

**EVLI**

# Interim Report January -September 2018

Evli Bank Plc 30.10.2018

Maunu Lehtimäki, CEO & Juho Mikola, CFO

# Evli in Brief - Strong AUM Growth

- **Evli is a Wealth Management Bank** that helps institutions, corporations and private persons increase their wealth
- **Two client segments** supported by Group Operations.

Wealth Management and Investor clients



Advisory and Corporate clients



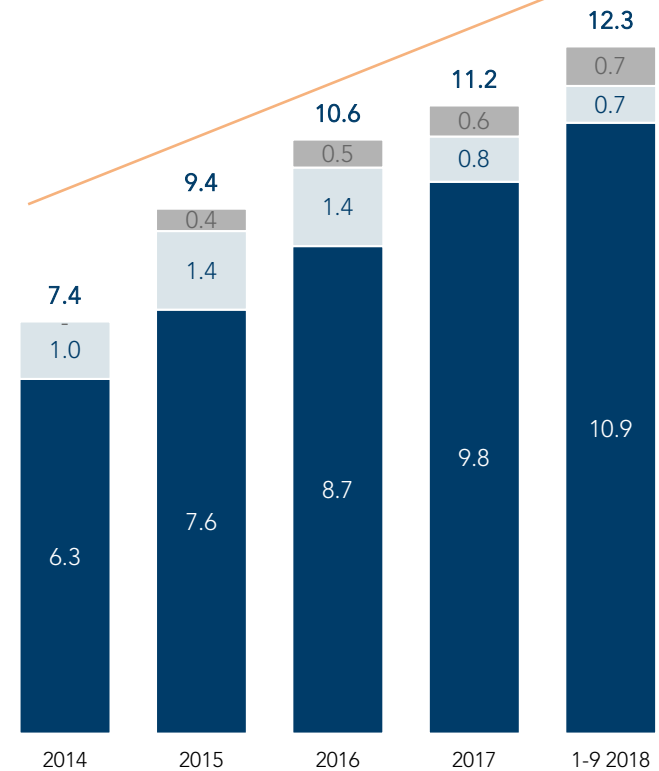
Investment specialists  
~250

- 📍 Helsinki
- 📍 Turku
- 📍 Stockholm



**Evli Bank Plc** has two share series, A and B. The B shares are listed on **Nasdaq Helsinki's main market** since 2015.

Net Assets Under Management  
EUR 12.3 bn



Growth p.a.  
+15.1%

■ Evli Bank Plc  
■ Northern Horizon Capital A/S  
■ Evli Awards Management Oy

# Two Client Segments - Diversified Client Base

## Wealth Management & Investor Clients

- Product and service offering:
  - Private Banking to high net worth individuals
  - Evli Digital to private clients and institutions
  - Institutional asset management
  - Public and private market funds to private clients and institutions.
- Finland's 4th largest Fund Management Company. Market share 7.5%.  
Net subscriptions ytd EUR 1 billion\*
- Employs 173 investment specialists in Finland and Sweden
- Best and most used institutional asset manager in Finland\*\*.

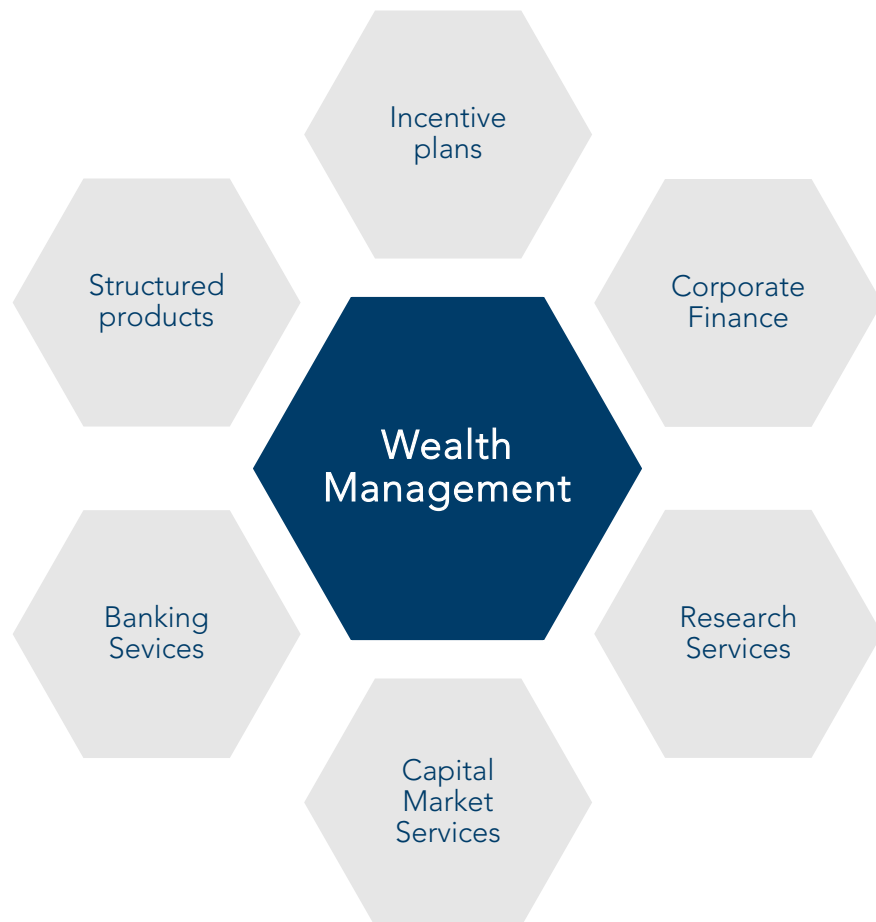
## Advisory & Corporate Clients

- Corporate Finance
  - Independent financial advisor in financial arrangements for listed and unlisted companies
  - Experience in advising over 100 M&A transactions
- Incentive plan administration
  - Incentive programs for companies from unlisted to listed companies
  - Around 60 clients in Finland
- Research services
  - Research to small and mid-sized listed companies
  - Over 20 research clients in Finland
- Employs 43 persons in Finland and Sweden.

*\*Per September 30, 2018*

*\*\*KANTAR SIFO Prospera External Asset Management Finland 2015, 2016, 2017, 2018 surveys and SFR's Institutional Asset Management Client Surveys 2015, 2016, 2017, 2018*

# Wealth Management at the core of Evli's services

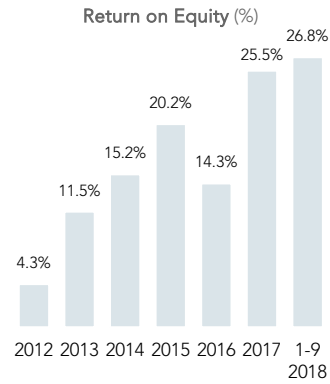
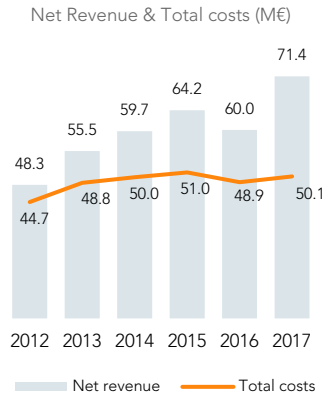


## Evli's business model is built around:

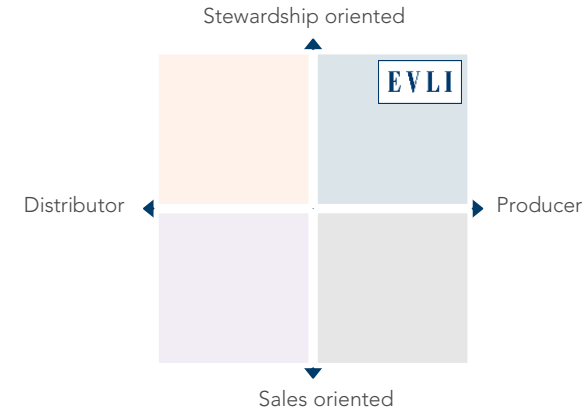
- **Scalability:**  
Growth in AUM translating into superior Operating profit, ROE and High scalability
- **Strategic positioning:**  
Proprietary know how enables higher margins
- **Branding:**  
Reflects competitive advantage in different markets.

# Growth in AUM, High scalability and Strong branding

## AUM growth translating to superior Operating profit and ROE



## Proprietary know how enables higher margins

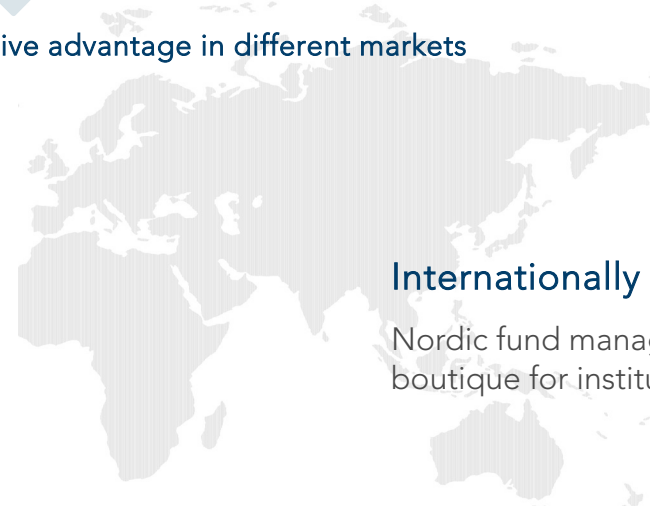


## Branding reflects competitive advantage in different markets



### Finland & Sweden

Comprehensive Wealth Management and Investment banking services.



### Internationally

Nordic fund management boutique for institutional investors.

# Agenda

1 Highlights 1-9/2018

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2 Financial Figures

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3 Strategy & Key Focus Areas 2018

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4 Outlook for 2018 specified

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# HIGHLIGHTS 1-9/2018

# Assets under Management at an all time high

## Continued strong fee income development

- Net commission income grew 9.1%
- Net profit grew 25.4%. Positively affected by the non-recurring exit fees received by the associated company.

## Strategy development

- International sales
  - Sales and marketing activities in all core market areas
  - Efforts to streamline and adapt the administrative processes to international clients needs.
- Alternative investment products
  - Sales and development of the three existing products
  - Investigations to new possible products
- Continued efforts in the enhancement of client experiences and the streamlining of processes
- Internal actions to enhance competitiveness. Among others considering terminating brokerage operations in Sweden.

## Strategic KPI

Return on Equity  
(Target 15.0%)

**26.8%**  
(1-9/2017: 23.9%)

Recurring  
Revenue to  
Operational  
Costs  
(Target 100%)

**118%**  
(1-9/2017: 116%)

Assets under  
Management

EUR **12.3** bn  
(30.9.2017: EUR 11.1 bn)

Net Commission  
Income

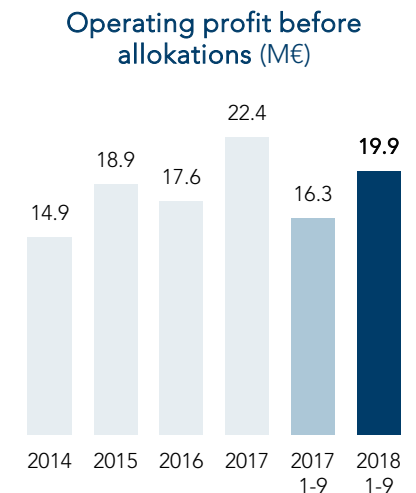
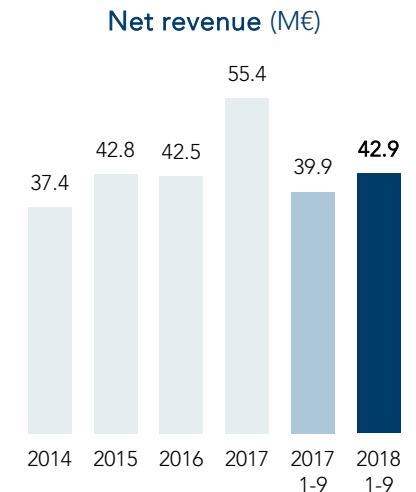
M€ **49.4**  
(30.9.2017: M€ 45.3)



# Wealth Management & Investor Clients

## Continued growth in number of clients

- Net revenue increased 7.6%
- Operating profit (before allocations) increased 21.7%
- AUM grew to a new record of EUR 12.3 billion
- Growth in traditional and digital asset management. EUR 4.8 billion in discretionary asset management
- Finland's 4th largest Fund Management Company. Market share 7.5%. AUM EUR 8.6 billion
- International clients 24% of fund AUM, EUR 2.1 billion
- Alternative investments collected around EUR 200 million new investments
- Evli awarded Best Institutional Asset Manager in Finland for 4th year in a row by KANTAR SIFO Prospera and SFR Scandinavian Financial Research.

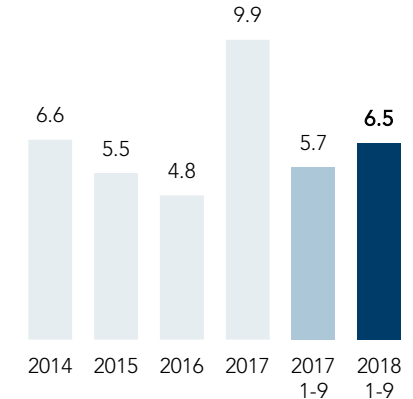


# Advisory & Corporate Clients

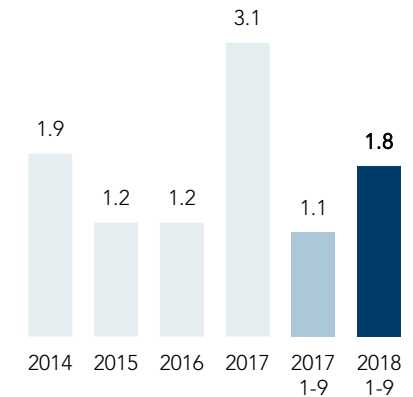
## Stable development

- Net revenue increased by 14.3%
- Operating profit (before allocations) increased 56.8%
- Corporate Finance
  - Lead Manager in Fellow Finance's EUR 20 million IPO
  - Activity on the M&A market has remained strong and mandate base is good
- Incentive systems
  - Performed well, increase in revenue
  - Good performance driven by new clients and existing clients broader incentive schemes
  - Responsible for the administration of incentive systems for some 60 listed companies
- Investment research
  - Sales of company research developed according to plans
  - 26 signed agreements.

Net revenue (M€)



Operating profit before allocations (M€)

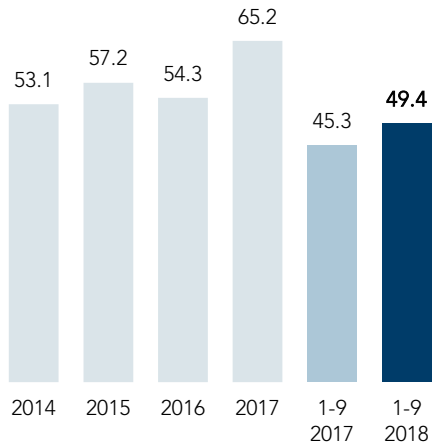


# FINANCIAL FIGURES

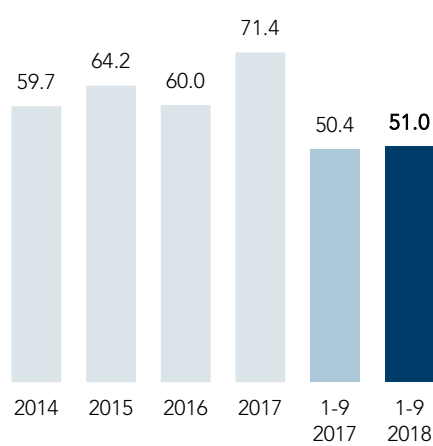


# Financial Development 2014-Q3/2018

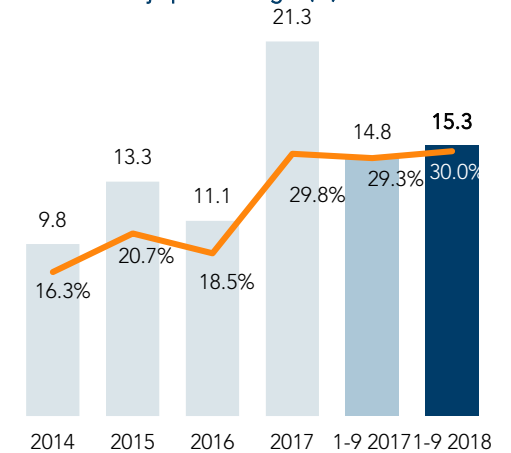
Net fee income (M€)



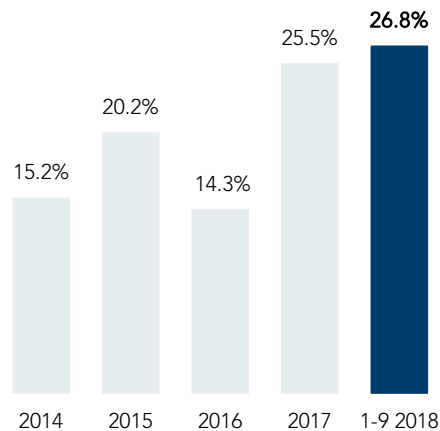
Net revenue (M€)



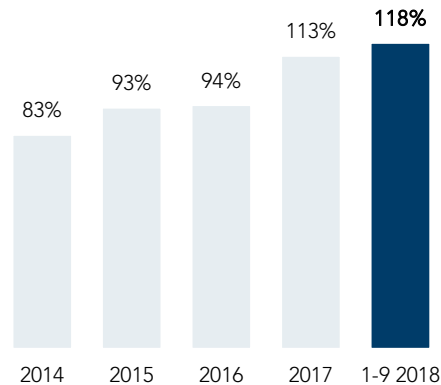
Operating profit (M€)  
ja profit margin (%)



Return on Equity (%)



Proportion of recurring revenue to operating expenses (%)



# Profit and Loss Statement

M€	7-9/2018	7-9/2017	Change, %	1-9/2018	1-9/2017	Change, %	2017	2016
Net interest	0.2	0.1	78%	0.5	0.7	-27%	0.9	1.6
Net commissions	15.1	14.7	3%	49.4	45.3	9%	65.2	54.3
Net income from securities trading and FX	0.7	1.5	-52%	1.1	4.4	-75%	4.9	4.0
Other operative income	0.0	0.0		0.0	0.0		0.4	0.1
<b>NET REVENUE</b>	<b>16.1</b>	<b>16.3</b>	<b>-2%</b>	<b>51.0</b>	<b>50.4</b>	<b>1%</b>	<b>71.4</b>	<b>60.0</b>
Personnel expenses	-6.2	-6.2	0%	-19.9	-20.4	-2%	-28.9	-27.7
General expenses	-3.7	-3.6	4%	-11.8	-11.0	7%	-15.1	-14.8
Depreciations and amortizations	-0.5	-0.6	-19%	-1.4	-1.7	-21%	-2.3	-3.1
Other operative expenses	-0.8	-1.0	-25%	-2.7	-2.6	4%	-3.9	-3.3
Impairment losses	0.0	0.0		0.0	0.0		0.0	0.0
<b>NET OPERATING PROFIT/LOSS</b>	<b>4.9</b>	<b>5.0</b>	<b>-1%</b>	<b>15.3</b>	<b>14.8</b>	<b>4%</b>	<b>21.3</b>	<b>11.1</b>
Share of profit/loss of associates	0.3	0.3	3%	2.4	-0.5		0.6	1.1
Taxes	-0.7	-0.5	35%	-2.9	-2.5	18%	-4.3	-2.4
<b>PROFIT/LOSS FOR THE PERIOD</b>	<b>4.5</b>	<b>4.7</b>	<b>-5%</b>	<b>14.8</b>	<b>11.8</b>	<b>25%</b>	<b>17.5</b>	<b>9.7</b>
Attributable to								
Non-controlling interest	-0.1	0.4	-133%	0.4	0.3	49%	0.8	0.2
Equity holders of parent company	4.7	4.3	8%	14.4	11.6	24%	16.7	9.6

# Balance Sheet

ASSETS, M€	30.9. 2018	30.9. 2017	31.12. 2017	LIABILITIES, M€	30.9. 2018	30.9. 2017	31.12. 2017
Liquid assets	138.4	127.8	383.2	Liabilities to credit institutions and central banks	17.2	17.9	31.7
Debt securities eligible for refinancing with central banks	31.2	36.3	36.3	Liabilities to the public and public sector entities	483.4	465.0	621.5
Claims on credit institutions	61.9	67.1	64.1	Debt securities issued to the public	136.8	92.6	97.5
Claims on the public and public sector entities	107.6	87.2	92.0	Derivative contracts and other trading liabilities	41.2	36.8	34.6
Debt securities	321.7	302.0	229.4	Other liabilities	139.6	257.4	83.6
Shares and participations	44.2	54.3	31.5	Accrued expenses and deferred income	16.5	16.9	19.1
Participating interests	5.0	2.6	3.6	Deferred tax liabilities	0.1	0.3	0.2
Derivative contracts	33.4	24.8	30.2	<b>LIABILITIES TOTAL</b>	<b>834.8</b>	<b>886.9</b>	<b>888.1</b>
Intangible assets	10.9	9.8	10.0	Equity to holders of parent company	74.0	65.9	71.6
Property, plant and equipment	1.8	1.9	1.8	Non-controlling interest in capital	0.3	0.6	0.9
Other assets	144.3	232.5	73.9	<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>909.2</b>	<b>953.4</b>	<b>960.7</b>
Accrued income and prepayments	7.4	5.7	4.0				
Deferred tax assets	1.4	1.4	0.7				
<b>TOTAL ASSETS</b>	<b>909.2</b>	<b>953.4</b>	<b>960.7</b>				

# Key figures

	1-9/2018	1-9/2017	2017	2016	2015
<b>Profitability key figures</b>					
Return on equity (ROE), %	26.8	23.9	25.5	14.3	20.2
Return on assets (ROA), %	2.1	1.8	2.0	1.4	2.2
<b>Balance sheet key figures</b>					
Equity-to-assets ratio, %	8.2	7.0	7.6	8.6	11.1
Capital adequacy ratio, %	15.3	14.1	15.0	15.3	19.2
<b>Key figures per share</b>					
Earnings per Share (EPS), fully diluted, €	0.61	0.51	0.72	0.42	0.54
Comprehensive Earnings per Share (EPS), fully diluted, €	0.59	0.49	0.69	0.40	0.53
Dividend/share, €*			0.52	0.40	0.31
Equity per share, €	3.17	2.87	3.10	2.81	2.96
Share price at the end of the period, €	9.40	7.55	9.60	6.75	8.19
<b>Other key figures</b>					
Expense ratio (operating costs to net revenue)	0.70	0.71	0.70	0.8	0.8
Recurring revenue ratio, %	118	116	113	94.0	93.0
Personnel at the end of the period	260	248	240	244	248
Market value, M€	222.7	176.1	224.9	157.4	190.9

## Strategic KPI

Return on Equity  
(Target 15.0%)

**26.8%**

(1-9/2017: 23.9%)

Recurring  
Revenue to  
Operational  
Costs  
(Target 100%)

**118%**

(1-9/2017: 116%)

Assets under  
Management

**EUR 12.3 bn**

(30.9.2017: EUR 11.1 bn)

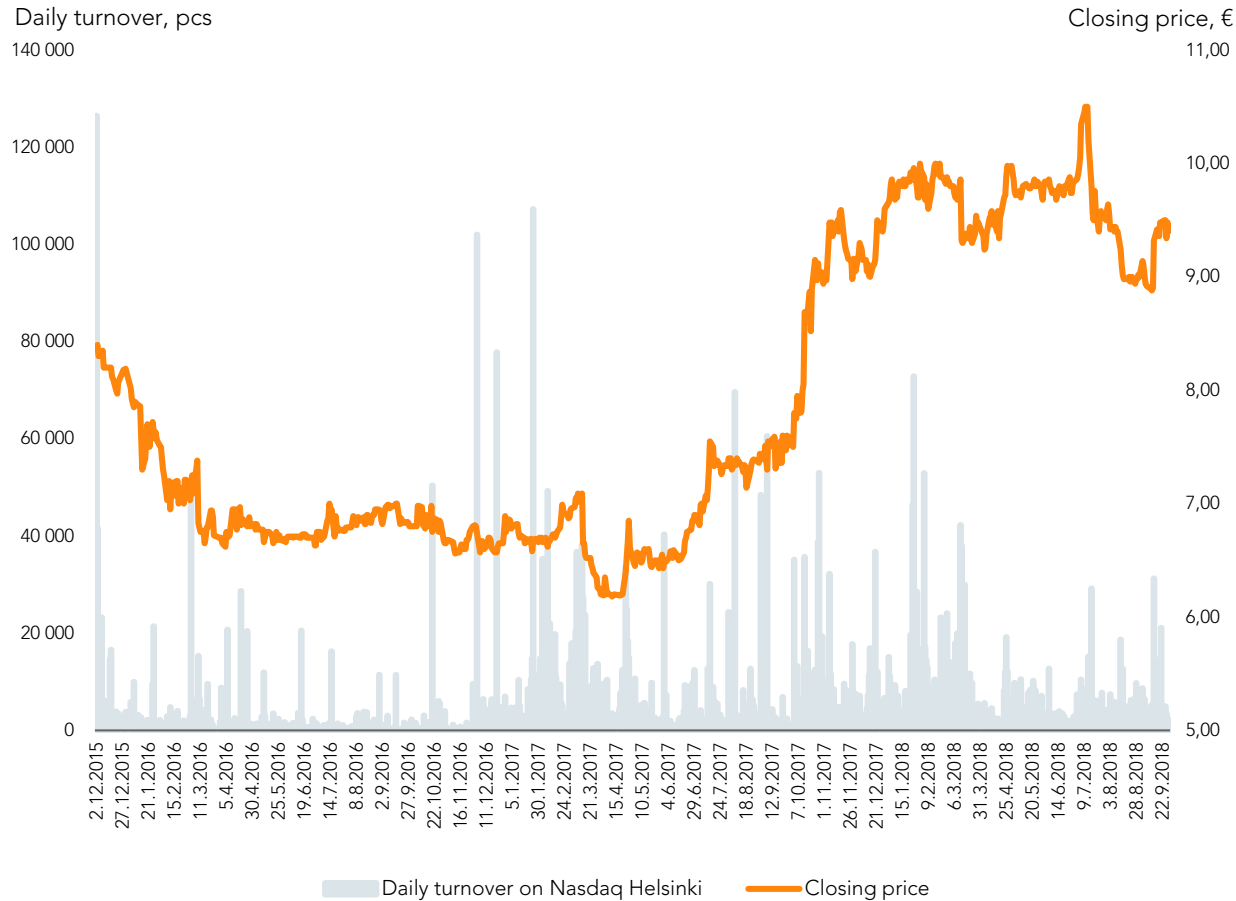
Net Commission  
Income

**M€ 49.4**

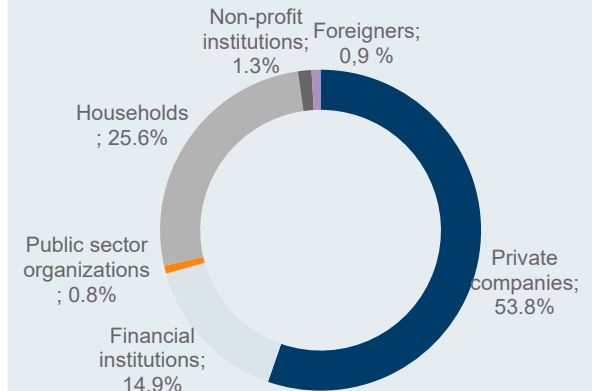
(30.9.2017: M€ 45.3)

# Share Price Development and Trading Volume

Share price development and trading volume\*\* 2.12.2015–30.9.2018



Breakdown of shareholdings by owner group 30.9.2018



Listed on Nasdaq Helsinki **2015**

Market cap M€ **222.7\***

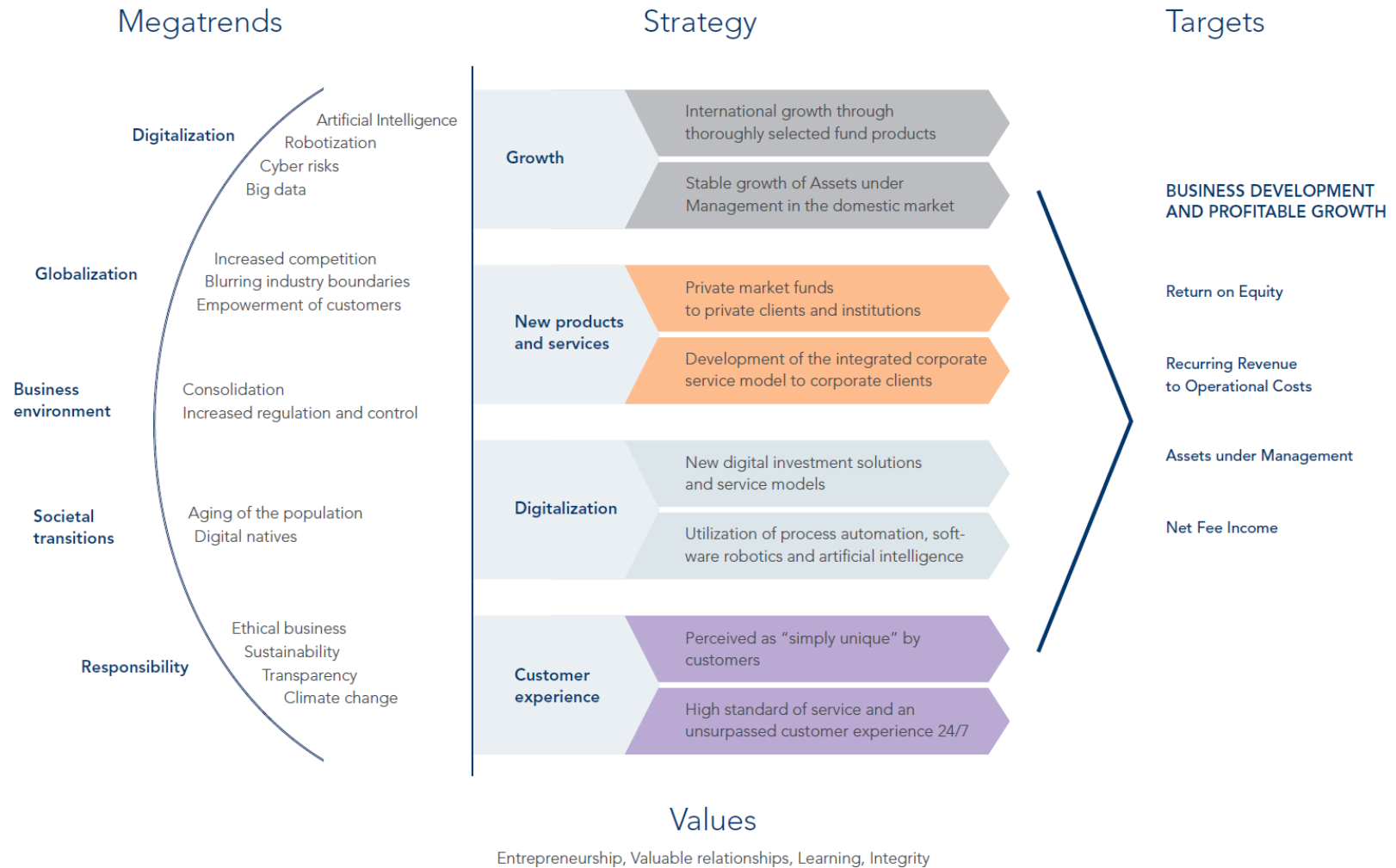
Registered shareholders **4.133\***





# Strategy & Key Focus Areas 2018

# Growth Strategy



# Key Focus Areas 2018

## Growth

International growth with corporate bond and global equity funds

- **Product requirements:** Long return history, good ranking, large enough size
- **Company requirements:** Administrative ability, strong balance sheet and solvency
- **Go-to-market strategy:** Good local partners, rigorous customer focus and investment experts' involvement
- **Distinguishing factors:** Nordic fund boutique → Transparency, reliability and efficiency.

Domestic growth in wealth management and fund sales

- **Institutional clients:** Long experience and deep knowledge. Most used asset manager in Finland
- **Private clients:** Leading Private Banking service concept and presence where new wealth is created.

## New products and services

New private market funds

- Evli Residential, Evli Healthcare and Evli Rental Income
- Increasing the size of the current products
- Evaluating the possibility of launching other private market funds.

Extending the corporate service offering

- Includes advisory in M&A, incentive program management and investment research
- Strengthening the market position in Finland
- Evaluating launch of the service model to Sweden.

# Key Focus Areas 2018

## Digitalization

### Development of digital service models

- Redesigning Evli's online services including My Evli and [www.evli.com](http://www.evli.com)
- Digital and real-time material for customer meetings
- Projects around Artificial Intelligence (AI) and machine learning (NLP).

## Customer experience

### Creating a superior customer experience

- Dynamic measurement of customer experience for Private Banking and institutional clients
- Target oriented scenario analysis.



# OUTLOOK FOR 2018 SPECIFIED

# 2018 Result estimated to be at the same level as in 2017

## New outlook:

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

- This view is supported by:
  - Demand for Evli's products and services has been stable and AUM has grown substantially over the recent years
  - The outlook for advisory services is stable, as the demand has developed favorably
  - Internal strategy based actions to enhance competitiveness.
- However:
  - The risks associated with the general trend in the equity and fixed income markets are high due to the prevailing uncertainty on the markets
  - A continued decline in equity prices or a reduction in investors' risk appetite would have a negative impact on the company's profit performance
  - Internal strategy actions may lead to non-recurring costs already for the current year.

## *Previous outlook:*

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

# Contact information

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*Information set above is not intended as investment recommendation.*

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# Appendices

# Executive Group



**Maunu Lehtimäki, born 1967**  
*Chief Executive Officer*  
M.Sc. (Econ.)  
Joined Evli Bank Plc in 1996



**Mari Etholén, born 1973**  
*HR and Legal Affairs*  
LLM  
Joined Evli Bank Plc in 2001



**Panu Jousimies, born 1969**  
*Execution and Operations*  
M.Sc. (Econ.)  
Joined Evli Bank Plc in 1997



**Janne Lassila, born 1965**  
*Institutional clients*  
M.Sc. (Econ.)  
Joined Evli Bank Plc in 1993



**Juho Mikola, born 1981**  
*Chief Financial Officer,  
deputy to the CEO*  
M.Sc. (Econ.)  
Joined Evli Bank Plc in 2004

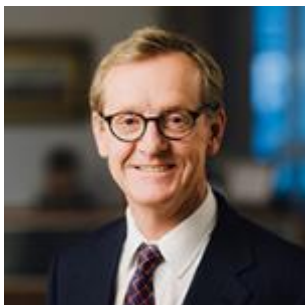


**Esa Pensala, born 1974**  
*Private Clients*  
M.Sc. (Tech.)  
Joined Evli Bank Plc in 2001



**Mikael Thunved, born 1965**  
*Corporate Finance*  
B.Sc. (Econ.)  
Joined Evli Bank Plc in 2002

# Board of Directors



**Henrik Andersin, born 1960**

- Chairman of the Board of Directors
- Member of the Board of Directors of Evli Bank Plc since 1985 (excluding 2002-2006)
- Chairman of the Board of Directors of Nokian Panimo Oy
- Dependent member.



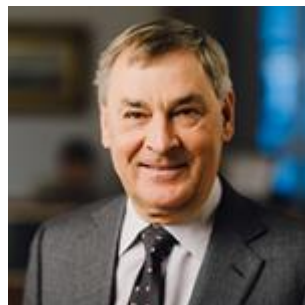
**Robert Ingman, born 1961**

- Member of the Board of Directors of Evli Bank Plc since 2010
- Chairman of the Boards of Directors of Ingman Group Oy Ab, Ingman Finance Oy Ab, Ingman Development Oy Ab, Etteplan Oy, Halti Oy and Qt Group Ltd
- Member of the Boards of Directors of Digia Oyj and M-Brain Oy
- Dependent member.



**Johanna Lamminen, born 1966**

- Member of the Board of Directors of Evli Bank Plc since 2015
- Managing Director of Gasum Ltd
- Chairman of the Board of Directors of Skangas AS
- Member of the Board of Directors of Cargotec Oyj and Tieto Oyj
- Independent member.



**Mikael Lilius, born 1949**

- Member of the Board of Directors of Evli Bank Plc since 2010
- Chairman of the Boards of Directors of Metso Oyj, Wärtsilä Oyj and Ahlström Capital Oy
- Member of the Board of Directors of Oy Kelonia Ab
- Independent member.



**Teuvo Salminen, born 1954**

- Member of the Board of Directors of Evli Bank Plc since 2010
- Chairman of the Board of Directors of Havator Oy and Glaston Oyj
- Vice Chairman of the Board of Pöyry Oyj
- Member of the Boards of Directors of Holiday Club Resorts Oy, Cargotec Oyj and 3Step It Group Oy
- Independent member.