

Interim report 1-3/2020



VALUATION CHANGES IN EVLI'S BALANCE SHEET WEAKENED FIRST QUARTER RESULT SIGNIFICANTLY



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Financial performance January-March 2020

- Net revenue was EUR 14.2 million (1-3/2019: EUR 16.8 million)
- Operating profit was EUR 2.1 million (EUR 4.3 million)
- The Wealth Management and Investor Clients segment's operating profit increased and was EUR 6.2 million (EUR 2.8 million)
- The Advisory and Corporate Clients segment's operating profit declined and was EUR 0.4 million (EUR 0.5 million)
- The return from own balance sheet items declined substantially as a consequence of the market collapse and were EUR -3.7 million (EUR 1,1 million), which resulted in a clear decline in the operating profit in the Group Operations segment
- Net assets under management amounted to EUR 12.2 billion (EUR 11.9 billion) at the end of March
- Evli's diluted earnings per share were EUR 0.07 (EUR 0.13) and return on equity was 10.1 percent (19.2%)
- Proportion of recurring revenue to operating costs was 118 percent (110%).

Outlook for 2020

In the current market environment, we estimate that the operating profit for 2020 will be clearly positive. In a situation where market conditions would deteriorate further, we estimate the operating profit to be positive.

Despite the challenging market environment, the view is supported by a high ratio of recurring revenue to operating costs, as well as sales of alternative investment products, which have brought new, stable revenue. In addition, the company took a number of adjustment measures during March to ease the cost structure. As part of the measures, the Board of Directors and the Executive Group as well as some employees have, among other things, voluntarily reduced salaries and fees on a temporary basis.

KEY FIGURES DESCRIBING THE GROUP'S FINANCIAL PERFORMANCE

	1-3/2020	1-3/2019	1-12/2019
Income statement key figures			
Operating income, M€	14.2	16.8	75.8
Operating profit/loss, M€	2.1	4.3	24.1
Operating profit margin, %	14.5	25.7	31.8
Profit/loss for the financial year, M€	1.9	3.5	18.7
Profitability key figures			
Return on equity (ROE), %	10.1	19.2	23.4
Return on assets (ROA), %	0.7	1.4	2.1
Balance sheet key figures			
Equity-to-assets ratio, %	5.1	5.7	8.9
Group capital adequacy ratio, %	14.6	15.8	15.1
Key figures per share			
Earnings per Share (EPS), fully diluted, €	0.07	0.13	0.71
Comprehensive Earnings per Share (EPS), fully diluted, €	0.07	0.13	0.71
Dividend per share, €	-	-	0.66*
Equity per share, €	2.80	2.79	3.40
Share price at the end of the period, €	7.40	7.70	10.40
Other key figures			
Expense ratio (operating costs to net revenue)	0.85	0.74	0.68
Recurring revenue ratio, %	118	110	124
Personnel at the end of the period	249	256	249
Market value, M€	176.9	184.0	248.6

*Approved by the Annual General Meeting. The dividend was paid on March 18, 2020.

Maunu Lehtimäki, CEO

Evli's business developed steadily until late February and early March, when the coronavirus epidemic that emerged in China turned into a global pandemic that derailed the capital markets and rapidly weakened our earning power. As a result of the unprecedented decline in equities and corporate bonds, Evli's balance sheet return weakened and commission income growth slowed.

At the beginning of March, we switched to a decentralized work model in accordance with our continuity plan to ensure uninterrupted operations. Quite soon after this, we further reduced our employees' presence at the office and eventually completely switched over to remote working. Evli's ability as a banking and fund management group to transform into purely virtual operations shows that our investments made in previous years to develop our information systems have been successful. Despite the market turmoil, Evli has been able to keep all its funds open and Evli's personnel have performed excellently in these difficult circumstances, focusing on market operations, active customer relations and taking care of administrative tasks. Evli's liquidity and capital adequacy have remained at a good level despite the crisis.

In the first quarter of the year, Evli's net sales decreased by 16 percent and operating profit by as much as 52 percent from the previous year. The intensification of market fluctuations at the beginning of March slowed the growth of commission income. Commission income nevertheless increased by 15 percent on the corresponding period of the previous year. In contrast, net income from securities trading and foreign exchange dealing decreased by almost EUR 5 million and showed a loss of almost EUR 4 million. Evli's return on equity decreased to 10.1 percent (19.2%), but the ratio of recurring revenue to operating expenses improved to 118 percent (110%).

The Wealth Management and Investor Clients segment's revenue increased by 21 percent to EUR 15.7 million. At the end of March, assets under management were EUR 12.2 billion (EUR 11.9 billion) and Evli Fund Management Company's fund capital was EUR 7.5 billion (EUR 8.1 billion). Net subscriptions during the first quarter were EUR -982.4 million. A significant part of the redemptions took place in March at the beginning of

the crisis, with a focus on fixed income funds, from which institutional and corporate clients rushed to withdraw assets to reinforce their cash reserves.

The Advisory and Corporate Clients segment's revenue declined by 14 percent to EUR 2.1 million. The Corporate Finance unit's invoicing fell below the previous year's level after several advisory projects were suspended as a result of the crisis. The unit's mandate base has decreased, and the execution and timetable of mandates are uncertain. The incentive systems management business continued to grow as in previous years. However, we expect growth to temporarily level off as a result of certain clients' M&A activities.

Evli's strategic focus areas – international fund sales and sales of alternative investment products – performed according to plans. At the end of the review period, international clients' fund capital was EUR 2.4 billion (EUR 2.1 billion) and net subscriptions were EUR -171 million. The total investment assets of alternative investment products increased by 125 percent year-on-year to almost EUR 930 million. Alternative investment product fees accounted for nearly 15 percent of total fund fees. As a new product, we launched the Evli Infrastructure I fund with an initial capital of almost EUR 50 million.

At the end of the quarter, we also launched a series of cost efficiency measures aimed at boosting Evli's profitability. These measures cover both personnel and administrative expenses and are expected to have a positive impact on Evli's profitability already in the upcoming quarters. In addition to the short-term adjustment measures mentioned above, we will continue our work to streamline Evli's processes and further improve client satisfaction. Evli's position in the market is strong and I believe that after the crisis, we will be in an excellent position to grow our business with new clients and by building on existing client relationships.

I would like to thank our clients and shareholders for their trust and our employees for their hard and successful work in an exceptionally challenging environment.

MARKET PERFORMANCE

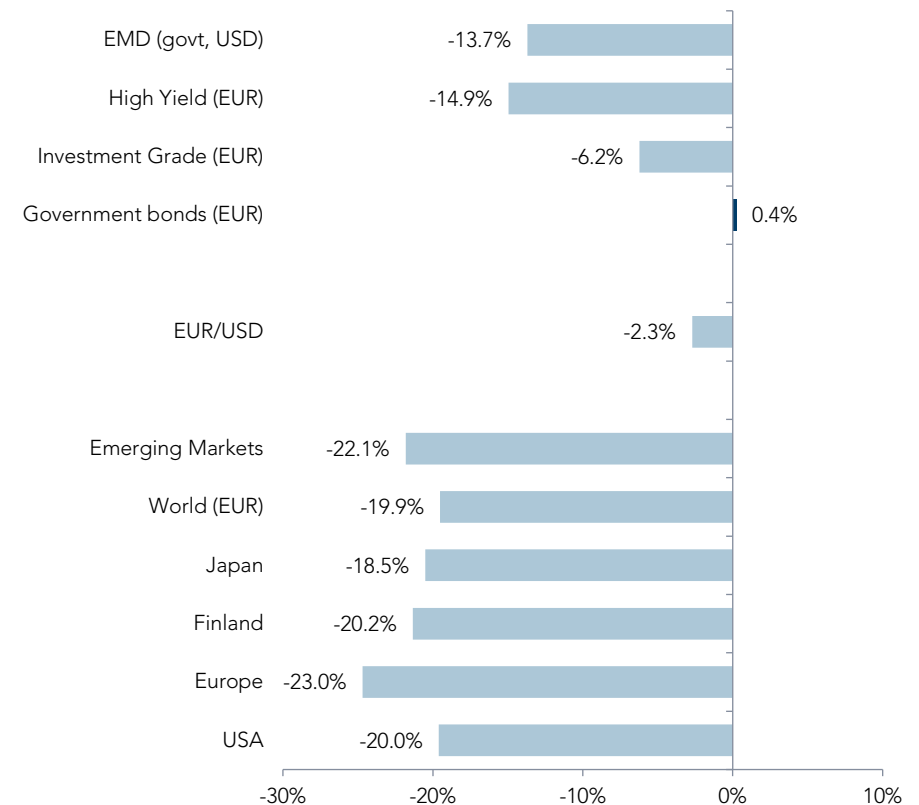
At the beginning of the year, it appeared that the global economy would continue to grow, as was the case at the end of the previous year, but in March the coronavirus pandemic resulted in a complete turnaround in the market. As the virus spread, countries around the world had to resort to drastic measures to curb its advance, including restrictions on the movement of their citizens. As a result, economies around the world came to a virtual standstill, and the economic outlook took a sharp downward turn. The scale of the ensuing economic crisis has been even greater than the financial crisis. Companies, regardless of sector, have had to suspend or adjust their operations indefinitely.

One after the other, central banks in both Europe and the United States sought to respond to the crisis with very broad stimulus packages. Countries also announced their own stimulus measures in an effort to avoid a potential wave of bankruptcies. However, the economic impact of the measures taken during the first quarter of the year was limited.

On the equity markets, US equities (S&P 500) declined 20.0 percent and European equities (Stoxx 600) 23.0 percent during the first three months. Finnish equities (OMX Helsinki Cap) declined 20.2 percent during the same period.

Interest rates on corporate bonds in particular rose during the first quarter of the year due to the coronavirus crisis, which led to a collapse in the value of fixed-income securities. The values of corporate bonds with higher ratings declined 6.2 percent and the values of high yield bonds with lower ratings declined 14.9 percent. The values of euro area government bonds on the other hand increased 0.4 percent. The euro weakened 2.3 percent against the dollar.

Market performance 1-3/2020



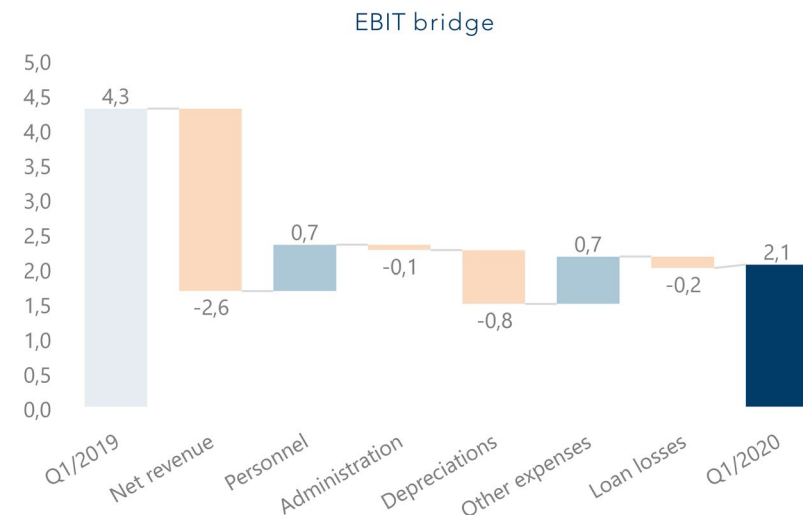
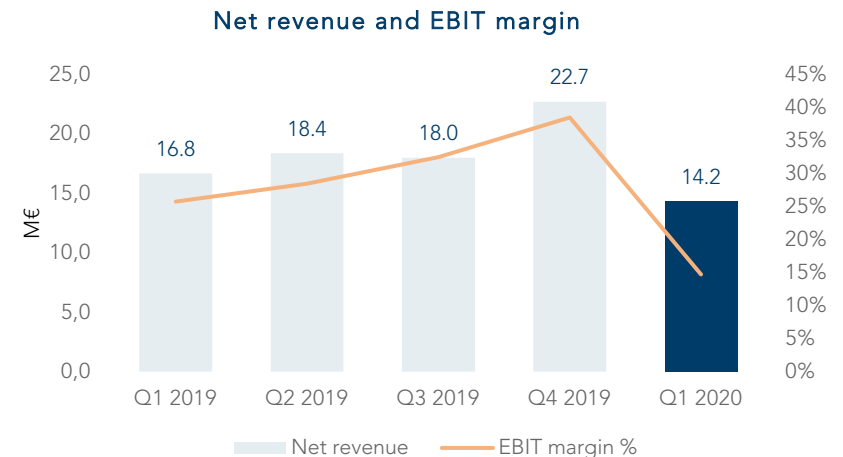
DEVELOPMENT OF REVENUE AND RESULT

In January-March the Evli Group's net commission income increased 15 percent compared to the comparison period and was EUR 17.9 million (EUR 15.6 million). The growth in fee and commission income was positively impacted by strong January and February in terms of fund fees, successful brokerage operations and a record quarter in terms of incentive program management. With the market collapse, fund fees decreased towards the end of March. Similar to the comparison period there were no profit-related fees from mutual funds or asset management.

As a result of the market collapse, the valuations of Evli's own balance sheet investments developed negatively and net income from securities transactions and foreign exchange dealing decreased substantially from the previous year to EUR -3.7 million (EUR 1.1 million). Overall, during the review period, the return from Evli Group's operations declined 16 percent year on year and was EUR 14.2 million (EUR 16.8 million).

Overall costs for the January-March, including depreciation, amounted to EUR 12.1 million (EUR 12.5 million). The Group's personnel expenses totaled EUR 6.6 million (EUR 7.3 million) including estimated performance bonuses for the personnel. The Group's administrative expenses were EUR 3.6 million (EUR 3.6 million). The Group's depreciation, amortization and write-downs were EUR 1.5 million (EUR 0.8 million). The Group's other operating expenses totaled EUR 0.2 million (EUR 0.8 million). The increase in depreciation is mainly explained by the transfer of rental expenses to depreciation in accordance with IFRS 16. In the comparison period, rental expenses were presented as part of other operating expenses. Evli's expense/income ratio was 0.85 (0.74).

The Group's operating profit for the review period declined by 52 percent year on year to EUR 2.1 million (EUR 4.3 million). The operating margin was 14.5 percent (25.7%). The profit for the review period was EUR 1.9 million (EUR 3.5 million). The Group's annualized return on equity was 10.1 percent (19.2%).



Balance sheet and funding

At the end of March, the Evli Group's balance sheet total was EUR 1,327.9 million (EUR 1,168.0 million). Due to daily changes in client activity, significant fluctuations in the size of the balance sheet total are possible from one quarter and from one year to the next. At the end of the review period, the Evli Group's equity was EUR 67.5 million (EUR 66.6 million).

Evli applies the standardized approach (capital requirement for credit risk) and the basic indicator approach (capital requirement for operational risk) in its capital adequacy calculation. The Group's capital adequacy ratio of 14.6 percent clearly exceeds the regulator's requirement of 11.5 percent including the extra capital requirement, which was in force during the first quarter. The Group's own minimum target for capital adequacy is 13.0 percent.

The Group's funding from the public and credit institutions increased by nearly three percent compared to the comparison period. The company's loan portfolio decreased six percent compared to the comparison period and was EUR 110.2 million (EUR 177.7 million). The ratio of loans granted by the Group to Evli Bank Plc's deposits from the public was 16.4 percent. The Group's liquidity is good.

With the market collapse, the probability of credit losses has increased. As a result of this Evli has increased its loan loss provision by EUR 0.2 million in accordance with IFRS 9. Evli's loan portfolio consists mainly of secured investment loans, which collateral values are monitored on a daily basis. No credit losses were realized during the review period.

COMMON EQUITY TIER 1 CAPITAL,

M€	31.3.2020	31.3.2019
Share capital	30.2	30.2
Funds total and retained earnings	34.4	32.2
Minority interest	0.0	0.0
<i>Decreases:</i>		
Intangible assets	-13.3	-11.5
Other decreases	-0.0	-0.0
Total common equity tier 1 capital	51.3	50.8

Evli Pankilla ei ole toissijaista pääomaa.

Minimum requirement of own funds, M€

	31.3.2020	31.3.2020
	Min. requirement	Risk-weighted value
Minimum capital adequacy requirement by asset group, standard credit risk method:		
Claims from the state and central banks	0.0	0.0
Claims from regional governments and local authorities	0.0	0.0
Claims from credit institutions and investment firms	3.9	49.1
Investments in mutual funds	2.9	35.9
Claims secured with property	0.1	0.8
Claims from corporate customers	2.8	35.1
Items with high risk, as defined by the authorities	0.1	0.9
Other items	7.2	90.6
Minimum amount of own funds, market risk	0.3	4.0
Minimum amount of own funds, operational risk	10.7	133.5
Total	28.0	349.9

BUSINESS AREAS

Wealth Management and Investor Clients

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

Wealth Management

The assets under management in Evli's Wealth Management developed negatively during the first quarter, due to the coronavirus pandemic. At the end of the review period, Evli had EUR 4.7 billion (EUR 5.1 billion) in discretionary asset management assets, which includes both the traditional and the digital services.

Traditional mutual funds

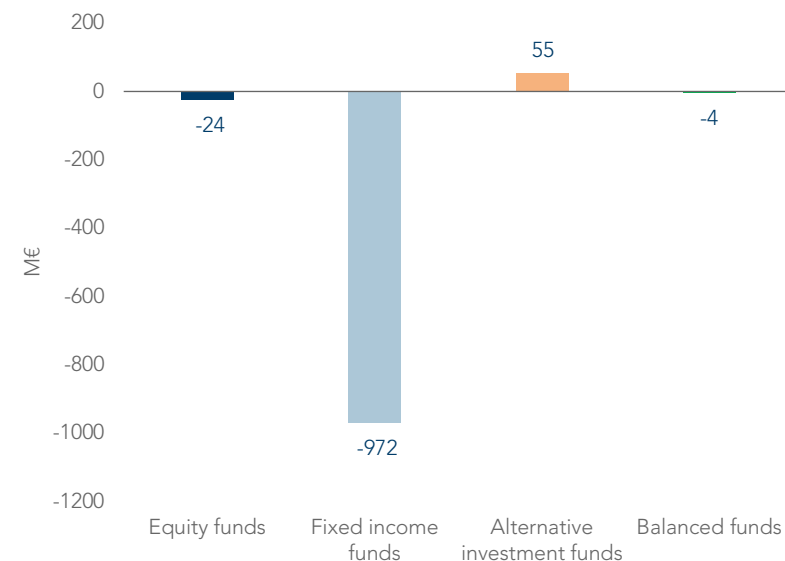
The coronavirus crisis reflected negatively on fund sales during the review period as clients sold their holdings. The mutual funds' net subscriptions for the first quarter of the year were EUR -982.4 million (EUR 124.0 million). The majority of redemptions were in short-duration fixed income funds. Most net redemptions were made from Evli Euro Liquidity (EUR -444 million) and Evli Short Corporate Bond (EUR -272 million) funds. Evli's strategic target is to boost the international sales of its investment products. During the first quarter net subscriptions from foreign investors were EUR -171 million (EUR 117 million).

According to the Mutual Fund Report carried out by Investment Research Finland, Evli Fund Management Company's market share decreased by 0.1 percentage points on the previous year and was 7.0 percent at the end of March. At the end of March, Evli had 28 investment funds registered in Finland. The combined assets of the traditional mutual funds managed by the company were EUR 7.5 billion (EUR 8.1 billion). Of this, approximately EUR 1.8 billion were invested in equity funds (EUR 2.1 billion), EUR 5.5 billion

in fixed income funds (EUR 5.8 billion) and EUR 0.1 billion in balanced funds (EUR 0.1 billion).

By the end of March EUR 2.4 billion (EUR 2.1 billion) of Evli's fund capital came from clients outside of Finland.

Net sales per fund classes 1-3/2020



Alternative investment products

Sales of strategically important alternative investment products were good, considering the market situation. Subscriptions and investment commitments for alternative investment products totaled around EUR 55 million in the first quarter. During the period under review, Evli launched the Evli Infrastructure I fund with an initial capital of EUR 47 million. The fund focuses on global infrastructure projects. In the current operating environment, the focus of Evli's alternative investment products is on the growth of existing products rather than on the launch of new ones.

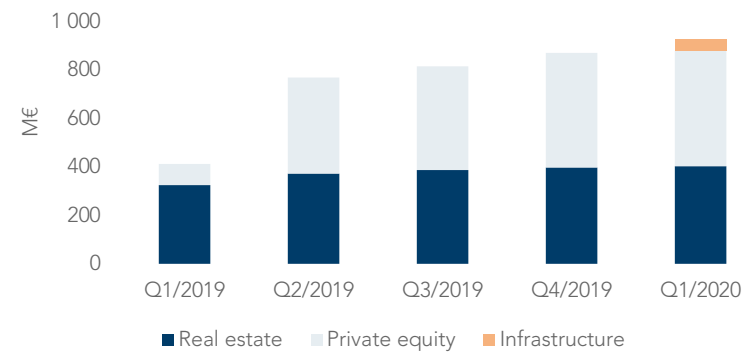
Other investment products

The market turmoil clearly increased the demand for Evli's brokerage products on the comparison period. Commission income developed positively in most product groups.

Awards

During the first quarter, Evli's fund knowledge was recognized internationally. Morningstar awarded Evli best fund management company in Sweden. In the "Best Fund House: Overall" category, the rankings are determined based on five-year risk-adjusted returns, taking into account all funds registered in the country by the fund management company.

Assets under Management in alternative investment products



Financial performance

In January-March the Wealth Management and Investor Clients segment's profit developed favorably. The segment's net revenue grew 21 percent year on year totaling EUR 15.7 million (EUR 13.0 million). The revenue development was positively affected by the fund fees, that were higher than in the comparison period in January and February, and the significant increase in brokerage fees. Similar to the comparison period no performance-based fees were received from asset management or funds during the review period.

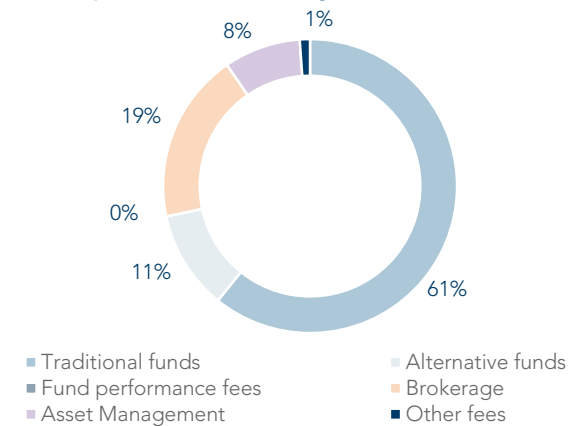
Key figures - Wealth Management and Investor Clients segment

M€	1-3/2020	1-3/2019	Change %
Net revenue	15.7	13.0	20.9%
Operating profit/loss before Group allocations	7.0	4.6	52.1%
Operating profit/loss	6.2	2.8	121.5%
Number of personnel	159	164	-3.0%
Market share, %*	7.0	7.1	-1.4%
Net subscriptions**	-982.4	124.0	

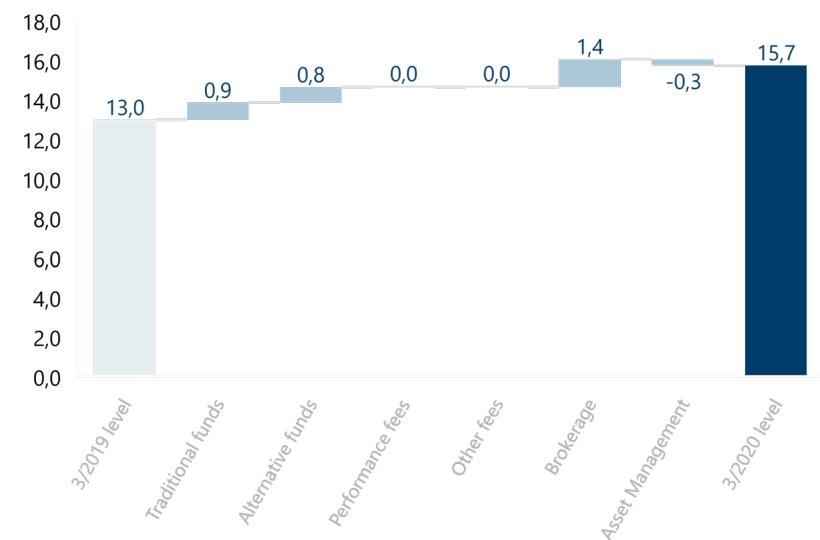
*Evli Fund Management Company. Source: fund report by Finanssialan Keskusliitto ry

**Net subscription to Evli's traditional mutual funds. Source: fund report by Finanssialan Keskusliitto ry

Split of Wealth Management fees 1-3/2020



Development of investor client commission



Advisory and Corporate Clients

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

M&A transactions

During the first quarter, Evli acted as an advisor in two completed transactions. Uncertainty in the market was reflected in the unit's business in the form of delays or terminations of advisory assignments. On the other hand, the current operating environment offered new opportunities. Towards the end of the review period, Evli increasingly focused on providing advisory services to, among others, listed companies regarding debt restructuring.

In the first quarter of the year, Evli acted as advisor in the following transactions:

- Lifvis Ab's advisor in the company's successful financing round
- Luci Intressenter AB's advisor in the public tender offer of LightLab Sweden Ab.

Incentive systems

In the first quarter of the year revenues from the Incentive systems business reached a record high of EUR 1.5 million (EUR 1.3 million). The revenue development was positively affected especially by more extensive incentive programs of existing clients, as well as the new programs started at the beginning of the year. At the end of March, Evli was responsible for the administration of the incentive systems for about 70 mainly listed companies. The challenges posed by the corona crisis have not yet materialized, however new sales in particular is expected to be challenging this year.

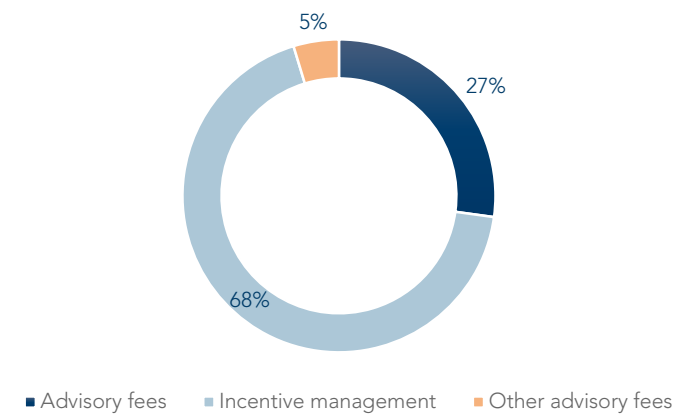
Financial performance

In **January-March** the net revenue of the Advisory and Corporate Clients segment decreased 14 percent year on year totaling EUR 2.1 million (EUR 2.5 million). Significant fluctuations in revenue from one quarter to the next are typical of the segment's M&A activities.

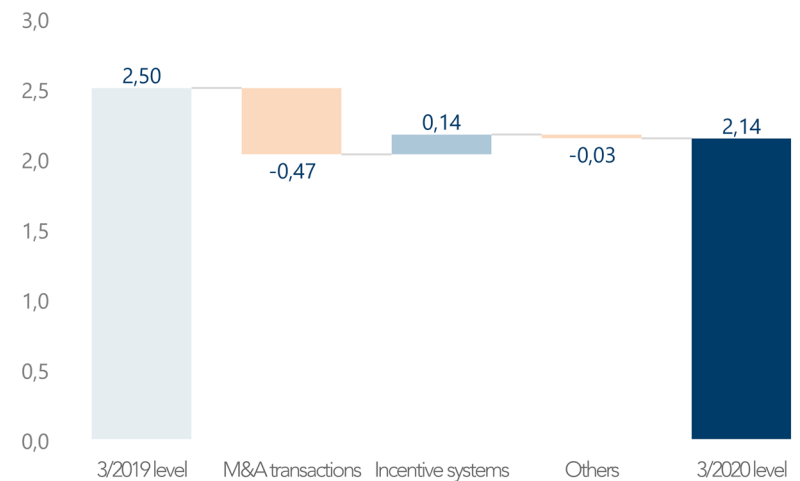
Key figures - Advisory and Corporate Clients segment

M€	1-3/2020	1-3/2019	Change %
Net revenue	2.1	2.5	-14.1%
Operating profit/loss before Group allocations	0.5	0.8	-36.8%
Operating profit/loss	0.4	0.5	-24.8%
Number of personnel	44	42	4.8%

Split of advisory commissions 1-3/2020



Development of advisory commissions



Group Operations

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

Financial performance

In **January-March** the return of the Group operations segment decreased year on year and was EUR -3.7 million (EUR 1.3 million). The decrease was due to unrealized losses on fixed income investments in the own balance sheet caused by the market turmoil.

Key figures - Group Operations segment

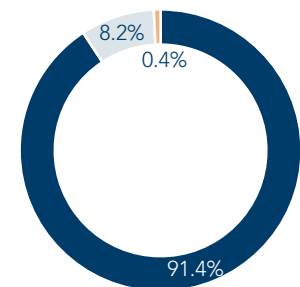
M€	1-3/2020	1-3/2019	Change %
Net revenue	-3.7	1.3	-
Operating profit/loss before Group allocations	-5.4	-1.1	390.3%
Operating profit/loss	-4.5	1.0	-
Number of personnel	46	50	-8.0%

PERSONNEL

The group had 249 employees (256) at the end of March. The number of employees declined by two percent, from the comparison period. 91 percent of the personnel were employed in Finland and nine percent abroad.

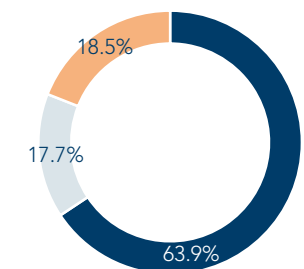
Employee facts

Employees per country



■ Finland ■ Sweden ■ Arab Emirates

Employees per segment



■ Wealth Management & Investor Clients
 ■ Advisory & Corporate Clients
 ■ Group Operations

CORPORATE RESPONSIBILITY

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

Responsible investing

During the first quarter, Evli updated its Principles for Responsible Investment and its Principles for Climate Change and Ownership Control Principles. With these updates, tobacco manufacturers are excluded, as a new industry, from all Evli's active equity and corporate bond funds, with a limit of five percent of revenue. To the Principles for Climate Changes companies with more than 30 percent of their revenue coming from the extraction of oil sands were added to the list of avoided companies. The ownership control model was changed with the update of the corporate governance principles, and Evli established the Responsible Investment Executive Group, which in addition to the CEO consists of executives from the legal and risk management department, institutional and private clients' departments, portfolio management and responsible investment team.

The Responsible Investment Executive Group decides on Evli's Principles for Responsible Investment and related practices and reports to Evli Bank's Executive Group.

During the first quarter Evli also published an analysis of its funds in accordance with the TCFD (Task Force on Climate-related Financial Disclosures) reporting framework during the first quarter. In addition, Evli participated in five annual general meetings and engaged with two companies. Due to the coronavirus pandemic, Evli issued a power of attorney with voting instructions for attendance at two annual general meetings. Both cases of engagement were related to good governance. During the first quarter, Evli also implemented its second Europe Green Note Autocall certificate. In March Evli Growth Partners announced that it had invested in the Austrian company Refurbed. The responsibility of Refurbed's business was a key factor in Evli Growth Partners' investment decision.

Results 1-3/2020

- Updated Principles for Responsible Investment, Principles for Climate Change and Ownership Control Principles
- The Responsible Investment Steering Group was established
- The first analysis in accordance with the TCFD-framework published
- Participation in five annual general meetings
- Engagement with two companies
- Second Europe Green Note Autocall certificate

Goals 2020-2021

Renewal of the ESG reports

Launch new responsibility funds

Set climate targets

Deepen ESG integration in Portfolio Management

EVLI'S SHARES AND SHARE CAPITAL

At the end of March, Evli Bank Plc's total number of shares was 23,901,420, of which 15,160,875 were series A shares and 8,740,545 were series B shares. The company held 375,387 series A shares. The company's share capital was EUR 30,194,097.31 at the end of March. No changes took place in the share capital.

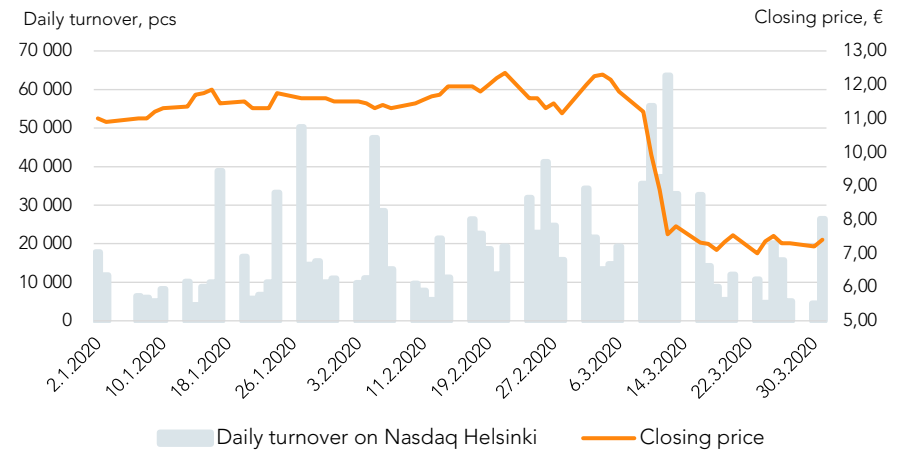
Trading on Nasdaq Helsinki

	1-3/2020	1-3/2019
Highest price, €	12.60	9.48
Lowest price, €	6.78	7.24
Trading in the shares, €	12,539,014	4,600,000
Trading in the shares, pcs	1,190,947	525,068

	March 31, 2020	March 31, 2019
Evli's series B shares, pcs	8,740,545	8,493,901
Closing price, €	7.40	7.70
Market capitalization*, M€	176.9	184.0

*The market capitalization is calculated based on both unlisted A shares and listed B shares. A shares are valued at the closing value of the B share at the end of the reporting period.

Share price development and trading volume (series B shares) 1.1.–31.3.2020



Shareholders

The total number of shareholders at the end of March was 4,778 (4,159). The stake of Finnish companies was 54 percent (54%) and that of private Finnish individuals was 26 percent (26%). The remaining 20 percent of the shares (20%) were owned by financial and insurance institutions, public sector organizations, non-profit institutions serving households and foreign investors. Evli's ten largest shareholders on March 31, 2020 are listed on page 36.

DECISIONS TAKEN BY THE ANNUAL GENERAL MEETING

Evli Bank Plc's Annual General Meeting, held in Helsinki on March 9, 2020, decided on the following matters:

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

Evli Bank Plc's Annual General Meeting adopted the financial statements and resolved in accordance with the proposal of the Board of Directors to pay EUR 0.66 per share in dividends. The dividend was paid to a shareholder who on the record date March 11, 2020 was registered in the shareholders' register of the company held by Euroclear Finland Ltd. The date of the payment of dividends was resolved to be March 18, 2020.

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

The Annual General Meeting granted release from liability to the Members of the Board of Directors and the CEO for the 2019 financial year.

Remuneration policy

The Annual General Meeting approved the remuneration policy for governing bodies.

The ratio between fixed and variable remuneration of management and key personnel

The Annual General Meeting decided that the amount of variable remuneration paid to a person employed by Evli may exceed 100 percent of the total fixed annual remuneration of the person, subject to the conditions described below. However, the variable remuneration component shall not exceed 200 percent of the total annual fixed remuneration of the recipient.

An individual's short-term (one-year earnings criterion) variable remuneration may not exceed 100 percent of an individual's annual fixed remuneration. However, the combination of short-term variable remuneration and long-term commitment plan payments may exceed 100 percent of the individual's annual fixed remuneration. However, the aggregate of short-term variable remuneration and long-term commitment plan payments may not exceed 200 percent of the individual's annual fixed remuneration.

The maximum variable remuneration applies to the remuneration of approximately thirty (30) persons, that is, senior management and certain key personnel. The variable remuneration is not used to compensate the Board of Directors. The maximum variable remuneration applies until further notice.

Number of Board members, members and fees

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

The meeting attendance fee payable to Board members is EUR 5,000.00 per month, and the attendance fee payable to the Chairmen of the Committees is EUR 6,000.00 per month. The meeting attendance fee payable to the Chairman of the Board is EUR 7,500.00 per month.

Auditors and auditors' fees

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

Board authorizations

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

The total number of own series A shares to be repurchased may be a maximum of 1,516,088 shares, and the total number of own series B shares to be repurchased may be a maximum of 874,055 shares. The number of shares represents approximately ten percent of all the shares of the company on the date of the Notice of the Annual General Meeting.

Based on the authorization, the company's own shares may only be repurchased with unrestricted equity.

The company's own shares may be repurchased at the price formed for series B shares in public trading or at the price otherwise formed on the market on the purchase day.

The Board of Directors will decide how the company's own shares will be repurchased. Financial instruments such as derivatives may be used in the purchasing. The company's own shares may be repurchased in other proportion than the shareholders' proportional shareholdings (private purchase). Shares may be repurchased through public trading at the prevailing market price formed for the B-shares in public trading on the Nasdaq Helsinki Oy on the date of repurchase.

The authorization will replace earlier unused authorizations to repurchase the company's own shares. The authorization will be in force until the next Annual General Meeting but no later than until June 30, 2021.

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

Based on the authorization, the number of shares issued or transferred, including shares received based on special rights, may total a maximum of

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

The authorization will entitle the Board of Directors to decide on all the terms and conditions related to the issuing of shares and special rights entitling to shares, including the right to deviate from the shareholders' pre-emptive subscription rights. The Board of Directors may decide to issue either new shares or any own shares in the possession of the company.

The authorization will replace earlier unused authorizations concerning the issuance of shares as well as the issuance of options and other special rights entitling to shares. The authorization will be in force until the end of the next Annual General Meeting but no longer than until June 30, 2021.

CHANGES IN GROUP STRUCTURE

There were no significant changes in the Group structure during the review period.

BUSINESS ENVIRONMENT

Evli's business environment is currently exceptionally challenging. The collapse of both the equity and bond markets is putting pressure on all companies, regardless of sector. The coronavirus pandemic has been reflected at Evli in the form of redemptions, especially from short-duration fixed income funds as customers reinforce their cash positions and seek safe havens.

Demand for passive products has continued to grow, which has pushed down the prices of active investment products. The coronavirus pandemic, which has so far reflected to stock and bond markets, can potentially impact also alternative investments and result in decrease in their valuations. Should this happen, it might negatively affect the sales of such products. Despite the challenging market environment, the conditions for the growth of the core business in the company's domestic market in Finland are good, especially with the expanded product range.

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

The company focuses its international growth on the Nordic and European markets. Evli has also concluded fund distribution agreements in Latin America, for example. In addition to product availability, the streamlining and adaptation of administrative processes to correspond to the standards that investors are accustomed to on other markets are critical for the success of international growth. Evli is excellently placed where international sales are concerned, and the image of a high-quality Nordic fund management boutique is of interest to foreign investors.

Alternative investment products are another important strategic focus area for Evli. This is a challenging asset class when it comes to seeking sufficient return for investors, which also takes into account the typical risks of long-term investment. In addition, competition in this class is very tough. Despite

the challenges posed by the market environment Evli's goal is to turn alternative investment products into a major source of revenue.

RISK MANAGEMENT AND BUSINESS RISKS

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

Evli's most significant risks associated with its bank and investment activities are liquidity, market and interest rate risks. These risks are controlled with limits set by Evli Bank's Board of Directors. The limits are constantly monitored. The basis for investments made by the company is that they must not endanger Evli's result or solvency. Evli's investments are very highly diversified, and dependency on a single company is restricted by limiting the size of company-specific investments, for example. Regardless of good monitoring, there is always a certain degree of risk involved in investment activities, which means the return from investment activities can fluctuate significantly from one quarter to the next.

EVENTS TAKING PLACE AFTER THE REVIEW PERIOD

On April 6, 2020, the Board of the Financial Supervisory Authority decided to remove the additional capital requirement determined on the basis of the structural characteristics of the financial system (systemic risk buffer). A preliminary decision on this matter was already made on March 17, 2020. As a result, Evli's capital adequacy requirement decreased to 10.5 percent. Evli's capital adequacy has always been on a good level, clearly exceeding the regulator's requirement. At the end of the review period, Evli's core capital adequacy ratio was 14.6 percent.

OUTLOOK FOR 2020

In the current market environment, we estimate that the operating profit for 2020 will be clearly positive. In a situation where market conditions would deteriorate further, we estimate the operating profit to be positive.

Despite the challenging market environment, the view is supported by a high ratio of recurring revenue to operating costs, as well as sales of alternative investment products, which have brought new, stable revenue. In addition, the company took a number of adjustment measures during March to ease the cost structure. As part of the measures, the Board of Directors and the Executive Group as well as some employees have, among other things, voluntarily reduced salaries and fees on a temporary basis.

Helsinki, April 16, 2020

EVLI BANK PLC
Board of Directors

Additional information:

Maunu Lehtimäki, CEO, tel. +358 50 553 3000

Juho Mikola, CFO, tel. +358 40 717 8888

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INVESTOR CALENDER 2020

- Half-year Financial Report, January-June: July 14, 2020
- Interim Report, January-September: October 23, 2020

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The figures in the interim report tables and appendices are presented in millions of euros, unless indicated otherwise.

Consolidated comprehensive income statement

	1-3/2020	1-3/2019	1-12/2019
Net interest income	0.0	0.0	0.3
Commission income and expense, net	17.9	15.6	72.2
Net income from securities transactions and foreign exchange dealing	-3.7	1.1	3.2
Other operating income	0.0	0.0	0.1
NET REVENUE	14.2	16.8	75.8
Administrative expenses			
Personnel expenses	-6.6	-7.3	-30.4
Other administrative expenses	-3.6	-3.6	-14.0
Depreciation, amortisation and write-down	-1.5	-0.8	-3.5
Other operating expenses	-0.2	-0.8	-3.7
Impairment losses on loans and other receivables	-0.2	0.0	-0.1
NET OPERATING PROFIT / LOSS	2.1	4.3	24.1
Share of profits (losses) of associates	0.2	0.0	-0.6
Income taxes*	-0.4	-0.8	-4.9
PROFIT / LOSS FOR FINANCIAL YEAR	1.9	3.5	18.7
Attributable to			
Non-controlling interest	0.3	0.2	1.4
Equity holders of parent company	1.6	3.3	17.3
PROFIT / LOSS FOR FINANCIAL YEAR	1.9	3.5	18.7
OTHER COMPREHENSIVE INCOME / LOSS			
Items, that will not be reclassified to profit or loss			
Income and expenses recognised directly in equity	0.0	0.0	0.0
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences - foreign operations	-0.3	-0.1	0.0
Other comprehensive income/loss	-0.3	-0.1	0.0
Other comprehensive income after taxes / loss total	-0.3	-0.1	0.0
OTHER COMPREHENSIVE INCOME / LOSS TOTAL	1.5	3.4	18.6
Attributable to			
Non-controlling interest	0.3	0.2	1.4
Equity holders of parent company	1.3	3.2	17.2
Earnings per Share (EPS), fully diluted	0.07	0.13	0.71
Comprehensive Earnings per Share (EPS), fully diluted	0.07	0.13	0.71

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

Consolidated comprehensive income statement quarterly

	1-3/2020	10-12/2019	7-9/2019	4-6/ 2019	1-3/2019
Net interest income	0.0	0.2	0.1	0.1	0.0
Commission income and expense, net	17.9	22.5	17.2	16.9	15.6
Net income from securities transactions and foreign exchange dealing	-3.7	0.0	0.7	1.3	1.1
Other operating income	0.0	0.1	0.0	0.0	0.0
NET REVENUE	14.2	22.7	18.0	18.3	16.8
Administrative expenses					
Personnel expenses	-6.6	-8.5	-6.9	-7.7	-7.3
Other administrative expenses	-3.6	-3.5	-3.5	-3.4	-3.6
Depreciation, amortisation and write-down	-1.5	-0.9	-0.9	-0.9	-0.8
Other operating expenses	-0.2	-1.0	-0.8	-1.0	-0.8
Impairment losses on loans and other receivables	-0.2	0.0	0.0	-0.1	0.0
NET OPERATING PROFIT/LOSS	2.1	8.7	5.9	5.2	4.3
Share of profits (losses) of associates	0.2	-0.4	-0.1	-0.1	0.0
Income taxes*	-0.4	-1.8	-1.0	-1.3	-0.8
PROFIT/LOSS FOR FINANCIAL YEAR	1.9	6.6	4.8	3.8	3.5
Attributable to					
Non-controlling interest	0.3	0.9	0.4	-0.1	0.2
Equity holders of parent company	1.6	5.7	4.4	3.9	3.3
PROFIT/LOSS FOR FINANCIAL YEAR	1.9	6.6	4.8	3.8	3.5
OTHER COMPREHENSIVE INCOME/LOSS					
Items, that will not be reclassified to profit or loss					
Income and expenses recognised directly in equity	0.0	0.0	0.0	0.0	0.0
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences - foreign operations	-0.3	0.2	0.0	-0.1	-0.1
Other comprehensive income/loss	-0.3	0.2	0.0	-0.1	-0.1
Other comprehensive income after taxes/loss total	-0.3	0.2	0.0	-0.1	-0.1
OTHER COMPREHENSIVE INCOME/LOSS TOTAL	1.5	6.8	4.8	3.7	3.4
Attributable to					
Non-controlling interest	0.3	0.9	0.4	-0.1	0.2
Equity holders of parent company	1.3	5.9	4.5	3.7	3.2

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

Consolidated balance sheet

	31.3.2020	31.3.2019	31.12.2019
ASSETS			
Liquid assets	454.6	406.9	305.7
Debt securities eligible for refinancing with central banks	46.4	36.1	36.1
Claims on credit institutions	101.7	60.1	69.8
Claims on the public and public-sector entities	110.2	117.7	114.0
Debt securities	163.7	245.3	227.6
Shares and participations	42.4	41.3	31.5
Participating interests	4.0	5.1	3.8
Derivative contracts	107.6	25.7	59.6
Intangible assets	13.3	11.6	14.3
Property, plant and equipment	1.8	1.9	1.6
Other assets	277.0	209.9	55.3
Accrued income and prepayments	3.9	5.6	3.6
Deferred tax assets	1.4	0.8	0.2
TOTAL ASSETS	1,327.9	1,168.0	923.2
LIABILITIES			
Liabilities to credit institutions and central banks	48.9	8.0	1.9
Liabilities to the public and public-sector entities	671.9	676.1	551.6
Debt securities issued to the public	151.7	165.4	148.6
Derivative contracts and other trading liabilities	107.5	25.7	59.7
Other liabilities	262.7	209.5	58.0
Accrued expenses and deferred income	17.8	16.6	21.7
Deferred tax liabilities	0.0	0.0	0.0
LIABILITIES TOTAL	1,260.4	1,101.4	841.5
Equity to holders of parent company	66.2	65.6	80.1
Non-controlling interest in capital	1.4	1.0	1.7
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,327.9	1,168.0	923.2

Consolidated statement of changes in equity

	Share capital	Share premium fund	Reserve for invested unrestricted equity	Other reserves	Retained earnings	Total	Non-controlling interest	Total Equity
Equity capital 31.12.2018	30.2	1.8	18.3	0.4	25.6	76.3	1.1	77.4
Translation difference					-0.1	-0.1		-0.1
Profit/loss for the period					3.3	3.3	0.2	3.5
Dividends					-14.4	-14.4	-0.4	-14.8
Share options exercised			0.4			0.4		0.4
Acquisition of own shares						0.0		0.0
Acquisition of non-controlling interest						0.0		0.0
Other changes				0.1	0.1	0.2		0.2
Equity capital 31.3.2019	30.2	1.8	18.7	0.5	14.4	65.6	1.0	66.6
Translation difference					-0.1	-0.1		-0.1
Profit/loss for the period					14.0	14.0	1.2	15.2
Dividends					0.0	0.0	-0.6	-0.6
Share options exercised						0.0		0.0
Acquisition of own shares						0.0		0.0
Acquisition of non-controlling interest						0.0		0.0
Other changes				0.5		0.5	0.1	0.7
Equity capital 31.12.2019	30.2	1.8	18.7	1.0	28.3	80.1	1.7	81.8
Translation difference					-0.2	-0.2	0.0	-0.2
Profit/loss for the period					1.6	1.6	0.3	1.9
Dividends					-15.6	-15.6	-0.5	-16.1
Share options exercised						0.0		0.0
Acquisition of own shares						0.0		0.0
Acquisition of non-controlling interest						0.0		0.0
Other changes*				0.2		0.2	0.0	0.2
Equity capital 31.3.2020	30.2	1.8	18.7	1.2	14.2	66.2	1.4	67.5

*Other changes include the change in equity related to the fair value change (0.2 M€) arising from the granted share programs.

Consolidated segment income statement

	Wealth Management and Investor Clients		Advisory and Corporate Clients		Group Operations		Unallocated		Group	
	1-3/ 2020	1-3/ 2019	1-3/ 2020	1-3/ 2019	1-3/ 2020	1-3/ 2019	1-3/ 2020	1-3/ 2019	1-3/ 2020	1-3/ 2019
REVENUE										
Net interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net commissions	15.7	13.0	2.1	2.5	0.0	0.0	0.0	0.1	17.9	15.6
Trading and FX result	0.0	0.0	0.0	0.0	-3.7	1.1	0.0	0.0	-3.7	1.1
Other operative income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
External sales	15.7	13.0	2.1	2.5	-3.7	1.2	0.0	0.1	14.2	16.8
Inter-segment sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total revenue	15.7	13.0	2.1	2.5	-3.7	1.2	0.0	0.1	14.2	16.8
Timing of revenue recognition										
At a point in time	12.7	11.5	1.6	1.4	0.0	0.0	0.0	0.0	14.3	12.9
Over time	3.0	1.5	0.6	1.1	0.0	0.0	0.0	0.0	3.6	2.6
RESULT										
Segment operating expenses	-7.8	-7.9	-1.6	-1.6	-1.4	-2.4	0.4	0.1	-10.4	-11.7
Business units operating profit before depreciations and Group allocations	7.9	5.2	0.6	0.9	-5.1	-1.2	0.4	0.2	3.8	5.1
Depreciations	-0.9	-0.6	-0.1	-0.1	-0.1	-0.1	-0.5	0.0	-1.5	-0.8
Impairment losses on loans and other receivables	0.0	0.0	0.0	0.0	-0.2	0.0	0.0	0.0	-0.2	0.0
Business units operating profit before Group allocations	7.0	4.6	0.5	0.8	-5.4	-1.3	-0.1	0.2	2.1	4.3
Allocated corporate expenses	-0.8	-1.8	-0.1	-0.3	0.9	2.1	0.0	0.0	0.0	0.0
Operating profit including Group allocations	6.2	2.8	0.4	0.5	-4.5	0.8	-0.1	0.2	2.1	4.3
Share of profits (losses) of associates	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.2	0.0
Income taxes	-1.0	0.0	-0.1	0.0	0.7	0.0	0.0	-0.8	-0.4	-0.8
Segment profit/loss	5.2	2.8	0.2	0.5	-3.8	0.8	0.2	-0.6	1.9	3.5

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

Consolidated statement of cash flow

	1-3/2020	1-3/2019	1-12/2019
Operating activities			
Operating profit	2.1	4.3	24.1
Adjustment for items not included in cash flow	-1.4	2.5	9.9
Income taxes paid	-0.5	-2.0	-5.2
Cash flow from operating activities before changes in operating assets and liabilities	0.1	4.7	28.9
Changes in operating asset, total	-208.6	-188.2	-6.0
Changes in operating liabilities, total	373.4	360.8	64.8
Cash flow from operating activities	164.8	177.3	87.6
Investing activities			
Change in intangible asset	-0.1	-0.7	-5.7
Change in property, plant and equipment	-0.1	-0.1	-0.2
Cash flow from investing activities	-0.2	-0.8	-5.9
Financing activities			
Dividends paid to company's shareholders	-15.6	-14.4	-14.4
Dividends paid to non-controlling interests in subsidiaries	-0.5	0.4	-1.1
Payment of finance lease liabilities	-0.6	0.0	-2.7
Acquisition of own shares	0.0	0.0	0.0
Used option rights	0.0	0.4	0.4
Cash flow from financing activities	-16.7	-14.4	-17.7
Cash and cash equivalents at the beginning of period	311.4	247.4	247.4
Translation difference	0.0	0.0	0.0
Cash and cash equivalents at the end of year	459.3	409.5	311.4
Change	147.9	162.0	64.0

Key figures describing the Group's financial performance

	1-3/2020	1-3/2019	1-12/2019
Income statement key figures			
Operating income, M€	14.2	16.8	75.8
Operating profit/-loss, M€	2.1	4.3	24.1
Operating profit margin, %	14.5	25.7	31.8
Profit/loss for the financial year, M€	1.9	3.5	18.7
Profitability key figures			
Return on equity (ROE), %	10.1	19.2	23.4
Return on assets (ROA), %	0.7	1.4	2.1
Balance sheet key figures			
Equity-to-assets ratio, %	5.1	5.7	8.9
Capital adequacy ratio, %	14.6	15.8	15.1
Key figures per share			
Earnings per Share (EPS), fully diluted, €	0.07	0.13	0.71
Comprehensive Earnings per Share (EPS), fully diluted, €	0.07	0.13	0.71
Dividend / share, €	-	-	0.66*
Equity per share, €	2.80	2.79	3.40
Share price at the end of the period, €	7.40	7.70	10.40
Other key figures			
Expense ratio (operating costs to net revenue)	0.85	0.74	0.68
Recurring revenue ratio, %	118	110	124
Personnel at the end of the period	249	256	249
Market value, M€	176.9	184.0	248.6

*Approved by the Annual General Meeting. The dividend was paid on March 18, 2020.

Group's capital adequacy

	1-3/2020	1-3/2019	1-12/2019
Own assets (common equity Tier 1 capital), M€	51.3	50.8	48.6
Risk-weighted items total for market- and credit risks, M€	216.4	197.7	188.0
Capital adequacy ratio, %	14.6	15.8	15.1
Evli Bank Plc's adequacy ratio, %	16.8	18.3	19.1
Own funds surplus, M€	23.3	25.1	22.9
Own funds in relation to the minimum capital requirement, M€	1.8	2.0	1.9
Own funds surplus M€ including additional capital requirement	14.5	17.1	11.6

Calculation of key ratios

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

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

Notes to balance sheet

	31.3.2020	31.3.2019	31.12.2019	
Equity and debt securities				
Equity securities are presented in the Statement of Changes in Equity				
Debt securities issued to the public				
Certificates of Deposits and commercial papers	15.0	43.0	25.0	
Bonds	136.7	122.4	123.6	
Debt securities issued to the public	151.7	165.4	148.6	
Breakdown by maturity	under 3 months	3-12 months	1-5 years	5-10 years
Debt securities issued to the public	20.0	3.1	128.5	0.0
Changes in bonds issued to the public	31.3.2020	31.3.2019	31.12.2019	
Issues	27.6	6.3	49.5	
Repurchases	13.4	1.0	44.3	
Off-balance sheet commitments				
Commitments given to a third party on behalf of a customer	11.9	7.9	6.9	
Irrevocable commitments given in favour of a customer	1.3	0.2	0.3	
Guarantees on behalf of others	0.5	0.5	0.5	
Unused credit facilities	12.7	2.6	5.4	
Transactions with related parties	1-3/2020			
	Associated companies	Group management		
Sales	0.0	0.0		
Purchases	0.0	0.0		
Receivables	0.0	0.5		
Liabilities	0.0	0.3		

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

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

Fair value	Level 1 2020	Level 2 2020	Level 3 2020	Total
Financial assets				
Shares and participations classified as held for trading	0.0	0.0	0.0	0.0
Shares and participations, other	35.3	0.0	7.1	42.4
Debt securities eligible for refinancing with central banks	46.4	0.0	0.0	46.4
Debt securities	0.0	161.2	2.5	163.7
Positive market values from derivatives	0.0	106.9	0.7	107.6
Total financial assets held at fair value	81.7	268.1	10.3	360.0
Financial liabilities				
Shares and participations classified as held for trading	0.0	0.0	0.0	0.0
Negative market values from derivatives	0.0	106.8	0.7	107.5
Total financial liabilities held at fair value	0.0	106.8	0.7	107.5

Explanation of fair value hierarchies

Level 1

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

Level 2

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

Level 3

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

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

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

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

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

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

Debt securities valuations that are obtained from markets that are not fully active, have a fair value level hierarchy of 2. Level 3 valuations for debt securities are valuations for illiquid securities that are received directly from the arranger of the issue, or the valuation is calculated by Evli Bank.

Derivative contracts

Nominal value of underlying, gross	Remaining maturity			Fair value (+/-)
	Less than 1 year	1-5 years	5-15 years	
Held for trading				
Interest rate derivatives				
Interest rate swaps	2.3	111.6	0.0	0.0
Equity-linked derivatives				
Futures	2.3	4.1	0.0	0.0
Options bought	3.7	0.0	0.0	0.0
Options sold	3.7	0.0	0.0	0.0
Currency-linked derivatives	6,663.4	30.4	0.0	0.1
Held for trading, total	6,675.4	146.1	0.0	0.1
Derivative contracts, total	6,675.4	146.1	0.0	0.1

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

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

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

IFRS 9 - Financial instruments

Items to be measured according the IFRS 9 standard, expected credit losses
Financial assets measured at amortized cost and accounts receivable

Balance sheet item	Amount	Level 1	Level 2	Level 3	Expected credit loss	Opening balance 1.1., credit loss provision
Receivables from credit institutions	101.7	101.7	0.0	0.0	0.0	0.0
Receivables from the public	110.2	106.1	3.8	0.3	0.3	0.1
Receivables from the public; corporate	31.4	28.1	3.3	0.0	0.1	0.0
Receivables from the public; private	78.8	78.0	0.5	0.3	0.2	0.1
Receivables from the public; other	0.0	0.0	0.0	0.0	0.0	0.0
Sales receivables	2.9	2.9	0.0	0.0	0.0	0.0
Off-balance sheet loan commitments	12.7	12.7	0.0	0.0	0.0	0.0
Total	227.5	223.4	3.9	0.3	0.3	0.1

The assets are classified as Level 1 if the receivable is low risk or the credit risk of the receivable has not grown materially since the date of issuing the item. If the credit risk for a financial asset has increased materially since the issuing date, the asset will be transferred to level 2. Individual loans whose values have verifiably declined are recognized in level 3.

Six loan receivables were transferred to level 2 during the year. One non-performing loan is included in level 3.

The bank has no loan payment instalments that are over 90 days late.

The expected credit loss is a probability-weighted calculation formula in which the parameters used are probability of default and the potential total loss when the receivable's collateral is realized.

The parameters are generally measured on group levels, and financial assets are classified of assets with similar risks and collateral.

The probability of default of counterparties is primarily measured with statistical data based on the relative amount of problem receivables in the credit stock on a national level.

The Group has no assets in the 'measured at fair value through comprehensive income' group, and the debt securities are not valued at amortized cost.

IMPACT OF THE IFRS 9 STANDARD

Impact on capital adequacy, %	-0.1
Impact on own funds, M€	-0.3

IFRS 16 - Leases

IFRS 16 Leases standard has been adopted as of January 1, 2019.

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

Evli has used, among others, the following practical expedients permitted by the standard when implementing IFRS 16:

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

Evli has analysed its contract portfolio according to the IFRS 16 standard. Based on the analysis, the IFRS 16 standard mainly applies to leases of premises.

Typically, lease contract terms range between two and five years and may contain an option to extend the lease term. Evli has negotiated individual contracts with potentially differing terms and conditions for each location.

The impact of the IFRS 16 standard on the Group's other assets and other liabilities at the end of the year was EUR 4.3 million. Potential options to extend current leases have not been considered due to uncertainty related to the use of those options.

Measurement of lease liabilities

Commitments related to leases on 31.12.2019	4.9
Less (-) short-term leases not recognized as a liability	0.0
Less (-) leases of low-value assets	0.0
Add/less (-): contracts reassessed as lease contracts	0.0
Add/less (-): adjustments as a result of a different treatment of extension and termination options	0.0
Add/less (-): adjustments relating to changes in the index or rate affecting variable payments	0.0
Lease liability recognized on 1.1.2020	4.9
Of which are:	
Current lease liabilities	2.2
Non-current lease liabilities	2.7
Lease liability (right-of-use assets) according to balance sheet on 31.3.2020	4.3
Of which are:	
Current lease liabilities	1.6
Non-current lease liabilities	2.7

Accounting policies

The Interim Report complies with IAS 34, Interim Reports, as approved by the EU.

The interim report does not include all the tables regarding the business operations from the annual financial statement. Therefore, this interim report should be read in conjunction with the company's financial statements for the financial year ended December 31, 2019.

The accounting policies used are consistent with the accounting policies for the financial year 2019 and the comparative reporting period, excluding the new IFRS standards that are described separately below.

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

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

The figures are unaudited.

Appendix 1 Ten largest shareholders March 31, 2020

	A-shares	B-shares	Shares total	% of all shares	Votes total	% of votes
1. Oy Scripo Ab	3 803 280	950 820	4 754 100	19.9%	77 016 420	24.7%
2. Prandium Oy Ab	3 803 280	950 820	4 754 100	19.9%	77 016 420	24.7%
3. Oy Fincorp Ab	2 319 780	420 991	2 735 771	11.5%	46 811 591	15.0%
4. Ingman Group Oy Ab	1 860 000	600 000	2 460 000	10.3%	37 800 000	12.1%
5. Lehtimäki Maunu	533 728	156 031	689 759	2.9%	10 830 591	3.5%
6. Hollfast John Erik	328 320	82 080	410 400	1.7%	6 648 480	2.1%
7. Tallberg Claes	369 756	32 588	402 344	1.7%	7 427 708	2.4%
8. Moomin Characters Oy Ltd	0	379 641	379 641	1.6%	379 641	0.1%
9. Evli Bank Plc	375 387	0	375 387	1.6%	7 507 740	2.4%
10. Svenska Litteratursällskapet i Finland	0	220 336	220 336	0.9%	220 336	0.1%