



INTERIM REPORT January–September 2019

Evli Bank Plc 23.10.2019

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

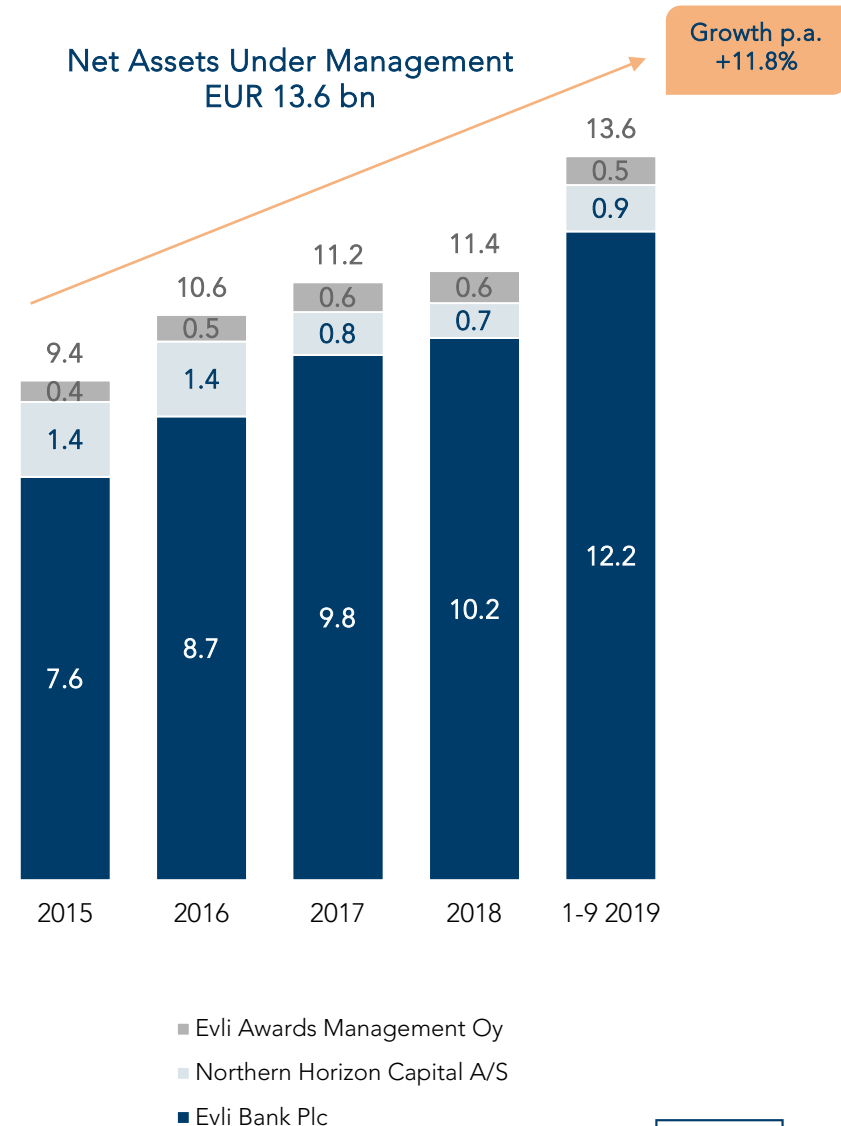


Investment specialists
~250

- 📍 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 7-9/2019

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 7-9/2019'.

HIGHLIGHTS 7-9/2019

Third quarter operating profit increased by nearly 20 percent

Financial performance

- Net revenues increased 12% to EUR 18.0 million (EUR 16.1 million) driven by growth in fund fees and commissions
- Operating profit increased 20% to EUR 5.9 million (EUR 4.9 million)
- Costs excluding reorganization and profit sharing reservation at previous year's level

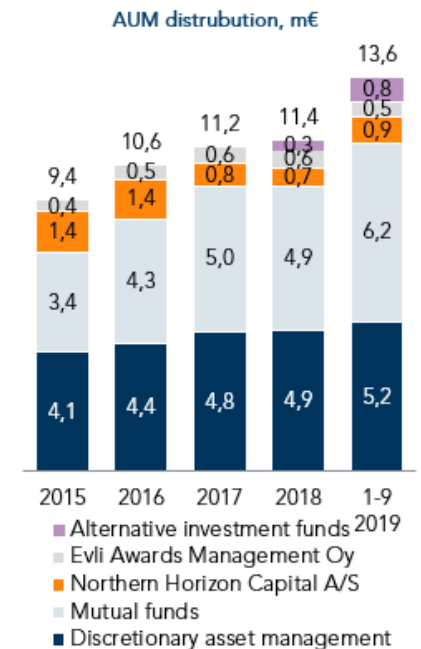
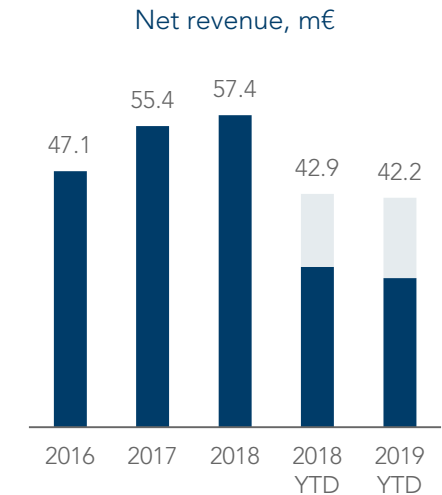
Strategic development

- Assets under management increased to record-high EUR 13.6 billion (EUR 12.3 billion)
 - AUM Increase of EUR ~300 million during the third quarter
- International fund capital grew 24% to EUR 2.6 billion (EUR 2.1 billion)
 - Net subscriptions during the quarter close to EUR 150 million
- Alternative investment funds grew to EUR 814 million (about EUR 250 million)
 - Net subscriptions and new commitments during the quarter EUR 40 million
- Internal efficiency projects proceeding according to plan, outsourcing of Evli funds custody and depositary services, change of core wealth management system, re-organization of business support

Wealth Management & Investor Clients

Growth in AUM and Number of Clients

- Net revenues increased 10% to EUR 14.8 million (EUR 13,4 million) in quarter comparison
 - Increased assets under management
 - Introduction of alternative funds
- AUM grew to EUR 13.6 billion driven by successful sales and market growth
 - Assets under discretionary management increased to EUR 5.2 billion (EUR 4.8 billion)
 - Assets in traditional funds increased to EUR 9,2 billion (EUR 8,7 billion). Net subscriptions for the first three quarters of the year totaled EUR 857.1 million (EUR 952.7 million).
 - Assets and commitments in alternative funds increased to EUR 814 million (EUR 250 million). Net subscriptions and commitments for the first three quarters of the year totaled EUR 197 million
- Net commissions for the brokerage of equities, ETF's, derivatives and sales of structured products decreased due to lower client activity and the closing of equity brokerage in Sweden and bond sales in Finland in Q4 2018
- 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.

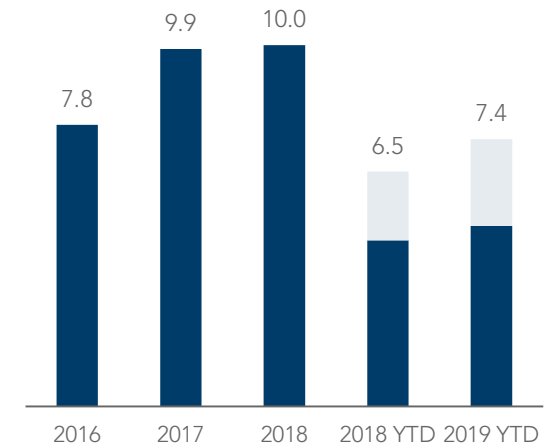


Advisory & Corporate Clients

Growth in Incentive Systems

- Net revenues increased 26% to EUR 2.4 million (EUR 1,9 million) in quarter comparison
- Corporate Finance revenues developed in line with previous year
 - Demand for M&A advisory remained stable
 - Total of 3 completed transactions during Q3/2019
 - Mandate base at a good level (one IPO and a number of M&A projects)
- 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

Net revenue, m€



Selected transactions

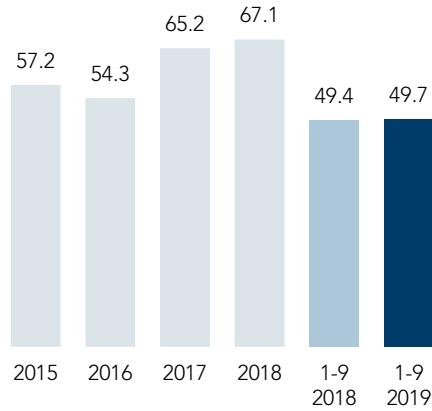




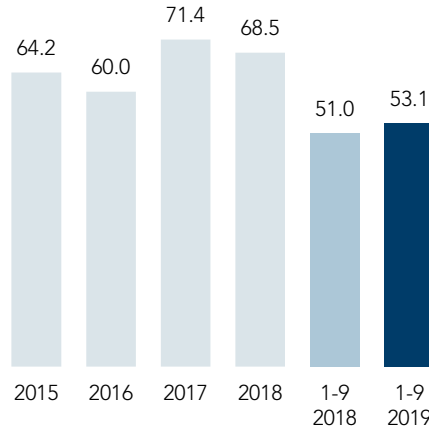
FINANCIAL FIGURES 1-9/2019

Financial Development 2015-Q3/2019

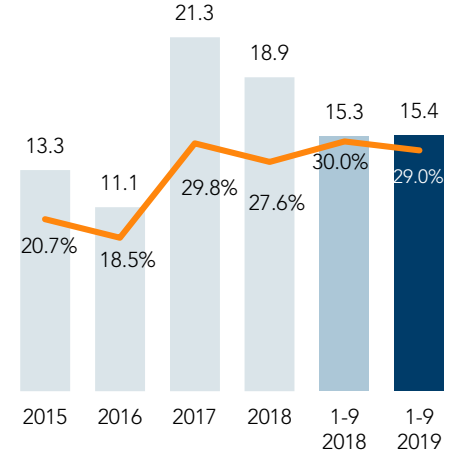
Net commission income (M€)



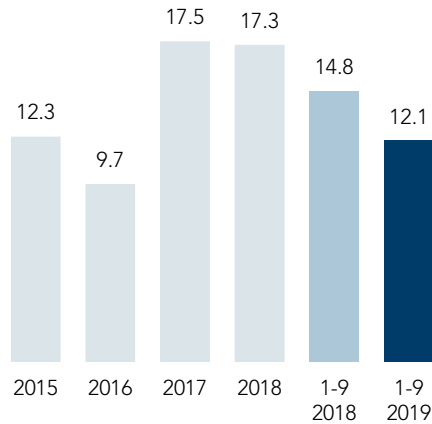
Net Revenue (M€)



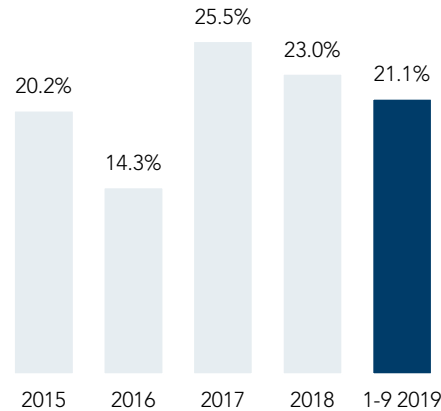
Operating profit (M€) & profit margin (%)



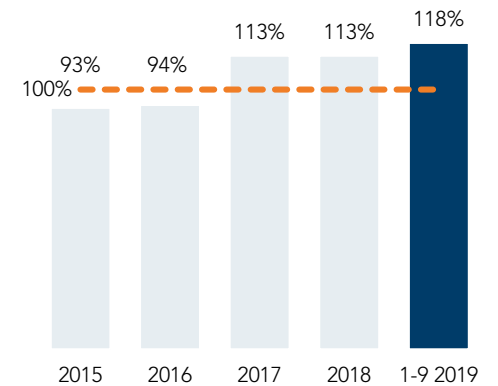
Net profit (M€)



Return on Equity (%)



Proportion of recurring revenue to operating expenses (%)



Profit and Loss Statement

M€	1-9/ 2019	1-9/ 2018	Change, %	2018	2017	2016
Net interest	0.2	0.5	-68%	0.7	0.9	1.6
Net commissions	49.7	49.4	1%	67.1	65.2	54.3
Net income from securities trading and FX	3.2	1.1	192%	0.7	4.9	4.0
Other operative income	0.0	0.0	-	0.1	0.4	0.1
NET REVENUE	53.1	51.0	4%	68.5	71.4	60.0
Personnel expenses	-21.9	-19.9	10%	-27.9	-28.9	-27.7
General expenses	-10.4	-11.8	-12%	-15.9	-15.1	-14.8
Depreciations and amortizations	-2.6	-1.4	87%	-2.1	-2.3	-3.1
Other operative expenses	-2.7	-2.7	-	-3.6	-3.9	-3.3
Impairment losses	-0.1	0.0	-	0.0	0.0	0.0
NET OPERATING PROFIT/LOSS	15.4	15.3	1%	18.9	21.3	11.1
Share of profit/loss of associates	-0.2	2.4	-109%	2.6	0.6	1.1
Taxes	-3.1	-2.9	7%	-4.2	-4.3	-2.4
PROFIT/LOSS FOR THE PERIOD	12.1	14.8	-18%	17.3	17.5	9.7
Attributable to						
Non-controlling interest	0.5	0.4	29%	1.3	0.8	-0.2
Equity holders of parent company	11.6	14.4	-20%	16.0	16.7	9.6

Balance Sheet

ASSETS, M€	30.9. 2019	30.9. 2018	31.12. 2018	LIABILITIES, M€	30.9. 2019	30.9. 2018	31.12. 2018
Liquid assets	287.6	138.4	239.7	Liabilities to credit institutions and central banks	0.6	17.2	6.7
Debt securities eligible for refinancing with central banks	36.1	31.2	31.1	Liabilities to the public and public sector entities	565.5	483.4	469.9
Claims on credit institutions	50.3	61.9	76.8	Debt securities issued to the public	143.4	136.8	160.9
Claims on the public and public sector entities	115.7	107.6	114.6	Derivative contracts and other trading liabilities	21.2	41.2	24.3
Debt securities	236.2	321.7	223.2	Other liabilities	231.3	139.6	58.0
Shares and participations	42.2	44.2	30.1	Accrued expenses and deferred income	17.7	16.5	18.1
Participating interests	4.2	5.0	5.1	Deferred tax liabilities	0.0	0.1	0.0
Derivative contracts	21.4	33.4	24.2	LIABILITIES TOTAL	979.7	834.8	738.0
Intangible assets	14.5	10.9	11.5	Equity to holders of parent company	74.1	74.0	76.3
Property, plant and equipment	1.7	1.8	1.9	Non-controlling interest in capital	1.0	0.3	1.1
Other assets	239.9	144.3	51.9	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,054.8	909.2	815.5
Accrued income and prepayments	4.4	7.4	5.3				
Deferred tax assets	0.6	1.4	0.1				
TOTAL ASSETS	1,054.8	909.2	815.5				

Key figures

	1-9/2019	1-9/2018	2018	2017	2016
Profitability key figures					
Return on equity (ROE), %	21.1	26.8	23.0	25.5	14.3
Return on assets (ROA), %	1.7	2.1	1.9	2.0	1.4
Balance sheet key figures					
Equity-to-assets ratio, %	7.1	8.2	9.5	7.6	8.6
Capital adequacy ratio, %	14.9	15.3	16.2	15.0	15.3
Key figures per share					
Earnings per Share (EPS), fully diluted, €	0.47	0.61	0.68	0.72	0.42
Comprehensive Earnings per Share (EPS), fully diluted, €	0.47	0.59	0.67	0.69	0.40
Dividend/share, €	-	-	0.61	0.52	0.40
Equity per share, €	3.15	3.17	3.27	3.10	2.81
Share price at the end of the period, €	8.32	9.40	7.28	9.60	6.75
Other key figures					
Expense ratio (operating costs to net revenue)	0.71	0.70	0.72	0.70	0.8
Recurring revenue ratio, %	118	118	113	113	94
Personnel at the end of the period	254	260	254	240	244
Market value, M€	198.9	222.7	172.5	224.9	157.4

Strategic KPI

Return on Equity
(Target 15.0%)

21.1%

(1-9/2018: 26.8%)

Recurring Revenue to Operational Costs
(Target 100%)

118%

(1-9/2018: 118%)

Assets under Management

EUR 13.6bn

(30.9.2018: EUR 12.3 bn)

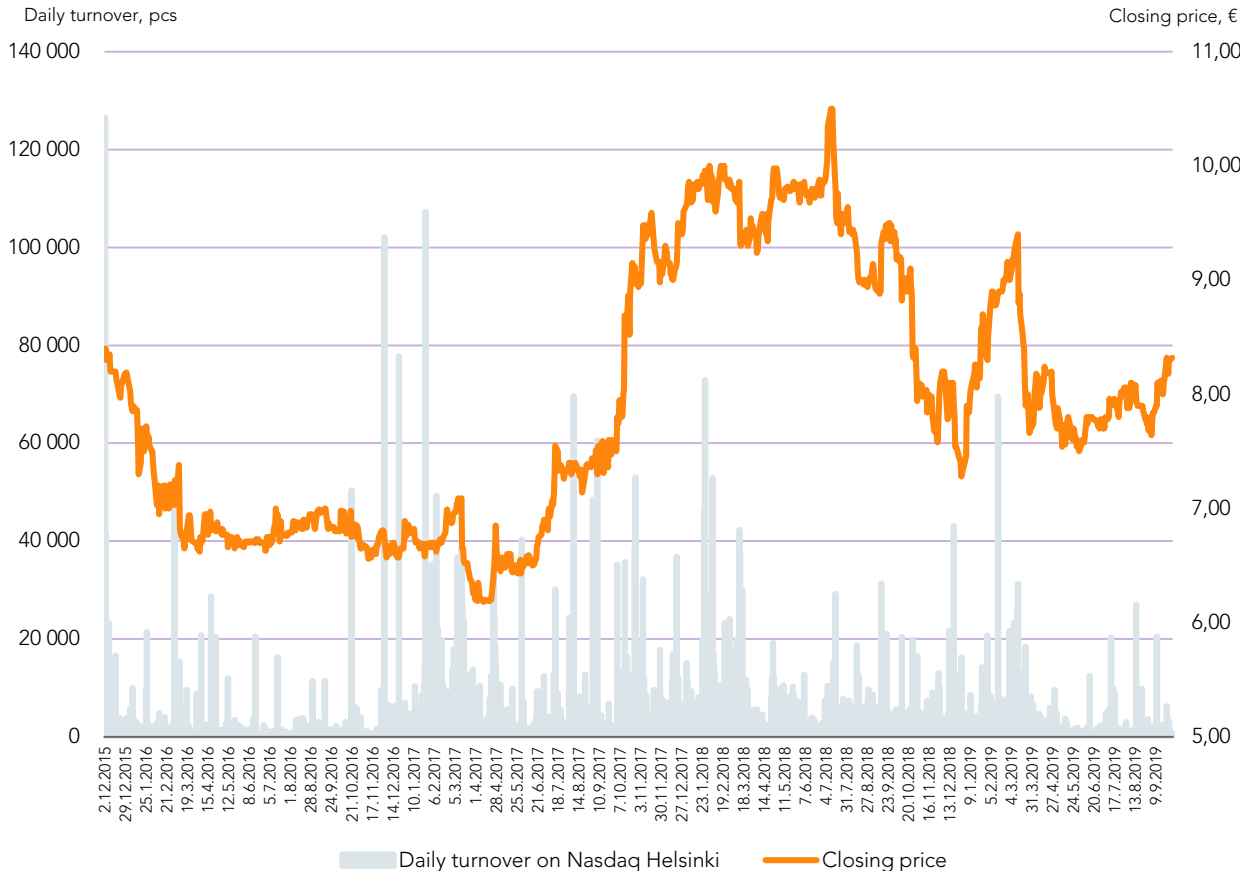
Net Commission Income

M€ 49.7

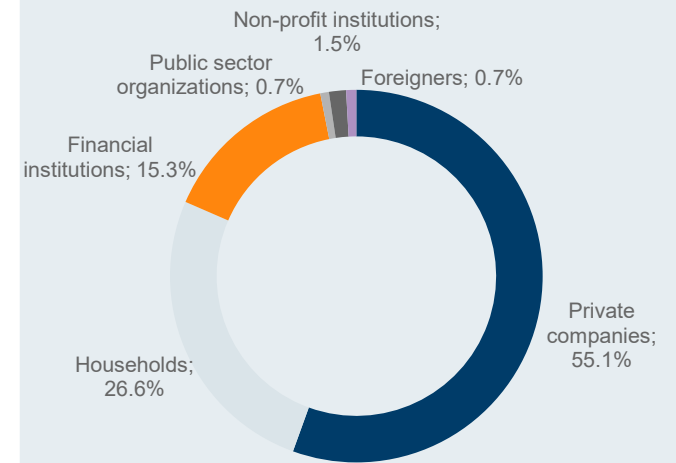
(30.9.2018: M€ 49.4)

Share Price Development and Trading Volume

Share price development and trading volume** 2.12.2015–30.9.2019



Shareholdings by owner group 30.9.2019



Listed on Nasdaq Helsinki **2015**

Market cap M€ **198.9***

Registered shareholders **4,110***

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

Our purpose is built around helping our customers preserve and grow their wealth

We do this by ensuring a strong fit between:

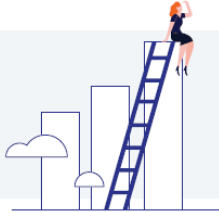



- customer segments we serve
- the products and services we offer
- the way we reach our clients domestically and internationally
- The quality with which we serve our customers
- The effectiveness of our business support and administration
- The emphasis we place on long term commitment and the stewardship culture we foster

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
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Growth strategy - Wealth Management and advisory for demanding customers

Growth

Profitability

Quality

Scalability

Positioning

Branding

Integrate ESG:

- Smarter and more innovative approach together with impact products

Develop alternative investment fund offering:

- Introduce new alternative asset classes and scale up existing ones

Increased profitability through significant AUM growth

Increase international customer base:

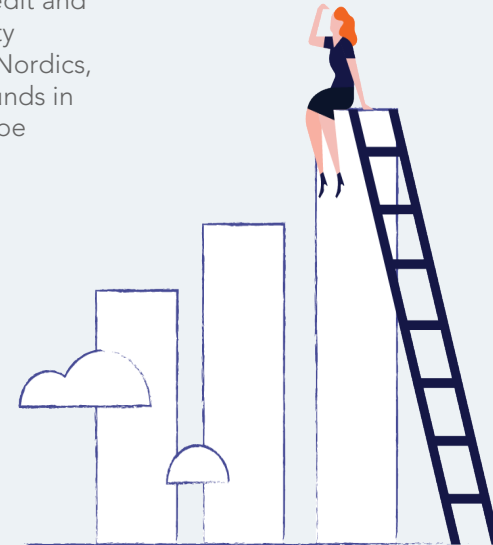
- Focus on credit and private equity products in Nordics, traditional funds in central Europe

Strive for internal efficiency:

- Enhancing internal processes through continuous system development

Increase domestic customer base and share of wallet:

- Preserve position as award-winning institutional asset manager



Outlook for 2019 specified:

New outlook:

We estimate that our operating profit for 2019 stays or exceeds the level of the comparison period

- The view is supported by:
 - Result development for the first nine months of the year
 - Materialized growth in AuM, including introduction of new alternative investment funds
 - Positive outlook for corporate services
 - Actions taken so far in increasing internal efficiency
- However:
 - The risks associated with the general trend in the equity and fixed income markets continue to be at a high level due to 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.

Previous outlook:

Because of profitable and stable development, we estimate that the result for the 2019 financial year, will be clearly positive.

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

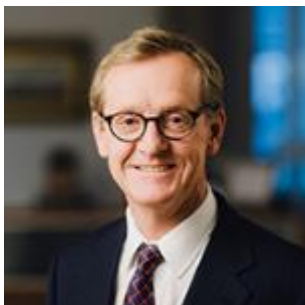


Esa Pensala, born 1974
Private Clients
M.Sc. (Tech.)
Joined Evli Bank Plc in 2001



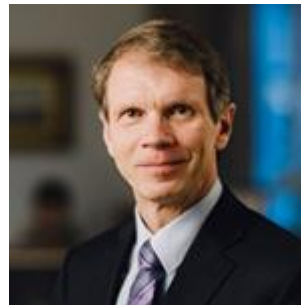
Mikael Thunved, born 1965
Corporate Finance
B.Sc. (Econ.)
Joined Evli Bank Plc in 2002

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.



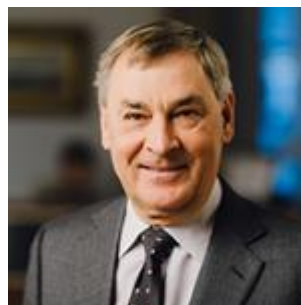
Robert Ingman, born 1961

- 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.

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.