

**EVLI**

**2017**

**EVLI BANK PLC'S INTERIM REPORT  
JANUARY-SEPTEMBER 2017**

## **EVLI BANK PLC'S INTERIM REPORT JANUARY-SEPTEMBER 2017:**

### **The Operating profit already exceeded last year's total outcome**

- The operating profit of the Wealth Management and Investor Clients segment almost tripled from the comparison period as a result of increased recurring revenue
- The operating profit of the Advisory and Corporate Clients segment decreased. Demand for all of the segment's products has, however, developed favorably
- The income from trading activities increased from the comparison period in the Group Operations segment.

### **January-September 2017**

- The Group's net revenue was EUR 50.4 million (1-9/2016: EUR 44.1 million)
- The Group's operating profit was EUR 14.8 million (EUR 7.8 million)
- Evli's diluted earnings per share were EUR 0.49 (EUR 0.33) and the annualized return on equity was 23.9 percent (15.8%)
- Net assets under management totaled EUR 11.1 billion (EUR 10.0 billion) at the end of September
- The proportion of recurring revenue to operating costs improved to 116 percent (90%).

### **July-September 2017**

- The Group's net revenue was EUR 16.3 million (EUR 12.7 million)
- The Group's operating profit for the review period more than doubled to EUR 5.0 million (EUR 2.3 million)
- Earnings per share amounted to EUR 0.18 (EUR 0.07).

### **Outlook for 2017 updated**

The assets under management of Evli's Wealth Management and Investor Clients segment have grown significantly during the beginning of the year. As a result, the proportion of recurring revenue to operating expenses has exceeded the long-term target level of 100 percent. The risk related to the development of general equity and fixed income markets have increased with high valuation levels and a possible decline in exchange rates would negatively affect the development of the recurring revenues.

The performance of the Advisory and Corporate Clients segment has developed positively despite the lower level of activity in corporate advisory services. The return from investment activities through Evli's own balance sheet has also grown considerably on the previous year. In the advisory business and own investment activities, substantial fluctuations in annual returns are, however, possible.

As a consequence of the success in Wealth Management operations, it is very possible that performance-based fees will arise in the final quarter of the year. As a result of this and a successful first half and steady development in assets under management, we estimate that the result for 2017 will clearly exceed that of the previous year.

#### *Previously:*

*As a result of a successful first half and steady development in assets under management, we estimate that the result for 2017 will exceed that of the previous year.*

KEY FIGURES	7-9/ 2017	7-9/ 2016	1-9/ 2017	1-9/ 2016	1-12/ 2016
Sales, M€	16,9	13,2	51,7	45,7	62,1
Net revenue, M€	16,3	12,7	50,4	44,1	60,0
Operating profit / loss, M€	5,0	2,3	14,8	7,8	11,1
Profit / Loss for financial year, M€	4,7	1,8	11,8	7,9	9,7
Operating profit / loss % of net revenue	30,4 %	18,2 %	29,3 %	17,6 %	18,5 %
Earnings/share (EPS)	0,19	0,08	0,51	0,34	0,42
Diluted earnings/share IFRS	0,18	0,07	0,49	0,33	0,40
Return on equity % (ROE)*	-	-	23,9	15,8	14,3
Recurring revenue ratio	-	-	116 %	90 %	94 %
Dividend/share**	-	-	-	-	0,40
Shareholders' equity per share	-	-	2,87	2,71	2,81
Market value, M€***	-	-	176,07	158,53	157,37
Share price in end of period	-	-	7,55	6,80	6,75
Personnel in end of period	-	-	248	242	244

\* Annualized

\*\*Dividend from 2016 approved by the Annual General Meeting. The dividend was paid on March 22, 2017.

\*\*\*Series A shares are valued at the closing value of the series B shares.

## Maunu Lehtimäki, CEO

Evli's revenue and operating profit grew considerably during the third quarter. Our revenue grew 28 percent and our operating profit more than doubled on the previous year.

Growth was accelerated by the considerable increase in the income of the Wealth Management and Investor Clients segment compared with the previous year. The increase in income is mainly a result of the growth in client assets under management, which increased by over a billion on the previous year, coming to EUR 11.1 billion at the end of September. Evli's client assets under management have grown in all target client groups, both in funds and individual asset management, and with institutional and private clients. The proportion of recurring revenue to the Group's overall expenses rose to 116 percent and annual return on equity rose to almost 24 percent. Net subscriptions to Evli's funds calculated from the start of the year were over EUR 800 million and 45 percent of this was made up by international investors.

The income of the Advisory and Corporate Clients segment grew by 75 percent in the third quarter. The income growth was a result of the increase in income from Corporate Finance on the previous year. During the period, the unit also secured new orders and its mandate base is at a good level. The incentive program administration business continued to perform well and there was positive development in the sale of research services to listed companies, which was launched in 2016.

There has also been positive development in Group Operations and the return of the investment portfolio was higher than that of the return year on year.

We have improved our estimate for our full-year result and we now expect it to clearly exceed that of the previous year. This outlook is supported by the strong profit performance in the first half of the year, the growth in client assets under management, and the resulting improvement in the ratio of our recurring revenues in relation to the Group's total costs and any performance-based fees that will be recognized during the final quarter.

### **Evli Bank Plc**

*Evli is a bank specialized in investments that helps institutions, corporations and private persons increase their wealth. The product and service offering includes mutual funds, asset management and capital markets services, alternative investment products, investment research, administration of incentive programs and Corporate Finance services. The company also offers banking services that support clients' investment operations. Evli is the highest ranked and most used institutional asset manager in Finland\*.*

*Evli has a total of EUR 11.1 billion in client assets under management (net 9/2017). The Evli Group's equity capital totals EUR 66,5 million and its BIS capital adequacy ratio is 14.1 percent (September 30, 2017). The company has more than 200 employees. Evli Bank Plc's B shares are listed on Nasdaq Helsinki Ltd.*

*\* TNS Sifo Prospera External Asset Management Finland 2017*

## MARKET PERFORMANCE

The positive market performance in the first half continued during the third quarter. Global economic growth accelerated and took root in both industrial and emerging markets. The development in the world economy has not been this extensive in years. Monetary policy is still very expansionary in all major economies though it is slowly being tightened. In the USA, the interest rate increases have continued and the European Central Bank (ECB) has started to taper its bond-buying program.

In the third quarter, political risks flared up again. During the autumn, North Korea carried out nuclear weapon tests, which was followed by a war of words between US President Donald Trump and North Korea's representatives. In comparison, the market reaction was, however, very mild. In Europe, the German federal elections, the referendum in Catalonia and the Brexit negotiations all raised uncertainty on the markets. On a global scale, political uncertainty has risen.

Despite this, the equity markets broke new records during the review period. US (S&P 500) equities' cumulative return was 1.0 percent, European (Stoxx 600) equities returned 2.8 percent and emerging market (MSCI EM) equities returned 4.4 percent. Apart from the North Korea crisis, equity market fluctuation has continued to be very low.

Globally, equity valuation levels are not especially high or low and are, instead, fairly well in line with their own historical valuation levels. The USA is an exception and, according to the Shiller CAPE valuation measure, very expensive. In Europe and the emerging markets, valuation levels are more moderate according to almost all indicators.

Equities are also moderately priced when compared with government bonds. In the review period, the bonds of companies with a higher credit rating on the fixed income market returned 1.1 percent and government bonds returned 0.6 percent. The euro strengthened 3.4 percent against the dollar.

## DEVELOPMENT OF REVENUE AND RESULT

### January-June

The Evli Group's net revenue grew by 14 percent during the review period and was EUR 50.4 million (EUR 44.1 million). The Group's net commission income was EUR 45.3 million (EUR 38.8 million). The increase in net revenue was positively effected especially by the considerable growth in recurring revenue. Investment activities through Evli's own balance sheet also produced higher returns than during the previous year.

Overall costs for January-September, including depreciation, amounted to EUR 35.6 million (EUR 36.3 million). The Group's personnel expenses totaled EUR 20.4 million (EUR 20.2 million) including estimated performance bonuses for the personnel. The Group's administrative expenses were EUR 11,0 million (EUR 10.9 million). The Group's depreciation, amortization and write-downs were EUR 1.7 million (EUR 2.6 million). Other operating expenses totaled EUR 2.6 million (EUR 2.6 million) during the period under review. Evli's expense/income ratio improved considerably on the previous year and was 0.71 (0.82).

The Group's operating profit for the review period increased by 90 percent on the corresponding level of the previous year to EUR 14.8 million (EUR 7.8 million). The operating margin was 29.3 percent (17.6 percent). The profit for the review period was EUR 11.8 million (EUR 7.9 million), which already exceeded the whole result for the previous financial year. The profit in the comparison period was positively affected by the exit fees (EUR 1.9 million) received by the associated company.

### **July-September**

The Evli Group's net revenue increased by 28 percent during the review period, to EUR 16.3 million (EUR 12.7 million). The Group's net commission income was EUR 14.7 million (EUR 11.6 million).

Overall costs for the third quarter, including depreciation, amounted to EUR 11.4 million (EUR 10.4 million). Costs in the review period were increased, among others, by performance bonuses paid to the personnel due to the good result.

The Group's third quarter operating profit more than doubled on the corresponding level of the previous year and was EUR 5.0 million (EUR 2.3 million). The operating margin was 30.4 percent (18.2%). The profit for the period was EUR 4.7 million (EUR 1.8 million).

### **Balance sheet and funding**

At the end of September, the Evli Group's balance sheet total was EUR 953.4 million (EUR 800.3 million). Due to daily changes in client activity, significant fluctuations in the size of the balance sheet total are possible from one quarter to the next. At the end of the review period, the Evli Group's equity was EUR 66.5 million (EUR 63.0 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 14.1 percent clearly exceeds the regulator's requirement of 10.5 percent including the extra capital requirement. The Group's own minimum target for capital adequacy is 13.0 percent. The profit for the ongoing financial year is not considered in the capital adequacy calculation during the financial year.

The Group's funding from the public and credit institutions increased by 26 percent compared with the previous year. The company's loan portfolio increased by 31 percent year on year to approximately EUR 87 million. The ratio of loans granted by the Group to Evli Bank Plc's deposits from the public was 19 percent. The Group's liquidity is very good, and Evli clearly meets the regulators' Liquidity Coverage Ratio (LCR) requirement.

Common equity tier 1 capital, M€	30.9.2017	30.9.2016
Share capital	30,2	30,2
Funds total	24,1	24,8
Minority interest	0,0	0,0
<i>Decreases:</i>		
Intangible assets	9,5	9,0
Other decreases	3,5	0,5
<b>Total common equity tier 1 capital</b>	<b>41,3</b>	<b>45,4</b>

Evli Bank has no tier 2 capital.

Minimum requirement of own funds, M€	30.9.2017	30.9.2017
Minimum capital adequacy requirement by asset group, standard credit risk method (€ million):	Min. requirement	Risk-weighted value
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	3,0	36,9
Investments in mutual funds	2,2	27,0
Claims secured with property	0,1	1,2
Claims from corporate customers	1,8	21,9
Items with high risk, as defined by the authorities	0,2	2,8
Other items	6,5	80,8
Minimum amount of own funds, market risk, € million	0,8	10,4
Minimum amount of own funds, operational risk, € million	9,0	112,9
<b>Total</b>	<b>23,5</b>	<b>293,9</b>

## BUSINESS AREAS

### Wealth Management and Investor Clients

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

#### *Wealth Management*

Sales of Evli's Wealth Management services were good during the review period. The number of clients grew in both traditional and digital asset management. The same was true in direct fund sales in Finland and internationally.

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



generation digital asset management service. In this service, the goal-oriented investment strategy of major international institutions is now also available to private investors for the first time in Finland as a fully digital product. Evli will continue to focus intensely on the development of new digital services.

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

#### *Investment products - mutual funds*

Within Evli's product selection, the fastest growth has been in fund sales. Evli accumulated the third largest amount of net subscriptions among fund management companies in Finland, with EUR 813 million (EUR 536 million) in total. According to the Mutual Fund Report carried out by Investment Research Finland, Evli Fund Management Company's market share increased by 0.8 percentage points on the previous year and was 6.5 percent at the end of September. At the end of September, Evli had 29 funds registered in Finland. The combined assets of the mutual funds managed by the company were EUR 7,485 million (EUR 5,933 million). Of this, EUR 2,509 million were invested in equity funds (EUR 1,838 million), EUR 4,915 million in fixed income funds (EUR 3,937 million) and EUR 61 million in balanced funds (EUR 59 million). Evli's clients invested the most new assets in the Evli Short Corporate Bond (EUR 375 million), the Evli Euro Liquidity (EUR 127 million) and the Evli Corporate Bond (EUR 114 million) funds.

One of Evli's strategic targets is to boost the international sales of its investment products. The company's funds are currently available to institutional clients in Italy, Spain, France and Latin America in addition to the domestic markets of Finland and Sweden. The intention is to extend the availability of products to new markets and to increase the efforts in international sales. The international interest in Evli's products has been good. The assets under management of clients outside of Finland grew from the start of the year by almost 37 percent to EUR 1.5 billion at the end of the review period.

Evli's fund expertise was recognized during the review period. Evli's global equity fund Evli Global received considerable recognition. The fund received awards for being the best globally investing equity fund from the Swedish publications *Fondmarknaden.se* and *Privata Affärer* and from *Morningstar* in Finland and Sweden.

The Evli Emerging Frontier Fund was ranked the best Nordic equity fund investing in Emerging Markets in the Lipper Fund Awards 2017. The fund was awarded the highest points for consistent results over a period of three years.

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



During the review period, Evli merged the Head Nordic Select Dividend fund with the Evli Nordic fund. The reasons for the merger were the decline in the number of clients in the merging fund and the combination of two Nordic equity funds to make one larger fund.

The strategy of the Evli Alpha Bond fund was refined in the third quarter and in conjunction with this its name was changed. The fund's new name is the Evli Nordic Corporate Bond fund.

#### *Investment products - others*

The customer activity for conventional equity brokerage in the Finnish market developed favorably during the review period. Cumulatively, the trading volume on Nasdaq Helsinki rose by 12 percent from the same period last year. Despite the pick-up in customer activity, gross commissions from equity brokerage declined by about 15 percent compared to the same period last year. By contrast, gross commissions received from brokerage of other investment products developed positively.

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

#### *Profit performance of the Wealth Management and Investor Clients segment*

<b>Wealth Management and Investor Clients in numbers</b>	<b>1-9/2017</b>	<b>1-9/2016</b>	<b>Change %</b>	<b>7-9/2017</b>	<b>7-9/2016</b>	<b>Change %</b>
Net revenue, M€	39,9	33,7	18 %	13,1	10,7	22 %
Operating profit/loss before Group allocations, M€	16,3	10,4	57 %	6,5	4,0	63 %
Operating profit / loss, M€	11,2	4,1	172 %	4,0	1,7	127 %
Personnel, at the end of period	172	168	2 %			
Market share (Evli Fund Company), %*	6,5	5,7				
Net subscriptions to own funds, M€**	813	536				

\*source: fund report by Finanssialan Keskusliitto ry

\*\*includes Evli Wealth Manager fund

#### *January-September*

The Wealth Management and Investor Clients segment performed well during the review period. Net revenue increased by 18 percent on the corresponding period of the previous year and was EUR 39.9 million (EUR 33.7 million). Revenue was boosted especially by an increase in fund management fees, which resulted from the growth of net assets under management. EUR 0.7 million in performance-based fees were received during the review period as a result of successful funds (EUR 0.1 million).

#### *July-September*

The net revenue of the Wealth Management and Investor Clients segment rose by 22 percent during the third quarter compared with the same period in 2016 and was EUR 13.1 million (EUR 10.7 million). The growth of assets under management had the greatest positive impact on the net revenue performance. No significant performance-based fees were received during the third quarter.

## Advisory and Corporate Clients

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

### *M&A transactions*

During the review period, Evli acted as the advisor in 16 transactions. The company has set the target of increasing its market share, particularly in public orders, and has launched measures to achieve this target. The focus has been particularly on smaller companies. During the year Evli has participated in six share and bond issues. In addition, activities outside of the Nordic countries have been concentrated through the global AICA network (Alliance of International Corporate Advisors). Through the network, Evli participated in one transaction. During the third quarter, Evli focused on preparing and marketing new transactions. As a result, the near-term outlook for operations is positive. The company's mandate base has remained strong.

During the review period, Evli acted as Lead Manager in several assignments, which included:

- Soundtrap's asset acquisition (Q3)
- PEQ Invest's sale of Feab Isolerproffs to Cremab (Q3)
- M-Brain's bond issue amounting to EUR 15 million (Q2)
- SSH Communications Security's directed share issue amounting to EUR 7 million (Q2)
- Digia's share issue with pre-emptive rights amounting to EUR 12 million (Q2)
- Nortal's bond issue amounting to EUR 15 million (Q2)
- Qt Group's rights issue amounting to EUR 15.3 million (Q2)
- Svenska Brandslangsfabriken AB's sale (Q1).

### *Incentive systems*

The positive form has continued and the previous quarter continued to be busy regarding the administration of share-based incentive systems. Following a clear annual cycle, after the summer companies have been preparing the coming year's incentive allocation and have issued new incentives, which can be seen particularly in the transaction invoicing, which has grown. Evli's business potential has remained stable as new listings have increased the number of companies listed on the stock exchange. At the end of September, Evli was responsible for the administration of the incentive systems for about 50 listed companies.

### *Investment research*

Evli's investment research reached its first year of operations during the third quarter. Almost without exception, clients have had a positive response to the unit's services and operations have developed as anticipated. During the first quarter, the company recruited three new analysts and started monitoring two new listed companies. During the second

quarter, the company started monitoring six new listed companies. During the third quarter, the company started monitoring another three new companies. At the end of the review period, Evli's research service had 16 companies as clients.

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

#### *Profit performance of the Advisory and Corporate Clients segment*

<i>Advisory and Corporate Clients in numbers</i>	<i>1-9/2017</i>	<i>1-9/2016</i>	<i>Change %</i>	<i>7-9/2017</i>	<i>7-9/2016</i>	<i>Change %</i>
Net revenue, M€	5,7	5,7	-1 %	1,9	1,1	75 %
Operating profit/loss before Group allocations, M€	1,1	0,9	29 %	0,6	-0,2	-
Operating profit / loss, M€	0,7	0,9	-21 %	0,3	-0,2	-
Personnel, at the end of period	37	35	6 %			

#### *January-September*

The net revenue of the Advisory and Corporate Clients segment was the same as in the corresponding period of the previous year EUR 5.7 million (EUR 5.7 million). The first half of the year was quieter in the M&A business, but client activity clearly increased during the third quarter. Significant fluctuations in revenue from one quarter to the next are typical of the segment's Corporate Finance activities.

#### *July-September*

The net revenue of the Advisory and Corporate Clients segment rose by 75 percent year on year and was EUR 1.9 million (EUR 1.1 million). The development of the results was positively affected by the invoicing of M&A mandates, which was higher than that of the comparison period.

### **Group Operations**

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

#### *Profit performance of the Group Operations segment*

<i>Group Operations in numbers</i>	<i>1-9/2017</i>	<i>1-9/2016</i>	<i>Change %</i>	<i>7-9/2017</i>	<i>7-9/2016</i>	<i>Change %</i>
Net revenue, M€	4,6	3,9	19 %	1,2	0,9	30 %
Operating profit/loss before Group allocations, M€	-2,7	-3,6	-	-0,9	-1,1	-13 %
Operating profit / loss, M€	2,9	2,6	11 %	0,7	0,7	4 %
Personnel, at the end of period	39	39	0 %			

*January–September*

The net income of Group Operations increased by 19 percent year on year and was EUR 4.6 million in total (EUR 3.9 million). The growth is based on a better return from the own investment portfolio than the previous year. The costs of Group Operations remained at the previous year’s level.

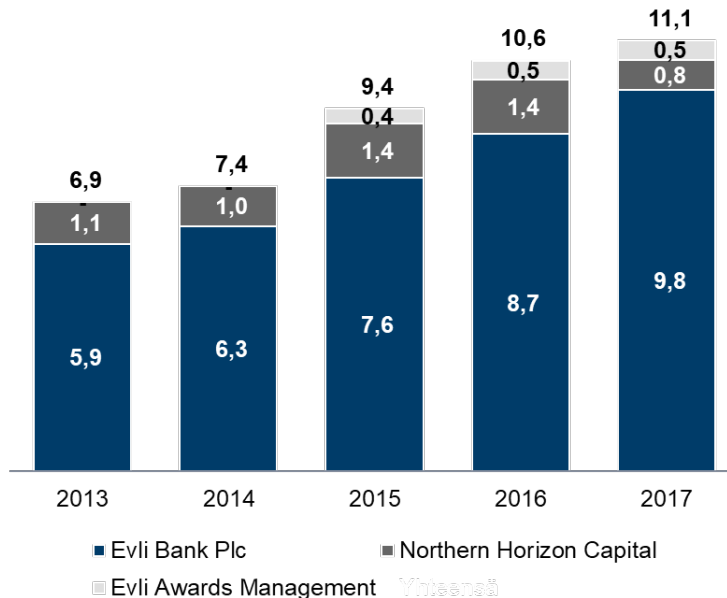
*July-September*

The net income of Group operations increased by 30 percent year on year and was EUR 1.2 million in total (EUR 0.9 million). The revenue performance was positively affected, in particular, by the development of the investment portfolio’s return.

**DEVELOPMNET OF CLIENT ASSETS UNDER MANAGEMENT**

There was positive development in assets under management during the review period, apart from the assets under management of the associated company Northern Horizon Capital (NHC), which declined towards the fall as a result of the realization of the target portfolio. The Group’s combined net assets under management at the end of the review period was EUR 11.1 billion (EUR 10.0 billion). When examining the assets under management of Evli’s asset management and funds, 16 percent of the assets are those of international investors. The negative development of NHC’s assets under management does not have a material impact on Evli’s result.

Client assets under management 2013–2017



## **PERSONNEL AND ORGANIZATION**

The group had 248 employees (242) at the end of September. The number of employees increased by two percent, from the comparison period. 92 percent of the personnel were employed in Finland and eight percent abroad.

## **CHANGES IN GROUP STRUCTURE**

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

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

During the review period, Evli sold 13.5 percent of its shares in Terra Nova Capital Advisor Ltd to an employee of the company. As a result of the procedure, Evli's stake in the company is now 55 percent.

## **EVLI'S SHARES AND SHARE CAPITAL**

At the end of September 2017, Evli Bank Plc's total number of shares was 23,320,420 shares, of which 15,766,440 were series A shares and 7,553,980 were series B shares. The company held 355,655 series A shares.

The company's share capital was EUR 30,194,097.31 at the end of the review period. No changes took place in the share capital.

Under Article 4 of its Articles of Association, the company converted 1,050,464 A shares into B shares on January 3, 2017. Public trading on the converted shares began at Nasdaq Helsinki Ltd on January 4, 2017.

In accordance with the shareholder agreement, the company acquired 5,333 of its own unlisted A shares on February 28, 2017 as a result of the termination of an employment relationship. The consideration paid in the transaction is, according to the terms and conditions of the shareholder agreement, 50 percent of the B share's closing price on Nasdaq Helsinki Ltd on February 27, 2017.

In accordance with the shareholder agreement, the company acquired 132,782 of its own unlisted A shares on March 8, 2017 as a result of the termination of an employment relationship. The consideration paid in the transaction is, according to the terms and conditions of the shareholder agreement, 50 percent of the B share's closing price on Nasdaq Helsinki Ltd on March 7, 2017.

Under Article 4 of its Articles of Association, the company converted 150,432 A shares into B shares on May 11, 2017. Public trading on the converted shares began at Nasdaq Helsinki Ltd on May 12, 2017.

Based on the stock options 2014 granted by the company's Board of Directors a total of 5,200 new A shares and 1,300 new B shares were subscribed to between March 28, 2017 and April 25, 2017. The shares subscribed to were registered in the Trade Register

on June 19, 2017. Public trading with the new B-shares began at Nasdaq Helsinki Ltd on June 20, 2017.

In accordance with the shareholder agreement, the company acquired 8,000 of its own unlisted A shares on September 6, 2017 as a result of the termination of an employment relationship. The consideration paid in the transaction is, according to the terms and conditions of the shareholder agreement, 50 percent of the B share's closing price on Nasdaq Helsinki Ltd on September 5, 2017.

### Trading on Nasdaq Helsinki

At the end of September, Evli had 7,553,980 series B shares subject to public trading on Nasdaq Helsinki Ltd. Trading in the shares in January-September came to EUR 10.9 million, with 1,592,350 Evli shares traded. The share price on September 30, 2017 was EUR 7.55. The highest share price during the review period was EUR 7.69 and the lowest was EUR 6.16. Evli's market capitalization was EUR 176.1 million on September 30, 2017. The market capitalization is calculated on the basis of both unlisted series A shares and listed series B shares. Series A shares are valued at the closing value of the series B share at the end of the reporting period.

### Shareholders

Evli's ten largest shareholders on September 30, 2017 are listed in the table below. The total number of shareholders at the end of the financial year was 2,576.

Shareholders	September 30, 2017	A Shares	B Shares	Shares total	% of all shares	% of votes
1. Oy Prandium Ab		3 803 280	950 820	4 754 100	20,39	23,85
2. Oy Scripo Ab		3 803 280	950 820	4 754 100	20,39	23,85
3. Oy Fincorp Ab		2 319 780	565 945	2 885 725	12,37	14,54
4. Ingman Group Oy Ab		1 860 000	500 000	2 360 000	10,12	11,68
5. Lehtimäki Maunu		433 728	108 432	542 160	2,32	2,72
6. Tallberg Claes		369 756	77 439	447 195	1,92	2,31
7. Hollfast John Erik		328 320	82 080	410 400	1,76	2,06
8. Evli Pankki Oyj		355 655	0	355 655	1,53	2,20
9. Moomin Characters Oy Ltd		0	249 627	249 627	1,07	0,08
10 Svenska Litteratursällskapet i Finland		0	220 336	220 336	0,94	0,07

### DECISIONS OF THE GENERAL MEETING OF SHAREHOLDERS

Evli Bank Plc's Annual General Meeting, held in Helsinki on Monday March 13, 2017, made a decision 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 0.40 per share in dividends. The dividend was paid to a shareholder who on the record date March 15, 2017

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 22, 2017.

### **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 2016 financial year.

### **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, Robert Ingman, Harri-Pekka Kaukonen, Johanna Lamminen, 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 Chairman of the Board and the Chairmen of the Committees is EUR 6,000.00 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 1,696,213 shares, and the total number of own series B shares to be repurchased may be a maximum of 635,178 shares. The proposed number of shares corresponds to a total of approximately 10 percent of the total number of the company's own shares on the date of the Notice of Annual General Meeting.

On the basis of the authorization, the company's own shares may only be repurchased with unrestricted equity. The company's own shares may be repurchased at the price formed for series B shares in public trading or at the price otherwise formed on the market on the purchase day. The Board of Directors will decide how the company's own shares will be repurchased. Financial instruments such as derivatives may be used in the purchasing. The company's own shares may be repurchased in other proportion than the shareholders' proportional shareholdings (private purchase). The authorization will replace earlier unused authorizations to repurchase the company's own shares. The authorization will be in force until the next Annual General Meeting but not later than until June 30, 2018.

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



Based on the authorization, the number of shares issued or transferred, including shares received on the basis of special rights, may total a maximum of 2,331,392 series B shares. The proposed number of shares corresponds to a total of approximately 10 percent of the total number of the company's own shares on the date of the Notice of Annual General Meeting. Of the above-mentioned total number, however, a maximum of 233,139 shares may be used as part of the company's share-based incentive schemes, which corresponds to approximately one percent of the total number of the company's own shares on the date of the Notice of Annual General Meeting. The authorization will entitle the Board of Directors to decide on all the terms and conditions related to the issuing of shares and special rights entitling to shares, including the right to deviate from the shareholders' pre-emptive subscription rights. The Board of Directors may decide to issue either new shares or any own shares in the possession of the company. The authorization will replace earlier unused authorizations concerning the issuance of shares as well as the issuance of options and other special rights entitling to shares. The authorization will be in force until the next Annual General Meeting but not later than until June 30, 2018.

## **BUSINESS ENVIRONMENT**

There were no significant changes in Evli's operating environment during the year. The prevailing environment is favorable for the growth of the company's traditional operations and the situation in the company's domestic market in Finland is fairly stable. The company made a decision to seek growth in international markets and through alternative investment products, and there is greater uncertainty in the success of these businesses. Going forward, the company is also aiming to gain profitability with improved scalability.

Evli has been able to establish its position among Finnish investors as a leading asset manager and one of the largest fund management businesses. As it has a good market share in Finland, seeking international growth was a natural choice and Evli has all the competitive factors to increase its international sales. However, considered from a Finnish perspective, the competitive field and market practices differ, which means expansion into new markets requires efforts in the areas of sales and administration. Nevertheless, this is one of the strategic areas of focus and its development will be closely monitored.

Another strategic focus area for the company is alternative investment products. Demand for this asset class has continued to grow for quite a while. In addition, several long-term trends, such as urbanization and increasing interest in alternative sources of energy support this development. From the investor's perspective, it is a challenge to create an investment instrument that is sufficiently certain and provides good returns in the long run. Up to now Evli has participated in the development of alternative investment products mainly through its associated company, Northern Horizon Capital. In these activities the clients focused on have mainly been international investors. Now, the company has also started the more extensive examination of a broader offering of alternative investment products for Finnish investors. Together with its international sales this will be a particular area of focus for Evli in the future.

As a part of the scalability of its operations, Evli has also worked very hard on the development of its digital services alongside traditional service models. An example of these new service models is Evli Digital, which offers a wider spectrum of investors an opportunity to achieve their financial goals in a systematic manner. Process automation, robotic process automation and artificial intelligence will in the future play an increasing everyday role in the investment services industry. Together, they also drive costs

structures down. Evli will continue to invest in improving its procedures to maintain its competitiveness.

## **RISK MANAGEMENT AND BUSINESS RISKS**

Evli's most significant near-term risk is the impact of market performance on the company's business functions. Securities market performance has a direct impact on the wealth management business, whose 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 risk. These risks are controlled with limits set by Evli Bank's Board of Directors. They are also 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 FINANCIAL PERIOD**

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

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

## **OUTLOOK FOR 2017 UPDATED**

The assets under management of Evli's Wealth Management and Investor Clients segment have grown significantly during the beginning of the year. As a result, the proportion of recurring revenue to operating expenses has exceeded the long-term target level of 100 percent. The risk related to the development of general equity and fixed income markets have increased with high valuation levels and a possible decline in exchange rates would negatively affect the development of the recurring revenues.

The performance of the Advisory and Corporate Clients segment has developed positively despite the lower level of activity in corporate advisory services. The return from investment activities through Evli's own balance sheet has also grown considerably on the previous year. In the advisory business and own investment activities, substantial fluctuations in annual returns are, however, possible.

As a consequence of the success in Wealth Management operations, it is very possible that performance-based fees will arise in the final quarter of the year. As a result of this and a successful first half and steady development in assets under management, we estimate that the result for 2017 will clearly exceed that of the previous year.

*Previously:*

*As a result of a successful first half and steady development in assets under management, we estimate that the result for 2017 will exceed that of the previous year.*

*Helsinki, October 26, 2017*

*Board of Directors*

**Additional information:**

Maunu Lehtimäki, CEO

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## EVLI BANK PLC

CONSOLIDATED INCOME STATEMENT, M€	7-9/2017	7-9/2016	1-9/2017	1-9/2016	1-12/2016
Net interest income	0,1	0,4	0,7	1,3	1,6
Commission income and expense, net	14,7	11,6	45,3	38,8	54,3
Net income from securities transactions and foreign exchange dealing	1,5	0,8	4,4	3,9	4,0
Other operating income	0,0	0,0	0,0	0,1	0,1
<b>NET REVENUE</b>	<b>16,3</b>	<b>12,7</b>	<b>50,4</b>	<b>44,1</b>	<b>60,0</b>
Administrative expenses					
Personnel expenses	-6,2	-5,7	-20,4	-20,2	-27,7
Other administrative expenses	-3,6	-3,2	-11,0	-10,9	-14,8
Depreciation, amortisation and write-down	-0,6	-0,7	-1,7	-2,6	-3,1
Other operating expenses	-1,0	-0,8	-2,6	-2,6	-3,3
Impairment losses on loans and other receivables	0,0	0,0	0,0	0,0	0,0
<b>NET OPERATING PROFIT / LOSS</b>	<b>5,0</b>	<b>2,3</b>	<b>14,8</b>	<b>7,8</b>	<b>11,1</b>
Share of profits (losses) of associates	0,3	-0,1	-0,5	1,7	1,1
Income taxes*	-0,5	-0,4	-2,5	-1,6	-2,4
<b>PROFIT / LOSS FOR FINANCIAL YEAR</b>	<b>4,7</b>	<b>1,8</b>	<b>11,8</b>	<b>7,9</b>	<b>9,7</b>
Attributable to					
Non-controlling interest	0,4	0,1	0,3	0,1	0,2
Equity holders of parent company	4,3	1,7	11,6	7,7	9,6
<b>PROFIT / LOSS FOR FINANCIAL YEAR</b>	<b>4,7</b>	<b>1,8</b>	<b>11,8</b>	<b>7,9</b>	<b>9,7</b>

## INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY:

Items, that will not be reclassified to profit or loss	0,0	0,0	0,0	0,0	0,0
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	0,0	0,0	0,2	0,1	0,1
<b>PROFIT / LOSS FOR FINANCIAL YEAR</b>	<b>0,0</b>	<b>0,0</b>	<b>0,2</b>	<b>0,1</b>	<b>0,1</b>
Income and expenses recognised directly in equity after taxes	0,0	0,0	0,2	0,1	0,1
<b>TOTAL RECOGNISED INCOME AND EXPENSES FOR THE PERIOD</b>	<b>4,8</b>	<b>1,8</b>	<b>12,1</b>	<b>8,0</b>	<b>9,8</b>
Attributable to					
Non-controlling interest	0,4	0,1	0,3	0,1	0,2
Equity holders of parent company	4,3	1,8	11,8	7,9	9,6

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

CONSOLIDATED INCOME STATEMENT, M€	7-9/2017	4-6/2017	1-3/2017	10-12/2016	7-9/2016
Net interest income	0,1	0,3	0,3	0,3	0,4
Commission income and expense, net	14,7	16,4	14,1	15,5	11,6
Net income from securities transactions and foreign exchange dealing	1,5	1,2	1,7	0,1	0,8
Other operating income	0,0	0,0	0,0	0,0	0,0
<b>NET REVENUE</b>	<b>16,3</b>	<b>17,9</b>	<b>16,1</b>	<b>15,9</b>	<b>12,7</b>
Administrative expenses					
Personnel expenses	-6,2	-7,3	-6,9	-7,5	-5,7
Other administrative expenses	-3,6	-4,0	-3,4	-3,8	-3,2
Depreciation, amortisation and write-down	-0,6	-0,6	-0,6	-0,6	-0,7
Other operating expenses	-1,0	-0,8	-0,7	-0,7	-0,8
Impairment losses on loans and other receivables	0,0	0,0	0,0	0,0	0,0
<b>NET OPERATING PROFIT / LOSS</b>	<b>5,0</b>	<b>5,2</b>	<b>4,6</b>	<b>3,3</b>	<b>2,3</b>
Share of profits (losses) of associates	0,3	-0,4	-0,3	-0,6	-0,1
Income taxes*	-0,5	-1,1	-0,9	-0,9	-0,4
<b>PROFIT / LOSS FOR FINANCIAL YEAR</b>	<b>4,7</b>	<b>3,8</b>	<b>3,3</b>	<b>1,8</b>	<b>1,8</b>
Attributable to					
Non-controlling interest	0,4	-0,1	-0,1	0,0	0,1
Equity holders of parent company	4,3	3,8	3,4	1,8	1,7
<b>PROFIT / LOSS FOR FINANCIAL YEAR</b>	<b>4,7</b>	<b>3,8</b>	<b>3,3</b>	<b>1,8</b>	<b>1,8</b>
<b>INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY:</b>					
Items, that will not be reclassified to profit or loss	0,0	0,0	0,0	0,0	0,0
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	0,0	0,1	0,2	0,0	0,0
<b>PROFIT / LOSS FOR FINANCIAL YEAR</b>	<b>0,0</b>	<b>0,1</b>	<b>0,2</b>	<b>0,0</b>	<b>0,0</b>
Income and expenses recognised directly in equity after taxes	0,0	0,1	0,2	0,0	0,0
<b>TOTAL RECOGNISED INCOME AND EXPENSES FOR THE PERIOD</b>	<b>4,8</b>	<b>3,8</b>	<b>3,5</b>	<b>1,8</b>	<b>1,8</b>
Attributable to					
Non-controlling interest	0,4	-0,1	-0,1	0,0	0,1
Equity holders of parent company	4,3	3,9	3,6	1,8	1,8

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

CONSOLIDATED BALANCE SHEET, M€	30.9.2017	30.9.2016	31.12.2016
<b>ASSETS</b>			
Liquid assets	127,8	144,7	203,1
Debt securities eligible for refinancing with central banks	36,3	56,4	39,1
Claims on credit institutions	67,1	82,0	66,0
Claims on the public and public sector entities	87,2	66,6	70,4
Debt securities	302,0	161,8	183,9
Shares and participations	54,3	57,2	65,8
Participating interests	2,6	3,6	3,0
Derivative contracts	24,8	25,2	26,9
Intangible assets	9,8	9,6	9,9
Property, plant and equipment	1,9	1,9	1,9
Other assets	232,5	185,7	80,8
Accrued income and prepayments	5,7	5,0	3,6
Deferred tax assets	1,4	0,7	0,4
<b>TOTAL ASSETS</b>	<b>953,4</b>	<b>800,3</b>	<b>755,0</b>

CONSOLIDATED BALANCE SHEET, M€	30.9.2017	30.9.2016	31.12.2016
<b>LIABILITIES</b>			
Liabilities to credit institutions and central banks	17,9	7,3	5,5
Liabilities to the public and public sector entities	465,0	417,7	445,0
Debt securities issued to the public	92,6	32,1	46,1
Derivative contracts and other trading liabilities	36,8	54,1	41,0
Other liabilities	257,4	212,4	136,4
Accrued expenses and deferred income	16,9	13,2	15,3
Deferred tax liabilities	0,3	0,5	0,5
	<b>886,9</b>	<b>737,3</b>	<b>689,7</b>
Equity to holders of parent company	65,9	62,7	64,9
Non-controlling interest in capital	0,6	0,3	0,4
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>953,4</b>	<b>800,3</b>	<b>755,0</b>

EQUITY CAPITAL, M€										
		Share capital	Share premium fund	Reserve for invested unrestricted equity	Other reserves	Translation difference	Retained earnings	Total	Non-controlling interest	Total Equity
Equity capital	31.12.2015	30,2	1,8	24,2	0,2	-0,3	12,9	69,0	1,2	70,2
Translation difference						0,0		0,0		0,0
Profit/loss for the period							7,7	7,7	0,1	7,9
Dividends							-7,6	-7,6	-0,7	-8,3
Acquisition of own shares				-0,7				-0,7		-0,7
Acquisition of non-controlling interest				-6,2				-6,2		-6,2
Other changes				0,4	-0,1		0,2	0,4	-0,4	0,1
Transfer between items				0,7			-0,7	0,0		0,0
Equity capital	30.9.2016	30,2	1,8	18,3	0,1	-0,2	12,5	62,7	0,3	63,0
Translation difference						0,0		0,0		0,0
Profit/loss for the period							1,8	1,8	0,2	2,0
Dividends							0,0	0,0	0,0	0,0
Acquisition of non-controlling interest				0,0				0,0		0,0
Acquisition of own shares				0,0				0,0		0,0
Other changes				0,0			0,4	0,4	0,0	0,4
Transfer between items				0,0			0,0	0,0		0,0
Equity capital	31.12.2016	30,2	1,8	18,4	0,1	-0,2	14,6	64,9	0,4	65,3
Translation difference						0,0		0,0		0,0
Profit/loss for the period							11,6	11,6	0,3	11,8
Dividends							-9,4	-9,4	-0,3	-9,6
Share options exercised				0,0				0,0		0,0
Acquisition of own shares				-0,5				-0,5		-0,5
Acquisition of non-controlling interest				-0,5				-0,5		-0,5
Other changes				0,0	0,0		-0,1	-0,1	0,2	0,1
Equity capital	30.9.2017	30,2	1,8	17,3	0,1	-0,2	16,7	65,9	0,6	66,5



2017	Wealth Management and Investor Clients	Advisory and Corporate Clients	Group Operations	Unallocated	Group
SEGMENT INCOME STATEMENT, M€	1-9/ 2017	1-9/ 2017	1-9/ 2017	1-9/ 2017	1-9/ 2017
<b>REVENUE</b>					
net interest	0,0	0,0	0,6	0,0	0,7
net commissions	39,6	5,7	-0,1	0,1	45,3
trading and FX result	0,2	0,0	4,0	0,2	4,4
other operative income	0,0	0,0	0,0	0,0	0,0
External sales	39,9	5,7	4,5	0,3	50,4
Inter-segment sales	0,0	0,0	0,1	0,0	0,0
<b>Total revenue</b>	<b>39,9</b>	<b>5,7</b>	<b>4,6</b>	<b>0,3</b>	<b>50,4</b>
<b>RESULT</b>					
Segment operating expenses	-22,7	-4,2	-7,0	0,0	-33,9
<b>Business units operating profit before depreciations and Group allocations</b>	<b>17,2</b>	<b>1,5</b>	<b>-2,4</b>	<b>0,3</b>	<b>16,5</b>
depreciations	-0,8	-0,3	-0,3	-0,3	-1,7
<b>Business units operating profit before Group allocations</b>	<b>16,3</b>	<b>1,1</b>	<b>-2,7</b>	<b>0,0</b>	<b>14,8</b>
Allocated corporate expenses	-5,1	-0,5	5,6	0,0	0,0
<b>Operating profit including Group allocations</b>	<b>11,2</b>	<b>0,6</b>	<b>2,9</b>	<b>0,0</b>	<b>14,8</b>
Share of profits (losses) of associates				-0,5	-0,5
Income taxes				-2,5	-2,5
<b>Segment profit/loss after taxes</b>	<b>11,2</b>	<b>0,6</b>	<b>2,9</b>	<b>-2,9</b>	<b>11,8</b>

2016	Wealth Management and Investor Clients	Advisory and Corporate Clients	Group Operations	Unallocated	Group
SEGMENT INCOME STATEMENT, M€	1-9/ 2016	1-9/ 2016	1-9/ 2016	1-9/ 2016	1-9/ 2016
<b>REVENUE</b>					
net interest	0,0	0,0	1,3	0,0	1,3
net commissions	33,2	5,7	-0,1	0,0	38,8
trading and FX result	0,5	0,0	2,5	0,8	3,9
other operative income	0,0	0,0	0,1	0,0	0,1
External sales	33,8	5,8	3,8	0,8	44,1
Inter-segment sales	-0,1	0,0	0,1	0,0	0,0
<b>Total revenue</b>	<b>33,7</b>	<b>5,7</b>	<b>3,9</b>	<b>0,8</b>	<b>44,1</b>
<b>RESULT</b>					
Segment operating expenses	-22,1	-4,4	-6,9	-0,4	-33,7
<b>Business units operating profit before depreciations and Group allocations</b>	<b>11,7</b>	<b>1,3</b>	<b>-3,0</b>	<b>0,4</b>	<b>10,3</b>
depreciations	-1,3	-0,5	-0,6	-0,2	-2,6
<b>Business units operating profit before Group allocations</b>	<b>10,4</b>	<b>0,9</b>	<b>-3,6</b>	<b>0,1</b>	<b>7,8</b>
Allocated corporate expenses	-6,3	0,0	6,3	0,0	0,0

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

<b>CASH FLOW STATEMENT, M€</b>	<b>1-9/ 2017</b>	<b>1-9/ 2016</b>	<b>1-12/ 2016</b>
<b>Cash flows from operating activities</b>			
Interest and commission received	48,5	57,9	57,1
Open trades, net	-25,0	-4,0	31,7
Interest and commissions paid	-2,6	-2,4	-3,3
Cash payments to employees and suppliers	-40,1	-40,0	-45,1
Increase(-) or decrease(+) in operating assets:			
Net change in trading book assets and liabilities	-104,5	-51,6	-84,1
Deposits held for regulatory or monetary control purposes	-23,0	-0,1	1,6
Funds advanced to customers	18,0	41,7	75,9
Issue of loan capital	46,5	-3,6	10,4
Net cash from operating activities before income taxes	-82,3	-2,2	44,1
Income taxes	-3,3	-2,6	-3,6
<i>Net cash used in operating activities</i>	-85,6	-4,8	41,8
<b>Cash flows from investing activities</b>			
Proceeds from sales of subsidiaries and associates	-0,5	-6,4	-7,2
Acquisition of property, plant and equipment and intangible assets	-1,1	-1,1	-1,5
<i>Net cash used in investing activities</i>	-1,6	-7,6	-8,7
<b>Cash flows from financing activities</b>			
Purchase of own shares	-0,5	-0,7	-0,7
Payment of finance lease liabilities	-0,1	0,0	0,0
Dividends paid	-9,4	-7,6	-7,6
<i>Net cash from financing activities</i>	-10,0	-8,3	-8,4
Net increase / decrease in cash and cash equivalents	-97,2	-20,7	23,4
Cash and cash equivalents at beginning of period	228,3	205,0	205,0
Valuuttakurssien muutosten vaikutus rahavaroihin	0,0	0,1	0,1
<b>Cash and cash equivalents at end of period</b>	<b>131,1</b>	<b>184,2</b>	<b>228,3</b>

KEY FIGURES DESCRIBING THE FINANCIAL PERFORMANCE OF THE GROUP	1-9/2017	1-9/2016	1-12/2016
Net revenue, M€	50,4	44,1	60,0
Operating profit / loss, M€	14,8	7,8	11,1
% of net revenue	29,3	17,6	18,5
Profit / Loss for financial year, M€	11,8	7,9	9,7
% of net revenue	23,5	17,9	16,2
Expense ratio (operating costs to net revenue)	0,71	0,82	0,82
Earnings/share (EPS)	0,51	0,34	0,42
Diluted earnings/share IFRS	0,49	0,33	0,40
Return on equity % (ROE) *	23,9	15,8	14,3
Return on assets % (ROA) *	1,85	1,46	1,40
Equity/total assets ratio %	7,0	7,9	8,6
Dividend/share**			0,40
Personnel in end of period	248	242	244

\*annualized

\*\*Dividend from 2016 approved by the Annual General Meeting. The dividend was paid on March 22, 2017.

Evli Group's capital adequacy	30.9.2017	30.9.2016	31.12.2016
Own assets (common equity Tier 1 capital), M€	41,3	45,4	45,7
Risk-weighted items total for market- and credit risks, M€	181,0	174,0	184,8
Capital adequacy ratio, %	14,1	16,0	15,3
Evli Bank Plc:s adequacy ratio, %	19,1	21,6	20,7
Own funds surplus M€	17,8	22,6	21,8
Own funds in relation to the minimum capital requirement	1,8	2,0	1,9
Own funds surplus M€ including additional capital requirement	10,5	15,5	14,4

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 / Total assets ratio, %	$= \frac{\text{Equity capital}}{\text{Total assets}} \times 100$
Expense ratio as earnings to operating costs	$= \frac{\text{Administrative expenses + depreciation and impairment charges+ other operating expenses}}{\text{Net interest income + net commission income + net income from securities transactions and foreign exchange dealing + other operating income}} \times 100$
Earnings/share	$= \frac{\text{Total recognised income and expenses for the period without the share of the non-controlling interest}}{\text{Shares outstanding}}$
Shareholders' equity per share	$= \frac{\text{Equity to holders of parent company}}{\text{Shares outstanding}}$

NOTES TO BALANCE SHEET, M€	30.9.2017	30.9.2016	31.12.2016
<b>Equity and debt securities</b>			
Equity securities are presented in the Statement of Changes in Equity			
Debt securities issued to the public			
Certificates of Deposits and commercial papers	32,5	0,0	10,0
Bonds	60,1	32,1	36,1
Debt securities issued to the public	92,6	32,1	46,1

Breakdown by maturity	less than 3			
	months	3-12 months	1-5 years	5-10 years
Debt securities issued to the public	0,0	0,0	0,0	0,0

Changes in bonds issued to the public	30.9.2017	30.9.2016	31.12.2016
Issues	29,5	0,8	7,2
Repurchases	6,3	3,1	8,2
<b>Off-balance sheet commitments</b>			
Commitments given to a third party on behalf of a customer	6,5	3,1	4,6
Irrevocable commitments given in favour of a customer	0,2	0,2	0,2
Guarantees on behalf of others	0,5	0,5	0,5
Unused credit facilities	3,1	2,0	2,3

Transactions with related parties	1-9/2017	
	Associated companies	Group management
Sales	0,0	0,0
Purchases	0,0	0,0
Receivables	0,0	0,1
Liabilities	0,0	0,1

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, M€**

Fair value, M€	Level1	Level2	Level3	Total
Financial assets:	2017	2017	2017	
Shares and participations classified as held for trading	18,1	0,0	1,3	19,4
Shares and participations, other	30,1	0,0	4,8	34,9
Debt securities eligible for refinancing with central banks	36,3	0,0	0,0	36,3
Debt securities	11,3	288,0	2,7	302,0
Positive market values from derivatives	4,1	18,7	2,0	24,8
<b>Total financial assets held at fair value</b>	<b>99,9</b>	<b>306,7</b>	<b>10,9</b>	<b>417,5</b>
<b>Financial liabilities:</b>				
Shares and participations classified as held for trading	12,0	0,0	1,2	13,2
Negative market values from derivatives	2,8	18,8	2,0	23,5
<b>Total financial liabilities held at fair value</b>	<b>14,7</b>	<b>18,8</b>	<b>3,3</b>	<b>36,8</b>

**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.

There are 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 received directly from the arranger of the issue.

Derivative contracts				
Overall effect of risks associated with derivative contracts				2017
Nominal value of underlying , gross	Remaining maturity			Fair value (+/-)
	Less than 1 year	1-5 years	5-15 years	
<b>Held for trading</b>				
Interest rate derivatives				
Interest rate swaps	0,0	21,8	0,0	0,0
Currency-linked derivatives	3 767,9	0,0	0,0	0,0
Equity-linked derivatives				
Futures	13,6	0,0	0,0	0,7
Options bought	57,0	78,5	0,0	3,3
Options sold	71,8	78,7	0,0	-2,7
Other derivatives				
Held for trading, total	3 910,2	179,0	0,0	1,3
Derivative contracts, total	3 910,2	179,0	0,0	1,3

Equity derivatives held for trading, and other liabilities held for trading hedge the equity delta risk for shares and participations in the trading book.

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.

## ACCOUNTING POLICIES

The Interim Report complies with IAS 34, Interim Reports, as approved by the EU. The accounting policies applied to the financial statements are detailed in the financial statements for 2016. The accounting policies applied for recognising items in the Interim Report are unchanged comparison with the 2016 Annual Report.

Evi Bank Plc applies the standards IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities since 1.1.2014. The amended standards are not expected to have an impact on Evi's consolidated financial statements.

The figures are unaudited.