

EVLI

2017

EVLI BANK PLC'S INTERIM REPORT 1-3/2017

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Strong result for the year's first quarter

- Operating profit grew considerably in the Wealth Management and Investor Clients segment
- Earnings growth fell short of the target in the Advisory and Corporate Clients segment
- The income from trading activities increased more than anticipated in the Group Operations segment.

January–March 2017

- The Group's net revenue was EUR 16.1 million (1-3/2016: EUR 15.4 million)
- The Group's operating profit was EUR 4.6 million (EUR 3.1 million)
- The Group's profit was EUR 3.3 million (EUR 4.3 million). The profit in the comparison period was positively affected by Evli's share of the exit fees received by the associated company Northern Horizon Capital (EUR 1.9 million)
- Evli's diluted earnings per share were EUR 0.15 (EUR 0.17)
- Net assets under management grew year on year and totaled a record EUR 11.3 billion (EUR 9.5 billion) at the end of March.

Maunu Lehtimäki, CEO

During the first quarter, we launched a renewal of our organizational structure. The target of this renewal is to make Evli better suited to meet the evolving trends in the operating environment, the needs of clients and the changing regulation. As a consequence of the organizational change, Evli will have two business areas: Wealth Management and Investor Clients and Advisory and Corporate Clients. The business areas are supported by shared Group Operations, which consist of the bank operations and the investment activities through Evli's own balance sheet.

In the first quarter, our revenue increased four percent and our operating profit by 47 percent on the previous year. This earnings growth is mainly a result of the growth in client assets under management and an improvement in cost effectiveness. The ratio of our recurring revenues in relation to the Group's total costs continued to improve and reached a level of 112 percent. The expense/income ratio went down and was 0.72. The Group's return on equity was 20 percent.

The Wealth Management and Investor Client segment's revenue and operating result clearly improved on the previous year and client assets under management rose to EUR 11.3 billion. Net subscriptions to Evli's funds grew by close to EUR 500 million, and Evli Fund Management Company's market share increased to 6.4 percent of fund capital registered in Finland. The trend in our international fund sales was positive and foreign investors made up 18 percent of Evli's fund capital. The sales of private asset management services (institutional and Private Banking clients) also continued to do well, as in previous years, and in addition to the growth in assets under management the number of clients grew. Gross commissions from brokerage of equities and derivatives declined from the previous year, but sales revenue from structured investment products increased.

The Advisory and Corporate Clients segment's revenue declined 18 percent and operating result by 50 percent from the previous year. The decline was mainly due to a revenue

decline in the Corporate Finance unit. Due to the income recognized in projects, significant fluctuations from one quarter to the next are typical for the Corporate Finance business. However, there was positive development in the unit's mandate base, which provides a good base for the coming quarters. The administration of incentive programs continued its steady performance. The sale of research services to listed companies that was launched last year started well and has been well received.

We still estimate that the result for 2017 will be clearly positive. This outlook is supported by the strong profit performance in the first quarter, the growth in client assets under management and the resulting improvement in the ratio of our recurring revenues in relation to the Group's total costs.

KEY FIGURES	1-3/2017	1-3/2016	1-12/2016
Sales, M€	16,6	15,9	62,1
Net revenue, M€	16,1	15,4	60,0
Operating profit / loss, M€	4,6	3,1	11,1
Profit / Loss for financial year, M€	3,3	4,3	9,7
Operating profit / loss % of net revenue	28,3 %	20,0 %	18,5 %
Earnings/share (EPS)	0,15	0,18	0,42
Diluted earnings/share IFRS	0,15	0,17	0,40
Return on equity % (ROE)*	21,4	25,1	14,3
Recurring revenue ratio	112 %	89 %	94 %
Dividend/share**			0,40
Shareholders' equity per share	2,55	2,82	2,81
Market value	144,55	156,20	157,37
Share price in end of period	6,20	6,70	6,75
Personnel in end of period	244	246	244

* Annualized

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

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

Outlook for 2017 updated

The stable performance of Evli's Wealth Management and Investor Clients business area is anticipated to continue. As a result, the proportion of recurring revenues to operating costs is expected to exceed the long-term target level of 100 percent. The mandate base of the Advisory and Corporate Clients business segment is good. However, substantial fluctuations in the annual return of the advisory business are possible. We estimate that the result for 2017 will be clearly positive.

Previously, it was estimated that the proportion of recurring revenues to operating costs would attain the long-term target level of 100 percent.

**Evli Bank Plc**

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

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

Evli has a total of EUR 11.3 billion in client assets under management (net 3/2017). The Evli Group's equity capital totals EUR 58.9 million and its BIS capital adequacy ratio is 15.0 percent (March 31, 2017). The company has more than 200 employees. Evli Bank Plc's B shares are listed on Nasdaq Helsinki Ltd.

MARKET PERFORMANCE

During the first quarter of the year, equity prices continued to rise. The rise was boosted by anticipated tax reductions in the USA and good company results. The business outlook of industries and consumers also improved considerably around the world. Equity prices rose globally by six percent measured by the MSCI World Index. The Finnish equity markets rose by three percent measured by the OMX Helsinki CAP Index. However, various political risks continued to cast a shadow on the improving outlook. The markets reacted to the Dutch parliamentary election result with relief. However, the upcoming presidential election in France is creating a feeling of uncertainty on the capital markets. In spite of the risks, the volatility of the capital markets remained low.

The spread between French and German government bonds widened during the first quarter. The yield on the 2-year German government bond declined momentarily to a record -0.95 percentage points. The euro weakened by about one percent against the dollar. The European Central Bank's guidance curbed expectations of any changes to the monetary policy.

REVENUE AND RESULT

January–March

The Evli Group's net revenue increased by four percent during the review period and was EUR 16.1 million (EUR 15.4 million). The Group's net commission income was EUR 14.1 million (EUR 13.5 million). The net revenue increase was affected in particular by the growth in fund management fees.

Overall costs for the period, including depreciation, amounted to EUR 11.6 million (EUR 12.4 million). The Group's personnel expenses totaled EUR 6.9 million (EUR 7.0 million) including estimated performance bonuses for the personnel. The Group's administrative expenses were EUR 3.4 million (EUR 3.6 million). The Group's depreciation, amortization and write-downs were EUR 0.6 million (EUR 0.8 million). Other operating expenses were EUR 0.7 million (EUR 0.9 million) in the review period. Evli's expense/income ratio improved considerably on the previous year and was 0.72 (0.80).

The Group's operating profit for the review period increased by 47 percent on the corresponding level of the previous year to EUR 4.6 million (EUR 3.1 million). The operating margin was 28 percent (20%). The Group's profit for the review period came to EUR 3.3 million (EUR 4.3 million). The profit in the comparison period was positively affected by the exit fees received by the associated company.

Balance sheet and funding

At the end of March, the Evli Group's balance sheet total was EUR 1,333.4 million (EUR 805.5 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 58.9 million (EUR 66.6 million).

Evli applies the standardized approach (capital requirement for credit risk) and the basic indicator approach (capital requirement for operational risk) in its capital adequacy calculation. The Group's capital adequacy ratio of 15.0 percent clearly exceeds the

regulator's requirement of 10.5 percent including the extra capital requirement. The Group's own minimum target for capital adequacy is 13 percent.

The Group's funding from the public and credit institutions increased by 86 percent compared with the previous year. The company's loan portfolio increased by 25 percent year on year to approximately EUR 77.3 million. The ratio of loans granted by the Group to Evli Bank Plc's deposits from the public was 11 percent. The Group's liquidity is very good, and Evli clearly meets the regulators' Liquidity Coverage Ratio (LCR) requirement.

Common equity tier 1 capital, M€	31.3.2017	31.3.2016
Share capital	30,2	30,2
Funds total	25,0	31,5
Minority interest	0,0	0,0
<i>Decreases:</i>		
Intangible assets	9,3	9,1
Other decreases	3,3	0,2
Total common equity tier 1 capital	42,5	52,4

Evli Bank has no tier 2 capital.

Minimum requirement of own funds, M€	31.3.2017	31.3.2017
Minimum capital adequacy requirement by asset group, standard credit risk method (€ million):	Min. requirement	Risk-weighted value
Claims from the state and central banks	0,0	0,0
Claims from regional governments and local authorities	0,0	0,0
Claims from credit institutions and investment firms	2,7	33,3
Investments in mutual funds	0,6	7,2
Claims secured with property	0,2	2,1
Claims from corporate customers	2,6	31,9
Items with high risk, as defined by the authorities	0,3	4,3
Other items	6,5	80,7
Minimum amount of own funds, market risk, € million	0,9	11,7
Minimum amount of own funds, operational risk, € million	9,0	112,9
Total	22,7	284,2

BUSINESS AREAS

In a stock exchange release published on January 24, 2017, Evli announced that it would be renewing its organizational structure during the first quarter. Evli's segment reporting will also be updated in connection with the organizational change. The restructuring was prompted by development trends in the business environment, clients' needs and changing regulation. The purpose of the change is to enable Evli to better correspond to these evolving trends and to further enhance client centricity by reflecting it in the organizational structure. As a consequence of the organizational change, Evli will have two

business areas: Wealth Management and Investor Clients and Advisory and Corporate Clients. The business areas are supported by shared Group Operations, which include the bank operations and the investment activities through Evli's own balance sheet.

The new Wealth Management and Investor Clients segment contains traditional asset management operations and brokerage of investment instruments, and mutual funds. The administration operations that directly support these activities have been moved to the segment in question.

The Advisory and Corporate Clients segment includes Corporate Finance advisory services, the administration of incentive programs and research service offered to companies.

The Group Operations segment includes the Group's shared centralized administration operations, banking services and all investment activities through Evli's own balance sheet.

Wealth Management and Investor Clients

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

Wealth Management

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

Investment products – mutual funds

The performance of fund sales was clearly positive during the first quarter. Evli accumulated the second largest amount of net subscriptions to fund management companies in Finland, with EUR 454 million (EUR 93 million) in total. 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 6.4 percent at the end of March. At the end of March, Evli had 29 funds registered in Finland. The combined assets of the mutual funds managed by the company were EUR 7,029 million (EUR 5,183 million). Evli's clients invested the most new assets in the Evli Euro Liquidity (EUR 244 million), Evli Short Corporate Bond (EUR 84 million) and Evli Europe (EUR 71 million) funds. At the end of March, 32 percent of fund assets under management were invested in equity funds and 65 percent in fixed income funds.

Evli's global equity fund Evli Global received considerable recognition during the first quarter. The fund received awards for being the best globally investing equity fund from

the Swedish publications Fondmarknaden.se and Privata Affärer and from Morningstar in Finland and Sweden.

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

Investment products – others

The review period was very challenging for conventional equity brokerage as client initiative declined throughout the market. The trading volume on Nasdaq Helsinki declined four percent from the same period in 2016. The decline in client initiative had a negative impact on the unit's equity brokerage income. Gross commissions from equity brokerage declined 30 percent year on year. By contrast, gross commissions received from brokerage of other investment products rose by almost 10 per cent from the corresponding period.

In 2016 Evli established a new company, Evli Investment Solutions Oy, to boost the Group's product sales and to coordinate Evli's network of tied agents. At the end of the review period Evli had seven tied agents. Operations have developed as planned.

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

Wealth Management and Investor Clients in numbers	1-3/2017	1-3/2016	Change %
Net revenue, M€	12,2	11,8	4 %
Operating profit/loss before Group allocations, M€	4,6	3,5	32 %
Operating profit / loss, M€	2,9	1,5	96 %
Personnel, at the end of period	153	145	6 %
Market share (Evli Fund Company), %*	6,4	5,4	
Net subscriptions to own funds, M€**	454	93	

*source: fund report by Finanssialan Keskusliitto ry

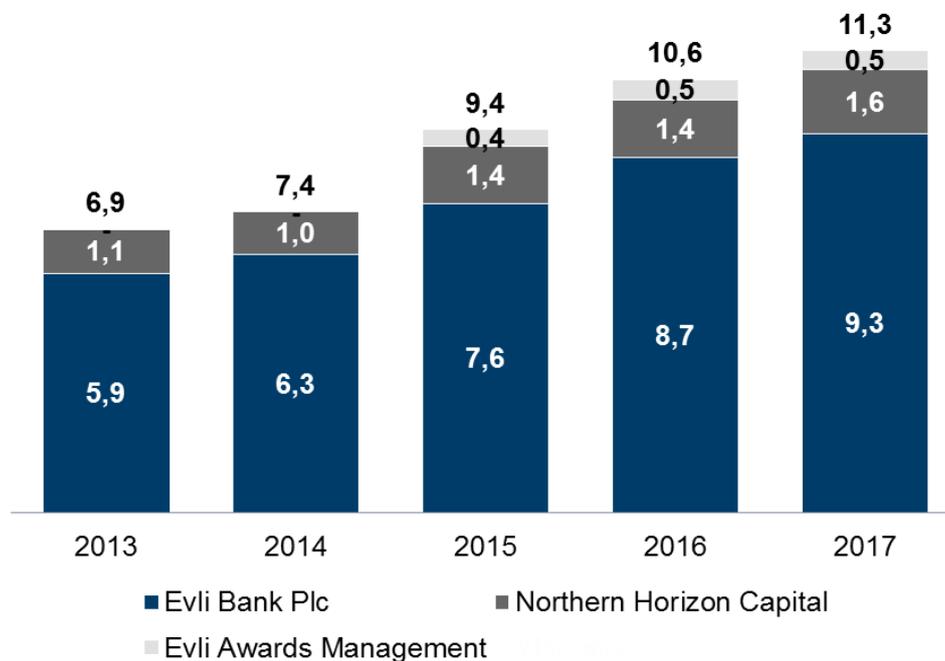
**includes Evli Wealth Manager fund

January–March

The Wealth Management and Investor Client business performed well during the review period. Net revenue increased by four percent on the corresponding period of the previous year and was EUR 12.2 million (EUR 11.8 million). Revenue was boosted especially by an increase in fund management fees, which resulted from the growth of net assets under management.

The business area's net assets under management totaled a record EUR 11.3 billion (EUR 9.5 billion) at the end of March, including associated companies.

Client assets under management 2013–2017



Advisory and Corporate Clients

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

M&A transactions

During the first quarter, Evli acted as advisor to the sellers in the sale of Svenska Brandslangsfabriken AB to the listed industrial group Beijer Alma. The company also acted as Lead Manager in Finland to the listed company QT Group Plc in its rights issue. Evli has boosted its mandate base with several private and public orders, such as share and bond issues. The company has set the target of increasing its market share, particularly in public orders, and has launched measures to achieve this target. In the Nordic countries Evli is the market leading advisor in the health care sector and the goal is to make better use of this competence. The company has also launched actions to further develop its Senior Advisor network. In addition, activities outside of the Nordic countries have been concentrated through the global AICA (Alliance of International Corporate Advisors) network.

Incentive systems

The first quarter of the year has traditionally been the busiest time of the year in the administration of incentive systems. Evli has seen increasing demand and growth potential related to the Market Abuse Regulation (MAR), ensuring and protecting bonus payment in

share-based incentives, and communication with the target group in incentives. There has also been significant growth in demand for services related to the implementation of incentive programs.

Investment research

During 2016 Evli corporatized its investment research operations and created the Evli Research Partners Oy company, which offers company analysis to small and mid-sized listed companies. The business operations have developed as planned. During the review period the company recruited three new analysts and started monitoring two new listed companies. The company also gave its clients access to a completely new archive of analysis.

Profit performance of the Advisory and Corporate Clients segment.

Advisory and Corporate Clients in numbers	1-3/2017	1-3/2016	Change %
Net revenue, M€	1,7	2,0	-18 %
Operating profit/loss before Group allocations, M€	0,2	0,3	-25 %
Operating profit / loss, M€	0,2	0,3	-50 %
Personnel, at the end of period	32	41	-22 %

January–March

The net revenue of the Advisory and Corporate Clients business area decreased by 18 percent year on year and was EUR 1.7 million (EUR 2.0 million). Significant fluctuations in revenue from one quarter to the next are typical of the business area's Corporate Finance activities.

Group Operations

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

Profit performance of Group Operations

Group Operations in numbers	1-3/2017	1-3/2016	Change %
Net revenue, M€	2,1	1,7	27 %
Operating profit/loss before Group allocations, M€	-0,2	-0,7	-
Operating profit / loss, M€	1,6	1,3	23 %
Personnel, at the end of period	42	42	0 %

January–March

The net income of Group Operations increased by 27 percent year on year and was EUR 2.1 million in total (EUR 1.7 million). The growth is based on the foreign exchange trading results that were stronger than the previous year. The costs of Group Operations remained at the previous year's level.

PERSONNEL AND ORGANIZATION

The group had 244 employees at the end of March. The number of employees decreased by two, or just under one percent (0.8%), from the comparison period.

91 percent of the personnel were employed in Finland and nine percent abroad.

EVLI'S SHARES AND SHARE CAPITAL

At the end of March, Evli Bank Plc's total number of shares was 23,313,920 shares, of which 15,911,672 were series A shares and 7,402,248 were series B shares. The company held 347,655 series A shares.

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

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

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

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

Trading on Nasdaq Helsinki

At the end of March, Evli had 7,402,248 series B shares subject to public trading on Nasdaq Helsinki Ltd. Trading in the shares in January-March came to EUR 5.3 million, with 783,511 Evli shares traded. The share price on March 31, 2017 was EUR 6.20. The highest share price during the review period was EUR 7.13 and the lowest was EUR 6.20. Evli's market capitalization was EUR 144.5 million on March 31, 2017. The market capitalization is calculated on the basis of both unlisted series A shares and listed series B shares. Series A shares are valued at the closing value of the series B share at the end of the reporting period.

Shareholders

Evli's ten largest shareholders on March 31, 2017 are listed in the table below. The total number of shareholders at the end of the financial year was 2,579.

Shareholders March 31, 2017	A Shares	B Shares	Shares total	% of all shares	% of votes
1. Oy Prandium Ab	3 803 280	950 820	4 754 100	20,39	23,65
2. Oy Scripo Ab	3 803 280	950 820	4 754 100	20,39	23,65
3. Oy Fincorp Ab	2 319 780	565 945	2 885 725	12,38	14,42
4. Ingman Group Oy Ab	1 860 000	500 000	2 360 000	10,12	11,58
5. Lehtimäki Maunu	433 728	108 432	542 160	2,33	2,70
6. Tallberg Claes	369 756	77 439	447 195	1,92	2,29
7. Hollfast John Erik	328 320	82 080	410 400	1,76	2,04
8. Evli Pankki Oyj	347 655	0	347 655	1,49	2,14
9. Thunekov AB	0	227 000	227 000	0,97	0,07
10. Jousimies Panu	179 072	44 868	223 940	0,96	1,11

DECISIONS OF THE GENERAL MEETING OF SHAREHOLDERS

Evli Bank Plc's Annual General Meeting, held in Helsinki on Monday March 13, 2017, made a decision on the following matters:

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

Evli Bank Plc's Annual General Meeting adopted the financial statements and resolved in accordance with the proposal of the Board of Directors to pay EUR 0.40 per share in dividends. The dividend was paid to a shareholder who on the record date March 15, 2017 was registered in the shareholders' register of the company held by Euroclear Finland Ltd. The date of the payment of dividends was resolved to be March 22, 2017.

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

The Annual General Meeting granted release from liability to the Members of the Board of Directors and the CEO for the 2016 financial year.

Number of Board members, members and fees

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

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

Auditors and auditors' fees

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

Board authorizations

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

The total number of own series A shares to be repurchased may be a maximum of 1,696,213 shares, and the total number of own series B shares to be repurchased may be a maximum of 635,178 shares. The proposed number of shares corresponds to a total of approximately 10 percent of the total number of the company's own shares on the date of the Notice of Annual General Meeting.

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

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

Based on the authorization, the number of shares issued or transferred, including shares received on the basis of special rights, may total a maximum of 2,331,392 series B shares. The proposed number of shares corresponds to a total of approximately 10 percent of the total number of the company's own shares on the date of the Notice of Annual General Meeting. Of the above-mentioned total number, however, a maximum of 233,139 shares may be used as part of the company's share-based incentive schemes, which corresponds to approximately one percent of the total number of the company's own

shares on the date of the Notice of Annual General Meeting. The authorization will entitle the Board of Directors to decide on all the terms and conditions related to the issuing of shares and special rights entitling to shares, including the right to deviate from the shareholders' pre-emptive subscription rights. The Board of Directors may decide to issue either new shares or any own shares in the possession of the company. The authorization will replace earlier unused authorizations concerning the issuance of shares as well as the issuance of options and other special rights entitling to shares. The authorization will be in force until the next Annual General Meeting but not later than until June 30, 2018.

RISK MANAGEMENT AND BUSINESS RISKS

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

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

The delta-adjusted price risk of Evli's own investment portfolio and proprietary trading was approximately EUR 7.0 million at the end of March, and a 20 percent negative market movement would have resulted in a scenario loss of approximately EUR 1.4 million. At the end of March, the Treasury unit's interest rate risk was approximately EUR +/-0.6 million, assuming that market rates rise/fall by one percentage point. Evli's liquidity has remained solid. No operational risks with financial significance materialized during the review period.

BUSINESS ENVIRONMENT

The prevailing business environment is favorable for the growth of Evli's operations. Evli's Wealth Management and Investor Clients segment performed well and client confidence is at a high level. The mandate base of the company's advisory services is also strong. The new service models offered to corporate clients and efforts to boost product sales have been positively received by clients.

With the organizational renewal that was implemented during the first quarter, Evli has focused its resources more clearly on the individual client segments. As a result, efforts to boost international fund sales have been increased, for example. During the first quarter, clients were mainly interested in lower margin money market funds. However, Evli's excellent success and the recognition received have helped the company to increase sales of equity funds. Alongside the traditional service model, Evli has also worked very hard on the development of its digital services. The aim during the year is to launch several digital solutions to ease client communications with Evli and to launch entirely new product solutions.

Client demand for alternative investment products has continued to grow. Evli is working on several product ideas. The aim is to develop at least a few of these into products during the year. In the future, Evli will increasingly focus on creating these types of products.

OUTLOOK FOR 2017 UPDATED

The stable performance of Evli's Wealth Management and Investor Clients business area is anticipated to continue. As a result, the proportion of recurring revenues to operating costs is expected to exceed the long-term target level of 100 percent. The mandate base of the Advisory and Corporate Clients business area is good. However, substantial fluctuations in the annual return of the advisory business are possible. We believe that the result for 2017 will be clearly positive.

Previously, it was estimated that the proportion of recurring revenues to operating costs would attain the long-term target level of 100 percent.

Helsinki, April 24, 2017

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EVLI BANK PLC

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

* Taxes are proportionate to the net profit for the period

CONSOLIDATED INCOME STATEMENT, M€	1-3/ 2017	10-12/2016	7-9/2016	4-6/2016	1-3/2016
Net interest income	0,3	0,3	0,4	0,5	0,5
Commission income and expense, net	14,1	15,5	11,6	13,7	13,5
Net income from securities transactions and foreign exchange	1,7	0,1	0,8	1,7	1,5
Other operating income	0,0	0,0	0,0	0,0	0,0
NET REVENUE	16,1	15,9	12,7	15,9	15,4
Administrative expenses					
Personnel expenses	-6,9	-7,5	-5,7	-7,5	-7,0
Other administrative expenses	-3,4	-3,8	-3,2	-4,2	-3,6
Depreciation, amortisation and write-down	-0,6	-0,6	-0,7	-1,0	-0,8
Other operating expenses	-0,7	-0,7	-0,8	-0,8	-0,9
Impairment losses on loans and other receivables	0,0	0,0	0,0	0,0	0,0
NET OPERATING PROFIT / LOSS	4,6	3,3	2,3	2,4	3,1
Share of profits (losses) of associates	-0,3	-0,6	-0,1	-0,1	1,9
Income taxes*	-0,9	-0,9	-0,4	-0,5	-0,7
PROFIT / LOSS FOR FINANCIAL YEAR	3,3	1,8	1,8	1,8	4,3
Attributable to					
Non-controlling interest	-0,1	0,0	0,1	-0,1	0,2
Equity holders of parent company	3,4	1,8	1,7	1,9	4,1
PROFIT / LOSS FOR FINANCIAL YEAR	3,3	1,8	1,8	1,8	4,3

INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY:

Items, that will not be reclassified to profit or loss	0,0	0,0	0,0	0,0	0,0
Income and expenses recognised directly in equity	0,0	0,0	0,0	0,0	0,0
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences - foreign operations	0,2	0,0	0,0	0,0	0,1
PROFIT / LOSS FOR FINANCIAL YEAR	0,2	0,0	0,0	0,0	0,1
Income and expenses recognised directly in equity after tax	0,2	0,0	0,0	0,0	0,1
TOTAL RECOGNISED INCOME AND EXPENSES FOR THE PERIOD	3,5	1,8	1,8	1,8	4,4
Attributable to					
Non-controlling interest	-0,1	0,0	0,1	-0,1	0,2
Equity holders of parent company	3,6	1,8	1,8	1,9	4,2

* Taxes are proportionate to the net profit for the period

CONSOLIDATED BALANCE SHEET, M€	31.3.2017	31.3.2016	31.12.2016
ASSETS			
Liquid assets	324,8	67,1	203,1
Debt securities eligible for refinancing with central banks	39,2	54,4	39,1
Claims on credit institutions	47,8	138,0	66,0
Claims on the public and public sector entities	77,3	62,0	70,4
Debt securities	340,9	155,8	183,9
Shares and participations	37,7	43,7	65,8
Participating interests	2,7	3,9	3,0
Derivative contracts	18,0	23,6	26,9
Intangible assets	9,7	9,7	9,9
Property, plant and equipment	2,0	1,9	1,9
Other assets	425,0	237,7	80,8
Accrued income and prepayments	7,6	7,6	3,6
Deferred tax assets	0,9	0,4	0,4
TOTAL ASSETS	1 333,4	805,5	755,0
CONSOLIDATED BALANCE SHEET, M€	31.3.2017	31.3.2016	31.12.2016
LIABILITIES			
Liabilities to credit institutions and central banks	4,0	8,8	5,5
Liabilities to the public and public sector entities	713,4	373,7	445,0
Debt securities issued to the public	59,3	34,7	46,1
Derivative contracts and other trading liabilities	40,6	49,2	41,0
Other liabilities	442,7	260,5	136,4
Accrued expenses and deferred income	14,1	11,6	15,3
Deferred tax liabilities	0,4	0,6	0,5
	1 274,5	739,0	689,7
Equity to holders of parent company	58,6	65,8	64,9
Non-controlling interest in capital	0,3	0,8	0,4
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1 333,4	805,5	755,0

EQUITY CAPITAL, M€		Share capital	Share premium fund	Reserve for invested unrestricted equity	Other reserves	Translation difference	Retained earnings	Total	Non-controlling interest	Total Equity
Equity capital	31.12.2015	30,2	1,8	24,2	0,2	-0,3	12,9	69,0	1,2	70,2
Translation difference						0,0		0,0		0,0
Profit/loss for the period							4,1	4,1	0,2	4,3
Dividends				0,0			-7,2	-7,2	-0,7	-7,9
Transfer between items				0,7			-0,7	0,0		0,0
Equity capital	31.3.2016	30,2	1,8	24,9	0,2	-0,3	9,0	65,8	0,8	66,6
Translation difference						0,1		0,1		0,1
Profit/loss for the period							5,5	5,5	0,4	5,8
Dividends							-0,4	-0,4		-0,4
Acquisition of non-controlling interest				-6,2				-6,2		-6,2
Acquisition of own shares				-0,7				-0,7		-0,7
Other changes				0,4			0,6	1,0		1,0
Equity capital	31.12.2016	30,2	1,8	18,4	0,1	-0,2	14,6	64,9	0,4	65,3
Translation difference						0,1		0,1		0,1
Profit/loss for the period							3,4	3,4	-0,1	3,3
Dividends							-9,2	-9,2	0,0	-9,2
Acquisition of own shares				-0,5				-0,5		-0,5
Other changes				0,0				0,0		0,0
Equity capital	31.3.2017	30,2	1,8	17,9	0,1	-0,1	8,7	58,6	0,3	58,9

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

2017	Markets	Corporate Finance	Group Operations	Unallocated	Group
SEGMENT INCOME STATEMENT, M€	1-3/ 2017	1-3/ 2017	1-3/ 2017	1-3/ 2017	1-3/ 2017
REVENUE					
net interest	0,0	0,0	0,3	0,0	0,3
net commissions	12,2	1,7	0,0	0,2	14,1
trading and FX result	0,1	0,0	1,8	-0,2	1,7
other operative income	0,0	0,0	0,0	0,0	0,0
External sales	12,3	1,7	2,1	0,1	16,1
Inter-segment sales	0,0	0,0	0,0	0,0	0,0
Total revenue	12,2	1,7	2,1	0,1	16,1
RESULT					
Segment operating expenses	-7,3	-1,3	-2,2	-0,1	-11,0
Business units operating profit before depreciations and Group a	4,9	0,3	-0,1	0,0	5,1
depreciations	-0,3	-0,1	-0,1	-0,1	-0,6
Business units operating profit before Group allocations	4,6	0,2	-0,2	-0,1	4,6
Allocated corporate expenses	-1,7	-0,1	1,8	0,0	0,0
Operating profit including Group allocations	2,9	0,2	1,6	-0,1	4,6
Share of profits (losses) of associates				-0,3	-0,3
Income taxes				-0,9	-0,9
Segment profit/loss after taxes	2,9	0,2	1,6	-1,3	3,3

2016	Markets	Corporate Finance	Group Operations	Unallocated	Group
SEGMENT INCOME STATEMENT, M€	1-3/ 2016	1-3/ 2016	1-3/ 2016	1-3/ 2016	1-3/ 2016
REVENUE					
net interest	0,0	0,0	0,4	0,0	0,5
net commissions	11,6	2,0	-0,1	0,0	13,5
trading and FX result	0,2	0,0	1,3	0,0	1,5
other operative income	0,0	0,0	0,0	0,0	0,0
External sales	11,8	2,0	1,7	0,0	15,4
Inter-segment sales	0,0	0,0	0,0	0,0	0,0
Total revenue	11,8	2,0	1,7	0,0	15,4
RESULT					
Segment operating expenses	-7,8	-1,6	-2,2	0,0	-11,5
Business units operating profit before depreciations and Group a	4,0	0,5	-0,5	0,0	3,9
depreciations	-0,5	-0,2	-0,2	0,0	-0,8
Business units operating profit before Group allocations	3,5	0,3	-0,7	0,0	3,1
Allocated corporate expenses	-2,0	0,0	2,0	0,0	0,0
Operating profit including Group allocations	1,5	0,3	1,3	0,0	3,1
Share of profits (losses) of associates				1,9	1,9
Income taxes				-0,7	-0,7
Segment profit/loss after taxes	1,5	0,3	1,3	1,2	4,3

CASH FLOW STATEMENT, M€	1-3/ 2017	1-3/ 2016	1-12/ 2016
Cash flows from operating activities			
Interest and commission received	17,9	5,1	58,4
Open trades, net	-29,0	9,7	31,7
Interest and commissions paid	-0,9	-0,9	-3,3
Cash payments to employees and suppliers	-26,4	-18,4	-45,1
Increase(-) or decrease(+) in operating assets:			
Net change in trading book assets and liabilities	-119,9	-30,5	-84,1
Deposits held for regulatory or monetary control purposes	-2,2	-14,8	1,6
Funds advanced to customers	259,3	2,6	75,9
Issue of loan capital	13,2	-1,0	10,4
Net cash from operating activities before income taxes	111,9	-48,2	45,4
Income taxes	-0,4	-0,3	-3,6
<i>Net cash used in operating activities</i>	111,5	-48,5	41,8
Cash flows from investing activities			
Proceeds from sales of subsidiaries and associates	0,0	0,0	-7,2
Acquisition of property, plant and equipment and intangible assets	-0,5	-0,5	-3,1
<i>Net cash used in investing activities</i>	-0,5	-0,5	-10,2
Cash flows from financing activities			
Purchase of own shares	-0,5	0,0	-0,7
Payment of finance lease liabilities	0,0	-0,1	0,0
Dividends paid	-9,2	-7,9	-7,6
<i>Net cash from financing activities</i>	-9,7	-8,0	-8,4
Net increase / decrease in cash and cash equivalents	101,3	-57,0	23,2
Cash and cash equivalents at beginning of period	228,3	205,0	205,0
Valuuttakurssien muutosten vaikutus rahavaroihin	0,0	0,0	0,1
Cash and cash equivalents at end of period	329,6	147,9	228,3

KEY FIGURES DESCRIBING THE FINANCIAL PERFORMANCE OF THE GROUP	1-3/ 2017	1-3/ 2016	1-12/ 2016
Net revenue, M€	16,1	15,4	60,0
Operating profit / loss, M€	4,6	3,1	11,1
% of net revenue	28,3	20,0	18,5
Profit / Loss for financial year, M€	3,3	4,3	9,7
% of net revenue	20,6	27,8	16,2
Expense ratio (operating costs to net revenue)	0,72	0,80	0,82
Earnings/share (EPS)	0,15	0,18	0,42
Diluted earnings/share IFRS	0,15	0,17	0,40
Return on equity % (ROE) *	21,4	25,1	14,3
Return on assets % (ROA) *	1,27	2,39	1,40
Equity/total assets ratio %	4,4	8,3	8,6
Dividend/share**			0,40
Personnel in end of period	244	246	244

*annualized

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

Evli Group's capital adequacy	31.3.2017	31.3.2016	31.12.2016
Own assets (common equity Tier 1 capital), M€	42,5	52,4	45,7
Risk-weighted items total for market- and credit risks, M€	171,3	191,6	184,8
Capital adequacy ratio, %	15,0	17,4	15,3
Evli Bank Plc:s adequacy ratio, %	20,5	21,0	20,7
Own funds surplus M€	19,8	28,3	21,8
Own funds in relation to the minimum capital requirement	1,9	2,2	1,9
Own funds surplus M€ including additional capital requirement	12,7	20,8	14,4

Calculation of key ratios

Net revenue	From Income Statement. Includes gross returns, deducted by interest and commission expenses.
Operating profit	From Income Statement
Profit for the financial year	From Income Statement
Return on equity (ROE), %	$= \frac{\text{Profit / Loss for financial year}}{\text{Equity capital and minority interest (average of the figures for the beginning and at the end of the year)}} \times 100$
Return on assets (ROA), %	$= \frac{\text{Profit / Loss for financial year}}{\text{Average total assets (average of the figures for the beginning and at the end of the year)}} \times 100$
Equity / Total assets ratio, %	$= \frac{\text{Equity capital}}{\text{Total assets}} \times 100$
Expense ratio as earnings to operating costs	$= \frac{\text{Administrative expenses + depreciation and impairment charges+ other operating expenses}}{\text{Net interest income + net commission income + net income from securities transactions and foreign exchange dealing + other operating income}} \times 100$
Earnings/share	$= \frac{\text{Total recognised income and expenses for the period without the share of the non-controlling interest}}{\text{Shares outstanding}}$
Shareholders' equity per share	$= \frac{\text{Equity to holders of parent company}}{\text{Shares outstanding}}$

NOTES TO BALANCE SHEET, M€	31.3.2017	31.3.2016	31.12.2016	
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	19,5	0,0	10,0	
Bonds	39,9	34,7	36,1	
Debt securities issued to the public	59,3	34,7	46,1	
Breakdown by maturity				
	less than 3	3-12	1-5 years	5-10 years
Debt securities issued to the public	0,0	20,7	38,6	0,0
Changes in bonds issued to the public				
	31.3.2017	31.3.2016	31.12.2016	
Issues	5,5	0,0	7,2	
Repurchases	4,0	0,3	8,2	
Off-balance sheet commitments				
Commitments given to a third party on behalf of a customer	6,3	4,4	4,6	
Irrevocable commitments given in favour of a customer	0,2	0,4	0,2	
Guarantees on behalf of others	0,5	0,5	0,5	
Unused credit facilities	2,5	4,0	2,3	
Transactions with related parties				
	1-3/ 2017			
		Associated companies	Group management	
Sales		0,0	0,0	
Purchases		0,0	0,1	
Receivables		0,0	0,1	
Liabilities		0,0	0,6	

Value of financial instruments across the three levels of the fair value hierarchy, M€

Fair value, M€	Level1	Level2	Level3	Total
Financial assets:	2017	2017	2017	
Shares and participations classified as held for trading	14,8	0,0	5,7	20,6
Shares and participations, other	11,3	0,0	5,9	17,2
Debt securities eligible for refinancing with central banks	39,2	0,0	0,0	39,2
Debt securities	20,5	319,5	1,0	340,9
Positive market values from derivatives	2,7	14,3	1,0	18,0
Total financial assets held at fair value	88,5	333,7	13,6	435,8
Financial liabilities:				
Shares and participations classified as held for trading	20,4	0,0	1,2	21,7
Negative market values from derivatives	3,9	14,1	0,8	18,9
Total financial liabilities held at fair value	24,4	14,1	2,1	40,6

Explanation of fair value hierarchies:
Level 1

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

Level 2

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

Level 3

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

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

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

Derivatives in level 2 or 3 are derivatives whose values are calculated with pricing models widely in use, like Black-Scholes.

Derivative valuations for level 3 instruments contain inputs (volatility and dividend estimate) which are not directly observable in the market

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

Debt securities valuations that are obtained from markets that are not fully active, have a fair value level hierarchy of 2.

Level 3 valuations for debt securities are valuations received directly from the arranger of the issue.

Derivative contracts				
Overall effect of risks associated with derivative contracts				2017
Nominal value of underlying , brutto	Remaining maturity			Fair value (+/-)
	Less than 1 year	1-5 years	5-15 years	
Held for trading				
Interest rate derivatives				
Interest rate swaps	0,0	15,1	0,0	0,0
Currency-linked derivatives	3 409,9	0,0	0,0	0,1
Equity-linked derivatives				
Futures	27,1	0,0	0,0	0,2
Options bought	133,1	64,2	0,0	2,6
Options sold	99,8	64,1	0,0	-3,8
Other derivatives				
Held for trading, total	3 669,9	143,4	0,0	-0,9
Derivative contracts, total				
	0,0	0,0	0,0	0,0

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

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

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

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

ACCOUNTING POLICIES

The Interim Report complies with IAS 34, Interim Reports, as approved by the EU. The accounting policies applied to the financial statements and the segment reporting policies are detailed in the financial statements for 2016.

The accounting policies applied for recognising items in the Interim Report are unchanged comparison with the 2015 Annual Report.

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

The figures are unaudited.