

Financial Statements bulletin January-December 2018

Evli Bank Plc 23.1.2019

Evli in Brief - Strong AUM Growth

- **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

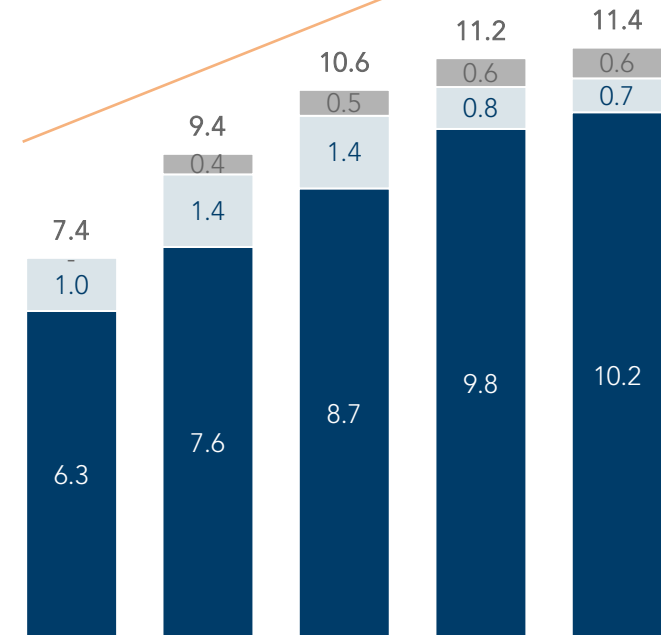
- 📍 Helsinki
- 📍 Turku
- 📍 Stockholm



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

Net Assets Under Management
EUR 11.4 bn

Growth p.a.
+11.6%



2014 2015 2016 2017 2018

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

Agenda

1 Highlights 2018

2 Financial Figures

3 Strategy & Outlook

HIGHLIGHTS 2018



Good result in a challenging market environment

All operating units performed well

- Net commission income grew 2.8% to EUR 67.1 million
 - Positive inflows in direct fund sales and discretionary asset management
 - Continued growth in Corporate Services
 - Stable development in brokerage operations
- Net revenue declined 4% to EUR 68.5 million. Year-on-year figures negatively impacted by:
 - Decline in performance based fees by EUR 2 million
 - Decline in returns from treasury operations and market-making by EUR 4 million
 - Non-recurring costs of EUR 1 million

Strategy development

- International sales
 - International fund capital grew to EUR 1.9 billion and share of Evli's fund capital grew to 25%
- Alternative investment products
 - Strong investor interest with EUR 312 million of raised capital
 - Launch of two real estate funds (Evli Healthcare and Evli Rental Income) and one growth equity fund (Evli Growth Partners)
 - Through acquisition of Ab Kelonia Placering Oy expansion into Private Equity Fund-of-Fund business line (buy-outs and secondaries)
- Continued streamlining of operations and increasing of cost efficiency due to deterioration of market environment.

Strategic KPI

Return on
Equity
(Target 15.0%)

23.0%
(1-12/2017: 25.5%)

Recurring
Revenue to
Operational
Costs
(Target 100%)

113%
(1-12/2017: 113%)

Assets under
Management

EUR **11.4** bn
(31.12.2017: EUR 11.2 bn)

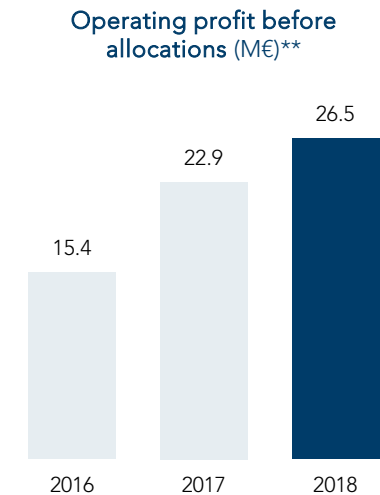
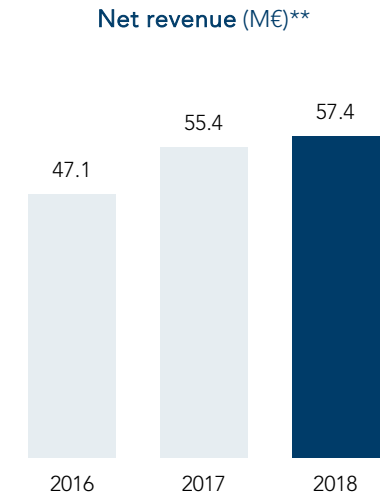
Net
Commission
Income

M€ **67.1**
(31.12.2017: M€ 65.2)

Wealth Management & Investor Clients

Growth in AUM and number of clients

- Net revenue increased 3.7%
- Operating profit (before allocations) increased 15.8%
- AUM grew to EUR 11.4 billion
- Growth in fund management fees as a result of new product launches and successful sales efforts
- Foreign fund sales performed well, driven by the launch of Evli Nordic Bond fund
- Discretionary AUM grew to EUR 4.9 billion, driven by strong sales and continued success in investor surveys (awards for best institutional asset management 4th year in a row^{*}).



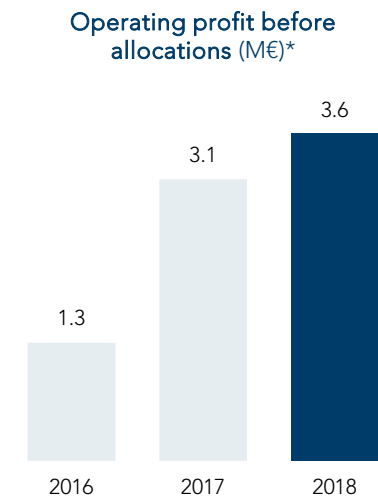
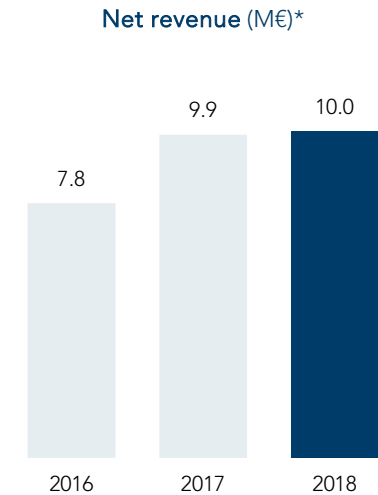
^{*}KANTAR SIFO Prospera External Asset Management Finland 2015, 2016, 2017, 2018 surveys and SFR's Institutional Asset Management Client Surveys 2015, 2016, 2017, 2018

^{**}The figures are shown only for three years due to the organizational change in 2017

Advisory & Corporate Clients

Growth in number of clients

- Net revenue slightly exceeded previous year
- Operating profit (before allocations) increased 15.1%
- Corporate Finance
 - Improved sales after a weaker third quarter
 - Total of 27 completed transactions
 - Mandate base remained at a good level
- Incentive systems
 - Continued to perform well
 - Revenue increase driven by new clients and existing clients' broader incentive systems
 - Responsible for the administration of incentive systems for about 60 listed companies
- Investment research
 - Sales of company research developed according to plans
 - 27 signed agreements.

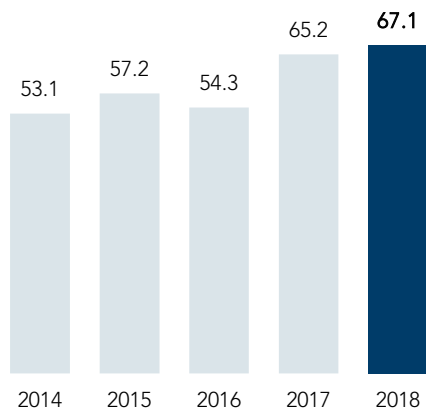


FINANCIAL FIGURES

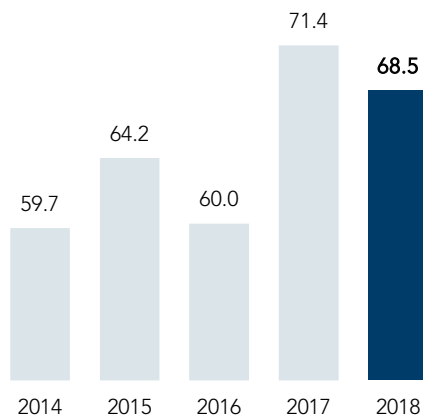


Financial Development 2014-2018

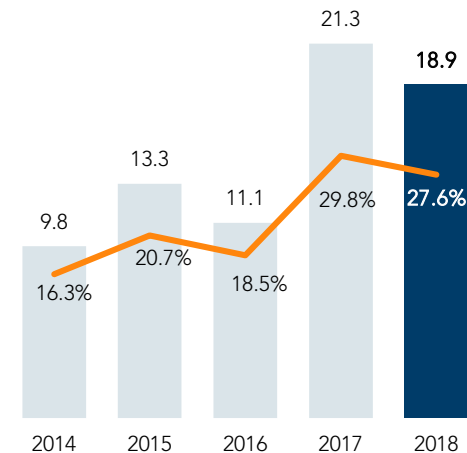
Net commission income (M€)



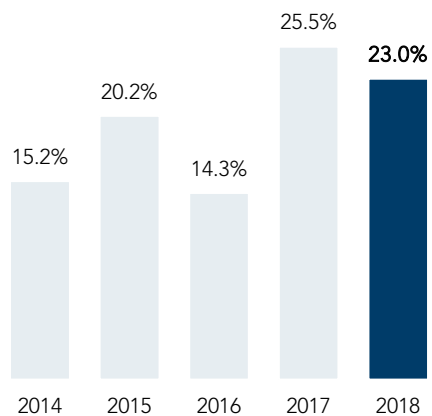
Net revenue (M€)



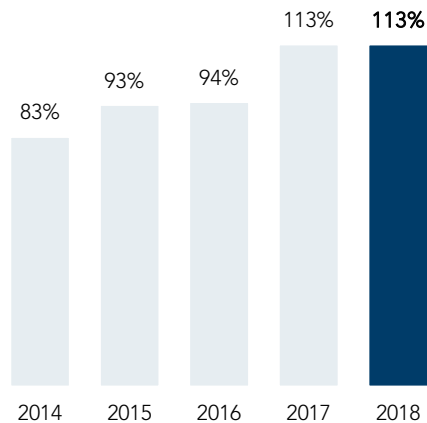
Operating profit (M€) & profit margin (%)



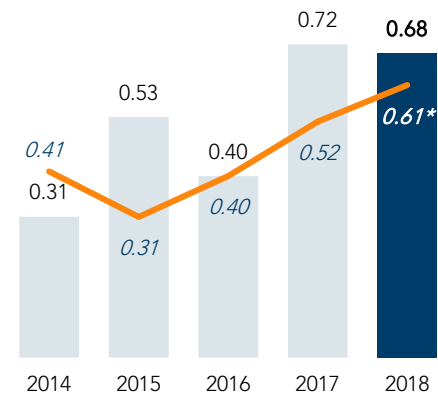
Return on Equity (%)



Proportion of recurring revenue to operating expenses (%)



Earnings/share & dividend (€)



Profit and Loss Statement

M€	10-12/ 2018	10-12/ 2017	Change, %	1-12/ 2018	1-12/ 2017	Change, %
Net interest	0.2	0.2	-12%	0.7	0.9	-24%
Net commissions	17.7	19.9	-11%	67.1	65.2	3%
Net income from securities trading and FX	-0.4	0.5	-179%	0.7	4.9	-85%
Other operative income	0.1	0.4	-80%	0.1	0.4	-81%
NET REVENUE	17.5	21.0	-17%	68.5	71.4	-4%
Personnel expenses	-8.1	-8.5	-5%	-27.9	-28.9	-3%
General expenses	-4.2	-4.0	3%	-15.9	-15.1	6%
Depreciations and amortizations	-0.8	-0.6	36%	-2.1	-2.3	-7%
Other operative expenses	-0.9	-1.4	-34%	-3.6	-3.9	-9%
Impairment losses	0.0	0.0	-	0.0	0.0	-
NET OPERATING PROFIT/LOSS	3.6	6.5	-45%	18.9	21.3	-11%
Share of profit/loss of associates	0.2	1.0	-81%	2.6	0.6	
Taxes	-1.3	-1.8	-27%	-4.2	-4.3	-1%
PROFIT/LOSS FOR THE PERIOD	2.5	5.7	-57%	17.3	17.5	-2%
Attributable to						
Non-controlling interest	0.9	0.6	58%	1.3	0.8	55%
Equity holders of parent company	1.6	5.2	-69%	16.0	16.7	-4%

Balance Sheet

ASSETS, M€	31.12. 2018	31.12. 2017	LIABILITIES, M€	31.12. 2018	31.12. 2017
Liquid assets	239.7	383.2	Liabilities to credit institutions and central banks	6.7	31.7
Debt securities eligible for refinancing with central banks	31.1	36.3	Liabilities to the public and public sector entities	469.9	621.5
Claims on credit institutions	76.8	64.1	Debt securities issued to the public	160.9	97.5
Claims on the public and public sector entities	114.6	92.0	Derivative contracts and other trading liabilities	24.3	34.6
Debt securities	223.2	229.4	Other liabilities	58.0	83.6
Shares and participations	30.1	31.5	Accrued expenses and deferred income	18.1	19.1
Participating interests	5.1	3.6	Deferred tax liabilities	0.0	0.2
Derivative contracts	24.2	30.2	LIABILITIES TOTAL	738.0	888.1
Intangible assets	11.5	10.0	Equity to holders of parent company	76.3	71.6
Property, plant and equipment	1.9	1.8	Non-controlling interest in capital	1.1	0.9
Other assets	51.9	73.9	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	815.5	960.7
Accrued income and prepayments	5.3	4.0			
Deferred tax assets	0.1	0.7			
TOTAL ASSETS	815.5	960.7			

Key figures

	2018	2017	2016	2015
Profitability key figures				
Return on equity (ROE), %	23.0	25.5	14.3	20.2
Return on assets (ROA), %	1.9	2.0	1.4	2.2
Balance sheet key figures				
Equity-to-assets ratio, %	9.5	7.6	8.6	11.1
Capital adequacy ratio, %	16.2	15.0	15.3	19.2
Key figures per share				
Earnings per Share (EPS), fully diluted, €	0.68	0.72	0.42	0.54
Comprehensive Earnings per Share (EPS), fully diluted, €	0.67	0.69	0.40	0.53
Dividend/share, €*	0.61	0.52	0.40	0.31
Equity per share, €	3.27	3.10	2.81	2.96
Share price at the end of the period, €	7.28	9.60	6.75	8.19
Other key figures				
Expense ratio (operating costs to net revenue)	0.72	0.70	0.8	0.8
Recurring revenue ratio, %	113.0	113.0	94.0	93.0
Personnel at the end of the period	254	240	244	248
Market value, M€	172.5	224.9	157.4	190.9

Strategic KPI

Return on Equity
(Target 15.0%)

23.0%
(1-12/2017: 25.5%)

Recurring Revenue to Operational Costs
(Target 100%)

113%
(1-12/2017: 113%)

Assets under Management

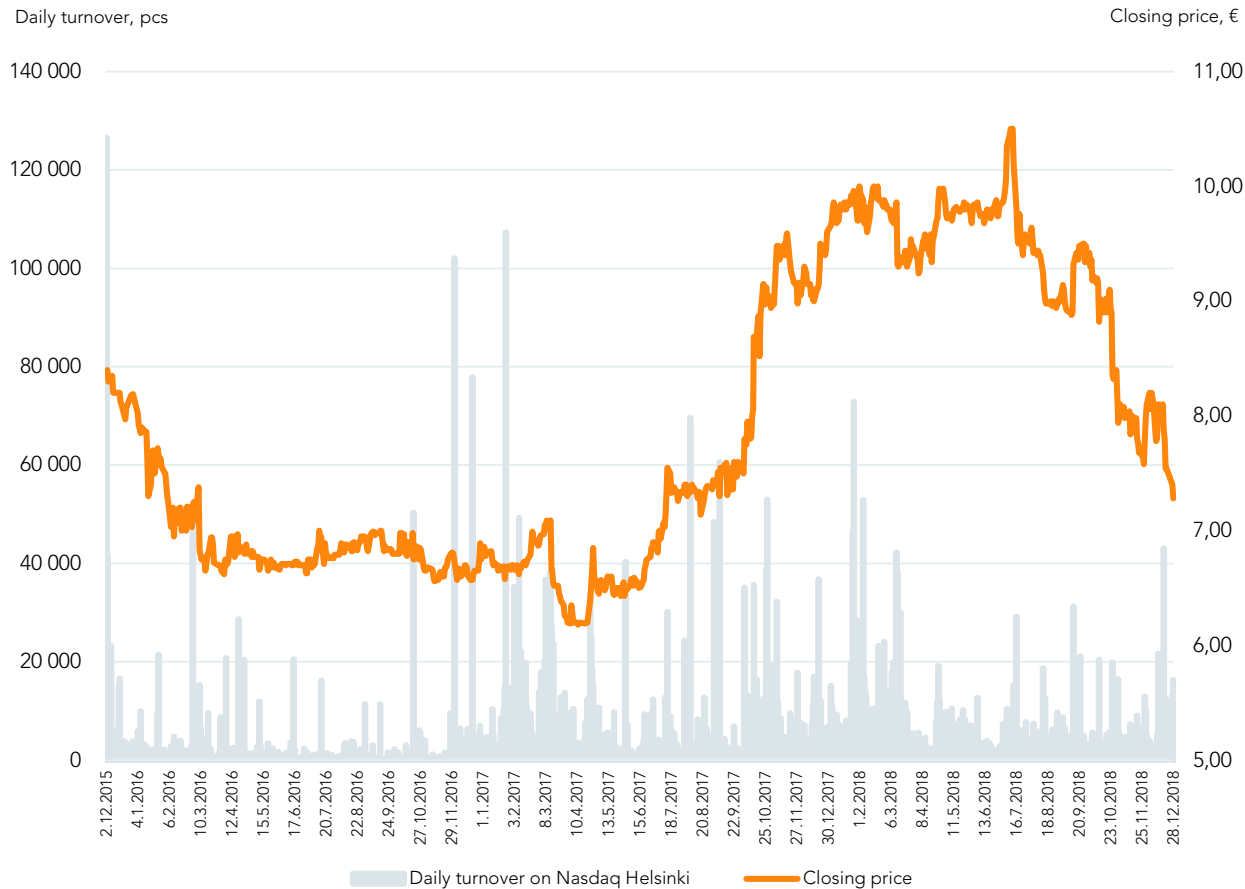
EUR 11.4
bn
(31.12.2017: EUR 11.2 bn)

Net Commission Income

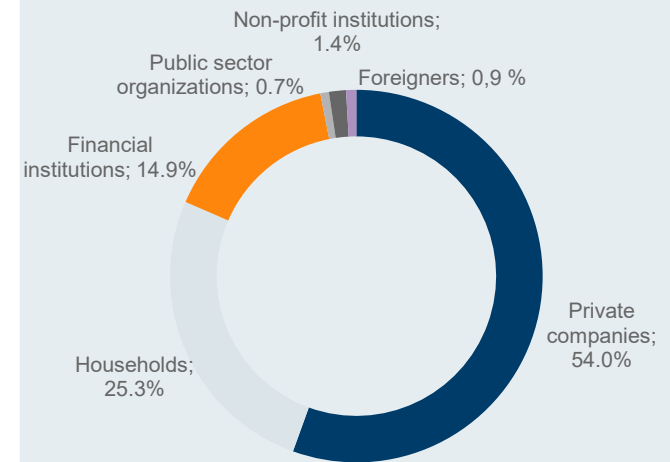
M€ 67.1
(31.12.2017: M€ 65.2)

Share Price Development and Trading Volume

Share price development and trading volume** 2.12.2015–31.12.2018



Shareholdings by owner group 31.12.2018



Listed on Nasdaq Helsinki **2015**

Market cap M€ **172.5***

Registered shareholders **3.982***

Strategy & Outlook

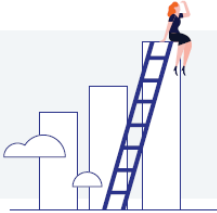





Growth Strategy

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
---	--

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

Evli Bank Plc

Aleksanterinkatu 19, 4th floor

P.O. Box 1081

00101 Helsinki

Tel. +358 9 476 690 (switchboard 9.00 am. – 4.30 pm.)

Fax +358 9 661 387

www.evli.com



Information set above is not intended as investment recommendation.

This report is based on sources that Evli Bank Plc considers to be correct and reliable. Evli Bank Plc. nor its employees give any guarantee concerning the correctness, accuracy or completeness of any information, views, opinions, estimates or forecasts presented in this review, nor are they liable for any damage caused by the use of this publication. Evli Bank is not responsible for any material or information produced or published by a third party that may be contained in this review.

This publication, or any part thereof, may not be copied, distributed or published in any form without Evli Bank Plc's prior written consent. All rights reserved.

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