M&A 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 a branch office of the Fund Management Company 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 2020, 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.

The accounting policies apply to 2020. The accounting policies for comparative figures are presented in the 2019 Financial Statements. Read more at **www.evli.com/investors**.

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 arise 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.

Financial assets and liabilities

The Group's financial assets and liabilities are classified in accordance with the IFRS 9 Financial Instruments standard. Under the IFRS 9 standard the classification of financial assets is based on the business model and the type of contractually accrued cash flows. The business model reflects how a group of financial assets are managed in a business unit in order to meet a certain financial objective. The following are the classification 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.

A financial asset is classified at **amortized cost** if the following criteria are met:

- the aim of the business model is to collect contractual cash flows
- the contractual cash flows only contain payments of principal and interest (i.e. a debt instrument).

A financial asset is classified at fair **value through comprehensive income** if the following criteria are met:

- the aim of the business model is both to collect contractual cash flows and to sell them
- the contractual cash flows only contain payments of principal and interest (i.e. a debt instrument).

All other financial assets are classified at **fair value through profit or loss**, for example equity instruments. With respect to shares and participations not in the trading book, the company can make a decision on an individual instrument basis if the instrument is classified as a financial asset that is recognized at fair value through comprehensive income. An example of this is unquoted shares. However, bond investments that should otherwise be classified in the group "at fair value through comprehensive income" can be classified at fair value through profit or loss using the fair value option if this classification can be used to remove an accounting imbalance.

Evli applies the fair value option in classification, and measures all financial instruments, including shares and participations, at fair value through profit or loss as a general principle.

Financial assets are reclassified only if a business unit's operating model changes substantially. Previously recorded profits and losses are not changed retrospectively.

In the measurement of own debt instruments; 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.

Financial liabilities are measured at amortized acquisition cost, or at fair value through profit or loss.

The classification is done when a financial instrument is recognized initially. An impairment based on expected credit losses is recognized in conjunction with the recognition of financial assets that are classified at amortized acquisition cost.

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. There are no substantial offset items in the consolidated balance sheet.

The Group's measurement process for financial instruments is approved by Evli Bank's Board of Directors. The measurements are based on IFRS 9 and IFRS 13, 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 associate companies).

Financial assets

Equity investment and derivatives

Financial assets recognized at fair value through profit or loss

The Group's equity investments and derivatives are all classified at fair value through profit or loss as a general principle. This group includes equities and derivatives in the trading book, and longer-term mutual fund and equity investments by Group Operations. 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.

Financial assets recognized at fair value through comprehensive income

There were no equity investments recognized through comprehensive income in the consolidated balance sheet on the balance sheet date.

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 are not available from active markets, the fair value is determined using common theoretical measurement models.

Common derivatives pricing models are used in the pricing of unquoted derivatives, or the price is obtained from the counterparty in the case of an OTC instrument.

The fair value of unquoted shares is estimated primarily using the instrument's net asset value or using a cash flow analysis based on future outlook. If the company's share has been traded, this price information is used in the assessment. If the acquisition price of an unquoted 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 acquisition price may be used if other sufficient or sufficiently accurate information does not exist for making the measurement.

In measurement of private equity funds and real estate funds the fund's management company's most recently published valuation price, which is usually published four times per year, is used.

Debt instruments

Financial assets recognized at fair value through profit or loss

The Group's investments in bonds and money market instruments are all classified at fair value through profit or loss as a general principle. The Treasury function's investments in bonds and other interest-bearing papers, including items in the liquidity reserve and the corporate bond investments of the trading book, are included in this group. Unrealized and realized gains and losses on bonds arising from changes in the fair value are recognized in net income or loss from securities trading for the period in which they were incurred. Changes in the value of money market instruments are recognized as fixed income returns or expenses

Financial assets recognized at fair value through comprehensive income

The Group has not classified bond investments as financial assets recognized at fair value through comprehensive income.

Distribution of financial assets IFRS 9:

Financial assets	Measured at amortized cost; expected credit loss calculation applied	Receivables from credit institutions and central banks	
		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 financial assets 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
	Financial assets measured at fair value through comprehensive income	The Group has not classified assets in this group	

The value of interest-bearing papers measured 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. The fair value of money market instruments is calculated by discounting cash flows with the relevant interest curve, and with the yield spread that was valid on the day of acquiring the instrument. For unquoted bonds, a price quotation issued by an individual bank or operator is used, or the price of the interest-bearing paper is calculated by Evli Bank in such a way that the instrument's return requirement corresponds to the return requirement of similar instruments with the same risk level.

More detailed information on measurement of financial assets measured at fair value through comprehensive income is available in note 7.3.

Financial assets measured at amortized cost

The Group's lending, including promissory notes and accounts with credit facility, receivables from credit institutions and other financial assets are classified under financial assets measured at amortized cost.

Financial assets measured at amortized cost are initially recognized at fair value inclusive of expenses immediately caused by the acquisition. After initial recognition, the items are measured at amortized cost using the effective interest rate method. This refers to the interest rate at which the future payments that are expected to become payable or receivable during the financial instrument's assumed exercise period are discounted to the level of the financial instrument's net book value. The book value is adjusted by a credit loss provision using the expected credit loss measurement model (see next section Impairment of financial assets).

Impairment of financial assets

Calculation of expected credit loss is used in impairment of financial assets, where credit losses are recognized already in conjunction with granting of loans and on reporting dates. In the impairment model, the change in the quality of the credit is evaluated after original recognition according to a three-phase model. The expected credit loss calculation is applied to financial assets that are measured at amortized cost, such as granted loans. Impairments also concern off-balance sheet commitments, such as unused credit facilities. Impairment is not applied to financial assets measured at fair value, unless they are measured at fair value through comprehensive income. A simplified calculation method has been devised for sale and rental receivables.

Expected credit losses (ECL) are calculated using the following formula with weighted probabilities: Liability * PD (probability of default) * 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. The probability of loss is estimated using various statistical methods such as analyzing the bank's loan portfolio and its loss history, and a wider group with a credit risk that is assumed to be similar. In the calculations, an estimate of the future market environment and its trends must also be used.

In IFRS 9, credit losses are measured using a three-phase model. In the first phase, the likelihood that the debtor will experience payment issues within the following 12 months is estimated. Phase 1 includes items where credit risk is estimated not to have materially increased after initial recognition or the credit risk of the 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 (phase 2). Assets in phase 3 are 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.

In a situation in which already impaired loans and receivables are purchased, the model in which the expected credit loss is estimated for the entire exercise period is directly applied.

The loss provision is presented in the income statement on its own row. The fixed income returns on financial assets are presented for gross principal for financial assets in phases 1 and 2, and for net principal, i.e. after provisions, for items in phase 3.

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 macroeconomic factors that have a direct influence on the borrower's solvency.

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 its future payment obligations.

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.

Additional information on impairment and the calculation model is provided in note 5. IFRS 9: Expected credit losses.

Financial liabilities

Financial liabilities 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.

Distribution of financial liabilities IFRS 9:

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

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 price quotations are not available from active markets, the fair value is 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.

Hedge accounting

The Group does not apply hedge accounting in accordance with IFRS 9 in the financial statements.

IFRS 3 Business combination

Business combinations are carried out using the acquisition cost method. Acquired, identifiable assets and liabilities, with limited exceptions, are measured at fair value at the time of acquisition. The Group recognizes the non-controlling interest in the acquiree on an acquisition-by-acquisition basis either at fair value or, alternatively, based on the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

To the extent that the acquisition price exceeds the identifiable assets of the acquiree, the surplus is recognized as goodwill. If the acquisition price is less than the value of the identifiable assets, the difference is recognized in profit or loss. In the event that part of the purchase price payment is deferred, future amounts are discounted to their present value at the time of the transaction. The discount rate used is based on management's estimate of the Group's cost of debt.

IFRS 15 Revenue from contracts with customers

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. According to IFRS 15, revenue is recognized when a company transfers control of goods or services to a customer either over time or at a point in time.

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. Breakdown of revenue in accordance to IFRS standard between overtime and at a point in time recognized revenue is shown as part of the segment reporting.

IFRS 16 Leases

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. In accordance with IFRS 16, related leases are treated as described above way.

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

IFRS 16 Leases has been adopted as of January 1, 2019. In conjunction with the adoption of IFRS 16, the company recognized lease liabilities in relation to leases which had previously been classified as operating leases under the principles of IAS 17 Leases. The liabilities were measured at the present value of the remaining lease payments. When considering the present value, an estimate of index-based increases in future periods is taken into account. Future cash flows of the leases have been discounted at the reporting date using a discount rate selected by the company. The company has not calculated a separate interest component for the assets required for financing the lease liabilities due to the company's low funding costs and excess liquidity. The liability entered in the balance sheet decreases in a linear manner over time.

Evli has applied, for example, the following practical expedients permitted by the standard when implementing IFRS 16:

- use of a single discount rate for a portfolio of leases with reasonably similar characteristics,
- exclusion of leases with a lease term of less than 12 months,
- use of hindsight in determining the lease term where the contract contains options to extend the lease.

MEASUREMENT OF LEASE LIABILITIES	2020
Commitments related to leases on 31.12.2019	4.9
Less (-) short-term leases not recognized as a liability	0.0
Less (-) leases of low-value assets	0.0
Add/less (-): contracts reassessed as lease contracts	0.0
Add/less (-): adjustments as a result of a different treatment of extension and termination options	0.0
Add/less (-): adjustments relating to changes in the index or rate affecting variable payments	0.0
Lease liability recognized on 1.1.2020	**4.9**
Additions	6.8
Deductions	0.0
Depreciation	-2.1
Lease liability according to balance sheet on 31.12.2020	**9.6**
Of which are:	
Current lease liabilities	2.2
Non-current lease liabilities	7.3

Evli has analyzed its contract portfolio taking into account the IFRS 16 standard. Based on the analysis, the IFRS 16 standard mainly applies to leases of premises that the company has previously treated as operating leases under IAS 17. Typically, lease contract terms range between two and five years and may contain an option to extend the lease term. Evli has negotiated individual contracts with potentially differing terms and conditions for each location.

The impact of the IFRS 16 standard on the Group's other assets and other liabilities at the end of the financial year was EUR 9.6 million. Potential options to extend current leases have not been considered due to uncertainty related to the use of those options.

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 exercises 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.

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

New standards are not expected for the next financial year that would have a significant impact on Evli Group´s accounting policies.

Risk management and internal control

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.

Risk management refers to actions that systematically seek to assess, identify, analyse 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.

Organisation of the control operations

Evli's Board of Directors is primarily responsible for Evli Group's risk management. The Board 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 organised. The Board has also appointed a credit and asset liability committee (Credalco), which briefs it on risk-taking matters. Its members during the financial year 2020 were Kristian Nybergh (Chairman), Juho Mikola, Kim Pessala and Maunu Lehtimäki; expert members were Mari Etholén, Bengt Wahlström and Jan-Erik Eriksson.

Evli Group's risk management is founded on the "three lines of defence" model:

1. The first line of defence 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.

2. The second line of defence consists of Risk Control and Compliance functions. The Risk Control 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 Risk Control function reports on findings to Credalco, the Executive Group and the company's Board of Directors.

The Compliance function is responsible for ensuring compliance with the rules in all of 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.

3. The third line of defence is Internal Audit. Internal Audit is a body that is independent of business operations, supports the Board of Directors and the senior management, and is organised administratively under the CEO. Internal Audit assesses the functioning of 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.

Additional information about the organisation of Evli Bank's control operations in the Corporate Governance Statement on pages 136-138.

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 risks**: 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 as well as credit and liquidity risks.

Market risks

Evli is conservative when it comes to direct market risk and taking market risk is not considered as a real source of income for Evli. According to Evli's market risk strategy, market risk should not have a significant impact on Evli's profit under normal market conditions, and market risk should not under any circumstances endanger Evli's continuity or profitability.

Equity risk

Equity risk means the sensitivity of Evli's profitability and the market value of the balance sheet to changes in the general price level of the stock market. Evli's direct equity risks consist of Corporate Finance operations, the temporary position of the brokerage business and strategic investments. In the Corporate Finance and brokerage business there were no equity positions on December 31, 2020.

Most of the strategic investments are private equity funds, in which Evli has either developed the product and/or acted as the distributor, or seed capital investments into Evli Fund Management Company's mutual funds, hedges associated with business operations or difficult-to-sell equities obtained in corporate transactions. The direct equity risks are presented in table 1.

Share-based incentive plans administered under agreement on behalf of clients are implemented by purchasing shares of the client companies in question. Due to contractual arrangements made with clients, 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.

Of the entire investment portfolio and trading book, 5.1 percent has been valuated 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 recognised 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.

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 allocation, size and returns of the capital managed in these business operations.

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 authorisation from Credalco. The maximum total currency position is six million euros, subject to Credalco's permission. The currency position on December 31, 2020 is described in more detail in the Notes on risk position section 6.4. Market risk.

Interest risk

Interest risk refers to the sensitivity of the current value in the balance sheet to 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 fixed-income funds. The interest risks are presented in table 2.

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), which 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 short interest rates change by 0.5 percentage points, and at the same time, the over one-year interest rates change in the opposite direction by 0.25 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 interest rate risk, taking into account assets and liabilities, was EUR 1.4 million on December 31, 2020. In the other operations the interest risks were not significant.

Credit risks

According to Evli´s credit risk strategy, taking credit risks is not Evli's primary source

Table 1: Equity risks December 31, 2020, M€

Business operations	Market value	Effect of a 20% change in the stock market to the financial result
Brokerage	0.3	0.1
Strategic investments	8.8	1.8
Corporate Finance	0	0

Table 2: Interest risks December 31, 2020, M€

Business operations	Market value	Scenario A	Scenario B	Total
Assets – Financial activities	585.3	-1.6	0.2	-1.8
Liabilities – Financial activities	-539.3	0.4	0.1	0.5
Strategic investments	0.1	0		0

of income, but a consequence of other businesses, and under no circumstances can credit risks jeopardise Evli's continuity. Credit risks arise from the bank's financial activities, trading book and the counterparty risk of trading.

The credit risk in Evli's financial activities consists of client lending, investments of the financial activities and the counterparty risk of currency/interest rate hedging. The purpose of lending is not to be the primary source of income alone, but lending focuses on the clients 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 euros per individual client entity. The rest of Evli´s assets of its banking operations are invested primarily in securities issued by the Government and other public-sector bodies as well as banks and credit institutions operating in the Nordic countries or with at least a credit rating A-. Investments in credit institutions focus on credit institutions operating in the Nordic countries. In addition, the Treasury unit may invest in capital debt instruments or funds investing in them, taking into account the solvency and liquidity ratio. Credalco limits the total amount of direct corporate debt instruments made by Treasury. At the end of 2020, the limit was EUR 10 million. In addition, the Treasury may invest in Evli's fixed income funds, where the maximum investment per fund is EUR 10 million according to the limits of the Board of Directors.

The counterparty risk of currency and interest hedges is managed with daily collateral management. Only cash qualifies as collateral of the counterparties in currency and interest rate hedging. 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.

The credit risks of brokerage activities were low during the financial year. The counterparty risk of derivatives operations is managed by means of daily collateral management for standardised and non-standardised 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. Credalco gives its approvals to all counterparties with whom non-standardised derivatives agreements are made. Derivative claims on marketplaces on December 31, 2020 were a total of EUR 15.1 million. Evli has placed cash on the marketplace as a guarantee and the clients have placed their client portfolios as guarantee for Evli. Clients did not have significant collateral deficits at the turn of the year. The risks of share brokerage clearing were low during the financial year. The amount of matured sales receivables was low and was monitored with a standardised process. Table 3 summarises the credit risks. In addition, the credit risk position is described in more detail in the Notes on risk position in sections 6.4.-6.6.

Table 3: Credit risks December 31, 2020, M€

	Market value	Collateral	Type of collateral
Financial activities			
Lending	110.7	549.5	Clients' portfolios
Investment activities	94.7	0	
Finnish municipal paper	8.0	0	
Banks (minimum credit rating A-)	37.2	0	
Banks (no credit rating)	0	0	
Corporate Bonds (direct)	1.4	0	
Corporate Bonds (mutual funds)	48.1	0	
OTC derivatives between banks	-25.5	0	Cash
OTC derivatives between Evli and funds	10.6	52.6	Cash
Trading book	0	0	

Liquidity risks

As with other financial risks, the risk-taking regarding liquidity risks is conservative, and Evli's liquidity cannot be compromised under any circumstances. According to the liquidity risk strategy, there must be an additional buffer over the regulatory requirements.

Evli's Board of Directors confirms the limits for using tied-up capital. Proposals for these limits are prepared by 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 by, for example, having the risk management unit of the Group follow the maturity distribution of assets and liabilities and reporting this to the Executive Group, Credalco and the Board of the company. The assets and liabilities of the Group are presented in the Other notes section 7.1. Maturities of financial assets and liabilities.

Most of the expenditure in 2020 consisted of lending and the Treasury function's investment portfolio. Other factors tying up capital were the collaterals for the clearing and derivatives operations.

The Liquidity Coverage Ratio (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 stressed 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 100 percent. Evli's Board of Directors has set, that the ratio must be at least 110 percent. The LCR calculation and its results are described in more detail in the Other notes in section 7.7 Liquidity Coverage Requirement (LCR).

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

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 7.2 percent on December 31, 2020.

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, compliance and data security risks. Therefore, operational risks are associated with, for example, the management system, operative processes, information systems, individuals and various external factors or threats. Each unit is responsible for managing the operational risks of their respective areas. According to the risk management strategy, all relevant operational risks must be identified and mitigated to such a level that Evli's continuity or profitability is not compromised.

Evli continuously pays special attention to the identification, monitoring and control of operational risks. The business units carry out regular self-assessments of the operational risks of products, services, individuals, 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). The calculation of the solvency requirement is described in the Notes on risk position 6.8. Solvency Supplement.

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 utilisation 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 organising 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 2020 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

The safe introduction of new products and services requires that, prior to making the final decision on introduction, assurance has been obtained that all units participating in the delivery of the product know their respective duties and that they have made the function in question aware of any operational and other risks involved in launching it on the market. The indirect effects of the realisation of risks on the whole Group need to be assessed with particular care. Evli uses a standardised 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 organisation 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 materialising, it is possible to ensure the safety of Evli's clients 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's Risk Control unit.

Risk monitoring and reporting

The Group's Risk Control unit is responsible for corporate-wide risk reporting, which consists of both numerical and written reports. The reports include at least the following:
1. Daily report to the Executive Group on the utilisation of corporate limits
2. Monthly numerical and verbal risk management report and summary of client exposure and limit utilisation to Credalco
3. Quarterly numeric and verbal summary of risks to Evli's Board of Directors
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-organised internal control and risk management.

Evli'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 Risk Control 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.

Notes to income statement

Accounting policies

Interest income and expenses

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	2020	2019
At fair value through profit or loss		
Debt securities	0.4	0.6
Derivative contracts	0.0	0.0
Interest income from other loans and claims		
Claims on credit institutions	0.1	0.2
Claims on the public and public sector entities	1.5	1.6
Other interest income	0.9	1.2
Interest income, total	**2.8**	**3.6**

1.2. INTEREST EXPENSES	2020	2019
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	-2.1	-2.0
Debt securities issued to the public	-0.4	-0.5
Other interest expenses	-0.2	-0.7
Interest expenses, total	**-2.6**	**-3.2**

Accounting policies

Revenue recognition

From the Wealth Management and Investor Clients -segment, Evli receives management fee income from mutual funds and pays clients fee refunds related to management fees. Fund fees consisting of management fees and client refunds are recognized on a monthly basis and are mainly invoiced retrospectively in one, three, six- or twelve-month periods. These fees are typically calculated based on the market value or initial investment in the fund as well as on agreed upon fee percentage over time. Any non-recurring fees related to the mutual funds, such as acquisition, subscription or redemption fees, are allocated to the month in which the right to the fee arises.

With successful investment activities, fee income may include performance-related fees. These may consists of performance fees related to mutual and special investment funds, carry fees received by the general partner of an alternative investment fund as well as performance fees related to asset management portfolios. The performance-based fees of mutual funds are taken into account daily in the values of the funds and invoiced retrospectively on a monthly basis. The performance-based fees of special investment funds are invoiced on a quarterly basis. Performance fees related to the asset management portfolios are recognized as income only when the final amount of the fee can be reliably estimated. Evli Group annually reviews the performance-based fees of alternative investment funds due to the general partner of the fund, the so-called carry fees, and models the probabilities related to their realization. The company will only consider the performance fee for the alternative funds to the extent that it is probable that the amount of accrued recognized income will not need to be significantly reversed at a later date.

Securities brokerage transactions are recorded according to the trading 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.

Evli's Advisory and Corporate Clients -segment receives monthly retainer fees and success fees related to corporate consulting, ie Corporate Finance. Monthly retainer fees are recognized as income over time whereas recognition of success fees, which are treated as variable consideration, is linked to the completion of projects. Project success fee income is recognized as income in the period when the outcome of the project can be estimated reliably and when the performance obligation has been met. Costs incurred for any project are expensed immediately.

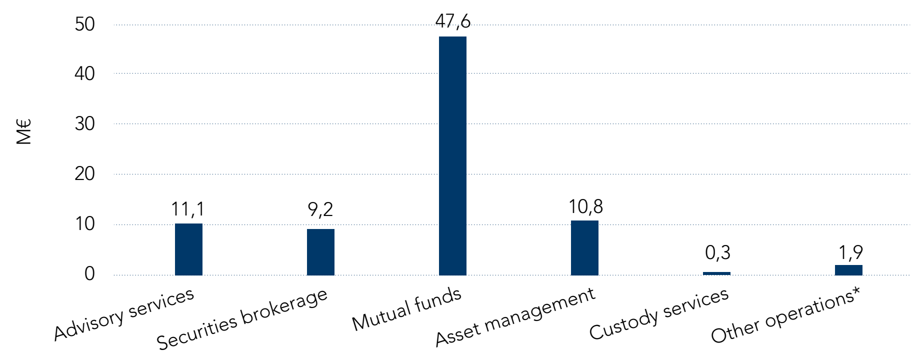
Evli also receives fees related to the design and management of incentive programs. Fees related to the design of incentive programs are invoiced on a monthly basis and recognized as income for the period in which the invoicing has taken place. For the management of incentive programs, fees are billed on a quarterly, semi-annual or annual basis. Remuneration is accrued evenly over the period to which the work relates. Other consultancy fees, including analytical services, are recognized in the period in which the work is performed.

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 management 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	2020	2019
Credit related fees and commissions	0.0	0.1
Income from payment transactions	0.0	0.0
Insurance brokerage	0.1	0.1
Advisory services	10.1	11.6
Securities brokerage	9.2	9.6
Securities issue	0.0	0.0
Mutual funds	47.6	44.9
Asset management	10.8	7.3
Custody services	0.3	0.4
Other operations	1.7	0.2
Commission income, total	**79.9**	**74.1**

Commission Income



*Other includes lending, payment transaction, insurance brokerage, securities issuance and other activities.

BUSINESS OVERVIEW
RESPONSIBILITY
FINANCIAL REVIEW
GOVERNANCE

1.4. COMMISSION EXPENSES	2020	2019
Trading fees paid to stock exchanges	-1.8	-0.9
Other	-1.3	-1.0
Commission expenses, total	**-3.1**	**-1.9**

1.5. NET INCOME FROM SECURITIES TRANSACTIONS AND FOREIGN EXCHANGE DEALING	2020	2019
Net income from securities transactions		
Financial assets held for trading	-0.2	0.0
Financial assets at fair value through profit or loss	0.6	2.1
Net income from securities transactions, total	**0.4**	**2.1**

	Gains and losses on sales	Changes in fair value	Total 2020	Total 2019
Net income from securities transactions by instrument				
Debt securities	-0.2	-0.6	-0.9	-0.5
Shares and derivative contracts	0.2	1.1	1.3	2.6
Net income from securities transactions, total	**-0.1**	**0.5**	**0.4**	**2.1**
Net income from foreign exchange operations	2.0	0.0	2.0	1.1
Net income from securities transactions and foreign exchange operations, total	**1.9**	**0.5**	**2.4**	**3.2**

1.6. INCOME FROM EQUITY INVESTMENTS	2020	2019
Dividends from financial assets valued at fair value	0.0	0.0
Dividends from available-for-sales securities	0.0	0.0
Dividends from associated companies	0.0	0.0
Income from equity investments, total	**0.0**	**0.0**

1.7. OTHER OPERATING INCOME	2020	2019
Rental income	0.0	0.0
Gain on sale of owner-occupied investment properties	0.0	0.0
Other income	0.2	0.1
Other operating income, total	**0.2**	**0.1**

1.8. PERSONNEL EXPENSES

Accounting policies

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 company has three share-based incentive program that are currently in effect: Share Program 2017, 2018 and 2019. Under 2017 and 2018 programs, shares are issued gratuitously during the next three years in equal installments to the members of the program, provided that the person is 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. Correspondingly, in the 2019 program shares are issued gratuitously four years after the start of the program, provided that the person is still employed by the company. The company's Board of Directors decides upon the distribution of shares. Additional information on the share-based incentive programs in the Remuneration policy on page 140-142 and Remuneration Report on page 143-146.

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.

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.

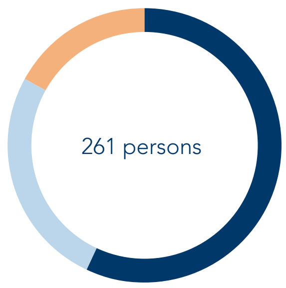
All the Evli Group's retirement plans are defined contribution plans. Payments to defined contribution plans are reflected in profit or loss in the period in which they are incurred. The Evli Group finances all its retirement plans as contributions to pension insurance companies. The contributions take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

BUSINESS OVERVIEW
RESPONSIBILITY
FINANCIAL REVIEW
GOVERNANCE

EMPLOYEE BENEFITS		**2020**		2019
Wages and salaries		-24.6		-24.2
of which bonuses	-4.8		-4.3	
Other social security costs		-1.2		-1.4
of which relating to bonuses	-0.1		-0.2	
Pension expenses		-3.4		-4.1
of which relating to bonuses	-0.3		-0.5	
defined contribution plans	-3.4		-4.1	
Equity-settled share options		-1.3		-0.6
Employee benefits, total		**-30.5**		**-30.4**

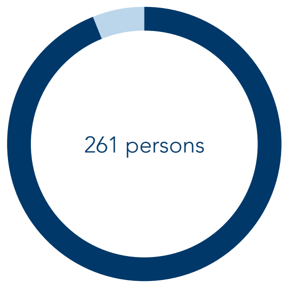
	2020	2019
Number of personnel during the period, average	251	258
Number of personnel at the end of the period	261	249
Employees by business segment at the end of the period		
Advisory and Corporate Clients	53	44
Wealth Management and Investor Clients	160	154
Group Operations	48	51
Total	**261**	**249**
Employees by geographic market at the end of the period		
Finland	245	227
Sweden	15	21
Arab Emirates	1	1
Total	**261**	**249**

Employee facts



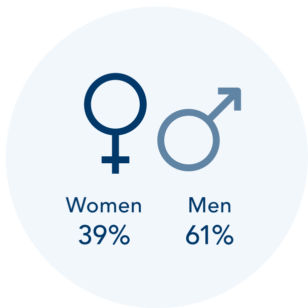
Employees per segment

- Advisory and Corporate Clients 61%
- Wealth Management and Investor Clients 20%
- Group Operations 18%



Employees per country

- Finland 94%
- Sweden 6%
- United Arab Emirates 0.4%



Women/Men

261 persons

SHARE BASED INCENTIVES

Plan	Option program 2016	Restricted Share Plan 2017	Restricted Share Plan 2018	Restricted Share Plan 2019	Total
Type	Option	Share	Share	Share	
Annual General Shareholders` Meeting date	8.3.2016	-	-	-	
Initial amount, pcs	233.000	233,000	233,000	350,000	1,049,000
The subscription ratio for underlying shares, pcs	1	-	-	-	
Initial excercise price, €	8,74	-	-	-	
Dividend adjustment	Kyllä	-	-	-	
Current excercise price, €	-	-	-	-	
Initial allocation date	14.6.2016	30.9.2017	8.6.2018	14.6.2019	
		30.9.2023	30.6.2023	30.6.2024	
Vesting date	1.6.2020	30.9.2021 / 30.9.2022 / 30.9.2023	30.6.2021 / 30.6.2022 / 30.6.2023	30.6.2024	
Maturity date	31.8.2020	-	-	-	
Maximum contractual life, yrs	4,2	6.0	5.1	5.0	5.1
Remaining contractual life, yrs	0	2.7	2.5	3.5	2.3
Number of persons at the end of the reporting year	0	10	16	15	
Payment method	Equity	Cash & Equity	Cash & Equity	Cash & Equity	

*Share subscription price is always at least EUR 2.0.

Changes during the period	Option program 2016	Restricted Share Plan 2017	Restricted Share Plan 2018	Restricted Share Plan 2019	Weighted average exercise price in €	Total
1.1.2020						
Outstanding at the beginning of the reporting period, pcs	208,000	225,400	68,673	350,000	6.99	852,073
Changes during the period						
Granted	0	0	68,673	0		68,673
Forfeited	0	0	0	0		0
Invalidated during the period	0	0	0	0		0
Excercised	208,000	76,670	0	0	6.99	284,670
Weighted average subscription price, €	-	-	-	-	6.99	-
Weighted average price of shares, €*	-	-	-	-	9.13	-
Expired	0	0	0	0		0
31.12.2020						
Excercised at the end of the period	208,000	76,670	0	0	6.99	284,670
Outstanding at the end of the period	0	148,730	137,346	350,000	-	636,076

*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, €	8.62
Share price at reporting period end, €	12.20
Expected dividends, €	1.49
Fair value December 31, 2020, €	440,427

Expected volatility was determined by calculating the historical volatility of the Group`s share using monthly observations over corresponding maturity.

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

Expenses for the financial year, share-based payments, equity-settled	1,314,863
Future cash payment to be paid to the tax authorities from share-based payments, estimated at the end of the period	3,880,064

1.9. OTHER ADMINISTRATIVE EXPENSES	2020	2019
Office expenses	-1.3	-1.2
IT and infosystems	-6.8	-6.7
Business expenses	-0.5	-0.9
Travel expenses	-0.3	-0.6
Car costs	-0.1	-0.1
Other HR related expenses	-0.5	-1.0
Marketing expenses	-0.6	-0.7
Banking and custodian expenses	-0.8	-1.2
External services	-1.6	-1.6
Other administrative expenses, total	**-12.4**	**-14.0**

1.10. OTHER OPERATING EXPENSES	2020	2019
Supervision expenses	-0.7	-0.7
Rental expenses	-0.5	-2.8
Other expenses	-0.6	-0.2
Other operating expenses, total	**-1.7**	**-3.7**

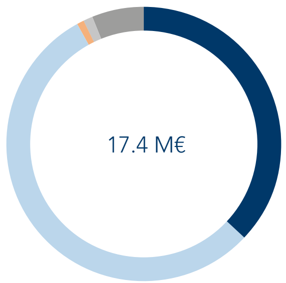
1.11. DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES	2020	2019
Depreciation and amortization		
Applications and software	-2.3	-2.0
Other intangible assets	-0.9	-1.1
Leasehold improvements	-0.1	-0.1
Leasing	-2.0	-0.0
Assets acquired under finance leases	-0.1	-0.2
Equipment and furniture	-0.2	-0.2
Depreciation, amortization and impaiment losses, total	**-5.7**	**-3.6**
Write-downs		
Impairment of goodwill	0.0	0.0

1.12. EXPECTED CREDIT LOSSES ON LOANS AND OTHER COMMITMENTS AND IMPAIRMENT LOSSES ON OTHER FINANCIAL ASSETS	2020	2019
Claims on the public and public sector entities		
Expected credit losses on group level	-0,1	0,0
Expected credit losses individual	0,0	-0,1
Guarantees and other off-balance sheet commitments	0,0	0,0
Sales receivables	0,0	0,0
Realised loan losses	-0,1	0,0
Impairment losses on other financial assets	0,0	0,0
Impairment losses, total	**-0,1**	**-0,1**

1.13. SHARE OF PROFIT OR LOSS OF ASSOCIATE COMPANIES	2020	2019
Northern Horizon Capital A/S	**0.4**	**-0.6**

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.



Depreciation breakdown by asset class

- Applications and software 37%
- Other intangible assets 55%
- Leasehold improvements 1%
- Assets acquired under finance leases 1%
- Equipment and furniture 6%

TO THE FINANCIAL STATEMENTS CONTENTS

BUSINESS OVERVIEW
RESPONSIBILITY
FINANCIAL REVIEW
GOVERNANCE

1.14. INCOME TAXES

Accounting policies

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.

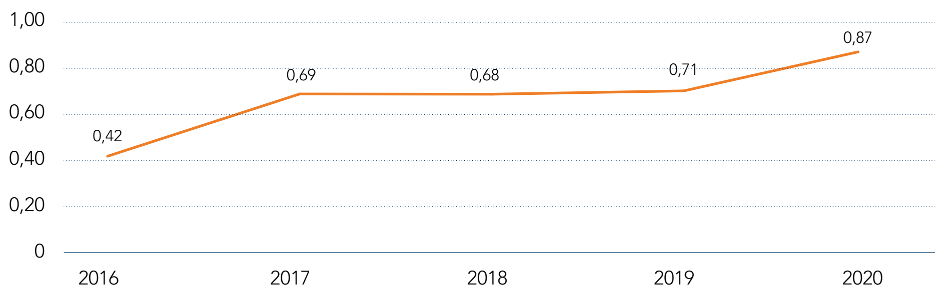
Deferred tax is generally calculated on all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The largest temporary differences arise from the depreciation of fixed assets and tax losses. No deferred tax is recognized on the undistributed 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	2020	2019
Current tax expense	-5.9	-4.9
Taxes from previous years	-0.4	-0.1
Deferred taxes	0.1	0.1
Other taxes	0.0	0.0
Income taxes, total	**-6.3**	**-4.9**
Reconciliation between the income tax expense recognized in the income statement and the taxes calculated using the parent company's domestic tax rate.		
Profit/loss before taxes, Finland	28.2	22.3
Profit/loss before taxes, other countries	1.3	1.2
Profit/loss before taxes, total	**29.5**	**23.5**
Tax at domestic tax rate	-5.9	4.7
Effect of foreign subsidiaries' differing tax rates	-0.2	0.0
Income not subject to tax	0.0	-0.2
Expenses not deductible for tax purposes	0.0	0.4
Taxes from previous years	-0.4	0.1
Change in other deferred tax assets	0.1	-0.1
Other taxes	0.0	0.0
Income tax charge in the consolidated income statement	**-6.5**	**4.9**

1.15. EARNINGS PER SHARE	2020	2019
Profit for the year attributable to shareholders in Evli Bank Plc	21.31	17.26
Avarage number of A-shares	14,898,070	15,244,899
Avarage number of B-shares	9,107,351	8,550,271
Earnings / Share (EPS)	**0.90**	**0.73**
Share and option rights for share-based incentive programs	636,076	852,073
Earnings per Share (EPS), fully diluted, €	**0.87**	**0.71**
Comprehensive income attributable to shareholders in Evli Bank Plc	21.48	17.25
Comprehensive Earnings per Share (EPS), fully diluted, €	**0.88**	**0.71**

As both A and B series shares entitle holders to equal amounts of the company's profit, these are not shown separately.

Earnings per share (EPS), fully diluted, Five-year development



BUSINESS OVERVIEW
RESPONSIBILITY
FINANCIAL REVIEW
GOVERNANCE

Notes to balance sheet

2.1. CASH AND CASH EQUIVALENTS	2020	2019
Balances with central banks	331.5	305.5
Other	0.1	0.2
Cash and cash equivalents total	**331.6**	**305.7**

2.2. CLAIMS ON CREDIT INSTITUTIONS	2020	2019
Repayable on demand		
Domestic credit institutions	5.5	5.6
Foreign credit institutions	1.2	0.1
Repayable on demand, total	**6.7**	**5.6**
Other than repayable on demand		
Domestic credit institutions	24.0	19.4
Foreign credit institutions	36.1	44.7
Other than repayable on demand, total	**60.1**	**64.1**
Claims on credit institutions, total	**66.8**	**69.8**

2.3. CLAIMS ON THE PUBLIC AND PUBLIC SECTOR ENTITIES BY SECTOR	2020	2019
Repayable on demand		
Financial and insurance corporations	0.0	0.4
Repayable on demand, total	**0.0**	**0.4**
Other than repayable on demand		
Enterprises and housing associations	27.0	25.0
Financial and insurance corporations	0.9	0.7
Households	71.8	74.5
Foreign countries	9.9	13.4
Other than repayable on demand, total	**109.6**	**113.6**
Claims on the public and public sector entities by sector, total	**109.6**	**114.0**

2.4. DEBT SECURITIES			2020	2019
Issued by public corporations	**Publicly quoted**	**Other**	**Total**	Total
Local government notes	0.0	8.0	8.0	220.0
Issued by other than public corporations	**0.0**	**8.0**	**8.0**	**220.0**
Issued by other than public corporations				
Fair valued				
Bonds issued by banks	37.2	0.4	37.5	37.5
Other debt securities	0.0	1.4	1.4	6.1
Issued by other than public corporations	**37.2**	**1.8**	**38.9**	**43.7**
Debt securities, total	**37.2**	**9.8**	**46.9**	**263.7**

	2020	2019
Debt securities by balance sheet category		
Debt securities eligible for refinancing with central banks		
On public sector entities	0.0	0.0
Other	37.2	36.1
Debt securities		
On public sector entities	8.0	220.0
Other	1.8	7.6
Total	**46.9**	**263.7**

Debt securities by country	2020	2019
Finland	30.6	247.2
Sweden	11.0	15.0
France	0.0	1.4
Denmark	5.3	0.0

2.5. SHARES AND PARTICIPATIONS

	2020		
Balance sheet category	Publicly quoted	Other	Total
Shares and participations			
Valued at fair value through profit or loss			
Held for trading	0.1	0.0	0.1
Other	49.9	7.2	57.0
Shares and participations, total	**50.0**	**7.2**	**57.1**

	2019		
Balance sheet category	Publicly quoted	Other	Total
Shares and participations			
Available for sale			
Valued at fair value through profit or loss			
Held for trading	0.0	0.0	0.0
Other	24.9	6.5	31.4
Shares and participations, total	**24.9**	**6.5**	**31.4**

Net risk position is described in section Market Risk, Notes on Risk Position.

2.6. DERIVATIVE CONTRACTS

Accounting policies

The Group has treated derivative financial instruments in accordance with IFRS 9 Financial Instruments. 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 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 (3,569 M€), and in USD (475 M€).

Overall effect of risks associated with derivative contracts

Nominal value of underlying , gross					**2020**	**2020**
	Remaining maturity					
Held for trading	**Less than 1 year**	**1-5 years**	**5-15 years**	**Fair value (+/-)**	**ASSETS**	**LIABILITIES**
Interest rate derivatives						
Interest rate swaps	2.1	100.7	2.2	0.0	1.0	1.0
Equity-linked derivatives						
Futures	0.7	3.4	0.0	0.0	0.0	0.0
Options bought	0.0	0.0	0.0	0.0	0.0	0.0
Options sold	0.0	0.0	0.0	0.0	0.0	0.0
Currency-linked derivatives	4,555.2	32.1	0.0	0.1	51.1	51.0
Held for trading, total	**4,558.0**	**136.1**	**2.2**	**0.1**	**52.2**	**52.0**
Derivative contracts, total	**4,558.0**	**136.1**	**2.2**	**0.1**	**52.2**	**52.0**

Overall effect of risks associated with derivative contracts

Nominal value of underlying , gross					2019	2019
Held for trading						
Interest rate derivatives						
Interest rate swaps	2.4	82.1	18.9	0.0	4.4	4.4
Equity-linked derivatives						
Futures	3.4	4.1	0.0	0.0	0.2	0.2
Options bought	3.7	0.0	0.0	0.3	0.3	0.0
Options sold	3.7	0.0	0.0	-0.3	0.0	0.3
Currency-linked derivatives	5.745.5	11.4	0.0	-0.1	54.7	54.8
Held for trading, total	**5,758.7**	**97.7**	**18.9**	**-0.1**	**59.6**	**59.7**
Derivative contracts, total	**5,758.7**	**97.7**	**18.9**	**-0.1**	**59.6**	**59.7**

2.7. GOODWILL

Accounting policies

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. Generally, income is expected to grow moderately by 0-7 percent annually during the financial year.Correspondingly, expenses are expected to grow by around two 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 2020, annual growth of either one or two 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 eleven 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. Among others, the following tests were performed:

- income expectations for the five-year period under review were stressed using 20 percent lower return assumptions than originally assumed;
- The cost trend was stressed using 30 percent higher cost-development than originally assumed
- The terminal value was set at 0 percent
- The discount rate was increased by 3 percent

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 this 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 policies

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.

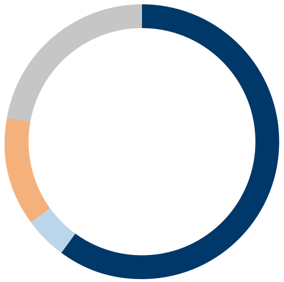
The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. The value in use is determined as the future net cash flows expected to be derived from the said asset or cash-generating unit which are discounted to present value. The discount rate used is a pre-tax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

INTANGIBLE ASSETS AND GOODWILL	2020	2019
Goodwill		
Cost at 1.1.	**5.0**	**5.9**
Increases/Decreases	4.3	2.0
Cost at 31.12.	9.3	7.9
Accumulated depreciation at 1.1.	**0.0**	**-3.0**
Impairment losses for the period		0.0
Accumulated depreciation at 31.12.	0.0	-3.0
Book value at 31.12.	**9.2**	**4.9**



Goodwill allocation

- Administration of incentive programs 60%
- Fund management 5%
- Private Banking 13%
- Alternative investment funds 22%

SOFTWARE OR PROJECTS IN PROGRESS	2020	2019
Cost at 1.1.	**0.1**	**2.0**
Increases/Decreases	-0.1	-1.9
Cost at 31.12.	0.0	0.1
Book value at 31.12.	**0.0**	**0.1**

Applications and software	2020	2019
Cost at 1.1.	**23.3**	**18.7**
Increases/Decreases	0.7	4.7
Cost at 31.12.	24.1	23.3
Accumulated amortisation and impairment losses at 1.1.	**-15.4**	**-13.6**
Amortisation for the period	-2.3	-1.8
Accumulated amortisation and impairment losses at 31.12.	-17.7	-15.4
Book value at 31.12.	**6.4**	**7.9**
Other intangible assets		
Cost at 1.1.	**7.1**	**6.4**
Increases/Decreases	0.0	0.7
Cost at 31.12.	7.1	7.1
Accumulated amortisation and impairment losses at 1.1.	**-5.9**	**-4.8**
Amortisation for the period	-0.9	-1.0
Accumulated amortisation and impairment losses at 31.12.	-6.7	-5.9
Book value at 31.12.	**0.3**	**1.2**
The most significant "Other intangible assets" are client relationships.		
Book value of intangible assets at 31.12.	**16.0**	**14.3**
Intangible assets, total at 31.12.	**16.0**	**14.3**

2.8. PROPERTY, PLANT AND EQUIPMENT

Accounting policies

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	2020	2019
Equipment and furniture		
Cost at 1.1.	**1.7**	**1.5**
Increases/Decreases	0.2	0.2
Cost at 31.12.	1.9	1.7
Accumulated depreciation at 1.1.	**-1.2**	**-0.9**
Depreciation for the period	-0.3	-0.2
Accumulated depreciation at 31.12.	-1.4	-1.2
Book value at 31.12.	**0.5**	**0.5**

Property, plant and equipment	2020	2019
Assets acquired under finance leases		
Cost at 1.1.	**3.7**	**3.5**
Increases/Decreases	0.1	0.1
Cost at 31.12.	3.7	3.7
Accumulated depreciation at 1.1.	**-3.5**	**-3.3**
Depreciation for the period	-0.1	-0.2
Accumulated depreciation at 31.12.	-3.6	-3.5
Book value at 31.12.	**0.2**	**0.2**
Property, plant, and equipment, total 31.12.	**0.7**	**0.7**
Leasehold improvements		
Cost at 1.1.	**1.4**	**1.4**
Cost at 31.12.	1.4	1.4
Accumulated depreciation at 1.1.	**-1.1**	**-1.0**
Depreciation for the period	-0.1	-0.1
Accumulated depreciation at 31.12.	-1.3	-1.1
Book value at 31.12.	**0.1**	**0.3**
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.	**1.4**	**1.6**
Book value of tangible assets at 31.12.	**1.4**	**1.6**

BUSINESS OVERVIEW
RESPONSIBILITY
FINANCIAL REVIEW
GOVERNANCE

2.9. OTHER ASSETS	2020	2019
Securities sale receivables	0.2	2.1
Commission receivables	19.9	14.8
Securities broking receivables	52.9	26.1
Other receivables	0.7	12.3
Other assets total	**73.7**	**55.3**

2.10. ACCRUED INCOME AND PREPAYMENTS	2020	2019
Interest	0.4	0.4
Taxes	0.5	1.5
Staff-related	0.1	0.1
Other items	2.4	1.6
Accrued income and prepayments total	**3.3**	**3.6**

2.11. 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	2020	2019
Tax assets		
Due to timing differences*	0.0	0.1
Other temporary differences		
From tax losses carried forward	0.1	0.1
Deferred taxes total	**0.1**	**0.2**

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

2.12. LIABILITIES TO CREDIT INSTITUTIONS AND CENTRAL BANKS	2020	2019
Credit institutions		
Repayable on demand	0.0	0.2
Other than repayable on demand	0.7	1.7
Liabilities to credit institutions and central banks, total	**0.7**	**1.9**

2.13. LIABILITIES TO THE PUBLIC AND PUBLIC SECTOR ENTITIES	2020	2019
Deposits		
Repayable on demand	385.1	551.5
Other than repayable on demand	0.1	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	**385.2**	**551.6**

2.14. DEBT SECURITIES ISSUED TO THE PUBLIC	2020	2019
Certificate of deposits	10.0	25.0
Bonds	121.1	123.6
Debt securities issued to the public, total	**131.1**	**148.6**
Changes in bonds issued to the public		
Issues	31.7	49.5
Repurchases	34.4	44.3

2.15. DERIVATIVE CONTRACTS AND OTHER LIABILITIES HELD FOR TRADING	2020	2019
Derivative contracts	52,0	59.7
Due to short selling of shares	0,4	0.0
Derivative contracts and other liabilities held for trading, total	**52,5**	**59.7**

2.16. BREAKDOWN OF OTHER LIABILITIES		2020		2019
Securities broking liabilities		54.7		32.3
Securities purchase liabilities		0.0		15.0
Finance lease payables		0.2		0.2
Income tax payable		0.0		0.1
Personnel related		0.7		0.7
Other short-term liabilities		3.4		2.9
Lease liability		9.6		4.9
Current lease liabilities	2.2		2.2	
Non-current lease liabilities	7.3		2.7	
Prepayments of cash customers		14.0		0.9
VAT payable		1.8		0.9
Other liabilities, total		**84.4**		**58.0**

2.17. ACCRUED EXPENSES AND DEFERRED INCOME	2020	2019
Interest	0.1	0.3
Tax payables	1.8	1.3
Personnel related	11.6	10.2
Other accrued expenses	9.8	9.8
Accrued expenses and deferred income, total	**23.3**	**21.7**

2.18. DEFERRED TAX LIABILITIES	2020	2019
Due to timing differences	0.0	0.0
Deferred tax liability, total	**0.0**	**0.0**

2.19. EQUITY CAPITAL

Accounting policies

Equity capital

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

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.

Fund of invested non-restricted equity

The fund of invested non-restricted equity includes the proceeds from the disposals of own shares received after September 1, 2006, the amount paid for a subscription right based on an option right and redemptions of own shares.

Own shares held by the credit institution

The company has not acquired own shares during the review period. On December 31, 2020 the company held a total of 328,998 own shares.

2.19. EQUITY CAPITAL	2020	2019
Share capital	30.2	30.2
Share premium fund	1.8	1.8
Restricted equity	**32.0**	**32.0**
Reserve for invested unrestricted equity	22.8	18.7
Retained earnings 1.1.	29.3	25.9
Dividends	-15.3	-14.4
Translation difference and other changes in retained earnings	1.6	0.6
Retained earnings 31.12.	15.6	12.1
Profit for the period	21.9	17.2
Unrestricted equity for shareholders	**60.4**	**48.1**
Non-controlling interest in capital	3.0	1.7
Equity capital	**95.4**	**81.8**

Breakdown of off-balance sheet commitments

3.1. BREAKDOWN OF OFF-BALANCE SHEET COMMITMENTS	2020	2019
Commitments given to a third party on behalf of a customer*	5.4	6.9
Irrevocable commitments given in favour of a customer	2.3	0.3
Guarantees on behalf of others	0.0	0.5
Unused credit facilities, given to clients	9.6	5.4

*Commitments given to a third party on behalf of a customer include collaterals for derivatives positions given on behalf of customers. The customers have covered their derivatives collateral to Evli in full. Other irrevocable commitments given on behalf of a customer comprise subscription commitments guaranteed on behalf of customers.

Segment reporting

Accounting policies

Segment reporting

Segment information is reported in accordance with the Group's division of business and geographical segments. 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 wealth management services, 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 services related to IPOs and share issues. The segment also offers incentive plan design and administration as well as corporate analysis for listed companies.

The Group Operations segment includes support functions serving the business areas, such as Information Management, Financial Administration, Marketing, 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.

4.1. SEGMENT INCOME STATEMENT	2020					2019				
	Investor Clients	**Corporate clients**	**Group Operations**	**Unallocated**	**Cost Center Group**	Investor Clients	Corporate clients	Group Operations	Unallocated	Cost Center Group
REVENUE										
Net Interest Income	0.0	0.0	0.2	0.0	0.2	0.0	0.0	0.3	0.0	0.3
Commission income and expense, net	67.2	9.7	0.0	0.0	76.8	61.6	11.0	0.0	-0.3	72.2
Net income from securities transactions and foreign exchange dealing	-0.1	0.0	2.5	0.0	2.4	0.0	0.0	3.2	0.0	3.2
Other operating income	0.0	0.1	0.2	0.0	0.2	0.0	0.0	0.1	0.0	0.1
External sales	67.1	9.7	2.8	0.0	79.7	61.6	10.9	3.6	-0.3	75.8
Inter-segment sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total revenue	**67.1**	**9.7**	**2.8**	**0.0**	**79.7**	**61.6**	**10.9**	**3.6**	**-0.3**	**75.8**
Timing of revenue recognition										
Over time	52.0	5.4	0.0	0.0	57.4	52.7	5.1	0.0	-0.3	57.5
At a point of time	15.2	4.3	0.0	0.0	19.4	8.9	5.8	0.0	0.0	14.7
RESULT										
Segment operating expenses	-30.3	-6.6	-8.9	1.1	-44.7	-30.3	-6.6	-11.3	0.2	-48.0
Business units operating profit before depreciations and Group allocations	**36.9**	**3.1**	**-6.1**	**1.1**	**35.0**	**31.3**	**4.4**	**-7.8**	**-0.2**	**27.8**
Depreciation, amortisation and write-down	-3.4	-0.4	-0.5	-1.5	-5.7	-3.0	-0.3	-0.5	0.3	-3.5
Impairment losses on loans and other receivables	0.0	0.0	-0.1	0.0	-0.1	0.0	0.0	-0.1	0.0	-0.1
Business units operating profit before Group allocations	**33.5**	**2.7**	**-6.7**	**-0.4**	**29.1**	**28.3**	**4.0**	**-8.4**	**0.2**	**24.1**
Allocated corporate expenses	-5.8	-0.9	6.7	0.0	0.0	-7.5	-1.2	8.7	0.0	0.0
Operating profit including Group allocations	**27.7**	**1.8**	**0.0**	**-0.4**	**29.1**	**20.8**	**2.8**	**0.3**	**0.2**	**24.1**
Share of profits (losses) of associates	0.0	0.0	0.0	0.4	0.4	0.0	0.0	0.0	-0.6	-0.6
Income taxes*	-3.6	-0.7	-2.0	0.1	-6.3	-2.7	-0.8	-1.4	0.0	-4.9
Segment profit/loss after taxes	**24.1**	**1.1**	**-2.0**	**0.1**	**23.2**	**18.2**	**2.0**	**-1.0**	**-0.5**	**18.7**

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

4.2. GEOGRAPHICAL INCOME STATEMENT AND BALANCE SHEET	1.1.–31.12.2020				1.1.–31.12.2019			
	Finland	**Sweden**	**Other countries**	**Group**	Finland	Sweden	Other countries	Group
Income statement								
Net revenue	73.7	4.6	1.4	79.7	68.5	6.7	0.6	75.8
Balance sheet								
Assets	754.0	7.7	1.2	763.0	913.7	9.2	0.3	923.2

IFRS 9, Expected credit losses

Accounting policies

IFRS 9 is a standard related to expected losses, i.e. evaluating a substantial increase in credit risk, and the calculation model for expected credit losses, including the grouping of loans for calculation. The model includes multiple input data that are subject to consideration and can have a substantial effect on the results of the calculation model. The results produced by the bank's calculation model are reported regularly in the Group's assets and liabilities committee (Credalco). The Group's Financial Administration together with the Group's Risk Control and Treasury evaluates credit risks and maintains the calculation model.

Evaluation of substantial increase in credit risk

A key component of the IFRS 9 standard is the analysis of counterparties' credit risks and changes in credit risks that take place after a loan is granted. The credit risks of financial assets are under constant scrutiny at the bank. Evli Bank monitors various factors, both quantitative and qualitative, which are estimated to be significant in evaluating credit risk. Estimates of future economic trends are also taken into account. In these estimates, factors that are accessible without unreasonable expenses and effort are taken into account. If the credit risk of a liability has grown substantially after a loan is granted, and the credit risk has not been estimated to be low, the liability's risk level is raised to phase 2, in which case the expected credit loss of the liability or loan is estimated for the entire exercise period. The risk level is also separately evaluated for entire credit groups. The following criteria indicate that credit risk has increased substantially:

- The payments on a receivable are delayed by more than 30 days, for non-technical reasons
- Changes in the counterparty's financial position, such as a substantial deterioration of creditworthiness and financial status, and payment defaults. Information on changes in the counterparties' financial positions is obtained automatically through the credit investigation service
- A substantial reduction in the value of collateral; the counterparty is unable to cover the collateral shortfall
- The loan payment plan and terms and conditions have been rearranged because of an increase in credit risk
- A material change for the worse in macroeconomic factors has taken place, which would have an impact on the counterparties' financial position
- Other factors that have a substantial impact on credit risk or the value of collateral.

Factors that cause a loan to be classified as phase 3

Individual loans whose values have verifiably declined are recognized in phase 3. One or several events have come to light with respect to the counterparty that will have a negative impact on future cash flows. These can include one of the following, for example:

- the company's bankruptcy or liquidation, or other significant financial difficulties
- payments (repayment or interest) more than 90 days late
- counterparty declared insolvent.

Credit risk decreases after classification change

If based on all available information it is estimated that the credit risk has decreased substantially after the loan's risk level has been raised to phase 2, and the risk is at the same level as at the time of granting the loan, the loan's risk level can be returned to phase 1.

At the balance sheet date, the Group had a total of EUR 1.9 million (seven loans) in lending-related assets in phase 2.

Calculation model for expected credit losses

ECL (Expected credit losses) is an estimate, with weighted probabilities, of the difference between the following cash flows: Contractual cash flows of the liability – the cash flows that the bank expects to receive from an agreement.

ECL = probability of default (PD) * LGD (total loss when realization of collateral is included) * principal of liability

The PD on a liability is estimated for the following 12 months (phase 1 financial assets) or for the entire exercise period (phase 2 and 3 financial assets).

The principals that are included in the calculation are assets measured at amortized cost:

- promissory notes and accounts with credit facility (receivables from the public)
- receivables from credit institutions; fixed-term deposits
- unused credit arrangements and facilities, and guarantees on behalf of others
- sales receivables

Grouping of loans for calculation

Since it is not practical or affordable to analyze the counterparties of loans on an individual basis in credit risk evaluation, the loan portfolio is divided into various groups that are similar in terms of their credit risk, counterparties, product type, collateral type, and exercise period. The grouping is examined at regular intervals to avoid evaluation errors from taking place in a situation in which a group is no longer homogenous in terms of its credit risk. On the balance sheet date, Evli Group had six different loan groups in the calculation model. The largest group was investment loans of Wealth Management customers (70 percent of all loans).

Determining the probability of default

In the model PD indicates the probability that the borrower will not perform on its future obligations, either on the horizon of the following 12 months, or during the entire remaining exercise period.

In phase 1, the probabilities of default are determined at the bank at the group level as a general principle, provided that the PD of an individual loan does not substantially differ from the group's PD value, and it is not practical to set a separate group for the loan. A simplified model has been devised for sales receivable items, where the PD is determined based on how many days late the receivable is and whether the counterparty belongs in the normal or high-risk group. When the PD is being determined for a counterparty, the counterparty's collateral is not taken into account.

At Evli, the group-level initial PD percentage for household and corporate loans has been set as the proportion of non-performing loans out of the entire loan portfolio in Finland. Since the bank does not have a sufficiently comprehensive history of its own credit losses at its disposal, a wider comparison group is also used, in which the credit risk is assumed to be similar. This model is justified by the fact that Evli's loan portfolio consists primarily of Finnish household and corporate loans (over 91 percent of the total loan portfolio). The Group's loan portfolio is assessed as being low- risk for the most part, which is also reflected in the average PD values. Lending is focused primarily on Wealth Management clients whose historical credit risk has been very low.

The PD percentages of loans were between 0.41 percent and 2.20 percent on the balance sheet date for household and corporate clients, for phase 1 assets.

If a loan is transferred to phase 2, the PD is always redefined individually. In this case, the loan's future cash flows are estimated for the loan's entire exercise period, and are discounted to the current value, giving an estimate of the total loss on the loan before realizing collateral. In phase 2 PD assessments, the assessments of credit investigation services are also used. The amount of loans in phase 2 grew during the year, primarily because of the Coronavirus crisis.

The PD percentage of other corporate receivables, high-risk items and credit institution receivables is determined with a statistical risk of making a loss that is available on the basis of credit ratings. The statistical information is obtained from credit rating agencies.

The PD percentage is also determined for off-balance sheet liabilities. The rate of use of open unused credit facilities is estimated to be 50 percent, which means that the facility is included in the calculation with a 50 percent weighting compared to facilities that have been drawn. Guarantees given on behalf of others is treated like normal drawn credit in the calculations.

If the future holds substantial uncertainty regarding significant declines in the prices of securities, GDP figures, increased unemployment or other economic factors, the group-level PD figures can be raised in phase 1. Because of the coronavirus situation, the propabilities of default for all loan groups were raised, leading to a clearly higher credit loss reserve. The credit loss reserve where at year-end still on a reasonable low level of EUR 0.2 million (EUR 0.1 million), because of the mostly low risk level of the loan portfolio.

The group-level PD figures are updated quarterly, and individual PD figures immediately when an individual liability's credit risk is evaluated as having grown substantially, or when the credit risk of a liability is evaluated as differing from the credit risk of its group.

Definition of loss given default (LGD)

LGD determines the total loss when the realization of collateral is taken into account in a payment default situation. In the ECL calculation, the bank estimates what the loss is in a realization situation when the worst-case scenario materializes with the estimated probability: do the assets from realizing the collateral cover the loan's remaining principal in that situation. The worst-case scenario in the bank's calculation is a strong decline in prices of securities or real estate, as was the case during the stock market crash in 2008. The calculation takes into account the average collateral value of the collateral of the loans in the group, the type of collateral and the liquidity of the collateral. The collateral values given to the collateral are so conservative in the Group that losses will not be realized on promissory notes except as the result of a strong decline in share prices. LGD is determined for loans generally at group level. LGD at a one-year level is obtained by estimating the probability that the worst-case scenario will materialize during the following 12 months. An individual LGD can be determined for individual loans if the number or quality of the loan's collateral differs substantially from collateral in the group on average.

On the balance sheet date, the LGD values for lending were, depending on the group, between 5 and 30 percent, for assets measured in accordance with the first phase.

The most important variables that affect the calculation model with respect to LGD are realized and anticipated changes in prices of securities, and the estimated probability of a scenario in which the clients' collateral is no longer sufficient to cover the value of the liability. Because of the market uncertainty and the coronavirus situation, the LGD parameters in the ECL model were raised at the end of March.

5.3. ITEMS MEASURED ACCORDING TO IFRS 9, EXCEPCTED CREDIT LOSSES

Financial assets and sales receivables measured at amortised cost

Asset	**Total amount**	Level 1 assets	Level 2 assets	Level 3 assets	Expected credit loss	Opening saldo, credit loss allowance 1.1.
Cash and Central Bank receivables	331.5	331.5	0.0	0.0	0.0	0.0
Claims on credit institutions	66.8	66.8	0.0	0.0	0.0	0.0
Claims on the public and public sector entities	109.6	107.7	1.9	0.0	0.2	0.1
Claims on corporations	31.3	29.8	1.5	0.0	0.1	0.0
Claims on private persons	78.3	77.9	0.4	0.0	0.1	0.1
Claims on other	0.0	0.0	0.0	0.0	0.0	0.0
Sales receivables	2.2	2.2	0.1	0.0	0.0	0.0
Total assets	**510.1**	508.1	2.0	0.0	0.2	0.1
Unused credit facilities, given to clients	9.6	9.5	0.2	0.0	0.0	0.0
Credit loss reserve total	**0.2**	0.1	0.1	0.0	0.2	0.1

During the year eight loan receivables have been transferred from level 1 to level 2, EUR 4.2 million and three loans have been transferred back to level 1 from level 2, EUR 2.2 million. A credit loss of EUR 0.1 million was realized during the review period. The bank has no credit payment receivables past due by at least 90 days. Expected credit loss is booked to the Income Statement.

Notes on risk position

6.1. 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	Impaired loans
Private Persons Finland	71.8	1.5	0.0	0.0
Corporations Finland	27.9	2.0	0.0	0.0
Other sectors Finland	0.0	0.0	0.0	0.0
Private persons EU countries	3.9	1.9	0.0	0.0
Corporations EU countries	3.4	0.8	0.0	0.0
Private persons other countries	2.6	1.3	0.0	0.0
Total	**109.6**	**1.6**	**0.0**	**0.0**

Loans are entered as non-performing if payment of interest or instalments are overdue by at least 90 days, or if it is estimated that the debtor is propably not going to be able to manage the loan commitments. There were no non-performing loans at year-end, and no loan payments overdue by at least 90 days in the loan stock by 31.12.2020. One non-performing loan expired during the year, and was written off as a realised loan loss, to the amount of EUR 0.1 million.

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 wealth management customers. Domestic private customer's share of the loan stock was 65 percent and foreign private customer's share was 6 percent.

Exposure 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	340.2	0.0	340.2	0.0
20	140.3	-0.7	139.5	27.9
35	3.1	0.0	3.1	1.1
50	11.4	0.0	11.4	5.7
76	15.2	0.0	15.2	11.6
100	244.5	-77.3	165.9	165.9
150	0.9	0.0	0.9	1.3
Exposure by risk weight, total	**755.6**	**-78.0**	**676.2**	**213.4**
Credit value adjustment	1.4	0.0	1.4	1.4
Total	**757.0**	**-78.0**	**677.6**	**214.8**

The credit rating institutions used in the standard method are Standard & Poor's, Moody's and Fitch. Their 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, at corporate bonds and at short term investments like local government notes and commercial papers. In the capital adequacy calculations, 17 percent of the investments had a risk weight of 0 percent, 65 percent a risk weight of 20 percent, 15 percent a risk weight of 50 percent, and 3 percent had a risk weight of 100 percent. Total investments in debt instruments was at year-end EUR 47 million, additionally treasury has invested EUR 48 million in interest rate mutual funds.

6.2. TECHNIQUES TO REDUCE CREDIT RISK

The valuation of collateral uses the credit and asset liability committee, Credalco's 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. Credalco 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	2020	2019
Mortgages	3.1	2.7
Other credits	26.4	35.4
Counterparty exposure of OTC derivatives hedged with collateral	51.6	60.5

6.3. CREDIT RISK (COUNTERPARTY RISK)	**2020**	2019
Positive fair value of OTC derivatives in the financial statement	52.2	59.6
The derivatives comprise equity, currency and fixed income derivatives		
Collateral reducing counterparty risk in capital adequacy calculations	51.6	60.5
After the collateral-reducing effect the credit counter-value of derivatives totaled	47.1	54.4

	Exchange traded derivatives		OTC derivatives	
2020	Nominal value	Fair value	Nominal value	Fair value
Derivatives assets	0.0	0.0	2,301.7	52.2
Derivatives liabilities	0.0	0.0	2,394.7	-52.0

	Exchange traded derivatives		OTC derivatives	
2019	Nominal value	Fair value	Nominal value	Fair value
Derivatives assets	0.0	0.0	2,916.3	59.6
Derivatives liabilities	0.0	0.0	2,959.0	59.7

6.4. MARKET RISK	**2020**	2019
Minimun capital adequacy requirement, trading book		
Position risk total	0.1	0.0
Position risk equity instruments	0.1	0.0
Position risk debt instruments	0.0	0.0
Settlement risk	0.0	0.0
Minimun requirement for the currency risk of all operations	0.4	0.3
Total	**0.5**	**0.3**
Net positions in trading book, equity instruments		
Long net positions	0.1	0.0
Short net positions	-0.4	0.0
Net total	**-0.3**	**0.0**
Net positions in trading book, debt instruments		
Long net positions	0.4	0.0
Short net positions	0.0	0.0
Net total	**0.4**	**0.0**
Net positions in currencies		
Swedish krona	4.0	3.7
US dollar	-2.1	0.1
Danish krona	0.0	0.1
Pound sterling	-0.3	-0.1
Japanese yen	0.0	0.0
Norwegian krone	-0.1	0.1
Swiss franc	0.0	-0.2
Other currency position	0.3	0.2
Total net position	**1.8**	**4.0**

6.5. 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 calender years.

6.6. SHARES OUTSIDE THE TRADING BOOK

Shares and participations in the banking book are measured at fair value through profit or loss.

The value of the investments in the financial statements was EUR 57.2 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.

Type of investment	2020	2019
Private equity funds	0.9	0.6
Real estate funds	6.1	5.6
Unlisted shares	0.3	0.4
Mutual funds	49.9	25.0
Listed shares	0.0	0.0
Total	**57.2**	**31.5**

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

The fair value of unlisted shares is estimated primarily by using the share's net asset value or a cah flow analysis based on future outlooks. If no better estimate of the fair value is available, the acquisition price can be used as the fair value.

TO THE FINANCIAL STATEMENTS CONTENTS

BUSINESS OVERVIEW
RESPONSIBILITY
FINANCIAL REVIEW
GOVERNANCE

Other notes

7.1. 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.

	2020						2019					
	less than 3 months	3-12 month	1-5 years	5-10 years	over 10 years	Total	less than 3 months	3-12 month	1-5 years	5-10 years	over 10 years	Total
Assets												
Cash and cash equivalents	331.6	0.0	0.0	0.0	0.0	**331.6**	305.7	0.0	0.0	0.0	0.0	**305.7**
Financial assets at amortized cost												
Claims on credit institutions	66.8	0.0	0.0	0.0	0.0	**66.8**	69.8	0.0	0.0	0.0	0.0	**69.8**
Claims on the public and public sector entities	4.9	22.7	81.2	0.7	0.0	**109.6**	8.7	26.9	72.4	6.1	0.0	**114.0**
Financial assets at fair value through profit or loss												
Debt securities eligible for refinancing with central banks	0.0	15.7	21.5	0.0	0.0	**37.2**	13.0	18.0	5.0	0.0	0.0	**36.1**
Debt securities	8.3	0.0	1.1	0.4	0.0	**9.8**	206.2	17.5	1.1	0.0	2.9	**227.6**
Shares and participations	50.6	0.8	3.3	2.5	0.1	**57.3**	25.0	1.6	2.7	2.1	0.2	**31.5**
Derivative contracts	51.1	0.0	1.0	0.0	0.0	**52.2**	54.5	0.5	3.8	0.8	0.0	**59.6**
Accrued interest	0.3	0.1	0.0	0.0	0.0	**0.4**	0.2	0.1	0.0	0.0	0.0	**0.3**
Liabilities												
Financial liabilities at amortized cost												
Liabilities to credit institutions	0.7	0.0	0.0	0.0	0.0	**0.7**	1.4	0.5	0.0	0.0	0.0	**1.9**
Liabilities to the public and public s ector entities	385.1	0.1	0.0	0.0	0.0	**385.2**	551.5	0.1	0.0	0.0	0.0	**551.6**
Debt securities issued to the public	1.0	11.8	116.0	2.2	0.0	**131.1**	12.2	22.8	94.7	18.9	0.0	**148.6**
Financial liabilities at fair value through profit or loss	51.4	0.0	1.0	0.0	0.0	**52.5**	55.4	0.5	3.8	0.0	0.0	**59.7**
Accrued interest, debt	0.1	0.0	0.0	0.0	0.0	**0.1**	0.3	0.0	0.0	0.0	0.0	**0.3**
Off-balance sheet commitments	5.4	3.3	6.3	0.0	0.0	**15.1**	8.6	2.2	1.8	0.4	0.0	**13.1**
Leasing	0.6	1.7	6.0	1.4	0.0	**9.6**	0.5	1.6	2.7	0.0	0.0	**4.9**

7.2. ASSETS AND LIABILITIES DENOMINATED IN DOMESTIC AND FOREIGN CURRENCY

	2020			2019		
Assets	**Domestic currency**	**Foreign currency**	**Total**	Domestic currency	Foreign currency	Total
Financial assets at amortized cost						
Cash and cash equivalents	331.6	0.0	331.6	305.7	0.0	305.7
Claims on credit institutions	61.3	5.5	66.8	63.8	6.0	69.8
Claims on the public and public sector entities	109.6	0.0	109.6	114.0	0.0	114.0
Financial assets at fair value through profit or loss						
Debt securities eligible for refinancing with central banks	0.0	0.0	0.0	36.1	0.0	36.1
Debt securities	46.6	0.4	46.9	226.2	1.4	227.6
Shares and participations	57.1	0.2	57.3	31.2	0.4	31.5
Derivative contracts	51.9	0.2	52.2	57.8	1.8	59.6
Other asset items	85.9	22.5	108.3	64.8	14.1	78.9
Total	**743.9**	**28.7**	**772.6**	**899.6**	**23.7**	**923.2**
Liabilities						
Financial liabilities at amortized cost						
Liabilities to credit institutions	0.7	0.0	0.7	1.9	0.0	1.9
Liabilities to the public and public sector entities	369.8	15.5	385.2	490.3	61.4	551.6
Debt securities issued to the public	131.1	0.0	131.1	148.6	0.0	148.6
Financial liabilities at fair value through profit or loss	51.8	0.7	52.5	57.9	1.8	59.7
Other liabilities items	85.4	22.3	107.7	65.3	14.4	79.8
Total	**638.7**	**38.5**	**677.2**	**763.9**	**77.6**	**841.5**

The largest foreign currency assets and liabilities are in SEK (assets 20.2 M€, liabilities 24.5 M€) and USD (assets 3.7 M€, liabilities 7.0 M€).
Derivatives positions which hedge the foreign exchange risk are not included in these figures.

TO THE FINANCIAL STATEMENTS CONTENTS

7.3. 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.

Financial assets:	Level 1 2020	Level 2 2020	Level 3 2020	Total
Shares and participations classified as held for trading	0.1	0.0	0.0	0.1
Shares and participations, other	49.9	0.0	7.2	57.2
Debt securities eligible for refinancing with central banks	37.2	0.0	0.0	37.2
Debt securities	0.3	8.3	1.2	9.8
Positive market values from derivatives	0.0	51.1	1.1	52.2
Total financial assets held at fair value	**87.5**	**59.4**	**9.5**	**156.3**
Financial liabilities:				
Shares and participations classified as held for trading	0.4	0.0	0.0	0.4
Negative market values from derivatives	0.0	50.9	1.1	52.0
Total financial liabilities held at fair value	**0.4**	**50.9**	**1.1**	**52.5**

Financial assets:	2019	2019	2019	Total
Shares and participations classified as held for trading	0.0	0.0	0.0	0.0
Shares and participations, other	25.0	0.0	6.5	31.5
Debt securities eligible for refinancing with central banks	36.1	0.0	0.0	36.1
Debt securities	1.4	222.5	3.6	227.6
Positive market values from derivatives	0.0	54.4	5.2	59.6
Total financial assets held at fair value	**62.5**	**276.9**	**15.4**	**354.8**
Financial liabilities:				
Shares and participations classified as held for trading	0.0	0.0	0.0	0.0
Negative market values from derivatives	0.0	54.5	5.2	59.7
Total financial liabilities held at fair value	**0.0**	**54.5**	**5.2**	**59.7**

Explanation of fair value hierarchies:

Level 1
Fair values measured using quoted prices in active markets for identical instruments.

Level 2
Fair values measured using directly or indirectly observable inputs, other than those included in level 1.

Level 3
Fair values measured using inputs that are not based on observable market data.

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

Shares and participations classified in level 3 are usually instruments which are not publicly traded, like venture capital funds, 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 IFRS13. 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 Control 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 occured 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. The 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.

7.4. ANALYSIS OF FINANCIAL INSTRUMENTS CATEGORIZED IN LEVEL 3	2020	2019
Financial assets:		
Shares and participations classified as held for trading	0.0	0.0
Unlisted shares and participations	0.3	0.4
Venture capital funds and real estate funds	7.0	6.1
Debt securities	1.2	3.6
Quoted equity derivatives	0.0	0.0
OTC equity derivatives	1.1	5.2
Total financial assets held at fair value	**9.5**	**15.4**
Financial liabilities:		
Shares and participations classified as held for trading	0.0	0.0
Quoted equity derivatives	0.0	0.0
OTC equity derivatives	1.1	5.2
Total financial liabilities held at fair value	**1.1**	**5.2**

Changes during the year. considering level 3 categorized instruments:

Financial assets	2020	2019
Shares and participations classified as held for trading-Initial Balance 31.12.2019	0.0	0.0
Purchases	0.0	0.0
Sales	0.0	0.0
Valuation changes	0.0	0.0
Shares and participations classified as held for trading 31.12.2020	**0.0**	**0.0**
Unlisted shares and participations-Initial Balance 31.12.2019	0.4	0.4
Purchases	0.0	0.0
Sales	0.0	0.0
Valuation changes	-0.1	0.0
Unlisted shares and participations 31.12.2020	**0.3**	**0.4**
Venture capital funds and real estate funds-Initial Balance 31.12.2019	6.1	5.7
Purchases	0.3	0.9
Sales	0.0	-0.8
Valuation changes	0.6	0.4
Venture capital funds and real estate funds 31.12.2020	**7.0**	**6.1**
Debt securities-Initial Balance 31.12.2019	3.6	2.8
Purchases	0.1	2.2
Sales	-2.0	-0.7
Valuation changes	-0.6	-0.6
Debt securities 31.12.2020	**1.2**	**3.6**
OTC equity derivatives-Initial Balance 31.12.2019	4.5	0.9
Purchases	0.0	0.0
Sales	-0.5	-0.3
Valuation changes	-2.9	4.5
OTC equity derivatives 31.12.2020	**1.1**	**5.2**

Financial liabilities	2020	2019
Shares and participations classified as held for trading-Initial Balance 31.12.2019	0.0	0.6
Purchases	0.0	0.0
Sales	0.0	-0.6
Valuation changes	0.0	0.0
Shares and participations classified as held for trading 31.12.2020	**0.0**	**0.0**
OTC equity derivatives-Initial Balance 31.12.2019	4.5	0.9
Purchases	0.0	0.0
Sales	-0.5	-0.3
Valuation changes	-2.9	4.5
OTC equity derivatives 31.12.2020	**1.1**	**5.2**

Sensitivity analysis for level 3 instruments; effect of measurements to fair values

Derivative contracts

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 0.0 million. Volatility is the standard deviation or variability of the price of the underlying instrument for a given time period.

Shares and participations

When determining the fair value of unquoted instruments Evli uses estimates of the company's future cash flows and trends. The estimates are based on conservative estimates, and the use of other realistic alternative scenarios would not change the fair value estimates significantly. For real estate funds, there are uncertainty factors related to the valuation of real estate that have an impact on the fund's NAV. The total impact on fair value in the share and participations group is under EUR -0.8 million.

Debt securities

The return requirements used in the pricing of unquoted bonds correspond to the returns of instruments with similar risk levels and characteristics. If the discount rate used is raised by 1 percentage unit, the fair value will decline in total by less than EUR 0.1 million.

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

	Unrealised profit/loss	
	2020	2019
Financial assets		
Shares in trading book	0.0	0.0
Other shares	0.9	0.0
Debt securities	-1.2	-0.8
Derivatives	1.0	4.6
Unrealized P/L at year-end, financial assets	**0.6**	**3.8**
Financial liabilities		
Shares in trading book liabilities	0.0	0.0
Derivatives liabilities	-1.0	-4.6
Unrealized P/L at year-end, financial liabilities	**-1.0**	**-4.6**
Unrealised profit/loss total*, level 3 instruments	**-0.4**	**-0.8**

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

7.6. CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2020				
Assets	**Financial assets measured at amortized cost**	**Fair value through profit and loss**	**Fair valued through comprehensive income**	**Other assets**	**Total**
Cash and cash equivalents	331.6				331.6
Claims on credit institutions	66.8				66.8
Claims on the public and public sector entities	109.6				109.6
Debt securities eligible for refinancing with central banks		37.2			37.2
Debt securities		9.8			9.8
Shares and participations		57.3			57.3
Derivative contracts		52.2			52.2
Shares and participations in associates				4.2	4.2
Intangible assets and goodwill				16.0	16.0
Property, plant and equipment				1.4	1.4
Other assets				73.7	73.7
Leasing				9.6	9.6
Accrued income and prepayments				3.3	3.3
Deferred tax assets				0.1	0.1
Total	**507.9**	**156.3**	**0.0**	**108.3**	**772.6**

Liabilities	**Valued at amortized cost**	**Fair valued through profit and loss**	**Other debt**	**Total**
Liabilities to credit institutions and central banks	0.7			0.7
Liabilities to the public and public sector entities	385.2			385.2
Debt securities issued to the public	131.1			131.1
Financial liabilities at fair value through profit or loss		52.5		52.5
Other liabilities			84.4	84.4
Accrued expenses and deferred income			23.3	23.3
Deferred tax liabilities			0.0	0.0
Total	**517.0**	**52.5**	**107.7**	**677.2**

7.7. LIQUIDITY COVERAGE REQUIREMENT (LCR)

	2020	
Items included in the liquidity coverage ratio		
Requirement 100%		
	Amount/ market value	**Weighted value**
Liquidity buffer		
Central Bank deposits, withdrawable	326.7	326.7
Local government notes	8.0	8.0
Liquidity buffer total	**334.7**	**334.7**
	Amount/ market value	**Inflow**
Inflows over the next 30 days		
Maturing loans, retail customers	1.5	0.8
Monies due from financial customers	1.1	1.1
Inflow Total	**2.6**	**1.8**
	Amount/ market value	**Outflow**
Outflows over the next 30 days		
Retail deposits	197.0	23.7
Deposits by financial customers	74.5	74.5
Deposits by other customers	38.2	14.4
Impact of an adverse market scenario on derivatives, financing transactions and other contracts	67.2	67.2
Credit facilities	9.6	1.5
Planned derivatives payables	0.0	0.0
Other debt	16.0	16.0
Other off-balance sheet and contingent funding obligations	0.0	0.0
Issued debt securities	1.0	1.0
Outflow total	**403.6**	**198.4**
Net liquidity outflow		196.6
LCR % = Liquidity buffer / Net liquidity outflow		**170.3%**

7.8. SECURITIES LENDING

	2020	2019
Market value of securities lending at 31.12., lent in	2.8	0.0
Market value of securities lending at 31.12., lent out	0.0	0.0

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

	2020 Book value	2020 Fair Value
Financial assets		
Liquid assets	331.6	331.6
Debt securities eligible for refinancing with central banks	37.2	37.2
Claims on credit institutions	66.8	66.8
Claims on the public and public sector entities	109.6	109.6
Debt securities	9.8	9.8
Shares and participations	57.3	57.3
Derivative contracts	52.2	52.2
Financial liabilities		
Liabilities to credit institutions and central banks	0.7	0.7
Liabilities to the public and public sector entities	385.2	385.2
Debt securities issued to the public	131.1	129.8
Derivative contracts and other liabilities held for trading	52.5	52.5

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.

7.10 ASSETS PLEDGED AS COLLATERAL

ASSETS	Fair value of encumbered assets 2020	Fair value of unencumbered assets 2020	of which usable as collateral 2020
Liquid assets and Central Bank deposits	0.0	331.6	326.7
Debt securities eligible for refinancing with central banks	33.8	3.4	3.4
Claims on credit institutions	60.1	6.7	6.7
Claims on the public and public sector entities	0.0	109.6	0.0
Debt securities	0.0	9.8	0.0
Shares and participations	0.0	57.3	0.0
	93.9	**518.2**	**336.7**
Usage of collateral			
Markeplace collateral, stock- and derivatives trades	10.0		
Collateral for OTC derivatives trades	47.3		
Collateral for securities lending	2.8		
Bank Of Finland, collateral for daily limit account	33.8		
	93.9		

Received collateral	Fair value of collateral recieved
LIABILITIES	
Received cash	**53.3**

ASSETS	2019	2019	2019
Liquid assets and Central Bank deposits	0.0	305.7	299.0
Debt securities eligible for refinancing with central banks	34.1	2.0	2.0
Claims on credit institutions	64.1	5.6	5.6
Claims on the public and public sector entities	0.0	114.0	0.0
Debt securities	0.0	227.6	0.0
Shares and participations	0.0	31.5	0.0
	98.2	**686.6**	**306.7**
Usage of collateral			
Markeplace collateral, stock- and derivatives trades	12.0		
Collateral for OTC derivatives trades	52.1		
Collateral for securities lending			
Bank Of Finland, collateral for daily limit account	34.1		
	98.2		

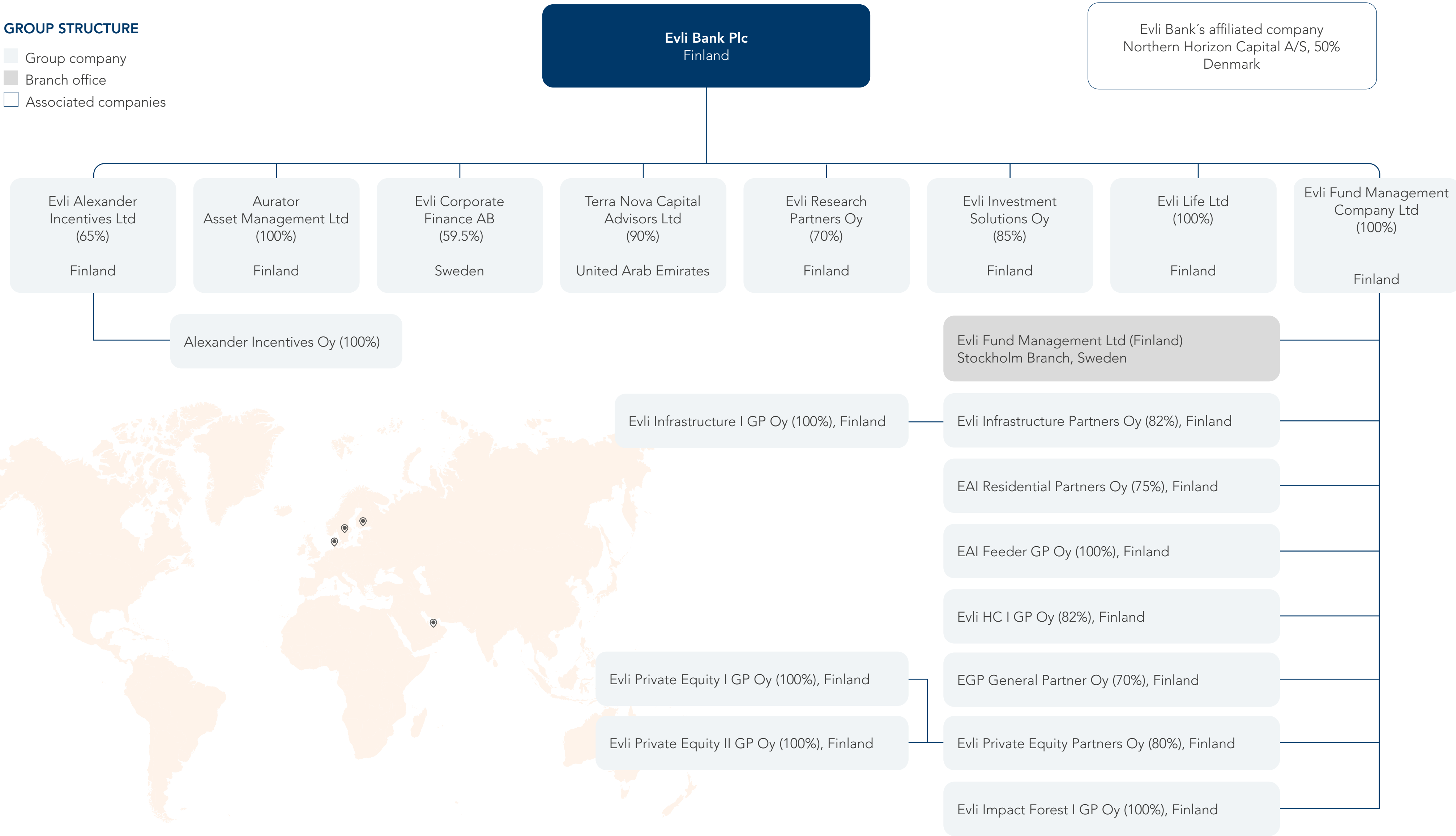
Received collateral	Fair value of collateral recieved
LIABILITIES	
Received cash	**65.4**

7.11. ASSETS UNDER MANAGEMENT	2020	2019
Assets under management at Evli Group as of 31 December		
Gross	15,059.0	15,716.0
Net	12,395.0	12,848.0
Assets under management on the basis of power of attorney		
Discretionary asset management	5,024.0	5,121.0
Consultative asset management	162.0	169.0
Total	**5,186.0**	**5,290.0**

TO THE FINANCIAL STATEMENTS CONTENTS

Consolidation

8.1. GROUP STRUCTURE



Accounting policies

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. In addition, holding companies owned in connection with the management of customer company incentive programs have not been consolidated. Evli is not entitled to the variable returns of these holding companies and Evli does not bear the risk of the companies' assets or liabilities.

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

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 client. The company's liabilities to management include the management's cash assets in their bank accounts in Evli. Similarly, receivables relate to potential market-priced loans management has drawn. There are no other exceptional loan arrangements compared to other Evli's clients.

	Country	Ownership, %	Share of voting rights, %
Minority share			
Evli Corporate Finance AB	Sweden	40.5	40.5
Terra Nova Capital Advisors Ltd	United Arab Emirates	10	10
Evli Research Partners Oy	Finland	30	30
Evli Investment Solutions Oy	Finland	15	15
EAI Residential Partners Oy	Finland	25	25
Evli Private Equity Partners Oy	Finland	20	20
Evli HC I GP Oy	Finland	18	18
EGP General Partner Oy	Finland	30	30
Evli Infrastructure Partners Oy	Finland	18	18
Evli Alexander Incentives Oy	Finland	35	35
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. Considering that Evli Bank Plc does not have control in the company, Northern Horizon Capital A/S is consolidated as an associated company by using equity method of accounting.

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, EAI Residential Partners Oy, Evli Private Equity Partners Oy, Evli HC I GP Oy, EGP General Partner Oy, Evli Infrastructure Partners Oy and Evli Alexander Incentives Oy.

BUSINESS OVERVIEW
RESPONSIBILITY
FINANCIAL REVIEW
GOVERNANCE

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	Evli Private Equity Partners Oy	Evli HC I GP Oy	EGP General Partner Oy	Evli Infrastructure Partners Oy	Evli Alexander Incentives Oy
Domicile	Sweden	United Arab Emirates	Finland	Finland	Finland	Finland	Finland	Finland	Finland	Finland
Assets	1.6	1.2	0.5	1.5	0.5	1.1	0.5	0.9	0.2	7.8
Liabilities	1.7	0.2	0.2	0.0	0.1	0.3	0.4	0.3	0.1	1.5
Profit/Loss for the financial year	-0.2	1.0	0.2	1.4	0.3	0.7	0.0	0.6	-0.1	1.8
Attributable to non-controlling interest	-0.1	0.1	0.0	0.2	0.1	0.1	0.0	0.2	0.0	0.7
Dividends paid to non-controlling interest	0.5	0.0	0.1	0.2	0.1	0.0	0.0	0.2	0.0	0.1
Cash flow from operating activities	-1.5	-0.2	-0.3	-0.5	-0.3	-0.5	0.0	-0.6	0.0	-2.7
Cash flow from investing activities	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.1
Cash flow from financing activities	0.0	0.0	0.0	0.0	0.0	0.5	0.0	0.0	0.0	-4.6
Change in cash and cash equivalents	-1.0	0.0	-0.1	0.6	0.0	0.2	0.0	0.1	0.0	-1.1

8.2. 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	2020	2019
At the beginning of the period	3.8	5.1
Share of profit/loss	0.0	-0.5
Additions	0.3	0.0
Disposals	0.0	-0.9
At the end of the period	**4.2**	**3.8**

Holdings in consolidated associated companies

Company name	Northern Horizon Capital A/S
Domicile	Denmark
Assets	8.3
Liabilities	1.0
Revenue	6.2
Profit/Loss	0.4
Profit adjustment	-0.2
Evli's share of profit/loss	0.0
Ownership (%)	50.0

8.3. CHANGES IN CORPORATE STRUCTURE

In June, Evli sold three percent of its shares in Evli Corporate Finance Ab to its employees. Following the transaction, Evli's ownership in the company is 56.5 percent.

In August, Evli bought 35 percent of Terra Nova Capital Advisors Ltd shares from the company's employees. Following the transaction, Evli's ownership in the company is 90 percent.

In September, Evli Bank Plc and the owners of Alexander Incentives Oy signed an agreement on the exchange of shares between Evli Awards Management Oy ("EAM") and Alexander Incentives Oy, in which EAM gained 100 percent of the shares of Alexander Incentives Oy. As a consideration, EAM issued new own shares so that the minority interest in the company's shares rose to 35 percent. Evli Bank's holding in the company is 65 percent.

PURCHASE PRICE OF ALEXANDER INCENTIVES OY

Apport payment	4.6
Total purchase price	4.6

ALLOCATION OF THE PURHASE PRICE

Total identified balance sheet items	0.3
Goodwill	4.3
Allocation total	**4.6**

8.4. RELATED PARTY TRANSACTIONS

Transactions with related parties 2020	Subsidiaries	Associated companies	Group management
Sales	25.0	0.0	0.0
Purchases	2.8	0.0	0.0
Receivables	4.3	0.0	0.5
Liabilities	23.9	0.0	0.1

Shares owned by related parties: 14.246.829 pcs

Transactions with related parties 2019			
Sales	24.7	0.0	0.0
Purchases	2.2	0.0	0.0
Receivables	10.7	0.0	0.5
Liabilities	26.7	0.0	0.4

Shares owned by related parties: 14.057.857 pcs

8.5. FEES PAID TO AUDITORS

Fees payd to auditors	2020	2019
Audit - Group		
PricewaterhouseCoopers	0.2	0.2
Other companies	0.0	0.0
Audit - Parent Company		
PricewaterhouseCoopers	0.1	0.1
Other companies	0.0	0.0
Total	**0.3**	**0.3**
Other than auditing fees		
Other services - Group		
PricewaterhouseCoopers*	0.1	0.2
Other companies	0.0	0.0
Other services - Parent company		
PricewaterhouseCoopers	0.0	0.0
Other companies	0.0	0.0
Total	**0.1**	**0.2**

*The advisory services provided by PricewaterhouseCoopers Oy to Evli Group for the financial year 2020 comprise EUR 55,840.50.

TO THE FINANCIAL STATEMENTS CONTENTS

Parent company's income statement

	Note	2020	2019
Interest income	9.1.	2.9	3.6
Interest expenses	9.2.	-2.6	-3.2
NET INTEREST INCOME		**0.3**	**0.4**
Income from equity investments	9.3.	10.2	10.7
Fee and commission income	9.4.	38.8	37.1
Fee and commission expenses	9.5.	-5.5	-4.2
Net income from securities transactions	9.6.	2.5	3.2
Other operating income	9.7.	3.5	4.5
NET REVENUE		**49.7**	**51.7**
Operating expenses			
Personnel expenses	9.8.	-16.1	-18.5
Other administrative expenses	9.9.	-8.9	-9.7
Depreciation and amortization on tangible and intangible assets	9.10.	-3.2	-3.1
Other operating expenses	9.11.	-3.0	-3.0
Excpected credit losses on loans and other receivables	9.12.	-0.1	-0.1
Impairment losses on other financial assets	9.12.	0.0	0.0
OPERATING PROFIT/LOSS		**18.4**	**17.2**
PROFIT BEFORE INCOME TAX		**18.4**	**17.2**
Income taxes	9.13.	-2.0	-1.4
PROFIT / LOSS FOR THE FINANCIAL YEAR		**16.5**	**15.9**

TO THE FINANCIAL STATEMENTS CONTENTS

Parent company's balance sheet

	Note	31.12.2020	31.12.2019
ASSETS			
Cash and equivalents	9.14.	331.6	305.7
Debt securities eligible for refinancing with central banks	9.17.	37.2	36.1
Claims on credit institutions	9.15.	61.2	66.2
Claims on the public and public sector entities	9.16.	110.7	115.1
Debt securities	9.17.	9.8	227.6
Shares and participations	9.18./9.19.	79.9	56.9
Derivative contracts	9.20.	52.2	59.6
Intangible assets and goodwill	9.21.	6.9	9.8
Property, plant and equipment	9.22.	1.0	1.0
Other assets	9.23.	59.1	45.6
Accrued income and prepayments	9.24.	1.3	1.2
Deferred tax assets	9.25.	0.0	0.2
TOTAL ASSETS		**750.5**	**925.0**

	Note	31.12.2020	31.12.2019
LIABILITIES AND EQUITY			
LIABILITIES			
Liabilities to credit institutions and central banks	9.26.	0.7	1.9
Liabilities to the public and public sector entities	9.27.	407.6	577.0
Debt securities issued to the public	9.28.	131.1	148.6
Derivative contracts and other liabilities held for trading	9.29.	52.5	59.7
Other liabilities	9.30.	73.4	52.4
Accrued expenses and deferred income	9.31.	9.0	8.5
Deferred tax liabilities	9.32.	0.0	0.0
TOTAL LIABILITIES		**674.2**	**848.1**
EQUITY	9.33.		
Share capital		30.2	30.2
Share premium fund		1.8	1.8
Fund of invested non-restricted equity		23.3	24.8
Retained earnings		4.6	4.3
Profit/loss for financial year		16.5	15.9
TOTAL EQUITY		**76.4**	**77.0**
TOTAL LIABILITIES AND EQUITY		**750.5**	**925.0**

Parent company´s statement of cash flow

	2020	2019
Operating activities		
Operating profit	18.4	17.2
Adjustment for items not included in cash flow	3.1	4.9
Income taxes paid	-1.3	-1.4
Cash flow from operating activities before changes in operating assets and liabilities	**20.2**	**20.7**
Changes in operating asset	**187.5**	**-5.9**
Changes in operating liablities	**-168.5**	**63.5**
Cash flow from operating activities	**39.2**	**78.3**
Investing activities		
Change in intangible asset	-0.1	-2.4
Change in property, plant and equipment	-0.2	-0.1
Cash flow from investing activities	**-0.3**	**-2.6**
Financing activities		
Dividends paid	-15.5	-14.4
Used option rights	1.5	0.4
Cash flow from financing activities	**-14.1**	**-14.0**
Cash and cash equivalents at the beginning of period	307.8	246.0
Cash and cash equivalents at the end of year	332.6	307.8
Change	**24.8**	**61.7**

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 Evli Group's principles, except for the exceptions listed below.

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.

Parent company's notes to income statement

9.1. INTEREST INCOME	2020	2019
At fair value through profit or loss		
Debt securities	0.4	0.6
Interest income from other loans and claims		
Claims on credit institutions	0.1	0.2
Claims on the public and public sector entities	1.6	1.6
Other interest income	0.9	1.2
Interest income, total	**2.9**	**3.6**

9.2. INTEREST EXPENSES	2020	2019
At fair value through profit or loss		
Interest expenses from other borrowing		
Liabilities to the public, public sector entities and credit institutions	-2.1	-2.0
Debt securities issued to the public	-0.4	-0.5
Other interest expenses	-0.1	-0.7
Interest expenses, total	**-2.6**	**-3.2**

9.3. INCOME FROM EQUITY INVESTMENTS	2020	2019
Dividends from associated companies	0.0	0.8
Dividends from group companies	10.2	9.9
Income from equity investments, total	**10.2**	**10.7**

9.4. COMMISSION INCOME	2020	2019
Credit related fees and commissions	0.0	0.1
Advisory services	1.0	1.4
Securities brokerage	9.2	9.6
Securities issue	0.0	0.0
Mutual funds	17.8	15.5
Asset management	5.1	5.3
Custody services	3.9	5.0
Other operations	1.7	0.1
Commission income, total	**38.8**	**37.1**

9.5. COMMISSION EXPENSES	2020	2019
Trading fees paid to stock exchanges	-1.8	-0.9
Other	-3.7	-3.2
Commission expenses, total	**-5.5**	**-4.2**

9.6. NET INCOME FROM SECURITIES TRANSACTIONS AND FOREIGN EXCHANGE DEALING	2020	2019
Net income from securities transactions		
Financial assets held for trading	-0.2	0.0
Financial assets at fair value through profit or loss	0.6	2.1
Net income from securities transactions, total	**0.4**	**2.1**

	Gains and losses on sales	Changes in fair value	Total	Total
Net income from securities transactions by instrument				
Debt securities	-0.2	-0.6	-0.9	-0.5
Shares and derivative contracts	0.2	1.1	1.3	2.6
Net income from securities transactions, total	**-0.1**	**0.5**	**0.4**	**2.1**
Net income from foreign exchange operations			2.0	1.1
Net income from securities transactions and foreign exchange operations, total			**2.5**	**3.2**

9.7. OTHER OPERATING INCOME	2020	2019
Other income	3.5	4.5
Other operating income, total	**3.5**	**4.5**

9.8. EMPLOYEE BENEFITS		2020		2019
Wages and salaries		-13.8		-15.6
of which bonuses	-2.7		-3.1	
Other social security costs		-0.4		-0.5
of which relating to bonuses	0.0		-0.1	
Pension expenses		-1.8		-2.4
of which relating to bonuses	-0.2		-0.3	
defined contribution plans	-1.8		-2.4	
Employee benefits, total		**-16.1**		**-18.5**

	2020	2019
Number of personnel during the period, average	146	158
Number of personnel at the end of the period	147	150
Employees by business segment at the end of the period		
Advisory and Corporate Clients	5	6
Wealth Management and Investor Clients	95	93
Group Operations	47	51
Total	**147**	**150**

9.9. OTHER OPERATING EXPENSES	2020	2019
Office expenses	-1.1	-1.0
IT and infosystems	-5.5	-4.9
Business expenses	-0.2	-0.6
Travel expenses	-0.1	-0.2
Other HR related expenses	-0.3	-0.7
Marketing expenses	-0.5	-0.5
Banking and custodian expenses	-0.6	-1.1
External services	-0.5	-0.7
Other operating expenses total	**-8.8**	**-9.7**

9.10. DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES	2020	2019
Depreciation and amortization		
From goodwill	-0.2	-0.2
Applications and software	-2.0	-1.7
Other intangible assets	-0.8	-1.0
Equipment and furniture	-0.2	-0.2
Depreciation, amortization and impaiment losses, total	**-3.2**	**-2.9**

9.11. OTHER OPERATING EXPENSES	2020	2019
Supervision expenses	-0.4	-0.5
Rental expenses	-2.1	-2.2
Other expenses	-0.6	-0.4
Other operating expenses total	**-3.0**	**-3.0**

9.12. EXPECTED CREDIT LOSSES ON LOANS AND OTHER COMMITMENTS AND IMPAIRMENT LOSSES ON OTHER FINANCIAL ASSETS	2020	2019
Claims on the public and public sector entities		
Expected credit losses on group level	-0.1	0.0
Expected credit losses individual	0.0	-0.1
Realised loan losses	-0.1	0.0
Impairment losses, total	**-0.1**	**-0.1**

9.13. INCOME TAXES	2020	2019
Current tax expense	-1.7	-1.4
Taxes from previous years	-0.3	0.0
Income taxes, total	**-2.0**	**-1.4**

Parent company's notes to balance sheet

9.14. CASH AND EQUIVALENTS	2020	2019
Balances with central banks	331.5	305.5
Other	0.1	0.2
Cash and cash equivalents total	**331.6**	**305.7**

9.15. CLAIMS ON CREDIT INSTITUTIONS	2020	2019
Repayable on demand		
Domestic credit institutions	1.1	2.0
Foreign credit institutions	0.0	0.1
Repayable on demand, total	**1.1**	**2.1**
Other than repayable on demand		
Domestic credit institutions	24.0	19.4
Foreign credit institutions	36.1	44.7
Other than repayable on demand, total	**60.1**	**64.1**
Claims on credit institutions, total	**61.2**	**66.2**

9.16. CLAIMS ON THE PUBLIC AND PUBLIC SECTOR ENTITIES BY SECTOR	2020	2019
Repayable on demand		
Financial and insurance corporations	0.0	0.4
Repayable on demand, total	**0.0**	**0.4**
Other than repayable on demand		
Enterprises and housing associations	27.0	25.0
Financial and insurance corporations	0.9	0.7
Households	71.8	74.5
Foreign countries	11.1	14.4
Other than repayable on demand, total	**110.7**	**114.7**
Claims on the public and public sector entities by sector, total	**110.7**	**115.1**

			2020	2019
9.17. DEBT SECURITIES	**Publicly quoted**	**Other**	**Total**	Total
Issued by public corporations				
Local government notes	0,0	8,0	8,0	220.0
Issued by other than public corporations	**0,0**	**8,0**	**8,0**	**220.0**
Issued by other than public corporations				
Bonds issued by banks	37,2	0,4	37,5	37.5
Other debt securities	0,0	1,4	1,4	6.1
Issued by other than public corporations	**37,2**	**1,8**	**38,9**	**43.7**
Debt securities, total			**46,9**	**263.7**
Debt securities by balance sheet category				
Debt securities eligible for refinancing with central banks				
Other			37,2	36.1
Debt securities				
On public sector entities			8,0	220.0
Other			1,8	7.6
Total			**46,9**	**263.7**
Debt securities by country				
Finland			30,6	247,2
Sweden			11,0	15,0
France			0,0	1,4
Denmark			5,3	0,0

9.18. SHARES AND PARTICIPATIONS

Fair valued through profit or loss

Balance sheet category	2020 Publicly quoted	2020 Other	2020 Total
Shares and participations			
Valued at fair value through profit or loss			
Held for trading	0.1	0.0	0.1
Other	49.9	7.2	57.0
Shares and participations, total	**50.0**	**7.2**	**57.1**

Balance sheet category	2019 Publicly quoted	2019 Other	2019 Total
Shares and participations			
Valued at fair value through profit or loss			
Held for trading	0.0	0.0	0.0
Other	24.9	6.5	31.4
Shares and participations, total	**24.9**	**6.5**	**31.4**

Net risk position is described in section Market Risk, Notes on Risk Position.

9.19. SHARES AND PARTICIPATION IN ASSOCIATES AND JOINT VENTURES

	2020	2019
At the beginning of the period	4.4	4.4
Additions/Disposals	0.0	0.0
At the end of the period	**4.4**	**4.4**
Shares and participations in companies belonging to Group		
At the beginning of the period	21.2	21.2
Additions/Impairments	-2.7	0.0
At the end of the period	**18.5**	**21.2**

9.20. DERIVATIVE CONTRACTS

Overall effect of risks associated with derivative contracts					2020	2020
Nominal value of underlying , gross	Remaining maturity					
Held for trading	**Less than 1 year**	**1-5 years**	**5-15 years**	**Fair value (+/-)**	**ASSETS**	**LIABILITIES**
Interest rate derivatives						
Interest rate swaps	2.1	100.7	2.2	0.0	1.0	1.0
Equity-linked derivatives						
Futures	0.7	3.4	0.0	0.0	0.0	0.0
Options bought	0.0	0.0	0.0	0.0	0.0	0.0
Options sold	0.0	0.0	0.0	0.0	0.0	0.0
Currency-linked derivatives	4 555.2	32.1	0.0	0.1	51.1	51.0
Held for trading, total	**4 558.0**	**136.1**	**2.2**	**0.1**	**52.2**	**52.0**
Derivative contracts, total	**4 558.0**	**136.1**	**2.2**	**0.1**	**52.2**	**52.0**

Overall effect of risks associated with derivative contracts					2019	2019
Held for trading						
Interest rate derivatives						
Interest rate swaps	2.4	82.1	18.9	0.0	4.4	4.4
Equity-linked derivatives						
Futures	3.4	4.1	0.0	0.0	0.2	0.2
Options bought	3.7	0.0	0.0	0.3	0.3	0.0
Options sold	3.7	0.0	0.0	-0.3	0.0	0.3
Currency-linked derivatives	5,745.5	11.4	0.0	-0.1	54.7	54.8
Held for trading, total	**5,758.7**	**97.7**	**18.9**	**-0.1**	**59.6**	**59.7**
Derivative contracts, total	**5,758.7**	**97.7**	**18.9**	**-0.1**	**59.6**	**59.7**

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 (3,569 M€), and in USD (475 M€)

9.21. INTANGIBLE ASSETS AND GOODWILL	2020	2019
Goodwill		
Cost at 1.1.	**1.2**	**1.2**
Increases/Decreases	0.0	0.0
Cost at 31.12.	1.2	1.2
Accumulated depreciation at 1.1.	**-0.3**	**0.0**
Impairment losses for the period	0.0	-0.3
Accumulated depreciation at 31.12.	-0.5	-0.3
Book value at 31.12.	**0.6**	**0.9**
Software or projects in progress		
Cost at 1.1.	**0.1**	**2.0**
Increases/Decreases	-0.1	-1.9
Cost at 31.12.	0.0	0.1
Book value at 31.12.	**0.0**	**0.1**
Applications and software		
Cost at 1.1.	**21.1**	**16.7**
Increases/Decreases	0.2	4.4
Cost at 31.12.	21.3	21.1
Accumulated amortisation and impairment losses at 1.1.	**-13.7**	**-12.0**
Amortisation for the period	-2.0	-1.7
Accumulated amortisation and impairment losses at 31.12.	-15.7	-13.7
Book value at 31.12.	**5.6**	**7.4**
Leasehold improvements FAS		
Cost at 1.1.	**1.4**	**1.4**
Cost at 31.12.	1.4	1.4
Accumulated amortisation and impairment losses at 1.1.	**-1.1**	**-1.0**
Amortisation for the period	-0.1	-0.1
Accumulated amortisation and impairment losses at 31.12.	**-1.3**	**-1.1**
Book value at 31.12.	**0.1**	**0.3**

	2020	2019
Other intangible assets		
Cost at 1.1.	**2.3**	**2.3**
Cost at 31.12.	2.3	2.3
Accumulated amortisation and impairment losses at 1.1.	**-1.2**	**-0.3**
Amortisation for the period	-0.7	-0.9
Accumulated amortisation and impairment losses at 31.12.	-1.9	1.1
Book value at 31.12.	**0.4**	**1.1**
Intangible assets, total at 31.12.	**6.9**	**9.8**
Book value of intangible assets at 31.12.	**6.9**	**9.8**

9.22. PROPERTY, PLANT AND EQUIPMENT	2020	2019
Equipment and furniture		
Cost at 1.1.	**1.3**	**1.2**
Increases/Decreases	0.2	0.1
Cost at 31.12.	1.5	1.3
Accumulated amortisation and impairment losses at 1.1.	**-1.0**	**-0.8**
Amortisation for the period	0.0	-0.2
Accumulated amortisation in respect of decreases	-0.2	0.0
Accumulated amortisation and impairment losses at 31.12.	-1.2	-1.0
Book value at 31.12.	**0.4**	**0.4**
Property, plant, and equipment, total 31.12.	**0.4**	**0.4**
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.	**1.0**	**1.0**
Book value of tangible assets at 31.12.	**1.0**	**1.0**

9.23. OTHER ASSETS	2020	2019
Securities sale receivables	0.2	2.1
Commission receivables	2.0	1.8
Securities broking receivables	52.9	26.1
Other receivables	3.9	15.6
Other assets total	**59.1**	**45.6**

9.24. ACCRUED INCOME AND PREPAYMENTS	2020	2019
Interest	0.4	0.4
Staff-related	0.0	0.1
Other items	0.8	0.8
Accrued income and prepayments total	**1.3**	**1.2**

9.25. DEFERRED TAX ASSETS	2020	2019
Due to timing differences*	0.0	0.1
Deferred taxes total	**0.0**	**0.2**

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

9.26. LIABILITIES TO CREDIT INSTITUTIONS AND CENTRAL BANKS	2020	2019
Credit institutions		
Repayable on demand	0.0	0.2
Other than repayable on demand	0.7	1.7
Liabilities to credit institutions and central banks, total	**0.7**	**1.9**

9.27. LIABILITIES TO THE PUBLIC AND PUBLIC SECTOR ENTITIES	2020	2019
Deposits		
Repayable on demand	407,5	576.9
Other than repayable on demand	0,1	0.1
Liabilities to the public and public sector entities, total	**407.6**	**577.0**

9.28. DEBT SECURITIES ISSUED TO THE PUBLIC	2020	2019
Certificate of deposits	10.0	25.0
Bonds	121.1	123.6
Debt securities issued to the public, total	**131.1**	**148.6**
Changes in bonds issued to the public		
Issues	31.7	49.5
Repurchases	34.4	44.3

9.29. DERIVATIVE CONTRACTS AND OTHER LIABILITIES HELD FOR TRADING	2020	2019
Derivative contracts	52.0	59.7
Due to short selling of shares	0.4	0.0
Derivative contracts and other liabilities held for trading, total	**52.5**	**59.7**

9.30. OTHER LIABILITIES	2020	2019
Securities broking liabilities	54.7	32.3
Securities purchase liabilities	0.0	15.0
Income tax payable	0.0	0.1
Personnel related	0.4	0.4
Other short-term liabilities	3.9	3.4
Prepayments of cash customers	14.0	0.9
VAT payable	0.4	0.3
Other liabilities, total	**73.4**	**52.4**

9.31. ACCRUED EXPENSES AND DEFERRED INCOME	2020	2019
Interest	0.1	0.3
Tax payables	0.7	1.0
Personnel related	6.9	6.2
Other accrued expenses	1.3	1.0
Accrued expenses and deferred income, total	**8.9**	**8.5**

9.32. EQUITY CAPITAL	2020	2019
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.	24.8	24.4
Increases/Decreases	-1.5	0.4
Book value 31.12.	**23.3**	**24.8**
Retained earnings from previous years		
Retained earnings 1.1.	20.1	18.6
Dividends	-15.5	-14.4
Translation difference and other changes in retained earnings	0.0	0.0
Retained earnings 31.12.	4.6	4.2
Profit for the period	**16.5**	**15.9**

Own shares held by the credit institution

The company has not acquired own shares during 2020. On December 31, 2020 the company held a total of 328,998 own shares.

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 shares-A-shares	14,635,264 shares
Number of shares-B-shares	9,474,156 shares
Total number of shares is	24,109,420 shares

9.33. 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.

	2020						2019					
	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	331.6	0.0	0.0	0.0	0.0	**331.6**	305.7	0.0	0.0	0.0	0.0	**305.7**
Financial assets at amortized cost												
Claims on credit institutions	61.2	0.0	0.0	0.0	0.0	**61.2**	66.2	0.0	0.0	0.0	0.0	**66.2**
Claims on the public and public sector entities	4.9	23.9	81.2	0.7	0.0	**110.7**	8.7	27.9	72.4	6.1	0.0	**115.1**
Financial assets at fair value through profit or loss												
Debt securities eligible for refinancing with central banks	0.0	15.7	21.5	0.0	0.0	**37.2**	13.0	18.0	5.0	0.0	0.0	**36.1**
Debt securities	8.3	0.0	1.1	0.4	0.0	**9.8**	206.2	17.5	1.1	0.0	2.9	**227.6**
Shares and participations	50.5	0.8	3.3	2.4	0.1	**57.1**	24.9	1.6	2.7	2.1	0.1	**31.4**
Derivative contracts	51.1	0.0	1.0	0.0	0.0	**52.2**	54.5	0.5	3.8	0.8	0.0	**59.6**
Accrued interest	0.3	0.1	0.0	0.0	0.0	**0.4**	0.2	0.1	0.0	0.0	0.0	**0.4**
Liabilities												
Financial liabilities at amortized cost												
Liabilities to credit institutions	0.7	0.0	0.0	0.0	0.0	**0.7**	1.4	0.5	0.0	0.0	0.0	**1.9**
Liabilities to the public and public sector entities	407.5	0.1	0.0	0.0	0.0	**407.6**	576.9	0.1	0.0	0.0	0.0	**577.0**
Debt securities issued to the public	1.0	11.8	116.0	2.2	0.0	**131.1**	12.2	22.8	94.7	18.9	0.0	**148.6**
Financial liabilities at fair value through profit or loss	51.4	0.0	1.0	0.0	0.0	**52.5**	55.4	0.5	3.8	0.0	0.0	**59.7**
Accrued interest, debt	0.1	0.0	0.0	0.0	0.0	**0.1**	0.3	0.0	0.0	0.0	0.0	**0.3**
Off-balance sheet commitments	5.4	3.3	6.3	0.0	0.0	**15.1**	8.6	2.2	1.8	0.4	0.0	**13.1**

9.34. ASSETS AND LIABILITIES DENOMINATED IN DOMESTIC AND FOREIGN CURRENCY

Assets	**Domestic currency**	**Foreign currency**	**2020 Total**	Domestic currency	Foreign currency	2019 Total
Financial assets at amortized cost						
Cash and cash equivalents	331.6	0.0	331.6	305.7	0.0	305.7
Claims on credit institutions	56.9	4.2	61.2	61.9	4.3	66.2
Claims on the public and public sector entities	109.6	1.2	110.7	114.0	1.1	115.1
Financial assets at fair value through profit or loss						
Debt securities eligible for refinancing with central banks	0.0	0.0	0.0	36.1	0.0	36.1
Debt securities	46.6	0.4	46.9	226.2	1.4	227.6
Shares and participations	56.9	0.2	57.1	31.0	0.4	31.4
Derivative contracts	51.9	0.2	52.2	57.8	1.8	59.6
Other asset items	69.9	21.0	90.9	71.3	12.0	83.3
Total	**723.4**	**27.1**	**750.5**	**904.1**	**21.0**	**925.0**
Liabilities						
Financial liabilities at amortized cost						
Liabilities to credit institutions	0.7	0.0	0.7	1.9	0.0	1.9
Liabilities to the public and public sector entities	388.4	19.2	407.6	512.3	64.7	577.0
Debt securities issued to the public	131.1	0.0	131.1	148.6	0.0	148.6
Financial liabilities at fair value through profit or loss	51.8	0.7	52.5	57.9	1.8	59.7
Other liabilities items	60.8	21.5	82.4	47.6	13.3	60.9
Total	**632.7**	**41.4**	**674.2**	**768.2**	**79.8**	**848.1**

The largest foreign currency assets and liabilities are in SEK (assets 20.2 M€, liabilities 28.0 M€) and USD (assets 3.7 M€, liabilities 7.0 M€). Derivatives positions which hedge the foreign exchange risk are not included in these figures.

9.35. SECURITIES LENDING	2020	2019
Market value of securities lending at 31.12., lent in	2.8	0.0
Market value of securities lending at 31.12., lent out	0.0	0.0

9.36. FAIR VALUES AND BOOK VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES	Book value 2020	Fair value 2020
Financial assets		
Cash and equivalents	331.6	331.6
Debt securities eligible for refinancing with central banks	37.2	37.2
Claims on credit institutions	61.2	61.2
Claims on the public and public sector entities	110.7	110.7
Debt securities	9.8	9.8
Shares and participations	57.1	57.1
Derivative contracts	52.2	52.2
Financial liabilities		
Liabilities to credit institutions and central banks	0.7	0.7
Liabilities to the public and public sector entities	407.6	407.6
Debt securities issued to the public	131.1	129.8
Derivative contracts and other liabilities held for trading	52.5	52.5

9.37. ASSETS PLEDGED AS COLLATERAL	Fair value of encumbered assets	Fair value of unencumbered assets	of which usable as collateral
ASSETS	**2020**	**2020**	**2020**
Cash and cash equivalents	0.0	331.6	326.7
Debt securities eligible for refinancing with central banks	33.8	3.4	3.4
Claims on credit institutions	60.1	1.1	1.1
Claims on the public and public sector entities	0.0	110.7	0.0
Debt securities	0.0	9.8	0.0
Shares and participations	0.0	57.1	0.0
	93.9	**513.6**	**331.1**
Usage of collateral			
Markeplace collateral, stock- and derivatives trades	10.0		
Collateral for OTC derivatives trades	47.3		
Collateral for securities lending	2.8		
Bank Of Finland, collateral for daily limit account	33.8		
	93.9		

Received collateral	Fair value of collateral recieved
LIABILITIES	
Received cash	**53.3**

ASSETS	2019	2019	2019
Cash and cash equivalents	0.0	305.7	299.0
Debt securities eligible for refinancing with central banks	34.1	2.0	2.0
Claims on credit institutions	64.1	2.1	2.1
Claims on the public and public sector entities	0.0	115.1	0.0
Debt securities	0.0	227.6	0.0
Shares and participations	0.0	31.4	0.0
	98.2	**683.9**	**303.1**
Usage of collateral			
Markeplace collateral, stock- and derivatives trades	12.0		
Collateral for OTC derivatives trades	52.1		
Collateral for securities lending			
Bank Of Finland, collateral for daily limit account	34.1		
	98.2		

Received collateral	Fair value of collateral recieved
LIABILITIES	
Received cash	**65.4**

9.38. OTHER RENTAL COMMITMENTS	2020	2019
Rental liabilities up to one year	2.2	2.2
Rental liabilities over one year and less than 5 years	6.0	2.7
Rental liabilities over 5 years	1.4	0.0
Leasing liabilities not later than one year	0.1	0.0
Leasing liabilities over year not later than five year	0.3	0.0

9.39. BREAKDOWN OF OFF-BALANCE SHEET COMMITMENTS	2020	2019
Commitments given to a third party on behalf of a customer*	5.4	6.9
Irrevocable commitments given in favour of a customer	2.3	0.3
Guarantees on behalf of others	0.0	0.5
Unused credit facilities, given to clients	9.6	5.4

*Commitments given on behalf of a client for a third party include collaterals for derivatives positions given on behalf of clients. The clients have covered their derivatives collateral to Evli in full. Other irrevocable commitments given on behalf of a client comprise subscription commitments guaranteed on behalf of clients.

MANDATORY ELEMENTS OF THE ESEF TAXONOMY	
Name of reporting entity or other means of identification	Evli Bank Plc
Domicile of entity	Helsinki
Legal form of entity	Public limited company
Country of incorporation	Finland
Address of entity's registered office	Aleksanterinkatu 19 A, 00100 Helsinki
Principal place of business	Helsinki
Description of nature of entity's operations and principal activities	Evli Bank Plc is a bank specializing in investment whose clients are institutions, companies and present or future high net worth individuals. Evli Bank Plc and its subsidiaries form the Evli Group. Evli serves its clients in international groups in two business areas: Wealth Management and Investor Clients and Advisory and Corporate Clients. Evli's product and service selection include mutual funds, asset management, capital market services, alternative investment products, investment research, management of incentive systems, and M&A services. The company also offers banking services that support clients' investment activities.
Name of parent entity	Evli Bank Plc
Name of ultimate parent of group	Evli Bank Plc

BUSINESS OVERVIEW
RESPONSIBILITY
FINANCIAL REVIEW
GOVERNANCE

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

The parent company's distributable assets on December 31, 2020 totaled EUR 44,341,920.73 of which EUR 21,056,874.74 were retained earnings and EUR 23,285,045.99 were in the reserve for invested unrestricted equity. The Board of Directors proposes to the Annual General Meeting of Shareholders that a dividend of a maximum of EUR 0.73 per share be paid. The total proposed dividend calculated according to the number of shares (excluding own shares held by the company) on the balance sheet date is EUR 17,359,708.06. It is proposed that the Annual General Meeting would authorize the Board of Directors to decide on the payment of the dividend in one or more instalments at a time it deems best, taking into account the current authority recommendations.

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 8, 2021

Chairman
Henrik Andersin

Robert Ingman

Fredrik Hacklin

Sari Helander

Mikael Lilius

Teuvo Salminen

CEO
Maunu Lehtimäki

Auditor´s Note

Based on the auditing an audit report has been issued today.
Helsinki, February 8, 2021

PricewaterhouseCoopers Oy
Authorised Public Accountants

Jukka Paunonen
Authorised Public Accountant (KHT)

Auditor's Report

(Translation of the Finnish Original)

To the Annual General Meeting of Evli Bank Plc

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 financial year January 1 to December 31, 2020. The financial statements comprise:
- the consolidated comprehensive income statement, consolidated balance sheet, consolidated statement of cash flow, consolidated statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies
- the parent company's income statement, parent company's balance sheet, parent company's statement of cash flow and notes to the financial statements, 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.

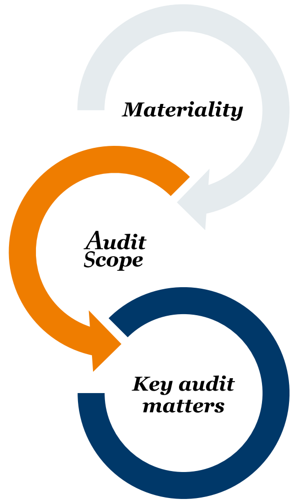
Independence

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 8.5 to the Financial Statements.

Our audit approach

Overview



Materiality
- Overall group materiality: € 3.5 million, which represents 0.46% of the balance sheet total

Audit Scope
- In addition to the parent company, the group audit scope included five significant companies

Key audit matters
- Recognition of commission income
- Valuation of financial assets and financial liabilities measured at fair value

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

BUSINESS OVERVIEW RESPONSIBILITY FINANCIAL REVIEW GOVERNANCE

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 economic 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 the audit and the nature, timing and extent of the audit procedures and to evaluate the effect of misstatements on the financial statements as a whole.

Overall group materiality	EUR 3.5 million (previous year EUR 3.5 million)
How we determined it	0.46% of the balance sheet total
Rationale for the materiality benchmark applied	We chose the balance sheet total as a benchmark, because in our view, it is the appropriate benchmark to assess the group's performance, and it is a generally accepted benchmark. We chose 0.46%, 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 controls, 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	
Note 1.3 in the consolidated financial statements The assets managed by Evli Group entitle it to fee and commission income under the agreements made with customers and cooperation parties. 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. Commission income in the consolidated financial statements was EUR 79.9 million representing a significant item in the consolidated income statement. We have determined recognition of commission and fee income as a key audit matter due to above mentioned aspects.	We obtained an understanding of business processes and IT systems related to commission and fee income and assessed the control environment. Our audit work also included a comparison of accounting data between sub-ledger systems and the general ledger. Furthermore, we have performed substantive testing of commission and fee income. 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.

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	
Notes 2.4, 2.5, 2.6, 7.1, 7.3, 7.4, 7.5 and 7.6 in the consolidated financial statements Determination of fair values is based on valuation principles outlined in the accounting policies of Evli Group's financial statements. 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. Investments are a material line item in Evli Group's financial statements, and we have therefore determined their valuation as a key audit matter.	We have evaluated the valuation process, valuation model and control environment of investments and the compliance with the accounting policies in Evli Group. 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. We have also assessed the appropriateness of the notes in the consolidated financial statements regarding investments.

We have no key audit matters to report with respect to our audit of the parent company financial statements.

There are no significant risks of material misstatement referred to in Article 10(2c) of Regulation (EU) No 537/2014 with respect to the consolidated financial statements or the parent company financial statements.

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

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

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as 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 Managing Director's '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 operations 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 four fiscal years.

Other Information

The Board of Directors and the Managing Director 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 8, 2021

PricewaterhouseCoopers Oy

Authorised Public Accountants

Jukka Paunonen

Authorised Public Accountant (KHT)

Governance

In addition to the statutory tasks and tasks laid out in the Board's rules of procedure, the Board of Directors of Evli Bank Plc placed a strong focus in 2020 on the effects of the coronavirus pandemic on Evli's business and the progress of the strategy in the changed operating environment. In addition, the Board's work focused on evaluating the strategy of the incentive plan business, which was strengthened through an acquisition during the autumn, as well as Evli's product offering and its future development.

Corporate governance statement

The governance of Evli Bank Plc ("Evli" or "company") 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. The Articles of Association, the published policies and other information on Evli's corporate governance can be found at the company's website **www.evli.com/investors**.

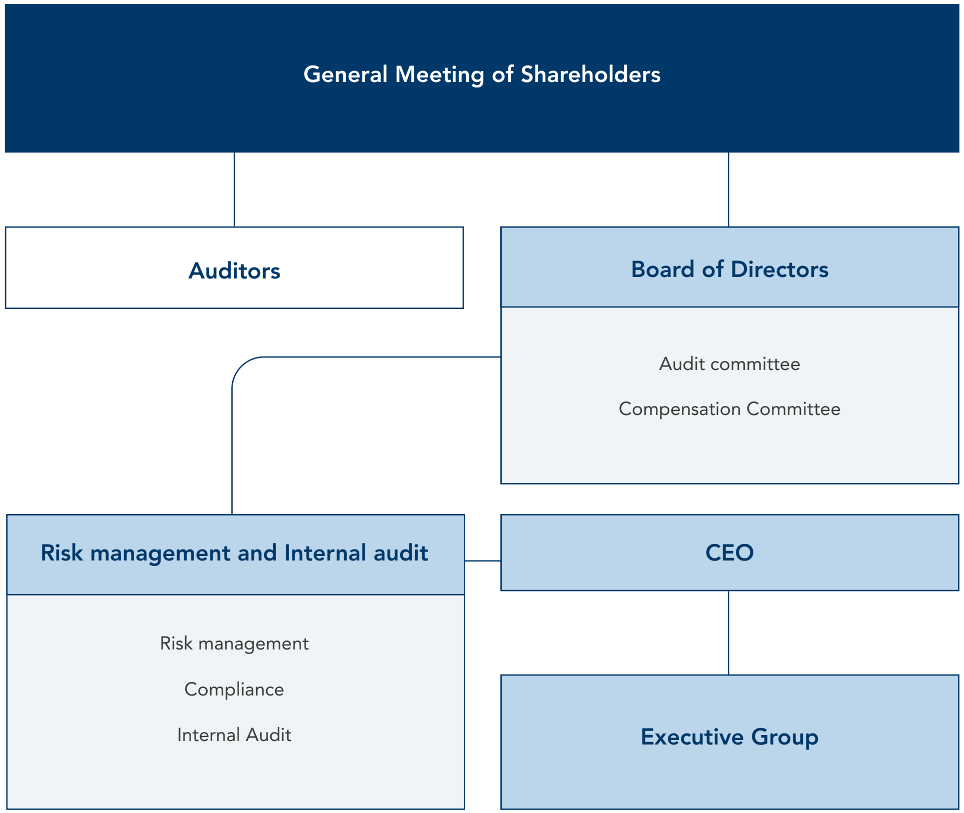
Evli also complies with the Finnish Corporate Governance Code issued by the Securities Market Association. The Code can be viewed in full on the Securities Market Association's website at **www.cgfinland.fi/en**.

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 and it has been prepared as a separate report from the Board of Directors' Report.

Evli's governance structure

Evli's management and business operations are the responsibility of the General Meeting of Shareholders, 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.

Evli Bank Plc's Governance Structure



Evli's Board of Directors is primarily responsible for Evli Group's risk management. The Board 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 organised.

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 Companies Act and in Evli's Articles of Association. The General Meeting normally discusses not only the matters specified by law and in the Articles of Association but also items presented to the meeting by the Board of Directors. Under the Limited Liability Companies Act, shareholders are also entitled to bring up 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 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 Evli's website, **www.evli.com** and as 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 on Evli's website (**www.evli.com**) 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:
- the 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
- the election of Board members and their remuneration
- the appointment of auditors and their remuneration.

In 2020, the AGM of Evli Bank Plc was held in Helsinki on March 9, 2020. A total of 83 shareholders participated in the AGM either personally or via a legal representative or an authorised proxy. A total of 69 percent of votes entitled by all shares were represented. The AGM participants included the Board members, the CEO and the principally responsible auditor of the company's auditing firm.

Extraordinary General Meeting

The Board 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 2020.

Board of Directors

The AGM of Evli Bank Plc elects each year a Board of Directors, which, between General Meetings, exercises the ultimate decision-making power in 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 organisation of operations
- ensuring that the company's accounting and asset management are monitored in an appropriate manner
- the 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

At the AGM, four to eight (4-8) members are elected to Evli's Board of Directors by 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 within 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 2020, 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 2020 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 9, 2020 confirmed six (6) as the number of members of its Board of Directors. Henrik Andersin, Fredrik Hacklin, Sari Helander, Robert Ingman, 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 Mikael Lilius as the Deputy Chairman.

In 2020, the Board of Directors convened 18 times. The average attendance rate of Board members at the meetings was 95 percent. The participation of each member in the meetings is listed in table 1.

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 all the members are independent of the company, excluding Henrik Andersin. With the exception of Henrik Andersin and Robert Ingman, the other Board members are independent of the company's significant shareholders. Based on the shareholdings of controlled companies, Henrik Andersin and Robert Ingman are not independent of the company's significant shareholders.

Committees set up by the Board

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

Audit Committee

The Audit Committee is responsible for assisting the Board 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. It also monitors the financial statements reporting process.

The Audit Committee is also responsible for:

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

The Audit Committee's members are Teuvo Salminen (Chairman), Sari Helander and Robert Ingman. The Committee met five times in 2020. The Audit Committee members' average attendance rate at meetings was 100 percent. The participation of each member in the meetings is listed in table 1.

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.

In addition, the Compensation Committee prepares the remuneration policy and remuneration report of the company's governing bodies.

The Committee consists of at least two 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 Mikael Lilius (chairman), Henrik Andersin and Fredrik Hacklin. The Committee met five times in 2020. The Compensation Committee members' average attendance rate at meetings was 100 percent. The participation of each member in the meetings is listed in the table 1.

Table 1: Evli Bank Plc's Board of Directors in 2020

Name	Personal data	Attendance at board meetings in 2020	Attendance in Audit Committee meetings 2020	Attendance in Compensation Committee meetings 2020	Ownership in the company[1], number of shares: A-shares	Ownership in the company[1], number of shares: B-shares	Independent of the company	Independent of the shareholders
Henrik Andersin	Board member since 1985. Chairman of the Board since 2006, Born 1960, M.Sc. (Econ) Committee memberships: Compensation Committee	18/18		5/5	3,803,280	950,820		
Fredrik Hacklin	Board member since 2019. Born 1978, Ph.D. (Management), M.Sc. (Engineering) Committee memberships: Compensation Committee	17/18		5/5		2,150	√	√
Sari Helander	Board member since 2019. Born 1967, M.Sc. (Econ) Committee memberships: Audit Committee	18/18	5/5			3,300	√	√
Robert Ingman	Board member since 2010. Born 1961, M.Sc. (Tech), M.Sc. (Econ. and Business Administration Committee memberships: Audit Committee	16/18	5/5		1,860,000[2]	652,000[2]	√	
Mikael Lilius	Board member since 2010. Born 1949, B.Sc. (Econ. and Business Administration). Committee memberships: Compensation Committee (Chairman)	17/18		5/5		40,760	√	√
Teuvo Salminen	Board member since 2010. Born 1954, M.Sc. (Econ. and business administration) Committee memberships: Audit Committee (Chairman)	17/18	5/5			70,000	√	√

[1]Shareholding on December 31, 2020, including holdings through a controlled company.
[2]Includes holdings of Ingman Group Oy Ab

Operations of the Board in 2020

In addition to statutory tasks and tasks laid out in the Board's rules of procedure, the Board's work was highly determined by the coronavirus pandemic that started in the spring of 2020. As the disease situation in Finland deteriorated rapidly in the second quarter of the year, the Board met weekly to assess the effects of the crisis on the company's operations and operating environment. In addition to the pandemic, the focus was on monitoring and evaluating strategic objectives. The Board became acquainted with both the institutional and private clients segments and examined the product offering of alternative investment funds. In addition, the Board monitored the progress of the information system and process development projects.

One of the themes of the autumn was the growth strategy of the rewards and incentive plan business, which was strengthened through an acquisition in September. In addition, the Board looked at the growth prospects and future plans of the Corporate Finance business. Based on the review, the strategic guidelines were clarified, and it was decided to continue the work to promote the new projects. Towards the end of the year, the focus shifted again to the largest business, the Wealth Management and Investor Clients segment. Among other things, the Board met with portfolio managers of the alternative investment funds and got a deeper insight into the products offered by Evli. The strategy work also continued. In the strategic review, the Board focused on the challenges and opportunities brought by the changed operating environment. The discussion focused on Evli's product offering as a whole and possible future new products, as well as their external communication.

Diversity of the Board of Directors

The principles concerning the diversity of the Board of Directors are stated in the Board's diversity policy, which 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 are taken into account, which supports the diversity of the Board. The actualisation 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 2020, 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 on the Board. Of the Board members, 17 percent were female and 83 percent were male. 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 29 years.

Corporate management

Evli's corporate structure

Evli's business operations is organised around two client segments: Wealth Management and Investor Clients, and Advisory and Corporate Clients. These are supported by the Group Operations, which include Information Management, Financial Administration, Marketing, Communications and Investor Relations, Legal 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. Evli Group's Executive Group assists the CEO in the operative management of the company.

CEO

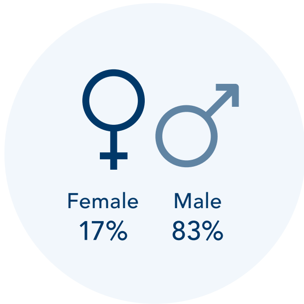
The CEO's duties include the management and supervision of the Group's business, preparation of matters to be handled by the Board, and implementation of the Board's decisions. In accordance with the Limited Liability Companies Act, the CEO ensures that the company's accounting is lawful, and that the 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 in 1967. In 2020, the CEO was paid EUR 343,440 in salary and fringe benefits, performance bonuses amounting to EUR 58,849 and a supplementary pension of EUR 51,516, totalling EUR 453.805. In addition, the CEO subscribed to the 40,000 shares granted to him in the Option-program 2016. The total value of the subscription was EUR 372,000 based on the closing price on the subscription day. The CEO was allocated 50,000 Evli shares, as part of the share-based incentive plan established in 2019. The CEO Maunu Lehtimäki's share ownership in Evli Bank Plc is shown in table 2.

Executive Group

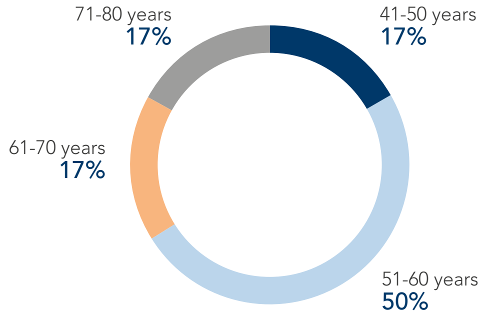
The Executive Group consists of the CEO and six members. The CEO presents a proposal regarding the choice of members to the Executive Group, and these names are then subject to

Board diversity – gender

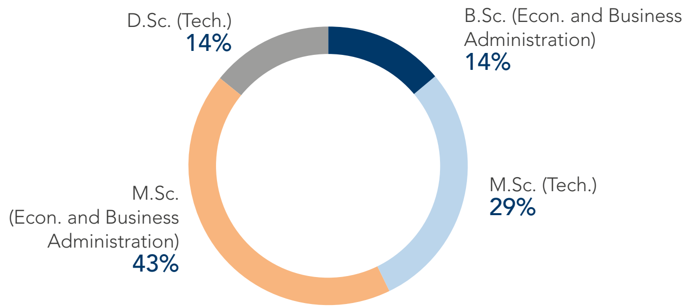


6 persons

Board diversity – age



Board diversity – education



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 co-operation and communication.

Operations of the Executive Group in 2020

In 2020, the Executive Group met twice a month, on average. The exceptional year, due to the coronavirus pandemic, was also reflected in the work of the Executive Group. With the introduction of continuous remote working, the operating methods rapidly changed and this, combined with the impacts of the pandemic on the business environment, guided the Executive Group's work throughout the spring. In addition to the normal strategic focus areas, growing the client base, expanding the product range and streamlining operations, the Executive Group focused on ensuring that the corporate culture and continuous contact with clients was maintained in the remote working environment.

Despite the difficult operating environment in the spring, the product range was expanded in line with the strategy, for example by launching Evli's first infrastructure fund. The project portfolio, with various development projects, also advanced and development projects were finalised, creating a good base for the future.

During the summer and autumn, the market calmed down and the work of the Executive Group focused more on growth. In the Wealth Management and Investor Clients segment, the focus areas were new client acquisition and the success of existing products. Among the processes, the outsourcing of custody activities, among others, was also developed at the Executive Group level. The project was completed at the end of the year.

In the Advisory and Corporate Clients segment, the merger between Evli's subsidiary focusing on incentive programs and Alexander Incentives Oy, which plans incentive programs, was executed during the autumn. By merging the operations, Evli can serve its clients through the whole value chain of incentive programs, from planning to management and implementation, which enables a completely new kind of growth potential in both Finland and internationally. In addition to administrative and strategic work, the members of the Executive Group strived to participate in client and other stakeholder meetings as much as possible, within the limits allowed by the coronavirus restrictions.

Additional information
Board of Directors p. 147
Executive Group p. 148

Table 2: Evli's Executive Group in 2020

Name	Area of responsibility	Ownership in the company[1)], number of shares A-share	B-share
Maunu Lehtimäki[2)] born in 1967, M.Sc. (Econ.)	CEO	533,728	171,031
Mari Etholén[3)] born 1973, LL.M.	Legal and Human Resources functions	60,000	16,306
Panu Jousimies[4)] born in 1969, M.Sc. (Econ.)	Production and execution of securities transactions	59,691	114,249
Juho Mikola[5)] born in 1981, M.Sc. (Econ.)	Financial and Group Administration, Deputy CEO	68,000	32,787
Esa Pensala[6)] born in 1974, M.Sc. (Tech)	Private clients	142,000	35,500
Kim Pessala[7)] born in 1969, M.Sc. (Econ.)	Institutional clients	12,331	92,331
Mikael Thunved[4)] born in 1965, B.Sc. (Econ.)	Corporate Finance business	-	95,000

1) Shareholdings on December 31, 2020, including holdings through controlled entities.
2) 50,000 Evli shares allocated under the share-based incentive scheme established in 2019.
3) 9,334 Evli shares allocated under the share-based incentive scheme established in 2018 and 20,000 Evli shares under the share-based incentive scheme established in 2019.
4) 20,000 Evli shares allocated under the share-based incentive scheme established in 2019.
5) 18,400 Evli shares allocated under the share-based incentive scheme established in 2017, 9,334 Evli shares under the share-based incentive scheme established in 2018 and 30,000 Evli shares under the share-based incentive scheme established in 2019.
6) 30,000 Evli shares allocated under the share-based incentive scheme established in 2019.
7) 9,334 Evli shares allocated under the share-based incentive scheme established in 2018 and 20,000 Evli shares under the share-based incentive scheme established in 2019.

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 organisational structure, clearly established responsibilities and authorisations, and its competent employees 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, analysing and preventing risks. The objectives of risk management are 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 defines risk as an event or series of events that jeopardise the company's income generation over the short or long term.

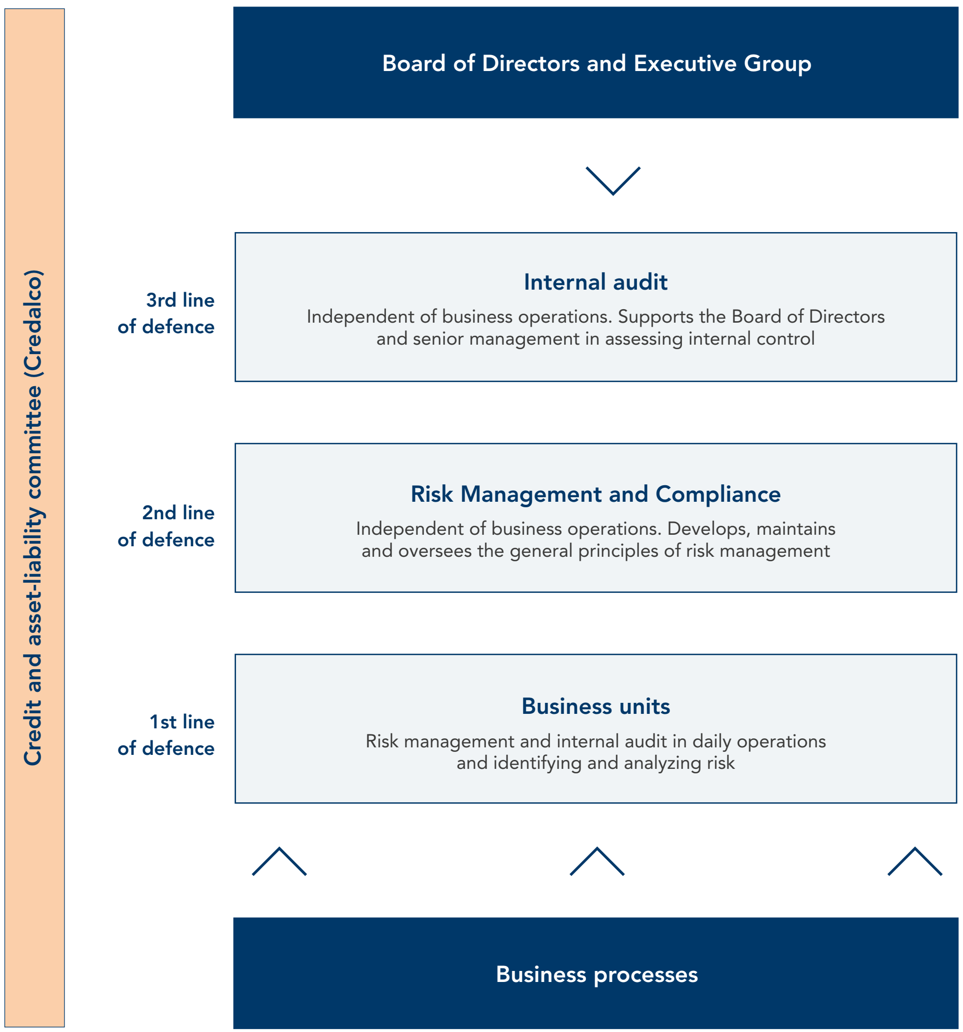
Evli's Board of Directors is primarily responsible for Evli Group's risk management. The Board confirms the risk management policies, responsibilities, the Group's risk limits, and other general guidelines governing how risk management and internal control are to be organised. The Board has also set up a credit and asset-liability committee (Credalco), which briefs it on risk-taking matters. In addition to the general risk management policies, Evli Group's risk management is founded on the "three lines of defence" model.

First line of defence – 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 defence. 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 analyse risks
- make decisions on risk management by means of various protection measures.

Evli Group's risk management's three lines of defence



Second line of defence – Risk Control and Compliance

The second line of defence comprises the independent Risk Control and Compliance functions, whose primary tasks are to develop, maintain and oversee the general principles and framework of risk management.

The Risk Control 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 Risk Control function reports monthly on Evli Group's overall risk position to the Board and the Executive Group.

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

Third line of defence – Internal Audit

The third line of defence 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 Evli Group's internal control system, the appropriateness and efficiency of the functions and the 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. The 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 AGM held on March 9, 2020, elected PricewaterhouseCoopers Oy, an auditing firm, as the auditor, with Jukka Paunonen, Authorised Public Accountant, as the principally responsible auditor. PricewaterhouseCoopers Oy generally serves as the auditor for all of the subsidiaries, with the exception of Terra Nova Capital Advisors Ltd. Terra Nova's auditor is RSM Dahman Auditors.

In 2020, the auditing firms were paid fees totalling EUR 263,646.00. The fees for auditing came to EUR 207,805.50, and the fees for services unconnected with auditing were EUR 55,840.50. Other fees consist mainly of tax and legal advisory services.

Insider management

Evli 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 persons defined in the guideline on insider rules and regulations shall comply with the restrictions regarding the use of insider information and trading, for example the closed window period. Evli maintains a register of permanent insiders, which includes members of the Board of Directors and Executive Group. Evli also maintains registers of project-specific and transaction-specific insiders that are required at any given time. The insider registers are maintained in the Ticker-system and Euroclear Finland Ltd's SIRE system.

Evli also has 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 publishes as a stock exchange release the transactions related to Evli's shares and other financial instruments made by persons in management positions in the company and their related parties, as required by the MAR.

Evli'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. Evli also applies a similar 30-day trading restriction to Evli Group's employees who participate in the preparation or publication of the interim report and financial statements and who become aware of unpublished financial information at the Group level. The person in charge of insider issues at Evli is the company's Head of Legal Affairs. Evli evaluates and monitors related party transactions between the company and its related parties.

Evli maintains a list of related parties. Evli's related parties comprise its subsidiaries as well as the Board of Directors, the CEO, and the Executive Group, including any companies controlled or significantly influenced by them. Evli's financial management monitors and reports related party transactions as part of the company's normal reporting and control practices. Related party transactions which are not considered normal business activities are decided by the Board of Directors. Evli reports relevant and material related party transactions annually in the notes of the consolidated financial statements.

Financial reporting

The Board of Directors is responsible for overseeing Evli Group's financial reporting. The Audit Committee assists the Board in this work. The CEO's and CFO's tasks are 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 centralised 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 centralised 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.

Evli Group complies with the International Financial Reporting Standards (IFRS) approved for application in the EU. The Group prepares annual financial statements and also quarterly interim reports (IAS 34). The instructions on financial reporting and the accounting principles are applied in all of the Group companies. The accounting of all of the Group companies is included in the same accounting system, with the exception of the management companies of the private equity funds and the Group company in the United Arab Emirates.

Remuneration policy

Introduction

The following Remuneration Policy of Evli Bank Plc ("Evli" or "company") describes the general principles and the framework concerning the remuneration of the Board of Directors and the CEO. The policies regarding the CEO also apply to a potential Deputy CEO. Evli also complies with the Finnish Corporate Governance Code issued by the Securities Market Association. The objective of Evli Group's remuneration model is to support the implementation of the company's strategy and to promote the company's competitiveness and long-term financial success. A further aim is to contribute to a positive trend in shareholder value, committing Evli's Board of Directors and CEO to the company's objectives in the long run.

Evli complies with the Securities Market Association's Corporate Governance Code. This Remuneration Policy has been prepared in accordance with the Corporate Governance Code 2020. Evli's Remuneration Policy is presented at Evli's Annual General Meeting (AGM) at least every four years and whenever significant changes are proposed. The Remuneration Report is presented annually, starting from the year 2021, at Evli's AGM.

In all remuneration, Evli complies with applicable financial regulations. This Remuneration Policy has been prepared taking into account the applicable regulations and Evli Group's overall remuneration model for all employees. The Remuneration Policy must comply with the remuneration principles applicable to all Evli employees.

The Group's remuneration model consists of the following elements:

- a competitive fixed basic salary constitutes a solid foundation for maintaining and constantly developing basic functions
- a variable remuneration, in accordance with the annual remuneration plan approved by the Board of Directors, to promote both Evli's short-term growth objectives and the attainment of its strategic targets
- long-term incentive programs to support the company's strategic development and to commit key employees to the company's business operations.

In accordance with the remuneration principles, the variable bonus may not exceed 100 percent of the annual fixed salary. Correspondingly, the variable remuneration and the long-term incentives may not exceed 200 percent of the annual fixed salary.

Decision-making relating to remuneration

The Remuneration Policy is prepared by the Board's Compensation Committee and approved by the Board for presentation to the General Meeting. Compliance with, and the performance and outcomes of, the remuneration model are monitored by the Compensation Committee appointed by the Board of Directors, and by the Board of Directors. The company's internal audit conducts an annual audit of the remuneration.

The remuneration of members of Evli Group's bodies is always decided by the body that has appointed them.

Evli's AGM decides on the compensations payable to the members of the Board of Directors. The company's major shareholders are responsible for preparing the remuneration proposal. The principles and elements of the remuneration of the CEO and any Deputy CEO are approved by Evli's Board of Directors in accordance with this Remuneration Policy. The Compensation Committee, appointed by the Board of Directors, prepares proposals on matters related to remuneration for decision-making by the Board. All changes to the CEO's salary and remuneration or executive contract are made by the Board of Directors based on a proposal by the Compensation Committee in accordance with the Remuneration Policy.

Remuneration of the Board of Directors

In general, the remuneration of the Board of Directors is decided by the General Meeting based on a proposal by the major shareholders. The decision on the remuneration of the members of the Board of Directors shall be based on the Remuneration Policy presented to the AGM and which is in force.

ELEMENTS OF THE REMUNERATION	PURPOSE AND LINK TO STRATEGY	DESCRIPTION
Fixed salaries	The aim is to recruit and commit high-quality experts to implement the company's strategy.	The base salary includes taxable fringe benefits (for example, a mobile phone). When evaluating the base salary level, a variety of factors can be taken into account, such as market conditions, competitiveness, past performance and individual skills, as well as experience in the company and in business management. The base salary is, in principle, reviewed annually.
Short-term incentives (STI)	The purpose is to encourage and guide in achieving short-term financial and operational goals.	The short-term incentive scheme is based on one-year performance criteria. Rewards are paid in cash after the end of the performance period, based on the achievement of the targets. The maximum pay-out for the annual incentive is capped. Short-term incentives are tied to the company's financial success, adherence to policies and guidelines, and ensuring solvency. The annual short-term incentive may not exceed 100 percent of the annual fixed salary of the person in question.
Long-term incentives (LTI)	The purpose is to encourage for long-term shareholder value growth and commitment to the company.	The Board of Directors decides on long-term incentives within the limits set by the Annual General Meeting. Long-term incentive programs generally include a minimum three-year earning period. The Board of Directors sets the targets, indicators and their weightings that may be the basis for the incentives. Long-term incentive programs can also be purely engagement programs if they are considered to support the execution of the company's long-term strategy. At the end of the earning period, the Board of Directors can evaluate the award criteria to determine the final payment level. The annual short- and long-term incentives may not exceed 200 percent of the annual fixed salary of the person in question.
Pension	The purpose is to provide a pension in accordance with local market practices.	The retirement age and any supplementary pension arrangements provided are decided by the Board of Directors in line with market practices.
Share ownership	The purpose is to ensure strong alignment between the interests of the CEO and the shareholders in the longer term.	The Board decides on the long-term target share ownership for the CEO.

The remuneration of the members of the Board of Directors consists of a fixed monthly compensation and possible compensation for meeting attendance. The Chairman of the Board of Directors and the chairmen of the committees appointed by the Board of Directors may be paid an increased compensation.

In situations in which a member of the Board of Directors participates in project-based activities to develop the company's operations outside the work carried out by the Board of Directors, a separate compensation may be paid for such work at the Board's discretion. In addition to the monthly compensation and compensation for meetings, the members of the Board of Directors are compensated for their travel expenses. In principle, the Board of Directors' compensation and allowance are paid in cash.

Remuneration of the CEO

The Board of Directors of Evli Group adopts the principles and elements of the CEO's remuneration on an annual basis in line with the Remuneration Policy in force. All changes to the CEO's salary and remuneration are subject to approval by the Board of Directors. The CEO's remuneration is comprised, in principle, of a fixed salary, variable remuneration, and long-term incentives and commitment programs. In addition, the CEO may be granted a separate, reasonable retirement plan or other benefits to ensure that a competent CEO is committed to the company's development.

The amount of the CEO's variable remuneration and the relative proportion to his fixed salary are within the limits set by financial regulations. The CEO's variable remuneration shall not exceed 100 percent of the CEO's annual fixed salary. Correspondingly, the CEO's variable remuneration and the long-term incentives may not exceed 200 percent of the CEO's annual fixed salary. The variable bonus is linked to the company's financial success and the achievement of its strategic goals. If deemed pertinent, the company may, by a decision of the Board of Directors, decide not to pay the variable bonus, in whole or in part. The Board decides on the long-term incentive and commitment schemes for the CEO on a case-by-case basis.

In certain circumstances, the company is obliged to defer payment of the variable bonus. In such case, the company will defer payment of the variable bonus in accordance with the regulations set by the financial market. The amount of the bonus payable after the deferral depends on the financial performance of the company during the deferral period and may even be zero. The company expects that the CEO will not hedge with his/her personal actions against any risk related to the amount or timing of future variable remuneration. In certain circumstances, the company may also reclaim a variable bonus already paid. The company shall also always have the right to reclaim a variable bonus already paid if, after such payment, it becomes apparent that the person receiving the bonus has endangered the financial position of the company, violated the company's operating principles and practices, or contributed to such conduct through neglect. The CEO has a notice period consistent with current market practices. Similarly, in cases where the CEO's contract is terminated by the company, he/she is entitled to severance pay in accordance with prevailing market practices.

The above matters concerning the CEO also apply to a potential Deputy CEO.

Conditions for temporary deviation

The remuneration of the company's bodies must, in general, be based on the Remuneration Policy approved by the General Meeting. Deviations from the policy's principles can only be made if the achievement of the company's long-term goals and strategy is otherwise judged to be at risk. The option to temporarily deviate from the Remuneration Policy of the bodies is intended to apply only in exceptional circumstances in which the core operating circumstances of a listed company have, after the General Meeting's consideration of the bodies' Remuneration Policy, changed as a result of a change of CEO or a merger or an acquisition proposal, and the existing Remuneration Policy is thus no longer appropriate in the changed circumstances.

If the deviation from the Remuneration Policy is expected to continue other than on a temporary basis, the company shall draw up a new Remuneration Policy, which will be discussed at the next AGM. Because of the provisions regarding the notice to the AGM and the availability of the meeting materials, there may be insufficient time to submit a new Remuneration Policy to the next AGM if the need for deviation arises close to the time of the meeting. In such a case, the Remuneration Policy shall be submitted to the General Meeting for which it can be appropriately prepared. If the temporary deviation from the Remuneration Policy concerns the remuneration of a new CEO or is due to a corporate restructuring or similar exceptional circumstances, the new remuneration terms will apply as agreed regardless of the duration of the temporary deviation. Deviations from the policies and principles of the policy are documented and reported to the Board of Directors and as part of the remuneration report at the AGM.

Remuneration Report 2020

Evli Bank Plc ("Evli" or "company") has published its first remuneration report in accordance with the Corporate Governance Code 2020 for the financial year beginning on January 1, 2020. This Remuneration Report sets out how Evli has implemented its Remuneration Policy in 2020 and presents the remuneration and other financial benefits paid to the members of the Board of Directors ("Board") and the Group's CEO during the year.

The Remuneration Report has been reviewed by Evli's Compensation Committee and approved by the Board. The shareholders will make an advisory decision on the approval of the Remuneration Report at Evli's Annual General Meeting 2021.

Overview of remuneration in 2020

Remuneration of the company's governing bodies is based on the Remuneration Policy that was presented for an advisory decision at the Annual General Meeting held on March 9, 2020. The policy will be applied until the Annual General Meeting 2024, unless the Board decides to bring it forward for an advisory decision at an earlier General Meeting.

The decision-making process on remuneration, as defined in the Remuneration Policy, has been followed in the remuneration decision-making in 2020. No temporary deviations from the Remuneration Policy were applied in 2020. Furthermore, the Board did not observe any circumstances or activities that would have resulted in a need to apply claw-back clauses applicable to the CEO's variable remuneration in 2020. Regardless of the extraordinary business environment caused by the COVID-19 pandemic, the Board did not deem it necessary to use its right to adjust the performance criteria applied in 2020.

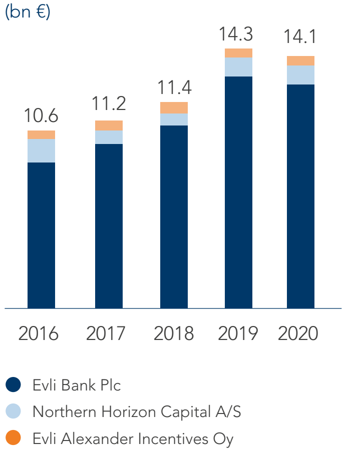
In line with the Remuneration Policy, remuneration in 2020 has supported Evli's business strategy with a focus on creating long-term growth and shareholder value. Although a significant part of the CEO's total remuneration is in the form of fixed payments, performance-based components are set to encourage the achievement of targets. Remuneration is balanced to avoid excessive risk-taking. The Compensation Committee has evaluated the CEO's remuneration for 2020 to ensure a competitive and fair total remuneration opportunity compared to relevant peers and the market. To encourage share ownership in the company, shareholding guidelines for the CEO were in place to further support and align shareholder and top executive interests.

Development of financial performance and remuneration

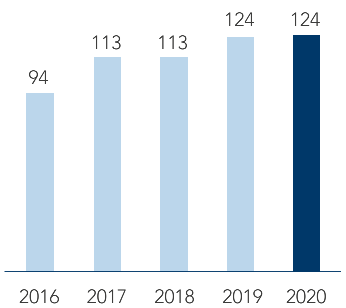
5-year development of financial performance

Evli's business has developed steadily over the past five years. The company has set four key performance indicators that it considers to be good proxies for its business performance. These are the development of assets under management, the recurring revenue ratio, return on equity and net commission income. From a shareholder perspective, the company has been able to provide stable returns to investors as depicted by dividend per share development.

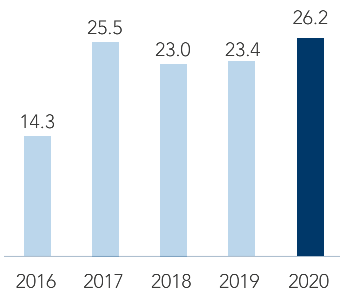
Net Assets Under Management (bn €)



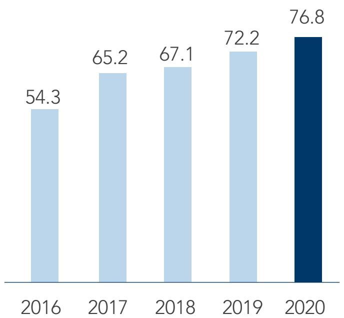
Proportion of recurring revenue to operating expenses (%)



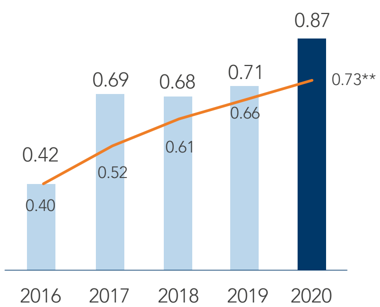
Return to equity (%)



Net commission income (M€)



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



*Diluted IFRS.
**Board of Directors' proposal.

5-year Development of Remuneration

	2016	2017	2018	2019	2020
Board of Directors					
Chairman of the Board of Directors, EUR	72,000	72,100	86,500	90,000	84,000
Development, %	-	0.1%	20%	4%	-7%
Chairmen of the committees (on average), EUR	52,400	52,400	70,834	72,000	67,200
Development, %	-	-	35%	2%	-7%
Other members of the Board of Directors (on average), EUR	49,200	49,200	60,000	60,000	56,000
Development, %	-	-	22%	-	-7%
CEO					
CEO, EUR	431,840	422,673	440,109	488,116[3]	446,605[4]
Development, %	-	-2%	4%	11%	-9%
Average employee salary					
Total salary costs, EUR	27,690,982	28,857,269	27,910,327	30,373,161	30,546,297
Number of employees at the end of the year	244	240	254	249	261
Average salary for the employees, EUR[1]	113,488	120,239	109,883	121,981	122,676
Development, %	-	6%	-9%	11%	1%
Financial performance					
Financial performance of the company[2]	60,016,144	71,399,497	68,508,584	75,797,457	79,700,850
Development, %	-	19%	-4%	11%	5%

[1] The salary development of the average employee is calculated from personnel expenses by deducting other personnel expenses from the total and dividing it by the number of employees at the end of the year.
[2] Development of net revenue
[3] In addition, the CEO subscribed to the 212,500 shares granted to him in the Option-program 2014. The total value of the subscription was EUR 1,810,500 based on the closing price on the subscription day. The gross earned income was EUR 1,388,800.
[4] In addition, the CEO subscribed to the 40,000 shares granted to him in the Option-program 2016. The total value of the subscription was EUR 372,000 based on the closing price on the subscription day. The gross earned income was EUR 93,732.

Remuneration of the Board of Directors in 2020

Evli Bank Plc's General Meeting decides on the compensations payable to the Board members. The Annual General Meeting of March 9, 2020 made the following resolution on the compensation for attendance at meetings payable to the Chairman of the Board and other members:

- Chairman of the Board EUR 7,500 per month
- Chairmen of the committees EUR 6,000 per month
- Members EUR 5,000 per month

The Board has established and appointed an Audit Committee and a Compensation Committee to prepare matters to be handled by the Board. In the spring the Board of Directors cut its compensations for four months due to the COVID-19 pandemic. In 2020, the total compensation paid to the Evli Group Board members amounted to EUR 386,400. This sum is made up of meeting participation fees related to the work carried out in the Board and its committees. In 2020, the Board members did not receive any shares or share-based rights as compensation for their work, nor were they granted any other benefits.

Compensation paid to the members of the board, €

	2020
Henrik Andersin, Chairman of the Board	84,000
Fredrik Hacklin, member of the Board of Directors	56,000
Sari Helander, member of the Board of Directors	56,000
Robert Ingman, member of the Board of Directors	56,000
Teuvo Salminen, Chairman of the Audit Committee	67,200
Mikael Lilius, Vice Chairman of the Board, Chairman of the Compensation Committee	67,200
Total	**386,400**

Remuneration of the CEO

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

Application of performance criteria in 2020

In 2020, Evli had a short-term incentive plan in place for the CEO. No long-term incentive plans were issued to the CEO during 2020. The purpose of the short-term incentive is to incentivise for the achievement of stretched financial and non-financial short-term targets aligned with the business strategy. The short-term incentive plan remuneration is dependent on the financial performance of Evli, as well as reaching strategic targets. The short-term incentive plan performance criteria are evaluated annually by the Board. The Board also resolves on the performance targets for the short-term incentive plan at the beginning of the financial year.

Short-term incentive plan criteria 2020	Weight
Evli Group financial performance	50%
Group level Key Performance Indicator targets	30-50%
Finalising strategic projects	0-20%

BUSINESS OVERVIEW RESPONSIBILITY FINANCIAL REVIEW GOVERNANCE

Although the business environment turned out to be extraordinary during 2020 due to the COVID-19 pandemic, no adjustments were made to the performance targets, due to Evli's relatively strong performance despite the challenging environment. The criteria outcome in the short-term incentive plan 2020 was at the target level. In accordance with the remuneration policy, the maximum earnings from the short-term incentive plan was 100 percent of the annual fixed earnings, while the maximum earnings from both the short-term and the long-term incentive plans were a maximum of 200 percent of the total fixed annual earnings. During 2020, the company paid the CEO the rewards that were earned for the short-term incentive plan 2019, based on the performance targets set for the financial year 2019 and for the long-term retention plan 2016-2020.

Share-Based Incentives

The purpose of the share-based retention plans is to encourage the executives and the selected key employees to work on a long-term basis to increase shareholder value and to commit to the company. The shares are paid after a vesting period of a minimum of three years, provided that the person in question is still employed by Evli. The Board decides annually on the issuance of new plans based on the Compensation Committee's proposal within limits provided by the General Meeting.

The Restricted Share Plan offers an opportunity to earn a predetermined number of the company's shares as a reward for continuous service and retention. Evli's Restricted Share Plans consist of one to three, annually commencing periods followed by vesting periods of a minimum of three years. After the vesting period, shares in the Restricted Share Plans are usually delivered to the participants provided that their employment with the company has continued uninterrupted throughout the duration of the plan and until the shares are delivered. The vesting period is further followed by a one-year waiting period in accordance with the regulation set for the financial sector. The possible rewards under the Restricted Share Plans are paid as a combination of shares and cash. The cash component is dedicated to cover the taxes and tax-related costs related to restricted shares.

Payment schedule for share based incentives

	Restricted Share Plan 2017			Restricted Share Plan 2018			Restricted Share Plan 2019
	Installment I	Installment II	Installment III	Installment I	Installment II	Installment III	
Grant Date	5.9.2017	10.9.2018	14.6.2019	8.6.2018	Not granted	11.6.2020	14.6.2019
Payment	23.9.2020	30.9.2021	30.9.2022	30.6.2021	30.6.2022	30.6.2023	30.6.2023
Vesting	30.9.2021	30.9.2022	30.9.2023	30.6.2022	30.6.2023	30.6.2024	30.6.2024
Granted Reward Shares (gross)							
Maunu Lehtimäki, CEO	-	-	-	-	-	-	50 000
Juho Mikola, Deputy CEO	9 200	9 200	9 200	4 667	-	4 667	30 000

Summary of share based incentives paid to CEO in 2020

Plan	Granted	Granted options	Subscription period
Option Program 2016	August 19, 2016	40,000	June 1, 2020 to August 31, 2020

Remuneration of the CEO in 2020

Evli's CEO in 2020 was Maunu Lehtimäki. The CEO was paid EUR 343,440 in salary and fringe benefits, performance bonuses amounting to EUR 58,849 and a supplementary pension of EUR 51,516, totalling EUR 453,805. In addition, the CEO subscribed to the 40,000 shares granted to him in the Option-program 2016 at a price of 6.992 euro/share. The total value of the subscription was EUR 372,000 based on the closing price on the subscription day.

The CEO has no significant separate fringe benefits and is covered by the shared Evli Group reward system. 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 12-months' salary if the CEO´s contract is terminated by the company.

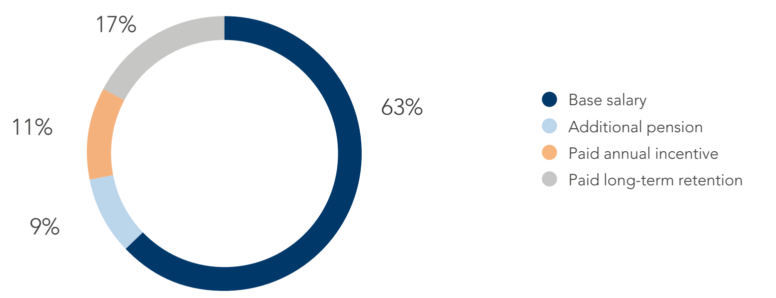
Remuneration of the CEO in 2020

CEO, €	Base salary	Additional pension payment	Paid annual incentive	Paid long-term retention	Total paid compensation	Earned annual incentive	Earned long-term retention	Total earned compensation
CEO, Maunu Lehtimäki	343,440[1)]	51,516	58,849[2)]	93,732[3)]	547,537	144,422 [4)]	-*[5)]	144,422*[6)]

[1)]Including fringe benefits
[2)]Earned in 2019.
[3)]Long-term retention for 2016-2020. 40,000 gross shares at July 15, 2020 share price EUR 6.992.
[4)]Earned in 2020, paid in 2021.
[5)]No long-term retention plans introduced for the CEO in 2020.
[6)]Total Annual incentives and long-term retention earned in 2020.

*Actual value depends on Company share price at the reward payment date. For illustration purposes valued here using share price when plan was introduced.

Structure of paid compensation in 2020



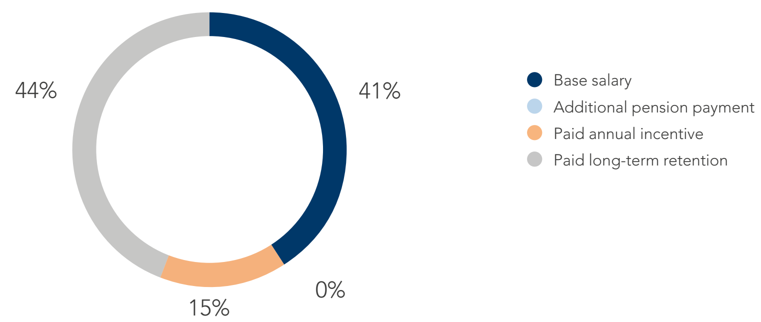
Remuneration of the Deputy CEO in 2020

Deputy CEO, €	Base salary	Additional pension payment	Paid annual incentive	Paid long-term retention	Total paid compensation	Earned annual incentive	Earned long-term retention	Total earned compensation
CFO, Deputy CEO, Juho Mikola	163,200[1)]	-	58,849[2)]	171,953[3)]	394,002	99,602 [4)]	-*[5)]	99,602 *[6)]

[1)]Including fringe benefits
[2)]Earned in 2019.
[3)]Long-term retention for 2016-2020. 35,000 gross shares at July 15, 2020 share price EUR 6.992.
[4)]Earned in 2020, paid in 2021.
[5)]No long-term retention plans introduced for the Deputy CEO in 2020.
[6)]Total Annual incentives and long-term retention earned in 2020.

*Actual value depends on Company share price at the reward payment date. For illustration purposes valued here using share price when plan was introduced.

Structure of paid compensation in 2020



Board of Directors

The composition of the Board of Directors was resolved at Evli Bank Plc's Annual General Meeting on March 9, 2020.

Shareholdings on December 31, 2020

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 and Oy Scripo Ab
- 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 Oy Scripo Ab 3,803,280 A shares and 950,820 B shares

Fredrik Hacklin, born 1978
Ph.D. (Management), M.Sc. (Engineering)

- Professor of Entrepreneurship at Vlerick Business School, associate professor at ETH Zurich
- Previous positions at Booz Allen Hamilton, Harvard University, Ericsson
- Advised multinationals and governments on entrepreneurship, strategy and technology management
- Member of the Board of Directors of Evli Bank Plc since 2019
- Shareholding: 2,150 B shares

Sari Helander, born 1967
M.Sc. (Econ.)

- Partner, Greenstep Oy
- Previously served as CEO, Greenstap Oy. Before this Senior Vice President (Logistics Solution) and CFO at Posti Group Corporation and Vice President, Business Reporting & Control Nokia Corporation
- Member of the Board of Directors of Enersense International Plc and Member of the Supervisory Board of LocalTapiola General Mutual Insurance Company
- Member of the Board of Directors of Evli Bank Plc since 2019
- Shareholding: 3,300 B shares

Robert Ingman, born 1961
M.Sc. (Tech.), M.Sc. (Econ. and Business Administration)

- Chairman of the Boards of Directors of Ingman Group Oy Ab, Ingman Finance Oy Ab, Ingman Development Oy Ab, Digia Oyj, Etteplan Oy, Halti Oy and Qt Group Ltd
- Member of the Board of Directors of Evli Bank Plc since 2010
- Shareholding: 1,860,000 A shares and 652,000 B shares*

*Includes holdings of Ingman Group Oy Ab

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 Outotec Oyj
- Member of the Board of Directors of Evli Bank Plc since 2010
- Shareholding: 40,760 B shares

Teuvo Salminen, born 1954
M.Sc. (Econ. and Business Administration)

- Various supervisory positions in Pöyry Plc 1985-2009
- Chairman of the Board of Directors of Glaston Oyj and T2H Oy, Member of the Boards of Directors of Cargotec Oyj and 3Step It Group Oy
- Member of the Board of Directors of Evli Bank Plc since 2010
- Shareholding: 70,000 B shares

BUSINESS OVERVIEW

RESPONSIBILITY

FINANCIAL REVIEW

GOVERNANCE

Executive Group

Shareholdings on December 31, 2020

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

- Chief Executive Officer
- Joined Evli Bank Plc in 1996
- Shareholding: 533,728 A shares and 171,031 B shares

Mari Etholén, born 1973
LLM

- Legal and human resources functions
- Joined Evli Bank Plc in 2001
- Shareholding: 60,000 A shares and 16,306 B shares

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

- Execution and Operations unit
- Joined Evli Bank Plc in 1997
- Shareholding: 59,691 A shares and 114,249 B shares

Juho Mikola, born 1981
M.Sc. (Econ.)

- Financial and Group administration, Deputy CEO
- Joined Evli Bank Plc in 2004
- Shareholding: 68,000 A shares and 32,787 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

Kim Pessala, born 1969
M.Sc. (Econ.)

- Institutional clients
- Joined Evli Bank Plc in 1995
- Shareholding: 12,331 A shares and 92,331 B shares

Mikael Thunved, born 1965
B.Sc. (Econ.)

- Corporate Finance business area
- Joined Evli Bank Plc in 2002
- Shareholding: Holdings through controlled company 95,000 B shares

Evli Pankki_WM (in Finnish)
Evli Research (in Finnish)
Evli Fund Management Company (in English)

Evli - Sijoittajan Pankki (in Finnish)
Evli Fund Management Company (in English)
Evli Research (in Finnish)

Evli Bank Plc (in Finnish)
Evli Fund Management Company (in English)

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