

**EVLI**

**2017**

**EVLI BANK PLC'S HALF YEAR FINANCIAL REPORT  
JANUARY-JUNE 2017**

## **EVLI BANK PLC'S HALF YEAR FINANCIAL REPORT JANUARY-JUNE 2017:**

### **The operating profit almost doubled during the review period**

- The operating profit increased in the Wealth Management and Investor Clients segment as a result of the growth in assets under management
- The Advisory and Corporate Clients segment's operating profit was lower than the previous year. Investment research and the management of incentive programs developed positively, but commission income from Corporate Finance activities developed slower than expected.
- The income from trading activities increased from the comparison period in the Group Operations segment.

### **January–June 2017**

- The Group's net revenue was EUR 34.1 million (1-6/2016: EUR 31.4 million)
- The Group's operating profit was EUR 9.8 million (EUR 5.5 million)
- Evli's diluted earnings per share were EUR 0.31 (EUR 0.25) and the annualized return on equity was 22.3 percent (18.5%)
- Net assets under management grew year on year and totaled a record EUR 11.8 billion (EUR 9.4 billion) at the end of June.
- The proportion of recurring revenue to operating costs improved to 110 percent (86%) as a result of increased revenue and lower costs

### **April-June 2017**

- The Group's net revenue was EUR 17.9 million (EUR 15.9 million).
- The Group's operating profit for the review period more than doubled to EUR 5.2 million (EUR 2.4 million).
- Earnings per share amounted to EUR 0.16 (EUR 0.08).

### **Outlook for 2017 updated**

The assets under management of Evli's Wealth Management and Investor Clients business area grew significantly during the first half of the year. As a result, the proportion of recurring revenue to operating expenses is expected to exceed 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 business area 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 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.

Previous guidance:

We estimate that the result for 2017 will be clearly positive.

KEY FIGURES	4-6/ 2017	4-6/ 2016	1-6/ 2017	1-6/ 2016	1-12/ 2016
Sales, M€	18,2	16,5	34,8	32,5	62,1
Net revenue, M€	17,9	15,9	34,1	31,4	60,0
Operating profit / loss, M€	5,2	2,4	9,8	5,5	11,1
Profit / Loss for financial year, M€	3,8	1,8	7,1	6,1	9,7
Operating profit / loss % of net revenue	29,2 %	14,9 %	28,8 %	17,4 %	18,5 %
Earnings/share (EPS)	0,17	0,08	0,32	0,26	0,42
Diluted earnings/share IFRS	0,16	0,08	0,31	0,25	0,40
Return on equity % (ROE)*	-	-	22,3	18,5	14,3
Recurring revenue ratio	-	-	110 %	86 %	94 %
Dividend/share**	-	-	-	-	0,40
Shareholders' equity per share	-	-	2,69	2,63	2,81
Market value	-	-	160,91	154,57	157,37
Share price in end of period	-	-	6,90	6,63	6,75
Personnel in end of period	-	-	254	247	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 continued to grow during the second quarter. Our revenue grew 13 percent and our operating profit doubled compared to the previous year. The operating result also improved considerably on the previous year.

Growth was accelerated by an increase in the income of the Wealth Management and Investor Clients segment, which was almost 30 percent higher year on year. The increase in income is mainly a result of the growth in client assets under management. The client assets under management reached a record EUR 11.8 billion during the review period. Net subscriptions to Evli's funds were over EUR 800 million during the first half-year. Evli Fund Management Company's market share increased to 6.6% of fund capital registered in Finland, which makes Evli Fund Management Company the fourth largest fund management company in Finland. One of our strategic focus areas is to increase international fund sales. During the first six months of 2017, there was a positive trend in our international sales and the share of foreign investors increased to almost 20 percent of Evli's fund capital. In addition to the growth in international fund sales, the sales of Evli's private asset management services (institutional and Private Banking clients) continued to be favorable, and client numbers as well as client assets under management continued to grow during the second quarter.

The Advisory and Corporate Clients segment's result was weakened by the fact that the Corporate Finance unit's commission income accumulated more slowly than in the previous year. The income declined 20 percent and the operating result was clearly lower than that of the previous year. The project-based nature of operations means that even large fluctuations from one quarter to the next are typical for the Corporate Finance business. There was positive development in the unit's mandate base, which provides a good starting point for the coming quarters. The administration of incentive programs continued its steady performance. The sale of research services to listed companies, which was launched last year, has started well and we have already signed over a dozen research service agreements.

In the Group Operations, the development also continued to be positive as the yield on the portfolio exceeded the revenue of the corresponding period last year and costs continued to decrease.

We have improved our estimate for our full-year result and we anticipate that it will exceed the level 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.

### **Evli Bank Plc**

*Evli Bank Plc is a Finnish bank specializing in investment. Evli's clients are present and future high net worth private individuals, companies, and institutions including insurance companies, pension funds, organizations and municipal authorities.*

*Evli offers asset management services, various services related to the capital markets, alternative investment products, investment research, advisory services related to mergers and acquisitions as well as administration of incentive programs. The company also offers a comprehensive selection of funds, and banking services that support clients' investment activities.*

*Evli has a total of EUR 11.8 billion in client assets under management (net 6/2017). The Evli Group's equity capital totals EUR 61.8 million and its BIS capital adequacy ratio is 14.0 percent (June 30, 2017). The company has more than 200 employees. Evli Bank Plc's B shares are listed on Nasdaq Helsinki Ltd.*

## MARKET PERFORMANCE

Market performance was positive during the first half of 2017. Global economic growth accelerated due to the recovery of economic growth in Europe and the emerging economies, among other things. The last time economic growth was this extensive was before the 2011 European debt crisis. However, the variables predicting economic growth have slowed as summer has progressed, which means that the acceleration of economic growth has ended for the time being. Economic policy, particularly in the area of monetary policy, is still very expansionary, though stimulus amounts have been reduced. The Federal Reserve raised its interest rate twice during the first half of the year. The markets expect the interest rate hikes to continue in September and the Fed is also expected to start reducing its balance sheet. The European Central Bank (ECB) is expected to continue tapering its securities purchase program.

Political risk materialized last year after the US presidential election and Brexit. Many analysts predicted that political risk would transfer to Europe this year with the numerous elections. This did not happen, however. In the Dutch and French elections, there was considerably lower support for the populist parties than expected, and the Italian election was deferred until 2018.

When considering the equity markets, in particular, the global trend has been positive across the board during the review period. US (S&P 500) equities rose 8.2 percent, European (Stoxx 600) equities rose 5.0 percent and emerging market (MSCI EM) equities rose correspondingly by 8.3 percent. A special feature of the markets was the historically low level of volatility, the key barometer of risk. Volatility was low on the equity and the fixed income markets. Company revenues and results have shot up during the year and analysts have rapidly raised their earnings estimates. In the USA, valuation levels are high on many indicators, but in Europe and the emerging markets, valuation levels are more moderate. On the fixed income markets, corporate bonds with a higher credit rating rose 0.6 percent and government bonds returned -1.1 percent. During the first half-year, the euro strengthened by 8.6 percent against the dollar.

## REVENUE AND RESULT

### January–June

The Evli Group's net revenue increased by nine percent during the review period and was EUR 34.1 million (EUR 31.4 million). The Group's net commission income was EUR 30.6 million (EUR 27.2 million). The increase in net revenue was mainly a result of the growth in recurring revenue. There was a positive trend in fund management and asset management fees and in returns from the administration of incentive programs. Investment activities through Evli's own balance sheet also produced higher returns than during the previous year. In contrast, the fees for advisory services related to mergers and acquisitions fell short of the corresponding level of the previous year.

Overall costs for January–June, including depreciation, amounted to EUR 24.3 million (EUR 25.9 million). The Group's personnel expenses totaled EUR 14.2 million (EUR 14.5 million) including estimated performance bonuses for the personnel. The Group's administrative expenses were EUR 7.4 million (EUR 7.8 million). The Group's depreciation, amortization and write-downs were EUR 1.1 million (EUR 1.8 million). Other operating expenses totaled EUR 1.5 million (EUR 1.7 million) during the period under

review. Evli's expense/income ratio improved considerably on the previous year and was 0.71 (0.83).

The Group's operating profit for the review period increased by 79 percent on the corresponding level of the previous year to EUR 9.8 million (EUR 5.5 million). The operating margin was 28.8 percent (17.4 percent). The profit for the review period was EUR 7.1 million (EUR 6.1 million). The profit in the comparison period was positively affected by the exit fees (EUR 1.9 million) received by the associated company.

### **April-June**

The Evli Group's net revenue increased by 13 percent during the review period, to EUR 17.9 million (EUR 15.9 million). The Group's net commission income was EUR 16.4 million (EUR 13.7 million).

Overall costs for the second quarter, including depreciation, amounted to EUR 12.7 million (EUR 13.5 million). The costs in the comparison period were subject to a non-recurring expense of EUR 0.2 million and a EUR 0.2 million goodwill write-down.

The Group's second-quarter operating profit more than doubled on the corresponding level of the previous year and was EUR 5.2 million (EUR 2.4 million). The operating margin was 29.2 percent (14.9%). The profit for the period was EUR 3.8 million (EUR 1.8 million).

### **Balance sheet and funding**

At the end of June, the Evli Group's balance sheet total was EUR 1,102.7 million (EUR 1,094.3 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 61.8 million (EUR 61.4 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 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 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 11 percent compared with the previous year. The company's loan portfolio increased by 29 percent year on year to approximately EUR 83 million. The ratio of loans granted by the Group to Evli Bank Plc's deposits from the public was 13 percent. The Group's liquidity is very good, and Evli clearly meets the regulators' Liquidity Coverage Ratio (LCR) requirement.

<b>Common equity tier 1 capital, M€</b>	<b>30.6.2017</b>	<b>30.6.2016</b>
Share capital	30,2	30,2
Funds total	24,3	24,5
Minority interest	0,0	0,0
<i>Decreases:</i>		
Intangible assets	9,5	8,9
Other decreases	3,6	0,0
<b>Total common equity tier 1 capital</b>	<b>41,5</b>	<b>45,8</b>

Evli Bank has no tier 2 capital.

<b>Minimum requirement of own funds, M€</b>	<b>30.6.2017</b>	<b>30.6.2017</b>
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	37,0
Investments in mutual funds	1,7	21,6
Claims secured with property	0,1	1,2
Claims from corporate customers	2,0	24,9
Items with high risk, as defined by the authorities	0,3	4,0
Other items	6,4	79,4
Minimum amount of own funds, market risk, € million	1,3	15,9
Minimum amount of own funds, operational risk, € million	9,0	112,9
<b>Total</b>	<b>23,8</b>	<b>296,9</b>

## **BUSINESS AREAS**

### **Wealth Management and Investor Clients**

The Wealth Management and Investor Clients business area 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 unit also includes operations and execution activities that directly support these core activities.

#### *Wealth Management*

The sales of Evli's Wealth Management services developed as planned during the first half of the year. The company was able to increase its assets under management and the number of its clients. During the review period Evli received recognition for its digital services when the digital experience of Evli's private clients was awarded for being the best in Finland. The survey was carried out by Euromoney, one of the world's most respected financial industry magazines.

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*

The performance of fund sales was clearly positive during the first half of the year. Evli accumulated the third largest amount of net subscriptions to fund management companies in Finland, with EUR 820 million (EUR 476 million) in total, of which almost EUR 300 million came from sales outside of Finland. According to the Mutual Fund Report carried out by Investment Research Finland, Evli Fund Management Company’s market share increased by 0.9 percentage points on the previous year and was 6.6 percent at the end of June. At the end of June, Evli had 27 funds registered in Finland. The combined assets of the mutual funds managed by the company were EUR 7,422 million (EUR 5,576 million). Of which EUR 2,369 million were invested in equity funds (EUR 1,607 million), EUR 4,992 million in fixed income funds (EUR 3,909 million) and EUR 61 million in mixed mutual funds (EUR 60 million). Evli’s clients invested the most new assets in the Evli Euro Liquidity (EUR 303 million), Evli Short Corporate Bond (EUR 289 million) and Evli Europe (EUR 104 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 and France in addition to the domestic markets of Finland and Sweden. The intention is to extend the availability of products to new markets before the end of this year. During the first half-year, the international sale of funds developed positively.

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 3 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.

*Investment products – others*

The customer activity for conventional equity brokerage in the Finnish market rose after the modest first quarter. Cumulatively, the trading volume on Nasdaq Helsinki rose by five percent from the same period last year. Despite the pick-up in customer activity, gross



commissions from equity brokerage declined by about 20 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. During the review period, one tied agent contract was terminated. At the end of June, Evli had six tied agents specializing in sales. The business has developed as planned.

*Profit performance of the Wealth Management and Investor Clients business area.*

<b>Wealth Management and Investor Clients in</b>	<b>1-6/2017</b>	<b>1-6/2016</b>	<b>Change %</b>	<b>4-6/2017</b>	<b>4-6/2016</b>	<b>Change %</b>
Net revenue, M€	26,8	23,0	16 %	14,5	11,2	29 %
Operating profit/loss before Group allocations, M€	10,7	6,8	58 %	6,9	3,6	90 %
Operating profit / loss, M€	7,3	2,4	205 %	4,4	0,9	380 %
Personnel, at the end of period	170	162	5 %			
Market share (Evli Fund Company), %*	6,6	5,7				
Net subscriptions to own funds, M€**	823	476				

\*source: fund report by Finanssialan Keskusliitto ry

\*\*includes Evli Wealth Manager fund

*January–June*

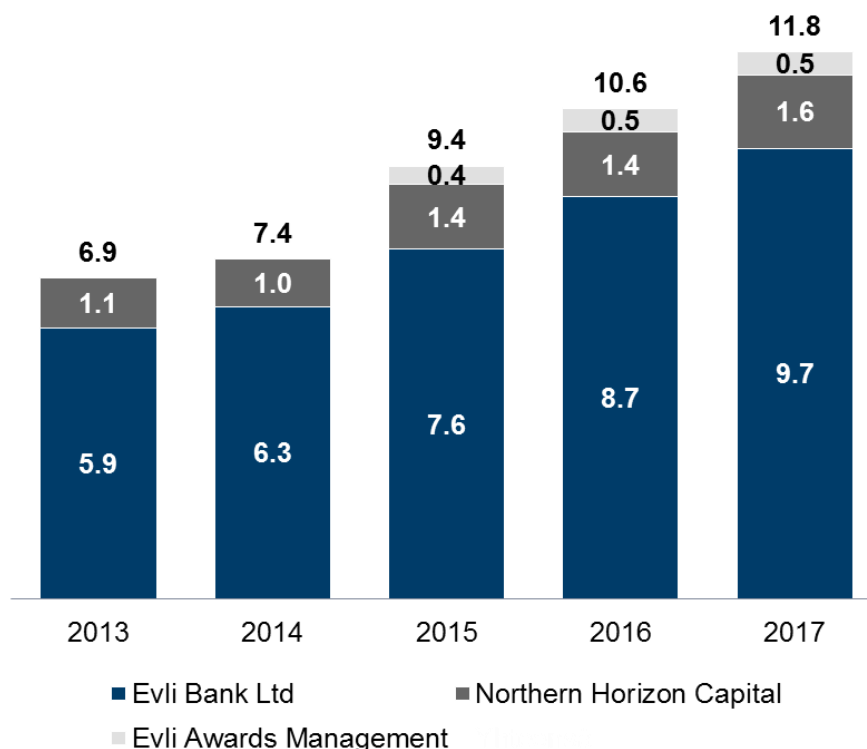
The Wealth Management and Investor Client business performed well during the review period. Net revenue increased by 16 percent on the corresponding period of the previous year and was EUR 26.8 million (EUR 23.0 million). Revenue was boosted especially by an increase in fund management and asset management fees, which resulted from the growth of net assets under management.

The business area's net assets under management totaled a record EUR 11.8 billion (EUR 9.4 billion) at the end of June, including associated companies.

*April–June*

The net revenue of the Wealth Management and Investor Clients business rose by 29 percent during the second quarter compared with the same period in 2016 and was EUR 14.5 million (EUR 11.2 million). The growth of assets under management had the greatest positive impact on the net revenue performance. During the second quarter of the year the company received EUR 0.3 million in performance-based fees (EUR 0.0 million).

*Client assets under management 2013–2017*



**Advisory and Corporate Clients**

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

*M&A transactions*

During the first half of the year, Evli acted as the advisor in 12 transactions. The company has set the target of increasing its market share, particularly in public orders, and has launched measures to achieve this target. During the first half of the year Evli participated in six share and bond issues. In addition, activities outside of the Nordic countries have been concentrated through the global AICA (Alliance of International Corporate Advisors) network. Through the network, Evli participated in one transaction. The company's mandate base has remained strong.

During the first half, Evli acted as Lead Manager in several assignments, which included:

- M-Brain's bond issue amounting to EUR 15 million.
- SSH Communications Security's directed share issue amounting to EUR 7 million.
- Digia's share issue with pre-emptive rights amounting to EUR 12 million.
- Nortal's bond issue amounting to EUR 15 million.
- Qt Group's rights issue amounting to EUR 15.3 million.
- Svenska Brandslangfabriken AB's sales.

### *Incentive systems*

The first half of the year has been particularly busy regarding the administration of incentive systems, which has resulted in a slight increase in separate invoicing. During the period, an exceptionally high number of listed companies were delisted due to purchase offers and mergers. Despite this, 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 June Evli carried out the administration of the incentive systems of about 50 listed companies.

### *Investment research*

The performance of Evli's investment research was positive during the first half of the year. 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 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 counties.

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

<i>Advisory and Corporate Clients in numbers</i>	<i>1-6/2017</i>	<i>1-6/2016</i>	<i>Change %</i>	<i>4-6/2017</i>	<i>4-6/2016</i>	<i>Change %</i>
Net revenue, M€	3,8	4,7	-19 %	2,1	2,6	-20 %
Operating profit/loss before Group allocations, M€	0,6	1,1	-49 %	0,3	0,8	-58 %
Operating profit / loss, M€	0,2	1,1	-84 %	0,1	0,8	-88 %
Personnel, at the end of period	37	38	-3 %			

### *January–June*

The net revenue of the Advisory and Corporate Clients business area decreased by 19 percent year on year and was EUR 3.8 million (EUR 4.7 million). The decrease in net revenue was affected by the lower invoicing in the M&A business compared to the comparison period. Significant fluctuations in revenue from one quarter to the next are typical of the business area's Corporate Finance activities.

### *April-June*

The net revenue of the Advisory and Corporate Clients business area declined by 20 percent year on year and was EUR 2.1 million (EUR 2.6 million). The development of the results was negatively affected by the invoicing of M&A mandates, which was lower than that of the comparison period.

## **Group Operations**

Group Operations 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 Group Operations*

<b>Group Operations in numbers</b>	<b>1-6/2017</b>	<b>1-6/2016</b>	<b>Change %</b>	<b>4-6/2017</b>	<b>4-6/2016</b>	<b>Change %</b>
Net revenue, M€	3,4	2,9	16 %	1,2	1,2	0 %
Operating profit/loss before Group allocations, M€	-1,6	-2,5	-	-1,2	-1,7	-28 %
Operating profit / loss, M€	2,2	1,9	13 %	0,6	0,6	-7 %
Personnel, at the end of period	50	50	0 %			

### *January–June*

The net income of Group Operations increased by 16 percent year on year and was EUR 3.4 million in total (EUR 2.9 million). The growth is based on the foreign exchange trading results that were better than the previous year. The costs of Group Operations remained at the previous year's level.

### *April–June*

The net income of Group operations remained at the same level year on year and was EUR 1.2 million in total (EUR 1.2 million). The revenue performance was positively affected, in particular, by the development of the investment portfolio's return.

## **PERSONNEL AND ORGANIZATION**

The group had 254 employees (247) at the end of June. The number of employees increased by seven, or just under three percent, from the comparison period. 91 percent of the personnel were employed in Finland and nine 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.

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

At the end of June 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 347,655 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 was, 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 was, 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.

### Trading on Nasdaq Helsinki

At the end of June, Evli had 7,553,980 series B shares subject to public trading on Nasdaq Helsinki Ltd. Trading in the shares in January-June came to EUR 7.7 million, with 1,155,304 Evli shares traded. The share price on June 30, 2017 was EUR 6.90. The highest share price during the review period was EUR 7.13 and the lowest was EUR 6.16. Evli's market capitalization was EUR 160.9 million on June 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 June 30, 2017 are listed in the table below. The total number of shareholders at the end of the financial year was 2,621.

Shareholders June 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	347 655	0	347 655	1,49	2,15
9. Thunekov AB	0	227 000	227 000	0,97	0,07
10. Jousimies Panu	119 382	104 558	223 940	0,96	0,77

## **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.

## **RISK MANAGEMENT AND BUSINESS RISKS**

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

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 and fund 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.

The delta-adjusted price risk of Evli's own investment portfolio and proprietary trading was approximately EUR 7.0 million at the end of June, and a 20 percent negative market movement would have resulted in a scenario loss of approximately EUR 1.4 million. At the end of June, the Treasury unit's interest rate risk was approximately EUR +/-0.9 million, assuming that market rates rise/fall by one percentage point. Evli's liquidity has remained solid. No operational risks with financial significance materialized during the review period.



## **BUSINESS ENVIRONMENT**

The prevailing business environment remained favorable for the growth of Evli's operations. Evli's Wealth Management and Investor Clients segment performed well and client confidence is at a high level. The new service models offered to corporate customers and efforts to boost product sales were enthusiastically received by clients, resulting in new client relationships and a stronger mandate base.

With the organizational renewal that was implemented during the first quarter, Evli has focused its resources more clearly on the individual client segments. As a result, efforts to boost international fund sales were increased, for example. In addition to the investments in resources, sales channels were opened in several European countries and the aim is to enter more new markets before the end of the year. Evli's products have been received well abroad and international sales are considered to offer significant growth potential. Alongside the traditional asset management service model, Evli has also invested heavily in developing its digital services. The aim during the year is to launch several new digital solutions to ease client communications with Evli, and to launch entirely new product solutions. During the second half of the year, Evli will launch a completely new type of digital asset manager and update its electronic equity trading system for independent investors.

Client demand for alternative investment products continued to grow. During the first half, Evli was not able to find profitable and suitable solutions for clients in this area to a sufficient degree. Evli is continuing to work on several product ideas. The aim is to develop at least a few of these into products before the end of this year.

## **OUTLOOK FOR 2017 UPDATED**

The assets under management of Evli's Wealth Management and Investor Clients business area grew significantly during the first half of the year. As a result, the proportion of recurring revenue to operating expenses is expected to exceed the long-term target level of 100 percent. The recurring revenues are easily affected by general market changes. The risks related to the general development of equity and fixed income markets have increased with high valuation levels.

The performance of the Advisory and Corporate Clients business area 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 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.

Previous guidance:

We estimate that the result for 2017 will be clearly positive.



17 (28)  
STOCK EXCHANGE  
RELEASE  
JULY 14, 2017

*Helsinki, July 14, 2017*

*Board of Directors*

**Additional information:**

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**EVLI BANK PLC**

<b>CONSOLIDATED INCOME STATEMENT, M€</b>	<b>4-6/2017</b>	<b>4-6/2016</b>	<b>1-6/2017</b>	<b>1-6/2016</b>	<b>1-12/2016</b>
Net interest income	0,3	0,5	0,5	1,0	1,6
Commission income and expense, net	16,4	13,7	30,6	27,2	54,3
Net income from securities transactions and foreign exchange dealing	1,2	1,7	3,0	3,1	4,0
Other operating income	0,0	0,0	0,0	0,0	0,1
<b>NET REVENUE</b>	<b>17,9</b>	<b>15,9</b>	<b>34,1</b>	<b>31,4</b>	<b>60,0</b>
Administrative expenses					
Personnel expenses	-7,3	-7,5	-14,2	-14,5	-27,7
Other administrative expenses	-4,0	-4,2	-7,4	-7,8	-14,8
Depreciation, amortisation and write-down	-0,6	-1,0	-1,1	-1,8	-3,1
Other operating expenses	-0,8	-0,8	-1,5	-1,7	-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>5,2</b>	<b>2,4</b>	<b>9,8</b>	<b>5,5</b>	<b>11,1</b>
Share of profits (losses) of associates	-0,4	-0,1	-0,8	1,8	1,1
Income taxes*	-1,1	-0,5	-2,0	-1,2	-2,4
<b>PROFIT / LOSS FOR FINANCIAL YEAR</b>	<b>3,8</b>	<b>1,8</b>	<b>7,1</b>	<b>6,1</b>	<b>9,7</b>
Attributable to					
Non-controlling interest	-0,1	-0,1	-0,1	0,1	0,2
Equity holders of parent company	3,8	1,9	7,2	6,0	9,6
<b>PROFIT / LOSS FOR FINANCIAL YEAR</b>	<b>3,8</b>	<b>1,8</b>	<b>7,1</b>	<b>6,1</b>	<b>9,7</b>
<b>INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY:</b>					
<b>Items, that will not be reclassified to profit or loss</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>
<b>Income and expenses recognised directly in equity</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>
<b>Items that are or may be reclassified subsequently to profit or loss</b>					
Foreign currency translation differences - foreign operations	0,1	0,0	0,2	0,1	0,1
<b>PROFIT / LOSS FOR FINANCIAL YEAR</b>	<b>0,1</b>	<b>0,0</b>	<b>0,2</b>	<b>0,1</b>	<b>0,1</b>
<b>Income and expenses recognised directly in equity after taxes</b>	<b>0,1</b>	<b>0,0</b>	<b>0,2</b>	<b>0,1</b>	<b>0,1</b>
<b>TOTAL RECOGNISED INCOME AND EXPENSES FOR THE PERIOD</b>	<b>3,8</b>	<b>1,8</b>	<b>7,3</b>	<b>6,2</b>	<b>9,8</b>
Attributable to					
Non-controlling interest	-0,1	-0,1	-0,1	0,1	0,2
Equity holders of parent company	3,9	1,9	7,5	6,1	9,6

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

CONSOLIDATED INCOME STATEMENT, M€	4-6/2017	1-3/2017	10-12/2016	7-9/2016	4-6/2016
Net interest income	0,3	0,3	0,3	0,4	0,5
Commission income and expense, net	16,4	14,1	15,5	11,6	13,7
Net income from securities transactions and foreign exchange dealing	1,2	1,7	0,1	0,8	1,7
Other operating income	0,0	0,0	0,0	0,0	0,0
<b>NET REVENUE</b>	<b>17,9</b>	<b>16,1</b>	<b>15,9</b>	<b>12,7</b>	<b>15,9</b>
Administrative expenses					
Personnel expenses	-7,3	-6,9	-7,5	-5,7	-7,5
Other administrative expenses	-4,0	-3,4	-3,8	-3,2	-4,2
Depreciation, amortisation and write-down	-0,6	-0,6	-0,6	-0,7	-1,0
Other operating expenses	-0,8	-0,7	-0,7	-0,8	-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>5,2</b>	<b>4,6</b>	<b>3,3</b>	<b>2,3</b>	<b>2,4</b>
Share of profits (losses) of associates	-0,4	-0,3	-0,6	-0,1	-0,1
Income taxes*	-1,1	-0,9	-0,9	-0,4	-0,5
<b>PROFIT / LOSS FOR FINANCIAL YEAR</b>	<b>3,8</b>	<b>3,3</b>	<b>1,8</b>	<b>1,8</b>	<b>1,8</b>
Attributable to					
Non-controlling interest	-0,1	-0,1	0,0	0,1	-0,1
Equity holders of parent company	3,8	3,4	1,8	1,7	1,9
<b>PROFIT / LOSS FOR FINANCIAL YEAR</b>	<b>3,8</b>	<b>3,3</b>	<b>1,8</b>	<b>1,8</b>	<b>1,8</b>
<b>INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY:</b>					
<b>Items, that will not be reclassified to profit or loss</b>	0,0	0,0	0,0	0,0	0,0
<b>Income and expenses recognised directly in equity</b>	0,0	0,0	0,0	0,0	0,0
<b>Items that are or may be reclassified subsequently to profit or loss</b>					
Foreign currency translation differences - foreign operations	0,1	0,2	0,0	0,0	0,0
<b>PROFIT / LOSS FOR FINANCIAL YEAR</b>	<b>0,1</b>	<b>0,2</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>
<b>Income and expenses recognised directly in equity after taxes</b>	0,1	0,2	0,0	0,0	0,0
<b>TOTAL RECOGNISED INCOME AND EXPENSES FOR THE PERIOD</b>	<b>3,8</b>	<b>3,5</b>	<b>1,8</b>	<b>1,8</b>	<b>1,8</b>
Attributable to					
Non-controlling interest	-0,1	-0,1	0,0	0,1	-0,1
Equity holders of parent company	3,9	3,6	1,8	1,8	1,9

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

<b>CONSOLIDATED BALANCE SHEET, M€</b>	<b>30.6.2017</b>	<b>30.6.2016</b>	<b>31.12.2016</b>
<b>ASSETS</b>			
Liquid assets	438,9	315,6	203,1
Debt securities eligible for refinancing with central banks	31,2	56,3	39,1
Claims on credit institutions	54,7	98,8	66,0
Claims on the public and public sector entities	83,1	64,5	70,4
Debt securities	213,9	194,1	183,9
Shares and participations	61,2	63,7	65,8
Participating interests	2,3	3,8	3,0
Derivative contracts	29,9	22,9	26,9
Intangible assets	9,8	9,4	9,9
Property, plant and equipment	1,9	1,9	1,9
Other assets	168,6	256,7	80,8
Accrued income and prepayments	6,2	6,1	3,6
Deferred tax assets	1,1	0,5	0,4
<b>TOTAL ASSETS</b>	<b>1 102,7</b>	<b>1 094,3</b>	<b>755,0</b>

<b>CONSOLIDATED BALANCE SHEET, M€</b>	<b>30.6.2017</b>	<b>30.6.2016</b>	<b>31.12.2016</b>
<b>LIABILITIES</b>			
Liabilities to credit institutions and central banks	50,5	22,1	5,5
Liabilities to the public and public sector entities	622,1	629,1	445,0
Debt securities issued to the public	88,2	33,1	46,1
Derivative contracts and other trading liabilities	42,2	57,8	41,0
Other liabilities	219,5	276,8	136,4
Accrued expenses and deferred income	17,8	13,2	15,3
Deferred tax liabilities	0,4	0,5	0,5
	<b>1 040,8</b>	<b>1 032,6</b>	<b>689,7</b>
Equity to holders of parent company	61,8	61,4	64,9
Non-controlling interest in capital	0,1	0,2	0,4
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>1 102,7</b>	<b>1 094,3</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	<b>69,0</b>	1,2	<b>70,2</b>
Translation difference						0,0		<b>0,0</b>		<b>0,0</b>
Profit/loss for the period							6,0	<b>6,0</b>	0,1	<b>6,1</b>
Osingonjako/Pääoman palautus							-7,6	<b>-7,6</b>	-0,7	<b>-8,3</b>
Acquisition of non-controlling interest				-6,2				<b>-6,2</b>		<b>-6,2</b>
Other changes					-0,1		0,2	<b>0,1</b>	-0,4	<b>-0,3</b>
Transfer between items				0,7			-0,7	<b>0,0</b>		<b>0,0</b>
Equity capital	30.6.2016	30,2	1,8	18,7	0,1	-0,2	10,8	<b>61,4</b>	0,2	<b>61,6</b>
Translation difference						0,0		<b>0,0</b>		<b>0,0</b>
Profit/loss for the period							3,5	<b>3,5</b>	0,1	<b>3,6</b>
Acquisition of own shares				-0,7				<b>-0,7</b>		<b>-0,7</b>
Other changes				0,4			0,4	<b>0,7</b>	0,1	<b>0,8</b>
Transfer between items				0,1			-0,1	<b>0,0</b>		<b>0,0</b>
Equity capital	31.12.2016	30,2	1,8	18,4	0,1	-0,2	14,6	<b>64,9</b>	0,4	<b>65,3</b>
Translation difference						0,0		<b>0,0</b>		<b>0,0</b>
Profit/loss for the period							7,2	<b>7,2</b>	-0,1	<b>7,1</b>
Dividends							-9,2	<b>-9,2</b>	-0,2	<b>-9,5</b>
Share options exercised				0,0				<b>0,0</b>		<b>0,0</b>
Acquisition of own shares				-0,5				<b>-0,5</b>		<b>-0,5</b>
Acquisition of non-controlling interest				-0,5				<b>-0,5</b>		<b>-0,5</b>
Other changes				0,0	0,0		-0,1	<b>-0,2</b>	0,1	<b>-0,1</b>
Equity capital	30.6.2017	30,2	1,8	17,3	0,1	-0,2	12,5	<b>61,8</b>	0,1	<b>61,8</b>

*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.*

2017	Wealth Management and Investor Clients	Advisory and Corporate Clients	Group Operations	Unallocated	Group
SEGMENT INCOME STATEMENT, M€	1-6/ 2017	1-6/ 2017	1-6/ 2017	1-6/ 2017	1-6/ 2017
<b>REVENUE</b>					
net interest	0,0	0,0	0,5	0,0	0,5
net commissions	26,6	3,8	-0,1	0,2	30,6
trading and FX result	0,2	0,0	2,9	-0,1	3,0
other operative income	0,0	0,0	0,0	0,0	0,0
External sales	26,8	3,8	3,3	0,1	34,1
Inter-segment sales	0,0	0,0	0,0	0,0	0,0
<b>Total revenue</b>	<b>26,8</b>	<b>3,8</b>	<b>3,4</b>	<b>0,1</b>	<b>34,1</b>
<b>RESULT</b>					
Segment operating expenses	-15,5	-3,0	-4,8	0,2	-23,1
<b>Business units operating profit before depreciations and Group a</b>	<b>11,3</b>	<b>0,8</b>	<b>-1,4</b>	<b>0,3</b>	<b>10,9</b>
depreciations	-0,5	-0,2	-0,2	-0,2	-1,1
<b>Business units operating profit before Group allocations</b>	<b>10,7</b>	<b>0,6</b>	<b>-1,6</b>	<b>0,1</b>	<b>9,8</b>
Allocated corporate expenses	-3,5	-0,3	3,8	0,0	0,0
<b>Operating profit including Group allocations</b>	<b>7,3</b>	<b>0,3</b>	<b>2,2</b>	<b>0,1</b>	<b>9,8</b>
Share of profits (losses) of associates				-0,8	-0,8
Income taxes				-2,0	-2,0
<b>Segment profit/loss after taxes</b>	<b>7,3</b>	<b>0,3</b>	<b>2,2</b>	<b>-2,6</b>	<b>7,1</b>

2016	Wealth Management and Investor Clients	Advisory and Corporate Clients	Group Operations	Unallocated	Group
SEGMENT INCOME STATEMENT, M€	1-6/ 2016	1-6/ 2016	1-6/ 2016	1-6/ 2016	1-6/ 2016
<b>REVENUE</b>					
net interest	0,0	0,0	0,9	0,0	1,0
net commissions	22,7	4,6	-0,1	0,0	27,2
trading and FX result	0,3	0,0	2,0	0,8	3,1
other operative income	0,0	0,0	0,0	0,0	0,0
External sales	23,0	4,7	2,9	0,8	31,4
Inter-segment sales	0,0	0,0	0,1	0,0	0,0
<b>Total revenue</b>	<b>23,0</b>	<b>4,7</b>	<b>2,9</b>	<b>0,8</b>	<b>31,4</b>
<b>RESULT</b>					
Segment operating expenses	-15,3	-3,2	-4,9	-0,6	-24,1
<b>Business units operating profit before depreciations and Group a</b>	<b>7,7</b>	<b>1,4</b>	<b>-2,0</b>	<b>0,2</b>	<b>7,3</b>
depreciations	-0,9	-0,3	-0,5	-0,1	-1,8
<b>Business units operating profit before Group allocations</b>	<b>6,8</b>	<b>1,1</b>	<b>-2,5</b>	<b>0,0</b>	<b>5,5</b>
Allocated corporate expenses	-4,4	0,0	4,4	0,0	0,0
<b>Operating profit including Group allocations</b>	<b>2,4</b>	<b>1,1</b>	<b>1,9</b>	<b>0,0</b>	<b>5,5</b>
Share of profits (losses) of associates				1,8	1,8
Income taxes				-1,2	-1,2
<b>Segment profit/loss after taxes</b>	<b>2,4</b>	<b>1,1</b>	<b>1,9</b>	<b>0,6</b>	<b>6,1</b>



<b>CASH FLOW STATEMENT, M€</b>	<b>1-6/ 2017</b>	<b>1-6/ 2016</b>	<b>1-12/ 2016</b>
<b>Cash flows from operating activities</b>			
Interest and commission received	38,6	49,4	57,1
Open trades, net	-21,8	-11,1	31,7
Interest and commissions paid	-1,5	-1,7	-3,3
Cash payments to employees and suppliers	-6,5	-29,9	-45,1
Increase(-) or decrease(+) in operating assets:			
Net change in trading book assets and liabilities	-28,3	-88,2	-84,1
Deposits held for regulatory or monetary control purposes	-11,6	-19,5	1,6
Funds advanced to customers	215,7	259,3	75,9
Issue of loan capital	42,1	-2,6	10,4
Net cash from operating activities before income taxes	226,7	155,7	44,1
Income taxes	-2,1	-2,1	-3,6
<i>Net cash used in operating activities</i>	224,6	153,6	40,5
<b>Cash flows from investing activities</b>			
Proceeds from sales of subsidiaries and associates	-1,1	-6,7	-7,2
Acquisition of property, plant and equipment and intangible assets	-0,5	-0,6	-1,5
<i>Net cash used in investing activities</i>	-1,6	-7,3	-8,7
<b>Cash flows from financing activities</b>			
Purchase of own shares	-0,5	0,0	-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	-7,6	-8,4
Net increase / decrease in cash and cash equivalents	212,9	138,6	23,4
Cash and cash equivalents at beginning of period	228,3	204,0	205,0
Valuuttakurssien muutosten vaikutus rahavaroihin	0,0	0,0	0,1
<b>Cash and cash equivalents at end of period</b>	<b>441,2</b>	<b>342,5</b>	<b>228,3</b>

<b>KEY FIGURES DESCRIBING THE FINANCIAL PERFORMANCE OF THE GROUP</b>	<b>1-6/ 2017</b>	<b>1-6/ 2016</b>	<b>1-12/ 2016</b>
Net revenue, M€	34,1	31,4	60,0
Operating profit / loss, M€	9,8	5,5	11,1
% of net revenue	28,8	17,4	18,5
Profit / Loss for financial year, M€	7,1	6,1	9,7
% of net revenue	20,8	19,4	16,2
Expense ratio (operating costs to net revenue)	0,71	0,83	0,82
Earnings/share (EPS)	0,32	0,26	0,42
Diluted earnings/share IFRS	0,31	0,25	0,40
Return on equity % (ROE) *	22,3	18,5	14,3
Return on assets % (ROA) *	1,53	1,41	1,40
Equity/total assets ratio %	5,6	5,6	8,6
Dividend/share**			0,40
Personnel in end of period	254	247	244

\*annualized

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

<b>Evli Group's capital adequacy</b>	<b>30.6.2017</b>	<b>30.6.2016</b>	<b>31.12.2016</b>
Own assets (common equity Tier 1 capital), M€	41,5	45,8	45,7
Risk-weighted items total for market- and credit risks, M€	184,1	182,8	184,8
Capital adequacy ratio, %	14,0	15,6	15,3
Evli Bank Plc:s adequacy ratio, %	19,2	20,8	20,7
Own funds surplus M€	17,7	22,4	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	10,3	15,0	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€	30.6.2017	30.6.2016	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	32,4	0,0	10,0	
Bonds	55,8	33,1	36,1	
Debt securities issued to the public	88,2	33,1	46,1	
<b>Breakdown by maturity</b>	<b>less than 3</b>	<b>3-12</b>	<b>1-5 years</b>	<b>5-10 years</b>
Debt securities issued to the public	0,0	36,9	47,5	3,9
<b>Changes in bonds issued to the public</b>	<b>30.6.2017</b>	<b>30.6.2016</b>	<b>31.12.2016</b>	
Issues	24,0	0,0	7,2	
Repurchases	5,3	0,7	8,2	
<b>Off-balance sheet commitments</b>				
Commitments given to a third party on behalf of a customer	4,2	6,7	4,6	
Irrevocable commitments given in favour of a customer	0,2	0,4	0,2	
Guarantees on behalf of others	0,5	0,5	0,5	
Unused credit facilities	3,6	2,3	2,3	
<b>Transactions with related parties</b>	<b>1-6/ 2017</b>			
		Associated companies	Group management	
Sales		0,0	0,0	
Purchases		0,0	0,1	
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	29,1	0,0	0,6	29,8
Shares and participations, other	25,8	0,0	5,6	31,4
Debt securities eligible for refinancing with central banks	31,2	0,0	0,0	31,2
Debt securities	17,8	192,9	3,2	213,9
Positive market values from derivatives	2,0	26,9	1,0	29,9
<b>Total financial assets held at fair value</b>	<b>105,9</b>	<b>219,8</b>	<b>10,4</b>	<b>336,1</b>
<b>Financial liabilities:</b>				
Shares and participations classified as held for trading	11,6	0,0	1,4	13,0
Negative market values from derivatives	2,0	26,9	0,3	29,2
<b>Total financial liabilities held at fair value</b>	<b>13,6</b>	<b>26,9</b>	<b>1,7</b>	<b>42,2</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.

<b>Derivative contracts</b>				
<b>Overall effect of risks associated with derivative contracts</b>				<b>2017</b>
Nominal value of underlying , brutto	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	14,9	3,9	0,0
Currency-linked derivatives	3 898,0	0,0	0,0	0,1
Equity-linked derivatives				
Futures	6,8	0,0	0,0	-0,1
Options bought	61,3	55,6	0,0	1,3
Options sold	88,0	55,6	0,0	-0,6
Other derivatives				
Held for trading, total	4 054,1	126,0	3,9	0,7
<b>Derivative contracts, total</b>	<b>4 054,1</b>	<b>126,0</b>	<b>3,9</b>	<b>0,7</b>

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.