

Financial Statements Bulletin 1-12/2020



RECORD RESULT IN AN EXCEPTIONAL MARKET ENVIRONMENT



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Financial performance January-December 2020

- Net revenue was EUR 79.7 million (1-12/2019: EUR 75.8 million)
- Operating profit was EUR 29.1 million (EUR 24.1 million)
- The Wealth Management and Investor Clients segment's operating profit increased and was EUR 27.7 million (EUR 20.8 million)
- The Advisory and Corporate Clients segment's operating profit declined and was EUR 1.8 million (EUR 2.8 million)
- The return from own balance sheet items declined during the beginning of the year as a consequence of the market collapse and were EUR 2.4 million (EUR 3.2 million), which resulted in a weaker operating profit in the Group Operations segment
- Net assets under management amounted to EUR 14.1 billion (EUR 14.3 billion) at the end of December
- Evli's diluted earnings per share were EUR 0.87 (EUR 0.71) and return on equity was 26.2 percent (23.4%)
- Proportion of recurring revenue to operating costs was 124 percent (124%).
- The Board of Directors dividend proposal to the Annual General Meeting is EUR 0.73 per share (EUR 0.66 per share). It is proposed that the Annual General Meeting would authorize the Board of Directors to decide on the payment of the dividend in one or more instalments at a time it deems best, taking into account the current authority recommendations.

Financial performance October-December 2020

- The Group's net revenue was EUR 28.1 million (EUR 22.7 million)
- The Group's operating profit was EUR 13.6 million (EUR 8.7 million)
- Earnings per share amounted to EUR 0.42 (EUR 0.24).

Outlook for 2021

We estimate that the operating profit for 2021 will be clearly positive.

The view is supported by a high ratio of recurring revenue to operating costs, as well as sales of alternative investment products, which have brought new, stable revenue.

KEY FIGURES DESCRIBING THE GROUP'S FINANCIAL PERFORMANCE

	1-12/2020	1-12/2019
Income statement key figures		
Operating income, M€	79.7	75.8
Operating profit/loss, M€	29.1	24.1
Operating profit margin, %	36.5	31.8
Profit/loss for the financial year, M€	23.2	18.7
Profitability key figures		
Return on equity (ROE), %	26.2	23.4
Return on assets (ROA), %	2.7	2.1
Balance sheet key figures		
Equity-to-assets ratio, %	12.3	8.9
Group capital adequacy ratio, %	15.2	15.1
Key figures per share		
Earnings per Share (EPS), fully diluted, €	0.87	0.71
Comprehensive Earnings per Share (EPS), fully diluted, €	0.88	0.71
Dividend per share, €	0.73*	0.66
Equity per share, €	3.86	3.40
Share price at the end of the period, €	12.20	10.40
Other key figures		
Expense ratio (operating costs to net revenue)	0.63	0.68
Recurring revenue ratio, %	124	124
Personnel at the end of the period	261	249
Market value, M€	294.1	248.6

*Dividend for 2020, proposal by the Board of Directors.

MAUNU LEHTIMÄKI, CEO

The positive development of the capital markets continued in the final quarter, and equity prices rose globally by around ten percent, ending up at a higher level than in the previous year. Market optimism was supported, as in previous quarters, by the extensive economic and monetary policy support measures undertaken by governments as well as the commencement of Covid-19 vaccinations. Investor confidence was also strengthened by expectations of the acceleration of global economic growth as the coronavirus pandemic gradually would slow down, and inflation expectations and thus interest rates remained at a low level.

Evli's operations continued without disruption in the final quarter and we were able to maintain our client activity almost at the level of previous years despite broad remote working. Our determined efforts to develop our information systems and to renew our processes carried out over recent years have improved our capacity to operate in conditions such as the prolonged exceptional circumstances that we are currently experiencing.

In the final quarter, the return from Evli's operations rose by almost a quarter to EUR 28.1 million and operating profit rose by as much as 56 percent to EUR 13.6 million. Full-year revenue amounted to almost EUR 80 million and operating profit was EUR 29.1 million. I believe this is an excellent achievement, considering the dramatic equity price decline that was triggered by the coronavirus crisis in the spring. Net commission income grew by nearly one fifth during the fourth quarter, driven by alternative investment products as well as asset management and mutual fund fees. Evli's return on equity rose to 26.2 percent and the ratio of recurring revenue to operating expenses was 124 percent.

The return from the Wealth Management and Investor Clients segment's operations increased nine percent and was EUR 67.1 million at the end of the year. At the end of December, client assets under management were EUR 14.1 billion (EUR 14.3 billion) and Evli Fund Management Company's fund capital was EUR 8.7 billion (EUR 9.6 billion). Net subscriptions totalled EUR -1,071 million, mainly due to redemptions from short-duration fixed income fund. Alternative investment products, asset management fees, funds' performance-based fees and brokerage income all had a positive impact on the growth in the segment's earnings. However, the price decline at the beginning of the year and fund redemptions reduced the commission

income of traditional funds. Evli's position as the leading asset manager of high-net-worth individuals and institutions in Finland strengthened further, as exemplified by gaining new client relationships.

The Advisory and Corporate Clients segment's return declined eleven percent and was almost EUR 10 million. The Corporate Finance unit's invoicing was reduced by delayed advisory projects. However, the incentive business grew as in previous years. The new company Evli Alexander Incentives Oy, which was established as a result of the share exchange that took place at the end of September, has been well-received among clients and employees, and the integration of operations has proceeded according to plan.

Evli's strategic focus areas – international fund sales and sales of alternative investment products – showed contrasting performance during the year. International sales suffered from market price fluctuations, which was reflected in the form of net redemptions in corporate bond funds. The acquisition of new clients in Europe was also challenging due to extensive travel restrictions. However, the restrictions did not hamper sales of alternative investment products, as the main target group for these products is in Finland. During the year, the new alternative investment products Evli Infrastructure Fund I and Evli Impact Forest Fund I were launched and the raising of capital for both will continue in 2021. The total assets under management of alternative investment products has grown rapidly and exceeded the EUR 1 billion mark in 2020. Our goal is to offer our clients a broad range of varied alternative investment products to support traditional asset classes, enabling the implementation of a comprehensive and well-diversified asset management strategy.

Evli added responsibility to its strategic focus areas at the beginning of the year. We believe responsibility will further increase in importance in the future, and therefore we will focus even more on developing it, for example by setting climate targets and deepening ESG integration in portfolio management.

I would like to thank our clients and shareholders for their trust and our employees for their hard and successful work in the exceptional environment.

MARKET PERFORMANCE

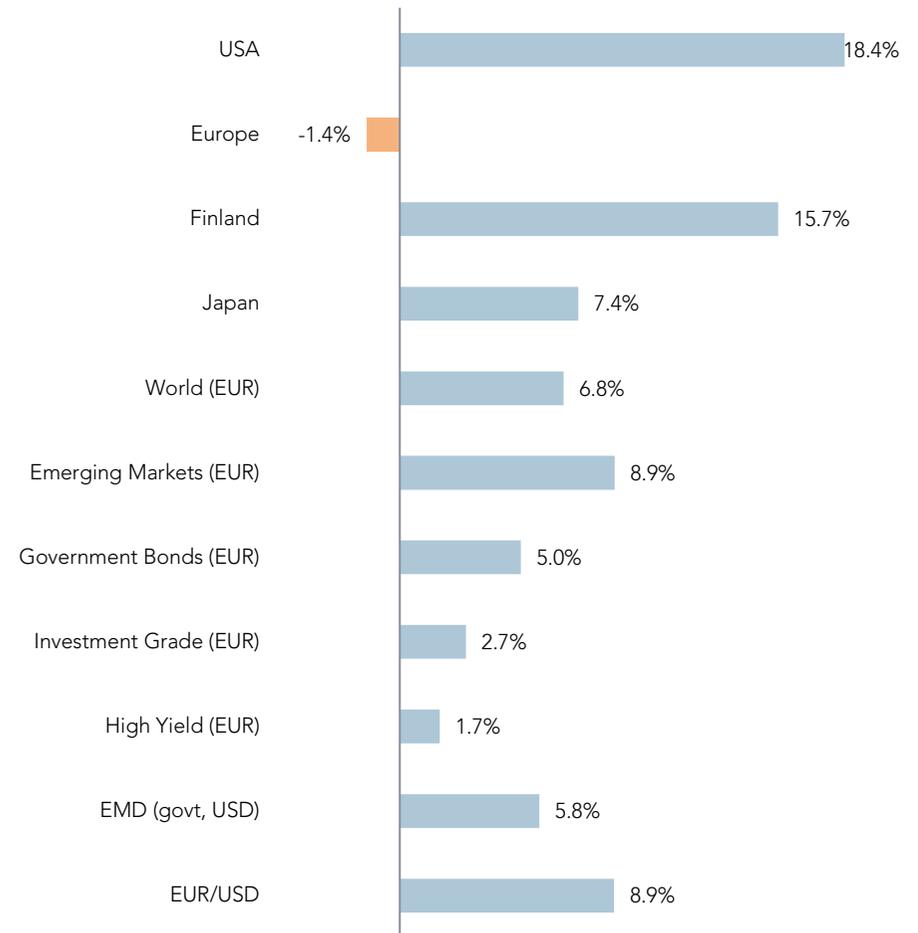
The past year was an exceptional investment year in many ways. The coronavirus crisis that started in the spring triggered an unprecedented panic reaction on the markets, leading to a rapid collapse in stock prices. At the same time, national economies globally plunged into recession or came to a standstill, as societies shut down due to coronavirus restrictions. The situation was not helped by persistently high political risks due to Brexit, the US presidential election and the trade war between China and the USA. However, as summer neared, coronavirus concerns abated slightly, and although concerns over a second wave of the virus maintained uncertainty on the markets, stock prices started to rise again rapidly, assisted by the unprecedented stimulus measures of governments and central banks. The growth continued throughout the rest of the year, as a result of which many stock exchanges reached new record levels at the end of the year.

Based on the Purchasing Managers' Index at the end of 2020, confidence in the corporate sector has clearly improved from the lows of the coronavirus crisis, and companies are well positioned for earnings growth. However, uncertainty on the markets is being increased by the aftermath of the US presidential elections and forthcoming political policies, as well as the development of the second wave of the coronavirus and the effectiveness of COVID-19 vaccines.

In the end, 2020 proved to be a good investment year. On the equity markets, US equities (S&P 500) rose 18.4 percent and Finnish equities (OMX Helsinki CAP) 15.7 percent. However, European equities (Stoxx 600) declined by 1.4 percent. The values of interest-bearing papers also developed positively. The values of corporate bonds with higher ratings rose 2.7 percent and the values of high yield bonds with lower ratings rose 1.7 percent during 2020. The values of euro area government bonds rose five percent over the same period. The euro strengthened by 8.9 percent against the dollar.

Due to the strong market recovery, net subscriptions to mutual funds registered in Finland turned positive after a challenging start to the year. Net subscriptions to all funds registered in Finland totalled EUR 1,222 million (EUR 376 million) during 2020.

Market performance 1-12/2020



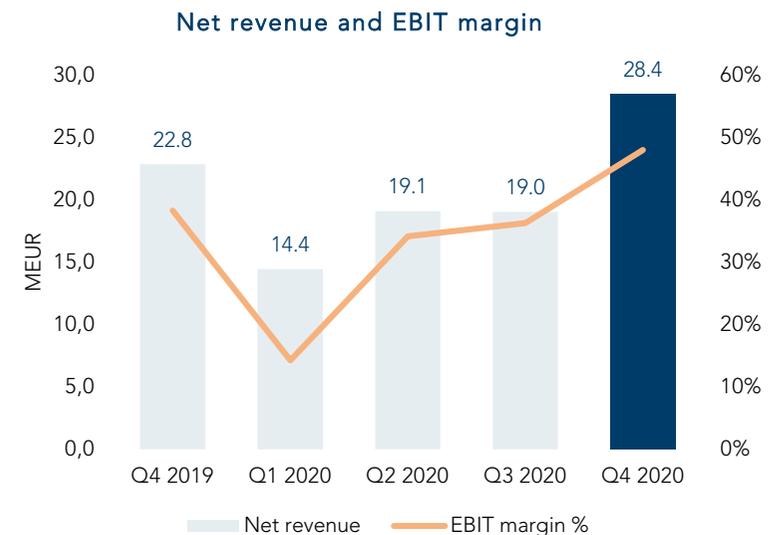
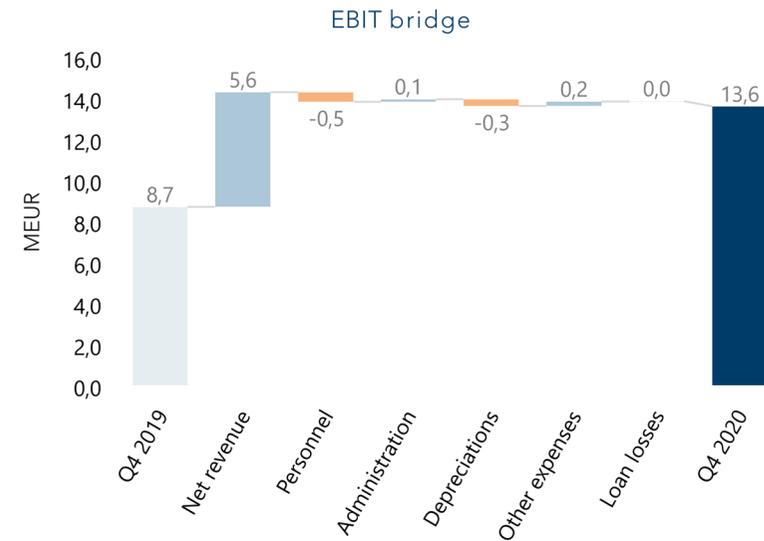
DEVELOPMENT OF REVENUE AND RESULT

In January-December the Evli Group’s net commission income was six percent above the comparison period and was EUR 76.8 million (EUR 72.2 million). The growth was particularly raised by the positive development of fund and asset management fees. During the review period, profit-related fees from asset management or mutual funds came to EUR 6.7 million (EUR 1.1 million). As a consequence of the coronavirus crises during the spring, advisory fees decreased due to delays or suspensions in client assignments.

During January-December net income from securities transactions and foreign exchange dealing decreased from the previous year to EUR 2.4 million (EUR 3.2 million). This was due to the significant negative value changes in the first-quarter result due to the market collapse. Overall, during January-December, the return from Evli Group’s operations increased five percent year on year and was EUR 79.7 million (EUR 75.8 million).

Overall costs for January-December, including depreciation, amounted to EUR 50.6 million (EUR 51.7 million). The Group’s personnel expenses totalled EUR 30.5 million (EUR 30.4 million) including estimated performance bonuses for the personnel. The Group’s administrative expenses were EUR 12.5 million (EUR 14.0 million). The Group’s depreciation, amortization and write-downs were EUR 5.7 million (EUR 3.5 million). The increase in depreciation is mainly explained by the transfer of rental expenses to depreciation in accordance with IFRS 16. In the comparison period, rental expenses were presented as part of other operating expenses. The Group’s other operating expenses totalled EUR 1.7 million (EUR 3.7 million). Impairment losses on loans and other receivables were EUR 0.1 million (EUR 0.1 million). Evli’s expense/income ratio was 0.63 (0.68).

The Group’s operating profit for January-December exceeded the comparison period and was EUR 29.1 million (EUR 24.1 million). The operating margin was 36.5 percent (31.8%). The profit for January-December was EUR 23.2 million (EUR 18.7 million). The Group’s annualized return on equity was 26.2 percent (23.4%).



Evli Group's net revenue for **October-December** increased by 24 percent compared to the previous year, totalling EUR 28.1 million (EUR 22.7 million). In particular, higher profit-related fees from asset management and mutual funds than in the comparison period and increased valuations of investments in own balance sheet items due to the continued market recovery had a positive impact on net revenue development. The return from own balance sheet items totalled EUR 1.4 million (EUR 0.0 million) during the fourth quarter. The Group's net commission income was EUR 26.6 million (EUR 22.5 million). During the fourth quarter profit-related fees from asset management and mutual funds of EUR 6.4 million (EUR 1.0 million) were received.

Overall costs for the fourth quarter, including depreciation, increased slightly from the previous year's level and amounted to EUR 14.4 million (EUR 14.0 million). The Group's personnel expenses increased by six percent during the fourth quarter. The bonus provision made for the review period increased due to improved profitability compared to the comparison period. However, other administrative expenses decreased by four percent.

The Group's fourth quarter operating profit was EUR 13.6 million (EUR 8.7 million). The operating margin was 48.6 percent (38.5%). The profit for October-December was EUR 11.0 million (EUR 6.6 million).

Balance sheet and funding

At the end of December, the Evli Group's balance sheet total was EUR 772.6 million (EUR 923.2 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 December, the Evli Group's equity was EUR 95.4 million (EUR 81.8 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 15.2 percent clearly exceeds the regulator's requirement of 10.5 percent. In response to the coronavirus crisis, the authorities eased banks' capital requirements, and consequently, Evli's capital adequacy ratio fell to the current level from the previous level of 11.5 percent. The Group's own minimum target for capital adequacy is 13.0 percent.

The Group's funding from the public and credit institutions decreased by 26 percent compared to the comparison period. The company's loan portfolio decreased four percent compared to the comparison period and was EUR 109.6 million (EUR 114.0 million). The ratio of loans granted by the Group to Evli Bank Plc's deposits from the public was 28.4 percent. The Group's liquidity is good.

Due to the coronavirus crisis, the probability of credit losses has increased. As a result of this Evli has increased its loan loss provision during the first half of the year by EUR 0.1 million in accordance with IFRS 9. Evli's loan portfolio consists mainly of secured investment loans, which collateral values are monitored on a daily basis. A credit loss of EUR 0.1 million was realized during the review period.

COMMON EQUITY TIER 1 CAPITAL, M€	31.12.2020	31.12.2019
Share capital	30.2	30.2
Funds total and retained earnings	40.3	32.7
Minority interest	0.0	0.0
<i>Decreases:</i>		
Intangible assets	16.0	14.3
Other decreases	0.0	0.0
Total common equity tier 1 capital	54.5	48.6

Evli Bank has no tier 2 capital.

Minimum requirement of own funds, M€	31.12.2020	31.12.2020
Minimum capital adequacy requirement by asset group, standard credit risk method:	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	2.8	35.0
Investments in mutual funds	4.0	50.5
Claims secured with property	0.1	1.1
Claims from corporate customers	2.5	30.9
Items with high risk, as defined by the authorities	0.1	1.3
Other items	7.7	95.8
Minimum amount of own funds, market risk	0.5	5.8
Minimum amount of own funds, operational risk	11.1	138.9
Total	28.7	359.4

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

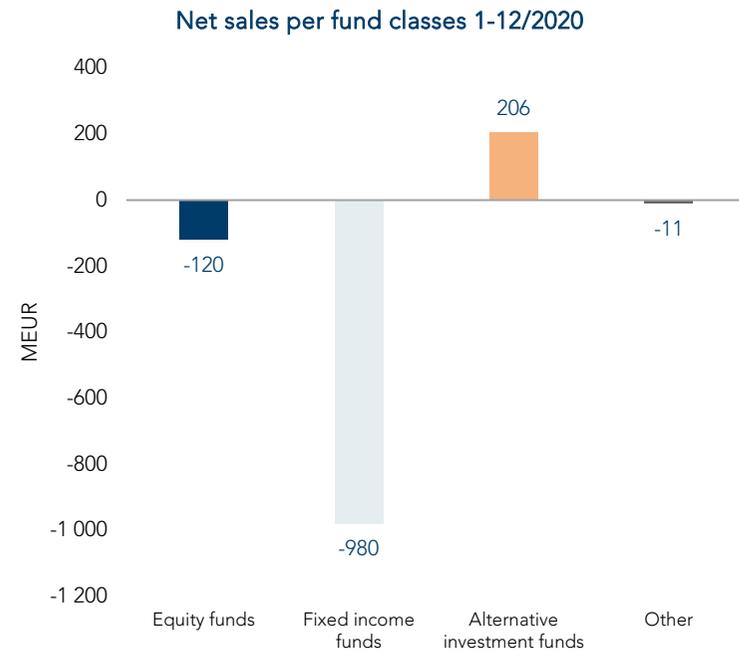
The assets under management in Evli's Wealth Management decreased during the spring due to the coronavirus crises. Despite the market recovery the assets in discretionary asset management fell somewhat short of the comparison period. At the end of December, Evli had EUR 5.2 billion (EUR 5.3 billion) in discretionary asset management assets, which includes both the traditional and digital services.

Traditional mutual funds

The coronavirus crisis reflected negatively on fund sales during the review period as clients sold their holdings during the spring and at the end of the year. The majority of redemptions were in short-duration fixed income funds. Net subscriptions for January-December were EUR -1,071.5 million (EUR 958.1 million). Evli's strategic target is to boost the international sales of its investment products. The coronavirus crisis was also reflected in the behaviour of foreign investors and led to net redemptions from fixed income funds. In addition, new sales was challenging due to extensive travel restrictions. During January-December net subscriptions from foreign investors were negative at EUR -471 million (EUR 590 million).

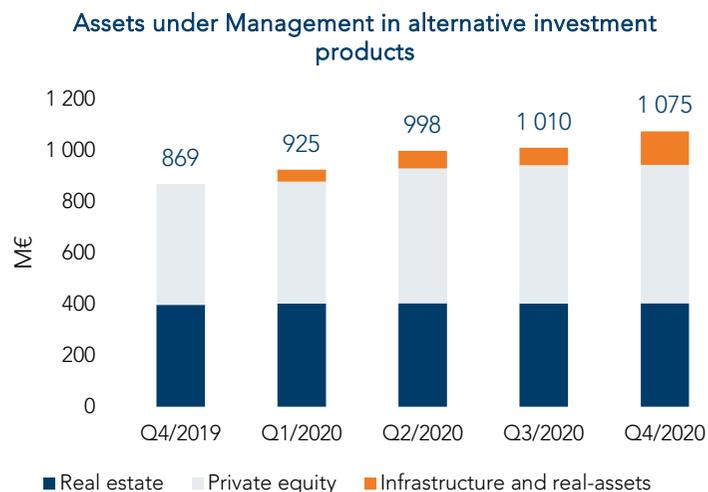
According to the Mutual Fund Report carried out by Investment Research Finland, Evli Fund Management Company's market share decreased 1.1 percentage points on the previous year and was 6.6 percent at the end of December. At the end of December, Evli had 30 investment funds registered in Finland. The combined assets of the traditional mutual funds

managed by the company were EUR 8.7 billion (EUR 9.6 billion). Of this, approximately EUR 2.4 billion were invested in equity funds (EUR 2.5 billion), EUR 6.0 billion in fixed income funds (EUR 7.0 billion) and EUR 0.2 billion in balanced funds (EUR 0.1 billion).



Alternative investment products

Sales of strategically important alternative investment products developed according to expectations, considering the market situation. Subscriptions and investment commitments for alternative investment products totalled EUR 206 million (EUR 258 million) during January-December. In the spring, Evli launched the Evli Infrastructure Fund I, to which close to EUR 104 million was raised during the year. The fund focuses on global infrastructure projects. In November Evli launched the Evli Impact Forest Fund I. The fund invests in leading unlisted forest funds globally that manage and develop forest assets. By the end of the year EUR 28 million had been raised to the fund.



Other investment products

As a result of the market turmoil in the spring, there was a peak in demand for Evli's brokerage products, which, however, levelled off as the markets calmed down during the summer and fall. From a cumulative point of view, brokerage fees were almost on the previous years level.

Awards

During the first half of the year, Evli's institutional wealth management received recognition from the independent KANTAR SIFO Prospera "External Asset Management Finland 2020" -survey, where Evli was for the fourth consecutive year in a row the most widely used institutional asset manager in Finland. In addition, institutional investors ranked Evli as the second-best institutional asset manager in Finland and Evli's brand strength was assessed as the strongest in asset management services. Evli was also placed first in among others portfolio management competence and responsible investments (ESG).

During the second half of the year Evli was awarded best Finnish Private Bank for the second year in a row, in the KANTAR SIFO Prospera "Private Banking 2020 Finland" -survey.

Evli's fund knowledge received international recognition during the first half of the year. Morningstar awarded Evli best fund management company in Sweden. In the "Best Fund House: Overall" category, the rankings are determined based on five-year risk-adjusted returns, taking into account all funds registered in the country by the fund management company.

In Lipper Fund Awards 2020 France, Evli received the award of best fixed income house among smaller fund management companies. In addition, 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. In Lipper Fund Awards 2020 in Europe, Nordics, Germany and France, Evli Nordic fund was awarded "Best Fund over 5 years" and "Best Fund over 10 years" in Lipper Fund Awards 2020 in Europe and "Best Fund over 5 years" in Lipper Fund Awards 2020 in Germany and France in the "Equity Nordic" category.

Financial performance

In **January-December** the Wealth Management and Investor Clients segment's profit developed favourably. The segment's net revenue grew nine percent year on year totalling EUR 67.1 million (EUR 61.6 million). In particular, an increase in the management fees of alternative investment products and the increased performance-based fees due to successful investment activities had a positive impact on the revenue development. During the review period, EUR 6.7 million in performance-based and similar fees were received from asset management and funds (EUR 1.1 million).

In **October-December** the net revenue of the Wealth Management and Investor Clients segment increased 21 percent from the comparison period and was EUR 23.4 million (EUR 19.4 million).

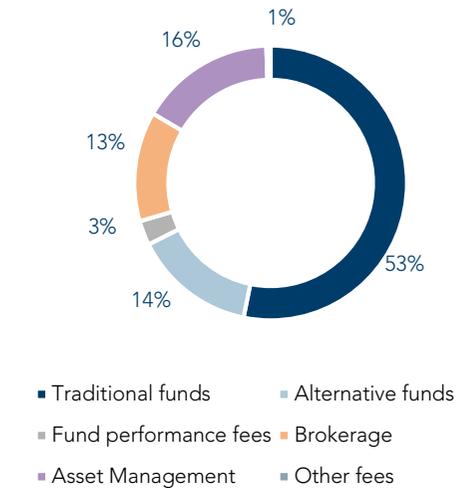
Key figures - Wealth Management and Investor Clients segment

M€	1-12/ 2020	1-12/ 2019	Chan- ge %	10-12/ 2020	10-12/ 2019	Chan- ge %
Net revenue	67.1	61.6	9%	23.4	19.4	21%
Operating profit/loss before Group allocations	33.5	28.3	18%	14.0	10.4	34%
Operating profit/loss	27.7	20.8	33%	12.1	8.5	42%
Number of personnel	160	154	-35%			
Market share, %*	6.6	7.7	-14%			
Net subscriptions**	-1.071	958.1	-			

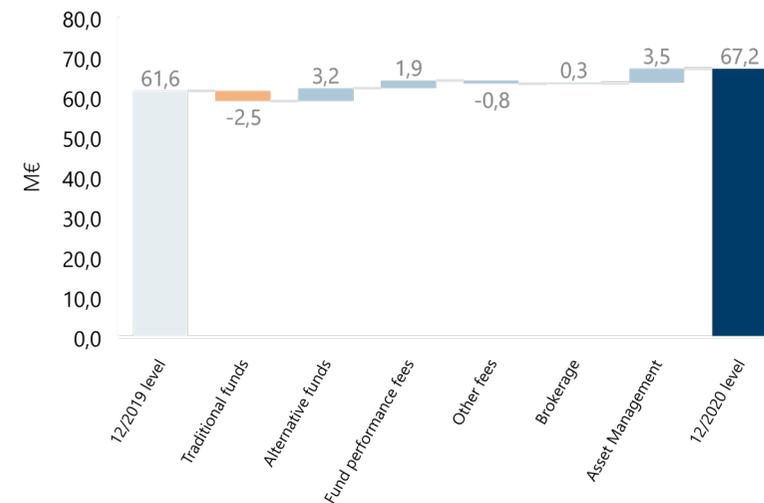
*Evli Fund Management Company. Source: fund report by Investment Research Finland

**Net subscription to Evli's traditional mutual funds. Source: fund report by Investment Research Finland

Split of Wealth Management fees 1-12/2020



Development of Investor client commission



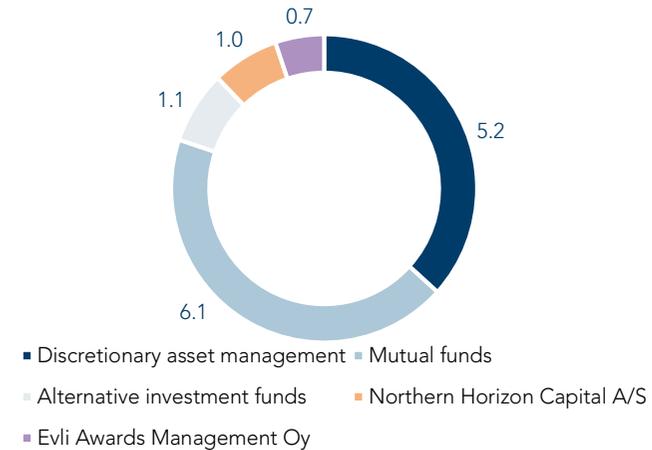
Development of client assets under management

Client assets under management consist of direct investments in mutual funds and alternative investment funds, discretionary asset management and assets managed through Evli's subsidiaries and associated companies.

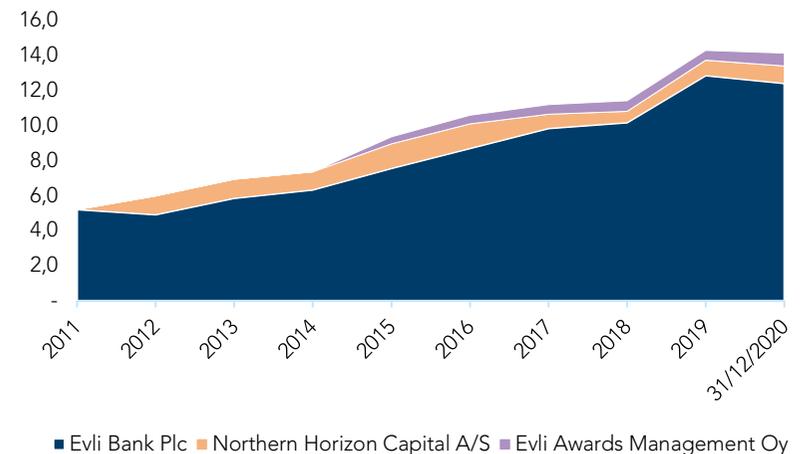
Assets under management decreased substantially during the market collapse in March but recovered during the summer and fall. Due to the positive development, the Group's total net assets under management nearly reached the record level of the comparison period being EUR 14.1 billion (EUR 14.3 billion) at the end of December.

At the end of December, assets under discretionary management amounted to EUR 5.2 billion (EUR 5.3 billion). Correspondingly, direct investments in Evli's traditional mutual funds were EUR 6.1 billion (EUR 6.7 billion) at the end of December. The assets under management in alternative investment funds were EUR 1.1 billion (EUR 0.9 billion). Assets managed through subsidiaries and associated companies increased somewhat to EUR 1.7 billion (EUR 1.4 billion).

Net assets under management December, 2020 (EUR bn.)



Net Assets Under Management EUR 14.1 bn.



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 plan design and administration services and investment research for listed companies.

M&A transactions

The coronavirus crisis had a substantial impact on the unit's business, leading to delays and suspensions of advisory assignments in the spring. The M&A market reactivated in the fall, and the mandate base grew considerably. However, the increased uncertainty at the end of the year led to projects being postponed to 2021. At the end of December, the unit's mandate base was at a good level. For the whole year, invoiced advisory fees were clearly below the previous year at EUR 3.3 million (EUR 6.0 million). Significant fluctuations in revenue from one quarter to the next are typical of the segment's M&A activities.

Evli's fourth quarter published transactions:

- Advisory to the owners of IM Röntgen on the sale to Capio
- Advisory to Nordic Capital on the sale of Gina Tricot to Frankenius Equity
- Advisory to Agile Content on the public offer for Edgeware AB
- Advisory to the owners of Svefa Holding AB on the sale to Broviken Gruppen

Incentive plans

The incentive plan business grew to an even more important strategic growth area for Evli as a result of the corporate transaction that took place in the fall. In the transaction, Alexander Incentives Oy, Finland's leading planner of share-based incentive systems, merged with Evli's subsidiary, Evli Awards Management Oy. As a result of the merger, Evli offers incentive plans throughout the value chain, from planning to administration and

implementation. Evli holds a leading position in Finland in this business among listed companies.

At the end of 2020, the company managed over 80 incentive plans, of mainly Finnish companies. In addition, the company acted as an advisor to about 100 companies in reward-related planning during the year.

Evli's strategic objective is to expand the current product and service offering related to incentive plans to foreign and unlisted companies. During the review period, the focus was especially on international sales. The company gained a total of about ten new Nordic and unlisted companies as clients during 2020.

The incentive business's revenue for the review period was EUR 5.9 million (EUR 4.6 million). Revenue growth was positively affected mainly by the increase in the number of client companies compared to the comparison period and the lower-than-expected impact of the coronavirus pandemic on the amount of transaction-based fees.

Financial performance

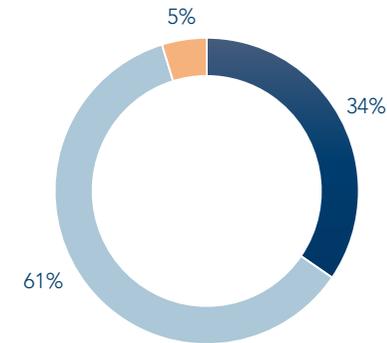
In **January-December** the net revenue of the Advisory and Corporate Clients segment decreased eleven percent year on year totalling EUR 9.7 million (EUR 10.9 million).

In **October-December** the net revenue of the Advisory and Corporate Clients segment decreased by six percent compared to the comparison period and was EUR 3.3 million (EUR 3.5 million).

Key figures - Advisory and Corporate Clients segment

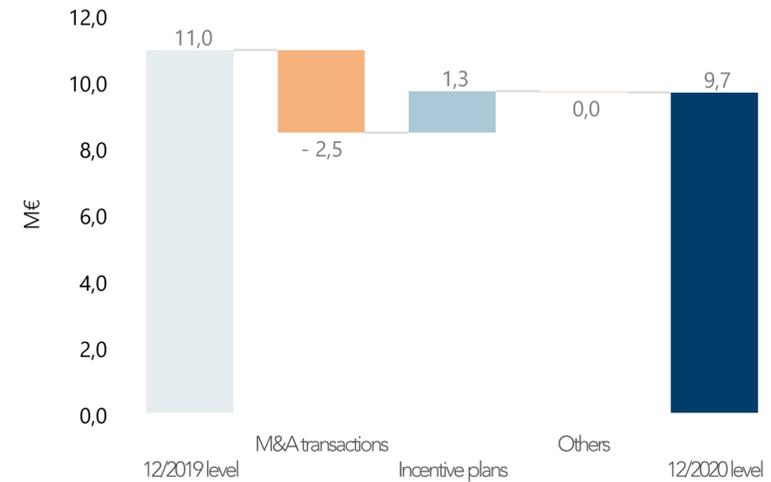
M€	1-12/ 2020	1-12/ 2019	Change %	10- 12/ 2020	10- 12/ 2019	Change %
Net revenue	9.7	10.9	-11%	3.3	3.5	-6%
Operating profit/loss before Group allocations	2.7	4.0	-33%	0.9	1.5	-38%
Operating profit/loss	1.8	2.8	-37%	0.6	1.2	-48%
Number of personnel	53	44	6%			

Split of advisory commissions 1-12/2020



■ Advisory fees ■ Incentive management ■ Other advisory fees

Development of advisory commissions



Group Operations

The Group Operations segment includes support functions serving the business areas, such as Information Management, Financial Administration, Marketing, 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.

Financial performance

In **January-December** the return of the Group operations segment decreased year on year and was EUR 2.8 million (EUR 3.6 million). The decrease was due to unrealized losses on fixed income investments in the own balance sheet caused by the market turmoil.

In **October-December** the net revenue of the Group Operations segment increased compared to the comparison period and was EUR 1.7 million in total (EUR 0.2 million). Revenue development was positively affected by the increase in the value of fixed income investments in own balance sheet investments.

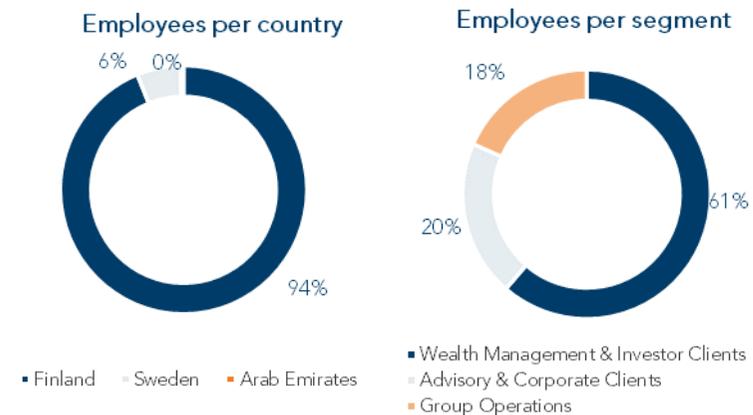
Key figures – Group Operations segment

M€	1-12/ 2020	1-12/ 2019	Change %	7-12/ 2020	7-12/ 2019	Change %
Net revenue	2.8	3.6	-21%	1.7	0.2	920%
Operating profit/loss before Group allocations	-6.7	-8.4	-20%	-1.1	-3.0	-62%
Operating profit/loss	0.0	0.3	-95%	1.1	-0.7	-
Number of personnel	48	51	-6%			

PERSONNEL

The group had 261 employees (249) at the end of December. The number of employees increased by five percent, from the comparison period. The growth was due to, among other things, the merger with Alexander Incentives Oy. Approximately 94 percent of the personnel were employed in Finland and six percent abroad.

Employee facts



CORPORATE RESPONSIBILITY

Evli has raised responsibility to one of its strategic focus areas. Responsibility factors have been integrated into investment operations in Evli's most significant business area, Wealth Management, which means that responsible investment is a systematic part of portfolio management. Investments made by Evli's mutual funds are also monitored for possible norm violations, and Wealth Management engages with companies independently and together with other investors.

Responsible investing

In the fourth quarter, Evli joined a new collaborative engagement campaign coordinated by the internationally recognized CDP. The campaign aims at helping and encouraging companies to set science-based climate targets. The targets set enable companies to develop their own action plans to combat climate change and achieve the emissions targets of the Paris Climate Agreement.

In November, Evli launched the new Evli Impact Forest Fund I, which operates with a fund of funds structure and invests in global forest funds. The fund aims to mitigate climate change by achieving positive carbon impacts. The fund's carbon dioxide removal impact is monitored and reported regularly to investors.

During the fourth quarter, Evli engaged with three European companies and one South American company. Evli also participated in one extraordinary general meeting in Finland.

Evli's successful work in the area of responsible investment was again awarded with excellent ratings during the year in external assessments. In an international comparison, the UN's umbrella organization for responsible investment PRI awarded Evli its highest rating (A+) in the Responsible Investment Strategy and Governance category. In the KANTAR SIFO Prospera External Asset Management Finland 2020 survey, Evli was ranked best in responsible investment in Finland for the fourth consecutive year.

Results 10-12/2020

- Joining a new CDP collaborative engagement campaign
- New sustainable forest fund, Evli Impact Forest Fund I
- Attendance at one extraordinary general meeting
- Engaging with four companies

Goals 2020-2021

Renewal of the ESG reports

Launch new responsibility funds

Set climate targets

Deepen ESG integration in Portfolio Management

EVLI'S SHARES AND SHARE CAPITAL

At the end of December, Evli Bank Plc's total number of shares was 24,109,420, of which 14,635,264 were series A shares and 9,474,156 were series B shares. The company held 328,998 series B shares. The company's share capital was EUR 30,194,097.31 at the end of December. No changes took place in the share capital.

Under Article 4 of its Articles of Association, the company converted 145,224 A shares into B shares on April 24, 2020. Public trading on the converted shares began at Nasdaq Helsinki Ltd on April 27, 2020.

Based on the stock options 2016 granted by the company's Board of Directors a total of 125,000 new B shares were subscribed to on July 17, 2020. The shares subscribed to were registered in the Trade Register on July 17, 2020. Public trading with the new B-shares began at Nasdaq Helsinki Ltd on July 20, 2020.

Based on the stock options 2016 granted by the company's Board of Directors a total of 83,000 new B shares were subscribed to on September 4, 2020. The shares subscribed to were registered in the Trade Register on September 4, 2020. Public trading with the new B-shares began at Nasdaq Helsinki Ltd on September 7, 2020.

Under Article 4 of its Articles of Association, the company converted 375,387 company held A shares into B shares on September 11, 2020. Public trading with the converted shares began at Nasdaq Helsinki Ltd on September 14, 2020.

On September 23, 2020 the company's Board of Directors issued and conveyed without consideration 46,389 Evli Bank Plc's B-shares to the key persons participating in the Restricted Share Plan 2017.

Under Article 4 of its Articles of Association, the company converted 5,000 A shares into B shares on December 18, 2020. Public trading on the converted shares began at Nasdaq Helsinki Ltd on December 21, 2020.

Shareholders

The total number of shareholders at the end of December was 5.172 (4,204). The stake of Finnish companies was 55 percent (54%) and that of private Finnish individuals was 27 percent (26%). The remaining 18 percent of the shares (20%) were owned by financial and insurance institutions, public sector organizations, non-profit institutions serving households and foreign investors. Evli's ten largest shareholders December are listed on page 37.

Trading on Nasdaq Helsinki

	1-12/2020	1-12/2019
Highest price, €	13.2	10.8
Lowest price, €	6.8	7.2
Trading in the shares, €	24,737,199	10,584,652
Trading in the shares, pcs	2,465,545	1,230,900

	December 31, 2020	December 31, 2019
Evli's series B shares, pcs	9,474,156	8,740,545
Closing price, €	12.2	10.4
Market capitalization*, M€	294.1	248.6

*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.

Share price development and trading volume (series B shares) 1.1.–31.12.2020



DECISIONS TAKEN BY THE ANNUAL GENERAL MEETING

Evli Bank Plc's Annual General Meeting, held in Helsinki on March 9, 2020, 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 0.66 per share in dividends. The dividend was paid to a shareholder who on the record date March 11, 2020 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 18, 2020.

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 2019 financial year.

Remuneration policy

The Annual General Meeting approved the remuneration policy for governing bodies.

The ratio between fixed and variable remuneration of management and key personnel

The Annual General Meeting decided that the amount of variable remuneration paid to a person employed by Evli may exceed 100 percent of the total fixed annual remuneration of the person, subject to the conditions described below. However, the variable remuneration component shall not exceed 200 percent of the total annual fixed remuneration of the recipient.

An individual's short-term (one-year earnings criterion) variable remuneration may not exceed 100 percent of an individual's annual fixed

remuneration. However, the combination of short-term variable remuneration and long-term commitment plan payments may exceed 100 percent of the individual's annual fixed remuneration. However, the aggregate of short-term variable remuneration and long-term commitment plan payments may not exceed 200 percent of the individual's annual fixed remuneration.

The maximum variable remuneration applies to the remuneration of approximately 30 persons, that is, senior management and certain key personnel. The variable remuneration is not used to compensate the Board of Directors. The maximum variable remuneration applies until further notice.

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, Fredrik Hacklin, Sari Helander, Robert Ingman, Mikael Lilius and Teuvo Salminen were re-elected to Evli Bank Plc's Board of Directors.

The meeting attendance fee payable to Board members is EUR 5,000.00 per month, and the attendance fee payable to the Chairmen of the Committees is EUR 6,000.00 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 1,516,088 shares, and the total number of own series B shares to be repurchased may be a maximum of 874,055 shares. The 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, 2021.

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 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 2,390,140 series B shares. The 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 239,014 shares may be used as part of the company's share-based incentive schemes, representing approximately one

percent of all the shares of the company on the date of the Notice of the Annual General Meeting.

The authorization 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, 2021.

CHANGES IN GROUP STRUCTURE

In June, Evli sold three percent of its shares in Evli Corporate Finance Ab to its employees. Following the transaction, Evli's ownership in the company is 56.5 percent.

In August, Evli bought 35 percent of Terra Nova Capital Advisors Ltd shares from the company's employees. Following the transaction, Evli's ownership in the company is 90 percent.

In September, Evli Bank Plc and the owners of Alexander Incentives Oy signed an agreement on the exchange of shares between Evli Awards Management Oy ("EAM") and Alexander Incentives Oy, in which EAM gained 100 percent of the shares of Alexander Incentives Oy. As a consideration, EAM issued new own shares so that the minority interest in the company's shares rose to 35 percent. Evli Bank's holding in the company is 65 percent.

BUSINESS ENVIRONMENT

Despite the recovery of the investment markets, Evli's business environment faces many challenges. Political uncertainty in the USA and the potential consequences and impacts of the second wave of the coronavirus on national economies may cause significant fluctuations in the investment markets. Investors' risk appetite and investment interest has, however, increased as a result of the market recovery supported by governments and central banks.

During the spring, the coronavirus pandemic led to a sudden crash in the equity and bond markets. However, the markets recovered quickly supported by strong stimulus. If the coronavirus pandemic prolongs, it may also be reflected in a reduction in the value of alternative investment products, such as office property funds. If this happens, it could make the sale of such products more difficult. Evli already has a strong position among institutions and high-net-worth individuals. Despite the challenging market environment, the conditions for the growth of the core business in the company's domestic market in Finland are good, especially with the expanded product range.

In line with its strategy, Evli has focused increasingly on international sales and developing alternative investment products. These are considered important sources of growth for the company and a means to further diversify the company's sources of revenue. Work has also been done to achieve even better business scalability, as a result of which an indicator critical to the company, the ratio of recurring revenue to operating costs, has developed favourably.

The company focuses its international growth on the Nordic and European markets. In addition to product availability, the streamlining and adaptation of administrative processes and structures 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. Nevertheless, as a consequence of the coronavirus pandemic the market environment is currently exceptionally challenging in terms of international growth.

Alternative investment products are another important strategic focus area for Evli. The company's goal is to be able to offer a comprehensive product selection from typical, very liquid fixed income funds to more exotic real interest rate and private equity funds. To achieve this goal, Evli has launched several new products and will further expand its offering to new asset classes. There is considerable competition on the Finnish market in the area of alternative investment products. Despite the challenges arising from the operating environment, Evli's objective is to turn alternative investment products into a major source of revenue, with the help of a comprehensive selection and exceptional expertise.

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.

SUGGESTION FOR DISTRIBUTION OF PROCEEDS

The parent company's distributable assets on December 31, 2020 totalled EUR 44,341,920.73 of which EUR 21,056,874.74 were retained earnings and EUR 23,285,045.99 were in the reserve for invested unrestricted equity. The Board of Directors proposes to the Annual General Meeting of Shareholders that a dividend of a maximum of EUR 0.73 per share be paid. The total proposed dividend calculated according to the number of shares (excluding own shares held by the company) on the balance sheet date is EUR 17,359,708.06. It is proposed that the Annual General Meeting would authorize the Board of Directors to decide on the payment of the dividend in one or more instalments at a time it deems best, taking into account the current authority recommendations.

There have been no major changes in the company's financial position after the end of the financial year. The proposed distribution of profit does not endanger the financial solidity or liquidity of the company.

OUTLOOK FOR 2021

We estimate that the operating profit for 2021 will be clearly positive.

The view is supported by a high ratio of recurring revenue to operating costs, as well as sales of alternative investment products, which have brought new, stable revenue.

Helsinki, January 22, 2021

EVLI BANK PLC
Board of Directors

Additional information:

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INVESTOR CALENDER 2021

- Interim Report, January-March: April 15, 2021
- Half Year Financial Report, January-June: July 14, 2021
- Interim Report, January-September: October 20, 2021

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The figures in the report tables and appendices are presented in millions of euros, unless indicated otherwise.

Consolidated comprehensive income statement

	10-12/2020	10-12/2019	1-12/2020	1-12/2019
Net interest income	0.0	0.2	0.2	0.3
Commission income and expense, net	26.6	22.5	76.8	72.2
Net income from securities transactions and foreign exchange dealing	1.4	0.0	2.4	3.2
Other operating income	0.1	0.1	0.2	0.1
NET REVENUE	28.1	22.7	79.7	75.8
Administrative expenses				
Personnel expenses	-8.9	-8.5	-30.5	-30.4
Other administrative expenses	-3.4	-3.5	-12.5	-14.0
Depreciation, amortisation and write-down	-1.3	-0.9	-5.7	-3.5
Other operating expenses	-0.8	-1.0	-1.7	-3.7
Impairment losses on loans and other receivables	0.0	0.0	-0.1	-0.1
NET OPERATING PROFIT / LOSS	13.6	8.5	29.1	24.1
Share of profits (losses) of associates	0.1	-0.4	0.4	-0.6
Income taxes	-2.7	-1.8	-6.3	-4.9
PROFIT / LOSS FOR FINANCIAL YEAR	11.0	6.6	23.2	18.7
Attributable to				
Non-controlling interest	0.6	0.9	1.9	1.4
Equity holders of parent company	10.4	5.7	21.3	17.3
PROFIT / LOSS FOR FINANCIAL YEAR	11.0	6.6	23.2	18.7
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
Items that are or may be reclassified subsequently to profit or loss				
Foreign currency translation differences - foreign operations	0.3	0.2	0.2	0.0
Other comprehensive income/loss	0.3	0.2	0.2	0.0
Other comprehensive income after taxes / loss total	0.3	0.2	0.2	0.0
OTHER COMPREHENSIVE INCOME / LOSS TOTAL	11.2	6.8	23.4	18.6
Attributable to				
Non-controlling interest	0.6	0.94	1.9	1.4
Equity holders of parent company	10.6	5.9	21.5	17.2
Earnings per Share (EPS), fully diluted	0.42	0.24	0.87	0.71
Comprehensive Earnings per Share (EPS), fully diluted	0.44	0.24	0.88	0.71

Consolidated comprehensive income statement quarterly

	10-12/2020	7-9/2020	4-6/2020	1-3/2020	10-12/2019
Net interest income	0.0	-0.1	0.2	0.0	0.2
Commission income and expense, net	26.6	16.8	15.6	17.9	22.5
Net income from securities transactions and foreign exchange dealing	1.4	1.8	2.9	-3.7	0.0
Other operating income	0.1	0.1	0.0	0.0	0.1
NET REVENUE	28.1	18.7	18.8	14.2	22.7
Administrative expenses					
Personnel expenses	-8.9	-7.5	-7.5	-6.6	-8.5
Other administrative expenses	-3.4	-2.6	-2.8	-3.6	-3.5
Depreciation, amortisation and write-down	-1.3	-1.5	-1.5	-1.5	-0.9
Other operating expenses	-0.8	-0.2	-0.5	-0.2	-1.0
Impairment losses on loans and other receivables	0.0	0.0	-0.0	0.2	0.0
NET OPERATING PROFIT/LOSS	13.6	6.9	6.5	2.1	8.7
Share of profits (losses) of associates	0.1	0.2	0.0	0.2	-0.4
Income taxes	-2.7	-1.4	-1.7	-0.4	-1.8
PROFIT/LOSS FOR FINANCIAL YEAR	11.0	5.6	4.8	1.9	6.6
Attributable to					
Non-controlling interest	0.6	0.7	0.4	0.3	0.9
Equity holders of parent company	10.4	4.9	4.4	1.6	5.7
PROFIT/LOSS FOR FINANCIAL YEAR	11.0	5.6	4.8	1.9	6.6
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	0.3	0.0	0.3	-0.3	0.2
Other comprehensive income/loss	0.3	0.0	0.3	-0.3	0.2
Other comprehensive income after taxes/loss total	0.3	0.0	0.3	-0.3	0.2
OTHER COMPREHENSIVE INCOME/LOSS TOTAL	11.2	5.6	5.1	1.5	6.8
Attributable to					
Non-controlling interest	0.6	0.7	0.4	0.3	0.9
Equity holders of parent company	10.6	4.9	4.7	1.3	5.9

Consolidated balance sheet

	31.12.2020	31.12.2019
ASSETS		
Liquid assets	331.6	305.7
Debt securities eligible for refinancing with central banks	37.2	36.1
Claims on credit institutions	66.8	69.8
Claims on the public and public-sector entities	109.6	114.0
Debt securities	9.8	227.6
Shares and participations	57.3	31.5
Participating interests	4.2	3.8
Derivative contracts	52.2	59.6
Intangible assets	16.0	14.3
Property, plant and equipment	1.4	1.6
Other assets	83.3	55.3
Accrued income and prepayments	3.3	3.6
Deferred tax assets	0.1	0.2
TOTAL ASSETS	772.6	923.2
LIABILITIES		
Liabilities to credit institutions and central banks	0.7	1.9
Liabilities to the public and public-sector entities	385.2	551.6
Debt securities issued to the public	131.1	148.6
Derivative contracts and other trading liabilities	52.5	59.7
Other liabilities	84.4	58.0
Accrued expenses and deferred income	23.3	21.7
Deferred tax liabilities	0.0	0.0
LIABILITIES TOTAL	677.2	841.5
Equity to holders of parent company	91.8	80.1
Non-controlling interest in capital	3.6	1.7
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	772.6	923.2

Consolidated statement of changes in equity

	Share capital	Share premium fund	Reserve for invested unrestricted equity	Retained earnings	Total	Non-controlling interest	Total Equity
Equity capital 31.12.2018	30.2	1.8	18.3	26.0	76.3	1.1	77.4
Translation difference				0.0	0.0		0.0
Profit/loss for the period				17.2	17.2	1.4	18.6
Dividends				-14.4	-14.4	-1.1	-15.5
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					0.6	0.2	0.8
Equity capital 31.12.2019	30.2	1.8	18.7	29.3	80.1	1.7	81.8
Translation difference				0.4	0.4		0.4
Profit/loss for the period				21.3	21.3	1.3	22.6
Dividends				-15.3	-15.3	-1.0	-16.3
Share options exercised			1.5		1.5		1.5
Acquisition of own shares					0.0		0.0
Acquisition of non-controlling interest					0.0		0.0
Other changes*			2.7	1.2	3.8	1.6	5.4
Equity capital 31.12.2020	30.2	1.8	22.8	36.9	91.8	3.6	95.4

*Other changes from 2020 include the accrual of expenses arising from granted retention programs, which is presented as part of the change in the retained earnings column. In addition, the share exchange between Evli Awards Management Oy and Alexander Incentives Oy and its effect is presented as other changes both in reserve for invested unrestricted equity fund and in non-controlling interests.

Consolidated segment income statement

	Wealth Management and Investor Clients		Advisory and Corporate Clients		Group Operations		Unallocated		Group	
	1-12/ 2020	1-12/ 2019	1-12/ 2020	1-12/ 2019	1-12/ 2020	1-12/ 2019	1-12/ 2020	1-12/ 2019	1-12/ 2020	1-12/ 2019
REVENUE										
Net interest	0.0	0.0	0.0	0.0	0.2	0.3	0.0	0.0	0.2	0.3
Net commissions	67.2	61.6	9.7	11.0	0.0	0.0	0.0	-0.3	76.8	72.2
Trading and FX result	-0.1	0.0	0.0	0.0	2.5	3.2	0.0	0.0	2.4	3.2
Other operative income	0.0	0.0	0.1	0.0	0.2	0.1	0.0	0.0	0.2	0.1
External sales	67.1	61.6	9.7	10.7	2.8	3.6	0.0	-0.3	79.7	75.8
Inter-segment sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total revenue	67.1	61.6	9.7	10.9	2.8	3.6	0.0	-0.3	79.7	75.8
Timing of revenue recognition										
At a point in time	52.0	52.7	5.4	5.1	0.0	0.0	0.0	-0.3	57.4	57.5
Over time	15.2	8.9	4.3	5.8	0.0	0.0	0.0	0.0	19.4	14.7
RESULT										
Segment operating expenses	-30.3	-30.0	-6.6	-6.6	-8.9	-11.3	1.1	0.2	-44.7	-48.0
Business units operating profit before depreciations and Group allocations	36.9	31.3	3.1	4.4	-6.1	-7.8	1.1	-0.2	35.0	27.8
Depreciations	-3.4	-3.0	-0.4	-0.3	-0.5	-0.5	-1.5	0.3	-5.7	-3.5
Impairment losses on loans and other receivables	0.0	0.0	0.0	0.0	-0.1	-0.1	0.0	0.0	-0.1	-0.1
Business units operating profit before Group allocations	33.5	28.3	2.7	4.0	-6.7	-8.4	-0.4	0.2	29.1	24.1
Allocated corporate expenses	-5.8	-7.5	-0.9	-1.2	6.7	8.7	0.0	0.0	0.0	0.0
Operating profit including Group allocations	27.7	20.8	1.8	2.8	0.0	0.3	-0.4	0.2	29.1	24.1
Share of profits (losses) of associates	0.0	0.0	0.0	0.0	0.0	0.0	0.4	-0.6	0.4	-0.6
Income taxes	-3.6	-2.7	-0.7	-0.8	-2.0	-1.4	0.1	0.0	-6.3	-4.9
Segment profit/loss	24.1	18.2	1.1	2.0	-2.0	1.0	0.1	-0.5	23.2	18.7

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, Marketing, Communications and Investor Relations, Legal Department and Compliance, and Human Resource.

Consolidated statement of cash flow

	1-12/2020	1-12/2019
Operating activities		
Operating profit	29.1	24.1
Adjustment for items not included in cash flow	8.2	9.5
Income taxes paid	-5.0	-5.2
Cash flow from operating activities before changes in operating assets and liabilities	32.3	28.5
Changes in operating asset, total	170.5	-6.0
Changes in operating liabilities, total	-158.4	64.8
Cash flow from operating activities	44.5	87.2
Investing activities		
Change in intangible asset	-0.6	-5,7
Change in property, plant and equipment	-0.2	-0,2
Cash flow from investing activities	-0.8	-5,9
Financing activities		
Dividends paid to company's shareholders	-15.3	-14.4
Dividends paid to non-controlling interests in subsidiaries	-1.0	-0.7
Payment of finance lease liabilities	-2.0	-2.7
Used option rights	1.5	0.4
Cash flow from financing activities	-16.8	-17.4
Cash and cash equivalents at the beginning of period	311.4	247.4
Translation difference	0.0	0.0
Cash and cash equivalents at the end of year	338.2	311.4
Change	26.8	64.0

Key figures describing the Group's financial performance

	10-12/2020	10-12/2019	1-12/2020	1-12/2019
Income statement key figures				
Operating income, M€	28.1	22.7	79.7	75.8
Operating profit/-loss, M€	13.6	8.7	29.1	24.1
Operating profit margin, %	48.6	38.5	36.5	31.8
Profit/loss for the financial year, M€	11.0	6.6	23.2	18.7
Profitability key figures				
Return on equity (ROE), %			26.2	23.4
Return on assets (ROA), %			2.7	2.1
Balance sheet key figures				
Equity-to-assets ratio, %			12.3	8.9
Capital adequacy ratio, %			15.2	15.1
Key figures per share				
Earnings per Share (EPS), fully diluted, €	0.42	0.24	0.87	0.71
Comprehensive Earnings per Share (EPS), fully diluted, €	0.44	0.24	0.88	0.71
Dividend / share, €			0.73*	0.66
Equity per share, €			3.86	3.40
Share price at the end of the period, €			12.20	10.40
Other key figures				
Expense ratio (operating costs to net revenue)			0.63	0.68
Recurring revenue ratio, %			124	124
Personnel at the end of the period			261	249
Market value, M€			294.1	248.6

* Dividend for 2020, proposal by the Board of Directors.

Group's capital adequacy

	1-12/2020	1-12/2019
Own assets (common equity Tier 1 capital), M€	54.5	48.6
Risk-weighted items total for market- and credit risks, M€	220.4	188.0
Capital adequacy ratio, %	15.2	15.1
Evli Bank Plc's adequacy ratio, %	18.7	19.1
Own funds surplus, M€	25.8	22.9
Own funds in relation to the minimum capital requirement, M€	1.9	1.9
Own funds surplus M€ including additional capital requirement	16.8	11.6

Calculation of key ratios

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

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

Notes to balance sheet

	31.12.2020	31.12.2019			
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	10.0	25.0			
Bonds	121.1	123.6			
Debt securities issued to the public	131.1	148.6			
Breakdown by maturity	under 3 months	3-12 months	1-5 years	5-10 years	
Debt securities issued to the public	1.0	11.8	116.0	2.2	
Changes in bonds issued to the public	31.12.2020	31.12.2019			
Issues	31.7	49.5			
Repurchases	34.4	44.3			
Off-balance sheet commitments					
Commitments given to a third party on behalf of a customer	5.4	6.9			
Irrevocable commitments given in favour of a customer	2.3	0.3			
Guarantees on behalf of others	0.0	0.5			
Unused credit facilities	9.6	5.4			
Transactions with related parties	1-12/2020				
	Associated companies	Group management			
Sales	0.0	0.0			
Purchases	0.0	0.0			
Receivables	0.0	0.5			
Liabilities	0.0	0.1			

There were no major changes in transactions with related parties in the review period.

Value of financial instruments across the three levels of the fair value hierarchy

Fair value	Level 1 2020	Level 2 2020	Level 3 2020	Total
Financial assets				
Shares and participations classified as held for trading	0.1	0.0	0.0	0.1
Shares and participations, other	49.9	0.0	7.2	57.2
Debt securities eligible for refinancing with central banks	37.2	0.0	0.0	37.2
Debt securities	0.3	8.3	1.2	9.8
Positive market values from derivatives	0.0	51.1	1.1	52.2
Total financial assets held at fair value	87.5	59.4	9.5	156.3
Financial liabilities				
Shares and participations classified as held for trading	0.4	0.0	0.0	0.4
Negative market values from derivatives	0.0	50.9	1.1	52.0
Total financial liabilities held at fair value	0.4	50.9	1.1	52.5

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

Nominal value of underlying, gross	Remaining maturity			Fair value (+/-)
	Less than 1 year	1-5 years	5-15 years	
Held for trading				
Interest rate derivatives				
Interest rate swaps	2.1	100.7	2.2	0.0
Equity-linked derivatives				
Futures	0.7	3.4	0.0	0.0
Options bought	0.0	0.0	0.0	0.0
Options sold	0.0	0.0	0.0	0.0
Currency-linked derivatives	4.555.2	32.1	0.0	0.1
Held for trading, total	4.558.0	136.1	2.2	0.1
Derivative contracts, total	4.558.0	136.1	2.2	0.1

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

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	66.8	66.8	0.0	0.0	0.0	0.0
Receivables from the public	109.6	107.7	1.9	0.0	0.2	0.1
Receivables from the public; corporate	31.3	29.8	1.5	0.0	0.1	0.0
Receivables from the public; private	78.3	77.9	0.4	0.0	0.1	0.1
Receivables from the public; other	0.0	0.0	0.0	0.0	0.0	0.0
Sales receivables	2.2	2.2	0.1	0.0	0.0	0.0
Off-balance sheet loan commitments	9.6	9.5	0.2	0.0	0.0	0.0
Total	188.2	186.1	2.1	0.0	0.2	0.1

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. Individual loans whose values have verifiably declined are recognized in level 3.

During the year eight loan receivables have been transferred from level 1 to level 2, EUR 4.2 million and three loans have been transferred back to level 1 from level 2, EUR 2.2 million. A credit loss of EUR 0.1 million was realized during the review period.

The bank has no loan payment instalment that is 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 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, %	-0.1
Impact on own funds, M€	-0.2

IFRS 16 – Leases

IFRS 16 Leases standard has been adopted as of January 1, 2019.

In conjunction with the adoption of IFRS 16, the company recognized lease liabilities in relation to leases which had previously been classified as operating leases under the principles of IAS 17 Leases. The liabilities were measured at the present value of the remaining lease payments. When considering the present value, an estimate of index-based increases in future periods is taken into account. Future cash flows have been discounted to present value using a discount rate selected by the company. The company has not calculated a separate interest component for the assets required for financing the lease liabilities due to the company's low funding costs and excess liquidity. The liability entered in the balance sheet decreases in a linear manner over time.

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 analysed its contract portfolio according to the IFRS 16 standard. Based on the analysis, the IFRS 16 standard mainly applies to leases of premises.

Typically, lease contract terms range between two and five years and may contain an option to extend the lease term. Evli has negotiated individual contracts with potentially differing terms and conditions for each location. The impact of the IFRS 16 standard on the Group's other assets and other liabilities at the end of the year was EUR 9.6 million. Potential options to extend current leases have not been considered due to uncertainty related to the use of those options.

Measurement of lease liabilities

Commitments related to leases on 31.12.2019	4.9
Less (-) short-term leases not recognized as a liability	0.0
Less (-) leases of low-value assets	0.0
Add/less (-): contracts reassessed as lease contracts	0.0
Add/less (-): adjustments as a result of a different treatment of extension and termination options	0.0
Add/less (-): adjustments relating to changes in the index or rate affecting variable payments	0.0
Lease liability recognized on 1.1.2020	4.9
Of which are:	
Current lease liabilities	2.2
Non-current lease liabilities	2.7
Lease liability (right-of-use assets) according to balance sheet on 31.12.2020	9.6
Of which are:	
Current lease liabilities	2.2
Non-current lease liabilities	7.3

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. Therefore, this Interim Report should be read in conjunction with the company's financial statements for the financial year ended December 31, 2019.

The accounting policies used are consistent with the accounting policies for the financial year 2019 and the comparative reporting period, excluding the new IFRS standards that are described separately below.

Adoption of new and amended standards and interpretations applicable in future financial years

New standards are not expected for the next financial year that would have a significant impact on Evli Group's accounting policies.

The figures are unaudited.

Appendix 1 Ten largest shareholders December 31, 2020

	A-shares	B-shares	Shares total	% of all shares	Votes total	% of votes
1. Oy Prandium Ab	3,803,280	950,820	4,754,100	19.7%	77,016,420	25.5%
2. Oy Scripo Ab	3,803,280	950,820	4,754,100	19.7%	77,016,420	25.5%
3. Oy Fincorp Ab	2,319,780	420,991	2,740,771	11.4%	46,816,591	15.5%
4. Ingman Group Oy Ab	1,860,000	650,000	2,510,000	10.4%	37,850,000	12.5%
5. Lehtimäki Maunu	533,728	171,031	704,759	2.9%	10,845,591	3.6%
6. Hollfast John Erik	328,320	82,080	410,400	1.7%	6,648,480	2.2%
7. Tallberg Claes	369,756	32,588	402,344	1.7%	7,427,708	2.5%
8. Moomin Characters Oy Ltd	0	396,351	396,351	1.6%	396,351	0.1%
9. Evli Bank Plc	0	328,998	328,998	1.4%	328,998	0.1%
10. Svenska Litteratursällskapet i Finland	0	220,336	220,336	0.9%	220,336	0.1%