



# **INTERIM REPORT JANUARY-SEPTEMBER 2018**



## GROWTH IN SALES AND PROFITABILITY

- In the Wealth Management and Investor Clients segment operating profit increased by 20 percent and was EUR 13.5 million (1-9/2017: EUR 11.2 million)
- The operating profit in the Advisory and Corporate Clients segment increased by over 30 percent and was EUR 0.8 million (EUR 0.6 million)
- The revenues from the trading activities through the own balance sheet declined in the Group Operations segment.

### January-September 2018

- The Group's net revenue increased to EUR 51.0 million (EUR 50.4 million)
- The Group's operating profit was EUR 15.3 million (EUR 14.8 million)
- The Group's profit for the financial year was EUR 14.8 million (EUR 11.8 million). Profit for the full year 2017 was EUR 17.5 million
- Evli's diluted earnings per share were EUR 0.59 (EUR 0.49) and return on equity was 26.8 percent (23.9%)
- Net assets under management grew year on year and totaled EUR 12.3 billion (EUR 11.1 billion) at the end of September, which is historically the highest amount for Evli. Respectively from the beginning of the year, growth was EUR 1.2 billion
- The proportion of recurring revenue to operating costs was 118 percent (116%).

### July-September 2018

- The Group's net revenue was EUR 16.1 million (EUR 16.3 million)
- The Group's operating profit was EUR 4.9 million (EUR 5.0 million)
- Earnings per share amounted to EUR 0.20 (EUR 0.18).

### Outlook for 2018 specified

The risks associated with the general trend in the equity and fixed income markets are high due to the prevailing uncertainty on the markets. A continued decline in equity prices or a reduction in investors' risk appetite would have a negative impact on the company's profit performance. Demand for Evli's products has remained stable and assets under the Group's management have grown substantially in recent years, which would soften the result-impact of any reversal of the market. The company has initiated a series of internal, strategy-based actions, where Evli among others is considering terminating brokerage operations in Sweden. This may lead to non-recurring costs already for the current year.

There has been positive development in the demand for advisory services, and its outlook for 2018 is stable. Customer's demand for Evli's products and services has developed positively, which has also led to a systematic increase in lending. In the advisory business and in own investment activities, fluctuations in quarterly and annual returns are possible. The result for the beginning of the year was affected positively by the performance of Evli's associated company Northern Horizon Capital that had clearly improved on the previous year due to the exit fees received by the company.

Because of successful and stable performance at the beginning of the year, we estimate that our profit for the 2018 financial year, excluding non-recurring costs from restructuring, will be at the same level as in the previous year.

**Earlier we said that, because of successful and stable development at the beginning of the year, we estimate that our result for the 2018 financial year will be clearly positive.**

**KEY FIGURES**

	1-9/2018	1-9/2017	1-12/2017
<b>Income statement key figures</b>			
Operating income, M€	51.0	50.4	71.4
Operating profit/loss, M€	15.3	14.8	21.3
Operating profit margin, %	30.0	29.3	29.8
Profit/loss for the financial year, M€	14.8	11.8	17.5
<b>Profitability key figures</b>			
Return on equity (ROE), %	26.8	23.9	25.5
Return on assets (ROA), %	2.1	1.8	2.0
<b>Balance sheet key figures</b>			
Equity-to-assets ratio, %	8.2	7.0	7.6
Group capital adequacy ratio, %	15.3	14.1	15.0
<b>Key figures per share</b>			
Earnings per Share (EPS), fully diluted, €	0.61	0.51	0.72
Comprehensive Earnings per Share (EPS), fully diluted, €	0.59	0.49	0.69
Dividend per share, €*			0.52
Equity per share, €	3.17	2.87	3.10
Share price at the end of the period, €	9.40	7.55	9.60
<b>Other key figures</b>			
Expense ratio (operating costs to net revenue)	0.70	0.71	0.70
Recurring revenue ratio, %	118	116	113
Personnel at the end of the period	260	248	240
Market value, M€	222.7	176.1	224.9

\*Dividend from 2017 approved by the Annual General Meeting. The dividend was paid on March 21, 2018.

**Maunu Lehtimäki, CEO**

In the third quarter, the growth of commission income continued as in previous quarters. This was largely the result of the client assets under management increasing to a record EUR 12.3 billion. Evli's funds collected net subscriptions of nearly EUR 1 billion during the review period and, measured with fund subscriptions, Evli again collected the highest amount of assets out of all fund management companies in Finland. The increase in client assets was boosted by successful customer acquisition activities, strong sales of asset management mandates and positive net subscriptions to funds, including sales of strategically important alternative investment products. Despite a substantial increase in fund sales and client assets under management, third-quarter revenue and operating profit remained at the level of the previous year. The result was weakened by a decrease in net revenue from securities transactions and foreign exchange dealing.

In the area of corporate clients, positive performance was slowed by delays in some Corporate Finance orders. The unit's most significant event during the period was the successfully executed IPO of Fellow Finance Oy. Despite the delay of the Corporate Finance orders, Evli managed to grow its business activities in corporate finance, investment research and incentive systems management.

In accordance with its strategy, Evli continued to focus on increasing international fund sales and selling and developing alternative investment products. During the third quarter, the proportion of foreign clients in Evli's fund capital continued to grow, and the capital rose above EUR 2 billion. Nearly EUR 200 million were accumulated in alternative investment products during the review period. Evli aims to continue collecting capital in the current alternative investment products and present new products this year and next year.

Another strategic objective is to streamline operations and focus on the client experience. These projects have progressed according to plan. In addition, we have launched a number of new projects intended to further boost Evli's cost competitiveness.

Evli's operations were strong during the third quarter measured in terms of both operating margin and return on equity, and the strategically important ratio of recurring revenue in relation to the Group's total costs was 118 percent during the first nine months. In accordance with plans, we are increasingly moving the focus of the business model to the client segments and to commission income obtained by that means and away from market making and trading operations, which are based on own risk-taking. We expect this to balance Evli's profit fluctuation in the future and reduce the Group's overall risk level.

Because of our success during the beginning of the year, the outlook for 2018 is promising. We will continue to focus on our strategic priorities and concentrate on achieving stable and profitable growth. We expect that based on this, the profit for the current financial year, before any non-recurring restructuring costs, will be at the same level as in the previous year.

## MARKET PERFORMANCE

Economic growth, which has continued for several years, showed signs of slowing during the third quarter. In the developed markets, companies still reported strong results, but the year has been challenging in the emerging markets.

Strong corporate earnings in the developed markets prompted central banks in the USA and Europe to continue tightening monetary policy, causing growth to weaken. In the USA the Federal Reserve (Fed) raised interest rates in September for the third time in 2018 and continued to reduce its balance sheet. The European Central Bank (ECB) announced that it would halve quantitative easing starting in October. The central banks' actions have been based on concerns about accelerating inflation. In the USA, underlying inflation rose above two percent as wage pressures increased. However, in the euro area, underlying inflation has remained at one percent despite an increase in wages.

The uncertainty prevailing on the markets was exacerbated during the third quarter by the trade disputes between the USA and other countries coming to a head, and the Brexit negotiations. The rise in political risks in Italy, for example, also added to the uncertainty on the market. Despite the prevailing conditions, the equity markets continued to rise on the back of positive corporate profit performance. Returns were healthy especially on the US equity market, while European and developing markets clearly fell behind in overall returns. US equities (S&P 500) returned 8.3 percent and European equities (Stoxx 600) returned 1.3 percent during the third quarter. Finnish equities (OMX Helsinki Cap GI) returned 2.4 percent during the same period.

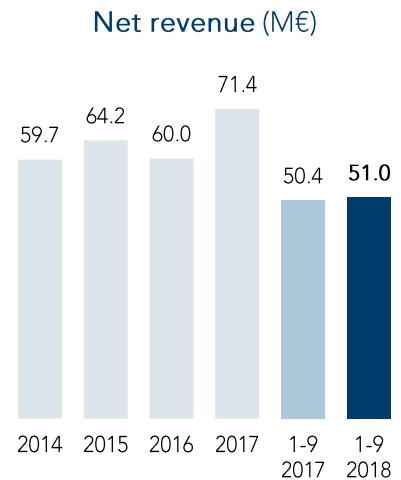
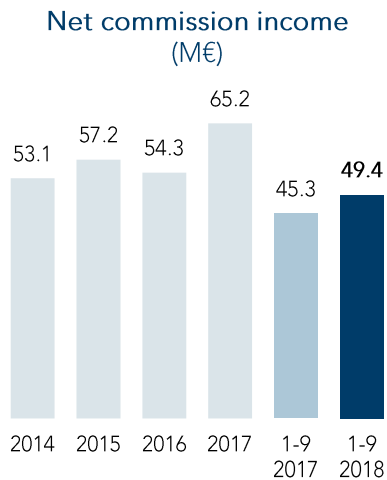
Euro area government bonds declined by 1.1 percent during the third quarter, whereas long-term government bond interest rates generally rose on the markets. Higher-rated corporate bonds remained at the level of the previous quarter, while lower-rated high yield corporate bonds rose by 1.6 percent. The euro weakened by 0.7 percent in relation to the dollar.

## DEVELOPMENT OF REVENUE AND RESULT

### January-September

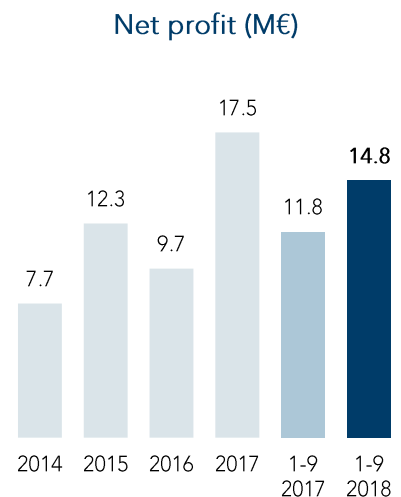
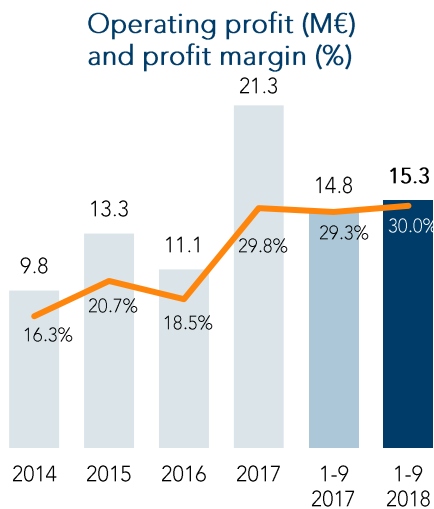
The Group's net commission income grew by 9.1 percent during the review period compared to the same period last year and was EUR 49.4 million (EUR 45.3 million). The growth was mainly the result of positive development in fund commissions due to successful acquisition of new clients. However, the net returns from securities transactions and foreign exchange dealing declined significantly from the previous year to EUR 1.1 million (EUR 4.4 million). An impairment of EUR 0.6 million made on an investment in Evli's own balance sheet during the second quarter had a negative impact on the net returns from securities transactions. Overall, during the review period, the return from Evli Group's operations grew one percent year on year and was EUR 51.0 million (EUR 50.4 million).

Overall costs for January-September, including depreciation, amounted to EUR 35.7 million (EUR 35.6 million). The Group's personnel expenses totaled EUR 19.9 million (EUR 20.4 million) including estimated performance bonuses for the personnel. The Group's administrative expenses were EUR 11.8 million (EUR 11.0 million). The Group's depreciation, amortization and write-downs were EUR 1.4 million (EUR 1.7 million). Other operating expenses totaled EUR 2.7 million (EUR 2.6 million). Other operating expenses include a non-recurring expense related to the acquisition of Aurator Asset Management Ltd's minority equities, totaling EUR 0.4 million. Evli's expense/income ratio improved on the previous year and was 0.70 (0.71).



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

The Group's operating profit for the first half of the year increased by 3.8 percent compared to the same period last year and was EUR 15.3 million (EUR 14.8 million). The operating margin was 30.0 percent (29.3%). The profit for the review period was EUR 14.8 million (EUR 11.8 million). The profit in the review period was positively affected by the non-recurring exit fees received by the associated company. The Group's annualized return on equity was 26.8 percent (23.9%), which clearly exceeds the long-term return on equity target of 15.0 percent.



### July-September

During the third quarter Evli Group's net revenue were somewhat less than the previous year and stood at EUR 16.1 million (EUR 16.3 million). The Group's net commission income increased by 2.7 percent and was EUR 15.1 million (EUR 14.7 million). However, returns from securities transactions and foreign exchange dealing were lower than the comparison period and were EUR 0.7 million (EUR 1.5 million).

Overall costs for the third quarter, including depreciation, were less than in the comparison period and amounted to EUR 11.1 million (EUR 11.4 million).

The Group's third-quarter operating profit was EUR 4.9 million (EUR 5.0 million), due to the decrease in revenue from the trading activities through the own balance sheet. The operating margin was 30.6 percent (30.4%). The profit for the period was EUR 4.5 million (EUR 4.7 million).

## Balance sheet and funding

At the end of September, the Evli Group's balance sheet total was EUR 909.2 million (EUR 953.4 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 74.3 million (EUR 66.5 million).

Evli applies the standardized approach (capital requirement for credit risk) and the basic indicator approach (capital requirement for operational risk) in its capital adequacy calculation. The Group's capital adequacy ratio of 15.3 percent clearly exceeds the regulator's requirement of 10.5 percent including the extra capital requirement. The Group's own minimum target for capital adequacy is 13.0 percent.

The Group's funding from the public and credit institutions increased by 10.8 percent compared to the comparison period. The company's loan portfolio increased by 23.4 percent year on year to EUR 107.6 million. The ratio of loans granted by the Group to Evli Bank Plc's deposits from the public was 22.3 percent. The Group's liquidity is good.

<b>COMMON EQUITY TIER 1 CAPITAL, M€</b>	<b>30.9.2018</b>	<b>30.9.2017</b>
Share capital	30.2	30.2
Funds total and retained earnings	29.4	24.1
Minority interest	0.0	0.0
<i>Decreases:</i>		
Intangible assets	10.8	9.5
Other decreases	1.8	3.5
<b>Total common equity tier 1 capital</b>	<b>47.0</b>	<b>41.3</b>

Evli Bank has no tier 2 capital.

## Minimum requirement of own funds, M€

	<b>30.9.2018</b>	<b>30.9.2018</b>
<b>Minimum capital adequacy requirement by asset group, standard credit risk method:</b>	<b>Min. requirement</b>	<b>Risk-weighted value</b>
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	2.9	36.1
Investments in mutual funds	1.8	22.4
Claims secured with property	0.1	1.0
Claims from corporate customers	2.3	29.0
Items with high risk, as defined by the authorities	0.2	2.0
Other items	6.7	83.2
Minimum amount of own funds, market risk	1.0	11.9
Minimum amount of own funds, operational risk	9.6	120.4
<b>Total</b>	<b>24.5</b>	<b>306.1</b>

## BUSINESS AREAS

### Wealth Management and Investor Clients

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

#### *Wealth Management*

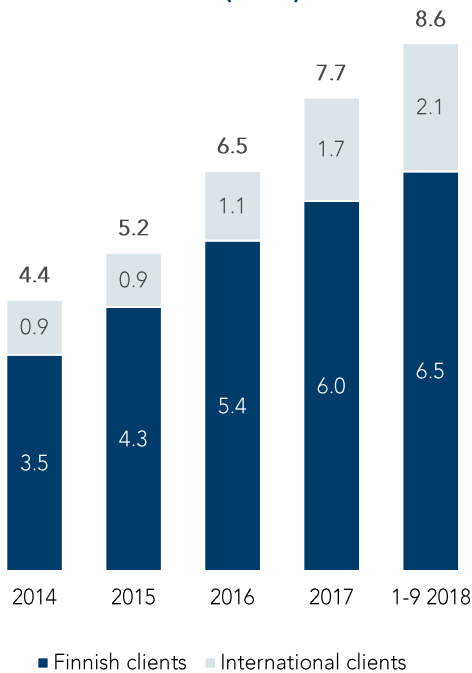
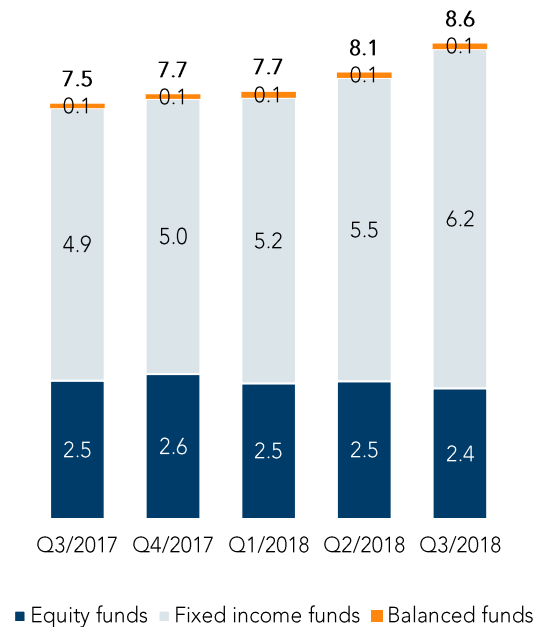
The sales of Evli's Wealth Management services developed favourable during the review period. The number of clients continued to grow in both traditional and digital asset management. At the end of the review period, Evli had EUR 4.8 billion (EUR 4.6 billion) in discretionary asset management assets, which includes both the traditional and the digital services.

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

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

#### *Investment products – traditional mutual funds*

The high demand for Evli's mutual funds that are based on traditional equity and fixed income instruments continued, as in previous years. In a comparison of fund management companies, Evli received the highest number of net subscriptions in Finland, totaling EUR 952.7 million (EUR 813.0 million). According to the Mutual Fund Report carried out by Investment Research Finland, Evli Fund Management Company's market share increased by 1.0 percentage points on the previous year and was 7.5 percent at the end of September. At the end of September, Evli had 29 investment funds registered in Finland. The combined assets of the traditional mutual funds managed by the company were EUR 8,670 million (EUR 7,485 million). Of this, EUR 2,371 million were invested in equity funds (EUR 2,509 million), EUR 6,151 million in fixed income funds (EUR 4,915 million) and EUR 104 million in balanced funds (EUR 61 million). Evli's clients invested the most new assets in the Evli Euro Liquidity (EUR 495 million), the Evli Nordic Corporate Bond (EUR 423 million) and the Evli Short Corporate Bond (EUR 349 million) funds.

**Assets under Management in Mutual Funds (€ bn.)**

**Distribution of assets under management in mutual funds (mrd. €)**


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

One of Evli's strategic targets is to boost the international sales of its investment products. The company's funds are currently available to institutional investors in among others Italy, Spain, France, German, Portugal and Latin America in addition to the domestic markets of Finland and Sweden. The intention is to extend the availability of products to new markets and to increase the efforts in international sales. The international interest in Evli's products has been good. By the end of September EUR 2.1 billion of Evli's fund capital came from clients outside of Finland (1.6 billion).

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

### *Investment products – alternative investment products*

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

selection. The Evli EAI Residential fund has continued its steady growth according to plan. The demand for the fund is constantly greater than the number of investors that can be included in it. At the beginning of the year, Evli launched its own Evli Healthcare I fund. The fund will be open to new investors until the end of the year, after which the plan is to close the fund to new investments. In addition, Evli launched another new alternative investment product during the second quarter: the Evli Rental Yield non-UCITS fund, which started with an initial stake of EUR 10 million. By the end of September, the fund had already grown to over EUR 55 million. During the review period, Evli collected a total of nearly EUR 200 million in its real estate funds.

### *Investment products - others*

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

There was also growth in all categories in the brokerage of other investment products. The brokerage commissions for derivatives as well as ETF instruments increased compared to the previous year. The sale of structured investment products also developed well as a consequence of increased client demand. 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 six tied agents specializing in sales. The business has developed as planned and the net revenue increased substantially compared to the corresponding period of the previous year.

### KEY FIGURES - WEALTH MANAGEMENT AND INVESTOR CLIENTS SEGMENT

M€	1-9/2018	1-9/2017	Change %	7-9/2018	7-9/2017	Change %
Net revenue	42.9	39.9	7.6%	13.4	13.1	2.1%
Operating profit/loss before Group allocations	19.9	16.3	21.7%	6.4	5.6	14.4%
Operating profit/loss	13.5	11.2	20.0%	4.4	4.0	11.3%
Number of personnel	162	170	-4.7%			
Market share, %*	7.5	6.5				
Net subscriptions**	952.7	813.0				

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

\*\*Net subscription to own funds. Source: fund report by Finanssialan Keskusliitto ry

### *January-September*

The Wealth Management and Investor Clients segment developed well during the review period. Net revenue increased by 7.6 percent on the corresponding period of the previous year and was EUR 42.9 million (EUR 39.9 million). The revenue performance was positively affected in particular by the growth in fund management fees as a result of new products and successful sales in the domestic and international markets. During the review period, EUR 0.4 million in performance-based or similar fees were received as a result of asset management and funds (EUR 0.7 million).

### *July-September*

The net revenue of the Wealth Management and Investor Clients segment rose by 2.1 percent during the third quarter compared with the same period in 2017 and was EUR 13.4 million (EUR 13.1 million). The growth of assets under management was the main reason behind the positive development of the revenue performance. During the third quarter of the year Evli did not enter as income any performance-based or similar fees (EUR 0.0 million).

## Advisory and Corporate Clients

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

### *M&A transactions*

During the review period, Evli acted as an advisor in seven completed transactions. Despite the active M&A market, many of the company's assignments have been delayed, resulting in a lower performance than expected. Demand for the company's services has remained high and the company's mandate base has remained at a good level. As a result, the business's future outlook is favorable.

In the third quarter, the most significant transaction in which the unit acted as an advisor was Fellow Finance Oy's listing on the Nasdaq First North list.

### *Incentive systems*

The Incentive systems business developed, similar to the beginning of the year, well during the third quarter, with revenue increasing from the comparison period. According to the business cycle, the third quarter is the quietest period for the management of incentive systems. The revenue development was positively affected both by new clients and the more extensive incentive programs of existing customers. At the end of September, Evli was responsible for the administration of the incentive systems for about 60 mainly listed companies.

### *Investment research*

The performance of Evli's investment research business area developed according to expectations during the review period. The paid research business continued to have a positive reception and the company gained two new clients during the third quarter. At the end of September, Evli's research service had 26 companies as clients.

## KEY FIGURES - ADVISORY AND CORPORATE CLIENTS SEGMENT

M€	1-9/2018	1-9/2017	Change %	7-9/2018	7-9/2017	Change %
Net revenue	6.5	5.7	14.3%	1.9	1.9	-2.0%
Operating profit/loss before Group allocations	1.8	1.1	56.8%	0.3	0.6	-48.6%
Operating profit/loss	0.8	0.6	33.8%	0.0	0.3	-
Number of personnel	41	37	10.8%			

### *January-September*

The net revenue of the Advisory and Corporate Clients segment increased by 14.3 percent during the review period compared to the comparison period and was EUR 6.5 million (EUR 5.7 million). 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 remained at the previous year's level and was EUR 1.9 million (EUR 1.9 million). The implementation of many orders that had been expected to take place during the second quarter was moved further into the future, which has strengthened the segment's outlook for the end of the year.

## Group Operations

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

### KEY FIGURES - GROUP OPERATIONS SEGMENT

M€	1-9/2018	1-9/2017	Change %	7-9/2018	7-9/2017	Change %
Net revenue	1.7	4.6	-62.4%	0.8	1.2	-30.7%
Operating profit/loss before Group allocations	-6.6	-2.7	144.5%	-1.9	-1.1	67.7%
Operating profit/loss	0.8	2.9	-74.2%	0.4	0.7	-45%
Number of personnel	51	50	2.0%			

### January-September

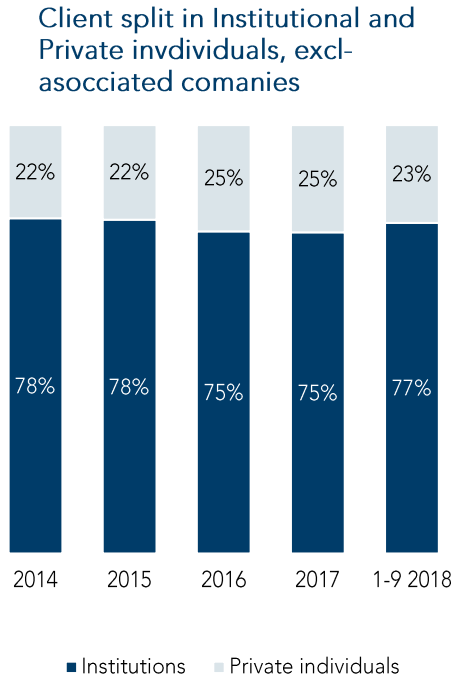
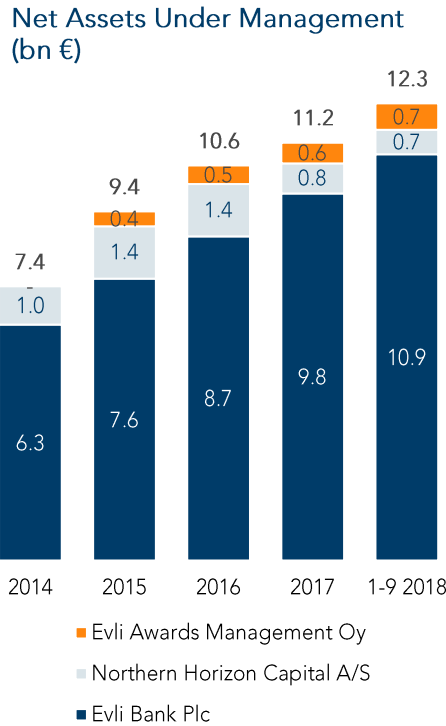
The net revenue of the Group Operations segment declined 62.4 percent, during the review period, compared to the previous year and totaled EUR 1.7 million (EUR 4.6 million). The decline was caused by Evli's trading function's return that was lower than that of the previous year and the Treasury function's return, which weakened as a result of changes in the interest rate environment.

### July-September

The net revenue of the Group Operations segment declined by 30.7 percent compared to the comparison period and was EUR 0.8 million in total (EUR 1.2 million). Revenue development was negatively affected by the profit performance of Evli's trading function, in particular, that was weaker year on year and the challenging interest rate environment. A one-off impairment loss of EUR 0.6 million concerning an investment on Evli's own balance sheet was also entered for the review period.

## DEVELOPMENT OF CLIENT ASSETS UNDER MANAGEMENT

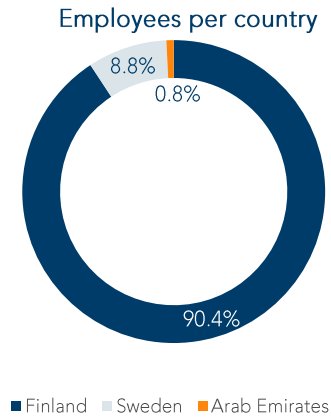
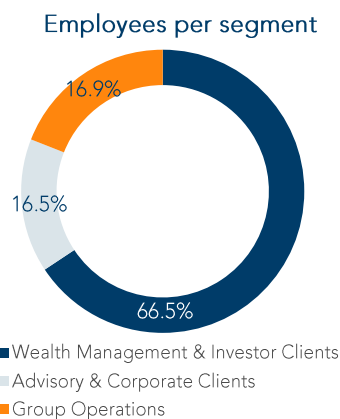
There was a positive trend in client assets under management during the review period due to the high number of new customers in mutual funds and asset management. The Group's combined net assets under management at the end of the review period were EUR 12.3 billion (EUR 11.1 billion). About 77 percent of client assets under management in mutual funds and asset management came from institutional investors and the remaining 23 percent from private individuals.



## PERSONNEL

The group had 260 employees (248) at the end of September. The number of employees increased by 4.8 percent, from the comparison period. 90.4 percent of the personnel were employed in Finland and 9.6 percent abroad.

## EMPLOYEE FACTS



## CHANGES IN GROUP STRUCTURE

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

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

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

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

During the third quarter, Evli sold three percent of its shares in Evli Corporate Finance AB to the company's employees.

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

## EVLI'S SHARES AND SHARE CAPITAL

At the end of September, Evli Bank Plc's total number of shares was 23,688,920, of which 15,502,287 were series A shares and 8,186,633 were series B shares. The company held 364,721 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 168,426 A shares into B shares on February 20, 2018. Public trading on the converted shares began at Nasdaq Helsinki Ltd on February 21, 2018.

Based on the stock options 2014 granted by the company's Board of Directors a total of 206,800 new A shares and 51,700 new B shares were subscribed to on February 20, 2018. The shares subscribed to were registered in the Trade Register on February 20, 2018. Public trading with the new B-shares began at Nasdaq Helsinki Ltd on February 21, 2018.

Under Article 4 of its Articles of Association, the company converted 140,931 A shares into B shares on May 11, 2018. Public trading on the converted shares began at Nasdaq Helsinki Ltd on May 14, 2018.

In accordance with the shareholder agreement, the company acquired 2,666 of its own unlisted A shares on July 24, 2018 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 July 13, 2018.

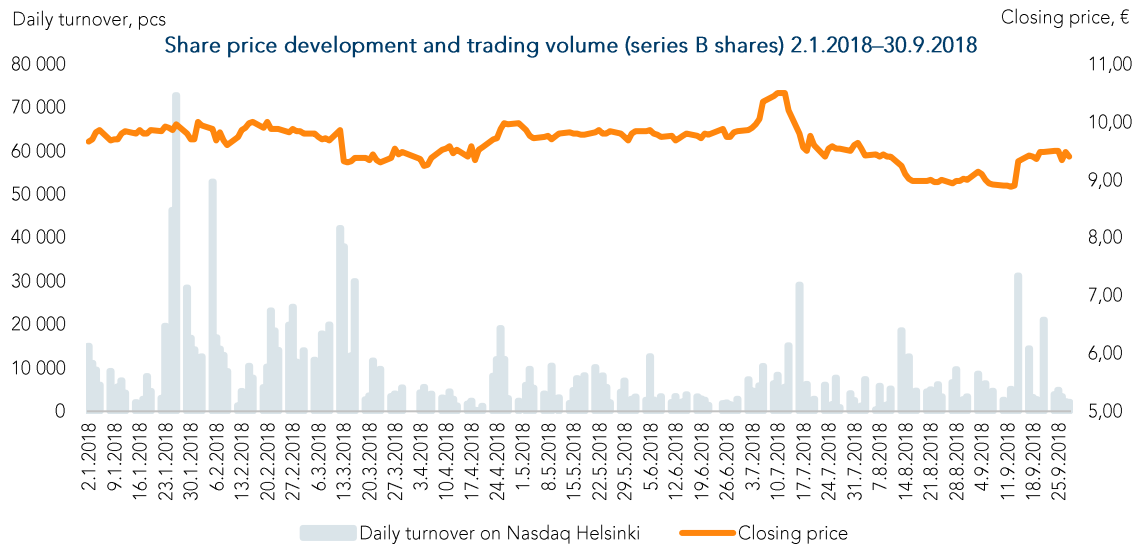
In accordance with the shareholder agreement, the company acquired 1,334 of its own unlisted A shares on July 30, 2018 as a result of the termination of an employment relationship. The consideration paid in the transaction is, according to the terms and conditions of the shareholder agreement, 50 percent of the B share's closing price on Nasdaq Helsinki Ltd on July 13, 2018.

In accordance with the shareholder agreement, the company acquired 5,066 of its own unlisted A shares on September 17, 2018 as a result of the termination of employment relationships. 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 10, 2018.

Under Article 4 of its Articles of Association, the company converted 19,333 A shares into B shares on September 25, 2018. Public trading on the converted shares began at Nasdaq Helsinki Ltd on September 26, 2018.

## Trading on Nasdaq Helsinki

At the end of September, Evli had 8,186,633 series B shares subject to public trading on Nasdaq Helsinki Ltd. Trading in the shares in January-September came to EUR 14.7 million, with 1,512,818 Evli shares traded. The closing price at the end of the review period (September 28, 2018) was EUR 9.40. The highest share price during the first half of the year was EUR 10.50 and the lowest was EUR 8.88. Evli's market capitalization was EUR 222.7 million at the end of the second quarter. The market capitalization is calculated based on both unlisted series A shares and listed series B shares. Series A shares are valued at the closing value of the series B share at the end of the reporting period.



## Shareholders

Evli's ten largest shareholders on September 30, 2018 are listed in the table below. The total number of shareholders at the end of September was 4,133 (2,576). The stake of Finnish companies was 55.3 percent (69.8%) and that of private Finnish individuals was 26.3 percent (24.4%). The remaining 18.4 percent of the shares (2.4%) were owned by Financial and insurance institutions, public sector organizations, non-profit institutions serving households and foreign investors.

### LARGEST SHAREHOLDERS SEPTEMBER 30, 2018

	A-shares	B-shares	Shares total	% of all shares	% of votes
1. Oy Scripo Ab	3 803 280	950 820	4 754 100	20.1	24.2
2. Prandium Oy Ab	3 803 280	950 820	4 754 100	20.1	24.2
3. Oy Fincorp Ab	2 319 780	417 991	2 737 771	11.6	14.7
4. Ingman Group Oy Ab	1 860 000	535 000	2 395 000	10.1	11.9
5. Lehtimäki Maunu	433 728	108 432	542 160	2.3	2.8
6. Hollfast John Erik	328 320	82 080	410 400	1.7	2.1
7. Tallberg Claes	369 756	32 588	402 344	1.7	2.3
8. Evli Pankki Oyj	364 721	0	364 721	1.5	2.3
9. Moomin Characters Oy Ltd	0	249 627	249 627	1.1	0.1
10. Lundström Mikael	186 448	40 546	226 994	1.0	1.2

## DECISIONS TAKEN BY THE ANNUAL GENERAL MEETING

Evli Bank Plc's Annual General Meeting, held in Helsinki on Monday March 12, 2018, decided on the following matters:

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

Evli Bank Plc's Annual General Meeting adopted the financial statements and resolved in accordance with the proposal of the Board of Directors to pay EUR 0.52 per share in dividends. The dividend was paid to a shareholder who on the record date March 14, 2018 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 21, 2018.

## 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 2017 financial year.

## Number of Board members, members and fees

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

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

## Auditors and auditors' fees

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

## Board authorizations

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

The total number of own series A shares to be repurchased may be a maximum of 1,562,418 shares, and the total number of own series B shares to be repurchased may be a maximum of 780,624 shares. The proposed number of shares represents approximately ten percent of all the shares of the company on the date of the Notice of the Annual General Meeting.

Based on the authorization, the company's own shares may only be repurchased with unrestricted equity. The company's own shares may be repurchased at the price formed for series B shares in public trading or at the price otherwise formed on the market on the purchase day.

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

The authorization replaces earlier unused authorizations to repurchase the company's own shares. The authorization will be in force until the next Annual General Meeting but no later than until June 30, 2019.

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

Based on the authorization, the number of shares issued or transferred, including shares received based on special rights, may total a maximum of 2,343,042 series B shares. The proposed number of shares represents approximately ten percent of all the shares of the company on the date of the Notice of the Annual General Meeting. Of the above-mentioned total number, however, a maximum of 234,304 shares may be used as part of the company's share-based incentive schemes, representing approximately one percent of all the shares of the company on the date of the Notice of the Annual General Meeting.

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

The authorization replaces earlier unused authorizations concerning the issuance of shares as well as the issuance of options and other special rights entitling to shares. The authorization will be in force until the end of the next Annual General Meeting but no longer than until June 30, 2019.

## BUSINESS ENVIRONMENT

The risks have grown in Evli's business environment. The rapid fluctuations in the equity markets and the political uncertainty have made investors cautious and made them favor lower risk, and hence lower margin products. The uncertainty on the market has also increased the likelihood of losses in investments through Evli's own balance sheet. As a result, Evli has further reduced the risk level of the Treasury unit's investment portfolio, which in turn has a negative impact on portfolio return expectations. Despite this, the situation in the company's domestic market in Finland is stable and the prerequisites for growth in the company's traditional operations are good.

In line with its strategy, Evli has focused increasingly on international sales and developing alternative investment products. These are considered important sources of growth for the company and as a buffer in any reversal of the market. Work has also been done to further improve scalability.

During the first half of the year Evli started to distribute its products in Germany and the Gulf region. In addition to product availability, the streamlining and adaptation of administrative processes to correspond to the standards that investors are accustomed to on other markets are critical for the success of international growth. The company currently has many investigations under way in this area into measures that may help to accelerate growth. Evli is excellently placed where international sales are concerned, and the image of a high-quality Nordic fund management boutique is of interest to foreign investors.

Alternative investment products are another important strategic focus area for Evli. Strong demand for these products has continued and the market has been favorable for the growth of the asset class. This development is supported by long-term trends, such as the aging of the population and urbanization. This is a challenging asset class when it comes to seeking sufficient return for investors, which also covers the risks contained in the investment which is always long term. The asset class is also a very competitive area. During the first half of the year Evli has launched two new alternative investment products and is investigating the possibilities for more new products during this year. The company's goal is to turn alternative products into a major source of revenue.

Increasing efficiency is critical for the company's success in its business environment that is becoming increasingly digitalized. Alongside the traditional service models, Evli has also focused considerably on the development of its digital services. Process automation, robotic process automation and artificial intelligence will, in the future, play an increasing role in the daily activities of the investment services industry. They also have a direct impact on the client experience in the form of the smooth performance of the services. To maintain its competitiveness, Evli will continue to invest increasingly in digital services and automation of its practices.

## RISK MANAGEMENT AND BUSINESS RISKS

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

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

## EVENTS TAKING PLACE AFTER THE REVIEW PERIOD

Evli has initiated a series of internal, strategy-based actions, where Evli among others is considering terminating brokerage operations in Sweden. This may lead to non-recurring costs already for the current year.

## OUTLOOK FOR 2018 SPECIFIED

The risks associated with the general trend in the equity and fixed income markets are high due to the prevailing uncertainty on the markets. A continued decline in equity prices or a reduction in investors' risk appetite would have a negative impact on the company's profit performance. Demand for Evli's products has remained stable and assets under the Group's management have grown substantially in recent years, which would soften the result-impact of any reversal of the market. The company has initiated a series of internal, strategy-based actions, where Evli among others is considering terminating brokerage operations in Sweden. This may lead to non-recurring costs already for the current year.

There has been positive development in the demand for advisory services, and its outlook for 2018 is stable. Customer's demand for Evli's products and services has developed positively, which has also led to a systematic increase in lending. In the advisory business and in own investment activities, fluctuations in quarterly and annual returns are possible. The profit during the beginning of the year has been positively affected by the clearly better performance than in the previous year by Evli's associated company Northern Horizon Capital. The better performance was a result of non-recurring exit fees received.

Because of successful and stable performance at the beginning of the year, we estimate that our profit for the 2018 financial year, excluding non-recurring costs from restructuring, will be at the same level as in the previous year.

**Earlier we said that, because of successful and stable development at the beginning of the year, we estimate that our result for the 2018 financial year will be clearly positive.**

Helsinki, October 30, 2018

EVLI BANK PLC  
Board of Directors

**Additional information:**

**Maunu Lehtimäki**, CEO, tel. +358 (0) 50 553 3000

**Juho Mikola**, CFO, tel. +358 (0) 40 717 8888

[www.evli.com](http://www.evli.com)

**INVESTOR CALENDER 2018**

- Financial Statements 2018: January 23, 2019
- Interim Report, January-March: April 26, 2019
- Half-year Financial Report, January-June: July 12, 2019
- Interim Report, January-September: October 22, 2019

The Annual Report and Financial Statements for 2018 will be published on the company's website [www.evli.com](http://www.evli.com) on week 7, 2019.

The Annual General Meeting of Evli Bank Plc is planned to be held in Helsinki on March 12, 2019 starting at 9.00 am.

EVLI BANK PLC

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CONSOLIDATED INCOME STATEMENT, M€	7-9/ 2018	7-9/ 2017	1-9/ 2018	1-9/ 2017	1-12/ 2017
Net interest income	0.2	0.1	0.5	0.7	0.9
Commission income and expense, net	15.1	14.7	49.4	45.3	65.2
Net income from securities transactions and foreign exchange dealing	0.7	1.5	1.1	4.4	4.9
Other operating income	0.0	0.0	0.0	0.0	0.4
<b>NET REVENUE</b>	<b>16.1</b>	<b>16.3</b>	<b>51.0</b>	<b>50.4</b>	<b>71.4</b>
Administrative expenses					
Personnel expenses	-6.2	-6.2	-19.9	-20.4	-28.9
Other administrative expenses	-3.7	-3.6	-11.8	-11.0	-15.1
Depreciation, amortisation and write-down	-0.5	-0.6	-1.4	-1.7	-2.3
Other operating expenses	-0.8	-1.0	-2.7	-2.6	-3.9
Impairment losses on loans and other receivables	0.0	0.0	0.0	0.0	0.0
<b>NET OPERATING PROFIT / LOSS</b>	<b>4.9</b>	<b>5.0</b>	<b>15.3</b>	<b>14.8</b>	<b>21.3</b>
Share of profits (losses) of associates	0.3	0.3	2.4	-0.5	0.6
Income taxes*	-0.7	-0.5	-2.9	-2.5	-4.3
<b>PROFIT / LOSS FOR FINANCIAL YEAR</b>	<b>4.5</b>	<b>4.7</b>	<b>14.8</b>	<b>11.8</b>	<b>17.5</b>
Attributable to					
Non-controlling interest	-0.1	0.4	0.4	0.3	0.8
Equity holders of parent company	4.7	4.3	14.4	11.6	16.7
<b>PROFIT / LOSS FOR FINANCIAL YEAR</b>	<b>4.5</b>	<b>4.7</b>	<b>14.8</b>	<b>11.8</b>	<b>17.5</b>
<b>OTHER COMPREHENSIVE INCOME / LOSS</b>					
Items, that will not be reclassified to profit or loss					
Income and expenses recognised directly in equity	0.0	0.0	0.0	0.0	0.0
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences - foreign operations	0.1	0.0	-0.2	0.2	-0.2
Other comprehensive income/loss	0.1	0.0	-0.2	0.2	-0.2
Other comprehensive income after taxes / loss total	0.1	0.0	-0.2	0.2	-0.2
<b>OTHER COMPREHENSIVE INCOME / LOSS TOTAL</b>	<b>4.6</b>	<b>4.8</b>	<b>14.6</b>	<b>12.1</b>	<b>17.4</b>
Attributable to					
Non-controlling interest	-0.1	0.4	0.4	0.3	0.8
Equity holders of parent company	4.7	4.3	14.2	11.8	16.5
Earnings per Share (EPS), fully diluted	0.20	0.19	0.61	0.51	0.72
Comprehensive Earnings per Share (EPS), fully diluted	0.20	0.18	0.59	0.49	0.69

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

CONSOLIDATED QUARTERLY, M€	INCOME	STATEMENT	7-9/ 2018	4-6/ 2018	1-3/ 2018	10-12/ 2017	7-9/ 2017
Net interest income			0.2	0.1	0.1	0.2	0.1
Commission income and expense, net			15.1	17.4	16.9	19.9	14.7
Net income from securities transactions and foreign exchange dealing			0.7	0.5	-0.1	0.5	1.5
Other operating income			0.0	0.0	0.0	0.4	0.0
<b>NET REVENUE</b>			<b>16.1</b>	<b>18.0</b>	<b>17.0</b>	<b>21.0</b>	<b>16.3</b>
Administrative expenses							
Personnel expenses			-6.2	-7.4	-6.3	-8.5	-6.2
Other administrative expenses			-3.7	-4.2	-3.9	-4.0	-3.6
Depreciation, amortisation and write-down			-0.5	-0.4	-0.4	-0.6	-0.6
Other operating expenses			-0.8	-0.8	-1.1	-1.4	-1.0
Impairment losses on loans and other receivables			0.0	0.0	0.0	0.0	0.0
<b>NET OPERATING PROFIT/LOSS</b>			<b>4.9</b>	<b>5.2</b>	<b>5.2</b>	<b>6.5</b>	<b>5.0</b>
Share of profits (losses) of associates			0.3	0.4	1.7	1.0	0.3
Income taxes*			-0.7	-1.2	-1.0	-1.8	-0.5
<b>PROFIT/LOSS FOR FINANCIAL YEAR</b>			<b>4.5</b>	<b>4.3</b>	<b>5.9</b>	<b>5.7</b>	<b>4.7</b>
Attributable to							
Non-controlling interest			-0.1	0.3	0.2	0.6	0.4
Equity holders of parent company			4.7	4.0	5.7	5.2	4.3
<b>PROFIT/LOSS FOR FINANCIAL YEAR</b>			<b>4.5</b>	<b>4.3</b>	<b>5.9</b>	<b>5.7</b>	<b>4.7</b>
<b>OTHER COMPREHENSIVE INCOME/LOSS</b>							
Items, that will not be reclassified to profit or loss							
Income and expenses recognised directly in equity			0.0	0.0	0.0	0.0	0.0
Items that are or may be reclassified subsequently to profit or loss							
Foreign currency translation differences - foreign operations			0.1	-0.1	-0.2	-0.4	0.0
Other comprehensive income/loss			0.1	-0.1	-0.2	-0.4	0.0
Other comprehensive income after taxes/loss total			0.1	-0.1	-0.2	-0.4	0.0
<b>OTHER COMPREHENSIVE INCOME/LOSS TOTAL</b>			<b>4.6</b>	<b>4.3</b>	<b>5.7</b>	<b>5.3</b>	<b>4.8</b>
Attributable to							
Non-controlling interest			-0.1	0.3	0.2	0.6	0.4
Equity holders of parent company			4.7	3.9	5.5	4.7	4.3

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

CONSOLIDATED BALANCE SHEET, M€	30.9.2018	30.9.2017	31.12.2017
<b>ASSETS</b>			
Liquid assets	138.4	127.8	383.2
Debt securities eligible for refinancing with central banks	31.2	36.3	36.3
Claims on credit institutions	61.9	67.1	64.1
Claims on the public and public-sector entities	107.6	87.2	92.0
Debt securities	321.7	302.0	229.4
Shares and participations	44.2	54.3	31.5
Participating interests	5.0	2.6	3.6
Derivative contracts	33.4	24.8	30.2
Intangible assets	10.9	9.8	10.0
Property, plant and equipment	1.8	1.9	1.8
Other assets	144.3	232.5	73.9
Accrued income and prepayments	7.4	5.7	4.0
Deferred tax assets	1.4	1.4	0.7
<b>TOTAL ASSETS</b>	<b>909.2</b>	<b>953.4</b>	<b>960.7</b>
<b>LIABILITIES</b>			
Liabilities to credit institutions and central banks	17.2	17.9	31.7
Liabilities to the public and public-sector entities	483.4	465.0	621.5
Debt securities issued to the public	136.8	92.6	97.5
Derivative contracts and other trading liabilities	41.2	36.8	34.6
Other liabilities	139.6	257.4	83.6
Accrued expenses and deferred income	16.5	16.9	19.1
Deferred tax liabilities	0.1	0.3	0.2
<b>LIABILITIES TOTAL</b>	<b>834.8</b>	<b>886.9</b>	<b>888.1</b>
Equity to holders of parent company	74.0	65.9	71.6
Non-controlling interest in capital	0.3	0.6	0.9
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>909.2</b>	<b>953.4</b>	<b>960.7</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
<b>Equity capital 31.12.2016</b>	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						11.6	<b>11.6</b>	0.3	<b>11.8</b>
Dividends						-9.4	<b>-9.4</b>	-0.3	<b>-9.7</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>-0.1</b>	0.2	<b>0.1</b>
<b>Equity capital 30.9.2017</b>	30.2	1.8	17.3	0.1	-0.2	16.7	<b>65.9</b>	0.6	<b>66.5</b>
Translation difference					0.0		<b>0.0</b>		<b>0.0</b>
Profit/loss for the period						5.2	<b>5.2</b>	0.8	<b>6.0</b>
Share options exercised			0.2				<b>0.2</b>		<b>0.2</b>
Dividends						0.2	<b>0.2</b>		<b>0.2</b>
Acquisition of non-controlling interest			0.0				<b>0.0</b>		<b>0.0</b>
Acquisition of own shares			0.0				<b>0.0</b>		<b>0.0</b>
Other changes			-0.1	0.1		0.1	<b>0.1</b>	-0.6	<b>-0.5</b>
<b>Equity capital 31.12.2017</b>	30.2	1.8	17.5	0.1	-0.2	22.2	<b>71.6</b>	0.9	<b>72.5</b>
Translation difference					0.0		<b>0.0</b>		<b>0.0</b>
Profit/loss for the period						14.4	<b>14.4</b>	0.4	<b>14.8</b>
Dividends						-12.2	<b>-12.2</b>	-0.9	<b>-13.1</b>
Share options exercised			0.5				<b>0.5</b>		<b>0.5</b>
Acquisition of own shares			0.0				<b>0.0</b>		<b>0.0</b>
Acquisition of non-controlling interest							<b>0.0</b>		<b>0.0</b>
Other changes			0.0	0.2		-0.4	<b>-0.2</b>		<b>-0.2</b>
<b>Equity capital 30.9.2018</b>	30.2	1.8	18.0	0.3	-0.2	23.9	<b>74.0</b>	0.3	<b>74.3</b>

	Wealth Management and Investor Clients	Advisory and Corporate Clients	Group Operations	Unallocated	Group
<b>SEGMENT INCOME STATEMENT, M€</b>	<b>1-9/2018</b>	<b>1-9/2018</b>	<b>1-9/2018</b>	<b>1-9/2018</b>	<b>1-9/2018</b>
<b>REVENUE</b>					
Net interest	0.0	0.0	0.4	0.0	0.5
Net commissions	42.7	6.5	0.4	-0.1	49.4
Trading and FX result	0.2	0.1	0.8	0.0	1.1
Other operative income	0.0	0.0	0.0	0.0	0.0
External sales	42.9	6.5	1.7	-0.1	51.0
Inter-segment sales	-0.1	0.0	0.1	0.0	0.0
<b>Total revenue</b>	<b>42.9</b>	<b>6.5</b>	<b>1.7</b>	<b>-0.1</b>	<b>51.0</b>
<b>Timing of revenue recognition</b>					
At a point in time	36.0	3.4			39.4
Over time	6.6	3.1			9.7
<b>RESULT</b>					
Segment operating expenses	-22.8	-4.5	-8.0	0.9	-34.3
<b>Business units operating profit before depreciations and Group allocations</b>	<b>20.1</b>	<b>2.0</b>	<b>-6.2</b>	<b>0.8</b>	<b>16.7</b>
Depreciations	-0.3	-0.2	-0.4	-0.5	-1.4
<b>Business units operating profit before Group allocations</b>	<b>19.9</b>	<b>1.8</b>	<b>-6.6</b>	<b>0.3</b>	<b>15.3</b>
Allocated corporate expenses	-6.4	-1.0	7.4	0.0	0.0
<b>Operating profit including Group allocations</b>	<b>13.5</b>	<b>0.8</b>	<b>0.8</b>	<b>0.3</b>	<b>15.3</b>
Share of profits (losses) of associates				2.4	2.4
Income taxes				-2.9	-2.9
<b>Segment profit/loss</b>	<b>13.5</b>	<b>0.8</b>	<b>0.8</b>	<b>-0.3</b>	<b>14.8</b>

	Wealth Management and Investor Clients	Advisory and Corporate Clients	Group Operations	Unallocated	Group
<b>SEGMENT INCOME STATEMENT, M€</b>	<b>1-9/2017</b>	<b>1-9/2017</b>	<b>1-9/2017</b>	<b>1-9/2017</b>	<b>1-9/2017</b>
<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>Timing of revenue recognition</b>					
At a point in time	33.8	2.9		-	36.7
Over time	5.8	2.8		-	8.6
<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				2.4	-0.5
Income taxes				-2.5	-2.5
<b>Segment profit/loss</b>	<b>11.2</b>	<b>0.6</b>	<b>2.9</b>	<b>-2.9</b>	<b>11.8</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 include cost items relating to general administration of Evli Group and banking business that are allocated to business units using allocation drivers in place at each time of review. Group Operations comprise Management of Evli Group, certain back-office functions, Treasury, Group Risk Management, Financial Administration, Information Management, Group Communications, Legal Department and Compliance, and Human Resources.

CASH FLOW STATEMENT, M€	1-9/2018	1-9/2017	1-12/2017
<b>Cash flows from operating activities</b>			
Interest and commission received	61.8	48.5	71.3
Open trades, net	-8.5	-25.0	-34.3
Interest and commissions paid	-3.1	-2.6	-4.2
Cash payments to employees and suppliers	-45.9	-40.1	-57.2
Increase(-) or decrease(+) in operating assets:			
Net change in trading book assets and liabilities	-108.1	-104.5	-14.5
Deposits held for regulatory or monetary control purposes	-0.6	-23.0	-17.9
Funds advanced to customers	-164.3	18.0	182.4
Issue of loan capital	39.3	46.5	51.4
Net cash from operating activities before income taxes	-229.4	-82.3	177.0
Income taxes	-3.8	-3.3	-4.1
<b>Net cash used in operating activities</b>	<b>-233.2</b>	<b>-85.6</b>	<b>172.9</b>
<b>Cash flows from investing activities</b>			
Proceeds from sales of subsidiaries and associates	-0.4	-0.5	-0.6
Acquisition of property, plant and equipment and intangible assets	-1.5	-1.1	-1.9
<b>Net cash used in investing activities</b>	<b>-2.0</b>	<b>-1.6</b>	<b>-2.4</b>
<b>Cash flows from financing activities</b>			
Purchase of own shares	0.0	-0.5	-0.3
Payment of finance lease liabilities	-0.1	-0.1	-0.2
Transactions with non-controlling interests	0.0	0.0	-0.5
Dividends paid	-12.2	-9.4	-9.2
<b>Net cash from financing activities</b>	<b>-12.2</b>	<b>-10.0</b>	<b>-10.2</b>
Net increase/decrease in cash and cash equivalents	-247.5	-97.2	160.3
Cash and cash equivalents at beginning of period	388.6	228.3	228.3
Effects of exchange rate changes on cash and cash equivalents	-0.1	0.0	0.1
<b>Cash and cash equivalents at end of period</b>	<b>141.0</b>	<b>131.1</b>	<b>388.6</b>

**KEY FIGURES DESCRIBING THE FINANCIAL PERFORMANCE**

	7-9/2018	7-9/2017	1-9/2018	1-9/2017	1-12/2017
<b>Income statement key figures</b>					
Operating income, M€	16.1	16.3	51.0	50.4	71.4
Operating profit/-loss, M€	4.9	5.0	15.3	14.8	21.3
Operating profit margin, %	30.6	30.4	30.0	29.3	29.8
Profit/loss for the financial year, M€	4.5	4.7	14.8	11.8	17.5
<b>Profitability key figures</b>					
Return on equity (ROE), %			26.8	23.9	25.5
Return on assets (ROA), %			2.1	1.8	2.0
<b>Balance sheet key figures</b>					
Equity-to-assets ratio, %			8.2	7.0	7.6
Capital adequacy ratio, %			15.3	14.1	15.0
<b>Key figures per share</b>					
Earnings per Share (EPS), fully diluted, €	0.20	0.19	0.61	0.51	0.72
Comprehensive Earnings per Share (EPS), fully diluted, €	0.20	0.18	0.59	0.49	0.69
Dividend / share, €*					0.52
Equity per share, €			3.17	2.87	3.10
Share price at the end of the period, €			9.40	7.55	9.60
<b>Other key figures</b>					
Expense ratio (operating costs to net revenue)			0.70	0.71	0.70
Recurring revenue ratio, %			118	116	113
Personnel at the end of the period			260	248	240
Market value, M€			222.7	176.1	224.9

\*Dividend from 2017 approved by the Annual General Meeting. The dividend was paid on March 21, 2018.

<b>Evli Group's capital adequacy</b>	1-9/2018	1-9/2017	1-12/2017
Own assets (common equity Tier 1 capital), M€	47.0	41.3	43.0
Risk-weighted items total for market- and credit risks, M€	185.7	181.0	166.9
Capital adequacy ratio, %	15.3	14.1	15.0
Evli Bank Plc's adequacy ratio, %	18.6	19.1	20.4
Own funds surplus, M€	22.5	17.8	20.0
Own funds in relation to the minimum capital requirement	1.9	1.8	1.9
Own funds surplus M€ including additional capital requirement	14.8	10.5	12.9

## CALCULATION OF KEY RATIOS

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

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

NOTES TO BALANCE SHEET, M€	30.9.2018	30.9.2017	31.12.2017	
<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	42.9	32.5	22.5	
Bonds	93.9	60.1	75.0	
<b>Debt securities issued to the public</b>	<b>136.8</b>	<b>92.6</b>	<b>97.5</b>	
<b>Breakdown by maturity</b>	<b>under 3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>5-10 years</b>
Debt securities issued to the public	0.0	47.9	88.9	0.0
<b>Changes in bonds issued to the public</b>	<b>30.9.2018</b>	<b>30.9.2017</b>	<b>31.12.2017</b>	
Issues	41.7	29.5	49.5	
Repurchases	19.0	6.3	10.2	
<b>Off-balance sheet commitments</b>				
Commitments given to a third party on behalf of a customer	8.4	6.5	8.2	
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	3.1	2.4	
<b>Transactions with related parties</b>	<b>1-9/2018</b>			
	Associated companies	Group management		
Sales	0.0	0.0		
Purchases	0.0	0.0		
Receivables	0.0	0.1		
Liabilities	0.0	0.4		

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	Level 1 2018	Level 2 2018	Level 3 2018	Total
<b>Financial assets</b>				
Shares and participations classified as held for trading	15.1	0.0	0.5	15.6
Shares and participations, other	22.2	0.0	6.3	28.6
Debt securities eligible for refinancing with central banks	31.2	0.0	0.0	31.2
Debt securities	8.6	310.6	2.4	321.7
Positive market values from derivatives	1.5	28.1	3.8	33.4
<b>Total financial assets held at fair value</b>	<b>78.6</b>	<b>338.7</b>	<b>13.1</b>	<b>430.4</b>
<b>Financial liabilities</b>				
Shares and participations classified as held for trading	7.9	0.0	0.9	8.8
Negative market values from derivatives	0.9	28.0	3.5	32.4
<b>Total financial liabilities held at fair value</b>	<b>8.8</b>	<b>28.0</b>	<b>4.4</b>	<b>41.2</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, real estate funds, equities and equity rights.

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

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

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

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

DERIVATIVE CONTRACTS, M€	Remaining maturity			Fair value (+/-)
	Nominal value of underlying, gross	Less than 1 year	1-5 years	
Held for trading				
Interest rate derivatives				
Interest rate swaps		0.0	55.4	0.0
Equity-linked derivatives				
Futures		8.8	0.0	0.0
Options bought		67.8	38.0	0.0
Options sold		63.0	38.0	0.0
Currency-linked derivatives		4 341.9	0.0	0.0
<b>Held for trading, total</b>		<b>4 482.7</b>	<b>131.3</b>	<b>0.0</b>
<b>Derivative contracts, total</b>		<b>4 482.7</b>	<b>131.3</b>	<b>0.0</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 interim report does not include all the tables regarding the business operations from the annual financial statement. As a consequence, this interim report should be read in conjunction with the company's financial statements for the financial year ended December 31, 2017.

The accounting policies used are consistent with the accounting policies for the financial year 2017 and the comparative reporting period, excluding the new IFRS standards that are described separately below.

## NEW IFRS STANDARDS APPLIED

Evli has started applying the following standards during the review period:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers.

The impact of the new standards on the figures in the interim report is described below separately for each standard. The figures are unaudited.

## IFRS 9 - FINANCIAL INSTRUMENTS

ITEMS TO BE MEASURED ACCORDING THE IFRS 9 STANDARD, EXPECTED CREDIT LOSSES, M€  
Financial assets measured at amortized cost and accounts receivable

Balance sheet item	Amount	Level 1	Level 2	Level 3	Expected credit loss	Opening balance 1.1., credit loss provision
Receivables from credit institutions	61.91	61.91	0.00	0.00	0.00	0.00
Receivables from the public	107.64	107.64	0.00	0.00	0.04	0.00
Receivables from the public; corporate	22.05	22.05	0.00	0.00	0.01	0.00
Receivables from the public; private	84.39	84.39	0.00	0.00	0.01	0.00
Receivables from the public; other	1.19	1.19	0.00	0.00	0.00	0.00
Other receivables	1.72	1.69	0.04	0.00	0.01	0.00
Off-balance sheet loan commitments	3.13	3.13	0.00	0.00	0.00	0.00
	<b>174.40</b>	<b>174.36</b>	<b>0.04</b>	<b>0.00</b>	<b>0.05</b>	<b>0.00</b>

The assets are classified as Level 1 if the receivable is low risk or the credit risk of the receivable has not grown materially since the date of issuing the item. At the end of the period there were no such receivables whose risk level was considered to have grown materially.

The bank has one loan payment instalment that is over 30 days late, but the reason for this is technical.

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

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

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

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

## IMPACT OF THE IFRS 9 STANDARD

Impact on capital adequacy, %	-0.02
Impact on own funds, M€	-0.04

**IFRS 9 CLASSIFICATION AND MEASUREMENT, FINANCIAL ASSETS**

Financial assets that are measured, new and old measurement:

Financial asset group before 1.1.2018	Contents	Measurement method
Loans and other receivables	Receivables from the public and credit institutions, cash assets	Amortized cost
Financial assets measured at fair value through profit or loss	Shares and participations, derivatives, debt securities, funds	Fair value
Available-for-sale financial assets	Unquoted shares	Fair value
Financial assets held to maturity	Not in use	Amortized cost

Financial asset group as of 1.1.2018	Contents	Measurement method
Financial assets measured at amortized cost	Receivables from the public and credit institutions, cash assets	Amortized cost
Financial assets measured at fair value through profit or loss	Shares and participations, derivatives, debt securities, funds, unquoted equities	Fair value
Financial assets measured at fair value through comprehensive income	Not in use	Fair value

The change in classification does not result in any changes to the valuation methods of financial assets.

**IFRS 15 – REVENUE RECOGNITION**

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

Key revenue streams that fall under the standard and are based on client contracts have been analyzed using the five-step model. The client contract on which the stream is based and any performance criteria on which fees are based have been identified for each revenue stream. The fee charged has then been allocated to each performance criterion and the revenue recognition principles have been built around meeting the criteria. Breakdown of revenue in accordance to IFRS standard between overtime and at a point in time recognized revenue is shown as part of the segment reporting.