



# HALF YEAR FINANCIAL REPORT January–June 2019

Evli Bank Plc 12.7.2019

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

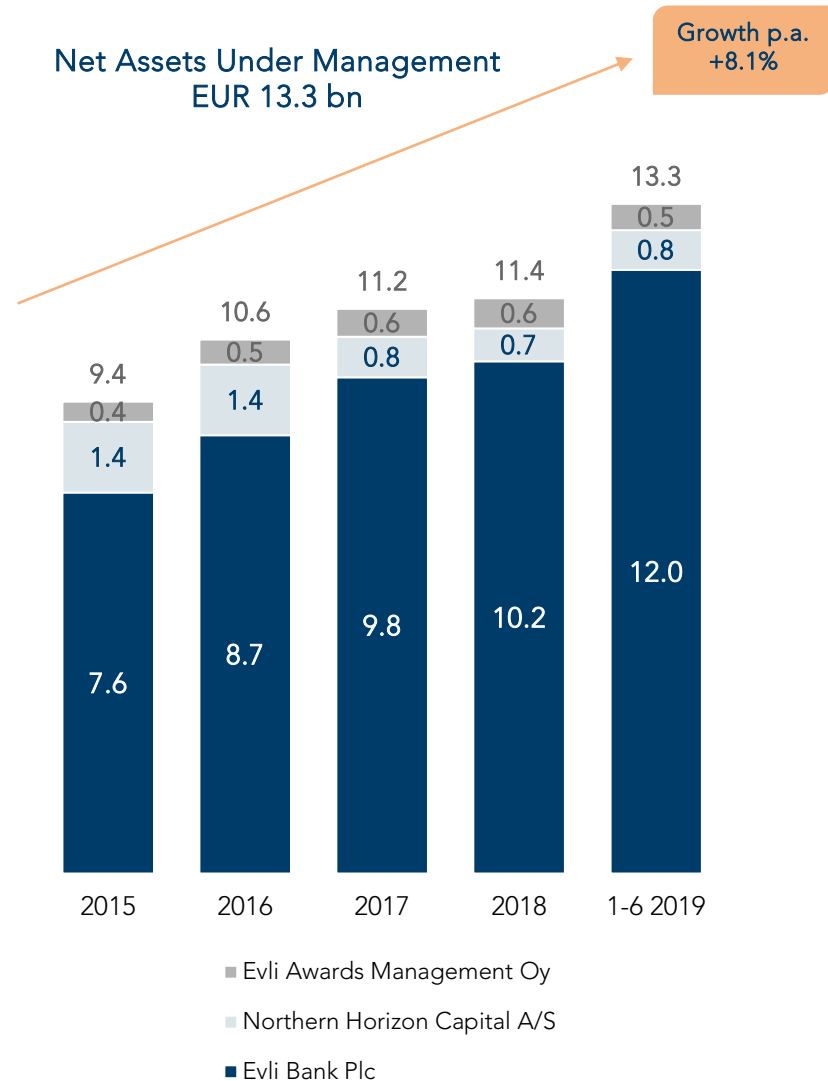


Investment specialists  
~250

- 📍 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 1-6/2019

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2 Financial Figures

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3 Strategy & Outlook

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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 1-6/2019'.

# HIGHLIGHTS 1-6/2019

# Assets under management exceeded EUR 13 billion

## Financial performance

- Net revenues increased to EUR 35.1 million (EUR 34.9 million)
- Trading income increased to EUR 2.5 million (EUR 0.4 million)
- Costs exceeded previous year's level at EUR 25.5 million (EUR 24.5 million). Evli has invested significantly in the growth of alternative investment funds, which has increased costs
- Operating profit was EUR 9.5 million (EUR 10.4 million).

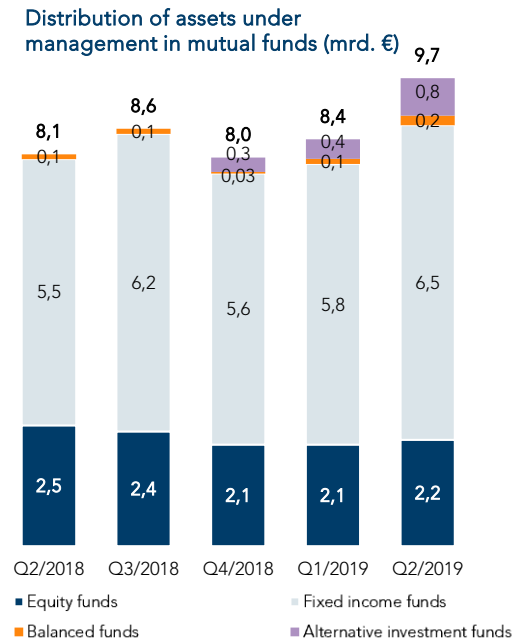
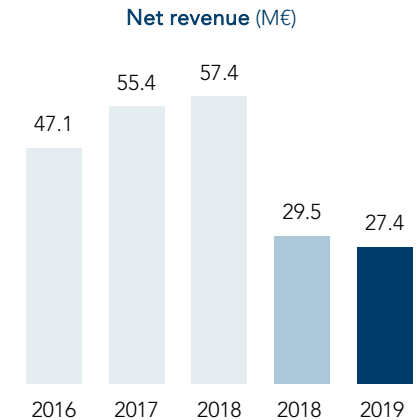
## Strategic development

- Assets under management increased to record-high EUR 13.3 billion (EUR 11.9 billion)
- International fund capital grew to EUR 2.4 billion (EUR 1.9 billion)
- Alternative investment products grew to about EUR 800 million (about EUR 180 million)
- Launch of second fund investing in private equity funds, Evli Private Equity I Ky, with over EUR 260 million in capital (including investment commitments)
- Ab Kelonia Placering Oy transaction closing during Q2
- Internal efficiency projects proceeding according to plan, outsourcing of Evli funds custody and migration to new asset and fund management system during second half of the year.

# Wealth Management & Investor Clients

## Growth in AUM and Number of Clients

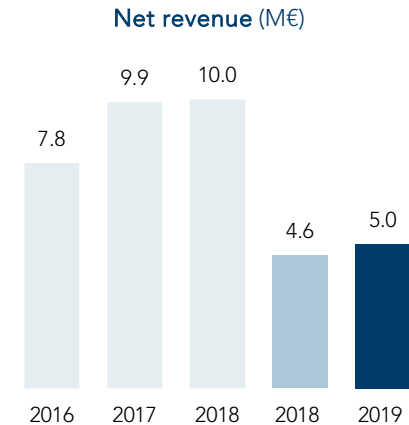
- Net revenues declined 7% to EUR 27.4 million due to
  - Decline in brokerage fees due to lower client activity
  - Lack of success and acquisition fees during the review period.
  
- AUM grew to EUR 13.3 billion driven by positive net sales and favorable market development
  - Traditional mutual fund sales developed excellently during the second quarter of the year. Net subscriptions for the first half of the year totaled EUR 658.7 million (EUR 485.1 million).
  - Sales of discretionary asset management performed well
  - Sales of alternative investments EUR 200 million including commitments.
  
- Evli and Evli Funds received recognition for great performance
  - Best institutional asset manager for the 5th consecutive year, KANTAR SIFO Prospera "External Asset Management Finland 2019" -survey
  - Best Fixed Income Management Company at the Morningstar Awards gala in Spain
  - Best Group Bond - Overall Small Company, Lipper Fund Award 2019 Germany, Lipper Fund Award 2019 France and European Lipper Fund Awards 2019
  - 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.



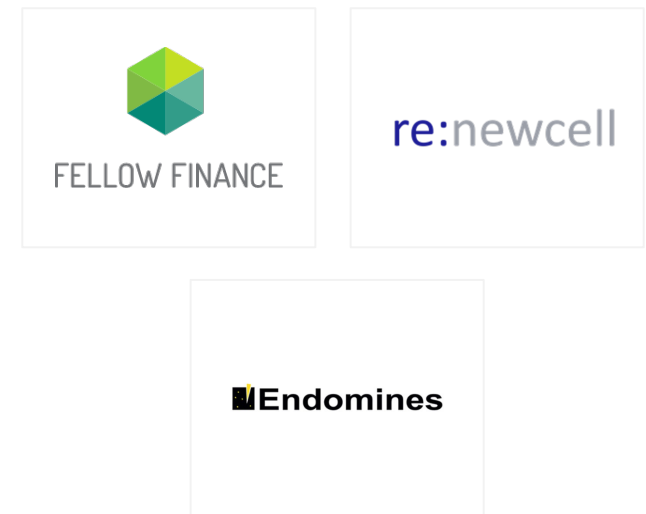
# Advisory & Corporate Clients

## Growth in Incentive Systems

- Net revenues increased 8% to EUR 5.0 million (EUR 4.6 million)
- Corporate Finance revenues developed in line with previous year
  - Demand for M&A advisory remained strong
  - Total of 3 completed transactions during Q2/2019
  - 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 70 listed companies.
- Growth of equity research stalled
  - Net customer inflow flat
  - 26 signed agreements.



### Selected transactions



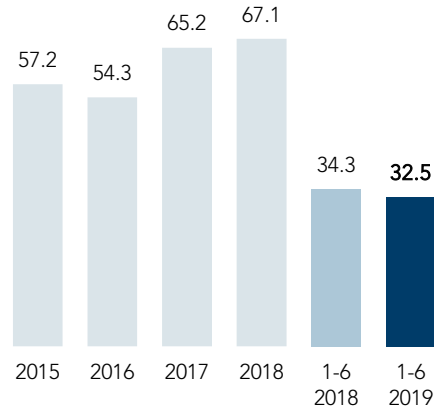


# FINANCIAL FIGURES

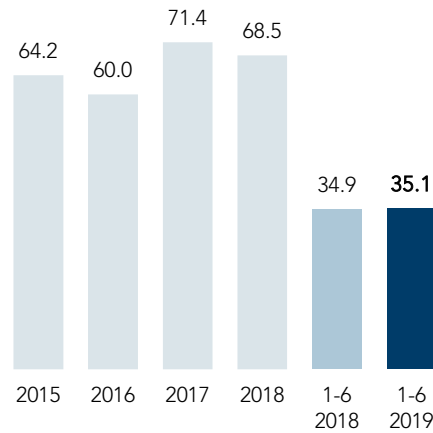


# Financial Development 2015-Q2/2019

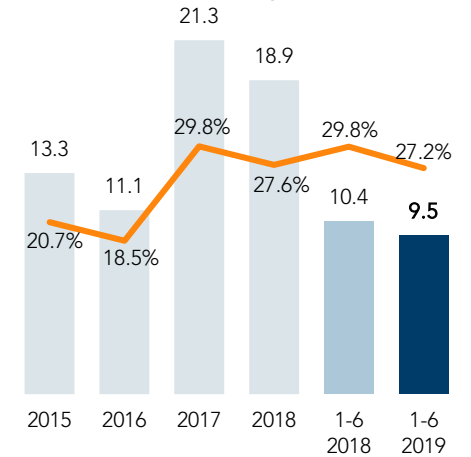
Net commission income (M€)



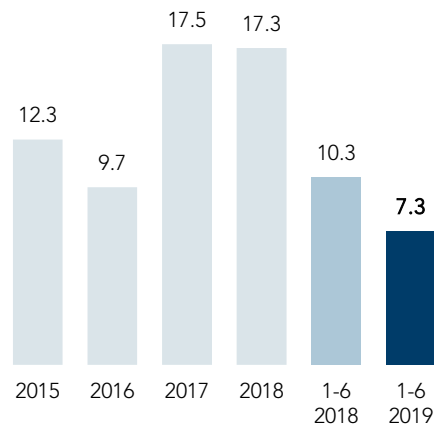
Net Revenue (M€)



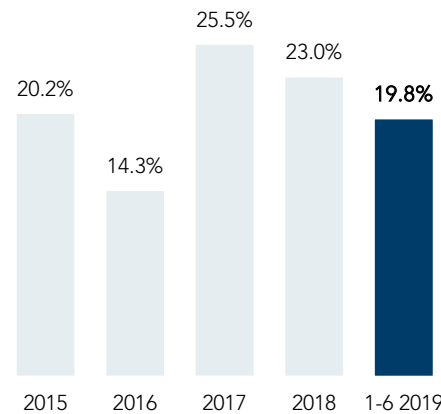
Operating profit (M€) & profit margin (%)



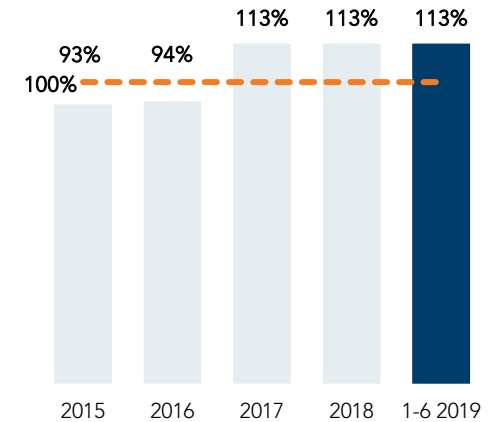
Net profit (M€)



Return on Equity (%)



Proportion of recurring revenue to operating expenses (%)



# Profit and Loss Statement

M€	1-6/ 2019	1-6/ 2018	Change, %	2018	2017	2016
Net interest	0.1	0.3	-71%	0.7	0.9	1.6
Net commissions	32.5	34.3	-5%	67.1	65.2	54.3
Net income from securities trading and FX	2.5	0.4	-	0.7	4.9	4.0
Other operative income	0.0	0.0	134%	0.1	0.4	0.1
<b>NET REVENUE</b>	<b>35.1</b>	<b>34.9</b>	<b>0%</b>	<b>68.5</b>	<b>71.4</b>	<b>60.0</b>
Personnel expenses	-15.0	-13.7	10%	-27.9	-28.9	-27.7
General expenses	-6.9	-8.0	-14%	-15.9	-15.1	-14.8
Depreciations and amortizations	-1.7	-0.9	87%	-2.1	-2.3	-3.1
Other operative expenses	-1.8	-1.9	-3%	-3.6	-3.9	-3.3
Impairment losses	-0.1	0.0	181%	0.0	0.0	0.0
<b>NET OPERATING PROFIT/LOSS</b>	<b>9.5</b>	<b>10.4</b>	<b>-8%</b>	<b>18.9</b>	<b>21.3</b>	<b>11.1</b>
Share of profit/loss of associates	-0.2	2.1	-107%	2.6	0.6	1.1
Taxes	-2.1	-2.2	-6%	-4.2	-4.3	-2.4
<b>PROFIT/LOSS FOR THE PERIOD</b>	<b>7.3</b>	<b>10.3</b>	<b>-29%</b>	<b>17.3</b>	<b>17.5</b>	<b>9.7</b>
Attributable to						
Non-controlling interest	0.1	0.5	-73%	1.3	0.8	-0.2
Equity holders of parent company	7.2	9.7	-26%	16.0	16.7	9.6

# Balance Sheet

<b>ASSETS, M€</b>	<b>30.6. 2019</b>	30.6. 2018	31.12. 2018	<b>LIABILITIES, M€</b>	<b>30.6. 2019</b>	30.6. 2018	31.12. 2018
Liquid assets	276.9	237.1	239.7	Liabilities to credit institutions and central banks	14.7	10.0	6.7
Debt securities eligible for refinancing with central banks	36.1	36.2	31.1	Liabilities to the public and public sector entities	611.2	504.4	469.9
Claims on credit institutions	65.2	68.8	76.8	Debt securities issued to the public	148.8	142.0	160.9
Claims on the public and public sector entities	116.8	109.1	114.6	Derivative contracts and other trading liabilities	26.1	39.3	24.3
Debt securities	295.1	251.6	223.2	Other liabilities	152.4	197.9	58.0
Shares and participations	51.3	35.2	30.1	Accrued expenses and deferred income	17.6	16.9	18.1
Participating interests	4.2	4.7	5.1	Deferred tax liabilities	0.0	0.2	0.0
Derivative contracts	25.9	33.9	24.2	<b>LIABILITIES TOTAL</b>	<b>970.8</b>	<b>910.7</b>	<b>738.0</b>
Intangible assets	14.7	10.7	11.5	Equity to holders of parent company	69.6	69.4	76.3
Property, plant and equipment	1.8	1.8	1.9	Non-controlling interest in capital	0.6	0.7	1.1
Other assets	147.8	186.9	51.9	<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>1 041.0</b>	<b>980.9</b>	<b>815.5</b>
Accrued income and prepayments	4.8	3.9	5.3				
Deferred tax assets	0.4	1.0	0.1				
<b>TOTAL ASSETS</b>	<b>1 041.0</b>	<b>980.9</b>	<b>815.5</b>				

# Key figures

	1-6/2019	1-6/2018	2018	2017	2016
<b>Profitability key figures</b>					
Return on equity (ROE), %	19.8	28.8	23.0	25.5	14.3
Return on assets (ROA), %	1.6	2.1	1.9	2.0	1.4
<b>Balance sheet key figures</b>					
Equity-to-assets ratio, %	6.7	7.2	9.5	7.6	8.6
Capital adequacy ratio, %	14.7	16.4	16.2	15.0	15.3
<b>Key figures per share</b>					
Earnings per Share (EPS), fully diluted, €	0.29	0.41	0.68	0.72	0.42
Comprehensive Earnings per Share (EPS), fully diluted, €	0.29	0.40	0.67	0.69	0.40
Dividend/share, €	-	-	0.61	0.52	0.40
Equity per share, €	2.96	2.97	3.27	3.10	2.81
Share price at the end of the period, €	7.78	9.84	7.28	9.60	6.75
<b>Other key figures</b>					
Expense ratio (operating costs to net revenue)	0.73	0.70	0.72	0.70	0.8
Recurring revenue ratio, %	113	113	113	113	94
Personnel at the end of the period	263	268	254	240	244
Market value, M€	186.0	233.1	172.5	224.9	157.4

## Strategic KPI

Return on Equity  
(Target 15.0%)

**19.8%**

(1-6/2018: 28.8%)

Recurring Revenue to Operational Costs  
(Target 100%)

**113%**

(1-6/2018: 113%)

Assets under Management

**EUR 13.3bn**

(30.6.2018: EUR 11.9 bn)

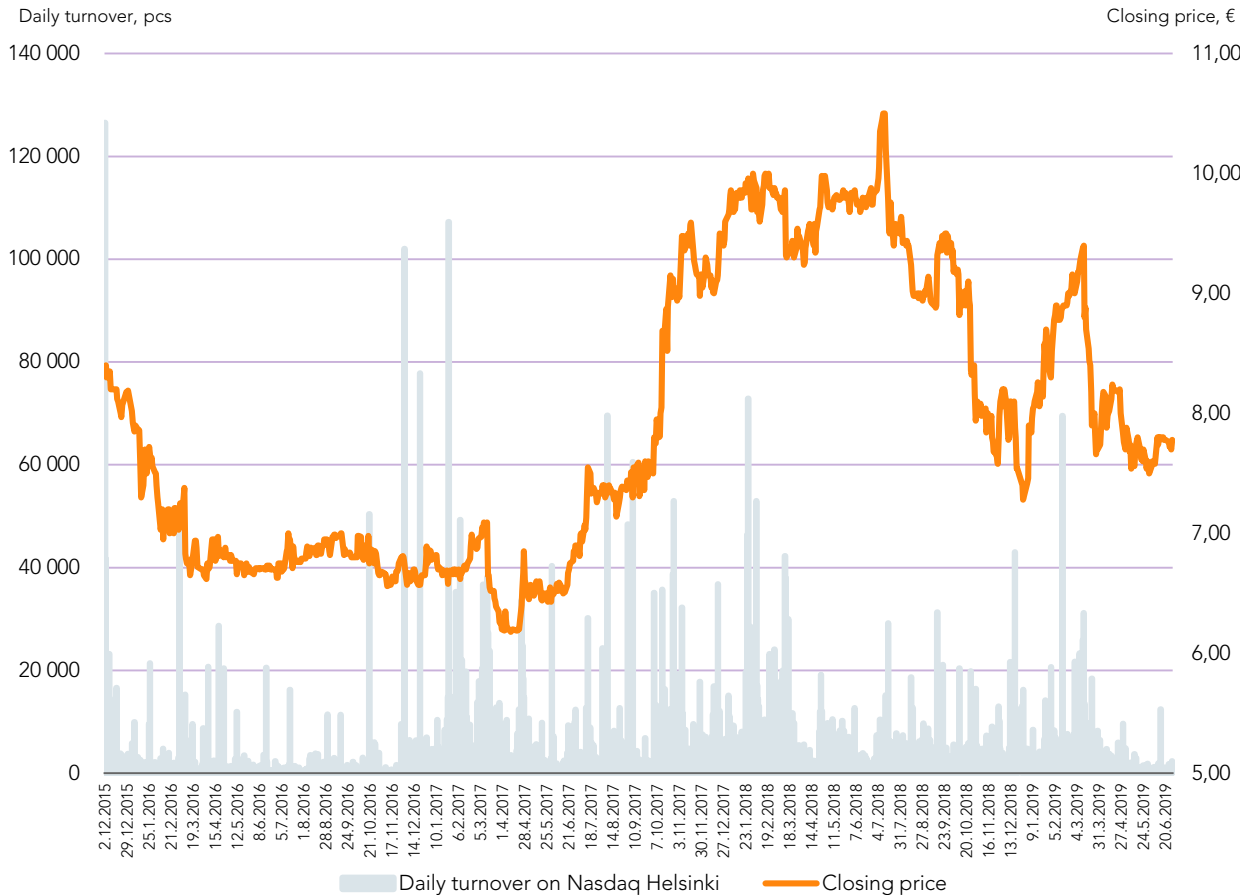
Net Commission Income

**M€ 32.5**

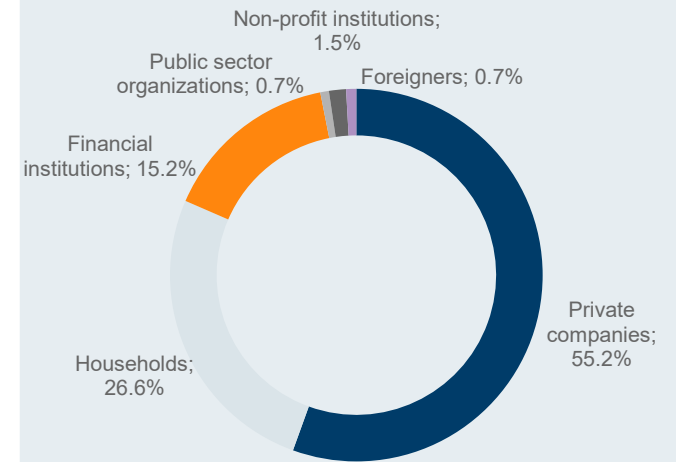
(30.6.2018: M€ 34.3)

# Share Price Development and Trading Volume

Share price development and trading volume\*\* 2.12.2015–30.6.2019



Shareholdings by owner group 30.6.2019



Listed on Nasdaq Helsinki **2015**

Market cap M€ **186.0\***

Registered shareholders **4,092\***

A top-down view of a workspace. In the upper right, a silver laptop is open. Below it, a black smartphone lies vertically. To the left of the phone is a small white notepad with a black pen resting on it. Further left is a clipboard with a gold clip, holding a document with a table. In the upper left, a white notepad is pinned to a surface with a wooden pushpin. The background is a light, neutral color.

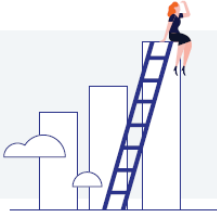



# STRATEGY & OUTLOOK

# Growth Strategy

## Megatrends

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

## Strategy

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

## Targets

	<b>BUSINESS DEVELOPMENT AND PROFITABLE GROWTH</b>  Return on Equity  Assets under Management  Recurring Revenue to Operational Costs  Net Fee Income
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# 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](http://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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# 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



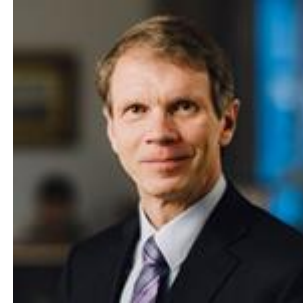
**Mikael Thunved, born 1965**  
*Corporate Finance*  
B.Sc. (Econ.)  
Joined Evli Bank Plc in 2002

# 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.



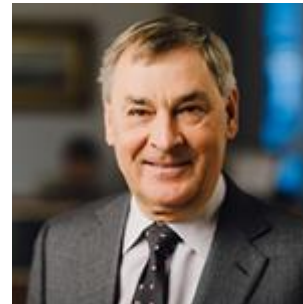
## Robert Ingman, born 1961

- 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.