



INTERIM REPORT January–March 2019

Evli Bank Plc 26.4.2019

Maunu Lehtimäki, CEO & Juho Mikola, CFO

EVLI

Evli in Brief - Continued growth in AUM

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

Wealth Management and Investor Clients



Advisory and Corporate Clients

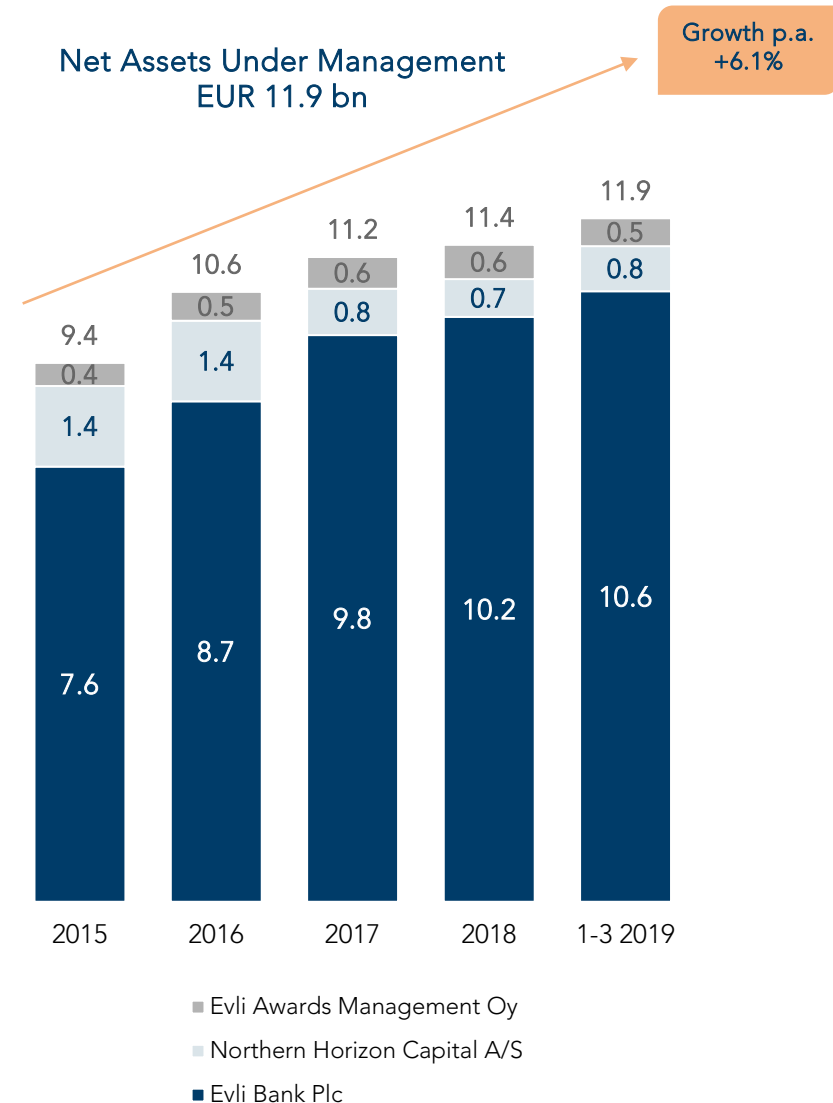


Investment specialists
~250

- 📍 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.



Agenda

1 Highlights Q1/2019

2 Financial Figures

3 Strategy & Outlook

A person is writing on a document in a meeting room. A laptop is open on the table to the left. Other people are visible in the background, but they are out of focus. A semi-transparent grey box is overlaid on the right side of the image, containing the text 'HIGHLIGHTS Q1/2019'.

HIGHLIGHTS Q1/2019

Cautious Market Sentiment Reflected in the First Quarter Result

Financial performance

- Net revenues decreased to EUR 16.8 million (EUR 17.0 million) mainly due to decreased brokerage commissions and fund fees
- Trading income increased to EUR 1.1 million (EUR -0.1 million)
- Costs exceeded previous year's level at EUR 12.5 million (EUR 11.7 million) mainly due to one-off items in personnel expenses in the comparison period
- Operating profit was EUR 4.3 million (EUR 5.2 million)

Strategic development

- Assets under management increased to EUR 11.9 billion (EUR 11.4 billion)
- International fund capital grew to EUR 2.1 billion (EUR 1.7 billion)
- Alternative investment products grew to over EUR 400 million (EUR 100 million)
- New private equity fund (Evli Private Equity II) launched with an initial capital of EUR 30 million
- Oy Kelonia Placering Ab transaction proceeding according to plan. Closing to take place during Q2
- Internal efficiency projects proceeding according to plan, outsourcing of Evli funds custody and migration to new asset and fund management system during Q3.

Wealth Management & Investor Clients

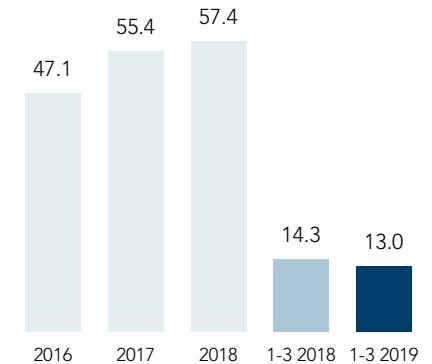
Growth in AUM and Number of Clients

- Net revenues declined 9% to EUR 13 million due to
 - Lack of success and acquisition fees during the review period
 - Customer demand favoring lower margin products
 - Low customer activity in brokerage

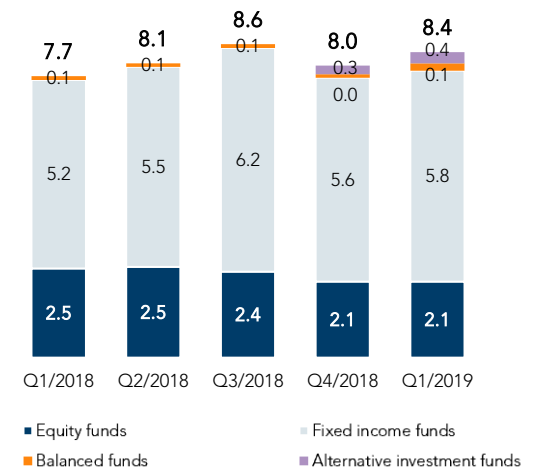
- AUM grew to EUR 11.9 billion driven by positive net sales and favorable market development
 - Sales of traditional mutual funds EUR -120 million affected by larger domestic redemptions. International fund sales clearly positive
 - Sales of discretionary asset management close to EUR 200 million
 - Sales of alternative investments EUR 100 million including commitments

- Evli Funds received recognition for great performance
 - Best Fixed Income Management Company at the Morningstar Awards gala in Spain
 - Best Group Bond - Overall Small Company Lipper Fund Award 2019 Germany
 - Evli Short Corporate Bond B "Best Fund over 3 years" and "Best Fund over 5 years" in the "Bond EUR Corporates Short Term" category in Lipper Fund Award 2019 Germany.

Net revenue (M€)*



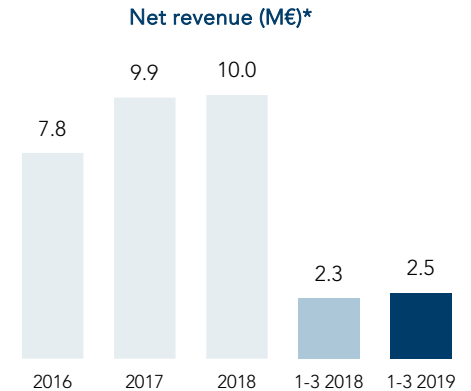
Distribution of assets under management in mutual funds (mrd. €)



Advisory & Corporate Clients

Growth in Corporate Finance and Incentive Systems

- Net revenues increased 9% to EUR 2.5 million (EUR 2.3 million)
- Corporate Finance revenues developed in line with previous year
 - Demand for M&A advisory remained strong
 - Total of 5 closed transactions
 - Mandate base at a good level
- Management of incentive systems performed well
 - Revenue increase driven by new clients and existing clients' broader incentive systems
 - Responsible for the administration of incentive systems for some 65 listed companies
 - Investigating possibilities to expand offering to the Swedish market
- Growth of equity research stalled
 - Net customer inflow flat
 - 27 signed agreements



Selected transaction

SUNSTONE METALS
COPPERSTONE RESOURCES

03/2019
Sell-side

Sunstone Metals has successfully sold its Avalon Minerals Viscaria mine to Copperstone Resources. As a result of the transaction, Sunstone Metals became the largest shareholder in Copperstone Resources

Evli acted as advisor to the Sunstone Metals

Kraftpojkarna

02/2019
Sell-side

Kraftpojkarna has successfully been sold to OKQ8

Evli acted as advisor to the Sellers

Humana

01/2019
Buy-side

Humana has agreed to acquire Coronaria Hoiva

Evli acted as advisor to Humana

Creovent ab **Thorszelius**
 VENTILATION & SERVICE

01/2019
Sell-side

Creovent and Thorszelius have successfully been sold to Ratos' Airteam

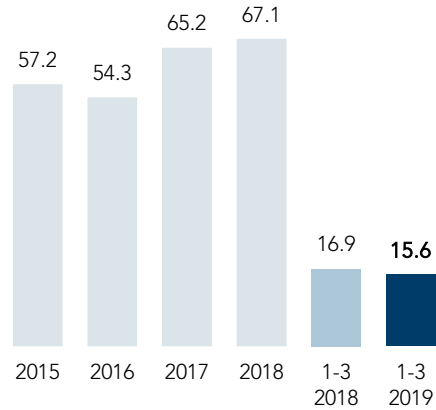
Evli acted as advisor to the Sellers



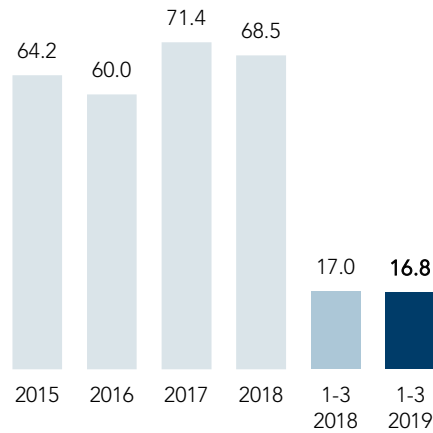
FINANCIAL FIGURES

Financial Development 2015-Q1/2019

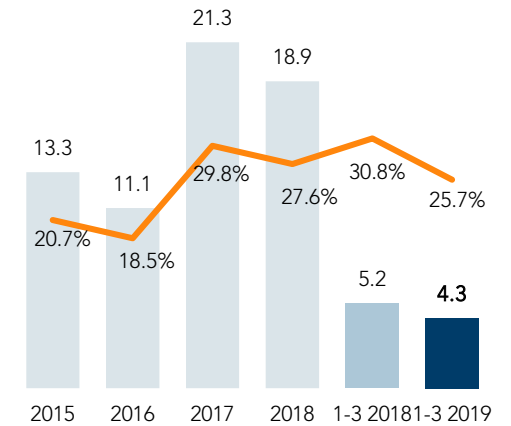
Net commission income (M€)



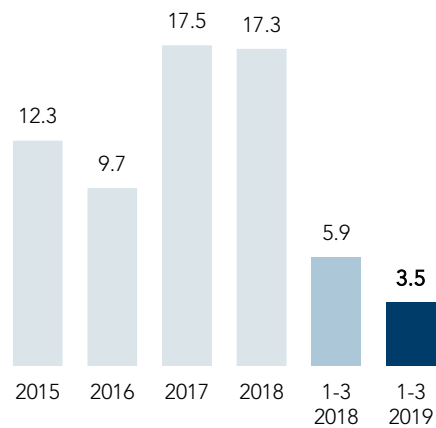
Net Revenue (M€)



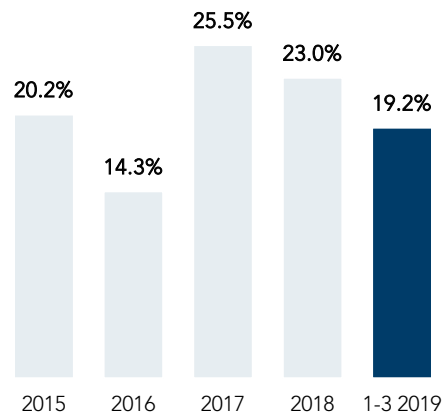
Operating profit (M€) & profit margin (%)



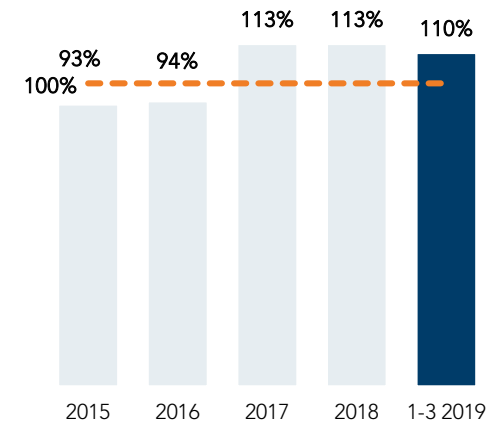
Net profit (M€)



Return on Equity (%)



Proportion of recurring revenue to operating expenses (%)



Profit and Loss Statement

| M€ | 1-3/ 2019 | 1-3/ 2018 | Change, % | 2018 | 2017 | 2016 |
|---|--------------|--------------|-------------|-------------|-------------|-------------|
| Net interest | 0.0 | 0.1 | -95% | 0.7 | 0.9 | 1.6 |
| Net commissions | 15.6 | 16.9 | -8% | 67.1 | 65.2 | 54.3 |
| Net income from securities trading and FX | 1.1 | -0.1 | - | 0.7 | 4.9 | 4.0 |
| Other operative income | 0.0 | 0.0 | - | 0.1 | 0.4 | 0.1 |
| NET REVENUE | 16.8 | 17.0 | -1% | 68.5 | 71.4 | 60.0 |
| Personnel expenses | -7.3 | -6.3 | 16% | -27.9 | -28.9 | -27.7 |
| General expenses | -3.6 | -3.9 | -8% | -15.9 | -15.1 | -14.8 |
| Depreciations and amortizations | -0.8 | -0.4 | 73% | -2.1 | -2.3 | -3.1 |
| Other operative expenses | -0.8 | -1.1 | -24% | -3.6 | -3.9 | -3.3 |
| Impairment losses | 0.0 | 0.0 | - | 0.0 | 0.0 | 0.0 |
| NET OPERATING PROFIT/LOSS | 4.3 | 5.2 | -18% | 18.9 | 21.3 | 11.1 |
| Share of profit/loss of associates | 0.0 | 1.7 | -102% | 2.6 | 0.6 | 1.1 |
| Taxes | -0.8 | -1.0 | -20% | -4.2 | -4.3 | -2.4 |
| PROFIT/LOSS FOR THE PERIOD | 3.5 | 5.9 | -42% | 17.3 | 17.5 | 9.7 |
| Attributable to | | | | | | |
| Non-controlling interest | 0.2 | 0.2 | - | 1.3 | 0.8 | -0.2 |
| Equity holders of parent company | 3.3 | 5.7 | -42% | 16.0 | 16.7 | 9.6 |

Balance Sheet

| ASSETS, M€ | 31.3. 2019 | 31.3. 2018 | 31.12. 2018 | LIABILITIES, M€ | 31.3. 2019 | 31.3. 2018 | 31.12. 2018 |
|---|-----------------------|----------------|----------------|--|-----------------------|----------------|----------------|
| Liquid assets | 406.9 | 347.2 | 239.7 | Liabilities to credit institutions and central banks | 8.0 | 9.8 | 6.7 |
| Debt securities eligible for refinancing with central banks | 36.1 | 36.2 | 31.1 | Liabilities to the public and public sector entities | 676.1 | 560.6 | 469.9 |
| Claims on credit institutions | 60.1 | 73.0 | 76.8 | Debt securities issued to the public | 165.4 | 99.1 | 160.9 |
| Claims on the public and public sector entities | 117.7 | 102.6 | 114.6 | Derivative contracts and other trading liabilities | 25.7 | 53.6 | 24.3 |
| Debt securities | 245.3 | 147.6 | 223.2 | Other liabilities | 209.5 | 277.3 | 58.0 |
| Shares and participations | 41.3 | 48.3 | 30.1 | Accrued expenses and deferred income | 16.6 | 15.6 | 18.1 |
| Participating interests | 5.1 | 5.3 | 5.1 | Deferred tax liabilities | 0.0 | 0.2 | 0.0 |
| Derivative contracts | 25.7 | 46.7 | 24.2 | LIABILITIES TOTAL | 1 101.4 | 1 016.3 | 738.0 |
| Intangible assets | 11.6 | 10.2 | 11.5 | Equity to holders of parent company | 65.6 | 65.4 | 76.3 |
| Property, plant and equipment | 1.9 | 1.8 | 1.9 | Non-controlling interest in capital | 1.0 | 0.5 | 1.1 |
| Other assets | 209.9 | 255.8 | 51.9 | TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 1 168.0 | 1 082.2 | 815.5 |
| Accrued income and prepayments | 5.6 | 6.4 | 5.3 | | | | |
| Deferred tax assets | 0.8 | 1.0 | 0.1 | | | | |
| TOTAL ASSETS | 1 168.0 | 1 082.2 | 815.5 | | | | |

Key figures

| | 1-3/2019 | 1-3/2018 | 2018 | 2017 | 2016 |
|--|----------|----------|-------|-------|-------|
| Profitability key figures | | | | | |
| Return on equity (ROE), % | 19.2 | 34.1 | 23.0 | 25.5 | 14.3 |
| Return on assets (ROA), % | 1.4 | 2.3 | 1.9 | 2.0 | 1.4 |
| Balance sheet key figures | | | | | |
| Equity-to-assets ratio, % | 5.7 | 6.1 | 9.5 | 7.6 | 8.6 |
| Capital adequacy ratio, % | 15.8 | 15.4 | 16.2 | 15.0 | 15.3 |
| Key figures per share | | | | | |
| Earnings per Share (EPS), fully diluted, € | 0.13 | 0.24 | 0.68 | 0.72 | 0.42 |
| Comprehensive Earnings per Share (EPS), fully diluted, € | 0.13 | 0.23 | 0.67 | 0.69 | 0.40 |
| Dividend/share, €* | - | - | 0.61 | 0.52 | 0.40 |
| Equity per share, € | 2.79 | 2.80 | 3.27 | 3.10 | 2.81 |
| Share price at the end of the period, € | 7.70 | 9.48 | 7.28 | 9.60 | 6.75 |
| Other key figures | | | | | |
| Expense ratio (operating costs to net revenue) | 0.74 | 0.69 | 0.72 | 0.70 | 0.8 |
| Recurring revenue ratio, % | 110 | 120 | 113.0 | 113.0 | 94.0 |
| Personnel at the end of the period | 256 | 259 | 254 | 240 | 244 |
| Market value, M€ | 184.0 | 224.6 | 172.5 | 224.9 | 157.4 |

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

Strategic KPI

Return on Equity
(Target 15.0%)

19.2%

(1-3/2018: 34.1%)

Recurring Revenue to Operational Costs
(Target 100%)

110%

(1-3/2018: 120%)

Assets under Management

EUR 11.9bn

(31.3.2018: EUR 11.4 bn)

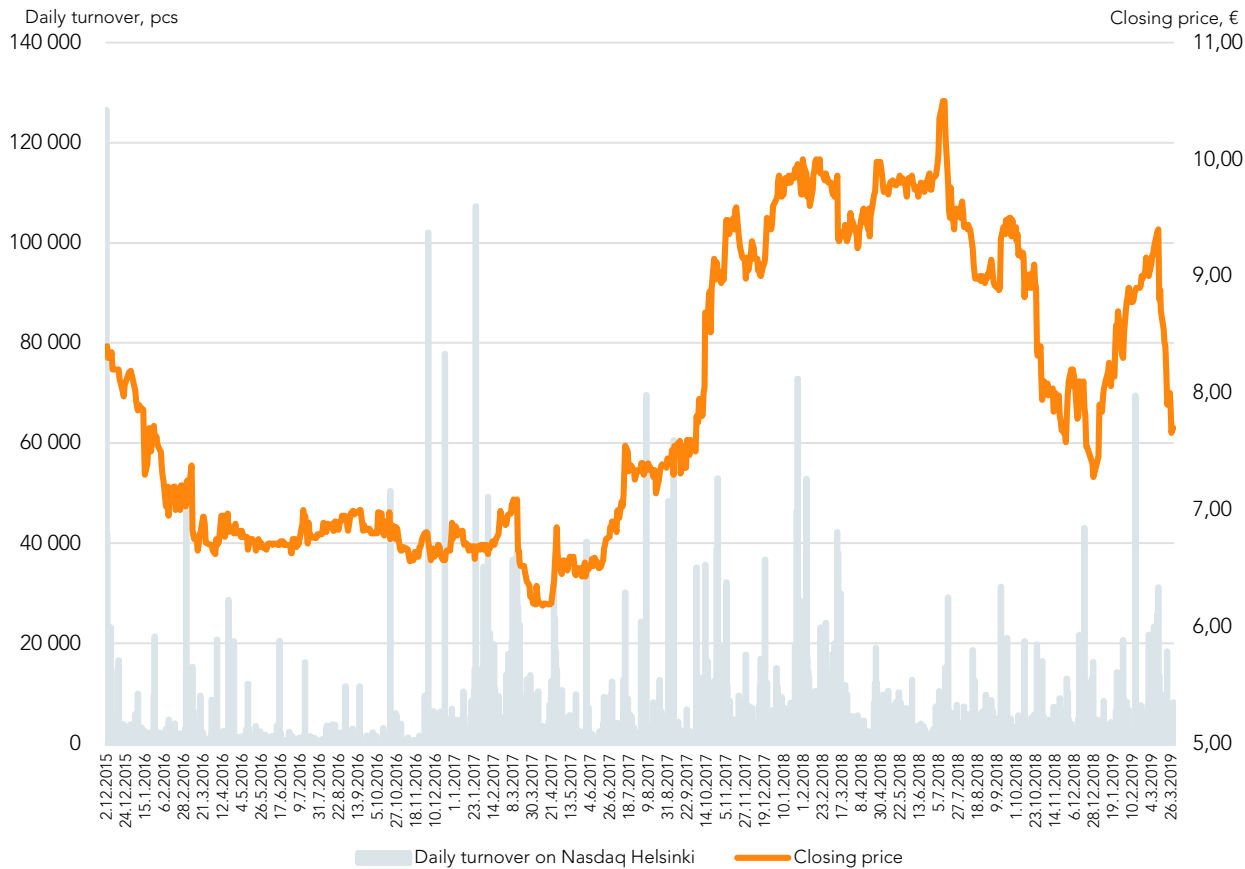
Net Commission Income

M€ 15.6

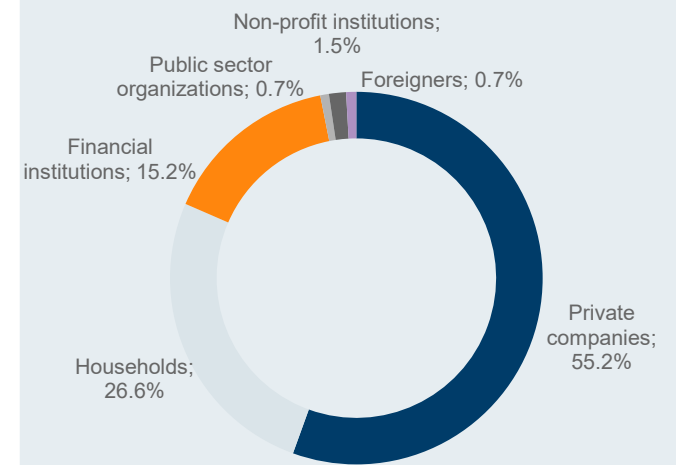
(31.3.2018: M€ 16.9)

Share Price Development and Trading Volume

Share price development and trading volume** 2.12.2015–31.3.2019



Shareholdings by owner group 31.3.2019



Listed on Nasdaq Helsinki **2015**

Market cap M€ **184.0***

Registered shareholders **4,159***

A top-down view of a desk with a laptop, smartphone, pen, notepad, and clipboard. The laptop is on the right, the smartphone is in the center, and the pen, notepad, and clipboard are on the left. A light blue banner is overlaid on the left side of the image.

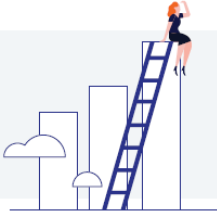



STRATEGY & OUTLOOK

Growth Strategy

Megatrends

| | |
|---|--|
|  | Globalization Increased competition Blurring industry boundaries Empowerment of customer |
|  | Business environment Consolidation Increased regulation and control |
|  | Societal transitions Aging of the population Digital natives |
|  | Responsibility Ethical business Sustainability Transparency Climate change |
|  | Digitalization Artificial Intelligence Robotization Big data Cyber risks |

Strategy

| | | |
|----------------------------------|--|---|
| Growth |  | International growth through thoroughly selected fund products Stable growth of Assets under Management in the domestic market |
| New products and services |  | Alternative Investment products to private clients and institutions Development of the integrated corporate service model to corporate clients |
| Customer experience |  | Perceived as "simply unique" by customers High standard of service and an unsurpassed customer experience 24/7 |
| Digitalization |  | New digital investment solutions and service models Utilization of process automation, software robotics and artificial intelligence |

Targets

| | |
|---|--|
|  | BUSINESS DEVELOPMENT AND PROFITABLE GROWTH Return on Equity Assets under Management Recurring Revenue to Operational Costs Net Fee Income |
|---|--|

Strategy - 2019 Targets

GROWTH

International growth

- Deepen the presence in current markets and open up one new market
- Increasing brand awareness.

Stable growth in Finland

- Increasing net sales to individuals and institutions
- Increasing share of wallet of current clients.

NEW PRODUCTS AND SERVICES

Alternative investment products

- Integrate the alternative investment products as part of the comprehensive wealth management service
- Launch 1-2 private equity fund of fund products and 1-2 new other alternative investment products

Integrated corporate service model

- Launch the share plan administration in Sweden and seek to further increase sales in Finland
- Increase the amount of equity research clients in Finland.

CUSTOMER EXPERIENCE

Improving customer experience

- A new version of the My Evli online service
- Improving user experience of Evli Digital
- New www.evli.com
- Further improving the average score of the continuous client satisfaction measurement.

DIGITALIZATION

New digital investment solutions

- Implementation of the new NAV calculation and portfolio management systems
- Outsourcing depository services to better meet the demands of international clients
- Enhancing internal processes through digitalization.

Outlook: 2019 Result estimated to be clearly positive

We estimate that the result for the 2019 financial year will be clearly positive

- The view is supported by:
 - Customer's demand for Evli's products and services has continued to be good
 - AUM has grown substantially in recent years
 - Sales of alternative investment products have brought new stable revenue
 - Demand for advisory services remains positive
 - Internal strategy based actions to further improve profitability.
- However:
 - The risks associated with the general trend in the equity and fixed income markets are high due to prevailing global economic and investor uncertainty
 - A continued decline in equity prices or a reduction in investors' risk appetite would have a negative impact on the company's profit performance.

Contact information

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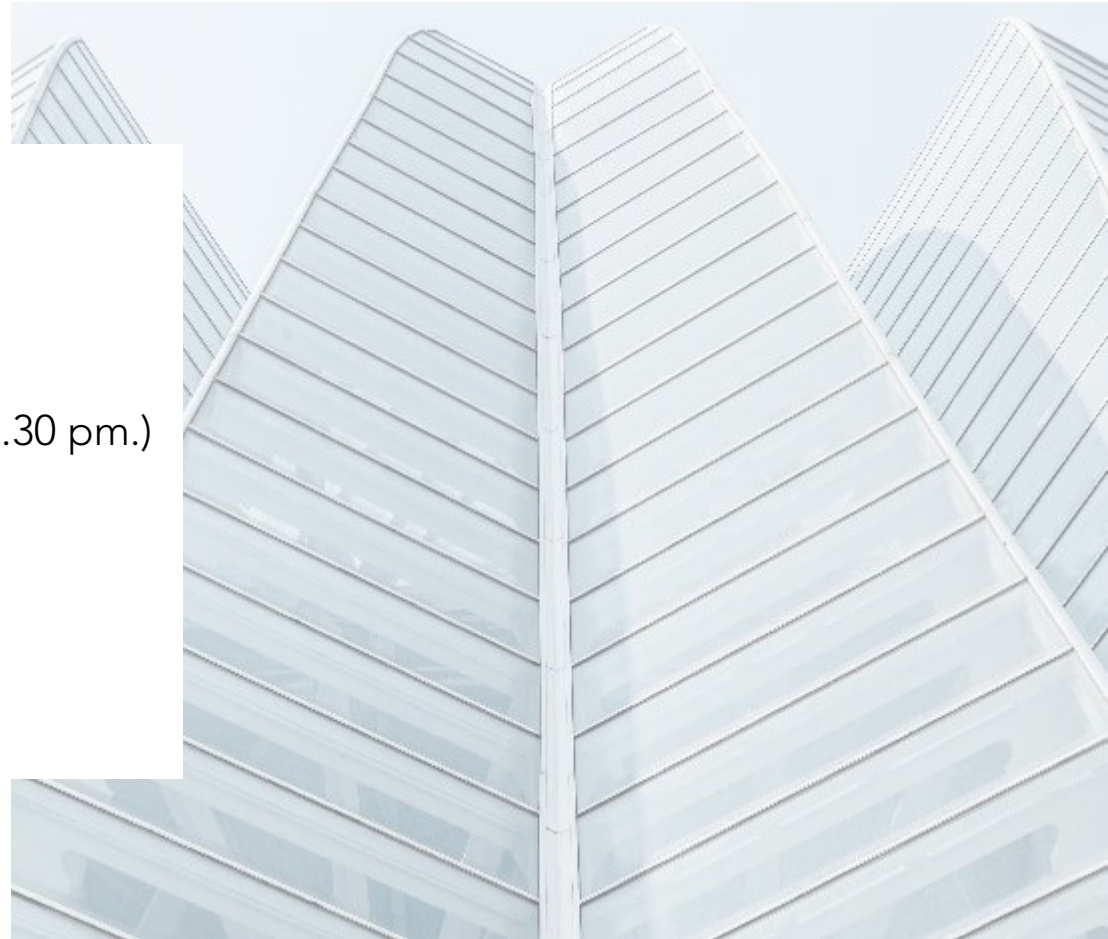
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Appendicies

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



Kim Pessala, born 1969
Institutional clients
M.Sc. (Econ.)
Joined Evli Bank Plc in 1995



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

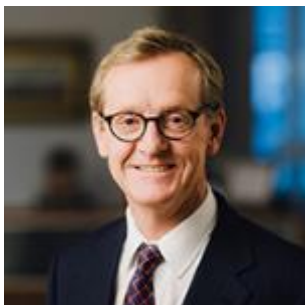


Esa Pensala, born 1974
Private Clients
M.Sc. (Tech.)
Joined Evli Bank Plc in 2001



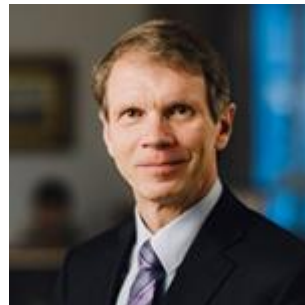
Mikael Thunved, born 1965
Corporate Finance
B.Sc. (Econ.)
Joined Evli Bank Plc in 2002

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.



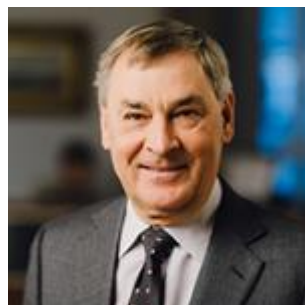
Robert Ingman, born 1961

- 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, Digia Oyj, Etteplan Oy, Halti Oy, M-Brain Oy and Qt Group Ltd
- Dependent member.



Fredrik Hacklin, born 1978

- Member of the Board of Directors of Evli Bank Plc since 2019
- Professor of Entrepreneurship at Vlerick Business School, associate professor at ETH Zurich
- Advised multinationals and governments on entrepreneurship, strategy and technology management
- 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
- Independent member.



Sari Helander, born 1967

- Member of the Board of Directors of Evli Bank Plc since 2019
- Posti Group Corporation, Senior Vice President, Logistics Solution
- Member of the Board of Directors of Oy Samlink Ab, Deputy Member of the Board of Directors of East Office and Member of the Supervisory Board of LocalTapiola General Mutual Insurance Company
- 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 Cargotec Oyj and 3Step It Group Oy
- Independent member.