# HALF YEAR FINANCIAL REPORT
## January-June 2019

EVLI BANK PLC

# ASSETS UNDER MANAGEMENT EXCEEDED EUR 13 BILLION

- The Wealth Management and Investor Clients segment's operating profit declined and was EUR 6.9 million (1-6/2018: EUR 9.1 million)
- The Advisory and Corporate Clients segment's operating profit of EUR 1.0 million remained at same level as in the comparison period (EUR 0.8 million)
- The return from own balance sheet items developed favourably and totaled EUR 2.5 million (EUR 0.4 million) improving operating profit in the Group Operations segment
- According to strategy, Evli's assets under management in alternative investment products increased during the review period and were about EUR 800 million (about EUR 180 million).

## January-June 2019

- Net revenue was EUR 35.1 million (EUR 34.9 million)
- Operating profit was EUR 9.5 million (EUR 10.4 million)
- Profit for the financial year was EUR 7.3 million (EUR 10.3 million). Profit for the comparison period includes EUR 2.1 million of the share of the associated company
- Evli's diluted earnings per share were EUR 0.29 (EUR 0.41) and return on equity was 19.8 percent (28.8%)
- Net assets under management grew and totaled record-high EUR 13.3 billion (EUR 11.9 billion) at the end of June
- Proportion of recurring revenue to operating costs was 113 percent (113%).

## April-June 2019

- The Group's net revenue was EUR 18.3 million (EUR 18.0 million)
- The Group's operating profit was EUR 5.2 million (EUR 5.2 million)
- Earnings per share amounted to EUR 0.16 (EUR 0.17).

## Outlook for 2019 unchanged

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 possible continued decline in equity prices or a reduction in investors' risk appetite would have a negative impact on the company's profit performance. Evli Group's assets under management have grown substantially in recent years, which softens the result-impact of any reversal of the market. Sales of alternative investment products, in particular, have brought new, stable revenue. Evli has initiated a series of internal, strategy-based actions and cost savings, leading to improvements in the company's cost effectiveness.

There has been positive development in the demand for advisory services, and its outlook for 2019 is stable. Own balance sheet investments share of Evli's business decreased during 2018. Nevertheless, it may have a significant impact on the company's result performance. In the advisory business and in own investment activities, fluctuations in quarterly and annual returns are possible. Customer's demand for Evli's products and services has continued to be good, which has also led to a systematic increase in lending.

Because of profitable and stable development, we estimate that the result for the 2019 financial year, will be clearly positive.

## KEY FIGURES

| | 1-6/2019 | 1-6/2018 | 1-12/2018 |
|---|---|---|---|
| **Income statement key figures** | | | |
| Operating income, M€ | 35.1 | 34.9 | 68.5 |
| Operating profit/loss, M€ | 9.5 | 10.4 | 18.9 |
| Operating profit margin, % | 27.2 | 29.8 | 27.6 |
| Profit/loss for the financial year, M€ | 7.3 | 10.3 | 17.3 |
| | | | |
| **Profitability key figures** | | | |
| Return on equity (ROE), % | 19.8 | 28.8 | 23.0 |
| Return on assets (ROA), % | 1.6 | 2.1 | 1.9 |
| | | | |
| **Balance sheet key figures** | | | |
| Equity-to-assets ratio, % | 6.7 | 7.2 | 9.5 |
| Group capital adequacy ratio, % | 14.7 | 16.4 | 16.2 |
| | | | |
| **Key figures per share** | | | |
| Earnings per Share (EPS), fully diluted, € | 0.29 | 0.41 | 0.68 |
| Comprehensive Earnings per Share (EPS), fully diluted, € | 0.29 | 0.40 | 0.67 |
| Dividend per share, €* | | | 0.61 |
| Equity per share, € | 2.96 | 2.97 | 3.27 |
| Share price at the end of the period, € | 7.78 | 9.84 | 7.28 |
| | | | |
| **Other key figures** | | | |
| Expense ratio (operating costs to net revenue) | 0.73 | 0.70 | 0.72 |
| Recurring revenue ratio, % | 113 | 113 | 113 |
| Personnel at the end of the period | 263 | 268 | 254 |
| Market value, M€ | 186.0 | 233.1 | 172.5 |

**Dividend for 2018 approved by the Annual General Meeting. The dividend was paid on March 21, 2019.*

## Maunu Lehtimäki, CEO

An improved market environment caused client activity to increase substantially during the second quarter, which was reflected as growing sales of fund products and discretionary asset management services. In fact, our fund fees were ten percent higher than in the same period a year earlier. On the other hand, brokerage fees declined, as a result of which our net commission income fell short of the previous year's level. Nevertheless, revenue increased slightly as our own balance sheet produced excellent returns.

In line with Evli's strategy, we have continued our efforts in development of alternative investment products, international fund sales and projects that enhance the client experience and digitalization.

Regarding alternative investment products, in the second quarter we launched our second fund that invests in private equity funds, Evli Private Equity I Ky, with over EUR 260 million in capital, including investment commitments. In addition, we collected over EUR 30 million in new capital in the Evli Private Equity II Ky fund, which was launched in the first quarter. During the second quarter we collected around EUR 40 million in investments and commitments in our two real estate equity funds, Evli Rental Yield and Evli Residential I Ky. The total alternative investment product capital, including investment commitments, was around EUR 800 million at the end of the review period compared with around EUR 180 million a year earlier.

International fund sales grew by around EUR 300 million during the review period, the majority of which concerned our corporate bond funds, as before. Foreign investors were interested especially in the Evli Nordic Corporate Bond fund, which invests in Nordic corporate bonds, and the fund's capital increased to almost EUR 800 million at the end of June. Overall, our international fund capital grew to EUR 2.4 billion compared with EUR 1.9 billion a year earlier. Evli's major markets outside Finland are Sweden and the other Nordic countries and large countries in Central Europe, particularly Germany, France and Spain. In new market opportunities, we also received fund investments from Italy and Portugal.

At home, the sales of fund products and discretionary asset management services developed well and were as planned for both private and institutional clients. Net subscriptions in traditional mutual funds were around EUR 658 million and our fund capital in these funds rose to EUR 8.9 billion. Evli is the fourth-largest fund management company in Finland and its market share was 7.7 percent at the end of June. Our overall client assets under management grew to EUR 13.3 billion.

In the Advisory and Corporate Clients segment the Corporate Finance business area performed in line with expectations and invoicing was at the level of the previous year. The company's mandate base is stable so the outlook for the coming quarters is also positive. The incentive system management business grew as it has in previous years thanks to new clients and existing clients extending their current incentive systems.

We will continue our resolute work to develop our strategic focus areas in order to reach our target of achieving an even broader selection of funds and more international clientele. By developing new alternative investment products we want to meet client demand even better and strengthen the average margin of our fund products. We will also continue our work to create a unique client experience and to boost the efficiency of our investment processes. We have been investing in the development of our information systems for a long time now. During 2019 our target is to launch new digital services and update our back office systems. We believe this work will have a positive impact on our client satisfaction and profitability.

Finally, I am very pleased that for the fifth consecutive year, Evli was ranked Finland's best asset manager by institutional clients in the KANTAR SIFO Prospera "External Asset Management 2019 Finland" survey. This is a valuable acknowledgement of the persevering work that we do with the client's best interests always in mind.

Maunu Lehtimäki, CEO

## MARKET PERFORMANCE

The rapid global economic recovery at the beginning of the year from the decline at the end of 2018 waned as the summer approached, when the trade dispute between the USA and China escalated with new tariffs and restrictions on sales. In the financial markets, the first quarter saw very positive performance as several equity markets reached new record levels. In the second quarter, large stock sales took place as investors cashed in returns, causing fluctuations in prices. Bond yields continued to decline in the first quarter, ending up at record-low levels in the second quarter.

Economic growth has continued to be slow globally, and especially so in Europe. Low inflation and an uncertain macroeconomic outlook have prompted central banks to indicate that they will relax fiscal policy in the USA and Europe. In Asia, the central banks of China and Japan have accelerated their stimulus. The decline in bond yields that resulted from central bank measures and communication has already provided relief to the corporate sector and households through lower credit costs.

Analysts' expectations regarding corporate earnings growth for the first quarter of the year were very pessimistic. From this standpoint, the growth figures that were the lowest for many years, and at times even negative, were actually better than feared, which was reflected as a rise in share prices. On the equity markets US equities (S&P 500) rose 17.3 percent and European equities (Stoxx 600) 14.0 percent during the first half of the year. Finnish equities (OMX Helsinki Cap) returned 8.4 percent during the same period.

Long rates continued their decline during the first half of the year leading to an increase in the values of interest-bearing papers. The values of euro area government bonds rose 6.0 percent. The values of corporate bonds with higher ratings rose 5.5 percent and the values of high yield bonds with lower ratings rose 7.7 percent. The euro weakened by 0.9 percent against the dollar.

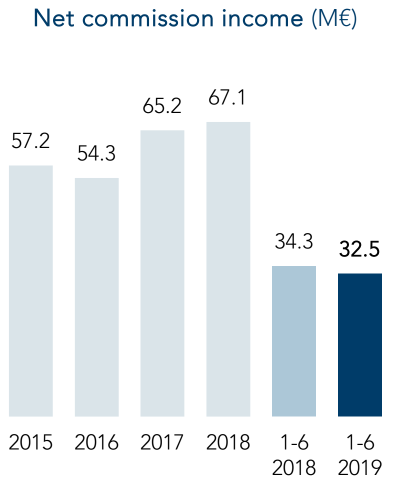
## DEVELOPMENT OF REVENUE AND RESULT

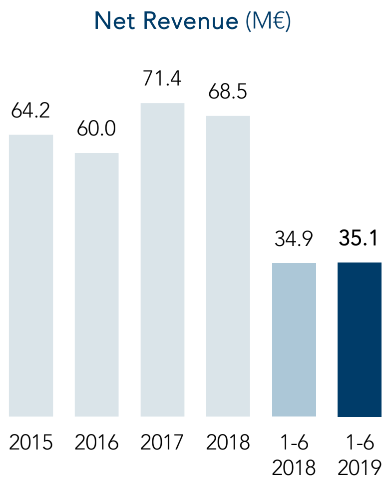
### January-June

The Evli Group's net commission income declined five percent during the review period year on year and was EUR 32.5 million (EUR 34.3 million). The main reason for the negative performance was the decline in brokerage fees as a result of weaker client demand. On the other hand, fund fees performed positively and exceeded the previous year's level, despite a lack of profit-related fees from mutual funds and asset management (EUR 0.4 million) during the review period.

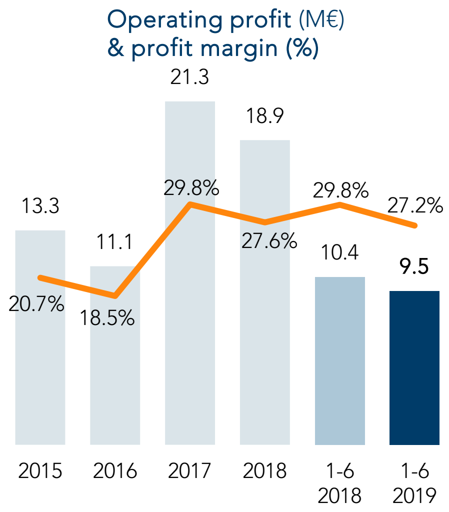
Overall, during the review period, the return from Evli Group's operations remained at the same level year on year and was EUR 35.1 million (EUR 34.9 million). Revenue performance was positively affected by the net income from securities transactions and foreign exchange dealing, which increased significantly on the previous year to EUR 2.5 million (EUR 0.4 million) thanks to successful investment activities.

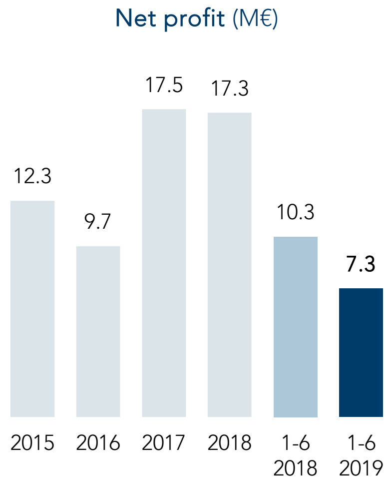
Overall costs for January-June, including depreciation, amounted to EUR 25.5 million (EUR 24.5 million). During the past year, Evli has invested significantly in the development of alternative investment funds, which has increased costs. The Group's personnel expenses totaled EUR 15.0 million (EUR 13.7 million) including estimated performance bonuses for the personnel. The personnel expenses are not directly comparable due to the reversal of the performance bonus provision for the comparison period. The Group's administrative expenses were EUR 6.9 million (EUR 8.0 million). The Group's depreciation, amortization and write-downs were EUR 1.7 million (EUR 0.9 million). The increase in depreciation is mainly due to the completion of information system projects. The Group's other operating expenses totaled EUR 1.8 million (EUR 1.9 million). Evli's expense/income ratio was 0.73 (0.70).




The Group's operating profit for the first half of the year declined by eight percent year on year to EUR 9.5 million (EUR 10.4 million). The operating margin was 27.2 percent (29.8%). The profit for the review period was EUR 7.3 million (EUR 10.3 million). The Group's annualized return on equity was 19.8 percent (28.8%), which exceeded the long-term return on equity target of 15.0 percent.




## April-June

Evli Group's net revenue increased by two percent compared to the previous year, totaling EUR 18.3 million (EUR 18.0 million). The Group's net commission income decreased by two percent and was EUR 16.9 million (EUR 17.4 million).

Overall costs for the second quarter, including depreciation, increased by two percent from the previous year's level and amounted to EUR 13.1 million (EUR 12.8 million).

The Group's second-quarter operating profit remained at the same level as in the comparison period and was EUR 5.2 million (EUR 5.2 million). The operating margin was 27.2 percent (29.8%). The profit for the period was EUR 3.8 million (EUR 4.3 million).

## Balance sheet and funding

At the end of June, the Evli Group's balance sheet total was EUR 1,041.0 million (EUR 980.9 million). Due to daily changes in client activity, significant fluctuations in the size of the balance sheet total are possible from one quarter and from one year to the next. At the end of the review period, the Evli Group's equity was EUR 69.6 million (EUR 69.4 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 14.7 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 18 percent compared to the comparison period. The company's loan portfolio increased by 7.1 percent compared to the comparison period and was EUR 116.8 million. The ratio of loans granted by the Group to Evli Bank Plc's deposits from the public was 19.1 percent. The Group's liquidity is good.

| COMMON EQUITY TIER 1 CAPITAL, M€ | **30.6.2019** | 30.6.2018 |
|---|---|---|
| Share capital | 30.2 | 30.2 |
| Funds total and retained earnings | 32.2 | 29.5 |
| Minority interest | 0.0 | 0.0 |
| *Decreases:* | | |
| Intangible assets | 14.7 | 10.5 |
| Other decreases | 0.0 | 1.5 |
| **Total common equity tier 1 capital** | **47.8** | **47.6** |

Evli Bank has no tier 2 capital.

**Minimum requirement of own funds, M€**

| Minimum capital adequacy requirement by asset group, standard credit risk method: | **30.6.2019** Min. requirement | **30.6.2019** 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 | 2.8 | 34.6 |
| Investments in mutual funds | 3.6 | 45.0 |
| Claims secured with property | 0.1 | 0.9 |
| Claims from corporate customers | 2.6 | 32.8 |
| Items with high risk, as defined by the authorities | 0.1 | 1.4 |
| Other items | 6.5 | 80.8 |
| Minimum amount of own funds, market risk | 0.5 | 6.4 |
| Minimum amount of own funds, operational risk | 9.9 | 123.8 |
| **Total** | **26.1** | **325.8** |

# 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.

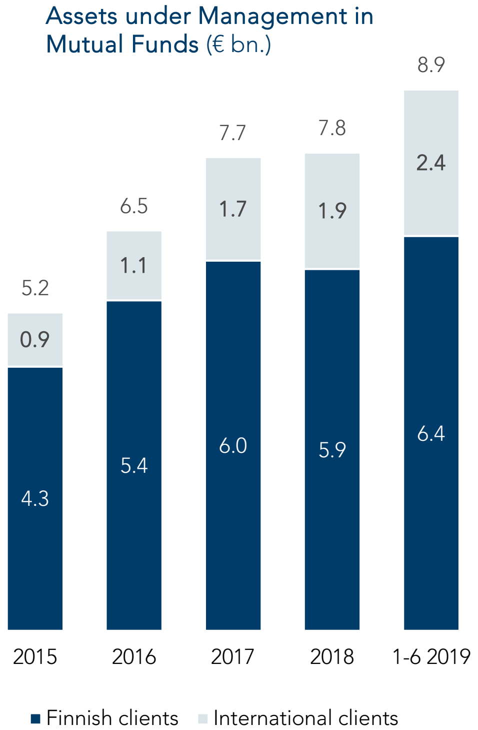
*Wealth Management*

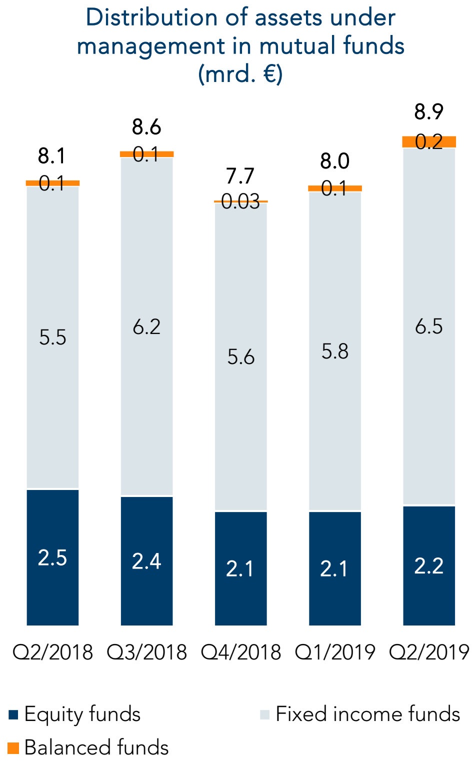
The sales of Evli's Wealth Management services developed favourably during the review period. The number of clients continued to grow in both traditional and digital asset management. At the end of the review period, Evli had EUR 5.2 billion (EUR 4.9 billion) in discretionary assets under management, which includes both the traditional and the digital services.

Evli received excellent recognition from the independent KANTAR SIFO Prospera "External Asset Management Finland 2019" -survey, where Evli was ranked as the best institutional asset manager for the fifth consecutive year. Evli was once again placed first in among others portfolio management competence, track record and responsible investments (ESG). Evli's brand strength was also assessed as clearly the strongest in asset management services in Finland.

*Investment products – traditional mutual funds*

Traditional mutual fund sales developed excellently during the second quarter of the year after a slow beginning of the year. Net subscriptions for the first half of the year totaled EUR 658.7 million (EUR 485.1 million). According to the Mutual Fund Report carried out by Investment Research Finland, Evli Fund Management Company's market share increased by 0.65 percentage points on the previous year and was 7.7 percent at the end of June. At the end of June, Evli had 28 investment funds registered in Finland. The combined assets of the traditional mutual funds managed by the company were EUR 8.9 billion (EUR 8.1 billion).



Of this, EUR 2.2 billion were invested in equity funds (EUR 2.5 billion), EUR 6.5 billion in fixed income funds (EUR 5.5 billion) and EUR 0.2 billion in balanced funds (EUR 0.1 billion). Evli's clients invested the most new assets in the Evli Nordic Corporate Bond (EUR 226 million), the Evli Euro Liquidity (EUR 181 million) and the Evli European High Yield (EUR 137 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 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 June EUR 2.4 billion (EUR 1.9 billion) of Evli's fund capital came from clients outside of Finland.

At the beginning of 2019, Evli's fund knowledge was recognized. Evli was awarded with the "Best Group Bond - Overall Small Company" Lipper Fund Award 2019 in Germany and Evli Short Corporate Bond B was rewarded with both "Best Fund over 3 years" and "Best Fund over 5 years" in the "Bond EUR Corporates Short Term" category. Further, Evli was awarded with the "Best Group Bond - Overall Small Company" Lipper Fund Award 2019 in France and European Lipper Fund Awards 2019. Evli was awarded for its superior firm-wide results, excellent fixed income knowledge and outstanding performance of its product range. In addition, Evli Fund Management Company was awarded Best Fixed Income Management Company in Spain at the Morningstar Awards gala.

*Investment products – alternative investment products*

The sale of strategically important alternative investment products developed according to plans during the first half of the year. Evli has three real estate funds and three private equity funds in its product selection.

Regarding the real estate funds, the EAI Residential fund continued its steady growth . The demand for the fund is constantly greater than the number of investors that can be included in it. At the end of March Evli collected the final investment commitments for the fund and closed it to new investments to focus on maximizing the clients' returns. The Evli Healthcare I fund was also closed to new investments in February as planned. By this point around EUR 200 million had been collected in the fund. The Evli Rental Yield non-UCITS fund launched in the second quarter of 2018 is open to investors interested in real estate. The fund raised EUR 35 million in new net subscriptions during the first half of the year. At the end of June Evli managed EUR 372 million of assets in its real estate funds.

Evli's private equity fund business was launched at the end of 2018 with the new Evli Growth Partners fund, which had grown to EUR 46 million by the end of June. The company reinforced its private equity business operations by purchasing Ab Kelonia Placering Oy's business operations during the second half of 2018. The business was launched during the second quarter of 2019 when the transaction closed. In relation to this, the company launched the new Evli Private Equity II Ky fund which invests in private equity funds. EUR 73 million of investment commitments were raised for the fund during the first half of the year. In conjunction with the Kelonia transaction, the fund that is now known as Evli Private Equity I Ky was transferred under Evli's management. The size of the fund at the end of the review period was EUR 260 million, including investment commitments. The company's target is to significantly grow its existing products during the year and to launch one or more products on the market.

*Investment products - others*

The first half of the year was challenging regarding the brokerage of investment products. Commission income declined in conventional equity brokerage, derivatives and ETF instruments. The brokerage fees for structured products also fell short of the year-on-year level. Fees have declined as a result, among others, of the company's decision last year to stop equity brokerage in Sweden and discontinue bond brokerage operations in Finland.

*Corporate Responsibility*

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. The investments made by Evli's mutual funds are monitored continuously 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.

During the second quarter, climate change and related practices have been made more prominent in Evli's investments and Evli published separate Evli Wealth Management's Climate Change Principles. In practice, the Climate Change Principles are based on four procedures: 1) analyzing the greenhouse gas emissions of investments, 2) excluding thermal coal and peat companies, 3) engaging with companies, and 4) reporting of Evli's climate risks. Furthermore, in the second quarter the policies of responsible investment were updated in the Evli Equity Factor Europe and USA funds, for example, in which the exclusion criteria were tightened. Evli also adopted the best-in-class approach in these funds. This means that going forward, the stock selection process places emphasis on companies with best ESG ratings in each industry.

KEY FIGURES - WEALTH MANAGEMENT AND INVESTOR CLIENTS SEGMENT

| M€ | 1-6/2019 | 1-6/2018 | *Change %* | 4-6/2019 | 4-6/2018 | *Change %* |
|---|---|---|---|---|---|---|
| Net revenue | 27.4 | 29.5 | *-7.1%* | 14.4 | 15.2 | *-5.2%* |
| Operating profit/loss before Group allocations | 10.6 | 13.5 | *-21.9%* | 6.0 | 7.3 | *-17.9%* |
| Operating profit/loss | 6.9 | 9.1 | *-24.2%* | 4.1 | 4.8 | *-14.6%* |
| Number of personnel | 172 | 176 | *-2.3%* | | | |
| Market share, %* | 7.7 | 7.0 | | | | |
| Net subscriptions** | 659 | 485 | | | | |

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

*January-June*

Despite good sales results, the Wealth Management and Investor Clients segment's profit performance remained below the comparison period level. The segment's net revenue fell seven percent year on year totaling EUR 27.4 million (EUR 29.5 million). The development of net revenue was negatively affected in particular by the decline in brokerage fees due to lower client activity. No performance-based fees were received from asset management or funds during the review period (EUR 0.4 million).

*April–June*

The net revenue of the Wealth Management and Investor Clients segment decreased by five percent during the second quarter compared with the same period in 2018 and was EUR 14.4 million (EUR 15.2 million). The development of the revenue performance was particulary influenced by the decrease in brokerage fees.

## 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 second quarter, Evli acted as an advisor in three completed transactions. The activity on the M&A market has remained good and the demand for the company's services has remained stable. The company's mandate base has remained at a good level.

In the second quarter of the year, Evli acted as advisor in the following transactions:
- Fellow Finance's EUR 10.5 millon bond issue
- Renewcell Ab's SEK 50 million private placement
- Endomines Oy's rights issue.

*Incentive systems*

The Incentive systems business developed well during the second quarter as revenue continued to increase from the comparison period. The revenue development was positively affected both by new clients, the more extensive incentive programs of existing customers and additional services related to management of incentive systems. At the end of June, Evli was responsible for the administration of the incentive systems for about 70 mainly listed companies.

*Investment research*

The performance of Evli's investment research segment did not reach expectations during the first half of the year. Competition in research services has tightened, and consequently Evli lost one client within the scope of the services. At the end of June, 26 companies were clients of Evli's research service.

KEY FIGURES - ADVISORY AND CORPORATE CLIENTS SEGMENT

| M€ | 1-6/2019 | 1-6/2018 | Change % | 4-6/2019 | 4-6/2018 | Change % |
|---|---|---|---|---|---|---|
| Net revenue | 5.0 | 4.6 | *7.9%* | 2.5 | 2.3 | *7.2%* |
| Operating profit/loss before Group allocations | 1.6 | 1.5 | *4.8%* | 0.8 | 0.7 | *10.5%* |
| Operating profit/loss | 1.0 | 0.8 | *15.3%* | 0.5 | 0.4 | *26.5%* |
| Number of personnel | 42 | 41 | *2.4%* | | | |

*January-June*

The net revenue of the Advisory and Corporate Clients segment developed favorably and was EUR 5.0 million (EUR 4.6 million). Significant fluctuations in revenue from one quarter to the next are typical of the segment's M&A activities.

*April-June*

The net revenue of the Advisory and Corporate Clients segment increased by seven percent during the second quarter compared to the comparison period and was EUR 2.5 million (EUR 2.3 million). During the review period the company participated in three executed transactions. The mandate base is heavily focused on the latter half of the year, which provides a good basis for performance in the second half of the year.

## Group Operations

The Group Operations segment includes support functions serving the business areas, such as Information Management, Financial Administration, 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€ | 1-6/2019 | 1-6/2018 | *Change %* | 4-6/2019 | 4-6/2018 | *Change %* |
|---|---|---|---|---|---|---|
| Net revenue | 2.7 | 0.9 | *205.7%* | 1.5 | 0.5 | *210.4%* |
| Operating profit/loss before Group allocations | -2.7 | -4.8 | *-43.9%* | -1.4 | -2.8 | *-51.4%* |
| Operating profit/loss | 1.6 | 0.3 | *419.3%* | 0.8 | 0.0 | - |
| Number of personnel | 49 | 51 | *-3.9%* | | | |

*January-June*

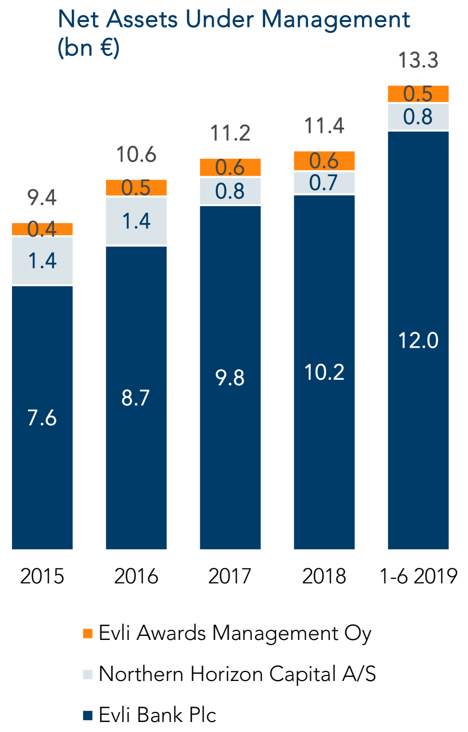
The return of the Group operations segment tripled compared to previous year and was EUR 2.7 million (EUR 0.9 million). This growth was a result of Evli's Treasury function's return that was higher than the previous year and the positive performance of long-term investments through Evli's own balance sheet.

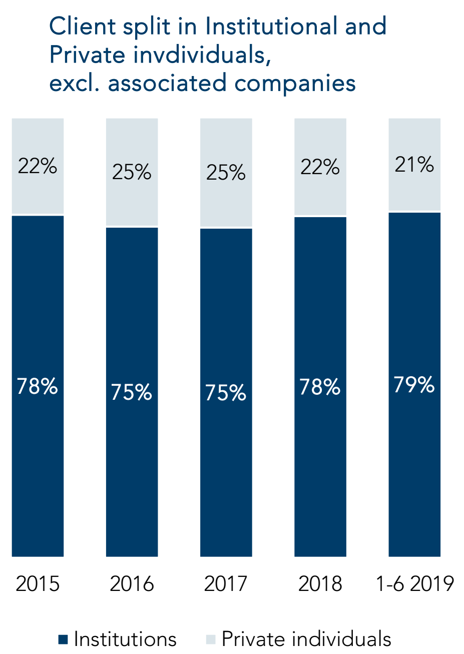
*April-June*

The net revenue of the Group Operations segment increased almost threefold compared to the comparison period and was EUR 1.5 million in total (EUR 0.5 million). Revenue development was positively affected by the Treasury function's returns that had improved on the comparison period. A one-off impairment loss of EUR 0.6 million concerning an investment on Evli's own balance sheet was also entered during the comparison period.

## DEVELOPMENT OF CLIENT ASSETS UNDER MANAGEMENT

There was a positive trend in client assets under management during the review period as a result of successful sales and market growth. The Group's combined net assets under management at the end of June were EUR 13.3 billion (EUR 11.9 billion). About 79 percent of



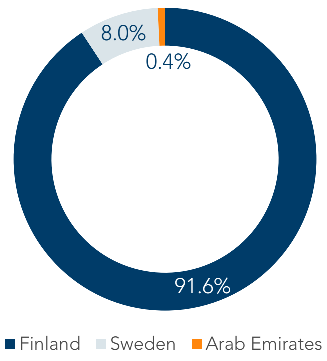
client assets under management in mutual funds and asset management came from institutional investors and the remaining 21 percent from private individuals.

## PERSONNEL

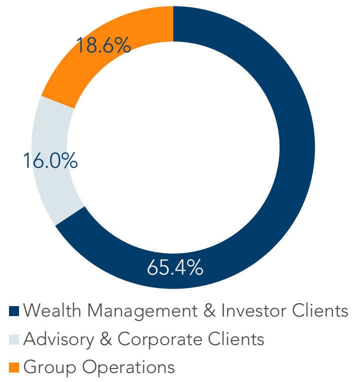
The group had 263 employees (268) at the end of June. The number of employees declined by two percent, from the comparison period. 91.6 percent of the personnel were employed in Finland and 8.4 percent abroad.

### EMPLOYEE FACTS

Employees per country




Employees per segment




## CHANGES IN GROUP STRUCTURE

There were no significant changes in the Group structure during the review period. During the review period, the share capital of Evli Private Equity Partners Ltd was strengthened with a private placement. In conjunction with this Evli's stake in the company decreased from the previous 100 percent to 80 percent.

## EVLI'S SHARES AND SHARE CAPITAL

At the end of June, Evli Bank Plc's total number of shares was 23,901,420, of which 15,258,271 were series A shares and 8,643,149 were series B shares. The company held 375,387 series A shares. The company's share capital was EUR 30,194,097.31 at the end of June. No changes took place in the share capital.

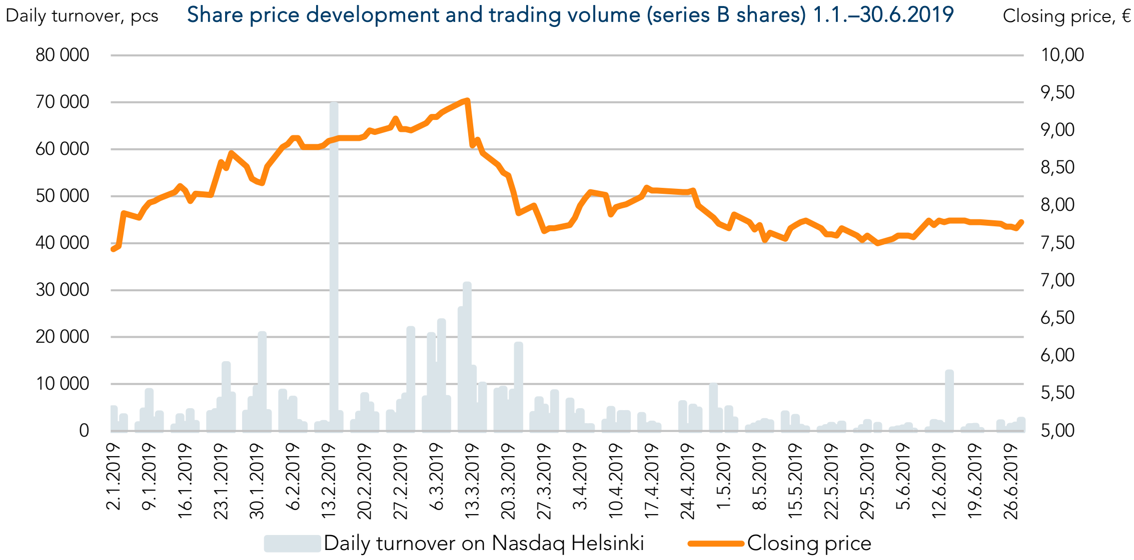
Based on the stock options 2014 granted by the company's Board of Directors a total of 170,000 new A shares and 42,500 new B shares were subscribed to on February 11, 2019. The shares subscribed to were registered in the Trade Register on February 11, 2019. Public trading with the new B-shares began at Nasdaq Helsinki Ltd on February 12, 2019.

Under Article 4 of its Articles of Association, the company converted 91,404 A shares into B shares on February 13, 2019. Public trading on the converted shares began at Nasdaq Helsinki Ltd on February 14, 2019.

Under Article 4 of its Articles of Association, the company converted 149,248 A shares into B shares on June 10, 2019. Public trading on the converted shares began at Nasdaq Helsinki Ltd on June 11, 2019.

## Trading on Nasdaq Helsinki

At the end of June, Evli had 8,643,149 B shares subject to public trading on Nasdaq Helsinki Ltd. Trading in the shares in January-June came to EUR 5.6 million, with 657,510 Evli shares traded. The closing price at the end of June was EUR 7.78. The highest share price during the review period was EUR 9.48 and the lowest was EUR 7.24. Evli's market capitalization was EUR 186.0 million at the end of June. The market capitalization is calculated based on both unlisted A shares and listed B shares. A shares are valued at the closing value of the B share at the end of the reporting period.




## Shareholders

Evli's ten largest shareholders on June 30, 2019 are listed in the table below. The total number of shareholders at the end of June was 4,092 (3,960). The stake of Finnish companies was 53.8 percent (65.5%) and that of private Finnish individuals was 25.9 percent (25.4%). The remaining 20.3 percent of the shares (9.1%) were owned by financial and insurance institutions, public sector organizations, non-profit institutions serving households and foreign investors.

### LARGEST SHAREHOLDERS JUNE 30, 2019

| | A-shares | B-shares | Shares total | % of all shares | Votes total | % of votes |
|---|---|---|---|---|---|---|
| 1. Oy Scripo Ab | 3 803 280 | 950 820 | 4 754 100 | 19.9% | 77 016 420 | 24,5% |
| 2. Prandium Oy Ab | 3 803 280 | 950 820 | 4 754 100 | 19.9% | 77 016 420 | 24,5% |
| 3. Oy Fincorp Ab | 2 319 780 | 415 991 | 2 735 771 | 11.5% | 46 811 591 | 14,9% |
| 4. Ingman Group Oy Ab | 1 860 000 | 600 000 | 2 460 000 | 10.3% | 37 800 000 | 12,0% |
| 5. Lehtimäki Maunu | 533 728 | 155 932 | 689 660 | 2.9% | 10 830 492 | 3,5% |
| 6. Hollfast John Erik | 328 320 | 82 080 | 410 400 | 1.7% | 6 648 480 | 2,1% |
| 7. Tallberg Claes | 369 756 | 32 588 | 402 344 | 1.7% | 7 427 708 | 2,4% |
| 8. Evli Bank Plc | 375 387 | 0 | 375 387 | 1.6% | 7 507 740 | 2,4% |
| 9. Moomin Characters Oy Ltd | 0 | 299 882 | 299 882 | 1.3% | 299 882 | 0,1% |
| 10. Lundström Mikael | 186 448 | 35 546 | 221 994 | 0.9% | 3 764 506 | 1,2% |

## DECISIONS TAKEN BY THE ANNUAL GENERAL MEETING

Evli Bank Plc’s Annual General Meeting, held in Helsinki on March 12, 2019, 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 0.61 per share in dividends. The dividend was paid to a shareholder who on the record date March 14, 2019 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, 2019.

### 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 2018 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, Mikael Lilius and Teuvo Salminen were re-elected to Evli Bank Plc’s Board of Directors. In addition, Sari Helander and Fredrik Hacklin were elected as new members to the Board of Directors.

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

### Auditors and auditors’ fees

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

### Board authorizations

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

The total number of own series A shares to be repurchased may be a maximum of 1,540,752 shares, and the total number of own series B shares to be repurchased may be a maximum of 849,390 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 the Nasdaq Helsinki Oy on the date of repurchase.

The authorization will replace earlier unused authorizations to repurchase the company's own shares. The authorization will be in force until the next Annual General Meeting but no later than until June 30, 2020.

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 2,390,142 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 478,028 shares may be used as part of the company's share-based incentive schemes, representing approximately two percent of all the shares of the company on the date of the Notice of the Annual General Meeting.

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

The authorization will replace earlier unused authorizations concerning the issuance of shares as well as the issuance of options and other special rights entitling to shares.

The authorization will be in force until the end of the next Annual General Meeting but no longer than until June 30, 2020.

## BUSINESS ENVIRONMENT

The prevailing business environment is favorable for Wealth Management operations. Evli has a strong position on the Finnish market, as exemplified by the nomination of the company as Finland's best institutional asset manager for the fifth consecutive year in KANTAR SIFO Prospera's survey. Demand for wealth management services has remained stable, and Evli has won a substantial proportion of the competitive biddings in which it has participated. This provides a solid foundation for future growth.

In mutual fund operations, investors have been interested in fixed income funds in particular as a result of the uncertain market environment. This has been evident as redemptions in Evli's equity funds and correspondingly in the substantial growth of fixed income funds, for example. The company's position in the Finnish fund market is substantial, as Evli is the fourth-largest operator on the market with EUR 8.9 billion in fund capital. Nevertheless, the Finnish market continues to hold potential for substantial growth.

Client demand for alternative investment products has grown. Evli has responded by making funds that invest in properties and private equity funds available to its clients. Although the selection of alternative products is still quite new, Evli has been able to build a good market position for itself. A good product selection and new innovations provide a solid foundation for developing operations. Evli's goal is to turn alternative investment products into a major source of revenue.

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

## 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.

More information on business risks and their control can be found in the company's annual report.

## OUTLOOK FOR 2019 UNCHANGED

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 possible continued decline in equity prices or a reduction in investors' risk appetite would have a negative impact on the company's profit performance. Evli Group's assets under management have grown substantially in recent years, which softens the result-impact of any reversal of the market. Sales of alternative investment products, in particular, have brought new, stable revenue. Evli has initiated a series of internal, strategy-based actions and cost savings, leading to improvements in the company's cost effectiveness.

There has been positive development in the demand for advisory services, and its outlook for 2019 is stable. Own balance sheet investments share of Evli's business decreased during 2018. Nevertheless, it may have a significant impact on the company's result performance. In the advisory business and in own investment activities, fluctuations in quarterly and annual returns are possible. Customer's demand for Evli's products and services has continued to be good, which has also led to a systematic increase in lending.

Because of profitable and stable development, we estimate that the result for the 2019 financial year, will be clearly positive.

Helsinki, July 12, 2019

EVLI BANK PLC
Board of Directors

Additional information:
**Maunu Lehtimäki**, CEO, tel. +358 50 553 3000
**Juho Mikola**, CFO, tel. +358 40 717 8888

www.evli.com

## INVESTOR CALENDER 2019

- Interim Report, January-September: October 22, 2019

## EVLI BANK PLC

## INTERIM REPORT TABLES

| CONSOLIDATED INCOME STATEMENT, M€ | 4-6/2019 | 4-6/2018 | 1-6/2019 | 1-6/2018 | 1-12/2018 |
|---|---|---|---|---|---|
| Net interest income | 0.1 | 0.1 | 0.1 | 0.3 | 0.7 |
| Commission income and expense. net | 16.9 | 17.4 | 32.5 | 34.3 | 67.1 |
| Net income from securities transactions and foreign exchange dealing | 1.3 | 0.5 | 2.5 | 0.4 | 0.7 |
| Other operating income | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 |
| **NET REVENUE** | **18.3** | **18.0** | **35.1** | **34.9** | **68.5** |
| | | | | | |
| Administrative expenses | | | | | |
| Personnel expenses | -7.7 | -7.4 | -15.0 | -13.7 | -27.9 |
| Other administrative expenses | -3.4 | -4.2 | -6.9 | -8.0 | -15.9 |
| Depreciation. amortisation and write-down | -0.9 | -0.4 | -1.7 | -0.9 | -2.1 |
| Other operating expenses | -1.0 | -0.8 | -1.8 | -1.9 | -3.6 |
| Impairment losses on loans and other receivables | -0.1 | 0.0 | -0.1 | 0.0 | 0.0 |
| **NET OPERATING PROFIT / LOSS** | **5.2** | **5.2** | **9.5** | **10.4** | **18.9** |
| | | | | | |
| Share of profits (losses) of associates | -0.1 | 0.4 | -0.2 | 2.1 | 2.6 |
| Income taxes* | -1.3 | -1.2 | -2.1 | -2.2 | -4.2 |
| **PROFIT / LOSS FOR FINANCIAL YEAR** | **3.8** | **4.3** | **7.3** | **10.3** | **17.3** |
| | | | | | |
| Attributable to | | | | | |
| Non-controlling interest | -0.1 | 0.3 | 0.1 | 0.5 | 1.3 |
| Equity holders of parent company | 3.9 | 4.0 | 7.2 | 9.7 | 16.0 |
| **PROFIT / LOSS FOR FINANCIAL YEAR** | **3.8** | **4.3** | **7.3** | **10.3** | **17.3** |
| | | | | | |
| OTHER COMPREHENSIVE INCOME / LOSS | | | | | |
| Items, that will not be reclassified to profit or loss | | | | | |
| Income and expenses recognised directly in equity | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | | | | | |
| Items that are or may be reclassified subsequently to profit or loss | | | | | |
| Foreign currency translation differences - foreign operations | -0.1 | -0.1 | -0.2 | -0.3 | -0.2 |
| Other comprehensive income/loss | -0.1 | -0.1 | -0.2 | -0.3 | -0.2 |
| | | | | | |
| Other comprehensive income after taxes / loss total | -0.1 | -0.1 | -0.2 | -0.3 | -0.2 |
| **OTHER COMPREHENSIVE INCOME / LOSS TOTAL** | **3.7** | **4.3** | **7.1** | **9.9** | **17.1** |
| | | | | | |
| Attributable to | | | | | |
| Non-controlling interest | -0.1 | 0.3 | 0.1 | 0.5 | 1.3 |
| Equity holders of parent company | 3.8 | 3.9 | 6.9 | 9.4 | 15.8 |
| | | | | | |
| Earnings per Share (EPS). fully diluted | 0.16 | 0.17 | 0.29 | 0.41 | 0.68 |
| Comprehensive Earnings per Share (EPS), fully diluted | 0.16 | 0.16 | 0.29 | 0.40 | 0.67 |

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

| CONSOLIDATED INCOME STATEMENT QUARTERLY, M€ | 4-6/ 2019 | 1-3/ 2019 | 10-12/ 2018 | 7-9/ 2018 | 4-6/ 2018 |
|---|---|---|---|---|---|
| Net interest income | 0.1 | 0.0 | 0.2 | 0.2 | 0.1 |
| Commission income and expense. net | 16.9 | 15.6 | 17.7 | 15.1 | 17.4 |
| Net income from securities transactions and foreign exchange dealing | 1.3 | 1.1 | -0.4 | 0.7 | 0.5 |
| Other operating income | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 |
| **NET REVENUE** | **18.3** | **16.8** | **17.5** | **16.1** | **18.0** |
| | | | | | |
| Administrative expenses | | | | | |
| Personnel expenses | -7.7 | -7.3 | -8.1 | -6.2 | -7.4 |
| Other administrative expenses | -3.4 | -3.6 | -4.2 | -3.7 | -4.2 |
| Depreciation. amortisation and write-down | -0.9 | -0.8 | -0.8 | -0.5 | -0.4 |
| Other operating expenses | -1.0 | -0.8 | -0.9 | -0.8 | -0.8 |
| Impairment losses on loans and other receivables | -0.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| **NET OPERATING PROFIT/LOSS** | **5.2** | **4.3** | **3.6** | **4.9** | **5.2** |
| | | | | | |
| Share of profits (losses) of associates | -0.1 | 0.0 | 0.2 | 0.3 | 0.4 |
| Income taxes* | -1.3 | -0.8 | -1.3 | -0.7 | -1.2 |
| **PROFIT/LOSS FOR FINANCIAL YEAR** | **3.8** | **3.5** | **2.5** | **4.5** | **4.3** |
| | | | | | |
| Attributable to | | | | | |
| Non-controlling interest | -0.1 | 0.2 | 0.9 | -0.1 | 0.3 |
| Equity holders of parent company | 3.9 | 3.3 | 1.6 | 4.7 | 4.0 |
| **PROFIT/LOSS FOR FINANCIAL YEAR** | **3.8** | **3.5** | **2.5** | **4.5** | **4.3** |
| | | | | | |
| **OTHER COMPREHENSIVE INCOME/LOSS** | | | | | |
| Items. that will not be reclassified to profit or loss | | | | | |
| Income and expenses recognised directly in equity | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | | | | | |
| Items that are or may be reclassified subsequently to profit or loss | | | | | |
| Foreign currency translation differences - foreign operations | -0.1 | -0.1 | 0.0 | 0.1 | -0.1 |
| Other comprehensive income/loss | **-0.1** | **-0.1** | **0.0** | **0.1** | **-0.1** |
| | | | | | |
| Other comprehensive income after taxes/loss total | -0.1 | -0.1 | 0.0 | 0.1 | -0.1 |
| **OTHER COMPREHENSIVE INCOME/LOSS TOTAL** | **3.7** | **3.4** | **2.5** | **4.6** | **4.3** |
| | | | | | |
| Attributable to | | | | | |
| Non-controlling interest | -0.1 | 0.2 | 0.9 | -0.1 | 0.3 |
| Equity holders of parent company | 3.8 | 3.2 | 1.7 | 4.7 | 3.9 |

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

| CONSOLIDATED BALANCE SHEET, M€ | 30.6.2019 | 30.6.2018 | 31.12.2018 |
|---|---|---|---|
| ASSETS | | | |
| Liquid assets | 276.9 | 237.1 | 239.7 |
| Debt securities eligible for refinancing with central banks | 36.1 | 36.2 | 31.1 |
| Claims on credit institutions | 65.2 | 68.8 | 76.8 |
| Claims on the public and public-sector entities | 116.8 | 109.1 | 114.6 |
| Debt securities | 295.1 | 251.6 | 223.2 |
| Shares and participations | 51.3 | 35.2 | 30.1 |
| Participating interests | 4.2 | 4.7 | 5.1 |
| Derivative contracts | 25.9 | 33.9 | 24.2 |
| Intangible assets | 14.7 | 10.7 | 11.5 |
| Property. plant and equipment | 1.8 | 1.8 | 1.9 |
| Other assets | 147.8 | 186.9 | 51.9 |
| Accrued income and prepayments | 4.8 | 3.9 | 5.3 |
| Deferred tax assets | 0.4 | 1.0 | 0.1 |
| TOTAL ASSETS | 1 041.0 | 980.9 | 815.5 |
| | | | |
| LIABILITIES | | | |
| Liabilities to credit institutions and central banks | 14.7 | 10.0 | 6.7 |
| Liabilities to the public and public-sector entities | 611.2 | 504.4 | 469.9 |
| Debt securities issued to the public | 148.8 | 142.0 | 160.9 |
| Derivative contracts and other trading liabilities | 26.1 | 39.3 | 24.3 |
| Other liabilities | 152.4 | 197.9 | 58.0 |
| Accrued expenses and deferred income | 17.6 | 16.9 | 18.1 |
| Deferred tax liabilities | 0.0 | 0.2 | 0.0 |
| LIABILITIES TOTAL | 970.8 | 910.7 | 738.0 |
| | | | |
| Equity to holders of parent company | 69.6 | 69.4 | 76.3 |
| Non-controlling interest in capital | 0.6 | 0.7 | 1.1 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 1 041.0 | 980.9 | 815.5 |

| EQUITY CAPITAL, M€ | Share capital | Share pre-mium fund | Reserve for invested unrestric-ted equity | Other reser-ves | Retained earnings | Total | Non-control-ling interest | Total Equity |
|---|---|---|---|---|---|---|---|---|
| Equity capital 31.12.2017 | 30.2 | 1.8 | 17.5 | 0.1 | 22.0 | 71.6 | 0.9 | 72.5 |
| Translation difference | | | | | -0.1 | -0.1 | | -0.1 |
| Profit/loss for the period | | | | | 9.7 | 9.7 | 0.5 | 10.3 |
| Dividends | | | | | -12.2 | -12.2 | -0.6 | -12.7 |
| Share options exercised | | | 0.5 | | | 0.5 | | 0.5 |
| Acquisition of own shares | | | | | | 0.0 | | 0.0 |
| Acquisition of non-controlling interest | | | | | | 0.0 | | 0.0 |
| Other changes | | | | | -0.2 | -0.2 | -0.1 | -0.3 |
| Equity capital 30.6.2018 | 30.2 | 1.8 | 18.0 | 0.2 | 19.1 | 69.4 | 0.7 | 70.1 |
| Translation difference | | | | | 0.1 | 0.1 | | 0.1 |
| Profit/loss for the period | | | | | 6.3 | 6.3 | 0.7 | 7.0 |
| Dividends | | | | | | 0.0 | -0.4 | -0.4 |
| Share options exercised | | | | | | 0.0 | | 0.0 |
| Acquisition of own shares | | | -0.1 | | | -0.1 | | -0.1 |
| Acquisition of non-controlling interest | | | 0.5 | | | 0.5 | | 0.5 |
| Other changes | | | -0.2 | 0.2 | | 0.0 | | 0.0 |
| Equity capital 31.12.2018 | 30.2 | 1.8 | 18.3 | 0.4 | 25.6 | 76.3 | 1.1 | 77.4 |
| Translation difference | | | | | -0.2 | -0.2 | | -0.2 |
| Profit/loss for the period | | | | | 7.2 | 7.2 | 0.1 | 7.3 |
| Dividends | | | | | -14.4 | -14.4 | -0.7 | -15.1 |
| Share options exercised | | | 0.4 | | | 0.4 | | 0.4 |
| Acquisition of own shares | | | | | | 0.0 | | 0.0 |
| Acquisition of non-controlling interest | | | | | | 0.0 | | 0.0 |
| Other changes | | | | 0.2 | 0.1 | 0.3 | | 0.3 |
| Equity capital 30.6.2019 | 30.2 | 1.8 | 18.7 | 0.6 | 18.2 | 69.6 | 0.6 | 70.1 |

| SEGMENT INCOME STATEMENT, M€ | Wealth Management and Investor Clients 1-6/2019 | Advisory and Corporate Clients 1-6/2019 | Group Operations 1-6/2019 | Unallocated 1-6/2019 | Group 1-6/2019 |
|---|---|---|---|---|---|
| REVENUE | | | | | |
| Net interest | 0.0 | 0.0 | 0.1 | 0.0 | 0.1 |
| Net commissions | 27.4 | 5.0 | 0.2 | 0.0 | 32.5 |
| Trading and FX result | 0.0 | 0.0 | 2.5 | 0.0 | 2.5 |
| Other operative income | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| External sales | 27.4 | 5.0 | 2.7 | 0.0 | 35.1 |
| Inter-segment sales | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Total revenue** | **27.4** | **5.0** | **2.7** | **0.0** | **35.1** |
| Timing of revenue recognition | | | | | |
| At a point in time | 23.8 | 2.8 | | | 26.6 |
| Over time | 3.6 | 2.2 | | | 5.8 |
| RESULT | | | | | |
| Segment operating expenses | -15.5 | -3.3 | -5.1 | 0.1 | -23.9 |
| **Business units operating profit before depreciations and Group allocations** | **11.9** | **1.7** | **-2.4** | **0.0** | **11.2** |
| Depreciations | -1.3 | -0.2 | -0.3 | 0.1 | -1.7 |
| **Business units operating profit before Group allocations** | **10.6** | **1.6** | **-2.7** | **0.1** | **9.5** |
| Allocated corporate expenses | -3.7 | -0.6 | 4.3 | 0.0 | 0.0 |
| **Operating profit including Group allocations** | **6.9** | **1.0** | **1.6** | **0.1** | **9.5** |
| Share of profits (losses) of associates | | | | -0.2 | -0.2 |
| Income taxes | | | | -2.1 | -2.1 |
| **Segment profit/loss** | **6.9** | **1.0** | **1.6** | **-2.2** | **7.3** |

| SEGMENT INCOME STATEMENT, M€ | Wealth Management and Investor Clients 1-6/2018 | Advisory and Corporate Clients 1-6/2018 | Group Operations 1-6/2018 | Unallocated 1-6/2018 | Group 1-6/2018 |
|---|---|---|---|---|---|
| REVENUE | | | | | |
| Net interest | 0.0 | 0.0 | 0.2 | 0.0 | 0.3 |
| Net commissions | 29.4 | 4.6 | 0.4 | -0.1 | 34.3 |
| Trading and FX result | 0.1 | 0.1 | 0.2 | 0.0 | 0.4 |
| Other operative income | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| External sales | 29.6 | 4.6 | 0.8 | -0.1 | 34.9 |
| Inter-segment sales | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Total revenue** | **29.5** | **4.6** | **0.9** | **-0.1** | **34.9** |
| Timing of revenue recognition | | | | | |
| At a point in time | 24.3 | 2.2 | | | 26.5 |
| Over time | 5.1 | 2.4 | | | 7.4 |
| RESULT | | | | | |
| Segment operating expenses | -15.8 | -3.0 | -5.4 | 0.6 | -23.6 |
| **Business units operating profit before depreciations and Group allocations** | **13.7** | **1.6** | **-4.5** | **0.5** | **11.3** |
| Depreciations | -0.1 | -0.2 | -0.2 | -0.4 | -0.9 |
| **Business units operating profit before Group allocations** | **13.5** | **1.5** | **-4.8** | **0.1** | **10.4** |
| Allocated corporate expenses | -4.4 | -0.6 | 5.1 | 0.0 | 0.0 |
| **Operating profit including Group allocations** | **9.1** | **0.8** | **0.3** | **0.1** | **10.4** |
| Share of profits (losses) of associates | | | | 2.1 | 2.1 |
| Income taxes | | | | -2.2 | -2.2 |
| **Segment profit/loss** | **9.1** | **0.8** | **0.3** | **0.0** | **10.3** |

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€ | 1-6/2019 | 1-6/2018 | 1-12/2018 |
|---|---|---|---|
| Cash flows from operating activities | | | |
| Interest and commission received | 39.9 | 42.8 | 62.7 |
| Open trades. net | -4.2 | 6.7 | 2.8 |
| Interest and commissions paid | -2.9 | -2.3 | -4.9 |
| Cash payments to employees and suppliers | -20.6 | -30.9 | -53.9 |
| Increase(-) or decrease(+) in operating assets: | | | |
| Net change in trading book assets and liabilities | -94.8 | -29.7 | 13.7 |
| Deposits held for regulatory or monetary control purposes | 17.0 | -0.2 | -10.3 |
| Funds advanced to customers | 142.4 | -167.0 | -193.8 |
| Issue of loan capital | -12.1 | 44.5 | 63.4 |
| Net cash from operating activities before income taxes | 64.7 | -136.1 | -120.3 |
| Income taxes | -2.8 | -2.3 | -5.6 |
| Net cash used in operating activities | 61.8 | -138.4 | -126.0 |
| | | | |
| Cash flows from investing activities | | | |
| Proceeds from sales of subsidiaries and associates | -0.4 | 0.0 | 0.0 |
| Acquisition of property. plant and equipment and intangible assets | -4.8 | -0.8 | -2.2 |
| Net cash used in investing activities | -5.2 | -0.8 | -2.2 |
| | | | |
| Cash flows from financing activities | | | |
| Purchase of own shares | 0.0 | 0.5 | -0.1 |
| Share options subscriptions | 0.4 | 0.0 | 0.0 |
| Payment of finance lease liabilities | -0.1 | -0.1 | -0.2 |
| Transactions with non-controlling interests | 0.0 | 0.0 | 0.0 |
| Dividends paid | -14.4 | -12.2 | -12.2 |
| Net cash from financing activities | -14.0 | -1.7 | -12.4 |
| | | | |
| Net increase/decrease in cash and cash equivalents | 42.6 | -141.6 | -141.1 |
| Cash and cash equivalents at beginning of period | 247.4 | 388.6 | 388.6 |
| Effects of exchange rate changes on cash and cash equivalents | 0.0 | -0.1 | -0.1 |
| Cash and cash equivalents at end of period | 290.0 | 246.9 | 247.4 |

## KEY FIGURES DESCRIBING THE FINANCIAL PERFORMANCE

| | 4-6/2019 | 4-6/2018 | 1-6/2019 | 1-6/2018 | 1-12/2018 |
|---|---|---|---|---|---|
| **Income statement key figures** | | | | | |
| Operating income, M€ | 18.3 | 18.0 | 35.1 | 34.9 | 68.5 |
| Operating profit/-loss, M€ | 5.2 | 5.2 | 9.5 | 10.4 | 18.9 |
| Operating profit margin, % | 28.6 | 28.9 | 27.2 | 29.8 | 27.6 |
| Profit/loss for the financial year, M€ | 3.8 | 4.3 | 7.3 | 10.3 | 17.3 |
| | | | | | |
| **Profitability key figures** | | | | | |
| Return on equity (ROE), % | | | 19.8 | 28.8 | 23.0 |
| Return on assets (ROA), % | | | 1.6 | 2.1 | 1.9 |
| | | | | | |
| **Balance sheet key figures** | | | | | |
| Equity-to-assets ratio, % | | | 6.7 | 7.2 | 9.5 |
| Capital adequacy ratio, % | | | 14.7 | 16.4 | 16.2 |
| | | | | | |
| **Key figures per share** | | | | | |
| Earnings per Share (EPS), fully diluted, € | 0.16 | 0.17 | 0.29 | 0.41 | 0.68 |
| Comprehensive Earnings per Share (EPS), fully diluted, € | 0.16 | 0.16 | 0.29 | 0.40 | 0.67 |
| Dividend / share, €* | | | | - | 0.61 |
| Equity per share, € | | | 2.96 | 2.97 | 3.27 |
| Share price at the end of the period, € | | | 7.78 | 9.84 | 7.28 |
| | | | | | |
| **Other key figures** | | | | | |
| Expense ratio (operating costs to net revenue) | | | 0.73 | 0.70 | 0.72 |
| Recurring revenue ratio, % | | | 113 | 113 | 113 |
| Personnel at the end of the period | | | 263 | 268 | 254 |
| Market value, M€ | | | 186.0 | 233.1 | 172.5 |

**Dividend for 2018 approved by the Annual General Meeting. The dividend was paid on March 21, 2019.*

| Evli Group´s capital adequacy | 1-6/2019 | 1-6/2018 | 1-12/2018 |
|---|---|---|---|
| Own assets (common equity Tier 1 capital), M€ | 47.8 | 47.6 | 48.8 |
| Risk-weighted items total for market- and credit risks, M€ | 202.0 | 169.1 | 177.3 |
| Capital adequacy ratio, % | 14.7 | 16.4 | 16.2 |
| Evli Bank Plc's adequacy ratio, % | 18.1 | 19.9 | 18.8 |
| Own funds surplus, M€ | 21.7 | 24.5 | 24.8 |
| Own funds in relation to the minimum capital requirement, M€ | 1.8 | 2.1 | 2.0 |
| Own funds surplus M€ including additional capital requirement | 13.5 | 15.1 | 17.2 |

## 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), % | = | Profit / Loss for financial year<br>―――<br>Equity capital and minority interest (average of the figures for the beginning and at the end of the year) | x 100 |
| Return on assets (ROA), % | = | Profit / Loss for financial year<br>―――<br>Average total assets (average of the figures for the beginning and at the end of the year) | x 100 |
| Equity ratio, % | = | Equity incl. non-controlling interest's share of equity<br>―――<br>Average balance total | x 100 |
| Expense ratio as earnings to operating costs | = | Administrative expenses + depreciation and impairment charges+ other operating expenses<br>―――<br>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 | = | Comprehensive income for the year after taxes attributable to the shareholders of Evli Bank Plc<br>―――<br>average number of shares outstanding including issued share and option rights | |
| Earnings per Share (EPS) | = | Profit for the year after taxes attributable to the shareholders of Evli Bank Plc<br>―――<br>average number of shares outstanding including issued share and option rights | |
| Group´s capital adequacy (CET1), % | = | Group assets (common equity Tier 1 capital)<br>―――<br>Risk-weighted items total | x 100 |
| Equity per share | = | Equity attributable to the shareholders of Evli Bank Plc<br>―――<br>Number of shares at the end of the year | |
| Recurring revenue to operating costs ratio | = | All revenues that are not transaction based but time dependent*<br>―――<br>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€

| | 30.6.2019 | 30.6.2018 | 31.12.2018 |
|---|---|---|---|
| **Equity and debt securities** | | | |
| Equity securities are presented in the Statement of Changes in Equity | | | |
| Debt securities issued to the public | | | |
| Certificates of Deposits and commercial papers | 24.9 | 42.9 | 43.0 |
| Bonds | 123.9 | 99.1 | 118.0 |
| **Debt securities issued to the public** | 148.8 | 142.0 | 160.9 |

| Breakdown by maturity | under 3 months | 3-12 months | 1-5 years | 5-10 years |
|---|---|---|---|---|
| Debt securities issued to the public | 3.9 | 33.1 | 95.2 | 16.7 |

| Changes in bonds issued to the public | 30.6.2019 | 30.6.2018 | 31.12.2018 |
|---|---|---|---|
| Issues | 23.9 | 35.3 | 67.0 |
| Repurchases | 16.5 | 7.2 | 23.7 |
| | | | |
| **Off-balance sheet commitments** | | | |
| Commitments given to a third party on behalf of a customer | 6.0 | 7.1 | 2.6 |
| Irrevocable commitments given in favour of a customer | 0.2 | 0.2 | 0.2 |
| Guarantees on behalf of others | 0.5 | 0.5 | 0.5 |
| Unused credit facilities | 5.0 | 2.2 | 2.6 |

| Transactions with related parties | 1-6/2019 | |
|---|---|---|
| | Associated companies | Group management |
| Sales | 0.0 | 0.0 |
| Purchases | 0.0 | 0.0 |
| Receivables | 0.0 | 0.4 |
| Liabilities | 0.0 | 0.7 |

*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 2019 | Level 2 2019 | Level 3 2019 | Total |
|---|---|---|---|---|
| Financial assets | | | | |
| Shares and participations classified as held for trading | 0.2 | 0.0 | 0.0 | **0.2** |
| Shares and participations. other | 44.1 | 0.0 | 7.0 | **51.1** |
| Debt securities eligible for refinancing with central banks | 36.1 | 0.0 | 0.0 | **36.1** |
| Debt securities | 3.8 | 287.3 | 3.9 | **295.1** |
| Positive market values from derivatives | 0.0 | 23.6 | 2.3 | **25.9** |
| **Total financial assets held at fair value** | **84.3** | **310.9** | **13.2** | **408.4** |
| Financial liabilities | | | | |
| Shares and participations classified as held for trading | 0.2 | 0.0 | 0.0 | **0.2** |
| Negative market values from derivatives | 0.0 | 23.5 | 2.3 | **25.8** |
| **Total financial liabilities held at fair value** | **0.2** | **23.5** | **2.3** | **26.1** |

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 | | | |
|---|---|---|---|---|
| Nominal value of underlying, gross | Less than 1 year | 1-5 years | 5-15 years | Fair value (+/-) |
| Held for trading | | | | |
| Interest rate derivatives | | | | |
| Interest rate swaps | 0.0 | 81.2 | 16.6 | 0.0 |
| | | | | |
| Equity-linked derivatives | | | | |
| Futures | 2.5 | 5.0 | 0.0 | 0.0 |
| Options bought | 1.8 | 2.7 | 0.0 | 0.4 |
| Options sold | 1.8 | 2.7 | 0.0 | -0.4 |
| | | | | |
| Currency-linked derivatives | 5,126.5 | 15.2 | 0.0 | 0.0 |
| | | | | |
| Held for trading, total | 5,132.6 | 106.8 | 16.6 | 0.0 |
| | | | | |
| Derivative contracts, total | 5,132.6 | 106.8 | 16.6 | 0.0 |

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

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

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

## IFRS 9 - FINANCIAL INSTRUMENTS

### ITEMS TO BE MEASURED ACCORDING THE IFRS 9 STANDARD, EXPECTED CREDIT LOSSES, 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 | 65.17 | 65.17 | 0.00 | 0.00 | 0.00 | 0.00 |
| Receivables from the public | 116.78 | 115.82 | 0.54 | 0.42 | 0.10 | 0.03 |
| Receivables from the public; corporate | 26.49 | 25.99 | 0.50 | 0.00 | 0.02 | 0.01 |
| Receivables from the public; private | 89.83 | 89.37 | 0.04 | 0.42 | 0.09 | 0.02 |
| Receivables from the public; other | 0.46 | 0.46 | 0.00 | 0.00 | 0.00 | 0.00 |
| Sales receivables | 2.46 | 2.36 | 0.10 | 0.00 | 0.01 | 0.00 |
| Off-balance sheet loan commitments | 5.04 | 5.04 | 0.00 | 0.00 | 0.00 | 0.00 |
| **Total** | **189.45** | **188.39** | **0.64** | **0.42** | **0.11** | **0.03** |

The assets are classified as Level 1 if the receivable is low risk or the credit risk of the receivable has not grown materially since the date of issuing the item. If the credit risk for a financial asset has increased materially since the issuing date, the asset will be transferred to level 2.

Two loan receivables were transferred from level 1 to level 2 during the year. One loan was transferred from level 2 to level 3.

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

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

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

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

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

### IMPACT OF THE IFRS 9 STANDARD

| | |
|---|---|
| Impact on capital adequacy, % | -0.04 |
| Impact on own funds, M€ | -0.11 |

## 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, 2018.

The accounting policies used are consistent with the accounting policies for the financial year 2018 and the comparative reporting period, excluding the new IFRS standards that are described separately below.

The figures are unaudited.

## NEW IFR STANDARD APPLIED

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

- IFRS 16 Leases

The impact of the new standard on the figures in the interim report is described below separately.

## IFRS 16 – LEASES

The new standard replaces the current IAS 17 standard and associated interpretations. IFRS 16 requires the lessees to recognize the lease agreements on the balance sheet as right-of-use assets and lease liabilities. The accounting model is similar to current finance lease accounting according to IAS 17.

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

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

Evli has analyzed its contract portfolio taking into account the IFRS 16 standard that will be taken into force. Based on the analysis, the IFRS 16 standard mainly applies to leases of premises that the company has previously treated as operating leases under IAS 17. Typically lease agreement terms differ from two to five years and may contain an option to extend the lease term. Evli has negotiated individual agreements for each location with potentially differing terms.

In accordance with IFRS 16 Evli has identified lease liabilities as part of it’s balance sheet and includes right-of-use assets as part of Other assets and corresponding lease liabilities in Other liabilities. Right-of-use assets and corresponding liabilities are calculated at net present value for lease liability exceeding 12 months. When considering the net present value of the liability, an estimate of annual increases to leases is taken into account. Future payments have been discounted to present value using a discount factor determined by the company. The company has not calculated a separate interest fee component to the lease liabilities due to low funding costs of the company and excess liquidity. Lease liability identified in the balance sheet decreases linearly over time and is identified in other operative expenses in profit and loss statement.

As a result of the IFRS 16 Standard, Other assets and Other liabilities increased by 5,8 million euros during the review period. Pontential options to extend current leases have not been considered due to uncertainty related to use of those options.