

ANNUAL REPORT
2013
EVLI BANK PLC

Evli is a Finnish bank
that specializes in
investment and
wealth management



INVESTMENT BANKING &
WEALTH MANAGEMENT

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EVLI IN 2013

Evli is a bank that helps private individuals, companies and institutions to increase their wealth. Evli provides wealth management, equity and derivatives brokerage, investment research and corporate finance services.

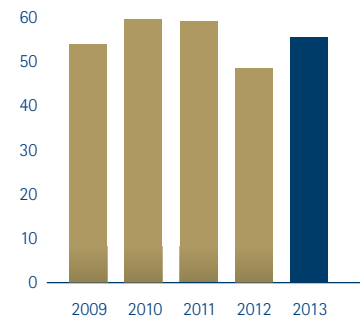
Evli was established in 1985, and has since then been a pioneer in the rapidly developing capital markets. The company's operations are based on the strong expertise of its employees and their ability, gained through experience, to seek out solutions that provide added value for their clients. Evli's objective is to build long-term client relationships based on trust.

Evli's principal market is the Baltic Sea region, and the company employs approximately 250 people. The Evli Group's equity capital is EUR 48.8 million and the BIS capital adequacy ratio stood at 13.9% on December 31, 2013. Evli has some EUR 6.0 billion net in assets under management.

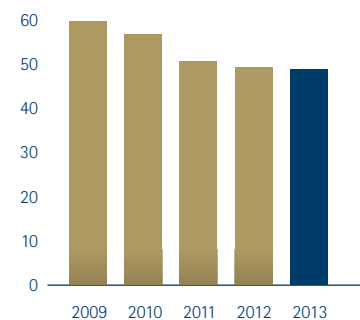
Key events of the year

- Evli reinforced its market position in Western Finland by acquiring a 91 percent holding in Aurator Asset Management Ltd in January.
- With a market share of 5.4 percent, Evli Fund Management Company Ltd became the fourth-largest fund management company in Finland at the end of the year. The combined capital of the 29 mutual funds managed by Evli surpassed EUR 4 billion in November.
- The Wealth Management unit's net assets under management grew by 19.2 percent to EUR 6.0 billion.
- Two new mutual funds were launched: Evli Emerging Markets Credit, which invests in the corporate bonds of emerging economies, and Evli Emerging Frontier, an equity fund that invests in rapidly growing emerging economies.
- Evli acted as lead manager in Restamax Plc's IPO on NASDAQ OMX Helsinki's main list, and in a bond issue for six POP Banks.
- Robert J. Shiller, Nobel Laureate in Economics, and Marc Faber, one of the world's foremost investors, were guest speakers at an investor seminar held by Evli in January.
- The Online Banker, which offers electronic asset management in the My Evli online service, became popular among clients in its first year of operation.
- A survey found that Evli was the most widely used asset manager in Finland among institutional investors. In terms of past performance, Evli was ranked the best institutional asset manager, and in overall quality the second-best institutional asset manager (TNS Sifo Prospera External Asset Management Institutions 2013 Finland).
- Hans-Kristian Sjöholm was awarded the top AAA rating in a comparison of European portfolio managers. He is responsible for the Evli Europe, Evli Global, Evli Japan and Evli North America equity funds (Citywire AAA pan-European Euro Stars).
- Mikael Lundström, who manages the Evli Corporate Bond and Evli European High Yield funds, was among top two European portfolio managers in a five-year return comparison of European corporate bond investments (Citywire Global).
- Evli Finnish Small Cap, managed by Janne Kujala, was Finland's best equity fund investing in Finland measured in terms of increase in unit value in 2013 (annual return 38.8%).
- The stock recommendations of investment analyst Markku Järvinen were ranked sixth-best in a Nordic comparison. In the Metals & Materials category, he provided the most accurate stock recommendations and the second-most accurate earnings estimates (StarMine Analyst Awards Nordics).

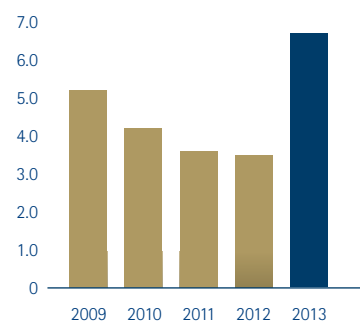
Revenue, EUR million



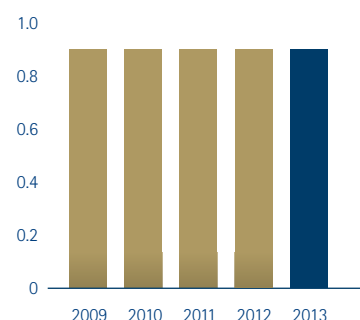
Equity capital, EUR million



Operating profit/loss, EUR million

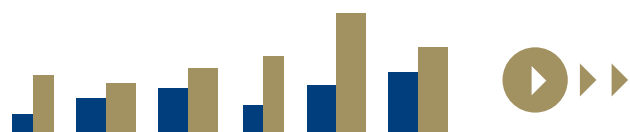


Expense/income ratio



Evli aims to be a simply unique service provider

2013 was a successful year for Evli in many ways. Our financial performance was solid, and our market position in wealth management strengthened substantially. We also succeeded in improving the quality of our operations in line with our objectives.



Our net revenue rose by 14.9 percent in 2013 to EUR 55.5 million (2012: EUR 48.3 million), and operating profit almost doubled to EUR 6.7 million (EUR 3.6 million). Our capital adequacy and liquidity remained very good throughout the year. Despite our strong revenue growth, we were able to keep our comparable expenses close to the previous year's level. Although we didn't quite reach our targeted reduction in expenses, I am very pleased with the overall performance for the year.

Strong performance of Wealth Management operations continued

The net revenue of our largest unit, Wealth Management, increased by 17 percent in 2013 to EUR 31.2 million (EUR 26.7 million), and its operating profit was EUR 4.7 million (EUR 4.7 million). The unit's net assets under management exceeded EUR 6 billion at the end of the year (EUR 5 billion). According to statistics published by the Financial Supervisory Authority, there are approximately EUR 103 billion under discretionary asset management in Finland, and therefore, we have a 7.6 percent share of this market.

The capital of our mutual funds grew to over EUR 4 billion, and we became the fourth-largest manager of mutual funds in Finland, just behind the major bank groups. One of the factors contributing to the increase in our fund capital was that, in order to increase the efficiency

of our operations, we merged our funds registered in Sweden with our Finnish funds when this was made possible by the entry into force of a legislative amendment.

Wealth Management's revenue was also boosted by the fact that, at the beginning of January, we obtained an approximately 90 percent stake in Aurator Asset Management Ltd, which operates in Western Finland and provides discretionary asset management. Aurator was administratively integrated with Evli during the year, but its asset management and client service functions remained unchanged. The first year of joint operations has gone well.

The Online Banker service, which we launched in 2012, got off to a flying start. Online Banker provides discretionary asset management to clients with investment assets totaling at least EUR 30,000 through the My Evli online service. We concluded over 150 Online Banker agreements in 2013, and we will continue developing this service.

We were Finland's most widely used institutional asset manager according to the 2013 institutional client survey carried out by TNS Sifo Prospera, and we ranked second in the overall quality assessment, with especially positive feedback on the good performance of investment operations, our competent and experienced portfolio management and our active customer service.



"We want to simplify and clarify the world of investment to our clients and offer them increasingly unique service experiences."



Focus on a broad product selection in brokerage operations produced results

Share prices and trading volumes rose in 2013 in both NASDAQ OMX Helsinki and NASDAQ OMX Stockholm. Amid such favorable conditions the Markets unit's net revenue rose by 21 percent to EUR 16.1 million (EUR 13.3 million). The growth in the unit's revenue is attributable to positive commission income performance and to positive returns from market making and trading. The unit's operating profit increased as a result of the net revenue growth and was EUR 1.3 million (EUR -1.8 million).

Equity trading is increasingly carried out by computers and brokerage fees are declining constantly, so for several years now we have been actively trying to increase the proportion of the other product areas in our brokerage operations. During the financial year, we were able to raise the share of the Markets unit's commission income derived from derivatives, ETF products and corporate bonds to over 50 percent.

Corporate finance markets inactive

M&A activity was subdued in 2013 in Finland and Sweden and especially in Russia, and there was no noticeable improvement in the share issue market, either. In these difficult market conditions, the net revenue of

our Corporate Finance unit fell by 26 percent to EUR 3.0 million (EUR 4.1 million), and it made a loss of EUR 1.9 million (EUR -1.6 million).

In Finland, despite the lackluster year, the first genuine listings took place on the main list of the stock exchange since the SRV IPO in 2007. Our Corporate Finance unit arranged the IPO of the restaurant and nightclub company Restamax in November. In the first half of 2014, several companies are preparing for listing, and we really hope that the number of listed companies, which has been falling for years, will start to rise again.

Our Corporate Finance unit has more pending projects in Finland and Sweden than it has had for a long time, which gives it a favorable outlook. However, the situation on the Russian market remains challenging.

New vision aims for efficiency and growth

In 2012, we set ourselves a vision to become Finland's leading private bank by the end of 2015. The vision remains unchanged, but in 2013 we summarized it with the phrase "Simply unique". The word "simply" conveys, on the one hand, that we aim to simplify and clarify the world of investment to our clients. We will also strive to simplify our own processes. Uniqueness, on the other hand, relates purely to our clients, as we want to offer them increasingly unique service experiences.

Our new vision provides answers to the question of how we aim to prosper in an ever more challenging operating environment. In the financial services industry, companies are constantly subject to three types of rising pressure: closer regulation of operations, which increases the cost burden; mounting competition; and more demanding clients. When these development trends are combined, service providers who seek success are forced to change their operating methods. We are responding to these challenges by steering our operations in a more innovative and client-oriented direction and by focusing on our own core competence: serving clients who have investable assets. When we serve these clients our indisputable competitive advantages are our bank status, with its reliability and scale of services, the fact that we are a smaller participant, which brings flexibility and uniqueness and, in particular, our solid expertise in the field of investment.

Although we are still formulating the concrete measures to achieve our vision, we know which direction to go in: We will improve the efficiency of our operations by simplifying our processes and developing our services, and we will grow our operations by offering our clients unique service experiences. We believe that this is the formula that will place us firmly among the most successful participants also in the coming years.

I would like to thank our clients, staff and partners for this excellent financial year. From now on, the vision for our shared journey is simply unique.

Maunu Lehtimäki
CEO

BOARD OF DIRECTORS AND MANAGEMENT GROUP

The composition of the Board of Directors was resolved at Evli Bank Plc's Annual General Meeting on March 6, 2013.

Board of Directors

Henrik Andersin, born 1960

M.Sc. (Econ.)

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

*Through the Scripo Oy holding company

Robert Ingman, born 1961

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

- Chairman of the Board of Directors of Ingman Group Oy Ab, Member of the Board of Directors of Arla Ingman, Etteplan Oyj, Digia Oyj and M-Brain Oy
- Member of the Board of Directors of Evli Bank Plc since 2010.

Harri-Pekka Kaukonen, born 1963

D.Sc. (Tech.)

- President and CEO of Sanoma Group
- Member of the Board of Directors of Evli Bank Plc since 2008.

Mikael Lilius, born 1949

B.Sc. (Econ. and Business Administration)

- Previously served as a Senior Advisor at Fortum Corporation
- President and CEO of Fortum Corporation 2000–2009, and before this held various supervisory positions in the industry sector
- Chairman of the Boards of Directors of Metso Oyj, Wärtsilä Oyj and Mehiläinen Oyj, Member of the Boards of Directors of Ambea Ab and Aker Solutions ASA
- Member of the Board of Directors of Evli Bank Plc since 2010.

Teuvo Salminen born 1954

M.Sc. (Econ. and Business Administration), Authorised Public Accountant

- Various supervisory positions in Pöyry Plc 1985–2009
- Chairman of the Boards of Directors of Havator Oy and Holiday Club Resorts, Member of the Boards of Directors of Cargotec Oyj, Glaston Oyj, Tieto Oyj and 3Step IT Group Oy
- Member of the Board of Directors of Evli Bank Plc since 2010.

Thomas Thesleff, born 1951

M.A.

- One of Evli Bank's founding partners and main owners. Stock holding: 950,820*
- In addition to Evli, holds several posts of trust
- Member of the Board of Directors of Evli Bank Plc since 1985, CEO of Evli Bank Plc 1985–1994 and Chairman of the Board 1994–2006.

*With family members through the Prandium Oy holding company

Management Group

Maunu Lehtimäki, born 1967

M.Sc. (Econ.)

- Chief Executive Officer
- Joined Evli Bank Plc in 1996
- Stock holding (31 Dec. 2013): 98,432.

Panu Jousimies, born 1969

M.Sc. (Econ.)

- Head of Capital Markets
- Joined Evli Bank Plc in 1997
- Stock holding (31 Dec. 2013): 39,768.

Lea Keinänen, born 1966

Yo-kauppateknikko, MBA

- Deputy to the CEO
- Head of Wealth Management, Funds
- Joined Evli Bank Plc in 1998
- Stock holding (31 Dec. 2013): 34,712.

Juho Mikola, born 1981

M.Sc. (Econ.)

- Chief Financial Officer
- Joined Evli Bank Plc in 2004
- Stock holding (31 Dec. 2013): 7,000.

Esa Pensala, born 1974

M.Sc. (Tech.)

- Head of Wealth Management, Advisory
- Joined Evli Bank Plc in 2001
- Stock holding (31 Dec. 2013): 20,500.

Mikael Thunved, born 1965

B.Sc. (Econ.)

- Managing Director, Evli Corporate Finance AB
- Joined Evli Bank Plc in 2002
- Stock holding (31 Dec. 2013): 36,000.

FINANCIAL STATEMENT 2013

BOARD OF DIRECTORS' REPORT 1.1.–31.12.2013

A significant improvement in the operating environment meant that 2013 was a good year for the entire financial sector. The Evli Group's profitability improved substantially on the previous year, with profit nearly tripling. This is attributable to improved cost-effectiveness, an increase in client initiatives, and positive development of asset values. Evli's quality and know-how were also highly commended. For example, institutional client surveys carried out by TNS Sifo Prospera and Scandinavian Financial Research offered convincing results that Evli is one of Finland's most widely used and highest-quality service providers. Another measure of success was that Evli Fund Management Company became the fourth-largest fund management company in Finland at the end of 2013.

In 2013, the Board of Directors focused on ensuring sustainable profitability and boosting growth. The company adopted an important strategic objective of raising the share of recurring revenue to a level that would completely cover operating expenses. In accordance with its strategy, Evli reinforced its Wealth Management operations in January 2013 by acquiring an approximately 90 percent holding in Aurator Asset Management Ltd. The acquisition strengthened Evli's market position in Western Finland and broadened its range of services to Wealth Management clients. Aurator's operations were integrated into Evli's operations by the end of the spring. Evli will strive to expand in line with its strategy also in the future – especially in asset management services – both organically and through acquisitions.

During the spring, the company's Board of Directors also focused on completing the reorganization of the Swedish functions. The aim was to achieve stronger focus and profitability through separate companies. In Sweden, Evli spun off its functions focusing on M&A advice into the new Evli Corporate Finance AB company. At the same time, local asset management operations were centralized under Evli Fund Management Company's Swedish branch, and the dissolution of Evli Fonder AB was commenced. Evli Fonder's funds were also merged with Evli's Finnish funds at the same time.

Asset management services became subject to value added tax as of May 2013. Ambiguities in the interpretation of this matter have increased uncertainty regarding the future performance of the asset management mar-

kets. The Board of Directors has been actively monitoring the handling of the matter.

In the fall of 2013, the Board's main area of focus was the company's strategy. The changing competitive field combined with closer regulation have forced the entire financial sector to assess its business models. Efficiency and special emphasis on clients are the cornerstones of Evli's new strategy. Evli aims to provide a simply unique service for its clients in the future.

The convincing growth in 2013, Evli's strong market position and its improved operating environment provide a good starting point for the new year.

Market performance

In 2013, expectations regarding global economic recovery improved and investor sentiment picked up. The debt crisis which has troubled the euro area for a long time and the resulting uncertainty factors started to gradually ease up. There have also been further indications of US economic recovery. One central theme has been the US Federal Reserve's active monetary policy and its normalization. In Europe, the European Central Bank's stimulus measures are expected to continue. The situation in the emerging markets remained challenging because of political uncertainty, for example, and economic growth was substantially weaker than in other parts of the world.

Equity markets in the western countries rose on the back of the US markets. The S&P 500 Equity Index rose by 30 percent, the Stoxx Index rose by 17 percent, and the OMX Helsinki CAP Index rose by 26 percent. Nokia's positive share price effect was substantial on the Finnish equity market. The MSCI Emerging Markets Free Index, which measures equity market performance in emerging markets, fell by 5 percent.

The European Central Bank lowered its refinancing rate by a further 0.50 percentage points to a record-low level of 0.25 percent. However, long rates fell in the core states of the euro area. The yield on Germany's 10-year government bond rose by 0.64 percentage points to 1.94 percent. The euro strengthened by 5 percent against the dollar and by 28 percent against the Japanese yen.

Net subscriptions to funds registered in Finland totaled EUR 4,624.1 million in 2013 (EUR 4,635.1 million).

Revenue performance

Evli Group's net revenue grew substantially in 2013. Net revenue performance was boosted by growth in commission income, securities trading and foreign exchange dealing. The performance was sustained by an increase in asset values and the good number of client initiatives. However, net revenue was negatively affected by the interest margin, which was weaker than it was during the comparison period. The Evli Group's net revenue rose by 14.9 percent on the corresponding period of 2012 and was EUR 55.5 million (EUR 48.3 million).

The Wealth Management unit performed well during the review period. The Wealth Management unit's net revenue rose by 17 percent from the corresponding period of 2012. The performance was supported by a clear increase in fund sales in Finland and Sweden, and an increase in assets under management. The consolidation of Aurator Asset Management Ltd into the Group's figures also had a positive impact on revenue performance during the financial year.

During the review period, the Markets unit's net revenue increased by 21 percent compared with the corresponding period of 2012. Revenue was boosted especially by an increase in net income from securities trading. The increase in the latter included income from both market making and bond brokerage. The unit's strategic goal has been to reduce its dependence on traditional equity brokerage and to expand brokerage to cover also other capital market products. This has been very successful. Over 50 percent of the unit's revenue is currently derived from products other than traditional equity brokerage.

The Corporate Finance unit's net revenue decreased by 26 percent compared with the corresponding period of 2012. Significant fluctuations in net revenue from one quarter to the next are typical of the Corporate Finance business.

Result and cost structure

The Group's profit for the review period before taxes and profit sharing with employees grew substantially on the previous year and was EUR 9.4 million (EUR 3.7 million). Operating profit was EUR 6.7 million (EUR 3.6 million).

In the past few years Evli has increased the efficiency of its operations and has succeeded in streamlining its cost structure. The Group's comparable operating costs corresponded with the previous year's level. Costs were raised by the consolidation of Aurator Asset Management Ltd into the Group's figures during the financial year, for example. Evli's expense/income ratio improved on the previous year's level and was 0.88 (0.93).

Parent company's profit performance

The net revenue of Evli Bank Plc, the Group's parent company, was approximately EUR 39.7 million for the financial year (EUR 38.2 million). The parent company's profit was EUR 3.7 million (EUR 1.2 million).

The parent company's profit performance was positively influenced by the good performance of securities trading and foreign exchange dealing, and by returns on capital investments. Performance was weakened by a lowered interest margin and reduced commission income.

Balance sheet and funding

The Group's equity was EUR 48.8 million at the end of the financial year. 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 13.9 percent clearly exceeds the regulator's requirement of 8 percent.

Personnel and organization

The Group had 245 employees (243) at the end of the review period. The number of employees increased by 2, up by 0.8 percent on the comparison period.

82.4 percent of the personnel were employed in Finland and 17.6 percent abroad.

Business areas

Group operations

The valuation of the Group's investments and income from foreign exchange dealing developed favorably during the review period compared with the previous year, while the interest margin remained at a low level.

The company engages in real estate fund activity through the associated company BPT Asset Management A/S. BPT's result affected Evli by EUR 0.17 million during the financial year.

Wealth Management

Wealth Management in numbers	1–12/ 2013	1–12/ 2012	Change %
Net revenue, M€	31.2	26.7	17
Operating profit / loss, M€	4.7	4.7	0
Personnel, at the end of period	87	83	5
Assets under management (net), at the end of period, M€	5 965	5 005	19
Assets under management including associated companies (net), at the end of period, M€	7 008	6 114	
Market share (Evli Fund Mgmt Company), %	5.4	4.8	
Net subscriptions to own funds, M€ *)	614	77	
Average rating of Evli funds in Morningstar	3.4	3.6	

*) Source: Fund Report by Finanssialan Keskusliitto ry

Wealth Management operations performed well during the financial year. Both the amount of assets under management and the number of clients increased. Performance was especially good in fund sales. Net revenue from Wealth Management operations grew by 17 percent and was EUR 31.2 million (EUR 26.7 million). The unit's net assets under management totaled EUR 6,0 billion (EUR 5.0 billion) at the end of December, which is 19.2 percent more than a year earlier. According to the Financial Supervisory Authority's most recent statistics, Evli's market share in discretionary asset management services was

7.6 percent at the end of September. According to the Financial Supervisory Authority, the volume of the discretionary asset management market is EUR 103.3 billion, while Evli's gross assets under management total EUR 7.8 billion.

Of Evli's funds, the biggest net subscriptions in 2013 were gathered by Evli European High Yield (EUR 173 million) and Evli Emerging Markets Credit (EUR 93 million). Evli Euro Liquidity (EUR 739 million) and Evli European High Yield (EUR 727 million) had the most capital at the end of December.

Net subscriptions to funds registered in Finland totaled EUR 4.7 billion in 2013 (EUR 4,7 billion). Net subscriptions to Evli's funds at the end of the year totaled EUR 614 million (EUR 77 million). Evli Fund Management Company's market share increased by 0.6 percentage points on the previous year and was 5.4 percent at the end of December. As a result, Evli Fund Management Company became the fourth-largest fund management company in Finland. The combined assets of the 29 mutual funds managed by the company were EUR 4,126 million (EUR 3,255 million) and the number of unit holders was 16,394 (15,499).

Evli reinforced its asset management growth strategy, especially in Western Finland, by acquiring a 90 percent holding in Aurator Asset Management Ltd at the beginning of January. Revenue performance in the financial year was boosted by the consolidation of Aurator Asset Management Ltd's figures and also by the growth of other commission income.

During the financial year, Evli rose to top positions in independent usability and service level assessments. In SFR's 2013 evaluation, Evli was identified as the second most widely used asset manager for mutual fund services among institutional clients. Correspondingly, according to TNS Sifo Prospera's 2013 study, Evli was the most widely used service provider among institutional clients. Evli's past performance was also deemed to be the best. Evli was in second place in the overall quality assessment.

In May 2013, Evli merged all of its mutual funds registered in Sweden with its Finnish funds. A branch office of Evli Fund Management Company in Sweden will continue to sell mutual funds.

Markets

Markets in numbers	1-12/ 2013	1-12/ 2012	Change %
Net revenue, M€	16.1	13.3	21
Operating profit / loss, M€	1.3	-1.8	-
Personnel, at the end of period	44	47	-6
Market share (OMX Helsinki), EUR volume, %	1.5	1.2	
Market share (OMX Helsinki), number of trades, %	1.1	1.1	

The net revenue of the Markets unit rose by 21 percent compared with the same period in 2012 and was EUR 16.1 million (EUR 13.3 million). Improved market sentiment and an increase in the number of client initiatives had a positive impact on returns in all product areas. Furthermore, the focus on bond brokerage and the management of incentive programs boosted revenue performance. Of the product areas, market making in derivatives, in particular, was very successful. Evli has set raising the proportion of non-traditional equity brokerage in its capital market operations as a strategic goal. In 2013, the proportion of the unit's brokerage income accounted for by product areas other than equity brokerage exceeded 50 percent.

Evli Markets participated in several major capital market operations during the financial year. Evli implemented the first bond issue sale of the financial year, with 6 POP Banks as the client. Furthermore, Evli's markets unit implemented the sale of Restamax Ltd's IPO to investors, and was actively involved in a transaction that led to the issue of a tender offer for Etteplan Oyj. Evli also assisted a foreign institution in its acquisition of a 10 percent stake in Excel Oyj.

Evli reinforced its derivatives operations during the summer by acquiring the remaining minority holding in Evli Options Ltd in accordance with an agreement signed in July. Evli now owns the entire stock of the company.

Corporate Finance

Corporate Finance in numbers	1-12/ 2013	1-12/ 2012	Change %
Net revenue, M€	3.0	4.1	-26
Operating profit / loss, M€	-1.9	-1.6	-18
Personnel, at the end of period	26	30	-13

In terms of profit, the Corporate Finance unit fell short of its profit target in 2013. The unit's net revenue fell 26 percent on the corresponding period of 2012 and was EUR 3.0 million (EUR 4.1 million). The decrease was due to exceptionally low activity on the M&A market in the first half of the year in all Evli's market areas. However, general market sentiment changed completely towards the end of the year, and the situation is currently much better. Client initiatives, in particular, have developed positively in Sweden and Finland. Mergers and acquisitions carried out recently indicate that both industrial participants and providers of capital have become more active following a quiet beginning of the year. In addition, favorable equity market performance has raised companies' interest in public offerings.

At the beginning of the year, Evli restructured its Corporate Finance unit in Sweden by centralizing its operations into a new company called Evli Corporate Finance AB.

Evli's Board of Directors and auditors

The Annual General Meeting (AGM) held on March 6, 2013 re-elected Henrik Andersin, Robert Ingman, Harri-Pekka Kaukonen, Mikael Lilius, Teuvo Salminen and Thomas Thesleff to Evli Bank Plc's Board of Directors. Henrik Andersin was chosen as Chairman of the Board.

The Annual General Meeting elected KPMG Oy Ab, Authorized Public Accountants, as the company's auditor and Marcus Tötterman, APA, as the principally responsible auditor.

Changes in Evli's shares, ownership, and group structure

Evli Bank Plc's total number of shares changed during the third quarter by a total of 18,135 shares. The change in the number of shares was due to the annulment of treasury shares in the company's possession after the entry in the Trade Register of new shares subscribed for and paid in full in a partial payment share issue arranged in the fall of 2011, and after the entry in the Trade Register of new shares subscribed for in private placements carried out in July and August 2013.

The entire share capital of Evli Options Ltd was transferred under the ownership of Evli Bank Plc in July 2013.

Evli Bank Plc acquired Aurator Asset Management Ltd at the beginning of January 2013 with a stake of approximately 90 percent. Evli's Corporate Finance unit in Sweden was incorporated at the beginning of the year. Evli owns 75 percent of Evli Corporate Finance AB.

Evli registered the Terra Nova Capital Advisors Ltd associated company in Dubai on November 11, 2013. The company focuses on the analysis of "fringe markets," in particular. Operations are still in the preparatory stage.

Evli's share capital and Board authorizations

On July 12, 2013, Evli Bank's Board of Directors resolved to annul 113,954 Evli shares held by the company. The new number of shares was entered in the Trade Register on September 17, 2013.

Pursuant to the authorization to acquire Evli shares issued by the AGM on March 5, 2012, the company acquired a total of 6,500 shares at the start of 2013. The shares were acquired in accordance with shareholder agreements through changes in ownership.

The Board of Directors did not use the share issue authorization issued by the AGM on March 5, 2012 during the financial year.

Evli Bank Plc's AGM resolved on March 6, 2013 to authorize the Board of Directors to decide on issuing shares and stock options and/or issuing special rights entitling the holder to shares pursuant to chapter 10, section 1, of the Limited Liability Companies Act in one or more lots in such a way that the total number of shares

granted on the basis of the authorization would be a maximum of three hundred and five thousand, five hundred (305,500) shares. Based on the authorization, the Board of Directors is entitled to decide on issuing shares and stock options and/or issuing special rights entitling the holder to shares pursuant to chapter 10, section 1, of the Limited Liability Companies Act in the same way in every respect that an AGM is able to decide on such matters. The authorization is valid until further notice, but will expire no later than eighteen (18) months after the decision of the AGM.

During the third quarter, the Board of Directors used the share issue authorization granted by the AGM on March 6, 2013 after a decision was made on July 12, 2013 to offer the company's key employees a total of no more than 48,000 shares, of which 37,400 were subscribed in total. Furthermore, the Board of Directors decided on July 12, 2013 to direct a total of no more than 74,689 shares to minority shareholders of Evli Options Ltd, all of which were subscribed. The issue was the result of a rearrangement in which the entire stock of Evli Options Ltd was transferred under Evli Bank's ownership in July. The new shares subscribed for in the share issues were entered in the trade register on September 17, 2013.

The AGM resolved on March 6, 2013 to authorize the Board of Directors to decide on buying back Evli shares. A maximum of 407,337 shares may be bought back pursuant to the authorization, and they may be bought back in one or more lots, provided that after the purchase the total number of shares in the possession of, or held as pledges by, the company and its subsidiaries does not exceed ten (10) percent of the company's total shares. The Board of Directors is authorized to buy back Evli shares also in other proportion than the shareholders' holdings, and to determine the order of buying back the shares. The authorization will expire eighteen (18) months after the decision of the AGM.

Pursuant to the authorization to acquire Evli shares issued by the AGM on March 6, 2013, the company acquired a total of 16,700 shares during the second quarter of 2013, a total of 40,625 shares during the third quarter of 2013, and a total of 19,325 shares during the fourth quarter of 2013. The shares were acquired in accordance with shareholder agreements through changes in ownership.

In accordance with the Extraordinary General Meeting held on December 4, 2013, the company paid EUR 2.3 million in surplus dividends in December.

At the end of the financial year, the company held a total of 39,325 Evli shares. The total number of shares at the end of the financial year was 4,091,509 shares.

There were no changes in the company's share capital during the financial year.

Risk Management

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

The delta-adjusted price risk of Evli's own investment portfolio and proprietary trading was approximately EUR 5.5 million at the end of December, and a 20 percent negative market movement would have resulted in a scenario loss of approximately EUR 1.3 million. At the end of December, the Treasury unit's interest rate risk was approximately EUR +/- 0.2 million, assuming that market rates rise/fall by one percentage point. Evli's liquidity has remained good.

Business environment

The positive sentiment on the financial markets has improved further. Asset values developed favorably throughout the year and Nordic equity indexes rose strongly, which in turn sparked interest in IPOs, for example. In addition, the M&A market, which was muted throughout the first half, became more active towards the end of the year. However, in traditional equity brokerage, the situation has remained challenging due to tightening price competition and a general decline in volumes. Low

interest rates are expected to continue for the time being, which will contribute negatively to bank interest margins.

The legal obligation to pay VAT on discretionary asset management services that entered into force at the beginning of May, as well as ambiguities in its interpretation, have added to the uncertainties regarding the near-term performance of the asset management market.

The consolidation that took place in the investment services market during the first half-year has further reinforced Evli's market position as Finland's leading private bank. This is also supported by Evli Fund Management Company's substantial increase in market share in mutual fund operations.

Outlook

Earnings for 2014 are expected to be clearly positive, as they were in the previous year. This view is supported by an improved operating environment and the fact that recurring revenue covers a substantial portion of the company's overall costs.

Helsinki, February 13, 2014

Board of Directors

KEY FIGURES

	1.1.–31.12.2013	1.1.–31.12.2012	1.1.–31.12.2011	1.1.–31.12.2010	1.1.–31.12.2009
Net Revenue, 1 000 €	55 528	48 344	59 033	59 380	53 758
Operating profit, 1 000 €	6 710	3 553	3 642	4 176	5 251
% of net revenue	12.1	7.4	6.2	7.0	9.8
Profit for the financial year, 1 000 €	5 647	2 144	3 794	3 407	3 695
% of net revenue	10.2	4.4	6.4	5.7	6.9
Return on equity (ROE), %	11.2	4.7	7.0	5.9	6.3
Return on assets (ROA), %	0.9	0.4	0.6	0.5	0.5
Equity-to-assets ratio, %	8.5	8.3	8.7	8.7	8.6
Expense ratio (earnings to operating costs)	0.9	0.9	0.9	0.9	0.9
Capital adequacy ratio, %	13.9	14.6	14.5	14.8	13.6
Personnel, at the end of period	245	243	276	282	281

Calculation of key ratios

Income		Net interest income + fee and commission income + net income from securities transactions and foreign exchange dealing + other operating income	
Net revenue		From Income Statement. Includes gross returns, deducted by interest and commission expenses.	
Operating profit		From Income Statement	
Profit for the financial year		From Income Statement	
Return on equity (ROE), %	=	$\frac{\text{Operating profit/loss - taxes}}{\text{Equity capital and minority interest (average of the figures for the beginning and at the end of the year)}}$	x 100
Return on assets (ROA), %	=	$\frac{\text{Operating profit/loss - taxes}}{\text{Average total assets (average of the figures for the beginning and at the end of the year)}}$	x 100
Equity / Total assets ratio, %	=	$\frac{\text{Equity capital + appropriations}}{\text{Total assets}}$	x 100
Expense ratio as earnings to operating costs	=	$\frac{\text{Administrative expenses + depreciation and impairment charges + other}}{\text{Net interest income + net commission income + net income from securities transactions and foreign exchange dealing + other operating income}}$	x 100

CONSOLIDATED INCOME STATEMENT

1 000 EUROS	Note	1.1.–31.12.2013	1.1.–31.12.2012
Interest income	1.	3 156	6 423
Interest expenses	2.	-2 651	-3 302
NET INTEREST INCOME		505	3 121
Income from equity investments, total	3.	1 075	1 530
Fee and commission income	4.	51 410	45 782
Fee and commission expenses	5.	-1 897	-2 481
Net income from securities transactions and foreign exchange dealing	6.		
Net income from securities transactions		2 171	59
Net income from foreign exchange dealing		1 891	888
Net income from financial assets available for sale		0	-1 276
Other operating income	7.	373	722
NET REVENUE		55 528	48 344
Administrative expenses			
Personnel expenses	8.	-26 047	-21 491
Other administrative expenses	9.	-13 903	-14 300
Depreciation, amortization and impairment charges	10.	-4 652	-4 368
Other operating expenses	11.	-4 217	-4 522
Impairment losses on loans and other receivables	12.	1	2
Impairment losses on other financial assets	12.	0	-111
OPERATING PROFIT/LOSS		6 710	3 553
Share of profit or loss of associates		160	-208
PROFIT BEFORE INCOME TAX		6 870	3 345
Income taxes	13.	-1 224	-1 201
PROFIT/LOSS FOR THE FINANCIAL YEAR		5 647	2 144
Attributable to			
Minority interest		630	498
Shareholders of parent company		5 017	1 646
PROFIT/LOSS FOR THE FINANCIAL YEAR		5 647	2 144
INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY:			
Items, that will not be reclassified to profit or loss		-85	28
Income and expenses recognised directly in equity		-85	28
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences – foreign operations		-85	28
Tax on items that are or may be reclassified subsequently to profit or loss		0	0
PROFIT / LOSS FOR FINANCIAL YEAR		-85	28
Other recognized income and expenses after taxes		-85	28
TOTAL RECOGNISED INCOME AND EXPENSES FOR THE PERIOD		5 561	2 172
Attributable to			
Non-controlling interest		630	498
Equity holders of parent company		4 931	1 674

CONSOLIDATED BALANCE SHEET

1 000 EUROS	Note	31.12.2013	31.12.2012
ASSETS			
Cash and cash equivalents		60 965	118 682
Loans and other receivables			
Claims on credit institutions	14.	90 411	8 838
Claims on the public and public sector entities	15.	58 651	62 055
Loans and other receivables, total		149 062	70 894
Financial assets at fair value through profit or loss			
Debt securities eligible for refinancing with central banks	16.	105 025	154 148
Debt securities	16.	64 005	58 296
Shares and participations	17.	45 994	44 303
Derivative contracts	19.	19 736	12 175
Financial assets at fair value through profit or loss, total		234 761	268 922
Saleable financial assets			
Shares and participations	17.	31	19
Saleable financial assets, total		31	19
Other than financial assets			
Shares and participations in associates	18.	3 561	3 740
Intangible assets	20.	11 505	11 831
Property, plant and equipment	21.	2 955	3 141
Other assets	22.	109 293	113 978
Accrued income and prepayments	23.	2 982	3 356
Deferred tax assets	24.	845	1 029
Other than financial assets, total		131 141	137 075
TOTAL ASSETS		575 959	595 591

CONSOLIDATED BALANCE SHEET

1 000 EUROS	Note	31.12.2013	31.12.2012
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities at amortized cost			
Liabilities to credit institutions and central banks	25.		
Credit institutions		18 867	18 300
Liabilities to the public and public sector entities	26.		
Deposits		259 031	296 540
Other liabilities		1 875	5 063
Debt securities issued to the public	27.		
Bonds		55 724	61 910
Other		14 996	999
Financial liabilities at amortized cost, total		350 492	382 812
Financial liabilities at fair value through profit or loss			
Derivative contracts and other liabilities held for trading	28.	46 365	26 548
Other than financial liabilities			
Other liabilities	29.	115 860	125 640
Accrued expenses and deferred income	30.	13 655	10 824
Deferred tax liabilities	31.	815	535
Other than financial liabilities, total		130 330	136 999
TOTAL LIABILITIES		527 188	546 358
EQUITY			
	33., 34.		
Share capital		30 194	30 194
Share premium fund		1 839	1 839
Fund of invested non-restricted equity		12 738	11 145
Other reserves		107	107
Translation difference		90	324
Retained earnings		2 753	4 727
Minority interest		1 049	896
TOTAL EQUITY		48 771	49 232
TOTAL LIABILITIES AND EQUITY		575 959	595 591

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

1 000 EUROS

Consolidated statement of changes in equity	Share capital	Reserve for		Other reserves	Translation difference	Retained earnings	Total	Minority interests	Total equity
		Share premium fund	invested unrestricted equity						
2012									
Equity at 1.1.	30 194	1 839	10 789	107	-199	7 246	49 977	639	50 616
Translation difference					523		523		523
Profit/loss for the period						1 646	1 646	498	2 144
Total recognised income	0	0	0	0	523	1 646	2 169	498	2 667
Dividends						-2 457	-2 457	-241	-2 698
Share issue			356				356		356
Acquisition of own shares						-1 114	-1 114		-1 114
Equity at 31.12.	30 194	1 839	11 145	107	324	4 727	48 336	896	49 232

Consolidated statement of changes in equity	Share capital	Reserve for		Other reserves	Translation difference	Retained earnings	Total	Minority interests	Total equity
		Share premium fund	invested unrestricted equity						
2013									
Equity at 1.1.	30 194	1 839	11 145	107	324	4 727	48 336	896	49 232
Translation difference					-234		-234		-234
Profit/loss for the period						5 017	5 017	630	5 647
Total recognised income	0	0	0	0	-234	5 017	4 783	630	5 413
Dividends						-4 931	-4 931	-478	-5 410
Share issue			1 593				1 593		1 593
Acquisition of own shares						-979	-979		-979
Other changes						-1 079	-1 079		-1 079
Equity at 31.12.	30 194	1 839	12 738	107	90	2 753	47 722	1 049	48 771

The translation reserve includes foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries.

CONSOLIDATED STATEMENT OF CASH FLOW

1 000 EUROS	1.1.–31.12.2013	1.1.–31.12.2012
Cash flow from operating activities		
Interest and commission received and proceeds from securities transactions incl. dividends	78 749	55 365
Interest and commissions paid	-5 015	-6 908
Recoveries on loans previously written off		
Cash payments to employees and suppliers	-43 819	-40 660
Increase (-) or decrease in operating assets:		
Net change in trading book assets and liabilities	-14 837	-15 863
Deposits held for regulatory or monetary control purposes	-20 673	-2 651
Issue of loan capital	7 811	-5 783
Funds advanced to customers	12 877	-65 222
Net cash from operating activities before income taxes	15 092	-81 722
Income taxes	-881	-88
Net cash used in operating activities	14 211	-81 810
Cash flow from investing activities		
Proceeds from sales of subsidiaries and associates **)	-2 760	527
Interest received	1	-3
Proceeds from sales of non-dealing securities	0	0
Acquisition of property, plant and equipment and intangible assets	-2 111	-1 572
Net cash used in investing activities	-4 870	-1 048
Cash flow from financing activities		
Proceeds from issue of share capital	693	356
Purchase of own shares	-979	-1 114
Net decrease in other borrowings	48	-8
Payment of finance lease liabilities	-180	-232
Dividends paid	-5 548	-2 699
Net cash from financing activities	-5 965	-3 697
Net increase in cash and cash equivalents	3 376	-86 555
Cash and cash equivalents at beginning of period	123 142	209 687
Effects of exchange rate changes on cash and cash equivalents	-66	11
Cash and cash equivalents*) at end of period	126 325	123 142

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Basic information on the company

Evli Bank Plc is an independent investment and wealth management bank whose clients are institutions, companies and present or future high net worth individuals. Clients are served by international groups operating in three business areas that provide asset management services, broker shares and derivatives, and provide analysis and advisory services. The Evli Group operates in five countries and its head office is in Finland. The company also operates in Sweden, and, through its subsidiary Evli Securities, in Estonia, Lithuania and, through its subsidiary Evli Russia Oy, in St Petersburg and Moscow.

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

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

Accounting policies for the consolidated financial statements

Basis for preparation of the financial statements

The consolidated financial statements have been prepared in compliance with the IFRSs (International Financial Reporting Standards) and IASs (International Accounting Standards) valid at the end of 2013, together with their respective SIC (Standing Interpretations Committee) and IFRIC (International Financial Reporting Interpretations Committee) interpretations. These standards and interpretations have been approved in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and the Council. In addition, Finland's Act on Credit Institutions has also been applied in preparing the consolidated financial statements.

Assets and liabilities in the consolidated financial statements have been measured at historical cost, with the exception of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, and derivative financial instruments. With respect to business combinations occurring before 2005, goodwill is reported as the carrying amount recognized under previous accounting principles, and this is used as the deemed cost under IFRSs. The classification and accounting treatment of these acquisitions have not been restated in preparing the Group's IFRS opening balance sheet.

The financial statement is shown as 1,000 euros.

Consolidation principles

Subsidiaries

The consolidated financial statements comprise the financial statements of Evli Bank Plc and all its subsidiaries.

Entities qualify as subsidiaries if the Group has control. The Group obtains control if its shareholding carries more than half of the voting rights, or if it otherwise has the power to exercise control over the financial and operating policies of the entity so as to obtain benefits from its activities.

The Group's internal shareholdings are eliminated by using the purchase method of accounting. Subsidiaries acquired are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date that control ceases.

All intra-group transactions, receivables, liabilities, unrealized gains and internal distribution of profits are eliminated in preparing the consolidated financial statements. Unrealized losses are not eliminated, if the loss is due to impairment of an asset. The profit for the period attributable to the parent company's equity holders and minority interests is presented in the profit and loss account, while the minority interest in equity is presented separately in the balance sheet within equity. The minority interest in cumulative losses is recognized in the consolidated financial statements up to the amount of the investment at most.

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

Associates

Associates are entities in which the Group has significant influence. Significant influence is demonstrated when the Group generally holds in excess of 20% of a company's voting rights or when the Group otherwise has significant influence, but not control. Associates are consolidated by using the equity method. Unrealized gains between the Group and associates are eliminated in proportion to the Group's ownership interest. An investment in an associate includes the goodwill generated by the acquisition.

The subsidiaries and associates included in the consolidated financial statements are listed in the Notes to the Financial Statements on page 36.

Translation of items denominated in foreign currency

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

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the date of the transaction. Monetary balance sheet items are translated into the functional currency at the rate prevailing on the balance sheet date. Exchange rate

differences are included in net income from foreign exchange.

The income statements of foreign Group entities are translated into euros at the weighted average rates for the period, and the balance sheets at the rates prevailing on the balance sheet date. In the consolidated income statement and balance sheet, the translation differences resulting from the use of different rates for the translation of Group results for the period is recognized in income and expenses recognized directly in equity and presented in equity. The translation differences arising from the elimination of the acquisition cost of foreign subsidiaries and from post-acquisition cumulative changes in equity items are recognized in income and expenses recognized directly in equity and presented under equity. When a subsidiary is disposed of wholly or partly, the cumulative translation differences are recognized in profit or loss as part of gains or losses from disposal.

Property, plant and equipment

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

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

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

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

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

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

Intangible assets

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

software licenses and other intangible rights whose useful life is 3–5 years.

With a contract signed on October 7, 2009, Evli Acquired the entire share capital of Carnegie Asset Management Finland and Carnegie Fund Management Finland. No goodwill was generated from this transaction; the other intangible rights included in the sale price, including client agreements, will be completely removed within two to seven years.

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

Goodwill

Goodwill represents the excess of the cost of an acquisition (made after January 1, 2005) over the fair value of the Group's share of the net identifiable assets and liabilities of the acquired entity at the date of acquisition. The goodwill of prior business combinations is reported in accordance with previous accounting principles and the carrying amount is used as the deemed cost. The classification and accounting treatment of these acquisitions have not been restated in preparing the Group's IFRS opening balance sheet.

Goodwill is measured at historical cost less cumulative impairment losses. Goodwill is not amortized, but tested annually for impairment. For this purpose, goodwill is allocated to the cash-generating business segments, or, if it concerns a subsidiary, goodwill is included in the carrying amount of the subsidiary and the subsidiary forms a cash-generating unit.

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

Borrowing costs

Borrowing costs are recognized as an expense in the period in which they are incurred. Directly attributable transaction costs of a certain borrowing are included in the original amortized cost of the borrowing, and are amortized as interest expense by using the effective interest method or, if necessary, by following a formula whose

result can be deemed as being sufficiently near the sum calculated by using the effective interest method.

Leases

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

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

Impairment

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

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

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

Employee benefits

Pension obligations

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

Compensation

The Evli Group's personnel consists of specialists in several different fields, therefore it has a reward system that covers its entire personnel. The aim of the reward system is to support the implementation of the company's strategy and to ensure the profitable growth of the Group. The Compensation Committee, which is made up of members nominated from the Board of Directors, prepares a reward system in accordance with the targets set by the Board of Directors. The Board of Directors confirms the reward system annually on the basis of the Compensation Committee's proposal. The functioning and results of the reward system approved by the Board of Directors are monitored regularly by the Compensation Committee. The Compensation Committee meets at least four times per year. As a result of the monitoring, the Compensation Committee makes proposals and recommendations to the Board of Directors regarding rewarding or amendments to the reward system in use. The Compensation Committee also monitors compliance with the reward system and the rewarding of the persons that are responsible for the company's risk management and control functions.

At the Evli Group, variable compensation is a way of motivating the personnel and committing them to the Group's objectives. Although the Group has a reward system, fixed compensation nevertheless has the greatest significance in its salary policy. Fixed salaries rise either on the basis of increases based on the collective agreement or on the basis of a personal pay rise given to a person by a supervisor. The employee's supervisor makes the salary-related proposals, which his/her supervisor then approves in accordance with Evli's salary policy. There are no significant separate fringe benefits in the Group.

The Evli Group's reward system contains many restrictions for ensuring that the variable compensation is not paid if the Group's profit performance is not favorable. The proportion of variable compensation will not, under any circumstances, exceed the amount of fixed salaries, and the compensation may be at most 50 percent of fixed salaries. Also, the compensation may not, under any circumstances, exceed 50 percent of the company's profit before profit distribution with employees. A cer-

tain percentage of the Evli Group's business units' profit is reserved for the reward system. This percentage varies from unit to unit. Under all circumstances, a requirement for the reservation is that the Group's financial performance is within the limits set by the Board of Directors. Therefore, rewards are not paid if the Evli Group as a whole has not attained the minimum profit limit set for it.

The heads of the business units determine the indicators and internal models according to which the reward allocated to each business unit is distributed between teams and individual employees. In all measurement, at both team and individual levels, the reaching of financial objectives carries substantial weight. Supervisors also assess all the Evli Group's employees' compliance with the Group's ethical rules and values.

The Group also has an arrangement under which Evli offers shares for subscription. The Chief Executive Officer together with the Compensation Committee make a separate proposal to the Board of Directors regarding the persons to whom they would like shares to be granted. In general, shares are offered for subscription to persons whose commitment to the company is felt to be of primary importance for the company's success.

During 2013, the Board of Directors decided on two share issues. In the first share issue, the company's key employees were offered a maximum of 48,000 shares, 37,400 of which were subscribed. In the second share issue, 74,689 shares were directed to minority shareholders in Evli Options Ltd, all of which were subscribed.

The Compensation Committee maintains an up-to-date list of 'risk takers' and the rewards paid to them. The Compensation Committee has assessed 28 people in the Evli Group to be risk takers on the basis of their duties. The Compensation Committee has specified as risk takers people who work in management positions or internal control duties in the company, and persons that otherwise have an essential influence on Evli's risk position. In accordance with the principle of the reward system, portions of risk takers' compensation that exceed EUR 50,000 are paid over three years.

Provisions

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

Income taxes

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

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

Financial assets and liabilities

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

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

A financial asset and a financial liability shall be offset only when the Group has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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

Financial assets

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

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

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

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

Available-for-sale financial assets include long-term investments for which a public price quotation is not available from an active market, and whose fair value cannot therefore be reliably determined. Such investments' fair value is estimated primarily using the share's net asset value or, alternatively, using a cash flow analysis based on future outlook. An estimate is made quarterly to assess whether there is objective evidence of the value of the investment declining. The bank's Audit Committee audits and submits its valuations to the Board of Directors for approval. The realized profit and impairment losses are recognized in profit or loss in net income from available-for-sale financial assets, while unrealized value increase is recognized in the fair value reserve. If the acquisition price of an unlisted investment falls short of the theoretical valuation, in individual cases, the instrument's acquisition price may be used as the measurement principle, subject to consideration. The total value of the Group's available-for-sale shares is very low.

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

immediately caused by the acquisition. Loans and receivables are measured at amortized cost.

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

Negative market values from derivatives

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

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

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

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

Impairment of financial assets

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

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

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

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

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

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

Derivative contracts

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

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

Recognition of equity linked notes

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

Treasury shares

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

Operating profit

IAS 1 Presentation of Financial Statements does not define the concept of operating profit. The Group has defined it as follows: operating profit is the net sum formed after interest expenses, commission expenses, employee benefits expenses, other administrative expenses, depreciation, amortization and possible impairment losses, and other operating expenses are deducted from revenue. All other items than the ones mentioned above are presented below operating profit in the profit or loss.

Revenue recognition principles

Income from projects related to Corporate Finance operations are recognized as profits for the financial year in which the project's end result can be assessed reliably. The expenses arising from a project and the loss that can be

expected are expensed immediately. Commissions from asset management are accrued monthly and are invoiced in arrears in three-, six- or twelve-month periods. Securities brokerage events are recognized according to the trading date. The income of the above-mentioned segments is recognized as profits in commission income.

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

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

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

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

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

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

New International Financial Reporting Standards (IFRS)

The IASB has published the following new or revised standards and interpretations that the Group has not yet applied but will have relevance for the consolidated financial statements when they enter into force. The Group applies each standard and interpretation from its effective date or, if the effective date is not the first day of the annual period, from the beginning of the next annual period.

- Amendments to IAS 1 *Presentation of Financial Statements*: The single most significant amendment is the requirement to group other consolidated income items according to whether they will possibly be reclassified to profit or loss if certain conditions are fulfilled. The amendments have affected the way in which Evli presents other consolidated income items.
 - Amendments to IAS 19 *Employee Benefits*: The most significant amendments are the following: all actuarial gains and losses are immediately recognized in other income and expenses recognized directly in equity, i.e. the so-called corridor method is no longer used, and the finance costs are calculated on a net funding basis. The amended standard has been applied in arrears in accordance with transition requirements. The amendments have not affected the way in which Evli presents its financial statements.
 - IFRS 13 *Fair Value Measurement*: IFRS 13 combines requirements on fair value measurement and on presenting relevant information in the financial statements. The new standard also contains definitions of fair value. The use of fair value is not expanded, but the standard provides instructions for its measurement when its use is permitted or it is required by some other standard. IFRS 13 has expanded the notes to the consolidated financial statements to some extent.
 - *Annual Improvements to IFRSs 2009–2011*, May 2012: The Annual Improvements process allows minor and less urgent amendments to be compiled into a single package and implemented once per year. The amendments concern a total of five standards. The effects of the amendments are not substantial.
 - Amendments to IFRS 7 *Financial Instruments: Disclosures*: The amendments specify the disclosure requirements concerning financial instruments presented in net terms in the balance sheet and general netting arrangements or corresponding agreements. The amended standard has not had a significant impact on Evli's consolidated financial statements.
 - New and amended standards and interpretations to be applied in forthcoming financial years
- Evli has not yet applied the following new or amended standards and interpretations already published by IASB. The Group applies each standard and interpretation from its effective date or, if the effective date is not the first day of the annual period, from the beginning of the next annual period.
- * = The standard was not approved for application in the EU on December 31, 2013.
- IFRS 10 *Consolidated Financial Statements* and amendments to it (applicable in the EU in annual periods beginning on or after January 1, 2014): In accordance with existing principles, IFRS 10 defines control as a key factor when determining whether an entity should be consolidated. The standard also provides additional instructions on the definition of control when it is difficult to assess. The amended standard is not expected to have a significant impact on Evli's consolidated financial statements.
 - IFRS 11 *Joint Arrangements* and amendments to it (applicable in the EU in annual periods beginning on or after January 1, 2014): IFRS 11 focuses on the rights and obligations arising from the accounting treatment of joint arrangements rather than their legal form. There are two kinds of joint arrangements: joint operations and joint ventures. In the future, one method – the equity method – must be used in the reporting of joint ventures, and the previous proportionate consolidation alternative is no longer permitted. The amended standard is not expected to have a significant impact on Evli's consolidated financial statements.
 - IFRS 12 *Disclosure of Interests in Other Entities* and amendments to it (applicable in the EU in annual periods beginning on or after January 1, 2014): IFRS 12 brings together all the requirements on disclosures that concern various interests in other entities including associates, joint arrangements, structured units and other off-balance sheet entities. The new standard expands the information to be disclosed by the Group regarding its interests in other entities. The amended standard is not expected to have a significant impact on Evli's consolidated financial statements.
 - IAS 27 *Separate Financial Statements* (as amended in 2011) and amendments to it (applicable in the EU in annual periods beginning on or after January 1, 2014): The revised standard contains the requirements regarding separate financial statements that remained when the sections regarding control were included in the new IFRS 10. The amended standard will not have a significant impact on Evli's consolidated financial statements.
 - IAS 28 (as amended in 2011) *Investments in Associates and Joint Ventures* (applicable in the EU in annual periods beginning on or after January 1, 2014). The standard revised as a consequence of the

publication of IFRS 11 contains requirements for the accounting treatment of associates and joint ventures using the equity method. The amended standard is not expected to have a significant impact on Evli's consolidated financial statements.

- Amendments to IAS 32 *Financial Instruments: Presentation* (applicable in annual periods beginning on or after January 1, 2014). The amendments clarify the requirements regarding regulations concerning the presentation of financial assets and liabilities in the balance sheet in net terms and provide additional application guidelines regarding the matter. The amendments are not expected to have a significant impact on Evli's consolidated financial statements.
- Amendments to IAS 36 *Impairment of Assets* (applicable in annual periods beginning on or after January 1, 2014). The objective of the amendments is to clarify that the scope of the disclosures of information about the recoverable amount of assets, where that amount is based on fair value less costs of disposal, is limited to impaired assets. The amended standard is not expected to have a significant impact on Evli's consolidated financial statements.
- Amendments to IAS 39 *Financial Instruments: Recognition and Measurement* (applicable in annual periods beginning on or after January 1, 2014). The amendments made to IAS 39 provide an exception to the requirement to discontinue hedge accounting in certain circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. These amendments are not expected to have a significant impact on Evli's consolidated financial statements.
- Amendments to IAS 19 *Defined Benefit Plans – Employee Contributions** (applicable in annual periods beginning on or after July 1, 2014). The amendments clarify the accounting treatment in respect of defined benefit plans that involve contributions from employees or third parties towards the cost of benefits. The amendments to the standard will not have an effect on Evli's consolidated financial statements.
- *Annual Improvements to IFRSs 2011–2013** and *2010–2012**, December 2013 (effective in annual periods beginning on or after July 1, 2014): The Annual Improvements process allows minor and less urgent amendments to be compiled into a single package and implemented once per year. The amendments concern a total of four (2011–2013 cycle) and seven (2010–2012 cycle) standards. The impacts of the amendments vary from standard to standard, but are not substantial.
- IFRS 9 *Financial Instruments** and subsequent amendments (the effective date (previously January 1, 2015) has been postponed and will be determined in due course). The project, which was originally meant to be implemented in three phases, is intended to replace the currently valid IAS 39 *Financial Instruments: Recognition and Measurement*. The first phase of amendments (announced in November 2009) concern the classification and measurement of financial assets. Financial assets will be divided into two main groups according to the measurement method: those measured at amortized acquisition cost and those measured at fair value. The classification depends on the company's business model and the characteristics of contractual cash flows. The amendments announced in October 2010 deal with the classification and measurement of financial liabilities, and the relevant regulations of IAS 39 were transferred to the new standard largely unchanged. Amendments dealing with general hedge accounting were issued in November 2013. The part of IFRS 9 that is still incomplete concerns impairment of financial assets. The IASB has also suggested certain amendments to the principles of classification and measurement of financial instruments. The part regarding macro hedge accounting has been decoupled from IFRS 9 and made into a separate project. Since the IFRS 9 project is still in progress, an estimate of the standard's effects on the consolidated financial statements cannot yet be presented.

SEGMENT REPORTING

The primary segment reporting is based on the business segments used in the Group's internal reporting. The ultimate operational decision-making power is the Board of Directors. Evli Bank Plc's business segments are asset management, markets and corporate finance. The Group also has a number of joint functions, which are reported under Group operations. Secondary segment reporting is based on geographical areas: Finland, Sweden, Russia and the Baltic countries.

The business segments consist of business units whose products, services, earnings logic and profitability are related, but are different from those of other business segments. The business risks of the various segments are also different.

Inter-segment pricing occurs in arm's length transactions at fair value. The revenue, expenses, assets and liabilities that are deemed as directly attributable to or can be allocated on a reasonable basis to a particular business area are allocated to that business area. The revenue, expenses, investments and capital that are not allocated to a particular business area, and the inter-business-

area eliminations in the Group, are reported under Group operations.

Asset Management

Evli's asset management service comprises individualized institutional asset management and the Evli Private Banking service, as well as a wide range of mutual funds. Institutional asset management offers professional total asset management solutions to insurance companies, pension funds, organizations, municipalities and companies, for example. Evli's Private Banking is a comprehensive private banking service for private individuals with investment assets in excess of EUR 300,000. Other private clients are offered the electronic Online Banker asset management service, mutual funds, electronic banking services and other standardized money market products.

Markets

The Markets unit's operations are divided into four business areas: equity brokerage, alternative investment product brokerage, market making, and

investment research. Alternative investment products include derivatives, ETFs and fixed income instruments, and structured products. The unit's product selection includes the realization of management's share-based payment arrangements.

Corporate Finance

The Corporate Finance unit provides advisory services related to M&A transactions and securities offerings. M&A transactions include acquisitions, divestments, mergers and demergers. Securities offerings comprise initial public offerings, share issues, share sales, convertible bonds and private placement arrangements.

Group operations

Group operations comprise the treasury, payments, credit management, Evli Bank's investments, financial administration, risk management, IT, corporate communications, legal affairs, compliance activities, human resources administration and internal services.

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

2012 (1 000 EUROS)	Markets	Corporate Finance	Asset Management	Group Operations	Unallocated	Group
	1.1.-31.12.2012	1.1.-31.12.2012	1.1.-31.12.2012	1.1.-31.12.2012		1.1.-31.12.2012
SEGMENT INCOME STATEMENT						
REVENUE						
External sales	13 789	4 121	26 706	3 381	347	48 344
Inter-segment sales	-445	-22	-14	480	0	0
Total revenue	13 344	4 099	26 692	3 861	347	48 344
RESULT						
Segment operating expenses	-12 613	-4 900	-17 820	-9 128	-320	-44 781
Corporate expenses	-2 559	-787	-4 214	7 561	-2	0
Operating profit	-1 827	-1 588	4 659	2 294	26	3 345
Segment income taxes					-1 201	-1 201
Segment profit/loss after taxes	-1 827	-1 588	4 659	2 294	-1 175	2 144
SEGMENT BALANCE SHEET						
Segment assets	212 826	1 600	19 134	392 361		
Unallocated corporate assets					-30 330	
Consolidated total assets						595 591
Segment liabilities	156 349	526	8 265	396 680		
Unallocated corporate liabilities					-15 462	
Consolidated total liabilities						546 358

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

2012 (1 000 EUROS)	Finland	Sweden	Russia and Baltic countries	Group
	1.1.-31.12.2012	1.1.-31.12.2012	1.1.-31.12.2012	1.1.-31.12.2012
SEGMENT INCOME STATEMENT (GEOGRAPHICAL)				
Net revenue	40 931	5 781	1 632	48 344
SEGMENT BALANCE SHEET (GEOGRAPHICAL)				
Segment assets	589 210	4 323	2 058	595 591

PRINCIPLES OF CORPORATE GOVERNANCE

The governance of Evli Bank Plc (hereinafter Evli) complies with the Finnish Limited Liability Companies Act, applicable statutory provisions governing the Finnish securities markets, the regulations of the Finnish Financial Supervisory Authority, the Finnish Corporate Governance Code issued by the Securities Market Association, and the rules and regulations of the NASDAQ OMX Helsinki. Further information on Evli's risk management system is available starting on page 31.

General Meeting of Shareholders

The ultimate decision-making power in the company is vested in the General Meeting, at which shareholders participate in the control and supervision of the company. General Meetings are held at least once a year. The Annual General Meeting (AGM) is held upon completion of the company's financial statements, on a date designated by the Board of Directors no later than the end of June. Each Evli share represents one vote at a General Meeting.

The AGM adopts the financial statements and decides on the distribution of dividends. The AGM also decides on the number of members of the Board of Directors, elects them and confirms the yearly compensation. In addition to designating the company's Board of Directors, the AGM has the authority under the Limited Liability Companies Act to amend the company's articles of association, increase the company's share capital or grant an authorization thereto. The AGM also decides on the election of one or more auditors and the compensation payable to them.

Board of Directors and its committees

The AGM elects four to eight members to the Board of Directors, who serve until the end of the following year's AGM. The Board members comprise representatives of major shareholders and external, independent members who have diverse experience of the business and industry in which Evli operates. The Board elects a Chairman and Vice Chairman from its members.

The Annual General Meeting held on March 6, 2013 re-elected Henrik Andersin, Robert Ingman, Harri-Pekka Kaukonen, Mikael Lilius, Teuvo Salminen and Thomas Thesleff to Evli Bank Plc's Board of Directors. During the financial year, Henrik Andersin continued as Chairman of the Board and Harri-Pekka Kaukonen as Vice Chairman.

Evli's current Board of Directors consists of industry experts and the company's major shareholders. The majority of the current members of the Board are independent of the company. Harri-Pekka Kaukonen, Mikael Lilius and Teuvo Salminen are independent of the company and shareholders.

The Board of Directors is responsible for looking after the company's administration and appropriate organization of operations, and ensuring that the supervision of the company's accounting and asset management has been arranged suitably. The Board handles all matters that are

of extensive and fundamental importance for the operation of the company and the entire Group. The Board's responsibilities include deciding upon the Evli Group's business strategy, approving the budget and the principles for the arrangement of the Evli Group's risk management and internal control. The Board appoints the CEO and the members of the Executive Group, relieves them of their duties and decides upon their salaries and other benefits. Furthermore, the Board approves the objectives of the Evli Group's human resources plan and monitors their implementation, and decides the criteria for the Evli Group's compensation system and other extensive matters that concern the personnel. By applying the principles of good corporate governance, the Board also ensures that the company operates in a way that reinforces its corporate values.

The Board has approved a written procedure, dated December 11, 2006, defining the Board's duties and meeting practices. The Board carries out an annual internal self-evaluation of its activities and working practices.

The Board of Directors and the CEO shall manage the company and the Group in a professional manner and in accordance with sound and prudent business principles. The Board's obligation is to promote and advance the interests of the company and all its shareholders.

Evli's Board of Directors met eight times in 2013, of which six were actual meetings in which the members were present in person, and two meetings were arranged through other means. Board members' average attendance rate at meetings was 93.8 percent. The Board members' compensation in accordance with the AGM's decision was EUR 4,100 per month.

On 11 December 2006, the Board established and appointed an Audit Committee and a Compensation and Nomination Committee to prepare matters to be handled by the Board. The committees have no independent decision-making power; instead, decisions are made by the Board on the basis of recommendations and information supplied by the committees. The committees make regular reports on their activities to the Board.

The Audit Committee is responsible for advising the company's Board in ensuring that the company has an adequate internal control system covering all operations and that the company's risk management has been arranged appropriately. Additionally, the Audit Committee is responsible for overseeing the accuracy and correctness of the company's financial reporting and preparing the proposal on the election of auditors and the auditors' fees, to be made to the AGM. Furthermore, the Audit Committee is responsible for ensuring that the company's operations and internal control have been arranged in accordance with all applicable laws, regulations, good management and governance practices, as well as for monitoring the activity of the internal audit function. The Audit Committee consists of at least two members, which may not be part of the company's management. The com-

mittee is elected by the Board from its members that are independent of the company. In addition to the committee's regular members the auditors, the CEO, the CFO and the internal auditor shall attend the meetings. The members of Evli's Audit Committee are Teuvo Salminen (Chairman), and Robert Ingman. The committee meets regularly every quarter. The Compensation and Nomination Committee met five times in 2013. The Audit Committee's members' average attendance rate at meetings was 100 percent.

The Compensation and Nomination Committee is responsible for advising the company's Board in the preparation of matters related to the management's employment terms and compensation, the compensation and incentive systems for management and personnel, and the regular assessment of the functioning of and compliance with the compensation system. The Compensation and Nomination Committee consists of at least three members, elected by the Board from its members, and the committee shall be chaired by an independent Board member. The members of Evli's Compensation and Nomination Committee are Harri-Pekka Kaukonen (Chairman), Henrik Andersin, Mikael Lilius and Thomas Thesleff. The Compensation and Nomination Committee met five times in 2013, of which one was an actual meeting in which the members were present in person, and four meetings were arranged through other means. The Compensation and Nomination Committee's members' average attendance rate at meetings was 100 percent.

During the financial year members of the Board received no shares or share-based rights as compensation.

Chief Executive Officer and Executive Group

Evli's Board of Directors appoints the CEO, who is responsible for the company's day-to-day management in compliance with the Limited Liability Companies Act and the instructions and decisions provided by the Board of Directors. The CEO's duties include the management and supervision of the Group's business, preparation of matters to be handled by the Board, and implementation of the Board's decisions. The CEO's work is guided by a written procedure approved by the Board, effective as of November 1, 2006.

The company's CEO is Maunu Lehtimäki, M.Sc. (Econ.), born 1967. In 2013, the CEO was paid a salary of EUR 374,400.00 plus performance bonuses and other benefits EUR 240.00, making a total of EUR 374,640.00. During the financial year the CEO received no shares or share-based rights as compensation.

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

The CEO is aided in the company's operating management by Evli's Executive Group, which is convened by the Chairman every second week. The Executive Group supports the CEO in preparing and executing the strategy, coordinating Evli's operations, preparing and executing significant or fundamental matters and decisions, and ensuring internal cooperation and communication. The Executive Group's work is guided by a written procedure approved by the Board, effective as of November 1, 2006.

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

At the end of 2013, Evli's current Board members and the CEO held, either directly or indirectly through companies controlled by them, 60.2 percent of the company's total stock and 60.8 percent of the total votes. Evli's Board members, CEO and Executive Group held, either directly or indirectly through companies controlled by them, 63.6 percent of the company's total stock and 64.2 percent of the total votes.

Internal audit

Evli's internal audit is independent of the business functions. Its purpose is to assess the functioning and effectiveness of the internal control system and the quality of performance in the Evli Group. Evli's Board of Directors, management and personnel can make use of the audits for operational management, control and development purposes. The internal audit also proposes measures for developing risk management, internal control and managerial and administrative processes.

The internal audit reports its findings to the CEO and to Evli's Board of Directors through the Audit Committee. Evli's Board of Directors annually confirms the internal audit guidelines and annual plan.

The internal audit follows internal audit guidelines and an internationally acknowledged framework of professional practices (The Institute of Internal Auditors) and corresponding information systems audit standards (Information Systems Audit and Control Association).

Internal control

The target of internal control is to ensure the implementation of strategic and operational objectives, the comprehensiveness of risk management, the reliability of financial and other information provided, compliance with laws, other external regulation and Evli's internal codes of conduct, and the quality and efficiency of operations.

The operating principles and responsibilities of internal control are defined in the policies and guidelines considered and approved by the Board of Directors. Evli's values and policy of transparent, appropriate communications support the company's operational integrity and high ethical standards. The company's organizational structure, clear responsibilities and competent staff support the planning, execution, control and monitoring of business operations in a manner that facilitates the achievement of defined objectives. The Board of Directors and the Executive Group are responsible for internal control.

Auditors

Evli has one auditor. The auditor and a deputy, if any, must be a public accountant or auditing firm authorized by the Finnish Central Chamber of Commerce. If the auditor is an auditing firm, no deputy auditor need be elected. The auditor serves until the following year's AGM.

Evli's auditor is KPMG Oy Ab, an auditing firm, the principally responsible auditor being Marcus Tötterman, Authorized Public Accountant. The auditor issues a statutory audit report to the company's shareholders as part of the company's annual financial statements. The principal function of a statutory audit is to ensure that the company's financial statements provide a true and fair

view of the company's financial position and performance for each reporting period. The auditor also confirms the net asset value of the company's share on a quarterly basis, which is an important part of the company's share-based incentive scheme. In 2013, the Group paid EUR 157,700 and the parent company EUR 99,118 in auditor's fees. Additionally, the Group paid the auditing firm EUR 168,896 and the parent company EUR 94,708 in other fees. Other fees were mainly related to tax advice and advice related to M&A transactions. From time to time, the company also purchases consultation services from the KPMG auditing firm, and the independence of this work from the audit is assessed by the Board of Directors.

Description of the Evli Group's financial reporting process

The Board of Directors monitors financial reporting and the Audit Committee assists the Board in this work. The CEO's and CFO's task is to monitor and ensure the quality of financial reporting.

The Group prepares the annual financial statements and also a quarterly interim report (IAS34), which is published as a press release. The Audit Committee meets well in advance before the AGM to deal with the annual and interim reports in detail. Reports are submitted to the Board on a monthly basis with separate reports relating to the business areas.

Operating under the CFO, the Finance Department produces and compiles the financial data on the financial performance of the individual areas of business in detail partly based on the financial data produced by their operative systems. The accuracy of financial data of separate companies and according to Group data is ensured at different daily, weekly and monthly controls and calculation and validation measures.

Data are transferred in batches from the information systems related to operations, which are maintained by the business units, to the financial administration's systems. Various balancing measures are employed to ensure that the data transferred from the information systems related to operations correspond with the data in the

financial administration's systems. The financial administration also ensures that all the data are delivered and entered in the accounting records. Securities are revalued for accounting in the financial administration's systems in accordance with IFRS 39 and the Group's internal guidelines. Various balancing mechanisms are employed to ensure that all the positions and securities have been transferred to the accounting system, and to monitor differences between the valuation price in the information systems related to operations and the price used in the accounting system, as well as the reasons for these differences. The accounting of all the Group companies, with the exception of the Russian companies, is in the same accounting system, and the companies comply with the same accounting policies.

The aim of the Finance Department's Internal Cost Accounting function is to continuously monitor the Evli Group's financial performance on both the Group and business unit levels. The aim is to identify and demonstrate success factors as well as development areas well in advance, thus making it possible to react to these. The Group Controller reports to the Executive Group and the Board of Directors every month on Group-level performance and future outlook. Performance is evaluated by comparing actual figures with the budget and the forecast for the rest of the year that is updated regularly. Internal Cost Accounting is also responsible for monitoring and reporting on the performance of each business unit. The team is responsible for reporting on the financial results, sales and activity at least monthly and depending on the unit, even daily, to the Executive Group and other concerned parties. In addition to the reporting for each business unit, the monitoring is also carried out for the separate countries. Country Managers receive a monthly report on the financial performance of the country they represent. In order to ensure the accuracy of the data and to avoid any human errors, the internal accounting reports are balanced each month against the Group accounting. Any discrepancies are documented and presented in connection with the reports.

RISK MANAGEMENT

Organization of risk management

The Evli Group defines risk as an event or series of events that jeopardize the company's short-term or long-term financial performance. The objective of risk management is to support the uninterrupted implementation of the Group's strategy and income-generating activities. Each employee bears responsibility for risk management.

The Board of Directors of Evli Bank Plc sets the risk management policies, corporate risk limits and other general guidelines used to organize risk management and internal controls at Evli. The Board has established a risk management committee (Credalco), which prepares risk-taking matters for the review of the Board. Credalco defines and monitors market, credit and counterparty risks and the company's capital structure. The members during the review period were Kristian Nybergh (Chairman), Jarkko Heikkilä, Juho Mikola, Mari Etholén, and Maunu Lehtimäki and the expert member: Bengt Wahlström.

Risk management tasks

The following five areas have been defined as ongoing risk management tasks:

1. Making management aware of any risks involving short-term or long-term financial exposures.
2. Ensuring that any financial losses related to the risks are under control.
3. Preparing presentations regarding risk-taking and hedging decisions in a way that is proportionate to Evli Group's risk-bearing capacity.
4. Securing the commitment of employees to continuous risk management.
5. Facilitating and ensuring the establishment of risk management as part of regular day-to-day management.

The managers of the business units are responsible for risk management being at a sufficient level in each respective unit. The Group Risk Management Unit oversees the Group's operations and compliance with the risk limits granted to the business units on a daily basis. The Group also has an independent internal audit function which is responsible for the continuous auditing of the Group's functions. The Group Risk Management Unit reports the Group's overall risk position to the Board and the Group's Executive Group monthly.

In addition to the above-mentioned duties, the Group Risk Management Unit also has various other functions: It is tasked with acting as a consultant and developer during the development of the units' risk management procedures and instructions. The Group Risk Management Unit also acts as a controller when the units prepare the necessary guidelines and train their staff. The unit's most important task is overseeing the units' compliance with risk limits on a daily basis.

Risk concepts

Evli divides risks into three main categories:

1. Financial risks, including market, liquidity and credit risks
2. Operational risks including legal, compliance and information security risks
3. Business risks.

Market risks

Price risks

One substantial market risk is the price risk of Evli's own investment portfolio and trading stock. The own-book trading in which Evli engages on the equity markets is focused on securities quoted on the stock exchanges of Helsinki and Stockholm, and on derivatives connected to these securities. The investment activity related to the equity markets comprises market making operations, temporary investments for brokerage purposes, trading based on various trading strategies, and fund and private equity investments. Evli's Treasury engages in investment activity on the fixed income and currency markets.

The delta-adjusted equity market risk was at a slightly lower level than in the previous year. The equity risk is measured by using delta-adjusted risk and other so-called 'Greeks', as well as by using stress tests. The delta-adjusted average of the total equity risk for 2013 was EUR 7.1 million, and at the end of the year EUR 5.5 million (the corresponding figures for 2012 were EUR 7.8 million and EUR 7.6 million – see notes 17 and 19 in the Notes to the Financial Statements).

The equity-related risks were moderate in relation to Evli's risk-bearing capacity. In the end-of-year situation, a scenario featuring negative market movements of 20 percent would have led to a loss of about EUR 1.5 million (a loss of EUR 1.5 million in 2012). Evli did not have significant equity risks related to an individual issuer at the end of the year. The Board has set maximum limits for investments in single issuers and for the total amount of investments in the emerging markets. In addition, illiquid investments and investment commitments are monitored regularly.

Share-based incentive plans managed for clients on a contractual basis were carried out by acquiring equities in the client companies in question. There was no equity market risk for Evli. The credit and counterparty risks arising from market price fluctuations are monitored separately.

Approximately 12 percent of the total value of the investment portfolio and the trading stock has been measured using valuation models. Information on the methods used to measure investment instruments can be found under Accounting Policies in the Financial Review. Instruments measured by theoretical means were recognized entirely through profit or loss during the financial year, because the maturity periods of theoretically measured agreements are short and the accounting parameters used are primarily based on information from the markets.

Currency risks and interest rate risks

The Evli Treasury's currency risk limits have been defined by currency, and currency-specific and aggregate stop-loss limits have been linked to them. Considering the scope of Evli's business, direct currency risks were of minor significance in 2013. The fixed income risk of the Treasury's investments was approximately EUR 200,000 at the end of the year (EUR 600,000 in 2012) assuming that market rates change by one percentage point. The interest rate risk is also measured by means of change scenarios linked to the shape of the interest rate curve. If the shape of the interest rate curve is stressed

on the assumption that the 3-month rate would rise or fall by one percentage point and that the 5-year rate would fall or rise by half a percentage point, the effect would be EUR 150,000.

In 2013, market risks accounted for 3 percent of Evli's total risk-based capital requirement including operational risks (1.5%).

Liquidity risk

The Board of Directors of Evli Bank Plc sets limits for the use of corporate capital. The proposals for these limits are prepared by the Group's risk management committee, Credalco. Evli's funding policy always assumes the full use of these limits.

Evli's internal bank is responsible for managing the liquidity risk. Liquidity risk is monitored by the Group Risk Management Unit, which reports to Credalco and the company's Board of Directors.

The use of funds was primarily related to capital market products and lending. Capital is also tied by collateral for settlement and derivatives trading. Deposits from the public and credit institutions totaled approximately EUR 280 million at the end of 2013. The immediately available liquidity, consisting of the sum of avista account funds and non-pledged securities, was on average about EUR 230 million at the end of the year. This figure incorporates the use of capital within the Group. The bulk of funds were raised for a term of less than one year and the primary sources of funds were the customer deposits and the issuance of certificates of deposit. The long-term funding decreased during 2013 and was about EUR 26 million (EUR 62 million in 2012).

Evli's Internal Capital Adequacy Assessment Process (ICAAP) found no need for extra capital to cover liquidity risk.

Credit risks

The Board of Directors has approved a corporation-wide strategy for managing credit risks. The strategy defines the lending policies and specifies collateral requirements, pricing and maturities. The credit risk strategy also defines a classification scheme for customers and loans to be used in Evli. Credit risks are monitored by the Group Risk Management Unit, which reports them to the Executive Group, to Credalco and to the company's Board of Directors. Credit risks occur primarily through lending, the Treasury unit's investment operations and counterparty risk in derivative operations.

The external credit exposure of Evli's banking operations was EUR 59 million at the end of the year (EUR 62 million at the end of 2012). Loans to corporate customers accounted for 8 percent (10%) of this. The bank did not have any unarranged receivables at the end of the financial year. Credalco is authorized to make credit decisions within the limits set by the Board of Directors. Lending is focused on asset management clients with collateral for security.

As the Treasury invests primarily in banks and credit institutions with high credit ratings (at least A-) and in government bonds, the credit risks of its investment portfolio are moderate. The investments are focused in credit institutions that operate in the Nordic countries. Limits on investment operations are set taking into account the issuer's credit rating and geographical location, for example.

Brokerage-related credit risks were minor during the year under review. The counterparty risk in derivative operations is managed with daily collateral requirements and collateral management for both OTC and standardized contracts. Evli

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

In 2013, credit risks accounted for 58 percent of Evli's total risk-based capital requirement (56% in 2012). The capital requirement primarily consists of the risks related to lending, the Treasury's investments and strategic investments. In 2013, credit risks outside the balance sheet accounted for approximately 12 percent of the overall credit risk.

Operational risks

Operational risks refer to the direct or indirect risk of financial loss caused by shortfalls or failures in internal processes, systems, personnel or external factors. Legal, compliance and information security risks are also considered to be operational risks. Operational risks therefore relate to factors such as the company's management system, operating processes, information systems, personnel and various external factors or threats. Each unit is responsible for managing their own operational risks.

Evli continuously pays particular attention to the identification, tracking and management of its operational risks. Each business unit conducts regular self-evaluations of the operational risks related to its products, services, personnel, operating processes and systems. Evli has prepared specific, corporation-wide guidelines for the identification, assessment, monitoring and reporting of operational risks.

With the introduction of the capital adequacy requirements of the Basel Committee on Banking Supervision (Basel II), operational risks are also incorporated in the minimum capital requirements of banks. Evli applies the "Basic Indicator Approach" to capital adequacy, in which the capital requirement for operational risk is based on the average gross income of the preceding three years multiplied by a factor (0.15) set by the Basel Committee. Using this approach, the capital requirement for operational risk amounted to EUR 7.9 million at the end of 2013. However, the capital requirement for operational risk calculated by Evli's own internal capital adequacy management process was smaller.

Processes

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

Legal risks

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

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

Information risk

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

The responsibility for ensuring that information is accurate rests primarily with the users of systems, rather than with information technology services such as systems support or systems development. For this reason, a specific 'Information Security Policy' that addresses information security and related procedures has been prepared for the management of operational risks related to information systems and information security.

Continuity management

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

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

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

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

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

New products and services

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

Outsourcing of operations

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

Reporting

The Group Risk Management Unit is responsible for corporate-wide risk reporting, which consists of both numerical and written reports. The Group Risk Management reports include at least the following:

1. Daily report to the Executive Group on the utilization of corporate limits and any observations arising from risk monitoring
2. Monthly numerical and narrative risk management report and summary of customer exposure and limit utilization to Credalco
3. Monthly report to the Board of Directors and the Executive Group
4. Annual operational risk assessment report to the Executive Group and the Board of Directors.

Managing capital adequacy

An essential element of the Basel II capital adequacy regulations is compliance with the principles of pillar 2. Pillar 2 considers the risks outside the measurement of minimum capital requirements and all their dimensions and the residual risks outside this measurement. The capital adequacy regulation is based on the principle that the quantity, quality and allocation of the bank's own assets must be continuously sufficient to cover the material risks applying to the supervised party. It is not possible, however, to use capital to replace deficiencies in the qualitative aspects of risk bearing capacity. Broadly speaking, risk bearing capacity includes not only capital and profitability, but also reliable management, well-organized internal control and risk management. Evli's Internal Capital Adequacy Assessment Process (ICAAP) has been developed in line with the requirements of Basel II.

Evli Bank's Board of Directors has set a target of maintaining at least a 13 percent BIS capital adequacy. This target is monitored by means of the Group Risk Management Unit's monthly reports to the Board of Directors, the Executive Group and Credalco. Evli's internal capital adequacy management calculations are updated as deemed necessary by the management. However, this updating takes place at least once a year as part of strategic planning during the budgetary process.

No financial losses were sustained in 2013 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. Due to the Group's high capital adequacy ratio and good risk bearing capacity, Evli applies a relatively high deductible in its insurance policies.

CAPITAL ADEQUACY OF THE GROUP

	1.1.2013- 31.12.2013	1.1.2012- 31.12.2012	1.1.2011- 31.12.2011	1.1.2010- 31.12.2010	1.1.2009- 31.12.2009
Own funds, M€^{*)}	35.0	34.9	33.1	37.5	40.9
Risk-weighted receivables, investments and off-balance sheet obligations for credit- and market risk, M€	152.8	137.4	130.5	148.1	182.6
Own funds to cover operational risk, M€	7.9	8.2	7.8	9.5	9.6
Capital adequacy ratio, %	13.9	14.6	14.5	14.8	13.6
Evli Bank Plc's capital adequacy ratio, %	18.4	18.7	19.3	17.2	17.5
Own funds surplus, M€	14.9	15.7	14.8	17.2	16.8
Own funds in relation to the minimum capital requirement	1.7	1.8	1.8	1.9	1.7

*) including only tier 1 capital

Own funds	2013	2012
Own funds include share capital, funds and profits for the year. These items are not subject to special terms.		
Total tier 1 capital, M€		
Share capital	30.2	30.2
Funds total	17.5	18.1
Minority interest	1.0	0.9
Decreases:		
Intangible assets	10.6	11.3
Other decreases	3.1	3.0
Total tier 1 capital	35.0	34.9

Evli Bank has no tier 2 capital.

Capital adequacy management and minimum own funds	Risk-weighted		
See section 'Capital adequacy management'.	Min. requirement	value	Exposure value
Minimum capital adequacy requirement by exposure group, standard method for credit risk, M€			
Claims from the state and central banks	0.0	0.0	62.2
Claims from regional governments and local authorities	0.0	0.0	0.0
Claims from credit institutions and investment firms	4.5	56.7	282.7
Investments in mutual funds	0.8	10.0	10.0
Claims secured with property	0.2	2.9	8.3
Claims from corporate customers	0.5	6.7	7.3
Items with high risk, as defined by the authorities	0.3	3.7	2.5
Matured receivables	0.0	0.0	0.0
Other items	5.2	64.8	74.4
Total	11.6	144.8	447.4
Minimum amount of own funds, market risk, M€			
Risk-weighted receivables, investments and off-balance sheet obligations, total	12.2	152.8	
Minimum amount of own funds, operational risk, M€			
Total	20.1	251.6	

Risk management principles by risk area

See section 'Risk management'.

General information on credit and dilution risk

The definitions used in accounting for maturation and impairment are presented in the financial statements.

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

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

The goal of the lending is to support customer relations and the Bank's main businesses, and also the risk corrected income from lending has to be sufficient. Lending is focused on asset management customers, domestic private customer's share of the loan stock was 86%, and foreign private customer's share was 6%. The Treasury unit's investments are focused at Nordic bank bonds and certificates of deposits, whose credit rating is at minimum A. In the capital adequacy calculations, 99% of the investments had a risk weight of 20%, and 1% a risk weight of 100%.

Credit risk (standard method)

The credit rating institutions used in the standard method are Standard Et Poor's and Moody's.

Techniques to reduce credit risk

The valuation of collateral uses risk committee-approved collateral factors that are based on the collateral's realizability and susceptibility to changes in value.

The goal is to receive liquid collateral, which can also be used in the capital adequacy calculations. The Group's risk committee decides the maximum amount of illiquid collateral which can be accepted per customer. Only in certain special cases, can the Bank deviate from the normal process for accepting collateral.

Principal real collateral types used in capital adequacy calculation:

Residential property collateral		
Cash deposits		
Bonds issued by Evli		
Exposures hedged with approved collateral in capital adequacy calculation, M€	2013	2012
Mortgages	8.3	9.3
Other credits	9.4	11.4
Counterparty exposure of OTC derivatives	1.5	1.3

Credit risk (counterparty risk), M€:

Positive fair value of OTC derivatives in the financial statement	17.1	9.1
The derivatives comprise equity, currency and fixed income derivatives		
Collateral reducing counterparty risk in capital adequacy calculations	1.5	1.3
After the collateral-reducing effect the credit counter-value of derivatives totaled	35.4	18.7

Market risk

Minimum capital adequacy requirement, trading book, M€:

Position risk	0.5	0.2
Minimum capital adequacy requirement for the currency risk of all operations, M€	0.2	0.1
Total	0.6	0.3

The delta corrected equity risk for the trading book was at year end EUR -1.3 million, and the interest market risk EUR 1.1 million.

The largest net currency positions for the Group were 31.12. USD (EUR 1.0 million), CHF (EUR -0.7 million) and SEK (EUR 0.5 million)

Operational risk

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

Shares outside the trading book

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

The value of the investments in the financial statements was EUR 13.2 million, which is the fair value of the investments.

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

Investment types, M€:

Private equity funds	2.5	3.3
Real estate funds	3.3	3.3
Unlisted shares	0.3	0.8
Mutual funds	0.5	0.2
Listed shares	6.7	9.7
Total	13.2	17.3

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 cash flow analysis based on future outlooks.

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

During the year, the net realized profit from the investments was EUR 0.7 million.

Companies included in the Consolidated Accounts

Evli Bank Plc, Helsinki (parent company)
Evli Life Ltd, Helsinki (100%)
Evli Options Ltd, Helsinki (100%)
Evli Fund Management Company Ltd, Helsinki (100%)
EPI Russia Partners II Oy, Helsinki (100%)
Evli Alexander Management Oy, Helsinki (45%) *)
Evli Russia Ltd (100%)
OOO Evli St. Petersburg, St.Petersburg (100%)
OOO Evli Moscow, Moscow (100%)
Evli Securities AS, Tallinn (100%)
Evli Fonder AB, Stockholm (100%)
Evli Corporate Finance AB, Stockholm (75%)
Aurator Varainhoito Ltd, Helsinki (91%)

Associated companies

BPT Asset management A/S, Copenhagen (50%) ^{†)}
Baltic SME Management B.V., Amsterdam (33.3%)
BIF Management Ltd, Jersey (10%)

The Group's parent company is Evli Bank Plc, domiciled in Helsinki.
The consolidated accounts are available on the Internet at www.evli.com
or at the address Aleksanterinkatu 19 A, P.O. Box 1081, FI-00101 Helsinki, Finland.

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

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

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

^{†)} The company is Evli's associated company: according to the shareholders' agreement Evli is the controlling company.

^{‡)} The company is Evli's associated company: according to the shareholders' agreement Evli is not the controlling company.

Associates are consolidated by using the equity method.

Evli Russia Ltd has 100% share of RPH Investments BV.

Evli Russia Ltd has no voting rights in RPH Investments BV.

The acquisition value of RPH Investments BV was 18,500 euros, which reflects the fair value of the company in the end of period. The holding is included into Group's share investments.

NOTES TO INCOME STATEMENT

1 000 EUROS	2013	2012
1. Interest income		
At fair value through profit or loss		
Debt securities	1 361	4 820
Interest income from other loans and claims		
Claims on credit institutions	821	372
Claims on the public and public sector entities	967	1 228
Other interest income	6	4
Interest income, total	3 156	6 423
The interest income does not include income from the investments.		
2. Interest expenses		
At fair value through profit or loss		
Derivative contracts and trading liabilities	-13	-13
Interest expenses from other borrowing		
Liabilities to the public, public sector entities and credit institutions	-565	-1 277
Debt securities issued to the public	-1 903	-2 004
Other interest expenses	-170	-9
Interest expenses, total	-2 651	-3 302
3. Income from equity investments		
Dividends from financial assets valued at fair value	1 080	1 529
Dividends from associated companies	-5	1
Income from equity investments, total	1 075	1 530
4. Commission income		
Credit related fees and commissions	69	66
Insurance brokerage	263	190
Advisory services	6 436	7 297
Securities brokerage	11 458	10 357
Mutual funds	22 420	20 412
Asset management	5 966	4 677
Custody services	2 959	2 624
Other operations	1 815	159
Commission income, total	51 410	45 782
5. Commission expenses		
Trading fees paid to stock exchanges	-918	-1 138
Other	-979	-1 343
Commission expenses, total	-1 897	-2 481

1 000 EUROS	2013	2012
6. Net income from securities transactions and foreign exchange dealing		
Net income from securities transactions		
Financial assets held for trading	1 146	-649
Financial assets at fair value through profit or loss	1 026	708
Financial assets available for sale	0	-1 276
Net income from securities transactions, total	2 171	-1 217

The net loss from financial assets available for sale (year 2012), comes from a sales loss of an unquoted share.

The loss was booked to the Markets unit.

	Gains and losses on sales	Changes in fair value	Total	Total
Net income from securities transactions by instrument				
Debt securities	1 000	-307	694	754
Shares and derivative contracts	-1 566	3 044	1 478	-1 971
Net income from securities transactions, total	-566	2 737	2 172	-1 217
Net income from foreign exchange operations			1 891	888
Net income from securities transactions and foreign exchange operations, total			4 063	-328

7. Other operating income	2013	2012
Rental income	309	231
Gain on sale of owner-occupied investment properties	18	18
Other income	46	473
Other operating income, total	373	722

The comparison figure for 2012 for other operating income includes the profit from the sale of Evli Fonder's client agreements.

1 000 EUROS	2013	2012
8. Employee benefits		
Wages and salaries	-20 269	-16 536
- of which bonuses	-2 226	-129
Other social security costs	-1 826	-1 797
- of which relating to bonuses	-43	-1
Pension expenses	-3 952	-3 158
- of which relating to bonuses	-391	-11
- defined contribution plans	-3 952	-3 158
Employee benefits, total	-26 047	-21 491

	2013	2012
Number of personnel during the period, average	250	249
Number of personnel at the end of the period	245	243
Employees by business segment at the end of the period		
Markets	37	42
Corporate finance	28	33
Asset management	86	73
Administration and other	94	95
Total	245	243
Employees by geographic market at the end of the period		
Finland	202	187
Sweden	19	28
Estonia	5	6
Lithuania	8	7
Russia	11	15
Total	245	243

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

	2013	2012
9. Other administrative expenses		
Office maintenance expenses	-482	-429
Office expenses	-1 070	-1 254
Telephone and postage expenses	-434	-512
Information expenses	-2 910	-2 973
IT related expenses	-3 753	-4 200
Business expenses	-438	-450
Travel expenses	-679	-591
Car costs	-132	-153
Other human resources related expenses	-489	-481
Marketing expenses	-1 242	-787
Banking and custodian expenses	-664	-611
External services fees	-1 610	-1 858
Other administrative expenses, total	-13 903	-14 300

1 000 EUROS	2013	2012
10. Depreciation, amortization and impairment losses		
Depreciation and amortization		
Applications and software	-1 999	-2 390
Other intangible assets	-1 339	-879
Leasehold improvements	-140	-178
Assets acquired under finance leases	-202	-188
Equipment and furniture	-734	-490
Write-downs		
Depreciation of goodwill	-238	-243
Depreciation, amortization and impairment losses, total	-4 652	-4 368
11. Other operating expenses		
Supervision expenses	-490	-235
Rental expenses	-3 516	-3 701
Loss on sale of owned properties, plant and equipment	0	-2
Other expenses	-210	-584
Other operating expenses, total	-4 217	-4 522
12. Impairment losses on loans and other commitments and other financial assets		
Claims on the public and public sector entities		
Reversals of impairment losses	1	2
Other financial impairment losses	0	-111
Impairment losses, total	1	-109
13. Income taxes		
Current tax expense	-1 530	-651
Taxes from previous years	12	1
Deferred taxes	244	-500
Other taxes	50	-52
Income taxes, total	-1 224	-1 201
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	3 354	3 863
Profit/loss before taxes, other countries	3 516	-518
Profit/loss before taxes, total	6 870	3 345
Tax at domestic tax rate	1 683	820
Effect of foreign subsidiaries' differing tax rates	-95	-127
Tax at source paid abroad	-20	-14
Income not subject to tax	-726	-1 290
Expenses not deductible for tax purposes	112	2 363
Taxes from previous years	12	0
Change in other deferred tax assets	207	-551
Other taxes	50	0
Income tax charge in the consolidated income statement	1 224	1 201

NOTES TO CONSOLIDATED BALANCE SHEET

1 000 EUROS	2013	2012		
14. Claims on credit institutions				
Repayable on demand				
Domestic credit institutions	60 593	2 272		
Foreign credit institutions	4 767	2 189		
Repayable on demand, total	65 360	4 461		
Other than repayable on demand				
Foreign credit institutions	25 051	4 377		
Other than repayable on demand, total	25 051	4 377		
Claims on credit institutions, total	90 411	8 838		
15. Claims on the public and public sector entities by sector				
Repayable on demand				
Financial and insurance corporations	0	0		
Repayable on demand, total	0	0		
Other than repayable on demand				
Enterprises and housing associations	4 645	4 607		
Households	50 165	52 488		
Foreign countries	3 841	4 959		
Other than repayable on demand, total	58 651	62 055		
Claims on the public and public sector entities by sector, total	58 651	62 055		
16. Debt securities				
	Publicly	Other	Total	Total
Public sector entities	quoted			
Government bonds	0	0	0	930
Issued by public corporations, total	0	0	0	930
Issued by other than public corporations				
Fair valued through profit or loss				
Banks' certificates of deposit	0	56 855	56 855	57 850
Commercial papers	0	0	0	0
Bonds issued by banks	105 025	5 148	110 173	153 417
Other debt securities	0	2 003	2 003	246
Issued by other than public corporations, total	105 025	64 005	169 031	211 513
Debt securities, total			169 031	212 444
Debt securities by balance sheet category				
Debt securities eligible for refinancing with central banks				
On public sector entities			0	930
Other			105 025	153 217
Debt securities				
On public sector entities			0	0
Other			64 005	58 296
Total			169 031	212 444

1 000 EUROS	2013	2012
Debt securities by country		
Finland	71 195	66 240
Holland	32 036	27 595
Sweden	25 929	23 439
United States	20 972	5 994
France	13 016	14 022
Germany	5 005	10 027
Great Britain	878	26 123
Norway	0	3 513
Denmark	0	22 463
Switzerland	0	13 028

17. Shares and participations

	2013		
	Publicly quoted	Other	Total
Fair valued through profit or loss			
Shares and participations			
Available for sale	0	31	31
Valued at fair value through profit or loss			
Held for trading	32 711	67	32 778
Other	7 189	6 027	13 216
Shares and participations, total	39 900	6 125	46 024
	2012		
	Publicly quoted	Other	Total
Fair valued through profit or loss			
Shares and participations			
Available for sale	0	19	19
Valued at fair value through profit or loss			
Held for trading	26 463	583	27 046
Other	9 910	7 347	17 257
Shares and participations, total	36 373	7 948	44 321

Net risk position is described on page 31 Risk Management, Market risks.

18. Shares and participations in associates and joint ventures

At the beginning of the period	3 740	4 992
Share of profit/loss	313	-208
Additions	0	111
Disposals	-479	-1 154
At the end of the period	3 561	3 740

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

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

Holdings in consolidated associated companies	BPT Asset Management A/S	BIF Management Ltd	Baltic SME Management B.V
Company	Denmark	Jersey	Netherlands
Assets	9 250	4	1
Liabilities	2 769	1	4
Revenue	9 104	0	0
Profit/Loss	597	-2	-3
Ownership, %	50	10	33.33

1 000 EUROS

19. Derivative contracts

Overall effect of risks associated with derivative contracts							
Nominal value of underlying , brutto							
	Nominal value of underlying			Fair value (+/-)	2013	2013	
	Remaining maturity				ASSETS	LIABILITIES	
Held for trading	Less than 1 year	1–5 years	5–15 years				
Interest rate derivatives							
Interest rate swaps	0	0	3 354	0	0	0	
Currency-linked derivatives	1 301 441	0	0	124	7 585	7 460	
Equity-linked derivatives							
Futures	4 837	0	0	-25	164	189	
Options bought	99 039	24 131	0	10 516	11 267	751	
Options sold	133 311	24 131	0	-16 112	721	16 833	
Other derivatives							
Held for trading, total	1 538 628	48 262	3 354	-5 497	19 736	25 233	
Derivative contracts, total	1 538 628	48 262	3 354	-5 497	19 736	25 233	
Overall effect of risks associated with derivative contracts							
Nominal value of underlying Remaining maturity							
	Nominal value of underlying			Fair value (+/-)	2012	2012	
	Remaining maturity				ASSETS	LIABILITIES	
Held for trading	Less than 1 year	1–5 years	5–15 years				
Currency-linked derivatives	396 423	0	0	-53	1 677	1 729	
Equity-linked derivatives							
Futures	6 992	0	0	117	189	72	
Bought	69 556	56 001	0	7 925	9 846	1 920	
Sold	63 609	55 990	0	-7 388	464	7 852	
Other derivatives							
Held for trading, total	536 580	111 991	0	602	12 175	11 574	
Derivative contracts, total	536 580	111 991	0	602	12 175	11 574	

Equity derivatives held for trading, and other liabilities held for trading (notes 19 and 28) hedge the equity delta risk for shares and participations in the trading book (note 17). The delta-adjusted equity risk was at the end of 2013 EUR 5.5 million, including shares and participations in the banking book.

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

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

Currency derivatives comprise commitments made against clients and the associated hedges, and contracts made to hedge currency risk in the balance sheet. The net open risk position of the total amount is small. The largest part of the contracts are in SEK (EUR 631 million), and in USD (EUR 319 million).

1 000 EUROS	2013	2012
20. Intangible assets and goodwill		
Goodwill		
Cost at 1.1.	4 651	4 651
Cost at 31.12.	4 651	4 651
Accumulated depreciation at 1.1.	-233	0
Decreases	-238	-233
Accumulated depreciation at 31.12.	-471	-233
Book value at 31.12.	4 182	4 418
Software or projects in progress		
Cost at 1.1.	113	217
Transfer between balance items	-344	0
Increases	261	70
Decreases	-30	-174
Cost at 31.12.	0	113
Book value at 31.12.	0	113
Applications and software		
Cost at 1.1.	18 257	17 200
Exchange difference	-3	2
Transfer between balance items	120	0
Increases	818	367
Decreases	-113	0
Cost at 31.12.	19 080	18 257
Accumulated amortisation and impairment losses at 1.1.	-13 028	-10 638
Exchange difference	3	-3
Amortisation for the period	-1 999	-2 390
Translation difference from amortisation for the period	0	3
Accumulated amortisation in respect of decreases	32	0
Accumulated amortisation and impairment losses at 31.12.	-14 992	-13 028
Book value at 31.12.	4 088	5 229
Other intangible assets		
Cost at 1.1.	4 818	4 994
Increases	2 472	0
Decreases	-339	-176
Cost at 31.12.	6 951	4 818
Accumulated amortisation and impairment losses at 1.1.	-2 748	-2 068
Amortisation for the period	-1 339	-680
Accumulated depreciation in respect of decreases	96	0
Accumulated amortisation and impairment losses at 31.12.	-3 716	-2 748
Book value at 31.12.	3 235	2 070
Intangible assets, total at 31.12.	11 505	11 831
Book value of intangible assets at 31.12.	11 505	11 831
	31.12.2013	Remaining
The essential intangible assets	Book value	depreciation time
Customer relationships	1 995	4 years

The Group's goodwill was allocated to the subsidiaries Evli Alexander Management Ltd, Evli Russia Ltd and Evli Securites AS, and the Asset Management business segment. The goodwill testing carried out during the financial year was based on a cash flow model using the budgets for 2014 and five-years cash flow forecasts. The sustained growth after the forecast period was estimated to be approximately 2-3 percent, and the weighted average cost of capital was estimated to be approximately 14 percent. In accordance with the results of the goodwill testing, Evli has made a EUR 237,768 impairment to the goodwill in its balance sheet. The impairment was mainly attributable to the weakened market economy in Russia. A one-percent change in the key variables used in the calculations would lead to a goodwill impairment of no more than EUR 35,000.

1 000 EUROS	2013	2012
21. Property, plant and equipment		
Equipment and furniture		
Cost at 1.1.	7 422	6 981
Exchange difference	-39	32
Transfer between balance items	224	0
Increases	463	409
Decreases	-810	0
Cost at 31.12.	7 260	7 422
Accumulated depreciation at 1.1.	-6 427	-5 926
Exchange difference	34	-11
Depreciation for the period	-734	490
Translation difference from depreciation for the period	0	0
Accumulated depreciation in respect of decreases	813	0
Accumulated depreciation 31.12.	-6 234	-6 427
Book value at 31.12.	1 034	995
Assets acquired under finance leases		
Cost at 1.1.	2 569	2 410
Increases	191	159
Cost at 31.12.	2 759	2 569
Accumulated depreciation at 1.1.	-2 288	-2 100
Depreciation for the period	-202	-188
Accumulated depreciation at 31.12.	-2 489	-2 288
Book value at 31.12.	270	281
Property, plant, and equipment, total 31.12.	1 304	1 276
Leasehold improvements		
Cost at 1.1.	4 685	3 268
Increases	0	1 416
Decreases	-3 256	0
Cost at 31.12.	1 429	4 685
Accumulated depreciation at 1.1.	-1 995	-1 816
Depreciation for the period	-140	-178
Accumulated depreciation in respect of decreases	1 768	0
Accumulated depreciation at 31.12.	-367	-1 995
Book value at 31.12.	1 062	1 274
Other tangible assets		
Cost at 1.1.	591	591
Exchange difference	0	0
Decreases	-2	0
Cost at 31.12.	589	591
Book value at 31.12.	589	591
Property, plant and equipment, total at 31.12.	2 955	3 141
Book value of tangible assets at 31.12.	2 955	3 141

1 000 EUROS	2013	2012
22. Other assets		
Securities sale receivables	319	3 464
Commission receivables	7 911	6 190
Securities broking receivables	100 942	104 315
Other receivables	121	10
Other assets total	109 293	113 978
23. Accrued income and prepayments		
Interest	287	742
Taxes	331	71
Staff-related	487	348
Other items	1 877	2 194
Accrued income and prepayments total	2 982	3 356
24. Deferred taxes		
Tax assets		
Due to timing differences	845	482
Other temporary differences		
From tax losses carried forward	0	548
Tax Liabilities		
Due to timing differences	-815	-535
Deferred taxes total	30	494
Deferred tax assets result from timing differences in fixed asset depreciation.		
25. Liabilities to credit institutions and central banks		
Credit institutions		
Repayable on demand	13 067	0
Other than repayable on demand	5 800	18 300
Liabilities to credit institutions and central banks, total	18 867	18 300
26. Liabilities to the public and public sector entities		
Deposits		
Repayable on demand	257 885	292 858
Other than repayable on demand	1 146	3 682
Other liabilities		
Repayable on demand	0	0
Other than repayable on demand	1 874	5 062
Liabilities to the public and public sector entities, total	260 905	301 603
27. Debt securities issued to the public		
Certificate of deposits	14 996	999
Bonds	55 724	61 910
Debt securities issued to the public, total	70 720	62 909
Changes in bonds issued to the public		
Issues	8 141	0
Repurchases	12 262	4 188

1 000 EUROS	2013	2012
28. Derivative contracts and other liabilities held for trading		
Derivative contracts	25 233	11 574
Due to short selling of shares	21 132	14 974
Derivative contracts and other liabilities held for trading, total	46 365	26 548
29. Breakdown of other liabilities		
Securities broking liabilities	99 159	101 670
Securities purchase liabilities	602	2 084
Finance lease payables	284	296
Income tax payable	2	37
Personnel related	645	599
Other short-term liabilities	8 164	11 301
Prepayments of cash customers	6 715	9 447
VAT payable	289	206
Other liabilities, total	115 860	125 640
30. Accrued expenses and deferred income		
Interest	433	900
Tax payables	536	355
Personnel related	6 463	3 976
Other accrued expenses	6 223	5 579
Accrued expenses and deferred income, total	13 655	10 824
31. Deferred tax liabilities		
Due to timing differences	815	535
Deferred tax liability, total	815	535
32. Own shares held by the credit institution		
The credit institution holds own shares	39 325 pcs	
The cost of own shares is	979 231 euros	
The cost of purchase has been deducted from unrestricted equity.		
33. Share capital, parent company		
The company has one series of shares outstanding and each share represents one vote.		
Total number of shares is	4 091 509 pcs	
Dividend/Share, €	1.18	0.61

1 000 EUROS

33. Changes in the share capital, board authorizations and option programs

	Number of own shares held	Number of outstanding shares	Share capital	Share premium fund	Fund of invested non-restricted equity
1.1.2012	41 200	4 061 074	30 194	1 839	10 789
Aquisition of own shares 2011 authorization	33 016	-33 016	0	0	0
Aquisition of own shares 2012 authorization	54 913	-54 913	0	0	0
Nullification of own shares 2012	-59 000	0	0	0	0
Share issue 2011 authorization	0	0	0	0	0
Share issue 2012 authorization	0	30 100	0	0	356
31.12.2012	70 129	4 003 245	30 194	1 839	11 146
Total number of shares		4 073 374			
1.1.2013	70 129	4 003 245	30 194	1 839	11 146
Aquisition of own shares 2012 authorization	0	-6 500	0	0	0
Aquisition of own shares 2013 authorization	0	-76 650	0	0	0
Nullification of own shares 2013	-113 954	0	0	0	0
Share issue 2012 authorization	6 500	0	0	0	0
Share issue 2013 authorization	76 650	132 089	0	0	1 593
31.12.2013	39 325	4 052 184	30 194	1 839	12 739
Total number of shares		4 091 509			

Share premium fund

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

Fund of invested non-restricted equity

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

34. Largest shareholders and share ownership breakdown

	Share	%
Oy Prandium Ab (Thomas Thesleff and his family)	950 820	23.24
Oy Scripo Ab (Henrik Andersin)	950 820	23.24
Oy Fincorp Ab (Roger Kempe)	579 945	14.17
Ingman Group Oy Ab	465 000	11.37
Lehtimäki Maunu	98 432	2.41
Tallberg Claes	92 439	2.26
Hollfast John	82 080	2.01
Dudarev Grigory	50 385	1.23
Piccone Holding Oy	49 793	1.22
Hartikainen Raimo	41 504	1.01
	3 361 218	82.15
Others	730 291	17.85
Total	4 091 509	100.00

1 000 EUROS

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

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

	less than			more than		
2013	3 months	3–12 months	1–5 years	5–10 years	10 years	Total
Assets						
Cash and cash equivalents	60 965					60 965
Loans and other claims						
Claims on credit institutions	90 411	0	0	0	0	90 411
Claims on the public and public sector entities	3 887	18 635	35 518	611	0	58 651
Financial assets at fair value through profit or loss						
Debt securities eligible for refinancing with central banks	0	23 512	81 513	0	0	105 025
Debt securities	12 881	44 860	5 946	319	0	64 005
Shares and participations	39 869	0	4 356	1 768	0	45 994
Derivative contracts	9 471	6 203	4 062	0	0	19 736
Financial assets available for sale						
Shares and participations	0	0	31	0	0	31
Accrued interest	53	234	0	0	0	287
Debts						
Financial liabilities at amortized cost						
Liabilities to credit institutions	17 867	1 000	0	0	0	18 867
Liabilities to the public and public sector entities	260 233	610	63	0	0	260 905
Debt securities issued to the public	22 508	23 200	21 658	3 354	0	70 720
Financial liabilities at fair value through profit or loss	34 873	7 431	4 061	0	0	46 365
Accrued interest	433	0	0	0	0	433
Off-balance sheet commitments	712	5 070	463	0	0	6 245
2012						
Assets						
Cash and cash equivalents	118 682	0	0	0	0	118 682
Loans and other claims						
Claims on credit institutions	8 838	0	0	0	0	8 838
Claims on the public and public sector entities	5 327	19 141	36 628	959	0	62 055
Financial assets at fair value through profit or loss						
Debt securities eligible for refinancing with central banks	38 957	62 594	52 596	0	0	154 148
Debt securities	5 121	52 855	319	0	0	58 296
Shares and participations	36 420	1 429	4 774	1 680	0	44 303
Derivative contracts	4 706	2 928	4 541	0	0	12 175
Financial assets available for sale						
Shares and participations	0	19	0	0	0	19
Accrued interest	451	292	0	0	0	742
Debts						
Financial liabilities at amortized cost						
Liabilities to credit institutions	17 300	1 000	0	0	0	18 300
Liabilities to the public and public sector entities	298 745	2 379	479	0	0	301 603
Debt securities issued to the public	1 425	5 940	55 545	0	0	62 909
Financial liabilities at fair value through profit or loss	18 634	3 373	4 540	0	0	26 548
Accrued interest	869	24	7	0	0	900
Off-balance sheet commitments	2 262	4 527	329	0	0	7 118

Commitments outside the balance sheet are presented in Appendix 46.

1 000 EUROS

Balance sheet item	2013			2012		
	Domestic	Foreign currency	Total	Domestic	Foreign currency	Total
37. Assets and liabilities denominated in domestic and foreign currency						
Loans and other claims						
Cash on hand	60 965	0	60 965	118 682	0	118 682
Claims on credit institutions	86 268	4 143	90 411	7 005	1 834	8 838
Claims on the public and public sector entities	58 651	0	58 651	62 055	0	62 055
Financial assets at fair value through profit or loss						
Debt securities	169 022	9	169 031	211 437	1 007	212 444
Shares and participations	44 102	1 923	46 024	36 105	8 198	44 303
Derivative financial instruments	19 679	58	19 736	11 623	552	12 175
Other assets	125 958	5 183	131 141	124 867	12 226	137 094
Total	564 644	11 315	575 959	571 774	23 816	595 591
Financial liabilities at amortized cost						
Liabilities to credit institutions	18 867	0	18 867	18 300	0	18 300
Liabilities to the public and public sector entities	240 463	20 442	260 905	292 084	9 518	301 603
Debt securities issued to the public	70 720	0	70 720	62 909	0	62 909
Financial assets at fair value through profit or loss						
Derivative contracts and liabilities held for trading	46 007	358	46 365	25 984	563	26 548
Other liabilities	118 978	11 352	130 330	123 140	13 858	136 999
Total	495 035	32 153	527 188	522 418	23 940	546 358

The largest foreign currency assets and liabilities are in SEK (assets EUR 6.9 million, liabilities EUR 16.9 million) and USD (assets EUR 4.5 million, liabilities EUR 13.9 million).

1 000 EUROS

38. Value of financial instruments across the three levels of the fair value hierarchy	Taso 1	Taso 2	Taso 3	Total
Fair value	2013	2013	2013	
Financial assets:				
Shares and participations classified as held for trading	29 732	0	3 046	32 778
Shares and participations, other	7 159	0	6 088	13 246
Debt securities	106 222	56 855	5 954	169 031
Positive market values from derivatives	3 623	7 586	8 528	19 736
Total financial assets held at fair value	146 736	64 440	23 615	234 791
Financial liabilities:				
Shares and participations classified as held for trading	19 923	0	1 209	21 132
Negative market values from derivatives	9 801	7 492	7 941	25 234
Total financial liabilities held at fair value	29 723	7 492	9 151	46 366
	2012	2012	2012	Total
Financial assets:				
Shares and participations classified as held for trading	21 192	5 271	583	27 046
Shares and participations, other	9 910	0	7 366	17 276
Debt securities	154 318	57 850	276	212 444
Positive market values from derivatives	3 095	1 847	7 234	12 175
Total financial assets held at fair value	188 515	64 967	15 458	268 940
Financial liabilities:				
Shares and participations classified as held for trading	14 245	0	729	14 974
Negative market values from derivatives	3 565	1 729	6 279	11 574
Total financial liabilities held at fair value	17 810	1 729	7 009	26 548

Explanation of fair value hierarchies:

Level 1

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

Level 2

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

Level 3

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

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

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

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

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

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

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

1 000 EUROS 2013 2012

39. Analysis of financial instruments categorized in level 3

Financial assets:		
Shares and participations classified as held for trading	3 046	583
Unlisted shares and participations	326	815
Venture capital funds and real estate funds	5 762	6 551
Debt securities	5 954	276
Quoted equity derivatives	0	0
OTC equity derivatives	8 528	7 234
Total financial assets held at fair value	23 615	15 458
Financial liabilities:		
Shares and participations classified as held for trading	1 209	729
Quoted equity derivatives	0	0
OTC equity derivatives	7 941	6 279
Total financial liabilities held at fair value	9 151	7 009
Significant changes during the year, considering level 3 categorized instruments:		
Bought venture capital funds and real estate funds	63	736
Bought unlisted shares	0	0
Net fair value changes for venture capital funds and real estate funds	77	-154
Redemptions for venture capital- and real estate funds	-1 624	-482
Fair value changes for unlisted shares	-565	-1 239
Bought unlisted subscription rights for listed shares	0	0
Subscription of shares and fair value changes for subscription rights	2 775	-70
Bought debt securities	5 800	76
Reclassified debt securities to level 3 from level 2	0	200

Change in derivatives is attributed to a change in value of bought and sold options.

If the volatility estimate in the options pricing model for level 3 categorized options, is changed to a publicly available historical volatility (12 months), the options market value would change by net EUR +0.06 million. Volatility is the standard deviation or variability of the price of the underlying instrument for a given time period.

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

	Unrealized P/L at year-end 2013	Unrealized P/L at year-end 2012
Financial assets:		
Shares and participations classified as held for trading	-296	0
Shares and participations, other	-920	-836
Debt securities	-78	0
Positive market values from derivatives	960	-3 179
Unrealized P/L at year-end, financial assets	-334	-4 015
Financial liabilities:		
Shares and participations classified as held for trading	-387	14
Negative market values from derivatives	-1 030	3 123
Unrealized P/L at year-end, financial liabilities	-1 418	3 137
Total unrealized profit (loss), level 3 instruments	-1 751	-878

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

41. Securities lending

	2013	2012
Market value of securities lending at 31.12., lent in	32 675	16 030
Market value of securities lending at 31.12., lent out	0	62

1 000 EUROS	2013	2012
42. Fair values and book values of financial assets and financial liabilities	2013	2013
	Book value	Fair value
Liquid assets	60 965	60 965
Debt securities eligible for refinancing with central banks	105 025	105 025
Claims on credit institutions	90 411	90 411
Claims on the public and public sector entities	58 651	58 651
Debt securities	64 005	64 005
Shares and participations	46 024	46 024
Derivative contracts	19 736	19 736
Financial liabilities		
Liabilities to credit institutions	18 867	18 867
Liabilities to the public and public sector entities	260 905	260 905
Debt securities issued to the public	70 720	70 350
Derivative contracts and other trading liabilities	46 365	46 365
The lending rate is tied to the Euribor rates, and so the carrying amount of loans is not considered to differ significantly from the fair value.		
43. Assets pledged as collateral and other commitments	2013	2012
Securities	55 500	79 550
Cash deposits	24 498	4 749
Usage of collateral		
Marketplace collateral, stock- and derivatives trades	18 874	10 739
Collateral for currency trades	4 227	1 010
Collateral for securities lending	23 897	37 150
Bank Of Finland, collateral for daily limit account	33 000	35 400
44. Operating leases		
Not later than one year	278	73
Over year not later than five year	222	22
45. Other rental commitments		
Rental liabilities up to one year	2 737	2 305
Rental liabilities over one year and less than 5 years	5 550	6 755
Rental liabilities over 5 years	0	0
46. Breakdown of off-balance sheet commitments		
Commitments given to a third party on behalf of a customer *)	3 053	4 117
Irrevocable commitments given in favour of a customer	463	860
Guarantees on behalf of others	621	621
Unused credit facilities, given to clients	2 108	1 519
*) Commitments given on behalf of a customer for a third party include collaterals for derivatives positions given on behalf of customers in Nasdaq OMX, Eurex and New Edge. The customers have covered their collateral to Evli in full. Other irrevocable commitments given on behalf of a customer comprise subscription commitments guaranteed on behalf of customers.		
47. Asset management services offered by the credit institution, M€		
Assets under management at Evli Bank's Asset Management as of 31 December		
Gross	7 833	6 904
Net	5 965	5 005
Assets under management on the basis of power of attorney		
Discretionary asset management	3 039	2 813
Consultative asset management	117	102
Total	3 156	2 915

1 000 EUROS

2013

48. Acquired businesses and other changes

Acquisitions in 2013

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

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

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

583

583

	Fair values recognized in merger	Book values before merger
ASSETS		
Cash and cash equivalents		
Claims on credit institutions	1 099	1 099
Shares and participations	82	140
Derivative contracts	18	18
Intangible assets	2 496	2
Property, plant and equipment	89	89
Other assets	493	493
Accrued income and prepayments	193	193
Deferred tax assets		
TOTAL ASSETS	4 470	2 034
LIABILITIES AND EQUITY		
LIABILITIES		
Derivative contracts and other liabilities held for trading	18	18
Other liabilities	58	58
Accrued expenses and deferred income	195	195
Deferred tax liabilities	491	0
TOTAL LIABILITIES	762	271
EQUITY		
Share capital	730	730
Other reserves	84	84
Retained earnings	949	949
TOTAL EQUITY	1 763	1 763
TOTAL LIABILITIES AND EQUITY	2 525	2 034
Net assets	3 708	1 764
Acquisition price paid in cash		3 248
Additional transaction price		460
Transaction price allocated into customer contracts		-2 494
Tax liabilities		491
Goodwill		0

1 000 EUROS

2013

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

Evli reinforced its derivatives operations during the summer of 2013 by acquiring the remaining minority holding in Evli Options Ltd in accordance with an agreement signed in July. Evli now owns the entire stock of the company.

Acquisitions in 2012

Evli Bank Plc signed a contract regarding the acquisition of shares of Aurator Asset Management Ltd On November 28, 2012.

1 000 EUROS

49. Related party disclosures

The Group's related parties include the parent company, subsidiaries, and associates. Related parties also include the Group management consisting of the members of the board of directors and the Group's management team, as well as the board members of the subsidiaries.

	Domicile	In ownership until	Ownership, %	Share of voting rights, %
Subsidiaries and associates				
Evli Fund Management Ltd	Finland		100	100
Evli Life Ltd	Finland		100	100
Evli Options Ltd	Finland		100	100
EPI Russia Partners II Ltd	Finland		100	100
Evli Alexander Management Oy	Finland		45	Majority
Evli Russia Ltd	Finland		100	100
OOO Evli St. Petersburg	Russia		100	100
OOO Evli Moscow	Russia		100	100
AS Evli Securities	Estonia		100	100
Evli Fonder AB	Sweden		100	100
Aurator Varainhoito Oy	Finland		91	91
Evli Corporate Finance AB	Sweden		75	75
Associated companies				
Baltic SME Management B.V	Netherlands		33	33
BIF Management Ltd	Jersey		10	33
BPT Asset Management A/S	Denmark		50	45

Compensation of Board of Directors and CEOs	2013	2012
Salaries, CEOs	-1 556	-1 394
Salaries, executive vice presidents	-385	-284
Salaries, members of Board of Directors	-347	-386

The company does not have any defined benefit pension plans.

Management remunerations is reported in more detail under 'Compensation' on page 20 and 'CEO and Executive Group' on page 29.

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

Shares owned by related parties: 3 361 218

Transactions with related parties 2012			
Sales	13 182	0	1
Purchases	1 077	0	0
Receivables	2 167	0	83
Liabilities	370	0	45

Shares owned by related parties: 3 311 425

Fees paid to auditors		2013	2012
Audit fees	KPMG	-158	-297
Other	KPMG	-169	-122
Total	KPMG	-327	-419

PARENT COMPANY'S INCOME STATEMENT

1 000 EUROS	Note	1.1.–31.12.2013	1.1.–31.12.2012
Interest income	1.	3 015	6 413
Interest expenses	2.	-2 473	-3 302
NET INTEREST INCOME		542	3 111
Income from equity investments, total	3.	5 532	2 044
Fee and commission income	4.	29 295	34 095
Fee and commission expenses	5.	-2 268	-3 400
Net income from securities transactions and foreign exchange dealing	6.		
Net income from securities transactions		1 530	-1 217
Net income from foreign exchange dealing		1 804	841
Other operating income	7.	3 315	2 702
NET REVENUE		39 750	38 177
Administrative expenses			
Personnel expenses	8.	-17 002	-16 333
Other administrative expenses	9.	-10 520	-11 506
Depreciation, amortization and impairment charges	10.	-3 021	-3 223
Other operating expenses	11.	-3 720	-3 977
Impairment losses on loans and other receivables	12.	1	2
Impairment losses on other financial assets		-1 609	-1 944
OPERATING PROFIT/LOSS		3 879	1 195
PROFIT BEFORE INCOME TAX		3 879	1 195
Income taxes	13.	-168	38
PROFIT/LOSS FOR THE FINANCIAL YEAR		3 711	1 234

PARENT COMPANY'S BALANCE SHEET

1 000 EUROS	Note	31.12.2013	31.12.2012
ASSETS			
Cash and cash equivalents		60 965	118 682
Debt securities eligible for refinancing with central banks	16.		
Other		105 025	153 217
Claims on credit institutions	14.		
Repayable on demand		62 859	3 482
Other than those repayable on demand		25 051	4 377
Claims on the public and public sector entities	15.		
Other than those repayable on demand		60 220	62 055
Debt securities	16.		
Other		64 005	58 296
Shares and participations	17.	39 216	34 091
Shares and participations in associates	18.	4 354	4 354
Shares and participations in group undertakings	18.	22 868	20 366
Derivative contracts	19.	19 736	12 175
Intangible assets	20.	5 334	7 734
Property, plant and equipment	21.	1 509	1 539
Other assets	22.	105 774	112 420
Accrued income and prepayments	23.	2 063	2 739
Deferred tax assets	24.	434	472
TOTAL ASSETS		579 413	595 998

PARENT COMPANY'S BALANCE SHEET

1 000 EUROS	Note	31.12.2013	31.12.2012
LIABILITIES AND EQUITY			
LIABILITIES			
Liabilities to credit institutions and central banks	25.		
Credit institutions			
Repayable on demand		13 067	0
Other than those repayable on demand		5 800	18 300
Liabilities to the public and public sector entities	26.		
Deposits			
Repayable on demand		273 386	305 759
Other		1 146	3 682
Other liabilities			
Other than those repayable on demand		1 877	5 062
Debt securities issued to the public	27.		
Bonds		55 724	61 910
Other		14 996	999
Derivative contracts and other trading liabilities	28.	46 365	26 548
Other liabilities	29.	108 622	115 327
Accrued expenses and deferred income	30.	6 414	5 786
Subordinated liabilities			
Deferred tax liabilities	31.	292	440
Appropriations			
TOTAL LIABILITIES		527 689	543 814
EQUITY			
Share capital	32.	30 194	30 194
Share premium fund		1 839	1 839
Fund of invested non-restricted equity		13 061	11 468
Translation difference		-56	0
Retained earnings		6 686	8 683
TOTAL EQUITY		51 724	52 184
TOTAL LIABILITIES AND EQUITY		579 413	595 998

CASH FLOW STATEMENT

1 000 EUROS	1.1.–31.12.2013	1.1.–31.12.2012
Cash flow from operating activities		
Interest and commission received and proceeds from securities transactions incl. dividends	60 229	47 177
Interest and commissions paid	-5 209	-7 830
Cash payments to employees and suppliers	-29 216	-32 149
Increase (-) or decrease in operating assets:		
Net change in trading book assets and liabilities	-18 260	-15 991
Deposits held for regulatory or monetary control purposes	-20 673	-2 651
Issue of loan capital	7 811	-5 783
Funds advanced to customers	14 541	-64 402
Net cash from operating activities before income taxes	7 614	-83 572
Income taxes	-532	434
Net cash used in operating activities	7 082	-83 138
Cash flow from investing activities		
Proceeds from sales of subsidiaries and associates	-1 435	1 884
Dividend received	4 398	354
Interest received	27	1
Acquisition of property, plant and equipment and intangible assets	-499	-1 025
Group loans receivables	-1 569	0
Net cash used in investing activities	922	1 214
Cash flow from financing activities		
Proceeds from issue of share capital	693	356
Purchase of own shares	-979	-1 114
Payment of finance lease liabilities	-365	-371
Dividends paid	-4 747	-2 457
Net cash from financing activities	-5 398	-3 586
Net increase in cash and cash equivalents	1 670	-85 510
Cash and cash equivalents at beginning of period	122 163	207 677
Effects of exchange rate changes on cash and cash equivalents	-9	-4
Cash and cash equivalents*) at end of period	123 824	122 163

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

PARENT COMPANY'S ACCOUNTING POLICIES

Basic information on the company

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

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

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

Employee benefits

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

Income taxes

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

Leases

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

Acquired businesses

Evli II Asset Management Ltd was merged with Evli Bank Plc as a parent-subsidiary merger. The merger assets arising from the merger have been dealt with as intangible rights and will be amortized over their useful life in accordance with the Group's accounting policies.

Evli Bank Plc acquired Aurator Asset Management Ltd with a contract signed on November 28, 2012. After the Financial Supervisory Authority's approval, the share transaction was implemented on January 4, 2013. The acquisition is for 91 percent of the target company's share capital.

Evli reinforced its derivatives operations during the summer of 2013 by acquiring the remaining minority holding in Evli Options Ltd in accordance with an agreement signed in July. Evli now owns the entire stock of the company.

NOTES TO INCOME STATEMENT

1 000 EUROS	2013	2012
1. Interest income		
At fair value through profit or loss		
Debt securities	1 190	4 811
Interest income from other loans and claims		
Claims on credit institutions	821	371
Claims on the public and public sector entities	999	1 228
Other interest income	5	3
Interest income, total	3 015	6 413
2. Interest expenses		
Liabilities to the public, public sector entities and credit institutions	-565	-1 277
Debt securities issued to the public	-1 903	-2 004
Other interest expenses	-6	-21
Interest expenses, total	-2 473	-3 302
3. Net income from securities transactions and foreign exchange dealing		
Dividends from Associated companies	335	515
Dividends from financial assets valued at fair value	800	1 175
Dividends from group companies	4 398	354
Income from equity investments, total	5 532	2 044
4. Commission income		
Credit related fees and commissions	69	66
Income from payment transactions	24	0
Advisory services	639	3 867
Securities brokerage	8 154	8 283
Mutual funds	12 153	14 468
Asset management	5 076	4 583
Custody services	3 035	2 670
Other operations	145	157
Commission income, total	29 295	34 095
5. Commission expenses		
Trading fees paid to stock exchanges	-918	-1 102
Other	-1 350	-2 299
Commission expenses, total	-2 268	-3 400
6. Net income from securities transactions and foreign exchange dealing		
Net income from securities transactions		
Financial assets held for trading	1 338	-649
Financial assets at fair value through profit or loss	191	708
Financial assets available for sale	0	-1 276
Net income from securities transactions, total	1 530	-1 217

The net loss from financial assets available for sale (year 2012), comes from a sales loss of an unquoted share.

The loss was booked to the Markets unit.

	Gains and losses on sales	Changes in fair value	Total	Total
Net income from securities transactions by instrument				
Debt securities	860	-307	553	754
Shares and derivative contracts	-1 566	2 543	976	-1 971
Net income from securities transactions, total	-706	2 236	1 530	-1 217
Net income from foreign exchange operations			1 804	841
Net income from securities transactions and foreign exchange operations, total			3 334	-376

1 000 EUROS	2013	2012
7. Other operating income		
Rental income	360	287
Gain on sale of owner-occupied investment properties	18	0
Other income	2 937	2 415
Other operating income, total	3 315	2 702
8. Employee benefits	2013	2012
Wages and salaries	-13 458	-12 505
- of which bonuses	-1 317	-2 155
Other social security costs	-1 038	-1 394
'-of which relating to bonuses	-27	-156
Pension expenses	-2 506	-2 433
'- of which relating to bonuses	-228	0
'-defined benefit plans	0	0
'-defined contribution plans	-2 506	-2 433
Employee benefits, total	-17 002	-16 333
	2013	2012
Number of personnel during the period, average	149	169
Number of personnel at the end of the period	147	167
Employees by business segment at the end of the period		
Markets	21	30
Corporate finance	4	17
Asset management	45	39
Administration and other	77	81
Total	147	167
9. Other administrative expenses		
Office maintenance expenses	-409	-396
Office expenses	-625	-763
Telephone and postage expenses	-267	-355
Information expenses	-2 095	-2 236
IT related expenses	-3 469	-3 898
Business expenses	-312	-359
Travel Expenses	-351	-384
Car costs	-61	-80
Other human resources related expenses	-289	-379
Marketing expenses	-1 047	-671
Banking and custodian expenses	-641	-581
External services fees	-952	-1 402
Other administrative expenses, total	-10 520	-11 506
10. Depreciation, amortization and impairment losses		
Depreciation and amortization		
Applications and software	-1 722	-2 000
Other intangible assets	-711	-762
Equipment and furniture	-588	-461
Depreciation, amortization and impairment losses, total	-3 021	-3 223

1 000 EUROS	2013	2012
11. Other operating expenses		
Supervision expenses	-381	-121
Rental expenses	-3 262	-3 601
Other expenses	-76	-255
Other operating expenses, total	-3 720	-3 977
12. Impairment losses on loans and other commitments and other financial assets		
Claims on the public and public sector entities		
Actual impairment losses	0	0
Reversals of impairment losses	1	2
Guarantees and other off-balance sheet commitments		
Other financial impairment losses		
Impairment losses from subsidiary shares	-1 609	-1 944
Impairment losses, total	-1 608	-1 942
13. Income taxes		
Current tax expense	-331	0
Taxes from previous years	2	0
Deferred taxes	111	89
Other taxes	50	-50
Income taxes, total	-168	38

NOTES TO BALANCE SHEET

1 000 EUROS	2013	2012		
14. Claims on credit institutions				
Repayable on demand				
Domestic credit institutions	60 004	1 856		
Foreign credit institutions	2 855	1 625		
Repayable on demand, total	62 859	3 482		
Other than repayable on demand				
Central banks				
Foreign credit institutions	25 051	4 377		
Other than repayable on demand, total	25 051	4 377		
Claims on credit institutions, total	87 910	7 859		
15. Claims on the public and public sector entities by sector				
Repayable on demand				
Other than repayable on demand				
Enterprises and housing associations	4 645	4 607		
Financial and insurance corporations	622	0		
Public sector entities				
Households	50 165	52 488		
Foreign countries	4 788	4 959		
Other than repayable on demand, total	60 220	62 055		
Claims on the public and public sector entities by sector, total	60 220	62 055		
16. Debt securities	Publicly quoted	Other	2013 Total	2012 Total
Issued by other than public corporations				
Held for trading				
Banks' certificates of deposit		56 855	56 855	57 850
Bonds issued by banks		5 148	110 173	153 417
Other debt securities		2 003	2 003	246
Issued by other than public corporations, total		64 005	169 031	211 513
Debt securities, total			169 031	211 513
Debt securities by balance sheet category				
Debt securities eligible for refinancing with central banks				
On public sector entities			0	0
Other			105 025	153 217
Debt securities				
Other			64 005	58 296
Total			169 031	211 513
Debt securities by country				
Finland			71 195	66 240
Holland			32 036	27 595
Sweden			25 929	22 509
United States			20 972	5 994
France			13 016	14 022
Great Britain			878	26 123
Germany			5 005	10 027
Norway			0	3 513
Denmark			0	22 463
Switzerland			0	13 028

1 000 EUROS

17. Shares and participations

Fair valued through profit or loss

2013	Publicly quoted	Other	Total
Balance sheet category			
Shares and participations			
Available for sale	0	0	0
Valued at fair value through profit or loss			
Held for trading	32 711	65	32 776
Other	383	6 057	6 440
Shares and participations, total	33 094	6 122	39 216
2012	Publicly quoted	Other	Total
Balance sheet category			
Shares and participations			
Available for sale	0	0	0
Valued at fair value through profit or loss			
Held for trading	26 463	583	27 046
Other	199	6 846	7 045
Shares and participations, total	26 662	7 429	34 091

Net risk position is described on page 31 Risk Management, Market risks.

18. Shares and participations in associates and joint ventures

	2013	2012
At the beginning of the period	4 354	4 869
Additions	0	0
Disposals	0	-515
At the end of the period	4 354	4 354
Shares and participations in group undertakings		
At the beginning of the period	20 366	21 735
Additions	4 111	464
Disposals	-1 609	-1 833
At the end of the period	22 868	20 366

1 000 EUROS

19. Derivative contracts

Overall effect of risks associated with derivative contracts	Nominal value of underlying Remaining maturity			Fair value (+/-)	2013	2013
	Less than 1 year	1–5 years	5–15 years		ASSETS	LIABILITIES
Held for trading						
Interest rate derivatives						
Interest rate swaps	0	0	3 354	0	0	0
Currency-linked derivatives	1 301 441	0	0	124	7 585	7 460
Equity-linked derivatives						
Futures	4 837	0	0	-25	164	189
Options bought	99 039	24 131	0	10 516	11 267	751
Options sold	133 311	24 131	0	-16 112	721	16 833
Other derivatives						
Held for trading, total	1 538 628	48 262	3 354	-5 497	19 736	25 233
Derivative contracts, total	1 538 628	48 262	3 354	-5 497	19 736	25 233
Overall effect of risks associated with derivative contracts					2012	2012
Held for trading						
Currency-linked derivatives	396 423	0	0	-53	1 677	1 729
Equity-linked derivatives						
Futures	6 992	0	0	117	189	72
Bought	69 556	56 001	0	7 925	9 846	1 920
Sold	63 609	55 990	0	-7 388	464	7 852
Other derivatives						
Held for trading, total	536 580	111 991	0	602	12 175	11 574
Derivative contracts, total	536 580	111 991	0	602	12 175	11 574

Equity derivatives held for trading, and other liabilities held for trading (notes 19 and 28) hedge the equity delta risk for shares and participations in the trading book (note 17). The delta-adjusted equity risk was at the end of 2013 EUR 5,5 million, including shares and participations in the banking book.

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

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

Currency derivatives comprise commitments made against clients and the associated hedges, and contracts made to hedge currency risk in the balance sheet. The net open risk position of the total amount is small. The largest part of the contracts are in SEK (EUR 631 million), and in USD (EUR 319 million).

1 000 EUROS	2013	2012
20. Intangible assets		
Software or projects in progress		
Cost at 1.1.	113	217
Transfer between balance items	-344	0
Increases	261	70
Decreases	-30	-174
Cost at 31.12.	0	113
Book value at 31.12.	0	113
Applications and software		
Cost at 1.1.	16 008	15 319
Exchange difference	-2	3
Transfer between balance items	120	0
Increases	148	686
Decreases	-52	0
Cost at 31.12.	16 222	16 008
Accumulated amortisation and impairment losses at 1.1.	-11 354	-9 351
Exchange difference	2	-3
Amortisation for the period	-1 722	-2 000
Accumulated amortisation and impairment losses at 31.12.	-13 073	-11 354
Book value at 31.12.	3 149	4 654
Depreciation leasehold improvements FAS		
Acquisition cost at 1.1.	4 626	4 625
Exchange difference	-1	1
Decreases	-71	0
Acquisition cost at 31.12.	4 376	4 626
Accumulated depreciation at 1.1.	-3 174	-3 173
Exchange difference	1	-1
Depreciation for the period	-140	-178
Accumulated depreciation at 31.12.	-3 314	-3 353
Book value at 31.12.	1 062	1 274
Other intangible assets		
Cost at 1.1.	4 111	4 111
Increases	34	0
Cost at 31.12.	4 145	4 111
Accumulated amortisation and impairment losses at 1.1.	-2 452	-1 869
Amortisation for the period	-571	-583
Accumulated amortisation and impairment losses at 31.12.	-3 022	-2 452
Book value at 31.12.	1 123	1 693
Intangible assets, total at 31.12.	5 334	7 734
Book value of intangible assets at 31.12.	5 334	7 734

1 000 EUROS	2013	2012
21. Property, plant and equipment		
Equipment and furniture		
Cost at 1.1.	6 472	6 036
Exchange difference	-23	28
Transfer between balance items	224	0
Increases	357	409
Decreases	-362	0
Cost at 31.12.	6 885	6 472
Accumulated depreciation at 1.1.	-5 524	-5 036
Exchange difference	22	-26
Depreciation for the period	-588	-462
Accumulated depreciation in respect of decreases	86	0
Accumulated depreciation 31.12.	-5 973	-5 524
Book value at 31.12.	920	949
Property, plant, and equipment, total 31.12.	920	949
Other tangible assets		
Cost at 1.1.	591	591
Exchange difference	0	0
Decreases	-2	0
Cost at 31.12.	589	591
Book value at 31.12.	589	591
Property, plant and equipment, total at 31.12.	1 509	1 539
Book value of tangible assets at 31.12.	1 509	1 539

1 000 EUROS	2013	2012
22. Other assets		
Securities sale receivables	5 404	3 464
Commission receivables	2 912	2 475
Securities broking receivables	95 857	104 315
Other receivables	1 602	2 167
Other assets total	105 774	112 420
23. Accrued income and prepayments		
Interest	291	742
Taxes	237	18
Staff-related	315	293
Other items	1 220	1 685
Accrued income and prepayments total	2 063	2 739
24. Deferred tax assets		
Due to timing differences	434	472
Deferred tax assets total	434	472
Deferred tax assets result from timing differences in fixed asset depreciation.		
25. Liabilities to credit institutions and central banks		
Credit institutions		
Repayable on demand	13 067	0
Other than repayable on demand	5 800	18 300
Liabilities to credit institutions and central banks, total	18 867	18 300
26. Liabilities to the public and public sector entities		
Deposits		
Repayable on demand	273 386	305 759
Other than repayable on demand	1 146	3 682
Other liabilities		
Other than repayable on demand	1 877	5 062
Liabilities to the public and public sector entities, total	276 409	314 503
27. Debt securities issued to the public		
Certificate of deposits	14 996	999
Bonds	55 724	61 910
Debt securities issued to the public, total	70 720	62 909
Changes in bonds issued to the public		
Issues	8 141	0
Repurchases	12 262	4 188
28. Derivative contracts and other liabilities held for trading		
Derivative contracts	25 233	11 574
Due to short selling of shares	21 132	14 974
Derivative contracts and other liabilities held for trading, total	46 365	26 548

1 000 EUROS	2013	2012
29. Breakdown of other liabilities		
Securities broking liabilities	96 251	103 649
Securities purchase liabilities	3 510	105
Income tax payable	2	37
Personnel related	421	466
Other short-term liabilities	1 719	1 568
Prepayments of cash customers	6 715	9 447
VAT payable	4	54
Other liabilities, total	108 622	115 327
30. Accrued expenses and deferred income		
Interest	433	900
Tax payables	0	0
Personnel related	4 126	2 916
Other accrued expenses	1 855	1 970
Accrued expenses and deferred income, total	6 414	5 786
31. Deferred tax liabilities		
Due to timing differences	292	440
Deferred tax liability, total	292	440
32. Changes in equity capital		
Share capital		
Book value 1.1	30 194	30 194
Book value 31.12	30 194	30 194
Share premium		
Book value 1.1	1 839	1 839
Book value 31.12	1 839	1 839
Fund of invested non-restricted equity		
Book value 1.1	11 468	11 111
Increases	1 593	356
Decreases		
Transfers between other items		
Book value 31.12	13 061	11 468
Retained earnings from previous years		
Book value 1.1	8 683	11 015
Increases	-4 747	-2 457
Decreases	-39	0
Acquisition of own shares	-979	-1 114
Changes in accounting policies		
Adjustments of errors		
Tranlation difference	0	5
Transfers between other items		
Book value 31.12	2 918	7 449
Profit/loss for financial year	3 711	1 234
33. Own shares held by the credit institution		
The credit institution holds own shares	39 325 pcs	
The cost of own shares is	979 231 euros	
The cost of purchase has been deducted from unrestricted equity.		
34. Share capital, parent company		
The company has one series of shares outstanding and each share represents one vote.		
Total number of shares is	4 091 509 pcs	

1 000 EUROS

35. Changes in the share capital, board authorizations and option programs

	Number of own shares held	Number of outstanding shares	Share capital	Share premium fund	Fund of invested non-restricted equity
1.1.2012	41 200	4 061 074	30 194	1 839	11 111
Aquisition of own shares 2011 authorization	33 016	-33 016	0	0	0
Aquisition of own shares 2012 authorization	54 913	-54 913	0	0	0
Nullification of own shares 2012	-59 000	0	0	0	0
Share issue 2011 authorization	0	0	0	0	0
Share issue 2012 authorization	0	30 100	0	0	356
31.12.2012	70 129	4 003 245	30 194	1 839	11 468
Total number of shares		4 073 374			
1.1.2013	70 129	4 003 245	30 194	1 839	11 468
Aquisition of own shares 2012 authorization	0	-6 500	0	0	0
Aquisition of own shares 2013 authorization	0	-76 650	0	0	0
Nullification of own shares 2013	-113 954	0	0	0	0
Share issue 2012 authorization	6 500	0	0	0	0
Share issue 2013 authorization	76 650	132 089	0	0	1 593
31.12.2013	39 325	4 052 184	30 194	1 839	13 061
Total number of shares		4 091 509			

Share premium fund

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

Fund of invested non-restricted equity

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

36. Largest shareholders and share ownership breakdown

	Share	%
Oy Prandium Ab (Thomas Thesleff and his family)	950 820	23.24
Oy Scripo Ab (Henrik Andersin)	950 820	23.24
Oy Fincorp Ab (Roger Kempe)	579 945	14.17
Ingman Group Oy Ab	465 000	11.37
Lehtimäki Maunu	98 432	2.41
Tallberg Claes	92 439	2.26
Hollfast John	82 080	2.01
Dudarev Grigory	50 385	1.23
Piccone Holding Oy	49 793	1.22
Hartikainen Raimo	41 504	1.01
	3 361 218	82.15
Others	730 291	17.85
Total	4 091 509	100.00

1 000 EUROS

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

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

2013	less than				more than	Total
	3 months	3–12 months	1–5 years	5–10 years	10 years	
Assets						
Cash and cash equivalents	60 965					60 965
Loans and other claims						
Claims on credit institutions	87 910	0	0	0	0	87 910
Claims on the public and public sector entities	5 456	18 635	35 518	611	0	60 220
Financial assets at fair value through profit or loss						
Debt securities eligible for refinancing with central banks	0	23 512	81 513	0	0	105 025
Debt securities	12 881	44 860	5 946	319	0	64 005
Shares and participations	33 094	0	4 354	1 768	0	39 216
Derivative contracts	9 471	6 203	4 062	0	0	19 736
Financial assets available for sale						
Shares and participations	0	0	0	0	0	0
Accrued interest	57	234	0	0	0	291
Debts						
Financial liabilities at amortized cost						
Liabilities to credit institutions	17 867	1 000	0	0	0	18 867
Liabilities to the public and public sector entities	275 737	610	63	0	0	276 409
Debt securities issued to the public	22 508	23 200	21 658	3 354	0	70 720
Subordinated liabilities	0	0	0	0	0	0
Financial liabilities at fair value through profit or loss						
Accrued interest	433	0	0	0	0	433
Off-balance sheet commitments	712	5 070	463	0	0	6 245
2012						
Assets						
Cash and cash equivalents	118 682	0	0	0	0	118 682
Loans and other claims						
Claims on credit institutions	7 859	0	0	0	0	7 859
Claims on the public and public sector entities	5 327	19 141	36 628	959	0	62 055
Financial assets at fair value through profit or loss						
Debt securities eligible for refinancing with central banks	38 026	62 594	52 596	0	0	153 217
Debt securities	5 121	52 855	319	0	0	58 296
Shares and participations	26 709	928	4 774	1 680	0	34 091
Derivative contracts	4 706	2 928	4 541	0	0	12 175
Financial assets available for sale						
Shares and participations	0	0	0	0	0	0
Accrued interest	451	292	0	0	0	742
Debts						
Financial liabilities at amortized cost						
Liabilities to credit institutions	17 300	1 000	0	0	0	18 300
Liabilities to the public and public sector entities	311 645	2 379	479	0	0	314 503
Debt securities issued to the public	1 425	5 940	55 545	0	0	62 909
Financial liabilities at fair value through profit or loss						
Accrued interest	869	24	7			900
Off-balance sheet commitments	2 262	4 527	329	0	0	7 118

Commitments outside the balance sheet are presented in Appendix 44.

1 000 EUROS

38. Assets and liabilities denominated in domestic and foreign currency

Balance sheet item	2013		2012		2012
	Domestic	Foreign currency	Domestic	Foreign currency	
Loans and other claims					
Cash on hand	60 965	0	118 682	0	118 682
Claims on credit institutions	85 434	2 476	6 491	1 368	7 859
Claims on the public and public sector entities	59 273	947	62 055	0	62 055
Financial assets at fair value through profit or loss					
Debt securities	169 022	9	211 437	76	211 513
Shares and participations	37 293	1 923	25 893	8 198	34 091
Derivative financial instruments	19 679	58	11 623	552	12 175
Other assets	134 505	7 830	138 048	11 575	149 623
Total	566 171	13 242	574 228	21 769	595 998
Financial liabilities at amortized cost					
Liabilities to credit institutions	18 867	0	18 300	0	18 300
Liabilities to the public and public sector entities	255 967	20 442	304 984	9 518	314 503
Debt securities issued to the public	70 720	0	62 909	0	62 909
Financial assets at fair value through profit or loss					
Derivative contracts and liabilities held for trading	46 007	358	25 984	563	26 548
Other liabilities	104 080	11 248	108 403	13 150	121 554
Total	495 641	32 048	520 581	23 232	543 814

The largest foreign currency assets and liabilities are in SEK (assets EUR 6.9 million, liabilities EUR 16.9 million) and USD (assets EUR 4.5 million, liabilities EUR 13.9 million).

39. Securities lending

	2013	2012
Market value of securities lending at 31.12., lent in	32 675	16 030
Market value of securities lending at 31.12., lent out	0	62

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

	Book value 2013	Fair value 2013
Liquid assets	60 965	60 965
Debt securities eligible for refinancing with central banks	105 025	105 025
Claims on credit institutions	87 910	87 910
Claims on the public and public sector entities	60 220	60 220
Debt securities	64 005	64 005
Shares and participations	39 216	39 216
Shares and participations in group undertakings	22 868	22 868
Derivative contracts	19 736	19 736
Financial liabilities		
Liabilities to credit institutions	18 867	18 867
Liabilities to the public and public sector entities	276 409	276 409
Debt securities issued to the public	70 720	70 350
Derivative contracts and other trading liabilities	46 365	46 365

1 000 EUROS	2013	2012
41. Assets pledged as collateral and other commitments	2013	2012
Securities	55 500	79 550
Cash deposits	24 498	4 749
Usage of collateral		
Markeplace collateral, stock- and derivatives trades	18 874	10 739
Collateral for currency trades	4 227	1 010
Collateral for securities lending	23 897	37 150
Bank Of Finland, collateral for daily limit account	33 000	35 400
42. Operating leases		
Not later than one year	278	73
Over year not later than five year	222	22
43. Other rental commitments		
Rental liabilities up to one year	2 714	2 282
Rental liabilities over one year and less than 5 years	5 537	6 742
Rental liabilities over 5 years	0	0
44. Breakdown of off-balance sheet commitments		
Commitments given to a third party on behalf of a customer ^{*)}	3 053	4 117
Irrevocable commitments given in favour of a customer	463	860
Guarantees on behalf of others	621	621
Unused credit facilities, given to clients	2 108	1 519
45. Asset management services offered by the credit institution, M€		
Assets under management at Evli Bank's Asset Management as of 31 December		
Gross	7 833	6 904
Net	5 965	5 005
Assets under management on the basis of power of attorney		
Discretionary asset management	3 039	2 813
Consultative asset management	117	102
Total	3 156	2 915

^{*)} Commitments given on behalf of a customer for a third party include collaterals for derivatives positions given on behalf of customers in Nasdaq OMX, Eurex and New Edge. The customers have covered their collateral to Evli in full. Other irrevocable commitments given on behalf of a customer comprise subscription commitments guaranteed on behalf of customers.

THE BOARD OF DIRECTORS' PROPOSAL TO THE GENERAL MEETING FOR THE DISTRIBUTION OF PROFIT

The parent company's distributable assets in the financial statements total EUR 6,629,183.47 of which profit for the financial year totals EUR 3,710,760.15.

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

- a dividend of EUR 0.65 per share be paid, totaling EUR 2,633,919.60.
- a total of EUR 3,995,263.87 be left in shareholders' equity.

Helsinki, February 13, 2014



Henrik Andersin
Chairman



Robert Ingman



Harri-Pekka Kaukonen



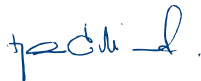
Mikael Lilius



Teuvo Salminen



Thomas Thesleff



Maunu Lehtimäki
Chief Executive Officer

AUDITORS' REPORT

To the Annual General Meeting of Evli Bank plc

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Evli Bank Plc for the year ended on December 31, 2013. The financial statements comprise the consolidated statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company and the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Limited Liability Companies Act, Finnish Credit Institutions Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

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

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the company's financial statements and the report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Helsinki, February 13, 2014

KPMG OY AB

Marcus Tötterman
Authorized Public Accountant in Finland

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