Increasing clients' wealth as our mission

EVLI

EVLI BANK PLC
ANNUAL REPORT
2018

Contents

Year 2018 in brief

In 2018 Evli continued to develop its digital services and to create unique client experiences as well as streamlining processes. Projects to improve client experience and digitalization included among others improving the My Evli online service and focusing on fast client feedback and systematically analysing the received feedback.

CEO'S REVIEW

Our strategy proved itself

In 2017, we decided that focus areas for our growth would be sales of selected fund products to international institutional clients and offering new alternative investment products to Finnish customers. This growth strategy proved successful in 2018 as our commission income grew on the year before. However, the lack of performance-based fees and lower returns from trading activities meant that our profit performance did not fully meet our expectations.

Even though total net subscriptions of Finnish fund management companies were negative in 2018, net subscriptions of Evli's funds grew by approximately half a billion euros. At the end of the year, our fund capital stood at EUR 7.8 billion, making Evli Finland's fourth largest fund management company. This is a good achievement, especially given the decline in market values at the end of the year. The net subscriptions of our funds were more or less evenly distributed between Finland and abroad. Roughly one half of the subscriptions from abroad came from Sweden and the rest came from our markets in Europe. At the end of 2018, approximately EUR 2 billion of our client assets under management came from outside of Finland.

Our strategic choice to develop and sell alternative investment products to domestic customers has proved to be a sound one. The Evli Healthcare I Ky fund that was set up at the beginning of 2018 and invests in Finnish nursing and healthcare properties, reached its target of approximately EUR 200 million. During the year, we expanded our offering of alternative investment products also by setting up Evli Rental Yield non-UCITS fund that invests in commercial real estates and Evli Growth Partners fund that invests in Finnish non-listed growth companies that have passed the start-up stage. In addition, we signed an agreement in December on buying Ab Kelonia Placering Oy. With this deal, the management of the private equity fund investments of nine important Finnish foundations, totaling some EUR 210 million, is transferred to the Evli Group. In the future, we will offer our clients an opportunity to invest in leading international private equity funds through well diversified and professionally managed private equity funds.

In traditional funds, there is constant price-pressure on fees as passive index funds displace actively managed ones. This is not the case with alternative investment funds and hence their positive impact on profit is substantial. At the end of 2018, the total capital in our alternative investment funds was approximately EUR 300 million, which produces some EUR 4 million in recurring annual fee income.

Increase in commission income did not fully cover decline in other income statement items

During the year, our profit performance was influenced by several positive and negative factors. Due to successful product and service development and efficient sales, client assets under management increased to EUR 11.4 billion and our commission income grew by about three percent to EUR 67.1 million.

However, our operating profit was eleven percent lower than in 2017, largely due to two factors. We earned very few performance-based fees as the stock market was in a decline, whereas in 2017 they came to some EUR 2.5 million. In addition, the returns from our treasury operations and market-making fell well short of 2017 due to a challenging market environment.

To sum up, our underlying business developed relatively well during 2018, but due to weaker market performance, the year did not meet performance expectations.

Business model targets excellent return on equity

Wealth management has been at the core of our business operations for years, supported by our other operations. This has been a successful strategic choice, as indicated by the about twelve percent average annual growth of client assets under management over the past five years.

By improving the scalability of our operations in the past few years, we have increased the revenue and commission income from wealth management without costs increasing in the same proportion. We have also decreased our balance sheet total at the same time, and as a result, our return on equity has grown considerably. We will continue to seek a high return on equity by further decreasing the balance sheet and focusing our earnings logic on commission income growth.

In addition to scalability, key factors in our business model are a strategic positioning that is based on a client-oriented approach and solid in-house expertise as well as brand building that takes into consideration the special characteristics of our various market areas.

Responsibility is part of all our daily operations

As responsibility increases in importance in all sectors of society, a growing number of investors are seeking investment and asset management solutions and investment services in which environmental and social responsibility are integrated. This means that responsibility in investment operations and our own operations is a prerequisite and a significant competitive advantage. In 2018, we developed the company's overall responsibility more systematically so that we can direct capital to responsible business operations and be a good corporate citizen in our own operations on a daily basis.

Regular analysis of responsibility factors and taking them into account in investment choices are an essential part of our portfolio management. In addition, our decission making tools include active ownership to promote the responsibility of the practices of our investments.

In our own business operations, we seek to integrate responsibility into our interaction with all stakeholders. As a company offering expert services based on a high level of know-how, promoting the well-being of our own personnel and the continuous development of their skills are vital elements of responsibility.

We continue to develop our simply unique operations

In accordance with our strategy, we will continue to focus on delivering a unique client experience, on simplifying and enhancing our processes and systems, on decreasing our cost structure and developing our digital services.

Our projects to improve client experience in 2018 included improving the features of the My Evli online service and transitioning to a fully paperless office and focusing on collecting client feedback in wealth management. In 2019, we will carry out an extensive core system reform, focusing on wealth management, that will enable us to simplify our internal processes and reduce the amount of routine work.

We also have several projects under way to reduce costs. We have among other things discontinued our market-making operations, as well as renounced our bond and stock brokerage operations in Sweden. In addition to their impact on costs, these measures will reduce our risks and reinforce our focus on wealth management operations that accumulate recurring commission income.

The weakening of the market conditions after several years of expansion is likely to increase consolidation in our industry. Due to our sufficiently large size, the strength of our finances and our commited shareholders, we do not actively seek to participate in M&A transactions, in case we do not see them to support our strategy and increase shareholdervalue. On this basis we can continue to follow our strategic path regardless of business cycles.

Due to the weakening of market conditions, the outlook for 2019 has become challenging. However, we estimate that by continuing to invest in our strategic focus areas and concentrating on achieving stable and profitable growth, our result for 2019 will be clearly positive.

Maunu Lehtimäki
CEO

HIGHLIGHTS OF 2018

Client assets under management increased to EUR 11.4 billion

OOPPERA BALETTI

6.2.2018

Collaboration with the National Opera and Ballet

Evli started collaboration with the National Opera and Ballet at the beginning of 2018. With the partnership, Evli wants to support Finnish culture, creativity and skills.

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

6.2.2018

Among Finland's most inspiring workplaces

Evli was selected as one of the most inspiring workplaces in Finland. The acknowledgement is granted to the Finnish companies reaching the best results in the PeoplePower® employee survey carried out by Corporate Spirit.

8.2.2018

A new fund investing in care facilities

Evli Fund Management Company expanded its offering of alternative investment products by establishing Evli Healthcare I Ky. The fund's strategy is to invest in Finnish nursing and healthcare properties that provide stable cash flow through long-term rental agreements with stable tenancy.

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

12.2.2018

Collaboration with a German fund distributor

Evli Fund Management Company expanded its European distribution network and started fund distribution to institutional investors in Germany. Evli teamed-up with Accelerando TPM which is part of the Accelerando associates GmbH group, for its German market distribution.

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

In 2018 net subscriptions of EUR 0.5 billion were made to Evli's funds, which was the most in Finland. Company's fund capital increased to EUR 7.8 billion and market share grew to 7.1 percent, making Evli Finland's 4th largest fund management company.

25.4.2018

A new real estate fund

Evli Fund Management Company's offering of alternative investment products was expanded by establishing Evli Rental Yield. The fund gives investors the opportunity to invest in a high quality and diverse real estate fund.

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

14.12.2018

Evli acquired Ab Kelonia Placering Oy

Evli Fund Management Company agreed to acquire the entire business of Ab Kelonia Placering Oy. Kelonia Placering is an investment company specializing in private equity investment. In the acquisition Kelonia Placering's assets under management of approximately EUR 210 million and the company's business operations are transferred to Evli.

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

14.12.2018

A new fund investing in growth companies

Evli Fund Management Company expanded its offering of alternative investment products further by establishing EGP Fund I Ky. The fund invests in Finnish non-listed growth companies that have passed the start-up stage.

Award-winning service in 2018

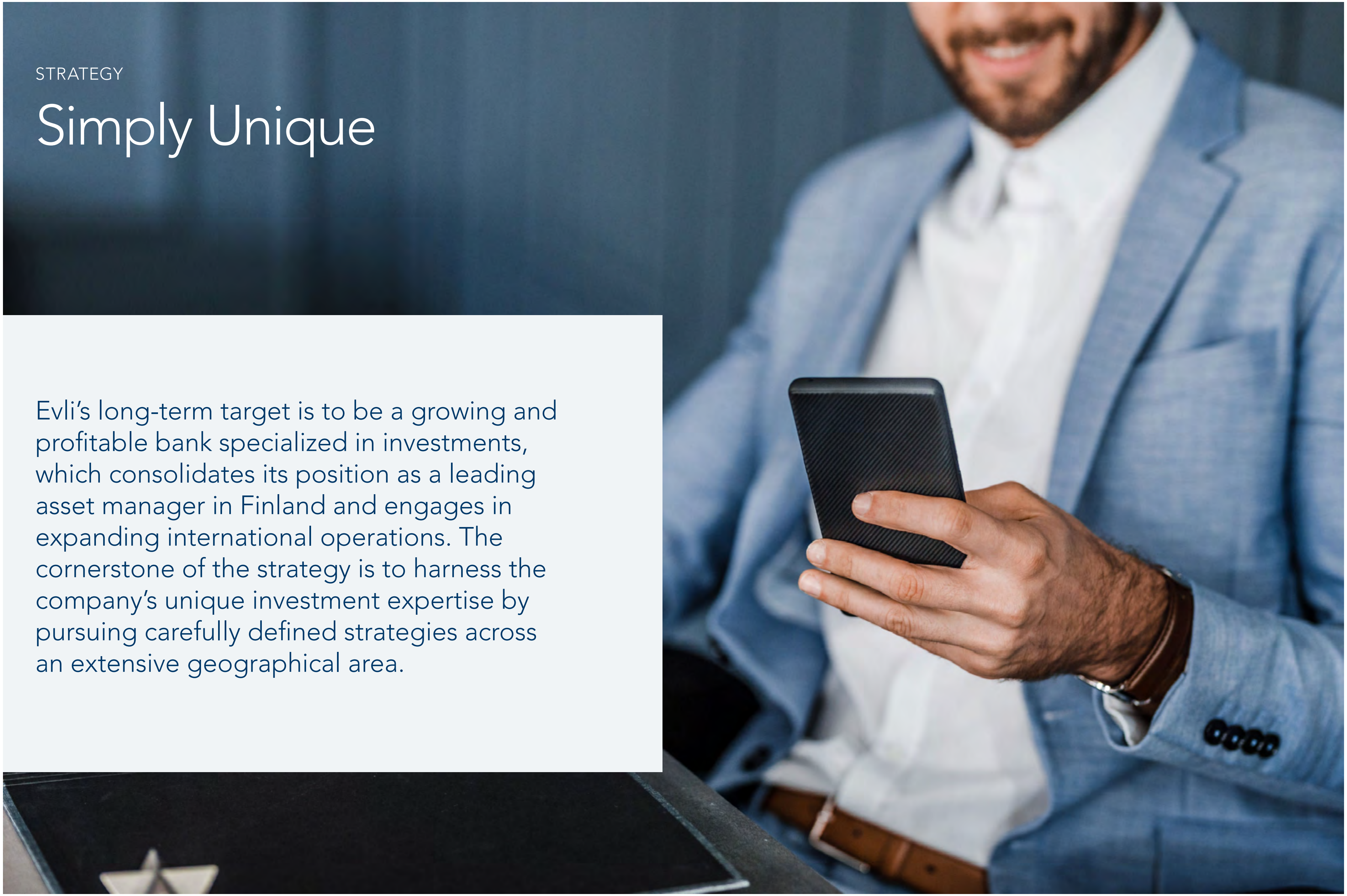
- **Best Institutional Asset Manager in Finland**
  Institutional investors ranked Evli as the best institutional manager for the 4th consecutive year in KANTAR SIFO Prospera's "External Asset Management 2018 Finland" -survey and SFR Scandinavian Financial Research Institutional Investment Services, Finland 2018.

- **Euromoney awarded Evli's services to wealthy private individuals**
  Evli Bank's services to wealthy individuals, digital customer experience, financial research and capital allocation were awarded best in Finland in Euromoney's Private Banking and Wealth Management 2018 survey.

- **Spanish FundsPeople awarded Evli's funds**
  One of Spain's most read magazines by institutional clients, FundsPeople awarded Evli Corporate Bond, Evli European High Yield, Evli Global, Evli Nordic Corporate Bond and Evli Short Corporate Bond funds for consistent investment activity.

- **Evli Corporate Bond B awarded in Finland, France and Spain**
  Evli Corporate Bond B fund was awarded the best EUR Bond Fund in Morningstar's Award ceremonies in Finland, France and Spain.

- **Four Lipper fund awards**
  Evli was named the "Best Group over 3 years - Bond Small Company" at the Lipper Fund Awards 2018 in France. Evli Short Corporate Bond B, was named "Best Fund over 3 years" in the "bond EUR corporates short term" category at the Lipper Fund Awards 2018 Europe. The fund was also named both "Best Fund over 3 years" and "Best Fund over 5 years" at the Lipper Fund Awards 2018 in France.



STRATEGY

Simply Unique

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

EVLI IN BRIEF

A bank specializing in investments

Evli is a bank specialized in investments that helps institutions, corporations and private persons increase their wealth. The company's operations are divided into two segments, Wealth Management and Investor Clients, and Advisory and Corporate Clients, which are supported by the Group Operations. Finland accounts for the largest share of the company's revenue, while the other Nordic countries and Europe also are important market areas.

Net Revenue, M€

68.5

(2017: 71.4 M€)

Net Comission Income, M€

67.1

(2017: 65.2 M€)

Net Operating Profit, M€

18.9

(2017: 21.3 M€)

Personnel

254

(2017: 240 M€)

EVLI IN BRIEF

Annual growth in Assets under Management (2014-2018)

+11.6%

Finland's 4th largest fund management company, market share

7.1%

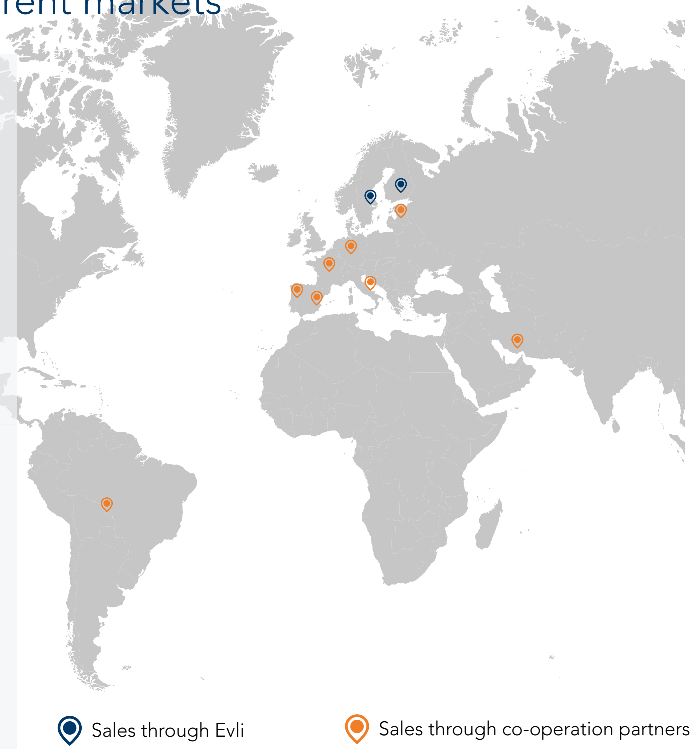
(2017: 6.6%)

Net Assets under Management EUR 11.4 bn

Branding reflects Evli's competitive advantage in different markets

Finland & 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 7.1%
- Employs 164 investment specialists in Finland and Sweden
- Best and most used institutional asset manager in Finland*.

Advisory and Corporate Clients

- Product and service offering
  - Corporate Finance: Financial advisor in financial arrangements for listed and unlisted companies
  - Evli Awards Management: Incentive plan administration for listed and unlisted companies
  - Evli Research Partners: Research services to small and mid-sized listed companies
- Employs 42 persons in Finland and Sweden.

*KANTAR SIFO Prospera External Asset Management Finland 2015, 2016, 2017, 2018 and SFR Institutional Asset Management -surveys 2015, 2016, 2017,2018

BUSINESS MODEL

Added value with stable earnings development

Resources

Personnel
- 254 investment specialists.

Offices and distribution network
- 3 offices;
  Helsinki, Turku and Stockholm
- 6 tied agents
- Distribution through partners and own offices in 11 countries.

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

Financial resources
- Balance sheet EUR 815.5 million
- Equity EUR 77.4 million
- Assets under Management EUR 11.4 billion
- Net revenue EUR 68.5 million.

Processes
- Product development
- Sales processes
- Utlization of automation, artificial inteligence and robotization
- Personnel management.

Mission:
Increasing clients' wealth according to their individual targets.

Vision:
Clients consider Evli Simply Unique by offering high quality services and unique customer experience.

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.

Private persons and institutions

Corporations

Advisory and Corporate Clients:
Corporate advisory services as well as incentive program administration and 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, communication, law and compliance

Strategy:
More information on pages 12-14.

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:
- On average 250 persons
- Salary and bonuses EUR 22.7 million
- Pension expenses EUR 4.0 million
- Personnel training EUR 0.5 million.

Owners and investors:
- Dividend proposal EUR 0.61/share
- Equity/share EUR 3.27
- Stable development
- Responsible investment.

Society:
- Investments EUR 2.2 million
- Paid taxes EUR 4.2 million
- Collaboration, support and sponsorship with universities, entrepreneurs as well as sports and culture.

MEGATRENDS

Operating environment in transition

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

	Megatrend	Client needs	Opportunities for Evli	Challenges for Evli
Digitalization	Digitalisation makes it possible to provide the services in a wider geographical area. Clients can be served more cost-efficiently and individually. Digitalisation also generates new competition across sectorial boundaries.	Clients want to invest regardless of time and place. Clients demand smoother and more personalized service solutions that seamlessly integrate the ease and speed of technology and the individuality brought by personal service.	Develop Evli's service models and processes even more digital to provide integrated service packages and new service models, as well as make internal processes more efficient. Opportunity to serve new market areas and client groups.	Invest in those development areas and the skills of the personnel that will have a significant impact on the operating environment in the future. New service solutions and distribution channels offered by new competitors. Cybersecurity must be taken into account in every aspect of digitalisation.
Regulation	Regulatory and reporting requirements in the financial sector have increased strongly over the past decade and will continue to increase.	From the client's point of view, tighter regulation will improve consumer protection, contributing to more transparent procedures.	The agility of a medium-sized operator to respond fast to changes and the resources to act according to new requirements, among others. Developing information systems and educating the personnel to meet regulatory requirements.	Additional resource requirements as a consequence of the increasing regulation and the impact of unforeseen regulation.
Responsibility	The importance of responsibility in investment operations will increase further as concerns about the environment and the future in general grow within the population.	Clients increasingly demand that responsibility is taken into account in investment operations and seek investment and asset management solutions that integrate environmental, social responsibility and good governance (ESG). In addition, the importance of transparent and open communication is increasing.	Integrating responsibility in investment activities offers competitive advantages and growth opportunities. In addition, new reporting practices and more transparent client communication support responsible operations.	Integrate responsibility to all business areas and the increasingly international business.
Aging population	The financial sector is challenged by social change, such as population aging and the restricted ability of the aging population to use digital services.	Increased need for investment products and services that take into account individual needs and to safeguard the standard of living and well-being at retirement. Skills for using new technology divides the population roughly in those who are willing and capable to use it and those for whom it is challenging.	Opportunity to grow the client base and sales by offering customized product and service solutions through both traditional and digital channels.	Developing the right product and service solutions that meet the demands of different generations.

STRATEGY

Simply Unique

Evli's target is to be a growing and profitable bank specialized in investments, which consolidates its position as a leading asset manager in Finland and engages in expanding international operations. The cornerstones of the strategy are international growth, steady growth in the home market, the development of new products and services, as well as the creation of unique customer experiences and the utilization of digitalization.

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 the position as a leading asset manager. Given the substantial share of the domestic market and the small size of the market, international growth is, however, 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 associated with Nordic countries. Compared with large international fund houses, Evli's relatively smaller size enables agility and more personalized service. Evli leverages competitive advantage by focusing on increasing the international sales of selected funds to institutional investors through carefully selected partners.

New and more comprehensive product and service offerings

In addition to the international growth, an important strategic priority is the expansion of the product and service offering to private individuals, institutions and corporations. The offering is expanded by further developing the alternative investments product offering to private individuals and institutions. Aside from the alternative investment products offered to international investors by Northern Horizon Capital, an affiliated company, Evli offers Finnish investors multiple alternative investment products and the aim is to turn the asset class into a major source of revenue.

In addition, the service concept to corporations based on the creation of a unique system geared to increasing shareholder value is constantly being further developed. Companies are offered both corporate advice and services related to M&A activity, as well as management of incentive plans and corporate analyses. The aim is to increase sales of these services in Finland and Sweden.

Creating a superior customer experience

Evli's vision is to ensure that it is perceived as "Simply Unique" in offering a high standard of service and an unsurpassed customer experience 24/7. The aim of the development of product and service concepts is to offer clients more flexible services with regard to individual needs and requirements. The key products and services consist of innovative institutional 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.
More about the measurement of customer experience on page 21

Digital service models to respond to market development

Evli's business environment is increasingly becoming digital and as part of this change, customers are increasingly seeking digital investment service solutions. Evli invests heavily in the development of digital services alongside traditional service models. Improving efficiency is also critical for the company's success in a digitalized business environment. Process automation, robotic process automation and artificial intelligence will, in the future, play an increasing role in the daily activities of the investment services industry. They also have a direct impact on client experience in the form of smooth performance of the services. To maintain its competitiveness, Evli will continue to increase investments in digital services and automation of its practices.

Responsibility is an integral part of Evli's strategy and day to day operations. Responsible investments and operations are a significant competitive advantage for Evli. Therefore, Evli wants to strenghten its corporate image as a responsible company.
More about Evli's corporate responsibility on page 15-36

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

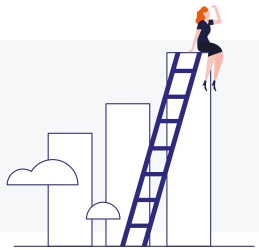
Ethical business
Sustainability
Transparency
Climate change

Digitalization

Artificial Intelligence
Robotization
Big data
Cyber risks

Strategy

Growth



- International growth through selected fund products
- Stable growth of Assets under Management in the domestic market

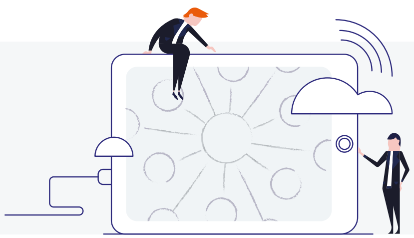
New products and services

- Alternative investment products to private clients and institutions
- Development of the intergrated corporate service model to corporate clients

Customer experience

- Perceived as "Simply Unique" by customers
- High standard of service and an unsurpassed customer experience 24/7

Digitalization



- New digital investment solutions and service models
- Utilization of process automation, software robotics and artificial intelligence

Targets

BUSINESS DEVELOPMENT AND PROFITABLE GROWTH

Return on Equity

Assets under Management

Recurring Revenue to Operational Costs

Net Fee Income

Strategy development

Cornerstones of the strategy

Growth
- International growth through selected fund products
- Stable growth of Assets under Management in the domestic market.

New products and services
- Alternative investment products to private clients and institutions
- Development of the intergrated corporate service model to corporate clients.

Customer experience
- Perceived as "Simply Unique" by customers
- High standard of service and an unsurpassed customer experience 24/7.

Digitalization
- New digital investment solutions and service models
- Utilization of process automation, software robotics and artificial intelligence.

2018 outcomes

International growth
- New markets: Germany and Portugal
- International Assets under Management EUR 1.9 billion (2017: EUR 1.7 billion).

Stable growth in Finland
- Assets under Management in Finland EUR 9.5 billion (2017: EUR 9.5 billion)
- Finland's 4th largest fund management company.

Alternative investment products
- Total equity EUR 312 million
- New alternative investment funds, Evli Healthcare I and Evli Rental Yield, as well as the new private equity fund, Evli Growth Partners
- The private equity operations were expanded by acquiring the business operations of Ab Kelonia Placering Oy.

Improving customer experience
- A new beta version of the My Evli online service was launched
- Client satisfaction average 4.6* in the continuous client satisfaction measurment
- Finland's best and most widely used institutional asset manager**.

New digital investment solutions
- New features in the My Evli online service
- Improvements in electronic reporting.

Utilize automation, robotics and artificial inteligence
- 5 robots in use in Back Office.

2019 targets

International growth
- Deepen the presence in current markets and open up one new market
- Increasing brand awareness.

Stable growth in Finland
- Increasing net sales to individuals and institutions
- Increasing share of wallet of current clients.

Alternative investment products
- Integrate the alternative investment products as part of the comprehensive wealth management service
- Launch 1-2 private equity fund of fund products and 1-2 new other alternative investment products.

Integrated corporate service model
- Launch the share plan administration in Sweden and seak to further increase sales in Finland
- Increase the amount of equity research clients in Finland.

Improving customer experience
- A new version of the My Evli online service
- Improving user experience of Evli Digital
- New www.evli.com
- Further improving the average score of the continuous client satisfaction measurement.

New digital investment solutions
- Implementation of the new NAV calculation and portfolio management systems
- Outsourcing depository services to better meet the demands of international clients
- Enhancing internal processes through digitalisation.

*Scale from 1-5. The measurements were started in the middle of 2017, therefore no comparison figure is available.
**KANTAR Sifo Prospera 2015, 2016, 2017, 2018 and SFR Scandinavian Financial Research Finland 2015, 2016, 2017, 2018

RESPONSIBILITY

Responsibility as a competitive advantage

Responsibility in both investment and business operations is a prerequisite for Evli's operations and a competitive advantage. In 2018, Evli continued to develop its responsibility by, among other things, participating in several initiatives to combat climate change, developing its diversity and publishing its first broader corporate responsibility report.

Responssibility highlights 2018

Evli's customer satiscation

4.6

(scale 1-5).

The Sustainable Corporate Finance concept was launched to a wider audience. The concept is about work-life balance and a sustainable work environment.

Institutional investors awarded Evli's responsible investment best in Finland in client survey by KANTAR Sifo Prospera.

Comprehensive ESG-reporting of

24

mutual funds.

Evli Bank's Board of Directors approved Evli Group's diversity policy and goals for 2022.

Evli was part of many initiatives to combat climate change, for example Climate Action 100+, PRI's collaborative engagemnet and the Investor Agenda Statement to Governments on Climate Change.

In the Corporate Spirit's personnel survey Evli was again awarded as one of Finland's most inspiring workplaces and received a 6th place among the mid-sized organizations.

Evli's values and transparency at the core of responsibility

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

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

Responsibility stems from 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 wishes to be a responsible member of society and is committed to taking into account both the direct and indirect environmental impact of its operations. Because corporate responsibility is part of Evli's everyday business operations, its annual report includes a corporate responsibility report. The corporate 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. The corporate responsibility report concerns the January 1 to December 31, 2018 financial period.

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

Responsibility reported for the first time in accordance with the GRI standard

The corporate responsibility report includes a GRI report which has been drawn up in accordance with the Global Reporting Initiatives (GRI) 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. For the first time, Evli is using the GRI standard as a framework for its report. In the future, the corporate responsibility report will be based on the GRI standard where applicable and be included in the annual report. The GRI content comparison on pages 33-36 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 concern the operations of the Group as a whole unless otherwise is 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.

All employees are part of the responsibility execution at Evli

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 Head of Sustainability 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 influence on responsibility. This is why Evli has invested most in the development of responsible investment in recent years. Evli has a Responsible Investment team that carries out responsible investment under the Head of Sustainability. The team was reinforced in 2018 to counter increased client demand.

Compliance with the principles of responsible investment at Evli is supervised by the Responsible Investment Steering Group. The members of the Steering Group include the management of the Wealth Management unit and the portfolio management teams and it meets approximately every three months. Evli's Responsible Investment Steering Group convened four times in 2018, in addition to which it held a workshop on strategy. The progress of responsible investment is reported annually to Evli Bank's Executive Group.

The Green Office team, which includes members from different business areas, focuses on Evli's own environmental impact. The task of the team is to coordinate Evli's environmental program and to increase its personnel's awareness of responsible operations together with the Head of Sustainability.

Continuous dialogue with principal stakeholders

Active and open dialogue with the principal stakeholders helps Evli to identify the areas of its operations that should be prioritized and developed. Regular work with different stakeholders forms a foundation for understanding their views and needs. Correspondingly, it is important to tell stakeholders about the company's goals, execution policies, values and operating principles. This helps create common understanding and trust concerning business operations and factors that influence it. The company's principal stakeholders are its clients, personnel, owners, investors, the authorities, partners and media. The dialogue is based on continuous discussions, meetings and online questionnaires, such as client and personnel satisfaction surveys.

STAKEHOLDERS	STAKEHOLDER'S EXPECTATIONS	CHANNELS	EVLI'S ACTIONS IN 2018
Clients	• Competitive products and services • Return on investments • Useful auxiliary and advisory services • Reliability • Data protection • Service channels that meet needs • Responsible operations	• Questionnaires and feedback channels • www.evli.com, My Evli online service and social media channels • Client meetings, events and seminars • Email messages, phone calls and newsletters	• Developing and launching new alternative investment products • Developing internal processes to enhance operating efficiency • Developing digital service models • Developing operations with the help of continuous client feedback
Personnel	• Fair treatment and open interaction • Job stability and competitive pay • Opportunities for professional development • Occupational health and well-being	• Intranet and the Sympa HR personnel system • Internal blogs • Occupational healthcare • Performance reviews and training events • Corporate Spirit personnel satisfaction survey and other internal surveys • Personnel events and information events	• New diversity program • Professional development through the Evli Academy training program • Helping team leaders to improve their work • Developing Evli's operations based on personnel surveys • Development of occupational health and work well-being
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, annual report • Corporate Governance Statement • Stock exchange and press releases • Annual General Meeting • Investor and analyst meetings • www.evli.com	• Continued implementation of the strategy launched in 2017 • Developing business and improving internal efficiency to achieve stable profit performance • Taking responsibility into account in all business operations
Partners (including agents and distributors)	• Fair and equal treatment • Competitive products and services • Reliability and capital adequacy • Two-way communications	• www.evli.com and social media channels • Meetings and training • Email messages and phone calls	• Information and trainings about products and services • Developing operations based on feedback from partners
The authorities	• Compliance with laws and regulations • Integration of sustainable development with operations • Open, transparent and reliable reporting • Continuous interaction	• Meetings • Participation in events and training • Phone calls and emails	• Compliance with new laws, regulations and provisions and developing business operations to adapt to changes in the operating environment • Open communications and dialogue with the authorities
Media and journalists	• Relevant, reliable and open communications • Expertise • Industry-specific information and content	• Press and stock exchange releases • Press events and interviews • www.evli.com and social media channels • Morning reviews and newsletters	• Proactive and open communications based on Evli's disclosure policy • Multi-channel communication of topical matters • Quick replies to inquiries and interview requests from the media • Regular meetings with representatives of the media
Local communities	• Employment opportunities • Co-operation with universities • Support to communities and co-operation with businesses	• Meetings, events and seminars • www.evli.com and social media channels	• Support and assistance to universities and training of future finance sector professionals • Employing young professionals through summer jobs and the trainee program • Co-operation with entrepreneur-based communities and organizations to support entrepreneurship • Supporting sports and culture

The responsibility report is founded on stakeholders' expectations and matters relevant for the company

At Evli, responsibility means financial, social and environmental responsibility in a broad sense. In 2018 Evli conducted the 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 preparation of this, discussions were held with clients, Evli's Executive Group and the Board of Directors as well as representatives from different business areas and the personnel.

The discussions were either individual or small group interviews. The first framework for the materiality analysis was formed based on the discussion with the Executive Group. This framework was then used as a basis in the other interviews. The framework was then updated and specified based on the discussions with the other stakeholders. The results of earlier client and personnel satisfaction surveys were also used. The final framework is presented in the table to the right. Under the framework, Evli's responsibility is divided into three areas:

- Responsible products and services
- Responsible governance
- Responsible employer.

The materiality analysis also considers the importance of the issues raised to stakeholders and Evli's business. On the basis of the analysis, the issues were divided into three groups. These groups take into account Evli's ability to develop and advance them as well as which areas mainly are compliance with statutory laws and regulations.

- Highly important areas of responsibility are largely voluntary for Evli, and the company can decide the extent to which these issues are developed. Evli has identified these areas of responsibility as important to ensure future competitiveness and to create added value for its stakeholders in the long-term.

- Important areas of responsibility are partly determined by laws and regulations. However, Evli can determine to what extent it further develops and improves these areas of responsibility to be a more responsible company and meet the expectations of stakeholders now and in the future.

- The statutory laws and regulations are directly linked to the confidence of stakeholders in Evli and its business. These areas of responsibility are always managed in accordance with current legislation and regulatory requirements.

As a result of the materiality analysis, Evli recognized, among other things, 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. Consequently, it has the greatest weight in this report. The results of the materiality analysis and grouping of the sub-areas also serve as the basis for development of Evli's responsibility.

Responsibility priorities, material themes and calculation parameters

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

Responsible products and services

Evli's key principle has always been 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 the product or service suits the clients' investment goals.

Responsible marketing based on integrity, clarity and transparency

Evli's mission is to increase clients' wealth according to their individual targets and its vision is to ensure that it is perceived as "Simply Unique" by offering high quality services and an 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, products and services are explained clearly, honestly and in accordance with valid legislation. Responsibility is emphasized 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. Stewardship is rooted in the Middle Ages and based on the idea of a steward managing an owner's property as if it was his own while the owner is away. In Evli's case it means that the client's assets are managed as if they were Evli's own. The cornerstone of this kind of operations 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 as a whole. Problems are addressed immediately. Client satisfaction is reported weekly on the unit level and quarterly to the Executive Group. In 2018, Evli's client satisfaction averaged 4.6 on a scale of 1 to 5.

In addition to Evli's internal client satisfaction surveys Evli takes part in annual surveys conducted by external parties concerning institutional asset management. In 2018, Evli was ranked the best and most widely used institutional asset manager in Finland for the fourth consecutive year*. In these surveys Evli was especially praised for the results of its investment operations, its stability and resources, its expertise in responsible investment and its client service.

The protection of client data plays an even more important role

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. Personal data is processed in compliance with EU's General Data Protection Regulation (GDPR) and specific legislation for the financial industry. In addition, Evli always ensures that privacy and bank secrecy are 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 law, appropriately and transparently.

Evli Group has several person registers for managing personal data, each of which has a separate data protection notice.

In 2018, the GDPR brought the subject of data protection to the fore. Evli's goal is to train all employees on the key principles of the regulation. 60 percent of all personnel participated in the trainings in 2018. At Evli data protection and data security are the responsibility of the Group Data Protection Officer, who is also responsible for providing guidelines, training, supervision and reporting with regard to data protection. In addition, the Company's Information Management is responsible for the security of its information systems.

Data security is improved on a continual basis to ensure that it meets the requirements of the authorities, clients and the changing operating environment. In recent years, Evli has among others improved cyber security and developed the data protection of its own electronic channels.

If a co-operation partner processes Evli's personal data, the company ensures through agreements that personal data is processed securely, confidentially and in accordance with GDPR requirements.

Responsible investment is systematically integrated into portfolio management

At Evli, responsible investment means that factors associated with the environment, society and good governance are integrated into the portfolio management. Evli believes that taking responsibility matters into consideration in investment decisions will increase understanding of investment objects and its future risks and opportunities more better than by just analysing financial facts.

Combatting climate change is increasingly important

Combatting climate change through investments made by Evli's wealth management gained an even more important role, when active engagement together with other investors grew in significance. Evli joined many investor initiatives in order to engage with companies that are susceptible to climate change-related risks.

Evli's responsible investment achievements in 2018

- Comprehensive ESG reporting on **24** funds
- Engagement discussions with **10** companies
- Participating in the CDP investor letters sent to **419** companies**
- Participation in several engagement projects on combatting climate change
- Evli's responsible investment was ranked best in Finland***.

*KANTAR Sifo Prospera External Asset Management Finland 2015, 2016, 2017, 2018 and SFR Institutional Asset Management 2015, 2016, 2017, 2018 -client surveys.
**CDP is an independent organization whose aim is to encourage companies to report on and manage their impact on the environment. Evli Bank has been an investment member of CDP since 2007.
***KANTAR Sifo Prospera External Asset Management Finland 2018.

Through the Climate Action 100+ initiative Evli will engage with the major greenhouse gas emitters between 2018 and 2022 to combat climate change and attain the targets of the Paris Agreement. By the end of 2018, 310 investors had joined the Climate Action 100+ initiative, with total investment assets of some USD 32 trillion. The aim is to achieve better climate change management in these companies, to reduce greenhouse gas emissions and improve the transparency of reporting on climate impacts. In 2018, there were engagement with 162 companies through the initiative.

In February 2018 Evli joined PRI's* collaborative engagement activities that aim to engage with 39 oil and gas sector companies to improve management of so-called transition risks that are associated with climate change. Transition risks are financial risks that are caused by the transition to a low-carbon economy. For instance, changes in technology or climate policy may lead to a revaluation of assets when costs and opportunities associated with a low-carbon economy become reality.

In November 2018 Evli joined 415 other investors to become a signatory of the Investor Agenda Statement to Governments on Climate Change, a letter sent to governments

*PRI stands for Principles for Responsible Investment and it is a responsible investment umbrella organization supported by the UN. Evli has been a signatory of PRI since 2010.

urging them to promote the targets of the Paris Agreement, to increase private-sector funding for the transition to a low-carbon society and to commit individual companies to improve their financial reporting related to combating climate change.

In addition, Evli continued its engagement in cooperation with the CDP. In the engagement coordinated by CDP investor letters were sent to companies with the highest climate change-related risks. The investment letters are a tool for investors to encourage companies to report on their operations and associated climate risks. In 2018, 75 investors were part of CDP's collaborative engagement. Letters were sent to a total of 419 companies, of which approximately 13 percent indicated that they would report to the CDP on their climate impact in 2019.

In addition to collaborative engagement, Evli actively continued its work on assessing the climate impact of its funds. In 2017-2018, Evli monitored the carbon footprint of its funds using portfolio weighted carbon intensity, and it analyzed potential investments in companies holding fossil reserves. In 2018, Evli also began to monitor companies that gain a significant part of their revenue (more than 30 percent) from coal mining or using coal to produce energy. In addition, wealth management uses a separate climate change database which enables them to continually monitor the carbon footprint, fossil reserves and the proportion of fossil-fuel generated revenue of investments. In 2018 a training was held for employees on climate change, led by an external trainer. In addition, Maunu Lehtimäki, Evli's CEO, was invited to a climate action seminar hosted by the Finnish Prime Minister, where Lehtimäki represented asset managers in a panel discussion on climate change.

*ESG stands for Environmental, Social and Governance criteria.

Development of the sustainable investments reporting

At Evli, responsibility factors have been integrated into the investment operations of wealth management, which means that responsibility is an automatic consideration in portfolio management. In practise this is done through the internal ESG database, which is based on responsibility data produced by MSCI ESG Research. The purpose of the ESG database is to give portfolio managers easy access to the companies' responsibility data when making equity and fixed income fund investments. Portfolio managers can for example search for responsibility assessments on the company (so-called ESG scores), data on how much controversial activities contribute to the company's revenue and any ESG violations. In 2018 the portfolio managers' ESG database was developed and its data was imported to a new portfolio management system.

The ESG database is also used in reporting. Evli publishes ESG reports on all of its equity and corporate bond funds. These enable anyone to monitor the responsibility of Evli's investments. Client-specific ESG reporting was expanded in 2018 and semi-annual ESG reporting on the portfolios of the largest institutional clients was started. The reports analyze the responsibility of investments in the portfolio, including any norm violations.

Engaging with companies to promote more responsible practices

Evli analyses its equity and corporate bond funds that make active investment choices and wealth management´s direct investments at roughly three-month intervals for any UN Global Compact violations. The UN Global Compact is an international corporate social responsibility norm that requires companies to respect human rights, take action against corruption and consider environmental matters.

Evli's funds' norm violation monitoring is based on data from MSCI ESG Research, an external service provider, which is based on reports and announcements from companies, news and data from non-governmental organizations. All norm violations associated with a fund are openly reported to clients in the funds' ESG reports. In 2018, there were very few violations of norms in Evli's active funds and in relative terms, Evli's funds had less norm violations than their benchmarks.

Each norm violation initiates a predetermined process at Evli. The case is first discussed with the portfolio manager who then explains his investment decision to the Responsible Investment Steering Group. In case of a breach of norms, the steering group has three options:

1. Monitor the situation
2. Start engagement activities
3. Sell the holding.

Norm violations are usually far-reaching cases and it is difficult to gain independent information on them. Through the monitoring of violations and discussions with companies concerning these violations, Evli has discovered that the companies' assessments and opinions of the cases may differ substantially from those of other parties. Furthermore, while multinational organizations such as the OECD may absolve a company regarding suspected violations, this may not necessarily remove the company from the list of violating companies kept by MSCI ESG Research. Therefore Evli considers it vital to actively monitor suspected violations in its funds and to discuss them with portfolio managers, the company in question and in Evli's Responsible Investment Steering Group.

In 2018, Evli sought to engage with ten companies, which included both Finnish and other European companies. The engagement operations concerned, for example, environmental problems, human rights, employee rights, reporting of responsibility factors and matters related to corporate governance. Evli does

UN Global Compact

The UN Global Compact is made up of ten principles which are derived from the UN's Universal Declaration of Human Rights, the ILO's Declaration on Fundamental Principles and Rights at Work, the UN's Rio Declaration on Environment and Development and the UN's Convention Against Corruption.

General principles:

Human rights

1. Businesses should support and respect the protection of internationally proclaimed human rights.
2. Businesses should make sure that they are not complicit in human rights abuses.

Labour

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
4. Businesses should uphold the elimination of all forms of forced and compulsory labour.
5. Businesses should uphold the effective abolition of child labour.
6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.

Environment

7. Businesses should support a precautionary approach to environmental challenges.
8. Businesses should undertake initiatives to promote greater environmental responsibility.
9. Businesses should encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

10. Businesses should work against corruption in all its forms, including extortion and bribery.

Source: Evli, YK Global Compact

not publicize the names of individual companies subjected to engagement measures, as Evli believes the procedures are more effective when they take place as confidential discussions with the companies. In 2018, one company that Evli engaged with was excluded from Evli's wealth management's investments due to a suspected norm violation.

In 2018, Evli also attended general meetings in Finland. The meetings were chosen based on their agenda and the Evli's ability to influence decisions. Evli's representatives attended the annual general meetings of Amer Sports, Asiakastieto, Cargotec, Caverion, Consti, Cramo, Kotipizza, Oriola, Outokumpu, Pihlajalinna, Restamax, Revenio, Sanoma, Silmäasema, Valmet and Verkkokauppa.com.

Evli continued to develop its responsible investment procedures

It is vital for Evli to continuously develop its responsible investment operations and to listen to feedback from its clients and other stakeholders. The new Evli Global X fund was launched in 2018 in response to client demand for funds operating with an exclusive strategy. The fund's investment operations comply with Evli's responsible investment policies. In addition the fund excludes companies that operate in controversial sectors. The exclusion criteria of the Swedish Small Cap fund and factor funds were also made more specific.

In 2018, Evli was ranked best by clients in responsible investment in a survey directed at institutional clients conducted by KANTAR Sifo Prospera.

In the coming years, the goal is to further develop the funds' ESG reporting to even better align with clients' and other stakeholders' needs, and to develop the funds carbon footprint reporting and the factors that help to curb climate change.

Engaging with companies - Suspected human rights violation

Evli had invested through a corporate bond fund in a company that MSCI ESG Research, which produced responsibility data for Evli, did not classify as a company that violates norms. Yet Evli received information from a client that another party providing responsibility data had classified the company as a norm violator with regard to its activities in certain controversial areas. Following a report from the portfolio manager the case was taken to the Responsible Investment Steering Group where it was decided that the company should be contacted for clarification. The Responsible Investment team spoke to the company's investor relations staff on the telephone and the company emailed material related to the case to Evli. However, after this, it became apparent that the company should have a separate human rights evaluation with regard to its activities in controversial areas or the company would be considered to be in violation of international agreements. The company was contacted again to find out whether it had produced such a report. The company did not respond despite several attempts to contact it, so no clarification of the issue was received. Since there remained a suspicion that the company was in violation of international agreements, the Responsible Investment Steering Group decided to exclude it from Evli's wealth management investments.

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

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 key stakeholders: customers, 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.

In 2018, Evli paid in dividend

0.52 €

per share

(2017: 0.40 €)

Evli's goal is to increase the sales of its existing wealth management services and fund products in Finland and to increase the international sales of selected fund products. The goal is also to bring new products and service solutions to the market, which will 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.

In 2018, Evli Group's result was slightly lower than in the previous year. The growth in international sales and alternative investment products, as well as strong product and service sales of wealth management services in Finland, had a positive impact on earnings performance. As a result of the decline in the stock market, the result was weakened by a significant decline in performance-based fees, as well as clearly lower return on treasury operations and market-making than in the previous year.

Evli continued major IT investments in 2018 to streamline its processes and improve customer service. From the perspective of responsibility, the goal is to utilize new technologies to enhance customer service and streamline the own processes.

Evli aims to be an interesting investment, both from the perspective of dividend income and 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. In 2018, Evli paid its shareholders EUR 0.52 in dividend per share, which is an increase of 30,0 percent on 2017.

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

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. In 2018 Evli paid a total of EUR 4.2 million in taxes. 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.

Total tax in 2018:

4.2 M€

(2017: 4.3 M€)

The company considers compliance with tax legislation an important part of its corporate responsibility.

Corruption, bribes and money laundering are never acceptable

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 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 hence an important part of its business operations. Knowing the client is an integral part of the prevention of money laundering. This means that before a new client relationship is formed, the client's information is always analyzed as required by guidelines based on law. All personnel who have direct contact with clients must take part in annual trainings on money laundering and knowing the customer. Trainings in 2018 concerned the prevention of money laundering and funding of terrorism and the MiFID II legislation. 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.

In 2018 no cases of corruption, bribery or money laundering in the company's operation were reported.

Own operations help promote positive environmental action

Evli's own operations do not have 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 reducing paper consumption, developing and improving digital services, and reducing air travel and 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 continuous development of digital transaction channels and utilizing the opportunities given by technology, Evli offers new forms of services that have a smaller environmental impact than before. In 2018, the company continued, among others, the development of its website www.evli.com and the My Evli online service so that they better serve the needs of clients and other stakeholders.

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 in choosing office furniture durability is an important factor. The food offered in client premises is prepared when possible using local and organic products and food wastage is minimized.

Evli's head office in Helsinki has been granted the right to use the WWF Green Office logo and the company's office in Helsinki has also been awarded LEED Gold (Leadership in Energy and Environmental Design) 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 favoring telephone and video conferences. Air travel is monitored in comparison to revenue development. In addition, employees continuously strive to reduce their ecological footprint in their everyday work. In 2018 Evli reduced its energy consumption by 22 percent by further reducing energy consumption at its offices. Paper consumption was reduced by 13 percent by improving electronic archiving, increasing electronic client reporting and provision of presentation materials by electronic means. Air travel decreased four percent compared to 2017.

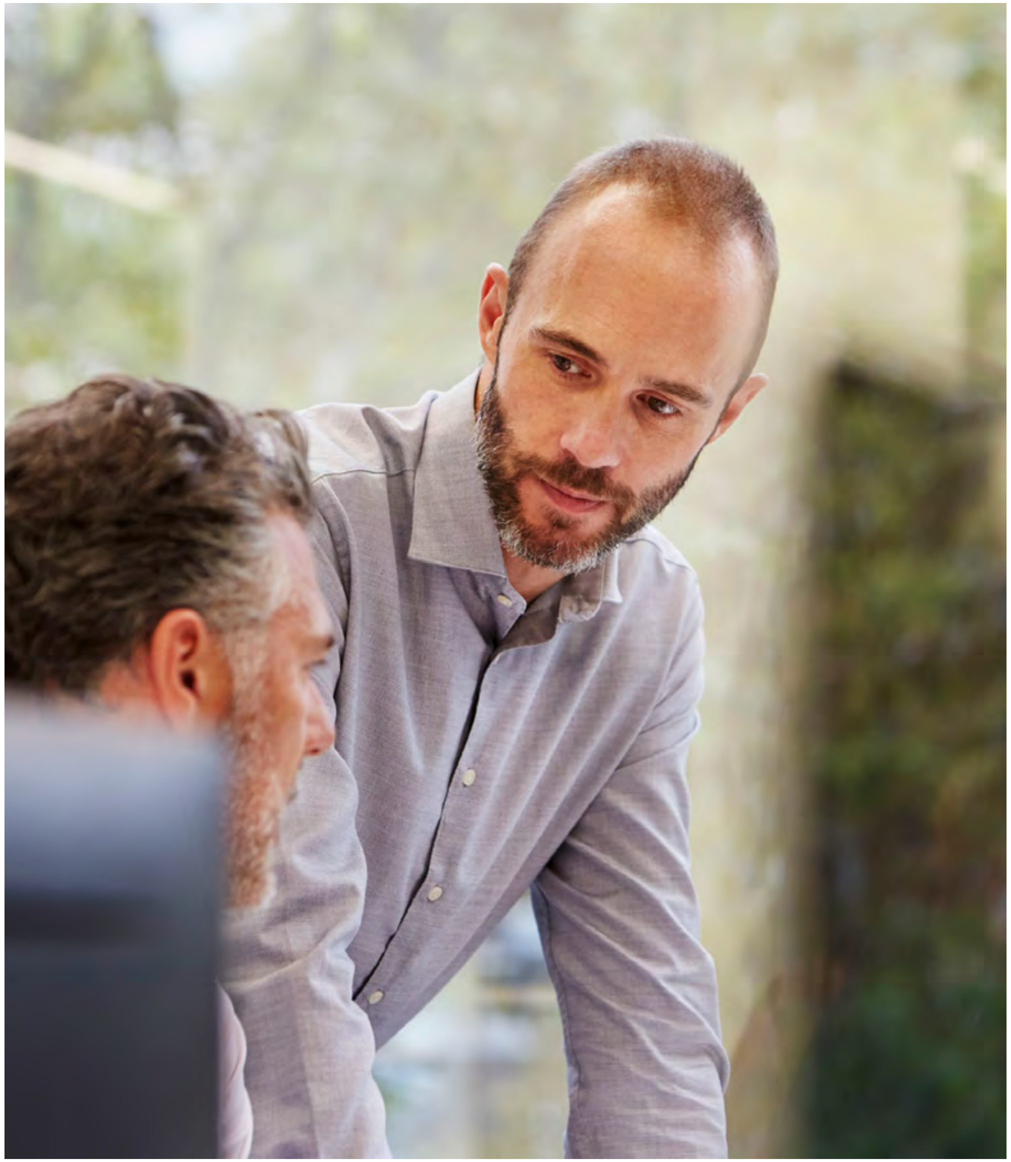
"With continuous development of digital transaction channels and opportunities given by technology, Evli offers new forms of services that have a smaller environmental impact than before"

Goals and results of Green Office activities

Green Office activity	Objectives	2018	2017	2016
Energy consumption (kWh)	-5 %/year	-22%	-12%	-16%
Paper consumption	-5 %/year	-13%	-9%	-27%
Air travel (kg CO^2)	Air travel, increase in relation to revenue	-4%	40%	-*

*The comparison figure for 2016 is not available. The current measurment of air travel was started in 2016.

Responsible employer



Evli's success is based on the professional skill of its employees and their ability to create new solutions, added value for the benefit of the clients and serve them professionally. Due to this, one of Evli's principle risks is losing skilled employees. Evli believes that employee commitment and thriving at work is reinforced by creating a flexible, efficient and balanced work community, which is characterized 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 the hiring process, and employee development and motivation. In addition to competitive pay, personnel benefits include expert level occupational healthcare services and versatile opportunities for improving skills.

At the end of 2018 the Evli Group employed 254 persons, which is an increase of 5.8 percent on the preceding year. Of the total, 89.8 per-

Personnel data

	2018	2017	2016
Personnel	254	240	244
Permanent	226	211	218
Temporary	24	20	17
On study or parental leave	4	6	9
Full-time*	243	228	234
Part-time*	11	12	10
Women/men, %	38.6	40.0	41.0
Average age	40.5	40.5	39.7
Average years of service	9.1	9.4	9.0
Average personnel turnover, %**	8.3	9.7	10.4
New hires	15	16	20
Sickness absences, days/person	2.9	4.4	5.5
Occupational accidents at work, persons	0	0	0
Training days/person	3.7	1.9	0.9
Personnel covered by performance reviews, %	100	100	100

*Includes both permanent and temporary employees with full-time and part-time contracts.
**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.

cent worked in Finland, 9.4 percent in Sweden and 0.8 percent in the United Arab Emirates.

Greater focus on promoting diversity

Fairness, including equality, non-discrimination and diversity are a material part of the Evli's responsiblity. The work in this was further organized 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 their 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.

According to the Corporate Spirit personnel survey conducted in 2018, the personnel feel that the company's employees are treated equally irrespective of age, race, gender or sexual orientation.

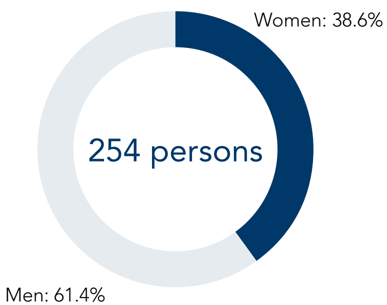
In addition to the Evli Group diversity policy, the goal of the diversity policy of the Board of Directors of Evli Bank's is to ensure that the Board is as diverse as possible. In this case,

Goals of the diversity policy for 2022

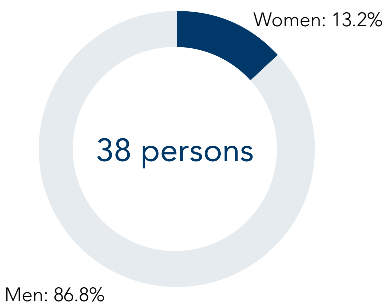
- There are at least 40 percent of each gender in expert positions in all business areas
- There are at least 30 percent of each gender in team leader positions in business areas and administration
- Both genders are sufficiently represented on the Board of Directors and in the Executive Group. In planning 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 at hand is always selected
- Both genders must be represented in trainee programs.

EVLI'S DIVERSITY IN 2018

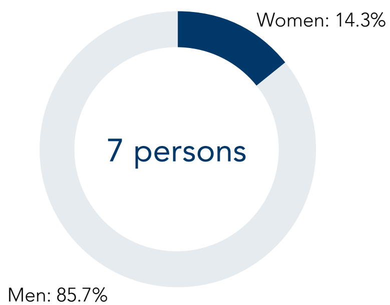
Gender diversity entire personnel



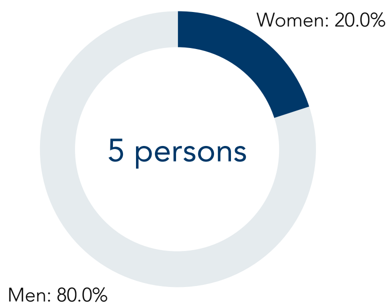
Gender diversity team leaders



Gender diversity Executive Group



Gender diversity Board of Directors



diversity emphasizes 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 length of term. The goal is for both genders to be represented on the Board. In 2018, there were four men and one woman on the Board. More information on the diversity of the Board of Directors can be found on **pages 124-131.**

Personnel development helps ensure competitiveness

The skills of motivated and committed employees support the execution of the company's strategy and targets. Evli constantly develops its employees' professional expertise, as this enables it to keep up with the changes in the environment and offer innovative solutions that meet market demand. Evli Academy, established in 2006, organizes both internal and external trainings to improve employees' skills and to enhance occupational health and well-being. In 2018, Evli held approximately twenty events that supported employees' development and well-being. Furthermore, Evli continued a training program with Aalto University Executive Education that is available to all employees. The goal of the program, launched in 2017, is to develop the skills of the employees especially with regards to the challenges of a digitalized environment.

In addition to training opportunities, Evli encourages learning on the job and job rotation. All open positions are first published on Evli's Intranet to encourage internal rotation and on-the-job learning.

Team leader work 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 their teams' practices. Team leaders' performance is evaluated annually in the employee satisfaction survey. In 2018, Evli's personnel considered Evli's team leaders work to be well above the expert organizations' average score.

Evli looks after the well-being and health of its employees

Motivated and committed employees whose well-being is 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 the work-life balance. This is supported by offering a flexible work culture, which means, among other things, the possibility of flexible working hours, remote working and a shortened work week. In addition, a flexible workplace culture means among other things that balancing work and other areas of life is easy at Evli. In 2018, about two percent of the employees worked a shorter week and were for example on part-time childcare leave.

Evli's employees have access to expert level occupational healthcare, including among others specialist-level doctors, physiotherapy, ultrasounds and x-rays. In addition, mental and physical well-being is supported by offering employees opportunities to take part in exercise classes and lectures. In 2018, classes included yoga, dance and exercise in small groups and lectures on the importance of sleep and eating for coping. Evli's model also includes preventing long sickness absences with an early intervention model.

Job satisfaction and well-being at work are measured annually by means of an employee survey and smaller in-house surveys. The results drive further development of workplace well-being and practices. 91.9 percent of employees responded to the Corporate Spirit personnel satisfaction survey conducted in 2018. Based on the results, Evli was again awarded as one of Finland's most inspiring workplaces and received a 6th place among the mid-sized organizations. The survey showed that Evli has been successful in the efficiency of decision-making, developing workplace well-being and enhancing internal flow of information. In contrast, employees expected clearer communications on the company's values and the importance of their work for Evli's future success.

An attractive employer

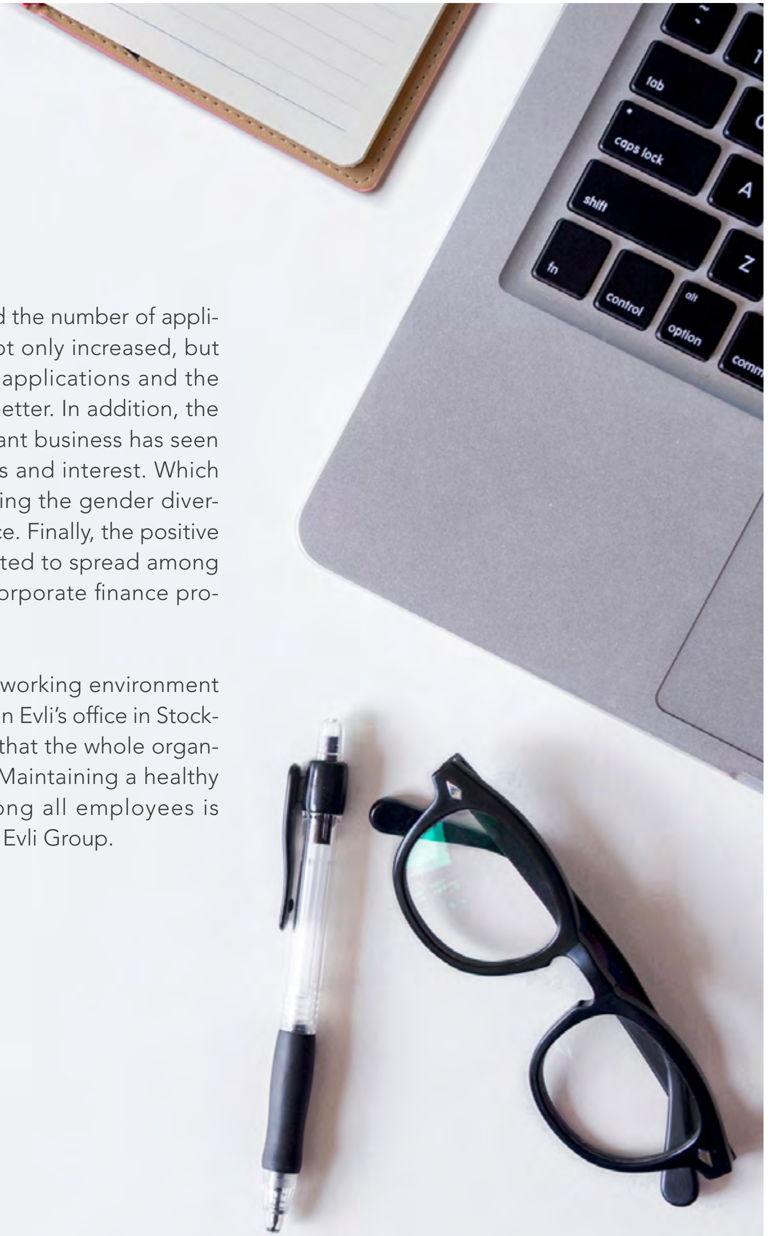
Competition for the best talent is very stiff in the finance sector. Finding the right people and keeping them is vital for a company that offers expert services. Evli believes that by offering its employees good learning and development opportunities, and by investing in well-being and work-life balance,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

Evli's recruitment activities emphasize finding the right people who are prepared to develop to become top experts at Evli. Fresh graduates or students close to graduation are attracted to work at Evli by offering among others a trainee program. The goal of the trainee program is to find motivated young talents that can become top experts in the future at Evli and introduce new innovation and ideas to the company. In 2018 the trainee program was expanded from a summer program to a full-year one, with application periods three times every year.

In addition to the trainee program Evli supports schools and participates in various fairs and recruitment events in Finland and Sweden. Evli's Human Resources also organizes an annual Nuorten Aamu (Student morning) event where students can learn about the company and the positions it can offer. The purpose of these events is to increase awareness of Evli among potential employees.

Evli was again awarded as one of Finland's most inspiring workplaces and received a 6th place among the mid-sized organizations.

Sustainable Corporate Finance – Work-life balance



Long working hours and tight schedules are the norm for Corporate Finance. This is common knowledge among professionals and students. It is not only the massive workloads and tight schedules that lead to the long working hours, but also the expectations that everyone works around the clock and are always available. This leads to exhausted employees, with little to no possibility to keep up a healthy work-life balance.

Evli Corporate Finance decided some ten years ago to work at improving the work-life balance of the employees and work against the norm. The offices in Stockholm and Helsinki have worked with improving the working environment and decreasing employee turnover for several years now. As a result, Evli started to brand the Sustainable Corporate Finance concept in 2018. This is all about highlighting the work-life balance of the employees and creating a sustainable work environment. What this means in a nutshell is that the employees do work a lot when needed, during peaks, but are also able to leave work earlier if needed and have time to take care of their physical and mental health. This does not mean that employees don't show good results and perform excellent on projects, they do. But the culture is built around responsibility, trust and freedom. Employees take the responsibility to get work done when needed and deliver good results, the employer trusts and knows this, which makes the whole equation work well.

"Evli is an investment bank, but without the typical investment banking culture. Employees deliver and finish their projects on time and then they may go home. We don't expect anyone to sit at the office long hours if not needed, instead we think that employees are more effective at work, when they also have time to do other things than work all the time. With a flat organizational hierarchy, we also make it easy to solve problems and conflicts and give credits to the one that has done excellent work", says Mikael Thunved, Head of Evli Corporate Finance.

The work-life balance is also built around offering opportunities to take care of one's physical health. Evli offers employees the opportunity to participate in different kinds of sports and well-being activities to promote physical and mental health. Getting some physical activity has proven to be a good way of promoting the well-being, networking and getting contrast to the sometimes long business hours.

Sustainable Corporate Finance has been extremely well received. Students have been eager to hear more, and the number of applications received has not only increased, but also the quality of the applications and the applicants have been better. In addition, the previously male dominant business has seen more female applicants and interest. Which in turn leads to increasing the gender diversity in Corporate Finance. Finally, the positive word of mouth has started to spread among students and around corporate finance professionals.

Creating a sustainable working environment and branding it started in Evli's office in Stockholm but is something that the whole organization works towards. Maintaining a healthy work-life balance among all employees is important for the entire Evli Group.

GRI content index

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102-1	Name of the organization	Financial Statements, p. 58	
102-2	Activities, brands, products and services	Evli in brief, p.8-9	
102-3	Location of headquarters	Financial Statements, p. 58	Aleksanterinkatu 19 A, 00101 Helsinki
102-4	Location of operations	Evli in brief, p.8-9	
102-5	Ownership and legal form	Financial Statements, p. 99-101	
102-6	Markets served	Evli in brief, p.8-9	
102-7	Scale of the organization	Evli in brief, p.8-9, Financial figures, p. 38	
102-8	Information on employees and other workers	Corporate responsibility, p. 29	
102-10	Significant changes to the organization and its supply chain	Financial Statements, p. 101	
102-11	Precautionary Principle or approach	Risk management and internal control, p. 63-67	
102-12	External initiatives	Corporate Responsibility, p. 23-25; UN Global Compact, Climate Action 100+, PRI's collaborative engagement, Investor Agenda Statement to Governments on Climate Change and CDP's investor letters	
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102-14	Statement from senior decision-maker	CEO's review, p. 3-4	
102-15	Key impacts, risks, and opportunities	Megatrends, p. 11	
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102-16	Values, principles, standards, and norms of behavior	Business model, p. 10	
102-17	Mechanisms for advice and concerns about ethics	Corporate responsibility, p. 27-28	
Governance			
102-18	Governance structure	Corporate Governance Statement, p. 124	
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102-20	Executive-level responsibility for economic, environmental, and social topics	Corporate responsibility, p. 18	
102-22	Composition of the highest governance body and its committees	Corporate Governance Statement, p. 125-126	
102-23	Chair of the highest governance body	Corporate Governance Statement, p. 126	
102-24	Nominating and selecting the highest governance body	Corporate Governance Statement, p. 125-126	
102-26	Role of highest governance body in setting purpose, values, and strategy	Corporate Governance Statement, p. 125-128	
102-27	Collective knowledge of highest governance body	Corporate Governance Statement, p. 127	
102-28	Evaluating the highest governance body's performance	Corporate Governance Statement, p. 126-127	
102-30	Effectiveness of risk management processes	Risk management and internal control, p. 63-67	
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102-40	List of stakeholder groups	Corporate responsibility, p. 19	
102-43	Approach to stakeholder engagement	Corporate responsibility, p. 19	
102-44	Key topics and concerns raised	Corporate responsibility, p. 19	
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102-45	Entities included in the consolidated financial statements	Financial Statements, p. 99	
102-46	Defining report content and topic boundaries	Corporate responsibility, p. 20	
102-47	List of material topics	Corporate responsibility, p. 20	
102-48	Restatements of information	Corporate responsibility, p. 18	Evli has implement sustainability reporting in accordance with the GRI standard framework for the first time.
102-49	Changes in reporting	Corporate responsibility, p. 18	Evli has implement sustainability reporting in accordance with the GRI standard framework for the first time.
102-50	Reporting period	Corporate responsibility, p. 18	January 1 to December 31, 2018
102-51	Date of most recent report		Evli has implement sustainability reporting in accordance with the GRI standard framework for the first time.
102-52	Reporting cycle	Corporate responsibility, p. 18	The report is published annually
102-53	Contact point for questions regarding the report		communications@evli.com
102-54	Claims of reporting in accordance with the GRI Standards	Corporate responsibility, p. 18-20	
102-55	GRI content index	GRI content index, p. 33-36	
102-56	External assurance		The report has not been externally assured

DISCLOSURE INDEX	DISCLOSURE TITLE	PAGE	ADDITIONAL INFORMATION
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103-1	Explanation of the material topic and its boundary	Corporate responsibility, p. 20	
103-2	The management approach and its components	Corporate responsibility, p. 18	
Economic topics			
Economic performance			
201-1	Direct economic value generated and distributed		

ECONOMIC VALUE GENERATED AND DISTRIBUTED

Income distribution, M€	2018	2017	2016
Net interest income	0.7	0.9	1.6
Commission income and expense, net	67.1	65.2	54.3
Net income from securities transactions and foreign exchange dealing	0.7	4.9	4.0
Other operating income	0.1	0.4	0.1
Share of profits (losses) of associates	2.6	0.6	1.1
Total Income	**71.2**	**72.0**	**61.1**
Personnel expenses	22.9	23.3	21.7
Other administrative expenses	15.9	15.1	14.8
Depreciation, amortisation and write-down	2.1	2.3	3.1
Other operating expenses	0.9	1.4	3.3
Impairment losses on loans and other receivables	0.0	0.0	0.0
Society			
Taxes	4.2	4.3	2.4
Social security costs	1.0	1.4	1.7
Pension expenses	4.0	4.2	4.3
Equity holders of parent company	16.0	16.7	9.6
Non-controlling interest	1.3	0.8	0.2
Distribution of income	**68.3**	**69.5**	**61.1**

DISCLOSURE INDEX	DISCLOSURE TITLE	PAGE	ADDITIONAL INFORMATION
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205-2	Communication and training about anti-corruption policies and procedures	Corporate responsibility, p. 27-28	
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Energy			
302-1	Energy consumption within the organisation	Corporate responsibility, p. 28	
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DISCLOSURE INDEX	DISCLOSURE TITLE	PAGE	ADDITIONAL INFORMATION
MATERIAL TOPICS			
Social responsibility			
Employment			
401-1	New employee hires and employee turnover	Corporate responsibility, p. 29	
401-2	Full-time staff benefits not provided to fixed-term or part-time staff		All staff benefits are offered throughout staff, 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	Corporate responsibility, p. 29	
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404-1	Average hours of training per year per employee	Corporate responsibility, p. 29	
404-2	Programs for upgrading employee skills and transition assistance programs	Corporate responsibility, p. 31	
404-3	Percentage of employees receiving regular performance and career development reviews		All employees are part of the regular performance and career development reviews.
Diversity and equal opportunity			
405-1	Diversity of governance bodies and employee	Corporate responsibility, p. 30, Board of Director's Diversity; Corporate Governance Statement, p. 127	
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418-1	Number of legitimate complaints about customer privacy violation and customer loss	Corporate responsibility, p. 22	
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	Engaging with investment objects on environmental, social and governance matters	Corporate responsibility, p. 23-26	
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	Average service years of personnel	Corporate responsibility, p. 29	
	Corporate Spirit's employee satisfaction survey's overall score	Corporate responsibility, p. 31	

FINANCE

Growth from international sales and alternative investment products

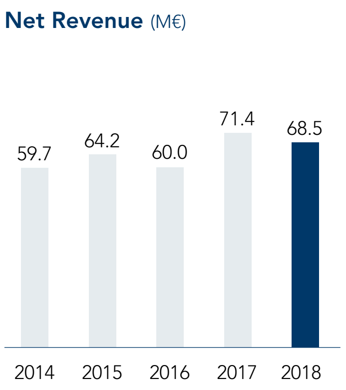
Despite the challenging market environment, Evli managed to increase sales of the strategic focus areas in 2018. International sales grew to approximately two billion euro and investments in alternative investment products totaled over EUR 300 million. In Finland, the sales of fund products and wealth management services also developed favorably.

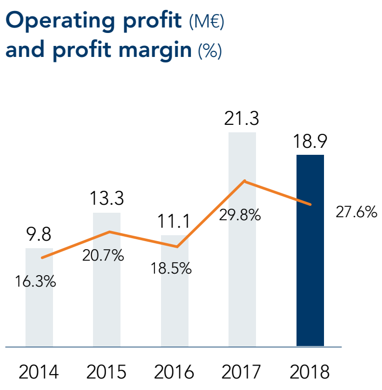
Financial figures

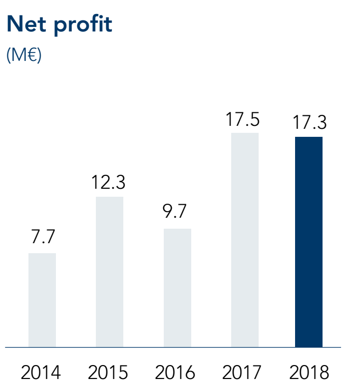
	2018	2017	2016	2015	2014
Income statement key figures					
Operating income, M€	68.5	71.4	60.0	64.2	59.7
Operating profit/loss, M€	18.9	21.3	11.1	13.3	9.8
Operating profit margin, %	27.6	29.8	18.5	20.6	16.3
Profit for the financial year, M€	17.3	17.5	9.7	12.3	7.7
Profitability key figures					
Return on equity (ROE), %	23.0	25.5	14.3	20.2	15.2
Return on assets (ROA), %	1.9	2.0	1.4	2.2	1.4
Balance sheet key figures					
Equity-to-assets ratio, %	9.5	7.6	8.6	11.1	10.7
Capital adequacy ratio, %	16.2	15.0	15.3	19.2	15.2
Key figures per share					
Earnings per share (EPS), fully diluted, €	0.68	0.69	0.42	0.54	0.33
Comprehensive earnings per share (EPS), fully diluted, €	0.67	0.69	0.40	0.53	0.31*
Dividend per share, €	0.61***	0.52	0.40	0.31	0.41**
Equity per share, €	3.27	3.12	2.81	2.96	12.44
Share price at the end of the period, €	7.28	9.60	6.75	8.19	-
Other key figures					
Expense/income ratio	0.7	0.7	0.8	0.8	0.8
Recurring revenue ratio, %	113.0	113.0	94.0	93.0	83.0
Personnel at the end of the period	254	240	244	248	242
Market value, M€	172.5	224.9	157.4	190.9	-

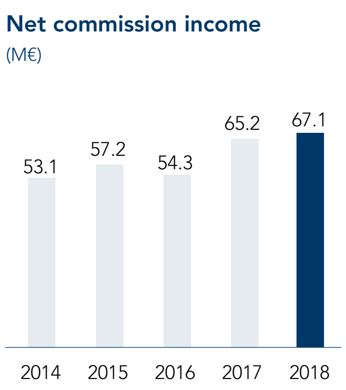
*Split-adjusted share count
**Includes an additional return of capital 0.20 euros/share
***Dividend for 2018, proposal by the Board of Directors

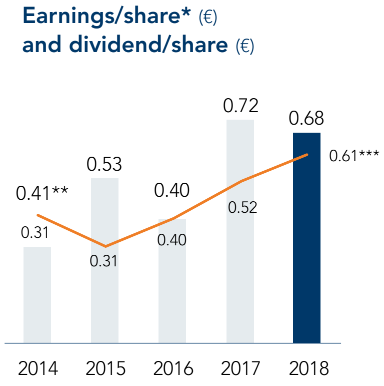
Graphs of the financial development



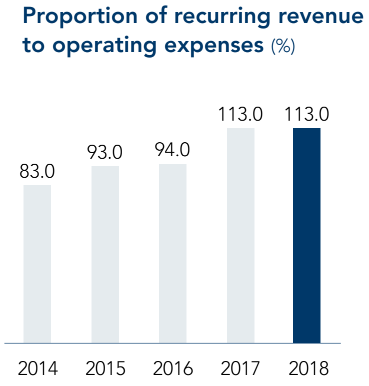


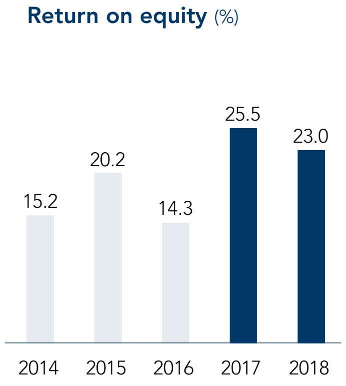






*Diluted (IFRS)
**Includes an additional return of capital 0.20 euro/share
***Board of Directors proposal





Board of Directors report 1.1.–31.12.2018

Market performance

During 2018, economic growth, which has continued for several years, showed signs of slowing, and economic uncertainty increased especially towards the end of the year. The waning of growth was the most visible in Europe, Japan, and export-driven countries in the emerging markets. Factors contributing to the decline included the weakened global economic outlook, uncertainty over the expansion of the trade war between the USA and China, the growth of protectionism, and increased political risks in Europe. The equity and corporate bond markets declined considerably during the final quarter of the year, and the quarter was the weakest in over 10 years. The poor performance of the markets is also illustrated by the fact that in the USA, equity market performance in December was the weakest since the Great Depression in 1931.

The US Federal Reserve (Fed) continued raising interest rates in December and cutting down its balance sheet during the fourth quarter. Thus, at the same time Fed indicated that it is assessing to slow down the monetary policy tightening, due to the weak economic outlook and the weakening of the global economic environment. The European Central Bank (ECB) ended its bond purchases at the end of December, according to plan, but Mario Draghi, President of the European Central Bank, assured the ECB will continue to be cautious in its monetary policy.

Financial performance

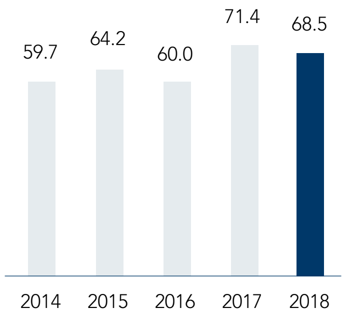
Development of revenue and result

The Evli Group's net commission income grew by 2.8 percent in 2018 compared to the previous year and was EUR 67.1 million (2017: EUR 65.2 million). The growth was mainly the result of positive development in fund commissions due to successful acquisition of new clients. In the challenging market environment, performance-based fees from mutual funds and wealth management were lower than the previous year and were EUR 0.2 million (EUR 2.5 million). In addition, the net returns from securities transactions and foreign exchange dealing declined significantly from the previous year to EUR 0.7 million (EUR 4.9 million). An impairment of EUR 0.6 million made on an investment in Evli's own balance sheet during the second quarter had a negative impact on the net returns from securities transactions. Overall, during the year, the Group's net revenue declined four percent year on year and was EUR 68.5 million (EUR 71.4 million).

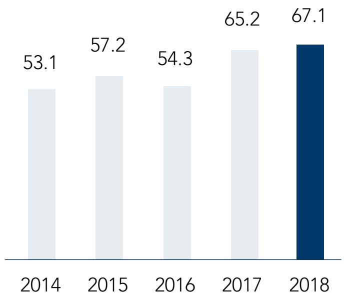
Overall costs for January-December, including depreciation, amounted to EUR 49.6 million (EUR 50.1 million). The costs for the year 2018 included EUR 0.6 million in non-recurring items related to operational restructuring carried out during the final quarter of the year. The Group's personnel expenses totaled EUR 27.9 million (EUR 28.9 million) including estimated performance bonuses for the personnel. The Group's administrative expenses were EUR 15.9 million (EUR 15.1 million). The Group's depreciation, amortization and write-downs were EUR 2.1 million (EUR 2.3 million). Other operating expenses totaled EUR 3.6 million (EUR 3.9 million). Other operating expenses include a non-recurring expense related to the acquisition of Aurator Asset Management Ltd's minority equities, totaling EUR 0.4 million. Evli's expense/income ratio was 0.72 (0.70).

During the last few years, Evli has invested significantly in among others the development of IT-systems, with the aim of improving efficiency of operations. The related projects have now reached a phase where the level of recurring expenses for 2019 is expected to decrease from the 2018 level.

Net Revenue
(M€)



Net commission income
(M€)



The Group's operating profit for the year declined by eleven percent compared to the previous year and was EUR 18.9 million (EUR 21.3 million). The operating margin was 27.6 percent (29.8%). The profit was EUR 17.3 million (EUR 17.5 million). The Group's annualized return on equity was 23.0 percent (25.5%), which clearly exceeds the long-term return on equity target of 15.0 percent.

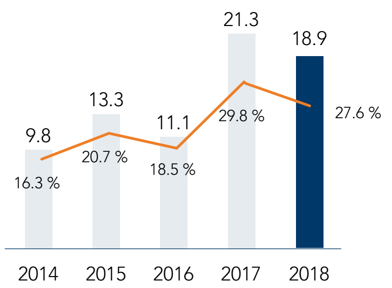
Balance sheet and funding

At the end of 2018, the Group's balance sheet total was EUR 815.5 million (EUR 960.7 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 the review period, the Group's equity was EUR 77.4 million (EUR 72.5 million).

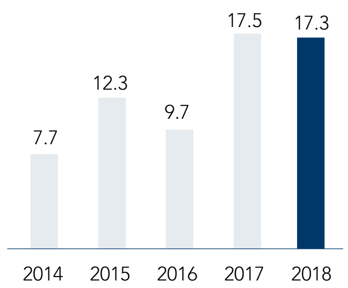
Evli applies the standardized approach (capital requirement for credit risk) and the basic indicator approach (capital requirement for operational risk) in its capital adequacy calculation. The Group's capital adequacy ratio of 16.2 percent clearly exceeds the regulator's requirement of 10.5 percent including the extra capital requirement. The Group's own minimum target for capital adequacy is 13.0 percent.

The Group's funding from the public and credit institutions decreased by 15.1 percent compared to the comparison period. The company's loan portfolio increased by 24.5 percent year on year to EUR 114.6 million. The ratio of loans granted by the Group to Evli Bank Plc's deposits from the public was 24.4 percent. The Group's liquidity is good.

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



Net profit
(M€)



Business area development

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 sales of Evli's Wealth Management services developed favourable during 2018. The number of clients continued to grow in both traditional and digital asset management. At the end of the year, Evli had EUR 4.9 billion (EUR 4.8 billion) in discretionary asset management assets, which includes both the traditional and the digital services.

During the beginning of the year, Evli received recognition in a survey by Euromoney, one of the world's top financial magazines. In the survey Evli was selected as best in Finland in the digital client experience, asset management research and asset allocation advice categories. Over the past few years Evli has been focusing strongly on developing its digital asset management services. For example, the digital asset management service, Evli Digital, which was launched at the end of 2017, has been well received. During the review period Evli launched a new beta version of its My Evli online service for clients. Evli's goal is to continuously develop its digital services.

During 2018, Evli also gained acknowledgment for its traditional asset management operations when it was ranked as Finland's best asset manager for the fourth time in a row by institutional investors. The survey was carried out by KANTAR SIFO Prospera. Evli was placed first in ten different quality criteria, including portfolio management competence, track record, product quality, sales competence and responsible investments (ESG). In addition to this, Evli's brand strength was assed as the strongest in asset management services in Finland.

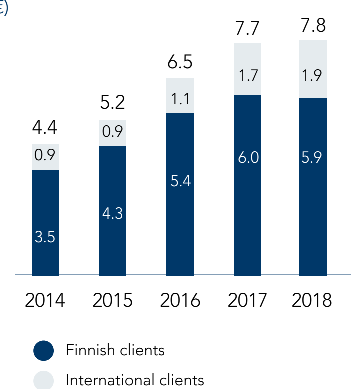
Evli was also ranked for the fourth time as best and most used institutional asset manager in Finland in SFR Scandinavian Financial Research -survey 2018. As a recognition of this, Evli was again awarded with the SFR Platinum Award. Evli received particular praise for its investment performance, stability and resources, responsible investments (ESG) and client service.

Investment products – traditional mutual funds

The high demand for Evli's mutual funds that are based on traditional equity and fixed income instruments continued, as in previous years. In a comparison of fund management companies, Evli received the highest number of net subscriptions in Finland, totaling EUR 518.3 million (EUR 991.0 million). This was an especially good achievement considering the negative performance of the entire mutual fund market. As a whole, net subscriptions in the Finnish mutual fund market were nearly EUR 4 billion negative in 2018. According to the Mutual Fund Report carried out by Investment Research Finland, Evli Fund Management Company's market share increased by 0.5 percentage points on the previous year and was 7.1 percent at the end of December. At the end of December, Evli had 29 investment funds registered in Finland. The combined assets of the traditional mutual funds managed by the company were EUR 7,844 million (EUR 7,720 million). Of this, EUR 2,077 million were invested in equity funds (EUR 2,631 million), EUR 5,614 million in fixed income funds (EUR 4,988 million) and EUR 98 million in balanced funds (EUR 85 million). Evli's clients invested the most new assets in the Evli Nordic Corporate Bond (EUR 467 million), the Short Corporate Bond (EUR 244 million) and the Evli Euro Liquidity (EUR 208 million), funds.

Assets under Management in Mutual Funds

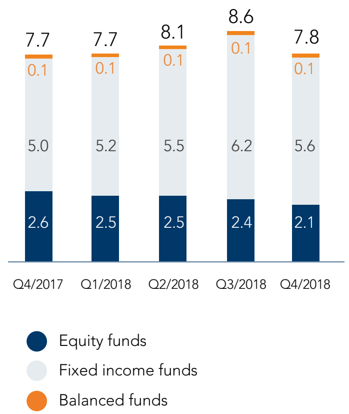
(bn €)



Evli has made responsibility one of its competitive factors. Responsibility factors have been integrated into investment operations in Evli's most substantial business area, Wealth Management, which means that responsible investment is a systematic part of portfolio management. In practice, this means that Evli uses its own internal ESG database, which enables portfolio managers to analyze responsibility factors in a systematic manner. In addition, the investments made by Evli's mutual funds are monitored regularly for any norm violations (for example human rights, corruption and environmental issues), and in Wealth Management, engagement with companies takes place both independently and jointly with other investors. Responsibility reports are also published for Evli's equity and corporate bond funds, and these are available to all investors. The new Evli Global X fund was launched in 2018 in response to client demand for funds operating with an exclusion strategy. The fund's investment operations comply with Evli's responsible investment policies, in addition to which the fund excludes companies that operate in controversial sectors.

Distribution of Assets under Management in Mutual Funds

(bn €)



One of Evli's strategic targets is to boost the international sales of its investment products. The company's funds are currently available to institutional investors in among others Italy, Spain, France, German, Portugal and Latin America in addition to the domestic markets of Finland and Sweden. The intention is to extend the availability of products to new markets and to increase the efforts in international sales. The international interest in Evli's products has been good. By the end of December EUR 1.9 billion (1.7 billion) of Evli's fund capital came from clients outside of Finland.

At the beginning of 2018, Evli's fund knowledge was recognised in its domestic market and internationally. Evli Corporate Bond B -fund was selected as the best euro-denominated fixed income fund in Finland, Spain and France by Morningstar. In addition, Lipper Fund Awards awarded Evli "Best Group Over 3 years - Overall Small Company" and Evli Short Corporate Bond B fund in France and Europe. The fund awards are given to funds that have made consistent returns.

Investment products – alternative investment products

Another of Evli's strategic targets is to broaden its product selection in the area of alternative investment products. At the end of 2018, Evli had three real estate funds and two private equity funds in its product selection.

Regarding the real estate funds, the EAI Residential fund continued its steady growth according to plan. The demand for the fund is constantly greater than the number of investors that can be included in it. At the beginning of the year, Evli launched its own Evli Healthcare I fund. Due to high demand, it has been decided to keep the fund open for new investments until the end of February 2019, after which the plan is to close the fund to new investments. In addition, Evli launched another new alternative investment product during the second quarter: the Evli Rental Yield non-UCITS fund. The fund had, by the end of December already grown to over EUR 71 million. During 2018, Evli collected a total of EUR 312 million in its real estate funds.

Evli expanded its private equity fund operations significantly during the final quarter of the year by establishing a new private equity fund, Evli Growth Partners, and by acquiring Ab Kelonia Placering Oy. The Evli Growth Partners fund was launched in December with an initial stake of EUR 39 million, which is intended to be augmented in the future. Although the Kelonia acquisition was signed in December, the final transaction is expected to be implemented during the second quarter of 2019.

Investment products - others

The entry into force of MiFID II at the beginning of 2018 has changed the operating environment particularly regarding traditional equity brokerage activities. Many brokerage clients have focused their services with a smaller group of brokers or otherwise changed the way they operate. Despite the change in the operating environment, the gross commission income from Evli's equity brokerage rose from the levels of the previous year.

Thus, the development in the brokerage of other investment products varied. The brokerage commissions for derivatives as well as ETF instruments decreased compared to the previous year. Whereas, the sale of structured investment products developed well as a consequence of increased client demand. Evli has strengthened its product sales by establishing a tied agent network, coordinated by Evli Investment Solutions Oy. At the end of December, Evli had six tied agents specializing in sales. The business has developed as planned and the net revenue increased substantially compared to the previous year.

During the year, Evli launched a number of strategic measures that resulted in the discontinuation of functions related to investment product brokerage, among other things. These were equity brokerage in Sweden and bond brokerage. The measures have a positive impact on the company's profitability.

The Wealth Management and Investor Clients segment developed well in 2018. Net revenue increased by 3.7 percent on the corresponding period of the previous year and was EUR 57.4 million (EUR 55.4 million). The revenue performance was positively affected in particular by the growth in fund management fees as a result of new products and successful sales in the domestic and international markets. During the year, EUR 0.2 million in performance-based fees were received as a result of asset management and funds (EUR 2.5 million).

Advisory and Corporate Clients

The Advisory and Corporate Clients segment provides advisory services related to M&A transactions, including corporate acquisitions and divestments, IPOs and share issues. The segment also offers incentive program administration services and investment research for listed companies.

M&A transactions

In 2018, Evli acted as an advisor in 27 completed transactions. M&A activity accelerated towards the end of the year, and previously delayed orders were completed. Demand for the company's services has remained high and the company's mandate base has remained at a good level. As a result, the business's future outlook is favorable.

During 2018 Evli acted as advisor in the following transactions:

- Intera Partner's majority investment in Porvoon Huoltomiehet
- Fellow Financen IPO of EUR 20 million
- Keensight Capital's acquisition of a majority stake in Biovian
- Miss Mary's sales to Scope, a Nordic growth equity fund
- Aurvandil's sales to Ratos' subsidiary Airteam
- Comiq Group Oy's sales to Alte Oy
- Dyn4m0 Consulting AB's sales to Combined Excellence AB
- Efore Plc's rights issue and the acquisition of Powernet Oy.

Incentive systems

The Incentive systems business developed well during 2018 and its revenue increased from the comparison period. The revenue development was positively affected both by new clients and the more extensive incentive programs of existing clients. At the end of December, Evli was responsible for the administration of the incentive systems for about 60 mainly listed companies.

Investment research

The performance of Evli's investment research business area developed according to expectations in 2018. The paid research business continued to have a positive reception. At the end of December, Evli's research service had 27 companies as clients.

The net revenue of the Advisory and Corporate Clients segment remained in 2018 at the previous year's level in 2018 and was EUR 10.0 million (EUR 9.9 million). Significant fluctuations in revenue from one period to the next are typical of the segment's Corporate Finance activities.

Key figures - wealth management and investor clients segment

M€	**1-12/ 2018**	1-12/ 2017	Change %
Net revenue	57.4	55.4	3.7%
Operating profit/loss before Group allocations	26.5	22.9	15.8%
Operating profit/loss	17.4	16.2	7.4%
Number of personnel	164	154	6.5%
Market share, %*	7.1	6.6	
Net subscriptions**	518	991	

*Evli Fund Management Company. Source: fund report by Finance Finland (FFI)
**Net subscription to own funds. Source: fund report by Finance Finland (FFI)

Key figures - advisory and corporate clients segment

M€	**1-12/ 2018**	1-12/ 2017	Change %
Net revenue	10.0	9.9	1.1 %
Operating profit/loss before Group allocations	3.6	3.1	15.1 %
Operating profit/loss	2.2	2.4	-8.0 %
Number of personnel	42	41	2.4 %

Group Operations

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

The net revenue of the Group Operations segment declined by 76.2 percent in 2018 compared to the previous year and totaled EUR 1.3 million (EUR 5.5 million). The decline was caused by Evli's trading function's return that was lower than that of the previous year and the Treasury function's return, which weakened as a result of changes in the interest rate environment. In addition, a one-off impairment loss of EUR 0.6 million concerning an investment on Evli's own balance sheet was entered during the second quarter of the year.

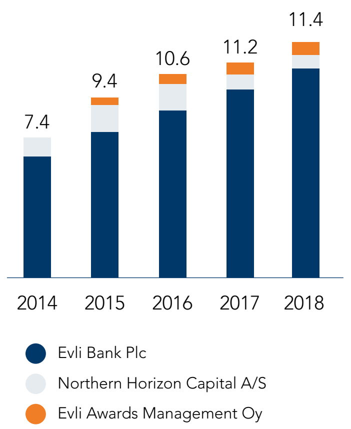
Development of client assets under management

There was a positive trend in Evli's client assets under management during 2018 despite the decline in the market. The Group's combined net assets under management at the end of 2018 were EUR 11.4 billion (EUR 11.2 billion). About 78 percent of client assets under management in mutual funds and asset management came from institutional investors and the remaining 22 percent from private individuals.

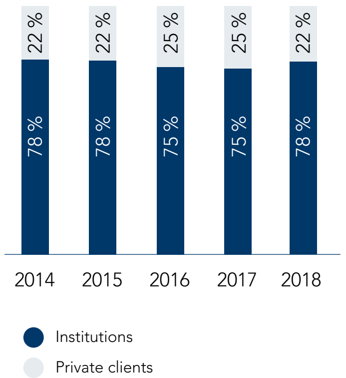
Key figures - group operations segment

M€	**1-12/ 2018**	1-12/ 2017	Change %
Net revenue	1.3	5.5	-76.2%
Operating profit/loss before Group allocations	-10.8	-5.1	112.2%
Operating profit/loss	-0.3	2.4	-
Number of personnel	48	45	6.7%

Net Assets Under Management
(bn €)



Split in Institutional and Private clients, excl. associated companies

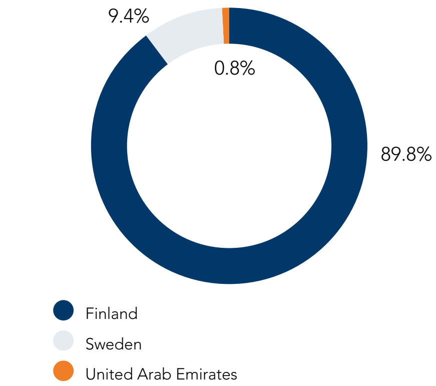


Personnel

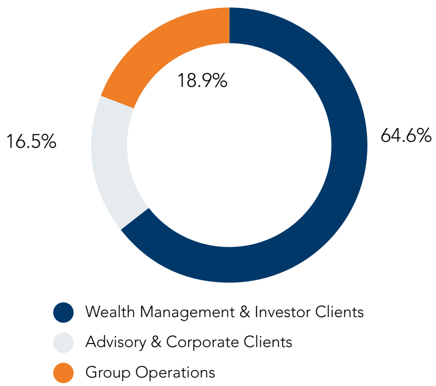
The group had 254 employees (240) at the end 2018. The number of employees increased by 5.8 percent compared to the end of 2017. 89.8 percent of the personnel were employed in Finland and 10.2 percent abroad.

Employee facts

Employees per country



Employees per segment



Changes in group structure

In the first quarter, Evli acquired an approximately ten percent share of Aurator Asset Management Ltd held by its minority owners. This transaction made Aurator Asset Management Ltd a wholly-owned subsidiary of Evli.

At the beginning of the year, Evli sold 4.9 percent of its shares in Terra Nova Capital Advisor Ltd to an employee of the company. Evli's stake in the company is after the transaction 50.1 percent.

During the beginning of the year Evli decided to concentrate the development of its alternative investment products to Evli Fund Management Company, and the business and subsidiaries of Evli Alternative Investments Ltd were transferred to the Evli Fund Management Company.

In connection with the administration of the care facilities fund, Evli HC I GP Oy, a new wholly-owned subsidiary of Evli Group was established during the beginning of the year.

In the third quarter, Evli sold three percent of its shares in Evli Corporate Finance AB to the company's employees. After the transaction, Evli's stake in the company is 63.5 percent.

Evli Research Partners Oy, which is an Evli Group company, acquired five percent of its shares in accordance with the shareholder agreement during the third quarter as a result of a termination of an employment relationship.

Head Asset Management Oy, which was part of Evli Group, was terminated during the third quarter of the year.

In the last quarter of the year, a new subsidiary, EGP General Partner Oy, was established as an Evli Group company.

Evli Alternative Investments Oy, which is an Evli Group company, sold Nordic Shine GP Oy to Evli Fund Management Company in the last quarter of the year.

Nordic Shine Oy, Evli Russia Ltd, EAM Finland Oy and Evli Alternative Investments Ltd, which were part of the Evli Group, were terminated in the fourth quarter of the year.

In the last quarter of the year, Evli acquired 4.9 percent of the shares in Terra Nova Capital Advisor Ltd from a company employee. After the transaction, Evli's stake in the company is 55.0 percent.

Evli's shares and share capital

At the end of December, Evli Bank Plc's total number of shares was 23,688,920, of which 15,328,923 were series A shares and 8,359,997 were series B shares. The company held 375,387 series A 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 during the year.

At the end of December, Evli had 8,359,997 series B shares subject to public trading on Nasdaq Helsinki Ltd. Trading in the shares in January-December came to EUR 17.9 million, with 1,914,305 Evli shares traded. The closing price at the end of 2018 was EUR 7.28. The highest share price during the year was EUR 10.50 and the lowest was EUR 7.28. Evli's market capitalization was EUR 172.5 million at the end of December. The market capitalization is calculated based on both unlisted series A shares and listed series B shares. Series A shares are valued at the closing value of the series B share at the end of the reporting period.

Additional information on major shareholders, shareholder allocation, ownership by owner group and information on share-based key figures are available in the Shares and shareholders section on **page 48-50.**

Decisions taken by the annual general meeting

Evli Bank Plc's Annual General Meeting was held in Helsinki on March 12, 2018. The meeting approved the financial statements and granted release from liability to the Members of the Board of Directors and the CEO for the 2017 financial year. The General Meeting approved a dividend of EUR 0.52 per share as proposed by the Board of Directors. The dividend was paid to shareholders who on the record date March 14, 2018 were 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 21, 2018.

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

The Annual General Meeting confirmed the meeting attendance fee payable to Board members to EUR 5,000.00 per month, the attendance fee payable to the Chairmen of the Committees to EUR 6,000.00 and the meeting attendance fee payable to the Chairman of the Board to 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 1,562,418 shares, and the total number of own series B shares to be repurchased may be a maximum of 780,624 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.

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 Nasdaq Helsinki Ltd on the date of repurchase.

The authorization replaces 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, 2019.

The Annual General Meeting authorized the Board of Directors to decide on the issuance of shares and special rights entitling to shares pursuant to chapter 10, section 1, of the Limited Liability Companies Act in one or more lots, for a fee or free of charge.

Based on the authorization, the number of shares issued or transferred, including shares received based on special rights, may total a maximum of 2,343,042 series B 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. Of the above-mentioned total number, however, a maximum of 234,304 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 entitles the Board of Directors to decide on all the terms and conditions related to the issuing of shares and special rights entitling to shares, including the right to deviate from the shareholders' pre-emptive subscription rights. The Board of Directors may decide to issue either new shares or any own shares in the possession of the company.

The authorization replaces 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, 2019.

Business environment

Towards the end of the year 2018, risks in Evli's business environment grew clearly. The decline in the equity markets and the political uncertainty have made investors cautious and made them favor lower risk, and hence lower margin products. This was also reflected in substantial fund redemptions in the last quarter of the year. The uncertainty on the market has also increased the possibility of losses in investments through Evli's own balance sheet. As a result, Evli further reduced the risk level of the own balance sheet during the year, which in turn has a negative impact on portfolio return expectations. Despite the uncertainty, the situation in the company's domestic market in Finland is stable and the prerequisites for growth are god especially due to the expanded product range.

In line with its strategy, Evli has focused increasingly on international sales and developing of alternative investment products. These are considered important sources of growth for the company and a way to further diversify the company's revenue base. Work has also been done to further improve scalability.

In terms of international growth, the company's focus is on the Nordic and European markets. In addition, Evli has entered into fund distribution agreements with Latin America for example. In addition to product availability, the streamlining and adaptation of administrative processes 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.

Alternative investment products are another important strategic focus area for Evli. Strong demand for these products has continued and the market has been favorable for the growth of the asset class. This development is supported by long-term trends, such as the aging of the population and urbanization as well as the interest rates that have remained low for a long time. This is a challenging asset class when it comes to seeking attractive return for investors, which also covers the risks contained in the investment which is always long term.

The asset class is also a very competitive area. During 2018 Evli launched three new alternative investment products and is investigating the possibilities for more product development and new products during the upcoming years. In addition, Evli bought Ab Kelonia Placering Oy's private equity operations, which will contribute to growth in new product areas. The company's goal is to turn alternative investment products into a major source of revenue.

Increasing efficiency is critical for Evli's success in its business environment that is becoming increasingly digitalized. Alongside the traditional service models, Evli has focused considerably on the development of its digital services. Process automation, robotic process automation and artificial intelligence will, in the future, play an increasing role in the daily activities of the investment services industry. They also have a direct impact on the client experience in the form of the smooth performance of the services. By developing digital service models and processes, the company believes that it will also be able to streamline its cost structure. In addition to developing digital services, Evli has launched a number of internal, strategy-based actions to improve cost efficiency. Projects aiming at cost reductions included among others the decision to discontinue the market-making operations, and bond and stock brokerage in Sweden. To maintain its competitiveness and improve cost efficiency Evli will continue to invest in digital services and automation of its operations.

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 Evli is that they must not endanger the company'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 2019

The risks associated with the general trend in the equity and fixed income markets are high due to the prevailing uncertainty on the markets. A possible continued decline in equity prices or a reduction in investors' risk appetite would have a negative impact on the company's profit performance. Evli Group's assets under management have grown substantially in recent years, which softens the result-impact of any reversal of the market. Sales of alternative investment products, in particular, have brought new, stable revenue. Evli has initiated a series of internal, strategy-based actions and cost savings, leading to improvements in the company's cost effectiveness.

There has been positive development in the demand for advisory services, and its outlook for 2019 is stable. Own balance sheet investments share of Evli's business decreased during 2018. Nevertheless, it may have a significant impact on the company's result performance. In the advisory business and in own investment activities, fluctuations in quarterly and annual returns are possible. Customer's demand for Evli's products and services has continued to be good, which has also led to a systematic increase in lending.

Because of profitable and stable development, we estimate that the result for the 2019 financial year, will be clearly positive.

Helsinki, February 12, 2019

EVLI BANK PLC

Board of Directors

Shares and Shareholders

Shares and Shareholders' Equity

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

At the end of December 2018, the aggregate number of Evli's shares was 23,688,920, with the series A shares accounting for 15,328,923 shares and series B shares for 8,359,997 shares. The Company held 375,387 of its own series A shares. At the end of 2018, 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 8,359,997 of Evli's series B shares were publicly traded in Nasdaq Helsinki. The share exchange between January and December totaled 17.9 million euro while the number of Evli shares exchanged was 1,914,305. During the review period, the highest trading price of the share was EUR 10.50 while the lowest price was EUR 7.28. The share's closing price on December 31, 2018 was EUR 7.28. Evli's market capitalisation, calculated based on both the unlisted series A and the listed series B shares, was EUR 172.5 million on December 31, 2018. The series A shares are valued at the review year closing price of the series B shares.

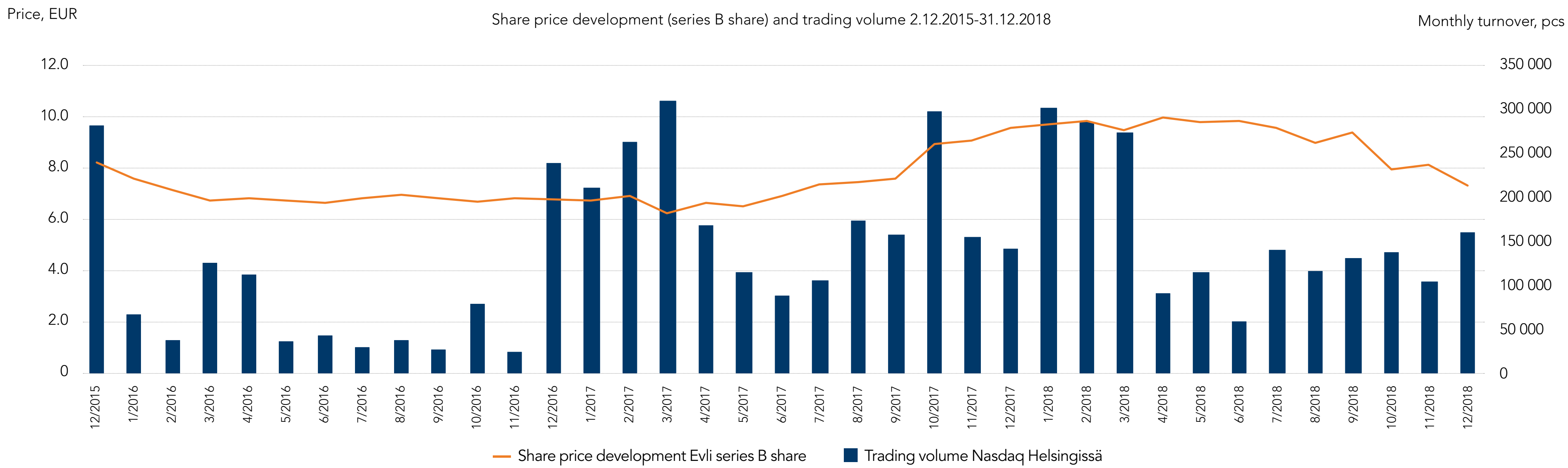
Shareholders

At the end of 2018, Evli had 3,982 (3,044) shareholders in the book-entry register. The stake of Finnish companies was 54.0 percent (67.3%) and that of private Finnish individuals was 25.3 percent (24.2%). The remaining 20.7 percent of the shares (8.5%) were owned by Financial and insurance institutions, public sector organizations, non-profit institutions serving households and foreign investors.

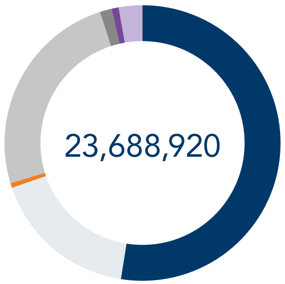
Shareholders on December 31, 2018:

3,982

(December 31, 2017: 3,044)

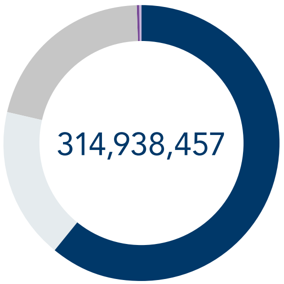


Breakdown of shareholdings by owner group



- Companies 54.0%
- Financial and insurance institutions 17.7%
- Public sector organizations 0.7%
- Households 25.3%
- Non-profit institutions 1.4%
- Foreigners 0.9%
- Nominee registered 2.7%

Breakdown of votes by owner group



- Companies 61.2%
- Financial and insurance institutions 17.6%
- Public sector organizations 0.1%
- Households 21.0%
- Non-profit institutions 0.1%
- Foreigners 0.1%
- 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	20.1	24.5
2. Prandium Oy Ab	3,803,280	950,820	4,754,100	20.1	24.5
3. Oy Fincorp Ab	2,319,780	415,991	2,735,771	11.6	14.9
4. Ingman Group Oy Ab	1,860,000	535,000	2,395,000	10.1	12.0
5. Lehtimäki Maunu	433,728	108,432	542,160	2.3	2.8
6. Hollfast John Erik	328,320	82,080	410,400	1.7	2.1
7. Tallberg Claes	369,756	32,588	402,344	1.7	2.4
8. Evli Pankki Oyj	375,387	0	375,387	1.6	2.4
9. Moomin Characters Oy Ltd	0	293,420	293,420	1.2	0.1
10. Lundström Mikael	186,448	35,546	221,994	1.0	1.2

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	195	4.9	12,792,848	54.0	192,657,488	61.2
Financial and insurance institutions	21	0.5	4,188,500	17.7	55,396,673	17.6
Public sector organizations	1	0.0	172,295	0.7	172,295	0.1
Households	3,730	93.7	5,989,885	25.3	66,166,609	21.0
Non-profit institutions	16	0.4	340,874	1.4	340,874	0.1
Foreigners	19	0.5	204,518	0.9	204,518	0.1
Total	**3,982**	**100.0**	**23,688,920**	**100.0**	**314,938,457**	**100.0**
of which nominee registered	8		648,301	2.7	648,301	0.2
Number of shares issued			**23,688,920**	**100.0**	**314,938,457**	**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	1,136	28.5	64,105	0.3	64,105	0.0
101-1,000	2,381	59.8	728,813	3.1	738,959	0.2
1,001-10,000	371	9.3	1,010,453	4.3	1,456,345	0.5
10,001-100,000	69	1.7	2,343,406	9.9	16,390,486	5.2
100,001-500,000	20	0.8	4,361,012	18.4	48,926,139	15.5
500,001-	5	0.1	15,181,131	64.1	247,362,423	78.5
Total	**3,982**	**100.0**	**23,688,920**	**100.0**	**314,938,457**	**100.0**
of which nominee registered	8		648,301	2.7	648,301	0.2
Number of shares issued			**23,688,920**	**100.0**	**314,938,457**	**100.0**

Authorisations given to the Board of Directors

The Annual General Meeting authorized the Board of Directors to decide on the repurchase of the company's own series A and series B shares in one or more lots. The total number of own series A shares to be repurchased may be a maximum of 1,562,418 shares, and the total number of own series B shares to be repurchased may be a maximum of 780,624 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, 2019. In 2018, Evli acquired 19,732 of its unlisted A shares in accordance with the shareholder agreements due to termination of employment relationships.

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€
1.1.2017	209,540	23,104,380	30.2	1.8	18.4
Aquisition of own shares	146,115	-146,115	0.0	0.0	-0.5
Option rights subscription (option program 2014)	0	116,500	0.0	0.0	0.2
Aquisition of minority interest	0	0	0.0	0.0	0.0
Translation difference	0	0	0.0	0.0	0.0
31.12.2017	**355,655**	**23,074,765**	**30.2**	**1.8**	**17.5**
Total number of shares		23,430,420			
1.1.2018	355,655	23,074,765	30.2	1.8	17.5
Aquisition of own shares	19,732	-19,732	0.0	0.0	-0.1
Option rights subscription (option program 2014)	0	258,500	0.0	0.0	0.5
Aquisition of minority interest	0	0	0.0	0.0	0.4
Translation difference	0	0	0.0	0.0	0.0
31.12.2018	**375,387**	**23,313,533**	**30.2**	**1.8**	**18.3**
Total number of shares		23,688,920			

Evli's series A shares can be converted into series B shares under Article 4 of the Articles of Association. During 2018, the company converted A shares into B shares as follows:

- 168,426 A shares were converted into B shares on February 20, 2018. Public trading on the converted shares began at Nasdaq Helsinki Ltd on February 21, 2018
- 140,931 A shares were converted into B shares on May 11, 2018. Public trading on the converted shares began at Nasdaq Helsinki Ltd on May 14, 2018
- 19,333 A shares were converted into B shares on September 25, 2018. Public trading on the converted shares began at Nasdaq Helsinki Ltd on September 26, 2018
- 30,667 A shares were converted into B shares on November 19, 2018. Public trading on the converted shares began at Nasdaq Helsinki Ltd on November 20, 2018
- 142,697 A shares were converted into B shares on December 17, 2018. Public trading on the converted shares began at Nasdaq Helsinki Ltd on December 18, 2018.

Option and share-based incentive programs

Evli's Option Programs 2014 and 2016 are part of Evli Group's incentive and commitment system targeted at the key employees. For further information on the Company's Option Program, please go to the web page **www.evli.com/investors** and Note 1.8. Employee benefits, in the Notes to the consolidated income statement. In addition to the option programs, Evli Group has two share-based incentive programs established in 2017 and 2018. The rewards based on the incentive program are given in Evli shares. Further information on the incentive program in the Remuneration **report pages 132-134**.

Share ownership of executives

The share ownership of the Board members of Evli Bank Plc, including the holdings in the controlled corporations, were 7,228,284 shares in total on December 31, 2018, accounting for 30.5 percent of the total shares and 36.5 percent of voting rights. The members of the Board of Directors of Evli Bank Plc had no stock options.

At year-end, CEO Maunu Lehtimäki owned 542,160 shares which is 2.3 percent of the shares and 2.8 percent of the voting rights. Moreover, he has been given 42,500 stock options 2014 and 40,000 stock options 2016. At year-end, other members of Evli Group's Executive Group owned 818,202 shares in aggregate, corresponding to 3.5 percent of the total shares and 3.0 percent of the voting rights. In addition, the Executive Group was given 35,000 stock options 2016 and 9,200 Evli shares in the context of the share-based incentive program established in 2017 and 9,334 Evli shares in the context of the share-based incentive program established in 2018.

Capital adequacy

CAPITAL ADEQUACY, M€	1.1.2018–31.12.2018	1.1.2017–31.12.2017	1.1.2016–31.12.2016	1.1.2015–31.12.2015	1.1.2014–31.12.2014
Own funds	48.8	43.0	45.7	52.4	39.3
Risk-weighted receivables, investments and off-balance sheet obligations for credit- and market risk	177.3	166.9	184.8	162.9	157.5
Own funds to cover operational risk	9.9	9.6	9.0	8.8	8.1
Capital adequacy ratio, %	16.2	15.0	15.3	19.2	15.2
Evli Bank Plc's capital adequacy ratio, %	18.8	20.4	20.7	24.0	18.7
Own funds surplus	24.8	20.0	21.8	30.6	18.7
Own funds in relation to the minimum capital requirement	2.0	1.9	1.9	2.4	1.9

OWN FUNDS, M€	2018	2017
Own funds include share capital, funds and retained earnings. These items are not subject to special terms.		
Total tier 1 capital		
Share capital	30.2	30.2
Funds total and retained earnings	30.1	24.7
Minority interest	0.0	0.0
Decreases:		
Intangible assets	11.4	9.7
Other decreases	0.0	2.1
Total tier 1 capital	**48.8**	**43.0**

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 report 2018
- Leverage: Risk management and internal control
- Capital requirements, adequacy of internal capital: Risk management and internal control.

MINIMUM OWN FUNDS BY EXPOSURE GROUP, M€

Minimum capital adequacy requirement by exposure group, standard method for credit risk,	Own funds min. requirement	Risk-weighted value	Exposure value after credit risk deductions
Claims from the state and central banks	0.0	0.0	150.7
Claims from regional governments and local authorities	0.0	0.0	241.7
Claims from credit institutions and investment firms	2.8	35.0	207.6
Investments in mutual funds	1.8	22.4	22.4
Claims secured with property	0.1	1.1	3.0
Claims from corporate customers	2.7	34.0	36.5
Items with high risk, as defined by the authorities	0.1	1.5	1.0
Matured receivables	0.0	0.0	0.0
Other items	6.1	76.6	76.6
Total	**13.6**	**170.5**	**739.5**
Minimum amount of own funds, market risk	0.5	6.7	
Risk-weighted receivables, investments and off-balance sheet obligations, total	**14.2**	**177.3**	
Minimum amount of own funds, operational risk	9.9	123.8	
Total	**24.1**	**301.1**	

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), %
= Profit / Loss for financial year ÷ Equity capital and minority interest (average of the figures for the beginning and at the end of the year) x 100

Return on assets (ROA), %
= Profit / Loss for financial year ÷ Average total assets (average of the figures for the beginning and at the end of the year) x 100

Equity ratio, %
= Equity incl. non-controlling interest's share of equity ÷ Average balance total x 100

Expense/income ratio
= Administrative expenses + depreciation and impairment charges + other operating expenses ÷ Net interest income + net commission income + net income from securities transactions and foreign exchange dealing + other operating income

Earnings per Share (EPS)
= Profit for the year after taxes attributable to the shareholders of Evli Bank Plc ÷ Average number of shares outstanding

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

Earnings per Share (EPS), fully diluted
= Profit for the year after taxes attributable to the shareholders of Evli Bank Plc ÷ verage number of shares outstanding including issued share and option rights

Group´s capital adecuacy (CET1), %
= Group assets (common equity Tier 1 capital) ÷ Risk-weighted items total x 100

Equity per share
= Equity attributable to the shareholders of Evli Bank Plc ÷ Number of shares at the end of the year

Recurring revenue to operating costs ratio
= All revenues that are not transaction based but time dependant* ÷ All operative expenses excluding reservation for bonuses from review period

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

Financial statement 1.1.-31.12.2018

Contents

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

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Consolidated comprehensive income statement, 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 (EPS)

Undiluted earnings per share are calculated by dividing the profit or loss attributable to the parent company's shareholders by the weighted average number of shares in circulation during the financial period, excluding Evli shares acquired and held by the Group during the period. Diluted earnings per share are calculated by adjusting the weighted average number of shares by the dilutive effect of the stock options granted under share-based incentive programs.

	Note	1.1.–31.12.2018	1.1.–31.12.2017
Interest income	1.1.	3.4	3.2
Interest expenses	1.2.	-2.8	-2.3
NET INTEREST INCOME		**0.7**	**0.9**
Fee and commission income	1.3.	69.2	67.1
Fee and commission expenses	1.4.	-2.1	-1.9
Net income from securities transactions	1.5.	0.4	5.2
Income from equity investments	1.6.	0.3	-0.3
Other operating income	1.7.	0.1	0.4
NET REVENUE		**68.5**	**71.4**

	Note	1.1.–31.12.2018	1.1.–31.12.2017
Operating expenses			
Administrative expenses			
Personnel expenses	1.8.	-27.9	-28.9
Other expenses	1.9.	-19.5	-19.0
Impairment charges on goodwill	1.10.	0.0	0.0
Depreciation and amortization on tangible and intangible assets	1.10.	-2.1	-2.3
Excpected credit losses on loans and other receivables	1.11.	0.0	0.0
Impairment losses on other financial assets	1.11.	0.0	0.0
OPERATING PROFIT/LOSS		**18.9**	**21.3**
Share of profit or loss of associates	1.12.	2.6	0.6
PROFIT BEFORE INCOME TAX		**21.5**	**21.8**
Income taxes	1.13.	-4.2	-4.3
PROFIT / LOSS FOR THE FINANCIAL YEAR		**17.3**	**17.5**
Attributable to			
Minority interest		1.3	0.8
Shareholders of parent company		16.0	16.7
PROFIT / LOSS FOR THE FINANCIAL YEAR		**17.3**	**17.5**
OTHER COMPREHENSIVE INCOME / LOSS			
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences - foreign operations		-0.2	-0.2
Other comprehensive income/loss		**-0.2**	**-0.2**
Other comprehensive income after taxes / loss for the year		-0.2	-0.2
OTHER COMPREHENSIVE INCOME / LOSS FOR THE YEAR		**17.1**	**17.4**
Attributable to			
Non-controlling interest		1.3	0.8
Equity holders of parent company		15.8	16.5
Earnings/share (EPS),	1.14.	0.69	0.72
Earnings/share (EPS), fully diluted	1.14.	0.68	0.72
Diluted earnings/share IFRS, fully diluted	1.14.	0.67	0.69

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Consolidated balance sheet, IFRS

ASSETS	Note	31.12.2018	31.12.2017
CASH AND CASH EQUIVALENTS	2.1.	239.7	383.2
Financial assets measured at amortized cost			
Claims on credit institutions	2.2.	76.8	64.1
Claims on the public and public sector entities	2.3.	114.6	92.0
FINANCIAL ASSETS MEASURED AT AMORTIZED COST		**191.4**	**156.1**
Financial assets at fair value through profit or loss			
Debt securities eligible for refinancing with central banks	2.4.	31.1	36.3
Debt securities	2.4.	223.2	229.4
Shares and participations	2.5.	30.1	31.5
Derivative contracts	2.6.	24.2	30.2
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		**308.6**	**327.4**
Other than financial assets			
Shares and participations in associates	8.2.	5.2	3.6
Intangible assets and goodwill	2.7.	11.5	10.0
Property, plant and equipment	2.8.	1.9	1.8
Other assets	2.9.	51.9	73.9
Accrued income and prepayments	2.10.	5.3	4.0
Deferred tax assets	2.11.	0.1	0.7
OTHER THAN FINANCIAL ASSETS, TOTAL		**75.9**	**93.9**
TOTAL ASSETS		**815.5**	**960.7**

LIABILITIES AND EQUITY	Note	31.12.2018	31.12.2017
LIABILITIES			
Financial liabilities at amortized cost			
Liabilities to credit institutions and central banks	2.12.	6.7	31.7
Liabilities to the public and public sector entities	2.13.	469.9	621.5
Debt securities issued to the public	2.14.	160.9	97.5
FINANCIAL LIABILITIES AT AMORTIZED COST, TOTAL		**637.5**	**750.7**
Financial liabilities at fair value through profit or loss			
Derivative contracts and other liabilities held for trading	2.15.	24.3	34.6
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		**24.3**	**34.6**
Other than financial liabilities			
Other liabilities	2.16.	58.0	83.6
Accrued expenses and deferred income	2.17.	18.1	19.1
Deferred tax liabilities	2.18.	0.0	0.2
OTHER THAN FINANCIAL LIABILITIES, TOTAL		**76.2**	**102.9**
TOTAL LIABILITIES		**738.0**	**888.2**
EQUITY	2.19.		
Share capital		30.2	30.2
Share premium fund		1.8	1.8
Fund of invested non-restricted equity		18.3	17.5
Other reserves		0.4	0.1
Translation difference		-0.2	-0.2
Retained earnings		25.8	22.2
Minority interest		1.1	0.9
TOTAL EQUITY		**77.4**	**72.5**
Equity to holders of parent company		76.3	71.6
Non-controlling interest in capital		1.1	0.9
TOTAL LIABILITIES AND EQUITY		**815.5**	**960.7**

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Consolidated statement of cash flow, 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. Cash flow statement has been prepared in accordance with the direct method, where cash inflows and outflows are reported primarily in gross terms. Cash flows are classified as cash flows from operating activities, cash flows from investing activities and cash flows from financing activities.

Operating activities

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

Investing activities

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

Financing activities

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

Cash and cash equivalents

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

	1.1.–31.12.2018	1.1.–31.12.2017
Cash flow from operating activities		
Interest and commission received and proceeds from securities transactions incl. dividends	62.7	71.3
Open trades, net	2.8	-34.3
Interest and commissions paid	-4.9	-4.2
Cash payments to employees and suppliers	-53.9	-57.2
Increase (-) or decrease in operating assets:		
Net change in trading book assets and liabilities	13.7	-14.5
Deposits held for regulatory or monetary control purposes	-10.3	-17.9
Issue of loan capital	63.4	51.4
Funds advanced to customers	-193.8	182.4
Net cash from operating activities before income taxes	-120.3	177.0
Income taxes	-5.6	-4.1
Net cash used in operating activities	**-126.0**	**172.9**
Cash flow from investing activities		
Proceeds from sales of subsidiaries and associates	0.0	-0.6
Acquisition of property, plant and equipment and intangible assets	-2.2	-1.9
Net cash used in investing activities	**-2.2**	**-2.5**
Cash flow from financing activities		
Purchase of own shares	-0.1	-0.3
Payment of finance lease liabilities	-0.2	-0.2
Transactions with non-controlling interests	0.0	-0.5
Dividends paid	-12.2	-9.2
Net cash from financing activities	**-12.4**	**-10.2**
Net increase in cash and cash equivalents	-141.1	160.3
Cash and cash equivalents at beginning of period	388.6	228.3
FX-rate impact on cash and cash equivalents	-0.1	0.1
Cash and cash equivalents at end of period	**247.4**	**388.6**

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Consolidated statement of changes in equity, IFRS

	Share capital	Share premium fund	Reserve for invested unrestricted equity	Other reserves	Translation difference	Retained earnings	Total	Non-controlling interest	Total Equity
Equity capital 31.12.2016	**30.2**	**1.8**	**18.4**	**0.1**	**-0.2**	**14.6**	**64.9**	**0.4**	**65.3**
Translation difference					0.0		0.0		**0.0**
Profit/loss for the period						16.7	16.7	0.8	**17.5**
Share options exercised			0.2				0.2		**0.2**
Dividends						-9.2	-9.2	-0.3	**-9.5**
Acquisition of non-controlling interest			-0.5				-0.5		**-0.5**
Acquisition of own shares			-0.5				-0.5		**-0.5**
Other changes			-0.1	0.1		0.0	0.0	0.0	**0.0**
Equity capital 31.12.2017	**30.2**	**1.8**	**17.5**	**0.1**	**-0.2**	**22.2**	**71.6**	**0.9**	**72.5**
Translation difference					0.0		0.0		0.0
Profit/loss for the period						16.0	16.0	1.3	17.3
Dividends						-12.2	-12.2	-1.0	-13.1
Share options exercised			0.5				0.5		0.5
Acquisition of own shares			-0.1				-0.1		-0.1
Acquisition of non-controlling interest			0.5				0.5		0.5
Other changes			-0.2	0.2		-0.2	-0.2		-0.2
Equity capital 31.12.2018	**30.2**	**1.8**	**18.3**	**0.4**	**-0.2**	**25.8**	**76.3**	**1.1**	**77.4**

The Group´s equity capital is shown in detail in note 2.19. Equity Capital
The effects of the transition to IFRS 9 are detailed in note 5.3. Items to be measured according to IFRS 9, expected credit losses.
Other changes for 2017 include the acquisition of Nordic Shine Oy's own shares and the translation diffrence from Evli's Russian operations (EUR -0.1 million) both the fair value change (EUR 0.1 million) arising from the granted option and share programs.
Other changes from 2018 include the change in equity related to the closure of Evli Russia Ltd (EUR -0.2 million) and the fair value change (EUR 0.2 million) arising from the granted option and share programs.

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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, management of incentive systems, 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 its branch office and its subsidiary Evli Corporate Finance Ab and in the United Arab Emirates through its subsidiary Terra Nova Ltd.

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

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

Basis for preparation of the financial statements

The consolidated financial statements have been prepared in compliance with IFRSs (International Financial Reporting Standards), approved for application in the EU, and IASs (International Accounting Standards) valid at the end of 2018, together with their respective SIC (Standing Interpretations Committee) and IFRIC (International Financial Reporting Interpretations Committee) interpretations. In addition, Finland's accounting and limited liability company legislation and official regulations have also been considered in preparing the consolidated financial statements. The figures in the financial statements are presented in millions of euros, unless indicated otherwise. The consolidated financial statements have been prepared based on historical cost, with the exception of financial assets and liabilities recognized at fair value through profit or loss, and derivative financial instruments.

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

As of January 1, 2014, capital adequacy has been calculated according to the Basel III standards. The term Basel III is used in the financial statements to mean the EU's Capital Requirements Regulation 575/2013 and the related additional regulations issued by the European supervisory authority and international supervisory authorities.

The accounting policies apply to 2018. The accounting policies for comparative figures are presented in the 2017 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 arising from the elimination of the acquisition cost of foreign subsidiaries and from post-acquisition cumulative changes in equity items are recognized in income and expenses recognized directly in equity and presented under equity. When a subsidiary is disposed of wholly or partly, the cumulative translation differences are recognized in profit or loss as part of gains or losses from disposal.

Leases

Leases of property, plant and equipment in which substantially all the risks and rewards of ownership are transferred to the Group are classified as finance leases. An asset leased under a finance lease is recognized at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. An asset leased under a finance lease is depreciated over the shorter of the asset's useful life and the lease term. Lease payments are allo-

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cated between the interest expense and the reduction of the outstanding liability during the lease term to produce a constant periodic rate of interest on the remaining balance of the liability for each financial period. Finance lease liabilities are included in other liabilities. During the financial period, the Group had no valid financial leases.

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.

Financial assets and liabilities

The Group's financial assets and liabilities are classified in accordance with the IFRS 9 Financial Instruments standard. The regulation replaces IAS 39 Financial Instruments: Recognition and Measurement. Under the new IFRS standard the classification of financial assets will change so that it will be based on the business model and the type of contractually accrued cash flows. The business model reflects how a group of financial assets are managed in a business unit in order to meet a certain financial objective. The previous four classification groups will no longer be used and they will be replaced by three groups:

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

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. IFRS 9 does not change the method of measuring the Group's investments.

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

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

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 measurements by associates).

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 aris-

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ing 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.

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.

Distribution of financial assets IFRS 9, starting 1.1.2018:

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	

Distribution of financial assets IAS 39, until 31.12.2017:

Financial assets	Loans and other receivables, measured at amortized cost	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
	Available-for-sale financial assets	Unquoted shares	

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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).

Reference data for 2017 with respect to financial assets are presented in accordance with IAS 39 in the financial statements.

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 economic 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.

Distribution of financial liabilities IFRS 9, as of 1.1.2018:

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

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.

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 bal-

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Distribution of financial liabilities IAS 39, until 31.12.2017:

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

ance 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.

Reference data for 2017 with respect to financial liabilities are presented in accordance with IAS 39 in the financial statements.

Hedge accounting

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

IFRS 15 Revenue from contracts with customers

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

Key revenue streams that fall under the standard and are based on client contracts have been analyzed using the five-step model. The client contract on which the stream is based and any performance criteria on which fees are based have been identified for each revenue stream. The fee charged has then been allocated to each performance criterion and the revenue recognition principles have been built around meeting the criteria. 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.

Matters requiring management judgement

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

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

Provisions

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

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

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

IFRS 16 Leases (effective for financial years beginning on or after 1 January 2019).

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

Evli has analyzed its contract portfolio taking into account the IFRS 16 standard that will be taken into force. 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. The standard is not expected to have a significant impact on Evli's consolidated financial statements.

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

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Risk management and internal control

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

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

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

Organization of the control operations

Evli Bank's Board of Directors is primarily responsible for the Evli Group's risk management. The Board of Directors confirms the principles and responsibilities of risk management, the Group's risk limits and other general guidelines according to which the risk management and internal control is organized. The Board has also appointed a credit and asset liability committee (Credalco), that briefs it on risk-taking matters. Its members during the financial year were Kristian Nybergh (Chairman), Juho Mikola, Kim Pessala and Maunu Lehtimäki; expert members were Mari Etholén, Jarkko Heikkilä, Bengt Wahlström and Jan-Erik Eriksson.

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

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

2. The second line of defense 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 Management 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 the Evli Group's operations by supporting operating management and the business units in applying the provisions of the law, the official regulations and internal guidelines, and in identifying, managing and reporting on any risks of insufficient compliance with the rules.

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

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

More information about the organization of Evli Bank's control operations is found in the Corporate governance statement **(p. 129-131)**.

Risk management and the largest risks

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

Evli divides risks into three main categories:

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

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Financial risks

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

Market risks

Evli is conservative when it comes to direct market risks and taking market risks is not considered as a real source of income for Evli. According to Evli's market risk strategy, market risks should not have a significant impact on Evli's profit under normal market conditions, and market risks 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 the changes in the general price level of the stock market.

Evli's direct equity risks consist of derivatives market-making operations, Corporate Finance operations, temporary position of the brokerage business and strategic investments. At the end of 2018, derivatives market-making operations were being shut-down, and therefore there are no longer significant position in the portfolio. In the Corporate Finance and brokerage business there were no equity positions on December 31, 2018. Most of the strategic investments are private equity funds, where Evli has either developed the product and/or acted as the distributor, 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.

3.4 percent of the value of the entire investment portfolio and the trading book 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 recognized entirely through profit or loss during the financial year, because the maturity periods of theoretically measured agreements are short, and the accounting parameters used are primarily based on information from the markets.

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 authorization from Credalco. The maximum total currency position is six million euros, subject to Credalco's permission. The currency position on December 31, 2018 is described in more detail in the Other notes section 6.4. Market risk.

Interest risk

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

The 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

Table 1: Equity risks December 31, 2018, M€

Business operations	Market value	Effect of a 20% change in the stock market to the financial result
Market-making	2.0	0.0
Brokerage	0,0	0.0
Strategic investments	7.4	-1.5
Corporate Finance	0.0	0.0

Table 2: Interest risks December 31, 2018, M€

Business operations	Market value	Scenario A	Scenario B	Total
Assets – Financial activities	704.3	-1.3	0.3	-1.0
Liabilities – Financial activities	663.0	1.0	0.2	1.2
Derivatives market-making	2.0	0.0		0.0
Strategic investments	0.27	-0.0		-0.0

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interest rate changes linearly by one percentage point. Another scenario (Scenario B), that is used for measuring the fixed income investments of the bank's financial activities, measures the effect of the change in the slope of the interest rate curve to the market value in the balance sheet. In Scenario B, the three-month interest rate changes by one percentage point, and at the same time, the five-year interest rate changes in the opposite direction by 0.5 percentage points. The net result from Scenario A and B is added up, and the result indicates the total sensitivity of the financial activities to interest rates. The total amount of the trading book and strategic investments is limited. The interest risk of market-making activities is limited by the sum of Scenario A. The interest rate risk, taking into account assets and liabilities, was EUR 0.3 million on December 31, 2018. In the other operations the interest risks were not significant.

Credit risks

According to the credit risk strategy, taking credit risks is not Evli's primary source of income, but a consequence of other businesses, and under no circumstances can credit risks jeopardize Evli's continuity. Credit risks arise from the bank's financial activities, trading book and the counterparty risk of trading.

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

The rest of the assets of 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. Currently the limit is 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 is qualified as collateral of 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.

Table 3: Credit risks December 31, 2018, M€

	Market value	Collateral	Type of collateral
Financial activities			
Lending	115.4	455.5	Client portfolios
Investment activities			
Finnish municipal paper	207.6	0.0	
Banks (minimum credit rating A-)	39.7	0.0	
Banks (No credit rating)	0.0	0.0	
Corporate Bonds (direct)	7.0	0.0	
Corporate Bonds (mutual funds)	19.5		
Currency & interest rate hedges	-23.8	5.1	Cash
Trading book	2.1	38.6	

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 standardized and non-standardized derivatives contracts. Evli monitors the size of the counterparties' derivatives positions and, if necessary, limits the size of the derivatives positions of an individual counterparty. Credalco gives its approvals to all counterparties with whom non-standardized derivatives agreements are made. Derivative claims on marketplaces on December 31, 2018 were EUR 8.6 million. The customer portfolios held by Evli have been set as collateral. Evli, on the other hand, places cash on the marketplace as a guarantee. Customers 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 is low and is monitored with a standardized process. Table 3 summarizes the credit risks. In addition, the credit risk position is described in more detail in the Other notes sections 6.4.-6.6.

Liquidity risks

As with other financial risks, the risk taking regarding liquidity risks is low, 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.

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Evli Bank Plc'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 for example by 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. 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 2018 consisted of capital market products and lending. Other factors tying up capital were the collaterals for 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 stress situation in a 30-day period. The net outflows include outflows of savings and other funding, and can be offset by inflows, such as receivables falling due in 30 days.

As the LCR entered force, the ratio had to be at least 100 percent. Evli Bank's Board of Directors has set a limit, that the ratio has to be at least 110 percent.

The LCR calculation and its results are described in more detail in the Other notes section 7.7 Liquidity Coverage Requirement (LCR).

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

Leverage ratio

Leverage ratio describes the ratio of Tier 1 capital to the total exposures. The total exposure includes the exposure values of all assets and the amount of off-balance sheet items which have not been subject to decreases when determining the amount of own funds. Off-balance sheet items are included in the calculation according to the credit counter-value ratio and derivatives according to the exposure value. The leverage ratio of Evli Group was 6.0 percent on December 31, 2018.

Operational risks

Operational risks mean a direct or indirect danger or financial loss that is caused by insufficient or failed internal processes, systems, personnel or external factors. Operational risks also include legal risks and compliance and data security risks. Therefore, operational risks are associated, for example, with the management system, operative processes, information systems, persons and various external factors or threats. Each unit is responsible for managing the operational risks of their respective areas. According to the risk management strategy, all relevant operational risks must be identified and mitigated to the level that Evli's continuity or profitability is not compromised.

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

Operational risks increase the requirement for minimum capital in the capital adequacy calculation. In its capital adequacy calculation, Evli uses the Basic Indicator Approach for operational risks, where the capital requirement of operational risks is based on the average gross income from the preceding three years multiplied by the factor set by the Basel committee (0.15). The calculation of the solvency requirement is described in the Other notes section 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 utilization of information technology and telecommunications. One of the key objectives of all Evli functions is the efficient, error free and secure processing of information in a variety of formats. Evli handles and stores substantial amounts of information that is designated as confidential under applicable law, guidelines or contracts or otherwise requires special security arrangements. The confidentiality, accuracy and usability of such information must be protected at all times. To manage information risk, it is necessary to ensure that information systems function properly and reliably and to pay particular attention to the correctness of information updated in databases and to the management of access rights.

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

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No financial losses were sustained in 2018 as a result of misuse of information systems or disturbances affecting them. In addition to arranging normal asset protection, Evli has comprehensive insurance coverage for liability and criminal losses.

Strategic risks

New products and services

Safe introduction of new products and services requires that, prior to making the final decision on introduction, assurance has been obtained that all units participating in the delivery of the product know their respective duties and that they have made the function in question aware of any operational and other risks involved in launching it on the market. The indirect effects of the realization of risks on the whole Group need to be assessed with particular care. Evli uses a standardized procedure concerning the approval and introduction of new products and services.

Outsourcing operations

The delegation of business operations to agents or other outsourcing of operations does not relieve Evli of its responsibilities or obligations. Evli has adopted guidelines regarding the principles that must be complied with when Evli's business operations are delegated outside the Group. These guidelines ensure that the management and monitoring of operational risks relating to the outsourced functions is arranged in the manner required by the Financial Supervisory Authority.

Continuity management

Evli's operations may be threatened by external or internal crises of a physical or other nature. In crisis situations, an organization must:

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

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

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

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

The coordination of continuity planning is the responsibility of the Group Risk Control function.

Risk monitoring and reporting

The Group Risk Control 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 utilization of corporate limits
2. Monthly numerical and verbal risk management report and summary of customer exposure and limit utilization to Credalco
3. Monthly report to the Board of Directors and the Executive Group
4. Annual operational risk assessment report to the Executive Group and the Board of Directors.

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

Managing capital adequacy

An essential element of the regulations is compliance with the solvency requirement set by the regulations and the Internal Capital Adequacy Assessment Process (ICAAP). The capital adequacy regulation is based on the principle that the quantity, quality and allocation of the bank's own assets must be continuously sufficient to cover the material risks applying to the supervised party. It is not possible, however, to use capital to replace deficiencies in the qualitative aspects of risk bearing capacity. Broadly speaking, risk bearing capacity includes not only capital and profitability, but also reliable management, well-organized internal control and risk management.

Evli Bank's Board of Directors has set a target of maintaining at least a 13.0 percent BIS capital adequacy. This target is monitored by means of the Group Risk Control´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.

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Notes to the consolidated 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	2018	2017
At fair value through profit or loss		
Debt securities	0.6	0.5
Derivative contracts	0.0	0.0
Interest income from other loans and claims		
Claims on credit institutions	0.1	0.1
Claims on the public and public sector entities	1.5	1.3
Other interest income	1.2	1.3
Interest income, total	**3.4**	**3.2**

1.2. INTEREST EXPENSES	2018	2017
At fair value through profit or loss		
Derivative contracts and trading liabilities	0.0	0.0
Interest expenses from other borrowing		
Liabilities to the public, public sector entities and credit institutions	-1.7	-1.2
Debt securities issued to the public	-0.5	-0.5
Other interest expenses	-0.6	-0.5
Interest expenses, total	**-2.8**	**-2.3**

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Accounting policies

Revenue recognition

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

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

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

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

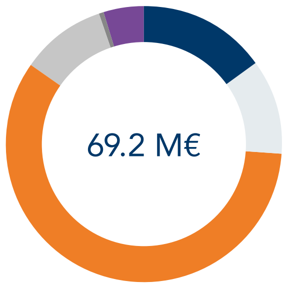
Securities brokerage transactions are recognized according to the trade date.

The calculatory commission from issued equity linked loans is recognized immediately in the income statement. The entire commission is available for use on the date of issue of the loans, and the commission is used to cover the arrangement and issuance of the loans. The loans 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 loans is calculated by using the effective interest method.

Management judgment

The commission income of asset management and mutual funds is subject to adjustment items that can in some circumstances include ambiguity with respect to the date of validity and scope, among other things. This applies to situations in which price reductions have been agreed upon with clients by using "fee reimbursement contracts". For this reason, the 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	2018	2017
Credit related fees and commissions	0.1	0.1
Income from payment transactions	0.0	0.1
Insurance brokerage	0.3	0.3
Advisory services	10.4	9.4
Securities brokerage	7.7	8.4
Securities issue	0.0	0.0
Mutual funds	40.3	37.3
Asset management	6.9	7.6
Custody services	0.3	1.7
Other operations	3.2	2.2
Commission income, total	**69.2**	**67.1**



Net commission

- Advisory services: 10.4%
- Securities brokerage: 7.7%
- Mutual funds:: 40.3%
- Asset management: 6.9%
- Custody services: 0.3%
- Other*: 3.2%

*Other includes Lending, Payment Transaction, Insurance Brokerage, Securities Issuance and Other Activities.

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1.4. COMMISSION EXPENSES	2018	2017
Trading fees paid to stock exchanges	-1.1	-0.8
Other	-1.1	-1.2
Commission expenses, total	**-2.1**	**-1.9**

1.5. NET INCOME FROM SECURITIES TRANSACTIONS AND FOREIGN EXCHANGE DEALING	2018	2017
Net income from securities transactions		
Financial assets held for trading	-0.1	2.7
Financial assets at fair value through profit or loss	-0.8	0.7
Net income from securities transactions, total	**-0.9**	**3.5**

	Gains and losses on sales	Changes in fair value	Total 2018	Total 2017
Net income from securities transactions by instrument				
Debt securities	-0.3	-0.5	-0.8	0.5
Shares and derivative contracts	-1.5	1.4	-0.1	3.0
Net income from securities transactions, total	**-1.7**	**0.9**	**-0.9**	**3.5**
Net income from foreign exchange operations			1.3	1.7
Net income from securities transactions and foreign exchange operations, total	**-1.7**	**0.9**	**0.4**	**5.2**

1.6. INCOME FROM EQUITY INVESTMENTS	2018	2017
Income from equity investments		
Dividends from financial assets valued at fair value	0.3	-0.3
Dividends from available-for-sales securities	0.0	0.0
Dividends from associated companies	0.0	0.0
Income from equity investments, total	**0.3**	**-0.3**

1.7. OTHER OPERATING INCOME	2018	2017
Rental income	0.0	0.0
Gain on sale of owner-occupied investment properties	0.0	0.0
Other income	0.1	0.4
Other operating income, total	**0.1**	**0.4**

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 Evli Group has two share-based incentive programs that are based on stock options that are currently in effect: Option Program 2014 and Option Program 2016. Under these programs, the stock options are issued gratuitously to Evli Group's key employees. In divergence to the preferential subscription rights of the shareholders, the option rights are issued to key employees named by the company's Board of Directors, to promote their commitment and motivation. The company's Board of Directors decides upon the distribution of stock options. The Board also decides upon the redistribution of any stock options that may later be returned.

In addition to the stock option programs, the company has two share-based incentive program that are currently in effect: Share Program 2017 and 2018. Under these program, 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. The company's Board of Directors decides upon the distribution of shares. Additional information on the Option Programs and share-based incentive programs in the Remuniration report on **page 132-134**.

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

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Employee benefits		**2018**		2017
Wages and salaries		-22.7		-23.2
- of which bonuses	-2.3		-4.1	
Other social security costs		-1.0		-1.4
- of which relating to bonuses	0.3		-0.2	
Pension expenses		-4.0		-4.2
- of which relating to bonuses	0.3		-0.8	
- defined contribution plans	-4.0		-4.2	
Equity-settled share options		-0.2		-0.1
Employee benefits, total		**-27.9**		**-28.9**

	2018	2017
Number of personnel during the period, average	259	248
Number of personnel at the end of the period	254	240
Employees by business segment at the end of the period		
Advisory and Corporate Clients	42	41
Wealth Management and Investor Clients	164	154
Group Operations	48	45
Total	**254**	**240**
Employees by geographic market at the end of the period		
Finland	228	218
Sweden	24	20
Arab Emirates	2	2
Total	**254**	**240**

Remuneration

2018	**Wealth Management and Investor Clients**	**Advisory and Corporate Clients**	**Group Operations**
Variable remuneration paid in cash	1.4	0.3	0.1
Other social security costs	0.1	0.0	0.0
Pension costs	0.3	0.1	0.0
Postponed remuneration	0.2	0.2	0.1
Number of recipients	127	28	37

2017	Wealth Management and Investor Clients	Advisory and Corporate Clients	Group Operations
Variable remuneration paid in cash	1.4	0.4	0.3
Other social security costs	0.0	0.0	0.0
Pension costs	0.2	0.1	0.0
Postponed remuneration	0.1	0.0	0.0
Number of recipients	66	12	26

	2018		2017	
	Top management	**Risk takers**	Top management	Risk takers
Variable remuneration paid in cash	0.1	0.4	0.5	0.5
Other social security costs	0.0	0.0	0.0	0.0
Pension costs	0.0	0.1	0.1	0.1
Postponed remuneration	0.1	0.2	0.0	0.1
Number of recipients	3	16	10	18

Employee facts

Employees per segment

- Advisory and Corporate Clients: 16.5%
- Wealth Management and Investor Clients: 64.5%
- Group Operations: 18.9%

Employees per country

- Finland: 89.8%
- Sweden: 9.5%
- Arab Emirates: 0.8%

Women/Men

- Women: 38.6%
- Men: 61.4%

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SHARE BASED INCENTIVES

Plan	Option program 2014	Option program 2016	Restricted Share Plan 2017	Restricted Share Plan 2018	Total
Type	Option	Option	Share	Share	
Annual General Shareholders` Meeting date	6.3.2013	8.3.2016	-	-	
Initial amount, pcs	127,500	233,000	233,000	233,000	826,500
The subscription ratio for underlying shares, pcs	5	1	-		
Initial excercise price, €	3.088	8.74	-	-	
Dividend adjustment	Yes*	Yes	-	-	
Current excercise price, €	2.00	8.34	-	-	
Initial allocation date	13.2.2014	14.6.2016	30.9.2017	8.6.2018	
Vesting date	20.7.2014	1.6.2020	30.9.2021 / 30.9.2022 / 30.9.2023	30.6.2021 / 30.6.2022 / 30.6.2023	
Maturity date	30.4.2019	31.8.2020	-	-	
Maximum contractual life, yrs	5.2	4.2	6.0	5.1	5.1
Remaining contractual life, yrs	0.3	1.7	4.8	4.5	3.1
Number of persons at the end of the reporting year	1	12	10	17	
Payment method	Equity	Equity	Cash & Equity	Cash & Equity	

*Share subscription price is always at least EUR 2.0

Changes during the period 2018	Option program 2014	Option program 2016	Restricted Share Plan 2017	Restricted Share Plan 2018	Weighted average exercise price in €	Total
1.1.2018						
Outstanding at the beginning of the reporting period, pcs	94,200	223,000	76,670	0	6.46	393,870
Changes during the period						
Granted	0	0	72,065	77,674	0.00	149,739
Forfeited	0	0	0	4,667	0.00	4,667
Invalidated during the period	0	0	0	0	0.00	0
Excercised	51,700	0	0	0	2.00	51,700
Weighted average subscription price, €	2.00	-	-	-	2.00	-
Weighted average price of shares, €*	9.36	-	-	-	9.36	-
Expired	0	0	0	0	0.00	0
31.12.2018						
Excercised at the end of the period	85,000	0	0		2.00	85,000
Outstanding at the end of the period	42,500	223,000	148,735	73,007	6.89	487,242

*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, €	9.34
Share price at reporting period end, €	7.28
Expected dividends, €	1.84
Fair value 31 Dec 2018, €	769,326

Effect of Share-based Incentives on the result and financial position during the period	
Expenses for the financial year, share-based payments, equity-settled	239,672
Liabilities arising from share-based payments 31 December 2018	0
Future cash payment to be paid to the tax authorities from share-based payments, estimated at the end of the period	807,141

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1.9. OTHER EXPENSES	2018	2017
Office maintenance expenses	-0.6	-0.7
Office expenses	-0.3	-1.0
Telephone and postage expenses	-0.5	-0.4
Information expenses	-4.0	-3.5
IT related expenses	-4.0	-3.6
Business expenses	-1.1	-0.6
Travel expenses	-0.9	-0.7
Car costs	-0.1	-0.1
Other human resources related expenses	-1.1	-0.9
Marketing expenses	-0.9	-1.0
Banking and custodian expenses	-1.0	-1.0
External services fees	-1.4	-1.6
Supervision expenses	-0.5	-0.3
Rental expenses	-2.4	-2.4
Other expenses	-0.6	-1.2
Other administrative expenses, total	**-19.5**	**-19.0**

1.10. DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES	2018	2017
Depreciation and amortization		
Applications and software	-0.8	-0.6
Other intangible assets	-0.8	-1.3
Leasehold improvements	-0.1	-0.1
Assets acquired under finance leases	-0.2	-0.2
Equipment and furniture	-0.1	-0.1
Depreciation, amortization and impaiment losses, total	**-2.1**	**-2.3**
Write-downs		
Impairment of goodwill	0.0	0.0

Depreciation breakdown by asset class

- Applications and software: 38.1%
- Other intangible assets: 38.1%
- Leasehold improvements: 4.8%
- Assets acquired under finance leases: 8.7%
- Equipment and furniture: 9.5%

1.11. EXPECTED CREDIT LOSSES ON LOANS AND OTHER COMMITMENTS AND IMPAIRMENT LOSSES ON OTHER FINANCIAL ASSETS	2018	2017
Claims on the public and public sector entities		
Expected credit losses on group level	0.0	0.0
Expected credit losses individual	0.0	0.0
Guarantees and other off-balance sheet commitments	0.0	0.0
Sales receivables	0.0	0.0
Impairment losses on other financial assets	0.0	0.0
Impairment losses, total	**0.0**	**0.0**

1.12. SHARE OF PROFIT OR LOSS OF ASSOCIATE COMPANIES	2018	2017
Northern Horizon Capital A/S	**2.6**	**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.

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1.13. 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	2018	2017
Current tax expense	-3.9	-4.7
Taxes from previous years	0.0	-0.1
Deferred taxes	-0.3	0.5
Other taxes	0.0	0.0
Income taxes, total	**-4.2**	**-4.3**
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	18.2	18.2
Profit/loss before taxes, other countries	3.2	3.6
Profit/loss before taxes, total	**21.5**	**21.8**
Tax at domestic tax rate	4.3	4.4
Effect of foreign subsidiaries' differing tax rates	0.0	0.0
Tax at source paid abroad	0.0	0.0
Income not subject to tax	0.1	-0.6
Expenses not deductible for tax purposes	0.2	0.1
Taxes from previous years	0.0	-0.1
Change in other deferred tax assets	-0.3	0.5
Unrecognised tax assets on previous years' losses	0.0	0.0
Other taxes	0.0	0.0
Income tax charge in the consolidated income statement	**4.2**	**4.3**

1.14. EARNINGS PER SHARE

1.14. EARNINGS PER SHARE	2018	2017
Profit for the year attributable to shareholders in Evli Bank Plc	16.0	16.7
Avarage number of A-shares	15,101,163	15,268,522
Avarage number of B-shares	8,083,120	7,806,243
Earnings per share (EPS)	**0.69**	**0.72**
Share and option rights for share-based incentive programs	385,335	770,670
Earnings per share (EPS), fully diluted	**0.68**	**0.72**
Comprehensive income attributable to shareholders in Evli Bank Plc	15.8	16.5
Comprehensive earnings per share (EPS), fully diluted	**0.67**	**0.69**

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

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Notes to consolidated balance sheet

2.1. CASH AND CASH EQUIVALENTS	2018	2017
Balances with central banks	239.6	383.1
Other	0.1	0.1
Cash and cash equivalents total	**239.7**	**383.2**

2.2. CLAIMS ON CREDIT INSTITUTIONS	2018	2017
Repayable on demand		
Domestic credit institutions	1.6	1.7
Foreign credit institutions	6.2	3.7
Repayable on demand, total	**7.7**	**5.4**
Other than repayable on demand		
Domestic credit institutions	22.3	27.8
Foreign credit institutions	46.7	30.9
Other than repayable on demand, total	**69.1**	**58.7**
Claims on credit institutions, total	**76.8**	**64.1**

2.3. CLAIMS ON THE PUBLIC AND PUBLIC SECTOR ENTITIES BY SECTOR	2018	2017
Repayable on demand		
Financial and insurance corporations	0.2	0.0
Repayable on demand, total	**0.2**	0.0
Other than repayable on demand		
Enterprises and housing associations	27.2	14.2
Financial and insurance corporations	1.5	1.2
Households	74.6	67.3
Foreign countries	11.1	9.3
Other than repayable on demand, total	**114.4**	**92.0**
Claims on the public and public sector entities by sector, total	**114.6**	**92.0**

2.4. DEBT SECURITIES			2018	2017
Issued by public corporations	Publicly quoted	Other	Total	Total
Local government notes		207.6	207.6	208.4
Issued by public corporations, total	**0.0**	**207.6**	**207.6**	**208.4**
Issued by other than public corporations				
Fair valued				
Bonds issued by banks	39.7	0.0	39.7	45.1
Other debt securities	4.2	2.8	7.0	12.2
Issued by other than public corporations, total	**43.9**	**2.8**	**46.7**	**57.3**
Debt securities, total			**254.3**	**265.7**

	2018	2017
Debt securities by balance sheet category		
Debt securities eligible for refinancing with central banks		
On public sector entities	0.0	0.0
Other	31.1	36.3
Debt securities		
On public sector entities	207.6	208.4
Other	15.6	21.0
Total	**254.3**	**265.7**

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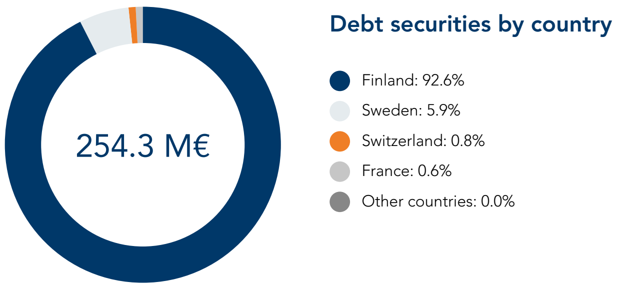
Debt securities by country	2018	2017
Finland	235.6	237.1
Sweden	15.1	18.2
Switzerland	2.1	2.2
France	1.5	1.5
Canada	0.0	5.0
Norway	0.0	1.2
Holland	0.0	0.3
United States	0.0	0.1



2.5. SHARES AND PARTICIPATIONS

	2018		
Balance sheet category	**Publicly quoted**	**Other**	**Total**
Shares and participations			
Valued at fair value throuh profit or loss			
Held for trading	2.5	0.0	2.5
Other	21.5	6.1	27.6
Shares and participations, total	**24.0**	**6.1**	**30.1**

	2017		
Balance sheet category	Publicly quoted	Other	Total
Shares and participations			
Available for sale	0.0	0.0	0.0
Valued at fair value throuh profit or loss			
Held for trading	17.2	0.0	17.2
Other	10.1	4.3	14.3
Shares and participations, total	**27.2**	**4.3**	**31.5**

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

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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 held for trading, and other liabilities held for trading hedge the equity delta risk for shares and participations in the trading book. Net risk position is described in section Market Risk, Notes on Risk Position.

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

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

Currency derivatives comprise commitments made against clients and the associated hedges, and contracts made to hedge currency risk in the balance sheet. The net open risk position of the total amount is small. The largest part of the contracts are in SEK (EUR 2,936 million), and in USD (EUR 535 million)

Overall effect of risks associated with derivative contracts

Nominal value of underlying, gross	Remaining maturity				2018	2018
Held for trading	**less than 1 year**	**1-5 years**	**5–15 years**	**Fair value (+/-)**	**ASSETS**	**LIABILITIES**
Interest rate derivatives						
Interest rate swaps	0.5	65.1	20.8	0.0	0.0	0.0
Currency-linked derivatives	4,230.8	0.0	0.0	0.3	23.2	22.9
Equity-linked derivatives						
Futures	0.3	0.0	0.0	0.1	0.1	0.0
Options bought	5.9	37.4	0.0	0.9	0.9	0.0
Options sold	5.9	37.4	0.0	-0.9	0.0	0.9
Other derivatives						
Held for trading, total	**4,243.4**	**139.9**	**20.8**	**0.4**	**24.2**	**23.8**
Derivative contracts, total	**4,243.4**	**139.9**	**20.8**	**0.4**	**24.2**	**23.8**

Overall effect of risks associated with derivative contracts

Nominal value of underlying Remaining maturity					2017	2017
Held for trading						
Interest rate derivatives						
Interest rate swaps	0.0	20.8	10.3	0.0	0.0	0.0
Currency-linked derivatives	3,464.1	0.0	0.0	0.1	24.9	24.8
Equity-linked derivatives						
Futures	12.6	0.0	0.0	1.2	1.2	0.0
Options bought	79.9	49.4	0.0	3.7	3.7	0.1
Options sold	52.8	49.4	0.0	-4.3	0.4	4.7
Other derivatives						
Held for trading, total	**3,609.5**	**119.6**	**10.3**	**0.6**	**30.2**	**29.6**
Derivative contracts, total	**3,609.5**	**119.6**	**10.3**	**0.6**	**30.2**	**29.6**

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2.7. INTANGIBLE ASSETS AND 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 taking the general performance of the market area into consideration. Generally, income is expected to grow by 0-4 percent annually during the financial year. Correspondingly, expenses are expected to grow by around 2 percent annually.

In the final value method growth is determined using the management's conservative assessment of the long-term growth of cash flow. In the testing carried out in 2018, annual growth of either 1 or 2 percent, depending on the risk of the unit tested, has been used as the growth factor of the final value. The cash flows used to measure value in use are discounted to the present value using the discount rate that reflects assessments of the time value of money and the risks specific to the asset. The discount rate used in the testing of business functions was 11 percent.

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

Management judgment

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

Accounting 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 which, in the case of the Evli Group, means for each subsidiary or segment.

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

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

Management judgment

At each balance sheet date the management assesses whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated.

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Intangible assets and goodwill	2018	2017
Goodwill		
Cost at 1.1.	**5.9**	**5.9**
Cost at 31.12.	5.9	5.9
Accumulated depreciation at 1.1.	**-3.0**	**-3.0**
Impairment losses for the period	0.0	0.0
Accumulated depreciation at 31.12.	-3.0	-3.0
Book value at 31.12.	**2.9**	**2.9**

Goodwill allocation

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

Software or projects in progress	2018	2017
Cost at 1.1.	**0.2**	**0.3**
Transfer between balance items	0.0	-0.1
Increases	1.9	0.0
Cost at 31.12.	2.0	0.2
Book value at 31.12.	**2.0**	**0.2**

Applications and software	2018	2017
Cost at 1.1.	**24.8**	**22.7**
Transfer between balance items	0.0	0.1
Increases	2.0	1.9
Decreases	-8.1	0.0
Cost at 31.12.	18.7	24.8
Accumulated amortisation and impairment losses at 1.1.	**-20.1**	**-19.5**
Amortisation for the period	-0.8	-0.6
Accumulated amortisation in respect of decreases	7.3	0.0
Accumulated amortisation and impairment losses at 31.12.	-13.6	-20.1
Book value at 31.12.	**5.0**	**4.7**
Other intangible assets		
Cost at 1.1.	**6.2**	**10.4**
Increases	3.5	0.0
Decreases	-3.4	-4.1
Cost at 31.12.	6.4	6.2
Accumulated amortisation and impairment losses at 1.1.	**-4.0**	**-6.9**
Amortisation for the period	-0.8	-1.3
Accumulated depreciation in respect of decreases	0.0	4.1
Accumulated amortisation and impairment losses at 31.12.	-4.8	-4.0
Book value at 31.12.	**1.5**	**2.2**
The most significant Other intangible assets are client relationships.		
Book value of intangible assets at 31.12.	**11.5**	**10.0**
Intangible assets, total at 31.12.	**11.5**	**10.0**

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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	2018	2017
Equipment and furniture		
Cost at 1.1.	**6.7**	**6.5**
Exchange difference	0.0	0.0
Increases	0.3	0.2
Decreases	-5.5	0.0
Cost at 31.12.	1.5	6.7
Accumulated depreciation at 1.1.	**-6.3**	**-6.2**
Exchange difference	0.0	0.0
Depreciation for the period	-0.1	-0.1
Translation difference from depreciation for the period	0.0	0.0
Accumulated depreciation in respect of decreases	5.5	0.0
Accumulated depreciation 31.12.	-0.9	-6.3
Book value at 31.12.	**0.6**	**0.4**
Assets acquired under finance leases		
Cost at 1.1.	**3.4**	**3.2**
Increases	0.2	0.1
Cost at 31.12.	3.5	3.4
Accumulated depreciation at 1.1.	**-3.1**	**-2.9**
Depreciation for the period	-0.2	-0.2
Accumulated depreciation at 31.12.	-3.3	-3.1
Book value at 31.12.	**0.2**	**0.3**
Property, plant, and equipment, total 31.12.	**0.8**	**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.	**-0.9**	**-0.7**
Depreciation for the period	-0.1	-0.1
Accumulated depreciation at 31.12.	-1.0	-0.9
Book value at 31.12.	**0.4**	**0.5**
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**
Book value of tangible assets at 31.12.	**1.9**	**1.8**
Property, plant and equipment, total at 31.12.	**1.9**	**1.8**

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2.9. OTHER ASSETS	2018	2017
Securities sale receivables	1.9	10.9
Commission receivables	10.2	11.2
Securities broking receivables	39.6	51.6
Other receivables	0.2	0.1
Other assets total	**51.9**	**73.9**

2.10. ACCRUED INCOME AND PREPAYMENTS	2018	2017
Interest	0.4	0.3
Taxes	1.7	0.1
Staff-related	0.1	1.1
Other items	3.1	2.5
Accrued income and prepayments total	**5.3**	**4.0**

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	2018	2017
Tax assets		
Due to timing differences*	0.1	0.1
Other temporary differences		
From tax losses carried forward	0.0	0.5
Deferred taxes total	**0.1**	**0.7**

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

2.12. LIABILITIES TO CREDIT INSTITUTIONS AND CENTRAL BANKS	2018	2017
Credit institutions		
Repayable on demand	0.0	18.1
Other than repayable on demand	6.7	13.6
Liabilities to credit institutions and central banks, total	**6.7**	**31.7**

2.13. LIABILITIES TO THE PUBLIC AND PUBLIC SECTOR ENTITIES	2018	2017
Deposits		
Repayable on demand	469.9	621.3
Other than repayable on demand	0.0	0.2
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	**469.9**	**621.5**

2.14. DEBT SECURITIES ISSUED TO THE PUBLIC	2018	2017
Certificate of deposits	43.0	22.5
Bonds	118.0	75.0
Debt securities issued to the public, total	**160.9**	**97.5**
Changes in bonds issued to the public		
Issues	67.0	49.5
Repurchases	23.7	10.2

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2.15. DERIVATIVE CONTRACTS AND OTHER LIABILITIES HELD FOR TRADING	2018	2017
Derivative contracts	23.8	29.6
Due to short selling of shares	0.6	5.0
Derivative contracts and other liabilities held for trading, total	**24.3**	**34.6**

2.16. OTHER LIABILITIES	2018	2017
Securities broking liabilities	52.1	69.8
Securities purchase liabilities	0.1	0.2
Finance lease payables	0.3	0.3
Income tax payable	0.1	0.3
Personnel related	0.6	0.6
Other short-term liabilities	2.4	8.5
Prepayments of cash customers	1.8	3.2
VAT payable	0.6	0.7
Other liabilities, total	**58.0**	**83.6**

2.17. ACCRUED EXPENSES AND DEFERRED INCOME	2018	2017
Interest	0.2	0.2
Tax payables	0.6	0.6
Personnel related	9.2	9.5
Other accrued expenses	8.1	8.7
Accrued expenses and deferred income, total	**18.1**	**19.1**

2.18. DEFERRED TAX LIABILITIES	2018	2017
Due to timing differences	0.0	0.2
Deferred tax liability, total	**0.0**	**0.2**

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 1 September 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 1 September 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 acquired a total of 19.732 shares with a price of EUR 87.844,36 during 2018.
The cost of purchase has been deducted from unrestricted equity.
On December 31, 2018 the company held a total of 375.387 own shares.

Equity capital	2018	2017
Share capital	30.2	30.2
Share premium fund	1.8	1.8
Other reserves	0.4	0.1
Restricted equity	**32.4**	**32.2**
Reserve for invested unrestricted equity	18.3	17.5
Retained earnings 1.1.	21.9	14.6
Dividends	-12.2	-9.2
Translation difference and other changes in retained earnings	-0.2	-0.2
Retained earnings 31.12.	9.6	5.2
Profit for the period	16.0	16.7
Unrestricted equity for shareholders	**43.9**	**39.4**
Non-controlling interest´s share of equity	1.1	0.9
Equity capital	**77.4**	**72.5**

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Off-balance-sheet commitments

3.1. OTHER RENTAL COMMITMENTS	2018	2017
Rental liabilities up to one year	1.8	1.9
Rental liabilities over one year and less than 5 years	3.8	5.5
Rental liabilities over 5 years	0.0	0.0
Leasing liabilities not later than one year	0.3	0.3
Leasing liabilities over year not later than five year	0.2	0.3

3.2. OFF-BALANCE SHEET COMMITMENTS	2018	2017
Commitments given to a third party on behalf of a customer*	2.6	8.2
Irrevocable commitments given in favour of a customer	0.2	0.2
Guarantees on behalf of others	0.5	0.5
Unused credit facilities, given to clients	2.6	2.4

*Commitments given on behalf of a customer for a third party include collaterals for derivatives positions given on behalf of customers in Nasdaq OMX and New Edge. The customers have covered their derivatives collateral to Evli in full, except for three customers temporary total deficit of EUR 0.02 million. Other irrevocable commitments given on behalf of a customer comprise subscription commitments guaranteed on behalf of customers.

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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.

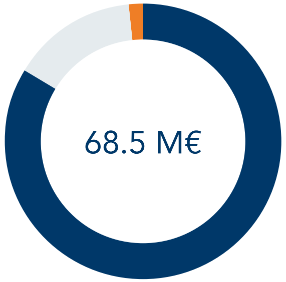
The Wealth Management and Investor Clients segment offers personal asset management services to present and future high net worth private individuals and institutions. The comprehensive product and service selection includes fund products offered by Evli and its partners, and various capital market services 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 administration of incentive programs and corporate analysis for listed companies.

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

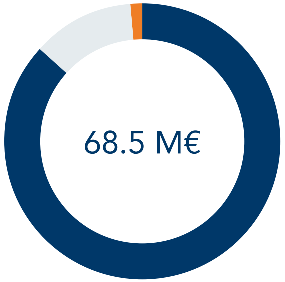
Inter-segment pricing occurs in arm's length transactions at fair value. The revenue and expenses that are deemed as directly attributable to or can be allocated on a reasonable basis to a particular business area are allocated to that business area. The revenue and expenses that are not allocated to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

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



Net revenue per Segment

- Wealth Management and Investor Clients: 83.8%
- Advisory and Corporate Clients: 14.6%
- Group Operations and Eliminations: 1.6%



Net revenue per Country

- Finland: 86.7%
- Sweden: 12.1%
- Other countries: 1.2%

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4.1. SEGMENT INCOME STATEMENT

	2018					2017				
	Wealth Management and Investor Clients	Advisory and Corporate Clients	Group Operations	Unallocated	Group	Wealth Management and Investor Clients	Advisory and Corporate Clients	Group Operations	Unallocated	Group
REVENUE										
Net interest	0.1	0.0	0.6	0.0	0.7	0.1	0.0	0.8	0.0	0.9
Net commissions	57.1	10.0	0.0	0.0	67.1	55.0	9.9	0.2	0.0	65.2
Trading and FX result	0.3	0.0	0.5	-0.1	0.7	0.4	0.0	4.3	0.2	4.9
Other operative income	0.0	0.0	0.1	0.0	0.1	0.0	0.0	0.0	0.4	0.4
External sales	57.5	10.0	1.2	-0.2	68.5	55.4	9.9	5.4	0.7	71.4
Inter-segment sales	-0.1	0.0	0.1	0.0	0.0	-0.1	0.0	0.1	0.0	0.0
Total revenue	**57.4**	**10.0**	**1.3**	**-0.2**	**68.5**	**55.4**	**9.9**	**5.5**	**0.7**	**71.4**
Timing of revenue recognition										
At a point in time	47.3	4.4	-	-	51.7	43.9	3.8	-	-	47.7
Over time	9.8	5.6	-	-	15.4	11.1	6.1	-	-	17.2
RESULT										
Segment operating expenses	-30.0	-6.1	-11.6	0.2	-47.5	-31.5	-6.2	-10.2	0.0	-47.9
Business units operating profit before depreciations and Group allocations	**27.4**	**3.9**	**-10.3**	**0.0**	**21.0**	**23.9**	**3.7**	**-4.8**	**0.7**	**23.5**
Depreciations	-1.0	-0.3	-0.5	-0.3	-2.1	-1.0	-0.5	-0.4	-0.4	-2.3
Business units operating profit before Group allocations	**26.4**	**3.6**	**-10.8**	**-0.3**	**18.9**	**22.9**	**3.1**	**-5.1**	**0.3**	**21.3**
Allocated corporate expenses	-9.1	-1.4	10.5	0.0	0.0	-6.7	-0.7	7.4	0.0	0.0
Operating profit including Group allocations	**17.4**	**2.2**	**-0.3**	**-0.3**	**18.9**	**16.2**	**2.4**	**2.4**	**0.3**	**21.3**
Share of profits (losses) of associates				2.6	2.6				0.6	0.6
Income taxes				-4.2	-4.2				-4.3	-4.3
Segment profit/loss after taxes	**17.4**	**2.2**	**-0.3**	**-2.0**	**17.3**	**16.2**	**2.4**	**2.4**	**-3.4**	**17.5**

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, Group Communications 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.–31.12.2018				1.1.–31.12.2017			
	Finland	Sweden	Other countries	Group	Finland	Sweden	Other countries	Group
INCOME STATEMENT								
Net revenue	59.4	8.3	0.8	68.5	62.0	8.4	1.0	71.4
BALANCE SHEET								
Segment assets	806.1	9.0	0.4	815.5	952.6	7.5	0.5	960.7

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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 0.4 million (one liability) in lending-related assets in phase 2.

Calculation model for expected credit losses (ECL)

ECL 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 = Pprobability 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 collateral
- 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 groups in the calculation of lending. The largest group was investment loans of Wealth Management customers (75 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 92 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 past credit risk has been very low.

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The PD percentages of loans were between 0.25 percent and 0.5 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 PD percentage of other corporate liabilities, 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. Granted collateral 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. On the balance sheet date, the probabilities of default with respect to future forecasts regarding market conditions have not been corrected.

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 3 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.

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

Financial assets and trade receivables measured at amortized 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	239.68	239.68	0.00	0.00	0.00	0.00
Claims on credit institutions	76.80	76.80	0.00	0.00	0.00	0.00
Claims on the public and public sector entities	114.56	114.14	0.42	0.00	0.03	0.00
Claims on corporations	28.67	28.67	0.00	0.00	0.01	0.00
Claims on private persons	84.67	84.25	0.42	0.00	0.02	0.00
Claims on other	1.22	1.22	0.00	0.00	0.00	0.00
Sales receivables	2.73	2.61	0.12	0.00	0.00	0.00
Total assets	**433.78**	433.23	0.54	0.00	0.03	0.00
Unused credit facilities, given to clients	3.14	3.14	0.00	0.00	0.00	0.00
Credit loss reserve total	**0.03**	0.03	0.00	0.00	0.03	0.00

For customer credits, one transfer from level 1 to 2 has been made during the financial year. The bank has no credit payment receivables past due by at least 90 days. Expected credit loss is booked to the Income Statement.

IMPACT ON IFRS 9 STANDARD

Impact on capital adequacy, % units	-0.02
Impact on own funds, €	-0.03

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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	Impairment losses
Private persons Finland	74.6	1.8	0.0	0.0
Corporations Finland	27.7	2.9	0.0	0.0
Other sectors Finland	1.2	1.2	0.0	0.0
Private persons EU countries	5.8	2.6	0.0	0.0
Corporations EU countries	1.0	0.3	0.0	0.0
Private persons other countries	4.2	1.3	0.0	0.0
Total	**114.6**	**2.1**	**0.0**	**0.0**

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

There were no non-performing loans at year-end, and no loans overdue by at least 90 days in the loan stock by 31.12.2018.

The goal of the lending is to support customer relationships 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 nine percent.

Exposures by risk weight, credit risk standard model

Risk weight-%	Original exposure value	Credit risk reducing collateral	Exposure value after credit risk deductions	Risk-weighted value
0	449.3	0.0	449.3	0.0
20	141.6	-5.1	136.5	27.3
35	3.0	0.0	3.0	1.1
50	13.1	0.0	13.1	6.5
76	10.5	0.0	10.5	8.0
100	187.7	-62.3	124.9	124.9
150	1.0	0.0	1.0	1.5
Exposures by risk weight, total	**806.1**	**-67.4**	**738.2**	**169.3**
Credit value adjustment	1.2	0.0	1.2	1.2
Total	**807.3**	**-67.4**	**739.5**	**170.5**

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, and at short term investments like local government notes and commercial papers. In the capital adequacy calculations, 82 percent of the investments had a risk weight of zero percent, twelve percent a risk weight of 20 percent, three percent a risk weight of 50 percent and three percent had a risk weight of 100 percent. Total investments in debt instruments was at year-end EUR 254 million for the Treasury unit.

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

	2018	2017
Mortgages	3.0	3.5
Other credits	34.4	15.8
Counterparty exposure of OTC derivatives	33.0	33.2

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6.3. CREDIT RISK (COUNTERPARTY RISK)	2018	2017
Positive fair value of OTC derivatives in the financial statement	24.1	28.6
The derivatives comprise equity, currency and fixed income derivatives		
Collateral reducing counterparty risk in capital adequacy calculations	33.0	33.2
After the collateral-reducing effect the credit counter-value of derivatives totaled	33.4	32.3

	Exchange-traded derivatives		OTC derivatives	
2018	Nominal value	Fair value	Nominal value	Fair value
Derivatives assets	0.3	0.1	2,384.8	24.1
Derivatives liabilities	0.0	0.0	2,019.1	-23.8

	Exchange-traded derivatives		OTC derivatives	
2017	Nominal value	Fair value	Nominal value	Fair value
Derivatives assets	36.2	1.6	1,861.8	28.6
Derivatives liabilities	53.6	-1.7	1,787.8	-27.9

6.4. MARKET RISK	2018	2017
Minimun capital adequacy requirement, trading book		
Position risk	0.0	0.5
-of which position risk for equity instruments	0.0	0.4
-of which position risk for debt instruments	0.0	0.2
Settlement risk	0.0	0.0
Minimun capital adequacy requirement for the currency risk of all operations	0.5	0.4
Total	**0.5**	**1.0**
Net positions in trading book, equity instruments:		
Long net positions	0.0	0.9
Short net positions	0.0	-0.2
Net total	**0.0**	**0.7**
Net positions in trading book, debt positions:		
Long net positions	0.0	1.4
Short net positions	0.0	0.0
Net total	**0.0**	**1.4**
Net positions in currencies:		
Swedish krona	5.1	3.2
US dollar	-2.0	-0.9
Pound sterling	0.5	0.2
Norwegian krone	0.4	1.2
Swiss franc	0.3	0.2
Japanese yen	0.2	0.1
Other currencies	0.2	0.2
Total net position	**4.7**	**4.3**

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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 27.6 million, which is the fair value of the investments.

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

Investment types	2018	2017
Private equity funds	1.0	1.7
Real estate funds	4.7	2.2
Unlisted shares	0.4	0.3
Mutual funds (interest rate - and equity funds)	21.2	6.9
Listed shares	0.3	3.2
Total	**27.6**	**14.3**

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.

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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.

	2018						2017					
	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	239.7					**239.7**	383.2					**383.2**
Financial assets at amortized cost												
Claims on credit institutions	76.8	0.0	0.0	0.0	0.0	**76.8**	59.1	5.0	0.0	0.0	0.0	**64.1**
Claims on the public and public sector entities	5.6	23.2	78.6	7.2	0.0	**114.6**	12.2	29.4	46.8	3.6	0.0	**92.0**
Financial assets at fair value through profit or loss												
Debt securities eligible for refinancing with central banks	0.0	0.0	31.1	0.0	0.0	**31.1**	0.0	5.0	31.3	0.0	0.0	**36.3**
Debt securities	200.9	9.2	9.2	3.9	0.0	**223.2**	181.9	34.9	11.1	1.5	0.0	**229.4**
Shares and participations	24.0	1.1	2.3	2.7	0.0	**30.1**	27.2	2.0	0.1	2.2	0.0	**31.5**
Derivative contracts	22.7	0.9	0.6	0.0	0.0	**24.2**	23.8	4.6	1.8	0.0	0.0	**30.2**
Accrued interest	0.2	0.2	0.0	0.0	0.0	**0.4**	0.3	0.0	0.0	0.0	0.0	**0.3**
Debts												
Financial liabilities at amortized cost												
Liabilities to credit institutions	5.2	1.5	0.0	0.0	0.0	**6.7**	31.2	0.5	0.0	0.0	0.0	**31.7**
Liabilities to the public and public sector entities	469.9	0.0	0.0	0.0	0.0	**469.9**	621.3	0.2	0.0	0.0	0.0	**621.5**
Debt securities issued to the public	0.2	47.4	91.6	21.8	0.0	**160.9**	9.5	16.0	57.4	14.6	0.0	**97.5**
Financial liabilities at fair value through profit or loss	22.9	0.8	0.6	0.0	0.0	**24.3**	28.9	3.9	1.8	0.0	0.0	**34.6**
Accrued interest	0.2	0.0	0.0	0.0	0.0	**0.2**	0.2	0.0	0.0	0.0	0.0	**0.2**
Off-balance sheet commitments	2.9	2.0	0.9	0.1	0.0	**5.9**	8.9	2.1	0.3	0.0	0.0	**11.4**

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7.2. ASSETS AND LIABILITIES DENOMINATED IN DOMESTIC AND FOREIGN CURRENCY

	2018			2017		
Balance sheet item	Domestic currency	Foreign currency	Total	Domestic currency	Foreign currency	Total
Financial assets at amortized cost						
Cash on hand	239.7	0.0	239.7	383.2	0.0	383.2
Claims on credit institutions	68.8	8.0	76.8	58.3	5.8	64.1
Claims on the public and public sector entities	114.6	0.0	114.6	92.0	0.0	92.0
Financial assets at fair value through profit or loss						
Debt securities	250.7	3.6	254.3	261.6	4.1	265.7
Shares and participations	29.7	0.5	30.1	30.2	1.4	31.5
Derivative financial instruments	24.2	0.0	24.2	30.2	0.0	30.2
Other assets	59.9	16.0	75.9	70.9	23.0	93.9
Total	**787.4**	**28.1**	**815.5**	**926.3**	**34.3**	**960.7**
Financial liabilities at amortized cost						
Liabilities to credit institutions	6.7	0.0	6.7	13.6	18.1	31.7
Liabilities to the public and public sector entities	400.2	69.7	469.9	545.6	75.9	621.5
Debt securities issued to the public	160.9	0.0	160.9	97.5	0.0	97.5
Financial assets at fair value through profit or loss						
Derivative contracts and liabilities held for trading	24.3	0.0	24.3	34.3	0.2	34.6
Other liabilities	59.8	16.4	76.2	93.3	9.6	102.9
Total	**651.9**	**86.1**	**738.0**	**784.3**	**103.8**	**888.2**

The largest foreign currency assets and liabilities are in SEK (assets EUR 15.6 million, liabilities EUR 39.2 million) and USD (assets EUR 3.7 million, liabilities EUR 15.3 million).
Currency risk hedging positions are not included in the figures.

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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 2018	Level 2 2018	Level 3 2018	Total
Shares and participations classified as held for trading	2.5	0.0	0.0	2.5
Shares and participations, other	21.5	0.0	6.1	27.6
Debt securities eligible for refinancing with central banks	31.1	0.0	0.0	31.1
Debt securities	11.4	209.0	2.8	223.2
Positive market values from derivatives	0.1	23.2	0.9	24.2
Total financial assets held at fair value	**66.6**	**232.2**	**9.8**	**308.6**
Financial liabilities:				
Shares and participations classified as held for trading	0.0	0.0	0.6	0.6
Negative market values from derivatives	0.0	22.9	0.9	23.8
Total financial liabilities held at fair value	**0.0**	**22.9**	**1.5**	**24.3**

Financial assets:	2017	2017	2017	Total
Shares and participations classified as held for trading	17.2	0.0	0.0	17.2
Shares and participations, other	10.1	0.0	4.3	14.3
Debt securities eligible for refinancing with central banks	36.3	0.0	0.0	36.3
Debt securities	4.1	222.0	3.3	229.4
Positive market values from derivatives	2.0	24.9	3.3	30.2
Total financial assets held at fair value	**69.6**	**246.9**	**10.8**	**327.4**
Financial liabilities:				
Shares and participations classified as held for trading	3.9	0.0	1.1	5.0
Negative market values from derivatives	1.7	24.8	3.1	29.6
Total financial liabilities held at fair value	**5.6**	**24.8**	**4.2**	**34.6**

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Explanation of fair value hierarchies:

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

Level 2
Fair values 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	Arvostusmenetelmä/syöttötiedot
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.

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7.4. ANALYSIS OF FINANCIAL INSTRUMENTS CATEGORIZED IN LEVEL 3	2018	2017
Financial assets:		
Shares and participations classified as held for trading	0.0	0.0
Unlisted shares and participations	0.4	0.3
Venture capital funds and real estate funds	5.7	3.9
Debt securities	2.8	3.3
Quoted equity derivatives	0.0	0.0
OTC equity derivatives	0.9	3.3
Total financial assets held at fair value	**9.8**	**10.8**
Financial liabilities:		
Shares and participations classified as held for trading	0.6	1.1
Quoted equity derivatives	0.0	0.0
OTC equity derivatives	0.9	3.1
Total financial liabilities held at fair value	**1.5**	**4.2**

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

Financial assets:

Shares and participations classified as held for trading 31.12.2017	0.0
Net purchases and sales	0.0
Valuation changes	0.0
Shares and participations classified as held for trading 31.12.2018	**0.0**
Unlisted shares and participations 31.12.2017	0.3
Purchases	0.0
Sales	0.0
Valuation changes	0.0
Unlisted shares and participations 31.12.2018	**0.4**
Venture capital funds and real estate funds 31.12.2017	3.9
Purchases	2.6
Sales	-1.3
Valuation changes	0.5
Venture capital funds and real estate funds 31.12.2018	**5.7**
Debt securities 31.12.2017	3.3
Purchases	0.3
Sales	-0.2
Valuation changes	-0.6
Debt securities 31.12.2018	**2.8**
OTC equity derivatives 31.12.2017	3.3
Net purchases and sales	-1.2
Valuation changes	-1.1
OTC equity derivatives 31.12.2018	**0.9**

Financial liabilities:

Shares and participations classified as held for trading 31.12.2017	1.1
Net purchases and sales	0.0
Valuation changes	-0.5
Shares and participations classified as held for trading 31.12.2018	**0.6**
OTC equity derivatives 31.12.2017	3.1
Net purchases and sales	-1.1
Valuation changes	-1.1
OTC equity derivatives 31.12.2018	**0.9**

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 equities and units group is under EUR -0.5 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.

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

	Unrealized P/L at year-end	
	2018	2017
Financial assets:		
Shares and participations classified as held for trading	0.0	0.0
Shares and participations, other	0.6	-0.3
Debt securities	-0.2	0.0
Positive market values from derivatives	0.1	0.0
Unrealized P/L at year-end, financial assets	**0.4**	**-0.3**
Financial liabilities:		
Shares and participations classified as held for trading	0.6	0.2
Negative market values from derivatives	-0.1	0.0
Unrealized P/L at year-end, financial liabilities	**0.5**	**0.2**
Total unrealized profit (loss), level 3 instruments	**0.9**	**-0.1**

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

7.6. CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2018				
Assets	**Amortised cost**	**Fair value through profit and loss**	**Fair value through comprehensive income**	**Other assets**	**Total**
Cash and cash equivalents	239.7				239.7
Claims on credit institutions	76.8				76.8
Claims on the public and public sector entities	114.6				114.6
Debt securities eligible for refinancing with central banks		31.1	0.0		31.1
Debt securities		223.2	0.0		223.2
Shares and participations		30.1	0.0		30.1
Derivative contracts		24.2	0.0		24.2
Shares and participations in associates				5.1	5.1
Intangible assets and goodwill				11.5	11.5
Property, plant and equipment				1.9	1.9
Other assets				51.9	51.9
Accrued income and prepayments				5.3	5.3
Deferred tax assets				0.1	0.1
Total	**431.0**	**308.6**	**0.0**	**75.9**	**815.5**

Liabilities	**Amortised cost**	**Fair value through profit and loss**	**Other liabilities**	**Total**
Liabilities to credit institutions and central banks	6.7			6.7
Liabilities to the public and public sector entities	469.9			469.9
Debt securities issued to the public	160.9			160.9
Derivative contracts and other liabilities held for trading		24.3		24.3
Other liabilities			58.0	58.0
Accrued expenses and deferred income			18.1	18.1
Deferred tax liabilities			0.0	0.0
Total	**637.5**	**24.3**	**76.1**	**738.0**

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7.7. LIQUIDITY COVERAGE REQUIREMENT (LCR)

	2018	
Items included in the liquidity coverage ratio (LCR)		
Requirement 100%		
	Amount/ market value	**Weighted value**
Liquidity buffer		
Central Bank deposits, withdrawable	233.7	233.7
Local government notes	207.6	207.6
Liquidity buffer total	**441.3**	**441.3**
	Amount/ market value	**Inflow**
Inflows over the next 30 days		
Maturing loans, retail customers	2.4	1.2
Monies due from financial customers	6.3	6.3
Inflow total	**8.7**	**7.5**
	Amount/ market value	**Outflow**
Outflows over the next 30 days		
Retail deposits	157.2	18.6
Deposits by financial customers	209.0	209.0
Deposits by other customers	31.8	12.2
Impact of an adverse market scenario on derivatives, financing transactions and other contracts	16.7	16.7
Credit facilities	2.6	0.1
Planned derivatives payables	0.0	0.0
Other off-balance sheet and contingent funding obligations	0.0	0.0
Other debt	15.3	15.3
Issued debt securities	0.2	0.2
Outflow total	**432.9**	**272.2**
Net liquidity outflow		264.7
LCR % = Liquidity buffer / Net liquidity outflow		**166.70**

7.8. SECURITIES LENDING

	2018	2017
Market value of securities lending at 31.12., lent in	9.3	15.4
Market value of securities lending at 31.12., lent out	0.1	0.2

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

	2018 Book value	2018 Fair value
Financial assets		
Liquid assets	239.7	239.7
Debt securities eligible for refinancing with central banks	31.1	31.1
Claims on credit institutions	76.8	76.8
Claims on the public and public sector entities	114.6	114.6
Debt securities	223.2	223.2
Shares and participations	30.1	30.1
Derivative contracts	24.2	24.2
Financial liabilities		
Liabilities to credit institutions	6.7	6.7
Liabilities to the public and public sectory entities	469.9	469.9
Debt securities issued to the public	160.9	161.4
Derivative contracts and other trading liabilities	24.3	24.3

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.

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7.10. ASSETS PLEDGED AS COLLATERAL

ASSETS	Fair value of encumbered assets 2018	Fair value of unencumbered assets 2018	of which usable as collateral 2018
Liquid assets and Central Bank deposits	0.0	239.7	233.7
Debt securities eligible for refinancing with central banks	31.1	0.0	0.0
Claims on credit institutions	69.1	7.8	7.8
Claims on the public and public sector entities	0.0	114.6	0.0
Debt securities	5.0	218.2	0.0
Shares and participations	0.0	30.1	0.0
	105.2	**610.3**	**241.5**
Usage of collateral			
Markeplace collateral, stock- and derivatives trades	18.7		
Collateral for OTC derivatives trades	46.1		
Collateral for securities lending	6.2		
Bank Of Finland, collateral for daily limit account	34.1		
	105.2		

Received collateral	Fair value of collateral received
LIABILITIES	
Received cash	**43.9**

ASSETS	2017	2017	2017
Liquid assets and Central Bank deposits	0.0	383.2	377.7
Debt securities eligible for refinancing with central banks	36.3	0.0	0.0
Claims on credit institutions	53.6	10.5	5.4
Claims on the public and public sector entities	0.0	92.0	0.0
Debt securities	0.0	229.4	0.0
Shares and participations	0.0	31.5	0.0
	89.9	**746.7**	**383.1**
Usage of collateral			
Markeplace collateral, stock- and derivatives trades	16.9		
Collateral for OTC derivatives trades	21.5		
Collateral for securities lending	17.2		
Bank Of Finland, collateral for daily limit account	34.3		

Received collateral	Fair value of collateral received
LIABILITIES	
Received cash	**42.4**

7.11. ASSET UNDER MANAGEMENT

7.11. ASSET UNDER MANAGEMENT	2018	2017
Assets under management at Evli Bank's Asset Management as of 31 December		
Gross	13,096.2	12,956.0
Net	9,897.5	9,848.0
Assets under management on the basis of power of attorney		
Discretionary asset management	4,516.0	4,546.0
Consultative asset management	109.0	141.0
Total	**4,625.0**	**4,687.0**

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Consolidation

8.1. CORPORATE STRUCTURE

CORPORATE STRUCTURE

Group company
Branch office
Associated companies

Evli Bank Plc
(Finland)

Evli Bank Plc,Stockholm branch
(Sweden)

Aurator
Asset Management Ltd
(100%)
(Finland)

Evli Corporate
Finance AB
(63.5%)
(Sweden)

Terra Nova Capital
Advisors Ltd
(55%)
(United Arab Emirates)

Evli Research
Partners Oy
(70%)
(Finland)

Evli Investment
Solutions Oy
(70%)
(Finland)

Evli Life Ltd
(100%)
(Finland)

Evli Awards
Management Oy
(97%)
(Finland)

Evli Fund Management
Company Ltd
(100%)
(Finland)

Evli Fondbolag AB, Stockholm branch, (Sweden)

Nordic Shine GP Oy, (100%), (Finland)

EAI Residential Partners Oy, (75%), (Finland)

EAI Feeder GP Oy, (100%), (Finland)

Evli HC I GP Oy, (82%), (Finland)

EGP General Partner Oy (70%), (Finland)

CHANGES IN GROUP STRUCTURE DURING THE REVIEW PERIOD

Founded companies:
EGP General Partner Oy

Discontinued companies:
Evli Alternative Investments Ltd
Nordic Shine Oy
Evli Russia Ltd
EAM Finland Oy

The discontinued companies have no significant impact on the Group result or financial position

GROUP ASSOCIATED COMPANIES

Northern Horizon Capital A/S
(50%) (Denmark)

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

	Country	Ownership %	Share of voting rights %
Minority interest			
Evli Corporate Finance AB	Sweden	36.5%	36.5%
Terra Nova Capital Ltd	United Arab Emirates	45%	45%
Evli Research Partners Oy	Finland	30%	30%
Evli Investment Solutions Oy	Finland	30%	30%
EAI Residential Partners Oy	Finland	25%	25%
EGP General Partner Oy	Finland	30%	30%
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 Ltd, Evli Investment Solutions Ltd, EAI Residential Partners Ltd and EGP General Partner Oy.

Financial success in companies with non-controlling owners

Company	Evli Corporate Finance AB	Terra Nova Capital Advisors Ltd	Evli Research Partners Oy	Evli Investment Solutions Oy	EAI Residential Partners Oy	EGP General Partner Oy
Domicile	Sweden	United Arab Emirates	Finland	Finland	Finland	Finland
Assets	3.3	0.4	0.8	0.8	0.3	0.1
Liabilities	1.7	0.0	0.3	0.2	0.1	0.0
Profit/Loss for the financial year	1.5	0.3	0.5	1.3	0.2	0.0
Attributable to non-controlling interest	0.6	0.1	0.1	0.4	0.0	0.0
Dividends paid to non-controlling interest	0.3	0.2	0.0	0.3	0.0	0.0
Net cash from operating activities before income taxes	0.9	0.3	0.7	1.2	0.0	0.0
Income taxes	-0.3	0.0	-0.1	-0.2	0.0	0.0
Cash flow from operating activities	0.7	0.3	0.6	1.0	0.0	0.0
Cash flow from investing activities	-0.1	0.0	0.0	0.0	0.0	0.0
Cash flow from financing activities	-1.2	-0.5	-0.2	-1.2	-0.1	0.0
Cash and cash equivalents at end of period	0.3	0.3	0.7	0.4	0.0	0.0

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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	2018	2017
At the beginning of the period	3.6	3.0
Share of profit/loss	2.3	0.8
Additions	0.3	0.0
Disposals	-1.0	-0.2
At the end of the period	**5.1**	**3.6**

Holdings in consolidated associated companies

Company	Northern Horizon Capital A/S
Domicile	Denmark
Assets	10.4
Liabilities	2.1
Revenue	13.8
Profit/Loss	4.5
Evli's share of profit/loss	2.3
Ownership (%)	50.0

8.3. CHANGES IN CORPORATE STRUCTURE

In the first quarter, Evli acquired an approximately ten percent share of Aurator Asset Management Ltd held by its minority owners. This transaction made Aurator Asset Management Ltd a wholly-owned subsidiary of Evli.

At the beginning of the year, Evli sold 4.9 percent of its shares in Terra Nova Capital Advisor Ltd to an employee of the company. Evli's stake in the company was after the transaction 50.1 percent.

Evli decided to concentrate the development of its alternative investment products to Evli Fund Management Company, and the business and subsidiaries of Evli Alternative Investments were transferred to the Evli Fund Management Company.

In connection with the administration of the care facilities fund, Evli HC I GP Oy, a new wholly-owned subsidiary was established during the beginning of the year.

In the third quarter of the year, Evli sold three percent of its shares in Evli Corporate Finance AB to the company's employees. After the transaction, Evli's stake in the company is 63.5 percent.

Evli Research Partners Oy, which is an Evli Group company, acquired five percent of its shares in accordance with the shareholder agreement during the third quarter of 2018 as a result of a termination of an employment relationship.

Head Asset Management Oy, which was part of Evli Group, was terminated during the third quarter of 2018.

In the last quarter of the year, a new subsidiary, EGP General Partner Oy, was established as an Evli Group company.

Evli Alternative Investments Oy, which is an Evli Group company, sold Nordic Shine GP Oy to Evli Fund Management Company in the last quarter of the year.

Nordic Shine Oy, Evli Russia Ltd, EAM Finland Oy and Evli Alternative Investments Ltd, which were part of the Evli Group, were terminated in the fourth quarter of 2018.

In the fourth quarter of 2018, Evli acquired 4.9 per cent of its shares in Terra Nova Capital Advisor Ltd from a company employee. After the transaction, Evli's stake in the company is 55.0 percent.

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8.4. RELATED PARTY DISCLOSURES

Transactions with related parties 2018	Subsidiaries	Associated companies	Group manage-ment
Sales	27.2	0.0	0.0
Purchases	3.1	0.0	0.0
Receivables	6.2	0.0	0.4
Liabilities	23.5	0.0	0.5

Shares owned by related parties: 14,131,950 shares

Transactions with related parties 2017			
Sales	18.2	0.0	0.0
Purchases	2.1	0.0	0.0
Receivables	6.6	0.0	0.1
Liabilities	29.9	0.0	0.4

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

Fees paid to auditors	2018	2017
Audit - Group		
PricewaterhouseCoopers	0.2	0.1
Other companies	0.0	0.1
Audit - Parent company		
PricewaterhouseCoopers	0.1	0.1
Other companies	0.0	0.0
Total	**0.4**	**0.3**
Other than auditing fees		
Other services - Group		
PricewaterhouseCoopers*	0.1	0.1
Other companies	0.0	0.0
Other services - Parent company		
PricewaterhouseCoopers*	0.0	0.0
Other companies	0.0	0.0
Total	**0.1**	**0.1**

*The advisory services provided by PricewaterhouseCoopers Oy to Evli Group for the financial year 2018 comprise EUR 105,393.97.

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Parent company's income statement

	Note	2018	2017
Interest income	9.1.	3.5	3.2
Interest expenses	9.2.	-2.8	-2.3
NET INTEREST INCOME		**0.7**	**0.9**
Income from equity investments	9.3.		
Dividends from Associated companies		1.0	0.0
Dividends from financial assets valued at fair value		0.3	-0.4
Dividends from group companies		12.3	5.6
Fee and commission income	9.4.	36.1	35.9
Fee and commission expenses	9.5.	-5.1	-3.9
Net income from securities transactions and foreign exchange dealing	9.6.		
Net income from securities transactions		-0.9	3.5
Net income from foreign exchange dealing		1.2	1.7
Other operating income	9.7.	5.0	2.8
NET REVENUE		**50.7**	**46.2**
Operating expenses			
Personnel expenses	9.8.		
Wages and salaries		-13.8	-14.9
Other social security costs		-0.5	-0.6
Pension expenses		-2.1	-2.5
Other administrative expenses	9.9.	-11.8	-11.1
Depreciation and amortization on tangible and intangible assets	9.10.	-1.0	-0.4
Other operating expenses	9.11.	-4.4	-2.9
Impairment losses on loans and other receivables	9.12.	0.0	0.0
Impairment losses on other financial assets	9.12.	0.0	0.0
OPERATING PROFIT/LOSS		**17.0**	**13.6**
PROFIT BEFORE INCOME TAX		**17.0**	**13.6**
Income taxes	9.13.	-0.9	-1.7
PROFIT/LOSS FOR THE FINANCIAL YEAR		**16.1**	**11.9**

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Parent company's balance sheet

	Note	31.12.2018	31.12.2017
ASSETS			
Cash and cash equivalents	9.14.	239.7	383.2
Debt securities eligible for refinancing with central banks	9.17.	31.1	36.3
Claims on credit institutions	9.15.		
Repayable on demand		6.4	3.1
Other than those repayable on demand		69.1	58.7
Claims on the public and public sector entities	9.16.	115.5	94.4
Debt securities	9.17.		
On public sector entities		207.6	208.4
Other		15.6	21.0
Shares and participations	9.18.	29.7	28.3
Shares and participations in associates	9.19.	4.4	4.4
Shares and participations in group undertakings	9.19.	21.1	28.1
Derivative contracts	9.20.	24.2	30.2
Intangible assets	9.21.	10.3	5.0
Property, plant and equipment	9.22.	1.0	1.0
Other assets	9.23.	49.1	69.5
Accrued income and prepayments	9.24.	1.6	3.3
Deferred tax assets	9.25.	0.1	0.1
TOTAL ASSETS		**826.4**	**974.9**

	Note	31.12.2018	31.12.2017
LIABILITIES AND EQUITY			
LIABILITIES			
Liabilities to credit institutions and central banks	9.26.		
Repayable on demand		0.0	18.1
Other than those repayable on demand		6.7	13.6
Liabilities to the public and public sector entities	9.27.		
Deposits			
Repayable on demand		495.4	652.5
Other		0.0	0.2
Debt securities issued to the public	9.28.		
Bonds		118.0	75.0
Other		43.0	22.5
Derivative contracts and other trading liabilities	9.29.	24.3	34.6
Other liabilities	9.30.	58.3	80.5
Accrued expenses and deferred income	9.31.	5.7	7.0
Deferred tax liabilities	9.32.	0.0	0.0
TOTAL LIABILITIES		**751.4**	**904.1**
EQUITY	9.33.		
Share capital		30.2	30.2
Share premium fund		1.8	1.8
		0.0	0.0
Fund of invested non-restricted equity		24.4	24.0
Retained earnings		2.5	2.9
Profit/loss for financial year		16.1	11.9
TOTAL EQUITY		**75.0**	**70.8**
TOTAL LIABILITIES AND EQUITY		**826.4**	**974.9**

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Parent company's statement of cash flow

	2018	2017
Cash flow from operating activities		
Interest and commission received and proceeds from securities transactions incl. dividends	37.6	5.4
Interest and commissions paid	-7.8	-6.1
Cash payments to employees and suppliers	-34.2	-28.5
Increase (-) or decrease in operating assets:		
Net change in trading book assets and liabilities	10.8	-28.9
Deposits held for regulatory or monetary control purposes	-10.3	-17.9
Issue of loan capital	63.4	51.4
Funds advanced to customers	-199.4	194.1
Net cash from operating activities before income taxes	-139.9	169.5
Income taxes	-1.6	-1.6
Net cash used in operating activities	**-141.5**	**167.8**
Cash flow from investing activities		
Proceeds from sales of subsidiaries and associates	-4.6	-1.1
Dividend received	12.3	5.6
Interest received	0.0	0.1
Acquisition of property, plant and equipment and intangible assets	-1.1	-1.9
Group loans receivables	1.5	-0.9
Net cash used in investing activities	**8.2**	**1.8**

	2018	2017
Cash flow from financing activities		
Proceeds from issue of share capital	0.0	0.0
Purchase of own shares	-0.1	-0.3
Payment of finance lease liabilities	-0.3	-0.3
Dividends paid	-12.1	-9.2
Net cash from financing activities	**-12.6**	**-9.8**
Net increase in cash and cash equivalents	-140.3	160.4
Cash and cash equivalents at beginning of period	386.3	225.9
Effects of exchange rate changes on cash and cash equivalents	0.0	0.0
Cash and cash equivalents* at end of period	**246.0**	**386.3**

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

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Parent Company´s accounting policies

Basic information on the company

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

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

Evli Bank Plc's notes to the separate financial statements correspond to the exceptions listed below the Evli Group's principles.

Employee benefits

Evli finances all its retirement plans as payments to employee pension companies.

Income taxes

Deferred tax is generally calculated on all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The largest temporary differences arise from the depreciation of fixed assets.

Leases

Leases of property, plant and equipment in which the company bears a substantial portion of the risks and rewards of ownership are classified as finance leases. In the parent company financial statements, the payment made on the basis of such leases are treated as rental expenses. The assets acquired through finance leases are also not recognized in the balance sheet.

Acquired operations

In the first quarter of 2018, Evli acquired an approximately ten percent share of Aurator Asset Management Ltd held by its minority owners. This transaction made Aurator Asset Management Ltd a wholly-owned subsidiary of Evli.

At the beginning of 2018, Evli sold 4.9 percent of its shares in Terra Nova Capital Advisor Ltd to an employee of the company. Evli's stake in the company was after the transaction 50.1 percent.

In the third quarter of 2018, Evli sold three percent of its shares in Evli Corporate Finance AB to the company's employees. After the transaction, Evli's stake in the company is 63.5 percent.

In the fourth quarter of 2018, Evli acquired 4.9 per cent of its shares in Terra Nova Capital Advisor Ltd from a company employee. After the transaction, Evli's stake in the company is 55.0 percent.

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Parent company's notes to income statement

9.1. INTEREST INCOME	2018	2017
At fair value through profit or loss		
Debt securities	0.6	0.5
Interest income from other loans and claims		
Claims on credit institutions	0.1	0.1
Claims on the public and public sector entities	1.6	1.3
Other interest income	1.2	1.3
Interest income, total	**3.5**	**3.2**

9.2. INTEREST EXPENSES	2018	2017
Liabilities to the public, public sector entities and credit institutions	-1.6	-1.2
Debt securities issued to the public	-0.5	-0.5
Other interest expenses	-0.6	-0.5
Interest expenses, total	**-2.8**	**-2.3**

9.3. NET INCOME FROM SECURITIES TRANSACTIONS AND FOREIGN EXCHANGE DEALING	2018	2017
Dividends from Associated companies	1.0	0.0
Dividends from financial assets valued at fair value	0.3	-0.4
Dividends from group companies	12.3	5.6
Income from equity investments, total	**13.6**	**5.2**

9.4. COMMISSION INCOME	2018	2017
Credit related fees and commissions	0.1	0.1
Income from payment transactions	0.0	0.1
Advisory services	0.9	1.2
Securities brokerage	7.7	7.7
Mutual funds	13.7	14.4
Asset management	5.9	5.5
Custody services	4.6	4.7
Other operations	3.2	2.2
Commission income, total	**36.1**	**35.9**

9.5. COMMISSION EXPENSES	2018	2017
Trading fees paid to stock exchanges	-1.1	-0.8
Other	-4.0	-3.1
Commission expenses, total	**-5.1**	**-3.9**

9.6. NET INCOME FROM SECURITIES TRANSACTIONS AND FOREIGN EXCHANGE DEALING	2018	2017
Net income from securities transactions		
Financial assets held for trading	0.0	2.7
Financial assets at fair value through profit or loss	-0.8	0.7
Financial assets available for sale	0.0	0.0
Net income from securities transactions, total	**-0.9**	**3.5**

	Gains and losses on sales	Changes in fair value	Total	Total
Net income from securities transactions by instrument				
Debt securities	-0.3	-0.5	-0.8	0.5
Shares and derivative contracts	-1.5	1.4	-0.1	3.0
Net income from securities transactions, total	**-1.8**	**0.9**	**-0.9**	**3.5**
Net income from foreign exchange operations			1.2	1.7
Net income from securities transactions and foreign exchange operations, total			**0.3**	**5.2**

9.7. OTHER OPERATING INCOME	2018	2017
Rental income	0.0	0.1
Other income	5.0	2.7
Other operating income, total	**5.0**	**2.8**

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9.8. EMPLOYEE BENEFITS		2018		2017
Wages and salaries		-13.8		-14.9
- of which bonuses	-1.2		-2.2	
Other social security costs		-0.5		-0.6
- of which relating to bonuses	0.0		-0.1	
Pension expenses		-2.1		-2.5
- of which relating to bonuses	0.2		-0.4	
- defined contribution plans	-2.1		-2.5	
Employee benefits, total		**-16.4**		**-18.1**

	2018	2017
Number of personnel during the period, average	163	158
Number of personnel at the end of the period	156	154
Employees by business segment at the end of the period		
Advisory and Corporate Clients	6	6
Wealth Management and Investor Clients	103	104
Group Operations	47	44
Total	**156**	**154**

9.9. OTHER OPERATING EXPENSES	2018	2017
Office maintenance expenses	-0.5	-0.6
Office expenses	-0.3	-0.8
Telephone and postage expenses	-0.3	-0.3
Information expenses	-2.4	-2.2
IT related expenses	-3.7	-3.4
Business expenses	-0.8	-0.3
Travel Expenses	-0.5	-0.4
Car costs	0.0	-0.1
Other human resources related expenses	-0.9	-0.7
Marketing expenses	-0.8	-0.8
Banking and custodian expenses	-0.9	-1.0
External services fees	-0.6	-0.6
Other administrative expenses, total	**-11.8**	**-11.1**

9.10. DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES	2018	2017
Depreciation and amortization		
From goodwill	0.0	0.0
Applications and software	-0.6	-0.2
Other intangible assets	-0.3	-0.1
Equipment and furniture	-0.1	-0.1
Depreciation, amortization and impaiment losses, total	**-1.0**	**-0.4**

9.11. OTHER OPERATING EXPENSES	2018	2017
Supervision expenses	-0.3	-0.1
Rental expenses	-2.5	-2.4
Other expenses	-1.7	-0.4
Other operating expenses, total	**-4.4**	**-2.9**

9.12. EXPECTED CREDIT LOSSES ON LOANS AND OTHER COMMITMENTS AND IMPAIRMENT LOSSES ON OTHER FINANCIAL ASSETS	2018	2017
Claims on the public and public sector entities		
Expected credit losses on group level	0.0	0.0
Expected credit losses individual	0.0	0.0
Guarantees and other off-balance sheet commitments	0.0	0.0
Sales receivables	0.0	0.0
Impairment losses on other financial assets	0.0	0.0
Impairment losses from subsidiary shares	0.0	0.0
Impairment losses, total	**0.0**	**0.0**

9.13. INCOME TAXES	2018	2017
Current tax expense	-0.9	-1.6
Taxes from previous years	0.0	-0.1
Deferred taxes	0.0	0.0
Other taxes	0.0	0.0
Income taxes, total	**-0.9**	**-1.7**

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Parent company's notes to balance sheet

9.14. CASH AND CASH EQUIVALENTS	2018	2017
Balances with central banks	239.6	383.1
Other	0.1	0.1
Cash and cash equivalents total	**239.7**	**383.2**

9.15. CLAIMS ON CREDIT INSTITUTIONS	2018	2017
Repayable on demand		
Domestic credit institutions	1.1	1.0
Foreign credit institutions	5.2	2.1
Repayable on demand, total	**6.4**	**3.1**
Other than repayable on demand		
Domestic credit institutions	22.3	27.8
Foreign credit institutions	46.7	30.9
Other than repayable on demand, total	**69.1**	**58.7**
Claims on credit institutions, total	**75.4**	**61.8**

9.16. CLAIMS ON THE PUBLIC AND PUBLIC SECTOR ENTITIES BY SECTOR	2018	2017
Repayable on demand		
Financial and insurance corporations	0.2	0.0
Repayable on demand, total	0.2	0.0
Other than repayable on demand		
Enterprises and housing associations	27.2	14.2
Financial and insurance corporations	1.5	1.6
Households	74.6	67.3
Subordinated loans	0.0	0.9
Foreign countries	12.0	10.4
Other than repayable on demand, total	**115.3**	**94.4**
Claims on the public and public sector entities by sector, total	**115.5**	**94.4**

			2018	2017
9.17. DEBT SECURITIES	Publicly quoted	Other	Total	Total
Issued by public corporations				
Local government notes	0.0	207.6	207.6	208.4
Issued by public corporations, total	**0.0**	**207.6**	**207.6**	**208.4**
Issued by other than public corporations				
Bonds issued by banks	39.7	0.0	39.7	45.1
Other debt securities	4.2	2.8	7.0	12.2
Issued by other than public corporations, total	**43.9**	**2.8**	**46.7**	**57.3**
Debt securities, total			**254.3**	**265.7**
Debt securities by balance sheet category				
Debt securities eligible for refinancing with central banks				
On public sector entities			0.0	0.0
Other			31.1	36.3
Debt securities				
On public sector entities			207.6	208.4
Other			15.6	21.0
Total			**254.3**	**265.7**
Debt securities by country				
Finland			235.6	237.1
Sweden			15.1	18.2
Switzerland			2.1	2.2
France			1.5	1.5
Canada			0.0	5.0
Norway			0.0	1.2
Holland			0.0	0.3
United States			0.0	0.1
Denmark			0.0	0.0

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9.18. SHARES AND PARTICIPATIONS

Fair valued through profit or loss

	2018		
Balance sheet category	**Publicly quoted**	**Other**	**Total**
Shares and participations			
Valued at fair value throuh profit or loss			
Held for trading	2.5	0.0	2.5
Other	21.1	6.0	27.2
Shares and participations, total	**23.7**	**6.0**	**29.7**

	2017		
Balance sheet category	Publicly quoted	Other	Total
Shares and participations			
Valued at fair value throuh profit or loss			
Held for trading	17.2	0.0	17.2
Other	6.8	4.3	11.1
Shares and participations, total	**24.0**	**4.3**	**28.3**

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

9.19. SHARES AND PARTICIPATIONS IN ASSOCIATES AND JOINT VENTURES

9.19. SHARES AND PARTICIPATIONS IN ASSOCIATES AND JOINT VENTURES	2018	2017
At the beginning of the period	4.4	4.4
Additions	0.0	0.0
Disposals	0.0	0.0
At the end of the period	**4.4**	**4.4**
Shares and participations in group undertakings		
At the beginning of the period	28.1	27.5
Additions	1.4	0.6
Impairment	-8.4	0.0
At the end of the period	**21.1**	**28.1**

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9.20. DERIVATIVE CONTRACTS

Overall effect of risks associated with derivative contracts				2018	2018	
Nominal value of underlying, brutto	Remaining maturity					
Held for trading	Less than 1 year	1–5 vuotta	5–15 vuotta	Fair value (+/-)	ASSETS	LIABILITIES
Interest rate derivatives						
Interest rate swaps	0.5	65.1	20.8	0.0	0.0	0.0
Currency-linked derivatives	4,230.8	0.0	0.0	0.3	23.2	22.9
Equity-linked derivatives						
Futures	0.3	0.0	0.0	0.1	0.1	0.0
Options bought	5.9	37.4	0.0	0.9	0.9	0.0
Options sold	5.9	37.4	0.0	-0.9	0.0	0.9
Other derivatives						
Held for trading, total	**4,243.4**	**139.9**	**20.8**	**0.4**	**24.2**	**23.8**
Derivative contracts, total	**4,243.4**	**139.9**	**20.8**	**0.4**	**24.2**	**23.8**

Overall effect of risks associated with derivative contracts				2017	2017	
Held for trading						
Interest rate derivatives						
Interest rate swaps	0.0	20.8	10.3	0.0	0.0	0.0
Currency-linked derivatives	3,464.1	0.0	0.0	0.1	24.9	24.8
Equity-linked derivatives						
Futures	12.6	0.0	0.0	1.2	1.2	0.0
Bought	79.9	49.4	0.0	3.7	3.7	0.1
Sold	52.8	49.4	0.0	-4.3	0.4	4.7
Other derivatives						
Held for trading, total	**3,609.5**	**119.6**	**10.3**	**0.6**	**30.2**	**29.6**
Derivative contracts, total	**3,609.5**	**119.6**	**10.3**	**0.6**	**30.2**	**29.6**

Equity derivatives held for trading, and other liabilities held for trading hedge the equity delta risk for shares and participations in the trading book. Net equity risk is presented in section Notes to risk position.

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

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

Currency derivatives comprise commitments made against clients and the associated hedges, and contracts made to hedge currency risk in the balance sheet. The net open risk position of the total amount is small. The largest part of the contracts are in SEK (EUR 2,936 million), and in USD (EUR 535 million)

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9.21. INTANGIBLE ASSETS	**2018**	2017
Goodwill		
Cost 1.1.	**0.0**	**0.0**
Increases	1.2	0.0
Decreases	0.0	0.0
Cost 31.12.	1.2	0.0
Accunulated depreciation 1.1.	**0.0**	**0.0**
Accunulated depreciation 31.12.	0.0	0.0
Book value 31.12.	**1.2**	**0.0**
Software or projects in progress		
Cost at 1.1.	**0.2**	**0.3**
Transfer between balance items	0.0	-0.1
Increases	1.9	0.0
Cost at 31.12.	2.0	0.2
Book value at 31.12.	**2.0**	**0.2**
Applications and software		
Cost at 1.1.	**20.5**	**18.7**
Transfer between balance items	0.0	0.1
Increases	1.0	1.7
Decreases	-4.8	0.0
Cost at 31.12.	16.7	20.5
Accumulated amortisation and impairment losses at 1.1.	**-16.2**	**-16.0**
Amortisation for the period	-0.6	-0.2
Accumulated amortisation in respect of decreases	4.8	0.0
Accumulated amortisation and impairment losses at 31.12.	-12.0	-16.2
Book value at 31.12.	**4.7**	**4.3**
Depreciation leasehold improvements FAS		
Acquisition cost at 1.1.	**1.4**	**1.4**
Acquisition cost at 31.12.	1.4	1.4
Accumulated depreciation at 1.1.	**-0.9**	**-0.7**
Depreciation for the period	-0.1	-0.1
Accumulated depreciation at 31.12.	**-1.0**	**-0.9**
Book value at 31.12.	**0.4**	**0.5**

	2018	2017
Other intangible assets		
Cost at 1.1.	**0.1**	**4.2**
Increases	2.3	0.0
Decreases	0.0	-4.1
Cost at 31.12.	2.3	0.1
Accumulated amortisation and impairment losses at 1.1.	**-0.1**	**-4.2**
Amortisation for the period	-0.2	0.0
Accumulated depreciation in respect of decreases	-0.1	4.1
Accumulated amortisation and impairment losses at 31.12.	-0.3	-0.1
Book value at 31.12.	**2.0**	**0.0**
Book value of intangible assets at 31.12.	**10.3**	**5.0**
Intangible assets, total at 31.12.	**10.3**	**5.0**

9.22. PROPERTY, PLANT AND EQUIPMENT	**2018**	2017
Equipment and furniture		
Cost at 1.1.	**6.6**	**6.4**
Increases	0.1	0.2
Accumulated deprecation in respect of decreases	-5.5	0.0
Cost at 31.12.	1.2	6.6
Accumulated depreciation at 1.1.	**-6.2**	**-6.1**
Depreciation for the period	-0.1	-0.1
Accumulated amortisation in respect of decreases	5.5	0.0
Accumulated depreciation 31.12.	-0.8	-6.2
Book value at 31.12.	**0.4**	**0.4**
Property, plant, and equipment, total at 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**
Book value of tangible assets at 31.12.	**1.0**	**1.0**
Property, plant and equipment, total at 31.12.	**1.0**	**1.0**

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9.23. OTHER ASSETS	2018	2017
Securities sale receivables	1.9	10.9
Commission receivables	2.4	1.8
Securities broking receivables	39.3	51.6
Other receivables	5.4	5.1
Other assets total	**49.1**	**69.5**

9.24. ACCRUED INCOME AND PREPAYMENTS	2018	2017
Interest	0.4	0.3
Taxes	0.3	0.0
Staff-related	0.0	1.0
Other items	0.9	2.0
Accrued income and prepayments total	**1.6**	**3.3**

9.25. DEFERRED TAX ASSETS	2018	2017
Due to timing differences*	0.1	0.1
Deferred tax assets total	**0.1**	**0.1**

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

9.26. LIABILITIES TO CREDIT INSTITUTIONS AND CENTRAL BANKS	2018	2017
Credit institutions		
Repayable on demand	0.0	18.1
Other than repayable on demand	6.7	13.6
Liabilities to credit institutions and central banks, total	**6.7**	**31.7**

9.27. LIABILITIES TO THE PUBLIC AND PUBLIC SECTOR ENTITIES	2018	2017
Deposits		
Repayable on demand	495.4	652.5
Other than repayable on demand	0.0	0.2
Liabilities to the public and public sector entities, total	**495.5**	**652.8**

9.28. DEBT SECURITIES ISSUED TO THE PUBLIC	2018	2017
Certificate of deposits	43.0	22.5
Bonds	118.0	75.0
Debt securities issued to the public, total	**160.9**	**97.5**
Changes in bonds issued to the public		
Issues	67.0	49.5
Repurchases	23.7	10.2

9.29. DERIVATIVE CONTRACTS AND OTHER LIABILITIES HELD FOR TRADING	2018	2017
Derivative contracts	23.8	29.6
Due to short selling of shares	0.6	5.0
Derivative contracts and other liabilities held for trading, total	**24.3**	**34.6**

9.30. BREAKDOWN OF OTHER LIABILITIES	2018	2017
Securities broking liabilities	52.1	68.2
Securities purchase liabilities	0.1	1.9
Income tax payable	0.1	0.3
Personnel related	0.4	0.4
Other short-term liabilities	3.5	6.4
Prepayments of cash customers	1.8	3.2
VAT payable	0.3	0.3
Other liabilities, total	**58.3**	**80.5**

9.31. ACCRUED EXPENSES AND DEFERRED INCOME	2018	2017
Interest	0.2	0.2
Tax payables	0.0	0.2
Personnel related	4.8	5.8
Other accrued expenses	0.7	0.9
Accrued expenses and deferred income, total	**5.7**	**7.0**

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9.32. DEFERRED TAX LIABILITIES	2018	2017
Due to timing differences	0.0	0.0
Deferred tax liability, total	**0.0**	**0.0**

9.33. CHANGES IN EQUITY CAPITAL	2018	2017
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	24.0	24.2
Increases	0.5	0.2
Acquisition of own shares	-0.1	-0.5
Book value 31.12	**24.4**	**24.0**
Retained earnings from previous years		
Book value 1.1	14.8	12.1
Increases	0.0	0.0
Decreases	-12.3	-9.2
Tranlation difference	0.0	0.0
Book value 31.12	2.5	2.9
Profit/loss for financial year	**16.1**	**11.9**

Own shares held by the credit institution

The company has acquired a total of 19,732 shares with a price of EUR 87,844.36 during 2018.
The cost of purchase has been deducted from unrestricted equity.
On December 31, 2018 the company hold a total of 375,387 own shares.

Share capital, parent company

Evli has two share series: series A and series B, whose rights are determined in the manner specifies in the amended Articles of Association.

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

Number of A shares	15,328,923 shares
Number of B shares	8,359,997 shares
Total number of shares is	23,688,920 shares

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

Debt securities, loans and other claims, derivatives and financial liabilities at amortized cost are reported in the maturity class according to the maturity of the instrument. Shares and participations are reported so that quoted shares in the trading book and quoted mutual funds are in the shortest maturity period. Unquoted shares are reported according to the estimated liquidation period, and venture capital- and real estate funds are reported according to the expected ending day of the fund.

	2018						2017					
	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	239.7					**239.7**	383.2					**383.2**
Financial assets at amortized cost												
Claims on credit institutions	75.4	0.0	0.0	0.0	0.0	**75.4**	56.8	5.0	0.0	0.0	0.0	**61.8**
Claims on the public and public sector entities	5.6	24.1	78.6	7.2	0.0	**115.5**	13.3	30.7	46.8	3.6	0.0	**94.4**
Financial assets at fair value through profit or loss												
Debt securities eligible for refinancing with central banks	0.0	0.0	31.1	0.0	0.0	**31.1**	0.0	5.0	31.3	0.0	0.0	**36.3**
Debt securities	200.9	9.2	9.2	3.9	0.0	**223.2**	181.9	34.9	11.1	1.5	0.0	**229.4**
Shares and participations	23.7	1.1	2.3	2.6	0.0	**29.7**	24.0	2.0	0.1	2.2	0.0	**28.3**
Derivative contracts	22.7	0.9	0.6	0.0	0.0	**24.2**	23.8	4.6	1.8	0.0	0.0	**30.2**
Accrued interest	0.2	0.2	0.0	0.0	0.0	**0.4**	0.3	0.0	0.0	0.0	0.0	**0.3**
Debts												
Financial liabilities at amortized cost												
Liabilities to credit institutions	5.2	1.5	0.0	0.0	0.0	**6.7**	31.2	0.5	0.0	0.0	0.0	**31.7**
Liabilities to the public and public sector entities	495.5	0.0	0.0	0.0	0.0	**495.5**	652.6	0.2	0.0	0.0	0.0	**652.8**
Debt securities issued to the public	0.2	47.4	91.6	21.8	0.0	**160.9**	9.5	16.0	57.4	14.6	0.0	**97.5**
Financial liabilities at fair value through profit or loss	22.9	0.8	0.6	0.0	0.0	**24.3**	28.9	3.9	1.8	0.0	0.0	**34.6**
Accrued interest	0.2	0.0	0.0	0.0	0.0	**0.2**	0.2	0.0	0.0	0.0	0.0	**0.2**
Off-balance sheet commitments	2.9	2.0	0.9	0.1	0.0	**5.9**	8.9	2.1	0.3	0.0	0.0	**11.4**

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9.35. ASSETS AND LIABILITIES DENOMINATED IN DOMESTIC AND FOREIGN CURRENCY

Balance sheet item	Domestic currency	Foreign currency	2018 Total	Domestic currency	Foreign currency	2017 Total
Financial assets at amortized cost						
Cash on hand	239.7	0.0	239.7	383.2	0.0	383.2
Claims on credit institutions	68.1	7.4	75.4	57.1	4.7	61.8
Claims on the public and public sector entities	114.6	0.9	115.5	93.3	1.1	94.4
Financial assets at fair value through profit or loss						
Debt securities	250.7	3.6	254.3	261.6	4.1	265.7
Shares and participations	29.2	0.5	29.7	26.9	1.4	28.3
Derivative financial instruments	24.2	0.0	24.2	30.2	0.0	30.2
Other assets	73.5	14.1	87.7	89.6	21.7	111.4
Total	**799.9**	**26.5**	**826.4**	**941.9**	**33.0**	**974.9**
Financial liabilities at amortized cost						
Liabilities to credit institutions	6.7	0.0	6.7	13.6	18.1	31.7
Liabilities to the public and public sector entities	421.8	73.7	495.5	573.7	79.1	652.8
Debt securities issued to the public	160.9	0.0	160.9	97.5	0.0	97.5
Financial assets at fair value through profit or loss						
Derivative contracts and liabilities held for trading	24.3	0.0	24.3	34.3	0.2	34.6
Other liabilities	48.4	15.5	64.0	78.7	8.9	87.6
Total	**662.2**	**89.2**	**751.4**	**797.8**	**106.3**	**904.1**

The largest foreign currency assets and liabilities are in SEK (assets EUR 15.0 million, liabilities EUR 43.1 million) and USD (assets EUR 3.7 million, liabilities EUR 15.3 million). Derivatives positions which hedge the foreign exchange risk are not included in these figures.

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9.36. SECURITIES LENDING	2018	2017
Market value of securities lending at 31.12., lent in	9.3	15.4
Market value of securities lending at 31.12., lent out	0.1	0.2

9.37. FAIR VALUES AND BOOK VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES	Book value 2018	Fair value 2018
Financial assets		
Liquid assets	239.7	239.7
Debt securities eligible for refinancing with central banks	31.1	31.1
Claims on credit institutions	75.4	75.4
Claims on the public and public sector entities	115.5	115.5
Debt securities	223.2	223.2
Shares and participations	29.7	29.7
Derivative contracts	24.2	24.2
Financial liabilities		
Liabilities to credit institutions	6.7	6.7
Liabilities to the public and public sectory entities	495.5	495.5
Debt securities issued to the public	160.9	161.4
Derivative contracts and other trading liabilities	24.3	24.3

9.38. ASSETS PLEDGED AS COLLATERAL AND OTHER COMMITMENTS	2018	2017
Securities	36.1	36.3
Cash deposits	69.1	53.6
Usage of collateral		
Markeplace collateral, stock- and derivatives trades	18.7	16.9
Collateral for OTC derivatives trades	46.1	21.5
Collateral for securities lending	6.2	17.2
Bank Of Finland, collateral for daily limit account	34.1	34.3

9.39. OPERATING LEASES	2018	2017
Not later than one year	0.3	0.3
Over year not later than five year	0.2	0.3

9.40. OTHER RENTAL COMMITMENTS	2018	2017
Rental liabilities up to one year	1.8	1.9
Rental liabilities over one year and less than 5 years	3.8	5.5
Rental liabilities over 5 years	0.0	0.0

9.41. BREAKDOWN OF OFF-BALANCE SHEET COMMITMENTS	2018	2017
Commitments given to a third party on behalf of a customer*	2.6	8.2
Irrevocable commitments given in favour of a customer	0.2	0.2
Guarantees on behalf of others	0.5	0.5
Unused credit facilities, given to clients	2.6	2.4

*Commitments given on behalf of a customer for a third party include collaterals for derivatives positions given on behalf of customers in Nasdaq OMX and New Edge. The customers have covered their derivatives collateral to Evli in full, except for three customers temporary total deficit of EUR 0.02 million. Other irrevocable commitments given on behalf of a customer comprise subscription commitments guaranteed on behalf of customers.

9.42. ASSET MANAGEMENT SERVICES OFFERED BY THE CREDIT INSTITUTION (M€)	2018	2017
Assets under management at Evli Bank's Asset Management as of 31 December		
Gross	13,096.2	12,956.0
Net	9,897.5	9,848.0
Assets under management on the basis of power of attorney		
Discretionary asset management	4,516.0	4,546.0
Consultative asset management	109.0	141.0
Total	**4,625.0**	**4,687.0**

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

The parent company's distributable assets on December 31, 2018 totaled EUR 43,000,362.93 of which EUR 18,618,241.39 were retained earnings and EUR 24,382,121.54 were in the reserve for invested unrestricted equity. The Board of Directors proposes to the Annual General Meeting of Shareholders that a dividend of EUR 0.61 per share be paid. The total proposed dividend calculated according to the amount of shares on the balance sheet date is EUR 14,450,241.20.

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

Helsinki, February 12, 2019

Henrik Andersin
Chairman

Robert Ingman

Johanna Lamminen

Mikael Lilius

Teuvo Salminen

Maunu Lehtimäki
CEO

(Translation of the Finnish Original)

Auditor's Report

To the Annual General Meeting of Evli Bank Plc

Report of 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, 2018. 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.

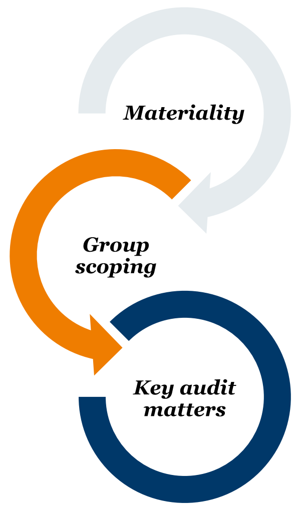
Independence

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 8.4 to the Financial Statements.

Our Audit Approach

Overview



Materiality
- Overall group materiality: EUR 3.5 million, which represents 0.43 percent of the balance sheet total.

Gropu scoping
- In addition to the parent company, the group audit scope included two 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.

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
How we determined it	0.43 percent 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 0.43 percent, which is within the range of acceptable quantitative materiality thresholds in auditing standards.

How we tailored our group audit scope

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

We determined the type of work that needed to be performed at group companies by us, as the group engagement team. Audits were performed in group companies which were considered significant either because of their individual financial significance or due to their specific nature, covering the majority of revenue, assets and liabilities of the group. Analytical procedures were performed to cover the remaining group companies.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

As in all of our audits, we also addressed the risk of management override of internal 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 69.2 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., 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 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 two 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 12 February 2019

PricewaterhouseCoopers Oy

Authorised Public Accountants

Jukka Paunonen

Authorised Public Accountant (APA)

GOVERNANCE

Focus on strategy implementation and follow-up

In addition to statutory tasks and tasks laid out in the Board of Director's rules of procedure, Evli Bank's Board of Directors focused in 2018 on among others developing the strategies of Evli's business units and monitoring their goals, as well as reviewing the current offering of alternative investment products and drawing up a future plan for their development.

Corporate governance statement 2018

The governance of Evli Bank Plc (hereinafter "Evli") is based on the Articles of Association, the Finnish Limited Liability Companies Act, applicable statutory provisions governing the Finnish securities markets, the Market Abuse Regulation (MAR), the regulations of the Finnish Financial Supervisory Authority, the rules and regulations of Nasdaq Helsinki Ltd, and other statutes and regulations concerning the governance of public limited companies. 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, the Board of Directors and the CEO, whose tasks are determined in the Finnish Limited Liability Companies Act and in Evli's Articles of Association. Evli Group's Executive Group assists the CEO in the operative management of the company. The Executive Group consists of managers of the business areas and group functions, and it helps the CEO in the approval and execution of group-level operating principles and procedures. The Executive Group is chaired by the CEO.

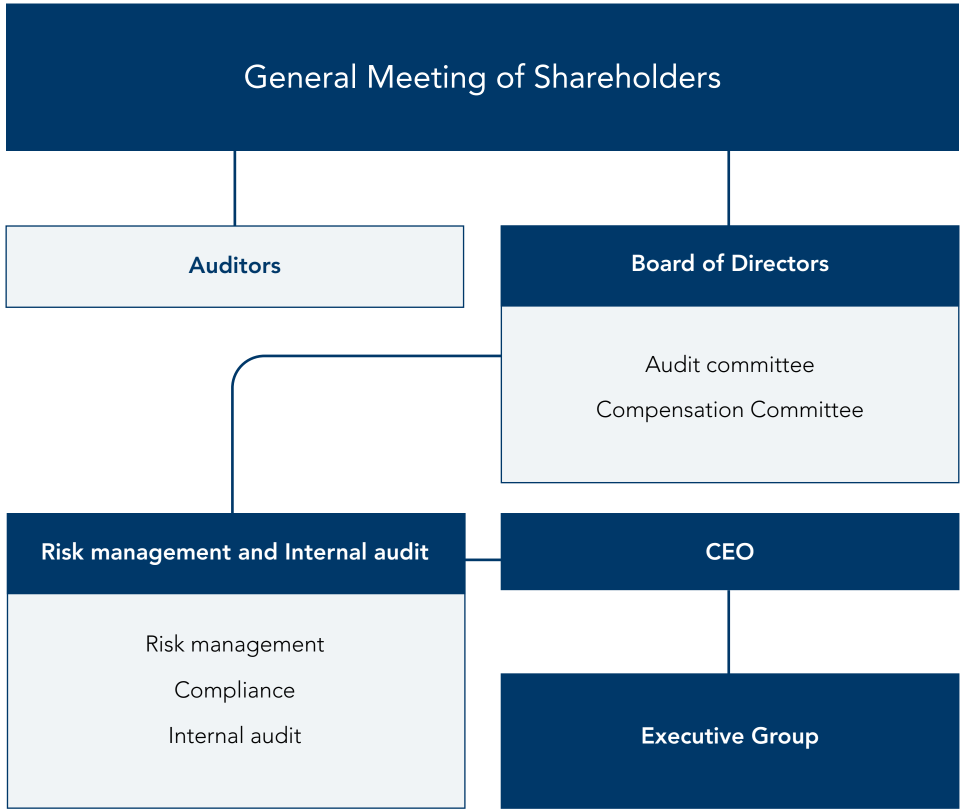
Evli Bank's Board of Directors is primarily responsible for the Evli Group's risk management. The Board of Directors confirms the principles and responsibilities of risk management, the risk limits of the Group and other general guidelines according to which the risk management and internal audit are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

General Meeting of Shareholders

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

General Meetings are held at least once a year. The Annual General Meeting (AGM) is held upon completion of the company's financial statements, at a place and on a date desig-

Evli Bank Plc's Governance Structure



nated 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 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 the company website and as stock exchange release. The Board of Directors may, at their discretion, announce the General Meeting in one or more newspapers.

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

Annual General Meeting (AGM)

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

- adoption of the financial statements of the previous financial year
- the company's profit distribution
- discharging the Board members and the CEO and his/her deputy from liability
- election of Board members and their remuneration
- appointment of auditors and their remuneration.

In 2018 the AGM was held in Helsinki on March 12, 2018. A total of 60 shareholders participated in the AGM either personally or via a legal representative or an authorized proxy. A total of 67 percent of votes entitled by all shares was represented. The AGM participants included the Board members (except Mikael Lilius), the CEO and the principally responsible auditor of the company's auditing firm.

Extraordinary General Meeting

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

No Extraordinary General Meetings were held in 2018.

Board of Directors

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

Duties of the Board of Directors

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

The tasks of the Board are:

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

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

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

Composition of the Board of Directors

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

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

- The Board as a whole must have sufficient competence and experience to be able to carry out its duties diligently and efficiently, taking into consideration the type and scope of the company's operations and its strategic goals and the changes of business and the rest of society.
- The members of the Board should have supplementary education and skills and experience in areas that are important to the company.

- The members of the Board should have experience of Board work and executive duties in business or other areas of society.
- The Board should include both men and women as far as is possible.
- The Board should also be diverse in terms of age distribution and number of terms.

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

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

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

Evli Bank Plc's AGM held on March 12, 2018 confirmed five (5) as the number of members of its Board of Directors. Henrik Andersin, Robert Ingman, Johanna Lamminen, Mikael Lilius and Teuvo Salminen were re-elected to Evli Bank Plc's Board of Directors. The Board elected Henrik Andersin as the Chairman and Mikael Lilius as the deputy Chairman. Harri-Pekka Kaukonen, a long-term member of the Board announced to the AGM that he will resign from the Board of Evli Bank Plc.

In 2018, the Board of Directors convened nine times. The average attendance rate of Board members at the meetings was 100 percent. Participation of each member in the meetings is listed in the table below.

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

Operations of the Board in 2018

In addition to statutory tasks and tasks laid out in the Board's rules of procedure, the Board focused in the spring 2018 on reviewing strategic guidelines. In order to achieve this, the Board met with managers and employees of different business units and got to know the units' service offerings, customers, competition factors and challenges. Simultaneously,

			Ownership in the company*, number of shares	
Name	Personal data	Attendance at Board meetings in 2018	A-shares	B-shares
Henrik Andersin	Board member since 1985, Chairman of the Board since 2006. Born 1960, M.Sc. (Econ) Committee memberships: Compensation Committee	9/9	3,803,280	950,820
Robert Ingman	Board member since 2010 Born 1961, M.Sc. (Tech), M.Sc. (Econ. and Business Administration) Committee memberships: Audit Committee	9/9	1,860,000**	537,000**
Johanna Lamminen	Board member since 2015 Born 1966, D.Sc. (Tech), MBA Committee memberships: Audit Committee	9/9	-	306
Mikael Lilius	Board member since 2010 Born 1949, B.Sc. (Econ. and Business Administration) Committee memberships: Compensation Committee (Chairman)	9/9	-	36,365
Teuvo Salminen	Board member since 2010 Born 1954, M.Sc. (Econ. and business administration) Committee memberships: Audit Committee (Chairman)	9/9	-	40,513

*Shareholding on December 31, 2018, including holdings through controlled company

**Includes holdings of Ingman Group Oy Ab the board assessed the current strategy and its progress. The board also reviewed the corporate acquisitions executed during the past years and the lessons learned from these. The implementation in May of the General Data Protection Regulation (GDPR), which defines the processing of personal data in the EU, was also on the board's agenda.

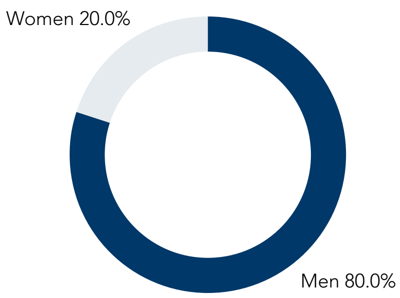
Based on the background work during the spring, the Board focused on the Group's strategy and future priorities in the early summer. The main themes of the strategy remained unchanged, but the focus towards the end of the year was even more on the sales and development of alternative investment products.

During the autumn, the Board of Directors focused on the acquisition of Ab Kelonia Placering Oy and the efficiency of the business operations. In addition, a stronger focus on the meaningfulness of work and the commitment of young professionals became an important discussion topic.

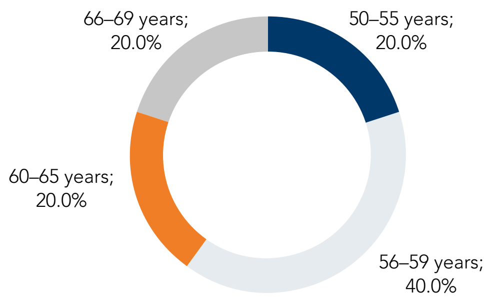
Diversity of the Board of Directors

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

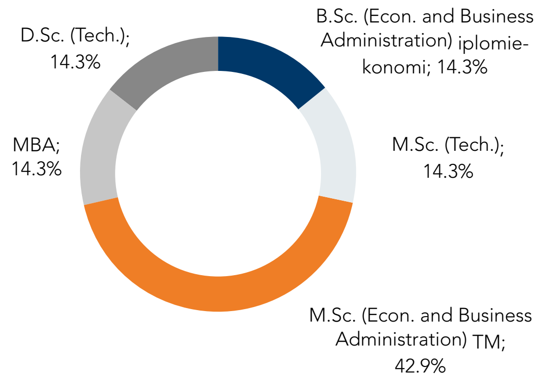
Board diversity – gender



Board diversity – age



Board diversity – education



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

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

At the end of the financial year 2018, the Board members represented a wide range of expertise on management and board tasks in several industries, and their educational backgrounds and expertise complement each other. Both genders were represented in the Board. 20 percent of the Board members were female and 80 percent were male. The median of the year of birth of the Board members was 1960, and the age difference between the youngest and the oldest member was 17 years.

Committees set up by the Board

The Board has established an Audit 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, and it also monitors the financial statements reporting process.

The Audit Committee is also responsible for the following:

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

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

The Audit Committee consists of at least two members, who may not be part of the company's management and must be independent of the company. In addition to the 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), Robert Ingman and Johanna Lamminen. The committee met five times in 2018. The Audit Committee members' average attendance rate at meetings was 93.3 percent. Participation of each member in the meetings is listed in the table below.

Name	Role	Attendance in audit committee meetings 2018
Teuvo Salminen	Chairman	5/5
Robert Ingman	Member	4/5
Johanna Lamminen	Member	5/5

Compensation Committee

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

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

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) and Henrik Andersin. The committee met five times in 2018. The Compensation Committee members' average attendance rate at meetings was 100.0 percent. Participation of each member in the meetings is listed in the table to the left.

Name	Role	Attendance in compensation committee meetings 2018
Mikael Lilius	Chairman	5/5
Henrik Andersin	Member	5/5

Corporate management

Evli's corporate structure

Evli's business operations is organized around two client segments: Wealth Management and Investor Clients, and Advisory and Corporate Clients. These are supported by common group functions, which include Information Management, Financial Administration, Group Communications and Investor Relations, Legal department and Compliance, Human Resources, Internal Services, Risk Management and Internal Audit.

Corporate management

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

CEO

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

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

The company's CEO is Maunu Lehtimäki, M.Sc. (Econ.), born 1967. In 2018, the CEO was paid a salary and other benefits of EUR 381,840 plus EUR 58,269 in performance bonuses, making a total of EUR 440,109. As part of the incentive and commitment system 42,500 stock options 2014 and 40,000 stock options 2016 were granted to the CEO.

Executive Group

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

In 2018 Evli Groups Executive Group concisted of:

Name	Area of responsibility	Ownership in the company*, number of shares A-share	B-share
Maunu Lehtimäki** born in 1967, M.Sc. (Econ.)	CEO	433,728	108,642
Mari Etholén*** born 1973, LL.M.	Legal and Human Resources functions	60,000	16,306
Panu Jousimies born in 1969, M.Sc. (Econ.)	Execution and Operations unit	59,691	114,249
Janne Lassila born in 1965, M.Sc. (Econ.)	Institutional clients	125,248	22,989
Juho Mikola**** born in 1981, M.Sc. (Econ.)	Financial and Group Administration, Deputy CEO	68,000	17,219
Esa Pensala born in 1974, M.Sc. (Tech)	Private clients	142,000	35,500
Mikael Thunved born in 1965, B.Sc. (Econ.)	Corporate Finance business	-	157,000

*Shareholdings on December 31, 2018, including holdings through controlled entities
**Also holds 42,500 stock options under the 2014 option program and 40,000 stock options under the 2016 stock option program.
***Also holds 4,667 Evli shares under the share-based incentive scheme established in 2018.
****Also holds 35,000 stock options under the 2016 stock option program, 9,200 Evli shares under the share-based incentive scheme established in 2017 and 4,667 Evli shares under the share-based incentive scheme established in 2018.

Operations of the Executive Group in 2018

In 2018, the Executive Group met on average twice a month. During the spring, the Executive Group's work was divided into two main categories: Promotion of strategic priority areas, in other words international sales and sales of alternative investment products, and enhancement of operations through operational efficiency. In particular, new products and preparations for their issue and management as well as sales required the Executive Group's attention. Among other things, the Evli Healthcare I fund launched in February and the Evli Rental Yield fund launched in May were the main topics of the meetings. Evli is currently working on a considerable project portfolio filled with various projects to improve efficiency. Many of the projects will have a decisive impact on Evli's core processes and operating methods upon completion. Therefore, the Executive Group thoroughly followed the project portfolio development in 2018.

In the autumn, organizational changes, changes in operating practices and acquisitions rose on the Executive Group's agenda. The company decided to concentrate its resources even more on the strategic priority areas and, at the same time, to discontinue the market-making operations, and bond and stock brokerage in Sweden. Evli also started investigating the possibility of outsourcing the depository services and initiated measures to acquire Ab Kelonia Placering Oy's business operations.

In addition to administrative and strategic work, the members of the Executive Group strived to spend time with customers and other stakeholders, actively participating in sales activities.

Risk management and internal control

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

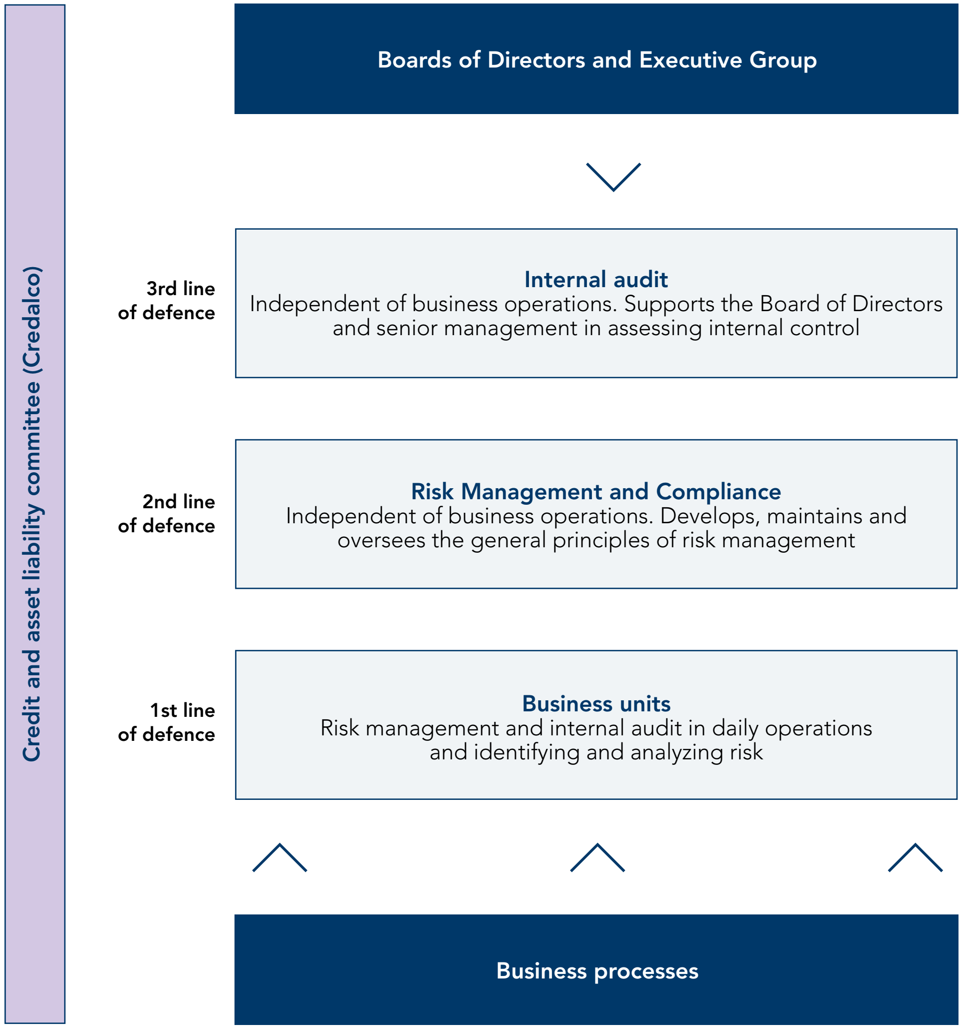
Risk management refers to actions aimed at systematically surveying, identifying, analyzing and preventing risks. The objective of risk management is to:

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

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

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

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



First line of defense – business units

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

- build the processes and competence for risk management and internal audit
- identify and analyze risks
- make decisions on risk management by means of various protection measures.

Second line of defense – Risk Management and Compliance

The second line of defense 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. Risk Control reports on the Evli Group's overall risk position to the Board and the Executive Group each month.

The Compliance function is responsible for ensuring compliance with the rules in all of the Evli Group's operations by supporting 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 Bank's Board of Directors. The Compliance function reports regularly via the audit committee to Evli Bank's Board and also to the operating management.

Third line of defense – Internal audit

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

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

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

Audit

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

As part of their annual audit duties, the auditors of Evli Bank Plc audit the accounts and administration of the separate companies. The internal audit requirements are taken into account in the auditors' audit plans. Each year, the auditors submit their report to the AGM of Evli Bank Plc. The auditors also report the main points of the annual audit plan to the Board of Directors and to the Board's Audit Committee as well as presenting, in connection with each interim report and the financial statements, a written audit report covering the entire Group.

The Annual General meeting held on March 12, 2018, elected PricewaterhouseCoopers Oy, an auditing firm, as the auditor, with Jukka Paunonen, Authorized Public Accountant, as the principally responsible auditor. PricewaterhouseCoopers Oy generally serves as the auditor for all the subsidiaries, with the exception of Terra Nova Ltd. Terra Nova's auditor is RSM Dahman Auditors.

In 2018, the auditing firms were paid fees totaling EUR 344,248.96. The fees for auditing came to EUR 238,854.99, and the fees for services unconnected with auditing were EUR 105,393.97. Other fees consist mainly of tax and legal advisory services.

Insider management

Evli Bank Plc has a guideline on insider rules and regulations that is approved by its Board of Directors and is based on the Market Abuse Regulation (MAR), Nasdaq Helsinki Ltd's Guidelines for Insiders of Listed Companies, as well as other relevant regulations and directives. Evli Group companies that are registered outside of Finland shall comply not only with these guidelines, but also with the national legislation and official regulations of the country where the company is located. The guideline on insider rules and regulations is distributed to all persons engaged in an employment or service relationship with the Group. The 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 Bank maintains a register of permanent insiders, which includes members of the Board of Directors and Executive Group. Evli Bank also maintains registers of project-specific and transaction-specific insiders that are required at any given time. The insider registers are maintained in the Euroclear Finland Ltd's SIRE system.

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

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

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

Financial reporting

The Board of Directors is responsible for overseeing the Evli Group's financial reporting. The Audit Committee assists the Board in this work. The CEO's and CFO's task is to monitor and ensure that the accounting and the financial reporting accord with the law, the Group's accounting policies and the guidelines and orders issued by the Group's Board of Directors.

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

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

Remuneration report 2018

Evli Bank Plc's ("Evli") remuneration report describes the remuneration practices of the company and the remuneration of senior management, in other words Board of Directors, CEO and members of the Executive Group in 2018. Evli Bank Plc complies with the Finnish Corporate Governance Code issued by the Securities Market Association. This remuneration report has been drawn up in accordance with the Corporate Governance Code 2015. The code can be viewed in full on the Securities Market Association website at **www.cgfinland.fi/en**

Remuneration model in Evli Group

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

The remuneration model is made up of the following elements:

1. **Fixed salaries and bonuses:** A competitive fixed basic salary constitutes a solid foundation for maintaining and constantly developing basic functions.
2. **Varying remuneration:** To promote both Evli's short-term growth objectives and the attainment of its strategic goals, the company has an annually adopted reward system based on annually varying salary elements. The remuneration model is tied to the company's financial success, compliance with operating principles and guidelines, and solvency.
3. **Long-term incentive and commitment systems:** The long-term incentive systems, decided by the Board of Directors, are in place to support the company's strategic development and to commit the key persons to Evli's operations.

Decision-making relating to remuneration

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

The reward system must always comply with the valid legislation and guidelines issued by the authorities. The Compensation Committee monitors the functioning and results of the reward system. The Compensation Committee also monitors compliance with the reward system and the rewarding of the persons that are responsible for the company's risk management and control functions. Evli's internal audit function performs an annual audit of the reward system.

Evli Bank Plc's General Meeting will decide on the compensations payable to the Board members. The major shareholders of the company are responsible for preparing the proposal concerning the remuneration. Evli Bank's Board of Directors adopt the principles and elements of the remunerations for the CEO and Executive Group on an annual basis. To prepare the Board resolutions, the Board's Compensation Committee will draft the proposals related to remuneration. The CEO and Executive Group members are covered by the shared Evli Group reward system. All changes in the CEO's salary and remuneration are subject to the Board's approval.

Remuneration principles

Fixed salaries and bonuses

Evli's fixed salaries play a significant role in remuneration. Evli seeks to offer a competitive level of salaries to keep its competent employees with the company. Fixed salaries rise either on the basis of increases based on the collective agreement or on the basis of a personal pay rise awarded by the employee's supervisor. There are no significant separate fringe benefits in the Group.

Varying remuneration

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

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

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

To avoid conflicts of interest, the remuneration of persons in control functions does not depend on the financial success of the Group or any of its business units. The remuneration of those working in control functions will be tied to their individual performance and attainment of objectives. Allocating variable commissions to individuals considers both the level of work required and the individual's performance. Both qualitative and quantitative indicators are used for assessing performance. The indicators are derived from Evli's strategy. The task of supervisors is to evaluate each individual's performance at least once a year. Based on these, a performance based reward per employee is calculated, which can be cut down if the model limits are compromised. The indicators and models are designed to account for long-term performance and compatibility of eventual bonuses with the company's operations and related risks.

Under certain circumstances, the company will be obliged to postpone the payment of the variable remuneration element. In this case, the postponement will be three (3) years from the end of the respective earning period. The amount of the remuneration payable after the postponement depends on the company's financial performance during the period of postponement, and it can also be zero. The company requires that employees do not take any personal action to protect themselves against risks related to the amount of their future variable remunerations or risks at the time of payment.

Long-term incentive systems

In addition to the above remuneration methods, the company may create separate long-term incentive systems. Evli Group has two share-based incentive programs, option program2014 and option program 2016, that are based on stock options that are currently in effect. In both cases, the stock options are issued gratuitously to the key persons employed by Evli Group. In divergence to the preferential subscription rights of the shareholders, the option rights are issued to the key employees named by the company's Board of Directors, to promote their commitment and motivation. The company's Board of Directors decides upon the distribution of stock options. The Board also decides upon the redistribution of any stock options that may later be returned.

In addition to the above-mentioned option programs, Evli Group has two shared-based incentive plans established in 2017 and 2018. Rewards paid based on the plans are paid in Evli's shares. The aim with the share-based incentive plans is to support Evli's strategy and align the objectives of the shareholders and the selected key employees to increase the value of Evli in the long-term. Moreover, the aim is to retain the selected key employees at the company and to offer them a competitive reward plan. The prerequisite for reward award and reward payment is that a participant's employment or service is in force. In addition, the Board of Directors may consider the participant's work contribution.

The reward from the incentive plan 2017 is awarded in three installments. The first installment was awarded to the participants by the end of September 2017, the second installment by the end of September 2018 and the third installment is awarded to the participants by the end of September 2019. The reward from the incentive plan 2018 is awarded in three installments. The first installment was awarded to the participants by the end of June 2018, the second installment is awarded by the end of June 2019 and the third installment by the end of June 2020.

Remuneration report 2018

Board of Directors

Evli Bank Plc's General Meeting will decide on the compensations payable to the Board members. The Annual General Meeting of March 12, 2018 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.

Compensation paid to the Members of the Board, €	2018
Henrik Andersin, Chairman of the Board	86,500
Robert Ingman	60,000
Teuvo Salminen, Chairman of the Audit Committee	72,000
Harri-Pekka Kaukonen, Vice Chairman of the Board, Chairman of the Compensation Committee*	18,000
Johanna Lamminen	60,000
Mikael Lilius, Vice Chairman of the Board, Chairman of the Compensation Committee**	69,667
Total	**366,167**

*Until the Annual General Meeting of shareholders on March 12, 2018
**Starting March 12, 2018

In 2018, the total compensation paid to the Evli Group Board members amounted to EUR 366,167. This sum is made up of meeting participation fees related to the work carried out in the Board and its committees. In 2018, the Board members did not receive any shares or share-based rights as compensation for their work. The Board members are presented on **page 135**.

CEO

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

Evli's CEO in 2018 was Maunu Lehtimäki. The CEO was paid EUR 381,840 in salary and fringe benefits as well as performance bonuses amounting to EUR 58,269, totaling EUR 440,109.

CEO, €	2018
Salary and fringe benefits	381,840
Performance bonuses	58,269
Total	**440,109**

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

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

Executive Group

The Board of Evli Group adopts the principles and elements of the remunerations for the Executive Group on an annual basis. In addition to the CEO, there were six members in the Executive Group in 2018. The members of the Executive Group are presented on **page 136**.

In 2018 the company's Executive Group members' salaries and remunerations, including fringe benefits – the CEO salary and remunerations excluded – amounted to a total of EUR 1,044,470. The members of the Executive Group have no significant separate fringe benefits and are covered by the shared Evli Group reward system. The Executive Group members were issued 35,000 stock options 2016, 9,200 Evli shares as part of the share-based incentive plan established in 2017 and 9,334 Evli shares as part of the share-based incentive plan established in 2018. The pension liability of the Executive Group has been arranged through statutory pension insurance policies.

Members of the Executive Group, €***	2018
Salary and fringe benefits	787,890
Performance bonuses	256,580
Total	**1,044,470**

***Excluding the CEO

Board of Directors

The composition of the Board of Directors was resolved at Evli Bank Plc's Annual General Meeting on March 12, 2018.

Shareholdings on December 31, 2018

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, M-Brain Oy and Qt Group Ltd
- Member of the Board of Directors of Evli Bank Plc since 2010
- Shareholding: 1,860,000 A shares and 537,000 B shares*

*Includes holdings of Ingman Group Oy Ab

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

- Various supervisory positions in Pöyry Plc 1985-2009
- Chairman of the Board of Directors of Glaston Oyj and Havator Oy, Vice Chairman of the Board of Pöyry Oyj, 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: 40,513 B shares

Henrik Andersin, born 1960
M.Sc. (Econ.)

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

Mikael Lilius, born 1949
B.Sc. (Econ. and Business Administration)

- Previously served as a Senior Advisor at Fortum Corporation. President and CEO of Fortum Corporation 2000–2009, and before this held various supervisory positions in the industry sector
- Chairman of the Boards of Directors of Metso Oyj, Wärtsilä Oyj and Ahlström Capital Oy
- Member of the Board of Directors of Evli Bank Plc since 2010
- Shareholding: 36,365 B shares

Johanna Lamminen, born 1966
D.Sc. (Tech.), MBA

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

Executive Group

Shareholdings on December 31, 2018.

Panu Jousimies
M.Sc. (Econ.), born 1969
- Execution and Operations unit
- Joined Evli Bank Plc in 1997
- Shareholding: 59,691 A shares and 114,249 B shares

Esa Pensala
M.Sc. (Tech.), born 1974
- Private clients
- Joined Evli Bank Plc in 2001
- Shareholding: 142,000 A shares and 35,500 B shares

Maunu Lehtimäki
M.Sc. (Econ.), born 1967
- Chief Executive Officer
- Joined Evli Bank Plc in 1996
- Shareholding: 433,728 A shares and 108,432 B shares

Juho Mikola
M.Sc. (Econ.), born 1981
- Financial and Group administration, Deputy CEO
- Joined Evli Bank Plc in 2004
- Shareholding: 68,000 A shares and 17,219 B shares

Mari Etholén
LLM, born 1973
- Legal and human resources functions
- Joined Evli Bank Plc in 2001
- Shareholding: 60,000 A shares and 16,306 B shares

Janne Lassila
M.Sc. (Econ.), born 1965
- Institutional clients
- Joined Evli Bank Plc in 1993
- Shareholding: 125,248 A shares and 22,989 B shares

Mikael Thunved
B.Sc. (Econ.), born 1965
- Corporate Finance business area
- Joined Evli Bank Plc in 2002
- Shareholding: Holdings through controlled company 157,000 B shares

Information for shareholders and investors

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, 2018): 15,328,923
- B shares (December 31, 2018): 8,359,997

Investor calendar 2019

- Annual report and financial statements for the financial year 2018: week 7
- Final registration date for the General Meeting: March 4, 2019 at 4.00 pm.
- Annual General Meeting (AGM), Helsinki: March 12, 2019
- Dividend record date: March 14, 2019
- Proposed dividend payment date: March 21, 2019
- Silent period: March 28-April 26
- The interim report for January-March 2019, published on April 26
- Silent period: June 13-July 12
- The half-year financial report for January-June 2019, published on July 12
- Silent period: September 23-October 22
- The interim report for January-September 2019, published on October 22.

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 12, 2019 starting at 9.00 am. at The Helsinki Music Centre, Mannerheimintie 13 A, Helsinki, Finland.

The notice to the Annual General Meeting and the Board's proposals to the Annual General Meeting are published as a stock exchange release and on **www.evli.com**. The notice lists the matters to be discussed at the AGM. Under the Limited Liability Companies Act, a shareholder has the right to bring a matter for discussion at the AGM, if it is a matter that shall be discussed at the AGM under law. The demand must be presented in writing to the Board of Directors sufficiently early in order for it to be included in the notice to the AGM.

A shareholder is entitled to participate in the AGM, if the shareholder's date of entry in the list of shareholders maintained by Euroclear Finland Oy is not later than February 28, 2019.

Registration

A shareholder wishing to participate in the Annual General Meeting and exercise the right to vote must register as a participant by March 4, 2019.

The following registration methods are available:

- At **www.evli.com/agm**
- Per email at ir@evli.com
- Telephone call to +358 9 476 690, Monday–Friday 9.00 am. – 4.30 pm.
- In writing to Evli Bank Plc, AGM, P.O. Box 1081, FI-00101 Helsinki, Finland.

Shareholders may participate in the Annual General Meeting themselves or via proxies they have authorized. Any powers of attorney should be submitted by the registration deadline to: Evli Bank Plc, AGM, P.O. Box 1081, FI-00101Helsinki, Finland.

Proposed distribution of dividends

The Board proposes to the AGM that dividends be paid at EUR 0.61 for series A and B shares, totaling approximately EUR 14.5 million. The Board proposes March 21, 2019 as the dividend payment date.

Evli's investor communications

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

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Evli Pankki_WM (in Finnish)
Markkinapulssi (in Finnish)
Evli Fund Management (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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