

**EVLI**

# **Evli Bank Plc Review of 1-9/2016**

Maunu Lehtimäki, CEO  
Juho Mikola, CFO

20.10.2016

# Evli in brief

3 business areas

WEALTH MANAGEMENT

MARKETS

CORPORATE FINANCE

over 200 investment specialists



# Highlights of the period

1

Assets under management topped 10 billion euros

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2

Net subscriptions to Evli's funds 2nd largest in Finland

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3

Evli best asset Manager in TNS Sifo Prospera survey

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4

New and acquired entities

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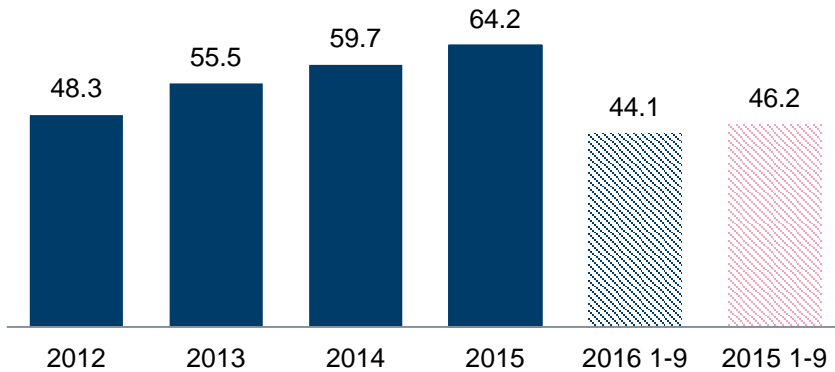
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Efficiency improvements

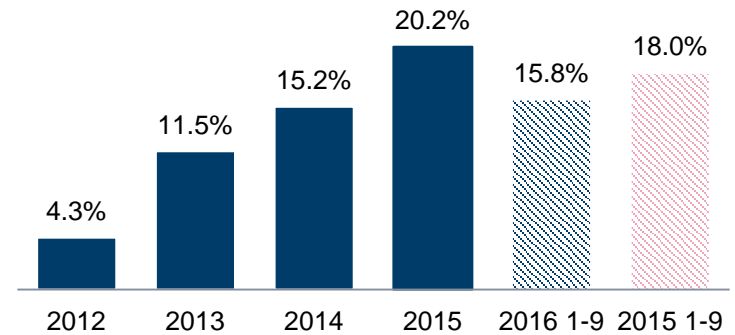
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# Evli's key figures

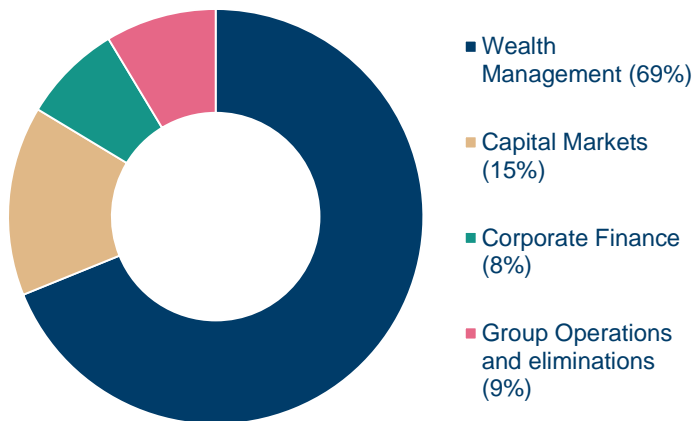
## Revenue (EURm)



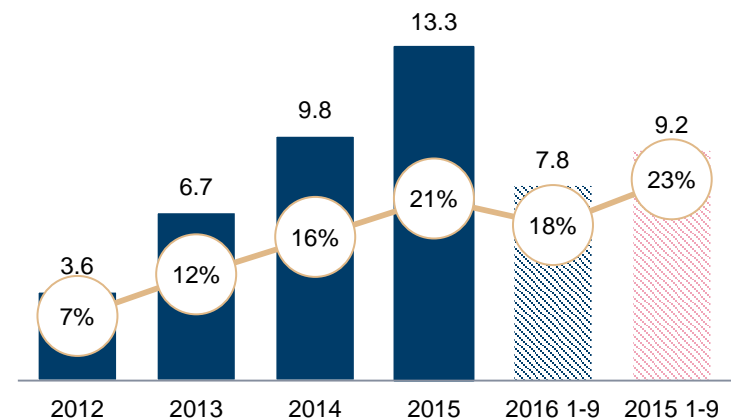
## Return on Equity % (ROE)



## Revenue split, 2016 YTD



## Operating profit (EURm) & profit margin



# Market development 1-9/2016

102 billion Assets registered in Finnish mutual Funds  
+2,1 billion Net subscriptions to Finnish mutual Funds  
-10% Trading volume in Nasdaq Helsinki



MSCI World daily  
TR gross index



MSCI Europe TR  
Gross



OMX Helsinki  
CAP\_GI



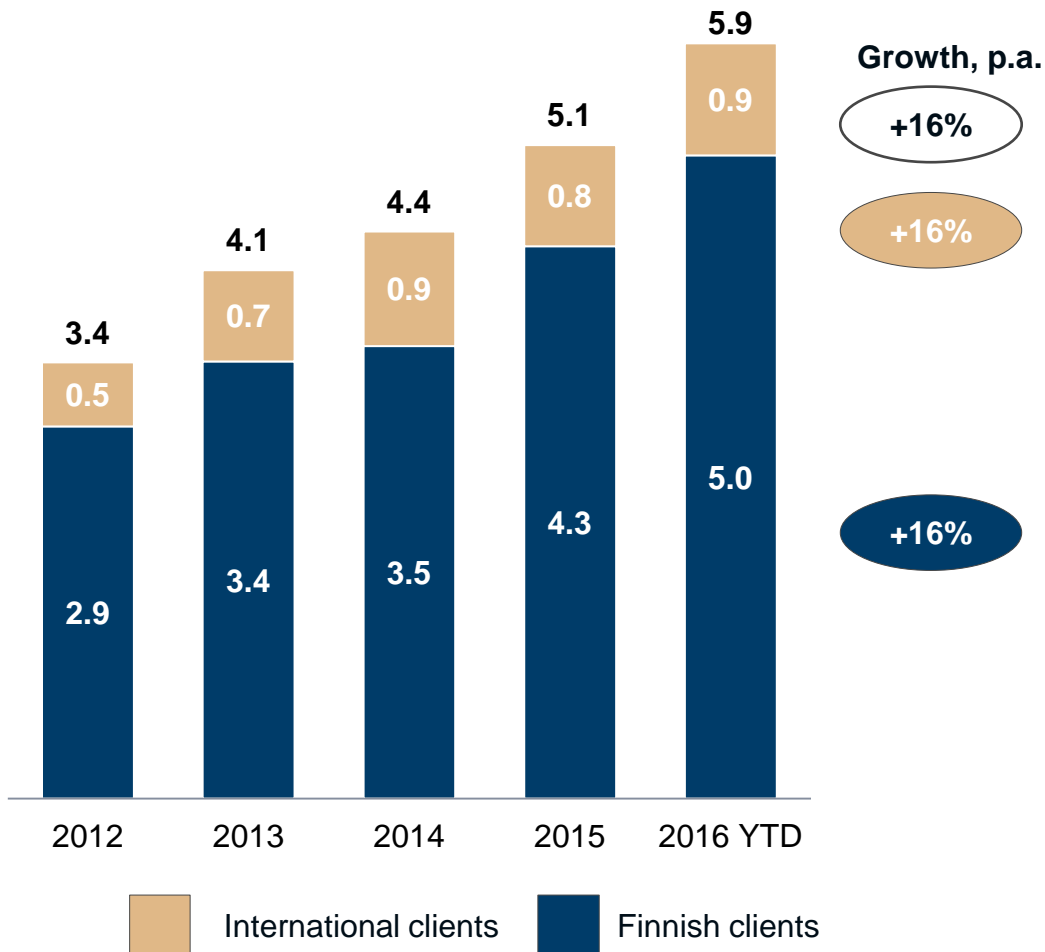
MSCI Emerging  
markets TR  
Gross



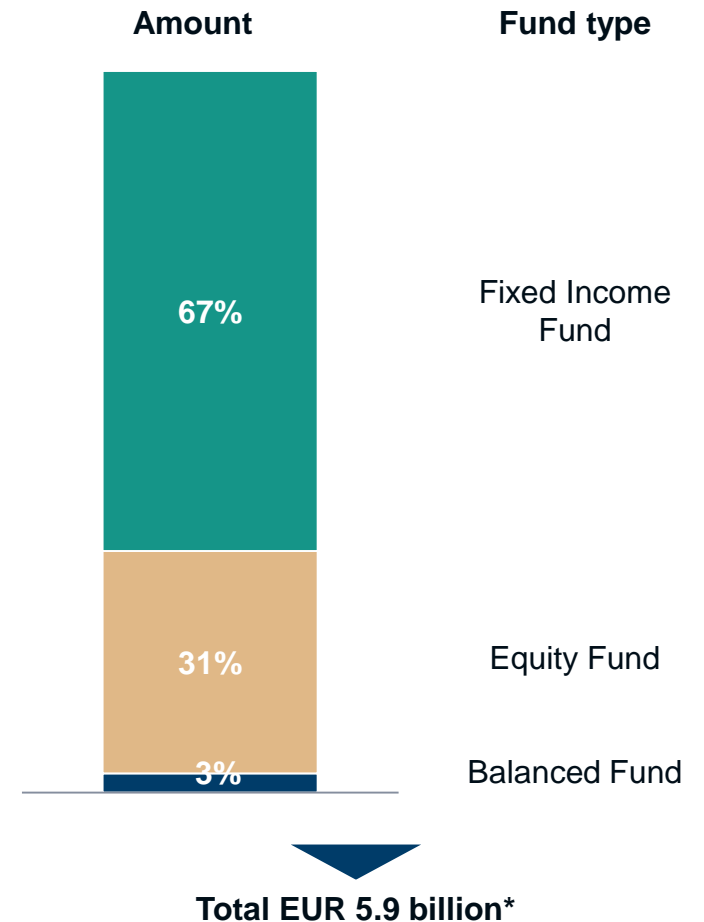
# Products and services

# Development of assets in Evli funds\*

Development of assets in Evli's mutual funds, 2012–September 30, 2016 (EUR billion)



Division of assets in Evli's mutual funds, September 30, 2016



# Performance of Evli's funds\*

Fund	fund size, m€	net subscriptions, m€	1 year performance (p.a.)	3 year performance (p.a.)	10 year performance (p.a.)	Morningstar-rating*
<b>Fixed-income funds</b>	<b>3 937,1</b>	<b>508,9</b>				
Evli Taktinen Alfa-Korko	32,9	-64,5	3,4 %	2,7 %	0,0 %	★★★
Evli Yrityslaina	268,2	-6,8	6,7 %	4,2 %	4,7 %	★★★★
Evli Kehittyvät Markkinat Yrityslaina	174,0	23,0	7,8 %	0,0 %	0,0 %	-
Evli Likvidi	1 255,8	282,6	0,9 %	0,9 %	2,3 %	★★★★★
Evli Valtionobligaatio	136,1	-15,5	6,0 %	5,6 %	4,2 %	★★★
Evli High Yield Yrityslaina	829,2	-5,2	8,3 %	5,8 %	6,6 %	★★★★
Evli Investment Grade Yrityslaina	331,5	28,5	6,3 %	4,4 %	4,2 %	★★★★
Evli Lyhyt Yrityslaina	909,4	266,8	3,2 %	2,3 %	2,1 %	★★★★
<b>Equity funds</b>	<b>1 823,0</b>	<b>40,1</b>				
Evli Emerging Frontier	50,6	4,2	17,5 %	0,0 %	0,0 %	-
Evli Eurooppa	674,8	-19,7	6,6 %	11,1 %	4,4 %	★★★★
Evli GEM	120,2	100,5				-
Evli Suomi Select	107,1	-5,6	19,8 %	9,4 %	4,7 %	★★
Evli Suomi Pienyhtiöt	159,7	-11,0	28,6 %	15,8 %	9,0 %	★★★★★
Evli Maailma	134,1	10,8	12,8 %	14,9 %	5,6 %	★★★★★
Evli Japani	34,1	-3,6	-	11,3 %	2,7 %	★★★
Evli Osakefaktori Eurooppa	102,2	1,5	0,0 %	0,0 %	0,0 %	-
Evli Osakefaktori USA	64,4	65,0	0,0 %	0,0 %	0,0 %	-
Evli Pohjoismaat	53,0	-2,4	19,6 %	18,5 %	8,3 %	★★★★
Evli Pohjois-Amerikka	42,3	-43,7	12,7 %	14,4 %	6,3 %	★★★★
Evli Venäjä	13,2	1,4	39,6 %	-3,3 %	-3,8 %	★★
Evli Ruotsi Pienyhtiöt	100,8	-51,2	14,7 %	17,8 %	0,0 %	★★★
Evli Ruotsi Osakeindeksi	158,3	-5,9	2,8 %	3,9 %	0,0 %	★
Evli Ruotsi Select	8,3	-0,4	7,9 %	9,9 %	0,0 %	★★★★
<b>Balanced funds</b>	<b>158,3</b>	<b>-4,5</b>				
Evli Suomi Mix	20,8	1,5	12,1 %	7,1 %	5,1 %	★★★★★
Evli Taktinen Allokaatio	5,0	1,7	1,2 %	0,8 %	0,0 %	★
Evli Varainhoito 40	19,2	-0,9	3,2 %	5,5 %	3,1 %	★★★★
Evli Varainhoito 75	13,7	-6,8	4,1 %	7,2 %	2,7 %	★★★★

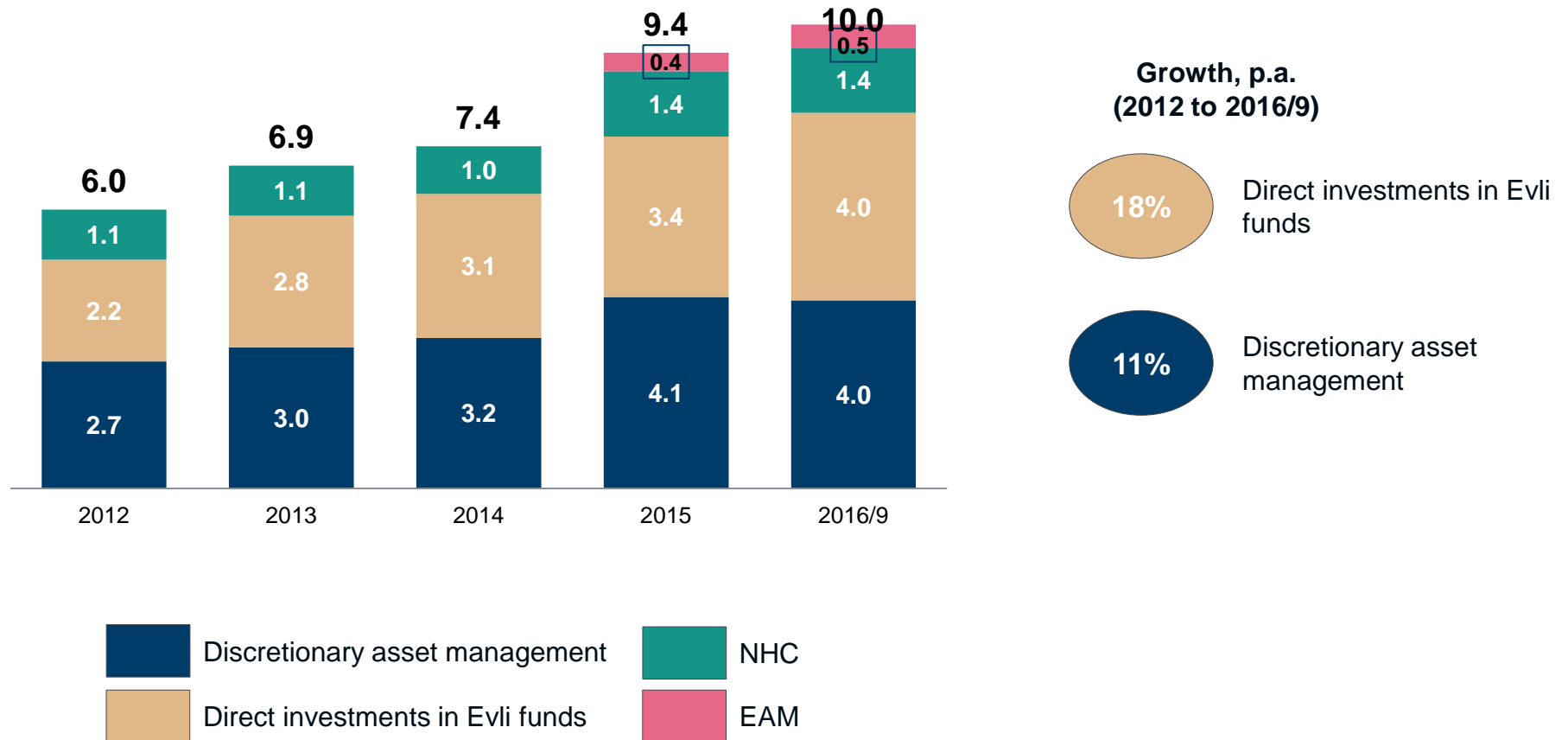
Source: Rahastoraportti by Sijoitustutkimus.fi



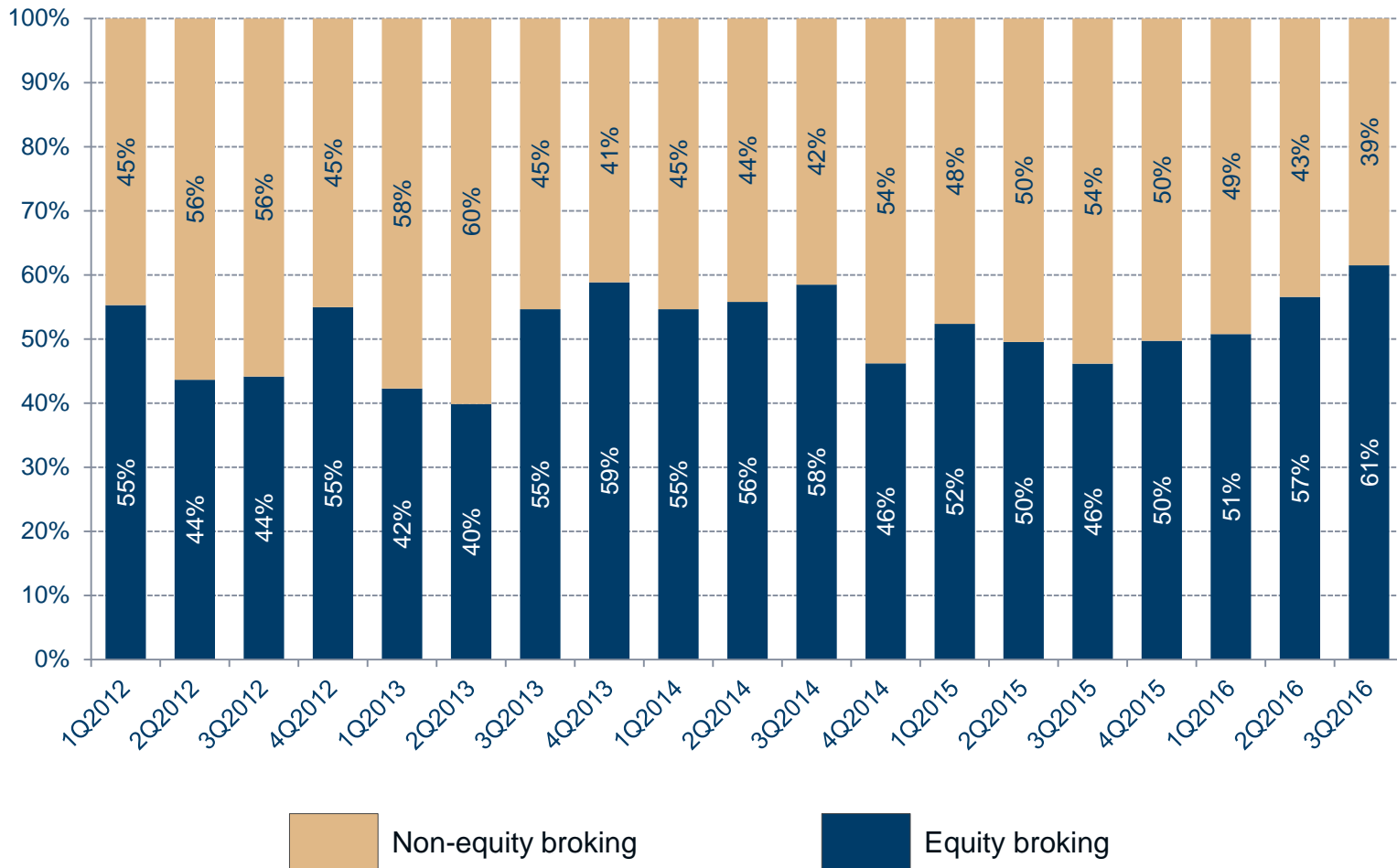
# Evli's market share in mutual funds\*

Company	Total Assets MEUR	Market Share	Rank	Change YTD	Unit holders	Net Subscriptions YTD MEUR
Nordea Funds Oy	39 786,64	38,8 %	1	1,0 %	1 310 105	1 504,20
OP-Rahastoyhtiö Oy	22 002,03	21,4 %	2	-0,8 %	662 572	-171,72
Danske Invest Rahastoyhtiö Oy	11 630,41	11,3 %	3	-0,5 %	296 803	-251,74
<b>Evli-Rahastoyhtiö Oy</b>	<b>5 833,51</b>	<b>5,7 %</b>	<b>4</b>	<b>0,5 %</b>	<b>24 101</b>	<b>532,16</b>
FIM Varainhoito Oy	5 349,45	5,2 %	5	-0,2 %	204 997	-65,15
Aktia Rahastoyhtiö Oy	3 915,60	3,8 %	6	0,1 %	168 732	79,06
SEB Rahastoyhtiö Suomi Oy	3 480,63	3,4 %	7	-0,3 %	43 472	-46,36
eQ Rahastoyhtiö Oy	1 841,21	1,8 %	8	0,2 %	10 865	192,80
Sp-Rahastoyhtiö Oy	1 755,99	1,7 %	9	0,1 %	154 077	127,67
Seligson & Co Rahastoyhtiö Oyj	1 638,74	1,6 %	10	-0,1 %	100 578	-4,05
Ålandsbanken Rahastoyhtiö Oy	1 370,45	1,3 %	11	0,0 %	30 200	174,75
UB Rahastoyhtiö Oy	735,28	0,7 %	12	0,1 %	4 113	61,14
Fondita Rahastoyhtiö Oy	703,22	0,7 %	13	0,0 %	2 287	-24,77
Taaleri Rahastoyhtiö Oy	645,46	0,6 %	14	0,0 %	2 830	52,35
Fourton Oy	521,96	0,5 %	15	0,0 %	763	-30,28
PYN Rahastoyhtiö Oy	337,39	0,3 %	16	0,0 %	2 439	10,42
Alexandria Rahastoyhtiö Oy	300,29	0,3 %	17	0,0 %	5 890	48,08
Alfred Berg Rahastoyhtiö Oy	279,07	0,3 %	18	0,0 %	4 224	-0,85
Elite Rahastohallinto Oy	186,81	0,2 %	19	-0,1 %	3 304	-22,21
Estlander & Partners Oy	125,37	0,1 %	20	0,0 %	972	34,31
Front Varainhoito Oy	86,54	0,1 %	21	0,0 %	369	-5,85
JOM Rahastoyhtiö	68,22	0,1 %	22	0,0 %	679	-2,50
Aurejärvi Varainhoito Oy	8,85	0,0 %	23	0,0 %	145	-0,28
AJ Rahastoyhtiö Oy	6,03	0,0 %	24	0,0 %	215	-2,35
Handelsbanken Rahastoyhtiö Oy						-54,05

# Composition of Evli's Assets under management



# Brokerage revenues



# Evli Corporate Finance – chosen references

<p>July 2016</p>  <p>CapMan and other shareholders have agreed to sell</p>  <p>The undersigned acted as financial advisor to the sellers</p> 	<p>July 2016</p>  <p>Has successfully completed the acquisition of</p>  <p>The undersigned acted as financial advisor to ITAB</p> 	<p>June 2016</p>  <p>has successfully completed a convertible bond issue</p> <p><b>EUR 10 million</b></p> <p>The undersigned acted as Lead Manager</p> 	<p>June 2016</p>  <p>has successfully completed a directed shares issue</p> <p><b>EUR 8 million</b></p> <p>The undersigned acted as Lead Manager</p> 	<p>June 2016</p>  <p>rights issue</p> <p><b>EUR 14 million</b></p> <p>The undersigned acted as Lead Manager</p> 
<p>June 2016</p>  <p>Sentica Partners and other shareholders have agreed to sell</p>  <p>The undersigned acted as advisor to the Sellers</p> 	<p>May 2016</p>  <p>Demerger of Qt Group Oyj from Digia Oyj and listing Qt Group Oyj</p> <p>The undersigned acted as financial advisor to Digia Oyj</p> 	<p>May 2016</p>  <p>Has successfully completed the acquisition of</p>  <p>The undersigned acted as financial advisor to ITAB</p> 	<p>February 2016</p>  <p>Has successfully completed the acquisition of</p>  <p>The undersigned acted as financial advisor to Ambea</p> 	<p>February 2016</p>  <p>has agreed to sell sale department store business in Russia to Reviva holdings (Russian franchisee of Debenhams)</p> <p><b>DEBENHAMS</b></p> <p>The undersigned acted as advisor to the Sellers</p> 
<p>December 2015</p>  <p>has successfully been sold to</p>  <p>The undersigned acted as advisor to the Sellers</p> 	<p>December 2015</p>  <p>has successfully completed rights issue</p> <p><b>SEK 80 million</b></p> <p>The undersigned acted as Advisor to Nordic Mines</p> 	<p>December 2015</p>  <p>has successfully completed a private placement</p> <p><b>SEK 32 million</b></p> <p>The undersigned acted as Joint Advisor</p> 	<p>November 2015</p> <p>Vitior public tender offer for all shares of</p>  <p>The undersigned acted as advisor to the Board of Cybercom and provided a fairness opinion</p> 	<p>October 2015</p>  <p>Grimaldi has acquired Ilmarinen's minority stake in Finnlines Oyj</p> <p><b>EUR 97 million</b></p> <p>The undersigned acted as financial advisor and arranger in the block trade</p> 

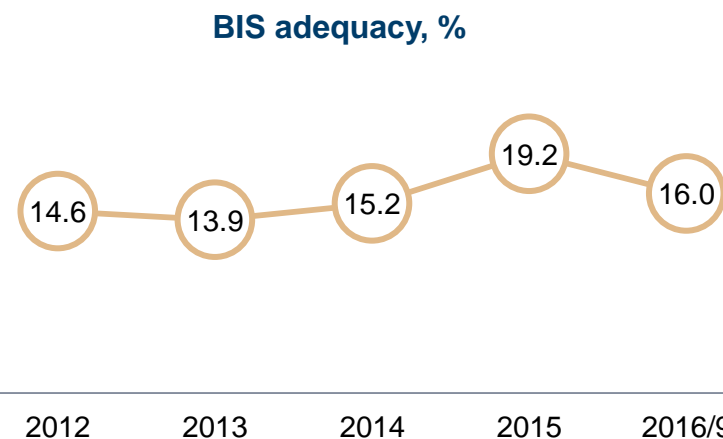
# Financial data

# Profit and loss statement

EURm	2016 1-9	2015 1-9	2015	2014	2013	2012
<b>Net interest</b>	<b>1,3</b>	<b>1,0</b>	<b>1,4</b>	<b>1,0</b>	<b>0,5</b>	<b>3,1</b>
Net commissions	38,8	40,9	57,2	53,1	49,5	43,3
Net income from securities trading and FX	3,9	4,2	5,4	5,2	5,2	1,2
Other operative income	0,1	0,2	0,2	0,4	0,4	0,7
<b>NET REVENUE</b>	<b>44,1</b>	<b>46,2</b>	<b>64,2</b>	<b>59,7</b>	<b>55,5</b>	<b>48,3</b>
Administrative expenses						
<i>Personnel expenses</i>	(20,2)	(19,8)	(27,5)	(26,7)	(26,0)	(21,5)
<i>Other administrative expenses</i>	(10,9)	(11,7)	(15,8)	(14,0)	(13,9)	(14,3)
Depreciations and amortizations	(2,6)	(2,7)	(3,9)	(5,3)	(4,7)	(4,4)
Other operative expenses	(2,6)	(2,7)	(3,8)	(4,0)	(4,2)	(4,5)
Impairment losses	-	-	-	-	-	(0,1)
<b>NET OPERATING PROFIT/LOSS</b>	<b>7,8</b>	<b>9,2</b>	<b>13,3</b>	<b>9,8</b>	<b>6,7</b>	<b>3,6</b>
Share of profit/loss of associates	1,7	(0,2)	2,1	0,3	0,2	(0,2)
<b>PROFIT BEFORE TAXES</b>	<b>9,5</b>	<b>9,1</b>	<b>15,4</b>	<b>10,0</b>	<b>6,9</b>	<b>3,3</b>
Taxes	(1,6)	(2,1)	(3,0)	(2,4)	(1,2)	(1,2)
<b>PROFIT/LOSS FOR THE PERIOD</b>	<b>7,9</b>	<b>7,0</b>	<b>12,3</b>	<b>7,7</b>	<b>5,6</b>	<b>2,1</b>
Attributable to						
<i>Non-controlling interest</i>	0,1	0,8	0,9	0,9	0,6	0,5
<i>Equity holders of parent company</i>	7,7	6,2	11,5	6,8	5,0	1,6

# Balance sheet

<b>ASSETS, EURm</b>	<b>30.9.2016</b>	<b>30.9.2015</b>	<b>31.12.2015</b>
Liquid assets	144,7	105,7	128,0
	56,4	40,5	38,5
Debt securities eligible for refinancing with central banks			
Claims on credit institutions	82,0	101,8	119,4
Claims on the public and public sector entities	66,6	53,0	56,0
Debt securities	161,8	181,3	133,0
Shares and participations	57,2	38,2	38,0
Participating interests	3,6	2,7	5,0
Derivative contracts	25,2	3,1	21,6
Intangible and tangible assets	11,5	8,4	11,9
Other assets	191,4	214,5	80,9
<b>Total assets</b>	<b>800,3</b>	<b>749,4</b>	<b>632,2</b>
<b>LIABILITIES, EURm</b>	<b>30.9.2016</b>	<b>30.9.2015</b>	<b>31.12.2015</b>
Liabilities to credit institutions and central banks	7,3	13,5	5,5
Liabilities to the public and public sector entities	417,7	436,5	352,4
Debt securities issued to the public	32,1	35,9	35,7
Derivative contracts and other trading liabilities	54,1	12,2	36,5
Other liabilities	226,1	200,3	131,9
<b>Liabilities</b>	<b>737,3</b>	<b>698,3</b>	<b>562,0</b>
Equity to holders of parent company	62,7	49,9	69,0
Non-controlling interest in capital	0,3	1,1	1,2
<b>Equity</b>	<b>63,0</b>	<b>51,0</b>	<b>70,2</b>
<b>Total liabilities and equity</b>	<b>800,3</b>	<b>749,4</b>	<b>632,2</b>



Note: 2016 figure calculated excluding the profit for the period

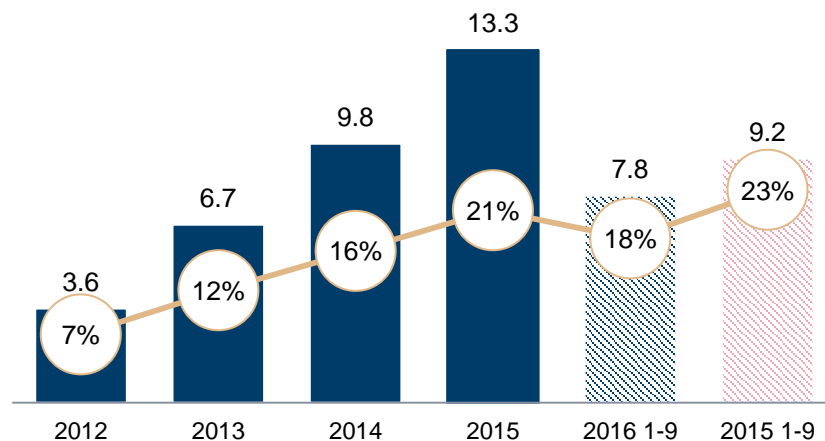
# Key ratios

	un-audited		audited			
	2016 Q3	2015 Q3	2015	2014	2013	2012
Return on equity-% (ROE)	15,8 %	18,0 %	20,2 %	15,2 %	11,5 %	4,3 %
Cost-income ratio	0,82	0,80	0,79	0,84	0,88	0,93
Core BIS capital adequacy, %	16,0 %	13,5 %	19,2 %	15,2 %	13,9 %	14,6 %
Earnings/Share, diluted (IFRS)*	0,34	0,28	0,53	0,31	0,24	0,08
Paid dividend/share*	0,31**	-	0,21	0,21	0,24	0,24
Paid capital distribution/share*	-	-	0,20	-	-	-
Personnel, at the end of period	242	240	248	242	245	243
Return on assets-% (ROA)	1,5 %	1,5 %	2,2 %	1,4 %	0,9 %	0,4 %
Equity ratio	7,9 %	6,8 %	11,1 %	10,7 %	8,5 %	8,3 %

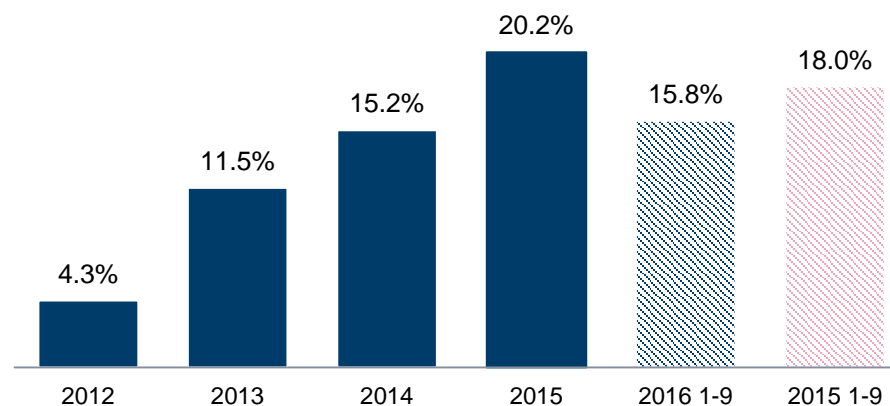
\*Split corrected sharecount

\*\* Paid on 17.3.2016 according to AGM decision

## Operating profit for the period (M€)



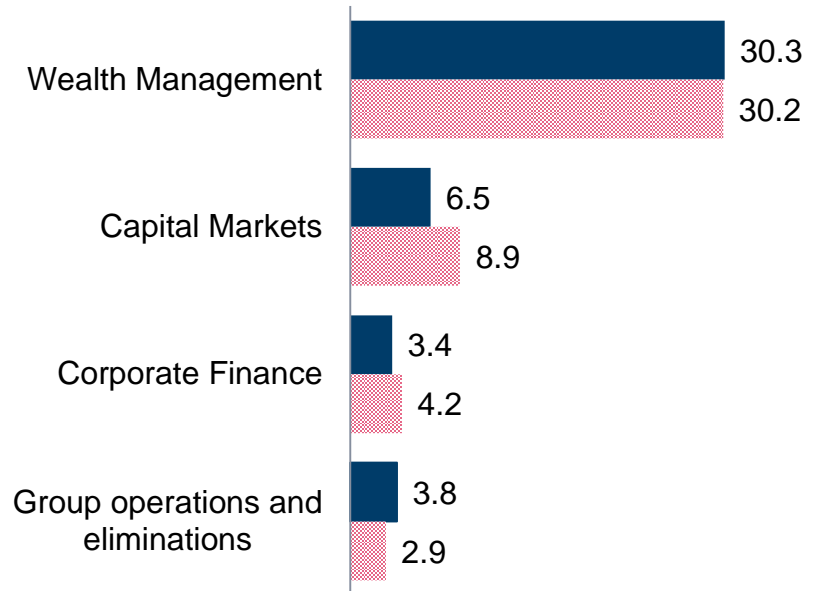
## Return on equity, %



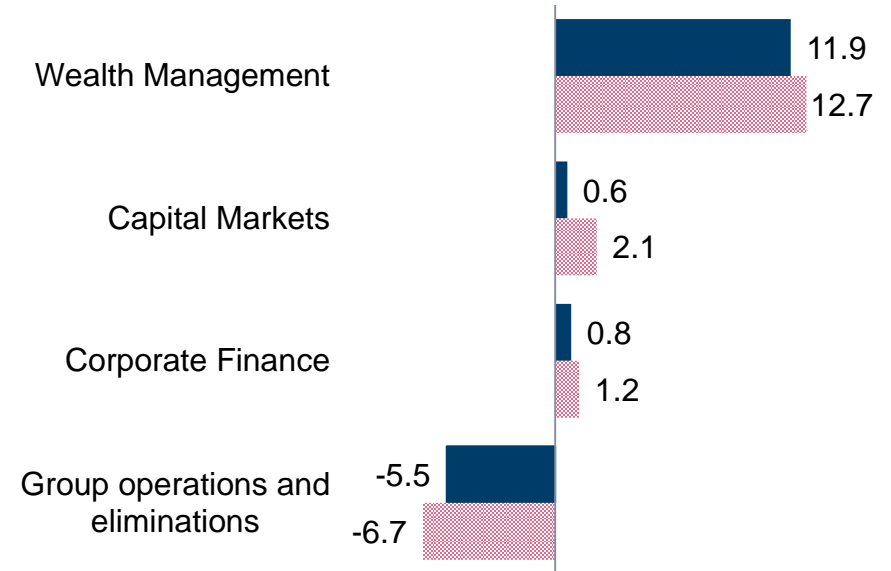


# Segment profitability

## Net revenue



## Profit before allocations

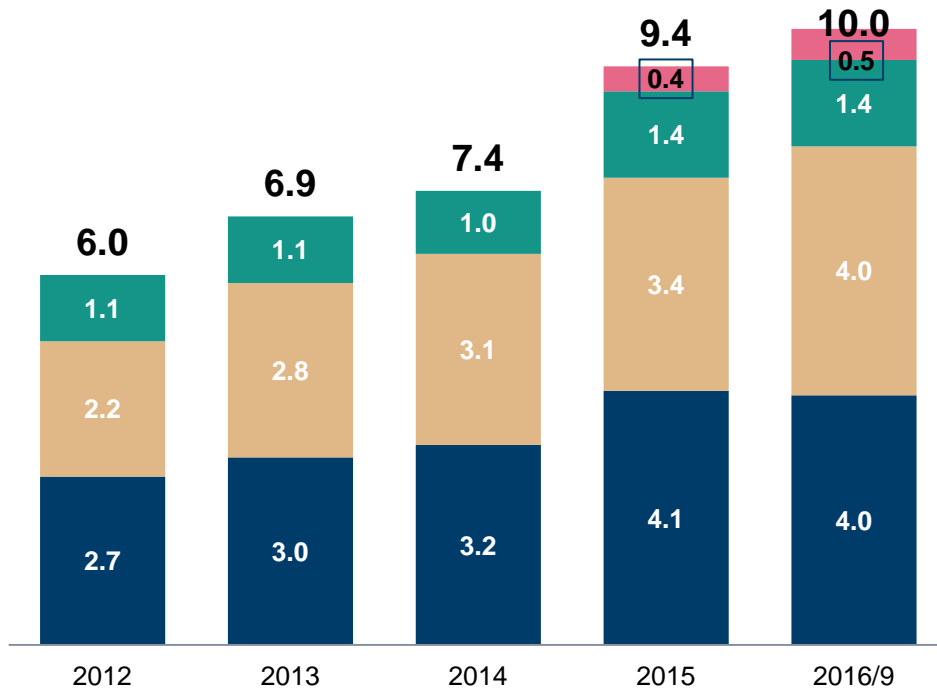


1-9 2016

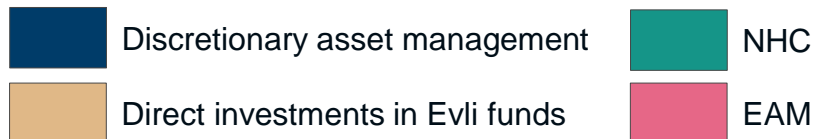
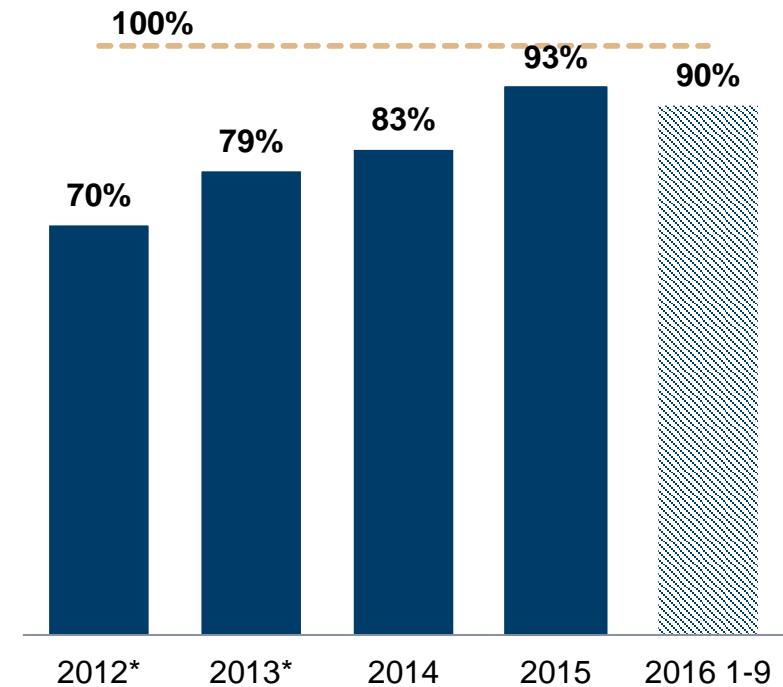
1-9 2015

# Strategic KPI figures in line with targets

Assets under Management (Billion €)



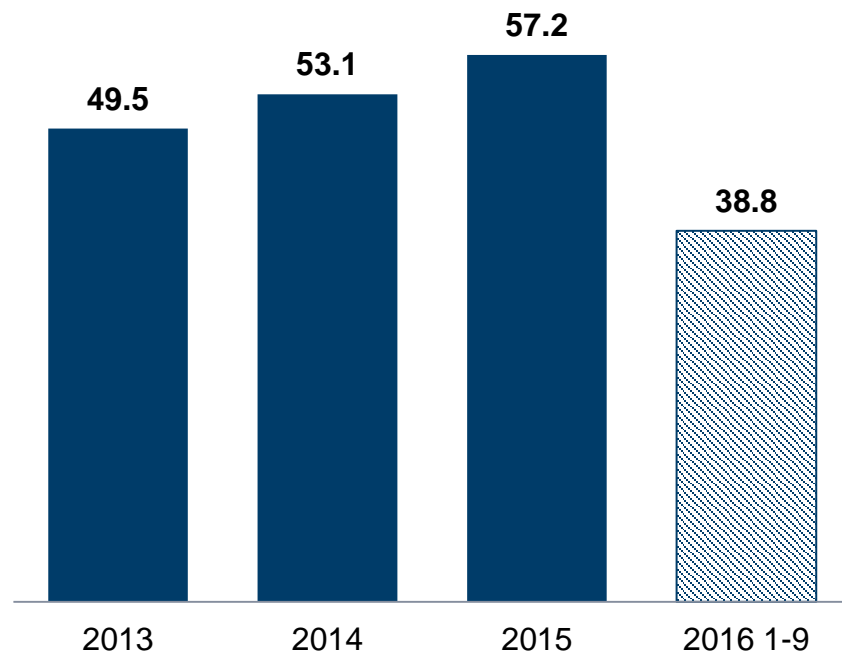
Recurring revenues to operational costs



17 \* In 2015 the Company started to report the assets in incentive programs managed by Evli Alexander Management. Therefore the net assets per December 31, 2015 are not comparable with previous years.

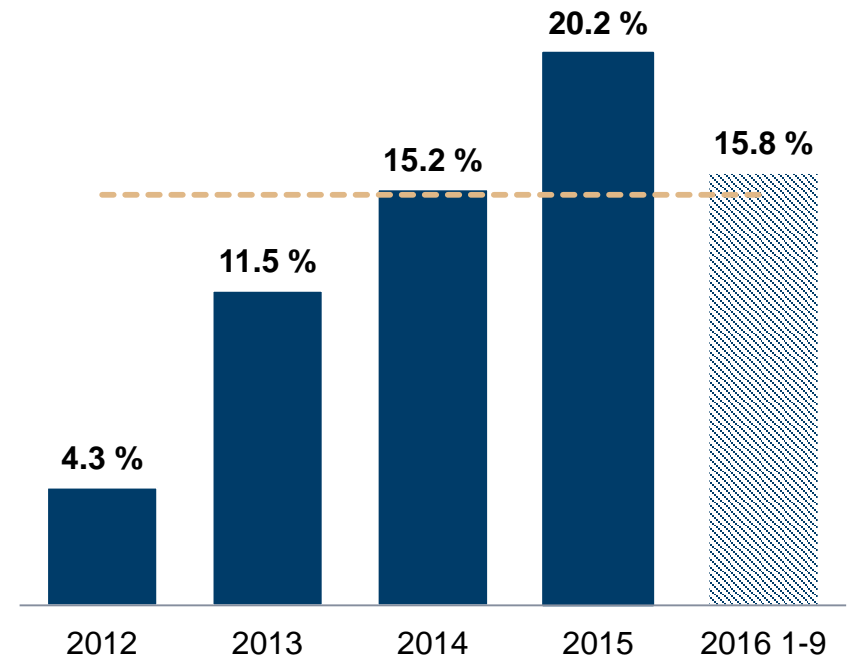
# Strategic KPI figures in line with targets

Net fee income (M€)



Net fee income (M€)

Return on Equity % (ROE)



Target rate for return on Equity -%

Return on Equity -%

# Cornerstones of Evli strategy – Simply Unique

*EVLI's core strengths and uniqueness are built around: 1) a very **strong customer experience** (including offering, service and culture) and 2) **product excellence**, based on innovative spearhead "institutional investor quality" products, supported by 3) strong **operational process efficiency**.*

*These are the cornerstones of "Simply Unique".*

# Driving themes

- Sales - Ramp up activities in new entities
- Introduction of new alternative investment products
- Process development
- Digitalization

## Outlook for 2016

*“Evli’s business performance has been strong in recent years, and interest in Evli’s services and products is expected to remain stable. In the Corporate Finance business, substantial fluctuations in annual profits are possible. The unit’s mandate base is at a healthy level. The ratio of Evli’s recurring revenue to expenses has developed as planned. We believe that the result for 2016 will be clearly positive.”*

# Contact information

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